



Web 2008-06

February 8, 2008

Dear Members & Rulebook Recipients:

The following Chapter has been amended:

| <u>Chapter</u> | <u>Regulation</u> | <u>Purpose</u> |
|----------------|-------------------|-----------------------------------------------------------------------------------------------------|
| 20 Regulations | 2012.00. | To amend price limit regulations for wheat contracts and to remove the price limit for spot months. |

You can view these changes by visiting the MGEX website at <http://www.mgex.com>:

1. On the top, go to "RESOURCES" and click "Rules and Regulations"
2. In the middle of the page, click "Click here to download changes to MGEX RULES AND REGULATIONS"

Then print to obtain an updated hard copy for your book.

If you have any questions or problems accessing the Rulebook, please contact Layne G. Carlson at (612) 321-7169 or lcarlson@mgex.com.

Layne G. Carlson
Corporate Secretary

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

Pursuant to the provisions of **Rule 719.00.**, the Board of Directors has adopted this Regulation.

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

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

2012.00. TRADING LIMITS.

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

- A. Wheat\$0.60 per bushel

Should two or more wheat futures contract months within a crop year (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase by 50 percent the next business day and an additional 50 percent each subsequent day two or more contract months within a crop year (or the remaining contract month in a crop year) close at limit bid or limit offer. Daily price limits shall revert back to \$0.60 after no wheat futures contract month closes limit bid or limit offer for three consecutive business days.

- B. National Corn Index.....\$0.25
 C. National Soybean Index\$0.60
 D. Wheat Indices.....\$0.60

However, there shall be no price limits on the spot Hard Red Spring Wheat futures contract month commencing the first business day after expiration of non-serial options on the spot month.

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

2013.00. FUTURES POSITION LIMITS.

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

No individual or entity shall own or control in excess of one-thousand (1,000) contracts net long or short in the settlement month, one-thousand (1,000) contracts net long or short in any single month and two-thousand five-hundred (2,500) contracts net long or short in all contract months combined.

- B. **National Soybean Index and Wheat Indices.** Pursuant to the provisions of [Rules 7508.00.](#), [7708.00.](#), [7908.00.](#) and [8108.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of one-thousand (1,000) contracts net long or short in all contract months combined, or one-thousand (1,000) contracts net long or short in any single contract month.

2013.01. OPTIONS POSITION LIMITS.

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

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds two-thousand five-hundred (2,500) futures-equivalent contracts net long or short in all contract months combined, one-thousand (1,000) futures-equivalent contracts net long or short in any single contract month, or one-thousand (1,000) futures-equivalent contracts net long or short in the settlement month.

- B. **National Soybean Index and Wheat Indices.** Pursuant to the provisions of [Rules 7612.00.](#), [7812.00.](#), [8012.00.](#) and [8212.00.](#), the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds one-thousand (1,000) futures-equivalent contracts net long or short in all contract months combined, or one-thousand (1,000) futures-equivalent contracts net long or short in any single contract month.

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

2014.00. SETTLEMENT PRICES.

Pursuant to the provisions of [Rule 210.01.](#), the Board of Directors has adopted this Regulation.

- A. **Open Outcry Contracts.**

Promptly after the close of trading in each Futures Contract, Exchange staff,

in conjunction with the Quotations Committee, shall compute settlement prices for each contract month as follows. The settlement price shall be price consistent with the minimum fluctuations of the contract.

1. After the closing bell, all Brokers and Traders in the Pit shall report to the Market Observer and a member of the Quotations Committee all trades, bids and offers made in the closing period. The settlement price shall be determined by the weighted average of the trades and applicable bids and offers made in the closing period.
2. If no trade occurs in the closing period, the settlement price shall be the last trade price, unless there is a higher bid or lower offer. If there is no trade during the day, the settlement price shall remain unchanged, unless there is a higher bid or lower offer. In such cases, the higher bid or lower offer shall be the settlement price.
3. If such settlement price is not consistent with the settlements in other months or with market information known to the designated Exchange official supervising the closing or to members of the Quotations Committee, or if the settlement was inaccurately determined, the designated Exchange official, with the advice of the Quotations Committee, may establish a settlement price at a level consistent with such other settlement prices or market information and shall prepare a written record setting forth the basis for any modification of such settlement price.

B. MGEXpress[®] Contracts.

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

1. The settlement price shall be the last trade price, unless there is a higher bid or lower offer that existed at the close of the market. If there is no trade during the day, the settlement price shall remain unchanged, unless there is a higher bid or lower offer that existed at the close of the market. In such cases, the higher bid or lower offer shall be the settlement price.
2. If such settlement price is not consistent with the settlements in other months or with market information, or if the settlement was inaccurately determined, a new settlement price may be established at a level consistent with such other settlement prices or market information and a written record setting forth the basis for any modification of such settlement price shall be prepared.

C. Open Outcry/MGEXpress[®] Contracts.

Settlement prices for Futures Contracts which have both Open Outcry and MGEXpress[®] sessions shall be determined by open outcry or the trading

session with the later closing time.

D. Reservation.

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

2015.00. SETTLEMENT PREMIUMS.

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

A. Open Outcry Contracts.

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

1. Exchange staff shall review all trades executed during the closing period, and subsequent higher bids and lower offers that were in existence at the close of the market, to determine the closing premium or range for each Contract. Exchange staff, in conjunction with the Quotations Committee, shall then determine the settlement premiums by using a theoretical pricing model.
2. If Exchange staff, in conjunction with the Quotations Committee, believes, based on its review of the market and market conditions that the settlement premium established above is not representative of market conditions, or if the settlement premium was inaccurately determined, then Exchange staff may establish a settlement premium based on the settlement price of the underlying Futures Contract and the previously prevailing differentials:
 - a. among the premiums for the listed striking prices for the option month;
 - b. among the premiums for the different option months listed for trading; and
 - c. between the premium for the relevant striking price and the price of the underlying Futures Contract.

Where a settlement premium is established in accordance with this section by Exchange staff, in conjunction with the Quotations Committee, a written record shall be prepared setting forth the basis for the establishment of such settlement premium.

B. MGExpress® Contracts.

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

1. The settlement premiums shall be determined by using a theoretical pricing model.
2. Based on market conditions if the settlement premium established above is not representative of market conditions, or if the settlement premium was inaccurately determined, then a new settlement premium based on the settlement price of the underlying Futures Contract and the previously prevailing differentials may be established:
 - a. among the premiums for the listed striking prices for the option month;
 - b. among the premiums for the different option months listed for trading; and
 - c. between the premium for the relevant striking price and the price of the underlying Futures Contract.

Where a settlement premium is established in accordance with this section, a written record shall be prepared setting forth the basis for the establishment of such settlement premium.

C. Open Outcry/MGExpress® Contracts.

Settlement premiums for Options Contracts which have both Open Outcry and MGExpress® sessions shall be determined by open outcry or the trading session with the later closing time.

D. Reservation.

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

2016.00. FILLING ORDERS AND WITHHOLDING OR WITHDRAWING OF TRADES.

Pursuant to the provisions of **Rule 616.00.**, the Board of Directors adopted this Regulation.

- A. **Filling of Orders.** Orders to buy or sell futures must be executed sequentially by completely filling an order bearing an earlier time stamp before proceeding with the next earliest time-stamped order at the same price. Any and all verbal orders received by a Pit Broker must be, as a minimum, immediately noted on the Broker's trading card(s) as to time of receipt, and the order with the earliest time must be filled first.

In the event orders received by Brokers carry identical time stamps, or in the absence of time stamps, and should the Broker find it necessary to allocate trades among these accounts, he must make a record of the accounts, the amount assigned to each account, why it was necessary to make the assignment, and submit the record to the Exchange surveillance staff.

- B. **Withholding or Withdrawing Trades.** No Member, Registered Firm or Corporation shall withhold or withdraw from the market any order or part of an order for another person for the convenience of another Member.

2017.00. RECORDING OPTIONS ORDERS.

Each Member who, on the floor of the Exchange, receives an order from an Options customer, including an Options customer who is another Floor Trader or Floor Broker, which is not in the form of a written record showing the account identification, order number and the date and time, to the nearest minute such order was transmitted or received on the floor of the Exchange, shall immediately upon receipt thereof prepare a written record of such order, including an account identification and order number and shall record thereon the date and time, to the nearest minute, the order is received.

2018.00. SPREADING TRANSACTIONS.

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

Members of this Exchange are permitted to execute orders to purchase one (1) future and/or option and to sell another future and/or option for the same account at a stated price difference, such trade to be known as a "spread," "straddle" or "switch" transaction. These orders are to be executed competitively by public open outcry in the Pit designated by the Quotations Committee. The designated Pit shall be posted in writing on the Trading Floor. All legs of the spread must be priced within their daily price limits and at least one (1) leg must be priced within the current price range during the trading session whenever the spread involves one (1) or more Contract months which have an established price range. However, for single line entry differential spreads (SLEDS) leg prices may be assigned by the Clearing House. All spreads must be properly recorded in writing, permitting identification of these transactions and the parties thereto.

When a spread transaction is executed, the Trader must so designate this on the trading card by a letter "S". The transaction must be reported to the pulpit, recorded and publicized as a spread. (See **Regulation 2018.01.**)

2018.01. OPENING THE MARKET ON A SPREAD TRANSACTION.

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

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

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

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

Pursuant to the provisions of **Rule 742.00.**, the Board of Directors has adopted this Regulation:

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

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

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

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

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

2020.00. EXCHANGE SERVICE FEE.

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

- A. Exchange service fees shall be fixed from time to time by the Board (see **Res. 2020.00.**) The Board of Directors may elect to waive fees on a Contract for a period they deem appropriate.
- B. Payment of the Exchange service fee will be due on receipt of invoice at the end of each month for the transactions (whether purchases, sales or

deliveries) executed on the Exchange during that month. Payment is to be submitted to the Treasurer of the Corporation.

2022.00. DIVISION OF SPRING WHEAT PIT DURING OPENING AND CLOSING PERIODS.

During the time defined to be the opening and the closing, any Member initiating a bid or offer must be located in the specific area designated for that month, or a price quotation may not be recognized by the Quotations Committee. A black line marks this Pit division. All bids or offers made in the nearby month must be originated in that part of the Pit closest to the pulpit. All other bids or offers must be originated on the other side of the black line. Any bid or offer may be accepted from any part of the Pit.

2023.00. STRIKING PRICES.

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

A. **Spring Wheat.** Pursuant to the provisions of **Rule 1403.00.**, the Board of Directors has adopted this Regulation.

1. Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10) per bushel. At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the initial futures trade by open outcry or the previous day's settlement price on the underlying Spring Wheat Futures Contract and the next five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments, and the next ten (10) consecutive higher and ten (10) consecutive lower in ten cent (\$0.10) increments. If the initial futures trade or previous day's settlement price on the underlying Spring Wheat Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2). If the initial futures trade is executed on MGEXpress, striking prices will not be available until the open outcry session.

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

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

prices, the closest price shall be the larger of the two (2).

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

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

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

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

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

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

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments and an additional five (5) consecutive higher and five (5) consecutive lower in twenty cent (\$0.20) increments above and below the previous day's settlement price.

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

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

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

2024.00. EXCHANGE REGULATORY FEE.

Pursuant to the provisions of [Rule 210.01.](#), the Board of Directors has adopted this Regulation:

An Exchange regulatory fee shall be paid by every registered entity with clearing or trading privileges. The Exchange regulatory fee shall be fixed from time to time by the Board of Directors. (See [Resolution 2024.00.](#))

The Board of Directors may waive all or part of the fee based upon the clearing or trade activity of the registered entity, or such other standard as may be adopted.

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

Pursuant to the provisions of [Rule 231.00.](#), the Board of Directors has adopted this Regulation:

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

All Delivery Notices shall be in the form specified by the Clearing House.

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

Parties holding Delivery Notices shall present the same before one o'clock (1:00) p.m. on the delivery day, at the place designated by the Issuer, together with full payment, as provided in [Rule 810.00.](#), for the net amount due for the property represented by said notices. Upon payment at the place designated by the said Issuer, the holder of such Delivery Notice shall be entitled to receive

the property represented by the same, its value being based upon the closing market price of the Minneapolis Grain Exchange on the day preceding that on which the Delivery Notice was issued.

2026.00. LOAD-OUT NOTICES: FORM OF.

Pursuant to the provisions of **Rule 1150.00.**, the Board of Directors adopted this Regulation.

The Load-Out Notice, as required by the Rules, shall be on **Form 20-26.00**, Page 7033 and shall be issued in triplicate.

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

Pursuant to **Rule 811.00.**, the Board of Directors adopted this Regulation.

The maximum load-out charges on delivery grain, which is tendered in satisfaction of a Minneapolis Grain Exchange Futures Contract, shall be six cents (6¢) per bushel for wheat regardless of the date of the warehouse receipt.

The maximum storage charges on delivery grain, which is tendered in satisfaction of a Minneapolis Grain Exchange Futures Contract, shall be one hundred thirteen one thousandths of a cent (\$.00133) per bushel per day for wheat regardless of the date of the warehouse receipt.

Insurance charges shall be included within the maximum storage charges.

2028.00. LOADINGS IN SATISFACTION OF WAREHOUSE RECEIPTS.

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

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

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

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

2029.00. MINIMUM FINANCIAL REQUIREMENTS FOR REGULARITY.

An elevator, merchandiser or warehouse that is Regular for delivery must maintain certain minimum financial requirements set by the Exchange. The Exchange has established the following working capital and net worth financial requirements for Regularity:

| Contract | Regular Entity | Working Capital | Net Worth |
|-----------------|-----------------------|------------------------|---------------------------------------------------|
| Spring Wheat | Elevator | None | 15¢/bu times approved aggregate delivery capacity |

For contracts not stated above, the Board of Directors or Finance Committee shall establish minimum financial requirements as necessary for Regular entities.

The Board of Directors or Finance Committee may consider, and approve, an Applicant for Regularity that is unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Board of Directors or Finance Committee may, at any time, require an Applicant for Regularity or an approved elevator, merchandiser or warehouse to provide irrevocable letters of credit, guarantees, pledges of memberships and/or other forms of security that the Board of Directors or Finance Committee determine to be acceptable. Failure to meet the minimum financial requirements or comply with a Board of Directors or Finance Committee request for additional financial security will be deemed a failure to meet the good financial standing requirement.

2035.00. REPORTING CASH COMMODITY SALES.

Pursuant to the provisions of [Rule 1162.00.](#), the Board of Directors has adopted this Regulation.

Registered Firms or Corporations shall report all sales of loaded rail cash commodities made in the Exchange Room as soon as practicable but no later than fifteen (15) minutes after the close of the cash market. Sales not made in the Exchange Room or during the hours of trading shall not be reported.

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

2036.00. DISPOSITION ORDERS: FORM OF.

Pursuant to the provisions of [Rule 1125.00.](#), the form of Disposition Orders should read as follows:

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

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

2038.00. PAN TICKETS.

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

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

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

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

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

- A. The Buyer must, before two-thirty o'clock (2:30) p.m., give to the Seller disposition that will enable the Seller to move the car so as to avoid demurrage charges or the Buyer will be liable for any ensuing demurrage.
- B. Invoices based on final weights, whether destination or FOB, must be delivered to the Buyer before one o'clock (1:00) p.m. Buyer's checks in payment of such invoices must be ready for delivery to the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following business day.
- C. If requests for advances have been delivered to the Buyers before one o'clock (1:00) p.m., Buyers must have checks for the advances due ready for the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following business day.
- D. A Seller who has been unable to deliver invoices on FOB cars or requests for advances in accordance with the provisions of Sections b. and c. of this Regulation may, however, avoid liability for demurrage charges by delivering to the Buyer documents passing title before three o'clock (3:00) p.m. If not so delivered, the liability for demurrage shall be on the Seller. If documents passing title have been so delivered, the Buyer must, at the request of the Seller, receipt for the same, and must, upon demand, have the check in payment of the invoice, or for the advance due, ready for the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following day.

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

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

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

2050.00. HOLIDAYS.

Under authority of **Rule 210.01.**, the following days are declared to be holidays: New Year's Day, Dr. Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. When any holiday falls on Sunday, the Monday next following shall be considered such holiday. When any such holiday falls on Saturday, the Friday immediately preceding shall be considered such holiday. Dr. Martin Luther King, Jr. Day observance shall always be the third Monday in January. Presidents' Day observance shall always be the third Monday in February and Memorial Day observance shall always be the last Monday in May.

2051.00. HONORARY MEMBERSHIP.

Pursuant to the provisions of **Rule 235.00.**, the Board of Directors has adopted this Regulation.

When a Member who has been a Member for twenty-five (25) years or more transfers membership privileges because of retirement, said Member shall be issued an Honorary Membership Card, which will entitle the former Member access to the Exchange Room.

When a Past President of the Exchange retires as a Member, he shall be issued an Honorary Membership, regardless of the number of years he has been a Member of the Exchange.

2053.00. LIMITATIONS ON OPTIONS TRANSACTIONS-SOLICITATION AND ACCEPTANCE.

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

2054.00. BOARD OF ARBITRATION: FEES.

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

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

| | |
|-----------------------------------------------|----------|
| For each case involving up to \$10,000.00 | \$400.00 |
| For each case involving more than \$10,000.00 | \$750.00 |
| For any non-monetary claims | \$750.00 |

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

| | |
|-----------------------------------------------|------------|
| For each case involving up to \$10,000.00 | \$500.00 |
| For each case involving more than \$10,000.00 | \$1,000.00 |
| For any non-monetary claims | \$1,000.00 |

2054.01. CUSTOMER CLAIMS ARBITRATION PANEL: FEES.

Pursuant to the provisions of **Rule 535.00.**, the Board of Directors adopted this Regulation:

| | |
|-----------------------------------------------|----------|
| For each case involving up to \$10,000.00 | \$400.00 |
| For each case involving more than \$10,000.00 | \$750.00 |
| For any non-monetary claims | \$750.00 |

2055.00. REGISTRATION OF FLOOR BROKERS/FLOOR TRADERS.

Pursuant to the provisions of Minneapolis Grain Exchange **Rules 210.01.** and **322.00.**, the Board of Directors has adopted this Regulation.

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

2058.00. COLLECTION OF TRADING DOCUMENTS.

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

- C. Trading cards collected pursuant to this Regulation must be time-stamped promptly to the nearest minute upon collection by the Clearing Member.

2059.00. DESIGNATION OF OPEN AND CLOSE ON TRADING CARDS.

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

2060.00. OFFICIAL CLOSING PERIOD: FUTURES.

The closing period shall be the last thirty (30) seconds of the Spring Wheat open outcry trading session.

2061.00. OFFICIAL CLOSING PERIOD: OPTIONS.

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

2062.00. TRADING CARDS: FORM, PREPARATION AND MAINTENANCE.

- A. Trading cards used to record the execution of purchase or sale of any commodity for future delivery or commodity option on or subject to the Rules of the Exchange must contain:
1. Pre-printed Member identification or other unique identifying information which would permit the trading cards of one Member to be distinguished from cards of all other Members;
 2. Pre-printed sequence numbers to permit the intra-day sequencing of trading cards; and
 3. Unique and pre-printed identifying information which would distinguish each of the trading cards prepared by a Member from his/her other trading cards for no less than a one (1) week period.
- B. A Member recording transactions on trading cards must use non-erasable ink to record each purchase and sale in exact chronological order of execution on sequential lines of the card. Skipping of lines on the trading card is prohibited. If blank lines remain after the last execution recorded on a trading card the remaining lines should be marked through. When two-sided trading cards are used, blank lines on both sides of the card must be marked through.
- C. A Member must use a new trading card at the beginning of each designated interval required pursuant to Exchange [Regulation 2058.00](#).
- D. A Member must be accountable for all trading cards prepared pursuant to Exchange Rules in exact numerical sequence, whether or not such trading cards are relied upon as original source documents.

- E. A Member must identify on his/her trading cards trades executed during opening and closing periods in the manner required by Exchange **Regulation 2059.00**.
- F. Trading cards prepared by the Member must include the following:
 - 1. Member's name
 - 2. Clearing Member's name
 - 3. Transaction date
 - 4. Quantity bought or sold
 - 5. Commodity
 - 6. Contract for future delivery or physical
 - 7. Future (month) or expiration date
 - 8. Price or premium
 - 9. Put or call and strike price
 - 10. Transaction time to the minute
 - 11. Opposite Broker/Trader
 - 12. Opposite Clearing Member
 - 13. Indicators for the following types of transactions: (C) cash exchange; (T) office transfer; (S) spread; (D) delivery
 - 14. Any other information required by the Exchange

Note: For single line entry differential spreads (SLEDS) the Member may record the spread on one side of the trading card.

2062.01. TRADING RECORDS AND ERRORS.

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

2063.00. TIME-STAMPS.

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

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

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

2064.00. UNMATCHED TRADE RESOLUTION.

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

2065.00. IDENTIFICATION AND REGISTRATION OF BROKER ASSOCIATIONS.

Pursuant to the provisions of **Rule 616.00.**, the Board of Directors has adopted this Regulation.

- A. A Broker Association shall include two (2) or more Exchange Members with floor trading privileges, of whom at least one (1) is acting as a floor Broker, who:
 - 1. engage in floor brokerage activity on behalf of the same employer;
 - 2. have an employer and employee relationship which relates to floor brokerage activity;
 - 3. share profits and losses associated with their brokerage or trading activity; or
 - 4. regularly share a deck of orders in which floor Brokers have knowledge of the orders to be shared.
- B. A member of a Broker Association may not receive or execute an order unless the Broker Association is registered with the Exchange.
- C. A Broker Association member must register with the Exchange no later than ten (10) business days after an event requiring registration.
- D. Registration of each Broker Association shall include the following information where applicable:
 - 1. Name and legal form of the Broker Association;
 - 2. Name of each person who is a member or otherwise has a direct beneficial interest in the Broker Association;

3. All identifying badge numbers of Broker Association members;
 4. Account numbers for all accounts belonging to any Broker Association member, accounts in which any Broker Association member(s) have an interest, and any proprietary or customer accounts controlled by any member(s) of the Broker Association;
 5. Identification of all Broker Associations with which each Member is associated; and
 6. Individual(s) authorized to represent the Broker Association in connection with its registration obligations.
- E. It shall be the responsibility of the Broker Association and its authorized representative to ensure the Broker Association is properly registered. It shall be the responsibility of each Broker Association member to ensure he has complied with registration requirements and to ensure the accuracy of the information filed. Any changes to the information previously reported must be provided within five (5) business days after an event giving rise to the changes.
- F. The Exchange may request any additional information from a Broker Association or its members as it deems necessary.
- G. "Floor Brokerage Activity" is defined as the reception of orders or execution of trades for all accounts other than for a Member's personal account.
- H. "Regularly Share A Deck Of Orders" is defined as instances regularly occurring more than once per week where Members sharing a deck of orders have knowledge of the terms of the orders shared. Knowledge can be obtained by handing off orders for execution after a Broker has seen the terms of the order.
- I. Where there are individual relationships which technically come within the definition of a Broker Association but are incidental to or involve no floor brokerage activity, a request for exemption from registration may be made to the Department of Audits and Investigations. Such request must be made in writing with full disclosure as to the nature of the trade activity and individual relationships. The Department of Audits and Investigations has sole discretion to determine exemption which may be revoked for just cause at anytime.

2066.00. MARKET MAKER PROGRAM.

The Exchange may establish a Market Maker Program for any contract. The Program shall remain in effect for a period determined by the Exchange. The Exchange may end the Program at any time. The requirements and the number of participants for the Market Maker Program shall be established by the Exchange and are subject to change at any time. Any individual or entity that satisfies the requirements set forth by the Exchange may submit an application to the Corporate Secretary to become a Market Maker. The Exchange shall have sole discretion to approve or deny

an application based on the applicant's business reputation, financial resources, trading activity in relevant futures, options, or related cash markets, or any other reason. Any individual or entity accepted into the Program must maintain compliance with the requirements established by the Exchange. The Exchange may, without notice, remove any individual or entity that fails to comply with Exchange requirements. Further, the individual or entity must comply with the Commodity Exchange Act and Regulations thereunder, and Exchange Rules, Regulations, Resolutions, procedures, and policies.

2067.00. ELECTRONIC AND OPEN OUTCRY TRADING.

Pursuant to the provisions of **Rule 1818.00.**, the Board of Directors has adopted this Regulation for Contracts permitted by the Board of Directors to trade on the Electronic Trading System and by open outcry:

- A. When an order is placed with a clearing member, introducing broker ("IB") or futures commission merchant ("FCM") without specifying whether the order is to be offered on the Electronic Trading System or by open outcry, the clearing member, IB or FCM will be free to choose the trading platform and will not be held liable for such decision.
- B. The Electronic Trading System and open outcry may have separate opens, open ranges, highs, lows, closes and closing ranges. However, there shall be only one settlement price.
- C. The Electronic Trading System and open outcry may each have trade volume that is reported separately. However, there shall be only one combined open interest number reported by the Exchange.
- D. Contracts traded on both the Electronic Trading System and by open outcry shall be fungible. This means positions entered into on one platform may be offset by positions executed on the other platform. As a result, clearing members shall submit to the Clearing House only combined position reports.

2085.00. FINANCIAL AND REPORTING REQUIREMENTS FOR ALL MEMBERS.

Financial requirements for all Members shall be established based upon the recommendations of the Finance Committee and approved by the Board of Directors, provided that requirements for Futures Commission Merchants ("FCM") and Guaranteed Introducing Brokers ("IB") must, at a minimum, be established at levels equivalent to those required by CFTC regulations. The Finance Committee, at its discretion, may adopt financial requirements for FCMs and Guaranteed IBs more stringent than those of the CFTC if it deems such requirements appropriate.

2086.00. MINIMUM FINANCIAL REQUIREMENTS FOR FUTURES COMMISSION MERCHANTS AND GUARANTEED INTRODUCING BROKERS.

Pursuant to **Rule 616.00.**, the Board of Directors adopted this Regulation.

- A. **Financial Requirements.** All Futures Commission Merchants ("FCM") and Guaranteed Introducing Brokers ("IB") who are Members of the Exchange must meet the minimum financial requirements set forth in CFTC Regulation 1.17 as now in effect or hereafter amended.

- B. **Reports.** All FCMs and Guaranteed IBs who are Members of the Exchange shall file with the Exchange reports in the form and setting forth the information required by CFTC Regulation 1.10 as now in effect or hereafter amended, at least one of which reports in each year must be certified in accordance with CFTC Regulation 1.16; provided, however, that the Finance Committee may in its discretion, require such additional reports as it deems appropriate or necessary.

All costs associated with the requirements of this Regulation shall be charged to the Member involved.

2087.00. MINIMUM FINANCIAL REQUIREMENTS FOR NON-FUTURES COMMISSION MERCHANT MEMBER FIRMS AND INDEPENDENT INTRODUCING BROKERS.

- A. **Financial Requirements.** All Non-Futures Commission Merchants ("FCM") and Independent Introducing Brokers ("IB") who are Members of the Exchange must meet the minimum financial requirements set forth by the Finance Committee pursuant to MGEX Rule 253.00. as now in effect or hereafter amended.
- B. **Financial Statement Content.** All Non-FCM Member Firms and Independent IBs must submit financial statements in the manner and form prescribed by the Finance Committee. At a minimum, all annual audited financial statements must include a balance sheet, footnotes, and be accompanied by an opinion of an independent Certified Public Accountant indicating that an examination of the annual statement has been made. Interim statements, which are those financial statements prepared for periods other than the Member Firm's fiscal year end, must contain, at a minimum, a balance sheet.
- C. **Reports.** All Non-FCM Member Firms and Independent IBs must submit to the Exchange an annual certified financial statement for its fiscal year (or calendar year if the Member Firm is on a calendar year basis.) The certified annual financial statement must be submitted to the Exchange within ninety (90) days after the Member Firm's fiscal year end.

Additionally, all Non-FCM Member Firms and Independent IBs must submit an interim financial statement to the Exchange. Such interim statement shall be as of a date six (6) months subsequent to the Member Firm's fiscal year end and must be submitted to the Exchange within forty-five (45) days from the date of the statement.

The Finance Committee may require additional financial statements or financial information as it deems appropriate or necessary.

- D. **Extension of Time to File.** Upon request in advance and for good cause shown, the Finance Committee may grant a Non-FCM Member Firm and Independent IB an extension of the time for the filing of its annual or interim financial statement.

All costs associated with the requirements of this Regulation shall be borne by the Member Firm involved.

2088.00. REDUCTION OF CAPITAL.

Any Member, Firm, Corporation or Guaranteed Introducing Broker ("IB") registered with the Exchange must immediately notify the Exchange of any material reduction of its working capital and/or its net worth, including the incurring of a contingent liability that would materially affect working capital and/or net worth should such liability become fixed. Futures Commission Merchants ("FCM") and Guaranteed IB Members must immediately notify the Exchange of any material reduction in its adjusted net capital. Such notice must be in writing and signed by a Member of the Firm, Corporation or Guaranteed IB whose Membership is registered on behalf of the Firm, Corporation or Guaranteed IB. Failure to so notify the Exchange shall be considered an act detrimental to the interest and welfare of the Corporation.

For the purposes of this Regulation, a reduction amounting to twenty percent (20%) or more from the adjusted net capital of a FCM or Guaranteed IB reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under these Rules shall be deemed material. Likewise, for non-FCM and non-Guaranteed IB Member Firms or Corporations, a reduction amounting to twenty percent (20%) or more from the working capital and/or net worth reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under these Rules shall be deemed material. Working capital, for the purpose of this Regulation, shall be defined as total current assets minus total current liabilities. In defining net worth for the purposes of this Regulation, owner's equity, whether shareholder's equity, partnership equity or other equity capital, shall be considered as well as equities and deficits in proprietary accounts which are properly included in determining net worth. Adjusted net capital is defined in accordance with CFTC Regulation 1.17.

Any entity declared "Regular" for delivery on any Exchange contract must comply with this Regulation. Information submitted must be signed by the designated representative to the Exchange.

2089.00. ELECTION OF FISCAL YEAR.

A Member Firm or Corporation registered with the Exchange must notify the Exchange immediately of any change in its fiscal year end.

Such notification of a change in its fiscal year must be made in writing by submitting a letter explaining the change and the reasons therefore. Futures Commission Merchant and Guaranteed Introducing Broker Members requesting such a change must also submit written evidence that its designated self-regulatory organization has approved the change in its fiscal year.

A change in a Member Firm or Corporation's fiscal year will not relieve such Member from its obligation to file such timely certified and interim financial statements as deemed appropriate by the Finance Committee.

2090.00. PHYSICAL EMERGENCIES.

Pursuant to the provisions of **Rules 210.01.** and **210.02.**, the Board of Directors has adopted this Regulation.

The Market Observer(s) shall have the power upon recognizing a problem to serve notice to the Pit(s) population that trading will be suspended immediately.

A problem may be the result of the following:

- A. fire or other casualty,
- B. bomb threat,
- C. power failure,
- D. communications breakdown,
- E. computer malfunction, or
- F. other - technical difficulties.

When the Market Observer's decision to suspend trading is announced, the available chairman of the Quotations Committee will assemble and choose from among the Board's previously approved procedures.

In no event shall a suspension of trading continue for more than five (5) calendar days.

2091.00. INCLEMENT WEATHER OR TRANSPORTATION BREAKDOWN.

Pursuant to the provisions of **Rules 210.01.** and **210.02.**, the Board of Directors has adopted this Regulation.

In the event that the functions of the Exchange are, or are threatened to be severely and adversely affected by inclement weather or transportation breakdown, the Executive Committee of the Board of Directors can make the decision to:

- A. not open the market(s).
- B. delay the opening of the market(s); or
- C. close the market(s).

In no event shall a suspension of trading continue for more than five (5) calendar days.