



June 10, 2019

Web 2019-2

Dear MGEX Members & Rules and Regulations Book Recipients:

Updates have been made to the following Chapters:

<u>Chapter</u>	<u>Citation</u>	<u>Purpose</u>
Bylaws- Government, Membership	Bylaws 201.01., 372.00.	Amendments to Bylaw 201.01. clarifying that each candidate for the annual election must already be a Record Holder before being nominated, and amendments to Bylaw 372.00. updating rule language and incorporating Resolution 372.00.
2- Universal Provisions	Index Rules 2.2.8., 2.2.9., 2.3.1.	Update to Index. Amendments to Rules 2.2.8. (formerly 2088.00.), 2.2.9. (formerly 2084.00.), and 2.3.1. (formerly 2009.00.) updating rule language.
14- Option Specifications Hard Red Spring Wheat Futures	Rule 1402.00.	Amendments to Rule 1402.00. clarifying when Hard Red Spring Wheat option serial months are available for trading.
20- Regulations	Index Rules 2009.00., 2084.00., 2088.00.	Update to Index. Removal of Rules.
72- Resolutions	Index Resolution 372.00.	Update to Index. Removal of Resolution.

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 & 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 B. Green at (612) 321-7122 or jgreen@mgex.com.

Sincerely,

Layne G. Carlson, Corporate Secretary

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BYLAWS GOVERNMENT

100.00. DEFINITIONS.

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

200.00. ANNUAL ELECTION.

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

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

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

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

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

200.01. ANNUAL ELECTION: NOTICE OF.

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

201.01. CANDIDATES: NUMBER TO BE NOMINATED.

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

201.09. NOMINATIONS: POSTING LIST OF.

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

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

202.00. BALLOT; PROXY: FORM OF.

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

202.01. VOTING: PROCEDURE.

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

202.02. VOTING: QUALIFICATIONS FOR.

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

202.03. VOTING: NUMBER OF VOTES PERMITTED.

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

202.04. VOTING: POLLS CLOSE.

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

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

202.05. TELLERS: APPOINTMENT AND DUTIES.

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

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

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

202.06. CANDIDATES: DECLARED WINNERS.

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

202.07. BALLOTS AND PROXIES: PRESERVATION OF.

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

202.08. PROCEDURES IN THE EVENT OF A TIE VOTE.

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

203.00. MEETINGS OF MEMBERS.

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

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

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

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

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

203.01. MEETINGS OF MEMBERS: NOTICE OF.

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

203.02. MEETINGS OF MEMBERS: HOW CONDUCTED.

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

203.03. MEMBER ACTION WITHOUT MEETING OF MEMBERS.

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

204.01. ADOPTION OR AMENDMENT OF RULES: PROCEDURE.

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

204.02. ADOPTION OR AMENDMENT OF RULES: DATE EFFECTIVE.

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

205.01. ADOPTION OR AMENDMENT OF BYLAWS: PROCEDURE.

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

- A. The Board of Directors must propose the Bylaw or amendment by: (1) approving the proposed Bylaw or amendment by majority vote; (2) directing its submission for adoption at a Record Owner meeting; and (3) directing that the Chairperson to call a Record Owner meeting to consider adopting the proposed Bylaw or amendment.
- B. Notice of a Record Owner meeting must be disseminated to each Authorized Voter and director of the Exchange. Notice must state the place, date, hour, and purpose of the meeting, and includes: (1) a copy of the proposed Bylaw or amendment; (2) any recommendation or comment from the Board of Directors; and (3) a proxy form and return envelope allowing the Authorized Voter to vote either for or against each proposed Bylaw or amendment.

205.02. ADOPTION OR AMENDMENT OF BYLAWS: DATE EFFECTIVE.

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

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

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

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

210.01. BOARD OF DIRECTORS: POWERS.

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

- A. control all property of the Exchange;
- B. provide, acquire and maintain suitable Exchange quarters and facilities;
- C. review and approve the creation of and all appointments to standing and special committees recommended by the Chairperson;
- D. review and approve the appointment of a President;
- E. review and approve the appointment, titles and responsibilities of all Exchange employees above the level of department head;
- F. delegate its powers to committees of the Board, or officers or employees, if such delegation is not inconsistent with the Charter, Bylaws, MGEX Rules, customs or usages of the Exchange;
- G. approve all contracts to be executed on behalf of the Exchange by the Chairperson, President or other designated officers;
- H. designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified limits;
- I. appoint a Counsel to the Board;
- J. fix, determine and levy all Membership dues, fees and assessments;
- K. determine the commodities traded, the delivery months, Hours of Trading, the days of the contract month in which delivery may be made, and margin requirements;
- L. declare any day to be a holiday, during which the Exchange shall not be open for business;
- M. adopt or amend any changes to the MGEX Rules;
- N. recommend changes to any Bylaw;
- O. adopt Regulations to implement any MGEX Rule or to conform with orders, recommendations or requests of any duly constituted governmental authority, or that in the opinion of the Board of Directors are necessary and appropriate;
- P. act in emergencies; (See [Bylaw 210.02.](#))
- Q. without Member vote, amend the Charter as necessary to conform to Bylaws or MGEX Rules or to cause the Exchange to become a Delaware nonstock, for profit corporation.

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

210.02. BOARD OF DIRECTORS: EMERGENCY POWERS.

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

- A. close the Exchange;
- B. suspend trading in any or all Futures or Options Contracts, including trading in settlement of any then existing Futures or Options Contracts;
- C. prohibit trading in any or all Futures or Options Contracts at prices above or below such limits as are specified by the Board;
- D. limit the total amount of open speculative Futures or Options trades that any Market Participant may have at any one time in any or all commodities, and to increase, decrease or cancel such limitations as the Board of Directors deems advisable. The Board of Directors may require such reports and may make such MGEX Rules as it deems necessary to enforce such limitations;

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

- E. take other appropriate emergency action.

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

210.03. VACANCIES: OCCURRING DURING TERM OF OFFICE.

- A. Officers: If a vacancy occurs in the office of Chairperson, other than by expiration of the term of office, the First Vice Chairperson, or if the First Vice Chairperson is unable to act, then the Second Vice Chairperson, shall assume all the duties and powers of the Chairperson until such time as the Board of Directors elects a successor to fill the vacancy pursuant to **Bylaw 200.00**.
- B. Member Directors: In the event a vacancy occurs on the Board of Directors, the Nominations Committee shall recommend to the Board of Directors one (1) but not more than two individuals to fill the vacancy, each of which must confirm their acceptance of such nomination.

211.00. FIRST MEETING OF THE BOARD OF DIRECTORS.

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

211.01. REGULAR AND SPECIAL MEETINGS.

Regular meetings of the Board of Directors shall be held quarterly as determined by the Board of Directors. Special meetings may be called by the Chairperson and shall be called by the Chairperson upon the written request of five (5) Directors.

Notice of regular or special meetings of the Board of Directors may be given to any Director personally, by telephone, by electronic communication or by delivery of such notice in writing to the Director's usual place of business. Any and all business may be transacted at regular or special meetings of the Board of Directors; PROVIDED, however, that the provisions of the Bylaws requiring special notice for meetings at which certain business is to be transacted must be complied with.

Any Director having three (3) consecutive absences during that Director's term of office from regular meetings or the first meeting of the newly elected Board of Directors may be removed effective immediately as a Director by majority vote of the Board of Directors. Upon removal, the vacancy shall be filled pursuant to **Bylaw 210.03**.

211.02. QUORUM.

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

211.03. PROCEDURE AT MEETINGS.

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

215.00. CHAIRPERSON OF THE BOARD: GENERAL DUTIES.

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

215.01. VICE CHAIRPERSONS.

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

215.02. ACTING CHAIRPERSONS.

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

216.00. APPOINTMENT OF OFFICERS AND EMPLOYEES.

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

216.01. EMPLOYMENT OF COUNSEL, AUDITORS, ETC.

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

217.00. PRESIDENT.

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

218.00. SECRETARY.

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

218.01. ASSISTANT SECRETARY.

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

218.02. PAPERS: SERVICE OF.

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

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

218.03. OATHS: ADMINISTRATION OF.

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

219.00. TREASURER.

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

220.00. ANNUAL FINANCIAL STATEMENT.

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

221.00. REGULAR ASSESSMENTS.

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

221.01. SPECIAL ASSESSMENTS.

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

221.02. NOTICE OF ASSESSMENTS.

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

221.03. FINANCING.

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

222.00. FUNDS AND SECURITIES OF THE EXCHANGE.

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

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

222.01. EXPENDITURE OF THE FUNDS OF THE EXCHANGE.

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

222.02. INVESTMENT OF FUNDS.

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

223.00. BORROWING OF MONEY.

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

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

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

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

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

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

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

231.00. DELIVERY OF DOCUMENTS, PAYMENT, ETC.

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

235.00. ADMISSION TO EXCHANGE ROOM.

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

The Exchange may grant admission to the Exchange Room to Floor Clerks, visitors and other persons, subject to such restrictions, regulations and limitations as the Exchange may deem proper.

PROVIDED, however, that no Member who is under suspension may be granted admission to the Exchange Room as a visitor, or otherwise, and no Floor Clerk or visitor may make any trades or transact any business in the Exchange Room excepting such transactions as may pertain directly to the business on account of which admission to the Exchange Room was granted; and,

PROVIDED FURTHER, that no person in default, on account of any business transacted with or through a Member or Members of MGEX, shall be entitled to admission to the Exchange Room as a visitor while such transaction remains unsettled, and the President is hereby empowered to

enforce this Bylaw upon the complaint, in writing, of any Member of MGEX.

236.00. CONTROL OF THE USE OF THE BUILDINGS.

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

237.00. MANAGEMENT OF REAL ESTATE.

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

240.00. FISCAL YEAR.

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

242.00. HOUSEKEEPING.

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

243.00. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS.

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

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

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

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

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

244.00. MEMBERSHIP IN OTHER ASSOCIATIONS: DELEGATES TO MEETINGS.

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

250.00. COMMITTEES: REGULATIONS GOVERNING PROCEDURE.

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

251.00. COMMITTEES OF THE BOARD OF DIRECTORS.

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

252.00. EXECUTIVE COMMITTEE.

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

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

253.00. AUDIT COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Audit Committee which shall be composed of five (5) Directors including the Chairperson of the Board,

the President, and three (3) Public Directors elected by the Board of Directors.

The Committee shall have the duties and powers to oversee the appointment of the Exchange's independent auditor, review any audit reports, and report to the Board.

256.00. PERSONNEL AND COMPENSATION COMMITTEE.

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

The Committee shall have the duties and powers to fix the compensation and benefits of the President.

257.00. REGULATORY OVERSIGHT COMMITTEE.

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

258.00. RISK MANAGEMENT COMMITTEE.

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

259.00. NOMINATIONS COMMITTEE.

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

The Committee shall have the duties and powers to:

- A. Identify individuals qualified to serve on the Board of Directors, consistent with criteria approved by the Board, and with the composition requirements set forth in **Bylaw 210.00**.
- B. Administer a process for the nomination of individuals to the Board of Directors.

In addition, the Board of Directors has delegated the following duties and powers to the Nominations Committee:

- A. Determine the standards and requirements for initial and continuing membership eligibility.
- B. Review appeals of staff denials of membership applications and overturn any staff denial if the application meets relevant standards and requirements.
- C. Review and approve any Bylaws that would result in different categories or classes

of Members receiving disparate access to the Exchange.

The Committee shall not restrict access or impose burdens on access in a discriminatory manner on Members or applicants for Membership.

260.00. COMMITTEES OF THE EXCHANGE.

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

264.00. DISCIPLINARY COMMITTEE: APPOINTMENT.

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

- A. Two (2) of such members shall be appointed from Members of the Exchange who are not serving as Officers or Directors or serving on the Hearing Committee.
- B. One (1) member of the Disciplinary Committee shall consist of the President of the Exchange and one (1) member of the Disciplinary Committee shall consist of a member of the Board of Directors appointed by the President of the Exchange.

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

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

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

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

264.01. DISCIPLINARY COMMITTEE: QUALIFICATIONS OF MEMBERS.

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

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

264.02. DISCIPLINARY COMMITTEE: APPOINTMENT OF ALTERNATES.

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

264.03. DISCIPLINARY COMMITTEE: DUTIES AND POWERS.

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

- A. To prevent manipulation of prices as provided in the Commodity Exchange Act.
- B. To review all investigation reports submitted to the Disciplinary Committee by the Department of Audits and Investigations in respect to all matters relating to activity conducted under the jurisdiction of MGEX and in respect to alleged violations of the Bylaws or MGEX Rules.
- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Disciplinary Committee deems appropriate or advisable.
- D. To promptly review and determine whether or not any or all charges included in the investigation report submitted to the Disciplinary Committee have, in its opinion, a reasonable foundation in fact.
- E. To dismiss any or all charges included in any investigation report submitted to the Disciplinary Committee that are, in its opinion, without reasonable foundation in fact.
- F. To authorize the issuance of a Notice of Charges against person(s) alleged to have committed such violations if the Disciplinary Committee has found that the

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

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

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

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

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

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

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

265.00. HEARING COMMITTEE: APPOINTMENT.

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

- A. Three (3) of such members shall be appointed by the Chairperson of the Board of Directors from Members of the Exchange.
- B. One (1) member of the Hearing Committee shall consist of the Chairperson of the Board of Directors. The Chairperson of the Board of Directors shall serve as the Chairperson of the Hearing Committee.

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

Chairperson may appoint a Member of the Exchange.

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

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

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

265.01. HEARING COMMITTEE: QUALIFICATIONS OF MEMBERS.

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

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

265.02. HEARING COMMITTEE: APPOINTMENT OF ALTERNATES.

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

265.03. HEARING COMMITTEE: DUTIES AND POWERS.

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

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

- B. To impose a penalty if the Hearing Committee finds in the affirmative that there has been a violation, or in the alternative, to dismiss the alleged charges if the Hearing Committee finds that there has been no violation.
- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Committee deems appropriate or advisable on a timely basis.
- D. In hearings conducted by the Hearing Committee, on a finding by the Hearing Committee that there has been a violation, to assess a penalty against those found guilty. The Hearing Committee may take such action it determines including, but not limited to, issuing a Letter of Reprimand, a suspension from Membership, a monetary fine, or a recommendation to the Board of Directors for expulsion (singly or in any combination).
- E. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.
- F. To summon any Member or Market Participant to appear before the Hearing Committee.

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

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

267.00. HARD RED SPRING WHEAT COMMITTEE.

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

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

268.00. CASH MARKETS COMMITTEE.

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

The Committee shall have the duties and powers to:

- A. Review and recommend MGEX Rules governing the cash markets.
- B. Monitor cash market activity to ensure orderly trading and efficient price

discovery.

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

270.00. OTHER COMMITTEES, TASK FORCES AND PANELS.

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

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

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

271.00. CHIEF REGULATORY OFFICER.

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

272.00. CHIEF COMPLIANCE OFFICER.

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

273.00. CHIEF RISK OFFICER.

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

275.00. CONFLICTS OF INTEREST.

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

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

1. The term “family relationship” of a person shall mean the person’s spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece, or in-law.
2. The term “governing board” shall mean the Board of Directors, Committees of the Board of Directors and Committees of the Exchange authorized to take action or to recommend the taking of action on behalf of the Exchange.
3. The term “member’s affiliated firm” shall mean a firm in which the member is an employee or a “principal,” as defined in CFTC Regulation 3.1(a).
4. The term “named party in interest” shall mean a person or entity that is identified by name as a primary subject of any material matter being considered by a governing board.
5. The term “significant action” shall mean any of the following types of actions or changes that are implemented without the Commission’s prior approval:
 - a. Any actions or changes which address an “emergency” as defined in CFTC Regulation 1.41(a)(4)(i) through (iv) and (vi) through (viii); and,
 - b. Any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any contract traded at the Exchange; but shall not include any Bylaw or MGEX Rule not submitted for prior CFTC approval because such Bylaw or MGEX Rule is unrelated to the terms and conditions of any contract traded at the Exchange.

B. Named Party in Interest Conflict

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

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

prohibition shall not apply.

2. Disclosure. Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations whether such member has one of the relationships listed in paragraph B.1. of this Bylaw with a named party in interest.
3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph B. Such determination shall be based upon a review of the following information:
 - a. information provided by the member pursuant to paragraph B.2. above, and
 - b. any other source of information that is held by and reasonably available to the Exchange.

C. Financial Interest in a Significant Action Conflict

1. Prohibition. No member of a governing board shall participate in such body's deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to this Bylaw.
2. Disclosure. Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations position information that is known to such member, with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:
 - a. gross positions held at the Exchange in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3(j);
 - b. gross positions held at the Exchange in proprietary accounts, as defined in CFTC Regulation 1.17(b)(3), at the member's affiliated firm;
 - c. gross positions held at the Exchange in accounts in which the member is a principal, as defined in CFTC Regulation 3.1(a);
 - d. net positions held at the Exchange in "customer" accounts, as defined in CFTC Regulation 1.17(b)(2), at the member's affiliated firm; and

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

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

D. Deliberation Exemption.

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

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

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

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

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

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

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

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

3. information on the position information that was reviewed for each member if applicable and available; and
4. the name of any member who participated in voting pursuant to paragraph D.3. of this Bylaw.

282.00. CLEARING HOUSE.

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

283.00. AUDITS AND INVESTIGATIONS.

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

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

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

290.00. NONPUBLIC INFORMATION - IMPROPER USE OR DISCLOSURE.

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

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

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BYLAWS MEMBERSHIP

300.00. MEMBERSHIP: INDIVIDUALS ELIGIBLE.

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

301.00. MEMBERSHIP: ADMISSION TO.

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

- A. An application for Membership must have been made;
- B. The application must be reviewed by the Exchange. The Exchange may, at its discretion, require any applicant to produce additional documentation and/or meet in person prior to any action by the Board of Directors;
- C. A Request to Transfer and Record the Ownership of a Membership form must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to such action;
- D. If an objection to the approval of such applicant to Membership has been duly filed by a Member of MGEX, it must have been heard by the Board of Directors and dismissed;
- E. All the requirements of the Bylaws and MGEX Rules for the transfer of a Membership to the applicant must have been complied with or the applicant must have obtained an original Membership under the provisions of **Bylaw 360.00.** or **Regulation 2112.00.**
- F. An application fee shall be collected by the Exchange at the time of the application. This fee, in an amount to be determined by the Exchange, shall not be refunded in the event that the applicant fails, for any reason, to become a Member.
- G. If the applicant does not own a Membership at the time its application is approved nor have a Delegation Agreement in place, the applicant shall have sixty (60) days to obtain a Membership.

302.00. MEMBERSHIP: APPLICATION FOR.

Application for Membership shall be in writing and shall contain an agreement by the applicant that in consideration of being admitted to Membership the applicant will be bound by MGEX Rules and all amendments and additions thereto, and that such agreement shall be binding on the applicant and its heirs, executors, administrators, successors, and assigns. Said application shall be in such form, and accompanied by such information and statements, as the Exchange shall prescribe. Such application shall be signed by the applicant.

302.01. EXPELLED MEMBERS: READMISSION.

If an application for Membership has been received from an individual who previously had been expelled from MGEX Membership, the Chairperson of the Board of Directors shall call and preside at a meeting of the Board of Directors. The application shall be considered and voted upon and shall be approved by the Board of Directors upon a two thirds (2/3) affirmative vote.

303.00. MEMBERSHIPS: TRANSFERS OF.

When and if the terms and conditions set forth below have been complied with, the Exchange shall transfer a Membership upon the books of MGEX.

- A. The transferee's application for Membership must have been approved or the transferee must be a Member in Good Standing;
- B. A request for transfer of the Membership, on a form as prescribed by the Exchange, must have been duly executed by the transferee and by the Person who or which is to be recorded as the Record Owner of the Membership, and such request must have been filed with the Exchange;
- C. All of the requirements of the Bylaws and MGEX Rules for recording the ownership of the Membership must have been complied with;
- D. Notice of the request for transfer of a Membership must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to the date of such transfer. Such request shall include the name of the Record Owner of the Membership;
- E. If an objection to such transfer has been duly filed by a Member, it must have been heard by the Board of Directors and dismissed or, if sustained, the claim upon which it was based must have been satisfied;
- F. A transfer fee in an amount determined by the Exchange must be paid and in all cases the transferee pays the transfer fee.
- G. In the event a Record Holder desires to be relieved of the restrictions imposed by the provisions of **Regulation 2055.00.**, the Record Owner must upon request of the Record Holder transfer the Membership to another individual; but

PROVIDED FURTHER, that, upon agreement by the Record Holder not to exercise any of the privileges conferred by the Membership, the Board of Directors may waive the restrictions and requirements of this Bylaw during such time as, in its opinion, is reasonable in order to allow disposition/or transfer of the Membership to be made.

Upon the transfer of a Membership, a new certificate number shall be issued and the privileges conferred upon the former Record Holder shall terminate.

- H. In the event that a Record Holder of an entity owned Membership leaves the employment of that entity, the Membership shall be transferred into the name of a designated representative of the entity. In the event the designated representative is not a Member, application for Membership must be made and the application/transfer fee paid.

303.01. SUSPENSION OF PRIVILEGES TO TRADE UPON REQUEST TO TRANSFER MEMBERSHIP.

Whenever the transfer of a Membership has been requested, the Board of Directors, at its discretion, may suspend the privileges to trade of the Member until further order.

304.00. OBJECTIONS TO TRANSFER OF A MEMBERSHIP.

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

- A. Such objection shall be in writing in the form prescribed by the Exchange and must be filed with the Exchange, together with a statement of the amount of the claim for lien against the Membership upon which such objection is based, within ten (10) consecutive days after notice of the request for transfer of such Membership has been posted on the Official Bulletin Board;
- B. Failure to file an objection as provided in Section A. shall be deemed and held to constitute a waiver of the lien and the right to file the objection. A Membership subsequently transferred, and the ownership recorded shall be considered free and clear of all liens and claims for liens as if no objections were filed; no subsequent objection, complaint, claim or demand against the former Member shall constitute a lien or otherwise impair it in the hands of an innocent Record Owner;
- C. At the expiration of said period of ten (10) consecutive days a copy of any objections that have been duly filed, together with a copy of the statement of the amount of the claims for liens upon which such objections were based, shall have been served upon the parties who requested the transfer of the Membership including the Record Owner and/or Record Holder;
- D. If any objection has been duly filed, the Board of Directors shall hear all parties and determine the validity of the objection; and, if it is sustained, the request for transfer shall be denied until such time as the claim or claims upon which the objection was based have been settled.

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

305.00. MEMBERSHIP TRANSFERRED IN VIOLATION OF BYLAWS.

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

310.00. MEMBERSHIP: RECORDING OF OWNERSHIP.

When the terms and conditions set forth below have been complied with and upon the order of the Board of Directors or a duly authorized officer of the Exchange, the Exchange shall record the ownership of a Membership upon the books of MGEX in the name of a Person:

- A. The Person to be recorded as the Record Owner must be in Good Standing, must have paid the purchase price and be the sole and absolute Record Owner of such Membership.
- B. If the Person to be recorded as the Record Owner is an officer or employee of the Exchange, or if the officer or employee of the Exchange has a financial interest in an entity to be recorded as the Record Owner, such disclosure shall be made to the Board of Directors. In no instance may the officer or employee be recorded as the Record Holder of a Membership, or exercise the privileges of a Record Holder.
- C. The recording of the ownership of a Membership must be duly executed with the Exchange immediately after purchase by the Person who or which is to be recorded as the Record Owner. The information needed to record the ownership shall be in such form and shall be accompanied by such facts and statements as the Exchange may require.
- D. The Person who is to be recorded as the Record Owner must acknowledge that MGEX is not liable for any indebtedness the Person incurred in connection with obtaining such Membership and shall indemnify MGEX and hold it harmless against all claims, demands or actions of any sort and all costs or expenses incidental thereto.
- E. All assessments against such Membership that are due and payable, together with interest on any delinquent portions thereof, must have been paid.
- F. Notice of a request to record the ownership of a Membership must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to the date of such recording.
- G. If an objection to such recording has been duly filed, it must have been heard by the Board of Directors and dismissed or, if the claim upon which it was based has been sustained, the claim must have been satisfied before the ownership is recorded.
- H. Neither the previous Record Holder nor Record Owner of such Membership, nor any entity to be listed as Record Owner, can be a party to any unsettled controversy before the Board of Arbitration, or any committee of the Board of Directors or of the Exchange, unless this provision shall have been specifically waived by the Board of Directors.
- I. Seller of such Membership warrants that such Membership is free and clear of all liens and encumbrances.

310.01. REJECTION OF MEMBERSHIP STATUS.

Once a Membership is purchased, the Record Owner must apply, or designate an individual to apply, for Membership at the time of purchase or place the Membership in a current Record Holder's name. If, for any reason, the application for Membership is rejected or the Record Owner is unable to place such Membership in a current Record Holder's name within sixty (60) calendar days, the Exchange will instruct the Record Owner to sell the Membership in question on the open market. The Record Owner shall have sixty (60) calendar days in which to complete the sale of the Membership. In the event the Membership is not sold at the end of sixty (60) calendar days, the Record Owner must take the highest bid on file with the Membership Department. In accordance with MGEX **Bylaw 301.00.F.**, the Exchange will not refund the application fee. The

Record Owner shall be responsible for any assessments or dues levied against the Membership during the period in which the Record Owner owns the Membership. The Record Owner shall assume all risk of gain or loss from the resale of the Membership.

312.00. CERTIFICATES OF MEMBERSHIP.

Every Member shall be entitled to receive a Certificate of Membership upon request and it shall be evidence that the Member was, on the date of issue, entitled to the privileges of an MGEX Membership, but shall not be considered evidence concerning ownership of said Membership. The sole official evidence of ownership shall be the records of MGEX.

- A. In order to request a Certificate of Membership, a written request, as prescribed by the Exchange, accompanied by a fee as determined by the Exchange, must be made by the Member or by his or its heirs, executors, administrators, successor, or assigns accompanied by an assignment or by other proper and appropriate instrument or evidence of transfer, conveying ownership of such Membership from the Member.
- B. The Exchange may require an affidavit from the party requesting the Certificate of Membership asserting that the affiant is the sole and absolute Record Owner of the Membership.

323.00. RIGHTS OF MEMBERS, BOARD TO DETERMINE.

Any question or dispute as to the rights or privileges conferred on a Member by Membership, or as to the interpretation of the Bylaws or MGEX Rules, shall be decided by the Board of Directors at a meeting of which the Member concerned shall have had notice and an opportunity to be heard, and such decision shall be final and binding.

330.00. ASSESSMENTS, DELINQUENT.

Any assessment levied upon an MGEX Membership, which has not been paid in full thirty (30) days after the due date shall become delinquent. Interest at the highest legally permissible statutory rate may accrue and be charged on all delinquent assessments from the date upon which they become delinquent, until paid.

330.01. DELINQUENT ASSESSMENT: SUSPENSION OF MEMBER.

If any assessment or any part of an assessment levied upon an MGEX Membership has become delinquent, the Record Holder and/or Record Owner shall be suspended automatically until the delinquent part of such assessment, together with the accrued interest, where applicable, has been paid.

Notice of such suspension shall be posted forthwith on the Official Bulletin Board and shall be given to Members, and a copy shall be served on the Record Holder and/or Record Owner of the Membership involved.

330.02. DELINQUENT ASSESSMENTS: REINSTATEMENT OF MEMBER.

The payment in full of a delinquent assessment against a Membership together with the accrued interest, where applicable, shall cancel the suspension of the Record Holder and/or Record Owner of such Membership without the necessity of action by the Board of Directors; and such Member shall be reinstated to all of the rights, privileges and benefits of an MGEX Membership, and notice to that effect shall be posted on the Official Bulletin Board.

330.03. ASSESSMENTS: LIABILITY FOR PAYMENT.

The Record Owner shall be liable for duly levied assessments. The Record Owner may also be liable for the accrued interest, where applicable, on any portions of such assessment that have become delinquent, but the claims of MGEX for such payments shall not be enforced against such Record Owner until the provisions of the Bylaws and MGEX Rules relative to the sale of a Membership for the nonpayment of assessments have been complied with.

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

If any assessment levied upon an MGEX Membership has been delinquent for forty-five (45) days, past the posted due date, it shall be reported by the Exchange to the Board of Directors at the first meeting of the Board thereafter, and the Board shall thereupon order such Membership sold by the Exchange, as provided in **Bylaw 337.00**. If a Record Owner allows an assessment or part of an assessment to be delinquent twice in a two-year (2) period, the Board of Directors may order the Membership sold after the assessment has been delinquent for thirty-one (31) days past the posted due date.

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

If the Record Owner was deceased or incompetent on the date on which an assessment, becomes due and payable, and if such assessment becomes delinquent, the Board of Directors shall order such Membership to be sold by the Exchange, but it may delay such sale, at its discretion, until an executor, administrator or guardian has been appointed and shall have had reasonable opportunity to act.

335.00. LIENS UPON MEMBERSHIPS.

Any Member to whom or to which another Member is indebted in connection with or as a result of any trade, that is subject to or governed by the Bylaws or MGEX Rules may file a lien to secure the payment of such indebtedness. The lien may be filed upon all MGEX Memberships of which the debtor is the Record Owner.

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

Any Member claiming to have a lien against a Membership may, if the indebtedness or obligation upon which such claim is based has been due and payable for more than ninety (90) days, file a claim for such lien, together with a request that the Membership be sold for the satisfaction thereof.

Such claim, together with a statement of the amount thereof, shall be filed with the Exchange.

Such claim shall be heard and determined in accordance with the provisions of **Bylaw 336.01**, and, if it or any portion is determined to be valid, the Board of Directors shall order the Membership to be sold by the Exchange under the provisions of **Bylaw 337.00**.

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

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

Notice of the time, place and purpose of such meeting shall be served on the claimants and the Record Owner involved; given to Members; and posted on the Official Bulletin Board at least ten (10) days before such meeting.

Any other Member claiming to have a lien against such Membership must file such claim for lien prior to such meeting; and, failing to do so, will be deemed and held to have waived his or its rights to such lien.

At such meeting the Board of Directors shall examine all claims for liens against the Membership that have been duly filed and shall hear fully all claimants and the Record Owner, if they shall appear. The Board shall determine which claims are valid under the provisions of the Bylaws and the MGEX Rules, and such determination shall be final and binding on all parties.

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

337.00. SALE OF A MEMBERSHIP BY THE EXCHANGE.

If the Board of Directors shall have ordered the sale of an MGEX Membership, a meeting of the Record Owners shall be called for such purpose after ten (10) days' due notice thereof. Such notice shall state the date, time, place and purpose of such meeting, and shall be given to Members; posted on the Official Bulletin Board; and served on the Record Owner of the Membership.

If the Membership is to be sold to satisfy delinquent assessments, the notice shall call attention to provisions of **Bylaw 338.00.** relative to filing of claims for liens.

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

The Board of Directors, pursuant to authority granted by **Bylaw 361.00.** may, at its discretion, cause a bid or bids to be made for the Membership in the name of MGEX; and, in the event that the Membership is being sold to satisfy delinquent assessments and if no other bids have been received, the Board shall cause a bid, at a figure as determined by the Board, to be so made.

If more than one Membership is to be sold at any one meeting of the Record Owners, the order in which such Memberships shall be offered for sale shall be determined by lot.

After such sale, the former Record Owner of such Membership shall be deemed to have forfeited and relinquished the rights, benefits and privileges conferred by such Membership, and all rights, title and interest in and to such Membership.

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

Any Member claiming under the provisions of the Bylaws or MGEX Rules to have a lien against a Membership that is to be sold by the Exchange to satisfy delinquent assessments, must file a claim for such lien with the Exchange, together with a statement of the amount thereof, prior to the meeting at which such Membership is to be sold; and, failing to do so, will be deemed and held to have waived his or its right to such lien.

If any claims for liens have been so filed, the Board of Directors shall hold a meeting as soon after such sale as is practicable to hear and determine which claims for liens are valid. Notice of the

time, place and purpose of such meeting shall be served on the claimants, and on the Record Owner of the Membership.

339.00. STOPPING THE SALE OF A MEMBERSHIP.

If, at any time prior to the actual sale of a Membership, that part of the assessment, if any, upon such Membership that has been delinquent for forty-five (45) days, together with accrued interest shall have been paid; or if the liens to satisfy which the Membership was to be sold have been satisfied, the proceedings for the sale shall be stopped, and notice to that effect shall be given to Members and posted on the Official Bulletin Board.

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

When and if a Membership has been sold by the Exchange, whether to satisfy delinquent assessments or liens, the proceeds of such sale shall be applied as follows:

- A. First: To the payment of unpaid assessments that have been levied against such Membership and that have become due and payable at the time of such sale, together with fines, accrued interest on any portions of such assessments that have become delinquent, and any fines assessed against the Record Owner and/or Record Holder or any other debts due to MGEX.
- B. Any portion of the proceeds remaining, after the payments prescribed in Subsection A. have been made in full, shall be applied to the payment of liens, if any, which have been determined to be valid by the Board of Directors; and, if such proceeds will not pay all of such liens in full, they shall be applied pro rata to such liens;
- C. After the payments prescribed in Subsections A. and B. have been made in full, any portion of such proceeds remaining shall revert to MGEX.

360.00. ORIGINAL MEMBERSHIPS: GENERAL ISSUANCE OF.

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

361.00. PURCHASE AND RETIREMENT OF MEMBERSHIPS.

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

363.00. APPLICATIONS AND REQUESTS, SUPPORT OF.

Persons who have signed the Application for Membership, Request to Transfer and Record the Ownership of a Membership form, Application for Cash Trading Privileges or Application of Clearing Privileges shall answer such questions and furnish such information pertinent to the consideration of and in support of such applications or requests and shall make such personal appearances as the Board of Directors or the Exchange may require.

364.00. WITNESSES, ATTENDANCE OF.

Every Member, upon whom or which a notice or citation, issued by an officer of the Exchange or by any duly constituted committee of the Exchange, has been duly served, shall appear and testify and produce his or its books, papers, records or other documents that are pertinent to the case in hearing, as required by such notice or citation; and, when testifying, shall answer any question that is proper and pertinent to the case in hearing. It is, however, hereby provided that no witness shall be required to answer any question if the answer would incriminate him.

365.00. VIOLATION OF AGREEMENTS: FRAUDULENT REPRESENTATION OR CONCEALMENT.

The making of any fraudulent representation or concealment in the Application for Membership form, a Request to Transfer and Record the Ownership of a Membership form, the Application for Cash Trading Privileges form, the Application for Clearing Privileges form, or in any information given or statements made in connection with any such applications or requests shall be deemed a violation of the Bylaws and MGEX Rules.

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

366.00. NOTICES REGARDING MEMBERSHIP, ETC.

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

368.00. COMMODITY EXCHANGE ACT RULE.

- A. In order to comply with the Act of Congress known as the Commodity Exchange Act, and the regulations of the Commodity Futures Trading Commission promulgated thereunder, it is hereby provided that all the Bylaws and MGEX Rules shall be construed with reference to, and shall be subject to and modified by, the provisions of said Act and regulations.
- B. The Exchange and every Member and Person shall make and file such reports and keep such books, and records for such a period of time as may be required pursuant to authority set forth in the Commodity Exchange Act as amended, and regulations promulgated thereunder, including, but not limited to, the authority contained in subdivision (b) of Sec. 5 of said Act, and shall keep such books and records open to inspection by any duly authorized representative of the Commodity Futures Trading Commission or the United States Department of Justice.
- C. Neither the Exchange, nor any Member or Person shall disseminate any false, misleading, or knowingly inaccurate reports concerning crop or market information or conditions that affect, or tend to affect, the price of any commodity.
- D. No Member or Person shall manipulate, or attempt to manipulate, prices of commodities traded on this Exchange, nor corner, nor attempt to corner, any of such commodities.

- E. Any Member or Person, who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the Commodity Exchange Act as amended, shall be refused all privileges of trading on this Exchange for such period of time as specified in the Order of the Commodity Futures Trading Commission against such Member or Person.
- F. No Member or Person shall accept or execute an order from any Person who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the Commodity Exchange Act as amended.

369.00. DISSEMINATION OF INFORMATION.

Members and Market Participants shall be held to strict account for the reliability and accuracy of the statements and information which they disseminate.

Members and Market Participants must word or phrase all circulars, letters, Reports of Cash Sales, or other information so as to convey an accurate impression as to values of commodities in this market, and avoid conveying misinformation or erroneous implications as to such values. Specific values of cash commodities must not be reported in such a way as to create a false impression regarding values generally.

For example, giving a false impression regarding values such as sales of cash commodities of certain test weight, or having some particular characteristic or other factor that contributes to value, must not be reported in such a manner as to convey the impression that all commodities of the same kind and test weight, or having the same particular characteristic or factor, are of equal value.

Members and Market Participants, and their employees, must not directly or indirectly, by innuendo or otherwise, participate in the circulation of any rumors adversely affecting any Person. Only facts capable of substantiation may be reported.

370.00. LIMIT ON OWNERSHIP OF MEMBERSHIPS.

No Record Owner or related person of any Record Owner, as defined below, may own directly, indirectly, or through an affiliate (i.e., a Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such Record Owner), more than thirty-five percent (35%) of outstanding Memberships at any one time. The term "related person" used to indicate a relationship with any Record Owner means:

- A. Any partner, director, officer, or other employee of such Record Owner;
- B. Any corporation or organization (other than the corporation or a majority-owned subsidiary of the corporation) of which such Record Owner is an officer or partner, or is directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities;
- C. Any trust or other estate in which such Record Owner has a beneficial interest of ten percent (10%) or more or as to which such Record Owner serves as trustee or in a similar fiduciary capacity;
- D. Any immediate family member (i.e., a spouse, children, stepchildren, parents, and siblings) of such Record Owner, or any immediate family member of such Record Owner's spouse, in each case, who has the same home as such Record Owner;

- E. Any immediate family member of the persons set forth in paragraph (A) of this Bylaw, or any immediate family member of such person's spouse, in each case, who has the same home as such person;
- F. Any employee of the Exchange, or any entity in which an employee of the Exchange has a financial interest.

371.00. MGEX DEFENSE EXPENSES.

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

372.00. DELEGATION.

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

- A. The Delegate will be approved by the Exchange under the standards of **Bylaws 300.00.** and **301.00.** The Delegate shall sign a written agreement to observe and be bound by the Bylaws and MGEX Rules and all subsequent amendments.
- B. The Delegation Agreement and any subsequent amendment(s) must be in writing in such form as the Exchange may prescribe and a copy must be filed with the Exchange. However, the Delegation Agreement will automatically be nullified if there is a loss of any of the qualifications for entering a Delegation Agreement, such as sale of the Membership by the Record Owner or expulsion of the Record Owner or Delegate. In the event the Record Owner sells its Membership, the Delegate will have thirty (30) days from the effective date of ownership change to enter into another Delegation Agreement and the transfer fee will be waived.
- C. The Record Owner will remain liable for all assessments and dues.
- D. A Record Owner who has delegated his/her Record Holder privileges will not have physical access to the Exchange Room during the period the Membership has been leased, unless he/she is a Record Holder of another Membership, or registers as a visitor.
- E. No Delegation Agreement may have a term of less than ninety (90) days.
- F. A Delegate is limited to trading for his/her own account. A Delegate may not act as a Broker.
- G. The Delegate must deposit with the Exchange an amount of money to be determined by the Exchange. The deposit will be held for the term of the lease. No interest will be paid on the deposit. The deposit will be refunded at the end of the lease if the Delegate has no outstanding debts due to the Exchange or lease payments due to the Record Owner. Claims by the Exchange will be satisfied first with any surplus to be made available to the Record Owner to satisfy lease payments.

- H. A Delegate shall pay a fee each month unless said Delegate trades a minimum number of Futures and/or Options Contracts. The Exchange will determine the fee to be paid and the minimum number of contracts to be traded.
- I. Unless renegotiated, upon expiration or default of a Delegation Agreement, the Membership will be transferred into the name of the Record Holder designated by the Record Owner. If the individual designated as Record Holder is not a current Record Holder, he/she will have to apply for Membership.
- J. No Delegate or former Delegate may enter into a Delegation Agreement or a renewal thereof if there are any unpaid debts due to the Exchange or lease payments due to the Record Owner until such debts have been satisfied or reviewed to the satisfaction of the Exchange.
- K. No Delegate will be eligible to serve on the Board of Directors.

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

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

2.2.8. REDUCTION OF CAPITAL.

Any Person required by the Exchange to provide financial information must immediately notify the Exchange of any material reduction of its net capital, adjusted net capital, working capital, and/or its net worth, including the incurring of a contingent liability that would materially affect net capital, adjusted net capital, working capital, and/or net worth should such liability become fixed. Such notice must be in writing and signed by an authorized representative. Failure to so notify the Exchange will be considered an act detrimental to the interest and welfare of the Exchange.

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

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

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

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

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

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

2.2.9. RISK MANAGEMENT PROGRAM FOR FUTURES COMMISSION MERCHANTS.

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

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

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

SECTION 3 – RECORDKEEPING

2.3.1. RECORDS OF TRANSACTIONS.

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

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

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

CHAPTER 14
OPTION SPECIFICATIONS
HARD RED SPRING WHEAT FUTURES

1400.00.	Scope Of Chapter
1401.00.	Unit Of Trading
1402.00.	Option Trading
1403.00.	Striking Prices
1404.00.	Option Exercise
1404.01.	Automatic Exercise

CHAPTER 14
OPTION SPECIFICATIONS
HARD RED SPRING WHEAT FUTURES

1400.00. SCOPE OF CHAPTER.

This Chapter is limited in application to the trading of put and call options exercisable for Minneapolis Grain Exchange (Exchange) Wheat Futures Contracts. Procedures for trading, clearing and any other matters not specifically covered herein shall be governed by the Rules of the Exchange.

1401.00. UNIT OF TRADING.

The unit of trading shall be a put or call option exercisable for one (1) five thousand (5,000) bushel Minneapolis Grain Exchange Hard Red Spring Wheat Futures Contract.

1402.00. OPTION TRADING.

- A. **Hours of Trading.** The Hours of Trading Spring Wheat Options shall be determined by the Board of Directors in accordance with **Regulation 2011.00**.
- B. **Months Traded In.** Trading may be conducted in Spring Wheat options in the same months that are listed for trading in the Spring Wheat Futures Contract (see **Rule 715.00**). Additionally, trading may be conducted in Spring Wheat options in months that are not listed for trading in the Spring Wheat Futures Contract. For options that are traded in months which Spring Wheat Futures are not traded, the underlying futures contract is the subsequent futures contract month that is nearest to the expiration of the option. The Board of Directors shall determine the months available for trading, and may, at its discretion, restrict trading in any month should market conditions so warrant.
- C. **Last Trading Day.** The last trading day will be the Friday which precedes by at least two (2) business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last trading day shall be the business day prior to such Friday (see **Res. 1402.00. C**).
- D. **Option Expiration.** The contractual rights and obligations arising from the option contract expire on the last day of trading.
- E. **Option Premium Price Basis.** The premium for Spring Wheat futures options shall be in multiples of one-eighth of one cent (1/8) per bushel of a five thousand (5,000) bushel Spring Wheat futures contract or six dollars and twenty-five cents (\$6.25) per contract. However, in the case of a cabinet trade, when both sides are closing transactions, the option premium may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.
- F. **Position Limits.** Position Limits for Spring Wheat futures options shall be those limits currently in effect pursuant to Part 150 of the Regulations of the Commodity Futures Trading Commission.

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

1403.00. STRIKING PRICES.

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

1404.00. OPTION EXERCISE.

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

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

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

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

1404.01. AUTOMATIC EXERCISE.

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

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

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

CHAPTER 20 REGULATIONS

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CHAPTER 20 REGULATIONS

The following Regulations have been adopted pursuant to the authority and power vested in the Board of Directors by the Rules of the Corporation:

2001.01. REGULATIONS GOVERNING ADMISSION OF FLOOR CLERKS TO THE EXCHANGE ROOM.

Floor Clerks may be admitted to the Exchange Room under the following terms and conditions:

- A. The Exchange shall issue Floor Clerk permits upon application signed by a Member who is the sponsor of a Floor Clerk. Such permits will be good until notification is given to the Exchange. The fee for the issuance thereof shall be determined by the Exchange.
- B. Floor Clerks will be admitted to the Exchange Room for the limited purpose of receiving orders from agents of their sponsor or Members representing their sponsor, and reporting to their sponsor or Members representing their sponsor.
- C. Floor Clerks may perform other routine clerical and telephone duties at their assigned position in the Exchange Room. After delivery of messages from their sponsor or Members representing their sponsor they are to return to their assigned position in the Exchange Room or leave the Exchange Room.
- D. Except as provided above, Floor Clerks shall not transact any business whatsoever in the Exchange Room with, or for, any person other than their principals and in no case shall they accept orders, report executions or have any other business duties whatsoever with nonmembers in the Exchange Room.
- E. No Member shall employ more than two (2) Floor Clerks for every five (5) Memberships or fraction thereof.
- F. Floor Clerk permits shall not be transferable. The Exchange must be notified if a new permit is issued. If the registered Floor Clerk is unable to perform his duties for reasons of illness, absence from the city, or other cause deemed sufficient and proper by the Exchange, a substitute Floor Clerk may be approved by the Exchange upon proper application and a temporary permit will be issued.
- H. The license conferred by a Floor Clerk permit may be revoked at any time by the Exchange if the holder violates any of the provisions of this Regulation or is guilty of any other improper conduct in the Exchange Room.
- I. Floor Clerks may communicate by telephone with their sponsors, Members, and nonmembers so long as they do not solicit or do business for their own account.

- J. Floor Clerks may not solicit business for their sponsors, Members, nonmembers or for their own account from the Exchange Room.

2002.00. EXCHANGE ROOM.

The Exchange, at its discretion, shall have the duties and powers to:

- A. Change the physical appearance and use of the Exchange Room.
- B. Establish security measures and procedures for admittance of Members and nonmembers to the Exchange Room.
- C. Ascertain the equipment needs of the Exchange Room.

2003.00. ADMITTANCE OF VISITORS TO THE EXCHANGE ROOM.

Visitors' badges, permitting the holder to have access to the Exchange Room, shall be issued on the following terms and conditions:

- A. The Exchange, at its discretion, may authorize the issuance of visitors' badges.
- B. The license conferred by a visitor's badge may be revoked at any time by the Exchange if the holder violates any of the provisions of MGEX Rules and Regulations.
- C. Members may accept orders from visitors in the Exchange Room. However, no order may be given by a visitor directly to a Broker in the Pit.
- D. No visitor shall have access to the Exchange Room for more than three (3) days per month without the express approval of the Exchange.

2004.00. DECORUM AND DRESS WHILE IN THE EXCHANGE ROOM.

All Members and Floor Clerks must dress and conduct themselves within the confines of acceptable business decorum while in the Exchange Room. The following are enumerated for the guidance of Members and Floor Clerks:

- A. Proper attire must be worn at all times in the Exchange Room as determined and enforced by the Exchange.
- B. Matching of coins or other open forms of gambling in the Exchange Room is prohibited.
- C. Disorderly conduct, such as pushing or shoving, is prohibited.
- D. Vulgar or abusive language is prohibited.
- E. Any other conduct or activity determined to be detrimental to a professional and safe business environment is prohibited.

2004.01. EXCHANGE ROOM ENFORCEMENT.

The Exchange may issue a violation ticket to a Member or Floor Clerk following an infraction/violation of any MGEX Rule or Regulation occurring in the Exchange Room. All violation tickets must be submitted to the Secretary of the Corporation promptly upon issuance. The Secretary of the Corporation shall thereafter immediately forward the completed violation ticket to the Department of Audits and Investigations. The Department of Audits and Investigations will give written notification to the violator of the infraction/violation and action taken, if any.

The notice shall inform the Member or Floor Clerk of the right to request a hearing before the Hearing Committee and the consequences of a failure to pay the fine if no hearing is requested. If a hearing is requested, the decision of the Hearing Committee shall be final.

Failure to request a hearing shall be deemed a consent to the action taken. Unless a hearing is requested within ten (10) calendar days, failure to pay a fine within thirty (30) days after the penalty is imposed shall automatically double the amount of the fine. If the increased fine is not paid within sixty (60) days after the original fine was imposed, the Disciplinary Committee may, without hearing, revoke the badge or suspend the floor privileges of a Member or Floor Clerk for whose conduct the original fine was imposed.

Members, Clearing Members, and entities having cash trading privileges will be responsible for fines given to their employee(s). Following is a schedule of penalties the Board of Directors has authorized the Department of Audits and Investigations or the Disciplinary Committee to issue:

First Violation:	Letter of Reprimand
Second Violation:	\$25.00 Fine
Third Violation:	\$100.00 Fine
Fourth Violation:	\$300.00 Fine
Fifth Violation:	\$500.00 Fine and/or One (1) Day Suspension

Each violation ticket written shall constitute a single violation and the number of violations accumulated will determine the action taken. If a Member or Floor Clerk is free of any violations for a period of two (2) years, the fine schedule will revert back to a first violation.

Any violation/infraction may be forwarded by the Department of Audits and Investigations to the Disciplinary Committee for further review or action. Additionally, nothing in this Regulation shall prohibit further action from being taken against a Member or Floor Clerk for a violation of any other Rule or Regulation.

2004.02. PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT AND/OR OUTBURST OF VULGAR AND ABUSIVE LANGUAGE IN THE EXCHANGE ROOM.

Boisterous or disorderly conduct and/or outburst of vulgar and abusive language in the Exchange Room is strictly prohibited. Any Member, Floor Clerk, or Exchange staff can file a complaint, in writing, with the Exchange.

The Department of Audits and Investigations shall open an investigation on the complaint. After an investigation, the Department of Audits and Investigations may forward the investigation to the Disciplinary Committee. After reviewing the investigation report, the Disciplinary Committee may issue a Notice of Charges to the Member or Floor Clerk, including the right to request a hearing before the Hearing Committee and the consequences of failure to pay any fine if no hearing is requested. The first infraction of this Regulation involving physical contact or abusive or

derogatory language is punishable by a monetary fine up to five hundred dollars (\$500.00). If a second infraction occurs within two (2) years of the first infraction, the penalty may include suspension up to a period of two (2) weeks and/or a monetary fine set by the Disciplinary Committee. Members will be responsible for fines given to their employee(s).

2005.00. SUBSTITUTES.

A Member's privilege of entering and transacting business in the Exchange Room during the Hours of Cash Trading may be transferred temporarily to a substitute by the issuance to such substitute of a substitute ticket as hereinafter provided, and not otherwise. Such privilege may be so transferred:

- A. If, and during, the time that such Member is temporarily unable to transact business in the Exchange Room because of illness, absence from the city or other cause deemed sufficient and proper by the Exchange;
- B. If, and during, the time that a request for transfer of a Membership to such substitute has been duly filed and has not been acted upon by the Board of Directors.

It is not the intent of this Regulation to enable any person by means of a substitute ticket to obtain the privilege of entering and transacting business in the Exchange Room during the Hours of Cash Trading for a considerable period of time unless he is substituting for various Members who are customarily active in the Exchange Room.

A substitute ticket shall not be issued to any person who has been expelled from this Exchange or who is under suspension, or to enable any person to act as a substitute for a Member who is under suspension or against whose Membership the assessments have been waived under the provisions of **Rule 221.02**.

If a Member for whom a substitute is acting shall appear in the Exchange Room during the Hours of Cash Trading, or if such Member, except in cases of substitution under the provisions of Section B. of this Regulation, or in special circumstances, shall appear with regularity in MGEX buildings, such appearance shall be cause for cancellation of the substitute ticket.

In case of any dispute over the propriety of issuing, renewing or cancelling a substitute ticket, such dispute shall be settled by the Exchange.

2005.01. SUBSTITUTE TICKETS: ISSUANCE OF.

Substitute tickets shall be issued or renewed by the Exchange upon application. Such tickets or renewals shall be for not more than thirty (30) days and may be cancelled at any time.

2005.02. SUBSTITUTE TICKETS: APPLICATION FOR.

Applications for substitute tickets shall show the Record Owner and Record Holder for whom substitution is requested and shall be signed by the substitute and by the Record Owner and Record Holder for whom the substitute is authorized to make trades. The substitute and such Record Owner and Record Holder shall, respectively, be subject to the same restrictions, obligations and liabilities including penalties for the violation of the MGEX Rules and Regulations with respect to any and all trades, transactions or other acts of the substitute while such ticket is outstanding.

2006.00. CASH TRADING PRIVILEGES: GRANTING OF AND APPLICATION FOR.

In order to execute cash contracts in the Exchange Room, a Member or entity must be granted cash trading privileges by the Exchange.

The Exchange may grant cash trading privileges to:

- A. A Member who is the Owner of a Membership standing in his name; or
- B. An entity designated by a Member in an Application for Cash Trading Privileges meeting all the terms and conditions set forth in such application, provided, however, that if such entity has been legally created and is validly existing under the laws of any governmental authority, such entity must be legally qualified to do business in Minnesota.

Such cash trading privileges may be granted and retained only if and when the terms and conditions set forth below have been met:

- A. An Application for Cash Trading Privileges, on a form as prescribed by the Exchange, must have been duly executed and filed with the Exchange. Such application must be accompanied by a financial statement (See [Regulations 2030.00.](#), [2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) prepared and certified by a Certified Public Accountant, in such form as the Exchange shall prescribe, stating the assets and liabilities of the applicant and the nature and extent of the business that such applicant proposes to transact and such other information pertinent to the granting of the application as the Exchange may require;
- B. The applicant for cash trading privileges must meet and maintain the minimum financial requirements as determined by the Exchange (See [Regulations 2030.00.](#), [2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)).

2006.01. CASH TRADING PRIVILEGES: INFORMATION TO BE FURNISHED.

Every Member or entity having cash trading privileges shall file promptly after the end of his or its fiscal year (or after the end of each calendar year, in the absence of a fiscal year), with the Exchange, a financial statement, in such form as the Exchange shall prescribe from time to time, of his or its assets and liabilities at the end of such fiscal or calendar year, and such other information pertinent to the continuation of cash trading privileges as the Exchange may require. (See [Regulations 2030.00.](#), [2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)).

In addition to filing the statements required above, every Member or entity having cash trading privileges shall also comply with the following requirements at any time and from time to time, as and when the Exchange shall so order:

- A. Furnish to the Exchange such sworn written statements and information in respect to his or its assets and liabilities, (See [Regulations 2030.00.](#), [2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) and the volume and character of his or its business and other matters bearing on the adequacy of his or its business responsibility, all in such detail as the Exchange shall

direct;

- B. Permit an audit and investigation to be made by a Person designated by the Exchange, of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility;
- C. Produce at any hearing before the Board of Directors (or any authorized committee) such of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility, as the Board of Directors shall require.

2006.02. CASH TRADING PRIVILEGES: CANCELLATION OR SUSPENSION OF.

The Exchange may cancel or suspend the cash trading privileges of a Member and/or of any entity designated by such Member having cash trading privileges:

- A. Upon the cessation of Membership in this Corporation for any reason.

PROVIDED, however, that in such cases the cancellation may be delayed, for such length of time as is reasonable in order to allow the execution of a new application.
- B. Upon the written request of the Member or entity having cash trading privileges;
- C. Upon the termination of the legal existence of the Member or entity having cash trading privileges;
- D. Whenever the Exchange determines that any Member or entity having cash trading privileges has failed within a reasonable time to comply with any MGEX Rules and Regulations, any terms and conditions set forth in the Application for Cash Trading Privileges, or any order of the Exchange; or whenever the Exchange shall determine that such Member or entity does not have adequate financial responsibility to insure the reasonable safety of his or its creditors and the prompt discharge by him or it of all liabilities and obligations incurred in connection with transactions made or likely to be made by him or it.

The cash trading privileges of an entity shall be suspended automatically during such time as the Member who designated his Membership for the entity is under suspension or at any other time deemed appropriate by the Exchange.

PROVIDED, however, that the cash trading privileges of an entity shall not be canceled if such entity is a party to any unsettled controversy before the Board of Arbitration or if any investigations or charges involving such entity are pending with the Department of Audits and Investigations, the Disciplinary Committee, the Hearing Committee or if any orders of the Disciplinary Committee or the Hearing Committee to such entity have not been complied with.

If the cash trading privileges of any Member or entity shall have been cancelled or suspended, such Member or entity may make application for restoration of cash trading privileges; and the Exchange may restore cash trading privileges to such Member or entity whenever the Exchange shall determine that he or it has adequate financial responsibility and has complied with all of the provisions of **Regulations 2006.00., 2006.01., and 2006.02.** and all orders of the Exchange issued thereunder.

The determinations and actions of the Exchange under the authority granted by this Regulation shall be final and binding.

2007.00. FRAUD OR ATTEMPTED FRAUD PROHIBITED.

The Exchange prohibits any and all forms of fraud or attempted fraud (including but not limited to fraudulent trading or attempted fraudulent trading) on its markets or subject to the MGEX Rules, regardless of whether it is intentional or is made with reckless disregard for the adverse impact.

2007.01. “SPOOFING” PRACTICES PROHIBITED.

The Exchange expressly prohibits all trade practices that are, or are of the character of, what is commonly known within the derivatives trading industry as “spoofing,” regardless of whether any such trade practices are made intentionally or with reckless disregard for their adverse impact. Prohibited practices include, but are not limited to:

1. the entry of any and all bids, offers, or trades that are not made for the purpose of executing bona fide transactions, or made for any illegitimate purpose;
2. entering orders with the intent to cancel the bid or offer before execution, or modifying the order to avoid execution; and
3. bidding or offering trades and then cancelling said bids or offers prior to execution with reckless disregard for the adverse impact of such practices on the market in violation of these Rules and Regulations.

2007.02. MANIPULATIVE DEVICES PROHIBITED.

The Exchange prohibits any Person, directly or indirectly, from intentionally or recklessly using or employing, or attempting to use or employ, any manipulative device, scheme, or artifice to defraud on its markets or subject to the MGEX Rules.

2008.00. ADJUSTMENT OF TRADE PRICES AND CANCELLATION OF TRADES.

The Exchange has the authority to adjust trade prices and cancel trades when necessary to mitigate market disrupting events including, but not limited to, those caused by malfunctions in its electronic trading platform or errors in orders submitted by any Member or Market Participant. Any trade price adjustment or trade cancellation shall be publicly disclosed.

2010.00. FUTURES AND OPTIONS MONTHS PRESCRIBED.

- A. Pursuant to the provisions of **Rule 715.00.**, the Board of Directors has adopted the following Regulation:

Trading in Spring Wheat Futures shall be permitted in the current delivery month plus any month in the March, May, July, September, December delivery cycle which falls within the next succeeding twenty-three (23) months. The next delivery month in the sequence shall replace the expiring delivery month as of the close of business on the last business day of the expiring delivery month. This implicit approval shall take effect unless such listing is deemed inappropriate because of conflicts with other superseding

Rules or Regulations, or unless otherwise determined by the Board of Directors.

- B. Pursuant to the provisions of [Rules 7305.00.](#), [7505.00.](#), [7705.00.](#), [7905.00.](#) and [8105.00.](#), the Board of Directors has adopted this Regulation:

Trading may be conducted in every calendar month. The number of months available for trade shall include the current calendar month and the next twenty-three (23) calendar months. By notice posted on the Official Bulletin Board, the Board of Directors may, at its discretion, add such calendar months beyond those available for trade or remove from availability for trading those calendar months without open interest.

2011.00. HOURS OF TRADING.

Pursuant to the provisions of [Resolution 210.01.F.](#), the Exchange has adopted this Regulation.

The Hours of Trading at the Exchange shall conform to Central Time.

A. CASH MARKET

The Hours of Trading in the cash market shall be from nine-thirty o'clock (9:30) a.m. to one-thirty o'clock (1:30) p.m.

B. FUTURES AND OPTIONS

1. Unless otherwise stated elsewhere in the MGEX Rules and Regulations, the Hours of Trading for any MGEX futures or options traded on the Electronic Trading Platform shall be the following:

Sunday to Friday: from seven o'clock (7:00) p.m. to one-thirty o'clock (1:30) p.m. A pause in trading occurs from seven forty-five o'clock (7:45) a.m. to eight-thirty o'clock (8:30) a.m.

Notwithstanding the foregoing, the Hours of Trading for the National Corn Index, National Soybean Index, Hard Red Winter Wheat Index, Hard Red Spring Wheat Index and Soft Red Winter Wheat Index shall be from seven o'clock (7:00) p.m. to one forty-five o'clock (1:45) p.m. with no pauses.

2. The Hours of Trading for Hard Red Spring Wheat options by open outcry shall be from eight-thirty o'clock (8:30) a.m. to one-thirty o'clock (1:30) p.m.

2011.01. LAST TRADING DAY.

Pursuant to the provisions [Rules 7307.00.](#), [7507.00.](#), [7707.00.](#), [7907.00.](#) and [8107.00.](#), the Board of Directors has adopted this Regulation.

The last trading day of a contract month shall be the last business day of the contract month.

2011.02. LAST DAY FOR EXCHANGE FOR PHYSICAL AND RISK TRANSACTIONS.

Pursuant to the provisions of [Rule 719.00.](#), the Board of Directors has adopted this Regulation.

The last day that a National Corn Index, National Soybean Index or Wheat Index futures contract may be exchanged for, or in connection with, a physical (“EFP”) or risk (“EFR”) transaction shall be the last business day of the contract month.

The last day that a Spring Wheat futures contract may be exchanged for, or in connection with, an EFP or EFR transaction shall be the sixth (6th) business day following the last trading day of the contract month.

After the last trading day of the Spring Wheat futures contract, EFP and EFR transactions are permitted only for the purpose of liquidating futures positions. Such transactions shall not be permitted to initiate or establish new futures positions.

2012.00. TRADING LIMITS.

Trading is prohibited during any day in Futures Contracts of commodities traded on this Exchange at a price outside the limit above or the limit below either the settlement price for such commodity on the previous business day or the price of the first trade during the first day of trading in a Futures Contract.

- A. Wheat\$0.60 per bushel
Should two or more wheat Futures Contract months within a crop year close at limit bid or limit offer, the daily price limits for all contract months shall increase by 50 percent the next business day. Daily price limits shall revert back to \$0.60 the business day after which no wheat Futures Contract month closes at the expanded limit bid or limit offer.
- B. National Corn Index\$0.40
- C. National Soybean Index.....\$0.80
- D. Wheat Indices\$0.60

Notwithstanding the foregoing provisions, there shall be no price limits on the spot Hard Red Spring Wheat Futures Contract month commencing the first business day after expiration of non-serial options on the spot month.

Further, there shall be no price limits on Index Futures and Options Contracts commencing two business days preceding the first business day of the expiring contract month.

2013.00. FUTURES POSITION LIMITS.

- A. **National Corn Index.** Pursuant to the provisions of [Rule 7308.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of thirteen-thousand five-hundred (13,500) contracts net long or short in the settlement month, thirteen-thousand five-hundred (13,500) contracts net long or short in any single month, or twenty-two thousand (22,000) contracts net long or short in all contract months combined.
- B. **National Soybean Index.** Pursuant to the provisions of [Rule 7508.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of six-thousand five-hundred (6,500) contracts net long or short in the settlement month (except during the last five trading days when the limit shall be five-thousand six-hundred (5,600) contracts net long or short), six-thousand five-hundred (6,500) contracts net long or short in any single month, or ten-thousand (10,000) contracts net long or short in all contract months combined.

- C. **Hard Red Winter Wheat Index.** Pursuant to the provisions of [Rule 7708.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month, five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

- D. **Hard Red Spring Wheat Index.** Pursuant to the provisions of [Rule 8108.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month (except during the last five trading days the limit shall be three-thousand four-hundred (3,400) contracts net long or short), five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

- E. **Soft Red Spring Wheat Index.** Pursuant to the provisions of [Rule 7908.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month (except during the last five trading days when the limit shall be two-thousand seven-hundred fifty (2,750) contracts net long or short), five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

2013.01. OPTIONS POSITION LIMITS.

- A. **National Corn Index.** Pursuant to the provisions of [Rule 7412.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds twenty-two thousand (22,000) futures-equivalent contracts net long or short in all contract months combined, thirteen-thousand five-hundred (13,500) futures-equivalent contracts net long or short in any single contract month, or thirteen-thousand five-hundred (13,500) futures-equivalent contracts net long or short in the settlement month.

- B. **National Soybean Index.** Pursuant to the provisions of [Rule 7612.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying

Futures Contracts that exceeds ten-thousand (10,000) futures-equivalent contracts net long or short in all contract months combined, six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in any single contract month, or six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be five-thousand six-hundred (5,600) futures-equivalent contracts net long or short).

- C. **Hard Red Winter Wheat Index.** Pursuant to the provisions of [Rule 7812.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month.

- D. **Hard Red Spring Wheat Index.** Pursuant to the provisions of [Rule 8212.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be three-thousand four-hundred (3,400) futures-equivalent contracts net long or short).

- E. **Soft Red Spring Wheat Index.** Pursuant to the provisions of [Rule 8012.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be two-thousand seven-hundred fifty (2,750) futures-equivalent contracts net long or short).

For the purpose of this Regulation, a long call option, a short put option and a long underlying Futures Contract are on the long side of the market; similarly, a short call option, a long put option and a short underlying Futures Contract are on the short side of the market.

2013.03. POSITION LIMITS FOR HARD RED SPRING WHEAT FUTURES.

- A. **Applicability.** [Regulations 2013.03.](#), [2013.04.](#), [2013.05.](#) and [2013.06.](#) will govern position limits for HRSW futures, notwithstanding any other provisions of the MGEX Rules and Regulations that relate to position limits for HRSW options.

- B. **Limits.** Position limits for HRSW futures will be determined by the Exchange, but will not be greater than the position limits for HRSW pursuant to Part 150 of the Regulations of the CFTC. The position limits will not apply to *bona fide* hedging transactions or positions, as determined by the Exchange or CFTC Regulations.

No Market Participant will own or control in excess of six hundred (600) HRSW futures net long or short in the settlement month; twelve thousand (12,000) HRSW futures net long or short in any single month; or twelve thousand (12,000) HRSW futures net long or short in all contract months combined.

- C. **Compliance.** No Market Participant may exceed the limits at any time during the trade day. Other than *bona fide* hedging positions, positions in excess of the limits will be presumed to be a violation. The Exchange may direct any Market Participant owning, controlling or carrying a position for another Market Participant in excess of the limits set forth in this Regulation to liquidate or reduce its position to comply with this Regulation. For any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the Market Participant will be allowed one (1) business day following the date of the transaction that leads to excess positions to liquidate the excess position without being considered in violation of the limits.
- D. **Enforcement.** The Market Participant owning, controlling or carrying a position (as well as the account holder, FCM, or Clearing Member as the case may be) shall maintain adequate books and records that disclose the identity of and positions held by any Market Participant. Such books and records shall be made available to the Exchange upon request. The Market Participant owning, controlling or carrying a position (as well as the account holder, FCM and Clearing Member) may be held accountable for any violation of the limits. The Department of Audits and Investigations may take enforcement action against any or all of the parties, whether or not each had actual knowledge of the position or a violation.

2013.04. EXEMPTION FROM POSITION LIMITS FOR HARD RED SPRING WHEAT FUTURES.

To be eligible for an exemption from position limits for HRSW futures under this Regulation, an applicant must submit a written request to the Department of Audits and Investigations. Such request must include the following:

- A. a description of the size and nature of the proposed transactions;
- B. information which demonstrates that the proposed transactions are *bona fide* hedging transactions;
- C. a statement indicating whether the Market Participant on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Regulation through another applicant, and if so, the relationship of the information set forth in such requests;
- D. a statement that the proposed transactions will be *bona fide* hedges;

- E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;
- F. such further information as the Exchange may request, including the daily, weekly or periodic filing of any documents or reports.

The Department of Audits and Investigations shall notify the applicant whether the exemption has been granted, and any limitations placed thereon, within five (5) business days of receiving a written request for exemption. An exemption will remain in effect until (i) the applicant or Market Participant on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies, or places further limitations thereon. At any time, the Exchange may limit *bona fide* hedging positions and deny or limit any request for exemption from position limits which the Exchange determines in its sole discretion are either not in accord with sound commercial practices or exceed the established or permitted amount which may liquidated in an orderly fashion.

The Exchange will use the CFTC definition of a *bona fide* hedging position as described in CFTC Part 151 (specifically 151.5, or elsewhere as applicable) as a guide when applied to the HRSW futures contract, but will not be limited by it.

2013.05. AGGREGATION OF POSITIONS FOR HARD RED SPRING WHEAT FUTURES.

In determining whether any Market Participant has exceeded the position limits for HRSW futures, all positions in accounts for which such Market Participant by power of attorney or otherwise directly or indirectly holds positions or controls trading will be included with the positions held by such Market Participant. Such limits upon positions will apply to positions held by two (2) or more Market Participants acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single Market Participant. The Exchange will follow the CFTC definition of aggregation and the procedures for aggregating positions as described in CFTC Part 150 or elsewhere as applicable.

2013.06. REPORTABLE POSITIONS FOR HARD RED SPRING WHEAT FUTURES.

The reportable position level will be a position of one hundred and fifty (150) or more HRSW futures on this Exchange, long or short, in any one (1) month. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.

2014.00. SETTLEMENT PRICES.

Pursuant to the provisions of Rule 210.01., the Board of Directors has adopted this Regulation.

A. MGEXpress® Contracts.

Promptly after the close of the trading session in each Futures Contract, the Exchange shall ensure that settlement prices are calculated for each contract month as follows. The settlement price shall be price consistent with the minimum fluctuations of the contract.

1. The settlement price for the lead month, as defined below, shall be determined by the volume-weighted average of outright trades and applicable bids and offers made in the closing period on MGEXpress®. If there is no volume-weighted average of the outright,

then the last trade price is compared to the current bid/ask. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid/ask price. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price. If there is no last trade price available, then the prior settlement is compared to the current bid/ask. If the prior settlement is outside of the bid/ask spread, then the contract settles to the nearest bid/ask price. If the prior settlement is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the prior settlement price.

The lead month shall be determined by the Exchange and is generally the most active month. The lead month shall change at the time when the daily electronically-executed volume and open interest in the contract month following the current lead month is greater than the daily volume and open interest in the lead month for two consecutive business days.

2. All non-lead months are deferred contract months and settle based upon the volume-weighted average of calendar spread transactions made in the closing period on MGEXpress®. If there are no relevant calendar spreads, bids and offers in those calendar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and best possible ask, and the contract will settle at the midpoint of the bid/ask spread.
3. Notwithstanding the above, if such settlement price is not consistent with the settlements in other months or with market information, or if the settlement was inaccurately determined, a new settlement price may be established at a level consistent with such other settlement prices or market information and a written record setting forth the basis for any modification of such settlement price shall be prepared.

B. Reservation.

The Exchange reserves the right to modify the settlement price prior to the start of the day's final clearing process if the settlement price arose from data entry errors made by or on behalf of the Exchange, and modification of the settlement price is necessary to prevent market distortion. A written record shall be prepared setting forth the basis for any modification. In addition, the Exchange reserves the right to change which contract month is the lead month when, in its discretion, doing so is in the best interest of the marketplace. If any such change to the lead month is made pursuant to this reservation, the Exchange shall provide notification to the public via the MGEX website or other means it deems effective.

2015.00. SETTLEMENT PREMIUMS.

Pursuant to the provisions of Rule 210.01., the Board of Directors has adopted this Regulation.

A. Open Outcry/MGEXpress® Contracts.

Promptly after the close of trading in each Options Contract, the Exchange shall compute settlement premiums as follows. The settlement premium shall be price consistent with the minimum fluctuations of the Contract.

1. Exchange staff shall review all trades executed during the closing period, and subsequent higher bids and lower offers that were in existence at the close of the market, to determine the closing premium or range for each Open Outcry Contract. The Exchange shall then determine the settlement premiums by using a theoretical pricing model.
2. If the Exchange believes, based on its review of the market and market conditions that the settlement premium established above is not representative of market conditions, or if the settlement premium was inaccurately determined, then Exchange staff may establish a settlement premium based on the settlement price of the underlying Futures Contract and the previously prevailing differentials:
 - a. among the premiums for the listed striking prices for the option month;
 - b. among the premiums for the different option months listed for trading; and
 - c. between the premium for the relevant striking price and the price of the underlying Futures Contract.
3. In the case of HRSW Calendar Spread options, the Exchange may use current trade, bid, and offer information, along with correlation between underlying futures months or a theoretical option pricing model in determining daily settlement premiums for the listed Calendar Spread options.

B. Reservation.

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

2016.00. FILLING ORDERS AND WITHHOLDING OR WITHDRAWING OF TRADES.

Pursuant to the provisions of [Rule 616.00.](#), the Board of Directors adopted this Regulation.

- A. **Filling of Orders.** Orders to buy or sell Futures or Options must be executed sequentially by completely filling an order bearing an earlier time stamp before proceeding with the next earliest time-stamped order at the same price. Any and all verbal orders received must be, as a minimum,

immediately documented as to time of receipt, and the order with the earliest time must be filled first.

In the event orders carry identical time stamps or lack time stamps and it is necessary to allocate trades among these accounts, a record of the accounts, the amount assigned to each account, and why it was necessary to make the assignment must be documented.

- B. **Withholding or Withdrawing Trades.** No Member or Market Participant shall withhold or withdraw from the market any order or part of an order for another Member or Market Participant for the convenience of another Member.

2017.00. RECORDING ORDERS.

Each Clearing Member or 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, or cannot immediately be entered into the Electronic Trading System, 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. Further, all option orders reduced to writing must be time-stamped, to the nearest minute, upon transmittal to the options pit for execution, and upon execution.

2018.00. OPENING THE MARKET ON A SPREAD TRANSACTION.

In the event the first daily transaction in a Contract market by open outcry is a spread transaction, the price associated with the spread transaction shall be reported as the opening quote in this Contract market. The opening price shall be reported at or within the current bid and offer.

However, if there is no bid or offer in effect, an announcement of the actual price shall be made in the Pit. Upon receiving no objections, the trade shall be reported and the transaction recorded as the opening trade.

2019.00. OFFICIAL REPRESENTATIVE TO OBSERVE THE EXECUTION OF BUYING AND SELLING ORDERS AT THE SAME PRICE.

Pursuant to the provisions of [Rule 742.00.](#), the Board of Directors has adopted this Regulation:

The President is authorized to designate an employee of the Grain Exchange as the official representative of this Exchange to observe transactions where a Member shall have in hand at the same time both buying and selling orders from different principals for a like quantity of a commodity for Futures or Options in the same delivery month and who, in compliance with the provisions of [Rule 742.00.](#), desires to execute such trades at the market price in the presence of such official representative.

In order to facilitate the handling of such orders the Member must notify the official representative of the Exchange of his desire to make these trades and present the orders and trading cards to the official representative upon execution of the trades. Upon observation and approval of the trades, the official representative will promptly stamp and sign the orders and trading cards.

The official representative shall also prepare a memorandum showing the date, executing Broker, month, commodity, option, strike price, price or premium, quantity, and the Clearing Member(s) and accounts involved.

This memorandum shall be time stamped, signed by the observer, and retained by the Exchange as a permanent record.

Any Broker seeking to match orders under **Rule 742.00**, must be diligent in openly bidding and offering the orders on hand before crossing them under the observation of the designated Exchange employee. To assure the fairness of such trades, all cross trades must be bid and offered by open outcry at least three (3) times before being matched.

2020.00. EXCHANGE FEE.

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

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

2023.00. STRIKING PRICES.

The Exchange shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions, subject to the provisions of the Commodity Exchange Act and CFTC regulations promulgated thereunder.

- A. **Spring Wheat.** Pursuant to the provisions of **Rule 1403.00**, the Board of Directors has adopted this Regulation.
 - 1. Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10) per bushel. At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying Spring Wheat Futures Contract and the next five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments, and the next ten (10) consecutive higher and ten (10) consecutive lower in ten cent (\$0.10) increments. If the previous day's settlement price on the underlying Spring Wheat Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

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

settlement price.

2. When Options in months not listed for trading in Futures become available to trade, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying Spring Wheat Futures Contract and the next ten (10) higher and ten (10) lower striking prices in five cent (\$0.05) increments. If the previous day's settlement price on the underlying Spring Wheat Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure at least ten (10) striking prices in five cent (\$0.05) increments above and below the previous day's settlement price.

- B. National Corn Index.** Pursuant to the provisions of [Rule 7410.00.](#), the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying National Corn Index Futures Contract and the next five (5) consecutive higher and the next consecutive lower in five cent (\$0.05) increments, and the next five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments. If the previous day's settlement price on the underlying National Corn Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

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

- C. National Soybean Index.** Pursuant to the provisions of [Rule 7610.00.](#), the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of ten cents (\$0.10) and twenty cents (\$0.20). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying National Soybean Index Futures Contract and the next five (5) consecutive higher and the next five (5) consecutive lower in ten cent (\$0.10) increments, and the next five (5) consecutive higher and five (5) consecutive lower in twenty cent (\$0.20) increments. If the previous day's settlement price on the underlying National Soybean Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5)

consecutive lower in ten cent (\$0.10) increments and an additional five (5) consecutive higher and five (5) consecutive lower in twenty cent (\$0.20) increments above and below the previous day's settlement price.

- D. **Wheat Indices.** Pursuant to the provisions of **Rules 7810.00., 8010.00. and 8210.00.**, the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying Wheat Index Futures Contract and the next five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments, and the next five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments. If the previous day's settlement price on the underlying Wheat Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

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

2024.00. EXCHANGE REGULATORY FEE.

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

An Exchange regulatory fee shall be paid by every Clearing Member or FCM. The Exchange regulatory fee shall be fixed from time to time by the Board of Directors.

The Board of Directors may waive all or part of the fee based upon the clearing or Futures and Options trading activities of such Clearing Member or entity, or such other standard as may be adopted.

2025.00. TIMES FOR DELIVERY OF "DELIVERY NOTICES" AND DELIVERY AND PAYMENT ON FUTURES CONTRACTS.

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

All Delivery Notices shall be made in accordance with the provisions of the Commodity Exchange Act and MGEX Rules and Regulations issued thereunder.

All Delivery Notices shall be in the form specified by the Exchange.

All Delivery Notices shall be delivered to the Clearing House two (2) business days prior to the date of delivery and at such time as determined by the Exchange (see **Res. 2101.00.C.**) on all such business days. The Exchange shall have until nine o'clock (9:00) a.m. on the following business day to make delivery of the Delivery Notice to the Buyers.

Parties holding Delivery Notices shall present the same before one o'clock (1:00) p.m. on the delivery day, at the place designated by the Issuer, together with full payment, as provided in

Rule 810.00., for the net amount due for the property represented by said notices. Upon payment at the place designated by the said Issuer, the holder of such Delivery Notice shall be entitled to receive the property represented by the same, its value being based upon the closing market price of the Exchange on the day preceding that on which the Delivery Notice was issued.

2026.00. LOAD-OUT NOTICES: FORM OF.

Pursuant to the provisions of **Rule 1150.00.**, the Board of Directors adopted this Regulation. The Load-Out Notice, as required by the Rules, shall be on **Form 20-26.00**, Page 7033 and shall be issued in triplicate.

2027.00. LOAD-OUT, STORAGE AND INSURANCE CHARGES: DELIVERY GRAIN.

Pursuant to **Rule 811.00.**, the Board of Directors has adopted this Regulation, effective with the May 2013 contract month.

The maximum load-out charges on delivery grain, which is tendered in satisfaction of a Hard Red Spring Wheat Futures Contract, shall be eight cents (8¢) per bushel for wheat regardless of the date of the warehouse receipt.

The maximum storage charges on delivery grain, which is tendered in satisfaction of a Hard Red Spring Wheat Futures Contract, shall be seven cents (7¢) per bushel per month or two thousand three hundred thirty three thousandths of a cent (\$.002333) per bushel per day for wheat regardless of the date of the warehouse receipt.

Insurance charges shall be included within the maximum storage charges.

2028.00. LOADINGS IN SATISFACTION OF WAREHOUSE RECEIPTS.

Pursuant to the provisions of **Rule 231.00.**, the Board of Directors has adopted this Regulation.

Written notice of loading in satisfaction of warehouse receipts shall constitute full tender only when the grade called for by the receipts has been established by an inspection agency for the commodities loaded. The official grade at the time of loading shall govern the applicable Options for reconsideration of the grade.

Prior to or concurrent with delivery of the loading orders for a conveyance, the party surrendering the warehouse receipts must notify the warehouse whether appeal for federal reconsideration of the grade is requested.

This Regulation shall apply to loadings in satisfaction of warehouse receipts (whether acquired by delivery on Futures Contracts or otherwise) from Regular or federally licensed elevators within the switching districts of Minneapolis-St. Paul, Red Wing and Duluth-Superior. **See Interpretation.**

2035.00. REPORTING CASH COMMODITY SALES.

Pursuant to the provisions of **Rule 1162.00.**, the Board of Directors has adopted this Regulation.

Members or entities having cash trading privileges shall report all sales of loaded rail cash commodities made in the Exchange Room as soon as practicable but no later than fifteen (15)

minutes after the close of the cash market. Sales not made during the Hours of Trading shall not be included in the day's market report.

Reports of sales of all commodities shall include the price, the grade, if any, and information such as "musty," "sour," "heating," "heavy dockage," or other factors that may have a distinct bearing on the price of the commodity. All reports must also disclose whether the sale was made on consignment as well as all parties to the transaction including Buyer and Seller, and principal and agent.

2036.00. DISPOSITION ORDERS: FORM OF.

Pursuant to the provisions of **Rule 1125.00.**, the form of Disposition Orders should read as follows:

Disposition Orders, as required by the Rules, shall be in the form and text hereto appended in the appendix of this Chapter. The dimensions of the form are to be 6 inches deep by 8 ½ inches wide. The original to be printed on white paper and the duplicate on yellow paper. Additional copies are permissible and may contain supplemental information or instructions, but each copy must be printed on paper of a different and distinctive color.

The form and text of the original duplicate Disposition Orders hereto appended must not be varied in any particular. Nothing therein, except provision for endorsement, may be added to or omitted; but, if desired, supplemental agreements, phrases or notices regarding claims freight, or other matters not inconsistent with the terms and purposes of the Disposition Orders, may be printed or written on separate pieces of paper to accompany or to be attached to the Disposition Orders to which they relate (See Form 20-36.00, Page 7031.)

2038.00. PAN TICKETS.

Pursuant to the provisions of **Rule 1156.00.**, the Board of Directors adopted this Regulation.

When Pan Tickets used in connection with all carloads of any commodity offered for sale in this market show a car number, the Seller assures the Buyer that all such grain displayed is physically loaded into rail cars. Car numbers are not to be used when selling grain with an official grade unless the cars are loaded.

In no case shall grain displayed and sold, but which has not been loaded into rail cars, be used to establish the market close on any day.

2039.00. DELIVERY AND PAYMENT TO INVOICES AND REQUESTS FOR ADVANCES ON TRUCK/RAIL COMMODITIES.

Pursuant to the provisions of **Rule 231.00.**, the Board of Directors has adopted this Regulation.

- A. The Buyer must, before two-thirty o'clock (2:30) p.m., give to the Seller disposition that will enable the Seller to move the car so as to avoid demurrage charges or the Buyer will be liable for any ensuing demurrage.
- B. Invoices based on final weights, whether destination or FOB, must be delivered to the Buyer before one o'clock (1:00) p.m. Buyer's checks in payment of such invoices must be ready for delivery to the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following business day.

- C. If requests for advances have been delivered to the Buyers before one o'clock (1:00) p.m., Buyers must have checks for the advances due ready for the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following business day.
- D. A Seller who has been unable to deliver invoices on FOB cars or requests for advances in accordance with the provisions of Sections b. and c. of this Regulation may, however, avoid liability for demurrage charges by delivering to the Buyer documents passing title before three o'clock (3:00) p.m. If not so delivered, the liability for demurrage shall be on the Seller. If documents passing title have been so delivered, the Buyer must, at the request of the Seller, receipt for the same, and must, upon demand, have the check in payment of the invoice, or for the advance due, ready for the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following day.

2040.00. WHEAT UNFIT FOR HUMAN CONSUMPTION NOT DELIVERABLE ON FUTURES CONTRACTS.

Under authority of **Rule 210.01.**, the Board of Directors adopted the following interpretive Regulation.

Wheat declared unfit for human consumption under Federal Food, Drug and Cosmetic Act is not deliverable on a Minneapolis Futures Contract.

2053.00. LIMITATIONS ON OPTIONS TRANSACTIONS-SOLICITATION AND ACCEPTANCE.

No Member or entity shall solicit or accept orders (other than in a clerical capacity) for the purchase or sale of Option Contracts or supervise any person so engaged unless that individual meets the requirements of 17 CFR 33.3.

2054.00. BOARD OF ARBITRATION: FEES.

Pursuant to the provisions of **Rule 441.00.**, the Board of Directors adopted this Regulation:

For each case involving claims and counterclaims by a member, the following fees will apply:

Up to \$10,000	\$600 + 1% of total value
\$10,001 to \$50,000	\$700 + 1% of total value
\$50,001 to \$100,000	\$1,000 + ½% of total value
\$100,001 to \$200,000	\$2,000 + ¼% of total value
\$200,001 and above	\$2,500 + ¼% of total value
Any non-monetary claims	\$1,500

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

Up to \$10,000	\$700 + 1% of total value
\$10,001 to \$50,000	\$800 + 1% of total value
\$50,001 to \$100,000	\$1,100 + ½% of total value
\$100,001 to \$200,000	\$2,100 + ¼% of total value
\$200,001 and above	\$2,600 + ¼% of total value
Any non-monetary claims	\$1,600

Furthermore, the Board of Directors authorizes the Corporate Secretary of the Exchange, in its discretion, to assess such actual costs and other expenses incurred by the Exchange in the administration of any arbitration brought pursuant to Chapter 4 of the MGEX Rules and Regulations. Any such actual costs or other expenses may be allocated between the parties by the Board of Arbitration pursuant to [Rule 443.00](#).

2054.01. CUSTOMER CLAIMS ARBITRATION PANEL: FEES.

Pursuant to the provisions of [Rule 535.00](#), the Board of Directors adopted this Regulation:

For each case involving claims and counterclaims by a customer, the following fees will apply:

Up to \$10,000	\$400
\$10,001 to \$50,000	\$750
\$50,001 to \$100,000	\$850
\$100,001 to \$200,000	\$1,000
\$200,001 and above	\$1,200
Any non-monetary claims	\$1,000

Furthermore, the Board of Directors authorizes the Corporate Secretary of the Exchange, in its discretion, to assess such actual costs and other expenses incurred by the Exchange in the administration of any arbitration brought pursuant to Chapter 5 of the MGEX Rules and Regulations. Any such actual costs or other expenses may be allocated between the parties by the Board of Arbitration pursuant to [Rule 535.00](#).

2055.00. MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.

A Record Holder whose Membership is owned by a Clearing Member, an entity having cash trading privileges, an FCM, or a Regular facility may act only in the name of or for the account of such entity, unless an authorized representative of such entity has provided a written release to MGEX that the Record Holder can trade for his personal account. See [Form 3-20.00](#).

A Record Holder whose ability to act is limited by this Rule, may give up the name of a party as principal, other than the entity for which he is authorized to act, when making trades pursuant to [Rule 704.00](#).

2055.01. WHEN AUTHORIZATION TO TRADE IS NOT REQUIRED.

Any Member who is the Record Owner of a Membership standing in his name may act in the capacity of a Broker by making trades or other transactions in the name of other parties that have the privilege to make trades in addition to making trades that are for his or its own account and risk.

The privileges conferred by this Rule shall apply only in connection with Futures and Options Contracts and shall not apply to cash sales and purchases.

2055.02. ACTING AS A BROKER.

The making of trades or transactions in Options through open outcry in the capacity of a Broker shall be subject to the following conditions and restrictions:

- A. The Broker must be either:

1. A Record Owner of a Membership standing in his name who has not designated the Membership to an entity and who is properly registered with NFA to act in the capacity of a Broker; or,
 2. An entity that is the Record Owner of a Membership and the Record Holder is properly registered with NFA to act in the capacity of a Broker.
- B. Any Record Holder acting in the capacity of a Broker, must at the time of making each trade or transaction report the name of a principal who has authorized him to make the trade or transaction.

2055.03. REGISTRATION OF FLOOR BROKERS/FLOOR TRADERS.

- A. Any Member who executes trades in the pit for an account other than his own must be registered as a floor broker with NFA.
- B. Any Member who trades in the pit for his own account must be registered with NFA as a floor broker or floor trader.
- C. All Members registered with NFA are responsible for completing acceptable ethics training programs and maintaining evidence of completion in accordance with the Commodity Exchange Act and any regulations and statements promulgated thereunder.

2058.00. COLLECTION OF TRADING DOCUMENTS.

- A. All trading cards and order tickets prepared pursuant to Commodity Futures Trading Commission Regulation 1.35 must be submitted by the executing Member to the Clearing Member immediately at the end of intervals not to exceed thirty (30) minutes. Such intervals shall commence with the beginning of the trading session. All documents must be submitted to the Clearing Member within fifteen (15) minutes of the designated interval. Additionally, all trading documents must be submitted by the executing Member to the Clearing Member no later than fifteen (15) minutes after the close of the futures market and fifteen (15) minutes after the close of the Options market. The Board of Directors, at its discretion, may require that trading documents be collected at the end of smaller intervals in order to ensure compliance with provisions of the Commodity Exchange Act.
- B. Partially-filled order tickets need not be submitted by the executing Member to the Clearing Member until the entire order has been executed. Once the entire order has been executed, the order must be submitted to the Clearing Member promptly, or at the latest, during the next required collection of trading documents by the Clearing Member.
- C. Trading cards collected pursuant to this Regulation must be time-stamped promptly to the nearest minute upon collection by the Clearing Member.

2059.00. DESIGNATION OF OPEN AND CLOSE ON TRADING CARDS.

Each Member is required to identify on his or her trading cards all trades executed during the designated opening and closing periods by drawing a line on the card to separate those trades from other transactions recorded on the trading card.

2060.00. OFFICIAL CLOSING PERIOD: FUTURES.

Unless otherwise stated elsewhere in the MGEX Rules and Regulations, the official closing period for all MGEX futures shall be from 1:14:00 p.m. to 1:14:59 p.m. (Central Time).

2061.00. OFFICIAL CLOSING PERIOD: OPTIONS.

The closing period shall be the last sixty (60) seconds of the Spring Wheat open outcry trading session.

2062.00. TRADING CARDS: FORM, PREPARATION AND MAINTENANCE.

- A. Trading cards used to record the execution of purchase or sale of a Futures or Options transaction governed by the MGEX Rules and Regulations must contain:
 - 1. Pre-printed Member identification or other unique identifying information which would permit the trading cards of one Member to be distinguished from cards of all other Members;
 - 2. Pre-printed sequence numbers to permit the intra-day sequencing of trading cards; and
 - 3. Unique and pre-printed identifying information which would distinguish each of the trading cards prepared by a Member from his/her other trading cards for no less than a one (1) week period.

- B. Trading cards prepared by the Member must also include the following:
 - 1. Member's name
 - 2. Clearing Member's name
 - 3. Transaction date
 - 4. Quantity bought or sold
 - 5. Commodity
 - 6. Contract for future delivery or physical
 - 7. Future (month) or expiration date
 - 8. Price or premium
 - 9. Put or call and strike price
 - 10. Transaction time to the minute
 - 11. Opposite Broker/Trader
 - 12. Opposite Clearing Member
 - 13. Indicators for the following types of transactions: (C) cash exchange; (T) office transfer; (S) spread; (D) delivery; (E) exercise; (R) exchange for risk
 - 14. Any other information required by the Exchange

- C. A Member recording transactions on trading cards must use non-erasable ink to record each purchase and sale in exact chronological order of execution on sequential lines of the card. Skipping of lines on the trading card is prohibited. If blank lines remain after the last execution recorded on a trading card the remaining lines should be marked through. When two-sided trading cards are used, blank lines on both sides of the card must be marked through.
- D. A Member must use a new trading card at the beginning of each designated interval required pursuant to **Regulation 2058.00**.
- E. A Member is accountable for all trading cards prepared pursuant to MGEX Rules and Regulations in exact numerical sequence, whether or not such trading cards are relied upon as original source documents.
- F. A Member must identify on his/her trading cards trades executed during opening and closing periods in the manner required by **Regulation 2059.00**.

2062.01. TRADING RECORDS AND ERRORS.

- A. All trading records including trading cards, order forms and order tickets that are prepared or used by a Member or Clearing Member to document requests or executions for Pit or ex-Pit transactions must be completed in non-erasable ink.
- B. The Member or Clearing Member may correct any errors on trading records by crossing out the erroneous information with a single line or an "X" and recording the correct information. The originally recorded information must not be obliterated or otherwise made illegible when it is crossed out.
- C. After the initial time-stamp, a Clearing Member may not correct erroneous information on trading records unless the party making the correction has initialed the trading document as near as possible to the correction.
- D. With regard to trading cards only, a Member may correct erroneous information by rewriting the trading card. However, both the original trading card and the rewritten trading card must be prepared and submitted in accordance with the requirements of Exchange **Regulations 2058.00** and **2062.00**. A Member may not rewrite the trading card after it has been submitted to the Clearing Member.

2062.02. ELECTRONIC AUDIT TRAIL AND OTHER RECORDKEEPING REQUIREMENTS.

All Clearing Members are required to maintain or cause to be maintained the order routing and frontend audit trail for all electronic orders including, but not limited to: order entry, modification, cancellation and responses to such messages entered into the Electronic Trading System by the Clearing Member or its customers.

The Clearing Member may assign the recordkeeping requirements contained in this Rule to a customer subject to the following conditions: 1) the Clearing Member and the customer must have applicable written agreements assigning the recordkeeping requirements with particularity; 2)

upon request, either the Clearing Member or the customer must provide such agreements to the Exchange.

The Clearing Member must ensure that any written agreements assigning recordkeeping requirements of this Rule are being followed by any customers. The Clearing Member and/or the customer may be held accountable for failure to maintain or causing to be maintained the recordkeeping requirements of this Rule.

Audit trail data must contain a complete and accurate record of information and fields that are required by the Electronic Trading System and this Rule. Changes to required audit trail data for the Electronic Trading System may occur from time to time, and are hereby incorporated into this Rule. Required audit trail data means a record of all FIX Tag and/or iLink information and fields, including, but not limited to: transaction date, product, Exchange code, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), host order number, trader order number, clearing member, type of action, customer type indicator, origin and timestamps. In addition, for executed orders, records must include the execution time of the trade along with all fill information.

2063.00. TIME-STAMPS.

All time-stamps required by the Rules and Regulations of the Exchange must show the time to the nearest minute as well as the correct date.

At the beginning of each trading day, each Clearing Member must ensure that each time-clock used on the Trading Floor by that Clearing Member is synchronized with the official time displayed by the official master clock on the Exchange Floor.

It shall be considered uncommercial conduct to manipulate or tamper with any time-clock so as to put it out of synchronization with the official master clock.

2064.00. UNMATCHED TRADE RESOLUTION.

It is the responsibility of the Trader to make herself/himself or an authorized representative available to resolve any unmatched trades throughout the day as they may occur.

2065.00. IDENTIFICATION AND REGISTRATION OF BROKER ASSOCIATIONS.

Pursuant to the provisions of [Rule 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.

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.

2069.00. REPORTING REQUIREMENTS AND SANCTIONS.

- A. Members, Market Participants and all nonmembers approved as Regular are required to submit all data, records and other information requested by the Exchange or required by MGEX Rules and Regulations in an accurate, complete and timely manner, and in a method and format agreeable to the Exchange.
- B. Failure to comply with such reporting requirements will subject the Member, Market Participant or nonmember approved as Regular to a summary fine or other disciplinary action including, but not limited to, the matter being referred to the Disciplinary Committee.

**CHAPTER 72
RESOLUTIONS**

- 210.01. F. Board Of Directors: Powers
- 719.00. Exchange Of Futures For Physical or Risk Transaction Fees
- 803.00. Contract and Other Deliverable Grades
- 804.00. Electronic Warehouse Receipts
- 2024.00. Exchange Regulatory Fee
- 2101.00. C. Schedule of Reporting Deadlines

CHAPTER 72 RESOLUTIONS

RESOLUTION 210.01.F.

Pursuant to the provisions of **Rule 210.01. F.**, the Board of Directors has adopted this Resolution.

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

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

Limited authority of the Board of Directors is hereby delegated to MGEX risk management personnel, which shall include such employees and/or officers as the Exchange, in its discretion, shall determine (collectively, the "MGEX Risk Team"), to independently exercise certain risk management powers and to be responsible and accountable for making risk decisions, including in crises and emergencies. The Board of Directors further assigns the MGEX Risk Team the responsibility for implementing the (i) default rules and procedures required by CFTC Regulations 39.16 and 39.35, (ii) system safeguard rules and procedures required by CFTC Regulations 39.18 and 39.34, and (iii) recovery and wind-down plans required by CFTC Regulation 39.39.

RESOLUTION 719.00.

The Minneapolis Grain Exchange Board of Directors has adopted a \$0.70 fee to be paid to the Corporation by the buyer and the seller for each Minneapolis Grain Exchange contract involved in an exchange for risk or exchange for physical transaction.

Approved by the Board March 18, 2008, effective April 1, 2008.

RESOLUTION 803.00.

Effective with the May 2013 contract month, all warehouse receipts issued for delivery against Hard Red Spring Wheat (“HRSW”) futures contracts shall be marked with a deoxynivalenol (“vomitoxin”) limit expressed in tenths as either (i) 2.0 parts per million or (ii) 3.0 parts per million. Warehouse receipts marked as 2.0 parts per million or 3.0 parts per million shall represent a maximum vomitoxin level. Further, warehouse receipts marked as 2.0 parts per million shall be delivered at contract price, while receipts marked as 3.0 parts per million vomitoxin shall be delivered at a 20 cents per bushel discount.

The taker shall have the option, at taker’s expense, to request for a determination of the level of vomitoxin at the time load-out instructions are submitted to the warehouse. Sampling shall be conducted at the point of load-out by the Federal Grain Inspection Service, a federally designated inspection agency or by a third party inspection service which is mutually agreeable to the warehouse and taker of delivery. The determination of the level of vomitoxin shall be based on the average test results of the HRSW. Vomitoxin test results up to and including 2.0 parts per million shall meet warehouse receipts marked 2.0 parts per million. Vomitoxin test results up to and including 3.0 parts per million shall meet warehouse receipts marked 3.0 parts per million. Vomitoxin test results greater than 3.0 parts per million shall not be deliverable. There will be no rounding of test results to a whole number. Taker may agree to accept HRSW with vomitoxin test results greater than 2.0 up to 3.0 parts per million for warehouse receipts marked 2.0 parts per million at the stated discount or at a discount mutually agreed by both parties.

The following methods are to be used for determining the level of acceptable vomitoxin for deliveries against HRSW futures:

1. Barges shall be based upon a single barge composite sample.
2. Vessels shall be based upon the average of subplot composite samples.
3. Trains shall be based upon an average of 5 railcar composite samples. A single composite sample shall be used for load-outs less than 5 railcars.
4. Warehouse and taker may mutually agree to utilize other sample averages.

RESOLUTION 804.00.

Effective with the September 2017 contract month, delivery of any Hard Red Spring Wheat Futures Contract shall be made by the delivery of a USDA approved negotiable electronic warehouse receipt issued by a MGEX approved regular facility.

Any holder of any paper warehouse receipt may take one of the following actions with respect to such paper warehouse receipt:

- 1) Convert such paper warehouse receipt to an electronic warehouse receipt and pay any outstanding storage cost;
- 2) Carry such paper warehouse receipt indefinitely;
- 3) Cancel such paper warehouse receipt for load-out purposes; or
- 4) Transfer the paper receipt to another entity

Further, effective with the September 2017 contract month, any reference to “warehouse receipt” in any MGEX Rule pertaining to the delivery of a Hard Red Spring Wheat Futures Contract means “electronic warehouse receipt”.

Unless otherwise instructed by the Exchange, electronic warehouse receipts are to be issued via and transferred exclusively using e-Grain, Inc. (also known as the eGrain System).

The Exchange may from time to time determine or modify the electronic fields that are required to be completed when creating or issuing an electronic warehouse receipt.

In addition, any Regular Facility that receives a request to convert a paper warehouse receipt to an electronic warehouse receipt through December 26, 2017 shall promptly fulfill the request, and shall not charge any fee to the requesting party.

RESOLUTION 2024.00.

The Minneapolis Grain Exchange Board of Directors has adopted the following schedule of Exchange regulatory fees to be paid to the Corporation annually. The fee shall be prorated over the Corporation’s fiscal year for each month the entity is registered.

A fee of \$10,000 shall be paid by registered futures commission merchant members for which the Exchange is the self-regulatory organization responsible for monitoring and auditing for compliance with the minimum financial, segregation and related reporting and recordkeeping requirements. Such fee shall also apply if the Exchange has delegated its responsibilities to another designated self-regulatory organization. However, the fee shall be waived if the registered futures commission merchant member clears 50,000 contracts annually.

Approved by the Board on January 18, 2001.

RESOLUTION 2101.00.C.

The Exchange has adopted the following schedule of reporting deadlines (all times listed shall conform to Central Time):

7:30 a.m.	Position reports
9:00 a.m.	Settlement and margin payment
11:00 a.m.	Trading directive for same day collateral pledges* Trading directive for same day collateral pledge release*
11:15 a.m.	Weekly account position updates Daily Delivery/Exercise account updates
11:30 a.m.	Intraday variation payment
3:30 p.m.	Unmatched trade adjustments
3:45 p.m.	Last submission of trades Give-up execution
4:00 p.m.	Give-up acceptance

4:15 p.m.	Auto-Exercise Cancellation Notices
4:20 p.m.	Options position reports on expiration day
4:30 p.m.	Long position lists for delivery Delivery Notices Exercise Notices
7:30 p.m.	Customer gross margin files

***Submitting a Trading directive to the Exchange does not guarantee same day transfers of a security. MGEX is not responsible for delays caused by the inaccuracy or untimely submission of information by a Clearing Member required to facilitate the transfer of securities to or from MGEX's safekeeping accounts.**

Trading activity after seven o'clock (7:00) p.m. to three thirty o'clock (3:30) p.m. the following day will be cleared with said following day's trading activity.

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

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

All give up trades properly entered in accordance with [Rule 2115.00](#). by the executing Clearing Member by three forty-five o'clock (3:45) p.m. must be accepted by the carrying Clearing Member by four o'clock (4:00) p.m.

Pursuant to [Rule 2069.00.B](#). and [Rule 1227.00.](#), any deadline or submission listed herein that is missed, late, inaccurate or incomplete, may result in a fine or the matter being referred to the Disciplinary Committee as determined by the Exchange.