



Via Portal Submission

October 25, 2018  
MGEX Submission No. 18-30

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 amendments to MGEX Rules 2.1.9. (formerly 2091.00.), 2.1.10. (formerly 2091.01.), 2.1.11. (formerly 2066.00.), 2.1.12. (formerly 1701.00.), 2.1.13. (formerly 2071.00.), 2.2.2. (formerly 2085.00.), and 2.2.3. (formerly 2029.00.), and addition of new MGEX Rule 2.2.1., as set forth in the attached Exhibit A, comply with the CEAct and the CFTC Regulations promulgated thereunder (the “Proposed Amendments and Addition”). 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

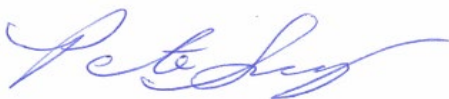
MGEX has reviewed the Core Principles for designated contract markets (“DCM Core Principles”) and identified that the Proposed Amendments and Addition may impact the following DCM Core Principles:

- *DCM Core Principle 2, Compliance with Rules:* The Proposed Amendments and Addition will enhance MGEX’s ability to more efficiently establish certain foundational rules earlier in the MGEX Rulebook.
- *DCM Core Principle 6, Emergency Authority:* The Proposed Amendments and Addition enhance and clarify MGEX’s foundational rules related to inclement weather, transportation breakdown, and emergencies.
- *DCM Core Principle 7, Availability of General Information:* The Proposed Amendments and Addition have been disseminated on the MGEX website. The Proposed Amendments and Addition will be available in the MGEX Rulebook, which is accessible online.
- *DCM Core Principle 12, Protection of Markets and Market Participants:* The Proposed Amendments and Addition will incorporate these foundational rules earlier in the MGEX Rulebook. Such organizational structuring may provide greater clarity to help ensure protection of the the market and market participants.
- *DCM Core Principle 13, Disciplinary Procedures:* The Proposed Amendments and Addition 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 and Addition at its meeting held on October 23, 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.

The Proposed Amendments and Addition 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~~.

### ~~2091.00-~~2.1.9. **INCLEMENT WEATHER OR TRANSPORTATION BREAKDOWN.**

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

~~In the event that the functions of the Exchange are, or are threatened to be severely and adversely affected by inclement weather or transportation breakdown, the Executive Committee of the Board of Directors can make the decision to:~~

- ~~A. not open the market(s).~~
- ~~B. delay the opening of the market(s); or~~
- ~~C. close the market(s).~~

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

The Exchange has the power to immediately delay, suspend, or close trading upon recognizing the functions of Exchange are, or are threatened to be, severely and adversely affected by inclement weather or transportation breakdown. In such case, the Exchange will provide reasonable notice to the public.

### ~~2090.01-~~2.1.10. **MEMBER OR MARKET PARTICIPANT EMERGENCIES.**

If ~~at any time~~ the Exchange, in its sole discretion, determines that there is a substantial question as to whether a financial or other type of emergency exists or may exist with respect to any Member or Market Participant, the Exchange may take any actions necessary to protect the best interests of the Exchange and the marketplace or take any other actions allowed by law. The Exchange will have no liability regarding its use of this discretionary power.

~~The Exchange shall have no liability regarding its use of the discretionary power described herein; neither shall the Exchange be liable for actions taken pursuant to MGEX Rules and Regulations, procedures, or actions allowed by law.~~

### ~~2066.00-~~2.1.11. **MARKET MAKER PROGRAM.**

The Exchange may establish a Market Maker Program for any contract. ~~The Program shall remain in effect for a period determined by the Exchange.~~ The Exchange may end the Market Maker Program at any time. The requirements and ~~The Exchange will determine the effective period of the number of participants for~~ Market Maker Program and establish the requirements of the Market Maker Program ~~shall be established by, which~~ the Exchange ~~and are subject to~~ may change at any time. Any individual or entity that ~~satisfies the requirements set forth by the Exchange may~~ wishes to participate in the Market Maker Program must submit an application to the ~~Corporate Secretary to become a Market Maker~~ Exchange. The Exchange ~~shall have~~ has sole discretion to approve or deny an application based on, but not limited to, the applicant's following factors: the applicant's business reputation, financial resources, and trading activity in relevant futures, options,

or related cash markets, ~~or any other reason~~. Any individual or entity accepted into the Market Maker Program must maintain compliance with the ~~requirements established by the Exchange~~ Market Maker Program's requirements. ~~The Exchange may, without notice, remove any individual or entity that fails to comply with Exchange requirements.~~ Further, ~~the individual or entity~~ any individual or entity who is participating in the Market Maker Program must comply with the Commodity Exchange Act (and Regulations thereunder as now in effect or hereafter amended), and Exchange Rules, ~~Regulations, Resolutions, procedures, and policies~~. The Exchange may, in its sole discretion, remove any individual or entity from the Market Maker Program.

#### **1701.00.2.1.12. PROMOTIONAL MATERIAL.**

~~All materials promoting the sale of futures or options issued by members shall observe truth and good taste; preserve the good name of the Corporation, use representative statistics to avoid unwarranted conclusions; include or omit no material fact when the effect of such inclusion or omission constitutes a misrepresentation; and make no promise as to profits, always indicating risk or the possibility of loss if profit is mentioned. No promotional material shall state current margin requirements. Reports of past successes shall not imply that such success is typical or is likely to be experienced in the future. Members shall neither state nor imply that they represent the Corporation. Upon request of the Department of Audits and Investigations, a Member must promptly provide a copy of any promotional material that relates to any futures or options traded on the Minneapolis Grain Exchange.~~

~~For the purpose of this Rule the term "promotional material" shall mean any text of a standardized oral presentation, any communication for publication in any newspaper, magazine or similar medium or for broadcast over television, radio, or other electronic medium; any standardized form of report, letter, circular, memorandum or publication; and any other written material disseminated or directed to customers or prospective customers for the purpose of soliciting futures or options transactions.~~

Promotional material and similar information issued by Market Participants must comply with the requirements of National Futures Association Rule 2-29, as amended. A Market Participant must not state or give the appearance that the Market Participant represents the Exchange.

#### **2.1.13.2071.00. EXCHANGE OFFICER AMENDMENTS.**

The Exchange Officers, by majority vote, shall have the authority to amend any Rule without a vote of the Ownership or the Board of Directors when such amendment does not alter the intent of the Rule or is otherwise non-substantive. Examples of amendments include, but are not limited to, the modification or elimination of letters, numbers, words, phrases, sentences, Rule numbers, Rule titles, chapter numbers, chapter titles, and cross references (internal and to applicable law) necessary to maintain accurate and current Rules, or non-substantive changes necessary to comply with any non-substantive change in law, statute or governing legal authority.

#### **2.2.1. FINANCIAL REQUIREMENTS AUTHORITY.**

The Exchange may from time to time adopt financial and reporting requirements. These requirements may be more stringent than those provided in the Commodity Exchange Act, as amended, Commodity Futures Trading Commission regulations, and other applicable

authority. Such requirements may be posted through reasonable means by the Exchange and need not be codified in MGEX Rules.

**2085.002.2.2. FINANCIAL AND REPORTING REQUIREMENTS.**

Financial and reporting requirements for Members~~Persons~~ may be established by the Exchange, provided that requirements for FCMs ~~and IBs must, at a minimum, be~~ established at levels ~~equivalent to no lower than~~ those required by ~~CFTC regulations. The~~ the Commodity Exchange, at its discretion, may adopt financial requirements for such FCMs Act, as amended, and IBs more stringent than those of the CFTC if it deems such requirements appropriate. Commodity Futures Trading Commission regulations.

**2029.002.2.3. MINIMUM FINANCIAL REQUIREMENTS FOR HARD RED SPRING WHEAT REGULARITY.**

~~An~~ Person who operates an elevator, ~~merchandiser~~ or warehouse, or who is a merchandiser, that is Regular for delivery of Hard Red Spring Wheat must maintain certain minimum financial requirements set by the Exchange. The Exchange has established the following working capital and net worth financial requirements for Regularity:

<b>Contract</b>	<b><del>Regular Entity</del></b>	<b>Working Capital</b>	<b>Net Worth</b>
Hard Red Spring Wheat	<del>Elevator</del>	\$2,000,000.00	The greater of \$5,000,000.00 or the equivalent of \$1 per bushel of approved storage capacity

~~Further~~Additionally, any combination of the elevator, merchandiser, warehouse ~~or,~~ parent, ~~or an~~ company, employee, partner, or officer of ~~an elevator, merchandiser, warehouse or parent,~~ such Person must be a Record Owner of a minimum of two (2) Memberships.

~~For contracts not stated above, the Exchange will establish minimum financial requirements as necessary for Regular entities.~~

The Exchange may consider and approve, at its discretion, an ~~Applicant~~ Person for Regularity that is unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Exchange may, at any time, require an ~~Applicant~~ Person that is approved or applying for Regularity ~~or an approved elevator, merchandiser or warehouse~~ to provide irrevocable letters of credit, guarantees, pledges of memberships, and/or other forms of security that the Exchange determines to be acceptable. Failure to meet any minimum financial requirements or comply with the Exchange's request for additional financial security will be deemed a failure to meet the minimum financial standing requirement.

If ~~an entity~~ a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), then the ~~entity~~ Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the ~~entity~~ Person must own the highest number of MGEX memberships required of their various registration status.