



Via Electronic Mail

November 8, 2013
MGEX Submission No. 13-20

Ms. Melissa Jurgens
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st 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 respective attached Rules and Regulations 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 in Connection with Committees of the Board and the Exchange

The purpose of these amendments is to update the references to the duties and powers of the committees of the Board and of the Exchange, and more concisely state various committee procedures. As a result, other MGEX Rules and Regulations required housekeeping updates in order to properly implement the amendments.

II. Housekeeping Amendments

Resolution 372.00. was amended as a general housekeeping change so that the Rulebook is accurate and up-to-date.

III. Amendments in Connection with Recordkeeping Requirements for Order Tickets

Regulation 2017.00. was amended in order to codify current recordkeeping requirements for order tickets.

IV. Addition of Summary Fine Schedules to Rulebook

Pursuant to CFTC recommendations, MGEX has moved all of the currently implemented summary fine schedules into the MGEX Rulebook as Chapter 12 regulations.

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 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 MGEX Resolution 210.01.F., the Board of Directors has delegated authority to the officers of the Exchange to make amendments to MGEX Regulations, Resolutions and Interpretations. The officers of the Exchange unanimously agreed to adopt the following Regulations: 1226.00.; 1227.00.; 1228.00.; 1229.00.; 1230.00.; 1231.00.; and 1232.00.

Pursuant to the authority set forth in MGEX Rule 210.01., the MGEX Board of Directors unanimously approved to remove, renumber and amend the following MGEX Rules and Regulations: 201.01.; 201.02.; 201.03.; 210.03; 211.01.; 222.02.; 252.00.; 253.00.; 255.00.; 256.00.; 260.00.; 261.00.; 266.00.; 600.00.; 1167.00.; 2004.01.; 2017.00.; 2105.01.; and Resolution 372.00. As required by MGEX, the MGEX ownership voted and approved the amendments to the Rules above. 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.

The attached amendments are to be effective immediately after the 10th business day following the date of this submission. If there are any questions regarding this submission, please contact me at (612) 321-7188. Thank you for your attention to this matter.

Sincerely,



Amber R. Donley
Associate Corporate Counsel

Enclosures

cc: Thomas J. Bloom

EXHIBIT A

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

I. Amendments in Connection with Committees of the Board and the Exchange

~~201.01. VACANCIES: NOMINATIONS COMMITTEE TO DETERMINE.~~

~~At least thirty (30) days prior to each Annual Election, the Secretary shall provide the Nominations Committee with a list containing the names of all members of the Board of Directors, who are Members of the Corporation, and the dates when their terms of office will expire. The Nominations Committee shall give due consideration to this list and shall determine the vacancies that are to be filled at such Annual Election.~~

~~201.02. NOMINATIONS COMMITTEE: CANDIDATES.~~

~~The Nominations Committee shall direct the Secretary to solicit from the Members individuals to serve on the Board of Directors. Such individuals must provide written confirmation to the Secretary of their intention to be nominated. See **Rule 372.00.N.**~~

~~201.03~~1. CANDIDATES: NUMBER TO BE NOMINATED.

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

~~210.03. VACANCIES: OCCURRING DURING TERM OF OFFICE.~~

- A. Officers: If a vacancy occurs in the office of Chairperson, other than by expiration of the term of office, the First Vice Chairperson, or if the First Vice Chairperson is unable to act, then the Second Vice Chairperson, shall assume all the duties and powers of the Chairperson until such time as the Board of Directors elects a successor to fill the vacancy pursuant to **Rule 200.00.**

- B. Member Directors:

~~1. If a vacancy occurs on the Board of Directors, the Secretary shall promptly notify the Nominations Committee.~~

~~2. In the event a vacancy occurs on the Board of Directors, the Nominations Committee shall direct the Secretary to solicit from the Members individuals to serve on the Board of Directors. Such individuals must provide written confirmation to the Secretary of their intention to be nominated. See **Rule 372.00.N.** The Committee shall recommend to the Board of Directors one (1) but not more than two individuals(~~2~~) Members to fill the vacancy, each of which must confirm their acceptance of such nomination. ~~The Board of Directors, before voting to fill the vacancy, shall~~~~

~~give due consideration to the recommendations of the Committee.~~

211.01. REGULAR AND SPECIAL MEETINGS.

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

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

Any Director having three (3) consecutive absences during that Director's term of office from regular meetings or the first meeting of the newly elected Board of Directors may be removed effective immediately as a Director by majority vote of the Board of Directors. Upon removal, the ~~Secretary shall immediately notify the Nominations Committee and the~~ vacancy shall be filled pursuant to **Rule 210.03. VACANCIES: OCCURRING DURING THE TERM OF OFFICE.**

222.02. INVESTMENT OF FUNDS.

The Board of Directors ~~shall monitor the investment of~~may invest funds belonging to the Corporation ~~in accordance with the most recent investment policy as recommended by the Finance Committee and approved by the Board of Directors.~~

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, provided that any such reallocation will not endanger

necessary financial commitments or requirements.—~~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. 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.

253.00. FINANCE AUDIT COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the ~~Audit Finance~~ Committee, which—~~It~~ shall be composed of ~~seven~~ five (75) Directors including the Chairperson of the Board, the President, and three (3) Public Directors elected by the Board of Directors.

The Committee shall have the duties and powers to: ~~A.~~—~~Oversee the appointment of financial affairs and financial condition of~~ the Corporation's independent auditor, review any audit reports, and report to the Board.

~~B.~~—~~Evaluate and recommend capital investments regarding the physical assets of the Corporation.~~

~~C.~~—~~Review the budget recommendations from other Committees as needed.~~

~~D. Report and make recommendations to the Board of Directors.~~

255.00~~2002.00.~~ EXCHANGE ROOM COMMITTEE.

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

The ~~Committee~~Exchange, at its discretion, shall have the duties and powers to:

- A. ~~Recommend to the Board of Directors c~~Changes in the physical appearance and use of the Exchange Room.
- B. Establish security measures and procedures for admittance of Members and nonmembers to the Exchange Room.
- ~~C. Establish the decorum and dress policy, and the food and beverage policy.~~
- ~~DC.~~ DC. ~~Work with Exchange Staff to a~~Ascertain the equipment needs of the Exchange Room.

~~E. Report and make recommendations to the Finance Committee or Board of Directors.~~

~~In no event shall this Committee become a hearing Committee for any Rule or Regulation infraction sustained in the Exchange Room. Any violation that is subject to a hearing will be referred to the appropriate Committee.~~

256.00. PERSONNEL AND COMPENSATION COMMITTEE.

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

The Committee shall have the duties and powers to: ~~A.~~ F~~ix~~ the compensation and benefits of the President.

~~Periodically review the employee handbook and recommend changes to the Board of Directors.~~

260.00. COMMITTEES OF THE CORPORATION.

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

261.00. NOMINATIONS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Nominations Committee, which shall report to the Board of Directors. It shall be composed of five (5) directors including the Chairperson of the Board and three (3) Public Directors elected by Members of the Corporation, three (3) of whom, if available, shall be the most recent former Chairpersons of the Board of Directors. The chair of the Nominations Committee shall be a Public Director.

The Committee shall have the duties and powers to:

- A. Identify individuals qualified to serve on the Board of Directors, consistent with criteria approved by the Board, and with the composition requirements set forth in Rule 210.00. ~~Determine the vacancies in offices that are to be filled at the Annual Election and recommend the names of candidates to fill the same.~~
- B. Administer a process for the nomination of individuals to ~~Recommend to the Board of Directors the names of persons to fill vacancies occurring during the term of office.~~

~~1. Review and recommend Rules and Regulations governing the nominating process.~~

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

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

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

~~266.00. — EXCHANGE ROOM ENFORCEMENT COMMITTEE.~~

~~There shall be established a Committee of the Corporation to be known as the Exchange Room Enforcement Committee. It shall be composed of Exchange staff and/or employees of an independent security agency appointed by the President of the Corporation. The Secretary of the Corporation shall be a non-enforcement member of the Committee to oversee and review the enforcement of the Rules and Regulations.~~

~~This Committee will be charged with enforcing all Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, booths, disorderly conduct, vulgar or abusive language and any other conduct or activity determined by the Board of Directors to be detrimental to a professional business environment. Members of this~~

~~Committee will issue and sign violation tickets on a form prescribed by the Board of Directors for infractions/violations of the Rules and Regulations.~~

~~The Secretary of the Corporation shall forward all violation tickets to the Department of Audits and Investigations for further review and possible action in accordance with Regulation 2004.01.~~

600.00. ENFORCEMENT OF RULES AND PUNISHMENT FOR VIOLATIONS.

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

Enforcement shall be delegated to, and carried out by, the Disciplinary Committee, and the Hearing Committee ~~or any member of the Exchange Room Enforcement Committee~~ in accordance with Rules 264.03., and 265.03. ~~and 266.00.~~

Parties who have requested a hearing and are found guilty by the Hearing Committee as described in Chapter 6 shall be subject to such penalties as the Hearing Committee shall determine. (See Rule 265.03. and Regulations 2004.01. and 2004.02.)

1167.00. CASH CALL MARKETS.

The Board of Directors, by its authority, may establish Cash Call Markets on the Exchange when in its opinion doing so is in the best interests of the Corporation. The commodities to be traded in the Call Market and the procedures, terms and conditions for trade will be established by Regulation. Furthermore, the ~~Board of Directors~~ Exchange may authorize such fees as necessary to cover the operation of the Call Market.

~~Cash Call Markets will be under the supervision of a five man (5) Call Market Committee, including one (1) from the Exchange Board, who shall serve as Chairman. The responsibilities of the Call Market Committee will include the consideration and recommendation to the Board of Directors of any changes, additions or deletions in the Exchange Regulations dealing with the Cash Call Markets.~~

2004.01. EXCHANGE ROOM ENFORCEMENT.

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

~~Members of the Exchange Room Enforcement Committee are directed by the Board of Directors to enforce all MGEX Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, disorderly conduct, vulgar or abusive language and any other conduct or activity determined by the Exchange or Board of Directors to be detrimental to a professional business environment while in the Exchange Room. Upon observation of an infraction/violation, a member of the Exchange Room Enforcement Committee will issue and sign a~~ The Exchange may issue a violation ticket to a Member or Floor Clerk following an infraction/violation of any MGEX Rule or Regulation occurring in the Exchange Room. All violation tickets must be submitted to the Secretary of the Corporation promptly upon issuance. The Secretary of the Corporation shall thereafter immediately forward the completed violation ticket to the Department of Audits and

Investigations. The Department of Audits and Investigations will give written notification to the violator of the infraction/violation and action taken, if any.

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

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

Members, Clearing Members, and entities having cash trading privileges will be responsible for fines given to their employee(s). Following is a schedule of penalties the Board of Directors has authorized the Department of Audits and Investigations or the Disciplinary Committee to issue:

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

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

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

2105.01. LOSSES BORNE BY MGEX.

Should MGEX bear a loss resulting from the actions or a Default of a Clearing Member, including but not limited to the insufficiency of the security deposit, margins, bonds, guarantees or other assets of a Clearing Member to fully meet its obligations to MGEX, the Insolvency of a Clearing Member, the insolvency of a depository, or larceny, embezzlement, or for any other cause, such loss shall be met and made good promptly by the use and application of funds from the following sources, in the order of priority hereafter listed, with each source of funds to be completely exhausted, to the extent practical, before the next following source is applied. While such application of funds shall be mandatory, the detailed implementation of Regulation 2105.01. shall be the responsibility of the Exchange.

- A Security deposits of the Defaulting Clearing Member.

- B. Margins and performance bonds of the Defaulting Clearing Member on deposit with MGEX, payments made by a guarantor of the Defaulting Clearing Member, and any other assets of the Defaulting Clearing Member.
- C. Such assets of the MGEX Clearing House Reserve Fund.
- D. Security deposits of non-defaulting Clearing Members shall be applied toward meeting a loss in direct proportion to the total security deposit requirement of each Clearing Member.
- E. Such surplus funds of the Exchange as may be in excess of funds necessary for normal business operations. No such surplus shall be assumed until approved by the ~~Finance Committee~~, Executive Committee or the Board.
- F. The balance of the loss to MGEX remaining after application of the above funds shall be assessed against Clearing Members (excluding any Insolvent or Defaulting Clearing Member) in direct proportion to the Clearing Members' total security deposit requirement, except no Clearing Member shall be assessed in excess of 200 percent of such Clearing Member's total security deposit requirement.
- G. A special assessment determined by the Board of Directors to be levied against Clearing Members.

Any assessment made pursuant to this Regulation shall be paid by wire or other acceptable method by each Clearing Member the same business day after notice of any such assessment has been delivered to each Clearing Member, provided wire transfer is open and operational. If wire transfer is not open, payment is due within one (1) hour the next business day after wire is open and operational.

A Clearing Member may withdraw from Membership by giving written notice to the Exchange; however, such Member shall continue to be liable for any assessments made pursuant to this rule to cover any default occurring prior to resignation.

The Exchange may borrow such funds or draw such funds as necessary against any line of credit at any time for such purposes under this Regulation to cover any obligations or losses of the Exchange. Any borrowing of funds shall not relieve any Clearing Member from their obligations under this Regulation, application of their security deposits or from any assessments.

The Exchange may obtain and maintain any default insurance. Such insurance shall inure to and shall be for the sole benefit of the Exchange. Proceeds from any default insurance and the right to any proceeds shall be paid to and belong solely to the Exchange.

II. Housekeeping Amendments

RESOLUTION 372.00.

Pursuant to **Rule 372.00. G.I.** and **H.J.**, the Minneapolis Grain Exchange Board of Directors has adopted the following requirements to be met by Delegates of the Exchange.

A Delegate shall deposit one thousand dollars (\$1,000.00) with the Exchange. No interest will be paid on the deposit.

A Delegate shall pay a fee of two hundred dollars (\$200.00) each month unless said Delegate trades a minimum of twenty five (25) MGEX futures and/or options contracts.

Approved by the Board July 9, 2009, effective September 1, 2009.

III. Amendments in Connection with Recordkeeping Requirements for Order Tickets

2017.00. RECORDING ORDERS.

Each Clearing Member or Member who receives an order from a customer, including a customer who is a Floor Trader or Floor Broker, which is not in the form of a written record showing the account identification, order number and the date and time, to the nearest minute such order was transmitted or received, or cannot immediately be entered into the Electronic Trading System, shall immediately upon receipt thereof prepare a written record of such order, including an account identification and order number and shall record thereon, by time-stamp, the date and time, to the nearest minute, the order is received. Further, all option orders reduced to writing must be time-stamped, to the nearest minute, upon transmittal to the options pit for execution, and upon execution.

IV. Addition of Summary Fine Schedules to Rulebook

1226.00. GENERAL REQUESTS

All general requests are to be submitted to the Exchange by their designated deadlines. Such requests include, but are not limited to, the following documents:

- Tag 50 Information Forms
- EFR/EFP Document Requests
- Audit Trail Requests
- Trading Cards and Orders
- Account Statements

All submissions received after their designated deadlines are subject to a warning letter or a fine plus an additional \$200 fine for every one (1) day late. The fine schedule is as follows:

<u>1st Offense:</u>	<u>Warning Letter</u>
<u>2nd Offense:</u>	<u>\$1,000 fine</u>

3 rd Offense:	\$2,500 fine
4 th Offense:	\$5,000 fine

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Unless otherwise stated, offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee. The Exchange may also grant an extension for any given document request.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1227.00. TRADING SESSION SUBMISSIONS

The following submissions must be submitted accurately pursuant to the deadlines below (unless an extension is granted by the Exchange):

Position Reports	8:00 a.m. (Central Time)
Last Submission of Trades	3:00 p.m. (Central Time)
Give-Up Transfer Trades	3:45 p.m. (Central Time)
Unmatched Trade Fixes	3:45 p.m. (Central Time)
Auto-Exercise/Cancelation Notices/Expiration	4:00 p.m. (Central Time)
Long Positions Lists for Delivery	4:15 p.m. (Central Time)
Delivery Intent	4:15 p.m. (Central Time)
Exercise Notices	4:15 p.m. (Central Time)

All submissions received after the respective deadlines are subject to a warning letter or a fine. The schedule is as follows:

1 st Offense:	Warning Letter
2 nd Offense:	\$1,000 fine
3 rd Offense:	\$2,500 fine
4 th Offense:	\$5,000 fine

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or a fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1228.00. FINANCIAL STATEMENTS

All FCMs, Clearing Members, non-FCMs with trading privileges, and Regular facilities are required to submit accurate financial statements by their designated deadline.

All submissions received after their designated deadlines are subject to a warning letter or a fine plus an additional \$200 fine for every one (1) day late. The fine schedule is as follows:

<u>1st Offense:</u>	<u>Warning Letter</u>
<u>2nd Offense:</u>	<u>\$1,000 fine</u>
<u>3rd Offense:</u>	<u>\$2,500 fine</u>
<u>4th Offense:</u>	<u>\$5,000 fine</u>

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twenty-four (24) month period. The Exchange may determine whether a warning letter or a fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee. The Exchange may also grant an extension for any required statement.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1229.00. FINANCIAL OBLIGATIONS

The following payments must be submitted accurately pursuant to the enforcement deadlines below (unless an extension is granted by the Exchange):

<u>Settlement and Margin Payments</u>	<u>9:00 a.m. (Central Time)</u>
<u>Intraday Variation Payments</u>	<u>12:00 noon (Central Time)</u>

All payments received after the respective deadlines are subject to a warning letter or a fine. The schedule is as follows:

<u>1st Offense:</u>	<u>Warning Letter</u>
<u>2nd Offense:</u>	<u>\$2,500 fine</u>
<u>3rd Offense:</u>	<u>\$5,000 fine</u>
<u>4th Offense:</u>	<u>\$10,000 fine</u>

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1230.00. REGULAR FACILITIES

All Regular facilities must submit their renewal applications by their designated deadlines.

All renewal applications received after the scheduled deadlines are subject to a warning letter or a fine plus an additional \$200 fine for every one (1) day late. The fine schedule is as follows:

<u>1st Offense</u>	<u>Warning Letter</u>
<u>2nd Offense</u>	<u>\$1,000 fine</u>

The 3rd offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling thirty-six (36) month period. The Exchange may determine whether a warning letter or a fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee. The Exchange may also grant an extension for any application.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1231.00. STOCKS REPORTING FACILITIES

All Hard Red Spring Wheat Regular facilities must submit accurate stocks reports to the Exchange pursuant to the deadlines below.

<u>Daily Stocks Reports:</u>	<u>2:00 p.m. (Central Time)</u>
<u>Weekly Stocks Reports:</u>	<u>1:00 p.m. (Central Time) Monday (Tuesday if Monday is a MGEX holiday)</u>

All stocks reports received after the scheduled deadlines are subject to fines as follows:

<u>1st Offense:</u>	<u>Warning Letter</u>
<u>2nd Offense:</u>	<u>\$1,000 fine</u>
<u>3rd Offense:</u>	<u>\$2,000 fine</u>
<u>4th Offense</u>	<u>\$3,000 fine</u>

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a fine is warranted based on facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine

amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1232.00. RECORDKEEPING FOR OPEN OUTCRY ACTIVITY

All open outcry trading cards, order forms, or order tickets required to be prepared and maintained pursuant to MGEX Rules and Regulations, as well as all trade data recorded and submitted in connection with such documents, must be accurate, complete, and in compliance with such rules and regulations.

The Exchange will conduct regular audits of each Clearing Member or Member with open outcry activity to evaluate compliance with such rules and regulations. An audit will be based on a sampling of trading cards, order forms, and order tickets drawn from a set period of time from a particular Clearing Member or Member. The number of documents containing a deficiency(ies) will be divided by the total number of documents examined to determine the percentage of documents with deficiencies.

The audit threshold for trade data recordkeeping and submission deficiencies is 20%. The audit threshold for non-trade data recordkeeping and submission deficiencies, including, but not limited to, time stamps, illegible writing, and crossing out unused lines, is 30%. Clearing Members and Members will be subject to a fine for any occurrence exceeding the threshold in accordance with the following fine schedule:

<u>1st Occurrence:</u>	<u>Warning Letter</u>
<u>2nd Occurrence:</u>	<u>\$1,000</u>

Unless otherwise stated, occurrences and fines shall be based upon audits occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee. If a recordkeeping and/or submission deficiency is found outside of an audit, the Exchange has the discretion to include the occurrence under this fine schedule.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.