



Via Portal Submission

November 16, 2017  
MGEX Submission No. 17-35

Mr. Christopher 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 Regulation 40.6(a); Updates 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, Inc. (“MGEX” or “Exchange”) hereby certifies that the amendments to the attached MGEX Rules and Resolution comply with the CEAct and the Commission regulations promulgated thereunder. MGEX further certifies that the submission and pending changes have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

All of the attached changes relate to deadlines MGEX sets for its market participants. The Exchange determined to make the amendments for two primary reasons. First, in order to consolidate all deadlines in one place within its Rulebook, MGEX deleted the specific deadlines set forth in Rules 1227.00., 1229.00., 2115.00., and 5715.00. These Rules now contain a cross-reference to Resolution 2101.00.C. instead. MGEX did not make any other material changes to such Rules. Second, the Exchange amended Resolution 2101.00.C. to modify several of MGEX’s reporting deadlines.

Collectively, these amendments should enhance transparency and ease of finding an applicable deadline. They will also facilitate the efficient processing of transactions submitted to MGEX for clearing.

The Exchange has reviewed the core principles for derivatives clearing organizations and has determined that the amendments comply with the requirements of Core Principle L – Public Information. Core Principle L requires DCOs to have clear and comprehensive rules and procedures and to disclose matters that are relevant to participation in the

clearing and settlement activities of the DCO. The amended deadlines impact market participants' participation in MGEX's activities, so MGEX will continue to ensure this information is made available publically. The Rules and Resolution, as amended, will be incorporated into MGEX's publically available Rulebook, thereby ensuring that the information available to the public is accurate, clear, and comprehensive. Furthermore, MGEX will communicate with its Clearing Members via a memorandum notifying them of the deadline changes.

Pursuant to MGEX Bylaw 204.01., the MGEX Board of Directors unanimously approved the attached amendments to the MGEX Rulebook. 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 Friday, December 8, 2017. If there are any questions regarding this submission, please contact me at (612) 321-7143. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Lindsay Hopkins". The signature is written in black ink and is positioned above the typed name.

Lindsay R. Hopkins  
Clearing House Counsel

## EXHIBIT A

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

### 1227.00. TRADING SESSION SUBMISSIONS.

~~The following s~~Trading session submissions must be submitted accurately and in accordance with~~pursuant to~~ the deadlines ~~below~~set forth in Resolution 2101.00.C. (unless an extension is granted by the Exchange):

<del>Position Reports</del>	<del>8:00 a.m. (Central Time)</del>
<del>Last Submission of Trades</del>	<del>3:00 p.m. (Central Time)</del>
<del>Give-Up Transfer Trades</del>	<del>3:45 p.m. (Central Time)</del>
<del>Unmatched Trade Fixes</del>	<del>3:45 p.m. (Central Time)</del>
<del>Auto-Exercise/Cancelation Notices/Expiration</del>	<del>4:00 p.m. (Central Time)</del>
<del>Long Positions Lists for Delivery</del>	<del>4:15 p.m. (Central Time)</del>
<del>Delivery Intent</del>	<del>4:15 p.m. (Central Time)</del>
<del>Exercise Notices</del>	<del>4:15 p.m. (Central Time)</del>

All submissions received after the respective deadlines are subject to a warning letter or a fine. The schedule is as follows:

1 <sup>st</sup> Offense:	Warning Letter
2 <sup>nd</sup> Offense:	\$1,000 fine
3 <sup>rd</sup> Offense:	\$2,500 fine
4 <sup>th</sup> Offense:	\$5,000 fine

The 5<sup>th</sup> offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or a fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

## 1229.00. FINANCIAL OBLIGATIONS.

~~The following~~ Settlement, margin, and intraday variation payments must be submitted accurately and in accordance with ~~pursuant to~~ the ~~enforcement~~ deadlines set forth in Resolution 2101.00.C. ~~below (unless an extension is granted by the Exchange)~~

~~Settlement and Margin Payments~~ ~~9:00 a.m. (Central Time)~~

~~Intraday Variation Payments~~ ~~11:30 a.m. (Central Time)~~

All payments received after the respective deadlines are subject to a warning letter or a fine. The schedule is as follows:

1 <sup>st</sup> Offense:	Warning Letter
2 <sup>nd</sup> Offense:	\$2,500 fine
3 <sup>rd</sup> Offense:	\$5,000 fine
4 <sup>th</sup> Offense:	\$10,000 fine

The 5<sup>th</sup> offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

## 2115.00. ACCEPTANCE OF GIVE-UP TRADES.

All give-up trades containing the necessary trade data pursuant to MGEX Rule ~~regulation~~ **2100.00.** including customer identification, quantity, and price, which are entered by the executing Clearing Member by the deadline set forth in Resolution 2101.00.C. three o'clock (3:00) p.m. Central Time must be accepted and transferred to the account of the carrying Clearing Member on the same business day. If the executing Clearing Member does not provide said information by the deadline ~~three o'clock (3:00) p.m. Central Time~~, then the executing Clearing Member will retain the position until the following business day. All give-up transfer trades are due at MGEX at such time as determined by the Exchange. ~~Submission times and fines for not accepting a give-up trade are set forth in Resolution 2101.00.C.~~

## 5715.00. OPTION EXERCISES.

The buyer of a HRSW Calendar Spread option may exercise the option only on the business day such option expires. In the money options that have not been liquidated or

exercised on the last day of trading shall be automatically exercised in the absence of contrary instructions delivered to the Exchange at the deadline set forth in Resolution 2101.00.C ~~by 4:00 p.m. Central Time~~, or by such other time designated by the Exchange, on the last day of trading by the Clearing Member representing the option buyer.

The HRSW Calendar Spread is calculated using final settlement values for the underlying contracts on the business day the option expires in the following formula: (settlement price of specified nearby HRSW futures) – (settlement price of specified deferred HRSW futures). An option is in-the-money if the settlement price of the underlying calendar spread is greater in the case of a call, or less in the case of a put, than the exercise price of the option.

### RESOLUTION 2101.00.C.

The Exchange has adopted the following schedule of reporting deadlines (all times listed shall conform to Central Time):

	<del>8:00</del> <u>7:30</u> a.m.	Position reports
	9:00 a.m.	Settlement and margin payment
	<del>10</del> <u>11</u> :00 a.m.	Trading directive for same day collateral pledges* <u>Trading directive for same day collateral pledge release*</u>
	11:15 a.m.	Weekly account position updates Daily Delivery/Exercise account updates
	11:30 a.m.	Intraday variation payment
	<del>12:00 p.m.</del>	<del>Trading directive for same day collateral pledge release*</del>
	<u>3:30</u> p.m.	<u>Unmatched trade adjustments</u>
	<del>3:00</del> <u>45</u> p.m.	Last submission of trades <u>Give-up execution</u>
	<del>3:45</del> <u>4:00</u> p.m.	Give-up <u>acceptance</u> <del>transfer trades</del> <del>Unmatched trade fixes</del>
	<del>4:00</del> <u>15</u> p.m.	Auto-Exercise Cancellation Notices
day	<u>4:20</u> p.m.	<del>Hard Red Spring Wheat</del> Options position reports on expiration
	<del>4:15</del> <u>30</u> p.m.	Long position lists for delivery Delivery Notices Exercise Notices
	7:30 p.m.	Customer gross margin files

\*Submitting a Trading directive to ~~The scheduled deadlines are designed to provide Clearing Members with guidance;~~ the Exchange does not guarantee same day

transfers of a security. MGEX ~~and~~ is not responsible for delays caused by the inaccuracy or untimely submission of information by a Clearing Member required to facilitate the transfer of securities to or from MGEX's ~~administering any transfers to or from a Clearing Member's safekeeping accounts.~~ ~~All delivery instructions shall be communicated directly to the Exchange designated settlement bank, with a copy to MGEX.~~

Trading activity after seven o'clock (7:00) p.m. to three thirty o'clock (3:~~00~~30) p.m. the following day will be cleared with said following day's trading activity.

Trades must be entered in "TEMS" within forty-five (45) minutes of the conclusion of each half (1/2) hour trading bracket.

Any unresolved unmatched trades may be suspended pending possible resolution the following business day as an "as of" trade. "As of" trades can be carried no longer than one business day.

All give up trades properly entered in accordance with Rule~~egulation~~ 2115.00. by the executing Clearing Member by three forty-five o'clock (3:~~00~~45) p.m. must be accepted by the carrying Clearing Member by ~~three forty-five~~four o'clock (~~3:45~~4:00) p.m.

Pursuant to Rule~~egulation~~ 2069.00.B. and Rule 1227.00., any deadline or submission listed herein that is missed, late, inaccurate or incomplete, may result in a fine or the matter being referred to the Disciplinary Committee as determined by the Exchange.