



Via Portal Submission

October 1, 2021  
MGEX Submission No. 21-55

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's 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 Risk Management Principles Reference Manual ("Risk Manual"). MGEX has respectfully requested confidential treatment for such amendments to the Risk Manual, which are being submitted concurrently with this submission. The Exchange intends to implement the amendments ten business days following the filing of this submission.

### **Overview of Amendments**

MGEX has amended its Risk Manual, as shown in the attachment accompanying this submission, to make necessary updates and additions to include the trading and clearing of futures on the BRIXX Retail Index, BRIXX Hospitality Index, BRIXX Residential Index, and BRIXX Office Index (collectively referred to herein as the "BRIXX Futures"). The BRIXX Futures are new products, and MGEX anticipates that the contracts will begin trading in October and November of 2021. Revisions to the Risk Manual include incorporating the clearing of these contracts into financial and liquidity stress testing scenarios and adding a detailed margin methodology guideline (see the BRIXX Margin Methodology exhibit to the Risk Manual).

MGEX originally filed these revisions to the Risk Manual with the CFTC on September 15, 2021 (MGEX Submission No. 21-50) but subsequently withdrew the submission due to changes made to the BRIXX Futures product rules and contract specifications. Specifically, the contract multiplier for each of the BRIXX Futures was reduced from \$1,000 to \$100, with corresponding reductions made to the minimum price increment. Although this change to the contract size is reflected in new margin rates, MGEX made

no revisions to the Risk Manual as none were necessary to incorporate this change. As a result, this current submission and the Risk Manual revisions within are identical to the previously filed and withdrawn submission, with the exception of this cover letter describing the changes made to the contract specifications, including the contract multiplier.

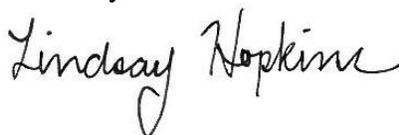
### **DCO Core Principles**

In connection with updating the 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 B – Financial Resources:* CFTC Regulation 39.11 requires a DCO to perform stress tests that will allow it to reasonably calculate the resources it is required to maintain. MGEX updated its stress testing procedures to incorporate the clearing of BRIXX Futures, thereby ensuring it is accurately monitoring the potential exposures of Clearing Members and maintaining sufficient financial and liquid resources. These changes will enhance the Exchange’s ability to monitor and manage the adequacy of its financial and qualifying liquidity resources, and as such, they are consistent with the requirements of Core Principle B and CFTC Regulations 39.11 and 39.33.
- *DCO Core Principle D – Risk Management:* CFTC Regulation 39.13 requires DCOs to possess certain risk management tools and procedures, including establishing margin models. MGEX added detailed margin methodology guidelines for the new BRIXX Futures products; such amendments are consistent with the requirements of Core Principle D, CFTC Regulations 39.13 and 39.36, and standards set by the European Securities and Markets Authority.

MGEX hereby certifies that the amendments to the Risk Manual 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 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) 321-7143 or [lhopkins@mgex.com](mailto:lhopkins@mgex.com). Thank you for your attention to this matter.

Sincerely,



Lindsay Hopkins  
Chief Corporate Counsel, Clearing