

## **Charter and Governance Guidelines of the MGEX Board of Directors**

This Charter and Governance Guidelines of the MGEX Board of Directors has been adopted by the MGEX Board of Directors for the purpose of setting forth certain governance and oversight responsibilities the Board shall exercise. These principles and policies are intended to supplement, not contradict, the MGEX Rules.

The legal, structural, and regulatory basis from which MGEX operates is codified and publicly disclosed within the MGEX Rules, specifically and primarily the Certificate of Formation and Bylaws. The Certificate of Formation and Bylaws represent the general governance framework of MGEX, including the Board of Directors, various committees, and Exchange officers. As described in Bylaw 2.3., the Board of Directors is the governing body of MGEX. While the Rules address the minimum general governance framework, especially the ways in which such framework affects Clearing Members and market participants of MGEX, the Board of Directors recognizes the much broader impact MGEX has upon all stakeholders and the general public. Therefore, decisions and actions of the Board may have material and consequential affects well beyond the organization and market participants.

Pursuant to the authority granted under the MGEX Bylaws, the Board of Directors has directed that the governance framework of MGEX comply with the CFTC Core Principles and the Principles for Financial Market Infrastructures promulgated by the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions (“PFMIs”). In order to ensure its compliance with such Core Principles and the PFMIs, the Board has adopted the following declarations and objectives:

1. MGEX shall place a high priority on the safety and efficiency of MGEX and support the stability of the broader financial system and other relevant public interest considerations of Clearing Members, customers of Clearing Members, and other relevant stakeholders.
2. The Board of Directors shall be responsible for ensuring that MGEX’s design, Rules, overall strategy, and major decisions appropriately reflect the legitimate interests of Clearing Members, customers of Clearing Members, and other relevant stakeholders.
3. To serve the interests of its Members, market participants, and the general public, MGEX shall seek to obtain and maintain compliance at all times with applicable CFTC Regulations.

4. Compliance with CFTC requirements shall specifically include those addressing the general governance framework and the risk management framework.
5. The Board of Directors' actions shall be consistent with and complementary to the MGEX Certificate of Formation, Bylaws, Rules, and all other governing policies. Should these governing documents directly conflict with CFTC requirements, to the extent necessary and possible, the Board of Directors shall immediately seek to resolve such conflict for the purpose of maintaining compliance with CFTC regulations and MGEX's stated objectives.
6. The Board of Directors shall be responsible for MGEX's compliance with CFTC Regulations. This responsibility specifically includes establishing, monitoring, and approving the risk management framework.
7. Internal control personnel of MGEX are directed by the Board of Directors to oversee internal control processes performed by the Exchange.
8. The Board of Directors and MGEX management shall be responsible for establishing the objectives of MGEX, determining the means for achieving those objectives, and monitoring performance against those objectives.
9. Management of MGEX is directed by the Board of Directors to implement such policies and procedures as necessary to comply with both CFTC Part 38 and 39 Core Principles and the PFMI. Such policies and procedures must be consistent with the general governance framework and stated objectives of MGEX.
10. The Board of Directors hereby commits itself to provide management such independence and resources as management determines necessary to implement the Board's directives, to comply with all CFTC requirements, and to meet the public objectives. The Board of Directors hereby commits itself to timely act upon management's recommendations and requests that management believes necessary to comply with CFTC requirements and to carry out the stated objectives.
11. Management is hereby directed to report to the Board its progress in meeting and maintaining compliance with all applicable regulatory requirements as the Board deems necessary. Should management have any concerns or questions as to meeting or maintaining

compliance with the principles or objectives, management is hereby directed to communicate such concerns or questions to the Board.

12. The Board of Directors shall have final decision making authority in determining how compliance with CFTC requirements is to be accomplished.