



Via Portal Submission

May 28, 2020
MGEX Submission No. 20-22

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

RE: Rule Certification Submission Pursuant to CFTC Regulation 40.6(a); Update to MGEX Bylaws

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act (“CEAct”) and Commodity Futures Trading Commission (“CFTC”) Regulation 40.6(a), the Minneapolis Grain Exchange, Inc. (“MGEX”) hereby certifies that the amendments to MGEX Bylaws 200.00., 210.00., 211.01., 211.02. and the determination to not fill the vacant Board of Directors (“Board”) Member Director seat ahead of the next Annual Election, as set forth in the attached Exhibit A, comply with the CEAct and the CFTC Regulations promulgated thereunder (the “Proposed Amendments”). The Proposed Amendments are intended to be implemented in the MGEX Rulebook ten (10) business days from the date of this submission with an effective date of September 30, 2020, ahead of the next MGEX Annual Election. MGEX further certifies that the submission has been posted on the MGEX website at the following link: <http://www.mgex.com/regulation.html>.

I. AMENDMENTS TO MGEX BYLAWS

The Proposed Amendments to the MGEX Bylaws will provide for increased independence of MGEX’s Board through a higher percentage of Public Director Board representation. The Proposed Amendments also align with modern corporate practice. Specifically, the Proposed Amendments will provide the following:

- Transitioning from an 11-member voting Board to an 8-member voting Board. This 8-member voting Board would be composed of four (4) Member Directors and four (4) Public Directors, with all Directors still serving 2 (two) year terms.
- Reducing the Board Member Director seats from seven (7) to four (4), thereby increasing the Public Director percentage of the Board to 50%.
 - Beginning in 2020, each Annual Election would have two (2) Member Director seats up for election, and following each Annual Election, two (2) Public Director seats up for confirmation.

- Removing the requirement that the Chairperson of the Board may serve no more than three (3) consecutive one (1) year terms.
- Reducing the requirement that a Director may be removed from the Board following three (3) consecutive absences to two (2) consecutive absences.
- Reducing the requirement that special meetings may be called by the Chairperson upon written request of five (5) Directors to three (3) Directors.
- Reducing the quorum requirement from five (5) Directors to four (4) Directors.
- Making certain grammatical and clerical updates in the Bylaws to enhance clarity.

II. COMPLIANCE WITH CORE PRINCIPLES

MGEX has reviewed the Core Principles for designated contract markets (“DCM Core Principles”) and identified that the Proposed Amendments may impact the following DCM Core Principles:

- *DCM Core Principle 2, Compliance with Rules:* The Proposed Amendments will augment the independence of MGEX Board by increasing the percentage of Public Directors.
- *DCM Core Principle 7, Availability of General Information:* The Proposed Amendments have been disseminated on the MGEX website, and will be available in the MGEX Rulebook, which is accessible online.
- *DCM Core Principle 12, Protection of Markets and Market Participants:* The Proposed Amendments will augment the independence of MGEX Board by increasing the percentage of Public Directors, which should help ensure protection of the market and market participants and ensure access thereto.
- *DCM Core Principle 15, Governance Fitness Standards:* The Proposed Amendments are consistent with the establishment and enforcement of appropriate governance fitness standards.
- *DCM Core Principle 16, Conflicts of Interest:* The Proposed Amendments will augment the independence of MGEX Board by increasing the percentage of Public Directors, which should further reinforce the minimizing and resolving of conflicts of interest.
- *DCM Core Principle 17, Composition of Governing Boards of Contract Markets:* The Proposed Amendments will augment the independence of MGEX Board by increasing the percentage of Public Directors. which should further reinforce the Board’s design to permit consideration of the views of market participants.

Pursuant to the authority set forth in MGEX Bylaws 205.01. and 210.01., the MGEX Board of Directors approved the Proposed Amendments at its meeting held on April 21, 2020. As required by MGEX Bylaw 205.01., the MGEX ownership also voted and approved the Proposed Amendments. There were no substantive opposing views expressed by the Board of Directors, nor is MGEX aware of any substantive opposing views of the MGEX ownership with respect to this filing.

The Proposed Amendments are intended to be implemented in the MGEX Rulebook ten (10) business days from the date of this submission with an effective date of September 30, 2020. If there are any questions regarding this submission, please contact me at (612) 321-7128. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter D. Sparby". The signature is fluid and cursive, with a long horizontal stroke at the end.

Peter D. Sparby
Associate Corporate Counsel

Enclosure

Exhibit A

The following MGEX Bylaws are to be amended. Additions are underlined while deletions are ~~marked through~~.

200.00. ANNUAL ELECTION.

An Annual Election shall be held on the first Thursday in October in each year.

At each Annual Election occurring during an even year not more than ~~four~~two (24) Member Directors shall be elected for terms of two (2) years each and at each Annual Election occurring during an odd year not more than ~~three~~two (23) Member Directors shall be elected for terms of two (2) years each, so that said Member Directors ~~shall at all times total seven~~four (47) in number.

All vacancies on the Board of Directors shall be filled by the Board of Directors for the unexpired term of the vacant seat.

After each Annual Election, the Member Directors shall elect annually, a Chairperson, a First Vice Chairperson and a Second Vice Chairperson. The election of the Officers shall be under the supervision of the senior Director. ~~No Director may serve more than three (3) consecutive one (1) year terms as Chairperson.~~

There shall be a total of four (4) Public Directors serving on the Board of Directors. Following the Annual Election or to fill vacancies, the Chairperson and President shall nominate persons for the position of Public Director. Such nominees must be confirmed by the majority of the Member Directors. After each Annual Election occurring during an odd year not more than two (2) Public Directors shall be appointed and after each Annual Election occurring during an even year not more than two (2) Public Directors shall be appointed. Terms of Public Directors are for two (2) years and commence on the earlier of the second regular meeting following the Annual Election or upon confirmation by the Board of Directors. Terms of Public Directors expire on the second regular meeting following the second Annual Election from commencement or upon the confirmation of their successor.

210.00. BOARD OF DIRECTORS: COMPOSITION AND TERMS OF OFFICE.

The government of the Exchange shall be vested in the Board of Directors, which is composed of ~~seven~~four (74) Member Directors, all of whom must be Members of the Exchange at the time of their election and during service as a Member Director, together with four (4) Public Directors all of whom must be confirmed by the ~~seven~~four (74) Member Directors.

The terms of all Directors shall commence immediately upon their election or confirmation. The terms of all Directors shall continue until either their successors have been elected or confirmed, a Director provides written notice of resignation, or a Director is removed. A Director may be removed from the Board following ~~three~~two (23) consecutive absences pursuant to **Bylaw 211.01**. or if the Chief Compliance Officer determines that the Director

failed to adequately carry out his or her duties as a Director, provided that the Exchange officers approve of such determination. In the event of the latter, the Director's removal will be effective immediately after the Director is notified. Upon removal, the vacancy shall be filled pursuant to **Bylaws 200.00.** and **210.03.**

211.01. REGULAR AND SPECIAL MEETINGS.

Regular meetings of the Board of Directors shall be held quarterly as determined by the Board of Directors. Special meetings may be called by the Chairperson and shall be called by the Chairperson upon the written request of ~~five~~ three (35) Directors.

Notice of regular or special meetings of the Board of Directors may be given to any Director personally, by telephone, by electronic communication or by delivery of such notice in writing to the Director's usual place of business. Any and all business may be transacted at regular or special meetings of the Board of Directors; PROVIDED, however, that the provisions of the Bylaws requiring special notice for meetings at which certain business is to be transacted must be complied with.

Any Director having ~~three~~ two (23) consecutive absences during that Director's term of office from regular meetings ~~or the first meeting of the newly elected Board of Directors~~ may be removed effective immediately as a Director by majority vote of the Board of Directors. Upon removal, the vacancy shall be filled pursuant to **Bylaw 210.03.**

211.02. QUORUM.

~~Five~~ Four (45) members of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special Board of Directors' meeting ~~of such Board~~, but a lesser number may meet and adjourn such meeting, from time to time, up to the time of the next regular or special Board of Directors' meeting ~~of the Board of Directors~~.