



April 19, 2013

Web 2013-3

Dear MGEX Members & Rules and Regulations Book Recipients:

The following Chapters have been amended:

<u>Chapter</u>	<u>Rules/Regulations</u>	<u>Purpose</u>
1 Definitions		Housekeeping.
2 Government	252.00., 258.00., 282.00. 262.00.	To codify & provide for implementation of the Risk Management Committee. To remove rule.
7 Futures & Options Trading	756.00. 760.00.	To remove rule. To provide for implementation of the Risk Management Committee.
14 Options Specifications	1404.00., 1404.01.	To provide for implementation of the Risk Management Committee.
20 Regulations	2017.00. 2062.00. 2025.00. 2062.02.	To reorganize & update language for clarification. To provide for implementation of the Risk Management Committee. To codify electronic audit trail requirements.
21 Clearing House Regulations	2100.00., 2100.01.	To update language & provide for implementation of the Risk Management Committee.
74 National Corn Index Options	7418.00., 7419.00.	To update language & provide for implementation of the Risk Management Committee.
76 National Soybean Index Options	7618.00., 7619.00.	To update language & provide for implementation of the Risk Management Committee.
78 Hard Red Winter Wheat Index Options	7818.00., 7819.00.	To update language & provide for implementation of the Risk Management Committee.
80 Soft Red Winter Wheat Index Options	8018.00., 8019.00.	To update language & provide for implementation of the Risk Management Committee.

82 Hard Red Spring Wheat 8218.00., 8219.00.
Options

To update language & provide for
implementation of the Risk Management
Committee.

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,

A handwritten signature in cursive script that reads "Layne G. Carlson". The signature is written in black ink and is positioned to the left of a horizontal line that extends to the right.

Layne G. Carlson
Corporate Secretary

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.

REGISTERED FIRM OR CORPORATION: A firm or corporation that is registered with the Corporation, as defined in [Rules 350.00](#) and [350.01](#).

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.

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. Announce, 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.

- 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.

263.00. QUOTATIONS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Quotations Committee. It shall be composed of a minimum of eleven (11) Members of the Corporation. Each contract shall be represented on the Committee.

The Committee shall have the duties and powers to:

- A. Establish nonpermanent subcommittees, or otherwise organize itself as necessary, in order to address the reporting needs of each contract or trading pit. Such subcommittees shall be composed of members of the Quotations Committee.
- B. Review and recommend Regulations governing procedures for execution and reporting of trades, quotation changes, settlements and fast markets.
- C. Assemble, without formal notice, to approve or declare a fast market or quotation change. Such authority may be delegated to one (1) or more subcommittees.
- D. Assemble, without formal notice, when a technical problem exists which may cause or is causing interruption of trading and choose from pre-approved Board of Directors procedures.

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. 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 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, Clearing Member, nonmember approved as Regular, customer, Registered Firm or Corporation or any 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, Clearing Member, nonmember approved as Regular, customer, Registered Firm or Corporation

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 or 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.

within the opening or closing range even when those orders are the high or low prices of the 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.](#))

762.00. NONCLEARING MEMBER MAKING OWN TRADES.

Members making their own trades in the Pit may be allowed to carry a five (5) contract position without posting margins, provided those positions are marked to the market daily and are closed within fifteen (15) days. All other positions (long or short) carried in the name of the nonclearing Member shall be charged initial margins and shall be maintained in accordance with [Rule 760.00.](#) The application of this Rule shall be at the sole discretion of the Clearing Member.

Members making their own trades need not be charged margins on spread positions, but spread positions shall be marked to the market daily.

This Rule also applies to individual Members who on the Trading Floor give their orders to other Members for execution.

765.00. TRADING FOR OFFICERS, COPARTNERS OR EMPLOYEES.

No Member, and no Registered Firm or Corporation, 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 or of another Registered Firm or Corporation, without the written consent of such other Member, Firm or Corporation having been furnished.

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 and no Registered Firm or Corporation 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 Registered Firm or Corporation, 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 registered with the CFTC as a Futures Commission Merchant under the provisions of the Commodity Exchange Act.

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 Registered Firm or Corporation 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 individual, firm or organization, other than the person in whose name the account is carried, exercises trading authority or control without meeting the following conditions:

A. Authorization.

The individual, firm or organization 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 Registered Firms and Corporations.

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 Registered Firm or Corporation, 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 Registered Firm or Corporation, 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 any Registered firm or Corporation, who or which has violated the provisions of this Rule, shall be subject to punishment as prescribed in Chapter VI and, in addition thereto, shall be either suspended or expelled.

780.00. OFFICIAL OPENING.

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

785.00. POST SETTLEMENT SESSION.

Following the posting of the settlement prices of the designated contracts and a one (1) minute warning bell, there shall be a post settlement session ("PSS"). Trading may occur only under the following conditions:

- A. Except as otherwise set forth in this Rule, the Rules applicable to trading during regular trading hours shall be applicable to trading during the PSS.

- B. Orders entered for execution or potential execution during regular trading hours remain eligible for execution during the PSS, unless otherwise cancelled. Additionally, new orders placed after the end of the regular trading session may be executed during that day's PSS.
- C. Members, Clearing Members and their customers may participate in the PSS.
- D. Contract months eligible to be traded during the post settlement session shall include only those contracts that traded during that day's regular trading hours. An expiring Futures Contract is eligible to be traded during the PSS if it previously traded during regular trading hours.
- E. Trades during the PSS must be executed at prices within the regular trading session's high/low trade price range. Further, at least one (1) leg of a spread trade must be priced within the regular trading session's high/low trade price range. However, for single line entry differential spreads (SLEDS) leg prices may be assigned by the Clearing House.
- F. Trade prices and trade volume during the PSS will not be used to compute any settlement price.
- G. Commodity Futures and Options Contracts designated for trade during the PSS, the start of the PSS, the length of time of the PSS and additional conditions for trading during the PSS shall be established and may be modified at any time by the Board of Directors.

However, in the case of a cabinet trade, when both sides are closing transactions, the option premium may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.

- F. **Position Limits.** Position Limits for Spring Wheat futures options shall be those limits currently in effect pursuant to Part 150 of the Regulations of the Commodity Futures Trading Commission.
- G. **Reportable Positions.** A position of twenty-five (25) or more put or call options on this Exchange, long or short, in any one (1) month of the first two (2) nearby delivery months or a position of one hundred (100) or more put or call options, long or short, in any one (1) month of the remaining delivery months shall be reportable position level for wheat options on this Exchange. All such positions shall be reported in a manner and form as designated by the Exchange and pursuant to Exchange **Rule 1505.00**.
- H. **Daily Price Limits.** Trading is prohibited in a Spring Wheat futures option at a premium of more than the trading limit for the Spring Wheat futures contract above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

1403.00. STRIKING PRICES.

The Board of Directors shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions (see **Regulation 2023.00.**), subject to the provisions of Section 5(a)(12) of the Commodity Exchange Act and Commodity Futures Trading Commission (CFTC) regulations promulgated thereunder.

1404.00. OPTION EXERCISE.

The Buyer of a Spring Wheat futures option may exercise the option on any business day by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00. C.**) on such day.

The Exchange shall assign such notices of intent promptly and at random to a Clearing Member carrying a short position in the option series. Said Clearing Member shall in turn assign such notice to accounts with open short positions in a fair and non-preferential manner in accordance with written procedures. By the opening of the next trading session, in the case of a call option contract, the writer shall sell to the holder by book entry the underlying Futures Contract at the contracted striking price, or, in the case of a put options contract, the writer shall buy from the holder by book entry the underlying Futures Contract at the contracted striking price. Henceforth, the writer and the holder assume the rights and obligations associated with their respective positions in the underlying Futures Contract.

Notwithstanding the foregoing, an option holder may exercise an option contract prior to expiration:

- A. To correct errors or mistakes made in good faith;

- B. To take appropriate action as the result of unreconciled MGEX option transactions;
- C. In exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time identified in **Resolution 2101.00. C.** on the last day of trading.

1404.01. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 1404.00.**, based upon the settlement price for Spring Wheat futures on the last day of trading for Spring Wheat options, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House at such time identified in **Resolution 2101.00. C.**

Notwithstanding the foregoing, notice to cancel automatic exercise may be given to the Clearing House prior to expiration:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. In exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the members firm's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00. C.**) on the last day of trading.

CHAPTER 20 REGULATIONS

TRADING FLOOR

- 2000.00. Admission Of Members To The Exchange Room
- 2001.00. Regulations Governing Admission Of Messengers To The 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

- 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. Spreading Transactions
- 2018.01. Opening The Market On A Spread Transaction
- 2019.00. Official Representative To Observe The Execution Of Buying And Selling Orders At The Same Price
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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 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 by a Pit Broker must be, as a minimum, immediately noted on the Broker's trading card(s) as to time of receipt, and the order with the earliest time must be filled first.

In the event orders received by Brokers carry identical time stamps, or in the absence of time stamps, and should the Broker find it necessary to allocate trades among these accounts, he must make a record of the accounts, the amount assigned to each account, why it was necessary to make the assignment, and submit the record to the Exchange surveillance staff.

- B. **Withholding or Withdrawing Trades.** No Member, Registered Firm or Corporation shall withhold or withdraw from the market any order of part of an order for another person 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. SPREADING TRANSACTIONS.

Pursuant to the provisions of **Rule 210.01.**, the Board of Directors adopted the following Regulation:

Members of this Exchange are permitted to execute orders to purchase one (1) future and/or option and to sell another future and/or option for the same account at a stated price difference, such trade to be known as a "spread," "straddle" or "switch" transaction. These orders are to be executed competitively by public open outcry in the Pit designated by the Quotations Committee. The designated Pit shall be posted in writing on the Trading Floor. All legs of the spread must be priced within their daily price limits and at least one (1) leg must be priced within the current price range during the trading session whenever the spread involves one (1) or more Contract months which have an established price range. However, for single line entry differential spreads (SLEDS) leg prices may be assigned by the Clearing House. All spreads must be properly recorded in writing, permitting identification of these transactions and the parties thereto.

When a spread transaction is executed, the Trader must so designate this on the trading card by a letter "S". The transaction must be reported to the pulpit, recorded and publicized as a spread. (See **Regulation 2018.01.**)

- 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 registered entity with clearing or trading privileges. 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 trade activity of the registered 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 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.

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 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.

Pursuant to **Rule 901.01**, and any applicable MGEX Rules and Regulations, all facilities 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)

All submissions received after the scheduled deadline are subject to fines as follows:

Reports received within one (1) hour past the deadline will incur a \$100 fine.

Reports received in excess of one (1) hour past the deadline will incur an additional \$50 fine for each subsequent 15 minute period the report is late.

A single submission that is found to be inaccurate and has not been corrected by the designated deadline shall be deemed late until such submission is corrected.

The maximum fine amount shall not exceed \$2,000 for a single submission, however, assessment of a fine does not prevent the Exchange from taking further disciplinary action or presenting the matter to the Disciplinary Committee for recurring and/or significantly late submissions or inaccurate submissions.

The amount due or charged by the Exchange shall be billed on a monthly basis unless otherwise specified by the Exchange.

2069.00. REPORTING REQUIREMENTS AND SANCTIONS.

- A. Members, Market Participants, Clearing Members, customers, Registered Firms and Corporations 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, Clearing Members, customers, Registered Firms and Corporations and all nonmembers approved as Regular not to exceed \$5,000 per offense for individuals and not to exceed \$10,000 per offense for firms and corporations 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 FOR ALL MEMBERS.

Financial requirements for all Members shall be established based upon the recommendations of the Finance Committee and approved by the Board of Directors, provided that requirements for Futures Commission Merchants ("FCM") and Guaranteed Introducing Brokers ("IB") must, at a minimum, be established at levels equivalent to those required by CFTC regulations. The Finance Committee, at its discretion, may adopt financial requirements for FCMs and Guaranteed 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.

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

- A. **Financial Requirements.** All Futures Commission Merchants ("FCM") and Guaranteed Introducing Brokers ("IB") who are Members of the Exchange must meet the minimum financial requirements set forth in CFTC Regulation 1.17 as now in effect or hereafter amended.

- B. **FCM and IB Reports.** All FCMs and Guaranteed IBs who are Members of the Exchange 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 off 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 Member involved.

**2087.00. MINIMUM FINANCIAL REQUIREMENTS FOR NON-FUTURES
COMMISSION MERCHANT MEMBER FIRMS AND INDEPENDENT
INTRODUCING BROKERS.**

- A. **Financial Requirements.** All Non-Futures Commission Merchants (“FCM”) and Independent Introducing Brokers (“IB”) who are Members of the Exchange must meet the minimum financial requirements set forth by the Exchange pursuant to MGEX Rule 253.00. as now in effect or hereafter amended.
- B. **Financial Statement Content.** All Non-FCM Member Firms and Independent IBs 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 the Member Firm’s fiscal year end, must contain, at a minimum, a balance sheet.
- C. **Reports.** All Non-FCM Member Firms and Independent IBs must submit to the Exchange an annual certified financial statement for its fiscal year (or calendar year if the Member Firm is on a calendar year basis.) The certified annual financial statement must be submitted to the Exchange within ninety (90) days after the Member Firm’s fiscal year end.

Additionally, all Non-FCM Member Firms and Independent IBs 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 Firm’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 Member Firms with clearing privileges must submit quarterly financial statements to the Exchange subsequent to the Member Firm’s 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.

- D. **Extension of Time to File.** Upon request in advance and for good cause shown, the Finance Committee may grant a Non-FCM Member Firm and Independent IB 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 Firm involved.

2088.00. REDUCTION OF CAPITAL.

Any Member, Firm, Corporation or Guaranteed Introducing Broker (“IB”) registered with the Exchange must immediately notify the Exchange of any material reduction of its working capital and/or its net worth, including the incurring of a contingent liability that would materially affect working capital and/or net worth should such liability become fixed. Futures Commission Merchants (“FCM”) and Guaranteed IB Members must immediately notify the Exchange of any material

reduction in its adjusted net capital. Such notice must be in writing and signed by a Member of the Firm, Corporation or Guaranteed IB whose Membership is registered on behalf of the Firm, Corporation or Guaranteed IB. 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 a 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 Rules shall be deemed material. Likewise, for non-FCM and non-Guaranteed IB Member Firms or Corporations, 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 Rules 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 the designated representative to the Exchange.

2089.00. ELECTION OF FISCAL YEAR.

A Member Firm or Corporation registered with the Exchange 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. Futures Commission Merchant and Guaranteed Introducing Broker Members 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 a Member Firm or Corporation's fiscal year will not relieve such Member from its obligation to file such timely certified and interim financial statements as deemed appropriate by the Finance Committee.

2090.00. PHYSICAL EMERGENCIES.

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

The Market Observer(s) shall have the power upon recognizing a problem to serve notice to the Pit(s) population 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.

When the Market Observer's decision to suspend trading is announced, the available chairman of the Quotations Committee will assemble and choose from among the Board's previously approved procedures.

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

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.

REGULATIONS

CHAPTER 21 CLEARING HOUSE REGULATIONS

2100.00. METHOD OF CLEARING.

All transactions for Futures or Options traded on the Exchange shall be submitted to the Clearing House to be cleared. Upon acceptance by the Clearing House of such transactions, the Clearing House 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 should 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 name
- C. Type of account (Regular or Segregated)
- 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, price or premium, whether the transaction involved a put or a call, strike price, buy or sell.
- F. Both the buying and selling Member's numbers 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; (R) risk exchange.

- I. Account 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 Member 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.

7418.00. OPTION EXERCISES.

The Buyer of a National Corn Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

7419.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 7418.00.**, based upon the National Corn Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

7618.00. OPTION EXERCISES.

The Buyer of a National Soybean Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

7619.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 7618.00.**, based upon the National Soybean Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see **Res. 2101.00.C.**) on the last day of trading.

7817.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7818.00. OPTION EXERCISES.

The Buyer of a Hard Red Winter Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading.

7819.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of [Rule 7818.00.](#), based upon the Hard Red Winter Wheat Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading.

upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

8018.00. OPTION EXERCISES.

The Buyer of a Soft Red Winter Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading.

8019.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of [Rule 8018.00.](#), based upon the Soft Red Winter Wheat Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading.

upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

8218.00. OPTION EXERCISES.

The Buyer of a Hard Red Spring Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading.

8219.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of [Rule 8218.00.](#), based upon the Hard Red Spring Wheat Index cash settlement, the Exchange shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled MGEX option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Exchange (see [Res. 2101.00.C.](#)) on the last day of trading.