



Web 2008-18

July 11, 2008

Dear Members & Rulebook Recipients:

The following Chapter has been amended:

<u>Chapter</u>	<u>Regulation</u>	<u>Purpose</u>
20 Regulations	2014.00.	To determine the futures settlement price from a combined weighted average of volume from MGEXpress® and Open Outcry.
	2015.00.	To consolidate the Regulation.
	2060.00.	To expand the closing period for the Hard Red Spring Wheat Futures Contract to sixty seconds effective July 14, 2008.

You can view these changes by visiting the MGEX website at <http://www.mgex.com>:

1. On the top, go to "RESOURCES" and click "Rules and Regulations"
2. In the middle of the page, click "Click here to download changes to MGEX RULES AND REGULATIONS"
3. Then print if you wish to obtain an updated hard copy for your book.

If you have any questions or problems accessing the Rulebook, please contact Layne G. Carlson at (612) 321-7169 or [lcarlson@mgex.com](mailto:lcarlson@mgex.com).

Layne G. Carlson  
Corporate Secretary

**2013.00. FUTURES POSITION LIMITS.**

- A. **National Corn Index.** Pursuant to the provisions of **Rule 7308.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of one-thousand (1,000) contracts net long or short in the settlement month, one-thousand (1,000) contracts net long or short in any single month and two-thousand five-hundred (2,500) contracts net long or short in all contract months combined.

- B. **National Soybean Index and Wheat Indices.** Pursuant to the provisions of **Rules 7508.00., 7708.00., 7908.00. and 8108.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of one-thousand (1,000) contracts net long or short in all contract months combined, or one-thousand (1,000) contracts net long or short in any single contract month.

**2013.01. OPTIONS POSITION LIMITS.**

- A. **National Corn Index.** Pursuant to the provisions of **Rule 7412.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds two-thousand five-hundred (2,500) futures-equivalent contracts net long or short in all contract months combined, one-thousand (1,000) futures-equivalent contracts net long or short in any single contract month, or one-thousand (1,000) futures-equivalent contracts net long or short in the settlement month.

- B. **National Soybean Index and Wheat Indices.** Pursuant to the provisions of **Rules 7612.00., 7812.00., 8012.00. and 8212.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds one-thousand (1,000) futures-equivalent contracts net long or short in all contract months combined, or one-thousand (1,000) futures-equivalent contracts net long or short in any single contract month.

For the purpose of this Regulation, a long call option, a short put option and a long underlying Futures Contract are on the long side of the market; similarly, a short call option, a long put option and a short underlying Futures Contract are on the short side of the market.

**2014.00. SETTLEMENT PRICES.**

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

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

1. Settlement prices for Futures Contracts which have both Open Outcry and MGEXpress® sessions shall be determined by the trading session with the later closing time.
2. Promptly after the close of trading in each Futures Contract, Exchange staff, in conjunction with the Quotations Committee, shall compute settlement prices for each contract month as follows. The settlement price shall be price consistent with the minimum fluctuations of the contract.

After the closing bell, all Brokers and Traders in the Pit shall report to the Market Observer and a member of the Quotations Committee all trades, bids and offers made in the closing period. Exchange staff will determine all applicable trades, bids and offers made in the closing period on MGEXpress®. The settlement price shall be determined by the combined weighted average of the trades and applicable bids and offers made in the closing period.

3. If no trade occurs in the closing period, the settlement price shall be the last trade price, unless there is a higher bid or lower offer. If there is no trade during the day, the settlement price shall remain unchanged, unless there is a higher bid or lower offer. In such cases, the higher bid or lower offer shall be the settlement price.
4. If such settlement price is not consistent with the settlements in other months or with market information known to the designated Exchange official supervising the closing or to members of the Quotations Committee, or if the settlement was inaccurately determined, the designated Exchange official, with the advice of the Quotations Committee, may establish a settlement price at a level consistent with such other settlement prices or market information and shall prepare a written record setting forth the basis for any modification of such settlement price.

**B. MGEXpress® Contracts.**

Promptly after the close of the trading session in each Futures Contract, the Exchange shall ensure that settlement prices are calculated for each contract month as follows. The settlement price shall be price consistent with the minimum fluctuations of the contract.

1. The settlement price shall be the last trade price, unless there is a higher bid or lower offer that existed at the close of the market. If there is no trade during the day, the settlement price shall remain unchanged, unless there is a higher bid or lower offer that existed at

the close of the market. In such cases, the higher bid or lower offer shall be the settlement price.

2. If such settlement price is not consistent with the settlements in other months or with market information, or if the settlement was inaccurately determined, a new settlement price may be established at a level consistent with such other settlement prices or market information and a written record setting forth the basis for any modification of such settlement price shall be prepared.

**C. Reservation.**

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

**2015.00. SETTLEMENT PREMIUMS.**

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

**A. Open Outcry/MGEXpress<sup>®</sup> Contracts.**

Promptly after the close of trading in each Options Contract, 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. Exchange staff, in conjunction with the Quotations Committee, shall then determine the settlement premiums by using a theoretical pricing model.
2. If 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 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.

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close of the futures market and fifteen (15) minutes after the close of the Options market. The Board of Directors, at its discretion, may require that trading documents be collected at the end of smaller intervals in order to ensure compliance with provisions of the Commodity Exchange Act.

- B. Partially-filled order tickets need not be submitted by the executing Member to the Clearing Member until the entire order has been executed. Once the entire order has been executed, the order must be submitted to the Clearing Member promptly, or at the latest, during the next required collection of trading documents by the Clearing Member.
- C. Trading cards collected pursuant to this Regulation must be time-stamped promptly to the nearest minute upon collection by the Clearing Member.

#### **2059.00. DESIGNATION OF OPEN AND CLOSE ON TRADING CARDS.**

Each Member is required to identify on his or her trading cards all trades executed during the designated opening and closing periods by drawing a line on the card to separate those trades from other transactions recorded on the trading card.

#### **2060.00. OFFICIAL CLOSING PERIOD: FUTURES.**

The closing period shall be the last sixty (60) seconds of the Hard Red Spring Wheat Contract trading session.

#### **2061.00. OFFICIAL CLOSING PERIOD: OPTIONS.**

The closing period shall be the last sixty (60) seconds of the Spring Wheat open outcry trading session.

#### **2062.00. TRADING CARDS: FORM, PREPARATION AND MAINTENANCE.**

- A. Trading cards used to record the execution of purchase or sale of any commodity for future delivery or commodity option on or subject to the Rules of the Exchange must contain:
  - 1. Pre-printed Member identification or other unique identifying information which would permit the trading cards of one Member to be distinguished from cards of all other Members;
  - 2. Pre-printed sequence numbers to permit the intra-day sequencing of trading cards; and
  - 3. Unique and pre-printed identifying information which would distinguish each of the trading cards prepared by a Member from his/her other trading cards for no less than a one (1) week period.
- B. A Member recording transactions on trading cards must use non-erasable ink to record each purchase and sale in exact chronological order of execution on sequential lines of the card. Skipping of lines on the trading card is prohibited. If blank lines remain after the last execution recorded on a