



## **MGEX GOVERNANCE POLICY**

The MGEX governance structure is designed to provide clear internal lines of responsibility and accountability pursuant to which the Board of Directors, committees, and MGEX management operate. It is also intended to provide personnel with sufficient independence, authority, resources, and access to the Board so that Exchange operations remain consistent with the risk management framework established by the Board. A description of the structure and lines of responsibility and accountability are provided in the paragraphs below.

### **Board of Directors**

The MGEX Board of Directors is comprised of a minimum of eight directors ("Directors"). At least four of those individuals must qualify as Public Directors, and not less than one of the Directors must be a Market Participant. The MGEX President is a non-voting member of the Board. The Board is the governing body of MGEX and vested with the power to manage, operate, and set policy for the Exchange.

The Board is responsible for the committees described within this policy, as well as any actions taken pursuant to a committee recommendation, and the Board also provides oversight of the Chief Risk Officer and the Risk Management Committee. While certain powers have been delegated to the Risk Management Committee and the MGEX Risk Team, the Board remains ultimately responsible for establishing and overseeing a clear risk management framework.

### **Committees of the Board**

There are six Committees of the Board which are established by MGEX Bylaws and generally consist of an odd number of Directors, not including the Chairperson of the Board. The six Committees include the Executive Committee, Audit Committee, Personnel and Compensation Committee, Nominations Committee, Regulatory Oversight Committee, and Risk Management Committee. The duties and powers of each of the Committees of the Board are set forth in the MGEX Bylaws and when relevant, internal policies. The Committees of the Board may also exercise additional authority as specifically designated by the Board. As depicted in the organizational chart of this policy, all Committees of the Board report and remain accountable to the Board.

### **Committees of the Exchange**

There are four Committees of the Exchange which are established by MGEX Bylaw and generally consist of an odd number of individuals. The four Committees include the Cash Markets Committee, Hard Red Spring Wheat Committee, Disciplinary Committee, and Hearing Committee. The duties and powers of each of the Committees of the Exchange are set forth in MGEX Bylaws. The Committees of the Exchange may also have additional duties and powers as specified by the Board. As depicted in the organizational chart of this policy, all Committees of the Exchange report and remain accountable to the Board.

### **Management**

As shown on the organizational chart, MGEX management personnel ("Management") are accountable and report directly to the President and CEO of the Exchange. Management may also report to the Board or Committees when appropriate or necessary. Management consists of the following roles:

#### **President and CEO**

The President and CEO is accountable and reports directly to the Board. The roles and responsibilities of the President and CEO of the Exchange are to manage and administer the business affairs of the Exchange. In addition, all employees of the Exchange are under the supervision of the President and CEO.

#### **Treasurer and Secretary**

The Treasurer and Secretary is accountable and reports to the President and CEO. As an officer of MGEX, the Treasurer and Secretary's roles and responsibilities are to fulfill the requirements identified by MGEX Bylaws 5.2 and 5.5. and prescribed by the Board or President and CEO. This role is also responsible for all finance related items, including preparing the annual budget for the Board of Directors' consideration. In addition, this role acts as the Chief Regulatory Officer, who reports to the Regulatory Oversight Committee and is responsible for overseeing the Audits & Investigations department, and the Chief Compliance Officer ("CCO"), whose responsibilities include executing duties required by CFTC Regulation 17 CFR Part 39, as amended, as well as reviewing the performance of the Board and of each individual Director of the Board on an annual basis.

#### **Assistant Secretary and Chief of Staff**

The Assistant Secretary and Chief of Staff is accountable and reports to the President and CEO. The responsibilities of this role include providing assistance to the Secretary, coordinating meetings of the Board and Committees, and coordinating Exchange personnel and internal projects. In addition, as Chief of Staff, this role involves overseeing personnel in finance, human resources, legal, Audits & Investigations, marketing, and conducting the annual evaluation described below.

#### **Director of Market Operations, Clearing, IT, and Business Development**

The director is accountable to and reports to the President and CEO. The director's roles and responsibilities are to (i) oversee all trading operations, including open outcry and MGEXpress, and lead any communications with the CFTC regarding data; (ii) oversee all Clearing operations, including the close and settlement of all MGEX futures and options contracts; (iii) manage projects that are

integrated between Market Operations, Clearing and IT and oversee any development in clearing systems, processes, and programming; and (iv) develop and execute results-oriented business development plans that support the goals and objectives of the Exchange and oversee the research, development, and promotion of new business services. The director is also responsible for the supervision of personnel within each department; acts as the Chief Risk Officer, who works with the Risk Management Committee to oversee the MGEX Risk Team; aids in implementing the risk management framework of the Exchange; and makes recommendations regarding the risk management functions of the Exchange.

### **Director of Real Estate Operations**

The director of Real Estate Operations is accountable and reports to the President and CEO. The roles and responsibilities of the director include the execution of strategic real estate plans, oversight of effective facility management/operations, and optimization of MGEX's buildings. The director is also responsible for managing the safety and security of employees through the implementation of defined security, environmental, health, and safety programs.

### **Chief Risk Officer and MGEX Risk Team**

The Chief Risk Officer is responsible for the implementation of the risk management framework and making recommendations to the Risk Management Committee and the Board of Directors, as may be appropriate, regarding MGEX's risk management. The Chief Risk Officer also oversees the MGEX Risk Team, which helps in developing and executing risk management policies and procedures within the guidelines of the risk management framework established by the Board of Directors.

As shown on the organizational chart, the Chief Risk Officer and the MGEX Risk Team have access to, and may contact or report directly to, both the Board of Directors and the Risk Management Committee.

### **Enterprise Risk Officer**

The Enterprise Risk Officer is responsible for managing MGEX's enterprise risk management program and reporting to the Risk Management Committee and the Board of Directors, as may be appropriate, regarding the enterprise risk management framework. In addition, the Enterprise Risk Officer oversees the development and implementation of the enterprise risk management framework, including all enterprise risk management policies and procedures.

As shown on the organizational chart, the Enterprise Risk Officer reports to the Risk Management Committee, however, the Enterprise Risk Officer also has access to, and may contact or report directly to, the Board of Directors.

### **Internal Control Personnel**

The MGEX Board of Directors has delegated the responsibility of overseeing internal control processes and procedures performed by the Exchange to internal control personnel (the "Internal Audit Team"). The Internal Audit Team is responsible for reviewing certain

internal control procedures, including the risk management framework, in an effort to ensure the Exchange and the Clearing House are following proper protocol and comply with applicable rules and regulations. The Internal Audit Team is comprised of the President and CEO, Chief Compliance Officer and Treasurer, in-house legal counsel who are not part of the Clearing Department, and one or more Investigators from the Audits & Investigations Department. The Internal Audit Team shall act independently and shall have such access to the Board, individual Directors, the Risk Management Committee, MGEX personnel, and financial information as necessary to conduct its responsibilities.

In order to maintain independence and minimize any potential conflicts of interest, the President and CEO, as well as the Chief Compliance Officer and Treasurer, will act only in an advisory role to the Internal Audit Team. The review itself will be led and conducted by legal counsel and the Investigator(s). The goal of such separation is to allow the Internal Audit Team to monitor, test, and challenge, if necessary, policies and actions, including the actions of the President and CEO and the Chief Compliance Officer and Treasurer.

#### **Annual Evaluation of the MGEX Risk Team and Internal Audit Team**

In order to ensure the MGEX Risk Team and the Internal Audit Team are adequately performing their duties and responsibilities in a manner that is consistent with the risk management framework, the Chief of Staff performs an annual evaluation. Among the items to be evaluated by the Chief of Staff are the following:

1. Do the Risk Team and Internal Audit Team have sufficient independence within the Exchange to execute their duties and responsibilities?
2. Do the Risk Team and Internal Audit Team have sufficient authority and discretion to make and implement decisions?
3. Do the Risk Team and Internal Audit Team have sufficient resources (financial, technological, personnel, etc.) to carry out their duties and responsibilities?
4. In addition to reporting to the Risk Management Committee, has the Risk Team had sufficient access to the Board of Directors when necessary?
5. Does the Internal Audit Team have sufficient access to the Board of Directors?

The Chief of Staff shall have access to the Risk Team and the Internal Audit Team to conduct its evaluation. Further, the Chief of Staff may utilize such financial and personnel resources, both internal and externally, as the Chief of Staff determines necessary. If any material concerns are discovered, the Chief of Staff will prepare a written evaluation to be provided to the President and/or the Board.



# Organizational Chart

December 7, 2020

## Board of Directors

Thomas P. Gallagher, Christopher T. Matzdorf, Kerry L. Melius, Murray Stahl, De'Ana H. Dow, Michael V. Dunn, Steve Fanady, Bradley Griffith, Mark G. Bagan (non-voting)

