



The following provisions of the MGEX Bylaws and Rules are to be amended pending approval from or certification with the CFTC



Via Portal Submission

January 9, 2023
MGEX Submission No. 23-1

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission Three
Lafayette Centre
1155 21st Street NW Washington,
DC 20581

RE: Rule Certification Submission Pursuant to Regulation 40.6(a); Amendments to MGEX's Risk Manual

Dear Mr. Kirkpatrick:

Pursuant to Commodity Exchange Act ("CEAct") Section 5c(c) and Commodity Futures Trading Commission ("CFTC") Regulation 40.6(a), the Minneapolis Grain Exchange, LLC ("MGEX" or "Exchange") hereby submits this self-certification of certain amendments to MGEX's Risk Management Principles Reference Manual ("Risk Manual"). MGEX has respectfully requested confidential treatment for such amendments to the Risk Manual, which are being submitted concurrently with this submission. The Exchange intends to implement the amendments ten business days following the filing of this submission.

Overview of Amendments

MGEX has amended its Risk Manual, as shown in the attachment accompanying this submission, to make necessary updates and additions to remove language pertaining to the trading and clearing of futures on the U.S. Corporate Tax Rate Index and U.S. Capital Gains Tax Rate Index (together "TAX futures") as well as to remove language pertaining to the trading and clearing of futures on the BRIXX Retail Index, BRIXX Office Index, BRIXX Residential Index, and the BRIXX Hospitality Index (collectively "BRIXX futures"). Revisions to the Risk Manual include removing all references to the clearing of these contracts.

DCO Core Principles

In connection with updating the Risk Manual, the Exchange has reviewed the core principles for derivatives clearing organizations ("DCO Core Principles") and has

determined that the amendments comply with the requirements of such principles. During the review, MGEX identified the following DCO Core Principles as potentially being impacted:

- *DCO Core Principle B – Financial Resources:* CFTC Regulation 39.11 requires a DCO to perform stress tests that will allow it to reasonably calculate the resources it is required to maintain. MGEX had previously updated its stress testing procedures to incorporate the clearing of TAX futures and BRIXX futures, thereby ensuring it was accurately monitoring the potential exposures of Clearing Members and maintaining sufficient financial and liquid resources. These changes removing language pertaining to the trading and clearing of TAX futures and BRIXX futures will maintain the Exchange’s ability to monitor and manage the adequacy of its financial and qualifying liquidity resources, and as such, they are consistent with the requirements of Core Principle B and CFTC Regulations 39.11 and 39.33.
- *DCO Core Principle D – Risk Management:* CFTC Regulation 39.13 requires DCOs to possess certain risk management tools and procedures, including establishing margin models. MGEX had previously added detailed margin methodology guidelines for the TAX futures and BRIXX futures products. These changes to remove language pertaining to the trading and clearing of TAX futures and BRIXX futures serve to update the Exchange’s risk management tools and procedures, and as such, the amendments are consistent with the requirements of Core Principle D, CFTC Regulations 39.13 and 39.36, and standards set by the European Securities and Markets Authority.

MGEX hereby certifies that the amendments to the Risk Manual comply with the CEAct and the CFTC regulations promulgated thereunder. The Exchange is not aware of any substantive opposing views expressed regarding the amendments or this filing. MGEX further certifies that, concurrent with this filing, a copy of the submission was posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>. If there are any questions regarding this submission, please contact me at (612) 321-7176 or jkrause@mgex.com. Thank you for your attention to this matter.

MINNEAPOLIS GRAIN EXCHANGE, LLC

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Sincerely,



James D. Krause
Associate Counsel, MGEX Clearing

EXHIBIT 1 SPIKES Market Maker Program

Program Purpose

The purpose of the SPIKES Market Maker Program (the “Program”) is to incentivize participants to support the continued development of the products listed below. The resulting additional central limit order book liquidity benefits all participants in the market.

Product Scope

SPIKES Volatility Index Futures that are traded on MGEX via the CME Globex® trading platform (“Product”). The Program consists of five Sections for participants.

Eligible Participants

With the exception of one subset, there is no limit to the number of participants in the Program. There are no member requirement for participants.

For Section 1, the Exchange may designate one or more participants who agree to make two-sided markets in the Product throughout the Regular Trading Session (“RTS”) and, as specified, one or more Extended Trading Sessions (“ETS”). In determining whether or not to select a prospective participant for the Program, the Exchange may take into account a variety of factors, including: whether the prospective participant is willing to quote throughout RTS and, where specified, ETS; the strength of the quoting obligations the prospective participant is willing to commit to provide; whether the Exchange believes that the prospective participant can maintain such obligations based on the application; and historical trading volume in related products. The Exchange may, from time to time, add or subtract from the aforementioned requirements as it deems necessary. Failure to meet quoting requirements, among other things, may result in removal from the Program. Participants must complete an application with the Exchange to be eligible for Section 1 of the Program. An application can be received by contacting MGEX at mgex@mgex.com.

For Sections 2, 3, 4, and 5, there are no application requirements.

Program Term

Start date is October 1, 2021. End date is ~~January 31, 2023~~ [February 28, 2023](#).

Hours

RTS and/or ETS.

Obligations

In order to be eligible to receive the incentives, participants must quote two-sided markets in the Product at predetermined average bid/ask spreads meeting certain volume thresholds at specified display size and time-in-market requirements.

Incentives

Upon meeting all obligations, as determined by the Exchange, participants will be eligible to receive predetermined incentives.

Monitoring and Termination of Status

The Exchange will monitor trading activity and participants' performance and retain the right to revoke participant status if it concludes from review that a participant no longer meets the eligibility requirements, fails to meet the obligations of the Program, or fails to comply with Exchange rules (including, but not limited to, rules relating to market manipulation, wash trades, etc.) or any applicable law.

For the submission to the CFTC, please click [here](#). If the link does not take you to the submission, copy and paste this text into your browser:

[http://www.mgex.com/MGEX40.6\(a\)Submission23-2.pdf](http://www.mgex.com/MGEX40.6(a)Submission23-2.pdf)