



February 27, 2019

Web 2019-1

Dear MGEX Members & Rules and Regulations Book Recipients:

Updates have been made to the following Chapters:

<b><u>Chapter</u></b>	<b><u>Citation</u></b>	<b><u>Purpose</u></b>
1- Definitions	N/A	Amendment to definition of "Person" to include additional entity types.
2- Universal Provisions	Index Rules 2.2.4., 2.2.5., 2.2.6., 2.2.7.	Update to Index Amendments to Rules 2.2.4. (formerly 2030.00.), 2.2.5. (formerly 2086.00.), and 2.2.6. (formerly 2087.00.) clarifying applicability of rules to Persons rather than entities; amendments to Rule 2.2.7. (formerly 2089.00.) clarifying applicability and updating rule language.
9- Delivery Elevators	900.00.	Housekeeping
18- Electronic Trading	Index Rules 1800.00., 1801.00., 1804.00., 1805.00., 1807.00., 1817.00., 1818.00.	Update to Index Amendments to Rules 1800.00., 1801.00., 1804.00., 1805.00., 1807.00., 1817.00., and 1818.00. clarifying that the rules apply to Market Participants, in addition to Members and Clearing Members. The amendments use the defined term of "Market Participant", which is located in Chapter 1 of the Rulebook.
20- Regulations	Index Rules 2030.00., 2086.00., 2087.00., 2089.00.	Update to Index Removal of Rules.
72- Resolutions	Index 2101.00. C.	Update to Index Amend Rule title to conform to Rule content.

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 Jesse Marie B. Green at (612) 321-7122 or [jgreen@mgex.com](mailto:jgreen@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, in the Exchange Room and at [www.mgex.com](http://www.mgex.com), where notices are customarily posted.

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

**BYLAWS:** The Bylaws of the Minneapolis Grain Exchange, Inc. as duly adopted by the Board of Directors and Members of the Exchange. Bylaws do not include Chapter 1 and Chapters 4 – 82 of the MGEX Rules.

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

**CALL OPTIONS:** See Chapter 15.

**CHAIRMAN:** A Member of the Exchange serving on the Board of Directors elected by the Directors as the Chief Executive Officer of the Board.

**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.

**COMMODITIES:** Wheat, Durum Wheat, Corn, Oats, Rye, Barley, Flaxseed, Soybeans, Field Seeds, Buckwheat, Speltz, Grain Sorghums, Screenings and such other commodities as are customarily traded on this Exchange subject to 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](#))

**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.

**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](#).

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

**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

**MGEX RULES OR RULE:** Includes the Rules, Regulations, Resolutions, Interpretations, procedures, customs, and usages of the Exchange duly adopted by the Board of Directors.

**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:** See Chapter 15.

**PENALTY:** Any restriction, limitation, censure, fine, expulsion, suspension, revocation, reprimand, cease and desist order, sanction or any other disciplinary action for any amount or of any definite or indefinite period imposed upon any person 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.

**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 Bylaws or MGEX Rules any act is required to be performed within a certain number of days (or business days), the Bylaw or MGEX 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 CHAIRMAN:** A Member of the Exchange serving on the Board of Directors duly elected by the Directors to the Office of Vice Chairman.

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



## **CHAPTER 2 UNIVERSAL PROVISIONS**

### **SECTION 1 – GENERAL**

- 2.1.1. Scope
- 2.1.2. Consent To Jurisdiction
- 2.1.3. Consent To Investigatory And Disciplinary Processes
- 2.1.4. MGEX Rules, Interpretation, And Enforcement Authority
- 2.1.5. Cooperation With Investigatory And Disciplinary Processes
- 2.1.6. Duty To Supervise
- 2.1.7. Holidays
- 2.1.8. Emergencies
- 2.1.9. Inclement Weather Or Transportation Breakdown
- 2.1.10. Member Or Market Participant Emergencies
- 2.1.11. Market Maker Program
- 2.1.12. Promotional Material
- 2.1.13. Exchange Officer Amendments

### **SECTION 2 – FINANCIAL REQUIREMENTS**

- 2.2.1. Financial Requirements Authority
- 2.2.2. Financial And Reporting Requirements
- 2.2.3. Minimum Financial Requirements For Hard Red Spring Wheat Regularity
- 2.2.4. Minimum Financial Requirements For Cash Trading Privileges
- 2.2.5. Minimum Financial And Reporting Requirements For Futures Commission Merchants
- 2.2.6. Minimum Financial And Reporting Requirements For Clearing Members
- 2.2.7. Notification Of Fiscal Year



Maker Program must submit an application to the Exchange. The Exchange has sole discretion to approve or deny an application based on, but not limited to, the following factors: the applicant's business reputation; financial resources; and trading activity in relevant futures, options, or related cash markets. Any individual or entity accepted into the Market Maker Program must maintain compliance with the Market Maker Program's requirements. Further, any individual or entity who is participating in the Market Maker Program must comply with the Commodity Exchange Act (and Regulations thereunder as now in effect or hereafter amended) and Exchange Rules. The Exchange may, in its sole discretion, remove any individual or entity from the Market Maker Program.

#### **2.1.12. PROMOTIONAL MATERIAL.**

Promotional material and similar information issued by Market Participants must comply with the requirements of National Futures Association Rule 2-29, as amended. A Market Participant must not state or give the appearance that the Market Participant represents the Exchange.

#### **2.1.13. EXCHANGE OFFICER AMENDMENTS.**

The Exchange Officers, by majority vote, shall have the authority to amend any Rule without a vote of the Ownership or the Board of Directors when such amendment does not alter the intent of the Rule or is otherwise non-substantive. Examples of amendments include, but are not limited to, the modification or elimination of letters, numbers, words, phrases, sentences, Rule numbers, Rule titles, chapter numbers, chapter titles, and cross references (internal and to applicable law) necessary to maintain accurate and current Rules, or non-substantive changes necessary to comply with any non-substantive change in law, statute or governing legal authority.

### **SECTION 2 – FINANCIAL REQUIREMENTS**

#### **2.2.1. FINANCIAL REQUIREMENTS AUTHORITY.**

The Exchange may from time to time adopt financial and reporting requirements. These requirements may be more stringent than those provided in the Commodity Exchange Act, as amended, Commodity Futures Trading Commission regulations, and other applicable authority. Such requirements may be posted through reasonable means by the Exchange and need not be codified in MGEX Rules.

#### **2.2.2. FINANCIAL AND REPORTING REQUIREMENTS.**

Financial and reporting requirements for Persons may be established by the Exchange, provided that requirements for FCMs are established at levels no lower than those required by the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission regulations.

#### **2.2.3. MINIMUM FINANCIAL REQUIREMENTS FOR HARD RED SPRING WHEAT REGULARITY.**

A Person who operates an elevator or warehouse, or who is a merchandiser, that is Regular for delivery of Hard Red Spring Wheat must maintain certain minimum financial requirements set by the Exchange. The Exchange has established the following working capital and net worth financial requirements for Regularity:

<b>Contract</b>	<b>Working Capital</b>	<b>Net Worth</b>
Hard Red Spring Wheat	\$2,000,000.00	The greater of \$5,000,000.00 or the equivalent of \$1 per bushel of approved storage capacity

Additionally, any combination of the elevator, merchandiser, warehouse, parent company, employee, partner, or officer of such Person must be a Record Owner of a minimum of two (2) Memberships.

The Exchange may consider and approve, at its discretion, a Person for Regularity that is unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Exchange may, at any time, require a Person that is approved or applying for Regularity to provide irrevocable letters of credit, guarantees, pledges of memberships, and/or other forms of security that the Exchange determines to be acceptable. Failure to meet any minimum financial requirements or comply with the Exchange's request for additional financial security will be deemed a failure to meet the minimum financial standing requirement.

If a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), then the Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the Person must own the highest number of MGEX memberships required of their various registration status.

#### **2.2.4. MINIMUM FINANCIAL REQUIREMENTS FOR CASH TRADING PRIVILEGES.**

- A. **Financial Requirements.** Any Person with cash trading privileges must meet the minimum financial requirements set forth by the Exchange, which are set as follows:

<b>Working Capital</b>	<b>Net Worth</b>
\$1,000,000.00	\$2,000,000.00

The Exchange may consider and approve, at its discretion, Persons with cash trading privileges that are unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Exchange may, at any time, require a Person with cash trading privileges to provide irrevocable letters of credit, guarantees, pledges of memberships, and/or other forms of security that the Exchange determines to be acceptable. Failure to meet any minimum financial requirements or comply with the Exchange's request for additional financial security will be deemed a failure to meet the minimum financial standing requirement.

- B. **Annual Financial Statements.** Regardless of whether the Person is required to file with the CFTC, all Persons with cash trading privileges must file with the Exchange, within ninety (90) days of the close of their fiscal year, an audited financial statement that includes at a minimum, a balance sheet and income statement with footnotes. Such annual financial statement must be accompanied by an opinion of an independent Certified Public Accountant. The Exchange may in its discretion require such additional reports as it deems appropriate or

necessary.

- C. **Interim Unaudited Financial Statements.** Regardless of whether the Person is required to file with the CFTC, any Person with cash trading privileges must file with the Exchange quarterly unaudited financial statements that include at a minimum, a balance sheet and income statement, forty-five (45) days of the date of such quarterly statement.
- D. **Extension of Time to File.** Upon written request in advance and for good cause shown, the Exchange may in its sole discretion grant an extension of the time for the filing of any reports or statements required by this Rule.

All costs associated with the requirements of this Rule will be borne solely by the Person with cash trading privileges.

If a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), then the Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the Person must own the highest number of MGEX memberships required of their various registration status.

#### **2.2.5. MINIMUM FINANCIAL AND REPORTING REQUIREMENTS FOR FUTURES COMMISSION MERCHANTS.**

- A. **Financial and Reporting Requirements.** All FCMs that have customers trading MGEX Futures and Options contracts must meet the minimum financial and reporting requirements set forth in CFTC Regulations 1.10, 1.12, 1.16, 1.17, and 1.18, as now in effect or hereafter amended. All such FCMs must file with the Exchange the reports required under such CFTC Regulations, including the reports enumerated below, by approving the Exchange as a receiver of such reports on the WinJammer™ Online Filing System. The Exchange may in its discretion require FCMs to file additional reports as it deems appropriate or necessary.
  - 1. All FCMs must file daily segregated, secured 30.7 and cleared swaps segregation statements, as applicable, in a manner designated by the Exchange. These statements must be signed by the firm's Chief Executive Officer, Chief Financial Officer, or other representative as allowed by the Exchange.
  - 2. All FCMs must file bi-monthly Segregation Investment Detail Reports as required by the Exchange and CFTC Regulation 1.32.
  - 3. All FCMs must provide immediate notice to the Exchange of all disbursements of customer segregated, secured 30.7, and cleared swaps segregation funds that are not made for the benefit of customers of the respective customer origin, and that exceed 25% of the excess segregated, secured 30.7, and cleared swaps segregation funds, as applicable. Any such disbursements by the FCM must also be pre-approved, in writing, by a principal of the FCM.

4. At least one report in each fiscal year must be accompanied by an opinion of an independent Certified Public Accountant.
- B. **Extension of Time to File.** Upon written request in advance and for good cause shown, the Exchange may in its sole discretion grant an extension of the time for the filing of any reports or statements required by this Rule.

All costs associated with the requirements of this Rule will be borne solely by the FCM.

If a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), the Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the Person must own the highest number of MGEX memberships required of their various registration status.

#### **2.2.6. MINIMUM FINANCIAL AND REPORTING REQUIREMENTS FOR CLEARING MEMBERS.**

- A. **Financial and Reporting Requirements.** All Clearing Members must meet the minimum financial and reporting requirements set forth in CFTC Regulations 1.10 and 1.17, as now in effect or hereafter amended.
- B. **Financial Statements for FCM Clearing Members.** All FCM Clearing Members must meet the requirements set forth in MGEX Rule 2.2.5.
- C. **Financial Statements for Non-FCM Clearing Members.** Non-FCM Clearing Members must file monthly financial statements that include at a minimum, a balance sheet and income statement, with the Exchange within seventeen (17) business days of the date of such statement. Within sixty (60) days of the close of its fiscal year, Non-FCM Clearing Members subject to this Rule must file a certified financial statement accompanied by an opinion of an independent Certified Public Accountant.
- D. **Extension of Time to File.** Upon written request in advance and for good cause shown, the Exchange may in its sole discretion grant an extension of the time for the filing of any reports or statements required by this Rule.

All costs associated with the requirements of this Rule will be borne solely by the Clearing Member.

If a Person qualifies for more than one type of status (Clearing Member, FCM, Regular for delivery or holding cash trading privileges), then the Person must meet the highest capital and net worth requirements, and the earliest reporting requirements of their various registration status. Additionally, the Person must own the highest number of MGEX memberships required of their various registration status.

#### **2.2.7. NOTIFICATION OF FISCAL YEAR.**

Any Person required by the Exchange to provide financial information must immediately notify the Exchange of any change to its fiscal year. Such notification must be made in writing and submitted to the Exchange explaining any change and the reasons therefore. If applicable, the



Person making a change in its fiscal year must also submit written evidence that its designated self-regulatory organization has approved the same.

Any change in fiscal year pursuant to this Rule does not relieve any obligation to file timely certified and interim financial statements deemed necessary by MGEX Rules or the Exchange.



**CHAPTER 9**  
**DELIVERY ELEVATORS**

- 900.00. Delivery Elevators: Conditions For Becoming Regular
- 900.01. Revocation Of Regularity
- 901.00. Records, Reports, Visitation Of Premises Required By Commodity Exchange Act
- 901.01. Information And Access To Records And Reports By The Minneapolis Grain Exchange



## CHAPTER 9 DELIVERY ELEVATORS

### 900.00. DELIVERY ELEVATORS: CONDITIONS FOR BECOMING REGULAR.

Persons operating grain elevators who desire to have such elevator made or remain Regular for delivery of grain under the MGEX Rules and Regulations shall file an application or renewal form as prescribed by the Exchange. (See **Form 9-00.00.**) Renewal for Regularity must be filed prior to June 1 for a one (1) year term beginning the following August 1. Application for Regularity may be made at any time during a current term for the balance of that term. However, if an applicant is approved during the months of May, June or July, their initial Regularity term will include the following one (1) year term. Initial Regularity and increases in capacity during the term shall become effective on the last business day in the month in which the Exchange approves such application.

The Exchange may approve renewal of Regularity and may revoke said Regularity for just cause at any time. Denial or revocation of Regularity by the Exchange may be appealed to the Board of Directors. The decisions of the Board of Directors shall be final.

Wheat: Application for Regularity may be made by persons operating licensed grain elevators located within the limits of the Minneapolis-St. Paul, Duluth or Red Wing, Minnesota switching districts, or Superior, Wisconsin switching district for Spring Wheat.

- A. Such elevator must be properly equipped for the convenient and expeditious receiving, handling and shipping of such bulk commodities as are customarily accepted therein for public storage. Each elevator must be able to load-out by rail and barge and shall be connected by railroad tracks with one or more railway lines. In the case of an interior off-water elevator such firm must be able to make the grain available in a barge pursuant to **Rules 804.00.** and **804.01.**
- B. The warehouseman operating such elevator must be in good financial standing and shall meet the minimum financial requirements set forth by the Exchange (see **Rule 2.2.3.**) and file the following periodic documentation:
  - 1. **Audited Financial Statement** - Each entity wishing to become Regular for Spring Wheat Futures Delivery must annually submit to the Exchange an Audited Financial Statement prepared by an independent certified public accountant in accordance with generally accepted accounting principles.
  - 2. **Due Date** - Audited Financial Statements must be filed no later than ninety (90) days after the fiscal year end, except in those cases where an entity has applied to the Exchange and has received approval for an extension.

3. **Interim Unaudited Financial Statement** - Each entity must submit to the Exchange unaudited mid-fiscal year financial statement. This statement must be filed no later than forty-five (45) days after the mid-year point of the entity's fiscal year, except in those cases where an entity has applied to the Exchange and has received approval for an extension.
- C. All elevators approved for delivery of grain in satisfaction of the MGEX Futures Contracts shall submit to the Exchange a tariff, listing in detail the rates for handling and storage of grain, and shall also submit to the Exchange sixty (60) days in advance changes, in insurance and storage fees, provided, however, that such changes do not conflict with **Rule 811.00**. and other limitations set forth in section B. Tariffs on file with the Exchange shall be available for public inspection.
  - D. It shall be the responsibility of the warehouseman of a Regular elevator to immediately inform the Exchange of any adverse changes in status and financial conditions. (See **Rules 2.2.3.** and **2088.00.**) Failure to notify the Exchange will be deemed a violation of the MGEX Rules and Regulations.

#### **900.01. REVOCATION OF REGULARITY.**

If the designation of a Regular elevator is revoked, the Exchange shall determine the period of time, if any, during which the receipts issued by such elevator shall thereafter be deliverable in satisfaction of futures contracts under the MGEX Rules and Regulations. The Exchange shall post such revocation on the Official Bulletin Board and notify all members and receipt holders of record.

In the event of revocation, expiration or withdrawal of Regularity, or in the event of sale or abandonment of the properties where Regularity is not reissued, holder(s) of outstanding warehouse receipts shall be given thirty (30) days to take load-out of the commodity from the facility. If a holder of an outstanding warehouse receipt chooses not to take load-out during this period, the facility must provide him with warehouse receipts at another Regular elevator, with adjustments for contract differentials. Alternatively, if such warehouse receipt is unavailable, the facility must provide the holder with an equivalent quantity and quality of grain designated in the warehouse receipts at a mutually acceptable location.

#### **901.00. RECORDS, REPORTS, VISITATION OF PREMISES REQUIRED BY COMMODITY EXCHANGE ACT.**

Warehousemen operating Regular elevators, in compliance with the provisions of Section 1.44 of the Commodity Exchange Act, as amended and Regulations thereunder shall:

- A. Keep records showing the stocks of each commodity traded in for future delivery on such contract market, in store in such warehouses by kinds, by classes, and by grades, if stored under the conditions requiring such designation or identification, and including also lots and parcels stored specially or separately or in specially leased warehouse space.
- B. Upon call from the Commodity Futures Trading Commission, report the stocks of commodities in such warehouses and furnish information concerning stocks, of each commodity traded in for future delivery on such contract market about to be transferred or in process of being transferred, or otherwise moved into or out of such warehouses, as well as any other information concerning commodities stored in such warehouses and that are or may be available for delivery on Futures Contracts.
- C. Permit visitation of the premises and inspection of the books and records of such warehouses by duly authorized representatives of the United States Department of Agriculture, the Department of Justice or the Commodity Futures Trading Commission, and to keep all books, records, papers and memoranda relating to the storage and warehousing of commodities in such warehouses for a period for five (5) years from the date thereof.

**901.01. INFORMATION AND ACCESS TO RECORDS AND REPORTS BY THE MINNEAPOLIS GRAIN EXCHANGE.**

Operators of Regular and federally licensed public elevators and warehouses shall disclose and timely file with the Exchange such information as requested on commodities, including but not limited to: quantity and quality of stocks in store; grain in transit, purchased, sold, owned, held for others, consigned, assigned, transferred, delivered, or loaded out; information on warehouse receipts or shipping certificates issued, outstanding, cancelled without delivery and cancelled with delivery. Furthermore, information on the class, grade and condition shall be provided if requested.

The information to be provided shall be in the manner, method and format determined by the Exchange and at such times determined by the Exchange. Such information may be requested on a daily, weekly or periodic basis.

Operators shall accord every facility to any duly authorized committee or person for:

- A. the examination of its books and records.
- B. the purpose of ascertaining the stocks of commodities which may be on hand at any time.

Such examination and verification may be made any time by the Board of Directors or its approved inspection agents or, any other committee authorized by the Board of Directors, which shall have the authority to employ appropriate personnel to determine the quantity and quality of commodities in the elevators or warehouses and to compare the books and records of the said facilities with the records of any State or Federal authority.

Operators shall keep all books, records, papers and memoranda relating to the storage and warehousing of commodities in said facilities for a period of five (5) years.



## **CHAPTER 18 ELECTRONIC TRADING**

1800.00.	Applicability Of Rules
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1818.00.	Electronic Trading System Rules



## **CHAPTER 18 ELECTRONIC TRADING**

### **1800.00. APPLICABILITY OF RULES.**

The Rules contained in this Chapter govern those Exchange contracts which are traded through the Electronic Trading System. To the extent that the provisions in this Chapter conflict with Rules in other sections of this Rulebook, this Chapter supersedes such Rules and governs the manner in which contracts are traded through the Electronic Trading System. Otherwise, contracts traded on the Electronic Trading System, as well as Members and Market Participants, are fully subject to applicable MGEX Rules unless specifically and expressly excluded therefrom. Members and Market Participants must also abide by the Commodity Exchange Act, as amended, and the regulations promulgated thereunder, and any other applicable jurisdiction's laws, rules or regulations.

### **1801.00. ACCESS AND CLEARING MEMBER GUARANTEE.**

All Members and/or Market Participants must sign a customer account agreement and establish an account with an Exchange Clearing Member before they are provided access and commence trading on the Electronic Trading System. However, a Member or Market Participant who exclusively trades through an omnibus account at an Exchange Clearing Member will not be required to sign a customer account agreement with the Exchange Clearing Member. A Clearing Member guarantees and assumes financial responsibility for all orders it places and receives, and all contracts it clears through the Electronic Trading System. Further, Clearing Members shall promptly pay all fees and charges invoiced for the Electronic Trading System.

### **1802.00. INTERNET SERVICES.**

Members and Market Participants are responsible for procuring their own Internet access providers. The Exchange does not warrant any order entry, quote or order execution speed.

### **1804.00. MISUSE OF ELECTRONIC TRADING SYSTEM.**

Misuse of the Electronic Trading System is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of the Exchange to willfully or negligently engage in unauthorized use of the Electronic Trading System, to assist any person in obtaining unauthorized access to the Electronic Trading System, to trade on the Electronic Trading System without an agreement and an established account with a Clearing Member, to alter the equipment associated with the system, to interfere with the operation of the system, to intercept or interfere with information provided thereby, or in any way to use the system in a manner contrary to MGEX Rules.

Members and Market Participants are prohibited from distributing, selling, or retransmitting information displayed on the Electronic Trading System to any third party.

### **1805.00. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED.**

A Member, Market Participant, or Clearing Member shall not cause to be entered, or enter into, a transaction in which the Member, Market Participant, or Clearing Member knows or

reasonably should know that the Member, Market Participant, or Clearing Member will assume the opposite side of any order entered on behalf of a customer unless the Member, Market Participant, or Clearing Member first enters the customer order into the Electronic Trading System and then subjects such order to sufficient market exposure before entering an opposite order.

#### **1806.00. TRADING AGAINST OWN ORDERS PROHIBITED.**

A Market Participant shall not cause to be entered, or enter into, any transaction in which the Market Participant knows or reasonably should know that the Market Participant will assume the opposite side of an order entered on behalf of the respective Market Participant's own account or an account with common beneficial ownership or control.

#### **1807.00. PRIORITY OF ENTRY.**

Orders received by a Member, Market Participant, or Clearing Member shall be entered into the Electronic Trading System in the order received. Orders that cannot be immediately entered into the system must be reduced to writing or another form of permanent record, and entered when the orders become executable in the sequence in which the orders were received. All customer orders must be entered before a Member, Market Participant, or Clearing Member may enter orders for accounts in which the Member, Market Participant, or Clearing Member has a personal, financial or proprietary interest.

#### **1808.00. TRADE OPEN.**

Orders entered into and received by the Electronic Trading System during the designated time period prior to the opening of the trading session shall be matched first at the commencement of trading by means of an algorithm. The opening price shall be determined by the algorithm.

#### **1809.00. MATCHING ALGORITHM FOR THE ELECTRONIC TRADING SYSTEM.**

Unless otherwise specified by the Exchange, orders entered into the Electronic Trading System will be matched according to an algorithm that gives priority to orders at the best price and that gives priority among orders with the same price based upon the time of entry into the system. The Exchange may use a different matching algorithm for particular contracts or change an algorithm by giving notice to the Membership and the Clearing Members using the Electronic Trading System at least ten (10) days before the change or different algorithm is implemented.

The Board of Directors and the Executive Committee shall have authority to approve any change to an algorithm.

#### **1810.00. TRADE ERRORS.**

A trade executed on the Electronic Trading System is binding notwithstanding an erroneous entry may have been made. A Clearing Member error in handling a customer order may be resolved by a monetary adjustment and/or placing a market order for the customer.

#### **1813.00. TERMINATION OF ACCESS.**

The Exchange shall have the right to summarily terminate access to the Electronic Trading System.

#### **1814.00. SYSTEM SECURITY.**

Each Member and Market Participant shall be responsible for the security of their terminals having access to the Electronic Trading System and will be held liable for each order transmitted from any such terminals to the Electronic Trading System and any trade subsequently executed.

Each person assigned an individual user name and password shall not disclose such identifiers to any other person or permit any other person access to the Electronic Trading System using such person's individual user name and password. Each person shall be responsible for monitoring the security of their individual identifier.

#### **1815.00. PHYSICAL EMERGENCIES.**

If the Electronic Trading System experiences a full or partial breakdown in any area, the Exchange may, without warning, immediately suspend trading on the Electronic Trading System until the problem has been corrected.

#### **1816.00. ELECTRONIC TRADING SYSTEM LIMITATION OF LIABILITY.**

Except in instances where there has been a finding of willful or wanton misconduct, in which case the party found to have engaged in such conduct cannot avail itself of the protections in this Rule, neither the Exchange, Members, Clearing Members, other persons acting as agents nor any of their officers, directors or employees, shall be liable for any losses, damages or costs, including direct, indirect, special, incidental or consequential damages, and lost profits, regardless of whether any of them had been advised or otherwise made aware of the possibility of such damages, arising out of the use or performance of the Electronic Trading System, any component(s) thereof, or any fault, failure, malfunction or other alleged defect in the Electronic Trading System, including any inability to enter or cancel orders in the Electronic Trading System, or any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the Electronic Trading System, including but not limited to, any failure to delay in transmission of orders or loss of orders resulting from malfunction of the Electronic Trading System, disruption of common carrier lines, loss of power, acts or failures to act of any third party, natural disasters or any and all other causes. The Exchange does not guarantee continuous, uninterrupted or secure access to the Electronic Trading System.

Each Member and Market Participant assumes all risks of trading on the Electronic Trading System, and waives any right to assert any claim against the MGEX that access or information was not provided by the MGEX or that access or information provided by the MGEX was improper, inaccurate or inadequate. Further, such Member and Market Participant waives any right to contest the validity or enforceability of any trade executed on the Electronic Trading System, or that access was interrupted or denied, or that orders were delayed or lost.

There are no express or implied warranties or representations provided by the Exchange, Members, Clearing Members, other persons acting as agents or any of their officers, directors

or employees, relating to the Electronic Trading System, including but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

#### **1817.00. ELECTRONIC TRADING SYSTEM PROCEDURES.**

The Exchange may immediately adopt, cancel or modify procedures of the Electronic Trading System, including but not limited to, access, order entry, open, execution, confirmation, closing, clearing, reporting, notification and recordkeeping procedures determined to be necessary so as to comply with the Commodity Exchange Act, Commission Regulations, Exchange Rules, Resolutions and surveillance obligations, or other controlling or governing authority; or determined to be in the best interest of the Exchange, Membership, users or public; or required as a result of changes by the Electronic Trading System provider, or Internet access providers or servers.

#### **1818.00. ELECTRONIC TRADING SYSTEM RULES.**

The Board of Directors shall have the authority and power to approve and implement Rules not inconsistent with this Chapter.

## **CHAPTER 20 REGULATIONS**

### **EXCHANGE ROOM**

- 2001.01. Regulations Governing Admission Of Floor Clerks To The Exchange Room
- 2002.00. Exchange Room
- 2003.00. Admittance Of Visitors To The Exchange Room
- 2004.00. Decorum And Dress While In The Exchange Room
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- 2007.00. Fraud Or Attempted Fraud Prohibited
- 2007.01. "Spoofing" Practices Prohibited
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- 2010.00. Futures And Options Months Prescribed
- 2011.00. Hours Of Trading
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### **DELIVERIES AND DELIVERY GRAIN**

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- 2026.00. Load-Out Notices: Form Of

2027.00. Load-Out, Storage And Insurance Charges: Delivery Grain  
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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 **Rule 231.00.**, the Board of Directors has adopted this Regulation.

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

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

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

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

#### **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 616.00.](#), the Board of Directors has adopted this Regulation.

- A. A Broker Association shall include two (2) or more Exchange Members with floor trading privileges, of whom at least one (1) is acting as a floor Broker, who:
  1. engage in floor brokerage activity on behalf of the same employer;

2. have an employer and employee relationship which relates to floor brokerage activity;
  3. share profits and losses associated with their brokerage or trading activity; or
  4. regularly share a deck of orders in which floor Brokers have knowledge of the orders to be shared.
- B. A member of a Broker Association may not receive or execute an order unless the Broker Association is registered with the Exchange.
- C. A Broker Association member must register with the Exchange no later than ten (10) business days after an event requiring registration.
- D. Registration of each Broker Association shall include the following information where applicable:
1. Name and legal form of the Broker Association;
  2. Name of each person who is a member or otherwise has a direct beneficial interest in the Broker Association;
  3. All identifying badge numbers of Broker Association members;
  4. Account numbers for all accounts belonging to any Broker Association member, accounts in which any Broker Association member(s) have an interest, and any proprietary or customer accounts controlled by any member(s) of the Broker Association;
  5. Identification of all Broker Associations with which each Member is associated; and
  6. Individual(s) authorized to represent the Broker Association in connection with its registration obligations.
- E. It shall be the responsibility of the Broker Association and its authorized representative to ensure the Broker Association is properly registered. It shall be the responsibility of each Broker Association member to ensure he has complied with registration requirements and to ensure the accuracy of the information filed. Any changes to the information previously reported must be provided within five (5) business days after an event giving rise to the changes.
- F. The Exchange may request any additional information from a Broker Association or its members as it deems necessary.
- G. "Floor Brokerage Activity" is defined as the reception of orders or execution of trades for all accounts other than for a Member's personal account.
- H. "Regularly Share A Deck Of Orders" is defined as instances regularly occurring more than once per week where Members sharing a deck of orders have knowledge of the terms of the orders shared. Knowledge can be



obtained by handing off orders for execution after a Broker has seen the terms of the order.

- I. Where there are individual relationships which technically come within the definition of a Broker Association but are incidental to or involve no floor brokerage activity, a request for exemption from registration may be made to the Department of Audits and Investigations. Such request must be made in writing with full disclosure as to the nature of the trade activity and individual relationships. The Department of Audits and Investigations has sole discretion to determine exemption which may be revoked for just cause at anytime.

#### **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.

#### **2069.00. REPORTING REQUIREMENTS AND SANCTIONS.**

- A. Members, Market Participants and all nonmembers approved as Regular are required to submit all data, records and other information requested by the Exchange or required by MGEX Rules and Regulations in an accurate, complete and timely manner, and in a method and format agreeable to the Exchange.
- B. Failure to comply with such reporting requirements will subject the Member, Market Participant or nonmember approved as Regular to a summary fine or other disciplinary action including, but not limited to, the matter being referred to the Disciplinary Committee.

#### **2084.00. RISK REQUIREMENTS FOR FUTURES COMMISSION MERCHANTS.**

All FCMs who are Members of the Exchange must establish, maintain, and enforce a risk management program designed to manage and monitor the risks associated with activities associated with the FCM including, but not limited to, risks relating to operations, capital, and

customer funds segregation. Such risk management program must include written policies and procedures and, at a minimum, must meet the requirements set forth in CFTC Regulation 1.11, as amended. The Exchange, at its discretion, may adopt risk management requirements for Member FCMs that are more stringent than those of the CFTC if it deems such requirements appropriate. Upon request of the Exchange or the CFTC, the written risk management policies and procedures and other related information and documentation must be promptly made available for review.

#### **2088.00. REDUCTION OF CAPITAL.**

Any Members with clearing and/or cash trading privileges, FCMs with customers trading MGEX Futures and Options contracts or any other entity required by the Exchange to provide financial information must immediately notify the Exchange of any material reduction of its adjusted net capital, working capital and/or its net worth, including the incurring of a contingent liability that would materially affect adjusted net capital, working capital and/or net worth should such liability become fixed. Such notice must be in writing and signed by an authorized representative. Failure to so notify the Exchange shall be considered an act detrimental to the interest and welfare of the Corporation.

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

Any entity declared Regular for delivery on any Exchange contract must comply with this Regulation. Information submitted must be signed by an authorized representative.

**CHAPTER 72  
RESOLUTIONS**

- 210.01. F. Board Of Directors: Powers
- 372.00. Delegation
- 719.00. Exchange Of Futures For Physical or Risk Transaction Fees
- 803.00. Contract and Other Deliverable Grades
- 804.00. Electronic Warehouse Receipts
- 2024.00. Exchange Regulatory Fee
- 2101.00. C. Schedule of Reporting Deadlines



## CHAPTER 72 RESOLUTIONS

### RESOLUTION 210.01.F.

Pursuant to the provisions of **Rule 210.01. F.**, the Board of Directors has adopted this Resolution.

Limited authority of the Board of Directors to amend MGEX Regulations, Resolutions, and Interpretations and to take emergency action is hereby delegated to Exchange officers. Such authority includes, suspending or curtailing trading, amending Hours of Trading, imposing margin requirements, declaration of holidays, amending reportable position limits, price limits and intraday market restrictions, managing settlement procedures, open or closing periods, fees, forms, notices, deadlines, dress and decorum policies, minimum financial requirements, notification and reporting requirements, striking prices, cash market reporting, recordkeeping requirements, honorary memberships, default procedures, give-up procedures, transferring customer contracts and margins, definition of emergencies, declarations of Force Majeure and action taken as a result of such declarations. The Exchange shall also have the authority to take such market action as may be directed by the CFTC. The President and Chairperson of the Board of Directors may determine whether a Regulation, Resolution or Interpretation can be amended by Exchange officers. Such amendments shall be forwarded promptly to the Board of Directors.

Further, limited authority of the Board of Directors is hereby delegated to Exchange officers to exercise certain other powers including amending transfer procedures, approving membership requests, transfers, applications and cancellations, approving applications and renewals for Regularity, approving applications for Cash Trading Privileges and/or clearing privileges, establishing minimum filing and financial requirements, establishing and amending summary fine schedules, approving standing committee appointments, granting admission to the Exchange Room, and amending the matching algorithm for the electronic trading system. Such approvals and changes shall be forwarded promptly to the Board of Directors.

Limited authority of the Board of Directors is hereby delegated to MGEX risk management personnel, which shall include such employees and/or officers as the Exchange, in its discretion, shall determine (collectively, the "MGEX Risk Team"), to independently exercise certain risk management powers and to be responsible and accountable for making risk decisions, including in crises and emergencies. The Board of Directors further assigns the MGEX Risk Team the responsibility for implementing the (i) default rules and procedures required by CFTC Regulations 39.16 and 39.35, (ii) system safeguard rules and procedures required by CFTC Regulations 39.18 and 39.34, and (iii) recovery and wind-down plans required by CFTC Regulation 39.39.

### RESOLUTION 372.00.

Pursuant to **Rule 372.00. G.** and **H.**, the Minneapolis Grain Exchange Board of Directors has adopted the following requirements to be met by Delegates of the Exchange.

A Delegate shall deposit one thousand dollars (\$1,000.00) with the Exchange. No interest will be paid on the deposit.

A Delegate shall pay a fee of two hundred dollars (\$200.00) each month unless said Delegate trades a minimum of twenty five (25) MGEX futures and/or options contracts.

Approved by the Board July 9, 2009, effective September 1, 2009.

#### **RESOLUTION 719.00.**

The Minneapolis Grain Exchange Board of Directors has adopted a \$0.70 fee to be paid to the Corporation by the buyer and the seller for each Minneapolis Grain Exchange contract involved in an exchange for risk or exchange for physical transaction.

Approved by the Board March 18, 2008, effective April 1, 2008.

#### **RESOLUTION 803.00.**

Effective with the May 2013 contract month, all warehouse receipts issued for delivery against Hard Red Spring Wheat ("HRSW") futures contracts shall be marked with a deoxynivalenol ("vomitoxin") limit expressed in tenths as either (i) 2.0 parts per million or (ii) 3.0 parts per million. Warehouse receipts marked as 2.0 parts per million or 3.0 parts per million shall represent a maximum vomitoxin level. Further, warehouse receipts marked as 2.0 parts per million shall be delivered at contract price, while receipts marked as 3.0 parts per million vomitoxin shall be delivered at a 20 cents per bushel discount.

The taker shall have the option, at taker's expense, to request for a determination of the level of vomitoxin at the time load-out instructions are submitted to the warehouse. Sampling shall be conducted at the point of load-out by the Federal Grain Inspection Service, a federally designated inspection agency or by a third party inspection service which is mutually agreeable to the warehouse and taker of delivery. The determination of the level of vomitoxin shall be based on the average test results of the HRSW. Vomitoxin test results up to and including 2.0 parts per million shall meet warehouse receipts marked 2.0 parts per million. Vomitoxin test results up to and including 3.0 parts per million shall meet warehouse receipts marked 3.0 parts per million. Vomitoxin test results greater than 3.0 parts per million shall not be deliverable. There will be no rounding of test results to a whole number. Taker may agree to accept HRSW with vomitoxin test results greater than 2.0 up to 3.0 parts per million for warehouse receipts marked 2.0 parts per million at the stated discount or at a discount mutually agreed by both parties.

The following methods are to be used for determining the level of acceptable vomitoxin for deliveries against HRSW futures:

1. Barges shall be based upon a single barge composite sample.
2. Vessels shall be based upon the average of subplot composite samples.
3. Trains shall be based upon an average of 5 railcar composite samples. A single composite sample shall be used for load-outs less than 5 railcars.
4. Warehouse and taker may mutually agree to utilize other sample averages.

#### **RESOLUTION 804.00.**

Effective with the September 2017 contract month, delivery of any Hard Red Spring Wheat Futures Contract shall be made by the delivery of a USDA approved negotiable electronic warehouse receipt issued by a MGEX approved regular facility.

Any holder of any paper warehouse receipt may take one of the following actions with respect to such paper warehouse receipt:

- 1) Convert such paper warehouse receipt to an electronic warehouse receipt and pay any outstanding storage cost;
- 2) Carry such paper warehouse receipt indefinitely;
- 3) Cancel such paper warehouse receipt for load-out purposes; or
- 4) Transfer the paper receipt to another entity

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 2024.00.**

The Minneapolis Grain Exchange Board of Directors has adopted the following schedule of Exchange regulatory fees to be paid to the Corporation annually. The fee shall be prorated over the Corporation’s fiscal year for each month the entity is registered.

A fee of \$10,000 shall be paid by registered futures commission merchant members for which the Exchange is the self-regulatory organization responsible for monitoring and auditing for compliance with the minimum financial, segregation and related reporting and recordkeeping requirements. Such fee shall also apply if the Exchange has delegated its responsibilities to another designated self-regulatory organization. However, the fee shall be waived if the registered futures commission merchant member clears 50,000 contracts annually.

Approved by the Board on January 18, 2001.

#### **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 (½) 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 2115.00](#). 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 [Rule 2069.00.B](#). and [Rule 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.