



Web 2012-19

October 11, 2012

Dear Members & MGEX Rules and Regulations Recipients:

The following Chapters have been amended/removed:

<u>Chapter</u>	<u>Rule/Regulation</u>	<u>Purpose</u>
1 Definitions		To add new definitions.
2 Government	210.01., 264.00., 264.01., 264.02., 264.03., 265.00., 265.01., 265.02., 265.03., 275.00.	To update the procedures for disciplinary and hearing committees.
3 Membership	350.05.	Housekeeping.
6 Discipline	600.00., 602.00., 603.00., 605.00., 606.00., 607.00., 610.00., 613.00., 614.00., 615.00.	To update the procedures for disciplinary and hearing committees.
7 Futures & Options Trading	753.00.	Housekeeping.
20 Regulations	2004.01., 2004.02.	To update the procedures for disciplinary and hearing committees.

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. Click "Latest Changes to MGEX RULES, REGULATIONS AND RESOLUTIONS"

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

Sincerely,

A handwritten signature in black ink that reads "Layne G. Carlson". The signature is written in a cursive style with a large, sweeping flourish at the end.

Layne G. Carlson
Corporate Secretary

CLEARING HOUSE: A department of the Minneapolis Grain Exchange, Inc. (a Delaware corporation)

CLEARING MEMBER: A Member, or a Registered Firm or Corporation, who or which is a Member of the Minneapolis Grain Exchange Clearing House.

CLEARING MEMBER DEFAULT: “Defaulting Clearing Member” or “Default of a Clearing Member” shall mean the failure of a Clearing Member to meet any of its obligations to or the requirements of MGEX.

CLEARING MEMBER INSOLVENCY: “Insolvent Clearing Member” or “Insolvency of a Clearing Member” shall mean a Clearing Member will be deemed insolvent when:

1. It files a voluntary petition in bankruptcy or is adjudicated as bankrupt;
2. It becomes the subject of a receivership proceeding;
3. It fails to promptly fulfill its financial obligations to MGEX; or
4. Satisfactory proof is made to the Exchange that it is unable to pay its debts as they are due in the ordinary course of business.

CLOSING ORDER: An order to be executed at the closing of the market.

COMMISSION MERCHANT: A Member, or a Registered Firm or Corporation, who or which makes trades or transactions for others, but who makes such trades or transactions in his or its own name and becomes liable as principal therein.

COMMODITIES: Wheat, Durum Wheat, Corn, Oats, Rye, Barley, Flaxseed, Soybeans, Field Seeds, Buckwheat, Speltz, Grain Sorghums, Screenings and such other commodities as are customarily traded on this Exchange subject to its Rules.

CORPORATION: Refers to the Minneapolis Grain Exchange, Inc. (a Delaware corporation), also referred to as “Exchange” or “MGEX.”

CROSS TRADE: A simultaneous purchase and sale by a Broker, executing both sides of a trade involving a purchase order for one customer against a selling order of another.

DAY ORDER: An order which is in effect only until the close of the market session during which it is entered. Unless otherwise specified, all orders are considered to be day orders.

DELIVERABLE GRADES: Those grades of a commodity which, under the Rules, are deliverable on Futures Contracts in this market.

DEPARTMENT OF AUDITS AND INVESTIGATIONS: A department established by the Exchange whose primary responsibility is to conduct audits and investigations on behalf of the Exchange.

DISCIPLINARY COMMITTEE: The committee which has been delegated the duty and responsibility under the MGEX Rules and Regulations to determine whether a reasonable basis exists for finding a violation of such Rules, for authorizing the issuance of a Notice of Charges against any person or entity alleged to have violated the MGEX Rules and Regulations, and to accept settlement offers.

ELECTRONIC TRADING SYSTEM: The electronic trading platform utilized by the Exchange, market participants, customers, Members, nonmembers and Clearing Members to place orders and

execute trades. Also known as or referred to as MGEXpress® or CME Globex®.

EXCHANGE: Refers to the Minneapolis Grain Exchange, Inc. (a Delaware corporation), also referred to as "Corporation" or "MGEX" and also to the Officers and authorized employees of the Exchange, as applicable.

EXCHANGE ROOM: The Room maintained by the Corporation for the transaction of business between Members.

EXERCISE: The conversions of an option into a position in the futures market. (See [Rule 1404.00](#))

FOLLOWING DAY (or other similar expression): The next business day.

FREIGHT BILLS: See [Rule 1019](#).

FUTURES, FUTURES CONTRACTS, FUTURES TRADES, CONTRACTS OR TRANSACTIONS FOR FUTURE DELIVERY: Contracts for the purchase or sale of commodities for delivery "In Store" in an elevator (eligible to make deliveries under the Rules of this Corporation) during some specified month, in accordance with the Rules.

GOOD STANDING: Having unrestricted ability to engage in business activities and in compliance with all obligations to and requirements of MGEX, and not under suspension.

HEARING COMMITTEE: The committee which has been delegated the duty and responsibility under the MGEX Rules and Regulations to conduct hearings as requested, to adjudicate the matter and, when appropriate, to assess penalties in connection with violations of the MGEX Rules and Regulations.

HOURS OF TRADING: The hours, on business days, established by the Rules or Regulations for trading in the Exchange Room.

INCLUDES AND INCLUDING: The terms "Includes" and "Including" shall not be deemed to exclude other things otherwise within the meaning of the terms defined, except as expressly stated.

INITIAL MARGIN: See [Rule 760.00](#)

LIMITED ORDER: An order to buy at or below a specified price or to sell at or above a specified price.

MAINTENANCE MARGIN: See [Rule 760.00](#)

MARKET ORDER: An order to be executed immediately at the best price available.

MARKET PARTICIPANT: Any Person initiating or executing a transaction on the Exchange or subject to the MGEX Rules and Regulations directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed.

MEMBER: A natural person or entity who is the Record Owner, provided, however, whenever these Rules refer to a Member where the services or functions contemplate that a natural person provide such services or perform such functions, "Member" shall mean the Record Holder or Holders designated by a Record Owner in accordance with these Rules.

MEMBER OF A FIRM: If such firm is a partnership, a General Partner; and, if such firm is a syndicate, group, trust, estate, joint venture, or association, an owner of a beneficial interest in such organization, who occupies a position therein comparable to that of a General Partner in a partnership.

MEMBER REPRESENTATIVE: A Member by virtue of whose Membership the registration of a firm or corporation has been effected.

MGEX: Refers to the Minneapolis Grain Exchange, Inc. (a Delaware corporation), also referred to as "Corporation" or "Exchange."

MGEXPRESS®: The name of the electronic trading platform or system utilized by the Exchange, market participants, customers, Members, nonmembers and Clearing Members to place orders and execute trades. Also known as or referred to as CME Globex®.

MGEX RULES AND REGULATIONS: Includes the Charter, Bylaws, Rules, Regulations, Resolutions, Interpretations, procedures, customs and usages.

NOTICE OF CHARGES: Issued by the Disciplinary Committee after an affirmative finding of a violation of the MGEX Rules and Regulations.

ON THE EXCHANGE ("on Change"): On the Exchange Room during the hours of trading.

OPEN ORDER: An order which will remain in effect until canceled.

OPENING ORDER: An order to be executed at the opening of the Market.

OPTIONS: See Chapter 15.

PENALTY: Any restriction, limitation, censure, fine, expulsion, suspension, revocation, reprimand, cease and desist order, sanction or any other disciplinary action for any amount or of any definite or indefinite period imposed upon any person by within the disciplinary jurisdiction of the Exchange upon finding that a violation has been committed or pursuant to the terms of the settlement agreement.

PERSON: As defined in CFTC Regulation 1.3(u) as amended.

PIT: That portion of the Exchange Room designated and customarily used for trading in Futures or Options Contracts.

PRESIDENT: The salaried Chief Executive Officer of the Exchange.

PUBLIC DIRECTOR: An individual meeting the qualifications as described in Core Principle 15, Appendix B to Part 38 of CFTC Regulations and in other Regulations promulgated by the CFTC and adopted by the Board.

PUT OPTION: See Chapter 15.

RECORD HOLDER (of a Membership): The adult natural person in whose name a Certificate of Membership has been issued. Each Record Owner shall be required to designate in accordance

with these Rules a Record Holder for each membership owned by the Record Owner (which in the case of an adult natural person may be the Record Owner) and may change the Record Holder at any time in accordance with these Rules. Record Owners with more than one membership may elect to designate the same or different Record Holders for the memberships owned by the Record Owner. The Corporation shall be entitled for all purposes to rely on the Record Owner's designation of its Record Holder until the Record Holder is changed in accordance with these Rules.

RECORD OWNER or OWNER (of a Membership): The natural person or entity who is recorded on the records of the Corporation as having paid the purchase price of a Membership, and as being the owner thereof. The Record Owner's rights and obligations shall include the duty to appoint and the right to change an Authorized Voter and Record Holder in accordance with these Rules for each membership owned by the Record Owner, to receive distributions, if any, by the Corporation in accordance with its membership and to transfer its membership in accordance with these Rules.

REGISTERED FIRM OR CORPORATION: A firm or corporation that is registered with the Corporation, as defined in [Rules 350.00](#) and [350.01](#).

REGULAR: Any facility approved by the Exchange to deliver on a futures contract.

REGULATIONS: The Regulations of the Corporation duly adopted by the Board of Directors.

RULES: The Rules and Bylaws of the Corporation duly adopted by the Members.

SECRETARY: The Secretary of the Corporation.

SINGULAR: Shall import the plural, and vice versa, when the sense requires.

SPREAD ORDER: Instructions to buy one commodity and sell another. Intra-Market is to buy one delivery month and sell another delivery month of the same commodity. Inter-Market is to buy a commodity in one market and sell the same commodity in another market. e.g. Minneapolis vs Kansas City. An example of an Inter-Commodity spread might be wheat vs corn or corn vs oats.

SPOT: A "spot" car or truck is one that has already been loaded and is offered for sale for immediate shipment. The "Spot Market" refers to grain that is traded on this basis.

STOP-LOSS ORDER: Normally, when entered, these are orders to sell at a specified price which is below the current market or to buy at a specified price which is above the current market. These orders become market orders when the market trades at the trigger price or, in the case of a buying order, when the market is bid at the trigger price or, in the case of a selling order, when the market is offered at the trigger price. Stop orders entered into MGEXpress[®] are activated when an outright trade occurs at the trigger price or better within the outright market which the stop is resting.

STOP-LOSS LIMIT ORDER: An order that is similar to a Stop-Loss order except that, when triggered, it becomes a limit order at the specified limit.

SUSPENSION: "Suspended" or "Under Suspension" shall mean the withdrawal during some period of time of all of the rights, benefits, and privileges conferred by Membership or by registration (except rights of ownership, if any), but including and not being limited to, the right to enter the Exchange Room during the hours of trading, the right to vote, the right to sell any Memberships, and trading privileges, if any.

TIME, COMPUTATION OF: Wherever in the Rules or Regulations any act is required to be performed within a certain number of days (or business days), the Rule for computing time shall be to exclude the day on which notice pertaining to such act is given, and to include the day on which such act shall take place.

TRADES: Purchases, or sales, or contracts for the purchase or sale, of commodities.

TRADING PRIVILEGES: The privilege of making trades as a principal on the Exchange.

"TRANSFER" OR "OFFICE" TRADES: See [Rule 718.00](#).

TREASURER: The Treasurer of the Corporation.

TWENTY-FOUR HOURS--FORTY-EIGHT HOURS: Shall mean consecutive hours on business days.

UNEVENLY LOADED CAR: One in which the quality of the grain requires at least two (2) grades to describe the contents, sometimes referred to as a split grade.

VICE CHAIRMAN: A Member of the Exchange serving on the Board of Directors duly elected by the Directors to the Office of Vice Chairman.

WITH THE SECRETARY: Shall mean with the Corporation at the office of the Secretary.

OFFICERS & FUNCTIONS

217.00.	President
218.00.	Secretary
218.01.	Assistant Secretary
218.02.	Papers: Service Of
218.03.	Oaths: Administration Of
219.00.	Treasurer
220.00.	Annual Financial Statement
221.00.	Regular Assessments
221.01.	Special Assessments
221.02.	Notice Of Assessments
221.03.	Financing
222.00.	Funds And Securities Of The Corporation
222.01.	Expenditure Of The Funds Of The Corporation
222.02.	Investment Of Funds
223.00.	Borrowing Of Money
224.00.	Execution Of Contracts, Signatures On Papers, Checks, Etc.

MISCELLANEOUS POWERS AND DUTIES OF THE BOARD

231.00.	Delivery Of Documents, Payment, Etc.
235.00.	Admission To Exchange Room
236.00.	Control Of The Use Of The Buildings
237.00.	Management Of Real Estate
240.00.	Fiscal Year
242.00.	Housekeeping
243.00.	Indemnification Of Directors, Officers And Others
244.00.	Membership In Other Associations: Delegates To Meetings

COMMITTEES

250.00.	Committees: Regulations Governing Procedure
251.00.	Committees Of The Board Of Directors
252.00.	Executive Committee
253.00.	Finance Committee
254.00.	Membership Committee
255.00.	Exchange Room Committee
256.00.	Personnel And Compensation Committee
257.00.	Regulatory Oversight Committee
260.00.	Committees Of The Corporation
261.00.	Nominations Committee
262.00.	Clearing House Committee
263.00.	Quotations Committee
264.00.	Disciplinary Committee: Appointment
264.01.	Disciplinary Committee: Qualifications Of Members
264.02.	Disciplinary Committee: Appointment Of Alternates
264.03.	Disciplinary Committee: Duties And Powers
265.00.	Hearing Committee: Appointment
265.01.	Hearing Committee: Qualifications Of Members
265.02.	Hearing Committee: Appointment Of Alternates
265.03.	Hearing Committee: Duties And Powers
266.00.	Exchange Room Enforcement Committee
267.00.	Contracts Committee
268.00.	Cash Markets Committee
270.00.	Other Committees, Task Forces And Panels

204.02. AMENDMENT OF RULES: DATE EFFECTIVE.

All amendments to the Rules, unless otherwise specifically provided, shall become effective at the opening of the market on the next business day following their adoption.

210.00. BOARD OF DIRECTORS: COMPOSITION AND TERMS OF OFFICE.

The government of the Corporation shall be vested in a Board of seven (7) Directors, all of whom shall be Members of the Corporation at the time of their election, together with four (4) Public Directors all of whom shall be elected by the seven (7) Directors.

The terms of office of the seven (7) Directors who are Members of the Corporation shall commence on the second Monday succeeding their election and continue until their successors have been elected and qualified.

210.01. BOARD OF DIRECTORS: POWERS.

The Board of Directors ("Board") is the governing body of the Minneapolis Grain Exchange, Inc. ("Exchange") and has the power to:

- A. control all property of the Exchange;
- B. provide, acquire and maintain suitable Exchange quarters and facilities;
- C. review and approve the creation of and all appointments to standing and special committees recommended by the Chairperson;
- D. review and approve the appointment of a President;
- E. review and approve the appointment, titles and responsibilities of all Exchange employees above the level of department head;
- F. delegate its powers to committees of the Board, or officers or employees, if such delegation is not inconsistent with the Charter, Rules, customs or usages of the Corporation;
- G. approve all contracts to be executed on behalf of the Exchange by the Chairperson, President or other designated officers;
- H. designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified limits;
- I. appoint a Counsel to the Board;
- J. fix, determine and levy all Membership dues, fees and assessments;
- K. determine the commodities traded, the delivery months, hours of trading, the days of the contract month in which delivery may be made, and margin requirements;

- L. declare any day to be a holiday, during which the Exchange shall not be open for business;
- M. recommend changes to the Rules of the Exchange and rescind Rules governing contracts delisted or declared dormant by the Board;
- N. adopt Regulations to implement any Rule or to conform with orders, recommendations or requests of any duly constituted governmental authority, or that in the opinion of the Board of Directors are necessary and appropriate;
- O. act in emergencies; (See [Rule 210.02.](#))
- P. without Member vote, amend the Charter as necessary to conform to the Rulebook of the Exchange or to cause the Corporation to become a Delaware nonstock, for profit corporation.

Any authority or discretion by these Rules vested in the Chairperson, President, Clearing House Manager or any committee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.

210.02. BOARD OF DIRECTORS: EMERGENCY POWERS.

When in the opinion of the Board of Directors ("Board") an emergency exists, the Board shall have the power to:

- A. close the Exchange;
- B. suspend trading in any or all Futures or Options Contracts, including trading in settlement of any then existing Futures or Options Contracts;
- C. prohibit trading in any or all Futures or Options Contracts at prices above or below such limits as are specified by the Board;
- D. limit the total amount of open speculative Futures or Options trades that any Member, Firm, Corporation or any customer of any such Member, Firm or Corporation may have at any one time in any or all commodities, and to increase, decrease or cancel such limitations as the Board of Directors deems advisable. The Board of Directors may require such reports and may make such Regulations as it deems necessary to enforce such limitations.

PROVIDED, however, that the establishing of any such limit shall not be deemed to require that total amounts of such trades acquired before the effective date of such limitations be reduced to such limit.

- B. Recommend to the Board of Directors the names of persons to fill vacancies occurring during the term of office.
- C. Review and recommend Rules and Regulations governing the nominating process.

262.00. CLEARING HOUSE COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Clearing House Committee. It shall be composed of a minimum of five (5) Members of the Corporation.

The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations governing the Clearing House and clearing operations.
- B. Adopt Resolutions establishing clearing margins, method of clearing, reporting deadlines, and amount of fines, fees and security deposits.

263.00. QUOTATIONS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Quotations Committee. It shall be composed of a minimum of eleven (11) Members of the Corporation. Each contract shall be represented on the Committee.

The Committee shall have the duties and powers to:

- A. Establish nonpermanent subcommittees, or otherwise organize itself as necessary, in order to address the reporting needs of each contract or trading pit. Such subcommittees shall be composed of members of the Quotations Committee.
- B. Review and recommend Regulations governing procedures for execution and reporting of trades, quotation changes, settlements and fast markets.
- C. Assemble, without formal notice, to approve or declare a fast market or quotation change. Such authority may be delegated to one (1) or more subcommittees.
- D. Assemble, without formal notice, when a technical problem exists which may cause or is causing interruption of trading and choose from pre-approved Board of Directors procedures.

264.00. DISCIPLINARY COMMITTEE: APPOINTMENT.

There shall be established a committee to be known as the Disciplinary Committee, which shall be composed of five (5) members with voting privileges as hereinafter provided:

- A. Two (2) of such members shall be appointed from Members of the Corporation who are not serving as Officers or Directors or serving on the Hearing Committee.

- B. One (1) member of the Disciplinary Committee shall consist of the President of the Corporation and one (1) member of the Disciplinary Committee shall consist of a member of the Board of Directors appointed by the President of the Corporation.

The President of the Corporation may appoint a member of the Board of Directors to serve in his/her stead as a member of the Disciplinary Committee. If no member of the Board of Directors is available for such an appointment, the President of the Corporation may appoint a Member of the Corporation.

No member who is to serve as a substitute member in the place of the President of the Corporation shall be appointed as a member of the Disciplinary Committee if the Member is a member of the Hearing Committee.

- C. One (1) member shall be an individual who qualifies as a Public Director.

The Members of the Disciplinary Committee shall be as representative as practicable of the Membership. Three (3) members of the Disciplinary Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of a Public Director.

264.01. DISCIPLINARY COMMITTEE: QUALIFICATIONS OF MEMBERS.

No person shall serve as a member of the Disciplinary Committee when the person or firm with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this Rule, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 275.00.B**. The other members of the Disciplinary Committee with guidance by the Department of Audits and Investigations shall determine whether any member has a financial, personal or prejudicial interest not addressed by **Rule 275.00.B**.

No member may serve on the Disciplinary Committee if he or she has participated in or been involved in adjudicating any other stage of the same proceeding.

264.02. DISCIPLINARY COMMITTEE: APPOINTMENT OF ALTERNATES.

If the Disciplinary Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Disciplinary Committee may request the President to appoint, and the President shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Corporation who is not a member of the Board of Directors. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Disciplinary Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Disciplinary Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Disciplinary Committee. During the period that such a Disciplinary Committee appointed with respect to a particular matter is functioning, the regular

Disciplinary Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Disciplinary Committee appointed with respect to a particular matter.

264.03. DISCIPLINARY COMMITTEE: DUTIES AND POWERS.

The Disciplinary Committee shall be charged with the duty and authority:

- A. To prevent manipulation of prices as provided in the Commodity Exchange Act.
- B. To review all investigation reports submitted to the Disciplinary Committee by the Department of Audits and Investigations in respect to all matters relating to activity conducted under the jurisdiction of MGEX and in respect to alleged violations of the MGEX Rules and Regulations.
- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Disciplinary Committee deems appropriate or advisable.
- D. To promptly review and determine whether or not any or all charges included in the investigation report submitted to the Disciplinary Committee have, in its opinion, a reasonable foundation in fact.
- E. To dismiss any or all charges included in any investigation report submitted to the Disciplinary Committee that are, in its opinion, without reasonable foundation in fact.
- F. To authorize the issuance of a Notice of Charges against person(s) alleged to have committed such violations if the Disciplinary Committee has found that the investigation report shows a reasonable basis for a violation and that the matter should be adjudicated.
- G. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.

The Disciplinary Committee, in performing its duties, may request any Member, Non-member or Market Participant to appear before the Disciplinary Committee in its investigations of matters set forth in the investigation report. The Disciplinary Committee may review the dealings and transactions of Members or Registered Firms or Corporations, and it may examine their books, papers and records pertinent to such review. The Disciplinary Committee may employ such auditors, counsel or other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the Corporation.

The Disciplinary Committee may invite a representative of the Commodity Futures Trading Commission to attend any or all of its meetings.

In addition to possible violations of the MGEX Rules and Regulations appropriately brought before the Disciplinary Committee pursuant to Paragraph B, above, the Disciplinary Committee also shall review any investigation report concerning a particular course of conduct by a Member, Market Participant, and/or a Registered Firm or Corporation which has produced or thereafter, in the opinion of the Disciplinary Committee, would produce a manipulation of prices or cornering of any commodity in violation of the MGEX Rules and Regulations.

No Member or Registered Firm or Corporation shall violate any order of the Disciplinary Committee after having been duly notified thereof. Nothing, however, herein contained shall in any way be construed as superseding the duties and authority that have been vested in the Board of Directors by the MGEX Rules and Regulations. All directives of the Disciplinary Committee pertaining to price manipulations or corners and requiring a market position reduction shall be effective when issued.

No member of the Disciplinary Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any person, firm or corporation, or any other confidential information that may come to the knowledge of such Disciplinary Committee member in the member's official capacity.

265.00. HEARING COMMITTEE: APPOINTMENT.

There shall be established a committee of the Corporation to be known as the Hearing Committee, which shall be composed of five (5) members with voting privileges as hereinafter provided:

- A. Three (3) of such members shall be appointed by the Chairperson of the Board of Directors from Members of the Corporation.
- B. One (1) member of the Hearing Committee shall consist of the Chairperson of the Board of Directors. The Chairperson of the Board of Directors shall serve as the Chairperson of the Hearing Committee.

The Chairperson of the Board of Directors may appoint a member of the Board of Directors to serve in his/her stead as a member of the Hearing Committee. If no member of the Board of Directors is available for such an appointment, the Chairperson may appoint a Member of the Corporation.

No member who is to serve as a substitute member in the place of the Chairperson of the Board of Directors shall be appointed as a member of the Hearing Committee if the Member is a member of the Disciplinary Committee.

- C. One (1) member shall be an individual who qualifies as a Public Director.

The Members of the Hearing Committee shall be as representative as practicable of the Membership. Three (3) members of the Hearing Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of Public Director.

265.01. HEARING COMMITTEE: QUALIFICATIONS OF MEMBERS.

No person shall serve as a member of the Hearing Committee when the person or firm with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this Rule, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 275.00.B**. The other members of the Hearing Committee with guidance by the Department of Audits and Investigations shall determine whether any member has financial, personal or prejudicial

interest not addressed by [Rule 275.00.B](#).

No member may serve on the Hearing Committee if he or she has participated in or been involved in adjudicating any other stage of the same proceeding.

265.02. HEARING COMMITTEE: APPOINTMENT OF ALTERNATES.

If the Hearing Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Hearing Committee may request the President of the Corporation to appoint, and the President of the Corporation shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Corporation who is not a member of the Board of Directors or the Disciplinary Committee. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Hearing Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Hearing Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Hearing Committee. During the period that such Hearing Committee appointed with respect to a particular matter is functioning, the regular Hearing Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Hearing Committee appointed with respect to a particular matter.

265.03. HEARING COMMITTEE: DUTIES AND POWERS.

The Hearing Committee shall be charged with the following duty and authority:

- A. To conduct a hearing as authorized pursuant to Chapter 6.
- B. To impose a penalty if the Hearing Committee finds in the affirmative that there has been a violation, or in the alternative, to dismiss the alleged charges if the Hearing Committee finds that there has been no violation.
- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Committee deems appropriate or advisable on a timely basis.
- D. In hearings conducted by the Hearing Committee, on a finding by the Hearing Committee that there has been a violation, to assess a penalty against those found guilty. The Hearing Committee may take such action it determines including, but not limited to, issuing a Letter of Reprimand, a suspension from Membership, a monetary fine, or a recommendation to the Board of Directors for expulsion (singly or in any combination).
- E. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.

- F. To summon any Member, Non-member, and/or Market Participant to appear before the Hearing Committee.

The findings and conclusions of the Hearing Committee, in respect to such matters, shall be final. There is no appeal to the Board of Directors or any other MGEX authority.

No member of the Hearing Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any person, firm or corporation, or any other confidential information that may come to the knowledge of such Hearing Committee member in the member's official capacity.

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- B. Monitor cash market activity to ensure orderly trading and efficient price discovery.
- C. Approve guidelines for reporting of cash market activity to appropriate agencies.

270.00. OTHER COMMITTEES, TASK FORCES AND PANELS.

The Board of Directors and the Executive Committee shall each have the authority to establish committees, task forces and panels as necessary for a duration not to extend past the next Annual Election. After election, the new Board of Directors and Executive Committee may re-authorize the committees, task forces and panels.

The composition, qualifications, method of appointment, duties and powers of such committees, task forces and panels shall be determined by the respective Board of Directors and Executive Committee.

Such committees, task forces and panels shall not determine the policies of the Corporation, expend funds or enter into contracts on behalf of the Corporation, or otherwise conduct activities outside the purpose for which they were established, unless such actions are approved by the Board of Directors.

271.00. CHIEF REGULATORY OFFICER.

The Exchange shall designate the individual to serve as the Chief Regulatory Officer who shall report to, consult with and provide information to the Regulatory Oversight Committee, and execute any other duties or responsibilities as required by CFTC Regulation 17 CFR Part 38, as amended.

272.00. CHIEF COMPLIANCE OFFICER.

The Exchange shall designate the individual to serve as the Chief Compliance Officer who shall report to the President and execute the duties and responsibilities required by CFTC Regulation 17 CFR Part 39, as amended.

273.00. CHIEF RISK OFFICER.

The Exchange shall designate the individual to serve as the Chief Risk Officer who shall implement the risk management framework of the Exchange, make recommendations regarding the Exchange's risk management functions, and execute any other duties or responsibilities required by CFTC Regulation 17 CFR Part 39, as amended.

275.00. CONFLICTS OF INTEREST.

A member of the Board of Directors and certain other committees at the Exchange must abstain from deliberating and voting on matters when there is a potential personal or financial conflict of interest. This Rule describes how and when the conflict of interest will be determined. Additional and broader conflicts of interest provisions apply to the Disciplinary Committee and the Hearing Committee. (See [Rules 264.01.](#) and [265.01.](#))

- A. Definitions. For purposes of this Rule the following definitions shall apply:

its members. In the case of a Corporation, the statement shall show the date when and the State under whose laws it was incorporated, and the names of its officers.

Such Application shall also be accompanied by evidence satisfactory to the Board of Directors of the authority for making the Application for Registration and of the Member who desires to register his Membership for such Firm or Corporation. In the case of a Corporation, such evidence shall include a resolution of the Board of Directors granting such authority.

350.04. REGISTRATION OF FIRMS AND CORPORATIONS: TIME IN FORCE AND EFFECT.

Registration of a Firm or Corporation and the duties, obligations, liabilities and penalties imposed thereby on the Member who registered his Membership for such Firm or Corporation, and upon the Membership itself, shall remain in force and effect until such registration is canceled as provided in **Rule 350.05**. Registered Firms and Corporations must notify the Secretary of any change in their legal status or of any other circumstances that would have a bearing on their registration.

350.05. REGISTRATION OF FIRMS AND CORPORATIONS: CANCELLATION OF.

The registration of a Firm or Corporation shall be canceled by the Board of Directors:

- A. Upon the cessation of Membership in this Corporation for any reason.

PROVIDED, however, that in such cases the cancellation may be delayed, for such length of time as is reasonable in order to allow reregistration of such Firm or Corporation;

- B. Upon such Member ceasing to be a member of such Firm or an officer of such Corporation, as defined by **Rule 350.02.B.**;
- C. Upon the written request of such Firm or Corporation;
- D. Upon the termination of the legal existence of such Firm or Corporation;
- E. Whenever the Board of Directors at a meeting held not fewer than ten (10) days after notice of the time, place and purpose has been served on such Firm or Corporation, and at which such Firm or Corporation shall have had full opportunity to be heard, shall find by an affirmative vote of not fewer than seven (7) Directors that the provisions of the Rules are not being complied with, and that such Firm or Corporation, after notice thereof, has failed or refused within a reasonable time to comply with such provisions.

The registration of a Firm or Corporation shall be suspended automatically and without action by the Board of Directors during such time as the Member who registered his Membership for the Firm or Corporation is under suspension.

PROVIDED, however, that the registration of a Firm or Corporation shall not be canceled if such Firm or Corporation is a party to any unsettled controversy before the Board of Arbitration or if any investigations or charges involving such Firm or Corporation are pending before the Department of Audits and Investigations, the Disciplinary Committee, the Hearing Committee or

if any orders of the Disciplinary Committee or the Hearing Committee to such Firm or Corporation have not been complied with.

PROVIDED FURTHER, that when cancellation of the registration of a Firm or Corporation has been requested, the Board of Directors may, at its discretion, suspend the trading privileges, if any, of such Firm or Corporation until further action by the Board.

351.00. REGISTERED FIRMS AND CORPORATIONS: INFORMATION TO BE FURNISHED BY.

Registered Firms or Corporations, whether the holders of trading privileges or not, shall furnish to the Board of Directors such sworn, written statements of their assets and liabilities (see [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) and such other information as the Board of Directors may at any time or from time to time require, pertinent to the determination of whether or not, under the provisions of the Rules, the registration of such Firm or Corporation may be continued in force and effect.

355.00. TRADING PRIVILEGES: GRANTING OF.

The Board of Directors may grant trading privileges to:

- A. A Member who is the Owner of a Membership standing in his name and who has not registered his Membership for a Firm or Corporation; or,
- B. A Registered Firm; or,
- C. A Registered Corporation legally qualified to do business in Minnesota.

PROVIDED, however, that such trading privileges may be granted only if and when the terms and conditions set forth below have been complied with:

- A. An Application for Trading Privileges, on a form as prescribed by the Board of Directors, must have been duly executed and filed with the Secretary. Such Application must be accompanied by a financial statement (see [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#)) prepared and certified by a Certified Public Accountant, in such form as the Board of Directors shall prescribe, stating the assets and liabilities of the applicant and the nature and extent of the business that such applicant proposes to transact and such other information pertinent to the granting of the Application as the Board of Directors may require;
- B. The applicant for trading privileges must meet the minimum financial guidelines of the Minneapolis Grain Exchange; (See [Regulations 2085.00.](#), [2086.00.](#), [2087.00.](#), [2088.00.](#), and [2089.00.](#))

356.00. TRADING PRIVILEGES: INFORMATION TO BE FURNISHED.

Every Member, Firm or Corporation having trading privileges shall file promptly after the end of his or its fiscal year (or after the end of each calendar year, in the absence of a fiscal year), with the Secretary, a financial statement, in such form as the Board of Directors shall prescribe from

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600.00. ENFORCEMENT OF RULES AND PUNISHMENT FOR VIOLATIONS.

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

Enforcement shall be delegated to, and carried out by, the Disciplinary Committee, the Hearing Committee or any member of the Exchange Room Enforcement Committee in accordance with **Rules 264.03.**, **265.03.** and **266.00.**

Parties who have requested a hearing and are found guilty by the Hearing Committee as described in Chapter 6 shall be subject to such penalties as the Hearing Committee shall determine. (See **Rule 265.03.** and **Regulations 2004.01.** and **2004.02.**)

601.00. CHARGES: WHO MAY FILE AND FORM OF.

Any Committee of the Corporation, any Officer thereof, or any Member or Registered Firm or Corporation, or any customer thereof, may file charges against any Member or Registered Firm or Corporation for Uncommercial Conduct or violation of any of the Rules, Regulations, customs or usages of the Corporation.

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

602.00. INVESTIGATIONS: WHEN REQUIRED.

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

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

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

603.00. DISCIPLINARY COMMITTEE: INVESTIGATION.

If the Disciplinary Committee finds that a violation exists, any affected Member, Non-member, Market Participant, or Registered Firm or Corporation shall receive Notice of Charges and an opportunity to request a hearing by the Hearing Committee. Such Notice of Charges shall include:

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

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

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

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

The Department of Audits and Investigations shall immediately proceed to investigate all charges referred to it by the Secretary pursuant to [Rule 601.00.](#), or any matters that it is requested to investigate by the Commodity Futures Trading Commission, its Executive Director or his delegate, or otherwise upon the discovery or receipt by it of information that, in the judgment of the Department of Audits and Investigations, indicates a possible basis for a finding that close up the Rules, Regulations, customs or usages of the Corporation have been or may be violated. Members, Registered Firms and Corporations shall cooperate in all respects with the Department of Audits and Investigations in its investigations.

605.00. HEARING COMMITTEE: APPEARANCE BEFORE

If the Disciplinary Committee issues Notice of Charges to any Member, Non-member, Market Participant, or Registered Firm or Corporation, the affected parties may request a hearing conducted by the Hearing Committee. At said hearing, the affected parties have a right to be present at the hearing, to be represented by counsel of their choice and may offer such evidence, testimony and argument in refutation, explanation, avoidance, justification or defense as they may wish.

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

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

If the Hearing Committee finds that affected parties are guilty of the alleged charge(s), the Hearing Committee shall notify the affected parties in writing of its findings and conclusions pursuant to Rule 615.00.

Findings and conclusions of the Hearing Committee are final.

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

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

607.00. HEARING ON CHARGES: TIME AND PLACE OF.

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

- A. The acts, practices or conduct that form the basis for the charge or charges
- B. Each MGEX Rule or Regulation alleged to have been violated (or about to be violated)
- C. The predetermined penalty, if any, provided in respect to such violation or violations

- D. The accused Member, Non-member, Market Participant, or Registered Firm or Corporation has the right to attend and participate in the hearing.

608.00. HEARING ON CHARGES: NOTICE OF.

Upon the setting of the time and place for such hearing, it shall be the duty of the Secretary forthwith to serve each accused Member, Firm or Corporation with the notice provided for in **Rule 607.00**.

609.00. HEARING ON CHARGES: RIGHTS OF ACCUSED.

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

610.00. HEARING OF CHARGES: PROCEDURE.

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

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

611.00. HEARING ON CHARGES: RECORD OF.

A substantially verbatim record of the hearing shall be made and shall become a part of the record of the proceeding. Such record may be a stenographic record, electronic tape recording or any other record capable of being accurately transcribed. Such record need not be transcribed unless a transcript is requested by the accused or by the staff of the Commodity Futures Trading Commission or is reviewed by the Commission pursuant to Section 8c. of the Commodity Exchange Act or the regulations thereunder. Any accused who requests a transcript, or whose application for review by the Commodity Futures Trading Commission of the disciplinary action has been granted, shall bear the cost of transcribing the record, and in all other instances the cost of transcription shall be borne by the Corporation.

612.00. PUNISHMENT: LIABILITY FOR.

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

612.01. UNCOMMERCIAL CONDUCT: DEFINITION.

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

- A. Improper conduct of a personal character in the rooms of the Corporation including boisterous or disorderly conduct and/or outbursts of vulgar and abusive language. (Refer to **REGULATION 2047.00. PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT.**)
- B. Making or reporting any false or fictitious purchases or sales.
- C. Any attempt at extortion.
- D. Any act not in accordance with just and equitable principles of trade, or of fair dealing, or contrary to the spirit that should govern all commercial transactions, and particularly the transactions of Members.
- E. Any act of bad faith, dishonorable or dishonest conduct, or making of willful false statements.
- F. Being convicted by any Court of competent jurisdiction of a felony or misdemeanor involving moral turpitude.
- G. Conduct unbecoming a Member of this Corporation, whereby the high standing of this Corporation and membership therein may be prejudicially affected or brought in reproach.
- H. Failure to comply promptly with any contract, either oral or written, that is governed by or made subject to the Rules of this Corporation.

- I. Any act or omission specified elsewhere in these Rules as Uncommercial Conduct.
- J. Any illegal act in connection with any trade or transaction subject to the Rules, Regulations, customs and usages of this Corporation.

613.00. PENALTY: IMPOSITION OF.

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

614.00. SUSPENSION.

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

614.01. REINSTATEMENT OF MEMBERS: FROM SUSPENSION.

When any Member, Firm or Corporation shall have complied with the conditions for reinstatement, if any, which were imposed in connection with his or its sentence, he or it may, upon application, be reinstated by the Board of Directors.

A suspended Member, Firm or Corporation may, upon application, be reinstated prior to the expiration of the term of his suspension by a majority vote of a quorum of the Directors, there being not fewer than seven (7) votes in favor of such reinstatement; and such reinstatement may be made to depend upon such conditions to be observed and performed by the suspended Member, Firm or Corporation, as the Board of Directors, by the same vote, may see fit to prescribe.

When a Member, or Registered Firm or Corporation, who or which has been suspended has been reinstated, notice of such reinstatement shall be served upon such Member, Firm or Corporation, given to Members, and posted upon the Official Bulletin Board.

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

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

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

Such decision of the Hearing Committee shall be final.

Notice of a penalty assessed to a Member, Non-member, Market Participant, or Registered Firm or Corporation shall be given to Members, posted upon the Official Bulletin Board, and a copy forwarded to the Commodity Futures Trading Commission.

616.00. COMMODITY EXCHANGE ACT: ENFORCEMENT OF.

The Board of Directors shall have the power to make such regulations and take such steps as it may deem necessary or advisable to comply with and enforce the provisions of the Commodity Exchange Act or any regulations issued thereunder.

617.00. SERVICE ON GOVERNING BOARDS OR COMMITTEES BY PERSONS WITH DISCIPLINARY HISTORIES.

- A. A Member shall be ineligible to serve on Exchange disciplinary committees, arbitration panels or governing boards if such Member:
 1. Was found within the prior three (3) years by a final decision of a self-regulatory organization, and administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;
 2. Entered into a settlement agreement within the prior three (3) years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
 3. Currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory

organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

- a. A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such person committed a disciplinary offense; or,
 - b. A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
4. Currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;
 5. Currently is subject to or has had imposed on him within the prior three (3) years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three (3) years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the Commodity Exchange Act;
 6. Currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.
- B. The terms "disciplinary committee", "arbitration panel", "disciplinary offense", "final decision", "settlement agreement", and "self-regulatory organization" shall be defined for purposes of paragraph A of this rule in accordance with the definitions detailed in CFTC Regulation 1.63(a). Commission as used above shall refer to the Commodity Futures Trading Commission.

can be executed, by such Member, without the prior specific consent of the account owner, regardless of whether the general authorization for orders or transactions is pursuant to a written agreement, except that orders of such an account may be placed with another Member for execution. However, a Member is not required to hand off orders for discretionary accounts or discretionary orders when orders originate on behalf of Members of Floor Brokers' immediate families, contract market members and proprietary accounts of contract market member firms. PROVIDED, however, that customers' orders, including price and time discretion orders, are executed before discretionary account orders for family members, contract market members or proprietary accounts of contract market firms.

For the purpose of this Rule, immediate family members are defined as spouses, children and stepchildren, parents, brothers, and sisters.

751.00. DISCLOSING ORDERS PROHIBITED.

Floor Brokers are forbidden to disclose to any party the possession of orders to buy or sell commodity futures or options in this market that have been given to Floor Brokers by another person for execution.

A Floor Broker may, however, use his discretion and bid or offer any quantity of contracts without violating this Rule when the information may aid or expedite a fill.

A Floor Broker acting pursuant to the second paragraph of **Rule 750.00.**, or when supplying information requested by an authorized representative of the Commodity Futures Trading Commission or an Exchange official, will not be in violation of this Rule.

752.00. ACCEPTABLE ORDERS.

The following types of orders are acceptable in this market:

- A. Market orders
- B. Limited order
- C. Stop-loss orders
- D. Stop-limit orders
- E. Opening orders
- F. Closing orders
- G. Spread orders

Types of orders not included above may be accepted by a Broker at his own discretion, but entirely at the risk of the account for whom the order is entered.

753.00. BROKERS' LIABILITIES ON LIMIT ORDERS.

A Floor Broker shall not be liable for failure to execute a Limit Order unless the Broker is found to be negligent. In the case of a dispute regarding any unfilled Limit Order, the Disciplinary Committee is authorized to determine whether an adjustment is due a customer. No adjustment on any unfilled order shall be allowed if the Broker has not been found negligent by the Disciplinary Committee.

754.00. FILLING LIMIT ORDERS ON THE OPENING AND CLOSING.

Floor Brokers are not to be held liable for obtaining a complete or partial fill on Limit Orders falling

within the opening or closing range even when those orders are the high or low prices of the range.

755.00. ORDERS OR CANCELLATIONS ACCEPTED ON A "NOT-HELD" BASIS.

All orders and cancellations that reach the Trading Floor fifteen (15) minutes or fewer before the opening of the market and all orders and cancellations that reach the Trading Floor fifteen (15) minutes or fewer before the close of the market through the end of the post settlement session may involve extraordinary problems and hence will be accepted solely at the risk of the customer on a "not-held" basis.

756.00. RECORDS OF ORDERS.

Each Member who receives a customer's order which is not in the form of a written record including the account identification, order number and the date and time such order was transmitted or received on the Trading Floor, must immediately upon receiving such order prepare a written record, in non-erasable ink, which includes the account identification and order number and shall record thereon, by time-stamp, the date and time the order is received. Except, however, that any Member who executes trades for the house account of a Clearing Member Firm shall be exempt from this requirement if the Clearing Member Firm elects to place verbal orders with the executing Member. Member to Member orders, wherein one Member executes an order for another Member, must be reduced to writing on an order in accordance with the provisions of this Rule.

760.00. MARGINS.

- A. **EXCHANGE MARGINS:** This term shall mean United States Funds, negotiable securities or other property deposited with or to the sole credit of an agent or of a Clearing Member Firm as protection against losses incident to a transaction for future delivery.
1. **INITIAL MARGIN:** This term shall mean a margin (as defined herein) deposited at the initiation of a futures transaction.
 2. **MAINTENANCE MARGIN:** This term shall mean a margin (as defined herein) maintained during the period a Futures Contract remains open.

Members and nonmember customers of a Minneapolis Grain Exchange Member Firm shall deposit and maintain initial and maintenance margins according to the Member Firm's requirements. Initial margins as established by the Board of Directors, or its designee, shall be charged at a minimum. The Board of Directors, or its designee, may by resolution increase or decrease initial and maintenance margins as market conditions require.

PROVIDED, that the margins on spreading and hedging transactions shall be the requirements of the Clearing House as a minimum, except where a customer specifies that a spread involves a Minneapolis Grain Exchange approved inter-exchange spread. Then the initial margin on the Minneapolis side shall be at a minimum established by the Board of Directors, or its designee. (Margin on the Chicago Board of Trade side or the Kansas City Board of Trade side of the spread to be in accordance with that market's requirements.)

The specific amounts of the initial, maintenance, and spread margins are to be transmitted to the membership by special memorandum.

2004.00. DECORUM AND DRESS WHILE IN THE EXCHANGE ROOM.

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

The Board of Directors hereby orders that all Members, Floor Clerks and Messengers dress and conduct themselves within the confines of acceptable business decorum while in the Exchange Room. The following are enumerated for the guidance of Members, Floor Clerks and Messengers:

- A. Proper attire must be worn at all times in the Exchange Room as determined and enforced by the Exchange.
- B. Matching of coins or other open forms of gambling in the Exchange Room is prohibited.
- C. Disorderly conduct, such as pushing or shoving, is prohibited.
- D. Vulgar or abusive language is prohibited.
- E. Any other conduct or activity determined to be detrimental to a professional and safe business environment is prohibited.

2004.01. EXCHANGE ROOM ENFORCEMENT.

Pursuant to the provisions of **Rules 235.00., 264.03., 265.03., 266.00. and 600.00.**, the Board of Directors has adopted this Regulation:

Members of the Exchange Room Enforcement Committee are directed by the Board of Directors to enforce all Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, disorderly conduct, vulgar or abusive language and any other conduct or activity determined by the Exchange or Board of Directors to be detrimental to a professional business environment while in the Exchange Room. Upon observation of an infraction/violation, a member of the Exchange Room Enforcement Committee will issue and sign a violation ticket. All violation tickets must be submitted to the Secretary of the Corporation promptly upon issuance.

The Secretary of the Corporation shall thereafter immediately forward the completed violation ticket to the Department of Audits and Investigations. The Department of Audits and Investigations will give written notification to the violator of the infraction/violation and action taken, if any.

The notice shall inform the Member or Floor Clerk of the right to request a hearing before the Hearing Committee and the consequences of a failure to pay the fine if no hearing is requested. If a hearing is requested, the decision of the Hearing Committee shall be final.

Failure to request a hearing shall be deemed a consent to the action taken. Unless a hearing is requested within ten (10) calendar days, failure to pay a fine within thirty (30) days after the penalty is imposed shall automatically double the amount of the fine. If the increased fine is not paid within sixty (60) days after the original fine was imposed, the Disciplinary Committee may, without hearing, revoke the badge or suspend the floor privileges of a Member or Floor Clerk for whose conduct the original fine was imposed.

Members and Registered Firms or Corporations will be responsible for fines given to their employee(s). Following is a schedule of penalties the Board of Directors has authorized the

Department of Audits and Investigations or the Disciplinary Committee to issue:

First Violation:	Letter of Reprimand
Second Violation:	\$25.00 Fine
Third Violation:	\$100.00 Fine
Fourth Violation:	\$300.00 Fine
Fifth Violation:	\$500.00 Fine and/or One (1) Day Suspension

Each violation ticket written shall constitute a single violation and the number of violations accumulated will determine the action taken. If a Member or Floor Clerk is free of any violations for a period of two (2) years, the fine schedule will revert back to a first violation.

Any violation/infraction may be forwarded by the Department of Audits and Investigations to the Disciplinary Committee for further review or action. Additionally, nothing in this Regulation shall prohibit further action from being taken against a Member or Floor Clerk for a violation of any other Rule or Regulation.

2004.02. PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT AND/OR OUTBURST OF VULGAR AND ABUSIVE LANGUAGE IN THE EXCHANGE ROOM.

Pursuant to the provisions of **Rules 235.00.**, **264.03.**, and **265.03.** the Board of Directors has adopted the following Regulation:

Boisterous or disorderly conduct and/or outburst of vulgar and abusive language in the Exchange Room is strictly prohibited. Any Member, Registered Firm, Corporation, Floor Clerk, Messenger, Exchange staff or member of the Exchange Room Enforcement Committee can file a complaint, in writing, with the Secretary of the Corporation.

The Secretary, upon receiving a complaint, shall immediately forward the complaint to the Department of Audits and Investigations for investigation. After an investigation, the Department of Audits and Investigations may forward the investigation to the Disciplinary Committee. After reviewing the investigation report, the Disciplinary Committee may issue a Notice of Charges to the Member or Registered Firm or Corporation, Floor Clerk or Messenger including the right to request a hearing before the Hearing Committee and the consequences of failure to pay any fine if no hearing is requested. The first infraction of this Regulation involving physical contact or abusive or derogatory language is punishable by a monetary fine up to five hundred dollars (\$500.00). If a second infraction occurs within two (2) years of the first infraction, the penalty may include suspension up to a period of two (2) weeks and/or a monetary fine set by the Disciplinary Committee. Members and Registered Firms or Corporations will be responsible for fines given to their employee(s).

2007.00. FRAUDULENT TRADING PROHIBITED.

The Exchange prohibits any and all forms of fraudulent trading or attempted fraudulent trading on its markets.

2008.00. ADJUSTMENT OF TRADE PRICES AND CANCELLATION OF TRADES.

The Exchange has the authority to adjust trade prices and cancel trades when necessary to mitigate market disrupting events including, but not limited to, those caused by malfunctions in its electronic trading platform or errors in orders submitted by any Person, Member, Market Participant, Clearing Member, customer or Registered Firm or Corporation. Any trade price adjustment or trade cancellation shall be publicly disclosed.

2009.00. RECORDS OF TRANSACTIONS.

Any large trader, as defined by the CFTC, initiating or executing transactions on the Exchange must keep full, complete and systematic records of their activity, including, but not limited to, records of their activity in the underlying commodity and related derivatives markets. Such records must be retained for a minimum of five (5) years and must be made available at the request of the Exchange.

2010.00. FUTURES AND OPTIONS MONTHS PRESCRIBED.

- A. Pursuant to the provisions of **Rule 715.00.**, the Board of Directors has adopted the following Regulation:

Trading in Spring Wheat Futures shall be permitted in the current delivery month plus any month in the March, May, July, September, December delivery cycle which falls within the next succeeding twenty-three (23) months. The next delivery month in the sequence shall replace the expiring delivery month as of the close of business on the last business day of the expiring delivery month. This implicit approval shall take effect unless such listing is deemed inappropriate because of conflicts with other superseding Rules or Regulations, or unless otherwise determined by the Board of Directors.

- B. Pursuant to the provisions of **Rules 7305.00., 7505.00., 7705.00., 7905.00. and 8105.00.**, the Board of Directors has adopted this Regulation:

Trading may be conducted in every calendar month. The number of months available for trade shall include the current calendar month and the next twenty-three (23) calendar months. By notice posted on the Official Bulletin Board, the Board of Directors may, at its discretion, add such calendar months beyond those available for trade or remove from availability for trading those calendar months without open interest.

2011.00. HOURS OF TRADING.

Pursuant to the provisions of **Resolution 210.01.F.**, the Exchange has adopted this Regulation.

The Hours of Trading at the Exchange shall conform to Central Time.

A. CASH MARKET

The Hours of Trading in the cash market shall be from nine-thirty o'clock (9:30) a.m. to two o'clock (2:00) p.m.

B. FUTURES AND OPTIONS

1. Unless otherwise stated elsewhere in the MGEX Rules and Regulations, the Hours of Trading for any MGEX futures or options traded on the Electronic Trading Platform shall be the following:

Sunday to Friday: from five o'clock (5:00) p.m. to two-fifteen o'clock (2:15) p.m.

2. The Hours of Trading for Hard Red Spring Wheat options by open outcry shall be from nine-thirty o'clock (9:30) a.m. to two-fifteen o'clock (2:15) p.m.; provided however, on trading days that the USDA releases monthly *World Agricultural Supply & Demand Estimates* ("WASDE"), any Acreage, Crop Production, Prospective Plantings Reports and quarterly *Grain Stocks* Reports, trading hours shall be from seven-twenty o'clock (7:20) a.m. to two-fifteen o'clock (2:15) p.m.

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