



Via Portal Submission

June 18, 2021

MGEX Submission No. 21-39

Mr. Christopher 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 Regulation 40.6(a); Amendment to MGEX Rules

Dear Mr. Kirkpatrick:

Pursuant to Commodity Exchange Act (“CEAct”) Section 5c and Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), the Minneapolis Grain Exchange, LLC (“MGEX” or “Exchange”) hereby certifies that the attached amendments to MGEX Rules regarding Ownership and Control and Position Reporting comply with the CEAct and the Commission regulations promulgated thereunder. MGEX further certifies that the submission and pending changes to the MGEX Rules have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

Overview of Rule Amendment

CFTC regulations set forth certain large trader and volume threshold reporting requirements related to account ownership and control, and MGEX is proposing the following Rule amendments to codify and incorporate such requirements. As amended, the Rules will require Clearing Members, omnibus accounts, and foreign brokers that meet applicable definitions to submit CFTC Forms 102A, 102B, 40, and/or 71 to the Exchange. The amendments also remove outdated or duplicative reporting Rules.

DCM Core Principles

In connection with amending these Rules, the Exchange has reviewed the core principles for DCMs (“DCM Core Principles”) and has determined that the amendment complies with the requirements of such principles. During the review, MGEX identified the following DCM Core Principles as potentially being impacted:

- *DCM Core Principle 5 – Position Limitations or Accountability:* As required by this Core Principle, MGEX is requiring accurate reportable account owner and control information from clearing members, omnibus accounts, and foreign brokers which is instrumental in MGEX's ability to monitor for position limit violations and for positions that exceed defined reportable levels. These Rule amendments will reduce the potential threat of market manipulation. As noted above, CFTC regulations set forth certain large trader and volume threshold reporting requirements related to account ownership and control, and MGEX is proposing the following Rule amendments to formally codify such requirements.
- *DCM Core Principle 7 – Availability of General Information:* As required by this Core Principle, MGEX has issued a memo to its clearing members to ensure market participants have updated guidance and information attendant to reportable accounts. These Rule amendments will also be available on the MGEX website.
- *DCM Core Principle 12 – Protection of Markets and Market Participants:* As required by this Core Principle, MGEX is assuring a fair and equitable market by monitoring position limit violations and positions that exceed defined reportable levels as required by CFTC to reduce the potential threat of market manipulation.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors unanimously approved the attached amendments to the MGEX Rules. There were no substantive opposing views expressed by the Board of Directors, nor is the Exchange aware of any substantive opposing views with respect to this filing. The attached amendments are to be effective when incorporated into MGEX's Rules on its website, which will be at least 10 business days following the date of this submission. If there are any questions regarding this submission, please contact me at (612) 321-7143 or lhopkins@mgex.com. Thank you for your attention to this matter.

Sincerely,



Lindsay R. Hopkins
Clearing House Counsel

EXHIBIT A

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

2.3.7. ACCOUNT OWNERSHIP AND CONTROL AND POSITION DATA REPORTING.

- A. Clearing Members, omnibus accounts, and foreign brokers which hold, control, or carry a “special account,” as such term is defined by CFTC Regulation 17 CFR Part 15, as amended, must submit to the Exchange information identifying the ownership and control of each special account and all trading accounts related to each such special account and any additional required information after the account reaches or exceeds the applicable reportable position level prescribed by the Commission using CFTC Form 102A. Notwithstanding the foregoing, if the reportable position level prescribed by the Exchange is lower than the corresponding CFTC reportable level for a contract, such Form 102A must be filed with the Exchange when the position in a special account reaches or exceeds the Exchange prescribed reporting level.
- B. Clearing Members, omnibus accounts, and foreign brokers which hold, control, or carry a reportable “volume threshold account,” as such term is defined by CFTC Regulation 17 CFR Part 15, as amended, must submit to the Exchange information identifying the ownership and control of the volume threshold account and any additional required information using CFTC Form 102B after an account reaches the reportable volume trading level as prescribed by the Commission.
- C. The submissions set forth in paragraphs A and B shall be made in accordance with the timing and other requirements specified by the Exchange. Should any of the information contained in such submissions become inaccurate, the reporting Clearing Member, omnibus account, or foreign broker must submit updated, accurate information within three business days of such changes becoming effective. Upon request from the Exchange, Clearing Members, omnibus accounts, and foreign brokers must provide CFTC Form 40 and/or Form 71.
- D. Clearing Members, omnibus accounts, and foreign brokers must submit to the Exchange a daily report of all positions required to be reported. Such report must also include, for each reportable account, the EFRP volume bought and sold by contract month, the number of delivery notices issued, and the number of deliveries stopped in the reportable instrument.
- E. Notwithstanding the obligations on omnibus accounts and foreign brokers set forth in this Rule, Clearing Members carrying such accounts remain responsible for obtaining and providing to the Exchange information regarding the ownership and control of positions in circumstances where an omnibus account or foreign broker has failed to provide the information to the Exchange.
- F. The reporting levels, position limits, and position accountability levels for MGEX contracts are set forth in the MGEX Rules.

1402.00. OPTIONS TRADING – HARD RED SPRING WHEAT.

- A. **Hours of Trading.** The Hours of Trading Options will be determined by the Board of Directors in accordance with MGEX Rule 2011.00.
- B. **Months Traded In.** Trading may be conducted in Options in the same months that are listed for trading in the Futures Contract (see MGEX Rule 715.00.). Additionally, trading may be conducted in Options in months that are not listed for trading in the Futures Contract. For Options that are traded in months which Futures are not traded, the underlying Futures Contract is the subsequent Futures Contract month that is nearest to the expiration of the Option. The Board of Directors shall determine the months available for trading, and may, at its discretion, restrict trading in any month should market conditions so warrant.
- C. **Last Trading Day.** The last trading day will be the Friday which precedes by at least two (2) business days, the last business day of the month preceding the Option month. If such Friday is not a business day, the last trading day will be the business day prior to such Friday.
- D. **Option Expiration.** The contractual rights and obligations arising from the Option Contract expire on the last day of trading.
- E. **Option Premium Price Basis.** The premium for Options will be in multiples of one-eighth of one cent (1/8) per bushel of a five thousand (5,000) bushel Futures Contract or six dollars and twenty-five cents (\$6.25) per contract. However, in the case of a cabinet trade, when both sides are closing transactions, the Option premium for open outcry may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per Option Contract, and the Option premium for electronic trading is one dollar (\$1.00) per Option Contract.
- F. **Position Limits.** Position limits for HRSW will be determined by the Exchange but will not be greater than the position limits for HRSW pursuant to Part 150 of CFTC Regulations. See MGEX Rule 2013.03.
- G. **Reportable Positions and Trading Volume.** A position of twenty-five (25) or more put or call Options on this Exchange, long or short, in any one (1) month of the first two (2) nearby delivery months or a position of one hundred (100) or more put or call Options, long or short, in any one (1) month of the remaining delivery months will be reportable position level for wheat options on this Exchange. All such positions must be reported in a manner and form as designated by the Exchange ~~and pursuant to MGEX Rule 1505.00.~~ Pursuant to CFTC Regulation 15.04 and Part 17, a volume threshold account that has trading volume in the HRSW Options Contract during a single trading day equal to, or in excess of, 50 contracts is required to be reported to the CFTC. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.
- H. **Daily Price Limits.** Trading is prohibited in Options at a premium of more than the trading limit for the Futures Contract above and below the previous day's settlement premium for

that Option. On the first (1st) day of trading, limits will be set from the lowest premium of the opening range.

~~1505.00. LARGE OPTIONS TRADER REPORTS.~~

~~A. **Information Required.** When an option position becomes a reportable position in accordance with Exchange **Rule 1402.00.G.**, each Futures Commission Merchant or Market Participant shall submit to the Exchange a weekly report for options on futures containing the following information for each option trader controlling a reportable option position:~~

~~B. For options on Futures Contracts, with respect to each put and call and each long and short position controlled by the option trader, the following information shall be shown separately by the Futures Commission Merchant or Market Participant and combined for all Futures Commission Merchants and Market Participants:~~

- ~~1. All reportable positions in the option that is next to expire, by strike prices.~~
- ~~2. All reportable positions in any other options that expire within six (6) weeks, by strike prices.~~
- ~~3. All reportable positions in the next deferred option expiration date, regardless of strike price.~~
- ~~4. All reportable positions in all other more distant option expiration dates, regardless of strike prices.~~
- ~~5. The total reportable position controlled by the option trader in all option expiration dates, regardless of strike prices.~~
- ~~6. All futures positions which are portions of conversions or reverse conversions.~~

~~All option positions controlled by the same trader, which are carried at the same Futures Commission Merchant or held by a Market Participant, shall be identified by use of the number assigned by the Futures Commission Merchant or Market Participant in accordance with Exchange **Rule 1506.00.**~~

~~Identifying information shall include name of the reportable option trader, state or country of residence, Market Participant or Futures Commission Merchant carrying the account and an indicator of whether the option trader is classified as commercial or noncommercial.~~

~~C. **Form and Manner of Reporting.** The information required by Paragraph 1. of this section shall be submitted in hard copy form to the Exchange. Such information shall be compiled weekly as of the close of business on Tuesday, or Monday if Tuesday is a holiday, or more frequently than weekly as the Exchange may direct. This information shall be submitted to the~~

~~Exchange by the business day following that to which the information pertains.~~

~~1506.00. SPECIAL ACCOUNT DESIGNATION AND IDENTIFICATION.~~

- ~~A. **Designation of Special Account.** For the purpose of reporting options information to the Exchange, each Futures Commission Merchant or Market Participant shall assign a number to each special account and shall report such account only by such number; provided, that the same number shall be used to report options information for the same trader. An account number shall not be changed or assigned to another account without the prior approval of the Exchange.~~
- ~~B. **Identification of Special Account.** When a Special Account is reported for the first time, the Futures Commission Merchant or Market Participant shall identify the account to the Exchange on forms designated by the Exchange showing the information requested thereon, including:~~
- ~~1. The name and address of the account owner.~~
 - ~~2. The number assigned to that account for purposes of reporting the account.~~
 - ~~3. Business telephone number of account owner.~~
 - ~~4. Business or occupation of the account owner, including the name of the person's employer and the person's job title if type of account is individual.~~
 - ~~5. Type of account.~~
 - ~~6. The name and address of any other person whose futures or options trading is controlled by the account.~~
 - ~~7. The name, address, business telephone number and business or occupation of other persons, if any, who control the trading of this account.~~
 - ~~8. The name and location (city and state) of any other person who has a financial interest of ten (10) percent or more in the account.~~
 - ~~9. Information concerning other accounts carried by the reporting Futures Commission Merchant or Market Participant in which the account for which the Exchange Large Trader Report Form is filed has a ten (10) percent or more financial interest, including the names of such accounts, the principal owners of such accounts and the names and locations of offices at which such accounts are carried.~~
 - ~~10. For options whether the trader is classified as commercial or non-commercial by commodity option traded.~~

~~11. The name and business telephone number of the associated person of the Futures Commission Merchant who has solicited and is responsible for the account or, in the case of an introduced account, the name and business telephone number of the introducing broker who introduced the account.~~

~~12. Name and address of the Futures Commission Merchant or member of a contract market carrying the account, the signature, title and business phone of the authorized representative of the firm filing the report and the date of signing the Exchange Large Trader Reporting Form.~~

~~C. **Exchange Large Trader Report Form Update.** If at the time an account is in special account status and an Exchange Large Trader Report Form filed by a Futures Commission Merchant or Market Participant is then no longer accurate because there has been a change in the information required under Paragraph B.5., B.6., B.7. or B.8. of this section since the previous filing, the Futures Commission Merchant or Market Participant shall file an updated Exchange Large Trader Report Form with the Exchange within one (1) business day after such change occurs.~~

2013.06. REPORTABLE POSITIONS AND TRADING VOLUME FOR HARD RED SPRING WHEAT FUTURES.

The reportable position level will be a position of one hundred and fifty (150) or more HRSW futures on this Exchange, long or short, in any one (1) month. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.

Pursuant to CFTC Regulation 15.04 and Part 17, a volume threshold account that has trading volume in the HRSW Futures Contract during a single trading day equal to, or in excess of, 50 contracts is required to be reported to the CFTC. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.