



Via Portal Submission

July 14, 2015
MGEX Submission No. 15-19

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 Rules and Regulations

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 Rules 743.00., 1806.00., 1145.00., and 1146.00., as set forth in the attached Exhibit A, comply with the CEAct and the CFTC Regulations promulgated thereunder. MGEX further certifies that the submission and pending changes to the MGEX Rules and Regulations have been posted on the MGEX website at the following link: <http://www.mgex.com/regulation.html>.

I. AMENDMENTS TO MGEX RULES.

MGEX is focused on ensuring that its Rules and Regulations provide sufficient guidance to market participants regarding prohibited conduct. Moreover, MGEX strives to provide clear standards for cash market participants.

A. Amendments to MGEX Rules 743.00. and 1806.00.

The purpose of these amendments to MGEX Rules 743.00. and 1806.00. is to clarify and elaborate on prohibited trading conduct within the MGEX Rules and Regulations.

The changes to Rule 743.00. are to clarify the meaning of the Rule. Changes were made to more firmly reflect the general prohibition on wash, accommodation and other risk-free trading. Additional language was added in order to better define these terms for Market Participants. The second paragraph provides some examples, but not an exhaustive list, of the types of activity that may constitute risk-free, wash, or accommodation trading.

The changes to Rule 1806.00. serve to make it consistent with other Rules in the MGEX Rules and Regulations regarding the mindset of a Market Participant. Additional language also clarifies the breadth of the Rule.

B. Amendments to MGEX Rules 1145.00. and 1146.00.

The purpose of the proposed amendments is to update certain provisions in the MGEX Rules and Regulations relating to advances for cash grain sales, as recommended by the MGEX Cash Markets Committee. The proposed amendments act as a default provision in lieu of a separate agreement between contracting parties, and also reflect current industry practice on cash advances.

II. COMPLIANCE WITH CORE PRINCIPLES.

MGEX has reviewed the core principles for designated contract markets (“DCM Core Principles”) and identified that the proposed amendments (collectively, the “Proposed Changes”) may impact the following DCM Core Principles:

- *DCM Core Principle 2, Compliance with General Rules:* The Proposed Changes enhance and elaborate on prohibited and abusive trading conduct.
- *DCM Core Principle 3, Contracts Not Readily Subject to Manipulation:* The Proposed Changes expand and elaborate on the types of prohibited conduct in order to further prevent manipulation of the market.
- *DCM Core Principle 4, Prevention of Market Disruption:* The Proposed Changes expand and elaborate on the types of prohibited conduct in order to prevent market disruption. In addition, the Proposed Changes create default rules for certain cash market transactions to add clarity and certainty for participants utilizing MGEX cash market rules.
- *DCM Core Principle 7, Availability of General Information:* The Proposed Changes will be publicly available in the MGEX Rules and Regulations. In addition, the Proposed Changes have been disseminated on the MGEX website.
- *DCM Core Principle 12, Protection of Markets and Market Participants:* The Proposed Changes serve to protect MGEX markets and market participants by expanding and elaborating on certain prohibited conduct.

Pursuant to the authority set forth in MGEX Rule 210.01., the MGEX Board of Directors unanimously approved the proposed amendments to Rules 743.00., 1806.00., 1145.00., and 1146.00. at its meeting held on June 23, 2015. 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.

Pursuant to the procedures and authority set forth in Chapter Two of the MGEX Rules and Regulations, the Members of MGEX approved the proposed amendments to Rules 743.00., 1806.00., 1145.00., and 1146.00. by an overwhelming vote, which was duly tallied on July 13, 2015. There were no substantive opposing views expressed by the Members, nor is MGEX aware of any substantive opposing views with respect to this filing.

These amendments are intended to become effective ten (10) 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.

Sincerely,

A handwritten signature in blue ink that reads "Aaron Nyquist". The signature is written in a cursive style with a large initial "A" and a long, sweeping underline.

Aaron C. Nyquist
Assistant Corporate Counsel

Enclosure

EXHIBIT A

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

743.00. PROHIBITION ON ACCOMMODATION OR WASH TRADES ~~FORBIDDEN~~.

No Market Participant shall ~~make~~ engage in wash, accommodation or any other risk-free trading, simultaneous Risk-free or wash trading may involve entering into, or purporting to enter into, transactions that give the appearance that purchases and sales have been made, without incurring market risk or changing the Market Participant's market position. Accommodation trading may involve entering into, or purporting to enter into, transactions that assist in the execution of a Market Participant's offsetting orders.

Examples of prohibited conduct may include but are not limited to: entering offsetting orders for purchases and sales of the same month and/or strike price of the same commodity for the same account at the same or nearly the same price; entering offsetting orders for purchases and sales for different accounts with common beneficial ownership or control at the same or nearly the same price; entering offsetting orders for purchases and sales between one or more parties of the same month of the same commodity at the same or nearly the same price; or a series of transactions or related transactions over any period of time that have the appearance of accommodation or wash activity.

1806.00. TRADING AGAINST OWN ORDERS PROHIBITED.

A ~~Member or~~ Market Participant shall not ~~intentionally~~ cause to be entered, or enter into, any transaction in which the ~~Member or~~ Market Participant knows or reasonably should know that the Market Participant will assume the opposite side of an order entered on behalf of the respective ~~Member's or~~ Market Participant's own account or an account with common beneficial ownership or control.

1145.00. ADVANCES ON CARS SOLD TO UNLOAD LOCALLY.

Unless otherwise specified by a separate agreement between the Buyer and Seller, ~~When a sale has been made basis "delivered" to an unloading industry~~ sale of a carload of any commodity is made to deliver within the Minneapolis-St. Paul or Duluth-Superior switching districts, the Seller shall have the right to demand a cash advance on the commodity equal to ninety percent (90%) of its value based on the sale price, but only if the car has not been unloaded within ten (10) days after being actually or constructively placed upon the tracks within the Minneapolis-St. Paul or Duluth-Superior switching districts of such industry, then and in that event the Buyer shall pay the Seller (upon demand) a cash advance on the commodity sold equal to ninety percent (90%) of its value based on the sale price.

1146.00. ADVANCES ON CARS SOLD TO UNLOAD AT OTHER DESTINATIONS.

Unless otherwise specified by a separate agreement between the Buyer and Seller, ~~When a sale of a carload of any commodity has been made to deliver on arrival at Minneapolis-St. Paul or Duluth-Superior, or at an outside "Hold" or inspection point, or elsewhere, (or such a car has been applied on a Sale "To Arrive")~~ with unloading weights

at a destination outside the Minneapolis-St. Paul or Duluth-Superior switching districts ~~to govern~~, the Seller shall have the right to demand a cash advance on the commodity equal to ninety percent (90%) of its value based on the sale price ~~if, as, and~~ when documents passing title to the commodity have been delivered to the Buyer.