



Via Portal Submission

October 13, 2022  
MGEX Submission No. 22-45

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

**RE: Rule Certification Submission Pursuant to Regulation 40.6(a); Amendments 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 amendments to MGEX Rule 23.23.2., as set forth in Exhibit A, comply with the CEAct and the Commission regulations promulgated thereunder (the “Proposed Amendments”). 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**

Pursuant to an agreement between the parties, MGEX provides clearing services for derivative contracts traded on Bitnomial Exchange, LLC (“Bitnomial”). Chapter 23 of the MGEX Rules sets forth certain additional Bitnomial Clearing Member and market participant obligations, including those related to delivery requirements. While MGEX will retain the requirement that only accounts approved for making or taking delivery of bitcoin are eligible for delivery, the Proposed Amendments will shorten the prohibition period leading up to delivery.

### **Feedback Considered**

MGEX discussed the Proposed Amendments with its Risk Management Committee and publicly posted the proposal on its website and invited Clearing Members to submit comments. MGEX received no comments from Clearing Members.

### **DCO Core Principles**

The Exchange has reviewed the core principles for derivatives clearing organizations (“DCO Core Principles”) and has determined that the amendments comply with the requirements of such principles. During the review, MGEX identified the following DCO Core Principles as potentially being impacted:

- *DCO Core Principle D – Risk Management*: Core Principle D requires a DCO to ensure it possesses the ability to manage the risks associated with discharging the responsibilities of the DCO through the use of appropriate tools and procedures. MGEX has imposed a framework for managing the risks associated with clearing Bitnomial’s physically delivered bitcoin futures contracts, and the

Proposed Amendments impact this framework. MGEX believes the requirements, as revised, remain sufficient, particularly in light of the remaining risk mitigation measures in place.

- *DCO Core Principle L – Public Information:* Core Principle L requires DCOs to provide market participants with sufficient information to enable them to identify and evaluate accurately the risks and costs associated with using the services of the DCO and to have clear, comprehensive rules and procedures. The amendments enhance transparency and will be incorporated into MGEX's publicly available Rulebook, thus ensuring that the information available to the public is accurate, clear, and comprehensive.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors (the "Board") unanimously approved the Proposed Amendments at its meeting held on October 4, 2022. There were no substantive opposing views expressed by the Board, nor is the Exchange aware of any substantive opposing views with respect to this filing. The Proposed Amendments are to be effective when incorporated into the MGEX Rulebook and posted 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](mailto:lhopkins@mgex.com). Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Lindsay Hopkins". The signature is written in a cursive, flowing style.

Lindsay R. Hopkins  
Chief Corporate Counsel, MGEX Clearing

Enclosure

**MINNEAPOLIS GRAIN EXCHANGE, LLC**

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## EXHIBIT A

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

### 23.12.2. ACCOUNTS ELIGIBLE FOR DELIVERY.

Only accounts approved for delivery shall be eligible for delivery and allowed to maintain open positions ~~during the delivery month of~~ in an expiring Bitnomial Exchange Contract during the three (3) trading days leading up to Delivery Day.

Any positions held in an account not approved for delivery must be liquidated by the end of the last trading session prior to the final three (3) trading days (including Last Trading Day) of a contract. ~~first business day of the delivery month by an MGEX Clearing Member.~~ Trading in an account not approved for delivery is prohibited during this period. The Clearing House or Bitnomial Exchange will not be liable for any loss associated with such liquidation. In addition, a Clearing Member that is carrying any position not held in an account approved for delivery at any time during the delivery month will be subject to Exchange disciplinary action, including, but not limited to, fines or referring the matter to the Disciplinary Committee.

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