



Via Portal Submission

June 28, 2018  
MGEX Submission No. 18-21

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

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

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 addition of MGEX Rules 2.1.5. (formerly 1812.00.), 2.1.6. (formerly 2070.00.), 2.1.7. (formerly 2050.00.), and 2.1.8. (formerly 2090.00.), as set forth in the attached Exhibit A, comply with the CEAct and the CFTC Regulations promulgated thereunder (the “Proposed Amendments”). MGEX further certifies that the submission and pending deletion of MGEX Rules have been posted on the MGEX website at the following link: <http://www.mgex.com/regulation.html>.

**I. AMENDMENTS TO MGEX RULES**

MGEX continually evaluates its Rulebook to ensure compliance with CFTC regulations as well as general principles of law. The Proposed Amendments are part of a larger, gradually ongoing initiative to better organize the overall MGEX Rulebook. This includes methodically reorganizing rules in a more logical order and adding or amending rules where necessary to ensure transparency and improve efficiency for all users of the Rulebook. In addition, through this process, MGEX will conduct a review of certain rules to update language, style, and structure, as appropriate.

The Proposed Amendments include continued implementation of the new numbering system that provides each rule with a chapter, section, and rule number. This new system allows for improved organization, usability, and flexibility of the Rulebook over time. The new system will be implemented in conjunction with this ongoing process, with the objective of minimizing disruption and maintaining usability.

## 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 enhance MGEX’s ability to more efficiently establish certain foundational rules earlier in the MGEX Rulebook.
- *DCM Core Principle 7, Availability of General Information:* The Proposed Amendments have been disseminated on the MGEX website. The Proposed Amendment 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 incorporate these foundational rules earlier in the MGEX Rulebook and as a result, further MGEX’s ability to protect the market and market participants by making these rules more readily accessible.
- *DCM Core Principle 13, Disciplinary Procedures:* The Proposed Amendments will enhance the ability of MGEX to enforce its rules through greater clarity of language addressing these foundational topics.

Pursuant to the authority set forth in MGEX Bylaw 210.01., the MGEX Board of Directors unanimously approved the Proposed Amendments at its meeting held on June 26, 2018. There were no substantive opposing views expressed by the Board of Directors, nor is MGEX aware of any substantive opposing views with respect to this filing.

These Proposed Amendments are intended to become effective ten (10) business days from the date of this submission. If there are any questions regarding this submission, please contact me at (612) 321-7128. Thank you for your attention to this matter.

Best regards,



Peter D. Sparby  
Associate Corporate Counsel

Enclosure

## Exhibit A

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

### ~~1812.00~~2.1.5. COOPERATION WITH INVESTIGATORY AND DISCIPLINARY PROCEDURES~~PROCESSES.~~

~~All suspensions, expulsions and other restrictions imposed upon a Member or Clearing Member by the Exchange pursuant to disciplinary procedures contained in MGEX Rules and Regulations shall restrict with equal force and effect access to the usage of the Electronic Trading System by such Member or Clearing Member.~~

~~Members and~~A Market Participants shall promptly respond, provide documentation, and cooperate in all inquiries by the Exchange. Failure to do so ~~shall will~~ subject the ~~person or entity~~Market Participant to disciplinary ~~procedures~~processes, ~~including which may include~~ immediate termination of usage and access to the Electronic Trading System. Disciplinary processes may be initiated by the Exchange pursuant to the MGEX Bylaws and Rules and may include public or private actions, summary fines, fines, suspensions, expulsions or other restrictions as determined to be necessary by the Exchange.

### ~~2070.00~~2.1.6. DUTY TO SUPERVISE.

A ~~party~~Person subject to MGEX Bylaws or Rules has a duty to supervise any agent, employee, or contractor under their direct or indirect control (for purposes of this Rule, an "agent"), who engages in this market or performs any Exchange-related activity. Any act, omission, or failure of any agent may be deemed to be an act, omission, or failure of the ~~party~~Person.

Unless prohibited by MGEX Bylaw or Rule, a ~~party~~Person may delegate the act of performance, but not the responsibility, of any MGEX Bylaw or Rule.

When assessing whether a ~~party~~Person has violated MGEX Rule ~~2070.00~~2.1.6., the Exchange may consider the ~~party's~~Person's lack of sufficient internal controls as an exacerbating factor.

MGEX Rules do not prohibit the Exchange from bringing disciplinary action against both the ~~party~~Person and the agent based on the same event or set of operative facts. If an agent is found to be in violation of any MGEX Bylaw or Rule, the Exchange may, in its discretion, take disciplinary action against the agent, the ~~party~~Person, or both.

### ~~2050.00~~2.1.7. HOLIDAYS.

~~Under authority of Rule 210.01., the~~The following days are declared to be holidays, during which the Exchange will not be open for business: New Year's Day, Dr. Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. When ~~any~~a holiday falls on ~~Sunday, a Saturday it will be observed~~ the ~~Monday next following shall be considered such holiday.~~preceding Friday. When ~~any such~~a holiday falls on ~~Saturday, the Friday immediately preceding shall be considered such holiday.~~Dr. Martin Luther King, Jr. Day a Sunday it will be observed

the following Monday. The Exchange may, in its discretion, declare additional holidays and details of observance ~~shall always be the third Monday in January. Presidents' Day observance shall always be the third Monday in February and Memorial Day observance shall always be the last Monday in May.~~

#### **2090.00.PHYSICAL 2.1.8.EMERGENCIES.**

~~Pursuant to the provisions of Rules 210.01. and 210.02., the Board of Directors has adopted this Regulation.~~

The Exchange ~~shall have~~has the power to immediately delay, suspend, or close trading upon recognizing a problem ~~to serve notice to Market Participants that trading will be suspended immediately.~~ A problem ~~may be the result of~~ includes, but is not limited to the following:

- A. fire or other casualty,
- B. bomb threat,
- C. power failure,
- D. communications breakdown,
- E. computer malfunction, or
- F. other - technical difficulties.

~~In no event shall a suspension of trading continue for more than five (5) calendar days.~~

If such an event occurs, the Exchange will provide reasonable notice to the public.