



Via Electronic Mail

July 15, 2013  
MGEX Submission No. 13-12

Ms. Melissa Jurgens  
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 Regulation 40.6(a); Updates to MGEX Rulebook**

Dear Ms. Jurgens:

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 amendments of the attached Definitions, Rules, Regulations and Resolutions of the MGEX Rules and Regulations comply with the CEAct and the Commission regulations promulgated 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>.

**I. Amendments to Update Chapter 3 and Related Rules, Regulations and Resolutions**

The amendments to Chapter 3 and related MGEX Rules, Regulations, and Resolutions include updates to clarify Membership practices and procedures, incorporate current Rulebook language, remove obsolete Rules and Regulations, and make general housekeeping changes.

**II. Amendments to Incorporate Defined Terms**

MGEX added definitions of Futures Commission Merchant (“FCM”) and Introducing Broker (“IB”) to Chapter 1 of the Rulebook, thereby alleviating the need for the terms to be defined within the text of other MGEX Rules and Regulations. In addition, Regulations 2086.00. and 2087.00. were amended to specify which entities need to file financial reports with the Exchange.

**III. Amendments to Update Chapter 7**

Various Rules in Chapter 7 and Rule 263.00., as well as Regulations 2015.00. and 2018.00., were amended to clarify and better reflect current practices and to remove provisions related to the Quotations Committee, which is no longer needed. The amendments also clarified certain Rules in Chapter 7 that only apply to open outcry activities.

#### **IV. Amendments in Connection with General Updates and Housekeeping**

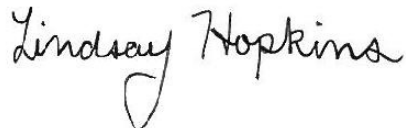
In order to update the language and ensure all required trade data is submitted, MGEX amended Regulation 2100.00. The amendment to and addition of Regulations 2107.00. and 2090.01., respectively, were made to give the Exchange sufficient discretion with respect to financial emergencies. The remaining Definitions, Rules, Regulations, and Resolutions were amended or removed to make general updates and housekeeping changes so that the Rulebook is clear, accurate and reflects current practices.

The Exchange has reviewed the core principles for designated contract markets (“DCM Core Principles”) and has determined that the attached amendments comply with the requirements of DCM Core Principle 7, Availability of General Information, in that the Exchange is ensuring the information regarding the rules, regulations and procedures of the Exchange are accurate, complete and current.

Pursuant to the authority set forth in MGEX Rule 210.01., the MGEX Board of Directors unanimously approved the attached amendments to the MGEX Rules and Regulations. There were no substantive opposing views expressed by the Board of Directors, nor is the Exchange aware of any substantive opposing views with respect to this filing. Additionally and as required by MGEX rule, MGEX ownership voted and approved the amendments to the following respective Definitions and Rules: Broker; Bulletin Board; Commission Merchant; Exchange Room; Futures Commission Merchant or FCM; Introducing Broker or IB; National Futures Association or NFA; 200.00.; 235.00.; 252.00.; 254.00.; 263.00.; 283.00.; 300.00.; 301.00.; 302.00.; 302.01.; 303.00.; 303.01.; 304.00.; 305.00.; 310.00.; 310.01.; 312.00.; 320.00.; 321.01.; 321.02.; 321.03.; 322.00.; 323.00.; 330.00.; 330.01.; 330.02.; 330.03.; 330.04.; 330.05.; 335.00.; 336.00.; 336.01.; 337.00.; 338.00.; 339.00.; 340.00.; 360.00.; 361.00.; 362.00.; 363.00.; 364.00.; 365.00.; 366.00.; 367.00.; 368.00.; 369.00.; 370.00.; 371.00.; 372.00.; 373.00.; 374.00.; 704.00.; 714.00.; 717.00.; 725.01.; 726.00.; 728.00.; 728.01.; 731.00.; 743.00.; 750.00.; 751.00.; 752.00.; 753.00.; 754.00.; 762.00.; 775.00.; 780.00.; 1137.00.; 1803.00.; 7405.00.; 7411.00.; 7605.00.; 7611.00.; 7805.00.; 7811.00.; 8005.00.; 8011.00.; 8205.00. and 8211.00.

The attached amendments are to be effective immediately after the 10<sup>th</sup> business day following the date of this submission. If there are any questions regarding this submission, please contact me at (612) 321-7143. Thank you for your attention to this matter.

Sincerely,



Lindsay R. Hopkins  
Associate Corporate Counsel

Enclosures

cc: Thomas J. Bloom

## EXHIBIT A

The following MGEX Definitions, Rules, Regulations and Resolutions are to be amended. Additions are underlined while deletions are ~~marked through~~.

**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](http://www.mgex.com), ~~whereupon which~~ notices are customarily posted.

**COMMISSION MERCHANT:** A Person~~Member, or a Registered Firm or Corporation~~, 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.

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

**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.

**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.

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

### **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) Directors, who are Members of the Corporation, 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) Directors, who are Members of the Corporation, shall be elected for terms of two (2) years each, so that said Directors, who are Members of the Corporation, shall at all times total seven (7) in number. See **Rule 372.00.N**.

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 and after the newly elected Directors who are Members of the Corporation are qualified, the Board of Directors shall elect annually, ~~by secret ballot~~, a Chairperson, a First Vice Chairperson and a Second Vice Chairperson. The election of the Officers shall be under the supervision of the Senior Director. No Director may serve more than three (3) consecutive one year (1) terms as Chairperson.

After each Annual Election or to fill vacancies, the Chairperson and President shall nominate persons for the position of Public Director. Such nominees may then be elected to the Board of Directors by the seven (7) members of the Board, who are Members of the Corporation. Each Director thus elected by the Board shall serve through the second Thursday of October. There shall be a total of four (4) Public Directors.

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

Except as permitted by the ~~Board of Directors~~Exchange, no one except Members in Good Standing (or holders of ~~s~~Substitute ~~t~~Tickets) may be admitted to the Exchange Room ~~during the Hours of Trading.~~

The ~~Board of Directors~~Exchange may grant admission to the Exchange Room ~~during the Hours of Trading to Messengers,~~ Floor Clerks, visitors and other persons, subject to such restrictions, regulations and limitations as the ~~Board of Directors~~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 ~~Messenger,~~ 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 ~~the Grain Exchange~~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 upon the complaint, in writing, of any Member of ~~the Corporation~~MGEX.

#### **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, and recommend actions to the Board.
- B. Recommend changes to any guidelines, policies or procedures of the Corporation, 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. However, reallocation of more than ten (10) percent of the annual budget shall require approval from the Finance Committee.
- 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, 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.
- F. ~~Announce,~~ ~~e~~Extend or delay the opening of river or lake navigation.
- G. Prescribe and approve the forms required by 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.

#### ~~254.00. MEMBERSHIP COMMITTEE.~~

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

~~The Committee shall have the duties and powers to:~~

- ~~A. Call an applicant to appear before the Committee to determine whether or not such applicant is reputable.~~
- ~~B. Review and recommend to the Board of Directors Rules and Regulations governing the application process and the qualifications for membership.~~

~~The Chairperson shall examine Applications for Membership and make recommendations to the Board of Directors or Executive Committee on applicants for membership.~~

#### ~~263.00. QUOTATIONS COMMITTEE.~~

~~There shall be established a Committee of the Corporation to be known as the Quotations Committee. It shall be composed of a minimum of eleven (11) Members of the Corporation. Each contract shall be represented on the Committee.~~

~~The Committee shall have the duties and powers to:~~

- ~~A. Establish nonpermanent subcommittees, or otherwise organize itself as necessary, in order to address the reporting needs of each contract or~~

~~trading pit. Such subcommittees shall be composed of members of the Quotations Committee.~~

- ~~A. Review and recommend Regulations governing procedures for execution and reporting of trades, quotation changes, settlements and fast markets.~~
- ~~B. Assemble, without formal notice, to approve or declare a fast market or quotation change. Such authority may be delegated to one (1) or more subcommittees.~~
- ~~C. Assemble, without formal notice, when a technical problem exists which may cause or is causing interruption of trading and choose from pre-approved Board of Directors procedures.~~

### **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.

### **300.00. MEMBERSHIP: ~~PERSONS~~ INDIVIDUALS ELIGIBLE.**

Any ~~person~~ adult of legal age, as defined in Minnesota Statutes §645.451 subd. 6, whose character, credit and reputation for fair dealing are such as to satisfy ~~the Membership Committee and~~ the Board of Directors shall be eligible to become Record Holder of a Membership, and that the applicant will be a suitable person to entrust with the privileges and responsibilities thereof. ~~Membership, and only such persons, shall be eligible to Membership in this Corporation.~~

### **301.00. MEMBERSHIP: ADMISSION TO.**

If the terms and conditions set forth below have been complied with, the Board of Directors may ~~elect an eligible~~ approve an applicant application to for Membership ~~by a majority vote; but, in no event fewer than seven (7) affirmative votes:~~

- A. An aApplication for Membership must have been made;

- B. The aApplication must be reviewed by ~~an Officer of the Corporation~~Exchange. The ~~Membership Committee~~Exchange may, at its discretion, require any applicant to produce additional documentation and/or meet in person ~~appear before it~~ prior to any action by the Board of Directors; ~~Attention is directed to Rule 302.01. regarding the approval required for Application for Membership from Persons who have previously been expelled from the Corporation.~~
- C. ~~Notice that such Application has been received must have been given to Members and/or Owners at least five (5) days before action thereon by the Board of Directors, and a~~A copy of such ApplicationRequest 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 ~~election approval~~ of such applicant to Membership has been duly filed by a Member ~~and/or Owner of the Corporation~~MGEX, it must have been heard by the Board of Directors and dismissed;
- E. All the requirements of ~~the~~ MGEX 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 360.00**.
- F. An application fee shall be collected by the ~~Corporation~~Exchange at the time of the aApplication. This fee, in an amount to be determined by the ~~Board of Directors~~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~~Upon approval by the Board of Directors,~~ 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 ~~he the applicant~~ will be bound by, ~~the Charter, Rules, Regulations, customs and usages of the Corporation~~ MGEX Rules and Regulations and all amendments and additions ~~to such~~thereto ~~Charter, Rules and Regulations subsequently adopted~~, and that such agreement shall be binding on ~~him the applicant~~ and ~~his~~ its heirs, executors, administrators, successors, and assigns. Said aApplication shall be in such form, and accompanied by such information and statements, as the ~~Board of Directors~~Exchange shall prescribe. Such aApplication shall be signed by the applicant.

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

If an aApplication for Membership has been received from an individual~~person~~ who previously had been expelled from MGEX Membership ~~in this Corporation~~, the Chairman of the ~~Membership Committee~~Board of Directors shall call and preside at a meeting of the ~~Committee~~

~~Board of Directors. at which four (4) persons shall constitute a quorum for the transaction of business.~~ The aApplication shall be considered and voted upon and shall be approved by the ~~Committee~~ 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 ~~and upon the order of the Board of Directors or a duly authorized officer or committee, and not otherwise,~~ the ~~Secretary~~ Exchange shall transfer a Membership upon the books of ~~the Corporation~~ MGEX.

- A. The transferee's ~~must have been elected~~ application to for Membership must have been approved or the transferee must be a Member in Good Standing;
- B. A request ~~to for~~ transfer of the Membership, on a form as prescribed by the ~~Board of Directors~~ 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 ~~Secretary~~ Exchange;
- C. All of the requirements of ~~the~~ MGEX Rules and Regulations for recording the ownership of the Membership must have been complied with;
- D. Notice ~~that of a the r~~ Request for transfer of a Membership ~~has been received must have been given to Members and/or Owners at least five (5) days before the date of such transfer, and a copy of such Request~~ 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;  
~~The notice 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 ~~Board of Directors~~ Exchange must be paid and in all cases the ~~buyer~~ transferee pays the transfer fee.
- G. In the event a Record Holder ~~the Ownership of a Membership is recorded in the name of a party other than the Member and the Member~~ desires to be relieved of the restrictions imposed by the provisions of ~~Rule Regulation 320.00~~ 2055.00, the ~~Owner of the Membership~~ Record Owner must upon request of the ~~Member~~ Record Holder transfer the Membership to another individual ~~Person~~; but

PROVIDED FURTHER, that, upon agreement by the ~~Member~~ 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 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 of Membership number shall be issued and the privileges conferred upon the former Member Record Holder shall terminate.

- H. In the event that a Member 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, aApplication for Membership must be made and the application/transfer fee paid.

### **303.01. SUSPENSION OF ~~TRADING 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 ~~trading~~ privileges to trade of the Member ~~and/or of any entity designated by the Membership, if appropriate,~~ until ~~the~~ further order ~~of the Board of Directors.~~

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

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

- A. Such oObjection shall be in writing in the form prescribed by the ~~Board of Directors~~ Exchange and must be filed with the ~~Secretary~~ Exchange, together with a statement of the amount of the claim for lien against the Membership upon which such oObjection is based, within ten (10) consecutive days after notice of the ~~r~~Request for ~~t~~Transfer of such Membership has been posted on the Official Bulletin Board;
- B. Failure to file an oObjection as provided in Section A. shall be deemed and held to constitute a waiver of the lien and the right to file the oObjection. A Membership subsequently transferred, and the oOwnership 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 oObjections that have been duly filed, together with a copy of the statement of the amount of the claims for liens upon which such oObjections were based, shall have been served upon the parties who requested the transfer of the Membership including the ~~Member and/or~~ Record Owner and/or Record Holder;
- D. If any oObjection has been duly filed, the Board of Directors shall hear all parties and determine the validity of the oObjection; and, if it is sustained, the ~~Application request~~ for ~~t~~Transfer shall be denied until such time as the

claim or claims upon which the oObjection was based have been settled.

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

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

In case any Membership shall have been transferred without the approval of the Exchange, or in violation of any of the provisions of ~~the MGEX Rules or 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 or committee, the ~~Secretary~~ Exchange shall record the oOwnership of a Membership upon the books of ~~the Corporation~~ 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, ~~free and clear of all liens and encumbrances;~~
- 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 oOwnership of a Membership must be duly executed with the ~~Secretary~~ Exchange immediately after purchase by the Person who or which is to be recorded as the Record Owner. The information needed to record the oOwnership shall be in such form and shall be accompanied by such facts and statements as the ~~Board of Directors~~ Exchange may require.
- D. ~~If~~ The Person who is to be recorded as the Record Owner must acknowledge that MGEX is not liable for, has incurred 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, there must have been filed with the Secretary an agreement, in such form as the Board of Directors shall have prescribed, by the party to whom the Owner has become indebted, subordinating any claim such party may have on account of such indebtedness to claims of the Corporation for assessments, liens or claims for liens against such Membership that may arise pursuant to the MGEX Rules and Regulations; (See Form 3-10.00(C), Page 7035.)

- 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 ~~that of a~~ Request to Record the Ownership of a Membership ~~has been received must have been given to Members at least five (5) days before the date of such recording, and a copy of such Request~~ 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 ~~or a designated committee~~ 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 ~~Member-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. ~~Any Buyer purchasing a Membership, who is not currently an Exchange Record Holder, must 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 ~~Buyer Record Owner~~ to sell the Membership in question on the open market. The ~~Buyer-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 ~~Buyer-Record Owner~~ must take the highest bid on file with the Membership Department. In accordance with ~~Exchange MGEX Rule 301.00. (F),~~ the Exchange will not refund the application fee. The ~~Buyer Record Owner~~ shall be responsible for any assessments or dues levied against ~~that the~~ Membership during the period in which the ~~Buyer-Record Owner~~ owns ~~said the~~ Membership. The ~~Buyer-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, bearing the signature of the President and of the Secretary, and the seal of the Corporation but, shall not be considered evidence concerning ownership of said Membership. ~~The sole official evidence of Ownership shall be the records of the MGEX Corporation. Certificates of Membership shall be in the form heretofore used.~~

~~A duplicate Certificate may be issued on the following terms and conditions:~~

- A. ~~In order to request a Certificate of Membership, a written request, as prescribed by the Exchange, a request for such duplicate certificate, accompanied by a fee of five dollars (\$5.00) as determined by the Exchange, must be made in writing by the Member Owner of the Membership 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 title ownership to of such Membership from the Member Owner.;~~  
In order to request a Certificate of Membership, a written request, as prescribed by the Exchange, a request for such duplicate certificate, accompanied by a fee of five dollars (\$5.00) as determined by the Exchange, must be made in writing by the Member Owner of the Membership 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 title ownership to of such Membership from the Member Owner.;
- B. ~~The Exchange may require An an affidavit, by from the party requesting the duplicate certificate Certificate of Membership, that he is unable to produce the Certificate of Membership but asserting that he or it the affiant is the sole and absolute Record Owner of the Membership, free and clear of all liens and encumbrances;~~  
The Exchange may require An an affidavit, by from the party requesting the duplicate certificate Certificate of Membership, that he is unable to produce the Certificate of Membership but asserting that he or it the affiant is the sole and absolute Record Owner of the Membership, free and clear of all liens and encumbrances;
- C. ~~An agreement, by the party requesting such duplicate certificate, that, in consideration of the issuing of the duplicate certificate, he or it will indemnify the Corporation and hold it harmless against all claims, demands or actions of any sort and all costs or expenses incidental thereto in which the Corporation may be involved or may incur because of the issuance of such duplicate certificate. The duplicate certificate shall be issued to the same Member and bear the same date as the original Certificate and a notation that it is a duplicate Certificate.~~  
An agreement, by the party requesting such duplicate certificate, that, in consideration of the issuing of the duplicate certificate, he or it will indemnify the Corporation and hold it harmless against all claims, demands or actions of any sort and all costs or expenses incidental thereto in which the Corporation may be involved or may incur because of the issuance of such duplicate certificate. The duplicate certificate shall be issued to the same Member and bear the same date as the original Certificate and a notation that it is a duplicate Certificate.

~~A Certificate of Membership shall be evidence that the Member was, on the date of issue, entitled to the privileges of Membership in this Corporation, but it shall not be considered evidence concerning the Ownership of the Membership involved.~~

#### 2055.00.320.00. **MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.**

A Member Record Holder whose Membership is owned by a Clearing Member, an entity having cash trading privileges, an FCM, or a Regular facility may act only in the name of or for the account of ~~the designated entity or another Affiliated Entity~~such entity, unless an authorized representative of such entity has provided a written release to ~~the Department of Audits and Investigations~~MGEX that the Member Record Holder can trade for his personal account. See Form 3-20.00. page 7053.

A Member Record Holder whose ability to act is limited by this Rule, may give up the name of a party as principal, other than the entity for which he is authorized to act, when making trades pursuant to **Rule 704.00.**

#### 2055.01.321.01. **MEMBERS: WHEN AUTHORIZATION TO TRADE IS NOT REQUIRED.**

Any Member who is the Record Owner of a Membership standing in his name may act in the capacity of a Broker by make-making trades or other transactions ~~on the Exchange~~ in the name of other parties having trading privileges that have the privilege to make trades in addition to making trades that are for his or its own account and risk. if and when, but only if and when:

~~A. Acting in the capacity of Broker; or~~

~~B. Making trades that are for his or its own account and risk.~~

The privileges conferred by this Rule shall apply only in connection with Futures and Options Contracts and shall not apply to cash sales and purchases.

### ~~321.02. BROKERS.~~

~~The term "Broker" as used in the Rules shall mean 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.~~

### ~~2055.02.321.03. ACTING AS A BROKER ON THE EXCHANGE.~~

The making of trades or transactions ~~on the Exchange in either Futures or Options~~ through open outcry or cash commodities in the capacity of a Broker shall be subject to the following conditions and restrictions:

A. The Broker must be either:

1. A ~~Member who is the~~ Record Owner of a Membership standing in his name ~~and~~ who has not designated the Membership to an entity and who is properly registered with NFA to act in the capacity of a Broker; or,
2. An entity that ~~owns its Memberships~~ is the Record Owner of a Membership and the Record Holder is properly registered with ~~the National Futures Association~~ NFA to act in the capacity of a Broker. ~~FOR CLARIFICATION REFER TO RULE 320.00. MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.~~

B. Any ~~Member or entity~~ Record Holder ~~acting on the Exchange~~ in the capacity of a Broker, must at the time of making each trade or transaction report the name of a principal who has authorized him to make the trade or transaction. ~~and, having done so, shall not thereafter be held responsible for the fulfillment of such trade or transaction or for the obligations imposed by Rule 1137.00.~~

~~PARAGRAPH B above does not apply to the sale of spot or consigned cars of grain.~~

### ~~322.00. FLOOR BROKER/FLOOR TRADER REGISTRATION REQUIRED.~~

~~No Member shall execute futures or options trades in the pit unless he is registered as a Floor Broker or Floor Trader with the National Futures Association as required by the Commodity Futures Trading Commission. See Regulation 2055.00.~~

### **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 MGEX Rules and~~ Regulations, ~~customs or usages of the Corporation~~, 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 ~~of the Corporation~~, 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 ~~in the Corporation~~ has become delinquent, the ~~Member~~ 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 Member Record Holder and/or Record Owner of the Membership involved, ~~and on any entity for which the Membership is designated.~~

#### **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 ~~Member~~ 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 ~~in the Corporation~~, and notice to that effect shall be posted on the Official Bulletin Board.

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

The Record Owner ~~of a Membership~~ shall be liable for duly levied assessments. ~~He~~ 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 ~~the Corporation~~ MGEX for such payments shall not be enforced against such Record Owner until the provisions of ~~the 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 ~~in the Corporation~~ has been delinquent for forty-five (45) days, past the posted due date, it shall be reported by the ~~Secretary~~ 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 ~~Corporation~~ Exchange, as provided in **Rule 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 ~~of a Membership~~ 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 CorporationExchange, 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, ~~Clearing Member, or entity having cash trading privileges~~ to whom or to which another Member, ~~Clearing Member, or entity having cash trading privileges~~ is indebted in connection with or as a result of any trade, that is subject to or governed by theMGEX Rules and, Regulations, ~~customs and usages of this Corporation~~ may file a lien to secure the payment of such indebtedness. The lien may be filed upon all MGEX Memberships ~~in the Corporation~~ of which the debtor is the Record Owner. ~~Also, in the event that such debtor is an entity designated by a Member, the lien may be filed upon the Membership owned by such entity.~~

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

Any Member, ~~Clearing Member, or entity having cash trading privileges~~ 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 SecretaryExchange.

Such claim shall be heard and determined in accordance with the provisions of **Rule 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 CorporationExchange under the provisions of **Rule 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 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 Member and/or Record Owner ~~of the Membership~~ involved, ~~any entity for which the Membership has been designated~~; given to Members; and posted on the Official Bulletin Board at least ten (10) days before such meeting.

Any other Member ~~or entity for which the Membership has been designated~~ 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 ~~Member and/or Record~~ Owner ~~of the Membership, and any entity for which the Membership has been designated~~, if they shall appear. The Board shall determine which claims are valid under the provisions of ~~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 ~~CORPORATION~~ EXCHANGE.**

If the Board of Directors shall have ordered the sale of an MGEX Membership ~~by the Corporation~~, 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 ~~Member and/or Record~~ Owner of the Membership, ~~and on any entity for which the Membership has been designated~~.

If the Membership is to be sold to satisfy delinquent assessments, the notice shall call attention to provisions of **Rule 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 361.00.** may, at its discretion, cause a bid or bids to be made for the Membership in the name of ~~the Corporation~~ 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 ~~Member and/or 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; ~~and failure to surrender the old Certificate for cancellation shall in no way affect such sale, or the title to the Membership to the new purchaser.~~

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

Any Member ~~or any entity for which the Membership has been designated~~ claiming under the provisions of ~~the~~ MGEX Rules and Regulations to have a lien against a Membership that is to be sold by the ~~Corporation~~ Exchange to satisfy delinquent assessments, must file a claim for such lien with the ~~Secretary~~ 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 ~~Member and/or Record~~ Owner of the Membership, ~~and on any entity for which the Membership has been designated.~~

### **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/or Owners~~ and posted on the Official Bulletin Board.

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

When and if a Membership has been sold by the ~~Corporation~~ 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 ~~Member and/or Record~~ Owner and/or Record Holder or any other debts due ~~the Exchange~~ 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 ~~the Corporation~~ MGEX.

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

The number of MGEX Memberships ~~in this Corporation~~ may be increased and the ~~Corporation~~ 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 MGEX~~ Rules and Regulations concerning admission to Membership and recording the ~~o~~ 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, ~~in this Corporation~~, at a price determined by the Board, whenever in its opinion the necessary funds are available and the best interests of ~~this Corporation~~ MGEX will be advanced by such purchase.

### **362.00. ~~MEMBERS: DEATH OF.~~**

~~Upon the death of a Member, it shall be the duty of the President to post an announcement on the Exchange Bulletin Board and announce the fact at the first meeting of the Board of Directors thereafter, and the Secretary shall enter the same on the records of the Corporation and give notice thereof to the Members.~~

### **363.00. ~~APPEARANCE BEFORE COMMITTEES~~ APPLICATIONS AND REQUESTS, SUPPORT OF.**

Persons who have signed ~~an the~~ Application for Membership, Request ~~for to~~ Transfer ~~of a Membership, Request to~~ and Record the Ownership of a Membership ~~form or,~~ 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 ~~any duly authorized committee~~ the Exchange may require.

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

Every Member ~~or Person~~, upon whom or which a notice or citation, issued by ~~the President an~~ officer of the ~~Corporation Exchange~~ or by any duly constituted ~~board, committee or other tribunal~~ of the ~~Corporation 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 ~~an the~~ Application for Membership form, a Request ~~for to~~ Transfer ~~of a Membership, a Request to~~ and Record the Ownership of a Membership form, ~~an the~~ Application for Cash Trading Privileges form, ~~an the~~ Application for Clearing Privileges form, or in any information given or statements made in connection with any such applications or requests shall be ~~Uncommercial Conduct~~ deemed a violation of 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 ~~an the~~ Application for Membership form, a Request ~~for to~~ Transfer ~~of a Membership, a Request to~~ and Record the Ownership of a Membership form, ~~an the~~ Application for Cash Trading Privileges form, or ~~an the~~ Application for Clearing Privileges form shall be ~~Uncommercial Conduct~~ deemed a violation of 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 ~~admissions to Membership requests for transfer,~~ suspension or expulsion of Members, ~~death of Members, transfers of membership, recording of Ownership of Membership,~~ or granting or cancellation of cash trading privileges or clearing privileges.

### ~~367.00. AUTHORIZATION TO ISSUE TRADING PERMITS.~~

~~The Board of Directors shall have the authority to issue to a limited number of qualified nonmembers a temporary and nontransferable Permit to execute trades or act as a broker for others in trading a specific Futures Contract or Contracts on the floor of the Exchange. Trading Permits are to be issued only to promote liquidity.~~

~~A Permit shall not be issued until the applicant has demonstrated satisfactory compliance with the same Membership qualifications in effect at the time of application as would be required for a full Membership and when it has been determined the applicant will conscientiously perform the function or functions needed to promote the objective of this Rule. Applicant must arrange for clearing of trades prior to being issued a Permit.~~

~~The Board of Directors may terminate or suspend a Permit prior to its expiration date after proper notice and opportunity for hearing, if the holder has failed to perform in a conscientious manner the activities contemplated in the issuance of the Permit, has executed a trade in any Futures Contract other than the contract for which the Permit was issued, or has violated any Rule or Regulation of the Corporation, or has failed to comply with the duties and obligations that govern the general Membership, unless so exempted by the Board of Directors.~~

~~The holder of a Permit shall agree to abide by and be bound by the Charter, Rules, Regulations, customs and usages of the Minneapolis Grain Exchange, and each Permit holder shall be under the jurisdiction of the Corporation during the term of the Permit and thereafter, until any and all investigations or proceedings relating to his activities as a Permit holder have been resolved.~~

### **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 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 ~~Corporation~~ 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 ~~Corporation~~ 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 ~~generally.~~ ~~For example, 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 (~~i.e., individual, corporation, partnership, association, joint stock company, trust, or unincorporated association~~) or associate of any Record Owner, as defined herein, 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 twenty percent (20%) of outstanding Memberships at any one time. The term "associate" used to indicate a relationship with any Record Owner means:

- A. 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;
- B. Any trust or other estate in which such Record Owner has a substantial beneficial interest or as to which such Record Owner serves as trustee or in a similar fiduciary capacity; ~~and~~

- C. Any relative or spouse of such Record Owner, or any relative of such spouse, who has the same residence as such Record Owner, or who is a director or officer of the corporation or any of its parents or subsidiaries;
- D. Any officer or employee of the Exchange, or any entity in which an officer or employee of the Exchange has a financial interest.

Any Membership acquired in violation of this Rule must be sold in the same manner as provided for in these MGEX Rules and Regulations in the case of an expelled Member.

### 371.00. ~~EXCHANGE~~MGEX DEFENSE EXPENSES.

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

### 372.00. DELEGATION.

A ~~Member or entity which owns a Membership(s)~~Record Owner may ~~assign 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 300.00. and 301.00. The Delegate shall sign a written agreement to observe and be bound by ~~the~~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 by the Owner of the Membership with the Secretary of the Association as a precondition to its implementation.~~ 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 ~~o~~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 ~~Membership~~Record Holder privileges shall not have physical access to the ~~Trading Exchange Floor Room~~ during the period the Membership has been ~~delegated~~leased, unless he/she ~~has~~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. No Delegate will be eligible to sponsor an individual for Membership.~~

- ~~GF.~~ A Delegate is limited to trading for his/her own account. A Delegate may not act as a ~~B~~roker under ~~Rule-Regulation 321.03~~2055.02.
- ~~HG.~~ 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 ~~access~~-fee each month unless said Delegate trades a minimum number of ~~Minneapolis Grain Exchange~~MGEX Futures and/or Options contracts. The Board of Directors shall determine the ~~access~~-fee to be paid and the minimum number of contracts to be traded. (See Resolution 372.00.)
- ~~J.~~ ~~A temporary access badge may be issued to the Delegate provided the Application for Transfer of Membership has been duly filed and has not been acted on by the Exchange. The access badge limits the Delegate to admission to the Trading Floor only. This does not allow the Delegate to trade in the pits.~~
- ~~KI.~~ Unless renegotiated, upon expiration or default of a Delegation Agreement, the Membership shall ~~revert back~~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.
- ~~LJ.~~ No Delegate or former Delegate shall enter into a Delegation Agreement or a renewal thereof if there are any unpaid debts due ~~the Exchange to~~MGEX or lease payments due the Record Owner until such debts have been satisfied or reviewed to the satisfaction of the Exchange.
- ~~MK.~~ No Delegate will be eligible to serve on the Board of Directors ~~or to vote at an interest group meeting.~~

### ~~373.00. FUTURES COMMISSION MERCHANTS ("FCM")~~

~~A Futures Commission Merchant (FCM) shall be defined as set forth in CFTC Regulation 1.3p.~~

~~See Regulations 2085.00., 2086.00., 2087.00., 2088.00. and 2089.00.~~

### 2055.04~~374.00.~~ **GUARANTEED INTRODUCING BROKERS ("IB")**

~~In order for an Guaranteed IB to be registered the IB must meet the following requirements:~~

- ~~A.~~ ~~An Introducing Broker (IB) who is guaranteed by a Futures Commission Merchant (FCM) pursuant to CFTC Regulation 1.10(j) shall be bound by all Rules of the Exchange. Each FCM who guarantees an IB shall be responsible to the Exchange for the acts and/or omissions of such IB. It~~

shall be the duty of each guaranteeing FCM to supervise its guaranteed IB's compliance with ~~such MGEX Rules and Regulations. Failure to do so may be deemed a violation of MGEX Rules and Regulations.~~

~~B. A FCM may be guilty of a major offense if it fails to supervise its guaranteed IB's compliance with such Rules.~~

#### 704.00. GIVE-UPS.

A ~~Member~~ Market Participant must have prior permission from a Clearing Member to give up ~~the Clearing Member's~~ its name for a trade executed ~~on the Exchange.~~ A Clearing Member whose name is so given up must enter the trade into the Clearing House in his name. ~~Give-Up orders are prohibited when used as a pricing mechanism in connection with cash market contracts. Such transactions must be done only on a versus-cash basis.~~

#### 714.00. FUTURES AND OPTIONS CONTRACTS: TIME AND PLACE FOR MAKING.

Except in the case of non-competitive ~~"Transfer" or "Office"~~ trades ~~as authorized by Rule 718.00.~~, all purchases and sales, and all offers to purchase or sell commodity ~~f~~ Futures ~~must be made electronically or~~ and all purchases and sales, and all offers to purchase or sell Hard Red Spring Wheat ~~e~~ Options in this market, must be made electronically or by open outcry ~~in the market in the appropriate Pit for futures and at the designated area for options~~ during the ~~h~~ Hours of ~~t~~ Tradings.

Members and Market Participants are hereby prohibited from assembling in any place, public or private, other than in the ~~appropriate~~ Pit or designated area to form a market for the purpose of making purchases or sales or offers to purchase or sell commodity ~~f~~ Futures or ~~e~~ Options and any Member or Market Participant, who or which shall make or offer to make any such purchases or sales in the manner herein prohibited, shall be deemed to have violated this Rule 714.00.

#### 717.00. ~~FUTURES AND OPTIONS CONTRACTS:~~ ACCEPTANCE OF OFFERS.

All offers to purchase or sell commodity ~~f~~ Futures or ~~e~~ Options in this market shall be open for immediate acceptance by any Member (but only in the name of a Clearing Member), and such offers shall not be restricted to or specified for any particular Member as against any other Member.

An offer to buy or sell any commodity for future delivery shall be deemed an offer to buy or sell all or any part of the quantity specified in the offer and shall be subject to total or partial acceptance up to the total quantity bid for or offered.

~~Offers to buy or sell commodities for future delivery in quantities equal to two or more contracts with a limitation requiring the party accepting such offer to accept the entire amount bid for or offered, shall not be allowed.~~

#### 725.01. REPORTING OF TRADES.

Each party to an ~~futures or e~~ Options transaction made competitively in the Pit must promptly notify the Market Observer(s) of the price at which the trade has been executed.

## 726.00. "FAST" QUOTATIONS.

The symbol "FAST," when used in connection with market quotations, shall mean that a condition in the market similar, but not limited to the following, exists:

- A. Larger than normal price changes between Pit reported trades. "Normal price changes" is defined as orderly minimum tick moves in the most active contract months.
- B. Market is bid up or offered down rapidly. A market condition may occur with momentary spurts of bids and/or offers which may not be considered a "FAST" market.
- C. Trades, bids or offers are occurring too rapidly to be fully reported. However, during a "FAST" market every effort must be made to comply with **Rule 725.01**.

The ~~Exchange~~Market Observer(s) shall be the judge of when the symbol shall be used, and any trades made at intervening prices are to be considered officially quoted.—~~A minimum of three respective Pit Committee Members may request a "FAST" market from the Market Observer(s). If this is requested, one of the Members must complete a request form obtained from the Market Observer(s) verifying the action taken.~~ The Market Observer(s) shall signal an end to the "Fast" market when appropriate.

After the "FAST" market is invoked, the Market Observer(s) will report the market to the best of their ability. The quotations during the "FAST" market shall be duly noted in the official time and sales.

## 728.00. QUOTATION CHANGES.

The Exchange may make quotation changes when required as a result of an error or at any other time deemed necessary.

- A. The ~~Quotations Committee~~Exchange may approve the change of an opening range only within thirty (30) minutes after the opening of a specific contract month.
- B. The ~~Quotations Committee~~Exchange may approve the change of a closing range only within fifteen (15) minutes after the closing of each contract traded.
- ~~C. The Quotations Committee may approve a quotation change that affects a high or low at any time prior to the settlement of each contract traded.~~
- ~~D. The Quotations Committee may approve a quotation change that does not affect an open, high, low or close within fifteen (15) minutes after the close of each contract traded.~~
- ~~E. The Quotations Committee may approve the change of a settlement only within twenty (20) minutes after the closing of each contract traded.~~
- ~~F. A Member requested quotation change must be disclosed in accordance~~



~~with Exchange procedures and approved by two (2) or more Quotations Committee members. Additionally, a Quotations Committee member may not approve a quotation change if that member has a financial or personal interest that would be affected by the quotation change under consideration.~~

~~G. A quotation change must be accompanied by a written request form signed by the individual Member requesting the change.~~

~~H. For MGEXpress contracts, quotation changes will be handled in accordance with Exchange procedures.~~

#### ~~728.01. AUTHORITY OF THE QUOTATIONS COMMITTEE AND THE BOARD OF DIRECTORS OVER QUOTATION CHANGES.~~

~~The Quotations Committee may review and recommend to the Board of Directors requests for quotation changes that affect an open, high, low or close which are not encompassed by Rule 728.00. The final disposition of such requests will be left to the Board of Directors.~~

#### **731.00. BIDS AND OFFERS ABOVE OR BELOW CURRENT MARKET.**

~~Except in the case of "Transfer" or "Office" trades Members~~ **Market Participants** are forbidden to offer to buy any commodity ~~f~~**F**utures or ~~e~~**O**ptions on this Exchange at a price higher than the current asking price, or to offer to sell any commodity in ~~f~~**F**utures or ~~e~~**O**ptions, on the Exchange, at a price below the current bid price. **See Interpretation.**

#### **743.00. ACCOMMODATION OR WASH TRADES FORBIDDEN.**

No ~~Member~~ **Market Participant** shall make risk-free simultaneous purchases and sales of the same month of the same commodity for the same account at the same price.

#### **750.00. PRIORITY OF CUSTOMERS' ORDERS.**

No ~~Market Participant~~ **Member, acting as a Floor Broker,** may buy or sell any commodity for future delivery for his own account or for any account in which he has an interest while holding an order for another person for the purchase or sale of the same commodity that is executable at the market price, or at the price at which such purchase or sale can be made for the Member's own account or the account in which he has an interest.

No ~~Market Participant~~ **Member, acting as a Floor Broker,** may execute any transaction for any account of another person for which buying and/or selling orders can be placed or originated, or for which transactions can be executed, by such Member, without the prior specific consent of the account owner, regardless of whether the general authorization for orders or transactions is pursuant to a written agreement, except that orders of such an account may be placed with another Member for execution. However, a Member is not required to hand off orders for discretionary accounts or discretionary orders when orders originate on behalf of Members of Floor Brokers' immediate families, contract market members and proprietary accounts of contract market member firms. PROVIDED, however, that customers' orders, including price and time discretion orders, are executed before discretionary account orders for family members, contract market members or proprietary accounts of contract market firms.

For the purpose of this [Rule 750.00](#), immediate family members are defined as spouses, children and stepchildren, parents, brothers, and sisters.

#### **751.00. DISCLOSING ORDERS PROHIBITED.**

[Market Participants](#)~~Floor-Brokers~~ are forbidden to disclose to any party the possession or receipt of orders to buy or sell commodity ~~f~~utures or ~~e~~options in this market ~~that have been given to Floor-Brokers by another person for execution.~~

A [Market Participant](#)~~Floor-Broker~~ may, however, use his discretion and bid or offer any quantity of contracts without violating this [Rule 751.00](#) when the information may aid or expedite a fill.

A [Market Participant](#)~~Floor-Broker~~ acting pursuant to the second paragraph of [Rule 750.00](#), or when supplying information requested by an authorized representative of the Commodity Futures Trading Commission or an Exchange official, will not be in violation of this [Rule 751.00](#).

#### ~~752.00.—ACCEPTABLE ORDERS.~~

~~The following types of orders are acceptable in this market:~~

- ~~A. — Market orders~~
- ~~B. — Limited order~~
- ~~C. — Stop-loss orders~~
- ~~D. — Stop-limit orders~~
- ~~E. — Opening orders~~
- ~~F. — Closing orders~~
- ~~G. — Spread orders~~

~~Types of orders not included above may be accepted by a Broker at his own discretion, but entirely at the risk of the account for whom the order is entered.~~

#### **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 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 Disciplinary Committee.

#### **754.00. FILLING LIMIT ORDERS ON THE OPENING AND CLOSING.**

~~Floor~~-Brokers are not to be held liable for obtaining a complete or partial fill on Limit Orders falling within the opening price or closing range even when those orders are the high or low prices of the closing range.

#### ~~762.00.—NONCLEARING MEMBER MAKING OWN TRADES.~~

~~Members making their own trades in the Pit may be allowed to carry a five (5) contract position without posting margins, provided those positions are marked to the market daily and are closed within fifteen (15) days. All other positions (long or short) carried in the name of the nonclearing Member shall be charged initial margins and shall be maintained in accordance with **Rule 760.00**. The application of this Rule shall be at the sole discretion of the Clearing Member.~~

~~Members making their own trades need not be charged margins on spread positions, but spread positions shall be marked to the market daily.~~

~~This Rule also applies to individual Members who on the Trading Floor give their orders to other Members for execution.~~

#### **775.00. "BUCKET-SHOPS" FORBIDDEN.**

No Member, and no Market Participant, shall make, negotiate in any form, have, or be in any way interested in any "Bucket-Shop" contract, trade, or transaction, whatever, or in any contract for the purchase or sales of any commodity whatever, for ~~f~~Futures or ~~e~~Options, without intent to make an actual purchase or sale, or to deliver or receive such commodity, but with intent to settle or cancel such contract by the payment of the difference between a contract and the market price, or in dealing in differences in the market price of any commodity without a bona fide purchase or sale of such commodity for actual delivery on this or some other Exchange where such commodity is dealt in.

No Member or Market Participant shall knowingly be interested in the business of, or associated in business with, or shall, in any transaction, act as the Broker or representative of, or shall execute any order for or on behalf of any Person, exclusively, or otherwise in operating a "Bucket-Shop," in making, negotiating, or dealing in the contracts, trades or transactions previously prohibited in this Rule.

Any Member or Market Participant, who or which has violated the provisions of this **Rule 775.00.**, shall be subject to disciplinary action and/or shall have its access to the Electronic Trading System terminated~~punishment as prescribed in Chapter VI and, in addition thereto, shall be either suspended or expelled.~~

#### **780.00. OFFICIAL OPENING.**

The official opening of the market shall be understood to include ~~all~~the prices at which the opening orders are executed, provided that in the opinion of the Market Observer and the ~~Quotations Committee~~Exchange, due diligence and promptness have been observed in handling such orders. The condition of the market shall also be considered ~~by the Market Observer in consultation with the Quotations Committee~~ in forming the decision.

#### **1137.00. WARRANTY OF TITLE BY SELLER.**

In all sales of commodities in this market the ~~s~~Seller, whether acting as owner, agent or Commission Merchant (except when acting as ~~B~~broker as defined in MGEX Rules and Regulations in Rule 321.02.), shall be deemed and held to warrant his right to sell and pass full clear title to the commodities. In every sale a warranty of the title by the ~~s~~Seller to the purchaser of the commodity is a part of the contract of sale with the same force and effect as if expressly incorporated therein; PROVIDED, that at the time of the making of the contract of sale the parties thereto may limit the obligation of the ~~s~~Seller by an agreement in writing expressing such limitation.

#### ~~**1803.00. ELECTRONIC MAIL ACCOUNTS.**~~

~~All Members and Clearing Members with access to the Electronic Trading System must maintain a valid electronic mail account. Each Member and Clearing Member is responsible for~~

~~promptly viewing, and if required, responding to all electronic mail emanating from the Exchange or the Electronic Trading System provider.~~

#### ~~2000.00. ADMISSION OF MEMBERS TO THE EXCHANGE ROOM.~~

~~Pursuant to the provisions of **Rule 235.00.**, the Board of Directors has adopted this Regulation.~~

~~Members are required to wear their name badge plainly displayed so that the doorkeeper and others can readily distinguish the same. There is to be no charge for the first badge issued. However, in the event the badge is lost, a replacement badge will be issued for a fee of twenty dollars (\$20.00).~~

#### ~~2001.00. REGULATIONS GOVERNING ADMISSION OF MESSENGERS TO THE EXCHANGE ROOM.~~

~~Pursuant to the provisions of **Rule 235.00.**, the Board of Directors has adopted this Regulation.~~

~~Messengers may be admitted to the Exchange Room under the following terms and conditions.~~

- ~~A. The Secretary shall issue Messenger badges upon application signed by a Member, Clearing Member or an entity having cash trading privileges who is the employer/contractor of the Messenger. Such badges will be good until notification is given to the Secretary. The fee for the issuance thereof shall be twenty five dollars (\$25.00) per month. In the event a Messenger badge is lost, a replacement badge will be issued for a fee of twenty dollars (\$20.00).~~
- ~~B. Messenger badges shall not be transferable. When Messengers are changed, the badge then in use will be turned into the Secretary's office and, upon application, a new badge will be issued. However, if a Messenger is unable to perform his duties for reasons of illness or absence from the city or other cause deemed sufficient and proper by the Secretary, a substitute Messenger may be approved by the Secretary upon proper application and a temporary badge will be issued.~~
- ~~C. Messengers must wear Messenger badges plainly displayed, so that the doorkeeper and others can readily distinguish the same.~~
- ~~D. Messengers will be permitted to remain in the Exchange Room only for such time as is necessary to deliver and receive written or verbal communications, or to collect, or deposit samples or arrange samples at cash tables. They must not use this permission as an excuse for remaining in the Exchange Room unless so engaged.~~
- ~~E. Messengers are permitted to confer in the Exchange Room only with persons representing their employer/contractor.~~
- ~~F. Messengers may deliver messages in the Exchange Room to any Member. However, Messengers may not deliver messages relative to adjustments, settlements or discounts in connection with the sales of cash commodities to Members other than the representatives of the~~

~~employers/contractor of such Messengers.~~

- ~~G. Messengers may telephone messages from the Exchange Room to the office of their employer/contractor over private telephones in the Exchange Room belonging to such employer/contractor; but they may not transmit other telephone or facsimile messages from the Exchange Room.~~
- ~~H. Messengers may not transact, or assist Members in any manner in transacting, any business in either cash commodities or Futures, or perform any service in the Exchange Room other than as set forth in this Rule.~~
- ~~I. The license conferred by a Messenger's badge may be revoked at any time by the Exchange Room Committee if the holder violates any of the provisions of the MGEX Rules and Regulations or is guilty of any other improper conduct in the Exchange Room.~~

#### **2001.01. REGULATIONS GOVERNING ADMISSION OF FLOOR CLERKS TO THE EXCHANGE ROOM.**

~~Pursuant to the provisions of Rule 235.00., the Board of Directors has adopted this Regulation.~~

Floor Clerks may be admitted to the Exchange Room under the following terms and conditions:

- A. The ~~Secretary~~ Exchange shall issue Floor Clerk ~~badges~~ permits upon application signed by a Member, ~~Clearing Member, or an entity having cash trading privileges~~ who is the ~~employer~~ sponsor of a Floor Clerk. Such ~~badges~~ permits will be good until notification is given to the ~~Secretary~~ Exchange. The fee for the issuance thereof shall be ~~forty dollars (\$40.00) a month~~ determined by the Exchange. ~~In the event a Floor Clerk badge is lost, a replacement badge will be issued for a fee of twenty dollars (\$20.00).~~
- B. Floor Clerks will be admitted to the Exchange Room for the limited purpose of receiving orders from agents of their ~~employer~~ sponsor or Members representing their ~~employer~~ sponsor, and reporting to their ~~employer~~ sponsor or Members representing their ~~employer~~ sponsor.
- C. Floor Clerks may perform other routine clerical and telephone duties at their assigned position in the Exchange Room. After delivery of messages from their ~~employer~~ sponsor or Members representing their ~~employer~~ sponsor they are to return to their assigned position in the Exchange Room or leave the ~~floor~~ Exchange Room.
- D. Except as provided above, Floor Clerks shall not transact any business whatsoever in the Exchange Room with, or for, any person other than their principals and in no case shall they accept orders, report executions or have any other business duties whatsoever with nonmembers in the Exchange Room.

- E. No Member, ~~Clearing Member, or entity having cash trading privileges~~ shall employ more than two (2) Floor Clerks for every five (5) Memberships or fraction thereof. ~~The presence of these Floor Clerks during the Hours of Trading shall be solely for the purpose of receiving and sending private telephone calls between the Exchange Room and the agents of their employer.~~
- F. Floor Clerk ~~badges~~ permits shall not be transferable. The Exchange must be notified if a new permit is issued. ~~When Floor Clerks are changed, the badge then in use will be turned into the Secretary's office and upon application a new badge will be issued. However, if~~ the registered Floor Clerk is unable to perform his duties for reasons of illness, absence from the city, or other cause deemed sufficient and proper by the SecretaryExchange, a substitute Floor Clerk may be approved by the SecretaryExchange upon proper application and a temporary ~~badge~~ permit will be issued.
- ~~G. Floor Clerks must wear Floor Clerk badges plainly displayed so that the doorkeeper and others can readily distinguish the same.~~
- H. The license conferred by a Floor Clerk ~~badge~~ permit may be revoked at any time by the Exchange ~~Room Committee~~ if the holder violates any of the provisions of this Regulation or is guilty of any other improper conduct in the Exchange Room.
- ~~I. Floor Clerks may not take or place calls from the Grain Exchange telephone booths located on the Exchange Floor.~~
- ~~J.~~ Floor Clerks may communicate by telephone with their ~~employers~~ sponsors, Members, and nonmembers so long as they do not solicit or do business for their own account.
- ~~K.~~ Floor Clerks may not solicit business for their ~~employers~~ sponsors, Members, nonmembers or for their own account from the Exchange Room.

#### **2003.00. ADMITTANCE OF VISITORS TO THE EXCHANGE ROOM.**

Visitors' badges, permitting the holder to have access to the Exchange Room ~~during the hours of trading~~, shall be issued on the following terms and conditions:

- A. The Exchange~~Secretary~~, at ~~its~~ his discretion, may authorize the issuance of visitors' badges.
- B. The license conferred by a visitor's badge may be revoked at any time by the Exchange~~Secretary~~ if the holder violates any of the provisions of ~~the~~ MGEX Rules and Regulations.
- C. Members, ~~Clearing Members, or entities having cash trading privileges~~ may accept orders from visitors in the Exchange Room. However, no order may be given by a visitor directly to a Broker in the Pit.

- D. No visitor shall have access to the Exchange Room for more than three (3) days per month without the express approval of the Exchange Secretary.

#### **2004.00. DECORUM AND DRESS WHILE IN THE EXCHANGE ROOM.**

~~Pursuant to the provisions of Rule 235.00, the Board of Directors has adopted this Regulation.~~

~~The Board of Directors hereby orders that all~~All Members, and Floor Clerks ~~and Messengers~~ must dress and conduct themselves within the confines of acceptable business decorum while in the Exchange Room. The following are enumerated for the guidance of Members, and Floor Clerks ~~and Messengers~~:

- A. Proper attire must be worn at all times in the Exchange Room as determined and enforced by the Exchange.
- B. Matching of coins or other open forms of gambling in the Exchange Room is prohibited.
- C. Disorderly conduct, such as pushing or shoving, is prohibited.
- D. Vulgar or abusive language is prohibited.
- E. Any other conduct or activity determined to be detrimental to a professional and safe business environment is prohibited.

#### **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, 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, ~~Clearing Member, entity having cash trading privileges,~~ Floor Clerk, Messenger, or Exchange staff ~~or member of the Exchange Room Enforcement Committee~~ can file a complaint, in writing, with the ~~Secretary of the Corporation~~Exchange.

The ~~Secretary, upon receiving a complaint, shall immediately forward the complaint to the~~ Department of Audits and Investigations shall open an investigation on the complaint for investigation. After an investigation, the Department of Audits and Investigations may forward the investigation to the Disciplinary Committee. After reviewing the investigation report, the Disciplinary Committee may issue a Notice of Charges to the Member, ~~Clearing Member, entity having cash trading privileges,~~ or 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, ~~Clearing Members, and entities having cash trading privileges~~ will be

responsible for fines given to their employee(s).

#### **2005.00. SUBSTITUTES.**

A Member's privilege of entering and transacting business in the Exchange Room during the Hours of ~~C~~cash Trading may be transferred temporarily to a substitute by the issuance to such substitute of a ~~s~~Substitute ~~t~~Ticket as hereinafter provided, and not otherwise. Such privilege may be so transferred:

- A. If, and during, the time that such Member is temporarily unable to transact business in the Exchange Room because of illness, absence from the ~~c~~City or other cause deemed sufficient and proper by the ~~Corporation's administrative officers~~ ~~Exchange~~;
- B. If, and during, the time that an ~~Application-request~~ for ~~t~~Transfer of a Membership to such substitute has been duly filed and has not been acted upon by the Board of Directors.

It is not the intent of this ~~Rule-Regulation~~ to enable any person by means of a ~~s~~Substitute ~~t~~Ticket to obtain the privilege of entering and transacting business in the Exchange Room during the Hours of ~~C~~cash Trading for a considerable period of time unless he is substituting for various Members who are customarily active in the Exchange Room.

A ~~s~~Substitute ~~t~~Ticket shall not be issued to any person who has been expelled from this ~~Corporation-Exchange~~ or who is under suspension, or to enable any person to act as a substitute for a Member who is under suspension or against whose Membership the assessments have been waived under the provisions of **Rule 221.02**.

If a Member for whom a substitute is acting shall appear in the Exchange Room during the Hours of ~~C~~cash Trading, or if such Member, except in cases of substitution under the provisions of Section B. of this ~~RuleRegulation~~, or in special circumstances, shall appear with regularity in ~~the-MGEX buildings-of-the-Corporation~~, such appearance shall be cause for cancellation of the ~~s~~Substitute ~~t~~Ticket.

In case of any dispute over the propriety of issuing, renewing or cancelling a ~~s~~Substitute ~~t~~Ticket, such dispute shall be settled by the ~~Board-of-Directors~~~~Exchange~~.

#### **2005.01. SUBSTITUTE TICKETS: ISSUANCE OF.**

Substitute ~~t~~Tickets shall be issued or renewed by the ~~Secretary-Exchange~~ upon application. Such ~~t~~Tickets or renewals shall be for not more than thirty (30) days and may be cancelled at any time. ~~for just cause.~~

#### **2005.02. SUBSTITUTE TICKETS: APPLICATION FOR.**

Applications for ~~s~~Substitute ~~t~~Tickets shall show the ~~Member-Record Owner and Record Holder~~ for whom substitution is requested and shall be signed by the ~~s~~Substitute and by the ~~MemberRecord Owner and Record Holder or entity having cash trading privileges~~ for whom the ~~s~~Substitute is authorized to make trades. The ~~s~~Substitute and such ~~MemberRecord Owner and Record Holder or entity having cash trading privileges~~ shall, respectively, be subject to the same restrictions, obligations and liabilities including penalties for the violation of the ~~Rules,~~



~~Regulations, customs and usages of the Corporation~~ MGEX Rules and Regulations with respect to any and all trades, transactions or other acts of the sSubstitute while such ~~t~~Ticket is outstanding.

## 2012.00. TRADING LIMITS.

Trading is prohibited during any day in Futures Contracts of commodities traded on this Exchange at a price outside the limit above or the limit below either the settlement price for such commodity on the previous business day, ~~or the average of the opening range,~~ or the price of the first trade during the first day of trading in a Futures Contract.

- A. Wheat .....\$0.60 per bushel

Should two or more wheat ~~f~~Futures ~~e~~Contract months within a crop year (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase by 50 percent the next business day and an additional 50 percent each subsequent day two or more contract months within a crop year (or the remaining contract month in a crop year) close at limit bid or limit offer. Daily price limits shall revert back to \$0.60 after no wheat ~~f~~Futures ~~e~~Contract month closes limit bid or limit offer for three consecutive business days.

- B. National Corn Index .....\$0.~~40~~35

- C. National Soybean Index .....\$0.80

- D. Wheat Indices .....\$0.60

However, there shall be no price limits on the spot Hard Red Spring Wheat ~~f~~Futures ~~e~~Contract month commencing the first business day after expiration of non-serial options on the spot month.

Further, there shall be no price limits on Index ~~f~~Futures and ~~e~~Options ~~e~~Contracts commencing two business days preceding the first business day of the expiring contract month.

## 2015.00. SETTLEMENT PREMIUMS.

Pursuant to the provisions of Rule 210.01., the Board of Directors has adopted this Regulation.

### A. Open Outcry/MGEXpress® Contracts.

Promptly after the close of trading in each Options Contract, the Exchange ~~staff, in conjunction with the Quotations Committee,~~ shall compute settlement premiums as follows. The settlement premium shall be price consistent with the minimum fluctuations of the Contract.

1. Exchange staff shall review all trades executed during the closing period, and subsequent higher bids and lower offers that were in existence at the close of the market, to determine the closing premium or range for each Open Outcry Contract. The Exchange ~~staff, in conjunction with the Quotations Committee,~~ shall then

determine the settlement premiums by using a theoretical pricing model.

2. If ~~the Exchange staff, in conjunction with the Quotations Committee,~~ believes, based on its review of the market and market conditions that the settlement premium established above is not representative of market conditions, or if the settlement premium was inaccurately determined, then Exchange staff may establish a settlement premium based on the settlement price of the underlying Futures Contract and the previously prevailing differentials:
  - a. among the premiums for the listed striking prices for the option month;
  - b. among the premiums for the different option months listed for trading; and
  - c. between the premium for the relevant striking price and the price of the underlying Futures Contract.

Where a settlement premium is established in accordance with this section by ~~the Exchange staff, in conjunction with the Quotations Committee,~~ a written record shall be prepared setting forth the basis for the establishment of such settlement premium.

#### **B. Reservation.**

The Exchange reserves the right to modify the settlement premium prior to the start of the day's final clearing process if the settlement premium arose from data entry errors made by or on behalf of the Exchange, and modification of the settlement premium is necessary to prevent market distortion. A written record shall be prepared setting forth the basis for any modification.

### **2016.00. FILLING ORDERS AND WITHHOLDING OR WITHDRAWING OF TRADES.**

Pursuant to the provisions of **Rule 616.00.**, the Board of Directors adopted this Regulation.

- A. **Filling of Orders.** Orders to buy or sell ~~Futures or Options~~ must be executed sequentially by completely filling an order bearing an earlier time stamp before proceeding with the next earliest time-stamped order at the same price. Any and all verbal orders received ~~by a Pit Broker~~ must be, as a minimum, immediately ~~noted on the Broker's trading card(s)~~ documented as to time of receipt, and the order with the earliest time must be filled first.

In the event orders ~~received by Brokers~~ carry identical time stamps, or ~~in the absence of~~ lack time stamps, and ~~should the Broker find it is~~ necessary to allocate trades among these accounts, ~~he must make a~~ record of the accounts, the amount assigned to each account, and why it was necessary to make the assignment must be documented, and submit

~~the record to the Exchange surveillance staff.~~

- B. **Withholding or Withdrawing Trades.** No Member or Market Participant shall withhold or withdraw from the market any order ~~ef~~or part of an order for another Member or Market Participant for the convenience of another Member.

#### ~~2018.00. SPREADING TRANSACTIONS.~~

~~Pursuant to the provisions of Rule 210.01., the Board of Directors adopted the following Regulation:~~

~~Members of this Exchange are permitted to execute orders to purchase one (1) future and/or option and to sell another future and/or option for the same account at a stated price difference, such trade to be known as a "spread," "straddle" or "switch" transaction. These orders are to be executed competitively by public open outcry in the Pit designated by the Quotations Committee. The designated Pit shall be posted in writing on the Trading Floor. All legs of the spread must be priced within their daily price limits and at least one (1) leg must be priced within the current price range during the trading session whenever the spread involves one (1) or more Contract months which have an established price range. However, for single line entry differential spreads (SLEDS) leg prices may be assigned by the Clearing House. All spreads must be properly recorded in writing, permitting identification of these transactions and the parties thereto.~~

~~When a spread transaction is executed, the Trader must so designate this on the trading card by a letter "S". The transaction must be reported to the pulpit, recorded and publicized as a spread.~~

~~(See Regulation 2018.01.)~~

#### ~~2018.00~~1. **OPENING THE MARKET ON A SPREAD TRANSACTION.**

~~Pursuant to the provisions of Rule 210.01., the Board of Directors adopted the following Regulation:~~

In the event the first daily transaction in a Contract market by open outcry is a spread transaction, the price associated with the spread transaction shall be reported as the opening quote in this Contract market. The opening price shall be reported at or within the current bid and offer.

However, if there is no bid or offer in effect, an announcement of the actual price shall be made in the Pit. Upon receiving no objections, the trade shall be reported and the transaction recorded as the opening trade.

#### ~~2022.00. DIVISION OF SPRING WHEAT PIT DURING OPENING AND CLOSING PERIODS.~~

~~During the time defined to be the opening and the closing, any Member initiating a bid or offer must be located in the specific area designated for that month, or a price quotation may not be recognized by the Quotations Committee. A black line marks this Pit division. All bids or offers made in the nearby month must be originated in that part of the Pit closest to the pulpit. All other bids or offers must be originated on the other side of the black line. Any bid or offer may be accepted from any part of the Pit.~~

## 2023.00. STRIKING PRICES.

The ~~Exchange Board of Directors~~ shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions, subject to the provisions of the Commodity Exchange Act and ~~Commodity Futures Trading Commission (CFTC)~~ regulations promulgated thereunder.

A. **Spring Wheat.** Pursuant to the provisions of **Rule 1403.00.**, the Board of Directors has adopted this Regulation.

1. Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10) per bushel. At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to ~~the initial futures trade by open outcry or~~ the previous day's settlement price on the underlying Spring Wheat Futures Contract and the next five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments, and the next ten (10) consecutive higher and ten (10) consecutive lower in ten cent (\$0.10) increments. If the ~~initial futures trade or~~ previous day's settlement price on the underlying Spring Wheat Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2). ~~If the initial futures trade is executed on MGEXpress, striking prices will not be available until the open outcry session.~~

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments and an additional ten (10) consecutive higher and ten (10) consecutive lower in ten cent (\$0.10) increments above and below the previous day's settlement price.

2. When Options in months not listed for trading in ~~f~~Futures become available to trade, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying Spring Wheat Futures Contract and the next ten (10) higher and ten (10) lower striking prices in five cent (\$0.05) increments. If the previous day's settlement price on the underlying Spring Wheat Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure at least ten (10) striking prices in five cent (\$0.05) increments above and below the previous day's settlement price.

B. **National Corn Index.** Pursuant to the provisions of **Rule 7410.00.**, the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying National Corn Index Futures Contract and the next five (5) consecutive higher and the next consecutive lower in five cent (\$0.05) increments, and the next five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments. If the previous day's settlement price on the underlying National Corn Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments and an additional five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments above and below the previous day's settlement price.

- C. **National Soybean Index.** Pursuant to the provisions of [Rule 7610.00.](#), the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of ten cents (\$0.10) and twenty cents (\$0.20). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying National Soybean Index Futures Contract and the next five (5) consecutive higher and the next five (5) consecutive lower in ten cent (\$0.10) increments, and the next five (5) consecutive higher and five (5) consecutive lower in twenty cent (\$0.20) increments. If the previous day's settlement price on the underlying National Soybean Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments and an additional five (5) consecutive higher and five (5) consecutive lower in twenty cent (\$0.20) increments above and below the previous day's settlement price.

- D. **Wheat Indices.** Pursuant to the provisions of [Rules 7810.00.](#), [8010.00.](#) and [8210.00.](#), the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying Wheat Index Futures Contract and the next five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments, and the next five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments. If the previous day's settlement price on the underlying Wheat Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments and an additional five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments above and below the previous day's settlement price.

### **2055.0003. REGISTRATION OF FLOOR BROKERS/FLOOR TRADERS.**

~~Pursuant to the provisions of Minneapolis Grain Exchange Rules 210.01. and 322.00., the Board of Directors has adopted this Regulation.~~

- A. Any Member who executes trades in the pit for an account other than his own must be registered as a ~~f~~Floor ~~b~~Broker with ~~the National Futures Association ("NFA")~~.
- B. Any Member who trades in the pit for his own account must be registered with ~~the~~-NFA as a ~~f~~Floor ~~b~~Broker or ~~f~~Floor ~~t~~Trader.
- C. All Members registered with NFA are responsible for completing acceptable ethics training programs and maintaining evidence of completion in accordance with the Commodity Exchange Act and any regulations and statements promulgated thereunder.

### **2085.00. FINANCIAL AND REPORTING REQUIREMENTS ~~FOR ALL MEMBERS.~~**

Financial requirements for ~~all~~-Members ~~shall~~-may be established by the Exchange, provided that requirements for ~~FCMs~~Futures-Commission-Merchants-("FCM") and ~~IBs~~Guaranteed Introducing-Brokers-("IB") must, at a minimum, be established at levels equivalent to those required by CFTC regulations. The Exchange, at its discretion, may adopt financial requirements for such FCMs and ~~Guaranteed~~-IBs more stringent than those of the CFTC if it deems such requirements appropriate.

### **2086.00. MINIMUM FINANCIAL REQUIREMENTS FOR FUTURES COMMISSION MERCHANTS AND GUARANTEED INTRODUCING BROKERS.**

~~Pursuant to Rule 616.00., the Board of Directors adopted this Regulation.~~

- A. **Financial and Reporting Requirements.** ~~\_All~~ ~~FCMs~~Futures-Commission-Merchants-("FCM") and Guaranteed ~~IBs~~Introducing-Brokers-("IB") who are Members of the Exchange must meet the minimum financial and reporting requirements set forth in CFTC Regulations 1.10 and 1.17, as now in effect or hereafter amended.
- B. **FCM ~~and~~ IB Reports.** ~~\_All~~ FCMs ~~and~~ ~~Guaranteed~~-IBs with customers trading MGEX Futures and Options contracts~~who are Members of the Exchange~~ shall file with the Exchange reports, as required by the Exchange, which shall be in the form and setting forth the information required by CFTC Regulation 1.10 as now in effect or hereafter amended, at least one of which reports in each year must be certified in accordance with CFTC Regulation 1.16; provided, however, that the Exchange may in its discretion, require such additional reports as it deems

appropriate or necessary.

**C. Additional FCM Clearing Member Reports.**

1. All FCM Clearing Members shall file daily segregated, secured 30.7 and sequestered statements, as applicable, in a manner designated by the Exchange. These statements must be signed ~~off~~ by the firm's Chief Executive Officer, Chief Financial Officer or other representative as allowed by the Exchange.
2. All FCM Clearing Members of the Exchange shall file bi-monthly Segregation Investment Detail Reports ("SIDRs") as required by the Exchange.
3. All FCM Clearing Members of the Exchange shall provide immediate notice to the Exchange of all disbursements of customer segregated, secured 30.7, and sequestered funds that are not made for the benefit of customers of the respective customer origin and that exceed 25% of the excess segregated, secured 30.7 and sequestered funds, as applicable. Any such disbursements by the FCM Clearing Member must also be pre-approved, in writing, by a principal of the FCM Clearing Member.

All costs associated with the requirements of this Regulation shall be charged to the FCM or Guaranteed IB ~~Member~~ involved.

**2087.00. MINIMUM FINANCIAL REQUIREMENTS FOR MEMBERS WITH CLEARING AND/OR CASH TRADING PRIVILEGES ~~NON-FUTURES COMMISSION-MERCHANT MEMBER FIRMS AND INDEPENDENT INTRODUCING BROKERS.~~**

- A. **Financial and Reporting Requirements.** ~~All Non-Futures Commission Merchants ("FCM") and Independent Introducing Brokers ("IB") who are~~ Members with clearing and/or cash trading privileges ~~of the Exchange~~ must meet the minimum financial and reporting requirements set forth in CFTC Regulations 1.10 and 1.17, ~~by the Exchange~~ as now in effect or hereafter amended.
- B. **Financial Statements Content.** ~~All Non-FCM Member Firms and Independent IBs~~ Members with clearing and/or cash trading privileges must submit financial statements in the manner and form prescribed by the Exchange. At a minimum, all annual audited financial statements must include a balance sheet, footnotes, and be accompanied by an opinion of an independent Certified Public Accountant indicating that an examination of the annual statement has been made. Interim statements, which are those financial statements prepared for periods other than ~~the~~ such Member's ~~Firm's~~ fiscal year end, must contain, at a minimum, a balance sheet.
- ~~C.~~ **Reports.** ~~All Non-FCM Member Firms and Independent IBs~~ Members with clearing and/or cash trading privileges must submit to the Exchange an annual certified financial statement for its fiscal year (or calendar year if ~~the~~ such Member ~~Firm~~ is on a calendar year basis). The certified annual financial statement must be submitted to the Exchange within ninety (90) days after the Member's ~~Firm's~~ fiscal year end.

Additionally, all ~~such Non-FCM Members, Firms and Independent IBs~~ must submit an interim financial statement to the Exchange. Such interim statement shall be as of a date six (6) months subsequent to the Member's ~~Firm's~~ fiscal year end and must be submitted to the Exchange within forty-five (45) days from the date of the statement.

All ~~Non-FCM Clearing Members, Firms with clearing privileges~~ must submit quarterly financial statements to the Exchange subsequent to ~~their the Member Firm's~~ fiscal year end. Such financial statements must be submitted to the Exchange within forty-five (45) days from the date of the statement.

The Exchange may require additional financial statements or financial information as it deems appropriate or necessary.

- DC.** **Extension of Time to File.** Upon request in advance and for good cause shown, the Exchange may grant ~~a Non-FCM Member Firm and Independent IB Members with clearing and/or cash trading privileges~~ an extension of the time for the filing of its annual or interim financial statement.

All costs associated with the requirements of this Regulation shall be borne by the Member ~~Firm~~ involved.

#### **2088.00. REDUCTION OF CAPITAL.**

Any Members ~~with clearing and/or cash trading privileges, Clearing Member, Guaranteed Introducing Broker ("IB"), Futures Commission Merchants ("FCMs")~~ with customers trading MGEX Futures and Options contracts or any other entity required by the Exchange to provide financial information must immediately notify the Exchange of any material reduction of its adjusted net capital, working capital and/or its net worth, including the incurring of a contingent liability that would materially affect adjusted net capital, working capital and/or net worth should such liability become fixed. Such notice must be in writing and signed by an authorized representative. Failure to so notify the Exchange shall be considered an act detrimental to the interest and welfare of the Corporation.

For the purposes of this Regulation, a reduction amounting to twenty percent (20%) or more from the adjusted net capital of an FCM or Guaranteed IB reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under these Regulations shall be deemed material. Likewise, for ~~Members with clearing and/or cash trading privileges non-FCM and non-Guaranteed IB Members~~, a reduction amounting to twenty percent (20%) or more from the working capital and/or net worth reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under these Regulations shall be deemed material. Working capital, for the purpose of this Regulation, shall be defined as total current assets minus total current liabilities. In defining net worth for the purposes of this Regulation, owner's equity, whether shareholder's equity, partnership equity or other equity capital, shall be considered as well as equities and deficits in proprietary accounts which are properly included in determining net worth. Adjusted net capital is defined in accordance with CFTC Regulation 1.17.

Any entity declared Regular for delivery on any Exchange contract must comply with this Regulation. Information submitted must be signed by an authorized representative.



## 2089.00. ELECTION OF FISCAL YEAR.

Any Members with clearing and/or cash trading privileges, Clearing Member, Guaranteed IB, FCMs with customers trading MGEX Futures and Options contracts or any other entity required by the Exchange to provide financial information must notify the Exchange immediately of any change in its fiscal year end.

Such notification of a change in its fiscal year must be made in writing by submitting a letter explaining the change and the reasons therefore. FCMs and Guaranteed IBs ~~Members~~ requesting such a change must also submit written evidence that its designated self-regulatory organization has approved the change in its fiscal year.

A change in the fiscal year of a Person Member, Clearing Member, Guaranteed IB, FCM or any other entity required by the Exchange to provide financial information will not relieve such Person Member or entity from its obligation to file such timely certified and interim financial statements as deemed appropriate by the Exchange.

## 2090.00. PHYSICAL EMERGENCIES.

Pursuant to the provisions of **Rules 210.01.** and **210.02.**, the Board of Directors has adopted this Regulation.

The ~~Market Observer(s)~~Exchange shall have the power upon recognizing a problem to serve notice to ~~the Pit(s) population~~Market Participants that trading will be suspended immediately.

A problem may be the result of the following:

- A. fire or other casualty,
- B. bomb threat,
- C. power failure,
- D. communications breakdown,
- E. computer malfunction, or
- F. other - technical difficulties.

~~When the Market Observer's decision to suspend trading is announced, the available chairman of the Quotations Committee will assemble and choose from among the Board's previously approved procedures.~~

In no event shall a suspension of trading continue for more than five (5) calendar days.

### 2090.01. MEMBER OR MARKET PARTICIPANT EMERGENCIES.

If at any time the Exchange, in its sole discretion, determines that there is a substantial question as to whether a financial or other type of emergency exists or may exist with respect to any Member or Market Participant, the Exchange may take any actions necessary to protect the best interests of the Exchange and the marketplace.

The Exchange shall have no liability regarding its use of the discretionary power described herein; neither shall the Exchange be liable for actions taken pursuant to MGEX Rules and

Regulations, procedures, or actions allowed by law.

**2100.00. METHOD ~~REQUIREMENTS FOR~~ CLEARING.**

All ~~transactions for~~ Futures or Options ~~traded on the Exchange~~ transactions shall be submitted to the Clearing House to be cleared. Upon acceptance by the Clearing House of such transactions, the ~~Clearing House~~ Exchange assumes the position of Buyer to the Seller and Seller to the Buyer in respect to such transactions, and the last settling price shall be considered as the contract price.

It shall be the duty of each Clearing Member initiating, accepting or executing a transaction for Futures or Options under MGEX Rules and Regulations to submit each such transaction using "TEMS" to the Clearing House. Transactions ~~should~~ shall be submitted at times determined by the Exchange (see **Res. 2101.00.C.**). The transactions shall be in a format approved by the Exchange and shall contain, at a minimum, the following information:

- A. Date of transaction
- B. Clearing Member ~~name~~code (two-digit alpha as assigned by the Exchange)
- C. Type of account or origin (Regular (R) or Segregated (S))
- D. Customer type indicator (CTI) as defined below:
  - CTI 1. Transactions initiated and executed by an individual member for his own account, for an account he controls, or for an account in which he has ownership or financial interest.
  - CTI 2. Transactions executed for the proprietary account of a Clearing Member.
  - CTI 3. Transactions where an individual member or nonmember executes for the personal account of another individual member, for an account the other member controls or for an account in which the other individual member has ownership or financial interest.
  - CTI 4. Any transaction not meeting the definition of CTI 1, 2 or 3.
- E. Quantity, commodity, contract month or expiration month, price or premium, whether the transaction involved a put or a call, strike price, buy or sell.
- F. Both the buying and selling ~~Member's numbers~~Market Participant's identifier (trader ID/Member mnemonic for electronic trades, Broker ID for open outcry trades) and the opposite Clearing Member's symbol.

- G. Transaction time to the minute.
- H. Indicators for the following types of transactions: (C) cash exchange; (T) office transfer\*; (S) spread; (D) delivery; (E) exercise; (R) risk exchange.

\*For office transfers, open and close information for the position (open (O), close (C)) must be submitted.

- I. Account number and identification. (For initial set-up and new accounts, provide a listing of account name, type, and position. This information will be available to the President and designated MGEX personnel only.)
- J. Any other information required by the Clearing House.

The Clearing House shall match the trades as submitted and shall list for each Clearing Member its cleared trades and unmatched trades. A recapitulation statement shall be produced, showing updated contract positions and settling all matched trades to the official MGEX settling prices. After completion of the clearing process, the Exchange shall notify each Clearing Member as to the net pay or collect amounts due by account (Regular and/or Segregated). Such amounts shall be submitted by wire transfer of funds or other acceptable method. Amounts due to the Exchange shall be submitted at times determined by the Exchange (see [Res. 2101.00.C.](#)). All clearing statements shall be disseminated by the Exchange to each Clearing Member's designated contact.

If the report of a trade by a ~~Member~~Market Participant does not correspond to the report of the other party to the trade, the Clearing House shall reject the trade and notify both Clearing Members showing the discrepancy of the reports. The Clearing Members must thereafter submit corrections to the Clearing House at times determined by the Exchange (see [Res. 2101.00.C.](#)).

It shall be the primary responsibility of the Clearing Member to see that all trades are resolved. Each Clearing Member shall designate a person or persons to be available and responsible for reconciling the Clearing Member's unmatched trades. Failure to have a qualified representative available shall constitute negligence in the determination of responsibility for any unmatched trades.

#### **2107.00. CLEARING MEMBER FINANCIAL EMERGENCY.**

If at any time the Exchange, in its sole discretion, determines that there is a substantial question as to whether a financial emergency exists or may exist with respect to any Clearing Member, or that the Clearing Member is no longer in Good Standing, the Exchange may suspend or take any other action to protect the best interests of the marketplace, Clearing Members or the Exchange.

#### **5510.00. PAYMENT OF OPTION PREMIUM.**

The option premium must be paid in full by each Clearing Member to ~~the Exchange~~MGEX and ~~by each option customer to their respective commission merchants at the time that the option is purchased.~~

#### **7405.00. MINIMUM PRICE FLUCTUATION.**

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may ~~range from~~be one dollar (\$1.00) ~~to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.~~

#### **7411.00. PAYMENT OF OPTION PREMIUM.**

The option premium must be paid in full by each Clearing Member to the ~~Exchange~~Clearing House and ~~by each option customer to their respective futures commission merchant at the time that the option is purchased.~~

#### **7605.00. MINIMUM PRICE FLUCTUATION.**

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may ~~range from~~be one dollar (\$1.00) ~~to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.~~

#### **7611.00. PAYMENT OF OPTION PREMIUM.**

The option premium must be paid in full by each Clearing Member to the ~~Exchange~~Clearing House and ~~by each option customer to their respective futures commission merchant at the time that the option is purchased.~~

#### **7805.00. MINIMUM PRICE FLUCTUATION.**

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may ~~range from~~be one dollar (\$1.00) ~~to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.~~

#### **7811.00. PAYMENT OF OPTION PREMIUM.**

The option premium must be paid in full by each Clearing Member to the ~~Exchange~~Clearing House and ~~by each option customer to their respective futures commission merchant at the time that the option is purchased.~~

#### **8005.00. MINIMUM PRICE FLUCTUATION.**

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may ~~range from~~be one dollar (\$1.00) ~~to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.~~

#### **8011.00. PAYMENT OF OPTION PREMIUM.**

The option premium must be paid in full by each Clearing Member to the Exchange Clearing House ~~and by each option customer to their respective futures commission merchant at the time that the option is purchased.~~

#### **8205.00. MINIMUM PRICE FLUCTUATION.**

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may ~~range from~~ be one dollar (\$1.00). ~~to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.~~

#### **8211.00. PAYMENT OF OPTION PREMIUM.**

The option premium must be paid in full by each Clearing Member to the Exchange Clearing House ~~and by each option customer to their respective futures commission merchant at the time that the option is purchased.~~

#### **RESOLUTION 210.01. F.**

Pursuant to the provisions of **Rule 210.01. F.**, the Board of Directors has adopted this Resolution.

Limited authority of the Board of Directors to amend MGEX Regulations, Resolutions, and Interpretations and to take emergency action is hereby delegated to Exchange officers. Such authority includes, suspending or curtailing trading, amending Hours of Trading, imposing margin requirements, declaration of holidays, amending reportable position limits, price limits and intraday market restrictions, managing settlement procedures, open or closing periods, fees, forms, notices, deadlines, dress and decorum policies, minimum financial requirements, notification and reporting requirements, striking prices, cash market reporting, recordkeeping requirements, honorary memberships, default procedures, give-up procedures, transferring customer contracts and margins, definition of emergencies, declarations of Force Majeure and action taken as a result of such declarations. The Exchange shall also have the authority to take such market action as may be directed by the CFTC. The President and Chairperson of the Board of Directors may determine whether a Regulation, Resolution or Interpretation can be amended by Exchange officers. ~~Regulation-Such~~ amendments shall be forwarded promptly to the Board of Directors.

Further, limited authority of the Board of Directors is hereby delegated to Exchange officers to exercise certain other powers including amending transfer procedures, approving membership requests, transfers, applications and cancellations, approving applications and renewals for Regularity, approving applications for Cash Trading Privileges and/or clearing privileges, establishing minimum filing and financial requirements, approving standing committee appointments, granting admission to the Exchange Room, and amending the matching algorithm for the electronic trading system. Such approvals and changes shall be forwarded promptly to the Board of Directors.

#### **RESOLUTION 2101.00.C.**

The Exchange has adopted the following schedule of reporting ~~deadlines for reporting trading~~

~~session activity to MGEX~~ (all times listed shall conform to Central Time):

8:00 a.m.	Position reports
9:00 a.m.	Settlement and margin payment
<u>10:00 a.m.</u>	<u>Trading directive for same day collateral pledges*</u>
11:15 a.m.	Weekly account position updates Daily Delivery/Exercise account updates
11:30 a.m.	Intraday variation payment
<u>12:00 p.m.</u>	<u>Trading directive for same day collateral pledge release*</u>
3:00 p.m.	Last submission of trades
3:45 p.m.	Give-up transfer trades Unmatched trade fixes
4:00 p.m.	Auto-Exercise Cancellation Notices Hard Red Spring Wheat Options position reports on expiration day
4:15 p.m.	Long position lists for delivery Delivery Notices Exercise Notices
7:30 p.m.	Customer gross margin files

**\*The scheduled deadlines are designed to provide Clearing Members with guidance; the Exchange does not guarantee and is not responsible for administering any transfers to or from a Clearing Member's safekeeping account. All delivery instructions shall be communicated directly to the Exchange designated settlement bank, with a copy to MGEX.**

Trading activity after seven o'clock (7:00) p.m. to three o'clock (3:00) p.m. the following day will be cleared with said following day's trading activity.

Trades must be entered in "TEMS" within forty-five (45) minutes of the conclusion of each half (½) hour trading bracket.

Any unresolved unmatched trades may be suspended pending possible resolution the following business day as an "as of" trade. "As of" trades can be carried no longer than one business day.

All give up trades properly entered in accordance with **Regulation 2106.00** by the executing Clearing Member by three o'clock (3:00) p.m. must be accepted by the carrying Clearing Member by three forty-five o'clock (3:45) p.m.

Pursuant to **Regulation 2069.00. B.**, any deadline or submission listed herein that is missed, late, inaccurate or incomplete, may result in a fine or the matter being referred to the Disciplinary Committee as determined by the Exchange.