



January 4, 2021

Web 2021-1

### **MGEX Rulebook Update**

The following updates have been made to the MGEX Rulebook:

<b>Chapters/Section</b>	<b>Citation</b>	<b>Purpose</b>
<b>Chapter 20 (Exchange Rules)</b>	Rules 2060.00.; 2061.00.	MGEX has removed MGEX Rule 83.10., and revised MGEX Rules 2060.00., 2061.00., and 83.15. to adjust the closing period for SPIKES futures and the trading hours for corresponding Trade at Settlement ("TAS") contract.
<b>Chapter 83 (SPIKES)</b>	Index Rules 83.10.; 83.15.	

These changes are available on the MGEX website at [www.mgex.com](http://www.mgex.com):

1. On the website home page, hover over the "RESOURCES" drop down menu, then select "RULES & REGULATIONS";
2. On the Rules and Regulations page, select "MGEX RULES, REGULATIONS AND RESOLUTIONS" for the latest version of the MGEX Rulebook.

If you have any questions or problems accessing the MGEX Rulebook, please contact Jesse Marie B. Green at (612) 321-7122 or [jgreen@mgex.com](mailto:jgreen@mgex.com).

Sincerely,

A handwritten signature in black ink that reads "Layne G. Carlson". The signature is written in a cursive, flowing style.

Layne G. Carlson, Corporate Secretary



## **CHAPTER 20 EXCHANGE RULES**

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## **CHAPTER 20 EXCHANGE RULES**

### **2001.01. ADMISSION OF FLOOR CLERKS TO THE EXCHANGE ROOM.**

Floor Clerks may be admitted to the Exchange Room under the following terms and conditions:

- A. The Exchange shall issue Floor Clerk permits upon application signed by an authorized individual who is the sponsor of a Floor Clerk. Such permits will be good until notification is given to the Exchange. The fee for the issuance thereof shall be determined by the Exchange.
- B. Floor Clerks will be admitted to the Exchange Room for the limited purpose of receiving orders from agents of their sponsor, and reporting to their sponsor.
- C. Floor Clerks may perform other routine clerical and telephone duties at their assigned position in the Exchange Room. After delivery of messages from their sponsor they are to return to their assigned position in the Exchange Room or leave the Exchange Room.
- D. Except as provided above, Floor Clerks shall not transact any business whatsoever in the Exchange Room with, or for, any person other than their principals and in no case shall they accept orders, report executions or have any other business duties whatsoever in the Exchange Room.
- E. No authorized individual shall employ more than two (2) Floor Clerks.
- F. Floor Clerk permits shall not be transferable. The Exchange must be notified if a new permit is issued. If the registered Floor Clerk is unable to perform his or her duties for reasons of illness, absence from the city, or other cause deemed sufficient and proper by the Exchange, a substitute Floor Clerk may be approved by the Exchange upon proper application and a temporary permit will be issued.
- G. The license conferred by a Floor Clerk permit may be revoked at any time by the Exchange if the holder violates any of the provisions of this Rule or is guilty of any other improper conduct in the Exchange Room.
- H. Floor Clerks may communicate by telephone with their sponsors so long as they do not solicit or do business for their own account.
- I. Floor Clerks may not solicit business for their sponsors or for their own account from the Exchange Room.

### **2002.00. EXCHANGE ROOM.**

The Exchange, at its discretion, shall have the duties and powers to:

- A. Change the physical appearance and use of the Exchange Room.
- B. Establish security measures and procedures for admittance to the Exchange Room.
- C. Ascertain the equipment needs of the Exchange Room.

### **2003.00. ADMITTANCE OF VISITORS TO THE EXCHANGE ROOM.**

Visitors' badges, permitting the holder to have access to the Exchange Room, shall be issued on the following terms and conditions:

- A. The Exchange, at its discretion, may authorize the issuance of visitors' badges.
- B. The license conferred by a visitor's badge may be revoked at any time by the Exchange if the holder violates any of the provisions of MGEX Rules.
- C. Authorized individuals may accept orders from visitors in the Exchange Room. However, no order may be given by a visitor directly to a Broker in the Pit.
- D. No visitor shall have access to the Exchange Room for more than three (3) days per month without the express approval of the Exchange.

### **2004.00. DECORUM AND DRESS WHILE IN THE EXCHANGE ROOM.**

All authorized individuals and Floor Clerks must dress and conduct themselves within the confines of acceptable business decorum while in the Exchange Room. The following are enumerated for the guidance of authorized individuals and Floor Clerks:

- 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.**

The Exchange may issue a violation ticket to any Person following an infraction/violation of any MGEX Rule occurring in the Exchange Room. All violation tickets must be submitted to the Secretary of the Company promptly upon issuance. The Secretary of the Company 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 Person 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 Person.

Persons 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 Person 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 Rule shall prohibit further action from being taken against a Person for a violation of any other Rule.

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

Boisterous or disorderly conduct and/or outburst of vulgar and abusive language in the Exchange Room is strictly prohibited. Any Person or Exchange staff can file a complaint, in writing, with the Exchange.

The Department of Audits and Investigations shall open an investigation on the complaint. 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 Person, 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 Rule 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. Persons will be responsible for fines given to their employee(s).

#### **2005.00. SUBSTITUTES.**

An authorized individual's privilege of entering and transacting business in the Exchange Room during the Hours of Cash Trading may be transferred temporarily to a substitute by the issuance to such substitute of a substitute ticket as hereinafter provided, and not otherwise. Such privilege may be so transferred if, and during, the time that such authorized individual is temporarily unable to transact business in the Exchange Room because of illness, absence from the city or other cause deemed sufficient and proper by the Exchange.

It is not the intent of this Rule to enable any person by means of a substitute ticket to obtain the privilege of entering and transacting business in the Exchange Room during the Hours of Cash Trading for a considerable period of time unless he is substituting for various authorized individuals who are customarily active in the Exchange Room.

A substitute ticket shall not be issued to any person who has been expelled from this Exchange or who is under suspension, or to enable any person to act as a substitute for an authorized individual who is under suspension.

If a authorized individual for whom a substitute is acting shall appear in the Exchange Room during the Hours of Cash Trading, or if such authorized individual , except in cases of substitution under the provisions of this Rule, or in special circumstances, shall appear with regularity in MGEX buildings, such appearance shall be cause for cancellation of the substitute ticket.

In case of any dispute over the propriety of issuing, renewing or cancelling a substitute ticket, such dispute shall be settled by the Exchange.

#### **2005.01. SUBSTITUTE TICKETS: ISSUANCE OF.**

Substitute tickets shall be issued or renewed by the Exchange upon application. Such tickets or renewals shall be for not more than thirty (30) days and may be cancelled at any time.

#### **2005.02. SUBSTITUTE TICKETS: APPLICATION FOR.**

Applications for substitute tickets shall show the authorized individual for whom substitution is requested and shall be signed by the substitute and by the authorized individual for whom the substitute is authorized to make trades. The substitute and such authorized individual shall, respectively, be subject to the same restrictions, obligations and liabilities including penalties for the violation of MGEX Rules with respect to any and all trades, transactions or other acts of the substitute while such ticket is outstanding.

#### **2006.00. CASH TRADING PRIVILEGES: GRANTING OF AND APPLICATION FOR.**

In order to execute cash contracts in the Exchange Room, a Person must be granted cash trading privileges by the Exchange.

The Exchange may grant cash trading privileges to any Person approved by the Exchange in an Application for Cash Trading Privileges meeting all the terms and conditions set forth in such application, provided, however, that if such entity has been legally created and is validly existing under the laws of any governmental authority, such entity must be legally qualified to do business in Minnesota.

Such cash trading privileges may be granted and retained only if and when the terms and conditions set forth below have been met:

- A. An Application for Cash Trading Privileges, on a form as prescribed by the Exchange, must have been duly executed and filed with the Exchange. Such application must be accompanied by a financial statement (See [Rules 2.2.2.](#), [2.2.4.](#), [2.2.5.](#), [2.2.6.](#), [2.2.7.](#), and [2.2.8.](#)) prepared and certified by a Certified Public Accountant, in such form as the Exchange 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 Exchange may require;
- B. The applicant for cash trading privileges must meet and maintain the minimum financial requirements as determined by the Exchange (See [Rules 2.2.2.](#), [2.2.4.](#),



**2.2.5., 2.2.6., 2.2.7., and 2.2.8.).**

**2006.01. CASH TRADING PRIVILEGES: INFORMATION TO BE FURNISHED.**

Every Person with cash 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 Exchange, a financial statement, in such form as the Exchange shall prescribe from time to time, of his or its assets and liabilities at the end of such fiscal or calendar year, and such other information pertinent to the continuation of cash trading privileges as the Exchange may require. (See **Rules 2.2.2., 2.2.4., 2.2.5., 2.2.6., 2.2.7., and 2.2.8.**).

In addition to filing the statements required above, every Person with cash trading privileges shall also comply with the following requirements at any time and from time to time, as and when the Exchange shall so order:

- A. Furnish to the Exchange such sworn written statements and information in respect to his or its assets and liabilities, (See **Rules 2.2.2., 2.2.4., 2.2.5., 2.2.6., 2.2.7., and 2.2.8.**) and the volume and character of his or its business and other matters bearing on the adequacy of his or its business responsibility, all in such detail as the Exchange shall direct;
- B. Permit an audit and investigation to be made by a Person designated by the Exchange, of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility;
- C. Produce at any hearing before the Board of Directors (or any authorized committee) such of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility, as the Board of Directors shall require.

**2006.02. CASH TRADING PRIVILEGES: CANCELLATION OR SUSPENSION OF.**

The Exchange may cancel or suspend cash trading privileges of any Person: :

- A. Upon the written request of the Person with cash trading privileges or entity having cash trading privileges;
- B. Upon the termination of the legal existence of the Person with cash trading privileges;
- C. Whenever the Exchange determines that any Person with cash trading privileges has failed within a reasonable time to comply with any MGEX Rules, any terms and conditions set forth in the Application for Cash Trading Privileges, or any order of the Exchange; or whenever the Exchange shall determine that such Person with cash trading privileges does not have adequate financial responsibility to insure the reasonable safety of his or its creditors and the prompt discharge by him or it of all liabilities and obligations incurred in connection with transactions made or likely to be made by him or it.

If the cash trading privileges of any Person shall have been cancelled or suspended, such Person may make application for restoration of cash trading privileges; and the Exchange may restore

cash trading privileges to such Person whenever the Exchange shall determine that he or it has adequate financial responsibility and has complied with all of the provisions of [Rules 2006.00., 2006.01., and 2006.02.](#) and all orders of the Exchange issued thereunder.

The determinations and actions of the Exchange under the authority granted by this Rule shall be final and binding.

#### **2007.00. FRAUD OR ATTEMPTED FRAUD PROHIBITED.**

The Exchange prohibits any and all forms of fraud or attempted fraud (including but not limited to fraudulent trading or attempted fraudulent trading) on its markets or subject to MGEX Rules, regardless of whether it is intentional or is made with reckless disregard for the adverse impact.

#### **2007.01. "SPOOFING" PRACTICES PROHIBITED.**

The Exchange expressly prohibits all trade practices that are, or are of the character of, what is commonly known within the derivatives trading industry as "spoofing," regardless of whether any such trade practices are made intentionally or with reckless disregard for their adverse impact. Prohibited practices include, but are not limited to:

1. the entry of any and all bids, offers, or trades that are not made for the purpose of executing bona fide transactions, or made for any illegitimate purpose;
2. entering orders with the intent to cancel the bid or offer before execution, or modifying the order to avoid execution; and
3. bidding or offering trades and then cancelling said bids or offers prior to execution with reckless disregard for the adverse impact of such practices on the market in violation of these Rules.

#### **2007.02. MANIPULATIVE DEVICES PROHIBITED.**

The Exchange prohibits any Person, directly or indirectly, from intentionally or recklessly using or employing, or attempting to use or employ, any manipulative device, scheme, or artifice to defraud on its markets or subject to MGEX Rules.

#### **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 Market Participant. Any trade price adjustment or trade cancellation shall be publicly disclosed.

#### **2010.00. FUTURES AND OPTIONS MONTHS PRESCRIBED.**

- A. 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 unless otherwise determined by the Exchange.

- B. 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 Bulletin Board, the Exchange 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.**

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 one-thirty o'clock (1:30) p.m.

##### **B. FUTURES AND OPTIONS**

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

Sunday to Friday: from seven o'clock (7:00) p.m. to one-thirty o'clock (1:30) p.m. A pause in trading occurs from seven forty-five o'clock (7:45) a.m. to eight-thirty o'clock (8:30) a.m.

Notwithstanding the foregoing, the Hours of Trading for the National Corn Index, National Soybean Index, Hard Red Winter Wheat Index, Hard Red Spring Wheat Index and Soft Red Winter Wheat Index shall be from seven o'clock (7:00) p.m. to one forty-five o'clock (1:45) p.m. with no pauses.

- 2. The Hours of Trading for Hard Red Spring Wheat options by open outcry shall be from eight-thirty o'clock (8:30) a.m. to one-thirty o'clock (1:30) p.m.

#### **2011.01. LAST TRADING DAY.**

The last trading day of a contract month shall be the last business day of the contract month.

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

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 SPIKES futures contract may be exchanged for, or in connection with, an EFR transaction shall be the last trading day of that contract.

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.

After the last trading day of the Spring Wheat futures contract, EFP and EFR transactions are permitted only for the purpose of liquidating futures positions. Such transactions shall not be permitted to initiate or establish new futures positions.

#### **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 price of 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 close at limit bid or limit offer, the daily price limits for all contract months shall increase by 50 percent the next business day. Daily price limits shall revert back to \$0.60 the business day after which no wheat Futures Contract month closes at the expanded limit bid or limit offer.
- B. National Corn Index .....\$0.40
- C. National Soybean Index.....\$0.80
- D. Wheat Indices .....\$0.60

Notwithstanding the foregoing provisions, 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.**  
  
No individual or entity shall own or control in excess of thirteen-thousand five-hundred (13,500) contracts net long or short in the settlement month, thirteen-thousand five-hundred (13,500) contracts net long or short in any single month, or twenty-two thousand (22,000) contracts net long or short in all contract months combined.
- B. **National Soybean Index.**  
  
No individual or entity shall own or control in excess of six-thousand five-hundred (6,500) contracts net long or short in the settlement month (except during the last five trading days when the limit shall be five-thousand six-hundred (5,600) contracts net long or short), six-thousand five-hundred (6,500) contracts net long or short in any single month, or ten-thousand (10,000) contracts net long or short in all contract months combined.
- C. **Hard Red Winter Wheat Index.**

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month, five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

**D. Hard Red Spring Wheat Index.**

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month (except during the last five trading days the limit shall be three-thousand four-hundred (3,400) contracts net long or short), five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

**E. Soft Red Spring Wheat Index.**

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month (except during the last five trading days when the limit shall be two-thousand seven-hundred fifty (2,750) contracts net long or short), five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

**2013.01. OPTIONS POSITION LIMITS.**

**A. National Corn Index.**

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds twenty-two thousand (22,000) futures-equivalent contracts net long or short in all contract months combined, thirteen-thousand five-hundred (13,500) futures-equivalent contracts net long or short in any single contract month, or thirteen-thousand five-hundred (13,500) futures-equivalent contracts net long or short in the settlement month.

**B. National Soybean Index.**

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds ten-thousand (10,000) futures-equivalent contracts net long or short in all contract months combined, six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in any single contract month, or six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be five-thousand six-hundred (5,600) futures-equivalent contracts net long or short).

**C. Hard Red Winter Wheat Index.**

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single

contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month.

**D. Hard Red Spring Wheat Index.**

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be three-thousand four-hundred (3,400) futures-equivalent contracts net long or short).

**E. Soft Red Spring Wheat Index.**

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be two-thousand seven-hundred fifty (2,750) futures-equivalent contracts net long or short).

For the purpose of this Rule, 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.

**2013.03. POSITION LIMITS FOR HARD RED SPRING WHEAT FUTURES.**

**A. Applicability.** Rule 2013.03., 2013.04., 2013.05, and 2013.06. will govern position limits for HRSW futures, notwithstanding any other provisions of MGEX Rules that relate to position limits for HRSW options.

**B. Limits.** Position limits for HRSW futures will be determined by the Exchange, but will not be greater than the position limits for HRSW pursuant to Part 150 of CFTC Regulations. The position limits will not apply to *bona fide* hedging transactions or positions, as determined by the Exchange or CFTC Regulations.

No Market Participant will own or control in excess of six hundred (600) HRSW futures net long or short in the settlement month; twelve thousand (12,000) HRSW futures net long or short in any single month; or twelve thousand (12,000) HRSW futures net long or short in all contract months combined.

**C. Compliance.** No Market Participant may exceed the limits at any time during the trade day. Other than *bona fide* hedging positions, positions in excess of the limits will be presumed to be a violation. The Exchange may direct any Market Participant owning, controlling or carrying a position for another Market Participant in excess of the limits set forth in this Rule to liquidate or reduce its position to comply with this Rule. For any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the Market

Participant will be allowed one (1) business day following the date of the transaction that leads to excess positions to liquidate the excess position without being considered in violation of the limits.

- D. **Enforcement.** The Market Participant owning, controlling or carrying a position (as well as the account holder, FCM, or Clearing Member as the case may be) shall maintain adequate books and records that disclose the identity of and positions held by any Market Participant. Such books and records shall be made available to the Exchange upon request. The Market Participant owning, controlling or carrying a position (as well as the account holder, FCM and Clearing Member) may be held accountable for any violation of the limits. The Department of Audits and Investigations may take enforcement action against any or all of the parties, whether or not each had actual knowledge of the position or a violation.

#### **2013.04. EXEMPTION FROM POSITION LIMITS FOR HARD RED SPRING WHEAT FUTURES.**

To be eligible for an exemption from position limits for HRSW futures under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request must include the following:

- A. a description of the size and nature of the proposed transactions;
- B. information which demonstrates that the proposed transactions are *bona fide* hedging transactions;
- C. a statement indicating whether the Market Participant on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;
- D. a statement that the proposed transactions will be *bona fide* hedges;
- E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;
- F. such further information as the Exchange may request, including the daily, weekly or periodic filing of any documents or reports.

The Department of Audits and Investigations shall notify the applicant whether the exemption has been granted, and any limitations placed thereon, within five (5) business days of receiving a written request for exemption. An exemption will remain in effect until (i) the applicant or Market Participant on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies, or places further limitations thereon. At any time, the Exchange may limit *bona fide* hedging positions and deny or limit any request for exemption from position limits which the Exchange determines in its sole discretion are either not in accord with sound commercial practices or exceed the established or permitted amount which may liquidated in an orderly fashion.

The Exchange will use the CFTC definition of a *bona fide* hedging position as described in CFTC Part 151 (specifically 151.5, or elsewhere as applicable) as a guide when applied to the HRSW

futures contract, but will not be limited by it.

#### **2013.05. AGGREGATION OF POSITIONS FOR HARD RED SPRING WHEAT FUTURES.**

In determining whether any Market Participant has exceeded the position limits for HRSW futures, all positions in accounts for which such Market Participant by power of attorney or otherwise directly or indirectly holds positions or controls trading will be included with the positions held by such Market Participant. Such limits upon positions will apply to positions held by two (2) or more Market Participants acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single Market Participant. The Exchange will follow the CFTC definition of aggregation and the procedures for aggregating positions as described in CFTC Part 150 or elsewhere as applicable.

#### **2013.06. REPORTABLE POSITIONS FOR HARD RED SPRING WHEAT FUTURES.**

The reportable position level will be a position of one hundred and fifty (150) or more HRSW futures on this Exchange, long or short, in any one (1) month. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.

#### **2014.00. SETTLEMENT PRICES.**

##### **A. Electronic Trading System 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 for the lead month, as defined below, shall be determined by the volume-weighted average of outright trades and applicable bids and offers made in the closing period on the Electronic Trading System. If there is no volume-weighted average of the outright, then the last trade price is compared to the current bid/ask. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid/ask price. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price. If there is no last trade price available, then the prior settlement is compared to the current bid/ask. If the prior settlement is outside of the bid/ask spread, then the contract settles to the nearest bid/ask price. If the prior settlement is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the prior settlement price.

The lead month shall be determined by the Exchange and is generally the most active month. The lead month shall change at the time when the daily electronically-executed volume and open interest in the contract month following the current lead month is greater than the daily volume and open interest in the lead month for two consecutive business days.

2. All non-lead months are deferred contract months and settle based upon the volume-weighted average of calendar spread transactions made in the closing period on the Electronic Trading System. If there are no relevant calendar spreads, bids and offers in those calendar spreads will be used in



conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and best possible ask, and the contract will settle at the midpoint of the bid/ask spread.

3. Notwithstanding the above, if such settlement price is not consistent with the settlements in other months or with market information, or if the settlement was inaccurately determined, a new settlement price may be established at a level consistent with such other settlement prices or market information and a written record setting forth the basis for any modification of such settlement price shall be prepared.

**B. 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. In addition, the Exchange reserves the right to change which contract month is the lead month when, in its discretion, doing so is in the best interest of the marketplace. If any such change to the lead month is made pursuant to this reservation, the Exchange shall provide notification to the public via the MGEX website or other means it deems effective.

**2015.00. SETTLEMENT PREMIUMS.**

**A. Open Outcry/Electronic Trading System Contracts.**

Promptly after the close of trading in each Options Contract, the Exchange 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 Open Outcry Contract. The Exchange shall then determine the settlement premiums by using a theoretical pricing model.
2. If the Exchange 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.
3. In the case of HRSW Calendar Spread options, the Exchange may use current trade, bid, and offer information, along with correlation between underlying futures months or a theoretical option pricing model in determining daily settlement premiums for the listed Calendar Spread options.

**B. 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.**

- A. **Filling of Orders.** Orders to buy or sell Futures or Options 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 must be, as a minimum, immediately documented as to time of receipt, and the order with the earliest time must be filled first.

In the event orders carry identical time stamps or lack time stamps and it is necessary to allocate trades among these accounts, a record of the accounts, the amount assigned to each account, and why it was necessary to make the assignment must be documented.

- B. **Withholding or Withdrawing Trades.** No Market Participant shall withhold or withdraw from the market any order or part of an order for another Market Participant for the convenience of another Market Participant.

**2018.00. OPENING THE MARKET ON A SPREAD TRANSACTION.**

In the event the first daily transaction in a Contract market by open outcry 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.**

The President is authorized to designate an employee of the Grain Exchange as the official representative of this Exchange to observe transactions where a Market Participant 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 Market Participant 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.

### **2023.00. STRIKING PRICES.**

The Exchange 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 CEA and CFTC Regulations.

#### **A. Spring Wheat.**

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 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 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 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.**

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.**

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.**

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.

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

All Delivery Notices shall be made in accordance with the provisions of the CEA, CFTC Regulations, and MGEX Rules issued thereunder.

All Delivery Notices shall be in the form specified by the Exchange.

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 Exchange (see [Res. 2101.00.C.](#)) on all such business days. The Exchange 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 Exchange on the day preceding that on which the Delivery Notice was issued.

#### **2026.00. LOAD-OUT NOTICES: FORM OF.**

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.**

The maximum load-out charges on delivery grain, which is tendered in satisfaction of a Hard Red Spring Wheat Futures Contract, shall be eight cents (8¢) 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 Hard Red Spring Wheat Futures Contract, shall be seven cents (7¢) per bushel per month or two thousand three hundred thirty three thousandths of a cent (\$.002333) 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.**

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 Rule 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.](#)

#### **2035.00. REPORTING CASH COMMODITY SALES.**

Persons with cash trading privileges 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 during the Hours of Trading shall not be included in the day's market report.

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.**

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.**

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.**

- 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 Rule 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.**

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

**2054.00. BOARD OF ARBITRATION: FEES.**

For each case involving claims and counterclaims by a Market Participant, the following fees will apply:

Up to \$10,000	\$700 + 1% of total value
\$10,001 to \$50,000	\$800 + 1% of total value
\$50,001 to \$100,000	\$1,100 + ½% of total value
\$100,001 to \$200,000	\$2,100 + ¼% of total value
\$200,001 and above	\$2,600 + ¼% of total value
Any non-monetary claims	\$1,600

Furthermore, the Board of Directors authorizes the Corporate Secretary of the Exchange, in its discretion, to assess such actual costs and other expenses incurred by the Exchange in the administration of any arbitration brought pursuant to Chapter 4 of MGEX Rules. Any such actual costs or other expenses may be allocated between the parties.

**2054.01. CUSTOMER CLAIMS ARBITRATION PANEL: FEES.**

For each case involving claims and counterclaims by a customer, the following fees will apply:

Up to \$10,000	\$400
\$10,001 to \$50,000	\$750

\$50,001 to \$100,000	\$850
\$100,001 to \$200,000	\$1,000
\$200,001 and above	\$1,200
Any non-monetary claims	\$1,000

Furthermore, the Board of Directors authorizes the Corporate Secretary of the Exchange, in its discretion, to assess such actual costs and other expenses incurred by the Exchange in the administration of any arbitration brought pursuant to Chapter 4 of MGEX Rules. Any such actual costs or other expenses may be allocated between the parties.

### **2055.03. REGISTRATION OF FLOOR BROKERS/FLOOR TRADERS.**

- A. Any authorized individual who executes trades in the Pit for an account other than his own must be registered as a floor broker with NFA.
- B. Any authorized individual who trades in the Pit for his own account must be registered with NFA as a floor broker or floor trader.
- C. All authorized individuals registered with NFA are responsible for completing acceptable ethics training programs and maintaining evidence of completion in accordance with the CEA and CFTC Regulations.

### **2058.00. COLLECTION OF TRADING DOCUMENTS.**

- A. All trading cards and order tickets prepared pursuant to CFTC Regulation 1.35 must be submitted by the executing Person 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 Person 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 Exchange, 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 CEA.
- 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 Rule 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 Market Participant 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.**



Unless otherwise stated elsewhere in the MGEX Rules, the official closing period for all MGEX Futures shall be determined by the Exchange.

#### **2061.00. OFFICIAL CLOSING PERIOD: OPTIONS.**

The closing period for all Options Contracts shall be determined by the Exchange.

#### **2062.00. TRADING CARDS: FORM, PREPARATION AND MAINTENANCE.**

- A. Trading cards used to record the execution of purchase or sale of a Futures or Options transaction governed by MGEX Rules must contain:
  - 1. Pre-printed Market Participant identification or other unique identifying information which would permit the trading cards of one Market Participant to be distinguished from cards of all other Market Participants;
  - 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 Market Participant from his/her other trading cards for no less than a one (1) week period.
- B. Trading cards prepared by the Market Participant must also include the following:
  - 1. Market Participant'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; (E) exercise; (R) exchange for risk
  - 14. Any other information required by the Exchange
- C. A Market Participant 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.
- D. A Market Participant must use a new trading card at the beginning of each designated interval required pursuant to [Rule 2058.00](#).
- E. A Market Participant is accountable for all trading cards prepared pursuant to MGEX Rules in exact numerical sequence, whether or not such trading cards are

relied upon as original source documents.

- F. A Market Participant must identify on his/her trading cards trades executed during opening and closing periods in the manner required by **Rule 2059.00**.

#### **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 Market Participant or Clearing Member to document requests or executions for Pit or ex-Pit transactions must be completed in non-erasable ink.
- B. The Market Participant 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 Market Participant 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 **Rule 2058.00** and **2062.00**. A Market Participant may not rewrite the trading card after it has been submitted to the Clearing Member.

#### **2063.00. TIME-STAMPS.**

All time-stamps required by MGEX Rules 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 Market Participant 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.**

- A. A Broker Association shall include two (2) or more Market Participants 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 Market Participant 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 Market Participant's personal account.
- H. "Regularly Share A Deck Of Orders" is defined as instances regularly occurring more than once per week where Market Participants 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.

#### **2067.00. ELECTRONIC AND OPEN OUTCRY TRADING.**

A clearing member and broker shall have a fiduciary responsibility in the handling and execution of all orders received, by whatever means, to obtain the best price available among trading platforms. However, Market Participants trading for themselves by open outcry and orders initiated directly by a user for electronic execution will not be subject to this Rule.

**Chapter 83**  
**SPIKES VOLATILITY INDEX FUTURES**

- 83.1. Authority
- 83.2. Scope Of Chapter
- 83.3. Spikes Volatility Index: Definition
- 83.4. Contract Trading Unit
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## **CHAPTER 83 SPIKES VOLATILITY INDEX FUTURES**

### **83.1. AUTHORITY.**

Trading in SPIKES Volatility Index Futures (base symbol 'SPK') may be conducted under such terms and conditions as the Board of Directors and/or the Exchange will determine, subject to the CEA and CFTC Regulations.

### **83.2. SCOPE OF CHAPTER.**

This Chapter is limited in its application to Futures trading of the SPIKES Volatility Index. Electronic trading, clearing, daily settlement, delivery of cash settlement, and any other matters not specifically covered in this Chapter will be governed by the MGEX Rules, or otherwise delegated to the Exchange to establish policies and procedures that implement the MGEX Rules. In the event the provisions of this Chapter conflict with any other MGEX Rules, those listed within this Chapter and as applicable to the SPK Futures Contract supersede such MGEX Rules outside of this Chapter.

### **83.3. SPIKES VOLATILITY INDEX: DEFINITION.**

The SPIKES Volatility Index ("SPIKES") is a real-time market index that measures the expected 30-day forward looking volatility in the SPDR S&P 500 ETF Trust ("SPY"). SPIKES is calculated using SPY option prices and interpolates between two expirations' computed variances to determine the 30-day expected volatility.

### **83.4. CONTRACT TRADING UNIT.**

The unit of trading will be the value of the SPK Futures Contract multiplied by one thousand U.S. dollars (\$1,000). For example, if the SPIKES value was 13.5, one SPK Futures Contract would equal \$13,500 (13.5 x \$1,000.00.)

### **83.5. MINIMUM PRICE INCREMENT.**

Except as provided in this Rule, the minimum price increment in the SPK Futures Contract will be 0.05 index points, which has a value of \$50.00. All prices are quoted in U.S. dollars.

For spread trades, the individual legs and net prices in the SPK Futures Contract may be in increments of 0.01 index points, which has a value of \$10.00.

### **83.6. TRADING MONTHS.**

The months available for trading in SPK Futures Contracts and the number of months available for trade at one time will be determined by the Board of Directors.

### **83.7. TRADING DAYS AND HOURS.**

A trading day is a Business Day on which trading of SPK Futures Contracts is permitted. Trading days are determined by the Exchange. The Hours of Trading for SPK Futures Contracts during extended and regular Hours of Trading will constitute a single trading session for a Business Day. All times noted below are in Central Time.

Unless otherwise specified by the Exchange in relation to Exchange holidays, the Hours of Trading for SPK Futures will be the following:

Regular Trading Hours:

8:30 a.m. - 3:15 p.m. Monday – Friday

Extended Trading Hours:

5:00 p.m. - 8:30 a.m. Sunday – Friday\*

3:30 p.m. - 4:00 p.m. Monday – Friday

For the avoidance of doubt, the start of each new trading day begins with the start of trading at 5:00 p.m. Central Time.

\* The extended trading hours for Friday trade dates begin at 5:00 p.m. on Thursday and end at 8:30 a.m. Central Time on Friday.

### **83.8. LAST TRADING DAY.**

The last trading day is at 8:00 a.m. (Central Time) on the settlement day, generally the Wednesday thirty (30) calendar days preceding the third Friday of the following calendar month. In the event Wednesday is a scheduled holiday, the settlement date will be moved one day prior to Tuesday. In the event Wednesday is an unscheduled holiday, the settlement date will be moved one day later to Thursday. Should the third Friday of the following calendar month be a holiday, the settlement date will be moved one day prior to Tuesday.

### **83.9. DAILY PRICE LIMITS.**

For the purpose of this Rule, Price Limits and the following provisions are applied only to extended Hours of Trading as defined in MGEX Rule 83.7.:

- A. Each SPK Futures Contract will have a price limit that is seventy percent (70%) above the daily settlement price for that SPK Futures Contract for the prior Business Day (“Upper Price Limit”) and a price limit that is thirty percent (30%) below the daily reference price for that SPK Futures Contract for the prior Business Day (“Lower Price Limit”). An Upper Price Limit and a Lower Price Limit may jointly be referred to as a “Price Limit.”
- B. Price Limits will be applicable with respect to the execution of single leg SPK orders. Price Limits will apply to SPK spread orders with respect to the individual legs and may not be executed at a price that is above the Upper Price Limit, or below the Lower Price Limit, for a respective single leg SPK Futures Contract.
- C. Price Limits are in effect during the opening process for a SPK Futures Contract.
- D. In calculating a Price Limit, if the calculation results in a Price Limit that falls between two minimum price increment sizes for the SPK Futures Contract, the Upper Price Limit will always be rounded down and the Lower Price Limit will always be rounded up.



- E. The daily settlement price that will be utilized to calculate the Price Limits for a newly listed SPK Futures Contract will be the daily settlement price of the SPK Futures Contract with the nearest expiration date, in calendar days, to the expiration date of the newly listed SPK Futures Contract. If there is an equal amount of calendar days between a SPK Futures Contract with an earlier expiration date and a SPK Futures Contract with a later expiration date, the daily settlement price of the SPK Futures Contract with the earlier expiration date will be utilized.
- F. Notwithstanding any provisions of this Rule, the Exchange may, in its absolute and sole discretion, take any action it determines necessary or advisable to protect market integrity, including but not limited to, modifying or eliminating the Price Limit parameters established above.

### **83.11. DAILY SETTLEMENT PRICE.**

The Exchange will calculate the daily settlement price for each SPK Futures Contract in the following manner for each Business Day. The settlement price will be consistent with the minimum fluctuations of the contract.

- A. The settlement price for the lead month will be determined by the volume-weighted average of outright trades and applicable bids and offers made in the closing period on the Electronic Trading System. For purposes of this Rule, the lead month will be determined by the Exchange and is generally the most active month. The lead month will change at the time when the daily volume and open interest in the contract month following the current lead month is greater than the daily volume and open interest in the lead month for two (2) consecutive business days. If there is no volume-weighted average of the outright, then the last trade price is compared to the current bid/ask. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid/ask price. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price. If there is no last trade price available, then the prior settlement is compared to the current bid/ask. If the prior settlement is outside of the bid/ask spread, then the contract settles to the nearest bid/ask price. If the prior settlement is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the prior settlement price.
- B. All non-lead months are deferred contract months and settle based upon the volume-weighted average of calendar spread transactions made in the closing period on the Electronic Trading System. If there are no relevant calendar spreads, bids and offers in those calendar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and best possible ask, and the contract will settle at the midpoint of the bid/ask spread.
- C. Notwithstanding the above, if such settlement price is not consistent with the settlements in other months or with market information, or if the settlement was inaccurately determined, a new settlement price may be established at a level consistent with such other settlement prices or market information and a written

record setting forth the basis for any modification of such settlement price will be prepared.

- D. The Exchange may in its sole discretion modify the settlement price prior to the start of the day's final clearing process if the settlement price arose from data entry errors made by or on behalf of the Exchange, and modification of the settlement price is necessary to prevent market distortion. A written record will be prepared setting forth the basis for any modification. In addition, the Exchange reserves the right to change which contract month is the lead month when, in its discretion, doing so is in the best interest of the marketplace. If any such change to the lead month is made pursuant to this Rule, the Exchange shall provide notification to the public via the MGEX website or other means it deems effective

### **83.12. TRADING HALTS.**

The Exchange will take into consideration any trading halt in the SPY and/or the SPIKES Options contract in determining whether to halt trading in the SPK Futures Contract.

Additional trading halts can be triggered by volatility in the underlying S&P 500 Index, including the following market declines:

- A. Level 1: 15-minute trading halt following a seven percent (7%) decline in the S&P 500 Index (unless decline occurs after 2:25 p.m. Central Time or 11:25 a.m. Central Time in the case of early close).
- B. Level 2: 15-minute trading halt following a thirteen percent (13%) decline in S&P 500 Index (unless decline occurs after 2:25 p.m. Central Time or 11:25 a.m. Central Time in the case of early close).
- C. Level 3: Trading halt for the remainder of the trading session following a twenty percent (20%) decline in the S&P 500 Index, effective during all regular Hours of Trading.

Additional trading halts in the SPK Futures Contract can be triggered from a correlated trading halt in the E-mini S&P Futures Contract traded on CME; however, these halts are limited to the trading times of (i) 3:00 p.m. to 3:15 p.m. Central Time during regular Hours of Trading, or (ii) during extended Hours of Trading.

### **83.13. CASH SETTLEMENT.**

Settlement of SPK Futures Contracts will result in the delivery of a cash settled amount on the Business Day immediately following the settlement date. The final cash index settlement price of the expiring SPK Futures Contract is determined by the opening prices of the SPY options market as traded on the Miami International Securities Exchange LLC ("MIAX"). The final settlement price of the SPK Futures Contract will be rounded to the nearest \$0.01. If the settlement price is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the settlement price will be determined in accordance with Exchange Procedures.

MIAX and the Exchange make no warranty, express or implied, as to the results of the final cash index settlement price. Information included in, or used in the calculation of, such index is obtained from sources believed to be reliable, but neither MIAX nor the Exchange guarantee its

accuracy or completeness and will have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the index or its calculation, or arising out of any errors or delays in calculating or disseminating such index.

#### **83.14. OFFSETS AND TRANSFER TRADES.**

Positions reported as offsets and/or position change data must be reported to the Clearing House each day by the established deadlines and in a manner that meets the provisions of MGEX Resolution 2101.00.C. Positions that have been offset at the Exchange may not subsequently be re-opened at the Exchange.

Except by same day trade activity, existing SPK Futures positions in an expiring SPK Futures Contract month may not be offset during the period beginning two (2) Business Days prior to the first Business Day of the expiring month and continuing through the end of the settlement date of the expiring SPK Futures Contract ("Prohibition Period"). Clearing Members will be responsible for compliance with this requirement by their omnibus accounts. This prohibition also applies to transfer trades where no change in ownership is involved when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

At its sole discretion, the Department of Audits and Investigations may permit an offset during the Prohibition Period via netting, transfer, or position adjustment. Such adjustments are permissible to correct a bona fide clerical or operational error for an amount less than five percent (5.0%) of the published open interest reported the same morning for which the offset will be reported by the Clearing Member's morning position reporting deadline. Moreover, such adjustments are only permissible if the Department of Audits and Investigations reasonably believes the offset will not adversely impact the market. Such permission does not prohibit the Department of Audits and Investigations from investigating or taking disciplinary action for any alleged violation of the Rulebook.

#### **83.15. TRADE AT SETTLEMENT.**

A Trade at Settlement ("TAS") is a transaction at a price equal to the daily settlement price, or at a specified differential above or below the daily settlement price. The TAS transaction price will be determined following execution and based upon the daily settlement price of the respective SPK Futures Contract month.

TAS transactions are permitted in the SPK Futures Contract as outright or spread transactions. TAS transactions are available for trading only during the regular Hours of Trading of 8:30 a.m. – 2:58 p.m. Central Time. However, TAS transactions in an expiring SPK Futures Contract are not permitted during the Business Day of its final settlement date.

The permissible price range for permitted TAS transactions is from 0.50 index points below the daily settlement price to 0.50 index points above the daily settlement price. The permissible minimum increment for a TAS transaction is 0.01 index points.

#### **83.16. RESERVED.**

#### **83.17. BLOCK TRADES.**

For the purpose of this Rule, Block Trades are defined as large transactions that are privately negotiated off the Exchange's Electronic Trading System and can only be entered into by Eligible Contract Participants, as defined in Section 1a(18) of the Commodity Exchange Act.

Block Trades are permitted to be executed in the SPK Futures Contract, provided they are in accordance with the following provisions:

- A. A Block Trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders for different accounts may not be aggregated in order to achieve the minimum transaction size. The Block Trade minimum threshold in the SPK Futures Contract is 200 contracts.
- B. A Party shall not execute any order as a Block Trade for a customer unless such customer has specified that the order be executed as a Block Trade.
- C. The Block Trade is executed competitively at a price that is fair and reasonable with consideration to the prevailing market price of either the SPK Futures Contract. The minimum price increment for a Block Trade in the SPK Futures Contract is 0.01 index points.
- D. Block Trades will not trigger conditional orders or otherwise affect orders in the underlying SPK Futures Contract traded on the Electronic Trading System.
- E. Clearing Members must ensure that each side of the Block Trade is reported to the Exchange within fifteen (15) minutes (but in no case later than 4:15 p.m. Central Time) and in the manner specified by the Exchange. The reporting of each side of the Block Trade must include the: contract, contract month, price, quantity of the transaction including quantities for each leg, buy/sell side, CTI and Regular (House) or Segregated (Customer) indicators, account number, the respective Clearing Members, the time of execution, and any other information required in accordance with MGEX Rules.
- F. Each counterparty to a Block Trade must have a separate and independent bona-fide legal or business purpose for entering into the Block Trade.
- G. Parties involved in the solicitation or negotiation of a Block Trade may not disclose the details of such communication to any other party for any purpose other than to facilitate the execution of the Block Trade.

#### **83.18. POSITION ACCOUNTABILITY.**

The position accountability levels for SPK Futures Contracts are as follows:

- A. Ownership or control at any time of more than 50,000 contracts net long or net short in all SPK Futures Contracts combined;
- B. Ownership or control of more than 30,000 contracts net long or net short in the expiring SPK Futures Contract, effective at the start of Hours of Trading for the Friday prior to the final settlement date of the expiring SPK Futures; or
- C. Ownership or control of more than 10,000 contracts net long or net short in the expiring SPK Futures Contract, effective at the start of the Hours of Trading for the

Business Day immediately preceding the final settlement date of the expiring SPK Futures.

For the purpose of this Rule, each new trading day commences with the start of trading at 5:00 p.m. Central Time.

### **83.19. AGGREGATION OF POSITIONS.**

In determining whether any person has exceeded the position accountability levels, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading must be included with the positions held by such person. Such positions accountability levels will apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person. The Exchange will follow the CFTC definition of aggregation and the procedures for aggregating positions as described in CFTC Regulations as applicable.

### **83.20. REPORTABLE POSITION AND TRADING VOLUME.**

- A. Pursuant to CFTC Regulation 15.03 and Part 17, any open position level in the SPK Futures Contract at the close of trading on any trading day equal to, or in excess of, 200 contracts on either side of the market is required to be reported to the CFTC. All such positions will be reported in a manner and form as designated by the CFTC or the Exchange.
- B. Pursuant to CFTC Regulation 15.04 and Part 17, a volume threshold account that has trading volume in the SPK Futures Contract during a single trading day equal to, or in excess of, 50 contracts is required to be reported to the CFTC. All such positions must be reported in a manner and form as designated by the CFTC or the Exchange.

### **83.21. CONTRACT MODIFICATIONS.**

Specifications are fixed for the duration of the contract month upon the first trade in that contract month. However, a change in any Federal law, regulation, ruling, directive, or order that conflicts with these Rules or specifications will become effective upon notice by the Exchange. Additionally, the Board of Directors and/or the Exchange are granted the authority to change contract specifications as it deems appropriate or necessary, or to conform to any other applicable law, rule, or regulation that conflicts with these Rules or specifications, for any unopened contract month, as well as change contract specifications for any contract month with open interest upon approval by the CFTC.

To maintain the purpose and viability of the Futures Contract, the Board of Directors and/or the Exchange are granted the authority to change the MGEX Rules not directly affecting contract specifications at any time and implement such change as may be determined.

### **83.22. EMERGENCIES.**

In the event of an emergency, as determined by the Exchange, the Board of Directors will have the authority and power to follow the procedures described in MGEX **Bylaw 210.02**. The Board of Directors may delegate such powers as it deems necessary to the Executive Committee, Exchange Officer(s), or other Exchange employees.

An emergency may include, but is not limited to, events of Force Majeure, interference, interruptions, breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event of an emergency, the Board of Directors or its delegate(s) will have the authority and power to utilize such sources, means, or methods that it determines to be in the best interest of the Exchange and the market.

The decision of the Board of Directors, Executive Committee, Exchange Officer(s), or other Exchange employees as delegated, will be final and binding upon all parties. The Exchange will not be liable to any party because of actions and decisions taken in good faith.