



Web 2012-1

January 19, 2012

Dear Members & Rulebook Recipients:

The following Chapters have been amended:

<b><u>Chapter</u></b>	<b><u>Rule/Regulation/Resolution</u></b>	<b><u>Purpose</u></b>
8 Deliveries	803.01.	To remove rule no longer needed.
	803.02.	To remove rule no longer needed.
20 Regulations	2027.00.	To increase storage charges for delivery grain, effective with the May 2013 Hard Red Spring Wheat (HRSW) Futures Contract.
	2029.00.	To remove out of date language.
72 Resolutions	803.00.	To add vomitoxin limits for delivery of wheat against the HRSW Futures Contract effective with the May 2013 HRSW Futures Contract.
	803.01.	To delete the U.S. origin condition effective with the September 2012 HRSW Futures Contract.
	803.02.	To remove resolution no longer needed.

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Layne G. Carlson" followed by a stylized flourish.

Layne G. Carlson  
Corporate Secretary

**CHAPTER 8  
DELIVERIES ON FUTURES CONTRACTS**

**DELIVERIES**

- 800.00. Deliveries On Futures Contracts: When Due
- 801.00. Deliveries On Futures Contracts: Quantities Deliverable
- 802.00. Deliveries On Futures Contracts: Standards Applicable Thereto
- 803.00. Contract And Other Deliverable Grades
- 804.00. Deliveries On Futures Contracts: How Made
- 804.01. Delivery On Wheat Contracts At Minneapolis-St. Paul And Red Wing
- 805.00. Warranty Of Title By Seller
- 806.00. Risk Of Loss And Insurance Coverage: Commodities Delivered On Futures Contracts
- 807.00. Contract Price
- 808.00. Deliveries On Futures Contracts: Determination Of Value
- 809.00. Deliveries On Futures Contracts: Storage Charges On Warehouse Receipts
- 810.00. Deliveries On Futures Contracts: Where Made And Payment
- 811.00. Load-Out, Storage And Insurance Charges: Delivery Grain
- 812.00. Delivery Against Futures Contracts From A Regular Elevator Closed Or Whose Functions Have Been Curtailed As A Result Of Strikes, Lockouts Or Acts Of God
- 813.00. Load-Out Procedures
- 814.00. Ordering Cars

**DELIVERY NOTICE**

- 815.00. Delivery Notice: Issuing And Delivery Of
- 816.00. Delivery Notice: Contents
- 819.00. Delivery Notice: Delivery To A Buyer

**DEFAULT**

- 824.00. Default
- 825.00. Default In Payment
- 826.00. Failure To Deliver On Contract: Damages
- 827.00. Disputes On Damages
- 828.00. Willful Defaults

01-19-12

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

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

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

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

#### **804.00. DELIVERIES ON FUTURES CONTRACTS: HOW MADE.**

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

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

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

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

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

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

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

1. the warehouse receipt is issued for grain in a Regular elevator that is located off water,
2. such off water elevator is not under a common Federal License with a Regular river elevator, and
3. the buyer calls for barge delivery.

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

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

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

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

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

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

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

the property represented by the same, its value being based upon the closing market price of the Minneapolis Grain 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 adopted this Regulation.

The maximum load-out charges on delivery grain, which is tendered in satisfaction of a Minneapolis Grain Exchange 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 Minneapolis Grain Exchange Futures Contract, shall be one hundred sixty five one thousandths of a cent (\$.00165) per bushel per day for wheat regardless of the date of the warehouse receipt.

Insurance charges shall be included within the maximum storage charges.

[The following Regulation will be effective with all contracts after and including the May 2013 contract and will replace the above Regulation on May 1, 2013.](#)

#### **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:

<b>Contract</b>	<b>Regular Entity</b>	<b>Working Capital</b>	<b>Net Worth</b>
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 Board of Directors or Finance Committee shall establish minimum financial requirements as necessary for Regular entities.

The Board of Directors or Finance Committee may consider, and approve, an Applicant for Regularity that is unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Board of Directors or Finance Committee 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 Board of Directors or Finance Committee determine to be acceptable. Failure to meet the minimum financial requirements or comply with a Board of Directors or Finance Committee 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.

Registered Firms or Corporations 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 in the Exchange Room or during the hours of trading shall not be reported.

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.

[Chapter 20 continues on page 2021]



**CHAPTER 72  
RESOLUTIONS**

- 210.01. F. Board Of Directors: Powers
- 372.00. Delegation
- 719.00. Exchange Of Futures For Physical or Risk Transaction Fees
- 803.00. Contract and Other Deliverable Grades
- 803.01. Delivery Of U.S. Origin Grain
- 2020.00. Exchange Service Fee
- 2024.00. Exchange Regulatory Fee
- 2101.00. C. Fees And Fines – Amounts And Collections
- 2101.01. B. Clearing Service Fee
- 2102.00. C. Clearing Member Margins

01-19-12

## **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 Minneapolis Grain Exchange Regulations is hereby delegated to Exchange officers. Such authority includes amending hours of trading, margin requirements, declaration of holidays, reportable position limits, 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, and definition of emergencies. The President and Chairperson of the Board may determine whether a Regulation can be amended by Exchange officers. Regulation 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 registration and membership applications and cancellations, approving standing committee appointments, 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 803.01.**

***This Resolution shall remain in effect through the July 2012 contract month, after which it shall be removed from the Rulebook.***

The Minneapolis Grain Exchange Board of Directors has adopted the following Resolution:

BE IT RESOLVED, that, pursuant to **Rule 803.01.**, the Minneapolis Grain Exchange Board of Directors shall require that, effective with the December 1998 delivery month, elevators declared regular to deliver Spring Wheat on MGEX futures contracts provide a certificate of U.S. origin for delivered Spring Wheat if specifically requested in writing by the taker of delivery at the time load-out instructions are submitted.

Approved by the Board July 10, 1997.

#### **RESOLUTION 2020.00.**

The Minneapolis Grain Exchange Board of Directors has adopted the following schedule of Exchange service fees to be paid to the Corporation for each contract of Minneapolis Grain Exchange Futures bought, sold, exchanged for physical or risk, transferred, delivered, accepted

for delivery or cash settled, or for each contract of Minneapolis Grain Exchange Options bought, sold, transferred, exercised or assigned.

First 15,000 Contracts per month

Member rate	\$0.80
Delegate rate	\$1.20
Non-Member rate	\$1.60

Next 15,000 Contracts per month

Member rate	\$0.60
Delegate rate	\$1.00
Non-Member rate	\$1.40

Each Additional Contract per month

Member rate	\$0.45
Delegate rate	\$0.85
Non-Member rate	\$1.25

Exchange service fees will be charged per account.

For purposes of computing fees, a “member” is the individual listed as the record holder of a membership and trades Exchange contracts for their own account. Further, member rates apply to a firm or corporation which is a record owner of a membership. Member rates do not apply to employees, associated persons, affiliate companies, subsidiary corporations or parent corporations of a member firm or corporation unless they also are a record owner of a membership.

A “delegate” is the individual listed as the record holder of a leased membership and trades Exchange contracts for their own account.

Approved by the Board April 19, 2011, effective May 1, 2011.

**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 Minneapolis Grain Exchange Clearing House Committee has adopted the following schedule of deadlines for reporting trading session activity to the Clearing House:

8:00 a.m.	Form 200's
9:00 a.m.	Settlement and margin payment Offset requests
11:15 a.m.	Weekly account position updates Daily Delivery/Exercise account updates
2:15 p.m.	Last submission of trades
3:00 p.m.	Give-up transfer trades Unmatched trade fixes
3:30 p.m.	Long position lists for delivery Delivery Notices Exercise Notices Auto-Exercise Cancellation Notices Spring Wheat Options Form 200's on expiration day Verbal Notification to the Clearing House is necessary if reports are going to be later than 3:30 p.m. Deadline for receipt of notices is 4:00 p.m.

Evening trading activity will clear as part of the next business day's activity.

Submissions that are late will be charged with fines as follows: the first ten (10) minutes late will incur a charge of \$10; succeeding ten (10) minute periods will add additional \$25 charges each. (For example, eleven (11) minutes late will be \$35; twenty-five (25) minutes late will be \$60).

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.

The Minneapolis Grain Exchange Clearing House Committee has adopted a fine of \$100 for Form 200 errors in excess of two per month.

Spring Wheat Options Form 200's for the last trading day will incur the following fines:

Form 200's not received by 5:00 p.m. expiration day	\$1,000
Errors not corrected by 6:00 p.m. expiration day	\$1,000
Errors not corrected by 8:00 a.m. next business day an additional	\$1,000

All give-up trades properly received in accordance with [Regulation 2106.00](#) by the carrying Clearing Member by 2:15 p.m. and not accepted by the carrying Clearing Member by 3:00 p.m. shall result in the following fines:

First offense	\$1,000
Second offense	\$2,000
Third offense	as determined by Business Conduct Committee

Amended by the Board of Directors November 11, 2004, effective January 4, 2005.

### **RESOLUTION 2101.01.B.**

The Minneapolis Grain Exchange Board of Directors has adopted the following schedule of clearing service fees to be paid to the Corporation for each futures contract bought, sold, exchanged for physical or risk, transferred, delivered, accepted for delivery or cash settled, or for each options contract bought, sold, transferred, exercised or assigned.

Member rate	\$0.20
Delegate rate	\$0.20
Non-Member rate	\$0.20

For purposes of computing fees, a “member” is the individual listed as the record holder of a membership and trades Exchange contracts for their own account. Further, member rates apply to a firm or corporation which is a record owner of a membership. Member rates do not apply to employees, associated persons, affiliate companies, subsidiary corporations or parent corporations of a member firm or corporation unless they also are a record owner of a membership.

A “delegate” is the individual listed as the record holder of a leased membership and trades Exchange contracts for their own account.

Approved by the Board April 19, 2011, effective May 1, 2011.

### **RESOLUTION 2102.00. C.**

The Minneapolis Grain Exchange Board of Directors, or its designee, has adopted the following margins as the minimum amounts that are proper and adequate.

A.	Margins on Futures	<u>Amount Per Contract</u>	<u>Intra-Market Spreads Amount Per Contract</u>
	National Corn Index	\$1,700	Market
	National Soybean Index	\$2,500	Market
	Hard Red Winter Wheat Index	\$2,200	Market
	Hard Red Spring Wheat Index	\$2,200	Market
	Soft Red Winter Wheat Index	\$2,200	Market
	Hard Red Spring Wheat	\$2,200	Market
B.	Inter-Commodity Spreads		<u>Spread Credit % Savings</u>
	NCI vs. NSI		50%
	HRWI vs. Spring Wheat		100%
	HRSI vs. Spring Wheat		100%
	SRWI vs. Spring Wheat		100%
	HRWI vs. HRSI		100%
	HRWI vs. SRWI		100%
	SRWI vs. HRSI		100%

## C. Inter-Exchange Spreads - MGEX Side

MGEX NCI vs. CBOT Corn	100%
MGEX NSI vs. CBOT Soybeans	100%
MGEX HRWI vs. CBOT Wheat	100%
MGEX HRWI vs. KCBT Wheat	100%
MGEX HRSI vs. CBOT Wheat	100%
MGEX HRSI vs. KCBT Wheat	100%
MGEX SRWI vs. CBOT Wheat	100%
MGEX SRWI vs. KCBT Wheat	100%
MGEX Spring Wheat vs. CBOT Wheat	60%
MGEX Spring Wheat vs. KCBT Wheat	60%

- D. Margins on Options. Under the provisions of [Rule 760.00.](#), the Board of Directors, or its designee, hereby establishes that minimum margins for options transactions will be determined by the Standard Portfolio of Analysis of Risk margin calculations. SPAN<sup>®</sup> is a registered trademark of the Chicago Mercantile Exchange. The Chicago Mercantile Exchange assumes no liability in connection with the use of SPAN<sup>®</sup> by any person or entity.

Effective September 14, 2011