



Via Portal Submission

June 18, 2021
MGEX Submission No. 21-40

Mr. Christopher 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 Regulation 40.6(a); Amendment to MGEX Rules

Dear Mr. Kirkpatrick:

Pursuant to Commodity Exchange Act (“CEAct”) Section 5c and Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), the Minneapolis Grain Exchange, LLC (“MGEX” or “Exchange”) hereby certifies that the attached amendment to MGEX Rule 3.1.7. complies with the CEAct and the Commission regulations promulgated thereunder. MGEX further certifies that the submission and pending changes to the MGEX Rules have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

Overview of Rule Amendment

MGEX amended its Rules by adding certain conditions governing transfer trades to its Rules to better align with CFTC Regulation 39.15, which requires a derivatives clearing organization (“DCO”) to have rules providing for the transfer of customer positions subject to an enumerated list of conditions. These provisions apply when a customer requests a transfer of all or a portion of its portfolio from one Clearing Member to another. As amended, Rule 3.1.7. provides that such transfer is allowed only when the customer is not in default and all positions will be properly margined.

DCO Core Principles

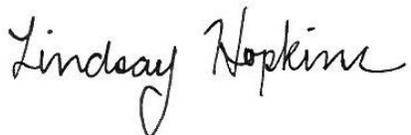
In connection with amending Rule 3.1.7., the Exchange has reviewed the core principles for DCOs (“DCO Core Principles”) and has determined that the amendment complies with the requirements of such principles. During the review, MGEX identified the following

DCO Core Principles as potentially being impacted:

- *DCO Core Principle F – Treatment of Funds*: CFTC Regulation 39.15 requires DCOs to have rules providing for the prompt transfer of all or a portion of a customer's portfolio of positions, and related funds, from a carrying clearing member to another clearing member, without requiring the close-out and re-booking of the positions prior to the requested transfer, subject to certain conditions. The proposed amendments to MGEX Rule 3.1.7. reflect the addition of conditions listed in CFTC Regulation 39.15 and are therefore consistent with the requirements of Core Principle F.
- *DCO Core Principle L – Public Information*: Core Principle L requires DCOs to provide market participants with sufficient information and to have clear and comprehensive rules and procedures. The amendment to Rule 3.1.7. will be incorporated into the Exchange's Rules, which are posted publicly on the MGEX website in satisfaction of this core principle.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors unanimously approved the attached amendments to the MGEX Rules. There were no substantive opposing views expressed by the Board of Directors, nor is the Exchange aware of any substantive opposing views with respect to this filing. The attached amendments are to be effective when incorporated into MGEX's Rules on its website, which will be at least 10 business days following the date of this submission. If there are any questions regarding this submission, please contact me at (612) 321-7143 or lhopkins@mgex.com. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Lindsay Hopkins".

Lindsay R. Hopkins
Chief Corporate Counsel, Clearing

EXHIBIT A

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

3.1.7. TRANSFER TRADES AND OFFICE TRADES.

“Transfer” trades and “Office” trades are limited to the following transactions:

- A. Transactions made for the purpose of (1) transferring open Futures or Options positions from one account to another on the books of the same Clearing Member where no change in ownership is involved; or (2) transferring open Futures or Options positions from an account on the books of one Clearing Member to another Clearing Member where no change of ownership is involved; PROVIDED, however, that no such transfer is made after receipt from the Exchange of a Delivery Notice on such contracts if such transfer is for the apparent purpose of avoiding delivery on such contract.

Notwithstanding the requirements of 3.1.7.A., the Department of Audits and Investigations, in its sole discretion, may approve a transfer that results in a change of beneficial ownership when such transfer is made as a result of a merger, asset purchase, consolidation or similar non-recurring transaction between two (2) or more Persons.

- B. Transactions consisting of the exchange or transfer of Futures in connection with cash commodity transactions or transactions consisting of the exchange of Futures for cash commodities.
- C. Transactions consisting of the exchange or transfer of Futures in connection with risk transactions or transactions consisting of the exchange of Futures for risks.

Except for situations involving insolvency or default (see generally Chapter 21), Futures positions may be transferred using either the original trade price or the most recent settlement price. Options positions may be transferred using either the original trade price or a trade price of zero. All transfers in physically delivered Futures contracts must be recorded and carried on the books of the receiving Clearing Member at the original trade dates. All other contracts may be recorded and carried at either the original trade date or the transfer date.

All records and memoranda pertaining to Transfer and Office trades must be marked or identified by appropriate symbols or designations. All Office trades, where such trades remain on the books of one and the same Clearing Member and where no change in ownership is involved, may or may not be cleared at the discretion of the Clearing Member. All Transfer trades, which involve two Clearing Members in which no change of ownership is involved, must be included and identified in daily reports to the Exchange.

Transfer trades involving the transfer of all or a portion of a customer’s positions and related collateral from an account on the books of one Clearing Member to another Clearing Member do not require the close-out and re-booking of the positions prior to the requested transfer; PROVIDED, the following conditions are met: (1) the customer validly instructed the carrying Clearing Member to make the transfer; (2) the customer is not currently in default to the carrying

Clearing Member; and (23) the receiving Clearing Member has consented to the transfer; (4) the transferred positions will have appropriate margin at the receiving Clearing Member; and (5) any remaining positions in the customer's account at the carrying Clearing Member will have appropriate margin. Customer instructions to transfer positions must contain the customer's name and account number, and if the transfer is not of the entire account, a description of which portion is to be transferred.