



Via Portal Submission

November 24, 2015  
MGEX Submission No. 15-32

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 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 the MGEX Bylaws and Chapter 1 of the MGEX Rules., as set forth in the attached Exhibit A, comply with the CEAct and the CFTC Regulations promulgated thereunder (collectively, the “Proposed Amendments”). MGEX further certifies that the submission and pending changes to the MGEX Bylaws and Rules have been posted on the MGEX website at the following link: <http://www.mgex.com/regulation.html>.

**I. AMENDMENTS TO MGEX BYLAWS AND RULES**

MGEX continually evaluates its Rules and Regulations to ensure that they are in line with corporate governance and industry best practices, as well as CFTC requirements. The Proposed Amendments to the MGEX Bylaws and Rules represent an effort to bring MGEX into the mainstream of Delaware corporate law with respect to how its Bylaws and Rules are amended, and also to allow MGEX to be more responsive to market realities and regulatory changes, including those promulgated by the CFTC.

**A. Amendments to the MGEX Bylaws.**

The Proposed Amendments move what were formerly known as Chapter 2, “Governance,” and Chapter 3, “Membership,” of the MGEX Rules and Regulations into the new MGEX Bylaws. The MGEX Bylaws comprise important provisions relating to corporate governance and membership, and MGEX Members will retain the right to vote on any amendments to existing or new Bylaws.

All other provisions of the MGEX Rules and Regulations outside of the Bylaws will be renamed MGEX Rules. The MGEX Rules will be under the authority of the MGEX Board of Directors, and MGEX Members will no longer vote on any amendments to existing or new Rules.

The implementation of the Proposed Amendments will preserve MGEX Members' rights to vote on important issues affecting the governance of MGEX and memberships. At the same time, it will place MGEX within the corporate governance mainstream by allowing the Board of Directors to approve operational and market regulation rules without having to resort to Member approval, which can be a time-consuming process.

#### B. Amendments to the MGEX Rules.

The Proposed Amendments to Chapter 1, "Definitions," of the MGEX Rules simply act to incorporate the housekeeping and substantive changes made in the MGEX Bylaws, and ensure their consistency throughout the rest of the MGEX Rules.

## II. COMPLIANCE WITH CORE PRINCIPLES.

MGEX has reviewed the core principles for designated contract markets ("DCM Core Principles") and identified that the Proposed Amendments may impact the following DCM Core Principles:

- *DCM Core Principle 2, Compliance with Rules:* The Proposed Amendments will provide greater clarity to the MGEX Bylaws and Rules, and therefore permit MGEX to more efficiently monitor and enforce the applicable rules. The Proposed Amendments will also better allow the Board of Directors to react to market realities and CFTC requirements as they pertain to the MGEX Rules. Under the Proposed Amendments, the Board of Directors will be able to quickly take action without potentially going through a time-consuming proxy process, which is both consistent with industry practice and Delaware corporate law.
- *DCM Core Principle 16, Conflicts of Interest:* The Proposed Amendments will help minimize conflicts of interest, as Members who may be market participants will no longer directly vote on MGEX Rules that affect trade conduct or disciplinary procedures. While there is no indication that any material conflict of interest has existed in the past, implementation of the Proposed Amendments will ensure that the MGEX Department of Audits and Investigations may freely investigate and recommend disciplinary action as appropriate.
- *DCM Core Principle 17, Composition of Governing Boards of Contract Markets:* The Proposed Amendments will continue to allow consideration of the views of market participants via the normal process of electing Member Directors to the Board of Directors, as well as through various Board committees. The Hard Red Spring Wheat Committee continues to be a forum for discussion of any

contemplated changes or modifications to the specifications of MGEX's flagship North American Hard Red Spring Wheat futures and options contracts.

Pursuant to the authority set forth in MGEX Rule 210.01., the MGEX Board of Directors unanimously approved the Proposed Amendments at its meeting held on October 27, 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 existing MGEX Rules and Regulations, the Members of MGEX approved the Proposed Amendments by an affirmative vote, which was duly tallied on November 24, 2015. The Proposed Amendments were passed with support exceeding 75% from those Members voting, and MGEX is not aware of any other significant 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.

Best regards,



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~~.

## CHAPTER 1 DEFINITIONS

Whenever used in ~~these the Rules, Bylaws, and Regulations~~MGEX Rules, unless the context otherwise requires, the following words and expressions shall be defined as follows:

**ACCOMMODATION TRADE:** A simultaneous purchase and sale made with another Broker at the same price and with no risk; usually to accommodate the opposite Broker who holds orders to buy and to sell.

**AFFILIATED ENTITIES:** Two or more entities having substantially the same officers and directors, which are affiliated either (a) through the ownership of a controlling interest in the stock of one of such entities by the owner, or (b) through the ownership of a controlling interest in both of said entities by substantially the same Persons.

**AUTHORIZED VOTER:** An adult natural person designated from time to time by the Record Owner by written notice to the Secretary of the ~~Corporation~~Exchange authorized to vote a membership owned by the Record Owner. Each Record Owner shall be required to designate an Authorized Voter for each membership owned by the Record Owner and may change the Authorized Voter at any time prior to the applicable record date set by the ~~Corporation~~Exchange for action by the Members by written notice to the Secretary of the ~~Corporation~~Exchange. Record Owners with more than one membership may elect to designate the same or different Authorized Voters for the memberships owned by the Record Owner. The ~~Corporation~~Exchange shall be entitled for all purposes to rely on the Record Owner's designation of its Authorized Voter or Authorized Voters until it receives written notice from the Record Owner of a change in designation. ~~Without limiting the foregoing, in any case in these Rules-Bylaws where a Member or Record Owner vote is referred to or a notice is required or may be given to a Member or Record Owner, such vote shall be by the Authorized Voter and such notice shall be given to the Authorized Voter.~~

**BOARD OF DIRECTORS:** The Board of Directors of the ~~Corporation~~Exchange.

**BROKER:** Any party who, as agent, makes trades or other transactions for and in the name of another party, as principal, and who reports the name of his principal at the time of making the trade or transaction.

**BULLETIN BOARD:** The Official Bulletin Board, in the Exchange Room and at www.mgex.com, where notices are customarily posted.

**BUSINESS DAY:** A day when the Exchange is open for business.

**BYLAWS:** The Bylaws of the Minneapolis Grain Exchange, Inc. as duly adopted by the Board of Directors and Members of the Exchange. Chapter 2 and Chapter 3 of the Rules of the Corporation and, to the extent applicable, definitions in this Chapter 1 of the Rules of the Corporation. Bylaws do not include Chapter 1 and Chapters 4 – 82 of the MGEX Rules.

**CALENDAR DAYS:** All days of the week or month, including Sundays and holidays.

**CALL OPTIONS:** See Chapter 15.

**CHAIRMAN:** A Member of the Exchange serving on the Board of Directors elected by the Directors as the Chief Executive Officer of the Board.

**CHARTER:** The certificate of incorporation of the ~~Corporation~~ Exchange as amended from time to time.

**CLEARING HOUSE:** A department of the ~~Minneapolis Grain Exchange, Inc~~ Exchange. ~~(a Delaware corporation)~~

**CLEARING MEMBER:** A Member that meets the requirements of and is approved for clearing privileges with the Exchange.

**CLEARING MEMBER DEFAULT:** “Defaulting Clearing Member” or “Default of a Clearing Member” shall mean the failure of a Clearing Member to meet any of its obligations to or the requirements of ~~MGEX~~ the Exchange.

**CLEARING MEMBER INSOLVENCY:** “Insolvent Clearing Member” or “Insolvency of a Clearing Member” shall mean a Clearing Member will be deemed insolvent when:

1. It files a voluntary petition in bankruptcy or is adjudicated as bankrupt;
2. It becomes the subject of a receivership proceeding;
3. It fails to promptly fulfill its financial obligations to ~~MGEX~~ the Exchange; or
4. Satisfactory proof is made to the Exchange that it is unable to pay its debts as they are due in the ordinary course of business.

**CLOSING ORDER:** An order to be executed at the closing of the market.

**COMMISSION MERCHANT:** A Person who or which makes trades or transactions for others, but who makes such trades or transactions in his or its own name and becomes liable as principal therein.

**COMMODITIES:** Wheat, Durum Wheat, Corn, Oats, Rye, Barley, Flaxseed, Soybeans, Field Seeds, Buckwheat, Speltz, Grain Sorghums, Screenings and such other commodities as are customarily traded on this Exchange subject to ~~its~~ MGEX Rules.

**CORPORATION:** ~~Refers to the Minneapolis Grain Exchange, Inc. (a Delaware corporation), also referred to as “Exchange” or “MGEX.”~~

**CROSS TRADE:** A simultaneous purchase and sale by a Broker, executing both sides of a trade involving a purchase order for one customer against a selling order of another.

**DAY ORDER:** An order which is in effect only until the close of the market session during which it is entered. Unless otherwise specified, all orders are considered to be day orders.

**DELIVERABLE GRADES:** Those grades of a commodity which, under ~~the~~ MGEX Rules, are deliverable on Futures Contracts in this market.

**DEPARTMENT OF AUDITS AND INVESTIGATIONS:** A department ~~established by~~ of the Exchange whose primary responsibility is to conduct audits and investigations on behalf of the Exchange.

**DISCIPLINARY COMMITTEE:** The committee which has been delegated the duty and responsibility ~~under the MGEX Rules and Regulations~~ to determine whether a reasonable basis exists for finding a violation of ~~such~~ the Bylaws or MGEX Rules, for authorizing the issuance of a Notice of Charges against any person or entity alleged to have violated ~~the~~ the Bylaws or MGEX Rules ~~and Regulations~~, and to accept settlement offers.

**ELECTRONIC TRADING SYSTEM:** The electronic trading platform utilized by the Exchange, Members, and Market Participants to place orders and execute trades. Also known as or referred to as MGEXpress® or CME Globex®.

**EXCHANGE:** Refers to the Minneapolis Grain Exchange, Inc. ~~(a Delaware corporation)~~, also referred to as “Corporation” or “MGEX” and ~~also~~ may refer to the Officers and authorized employees of the Exchange, as applicable.

**EXCHANGE ROOM:** The Room maintained by the ~~Corporation~~ Exchange for the transaction of business by Members and where Options Contracts are available for trading by open outcry.

**EXERCISE:** The conversions of an option into a position in the futures market. (See [Rule 1404.00](#))

**FUTURES COMMISSION MERCHANT OR FCM:** An individual or entity registered as an FCM as required under the Commodities Exchange Act who or which solicits or accepts orders to buy or sell Futures Contracts or Options on Futures Contracts and accepts money or other assets from customers in connection with such orders.

**FOLLOWING DAY (or other similar expression):** The next business day.

**FORCE MAJEURE:** Any circumstance which is beyond the control of Members, Non-members, Market Participants, Registered Firms or the Exchange. Such circumstances include, but are not limited to, acts of God or events resulting from the elements of nature, strike, lockout, blockage, embargo, governmental action or terrorist activity.

**FREIGHT BILLS:** See [Rule 1019](#).

**FUTURES, FUTURES CONTRACTS, FUTURES TRADES, CONTRACTS OR TRANSACTIONS FOR FUTURE DELIVERY:** Contracts for the purchase or sale of commodities for delivery "In Store" in an elevator (eligible to make deliveries under ~~the MGEX Rules of this Corporation~~) during some specified month, in accordance with ~~the MGEX Rules~~.

**GOOD STANDING:** Having unrestricted ability to engage in business activities and in compliance with all obligations to and requirements of ~~MGEX~~ [the Exchange](#), and not under suspension.

**HEARING COMMITTEE:** The committee which has been delegated the duty and responsibility ~~under the MGEX Rules and Regulations~~ to conduct hearings as requested, to adjudicate the matter and, when appropriate, to assess penalties in connection with violations of ~~the~~ [the Bylaws or MGEX Rules](#) ~~and Regulations~~.

**HOURS OF TRADING:** The hours, on business days, established by ~~the~~ MGEX Rules ~~and Regulations~~ for trading.

**INCLUDES AND INCLUDING:** The terms "Includes" and "Including" shall not be deemed to exclude other things otherwise within the meaning of the terms defined, except as expressly stated.

**INITIAL MARGIN:** See [Rule 760.00](#).

**INTRODUCING BROKER OR IB:** An individual or entity registered as an IB as required under the Commodities Exchange Act who or which solicits or accepts orders to buy or sell Futures Contracts or Options on Futures Contracts from customers but does not accept money or other assets from customers in connection with such orders.

**LIMITED ORDER:** An order to buy at or below a specified price or to sell at or above a specified price.

**LIQUIDITY EVENT:** A Liquidity Event shall mean an event that causes the Clearing House to require financial liquidity (1) to satisfy payment obligations of an insolvent, defaulted, or suspended Clearing Member; (2) to satisfy payment obligations associated with the transfer of account(s) of an insolvent, defaulted, or suspended Clearing Member; and (3) as a result of a payment or wire transfer delay, liquidity constraint, or default by a depository or settlement bank. -The decision to declare a Liquidity Event shall be in the sole discretion of the Clearing House.

**MAINTENANCE MARGIN:** See [Rule 760.00](#).

**MARKET ORDER:** An order to be executed immediately at the best price available.



**MARKET PARTICIPANT:** Any Person initiating or executing a transaction on the Exchange or subject to ~~the~~ the Bylaws or MGEX Rules ~~and Regulations~~ directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed.

**MEMBER:** A Person which is the Record Owner, provided, however, whenever these Bylaws or MGEX Rules ~~and Regulations~~ refer to a Member where the services or functions contemplate that a natural person provide such services or perform such functions, "Member" shall mean the Record Holder or Holders designated by a Record Owner in accordance with the Bylaws or MGEX Rules ~~and Regulations~~.

**MEMBER DIRECTOR:** Director on the Board of Directors who is a Member of the ~~Corporation~~ Exchange.

~~**MGEX:** Refers to the Minneapolis Grain Exchange, Inc. (a Delaware corporation), also referred to as "Corporation" or "Exchange."~~

**MGEXPRESS®:** The name of the electronic trading platform or system utilized by the Exchange, Members, and Market Participants to place orders and execute trades. Also known as or referred to as CME Globex®.

**MGEX INFO XCHANGE:** An accessible website forum offering a public venue for registered users who are interested in discussing permitted trading and market information, as determined by the Exchange

**MGEX RULES ~~-OR RULE~~ AND REGULATIONS:** Includes the ~~Charter, Bylaws,~~ Rules, Regulations, Resolutions, Interpretations, procedures, customs, and usages of the Exchange duly adopted by the Board of Directors.

**MIX:** Refers to the MGEX Info Xchange.

**NATIONAL FUTURES ASSOCIATION OR NFA:** An independent self-regulatory organization for the U.S. derivatives industry.

**NOTICE OF CHARGES:** Issued by the Disciplinary Committee after an affirmative finding of a violation of the Bylaws or MGEX Rules ~~and Regulations~~.

**ON THE EXCHANGE ("on Change"):** On the Exchange Room during the Hours of Trading.

**OPEN ORDER:** An order which will remain in effect until canceled.

**OPENING ORDER:** An order to be executed at the opening of the Market.

**OPTIONS:** See Chapter 15.

**PENALTY:** Any restriction, limitation, censure, fine, expulsion, suspension, revocation, reprimand, cease and desist order, sanction or any other disciplinary action for any amount or of any definite or indefinite period imposed upon any person ~~by~~ within the disciplinary jurisdiction of the Exchange upon finding that a violation has been committed or pursuant to the terms of the settlement agreement.

**PERSON:** Individuals, associations, partnerships, corporations, and trusts, as defined in CFTC Regulation 1.3(u), as amended.

**PIT:** That portion of the Exchange Room designated and customarily used for trading in Futures or Options Contracts.

**PRESIDENT:** The salaried Chief Executive Officer of the Exchange.

**PUBLIC DIRECTOR:** An individual meeting the qualifications as described in Core Principle 16, Appendix B to Part 38 of CFTC Regulations and in other Regulations promulgated by the CFTC and adopted by the Board.

**PUT OPTION:** See Chapter 15.

**RECORD HOLDER (of a Membership):** The adult natural person in whose name a Certificate of Membership has been issued. Each Record Owner shall be required to designate in accordance with ~~these Rules~~ Bylaws a Record Holder for each membership owned by the Record Owner (which in the case of an adult natural person may be the Record Owner) and may change the Record Holder at any time in accordance with ~~these Rules~~ the Bylaws. Record Owners with more than one membership may elect to designate the same or different Record Holders for the memberships owned by the Record Owner. The ~~Corporation~~ Exchange shall be entitled for all purposes to rely on the Record Owner's designation of its Record Holder until the Record Holder is changed in accordance with ~~these Rules~~ the Bylaws.

**RECORD OWNER or OWNER (of a Membership):** The natural person or entity who is recorded on the records of the ~~Corporation~~ Exchange as having paid the purchase price of a Membership, and as being the owner thereof. The Record Owner's rights and obligations shall include the duty to appoint and the right to change an Authorized Voter and Record Holder in accordance with ~~these Rules~~ the Bylaws for each membership owned by the Record Owner, to receive distributions, if any, by the ~~Corporation~~ Exchange in accordance with its membership and to transfer its membership in accordance with ~~these Rules~~ the Bylaws.

**REGULAR:** Any facility approved by the Exchange to deliver on a futures contract.

**REGULATIONS:** The Regulations of the ~~Corporation~~ Exchange duly adopted by the Board of Directors.

**RULES:** ~~The Rules and Bylaws of the Corporation~~ duly adopted by the Members.

**SECRETARY:** The Secretary of the ~~Corporation~~Exchange.

**SINGULAR:** Shall import the plural, and vice versa, when the sense requires.

**SPREAD ORDER:** Instructions to buy one commodity and sell another. Intra-Market is to buy one delivery month and sell another delivery month of the same commodity. Inter-Market is to buy a commodity in one market and sell the same commodity in another market. e.g. Minneapolis vs Kansas City. An example of an Inter-Commodity spread might be wheat vs corn or corn vs oats.

**SPOT:** A "spot" car or truck is one that has already been loaded and is offered for sale for immediate shipment. The "Spot Market" refers to grain that is traded on this basis.

**STOP-LOSS ORDER:** Normally, when entered, these are orders to sell at a specified price which is below the current market or to buy at a specified price which is above the current market. These orders become market orders when the market trades at the trigger price or, in the case of a buying order, when the market is bid at the trigger price or, in the case of a selling order, when the market is offered at the trigger price. Stop orders entered into MGEXpress® are activated when an outright trade occurs at the trigger price or better within the outright market which the stop is resting.

**STOP-LOSS LIMIT ORDER:** An order that is similar to a Stop-Loss order except that, when triggered, it becomes a limit order at the specified limit.

**SUSPENSION:** "Suspended" or "Under Suspension" shall mean the withdrawal during some period of time of all of the rights, benefits, and privileges conferred by Membership (except rights of ownership, if any), but including and not being limited to, the right to enter the Exchange Room during the Hours of Trading, the right to vote, the right to sell any Memberships, and trading privileges, if any.

**TIME, COMPUTATION OF:** Wherever in the ~~Rules or Regulations~~Bylaws or MGEX Rules any act is required to be performed within a certain number of days (or business days), the Bylaw or MGEX Rule for computing time shall be to exclude the day on which notice pertaining to such act is given, and to include the day on which such act shall take place.

**TRADES:** Purchases, or sales, or contracts for the purchase or sale, of commodities.

**"TRANSFER" OR "OFFICE" TRADES:** See [Rule 718.00](#).

**TREASURER:** The Treasurer of the ~~Corporation~~Exchange.

**TWENTY-FOUR HOURS--FORTY-EIGHT HOURS:** Shall mean consecutive hours on business days.

**UNEVENLY LOADED CAR:** One in which the quality of the grain requires at least two (2) grades to describe the contents, sometimes referred to as a split grade.

**U.S. GOVERNMENT SECURITIES BROKER-DEALER:** A broker-dealer registered with the Securities and Exchange Commission that functions in the operation of markets for U.S. Treasuries. Such functions may include, but are not limited to: (i) acting as a channel for the U.S. Department of the Treasury and investors in primary market for U.S. Treasuries (for example, by participating in auctions); (ii) acting as providers of liquidity in primary and secondary markets for U.S. Treasuries; and (iii) acting as providers of asset transformation and market making services in the market for U.S. Treasuries.

**VICE CHAIRMAN:** A Member of the Exchange serving on the Board of Directors duly elected by the Directors to the Office of Vice Chairman.

**WITH THE SECRETARY:** Shall mean with the ~~Corporation~~Exchange at the office of the Secretary.

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**CHAPTER 2**  
**GOVERNMENT**

**100.00 DEFINITIONS.**

The following are Bylaws of the Exchange. Bylaws incorporate all defined terms of Chapter 1 of the MGEX Rules. MGEX Rules is a separate document codifying daily Exchange guidelines.

**200.00. ANNUAL ELECTION.**

An Annual Election shall be held on the first Thursday in October in each year.

Insofar as practicable, at each Annual Election occurring during an even year not more than four (4) Member Directors shall be elected for terms of two (2) years each and at each Annual Election occurring during an odd year not more than three (3) Member Directors shall be elected for terms of two (2) years each, so that said Member Directors shall at all times total seven (7) in number.

All vacancies on the Board of Directors shall be filled by the Board of Directors for the unexpired term of the person whose office becomes vacant.

After each Annual Election, the Member Directors shall elect annually, a Chairperson, a First Vice Chairperson and a Second Vice Chairperson. The election of the Officers shall be under the supervision of the senior Member Director. No Director may serve more than three (3) consecutive one year (1) terms as Chairperson.

At all times, there shall be a total of four (4) Public Directors serving on the Board of Directors. After each Annual Election or to fill vacancies, the Chairperson of the Board of Directors and President of the ~~Corporation~~Exchange shall nominate persons for the position of Public Director. Such nominees must be approved and appointed by the majority of the seven (7) Member Directors. Each Public Director thus appointed by the Board of Directors shall serve a two (2) year term. After each Annual Election occurring during an odd year not more than two (2) Public Directors shall be appointed and after each Annual Election occurring during an even year not more than two (2) Public Directors shall be appointed.

**200.01. ANNUAL ELECTION: NOTICE OF.**

Notice of the Annual Election shall be posted on the Official Bulletin Board and disseminated to Members at least three (3) weeks before the date of such Election. This notice shall give the date of the Annual Election, the vacancies to be filled, shall indicate thereon the term of office in filling each of the vacancies and cite the ~~Rules~~Bylaws of the Corporation relative to the procedure for nominating candidates.



**201.01. CANDIDATES: NUMBER TO BE NOMINATED.**

The Nominations Committee shall nominate any number of candidates, each of which must confirm their acceptance of such nomination. Except by petition, no individual can be placed on the ballot for the Annual Election without being nominated by the Nominations Committee.

**201.05. NOMINATING PETITIONS: REQUIREMENTS FOR.**

Nominating Petitions for candidates shall indicate the name of the candidate, including the term of office.

**201.06. NOMINATING PETITIONS: FILING OF.**

Nominating Petitions, with the required signatures, must be filed with the Secretary not later than twelve o'clock (12:00) Noon on the second Thursday before the Annual Election. The Secretary shall record on each Nominating Petition the date and time at which it was filed and cause each name to be examined to verify the signer's eligibility to sign. Not fewer than twenty (20) Record Holders must sign a petition to have a candidate placed on the ballot.

**201.09. NOMINATIONS: POSTING LIST OF.**

On the next business day following the second Thursday before the Annual Election, the Secretary shall post upon the Official Bulletin Board a list of the nominations that have been duly made for Directors.

**202.00. BALLOT; PROXY: FORM OF.**

Upon expiration of the time for filing Nominating Petitions, the Secretary shall prepare a form of ballot and proxy to use at the Annual Election. The ballot and proxy shall list all candidates in one (1) section. The section shall be marked to indicate the number of candidates to be elected, the term of office and, if the candidate is running for reelection, the word incumbent shall be used. The candidates shall be listed in alphabetical order. The candidates receiving the most votes shall be declared elected. Voting for more than the indicated number of candidates shall cause the ballot or proxy to be null and void.

**202.01. VOTING: PROCEDURE.**

The Secretary shall, at least ten (10) days prior to the date of the Annual Election, or prior to the date fixed by the Board of Directors for any vote by the Members, forward to the Authorized Voter of each Record Owner in good standing a duly prepared proxy, with a line for the signature of the Authorized Voter, and an envelope addressed to the Secretary. The proxy is to be marked, signed and returned to the Secretary. The

Secretary shall place all such proxies and envelopes in a locked ballot box. At the Annual Election or any other meeting of the Members, the Secretary shall distribute ballots to the Authorized Voters present in person or proxy at the meeting and Authorized Voters who desire to vote by ballot rather than by a proxy previously delivered to the ~~Corporation~~ Exchange shall submit such ballot to the Secretary and the Secretary shall place all such ballots in a locked ballot box. -Any ballots validly submitted by an Authorized Voter shall supersede any previously delivered proxy by the Authorized Voter.

#### **202.02. VOTING: QUALIFICATIONS FOR.**

Any Record Owner shall be entitled to vote at any election or upon any question that may come before the ~~Corporation~~ Exchange for vote if the Record Owner is in good standing, but not otherwise.

#### **202.03. VOTING: NUMBER OF VOTES PERMITTED.**

Each Record Owner of a membership shall be entitled to one vote for each membership, provided that such Record Owner owns, directly, indirectly, or through an affiliate or related person (as such terms are described in ~~Rule-Bylaw~~ 370.00.) no more than twenty percent (20%) of the Exchange's outstanding memberships. If a Record Owner owns, directly, indirectly, or through an affiliate, more than twenty percent (20%) of the Exchange's outstanding memberships, such Record Owner shall be entitled to cast ballots for or otherwise vote no more than twenty percent (20%) of the Exchange's outstanding memberships, regardless of the number of memberships owned. The Exchange shall disregard any votes cast in excess of such twenty percent (20%) limit. Memberships owned directly or indirectly by the Record Owner through subsidiaries or affiliates (as such term is defined for purposes of ~~Rule-Bylaw~~ 370.00.) shall be included in compiling the total number of ballots or votes that may be cast by any entity.

#### **202.04. VOTING: POLLS CLOSE.**

All proxies for the Annual Election or on any question submitted to the Record Owners for vote, which are submitted by mail or otherwise delivered to the Secretary of the ~~Corporation~~ Exchange prior to the meeting, in order to be counted, must be received at the office of the Secretary before twelve o'clock (12:00) Noon on the date designated for such voting.

#### **202.05. TELLERS: APPOINTMENT AND DUTIES.**

The President, prior to any election or other vote by the Record Owners, shall appoint three (3) tellers to count the proxies and ballots, who shall act only when all three (3) tellers are present.

The tellers shall obtain from the Secretary the locked ballot box and a list of Record Owners in good standing at the time of the election. The tellers shall open the ballot box and remove therefrom all envelopes containing proxies and all ballots. The tellers shall

then open all the outside envelopes, and they shall discard the proxies and ballots of all persons who are not Record Owners in good standing.

The tellers shall indicate on the list of the Record Owners in good standing, furnished by the Secretary, the names of the Record Owners who have voted at such election. The tellers shall then count the proxies and ballots and shall make a signed report of the results of the election in writing to the President. Such report shall be entered upon the proper record books of the [CorporationExchange](#), and the Secretary shall post a copy thereof on the Official Bulletin Board and disseminate the results to the Members and Owners of the [CorporationExchange](#).

#### **202.06. CANDIDATES: DECLARED WINNERS.**

A plurality of the total votes cast for all candidates to fill any vacancy at any election shall elect the candidates receiving such plurality.

#### **202.07. BALLOTS AND PROXIES: PRESERVATION OF.**

The Secretary shall preserve all ballots and proxies for at least two (2) months in order that they may be available for examination if so ordered by the Board of Directors.

#### **202.08. PROCEDURES IN THE EVENT OF A TIE VOTE.**

In the event a candidate to be elected cannot be declared to have won a seat on the Board of Directors because of a tie vote, there shall be a special run-off Election. [Rules Bylaw 202.00.](#) through [202.07.](#) will govern the special Election. The special run-off Election shall be held as quickly as possible after it is known that a Director cannot be seated. The President and the Secretary shall set the date for this Election.

#### **203.00. MEETINGS OF MEMBERS.**

Meetings of the Members shall be held upon call of the Chairperson. The Chairperson may call such meetings at discretion and shall call them pursuant to instructions from the Board of Directors. Such meetings may be held at any time or place and for any purpose as the Chairperson or the Board of Directors shall provide. Meetings of the Members shall also be called by the Chairperson upon written request signed by not fewer than fifty-five (55) Members stating the object for which such meeting is desired.

Except when a longer time is specifically required by the General Corporation Law of the State of Delaware or the [RulesBylaws](#), notice of every meeting stating the place, if any, date and hour, and purpose of the meeting shall be disseminated to all Members and to all nonmember officers or directors, properly addressed according to the last available corporate records, not fewer than ten (10) nor more than sixty (60) days prior to the meeting, excluding the date of the meeting, and a copy of such notice shall be posted on the Official Bulletin Board for at least ten (10) consecutive days prior to the date of the meeting.

A quorum for a meeting of the Members is the presence in person or by proxy of Authorized Voters designated to vote at least 100 memberships owned by Record Owners in good standing and entitled to vote at the meeting.

Except for the election of directors or as otherwise required by the General Corporation Law of the State of Delaware, the vote of a majority of memberships owned by the Record Owners in good standing voting through their Authorized Voters present in person or represented by proxy at any meeting of the Members shall be required for action of the Members.

### **203.01. MEETINGS OF MEMBERS: NOTICE OF.**

Notice of meetings of the Members shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which Authorized Voters and proxyholders may be deemed to be present in person and vote at the meeting, the record date for determining the Authorized Voters entitled to vote at the meeting, if such date is different from the record date for determining Authorized Voters entitled to notice of the meeting and the purpose of such meeting, and no business other than that for which a meeting has been called shall be considered or transacted at such meeting.

### **203.02. MEETINGS OF MEMBERS: HOW CONDUCTED.**

Except as provided otherwise in the General Corporation Law of the State of Delaware as amended or in the ~~Charter and Rules~~ Charter or the Bylaws of this Corporation, meetings of the Members shall be conducted in accordance with the established practices of Parliamentary Law; and, in case of a dispute, "Robert's Rules of Order" shall govern.

### **203.03. MEMBER ACTION WITHOUT MEETING OF MEMBERS.**

Any action approved by the Board of Directors required to be taken at any meeting of the Members may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by Authorized Voters of the Record Owners having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of the Members at which all memberships held by Record Owners in good standing and entitled to vote thereon were present and voted. Every written consent shall bear the date of signature of the Authorized Voter of each Record Owner who signs the consent. Prompt written notice of the taking of any corporate action without a meeting by less than unanimous written consent shall be given to the Members who have not consented in writing and who, if action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of Authorized Voters to take the action were delivered to the ~~Corporation~~ Exchange.

### ~~204.00. Amendment of rules: definition.~~

The expression "amendment of the rules" shall mean any amendment or addition to the existing rules of the corporation or any portion thereof, except for changes made pursuant to ~~rule 242.00.~~

#### **204.01. ADOPTION OR AMENDMENT OF RULES: PROCEDURE.**

~~The Board of Directors may adopt or amend any The MGEX Rules of the Corporation may be amended only by an affirmative majority vote, of at least a majority of the Record Owners in good standing present in person or represented by proxy at any meeting of the Record Owners; PROVIDED, that prior to such meeting the following terms and conditions shall have been met:~~

- ~~A. The Board of Directors must have proposed the amendment by adopting a resolution setting forth the proposed amendment and directing that it be submitted for adoption at a meeting of the Record Owners, and directing the Chairperson to call a meeting of the Record Owners to consider the adoption of the proposed amendment.~~
- ~~B. Notice of the meeting of the Record Owners stating the place, if any, date and hour, and purpose thereof, together with a copy of the proposed amendment and of any recommendation, explanation or comment concerning the proposed amendment that the Board of Directors may desire to make, and a proxy form wherein the the Authorized Voter for a Record Owner may direct the proxy whether to vote for or against each proposed amendment with a return envelope addressed to the Secretary of the Corporation, must have been disseminated to each Authorized Voter of the Corporation and to each nonmember officer or director thereof, properly addressed according to the latest available corporate records, not fewer than ten (10) days nor more than sixty (60) days before the meeting, excluding the day of the meeting, and must have been posted on the Official Bulletin Board for at least ten (10) consecutive days prior to the date of the meeting.~~

#### **204.02. ADOPTION OR AMENDMENT OF RULES: DATE EFFECTIVE.**

~~If amendments to the Rules, unless otherwise specifically provided otherwise by the Board of Directors, amendments to MGEX Rules shall become effective as of the first business day following the date that the Exchange publishes the amendment on its website (www.mgex.com). at the opening of the market on the next business day following their adoption.~~

#### **205.01. ADOPTION OR AMENDMENT OF BYLAWS: PROCEDURE.**

~~Except for changes made pursuant to Bylaw 242.00., any Bylaw may be adopted or~~

amended only by an affirmative vote of at least a majority of Record Owners in good standing either present in person or represented by proxy at any meeting of the Record Owners, provided that the following terms and conditions have been met prior to such meeting:

- A. The Board of Directors must propose the Bylaw or amendment by: (1) approving the proposed Bylaw or amendment by majority vote; (2) directing its submission for adoption at a Record Owner meeting; and (3) directing that the Chairperson to call a Record Owner meeting to consider adopting the proposed Bylaw or amendment.
- B. Notice of a Record Owner meeting must be disseminated to each Authorized Voter and director of the Exchange. Notice must state the place, date, hour, and purpose of the meeting, and includes: (1) a copy of the proposed Bylaw or amendment; (2) any recommendation or comment from the Board of Directors; and (3) a proxy form and return envelope allowing the Authorized Voter to vote either for or against each proposed Bylaw or amendment.

#### **205.02. ADOPTION OR AMENDMENT OF BYLAWS: DATE EFFECTIVE.**

Unless specifically provided otherwise by proxy or the Board of Directors, all Bylaws become effective as of the first business day following the date that the Exchange publishes the amendment on its website ([www.mgex.com](http://www.mgex.com)).

#### **210.00. BOARD OF DIRECTORS: COMPOSITION AND TERMS OF OFFICE.**

The government of the ~~Corporation~~-Exchange shall be vested in a Board of seven (7) Directors, all of whom shall be Members of the ~~Corporation~~-Exchange at the time of their election, together with four (4) Public Directors all of whom shall be elected by the seven (7) Directors.

The terms of office of the seven (7) Directors who are Members of the ~~Corporation~~-Exchange shall commence on the second Monday succeeding their election. The terms of all Directors shall continue until either their successors have been elected and qualified, a Director provides written notice of his or her resignation, or a Director is removed from the Board. A Director may be removed from the Board following three (3) consecutive absences pursuant to ~~Rule~~-Bylaw 211.01. or if the Chief Compliance Officer determines that the Director failed to adequately carry out his or her duties as a Director, provided that the Exchange officers approve of such determination. In the event of the latter, the Director's removal will be effective immediately after the Director is notified. Upon removal, the vacancy shall be filled pursuant to ~~Rules~~-Bylaws 200.00. and 210.03.

#### **210.01. BOARD OF DIRECTORS: POWERS.**

The Board of Directors ("Board") is the governing body of the Minneapolis Grain Exchange, Inc. ("Exchange") and has the power to:

- A. control all property of the Exchange;
- B. provide, acquire and maintain suitable Exchange quarters and facilities;
- C. review and approve the creation of and all appointments to standing and special committees recommended by the Chairperson;
- D. review and approve the appointment of a President;
- E. review and approve the appointment, titles and responsibilities of all Exchange employees above the level of department head;
- F. delegate its powers to committees of the Board, or officers or employees, if such delegation is not inconsistent with the Charter, Bylaws, MGEX Rules, customs or usages of the ~~Corporation~~Exchange;
- G. approve all contracts to be executed on behalf of the Exchange by the Chairperson, President or other designated officers;
- H. designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified limits;
- I. appoint a Counsel to the Board;
- J. fix, determine and levy all Membership dues, fees and assessments;
- K. determine the commodities traded, the delivery months, Hours of Trading, the days of the contract month in which delivery may be made, and margin requirements;
- L. declare any day to be a holiday, during which the Exchange shall not be open for business;
- ~~M. adopt or amend any recommend~~ changes to the MGEX Rules ~~of the Exchange and rescind Rules governing contracts delisted or declared dormant by the Board~~;
- ~~M.N.~~ recommend changes to any Bylaw;
- ~~N.O.~~ adopt Regulations to implement any MGEX Rule or to conform with orders, recommendations or requests of any duly constituted governmental authority, or that in the opinion of the Board of Directors are necessary and appropriate;
- ~~O.P.~~ act in emergencies; (See Rule-Bylaw 210.02.)



P.Q. without Member vote, amend the Charter as necessary to conform to ~~the Bylaws or MGEX Rules~~ Rulebook of the Exchange or to cause the ~~Corporation Exchange~~ to become a Delaware nonstock, for profit corporation.

Any authority or discretion by these ~~Rules-Bylaws~~ vested in the Chairperson, President, ~~Clearing House Manager~~ Chief Risk Officer or any committee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.

## **210.02. BOARD OF DIRECTORS: EMERGENCY POWERS.**

When in the opinion of the Board of Directors ("Board") an emergency exists, the Board shall have the power to:

- A. close the Exchange;
- B. suspend trading in any or all Futures or Options Contracts, including trading in settlement of any then existing Futures or Options Contracts;
- C. prohibit trading in any or all Futures or Options Contracts at prices above or below such limits as are specified by the Board;
- D. limit the total amount of open speculative Futures or Options trades that any Market Participant may have at any one time in any or all commodities, and to increase, decrease or cancel such limitations as the Board of Directors deems advisable. The Board of Directors may require such reports and may make such ~~Regulations~~ MGEX Rules as it deems necessary to enforce such limitations;

PROVIDED, however, that the establishing of any such limit shall not be deemed to require that total amounts of such trades acquired before the effective date of such limitations be reduced to such limit;

- E. take other appropriate emergency action.

If and when the Board of Directors has acted under the authority granted by this ~~Rule~~ Bylaw, it may make such ~~Regulations~~ MGEX Rules and Resolutions as the Board deems necessary and proper and for the best interests of all concerned. Notice of any action taken by the Board pursuant to the authority granted by this ~~Rule~~ Bylaw shall be posted on the Official Bulletin Board and shall be given to Members in such other manner as the Board shall direct. -Such action shall become effective when, and for such period of time, as determined by the Board, but not prior to the time of the posting of notice thereof on the Official Bulletin Board.



### **210.03. VACANCIES: OCCURRING DURING TERM OF OFFICE.**

- A. Officers: If a vacancy occurs in the office of Chairperson, other than by expiration of the term of office, the First Vice Chairperson, or if the First Vice Chairperson is unable to act, then the Second Vice Chairperson, shall assume all the duties and powers of the Chairperson until such time as the Board of Directors elects a successor to fill the vacancy pursuant to **Rule Bylaw 200.00**.
- B. Member Directors: In the event a vacancy occurs on the Board of Directors, the Nominations Committee shall recommend to the Board of Directors one (1) but not more than two individuals to fill the vacancy, each of which must confirm their acceptance of such nomination.

### **211.00. FIRST MEETING OF THE BOARD OF DIRECTORS.**

The first meeting of the newly elected Board of Directors after each Annual Election shall be held within one month after such Annual Election, or as soon thereafter as is practicable at the discretion of the President.

### **211.01. REGULAR AND SPECIAL MEETINGS.**

Regular meetings of the Board of Directors shall be held quarterly as determined by the Board of Directors. Special meetings may be called by the Chairperson and shall be called by the Chairperson upon the written request of five (5) Directors.

Notice of regular or special meetings of the Board of Directors may be given to any Director personally, by telephone, by electronic communication or by delivery of such notice in writing to the Director's usual place of business. Any and all business may be transacted at regular or special meetings of the Board of Directors; PROVIDED, however, that the provisions of the ~~Rules-Bylaws~~ requiring special notice for meetings at which certain business is to be transacted must be complied with.

Any Director having three (3) consecutive absences during that Director's term of office from regular meetings or the first meeting of the newly elected Board of Directors may be removed effective immediately as a Director by majority vote of the Board of Directors. Upon removal, the vacancy shall be filled pursuant to ~~Rule-Bylaw~~ **210.03**.

### **VACANCIES: OCCURRING DURING THE TERM OF OFFICE.**

### **211.02. QUORUM.**

Five (5) members of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of such Board, but a lesser number may meet and adjourn such meeting, from time to time, up to the time of the next regular or special meeting of the Board of Directors.

### **211.03. PROCEDURE AT MEETINGS.**

The Board of Directors may, from time to time, adopt such regulations for its own government and the conduct of its meetings as are not contrary to the provisions of the General Corporation Law of the State of Delaware as amended, and the Charter, ~~and Rules-Bylaws, of the Corporation~~ or MGEX Rules. Except as otherwise specifically provided in said Act or in the Charter, ~~and Rules-Bylaws, of this Corporation~~ or MGEX Rules, meetings of the Board of Directors shall be conducted according to the established practices of Parliamentary Law and, in case of dispute, "Robert's Rules of Order" shall govern.

### **215.00. CHAIRPERSON OF THE BOARD: GENERAL DUTIES.**

The Chairperson of the Board of Directors shall be the senior officer of the Board and perform the usual duties incident to the office. Unless otherwise specified by Bylaw, the Chairperson shall recommend appointments to all Committees (as soon as practicable after each Annual Election), any special Committees deemed necessary, and the Chairpersons thereof, subject to the approval of the Board. Unless otherwise specified by ~~Rule~~Bylaw, the Chairperson shall be an ex officio, nonvoting member of all Committees. The Chairperson shall preside at all meetings of Members and of the Board, shall see that all bonds of the employees of the Exchange required to give bond are properly executed and shall have the books of the Exchange audited at least once a year by a certified public accountant. The Chairperson shall be a Member of the Exchange and Board of Directors. In the event of a tie vote at a meeting of the Board of Directors, the Chairperson shall be entitled to vote. If the Chairperson abstains from voting in the case of a tie vote, the Board of Directors will not have an affirmative vote to take action.

#### **215.01. VICE CHAIRPERSONS.**

The Vice Chairpersons shall be considered, respectively, the First and Second Vice Chairpersons and shall, in such order, perform the duties of the Chairperson in the Chairperson's absence or disability. The Vice Chairpersons shall be Members of the Exchange and Board of Directors.

#### **215.02. ACTING CHAIRPERSONS.**

The Board of Directors may appoint an acting Chairperson to perform the duties of the Chairperson during the absence or disability of the Chairperson and both Vice Chairpersons. The acting Chairperson shall be a Member of the Exchange and Board of Directors.

### **216.00. APPOINTMENT OF OFFICERS AND EMPLOYEES.**

Following each Annual Election, the Board of Directors shall elect or appoint a President, a Secretary, an Assistant Secretary, and a Treasurer, and such other officers or

employees as in its judgment may be necessary. The offices of Secretary and Treasurer, or Assistant Secretary and Treasurer, may be held by the same person. The Board of Directors may assign any title to any of such other officers or employees as it deems advisable. The Board of Directors may prescribe the duties and fix the compensation of all such officers and employees, and all such officers and employees shall hold office or be employed during the will of the Board of Directors. Officers and employees shall not be Record Holders of the ~~Corporation~~Exchange. The Board of Directors may require a good and sufficient bond from any of such officers or employees for the faithful performance of their duties and trusts. -Notice of appointments of officers or revocations of the same shall be given to Members.

#### **216.01. EMPLOYMENT OF COUNSEL, AUDITORS, ETC.**

The Board of Directors may from time to time employ legal counsel, accountants, auditors or such other special services or help as it may deem necessary.

#### **217.00. PRESIDENT.**

The Board may elect a President of the Exchange, who shall not be a Record Holder. The President shall be the Chief Executive Officer of the ~~Corporation~~Exchange responsible to the Board for the management and administration of its business affairs. The President shall execute all contracts as authorized by the Board. All employees of the Exchange shall be under the President's supervision who shall establish the qualifications, duties and responsibilities of all subordinate administrative personnel. Unless otherwise specified by ~~Rule~~Bylaw, the President shall be an ex officio, nonvoting member of all regular and special Committees and a nonvoting member of the Board of Directors. By acceptance of the office of President, the President shall be deemed to have agreed to uphold the Charter, Bylaws, and MGEX Rules, ~~Rules and Regulations of the Corporation~~. The Board may confer upon the President other responsibilities as warranted. However, the Board shall not confer upon the President the power to formulate the policies of the ~~Corporation~~Exchange or take disciplinary action, arbitrate disputes or adjust claims against Members.

#### **218.00. SECRETARY.**

The Secretary shall perform the duties usually incident to the office and such other and special duties as are prescribed by the Board of Directors, President or by the ~~Rules~~Bylaws.

#### **218.01. ASSISTANT SECRETARY.**

The Assistant Secretary shall perform such duties as are prescribed by the Secretary, by the Board of Directors or by the President, and shall act as Secretary in the absence or disability of the Secretary.

## **218.02. PAPERS: SERVICE OF.**

Notices, citations and papers of all kinds, requiring service in connection with any of the Bylaws ~~MGEX Rules~~ and MGEX Rules, shall be served by the Secretary or by such other employee of this ~~Corporation~~ Exchange as the Secretary may designate. The affidavit of the person who made the service shall be evidence of the service of such notices of papers.

Whenever, under the Bylaws or ~~MGEX Rules and Rules~~ Regulations, service is required or permitted to be made upon a Person, such service shall be made by delivering a copy or by mailing it to the Person's last known address, postage prepaid. Delivery of a copy ~~within this Rule~~ means: handing it to the Person; leaving it at the Person's office with a clerk or other person in charge thereof; if there is no one in charge, leaving it in a conspicuous place therein; or, if the office is closed or the Person to be served has no office, leaving it at the Person's dwelling or usual place of abode with some person of suitable age and discretion then residing therein. ~~Service~~ by mail is complete upon mailing. ~~Service~~ required or permitted to be made, under the Bylaws or ~~MGEX Rules and~~ Regulations, upon an entity shall be made by making such service in the manner as hereinbefore provided on a managing agent of such entity.

## **218.03. OATHS: ADMINISTRATION OF.**

There shall be continuously in the employ of the ~~Corporation~~ Exchange one or more persons who are authorized under the laws of the State of Minnesota to administer oaths.

## **219.00. TREASURER.**

The Treasurer shall perform such duties as prescribed by the Board of Directors, President or by the Bylaws and MGEX Rules.

## **220.00. ANNUAL FINANCIAL STATEMENT.**

The Board of Directors, as soon as possible after the close of the fiscal year of the ~~Corporation~~ Exchange, shall cause to be prepared a full and complete statement of the financial condition of the ~~Corporation~~ Exchange and of its operations for the previous fiscal year; and the Board of Directors shall cause a copy of said statement to be sent to each Member of the ~~Corporation~~ Exchange.

## **221.00. REGULAR ASSESSMENTS.**

The Board of Directors, at any regular or special meeting may levy an assessment or assessments on each and every membership in the ~~Corporation~~ Exchange for the purpose of regular operating expenses of the ~~Corporation~~ Exchange for and during the current fiscal year. ~~The~~ Board of Directors shall fix the dates upon which any such assessment or assessments, in whole or in part thereof, shall become due and payable.

### **221.01. SPECIAL ASSESSMENTS.**

The Board of Directors may levy special assessments upon each and every membership in the ~~Corporation~~Exchange for the purposes of the ~~Corporation~~Exchange and may fix the dates upon which such Assessments, in whole or in parts thereof, shall become due and payable; PROVIDED, however, that such assessments must be submitted to the Record Owners by ballot and approved by an affirmative vote of at least a majority of the Record Owners of the ~~Corporation~~Exchange who have voted upon such assessments.

### **221.02. NOTICE OF ASSESSMENTS.**

Notice of each regular and special assessment that has been levied against the memberships in the ~~Corporation~~Exchange and the due dates of payment thereof shall be posted upon the Official Bulletin Board and given to Members within two (2) weeks after such assessment has been made.

### **221.03. FINANCING.**

The Board of Directors shall have the authority to establish, ~~by Regulation,~~ fees and charges necessary to meet the financial obligations of the ~~Corporation~~Exchange. Fees and charges shall be remitted at such times and in such manner as the Board of Directors may prescribe. This ~~Rule-Bylaw~~ shall not supersede in any way ~~Rules-Bylaws~~ **221.00.** and **221.01.** of the ~~Corporation~~Exchange.

### **222.00. FUNDS AND SECURITIES OF THE ~~CORPORATION~~EXCHANGE.**

The funds of the ~~Corporation~~Exchange shall be deposited in the name of the ~~Corporation~~Exchange in a bank or banks, as designated from time to time by the Board of Directors.

Securities and other valuable papers belonging to the ~~Corporation~~Exchange ~~may~~shall be kept in a safe deposit box designated by the Board of Directors. Access to such box shall be had only in the manner authorized by the Board.

### **222.01. EXPENDITURE OF THE FUNDS OF THE ~~CORPORATION~~EXCHANGE.**

The funds of MGEX shall be under the management and control of the Exchange, and no funds belonging to MGEX shall be expended unless such expenditure has been authorized by the Exchange or the Board of Directors.

### **222.02. INVESTMENT OF FUNDS.**

The Board of Directors shall monitor the investment of funds belonging to the ~~Corporation~~Exchange.

## **223.00. BORROWING OF MONEY.**

The Board of Directors, on the affirmative vote of at least one half (1/2) of the total number of Directors of the ~~Corporation~~Exchange, permitted under ~~Rule-Bylaw 210.00.~~, may borrow money for and on behalf of the ~~Corporation~~Exchange, for any period of time and on such terms and with such security or mortgage, all as the Board may determine necessary for business purposes.

## **224.00. EXECUTION OF CONTRACTS, SIGNATURES ON PAPERS, CHECKS, ETC.**

Except as otherwise specifically provided in this ~~Rule~~Bylaw, all deeds, mortgages, satisfactions of mortgages, contracts for the conveyance of land, leases, bills payable, promissory notes and other written promises to pay money, corporate contracts of all kinds, checks and drafts drawn on bank accounts standing in the name of the ~~Corporation~~Exchange shall be executed or signed in the name of the ~~Corporation~~Exchange by the President and such other officer, director or employee as the Board of Directors shall from time to time designate.

PROVIDED, however, that a check or checks, signed as provided above, to cover the total payroll of the ~~Corporation~~Exchange for any specified period of time may be deposited to the credit of the ~~Corporation~~Exchange in a special bank account, which shall be designated as a Payroll Account; checks or drafts drawn on such Payroll Account to cover salaries or wages due to individual officers or employees of the ~~Corporation~~Exchange may be signed in such manner as the Board of Directors may from time to time direct; and

PROVIDED FURTHER, that contracts for the purchase of supplies and equipment necessary and incident to the usual and ordinary operations of the buildings or business of the ~~Corporation~~Exchange may be executed in the name of the ~~Corporation~~Exchange in such manner as the Board of Directors may from time to time direct.

Except as otherwise provided by the ~~Rules~~Bylaws, all other papers and documents of all kinds, including certificates, cards, licenses, etc., shall be executed or signed in the name of the ~~Corporation~~Exchange in such manner as the Board of Directors shall from time to time direct.

## **231.00. DELIVERY OF DOCUMENTS, PAYMENT, ETC.**

The Board of Directors shall have the power from time to time to make MGEX Rules Regulations (including fixing time of day) governing the rendering and delivery of all orders, notices, and documents of all sorts having to do with or incident to handling or passing title to commodities, and for the payment for commodities, including (but not being limited to) Delivery Notices, deliveries on Futures Contracts and payment therefor, exercise of Options, Load-out Notices, Notices of Reinspection and Appeal, Disposition Orders, Invoices and payment therefor, requests for advances and payment therefor, Bills



of Lading, payment for F.O.B. cars, payment of elevator charges, and the giving of disposition on cars purchases or loaded in satisfaction of warehouse receipts.

#### **235.00. ADMISSION TO EXCHANGE ROOM.**

Except as permitted by the Exchange, no one except Members in Good Standing (or holders of substitute tickets) may be admitted to the Exchange Room.

The Exchange may grant admission to the Exchange Room to Floor Clerks, visitors and other persons, subject to such restrictions, regulations and limitations as the Exchange may deem proper.

PROVIDED, however, that no Member who is under suspension may be granted admission to the Exchange Room as a visitor, or otherwise, and no Floor Clerk or visitor may make any trades or transact any business in the Exchange Room excepting such transactions as may pertain directly to the business on account of which admission to the Exchange Room was granted; and,

PROVIDED FURTHER, that no person in default, on account of any business transacted with or through a Member or Members of MGEX, shall be entitled to admission to the Exchange Room as a visitor while such transaction remains unsettled, and the President is hereby empowered to enforce this ~~Rule~~-Bylaw upon the complaint, in writing, of any Member of MGEX.

#### **236.00. CONTROL OF THE USE OF THE BUILDINGS.**

The Exchange shall have power to prescribe the purposes for which all offices, halls, rooms, corridors, entrances and other parts of the buildings belonging to or leased by MGEX shall be used, and to make all necessary Regulations governing the use of and admittance to the same, and shall have full power to enforce such Regulations and to inflict penalties for the violation thereof. The Exchange shall have the power to let space in the buildings belonging to or leased by MGEX to such tenants, for such purposes, at such rentals, and on such terms and conditions as it deems desirable.

#### **237.00. MANAGEMENT OF REAL ESTATE.**

The Board of Directors shall have the power from time to time to purchase real estate PROVIDED, however, that any borrowing of money to finance such purchases is subject to the provisions of ~~Rule~~-Bylaw 223.00. The Exchange shall have the power to make changes, alterations, repairs, replacements or additions to the fixtures, equipment and machinery of the buildings of the Exchange, and to make such enlargements or additions to the present buildings to maintain said buildings, equipment or machinery in proper and suitable condition for the uses and purposes of MGEX and its Members and tenants.

#### **240.00. FISCAL YEAR.**

The fiscal year of the ~~Corporation~~Exchange shall begin on September 1 of each year and end on August 31 of the succeeding calendar year.

#### **242.00. HOUSEKEEPING.**

The Board of Directors shall have the authority to make changes in any ~~Rule~~Bylaw without formal approval of the Ownership when such changes do not alter the intent of the ~~Rule~~Bylaw or when ~~Rule~~Bylaw modification is dictated by change in business organizational structure or name. "Changes" are limited to the modification or elimination of letters, numbers, words, phrases or sentences necessary to maintain ~~an~~ accurate and current ~~Bylaws~~Rulebook or are necessary to comply with any change in law, statute or governing legal authority.

#### **243.00. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS.**

The ~~Corporation~~Exchange shall indemnify its directors, officers and committee members against such expenses and liabilities, in such manner, under such circumstances, and to such extent, as required or permitted by Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time, or as required by other provisions of law.

The ~~Corporation~~Exchange shall advance expenses in such manner, under such circumstances, and to such extent, as required or permitted by Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time. The provisions of this Section are not intended to limit the ability of any person to receive advances as an insured under any insurance policy maintained by the ~~Corporation~~Exchange.

The ~~Corporation~~Exchange may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member or employee against any liability asserted against and incurred by such person in or arising from such capacity, whether or not the ~~Corporation~~Exchange would otherwise be required to indemnify the person against the liability.

The ~~Corporation~~Exchange shall also abide by all other controlling provisions of Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time.

#### **244.00. MEMBERSHIP IN OTHER ASSOCIATIONS: DELEGATES TO MEETINGS.**

At the discretion of the Board of Directors, the ~~Corporation~~Exchange may become a member of other associations or organizations, membership in which in the opinion of said Board will be beneficial to ~~this the~~ ~~Corporation~~Exchange. The Board of Directors may appoint delegates or representatives to commercial or deliberative meetings at which it may desire to have the ~~Corporation~~Exchange represented. The Board may, at its discretion, authorize the payment (from the general funds of the ~~Corporation~~Exchange)



of the dues payable to such associations and of the expenses incurred by such delegates or representatives in attending such meetings.

#### **250.00. COMMITTEES: REGULATIONS GOVERNING PROCEDURE.**

Any Committee may adopt such regulations for its own government and proceedings as are not contrary to the Bylaws or Rules ~~and Regulations of the Corporation~~, and which will best promote the objects for which it was established.

#### **251.00. COMMITTEES OF THE BOARD OF DIRECTORS.**

Committees of the Board of Directors shall be established by ~~Rule~~Bylaw. Unless otherwise specified by Bylaw, such Committees shall consist of an odd number of Directors, not including the Chairperson of the Board. A majority of the Directors of a Committee shall constitute a quorum and a majority of the quorum shall be required to take action. A three-fourths (3/4) supermajority of a quorum of the Board shall be required to remove a Director who was appointed to a Committee. A majority of a quorum of the Board shall be required to revoke actions taken by a Committee. In addition to the enumerated duties and powers, each Committee shall exercise such authority and execute such actions as may be delegated to it by the Board of Directors, or by the Bylaws or Rules ~~or Regulation~~.

#### **252.00. EXECUTIVE COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Executive Committee which shall be composed of five (5) directors including the Chairperson of the Board, the First and Second Vice Chairpersons of the Board and no less than two (2) Public Directors elected by the Board. Meetings of the Executive Committee shall be held at such time and place as may be designated by the Executive Committee. The Chairperson of the Board shall be the Chairperson of the Executive Committee and shall have voting privileges.

The Committee shall have the duties and powers to:

- A. Investigate issues and pursue opportunities related to the business of the ~~Corporation~~Exchange, and recommend actions to the Board.
- B. Recommend changes to any guidelines, policies or procedures of the ~~Corporation~~Exchange, including those which may govern employee conduct, donations and participation in trade or industry associations.
- C. Reallocate funds within the approved budgets as priorities change, provided that any such reallocation will not endanger necessary financial commitments or requirements.

- D. Act on behalf of the Board of Directors when an emergency exists and the Board is unable to convene in a timely manner. Emergencies shall include, but not be limited to: discovery of possible illegal activities, security of the building, threats to the financial integrity of the ~~Corporation~~Exchange, Force Majeure, threats to Exchange trading activity due to inclement weather, transportation breakdown or market manipulation. In such instances the Committee may take such actions as necessary including: not opening the markets, delaying the open of the markets, closing the markets early, or order liquidation of a party's positions. Such actions shall not continue beyond such time as the emergency warrants and shall not violate applicable laws and regulations.
- E. Offer guidance and provide consultation to the officers of the ~~Corporation~~Exchange.
- F. Extend or delay the opening of river or lake navigation.
- G. Prescribe and approve the forms required by Bylaws or MGEX Exchange~~Rules and Regulations~~.
- H. Approve an applicant or Delegate for membership, provided there are no objections or any unresolved issues to be heard by the Board.
- I. Approve changes in Exchange margins as market conditions require, giving due consideration to Risk Management Committee recommendations.
- J. Report and make recommendations to the Board of Directors.

#### **253.00. AUDIT COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Audit Committee which shall be composed of five (5) Directors including the Chairperson of the Board, the President, and three (3) Public Directors elected by the Board of Directors.

The Committee shall have the duties and powers to oversee the appointment of the ~~Corporation's~~Exchange's independent auditor, review any audit reports, and report to the Board.

#### **256.00. PERSONNEL AND COMPENSATION COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Personnel and Compensation Committee. It shall be composed of five (5) Directors.

The Committee shall have the duties and powers to fix the compensation and benefits of the President.

#### **257.00. REGULATORY OVERSIGHT COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Regulatory Oversight Committee. It shall be composed of three (3) Public Directors elected by the Board. The Committee shall have the duties and powers as described and required under Core Principle 16 described in 17 CFR Part 38.

#### **258.00. RISK MANAGEMENT COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Risk Management Committee. The Committee shall have the duties and powers as described and required under Core Principle D of 17 CFR Part 39, as amended.

#### **259.00. NOMINATIONS COMMITTEE.**

There shall be established a Committee of the Board of Directors to be known as the Nominations Committee which shall be composed of five (5) directors, including the Chairperson of the Board and three (3) Public Directors elected by the Board of Directors. The chair of the Nominations Committee shall be a Public Director.

The Committee shall have the duties and powers to:

- A. Identify individuals qualified to serve on the Board of Directors, consistent with criteria approved by the Board, and with the composition requirements set forth in ~~Rule~~ Bylaw 210.00.
- B. Administer a process for the nomination of individuals to the Board of Directors.

In addition, the Board of Directors has delegated the following duties and powers to the Nominations Committee:

- A. Determine the standards and requirements for initial and continuing membership eligibility.
- B. Review appeals of staff denials of membership applications and overturn any staff denial if the application meets relevant standards and requirements.
- C. Review and approve any Bylaws ~~MGEX Rules or Regulations~~ that would result in different categories or classes of Members receiving disparate access to the Exchange.

The Committee shall not restrict access or impose burdens on access in a discriminatory manner on Members or applicants for Membership.

#### **260.00. COMMITTEES OF THE CORPORATION EXCHANGE.**

Committees of the Corporation Exchange shall be established by Bylaw or Rule. Such Committees shall consist of an odd number of individuals. Unless otherwise specified by Bylaw or Rule, a majority of the members of a Committee shall constitute a quorum and a majority of the quorum shall be required to take action. In addition to the duties and powers specified by Bylaw or Rule, Committees of the Corporation Exchange shall also have such duties and powers as may be specified by the Board of Directors.

#### **264.00. DISCIPLINARY COMMITTEE: APPOINTMENT.**

There shall be established a committee to be known as the Disciplinary Committee, which shall be composed of five (5) members with voting privileges as hereinafter provided:

- A. Two (2) of such members shall be appointed from Members of the Corporation Exchange who are not serving as Officers or Directors or serving on the Hearing Committee.
- B. One (1) member of the Disciplinary Committee shall consist of the President of the Corporation Exchange and one (1) member of the Disciplinary Committee shall consist of a member of the Board of Directors appointed by the President of the Corporation Exchange.

The President of the Corporation Exchange may appoint a member of the Board of Directors to serve in his/her stead as a member of the Disciplinary Committee. If no member of the Board of Directors is available for such an appointment, the President of the Corporation Exchange may appoint a Member of the Corporation Exchange.

No member who is to serve as a substitute member in the place of the President of the Corporation shall be appointed as a member of the Disciplinary Committee if the Member is a member of the Hearing Committee.

- C. One (1) member shall be an individual who qualifies as a Public Director.

The Members of the Disciplinary Committee shall be as representative as practicable of the Membership. Three (3) members of the Disciplinary Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of a Public Director.

#### **264.01. DISCIPLINARY COMMITTEE: QUALIFICATIONS OF MEMBERS.**

No person shall serve as a member of the Disciplinary Committee when the person or entity with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this ~~Rule~~Bylaw, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to ~~Rule~~Bylaw 275.00.B. The other members of the Disciplinary Committee with guidance by the Department of Audits and Investigations shall determine whether any member has a financial, personal or prejudicial interest not addressed by ~~Rule~~Bylaw 275.00.B.

No member may serve on the Disciplinary Committee if he or she has participated in or been involved in adjudicating any other stage of the same proceeding.

#### **264.02. DISCIPLINARY COMMITTEE: APPOINTMENT OF ALTERNATES.**

If the Disciplinary Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Disciplinary Committee may request the President to appoint, and the President shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the ~~Corporation~~Exchange who is not a member of the Board of Directors. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Disciplinary Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Disciplinary Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Disciplinary Committee. During the period that such a Disciplinary Committee appointed with respect to a particular matter is functioning, the regular Disciplinary Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Disciplinary Committee appointed with respect to a particular matter.

#### **264.03. DISCIPLINARY COMMITTEE: DUTIES AND POWERS.**

The Disciplinary Committee shall be charged with the duty and authority:

- A. To prevent manipulation of prices as provided in the Commodity Exchange Act.
- B. To review all investigation reports submitted to the Disciplinary Committee by the Department of Audits and Investigations in respect to all matters relating to activity conducted under the jurisdiction of MGEX and in respect to alleged violations of the Bylaws or MGEX Rules ~~and Regulations~~.

- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Disciplinary Committee deems appropriate or advisable.
- D. To promptly review and determine whether or not any or all charges included in the investigation report submitted to the Disciplinary Committee have, in its opinion, a reasonable foundation in fact.
- E. To dismiss any or all charges included in any investigation report submitted to the Disciplinary Committee that are, in its opinion, without reasonable foundation in fact.
- F. To authorize the issuance of a Notice of Charges against person(s) alleged to have committed such violations if the Disciplinary Committee has found that the investigation report shows a reasonable basis for a violation and that the matter should be adjudicated.
- G. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.

The Disciplinary Committee, in performing its duties, may request any Member or Market Participant to appear before the Disciplinary Committee in its investigations of matters set forth in the investigation report. The Disciplinary Committee may review the dealings and transactions of Members or Market Participants, and it may examine their books, papers and records pertinent to such review. The Disciplinary Committee may employ such auditors, counsel or other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the ~~Corporation~~Exchange.

The Disciplinary Committee may invite a representative of the Commodity Futures Trading Commission to attend any or all of its meetings.

In addition to possible violations of the Bylaws or ~~MGEX Rules and Regulations~~ appropriately brought before the Disciplinary Committee pursuant to Paragraph B, above, the Disciplinary Committee also shall review any investigation report concerning a particular course of conduct by a Member or Market Participant which has produced or thereafter, in the opinion of the Disciplinary Committee, would produce a manipulation of prices or cornering of any commodity in violation of the Bylaws or ~~MGEX Rules and Regulations~~.

No Member or Market Participant shall violate any order of the Disciplinary Committee after having been duly notified thereof. Nothing, however, herein contained shall in any way be construed as superseding the duties and authority that have been vested in the Board of Directors by the Bylaws or ~~MGEX Rules and Regulations~~. All directives of the Disciplinary Committee pertaining to price manipulations or corners and requiring a market position reduction shall be effective when issued.

No member of the Disciplinary Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any Person, or any other confidential information that may come to the knowledge of such Disciplinary Committee member in the member's official capacity.

#### **265.00. HEARING COMMITTEE: APPOINTMENT.**

There shall be established a committee of the ~~Corporation~~Exchange to be known as the Hearing Committee, which shall be composed of five (5) members with voting privileges as hereinafter provided:

- A. Three (3) of such members shall be appointed by the Chairperson of the Board of Directors from Members of the ~~Corporation~~Exchange.
- B. One (1) member of the Hearing Committee shall consist of the Chairperson of the Board of Directors. The Chairperson of the Board of Directors shall serve as the Chairperson of the Hearing Committee.

The Chairperson of the Board of Directors may appoint a member of the Board of Directors to serve in his/her stead as a member of the Hearing Committee. If no member of the Board of Directors is available for such an appointment, the Chairperson may appoint a Member of the ~~Corporation~~Exchange.

No member who is to serve as a substitute member in the place of the Chairperson of the Board of Directors shall be appointed as a member of the Hearing Committee if the Member is a member of the Disciplinary Committee.

- C. One (1) member shall be an individual who qualifies as a Public Director.

The Members of the Hearing Committee shall be as representative as practicable of the Membership. Three (3) members of the Hearing Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of Public Director.

#### **265.01. HEARING COMMITTEE: QUALIFICATIONS OF MEMBERS.**

~~No~~ person shall serve as a member of the Hearing Committee when the person or entity with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this ~~Rule~~Bylaw, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to ~~Rule-Bylaw~~ 275.00.B. The other members of the Hearing Committee with guidance by the Department of Audits and Investigations shall determine whether any member has financial, personal or prejudicial interest not addressed by ~~Rule-Bylaw~~ 275.00.B.



No member may serve on the Hearing Committee if he or she has participated in or been involved in adjudicating any other stage of the same proceeding.

#### **265.02. HEARING COMMITTEE: APPOINTMENT OF ALTERNATES.**

If the Hearing Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Hearing Committee may request the President of the ~~Corporation-Exchange~~ to appoint, and the President of the ~~Corporation-Exchange~~ shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the ~~Corporation-Exchange~~ who is not a member of the Board of Directors or the Disciplinary Committee. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Hearing Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Hearing Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Hearing Committee. During the period that such Hearing Committee appointed with respect to a particular matter is functioning, the regular Hearing Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Hearing Committee appointed with respect to a particular matter.

#### **265.03. HEARING COMMITTEE: DUTIES AND POWERS.**

The Hearing Committee shall be charged with the following duty and authority:

- A. To conduct a hearing as authorized pursuant to ~~Chapter 6~~ the Bylaws or MGEX Rules.
- B. To impose a penalty if the Hearing Committee finds in the affirmative that there has been a violation, or in the alternative, to dismiss the alleged charges if the Hearing Committee finds that there has been no violation.
- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Committee deems appropriate or advisable on a timely basis.
- D. In hearings conducted by the Hearing Committee, on a finding by the Hearing Committee that there has been a violation, to assess a penalty against those found guilty. The Hearing Committee may take such action it determines including, but not limited to, issuing a Letter of Reprimand, a suspension from



Membership, a monetary fine, or a recommendation to the Board of Directors for expulsion (singly or in any combination).

- E. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.
- F. To summon any Member or Market Participant to appear before the Hearing Committee.

The findings and conclusions of the Hearing Committee, in respect to such matters, shall be final. There is no appeal to the Board of Directors or any other MGEX authority.

No member of the Hearing Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any Person, or any other confidential information that may come to the knowledge of such Hearing Committee member in the member's official capacity.

#### **267.00. HARD RED SPRING WHEAT COMMITTEE.**

There shall be established a Committee of the ~~Corporation~~Exchange to be known as the Hard Red Spring Wheat ("HRSW") Committee. It shall be composed of a minimum of seven (7) Members of the ~~Corporation~~Exchange.

The Committee shall have the duty and power to review and recommend MGEX Rules ~~and Regulations~~ governing HRSW markets, including but not limited to contract specifications and delivery procedures.

#### **268.00. CASH MARKETS COMMITTEE.**

There shall be established a Committee of the ~~Corporation~~Exchange to be known as the Cash Markets Committee. It shall be composed of a minimum of seven (7) Members of the ~~Corporation~~Exchange that are employed by entities having cash trading privileges pursuant to MGEX Rules ~~and Regulations~~.

The Committee shall have the duties and powers to:

- A. Review and recommend MGEX Rules ~~and Regulations~~ governing the cash markets.
- B. Monitor cash market activity to ensure orderly trading and efficient price discovery.
- C. Approve guidelines for reporting of cash market activity to appropriate agencies.

## **270.00. OTHER COMMITTEES, TASK FORCES AND PANELS.**

The Board of Directors and the Executive Committee shall each have the authority to establish committees, task forces and panels as necessary for a duration not to extend past the next Annual Election. After election, the new Board of Directors and Executive Committee may re-authorize the committees, task forces and panels.

The composition, qualifications, method of appointment, duties and powers of such committees, task forces and panels shall be determined by the respective Board of Directors and Executive Committee.

Such committees, task forces and panels shall not determine the policies of the ~~Corporation~~Exchange, expend funds or enter into contracts on behalf of the ~~Corporation~~Exchange, or otherwise conduct activities outside the purpose for which they were established, unless such actions are approved by the Board of Directors.

## **271.00. CHIEF REGULATORY OFFICER.**

The Exchange shall designate the individual to serve as the Chief Regulatory Officer who shall report to, consult with and provide information to the Regulatory Oversight Committee, and execute any other duties or responsibilities as required by CFTC Regulation 17 CFR Part 38, as amended.

## **272.00. CHIEF COMPLIANCE OFFICER.**

The Exchange shall designate the individual to serve as the Chief Compliance Officer who shall report to the President and execute the duties and responsibilities required by CFTC Regulation 17 CFR Part 39, as amended.

## **273.00. CHIEF RISK OFFICER.**

The Exchange shall designate the individual to serve as the Chief Risk Officer who shall implement the risk management framework of the Exchange, make recommendations regarding the Exchange's risk management functions, and execute any other duties or responsibilities required by CFTC Regulation 17 CFR Part 39, as amended.

## **275.00. CONFLICTS OF INTEREST.**

A member of the Board of Directors and certain other committees at the Exchange must abstain from deliberating and voting on matters when there is a potential personal or financial conflict of interest. This ~~Rule~~Bylaw describes how and when the conflict of interest will be determined. Additional and broader conflicts of interest provisions apply to the Disciplinary Committee and the Hearing Committee. (See ~~Rules~~Bylaws **264.01.** and **265.01.**)

A. Definitions. For purposes of this ~~Rule~~ Bylaw the following definitions shall apply:

1. The term “family relationship” of a person shall mean the person’s spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece, or in-law.
2. The term “governing board” shall mean the Board of Directors, Committees of the Board of Directors and Committees of the ~~Corporation~~ Exchange authorized to take action or to recommend the taking of action on behalf of the Exchange.
3. The term “member’s affiliated firm” shall mean a firm in which the member is an employee or a “principal,” as defined in CFTC Regulation 3.1(a).
4. The term “named party in interest” shall mean a person or entity that is identified by name as a primary subject of any material matter being considered by a governing board.
5. The term “significant action” shall mean any of the following types of actions or ~~rule~~-changes that are implemented without the Commission’s prior approval:

a. Any actions or ~~rule~~-changes which address an “emergency” as defined in CFTC Regulation 1.41(a)(4)(i) through (iv) and (vi) through (viii); and,

b. Any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any contract traded at the Exchange; but shall not include any ~~rule~~ Bylaw or MGEX Rule not submitted for prior CFTC approval because such ~~rule~~ Bylaw or MGEX Rule is unrelated to the terms and conditions of any contract traded at the Exchange.

B. Named Party in Interest Conflict

1. Prohibition. No member of a governing board shall knowingly participate in such body’s deliberations or voting in any matter involving a named party in interest where such member: (a) is a named party in interest; (b) is an employer, employee or fellow employee of a named party in interest; (c) is associated with a named party in interest through a broker association; (d) has a family relationship with a

named party in interest; or, (e) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing futures or option transactions opposite each other or to clearing futures or options transactions through the same Clearing Member.

If the member's only relationship with a named party in interest is through a broker association not established for the purpose of sharing profits and losses as described by [Regulation 2065.00.A.3](#), then the prohibition shall not apply. Furthermore, if a named party in interest is one or part of a group of similar persons or entities that is the subject for general deliberation and voting, such as approval for regularity or membership, and there is no material issue of dispute involving a named party in interest, then the prohibition shall not apply.

2. Disclosure. Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations whether such member has one of the relationships listed in paragraph B.1. of this [Rule-Bylaw](#) with a named party in interest.

3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph B. -Such determination shall be based upon a review of the following information:

- a. information provided by the member pursuant to paragraph B.2. above, and
- b. any other source of information that is held by and reasonably available to the Exchange.

#### C. Financial Interest in a Significant Action Conflict

1. Prohibition. No member of a governing board shall participate in such body's deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to this [RuleBylaw](#).

2. Disclosure. Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations position information that is known to such member, with respect to any particular month or

months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:

- a. gross positions held at the Exchange in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3(j);
- b. gross positions held at the Exchange in proprietary accounts, as defined in CFTC Regulation 1.17(b)(3), at the member's affiliated firm;
- c. gross positions held at the Exchange in accounts in which the member is a principal, as defined in CFTC Regulation 3.1(a);
- d. net positions held at the Exchange in "customer" accounts, as defined in CFTC Regulation 1.17(b)(2), at the member's affiliated firm; and
- e. any other types of positions, whether maintained at the Exchange or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm, that reasonably could be affected by the significant action.

3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph C. based upon a review of the most recent large trader reports and clearing records available to the Exchange, information provided by the member with respect to positions pursuant to paragraph C.2. of this [Rule Bylaw](#), and any other source of information that is held by and reasonably available to the Exchange, taking into consideration the exigency of the significant action being contemplated.

#### D. Deliberation Exemption.

1. Any member of a governing board who would otherwise be required to abstain from deliberations and voting pursuant to paragraph C. hereof may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided, however, that before reaching any such determination the deliberating body shall fully

consider the position information specified in paragraph C.2. and C.3. above, which is the basis for such member's substantial financial interest in the significant action that is being contemplated.

2. In making its determination, the deliberating body shall consider;

a. whether the member's participation in deliberations is necessary to achieve a quorum; and

b. whether the member has unique or special expertise, knowledge or experience in the matter being considered.

3. Voting Exemption. If at least one-half of the deliberating members cannot participate in voting consistent with this ~~Rule~~ Bylaw, then every member who has been granted a deliberation exemption pursuant to this paragraph D. may participate in voting.

E. Documentation. The minutes of any meeting to which the conflicts determination procedures set forth in this ~~Rule~~ Bylaw apply, shall reflect the following information:

1. the names of all members who attended the meeting in person or who otherwise were present by electronic means;

2. the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the refusal or abstention, if stated;

3. information on the position information that was reviewed for each member if applicable and available; and

4. the name of any member who participated in voting pursuant to paragraph D.3. of this ~~Rule~~ Bylaw.

## **282.00. CLEARING HOUSE.**

There shall be established a Clearing House of the Exchange, which shall supervise the clearing of Futures and Options Contracts initiated, accepted or executed under MGEX Rules ~~and Regulations~~.

## **283.00. AUDITS AND INVESTIGATIONS.**

There shall be established a department of the Exchange that conducts audits and investigations. Such department of the Exchange shall serve as an independent department and shall not include either Members or Persons whose interests conflict with their audit, investigation or enforcement duties.

The Exchange shall initiate and conduct investigations and audits at the direction of the CRO, the Regulatory Oversight Committee and/or the appropriate committee. ~~Such investigations shall be initiated promptly after receipt of a complaint or other indication of possible violation of the MGEX Rules and Regulations.~~

The Exchange has the authority to collect information and documents on both a routine and non-routine basis, including, but not limited to, the authority to examine books and records kept by any Member, Market Participant, nonmember approved as Regular or any other Person under investigation or from whom information or cooperation has been requested. -Failure to comply with any request made by the Exchange for information and/or documents may subject the Member, Market Participant, nonmember approved as Regular or Person under investigation or from whom information or cooperation has been requested to disciplinary procedures of the Exchange or fines pursuant to the MGEX Rules ~~and Regulations~~.

#### **290.00. NONPUBLIC INFORMATION - IMPROPER USE OR DISCLOSURE.**

For purposes of this ~~Rule~~Bylaw, "material" and "non-public information" shall be defined by CFTC Regulation 1.59(a).

In accordance with CFTC Regulation 1.59(c), no Exchange officer, member of the Board of Directors or member of any committee shall use or disclose, for any purpose other than the performance of such person's official duties, material, non-public information obtained as a result of such person's office or participation on the Board of Directors or any committee.



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**RULES****BYLAWS**  
**CHAPTER 3**  
**MEMBERSHIP**

**300.00. MEMBERSHIP: INDIVIDUALS ELIGIBLE.**

Any adult whose character, credit and reputation for fair dealing are such as to satisfy the Board of Directors shall be eligible to become Record Holder of a Membership, and to entrust with the privileges and responsibilities thereof.

**301.00. MEMBERSHIP: ADMISSION TO.**

If the terms and conditions set forth below have been complied with, the Board of Directors may approve an application for Membership:

- A. An application for Membership must have been made;
- B. The application must be reviewed by the Exchange. The Exchange may, at its discretion, require any applicant to produce additional documentation and/or meet in person prior to any action by the Board of Directors;
- C. A Request to Transfer and Record the Ownership of a Membership form must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to such action;
- D. If an objection to the approval of such applicant to Membership has been duly filed by a Member of MGEX, it must have been heard by the Board of Directors and dismissed;
- E. All the requirements of ~~MGEX the Bylaws and MGEX Rules~~~~Rules and Regulations~~ for the transfer of a Membership to the applicant must have been complied with or the applicant must have obtained an original Membership under the provisions of ~~Rule~~Bylaw 360.00. or Regulation 2112.00.
- F. An application fee shall be collected by the Exchange at the time of the application. This fee, in an amount to be determined by the Exchange, shall not be refunded in the event that the applicant fails, for any reason, to become a Member.
- G. If the applicant does not own a Membership at the time its application is approved nor have a Delegation Agreement in place, the applicant shall have sixty (60) days to obtain a Membership.

**302.00. MEMBERSHIP: APPLICATION FOR.**

Application for Membership shall be in writing and shall contain an agreement by the applicant that in consideration of being admitted to Membership the applicant will be bound by MGEX Rules ~~and Regulations~~ and all amendments and additions thereto, and that such agreement shall be binding on the applicant and its heirs, executors, administrators, successors, and assigns. Said application shall be in such form, and accompanied by such information and statements, as the Exchange shall prescribe. Such application shall be signed by the applicant.

### **302.01. EXPELLED MEMBERS: READMISSION.**

If an application for Membership has been received from an individual who previously had been expelled from MGEX Membership, the ~~Chairman~~ Chairperson of the Board of Directors shall call and preside at a meeting of the Board of Directors. The application shall be considered and voted upon and shall be approved by the Board of Directors upon a two thirds (2/3) affirmative vote.

### **303.00. MEMBERSHIPS: TRANSFERS OF.**

When and if the terms and conditions set forth below have been complied with, the Exchange shall transfer a Membership upon the books of MGEX.

- A. The transferee's application for Membership must have been approved or the transferee must be a Member in Good Standing;
- B. A request for transfer of the Membership, on a form as prescribed by the Exchange, must have been duly executed by the transferee and by the Person who or which is to be recorded as the Record Owner of the Membership, and such request must have been filed with the Exchange;
- C. All of the requirements of the Bylaws and MGEX Rules ~~and Regulations~~ for recording the ownership of the Membership must have been complied with;
- D. Notice of the request for transfer of a Membership must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to the date of such transfer. Such request shall include the name of the Record Owner of the Membership;
- E. If an objection to such transfer has been duly filed by a Member, it must have been heard by the Board of Directors and dismissed or, if sustained, the claim upon which it was based must have been satisfied;
- F. A transfer fee in an amount determined by the Exchange must be paid and in all cases the transferee pays the transfer fee.

- G. In the event a Record Holder desires to be relieved of the restrictions imposed by the provisions of **Regulation 2055.00.**, the Record Owner must upon request of the Record Holder transfer the Membership to another individual; but

PROVIDED FURTHER, that, upon agreement by the Record Holder not to exercise any of the privileges conferred by the Membership, the Board of Directors may waive the restrictions and requirements of this ~~Rule-Bylaw~~ during such time as, in its opinion, is reasonable in order to allow disposition/or transfer of the Membership to be made.

Upon the transfer of a Membership, a new certificate number shall be issued and the privileges conferred upon the former Record Holder shall terminate.

- H. In the event that a Record Holder of an entity owned Membership leaves the employment of that entity, the Membership shall be transferred into the name of a designated representative of the entity. In the event the designated representative is not a Member, application for Membership must be made and the application/transfer fee paid.

### **303.01. SUSPENSION OF PRIVILEGES TO TRADE UPON REQUEST TO TRANSFER MEMBERSHIP.**

Whenever the transfer of a Membership has been requested, the Board of Directors, at its discretion, may suspend the privileges to trade of the Member until further order.

### **304.00. OBJECTIONS TO TRANSFER OF A MEMBERSHIP.**

Any Member claiming, under the provisions of these Bylaws or MGEX Rules ~~and Regulations~~, to have a lien against a Membership may file an objection against a transfer of such Membership, as provided below:

- A. Such objection shall be in writing in the form prescribed by the Exchange and must be filed with the Exchange, together with a statement of the amount of the claim for lien against the Membership upon which such objection is based, within ten (10) consecutive days after notice of the request for transfer of such Membership has been posted on the Official Bulletin Board;
- B. Failure to file an objection as provided in Section A. shall be deemed and held to constitute a waiver of the lien and the right to file the objection.— A Membership subsequently transferred, and the

ownership recorded shall be considered free and clear of all liens and claims for liens as if no objections were filed; no subsequent objection, complaint, claim or demand against the former Member shall constitute a lien or otherwise impair it in the hands of an innocent Record Owner;

- C. At the expiration of said period of ten (10) consecutive days a copy of any objections that have been duly filed, together with a copy of the statement of the amount of the claims for liens upon which such objections were based, shall have been served upon the parties who requested the transfer of the Membership including the Record Owner and/or Record Holder;
- D. If any objection has been duly filed, the Board of Directors shall hear all parties and determine the validity of the objection; and, if it is sustained, the request for transfer shall be denied until such time as the claim or claims upon which the objection was based have been settled.

Notice of the time, place and purpose of the meeting of the Board of Directors at which objections are to be acted upon shall be served on the party who has requested the transfer of the Membership, and on the Record Owner and/or Record Holder.

### **305.00. MEMBERSHIP TRANSFERRED IN VIOLATION OF ~~RULES~~ BYLAWS.**

In case any Membership shall have been transferred without the approval of the Exchange, or in violation of any of the provisions of the Bylaws or MGEX Rules ~~and Regulations~~ applicable to such Membership, such transfer shall be null and void.

### **310.00. MEMBERSHIP: RECORDING OF OWNERSHIP.**

When the terms and conditions set forth below have been complied with and upon the order of the Board of Directors or a duly authorized officer of the Exchange, the Exchange shall record the ownership of a Membership upon the books of MGEX in the name of a Person:

- A. The Person to be recorded as the Record Owner must be in Good Standing, must have paid the purchase price and be the sole and absolute Record Owner of such Membership.
- B. If the Person to be recorded as the Record Owner is an officer or employee of the Exchange, or if the officer or employee of the Exchange has a financial interest in an entity to be recorded as the Record Owner, such disclosure shall be made to the Board of

Directors. In no instance may the officer or employee be recorded as the Record Holder of a Membership, or exercise the privileges of a Record Holder.

- C. The recording of the ownership of a Membership must be duly executed with the Exchange immediately after purchase by the Person who or which is to be recorded as the Record Owner. The information needed to record the ownership shall be in such form and shall be accompanied by such facts and statements as the Exchange may require.
- D. The Person who is to be recorded as the Record Owner must acknowledge that MGEX is not liable for any indebtedness the Person incurred in connection with obtaining such Membership and shall indemnify MGEX and hold it harmless against all claims, demands or actions of any sort and all costs or expenses incidental thereto.
- E. All assessments against such Membership that are due and payable, together with interest on any delinquent portions thereof, must have been paid.
- F. Notice of a request to record the ownership of a Membership must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to the date of such recording.
- G. If an objection to such recording has been duly filed, it must have been heard by the Board of Directors and dismissed or, if the claim upon which it was based has been sustained, the claim must have been satisfied before the ownership is recorded.
- H. Neither the previous Record Holder nor Record Owner of such Membership, nor any entity to be listed as Record Owner, can be a party to any unsettled controversy before the Board of Arbitration, or any committee of the Board of Directors or of the Exchange, unless this provision shall have been specifically waived by the Board of Directors.
- I. Seller of such Membership warrants that such Membership is free and clear of all liens and encumbrances.

### **310.01. REJECTION OF MEMBERSHIP STATUS.**

Once a Membership is purchased, the Record Owner must apply, or designate an individual to apply, for Membership at the time of purchase or place the Membership in a current Record Holder's name. If, for any reason, the application for Membership is



rejected or the Record Owner is unable to place such Membership in a current Record Holder's name within sixty (60) calendar days, the Exchange will instruct the Record Owner to sell the Membership in question on the open market. The Record Owner shall have sixty (60) calendar days in which to complete the sale of the Membership. In the event the Membership is not sold at the end of sixty (60) calendar days, the Record Owner must take the highest bid on file with the Membership Department. In accordance with MGEX ~~Rule-Bylaw~~ 301.00.F., the Exchange will not refund the application fee. The Record Owner shall be responsible for any assessments or dues levied against the Membership during the period in which the Record Owner owns the Membership. The Record Owner shall assume all risk of gain or loss from the resale of the Membership.

### **312.00. CERTIFICATES OF MEMBERSHIP.**

Every Member shall be entitled to receive a Certificate of Membership upon request and it shall be evidence that the Member was, on the date of issue, entitled to the privileges of an MGEX Membership, but shall not be considered evidence concerning ownership of said Membership. The sole official evidence of ownership shall be the records of MGEX.

- A. In order to request a Certificate of Membership, a written request, as prescribed by the Exchange, accompanied by a fee as determined by the Exchange, must be made by the Member or by his or its heirs, executors, administrators, successor, or assigns accompanied by an assignment or by other proper and appropriate instrument or evidence of transfer, conveying ownership of such Membership from the Member.
- B. The Exchange may require an affidavit from the party requesting the Certificate of Membership asserting that the affiant is the sole and absolute Record Owner of the Membership.

### **323.00. RIGHTS OF MEMBERS, BOARD TO DETERMINE.**

Any question or dispute as to the rights or privileges conferred on a Member by Membership, or as to the interpretation of the Bylaws or MGEX Rules ~~and Regulations~~, shall be decided by the Board of Directors at a meeting of which the Member concerned shall have had notice and an opportunity to be heard, and such decision shall be final and binding.

### **330.00. ASSESSMENTS, DELINQUENT.**

Any assessment levied upon an MGEX Membership, which has not been paid in full thirty (30) days after the due date shall become delinquent. Interest at the highest legally permissible statutory rate may accrue and be charged on all delinquent assessments from the date upon which they become delinquent, until paid.

### **330.01. DELINQUENT ASSESSMENT: SUSPENSION OF MEMBER.**

If any assessment or any part of an assessment levied upon an MGEX Membership has become delinquent, the Record Holder and/or Record Owner shall be suspended automatically until the delinquent part of such assessment, together with the accrued interest, where applicable, has been paid.

Notice of such suspension shall be posted forthwith on the Official Bulletin Board and shall be given to Members, and a copy shall be served on the Record Holder and/or Record Owner of the Membership involved.

### **330.02. DELINQUENT ASSESSMENTS: REINSTATEMENT OF MEMBER.**

The payment in full of a delinquent assessment against a Membership together with the accrued interest, where applicable, shall cancel the suspension of the Record Holder and/or Record Owner of such Membership without the necessity of action by the Board of Directors; and such Member shall be reinstated to all of the rights, privileges and benefits of an MGEX Membership, and notice to that effect shall be posted on the Official Bulletin Board.

### **330.03. ASSESSMENTS: LIABILITY FOR PAYMENT.**

The Record Owner shall be liable for duly levied assessments. The Record Owner may also be liable for the accrued interest, where applicable, on any portions of such assessment that have become delinquent, but the claims of MGEX for such payments shall not be enforced against such Record Owner until the provisions of [the Bylaws and MGEX Rules and Regulations](#) relative to the sale of a Membership for the nonpayment of assessments have been complied with.

### **330.04. ASSESSMENTS DELINQUENT FOR FORTY-FIVE (45) DAYS.**

If any assessment levied upon an MGEX Membership has been delinquent for forty-five (45) days, past the posted due date, it shall be reported by the Exchange to the Board of Directors at the first meeting of the Board thereafter, and the Board shall thereupon order such Membership sold by the Exchange, as provided in [Rule-Bylaw 337.00](#). If a Record Owner allows an assessment or part of an assessment to be delinquent twice in a two-year (2) period, the Board of Directors may order the Membership sold after the assessment has been delinquent for thirty-one (31) days past the posted due date.

### **330.05. ASSESSMENTS: OWNER OF MEMBERSHIP, DECEASED OR INCOMPETENT.**

If the Record Owner was deceased or incompetent on the date on which an assessment, becomes due and payable, and if such assessment becomes delinquent, the Board of Directors shall order such Membership to be sold by the Exchange, but it may delay such

sale, at its discretion, until an executor, administrator or guardian has been appointed and shall have had reasonable opportunity to act.

### **335.00. LIENS UPON MEMBERSHIPS.**

Any Member to whom or to which another Member is indebted in connection with or as a result of any trade, that is subject to or governed by the Bylaws or MGEX Rules and Regulations may file a lien to secure the payment of such indebtedness. The lien may be filed upon all MGEX Memberships of which the debtor is the Record Owner.

### **336.00. REQUEST FOR SALE OF A MEMBERSHIP TO SATISFY LIENS.**

Any Member claiming to have a lien against a Membership may, if the indebtedness or obligation upon which such claim is based has been due and payable for more than ninety (90) days, file a claim for such lien, together with a request that the Membership be sold for the satisfaction thereof.

Such claim, together with a statement of the amount thereof, shall be filed with the Exchange.

~~S~~Such claim shall be heard and determined in accordance with the provisions of **Rule Bylaw 336.01**. and, if it or any portion is determined to be valid, the Board of Directors shall order the Membership to be sold by the Exchange under the provisions of **Rule Bylaw 337.00**.

### **336.01. HEARING ON REQUEST FOR SALE OF A MEMBERSHIP TO SATISFY LIENS.**

If a request for the sale of a Membership to satisfy liens has been filed as provided in **Rule-Bylaw 336.00**., there shall be a meeting of the Board of Directors after due notice thereof for the purpose of hearing such request and the claim upon which it is based, and any other claims for liens duly filed against such Membership, and determining if such claims, or any portions thereof, are valid.

Notice of the time, place and purpose of such meeting shall be served on the claimants and the Record Owner involved; given to Members; and posted on the Official Bulletin Board at least ten (10) days before such meeting.

Any other Member claiming to have a lien against such Membership must file such claim for lien prior to such meeting; and, failing to do so, will be deemed and held to have waived his or its rights to such lien.

At such meeting the Board of Directors shall examine all claims for liens against the Membership that have been duly filed and shall hear fully all claimants and the Record Owner, if they shall appear. The Board shall determine which claims are valid under the

provisions of the Bylaws and the MGEX Rules ~~and Regulations~~, and such determination shall be final and binding on all parties.

Such meetings of the Board of Directors may be adjourned from time to time at the discretion of the Board.

### **337.00. SALE OF A MEMBERSHIP BY THE EXCHANGE.**

If the Board of Directors shall have ordered the sale of an MGEX Membership, a meeting of the Record Owners shall be called for such purpose after ten (10) days' due notice thereof. Such notice shall state the date, time, place and purpose of such meeting, and shall be given to Members; posted on the Official Bulletin Board; and served on the Record Owner of the Membership.

If the Membership is to be sold to satisfy delinquent assessments, the notice shall call attention to provisions of Rule-Bylaw 338.00. relative to filing of claims for liens.

At such meeting the Membership shall be sold to the highest bidder. When appropriate, the highest existing bid from a non-member shall be included in the auction.

The Board of Directors, pursuant to authority granted by Rule-Bylaw 361.00. may, at its discretion, cause a bid or bids to be made for the Membership in the name of MGEX; and, in the event that the Membership is being sold to satisfy delinquent assessments and if no other bids have been received, the Board shall cause a bid, at a figure as determined by the Board, to be so made.

If more than one Membership is to be sold at any one meeting of the Record Owners, the order in which such Memberships shall be offered for sale shall be determined by lot.

After such sale, the former Record Owner of such Membership shall be deemed to have forfeited and relinquished the rights, benefits and privileges conferred by such Membership, and all rights, title and interest in and to such Membership.

### **338.00. CLAIMS AGAINST A MEMBERSHIP TO BE SOLD TO SATISFY DELINQUENT ASSESSMENTS.**

Any Member claiming under the provisions of the Bylaws or MGEX Rules ~~and Regulations~~ to have a lien against a Membership that is to be sold by the Exchange to satisfy delinquent assessments, must file a claim for such lien with the Exchange, together with a statement of the amount thereof, prior to the meeting at which such Membership is to be sold; and, failing to do so, will be deemed and held to have waived his or its right to such lien.

If any claims for liens have been so filed, the Board of Directors shall hold a meeting as soon after such sale as is practicable to hear and determine which claims for liens are

valid. Notice of the time, place and purpose of such meeting shall be served on the claimants, and on the Record Owner of the Membership.

### **339.00. STOPPING THE SALE OF A MEMBERSHIP.**

If, at any time prior to the actual sale of a Membership, that part of the assessment, if any, upon such Membership that has been delinquent for forty-five (45) days, together with accrued interest shall have been paid; or if the liens to satisfy which the Membership was to be sold have been satisfied, the proceedings for the sale shall be stopped, and notice to that effect shall be given to Members and posted on the Official Bulletin Board.

### **340.00. MEMBERSHIP SOLD BY THE EXCHANGE: APPLICATION OF PROCEEDS.**

When and if a Membership has been sold by the Exchange, whether to satisfy delinquent assessments or liens, the proceeds of such sale shall be applied as follows:

- A. First: To the payment of unpaid assessments that have been levied against such Membership and that have become due and payable at the time of such sale, together with fines, accrued interest on any portions of such assessments that have become delinquent, and any fines assessed against the Record Owner and/or Record Holder or any other debts due to MGEX.
- B. Any portion of the proceeds remaining, after the payments prescribed in Subsection A. have been made in full, shall be applied to the payment of liens, if any, which have been determined to be valid by the Board of Directors; and, if such proceeds will not pay all of such liens in full, they shall be applied pro rata to such liens;
- C. After the payments prescribed in Subsections A. and B. have been made in full, any portion of such proceeds remaining shall revert to MGEX.

### **360.00. ORIGINAL MEMBERSHIPS: GENERAL ISSUANCE OF.**

The number of MGEX Memberships may be increased and the Exchange has the right to sell original Memberships at a price to be determined by the Board of Directors. The person to whom such Membership is to be issued must comply with all the terms and conditions of the Bylaws and MGEX Rules ~~and Regulations~~ concerning admission to Membership and recording the ownership of a Membership. The number of outstanding Memberships shall not exceed six hundred (600) unless an increase is approved by a vote of the Ownership.

### **361.00. PURCHASE AND RETIREMENT OF MEMBERSHIPS.**

The Board of Directors is hereby authorized to offer to purchase and purchase MGEX Memberships, as available, at a price determined by the Board, whenever in its opinion the necessary funds are available and the best interests of MGEX will be advanced by such purchase.

### **363.00. APPLICATIONS AND REQUESTS, SUPPORT OF.**

Persons who have signed the Application for Membership, Request to Transfer and Record the Ownership of a Membership form, Application for Cash Trading Privileges or Application of Clearing Privileges shall answer such questions and furnish such information pertinent to the consideration of and in support of such applications or requests and shall make such personal appearances as the Board of Directors or the Exchange may require.

### **364.00. WITNESSES, ATTENDANCE OF.**

Every Member, upon whom or which a notice or citation, issued by an officer of the Exchange or by any duly constituted committee of the Exchange, has been duly served, shall appear and testify and produce his or its books, papers, records or other documents that are pertinent to the case in hearing, as required by such notice or citation; and, when testifying, shall answer any question that is proper and pertinent to the case in hearing. It is, however, hereby provided that no witness shall be required to answer any question if the answer would incriminate him.

### **365.00. VIOLATION OF AGREEMENTS: FRAUDULENT REPRESENTATION OR CONCEALMENT.**

The making of any fraudulent representation or concealment in the Application for Membership form, a Request to Transfer and Record the Ownership of a Membership form, the Application for Cash Trading Privileges form, the Application for Clearing Privileges form, or in any information given or statements made in connection with any such applications or requests shall be deemed a violation of the Bylaws and MGEX Rules ~~and Regulations~~.

Any violation by any Member or Person, or any agreement made by such Member or on behalf of such Person, in connection with the Application for Membership form, a Request to Transfer and Record the Ownership of a Membership form, the Application for Cash Trading Privileges form, or the Application for Clearing Privileges form shall be deemed a violation of the Bylaws and MGEX Rules ~~and Regulations~~.

### **366.00. NOTICES REGARDING MEMBERSHIP, ETC.**

Notice shall be given to Members, and posted upon the Official Bulletin Board, of all requests for transfer, suspension or expulsion of Members, or granting or cancellation of cash trading privileges or clearing privileges.

**368.00. COMMODITY EXCHANGE ACT RULE.**

- A. In order to comply with the Act of Congress known as the Commodity Exchange Act, and the regulations of the Commodity Futures Trading Commission promulgated thereunder, it is hereby provided that all the Bylaws and MGEX Rules ~~and Regulations~~ shall be construed with reference to, and shall be subject to and modified by, the provisions of said Act and regulations.
- B. The Exchange and every Member and Person shall make and file such reports and keep such books, and records for such a period of time as may be required pursuant to authority set forth in the Commodity Exchange Act as amended, and regulations promulgated thereunder, including, but not limited to, the authority contained in subdivision (b) of Sec. 5 of said Act, and shall keep such books and records open to inspection by any duly authorized representative of the Commodity Futures Trading Commission or the United States Department of Justice.
- C. Neither the Exchange, nor any Member or Person shall disseminate any false, misleading, or knowingly inaccurate reports concerning crop or market information or conditions that affect, or tend to affect, the price of any commodity.
- D. No Member or Person shall manipulate, or attempt to manipulate, prices of commodities traded on this Exchange, nor corner, nor attempt to corner, any of such commodities.
- E. Any Member or Person, who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the Commodity Exchange Act as amended, shall be refused all privileges of trading on this Exchange for such period of time as specified in the Order of the Commodity Futures Trading Commission against such Member or Person.
- F. No Member or Person shall accept or execute an order from any Person who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the Commodity Exchange Act as amended.

**369.00. DISSEMINATION OF INFORMATION.**

Members and Market Participants shall be held to strict account for the reliability and accuracy of the statements and information which they disseminate.



Members and Market Participants must word or phrase all circulars, letters, Reports of Cash Sales, or other information so as to convey an accurate impression as to values of commodities in this market, and avoid conveying misinformation or erroneous implications as to such values. Specific values of cash commodities must not be reported in such a way as to create a false impression regarding values generally.

For example, giving a false impression regarding values such as sales of cash commodities of certain test weight, or having some particular characteristic or other factor that contributes to value, must not be reported in such a manner as to convey the impression that all commodities of the same kind and test weight, or having the same particular characteristic or factor, are of equal value.

Members and Market Participants, and their employees, must not directly or indirectly, by innuendo or otherwise, participate in the circulation of any rumors adversely affecting any Person. Only facts capable of substantiation may be reported.

### **370.00. LIMIT ON OWNERSHIP OF MEMBERSHIPS.**

No Record Owner or related person of any Record Owner, as defined below, may own directly, indirectly, or through an affiliate (i.e., a Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such Record Owner), more than thirty-five percent (35%) of outstanding Memberships at any one time. The term "related person" used to indicate a relationship with any Record Owner means:

- A. Any partner, director, officer, or other employee of such Record Owner;
- B. Any corporation or organization (other than the corporation or a majority-owned subsidiary of the corporation) of which such Record Owner is an officer or partner, or is directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities;
- C. Any trust or other estate in which such Record Owner has a beneficial interest of ten percent (10%) or more or as to which such Record Owner serves as trustee or in a similar fiduciary capacity;
- D. Any immediate family member (i.e., a spouse, children, stepchildren, parents, and siblings) of such Record Owner, or any immediate family member of such Record Owner's spouse, in each case, who has the same home as such Record Owner;
- E. Any immediate family member of the persons set forth in paragraph (A) of this ~~Rule~~Bylaw, or any immediate family member of such person's spouse, in each case, who has the same home as such person;

- F. Any employee of the Exchange, or any entity in which an employee of the Exchange has a financial interest.

### **371.00. MGEX DEFENSE EXPENSES.**

Any Member or Market Participant who fails to prevail in a lawsuit or any other type of legal proceeding instituted by that Member against MGEX or any of its officers, directors, committee members, employees or agents must pay to MGEX all reasonable expenses, including attorney's fees, incurred by MGEX in the defense of such proceeding.

### **372.00. DELEGATION.**

A Record Owner may lease the rights and privileges of Membership to an individual (Delegate) on the following conditions:

- A. The Delegate shall be approved by the Exchange under the standards of ~~Rules-Bylaws~~ **300.00.** and **301.00.** The Delegate shall sign a written agreement to observe and be bound by the Bylaws and MGEX Rules ~~and Regulations~~ and all amendments subsequently made thereto.
- B. The Delegation Agreement and any amendment(s) thereto shall be in writing in such form as the Exchange may prescribe and a copy shall be filed with the Exchange. However, the Delegation Agreement shall automatically be nullified if there is a loss of any of the qualifications for entering a Delegation Agreement, such as sale of the Membership by the Record Owner or expulsion of the Record Owner or Delegate. In the event the Record Owner sells its Membership, the Delegate shall have thirty (30) days from the effective date of ownership change to enter into another Delegation Agreement and the transfer fee shall be waived.
- C. The Record Owner shall remain liable for all assessments and dues.
- D. A Record Owner who has delegated his/her Record Holder privileges shall not have physical access to the Exchange Room during the period the Membership has been leased, unless he/she is a Record Holder of another Membership, or registers as a visitor.
- E. No Delegation Agreement shall have a term of less than ninety (90) days.
- F. A Delegate is limited to trading for his/her own account. A Delegate may not act as a Broker under **Regulation 2055.02.**

- G. The Delegate shall deposit with the Exchange an amount of money to be determined by the Exchange. The deposit is to be held for the term of the lease. The deposit shall be refunded at the end of the lease if the Delegate has no outstanding debts due to MGEX or lease payments due the Record Owner. Claims by MGEX shall be satisfied first with any surplus to be made available to the Record Owner to satisfy lease payments. (See [Resolution 372.00.](#))
- H. A Delegate shall pay an fee each month unless said Delegate trades a minimum number of MGEX Futures and/or Options contracts. The Board of Directors shall determine the fee to be paid and the minimum number of contracts to be traded. (See [Resolution 372.00.](#))
- I. Unless renegotiated, upon expiration or default of a Delegation Agreement, the Membership shall be transferred into the name of the Record Holder designated by the Record Owner. If the individual designated as Record Holder is not a current Record Holder, he/she will have to apply for Membership.
- J. No Delegate or former Delegate shall enter into a Delegation Agreement or a renewal thereof if there are any unpaid debts due to MGEX or lease payments due the Record Owner until such debts have been satisfied or reviewed to the satisfaction of the Exchange.
- K. No Delegate will be eligible to serve on the Board of Directors.