RULES AND REGULATIONS

OF THE

MINNEAPOLIS GRAIN EXCHANGE, INC.

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LEGAL STATUS
OF THE
MINNEAPOLIS GRAIN EXCHANGE, INC.

* * * * *

The Exchange was incorporated in 1881 under the name of The Chamber of Commerce of Minneapolis and the statutes of the State of Minnesota.

In 2010, the Exchange was reincorporated as a non-stock corporation under Delaware Corporations law.

CERTIFICATE OF INCORPORATION OF MINNEAPOLIS GRAIN EXCHANGE, INC.

FIRST: The name of the corporation is Minneapolis Grain Exchange, Inc. (the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 160 Greentree Drive, Suite 101, Dover, Delaware 19904. The name of the registered agent of the Corporation at that address is National Registered Agents, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

FOURTH: The corporation shall not have the authority to issue any capital stock.

FIFTH: The conditions of membership shall be stated in the bylaws of the Corporation.

SIXTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and members:

A. Each member shall be entitled to one vote for each membership held. However, no member holding multiple memberships may cast ballots for more than twenty percent (20%) of the Corporation's outstanding memberships, regardless of the number of memberships owned. Memberships owned directly or indirectly by the member through subsidiaries or affiliates shall be included in compiling the total number of ballots or votes that may be cast by any member.

B. The certificate of incorporation of the Corporation may be amended by the board of directors to the extent permitted by the bylaws of the Corporation.

C. The bylaws of the Corporation may be amended by the board of directors to the extent permitted by the bylaws of the Corporation.

D. Only members in Good Standing, as defined in the bylaws of the Corporation, are entitled to vote on any question that may come before the Corporation for a vote of the members.

E. Public Directors, as defined in the bylaws of the Corporation, shall be elected by the Member Directors, as defined in the bylaws of the Corporation.

SEVENTH: A director of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

EIGHTH: The incorporator is Peter J. Ekberg, whose mailing address is 2200 Wells Fargo Center, Minneapolis, Minnesota 55402.

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BYLAWS
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100.00. DEFINITIONS.

The following are Bylaws of the Exchange. Bylaws incorporate all defined terms of Chapter 1 of the MGEX Rules. MGEX Rules is a separate document codifying daily Exchange guidelines.

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) Member Directors 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) Member Directors shall be elected for terms of two (2) years each, so that said Member Directors shall at all times total seven (7) in number.

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, the Member Directors shall elect annually, a Chairperson, a First Vice Chairperson and a Second Vice Chairperson. The election of the Officers shall be under the supervision of the senior Member Director. No Director may serve more than three (3) consecutive one year (1) terms as Chairperson.

At all times, there shall be a total of four (4) Public Directors serving on the Board of Directors. After each Annual Election or to fill vacancies, the Chairperson of the Board of Directors and President of the Exchange shall nominate persons for the position of Public Director. Such nominees must be approved and appointed by the majority of the seven (7) Member Directors. Each Public Director thus appointed by the Board of Directors shall serve a two (2) year term. After each Annual Election occurring during an odd year not more than two (2) Public Directors shall be appointed and after each Annual Election occurring during an even year not more than two (2) Public Directors shall be appointed.

200.01. ANNUAL ELECTION: NOTICE OF.

Notice of the Annual Election shall be posted on the Official Bulletin Board and disseminated to Members at least three (3) weeks before the date of such Election. This notice shall give the date of the Annual Election, the vacancies to be filled, shall indicate thereon the term of office in filling each of the vacancies and cite the Bylaws relative to the procedure for nominating candidates.

201.01. CANDIDATES: NUMBER TO BE NOMINATED.

The Nominations Committee shall nominate any number of candidates, each of which must be a Record Holder of an Exchange Membership in Good Standing. Each candidate must confirm their acceptance of such nomination and cannot be placed on the ballot for the Annual Election without being nominated by the Nominations Committee.

201.09. NOMINATIONS: POSTING LIST OF.

On the next business day following the second Thursday before the Annual Election, the

Secretary shall post upon the Official Bulletin Board a list of the nominations that have been duly made for Directors.

202.00. BALLOT; PROXY: FORM OF.

On the second Thursday before the Annual Election, the Secretary shall prepare a form of ballot and proxy to use at the Annual Election. The ballot and proxy shall list all candidates in one (1) section. The section shall be marked to indicate the number of candidates to be elected, the term of office and, if the candidate is running for reelection, the word incumbent shall be used. The candidates shall be listed in alphabetical order. The candidates receiving the most votes shall be declared elected. Voting for more than the indicated number of candidates shall cause the ballot or proxy to be null and void.

202.01. VOTING: PROCEDURE.

The Secretary shall, at least ten (10) days prior to the date of the Annual Election, or prior to the date fixed by the Board of Directors for any vote by the Members, forward to the Authorized Voter of each Record Owner in good standing a duly prepared proxy, with a line for the signature of the Authorized Voter, and an envelope addressed to the Secretary. The proxy is to be marked, signed and returned to the Secretary. The Secretary shall place all such proxies and envelopes in a locked ballot box. At the Annual Election or any other meeting of the Members, the Secretary shall distribute ballots to the Authorized Voters present in person or proxy at the meeting and Authorized Voters who desire to vote by ballot rather than by a proxy previously delivered to the Exchange shall submit such ballot to the Secretary and the Secretary shall place all such ballots in a locked ballot box. Any ballots validly submitted by an Authorized Voter shall supersede any previously delivered proxy by the Authorized Voter.

202.02. VOTING: QUALIFICATIONS FOR.

Any Record Owner shall be entitled to vote at any election or upon any question that may come before the Exchange for vote if the Record Owner is in good standing, but not otherwise.

202.03. VOTING: NUMBER OF VOTES PERMITTED.

Each Record Owner of a membership shall be entitled to one vote for each membership, provided that such Record Owner owns, directly, indirectly, or through an affiliate or related person (as such terms are described in Bylaw 370.00.) no more than twenty percent (20%) of the Exchange's outstanding memberships. If a Record Owner owns, directly, indirectly, or through an affiliate, more than twenty percent (20%) of the Exchange's outstanding memberships, such Record Owner shall be entitled to cast ballots for or otherwise vote no more than twenty percent (20%) of the Exchange's outstanding memberships, regardless of the number of memberships owned. The Exchange shall disregard any votes cast in excess of such twenty percent (20%) limit. Memberships owned directly or indirectly by the Record Owner through subsidiaries or affiliates (as such term is defined for purposes of Bylaw 370.00.) shall be included in compiling the total number of ballots or votes that may be cast by any entity.

202.04. VOTING: POLLS CLOSE.

All proxies for the Annual Election or on any question submitted to the Record Owners for vote, which are submitted by mail or otherwise delivered to the Secretary of the Exchange prior to the meeting, in order to be counted, must be received at the office of the Secretary before twelve

o'clock (12:00) Noon on the date designated for such voting.

202.05. TELLERS: APPOINTMENT AND DUTIES.

The President, prior to any election or other vote by the Record Owners, shall appoint three (3) tellers to count the proxies and ballots, who shall act only when all three (3) tellers are present.

The tellers shall obtain from the Secretary the locked ballot box and a list of Record Owners in good standing at the time of the election. The tellers shall open the ballot box and remove therefrom all envelopes containing proxies and all ballots. The tellers shall then open all the outside envelopes, and they shall discard the proxies and ballots of all persons who are not Record Owners in good standing.

The tellers shall indicate on the list of the Record Owners in good standing, furnished by the Secretary, the names of the Record Owners who have voted at such election. The tellers shall then count the proxies and ballots and shall make a signed report of the results of the election in writing to the President. Such report shall be entered upon the proper record books of the Exchange, and the Secretary shall post a copy thereof on the Official Bulletin Board and disseminate the results to the Members and Owners of the Exchange.

202.06. CANDIDATES: DECLARED WINNERS.

A plurality of the total votes cast for all candidates to fill any vacancy at any election shall elect the candidates receiving such plurality.

202.07. BALLOTS AND PROXIES: PRESERVATION OF.

The Secretary shall preserve all ballots and proxies for at least two (2) months in order that they may be available for examination if so ordered by the Board of Directors.

202.08. PROCEDURES IN THE EVENT OF A TIE VOTE.

In the event a candidate to be elected cannot be declared to have won a seat on the Board of Directors because of a tie vote, there shall be a special run-off Election. **Bylaw 202.00.** through **202.07.** will govern the special Election. The special run-off Election shall be held as quickly as possible after it is known that a Director cannot be seated. The President and the Secretary shall set the date for this Election.

203.00. MEETINGS OF MEMBERS.

Meetings of the Members shall be held upon call of the Chairperson. The Chairperson may call such meetings at discretion and shall call them pursuant to instructions from the Board of Directors. Such meetings may be held at any time or place and for any purpose as the Chairperson or the Board of Directors shall provide. Meetings of the Members shall also be called by the Chairperson upon written request signed by not fewer than fifty-five (55) Members stating the object for which such meeting is desired.

Except when a longer time is specifically required by the General Corporation Law of the State of Delaware or the Bylaws, notice of every meeting stating the place, if any, date and hour, and purpose of the meeting shall be disseminated to all Members and to all nonmember officers or directors, properly addressed according to the last available corporate records, not fewer than ten

(10) nor more than sixty (60) days prior to the meeting, excluding the date of the meeting, and a copy of such notice shall be posted on the Official Bulletin Board for at least ten (10) consecutive days prior to the date of the meeting.

A quorum for a meeting of the Members is the presence in person or by proxy of Authorized Voters designated to vote at least 100 memberships owned by Record Owners in good standing and entitled to vote at the meeting.

Except for the election of directors or as otherwise required by the General Corporation Law of the State of Delaware, the vote of a majority of memberships owned by the Record Owners in good standing voting through their Authorized Voters present in person or represented by proxy at any meeting of the Members shall be required for action of the Members.

203.01. MEETINGS OF MEMBERS: NOTICE OF.

Notice of meetings of the Members shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which Authorized Voters and proxyholders may be deemed to be present in person and vote at the meeting, the record date for determining the Authorized Voters entitled to vote at the meeting, if such date is different from the record date for determining Authorized Voters entitled to notice of the meeting and the purpose of such meeting, and no business other than that for which a meeting has been called shall be considered or transacted at such meeting.

203.02. MEETINGS OF MEMBERS: HOW CONDUCTED.

Except as provided otherwise in the General Corporation Law of the State of Delaware as amended or in the Charter or the Bylaws, meetings of the Members shall be conducted in accordance with the established practices of Parliamentary Law; and, in case of a dispute, "Robert's Rules of Order" shall govern.

203.03. MEMBER ACTION WITHOUT MEETING OF MEMBERS.

Any action approved by the Board of Directors required to be taken at any meeting of the Members may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by Authorized Voters of the Record Owners having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of the Members at which all memberships held by Record Owners in good standing and entitled to vote thereon were present and voted. Every written consent shall bear the date of signature of the Authorized Voter of each Record Owner who signs the consent. Prompt written notice of the taking of any corporate action without a meeting by less than unanimous written consent shall be given to the Members who have not consented in writing and who, if action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of Authorized Voters to take the action were delivered to the Exchange.

204.01. ADOPTION OR AMENDMENT OF RULES: PROCEDURE.

The Board of Directors may adopt or amend any MGEX Rule by majority vote.

204.02. ADOPTION OR AMENDMENT OF RULES: DATE EFFECTIVE.

Unless specifically provided otherwise by the Board of Directors, MGEX Rules shall become effective as of the first business day following the date that the Exchange publishes the amendment on its website (www.mgex.com).

205.01. ADOPTION OR AMENDMENT OF BYLAWS: PROCEDURE.

Except for changes made pursuant to **Bylaw 242.00.**, any Bylaw may be adopted or amended only by an affirmative vote of at least a majority of Record Owners in good standing either present in person or represented by proxy at any meeting of the Record Owners, provided that the following terms and conditions have been met prior to such meeting:

A. The Board of Directors must propose the Bylaw or amendment by: (1) approving the proposed Bylaw or amendment by majority vote; (2) directing its submission for adoption at a Record Owner meeting; and (3) directing that the Chairperson to call a Record Owner meeting to consider adopting the proposed Bylaw or amendment.

B. Notice of a Record Owner meeting must be disseminated to each Authorized Voter and director of the Exchange. Notice must state the place, date, hour, and purpose of the meeting, and includes: (1) a copy of the proposed Bylaw or amendment; (2) any recommendation or comment from the Board of Directors; and (3) a proxy form and return envelope allowing the Authorized Voter to vote either for or against each proposed Bylaw or amendment.

205.02. ADOPTION OR AMENDMENT OF BYLAWS: DATE EFFECTIVE.

Unless specifically provided otherwise by proxy or the Board of Directors, all Bylaws become effective as of the first business day following the date that the Exchange publishes the amendment on its website (www.mgex.com).

210.00. BOARD OF DIRECTORS: COMPOSITION AND TERMS OF OFFICE.

The government of the Exchange shall be vested in a Board of seven (7) Directors, all of whom shall be Members of the Exchange at the time of their election, together with four (4) Public Directors all of whom shall be elected by the seven (7) Directors.

The terms of office of the seven (7) Directors who are Members of the Exchange shall commence on the second Monday succeeding their election. The terms of all Directors shall continue until either their successors have been elected and qualified, a Director provides written notice of his or her resignation, or a Director is removed from the Board. A Director may be removed from the Board following three (3) consecutive absences pursuant to **Bylaw 211.01.** or if the Chief Compliance Officer determines that the Director failed to adequately carry out his or her duties as a Director, provided that the Exchange officers approve of such determination. In the event of the latter, the Director's removal will be effective immediately after the Director is notified. Upon removal, the vacancy shall be filled pursuant to **Bylaws 200.00.** and **210.03**.

210.01. BOARD OF DIRECTORS: POWERS.

The Board of Directors ("Board") is the governing body of the Minneapolis Grain Exchange, Inc. ("Exchange") and has the power to:

A. control all property of the Exchange;

B. provide, acquire and maintain suitable Exchange quarters and facilities;

C. review and approve the creation of and all appointments to standing and special committees recommended by the Chairperson;

D. review and approve the appointment of a President;

E. review and approve the appointment, titles and responsibilities of all Exchange employees above the level of department head;

F. delegate its powers to committees of the Board, or officers or employees, if such delegation is not inconsistent with the Charter, Bylaws, MGEX Rules, customs or usages of the Exchange;

G. approve all contracts to be executed on behalf of the Exchange by the Chairperson, President or other designated officers;

H. designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified limits;

I. appoint a Counsel to the Board;

J. fix, determine and levy all Membership dues, fees and assessments;

K. determine the commodities traded, the delivery months, Hours of Trading, the days of the contract month in which delivery may be made, and margin requirements;

L. declare any day to be a holiday, during which the Exchange shall not be open for business;

M. adopt or amend any changes to the MGEX Rules;

N. recommend changes to any Bylaw;

O. adopt Regulations to implement any MGEX Rule or to conform with orders, recommendations or requests of any duly constituted governmental authority, or that in the opinion of the Board of Directors are necessary and appropriate;

P. act in emergencies; (See **Bylaw 210.02.**)

Q. without Member vote, amend the Charter as necessary to conform to Bylaws or MGEX Rules or to cause the Exchange to become a Delaware nonstock, for profit corporation.

Any authority or discretion by these Bylaws vested in the Chairperson, President, Chief Risk Officer or any committee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.

210.02. BOARD OF DIRECTORS: EMERGENCY POWERS.

When in the opinion of the Board of Directors ("Board") an emergency exists, the Board shall have the power to:

A. close the Exchange;

B. suspend trading in any or all Futures or Options Contracts, including trading in settlement of any then existing Futures or Options Contracts;

C. prohibit trading in any or all Futures or Options Contracts at prices above or below such limits as are specified by the Board;

D. limit the total amount of open speculative Futures or Options trades that any Market Participant may have at any one time in any or all commodities, and to increase, decrease or cancel such limitations as the Board of Directors deems advisable. The Board of Directors may require such reports and may make such MGEX Rules as it deems necessary to enforce such limitations;

PROVIDED, however, that the establishing of any such limit shall not be deemed to require that total amounts of such trades acquired before the effective date of such limitations be reduced to such limit;

E. take other appropriate emergency action.

If and when the Board of Directors has acted under the authority granted by this Bylaw, it may make such MGEX Rules and Resolutions as the Board deems necessary and proper and for the best interests of all concerned. Notice of any action taken by the Board pursuant to the authority granted by this Bylaw shall be posted on the Official Bulletin Board and shall be given to Members in such other manner as the Board shall direct. Such action shall become effective when, and for such period of time, as determined by the Board, but not prior to the time of the posting of notice thereof on the Official Bulletin Board.

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 **Bylaw 200.00.**

B. Member Directors: In the event a vacancy occurs on the Board of Directors, the Nominations Committee shall recommend to the Board of Directors one (1) but not more than two individuals to fill the vacancy, each of which must confirm their acceptance of such nomination.

211.00. FIRST MEETING OF THE BOARD OF DIRECTORS.

The first meeting of the newly elected Board of Directors after each Annual Election shall be held within one month after such Annual Election, or as soon thereafter as is practicable at the discretion of the President.

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 Bylaws 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 vacancy shall be filled pursuant to **Bylaw 210.03.**

211.02. QUORUM.

Five (5) members of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of such Board, but a lesser number may meet and adjourn such meeting, from time to time, up to the time of the next regular or special meeting of the Board of Directors.

211.03. PROCEDURE AT MEETINGS.

The Board of Directors may, from time to time, adopt such regulations for its own government and the conduct of its meetings as are not contrary to the provisions of the General Corporation Law of the State of Delaware as amended, and the Charter, Bylaws, or MGEX Rules. Except as otherwise specifically provided in said Act or in the Charter, Bylaws, or MGEX Rules, meetings of the Board of Directors shall be conducted according to the established practices of Parliamentary Law and, in case of dispute, "Robert's Rules of Order" shall govern.

215.00. CHAIRPERSON OF THE BOARD: GENERAL DUTIES.

The Chairperson of the Board of Directors shall be the senior officer of the Board and perform the usual duties incident to the office. Unless otherwise specified by Bylaw, the Chairperson shall recommend appointments to all Committees (as soon as practicable after each Annual Election), any special Committees deemed necessary, and the Chairpersons thereof, subject to the approval of the Board. Unless otherwise specified by Bylaw, the Chairperson shall be an ex officio, nonvoting member of all Committees. The Chairperson shall preside at all meetings of Members and of the Board, shall see that all bonds of the employees of the Exchange required to give bond are properly executed and shall have the books of the Exchange audited at least once a year by a certified public accountant. The Chairperson shall be a Member of the Exchange and Board of Directors. In the event of a tie vote at a meeting of the Board of Directors, the Chairperson shall be entitled to vote. If the Chairperson abstains from voting in the case of a tie vote, the Board of Directors will not have an affirmative vote to take action.

215.01. VICE CHAIRPERSONS.

The Vice Chairpersons shall be considered, respectively, the First and Second Vice Chairpersons and shall, in such order, perform the duties of the Chairperson in the Chairperson's absence or disability. The Vice Chairpersons shall be Members of the Exchange and Board of Directors.

215.02. ACTING CHAIRPERSONS.

The Board of Directors may appoint an acting Chairperson to perform the duties of the Chairperson during the absence or disability of the Chairperson and both Vice Chairpersons. The acting Chairperson shall be a Member of the Exchange and Board of Directors.

216.00. APPOINTMENT OF OFFICERS AND EMPLOYEES.

Following each Annual Election, the Board of Directors shall elect or appoint a President, a Secretary, an Assistant Secretary, and a Treasurer, and such other officers or employees as in its judgment may be necessary. The offices of Secretary and Treasurer, or Assistant Secretary and Treasurer, may be held by the same person. The Board of Directors may assign any title to any of such other officers or employees as it deems advisable. The Board of Directors may prescribe the duties and fix the compensation of all such officers and employees, and all such officers and employees shall hold office or be employed during the will of the Board of Directors. Officers and employees shall not be Record Holders of the Exchange. The Board of Directors may require a good and sufficient bond from any of such officers or employees for the faithful performance of their duties and trusts. Notice of appointments of officers or revocations of the same shall be given to Members.

216.01. EMPLOYMENT OF COUNSEL, AUDITORS, ETC.

The Board of Directors may from time to time employ legal counsel, accountants, auditors or such other special services or help as it may deem necessary.

217.00. PRESIDENT.

The Board may elect a President of the Exchange, who shall not be a Record Holder. The President shall be the Chief Executive Officer of the Exchange responsible to the Board for the management and administration of its business affairs. The President shall execute all contracts as authorized by the Board. All employees of the Exchange shall be under the President's supervision who shall establish the qualifications, duties and responsibilities of all subordinate administrative personnel. Unless otherwise specified by Bylaw, the President shall be an ex officio, nonvoting member of all regular and special Committees and a nonvoting member of the Board of Directors. By acceptance of the office of President, the President shall be deemed to have agreed to uphold the Charter, Bylaws, and MGEX Rules. The Board may confer upon the President other responsibilities as warranted. However, the Board shall not confer upon the President the power to formulate the policies of the Exchange or take disciplinary action, arbitrate disputes or adjust claims against Members.

218.00. SECRETARY.

The Secretary shall perform the duties usually incident to the office and such other and special duties as are prescribed by the Board of Directors, President or by the Bylaws.

218.01. ASSISTANT SECRETARY.

The Assistant Secretary shall perform such duties as are prescribed by the Secretary, by the Board of Directors or by the President, and shall act as Secretary in the absence or disability of the Secretary.

218.02. PAPERS: SERVICE OF.

Notices, citations and papers of all kinds, requiring service in connection with any of the Bylaws and MGEX Rules, shall be served by the Secretary or by such other employee of this Exchange as the Secretary may designate. The affidavit of the person who made the service shall be evidence of the service of such notices of papers.

Whenever, under the Bylaws or MGEX Rules, service is required or permitted to be made upon a Person, such service shall be made by delivering a copy or by mailing it to the Person's last known address, postage prepaid. Delivery of a copy means: handing it to the Person; leaving it at the Person's office with a clerk or other person in charge thereof; if there is no one in charge, leaving it in a conspicuous place therein; or, if the office is closed or the Person to be served has no office, leaving it at the Person's dwelling or usual place of abode with some person of suitable age and discretion then residing therein. Service by mail is complete upon mailing. Service required or permitted to be made, under the Bylaws or MGEX Rules, upon an entity shall be made by making such service in the manner as hereinbefore provided on a managing agent of such entity.

218.03. OATHS: ADMINISTRATION OF.

There shall be continuously in the employ of the Exchange one or more persons who are authorized under the laws of the State of Minnesota to administer oaths.

219.00. TREASURER.

The Treasurer shall perform such duties as prescribed by the Board of Directors, President or by the Bylaws and MGEX Rules.

220.00. ANNUAL FINANCIAL STATEMENT.

The Board of Directors, as soon as possible after the close of the fiscal year of the Exchange, shall cause to be prepared a full and complete statement of the financial condition of the Exchange and of its operations for the previous fiscal year; and the Board of Directors shall cause a copy of said statement to be sent to each Member of the Exchange.

221.00. REGULAR ASSESSMENTS.

The Board of Directors, at any regular or special meeting may levy an assessment or assessments on each and every membership in the Exchange for the purpose of regular operating expenses of the Exchange for and during the current fiscal year. The Board of Directors shall fix the dates upon which any such assessment or assessments, in whole or in part thereof, shall become due and payable.

221.01. SPECIAL ASSESSMENTS.

The Board of Directors may levy special assessments upon each and every membership in the Exchange for the purposes of the Exchange and may fix the dates upon which such Assessments, in whole or in parts thereof, shall become due and payable; PROVIDED, however, that such assessments must be submitted to the Record Owners by ballot and approved by an affirmative vote of at least a majority of the Record Owners of the Exchange who have voted upon such assessments.

221.02. NOTICE OF ASSESSMENTS.

Notice of each regular and special assessment that has been levied against the memberships in the Exchange and the due dates of payment thereof shall be posted upon the Official Bulletin Board and given to Members within two (2) weeks after such assessment has been made.

221.03. FINANCING.

The Board of Directors shall have the authority to establish fees and charges necessary to meet the financial obligations of the Exchange. Fees and charges shall be remitted at such times and in such manner as the Board of Directors may prescribe. This Bylaw shall not supersede in any way **Bylaws 221.00.** and **221.01**. of the Exchange.

222.00. FUNDS AND SECURITIES OF THE EXCHANGE.

The funds of the Exchange shall be deposited in the name of the Exchange in a bank or banks, as designated from time to time by the Board of Directors.

Securities and other valuable papers belonging to the Exchange may be kept in a safe deposit box designated by the Board of Directors. Access to such box shall be had only in the manner authorized by the Board.

222.01. EXPENDITURE OF THE FUNDS OF THE EXCHANGE.

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

222.02. INVESTMENT OF FUNDS.

The Board of Directors shall monitor the investment of funds belonging to the Exchange.

223.00. BORROWING OF MONEY.

The Board of Directors, on the affirmative vote of at least one half (1/2) of the total number of Directors of the Exchange, permitted under **Bylaw 210.00.**, may borrow money for and on behalf of the Exchange, for any period of time and on such terms and with such security or mortgage, all as the Board may determine necessary for business purposes.

224.00. EXECUTION OF CONTRACTS, SIGNATURES ON PAPERS, CHECKS, ETC.

Except as otherwise specifically provided in this Bylaw, all deeds, mortgages, satisfactions of

mortgages, contracts for the conveyance of land, leases, bills payable, promissory notes and other written promises to pay money, corporate contracts of all kinds, checks and drafts drawn on bank accounts standing in the name of the Exchange shall be executed or signed in the name of the Exchange by the President and such other officer, director or employee as the Board of Directors shall from time to time designate.

PROVIDED, however, that a check or checks, signed as provided above, to cover the total payroll of the Exchange for any specified period of time may be deposited to the credit of the Exchange in a special bank account, which shall be designated as a Payroll Account; checks or drafts drawn on such Payroll Account to cover salaries or wages due to individual officers or employees of the Exchange may be signed in such manner as the Board of Directors may from time to time direct; and

PROVIDED FURTHER, that contracts for the purchase of supplies and equipment necessary and incident to the usual and ordinary operations of the buildings or business of the Exchange may be executed in the name of the Exchange in such manner as the Board of Directors may from time to time direct.

Except as otherwise provided by the Bylaws, all other papers and documents of all kinds, including certificates, cards, licenses, etc., shall be executed or signed in the name of the Exchange in such manner as the Board of Directors shall from time to time direct.

231.00. DELIVERY OF DOCUMENTS, PAYMENT, ETC.

The Board of Directors shall have the power from time to time to make MGEX Rules (including fixing time of day) governing the rendering and delivery of all orders, notices, and documents of all sorts having to do with or incident to handling or passing title to commodities, and for the payment for commodities, including (but not being limited to) Delivery Notices, deliveries on Futures Contracts and payment therefor, exercise of Options, Load-out Notices, Notices of Reinspection and Appeal, Disposition Orders, Invoices and payment therefor, requests for advances and payment therefor, Bills of Lading, payment for F.O.B. cars, payment of elevator charges, and the giving of disposition on cars purchases or loaded in satisfaction of warehouse receipts.

235.00. ADMISSION TO EXCHANGE ROOM.

Except as permitted by the Exchange, no one except Members in Good Standing (or holders of substitute tickets) may be admitted to the Exchange Room.

The Exchange may grant admission to the Exchange Room to Floor Clerks, visitors and other persons, subject to such restrictions, regulations and limitations as the 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 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 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 Bylaw upon the complaint, in writing, of any Member of MGEX.

236.00. CONTROL OF THE USE OF THE BUILDINGS.

The Exchange shall have power to prescribe the purposes for which all offices, halls, rooms, corridors, entrances and other parts of the buildings belonging to or leased by MGEX shall be used, and to make all necessary Regulations governing the use of and admittance to the same, and shall have full power to enforce such Regulations and to inflict penalties for the violation thereof. The Exchange shall have the power to let space in the buildings belonging to or leased by MGEX to such tenants, for such purposes, at such rentals, and on such terms and conditions as it deems desirable.

237.00. MANAGEMENT OF REAL ESTATE.

The Board of Directors shall have the power from time to time to purchase real estate PROVIDED, however, that any borrowing of money to finance such purchases is subject to the provisions of Bylaw 223.00. The Exchange shall have the power to make changes, alterations, repairs, replacements or additions to the fixtures, equipment and machinery of the buildings of the Exchange, and to make such enlargements or additions to the present buildings to maintain said buildings, equipment or machinery in proper and suitable condition for the uses and purposes of MGEX and its Members and tenants.

240.00. FISCAL YEAR.

The fiscal year of the Exchange shall begin on September 1 of each year and end on August 31 of the succeeding calendar year.

242.00. HOUSEKEEPING.

The Board of Directors shall have the authority to make changes in any Bylaw without formal approval of the Ownership when such changes do not alter the intent of the Bylaw or when Bylaw modification is dictated by change in business organizational structure or name. “Changes” are limited to the modification or elimination of letters, numbers, words, phrases or sentences necessary to maintain accurate and current Bylaws or are necessary to comply with any change in law, statute or governing legal authority.

243.00. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS.

The Exchange shall indemnify its directors, officers and committee members against such expenses and liabilities, in such manner, under such circumstances, and to such extent, as required or permitted by Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time, or as required by other provisions of law.

The Exchange shall advance expenses in such manner, under such circumstances, and to such extent, as required or permitted by Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time. The provisions of this Section are not intended to limit the ability of any person to receive advances as an insured under any insurance policy maintained by the Exchange.

The Exchange may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member or employee against any liability asserted against and

incurred by such person in or arising from such capacity, whether or not the Exchange would otherwise be required to indemnify the person against the liability.

The Exchange shall also abide by all other controlling provisions of Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time.

244.00. MEMBERSHIP IN OTHER ASSOCIATIONS: DELEGATES TO MEETINGS.

At the discretion of the Board of Directors, the Exchange may become a member of other associations or organizations, membership in which in the opinion of said Board will be beneficial to the Exchange. The Board of Directors may appoint delegates or representatives to commercial or deliberative meetings at which it may desire to have the Exchange represented. The Board may, at its discretion, authorize the payment (from the general funds of the Exchange) of the dues payable to such associations and of the expenses incurred by such delegates or representatives in attending such meetings.

250.00. COMMITTEES: REGULATIONS GOVERNING PROCEDURE.

Any Committee may adopt such regulations for its own government and proceedings as are not contrary to the Bylaws or Rules, and which will best promote the objects for which it was established.

251.00. COMMITTEES OF THE BOARD OF DIRECTORS.

Committees of the Board of Directors shall be established by Bylaw. Unless otherwise specified by Bylaw, such Committees shall consist of an odd number of Directors, not including the Chairperson of the Board. A majority of the Directors of a Committee shall constitute a quorum and a majority of the quorum shall be required to take action. A three-fourths (3/4) supermajority of a quorum of the Board shall be required to remove a Director who was appointed to a Committee. A majority of a quorum of the Board shall be required to revoke actions taken by a Committee. In addition to the enumerated duties and powers, each Committee shall exercise such authority and execute such actions as may be delegated to it by the Board of Directors, or by the Bylaws or Rules.

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 duty and power to act on behalf of the Board of Directors when an emergency exists or when the Board is otherwise unable to reach quorum or convene in a timely manner.

253.00. AUDIT COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Audit Committee which shall be composed of five (5) 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 oversee the appointment of the Exchange's independent auditor, review any audit reports, and report to the Board.

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 fix the compensation and benefits of the President.

257.00. REGULATORY OVERSIGHT COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Regulatory Oversight Committee. It shall be composed of three (3) Public Directors elected by the Board. The Committee shall have the duties and powers as described and required under Core Principle 16 described in 17 CFR Part 38.

258.00. RISK MANAGEMENT COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Risk Management Committee. The Committee shall have the duties and powers as described and required under Core Principle D of 17 CFR Part 39, as amended.

259.00. NOMINATIONS COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Nominations Committee which shall be composed of five (5) directors, including the Chairperson of the Board and three (3) Public Directors elected by 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 **Bylaw 210.00.**

B. Administer a process for the nomination of individuals to the Board of Directors.

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 Bylaws 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.

260.00. COMMITTEES OF THE EXCHANGE.

Committees of the Exchange shall be established by Bylaw or Rule. Such Committees shall consist of an odd number of individuals. Unless otherwise specified by Bylaw or 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 Bylaw or Rule, Committees of the Exchange shall also have such duties and powers as may be specified by the Board of Directors.

264.00. DISCIPLINARY COMMITTEE: APPOINTMENT.

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

A. Two (2) of such members shall be appointed from Members of the Exchange who are not serving as Officers or Directors or serving on the Hearing Committee.

B. One (1) member of the Disciplinary Committee shall consist of the President of the Exchange and one (1) member of the Disciplinary Committee shall consist of a member of the Board of Directors appointed by the President of the Exchange.

   The President of the Exchange may appoint a member of the Board of Directors to serve in his/her stead as a member of the Disciplinary Committee. If no member of the Board of Directors is available for such an appointment, the President of the Exchange may appoint a Member of the Exchange.

   No member who is to serve as a substitute member in the place of the President of the Corporation shall be appointed as a member of the Disciplinary Committee if the Member is a member of the Hearing Committee.

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

The Members of the Disciplinary Committee shall be as representative as practicable of the Membership. Three (3) members of the Disciplinary Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of a Public Director.

264.01. DISCIPLINARY COMMITTEE: QUALIFICATIONS OF MEMBERS.

No person shall serve as a member of the Disciplinary Committee when the person or entity with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this Bylaw, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Bylaw 275.00.B.** The other members of the Disciplinary Committee with guidance by the Department of Audits and Investigations shall determine whether any member has a financial, personal or prejudicial interest not addressed by **Bylaw 275.00.B.**

No member may serve on the Disciplinary Committee if he or she has participated in or been involved in adjudicating any other stage of the same proceeding.

264.02. DISCIPLINARY COMMITTEE: APPOINTMENT OF ALTERNATES.

If the Disciplinary Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Disciplinary Committee may request the President to appoint, and the President shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Exchange who is not a member of the Board of Directors. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Disciplinary Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Disciplinary Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Disciplinary Committee. During the period that such a Disciplinary Committee appointed with respect to a particular matter is functioning, the regular Disciplinary Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Disciplinary Committee appointed with respect to a particular matter.

264.03. DISCIPLINARY COMMITTEE: DUTIES AND POWERS.

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

A. To prevent manipulation of prices as provided in the Commodity Exchange Act.

B. To review all investigation reports submitted to the Disciplinary Committee by the Department of Audits and Investigations in respect to all matters relating to activity conducted under the jurisdiction of MGEX and in respect to alleged violations of the Bylaws or MGEX Rules.

C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Disciplinary Committee deems appropriate or advisable.

D. To promptly review and determine whether or not any or all charges included in the investigation report submitted to the Disciplinary Committee have, in its opinion, a reasonable foundation in fact.

E. To dismiss any or all charges included in any investigation report submitted to the Disciplinary Committee that are, in its opinion, without reasonable foundation in fact.

F. To authorize the issuance of a Notice of Charges against person(s) alleged to have committed such violations if the Disciplinary Committee has found that the

investigation report shows a reasonable basis for a violation and that the matter should be adjudicated.

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

The Disciplinary Committee, in performing its duties, may request any Member or Market Participant to appear before the Disciplinary Committee in its investigations of matters set forth in the investigation report. The Disciplinary Committee may review the dealings and transactions of Members or Market Participants, and it may examine their books, papers and records pertinent to such review. The Disciplinary Committee may employ such auditors, counsel or other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the Exchange.

The Disciplinary Committee may invite a representative of the Commodity Futures Trading Commission to attend any or all of its meetings.

In addition to possible violations of the Bylaws or MGEX Rules appropriately brought before the Disciplinary Committee pursuant to Paragraph B, above, the Disciplinary Committee also shall review any investigation report concerning a particular course of conduct by a Member or Market Participant which has produced or thereafter, in the opinion of the Disciplinary Committee, would produce a manipulation of prices or cornering of any commodity in violation of the Bylaws or MGEX Rules.

No Member or Market Participant shall violate any order of the Disciplinary Committee after having been duly notified thereof. Nothing, however, herein contained shall in any way be construed as superseding the duties and authority that have been vested in the Board of Directors by the Bylaws or MGEX Rules. All directives of the Disciplinary Committee pertaining to price manipulations or corners and requiring a market position reduction shall be effective when issued.

No member of the Disciplinary Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any Person, or any other confidential information that may come to the knowledge of such Disciplinary Committee member in the member's official capacity.

265.00. HEARING COMMITTEE: APPOINTMENT.

There shall be established a committee of the Exchange to be known as the Hearing Committee, which shall be composed of five (5) members with voting privileges as hereinafter provided:

A. Three (3) of such members shall be appointed by the Chairperson of the Board of Directors from Members of the Exchange.

B. One (1) member of the Hearing Committee shall consist of the Chairperson of the Board of Directors. The Chairperson of the Board of Directors shall serve as the Chairperson of the Hearing Committee.

The Chairperson of the Board of Directors may appoint a member of the Board of Directors to serve in his/her stead as a member of the Hearing Committee. If no member of the Board of Directors is available for such an appointment, the

Chairperson may appoint a Member of the Exchange.

No member who is to serve as a substitute member in the place of the Chairperson of the Board of Directors shall be appointed as a member of the Hearing Committee if the Member is a member of the Disciplinary Committee.

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

The Members of the Hearing Committee shall be as representative as practicable of the Membership. Three (3) members of the Hearing Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of Public Director.

265.01. HEARING COMMITTEE: QUALIFICATIONS OF MEMBERS.

No person shall serve as a member of the Hearing Committee when the person or entity with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this Bylaw, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Bylaw 275.00.B.** The other members of the Hearing Committee with guidance by the Department of Audits and Investigations shall determine whether any member has financial, personal or prejudicial interest not addressed by **Bylaw 275.00.B**.

No member may serve on the Hearing Committee if he or she has participated in or been involved in adjudicating any other stage of the same proceeding.

265.02. HEARING COMMITTEE: APPOINTMENT OF ALTERNATES.

If the Hearing Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Hearing Committee may request the President of the Exchange to appoint, and the President of the Exchange shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Exchange who is not a member of the Board of Directors or the Disciplinary Committee. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Hearing Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Hearing Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Hearing Committee. During the period that such Hearing Committee appointed with respect to a particular matter is functioning, the regular Hearing Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Hearing Committee appointed with respect to a particular matter.

265.03. HEARING COMMITTEE: DUTIES AND POWERS.

The Hearing Committee shall be charged with the following duty and authority:

A. To conduct a hearing as authorized pursuant to the Bylaws or MGEX Rules.

B. To impose a penalty if the Hearing Committee finds in the affirmative that there has been a violation, or in the alternative, to dismiss the alleged charges if the Hearing Committee finds that there has been no violation.

C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Committee deems appropriate or advisable on a timely basis.

D. In hearings conducted by the Hearing Committee, on a finding by the Hearing Committee that there has been a violation, to assess a penalty against those found guilty. The Hearing Committee may take such action it determines including, but not limited to, issuing a Letter of Reprimand, a suspension from Membership, a monetary fine, or a recommendation to the Board of Directors for expulsion (singly or in any combination).

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

F. To summon any Member or Market Participant to appear before the Hearing Committee.

The findings and conclusions of the Hearing Committee, in respect to such matters, shall be final. There is no appeal to the Board of Directors or any other MGEX authority.

No member of the Hearing Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any Person, or any other confidential information that may come to the knowledge of such Hearing Committee member in the member's official capacity.

267.00. HARD RED SPRING WHEAT COMMITTEE.

There shall be established a Committee of the Exchange to be known as the Hard Red Spring Wheat ("HRSW") Committee. It shall be composed of a minimum of seven (7) Members of the Exchange.

The Committee shall have the duty and power to review and recommend MGEX Rules governing HRSW markets, including but not limited to contract specifications and delivery procedures.

268.00. CASH MARKETS COMMITTEE.

There shall be established a Committee of the Exchange to be known as the Cash Markets Committee. It shall be composed of a minimum of seven (7) Members of the Exchange that are employed by entities having cash trading privileges pursuant to MGEX Rules.

The Committee shall have the duties and powers to:

A. Review and recommend MGEX Rules governing the cash markets.

B. Monitor cash market activity to ensure orderly trading and efficient price

discovery.

C. Approve guidelines for reporting of cash market activity to appropriate agencies.

270.00. OTHER COMMITTEES, TASK FORCES AND PANELS.

The Board of Directors and the Executive Committee shall each have the authority to establish committees, task forces and panels as necessary for a duration not to extend past the next Annual Election. After election, the new Board of Directors and Executive Committee may re-authorize the committees, task forces and panels.

The composition, qualifications, method of appointment, duties and powers of such committees, task forces and panels shall be determined by the respective Board of Directors and Executive Committee.

Such committees, task forces and panels shall not determine the policies of the Exchange, expend funds or enter into contracts on behalf of the Exchange, or otherwise conduct activities outside the purpose for which they were established, unless such actions are approved by the Board of Directors.

271.00. CHIEF REGULATORY OFFICER.

The Exchange shall designate the individual to serve as the Chief Regulatory Officer who shall report to, consult with and provide information to the Regulatory Oversight Committee, and execute any other duties or responsibilities as required by CFTC Regulation 17 CFR Part 38, as amended.

272.00. CHIEF COMPLIANCE OFFICER.

The Exchange shall designate the individual to serve as the Chief Compliance Officer who shall report to the President and execute the duties and responsibilities required by CFTC Regulation 17 CFR Part 39, as amended.

273.00. CHIEF RISK OFFICER.

The Exchange shall designate the individual to serve as the Chief Risk Officer who shall implement the risk management framework of the Exchange, make recommendations regarding the Exchange's risk management functions, and execute any other duties or responsibilities required by CFTC Regulation 17 CFR Part 39, as amended.

275.00. CONFLICTS OF INTEREST.

A member of the Board of Directors and certain other committees at the Exchange must abstain from deliberating and voting on matters when there is a potential personal or financial conflict of interest. This Bylaw describes how and when the conflict of interest will be determined. Additional and broader conflicts of interest provisions apply to the Disciplinary Committee and the Hearing Committee. (See **Bylaws 264.01.** and **265.01.**)

A. Definitions. For purposes of this Bylaw the following definitions shall apply:

1. The term “family relationship” of a person shall mean the person’s spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece, or in-law.

2. The term “governing board” shall mean the Board of Directors, Committees of the Board of Directors and Committees of the Exchange authorized to take action or to recommend the taking of action on behalf of the Exchange.

3. The term “member’s affiliated firm” shall mean a firm in which the member is an employee or a “principal,” as defined in CFTC Regulation 3.1(a).

4. The term “named party in interest” shall mean a person or entity that is identified by name as a primary subject of any material matter being considered by a governing board.

5. The term “significant action” shall mean any of the following types of actions or changes that are implemented without the Commission’s prior approval:

   a. Any actions or changes which address an “emergency” as defined in CFTC Regulation 1.41(a)(4)(i) through (iv) and (vi) through (viii); and,

   b. Any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any contract traded at the Exchange; but shall not include any Bylaw or MGEX Rule not submitted for prior CFTC approval because such Bylaw or MGEX Rule is unrelated to the terms and conditions of any contract traded at the Exchange.

B. Named Party in Interest Conflict

1. Prohibition. No member of a governing board shall knowingly participate in such body’s deliberations or voting in any matter involving a named party in interest where such member: (a) is a named party in interest; (b) is an employer, employee or fellow employee of a named party in interest; (c) is associated with a named party in interest through a broker association; (d) has a family relationship with a named party in interest; or, (e) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing futures or option transactions opposite each other or to clearing futures or options transactions through the same Clearing Member.

   If the member’s only relationship with a named party in interest is through a broker association not established for the purpose of sharing profits and losses as described by **Regulation 2065.00.A.3.** then the prohibition shall not apply. Furthermore, if a named party in interest is one or part of a group of similar persons or entities that is the subject for general deliberation and voting, such as approval for regularity or membership, and there is no material issue of dispute involving a named party in interest, then the

prohibition shall not apply.

2. Disclosure. Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations whether such member has one of the relationships listed in paragraph B.1. of this Bylaw with a named party in interest.

3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph B. Such determination shall be based upon a review of the following information:

   a. information provided by the member pursuant to paragraph B.2. above, and

   b. any other source of information that is held by and reasonably available to the Exchange.

C. Financial Interest in a Significant Action Conflict

1. Prohibition. No member of a governing board shall participate in such body's deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to this Bylaw.

2. Disclosure. Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations position information that is known to such member, with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:

   a. gross positions held at the Exchange in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3(j);

   b. gross positions held at the Exchange in proprietary accounts, as defined in CFTC Regulation 1.17(b)(3), at the member's affiliated firm;

   c. gross positions held at the Exchange in accounts in which the member is a principal, as defined in CFTC Regulation 3.1(a);

   d. net positions held at the Exchange in "customer" accounts, as defined in CFTC Regulation 1.17(b)(2), at the member's affiliated firm; and

e. any other types of positions, whether maintained at the Exchange or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm, that reasonably could be affected by the significant action.

3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph C. based upon a review of the most recent large trader reports and clearing records available to the Exchange, information provided by the member with respect to positions pursuant to paragraph C.2. of this Bylaw, and any other source of information that is held by and reasonably available to the Exchange, taking into consideration the exigency of the significant action being contemplated.

D. Deliberation Exemption.

1. Any member of a governing board who would otherwise be required to abstain from deliberations and voting pursuant to paragraph C. hereof may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided, however, that before reaching any such determination the deliberating body shall fully consider the position information specified in paragraph C.2. and C.3. above, which is the basis for such member's substantial financial interest in the significant action that is being contemplated.

2. In making its determination, the deliberating body shall consider;

a. whether the member's participation in deliberations is necessary to achieve a quorum; and

b. whether the member has unique or special expertise, knowledge or experience in the matter being considered.

3. Voting Exemption. If at least one-half of the deliberating members cannot participate in voting consistent with this Bylaw, then every member who has been granted a deliberation exemption pursuant to this paragraph D. may participate in voting.

E. Documentation. The minutes of any meeting to which the conflicts determination procedures set forth in this Bylaw apply, shall reflect the following information:

1. the names of all members who attended the meeting in person or who otherwise were present by electronic means;

2. the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the refusal or abstention, if stated;

3. information on the position information that was reviewed for each member if applicable and available; and

4. the name of any member who participated in voting pursuant to paragraph D.3. of this Bylaw.

282.00. CLEARING HOUSE.

There shall be established a Clearing House of the Exchange, which shall supervise the clearing of Futures and Options Contracts initiated, accepted or executed under MGEX Rules.

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.

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.

290.00. NONPUBLIC INFORMATION - IMPROPER USE OR DISCLOSURE.

For purposes of this Bylaw, "material" and "non-public information" shall be defined by CFTC Regulation 1.59(a).

In accordance with CFTC Regulation 1.59(c), no Exchange officer, member of the Board of Directors or member of any committee shall use or disclose, for any purpose other than the performance of such person's official duties, material, non-public information obtained as a result of such person's office or participation on the Board of Directors or any committee.

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BYLAWS
MEMBERSHIP

300.00. MEMBERSHIP: INDIVIDUALS ELIGIBLE.

Any adult whose character, credit and reputation for fair dealing are such as to satisfy the Board of Directors shall be eligible to become Record Holder of a Membership, and to entrust with the privileges and responsibilities thereof.

301.00. MEMBERSHIP: ADMISSION TO.

If the terms and conditions set forth below have been complied with, the Board of Directors may approve an application for Membership:

A. An application for Membership must have been made;

B. The application must be reviewed by the Exchange. The Exchange may, at its discretion, require any applicant to produce additional documentation and/or meet in person prior to any action by the Board of Directors;

C. A Request 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 approval of such applicant to Membership has been duly filed by a Member of MGEX, it must have been heard by the Board of Directors and dismissed;

E. All the requirements of the Bylaws and MGEX Rulesfor 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 **Bylaw 360.00.** or **Rule 2110.01.**

F. An application fee shall be collected by the Exchange at the time of the application. This fee, in an amount to be determined by the 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, 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 the applicant will be bound by MGEX Rules and all amendments and additions thereto, and that such agreement shall be binding on the applicant and its heirs, executors, administrators, successors, and assigns. Said application shall be in such form, and accompanied by such information and statements, as the Exchange shall prescribe. Such application shall be signed by the applicant.

302.01. EXPELLED MEMBERS: READMISSION.

If an application for Membership has been received from an individual who previously had been expelled from MGEX Membership, the Chairperson of the Board of Directors shall call and preside at a meeting of the Board of Directors. The application shall be considered and voted upon and shall be approved by the 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, the Exchange shall transfer a Membership upon the books of MGEX.

A. The transferee's application for Membership must have been approved or the transferee must be a Member in Good Standing;

B. A request for transfer of the Membership, on a form as prescribed by the 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 Exchange;

C. All of the requirements of the Bylaws and MGEX Rules for recording the ownership of the Membership must have been complied with;

D. Notice of the request for transfer of a Membership 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;

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 Exchange must be paid and in all cases the transferee pays the transfer fee.

G. In the event a Record Holder desires to be relieved of the restrictions imposed by the provisions of **Regulation 2055.00.**, the Record Owner must upon request of the Record Holder transfer the Membership to another individual; but

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

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

303.01. SUSPENSION OF 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 privileges to trade of the Member until further order.

304.00. OBJECTIONS TO TRANSFER OF A MEMBERSHIP.

Any Member claiming, under the provisions of these Bylaws or MGEX Rules, to have a lien against a Membership may file an objection against a transfer of such Membership, as provided below:

A. Such objection shall be in writing in the form prescribed by the Exchange and must be filed with the Exchange, together with a statement of the amount of the claim for lien against the Membership upon which such objection is based, within ten (10) consecutive days after notice of the request for transfer of such Membership has been posted on the Official Bulletin Board;

B. Failure to file an objection as provided in Section A. shall be deemed and held to constitute a waiver of the lien and the right to file the objection. A Membership subsequently transferred, and the ownership 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 objections that have been duly filed, together with a copy of the statement of the amount of the claims for liens upon which such objections were based, shall have been served upon the parties who requested the transfer of the Membership including the Record Owner and/or Record Holder;

D. If any objection has been duly filed, the Board of Directors shall hear all parties and determine the validity of the objection; and, if it is sustained, the request for transfer shall be denied until such time as the claim or claims upon which the objection was based have been settled.

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

305.00. MEMBERSHIP TRANSFERRED IN VIOLATION OF BYLAWS.

In case any Membership shall have been transferred without the approval of the Exchange, or in violation of any of the provisions of the Bylaws or MGEX Rules 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, the Exchange shall record the ownership of a Membership upon the books of 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.

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 ownership of a Membership must be duly executed with the Exchange immediately after purchase by the Person who or which is to be recorded as the Record Owner. The information needed to record the ownership shall be in such form and shall be accompanied by such facts and statements as the Exchange may require.

D. The Person who is to be recorded as the Record Owner must acknowledge that MGEX is not liable for 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.

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 of a request to record the ownership of a Membership 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 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 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, 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 Record Owner to sell the Membership in question on the open market. The 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 Record Owner must take the highest bid on file with the Membership Department. In accordance with MGEX **Bylaw 301.00.F.,** the Exchange will not refund the application fee. The

Record Owner shall be responsible for any assessments or dues levied against the Membership during the period in which the Record Owner owns the Membership. The 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, but shall not be considered evidence concerning ownership of said Membership. The sole official evidence of ownership shall be the records of MGEX.

A. In order to request a Certificate of Membership, a written request, as prescribed by the Exchange, accompanied by a fee as determined by the Exchange, must be made by the Member 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 ownership of such Membership from the Member.

B. The Exchange may require an affidavit from the party requesting the Certificate of Membership asserting that the affiant is the sole and absolute Record Owner of the Membership.

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 Bylaws or MGEX Rules, 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, 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 has become delinquent, the 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 Record Holder and/or Record Owner of the Membership involved.

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 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, and notice to that effect shall be posted on the Official Bulletin Board.

330.03. ASSESSMENTS: LIABILITY FOR PAYMENT.

The Record Owner shall be liable for duly levied assessments. 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 MGEX for such payments shall not be enforced against such Record Owner until the provisions of the Bylaws and MGEX Rules 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 has been delinquent for forty-five (45) days, past the posted due date, it shall be reported by the 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 Exchange, as provided in **Bylaw 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 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 Exchange, 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 to whom or to which another Member is indebted in connection with or as a result of any trade, that is subject to or governed by the Bylaws or MGEX Rules may file a lien to secure the payment of such indebtedness. The lien may be filed upon all MGEX Memberships of which the debtor is the Record Owner.

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

Any Member 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 Exchange.

Such claim shall be heard and determined in accordance with the provisions of **Bylaw 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 Exchange under the provisions of **Bylaw 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 **Bylaw 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 Record Owner involved; given to Members; and posted on the Official Bulletin Board at least ten (10) days before such meeting.

Any other Member 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 Record Owner, if they shall appear. The Board shall determine which claims are valid under the provisions of the Bylaws and the MGEX Rules, 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 EXCHANGE.

If the Board of Directors shall have ordered the sale of an MGEX Membership, 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 Record Owner of the Membership.

If the Membership is to be sold to satisfy delinquent assessments, the notice shall call attention to provisions of **Bylaw 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 **Bylaw 361.00.** may, at its discretion, cause a bid or bids to be made for the Membership in the name of 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 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.

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

Any Member claiming under the provisions of the Bylaws or MGEX Rules to have a lien against a Membership that is to be sold by the Exchange to satisfy delinquent assessments, must file a claim for such lien with the 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 Record Owner of the Membership.

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 posted on the Official Bulletin Board.

340.00. MEMBERSHIP SOLD BY THE EXCHANGE: APPLICATION OF PROCEEDS.

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

360.00. ORIGINAL MEMBERSHIPS: GENERAL ISSUANCE OF.

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

363.00. APPLICATIONS AND REQUESTS, SUPPORT OF.

Persons who have signed the Application for Membership, Request to Transfer and Record the Ownership of a Membership form, 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 the Exchange may require.

364.00. WITNESSES, ATTENDANCE OF.

Every Member, upon whom or which a notice or citation, issued by an officer of the Exchange or by any duly constituted committee of the 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 the Application for Membership form, a Request to Transfer and Record the Ownership of a Membership form, the Application for Cash Trading Privileges form, the Application for Clearing Privileges form, or in any information given or statements made in connection with any such applications or requests shall be deemed a violation of the Bylaws and MGEX Rules.

Any violation by any Member or Person, or any agreement made by such Member or on behalf of such Person, in connection with the Application for Membership form, a Request to Transfer and Record the Ownership of a Membership form, the Application for Cash Trading Privileges form, or the Application for Clearing Privileges form shall be deemed a violation of the Bylaws and MGEX Rules.

366.00. NOTICES REGARDING MEMBERSHIP, ETC.

Notice shall be given to Members, and posted upon the Official Bulletin Board, of all requests for transfer, suspension or expulsion of Members, or granting or cancellation of cash trading privileges or clearing privileges.

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 the Bylaws and MGEX Rules shall be construed with reference to, and shall be subject to and modified by, the provisions of said Act and regulations.

B. The 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 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 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 or related person of any Record Owner, as defined below, 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 thirty-five percent (35%) of outstanding Memberships at any one time. The term "related person" used to indicate a relationship with any Record Owner means:

A. Any partner, director, officer, or other employee of such Record Owner;

B. 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;

C. Any trust or other estate in which such Record Owner has a beneficial interest of ten percent (10%) or more or as to which such Record Owner serves as trustee or in a similar fiduciary capacity;

D. Any immediate family member (i.e., a spouse, children, stepchildren, parents, and siblings) of such Record Owner, or any immediate family member of such Record Owner’s spouse, in each case, who has the same home as such Record Owner;

E. Any immediate family member of the persons set forth in paragraph (A) of this Bylaw, or any immediate family member of such person's spouse, in each case, who has the same home as such person;

F. Any employee of the Exchange, or any entity in which an employee of the Exchange has a financial interest.

371.00. MGEX DEFENSE EXPENSES.

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

372.00. DELEGATION.

A Record Owner may lease the rights and privileges of Membership to an individual ("Delegate") on the following conditions:

A. The Delegate will be approved by the Exchange under the standards of **Bylaws 300.00.** and **301.00**. The Delegate shall sign a written agreement to observe and be bound by the Bylaws and MGEX Rules and all subsequent amendments.

B. The Delegation Agreement and any subsequent amendment(s) must be in writing in such form as the Exchange may prescribe and a copy must be filed with the Exchange. However, the Delegation Agreement will 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 will have thirty (30) days from the effective date of ownership change to enter into another Delegation Agreement and the transfer fee will be waived.

C. The Record Owner will remain liable for all assessments and dues.

D. A Record Owner who has delegated his/her Record Holder privileges will not have physical access to the Exchange Room during the period the Membership has been leased, unless he/she is a Record Holder of another Membership, or registers as a visitor.

E. No Delegation Agreement may have a term of less than ninety (90) days.

F. A Delegate is limited to trading for his/her own account. A Delegate may not act as a Broker.

G. The Delegate must deposit with the Exchange an amount of money to be determined by the Exchange. The deposit will be held for the term of the lease. No interest will be paid on the deposit. The deposit will be refunded at the end of the lease if the Delegate has no outstanding debts due to the Exchange or lease payments due to the Record Owner. Claims by the Exchange will be satisfied first with any surplus to be made available to the Record Owner to satisfy lease payments.

H. A Delegate shall pay a fee each month unless said Delegate trades a minimum number of Futures and/or Options Contracts. The Exchange will determine the fee to be paid and the minimum number of contracts to be traded.

I. Unless renegotiated, upon expiration or default of a Delegation Agreement, the Membership will 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.

J. No Delegate or former Delegate may enter into a Delegation Agreement or a renewal thereof if there are any unpaid debts due to the Exchange or lease payments due to the Record Owner until such debts have been satisfied or reviewed to the satisfaction of the Exchange.

K. No Delegate will be eligible to serve on the Board of Directors.

CHAPTER 1
DEFINITIONS

Whenever used in the Bylaws and MGEX Rules, unless the context otherwise requires, the following words and expressions shall be defined as follows:

ACCOMMODATION TRADE: A simultaneous purchase and sale made with another Broker at the same price and with no risk; usually to accommodate the opposite Broker who holds orders to buy and to sell.

AFFILIATED ENTITIES: Two or more entities having substantially the same officers and directors, which are affiliated either (a) through the ownership of a controlling interest in the stock of one of such entities by the owner, or (b) through the ownership of a controlling interest in both of said entities by substantially the same Persons.

AUTHORIZED VOTER: An adult natural person designated from time to time by the Record Owner by written notice to the Secretary of the Exchange authorized to vote a membership owned by the Record Owner. Each Record Owner shall be required to designate an Authorized Voter for each membership owned by the Record Owner and may change the Authorized Voter at any time prior to the applicable record date set by the Exchange for action by the Members by written notice to the Secretary of the Exchange. Record Owners with more than one membership may elect to designate the same or different Authorized Voters for the memberships owned by the Record Owner. The Exchange shall be entitled for all purposes to rely on the Record Owner's designation of its Authorized Voter or Authorized Voters until it receives written notice from the Record Owner of a change in designation. Without limiting the foregoing, in any case in these Bylaws where a Member or Record Owner vote is referred to or a notice is required or may be given to a Member or Record Owner, such vote shall be by the Authorized Voter and such notice shall be given to the Authorized Voter.

BOARD OF DIRECTORS: The Board of Directors of the Exchange.

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, where notices are customarily posted.

BUSINESS DAY: A day when the Exchange is open for business.

BYLAWS: The Bylaws of the Minneapolis Grain Exchange, Inc. as duly adopted by the Board of Directors and Members of the Exchange. Bylaws do not include Chapter 1 and Chapters 4 – 82 of the MGEX Rules.

CALENDAR DAYS: All days of the week or month, including Sundays and holidays.

CALL OPTIONS: See Chapter 15.

CHAIRMAN: A Member of the Exchange serving on the Board of Directors elected by the Directors as the Chief Executive Officer of the Board.

CHARTER: The certificate of incorporation of the Exchange as amended from time to time.

CLEARING HOUSE: A department of the Exchange.

CLEARING MEMBER: A Member that meets the requirements of and is approved for clearing privileges with the Exchange.

CLEARING MEMBER DEFAULT: "Defaulting Clearing Member" or "Default of a Clearing Member" shall mean the failure of a Clearing Member to meet any of its obligations to or the requirements of the Exchange.

CLEARING MEMBER INSOLVENCY: "Insolvent Clearing Member" or "Insolvency of a Clearing Member" shall mean a Clearing Member will be deemed insolvent when:

1. It files a voluntary petition in bankruptcy or is adjudicated as bankrupt;
2. It becomes the subject of a receivership proceeding;
3. It fails to promptly fulfill its financial obligations to the Exchange; or
4. Satisfactory proof is made to the Exchange that it is unable to pay its debts as they are due in the ordinary course of business.

CLOSING ORDER: An order to be executed at the closing of the market.

COMMISSION MERCHANT: A Person 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.

COMMODITIES: Wheat, Durum Wheat, Corn, Oats, Rye, Barley, Flaxseed, Soybeans, Field Seeds, Buckwheat, Speltz, Grain Sorghums, Screenings and such other commodities as are customarily traded on this Exchange subject to MGEX Rules.

CROSS TRADE: A simultaneous purchase and sale by a Broker, executing both sides of a trade involving a purchase order for one customer against a selling order of another.

DAY ORDER: An order which is in effect only until the close of the market session during which it is entered. Unless otherwise specified, all orders are considered to be day orders.

DELIVERABLE GRADES: Those grades of a commodity which, under MGEX Rules, are deliverable on Futures Contracts in this market.

DEPARTMENT OF AUDITS AND INVESTIGATIONS: A department of the Exchange whose primary responsibility is to conduct audits and investigations on behalf of the

Exchange.

DISCIPLINARY COMMITTEE: The committee which has been delegated the duty and responsibility to determine whether a reasonable basis exists for finding a violation of the Bylaws or MGEX Rules, for authorizing the issuance of a Notice of Charges against any person or entity alleged to have violated the Bylaws or MGEX Rules, and to accept settlement offers.

ELECTRONIC TRADING SYSTEM: The electronic trading platform utilized by the Exchange, Members, and Market Participants to place orders and execute trades. Also known as or referred to as MGEXpress® or CME Globex®.

EXCHANGE: Refers to the Minneapolis Grain Exchange, Inc., also referred to as "Corporation" or "MGEX" and may refer to the Officers and authorized employees of the Exchange, as applicable.

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

EXERCISE: The conversions of an option into a position in the futures market. (See **Rule 1404.00**)

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.

FOLLOWING DAY (or other similar expression): The next business day.

FORCE MAJEURE: Any circumstance which is beyond the control of Members, Non-members, Market Participants, Registered Firms or the Exchange. Such circumstances include, but are not limited to, acts of God or events resulting from the elements of nature, strike, lockout, blockage, embargo, governmental action or terrorist activity.

FREIGHT BILLS: See Rule 1019.

FUTURES, FUTURES CONTRACTS, FUTURES TRADES, CONTRACTS OR TRANSACTIONS FOR FUTURE DELIVERY: Contracts for the purchase or sale of commodities for delivery "In Store" in an elevator (eligible to make deliveries under MGEX Rules) during some specified month, in accordance with MGEX Rules.

GOOD STANDING: Having unrestricted ability to engage in business activities and in compliance with all obligations to and requirements of the Exchange, and not under suspension.

HEARING COMMITTEE: The committee which has been delegated the duty and responsibility to conduct hearings as requested, to adjudicate the matter and, when appropriate, to assess penalties in connection with violations of the Bylaws or MGEX Rules.

HOURS OF TRADING: The hours, on business days, established by MGEX Rules for trading.

INCLUDES AND INCLUDING: The terms "Includes" and "Including" shall not be deemed to exclude other things otherwise within the meaning of the terms defined, except as expressly stated.

INITIAL MARGIN: See **Rule 760.00.**

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.

LIMITED ORDER: An order to buy at or below a specified price or to sell at or above a specified price.

LIQUIDITY EVENT: A Liquidity Event shall mean an event that causes the Clearing House to require financial liquidity (1) to satisfy payment obligations of an insolvent, defaulted, or suspended Clearing Member; (2) to satisfy payment obligations associated with the transfer of account(s) of an insolvent, defaulted, or suspended Clearing Member; and (3) as a result of a payment or wire transfer delay, liquidity constraint, or default by a depositary or settlement bank. The decision to declare a Liquidity Event shall be in the sole discretion of the Clearing House.

MAINTENANCE MARGIN: See **Rule 760.00.**

MARKET ORDER: An order to be executed immediately at the best price available.

MARKET PARTICIPANT: Any Person initiating or executing a transaction on the Exchange or subject to the Bylaws or MGEX Rules directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed.

MEMBER: A Person which is the Record Owner, provided, however, whenever the Bylaws or MGEX Rules refer to a Member where the services or functions contemplate that a natural person provide such services or perform such functions, “Member” shall mean the Record Holder or Holders designated by a Record Owner in accordance with the Bylaws or MGEX Rules.

MEMBER DIRECTOR: Director on the Board of Directors who is a Member of the Exchange.

MGEXPRESS®: The name of the electronic trading platform or system utilized by the Exchange, Members, and Market Participants to place orders and execute trades. Also known as or referred to as CME Globex®.

MGEX INFO XCHANGE: An accessible website forum offering a public venue for registered users who are interested in discussing permitted trading and market information, as determined by the Exchange

MGEX RULES OR RULE: Includes the Rules, Regulations, Resolutions, Interpretations, procedures, customs, and usages of the Exchange duly adopted by the Board of Directors.

MIX: Refers to the MGEX Info Xchange.

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

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

ON THE EXCHANGE ("on Change"): On the Exchange Room during the Hours of Trading.

OPEN ORDER: An order which will remain in effect until canceled.

OPENING ORDER: An order to be executed at the opening of the Market.

OPTIONS: See Chapter 15.

PENALTY: Any restriction, limitation, censure, fine, expulsion, suspension, revocation, reprimand, cease and desist order, sanction or any other disciplinary action for any amount or of any definite or indefinite period imposed upon any person within the disciplinary jurisdiction of the Exchange upon finding that a violation has been committed or pursuant to the terms of the settlement agreement.

PERSON: Individuals, associations, partnerships, corporations, and trusts, as defined in CFTC Regulation 1.3, as amended, including limited liability companies, sole proprietorships, or other legal entities.

PIT: That portion of the Exchange Room designated and customarily used for trading in Futures or Options Contracts.

PRESIDENT: The salaried Chief Executive Officer of the Exchange.

PUBLIC DIRECTOR: An individual meeting the qualifications as described in Core Principle 16, Appendix B to Part 38 of CFTC Regulations and in other Regulations

promulgated by the CFTC and adopted by the Board.

PUT OPTION: See Chapter 15.

RECORD HOLDER (of a Membership): The adult natural person in whose name a Certificate of Membership has been issued. Each Record Owner shall be required to designate in accordance with the Bylaws a Record Holder for each membership owned by the Record Owner (which in the case of an adult natural person may be the Record Owner) and may change the Record Holder at any time in accordance with the Bylaws. Record Owners with more than one membership may elect to designate the same or different Record Holders for the memberships owned by the Record Owner. The Exchange shall be entitled for all purposes to rely on the Record Owner's designation of its Record Holder until the Record Holder is changed in accordance with the Bylaws.

RECORD OWNER or OWNER (of a Membership): The natural person or entity who is recorded on the records of the Exchange as having paid the purchase price of a Membership, and as being the owner thereof. The Record Owner's rights and obligations shall include the duty to appoint and the right to change an Authorized Voter and Record Holder in accordance with the Bylaws for each membership owned by the Record Owner, to receive distributions, if any, by the Exchange in accordance with its membership and to transfer its membership in accordance with the Bylaws.

REGULAR: Any facility approved by the Exchange to deliver on a futures contract.

REGULATIONS: The Regulations of the Exchange duly adopted by the Board of Directors.

SECRETARY: The Secretary of the Exchange.

SINGULAR: Shall import the plural, and vice versa, when the sense requires.

SPREAD ORDER: Instructions to buy one commodity and sell another. Intra-Market is to buy one delivery month and sell another delivery month of the same commodity. Inter-Market is to buy a commodity in one market and sell the same commodity in another market. e.g. Minneapolis vs Kansas City. An example of an Inter-Commodity spread might be wheat vs corn or corn vs oats.

SPOT: A "spot" car or truck is one that has already been loaded and is offered for sale for immediate shipment. The "Spot Market" refers to grain that is traded on this basis.

STOP-LOSS ORDER: Normally, when entered, these are orders to sell at a specified price which is below the current market or to buy at a specified price which is above the current market. These orders become market orders when the market trades at the trigger price or, in the case of a buying order, when the market is bid at the trigger price or, in the case of a selling order, when the market is offered at the trigger price. Stop orders entered into MGEXpress® are activated when an outright trade occurs at the trigger price or better within the outright market which the stop is resting.

STOP-LOSS LIMIT ORDER: An order that is similar to a Stop-Loss order except that, when triggered, it becomes a limit order at the specified limit.

SUSPENSION: "Suspended" or "Under Suspension" shall mean the withdrawal during some period of time of all of the rights, benefits, and privileges conferred by Membership (except rights of ownership, if any), but including and not being limited to, the right to enter the Exchange Room during the Hours of Trading, the right to vote, the right to sell any Memberships, and trading privileges, if any.

TIME, COMPUTATION OF: Wherever in the Bylaws or MGEX Rules any act is required to be performed within a certain number of days (or business days), the Bylaw or MGEX Rule for computing time shall be to exclude the day on which notice pertaining to such act is given, and to include the day on which such act shall take place.

TRADES: Purchases, or sales, or contracts for the purchase or sale, of commodities.

"TRANSFER" OR "OFFICE" TRADES: See **Rule 718.00**.

TREASURER: The Treasurer of the Exchange.

TWENTY-FOUR HOURS--FORTY-EIGHT HOURS: Shall mean consecutive hours on business days.

UNEVENLY LOADED CAR: One in which the quality of the grain requires at least two (2) grades to describe the contents, sometimes referred to as a split grade.

U.S. GOVERNMENT SECURITIES BROKER-DEALER: A broker-dealer registered with the Securities and Exchange Commission that functions in the operation of markets for U.S. Treasuries. Such functions may include, but are not limited to: (i) acting as a channel for the U.S. Department of the Treasury and investors in primary market for U.S. Treasuries (for example, by participating in auctions); (ii) acting as providers of liquidity in primary and secondary markets for U.S. Treasuries; and (iii) acting as providers of asset transformation and market making services in the market for U.S. Treasuries.

VICE CHAIRMAN: A Member of the Exchange serving on the Board of Directors duly elected by the Directors to the Office of Vice Chairman.

WITH THE SECRETARY: Shall mean with the Exchange at the office of the Secretary.

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CHAPTER 2
UNIVERSAL PROVISIONS

SECTION 1 - GENERAL

2.1.1. SCOPE.

This Chapter prescribes Rules applicable to general Exchange activities.

2.1.2. CONSENT TO JURISDICTION.

Any Person who engages in activity subject to MGEX Rules or any Person for whose benefit such activity is made, whether directly or indirectly, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with MGEX Rules in relation to such activity.

2.1.3. CONSENT TO INVESTIGATORY AND DISCIPLINARY PROCESSES.

Any Person subject to MGEX Rules expressly consents to cooperate and participate in investigatory and disciplinary processes conducted by the Exchange.

2.1.4. MGEX RULES, INTERPRETATION, AND ENFORCEMENT AUTHORITY.

The Exchange has adopted the MGEX Rules, and from time to time adopts amendments to such Rules (See Bylaw 204.01. and 204.02.), to promote a free and open market on the Exchange, to maintain appropriate business conduct, and to provide protection to the public. The Exchange, in its sole discretion, will interpret and enforce the MGEX Rules not inconsistent with applicable provisions of the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") Regulations promulgated thereunder.

2.1.5. COOPERATION WITH INVESTIGATORY AND DISCIPLINARY PROCESSES.

A Market Participant shall promptly respond, provide documentation, and cooperate in all inquiries by the Exchange. Failure to do so will subject the Market Participant to disciplinary processes, which may include immediate termination of usage and access to the Electronic Trading System. Disciplinary processes may be initiated by the Exchange pursuant to the MGEX Bylaws and Rules and may include public or private actions, summary fines, fines, suspensions, expulsions or other restrictions as determined to be necessary by the Exchange.

2.1.6. DUTY TO SUPERVISE.

A Person subject to MGEX Bylaws or Rules has a duty to supervise any agent, employee, or contractor under their direct or indirect control (for purposes of this Rule, an "agent"), who engages in this market or performs any Exchange-related activity. Any act, omission, or failure of any agent may be deemed to be an act, omission, or failure of the Person.

Unless prohibited by MGEX Bylaw or Rule, a Person may delegate the act of performance, but not the responsibility, of any MGEX Bylaw or Rule.

When assessing whether a Person has violated MGEX Rule 2.1.6., the Exchange may consider the Person's lack of sufficient internal controls as an exacerbating factor.

MGEX Rules do not prohibit the Exchange from bringing disciplinary action against both the Person and the agent based on the same event or set of operative facts. If an agent is found to be in violation of any MGEX Bylaw or Rule, the Exchange may, in its discretion, take disciplinary action against the agent, the Person, or both.

2.1.7. HOLIDAYS.

The following days are declared to be holidays, during which the Exchange will not be open for business: New Year's Day, Dr. Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. When a holiday falls on a Saturday it will be observed the preceding Friday. When a holiday falls on a Sunday it will be observed the following Monday. The Exchange may, in its discretion, declare additional holidays and details of observance.

2.1.8. EMERGENCIES.

The Exchange has the power to immediately delay, suspend, or close trading upon recognizing a problem. A problem includes, but is not limited to the following:

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

If such an event occurs, the Exchange will provide reasonable notice to the public.

2.1.9. INCLEMENT WEATHER OR TRANSPORTATION BREAKDOWN.

The Exchange has the power to immediately delay, suspend, or close trading upon recognizing the functions of Exchange are, or are threatened to be, severely and adversely affected by inclement weather or transportation breakdown. In such case, the Exchange will provide reasonable notice to the public.

2.1.10. MEMBER OR MARKET PARTICIPANT EMERGENCIES.

If 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 action necessary to protect the best interests of the Exchange and the marketplace or take any other actions allowed by law. The Exchange will have no liability regarding its use of this discretionary power.

2.1.11. MARKET MAKER PROGRAM.

The Exchange may establish a Market Maker Program for any contract. The Exchange may end the Market Maker Program at any time. The Exchange will determine the effective period of the Market Maker Program and establish the requirements of the Market Maker Program, which the Exchange may change at any time. Any individual or entity that wishes to participate in the Market

Maker Program must submit an application to the Exchange. The Exchange has sole discretion to approve or deny an application based on, but not limited to, the following factors: the applicant's business reputation; financial resources; and trading activity in relevant futures, options, or related cash markets. Any individual or entity accepted into the Market Maker Program must maintain compliance with the Market Maker Program's requirements. Further, any individual or entity who is participating in the Market Maker Program must comply with the Commodity Exchange Act (and Regulations thereunder as now in effect or hereafter amended) and Exchange Rules. The Exchange may, in its sole discretion, remove any individual or entity from the Market Maker Program.

2.1.12. PROMOTIONAL MATERIAL.

Promotional material and similar information issued by Market Participants must comply with the requirements of National Futures Association Rule 2-29, as amended. A Market Participant must not state or give the appearance that the Market Participant represents the Exchange.

2.1.13. EXCHANGE OFFICER AMENDMENTS.

The Exchange Officers, by majority vote, shall have the authority to amend any Rule without a vote of the Ownership or the Board of Directors when such amendment does not alter the intent of the Rule or is otherwise non-substantive. Examples of amendments include, but are not limited to, the modification or elimination of letters, numbers, words, phrases, sentences, Rule numbers, Rule titles, chapter numbers, chapter titles, and cross references (internal and to applicable law) necessary to maintain accurate and current Rules, or non-substantive changes necessary to comply with any non-substantive change in law, statute or governing legal authority.

SECTION 2 – FINANCIAL REQUIREMENTS

2.2.1. FINANCIAL REQUIREMENTS AUTHORITY.

The Exchange may from time to time adopt financial and reporting requirements. These requirements may be more stringent than those provided in the Commodity Exchange Act, as amended, Commodity Futures Trading Commission Regulations, and other applicable authority. Such requirements may be posted through reasonable means by the Exchange and need not be codified in MGEX Rules.

2.2.2. FINANCIAL AND REPORTING REQUIREMENTS.

Financial and reporting requirements for Persons may be established by the Exchange, provided that requirements for FCMs are established at levels no lower than those required by the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission Regulations.

2.2.3. MINIMUM FINANCIAL REQUIREMENTS FOR HARD RED SPRING WHEAT REGULARITY.

A Person who operates an elevator or warehouse, or who is a merchandiser, that is Regular for delivery of Hard Red Spring Wheat must maintain certain minimum financial requirements set by the Exchange. The Exchange has established the following working capital and net worth financial requirements for Regularity:

Contract	Working Capital	Net Worth
Hard Red Spring Wheat	$2,000,000.00	The greater of $5,000,000.00 or the equivalent of $1 per bushel of approved storage capacity

Additionally, any combination of the elevator, merchandiser, warehouse, parent company, employee, partner, or officer of such Person must be a Record Owner of a minimum of two (2) Memberships.

The Exchange may consider and approve, at its discretion, a Person for Regularity that is unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Exchange may, at any time, require a Person that is approved or applying for Regularity to provide irrevocable letters of credit, guarantees, pledges of memberships, and/or other forms of security that the Exchange determines to be acceptable. Failure to meet any minimum financial requirements or comply with the Exchange's request for additional financial security will be deemed a failure to meet the minimum financial standing requirement.

If a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), then the Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the Person must own the highest number of MGEX memberships required of their various registration status.

2.2.4. MINIMUM FINANCIAL REQUIREMENTS FOR CASH TRADING PRIVILEGES.

A. **Financial Requirements.** Any Person with cash trading privileges must meet the minimum financial requirements set forth by the Exchange, which are set as follows:

Working Capital	Net Worth
$1,000,000.00	$2,000,000.00

The Exchange may consider and approve, at its discretion, Persons with cash trading privileges that are unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Exchange may, at any time, require a Person with cash trading privileges to provide irrevocable letters of credit, guarantees, pledges of memberships, and/or other forms of security that the Exchange determines to be acceptable. Failure to meet any minimum financial requirements or comply with the Exchange's request for additional financial security will be deemed a failure to meet the minimum financial standing requirement.

B. **Annual Financial Statements.** Regardless of whether the Person is required to file with the CFTC, all Persons with cash trading privileges must file with the Exchange, within ninety (90) days of the close of their fiscal year, an audited financial statement that includes at a minimum, a balance sheet and income statement with footnotes. Such annual financial statement must be accompanied by an opinion of an independent Certified Public Accountant. The Exchange may in its discretion require such additional reports as it deems appropriate or

necessary.

C. **Interim Unaudited Financial Statements.** Regardless of whether the Person is required to file with the CFTC, any Person with cash trading privileges must file with the Exchange quarterly unaudited financial statements that include at a minimum, a balance sheet and income statement, forty-five (45) days of the date of such quarterly statement.

D. **Extension of Time to File.** Upon written request in advance and for good cause shown, the Exchange may in its sole discretion grant an extension of the time for the filing of any reports or statements required by this Rule.

All costs associated with the requirements of this Rule will be borne solely by the Person with cash trading privileges.

If a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), then the Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the Person must own the highest number of MGEX memberships required of their various registration status.

2.2.5. MINIMUM FINANCIAL AND REPORTING REQUIREMENTS FOR FUTURES COMMISSION MERCHANTS.

A. **Financial and Reporting Requirements.** All FCMs that have customers trading MGEX Futures and Options contracts must meet the minimum financial and reporting requirements set forth in CFTC Regulations 1.10, 1.12, 1.16, 1.17, and 1.18, as now in effect or hereafter amended. All such FCMs must file with the Exchange the reports required under such CFTC Regulations, including the reports enumerated below, by approving the Exchange as a receiver of such reports on the WinJammer™ Online Filing System. The Exchange may in its discretion require FCMs to file additional reports as it deems appropriate or necessary.

1. All FCMs must file daily segregated, secured 30.7 and cleared swaps segregation statements, as applicable, in a manner designated by the Exchange. These statements must be signed by the firm's Chief Executive Officer, Chief Financial Officer, or other representative as allowed by the Exchange.

2. All FCMs must file bi-monthly Segregation Investment Detail Reports as required by the Exchange and CFTC Regulation 1.32.

3. All FCMs must provide immediate notice to the Exchange of all disbursements of customer segregated, secured 30.7, and cleared swaps segregation 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 cleared swaps segregation funds, as applicable. Any such disbursements by the FCM must also be pre-approved, in writing, by a principal of the FCM.

4. At least one report in each fiscal year must be accompanied by an opinion of an independent Certified Public Accountant.

B. **Extension of Time to File.** Upon written request in advance and for good cause shown, the Exchange may in its sole discretion grant an extension of the time for the filing of any reports or statements required by this Rule.

All costs associated with the requirements of this Rule will be borne solely by the FCM.

If a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), the Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the Person must own the highest number of MGEX memberships required of their various registration status.

2.2.6. MINIMUM FINANCIAL AND REPORTING REQUIREMENTS FOR CLEARING MEMBERS.

A. **Financial and Reporting Requirements.** All Clearing Members 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. **Financial Statements for FCM Clearing Members.** All FCM Clearing Members must meet the requirements set forth in MGEX Rule 2.2.5.

C. **Financial Statements for Non-FCM Clearing Members.** Non-FCM Clearing Members must file monthly financial statements that include at a minimum, a balance sheet and income statement, with the Exchange within seventeen (17) business days of the date of such statement. Within sixty (60) days of the close of its fiscal year, Non-FCM Clearing Members subject to this Rule must file a certified financial statement accompanied by an opinion of an independent Certified Public Accountant.

D. **Extension of Time to File.** Upon written request in advance and for good cause shown, the Exchange may in its sole discretion grant an extension of the time for the filing of any reports or statements required by this Rule.

All costs associated with the requirements of this Rule will be borne solely by the Clearing Member.

If a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), then the Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the Person must own the highest number of MGEX memberships required of their various registration status.

2.2.7. NOTIFICATION OF FISCAL YEAR.

Any Person required by the Exchange to provide financial information must immediately notify the Exchange of any change to its fiscal year. Such notification must be made in writing and submitted to the Exchange explaining any change and the reasons therefore. If applicable, the

Person making a change in its fiscal year must also submit written evidence that its designated self-regulatory organization has approved the same.

Any change in fiscal year pursuant to this Rule does not relieve any obligation to file timely certified and interim financial statements deemed necessary by MGEX Rules or the Exchange.

2.2.8. REDUCTION OF CAPITAL.

Any Person required by the Exchange to provide financial information must immediately notify the Exchange of any material reduction of its net capital, adjusted net capital, working capital, and/or its net worth, including the incurring of a contingent liability that would materially affect net capital, 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 will be considered an act detrimental to the interest and welfare of the Exchange.

Circumstances that may trigger this Rule and/or be considered a material reduction include, but are not limited to:

1. A reduction amounting to twenty percent (20%) or more from the net capital or adjusted net capital reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under the MGEX Rules.

2. A reduction amounting to twenty percent (20%) or more from the working capital and/or net worth, for any Person declared Regular for delivery on any Exchange contract or with clearing and/or cash trading privileges, reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under the MGEX Rules.

For purposes of this Rule, working capital is defined as total current assets minus total current liabilities.

For purposes of this Rule, net worth is defined as equities, whether shareholder's equity, partnership equity or other equity capital, minus deficits, in proprietary accounts or which are properly included in determining net worth.

For purposes of this Rule, adjusted net capital is defined in accordance with CFTC Regulation 1.17.

For purposes of this Rule, net capital is defined in accordance with SEC Rule 15c3-1.

2.2.9. RISK MANAGEMENT PROGRAM FOR FUTURES COMMISSION MERCHANTS.

All FCMs who are Members of the Exchange must establish, maintain, and enforce a risk management program designed to manage and monitor the risks associated with the FCM's activities. The risk management program should include, but is not limited to, risks relating to operations, capital, and customer funds segregation.

Such risk management program must include written policies and procedures and, at a minimum, must meet the requirements set forth in CFTC Regulation 1.11. However, the Exchange may, in its discretion, adopt risk management requirements for Member FCMs that are more stringent than those of the CFTC if it deems such requirements appropriate.

Upon request of the Exchange, the written risk management policies and procedures and other related information and documentation must be promptly made available for review.

SECTION 3 – RECORDKEEPING

2.3.1. RECORDS OF TRANSACTIONS.

Any Person subject to CFTC Regulation 1.35 shall keep full, complete, and systematic records (including all pertinent data and memoranda) of all transactions relating to its business of dealing in commodity interests and any related cash or forward transactions. Such records may include, but are not limited to, records of electronic trading, all orders (filled, unfilled, or canceled), electronic audit trails, trading cards, signature cards, street books, journals, ledgers, wire transfer, canceled checks, copies of confirmations, and copies of statements of purchase and sale, and all other records which have been prepared in the course of business of dealing in commodity interests and any related cash or forward transactions.

Additionally, such Person is required to keep all oral and written communications provided or received concerning quotes, solicitations, bids, offers, instructions, trading, and prices that lead to the execution of a transaction in commodity interests and any related cash or forward transactions, whether transmitted by telephone, voicemail, facsimile, instant messaging, chat rooms, electronic mail, mobile device, or other digital or electronic media. The requirement to record oral communications does not apply to oral communications that lead solely to the execution of a related cash or forward transaction.

All records of oral communications must be retained for a period of not less than one year from the date of such communication in accordance with CFTC Regulation 1.31. All other records must be retained for a period of not less than five years from the date on which the record was created in accordance with CFTC Regulation 1.31. Additionally, all records must be produced for inspection to the Exchange and any representative of the CFTC or the United States Department of Justice.

2.3.2. RECORDING ORDERS.

Each Clearing Member, FCM, and Person who is authorized to, and who receives an order from a customer 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, must 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 Exchange Room for execution, and upon execution.

2.3.3. OMNIBUS ACCOUNTS.

An omnibus account is utilized for placing and clearing the trades of one or more undisclosed customers of the account.

An omnibus account may be carried only for a Person that is in compliance with the registration requirements of the Commodity Futures Trading Commission. It will be the responsibility of the

Person handling an omnibus account to be aware of and vouch for the registration status of the account.

The Person responsible for an omnibus account must at all times disclose, upon request of the Clearing Member carrying that account, the gross long and short positions held by that account in each commodity. The Person responsible for an omnibus account must, at least two (2) business days prior to the first delivery day in a contract month, provide the Clearing Member carrying that account, with a complete list of the purchase and sale dates of all open positions for that contract month. Such list must be kept up to date throughout the delivery month. Clearing Members carrying omnibus accounts must maintain a complete list of all omnibus accounts maintained on their books.

A Clearing Member carrying an omnibus account (except an omnibus account of another Clearing Member) will indemnify and hold harmless the Exchange for any loss of damage suffered by the Exchange by reason of fraudulent dealings with, or management of, customer funds and transactions within the omnibus account. Each Clearing Member that maintains an omnibus account with another Clearing Member shall also bear financial responsibility to the Exchange for that omnibus account.

2.3.4. DISCRETIONARY ACCOUNTS.

No Clearing Member will accept or carry an account over which any Person, other than the Person in whose name the account is carried, exercises discretionary trading authority or control without first obtaining a written and dated power of attorney, trading authorization, or similar document (hereinafter "Power of Attorney") by which trading authority is given. Such Power of Attorney must be signed and submitted to the Clearing Member and must designate the trading authority or control given and precisely to whom the trading authority or control is given. Such Power of Attorney will remain in effect until it is terminated by written revocation signed by the Person for whom the account is carried or by the death or incapacity of such Person. Termination may also be made by written revocation signed by the Person to whom such authority or control has been given or by the death or incapacity of such Person.

The records of the Clearing Member must clearly identify each discretionary account it carries. The Clearing Member agrees to promptly provide the Exchange with a list of such accounts upon request.

This Rule does not apply to the following: (1) accounts maintained by Members for their families (spouse, parent, child, grandparent, grandchild, brother, sister, aunt, uncle, nephew, niece, or in-law); (2) accounts belonging to other Exchange Members; and (3) proprietary accounts of Clearing Members.

2.3.5. REPORTING REQUIREMENTS AND DISCIPLINARY ACTION.

Persons subject to MGEX Rules must submit all data, records and other information required by MGEX Rules or requested by the Exchange in an accurate, complete and timely manner, and in a method and format agreeable to the Exchange. Failure to comply with such reporting requirements will subject said Person to a summary fine or other disciplinary action including, but not limited to, the matter being referred to the Disciplinary Committee.

2.3.6. ACCEPTANCE OF ACCOUNTS FROM OTHERS THAN PRINCIPALS.

Except as provided in omnibus accounts and discretionary accounts, no Member or Market Participant shall make a purchase or a sale of any commodity in futures or options in this market for the account of another Person, nor shall any Member or Market Participant accept or carry such an account for such other Person, if such other Person is known to be acting as an agent for and on behalf of others, unless such other Person is properly registered with the CFTC or the National Futures Association.

No purchase or sale of commodities in futures or options shall be made in this market, and no account for such purchase or sale shall be accepted or carried for the account of any Person if such purchases or sales are made pursuant to trading authority given by such Person to another Person (not a member of the same family) to trade in his or her name, except on the following terms and conditions:

A. A monthly statement must be sent directly to the Person for whose account such purchases or sales have been made, showing the exact position of the account, including all open trades figured to the market;

B. Each transaction must be specifically designated with the name of the Person for whose account such purchase or sale has been made at the time the order is accepted;

C. Confirmations of all trades must be sent promptly, both to the Person for whose account such purchases or sales have been made and to the Person authorized to act for his/her account;

D. Written evidence of such delegation of authority by such Person to such other Person to trade in his/her name must have been furnished to the Member or Market Participant making the trade.

SECTION 4 – FEES

2.4.1. FEES: COLLECTIONS.

The Exchange may from time to time issue invoices for fees or other money owed to the Exchange and collect the same. Furthermore, the Exchange has the authority to take disciplinary action under MGEX Rules and enforce such collections to the fullest extent allowable by law.

2.4.2. FEES: EXCHANGE FEES.

The Exchange will set exchange fees from time to time and make such fees publicly available. The Exchange may elect to waive or modify such fees. Payment of such fees is due to the Exchange upon receipt of invoice.

CHAPTER 4
ARBITRATION RULES

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CHAPTER 4
ARBITRATION

JURISDICTION

400.00. JURISDICTION OVER MEMBER DISPUTES.

All disputes involving Members, Clearing Members, or entities with cash trading privileges that arise out of or are related to a trade, contract, agreement or other transaction that is governed by, made subject to, or arises out of an alleged violation of the MGEX Bylaws or Rules, will be settled by arbitration before a Board of Arbitration unless the parties expressly agree otherwise.

Refusal by a Member, Clearing Member, or entity with cash trading privileges to submit any such dispute to arbitration upon demand by the opposite party will constitute a violation of the MGEX Rules.

401.00. JURISDICTION OVER CUSTOMER DISPUTES.

All disputes between a Customer and any Person subject to, or consenting to, the Exchange's jurisdiction that arise out of or are related to trades, contracts, agreements, or other transactions that are governed by, made subject to, or arising out of an alleged violation of the MGEX Bylaws or Rules, may be settled by arbitration before a Board of Arbitration if demanded by the Customer. Refusal by any Person subject to, or consenting to, the Exchange's jurisdiction to submit to arbitration, upon demand by a Customer, will constitute a violation of the MGEX Rules.

For purposes of Chapter 4, "Customer" means any Person that is not a Member or Clearing Member, and is involved in a dispute with any Person subject to, or consenting to, the Exchange's jurisdiction arising from a trade, contract, agreement or other transaction that is governed by, made subject to, or arising out of an alleged violation of the MGEX Bylaws or Rules.

402.00. WAIVER OF OBJECTION TO JURISDICTION.

By submitting a Complaint for arbitration or counter claim pursuant to this chapter, any Person consents to the jurisdiction of the Board of Arbitration to hear and finally determine the claim and any counter claim that is properly submitted pursuant to **Rule 408.00**.

INITIATING A CLAIM

403.00. FORM OF COMPLAINT.

Any Claimant desiring to submit a dispute pursuant to these Rules must file a written Complaint (see **Form 4-10.00**) or Petition for Joint Arbitration (see **Form 4-10.01**) made under oath and in duplicate with the Secretary. Such Complaint must be accompanied with the applicable filing fee provided in **Rule 436.00.** or **437.00.**

404.00. TIME OF COMPLAINT.

Such Complaint or Petition, as described in **Rule 403.00**, must be filed within two (2) years after the date of the transaction from which the dispute arose.

405.00. SERVICE OF COMPLAINT.

A copy of the Complaint or Petition, referred to in **Rule 403.00**, must be served on the Respondent as provided in **Bylaw 218.02**.

406.00. ANSWER.

If the Respondent desires to defend against or otherwise contest allegations made in a Complaint, the Respondent must file a written Answer (see **Form 4-10.01**) made under oath and in duplicate with the Secretary within ten (10) business days from the day the Complaint was served.

In the event that the Respondent files a counter claim, the Claimant must file a written Answer, made under oath and in duplicate with the Secretary within ten (10) business days from the day the Statement of Counter Claim Form (see **Form 4-15.00**) was served.

The Secretary may grant further time for the filing of such Answer upon reasonable cause. A copy of such Answer must be served on the Claimant or Respondent within the time allotted by the Exchange.

407.00. FAILURE TO ANSWER.

If the Respondent or the Claimant fails to answer within the time provided and has not been granted further time by the Secretary, the Board of Arbitration will, upon the filing of proof of service of the Complaint or Statement of Counter Claim Form (see **Form 4-15.00**), consider the allegations contained in the forms admitted and proceed to hear and decide the matter on the basis of the evidence and testimony available under the circumstances.

408.00. COUNTER CLAIMS.

In the hearing on any dispute, the Board of Arbitration may hear or consider any matters of dispute between the parties as counter claims if such matters are within the jurisdiction of the Board of Arbitration, directly connected with the matter set forth in the Complaint or arise under the same set of operative facts, and are properly raised by the Respondent in a Statement of Counter Claim Form (see **Form 4-15.00**). If the Respondent desires to present a counter claim, the Respondent must file a written Statement of Counter Claim Form made under oath and in duplicate with the Secretary at the same time as its Answer.

If party to a dispute fails to raise a counter claim that would otherwise be under the Board of Arbitration's jurisdiction, the party waives all rights to, and is barred from, raising the dispute that is the subject of the counter claim in any other proceeding or venue.

BOARD OF ARBITRATION

409.00. ARBITRATION POOL.

Only persons serving on the Arbitration Pool are eligible to serve on a Board of Arbitration. The Arbitration Pool consists of twenty (20) or more persons, all of whom must be Members of the Exchange. The Chairperson will recommend persons to serve during their term of office.

410.00. BOARD OF ARBITRATION.

Following the filing of a Complaint or Petition with the Secretary, the Secretary will constitute the Board of Arbitration by selecting three (3) persons from the Arbitration Pool, who will hear and decide the dispute between the parties (each known as an "Arbitrator"). The Board of Arbitration has all the powers and duties set forth in these Rules. Once appointed, each Arbitrator must submit an Impartiality Form (see **Form 4-01.00.**) to the Exchange. Each Arbitrator must be available for the Board of Arbitration to hear or decide any dispute.

In any dispute brought by a Customer or Member against a Member or Clearing Member, upon receipt of a Complaint, the Exchange will inform the Claimant in writing:

Of the nature and amount of any other fees or costs that may be assessed against the party if a dispute is submitted for arbitration pursuant to this Chapter.

411.00. CODE OF ETHICS.

At the time of their appointment to any Board of Arbitration, each Arbitrator will receive and be responsible for understanding and following the American Arbitration Association's "Code of Ethics for Arbitrators in Commercial Disputes" then in effect.

412.00. INDEPENDENCE AND IMPARTIALITY OF ARBITRATORS.

The Board of Arbitration will be fully independent and impartial to the dispute. No Arbitrator will serve in any dispute in which they have a financial, personal, or prejudicial interest or concern is before such Board of Arbitration. For the purpose of this Rule, a financial interest includes not only that of the person themselves, but also that of a partner, a dependent, a firm of which they are a copartner or employee or a corporation of which they are an officer, majority stockholder, director, or employee. Each Arbitrator has an affirmative duty to report any such financial, personal, or prejudicial interest or concern to the Secretary, and upon appointment to the Board of Arbitration, each Arbitrator will complete the Arbitrator Profile Form (see **Form 4-00.00**) and submit the same to the Secretary.

If an Arbitrator discloses a financial, personal, or prejudicial interest or concern, the disinterested Arbitrators involved will determine whether any person has such financial, personal, or prejudicial interest. If the disinterested Arbitrators determine that an Arbitrator is not fully independent and impartial, that Arbitrator will be dismissed, and the Secretary shall replace such Arbitrator in accordance with **Rule 414.00**, and shall inform both parties.

413.00. CHALLENGE TO ARBITRATORS.

After selecting the Arbitrators to hear a dispute or difference, the Secretary will notify each party in writing of the names and company affiliations of the Arbitrators who will hear said dispute. The Arbitrator Profile Form (see **Form 4-00.00**) and the Impartiality Form (See **Form 4-01.00**), will additionally be provided at this time. Upon receipt of such notice, either party may challenge the appointment of an Arbitrator for prejudice or other good cause within ten (10) business days of receipt of said notice. Upon the determination that such a challenge is valid, the Secretary shall replace such Arbitrator in accordance with **Rule 414.00**, and will inform both parties.

414.00. APPOINTMENT OF ALTERNATES.

The Secretary will appoint to the Board of Arbitration, from the Arbitration Pool, as many Arbitrators as necessary to take the places of Arbitrators who may not or cannot serve on the particular Board of Arbitration due to the following reasons:

A. The Board of Arbitration determines that it is improper for an Arbitrator to serve during the hearing or decision of a dispute; or

B. An Arbitrator is unable to serve during a hearing or decision.

When so appointed, such Arbitrators will have all the powers and duties of the members of the Board of Arbitration whom they replaced.

415.00. FAILURE OF ARBITRATOR TO ATTEND MEETINGS.

An Arbitrator that fails to attend any duly scheduled hearing of that Board of Arbitration will be fined two-hundred fifty dollars ($250.00), (for use by the Exchange) for each time that an Arbitrator fails to appear, unless an excuse satisfactory is made to the other Arbitrators.

416.00. DISMISSAL OF PROCEEDINGS.

At any time during the course of an Arbitration, the Board of Arbitration may, at the joint request of the parties involved, dismiss the proceeding and refer the parties to the remedies provided by law.

417.00. ROLE OF THE SECRETARY.

The Secretary may act as administrator of any arbitrations brought pursuant to this chapter. The Secretary may assist the Board of Arbitration as requested, but in no event will the Secretary be involved substantively in deciding any claim or counter claim, nor will the Secretary affect in any way the impartiality of the Arbitrators.

PRE-HEARING PROCEDURES

418.00. PRE-HEARING EXCHANGE OF DOCUMENTS AND WRITTEN INFORMATION.

The parties will cooperate in all voluntary exchange of material and relevant documents and written information which may serve to facilitate a fair, equitable and expeditious hearing.

The Exchange will make available to the parties, upon request, any documents or written information in its possession that might bear on the case, which would otherwise not be available to the parties or the Board of Arbitration.

The Board of Arbitration may subpoena documents when necessary and may apply reasonable sanctions for noncompliance with such subpoena orders or any other reasonable requests or orders to provide documents.

The names of all witnesses must be furnished to the Board of Arbitration and be made available to all parties.

In the event that a party refuses to comply with any subpoena of the Board of Arbitration, the opposing party may apply to a court of appropriate jurisdiction to enforce such subpoena to compel the production of books or papers before any Board of Arbitration.

419.00. PRE-HEARING MEETING.

The Board of Arbitration will schedule one or more pre-hearing meetings as early as is practicable to select a chairperson from among its Arbitrators, determine appropriate hearing dates and address any other issues deemed to be appropriate or raised by the parties.

HEARINGS

420.00. HEARING.

Either party may request an oral hearing by written request to the Secretary on or before the date that is five (5) business days after the date that Respondent's Answer is due. If neither party requests an oral hearing, the Board of Arbitration may proceed to decide the matter on the basis of the materials submitted by the parties.

If an oral hearing is requested, the Board of Arbitration will set a date for hearing at a pre-hearing meeting, and notice of the date, time and place of such hearing will be served upon the parties in accordance with **Bylaw 218.02**. All hearings must be held at the Exchange's offices in Minneapolis, Minnesota. The parties will cooperate with the Secretary in the process of preparing for the hearing, and must submit all relevant documentation and information to the Secretary at least ten (10) business days prior to the date of the hearing. The parties bear the responsibility to provide the Secretary reasonable advance notice of the inability of any witness to attend the hearing. In any case where witnesses are unable to attend a hearing, the Board of Arbitration, upon the request of the parties involved, may permit the use of electronic participation.

421.00. NONAPPEARANCE OF PARTY AT A HEARING.

If a party to a dispute fails to appear for the hearing, the Board of Arbitration may, upon the filing of proof of service of notice of the hearing on such party, proceed to hear and decide the dispute and make its Decision and Award on the basis of the evidence and testimony adduced at the hearing.

422.00. POSTPONEMENT OF HEARING.

The Board of Arbitration may grant a postponement of the hearing at its sole discretion if a party makes a request in writing to the Board of Arbitration at least five (5) business days prior to the date of the hearing.

423.00. STATEMENTS AND TESTIMONY BEFORE THE BOARD OF ARBITRATION.

In each case before the Board of Arbitration the statements and testimony of the parties and witnesses must be made under oath (or affirmation), the form of which will be as follows:

> You do solemnly swear that the evidence you give in the matter of dispute between _____, as Claimant, and _____ as Respondent, now on hearing, shall be the truth, the whole truth, and nothing but the truth, so help you God.

424.00. RIGHT TO COUNSEL.

Any party to a dispute before the Board of Arbitration may be represented by counsel at their own expense, provided that party has filed written notice of his intention to be represented by counsel with the Secretary at least ten (10) business days prior to any hearing. A Complaint, Answer, or other document filed by an attorney constitutes notification of either party's intention to be represented by counsel. This notice of intention may be waived by the Board of Arbitration, but such waiver may result in a delay of the hearing date.

425.00. WITNESSES AND CITATIONS.

The Board of Arbitration may issue a notice of citation requiring any Person to appear before it and to answer any question that is proper and pertinent to the matter under investigation and to submit to it for examination any books, papers, records, or other documents that are pertinent to the matter under investigation. . In the event that a Person refuses to comply with any citation of the Board of Arbitration, the opposing party may apply to a court of appropriate jurisdiction to enforce such citation to compel the appearance of any Person and to submit for examination any requested documents before any Board of Arbitration. No witness will be required to answer any question if the answer would incriminate them. The Board of Arbitration may exclude any evidence or testimony it deems incompetent, irrelevant, or immaterial.

426.00. HEARING PROCEDURES.

Prior to the commencement of any hearing, the Secretary will administer an oath in the following form to the Arbitrators:

> You, and each of you, do solemnly swear that in the hearing and determination of the matter of dispute submitted to you by _____, as Claimant, and by _____, as Respondent, will well, truly and faithfully perform your duty as arbitrators, and an honest and conscientious Award make between the parties.

The case will proceed in the following manner:

A. Reading or presentation of the Complaint, any Counter Claim, and Answer;

B. Presentation of the case and witnesses, if any, by Claimant;

C. Cross-examination of witnesses, if any, by Respondent;

D. Questioning of witnesses by the Arbitrators;

E. Presentation of the case and witnesses, if any, by Respondent;

F. Cross-examination of witnesses, if any, by Claimant;

G. Questioning of witnesses, if any, by the Arbitrators;

H. Rebuttal or sur-rebuttal testimony, if any;

I. Case declared closed;

J. Presentation of arguments by Claimant and Respondent, the Respondent to have the closing argument.

427.00. REPORT OF PROCEEDINGS.

In any dispute before a Board of Arbitration, unless expressly waived by the parties, the testimony and proceedings taken during any hearing will be transcribed by a court reporter, the cost of which will be assessed by the Board of Arbitration in the same manner as other fees and costs in the case. Either party may request a transcript of the proceedings at their own expense.

DECISIONS AND AWARDS

428.00. THE DECISION AND AWARD TO BE BASED ON EVIDENCE.

The Board of Arbitration selected to hear and decide a particular dispute must decide the same in accordance with the facts disclosed by competent evidence and pursuant to the Charter, MGEX Bylaws and Rules,, and usages and customs of the Exchange. Ex parte contacts by any of the parties to the arbitration with members of the Board of Arbitration is prohibited.

429.00. FORM OF THE DECISION AND AWARD.

The Decision and Award of a Board of Arbitration must be made in writing within ninety (90) days after the close of the case, and will conclusively include and determine all matters submitted by the parties, unless the contrary appears affirmatively upon the face of the Decision and Award.

The Decision and Awards of the Board of Arbitration will begin in substantially the following form:

> IN ARBITRATION
> IN THE MATTER OF

_____, Claimant

vs.

_____, Respondent

The Board of Arbitration, after due consideration of all matters submitted to it in the dispute above entitled, does hereby make the following Decision and Award:

A Decision and Award must be accompanied by such explanations or statements as the Board of Arbitration, deems necessary to fully advise the parties of the reasons or basis for its Decision and Award. The Decision and Award of the Board of Arbitration must be signed by the Arbitrators and the Secretary. Arbitrators who did not concur in an Award may prepare a dissenting opinion in writing, signed by such Arbitrators.

430.00. FINALITY OF THE DECISION AND AWARD.

There is no right to an appeal from any Decision and Award. The Decision and Award is final and conclusive upon the parties as to all matters decided by that Board of Arbitration.

431.00. FILING AND SERVICE OF THE DECISION AND AWARD.

The Decision and Award and any dissenting opinion must be filed with the Secretary, who will immediately serve a copy upon each of the parties. The Decision and Award and dissenting opinions will remain in the permanent records of the Exchange.

432.00. FAILURE TO COMPLY WITH THE DECISION AND AWARD.

The party or parties against whom a Decision and Award has been rendered must comply with that Decision and Award within ten (10) business days after a copy of that Decision and Award is served upon it. Failure to pay the full amount of the Decision and Award or assessment of costs to the Exchange, as escrow agent, within thirty (30) days of notice of the Decision and Award or assessment of costs, will be deemed to be a failure to perform an Exchange contract in accordance with **Rule 827.00.**

In case of failure to pay, the party in whose favor a Decision and Award has been made may apply to the Secretary, who will deliver to the prevailing party a certified copy of the Decision and Award that may be filed with a court of competent jurisdiction at the prevailing party's sole expense and election.

Any Member, Clearing Member, or Market Participant that violates any MGEX Rule or directive of the Exchange or Board of Directors, including but not limited to failing to pay any Decision and Award, will be deemed to be in violation of the MGEX Rules and may be subject to disciplinary action by the Exchange.

433.00. RECORD OF PROCEEDING.

The Board of Arbitration will cooperate with the Secretary to maintain, track, log and retain a complete record of the entire arbitration proceeding.

CONFIDENTIALITY

434.00. PROCEEDINGS TO REMAIN CONFIDENTIAL.

All proceedings of any Board of Arbitration will remain confidential. Notwithstanding the foregoing, the Exchange may disclose any part of the record or Decision and Award to any federal authority with appropriate jurisdiction, including the CFTC, upon reasonable request.

The Decision and Award issued in any arbitration may be posted publically on the Exchange's website or otherwise made available to the public, provided that any confidential or otherwise proprietary information of the parties or the dispute is redacted prior to being made public.

ARBITRATION FEES AND COSTS

435.00. FEES.

Fees must be paid in advance by the Claimant to the Exchange in each case, and such fees will be retained by the Exchange whether the case is heard or not. The Board of Arbitration may assess additional fees as allowed by MGEX Rules at any time.0 Fees are not to be applied against costs of hearing any case.

436.00. CURRENT FEES FOR ARBITRATION PURSUANT TO RULE 400.00. OR RULE 401.00.

For each case brought pursuant to **Rule 400.00.** or **Rule 401.00.**, the following fees will apply:

Up to $10,000	$600
$10,001 to $50,000	$700
$50,001 to $100,000	$1,000
$100,001 to $200,000	$2,000
$200,001 and above	$2,500 + 1% of total value in Complaint
Any non-monetary claims	$1,500

438.00. ASSESSMENT OF COSTS OF THE EXCHANGE.

The Secretary may assess such actual costs incurred by the Exchange in the administration of any arbitration to the parties, including but not limited to reasonable labor on behalf of Exchange employees. Any costs will be split equally between the parties and must be paid within thirty (30) days of receiving notice of any assessment.

439.00. AWARD OF FEES AND COSTS.

Any fees and costs of the Exchange referred to in these Rules incurred in connection with the hearing of any case brought before a Board of Arbitration may be assessed against and allocated between the parties as that Board of Arbitration determines, provided that the award of fees and costs is included in the Decision and Award. In the case of costs of the Exchange that had previously been assessed and paid by the parties pursuant to **Rule 438.00.**, the Board of Arbitration may order the reimbursement of any costs paid by any party.

The Board of Arbitration may, in its discretion, award such costs incurred by the prevailing party as would be allowed by a prevailing litigant under 28 U.S.C. § 1920, as now in effect or hereafter amended. Any award of costs must be included in the Decision and Award.

440.00. AWARD OF ATTORNEYS' FEES.

The Board of Arbitration may, in its discretion, award reasonable attorneys' fees incurred by the prevailing party, provided that the award of attorneys' fees is included in the Decision and Award.

441.00. PAYMENT OF FEES AND COSTS.

When a Decision and Award has been rendered, the Secretary will ensure that the fees, costs and attorneys' fees, as applicable, will be assessed according to the Decision and Award. The Secretary will

distribute such payment and adjust or refund the amounts previously deposited so that all the costs and fees involved are paid in accordance with the terms of the Decision and Award.

CHAPTER 7
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CHAPTER 7
FUTURES AND OPTIONS TRADING

700.00. FUTURES AND OPTIONS CONTRACTS: CLEARING OF.

All Futures and Option Contracts made in this market, including all "Scratch" trades, must be made in the name of and between Clearing Members, and all such contracts must be submitted to the Clearing House.

All such contracts that have been accepted for clearing shall be subject to the Rules and Regulations of the Minneapolis Grain Exchange and to the exercise of the powers reserved therein to the Minneapolis Grain Exchange.

701.00. CLEARING HOUSE: SUBSTITUTION OF.

In every case where Futures and Options Contracts have been accepted for clearing by the Clearing House, the Clearing House shall thereupon be substituted as Buyer to the Seller, and as Seller to the Buyer, and (except as provided in **Rule 805.00.**) shall have all the rights and be subject to all the liabilities under the contracts of the original Clearing Member parties with respect to such contracts.

702.00. CLEARING HOUSE: SUBSTITUTIONS FOR.

If Futures Contracts are not offset and a Clearing Member being a Seller tenders a Delivery Notice to the Clearing House and the Clearing House in good faith passes such notice to another Clearing Member who is a Buyer (all as provided in Chapter 8), the Clearing Member who tenders such notice shall be substituted in lieu of the Clearing House as Seller to such Buyer on the contracts.

704.00. GIVE-UPS.

A Market Participant must have prior permission from a Clearing Member to give-up the Clearing Member's name for a trade executed. A Clearing Member whose name is so given up must enter the trade into the Clearing House in his name.

710.00. FUTURES CONTRACTS: COMMODITIES.

Unless prohibited by the Board of Directors, under authority granted by the Rules, contracts for future delivery in this market may be made in any commodity for which Contract Grades have been established by Rule and approved by the Commodity Futures Trading Commission.

PROVIDED, however, that when a new Contract Grade has been adopted, trading in contracts based on such new grade shall not begin until authorized by Rule or by the Board of Directors.

711.00. FUTURES CONTRACTS: GRADES DELIVERABLE.

All Futures Contracts made in this market shall call for the delivery of a Contract Grade, or other Deliverable Grade, of the commodity in accordance with the provisions of **Rules 802.00.** and **803.00.**

712.00. FUTURES AND OPTIONS CONTRACTS: QUANTITIES TRADED IN.

All Futures and Options Contracts made in this market must be for such quantities of the commodity as specified in the contract as may, under the Rules, be delivered on such contracts. (See **Rule 801.00.**)

713.00. FUTURES AND OPTIONS CONTRACTS: PRICE BASIS.

A. Futures Contracts. The minimum fluctuation shall be one-quarter (1/4) cent, including spreads.

B. Options on Futures Contracts. The minimum fluctuation shall be one-eighth (1/8) cent, including spreads.

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

Except in the case of non-competitive trades, all purchases and sales, and all offers to purchase or sell commodity Futures must be made electronically and all purchases and sales, and all offers to purchase or sell Hard Red Spring Wheat Options in this market must be made electronically or by open outcry in the Pit during the Hours of Trading.

Members and Market Participants are hereby prohibited from assembling in any place, public or private, other than in the Pit or designated area to form a market for the purpose of making purchases or sales or offers to purchase or sell commodity Futures or 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**.

715.00. MONTHS TRADED IN.

The months available for trading in Spring Wheat Futures and the number of months available for trade at one time shall be determined by the Board of Directors. See **Regulation 2010.00.**

715.01. TRADING IN DELIVERY MONTH.

No trades in Hard Red Spring Wheat futures contracts that are deliverable in the current month shall be made after the business day preceding the fifteenth (15th) calendar day of that month. Any futures contracts remaining open after the last day of trading must be:

A. settled by delivery no later than the seventh (7th) business day following the last trading day, or

B. liquidated pursuant to **Regulation 2011.02.**

717.00. OPTIONS CONTRACTS: ACCEPTANCE OF OFFERS.

All offers to purchase or sell commodity Futures or 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.

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

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

A. Transactions made for the purpose of (1) transferring open futures or options contracts from one account to another on the books of the same Clearing Member where no change in ownership is involved; or (2) transferring open futures or options contracts from an account on the books of one Clearing Member to another Clearing Member where no change of ownership is involved; PROVIDED, however, that no such transfer shall be made after receipt from the Exchange of a delivery Notice on such contracts if such transfer is for the apparent purpose of avoiding delivery on such contract;

Notwithstanding the requirements of 718.00.A., the Department of Audits and Investigations, in its sole discretion, may approve a transfer that results in a change of beneficial ownership when such transfer is made as a result of a merger, asset purchase, consolidation or similar non-recurring transaction between two (2) or more Persons.

B. Transactions consisting of the exchange or transfer of futures contracts in connection with cash commodity transactions or transactions consisting of the exchange of futures for cash commodities.

C. Transactions consisting of the exchange or transfer of futures contracts in connection with risk transactions or transactions consisting of the exchange of futures for risks.

Except for situations involving insolvency or default (see generally Chapter 21), futures contracts may be transferred using either the original trade price or the most recent settlement price. Options contracts may be transferred using either the original trade price or a trade price of zero. All transfers in physically delivered futures contracts must be recorded and carried on the books of the receiving Clearing Member at the original trade dates. All other contracts may be recorded and carried at either the original trade date or the transfer date.

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

718.01. OFFSETS AND TRANSFER TRADES.

Offsets and/or position change data must be reported to the Clearing House each day by the established deadlines and in a manner that meets the provisions of MGEX Resolution 2101.00.C. Positions that have been offset at the Exchange may not subsequently be re-opened at the Exchange.

Except by same day trade activity, existing Futures positions in a delivery month may not be offset during the period beginning two (2) business days prior to the delivery month and continuing through the end of the delivery month ("Prohibition Period"). Clearing Members will be responsible for compliance with this requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

At its sole discretion, the Department of Audits and Investigations may permit an offset during the Prohibition Period via netting, transfer, or position adjustment. Such adjustments are permissible to correct a bona fide clerical or operational error for an amount less than five percent (5.0%) of the published open interest reported the same morning for which the offset will be reported by the Clearing Member's morning position reporting deadline. Moreover, such adjustments are only permissible if the Department of Audits and Investigations reasonably believes the offset will not adversely impact the market. Such permission does not prohibit the Department of Audits and Investigations from investigating or taking disciplinary action for any alleged violation of the Rulebook.

718.02. CONCURRENT LONG AND SHORT POSITIONS.

Concurrent long and short positions are long and short positions traded in the same Futures for the same delivery month, or Options contract with the same strike price for the same expiration date.

Concurrent long and short positions may be held by a Clearing Member, or non-member FCM, at the discretion of a customer or on behalf of an omnibus account. It is the duty of the FCM carrying the account(s) holding concurrent long and short positions to ascertain whether such positions are intended for offset or to be held open prior to final submission of position data by the reporting Clearing Member.

Accounts that have had concurrent long and short positions continually reported to the Exchange, may offset such positions at a date later than the original trade date; however, offsets must meet all the provisions of Rule 718.01.

For the purpose of this Rule, hold-open positions are positions offset at the Exchange, but for the convenience of the customer have been held open on the FCM's internal bookkeeping records. Therefore, after being offset at the Exchange, hold-open positions cannot be reported as open interest nor re-established at the Exchange at a later date. An FCM's internal booking records must clearly indicate all hold-open positions. Since hold-open positions only remain open on the FCM's internal records and are not true Exchange positions, no margin is required.

The Exchange does not prohibit the internal bookkeeping of hold-open positions by its Clearing Members. However, the Clearing Member must accurately report to the Exchange, as required by MGEX Rules, all reportable positions, large trader positions, long positions eligible for delivery, and

open interest.

719.00. EXCHANGE FOR RELATED POSITION.

An Exchange for Related Position ("EFRP") transaction involves a privately-negotiated off-exchange execution involving two separate, but related transactions, consisting of an Exchange for futures and, on the opposite side of the market, the simultaneous execution of an equivalent quantity of physical (cash product, by-product, or related product) or in connection with a risk (an over-the counter (OTC) derivative or a swap agreement) component that corresponds to the asset underlying the Exchange futures contract.

The following types of EFRP transactions are permitted to be executed in accordance with the requirements of this rule:

Exchange for Physical Transaction ("An EFP") - An exchange of futures for, or in connection with, a physical consisting of a cash commodity transaction and a futures transaction.

Exchange for Risk Transaction ("EFR") - An exchange of futures for, or in connection with, a risk consisting of an OTC derivative or a swap agreement and a futures transaction.

EFRP transactions are subject to the requirements below.

A. The opposing accounts to EFRP transactions must be (a) independently controlled accounts with different beneficial ownership; (b) independently controlled accounts of separate legal entities with common beneficial ownership; or (c) independently controlled accounts of the same legal entity, provided that the account controllers operate in separate business units.

B. The quantity or economic value covered by the physical or risk transaction must be approximately equivalent to or bear a relationship to the quantity or economic value covered by the futures contract(s). At the time such transaction is effected, the buyer and seller of the futures transaction must be the seller and buyer of the physical or risk transaction. The risk component of an EFR transaction must comply with Part 35 of Commission Regulations and the Commodity Exchange Act, as amended.

C. Each buyer and seller must satisfy the Department of Audits and Investigations, at its request, that the transaction is a bona fide EFRP transaction. Upon request of the Department of Audits and Investigations, all documentary evidence relating to the EFRP, including, but not limited to, contracts, confirmations, invoices, warehouse receipts, documents of title, a master swap agreement and any supplements thereto, or any other document that demonstrates the existence and nature of the over-the-counter or derivative transaction shall be obtained by the Clearing Members from the buyer or seller and submitted to the Department of Audits and Investigations. Clearing Members are responsible for exercising due diligence as to the bona fide nature of EFRPs submitted on behalf of their customers.

D. An EFRP may be made at such prices as are mutually agreed upon by the two parties to the transaction. If the price of an EFP cannot be mutually agreed upon by the date

of shipment, the cash commodity buyer has the option to set the price within that day's trading range.

E. EFRP transactions should be submitted to the Exchange as soon as possible on the same day during the hours of trading, following final agreement to contract terms by the parties involved in the trade. An EFRP executed after the close of trading of the underlying futures contract must be submitted for clearing no later than the next business day.

F. A third party may facilitate, as the principal, the related position component of an EFRP on behalf of a customer so long as the third party is able to demonstrate that the related position was passed through to the customer who received the futures contract as part of the EFRP.

G. The futures contracts that may be exchanged for a physical or a risk transaction, and the last day and time for executing an EFRP shall be determined by the Board of Directors.

(See **Resolution 719.00.**)

725.00. QUOTATIONS BASED ON TRADES.

Quotations of prices in Futures and Options Contracts made in this market shall be based on purchases or sales of such quantities as the Board of Directors shall have prescribed for each commodity, from time to time, by Regulation.

725.01. REPORTING OF TRADES.

Each party to an 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 shall be the judge of when the symbol shall be used, and any trades made at intervening prices are to be considered officially quoted. 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.

727.00. "FAST" QUOTATIONS-UNEXECUTED ORDERS.

Whenever price fluctuations of the commodities traded on the Exchange are "FAST" and the volume of business is large, it is common that different prices are bid and offered for the same delivery in different parts of the Pit at the same time. This may, at times, result in the execution by Members of orders at prices not officially quoted, or the inability of a Member to execute an order at a limited price. This is unavoidable, but is in no way the fault of the Member and it is not permissible for Members to readjust the price at which orders have been filled, nor to report as filled orders those that have not been filled. To do so is a major offense.

Quotations sent must be based on transactions made in the open market. The term "open market" is defined as a bid or an offer openly and audibly made by public outcry and in such manner as to be open to all Members in the Pit.

Any quotations based on transactions made in the open market, already distributed or sent out over the wire, shall not be cancelled.

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 Exchange may approve the change of an opening range only within thirty (30) minutes after the opening of a specific contract month.

B. The Exchange may approve the change of a closing range only within fifteen (15) minutes after the closing of each contract traded.

730.00. PREARRANGED PRICES PROHIBITED.

Purchase or sales or offers to purchase or sell commodity futures or options in this market may not be made at prearranged prices.

731.00. BIDS AND OFFERS ABOVE OR BELOW CURRENT MARKET.

Market Participants are forbidden to offer to buy any commodity Futures or Options on this Exchange at a price higher than the current asking price, or to offer to sell any commodity in Futures or Options on the Exchange at a price below the current bid price. **See Interpretation.**

732.00. FICTITIOUS BIDS OR OFFERS PROHIBITED.

No Member or Market Participant shall make any bids or offers in commodity futures or options in this market which are not made in good faith and intended to be carried out if accepted, and the making of pretended or fictitious bids or offers is hereby prohibited.

733.00. ATTEMPT TO UPSET MARKET PROHIBITED.

Purchase or sales of (or offers to purchase or sell) commodity futures or options in this market, made for the purpose of upsetting the equilibrium of the market or bringing about a demoralization of the market, so that prices will not properly reflect values, are forbidden. Any Member or Market Participant who makes or assists in making such purchases or sales or such offers to purchase or sell, with knowledge of the purpose thereof or who, with such knowledge, shall be a party to or assist in carrying out any plan or scheme for the making of such purchases or sales or such offers to purchase or sell, shall be deemed and held to be guilty of uncommercial conduct.

733.01. DISREGARD FOR ORDERLY EXECUTION PROHIBITED.

The Exchange prohibits any Person from demonstrating intentional or reckless disregard for the orderly execution of transactions including during the opening or closing period.

740.00. PRINCIPAL AND AGENT: ACTING AS BOTH PROHIBITED.

No Member or Market Participant shall be both principal and agent in any transaction for commodity futures or options made in this market, except under the following circumstances:

A. When two Members meet in the execution of orders in the appropriate Pit or designated area and, without prearrangement, unintentionally consummate a contract for one and the same Clearing Member principal, such transactions shall not be considered a violation of the MGEX Rules and Regulations.

B. If, after public outcry in the Pit a Member is unable to execute an order, the Member may, with the express prior consent of the person giving the order, become the Buyer in respect to a selling order or orders of such person, or may become the Seller in respect to a buying order or orders of such person. In the exercise of this privilege prior consent may be given in the form of a written agreement which is separate and distinct from the customer agreement. No intermediary transmitting an order may give this consent without the prior knowledge and permission of the principal for whom the order is being executed. **Rule 742.00.** shall be followed in the execution of such trades.

C. When a Broker receives a customer's order from a Clearing Member and on bidding or offering, finds that the best response comes from a Broker whose order is identifiably for the house account of the same Clearing Member, acceptance of that order will not be regarded as a violation of the MGEX Rules and Regulations. Such instances must be random and not arise from preferential trading nor represent a pattern of trading.

741.00. ACTING FOR BOTH BUYER AND SELLER PROHIBITED.

Except as expressly authorized by the provisions of **Rule 742.00.**, no Member or Market Participant shall allow himself or itself directly or indirectly, either by his own act or by the act of an employee or Broker, or by the act of any other Member or Market Participant, to be placed in the position of agent for both Buyer and Seller in connection with any transaction in futures or options made in this market.

742.00. CROSS TRADING-HANDLING BOTH BUYING AND SELLING ORDERS.

A Market Participant or Member, who simultaneously possesses both buying and selling orders for different beneficial owners for the same commodity in futures or options in the same contract month, may execute such orders for and directly between such beneficial owners upon the conditions set forth in MGEX Rule 742.01. or 742.02.

742.01. CROSS TRADING-HANDLING BOTH BUYING AND SELLING ORDERS BY OPEN OUTCRY IN THE EXCHANGE ROOM.

A. If such orders are first offered openly and competitively by open outcry in the Exchange Room by both bidding and offering at the same price at least three times, and neither such bid nor offer is accepted;

B. If such Member executes such orders in the presence of an official representative of the Exchange designated to observe such transactions and the Member themself clearly identifies all such transactions on the orders and trading cards at the time of execution as a cross trade, and promptly presents said orders and trading cards to the official representative of the Exchange for stamping and signature;

C. If the Member receiving or executing such orders has no interest therein, directly or indirectly, except as a Futures Commission Merchant, or as a Broker; and

D. Upon execution, such transaction(s) shall be made a matter of permanent record by the Exchange (See **Regulation 2019.00.**).

742.02. CROSS TRADING-HANDLING BOTH BUYING AND SELLING ORDERS PLACED INTO THE ELECTRONIC TRADING SYSTEM.

If a Market Participant enters such orders for different beneficial owners into the Electronic Trading System, one order must be exposed to market risk before entering the other, opposite order. The Exchange has the discretion to determine whether the order was exposed to sufficient market risk; however, for the purpose of this rule only, market risk will be presumed if the order was exposed to the market for at least five (5) seconds in the case of futures and at least fifteen (15) seconds in the case of options.

743.00. PROHIBITION ON ACCOMMODATION OR WASH TRADES.

No Market Participant shall engage in wash, accommodation or any other risk-free trading. Risk-free or wash trading may involve entering into, or purporting to enter into, transactions that give the appearance that purchases and sales have been made, without incurring market risk or changing the Market Participant's market position. Accommodation trading may involve entering into, or purporting to enter into, transactions that assist in the execution of a Market Participant's offsetting orders.

Examples of prohibited conduct may include but are not limited to: entering offsetting orders for purchases and sales of the same month and/or strike price of the same commodity for the same account at the same or nearly the same price; entering offsetting orders for purchases and sales for different accounts with common beneficial ownership or control at the same or nearly the same price; entering offsetting orders for purchases and sales between one or more parties of the same month of the same commodity at the same or nearly the same price; or a series of transactions or

related transactions over any period of time that have the appearance of accommodation or wash activity.

750.00. PRIORITY OF CUSTOMERS' ORDERS.

No Market Participant 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 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 are forbidden to disclose to any party the possession or receipt of orders to buy or sell commodity Futures or Options in this market.

A Market Participant 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 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.**

753.00. BROKERS' LIABILITIES ON LIMIT ORDERS.

A 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.

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.

755.00. ORDERS OR CANCELLATIONS ACCEPTED ON A "NOT-HELD" BASIS.

All orders and cancellations that reach the Trading Floor fifteen (15) minutes or fewer before the opening of the market and all orders and cancellations that reach the Trading Floor fifteen (15) minutes or fewer before the close of the market through the end of the post settlement session may involve extraordinary problems and hence will be accepted solely at the risk of the customer on a "not-held" basis.

760.00. MARGINS.

A. EXCHANGE MARGINS: This term shall mean United States Funds, negotiable securities or other property deposited with or to the sole credit of an agent or of a Clearing Member as protection against losses incident to a transaction for future delivery.

1. INITIAL MARGIN: This term shall mean a margin (as defined herein) deposited at the initiation of a Futures transaction.

2. MAINTENANCE MARGIN: This term shall mean a margin (as defined herein) maintained during the period a Futures Contract remains open.

Members and nonmember customers of a Clearing Member shall deposit and maintain initial and maintenance margins according to the Clearing Member's requirements. Initial margins as established by the Exchange, shall be charged at a minimum. The Exchange may increase or decrease initial and maintenance margins as market conditions require.

PROVIDED, that the margins on spreading and hedging transactions shall be the requirements of the Exchange as a minimum, except where a customer specifies that a spread involves an MGEX approved inter-exchange spread. Then the initial margin on the MGEX side of the spread shall be at a minimum established by the Exchange.

The specific amounts of the initial, maintenance, and spread margins are to be transmitted to the membership by special memorandum.

B. CLEARING MARGINS: This term shall mean United States Funds or securities approved by the Exchange deposited with or to the sole credit of the Exchange as protection against losses incident to a Transaction for Future Delivery (See **Rule 2106.00.**)

765.00. TRADING FOR OFFICERS, COPARTNERS OR EMPLOYEES.

No Member shall make a purchase or a sale of any commodity futures or options in this market, or accept or carry an account for such purchase or sale, for the account of an officer, copartner, or employee of another Member without the written consent of such other Member.

766.00. CONFIRMATION OF FUTURES OR OPTIONS TRADES.

A Clearing Member shall confirm to the customer every transaction made for the customer's account no later than the following business day. Such confirmation shall be in writing and shall show the commodity bought or sold, the quantity, the price or premium and the delivery month and, if an option, whether a put or call and the strike price.

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 Futures or 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.

780.00. OFFICIAL OPENING.

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

CHAPTER 8
DELIVERIES ON FUTURES CONTRACTS

DELIVERIES

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CHAPTER 8
DELIVERIES ON FUTURES CONTRACTS

800.00. DELIVERIES ON FUTURES CONTRACTS: WHEN DUE.

Delivery on Futures Contracts may be made by the Seller upon such business day of the month, specified in the contracts, as the Seller may elect. If not previously made, delivery must be made upon the last delivery day of the delivery month. (See **Rule 715.01.**)

801.00. DELIVERIES ON FUTURES CONTRACTS: QUANTITIES DELIVERABLE.

Deliveries of Spring Wheat Futures Contracts shall be in lots of five thousand (5,000) bushels or multiples thereof.

802.00. DELIVERIES ON FUTURES CONTRACTS: STANDARDS APPLICABLE THERETO.

Except as hereinafter provided, all Futures Contracts made in this market that call for the physical delivery of the Contract Grade, or another Deliverable Grade, of the commodity specified in such contracts, shall conform to the Official Grain Standards of the United States, if such standards existed and were in effect at the time the delivery receipts were issued. Unless the Board of Directors determines otherwise, changes in the Official Grain Standards of the United States will become effective with the first Futures Contract month, regardless of open interest, after the effective date of the changes as announced in the Federal Register.

803.00. CONTRACT AND OTHER DELIVERABLE GRADES.

The contract grades and sub classes of Hard Red Spring Wheat shall be as set forth below and shall be deliverable at the contract price in Minneapolis, St. Paul and Red Wing switching districts:

U.S. No. 2 Northern Spring Wheat thirteen and one-half percent (13 ½%) protein or higher.

PROVIDED, however, that the following grades and sub classes of Hard Red Spring Wheat shall also be deliverable at the contract price or at the differentials with respect to the contract price as designated:

U.S. No. 1 Dark Northern Spring thirteen and one-half percent (13 ½%) protein or higher at contract price.

U.S. No. 1 Northern Spring thirteen and one-half percent (13 ½%) protein or higher at contract price.

U.S. No. 2 Dark Northern Spring thirteen and one-half percent (13 ½%) protein or higher at contract price.

All above grades with thirteen percent (13%) to thirteen and four-tenths percent (13.4%) protein inclusive deliverable at a three cents (3¢) per bushel additional discount under above schedule.

All above grades that have a test weight per bushel of sixty (60) lbs. or more deliverable at a two cents (2¢) per bushel premium.

The maximum allowable moisture for Spring Wheat delivered on Futures Contracts will be thirteen and one-half percent (13 ½%).

The maximum allowable total dockage for Spring Wheat delivered on Futures Contracts shall not exceed one and one-half percent (1 ½%) of the gross quantity which includes dockage.

The above grades of wheat may be delivered "In Store" in a waterfront elevator, located within the Duluth-Superior District (see **Rule 900.00. A.**), at a three cents (3¢) per bushel premium. **See Interpretation**.

The maximum allowable vomitoxin for Spring Wheat delivered on Futures Contracts shall not exceed 2.0 parts per million; however, 3.0 parts per million may be delivered at a twenty cents (20¢) discount. **See Resolution 803** for more information about vomitoxin.

804.00. DELIVERIES ON FUTURES CONTRACTS: HOW MADE.

Delivery on Futures Contracts shall be made by the delivery of warehouse receipts for commodities "In Store" in a Regular elevator, except as otherwise specified. Such receipts must be for a Contract or other Deliverable Grade of the commodity specified in the Futures Contract, in accordance with the Official Grain Standards of the United States made applicable to such contract by the provision of **Rule 802.00.**

Pursuant to Title 7 of the Code of Federal Regulations, Part 735 – Regulations For The United States Warehouse Act, the warehouse operator must deliver to the depositor or lawful holder of a warehouse receipt the agricultural product of such identity, quantity, grade and condition as set forth in such warehouse receipt.

All warehouse receipts delivered on Futures Contracts must bear dates that, under the interpretation of the law hereinabove stated, make them conform to the requirements of this Rule.

Storage payments on grain to be shipped pursuant to loading orders shall not extend beyond the fifth (5th) calendar day after suitable transportation is constructively placed for load-out (see **Rule 813.00.E.**).

Official/certified loading weights, inspection grades and protein will be final in determining satisfactory performance on Futures Contracts. (Official/certified weights, inspection grades and protein that are acceptable are the following weights and inspection grades as defined in the National Grain and Feed Association "Grain Trade Rules," Rules 10. Inspection and 14. Weights. Inspections shall include Class A and Class B Official Inspections. Official weights shall include U.S. Class X Weights and U.S. Class Y Weights. Certified Weights shall include U.S. Class I and U.S. Class II weights. The inspection method and weight to be used shall be appropriate to the business practice in the defined marketplace. Such weights, inspection grades and protein shall be supervised in accordance with the requirements set forth in Minneapolis Grain Exchange Rules.)

A. On delivery against Wheat Contracts at Minneapolis-St. Paul and Red Wing, delivery must be made "In Store" in Regular elevators (see **Rule 900.00.**).

The deliverer shall have up to and including fifteen (15) calendar days upon call to make the grain available to load into a barge at one river location within the Minneapolis, St. Paul and Red Wing barge loading districts (see **Rule 900.00.A.**) if all of the following conditions exist:

1. the warehouse receipt is issued for grain in a Regular elevator that is located off water,

2. such off water elevator is not under a common Federal License with a Regular river elevator, and

3. the buyer calls for barge delivery.

This Rule is irrevocable unless mutually agreed upon in writing and received by mail, fax or hand delivered.

The party making delivery shall be responsible for any additional expense incurred to move delivery grain from a Regular interior elevator into barges.

The party taking delivery must present barge equipment (**Rule 1015.00.**) clean and ready to load within fifteen (15) calendar days from the time warehouse receipts and loading orders are tendered to the delivering party.

Official/certified weights, inspection grades and protein as loaded into the barge shall govern for delivery purposes.

B. Delivery on Spring Wheat Futures Contracts in the Duluth-Superior District may be delivered "In Store" in a Regular waterfront elevator in the Duluth-Superior District.

804.01. DELIVERY ON WHEAT CONTRACTS AT MINNEAPOLIS-ST. PAUL AND RED WING.

A. If barge shipment is requested, when a riverside elevator and an interior off-water elevator are licensed under one Federal license, the party making

delivery must make the grain available at one river location within the Minneapolis-St. Paul barge-loading district to the party taking delivery when the equipment is constructively placed (see **Rule 813.00.A.2.**). This condition supersedes **Rule 804.00.A.**, which otherwise allows the delivering party fifteen (15) calendar days to make the grain available at one river location within the Minneapolis-St. Paul barge-loading district.

B. Since each company keeps a record of warehouse receipts surrendered to satisfy a delivery on the Futures Contract, no supplemental certificate is necessary to assure the party holding the receipt that the grain will be delivered to the water if so desired. Any holder of such a receipt is entitled to water delivery if so desired.

C. If an interior Regular off-water elevator is combined under one license with a river house, storage charges shall not extend beyond the tenth (10th) calendar day after suitable transportation is constructively placed for load-out (see **Rule 813.00.A.2.**).

805.00. WARRANTY OF TITLE BY SELLER.

In all sales of commodities for future delivery in this market, the party making delivery, whether acting as owner, agent or Commission Merchant, shall be deemed and held to warrant his right to sell and pass full clear title to the commodities upon the delivery thereof on the Futures Contract. In every such sale for future delivery, a warranty by such party making delivery of the title in the buyer's name to the commodity purchased upon the delivery thereof shall be part of the contract of sale with the same force and effect as if expressly incorporated therein; PROVIDED, however, that the Clearing House shall not undertake said warranty by reason of the fact that it assumes the position of seller in the process of clearing such Futures Contracts. Said warranty shall be one that inures to the benefit of the buyer and to the benefit of the Clearing House, when it assumes the position of buyer in the process of clearing such Futures Contracts.

806.00. RISK OF LOSS AND INSURANCE COVERAGE: COMMODITIES DELIVERED ON FUTURES CONTRACTS.

The warehouse shall maintain insurance, in its own name, for the account of the holders of warehouse receipts, for the full market value of all grain represented by warehouse receipts delivered on Futures Contracts from loss by fire, tornado and other contingencies provided for in the standard form of "extended-coverage" endorsements or policies until such time as the grain has been actually loaded out of the warehouse.

807.00. CONTRACT PRICE.

The contract price for Futures Contracts cleared by the Clearing House shall be the last settling price for such contracts with the Clearing House.

808.00. DELIVERIES ON FUTURES CONTRACTS: DETERMINATION OF VALUE.

The amount to be paid for commodities delivered on Futures Contracts shall be determined by taking into account the number of bushels or pounds delivered, the contract price for such commodity for the day on which delivery is being made (as determined in **Rule 807.00.**), the

premium or discount, if any, for the grade delivered, and the amount of storage and insurance charges, if any, that are to be allowed to the buyer.

809.00. DELIVERIES ON FUTURES CONTRACTS: STORAGE CHARGES ON WAREHOUSE RECEIPTS.

(The attention of Members is directed to the State and Federal laws relating to terminal warehouses located in Minnesota and Wisconsin and to the provisions of such laws governing charges for receiving, handling, storing and delivering commodities at such warehouses.)

The expression "delivery charges," as used in this Rule and in endorsements placed on warehouse receipts, shall mean the charges for delivering commodities that are authorized by law and that are in effect at elevators eligible to make deliveries under the Rules of the Corporation.

All storage and other charges, except delivery charges on commodities represented by any warehouse receipt delivered on a Futures Contract, shall be paid or allowed by the Seller up to and including the date on which such warehouse receipt is delivered to the Buyer in accordance with the provisions of **Rule 810.00.**

All warehouse receipts that are delivered on Futures Contracts made in this market shall bear an endorsement placed thereon by the warehouseman who issued such receipts, indicating the date to which storage has been paid. Storage shall be deemed to have been paid to the date so endorsed, and additional storage shall accrue immediately thereafter. Such endorsement shall follow precisely the following form, and no other form of endorsement shall be used:

ALL STORAGE AND OTHER CHARGES PAID TO AND INCLUDING
_____ EXCEPT DELIVERY CHARGES.

(_____)
Warehouseman

810.00. DELIVERIES ON FUTURES CONTRACTS: WHERE MADE AND PAYMENT.

A Buyer who has duly received a Delivery Notice from the Clearing House shall present the same at the office of the Seller by whom such Notice was issued along with full payment for the net amount due. All payments shall be by wire transfer of funds or by certified check or cashiers check on a national bank located in the Minneapolis/St. Paul metropolitan areas or upon other mutually agreeable methods. The Seller shall thereupon make delivery to the Buyer of the warehouse receipts described in such notice. The hours governing Delivery Notices shall be in accordance with Regulations adopted by the Board of Directors pursuant to the authority granted by **Rule 231.00.** (See **Resolution 2101.00.C.** and **Regulation 2025.00.**)

811.00. LOAD-OUT, STORAGE AND INSURANCE CHARGES: DELIVERY GRAIN.

The maximum load-out, storage and insurance charges on delivery grain which is tendered insatisfaction of a Minneapolis Grain Exchange Futures Contract, shall be determined by the Board of Directors (see Regulation 2027.00.). By Regulation the Board may from time to time revise these charges.

812.00. DELIVERY AGAINST FUTURES CONTRACTS FROM A REGULAR ELEVATOR CLOSED OR WHOSE FUNCTIONS HAVE BEEN CURTAILED AS A RESULT OF STRIKES, LOCKOUTS OR ACTS OF GOD.

A Regular warehouse may make deliveries on a Futures Contract in a facility that has been closed by strikes, lockouts or acts of God. The receipt holder is liable for all storage and insurance charges. However, if the warehouse is unable to perform under the delivery contract terms, as required in **Rule 804.00. DELIVERIES ON FUTURES CONTRACTS: HOW MADE** because of strikes, lockouts or acts of God at the time of delivery or cannot perform because of strikes, lockouts or acts of God beginning after the original tender of warehouse receipts, the warehouse, when notified with surrender of warehouse receipts and payment of charges by the owner of the receipts, has to furnish within five (5) business days one of the following options:

A. provide the same quantity and like quality of grain in store at another Regular elevator, whose functions have not been curtailed by strikes, lockouts or acts of God at the same delivery point (See **Rule 1309.00.**),

or

B. provide the same quantity and like quality of grain in store at another elevator location under mutually acceptable terms

or

C. buy back the warehouse receipt(s) at a negotiated price. If a price cannot be negotiated, then option A or option B must be chosen.

813.00. LOAD-OUT PROCEDURES.

See Interpretation.

A. All warehouses shall load-out all agricultural products consecutively without giving preference. Load-out of all such products shall be in the order in which suitable transportation, clean and ready to load, is constructively placed at the elevator. No preference shall be given to the type of delivery conveyance which has been constructively placed. However, the warehouse may load-out company conveyances in an alternative order if such conveyances were constructively placed in consecutive order.

A warehouse cannot declare a conveyance as unfit for loading. Such declaration can only be made by the railroad or another official inspection agency. Furthermore, a warehouse cannot reject a conveyance if only a portion of the conveyance is unfit and can be cleaned without causing delay to the warehouse. The cost of cleaning shall be borne by the taker.

In the case of barges or vessels, if the bushel capacity of the warehouse company's barges or vessels constructively placed ahead of taker's barges or vessels exceeds the warehouse's owned stocks; the warehouse must begin loading taker's barges once the warehouse's owned stocks are depleted. For purposes of calculating depletion, the warehouse may not improve its owned stock position with unloads subsequent to the taker's constructive placement date. Depletion calculations must be made

separately by grain type and load-out rates specified in section B of this Rule.

Constructive placement is defined as follows:

1. Rail cars: whether public or private, must be under railroad control and able to be called to the warehouse. However, the warehouse must be notified that the cars are ready to be delivered.

2. Barges: must be properly cleaned, ready to load and positioned at an appropriate fleeting service servicing the designated delivery point or at the elevator. Constructive placement shall be deemed to have occurred when the barge line notifies the warehouse for position.

3. Vessels: must be in possession of the appropriate Grain Inspection, Packers and Stockyards Administration and/or National Cargo Bureau, Inc. documents or signed berth application certifying readiness to accept load-out at the designated delivery point.

4. Any other conveyance has to be with mutual consent of makers and takers.

B. Load-Out Rates

In the event a Regular elevator receives written loading orders for load-out of grain against canceled warehouse receipts, the elevator shall be required to load-out all grain at the normal rate of load-out for the facility on the day after a conveyance of the type identified in the loading orders (rail cars, barges or vessels) is constructively placed. This rate of load-out shall depend on the conveyance being loaded and shall not be less than the following minimum rates per day (weekends and elevator holidays excluded):

	Rail Conveyance	or	Water Conveyance		
			Vessel	or	Barge
Wheat:	25 Hopper Cars		200,000 bu		2 Barges

Loading minimums and private business. Once an elevator loads the minimum barges or rail amount against delivery receipts it must continue to load-out against the receipts until the end of the normal business day. At the end of the normal business day the elevator can proceed to load-out company business, but only after offering the taker the option to continue loading the taker's warehouse receipts at overtime rates.

If loading orders have been received, the elevator must load-out any earlier constructively placed conveyance at the minimum load-out rates.

A Regular elevator shall not be required to meet these minimum load-out rates when any of the following conditions occur:

1. a condition of Force Majeure exists;

2. inspection services are not available;

3. inclement weather prevents loading;

4. stevedoring services are not available in the case of vessel loading;

5. a vessel can not take at the above rate; or

6. loading tween deckers.

For purposes of this Rule, vessel and barge are "like" conveyances.

C. Inspection Plans

Load-outs of all vessels shall be inspected for product uniformity by comparing the accumulated differences between inspection results and the grade limit or contracted limit, otherwise commonly known as the cusum plan. Grain inspection under this plan shall be conducted by qualified inspectors pursuant to USDA procedures.

The warehouse and taker must agree in writing to other inspection plans or grain uniformity minimums prior to constructive placement of a delivery conveyance.

D. Notification to Elevator

The warehouse shall load-out grains in the order and manner provided in paragraphs A and B of this Rule, except that its obligation to load-out grain to a given party shall commence only after receiving canceled warehouse receipts and written loading orders from such party, even if such party may have a conveyance positioned to accept load-out of grain before that time. If the party taking delivery presents transportation equipment of a different type (rail, barge or vessel) than that specified in the loading orders, the party is required to provide the warehouse with new loading orders. Written loading orders received after two o'clock (2:00) p.m. (Central time) on a given business day shall be deemed to be received on the following business day.

E. Storage

Storage payments on grain to be shipped pursuant to loading orders shall not extend beyond the fifth (5th) calendar day after suitable transportation is constructively placed for load-out, except as otherwise provided (see **Rule 804.01.C.**).

F. Records

All warehouses shall keep adequate permanent records showing compliance with the requirements of this Rule. Such records shall at all times be open for inspection by the designated official or officials of the contract market.

See Interpretation

814.00. ORDERING CARS.

Upon receipt of load orders from the receipt holder, the warehouse shall immediately place an order with the railroad for all of such cars as the notice specifies, or accept buyer's cars as available, and furnish the holder with railroad order numbers or other written communication from the respective railroad company giving satisfactory evidence that the cars have been ordered.

In the event that cars are canceled, by written request of the receipt holder, demurrage and car cancellation penalties are for the account of the receipt holder.

815.00. DELIVERY NOTICE: ISSUING AND DELIVERY OF.

A Seller, in making delivery on Futures Contracts, shall issue and deliver to the Clearing House, by hand delivery or fax transmittal preceded by a telephone call, a signed Delivery Notice, the form of which shall be as prescribed from time to time by the Board of Directors (see **Regulation 2025.00.**).

816.00. DELIVERY NOTICE: CONTENTS.

Delivery Notices for Spring Wheat shall be for five thousand (5,000) bushels. Such Notices shall contain the name of the issuer, a description of the warehouse receipts representing the commodity to be delivered, the grade to be delivered, and the storage/premium, where applicable, accrued and allowed, if any. All Delivery Notices shall be signed by an individual whose principal has filed with the Clearing House a written notice authorizing such person to sign notices on its behalf (see **Regulation 2025.00.**)

819.00. DELIVERY NOTICE: DELIVERY TO A BUYER.

When a Delivery Notice has been duly delivered to the Clearing House by a Seller, the Clearing House shall redeliver such Notice to the Buyer obligated by the oldest contracts on the records of the Clearing House to take delivery of the commodity described in such Notice.

824.00. DEFAULT.

A default shall be deemed to have been made if the loading elevator does not comply with the minimum load-out rate as cars or barges are actually placed at the loading elevator or does not comply with other provisions of these Rules and Regulations. **See Interpretation**.

825.00. DEFAULT IN PAYMENT.

If any party, who has duly received a Delivery Notice and is obligated under the Rules to take delivery of the property therein described, fails to make payment for and to receive the property described in such notice (as required by the Rules), written notice of such default, together with a written notice that the property described in such Delivery Notice will be resold at the current or next session of the Exchange, shall be given by the Seller to the party in default by four o'clock (4:00) p.m. of the day of the default. The Seller shall proceed to sell such property in accordance with the

terms of such notice, and the party in default shall be liable to the Seller for any loss sustained by such Seller through such default and sale.

Any damage or loss sustained by the Seller by reason of such sale or declared settlement for breach of contract shall be due and payable by the Buyer to the Seller immediately. This Rule, however, shall not be construed to authorize extortionate claims based on value manipulated for the purpose of securing such claims, nor to excuse the Buyer from his obligation to take delivery.

826.00. FAILURE TO DELIVER ON CONTRACT: DAMAGES.

In case any commodity sold for future delivery in this market has not been delivered at maturity of contract, the Buyer may:

A. Purchase the commodity on the market for the account of the party in default on the next business day, notifying him at once of such purchase

or

B. Require a settlement with the party in default for breach of contract at the market price on the first business day following the default.

Any damage or loss sustained by the Buyer by reason of such purchase or declared settlement for breach of contract shall be due and payable by the party in default to the Buyer immediately. This Rule, however, shall not be construed to authorize extortionate claims based on value manipulated for the purpose of securing such claims, nor to excuse the party in default from his obligation to make delivery. **See Interpretation**.

827.00. DISPUTES ON DAMAGES.

Any disputes or differences as to the equity of any claim for loss or damages against a party in default resulting from action taken under the provisions of **Rule 826.00.** shall be decided by the Board of Arbitration as provided by the MGEX Rules and Regulations.

In determining the measure of damages to be paid by the party in default, consideration, among other things, shall be given as to:

A. Whether or not the value of property in dispute has been enhanced by combination or by any Person for the purpose of extorting unreasonable damages;

B. The effect on values produced by sales in excess of the marketable supply;

C. The duty of the Seller to fulfill the contract specifically.

The just and true value of the property in default, at the time of the default shall thereupon be determined, and by the value so established shall be determined the measure of damages to be assessed, and both of such matters shall be stated in the findings.

828.00. WILLFUL DEFAULTS.

Any party willfully defaulting on a Futures Contract shall be deemed and held to be guilty of Uncommercial Conduct.

CHAPTER 9
DELIVERY ELEVATORS

900.00. Delivery Elevators: Conditions For Becoming Regular
900.01. Withdrawal Or Revocation Of Regularity
901.00. Records, Reports, Visitation Of Premises Required By Commodity Exchange Act
901.01. Information And Access To Records And Reports By The Minneapolis Grain Exchange

CHAPTER 9
DELIVERY ELEVATORS

900.00. DELIVERY ELEVATORS: CONDITIONS FOR BECOMING REGULAR.

Persons operating grain elevators who desire to have such elevator made or remain Regular for delivery of grain under the MGEX Rules and Regulations shall file an application or renewal form as prescribed by the Exchange. (See **Form 9-00.00.**) Renewal for Regularity must be filed prior to June 1 for a one (1) year term beginning the following August 1. Application for Regularity may be made at any time during a current term for the balance of that term. However, if an applicant is approved during the months of May, June or July, their initial Regularity term will include the following one (1) year term. Initial Regularity and increases in capacity during the term shall become effective on the last business day in the month in which the Exchange approves such application.

The Exchange may approve renewal of Regularity and may revoke said Regularity for just cause at any time. Denial or revocation of Regularity by the Exchange may be appealed to the Board of Directors. The decisions of the Board of Directors shall be final.

Wheat: Application for Regularity may be made by persons operating licensed grain elevators located within the limits of the Minneapolis-St. Paul, Duluth or Red Wing, Minnesota switching districts, or Superior, Wisconsin switching district for Spring Wheat.

A. Such elevator must be properly equipped for the convenient and expeditious receiving, handling and shipping of such bulk commodities as are customarily accepted therein for public storage. Each elevator must be able to load-out by rail and barge and shall be connected by railroad tracks with one or more railway lines. In the case of an interior off-water elevator such firm must be able to make the grain available in a barge pursuant to **Rules 804.00.** and **804.01.**

B. The warehouseman operating such elevator must be in good financial standing and shall meet the minimum financial requirements set forth by the Exchange (see **Rule 2.2.3.**) and file the following periodic documentation:

1. **Audited Financial Statement** - Each entity wishing to become Regular for Spring Wheat Futures Delivery must annually submit to the Exchange an Audited Financial Statement prepared by an independent certified public accountant in accordance with generally accepted accounting principles.

2. **Due Date** - Audited Financial Statements must be filed no later than ninety (90) days after the fiscal year end, except in those cases where an entity has applied to the Exchange and has received approval for an extension.

3. **Interim Unaudited Financial Statement** - Each entity must submit to the Exchange unaudited mid-fiscal year financial statement. This statement must be filed no later than forty-five (45) days after the mid-year point of the entity's fiscal year, except in those cases where an entity has applied to the Exchange and has received approval for an extension.

C. All elevators approved for delivery of grain in satisfaction of the MGEX Futures Contracts shall submit to the Exchange a tariff, listing in detail the rates for handling and storage of grain, and shall also submit to the Exchange sixty (60) days in advance changes, in insurance and storage fees, provided, however, that such changes do not conflict with **Rule 811.00.** and other limitations set forth in section B. Tariffs on file with the Exchange shall be available for public inspection.

D. It shall be the responsibility of the warehouseman of a Regular elevator to immediately inform the Exchange of any adverse changes in status and financial conditions. (See **Rules 2.2.3.** and **2.2.8.**) Failure to notify the Exchange will be deemed a violation of the MGEX Rules and Regulations.

900.01. WITHDRAWAL OR REVOCATION OF REGULARITY.

A Regular elevator may withdraw from regularity by providing the Exchange six (6) months prior written notice, unless a shorter notification period is authorized at the sole discretion of the Exchange.

If the designation of a Regular elevator is withdrawn or revoked, the Exchange shall determine the period of time, if any, during which the receipts issued by such elevator shall thereafter be deliverable in satisfaction of futures contracts under the MGEX Rules. The Exchange shall post such withdrawal or revocation on the Official Bulletin Board and notify all members and receipt holders of record.

In the event of withdrawal, revocation, or expiration of Regularity, or in the event of sale or abandonment of the properties where Regularity is not reissued, holder(s) of outstanding warehouse receipts shall be given thirty (30) days to take load-out of the commodity from the facility. If a holder of an outstanding warehouse receipt chooses not to take load-out during this period, the facility must provide him with warehouse receipts at another Regular elevator, with adjustments for contract differentials. Alternatively, if such warehouse receipt is unavailable, the facility must provide the holder with an equivalent quantity and quality of grain designated in the warehouse receipts at a mutually acceptable location.

901.00. RECORDS, REPORTS, VISITATION OF PREMISES REQUIRED BY COMMODITY EXCHANGE ACT.

Warehousemen operating Regular elevators, in compliance with the provisions of Section 1.44 of the Commodity Exchange Act, as amended and Regulations thereunder shall:

A. Keep records showing the stocks of each commodity traded in for future delivery on such contract market, in store in such warehouses by kinds, by classes, and by grades, if stored under the conditions requiring such designation or identification, and including also lots and parcels stored specially or separately or in specially leased warehouse space.

B. Upon call from the Commodity Futures Trading Commission, report the stocks of commodities in such warehouses and furnish information concerning stocks, of each commodity traded in for future delivery on such contract market about to be transferred or in process of being transferred, or otherwise moved into or out of such warehouses, as well as any other information concerning commodities stored in such warehouses and that are or may be available for delivery on Futures Contracts.

C. Permit visitation of the premises and inspection of the books and records of such warehouses by duly authorized representatives of the United States Department of Agriculture, the Department of Justice or the Commodity Futures Trading Commission, and to keep all books, records, papers and memoranda relating to the storage and warehousing of commodities in such warehouses for a period for five (5) years from the date thereof.

901.01. INFORMATION AND ACCESS TO RECORDS AND REPORTS BY THE MINNEAPOLIS GRAIN EXCHANGE.

Operators of Regular and federally licensed public elevators and warehouses shall disclose and timely file with the Exchange such information as requested on commodities, including but not limited to: quantity and quality of stocks in store; grain in transit, purchased, sold, owned, held for others, consigned, assigned, transferred, delivered, or loaded out; information on warehouse receipts or shipping certificates issued, outstanding, cancelled without delivery and cancelled with delivery. Furthermore, information on the class, grade and condition shall be provided if requested.

The information to be provided shall be in the manner, method and format determined by the Exchange and at such times determined by the Exchange. Such information may be requested on a daily, weekly or periodic basis.

Operators shall accord every facility to any duly authorized committee or person for:

A. the examination of its books and records.

B. the purpose of ascertaining the stocks of commodities which may be on hand at any time.

Such examination and verification may be made any time by the Board of Directors or its approved inspection agents or, any other committee authorized by the Board of Directors, which shall have the authority to employ appropriate personnel to determine the quantity and quality of commodities in the elevators or warehouses and to compare the books and records of the said facilities with the records of any State or Federal authority.

Operators shall keep all books, records, papers and memoranda relating to the storage and warehousing of commodities in said facilities for a period of five (5) years.

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CHAPTER 10
SALES "TO ARRIVE" AND SALES "FOR SHIPMENT"

1000.00. SALES "TO ARRIVE."-- In sales "To Arrive," unless otherwise specified in the contract:

A. The Seller shall have twenty (20) days from date of sale (not including such date) in which to make delivery at destination; PROVIDED, however, that a definite date or period of delivery shall be specified in all contracts extending beyond twenty (20) days.

B. The Seller may apply on sale only commodities that have not been officially inspected on or before the date of sale and that have not had any previous transit stops or transit billing used in connection with their movement.

C. The Seller shall make application until the contract is filled, or until the estimated underdelivery is fewer than five hundred (500) bushels. The Buyer may refuse any application that would produce an estimated overdelivery of more than five hundred (500) bushels; but, if he does so, he must make settlement with the Seller on the basis of the then underdelivery. If there is an estimated underdelivery of more than five hundred (500) bushels, the Buyer may require the Seller to apply another application, even if such application would result in an estimated overdelivery of more than five hundred (500) bushels, and in such cases the Buyer must accept whatever overdelivery is thereby produced.

All overdeliveries and underdeliveries (unless otherwise agreed by the parties) shall be settled on the first business day following date of last unload on a basis over or under the futures month currently used for the majority of cash trades. To convert the basis the day after the last unload to a basis relative to the futures month currently used for the majority of the cash trades, the futures spread of the day after last unload shall be used.

If commodities are sold flat priced, settlement should be at the time the tolerance becomes known by both parties.

D. In case delivery on sales "To Arrive" has not been made within the specified time, the Buyer may, after making written demand for delivery, if delivery is not made by one (1) hour before the close of the market on the next business day, fill such sale by buying the property in the open market for the account of the Seller, or he may require settlement at the closing market price on such next business day, or he may declare the undelivered portion of the contract canceled. If the Buyer has not made such written demand for delivery, the contract shall remain in force and effect from day to day until such demand is made.

E. In case of strikes, insurrections, embargoes or other causes producing unavoidable delays, the extension of time of delivery shall be the number of days remaining on the original contract with a minimum of fourteen (14) calendar days.

1001.00. SALES "FOR SHIPMENT".

A. In making contracts for shipment, a specific time in which shipment is to be made shall be specified. Any given number of days shall mean calendar days and shall be reckoned from the day after full written or telegraphic shipping instructions are received by the Seller, exclusive of such day, and the following expressions shall have the meanings as indicated:

(1) "Immediate" Shipment - Three days
(2) "Quick" Shipment - Five days
(3) "Prompt" Shipment - Ten days

B. "Loaded," "Spot" or "On Track" shall mean that the commodity is actually loaded and ready for shipment, and, unless otherwise specified, shipment shall be made on day of sale.

C. "In Transit" shall mean that the Bill of Lading must be dated at least one (1) day prior to the date of sale.

D. The expression "Week" (as used in "First Week," "Last Week" etc. shall mean seven (7) consecutive calendar days.

E. "First Half of the Month," including the month of February, shall mean the first fifteen (15) calendar days.

F. "Second Half of the Month," including the month of February, shall mean the remaining days of the month, beginning with the 16th.

G. When time of shipment is not specified, "Prompt" shipment shall be understood.

H. Unless the contract provides for "Buyer's Option," shipment shall be made at the "Seller's Option" within the time governed by the contract.

I. In all shipments of commodities, the date of issue of the Bill of Lading or release date, whichever is earlier, shall be conclusive evidence of the date of shipment, unless absolute evidence to the contrary shall be furnished.

J. If cars have been rebilled while in transit, the date of the original Bill of Lading shall be accepted as the original date of shipment.

K. All contracts for commodities "For Shipment" shall expire at midnight of the day of maturity of the contract. The Seller shall be allowed until four o'clock (4:00 p.m.) of the following business day after the day of maturity of contract for the delivery of car numbers showing before maturity of contract and the same must be accepted by the Buyer on contract up to this time.

L. Opening of river navigation in the Minneapolis-St. Paul area shall be seven o'clock (7:00 a.m.) on the first business day (excluding Saturday and Sunday) following the first northbound passage through Lock-Dam No. 2 of covered dry cargo barges originating at Burlington, Iowa, or south. In the event that ice or water conditions, which obstruct navigation north of Burlington, Iowa, should occur within thirty (30) days subsequent to the declared opening, the Board of Directors shall extend such opening for as many days as, in its opinion, such obstruction exists.

M. The opening of navigation shall be construed to mean the day of arrival in the Duluth-Superior harbor of the first vessel that has completed transit through both the St. Lawrence Seaway and the Welland Canal. In the event the first vessel completing transit through the Welland Canal does not proceed to Duluth-Superior the opening shall be not later than ten (10) days beginning 12:01 a.m. after said transit, PROVIDED the entrances to Duluth-Superior harbor are free from the obstruction of ice. However, if the entrances to the harbor are

obstructed by ice at the time of first transit by a vessel through the St. Lawrence Seaway and Welland Canal, the Board of Directors shall delay the opening for as many days as, in its opinion, such obstruction exists.

In the event of ice returning in sufficient quantities to obstruct navigation either at the entrance or entrances to the Duluth-Superior harbor or in the channel to and from Lake Erie, or in the channels to and from Montreal and or the Welland Canal, then all contracts based on the opening of navigation shall be extended by declaration of the Board of Directors for as many days as, in its opinion, such obstruction exists.

For contract purposes when grain is sold with terms relating to opening of navigation and notwithstanding the official opening as described above, the Buyer shall have the right to call for cargo for a vessel that arrives in the Duluth-Superior harbor, PROVIDED that vessel completes transit through the Sault Sainte Marie Canal from Lake Erie ports.

1002.00. RAIL BILLING INSTRUCTIONS.

A. When grain is sold "loaded" the Buyer shall furnish billing instructions to a named destination to the Seller at the time of Trade or by 4:00 p.m. Central time, whichever is later.

B. When grain is sold other than loaded the Seller must notify the Buyer by 12:00 noon, Central Time that the cars are ready for loading and billing that day. The Buyer must by four o'clock (4:00 p.m.) Central Time on the same day furnish billing instructions to a named destination. On notification made after twelve o'clock (12:00) noon Central Time the Buyer has until ten o'clock (10:00 a.m.) Central Time the following day to furnish same. Saturday, Sunday and legal holidays are excluded.

C. When unit trains are sold for other than loaded shipment the Seller must notify the Buyer by 12:00 noon Central Time that the unit will be loaded and ready for billing within 24 hours. The Buyer must furnish billing to a named destination by 4:00 p.m. Central Time same day. On the same day. Notification made after 12:00 noon Central Time the buyer has until 10;00 a.m. Central Time the following day to furnish same. Saturday, Sunday, and legal holidays are excluded. If a Seller notifies the Buyer by 12:00 noon Central Time on a Friday or a day preceding a holiday that a unit will be loaded on a Saturday, Sunday or legal holiday, the Buyer must furnish billing instructions to a named destination by 4:00 p.m. Central Time on the date of notification.

D. Should the Buyer fail to furnish billing instructions as specified in (a), (b), or (c) above, the Seller shall have the right to either (1) agree with the Buyer to extend the time allowed; or (2) after having given notice, sell the affected portion of the contract for the account of the Buyer; or (3) after having given notice, cancel the affected portion of the contract at fair market value.

E. In all cases where sales are made "Buyers Option." unless otherwise specified in the contract, the Seller shall be entitled to five (5) calendar days after receipt of billing instructions in which to make shipment.

F. In all cases where sales are made on a carrying charge basis, such charges are to cease on the day the grain is loaded, but in no case will carrying charges be

assessed against the Buyer covering actual shipment taking place more than ten (10) calendar days after requested shipping date.

G. The word "notice," as used in this rule shall mean verbal communication when possible, and in all cases by wire or other rapid written communication.

1003.00. SALES "FOR SHIPMENT": DEFAULTS.

In case the Seller defaults on a Sale "For Shipment," the Buyer, upon delivering a written or telegraphic notice to the Seller, shall have the right to (a) declare the unshipped portion of the contract canceled, or (b) to buy in the open market for account of the Seller a property equal in quantity to the unshipped portion and equal in quality to that contracted for or (c) to require settlement by the Seller of the unshipped portion at the market value; and, in any case, the Seller shall reimburse the Buyer for any proved direct loss sustained on account of failure to make shipment within contract time. If the Buyer fails to notify the Seller of his election of one of the foregoing settlements, the contract shall remain in force from day to day and all shipments made to apply on contract before notice of such election shall have been given to the Seller shall be accepted by the Buyer, and time, up to four o'clock (4:00 p.m.) of the following business day after giving of such notice, shall be allowed for the delivery of shipment made prior to the time such notice was given.

1004.00. CONFIRMATION.

In any contract "To Arrive" or "For Shipment" both the Buyer and the Seller (not later than the next business day following the day the transaction is made) shall mail or deliver each to the other a Confirmation in writing, setting forth the full terms and conditions of the transaction. Upon receipt of said Confirmation, the parties thereto shall immediately notify the other party to the contract, verbally or by telegraph or telephone, and confirm in writing.

When such contracts are made through a nonresident Broker, it shall be the duty of the Broker (on the day the transaction is made) to send a written Confirmation to each of the principals, setting forth the terms and conditions of the transaction as made by him. Upon receipt of such Confirmation the parties thereto shall check all stipulations named therein and, upon finding any differences, they shall immediately notify the other party to the contract, by wire or telephone, and confirm in writing. In default of such notice, the contract shall be filled in accordance with the terms of the Confirmation issued by the Broker.

1005.00. SIZE OF CARS WHEN BUSHELS ARE SOLD.

When bushels are sold and the size of cars to be loaded is not mentioned by the Buyer, it shall be the privilege of the Seller to load cars of a size suitable to his convenience; he, the Seller, to answer to the railroads for the fulfillment of their minimum weight requirements. Unless otherwise specified, open top rail cars and box cars do not apply.

1006.00. DEPOSITS AS SECURITY: RIGHT TO REQUIRE.

On contracts in cash commodities "To Arrive" or "For Shipment " or Delivery, purchasers shall have the right to require from Sellers, as security, deposits equal to ten (10) percent of the contract price, and further deposits from time to time to the extent of any advance above the contract price in the fair market value of the commodity named, and the shipment or delivery specified, in the contracts.

On all such contracts, Sellers shall have the right to require from Buyers a similar ten (10) percent deposit, and further deposits from time to time to the extent of any decline below the contract price in the fair market value of the commodity named, and the shipment or delivery specified, in the contract.

PROVIDED, however, that if the fair market value of the commodity named, for the shipment or delivery specified in the contract, has advanced above the contract price by an amount greater than ten (10) percent from the contract price, Sellers may not require of Purchasers any deposit authorized by this Rule, and similarly if such market value has declined ten (10) percent from the contract price, Purchasers may not require any similar deposit from Sellers.

1007.00. DEPOSITS AS SECURITY: HOW MADE.

Such deposits shall be in the form of a certified or cashier's check payable to the party making the call and delivered to the Secretary of this Corporation to be held in escrow by him. The Secretary shall issue receipts in duplicate, not transferable, for all such deposits, and deliver one of such receipts to each party to the contract. Such receipts shall state by whom the deposit was made, for whose security it is held, the contract or contracts against which it is applicable, and that the deposit has been made and is returnable or applicable in accordance with the Rules of this Corporation, or decisions rendered pursuant thereto.

PROVIDED, however, that the depositor (in order to facilitate the return of a portion of the deposit as permitted by **Rule 1012.00.**) may at his option make the deposit in the form of two (2) checks, each for one half of the required deposit.

1008.00. DEPOSITS AS SECURITY: TIME OF.

Unless an appeal to the Board of Arbitration as to the amount of margins required has been taken (as provided in **Rule 1013.00.**), a party required to make a deposit of security shall have two (2) hours during regular banking business hours (Central Time), after receipt of the call for the deposit of security, within which time to make the required deposit.

1009.00. DEPOSITS AS SECURITY: APPLICATION OF.

All such deposits shall be held to have been given as security for the faithful fulfillment of any contract or contracts made or to be made between the parties; PROVIDED, however, that it may be prudent for either party to a contract to demand that the receipt shall express the particular contract in connection with which deposit has been made, and in such case the deposit shall be applicable only to that contract. Such deposit shall be applied or returned by the Secretary as directed by both parties or by a final decision of the Board of Arbitration.

1010.00. DEPOSITS AS SECURITY: FAILURE TO MAKE.

Any party who has failed, upon call, to make a deposit as required by **Rule 1008.00.** shall be deemed and held to have defaulted on the contract in connection with which it was called; and, in such case, the party who has called for such deposit shall thereupon have the right to buy or to sell (as the case may be) in the open market the undelivered portion due on such contract, or he may, by giving notice to the party in default, terminate the contract at the fair market price for the property, and the shipment or delivery specified in the contract at the time of the giving of such notice; and all differences between the contract price and the price at which the property has been bought or sold, or at which the contract has been terminated in consequence of such default, shall constitute the rule and measure of damages against the party in default. The party so buying or selling the undelivered balance, or so terminating the contract, may forthwith proceed against the party in default to collect or to enforce payment of all damages sustained by reason of such default.

1011.00. NOTICES.

All calls for deposit, or notices of the closing of contracts because of default, shall be served in writing on the opposite party in person, or by leaving the same with a competent person at his usual place of business, or with his duly authorized representative, or by registered mail or telegram to his last known place of business; and a copy of all such calls and notices shall be given to the Secretary.

1012.00. DEPOSITS AS SECURITY: RETURN OF.

If, after any particular deposit has been made, market conditions have adjusted themselves, or applications have been made on the contract so that none of that particular deposit (or a portion thereof, which has been covered by a separate check as permitted by **Rule 1007.00.)** could be required under the Rules, or if the contract or contracts to which the deposit is applicable has or have been filled or settled and all matters pertaining thereto adjusted, the party who required the deposit shall upon demand join in directing the Secretary to return the check (or checks) for such deposit (or for the excess portion thereof, as the case may be) to the depositor.

1013.00. DISPUTES.

In case of any dispute or difference between the contracting parties as to the amount of margins required as security under this Rule, the Board of Arbitration shall be convened immediately upon the oral or written request of any party interested, made to the Secretary of the Corporation. The Board so convened, after notice of hearing to all parties in interest, shall proceed to decide the question submitted without delay or adjournment, unless by consent of all the parties.

The decision of the Board of Arbitration shall be conclusive upon the parties and shall be complied with within thirty (30) minutes after the announcement thereof.

In case of any dispute or differences between the contracting parties as to such contracts or the termination or settlement thereof, or as to the fair market value of the commodities for the delivery contracted for, or as to such deposits, or the deposition thereof, any or all such matters shall be decided by the Board of Arbitration in the same manner as in the case of any other dispute or difference between Members. Deposits shall be returned or applied by the Secretary in accordance with the terms of such a final decision or award.

1014.00. DEPOSITS BY NONRESIDENT BUYERS.

In addition to the rights set forth in **Rules 1006.00., 1007.00., 1008.00., 1009.00., 1010.00., 1011.00., 1012.00.** and **1013.00.**, inclusive, the Seller shall have the right to require of nonresident Buyers, as security to be deposited with the Seller, a deposit of ten (10) percent based upon the contract price of the property sold and further security from time to time to the extent of any decline in the market value below said price. Deposits so made shall be applied on payment for property when shipped. Failure to deposit security as required within two (2) business days shall be considered a default, and the contract may be closed by sale on the open market of like quantity of property equal in quality to that called for in the contract period, twenty-four (24) hours' notice of such intention having been given to the Buyer.

1015.00. BARGE TRADING.

The following Rules shall apply to the shipment of grain, seeds, soybeans, or beans, hay and all "feedstuffs" whenever such shipments are designated by contract to be by barge.

1. **Barge**:

   a. The word "barge" shall mean a covered barge commonly used for carrying bulk grain or feedstuffs, which, without any weight or quantity reference, shall have no quantitative meaning insofar as these Rules apply.

   b. No multiple compartment barge or equipment that cannot be unloaded by a marine leg or barges other than 195/200 by 35 feet shall be tendered on contract without the specific consent of both the Buyer and Seller.

2. **Weights and Inspection**:

   a. The term **"official weight"** shall be any weight that meets the requirements specified by the Federal Grain Inspection Service in its regulations implementing the United States Grain Standards Act including both Class X and Class Y weights.

   b. The term **"official/certified weights,**" unless otherwise specified, shall be the weights documented by a certificate issued by a disinterested supervisory agency. Weighing shall be performed by authorized persons under the supervision of the above agency.

   c. If weights other than Official or Certified Weights are provided for in the contract of purchase and sale, the weighing party shall on request of the other party indicate the method of obtaining weights and such other information on the weighing process as the other party may reasonably request, including copies of supporting documentation.

   d. Cargo transferred by truck or railroad to the loading barge after weighing in the elevator, or cargo weighed after the transfer to the elevator by truck or railroad from the barge being unloaded, shall not be considered officially/certifiably weighed.

   e. Every official/certified barge unload weight certificate shall also include the statement that all cargo in the barge was unloaded and that no cargo was left in the barge unless so stated on said certificate.

   f. In the event any portion of the barge cargo is not unloaded at the receiving elevator or at the receiving point the unloading Buyer must notify his Seller and the shipper within twenty-four (24) hours or as soon thereafter as practicable.

   g. **Grain**: When trade is based on destination weights, the unloading Buyer shall notify the original shipper of the final unload weights by telephone or telex within two (2) business days of unload, confirmed by mailing the original weight certificate to the original shipper, within five (5) business days of unload, accompanied by a statement covering the cost of weighing charges if applicable. The original shipper is then to make final settlement with the original weight certificate, or duplicate copy thereof, and all

intermediate parties shall make final settlement with the original weight certificate or duplicate copy thereof. All invoices are due and payable within five (5) business days. (This is not an extension of credit, but only the normal time to clear paperwork involved, and the time can be changed by the contract.)

h. **Feedstuffs**: The ultimate Buyer shall render final settlements of weight and quality with the original weight certificates, or duplicate copy thereof, within ten (10) business days of unload. All intermediate parties shall make final settlement with the original weight certificate, or a duplicate copy thereof, within five (5) business days of receipt. (This is not an extension of credit but only the normal time to clear paperwork involved and the time can be changed by the contract.

i. Official Inspection: The term "Official Inspection" without specifying class shall mean Class A Official Inspection.Unless otherwise specified, Official Inspection shall include only official grading factors that are included in the U.S. Grain Standards Act.

j. When barge grain is sold basis destination inspection, it shall be the obligation of the Buyer to obtain said inspection within five (5) calendar days of the date of arrival of the barge. When the barge cannot be opened for inspection away from the unload berth because of faulty equipment on the barge, it shall be the obligation of the Buyer to so notify the Seller within the inspection period specified period specified herein.

k. **Certificate of Analysis**: When the contract guarantees a specific analysis on the feedstuffs being shipped, the contract must specify whether a certificate of analysis is required, and, if so, the certificate of analysis must specify the name of the laboratory rendering the certificate, the method of sampling used, when and where the sample was taken and the percentage of each factor for which there is a contractual requirement.

l. **Weights and Quality/Condition**: Feedstuffs. For feedstuffs sold basis origin analysis, the last Buyer in string to whom a barge has been applied may inquire of the original shipper as to its analysis provided at least five (5) business days have elapsed since the original Bill of Lading date.

3. a. **Quantity**: Where the quantity of a contract of purchase or sale of barge grain is described as one (1) barge, about forty-three thousand (43,000) bushels, or one (1) barge forty-three thousand (43,000) bushels, or ten (10) barges, about four hundred thirty thousand (430,000) bushels, the bushel reference, whether preceded by the word "about" or not shall become mean quantity for purposes of establishing tolerances as described hereinafter.

Where the quantity of a contract of purchase or sale of barge feedstuffs is described as one barge, about twelve hundred (1,200) short tons, or ten barges about twelve thousand (12,000)

short tons, the tonnage reference, whether preceded by the word "about" or not, shall become the mean contract quantity

b. **Tolerance - Grain**: In the absence of a clearly stipulated applicable tolerance in the statement of the quantity traded, it shall be understood that one thousand (1,000) bushels more or one thousand (1,000) bushels fewer than the mean quantity shall apply at contract price. A total tolerance of ten percent (10%) more or less than the mean quantity shall be permissable in the fulfillment of the contract, but if the tolerance is in excess of one thousand (1,000) bushels more or fewer, then the full tolerance shall be settled at the market value at the close of the first business day following the date of load or unload, whichever weight is applicable, of the last barge in fulfillment of the contract. At no time shall the total tolerance exceed thirty thousand (30,000) bushels, regardless of the mean contract quantity. Where the contract was originally written unpriced relative to a grain futures market or where a flat-priced contract also clearly spells out the equivalent premium or discount to a given grain futures market, the words "market value at the close of the first business day following the date of load or unload" shall mean the "basis at the close of the first business day following the date of load or unload," and the flat price shall be established at the time the tolerance becomes known by both parties to the contract.

c. **Settlements: Overfills and Underfills-Grain**: Overfills and Underfills shall be settled on a basis over or under the futures month currently used for the majority of cash trades.

To convert the basis the day after the last load or unload to a basis relative to the futures month currently used for the majority of the cash trades, the futures spread of the day after last load or unload shall be used.

On FOB Barge Contracts Buyer and Seller shall agree at time of contract on the freight rate to be used to settle overfills or underfills at time of unload.

d. **Settlements: Overfills and Underfills-Feedstuffs**: Overfills and Underfills within five (5) percent of contract quantity shall be provisionally paid at the contract price. Overfills and Underfills in excess of five (5) percent of the contract quantity shall be provisionally paid basis the fair market value on the date of the original Bill of Lading. If the Bill of Lading date is a Saturday, Sunday, or holiday, the next business day will be used. If the contract calls for specific barge quantities, each barge shall be provisionally paid individually. Final settlements shall be computed by the same method as provisional payments.

4. **Certain Terms Defined and Applicability Thereof**:

a. FOB & CIF: For purposes of barge contracts the term FOB means free of charges on board barge or vessel. The terms CIF or "delivered," followed by a destination point, shall mean FOB

origin, but the price includes the cost of the cargo FOB origin point, plus cargo insurance, plus barge or vessel freight to the destination rate point.

b. Cargo Insurance or Cargo Insured Bill of Lading Receipt of the aforementioned documents. If documents are presented by one o'clock p.m. (1:00 p.m.) Central Time, payment shall be made by two o'clock p.m. (2:00 p.m.) Central Time of the same business day. If payment is not made within the required time period, interest shall be charged at a rate over two and one-half percent (2 1/2%) over current Minneapolis prime rate.

c. Application: It shall be the obligation of Seller to furnish Cargo Insurance or a Cargo Insured Bill of Lading with respect to barges furnished by Seller involving FOB, CIF or delivered contracts, and it shall be the obligation of Buyer to furnish Cargo Insurance with respect to barges furnished by Buyer involving FOB, CIF or delivered contracts.

5. **Reconsignment/Diversion**: The Seller's only obligation with respect to destination on a CIF or delivered sale in Seller's barges is to furnish the Buyer a validated Bill of Lading ordering the barge to the rate point specified in the contract, but nothing in this Rule shall be construed as preventing the Buyer from seeking to divert the barge to other than the specified destination.

6. **Payment of Original Drafts and/or Invoices**: Presentation of validated Bill of Lading, a certificate of cargo insurance where applicable and any other loading documents required by the contract shall be evidence of shipment on a CIF or delivered barge contract. Sight Drafts are subject to payment on presentation.

7. **Applicability/Time of Shipment**:

a. The date of the original validated barge Bill of Lading consigning the shipment to the destination specified by the contract shall be the determining date for establishing time of shipment on contract.

The time of shipment must always fall within the contract period, unless otherwise mutually agreed upon by Buyer and Seller.

b. Bill of Lading shall not predate notification of application by more than seven (7) calendar days. Example: Bill of Lading Date 4-3-84 -- last applicable date 4-10-84 at 11:00 a.m. Central Time.

c. Certificate of Inspection for grain barges shall not predate Bill of Lading date by more than three (3) calendar days.

d. For grain transactions made on the basis of origin official/certified weights, the weight certificate shall not predate the Bill of Lading by more than three (3) calendar days.

e. Application of a barge is the exchange from Seller to Buyer of the following items: (1) barge number, barge operation; (2) loading

elevator, original shipper; (3) Bill of Lading date; (4) quantity in barge (bushels, tons); (5) in the case of grain, type of inspection (e.g., state or federal) and number grade, all factors.

Barges may be applied on contract Monday through Friday, holidays excepted, between the hours of eight o'clock (8:00 a.m.) and four o'clock (4:00 p.m.) Central Time, except the last day application barges, which must be applied by eleven o'clock (11:00 a.m.) Central Time.

8. **Demurrage**: For barges applied before or after arrival at the destination specified in the contract, the Buyer shall be entitled to such free time and demurrage terms as specified in the contract. Time to commence the first seven o'clock (7:00 a.m.) Central Time following (a) arrival of the barge at the destination specified in the contract or (b) following notification of application if application is made after arrival of the barge.

9. **FOB Buyer's Barge Contracts**: If the Buyer fails to furnish barges on such contracts within the contract period, it shall be the duty of the Seller, after having given the Buyer twenty-four (24) hours' telephone notice to complete the contract and confirm in writing, to elect to (a) agree with the Buyer upon the extension of the contract, (b) sell out the unshipped balance for the Buyer's account or (c) cancel the defaulted portion of the contract at fair market value for the unshipped balance.

10. **Title: Passing of Title as well as Risk of Loss and/or Damage**: Unless otherwise specified by contractual agreement, title, as well as risk of loss and/or damage, passes to the Buyer as follows:

    a. With respect to grain on FOB origin or FOB basing point contracts, or CIF contracts at time and place of shipment: The time is the moment of either (1) the issuance by the carrier of a validated Bill of Lading in accordance with Seller's instruction or (2) transmittal of wire, telex or written shipping instructions by the Seller to the carrier in accordance with Buyer's instructions.

    b. With respect to Feedstuffs: Title and risk of loss or damage caused by other than by going out of condition shall pass as provided in Paragraph 10 (A), but the original shipper shall be responsible for the condition of the feedstuffs up to (a) five (5) calendar days subsequent to the arrival of the barge at destination, or (b) commencement of unloading of the barge, whichever occurs first. (2) If the barge is sold after reaching its destination, the Seller and each subsequent Seller will be responsible for the condition of the feedstuffs for five (5) calendar days following the date of each reconsignment. (3) The Buyer will have until four o'clock (4:00 p.m.) Central Time on the fifth (5) calendar day following the date of arrival of the barge at destination to notify the Seller of any out of condition cargo. If the fifth (5) calendar day falls on a Saturday, Sunday or holiday, the following business day shall be considered the fifth (5) calendar day. (4) If the Buyer, under the provisions of Rule 10 (B) (1), (2) and (3) above, declares a barge of feedstuffs infested, the Buyer will notify the Seller of the cost of fumigation. The Buyer will

assume the responsibility to fumigate the barge at the mutually agreed expense of the Seller; alternatively, the Seller has the right to fumigate the barge within twenty-four (24) hours at the Seller's expense. If, in the latter case, the Seller has not fumigated the barge within twenty-four (24) hours the Buyer may arrange for fumigation at the reasonable expense of the Seller. The barge cannot be rejected on account of infestation, and demurrage incurred shall continue for the account of the Buyer.

11. **Unpriced Grain Contracts**: Unless otherwise agreed all unpriced contracts shall be priced within the day's price range at Buyer's option, while futures markets are open and tradeable, but in no case shall pricing orders go beyond the requested date of shipment, or the day before the first notice day of the contract futures month involved, whichever comes first.

1016.00. UNIT TRAINS.--***For the purpose of these rules, a unit train is twenty-four (24) or more cars as outlined in carriers tariffs.***

1017.00. ADVICE OF SHIPMENT: *Advice of Shipment:* ***Advice of shipment shall be given to buyer on all shipments including:***

1. Unit, train, or pool number.
2. Total number of cars and/or car numbers.
3. Commodity shipped.
4. Shipment evidenced by rail Bill of Lading.

1018.00. WEIGHTS AND GRADES:**--All multiple car shipments shall be weighed and graded individually unless by mutual consent of Buyer and Seller.***

1019.00. DIVERSION, RECONSIGNMENT OR REBILLING:**--No diversion, reconsignment, or rebilling may be made without expressed consent of seller on all sales made "Delivered" to a specific destination.***

1020.00. TRADES AND TRANSACTIONS: WHEN GOVERNED BY MGEX RULES AND REGULATIONS.**--The following trades and transactions of Members and entities, whether made on this Exchange or elsewhere, shall be subject to and governed by the Rules, Regulations, customs and usages of the Corporation:***

A. All purchases or sales (or contracts for the purchase or sale) or other transactions in commodities made "To Arrive" in this market or "On Arrival" in this market, or for delivery "In Store" or "On Track" in this market, if made with other Members or entities having trading privileges;

B. All other trades or transactions if the maker is acting in the capacity of Commission Merchant or as agent for others unless by their nature such trades or transactions are subject to the rules of another Commodity Exchange and are so made;

C. All purchases in carload lots "On Track" at country points for shipment to Minneapolis (or to be delivered to Minneapolis) and for resale in this market;

D. All other trades and transactions in commodities made in the ordinary course of business with other Members, or entities having trading privileges, unless the parties thereto have expressly agreed that the MGEX Rules and Regulations shall not apply, but

no such agreement may be made that permits or results in any violation or evasion of the provisions of Sections a., b. or c. of this Rule, or of the commission or brokerage Rules of this Corporation.

The Rules, Regulations, customs and usages of this Corporation shall be a part of the terms and conditions of all trades and transactions made subject thereto or governed thereby with the same force and effect as if expressly contained therein, and all such trades and transactions shall be subject to the exercise by the Board of Directors, or by any duly constituted committee or board, or by the Clearing House of the powers in respect thereto vested in them by the MGEX Rules and Regulations, and all such trades and transactions shall be subject to all MGEX Rules and Regulations subsequently adopted, where such MGEX Rules and Regulations are expressly made applicable to existing trades and transactions.

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1100.00. RECOURSE FOR HEATING AFTER DELIVERY.

If a carload of any commodity has been sold or applied on sale basis "delivered" to an unloading industry located within the Minneapolis or St. Paul switching district, if the Buyer has not rejected the car (or made other agreement or settlement with the Seller with respect thereto) within forty-eight (48) hours (Saturdays, Sundays and holidays excepted) after actual or constructive delivery has been made to the unloading industry, he shall not be allowed any claim for loss resulting from the commodity heating unless he is able to prove that at the time of such actual or constructive delivery the commodity was in a heating condition and the Seller had knowledge of the fact. The records of the railroad company shall be prima facie evidence of the time of such actual or constructive delivery.

1101.00. ACCEPTANCE OF NO. 5 AND SAMPLE GRADE CORN.

In all sales of corn grading No. 5 or sample grade because of moisture, unless otherwise agreed, the Buyer, if he has been able to obtain a sample of such corn within the Minneapolis or St. Paul or Duluth or Superior switching districts, must accept or reject such corn or notify the seller of his desire to call for a reconsideration of grade, by eleven o'clock (11:00) a.m. of the business day next succeeding the day of sale. If the Buyer has not been able to get his sample, he shall so notify the seller, and the time for acceptance, rejection or notice of desire to call for a reconsideration of grade shall be extended accordingly, but the Buyer must so act as soon after receipt of his sample as practicable.

PROVIDED, however, that the requirements of this Rule shall not apply in the case of cars that are inspected "in heavily loaded car."

1102.00. CALLS FOR RECONSIDERATION OF GRADE.

The expression "call for Reconsideration of Grade" as used in the Rules shall mean any request to the proper grading authorities for reinspection, appeal, Federal appeal, appeal to the Board of Grain Supervision or for any other grading of the contents of a car or of a lot or parcel of any commodity that you supersede the grade then in existence, including any request for a recheck of protein.

A. A party who desires to call for a reconsideration (or reconsiderations) of grade on the contents of a car or a lot or parcel of any commodity shall first give to the other party at interest written notice of his desire to do so. If reconsideration of a Federal appeal grade is desired, a separate notice of such desire must be given. Permission to call for the desired reconsideration of grade must be granted by the other party, or the car must be replaced with another car of like grade and quality or other satisfactory settlement made.

B. The cost of the reconsideration of grade, if any, shall be borne by the party making the call.

C. Ordering a car "On Track" without the unloading destination being established shall not be construed as moving or ordering a car toward a specific unloading destination within the meaning of the Rules.

D. Commodities in cars that have been billed to Minneapolis and that are "On Track" at points in Minnesota designated as sampling points by the Public Service Commission, or that are in transit between such points and Minneapolis, shall be considered the same as if actually "On Track" in railroad yards in Minneapolis.

In the case of commodities in cars at outside "Hold" or inspection points (whether located in Minnesota or elsewhere) sold to go to Minneapolis or St. Paul, or to some point beyond Minneapolis or St. Paul, or to Duluth-Superior (unless otherwise agreed) inspection, resampling and calls for reconsideration of grade shall be permitted at Minneapolis or St. Paul, or at Duluth-Superior on the same terms and conditions as though the cars had been sold after arrival in such markets.

1103.00. SHIPPERS' RIGHT TO OFFICIAL GRADES AND PROTEINS.

All shippers in this market shall have the right to official grades and proteins under the following terms:

Official grades and proteins based on official samples may be obtained by special written request only at the time of shipment.

Official grades and proteins based on submitted samples may be obtained at the time of unload, provided the request is made on the truck Bill of Lading or on written shipment advice.

Official grades and proteins based on a file sample, may be obtained for a minimum of five (5) calendar days after unload when firms are providing in-house grades and proteins.

All expenses incurred in obtaining official samples, grades and proteins, including truck detention and rail demurrage, shall be for the account of the shipper.

1104.00. HEAVILY LOADED CARS.

Cars so heavily loaded that they are inspected "in heavily loaded car" should be bought and sold on basis of special contracts made at time of trade between the Buyer and Seller, covering these conditions.

1105.00. INBOUND RATES, TRANSIT, ETC.: AGREEMENT CONCERNING.

In all sales made on arrival in Minneapolis-St. Paul or Duluth-Superior or at an outside "Hold" or inspection point all matters relative to point of origin, transit, inbound rates and location of the car should be understood and agreed upon by the Buyer and Seller and incorporated in the articles of trade. Unless otherwise agreed, the Seller shall be deemed and held to warrant:

A. That there has been no previous transit stop on the car or transit billing used in connection with its movement; and,

B. That the free time has not expired and the car is not on demurrage.

1106.00. SWITCHING, DEMURRAGE AND RECONSIGNING CHARGES: LIABILITY FOR.

A. If a call for reconsideration of grade or official Minnesota protein is made by the Buyer on cars to be delivered either "On Track" or at local unloading industries, and the grade or protein is not changed, switching and demurrage charges caused by such call shall be paid by the Buyer; but, if the grade or protein is changed, such charges shall be paid by the Seller.

B. If the call for reconsideration of grade or protein is made by the Seller, all switching and demurrage charges caused by such call be paid by the Seller whether or not the grade or protein is changed.

C. Any charges accruing previous to sale of cars are to be paid by the Seller.

D. Any reconsigning charges accruing after the sale, at the instance of the Buyer, are to be paid by the Buyer.

1107.00. PROMPT EXAMINATION OF CARS.

In order to reduce to a minimum the expense for switching and demurrage suffered by Sellers resulting from cars being "run through" at unloading industries on account of reconsideration of grades, recheck of proteins, or disputes as to quality, operators of unloading industries shall make every effort practicable to examine cars promptly after they are first delivered on the tracks of the industry, or those of the railroad company adjacent thereto, for the purpose of determining whether the cars were correctly graded, or are as represented by the sale sample.

1108.00. FREIGHT ON CARS LOADED BELOW MINIMUM CAPACITY.

If a carload of any commodity has been sold basis delivery "On Track" Minneapolis-St. Paul or Duluth-Superior for shipment to an unloading destination outside of Minneapolis-St. Paul or Duluth-Superior, the Seller shall pay the freight to the agreed unloading destination on the difference between the minimum shipping load for the car permitted by the carriers' tariffs and the actual load in the car.

If a carload of any commodity has been applied on a Sale "To Arrive," the Seller shall pay freight to the agreed unloading designation on the difference between the minimum shipping load for the car permitted by the carriers' tariffs and the actual load in the car.

1109.00. FREIGHT BILLS: SELLER TO FURNISH.

Sellers shall furnish Buyers duplicate inbound paid Freight Bills for all cars sold (or applied on sale) in cases where the Seller has paid the freight. Such duplicate Freight Bills must be those covering the identical cars sold (or applied on sale) and must be delivered to the Buyers as expeditiously as possible and, in any case, not later than ten (10) days after the date of the Freight Bills.

1110.00. BUYER TO BE REIMBURSED FOR FREIGHT CHARGES, ETC.

If a sale of a track carload of any commodity has been made basis "delivered" at a point outside of Minneapolis, the Seller shall, upon receipt of complete papers, including weight certificate, Freight Bill and reconsigning and reconsigning and/or demurrage charges (if any) accruing prior to delivery at final destination, immediately reimburse the Buyer for the same.

In sales made bases delivery "On Track Minneapolis for O.W.B." or "On Track Minneapolis for Shipment," the Seller, upon receipt of complete papers covering freight, reconsigning or demurrage charges (or overcharges) accruing prior to such delivery, shall immediately reimburse the Buyer for the same.

1116.00. WEIGHTS.

In all sales of commodities to be unloaded, Buyer and Seller shall agree at the time of the sale on the character of the weights to be furnished.

1117.00. SHIPPERS' WEIGHTS.

When a sale of a carload of any commodity has been made based on "shippers' weights," these weights (supported by an affidavit of the shipper certifying to the accuracy of the same) shall be furnished within two (2) weeks after the date of the application of the car upon the sale. In case of failure of the Seller to furnish shippers' weights so certified within the two (2) weeks mentioned, settlement shall be based upon destination weights.

1118.00. WEIGHTS ON BILLS OF LADING.

When shipments are weighed under supervision of State or other official/certified authorities, Bills of lading shall bear a notation to that effect.

1119.00. BUYER TO ACCEPT AMOUNT IN CAR.

In all sales of commodities made on arrival the Buyer shall accept the amount contained in the particular car purchased, except where a car is found to be unevenly loaded.

1125.00. DISPOSITION ORDERS: FORM OF.

All cars of commodities arriving in this market shall be ordered to unloading industries, "On Track" or to Outgoing Railroad Yards, by means of Disposition orders to be issued in duplicate, the form of which shall be as prescribed (or approved) from time to time by the Board of Directors.

1126.00. DISPOSITION ORDERS: "ON TRACK" CARS.

Disposition Orders covering cars ordered "On Track" or to Outgoing Railroad Yards for shipment shall in all cases carry any and all protection shown on the original Bill of Lading.

1127.00. DISPOSITION ORDERS AND OTHER DOCUMENTS: DELIVERY OF.

Buyers must demand and Sellers must deliver to Buyers the duplicate copy of the Disposition Order, duly executed and endorsed by the Seller to the Buyer, and signed or stamped by the

carrier's agent or his representative upon payment or invoices based on final weights of cars unloaded within the Minneapolis-St. Paul or Duluth-Superior switching districts.

Documents passing title (i.e., duplicate Disposition Orders, Bills of Lading or elevator Load-out Notices, as the case may be) shall be delivered to the Buyer upon payment of the advances authorized by **Rule 1146.00.**

In all cases, if the Seller has delivered his invoice or request for advances by the required time, he is entitled to payment if he has the Disposition Order or other necessary documents ready for delivery to the Buyer at the time payment is due.

If such Disposition Order or other documents have been delivered to the Buyer prior to the time required for payment of the invoice or request for an advance and, if for any reason, the Buyer fails or declines to make payment therefor when due, he shall forthwith upon demand return the Disposition Order or other documents to the Seller.

1128.00. DISPOSITION ORDERS: DELIVERY TO OPERATOR OF INDUSTRY.

Operators of industries located within the Minneapolis-St. Paul or Duluth-Superior switching districts unloading commodities for others must demand as authority for unloading, and the parties for whom such commodities are loaded must surrender the Duplicate Disposition Order covering each car unloaded not later than next business day following the day on which the car was unloaded.

1129.00. AUTHORITY TO SIGN DISPOSITION ORDERS AND LOAD-OUT NOTICES.

Members and entities shall furnish to the Railroad Joint Agent the authorized signatures or persons authorized to sign and endorse Disposition orders and Load-out Notices.

1130.00. ORDERING CARS TO INDUSTRIES.

No Member or entity shall order cars for the purpose of avoiding proper demurrage charges, or order cars to any industry except for the purpose of unloading thereat.

Notice that cars have been ordered to an industry must be given to the operator of the industry by the party for whose account the cars are to be unloaded on the same day on which the cars were so ordered. Failure to give such notice (in addition to being a violation of this Rule) shall relieve the operator of the industry of liability for demurrage or switching charges, or for damage to contents of cars resulting from delay in unloading, caused by such failure.

1135.00. SALES: TO BE FOR CASH.

All sales of commodities, unless agreed to the contrary, whether for delivery "On Track," or at unloading industries, or FOB, or in any other manner or in any place shall be for cash. The Buyer is required to pay invoices and requests for advances with checks drawn on Minneapolis or St. Paul banks, unless agreed otherwise.

1136.00. PASSING OF TITLE.

Unless otherwise specified by contractual agreement, title passes to the Buyer as follows:

A. On FOB origin or FOB basing point contracts at time and place of shipment. The time is the moment of acceptance of the appropriate shipping document by the carrier.

B. On delivered contracts, when constructively placed, or otherwise made available at Buyer's original destination.

C. Title to commodities sold (or applied on sale) basis delivery "On Track" in Minneapolis-St. Paul or Duluth-Superior, or at an outside "Hold" or inspection point, with unloading weights at a destination outside the Minneapolis or St. Paul or Duluth or Superior switching districts to govern, shall pass if, as, and when the Bill of Lading, duplicate Disposition Order or elevator Load-Out Notice (as the case may be), properly signed, endorsed and/or stamped so as to assign the right to possession of the car to the Buyer, has been delivered by the Seller to the Buyer.

1137.00. WARRANTY OF TITLE BY SELLER.

In all sales of commodities in this market the seller, whether acting as owner, agent or Commission Merchant (except when acting as Broker as defined in MGEX Rules and Regulations), 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 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 seller by an agreement in writing expressing such limitation.

1138.00. RISK OF LOSS: COMMODITIES IN CARS OR TRUCKS.

On commodities sold basis unloading weights at industries located within the Minneapolis-St. Paul or the Duluth-Superior switching districts the Buyer shall assume the risk of loss by fire or other causes when the car or truck containing the commodity so sold has been delivered to the unloading industry specified by the Buyer.

1139.00. FINAL ACCEPTANCE OF CARS.

Except as otherwise provided in this Chapter or agreed by the parties, final acceptance of commodities sold or applied on sale shall take place:

A. In the case of a sale made basis "delivered" to an unloading industry, whether in Minneapolis or elsewhere, if and when the car has been unloaded. PROVIDED, however, that settlement and acceptance of an unevenly loaded car shall be a matter of separate agreement between Buyer and Seller, and any portion of the grain identity -- preserved under the supervision of the official/certified Weighmaster shall remain the property of the Seller until such agreement is reached;

B. In the case of a sale made basis delivery "On Track" Minneapolis, Duluth or elsewhere, for shipment beyond Minneapolis or Duluth, if and when the car has left the switching districts of Minneapolis-St. Paul or Duluth-Superior;

C. In the case of a sale made basis delivery "On Track" at an outside "Hold" or inspection point, or elsewhere, for shipment to an interior destination without moving through Minneapolis or Duluth, if and when the car has left its location at the time sale.

If commodities are sold (either upon arrival in Minneapolis or Duluth or at an outside "Hold" or inspection point) and billed by the Seller at the Buyer's request to some destination outside the Minneapolis-St. Paul or Duluth-Superior switching districts, the sale shall be considered as having been made basis delivery "On Track" unless the terms of the sale specifically provide that it is made basis "delivered destination."

If a sale specified that grades other than the destination grades shall govern, any change in grade upon arrival at destination (whether on Federal appeal or otherwise) shall not be material as between Buyer and Seller.

1140.00. DIVERSION OF CARS: BY BUYER.

Whenever a sale of a carload of any commodity has been made, basis delivery at a specified unloading industry (or basis delivery "On Track" but to unload at a specified industry or destination), the Buyer shall not reorder or divert the car from such specified industry or destination without having secured the consent of the Seller so to do, which consent must be secured upon every such change.

Any reordering or diversion of a car away from such specified industry or destination, unless otherwise agreed, shall constitute a final acceptance of the car and shall entitle the Seller to a cash advance on the commodity sold equal to ninety percent (90%) of its value (based on the sale price), and, unless official/ certified destination weights can be furnished, settlement shall be made basis shipper's affidavit weights, or other weights, or other weights satisfactory to the Seller.

1141.00. PROCEEDS OF INSURANCE PLACED BY OTHERS THAN OWNER.

In case of loss by fire or other causes, if insurance has been placed that is payable to someone other than the actual owner of the commodity, the proceeds of the insurance shall stand as security in favor of such actual owner (or the Buyer, if he has become liable for such loss) as their interests may appear; and any Member or entity collecting such proceeds shall hold them in trust to the extent of the interest of, and pay the same to, such actual owner, or Buyer, as their interests may appear.

1145.00. ADVANCES ON CARS SOLD TO UNLOAD LOCALLY.

Unless otherwise specified by a separate agreement between the Buyer and Seller, when a sale of a carload of any commodity is made to deliver within the Minneapolis-St. Paul or Duluth-Superior switching districts, the Seller shall have the right to demand a cash advance on the commodity equal to ninety percent (90%) of its value based on the sale price, but only if the car has not been unloaded within ten (10) days after being actually or constructively placed upon the tracks within the Minneapolis-St. Paul or Duluth-Superior switching districts.

1146.00. ADVANCES ON CARS SOLD TO UNLOAD AT OTHER DESTINATIONS.

Unless otherwise specified by a separate agreement between the Buyer and Seller, when a sale of a carload of any commodity has been made to deliver at a destination outside the Minneapolis-St. Paul or Duluth-Superior switching districts, the Seller shall have the right to demand a cash advance on the commodity equal to ninety percent (90%) of its value based on the sale price when documents passing title to the commodity have been delivered to the Buyer.

1147.00. DIRECT PAYMENT TO THE COUNTRY SHIPPER.

When making direct payment to the country shipper, payment shall be forwarded or credited to the shipper's account within five (5) business days after the date on the last applicable certificate.

1150.00. LOAD-OUT NOTICES.

The control of carloads of commodities loaded out of elevators within the switching districts of Minneapolis-St. Paul or Duluth-Superior shall be surrendered to the party for whose account the car was loaded by the delivery of a uniform elevator Load-out Notice covering such cars. Such Notices shall be in triplicate and in a form as prescribed or approved from time to time by the Board of Directors, (see **Regulation 2026.00.**) and no Notice shall represent more than five (5) cars.

The original and duplicate Load-out Notices shall be surrendered to the carrier's agent or his representative with Bills of Lading or Disposition Orders.

1151.00. PAYMENT OF TERMINAL ELEVATOR CHARGES.

Invoices for terminal elevator charges, including storage, cleaning, drying, and other handling charges, State weighing and inspection fees, insurance, switching and demurrage charges and all other proper charges must be paid within five (5) business days after their receipt.

1156.00. PAN TICKETS.

Pan Tickets shall be used in connection with all carloads of any commodity offered for sale in this market and shall show (a) the car number, initial and inbound carrier, (b) the outside "Hold" or inspection point, if any, and the location of the car if not in the yard of the inbound carrier or first position, (c) the grade of the commodity and all the grade factors or other notations, including protein tests, furnished with the grade, (d) information concerning any previous transit stop or transit billing used in shipping the car.

All the information furnished by the Sampling Department, including the date on which the sample was obtained, must be shown either on the Sampling Department's ticket or on the Pan Ticket, and none of such information may be omitted, erased or altered.

Protein tests must designate the laboratory by which produced if from other than a Minnesota State Laboratory.

1160.00. CASH MARKET PARTICIPANTS.

Entities having cash trading privileges may participate as principal and/or agent, or act as agent for both Buyer and Seller, in cash commodity transactions executed in the Exchange Room. However, such participants must disclose to other participants in the Exchange Room and the Cash Grain Market Reporter when they act as both principal and agent, or as agent for both Buyer and Seller.

Any party that is not an entity having cash trading privileges may participate in cash commodity transactions executed in the Exchange Room as a Buyer or Seller only by consignment through an entity having cash trading privileges.

1161.00. CONSIGNMENT.

Any cash commodity consigned to an entity having cash trading privileges for sale must be displayed in the Exchange Room for competitive bids prior to sale. The consignee must also disclose to participants in the Exchange Room and the Cash Grain Market Reporter that the commodity is being sold on consignment. If the best bid is from the consignee or an affiliate of the consignee, then the consignor must be informed prior to the sale being completed.

1162.00. REPORTING CASH COMMODITY SALES.

Entities having cash trading privileges shall report all sales of loaded rail cash commodities made in the Exchange Room to the Cash Grain Market Reporter as soon as practicable after the sales are made.

The Board of Directors is authorized to prescribe by Regulations, the time, contents and method of reporting. All such reports shall be in accordance with the provision of such Regulations.

1163.00. CONFIRMATIONS.

Whenever a trade in a cash commodity is made, each party to the trade shall furnish to the other a signed Confirmation of the same not later than the next business day following the day of trade.

Members and entities, who or which has executed an order for the purchase or sale of any commodity, under the MGEX Rules and Regulations, when acting as a Commission Merchant, or as an agent for others, shall furnish to each customer or principal for whom he is acting a written statement containing the names of the parties from whom the property was bought or to whom it was sold (as the case may be), the time when, the place where and the price at which the same was either bought or sold. (See Minnesota Statute Section 624.70.)

1164.00. DELIVERY OF DOCUMENTS TO THE ORIGINAL CONSIGNEE.

When grain and oilseeds (truck and rail, spot and "To-Arrive") are unloaded in the Minneapolis-St. Paul and Duluth-Superior switching districts, the unloading industry must forward or must provide the responsible certificate agency instructions to forward weight, grade, protein and oil certificates to the original consignee within three (3) business days of the dates appearing on the certificates. In the event the above certificates bear different dates, the latest date shall govern.

If all settlement factors (grade, protein, oil, etc.) are determined in-house, it shall be the responsibility of the unloading industry to forward said certificates within three (3) business days of the date of unload.

The original shipper has the responsibility of furnishing a Bill of Lading or advice of shipment that clearly identifies the original consignee at the time of unload. If the shipper fails to identify the original consignee, certificates shall be forwarded within three (3) business days after the identify becomes known.

1165.00. CARS UNLOADED AT THE WRONG RECEIVING INDUSTRY.

In the event a car of grain, oilseed or byproduct is unloaded at the wrong receiving industry, the following methods for arriving at a settlement price shall govern. PROVIDED proper shipping advice, has been made in accordance with the Minneapolis Grain Exchange **Rule 1130.00.** ORDERING CARS TO INDUSTRIES.

A. The Seller and the unloading industry agree on a new sale price for the car (Seller agrees to replace car to original destination) or,

B. If the Seller and the unloading industry cannot agree on a price, the unloading industry must replace a like quantity, quality and protein (when applicable) to the original destination. Replacement cars must carry transit privileges equal to the cars unloaded by mistake.

Settlement is to be made within five (5) business days after the mistake is known to both parties. Nothing in **Rule 1165.00.** may be interpreted to limit carrier liability for misdelivery. Carrier liability is to be determined at Law.

1166.00. SPECIAL CONTRACTS.

The provisions of the Minneapolis Grain Exchange Cash Grain Trading Rules shall apply unless the terms of the contract otherwise provide. These Trading Rules shall not interfere with the rights of Buyers and Sellers to make contracts whose terms differ from those herein confirmed.

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 Exchange may authorize such fees as necessary to cover the operation of the Call Market.

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CHAPTER 12
DISCIPLINE REGULATIONS

1200.00. 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 in accordance with **Rules 264.03.** and **265.03.**

Parties who have requested a hearing and are found guilty by the Hearing Committee as described in Chapter 12 shall be subject to such penalties as the Hearing Committee shall determine. (See **Rule 265.03.** and **Regulations 2004.01.** and **2004.02.**)

1201.00. CHARGES: WHO MAY FILE AND FORM OF.

Any Committee of the Corporation, any Officer thereof, or any Member, Clearing Member, or entity having cash trading privileges, or any customer thereof, may file charges against any Member, Clearing Member, or entity having cash trading privileges for Uncommercial Conduct or violation of any of the Rules, Regulations, customs or usages of the Corporation.

Such charges shall be in writing, signed by the party bringing the same, shall state specifically the default, misconduct, offense or violation charged and shall be filed with the Secretary, who shall immediately thereafter transmit such charges to the Department of Audits and Investigations.

1202.00. INVESTIGATIONS: WHEN REQUIRED.

It shall be the duty of the Board of Directors in case any offense committed by any Member or Market Participant, against the good name and dignity of the Corporation, or any serious violation of the MGEX Rules and Regulations, shall come to its knowledge by public rumor, report or complaint, or otherwise, to refer such matter to the Disciplinary Committee for a determination on whether a reasonable basis exists for finding a violation.

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

The Board of Directors shall have general supervision over the business conduct of any Member or Market Participant, insofar as such conduct affects: (a) non-member customers and the public at large, (b) the State and Federal Governments, (c) public opinion and the good name of this Corporation. The Board of Directors may refer reports of improper business conduct to the Disciplinary Committee, as appropriate, to conduct a formal investigation. If it is found that a particular course of conduct is, or thereafter would be, unfair or unjust or in violation of law or would impair the good name of the Corporation, all parties concerned shall be notified in writing of the conclusions and directed to cease and desist from such conduct. Failure to comply with such orders shall be deemed and held to be Uncommercial Conduct.

1203.00. DISCIPLINARY COMMITTEE: INVESTIGATION.

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

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

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

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

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

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

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

1204.00. CHARGES: INVESTIGATION BY DEPARTMENT OF AUDITS AND INVESTIGATIONS.

The Department of Audits and Investigations shall immediately proceed to investigate all charges referred to it by the Secretary pursuant to **Regulation 1201.00.**, or any matters that it is requested to investigate by the Commodity Futures Trading Commission, its Executive Director or his delegate, or otherwise upon the discovery or receipt by it of information that, in the judgment of the Department of Audits and Investigations, indicates a possible basis for a finding that close up the Rules, Regulations, customs or usages of the Corporation have been or may be violated. Members and Market Participants shall cooperate in all respects with the Department of Audits and Investigations in its investigations.

1205.00. HEARING COMMITTEE: APPEARANCE BEFORE

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

The Hearing Committee may issue notices or citations requiring any Member or Market Participant to appear before it and answer any question that is proper and pertinent to the matter under consideration and to submit to it for examination any of his or its books, papers, records or documents that are pertinent to the matter under consideration. No testimony shall be admitted that, in the opinion of the Hearing Committee, is irrelevant to the case in hearing. A copy of the hearing must be made and be part of the proceeding.

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

If the Hearing Committee finds that affected parties are guilty of the alleged charge(s), the Hearing Committee shall notify the affected parties in writing of its findings and conclusions pursuant to **Regulation 1215.00.**

Findings and conclusions of the Hearing Committee are final.

1206.00. HEARING ON CHARGES: QUALIFICATIONS OF DIRECTORS OR MEMBERS OF DISCIPLINARY COMMITTEE OR HEARING COMMITTEE TO SERVE.

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

1207.00. HEARING ON CHARGES: TIME AND PLACE OF.

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

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

B. Each MGEX Rule or Regulation alleged to have been violated (or about to be violated);

C. The predetermined penalty, if any, provided in respect to such violation or violations;

D. The accused Member or Market Participant has the right to attend and participate in the hearing.

1208.00. HEARING ON CHARGES: NOTICE OF.

Upon the setting of the time and place for such hearing, it shall be the duty of the Secretary forthwith to serve each accused Member or Market Participant with the notice provided for in **Regulation 1207.00**.

1209.00. HEARING ON CHARGES: RIGHTS OF ACCUSED.

The accused Member or Market Participant shall have the right at the time prior to the hearing to file a written answer to the charges as filed and shall be entitled in advance of the hearing to examine all books, documents or other tangible evidence in the possession or under the control of the Corporation, which are to be relied upon by the Department of Audits and Investigations in presenting the charges contained in the notice of charges or which are relevant to those charges. The accused shall have the further right, following receipt of the notice of charges and at all times subsequent thereto, to be represented by legal counsel or any other representative of his choosing, have the right to appear at the hearing to confront and cross-examine any witnesses who may appear and to adduce such relevant evidence, testimony and argument in refutation, explanation, justification or other defense against the charge or charges, or any of them, as he or it may deem appropriate.

1210.00. HEARING OF CHARGES: PROCEDURE.

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

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

1211.00. HEARING ON CHARGES: RECORD OF.

A substantially verbatim record of the hearing shall be made and shall become a part of the record of the proceeding. Such record may be a stenographic record, electronic tape recording or any other record capable of being accurately transcribed. Such record need not be transcribed unless a transcript is requested by the accused or by the staff of the Commodity Futures Trading Commission or is reviewed by the Commission pursuant to Section 8c. of the Commodity Exchange Act or the regulations thereunder. Any accused who requests a transcript, or whose application for review by the Commodity Futures Trading Commission of the disciplinary action has been granted, shall bear the cost of transcribing the record, and in all other instances the cost of transcription shall be borne by the Corporation.

1212.00. PUNISHMENT: LIABILITY FOR.

Any Member or Market Participant, who or which has been found guilty (in accordance with the provisions of this Chapter) of Uncommercial Conduct, or of a violation of any of the Rules, Regulations, customs or usages of the Corporation shall be subject to punishment by an appropriate Committee or the Board of Directors as hereafter provided in this Chapter.

1212.01. UNCOMMERCIAL CONDUCT: DEFINITION.

The Expression "Uncommercial Conduct" shall include, but shall not be limited to, the following:

A. Improper conduct of a personal character in the rooms of the Corporation including boisterous or disorderly conduct and/or outbursts of vulgar and abusive language. (Refer to **REGULATION 2004.02.** PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT AND/OR OUTBURST OF VULGAR AND ABUSIVE LANGUAGE IN THE EXCHANGE ROOM.)

B. Making or reporting any false or fictitious purchases or sales.

C. Any attempt at extortion.

D. Any act not in accordance with just and equitable principles of trade, or of fair dealing, or contrary to the spirit that should govern all commercial transactions, and particularly the transactions of Members.

E. Any act of bad faith, dishonorable or dishonest conduct, or making of willful false statements.

F. Being convicted by any Court of competent jurisdiction of a felony or misdemeanor involving moral turpitude.

G. Conduct unbecoming a Member of this Corporation, whereby the high standing of this Corporation and membership therein may be prejudicially affected or brought in reproach.

H. Failure to comply promptly with any contract, either oral or written, that is governed by or made subject to the Rules of this Corporation.

I. Any act or omission specified elsewhere in these Rules as Uncommercial Conduct.

J. Any illegal act in connection with any trade or transaction subject to the Rules, Regulations, customs and usages of this Corporation.

1213.00. PENALTY: IMPOSITION OF.

If, after a fair hearing as provided in this Chapter, the Hearing Committee sustains the penalty and charges in whole or in part, the Hearing Committee may also penalize the accused by fine, censure, suspension or expulsion (or by two or more of such penalties) as, in its opinion, is warranted by the nature and gravity of the offense found to have been committed; PROVIDED, however, that the penalty imposed for the violation of a MGEX Rule or Regulation that contains a specific limitation or requirement with respect to the penalty shall be in accordance with the provision of such Rule or Regulation.

1214.00. SUSPENSION.

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

1214.01. REINSTATEMENT OF MEMBERS: FROM SUSPENSION.

When any Member or entity shall have complied with the conditions for reinstatement, if any, which were imposed in connection with his or its sentence, he or it may, upon application, be reinstated by the Board of Directors.

A suspended Member or entity may, upon application, be reinstated prior to the expiration of the term of his suspension by a majority vote of a quorum of the Directors, there being not fewer than seven (7) votes in favor of such reinstatement; and such reinstatement may be made to depend upon such conditions to be observed and performed by the suspended Member or entity as the Board of Directors, by the same vote, may see fit to prescribe.

When a Member or entity, who or which has been suspended has been reinstated, notice of such reinstatement shall be served upon such Member or entity, given to Members, and posted upon the Official Bulletin Board.

1215.00. DETERMINATIONS OF THE HEARING COMMITTEE: RECORD AND NOTICE OF.

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

A. The notice of charges or a summary of the charges and the answer, if any, or a summary of the answer filed by the accused.

B. A brief summary of the evidence produced at the hearing or, where appropriate, incorporation by reference to the investigation report of the Department of Audits and Investigations.

C. A statement of findings and conclusions with respect to each charge, including the specific MGEX Rules or Regulations that the accused is found to have violated.

D. A declaration of any penalty imposed and the effective date of such penalty.

Such decision of the Hearing Committee shall be final.

Notice of a penalty assessed to a Member or Market Participant shall be given to Members, posted upon the Official Bulletin Board, and a copy forwarded to the Commodity Futures Trading Commission.

1216.00. COMMODITY EXCHANGE ACT: ENFORCEMENT OF.

The Board of Directors shall have the power to make such regulations and take such steps as it may deem necessary or advisable to comply with and enforce the provisions of the Commodity Exchange Act or any regulations issued thereunder.

1217.00. SERVICE ON GOVERNING BOARDS OR COMMITTEES BY PERSONS WITH DISCIPLINARY HISTORIES.

A. A Member shall be ineligible to serve on Exchange disciplinary committees, arbitration panels or governing boards if such Member:

1. Was found within the prior three (3) years by a final decision of a self-regulatory organization, and administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;

2. Entered into a settlement agreement within the prior three (3) years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

3. Currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-

regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

a. A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such person committed a disciplinary offense; or,

b. A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.

4. Currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;

5. Currently is subject to or has had imposed on him within the prior three (3) years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three (3) years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the Commodity Exchange Act;

6. Currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

B. The terms "disciplinary committee", "arbitration panel", "disciplinary offense", "final decision", "settlement agreement", and "self-regulatory organization" shall be defined for purposes of paragraph A of this rule in accordance with the definitions detailed in CFTC Regulation 1.63(a). Commission as used above shall refer to the Commodity Futures Trading Commission.

1225.00. SUMMARY FINES.

A. The Exchange shall have the authority to impose summary fines on Members, Market Participants and all nonmembers approved as Regular, not to exceed $5,000 per offense for individuals and not to exceed $10,000 per offense for entities, for violations of the requirements set forth in the summary fine schedules of the Exchange.

B. Notwithstanding anything to the contrary, the Department of Audits and Investigations may, at any time, take further disciplinary action including, but not limited to, referring violations to the Disciplinary Committee.

C. 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.

1226.00. GENERAL REQUESTS.

Data, records and other information requested by the Exchange must be accurate, complete and timely submitted. 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

Failure to submit accurate, complete and timely information requested by the Exchange is subject to a warning letter or a fine. The fine schedule is as follows:

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

Submissions received after their designated deadlines are subject to an additional $200 fine for every one (1) day late.

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.

Trading session submissions must be submitted accurately and in accordance with the deadlines set forth in **Resolution 2101.00.C.**

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

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

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

Settlement, margin, and intraday variation payments must be submitted accurately and in accordance with the deadlines set forth in **Resolution 2101.00.C.**

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

1st Offense:	Warning Letter
2nd Offense:	$2,500 fine
3rd Offense:	$5,000 fine
4th Offense:	$10,000 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 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:

1st Offense	Warning Letter
2nd Offense	$1,000 fine

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.

Daily Stocks Reports (Form SRM):	1:00 p.m. (Central Time)

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

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

1st Occurrence:	Warning Letter
2nd Occurrence:	$1,000

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.

2-1-90

CHAPTER 13
VESSEL TRADING RULES FOR THE PORTS OF DULUTH AND SUPERIOR

1300.00. Scope
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2-1-90

CHAPTER 13
VESSEL TRADING RULES FOR THE PORTS OF DULUTH AND SUPERIOR

1300.00. SCOPE.

The following Rules shall apply to FOB vessel contracts for the shipment of commodities from the ports of Duluth and Superior. For the purposes of this Rule the term "FOB" (Free on Board) means that the Seller undertakes for the price named to deliver the commodity specified in the contract to the discharge end of the loading spout free of charges to the Buyer.

The provisions of this Chapter shall apply unless the terms of the FOB vessel contract otherwise provide, but shall not interfere with the rights of Buyers and Sellers to make contracts whose terms differ from or are not included in those herein contained.

1301.00. PASSING OF TITLE AS WELL AS RISK OF LOSS AND/OR DAMAGE.

Unless otherwise specified by contractual agreement, title passes to the Buyer once the delivery of grade and weight certificates, as well as the Bill of Lading or mate's receipt(s), has been made to the Buyer or his agent and the Seller has received payment. Payment shall be made upon receipt of the aforementioned documents. If documents are presented by one o'clock p.m. (1:00) p.m. Central Time, payment shall be made the same business day. If payment is not made within the required time period, interest shall be charged at a rate of two and one-half percent (2 1/2%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted, it will be the average of the quotes).

Unless otherwise specified by contractual agreement the risk of loss and/or damage passes to the Buyer once the commodity contracted for has left the discharge end of the loading spout.

1302.00. QUANTITY.

Quantity in bulk, including dockage, five percent (5%) more or less at Buyer's option, and at market price (per **Rule 1309.00.**) as follows: If the first delivery under this contract is for a quantity between contract minimum and contract maximum (both inclusive), no further deliveries shall be made. If this contract is to be executed by more than one vessel, the loading tolerance of five percent (5%) more or less shall apply on the difference between the mean contract quantity and the quantity that has been delivered on all prior vessels. Any delivery which falls within this difference, plus or minus five percent (5%), shall complete the contract.

1303.00. WEIGHT.

Quantity to be final at Duluth/Superior in accordance with customary official/certified weight certificates used in Duluth/Superior. One thousand sixteen (1,016) kilos shall be equal to two thousand two hundred and forty (2,240) pounds.

1304.00. COMMODITY.

Unless otherwise agreed, commodity factors shall be in accordance with the official United States Grain Standards in effect on date of this contract.

1305.00. QUALITY.

Quality and condition will be final at Duluth/Superior in accordance with official/certified inspection certificates. Each party hereby authorizes the other party to request in both parties' names an appeal inspection under the U.S. Grain Standards Act at any time prior to or during the loading of the vessel, and whether or not such request was filed before commencement of loading. The cost of such appeal inspection, unless otherwise stipulated in this contract, shall be borne by the party requesting it. Delivery of higher grades of grain of the same type and description is permissible.

1306.00. DELIVERY.

Delivery shall be made between _____ and _____ , both inclusive (the "delivery period"), at discharge end of loading spout, to Buyer's tonnage in readiness to load, in accordance with custom of the port and subject to the elevator tariff to the extent that it does not conflict with the terms of this conflict. Incorporation of a loading rate guaranty in this contract shall not entitle Seller to delay delivery.

1307.00. VESSEL NOMINATIONS.

It shall be the responsibility of the Buyer of FOB vessel grain Duluth/Superior to give vessel nominations in writing during a normal business day.

Upon receipt of a vessel nomination, the Seller must promptly acknowledge receipt of and accept or deny the nomination, and either pass the nomination to a party with whom the Seller has a contract for the delivery of FOB vessel grain Duluth/Superior or declare a loading elevator to the Buyer.

Upon receipt of a vessel nomination, the loading elevator may have a maximum of eighteen (18) hours (excluding Saturdays, Sundays, and holidays) in which to prepare for probable vessel readiness for loading grain. All grain is to be ready for delivery to the vessel when required to be loaded aboard the vessel, and in the event such grain is not available at that time, the party at fault shall be considered in default.

Both vessel and berth nominations are irrevocable eighteen (18) hours (excluding Saturdays, Sundays and holidays) prior to vessel's estimated commencement of loading at the nominated berth unless both Buyer and Seller agree to a substitution.

It shall be the duty of the Buyer to keep the loading elevator informed of changes in expected time of vessel readiness.

The vessel shall not be prevented from filing and from taking its place in the vessel line-up at the designated berth during the preadvice period or before commencement of the delivery period, notwithstanding which, Seller shall not be obliged to effect delivery to the vessel before the expiration of the preadvice period or before commencement of the delivery period. For the purposes of this contract a vessel shall be considered filed when it:

A. Has tendered valid notice of readiness to load to the charterer or his agent at the port of loading:

B. Has given written advice of such tender to the loading elevator, complete with all customarily required documents, such advice having been presented between the hours of 0800 and 1600 local time on a business day or between the hours of 0800 and 1200 noon on Saturday (provided not a holiday) and:

C. Is ready to receive grain in the compartments required for loading under this contract.

Bills of lading and/or mate's receipts to be considered proof of date of delivery in the absence of evidence to the contrary. Any delivery in partial fulfillment of this contract shall be considered as if made under a separate contract.

1308.00. DAYS.

First half shall be defined as calendar days one (1) through fifteen (15) both dates inclusive. Last half shall be defined as calendar days sixteen (16) through the last calendar day of the month, both dates inclusive.

1309.00. PRICE.

If the contract price is to be established on an exchange of futures, futures shall be exchanged prior to delivery of the commodity or at least five (5) calendar days, prior to the last trading days, of the applicable futures month, whichever is earlier, to the nearest five thousand (5,000) bushels of the mean contract quantity. If deliveries under this contract result in a variance from the mean contract quantity, there shall be another exchange of futures as soon as possible after the last day of loading to bring the resulting amount of futures exchanged to the nearest five thousand (5,000) bushels of the quantity delivered. All exchanges of futures shall be made within the range of prices prevailing on the futures market on the date of the exchange. The variance from the mean contract quantity shall be settled basis the market value as defined in paragraphs A and B below:

A. The FOB (flat price) market value, or the market value of the premium, as the case may be, shall be that prevailing on the close of the appropriate market in Duluth/Superior of the commodity on the last date of loading, if such be a business day, otherwise on the close of such market on the previous business day.

B. In the event the parties do not agree on the market value by the time the shipping documents are ready to be transmitted to Buyer, Seller shall invoice the entire shipment provisionally at contract price. Thereafter, final invoice for the difference between contract price and market value shall be presented as soon as possible and payment shall be made immediately.

1310.00. NOTICE OF DELIVERY.

Notice of delivery stating vessel's name, dates of bills of lading (or mate's receipts), quantities and qualities loaded (including percentage of dockage if applicable) shall be passed on by Seller to Buyer without undue delay. Notices of delivery shall be subject to correction of any errors.

1311.00. INSURANCE.

Marine and war risk (plus strikes, riots, civil commotions and mine risk) insurance, covering Seller's/Buyer's interests as they may appear, is to be covered by Buyer with first-class approved companies and/or underwriters and to be confirmed by such companies and/or underwriters to Seller prior to the expected readiness of the vessel. If this confirmation is not received by Seller by such time, Seller may place such insurance for Buyer's account and at Buyer's risk and expense.

1312.00. COMMUNICATIONS.

All notices under this contract shall be given by letter, if delivered by hand on the day of writing, or by cable, telex or other method of rapid written communication. Any notice received after 1600 hours (local time at place of receipt) on a business day shall be deemed to have been received on the following business day, except that for preadvice given and received by parties which are both located

in the Continental United States and/or Canada, the reference herein to 1600 hours shall signify 1600 hours Central Time.

1313.00. CIRCLES.

A. For the purposes of this clause, a circle shall consist of a series of contracts in which each Seller is also a Buyer of a commodity of the same description and quality, and with compatible delivery periods.

B. If this contract forms part of a circle, each party may agree with the other parties in the circle to forego actual delivery and to participate in a clearing agreement for the settlement of contract price differences. Monies due and owed to parties in the circle shall be payable on the middle day of the contract delivery period.

C. If a circle can be shown to exist but no clearing agreement has been reached by the tenth (10th) calendar day following the last day of the delivery period, actual delivery shall not be made and payment shall be made by each Buyer to his Seller of the excess of Seller's invoice amount over the lowest invoice amount in the circle. Such payments shall be made promptly after the tenth (10th) calendar day following the last day of the delivery period.

D. Should any party in a circle fail to make payment on the due date as required under paragraph B or C above for reasons cited in Minneapolis Grain Exchange **Rule 1318.00.** or for any other reason, payment shall be made between each Buyer and his Seller of the difference between the Seller's invoice amount at contract price and the market value of the commodity on date of insolvency or default, as the case may be. Such payment shall be made latest on the second business day after the due date under paragraph B or C above. Payments already made under paragraph B or C above shall be refunded.

E. All circle settlements shall be based on the mean contract quantity. If a circle under paragraph B, C or D above exists, Minneapolis Grain Exchange **Rules 1314.00**. and **1316.00.** shall not apply. Payments due on a non-business day shall be made not later than the following business day. All payments made after the delivery period shall include carrying charges from the day following the last day of the delivery period, to the date of payment, at the rates stipulated in this contract. These carrying charges shall be settled individually between Buyer and Seller.

F. The parties agree that any dispute arising out of the voluntary clearing agreement entered into in accordance with paragraph B above shall be subject to arbitration as per Rules of the Minneapolis Grain Exchange.

1314.00. FAILURE TO TAKE DELIVERY.

Should the Buyer not take delivery of the grain within the established contract period, he shall be in breach of contract, and the Seller shall carry the grain on carrying charges for Buyer's account from the day following the last date of contract delivery period up to the date(s) of delivery, both dates inclusive, and such carrying charges shall include storage and insurance charges as provided in his elevator tariff, or as prescribed in the contract if the carrying charges are different from those prescribed in the elevator tariff, plus interest basis mean contract quantity or open balance basis mean quantity as follows:

One percent (1%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted, it will be the average of the quotes) when the prime rate is less than seven percent (7%).

One and one-half percent (1.5%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted it will be the average of the quotes) when the prime rate is seven (7%) or more but less than eight and one-half percent (8.5%).

Two percent (2.0%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted it will be the average of the quotes) when the prime rate is eight and one-half percent (8.5%) or more but less than ten percent (10.0%).

Two and one-half percent (2.5%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted it will be the average of the quotes) when the prime rate is ten percent (10.0%) or more.

In the event that said grain has not been picked up within twenty (20) calendar days following the last day of the contract delivery period, the Seller may at his discretion either:

A. Continue to carry the grain on carrying charges as provided above, or:

B. Issue warehouse receipts for the mean quantity due, for which the Buyer shall pay contract price, plus all accrued carrying charges and interest, but less out elevation charges (such tender of warehouse receipts shall be deemed performance of the contract on the part of the Seller), or:

C. Negotiate new terms with the Buyer for carrying beyond the twenty (20) day period or;

D. Declare the Buyer in default, but said declaration of default under this Rule, regardless of contract delivery period, may be made only during the calendar period of May fifteen (15th) through the first (1st) business day of December, both dates inclusive.

1315.00. DRAFT AT LOADING BERTH.

Unless stipulated to the contrary, the Seller shall be responsible for providing a minimum water depth at the loading berth equivalent to seaway draft.

1316.00. STRIKES OR OTHER CAUSES OF DELAY IN SHIPMENT.

This clause shall apply if delivery by the Seller of the commodity, or any part thereof, is prevented or delayed at the port or elevator of delivery by reason of any of the following conditions:

A. Riots, strikes, lockouts, embargoes, interruptions or stoppages to the normal course of labor;

B. Exceptional impediments to transportation;

C. Action by Federal, State or Local Government authority.

Seller shall have the option of invoking this clause by nominating a loading elevator and notifying the Buyer by cable or telex sent within two (2) business days after the date of commencement of the cause or causes of prevention and/or delay, or on the first business day of the contract delivery period,

whichever occurs later (if Seller fails to invoke this clause within the proper time and notification requirements as described above, Seller shall not be entitled to do so at a later date for the same cause or causes and shall be in default if unable to load a properly nominated vessel; PROVIDED THAT if required by Buyer, Seller will furnish a certificate of the Minneapolis Grain Exchange certifying the existence and duration of the cause or causes of prevention and/or delay, and such certification will be final.

The following shall apply if this clause has been invoked by the Seller:

A. At the termination of the cause or causes of prevention and/or delay or at the resumption of work after the termination of such cause or causes, whichever occurs later, Seller may extend the period of prevention and/or delay under this clause for up to an additional fourteen (14) days to allow the forwarding of the goods to the port; PROVIDED THAT Seller shall have notified Buyer by cable or telex sent within one (1) business day after the termination of the cause or causes of prevention and/or delay or at the resumption of work after the termination of such cause or causes, whichever occurs later.

B. At the termination of the cause or causes of prevention and/or delay, or at the resumption of work after the termination of such cause or causes, or at the termination of an extension declared by Seller of up to fourteen (14) days of the period of prevention and/or delay, whichever occurs later, Buyer shall be entitled to as many days to lift the goods as there were days remaining in the contract delivery period at the commencement of such cause or causes, but not fewer than fourteen (14) days.

C. Carrying charges for Buyer's account shall begin on the day following the last day allowed for performance on contract as extended hereunder, except that if this clause becomes operative after the last date of the contract delivery period, Buyer shall pay carrying charges from the day following the last day of contract delivery period up to date(s) loaded, both inclusive.

1317.00. DEFAULT.

In case of default by either party, the other party shall be at liberty, after giving notice by cable or telex, to resell or repurchase, as the case may be, without undue delay, and the defaulting party shall make good the loss, if any, to the other party but shall not be entitled to any profit. If the non-defaulting party has not repurchased or resold the commodity by the tenth (10th) consecutive day after the giving of notice of default, the market value on the said tenth (10th) day shall be used for settlement purposes. If such tenth (10th) day falls on a nonbusiness day, the market value on the previous business day will govern. In event of a default by Buyer, the sale price under this contract shall automatically be increased by the value of carrying charges calculated up to the date of resale, or the tenth (10th) consecutive day after the giving of notice of default, whichever is applicable.

1318.00. INSOLVENCY.

Either party shall, at any time after sending notice, have the right to terminate this contract and recover the loss (if any) in the event that:

A. the other party suspends payment or commits an act of bankruptcy; or

B. reasonable grounds for insecurity having arisen with respect to the financial capacity of the other party to perform under this contract, and a written demand for adequate

assurance of due performance having been made, such assurance is not received within a period of time not exceeding five (5) days.

CHAPTER 14
OPTION SPECIFICATIONS
HARD RED SPRING WHEAT FUTURES

1400.00. Scope Of Chapter
1401.00. Unit Of Trading
1402.00. Option Trading
1403.00. Striking Prices
1404.00. Option Exercise
1404.01. Automatic Exercise

CHAPTER 14
OPTION SPECIFICATIONS
HARD RED SPRING WHEAT FUTURES

1400.00. SCOPE OF CHAPTER.

This Chapter is limited in application to the trading of put and call options exercisable for Minneapolis Grain Exchange (Exchange) Wheat Futures Contracts. Procedures for trading, clearing and any other matters not specifically covered herein shall be governed by the Rules of the Exchange.

1401.00. UNIT OF TRADING.

The unit of trading shall be a put or call option exercisable for one (1) five thousand (5,000) bushel Minneapolis Grain Exchange Hard Red Spring Wheat Futures Contract.

1402.00. OPTION TRADING.

A. **Hours of Trading**. The Hours of Trading Spring Wheat Options shall be determined by the Board of Directors in accordance with **Regulation 2011.00.**

B. **Months Traded In.** Trading may be conducted in Spring Wheat options in the same months that are listed for trading in the Spring Wheat Futures Contract (see **Rule 715.00.**). Additionally, trading may be conducted in Spring Wheat options in months that are not listed for trading in the Spring Wheat Futures Contract. For options that are traded in months which Spring Wheat Futures are not traded, the underlying futures contract is the subsequent futures contract month that is nearest to the expiration of the option. The Board of Directors shall determine the months available for trading, and may, at its discretion, restrict trading in any month should market conditions so warrant.

C. **Last Trading Day.** The last trading day will be the Friday which precedes by at least two (2) business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last trading day shall be the business day prior to such Friday (see **Res. 1402.00. C.**).

D. **Option Expiration.** The contractual rights and obligations arising from the option contract expire on the last day of trading.

E. **Option Premium Price Basis.** The premium for Spring Wheat futures options shall be in multiples of one-eighth of one cent (1/8) per bushel of a five thousand (5,000) bushel Spring Wheat futures contract or six dollars and twenty-five cents ($6.25) per contract. However, in the case of a cabinet trade, when both sides are closing transactions, the option premium may range from one dollar ($1.00) to six dollars ($6.00) in one dollar ($1.00) increments per option contract.

F. **Position Limits.** Position Limits for Spring Wheat futures options shall be those limits currently in effect pursuant to Part 150 of the Regulations of the Commodity Futures Trading Commission.

G. **Reportable Positions.** A position of twenty-five (25) or more put or call options on this Exchange, long or short, in any one (1) month of the first two (2) nearby delivery months or a position of one hundred (100) or more put or call options, long or short, in any one (1) month of the remaining delivery months shall be reportable position level for wheat options on this Exchange. All such positions shall be reported in a manner and form as designated by the Exchange and pursuant to Exchange **Rule 1505.00.**

H. **Daily Price Limits.** Trading is prohibited in a Spring Wheat futures option at a premium of more than the trading limit for the Spring Wheat futures contract above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

1403.00. STRIKING PRICES.

The 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 (see **Regulation 2023.00.**), subject to the provisions of Section 5(a)(12) of the Commodity Exchange Act and Commodity Futures Trading Commission (CFTC) regulations promulgated thereunder.

1404.00. OPTION EXERCISE.

The Buyer of a Spring Wheat futures option may exercise the option on any business day by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00. C.**) on such day.

The Exchange shall assign such notices of intent promptly and at random to a Clearing Member carrying a short position in the option series. Said Clearing Member shall in turn assign such notice to accounts with open short positions in a fair and non-preferential manner in accordance with written procedures. By the opening of the next trading session, in the case of a call option contract, the writer shall sell to the holder by book entry the underlying Futures Contract at the contracted striking price, or, in the case of a put options contract, the writer shall buy from the holder by book entry the underlying Futures Contract at the contracted striking price. Henceforth, the writer and the holder assume the rights and obligations associated with their respective positions in the underlying Futures Contract.

Notwithstanding the foregoing, an option holder may exercise an option contract prior to expiration:

A. To correct errors or mistakes made in good faith;

B. To take appropriate action as the result of unreconciled MGEX option transactions;

C. In exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time identified in **Resolution 2101.00. C.** on the last day of trading.

1404.01. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 1404.00.**, based upon the settlement price for Spring Wheat futures on the last day of trading for Spring Wheat options, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House at such time identified in **Resolution 2101.00. C.**

Notwithstanding the foregoing, notice to cancel automatic exercise may be given to the Clearing House prior to expiration:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. In exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the members firm's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00. C.**) on the last day of trading.

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CHAPTER 15
OPTIONS DEFINITIONS AND OTHER TERMS

1500.00. Options - Defined
1502.00. Double Hedging
1503.00. Bona Fide Hedging Transactions And Positions
1504.00. Requirements For Classification Of Positions As Hedging
1505.00. Large Options Trader Reports
1506.00. Special Account Designation And Identification

12-15-93

CHAPTER 15
OPTIONS DEFINITIONS AND OTHER TERMS

1500.00. OPTIONS - DEFINED.

A. **Call Option Contract.** A call option contract grants the holder, prior to expiration, the right, but not the obligation, to buy and obliges the writer to sell, upon holder's demand, the underlying commodity at the contracted striking price.

B. **Put Option Contract.** A put option contract grants the holder, prior to expiration, the right, but not the obligation, to sell and obliges the writer to buy, upon holder's demand, the underlying commodity at the contracted striking price.

C. **Option Type.** Option contracts shall be designated by type as either puts or calls.

D. **Option Class.** All option contracts of a specific type shall be designated by class corresponding to a specific contract month of the underlying Futures Contract, or expiration month in the case of an option on a physical commodity.

E. **Option Series.** All option contracts of a specific type and class shall be designed by series corresponding to a specific striking price.

F. **Covered Option.** A covered option is one (1) long call or short put covered by one (1) short position in the underlying Futures Contract, or one (1) short call or one (1) long put covered by one (1) long position in the underlying Futures Contract.

1502.00. DOUBLE HEDGING.

No cash market position shall be deemed to be hedged simultaneously by both futures and option positions.

1503.00. BONA FIDE HEDGING TRANSACTIONS AND POSITIONS.

A. **General Definition.** Bona fide hedging transactions and positions shall mean transactions or positions in option contracts, where such transaction or positions normally represent a substitute for transactions to be made or positions to be taken at a later time in a physical marketing channel, and where they are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise; and where they arise from:

1. The potential change in the value of assets that a person owns, produces, manufactures, processes or merchandises or anticipates owning, producing, manufacturing, processing or merchandising.

2. The potential change in the value of liabilities that a person owes or anticipates incurring.

3. The potential change in the value of services that a person provides, purchases or anticipates providing or purchasing.

Notwithstanding the foregoing, no transactions or positions shall be classified as bona fide hedging for the purposes of exceeding the speculative limits unless their purpose is to offset price risks incidental to commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound

commercial practices and unless the provisions of Paragraphs B., C. and D. of this Rule and Exchange **Rule 1504.00. A., B., C. and D.** have been satisfied.

B. **Enumerated Hedging Transactions.** The definition of bona fide hedging transactions and positions in Paragraph A. of this Rule includes, but is not limited to, the following specific transactions and positions:

1. Sales of call options or purchases of put options on a contract market for any commodity that does not exceed in quantity:

   a. Ownership or fixed-price purchase of the same cash commodity by the same person.

   b. Twelve (12) months' unsold anticipated production of the same commodity by the same person provided that no such position is maintained in any contract month during the five (5) last trading days of that contract month.

2. Purchases of call options or sales of put options on a contract market for any commodity that does not exceed in quantity:

   a. The fixed-price sale of the same cash commodity by the same person;

   b. The quantity equivalent of fixed-price sales of the cash products and by-products of such commodity by the same person;

   c. Twelve (12) months' unfilled anticipated requirements of the same cash commodity for processing, manufacturing or feeding by the same person, provided that such transactions and positions in the five (5) last trading days of any one (1) contract month do not exceed the person's unfilled anticipated requirements of the same cash commodity for that month and for the next succeeding month.

3. Sales and purchases of options described in Paragraphs B.1 and B.2 of this Rule may also be offset other than by the same quantity of the same cash commodity, provided that the fluctuations in value of the commodity or contract that is the object of the option contract are substantially related to, and do not exceed, the fluctuations in value of the actual cash position, and provided that the positions in any one (1) contract month shall not be maintained during the five (5) last trading days of that contract month.

C. **Nonenumerated Cases.** Upon specific request made in accordance with Exchange **Rule 1504.00.D.** the President may recognize transactions and positions other than those enumerated in Paragraph B. of this Rule as bona fide hedging in such amounts and under such terms and conditions as he may specify in accordance with the provisions of Exchange **Rule 1504.00.** below. Such transactions and positions may include, but are not limited to, purchases or sales of options on any contract market by an agent who does not own or who has not contracted to sell or purchase the offsetting cash commodity at a fixed price, provided that the person is responsible for the merchandising of the cash position that is being offset.

D. **Double Hedging.** No cash market position shall be deemed to be hedged simultaneously by both futures and options positions.

1504.00. REQUIREMENTS FOR CLASSIFICATION OF POSITIONS AS HEDGING.

Rules establishing speculative position limits with respect to options shall not apply to bona fide hedging positions as defined in Exchange **Rule 1503.00.**

A. **General Requirements.** A clearing member shall not maintain or carry a hedge account (customer or house) that by itself or in accumulative total with any other accounts of the owner exceeds the speculative trading or position limits of the Exchange, unless the Board or its representative approves and unless:

1. The prospective hedger has made an application to the Board or its representative in conformity with any requirements set forth in Parts B., C. or D. of this Rule, on forms provided by the Exchange wherein he states under oath that:

   a. the intended positions will be bona fide hedges;

   b. the hedge positions are necessary or advisable as an integral part of his business (fully explaining the nature and extent of his business);

   c. the applicant has complied with all federal requirements relating to hedging and has received approval for this purpose from the Commodity Futures Trading Commission (CFTC) wherever necessary.

2. The hedge positions kept in a special hedge account on the books of a clearing member.

3. The hedger complies with whatever limitations are imposed by the Board or its representative with relation to said hedges.

4. The hedger agrees to submit immediately a supplemental statement explaining any changes in circumstances affecting the reasonableness of his hedge position.

5. The hedger complies with all other Exchange Rules and Requirements.

6. Hedges are moved in an orderly manner in accordance with sound commercial practices and are not initiated, held or liquidated in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes. The hedger does not use said hedges in an attempt to violate or avoid Exchange Rules, or otherwise impair the good name or dignity of the Exchange.

7. The hedger complies with any other applicable requirements set forth in Parts B., C. or D. of this Rule.

   The Board or its representative shall, on the basis of the application and supplemental information that the Exchange requests, determine whether the application for exemption shall be approved. The Board or its

representative may, from time to time, review all hedging approvals and, for cause, revoke said approvals or place limitations thereon.

The applicant may appeal any decision of the Board's representative to the Board.

Hedgers shall be exempt from emergency orders reducing speculative limits or restricting trading but only to the extent provided in such order and only if the approvals required by this Rule are secured by the hedger.

B. **Enumerated Nonanticipatory Hedging Transactions.**

1. Any person who wishes to avail himself of the provisions of Exchange **Rules 1503.00.B.1.(a.)**, **1503.00.B.2.(a.)** or **1503.00.B.2.(b.)** and to make purchases or sales of options in excess of trading and position limits then in effect shall file an application with the Exchange containing statements required under Exchange **Rule 1504.00.A.1.** All persons receiving approval by the Board or its representative for purchases or sales of options in excess of the trading and position limits then in effect for the purpose of hedging cash positions in the commodity as described in Exchange **Rules 1503.00.B.1.(a.)**, **1503.00.B.2.(a.)** or **1503.00.B.2.(b.)**. shall file Commodity Futures Trading Commission (CFTC) Form 204 reports with the CFTC immediately following approval by the Exchange of the requested exemption for all cash positions in the commodity. Any person who is currently filing CFTC Form 204 reports with the CFTC shall continue to file such reports pursuant to any such hedging exemption granted by the Exchange under this Rule.

2. For the purposes of this Rule CFTC Form 204 reports shall be filed in accordance with Part 19 of the CFTC regulations; provided, however, that such reports shall be filed with the CFTC when any person's position in long call options, short call options, long put options or short put options equals or exceeds six hundred (600) options contracts, and that whenever the terms "positions for futures delivery," "futures," or "commodity for future delivery" appear in Part 19 of the CFTC regulations such terms shall be deemed to mean the appropriate commodity options transaction (put or call) or commodity option position (as appropriate), traded or eligible to be traded on this Exchange.

C. Enumerated Anticipatory Hedging Transactions.

1. Any person who wishes to avail himself of the provisions of Exchange **Rules 1503.00 B.1.(b.)** and **1503.00 B.2.(c.)** to make sales or purchases of options in excess of trading and position limits then in effect and who has previously made a filing with the CFTC pursuant to CFTC Regulation 1.48 with respect to that person's current anticipatory cash requirements in the same commodity and is currently filing CFTC Form 204 Reports with the CFTC for the same commodity shall file an application with the Exchange containing statements required under Exchange **Rule 1504.00.A.(a.)(1.).** Any person complying with these requirements shall not be subject to the requirements of Paragraphs 2., 3., 4., 5., and 6. of this Rule to the extent that such person continues to file such CFTC Form 204 Reports with the CFTC in accordance with the requirements of **Rule 1504.00.B.2.**

2. Any person who wishes to avail himself of the provisions of Exchange **Rules 1503.00.A.2.** and **1503.00.B.3.** to make sales or purchases of options in any commodity in excess of trading and position limits then in effect for the purposes of bona fide hedging and who has not previously made a filing with the CFTC pursuant to CFTC Regulation 1.48 and is not currently filing CFTC Form 204 Reports with the CFTC pursuant to a previous filing under CFTC Regulation 1.48 shall file statements with the Board or its representative in conformity with the requirements of this Rule. All or a specified portion of the transactions and positions described in these statements shall not be considered as bona fide hedging if such person is so notified by the Board or its representative:

   a. Within thirty (30) days after the Board or its representative is furnished the information required under Paragraph 2. of this Rule.

   or

   b. Within ten (10) calendar days after the Board or its representative is furnished with the information required under Paragraph 3. of this Rule.

   The Board or its representative may request the person notified to file specific additional information with the Board or its representative to support a determination that all, or the specified portion, of the transactions and positions be considered as bona fide hedging transactions and positions. In such cases the Board or its representative shall consider all information so filed and, by notice to such person, shall specify the extent to which the Board or its representative has determined that the transactions and positions may be classified as bona fide hedging. In no case shall such transactions and positions held by such persons that offset unsold anticipated production or unfilled anticipated requirements be considered bona fide hedging if they exceed the levels specified in Paragraph 5. of this Rule.

3. **Initial Statements.** Initial statements concerning the classification of transactions and positions as bona fide hedging of unsold anticipated production or unfilled anticipated requirements for manufacturing, processing or feeding shall be filed with the Board or its representative at least thirty (30) days in advance of the date that such transactions or positions would be in excess of limits then in effect. Such statements shall include any information required in Exchange **Rules 1504.00. D.2.(d.) and 1504.00.D.2.(e.).** In addition, such statements shall set forth in detail for a specified operating period, not in excess of one (1) year, the person's unsold anticipated production or unfilled anticipated requirements for processing or manufacturing or feeding and explain the method of determination thereof, including, but not limited to, the following information:

   a. For unsold anticipated production:

      1. Annual production of such commodity for the three (3) complete fiscal years preceding the current fiscal year.

      2. Anticipated production of such commodity for a specified period not in excess of one (1) year.

3. Fixed-price forward sales of such commodity.

4. Unsold anticipated production of such commodity for a specified period not in excess of one (1) year.

b. For unfilled anticipated requirements:

1. Annual requirements of such commodity for processing or manufacturing or feeding for the three (3) complete fiscal years preceding the current fiscal year.

2. Anticipated requirements of such commodity for processing or manufacturing or feeding for a specified operating period not in excess of one (1) year.

3. Inventory and fixed-price forward purchases of such commodity, including any quantity in process of manufacture and finished good and by-products of manufacture or processing (in terms of such commodity).

4. Unfilled anticipated requirements of such commodity for processing or manufacturing or feeding for a specified operating period not in excess of one (1) year.

c. Additional information:

Persons hedging unsold anticipated production or unfilled anticipated requirements, which are not the same quantity or are not the same commodity as the commodity to be sold or purchased as options, shall furnish this information both in terms of the actual commodity purchased or used and in terms of the commodity to be sold or purchased as options. In addition, such persons shall explain the method for determining the ratio of conversion between the amount of the actual unsold anticipated production or unfilled anticipated requirements and the amount of commodity to be sold or purchased as options. Persons hedging unfilled annual feeding requirements for livestock and poultry shall provide the number of cattle, hogs, sheep or poultry expected to be fed during the specified period, not to exceed one (1) year, and the derivation of their annual requirements based up on these numbers. Person filing as an agent shall furnish this information on the basis of the fiscal or operating year of the person on whose behalf the filing is made.

4. **Supplemental Reports.** Whenever the sales or purchases that a person wishes to consider as bona fide hedging of unsold anticipated production or unfilled anticipated requirements shall exceed the amounts described by the figures for requirements furnished in the most recent filing pursuant to this Rule or the amounts determined by the Board or its representatives to constitute unsold anticipated production or unfilled anticipated requirements pursuant to Paragraph 2. of this Rule, such person shall file with the Board or its representative a statement that updates the information provided in the person's most recent filing and supplies the reason for this change at least ten (10) calendar days in advance of the date that person wishes to exceed these amounts.

5. **Maximum Sales and Purchases.** Sales or purchases of options considered as bona fide hedges of unsold production or unfilled anticipated requirements for manufacturing, processing or feeding shall at no time exceed the lesser of:

   a. A person's unsold anticipated production or unfilled anticipated requirements as described by the information most recently filed pursuant to this Rule or determined by the Board or its representative pursuant to Paragraph 2. of this Rule.

   or

   b. A person's actual unsold anticipated production or current unfilled anticipated requirements for the length of time specified in the information most recently filed pursuant to this Rule.

6. **Updated Reports.** Reports updating the information required pursuant to this Rule shall also be filed with the Board or its representative upon specific request.

D. **Nonenumerated Hedging Transactions.**

1. **Advance Filing Requirement.** Any person who wishes to avail himself of the provisions of Exchange **Rule 1503.00.C.** and to make purchases or sales of options in excess of trading and position limits then in effect shall file statements with the Board or its representative in conformity with the requirements of this Rule. All or a specified portion of the transactions and positions described in these statements shall not be considered as bona fide hedging if such person is so notified by the Board or its representative:

   a. Within thirty (30) days after the Board or its representative is furnished the information required under Paragraph 2. of this Rule.

   or

   b. Within ten (10) calendar days after the Board or its representative is furnished with the information required under Paragraph 3. of this Rule.

   The Board or its representative may request the person notified to file specific additional information with the Board or its representative to support determination that all, or the specified portion, of the transactions and positions be considered as bona fide hedging transactions and positions. In such cases the Board or its representative shall consider all information so filed and, by notice to such person, shall specify the extent to which the Board or its representative has determined that the transactions and positions may be classified as bona fide hedging. In no case shall transactions and positions described be considered as bona fide hedging if they exceed the levels specified in Paragraph 4. of this Rule.

2. **Initial Statements.** Initial statements concerning the classification of transactions and positions as bona fide hedging pursuant to Exchange **Rule 1503.00.C.** shall be filed with the Board or its representative at least thirty (30) days in advance of the date that such transactions or positions would be in excess of limits then in effect. Such statements shall:

a. Describe the transactions and positions in options and the offsetting cash positions.

b. Set forth in detail information that will demonstrate that the purchases and sales are economically appropriate to the reduction of risk exposure attendant to the conduct and management of a commercial enterprise.

c. Contain, and upon request of the Board or its representative, be supplemented by, such other information that is necessary to enable the Board or its representative to make a determination whether the particular purchases and sales for options fall within the scope of those described in Exchange **Rule 1503.00.A.**

d. Include a statement concerning the maximum size of positions in options (both long and short) that will be acquired any time during the next fiscal year or marketing season of the person filing or on whose behalf the filing is made.

e. In addition, statements filed by an agent concerning an option position that would offset a cash position that the agent does not own or has not contracted to buy or sell shall contain information describing all contractual arrangements between the agent filing and the person who owns the commodity or holds the cash market commitment being offset.

3. **Supplemental Reports.** Whenever the purchases or sales of options that a person wishes to classify as bona fide hedging shall exceed the amount provided in the person's most recent filing pursuant to this Rule or the amount previously specified by the Board or its representative pursuant to Paragraph 1. of this Rule, such person shall file with the Board or its representative a statement that updates the information provided in the person's most recent filing and provides the reasons for this change at least ten (10) calendar days in advance of the date that the person wishes to exceed those amounts.

4. **Maximum Purchases and Sales.** Purchases and sales of options considered bona fide hedging pursuant to Exchange **Rule 1503.00.C.** shall at no time exceed the lesser of:

a. The value fluctuation equivalent (in terms of the commodity for options transactions) of the current cash position described in the information most recently filed pursuant to this Rule.

or

b. The maximum level of long or short open positions provided in the information most recently filed pursuant to this Rule or most recently specified by the Board or its representative pursuant to Paragraph 1. of this Rule.

5. **Updated Reports.** Reports updating the information required pursuant to this Rule also shall be filed with the Board or its representative upon specific request.

6. **Power to Rescind Recognition.** The Board or its representative, at his sole discretion, may rescind recognition of nonenumerated hedging positions for the purposes of exceeding the position limits then in effect.

1505.00. LARGE OPTIONS TRADER REPORTS.

A. **Information Required.** When an option position becomes a reportable position in accordance with Exchange **Rule 1402.00.G.**, each Futures Commission Merchant or Member of the Exchange shall submit to the Exchange a weekly report for options on futures containing the following information for each option trader controlling a reportable option position:

B. For options on Futures Contracts, with respect to each put and call and each long and short position controlled by the option trader, the following information shall be shown separately by the Futures Commission Merchant or member of the Exchange and combined for all Futures Commission Merchants and members:

1. All reportable positions in the option that is next to expire, by strike prices.

2. All reportable positions in any other options that expire within six (6) weeks, by strike prices.

3. All reportable positions in the next-deferred option expiration date, regardless of strike price.

4. All reportable positions in all other more distant option expiration dates, regardless of strike prices.

5. The total reportable position controlled by the option trader in all option expiration dates, regardless of strike prices.

6. All futures positions which are portions of conversions or reverse-conversions.

All option positions controlled by the same trader, which are carried at the same Futures Commission Merchant or held by a Member of the Exchange, shall be identified by use of the number assigned by the Futures Commission Merchant or Member in accordance with Exchange **Rule 1506.00.**

Identifying information shall include name of the reportable option trader, state or country of residence, Member of the Exchange or Futures Commission Merchant carrying the account and an indicator of whether the option trader is classified as commercial or noncommercial.

C. **Form and Manner of Reporting.** The information required by Paragraph 1. of this section shall be submitted in hard copy form to the Exchange. Such information shall be compiled weekly as of the close of business on Tuesday, or Monday if Tuesday is a holiday, or more frequently than weekly as the Exchange may direct. This information shall be submitted to the Exchange by the business day following that to which the information pertains.

1506.00. SPECIAL ACCOUNT DESIGNATION AND IDENTIFICATION.

A. **Designation of Special Account.** For the purpose of reporting options information to the Exchange, each Futures Commission Merchant or Member of the Exchange shall assign a number to each special account and shall report such account only by such number; provided, that the same number shall be used to report options information for the same trader. An account number shall not be changed or assigned to another account without the prior approval of the Exchange.

B. **Identification of Special Account.** When a Special Account is reported for the first time, the Futures Commission Merchant or Member of the market shall identify the account to the Exchange on forms designated by the Exchange showing the information requested thereon, including:

1. The name and address of the account owner.

2. The number assigned to that account for purposes of reporting the account.

3. Business telephone number of account owner.

4. Business or occupation of the account owner, including the name of the person's employer and the person's job title if type of account is individual.

5. Type of account.

6. The name and address of any other person whose futures or options trading is controlled by the account.

7. The name, address, business telephone number and business or occupation of other persons, if any, who control the trading of this account.

8. The name and location (city and state) of any other person who has a financial interest of ten (10) percent or more in the account.

9. Information concerning other accounts carried by the reporting Futures Commission Merchant or Member in which the account for which the Exchange Large Trader Report Form is filed has a ten (10) percent or more financial interest, including the names of such accounts, the principal owners of such accounts and the names and locations of offices at which such accounts are carried.

10. For options whether the trader is classified as commercial or non-commercial by commodity option traded.

11. The name and business telephone number of the associated person of the Futures Commission Merchant who has solicited and is responsible for the account or, in the case of an introduced account, the name and business telephone number of the introducing broker who introduced the account.

12. Name and address of the Futures Commission Merchant or member of a contract market carrying the account, the signature, title and business phone of the authorized representative of the firm filing the report and the date of signing the Exchange Large Trader Reporting Form.

C. **Exchange Large Trader Report Form Update.** If at the time an account is in special account status and an Exchange Large Trader Report Form filed by a Futures Commission Merchant or Member of the Exchange is then no longer accurate because there has been a change in the information required under Paragraph B.5., B.6., B.7. or B.8. of this section since the previous filing, the Futures Commission Merchant or Member of the Exchange shall file an updated Exchange Large Trader Report Form with the Exchange within one (1) business day after such change occurs.

CHAPTER 17
SALES PRACTICES AND PROMOTIONS

1700.00. Sales Practices

CHAPTER 17
SALES PRACTICES AND PROMOTIONS

1700.00. SALES PRACTICES.

The provisions of this Rule shall apply exclusively to the offer and sale of options traded on the Exchange.

A. **Complaints.** Member Futures Commission Merchants shall make and retain written records regarding all written and oral customer complaints. Such records shall indicate the date the complaint was received, the associated person(s) who serviced the account, a general description of the matter and any action taken in regard to the complaint. Such complaints and records thereof shall immediately be reported to the Exchange. Member Futures Commission Merchants engaged in the offer and sale of options traded on the Exchange shall adopt and enforce written procedures governing the supervision and solicitation of option accounts.

B. **Disclosure.** Fraudulent or high-pressure sales communications are prohibited. Member Futures Commission Merchants shall make disclosure to option customers concerning the nature and risk of option trading as set forth in Section 33.7 of the Regulations promulgated under the Commodity Exchange Act and shall obtain written acknowledgment that the customer has received and understood such disclosures.

C. **Discretionary Trading.** No member Futures Commission Merchant shall accept a discretionary order for an option contract traded on the Exchange for the account of a nonmember customer unless such member Futures Commission Merchant shall have first:

1. Provided the option customer with an explanation of the nature and risks of the strategy or strategies to be used in connection with the option customer's account; and

2. approved the discretionary authority; such approval must be in writing by an officer, general partner, sole proprietor or branch office manager of the member Futures Commission merchant, other than the individual authorized to exercise such discretion.

Thereafter, such member Futures Commission Merchant shall identify all discretionary orders as such on the order at the time of entry and an officer, general partner, sole proprietor or branch office manager, other than the individual authorized to exercise such discretion, shall approve, initial and date such orders. Member Futures Commission Merchants shall frequently review discretionary accounts. The requirements of Paragraph C. shall not apply to an account where discretionary trading authority is given to a spouse, parent or child of the customer.

D. **Disciplinary Action.** Member Futures Commission Merchants engaged in the offer and sale of Exchange option contracts shall provide the Exchange with immediate written notification of any disciplinary action taken against such member Futures Commission Merchant or its associated persons by the Commission or another self-regulatory organization.

E. **Deep Out-of-the-Money Options.**

1. A deep out-of-the-money option is defined as an out-of-the-money option whose strike price is more than X strike prices distant from the strike price closest to the settlement price of the underlying Futures Contract, where X equals two (2) plus the number of calendar months remaining until option expiration;

2. however, the Board may impose additional criteria as appropriate;

3. no member Futures Commission Merchant shall accept an order for a deep out-of-the-money option without providing the customer with an explanation of the nature and the risks of the option prior to the transaction.

F. **Nonmember Option Omnibus Accounts.** No Member shall accept an order from any person whom the member may have reason to believe is soliciting or accepting orders for the purchase or sale of option in violations of Commodity Futures Trading Commission Regulation 33.3.

CHAPTER 18
ELECTRONIC TRADING

1800.00. Applicability Of Rules
1801.00. Access And Clearing Member Guarantee
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1818.00. Electronic Trading System Rules

CHAPTER 18
ELECTRONIC TRADING

1800.00. APPLICABILITY OF RULES.

The Rules contained in this Chapter govern those Exchange contracts which are traded through the Electronic Trading System. To the extent that the provisions in this Chapter conflict with Rules in other sections of this Rulebook, this Chapter supersedes such Rules and governs the manner in which contracts are traded through the Electronic Trading System. Otherwise, contracts traded on the Electronic Trading System, as well as Members and Market Participants, are fully subject to applicable MGEX Rules unless specifically and expressly excluded therefrom. Members and Market Participants must also abide by the Commodity Exchange Act, as amended, and the regulations promulgated thereunder, and any other applicable jurisdiction's laws, rules or regulations.

1801.00. ACCESS AND CLEARING MEMBER GUARANTEE.

All Members and/or Market Participants must sign a customer account agreement and establish an account with an Exchange Clearing Member before they are provided access and commence trading on the Electronic Trading System. However, a Member or Market Participant who exclusively trades through an omnibus account at an Exchange Clearing Member will not be required to sign a customer account agreement with the Exchange Clearing Member. A Clearing Member guarantees and assumes financial responsibility for all orders it places and receives, and all contracts it clears through the Electronic Trading System. Further, Clearing Members shall promptly pay all fees and charges invoiced for the Electronic Trading System.

1802.00. INTERNET SERVICES.

Members and Market Participants are responsible for procuring their own Internet access providers. The Exchange does not warrant any order entry, quote or order execution speed.

1804.00. MISUSE OF ELECTRONIC TRADING SYSTEM.

Misuse of the Electronic Trading System is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of the Exchange to willfully or negligently engage in unauthorized use of the Electronic Trading System, to assist any person in obtaining unauthorized access to the Electronic Trading System, to trade on the Electronic Trading System without an agreement and an established account with a Clearing Member, to alter the equipment associated with the system, to interfere with the operation of the system, to intercept or interfere with information provided thereby, or in any way to use the system in a manner contrary to MGEX Rules.

Members and Market Participants are prohibited from distributing, selling, or retransmitting information displayed on the Electronic Trading System to any third party.

1805.00. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED.

A Member, Market Participant, or Clearing Member shall not cause to be entered, or enter into, a transaction in which the Member, Market Participant, or Clearing Member knows or

reasonably should know that the Member, Market Participant, or Clearing Member will assume the opposite side of any order entered on behalf of a customer unless the Member, Market Participant, or Clearing Member first enters the customer order into the Electronic Trading System and then subjects such order to sufficient market exposure before entering an opposite order.

1806.00. TRADING AGAINST OWN ORDERS PROHIBITED.

A Market Participant shall not cause to be entered, or enter into, any transaction in which the Market Participant knows or reasonably should know that the Market Participant will assume the opposite side of an order entered on behalf of the respective Market Participant's own account or an account with common beneficial ownership or control.

1807.00. PRIORITY OF ENTRY.

Orders received by a Member, Market Participant, or Clearing Member shall be entered into the Electronic Trading System in the order received. Orders that cannot be immediately entered into the system must be reduced to writing or another form of permanent record, and entered when the orders become executable in the sequence in which the orders were received. All customer orders must be entered before a Member, Market Participant, or Clearing Member may enter orders for accounts in which the Member, Market Participant, or Clearing Member has a personal, financial or proprietary interest.

1808.00. TRADE OPEN.

Orders entered into and received by the Electronic Trading System during the designated time period prior to the opening of the trading session shall be matched first at the commencement of trading by means of an algorithm. The opening price shall be determined by the algorithm.

1809.00. MATCHING ALGORITHM FOR THE ELECTRONIC TRADING SYSTEM.

Unless otherwise specified by the Exchange, orders entered into the Electronic Trading System will be matched according to an algorithm that gives priority to orders at the best price and that gives priority among orders with the same price based upon the time of entry into the system. The Exchange may use a different matching algorithm for particular contracts or change an algorithm by giving notice to the Membership and the Clearing Members using the Electronic Trading System at least ten (10) days before the change or different algorithm is implemented.

The Board of Directors and the Executive Committee shall have authority to approve any change to an algorithm.

1810.00. TRADE ERRORS.

A trade executed on the Electronic Trading System is binding notwithstanding an erroneous entry may have been made. A Clearing Member error in handling a customer order may be resolved by a monetary adjustment and/or placing a market order for the customer.

1813.00. TERMINATION OF ACCESS.

The Exchange shall have the right to summarily terminate access to the Electronic Trading System.

1814.00. SYSTEM SECURITY.

Each Member and Market Participant shall be responsible for the security of their terminals having access to the Electronic Trading System and will be held liable for each order transmitted from any such terminals to the Electronic Trading System and any trade subsequently executed.

Each person assigned an individual user name and password shall not disclose such identifiers to any other person or permit any other person access to the Electronic Trading System using such person's individual user name and password. Each person shall be responsible for monitoring the security of their individual identifier.

1815.00. PHYSICAL EMERGENCIES.

If the Electronic Trading System experiences a full or partial breakdown in any area, the Exchange may, without warning, immediately suspend trading on the Electronic Trading System until the problem has been corrected.

1816.00. ELECTRONIC TRADING SYSTEM LIMITATION OF LIABILITY.

Except in instances where there has been a finding of willful or wanton misconduct, in which case the party found to have engaged in such conduct cannot avail itself of the protections in this Rule, neither the Exchange, Members, Clearing Members, other persons acting as agents nor any of their officers, directors or employees, shall be liable for any losses, damages or costs, including direct, indirect, special, incidental or consequential damages, and lost profits, regardless of whether any of them had been advised or otherwise made aware of the possibility of such damages, arising out of the use or performance of the Electronic Trading System, any component(s) thereof, or any fault, failure, malfunction or other alleged defect in the Electronic Trading System, including any inability to enter or cancel orders in the Electronic Trading System, or any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the Electronic Trading System, including but not limited to, any failure to delay in transmission of orders or loss of orders resulting from malfunction of the Electronic Trading System, disruption of common carrier lines, loss of power, acts or failures to act of any third party, natural disasters or any and all other causes. The Exchange does not guarantee continuous, uninterrupted or secure access to the Electronic Trading System.

Each Member and Market Participant assumes all risks of trading on the Electronic Trading System, and waives any right to assert any claim against the MGEX that access or information was not provided by the MGEX or that access or information provided by the MGEX was improper, inaccurate or inadequate. Further, such Member and Market Participant waives any right to contest the validity or enforceability of any trade executed on the Electronic Trading System, or that access was interrupted or denied, or that orders were delayed or lost.

There are no express or implied warranties or representations provided by the Exchange, Members, Clearing Members, other persons acting as agents or any of their officers, directors

or employees, relating to the Electronic Trading System, including but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

1817.00. ELECTRONIC TRADING SYSTEM PROCEDURES.

The Exchange may immediately adopt, cancel or modify procedures of the Electronic Trading System, including but not limited to, access, order entry, open, execution, confirmation, closing, clearing, reporting, notification and recordkeeping procedures determined to be necessary so as to comply with the Commodity Exchange Act, Commission Regulations, Exchange Rules, Resolutions and surveillance obligations, or other controlling or governing authority; or determined to be in the best interest of the Exchange, Membership, users or public; or required as a result of changes by the Electronic Trading System provider, or Internet access providers or servers.

1818.00. ELECTRONIC TRADING SYSTEM RULES.

The Board of Directors shall have the authority and power to approve and implement Rules not inconsistent with this Chapter.

CHAPTER 20
REGULATIONS

EXCHANGE ROOM

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CHAPTER 20
REGULATIONS

The following Regulations have been adopted pursuant to the authority and power vested in the Board of Directors by the Rules of the Corporation:

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

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

A. The Exchange shall issue Floor Clerk permits upon application signed by a Member who is the sponsor of a Floor Clerk. Such permits will be good until notification is given to the Exchange. The fee for the issuance thereof shall be determined by the Exchange.

B. Floor Clerks will be admitted to the Exchange Room for the limited purpose of receiving orders from agents of their sponsor or Members representing their sponsor, and reporting to their sponsor or Members representing their 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 sponsor or Members representing their sponsor they are to return to their assigned position in the Exchange Room or leave the 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 shall employ more than two (2) Floor Clerks for every five (5) Memberships or fraction thereof.

F. Floor Clerk permits shall not be transferable. The Exchange must be notified if a new permit is issued. 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 Exchange, a substitute Floor Clerk may be approved by the Exchange upon proper application and a temporary permit will be issued.

H. The license conferred by a Floor Clerk permit may be revoked at any time by the Exchange 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 communicate by telephone with their sponsors, Members, and nonmembers so long as they do not solicit or do business for their own account.

J. Floor Clerks may not solicit business for their sponsors, Members, nonmembers or for their own account from the Exchange Room.

2002.00. EXCHANGE ROOM.

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

A. Change 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. Ascertain the equipment needs of the Exchange Room.

2003.00. ADMITTANCE OF VISITORS TO THE EXCHANGE ROOM.

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

A. The Exchange, at its 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 if the holder violates any of the provisions of MGEX Rules and Regulations.

C. Members 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.

2004.00. DECORUM AND DRESS WHILE IN THE EXCHANGE ROOM.

All Members and Floor Clerks 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:

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.

2004.01. EXCHANGE ROOM ENFORCEMENT.

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.

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

Boisterous or disorderly conduct and/or outburst of vulgar and abusive language in the Exchange Room is strictly prohibited. Any Member, Floor Clerk, or Exchange staff can file a complaint, in writing, with the Exchange.

The Department of Audits and Investigations shall open an investigation on the complaint. 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 or Floor Clerk, 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 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 Cash Trading may be transferred temporarily to a substitute by the issuance to such substitute of a substitute 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 city or other cause deemed sufficient and proper by the Exchange;

B. If, and during, the time that a request for 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 Regulation to enable any person by means of a substitute ticket to obtain the privilege of entering and transacting business in the Exchange Room during the Hours of Cash Trading for a considerable period of time unless he is substituting for various Members who are customarily active in the Exchange Room.

A substitute ticket shall not be issued to any person who has been expelled from this 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 **Bylaw 221.02**.

If a Member for whom a substitute is acting shall appear in the Exchange Room during the Hours of Cash Trading, or if such Member, except in cases of substitution under the provisions of Section B. of this Regulation, or in special circumstances, shall appear with regularity in MGEX buildings, such appearance shall be cause for cancellation of the substitute ticket.

In case of any dispute over the propriety of issuing, renewing or cancelling a substitute ticket, such dispute shall be settled by the Exchange.

2005.01. SUBSTITUTE TICKETS: ISSUANCE OF.

Substitute tickets shall be issued or renewed by the Exchange upon application. Such tickets or renewals shall be for not more than thirty (30) days and may be cancelled at any time.

2005.02. SUBSTITUTE TICKETS: APPLICATION FOR.

Applications for substitute tickets shall show the Record Owner and Record Holder for whom substitution is requested and shall be signed by the substitute and by the Record Owner and Record Holder for whom the substitute is authorized to make trades. The substitute and such Record Owner and Record Holder shall, respectively, be subject to the same restrictions, obligations and liabilities including penalties for the violation of the MGEX Rules and Regulations with respect to any and all trades, transactions or other acts of the substitute while such ticket is outstanding.

2006.00. CASH TRADING PRIVILEGES: GRANTING OF AND APPLICATION FOR.

In order to execute cash contracts in the Exchange Room, a Member or entity must be granted cash trading privileges by the Exchange.

The Exchange may grant cash trading privileges to:

A. A Member who is the Owner of a Membership standing in his name; or

B. An entity designated by a Member in an Application for Cash Trading Privileges meeting all the terms and conditions set forth in such application, provided, however, that if such entity has been legally created and is validly existing under the laws of any governmental authority, such entity must be legally qualified to do business in Minnesota.

Such cash trading privileges may be granted and retained only if and when the terms and conditions set forth below have been met:

A. An Application for Cash Trading Privileges, on a form as prescribed by the Exchange, must have been duly executed and filed with the Exchange. Such application must be accompanied by a financial statement (See **Rules 2.2.2.**, **2.2.4.**, **2.2.5.**, **2.2.6.**, **2.2.7.**, and **2.2.8.**) prepared and certified by a Certified Public Accountant, in such form as the Exchange shall prescribe, stating the assets and liabilities of the applicant and the nature and extent of the business that such applicant proposes to transact and such other information pertinent to the granting of the application as the Exchange may require;

B. The applicant for cash trading privileges must meet and maintain the minimum financial requirements as determined by the Exchange (See **Rules 2.2.2.**, **2.2.4.**, **2.2.5.**, **2.2.6.**, **2.2.7.**, and **2.2.8.**).

2006.01. CASH TRADING PRIVILEGES: INFORMATION TO BE FURNISHED.

Every Member or entity having cash trading privileges shall file promptly after the end of his or its fiscal year (or after the end of each calendar year, in the absence of a fiscal year), with the Exchange, a financial statement, in such form as the Exchange shall prescribe from time to time, of his or its assets and liabilities at the end of such fiscal or calendar year, and such other information pertinent to the continuation of cash trading privileges as the Exchange may require. (See **Rules 2.2.2.**, **2.2.4.**, **2.2.5.**, **2.2.6.**, **2.2.7.**, and **2.2.8.**).

In addition to filing the statements required above, every Member or entity having cash trading privileges shall also comply with the following requirements at any time and from time to time, as and when the Exchange shall so order:

A. Furnish to the Exchange such sworn written statements and information in respect to his or its assets and liabilities, (See **Rules 2.2.2.**, **2.2.4.**, **2.2.5.**, **2.2.6.**, **2.2.7.**, and **2.2.8.**) and the volume and character of his or its business and other matters bearing on the adequacy of his or its business responsibility, all in such detail as the Exchange shall direct;

B. Permit an audit and investigation to be made by a Person designated by the Exchange, of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility;

C. Produce at any hearing before the Board of Directors (or any authorized committee) such of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility, as the Board of Directors shall require.

2006.02. CASH TRADING PRIVILEGES: CANCELLATION OR SUSPENSION OF.

The Exchange may cancel or suspend the cash trading privileges of a Member and/or of any entity designated by such Member having cash trading privileges:

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

PROVIDED, however, that in such cases the cancellation may be delayed, for such length of time as is reasonable in order to allow the execution of a new application.

B. Upon the written request of the Member or entity having cash trading privileges;

C. Upon the termination of the legal existence of the Member or entity having cash trading privileges;

D. Whenever the Exchange determines that any Member or entity having cash trading privileges has failed within a reasonable time to comply with any MGEX Rules and Regulations, any terms and conditions set forth in the Application for Cash Trading Privileges, or any order of the Exchange; or whenever the Exchange shall determine that such Member or entity does not have adequate financial responsibility to insure the reasonable safety of his or its creditors and the prompt discharge by him or it of all liabilities and obligations incurred in connection with transactions made or likely to be made by him or it.

The cash trading privileges of an entity shall be suspended automatically during such time as the Member who designated his Membership for the entity is under suspension or at any other time deemed appropriate by the Exchange.

PROVIDED, however, that the cash trading privileges of an entity shall not be canceled if such entity is a party to any unsettled controversy before the Board of Arbitration or if any investigations or charges involving such entity are pending with the Department of Audits and Investigations, the Disciplinary Committee, the Hearing Committee or if any orders of the Disciplinary Committee or the Hearing Committee to such entity have not been complied with.

If the cash trading privileges of any Member or entity shall have been cancelled or suspended, such Member or entity may make application for restoration of cash trading privileges; and the Exchange may restore cash trading privileges to such Member or entity whenever the Exchange shall determine that he or it has adequate financial responsibility and has complied with all of the provisions of **Regulations 2006.00., 2006.01., and 2006.02.** and all orders of the Exchange issued thereunder.

The determinations and actions of the Exchange under the authority granted by this Regulation

shall be final and binding.

2007.00. FRAUD OR ATTEMPTED FRAUD PROHIBITED.

The Exchange prohibits any and all forms of fraud or attempted fraud (including but not limited to fraudulent trading or attempted fraudulent trading) on its markets or subject to the MGEX Rules, regardless of whether it is intentional or is made with reckless disregard for the adverse impact.

2007.01. "SPOOFING" PRACTICES PROHIBITED.

The Exchange expressly prohibits all trade practices that are, or are of the character of, what is commonly known within the derivatives trading industry as "spoofing," regardless of whether any such trade practices are made intentionally or with reckless disregard for their adverse impact. Prohibited practices include, but are not limited to:

1. the entry of any and all bids, offers, or trades that are not made for the purpose of executing bona fide transactions, or made for any illegitimate purpose;

2. entering orders with the intent to cancel the bid or offer before execution, or modifying the order to avoid execution; and

3. bidding or offering trades and then cancelling said bids or offers prior to execution with reckless disregard for the adverse impact of such practices on the market in violation of these Rules and Regulations.

2007.02. MANIPULATIVE DEVICES PROHIBITED.

The Exchange prohibits any Person, directly or indirectly, from intentionally or recklessly using or employing, or attempting to use or employ, any manipulative device, scheme, or artifice to defraud on its markets or subject to the MGEX Rules.

2008.00. ADJUSTMENT OF TRADE PRICES AND CANCELLATION OF TRADES.

The Exchange has the authority to adjust trade prices and cancel trades when necessary to mitigate market disrupting events including, but not limited to, those caused by malfunctions in its electronic trading platform or errors in orders submitted by any Member or Market Participant. Any trade price adjustment or trade cancellation shall be publicly disclosed.

2010.00. FUTURES AND OPTIONS MONTHS PRESCRIBED.

A. Pursuant to the provisions of **Rule 715.00.**, the Board of Directors has adopted the following Regulation:

Trading in Spring Wheat Futures shall be permitted in the current delivery month plus any month in the March, May, July, September, December delivery cycle which falls within the next succeeding twenty-three (23) months. The next delivery month in the sequence shall replace the expiring delivery month as of the close of business on the last business day of the expiring delivery month. This implicit approval shall take effect unless such listing is deemed inappropriate because of conflicts with other superseding Rules or Regulations, or unless otherwise determined by the Board of Directors.

B. Pursuant to the provisions of **Rules 7305.00.**, **7505.00.**, **7705.00.**, **7905.00.** and **8105.00.**, the Board of Directors has adopted this Regulation:

Trading may be conducted in every calendar month. The number of months available for trade shall include the current calendar month and the next twenty-three (23) calendar months. By notice posted on the Official Bulletin Board, the Board of Directors may, at its discretion, add such calendar months beyond those available for trade or remove from availability for trading those calendar months without open interest.

2011.00. HOURS OF TRADING.

Pursuant to the provisions of **Resolution 210.01.F.**, the Exchange has adopted this Regulation.

The Hours of Trading at the Exchange shall conform to Central Time.

A. **CASH MARKET**

The Hours of Trading in the cash market shall be from nine-thirty o'clock (9:30) a.m. to one-thirty o'clock (1:30) p.m.

B. **FUTURES AND OPTIONS**

1. Unless otherwise stated elsewhere in the MGEX Rules and Regulations, the Hours of Trading for any MGEX futures or options traded on the Electronic Trading Platform shall be the following:

   Sunday to Friday: from seven o’clock (7:00) p.m. to one-thirty o’clock (1:30) p.m. A pause in trading occurs from seven forty-five o’clock (7:45) a.m. to eight-thirty o’clock (8:30) a.m.

   Notwithstanding the foregoing, the Hours of Trading for the National Corn Index, National Soybean Index, Hard Red Winter Wheat Index, Hard Red Spring Wheat Index and Soft Red Winter Wheat Index shall be from seven o’clock (7:00) p.m. to one forty-five o’clock (1:45) p.m. with no pauses.

2. The Hours of Trading for Hard Red Spring Wheat options by open outcry shall be from eight-thirty o'clock (8:30) a.m. to one-thirty o'clock (1:30) p.m.

2011.01. LAST TRADING DAY.

Pursuant to the provisions **Rules 7307.00.**, **7507.00.**, **7707.00.**, **7907.00.** and **8107.00.**, the Board of Directors has adopted this Regulation.

The last trading day of a contract month shall be the last business day of the contract month.

2011.02. LAST DAY FOR EXCHANGE FOR PHYSICAL AND RISK TRANSACTIONS.

Pursuant to the provisions of **Rule 719.00.**, the Board of Directors has adopted this Regulation.

The last day that a National Corn Index, National Soybean Index or Wheat Index futures contract may be exchanged for, or in connection with, a physical ("EFP") or risk ("EFR") transaction shall be the last business day of the contract month.

The last day that a Spring Wheat futures contract may be exchanged for, or in connection with, an EFP or EFR transaction shall be the sixth (6th) business day following the last trading day of the contract month.

After the last trading day of the Spring Wheat futures contract, EFP and EFR transactions are permitted only for the purpose of liquidating futures positions. Such transactions shall not be permitted to initiate or establish new futures positions.

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 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 Futures Contract months within 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. Daily price limits shall revert back to $0.60 the business day after which no wheat Futures Contract month closes at the expanded limit bid or limit offer.

B. National Corn Index $0.40

C. National Soybean Index.....$0.80

D. Wheat Indices.....$0.60

Notwithstanding the foregoing provisions, there shall be no price limits on the spot Hard Red Spring Wheat Futures 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 Futures and Options Contracts commencing two business days preceding the first business day of the expiring contract month.

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 thirteen-thousand five-hundred (13,500) contracts net long or short in the settlement month, thirteen-thousand five-hundred (13,500) contracts net long or short in any single month, or twenty-two thousand (22,000) contracts net long or short in all contract months combined.

B. **National Soybean Index**. Pursuant to the provisions of **Rule 7508.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of six-thousand five-hundred (6,500) contracts net long or short in the settlement month (except during the last five trading days when the limit shall be five-thousand six-hundred (5,600) contacts net long or short), six-thousand five-hundred (6,500) contracts net long or short in any single month, or ten-thousand (10,000) contracts net long or short in all contract months combined.

C. **Hard Red Winter Wheat Index**. Pursuant to the provisions of **Rule 7708.00.,** the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month, five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

D. **Hard Red Spring Wheat Index**. Pursuant to the provisions of **Rule 8108.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month (except during the last five trading days the limit shall be three-thousand four-hundred (3,400) contracts net long or short), five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

E. **Soft Red Spring Wheat Index**. Pursuant to the provisions of **Rule 7908.00.,** the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month (except during the last five trading days when the limit shall be two-thousand seven-hundred fifty (2,750) contracts net long or short), five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

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 twenty-two thousand (22,000) futures-equivalent contracts net long or short in all contract months combined, thirteen-thousand five-hundred (13,500) futures-equivalent contracts net long or short in any single contract month, or thirteen-thousand five-hundred (13,500) futures-equivalent contracts net long or short in the settlement month.

B. **National Soybean Index**. Pursuant to the provisions of **Rule 7612.00.**, 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 ten-thousand (10,000) futures-equivalent

contracts net long or short in all contract months combined, six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in any single contract month, or six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be five-thousand six-hundred (5,600) futures-equivalent contracts net long or short).

C. **Hard Red Winter Wheat Index**. Pursuant to the provisions of **Rule 7812.00.,** 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 six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month.

D. **Hard Red Spring Wheat Index**. Pursuant to the provisions of **Rule 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 six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month(expect during the last five trading days when the limit shall be three-thousand four-hundred (3,400) futures-equivalent contracts net long or short).

E. **Soft Red Spring Wheat Index**. Pursuant to the provisions of **Rule 8012.00.,** 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 six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be two-thousand seven-hundred fifty (2,750) futures-equivalent contracts net long or short).

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.

2013.03. POSITION LIMITS FOR HARD RED SPRING WHEAT FUTURES.

A. **Applicability.** **Regulations 2013.03., 2013.04., 2013.05, and 2013.06.** will govern position limits for HRSW futures, notwithstanding any other provisions of the MGEX Rules and Regulations that relate to position limits for HRSW options.

B. **Limits.** Position limits for HRSW futures will be determined by the Exchange, but

will not be greater than the position limits for HRSW pursuant to Part 150 of the Regulations of the CFTC. The position limits will not apply to *bona fide* hedging transactions or positions, as determined by the Exchange or CFTC Regulations.

No Market Participant will own or control in excess of six hundred (600) HRSW futures net long or short in the settlement month; twelve thousand (12,000) HRSW futures net long or short in any single month; or twelve thousand (12,000) HRSW futures net long or short in all contract months combined.

C. **Compliance.** No Market Participant may exceed the limits at any time during the trade day. Other than *bona fide* hedging positions, positions in excess of the limits will be presumed to be a violation. The Exchange may direct any Market Participant owning, controlling or carrying a position for another Market Participant in excess of the limits set forth in this Regulation to liquidate or reduce its position to comply with this Regulation. For any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the Market Participant will be allowed one (1) business day following the date of the transaction that leads to excess positions to liquidate the excess position without being considered in violation of the limits.

D. **Enforcement.** The Market Participant owning, controlling or carrying a position (as well as the account holder, FCM, or Clearing Member as the case may be) shall maintain adequate books and records that disclose the identity of and positions held by any Market Participant. Such books and records shall be made available to the Exchange upon request. The Market Participant owning, controlling or carrying a position (as well as the account holder, FCM and Clearing Member) may be held accountable for any violation of the limits. The Department of Audits and Investigations may take enforcement action against any or all of the parties, whether or not each had actual knowledge of the position or a violation.

2013.04. EXEMPTION FROM POSITION LIMITS FOR HARD RED SPRING WHEAT FUTURES.

To be eligible for an exemption from position limits for HRSW futures under this Regulation, an applicant must submit a written request to the Department of Audits and Investigations. Such request must include the following:

A. a description of the size and nature of the proposed transactions;

B. information which demonstrates that the proposed transactions are *bona fide* hedging transactions;

C. a statement indicating whether the Market Participant on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Regulation through another applicant, and if so, the relationship of the information set forth in such requests;

D. a statement that the proposed transactions will be *bona fide* hedges;

E. a statement that the applicant will immediately supply the Exchange with

any material changes to the information submitted pursuant hereto;

F. such further information as the Exchange may request, including the daily, weekly or periodic filing of any documents or reports.

The Department of Audits and Investigations shall notify the applicant whether the exemption has been granted, and any limitations placed thereon, within five (5) business days of receiving a written request for exemption. An exemption will remain in effect until (i) the applicant or Market Participant on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies, or places further limitations thereon. At any time, the Exchange may limit *bona fide* hedging positions and deny or limit any request for exemption from position limits which the Exchange determines in its sole discretion are either not in accord with sound commercial practices or exceed the established or permitted amount which may liquidated in an orderly fashion.

The Exchange will use the CFTC definition of a *bona fide* hedging position as described in CFTC Part 151 (specifically 151.5, or elsewhere as applicable) as a guide when applied to the HRSW futures contract, but will not be limited by it.

2013.05. AGGREGATION OF POSITIONS FOR HARD RED SPRING WHEAT FUTURES.

In determining whether any Market Participant has exceeded the position limits for HRSW futures, all positions in accounts for which such Market Participant by power of attorney or otherwise directly or indirectly holds positions or controls trading will be included with the positions held by such Market Participant. Such limits upon positions will apply to positions held by two (2) or more Market Participants acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single Market Participant. The Exchange will follow the CFTC definition of aggregation and the procedures for aggregating positions as described in CFTC Part 150 or elsewhere as applicable.

2013.06. REPORTABLE POSITIONS FOR HARD RED SPRING WHEAT FUTURES.

The reportable position level will be a position of one hundred and fifty (150) or more HRSW futures on this Exchange, long or short, in any one (1) month. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.

2014.00. SETTLEMENT PRICES.

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

A. 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 for the lead month, as defined below, shall be determined by the volume-weighted average of outright trades and applicable bids and offers made in the closing period on MGEXpress®. If there is no volume-weighted average of the outright, then the last trade price is compared to the current bid/ask. If the last

trade price is outside of the bid/ask spread, then the contract settles to the nearest bid/ask price. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price. If there is no last trade price available, then the prior settlement is compared to the current bid/ask. If the prior settlement is outside of the bid/ask spread, then the contract settles to the nearest bid/ask price. If the prior settlement is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the prior settlement price.

The lead month shall be determined by the Exchange and is generally the most active month. The lead month shall change at the time when the daily electronically-executed volume and open interest in the contract month following the current lead month is greater than the daily volume and open interest in the lead month for two consecutive business days.

2. All non-lead months are deferred contract months and settle based upon the volume-weighted average of calendar spread transactions made in the closing period on MGEXpress®. If there are no relevant calendar spreads, bids and offers in those calendar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and best possible ask, and the contract will settle at the midpoint of the bid/ask spread.

3. Notwithstanding the above, 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.

B. 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. In addition, the Exchange reserves the right to change which contract month is the lead month when, in its discretion, doing so is in the best interest of the marketplace. If any such change to the lead month is made pursuant to this reservation, the Exchange shall provide notification to the public via the MGEX website or other means it deems effective.

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 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 shall then determine the settlement premiums by using a theoretical pricing model.

2. If the Exchange 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.

3. In the case of HRSW Calendar Spread options, the Exchange may use current trade, bid, and offer information, along with correlation between underlying futures months or a theoretical option pricing model in determining daily settlement premiums for the listed Calendar Spread options.

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 must be, as a minimum, immediately documented as to time of receipt, and the order with the

earliest time must be filled first.

In the event orders carry identical time stamps or lack time stamps and it is necessary to allocate trades among these accounts, a record of the accounts, the amount assigned to each account, and why it was necessary to make the assignment must be documented.

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

2018.00. OPENING THE MARKET ON A SPREAD TRANSACTION.

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.

2019.00. OFFICIAL REPRESENTATIVE TO OBSERVE THE EXECUTION OF BUYING AND SELLING ORDERS AT THE SAME PRICE.

Pursuant to the provisions of **Rule 742.00.**, the Board of Directors has adopted this Regulation:

The President is authorized to designate an employee of the Grain Exchange as the official representative of this Exchange to observe transactions where a Member shall have in hand at the same time both buying and selling orders from different principals for a like quantity of a commodity for Futures or Options in the same delivery month and who, in compliance with the provisions of **Rule 742.00.**, desires to execute such trades at the market price in the presence of such official representative.

In order to facilitate the handling of such orders the Member must notify the official representative of the Exchange of his desire to make these trades and present the orders and trading cards to the official representative upon execution of the trades. Upon observation and approval of the trades, the official representative will promptly stamp and sign the orders and trading cards.

The official representative shall also prepare a memorandum showing the date, executing Broker, month, commodity, option, strike price, price or premium, quantity, and the Clearing Member(s) and accounts involved.

This memorandum shall be time stamped, signed by the observer, and retained by the Exchange as a permanent record.

Any Broker seeking to match orders under **Rule 742.00.** must be diligent in openly bidding and offering the orders on hand before crossing them under the observation of the designated Exchange employee. To assure the fairness of such trades, all cross trades must be bid and offered by open outcry at least three (3) times before being matched.

2023.00. STRIKING PRICES.

The Exchange 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 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 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 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 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 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.

2024.00. EXCHANGE REGULATORY FEE.

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

An Exchange regulatory fee shall be paid by every Clearing Member or FCM. The Exchange regulatory fee shall be fixed from time to time by the Board of Directors.

The Board of Directors may waive all or part of the fee based upon the clearing or Futures and Options trading activities of such Clearing Member or entity, or such other standard as may be adopted.

2025.00. TIMES FOR DELIVERY OF "DELIVERY NOTICES" AND DELIVERY AND PAYMENT ON FUTURES CONTRACTS.

Pursuant to the provisions of **Bylaw 231.00.**, the Board of Directors has adopted this Regulation:

All Delivery Notices shall be made in accordance with the provisions of the Commodity Exchange Act and MGEX Rules and Regulations issued thereunder.

All Delivery Notices shall be in the form specified by the Exchange.

All Delivery Notices shall be delivered to the Clearing House two (2) business days prior to the date of delivery and at such time as determined by the Exchange (see **Res. 2101.00.C.**) on all such business days. The Exchange shall have until nine o'clock (9:00) a.m. on the following business day to make delivery of the Delivery Notice to the Buyers.

Parties holding Delivery Notices shall present the same before one o'clock (1:00) p.m. on the delivery day, at the place designated by the Issuer, together with full payment, as provided in **Rule 810.00.**, for the net amount due for the property represented by said notices. Upon payment at the place designated by the said Issuer, the holder of such Delivery Notice shall be entitled to receive the property represented by the same, its value being based upon the closing market price of the Exchange on the day preceding that on which the Delivery Notice was issued.

2026.00. LOAD-OUT NOTICES: FORM OF.

Pursuant to the provisions of **Rule 1150.00.**, the Board of Directors adopted this Regulation. The Load-Out Notice, as required by the Rules, shall be on **Form 20-26.00**, Page 7033 and shall be issued in triplicate.

2027.00. LOAD-OUT, STORAGE AND INSURANCE CHARGES: DELIVERY GRAIN.

Pursuant to **Rule 811.00.**, the Board of Directors has adopted this Regulation, effective with the May 2013 contract month.

The maximum load-out charges on delivery grain, which is tendered in satisfaction of a Hard Red Spring Wheat Futures Contract, shall be eight cents (8¢) per bushel for wheat regardless of the date of the warehouse receipt.

The maximum storage charges on delivery grain, which is tendered in satisfaction of a Hard Red Spring Wheat Futures Contact, shall be seven cents (7¢) per bushel per month or two thousand three hundred thirty three thousandths of a cent ($.002333) per bushel per day for wheat regardless of the date of the warehouse receipt.

Insurance charges shall be included within the maximum storage charges.

2028.00. LOADINGS IN SATISFACTION OF WAREHOUSE RECEIPTS.

Pursuant to the provisions of **Bylaw 231.00.**, the Board of Directors has adopted this Regulation.

Written notice of loading in satisfaction of warehouse receipts shall constitute full tender only when the grade called for by the receipts has been established by an inspection agency for the commodities loaded. The official grade at the time of loading shall govern the applicable Options for reconsideration of the grade.

Prior to or concurrent with delivery of the loading orders for a conveyance, the party surrendering the warehouse receipts must notify the warehouse whether appeal for federal reconsideration of the grade is requested.

This Regulation shall apply to loadings in satisfaction of warehouse receipts (whether acquired by delivery on Futures Contracts or otherwise) from Regular or federally licensed elevators within the switching districts of Minneapolis-St. Paul, Red Wing and Duluth-Superior. **See Interpretation**.

2035.00. REPORTING CASH COMMODITY SALES.

Pursuant to the provisions of **Rule 1162.00.**, the Board of Directors has adopted this Regulation.

Members or entities having cash trading privileges shall report all sales of loaded rail cash commodities made in the Exchange Room as soon as practicable but no later than fifteen (15) minutes after the close of the cash market. Sales not made during the Hours of Trading shall not be included in the day's market report.

Reports of sales of all commodities shall include the price, the grade, if any, and information such as "musty," "sour," "heating," "heavy dockage," or other factors that may have a distinct bearing on the price of the commodity. All reports must also disclose whether the sale was made on consignment as well as all parties to the transaction including Buyer and Seller, and principal and agent.

2036.00. DISPOSITION ORDERS: FORM OF.

Pursuant to the provisions of **Rule 1125.00.**, the form of Disposition Orders should read as follows:

Disposition Orders, as required by the Rules, shall be in the form and text hereto appended in the appendix of this Chapter. The dimensions of the form are to be 6 inches deep by 8 ½ inches wide. The original to be printed on white paper and the duplicate on yellow paper. Additional copies are permissible and may contain supplemental information or instructions, but each copy must be printed on paper of a different and distinctive color.

The form and text of the original duplicate Disposition Orders hereto appended must not be varied in any particular. Nothing therein, except provision for endorsement, may be added to or omitted; but, if desired, supplemental agreements, phrases or notices regarding claims freight, or other matters not inconsistent with the terms and purposes of the Disposition Orders, may be printed or written on separate pieces of paper to accompany or to be attached to the Disposition Orders to which they relate (See Form 20-36.00, Page 7031.)

2038.00. PAN TICKETS.

Pursuant to the provisions of **Rule 1156.00.**, the Board of Directors adopted this Regulation.

When Pan Tickets used in connection with all carloads of any commodity offered for sale in this market show a car number, the Seller assures the Buyer that all such grain displayed is physically loaded into rail cars. Car numbers are not to be used when selling grain with an official grade unless the cars are loaded.

In no case shall grain displayed and sold, but which has not been loaded into rail cars, be used to establish the market close on any day.

2039.00. DELIVERY AND PAYMENT TO INVOICES AND REQUESTS FOR ADVANCES ON TRUCK/RAIL COMMODITIES.

Pursuant to the provisions of **Bylaw 231.00.**, the Board of Directors has adopted this Regulation.

A. The Buyer must, before two-thirty o'clock (2:30) p.m., give to the Seller disposition that will enable the Seller to move the car so as to avoid demurrage charges or the Buyer will be liable for any ensuing demurrage.

B. Invoices based on final weights, whether destination or FOB, must be delivered to the Buyer before one o'clock (1:00) p.m. Buyer's checks in payment of such invoices must be ready for delivery to the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following business day.

C. If requests for advances have been delivered to the Buyers before one o'clock (1:00) p.m., Buyers must have checks for the advances due ready for the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following business day.

D. A Seller who has been unable to deliver invoices on FOB cars or requests for advances in accordance with the provisions of Sections b. and c. of this Regulation may, however, avoid liability for demurrage charges by delivering to the Buyer documents passing title before three o'clock (3:00) p.m. If not so delivered, the liability for demurrage shall be on the Seller. If documents passing title have been so delivered, the Buyer must, at the request of the Seller, receipt for the same, and must, upon demand, have the check in payment of the invoice, or for the advance due, ready for the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following day.

2040.00. WHEAT UNFIT FOR HUMAN CONSUMPTION NOT DELIVERABLE ON FUTURES CONTRACTS.

Under authority of **Bylaw 210.01.**, the Board of Directors adopted the following interpretive Regulation.

Wheat declared unfit for human consumption under Federal Food, Drug and Cosmetic Act is not deliverable on a Minneapolis Futures Contract.

2053.00. LIMITATIONS ON OPTIONS TRANSACTIONS-SOLICITATION AND ACCEPTANCE.

No Member or entity shall solicit or accept orders (other than in a clerical capacity) for the purchase or sale of Option Contracts or supervise any person so engaged unless that individual meets the requirements of 17 CFR 33.3.

2054.00. BOARD OF ARBITRATION: FEES.

Pursuant to the provisions of **Rule 441.00.**, the Board of Directors adopted this Regulation:

For each case involving claims and counterclaims by a member, the following fees will apply:

Up to $10,000	$600 + 1% of total value
$10,001 to $50,000	$700 + 1% of total value
$50,001 to $100,000	$1,000 + ½% of total value
$100,001 to $200,000	$2,000 + ¼% of total value
$200,001 and above	$2,500 + ¼% of total value
Any non-monetary claims	$1,500

For each case involving claims and counterclaims by a nonmember, the following fees will apply:

Up to $10,000	$700 + 1% of total value
$10,001 to $50,000	$800 + 1% of total value
$50,001 to $100,000	$1,100 + ½% of total value
$100,001 to $200,000	$2,100 + ¼% of total value
$200,001 and above	$2,600 + ¼% of total value
Any non-monetary claims	$1,600

Furthermore, the Board of Directors authorizes the Corporate Secretary of the Exchange, in its discretion, to assess such actual costs and other expenses incurred by the Exchange in the administration of any arbitration brought pursuant to Chapter 4 of the MGEX Rules and Regulations. Any such actual costs or other expenses may be allocated between the parties by the Board of Arbitration pursuant to **Rule 443.00**.

2054.01. CUSTOMER CLAIMS ARBITRATION PANEL: FEES.

Pursuant to the provisions of **Rule 535.00.**, the Board of Directors adopted this Regulation:

For each case involving claims and counterclaims by a customer, the following fees will apply:

Up to $10,000	$400
$10,001 to $50,000	$750
$50,001 to $100,000	$850
$100,001 to $200,000	$1,000
$200,001 and above	$1,200
Any non-monetary claims	$1,000

Furthermore, the Board of Directors authorizes the Corporate Secretary of the Exchange, in its discretion, to assess such actual costs and other expenses incurred by the Exchange in the administration of any arbitration brought pursuant to Chapter 5 of the MGEX Rules and Regulations. Any such actual costs or other expenses may be allocated between the parties by the Board of Arbitration pursuant to **Rule 535.00**.

2055.00. MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.

A 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 such entity, unless an authorized representative of such entity has provided a written release to MGEX that the Record Holder can trade for his personal account. See **Form 3-20.00.**

A 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. 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 making trades or other transactions in the name of other parties that have the privilege to make trades in addition to 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.

2055.02. ACTING AS A BROKER.

The making of trades or transactions in Options through open outcry in the capacity of a Broker shall be subject to the following conditions and restrictions:

A. The Broker must be either:

1. A Record Owner of a Membership standing in his name 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 is the Record Owner of a Membership and the Record Holder is properly registered with NFA to act in the capacity of a Broker.

B. Any Record Holder acting 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.

2055.03. REGISTRATION OF FLOOR BROKERS/FLOOR TRADERS.

A. Any Member who executes trades in the pit for an account other than his own must be registered as a floor broker with NFA.

B. Any Member who trades in the pit for his own account must be registered with NFA as a floor broker or floor 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.

2058.00. COLLECTION OF TRADING DOCUMENTS.

A. All trading cards and order tickets prepared pursuant to Commodity Futures Trading Commission Regulation 1.35 must be submitted by the executing Member to the Clearing Member immediately at the end of intervals not to exceed thirty (30) minutes. Such intervals shall commence with the beginning of the trading session. All documents must be submitted to the Clearing Member within fifteen (15) minutes of the designated interval. Additionally, all trading documents must be submitted by the executing Member to the Clearing Member no later than fifteen (15) minutes after the 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.

Unless otherwise stated elsewhere in the MGEX Rules and Regulations, the official closing period for all MGEX futures shall be from 1:14:00 p.m. to 1:14:59 p.m. (Central Time).

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 a Futures or Options transaction governed by the MGEX Rules and Regulations 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. Trading cards prepared by the Member must also include the following:

1. Member's name
2. Clearing Member's name
3. Transaction date
4. Quantity bought or sold
5. Commodity
6. Contract for future delivery or physical
7. Future (month) or expiration date
8. Price or premium
9. Put or call and strike price
10. Transaction time to the minute
11. Opposite Broker/Trader
12. Opposite Clearing Member
13. Indicators for the following types of transactions: (C) cash exchange; (T) office transfer; (S) spread; (D) delivery; (E) exercise; (R) exchange for risk
14. Any other information required by the Exchange

C. 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 trading card the remaining lines should be marked through. When two-sided trading cards are used, blank lines on both sides of the card must be marked through.

D. A Member must use a new trading card at the beginning of each designated interval required pursuant to **Regulation 2058.00.**

E. A Member is accountable for all trading cards prepared pursuant to MGEX Rules and Regulations in exact numerical sequence, whether or not such trading cards are relied upon as original source documents.

F. A Member must identify on his/her trading cards trades executed during opening and closing periods in the manner required by **Regulation 2059.00.**

2062.01. TRADING RECORDS AND ERRORS.

A. All trading records including trading cards, order forms and order tickets that are prepared or used by a Member or Clearing Member to document requests or executions for Pit or ex-Pit transactions must be completed in non-erasable ink.

B. The Member or Clearing Member may correct any errors on trading records by crossing out the erroneous information with a single line or an "X" and recording the correct information. The originally recorded information must not be obliterated or otherwise made illegible when it is crossed out.

C. After the initial time-stamp, a Clearing Member may not correct erroneous information on trading records unless the party making the correction has initialed the trading document as near as possible to the correction.

D. With regard to trading cards only, a Member may correct erroneous information by rewriting the trading card. However, both the original trading card and the rewritten trading card must be prepared and submitted in accordance with the requirements of Exchange **Regulations 2058.00.** and **2062.00.** A Member may not rewrite the trading card after it has been submitted to the Clearing Member.

2062.02. ELECTRONIC AUDIT TRAIL AND OTHER RECORDKEEPING REQUIREMENTS.

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

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

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

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

2063.00. TIME-STAMPS.

All time-stamps required by the Rules and Regulations of the Exchange must show the time to the nearest minute as well as the correct date.

At the beginning of each trading day, each Clearing Member must ensure that each time-clock used on the Trading Floor by that Clearing Member is synchronized with the official time displayed by the official master clock on the Exchange Floor.

It shall be considered uncommercial conduct to manipulate or tamper with any time-clock so as to put it out of synchronization with the official master clock.

2064.00. UNMATCHED TRADE RESOLUTION.

It is the responsibility of the Trader to make herself/himself or an authorized representative available to resolve any unmatched trades throughout the day as they may occur.

2065.00. IDENTIFICATION AND REGISTRATION OF BROKER ASSOCIATIONS.

Pursuant to the provisions of **Rule 1216.00.**, the Board of Directors has adopted this Regulation.

A. A Broker Association shall include two (2) or more Exchange Members with floor trading privileges, of whom at least one (1) is acting as a floor Broker, who:

1. engage in floor brokerage activity on behalf of the same employer;

2. have an employer and employee relationship which relates to floor brokerage activity;

3. share profits and losses associated with their brokerage or trading activity; or

4. regularly share a deck of orders in which floor Brokers have knowledge of the orders to be shared.

B. A member of a Broker Association may not receive or execute an order unless the Broker Association is registered with the Exchange.

C. A Broker Association member must register with the Exchange no later than ten (10) business days after an event requiring registration.

D. Registration of each Broker Association shall include the following information where applicable:

1. Name and legal form of the Broker Association;

2. Name of each person who is a member or otherwise has a direct beneficial interest in the Broker Association;

3. All identifying badge numbers of Broker Association members;

4. Account numbers for all accounts belonging to any Broker Association member, accounts in which any Broker Association member(s) have an interest, and any proprietary or customer accounts controlled by any member(s) of the Broker Association;

5. Identification of all Broker Associations with which each Member is associated; and

6. Individual(s) authorized to represent the Broker Association in connection with its registration obligations.

E. It shall be the responsibility of the Broker Association and its authorized representative to ensure the Broker Association is properly registered. It shall be the responsibility of each Broker Association member to ensure he has complied with registration requirements and to ensure the accuracy of the information filed. Any changes to the information previously reported must be provided within five (5) business days after an event giving rise to the changes.

F. The Exchange may request any additional information from a Broker Association or its members as it deems necessary.

G. "Floor Brokerage Activity" is defined as the reception of orders or execution of trades for all accounts other than for a Member's personal account.

H. "Regularly Share A Deck Of Orders" is defined as instances regularly occurring more than once per week where Members sharing a deck of orders have knowledge of the terms of the orders shared. Knowledge can be obtained by handing off orders for execution after a Broker has seen the terms of the order.

I. Where there are individual relationships which technically come within the definition of a Broker Association but are incidental to or involve no floor brokerage activity, a request for exemption from registration may be made to the Department of Audits and Investigations. Such request must be made in writing with full disclosure as to the nature of the trade activity and individual relationships. The Department of Audits and Investigations has sole discretion to determine exemption which may be revoked for just cause at anytime.

2067.00. ELECTRONIC AND OPEN OUTCRY TRADING.

Pursuant to the provisions of **Rule 1818.00.**, the Board of Directors has adopted this Regulation for Contracts permitted by the Board of Directors to trade on the Electronic Trading System and by open outcry:

A. A clearing member and broker shall have a fiduciary responsibility in the handling and execution of all orders received, by whatever means, to obtain the best price available among trading platforms. However, members trading for themselves by open outcry and orders initiated directly by a user for electronic execution will not be subject to this regulation.

B. The Electronic Trading System and open outcry may have separate opens, open ranges, highs, lows, closes and closing ranges. However, there shall be only one settlement price.

C. The Electronic Trading System and open outcry may each have trade volume that is reported separately. However, there shall be only one combined open interest number reported by the Exchange.

D. Contracts traded on both the Electronic Trading System and by open outcry shall be fungible. This means positions entered into on one platform may be offset by positions executed on the other platform. As a result, clearing members shall submit to the Clearing House only combined position reports.

CHAPTER 21
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CHAPTER 21
CLEARING HOUSE RULES

2100.00. REQUIREMENTS FOR CLEARING.

All Futures or Options transactions shall be submitted to the Clearing House to be cleared. The Clearing House shall, through the process of novation, be substituted as, and assume the position of, seller to the buyer and buyer to the seller of the relevant number of Exchange or marketplace contracts upon the successful matching of trade data submitted to the Exchange by the Clearing Members on the long and short sides of a trade. Upon such substitution, each Clearing Member shall be deemed to have bought the contracts from or sold the contracts to the Clearing House, as the case may be, and the Clearing House shall have all the rights and be subject to all the liabilities of such Member with respect to such transaction. Transactions can only be offset against one another through position/trade reporting by a Clearing Member to the Clearing House.

It shall be the duty of each Clearing Member initiating, accepting or executing a transaction for Futures or Options under MGEX Rules to submit each such transaction using "TEMS" to the Clearing House. Transactions 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 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/her own account, for an account he/she controls, or for an account in which he/she 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 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 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.

If a Clearing Member, or one of its Affiliated Entities, has access to the Federal Reserve discount window, it shall notify the Clearing House if such access has been suspended, revoked, removed, terminated, or otherwise limited in any way as soon as practicable.

2100.01. ELECTRONIC TRADING SYSTEM CLEARING.

In addition to compliance with the applicable Rules in this Chapter, all transactions for Futures or Options traded on the Electronic Trading System shall be submitted to the Clearing House for clearing. Submission of the data shall be at times determined by and in a format approved by the Exchange.

Any trade required for clearing and entered, executed and matched by the Electronic Trading System shall be submitted for clearing.

Upon acceptance of the submitted trade data and completion of the clearing process, a recapitulation statement of all trades and positions shall be produced and sent to the respective Clearing Member's electronic mail account.

Each Clearing Member shall be responsible for receipt and review of the recapitulation statement. The Exchange shall not be liable for the inability of a Clearing Member to receive a statement sent

by the Exchange.

2100.02. CLEARING PRIVILEGES.

In order to clear trades at MGEX, a Clearing Member must be granted clearing privileges by the Exchange. The Exchange may revoke said clearing privileges for cause at any time.

Clearing privileges may be granted and retained only if and when the terms and conditions set forth below have been met:

A. A Clearing Member must have completed and remain in compliance with the terms contained in the Application for Clearing Privileges and the Clearing Agreement.

B. A Clearing Member must be in good financial standing and meet the minimum financial requirements as may be determined by the Exchange.

C. A Clearing Member must have the personnel, and computer hardware and software to effectively communicate with MGEX and otherwise conduct the business of clearing in an efficient manner.

D. A Clearing Member must be the Record Owner of one (1) or more Memberships which shall be pledged to MGEX. A pledged Membership shall mean the Exchange will have first claim to the proceeds of any sale of such Membership. This pledge shall have priority over any other claim or lien filed pursuant to Chapter 3 of the MGEX Rules. At least one (1) Record Holder of such Memberships must be authorized by the Clearing Member to act or execute contracts on behalf of, and otherwise represent the interests of the Clearing Member. Furthermore, such Memberships shall not be included as part of the required security deposit with the Clearing House and shall not be used as value to meet the Clearing Member's margin requirements.

E. If another Person(s) (individually or collectively known as the parent) owns or controls, directly or indirectly, twenty percent (20%) or more of a Clearing Member, the parent must guarantee the obligations of the Clearing Member's non-segregated accounts including those accounts held or controlled by the parent, whether or not such parent is a Member of MGEX. The Exchange shall determine whether a guarantee is adequate. This requirement may be waived at the discretion of the Exchange.

2100.03. CLEARING MEMBER RISK MANAGEMENT.

All Clearing Members must maintain current written risk management policies and procedures, and ensure they are able to perform proper risk management and operational functions at all times. Upon request of the Exchange or the CFTC, the written risk management policies and procedures and other related information and documentation must be promptly made available for review.

The Exchange shall have authority to develop and implement risk control policies for customer and proprietary transactions. Further, the Exchange shall have authority to take such action, including but not limited to: imposing enhanced capital requirements, imposing enhanced margin requirements, prohibiting an increase or requiring a reduction in positions, and liquidating or transferring positions when, in the sole discretion of the Exchange, such action is necessary to

effectively manage risk posed to the Exchange by a Clearing Member.

2101.00. SETTLEMENT BANKS AVAILABLE FOR USE.

The Exchange shall have the authority to approve settlement banks used by the Exchange and its Clearing Members. Each Clearing Member must maintain an account at an Exchange approved settlement bank for purposes of making daily cash settlements for variation and collateral margin with the Exchange.

2102.00. ACCEPTANCE OF GIVE-UP TRADES.

All give-up trades containing the necessary trade data pursuant to MGEX **Rule 2100.00.**, including customer identification, quantity, and price, which are entered by the executing Clearing Member by the deadline set forth in **Resolution 2101.00.C.** must be accepted and transferred to the account of the carrying Clearing Member on the same business day. If the executing Clearing Member does not provide said information by the deadline, then the executing Clearing Member will retain the position until the following business day. All give-up transfer trades are due at MGEX at such time as determined by the Exchange.

2103.00. ORDER OF DELIVERY.

All balances of commodities for cash contract or cash delivery shall be made on the basis of the present Exchange Rule pertaining thereto. When deliveries are made, the oldest trades on the books shall be closed first.

2104.00. DEADLINES, FEES AND FINES.

The schedule of deadlines is subject to change at any time by the Exchange. The schedule of deadlines shall at all times be those requirements most recently adopted. The amount due for errors or any other fees charged or collected by the Exchange shall be billed on a monthly basis unless otherwise specified by the Exchange.

If the offense becomes frequent, the President or his/her designee may call for additional permanent collateral or take such other action as is deemed necessary.

Any Member making an error in his/her daily statement to the Clearing House may be fined for each error made (see **Res. 2101.00.C.**)

2104.01. CLEARING FEE.

The Exchange shall set clearing fees from time to time and shall make such fees publicly available. The Exchange may elect to waive or modify fees. Payment of the clearing fee will be due upon receipt of invoice for the transactions (whether purchases, sales or deliveries) executed on the Exchange.

2105.00. SECURITY DEPOSIT.

Each Clearing Member shall deposit with the Clearing House as security for its obligations thereto such amount as determined by the Exchange. The form of such deposit shall also be determined by the Exchange. The Exchange may change the amount and form of such deposit as necessary. Deposits may be withdrawn on written request when a Clearing Member ceases to be a Clearing

Member and the Exchange has determined that all contracts and obligations with the Exchange have been settled.

2106.00. MARGINS.

The Exchange shall set margin requirements at a level that it believes protects the interests of buyers and sellers and the Exchange. The Exchange shall accept, as margin, cash or United States Treasury securities. Cash margin requirements shall be submitted by wire transfer of funds or other acceptable method approved by the Exchange. Cash and United States Treasury securities shall be submitted at times determined and posted by the Exchange. United States Treasury securities shall be maintained in multiples of $1,000. The Exchange shall value securities as it deems appropriate. The President or his/her designee may, at their discretion, require of any Member or Market Participant a margin upon any or all of such Member or Market Participant's open trades which are deemed unduly insecure or hazardous in such amount as deemed advisable. Calls for such margin shall be paid by the Clearing Member within one business day or earlier if so requested. Further, the Exchange shall collect daily intra-day variations from Clearing Members apart from, and in addition to, any margin or daily settlement variation payments and collects.

Margin requirements are subject to change at any time but shall at all times be those requirements most recently adopted, publicly posted, and in compliance with the requirements of CFTC Regulation 39.13(g)(8), as amended.

Clearing Members called for margins under this Rule shall pay by the deadline announced by the Exchange. An extension of time for such payments can only be granted by the President or his/her designee. In such cases the extension of time so granted shall be noted on the written call, and copy of said call shall be kept in the files of the Exchange.

Should a Clearing Member fail to deposit balances for additional margin as required in this Rule, or should the President or his/her designee deem the transaction of any Member or Market Participant unduly insecure or hazardous, the Exchange may direct that the Member or Market Participant close out all or a portion of the trades, or that the Member or Market Participant transfer all or a portion of the trades to the books of another Clearing Member, as the situation may require. If such requests are not complied with within one (1) hour, the Exchange may, with the consent of the President or his/her designee, originate orders to transfer or close out all or a portion of the Member or market participant's trades, as the situation may require. Any such action shall be taken with due consideration to the positions of customers.

All differences between the contract price reported and accepted and the price at which the property may be bought or sold as a consequence of a Member or Market Participant's failure to fulfill the obligations as set forth in this and other Rules shall be included in the measure of losses against the Member or Market Participant so failing, and the differences shall be calculated, adjusted and settled within the time and in the manner and form determined by the Exchange.

Any financial obligations owed by a Clearing Member to the Exchange, which remain outstanding after all the Member or Market Participant's trades have been closed out, may be satisfied through the Member or Market Participant's security deposit with the Clearing House or such other assets, collateral or guarantees as necessary to satisfy the financial obligations.

2106.01. PROTECTION OF CUSTOMER FUNDS.

All funds deposited with the Exchange on behalf of customers of a Clearing Member shall be held in

an account identifiable as "customer segregated" in accordance with the Commodity Exchange Act and CFTC Regulation 1.20, as amended. All investment use of such funds shall comply with the investment standards of the Commodity Exchange Act and CFTC Regulation 1.25, as amended, including, but not limited to, concentration limits and permitted investments.

2107.00. FINALITY OF SETTLEMENT.

Provided there are no accounting and/or clerical errors, payments of funds or transfer of funds to and from MGEX, including, but not limited to, intraday and end of day variation, margin payments and security deposits, are final and unconditional when effected and cannot be reversed.

2108.00. LIQUIDITY EVENT.

In order to satisfy CFTC Regulations and prudential liquidity standards, the Exchange has established this Rule.

In the event the Clearing House is unable to obtain sufficient funds and liquidity to promptly meet same day settlement and payment through such means, the Clearing House may declare the occurrence of a Liquidity Event. In such an event, the Clearing House has the authority in its sole discretion to take the following actions, in the order listed, to secure same day liquidity:

A. **Substitution of Guaranty Fund Cash.** The Clearing House may substitute the cash deposited by one or more Clearing Members in a guaranty fund with U.S. Treasuries deposited as performance bond or guaranty fund by the Clearing Member(s) that is(are) the initiating cause of the Liquidity Event. The amount of cash substituted shall be equivalent to U.S. Treasuries at a haircutted market value (determined by the Clearing House as of the prior day's close of business utilizing a recognized third party source). Any U.S. Treasuries transferred pursuant to this Rule shall be applied as a guaranty fund deposit on behalf of any such Clearing Member whose cash was substituted and will be allocated pro rata among any Clearing Members with cash deposits who are not the initiating cause of the Liquidity Event. The substitution of U.S. Treasuries for the Clearing Member's guaranty fund deposit will be limited to the size of the Clearing Member's guaranty fund deposit at the time of the Liquidity Event. For any substitution of U.S. Treasuries for cash in a guaranty fund, the impacted Clearing Member may, within 24 hours of substitution, request that the Clearing House replace the cash within 29 business days of the date of the substitution. Any Clearing Member requesting cash replacement will receive the original amount of cash deposited and accessed by the Clearing House, regardless of the value of cash received by the Clearing House upon liquidation of the U.S. Treasuries.

B. **Substitution of Performance Bond Cash:** The Clearing House may substitute the cash deposited by one or more Clearing Members as performance bond with U.S. Treasuries held as collateral by the Clearing House. The amount of cash substituted shall be equivalent to the U.S. Treasuries at a haircutted market value (determined by the Clearing House as of the prior day's close of business utilizing a recognized third party source). Any U.S. Treasuries transferred pursuant to this Rule shall be applied as a performance bond deposit on behalf of any such Clearing Member whose cash was substituted and will be allocated pro rata among any Clearing Members with cash deposits. The substitution of U.S. Treasuries for the Clearing Member's performance bond held by the Exchange will be limited to the size of the

Clearing Member's performance bond at the time of the Liquidity Event. For any substitution of U.S. Treasuries for cash as performance bond, the impacted Clearing Member may, within 24 hours of substitution, request that the Clearing House replace the cash within 29 business days of the date of the substitution. Any Clearing Member requesting cash replacement will receive the original amount of cash deposited and accessed by the Clearing House, regardless of the value of cash received by the Clearing House upon liquidation of the U.S. Treasuries.

In order to ensure the Clearing House can obtain sufficient cash from the above paragraphs, the Clearing House may notify any Clearing Member that is a U.S. Government Securities Broker-Dealer or has a U.S. Government Securities Broker-Dealer affiliate to replace its non-cash performance bond assets with cash within 60 minutes from the time of notification. To the extent that a Clearing Member(s) fails to provide cash within 60 minutes or the request occurs after 3:00 p.m. Central Time, the Clearing House may debit cash from that Clearing Member's settlement bank account in the amount of the clearing member's non-cash performance bond assets.

C. Transfer or Disbursement of Collateral as Compensation for Portfolio Auction, Sale, or Transfer. In lieu of satisfying a payment owed from any auction, sale, or transfer of an insolvent, defaulted, or suspended Clearing Member's or customer's portfolio in cash to an auction winner, purchaser, or transferee, the Clearing House may satisfy such payment owed to such persons by transferring Federal Reserve discount window eligible securities with a haircutted market value (determined by the Clearing House as of the prior day's close of business utilizing a recognized third party source) equal to the amount of such obligation.

2108.01. REQUIREMENT TO ESTABLISH UNCOMMITTED REPURCHASE AGREEMENT.

Each Clearing Member that is a U.S. Government Securities Broker-Dealer or has a U.S. Government Securities Broker-Dealer affiliate shall, if required by MGEX, enter into (or arrange for such affiliate to enter into) a master repurchase agreement with MGEX on terms substantially similar to those set forth by the Clearing House.

2109.00. 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.

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, procedures, or actions allowed by law.

2109.01. CLEARING MEMBER INSOLVENCY.

If a Clearing Member becomes insolvent, the Insolvent Clearing Member, as such term is defined in Chapter 1, must immediately notify the Exchange of such insolvency. The Insolvency of a Clearing Member shall be announced by the Exchange and thereupon such Clearing Member shall be deemed automatically Suspended. When Suspended, the Exchange may permit the Clearing Member to continue limited operations for the purpose of transferring or liquidating positions, or

otherwise mitigating losses. If a Clearing Member becomes insolvent or for other reasons is Suspended, the officers, owners or partners who are Members of the Exchange may also be Suspended by the Exchange.

When an Insolvent Clearing Member is Suspended, the Exchange may exercise any or all of its rights under MGEX Rules.

2109.02. PROTECTION OF CLEARING HOUSE: DEFAULT BY A CLEARING MEMBER.

If a Clearing Member fails promptly to discharge any obligation to MGEX, its security deposits, its margins and performance bonds on deposit with MGEX, its collateral, and any of its other assets available to the Exchange shall be applied by the Exchange to discharge the obligation, provided that MGEX will not apply any collateral held in segregated customer accounts to any payment obligations arising from a default in a Clearing Member's proprietary account. The Exchange will also have the right to immediately attempt to sell any and all Memberships owned by such Clearing Member, whether pledged in accordance with Rule 2100.02.D. or not, and will have the exclusive right to the proceeds of such sale, which may be used to discharge the obligation. Further, the Exchange may make immediate demand upon any guarantor of the Clearing Member. Upon demand and without waiting for application of all available assets of the Clearing Member or a formal accounting, such guarantor shall pay the Exchange by the time and date set by MGEX. Upon a Clearing Member Default, the Exchange may act immediately to attempt to transfer to alternate Clearing Members all customer positions and associated collateral (collateral held by the Exchange on behalf of the Defaulting Clearing Member for its customer if permitted).

If a default occurs in a segregated customer account, then the Exchange has the right to liquidate and apply toward the default all open positions and customer performance bond deposits in the account of the Defaulting Clearing Member. Accordingly, positions and collateral deposited by customers not causing the default are at risk if there is a default in their Clearing Member's segregated customer account. Following a default in a segregated customer account, MGEX can apply any excess proprietary funds and assets of the Defaulting Clearing Member. The Exchange shall be under no obligation to forward any variation pays or settlement funds to a Defaulting Clearing Member.

In addition to application of the available assets of the Defaulting Clearing Member (the priority of which is further described in Rule 2109.03.), the Exchange, President, Treasurer, Chief Risk Officer, or other designee may take any other actions that it determines necessary to protect MGEX or other Clearing Members. Such actions include, but are not limited to, actions authorized elsewhere within the MGEX Rules, the suspension of clearing privileges until revoked or reinstated by the Board or its designee, pursuit of legal action, retention of variation pays and settlement funds, and request for additional security deposit and/or performance bonds. The detailed implementation of the process of finalizing losses with respect to a Clearing Member Default, including the liquidation, allocation, auction or sale of positions or assets of the Defaulting Clearing Member shall be conducted by the Exchange in its sole discretion.

The Exchange, Board, committees, officers or employees, and any qualified third party, including another Clearing Member, authorized by the Exchange to act in the place of the Defaulting Clearing Member shall have no liability arising from a failure by a Clearing Member to discharge its liabilities; neither shall they be liable for actions taken pursuant to MGEX Rules, procedures, or actions allowed by law. The appointment of a qualified third party does not absolve a Defaulting Clearing Member of any of its obligations, and the actions of such qualified third party will be binding upon the Defaulting Clearing Member. Neither the Board, committees, the Exchange, nor any of its officers,

directors, or employees, shall be liable for any losses, damages, or costs, including direct, indirect, incidental, and consequential damages, arising out of the performance or decisions of the qualified third party or Defaulting Clearing Member.

The Exchange may establish such procedures as necessary which prescribe in detail how the protections under the MGEX Rules will operate. Such procedures shall constitute part of the MGEX Rules.

2109.03. LOSSES BORNE BY MGEX: APPLICATION OF FUNDS.

Should MGEX bear a loss resulting from the Default of a Clearing Member, then such loss shall be met by applying the funds listed below. In addition and for the avoidance of doubt, Clearing Members are responsible for bearing any loss of funds or collateral associated with the failure or insolvency of a depository or settlement bank, and should a Clearing Member Default as a result of such bank failure or insolvency, MGEX will use the funds listed below. MGEX will use 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 this Rule shall be the responsibility of the Exchange.

A. Excess funds of the Defaulting Clearing Member, including any partial payment amounts, settlement funds, or variation gains.

B. Security deposits of the Defaulting Clearing Member.

C. 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.

D. Such assets of the MGEX Clearing House reserve fund.

E. 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.

F. 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 Executive Committee or the Board.

In the event that a Clearing Member Default necessitates the application of these funds, Clearing Members must make good any deficiency in security deposits or margins and performance bonds pursuant to the requirements and deadlines set forth in MGEX Rule 2109.05.

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 Rule to cover any obligations or losses of the Exchange. Any borrowing of funds shall not relieve any Clearing Member from their obligations under this and other Rules or from the application of their security deposits.

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.

If the security deposits, margins, performance bonds, guarantees and other assets of a Defaulting Clearing Member are insufficient to satisfy all of its obligations to MGEX, including all claims against the Exchange by reason of its substitution for that Clearing Member pursuant to Rule 701.00., the Exchange shall nonetheless pay all such claims, which shall be deemed a loss (hereinafter "Loss") to it and which shall be a liability of the Defaulting Clearing Member to the Exchange, which the Exchange may collect from the assets of such Clearing Member available to it or by process of law. A Loss may also be an uncovered credit loss. The definition of a Loss includes, but is not limited to, any amounts associated with the liquidation, transfer, and other costs related to managing the Default of a Clearing Member.

2109.04. MANAGEMENT OF DEFAULT AND SUBSEQUENT CLEARING CYCLES.

As of the clearing cycle in which a default occurs, the Clearing House shall aggregate the following assets: any partial payment amounts, settlement funds, variation pays, any excess security deposits, any excess margins and performance bond from the prior clearing cycle, and any other available assets of the Clearing Member. Such assets shall be allocated first to any net settlement variation payment obligation of the Defaulting Clearing Member to the Clearing House. If the funds are not sufficient to satisfy the Clearing Member's settlement variation payment obligations for the default cycle, then the Clearing House shall apply the funds to such Clearing House obligations, pro rata relative to the size of such Clearing House obligations. If the Clearing House is unable to satisfy a settlement variation payment obligation from such assets, the deficiency shall be a Loss that the Clearing House shall satisfy pursuant to the procedures set forth in this Chapter 21. Any excess margin, if applicable, and variation pays to the Defaulting Clearing Member during subsequent clearing cycles shall be added to the available funds, and the Clearing House shall apply such collateral to the Defaulting Clearing Member's payment obligations. For the avoidance of doubt, the Clearing House shall not use customer funds and margins to satisfy a payment obligation to the Clearing House in respect of the Defaulting Clearing Member's proprietary account.

2109.05. COLLATERAL TO BE RESTORED.

In the event it shall become necessary to apply all or part of a Clearing Member's security deposits or margins and performance bonds to meet obligations of MGEX pursuant to MGEX Rules, the Clearing Member shall immediately make good any such deficiency in security deposits or margins and performance bonds, by wire or other acceptable method, within two (2) hours of notice of any deficiency being delivered to Clearing Members. If a Clearing Member pays such assessment by wire and the wire transfer service is not open or operational at the time notice is sent, payment is due within one (1) hour on the next business day that the wire transfer service is open and operational. In the event of the insolvency or default of a depository or settlement bank, Clearing Members shall comply with any further instructions provided by MGEX regarding the restoration of such collateral.

2110.00. CLEARING MEMBERS: ASSESSMENTS.

Losses (as defined in **Rule 2109.03.**) shall first be satisfied by applying the funds in the order of priority listed in **Rule 2109.03.** The balance of any Losses remaining after the application of such funds shall be assessed against all Clearing Members (excluding any Insolvent or Defaulting Clearing Members). Each Clearing Member (excluding any Insolvent or Defaulting Clearing Member) shall be subject to an assessment in direct proportion to the Clearing Members' total security deposit requirement up to an amount that does not exceed (i) a total of three (3) times such Clearing Member's total security deposit requirement at the time of the default with respect to

Losses that are attributed to the default of a single Clearing Member and (ii) a total of six (6) times such Clearing Member's total security deposit requirement at the time of the default with respect to Losses that are attributed to the default of multiple Clearing Members during a Cooling Off Period (as defined in **Rule 2113.00.** below). Non-defaulting Clearing Members shall take no actions, including but not limited to, attempting to obtain a court order that would interfere with the ability of the Clearing House to collect and apply such assessments.

Each Clearing Member shall pay any assessment made pursuant to this Rule by wire or other method acceptable to MGEX within two (2) hours of the notice of the assessment being delivered to Clearing Members. If a Clearing Member pays such assessment by wire and the wire transfer service is not open or operational at the time notice is sent, payment is due within one (1) hour on the next business day that the wire transfer service is open and operational. Any Clearing Member that does not satisfy an assessment shall be in default, and any Loss that occurs as a result of such default shall itself be assessed by MGEX to non-defaulting Clearing Members. In the event that the amount of assessments received exceeds the amount of the Loss, the Clearing House will return such excess funds as soon as practicable.

If a Clearing Member has made payments of all assessed amounts and has replenished any deficiency in its security deposits or margin and performance bonds in accordance with Rule 2109.05., it may withdraw from Membership by giving written notice to and receiving approval from the Exchange.

2110.01. MEMBERSHIPS: SPECIAL ASSESSMENTS AND ISSUANCE.

Notwithstanding the provisions of Bylaw 221.01., in the event the Exchange requires additional funds to address any uncovered credit loss, liquidity shortfall, or capital inadequacy, MGEX may levy a special assessment against each Membership, provided that such special assessments, collectively, may not exceed five million dollars ($5,000,000). Each Member shall pay any special assessment made pursuant to this Rule by wire or other method acceptable to MGEX within two (2) business days of the notice of the special assessment being delivered to Members. In the event that the amount of special assessments received exceeds the amount of the uncovered credit loss, liquidity shortfall, or capital inadequacy, the Clearing House will return such excess funds as soon as practicable.

In addition, and notwithstanding the provisions of Bylaw 360.00., in the event the Exchange requires additional funds to address any uncovered credit loss, liquidity shortfall, or capital inadequacy, the Exchange officers shall have the right to sell original Memberships. The sale price shall be determined by the Exchange officers and shall be within the current bid and offer range for memberships, provided that the officers consider such price to be reasonable. The person to whom such Membership is to be issued must comply with all the terms and conditions of MGEX Rules and Bylaws concerning admission to Membership and recording the ownership of a Membership. Pursuant to Bylaw 360.00., the number of outstanding Memberships shall not exceed six hundred (600) unless an increase is approved by a vote of the Record Owners.

2111.00. VOLUNTARY CONTRIBUTIONS.

At any time following a Default that causes a Loss (as defined in **Rule 2109.03.**) or liquidity shortfall, the Exchange may seek voluntary contributions from Clearing Members and Market Participants. The Exchange may specify acceptable methods of making a voluntary contribution to the Clearing House. Any contributions made by a Clearing Member to the Clearing House will not relieve such Clearing Member of their obligations under any other MGEX Rules.

2112.00. HAIRCUT SETTLEMENT CYCLES.

If one or more Clearing Members Default and the assets available to cover the default, including the funds described in the preceding Rules, are insufficient to satisfy the Loss (as defined in **Rule 2109.03.**) and obligations of the Clearing House as a result of such default, then the Board of Directors may approve of and direct the Clearing House to modify settlement cycles in accordance with this Rule and CFTC regulations.

Following Board approval, the Clearing House shall issue a notice and conduct a settlement cycle for all MGEX contracts to determine settlement prices for all contracts and the net portfolio gain or loss for each house and customer portfolio:

A. The net portfolio gain of a Clearing Member (a "collect"), or the net portfolio loss of a Clearing Member to the Clearing House (a "pay"), shall be determined separately for (i) its proprietary positions in MGEX contracts (a "Proprietary Collect" or a "Proprietary Pay"), and (ii) the net positions of its customers in MGEX contracts (collectively, a "Customer Collect" or a "Customer Pay").

B. The Clearing House shall determine and calculate the sum of (i) the amount of each non-defaulted Clearing Member's remaining payment obligations, if any, with respect to assessments levied by MGEX; (ii) any other remaining available funds or collateral; (iii) all Proprietary Pays to be received by MGEX; and (iv) all Customer Pays to be received by MGEX, and deduct the amount of any uncovered Loss (the resulting amount, the "Aggregate Available Funds").

C. The Clearing House shall then notify each Clearing Member of the amount of its remaining assessments (if any), Proprietary Pay, and Customer Pay, and each Clearing Member shall pay all such amounts no later than the time required for the relevant settlement cycle. If a Clearing Member does not make such payment to the Clearing House, such Clearing Member will be in default and the Exchange may take any of the actions specified elsewhere in the MGEX Rules with respect to such Clearing Member and its customers.

D. If the amount of Aggregate Available Funds received by the Clearing House exceeds the sum of all Proprietary Collects and Customer Collects, the Clearing House shall calculate reimbursements of, and distribute, the excess funds to Clearing Members in the reverse order funds were previously paid to the Exchange, provided the Loss (as defined in Rule 2109.03.) has been fully addressed. Such reimbursements will be distributed pro rata to Clearing Members. The Clearing House may also determine a maximum amount to pay back for closed positions that may be included in the aggregate collects, based upon existing facts and circumstances that it deems appropriate to mitigate further disruptions to the markets.

E. If the sum of all Proprietary Collects and Customer Collects exceeds the amount of Aggregate Available Funds received, including any voluntary contributions received, then the following procedures will apply:

1. The Clearing House shall haircut the amount of each Proprietary Collect and Customer Collect on a pro rata basis for the current, and each successive, settlement cycle for the next two (2) Business Days, unless a Bankruptcy

Event (as defined in Rule 2121.00.) has occurred, to equal the amount of Aggregate Available Funds received relative to the Proprietary Collect and Customer Collect (such process, a "Variation Margin Gains Haircut"). The Clearing House will haircut Customer Collects at the customer account level of each Clearing Member, and each Clearing Member will allocate such haircut pro rata among its customers with net portfolio gains for the relevant settlement cycle.

2. After considering the existing facts and circumstances and the interests of MGEX's Clearing Members and customers, the Risk Management Committee, in consultation with MGEX's Risk Team, may instruct the Clearing House to extend or reduce the number of days during which Variation Margin Gains Haircuts are applied by one or two Business Days. In no event may the Clearing House conduct Variation Margin Gains Haircuts for longer than five (5) Business Days.

3. Absent a Bankruptcy Event, for each settlement cycle conducted in accordance with these procedures, the Clearing House shall pay the haircutted Proprietary Collects and Customer Collects as soon as practicable after receipt of the Aggregate Available Funds.

4. If a Bankruptcy Event occurs following a Clearing Member Default on a day during which Variation Margin Gains Haircuts are applied to settlement cycles, then on such day, the Clearing House will conduct a final settlement cycle which will also be subject to a Variation Margin Gains Haircut. The price determined in accordance with such settlement cycle will be used as the price for close-out netting in MGEX Rule 2121.00.

2113.00. COOLING OFF PERIOD AND MULTIPLE DEFAULTS.

The provisions set forth in this Chapter apply with respect to each default by a Clearing Member. If more than one Clearing Member Default occurs at a time or in close sequence, including a default that occurs by reason of a Clearing Member's failure to satisfy an assessment demand, the Clearing House shall manage the defaults separately. Upon any default, during the Cooling Off Period, non-defaulted Clearing Members shall be subject to a maximum obligation to pay assessments as set forth in Rule 2110.00. and the maximum obligation of all Members shall be restricted to the special assessment limit set forth in Rule 2110.01. These maximums shall apply from the date of the original default until the later of (i) the fifth Business Day thereafter and (ii) if another Clearing Member defaults during the five (5) Business Days following the initial or any subsequent default, the fifth Business Day following the last such default (such period, the "Cooling Off Period"), regardless of the number of defaults that occur during such Cooling Off Period.

The aggregate maximum contribution that may be required pursuant to Rule 2110.00. for the Cooling Off Period shall be based upon each Clearing Member's total security deposit requirement in effect at the commencement of the Cooling Off Period. The maximum does not limit Clearing Members' obligations to restore their security deposit contributions or margins and performance bonds as set forth in Rule 2109.05. Following a Cooling Off Period, the Clearing House shall notify each Clearing Member of its security deposit obligation and its assessment exposure.

2114.00. PARTIAL TEAR-UPS.

At any time following a Clearing Member Default or other Loss (as defined in **Rule 2109.03.**), the Clearing House may issue notice to Clearing Members and Market Participants providing an opportunity for them to voluntarily agree to have one or more proprietary contracts or, with a customer's consent, to agree to have one or more of each of such customer's contracts that are opposite the remaining open positions of the Defaulted Clearing Member, extinguished by the Clearing House. In addition, the Exchange may elect to tear-up defaulted positions within a Defaulted Clearing Member's portfolio.

At any time following a Clearing Member Default or other Loss (as defined in **Rule 2109.03.**), the Risk Management Committee may instruct the Clearing House to extinguish a portion of the remaining open positions of the Defaulted Clearing Member through a partial tear-up of proprietary and customer positions of non-defaulted Clearing Members and non-defaulted customers of the Defaulted Clearing Member. A partial tear-up may include, but is not limited to, a line-by-line tear-up against the remaining open positions of the Defaulted Clearing Member. In such event, the Risk Management Committee will determine the appropriate scope of each partial tear-up in accordance with the following procedures. The Risk Management Committee will first determine whether a partial tear-up is appropriate or whether the Exchange should instead move immediately to a full termination of all contracts, taking into consideration any recommendation by the Board of Directors. Such determination, and any recommendation, will (i) be based upon then existing facts and circumstances; (ii) support the integrity of the Clearing House and the stability of the financial system; (iii) take into consideration the interests of Clearing Members and Market Participants; and (iv) aim to extinguish the Defaulted Clearing Member's open proprietary and customer positions and any additional positions deemed necessary to mitigate further disruptions to the markets affected by the remaining open positions of the Defaulted Clearing Member.

If any proprietary or customer positions of a Defaulted Clearing Member remain open following the last Variation Margin Gains Haircut settlement cycle, then the Clearing House will conduct a partial tear-up process of proprietary and customer positions of non-defaulted Clearing Members and non-defaulted customers of the Defaulted Clearing Member, provided that the Risk Management Committee determine the appropriate scope of the tear-up in accordance with the considerations set forth above and any recommendations by the Board of Directors. A partial tear-up may include, but is not limited to, a line-by-line tear-up against the remaining open positions of the Defaulted Clearing Member. In this situation, the Clearing House would proportionately extinguish contracts held by non-defaulted Clearing Members, their non-defaulted customers, and the non-defaulted customers of the Defaulted Clearing Member that are opposite the Defaulted Clearing Member's remaining open positions relative to the size of such remaining open positions.

2115.00. TERMINATION OF CONTRACTS.

In the event that the Board of Directors mandates a full tear-up of contracts or if, after taking any or all of the measures allowed in this Chapter to address a Clearing Member Default or Insolvency, the Clearing House determines that it still will not be able to satisfy all Losses (as defined in **Rule 2109.03.**) or cover a settlement variation payment obligation when due (without expectation of accessing funds that would permit it to cover such payment obligation), then the Clearing House will terminate all contracts in accordance with these procedures. As soon as reasonably practicable and in a manner consistent with the Commodity Exchange Act and the regulations adopted thereunder (including, without limitation Part 190 of the Regulations, if applicable), the Exchange will fix a U.S. dollar amount to be paid to or received from the Clearing House in respect of all contracts to be terminated by conducting a haircut settlement cycle (as described in Rule 2112.00.) to determine a final settlement price for all open contracts.

Upon the completion of payments, all MGEX contracts shall be extinguished, and the Clearing House shall have no further access to funds or collateral with respect to such contracts or clearing activity of a non-Defaulting Clearing Member. Clearing Members, their affiliates, and their customers shall have no claim against the Exchange with respect to losses suffered as a result of the application of MGEX Rules, nor shall any beneficial holder of an MGEX contract have any claim against its non-defaulting Clearing Member.

2116.00. DETAILS OF IMPLEMENTATION AND AUCTIONS.

While adherence to the provisions of the above MGEX Rules is mandatory, the detailed implementation of the process of finalizing Losses with respect to a default, including the liquidation, auction, tear-up, or sale of positions or assets of the Defaulting Clearing Member, shall be conducted by the Clearing House or the MGEX Risk Team. A Loss includes, but is not limited to, any amounts associated with the liquidation, transfer, and other costs related to managing the Default of a Clearing Member. In order to ensure that the process for liquidating open contracts results in competitive pricing, to the extent feasible under market conditions at the time of liquidation, liquidation of open contracts held for a house account or customer account of a Defaulting Clearing Member may occur by one or more of the following methods: (i) book entry that offsets open contracts on the books of the Defaulting Clearing Member; (ii) liquidation in the open market; and/or (iii) one or more private auctions amongst qualified market participants invited by the Clearing House to submit confidential bids. The Clearing House shall have discretion to select the best bid submitted for any portfolio in an auction, based on the totality of the circumstances, and no bid shall be binding upon MGEX unless accepted by it.

In the event that identical customer contracts are liquidated in the open market on the same date but cannot be liquidated at the same price, unless the Clearing House determines that it would be inappropriate, a weighted average of the liquidation prices for such contracts shall be used in determining the value of the liquidated contracts for each such customer. In the event that open contracts of multiple customers are liquidated in a bulk auction, the net proceeds of such auction shall be allocated on a pro rata basis amongst the affected customers based upon their applicable performance bond requirements for the clearing cycle immediately prior to the default.

2117.00. USE OF CUSTOMER GROSS MARGIN FILES.

Unless otherwise expressly agreed to by the Exchange, in the event of a Clearing Member or customer default, insolvency, or other financial emergency, the Exchange shall use and rely upon the customer gross margin files reported daily by Clearing Members to determine the amount of a customer's pledged margin, associated with open positions, held at the Clearing House. The Exchange shall not be held liable to any party for its reliance upon and use of the customer gross margin files reported to MGEX.

2118.00. NO ACTION; LIMITATION OF LIABILITY.

Non-defaulting Clearing Members shall take no actions, including but not limited to, attempting to obtain a court order that would interfere with the ability of the Clearing House to collect and apply assets and proceeds in accordance with any MGEX Rules.

The liability of the Exchange shall be limited to losses resulting from the substitution of the Clearing House upon contracts between Clearing Members. The Exchange shall not be liable for any other obligations, including but not limited to, obligations of a non-Clearing Member, obligations of a

Member, obligations of a Clearing Member to a Market Participant, obligations of a Clearing Member to another Member of the Clearing House who is acting for him as broker, or obligations to a customer by a Clearing Member; nor shall the Exchange become liable to make deliveries to or accept deliveries from a customer of its Clearing Members.

2119.00. RECOVERY OF LOSS.

If the Exchange later recovers any amounts accessed or contributed to cover a Loss (as defined in **Rule 2109.03.**), the net amount of such recovery shall be credited to non-defaulted Clearing Members (whether or not they are Clearing Members at the time of recovery) and Market Participants, as applicable, in the following order on a pro rata basis based on: (i) the amount of such Clearing Members and Market Participants' voluntary contributions made pursuant to Rule 2111.00.; (ii) the amount of such Clearing Members' (and their customers' if applicable) aggregate Variation Margin Gains Haircuts made pursuant to Rule 2112.00.; (iii) the amount of such Clearing Members' assessments utilized by the Exchange pursuant to Rule 2110.00.; and (iv) the amount of such Clearing Members' security deposits utilized by the Exchange pursuant to Rule 2109.03. Any remaining amount may be credited to the Exchange for the amount of the MGEX Clearing House reserve fund utilized with respect to the default.

2120.00. LIMITED RECOURSE AND NON-PETITION.

If a Bankruptcy Event occurs (as defined in Rule 2121.00.), Clearing Members and Market Participants will have no recourse to any other funds or any other entity, including without limitation the Exchange and its Clearing House or any of its directors, officers, or employees. Notwithstanding the foregoing, Clearing Members, for both their proprietary positions and their customers' positions, and non-defaulted customers of Defaulted Clearing Members may have a claim on any recovery from the Defaulted Clearing Member in the amount of the aggregate Variation Margin Gains Haircuts applied to such positions. If recovery from the Defaulted Clearing Member is less than the aggregate Variation Margin Gains Haircuts applied, non-defaulted Clearing Members and their customers and the non-defaulted customers of the Defaulted Clearing Member will share pro rata in any recovery.

No Clearing Member and no customer of a Clearing Member shall institute against, or join any other person in instituting against, the Exchange any bankruptcy, reorganization, arrangement, insolvency, moratorium, liquidation or examinership proceedings, or other similar proceedings under U.S. federal or state bankruptcy laws or other applicable law arising out of any claimed default by the Clearing House on an MGEX contract as a result of the termination of such contract and related payments in accordance with these Rules.

2121.00. CLOSE-OUT NETTING AND OFFSET.

If at any time the Exchange (i) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition presented against it, such proceeding or petition results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for the Exchange's winding-up or liquidation, or (ii) approves resolutions authorizing any proceeding or petition described in clause (i) above (collectively, a "Bankruptcy Event"), all open positions in the Clearing House shall be closed promptly.

If at any time the Exchange fails to comply with an undisputed obligation to pay money or deliver

property to a Clearing Member that is due and owing in connection with a transaction cleared by the Exchange, for a period of five (5) Business Days from the date that the Exchange receives notice from the Clearing Member of the past due obligation, the Clearing Member's open proprietary and customer positions at the Clearing House shall, at the election of that Clearing Member, be closed promptly. For the avoidance of doubt, in the event the Clearing House conducts any Variation Margin Gains Haircut settlement cycles, such haircutted funds will not constitute an undisputed Exchange obligation under this Rule, and MGEX will have no obligation to repay such amounts other than as provided for in Rule 2119.00.

At such time as a Clearing Member's positions are closed:

A. The obligations of the Clearing House to such Clearing Member with respect to the Clearing Member's proprietary positions, accounts, collateral, and security deposits shall be netted against the obligations of such Clearing Member to the Clearing House and to the Exchange in respect of its proprietary positions, accounts, collateral, guarantees of the performance of its customers, and any obligations to guarantee funds ("Proprietary Netting"); and

B. The obligations of the Clearing House to the Clearing Member with respect to such Clearing Member's customers' futures positions, futures accounts, and futures collateral shall be netted against the obligations of the Clearing Member to the Clearing House with respect to the futures positions, futures accounts, and futures collateral of such customers ("Futures Customer Netting").

Notwithstanding the foregoing, the amount of any proprietary or customer claim extinguished as a result of applying the terminating and netting procedures set forth in this Chapter 21 will not be available for netting in Proprietary Netting and Futures Customer Netting. Proprietary Netting and Futures Customer Netting shall be performed in accordance with the Bankruptcy Code and the Commodity Exchange Act and the regulations promulgated thereunder. This Rule shall be deemed to be a master netting agreement for Proprietary Netting and a master netting agreement for Futures Customer Netting.

All positions open immediately before being closed in accordance with this Rule shall be valued in accordance with the following procedures.

As promptly as reasonably practicable, but in any event within thirty days of the (i) Bankruptcy Event, or (ii) if a Clearing Member elects to have its open positions closed as described above, the date of the election, the Exchange shall, in a manner that is consistent with the requirements of the Commodity Exchange Act and the regulations adopted thereunder (including, without limitation Part 190 of the Regulations), fix a U.S. dollar amount (the "Close-out Value") to be paid to or received from the Exchange by each Clearing Member, after taking into account all applicable netting and offsetting pursuant to the provisions of this Rule.

The Exchange shall value open positions subject to close-out by using the market prices at the moment that the positions were closed-out, assuming the markets were operating normally at such moment. If the markets were not operating normally at such moment, the Exchange shall exercise its discretion, acting in good faith and in a commercially reasonable manner, in adopting methods of valuation to produce reasonably accurate substitutes for the values that would have been obtained from the market if it had been operating normally at the moment that the positions were closed-out.

In determining a Close-out Value, the Exchange may consider any information that it deems relevant. If a Clearing Member has a negative Close-out Value, it shall promptly pay that amount to the Exchange.

CHAPTER 22
MGEX INFO XCHANGE REGULATIONS

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CHAPTER 22
MGEX INFO XCHANGE REGULATIONS

2200.00. AUTHORITY.

Pursuant to the provisions of Rule 210.01., the Board of Directors has adopted this Chapter to govern participation on the message board system to be known as the MGEX Info Xchange, also known as the MIX, for the limited purposes described in Regulation 2202.00. Should there be provisions in this Chapter that appear to conflict with other sections of the MGEX Rules and Regulations, this Chapter supersedes such. Otherwise, registered users and public viewers are fully subject to applicable MGEX Rules and Regulations unless specifically and expressly excluded therefrom. Registered users and public viewers must also abide by the Commodity Exchange Act and the regulations promulgated thereunder, and any other applicable jurisdiction's laws, rules or regulations.

2201.00. MGEX INFO XCHANGE.

The Exchange may establish an MGEX Info Xchange, the structure and operation of which may be modified, suspended or terminated at any time by the Exchange. The Exchange has sole discretion to determine those individuals and entities eligible and permitted to participate on the MIX. Those eligible and approved pursuant to Regulation 2203.00. shall be known as registered users. Eligibility standards may include an applicant's business reputation, financial resources, trading activity in relevant futures, options, or related cash markets, or any other factor or standard. Any individual or entity participating on the MIX must maintain compliance with the requirements established by the Exchange. The Exchange may, without notice, deny or remove any individual or entity access to the MIX if they fail to comply with Exchange requirements.

2202.00. PURPOSE.

The purpose of the MIX is to provide an accessible website forum offering a public venue for registered users who are interested in discussing permitted trading and market information, as determined by the Exchange. The MIX is not a trading platform nor is it linked to a trading platform. There is no matching that is completed on the MIX. All matching of orders must separately take place on an independent matching engine and platform.

2203.00. ACCESS.

The ability to post communications on the MIX is limited to registered users.

To become a registered user, an applicant must complete and sign a user agreement. The Exchange has sole discretion to approve, reject or revoke registered user status.

2204.00. INTERNET SERVICES.

Registered users and public viewers are responsible for procuring their own Internet access to the MGEX website and the MIX. MGEX does not warrant access, posting, listing, entry, quote or response speed or time.

2205.00. ELECTRONIC MAIL ACCOUNTS.

All registered users must maintain a valid electronic mail account. Each registered user is responsible for promptly viewing, and if required, responding to all electronic mail emanating from the Exchange.

2206.00. MISUSE OF MGEX INFO XCHANGE PROHIBITED.

Misuse of the MIX or website is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of MGEX to willfully or negligently engage in unauthorized use of the MIX or website, to assist any person in obtaining unauthorized access to the MIX or website, to alter equipment accessing the website, to interfere with the operation of the MIX or website, to intercept or interfere with information provided thereby, or in any way to participate on the MIX or use the website in a manner contrary to the MGEX Rules and Regulations or any other applicable laws or regulations.

No individual or entity may distribute, sell or retransmit information displayed on the MIX or website to any third party.

2207.00. HOURS OF OPERATION.

The hours of operation of the MIX shall be determined by the Exchange and are subject to change at any time provided notice is given to the marketplace.

2208.00. RECORDS OF INFORMATION.

All information entered onto the MIX will be retained by the Exchange and will be deemed original records.

2209.00. DISCIPLINARY PROCEDURES.

All suspensions, expulsions and other restrictions imposed upon a registered user by the Exchange pursuant to disciplinary procedures contained in MGEX Rules and Regulations shall restrict, with equal force and effect, access to and participation on the MIX.

Registered users shall promptly respond, provide documentation, and cooperate in all inquiries by the Exchange. Failure to do so shall subject the registered user to disciplinary procedures, including but not limited to immediate termination of access to the MIX and website.

2210.00. TERMINATION OF ACCESS.

The Exchange shall have the right to summarily terminate access to and participation on the MIX and website.

2211.00. SYSTEM SECURITY.

Each registered user shall be responsible for the security of their respective terminals which have access to the MIX and website. Each registered user assigned an individual user name and password shall not disclose such identifiers to any other person or permit any other person to access the MIX or website using such individual user name and password. Each registered user shall be responsible for monitoring the security of their individual identifiers. Identifiers will

be assigned by account.

2212.00. PHYSICAL LOCATION EMERGENCIES; SUSPENSION OF SERVICE.

If the MIX or website experiences a full or partial breakdown in any area, the Exchange may, without warning and in its sole discretion, immediately suspend access to the MIX and website.

2213.00. LIMITATION OF LIABILITY.

Except in instances where there has been a finding of willful or wanton misconduct in which case the party found to have engaged in such conduct cannot avail itself of the protections in this Regulation, neither MGEX, the Clearing House, Members, Clearing Members, other persons acting as agents nor any of their officers, directors or employees, shall be liable for any losses, damages or costs, including direct, indirect, special, incidental or consequential damages and lost profits, regardless of whether any of them had been advised or otherwise made aware of the possibility of such damages, arising out of the use or performance of the MIX or website, or any component(s) thereof, or any fault, failure, malfunction or other alleged defect in the MIX or website, or any other cause in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the MIX or website, disruption of common carrier lines, loss of power, acts or failures to act by any third party, natural disasters or any and all other causes. MGEX does not guarantee continuous, uninterrupted or secure access to the MIX or website.

Each registered user and public viewer assumes all risks associated with the reliance on information posted on or other use of the MIX, and waives any right to assert any claim against MGEX, including but not limited to, such claims as those alleging access or information was not provided by MGEX or that access or information provided by MGEX was improper, inaccurate or inadequate. Further, such registered user and public viewer waives any right to contest that access was interrupted or denied. Each registered user and public viewer also waives any claim that communication to MGEX was interrupted or denied, or that priority of communication to MGEX was interrupted or denied, or that the Exchange's determination of priority of communication to MGEX was incorrect, inaccurate, improper or unfair.

There are no express or implied warranties or representations provided by MGEX, the Clearing House, Members, Clearing Members, registered users, public viewers or any of their officers, directors or employees, relating to the MIX or website, including but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

2214.00. MGEX INFO XCHANGE PROCEDURES.

The Exchange may immediately adopt, cancel or modify MIX procedures, including but not limited to, access, postings, listings, reporting, notification and recordkeeping procedures that the Exchange determines to be necessary so as to comply with the Commodity Exchange Act, Commission Regulations, MGEX Rules and Regulations and surveillance obligations, or other controlling or governing authority; or determined to be in the best interest of MGEX, Membership, users or public, or required as a result of changes to the website or Internet access providers or servers.

2215.00. POWERS.

The Board of Directors shall have the authority and power to operate the MIX, to approve,

modify and implement any MGEX Rules and Regulations not inconsistent with this Chapter, and hereby delegates said authority to Exchange officers.

CHAPTER 57
HARD RED SPRING WHEAT CALENDAR SPREAD OPTIONS REGULATIONS

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5710.00. Last Trading Day
5711.00. Payment Of Option Premium
5712.00. Margin Requirements
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5714.00. Contract Modification
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5717.00. Assignment
5718.00. Position Limits
5719.00. Exemptions From Position Limits
5720.00. Aggregation Of Positions
5721.00. Reportable Positions

5700.00. AUTHORITY.

Trading in Hard Red Spring Wheat ("HRSW") Calendar Spread options may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

5701.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on HRSW Calendar Spreads. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the MGEX Rules and Regulations, or delegated to the Exchange to establish policies and procedures that implement the MGEX Rules and Regulations.

5702.00. PUT OPTIONS ON THE HRSW CALENDAR SPREADS.

The buyer of one (1) HRSW Calendar Spread put option may exercise such option only upon option expiration, subject to **Regulation 5715.00.**, to assume a short position in one (1) HRSW futures contract of a nearby specified contract month, and a long position in one (1) HRSW futures contract of a deferred specified contract month, at a strike price set at the time the option was purchased.

The seller of one (1) HRSW Calendar Spread put option incurs the obligation of assuming a long position in one (1) HRSW futures contract of a nearby specified contract month, and a short position in one (1) HRSW futures contract of a deferred specified contract month at a combination of prices such that the calendar spread equals the strike price set at the time the option was sold, upon exercise by a put option buyer.

5703.00. CALL OPTIONS ON THE HRSW CALENDAR SPREADS.

The buyer of one (1) HRSW Calendar Spread call option may exercise such option only upon option expiration, subject to **Regulation 5715.00.**, to assume a long position in one (1) HRSW futures contract of a nearby specified contract month, and a short position in one (1) HRSW futures contract of a deferred specified contract month at a strike price set at the time the option was purchased.

The seller of one (1) HRSW Calendar Spread call option incurs the obligation of assuming a short position in one (1) HRSW futures contract of a nearby specified contract month and a long position in one (1) HRSW futures contract of a deferred specified contract month at a combination of prices such that the calendar spread equals the strike price set at the time the option was sold, upon exercise by a call option buyer.

5704.00. CONTRACT TRADING UNIT.

One (1) HRSW Calendar Spread Option reflects one (1) HRSW futures contract of a specified nearby contract month, and one (1) opposing HRSW futures contract of a specified deferred contract month on the Exchange.

The calendar spread is calculated in cents/bushel as:

Nearby HRSW futures price in cents/bushel – deferred HRSW futures price in cents/bushel = calendar spread cents/bushel.

5705.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation for HRSW Calendar Spread options 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. Notwithstanding the foregoing, a position may be initiated or liquidated in HRSW Calendar Spread options at premiums ranging from $1.00 to $6.00, in $1.00 increments per option contract.

5706.00. TRADING HOURS.

The Hours of Trading for HRSW Calendar Spread options shall be Sunday to Friday: from seven o'clock (7:00) p.m. to one-thirty o'clock (1:30) p.m. A pause in trading occurs from seven forty-five o'clock (7:45) a.m. to eight-thirty o'clock (8:30) a.m. All times shall be Central Time.

5707.00. OFFICIAL CLOSING PERIOD.

The official closing period shall be from 1:29:00 p.m. to 1:29:59 p.m. Central Time.

5708.00. CONTRACT MONTHS AND STRIKING PRICES.

Trading shall be conducted for put and call options on futures calendar spreads consisting of the nearby futures month and the next available futures month with strike prices in integral multiples of one cent ($0.01) per bushel per HRSW Calendar Spread option. Trading shall be conducted for put and call options on futures calendar spreads consisting of the nearby futures month and a futures month beyond the next available futures month with strike prices in integral multiples of five cents ($0.05) per bushel per HRSW Calendar Spread option. Contract months for trade shall be determined by the Exchange but shall never consist of a month which is not available for trade for HRSW futures (see Regulation 2010.00).

At the commencement of trading for such option contracts, the following strike prices shall be listed: one (1) with a strike price closest to the previous day's HRSW Calendar Spread price settlement; the next ten (10) consecutive higher and the next ten (10) consecutive lower strike prices closest to the previous day's HRSW Calendar Spread price settlement. If the previous day's settlement price is midway between two (2) strike prices, the closest price shall be the larger of the two (2). When a sale in the underlying HRSW Calendar Spread occurs at a price greater than or equal to the tenth largest strike price, a new strike price one (1) increment higher than the existing strike prices will be added. When a sale in the underlying HRSW Calendar Spread occurs at a price less than or equal to the tenth smallest strike price, a new strike price one (1) increment lower than the existing strike prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed. All new strike prices will be added prior to the opening of trading on the following business day.

All strikes will be listed prior to the opening of trading on the following business day. Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis. The Exchange may modify the procedures for the introduction of months and strikes listed as it deems appropriate in order to

respond to market conditions.

5709.00. DAILY PRICE LIMITS.

Trading is prohibited in a HRSW Calendar Spread option at a premium that is greater than the trading limit for the HRSW futures contract above and below the previous day's settlement premium for that option. On the first day of trading, limits shall be set from the premium of the first trade.

5710.00. LAST TRADING DAY.

Subject to the provisions of **Regulations 5706.00. and 5708.00.**, no trades in HRSW Calendar Spread options expiring in the current month shall be made after the close of trading of the trading session on the day identical to the expiration of options corresponding to HRSW futures. Therefore, expiration will occur on the last Friday which precedes by at least two (2) business days, the last business day of the month preceding that earliest expiring corresponding option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. For example, the March-May HRSW Calendar Spread (March HRSW minus May HRSW) will expire on the last Friday which precedes by at least two (2) business days the last business day of February; the December-July HRSW Calendar Spread (December HRSW minus July HRSW) will expire on the last Friday which precedes by at least two (2) business days the last business day of November.

5711.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Exchange.

5712.00. MARGIN REQUIREMENTS.

Margin requirements shall be established in accordance with **Rule 760.00.** and **Rule 2106.00.**

5713.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing options positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Regulation.

5714.00. CONTRACT MODIFICATION.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Regulations will become effective upon notice by the Exchange.

The Board of Directors or the Exchange, to maintain the viability of HRSW Calendar Spread Options, is granted the authority to change such contract specifications as it deems appropriate

or necessary for any unopened contract month.

5715.00. OPTION EXERCISES.

The buyer of a HRSW Calendar Spread option may exercise the option only on the business day such option expires. In the money options that have not been liquidated or exercised on the last day of trading shall be automatically exercised in the absence of contrary instructions delivered to the Exchange at the deadline set forth in **Resolution 2101.00.C.**, or by such other time designated by the Exchange, on the last day of trading by the Clearing Member representing the option buyer.

The HRSW Calendar Spread is calculated using final settlement values for the underlying contracts on the business day the option expires in the following formula: (settlement price of specified nearby HRSW futures) – (settlement price of specified deferred HRSW futures). An option is in-the-money if the settlement price of the underlying calendar spread is greater in the case of a call, or less in the case of a put, than the exercise price of the option.

5716.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Regulation 5715.00.**, the Exchange shall automatically exercise all in-the-money HRSW Calendar Spread options unless notice to cancel automatic exercise is given to the Exchange at such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading. Additionally, notice to cancel automatic exercise may be accepted by the Exchange (in its sole discretion) after the deadline but prior to final expiration processing:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

5717.00. ASSIGNMENT.

The Exchange shall assign the exercise of a HRSW Calendar Spread option through a process of random selection or other approved method to a Clearing Member carrying a short position in the same option series. A Clearing Member to which an exercise notice is assigned shall be notified of the assignment as soon as practicable after such notice is assigned by the Clearing House. Both buying and selling Clearing Members shall have the obligation to inform their respective customer of the assignment promptly.

Upon the exercise of a HRSW Calendar Spread option the Exchange assigns prices to the legs of the HRSW Calendar Spread in the following manner:

A. assigned nearby HRSW futures price equals the HRSW futures settlement price on the day of exercise;

B. assigned deferred HRSW futures price equals the nearby HRSW futures

settlement price on the day of exercise minus the strike value of the option.

All such futures positions shall be marked to market in accordance with Exchange procedures on the trading day of acceptance by the Exchange.

5718.00. POSITION LIMITS.

A. **Limits.** Position limits for HRSW Calendar Spread Options shall be those limits currently in effect for HRSW pursuant to Part 150 of the Regulations of the CFTC.

B. **Compliance.** The Exchange may direct any Member, Market Participant, or Person owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. If at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

C. **Enforcement.** The carrying Member, Market Participant, or Person shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member, Market Participant, or Person.

5719.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from position limits under this Regulation, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

A. a description of the size and nature of the proposed transactions;

B. information which will demonstrate that the proposed transactions are bona fide hedging transactions;

C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Regulation through another applicant, and if so, the relationship of the information set forth in such requests;

D. a statement that the intended transactions will be *bona fide* hedges;

E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto; and

F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon. At any time, MGEX may limit *bona fide* hedging positions, and deny or limit any request for exemption from position limits which MGEX determines in its sole discretion are not in accord with sound commercial practices or exceed the established or permitted amount which may be liquidated in an orderly fashion.

When applied to HRSW Calendar Spread options, MGEX will use as a guide, but not be limited by, the CFTC definition of a *bona fide* hedging position, as described in Commission Part 151, specifically 151.5, or elsewhere, as applicable.

5720.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. MGEX will follow the CFTC definition of aggregation and the procedures for aggregating positions as described in CFTC regulations as applicable.

5721.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more HRSW Calendar Spread options on this Exchange, long or short, in any one (1) month shall be a reportable position level. All such positions shall be reported in a manner and form as designated by the CFTC or the Exchange.

CHAPTER 70
FORMS

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MINNEAPOLIS GRAIN EXCHANGE
FORM 4-00.00
ARBITRATION PROFILE

The information included on Part 1 of the data sheet will be disclosed to the parties at the time you are selected to enable them to determine potential conflicts of interest.

Name: _____

Position: _____

Employer's Name: _____

Employer's Address: _____
Street

_____
City State Zip

Preferred mailing address: _____ Business
_____ Home
_____ Other
_____

_____

Are you a Minneapolis Grain Exchange: _____ Owner
_____ Member
_____ Delegate
_____ None of the above

Are you a Minneapolis Grain Exchange: _____ Member Arbitrator
_____ Nonmember Arbitrator

In the space provided below, please list your employment history. Include your present position first. If retired, please list your last employer, number of years at the firm and date of retirement. A resume may be submitted in lieu of this section.

Previous Employer: _____

Starting Date: ____/_____/_____ Ending Date: ____/_____/_____ Year(s) _____
Month Date Year Month Date Year

Position/Title: _____

Duties/Responsibilities: _____

_____

_____

Previous Employer: _____

Starting Date: ____/_____/_____ Ending Date: ____/_____/_____ Year(s) _____
Month Date Year Month Date Year

Position/Title: _____

Duties/Responsibilities: _____

_____

_____

Previous Employer: _____

Starting Date: ____/_____/_____ Ending Date: ____/_____/_____ Year(s) _____
Month Date Year Month Date Year

Position/Title: _____

Duties/Responsibilities: _____

_____

_____

In the space provided below, please list your educational background.
(Information provided in this section is optional)

School Level	Name and Location	No. of Years Attended	Did You Graduate	Subjects Studied
High School				
College				
Graduate School				
Trade Business or Other School				

Describe any current or prior experience, as an arbitrator in a commodities dispute including, but not limited to, experience as an arbitrator, or other experience that you feel qualifies you to serve.

_____

_____

_____

List the name of any Professional or Business Associations of which you are a member. Include offices held.

_____

_____

_____

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PART II
Page 1 of 2

Name:_____ Social Security No:_____

Home Telephone: (____)_____ Date of Birth:
_____/_____/_____
(include Area Code) Month Date Year

Office Telephone: (____)_____
(include Area Code)

Home Address:_____
Street City State Zip

The following information is requested to enable the Secretary of the Corporation to determine if there is a potential conflict which would preclude your serving on a particular arbitration panel.

1. Brokerage firm(s) where you maintain an account (include IRA and Keogh Accounts).

_____

_____

_____

2. Do you, your employer/firm, or family have significant business relationship with commodities firms? If so, please list the name of the firm(s) and the type of relationship. _____

_____

_____

3. Have you ever had your registration or authority to practice any business or professional license revoked or suspended? _____

4. Have you ever been disciplined by the Minneapolis Grain Exchange or anther self-regulatory organization? If so, give dates and details.

_____

_____

5. Previous arbitration experience: _____

_____

_____

6. Related areas of expertise: _____

_____

_____

7. What area(s) do you feel you are most qualified to arbitrate?

____ Cash Grain Trading ____ Weights and Grades

____ Deliveries ____ Transportation Issues

____ Futures or Options ____ Other _____
_____
_____
_____

8. Attorneys:

A. Areas of practice in which you are most active: _____
_____
_____

B. Bar Admission - Jurisdiction: _____
_____
_____

I AFFIRM THAT THE INFORMATION SUPPLIED ON THIS FORM IS, TO THE BEST OF MY KNOWLEDGE, CORRECT AND COMPLETE.

_____ _____
Signature Date

PLEASE COMPLETE, SIGN AND
RETURN THIS FORM TO:

MINNEAPOLIS GRAIN EXCHANGE
Corporate Secretary
400 South 4th Street - Suite 111
Minneapolis, MN 55415

MINNEAPOLIS GRAIN EXCHANGE
FORM 4-01.00
IMPARTIALITY FORM

Listed below are any circumstances likely to effect impartiality, including any bias or any financial or personal interest in the result of the arbitration or any past or present relationship with the parties or their counsel.

_____

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Name:_____
Arbitrator (Please type or print)

_____
(Signature)

_____
(Date)

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MINNEAPOLIS GRAIN EXCHANGE
FORM 4-10.00
STATEMENT OF CLAIM

_____ , 20_____

To the Secretary of the
Minneapolis Grain Exchange

_____, *Complainant,* hereby submitting to the jurisdiction of a Board of Arbitration, and hereby voluntarily submits the Claim or Grievance herein referred to, to the arbitrament of said Panel, makes and files this Complaint against _____, *as Respondent,* in accordance with the Charter, Rules, Regulations, customs and usages of said Grain Exchange with a view to an arbitration thereunder.

AND FOR CAUSE OF COMPLAINT SAYS: That Complainant has a matter of dispute or difference with Respondent growing out of a transaction, the facts and particulars relating to which are as follows:

(The Complainant shall then set forth in plain language the substance and particulars of the Complainants demands, commodity, date, month, quantity, price, time, parties involved, etc.)

(If you need more space to explain your claim, please attach additional paper.)

STATEMENT OF CLAIM

The computation of monetary loss is based on the following calculation:

_____

_____

_____

_____

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentinary material should correspond with the heading you have assigned below.

C-1_____ **C-7**_____
C-2_____ **C-8**_____
C-3_____ **C-9**_____
C-4_____ **C-10**_____
C-5_____ **C-11**_____
C-6_____ **C-12**_____

Subscribed and sworn to before me
this_____ day of
_____A.D., 20____
Notary Public,_____ County
State of _____

_____
Notary Public

SEAL

Complainant's Signature:

_____

_____
Print Name

_____
Date

MINNEAPOLIS GRAIN EXCHANGE
FORM 4-10.01
PETITION FOR JOINT ARBITRATION

_____, 20_____

To the Secretary of the
Minneapolis Grain Exchange

_____and_____hereby submit to the jurisdiction of a Board of Arbitration, and hereby voluntarily submit their respective claims or grievances hereinafter referred to, to the arbitrament of a panel of arbitration in accordance with the Charter, Rules, Regulations, custom and usages of the Minneapolis Grain Exchange.

Attached hereto is a sworn statement of claim or grievance by each Petitioner. Also attached are documents, if any, which are submitted as evidence to support each Petitioner's grievance or claim.

Petitioners jointly wish to place the matters in issue before a Board of Arbitration, but neither Petitioner wishes to take the position of Complainant. The Board of Arbitration will, however, for procedural purposes only, including the identifying caption of the matter, assign one Petitioner as Complainant and one Petitioner as Respondent.

_____ _____
First Petitioner Second Petitioner

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PETITION FOR JOINT ARBITRATION
First Petitioner

The Petitioner shall set forth in plain language the substance and particulars of the Petitioner's demands, commodity, date, month, quantity, price, time, parties involved, etc.

(If you need more space to explain your claim, please attach additional paper.)

The computation of monetary loss is based on the following calculation:

_____

_____

_____

_____

_____

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentinary material should correspond with the heading you have assigned below.

P-1_____ **P-7**_____
P-2_____ **P-8**_____
P-3_____ **P-9**_____
P-4_____ **P-10**_____
P-5_____ **P-11**_____
P-6_____ **P-12**_____

Subscribed and sworn to before me
this_____ day of
_____A.D., 20____
Notary Public,_____ County
State of _____

_____
Notary Public

SEAL

Petitioner's Signature:

_____

_____
Print Name

_____
Date

PETITION FOR JOINT ARBITRATION
Second Petitioner

The Petitioner shall set forth in plain language the substance and particulars of the Petitioner's demands, commodity, date, month, quantity, price, time, parties involved, etc.

(If you need more space to explain your claim, please attach additional paper.)

PETITION FOR JOINT ARBITRATION
Second Petitioner

The computation of monetary loss is based on the following calculation:

_____

_____

_____

_____

_____

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentinary material should correspond with the heading you have assigned below.

PP-1_____ **PP-7**_____
PP-2_____ **PP-8**_____
PP-3_____ **PP-9**_____
PP-4_____ **PP-10**_____
PP-5_____ **PP-11**_____
PP-6_____ **PP-12**_____

Subscribed and sworn to before me
this_____ day of
_____A.D., 20____
Notary Public,_____ County
State of _____

_____
Notary Public

SEAL

Petitioner's Signature:

_____

_____
Print Name

_____
Date

MINNEAPOLIS GRAIN EXCHANGE
FORM 4-14.00
RESPONDENT'S ANSWER

_____,20_____

To the Secretary of the
Minneapolis, Grain Exchange

IN THE MATTER OF CLAIM
OR GRIEVANCE OF

_____(Petitioner)

vs.

_____(Respondent)

The above Respondent hereby submitting to the jurisdiction of said Board of Arbitration, and hereby voluntarily submitting the Claim or Grievance referred to in said Complaint and in the Answer to the arbitrament of said Panel for Answer to the Complaint says:

(The Answer shall then set forth in plain language the substance and particulars of the Respondent's Answer.)

(Describe in detail the circumstances surrounding the transactions(s) in question; e.g., date, commodity month, price, quantity, time, parties involved, etc. You may attach photocopies of pertinent documents such as floor orders, account statements, trading cards, time and sales, and sworn statements of witness).

_____

_____

_____

_____

(If you need more space to explain your counterclaim, please attach additional paper)

RESPONDENT'S ANSWER

In support of this Answer, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentinary material should correspond with the heading you have assigned below.

R-1_____ **R-7**_____

R-2_____ **R-8**_____

R-3_____ **R-9**_____

R-4_____ **R-10**_____

R-5_____ **R-11**_____

R-6_____ **R-12**_____

Subscribed and sworn to before me
this_____ day of
_____A.D., 20____
Notary Public,_____ County
State of_____

_____
Notary Public

SEAL

Respondent's Signature:

_____

_____
Print Name

_____
Date

Filing Fee: $_____
(Payment of filing fee must
accompany Counterclaim)

MINNEAPOLIS GRAIN EXCHANGE
FORM 4-15.00
STATEMENT OF COUNTERCLAIM

_____, 20_____

To the Secretary of the
Minneapolis Grain Exchange

I,_____, (trading initials)_____ Member of the Minneapolis Grain Exchange, hereby file a counterclaim against _____, *Complainant.* I claim a loss of $_____ based on the actions(s) or omission(s) of _____ as follows:

_____

_____

_____

_____

_____

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_____

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_____

(If you need more space to explain your claim, please attach additional paper.)

The computation of monetary loss is based on the following calculation:

_____

_____

_____

_____

_____

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentinary material should correspond with the heading you have assigned below.

CC-1_____ **CC-7**_____
CC-2_____ **CC-8**_____
CC-3_____ **CC-9**_____
CC-4_____ **CC-10**_____
CC-5_____ **CC-11**_____
CC-6_____ **CC-12**_____

Subscribed and sworn to before me
this_____ day of
_____A.D., 20____
Notary Public,_____ County
State of_____

_____
Notary Public

SEAL

Respondent's Signature:

_____

_____
Print Name

_____
Date

MINNEAPOLIS GRAIN EXCHANGE
FORM 5-02.00
IMPARTIALITY FORM

Listed below are any circumstances likely to effect impartiality, including any bias or any financial or personal interest in the result of the arbitration or any past or present relationship with the parties or their counsel.

_____

_____

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_____

Name: _____
Arbitrator (Please type or print)

_____
(Signature)

_____
(Date)

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MINNEAPOLIS GRAIN EXCHANGE
FORM 5-10.00
STATEMENT OF CLAIM

_____, 20 _____

To the Secretary of the
Minneapolis Grain Exchange

_____, *Complainant,* hereby submitting to the jurisdiction of a Board of Arbitration, and hereby voluntarily submits the Claim or Grievance against _____, *as Respondent,* in accordance with the Charter, Rules, Regulations, customs and usages of said Grain Exchange with a view to an arbitration thereunder.

AND FOR CAUSE OF COMPLAINT SAYS: That Complainant has a matter of dispute or difference with Respondent growing out of a transaction, the facts and particulars relating to which are as follows:

(The Complainant shall then set forth in plain language the substance and particulars of the Complainants demands, commodity, date, month, quantity, price, time, parties involved, etc.)

(If you need more space to explain your claim, please attach additional paper.)

STATEMENT OF CLAIM

The computation of monetary loss is based on the following calculation:

_____

_____

_____

_____

_____

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentinary material should correspond with the heading you have assigned below.

C-1_____ **C-7**_____
C-2_____ **C-8**_____
C-3_____ **C-9**_____
C-4_____ **C-10**_____
C-5_____ **C-11**_____
C-6_____ **C-12**_____

Subscribed and sworn to before me
this_____ day of
_____A.D., 20____
Notary Public,_____ County
State of_____

_____
Notary Public

SEAL

Complainant's Signature:

_____

_____
Print Name

_____
Date

MINNEAPOLIS GRAIN EXCHANGE
FORM 5-14.00
RESPONDENT'S ANSWER

_____,20_____

To the Secretary of the
Minneapolis, Grain Exchange

IN THE MATTER OF CLAIM
OR GRIEVANCE OF

_____(Complainant)

vs.

_____(Respondent)

The above Respondent hereby submitting to the jurisdiction of said Board of Arbitration, and hereby voluntarily submitting the Claim or Grievance referred to in said Complaint and in the Answer to the arbitrament of said Panel for Answer to the Complaint says:

(The Answer shall then set forth in plain language the substance and particulars of the Respondent's Answer.)

(Describe in detail the circumstances surrounding the transactions(s) in question; e.g., date, commodity month, price, quantity, time, parties involved, etc. You may attach photocopies of pertinent documents such as floor orders, account statements, trading cards, time and sales, and sworn statements of witness).

_____

_____

_____

_____

_____

(If you need more space to explain your counterclaim, please attach additional paper)

RESPONDENT'S ANSWER

In support of this Answer, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentinary material should correspond with the heading you have assigned below.

R-1_____ **R-7**_____

R-2_____ **R-8**_____

R-3_____ **R-9**_____

R-4_____ **R-10**_____

R-5_____ **R-11**_____

R-6_____ **R-12**_____

Subscribed and sworn to before me
this_____ day of
_____A.D., 20____
Notary Public,_____ County
State of _____

_____
Notary Public

SEAL

Respondent's Signature:

_____

_____
Print Name

_____
Date

Filing Fee: $_____
(Payment of filing fee must
accompany Counterclaim)

MINNEAPOLIS GRAIN EXCHANGE
FORM 5-15.00
STATEMENT OF COUNTERCLAIM

_____, 20_____

To the Secretary of the
Minneapolis Grain Exchange

I,_____,(trading initials:)_____
a Member of the Minneapolis Grain Exchange, hereby file a counterclaim against _____, *Complainant.* I claim a loss of $_____
based on the actions(s) or omission(s) of_____
as follows:

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

(If you need more space to explain your claim, please attach additional paper.)

The computation of monetary loss is based on the following calculation:

_____

_____

_____

_____

_____

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentinary material should correspond with the heading you have assigned below.

CC-1_____ **CC-7**_____
CC-2_____ **CC-8**_____
CC-3_____ **CC-9**_____
CC-4_____ **CC-10**_____
CC-5_____ **CC-11**_____
CC-6_____ **CC-12**_____

Subscribed and sworn to before me
this_____ day of
_____A.D., 20____
Notary Public,_____ County
State of _____

_____
Notary Public

SEAL

Counter Complainant's Signature:

_____

_____
Print Name

_____
Date

Date:

Name
Street
City, State, Zip

Dear_____:

RE: RESPONSE TO NON-MEMBER COMPLAINT

We understand that you seek redress form a Member firm or an individual member in connection with misunderstandings or disagreements arising form the handling of your account, or orders or executions for your account, on business conducted on, and subject to the Rules of the Minneapolis Grain Exchange.

We ask that you complete the enclosed **STATEMENT OF CLAIMS FORM,** which will be the basis for your claim against the Exchange Member Firm or Member whom you indicate.

In describing the substance of the Complaint, please indicate as accurately as you can the dates involved, the commodities in dispute and, where appropriate, the number of contracts, the prices and any other pertinent information. Identify any other persons involved, either as participants or witnesses and, where possible, their business affiliation. Copies of orders, confirmations, statements, trade agreements or other memoranda will be helpful.

When the completed Complaint form has been received by this office, the Respondent will be advised and, in accordance with Exchange Rules, an arbitration panel will be formed to arbitrate the differences.

In arbitrations between one Exchange member and another, the Exchange chooses arbitrators from a pool of twenty (20) or more persons, all of whom are members of the Corporation and all of whom are familiar with Exchange Rules and Regulations, customs and usages. However, in an arbitration between a non-member and customer and an Exchange member, the non-member customer may elect to have the dispute heard by an independent, or mixed, panel. This independent panel will consist of two persons who are not members of the Corporation nor associated with any member of the Exchange, and one Exchange member.

Should you elect to have the dispute heard by an independent panel as described above, it is necessary that you advise the Secretary in writing within ten (10) business days after the

date of the Secretary's Notice. In the absence of such advice from you, the dispute will be heard by a panel of members.

Fees from each hearing before a Customer Claims Arbitration Panel (whether member or independent) shall be as follows:

For each case involving up to $2,500.00	$100.00
For each case involving $2,501.00 to $10,000.00	$200.00
For each case involving more than $10,000.00	$300.00
For any non-monetary claims	$300.00

The amount of the fee shall be based on the amount asked in the Complaint; and, in cases in which the payment of money is neither asked in the Complaint nor awarded, the fees shall be at the discretion of the panel, but, in no case more than three hundred dollars ($300.00).

In each case, all fees shall be paid in advance to the Exchange. Such fees shall be retained by the Exchange whether the case is heard or not.

The Commodity Futures Trading Commission has ruled that the incremental cost for an independent panel is solely for the expense of the Exchange member unless the arbitrators determine that the customer acted in bad faith in initiating or conducting the proceedings.

Please note that Exchange Rule 517.00 PRE-HEARING EXCHANGE OF DOCUMENTS AND WRITTEN INFORMATION (see enclosed copy of Arbitration Rules) requires that all parties cooperate in the voluntary exchange of relevant documents and written information to facilitate a fair, equitable and expeditious hearing.

If you have questions or need further assistance in completing the Complaint form, please contact me at 612-321-7101 or write:

Minneapolis Grain Exchange
Attn: Corporate Secretary
400 South 4th Street - Suite 130
Minneapolis, MN 55415

Please remember to let us know if you want a non-member panel. Also, please accompany your Complaint form by a check in the appropriate amount (see previous page and Customer Claim Form).

Very truly yours,
Minneapolis Grain Exchange

Corporate Secretary

MINNEAPOLIS GRAIN EXCHANGE
FORM 20-36.00
DISPOSITION ORDER

_____
Name of Member of Minneapolis Grain Exchange

To Agent _____R.R. Minneapolis, MN_____,20 ____

_____Station Point of Origin_____

Please deliver for the account of the undersigned owner or authorized consignee, car:

_____ _____
(Initial) (Number)

Weight_____Date_____
Commodity_____Rate_____
Protection_____

To: _____
(Destination: Industry, Track or Connecting Line)

and issue to us a duplicate of this order, same to be signed by perforation or otherwise, or stamped (and initialed) by the Joint Agent of Minneapolis Railroads.

Original copy of Disposition Order is to be white, and duplicate yellow.

Bill of Lading or Elevator Load-out Notice must invariably accompany Disposition Orders except when Bill of Lading is not available and the Joint Agent Authorizes delivery applicable on a Blanket Bond.

Should this car be unloaded in Minneapolis, the buyer shall require surrender of the duplicate upon payment of invoice and the receiving industry will require surrender of duplicate as authority for unloading or issuance of Load-out Notice.

Should outbound Bill of Lading be required while this car is "On Track," said duplicate (properly endorsed) must be surrendered to the Joint Agent with the new billing instructions.

No change will be permitted in this order. If further movement of this car is required locally, the duplicate must be surrendered to the Joint Agent with a new order.

Duplicate Disposition Order attached _____

Order Bill of Lading attached _____ _____
(Name of Member)

Straight Bill of Lading tendered _____

Load-out Notice attached _____ By: _____

Bill of Lading not available - apply on Blanket Bond _____

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MINNEAPOLIS GRAIN EXCHANGE
FORM 20-26.00
REQUIRED LOAD-OUT NOTICE

Serial No._____

TO_____ Minneapolis, MN _____, 20_____
We have loaded out of the _____Elevator for your account ____cars containing _____. These cars are carded to the _____Railroad Yard for our account, and possession thereof can be obtained upon surrender of the original copy of the Load-out Notice properly signed.

X or V C	Car No.	Initial	Gross Pounds	Bushels	Capacity Ordered	Capacity Furnished	Remarks

"X" furnished at R.R. Co.'s convenience.
"VC" loaded to full visible capacity.

NOTE - Each line not used should be "X'd" Out. Positively not more than one car to a line or five cars in all.

_____
(Name of Elevator Company)

Per_____

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MINNEAPOLIS GRAIN EXCHANGE
FORM 3-20.00
RELEASE TO TRADE PERSONAL ACCOUNT

As an authorized representative of _____, whose
(Company Name)

Membership is registered in the name of _____,
(Print Exchange Member's Name)

I,_____, _____, hereby release said Member
(Print Name) (Officer's Title)

from the trading limitations described in Exchange Regulation 2055.00. and permit said Member

to trade his/her account.

_____
Print Officer's Name

_____
Sign Officer's Name

_____
Title

_____
Date

Return this form to:

Minneapolis Grain Exchange
Department of Audits and Investigations
400 South 4th Street
Suite 111
Minneapolis, MN 55415
(612) 338-6212

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Minneapolis Grain Exchange, Inc.
Form 9-00.00
Spring Wheat Futures

____APPLICATION FOR BECOMING A "REGULAR" ELEVATOR
____RENEWAL AS A "REGULAR" ELEVATOR

Company Information

Company Name: _____

Address: _____
Street Suite Number

_____
City State Zip Code

Telephone Number: _____ Fax Number: _____

Elevator Information

Elevator Applying for Regularity/Renewal: _____

Address: _____
Street Suite Number

_____
City State Zip Code

Telephone Number: _____ Fax Number: _____

Has your elevator license ever been suspended or revoked? ( ) Yes ( ) No

If yes, give dates of suspension/revocation and reason(s):

_____

_____

_____

_____

NOTE

Please note that each elevator and location must submit a separate application.

Elevator Information Continued

Elevator Location:
- [ ] Waterfront
- [ ] Interior

Switching District:
- [ ] Minneapolis/St. Paul, Minnesota
- [ ] Duluth, Minnesota/Superior, Wisconsin
- [ ] Red Wing, Minnesota

Connects to One or More Rail Lines?
- [ ] Yes
- [ ] No

List Railroad(s) Serving Elevator:
(1) _____
(2) _____
(3) _____

Type of Warehouse License:
- [ ] Federal License Number: _____
- [ ] State of _____ License Number:_____

CAPACITY

Licensed Storage Capacity at Elevator: _____ bushels

Total Licensed Storage Capacity at ALL Elevators Applying for Regularity: _____ bushels

Minimum Load-out Rate in an 8 Hour Shift by Mode of Transportation:
Rail: _____ bushels per day
Barge: _____ bushels per day
Vessel: _____ bushels per day

Can you load-out by rail and barge or by rail and vessel at the same time? ( ) Yes ( ) No

If yes, minimum combined load-out rate: _____ bushels per day

TARIFF

Storage Per Day: $ _____ per bushel

Insurance Per Day: $ _____ per bushel

Other Insurance Rate: _____

Note: The maximum load-out charge is eight cents per bushel. Furthermore, insurance is included within the storage charge which is limited to $.002333 per bushel per day.

CONTACTS

Contact Person: _____

Title: _____

Address: _____
Street Suite Number

_____
City State Zip Code

Telephone Number: _____ Fax Number: _____

Email Address: _____

Backup Person: _____

Title: _____

Address: _____
Street Suite Number

_____
City State Zip Code

Telephone Number: _____ Fax Number: _____

Email Address: _____

2nd Backup Person: _____

Title: _____

Address: _____
Street Suite Number

_____
City State Zip Code

Telephone Number: _____ Fax Number: _____

Email Address: _____

Before this application can be considered the following documents must be included:

Tariff **Audited Financial Statement*** **Interim Financial Statement*** **Copy of Warehouse License**

***If not already forwarded as required by the Rules and Regulations**

The undersigned agrees to comply with all Rules and Regulations of MGEX.

Additionally, the undersigned shall agree to subscribe to all of the applicable provisions of the Commodity Exchange Act and Commodity Futures Trading Commission regulations promulgated thereunder.

Return this form to:
MGEX
Attn: Corporate Secretary
400 S. 4th St., Suite 130
Minneapolis, MN 55415
Phone: (612) 321-7169
Fax: (612) 339-1155

_____
Applicant's Name (Please type or print)

_____
Signature

_____
Title

_____
Phone Number

_____
Fax Number

_____
Date

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MINNEAPOLIS GRAIN EXCHANGE
WEEKLY REPORT OF STOCKS
DULUTH/SUPERIOR "REGULAR" ELEVATORS
FORM 9-01.01.D.

Report of Elevator Stocks for_____
(Company/Elevator)

as of the close of business on Thursday, _____
(Date)

	Total (000 Bushels)	**CCC Stocks included in total (000 Bushels)**
Spring Wheat	_____	_____
Durum Wheat	_____	_____
Winter Wheat	_____	_____
Corn	_____	_____
Oats	_____	_____
Barley	_____	_____
Rye	_____	_____
Flaxseed	_____	_____
Soybeans	_____	_____
Total	_____	_____
Sunflowers (metric tons)	_____	_____

Prepared by: _____ _____
Print or Type Signature

Telephone Number: (_____)_____ Date:_____
Area Code

Elevator stocks are to be reported as of the close of business on Thursday of each week. The report must be received no later than 9:15 a.m. on Monday by one of the following:

- Fax (612) 339-1155
- Delivered to Room 130
- Mailed to: Minneapolis Grain Exchange
  Attn: Weighing Department
  130 Grain Exchange
  Minneapolis, MN 55415

MINNEAPOLIS GRAIN EXCHANGE
WEEKLY REPORT OF STOCKS
MINNEAPOLIS/ST. PAUL "REGULAR" ELEVATORS
FORM 9-01.01.M.

Report of Elevator Stocks for _____
(Company/Elevator)

as of the close of business on Friday, _____
(Date)

	Total (000 Bushels)	**CCC Stocks included in total (000 Bushels)**
Spring Wheat	_____	_____
Durum Wheat	_____	_____
Winter Wheat	_____	_____
Corn	_____	_____
Oats	_____	_____
Barley	_____	_____
Rye	_____	_____
Flaxseed	_____	_____
Soybeans	_____	_____
Total	_____	_____

Prepared by: _____ _____
Print or Type Signature

Telephone Number: (_____)_____ Date:_____
Area Code

Elevator stocks are to be reported as of the close of business on Friday of each week. The report must be received no later than 9:15 a.m. on Tuesday by one of the following:

- Fax (612) 339-1155
- Delivered to Room 130
- Mailed to: Minneapolis Grain Exchange
  Attn: Weighing Department
  130 Grain Exchange
  Minneapolis, MN 55415

MINNEAPOLIS GRAIN EXCHANGE
FORM 3-20.00
RELEASE TO TRADE PERSONAL ACCOUNT

As an authorized representative of _____, whose
(Company Name)

Membership is registered in the name of _____,
(Print Exchange Member's Name)

I,_____, _____, hereby release said Member
(Print Name) (Officer's Title)

from the trading limitations described in Exchange Rule 320.00. and permit said Member

to trade his/her account.

_____
Print Officer's Name

_____
Sign Officer's Name

_____
Title

_____
Date

Return this form to:

Minneapolis Grain Exchange
Department of Audits and Investigations
400 South 4th Street
Suite 111
Minneapolis, MN 55415
(612) 338-6212

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FORM 38M

STOCKS OF HARD RED SPRING WHEAT
In Deliverable Position Within Switching Districts at Minneapolis/St. Paul, Red Wing and Duluth/Superior.

_____
Elevator Name

_____
Operated By

_____, 2_____
Report as of Close of Business on Friday

INSTRUCTIONS

WHO SHOULD REPORT - Every operator of an exchange-approved warehouse whose receipts are deliverable in settlement of Hard Red Spring Wheat futures contracts on the Minneapolis Grain Exchange. All individual reports are held confidential.

WHERE TO REPORT - Forward reports by hand or fax to: Minneapolis Grain Exchange, Department of Audits and Investigations, 400 South 4th Street, Suite 111, Minneapolis, MN 55415. FAX # (612) 321-7180.

WHEN TO REPORT - Weekly, as of the close of business on Friday. Reports should be filed not later than 1:00 p.m. on each Monday following the Friday covered by the report. If Monday is a holiday, the report should be filed not later than 1:00 p.m. on Tuesday.

DATE OF REPORT - The Friday date to which the stock figures apply.

WHAT TO REPORT- On a separate report for each warehouse, show :

(a) The total quantity of deliverable grades of Hard Red Spring Wheat stored in the elevator, excluding CCC stocks.
(b) The total quantity of non-deliverable grades and ungraded Hard Red Spring Wheat stored in the elevator, excluding CCC stocks.
(c) The total quantity of Hard Red Spring Wheat CCC stocks stored in the elevator.
(d) The total quantity of deliverable, non-deliverable/ungraded, and CCC stocks of Hard Red Spring Wheat stored in the elevator.

Do not include anywhere on the report non-deliverable classes or sub-classes of grain; for example, do not show stocks of Hard Red Winter Wheat or Red Spring Wheat. If you have no deliverable stocks, indicate by writing "None."

Hard Red Spring Wheat		Quantity (In 000's)
(a)	TOTAL DELIVERABLE GRADES (Excluding CCC Stocks)	_____
(b)	TOTAL NON-DELIVERABLE GRADES/UNGRADED (Excluding CCC Stocks)	_____
(c)	TOTAL CCC STOCKS	_____
(d)	TOTAL	_____

RULES AND REGULATIONS

CHAPTER 71
INTERPRETATIONS

To view the appropriate Rule or Regulation, click on the title highlighted in blue.

RULEBOOK

GENDER:

> "It is the official interpretation of the Board of Directors of the Minneapolis Grain Exchange that any reference to the pronoun "he" or "his" appearing within the Rules, Regulations, By-Laws or other Exchange publications or documents, official or unofficial, shall be interpreted to be gender-neutral; "he" or "his" being understood to mean "he/she" or "his/hers".

Board action 4/12/90.

CHAPTER 7

731.00. BIDS AND OFFERS ABOVE OR BELOW CURRENT MARKET.

In order to provide greater trading clarity and flexibility to Members, the Board of Directors has officially approved the following interpretation:

The phrases "current asking price" and "current bid price", by definition, are clearly meant to reflect current market conditions in commodity options. Any Member in the options pit is hereby permitted to adjust, by open outcry, the last reported bid with a lower bid and to adjust the last reported offer with a higher offer at any time within the Hours of Trading.

Board action 4/9/92.

CHAPTER 8

803.00. CONTRACT AND OTHER DELIVERABLE GRADES.

To maintain a fluid market for Wheat futures, which accurately reflects cash market practices, the Board of Directors has officially approved the following interpretation:

> Wheat labeled by a special grade designation, i.e. - ergoty wheat, garlicky wheat, infested wheat, light smutty wheat, smutty wheat, treated wheat or other special grade designation, as defined by the United States Department of Agriculture - United States Standards for Wheat, shall not be deliverable against a Minneapolis Grain Exchange futures contract.

Board action 2/22/94.

CHAPTERS 8 and 20

813.00. LOAD-OUT PROCEDURES.
824.00. DEFAULT.
826.00. FAILURE TO DELIVER ON CONTRACT: DAMAGES.
2028.00. LOADINGS IN SATISFACTION OF WAREHOUSE RECEIPTS.

To clarify the obligations and responsibilities of parties involved in the Spring Wheat delivery process, the Board of Directors has officially approved the following interpretation:

> **Rule 813.00.** requires that twenty-five (25) rail cars be loaded out in a single day. Whether the minimum load-out rate for rail cars has been met shall be determined by the issuance of the first

official/certified inspection grade (and protein when requested) on each car that meets or exceeds the delivery specifications. Therefore, failure to load out twenty-five (25) cars in one day with a first official/certified inspection grade that meets the delivery specifications shall be evidence of a default under **Rule 824.00**. An elevator is expected to make all necessary arrangements so as to obtain same day inspection results and meet the minimum load-out rate. Upon notice that a rail car does not meet the delivery specifications, the elevator shall reload the same day until the first official/certified inspection grade meets the delivery specifications. Failure to do so shall be evidence of a default. In such case, recourse may be made to **Rule 826.00.** for damages. Furthermore, all costs incurred to reload in order to obtain the first official/certified inspection grade that meets the delivery specifications, including switching charges and demurrage for both the rail cars failing to meet the delivery specifications and loaded cars subject to delay in shipment shall be for the account of the elevator.

Should the party surrendering the warehouse receipts request Federal reconsideration of grade pursuant to **Regulation 2028.00.**, the cost of appeal shall be for the account of the taker. Allocation of the other costs and any remedy will be dependant upon the Federal regrade results. If a rail car fails to meet the delivery specifications, all additional costs incurred to meet the delivery specifications and obtain a Federal grade, including demurrage, reload and switching charges shall be for the account of the elevator. Demurrage, as documented by a railroad invoice, for the loaded cars that meet the delivery specifications upon regrade shall be for the account of the taker.

Either party is entitled to appeal the Federal regrade results to the Federal Board of Appeal. The party making the appeal shall pay the cost for appeal. Demurrage on the rail car(s) appealed that do meet the delivery specifications shall be for the account of the taker. Demurrage on the rail car(s) appealed that do not meet the delivery specifications shall be for the account of the elevator.

If the elevator does not prevail upon notice of Federal regrade results, the elevator shall reload until the first official/certified inspection grade meets the delivery specifications. Reload shall be completed within twenty-four (24) hours of such notice. If the elevator does not prevail upon notice of Federal Board appeal results, the elevator shall reload the same day that the railroad makes the rail cars available, until the first official/certified inspection grade meets the delivery specifications. Failure to timely reload shall be evidence of a default. Additionally, the elevator shall give priority to reload the failed car(s) over other cars constructively placed.

The elevator shall not be required to release any rail car(s) until all the cars to be shipped meet the delivery specifications upon completion of the grading and appeal process.

The Rules, Regulations and Interpretations of the Exchange do not prohibit the parties from mutually agreeing to monetary adjustments, or modification of the delivery process or terms upon failure by the elevator to meet the delivery specifications on Spring Wheat that is loaded-out.

Board action 9/20/01.

CHAPTER 72
RESOLUTIONS

210.01. F.	Board Of Directors: Powers
719.00.	Exchange Of Futures For Physical or Risk Transaction Fees
803.00.	Contract and Other Deliverable Grades
804.00.	Electronic Warehouse Receipts
2024.00.	Exchange Regulatory Fee
2101.00. C.	Schedule of Reporting Deadlines

CHAPTER 72
RESOLUTIONS

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 Rules 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 Rule can be amended by Exchange officers. Such amendments must 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, renewals, or withdrawals for Regularity, approving applications for Cash Trading Privileges and/or clearing privileges, establishing minimum filing and financial requirements, establishing and amending summary fine schedules, approving standing committee appointments, granting admission to the Exchange Room, and amending the matching algorithm for the electronic trading system. Such approvals and changes must be forwarded promptly to the Board of Directors.

Limited authority of the Board of Directors is hereby delegated to MGEX risk management personnel, which includes such employees and/or officers as the Exchange, in its discretion, shall determine (collectively, the “MGEX Risk Team”), to independently exercise certain risk management powers and to be responsible and accountable for making risk decisions, including in crises and emergencies. The Board of Directors further assigns the MGEX Risk Team the responsibility for implementing the (i) default rules and procedures required by CFTC Regulations 39.16 and 39.35, (ii) system safeguard rules and procedures required by CFTC Regulations 39.18 and 39.34, and (iii) recovery and wind-down plans required by CFTC Regulation 39.39.

RESOLUTION 719.00.

The Minneapolis Grain Exchange Board of Directors has adopted a $0.70 fee to be paid to the Corporation by the buyer and the seller for each Minneapolis Grain Exchange contract involved in an exchange for risk or exchange for physical transaction.

Approved by the Board March 18, 2008, effective April 1, 2008.

RESOLUTION 803.00.

Effective with the May 2013 contract month, all warehouse receipts issued for delivery against Hard Red Spring Wheat ("HRSW") futures contracts shall be marked with a deoxynivalenol ("vomitoxin") limit expressed in tenths as either (i) 2.0 parts per million or (ii) 3.0 parts per million. Warehouse receipts marked as 2.0 parts per million or 3.0 parts per million shall represent a maximum vomitoxin level. Further, warehouse receipts marked as 2.0 parts per million shall be delivered at contract price, while receipts marked as 3.0 parts per million vomitoxin shall be delivered at a 20 cents per bushel discount.

The taker shall have the option, at taker's expense, to request for a determination of the level of vomitoxin at the time load-out instructions are submitted to the warehouse. Sampling shall be conducted at the point of load-out by the Federal Grain Inspection Service, a federally designated inspection agency or by a third party inspection service which is mutually agreeable to the warehouse and taker of delivery. The determination of the level of vomitoxin shall be based on the average test results of the HRSW. Vomitoxin test results up to and including 2.0 parts per million shall meet warehouse receipts marked 2.0 parts per million. Vomitoxin test results up to and including 3.0 parts per million shall meet warehouse receipts marked 3.0 parts per million. Vomitoxin test results greater than 3.0 parts per million shall not be deliverable. There will be no rounding of test results to a whole number. Taker may agree to accept HRSW with vomitoxin test results greater than 2.0 up to 3.0 parts per million for warehouse receipts marked 2.0 parts per million at the stated discount or at a discount mutually agreed by both parties.

The following methods are to be used for determining the level of acceptable vomitoxin for deliveries against HRSW futures:

1. Barges shall be based upon a single barge composite sample.

2. Vessels shall be based upon the average of sublot composite samples.

3. Trains shall be based upon an average of 5 railcar composite samples. A single composite sample shall be used for load-outs less than 5 railcars.

4. Warehouse and taker may mutually agree to utilize other sample averages.

RESOLUTION 804.00.

Effective with the September 2017 contract month, delivery of any Hard Red Spring Wheat Futures Contract shall be made by the delivery of a USDA approved negotiable electronic warehouse receipt issued by a MGEX approved regular facility.

Any holder of any paper warehouse receipt may take one of the following actions with respect to such paper warehouse receipt:

1. Convert such paper warehouse receipt to an electronic warehouse receipt and pay any outstanding storage cost;

2. Carry such paper warehouse receipt indefinitely;

3. Cancel such paper warehouse receipt for load-out purposes; or

4. Transfer the paper receipt to another entity

Further, effective with the September 2017 contract month, any reference to “warehouse receipt” in any MGEX Rule pertaining to the delivery of a Hard Red Spring Wheat Futures Contract means “electronic warehouse receipt”.

Unless otherwise instructed by the Exchange, electronic warehouse receipts are to be issued via and transferred exclusively using e-Grain, Inc. (also known as the eGrain System).

The Exchange may from time to time determine or modify the electronic fields that are required to be completed when creating or issuing an electronic warehouse receipt.

In addition, any Regular Facility that receives a request to convert a paper warehouse receipt to an electronic warehouse receipt through December 26, 2017 shall promptly fulfill the request, and shall not charge any fee to the requesting party.

RESOLUTION 2024.00.

The Minneapolis Grain Exchange Board of Directors has adopted the following schedule of Exchange regulatory fees to be paid to the Corporation annually. The fee shall be prorated over the Corporation’s fiscal year for each month the entity is registered.

A fee of $10,000 shall be paid by registered futures commission merchant members for which the Exchange is the self-regulatory organization responsible for monitoring and auditing for compliance with the minimum financial, segregation and related reporting and recordkeeping requirements. Such fee shall also apply if the Exchange has delegated its responsibilities to another designated self-regulatory organization. However, the fee shall be waived if the registered futures commission merchant member clears 50,000 contracts annually.

Approved by the Board on January 18, 2001.

RESOLUTION 2101.00.C.

The Exchange has adopted the following schedule of reporting deadlines (all times listed shall conform to Central Time):

7:30 a.m.	Position reports
9:00 a.m.	Settlement and margin payment
11:00 a.m.	Trading directive for same day collateral pledges***** Trading directive for same day collateral pledge release*****
11:15 a.m.	Weekly account position updates Daily Delivery/Exercise account updates
11:30 a.m.	Intraday variation payment
3:30 p.m.	Unmatched trade adjustments
3:45 p.m.	Last submission of trades Give-up execution
4:00 p.m.	Give-up acceptance

4:15 p.m.	Auto-Exercise Cancellation Notices
4:20 p.m.	Options position reports on expiration day
4:30 p.m.	Long position lists for delivery Delivery Notices Exercise Notices
7:30 p.m.	Customer gross margin files

***Submitting a Trading directive to the Exchange does not guarantee same day transfers of a security. MGEX is not responsible for delays caused by the inaccuracy or untimely submission of information by a Clearing Member required to facilitate the transfer of securities to or from MGEX's safekeeping accounts.**

Trading activity after seven o'clock (7:00) p.m. to three thirty o'clock (3:30) 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 **Rule 2102.00.** by the executing Clearing Member by three forty-five o'clock (3:45) p.m. must be accepted by the carrying Clearing Member by four o'clock (4:00) p.m.

Pursuant to **Rules 2.3.5.** and **1227.00.**, 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.

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NATIONAL CORN INDEX FUTURES

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CHAPTER 73
NATIONAL CORN INDEX FUTURES

7300.00. AUTHORITY.

Trading in National Corn Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7301.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the National Corn Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7302.00. THE NATIONAL CORN INDEX: DEFINITION.

The National Corn Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 2 yellow corn throughout the United States.

7303.00. CONTRACT TRADING UNIT.

The unit of trading shall be the National Corn Index multiplied by five-thousand (5,000) bushels.

7304.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent ($0.0025) or twelve dollars fifty cents ($12.50) per contract. All prices shall be quoted in U.S. dollars.

7305.00. TRADING MONTHS AND HOURS.

The months available for trading in National Corn Index futures, the number of months available for trade at one time and the Hours of Trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7306.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

7307.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01**.

7308.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. See **Regulation 2013.00.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set

forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

7309.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

A. a description of the size and nature of the proposed transactions;

B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;

C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;

D. a statement that the intended transactions will be *bona fide* hedges;

E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;

F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

7310.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7311.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more National Corn Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00**.

7312.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing futures positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7313.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7314.00. CASH SETTLEMENT.

National Corn Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published National Corn Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent ($0.0025).

7315.00. THE NATIONAL CORN INDEX: CALCULATION.

The National Corn Index is based upon a select sample of commercial bids placed for U.S. No. 2 yellow corn throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The National Corn Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the National Corn Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the National Corn Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the National Corn Index calculation. In the event the Exchange rejects the data, the procedures of **Rule 7316.00.** shall govern.

7316.00. EMERGENCIES.

In the event of an emergency, as determined by the Exchange, the Board of Directors shall have the authority and power to follow the procedures described in **Rule 210.02.**

An emergency may include, but is not limited to, Force Majeure, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the National Corn Index or believes the data or the National Corn Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the National Corn Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

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NATIONAL CORN INDEX OPTIONS

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CHAPTER 74
NATIONAL CORN INDEX OPTIONS

7400.00. AUTHORITY.

Trading in National Corn Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7401.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on National Corn Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7402.00. NATIONAL CORN INDEX PUT OPTIONS.

The Buyer of one (1) National Corn Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) National Corn Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) National Corn Index put option incurs the obligation of assuming a long position in one (1) National Corn Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

7403.00. NATIONAL CORN INDEX CALL OPTIONS.

The Buyer of one (1) National Corn Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) National Corn Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) National Corn Index call option incurs the obligation of assuming a short position in one (1) National Corn Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

7404.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange National Corn Index futures contract.

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 be one dollar ($1.00).

7406.00. TRADING MONTHS AND HOURS.

Trading may be conducted in National Corn Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion, restrict trading in any month should market conditions so warrant. There shall be no trading in

National Corn Index options for months in which the underlying National Corn Index futures months have not yet traded. The Hours of Trading for National Corn Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7407.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in National Corn Index options at a premium of more than the trading limit for National Corn Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

7408.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

7409.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

7410.00. STRIKING PRICES.

The 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. See **Regulation 2023.00.**

7411.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Exchange.

7412.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of **Rule 1503.00.**, provided that the provisions of **Rule 1504.00.** have been satisfied. See **Regulation 2013.01.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

7413.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of **Rule 7309.00.**

7414.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7415.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more National Corn Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

7416.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing options positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7417.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7418.00. OPTION EXERCISES.

The Buyer of a National Corn Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

7419.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 7418.00.**, based upon the National Corn Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

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NATIONAL SOYBEAN INDEX FUTURES

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CHAPTER 75
NATIONAL SOYBEAN INDEX FUTURES

7500.00. AUTHORITY.

Trading in National Soybean Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7501.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the National Soybean Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7502.00. THE NATIONAL SOYBEAN INDEX: DEFINITION.

The National Soybean Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 1 yellow soybeans throughout the United States.

7503.00. CONTRACT TRADING UNIT.

The unit of trading shall be the National Soybean Index multiplied by five-thousand (5,000) bushels.

7504.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent ($0.0025) or twelve dollars fifty cents ($12.50) per contract. All prices shall be quoted in U.S. dollars.

7505.00. TRADING MONTHS AND HOURS.

The months available for trading in National Soybean Index futures, the number of months available for trade at one time and the Hours of Trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7506.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

7507.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

7508.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. **See Regulation 2013.00.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve

conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

7509.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

A. a description of the size and nature of the proposed transactions;

B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;

C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;

D. a statement that the intended transactions will be *bona fide* hedges;

E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;

F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

7510.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7511.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more National Soybean Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

7512.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing futures positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7513.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7514.00. CASH SETTLEMENT.

National Soybean Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published National Soybean Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent ($0.0025).

7515.00. THE NATIONAL SOYBEAN INDEX: CALCULATION.

The National Soybean Index is based upon a select sample of commercial bids placed for U.S. No. 1 yellow soybeans throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The National Soybean Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the National Soybean Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the National Soybean Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the National Soybean Index calculation. In the event the Exchange rejects the data, the procedures of **Rule 7516.00.** shall govern.

7516.00. EMERGENCIES.

In the event of an emergency, as determined by the Exchange, the Board of Directors shall have the authority and power to follow the procedures described in **Rule 210.02.**

An emergency may include, but is not limited to, Force Majeure, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the National Soybean Index or believes the data or the National Soybean Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the National Soybean Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

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NATIONAL SOYBEAN INDEX OPTIONS

7600.00. AUTHORITY.

Trading in National Soybean Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7601.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on National Soybean Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7602.00. NATIONAL SOYBEAN INDEX PUT OPTIONS.

The Buyer of one (1) National Soybean Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) National Soybean Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) National Soybean Index put option incurs the obligation of assuming a long position in one (1) National Soybean Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

7603.00. NATIONAL SOYBEAN INDEX CALL OPTIONS.

The Buyer of one (1) National Soybean Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) National Soybean Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) National Soybean Index call option incurs the obligation of assuming a short position in one (1) National Soybean Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

7604.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange National Soybean Index futures contract.

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 be one dollar ($1.00).

7606.00. TRADING MONTHS AND HOURS.

Trading may be conducted in National Soybean Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion, restrict trading in any month should market conditions so warrant. There shall be no trading in

National Soybean Index options for months in which the underlying National Soybean Index futures months have not yet traded. The Hours of Trading for National Soybean Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7607.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in National Soybean Index options at a premium of more than the trading limit for National Soybean Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

7608.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

7609.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

7610.00. STRIKING PRICES.

The 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. See **Regulation 2023.00.**

7611.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Exchange.

7612.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of Rule **1503.00.**, provided that the provisions of **Rule 1504.00.** have been satisfied. See **Regulation 2013.01.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

7613.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of **Rule 7509.00.**

7614.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7615.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more National Soybean Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

7616.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing options positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7617.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7618.00. OPTION EXERCISES.

The Buyer of a National Soybean Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

7619.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 7618.00.**, based upon the National Soybean Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

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CHAPTER 77
HARD RED WINTER WHEAT INDEX FUTURES

7700.00. AUTHORITY.

Trading in Hard Red Winter Wheat Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7701.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the Hard Red Winter Wheat Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7702.00. THE HARD RED WINTER WHEAT INDEX: DEFINITION.

The Hard Red Winter Wheat Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 1 Hard Red Winter Wheat throughout the United States.

7703.00. CONTRACT TRADING UNIT.

The unit of trading shall be the Hard Red Winter Wheat Index multiplied by five-thousand (5,000) bushels.

7704.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent ($0.0025) or twelve dollars fifty cents ($12.50) per contract. All prices shall be quoted in U.S. dollars.

7705.00. TRADING MONTHS AND HOURS.

The months available for trading in Hard Red Winter Wheat Index futures, the number of months available for trade at one time and the Hours of Trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7706.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

7707.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

7708.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. See **Regulation 2013.00.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

7709.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

A. a description of the size and nature of the proposed transactions;

B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;

C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;

D. a statement that the intended transactions will be *bona fide* hedges;

E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;

F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

7710.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7711.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Hard Red Winter Wheat Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

7712.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing futures positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7713.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7714.00. CASH SETTLEMENT.

Hard Red Winter Wheat Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published Hard Red Winter Wheat Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent ($0.0025).

7715.00. THE HARD RED WINTER WHEAT INDEX: CALCULATION.

The Hard Red Winter Wheat Index is based upon a select sample of commercial bids placed for U.S. No. 1 Hard Red Winter Wheat throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The Hard Red Winter Wheat Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the Hard Red Winter Wheat Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the Hard Red Winter Wheat Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the Hard Red Winter Wheat Index calculation. In the event the Exchange rejects the data, the procedures of **Rule 7716.00.** shall govern.

7716.00. EMERGENCIES.

In the event of an emergency, as determined by the Exchange, the Board of Directors shall have the authority and power to follow the procedures described in **Rule 210.02.**

An emergency may include, but is not limited to, Force Majeure, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the Hard Wheat Index or believes the data or the Hard Wheat Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the Hard Wheat Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

CHAPTER 78
HARD RED WINTER WHEAT INDEX OPTIONS

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CHAPTER 78
HARD RED WINTER WHEAT INDEX OPTIONS

7800.00. AUTHORITY.

Trading in Hard Red Winter Wheat Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7801.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on Hard Red Winter Wheat Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7802.00. HARD RED WINTER WHEAT INDEX PUT OPTIONS.

The Buyer of one (1) Hard Red Winter Wheat Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) Hard Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Hard Red Winter Wheat Index put option incurs the obligation of assuming a long position in one (1) Hard Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

7803.00. HARD RED WINTER WHEAT INDEX CALL OPTIONS.

The Buyer of one (1) Hard Red Winter Wheat Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) Hard Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Hard Red Winter Wheat Index call option incurs the obligation of assuming a short position in one (1) Hard Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

7804.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange Hard Red Winter Wheat Index futures contract.

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 be one dollar ($1.00).

7806.00. TRADING MONTHS AND HOURS.

Trading may be conducted in Hard Red Winter Wheat Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion, restrict trading in any month should market conditions so warrant. There shall be no trading in Hard Red Winter Wheat Index options for months in which the underlying Hard Red Winter Wheat Index futures months have not yet traded. The Hours of Trading for Hard Red Winter Wheat Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7807.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in Hard Red Winter Wheat Index options at a premium of more than the trading limit for Hard Red Winter Wheat Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

7808.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

7809.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

7810.00. STRIKING PRICES.

The 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. See **Regulation 2023.00.**

7811.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Exchange.

7812.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of **Rule 1503.00.**, provided that the provisions of **Rule 1504.00.** have been satisfied. See **Regulation 2013.01.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1)

business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

7813.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of **Rule 7709.00.**

7814.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7815.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Hard Red Winter Wheat Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

7816.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing options positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7817.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7818.00. OPTION EXERCISES.

The Buyer of a Hard Red Winter Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

7819.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 7818.00.**, based upon the Hard Red Winter Wheat Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

8-03-12

CHAPTER 79
SOFT RED WINTER WHEAT INDEX FUTURES

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CHAPTER 79
SOFT RED WINTER WHEAT INDEX FUTURES

7900.00. AUTHORITY.

Trading in Soft Red Winter Wheat Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7901.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the Soft Red Winter Wheat Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7902.00. THE SOFT RED WINTER WHEAT INDEX: DEFINITION.

The Soft Red Winter Wheat Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 2 Soft Red Winter Wheat throughout the United States.

7903.00. CONTRACT TRADING UNIT.

The unit of trading shall be the Soft Red Winter Wheat Index multiplied by five-thousand (5,000) bushels.

7904.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent ($0.0025) or twelve dollars fifty cents ($12.50) per contract. All prices shall be quoted in U.S. dollars.

7905.00. TRADING MONTHS AND HOURS.

The months available for trading in Soft Red Winter Wheat Index futures, the number of months available for trade at one time and the Hours of Trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7906.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

7907.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

7908.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. See **Regulation 2013.00.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

7909.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

A. a description of the size and nature of the proposed transactions;

B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;

C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;

D. a statement that the intended transactions will be *bona fide* hedges;

E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;

F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

7910.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for

which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7911.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Soft Red Winter Wheat Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

7912.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing futures positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7913.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7914.00. CASH SETTLEMENT.

Soft Red Winter Wheat Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published Soft Red Winter Wheat Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent ($0.0025).

7915.00. THE SOFT RED WINTER WHEAT INDEX: CALCULATION.

The Soft Red Winter Wheat Index is based upon a select sample of commercial bids placed for U.S. No. 2 Soft Red Winter Wheat throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The Soft Red Winter Wheat Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the

Exchange, the Soft Red Winter Wheat Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the Soft Red Winter Wheat Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the Soft Red Winter Wheat Index calculation. In the event the Exchange rejects the data, the procedures of **Rule 7916.00.** shall govern.

7916.00. EMERGENCIES.

In the event of an emergency, as determined by the Exchange, the Board of Directors shall have the authority and power to follow the procedures described in **Rule 210.02.**

An emergency may include, but is not limited to, act Force Majeure, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the Soft Red Winter Wheat Index or believes the data or the Soft Red Winter Wheat Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the Soft Red Winter Wheat Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

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CHAPTER 80
SOFT RED WINTER WHEAT INDEX OPTIONS

8000.00. AUTHORITY.

Trading in Soft Red Winter Wheat Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

8001.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on Soft Red Winter Wheat Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

8002.00. SOFT RED WINTER WHEAT INDEX PUT OPTIONS.

The Buyer of one (1) Soft Red Winter Wheat Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) Soft Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Soft Red Winter Wheat Index put option incurs the obligation of assuming a long position in one (1) Soft Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

8003.00. SOFT RED WINTER WHEAT INDEX CALL OPTIONS.

The Buyer of one (1) Soft Red Winter Wheat Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) Soft Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Soft Red Winter Wheat Index call option incurs the obligation of assuming a short position in one (1) Soft Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

8004.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange Soft Red Winter Wheat Index futures contract.

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 be one dollar ($1.00).

8006.00. TRADING MONTHS AND HOURS.

Trading may be conducted in Soft Red Winter heat Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion, restrict trading in any month should market conditions so warrant. There shall be no trading in Soft Red Winter Wheat Index options for months in which the underlying Soft Red Winter Wheat Index futures months have not yet traded. The Hours of Trading for Soft Red Winter Wheat Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

8007.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in Soft Red Winter Wheat Index options at a premium of more than the trading limit for Soft Red Winter Wheat Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

8008.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

8009.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

8010.00. STRIKING PRICES.

The 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. See **Regulation 2023.00.**

8011.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Exchange.

8012.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of **Rule 1503.00.**, provided that the provisions of **Rule 1504.00.** have been satisfied. See **Regulation 2013.01.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option

position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

8013.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of **Rule 7909.00.**

8014.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

8015.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Soft Red Winter Wheat Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

8016.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing options positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

8017.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective

upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

8018.00. OPTION EXERCISES.

The Buyer of a Soft Red Winter Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

8019.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 8018.00.**, based upon the Soft Red Winter Wheat Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

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HARD RED SPRING WHEAT INDEX FUTURES

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CHAPTER 81
HARD RED SPRING WHEAT INDEX FUTURES

8100.00. AUTHORITY.

Trading in Hard Red Spring Wheat Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

8101.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the Hard Red Spring Wheat Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

8102.00. THE HARD RED SPRING WHEAT INDEX: DEFINITION.

The Hard Red Spring Wheat Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 1 Hard Red Spring Wheat throughout the United States.

8103.00. CONTRACT TRADING UNIT.

The unit of trading shall be the Hard Red Spring Wheat Index multiplied by five-thousand (5,000) bushels.

8104.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent ($0.0025) or twelve dollars fifty cents ($12.50) per contract. All prices shall be quoted in U.S. dollars.

8105.00. TRADING MONTHS AND HOURS.

The months available for trading in Hard Red Spring Wheat Index futures, the number of months available for trade at one time and the Hours of Trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

8106.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

8107.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

8108.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. See **Regulation 2013.00.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

8109.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

A. a description of the size and nature of the proposed transactions;

B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;

C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;

D. a statement that the intended transactions will be *bona fide* hedges;

E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;

F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

8110.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or

controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

8111.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Hard Red Spring Wheat Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

8112.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing futures positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

8113.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

8114.00. CASH SETTLEMENT.

Hard Red Spring Wheat Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published Hard Red Spring Wheat Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent ($0.0025).

8115.00. THE HARD RED SPRING WHEAT INDEX: CALCULATION.

The Hard Red Spring Wheat Index is based upon a select sample of commercial bids placed for U.S. No. 1 Hard Red Spring Wheat throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The Hard Red Spring Wheat Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the Hard Red Spring Wheat Index will be disseminated prior to the start of trading

the next business day.

The Exchange reserves the right to refuse to use the data or the Hard Red Spring Wheat Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the Hard Red Spring Wheat Index calculation. In the event the Exchange rejects the data, the procedures of **Rule 8116.00.** shall govern.

8116.00. EMERGENCIES.

In the event of an emergency, as determined by the Exchange, the Board of Directors shall have the authority and power to follow the procedures described in **Rule 210.02.**

An emergency may include, but is not limited to, Force Majeure, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the Hard Red Spring Wheat Index or believes the data or the Hard Red Spring Wheat Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the Hard Red Spring Wheat Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

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HARD RED SPRING WHEAT INDEX OPTIONS

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CHAPTER 82
HARD RED SPRING WHEAT INDEX OPTIONS

8200.00. AUTHORITY.

Trading in Hard Red Spring Wheat Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

8201.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on Hard Red Spring Wheat Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

8202.00. HARD RED SPRING WHEAT INDEX PUT OPTIONS.

The Buyer of one (1) Hard Red Spring Wheat Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) Hard Red Spring Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Hard Red Spring Wheat Index put option incurs the obligation of assuming a long position in one (1) Hard Red Spring Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

8203.00. HARD RED SPRING WHEAT INDEX CALL OPTIONS.

The Buyer of one (1) Hard Red Spring Wheat Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) Hard Red Spring Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Hard Red Spring Wheat Index call option incurs the obligation of assuming a short position in one (1) Hard Red Spring Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

8204.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange Hard Red Spring Wheat Index futures contract.

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 be one dollar ($1.00).

8206.00. TRADING MONTHS AND HOURS.

Trading may be conducted in Hard Red Spring Wheat Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion, restrict trading in any month should market conditions so warrant. There shall be no trading in Hard Red Spring Wheat Index options for months in which the underlying Hard Red Spring Wheat Index futures months have not yet traded. The Hours of Trading for Hard Red Spring Wheat Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

8207.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in Hard Red Spring Wheat Index options at a premium of more than the trading limit for Hard Red Spring Wheat Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

8208.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

8209.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

8210.00. STRIKING PRICES.

The 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. See **Regulation 2023.00.**

8211.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Exchange.

8212.00. POSITION LIMITS.

A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of **Rule 1503.00.**, provided that the provisions of **Rule 1504.00.** have been satisfied. See **Regulation 2013.01.**

B. **Compliance.** The Exchange may direct any Member or Market Participant owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option

position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

C. **Enforcement.** The carrying Member or Market Participant shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant.

8213.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of **Rule 8109.00.**

8214.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

8215.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Hard Red Spring Wheat Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

8216.00. OFFSETS AND TRANSFER TRADES.

Except by same day trade activity, existing options positions in a settlement month may not be offset during the period beginning two (2) business days prior to the settlement month and continuing through the end of the settlement month. Clearing Members will be responsible for compliance with the requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

8217.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective

upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

8218.00. OPTION EXERCISES.

The Buyer of a Hard Red Spring Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

8219.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 8218.00.**, based upon the Hard Red Spring Wheat Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

A. to correct errors or mistakes made in good faith;

B. to take appropriate action as the result of unreconciled MGEX option transactions;

C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.