



October 21, 2022

Web 2022-5

MGEX Rulebook Update

The following updates have been made to the MGEX Rulebook:

Chapters/Section	Citation	Purpose
Table of Contents	N/A	Updated to reflect removal of Chapters 85 – 90.
Bylaws	2.18.	Bylaw added regarding Board members' affirmative obligation to notify Exchange of change in eligibility to serve on the Board of Directors.
Bylaws	3.3.	Bylaw added to codify authority of Exchange Officers to delist or suspend contracts/products.
Bylaws	12.8.	Bylaw amended to remove voting exemption.
Bylaws	12.13., 12.14.	Bylaws added and amended to update disqualifiers to serve on MGEX boards, committees, and arbitration panels.
Chapter 12	1203.00.	Rule amended to codify authority of Disciplinary Committee to order restitution and disgorgement.
Chapter 12	1217.00.	Rule removed and replaced with Bylaw 12.13.
Chapter 85	Chapter 85	Rules removed in accordance with the delisting of Corporate Tax Futures.
Chapter 86	Chapter 86	Rules removed in accordance with the delisting of BRIXX Retail Index Futures.
Chapter 87	Chapter 87	Rules removed in accordance with the delisting of BRIXX Office Index Futures.

Chapter 88	Chapter 88	Rules removed in accordance with the delisting of BRIXX Residential Index Futures.
Chapter 89	Chapter 89	Rules removed in accordance with the delisting of BRIXX Hospitality Index Futures.
Chapter 90	Chapter 90	Rules removed in accordance with the delisting of Capital Gains Tax Futures.

These changes are available on the MGEX website at 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 me at (612) 321-7169 or lcarlson@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, and a Treasurer, and such other officers or employees as in its judgment may be necessary. The offices of 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.

2.18. AFFIRMATIVE OBLIGATIONS TO NOTIFY EXCHANGE OF CHANGE IN ELIGIBILITY TO SERVE ON BOARD OF DIRECTORS.

Applicants for and members of the Board of Directors have an affirmative obligation to promptly notify the Exchange if at any time there is a change in his or her eligibility to serve.

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).

3.3. PRODUCT SUSPENSION, DELISTING, AND REMOVAL OF RULES.

The Exchange has the authority to suspend and/or delist a contract or product with no open interest. In conjunction with a suspension or delisting, the Exchange may remove any or all corresponding contract/product rules from the MGEX Rulebook. All aforementioned action shall be consistent with the CEA and CFTC Regulations.

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.

5.4. 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) members 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 **Bylaws 12.8.B. and 12.8.C.** 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 **Bylaws 12.8.B. and 12.8.C.**

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 **Bylaws 12.8.B. and 12.8.C.** 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 **Bylaws 12.8.B. and 12.8.C.**

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 XII
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.

12.3. 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 5.11**.

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, 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.
- 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, EMPLOYEE TRADING PROHIBITION, AND IMPROPER USE OR DISCLOSURE.

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

Employees of the Exchange, as defined by CFTC Regulation 1.59(a), are prohibited from:

- A. Trading, directly or indirectly, in any commodity interest traded on or cleared by the Exchange.
- B. Trading, directly or indirectly, in any commodity interest traded on or cleared by a contract market, swap execution facility, or clearing organization other than the Exchange and in any commodity interest traded on or cleared by a linked exchange if the employee has access to material non-public information concerning such commodity interest.
- C. Disclosing to any other person any material, non-public information which such employee obtains as a result of his or her employment at the Exchange where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest; provided, however, that this Rule does not prohibit disclosures made in the course of any employee's duties, or disclosures made to another self-regulatory organization,

linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

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.

12.13. DISQUALIFIERS TO SERVE ON EXCHANGE DISCIPLINARY COMMITTEES, ARBITRATION PANELS, OR GOVERNING BOARDS UNDER CFTC REGULATION 1.63.

- A. In accordance with CFTC Regulation 1.63(b), as may be amended from time to time, a Person shall be ineligible to serve on Exchange disciplinary committees, arbitration panels or governing boards if such Person:
1. Was found within the prior three (3) years by a final decision of a self-regulatory organization, and administrative law judge, a court of competent jurisdiction or the CFTC to have committed a disciplinary offense;
 2. Entered into a settlement agreement within the prior three (3) years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
 3. Currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:
 - a. A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a disciplinary offense; or,
 - b. A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
 4. Currently is subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;
 5. Currently is subject to or has had imposed on him within the prior three (3) years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three (3) years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the CEA;

6. Currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.
- B. The terms "disciplinary committee", "arbitration panel", "disciplinary offense", "final decision", "settlement agreement", and "self-regulatory organization" shall be defined for purposes of paragraph A of this rule in accordance with the definitions detailed in CFTC Regulation 1.63(a).

12.14. DISQUALIFIERS TO SERVE ON EXCHANGE DISCIPLINARY COMMITTEES OR GOVERNING BOARDS UNDER CEA SECTION 8a(2).

A Person shall be ineligible to serve on Exchange disciplinary committees or governing boards if such Person meets any disqualifier listed in Section 8a(2) of the CEA.

CHAPTER 12 DISCIPLINE RULES

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- 1201.00. Charges: Who May File And Form Of

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- 1202.00. Investigations: When Required
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- 1205.00. Hearing Committee: Appearance Before
- 1206.00. Hearing On Charges: Qualifications Of Directors Or Members Of Disciplinary Committee Or Hearing Committee To Serve
- 1207.00. Hearing On Charges: Time And Place Of
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CHAPTER 12 DISCIPLINE RULES

1200.00. ENFORCEMENT OF RULES AND PUNISHMENT FOR VIOLATIONS.

It shall be the duty of the Board of Directors to enforce compliance with the MGEX Rules, and the prohibitions therein contained.

Enforcement shall be delegated to, and carried out by, the Disciplinary Committee and the Hearing Committee in accordance with **Bylaws 8.4.** and **9.4.**

Parties who have requested a hearing and are found guilty by the Hearing Committee as described in Chapter 12 shall be subject to such penalties as the Hearing Committee shall determine. (See **Bylaw 9.4.**)

1201.00. CHARGES: WHO MAY FILE AND FORM OF.

Any Committee of the Company, any Officer thereof, or any Clearing Member or Person with cash trading privileges, or any customer thereof, may file charges against any Clearing Member or Person with cash trading privileges for Uncommercial Conduct or violation of any of the Rules, authority, customs, or usages of the Company.

Such charges shall be in writing, signed by the party bringing the same, shall state specifically the default, misconduct, offense or violation charged and shall be filed with the Secretary, who shall immediately thereafter transmit such charges to the Department of Audits and Investigations.

1202.00. INVESTIGATIONS: WHEN REQUIRED.

It shall be the duty of the Board of Directors in case any offense committed by any Market Participant, against the good name and dignity of the Company, or any serious violation of the MGEX Rules, shall come to its knowledge by public rumor, report or complaint, or otherwise, to refer such matter to the Disciplinary Committee for a determination on whether a reasonable basis exists for finding a violation.

It shall be the duty of the Board of Directors to inquire into matters affecting the welfare of the Company and to report upon the same to the Company, together with such recommendations as may be deemed advisable.

The Board of Directors shall have general supervision over the business conduct of any Market Participant, insofar as such conduct affects: (a) customers and the public at large, (b) the State and Federal Governments, (c) public opinion and the good name of this Company. The Board of Directors may refer reports of improper business conduct to the Disciplinary Committee, as appropriate, to conduct a formal investigation. If it is found that a particular course of conduct is, or thereafter would be, unfair or unjust or in violation of law or would impair the good name of the Company, all parties concerned shall be notified in writing of the conclusions and directed to cease and desist from such conduct. Failure to comply with such orders shall be deemed and held to be Uncommercial Conduct.

1203.00. DISCIPLINARY COMMITTEE: INVESTIGATION.

If the Disciplinary Committee finds that a violation exists, any affected party shall receive Notice of Charges and an opportunity to request a hearing by the Hearing Committee. Such Notice of Charges shall include:

- A. The acts, conduct, or practices in which the affected parties are alleged to have engaged.
- B. The MGEX Rules alleged to have been violated.
- C. The period within which a hearing on the charges may be requested.
- D. The right to a hearing on said charges and a right to be represented at said hearing.

The Disciplinary Committee shall also provide the affected parties with a reasonable time to file an answer to the charge(s). Failure to answer or deny expressly a charge may be deemed to be an admission of such charge. Failure to request a hearing within a period set forth in the Notice of Charges, may be deemed a waiver of the right to a hearing.

The affected parties may submit a written offer of settlement at any time after the Disciplinary Committee completes its investigation report. The Disciplinary Committee may accept the offer of settlement, but may not alter the terms of the offer unless the affected parties agree. The Disciplinary Committee may accept a penalty without the affected parties admission or denial of the alleged MGEX Rules violations. If the Disciplinary Committee accepts the offer of settlement, the acceptance must be in writing specifying the alleged rule violations, the basis or reasons for the Disciplinary Committee's conclusions and any penalty to be imposed. The Disciplinary Committee may delegate some or all of the settlement authority.

The Disciplinary Committee may, in addition to any other remedy available under the MGEX Rules, (a) order the affected parties to make restitution to the account of anyone damaged by the affected parties' alleged violation of MGEX Rules, and/or (b) order the affected parties to disgorge any monetary benefit resulting from a violation of MGEX Rules, including, without limitation, profit, whether realized or unrealized, and avoided losses.

1204.00. CHARGES: INVESTIGATION BY DEPARTMENT OF AUDITS AND INVESTIGATIONS.

The Department of Audits and Investigations shall immediately proceed to investigate all charges referred to it by the Secretary pursuant to **Rule 1201.00.**, or any matters that it is requested to investigate by the CFTC, its Executive Director or his delegate, or otherwise upon the discovery or receipt by it of information that, in the judgment of the Department of Audits and Investigations, indicates a possible basis for a finding that close up the Rules, authority, customs, or usages of the Company have been or may be violated. Market Participants shall cooperate in all respects with the Department of Audits and Investigations in its investigations.

1205.00. HEARING COMMITTEE: APPEARANCE BEFORE.

If the Disciplinary Committee issues Notice of Charges to any Market Participant, the affected parties may request a hearing conducted by the Hearing Committee. At said hearing, the affected parties have a right to be present at the hearing, to be represented by counsel of their choice and

may offer such evidence, testimony and argument in refutation, explanation, avoidance, justification or defense as they may wish.

The Hearing Committee may issue notices or citations requiring any Market Participant to appear before it and answer any question that is proper and pertinent to the matter under consideration and to submit to it for examination any of his or its books, papers, records or documents that are pertinent to the matter under consideration. No testimony shall be admitted that, in the opinion of the Hearing Committee, is irrelevant to the case in hearing. A copy of the hearing must be made and be part of the proceeding.

If the Hearing Committee finds that the affected parties are not guilty of the alleged charge(s), the Hearing Committee shall dismiss the charge(s) and shall notify the affected parties in writing of its findings and conclusions.

If the Hearing Committee finds that affected parties are guilty of the alleged charge(s), the Hearing Committee shall notify the affected parties in writing of its findings and conclusions pursuant to **Rule 1215.00**.

Findings and conclusions of the Hearing Committee are final.

1206.00. HEARING ON CHARGES: QUALIFICATIONS OF DIRECTORS OR MEMBERS OF DISCIPLINARY COMMITTEE OR HEARING COMMITTEE TO SERVE.

No member of the Board of Directors, the Disciplinary Committee or the Hearing Committee shall serve or act as a member of such Board, Disciplinary Committee or Hearing Committee in hearing or deciding charges against a Market Participant (or in determining or ratifying any penalty in connection therewith) if such Director, Disciplinary Committee Member or Hearing Committee Member has any financial, personal or prejudicial interest or concern in the result of such hearing or is a business partner, officer, director, stockholder, employer or employee of any party so interested. The other members of the Board, Disciplinary Committee or Hearing Committee shall determine whether any Director, Disciplinary Committee Member or Hearing Committee Member has such an interest or concern.

1207.00. HEARING ON CHARGES: TIME AND PLACE OF.

The time and place of any hearing by the Hearing Committee shall be set by the Hearing Committee. Such hearing may be held at any regular, special or adjourned meeting of the Board or the Hearing Committee not fewer than six (6) days (or in the case of a Market Participant having no place of business or residence in Minneapolis, fifteen (15) days), after the accused Market Participant shall have been served with written notice of the time and place of hearing. Such notice shall also state:

- A. The acts, practices or conduct that form the basis for the charge or charges;
- B. Each MGEX Rule alleged to have been violated (or about to be violated);
- C. The predetermined penalty, if any, provided in respect to such violation or violations;
- D. The accused Market Participant has the right to attend and participate in the hearing.

1208.00. HEARING ON CHARGES: NOTICE OF.

Upon the setting of the time and place for such hearing, it shall be the duty of the Secretary forthwith to serve each accused Market Participant with the notice provided for in [Rule 1207.00](#).

1209.00. HEARING ON CHARGES: RIGHTS OF ACCUSED.

The accused Market Participant shall have the right at the time prior to the hearing to file a written answer to the charges as filed and shall be entitled in advance of the hearing to examine all books, documents or other tangible evidence in the possession or under the control of the Company, which are to be relied upon by the Department of Audits and Investigations in presenting the charges contained in the notice of charges or which are relevant to those charges. The accused shall have the further right, following receipt of the notice of charges and at all times subsequent thereto, to be represented by legal counsel or any other representative of his choosing, have the right to appear at the hearing to confront and cross-examine any witnesses who may appear and to adduce such relevant evidence, testimony and argument in refutation, explanation, justification or other defense against the charge or charges, or any of them, as he or it may deem appropriate.

1210.00. HEARING OF CHARGES: PROCEDURE.

The Hearing Committee may issue notices or citations requiring any Market Participant to appear before the Hearing Committee and to answer any question that is proper and pertinent to the matter being heard and to submit to it for examination any of his or its books, papers, records or documents that are pertinent to such matter. The Hearing Committee shall make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant. The statements and testimony of all witnesses shall be made under oath. The Department of Audits and Investigations shall be a party to the hearing and shall present its case on those charges and penalties that are the subject of the hearing. Evidence and testimony which is material and relevant to the matter under consideration shall be received by the Hearing Committee. The Hearing Committee may, in its discretion, examine witnesses separately and may exclude other witnesses from the hearing room until it becomes their turn to testify. Should the accused fail to appear at any such hearing, and the Hearing Committee shall find that service has been duly made upon him, the Hearing Committee may proceed with the hearing in his absence and may make such determination as it deems proper upon the charges and the evidence before it. The Hearing Committee may summarily impose an appropriate penalty upon any Person within its jurisdiction whose actions impede the progress of a hearing.

Should any hearing require more than one session, the Hearing Committee may adjourn from time to time, as in its discretion it may deem necessary or proper; PROVIDED, however, that no member of the Hearing Committee shall be competent to vote upon the guilt or innocence or fine, censure, suspension or expulsion of any Market Participant under the provisions of this Rule unless he has attended all sessions of the Hearing Committee at which evidence relative to such matter has been considered or has read the record of proceedings had at all such meetings he has failed to attend.

1211.00. HEARING ON CHARGES: RECORD OF.

A substantially verbatim record of the hearing shall be made and shall become a part of the record of the proceeding. Such record may be a stenographic record, electronic tape recording or any other record capable of being accurately transcribed. Such record need not be transcribed unless a transcript is requested by the accused or by the staff of the CFTC or is reviewed by the CFTC

pursuant to Section 8c. of the CEA or CFTC Regulations. Any accused who requests a transcript, or whose application for review by the CFTC of the disciplinary action has been granted, shall bear the cost of transcribing the record, and in all other instances the cost of transcription shall be borne by the Company.

1212.00. PUNISHMENT: LIABILITY FOR.

Any Market Participant, who or which has been found guilty (in accordance with the provisions of this Chapter) of Uncommercial Conduct, or of a violation of any of the Rules, authority, customs, or usages of the Company shall be subject to punishment by an appropriate Committee or the Board of Directors as hereafter provided in this Chapter.

1212.01. UNCOMMERCIAL CONDUCT: DEFINITION.

The Expression "Uncommercial Conduct" shall include, but shall not be limited to, the following:

- A. Making or reporting any false or fictitious purchases or sales.
- B. Any attempt at extortion.
- C. Any act not in accordance with just and equitable principles of trade, or of fair dealing, or contrary to the spirit that should govern all commercial transactions.
- D. Any act of bad faith, dishonorable or dishonest conduct, or making of willful false statements.
- E. Being convicted by any Court of competent jurisdiction of a felony or misdemeanor involving moral turpitude.
- F. Conduct unbecoming of a Market Participant.
- G. Failure to comply promptly with any contract, either oral or written, that is governed by or made subject to the MGEX Rules.
- H. Any act or omission specified elsewhere in these Rules as Uncommercial Conduct.
- I. Any illegal act in connection with any trade or transaction subject to the Rules, authority, customs, and usages of this Company.

1213.00. PENALTY: IMPOSITION OF.

If, after a fair hearing as provided in this Chapter, the Hearing Committee sustains the penalty and charges in whole or in part, the Hearing Committee may also penalize the accused by fine, censure, suspension or expulsion (or by two or more of such penalties) as, in its opinion, is warranted by the nature and gravity of the offense found to have been committed; PROVIDED, however, that the penalty imposed for the violation of a MGEX Rule that contains a specific limitation or requirement with respect to the penalty shall be in accordance with the provision of such Rule.

1214.00. SUSPENSION.

The Hearing Committee shall have the power in case of the imposition of any sentence of suspension to impose such conditions of reinstatement as in its discretion it may deem appropriate. Except as so provided, all suspensions shall be for a definite term, and, unless conditions of reinstatement have been imposed, the offender, upon the expiration of the term of his suspension, shall be reinstated automatically thereafter without action by the Hearing Committee.

1215.00. DETERMINATIONS OF THE HEARING COMMITTEE: RECORD AND NOTICE OF.

Promptly following any hearing conducted pursuant to this Chapter, the Hearing Committee shall render a written decision upon the weight of the evidence contained in the record of the proceeding, and the Secretary shall serve a copy of such decision upon the accused. Such decision shall include:

- A. The notice of charges or a summary of the charges and the answer, if any, or a summary of the answer filed by the accused.
- B. A brief summary of the evidence produced at the hearing or, where appropriate, incorporation by reference to the investigation report of the Department of Audits and Investigations.
- C. A statement of findings and conclusions with respect to each charge, including the specific MGEX Rules that the accused is found to have violated.
- D. A declaration of any penalty imposed and the effective date of such penalty.

Such decision of the Hearing Committee shall be final.

Notice of a penalty assessed to a Market Participant shall be posted upon the Official Bulletin Board, and a copy forwarded to the CFTC.

1216.00. COMMODITY EXCHANGE ACT: ENFORCEMENT OF.

The Board of Directors shall have the power to make such rules and take such steps as it may deem necessary or advisable to comply with and enforce the provisions of the CEA and CFTC Regulations.

1225.00. SUMMARY FINES.

- A. The Exchange shall have the authority to impose summary fines on Market Participants or other Persons approved as Regular, not to exceed \$5,000 per offense for individuals and not to exceed \$10,000 per offense for entities, for violations of the requirements set forth in the summary fine schedules of the Exchange.
- B. Notwithstanding anything to the contrary, the Department of Audits and Investigations may, at any time, take further disciplinary action including, but not limited to, referring violations to the Disciplinary Committee.

- C. In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1226.00. GENERAL REQUESTS.

Data, records and other information requested by the Exchange must be accurate, complete and timely submitted. Such requests include, but are not limited to, the following documents:

- Tag 50 Information Forms
- EFR/EFP Document Requests
- Audit Trail Requests
- Trading Cards and Orders
- Account Statements

Failure to submit accurate, complete and timely information requested by the Exchange is subject to a warning letter or a fine. The fine schedule is as follows:

1 st Offense:	Warning Letter
2 nd Offense:	\$1,000 fine
3 rd Offense:	\$2,500 fine
4 th Offense:	\$5,000 fine

Submissions received after their designated deadlines are subject to an additional \$200 fine for every one (1) day late.

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Unless otherwise stated, offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee. The Exchange may also grant an extension for any given document request.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1227.00. TRADING SESSION SUBMISSIONS.

Trading session submissions must be submitted accurately and in accordance with the deadlines set forth in **Resolution 2101.00.C.**

All submissions received after the respective deadlines are subject to a warning letter or a fine. The schedule is as follows:

1 st Offense:	Warning Letter
2 nd Offense:	\$1,000 fine
3 rd Offense:	\$2,500 fine
4 th Offense:	\$5,000 fine

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or a fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1228.00. FINANCIAL STATEMENTS.

All FCMs, Clearing Members, non-FCMs with cash trading privileges, and Regular facilities are required to submit accurate financial statements by their designated deadline.

All submissions received after their designated deadlines are subject to a warning letter or a fine plus an additional \$200 fine for every one (1) day late. The fine schedule is as follows:

1 st Offense:	Warning Letter
2 nd Offense:	\$1,000 fine
3 rd Offense:	\$2,500 fine
4 th Offense:	\$5,000 fine

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twenty-four (24) month period. The Exchange may determine whether a warning letter or a fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee. The Exchange may also grant an extension for any required statement.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1229.00. FINANCIAL OBLIGATIONS.

Settlement, margin, and intraday variation payments must be submitted accurately and in accordance with the deadlines set forth in **Resolution 2101.00.C**.

All payments received after the respective deadlines are subject to a warning letter or a fine. The schedule is as follows:

1 st Offense:	Warning Letter
2 nd Offense:	\$2,500 fine
3 rd Offense:	\$5,000 fine
4 th Offense:	\$10,000 fine

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a warning letter or fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1230.00. REGULAR FACILITIES.

All Regular facilities must submit their renewal applications by their designated deadlines.

All renewal applications received after the scheduled deadlines are subject to a warning letter or a fine plus an additional \$200 fine for every one (1) day late. The fine schedule is as follows:

1 st Offense	Warning Letter
2 nd Offense	\$1,000 fine

The 3rd offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling thirty-six (36) month period. The Exchange may determine whether a warning letter or a fine is warranted based on the facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee. The Exchange may also grant an extension for any application.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.

1231.00. STOCKS REPORTING FACILITIES.

All Hard Red Spring Wheat Regular facilities must submit accurate stocks reports to the Exchange pursuant to the deadlines below.

Daily Stocks Reports (Form SRM):	1:00 p.m. (Central Time)
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All stocks reports received after the scheduled deadlines are subject to fines as follows:

1 st Offense:	Warning Letter
2 nd Offense:	\$1,000 fine
3 rd Offense:	\$2,000 fine
4 th Offense	\$3,000 fine

The 5th offense and every subsequent offense will be referred to the Disciplinary Committee. Offenses and fines shall be based upon events occurring within a rolling twelve (12) month period. The Exchange may determine whether a fine is warranted based on facts and circumstances, and may take further disciplinary action, increase the fine amount, or present the matter to the Disciplinary Committee.

In the event a fine is imposed, the Exchange will issue a notice of the offense and fine amount to the offending party. Any fines must be paid within thirty (30) days of issuance unless otherwise stated by the Exchange.