



Web 2008-09

February 29, 2008

Dear Members & Rulebook Recipients:

The following Chapters have been amended:

<u>Chapter</u>	<u>Rule or Regulation</u>	<u>Purpose</u>
3 Membership	Rule 358.00.	To reduce membership requirements for becoming a Clearing Member.
21 Clearing House Regulations	Regulation 2104.00.	To amend the method of establishing security deposits.

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"

Then print to obtain an updated hard copy for your book.

If you have any questions or problems accessing the Rulebook, please contact me at (612) 321-7169 or lcarlson@mgex.com.

Layne G. Carlson
Corporate Secretary

- C. A Clearing Member must have the personnel, and computer hardware and software to effectively communicate with the Clearing House and otherwise conduct the business of clearing in an efficient manner.
- D. Any combination of the Clearing Member or a general partner(s) of the Clearing Member if a Firm or officer(s) of the Clearing Member if a Corporation must be the record owner of one (1) or more Memberships which shall be pledged to the Minneapolis Grain Exchange. A pledged Membership shall mean the Exchange will have first claim to the proceeds of any sale of such Membership. This pledge shall have priority over any other claim or lien filed pursuant to Chapter 3 of the Rules. At least one (1) record holder of such Memberships must be authorized by the Clearing Member to act or execute contracts on behalf of, and otherwise represent the interests of the Clearing Member. Furthermore, such Memberships shall not be included as part of the required security deposit with the Clearing House and shall not be used as value to meet the Clearing Member's margin requirements.
- E. If another person(s), firm(s) and/or corporation(s) (individually or collectively known as the parent) owns or controls, directly or indirectly, twenty percent (20%) or more of a Clearing Member, the parent must guarantee the obligations of the Clearing Member's non-segregated accounts including those accounts held or controlled by the parent, whether or not such parent is a Member of the Exchange. The Finance Committee shall determine whether a guarantee is adequate. This requirement may be waived at the discretion of the Board.

360.00. ORIGINAL MEMBERSHIPS: ISSUANCE OF.

The number of Memberships in this Corporation may be increased and the Corporation has the right to sell Original Memberships at a price to be determined by the Board of Directors. The person to whom such Membership is to be issued must comply with all the terms and conditions of the Rules and Regulations concerning admission to Membership and recording the Ownership of a Membership. The number of outstanding Memberships shall not exceed six hundred (600) unless an increase is approved by a vote of the Ownership.

361.00. PURCHASE AND RETIREMENT OF MEMBERSHIPS.

The Board of Directors is hereby authorized to offer to purchase and purchase Memberships, as available, in this Corporation, at a price determined by the Board, whenever in its opinion the necessary funds are available and the best interests of this Corporation will be advanced by such purchase.

362.00. MEMBERS: DEATH OF.

Upon the death of a Member, it shall be the duty of the President to post an announcement on the Exchange Bulletin Board and announce the fact at the first meeting of the Board of Directors thereafter, and the Secretary shall enter the same on the records of the Corporation and give notice thereof to the Members.

Members called for margins under this Regulation shall pay the same forthwith, unless an extension of time for such payments is granted by the Clearing House Committee. In such cases the extension of time so granted shall be noted on the written call, and copy of said call shall be kept in the files of the Clearing House.

Should a Clearing Member fail to deposit balances for additional margin as required in this Regulation, or should the President, Director of Compliance and Clearing Manager deem the transaction of any Member unduly insecure or hazardous, the Clearing Manager may direct that the Member close out all or a portion of his trades, or that the Member transfer all or a portion of his trades to the books of another Clearing Member, as the situation may require. If such requests by the Clearing Manager are not complied with within one (1) hour, the Clearing Manager may, with the consent of the President and Director of Compliance, originate orders to transfer or close out all or a portion of the Member's trades, as the situation may require. Any such action shall be taken with due consideration to the positions of customers.

All differences between the contract price reported and accepted and the price at which the property may be bought or sold as a consequence of a Member's failure to fulfill his obligations as set forth in this Regulation shall constitute the rule and measure of damages against the Member so failing, and the differences shall be calculated, adjusted and settled within the time and in the manner and form provided under the provisions of **Rule 262.00** and the Regulations of Chapter 21.

Any financial obligations owed by a Clearing Member to the Clearing House, which remain outstanding after all the Member's trades have been closed out, may be satisfied through the Member's security deposit with the Clearing House, but the Member's obligations shall not be limited to the amount of such deposit.

2103.00. ORDER OF DELIVERY.

All balances of commodities for cash contract or cash delivery shall be made on the basis of the present Exchange Rule pertaining thereto. When deliveries are made, the oldest trades on the books shall be closed first.

2104.00. SECURITY DEPOSIT.

Each Clearing Member shall deposit with the Clearing House as security for its obligations thereto such amount as determined by the Exchange. The form of such deposit shall be determined by the Exchange but shall include cash or United States Treasury securities. The Exchange may change the amount and form of such deposit as necessary. Deposits may be withdrawn on written request when a Clearing Member ceases to be a Clearing Member and the Exchange has determined that all contracts and obligations with the Exchange have been settled.

2105.00. PROTECTION OF CLEARING HOUSE: DEFAULT BY A CLEARING MEMBER.

If a Clearing Member fails promptly to discharge any obligation to the Clearing House, its security deposit, its margins on deposit with the Clearing House, and any of its other assets available to the Exchange shall be applied by the Clearing House manager to discharge the obligation. Customer funds or margins shall not be used to discharge the Clearing Member's obligation unless the customer is directly involved in a default. The Clearing Member shall immediately make up any deficiencies in its security deposit resulting from such application.