



October 28, 2022

Web 2022-6

MGEX Rulebook Update

The following updates have been made to the MGEX Rulebook:

Chapters/Section	Citation	Purpose
Chapter 23	23.12.2.	Rule amended to update delivery requirements for Bitnomial Exchange contracts.
Chapter 83	83.5.	Rule amended to reduce the minimum price increment for SPIKES Volatility Index Futures. This amendment is effective as of the October 31, 2022 trade date.

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

CHAPTER 23
BITNOMIAL EXCHANGE CLEARING RULES

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CHAPTER 23 BITNOMIAL EXCHANGE CLEARING RULES

23.1. SCOPE OF CHAPTER AND PRIORITY OF RULES.

This chapter governs procedures related to the clearing, settlement, delivery, and guarantee of trades executed on Bitnomial Exchange. Specifically, MGEX provides clearing services for Bitnomial Exchange Contracts.

If not specifically covered herein, the Rules of the Exchange, and Chapter 21 in particular, shall govern. For purposes of this Chapter, all requirements, conditions, or procedures of the Exchange and the Clearing House will apply specifically to Bitnomial Exchange Contracts.

To the extent that the provisions of this Chapter conflict with any other MGEX Rules, this Chapter supersedes such Rules. MGEX Rules pertaining to the clearing of Bitnomial Exchange Contracts shall have precedence over the rules of Bitnomial Exchange unless expressly and specifically stated otherwise.

23.2. CLEARING MEMBERS.

This Chapter applies to Clearing Members approved by the Exchange to submit Bitnomial Exchange Contracts to the Clearing House for clearing. Clearing privileges may be granted and retained only if a clearing firm is a Clearing Member of the Exchange and when the terms and conditions set forth in **Rule 2100.02** have been met. The Clearing House has no obligation to accept Bitnomial Exchange Contracts for clearing unless the Clearing Member complies with all MGEX requirements for becoming a Clearing Member of the Exchange and remains in Good Standing, including those requirements set forth in this Chapter. Clearing Members must have the ability to comply with the requirements set forth by Bitnomial Exchange, and both MGEX and Bitnomial Exchange must grant approval of Clearing Members allowed to clear contracts traded on Bitnomial Exchange. For the avoidance of doubt, Clearing Members will not, under any circumstances, be required to own, hold, or control Digital Assets under these Rules or Bitnomial Exchange rules (unless the Clearing Member holds positions requiring delivery in its own proprietary account), but Clearing Members are responsible for ensuring their customers are able to satisfy or satisfy their obligations regarding delivery and acceptance thereof under the applicable MGEX and Bitnomial Rules.

A Clearing Member guarantees and assumes financial responsibility for all orders it places and receives, and all contracts it clears and delivers.

23.2.1. MARKET PARTICIPANT ACCESS.

After a Clearing Member grants a Market Participant access to trade or use Bitnomial Exchange systems, such Clearing Member will be fully responsible for the actions and transactions of any and all users that are provided access to the Bitnomial Exchange match engine by such Market Participant or any other user approved by the Market Participant. Clearing Members acknowledge that an approved Market Participant will have the ability to designate its own users directly with Bitnomial Exchange without receiving separate Clearing Member approval. For the avoidance of doubt, Clearing Members guarantee and assume financial responsibility for all transactions placed and executed on Bitnomial Exchange by a Market Participant approved by the Clearing Member and all additional users authorized directly or indirectly by a Market

Participant, including unknown users.

23.3. MARKET PARTICIPANTS.

All participants approved to trade on Bitnomial Exchange must establish an account with an Exchange Clearing Member (or be properly authorized by a Clearing Member approved participant), and if involved with delivery, must satisfy the delivery prerequisites set forth by Bitnomial Exchange Rule 1102(b). Market Participants seeking to make or take delivery must meet the requirements set forth by Bitnomial Exchange and applicable MGEX Rules. Bitnomial Exchange and MGEX must grant approval to any Market Participant prior to participating in the delivery process of a Futures Contract traded on Bitnomial Exchange.

23.4. CLEARING FEES.

Clearing fees for Bitnomial Exchange Contracts, and the manner of payment thereof, shall be determined by the Clearing House.

23.5. CLEARING HOUSE PROCEDURES.

The Clearing House may immediately adopt, modify, or cancel procedures, including but not limited to, reporting, submission times, the deadlines set forth in [Rule 23.9.](#), settlement process, settlement times, margin and variation payments means and methods, give up procedures, confirmations, closing, product listing procedures and coding, and recordkeeping. The Exchange may incorporate into its Rules, as appropriate, such clearing procedures, including those noted above determined necessary for effective clearing.

23.6. FUTURES – FINAL SETTLEMENT.

Bitnomial Exchange Futures positions open as of the contract's close of business on the last trading day will be settled in accordance with Bitnomial Exchange's settlement procedures.

23.7. DAILY SETTLEMENTS.

Bitnomial Exchange is solely responsible for determining and providing daily settlement values and data for all Bitnomial Exchange Contracts to the Clearing House and is responsible for the accuracy of such final settlement values and data. The Exchange shall not be liable for the settlement prices received for such contracts.

23.8.1. OPTIONS – LAST TRADING DAY AND EXPIRATION.

The last trading day will be the Friday that precedes by at least two (2) Business Days, the last Business Day of the month preceding the option month. If such Friday is not a Business Day, the last trading day shall be the preceding Business Day.

The contractual rights and obligations arising from the option contract expire on the last day of trading.

23.8.2. OPTIONS – AUTOMATIC EXERCISE.

The Exchange will automatically exercise all in-the-money options unless notice to cancel

automatic exercise is given to the Clearing House. Such options will be exercised into Futures Contracts and settled as part of the Futures process.

Notice to cancel automatic exercise shall be given to the Clearing House in accordance with the deadline set forth below on the last day of trading except that such notice must be given to the Clearing House prior to 4:30 p.m. Central Time on the expiration date:

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

23.9. DEADLINES AND SUMMARY FINES.

The schedule of deadlines is subject to change at any time by the Exchange. The Exchange has adopted the following schedule of reporting deadlines (all times shall conform to Central Time):

7:30 a.m.	Position reports
9:00 a.m.	Settlement and margin payment
11:00 a.m.	Trading directive for same day collateral pledges* Trading directive for same day collateral pledge release*
11:15 a.m.	Weekly account position updates
11:30 a.m.	Intraday variation payment
4:10 p.m.	Unmatched trade adjustments
4:15 p.m.	Last submission of trades Give-up execution
4:20 p.m.	Give-up acceptance
4:30 p.m.	Auto-Exercise Cancellation Notices Options position reports on expiration day
5:10 p.m.	Bitnomial delivery files
7:30 p.m.	Customer gross margin files

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

Any unresolved unmatched trades may be suspended pending possible resolution the following Business Day as an "as of" trade. "As of" trades can be carried no longer than one Business Day. All give up trades properly entered by the executing Clearing Member by four fifteen o'clock (4:15) p.m. must be accepted by the carrying Clearing Member by four twenty o'clock (4:20) p.m.

In addition to the deadlines set forth above, the Exchange has adopted delivery specific deadlines (see [Rule 23.12.4.](#)).

Any deadline or submission listed herein that is missed, late, inaccurate or incomplete, may result in a summary fine or other disciplinary action, including but not limited to, the matter being referred to the Disciplinary Committee as determined by the Exchange.

Trading session submissions must be submitted accurately and in accordance with the deadlines set forth in this Rule. All submissions received after the respective deadlines are subject to a warning letter or 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 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.

23.10. DISCIPLINARY ACTIONS.

Notwithstanding any provision of the rules of Bitnomial Exchange, all Clearing Members are subject to the jurisdiction of the Exchange. In the event a Clearing Member violates the requirements of any rule, report, submission, deadline, or other obligation, the Exchange may impose a fine on the Clearing Member or take other disciplinary action including, but not limited to, referring the matter to the Disciplinary Committee. In addition, a Clearing Member that violates or is alleged to have violated any delivery requirement or deadline herein will be subject to the disciplinary procedures set forth in Chapter 12.

23.11. TRANSFER TRADES AND OFFSETS.

Transfer trades involving contracts or positions traded on Bitnomial Exchange will be governed in accordance with the rules of Bitnomial Exchange. All transfers in physically delivered Futures Contracts must be recorded and carried on the books of the receiving Clearing Member at the original trade dates. All other contracts may be recorded and carried at either the original trade date or the transfer date.

"Transfer" trades involving the transfer of a customer's positions and related collateral from an account on the books of one Clearing Member to another Clearing Member shall not require

the close-out and re-booking of the positions prior to the requested transfer; PROVIDED, the following conditions are met: (1) The customer instructed the carrying Clearing Member to make the transfer, and (2) the receiving Clearing Member has consented to the transfer.

MGEX **Rule 3.1.8.** shall govern transfer trades and offsets and the associated reporting requirements.

23.11.1. BLOCK TRADES.

Block trades will be permitted in the Bitnomial Exchange Contracts designated by Bitnomial Exchange, provided such trades meet the minimum quantity thresholds and all applicable Bitnomial Exchange rules and CFTC Regulations. All block trades must be submitted via the Bitnomial Exchange match engine and in accordance with the deadlines set forth by Bitnomial Exchange (and in no case later than 4:15 p.m. Central Time). In order to execute a block trade on the match engine, Clearing Members and/or Market Participants must have access to the Bitnomial Exchange and receive all required permissions and approvals prior to executing block trades via Bitnomial Exchange. Upon verification by Bitnomial Exchange, block trades will be submitted to MGEX for clearing.

23.12.1. DELIVERY OF UNDERLYING DIGITAL ASSET – CLEARING MEMBER & MARKET PARTICIPANT DUTIES.

Any Clearing Member carrying an account of a Market Participant that is required to make or take delivery agrees to guarantee and assume full responsibility that its customers, as Market Participants, will comply with all delivery obligations set forth in MGEX and Bitnomial Exchange Rules including Rules requiring that Digital Assets be delivered by Market Participants during the Delivery Period in accordance with the Bitnomial Exchange delivery rules. For purposes of these Rules, the “Delivery Period” means the period beginning two Business Days before the last trading day and ending on the delivery day. Clearing Members must file all required forms and reports by the deadlines established by MGEX, including but not limited to final open positions and delivery reports.

Clearing Members are responsible for ensuring that their customers, as Market Participants, that have an obligation or desire to make delivery have the operational ability to, and ultimately satisfy, their full delivery obligation and that such customers have made deliverable Digital Assets available to deliver with the Settlement Facility by 9:30 a.m. on the last trading day in accordance with all applicable Rules. Should a customer fail to deliver Digital Assets in accordance with applicable requirements and the Clearing Member of such customer financially satisfies such obligation, the opposite customer who failed to receive the Digital Assets may still file an arbitration claim against the non-performing customer and/or such customer’s Clearing Member in accordance with Bitnomial Exchange Rules.

In the event a Clearing Member fails to perform its delivery obligations to the Clearing House, MGEX may deem such failure a default pursuant to this Rule and take any of the actions against the Clearing Member authorized in this or other MGEX Rules. For the avoidance of doubt, Clearing Members will not, under any circumstances, be required to own, hold, or control Digital Assets under these Rules or Bitnomial Exchange rules (unless the Clearing Member holds positions requiring delivery in its own proprietary account), but Clearing Members are responsible for ensuring their customers, as Market Participants, are able to satisfy or satisfy their obligations regarding delivery and acceptance thereof under the applicable MGEX and Bitnomial Rules.

In a Clearing Member default that involves a delivery failure, the Clearing House will ensure the financial performance to the Clearing Member whose actions or omissions did not cause or contribute to the delivery failure (the “Affected Clearing Member”). The Clearing House powers will include, but are not limited to, the right to sell or liquidate the Digital Asset subject to delivery and to distribute the proceeds as appropriate and access the funds and collateral available in a default in accordance with [Rule 2109.03](#). For purposes of this Rule, “financial performance” means payment of commercially reasonable costs of the Affected Clearing Member related to replacing the failed delivery but does not include physical performance or legal fees. For the avoidance of doubt, payment of reasonable costs will be based on the price of the Digital Asset when delivery should have been made, and the Clearing House is not obligated to make or accept delivery of the actual Digital Asset.

An Affected Clearing Member seeking financial performance must provide prompt notice to the Clearing House and to Bitnomial Exchange of the delivery failure and a good faith estimate of any financial performance being sought within one (1) hour of the delivery deadline set forth in [Rule 23.12.4](#) for the product. This deadline may be extended by the Exchange for extenuating circumstances in its sole discretion. An Affected Clearing Member seeking financial performance must provide the Clearing House with a detailed statement with supporting documentation of the amount sought, as well as any other documentation requested by the Clearing House.

MGEX shall not, under any circumstances, be responsible or liable for any losses, damages, or other costs arising out of a failure, malfunction, error, omission, delay, suspension, inaccuracy, or other event related in any way to the storing, transfer, delivery transfer, or movement of Digital Assets in association with Bitnomial Exchange Contracts.

23.12.2. ACCOUNTS ELIGIBLE FOR DELIVERY.

Only accounts approved for delivery shall be eligible for delivery and allowed to maintain open positions in an expiring Bitnomial Exchange Contract during the three (3) trading days leading up to Delivery Day.

Any positions held in an account not approved for delivery must be liquidated by the end of the last trading session prior to the final three (3) trading days (including Last Trading Day) of a contract. Trading in an account not approved for delivery is prohibited during this period. The Clearing House or Bitnomial Exchange will not be liable for any loss associated with such liquidation. In addition, a Clearing Member that is carrying any position not held in an account approved for delivery at any time during the delivery month will be subject to Exchange disciplinary action, including, but not limited to, fines or referring the matter to the Disciplinary Committee.

23.12.3. DELIVERABLE INSTRUMENTS.

To qualify as a Digital Asset eligible for contract delivery, the Digital Asset must meet the requirements of Bitnomial Exchange Rule 1103(c) and product descriptions.

23.12.4. DELIVERY PROCEDURES AND REPORTING.

Unless stated otherwise, the Clearing House will electronically issue notices and reports to relevant Clearing Members.

Delivery of a Bitnomial Exchange Contract is based upon open positions after contract expiration. The delivery process, as set forth below, consists of the following requirements and deadlines (all references to days are Business Days and times are noted in Central time):

T-5	5 Days Prior to Last Trading Day		All end of day positions (long and short) must be margined at full notional value in USD with the MGEX Clearing House.
		5:10 p.m.	Clearing Members file Bitnomial delivery files and all other requested information at the end of each day with the Clearing House.
T-2	2 Days Prior to Last Trading Day (start of Delivery Period)	5:00 p.m.	Settlement Facility opens to delivering Market Participants.
T	Last Trading Day of Contract	9:30 a.m.	Clearing Members are responsible for ensuring all Market Participants making delivery deliver underlying asset through Settlement Facility.
		5:10 p.m.	Clearing Members file Bitnomial delivery files with the Clearing House, which will serve as a binding Delivery Notice to MGEX.
		8:45 p.m.	Clearing House issues final Delivery Report and corresponding payment information.
T+1	Delivery Day	11:30 a.m.	All payments for delivery are due to the delivering Clearing Member.
		12:30 p.m.	Clearing Member notification to Bitnomial Exchange and Clearing House regarding receipt of final payment is due.
		By 7:00 p.m.	Delivery process and movement of corresponding Digital Assets is completed.
T+2	Release of Margin	By 9:00 a.m.	Provided that notification of delivery has been received by the applicable Delivery Day deadlines, MGEX will release margins.

Any discrepancies or material reporting errors may result in MGEX disciplinary action.

23.13. MANAGEMENT OF DEFAULT AND LOSSES.

Should MGEX bear a Loss resulting from the Default of a Clearing Member or from the failure or insolvency of a settlement or depository bank that precipitates a Clearing Member Default, the procedures set forth in Chapter 21 of the Exchange Rules shall govern.

23.14. FORCE MAJEURE.

Notwithstanding any other Rule or provision, the Exchange and Clearing House will not be obligated to perform its obligations under the Rules, or to compensate any Clearing Member for losses occasioned by any delay or failure of performance, to the extent such delay or failure is the result of a condition or event constituting Force Majeure, including but not limited to acts of God, fire or other natural disasters, acts of terrorism, war, or severely inclement weather. In such event, the Exchange will give notice to affected Clearing Members as soon as reasonably practicable and will attempt to remediate the condition.

23.15. PHYSICAL EMERGENCIES.

If the Bitnomial Exchange trading platform, the Settlement Facility, or the Clearing House experience a full or partial disruption or breakdown in any area, the Exchange may, without prior notice, immediately modify or suspend clearing operations and procedures involving Bitnomial Exchange Contracts until the problem has been resolved.

23.16. LIMITATION OF LIABILITY.

Neither the Exchange, the Board of Directors, its committees, nor any of its officers, directors, or employees, shall be liable for any losses, damages, or costs, including direct, indirect, special, incidental or consequential damages, and lost profits, regardless of whether any of them had been advised or otherwise made aware of the possibility of such damages, arising out of the services provided by the Exchange as it pertains to the clearing of Bitnomial Exchange Contracts or as it pertains to the use or performance of the Bitnomial Exchange platform or Settlement Facility or any component(s) thereof; any fault, failure, malfunction, or other alleged defect in any such contract or platform; or any error, omission, delay, suspension, or inaccuracy made by Bitnomial Exchange. The Exchange shall not be liable for any damages or losses caused in whole or in part by the malfunction, unexpected function, or unintended function of the Settlement Facility or any attacks or cybersecurity breach, fraud or other illegal activity directed at the Settlement Facility. The Clearing House shall not be liable for any connectivity or communication fault, delay, or breakdown, including but not limited to, any failure to delay in transmission, disruption of common carrier lines, loss of power, acts or failures to act of any third party, natural disasters, or any and all other causes. The Exchange does not guarantee continuous, uninterrupted, or secure access to the Clearing House.

Each Market Participant assumes all risks of trading on the Bitnomial Exchange platform and use of the Settlement Facility and waives any right to assert any claim against the Exchange that access or information was not provided by the Exchange or that access or information provided by the Exchange was improper, inaccurate, or inadequate. Further, such Market Participant will not use the Exchange to contest the validity or enforceability of any trade executed on the Bitnomial Exchange platform.

Neither the Exchange, the Board of Directors, its committees, nor any of its officers, directors,

or employees make any express or implied warranties or representations relating to the Bitnomial Exchange platform, including but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

Notwithstanding any other provision of the Exchange Rules, in no event will any Person bring any legal action, regardless of whether liability is based on breach of contract, tort, restitution, breach of statutory duty, breach of warranty or otherwise, and regardless of whether the claim is brought directly or as a third-party claim for indirect, special, incidental, consequential, or punitive damages of any kind, however suffered or incurred, and regardless of whether the party from whom such damages would be sought has been advised of the possibility of such damages or whether such damages otherwise could have been foreseen or prevented.

Chapter 83
SPIKES VOLATILITY INDEX FUTURES

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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 0.01 index points, which has a value of \$10.00. 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 2.4](#). 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.