



Via Portal Submission

November 15, 2021
MGEX Submission No. 21-69

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); Amendments to MGEX's Risk Manual

Dear Mr. Kirkpatrick:

Pursuant to Commodity Exchange Act ("CEAct") Section 5c(c) and Commodity Futures Trading Commission ("CFTC") Regulation 40.6(a), the Minneapolis Grain Exchange, LLC ("MGEX" or "Exchange") hereby submits this self-certification of certain amendments to MGEX's Risk Management Principles Reference Manual ("Risk Manual"). MGEX has respectfully requested confidential treatment for such amendments to the Risk Manual, which are being submitted concurrently with this submission. The Exchange intends to implement the amendments ten business days following the filing of this submission.

Overview of Amendments

MGEX has amended its Risk Manual, as shown in the attachment accompanying this submission, to make necessary updates and additions to include the trading and clearing of futures on the Capital Gains Tax Index ("Capital Gains Tax Futures"). The Capital Gains Tax Futures are a new product and MGEX anticipates that it will begin clearing the contract on December 6, 2021. Revisions to the Risk Manual include incorporating the clearing of these contracts into financial and liquidity stress testing scenarios and adding a detailed margin methodology guideline (see Exhibit C of the Risk Manual).

DCO Core Principles

In connection with updating the Risk Manual, the Exchange has reviewed the core principles for derivatives clearing organizations ("DCO Core Principles") and has

determined that the amendments comply with the requirements of such principles. During the review, MGEX identified the following DCO Core Principles as potentially being impacted:

- *DCO Core Principle B – Financial Resources:* CFTC Regulation 39.11 requires a DCO to perform stress tests that will allow it to reasonably calculate the resources it is required to maintain. MGEX updated its stress testing procedures to incorporate the clearing of Capital Gains Tax Futures, thereby ensuring it is accurately monitoring the potential exposures of Clearing Members and maintaining sufficient financial and liquid resources. These changes will enhance the Exchange’s ability to monitor and manage the adequacy of its financial and qualifying liquidity resources, and as such, they are consistent with the requirements of Core Principle B and CFTC Regulations 39.11 and 39.33.
- *DCO Core Principle D – Risk Management:* CFTC Regulation 39.13 requires DCOs to possess certain risk management tools and procedures, including establishing margin models. MGEX added detailed margin methodology guidelines for the new Capital Gains Tax Futures product; such amendments are consistent with the requirements of Core Principle D, CFTC Regulations 39.13 and 39.36, and standards set by the European Securities and Markets Authority.

MGEX hereby certifies that the amendments to the Risk Manual comply with the CEAct and the CFTC regulations promulgated thereunder. The Exchange is not aware of any substantive opposing views expressed regarding the amendments or this filing. MGEX further certifies that, concurrent with this filing, a copy of the submission was posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>. If there are any questions regarding this submission, please contact me at (612) 321-7144 or mleisen@mgex.com. Thank you for your attention to this matter.

Sincerely,



Matthew Leisen
Corporate Counsel, MGEX Clearing

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