



November 15, 2019

Web 2019-4

Dear MGEX Members & Rules and Regulations Book Recipients:

Updates have been made to the following Chapters:

<u>Chapter</u>	<u>Citation</u>	<u>Purpose</u>
1- Definitions	N/A	Amendments to various definitions.
2- Universal Provisions	Index Rules 2.1.4., 2.4.3.	Update to Index. Amendments to MGEX Rule 2.1.4. to update cross-cite to appropriate Bylaws; amendments to Rule 2.4.3. (formerly 2024.00.) to update language.
7- Futures and Options Trading	Index Rules 730.00., 730.01.	Update to Index. Amendment to MGEX Rule 730.00. to allow an exception to the prohibition on prearranged, pre-negotiated, and noncompetitive trades; addition of Rule 730.01. to describe permitted pre-execution communications for electronic trades.
20- Regulations	Index Rule 2024.00.	Update to Index. Removal of MGEX Rule 2024.00. as content moved to Rule 2.4.3.
70- Forms	N/A	Update to Form to revise cross-cite to appropriate Rule.
72- Resolutions	Index Resolution 2024.00.	Update to Index. Removal of MGEX Resolution 2024.00. as content moved to Rule 2.4.3.

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 & Regulations"
2. Click "Latest changes to MGEX RULES, REGULATIONS AND RESOLUTIONS"

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

Sincerely,

Layne G. Carlson, Corporate Secretary

CHAPTER 1 DEFINITIONS

Whenever used in the Bylaws and MGEX Rules, unless the context otherwise requires, the following words and expressions shall be defined as follows:

ACCOMMODATION TRADE: A simultaneous purchase and sale made with another Broker at the same price and with no risk; usually to accommodate the opposite Broker who holds orders to buy and to sell.

AFFILIATED ENTITIES: Two or more entities having substantially the same officers and directors, which are affiliated either (a) through the ownership of a controlling interest in the stock of one of such entities by the owner, or (b) through the ownership of a controlling interest in both of said entities by substantially the same Persons.

AUTHORIZED VOTER: An adult natural person designated from time to time by the Record Owner by written notice to the Secretary of the Exchange authorized to vote a membership owned by the Record Owner. Each Record Owner shall be required to designate an Authorized Voter for each membership owned by the Record Owner and may change the Authorized Voter at any time prior to the applicable record date set by the Exchange for action by the Members by written notice to the Secretary of the Exchange. Record Owners with more than one membership may elect to designate the same or different Authorized Voters for the memberships owned by the Record Owner. The Exchange shall be entitled for all purposes to rely on the Record Owner's designation of its Authorized Voter or Authorized Voters until it receives written notice from the Record Owner of a change in designation. Without limiting the foregoing, in any case in these Bylaws where a Member or Record Owner vote is referred to or a notice is required or may be given to a Member or Record Owner, such vote shall be by the Authorized Voter and such notice shall be given to the Authorized Voter.

BOARD OF DIRECTORS: The Board of Directors of the Exchange.

BROKER: Any party who, as agent, makes trades or other transactions for and in the name of another party, as principal, and who reports the name of his principal at the time of making the trade or transaction.

BULLETIN BOARD: The Official Bulletin Board at www.mgex.com.

BUSINESS DAY: A day when the Exchange is open for business.

BYLAWS: The Bylaws of the Exchange, duly adopted by the Board of Directors and Members of the Exchange.

CALENDAR DAYS: All days of the week or month, including Sundays and holidays.

CALL OPTIONS: See Chapter 15.

CEA OR ACT: The Commodity Exchange Act, as amended.

CFTC OR COMMISSION: The U.S. Commodity Futures Trading Commission.

CHAIRPERSON: A Member of the Exchange serving on the Board of Directors elected by the Directors as the Chairperson.

CHARTER: The certificate of incorporation of the Exchange as amended from time to time.

CLEARING HOUSE: A department of the Exchange.

CLEARING MEMBER: A Member that meets the requirements of and is approved for clearing privileges with the Exchange.

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 the Exchange.

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 the Exchange; 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 Person 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.

COMMODITY: Any product approved and designated by the Exchange for trading or clearing pursuant to MGEX Rules.

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 MGEX Rules, are deliverable on Futures Contracts in this market.

DEPARTMENT OF AUDITS AND INVESTIGATIONS: A department of 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 to determine whether a reasonable basis exists for finding a violation of the Bylaws or MGEX Rules, for authorizing the issuance of a Notice of Charges against any person or entity alleged to have violated the Bylaws or MGEX Rules, and to accept settlement offers.

ELECTRONIC TRADING SYSTEM: The electronic trading platform utilized by the Exchange, Members, and Market Participants 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., also referred to as “Corporation” or “MGEX” and may refer to the Officers and authorized employees of the Exchange, as applicable.

EXCHANGE ROOM: The Room maintained by the Exchange for the transaction of business by Members and where Options Contracts are available for trading by open outcry.

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.

FORCE MAJEURE: Any circumstance which is beyond the control of Members, Non-members, Market Participants, Registered Firms or the Exchange. Such circumstances include, but are not limited to, acts of God or events resulting from the elements of nature, strike, lockout, blockage, embargo, governmental action or terrorist activity.

FREIGHT BILLS: See [Rule 1019.00](#).

FUTURES OR FUTURES CONTRACT: A legally binding agreement to buy or sell a Commodity for future delivery pursuant to MGEX Rules.

FUTURES COMMISSION MERCHANT OR FCM: An individual or entity registered as an FCM as required under the Commodities Exchange Act who or which solicits or accepts orders to buy or sell Futures Contracts or Options on Futures Contracts and accepts money or other assets from customers in connection with such orders.

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

HEARING COMMITTEE: The committee which has been delegated the duty and

responsibility to conduct hearings as requested, to adjudicate the matter and, when appropriate, to assess penalties in connection with violations of the Bylaws or MGEX Rules.

HOURS OF TRADING: The hours, on business days, established by MGEX Rules for trading.

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](#).

INTRODUCING BROKER OR IB: An individual or entity registered as an IB as required under the Commodities Exchange Act who or which solicits or accepts orders to buy or sell Futures Contracts or Options on Futures Contracts from customers but does not accept money or other assets from customers in connection with such orders.

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

LIQUIDITY EVENT: A Liquidity Event shall mean an event that causes the Clearing House to require financial liquidity (1) to satisfy payment obligations of an insolvent, defaulted, or suspended Clearing Member; (2) to satisfy payment obligations associated with the transfer of account(s) of an insolvent, defaulted, or suspended Clearing Member; and (3) as a result of a payment or wire transfer delay, liquidity constraint, or default by a depository or settlement bank. The decision to declare a Liquidity Event shall be in the sole discretion of the Clearing House.

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 Bylaws or MGEX Rules directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed.

MEMBER: A Person which is the Record Owner, provided, however, whenever the Bylaws or MGEX 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 the Bylaws or MGEX Rules.

MEMBER DIRECTOR: Director on the Board of Directors who is a Member of the Exchange.

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

MGEX INFO XCHANGE: An accessible website forum offering a public venue for registered users who are interested in discussing permitted trading and market information, as determined by the Exchange

MIX: Refers to the MGEX Info Xchange.

NATIONAL FUTURES ASSOCIATION OR NFA: An independent self-regulatory organization for the U.S. derivatives industry.

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

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 OR OPTIONS CONTRACT: A legally binding agreement that gives the buyer the right, but not the obligation, to buy, sell, or enter into a Futures Contract. See also 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 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: Individuals, associations, partnerships, corporations, and trusts, as defined in CFTC Regulation 1.3, as amended, including limited liability companies, sole proprietorships, or other legal entities.

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 16, 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 the Bylaws 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 the Bylaws. 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 Exchange 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 the Bylaws.

RECORD OWNER or OWNER (of a Membership): The natural person or entity who is recorded on the records of the Exchange 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 the Bylaws for each membership owned by the Record Owner, to receive distributions, if any, by the Exchange in accordance with its membership and to transfer its membership in accordance with the Bylaws.

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

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

RULES: The Rules, Regulations, Resolutions, Interpretations, procedures, customs, and usages of the Exchange, duly adopted by the Board of Directors.

SECRETARY: The Secretary of the Exchange.

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 (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 MGEX Bylaws or Rules any act is required to be performed within a certain number of days (or business days), the Bylaw or 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.

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

TREASURER: The Treasurer of the Exchange.

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.

U.S. GOVERNMENT SECURITIES BROKER-DEALER: A broker-dealer registered with the Securities and Exchange Commission that functions in the operation of markets for U.S. Treasuries. Such functions may include, but are not limited to: (i) acting as a channel for the U.S. Department of the Treasury and investors in primary market for U.S. Treasuries (for example, by participating in auctions); (ii) acting as providers of liquidity in primary and secondary markets for U.S. Treasuries; and (iii) acting as providers of asset transformation and market making services in the market for U.S. Treasuries.

VICE CHAIRPERSON: A Member of the Exchange serving on the Board of Directors elected by the Directors as the Vice Chairperson.

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

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CHAPTER 2 UNIVERSAL PROVISIONS

SECTION 1 - GENERAL

2.1.1. SCOPE.

This Chapter prescribes Rules applicable to general Exchange activities.

2.1.2. CONSENT TO JURISDICTION.

Any Person who engages in activity subject to MGEX Rules or any Person for whose benefit such activity is made, whether directly or indirectly, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with MGEX Rules in relation to such activity.

2.1.3. CONSENT TO INVESTIGATORY AND DISCIPLINARY PROCESSES.

Any Person subject to MGEX Rules expressly consents to cooperate and participate in investigatory and disciplinary processes conducted by the Exchange.

2.1.4. MGEX RULES, INTERPRETATION, AND ENFORCEMENT AUTHORITY.

The Exchange has adopted the MGEX Rules, and from time to time adopts amendments to such Rules (See Bylaw 204.01. and 204.02.), to promote a free and open market on the Exchange, to maintain appropriate business conduct, and to provide protection to the public. The Exchange, in its sole discretion, will interpret and enforce the MGEX Rules not inconsistent with applicable provisions of the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") Regulations promulgated thereunder.

2.1.5. COOPERATION WITH INVESTIGATORY AND DISCIPLINARY PROCESSES.

A Market Participant shall promptly respond, provide documentation, and cooperate in all inquiries by the Exchange. Failure to do so will subject the Market Participant to disciplinary processes, which may include immediate termination of usage and access to the Electronic Trading System. Disciplinary processes may be initiated by the Exchange pursuant to the MGEX Bylaws and Rules and may include public or private actions, summary fines, fines, suspensions, expulsions or other restrictions as determined to be necessary by the Exchange.

2.1.6. DUTY TO SUPERVISE.

A Person subject to MGEX Bylaws or Rules has a duty to supervise any agent, employee, or contractor under their direct or indirect control (for purposes of this Rule, an "agent"), who engages in this market or performs any Exchange-related activity. Any act, omission, or failure of any agent may be deemed to be an act, omission, or failure of the Person.

Unless prohibited by MGEX Bylaw or Rule, a Person may delegate the act of performance, but not the responsibility, of any MGEX Bylaw or Rule.

When assessing whether a Person has violated MGEX Rule 2.1.6., the Exchange may consider the Person's lack of sufficient internal controls as an exacerbating factor.

MGEX Rules do not prohibit the Exchange from bringing disciplinary action against both the Person and the agent based on the same event or set of operative facts. If an agent is found to be in violation of any MGEX Bylaw or Rule, the Exchange may, in its discretion, take disciplinary action against the agent, the Person, or both.

2.1.7. HOLIDAYS.

The following days are declared to be holidays, during which the Exchange will not be open for business: New Year's Day, Dr. Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. When a holiday falls on a Saturday it will be observed the preceding Friday. When a holiday falls on a Sunday it will be observed the following Monday. The Exchange may, in its discretion, declare additional holidays and details of observance.

2.1.8. EMERGENCIES.

The Exchange has the power to immediately delay, suspend, or close trading upon recognizing a problem. A problem includes, but is not limited to the following:

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

If such an event occurs, the Exchange will provide reasonable notice to the public.

2.1.9. INCLEMENT WEATHER OR TRANSPORTATION BREAKDOWN.

The Exchange has the power to immediately delay, suspend, or close trading upon recognizing the functions of Exchange are, or are threatened to be, severely and adversely affected by inclement weather or transportation breakdown. In such case, the Exchange will provide reasonable notice to the public.

2.1.10. MEMBER OR MARKET PARTICIPANT EMERGENCIES.

If the Exchange, in its sole discretion, determines that there is a substantial question as to whether a financial or other type of emergency exists or may exist with respect to any Member or Market Participant, the Exchange may take any action necessary to protect the best interests of the Exchange and the marketplace or take any other actions allowed by law. The Exchange will have no liability regarding its use of this discretionary power.

2.1.11. MARKET MAKER PROGRAM.

The Exchange may establish a Market Maker Program for any contract. The Exchange may end the Market Maker Program at any time. The Exchange will determine the effective period of the Market Maker Program and establish the requirements of the Market Maker Program, which the Exchange may change at any time. Any individual or entity that wishes to participate in the Market

Person handling an omnibus account to be aware of and vouch for the registration status of the account.

The Person responsible for an omnibus account must at all times disclose, upon request of the Clearing Member carrying that account, the gross long and short positions held by that account in each commodity. The Person responsible for an omnibus account must, at least two (2) business days prior to the first delivery day in a contract month, provide the Clearing Member carrying that account, with a complete list of the purchase and sale dates of all open positions for that contract month. Such list must be kept up to date throughout the delivery month. Clearing Members carrying omnibus accounts must maintain a complete list of all omnibus accounts maintained on their books.

A Clearing Member carrying an omnibus account (except an omnibus account of another Clearing Member) will indemnify and hold harmless the Exchange for any loss of damage suffered by the Exchange by reason of fraudulent dealings with, or management of, customer funds and transactions within the omnibus account. Each Clearing Member that maintains an omnibus account with another Clearing Member shall also bear financial responsibility to the Exchange for that omnibus account.

2.3.4. DISCRETIONARY ACCOUNTS.

No Clearing Member will accept or carry an account over which any Person, other than the Person in whose name the account is carried, exercises discretionary trading authority or control without first obtaining a written and dated power of attorney, trading authorization, or similar document (hereinafter "Power of Attorney") by which trading authority is given. Such Power of Attorney must be signed and submitted to the Clearing Member and must designate the trading authority or control given and precisely to whom the trading authority or control is given. Such Power of Attorney will remain in effect until it is terminated by written revocation signed by the Person for whom the account is carried or by the death or incapacity of such Person. Termination may also be made by written revocation signed by the Person to whom such authority or control has been given or by the death or incapacity of such Person.

The records of the Clearing Member must clearly identify each discretionary account it carries. The Clearing Member agrees to promptly provide the Exchange with a list of such accounts upon request.

This Rule does not apply to the following: (1) accounts maintained by Members for their families (spouse, parent, child, grandparent, grandchild, brother, sister, aunt, uncle, nephew, niece, or in-law); (2) accounts belonging to other Exchange Members; and (3) proprietary accounts of Clearing Members.

2.3.5. REPORTING REQUIREMENTS AND DISCIPLINARY ACTION.

Persons subject to MGEX Rules must submit all data, records and other information required by MGEX Rules or requested by the Exchange in an accurate, complete and timely manner, and in a method and format agreeable to the Exchange. Failure to comply with such reporting requirements will subject said Person to a summary fine or other disciplinary action including, but not limited to, the matter being referred to the Disciplinary Committee.

2.3.6. ACCEPTANCE OF ACCOUNTS FROM OTHERS THAN PRINCIPALS.

Except as provided in omnibus accounts and discretionary accounts, no Member or Market Participant shall make a purchase or a sale of any commodity in futures or options in this market for the account of another Person, nor shall any Member or Market Participant accept or carry such an account for such other Person, if such other Person is known to be acting as an agent for and on behalf of others, unless such other Person is properly registered with the CFTC or the National Futures Association.

No purchase or sale of commodities in futures or options shall be made in this market, and no account for such purchase or sale shall be accepted or carried for the account of any Person if such purchases or sales are made pursuant to trading authority given by such Person to another Person (not a member of the same family) to trade in his or her name, except on the following terms and conditions:

- A. A monthly statement must be sent directly to the Person for whose account such purchases or sales have been made, showing the exact position of the account, including all open trades figured to the market;
- B. Each transaction must be specifically designated with the name of the Person for whose account such purchase or sale has been made at the time the order is accepted;
- C. Confirmations of all trades must be sent promptly, both to the Person for whose account such purchases or sales have been made and to the Person authorized to act for his/her account;
- D. Written evidence of such delegation of authority by such Person to such other Person to trade in his/her name must have been furnished to the Member or Market Participant making the trade.

SECTION 4 – FEES

2.4.1. FEES: COLLECTIONS.

The Exchange may from time to time issue invoices for fees or other money owed to the Exchange and collect the same. Furthermore, the Exchange has the authority to take disciplinary action under MGEX Rules and enforce such collections to the fullest extent allowable by law.

2.4.2. FEES: EXCHANGE FEES.

The Exchange will set exchange fees from time to time and make such fees publicly available. The Exchange may elect to waive or modify such fees. Payment of such fees is due to the Exchange upon receipt of invoice.

2.4.3. FEES: EXCHANGE REGULATORY FEES.

As a self-regulatory organization, the Exchange may assess an exchange regulatory fee or fees. The exchange regulatory fee or fees shall be set from time to time by the

Exchange. The Exchange may, in its sole discretion, waive all or part of the exchange regulatory fee or fees.

CHAPTER 7 FUTURES AND OPTIONS TRADING

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- 700.00. Futures And Options Contracts: Clearing Of
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FUTURES AND OPTIONS CONTRACTS

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751.00. Disclosing Orders Prohibited

753.00. Brokers' Liabilities On Limit Orders

754.00. Filling Limit Orders On The Opening And Closing

755.00. Orders Or Cancellations Accepted On A "Not-Held" Basis

MARGINS

760.00. Margins

MISCELLANEOUS

765.00. Trading For Officers, Copartners Or Employees

766.00. Confirmation Of Futures Or Options Trades

775.00. "Bucket-Shops" Forbidden

780.00. Official Opening

After the "FAST" market is invoked, the Market Observer(s) will report the market to the best of their ability. The quotations during the "FAST" market shall be duly noted in the official time and sales.

727.00. "FAST" QUOTATIONS-UNEXECUTED ORDERS.

Whenever price fluctuations of the commodities traded on the Exchange are "FAST" and the volume of business is large, it is common that different prices are bid and offered for the same delivery in different parts of the Pit at the same time. This may, at times, result in the execution by Members of orders at prices not officially quoted, or the inability of a Member to execute an order at a limited price. This is unavoidable, but is in no way the fault of the Member and it is not permissible for Members to readjust the price at which orders have been filled, nor to report as filled orders those that have not been filled. To do so is a major offense.

Quotations sent must be based on transactions made in the open market. The term "open market" is defined as a bid or an offer openly and audibly made by public outcry and in such manner as to be open to all Members in the Pit.

Any quotations based on transactions made in the open market, already distributed or sent out over the wire, shall not be cancelled.

728.00. QUOTATION CHANGES.

The Exchange may make quotation changes when required as a result of an error or at any other time deemed necessary.

- A. The Exchange may approve the change of an opening range only within thirty (30) minutes after the opening of a specific contract month.
- B. The Exchange may approve the change of a closing range only within fifteen (15) minutes after the closing of each contract traded.

730.00. PREARRANGED, PRE-NEGOTIATED, AND NONCOMPETITIVE TRADES PROHIBITED.

No Person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any Futures or Options transaction, except as permitted by the provision below or in accordance with Rule 730.01.

The forgoing prohibition shall not apply to Exchange For Related Positions transactions executed pursuant to Rule 719.00.

730.01. PRE-EXECUTION COMMUNICATIONS REGARDING ELECTRONIC TRADES.

Persons may engage in pre-execution communications with regard to Futures and Options for MGEX Agricultural Indexes and HRSW transactions executed on the Electronic Trading System, where one Person wishes to be assured that an opposing, secondary Person, will take the opposite side of the order under the following circumstances:

- A. A Person may not engage in pre-execution communications with market participants on behalf of another Person unless the Person for whose benefit the trade is being made has previously consented to permit such communications.

- B. Persons involved in pre-execution communications shall not disclose the details of such communications to any third Person. Additionally, no Persons shall enter orders based on information conveyed during pre-execution communications except for the orders required and in accordance with the protocol noted within this Rule.
- C. Utilizing the RFQ + RFC Cross (“R-Cross”) protocol. Following the pre-execution communication, a Request for Quote (“RFQ”) for Futures or Options must be entered into the Electronic Trading System. Thereafter, the Request for Cross (“RFC”) order must be entered no less than five (5) seconds for Futures, or fifteen (15) seconds for Options, as well as no more than thirty (30) seconds for either Futures or Options after the entry of the RFQ in order to proceed with the trade. The RFQ and RFC must be entered within the same trading session. Failure to enter the RFC within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC, and in accordance with the aforementioned timing parameters.

731.00. BIDS AND OFFERS ABOVE OR BELOW CURRENT MARKET.

Market Participants are forbidden to offer to buy any commodity Futures or Options on this Exchange at a price higher than the current asking price, or to offer to sell any commodity in Futures or Options on the Exchange at a price below the current bid price. [See Interpretation.](#)

732.00. FICTITIOUS BIDS OR OFFERS PROHIBITED.

No Member or Market Participant shall make any bids or offers in commodity futures or options in this market which are not made in good faith and intended to be carried out if accepted, and the making of pretended or fictitious bids or offers is hereby prohibited.

733.00. ATTEMPT TO UPSET MARKET PROHIBITED.

Purchase or sales of (or offers to purchase or sell) commodity futures or options in this market, made for the purpose of upsetting the equilibrium of the market or bringing about a demoralization of the market, so that prices will not properly reflect values, are forbidden. Any Member or Market Participant who makes or assists in making such purchases or sales or such offers to purchase or sell, with knowledge of the purpose thereof or who, with such knowledge, shall be a party to or assist in carrying out any plan or scheme for the making of such purchases or sales or such offers to purchase or sell, shall be deemed and held to be guilty of uncommercial conduct.

733.01. DISREGARD FOR ORDERLY EXECUTION PROHIBITED.

The Exchange prohibits any Person from demonstrating intentional or reckless disregard for the orderly execution of transactions including during the opening or closing period.

740.00. PRINCIPAL AND AGENT: ACTING AS BOTH PROHIBITED.

No Member or Market Participant shall be both principal and agent in any transaction for commodity futures or options made in this market, except under the following circumstances:

- A. When two Members meet in the execution of orders in the appropriate Pit or designated area and, without prearrangement, unintentionally consummate a contract for one and the same Clearing Member principal, such transactions shall not be considered a violation of the MGEX Rules and Regulations.
- B. If, after public outcry in the Pit a Member is unable to execute an order, the Member may, with the express prior consent of the person giving the order, become the Buyer in respect to a selling order or orders of such person, or may become the Seller in respect to a buying order or orders of such person. In the exercise of this privilege prior consent may be given in the form of a written agreement which is separate and distinct from the customer agreement. No intermediary transmitting an order may give this consent without the prior knowledge and permission of the principal for whom the order is being executed. **Rule 742.00.** shall be followed in the execution of such trades.
- C. When a Broker receives a customer's order from a Clearing Member and on bidding or offering, finds that the best response comes from a Broker whose order is identifiably for the house account of the same Clearing Member, acceptance of that order will not be regarded as a violation of the MGEX Rules and Regulations. Such instances must be random and not arise from preferential trading nor represent a pattern of trading.

741.00. ACTING FOR BOTH BUYER AND SELLER PROHIBITED.

Except as expressly authorized by the provisions of **Rule 742.00.**, no Member or Market Participant shall allow himself or itself directly or indirectly, either by his own act or by the act of an employee or Broker, or by the act of any other Member or Market Participant, to be placed in the position of agent for both Buyer and Seller in connection with any transaction in futures or options made in this market.

742.00. CROSS TRADING-HANDLING BOTH BUYING AND SELLING ORDERS.

A Market Participant or Member, who simultaneously possesses both buying and selling orders for different beneficial owners for the same commodity in futures or options in the same contract month, may execute such orders for and directly between such beneficial owners upon the conditions set forth in MGEX Rule 742.01. or 742.02.

742.01. CROSS TRADING-HANDLING BOTH BUYING AND SELLING ORDERS BY OPEN OUTCRY IN THE EXCHANGE ROOM.

- A. If such orders are first offered openly and competitively by open outcry in the Exchange Room by both bidding and offering at the same price at least three times, and neither such bid nor offer is accepted;
- B. If such Member executes such orders in the presence of an official representative of the Exchange designated to observe such transactions and the Member themselves clearly identifies all such transactions on the orders and trading cards at the time of execution as a cross trade, and promptly presents said orders and trading cards to the official representative of the Exchange for stamping and signature;
- C. If the Member receiving or executing such orders has no interest therein, directly or

indirectly, except as a Futures Commission Merchant, or as a Broker; and

- D. Upon execution, such transaction(s) shall be made a matter of permanent record by the Exchange (See [Regulation 2019.00.](#)).

742.02. CROSS TRADING-HANDLING BOTH BUYING AND SELLING ORDERS PLACED INTO THE ELECTRONIC TRADING SYSTEM.

If a Market Participant enters such orders for different beneficial owners into the Electronic Trading System, one order must be exposed to market risk before entering the other, opposite order. The Exchange has the discretion to determine whether the order was exposed to sufficient market risk; however, for the purpose of this rule only, market risk will be presumed if the order was exposed to the market for at least five (5) seconds in the case of futures and at least fifteen (15) seconds in the case of options.

743.00. PROHIBITION ON ACCOMMODATION OR WASH TRADES.

No Market Participant shall engage in wash, accommodation or any other risk-free trading. Risk-free or wash trading may involve entering into, or purporting to enter into, transactions that give the appearance that purchases and sales have been made, without incurring market risk or changing the Market Participant's market position. Accommodation trading may involve entering into, or purporting to enter into, transactions that assist in the execution of a Market Participant's offsetting orders.

Examples of prohibited conduct may include but are not limited to: entering offsetting orders for purchases and sales of the same month and/or strike price of the same commodity for the same account at the same or nearly the same price; entering offsetting orders for purchases and sales for different accounts with common beneficial ownership or control at the same or nearly the same price; entering offsetting orders for purchases and sales between one or more parties of the same month of the same commodity at the same or nearly the same price; or a series of transactions or related transactions over any period of time that have the appearance of accommodation or wash activity.

750.00. PRIORITY OF CUSTOMERS' ORDERS.

No Market Participant may buy or sell any commodity for future delivery for his own account or for any account in which he has an interest while holding an order for another person for the purchase or sale of the same commodity that is executable at the market price, or at the price at which such purchase or sale can be made for the Member's own account or the account in which he has an interest.

No Market Participant may execute any transaction for any account of another person for which buying and/or selling orders can be placed or originated, or for which transactions 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 750.00.**, immediate family members are defined as spouses, children and stepchildren, parents, brothers, and sisters.

751.00. DISCLOSING ORDERS PROHIBITED.

Market Participants are forbidden to disclose to any party the possession or receipt of orders to buy or sell commodity Futures or Options in this market.

A Market Participant may, however, use his discretion and bid or offer any quantity of contracts without violating this **Rule 751.00.** when the information may aid or expedite a fill.

A Market Participant 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 751.00.**

753.00. BROKERS' LIABILITIES ON LIMIT ORDERS.

A 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.

Brokers are not to be held liable for obtaining a complete or partial fill on Limit Orders falling within the opening price or closing range even when those orders are the high or low prices of the closing 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.

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 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 Clearing Member shall deposit and maintain initial and maintenance margins according to the Clearing Member's requirements. Initial margins as established by the Exchange, shall be charged at a

minimum. The Exchange may 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 Exchange as a minimum, except where a customer specifies that a spread involves an MGEX approved inter-exchange spread. Then the initial margin on the MGEX side of the spread shall be at a minimum established by the Exchange.

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

- B. CLEARING MARGINS: This term shall mean United States Funds or securities approved by the Exchange deposited with or to the sole credit of the Exchange as protection against losses incident to a Transaction for Future Delivery (See [Rule 2106.00.](#))

765.00. TRADING FOR OFFICERS, COPARTNERS OR EMPLOYEES.

No Member shall make a purchase or a sale of any commodity futures or options in this market, or accept or carry an account for such purchase or sale, for the account of an officer, copartner, or employee of another Member without the written consent of such other Member.

766.00. CONFIRMATION OF FUTURES OR OPTIONS TRADES.

A Clearing Member shall confirm to the customer every transaction made for the customer's account no later than the following business day. Such confirmation shall be in writing and shall show the commodity bought or sold, the quantity, the price or premium and the delivery month and, if an option, whether a put or call and the strike price.

775.00. "BUCKET-SHOPS" FORBIDDEN.

No Member, and no Market Participant, shall make, negotiate in any form, have, or be in any way interested in any "Bucket-Shop" contract, trade, or transaction, whatever, or in any contract for the purchase or sales of any commodity whatever, for Futures or Options, without intent to make an actual purchase or sale, or to deliver or receive such commodity, but with intent to settle or cancel such contract by the payment of the difference between a contract and the market price, or in dealing in differences in the market price of any commodity without a bona fide purchase or sale of such commodity for actual delivery on this or some other Exchange where such commodity is dealt in.

No Member or Market Participant shall knowingly be interested in the business of, or associated in business with, or shall, in any transaction, act as the Broker or representative of, or shall execute any order for or on behalf of any Person, exclusively, or otherwise in operating a "Bucket-Shop," in making, negotiating, or dealing in the contracts, trades or transactions previously prohibited in this Rule.

Any Member or Market Participant, who or which has violated the provisions of this [Rule 775.00.](#), shall be subject to disciplinary action and/or shall have its access to the Electronic Trading System terminated.

780.00. OFFICIAL OPENING.

The official opening of the market shall be understood to include the price at which the opening orders are executed, provided that in the opinion of the Market Observer and the Exchange, due diligence and promptness have been observed in handling such orders. The condition of the market shall also be considered in forming the decision.

CHAPTER 20 REGULATIONS

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

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

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

Pursuant to the provisions of **Rule 1150.00.**, the Board of Directors adopted this Regulation. The Load-Out Notice, as required by the Rules, shall be on **Form 20-26.00**, Page 7033 and shall be issued in triplicate.

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

Pursuant to **Rule 811.00.**, the Board of Directors has adopted this Regulation, effective with the May 2013 contract month.

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.

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

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

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

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

2035.00. REPORTING CASH COMMODITY SALES.

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

Members or entities having 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.

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

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

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

2038.00. PAN TICKETS.

Pursuant to the provisions of [Rule 1156.00.](#), the Board of Directors adopted this Regulation.

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

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

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

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

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

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

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

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

2053.00. LIMITATIONS ON OPTIONS TRANSACTIONS-SOLICITATION AND ACCEPTANCE.

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

2054.00. BOARD OF ARBITRATION: FEES.

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

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

Up to \$10,000	\$600 + 1% of total value
\$10,001 to \$50,000	\$700 + 1% of total value
\$50,001 to \$100,000	\$1,000 + ½% of total value
\$100,001 to \$200,000	\$2,000 + ¼% of total value
\$200,001 and above	\$2,500 + ¼% of total value
Any non-monetary claims	\$1,500

For each case involving claims and counterclaims by a nonmember, 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 the MGEX Rules and Regulations. Any such actual costs or other expenses may be allocated between the parties by the Board of Arbitration pursuant to [Rule 443.00](#).

2054.01. CUSTOMER CLAIMS ARBITRATION PANEL: FEES.

Pursuant to the provisions of [Rule 535.00](#)., the Board of Directors adopted this Regulation:

For each case involving 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 5 of the MGEX Rules and Regulations. Any such actual costs or other expenses may be allocated between the parties by the Board of Arbitration pursuant to [Rule 535.00](#).

2055.00. MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.

A Record Holder whose Membership is owned by a Clearing Member, an entity having cash trading privileges, an FCM, or a Regular facility may act only in the name of or for the account of such entity, unless an authorized representative of such entity has provided a written release to MGEX that the Record Holder can trade for his personal account. See [Form 3-20.00](#).

A Record Holder whose ability to act is limited by this Rule, may give up the name of a party as principal, other than the entity for which he is authorized to act, when making trades pursuant to [Rule 704.00](#).

2055.01. WHEN AUTHORIZATION TO TRADE IS NOT REQUIRED.

Any Member who is the Record Owner of a Membership standing in his name may act in the capacity of a Broker by making trades or other transactions in the name of other parties that have the privilege to make trades in addition to making trades that are for his or its own account and risk.

The privileges conferred by this Rule shall apply only in connection with Futures and Options Contracts and shall not apply to cash sales and purchases.

2055.02. ACTING AS A BROKER.

The making of trades or transactions in Options through open outcry in the capacity of a Broker shall be subject to the following conditions and restrictions:

- A. The Broker must be either:
 - 1. A Record Owner of a Membership standing in his name who has not designated the Membership to an entity and who is properly registered with NFA to act in the capacity of a Broker; or,
 - 2. An entity that is the Record Owner of a Membership and the Record Holder is properly registered with NFA to act in the capacity of a Broker.
- B. Any Record Holder acting in the capacity of a Broker, must at the time of making each trade or transaction report the name of a principal who has authorized him to make the trade or transaction.

2055.03. REGISTRATION OF FLOOR BROKERS/FLOOR TRADERS.

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

2058.00. COLLECTION OF TRADING DOCUMENTS.

- A. All trading cards and order tickets prepared pursuant to Commodity Futures Trading Commission Regulation 1.35 must be submitted by the executing Member to the Clearing Member immediately at the end of intervals not to exceed thirty (30) minutes. Such intervals shall commence with the beginning of the trading session. All documents must be submitted to the Clearing Member within fifteen (15) minutes of the designated interval. Additionally, all trading documents must be submitted by the

executing Member to the Clearing Member no later than fifteen (15) minutes after the close of the futures market and fifteen (15) minutes after the close of the Options market. The Board of Directors, at its discretion, may require that trading documents be collected at the end of smaller intervals in order to ensure compliance with provisions of the Commodity Exchange Act.

- B. Partially-filled order tickets need not be submitted by the executing Member to the Clearing Member until the entire order has been executed. Once the entire order has been executed, the order must be submitted to the Clearing Member promptly, or at the latest, during the next required collection of trading documents by the Clearing Member.
- C. Trading cards collected pursuant to this Regulation must be time-stamped promptly to the nearest minute upon collection by the Clearing Member.

2059.00. DESIGNATION OF OPEN AND CLOSE ON TRADING CARDS.

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

2060.00. OFFICIAL CLOSING PERIOD: FUTURES.

Unless otherwise stated elsewhere in the MGEX Rules and Regulations, the official closing period for all MGEX futures shall be from 1:14:00 p.m. to 1:14:59 p.m. (Central Time).

2061.00. OFFICIAL CLOSING PERIOD: OPTIONS.

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

2062.00. TRADING CARDS: FORM, PREPARATION AND MAINTENANCE.

- A. Trading cards used to record the execution of purchase or sale of a Futures or Options transaction governed by the MGEX Rules and Regulations must contain:
 - 1. Pre-printed Member identification or other unique identifying information which would permit the trading cards of one Member to be distinguished from cards of all other Members;
 - 2. Pre-printed sequence numbers to permit the intra-day sequencing of trading cards; and
 - 3. Unique and pre-printed identifying information which would distinguish each of the trading cards prepared by a Member from his/her other trading cards for no less than a one (1) week period.
- B. Trading cards prepared by the Member must also include the following:
 - 1. Member's name
 - 2. Clearing Member's name

3. Transaction date
 4. Quantity bought or sold
 5. Commodity
 6. Contract for future delivery or physical
 7. Future (month) or expiration date
 8. Price or premium
 9. Put or call and strike price
 10. Transaction time to the minute
 11. Opposite Broker/Trader
 12. Opposite Clearing Member
 13. Indicators for the following types of transactions: (C) cash exchange; (T) office transfer; (S) spread; (D) delivery; (E) exercise; (R) exchange for risk
 14. Any other information required by the Exchange
- C. A Member recording transactions on trading cards must use non-erasable ink to record each purchase and sale in exact chronological order of execution on sequential lines of the card. Skipping of lines on the trading card is prohibited. If blank lines remain after the last execution recorded on a trading card the remaining lines should be marked through. When two-sided trading cards are used, blank lines on both sides of the card must be marked through.
- D. A Member must use a new trading card at the beginning of each designated interval required pursuant to [Regulation 2058.00](#).
- E. A Member is accountable for all trading cards prepared pursuant to MGEX Rules and Regulations in exact numerical sequence, whether or not such trading cards are relied upon as original source documents.
- F. A Member must identify on his/her trading cards trades executed during opening and closing periods in the manner required by [Regulation 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 Member or Clearing Member to document requests or executions for Pit or ex-Pit transactions must be completed in non-erasable ink.
- B. The Member or Clearing Member may correct any errors on trading records by crossing out the erroneous information with a single line or an "X" and recording the correct information. The originally recorded information must not be obliterated or otherwise made illegible when it is crossed out.
- C. After the initial time-stamp, a Clearing Member may not correct erroneous information on trading records unless the party making the correction has initialed the trading document as near as possible to the correction.
- D. With regard to trading cards only, a Member may correct erroneous information by rewriting the trading card. However, both the original trading card and the rewritten trading card must be prepared and submitted in

accordance with the requirements of Exchange **Regulations 2058.00.** and **2062.00.** A Member may not rewrite the trading card after it has been submitted to the Clearing Member.

2062.02. ELECTRONIC AUDIT TRAIL AND OTHER RECORDKEEPING REQUIREMENTS.

All Clearing Members are required to maintain or cause to be maintained the order routing and frontend audit trail for all electronic orders including, but not limited to: order entry, modification, cancellation and responses to such messages entered into the Electronic Trading System by the Clearing Member or its customers.

The Clearing Member may assign the recordkeeping requirements contained in this Rule to a customer subject to the following conditions: 1) the Clearing Member and the customer must have applicable written agreements assigning the recordkeeping requirements with particularity; 2) upon request, either the Clearing Member or the customer must provide such agreements to the Exchange.

The Clearing Member must ensure that any written agreements assigning recordkeeping requirements of this Rule are being followed by any customers. The Clearing Member and/or the customer may be held accountable for failure to maintain or causing to be maintained the recordkeeping requirements of this Rule.

Audit trail data must contain a complete and accurate record of information and fields that are required by the Electronic Trading System and this Rule. Changes to required audit trail data for the Electronic Trading System may occur from time to time, and are hereby incorporated into this Rule. Required audit trail data means a record of all FIX Tag and/or iLink information and fields, including, but not limited to: transaction date, product, Exchange code, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), host order number, trader order number, clearing member, type of action, customer type indicator, origin and timestamps. In addition, for executed orders, records must include the execution time of the trade along with all fill information.

2063.00. TIME-STAMPS.

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

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

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

2064.00. UNMATCHED TRADE RESOLUTION.

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

2065.00. IDENTIFICATION AND REGISTRATION OF BROKER ASSOCIATIONS.

Pursuant to the provisions of **Rule 1216.00.**, the Board of Directors has adopted this Regulation.

- A. A Broker Association shall include two (2) or more Exchange Members with floor trading privileges, of whom at least one (1) is acting as a floor Broker, who:
1. engage in floor brokerage activity on behalf of the same employer;
 2. have an employer and employee relationship which relates to floor brokerage activity;
 3. share profits and losses associated with their brokerage or trading activity; or
 4. regularly share a deck of orders in which floor Brokers have knowledge of the orders to be shared.
- B. A member of a Broker Association may not receive or execute an order unless the Broker Association is registered with the Exchange.
- C. A Broker Association member must register with the Exchange no later than ten (10) business days after an event requiring registration.
- D. Registration of each Broker Association shall include the following information where applicable:
1. Name and legal form of the Broker Association;
 2. Name of each person who is a member or otherwise has a direct beneficial interest in the Broker Association;
 3. All identifying badge numbers of Broker Association members;
 4. Account numbers for all accounts belonging to any Broker Association member, accounts in which any Broker Association member(s) have an interest, and any proprietary or customer accounts controlled by any member(s) of the Broker Association;
 5. Identification of all Broker Associations with which each Member is associated; and
 6. Individual(s) authorized to represent the Broker Association in connection with its registration obligations.
- E. It shall be the responsibility of the Broker Association and its authorized representative to ensure the Broker Association is properly registered. It shall be the responsibility of each Broker Association member to ensure he has complied with registration requirements and to ensure the accuracy of the information filed. Any changes to the information previously reported must be provided within five (5) business days after an event giving rise to the changes.
- F. The Exchange may request any additional information from a Broker Association or its members as it deems necessary.

- G. "Floor Brokerage Activity" is defined as the reception of orders or execution of trades for all accounts other than for a Member's personal account.
- H. "Regularly Share A Deck Of Orders" is defined as instances regularly occurring more than once per week where Members sharing a deck of orders have knowledge of the terms of the orders shared. Knowledge can be obtained by handing off orders for execution after a Broker has seen the terms of the order.
- I. Where there are individual relationships which technically come within the definition of a Broker Association but are incidental to or involve no floor brokerage activity, a request for exemption from registration may be made to the Department of Audits and Investigations. Such request must be made in writing with full disclosure as to the nature of the trade activity and individual relationships. The Department of Audits and Investigations has sole discretion to determine exemption which may be revoked for just cause at anytime.

2067.00. ELECTRONIC AND OPEN OUTCRY TRADING.

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

- A. 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, members trading for themselves by open outcry and orders initiated directly by a user for electronic execution will not be subject to this regulation.
- B. The Electronic Trading System and open outcry may have separate opens, open ranges, highs, lows, closes and closing ranges. However, there shall be only one settlement price.
- C. The Electronic Trading System and open outcry may each have trade volume that is reported separately. However, there shall be only one combined open interest number reported by the Exchange.
- D. Contracts traded on both the Electronic Trading System and by open outcry shall be fungible. This means positions entered into on one platform may be offset by positions executed on the other platform. As a result, clearing members shall submit to the Clearing House only combined position reports.

Date:

Name

Street

City, State, Zip

Dear _____:

RE: RESPONSE TO NON-MEMBER COMPLAINT

We understand that you seek redress from a Member firm or an individual member in connection with misunderstandings or disagreements arising from the handling of your account, or orders or executions for your account, on business conducted on, and subject to the Rules of the Minneapolis Grain Exchange.

We ask that you complete the enclosed **STATEMENT OF CLAIMS FORM**, which will be the basis for your claim against the Exchange Member Firm or Member whom you indicate.

In describing the substance of the Complaint, please indicate as accurately as you can the dates involved, the commodities in dispute and, where appropriate, the number of contracts, the prices and any other pertinent information. Identify any other persons involved, either as participants or witnesses and, where possible, their business affiliation. Copies of orders, confirmations, statements, trade agreements or other memoranda will be helpful.

When the completed Complaint form has been received by this office, the Respondent will be advised and, in accordance with Exchange Rules, an arbitration panel will be formed to arbitrate the differences.

In arbitrations between one Exchange member and another, the Exchange chooses arbitrators from a pool of twenty (20) or more persons, all of whom are members of the Corporation and all of whom are familiar with Exchange Rules and Regulations, customs and usages. However, in an arbitration between a non-member and customer and an Exchange member, the non-member customer may elect to have the dispute heard by an independent, or mixed, panel. This independent panel will consist of two persons who are not members of the Corporation nor associated with any member of the Exchange, and one Exchange member.

Should you elect to have the dispute heard by an independent panel as described above, it is necessary that you advise the Secretary in writing within ten (10) business days after the

RESPONSE TO NON-MEMBER COMPLAINT

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date of the Secretary's Notice. In the absence of such advice from you, the dispute will be heard by a panel of members.

Fees from each hearing before a Customer Claims Arbitration Panel (whether member or independent) shall be as follows:

For each case involving up to \$2,500.00	\$100.00
For each case involving \$2,501.00 to \$10,000.00	\$200.00
For each case involving more than \$10,000.00	\$300.00
For any non-monetary claims	\$300.00

The amount of the fee shall be based on the amount asked in the Complaint; and, in cases in which the payment of money is neither asked in the Complaint nor awarded, the fees shall be at the discretion of the panel, but, in no case more than three hundred dollars (\$300.00).

In each case, all fees shall be paid in advance to the Exchange. Such fees shall be retained by the Exchange whether the case is heard or not.

The Commodity Futures Trading Commission has ruled that the incremental cost for an independent panel is solely for the expense of the Exchange member unless the arbitrators determine that the customer acted in bad faith in initiating or conducting the proceedings.

Please note that Exchange Rule 418.00. PRE-HEARING EXCHANGE OF DOCUMENTS AND WRITTEN INFORMATION (see enclosed copy of Arbitration Rules) requires that all parties cooperate in the voluntary exchange of relevant documents and written information to facilitate a fair, equitable and expeditious hearing.

If you have questions or need further assistance in completing the Complaint form, please contact me at 612-321-7101 or write:

*Minneapolis Grain Exchange
Attn: Corporate Secretary
400 South 4th Street - Suite 130
Minneapolis, MN 55415*

Please remember to let us know if you want a non-member panel. Also, please accompany your Complaint form by a check in the appropriate amount (see previous page and Customer Claim Form).

Very truly yours,
Minneapolis Grain Exchange

Corporate Secretary

Form - Response to non-member complaint

**CHAPTER 72
RESOLUTIONS**

- 210.01.F. Board Of Directors: Powers
- 719.00. Exchange Of Futures For Physical or Risk Transaction Fees
- 803.00. Contract and Other Deliverable Grades
- 804.00. Electronic Warehouse Receipts
- 2101.00.C. Schedule of Reporting Deadlines

Further, effective with the September 2017 contract month, any reference to “warehouse receipt” in any MGEX Rule pertaining to the delivery of a Hard Red Spring Wheat Futures Contract means “electronic warehouse receipt”.

Unless otherwise instructed by the Exchange, electronic warehouse receipts are to be issued via and transferred exclusively using e-Grain, Inc. (also known as the eGrain System).

The Exchange may from time to time determine or modify the electronic fields that are required to be completed when creating or issuing an electronic warehouse receipt.

In addition, any Regular Facility that receives a request to convert a paper warehouse receipt to an electronic warehouse receipt through December 26, 2017 shall promptly fulfill the request, and shall not charge any fee to the requesting party.

RESOLUTION 2101.00.C.

The Exchange has adopted the following schedule of reporting deadlines (all times listed shall conform to Central Time):

7:30 a.m.	Position reports
9:00 a.m.	Settlement and margin payment
11:00 a.m.	Trading directive for same day collateral pledges* Trading directive for same day collateral pledge release*
11:15 a.m.	Weekly account position updates Daily Delivery/Exercise account updates
11:30 a.m.	Intraday variation payment
3:30 p.m.	Unmatched trade adjustments
3:45 p.m.	Last submission of trades Give-up execution
4:00 p.m.	Give-up acceptance
4:15 p.m.	Auto-Exercise Cancellation Notices
4:20 p.m.	Options position reports on expiration day
4:30 p.m.	Long position lists for delivery Delivery Notices Exercise Notices
7:30 p.m.	Customer gross margin files

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

Trading activity after seven o'clock (7:00) p.m. to three thirty o'clock (3:30) p.m. the following day will be cleared with said following day's trading activity.

Trades must be entered in "TEMS" within forty-five (45) minutes of the conclusion of each half ($\frac{1}{2}$) hour trading bracket.

Any unresolved unmatched trades may be suspended pending possible resolution the following business day as an "as of" trade. "As of" trades can be carried no longer than one business day.

All give up trades properly entered in accordance with **Rule 2102.00**. by the executing Clearing Member by three forty-five o'clock (3:45) p.m. must be accepted by the carrying Clearing Member by four o'clock (4:00) p.m.

Pursuant to **Rules 2.3.5.** and **1227.00.**, any deadline or submission listed herein that is missed, late, inaccurate or incomplete, may result in a fine or the matter being referred to the Disciplinary Committee as determined by the Exchange.