



Via Portal Submission

October 19, 2021
MGEX Submission No. 21-59

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 amendments to MGEX Rules 1160.00., 1161.00., 1162.00., 2005.00., 2005.01., 2005.02., 2006.00., and 2035.00. regarding Cash Market trading as set forth in Exhibit A comply with the CEAct and the Commission regulations promulgated thereunder (the “Proposed Amendments”). 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

The Proposed Amendments account for the permanent closure of in-person Cash Market trading and the transition to solely remote reporting of sales of loaded rail cash commodities. The Cash Market is utilized by market participants that have cash trading privileges. Cash Market sales are reported to a USDA official (the Cash Grain Market Reporter) who disseminates the information. The Cash Market is not part of the physical delivery settlement process of the Hard Red Spring Wheat futures contract.

DCM Core Principles

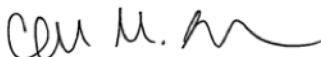
In connection with amending these Rules, the Exchange has reviewed the core principles for DCMs (“DCM Core Principles”) and has determined that the amendment complies with the requirements of such principles. During the review, MGEX identified the following

DCM Core Principles as potentially being impacted:

- *DCM Core Principle 7 – Availability of General Information:* As required by this Core Principle, MGEX has issued a memo to its market participants to ensure market participants have updated information regarding the permanent closure of in-person Cash Market trading and the transition to solely remote reporting of sales of loaded rail cash commodities. These Proposed Amendments will also be available on the MGEX website.
- *DCM Core Principle 10 – Trade Information:* In compliance with this Core Principle, MGEX posts links to the USDA daily trade report of sales of loaded rail cash commodities. The links can be found at https://www.mgex.com/cash_markets.html. Furthermore, USDA information is also contained in the daily Futures Settlements and USDA Cash Report which can be found at <https://www.mgex.com/settlement.html>.

The MGEX Cash Markets Committee (“Committee”) unanimously approved a recommendation to the MGEX Board of Directors (“Board”) that Cash Market trading be permanently moved off-site (described above as the transition to remote reporting). The Committee also supported amending MGEX Rules as necessary to effectuate that change. The recommendation was forwarded to the Board. Pursuant to MGEX Bylaw 3.1., the Board unanimously approved the recommendation as well as the attached Proposed Amendments at its meeting held September 30, 2021. There were no substantive opposing views expressed by the Board, nor is the Exchange aware of any substantive opposing views with respect to this filing. The attached Proposed Amendments are to be effective when incorporated into the MGEX Rulebook posted 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) 321-7141 or canderson@mgex.com. Thank you for your attention to this matter.

Sincerely,



Carmen Anderson
Assistant Corporate Counsel

EXHIBIT A

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

CHAPTER 11 CASH COMMODITIES

1160.00. CASH MARKET PARTICIPANTS.

Persons with cash trading privileges may participate as principal and/or agent, or act as agent for both Buyer and Seller, in cash commodity transactions executed on~~in~~ the Exchange ~~Room~~. However, such ~~Persons~~participants must disclose to other Persons with cash trading privileges~~participants in the Exchange Room~~ and the Cash Grain Market Reporter when they act as both principal and agent, or as agent for both Buyer and Seller.

Any party that is not a Person with cash trading privileges may participate in cash commodity transactions executed on~~in~~ the Exchange ~~Room~~ as a Buyer or Seller only by consignment through a Person with cash trading privileges.

1161.00. CONSIGNMENT.

Any cash commodity consigned to a Person with cash trading privileges for sale must be displayed on~~in~~ the Exchange ~~Room~~ for competitive bids prior to sale. The consignee must also disclose to Persons with cash trading privileges~~participants in the Exchange Room~~ and the Cash Grain Market Reporter that the commodity is being sold on consignment. If the best bid is from the consignee or an affiliate of the consignee, then the consignor must be informed prior to the sale being completed.

1162.00. REPORTING CASH COMMODITY SALES.

Persons with cash trading privileges shall report all sales of loaded rail cash commodities made on~~in~~ the Exchange ~~Room~~ to the Cash Grain Market Reporter as soon as practicable after the sales are made, but no later than fifteen (15) minutes after the close of the cash market. Sales not made during the Hours of Trading shall not be included in the day's market report.

The Board of Directors is authorized to prescribe by Rule, the time, contents and method of reporting. All such reports shall be in accordance with the provision of such Rules.

Reports of sales of all commodities shall include the price, the grade, if any, and information such as "musty," "sour," "heating," "heavy dockage," or other factors that may have a distinct bearing on the price of the commodity. All reports must also disclose whether the sale was made on consignment as well as all parties to the transaction including Buyer and Seller, and principal and agent.

CHAPTER 20 EXCHANGE RULES

~~2005.00. SUBSTITUTES.~~

~~An authorized individual's privilege of entering and transacting business in the Exchange Room during the Hours of Cash Trading may be transferred temporarily to a substitute by the issuance to such substitute of a substitute ticket as hereinafter provided, and not otherwise. Such privilege may be so transferred if, and during, the time that such authorized individual is temporarily unable to transact business in the Exchange Room because of illness, absence from the city or other cause deemed sufficient and proper by the Exchange.~~

~~It is not the intent of this Rule to enable any person by means of a substitute ticket to obtain the privilege of entering and transacting business in the Exchange Room during the Hours of Cash Trading for a considerable period of time unless he is substituting for various authorized individuals who are customarily active in the Exchange Room.~~

~~A substitute ticket shall not be issued to any person who has been expelled from this Exchange or who is under suspension, or to enable any person to act as a substitute for an authorized individual who is under suspension.~~

~~If a authorized individual for whom a substitute is acting shall appear in the Exchange Room during the Hours of Cash Trading, or if such authorized individual, except in cases of substitution under the provisions of this Rule, or in special circumstances, shall appear with regularity in MGEX buildings, such appearance shall be cause for cancellation of the substitute ticket.~~

~~In case of any dispute over the propriety of issuing, renewing or cancelling a substitute ticket, such dispute shall be settled by the Exchange.~~

~~2005.01. SUBSTITUTE TICKETS: ISSUANCE OF.~~

~~Substitute tickets shall be issued or renewed by the Exchange upon application. Such tickets or renewals shall be for not more than thirty (30) days and may be cancelled at any time.~~

~~2005.02. SUBSTITUTE TICKETS: APPLICATION FOR.~~

~~Applications for substitute tickets shall show the authorized individual for whom substitution is requested and shall be signed by the substitute and by the authorized individual for whom the substitute is authorized to make trades. The substitute and such authorized individual shall, respectively, be subject to the same restrictions, obligations and liabilities including penalties for the violation of MGEX Rules with respect to any and all trades, transactions or other acts of the substitute while such ticket is outstanding.~~

2006.00. CASH TRADING PRIVILEGES: GRANTING OF AND APPLICATION FOR.

In order to execute cash contracts in on the Exchange ~~Room~~, a Person must be granted cash trading privileges by the Exchange.

The Exchange may grant cash trading privileges to any Person approved by the Exchange in an aApplication for cCash tTrading pPrivileges meeting all the terms and conditions set forth in such application, provided, however, that if such entity has been legally created and is validly existing under the laws of any governmental authority, such entity must be legally qualified to do business in Minnesota.

Such cash trading privileges may be granted and retained only if ~~and when~~ the terms and conditions set forth below have been met:

- A. An aApplication for cCash tTrading pPrivileges, on a form as prescribed by the Exchange, must have been duly executed and filed with the Exchange. ~~Such~~ application must be accompanied by a financial statement (See **Rules 2.2.2., 2.2.4., 2.2.5., 2.2.6., 2.2.7., and 2.2.8.**) prepared and certified by a cCertified pPublic aAccountant, in such form as the Exchange ~~shall~~ will prescribe, stating the assets and liabilities of the applicant and the nature and extent of the business that such applicant proposes to transact and such other information pertinent to the granting of the application as the Exchange may require;
- B. The applicant for cash trading privileges must meet and maintain the minimum financial requirements as determined by the Exchange (See **Rules 2.2.2., 2.2.4., 2.2.5., 2.2.6., 2.2.7., and 2.2.8.**).

~~2035.00. REPORTING CASH COMMODITY SALES.~~

~~Persons with cash trading privileges shall report all sales of loaded rail cash commodities made in the Exchange Room as soon as practicable but no later than fifteen (15) minutes after the close of the cash market. Sales not made during the Hours of Trading shall not be included in the day's market report.~~

~~Reports of sales of all commodities shall include the price, the grade, if any, and information such as "musty," "sour," "heating," "heavy dockage," or other factors that may have a distinct bearing on the price of the commodity. All reports must also disclose whether the sale was made on consignment as well as all parties to the transaction including Buyer and Seller, and principal and agent.~~