



Via Portal Submission

May 7, 2023  
MGEX DCO Submission No. 24-09

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 and MGEX Risk Manual**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Exchange Act (“CEAct”) Section 5c(c) and Commodity Futures Trading Commission (“CFTC”) Regulation 40.6(a), the Minneapolis Grain Exchange, LLC (“MGEX” or “Exchange”) hereby submits this self-certification of certain amendments to MGEX’s Rulebook and MGEX’s Risk Management Principles Reference Manual (“Risk Manual”). Attached as exhibits to this submission are the following:

1. Amendments to Chapter 1 of MGEX’s Rulebook (Exhibit A);
2. Amendments to MGEX’s Risk Manual (Exhibit B); and
3. Bitnomial Bitcoin Hashrate US Dollar Petahash Futures Margin Methodology (Exhibit C), which is a new exhibit to MGEX’s Risk Manual.

MGEX respectfully requests confidential treatment of Exhibits B and C in accordance with Regulations 40.8 and 145.9. The Exchange intends to implement the amendments ten business days following the filing of this submission.

**Overview of Amendments**

MGEX has amended its Rulebook and Risk Manual, as shown in the attachments accompanying this submission, to make necessary updates and additions pertaining to the clearing of Bitnomial Bitcoin Hashrate US Dollar Petahash (“BHP”) Futures. With respect to the Rulebook, the definition of “Bitnomial Exchange Contracts” found in

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Chapter 1 is being updated to include BHP Futures. This amendment is set forth in the attached Exhibit A. In the Risk Manual, the amendments add new language related to stress testing and the BHP Futures product. The amended Risk Manual is attached as Exhibit B. With respect to Exhibit C, the amendments provide a description of the margin methodology to be used to margin the BHP Futures contract.

### **DCO Core Principles**

In connection with updating MGEX's Rulebook and Risk Manual, 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:* CFTC Regulation 39.13 requires DCOs to possess certain risk management tools and procedures. These changes adding new language to the Risk Manual and Exhibit C serve to update the Exchange's risk management tools and procedures, and as such, the amendments are consistent with the requirements of Core Principle D, CFTC Regulations 39.13 and 39.36.
- *DCO Core Principle L – Public Information:* CFTC Regulation 39.21 requires DCOs to provide market participants with sufficient information and to have clear and comprehensive rules and procedures. The amendment to the definition of "Bitnomial Exchange Contracts" will be incorporated into the Exchange's Rulebook, which is posted publicly on the MGEX website in satisfaction of this core principle.

MGEX hereby certifies that the amendments to its Rulebook and Risk Manual set forth in Exhibits A, B, and C comply with the CEAct and the CFTC regulations promulgated thereunder. The Exchange is not aware of any substantive opposing views expressed regarding the amendments or this filing. MGEX further certifies that, concurrent with this filing, a copy of the submission (other than those exhibits for which confidential treatment has been requested) was posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>. If there are any questions regarding this submission, please contact me at (612) 321-7176 or [jkrause@mgex.com](mailto:jkrause@mgex.com). Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Krause', with a stylized, cursive script.

James D. Krause  
Associate Corporate Counsel, DCO & Int'l

## EXHIBIT A

# CHAPTER 1. DEFINITIONS

**BITNOMIAL EXCHANGE CONTRACTS:** Any contract listed on the Bitnomial Exchange and approved to be cleared by MGEX. Presently, ~~the Bitnomial Bitcoin U.S. Dollar Futures Contract, Bitnomial Deci Bitcoin U.S. Dollar Deci Futures Contract, Hashrate US Dollar Petahash Futures, and Bitnomial Options on Bitcoin U.S. Dollar Options Futures Contract~~, each as described in Chapters 12 through 14, as applicable, of Bitnomial Exchange rules.