



Via Electronic Mail

March 26, 2012

Mr. David Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

SUBJECT: Rule Certification

Dear Mr. Stawick:

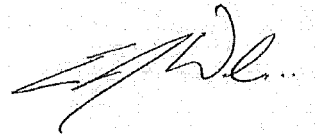
Pursuant to Commodity Exchange Act ("CEAct") Section 5c and Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), the Minneapolis Grain Exchange, Inc. ("MGEX" or "Exchange") hereby certifies that adoption and amendment of the respective attached Rules, Regulations, definitions and Resolutions to the MGEX Rules and Regulations complies with the CEAct and the Commission regulations thereunder. MGEX further certifies that the submission and pending changes to the MGEX Rules and Regulations have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

The explanation and purpose for the amendment of Rule 718.00. is to update MGEX procedures for the transfer of customer positions. The explanation and purpose for the amendments of the applicable definitions and Rules 222.01.; 236.00.; and 237.00. is to reflect current business and operational practices of the Exchange. The explanation and purpose for the amendments of the applicable definitions and Rules 210.01.; 264.00.; 264.01.; 264.02.; 264.03.; 265.00.; 265.01.; 265.02.; 265.03.; 275.00.; 350.05.; 600.00.; 602.00.; 603.00.; 605.00.; 606.00.; 607.00.; 610.00.; 613.00.; 614.00.; 615.00.; and 753.00.; Regulations 2004.01. and 2004.02.; and Resolution 2101.00.C. is to modify the Exchange's disciplinary committees' structure.

Pursuant to the authority of MGEX Rules 210.01., the Board of Directors unanimously approved the amendments of the definitions, Rules 210.01.; 222.01.; 236.00; 237.00.; 264.00.; 264.01.; 264.02.; 264.03.; 265.00.; 265.01.; 265.02.; 265.03.; 275.00.; 350.05.; 600.00.; 602.00.; 603.00.; 605.00.; 606.00.; 607.00.; 610.00.; 613.00.; 614.00.; 615.00.; 718.00.; and 753.00.; Regulations 2004.01. and 2004.02.; and Resolution 2101.00.C. There were no substantive opposing views expressed by the Board of Directors. Pursuant to the authority of MGEX Rule 204.01., a majority of the Record Owners of the Exchange approved the amendments of the Rules above.

The amendments of the MGEX Rules and Regulations are to be effective immediately after the 10th business day following the date of this filing. If there are any questions regarding this submission, please contact me at (612) 321-7128. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Delain", with a stylized flourish at the end.

Eric J. Delain
Corporate Counsel

Enclosure

cc: Thomas J. Bloom

The following definitions are to be amended or added to the MGEX Rules and Regulations. Additions are underlined while deletions are marked through.

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 Rules, for authorizing the issuance of a Notice of Charges against any person or entity alleged to have violated the MGEX Rules and Regulations, and to accept settlement offers.

HEARING COMMITTEE: ~~A The committee with~~ which has been delegated the duty and responsibility under ~~these 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 Exchange ~~the MGEX Rules or and~~ Regulations. ~~(e.g. the Business Conduct Committee or the Futures Trading Conduct Committee).~~

MGEX RULES AND REGULATIONS: Includes the Charter, Bylaws, Rules, Regulations, Resolutions, Interpretations, procedures, customs and usages.

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

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.

The following Rules and Regulations are to be amended. Additions are underlined while deletions are marked through.

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, Rules, customs or usages of the Corporation;
- 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. act in a judicial capacity (except when such function has been delegated to an appropriate committee as set forth in Rule 600.00.) when, at its discretion, it chooses to hear an appeal from a decision rendered by a Hearing Committee, and to ratify certain penalties imposed by a Hearing Committee;~~
- L. 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;
- M. declare any day to be a holiday, during which the Exchange shall not be open for business;
- N. recommend changes to the Rules of the Exchange and rescind Rules governing contracts delisted or declared dormant by the Board;
- O. adopt Regulations to implement any 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;

P.O. act in emergencies; (See Rule 210.02.)

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

Any authority or discretion by these Rules vested in the Chairperson, President, Clearing House Manager 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.

222.01. EXPENDITURE OF THE FUNDS OF THE CORPORATION.

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

236.00. CONTROL OF THE USE OF THE BUILDINGS.

The ~~Board of Directors~~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 the ~~Corporation~~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 ~~Board of Directors~~Exchange shall have the power ~~on behalf of the Corporation~~ to let space in the buildings belonging to or leased by the ~~Corporation~~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 ~~or make such changes, alterations or repairs to the buildings belonging to the Corporation or such~~ PROVIDED, however, that any borrowing of money to finance such purchases is subject to the provisions of Rule 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 therein as they may deem necessary, including such enlargements or additions to the present buildings as they may deem necessary in connection with ~~to maintaining or placing~~ said buildings, equipment or machinery in proper and suitable condition for the uses and purposes of the ~~Corporation~~MGEX and its Members and tenants. ~~;~~ PROVIDED, however, that any borrowing of money to finance such purchases, changes, alterations, repairs, replacement or additions is subject to the provisions of ~~Rule 223.00.~~

264.00. BUSINESS CONDUCTDISCIPLINARY COMMITTEE: APPOINTMENT.

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

A. ~~Three~~Two (23) of such members shall be appointed from Members of the Corporation who are not serving as Officers or Directors ~~or as members of the Arbitration Pool or~~ serving on the Futures Trading Conduct Hearing Committee.

B. ~~Three~~One (13) members of the Disciplinary Committee shall consist of the ~~Chairperson of the Board of Directors, the Chairperson of the Clearing House Committee, and the President of the Corporation~~ 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.

~~The Chairperson of the Board of Directors~~The President of the Corporation may appoint a member of the Board of Directors to serve in his/her stead as a member of the ~~Business Conduct~~Disciplinary Committee. If no member of the Board of Directors is available for such an appointment, the ~~Chairperson~~President of the Corporation may appoint a Member of the Corporation. ~~The Chairperson of the Clearing House Committee may appoint a member of the Clearing House Committee to serve in his/her stead as a member of the Business Conduct Committee. If no member of the Clearing House Committee is available for such appointment, the Chairperson of the Board of Directors shall appoint a Member of the Corporation who is a Clearing Member to fill such vacancy. The President may appoint another person who is not a Record Holder to serve in his/her stead as a member of the Business Conduct Committee.~~

No member of the ~~Board of Directors or Member of the Corporation~~ who is to serve as a substitute member in the place of the ~~Chairperson of the Board of Directors~~President of the Corporation shall be appointed as a member of the ~~Business Conduct~~Disciplinary Committee if the Member is a member of the ~~Arbitration Pool~~Hearing Committee, ~~or the Futures Trading Conduct Committee.~~

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

The Members of the ~~Business Conduct~~Disciplinary Committee shall be as representative as practicable of the Membership. ~~Five~~Three (35) 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. ~~BUSINESS CONDUCT~~DISCIPLINARY COMMITTEE: QUALIFICATIONS OF MEMBERS.

No person shall serve as a member of the ~~Business Conduct~~Disciplinary Committee when the person or firm 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, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 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 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. BUSINESS CONDUCT DISCIPLINARY COMMITTEE: APPOINTMENT OF ALTERNATES.

If the ~~Business Conduct~~ 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 ~~Business Conduct~~ 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 who is not a member of the Board of Directors. ~~the Board of Arbitration or the Futures Trading Conduct 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 Disciplinary Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the ~~Business Conduct~~ 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 ~~Business Conduct~~ Disciplinary Committee. During the period that such a ~~Business Conduct~~ Disciplinary Committee appointed with respect to a particular matter is functioning, the regular ~~Business Conduct~~ 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 ~~Business Conduct~~ Disciplinary Committee appointed with respect to a particular matter.

264.03. BUSINESS CONDUCT DISCIPLINARY COMMITTEE: DUTIES AND POWERS.

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

- A. To prevent manipulation of prices as provided in ~~Section 5d.~~ of 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 Charter, MGEX Rules, and Regulations, customs and usages of the Corporation, except such reports as are required by Rule 265.03. of this Chapter to be reviewed by the Futures Trading Conduct Committee.
- 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.
- ~~D.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, or, in the alternative, to conduct a hearing on such matters as are appropriate to be heard by the Business Conduct Committee. In

~~such instances the Business Conduct Committee will function as a Hearing Committee.~~

~~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.~~

~~E.G. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.~~

~~The Business Conduct~~Disciplinary Committee, in performing its duties, may request any Member, Nonmember 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 Registered Firms or Corporations, and it may examine their books, papers and records pertinent to such review, pursuant to ~~Rule 333.00~~. 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.

~~The Business Conduct~~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 Exchange the MGEX Rules and Regulations appropriately brought before the Business Conduct~~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, Market Participant, and/or a Registered Firm or Corporation 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 MGEX Rules of this Corporation and Regulations. ~~Given an affirmative finding on such investigation report the Committee shall notify such Member or Registered Firm or Corporation in writing of its conclusions, and it shall direct such Member or Registered Firm or Corporation to cease and desist from such conduct. Such notice shall state:~~

~~A. The nature of the action directed to be discontinued.~~

~~B. The Committee's reasons for directing that such conduct be discontinued.~~

~~C. The effective time and date and the duration of the directive.~~

~~The findings and conclusions of the Committee, in respect to such matters, shall be final unless the affected Member or Registered Firm or Corporation shall demand, within five (5) business days after the receipt of such directive, a hearing before the Board of Directors. If such hearing is demanded, the Committee shall immediately so notify the Board of Directors.~~

~~No Member or Registered Firm or Corporation shall violate any order of the Business Conduct~~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 Futures Trading Conduct Committee or the Board of Directors by the MGEX Rules and Regulations of this Corporation. All directives of the Disciplinary Committee pertaining to price manipulations or corners and requiring a market position reduction shall be effective when issued. ~~The effectiveness thereof shall not be stayed pending appeal.~~

No member of the ~~Business Conduct~~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, firm or corporation, or any other confidential information that may come to the knowledge of such Disciplinary Committee member in the member's official capacity.

265.00. FUTURES TRADING CONDUCT~~HEARING~~ COMMITTEE: APPOINTMENT.

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

- A. ~~Four~~Three (3) of such members, including the Chairperson of the Committee, shall be appointed by the Chairperson of the Board of Directors from Members of the Corporation whose principal business activity is related to futures and options trading.
- B. ~~Two~~One (1) members of the Hearing Committee shall consist of the Chairperson of the Board of Directors, and the President of the Corporation. ~~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 ~~Futures Trading Conduct~~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. ~~The President may appoint another person who is not a Record Holder to serve in his/her stead as a member of the Futures Trading Conduct Committee.~~

No member of the Board of Directors or Member of the Corporation 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 ~~Futures Trading Conduct~~Hearing Committee if the Member is a member of the ~~Arbitration Pool or the~~ Disciplinary Business Conduct Committee.

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

The Members of the ~~Futures Trading Conduct~~Hearing Committee shall be as representative as practicable of the Membership. ~~Five~~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. FUTURES TRADING CONDUCT~~HEARING~~ COMMITTEE: QUALIFICATIONS OF MEMBERS

No person shall serve as a member of the ~~Futures Trading Conduct~~Hearing Committee when the person or firm 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, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 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 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. FUTURES TRADING CONDUCT HEARING COMMITTEE: APPOINTMENT OF ALTERNATES.

If the ~~Futures Trading Conduct~~ 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 ~~Futures Trading Conduct~~ Hearing Committee may request the President of the Corporation to appoint, and the President of the Corporation 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 who is not a member of the Board of Directors, ~~the Board of Arbitration or the Disciplinary Committee or the Business Conduct 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 ~~Futures Trading Conduct~~ 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 ~~Futures Trading Conduct~~ Hearing Committee. During the period that such ~~Futures Trading Conduct~~ Hearing Committee appointed with respect to a particular matter is functioning, the regular ~~Futures Trading Conduct~~ 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 ~~Futures Trading Conduct~~ Hearing Committee appointed with respect to a particular matter.

265.03. FUTURES TRADING CONDUCT HEARING COMMITTEE: DUTIES AND POWERS.

The ~~Futures Trading Conduct~~ Hearing Committee shall be charged with the following duty and authority:

- A. ~~To conduct a hearing as authorized pursuant to Chapter 6. To maintain the highest standards of futures trading conduct by observing and guiding futures and options trading methods in this market, both as regards Exchange Rules and Federal Law.~~
- 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. To review all investigation reports submitted by the Department of Audits and Investigations in respect to all matters relating to futures and options trading conducted under the jurisdiction of the Corporation except such reports as are required by Rule 264.03. of this Chapter to be reviewed by the Business Conduct Committee.~~

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. To dismiss any or all charges included in any investigation report submitted to the Committee that are, in its opinion, without reasonable foundation in fact, or, in the alternative, to conduct a hearing on such matters as are appropriate to be heard by the Futures Trading Conduct Committee. In such instances the Futures Trading Conduct Committee will become a Hearing Committee.~~

E.D. In hearings conducted by the Futures Trading Conduct ~~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 if determines including, but not limited to,~~ issue 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). ~~Any suspension of thirty (30) days or more, or any fine of ten thousand dollars (\$10,000) or more shall be subject to ratification by the Board of Directors. The Board of Directors may, at its discretion, entertain an appeal based on the record of the hearing.~~

E.E. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.

E.F. To summon any Member, Non-member, and/or Market Participant to appear before the Hearing Committee. ~~in its investigation of matters pertaining to futures and options trading.~~

~~H. To demand that futures and options trading cards and other pertinent records be presented in evidence to the Committee at any duly authorized investigation.~~

~~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 Futures Trading Conduct ~~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, firm or corporation, or any other confidential information that may come to the knowledge of such Hearing Committee member in the member's official capacity.

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 describes how and when the conflict of interest will be determined. Additional and broader conflicts of interest provisions apply to the Business Conduct ~~Disciplinary~~ Committee and the Futures Trading Conduct ~~Hearing~~ Committee. (See **Rules 264.01. and 265.01.**)

350.05. REGISTRATION OF FIRMS AND CORPORATIONS: CANCELLATION OF.

The registration of a Firm or Corporation shall be canceled by the Board of Directors:

A. Upon the cessation of Membership in this Corporation for any reason.

PROVIDED, however, that in such cases the cancellation may be delayed, for such length of time as is reasonable in order to allow reregistration of such Firm or Corporation;

B. Upon such Member ceasing to be a member of such Firm or an officer of such Corporation, as defined by **Rule 350.02.B.**;

C. Upon the written request of such Firm or Corporation;

D. Upon the termination of the legal existence of such Firm or Corporation;

E. Whenever the Board of Directors at a meeting held not fewer than ten (10) days after notice of the time, place and purpose has been served on such Firm or Corporation, and at which such Firm or Corporation shall have had full opportunity to be heard, shall find by an affirmative vote of not fewer than ~~seventy~~ (79) Directors that the provisions of the Rules are not being complied with, and that such Firm or Corporation, after notice thereof, has failed or refused within a reasonable time to comply with such provisions.

The registration of a Firm or Corporation shall be suspended automatically and without action by the Board of Directors during such time as the Member who registered his Membership for the Firm or Corporation is under suspension.

PROVIDED, however, that the registration of a Firm or Corporation shall not be canceled if such Firm or Corporation is a party to any unsettled controversy before the Board of Arbitration or if any investigations or charges involving such Firm or Corporation are pending before the Department of Audits and Investigations, the ~~Futures Trading Conduct~~ Disciplinary Committee, the ~~Business Conduct hearing~~ Committee, or the Board of Directors, or if any orders of the ~~Disciplinary Committee or the Business Conduct hearing~~ Committee to such Firm or Corporation have not been complied with.

PROVIDED FURTHER, that when cancellation of the registration of a Firm or Corporation has been requested, the Board of Directors may, at its discretion, suspend the trading privileges, if any, of such Firm or Corporation until further action by the Board.

600.00. ENFORCEMENT OF RULES AND PUNISHMENT FOR VIOLATIONS.

It shall be the duty of the Board of Directors to enforce compliance with the MGEX Rules and Regulations, ~~customs and usages of the Corporation,~~ and the prohibitions therein contained.

Enforcement shall be delegated to, and carried out by, the ~~Business Conduct~~ Disciplinary Committee, the ~~Futures Trading Conduct hearing~~ Committee or any member of the Exchange Room Enforcement Committee in accordance with ~~Rules 254.03, 252.03., 255.03. and 256.00~~ **Rules 254.03, 252.03., 255.03. and 256.00** ~~59.04.~~

Parties who have requested a hearing and are found guilty by the Futures Trading Conduct Committee or the Business Conduct Hearing Committee as described in Chapter 6 shall be subject to such penalties as the Hearing Committee shall determine. Penalties calling for suspension for thirty (30) days or longer, or monetary fines of \$10,000 or more, shall be subject to ratification by the Board of Directors. Appeals may be heard by the Board of Directors, at its discretion, based on the record of the Committee hearings. (See **Rules 252.03**, and **253.03**, and **Regulations 2004.01**, and **2004.02**.)

602.00. INVESTIGATIONS: WHEN REQUIRED.

It shall be the duty of the Board of Directors in case any offense committed by any Member, Market Participant, or Registered Firm, or Corporation, against the good name and dignity of the Corporation, or any serious violation of the MGEX Rules and Regulations, customs and usages of this Corporation, shall come to its knowledge by public rumor, report or complaint, or otherwise, to refer such matter to the Business Conduct Disciplinary Committee for a investigation determination on whether a reasonable basis exists for finding a violation, and appropriate action, save for such matters that, as provided in **Rule 253.00**, should be referred to the Futures Trading Conduct Committee.

It shall be the duty of the Board of Directors to inquire into matters affecting the welfare of the Corporation and to report upon the same to the Corporation, together with such recommendations as may be deemed advisable.

The Board of Directors shall have general supervision over the Business Conduct of any Members, Market Participants, and or Registered Firms and or Corporations insofar as such conduct affects: (a) non-member customers and the public at large, (b) the State and Federal Governments, (c) public opinion and the good name of this Corporation. The Board of Directors may refer reports of improper business conduct to the Business Conduct Committee or the Futures Trading Conduct Disciplinary Committee, as appropriate, to conduct a formal investigation, and if, as a result of such an investigation and a subsequent hearing by the Board or the designated Committee at which the parties concerned shall have had notice and an opportunity to be heard, if it is found that a particular course of conduct is, or thereafter would be, unfair or unjust or in violation of law or would impair the good name of the Corporation, all parties concerned shall be notified in writing of the conclusions and directed to cease and desist from such conduct. Failure to comply with such orders shall be deemed and held to be Uncommercial Conduct.

The Board may, at its discretion, hear appeals from such orders issued by a Committee as outlined above.

603.00. BUSINESS CONDUCT DISCIPLINARY COMMITTEE: APPEARANCE BEFORE INVESTIGATION.

If the Disciplinary Committee finds that a violation exists, any affected Members, Non-member, Market Participant, or Registered Firms or Corporations shall receive Notice of Charges and an opportunity to request a hearing by the Hearing Committee. Such Notice of Charges shall include:

- A. The acts, conduct, or practices in which the affected parties are alleged to have engaged.

B. The MGEX Rules and Regulations alleged to have been violated.

C. The period within which a hearing on the charges may be requested.

D. The right to a hearing on said charges and a right to be represented at said hearing.

The Disciplinary Committee shall also provide the affected parties with a reasonable time to file an answer to the charge(s). Failure to answer or deny expressly a charge may be deemed to be an admission of such charge. Failure to request a hearing within a period set forth in the Notice of Charges, may be deemed a waiver of the right to a hearing.

The affected parties may submit a written offer of settlement at any time after the Disciplinary Committee completes its investigation report. The Disciplinary Committee may accept the offer of settlement, but may not alter the terms of the offer unless the affected parties agree. The Disciplinary Committee may accept a penalty without the affected parties admission or denial of the alleged MGEX Rules and Regulations violations. If the Disciplinary Committee accepts the offer of settlement, the acceptance must be in writing specifying the alleged rule violations, the basis or reasons for the Disciplinary Committee's conclusions and any penalty to be imposed. The Disciplinary Committee may delegate some or all of the settlement authority.

~~under investigation by the Business Conduct Committee, shall be served with a notice of the nature of the investigation and of the time and place for the hearing thereon; and they may appear before the Business Conduct Committee, to offer such evidence, testimony and argument in refutation, explanation, avoidance, justification or defense as they may wish.~~

~~The Committee may issue notices or citations requiring any Member or Registered Firm or Corporation to appear before it and answer any question that is proper and pertinent to the matter under consideration and to submit to it for examination any of his or its books, papers, records or documents that are pertinent to the matter under consideration. No testimony shall be admitted that, in the opinion of the Committee, is irrelevant to the case in hearing.~~

605.00. HEARING COMMITTEE: APPEARANCE BEFORE. CHARGES: HEARING BY BOARD OF DIRECTORS OR BY HEARING COMMITTEE.

If the Disciplinary Committee issues Notice of Charges to any Member, Non-member, Market Participant, or Registered Firm or Corporation, the affected parties may request a hearing conducted by the Hearing Committee. At said hearing, the affected parties have a right to be present at the hearing, to be represented by counsel of their choice and may offer such evidence, testimony and argument in refutation, explanation, avoidance, justification or defense as they may wish.

~~If the Business Conduct Committee or the Futures Trading Conduct Committee determines that, in its opinion, reasonable grounds exist for holding a hearing upon any of the charges presented to it by the Department of Audits and Investigations the Committee shall proceed to a hearing thereon as hereinafter provided and, in such matters, shall be known as a Hearing Committee.~~

The Hearing Committee may issue notices or citations requiring any Member, Non-member, Market Participant, or Registered Firm or Corporation to appear before it and answer any question that is proper and pertinent to the matter under consideration and to submit to it for examination any of his or its books, papers, records or documents that are pertinent to the matter under consideration. No testimony shall be admitted that, in the opinion of the Hearing

Committee, is irrelevant to the case in hearing. A copy of the hearing must be made and be part of the proceeding.

If the Hearing Committee finds that the affected parties are not guilty of the alleged charge(s), the Hearing Committee shall dismiss the charge(s) and shall notify the affected parties in writing of its findings and conclusions.

If the Hearing Committee finds that affected parties are guilty of the alleged charge(s), the Hearing Committee shall notify the affected parties in writing of its findings and conclusions pursuant to Rule 615.00.

~~Findings and conclusions of the Business Conduct hearing Committee in respect to price manipulations or corners are final, subject only to appeal to the Board of Directors as provided in Rule 252.03. Such appeal shall be reported to the Board of Directors immediately for a prompt hearing on same.~~

~~The Board of Directors may, at its discretion, entertain an appeal of the findings and any penalty assessed by a Hearing Committee in connection with any hearing on charges of Rule violations, such appeal to be based on a record of the hearing. Any penalty calling for a suspension for thirty (30) days or more, or a fine of ten thousand dollars (\$10,000) or more must be ratified by the Board of Directors.~~

606.00. HEARING ON CHARGES: QUALIFICATIONS OF DIRECTORS OR MEMBERS OF DISCIPLINARY COMMITTEE OR HEARING COMMITTEES TO SERVE.

No member of the Board of Directors, the Disciplinary Committee or ~~a~~ Hearing Committee shall serve or act as a member of such Board, Disciplinary Committee or Hearing Committee in hearing or deciding charges against a Member, Non-member, Market Participant, or Registered Firm or Corporation, (or in determining or ratifying any penalty in connection therewith) if such Director, Disciplinary Committee Member or Hearing Committee Member has any financial, personal or prejudicial interest or concern in the result of such hearing or is a business partner, officer, director, stockholder, employer or employee of any party so interested. The other members of the Board, Disciplinary Committee or Hearing Committee shall determine whether any Director, Disciplinary Committee Member or Hearing Committee Member has such an interest or concern.

607.00. HEARING ON CHARGES: TIME AND PLACE OF.

The time and place of any hearing by the ~~Board of Directors or a~~ Hearing Committee required by ~~Rule 605.00.~~ shall be set by the ~~Board or the~~ Hearing Committee. Such hearing may be held at any regular, special or adjourned meeting of the Board or the Hearing Committee not fewer than six (6) days (or in the case of a Member, Non-member, Market Participant, and/or Registered Firm or Corporation having no place of business or residence in Minneapolis, fifteen (15) days), after the accused Member, Non-member, Market Participant, and/or Registered Firm or Corporation shall have been served with written notice of the time and place of hearing. Such notice shall also state:

- A. The acts, practices or conduct that form the basis for the charge or charges

- B. Each MGEX Rule or Regulation of the Corporation alleged to have been violated (or about to be violated)
- C. The predetermined penalty, if any, provided in respect to such violation or violations
- D. The accused Member, Non-member, Market Participant, and/or Registered Firm or Corporation has the right to attend and participate in the hearing.

610.00. HEARING OF CHARGES: PROCEDURE.

The ~~Board of Directors or a~~ Hearing Committee may issue notices or citations requiring any Member, Non-member, Market Participant, or Registered Firm or Corporation to appear before the ~~Board or Hearing~~ Committee and to answer any question that is proper and pertinent to the matter being heard and to submit to it for examination any of his or its books, papers, records or documents that are pertinent to such matter. The ~~Board or Hearing~~ Committee shall make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant. The statements and testimony of all witnesses shall be made under oath. The Department of Audits and Investigations shall be a party to the hearing and shall present its case on those charges and penalties that are the subject of the hearing. Evidence and testimony which is material and relevant to the matter under consideration shall be received by the ~~Board or Hearing~~ Committee. The ~~Board or Hearing~~ Committee may, in its discretion, examine witnesses separately and may exclude other witnesses from the hearing room until it becomes their turn to testify. Should the accused fail to appear at any such hearing, and the ~~Board or Hearing~~ Committee shall find that service has been duly made upon him, the ~~Board or Hearing~~ Committee may proceed with the hearing in his absence and may make such determination as it deems proper upon the charges and the evidence before it. The ~~Board or Hearing~~ Committee may summarily impose an appropriate penalty upon any person within its jurisdiction whose actions impede the progress of a hearing.

Should any hearing require more than one session, the ~~Board or Hearing~~ Committee may adjourn from time to time, as in its discretion it may deem necessary or proper; PROVIDED, however, that no ~~Director or member of the~~ Hearing Committee shall be competent to vote upon the guilt or innocence or fine, censure, suspension or expulsion of any Member under the provisions of this Rule unless he has attended all sessions of the ~~Board or Hearing~~ Committee at which evidence relative to such matter has been considered or has read the record of proceedings had at all such meetings he has failed to attend.

613.00. PUNISHMENT/PENALTY: IMPOSITION OF.

If, after a fair hearing as provided in this Chapter, the ~~Board of Directors or a~~ Hearing Committee sustains the penalty and charges in whole or in part, the ~~Board or the~~ Hearing Committee may also punish/penalize the accused by fine, censure, suspension or expulsion (or by two or more of such penalties) as, in its opinion, is warranted by the nature and gravity of the offense found to have been committed; PROVIDED, however, that the punishment/penalty imposed for the violation of a MGEX Rule or Regulation that contains a specific limitation or requirement with respect to punishment/penalty shall be in accordance with the provision of such Rule or Regulation, and PROVIDED further, that any penalty imposed by a Hearing Committee, rather than the Board of Directors, calling for a suspension for thirty (30) days or more, or a fine of ten thousand dollars (\$10,000) or more, or expulsion, is subject to ratification by the Board of Directors, based on a review of the record of the hearing.

~~An affirmative vote by a majority of a quorum at a meeting of the Board of Directors or a Hearing Committee shall be sufficient to fine or censure or suspend for not more than twenty-nine (29) days, but in order to suspend for thirty (30) days or more or expel, an affirmative vote must be cast by at least seven (7) Directors and by two thirds (2/3) of the quorum present or in the case of the Business Conduct Committee or the Futures Conduct Committee, all penalties shall require a majority of the Committee present save for expulsion, which shall require an affirmative vote of two thirds (2/3) of the quorum present, and a ratifying vote of at least seven (7) Directors and two thirds (2/3) of the quorum present at the meeting of the Board of Directors at which this matter is heard.~~

614.00. PUNISHMENT BY SUSPENSION.

~~The Board of Directors or a Hearing Committee shall have the power in case of the imposition of any sentence of suspension to impose such conditions of reinstatement as in its discretion it may deem appropriate. Except as so provided, all punishment by suspension shall be for a definite term, and, unless conditions of reinstatement have been imposed, the offender, upon the expiration of the term of his suspension, shall be reinstated automatically to the rights and privileges of membership without action by the Board or the Hearing Committee.~~

615.00. DETERMINATIONS OF THE BOARD OR HEARING COMMITTEE: RECORD AND NOTICE OF.

~~Promptly following any hearing conducted pursuant to this Chapter, the Board of Directors or the Hearing Committee shall render a written decision upon the weight of the evidence contained in the record of the proceeding, and the Secretary shall serve a copy of such decision upon the accused. Such decision shall include:~~

- ~~A. The notice of charges or a summary of the charges and the answer, if any, or a summary of the answer filed by the accused.~~
- ~~B. A brief summary of the evidence produced at the hearing or, where appropriate, incorporation by reference to the investigation report of the Department of Audits and Investigations.~~
- ~~C. A statement of findings and conclusions with respect to each charge, including the specific MGEX Rules or Regulations that the accused is found to have violated.~~
- ~~D. A declaration of any penalty imposed and the effective date of such penalty.~~

~~Such decision of the Board Hearing Committee shall be final, and there shall be no appeal therefrom. All decisions of a Hearing Committee shall be subject to appeal to the Board of Directors at the discretion of the Board, based on the record of the hearing. All punishments calling for a fine of ten thousand dollars (\$10,000) or more, or a suspension of thirty (30) days or more, or expulsion, require ratification by the Board of Directors. Notifications or punishments requiring ratification by the Board of Directors will be withheld until ratified.~~

~~Notice of the punishment of a penalty assessed to a Member, Non-member, Market Participant, and/or Registered Firm or Corporation shall be given to Members, posted upon the Official Bulletin Board, and a copy forwarded to the Commodity Futures Trading Commission.~~

718.00. "TRANSFER" OR "OFFICE" TRADES: DEFINITIONS.

"Transfer" trades and "Office" trades shall be limited to the following transactions:

- A. Transactions made for the purpose of (1) transferring open Futures or Options Contracts from one account to another on the books of the same Clearing Member or Registered Firm or Corporation, where no change in ownership is involved; or (2) transferring open Futures or Options Contracts from an account on the books of one Clearing Member or Registered Firm or Corporation to another Clearing Member where no change of ownership is involved; **PROVIDED**, however, that no such transfer shall be made after receipt from the Clearing House Exchange of a delivery Notice on such contracts if such transfer is for the apparent purpose of avoiding delivery on such contract;
- B. Transactions consisting of the exchange or transfer of Futures Contracts in connection with cash commodity transactions or transactions consisting of the exchange of Futures for cash commodities.
- C. Transactions consisting of the exchange or transfer of Futures Contracts in connection with risk transactions or transactions consisting of the exchange of Futures for risks.

All records and memoranda pertaining to "Transfer" and "Office" trades shall be marked or identified by appropriate symbols or designations. All "Office" trades, where such trades remain on the books of one and the same Clearing Member and where no change in ownership is involved, may or may not be cleared at the discretion of the Clearing Member. All "Transfer" trades, which involve two Clearing Members ~~in~~ in which no change of ownership is involved, shall be included and identified in daily reports to the Clearing House Exchange. "Transfer" trades involving the transfer of a customer's positions and related collateral from an account on the books of one Clearing Member to another Clearing Member shall not require the close-out and re-booking of the positions prior to the requested transfer; PROVIDED, the following conditions are met: (1) The customer instructed the carrying Clearing Member to make the transfer, and (2) the receiving Clearing Member has consented to the transfer.

753.00. BROKERS' LIABILITIES ON LIMIT ORDERS.

A Floor Broker shall not be liable for failure to execute a Limit Order unless the Broker is found to be negligent. In the case of a dispute regarding any unfilled Limit Order, the Futures Trading Conduct Disciplinary Committee is authorized to determine whether an adjustment is due a customer. No adjustment on any unfilled order shall be allowed if the Broker has not been found negligent by the Futures Trading Conduct Disciplinary Committee.

2004.01. EXCHANGE ROOM ENFORCEMENT.

Pursuant to the provisions of **Rules 235.00., 264.03., ~~265.03.~~, 266.00.** and **600.00.**, the Board of Directors has adopted this Regulation:

Members of the Exchange Room Enforcement Committee are directed by the Board of Directors to enforce all Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, disorderly conduct, vulgar or abusive language and any other conduct or

activity determined by the Exchange or Board of Directors to be detrimental to a professional business environment while in the Exchange Room. Upon observation of an infraction/violation, a member of the Exchange Room Enforcement Committee will issue and sign a violation ticket. All violation tickets must be submitted to the Secretary of the Corporation promptly upon issuance.

The Secretary of the Corporation shall thereafter immediately forward the completed violation ticket to the Department of Audits and Investigations. The Department of Audits and Investigations will give written notification to the violator of the infraction/violation and action taken, if any.

The notice shall inform the Member or Floor Clerk of the right to request a hearing before the Business Conduct Hearing Committee and the consequences of a failure to pay the fine if no hearing is requested. If a hearing is requested, the decision of the Business Conduct Hearing Committee shall be final.

Failure to request a hearing shall be deemed a consent to the action taken. Unless a hearing is requested within ten (10) calendar days, failure to pay a fine within thirty (30) days after the penalty is imposed shall automatically double the amount of the fine. If the increased fine is not paid within sixty (60) days after the original fine was imposed, the Business Conduct Disciplinary Committee may, without hearing, revoke the badge or suspend the floor privileges of a Member or Floor Clerk for whose conduct the original fine was imposed.

Members, and Registered Firms and Corporations will be responsible for fines given to their employee(s). Following is a schedule of penalties the Board of Directors has authorized the Department of Audits and Investigations or the Business Conduct Disciplinary Committee to issue:

First Violation:	Letter of Reprimand
Second Violation:	\$25.00 Fine
Third Violation:	\$100.00 Fine
Fourth Violation:	\$300.00 Fine
Fifth Violation:	\$500.00 Fine and/or One (1) Day Suspension

Each violation ticket written shall constitute a single violation and the number of violations accumulated will determine the action taken. If a Member or Floor Clerk is free of any violations for a period of two (2) years, the fine schedule will revert back to a first violation.

Any violation/infraction may be forwarded by the Department of Audits and Investigations to a hearing the Disciplinary Committee for further review or action. Additionally, nothing in this Regulation shall prohibit further action from being taken against a Member or Floor Clerk for a violation of any other Rule or Regulation.

2004.02. PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT AND/OR OUTBURST OF VULGAR AND ABUSIVE LANGUAGE IN THE EXCHANGE ROOM.

Pursuant to the provisions of Rules 235.00, and 264.03, and 265.03, the Board of Directors has adopted the following Regulation:

Boisterous or disorderly conduct and/or outburst of vulgar and abusive language in the

Exchange Room is strictly prohibited. Any Member, Registered Firm, Corporation, Floor Clerk, Messenger, Exchange staff or member of the Exchange Room Enforcement Committee can file a complaint, in writing, with the Secretary of the Corporation.

The Secretary, upon receiving a complaint, shall immediately forward the complaint to the Department of Audits and Investigations for investigation. After an investigation, the Department of Audits and Investigations may forward the investigation to the appropriate Disciplinary Committee. After reviewing the investigation report, the Disciplinary Committee may issue a Notice of Charges to the Member, ~~and/or Member~~ Registered Firm or Corporation, Floor Clerk or Messenger including the right to request a hearing before the Hearing Committee and the consequences of failure to pay any fine if no hearing is requested. The first infraction of this Regulation involving physical contact or abusive or derogatory language is punishable by a monetary fine up to five hundred dollars (\$500.00). If a second infraction occurs within two (2) years of the first infraction, the penalty may include suspension up to a period of two (2) weeks and/or a monetary fine set by the Disciplinary Committee. Members and Registered Firms or Corporations will be responsible for fines given to their employee(s).

~~If a second infraction occurs within (2) years of the first infraction, a recommendation will be forwarded by the Business Conduct Committee to the Board of Directors that the individual involved be suspended up to a period of two (2) weeks with the monetary fine to be set at the recommendation of the Board. Members, Firms or Corporations will be responsible for fines given to their employee(s).~~

RESOLUTION 2101.00.C. (only the applicable provisions provided)

All give-up trades properly received in accordance with **Regulation 2106.00.** by the carrying Clearing Member by 2:15 p.m. and not accepted by the carrying Clearing Member by 3:00 p.m. shall result in the following fines:

First offense \$1,000

Second offense \$2,000

Third offense as determined by the Exchange. ~~Business Conduct Committee~~

Amended by the Board of Directors November 11, 2004, effective January 4, 2005.