



Via Portal Submission

February 11, 2020
MGEX Submission No. 20-6

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

RE: Rule Certification Submission Pursuant to CFTC Regulation 40.6(a); Update to MGEX Bylaws

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c) of the Commodity Exchange Act (“CEAct”) and Commodity Futures Trading Commission (“CFTC”) Regulation 40.6(a), the Minneapolis Grain Exchange, Inc. (“MGEX”) hereby certifies that the amendments to MGEX Bylaws 100.00., 200.00., 200.01., 201.01., 201.09., 202.00., 202.06., 202.08., 210.00., 210.03. and the proposed addition of MGEX Bylaw 201.02., as set forth in the attached Exhibit A, comply with the CEAct and the CFTC Regulations promulgated thereunder (the “Proposed Amendments”). MGEX further certifies that the submission has been posted on the MGEX website at the following link: <http://www.mgex.com/regulation.html>.

I. AMENDMENTS TO MGEX BYLAWS

The Proposed Amendments to the MGEX Bylaws are to improve and provide additional clarity to the Public Director confirmation process. Specifically, the Proposed Amendments will provide the following:

- Public Directors are to be confirmed at the second regular meeting after the Annual Election or prior to that meeting to allow additional time for review of Public Directors candidates by new and existing Member Directors.
- New Bylaw 201.02. codifies the process for the vetting of Public Director candidates for qualification pursuant to CFTC Regulations.
- Additional language added to Bylaw 210.03. codifies the process for filling Public Director vacancies.
- Language added in Bylaw 210.00. to provide additional clarity to Director terms, which will commence immediately upon election or confirmation.
- Language added throughout Bylaws to clarify distinction between Member and Public Directors.
- Grammatical and clerical updates in Bylaws to enhance clarity.

II. COMPLIANCE WITH CORE PRINCIPLES

MGEX has reviewed the Core Principles for designated contract markets (“DCM Core Principles”) and identified that the Proposed Amendments and Addition may impact the following DCM Core Principles:

- *DCM Core Principle 2, Compliance with Rules:* The Proposed Amendments will enhance the clarity of bylaws related to MGEX’s Public Directors.
- *DCM Core Principle 7, Availability of General Information:* The Proposed Amendments have been disseminated on the MGEX website, and will be available in the MGEX Rulebook, which is accessible online.
- *DCM Core Principle 12, Protection of Markets and Market Participants:* The Proposed Amendments will enhance the clarity of bylaws related to MGEX’s Public Directors, which should help ensure protection of the market and market participants.
- *DCM Core Principle 15, Governance Fitness Standards:* The Proposed Amendments do not conflict with the establishment and enforcement of appropriate governance fitness standards.
- *DCM Core Principle 16, Conflicts of Interest:* The Proposed Amendments will enhance the clarity of bylaws related to MGEX’s Public Directors, which should reinforce minimizing and resolving conflicts of interest.

Pursuant to the authority set forth in MGEX Bylaws 205.01. and 210.01., the MGEX Board of Directors unanimously approved the Proposed Amendments at its meeting held on January 14, 2020. As required by MGEX Bylaw 205.01., the MGEX ownership also voted and approved of the Proposed Amendments. There were no substantive opposing views expressed by the Board of Directors, nor is MGEX aware of any substantive opposing views of the MGEX ownership with respect to this filing.

The Proposed Amendments are intended to become effective ten (10) business days from the date of this submission. If there are any questions regarding this submission, please contact me at (612) 321-7128. Thank you for your attention to this matter.

Sincerely,



Peter D. Sparby
Associate Corporate Counsel

Enclosure

Exhibit A

The following MGEX Bylaws are to be amended. Additions are underlined while deletions are ~~marked through~~.

100.00. DEFINITIONS.

The following are Bylaws of the Exchange. Bylaws incorporate all defined terms of Chapter 1 of the MGEX Rules. MGEX Rules ~~is~~are separate ~~document~~from the Bylaws and codify~~ing daily~~ Exchange ~~guidelines~~rules.

200.00. ANNUAL ELECTION.

An Annual Election shall be held on the first Thursday in October in each year.

~~Insofar as practicable, a~~At each Annual Election occurring during an even year not more than four (4) Member Directors shall be elected for terms of two (2) years each and at each Annual Election occurring during an odd year not more than three (3) Member Directors shall be elected for terms of two (2) years each, so that said Member Directors shall at all times total seven (7) in number.

All vacancies on the Board of Directors shall be filled by the Board of Directors for the unexpired term of the ~~person whose office becomes~~ vacant seat.

After each Annual Election, the Member Directors shall elect annually, a Chairperson, a First Vice Chairperson and a Second Vice Chairperson. The election of the Officers shall be under the supervision of the senior ~~Member~~ Director. No Director may serve more than three (3) consecutive one (1) year ~~(1)~~ terms as Chairperson.

~~At all times, t~~There shall be a total of four (4) Public Directors serving on the Board of Directors. ~~After each Annual Election~~Following the Annual Election or to fill vacancies, the Chairperson ~~of the Board of Directors~~ and President ~~of the Exchange~~ shall nominate persons for the position of Public Director. Such nominees must be ~~approved and appointed~~confirmed by the majority of the ~~seven (7)~~ Member Directors. ~~Each Public Director thus appointed by the Board of Directors shall serve a two (2) year term.~~ After each Annual Election occurring during an odd year not more than two (2) Public Directors shall be appointed and after each Annual Election occurring during an even year not more than two (2) Public Directors shall be appointed. Terms of Public Directors are for two (2) years and commence on the earlier of the second regular meeting following the Annual Election or upon confirmation by the Board of Directors. Terms of Public Directors expire on the second regular meeting following the second Annual Election from commencement or upon the confirmation of their successor.

200.01. ANNUAL ELECTION: NOTICE OF.

Notice of the Annual Election shall be posted on the Official Bulletin Board and disseminated to Members at least three (3) weeks before the date of such Election. This notice shall give

the date of the Annual Election, the vacancies to be filled, shall indicate thereon the term of office in filling each of the vacancies and cite the Bylaws relative to the procedure for nominating Member Director candidates.

201.01. MEMBER DIRECTOR CANDIDATES: NUMBER TO BE NOMINATED NOMINATIONS.

The Nominations Committee shall nominate any number of Member Director candidates, each of which must be a Record Holder of an Exchange Membership in Good Standing. Each Member Director candidate must confirm their acceptance of such nomination and cannot be placed on the ballot for the Annual Election without being nominated by the Nominations Committee.

201.02. PUBLIC DIRECTOR CANDIDATES: NOMINATIONS.

The Chairperson and President shall nominate any number of Public Director candidates, each of which must qualify as a "Public Director" pursuant to Section (b)(2) of Core Principal 16 in Appendix B to Part 38 of the CFTC Regulations.

201.09. MEMBER DIRECTOR NOMINATIONS: POSTING LIST OF.

On the next business day following the second Thursday before the Annual Election, the Secretary shall post upon the Official Bulletin Board a list of the nominations that have been duly made for Member Directors.

202.00. BALLOT; PROXY: FORM OF.

On the second Thursday before the Annual Election, the Secretary shall prepare a form of ballot and proxy to use at the Annual Election. The ballot and proxy shall list all Member Director candidates in one (1) section. The section shall be marked to indicate the number of Member Director candidates to be elected, the term of office and, if the Member Director candidate is running for reelection, the word incumbent shall be used. The Member Director candidates shall be listed in alphabetical order. The Member Director candidates receiving the most votes shall be declared elected. Voting for more than the indicated number of Member Director candidates shall cause the ballot or proxy to be null and void.

202.06. MEMBER DIRECTOR CANDIDATES: DECLARED WINNERS.

A plurality of the total votes cast for all Member Director candidates to fill any vacancy at any election shall elect the Member Director candidates receiving such plurality.

202.08. PROCEDURES IN THE EVENT OF A TIE VOTE.

In the event a Member Director candidate to be elected cannot be declared to have won a seat on the Board of Directors because of a tie vote, there shall be a special run-off Election. **Bylaw 202.00.** through **202.07.** will govern the special Election. The special run-off Election

shall be held as quickly as possible after it is known that a Director cannot be seated. The President and the Secretary shall set the date for this Election.

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

The government of the Exchange shall be vested in ~~a Board~~ the Board of Directors, which is composed of seven (7) Member Directors, all of whom ~~shall~~ must be Members of the Exchange at the time of their election and during service as a Member Director, together with four (4) Public Directors all of whom ~~shall~~ must be ~~elected~~ confirmed by the seven (7) Member Directors.

The terms of ~~office of the seven (7) all~~ all Directors ~~who are Members of the Exchange~~ shall commence ~~on the second Monday succeeding~~ immediately upon their election or confirmation. The terms of all Directors shall continue until either their successors have been elected ~~and qualified~~ or confirmed, a Director provides written notice of ~~his or her~~ resignation, or a Director is removed ~~from the Board~~. A Director may be removed from the Board following three (3) consecutive absences pursuant to **Bylaw 211.01**. or if the Chief Compliance Officer determines that the Director failed to adequately carry out his or her duties as a Director, provided that the Exchange officers approve of such determination. In the event of the latter, the Director's removal will be effective immediately after the Director is notified. Upon removal, the vacancy shall be filled pursuant to **Bylaws 200.00**. and **210.03**.

210.03. VACANCIES: OCCURRING DURING TERM OF OFFICE.

- A. Board of Directors' Officers: If a vacancy occurs in the office of Chairperson, other than by expiration of the term of office, the First Vice Chairperson, or if the First Vice Chairperson is unable to act, then the Second Vice Chairperson, shall assume all the duties and powers of the Chairperson until such time as the Board of Directors elects a successor to fill the vacancy pursuant to **Bylaw 200.00**.
- B. Member Directors: In the event a Member Director vacancy occurs on the Board of Directors, the Nominations Committee shall ~~recommend~~ nominate to the Board of Directors ~~one (1) but not more than up to two (2) individuals~~ persons to fill the vacancy and, each ~~of person~~ which must confirm ~~their~~ acceptance of such nomination. The nominee receiving a majority vote of the Board of Directors shall serve the unexpired term of the vacant seat.
- ~~B.C.~~ Public Directors: In the event a Public Director vacancy occurs on the Board of Directors, the Chairperson and the President shall nominate to the Member Directors up to two (2) persons to fill the vacancy. The nominee receiving confirmation by the majority of the Member Directors shall serve the unexpired term of the vacant seat.