



December 03, 2021

Web 2021-11

**MGEX Rulebook Update**

The following updates have been made to the MGEX Rulebook:

<b>Chapters/Section</b>	<b>Citation</b>	<b>Purpose</b>
<b>Bylaws</b>	2.2., 7.9.	Bylaw Amendments related to timing of Nominations Committee meeting
<b>Chapter 83</b>	83.7., 83.12.	Rule Amendments to adjust SPIKES trading hours

These changes are available on the MGEX website at [www.mgex.com](http://www.mgex.com):

1. On the website home page, hover over the “RESOURCES” drop down menu, then select “RULES & REGULATIONS”;
2. On the Rules and Regulations page, select “MGEX RULES, REGULATIONS AND RESOLUTIONS” for the latest version of the MGEX Rulebook.

If you have any questions or problems accessing the MGEX Rulebook, please contact Jesse Marie B. Green at (612) 321-7122 or [jgreen@mgex.com](mailto:jgreen@mgex.com).

Sincerely,

Layne G. Carlson, Secretary

**MINNEAPOLIS GRAIN EXCHANGE, LLC**

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## **BYLAWS**

of

### **Minneapolis Grain Exchange, LLC**

**(a Delaware limited liability company)**

These Bylaws have been established as the Bylaws of Minneapolis Grain Exchange, LLC, a Delaware limited liability company (the “Company” or “Exchange” or “MGEX”), pursuant to the Certificate of Formation of the Company, dated as of December 4, 2020, (as amended from time to time, the “Certificate of Formation”), and, together with the Certificate of Formation, constitute the Bylaws of the Company within the meaning of the Delaware Limited Liability Company Act. In the event of any inconsistency between the Certificate of Formation and these Bylaws, the provision of the Certificate of Formation shall control.

#### **ARTICLE I** **DEFINITIONS**

##### **1.1. DEFINITIONS.**

The following are Bylaws of the Exchange. Bylaws incorporate all defined terms of Chapter 1 of the MGEX Rules. MGEX Rules are separate from the Bylaws and codify Exchange rules.

#### **ARTICLE II** **BOARD OF DIRECTORS**

##### **2.1. COMPOSITION OF THE BOARD.**

Miami International Holdings, Inc. (“MIH”) is the sole member of M 402 Holdings, LLC which in turn is the sole member of the Exchange (the “LLC Member”). The LLC Member has vested the power to manage, operate, and set policies for the Exchange exclusively in the Board of Directors. The number of Directors constituting the entire Board of Directors shall be a minimum of eight (8) Directors elected by the LLC Member, consisting of not less than four (4) individuals who qualify as Public Directors, and not less than one (1) individual who is a Market Participant. The Board of Directors shall be composed of at least fifty percent (50%) Public Directors. The LLC Member shall designate one of the Directors to serve as Chairperson of the Board and may also designate one (1) or more Vice Chairpersons.

The number of Directors may be fixed from time to time by the LLC Member at any time in its sole and absolute discretion, upon notice to all Directors subject to the minimum number provided for in this Bylaw. No decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director.

All Directors elected to the Board by the LLC Member and the Director designated as Chairperson of the Board by the LLC Member shall hold office for such term as may be determined by the LLC Member or until their respective successors are chosen.

Board members may be removed from, and substitute or additional members of the Board may be appointed to, the Board, at any time by the LLC Member. The Chairperson of the Board may

be removed from that position, and a different Board member may be designated as Chairperson of the Board, at any time by the LLC Member.

## **2.2. ELECTION OF DIRECTORS; TERMS OF OFFICE.**

The LLC Member's election of Directors shall occur each calendar year, unless stated otherwise. At each election occurring during an even year, the LLC Member shall elect a minimum of four (4) Directors for terms of two (2) years each, and at each election occurring during an odd year, the LLC Member shall elect a minimum of four (4) Directors for terms of two (2) years each, so that the total Directors are at least eight (8) in number.

## **2.3. POWERS OF THE BOARD.**

The Board of Directors is the governing body of the 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, 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 Counsel to the Board;
- J. 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;
- K. declare any day to be a holiday, during which the Exchange shall not be open for business;
- L. adopt or amend any changes to the MGEX Bylaws and Rules;
- M. act in emergencies (See [Bylaw 2.4.](#));
- N. amend the Charter as necessary to conform to MGEX Bylaws or Rules.

Any authority or discretion by these Bylaws vested in the Chairperson, President, or other officers 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.

#### **2.4. EMERGENCY POWERS.**

When in the opinion of the Exchange an emergency exists, the Exchange 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 Exchange;
- 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 Exchange deems advisable. The Exchange 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 Exchange has acted under the authority granted by this Bylaw, it may adopt such MGEX Rules as the Exchange deems necessary and proper and for the best interests of all concerned. Notice of any action taken by the Exchange pursuant to the authority granted by this Bylaw shall be posted on the Bulletin Board. Such action shall become effective when, and for such period of time, as determined by the Exchange, but not prior to the time of the posting of notice thereof on the Bulletin Board.

#### **2.5. BOARD DELEGATION.**

Each of the officers of the Company shall, unless otherwise ordered by the Board, have such powers and duties as customarily pertain to the respective office, and such further powers and duties as from time to time may be conferred by the Board, or by an officer delegated such authority by the Board. The Board may delegate the duties and powers of any officer of the Company to any other officer or to any Director for a specified period of time and for any reason that the Board may deem sufficient.

#### **2.6. VACANCIES.**

All vacancies on the Board of Directors shall be filled for the unexpired term of the vacant seat.

- A. Board of Directors' 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 LLC Member designates a successor to fill the vacancy pursuant to [Bylaw 2.1](#).

- B. Board of Directors' Directors: In the event a Director vacancy occurs on the Board of Directors, the Nominations Committee shall nominate to the LLC Member up to two (2) persons to fill the vacancy and each person must confirm acceptance of such nomination. The nominee elected by the LLC Member shall serve the unexpired term of the vacant seat.

## **2.7. REGULAR MEETINGS**

Regular meetings of the Board may be held, with or without notice, at such time or place as may from time to time be specified in a resolution adopted by the Board.

## **2.8. SPECIAL MEETINGS.**

Special meetings of the Board may be called on a minimum of two (2) days' notice to each Director by the Chairperson or the President, and shall be called by the Corporate Secretary upon the written request of three (3) Directors then in office.

## **2.9. VOTING, QUORUM, AND ACTION BY THE BOARD.**

Each Director shall be entitled to one (1) vote. At all meetings of the Board, the presence of a majority of the number of Directors then in office shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Board, the Directors present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. The act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board except as may be otherwise specifically provided by statute, the Certificate of Formation or these Bylaws.

## **2.10. ACTION IN LIEU OF MEETING.**

Unless otherwise restricted by statute, the Certificate of Formation, the Certificate of Formation or these Bylaws, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all Board members or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing(s) or electronic transmission(s) are filed with the minutes of proceedings of the Board or the committee.

## **2.11. INTERPRETATION OF BYLAWS.**

The Board shall have the power to interpret these Bylaws and any interpretation made by it shall be final and conclusive.

## **2.12. PROCEDURE AT MEETINGS.**

The Board of Directors may, from time to time, adopt rules, guidelines, or other criteria for its own government and the conduct of its meetings as are not contrary to Delaware Limited Liability Company Act, the Charter, Bylaws, or Rules. Except as otherwise specifically provided in the aforementioned authority, 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.

### **2.13. CHAIRPERSON.**

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, 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 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 Board of Directors.

### **2.14. 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 Board of Directors.

### **2.15. ACTING CHAIRPERSONS.**

The LLC Member 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 Board of Directors.

### **2.16. APPOINTMENT OF OFFICERS AND EMPLOYEES.**

The Board of Directors shall from time to time 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. 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.

### **2.17. EMPLOYMENT OF PROFESSIONAL SERVICES.**

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

## **ARTICLE III** **AMENDMENT OF BYLAWS AND RULES**

### **3.1. ADOPTION OR AMENDMENT OF BYLAWS AND RULES: PROCEDURE.**

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

### **3.2. ADOPTION OR AMENDMENT OF BYLAWS AND RULES: DATE EFFECTIVE.**

Unless specifically provided otherwise by the Board of Directors, MGEX Bylaws and 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](http://www.mgex.com)).

## **ARTICLE IV** **THE LLC MEMBER**

### **4.1. ELECTION OF DIRECTORS.**

The election of directors shall be held at such place and time as determined by the LLC Member for the purpose of the LLC Member electing Directors of the Board.

### **4.2. SPECIAL MEETINGS.**

Special meetings of the LLC Member, for any purpose or purposes, may be called by the Chairperson, the Board, or the President, and shall be called by the Corporate Secretary at the request in writing of the LLC Member. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given to the LLC Member not less than ten (10) nor more than sixty (60) days before the date of the meeting. Business transacted at any special meeting of the LLC Member shall be limited to the purpose(s) stated in the notice of the meeting.

### **4.3. ACTION IN LIEU OF MEETING.**

Any action upon which a vote of the LLC Member is required or permitted, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the LLC Member.

## **ARTICLE V** **OFFICERS & FUNCTIONS**

### **5.1. PRESIDENT.**

The Board may elect a President of the Exchange. 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 and MGEX Bylaws and Rules. The Board may confer upon the President other responsibilities as warranted.

### **5.2. 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.

### **5.3. 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.

### **5.4. PAPERS: SERVICE OF.**

Notices, citations and papers of all kinds, requiring service in connection with any of the MGEX Bylaws or 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 MGEX Bylaws or 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 MGEX Bylaws or Rules, upon an entity shall be made by making such service in the manner as hereinbefore provided on a managing agent of such entity.

### **5.5. TREASURER.**

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

### **5.6. 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.

### **5.7. FINANCING.**

The Exchange 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 Exchange may prescribe.

### **5.8. 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 shall be secured as designated from time to time by the Board of Directors.

## **5.9. 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.

## **5.10. INVESTMENT OF FUNDS.**

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

## **5.11. 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 2.1.**, 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.

## **5.12. 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.

## **ARTICLE VI REGULATORY OFFICERS**

### **6.1. 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.

## **6.2. 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.

## **6.3. 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.

# **ARTICLE VII** **COMMITTEES**

## **7.1. 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.

## **7.2. 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.

## **7.3. 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.

## **7.4. 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.

#### **7.5. 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 Audit Committee shall perform the following primary functions, as well as such other functions as may be specified by the Board: (i) provide oversight over the Exchange's financial reporting process and the financial information that is provided to the LLC Member and others; (ii) provide oversight over the systems of internal controls established by management and the Board and the Exchange's legal and compliance process; and (iii) direct and oversee all the activities of the Exchange's internal audit function, including but not limited to management's responsiveness to internal audit recommendations.

#### **7.7. 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.

#### **7.8. 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 in applicable CFTC Regulations and internal policies.

#### **7.9. 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. The Nominations Committee shall each be elected on an annual basis by vote of the LLC Member. The chair of the Nominations Committee shall be a Public Director. The Nominations Committee shall identify individuals qualified to serve on the Board and nominate candidates for election to the Board and all other vacant or new Director positions on the Board. The Nominations Committee, in making such nominations, is responsible for ensuring that candidates meet the compositional requirements of these Bylaws. The Nominations Committee shall meet in advance of the LLC Member's election of Directors, unless stated otherwise.

#### **7.10. 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) Market Participants of the Exchange.

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

#### **7.11. 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) Market Participants 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.

#### **7.12. 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.

### **ARTICLE VIII** **DISCIPLINARY COMMITTEE**

#### **8.1. DISCIPLINARY COMMITTEE: APPOINTMENT.**

There shall be established a committee to be known as the Disciplinary Committee, which shall be composed of five (5) Market Participants as hereinafter provided:

- A. Two (2) of such members shall be appointed as Market Participants 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 Market Participant of the Exchange.

No member who is to serve as a substitute member in the place of the President 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 marketplace. 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.

## **8.2. 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 12.9.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 12.9.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.

## **8.3. 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 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.

## **8.4. 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 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 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 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 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.

## **ARTICLE IX** **HEARING COMMITTEE**

### **9.1. 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 as hereinafter provided:

- A. Three (3) of such members shall be appointed by the Chairperson of the Board of Directors from Market Participants 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 Market Participant 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 marketplace. 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.

### **9.2. 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 12.8.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 12.8.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.

### **9.3. 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 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.

### **9.4. 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 trading, 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 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.

## **ARTICLE X** **DEPARTMENTS**

### **10.1. 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.

### **10.2. 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 Market Participants 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 Market Participant or 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 Market Participant 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.

## **ARTICLE XI** **TRADING PERMIT PROGRAMS**

### **11.1. TRADING PERMIT PROGRAMS.**

The Exchange may establish Trading Permit Programs from time to time. The Exchange may make amendments to such programs at any time.

## **ARTICLE XI** **MISCELLANEOUS**

### **12.1. 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.

## **12.2. ADMISSION TO EXCHANGE ROOM.**

The Exchange may grant admission to the Exchange Room to authorized individuals subject to such restrictions, regulations, and limitations as the Exchange may deem proper.

PROVIDED, however, that no individual 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 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 Market Participant of MGEX.

## **12.3. 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.

## **12.4. 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 5.7.

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 tenants.

## **12.5. FISCAL YEAR.**

The fiscal year of the Exchange shall be as determined from time to time by the Board.

## **12.6. 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 Delaware Limited Liability Company Act § 18-108 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 Delaware Limited Liability Company Act § 18-108. 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 Delaware Limited Liability Company Act § 145.

#### **12.7. 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.

#### **12.8. 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 8.2.](#) and [9.2.](#))

- 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 [Rule 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.

**12.9. 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.

#### **12.10. COMMODITY EXCHANGE ACT RULE.**

- A. In order to comply with the CEA and CFTC Regulations, it is hereby provided that the MGEX Bylaws and Rules shall be construed with reference to, and shall be subject to and modified by, the provisions of said CEA and CFTC Regulations.
- B. The Exchange 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 CEA and CFTC Regulations, including, but not limited to, the authority contained in subdivision (d) of Sec. 5 of the Act, and shall keep such books and records open to inspection by the CFTC or the United States Department of Justice.
- C. Neither the Exchange, nor any 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 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 Person, who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the CEA, shall be refused all privileges of trading on this Exchange for such period of time as specified in the Order of the CFTC against such Person.
- F. No 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 CEA.

#### **12.11. DISSEMINATION OF INFORMATION.**

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

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.

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.

#### **12.12. MGEX DEFENSE EXPENSES.**

Any Market Participant who fails to prevail in a lawsuit or any other type of legal proceeding instituted 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.

## Chapter 83 SPIKES VOLATILITY INDEX FUTURES

- 83.1. Authority
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## **CHAPTER 83**

### **SPIKES VOLATILITY INDEX FUTURES**

#### **83.1. AUTHORITY.**

Trading in SPIKES Volatility Index Futures (base symbol 'SPK') may be conducted under such terms and conditions as the Board of Directors and/or the Exchange will determine, subject to the CEA and CFTC Regulations.

#### **83.2. SCOPE OF CHAPTER.**

This Chapter is limited in its application to Futures trading of the SPIKES Volatility Index. Electronic trading, clearing, daily settlement, delivery of cash settlement, and any other matters not specifically covered in this Chapter will be governed by the MGEX Rules, or otherwise delegated to the Exchange to establish policies and procedures that implement the MGEX Rules. In the event the provisions of this Chapter conflict with any other MGEX Rules, those listed within this Chapter and as applicable to the SPK Futures Contract supersede such MGEX Rules outside of this Chapter.

#### **83.3. SPIKES VOLATILITY INDEX: DEFINITION.**

The SPIKES Volatility Index ("SPIKES") is a real-time market index that measures the expected 30-day forward looking volatility in the SPDR S&P 500 ETF Trust ("SPY"). SPIKES is calculated using SPY option prices and interpolates between two expirations' computed variances to determine the 30-day expected volatility.

#### **83.4. CONTRACT TRADING UNIT.**

The unit of trading will be the value of the SPK Futures Contract multiplied by one thousand U.S. dollars (\$1,000). For example, if the SPIKES value was 13.5, one SPK Futures Contract would equal \$13,500 (13.5 x \$1,000.00.)

#### **83.5. MINIMUM PRICE INCREMENT.**

Except as provided in this Rule, the minimum price increment in the SPK Futures Contract will be 0.05 index points, which has a value of \$50.00. All prices are quoted in U.S. dollars.

For spread trades, the individual legs and net prices in the SPK Futures Contract may be in increments of 0.01 index points, which has a value of \$10.00.

#### **83.6. TRADING MONTHS.**

The months available for trading in SPK Futures Contracts and the number of months available for trade at one time will be determined by the Board of Directors.

#### **83.7. TRADING DAYS AND HOURS.**

A trading day is a Business Day on which trading of SPK Futures Contracts is permitted. Trading days are determined by the Exchange. The Hours of Trading for SPK Futures Contracts during extended and regular Hours of Trading will constitute a single trading session for a Business Day. All times noted below are in Central Time.

Unless otherwise specified by the Exchange in relation to Exchange holidays, the Hours of Trading for SPK Futures will be the following:

Regular Trading Hours:

8:30 a.m. - 3:00 p.m. Monday – Friday

Extended Trading Hours:

5:00 p.m. - 8:30 a.m. Sunday – Friday\*

3:00 p.m. - 4:00 p.m. Monday – Friday

For the avoidance of doubt, the start of each new trading day begins with the start of trading at 5:00 p.m. Central Time.

\* The extended trading hours for Friday trade dates begin at 5:00 p.m. on Thursday and end at 8:30 a.m. Central Time on Friday.

### **83.8. LAST TRADING DAY.**

The last trading day is at 8:00 a.m. (Central Time) on the settlement day, generally the Wednesday thirty (30) calendar days preceding the third Friday of the following calendar month. In the event Wednesday is a scheduled holiday, the settlement date will be moved one day prior to Tuesday. In the event Wednesday is an unscheduled holiday, the settlement date will be moved one day later to Thursday. Should the third Friday of the following calendar month be a holiday, the settlement date will be moved one day prior to Tuesday.

### **83.9. DAILY PRICE LIMITS.**

For the purpose of this Rule, Price Limits and the following provisions are applied only to extended Hours of Trading as defined in MGEX Rule 83.7.:

- A. Each SPK Futures Contract will have a price limit that is seventy percent (70%) above the daily settlement price for that SPK Futures Contract for the prior Business Day (“Upper Price Limit”) and a price limit that is thirty percent (30%) below the daily reference price for that SPK Futures Contract for the prior Business Day (“Lower Price Limit”). An Upper Price Limit and a Lower Price Limit may jointly be referred to as a “Price Limit.”
- B. Price Limits will be applicable with respect to the execution of single leg SPK orders. Price Limits will apply to SPK spread orders with respect to the individual legs and may not be executed at a price that is above the Upper Price Limit, or below the Lower Price Limit, for a respective single leg SPK Futures Contract.
- C. Price Limits are in effect during the opening process for a SPK Futures Contract.
- D. In calculating a Price Limit, if the calculation results in a Price Limit that falls between two minimum price increment sizes for the SPK Futures Contract, the Upper Price Limit will always be rounded down and the Lower Price Limit will always be rounded up.



- E. The daily settlement price that will be utilized to calculate the Price Limits for a newly listed SPK Futures Contract will be the daily settlement price of the SPK Futures Contract with the nearest expiration date, in calendar days, to the expiration date of the newly listed SPK Futures Contract. If there is an equal amount of calendar days between a SPK Futures Contract with an earlier expiration date and a SPK Futures Contract with a later expiration date, the daily settlement price of the SPK Futures Contract with the earlier expiration date will be utilized.
- F. Notwithstanding any provisions of this Rule, the Exchange may, in its absolute and sole discretion, take any action it determines necessary or advisable to protect market integrity, including but not limited to, modifying or eliminating the Price Limit parameters established above.

### **83.11. DAILY SETTLEMENT PRICE.**

The Exchange will calculate the daily settlement price for each SPK Futures Contract in the following manner for each Business Day. The settlement price will be consistent with the minimum fluctuations of the contract.

- A. The settlement price for the lead month will be determined by the volume-weighted average of outright trades and applicable bids and offers made in the closing period on the Electronic Trading System. For purposes of this Rule, the lead month will be determined by the Exchange and is generally the most active month. The lead month will change at the time when the daily 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 (2) consecutive business days. 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.
- B. 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 the Electronic Trading System. 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.
- C. 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 will be prepared.

- D. The Exchange may in its sole discretion 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 will 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 Rule, the Exchange shall provide notification to the public via the MGEX website or other means it deems effective

### **83.12. TRADING HALTS.**

The Exchange will take into consideration any trading halt in the SPY and/or the SPIKES Options contract in determining whether to halt trading in the SPK Futures Contract.

Additional trading halts can be triggered by volatility in the underlying S&P 500 Index, including the following market declines:

- A. Level 1: 15-minute trading halt following a seven percent (7%) decline in the S&P 500 Index (unless decline occurs after 2:25 p.m. Central Time or 11:25 a.m. Central Time in the case of early close).
- B. Level 2: 15-minute trading halt following a thirteen percent (13%) decline in S&P 500 Index (unless decline occurs after 2:25 p.m. Central Time or 11:25 a.m. Central Time in the case of early close).
- C. Level 3: Trading halt for the remainder of the trading session following a twenty percent (20%) decline in the S&P 500 Index, effective during all regular Hours of Trading.

Additional trading halts in the SPK Futures Contract can be triggered from a correlated trading halt in the E-mini S&P Futures Contract traded on CME during the extended Hours of Trading.

### **83.13. CASH SETTLEMENT.**

Settlement of SPK Futures Contracts will result in the delivery of a cash settled amount on the Business Day immediately following the settlement date. The final cash index settlement price of the expiring SPK Futures Contract is determined by the opening prices of the SPY options market as traded on the Miami International Securities Exchange LLC ("MIAX"). The final settlement price of the SPK Futures Contract will be rounded to the nearest \$0.01. If the settlement price is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the settlement price will be determined in accordance with Exchange Procedures.

MIAX and the Exchange make no warranty, express or implied, as to the results of the final cash index settlement price. Information included in, or used in the calculation of, such index is obtained from sources believed to be reliable, but neither MIAX nor the Exchange guarantee its accuracy or completeness and will have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or

unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the index or its calculation, or arising out of any errors or delays in calculating or disseminating such index.

#### **83.14. OFFSETS AND TRANSFER TRADES.**

Positions reported as offsets and/or position change data must be reported to the Clearing House each day by the established deadlines and in a manner that meets the provisions of MGEX Resolution 2101.00.C. Positions that have been offset at the Exchange may not subsequently be re-opened at the Exchange.

Except by same day trade activity, existing SPK Futures positions in an expiring SPK Futures Contract month may not be offset during the period beginning two (2) Business Days prior to the first Business Day of the expiring month and continuing through the end of the settlement date of the expiring SPK Futures Contract ("Prohibition Period"). Clearing Members will be responsible for compliance with this requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

At its sole discretion, the Department of Audits and Investigations may permit an offset during the Prohibition Period via netting, transfer, or position adjustment. Such adjustments are permissible to correct a bona fide clerical or operational error for an amount less than five percent (5.0%) of the published open interest reported the same morning for which the offset will be reported by the Clearing Member's morning position reporting deadline. Moreover, such adjustments are only permissible if the Department of Audits and Investigations reasonably believes the offset will not adversely impact the market. Such permission does not prohibit the Department of Audits and Investigations from investigating or taking disciplinary action for any alleged violation of the Rulebook.

#### **83.15. TRADE AT SETTLEMENT.**

A Trade at Settlement ("TAS") is a transaction at a price equal to the daily settlement price, or at a specified differential above or below the daily settlement price. The TAS transaction price will be determined following execution and based upon the daily settlement price of the respective SPK Futures Contract month.

TAS transactions are permitted in the SPK Futures Contract as outright or spread transactions. TAS transactions are available for trading only during the regular Hours of Trading of 8:30 a.m. – 2:58 p.m. Central Time. However, TAS transactions in an expiring SPK Futures Contract are not permitted during the Business Day of its final settlement date.

The permissible price range for permitted TAS transactions is from 0.50 index points below the daily settlement price to 0.50 index points above the daily settlement price. The permissible minimum increment for a TAS transaction is 0.01 index points.

#### **83.16. RESERVED.**

#### **83.17. BLOCK TRADES.**

For the purpose of this Rule, Block Trades are defined as large transactions that are privately negotiated off the Exchange's Electronic Trading System and can only be entered into by Eligible Contract Participants, as defined in Section 1a(18) of the Commodity Exchange Act.

Block Trades are permitted to be executed in the SPK Futures Contract, provided they are in accordance with the following provisions:

- A. A Block Trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders for different accounts may not be aggregated in order to achieve the minimum transaction size. The Block Trade minimum threshold in the SPK Futures Contract is 200 contracts.
- B. A Party shall not execute any order as a Block Trade for a customer unless such customer has specified that the order be executed as a Block Trade.
- C. The Block Trade is executed competitively at a price that is fair and reasonable with consideration to the prevailing market price of either the SPK Futures Contract. The minimum price increment for a Block Trade in the SPK Futures Contract is 0.01 index points.
- D. Block Trades will not trigger conditional orders or otherwise affect orders in the underlying SPK Futures Contract traded on the Electronic Trading System.
- E. Clearing Members must ensure that each side of the Block Trade is reported to the Exchange within fifteen (15) minutes (but in no case later than 4:15 p.m. Central Time) and in the manner specified by the Exchange. The reporting of each side of the Block Trade must include the: contract, contract month, price, quantity of the transaction including quantities for each leg, buy/sell side, CTI and Regular (House) or Segregated (Customer) indicators, account number, the respective Clearing Members, the time of execution, and any other information required in accordance with MGEX Rules.
- F. Each counterparty to a Block Trade must have a separate and independent bona-fide legal or business purpose for entering into the Block Trade.
- G. Parties involved in the solicitation or negotiation of a Block Trade may not disclose the details of such communication to any other party for any purpose other than to facilitate the execution of the Block Trade.

#### **83.18. POSITION ACCOUNTABILITY.**

The position accountability levels for SPK Futures Contracts are as follows:

- A. Ownership or control at any time of more than 50,000 contracts net long or net short in all SPK Futures Contracts combined;
- B. Ownership or control of more than 30,000 contracts net long or net short in the expiring SPK Futures Contract, effective at the start of Hours of Trading for the Friday prior to the final settlement date of the expiring SPK Futures; or
- C. Ownership or control of more than 10,000 contracts net long or net short in the expiring SPK Futures Contract, effective at the start of the Hours of Trading for the

Business Day immediately preceding the final settlement date of the expiring SPK Futures.

For the purpose of this Rule, each new trading day commences with the start of trading at 5:00 p.m. Central Time.

### **83.19. AGGREGATION OF POSITIONS.**

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

### **83.20. REPORTABLE POSITION AND TRADING VOLUME.**

- A. Pursuant to CFTC Regulation 15.03 and Part 17, any open position level in the SPK Futures Contract at the close of trading on any trading day equal to, or in excess of, 200 contracts on either side of the market is required to be reported to the CFTC. All such positions will be reported in a manner and form as designated by the CFTC or the Exchange.
- B. Pursuant to CFTC Regulation 15.04 and Part 17, a volume threshold account that has trading volume in the SPK Futures Contract during a single trading day equal to, or in excess of, 50 contracts is required to be reported to the CFTC. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.

### **83.21. CONTRACT MODIFICATIONS.**

Specifications are fixed for the duration of the contract month upon the first trade in that contract month. However, a change in any Federal law, regulation, ruling, directive, or order that conflicts with these Rules or specifications will become effective upon notice by the Exchange. Additionally, the Board of Directors and/or the Exchange are granted the authority to change contract specifications as it deems appropriate or necessary, or to conform to any other applicable law, rule, or regulation that conflicts with these Rules or specifications, for any unopened contract month, as well as change contract specifications for any contract month with open interest upon approval by the CFTC.

To maintain the purpose and viability of the Futures Contract, the Board of Directors and/or the Exchange are granted the authority to change the MGEX Rules not directly affecting contract specifications at any time and implement such change as may be determined.

### **83.22. EMERGENCIES.**

In the event of an emergency, as determined by the Exchange, the Board of Directors will have the authority and power to follow the procedures described in MGEX [Bylaw 210.02](#). The Board of Directors may delegate such powers as it deems necessary to the Executive Committee, Exchange Officer(s), or other Exchange employees.

An emergency may include, but is not limited to, events of Force Majeure, interference, interruptions, breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event of an emergency, the Board of Directors or its delegate(s) will have the authority and power to utilize such sources, means, or methods that it determines to be in the best interest of the Exchange and the market.

The decision of the Board of Directors, Executive Committee, Exchange Officer(s), or other Exchange employees as delegated, will be final and binding upon all parties. The Exchange will not be liable to any party because of actions and decisions taken in good faith.