



July 31, 2013

Web 2013-5

Dear MGEX Members & Rules and Regulations Book Recipients:

The following Chapters have been amended:

<u>Chapter</u>	<u>Citation</u>	<u>Purpose</u>
1 Definitions	Bulletin Board Exchange Room	Housekeeping
	Broker Commission Merchant Futures Commission Merchant or FCM Introducing Broker or IB National Futures Association or NFA	To clarify Membership practices and procedures.
2 Government	Index	Housekeeping
	200.00., 252.00., 283.00.	Housekeeping
	254.00., 263.00.	To remove unnecessary Rules.
	235.00.	To clarify Membership practices and procedures.
3 Membership	Index	Housekeeping
	300.00., 301.00., 302.00., 302.01., 303.00., 303.01., 304.00., 305.00., 310.00., 310.01., 312.00., 323.00., 330.00., 330.01., 330.02., 330.03., 330.04., 330.05., 335.00., 336.00., 336.01., 337.00., 338.00., 339.00., 340.00., 360.00., 361.00., 363.00., 364.00., 365.00., 366.00., 368.00., 369.00., 370.00., 371.00., 372.00.	To clarify Membership practices and procedures.
	320.00., 321.01., 321.03., 374.00.	To reorganize, amend, and move to Regulations.
	321.02., 322.00., 362.00., 367.00., 373.00.	To remove unnecessary Rules.
7 Futures & Options Trading	Index	Housekeeping
	704.00., 714.00., 717.00., 725.01., 726.00., 728.00., 731.00., 743.00., 750.00., 751.00., 753.00., 754.00., 775.00., 780.00.	To reflect current practices and make clarifications.

	728.01., 752.00., 762.00.	To remove unnecessary Rules.
11 Cash Commodities	1137.00.	To clarify Membership practices and procedures.
18 Electronic Trading	Index	Housekeeping
	1803.00.	To remove an unnecessary Rule.
20 Regulations	Index	Housekeeping
	2001.01., 2003.00., 2004.00., 2004.02., 2005.00., 2005.01., 2005.02.	To clarify Membership practices and procedures.
	2012.00., 2016.00., 2023.00.	Housekeeping
	2000.00., 2001.00., 2018.00., 2022.00.	To remove unnecessary Regulations.
	2015.00.	To reflect current practices and make clarifications.
	2018.01.	To amend and re-number as new 2018.00.
	2090.00., 2090.01.	To address Exchange authority during certain types of emergencies.
	2055.00., 2055.01., 2055.02., 2055.03.	To reorganize, amend, and move to Regulations from Chapter 3.
	2085.00., 2086.00., 2087.00., 2088.00., 2089.00.	To update language and provide Exchange authority regarding reporting requirements.
21 Clearing House Regulations	Index	Housekeeping
	2100.00.	To add required trade submission data.
	2107.00.	To add language regarding when a Clearing Member financial emergency exists.
55 AJC Options Regulations	5510.00.	To remove unnecessary language.

72 Resolutions	Resolution 210.01.F.	To clarify Membership practices and procedures.
	Resolution 2101.00.C.	To provide Clearing Members with guidance as to timing of same day collateral pledges and pledge releases.
74 National Corn Index Options	7405.00.	Housekeeping
	7411.00.	To remove unnecessary language.
76 National Soybean Index Options	7605.00.	Housekeeping
	7611.00.	To remove unnecessary language.
78 Hard Red Winter Wheat Index Options	7805.00.	Housekeeping
	7811.00.	To remove unnecessary language.
80 Soft Red Winter Wheat Index Options	8005.00.	Housekeeping
	8011.00.	To remove unnecessary language.
82 Hard Red Spring Wheat Index Options	8205.00.	Housekeeping
	8211.00.	To remove unnecessary language.

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

1. On the top, go to "RESOURCES" and click "Rules and Regulations"
2. Click "Latest changes to MGEX RULES, REGULATIONS AND RESOLUTIONS"

If you have any questions or problems accessing the Rules and Regulations, please contact Jesse Marie Bartz at (612) 321-7122 or jbartz@mgex.com.

Sincerely,



Layne G. Carlson
Corporate Secretary

CHAPTER 1 DEFINITIONS

Whenever used in these Rules, Bylaws, and Regulations, 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 Corporation 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 Corporation for action by the Members by written notice to the Secretary of the Corporation. 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 Corporation 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 Rules 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 Corporation.

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: Chapter 2 and Chapter 3 of the Rules of the Corporation and, to the extent applicable, definitions in this Chapter 1 of the Rules of the Corporation.

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 Corporation as amended from time to time.

CLEARING HOUSE: A department of the Minneapolis Grain Exchange, Inc. (a Delaware corporation)

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 MGEX.

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 MGEX; 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 its Rules.

CORPORATION: Refers to the Minneapolis Grain Exchange, Inc. (a Delaware corporation), also referred to as “Exchange” or “MGEX.”

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 the Rules, are deliverable on Futures Contracts in this market.

DEPARTMENT OF AUDITS AND INVESTIGATIONS: A department established by 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 under the MGEX Rules and Regulations to determine whether a reasonable basis exists for finding a violation of such Rules, for authorizing the issuance of a Notice of Charges against any person or entity alleged to have violated the MGEX Rules and Regulations, and to accept settlement offers.

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. (a Delaware corporation), also referred to as “Corporation” or “MGEX” and also to the Officers and authorized employees of the Exchange, as applicable.

EXCHANGE ROOM: The Room maintained by the Corporation 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 the Rules of this Corporation) during some specified month, in accordance with the Rules.

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

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

HOURS OF TRADING: The hours, on business days, established by the MGEX Rules and Regulations 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.

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 MGEX Rules and Regulations 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 these Rules and Regulations 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 MGEX Rules and Regulations.

MGEX: Refers to the Minneapolis Grain Exchange, Inc. (a Delaware corporation), also referred to as "Corporation" or "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 AND REGULATIONS: Includes the Charter, Bylaws, Rules, Regulations, Resolutions, Interpretations, procedures, customs and usages.

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 MGEX Rules and Regulations.

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 by within the disciplinary jurisdiction of the Exchange upon finding that a violation has been committed or pursuant to the terms of the settlement agreement.

PERSON: Individuals, associations, partnerships, corporations, and trusts, as defined in CFTC Regulation 1.3(u), as amended.

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 these Rules 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 these Rules. 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 Corporation 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 these Rules.

RECORD OWNER or OWNER (of a Membership): The natural person or entity who is recorded on the records of the Corporation 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 these Rules for each membership owned by the Record Owner, to receive distributions, if any, by the Corporation in accordance with its membership and to transfer its membership in accordance with these Rules.

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

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

RULES: The Rules and Bylaws of the Corporation duly adopted by the Members.

SECRETARY: The Secretary of the Corporation.

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 Rules or Regulations any act is required to be performed within a certain number of days (or business days), the 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 Corporation.

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.

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 Corporation at the office of the Secretary.

CHAPTER 2 GOVERNMENT

ELECTIONS

- 200.00. Annual Election
- 200.01. Annual Election: Notice Of
- 201.01. Vacancies: Nominations Committee To Determine
- 201.02. Nominations Committee: Candidates
- 201.03. Candidates: Number To Be Nominated
- 201.05. Nominating Petitions: Requirements For
- 201.06. Nominating Petitions: Filing Of
- 201.09. Nominations: Posting List Of
- 202.00. Ballot: Form Of
- 202.01. Voting: Procedure
- 202.02. Voting: Qualifications For
- 202.03. Voting: Number Of Votes Permitted
- 202.04. Voting: Polls Close
- 202.05. Tellers: Appointment And Duties
- 202.06. Candidates: Declared Winners
- 202.07. Ballots: Preservation Of
- 202.08. Procedures In The Event Of A Tie Vote

MEETINGS

- 203.00. Meetings Of Members
- 203.01. Meetings Of Members: Notice Of
- 203.02. Meetings Of Members: How Conducted
- 203.03. Member Action Without Meeting Of Members

AMENDMENT OF RULES

- 204.00. Amendment Of Rules: Definition
- 204.01. Amendment Of Rules: Procedure
- 204.02. Amendment Of Rules: Date Effective

DIRECTORS

- 210.00. Board Of Directors: Composition And Terms Of Office
- 210.01. Board Of Directors: Powers
- 210.02. Board Of Directors: Emergency Powers
- 210.03. Vacancies: Occurring During Term Of Office
- 211.00. First Meeting Of The Board Of Directors
- 211.01. Regular And Special Meetings
- 211.02. Quorum
- 211.03. Procedure At Meetings
- 215.00. Chairperson Of The Board: General Duties
- 215.01. Vice Chairpersons
- 215.02. Acting Chairpersons
- 216.00. Appointment Of Officers And Employees
- 216.01. Employment Of Counsel, Auditors, Etc.

OFFICERS & FUNCTIONS

217.00.	President
218.00.	Secretary
218.01.	Assistant Secretary
218.02.	Papers: Service Of
218.03.	Oaths: Administration Of
219.00.	Treasurer
220.00.	Annual Financial Statement
221.00.	Regular Assessments
221.01.	Special Assessments
221.02.	Notice Of Assessments
221.03.	Financing
222.00.	Funds And Securities Of The Corporation
222.01.	Expenditure Of The Funds Of The Corporation
222.02.	Investment Of Funds
223.00.	Borrowing Of Money
224.00.	Execution Of Contracts, Signatures On Papers, Checks, Etc.

MISCELLANEOUS POWERS AND DUTIES OF THE BOARD

231.00.	Delivery Of Documents, Payment, Etc.
235.00.	Admission To Exchange Room
236.00.	Control Of The Use Of The Buildings
237.00.	Management Of Real Estate
240.00.	Fiscal Year
242.00.	Housekeeping
243.00.	Indemnification Of Directors, Officers And Others
244.00.	Membership In Other Associations: Delegates To Meetings

COMMITTEES

250.00.	Committees: Regulations Governing Procedure
251.00.	Committees Of The Board Of Directors
252.00.	Executive Committee
253.00.	Finance Committee
255.00.	Exchange Room Committee
256.00.	Personnel And Compensation Committee
257.00.	Regulatory Oversight Committee
258.00.	Risk Management Committee
260.00.	Committees Of The Corporation
261.00.	Nominations Committee
264.00.	Disciplinary Committee: Appointment
264.01.	Disciplinary Committee: Qualifications Of Members
264.02.	Disciplinary Committee: Appointment Of Alternates
264.03.	Disciplinary Committee: Duties And Powers
265.00.	Hearing Committee: Appointment
265.01.	Hearing Committee: Qualifications Of Members
265.02.	Hearing Committee: Appointment Of Alternates
265.03.	Hearing Committee: Duties And Powers
266.00.	Exchange Room Enforcement Committee
267.00.	Contracts Committee
268.00.	Cash Markets Committee
270.00.	Other Committees, Task Forces And Panels

271.00. Chief Regulatory Officer
272.00. Chief Compliance Officer
273.00. Chief Risk Officer
275.00. Conflicts Of Interest

DEPARTMENTS

282.00. Clearing House
283.00. Audits And Investigations
290.00. Nonpublic Information - Improper Use Or Disclosure

RULES

CHAPTER 2 GOVERNMENT

200.00. ANNUAL ELECTION.

An Annual Election shall be held on the first Thursday in October in each year.

Insofar as practicable, at each Annual Election occurring during an even year not more than four (4) Directors, who are Members of the Corporation, shall be elected for terms of two (2) years each and at each Annual Election occurring during an odd year not more than three (3) Directors, who are Members of the Corporation, shall be elected for terms of two (2) years each, so that said Directors, who are Members of the Corporation, shall at all times total seven (7) in number. See **Rule 372.00.N**.

All vacancies on the Board of Directors shall be filled by the Board of Directors for the unexpired term of the person whose office becomes vacant.

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

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

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 Rules of the Corporation relative to the procedure for nominating candidates.

201.01. VACANCIES: NOMINATIONS COMMITTEE TO DETERMINE.

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

201.02. NOMINATIONS COMMITTEE: CANDIDATES.

The Nominations Committee shall direct the Secretary to solicit from the Members individuals to serve on the Board of Directors. Such individuals must provide written confirmation to the

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 Corporation may be executed in the name of the Corporation in such manner as the Board of Directors may from time to time direct.

Except as otherwise provided by the Rules, all other papers and documents of all kinds, including certificates, cards, licenses, etc., shall be executed or signed in the name of the Corporation 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 Regulations (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 Rule 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 Rule 223.00. The Exchange shall have the power to make changes, alterations, repairs, replacements or additions to the fixtures, equipment and machinery of the buildings of the Exchange, and to make such 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 Corporation 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 Rule without formal approval of the Ownership when such changes do not alter the intent of the Rule or when Rule 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 an accurate and current Rulebook or are necessary to comply with any change in law, statute or governing legal authority.

243.00. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS.

The Corporation 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 Corporation 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 Corporation.

The Corporation 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 Corporation would otherwise be required to indemnify the person against the liability.

The Corporation 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 Corporation may become a member of other associations or organizations, membership in which in the opinion of said Board will be beneficial to this Corporation. The Board of Directors may appoint delegates or representatives to commercial or deliberative meetings at which it may desire to have the Corporation

represented. The Board may, at its discretion, authorize the payment (from the general funds of the Corporation) 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 Rules and Regulations of the Corporation, 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 Rule. Unless otherwise specified by Rule, 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 Rule or Regulation.

252.00. EXECUTIVE COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Executive Committee which shall be composed of five (5) directors including the Chairperson of the Board, the First and Second Vice Chairpersons of the Board and no less than two (2) Public Directors elected by the Board. Meetings of the Executive Committee shall be held at such time and place as may be designated by the Executive Committee. The Chairperson of the Board shall be the Chairperson of the Executive Committee and shall have voting privileges.

The Committee shall have the duties and powers to:

- A. Investigate issues and pursue opportunities related to the business of the Corporation, and recommend actions to the Board.
- B. Recommend changes to any guidelines, policies or procedures of the Corporation, including those which may govern employee conduct, donations and participation in trade or industry associations.
- C. Reallocate funds within the approved budgets as priorities change. However, reallocation of more than ten (10) percent of the annual budget shall require approval from the Finance Committee.
- D. Act on behalf of the Board of Directors when an emergency exists and the Board is unable to convene in a timely manner. Emergencies shall include, but not be limited to: discovery of possible illegal activities, security of the building, threats to the financial integrity of the Corporation, Force Majeure, threats to Exchange trading activity due to inclement weather, transportation breakdown or market manipulation. In such instances the Committee may take such actions as necessary including:

not opening the markets, delaying the open of the markets, closing the markets early, or order liquidation of a party's positions. Such actions shall not continue beyond such time as the emergency warrants and shall not violate applicable laws and regulations.

- E. Offer guidance and provide consultation to the officers of the Corporation.
- F. Extend or delay the opening of river or lake navigation.
- G. Prescribe and approve the forms required by Exchange Rules and Regulations.
- H. Approve an applicant or Delegate for membership, provided there are no objections or any unresolved issues to be heard by the Board.
- I. Approve changes in Exchange margins as market conditions require, giving due consideration to Risk Management Committee recommendations.
- J. Report and make recommendations to the Board of Directors.

253.00. FINANCE COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Finance Committee. It shall be composed of seven (7) Directors.

The Committee shall have the duties and powers to:

- A. Oversee the financial affairs and financial condition of the Corporation.
- B. Evaluate and recommend capital investments regarding the physical assets of the Corporation.
- C. Review the budget recommendations from other Committees as needed.
- D. Report and make recommendations to the Board of Directors.

255.00. EXCHANGE ROOM COMMITTEE.

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

The Committee shall have the duties and powers to:

- A. Recommend to the Board of Directors changes in the physical appearance and use of the Exchange Room.
- B. Establish security measures and procedures for admittance of Members and nonmembers to the Exchange Room.
- C. Establish the decorum and dress policy, and the food and beverage policy.

- D. Work with Exchange Staff to ascertain the equipment needs of the Exchange Room.
- E. Report and make recommendations to the Finance Committee or Board of Directors.

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

256.00. PERSONNEL AND COMPENSATION COMMITTEE.

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

The Committee shall have the duties and powers to:

- A. Fix the compensation and benefits of the President.
- B. Periodically review the employee handbook and recommend changes to the Board of Directors.

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.

260.00. COMMITTEES OF THE CORPORATION.

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

261.00. NOMINATIONS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Nominations Committee. It shall be composed of five (5) Members of the Corporation, three (3) of whom, if available, shall be the most recent former Chairpersons of the Board of Directors.

The Committee shall have the duties and powers to:

- A. Determine the vacancies in offices that are to be filled at the Annual Election and recommend the names of candidates to fill the same.
- B. Recommend to the Board of Directors the names of persons to fill vacancies occurring during the term of office.
- C. Review and recommend Rules and Regulations governing the nominating process.

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

The President of the Corporation 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 Corporation may appoint a Member of the Corporation.

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 Rule, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 275.00.B**. The other members of the Disciplinary Committee with guidance by the Department of Audits and Investigations shall determine whether any member has a financial, personal or prejudicial interest not addressed by **Rule 275.00.B**.

No member may serve on the Disciplinary Committee if he or she has participated in or been

involved in adjudicating any other stage of the same proceeding.

264.02. 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 Corporation 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 MGEX Rules and Regulations.
- 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 Corporation.

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 MGEX Rules and Regulations 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 MGEX Rules and Regulations.

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 MGEX Rules and Regulations. 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 Corporation 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 Corporation.
- 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 Corporation.

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 Rule, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 275.00.B**. The other members of the Hearing Committee with guidance by the Department of Audits and Investigations shall determine whether any member has financial, personal or prejudicial interest not addressed by **Rule 275.00.B**.

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

265.02. 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 Corporation to appoint, and the President of the Corporation shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Corporation who is not a member of the Board of Directors 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 Chapter 6.

- 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.

266.00. EXCHANGE ROOM ENFORCEMENT COMMITTEE.

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

This Committee will be charged with enforcing all Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, booths, disorderly conduct, vulgar or abusive language and any other conduct or activity determined by the Board of Directors to be detrimental to a professional business environment. Members of this Committee will issue and sign violation tickets on a form prescribed by the Board of Directors for infractions/violations of the Rules and Regulations.

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

267.00. CONTRACTS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Contracts Committee. It shall be composed of a minimum of seven (7) Members of the Corporation.

The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations governing contract markets, including, but not limited to: contract specifications and delivery procedures.
- B. Monitor and review the implementation of new Futures and Options contracts.
- C. Establish nonpermanent subcommittees of the Contracts Committee. Such subcommittees shall be composed of not less than five (5) persons who shall be members of the Contracts Committee, Members of the Corporation and/or knowledgeable members of the public. The Chairperson of the Committee shall appoint the members of the subcommittees. The Chairperson of the Board of Directors may also appoint members. Such subcommittees shall have such duties and powers as may be delegated by the Contracts Committee and shall report to the Contracts Committee.

268.00. CASH MARKETS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Cash Markets Committee. It shall be composed of a minimum of seven (7) Members of the Corporation.

The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations 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 Corporation, expend funds or enter into contracts on behalf of the Corporation, 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 Rule 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 [Rules 264.01.](#) and [265.01.](#))

- A. Definitions. For purposes of this Rule 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 Corporation 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 rule changes that are implemented without the Commission’s prior approval:
 - a. Any actions or rule 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 rule not submitted for prior CFTC approval because such 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 Rule 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 Rule.
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 Rule, 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 Rule, 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 Rule 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 Rule.

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 and Regulations.

283.00. AUDITS AND INVESTIGATIONS.

There shall be established a department of the Exchange that conducts audits and investigations. Such department of the Exchange shall serve as an independent department and shall not include either Members or Persons whose interests conflict with their audit, investigation or enforcement duties.

The Exchange shall initiate and conduct investigations and audits at the direction of the CRO, the Regulatory Oversight Committee and/or the appropriate committee. Such investigations shall be initiated promptly after receipt of a complaint or other indication of possible violation of the MGEX Rules and Regulations.

The Exchange has the authority to collect information and documents on both a routine and non-routine basis, including, but not limited to, the authority to examine books and records kept by any Member, Market Participant, nonmember approved as Regular or any other Person under investigation or from whom information or cooperation has been requested. Failure to comply with any request made by the Exchange for information and/or documents may subject the Member, Market Participant, nonmember approved as Regular or Person under investigation or from whom information or cooperation has been requested to disciplinary procedures of the Exchange or fines pursuant to the MGEX Rules and Regulations.

290.00. NONPUBLIC INFORMATION - IMPROPER USE OR DISCLOSURE.

For purposes of this Rule, "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.

CHAPTER 3 MEMBERSHIP

ADMISSIONS/TRANSFERS

- 300.00. Membership: Individuals Eligible
- 301.00. Membership: Admission To
- 302.00. Membership: Application For
- 302.01. Expelled Members: Readmission
- 303.00. Memberships: Transfers Of
- 303.01. Suspension Of Privileges To Trade Upon Request To Transfer Membership
- 304.00. Objections To Transfer Of A Membership
- 305.00. Membership Transferred In Violation Of Rules

RECORD OF OWNERSHIP

- 310.00. Membership: Recording Of Ownership
- 310.01. Rejection Of Membership Status
- 312.00. Certificates Of Membership

LIMITATIONS

- 323.00. Rights Of Members, Board To Determine

ASSESSMENTS

- 330.00. Assessments, Delinquent
- 330.01. Delinquent Assessment: Suspension Of Member
- 330.02. Delinquent Assessments: Reinstatement Of Member
- 330.03. Assessments: Liability For Payment
- 330.04. Assessments Delinquent For Forty-Five (45) Days
- 330.05. Assessments: Owner Of Membership, Deceased Or Incompetent

LIENS

- 335.00. Liens Upon Memberships
- 336.00. Request For Sale Of A Membership To Satisfy Liens
- 336.01. Hearing On Request For Sale Of A Membership To Satisfy Liens
- 337.00. Sale Of A Membership By The Exchange
- 338.00. Claims Against A Membership To Be Sold To Satisfy Delinquent Assessments
- 339.00. Stopping The Sale Of A Membership
- 340.00. Membership Sold By The Exchange: Application Of Proceeds

MISCELLANEOUS

- 360.00. Original Memberships: Issuance Of
- 361.00. Purchase And Retirement Of Memberships
- 363.00. Applications And Requests, Support Of
- 364.00. Witnesses, Attendance Of
- 365.00. Violation Of Agreements: Fraudulent Representation Or Concealment
- 366.00. Notices Regarding Membership, Etc.
- 368.00. Commodity Exchange Act Rule
- 369.00. Dissemination Of Information

370.00. Limit On Ownership Of Memberships
371.00. MGEX Defense Expenses
372.00. Delegation

**RULES
CHAPTER 3
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 MGEX Rules and Regulations for the transfer of a Membership to the applicant must have been complied with or the applicant must have obtained an original Membership under the provisions of **Rule 360.00**.
- F. An application fee shall be collected by the 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 Regulations 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 Chairman 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 MGEX Rules and Regulations 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 Rule during such time as, in its opinion, is reasonable in order to allow disposition/or transfer of the Membership to be made.

Upon the transfer of a Membership, a new certificate 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 MGEX Rules and Regulations, 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 RULES.

In case any Membership shall have been transferred without the approval of the Exchange, or in violation of any of the provisions of MGEX Rules and Regulations applicable to such Membership, such transfer shall be null and void.

310.00. MEMBERSHIP: RECORDING OF OWNERSHIP.

When the terms and conditions set forth below have been complied with and upon the order of the Board of Directors or a duly authorized officer of the Exchange, 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 **Rule 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 MGEX Rules and Regulations, 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 MGEX Rules and Regulations relative to the sale of a Membership for the nonpayment of assessments have been complied with.

330.04. ASSESSMENTS DELINQUENT FOR FORTY-FIVE (45) DAYS.

If any assessment levied upon an MGEX Membership 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 **Rule 337.00**. If a Record Owner allows an assessment or part of an assessment to be delinquent twice in a two-year (2) period, the Board of Directors may order the Membership sold after the assessment has been delinquent for thirty-one (31) days past the posted due date.

330.05. ASSESSMENTS: OWNER OF MEMBERSHIP, DECEASED OR INCOMPETENT.

If the Record Owner 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 MGEX Rules and Regulations 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 **Rule 336.01**. and, if it or any portion is determined to be valid, the Board of Directors shall order the Membership to be sold by the Exchange under the provisions of **Rule 337.00**.

336.01. HEARING ON REQUEST FOR SALE OF A MEMBERSHIP TO SATISFY LIENS.

If a request for the sale of a Membership to satisfy liens has been filed as provided in **Rule 336.00**., there shall be a meeting of the Board of Directors after due notice thereof for the purpose of hearing such request and the claim upon which it is based, and any other claims for liens duly filed against such Membership, and determining if such claims, or any portions thereof, are valid.

Notice of the time, place and purpose of such meeting shall be served on the claimants and the 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 MGEX Rules and Regulations, and such determination shall be final and binding on all parties.

Such meetings of the Board of Directors may be adjourned from time to time at the discretion of the Board.

337.00. SALE OF A MEMBERSHIP BY THE 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 **Rule 338.00**. relative to filing of claims for liens.

At such meeting the Membership shall be sold to the highest bidder. When appropriate, the highest existing bid from a non-member shall be included in the auction.

The Board of Directors, pursuant to authority granted by **Rule 361.00**. may, at its discretion, cause a bid or bids to be made for the Membership in the name of 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 MGEX Rules and Regulations 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: 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 MGEX Rules and Regulations 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 MGEX Rules and Regulations.

Any violation by any Member or Person, or any agreement made by such Member or on behalf of such Person, in connection with 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 MGEX Rules and Regulations.

366.00. NOTICES REGARDING MEMBERSHIP, ETC.

Notice shall be given to Members, and posted upon the Official Bulletin Board, of all 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 MGEX Rules and Regulations shall be construed with reference to, and shall be subject to and modified by, the provisions of said Act and regulations.

- B. The 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 associate of any Record Owner, as defined herein, may own directly, indirectly, or through an affiliate (i.e., a person that directly or indirectly through one or more

intermediaries controls, or is controlled by, or is under common control with such Record Owner), more than twenty percent (20%) of outstanding Memberships at any one time. The term "associate" used to indicate a relationship with any Record Owner means:

- A. Any corporation or organization (other than the corporation or a majority-owned subsidiary of the corporation) of which such Record Owner is an officer or partner, or is directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities;
- B. Any trust or other estate in which such Record Owner has a substantial beneficial interest or as to which such Record Owner serves as trustee or in a similar fiduciary capacity;
- C. Any relative or spouse of such Record Owner, or any relative of such spouse, who has the same residence as such Record Owner, or who is a director or officer of the corporation or any of its parents or subsidiaries;
- D. Any officer or employee of the Exchange, or any entity in which an officer or employee of the Exchange has a financial interest.

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

371.00. 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 shall be approved by the Exchange under the standards of **Rules 300.00.** and **301.00.** The Delegate shall sign a written agreement to observe and be bound by MGEX Rules and Regulations and all amendments subsequently made thereto.
- B. The Delegation Agreement and any amendment(s) thereto shall be in writing in such form as the Exchange may prescribe and a copy shall be filed with the Exchange. However, the Delegation Agreement shall automatically be nullified if there is a loss of any of the qualifications for entering a Delegation Agreement, such as sale of the Membership by the Record Owner or expulsion of the Record Owner or Delegate. In the event the Record Owner sells its Membership, the Delegate shall have thirty (30) days from the effective date of ownership change to enter into another Delegation Agreement and the transfer fee shall be waived.
- C. The Record Owner shall remain liable for all assessments and dues.
- D. A Record Owner who has delegated his/her Record Holder privileges shall 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 shall 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 under [Regulation 2055.02](#).
- G. The Delegate shall deposit with the Exchange an amount of money to be determined by the Exchange. The deposit is to be held for the term of the lease. The deposit shall be refunded at the end of the lease if the Delegate has no outstanding debts due to MGEX or lease payments due the Record Owner. Claims by MGEX shall be satisfied first with any surplus to be made available to the Record Owner to satisfy lease payments. (See [Resolution 372.00](#).)
- H. A Delegate shall pay an fee each month unless said Delegate trades a minimum number of MGEX Futures and/or Options contracts. The Board of Directors shall determine the fee to be paid and the minimum number of contracts to be traded. (See [Resolution 372.00](#).)
- I. Unless renegotiated, upon expiration or default of a Delegation Agreement, the Membership shall 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 shall enter into a Delegation Agreement or a renewal thereof if there are any unpaid debts due to MGEX or lease payments due 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 7 FUTURES AND OPTIONS TRADING

CLEARING HOUSE

- 700.00. Futures And Options Contracts: Clearing Of
- 701.00. Clearing House: Substitution Of
- 702.00. Clearing House: Substitutions For
- 703.00. Clearing House: Offsets
- 704.00. Give-Ups

FUTURES AND OPTIONS CONTRACTS

- 710.00. Futures Contracts: Commodities
- 711.00. Futures Contracts: Grades Deliverable
- 712.00. Futures And Options Contracts: Quantities Traded In
- 713.00. Futures And Options Contracts: Price Basis
- 714.00. Futures And Options Contracts: Time And Place For Making
- 715.00. Months Traded In
- 715.01. Trading In Delivery Month
- 717.00. Options Contracts: Acceptance Of Offers
- 718.00. "Transfer" Or "Office" Trades: Definitions
- 718.01. Transfer Trades In A Delivery Month
- 719.00. Exchange Of Futures For, Or In Connection With, Physical And Risk Transactions

QUOTATIONS

- 725.00. Quotations Based On Trades
- 725.01. Reporting Of Trades
- 726.00. "FAST" Quotations
- 727.00. "FAST" Quotations - Unexecuted Orders
- 728.00. Quotation Changes

TRADING - BIDS AND OFFERS

- 730.00. Prearranged Prices Prohibited
- 731.00. Bids And Offers Above Or Below Current Market
- 732.00. Fictitious Bids Or Offers Prohibited
- 733.00. Attempt To Upset Market Prohibited

CONFLICTS OF INTERESTS

- 740.00. Principal And Agent: Acting As Both Prohibited
- 741.00. Acting For Both Buyer And Seller Prohibited
- 742.00. Cross Trading - Handling Both Buying And Selling Orders
- 743.00. Accommodation Or Wash Trades Forbidden

ORDERS

- 750.00. Priority Of Customers' Orders
- 751.00. Disclosing Orders Prohibited
- 753.00. Brokers' Liabilities On Limit Orders
- 754.00. Filling Limit Orders On The Opening And Closing
- 755.00. Orders Or Cancellations Accepted On A "Not-Held" Basis

MARGINS

- 760.00. Margins

MISCELLANEOUS

- 765.00. Trading For Officers, Copartners Or Employees
- 766.00. Confirmation Of Futures Or Options Trades
- 768.00. Acceptance Of Accounts From Others Than Principals
- 769.00. Omnibus Accounts
- 770.00. Discretionary Accounts
- 775.00. "Bucket-Shops" Forbidden
- 780.00. Official Opening

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.

703.00. CLEARING HOUSE: OFFSETS.

In case a Clearing Member buys and sells the same commodity for the same delivery, the Clearing House shall offset such contracts to the extent of their equality and the Clearing Member shall be deemed a Buyer from the Clearing House to the extent that his purchases exceed his sales, or a Seller to the Clearing House to the extent that his sales exceed his purchases.

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;
- B. Transactions consisting of the exchange or transfer of Futures Contracts in connection with cash commodity transactions or transactions consisting of the exchange of Futures for cash commodities.
- C. Transactions consisting of the exchange or transfer of Futures Contracts in connection with risk transactions or transactions consisting of the exchange of Futures for risks.

All records and memoranda pertaining to "Transfer" and "Office" trades shall be marked or identified by appropriate symbols or designations. All "Office" trades, where such trades remain on the books of one and the same Clearing Member and where no change in ownership is involved, may or may not be cleared at the discretion of the Clearing Member. All "Transfer" trades, which involve two Clearing Members in 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.

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. 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.

719.00. EXCHANGE OF FUTURES FOR, OR IN CONNECTION WITH, PHYSICAL AND RISK TRANSACTIONS.

A. Exchange for Physical Transaction

An exchange of futures for, or in connection with, a physical ("EFP") consists of a cash commodity transaction and a futures transaction.

B. Exchange for Risk Transaction

An exchange of futures for, or in connection with, a risk (an over-the counter (OTC) derivative or a swap agreement) ("EFR") consists of two separate, but related, transactions; a risk transaction and a futures transaction. At the time such transaction is effected, the buyer and the seller of the futures transaction must be the seller and the buyer of the risk transaction. The risk component shall involve the commodity underlying the futures contract (or any derivative, by-product or related product of such commodity). The quantity or economic value covered by the risk transaction must be approximately equivalent to or bear a relationship to the quantity or economic value covered by the futures contracts. 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 EFP or EFR transaction. Upon request of the Department of Audits and Investigations, all documentary evidence relating to the EFP or EFR, 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.

D. An EFP or EFR 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. An EFP or EFR executed during the Hours of Trading of the underlying futures contract must be submitted the same day for clearing. An EFP or EFR executed after the close of trading of the underlying futures contract must be submitted for clearing no later than the next business day.

F. The futures contracts that may be exchanged for a physical or a risk transaction, and the last day and time for executing an EFP or EFR 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.

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. Provisions of subsections B. and C. of [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 Member, or an entity designated by the Member (called "the Member" for purposes of this [Rule 742.00](#)), who shall have in hand at the same time both buying and selling orders from different principals for the same commodity in futures or options in the same delivery month, may execute such orders for and directly between such principals, at the market price, upon the following conditions:

- A. If such orders are first offered openly and competitively by open outcry in the Pit by both bidding and offering at the same price, and neither such bid nor offer is accepted;
- B. If such Member executes such orders in the presence of an official representative of the Corporation designated to observe such transactions and the Member himself 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. Such transaction(s) shall be made a matter of permanent record by the Exchange. (See [Regulation 2019.00](#).)

- D. The Member receiving or executing such orders shall have no interest therein, directly or indirectly, except as a Futures Commission Merchant, or as a Broker.

PROVIDED FURTHER, that when two Members meet in the execution of orders in the open market in the Pit and, without prearrangement, unintentionally consummate a contract for one and the same Clearing Member principal, such transaction shall not be considered a violation of the MGEX Rules and Regulations. The Board of Directors is authorized to adopt regulations necessary to enable Members to utilize the provisions of this Rule.

743.00. ACCOMMODATION OR WASH TRADES FORBIDDEN.

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

750.00. PRIORITY OF CUSTOMERS' ORDERS.

No Market Participant 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 [Regulation 2102.00.](#))

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.

768.00. 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 party, nor shall any Member or Market Participant accept or carry such an account for such other party, if such other party is known to be acting as an agent for and on behalf of others, unless such other party 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 shall 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 shall 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. No transaction shall be held open in the name of the person for whose account such transaction has been made if such transaction can be closed by making up an Account of Purchase and Sale;
- D. Confirmations of all trades shall be sent promptly, both to the person for whose account such purchases or sales have been made and to the party authorized to act for his or her account;
- E. Written evidence of such delegation of authority by such party to such other party to trade in his or her name shall have been furnished to the Member or Market Participant making the trade.

769.00. OMNIBUS ACCOUNTS.

An omnibus account stands in the name of an organization or firm and 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, organization or firm which is in compliance, with the registration requirements of the Commodity Futures Trading Commission. It shall be the responsibility of the firm handling an omnibus account to be aware of, and vouch for the registration status of the account.

The person responsible for an omnibus account shall 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 shall, 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 shall be kept up to date throughout the delivery month.

A Clearing Member carrying an omnibus account (except an omnibus account of another Clearing Member) shall 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.

770.00. DISCRETIONARY ACCOUNTS.

No Clearing Member shall accept or carry an account over which any Person, other than the Person in whose name the account is carried, exercises trading authority or control without meeting the following conditions:

A. Authorization.

The Person in whose name the account is being carried shall sign and submit to the Clearing Member a power of attorney or other document by which trading authority or control is clearly given and that designates precisely to whom the trading control is given.

The power of attorney, trading authorization, or the document by which trading authority is given, shall be in writing showing the date it was entered into. It shall remain in effect until it is terminated by a 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 the person to whom such power has been delegated and must be in writing or by the death or incapacity of such person.

B. Orders.

Any person initiating an order for an account over which he has discretion must reduce the order to writing, record thereon the account number and date, and time-stamp the order. This requirement shall 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.
3. Proprietary accounts of Clearing Members.

C. Records.

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

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.

- 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;

CHAPTER 18

ELECTRONIC TRADING

1800.00.	Applicability Of Rules And Regulations
1801.00.	Access And Clearing Member Guarantee
1802.00.	Internet Services
1804.00.	Misuse Of Electronic Trading System
1805.00.	Trading Against Customers' Orders Prohibited
1806.00.	Trading Against Own Orders Prohibited
1807.00.	Priority Of Entry
1808.00.	Trade Open
1809.00.	Matching Algorithm For The Electronic Trading System
1810.00.	Trade Errors
1812.00.	Disciplinary Procedures
1813.00.	Termination Of Access
1814.00.	System Security
1815.00.	Physical Emergencies
1816.00.	Electronic Trading System Limitation Of Liability
1817.00.	Electronic Trading System Procedures
1818.00.	Electronic Trading System Regulations

CHAPTER 18 ELECTRONIC TRADING

1800.00. APPLICABILITY OF RULES AND REGULATIONS.

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 and Regulations in other sections of this Rulebook, this Chapter supersedes such Rules and Regulations 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 and Regulations unless specifically and expressly excluded therefrom. Members and Market Participants must also abide by the Commodity Exchange Act 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 nonmembers 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, Members or nonmembers who exclusively trade 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 and Regulations.

Members and Market Participants may not distribute, sell or retransmit information displayed on the Electronic Trading System to any third party.

1805.00. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED.

A Member or Clearing Member shall not knowingly cause to be entered, or enter into, a transaction in which the Member or Clearing Member assumes the opposite side of any order entered on behalf of a customer unless the Member 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 Member or Market Participant shall not intentionally cause to be entered, or enter into, any transaction in which the Member or Market Participant assumes the opposite side of an order entered on behalf of the respective Member's or Market Participant's own account.

1807.00. PRIORITY OF ENTRY.

Orders received by a Member 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 or Clearing Member may enter orders for accounts in which the Member 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.

1812.00. DISCIPLINARY PROCEDURES.

All suspensions, expulsions and other restrictions imposed upon a Member or Clearing Member by the Exchange pursuant to disciplinary procedures contained in MGEX Rules and Regulations shall restrict with equal force and effect access to the usage of the Electronic Trading System by such Member or Clearing Member.

Members and Market Participants shall promptly respond, provide documentation, and cooperate in all inquiries by the Exchange. Failure to do so shall subject the person or entity to

disciplinary procedures, including immediate termination of access to the Electronic Trading System.

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, Regulations, 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 REGULATIONS.

The Board of Directors shall have the authority and power to approve and implement Regulations not inconsistent with this Chapter.

CHAPTER 20 REGULATIONS

EXCHANGE ROOM

- 2001.01. Regulations Governing Admission Of Floor Clerks To The Exchange Room
- 2003.00. Admittance Of Visitors To The Exchange Room
- 2004.00. Decorum And Dress While In The Exchange Room
- 2004.01. Exchange Room Enforcement
- 2004.02. Penalties For Boisterous Or Disorderly Conduct And/Or Outburst Of Vulgar And Abusive Language In The Exchange Room

TRADING

- 2005.00. Substitutes
- 2005.01. Substitute Tickets: Issuance Of
- 2005.02. Substitute Tickets: Application For
- 2006.00. Cash Trading Privileges: Granting Of And Application For
- 2006.01. Cash Trading Privileges: Information To Be Furnished
- 2006.02. Cash Trading Privileges: Cancellation Or Suspension Of
- 2007.00. Fraudulent Trading Prohibited
- 2008.00. Adjustment Of Trade Prices And Cancellations Of Trades
- 2009.00. Records Of Transactions
- 2010.00. Futures And Options Months Prescribed
- 2011.00. Hours Of Trading
- 2011.01. Last Trading Day
- 2011.02. Last Day For Exchange For Physical And Risk Transactions
- 2012.00. Trading Limits
- 2013.00. Futures Position Limits
- 2013.01. Options Position Limits
- 2014.00. Settlement Prices
- 2015.00. Settlement Premiums
- 2016.00. Filling Orders And Withholding Or Withdrawing Of Trades
- 2017.00. Recording Orders
- 2018.00. Opening The Market On A Spread Transaction
- 2019.00. Official Representative To Observe The Execution Of Buying And Selling Orders At The Same Price
- 2020.00. Exchange Fee
- 2023.00. Striking Prices
- 2024.00. Exchange Regulatory Fee

DELIVERIES AND DELIVERY GRAIN

- 2025.00. Times For Delivery Of "Delivery Notices" And Delivery And Payment On Futures Contracts
- 2026.00. Load-Out Notices: Form Of
- 2027.00. Load-Out, Storage And Insurance Charges: Delivery Grain
- 2028.00. Loadings In Satisfaction Of Warehouse Receipts
- 2029.00. Minimum Financial Requirements For Regularity

CASH GRAIN

- 2035.00. Reporting Cash Commodity Sales
- 2036.00. Disposition Orders: Form Of
- 2038.00. Pan Tickets
- 2039.00. Delivery And Payment To Invoices And Requests For Advances On Truck/Rail Commodities
- 2040.00. Wheat Unfit For Human Consumption Not Deliverable On Futures Contracts

MISCELLANEOUS

- 2050.00. Holidays
- 2051.00. Honorary Membership
- 2053.00. Limitations On Options Transactions-Solicitation And Acceptance
- 2054.00. Board Of Arbitration: Fees
- 2054.01. Customer Claims Arbitration Panel: Fees
- 2055.00. Members: Limitation On Parties For Whom They May Act
- 2055.01. When Authorization To Trade Is Not Required
- 2055.02. Acting As A Broker
- 2055.03. Registration Of Floor Brokers/Floor Traders
- 2058.00. Collection Of Trading Documents
- 2059.00. Designation Of Open And Close On Trading Cards
- 2060.00. Official Closing Period: Futures
- 2061.00. Official Closing Period: Options
- 2062.00. Trading Cards: Form, Preparation And Maintenance
- 2062.01. Trading Records And Errors
- 2062.02. Electronic Audit Trail And Other Recordkeeping Requirements
- 2063.00. Time-Stamps
- 2064.00. Unmatched Trade Resolution
- 2065.00. Identification And Registration Of Broker Associations
- 2066.00. Market Maker Program
- 2067.00. Electronic And Open Outcry Trading
- 2068.00. Stocks Reporting Facilities
- 2069.00. Reporting Requirements And Sanctions

FINANCIAL REQUIREMENTS

- 2085.00. Financial And Reporting Requirements
- 2086.00. Minimum Financial Requirements For Futures Commission Merchants And Guaranteed Introducing Brokers
- 2087.00. Minimum Financial Requirements For Members With Clearing And/Or Cash Trading Privileges
- 2088.00. Reduction Of Capital
- 2089.00. Election Of Fiscal Year

DELEGATED POWERS

- 2090.00. Physical Emergencies
- 2090.01. Member Or Market Participant Emergencies
- 2091.00. Inclement Weather Or Transportation Breakdown
- 2092.00. Jurisdiction

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.

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.

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

Members of the Exchange Room Enforcement Committee are directed by the Board of Directors to enforce all MGEX Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, disorderly conduct, vulgar or abusive language and any other conduct or activity determined by the Exchange or Board of Directors to be detrimental to a professional business environment while in the Exchange Room. Upon observation of an infraction/violation, a member of the Exchange Room Enforcement Committee will issue and sign a violation ticket. All violation tickets must be submitted to the Secretary of the Corporation promptly upon issuance.

The Secretary of the Corporation shall thereafter immediately forward the completed violation ticket to the Department of Audits and Investigations. The Department of Audits and Investigations will

give written notification to the violator of the infraction/violation and action taken, if any.

The notice shall inform the Member or Floor Clerk of the right to request a hearing before the 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 [Rule 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 [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) 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 [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)).

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 [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)).

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 [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) 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. FRAUDULENT TRADING PROHIBITED.

The Exchange prohibits any and all forms of fraudulent trading or attempted fraudulent trading on its markets.

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.

2009.00. RECORDS OF TRANSACTIONS.

Any Member or Market Participant initiating or executing transactions on the Exchange must keep full, complete and systematic records of their activity, including, but not limited to, records of their activity in the underlying commodity and related derivatives markets. Such records must be retained for a minimum of five (5) years and must be made available at the request of the Exchange.

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 (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase by 50 percent the next business day and

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

- B. National Corn Index\$0.40
- C. National Soybean Index.....\$0.80
- D. Wheat Indices\$0.60

However, there shall be no price limits on the spot Hard Red Spring Wheat 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) contracts 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 (except 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.

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. Exchange staff will determine all applicable trades, bids and offers made in the closing period on MGExpress®. The settlement price shall be determined by the weighted average of the trades and applicable bids and offers made in the closing period. If there are no trades, higher bids or lower offers, the settlement price will remain unchanged from the prior business day.
2. If such settlement price is not consistent with the settlements in other months or with market information, or if the settlement was inaccurately determined, a new settlement price may be established at a level consistent with such other settlement prices or market information and a written record setting forth the basis for any modification of such settlement price shall be prepared.

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.

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.

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

B. Reservation.

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

2016.00. FILLING ORDERS AND WITHHOLDING OR WITHDRAWING OF TRADES.

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

- ##### **A. Filling of Orders.** Orders to buy or sell Futures or Options must be

executed sequentially by completely filling an order bearing an earlier time stamp before proceeding with the next earliest time-stamped order at the same price. Any and all verbal orders received 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.

2017.00. RECORDING ORDERS.

Each Member who receives an order from a customer, including a customer who is a Floor Trader or Floor Broker, which is not in the form of a written record showing the account identification, order number and the date and time, to the nearest minute such order was transmitted or received, shall immediately upon receipt thereof prepare a written record of such order, including an account identification and order number and shall record thereon, by time-stamp, the date and time, to the nearest minute, the order is received.

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.

2020.00. EXCHANGE FEE.

Pursuant to the provisions of **Rule 231.00.**, the Exchange has adopted this Regulation:

- A. The Exchange shall set Exchange fees from time to time and shall make such fees publicly available. The Exchange may elect to waive or modify fees.
- B. Payment of the Exchange fee will be due on receipt of invoice at the end of each month for the transactions (whether purchases, sales or deliveries) executed on the Exchange during that month. Payment is to be submitted to the Treasurer of the Corporation.

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. (See [Resolution 2024.00.](#))

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 [Rule 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 Contract, 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 **Rule 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.**

2029.00. MINIMUM FINANCIAL REQUIREMENTS FOR REGULARITY.

An elevator, merchandiser or warehouse that is Regular for delivery 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	Regular Entity	Working Capital	Net Worth
Spring Wheat	Elevator	None	Minimum financial requirements established by the United States Department of Agriculture as specified in the licensing agreement (WA-402)

Further, any combination of the elevator, merchandiser, warehouse or parent, or an employee, partner or officer of an elevator, merchandiser, warehouse or parent, must be the record owner of one (1) or more Memberships.

For contracts not stated above, the Exchange shall establish minimum financial requirements as necessary for Regular entities.

The Exchange may consider, and approve, an Applicant for Regularity that is unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Exchange may, at any time, require an Applicant for Regularity or an approved elevator, merchandiser or warehouse 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 the minimum financial requirements or comply with the Exchange's request for additional financial security will be deemed a failure to meet the good financial standing requirement.

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 **Rule 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 **Rule 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.

2050.00. HOLIDAYS.

Under authority of **Rule 210.01.**, the following days are declared to be holidays: 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 any holiday falls on Sunday, the Monday next following shall be considered such holiday. When any such holiday falls on Saturday, the Friday immediately preceding shall be considered such holiday. Dr. Martin Luther King, Jr. Day observance shall always be the third Monday in January. Presidents' Day observance shall always be the third Monday in February and Memorial Day observance shall always be the last Monday in May.

2051.00. HONORARY MEMBERSHIP.

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

When a Member who has been a Member for twenty-five (25) years or more transfers membership privileges because of retirement, said Member shall be issued an Honorary Membership Card, which will entitle the former Member access to the Exchange Room.

When a Past President of the Exchange retires as a Member, he shall be issued an Honorary Membership, regardless of the number of years he has been a Member of the Exchange.

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 claims and counterclaims by a member, the following fees will apply:

For each case involving up to \$10,000.00	\$400.00
For each case involving more than \$10,000.00	\$750.00
For any non-monetary claims	\$750.00

For claims and counterclaims by a nonmember, the following fees will apply:

For each case involving up to \$10,000.00	\$500.00
For each case involving more than \$10,000.00	\$1,000.00
For any non-monetary claims	\$1,000.00

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 up to \$10,000.00	\$400.00
For each case involving more than \$10,000.00	\$750.00
For any non-monetary claims	\$750.00

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 the order routing and front-end 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 data must contain a record of all FIX Tag information and fields, including, but not limited to: transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction 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, action status code, customer type indicator, origin and timestamps. 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 616.00.**, 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.

2066.00. MARKET MAKER PROGRAM.

The Exchange may establish a Market Maker Program for any contract. The Program shall remain in effect for a period determined by the Exchange. The Exchange may end the Program at any time. The requirements and the number of participants for the Market Maker Program shall be established by the Exchange and are subject to change at any time. Any individual or entity that satisfies the requirements set forth by the Exchange may submit an application to the Corporate Secretary to become a Market Maker. The Exchange shall have sole discretion to approve or deny an application based on the applicant's business reputation, financial resources, trading activity in relevant futures, options, or related cash markets, or any other reason. Any individual or entity accepted into the Program must maintain compliance with the requirements established by the Exchange. The Exchange may, without notice, remove any individual or entity that fails to comply with Exchange requirements. Further, the individual or entity must comply with the Commodity

Exchange Act and Regulations thereunder, and Exchange Rules, Regulations, Resolutions, procedures, and policies.

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.

2068.00. STOCKS REPORTING FACILITIES.

All entities approved as Regular by the Exchange must submit accurate stocks reports to the Exchange pursuant to the deadlines below.

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

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.

2069.00. REPORTING REQUIREMENTS AND SANCTIONS.

- A. Members, Market Participants and all nonmembers approved as Regular are required to submit all data, records and other information requested by the Exchange or required by MGEX Rules and Regulations in an accurate, complete and timely manner, and in a method and format agreeable to the Exchange.
- B. 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 the inaccurate, incomplete or untimely submission of data, records or information submitted to the Exchange.

Notwithstanding anything to the contrary, the Department of Audits and Investigations may,

at any time, take further action including, but not limited to, referring the matter to the Disciplinary Committee for failing to comply with this regulation.

2085.00. FINANCIAL AND REPORTING REQUIREMENTS.

Financial requirements for Members may be established by the Exchange, provided that requirements for FCMs and IBs must, at a minimum, be established at levels equivalent to those required by CFTC regulations. The Exchange, at its discretion, may adopt financial requirements for such FCMs and IBs more stringent than those of the CFTC if it deems such requirements appropriate.

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

- A. **Financial and Reporting Requirements.** All FCMs and Guaranteed IBs who are Members of the Exchange must meet the minimum financial and reporting requirements set forth in CFTC Regulations 1.10 and 1.17, as now in effect or hereafter amended.
- B. **FCM Reports.** All FCMs with customers trading MGEX Futures and Options contracts shall file with the Exchange reports, as required by the Exchange, which shall be in the form and setting forth the information required by CFTC Regulation 1.10 as now in effect or hereafter amended, at least one of which reports in each year must be certified in accordance with CFTC Regulation 1.16; provided, however, that the Exchange may in its discretion, require such additional reports as it deems appropriate or necessary.
- C. **Additional FCM Clearing Member Reports.**
 - 1. All FCM Clearing Members shall file daily segregated, secured 30.7 and sequestered statements, as applicable, in a manner designated by the Exchange. These statements must be signed by the firm's Chief Executive Officer, Chief Financial Officer or other representative as allowed by the Exchange.
 - 2. All FCM Clearing Members of the Exchange shall file bi-monthly Segregation Investment Detail Reports ("SIDRs") as required by the Exchange.
 - 3. All FCM Clearing Members of the Exchange shall provide immediate notice to the Exchange of all disbursements of customer segregated, secured 30.7, and sequestered funds that are not made for the benefit of customers of the respective customer origin and that exceed 25% of the excess segregated, secured 30.7 and sequestered funds, as applicable. Any such disbursements by the FCM Clearing Member must also be pre-approved, in writing, by a principal of the FCM Clearing Member.

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

2087.00. MINIMUM FINANCIAL REQUIREMENTS FOR MEMBERS WITH CLEARING AND/OR CASH TRADING PRIVILEGES.

- A. **Financial and Reporting Requirements.** All Members with clearing and/or cash

trading privileges 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.** All Members with clearing and/or cash trading privileges must submit financial statements in the manner and form prescribed by the Exchange. At a minimum, all annual audited financial statements must include a balance sheet, footnotes, and be accompanied by an opinion of an independent Certified Public Accountant indicating that an examination of the annual statement has been made. Interim statements, which are those financial statements prepared for periods other than such Member's fiscal year end, must contain, at a minimum, a balance sheet.

Members with clearing and/or cash trading privileges must submit to the Exchange an annual certified financial statement for its fiscal year (or calendar year if such Member is on a calendar year basis). The certified annual financial statement must be submitted to the Exchange within ninety (90) days after the Member's fiscal year end.

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

All non-FCM Clearing Members must submit quarterly financial statements to the Exchange subsequent to their fiscal year end. Such financial statements must be submitted to the Exchange within forty-five (45) days from the date of the statement.

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

- C. Extension of Time to File.** Upon request in advance and for good cause shown, the Exchange may grant Members with clearing and/or cash trading privileges an extension of the time for the filing of its annual or interim financial statement.

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

2088.00. REDUCTION OF CAPITAL.

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

For the purposes of this Regulation, a reduction amounting to twenty percent (20%) or more from the adjusted net capital of an FCM or Guaranteed IB reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under these Regulations shall be deemed material. Likewise, for Members with clearing and/or cash trading privileges, a reduction amounting to twenty percent (20%) or more from the working capital and/or net worth reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under

these Regulations shall be deemed material. Working capital, for the purpose of this Regulation, shall be defined as total current assets minus total current liabilities. In defining net worth for the purposes of this Regulation, owner's equity, whether shareholder's equity, partnership equity or other equity capital, shall be considered as well as equities and deficits in proprietary accounts which are properly included in determining net worth. Adjusted net capital is defined in accordance with CFTC Regulation 1.17.

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

2089.00. ELECTION OF FISCAL YEAR.

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

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

A change in the fiscal year of a Person required by the Exchange to provide financial information will not relieve such Person from its obligation to file such timely certified and interim financial statements as deemed appropriate by the Exchange.

2090.00. PHYSICAL EMERGENCIES.

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

The Exchange shall have the power upon recognizing a problem to serve notice to Market Participants that trading will be suspended immediately.

A problem may be the result of the following:

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

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

2090.01. MEMBER OR MARKET PARTICIPANT EMERGENCIES.

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

The Exchange shall have no liability regarding its use of the discretionary power described herein;

neither shall the Exchange be liable for actions taken pursuant to MGEX Rules and Regulations, procedures, or actions allowed by law.

2091.00. INCLEMENT WEATHER OR TRANSPORTATION BREAKDOWN.

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

In the event that the functions of the Exchange are, or are threatened to be severely and adversely affected by inclement weather or transportation breakdown, the Executive Committee of the Board of Directors can make the decision to:

- A. not open the market(s).
- B. delay the opening of the market(s); or
- C. close the market(s).

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

2092.00. JURISDICTION.

Any Person initiating or executing a transaction on or subject to the MGEX Rules and Regulations directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the MGEX Rules and Regulations in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes.

CHAPTER 21 CLEARING HOUSE REGULATIONS

2100.00.	Requirements For Clearing
2100.01.	Electronic Trading System Clearing
2100.02.	Clearing Privileges
2101.00.	Fees And Fines - Amounts And Collections
2101.01.	Clearing Fee
2102.00.	Margins
2103.00.	Order Of Delivery
2104.00.	Security Deposit
2105.00.	Protection Of Clearing House: Default By A Clearing Member
2105.01.	Losses Borne By MGEX
2105.02.	Rights Of Exchange For Recovery Of Loss
2105.03.	Security Deposits To Be Restored
2105.04.	Clearing Member Insolvency
2106.00.	Acceptance Of Give-Up Trades
2107.00.	Clearing Member Financial Emergency
2108.00.	Finality Of Settlement
2109.00.	Settlement Banks Available For Use
2110.00.	Protection Of Customer Funds
2111.00.	Clearing Member Risk Management

REGULATIONS

CHAPTER 21 CLEARING HOUSE REGULATIONS

2100.00. REQUIREMENTS FOR CLEARING.

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

It shall be the duty of each Clearing Member initiating, accepting or executing a transaction for Futures or Options under MGEX Rules and Regulations to submit each such transaction using "TEMS" to the Clearing House. Transactions 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 own account, for an account he controls, or for an account in which he has ownership or financial interest.
 - CTI 2. Transactions executed for the proprietary account of a Clearing Member.
 - CTI 3. Transactions where an individual member or nonmember executes for the personal account of another individual member, for an account the other member controls or for an account in which the other individual member has ownership or financial interest.
 - CTI 4. Any transaction not meeting the definition of CTI 1, 2 or 3.
- E. Quantity, commodity, contract month or expiration month, price or premium, whether the transaction involved a put or a call, strike price, buy or sell.
- F. Both the buying and selling 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.

2100.01. ELECTRONIC TRADING SYSTEM CLEARING.

In addition to compliance with the applicable Regulations 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.

Except for exchange for physical transactions and qualified transfer trades, only those trades 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.

2106.00. ACCEPTANCE OF GIVE-UP TRADES.

All give-up trades containing the necessary trade data pursuant to MGEX **Regulation 2100.00.** including customer identification, quantity, and price which are entered by the executing Clearing Member by three o'clock (3:00) p.m. Central Time 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 three o'clock (3:00) p.m. Central Time, 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. Submission times and fines for not accepting a give-up trade are set forth in **Resolution 2101.00.C.**

2107.00. CLEARING MEMBER FINANCIAL EMERGENCY.

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

The Exchange shall have no liability regarding its use of the discretionary power described herein; neither shall the Exchange be liable for actions taken pursuant to MGEX Rules and Regulations, procedures, or actions allowed by law.

2108.00. 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.

2109.00. 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.

2110.00. 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.

2111.00. 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 Commodity Futures Trading Commission (CFTC), the written risk management policies and procedures and other related information and documentation must be promptly made available for review.

5506.00. CONTRACT MONTHS.

Trading may be conducted in AJC options in the same months that are listed for trading in the AJC futures contract. See [Regulation 5405.00](#). Additionally, trading may be conducted in AJC options in months that are not listing for trading in the AJC futures contract. However, no more than two (2) options months outside the delivery cycle shall be available to trade at one time and shall be limited to those months immediately preceding the current delivery month and the next delivery month. Trading in an options month outside the delivery cycle may begin the first business day of the month immediately preceding its month of expiration. The underlying AJC futures contract month for such options month shall be the next month in the delivery cycle. However, the Board of Directors or Exchange may, at its discretion, restrict trading in any month should market conditions so warrant. There shall be no trading in AJC options for months in which AJC futures have not traded.

5507.00. DAILY PRICE LIMITS.

Trading is prohibited in an AJC option at a premium that is greater than the trading limit for the AJC futures contract above and below the previous day's settlement premium for that option. See [Regulation 5406.00](#). On the first day of trading, limits shall be set from the premium of the first trade.

5508.00. 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.

5509.00. 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.

Trading may be conducted for options with striking price increments of five cents (\$0.05) and ten cents (\$0.10) per gallon. At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the initial futures trade on the underlying Apple Juice Concentrate futures contract and the next five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments, and the next ten (10) consecutive higher and ten (10) consecutive lower in ten cent (\$0.10) increments. If the initial futures trade or previous day's settlement price on the underlying Apple Juice Concentrate futures contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2). New striking prices will not be available until the next trading session.

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

5510.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Exchange.

5511.00. MARGIN REQUIREMENTS.

Margin requirements shall be established in accordance with [Rule 760.00](#).

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

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

RESOLUTION 372.00.

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

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

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

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

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 subplot 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 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):

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

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

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

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

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

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

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

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.

CHAPTER 76 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.

CHAPTER 78
HARD RED WINTER WHEAT INDEX OPTIONS

7800.00.	Authority
7801.00.	Scope Of Chapter
7802.00.	The Hard Red Winter Wheat Index Put Options
7803.00.	The Hard Red Winter Wheat Index Call Options
7804.00.	Contract Trading Unit
7805.00.	Minimum Price Fluctuation
7806.00.	Trading Months And Hours
7807.00.	Daily Price Limits
7808.00.	Last Trading Day
7809.00.	Expiration Of Options
7810.00.	Striking Prices
7811.00.	Payment Of Option Premium
7812.00.	Position Limits
7813.00.	Exemptions From Position Limits
7814.00.	Aggregation Of Positions
7815.00.	Reportable Positions
7816.00.	Offsets And Transfer Trades
7817.00.	Contract Modifications
7818.00.	Option Exercises
7819.00.	Automatic Exercise

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.

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 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 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

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