



Via Portal Submission

December 16, 2016  
MGEX Submission No. 16-24

Mr. Christopher J. Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street NW  
Washington, DC 20581

**RE: Rule Certification Submission Pursuant to CFTC Regulation 40.6(a); Update to MGEX Rules**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act (“CEAct”) and Commodity Futures Trading Commission (“CFTC”) Regulation 40.6(a), the Minneapolis Grain Exchange, Inc. (“MGEX”) hereby certifies that MGEX Rules 733.01., 2007.00., and 2007.02., as set forth in the attached Exhibit A, complies with the CEAct and the CFTC Regulations promulgated thereunder (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 RULES**

MGEX continually evaluates its Rules to ensure compliance with CFTC regulations as well as general principles of law. The Proposed Amendments enhance MGEX’s compliance with 4c(5)(B) (otherwise cited as 6c(5)(B)) of the Commodity Exchange Act as well as § 180.0. Specifically, the addition of the Rule 733.01. expressly prohibits disregard for orderly execution during the opening and closing period. The amendments to Rule 2007.00. enhance and expand MGEX’s prohibition of fraudulent conduct on MGEX’s markets or subject to the MGEX Rules. Furthermore, the addition of Rule 2007.02. expressly prohibits any Person from using manipulative devices.

**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 Rules. The Proposed Amendments enhance MGEX ability to enforce its Rules and specifically prohibit abusive practices in the market related to manipulation, fraud, and manipulative devices.
- *DCM Core Principle 3, Contracts Not Readily Subject to Manipulation:* The Proposed Amendments enhance MGEX's ability to discipline Persons engaging in manipulation or using manipulative devices.
- *DCM Core Principle 12, Protection of Markets and Market Participants:* The Proposed Amendments will further enhance MGEX's ability to protect the market and market participants from abusive practices committed by any Person, including abusive practices related to manipulation, fraud, or manipulative devices.
- *DCM Core Principle 13, Disciplinary Procedures:* The Proposed Amendments will clarify and enhance the ability of MGEX to enforce its Rules related to manipulation, fraud, or manipulative devices.

Pursuant to the authority set forth in MGEX Bylaw 210.01., the MGEX Board of Directors unanimously approved the Proposed Amendments at its meeting held on December 13, 2016. 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.

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) 321-7188. Thank you for your attention to this matter.

Best regards,

A handwritten signature in blue ink that reads "Emily Spott". The signature is written in a cursive style with a large initial "E" and a long, sweeping underline.

Emily Spott  
Associate Corporate Counsel

Enclosure

# **EXHIBIT A**

## **733.01. DISREGARD FOR ORDERLY EXECUTION PROHIBITED.**

The Exchange prohibits any Person from demonstrating intentional or reckless disregard for the orderly execution of transactions including during the opening or closing period.

## **2007.00. FRAUD OR ATTEMPTED FRAUD ~~ULENT TRADING~~ PROHIBITED.**

The Exchange prohibits any and all forms of fraud or attempted fraud (including but not limited to fraudulent trading or attempted fraudulent trading) on its markets or subject to the MGEX Rules, regardless of whether ~~such fraudulent or attempted fraudulent trading~~ it is intentional or is made with reckless disregard for the adverse impact ~~of any such activity~~.

## **2007.02. MANIPULATIVE DEVICES PROHIBITED.**

The Exchange prohibits any Person, directly or indirectly, from intentionally or recklessly using or employing, or attempting to use or employ, any manipulative device, scheme, or artifice to defraud on its markets or subject to the MGEX Rules.