



Via Portal Submission

December 16, 2016  
MGEX Submission No. 16-26

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 Rule 2062.02., 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 and industry best practices. MGEX and its Department of Audits & Investigations enforces the MGEX Rules. The Proposed Amendments concern MGEX Rule 2062.02. and ensures that audit trail and other recordkeeping requirements are met and continue to function as intended if changes are made to the electronic trading system hosted by CME Globex as it relates to required fields for audit trail data.

**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 and ensure that MGEX is able to collect necessary audit trail data and other recordkeeping requirements from its electronic trading system.
- *DCM Core Principle 4, Prevention of Market Disruption:* The Proposed Amendments will allow for MGEX to be able to collect necessary audit trail data and other recordkeeping

requirements from its electronic trading system and in turn, ensure more accurate monitoring of trading.

- *DCM Core Principle 7, Availability of General Information:* The Proposed Amendments will provide additional information to market participants regarding necessary and required audit trail data and other recordkeeping requirements from its electronic trading system.
- *DCM Core Principle 10, Trade Information:* The Proposed Amendments will ensure MGEX is able to maintain rules and procedures to provide for all identifying trade information, including required audit trail data and other recordkeeping requirements from its electronic trading system.
- *DCM Core Principle 18, Recordkeeping:* The Proposed Amendments ensure MGEX maintains records of all activities relating to the business of its contract market, including required audit trail data and other recordkeeping requirements from its electronic trading system.

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) 321-7128. Thank you for your attention to this matter.

Best regards,



Peter D. Sparby  
Assistant Corporate Counsel

Enclosure

# Exhibit A

## **2062.02. ELECTRONIC AUDIT TRAIL AND OTHER RECORDKEEPING REQUIREMENTS.**

All Clearing Members are required to maintain or cause to be maintained the order routing and frontend audit trail for all electronic orders including, but not limited to: order entry, modification, cancellation and responses to such messages entered into the Electronic Trading System by the Clearing Member or its customers.

The Clearing Member may assign the recordkeeping requirements contained in this ~~Regulation~~ Rule to a customer subject to the following conditions: 1) the Clearing Member and the customer must have applicable written agreements assigning the recordkeeping requirements with particularity; 2) upon request, either the Clearing Member or the customer must provide such agreements to the Exchange.

The Clearing Member must ensure that any written agreements assigning recordkeeping requirements of this ~~Regulation~~ Rule are being followed by any customers. The Clearing Member and/or the customer may be held accountable for failure to maintain or causing to be maintained the recordkeeping requirements of this ~~Regulation~~ Rule.

Audit trail ~~The~~ data must ~~contain a~~ contain a complete and accurate record of information and fields that are required by the Electronic Trading System and this Rule. Changes to required audit trail data for the Electronic Trading System may occur from time to time, and are hereby incorporated into this Rule. Required audit trail data means a -record of all FIX Tag and/or iLink information and fields, including, but not limited to: transaction date, product, Exchange code, ~~expiration month~~, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, ~~unique transaction number~~, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), host order number, trader order number, clearing member, type of action, ~~action status code~~, customer type indicator, origin and timestamps. In addition, ~~F~~or executed orders, records must include the execution time of the trade along with all fill information.