



Via Portal Submission

February 10, 2023
MGEX Submission No. 23-6

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): 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 Rules: Rules 3.3.9., 3.6.1., 3.6.2., 3.6.3., 3.6.4., 3.6.5., 3.6.6., 3.6.7., 3.7.1., 3.7.2., 3.7.3., 3.7.4., 3.7.5., 3.7.6., 3.7.7., 3.7.8., 3.7.9., 3.7.10., 3.7.11., 442.00., 443.00., 741.00., 742.00., 742.02., 743.00., 803.01., 813.01., 813.02., 813.03., 820.00., 1800.00., 1801.00., 1802.00., 1804.00., 1805.00., 1806.00., 1807.00., 1808.00., 1809.00., 1810.00., 1813.00., 1814.00., 1815.00., 1816.00., 1817.00., 1818.00., 2025.00., 2026.00., 2027.00., 2028.00., 2040.00., 2054.00., 2054.01., and 2067.00., 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

The Proposed Amendments to the above-referenced Rules account for relocating rules related to trading rules, arbitration, and deliveries to more appropriate chapters and deleting rules that are no longer applicable.

DCM Core Principles

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

- *DCM Core Principle 2 – Compliance with Rules:* The Proposed Amendments will establish a clearer Rulebook by relocating rules to more appropriate chapters and removing rules that are no longer necessary.
- *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 help protect market participants by establishing a clearer Rulebook by relocating

rules to more appropriate chapters and removing rules that are no longer necessary.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors (“Board”) unanimously approved the Proposed Amendments at its meeting held on February 9, 2023. 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 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) 321-7188 or randerson@mgex.com. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Ryan Anderson", with a long horizontal flourish extending to the right.

Ryan Anderson
Associate Counsel

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EXHIBIT A

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

CHAPTER 3 TRADING RULES

3.3.9~~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.

SECTION 6 – TRADING CONFLICTS OF INTEREST

3.6.1~~2067.00~~. **FIDUCIARY RESPONSIBILITY.**

A Clearing ~~M~~ember and broker shall have a fiduciary responsibility in the handling and execution of all orders received.

3.6.2~~743.00~~. **PROHIBITION ON ACCOMMODATION OR WASH TRADES.**

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

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

3.6.3~~1805.00~~. **TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED.**

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A 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 Market Participant or Clearing Member will assume the opposite side of any order entered on behalf of a customer unless the 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.

3.6.4.1806.00. 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.

3.6.5.741.00. ACTING FOR BOTH BUYER AND SELLER PROHIBITED.

Except as expressly authorized by the provisions of **Rule 3.6.6.742.00.**, no Market Participant shall allow himself or itself directly or indirectly, either by his own act or by the act of an employee or Broker, or by the act of any other Market Participant, to be placed in the position of agent for both Buyer and Seller in connection with any transaction in Futures or Options made in this market.

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

A Market Participant, who simultaneously possesses both buying and selling orders for different beneficial owners for the same commodity in futures or options in the same contract month, may execute such orders for and directly between such beneficial owners upon the conditions set forth in **Rule 3.6.7.742.02.**

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

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

SECTION 7 – ELECTRONIC TRADING SYSTEM

3.7.1.1801.00. ACCESS AND CLEARING MEMBER GUARANTEE.

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All 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 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.

3.7.2.1802.00. INTERNET SERVICES.

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

3.7.3.1804.00. 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 Electronic Trading System ~~system~~, to interfere with the operation of the Electronic Trading System ~~system~~, to intercept or interfere with information provided thereby, or in any way to use the Electronic Trading S ~~system~~ in a manner contrary to MGEX Rules.

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

3.7.4.1807.00. PRIORITY OF ORDER ENTRY.

Orders received by a 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 Electronic Trading 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 Market Participant or Clearing Member may enter orders for accounts in which the Market Participant or Clearing Member has a personal, financial or proprietary interest.

3.7.5.1808.00. TRADE OPEN.

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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.

3.7.6.1809.00. 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 Electronic Trading System. The Exchange may use a different matching algorithm for particular contracts or change an algorithm by giving notice to 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.

3.7.7.1813.00. TERMINATION OF ACCESS TO THE ELECTRONIC TRADING SYSTEM.

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

3.7.8.1814.00. ELECTRONIC TRADING SYSTEM SECURITY.

Each 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 terminal~~ 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 aforementioned individual identifiers.

3.7.9.1815.00. PHYSICAL EMERGENCIES TO THE ELECTRONIC TRADING SYSTEM.

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 ~~issue~~ ~~problem~~ has been resolved ~~corrected~~.

3.7.10.1816.00. ELECTRONIC TRADING SYSTEM LIMITATION OF LIABILITY.

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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, 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 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, ~~each such~~ 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, 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.

~~3.7.11.1817.00.~~ **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 CEA, CFTC Regulations, ~~MGEX Exchange~~ Rules, ~~Resolutions and~~ surveillance obligations, or other controlling or governing authority; ~~or~~ determined to be in the best interest of the Exchange, users or public; ~~or~~ required as a result of changes by the Electronic Trading System provider, or ~~i~~Internet access providers, or servers.

CHAPTER 4 ARBITRATION RULES

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~~442.00~~~~2054.00.~~ **BOARD OF ARBITRATION: FEES.**

For each case involving claims and counterclaims by a Market Participant, 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 ~~this chapter~~~~Chapter 4 of MGEX Rules~~. Any such actual costs or other expenses may be allocated between the parties.

~~443.00~~~~2054.01.~~ **CUSTOMER CLAIMS ARBITRATION PANEL: FEES.**

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 ~~this chapter~~~~Chapter 4 of MGEX Rules~~. Any such actual costs or other expenses may be allocated between the parties.

**CHAPTER 8
DELIVERIES ON FUTURES CONTRACTS**

~~803.01~~~~2040.00.~~ **WHEAT UNFIT FOR HUMAN CONSUMPTION NOT DELIVERABLE ON
FUTURES CONTRACTS.**

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Wheat declared unfit for human consumption under Federal Food, Drug and Cosmetic Act is not deliverable on a Minneapolis [Hard Red Spring Wheat](#) Futures Contract.

813.01.2026.00. LOAD-OUT NOTICES: FORM OF.

Load-Out Notice, as required by the Rules, shall be on [Form 20-26.00, Page 7033](#) and shall be issued in triplicate.

813.02.2027.00. LOAD-OUT, STORAGE AND INSURANCE CHARGES: DELIVERY GRAIN.

The maximum load-out charges on delivery grain, which is tendered in satisfaction of a Hard Red Spring Wheat Futures Contract, shall be eight cents (8¢) per bushel for wheat regardless of the date of the warehouse receipt.

The maximum storage charges on delivery grain, which is tendered in satisfaction of a Hard Red Spring Wheat Futures Contract, shall be seven cents (7¢) per bushel per month or two thousand three hundred thirty three thousandths of a cent (\$.002333) per bushel per day for wheat regardless of the date of the warehouse receipt.

Insurance charges shall be included within the maximum storage charges.

813.03.2028.00. LOADINGS IN SATISFACTION OF WAREHOUSE RECEIPTS.

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

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

This Rule 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.](#)

820.002025.00. TIMES FOR DELIVERY OF "DELIVERY NOTICES" AND DELIVERY AND PAYMENT ON FUTURES CONTRACTS.

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All Delivery Notices shall be made in accordance with the provisions of the CEA, CFTC Regulations, and MGEX Rules issued thereunder.

All Delivery Notices shall be in the form specified by the Exchange.

All Delivery Notices shall be delivered to the Clearing House two (2) business days prior to the date of delivery and at such time as determined by the Exchange (see [Resolution 2101.00.C.](#)) on all such business days. The Exchange shall have until nine o'clock (9:00) a.m. on the following business day to make delivery of the Delivery Notice to the Buyers.

Parties holding Delivery Notices shall present the same before one o'clock (1:00) p.m. on the delivery day, at the place designated by the Issuer, together with full payment, as provided in [Rule 810.00.](#), for the net amount due for the property represented by said notices. Upon payment at the place designated by the said Issuer, the holder of such Delivery Notice shall be entitled to receive the property represented by the same, its value being based upon the closing market price of the Exchange on the day preceding that on which the Delivery Notice was issued.

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 Market Participants, are fully subject to applicable MGEX Rules unless specifically and expressly excluded therefrom. Market Participants must also abide by the CEA, CFTC Regulations, and any other applicable jurisdiction's laws, rules or regulations.~~

~~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.~~

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