



Via Electronic Mail

May 29, 2013  
MGEX Submission No. 13-4

Ms. Melissa Jurgens  
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); Removal of Registered Firm or Corporation as a Defined Term from the MGEX Rulebook**

Dear Ms. Jurgens:

Pursuant to Commodity Exchange Act (“CEAct”) Section 5c and Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), the Minneapolis Grain Exchange, Inc. (“MGEX” or “Exchange”) hereby certifies that amendments of the respective Definitions, Rules and Regulations of the MGEX Rules and Regulations, attached hereto as Exhibit ‘A’, comply with the CEAct and the Commission regulations promulgated thereunder. MGEX further certifies that the submission and pending changes to the MGEX Rulebook have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

**Amendments to Reflect Removal of the Defined Term “Registered Firm or Corporation”**

The defined term “Registered Firm or Corporation” as used in the MGEX Rulebook referred to a process that was obsolete. Currently, entities utilize the application process to apply for Clearing Privileges and/or Cash Trading Privileges. Therefore, it was necessary to implement various amendments to the MGEX Rulebook for accuracy.

The Exchange has reviewed the core principles for designated contract markets (“DCM Core Principles”) and has determined that the amendments comply with the requirements of Core Principle 7, Availability of General Information, in that the Exchange is making certain the information regarding the rules, regulations and procedures of the Exchange are accurate.

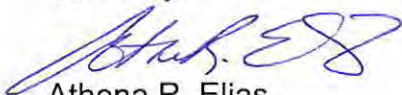
Pursuant to the authority set forth in MGEX Rule 210.01., the MGEX Board of Directors unanimously approved the attached amendments to the MGEX Rules and Regulations. There were no substantive opposing views expressed by the Board of Directors, nor is the Exchange aware of any substantive opposing views with respect to this filing. Additionally, and as required by MGEX rule, MGEX ownership voted and approved the

amendments to the following Definitions and Rules: Affiliated Corporations; Clearing Member; Electronic Trading System; Member; MGEXPRESS; Member of a Firm; Member Representative; Person; Registered Firm or Corporation; Trading Privileges; 202.03.; 210.02.; 218.02.; 264.03.; 265.03.; 283.00.; 301.00.; 303.00.; 303.01.; 304.00.; 310.00.; 315.00.; 315.01.; 315.02.; 320.00.; 321.01.; 321.03.; 330.01.; 335.00.; 336.00.; 336.01.; 337.00.; 338.00.; 350.00.; 350.01.; 350.02.; 350.03.; 350.04.; 350.05.; 351.00.; 355.00.; 356.00.; 357.00.; 358.00.; 364.00.; 365.00.; 366.00.; 368.00.; 369.00.; 372.00.; 402.00.; 410.00.; 415.00.; 425.00.; 435.00.; 500.00.; 501.00.; 503.00.; 525.00.; 601.00.; 602.00.; 603.00.; 604.00.; 605.00.; 606.00.; 607.00.; 608.00.; 609.00.; 610.00.; 612.00.; 614.01.; 615.00.; 714.00.; 732.00.; 733.00.; 740.00.; 741.00.; 742.00.; 765.00.; 768.00.; 770.00.; 775.00.; 827.00.; 1020.00.; 1129.00.; 1130.00.; 1141.00.; 1160.00.; 1161.00.; 1162.00.; 1163.00.; 1800.00.; 1802.00.; 1804.00.; 1806.00.; 1812.00.; 1814.00.; 1816.00.; 7308.00.; 7412.00.; 7508.00.; 7612.00.; 7708.00.; 7812.00.; 7908.00.; 8012.00.; 8108.00.; and 8212.00.

The amendments on the attached Exhibit 'A' are to be effective immediately after the 10<sup>th</sup> business day following the date of this submission.

If there are any questions regarding this submission, please contact me at (612) 321-7161. Thank you for your attention to this matter.

Sincerely,



Athena R. Elias  
Associate Corporate Counsel

Enclosures

cc: Thomas J. Bloom

## EXHIBIT A

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

**AFFILIATED ~~CORPORATIONS~~ENTITIES:** Two or more ~~Registered Corporations~~entities having ~~trading privileges and having~~ substantially the same officers and directors, which are affiliated either (a) through the ownership of a controlling interest in the stock of one of such ~~corporations~~entities by the owner, or (b) through the ownership of a controlling interest in both of said ~~corporations~~entities by substantially the same ~~p~~Persons ~~or corporations, and that have been declared to be so "affiliated" by the Board of Directors.~~

**CLEARING MEMBER:** A Member, ~~or a Registered Firm or Corporation, who or which that meets the requirements of and is approved for clearing privileges with the Exchange~~is a Member of the Minneapolis Grain Exchange Clearing House.

**ELECTRONIC TRADING SYSTEM:** The electronic trading platform utilized by the Exchange, Members, and Market Participants, ~~customers, Members, nonmembers and Clearing Members~~ to place orders and execute trades. Also known as or referred to as MGEXpress® or CME Globex®.

**MEMBER:** A ~~natural p~~Person ~~or entity who~~which is the Record Owner, provided, however, whenever these Rules and Regulations refer to a Member where the services or functions contemplate that a natural person provide such services or perform such functions, "Member" shall mean the Record Holder or Holders designated by a Record Owner in accordance with ~~these~~ MGEX Rules and Regulations.

**MGEXPRESS®:** The name of the electronic trading platform or system utilized by the Exchange, Members, and Market Participants, ~~customers, Members, nonmembers and Clearing Members~~ to place orders and execute trades. Also known as or referred to as CME Globex®.

~~**MEMBER OF A FIRM:** If such firm is a partnership, a General Partner; and, if such firm is a syndicate, group, trust, estate, joint venture, or association, an owner of a beneficial interest in such organization, who occupies a position therein comparable to that of a General Partner in a partnership.~~

~~**MEMBER REPRESENTATIVE:** A Member by virtue of whose Membership the registration of a firm or corporation has been effected~~

**PERSON:** Individuals, associations, partnerships, corporations, and trusts, As defined in CFTC Regulation 1.3(u), as amended.

~~**REGISTERED FIRM OR CORPORATION:** A firm or corporation that is registered with the Corporation, as defined in **Rules 350.00 and 350.01.**~~

~~**TRADING PRIVILEGES:** The privilege of making trades as a principal on the Exchange.~~



### **202.03. VOTING: NUMBER OF VOTES PERMITTED.**

Each Record Owner of a membership shall be entitled to one vote for each membership. However, no Record Owner of multiple memberships may cast ballots for or otherwise vote more than twenty percent (20%) of the Exchange's outstanding memberships, regardless of the number of memberships owned. This restriction shall apply to ~~Persons, individuals, corporations, partnerships, associations,~~ joint stock companies, ~~trusts,~~ or unincorporated associations ~~as defined in the Rulebook.~~ Memberships owned directly or indirectly by the Record Owner through subsidiaries or affiliates shall be included in compiling the total number of ballots or votes that may be cast by any entity.

### **210.02. BOARD OF DIRECTORS: EMERGENCY POWERS.**

When in the opinion of the Board of Directors ("Board") an emergency exists, the Board shall have the power to:

- A. close the Exchange;
- B. suspend trading in any or all Futures or Options Contracts, including trading in settlement of any then existing Futures or Options Contracts;
- C. prohibit trading in any or all Futures or Options Contracts at prices above or below such limits as are specified by the Board;
- D. limit the total amount of open speculative Futures or Options trades that any ~~Market Participant Member, Firm, Corporation or any customer of any such Member, Firm or Corporation~~ may have at any one time in any or all commodities, and to increase, decrease or cancel such limitations as the Board of Directors deems advisable. The Board of Directors may require such reports and may make such Regulations as it deems necessary to enforce such limitations;

PROVIDED, however, that the establishing of any such limit shall not be deemed to require that total amounts of such trades acquired before the effective date of such limitations be reduced to such limit;

- E. take other appropriate emergency action.

If and when the Board of Directors has acted under the authority granted by this Rule, it may make such Regulations and Resolutions as the Board deems necessary and proper and for the best interests of all concerned. Notice of any action taken by the Board pursuant to the authority granted by this Rule shall be posted on the Official Bulletin Board and shall be given to Members in such other manner as the Board shall direct. Such action shall become effective when, and for such period of time, as determined by the Board, but not prior to the time of the posting of notice thereof on the Official Bulletin Board.

## 218.02. PAPERS: SERVICE OF.

Notices, citations and papers of all kinds, requiring service in connection with any of the MGEX Rules ~~and~~ Regulations, shall be served by the Secretary or by such other employee of this Corporation as the Secretary may designate. The affidavit of the person who made the service shall be evidence of the service of such notices of papers.

Whenever, under ~~these~~ MGEX Rules and Regulations, service is required or permitted to be made upon a Person ~~Member~~, such service shall be made by delivering a copy or by mailing it to the Person's ~~Member's~~ last known address, postage prepaid. Delivery of a copy within this Rule means: handing it to the Person ~~Member~~; leaving it at the Person's ~~Member's~~ office with a clerk or other person in charge thereof; if there is no one in charge, leaving it in a conspicuous place therein; or, if the office is closed or the Person ~~Member~~ to be served has no office, leaving it at the Person's ~~Member's~~ dwelling or usual place of abode with some person of suitable age and discretion then residing therein. Service by mail is complete upon mailing. Service required or permitted to be made, under ~~MGEX these~~ MGEX Rules and Regulations, upon an entity ~~Registered Firm or Corporation~~ shall be made by making such service in the manner as hereinbefore provided on a managing agent of such entity ~~Firm or Corporation~~.

## 264.03. DISCIPLINARY COMMITTEE: DUTIES AND POWERS.

The Disciplinary Committee shall be charged with the duty and authority:

- A. To prevent manipulation of prices as provided in the Commodity Exchange Act.
- B. To review all investigation reports submitted to the Disciplinary Committee by the Department of Audits and Investigations in respect to all matters relating to activity conducted under the jurisdiction of MGEX and in respect to alleged violations of the MGEX Rules and Regulations.
- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Disciplinary Committee deems appropriate or advisable.
- D. To promptly review and determine whether or not any or all charges included in the investigation report submitted to the Disciplinary Committee have, in its opinion, a reasonable foundation in fact.
- E. To dismiss any or all charges included in any investigation report submitted to the Disciplinary Committee that are, in its opinion, without reasonable foundation in fact.
- F. To authorize the issuance of a Notice of Charges against person(s) alleged to have committed such violations if the Disciplinary Committee has found that the investigation report shows a reasonable basis for a violation and that the matter should be adjudicated.
- G. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.

The Disciplinary Committee, in performing its duties, may request any Member, ~~Non-member~~ or Market Participant to appear before the Disciplinary Committee in its investigations of matters set forth in the investigation report. The Disciplinary Committee may review the dealings and transactions of Members or Market Participants ~~Registered Firms or Corporations~~, and it may examine their books, papers and records pertinent to such review. The Disciplinary Committee may employ such auditors, counsel or other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the Corporation.

The Disciplinary Committee may invite a representative of the Commodity Futures Trading Commission to attend any or all of its meetings.

In addition to possible violations of the MGEX Rules and Regulations appropriately brought before the Disciplinary Committee pursuant to Paragraph B, above, the Disciplinary Committee also shall review any investigation report concerning a particular course of conduct by a Member, or Market Participant, ~~and/or a Registered Firm or Corporation~~ which has produced or thereafter, in the opinion of the Disciplinary Committee, would produce a manipulation of prices or cornering of any commodity in violation of the MGEX Rules and Regulations.

No Member or Market Participant ~~Registered Firm or Corporation~~ shall violate any order of the Disciplinary Committee after having been duly notified thereof. Nothing, however, herein contained shall in any way be construed as superseding the duties and authority that have been vested in the Board of Directors by the MGEX Rules and Regulations. All directives of the Disciplinary Committee pertaining to price manipulations or corners and requiring a market position reduction shall be effective when issued.

No member of the Disciplinary Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any ~~person, firm or corporation~~, or any other confidential information that may come to the knowledge of such Disciplinary Committee member in the member's official capacity.

#### **264.01. DISCIPLINARY COMMITTEE: QUALIFICATIONS OF MEMBERS.**

No person shall serve as a member of the Disciplinary Committee when the person or ~~firm entity~~ with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this Rule, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 275.00.B**. The other members of the Disciplinary Committee with guidance by the Department of Audits and Investigations shall determine whether any member has a financial, personal or prejudicial interest not addressed by **Rule 275.00.B**.

No member may serve on the Disciplinary Committee if he or she has participated in or been involved in adjudicating any other stage of the same proceeding.

#### **264.03. DISCIPLINARY COMMITTEE: DUTIES AND POWERS.**

The Disciplinary Committee shall be charged with the duty and authority:

- H. To prevent manipulation of prices as provided in the Commodity Exchange Act.
- I. To review all investigation reports submitted to the Disciplinary Committee by the Department of Audits and Investigations in respect to all matters relating to activity conducted under the jurisdiction of MGEX and in respect to alleged violations of the MGEX Rules and Regulations.
- J. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Disciplinary Committee deems appropriate or advisable.
- K. To promptly review and determine whether or not any or all charges included in the investigation report submitted to the Disciplinary Committee have, in its opinion, a reasonable foundation in fact.
- L. To dismiss any or all charges included in any investigation report submitted to the Disciplinary Committee that are, in its opinion, without reasonable foundation in fact.
- M. To authorize the issuance of a Notice of Charges against person(s) alleged to have committed such violations if the Disciplinary Committee has found that the investigation report shows a reasonable basis for a violation and that the matter should be adjudicated.
- N. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.

The Disciplinary Committee, in performing its duties, may request any Member, ~~Non-member~~ or Market Participant to appear before the Disciplinary Committee in its investigations of matters set forth in the investigation report. The Disciplinary Committee may review the dealings and transactions of Members or Market Participants ~~Registered Firms or Corporations~~, and it may examine their books, papers and records pertinent to such review. The Disciplinary Committee may employ such auditors, counsel or other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the Corporation.

The Disciplinary Committee may invite a representative of the Commodity Futures Trading Commission to attend any or all of its meetings.

In addition to possible violations of the MGEX Rules and Regulations appropriately brought before the Disciplinary Committee pursuant to Paragraph B, above, the Disciplinary Committee also shall review any investigation report concerning a particular course of conduct by a Member, or Market Participant, ~~and/or a Registered Firm or Corporation~~ which has produced or thereafter, in the opinion of the Disciplinary Committee, would produce a manipulation of prices or cornering of any commodity in violation of the MGEX Rules and Regulations.

No Member or Market Participant ~~Registered Firm or Corporation~~ shall violate any order of the Disciplinary Committee after having been duly notified thereof. Nothing, however,

herein contained shall in any way be construed as superseding the duties and authority that have been vested in the Board of Directors by the MGEX Rules and Regulations. All directives of the Disciplinary Committee pertaining to price manipulations or corners and requiring a market position reduction shall be effective when issued.

No member of the Disciplinary Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any ~~person, firm or corporation~~, or any other confidential information that may come to the knowledge of such Disciplinary Committee member in the member's official capacity.

#### **265.01. HEARING COMMITTEE: QUALIFICATIONS OF MEMBERS.**

No person shall serve as a member of the Hearing Committee when the person or ~~firm entity~~ with which the person is affiliated has a financial, personal or prejudicial interest or concern in the matter under consideration or action. For the purpose of this Rule, at a minimum, a financial, personal or prejudicial interest shall be defined and determined pursuant to **Rule 275.00.B**. The other members of the Hearing Committee with guidance by the Department of Audits and Investigations shall determine whether any member has financial, personal or prejudicial interest not addressed by **Rule 275.00.B**.

No member may serve on the Hearing Committee if he or she has participated in or been involved in adjudicating any other stage of the same proceeding.

#### **265.03. HEARING COMMITTEE: DUTIES AND POWERS.**

The Hearing Committee shall be charged with the following duty and authority:

- A. To conduct a hearing as authorized pursuant to Chapter 6.
- B. To impose a penalty if the Hearing Committee finds in the affirmative that there has been a violation, or in the alternative, to dismiss the alleged charges if the Hearing Committee finds that there has been no violation.
- C. To direct the Department of Audits and Investigations to conduct such further investigation in respect to any such report as the Committee deems appropriate or advisable on a timely basis.
- D. In hearings conducted by the Hearing Committee, on a finding by the Hearing Committee that there has been a violation, to assess a penalty against those found guilty. The Hearing Committee may take such action it determines including, but not limited to, issuing a Letter of Reprimand, a suspension from Membership, a monetary fine, or a recommendation to the Board of Directors for expulsion (singly or in any combination).
- E. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.
- F. To summon any Member, ~~Non-member, and/~~ or Market Participant to appear before the Hearing Committee.



The findings and conclusions of the Hearing Committee, in respect to such matters, shall be final. There is no appeal to the Board of Directors or any other MGEX authority.

No member of the Hearing Committee shall publish, divulge or make known in any manner, except when reporting to the Board of Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any ~~p~~Person, ~~firm or corporation~~, or any other confidential information that may come to the knowledge of such Hearing Committee member in the member's official capacity.

### **283.00. AUDITS AND INVESTIGATIONS.**

There shall be established a department of the Exchange that conducts audits and investigations. Such department of the Exchange shall not include either Members or Persons whose interests conflict with their audit, investigation or enforcement duties.

The Exchange shall initiate and conduct investigations and audits at the direction of the CRO, the Regulatory Oversight Committee and/or the appropriate committee. Such investigations shall be initiated promptly after receipt of a complaint or other indication of possible violation of the MGEX Rules and Regulations.

The Exchange has the authority to collect information and documents on both a routine and non-routine basis, including, but not limited to, the authority to examine books and records kept by any Member, Market Participant, ~~Clearing Member~~, nonmember approved as Regular, ~~customer, Registered Firm or Corporation~~ or any other Person under investigation or from whom information or cooperation has been requested. Failure to comply with any request made by the Exchange for information and/or documents may subject the Member, Market Participant, ~~Clearing Member~~, nonmember approved as Regular, ~~customer, Registered Firm or Corporation~~ or Person under investigation or from whom information or cooperation has been requested to disciplinary procedures of the Exchange or fines pursuant to the MGEX Rules and Regulations.

### **301.00. MEMBERSHIP: ADMISSION TO.**

If the terms and conditions set forth below have been complied with, the Board of Directors may elect an eligible applicant to Membership by a majority vote; but, in no event fewer than seven (7) affirmative votes:

- A. An Application for Membership must have been made;
- B. The Application must be reviewed by an Officer of the Corporation. The Membership Committee may, at its discretion, require any applicant to appear before it prior to any action by the Board of Directors; Attention is directed to **Rule 302.01.** regarding the approval required for Application for Membership from ~~p~~Persons who have previously been expelled from the Corporation.
- C. Notice that such Application has been received must have been

given to Members and/or Owners at least five (5) days before action thereon by the Board of Directors, and a copy of such Application must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to such action;

- D. If an objection to the election of such person applicant to Membership has been duly filed by a Member and/or Owner of the Corporation, ~~or by a Registered Firm or Corporation~~, it must have been heard by the Board of Directors and dismissed;
- E. All the requirements of the MGEX Rules and Regulations for the transfer of a Membership to the applicant must have been complied with or the applicant must have obtained an original Membership under the provisions of **Rule 360.00**.
- F. An application fee shall be collected by the Corporation at the time of the Application. This fee, in an amount to be determined by the Board of Directors, shall not be refunded in the event that the applicant fails, for any reason, to become a Member.
- G. Upon approval by the Board of Directors the applicant shall have sixty (60) days to obtain a Membership.

### **303.00. MEMBERSHIPS: TRANSFERS OF.**

When and if the terms and conditions set forth below have been complied with and upon the order of the Board of Directors or a duly authorized officer or committee, and not otherwise, the Secretary shall transfer a Membership upon the books of the Corporation.

- A. The transferee must have been elected to Membership or be a Member in good standing;
- B. A request to transfer the Membership, on a form as prescribed by the Board of Directors, must have been duly executed by the transferee and by the Person, ~~Firm, or Corporation~~ who or which is to be recorded as the Owner of the Membership, and such request must have been filed with the Secretary;
- C. All of the requirements of the MGEX Rules and Regulations for recording the Ownership of the Membership must have been complied with;
- D. Notice that a Request for Transfer of a Membership has been received must have been given to Members and/or Owners at least five (5) days before the date of such transfer, and a copy of such Request must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to the date of such transfer;

~~If the Membership is registered for a Firm or Corporation t~~The notice shall include the name of the Record Owner~~so state and~~

~~said notice shall call attention to the fact that under the Rules the registration of that Firm or Corporation will be canceled automatically if and when the proposed transfer of the Membership is made.~~

- E. If an objection to such transfer has been duly filed, it must have been heard and dismissed or, if sustained, the claim upon which it was based must have been satisfied;
- F. A transfer fee in an amount determined by the Board of Directors must be paid and in all cases the buyer pays the transfer fee.
- G. In the event the Ownership of a Membership is recorded in the name of a party other than the Member and the Member desires to be relieved of the restrictions imposed by the provisions of **Rule 320.00.**, the Owner of the Membership must upon request of the Member transfer the Membership to another ~~P~~Person; but

PROVIDED FURTHER, that, upon agreement by the Member not to exercise any of the privileges conferred by the Membership, the Board of Directors may waive the restrictions and requirements of this Rule during such time as, in its opinion, is reasonable in order to allow disposition/or transfer of the Membership to be made.

Upon the transfer of a Membership, a certificate of Membership shall be issued and the privileges conferred upon the former Member shall terminate.

- H. In the event that a Member of an ~~entity Firm or Corporation~~ owned Membership leaves the employment of that ~~entity Firm or Corporation~~, the Membership shall be transferred into the name of a designated representative of the ~~entity Firm or Corporation~~. In the event the designated representative is not a Member, ~~a~~Application for Membership must be made and the application/transfer fee paid.

### **303.01. SUSPENSION OF TRADING PRIVILEGES UPON REQUEST TO TRANSFER MEMBERSHIP.**

Whenever the transfer of a Membership has been requested, the Board of Directors, at its discretion, may suspend the trading privileges of the Member and/or of any ~~entity designated by the Membership Firm or Corporation for which the Membership is registered~~, if appropriate, until the further order of the Board of Directors.

### **304.00. OBJECTIONS TO TRANSFER OF A MEMBERSHIP.**

Any Member ~~or any Registered Firm or Corporation~~ claiming, under the provisions of the **MGEX** Rules and Regulations of the Corporation, to have a lien against a Membership may file an Objection against a transfer of such Membership, as provided below:

- A. Such Objection shall be in writing in the form prescribed by the

Board of Directors and must be filed with the Secretary, together with a statement of the amount of the claim for lien against the Membership upon which such Objection is based, within ten (10) days after notice of the Request for Transfer of such Membership has been posted on the Official Bulletin Board;

- B. Failure to file an Objection as provided in Section A. shall be deemed and held to constitute a waiver of the lien and the right to file the Objection. A Membership subsequently transferred, and the Ownership recorded shall be considered free and clear of all liens and claims for liens as if no objections were filed; no subsequent objection, complaint, claim or demand against the former Member ~~or against any Firm or Corporation for which the Membership has been registered~~, shall constitute a lien or otherwise impair it in the hands of an innocent Owner;
- C. At the expiration of said period of ten (10) days a copy of any Objections that have been duly filed, together with a copy of the statement of the amount of the claims for liens upon which such Objections were based, shall have been served upon the parties who requested the transfer of the Membership including the Member and/or Owner, ~~and upon any Firm or Corporation for which the Membership is registered~~;
- D. If any Objection has been duly filed, the Board of Directors shall hear all parties and determine the validity of the Objection; and, if it is sustained, the Application for Transfer shall be denied until such time as the claim or claims upon which the Objection was based have been settled.

Notice of the time, place and purpose of the meeting of the Board of Directors at which Objections are to be acted upon shall be served on the party who has requested the transfer of the Membership, and on the Member and/or Owner ~~and on any Firm or Corporation for which the Membership is registered~~.

### **310.00. MEMBERSHIP: RECORDING OF OWNERSHIP.**

When the terms and conditions set forth below have been complied with and upon the order of the Board of Directors or a duly authorized officer or committee, the Secretary shall record the Ownership of a Membership upon the books of the Corporation in the name of a Person, ~~Firm or Corporation~~:

- A. The Person, ~~Firm or Corporation~~ to be recorded as the Owner must be in good standing, must have paid the purchase price and be the sole and absolute Owner of such Membership, free and clear of all liens and encumbrances;
- B. If the Person to be recorded as the Owner is an officer or employee of the Exchange, or if the officer or employee of the Exchange has a financial interest in an entity ~~the Firm or~~



~~Corporation~~ to be recorded as the Owner, such disclosure shall be made to the Board. In no instance may the officer or employee be recorded as the Record Holder of a Membership, or exercise the privileges of a Record Holder.

- C. The recording of the Ownership of a Membership must be duly executed with the Secretary immediately after purchase by the Person, ~~Firm or Corporation~~ who or which is to be recorded as the Owner. The information needed to record the Ownership shall be in such form and shall be accompanied by such facts and statements as the Board of Directors may require.
- D. If the Person, ~~Firm or Corporation~~, who is to be recorded as the Owner, has incurred any indebtedness in connection with obtaining such Membership, there must have been filed with the Secretary an agreement, in such form as the Board of Directors shall have prescribed, by the party to whom the Owner has become indebted, subordinating any claim such party may have on account of such indebtedness to claims of the Corporation for assessments, liens or claims for liens against such Membership that may arise pursuant to the MGEX Rules and Regulations ~~of the Corporation~~; (See **Form 3-10.00(C)**, Page 7035.)
- E. All assessments against such Membership that are due and payable, together with interest on any delinquent portions thereof, must have been paid;
- F. Notice that a Request to Record the Ownership of a Membership has been received must have been given to Members at least five (5) days before the date of such recording, and a copy of such Request must have been posted on the Official Bulletin Board for ten (10) consecutive days prior to the date of such recording;
- G. If an objection to such recording has been duly filed, it must have been heard by the Board of Directors or a designated committee and dismissed or, if the claim upon which it was based has been sustained, the claim must have been satisfied before the Ownership is recorded;
- H. Neither the previous Member nor Owner of such Membership, nor any ~~Firm or Corporation for which the Membership is registered~~ entity to be listed as Record Owner, can be a party to any unsettled controversy before the Board of Arbitration, or any committee of the Board of Directors, unless this provision shall have been specifically waived by the Board of Directors.

#### **320.00. MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.**

A Member whose Membership is owned by a Clearing Member, an entity having cash trading privileges, an FCM, or a Regular facility ~~whose Membership is registered in the name of a Registered Firm or Corporation, whether the Owner of such Membership or~~

~~not~~, may act only in the name of or for the account of the designated entity ~~Registered Firm or Corporation for which the Membership has been registered~~ or another "affiliated~~Affiliated~~" ~~Entity~~ Corporation as defined in Chapter I, unless an authorized representative of ~~the such entity~~ Registered Firm or Corporation has provided a written release to the Department of Audits and Investigations that the Member can trade for his personal account. See **Form 3-20.00**, page 7053.

A Member whose ability to act is limited by this Rule, may give up the name of a party as principal, other than the ~~Registered Firm or Corporation~~ entity for which he is authorized to act, when making trades pursuant to **Rule 704.00**.

### **321.01. MEMBERS: AUTHORIZATION TO TRADE NOT REQUIRED.**

Any Member who is the Owner of a Membership standing in his name, ~~and who has not registered his Membership for a Firm or Corporation, and any Registered Firm or Corporation~~ may make trades or other transactions on the Exchange in the name of other parties having trading privileges if and when, but only if and when:

- A. Acting in the capacity of Broker; or
- B. Making trades that are for his or its own account and risk.

The privileges conferred by this Rule shall apply only in connection with Futures and Options Contracts and shall not apply to cash sales and purchases.

### **321.03. ACTING AS BROKER ON THE EXCHANGE.**

The making of trades or transactions on the Exchange in either Futures or Options or cash commodities in the capacity of a ~~b~~ Broker shall be subject to the following conditions and restrictions:

- A. The Broker must be either:
  1. A Member who is the Owner of a Membership standing in his name and who has not designated the Membership to an entity ~~registered his Membership for a Firm or Corporation~~; or,
  2. An entity that owns its Membership and is properly registered with the National Futures Association to act in the capacity of a Broker ~~Registered Firm or Corporation~~: FOR CLARIFICATION REFER TO **RULE 320.00**. - MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.
- B. Any Member, ~~or entity~~ Registered Firm or Corporation, acting on the Exchange in the capacity of a Broker, must at the time of making each trade or transaction report the name of a principal who has authorized him to make the trade or transaction; and, having done so, shall not thereafter be held responsible for the fulfillment of such trade or transaction or for the obligations

imposed by **Rule 1137.00**.

PARAGRAPH B above does not apply to the sale of spot or consigned cars of grain.

### **330.01. DELINQUENT ASSESSMENT: SUSPENSION OF MEMBER.**

If any assessment or any part of an assessment levied upon a Membership in the Corporation has become delinquent, the Member shall be suspended automatically until the delinquent part of such assessment, together with the accrued interest, where applicable, has been paid.

Notice of such suspension shall be posted forthwith on the Official Bulletin Board and shall be given to Members, and a copy shall be served on the Member and/or Owner of the Membership involved, and on any entity~~Firm or Corporation~~ for which the Member ship is designated~~has registered a Membership~~.

### **335.00. LIENS UPON MEMBERSHIPS.**

Any Member, Clearing Member, or entity having cash trading privileges~~Registered Firm or Corporation~~, to whom or to which another Member, Clearing Member, or entity having cash trading privileges~~Registered Firm or Corporation~~, is indebted in connection with or as a result of any trade, that is subject to or governed by the Rules, Regulations, customs and usages of this Corporation may file a lien to secure the payment of such indebtedness. The lien may be filed upon all Memberships in the Corporation of which the debtor is the Owner. Also, in the event that such debtor is an entity designated by a Member,~~Firm or Corporation~~ the lien may be filed upon the Membership owned by such entity~~that is registered for such Firm or Corporation, whether or not such Firm or Corporation is the Owner of such Membership~~.

### **336.00. REQUEST FOR SALE OF A MEMBERSHIP TO SATISFY LIENS.**

Any Member, Clearing Member, or entity having cash trading privileges~~any Registered Firm or Corporation~~, claiming to have a lien against a Membership may, if the indebtedness or obligation upon which such claim is based has been due and payable for more than ninety (90) days, file a claim for such lien, together with a request that the Membership be sold for the satisfaction thereof.

Such claim, together with a statement of the amount thereof, shall be filed with the Secretary.

Such claim shall be heard and determined in accordance with the provisions of **Rule 336.01**. and, if it or any portion is determined to be valid, the Board of Directors shall order the Membership sold by the Corporation under the provisions of **Rule 337.00**.

### **336.01. HEARING ON REQUEST FOR SALE OF A MEMBERSHIP TO SATISFY LIENS.**

If a request for the sale of a Membership to satisfy liens has been filed as provided in **Rule 336.00**., there shall be a meeting of the Board of Directors after due notice thereof for the purpose of hearing such request and the claim upon which it is based, and any

other claims for liens duly filed against such Membership, and determining if such claims, or any portions thereof, are valid.

Notice of the time, place and purpose of such meeting shall be served on the claimants, ~~on the Member,~~ and/or Owner of the Membership involved, ~~on any entity Firm or Corporation~~ for which the Membership has been designated~~registered,~~ given to Members,~~,~~ and posted on the Official Bulletin Board at least ten (10) days before such meeting.

Any other Member,~~,~~ or entity for which the Membership has been designated~~Registered Firm or Corporation,~~ claiming to have a lien against such Membership must file such claim for lien prior to such meeting; and, failing to do so, will be deemed and held to have waived his or its rights to such lien.

At such meeting the Board of Directors shall examine all claims for liens against the Membership that have been duly filed and shall hear fully all claimants and the Member and/or Owner of the Membership, and any entity~~Firm or Corporation~~ for which the Membership has been designated~~registered,~~ if they shall appear. The Board shall determine which claims are valid under the provisions of the MGEX Rules and Regulations, and such determination shall be final and binding on all parties.

Such meetings of the Board of Directors may be adjourned from time to time at the discretion of the Board.

### **337.00. SALE OF A MEMBERSHIP BY THE CORPORATION.**

If the Board of Directors shall have ordered the sale of a Membership by the Corporation, a meeting of the Owners shall be called for such purpose after ten (10) days' due notice thereof. Such notice shall state the date, time, place and purpose of such meeting, and shall be given to Members,~~,~~ posted on the Official Bulletin Board,~~,~~ and served on the Member and/or Owner of the Membership, and on any entity~~Firm or Corporation~~ for which the Membership has been designated~~registered.~~

If the Membership is to be sold to satisfy delinquent assessments, the notice shall call attention to provisions of **Rule 338.00.** relative to filing of claims for liens.

At such meeting the Membership shall be sold to the highest bidder. When appropriate, the highest existing bid from a non-member shall be included in the auction.

The Board of Directors, pursuant to authority granted by **Rule 361.00.** may, at its discretion, cause a bid or bids to be made for the Membership in the name of the Corporation; and, in the event that the Membership is being sold to satisfy delinquent assessments and if no other bids have been received, the Board shall cause a bid, at a figure as determined by the Board, to be so made.

If more than one Membership is to be sold at any one meeting of the Owners, the order in which such Memberships shall be offered for sale shall be determined by lot.

After such sale, the former Member and/or Owner of such Membership shall be deemed to have forfeited and relinquished the rights, benefits and privileges conferred by such Membership, and all rights, title and interest in and to such Membership; and failure to



surrender the old Certificate for cancellation shall in no way affect such sale, or the title to the Membership to the new purchaser.

### **338.00. CLAIMS AGAINST A MEMBERSHIP TO BE SOLD TO SATISFY DELINQUENT ASSESSMENTS.**

Any Member, or any entity for which the Membership has been designated~~Registered Firm or Corporation~~, claiming under the provisions of the MGEX Rules and Regulations to have a lien against a Membership that is to be sold by the Corporation to satisfy delinquent assessments, must file a claim for such lien with the Secretary, together with a statement of the amount thereof, prior to the meeting at which such Membership is to be sold; and, failing to do so, will be deemed and held to have waived his or its right to such lien.

If any claims for liens have been so filed, the Board of Directors shall hold a meeting as soon after such sale as is practicable to hear and determine which claims for liens are valid. Notice of the time, place and purpose of such meeting shall be served on the claimants, and on the Member and/or Owner of the Membership, and on any entity~~Firm or Corporation~~ for which the Membership has been designated~~registered~~.

### ~~350.00. REGISTRATION OF FIRMS AND CORPORATIONS.~~

~~The Registration of a Firm or Corporation confers upon it certain rights, benefits and privileges through the registration of a Membership for its benefit and imposes upon it certain duties, obligations and liabilities. Registration also imposes upon the Member of the Membership that has been so registered certain additional duties, obligations, liabilities and restrictions. All these matters are as set forth in the various Rules applicable thereto.~~

### ~~350.01. REGISTRATION OF FIRMS AND CORPORATIONS: ELIGIBILITY FOR.~~

~~Only Firms and Corporations, as defined and limited by Subdivisions A. and B., whose financial condition and reputation are adequate, in the opinion of the Board of Directors, are eligible to be registered:~~

~~A. The word "Corporation" shall mean "Business Corporation." The term "Business Corporation" shall mean the legal entity created and existing by virtue of the laws of any State or Nation, through or by means of which any business or financial operations are carried on, and shall include limited liability companies and cooperatives and other associations if incorporated under any such law.~~

~~B. The word "Firm" shall mean "Business Firm". The term "Business Firm" shall mean any unincorporated organization through or by means of which any business or financial operations are conducted, including a general partnership, limited partnership, syndicate, group, trust, estate, joint venture or association.~~

### ~~350.02. REGISTRATION OF FIRMS AND CORPORATIONS: PROCEDURE.~~

~~Upon compliance with conditions set forth in this Rule and upon the order of the Board of Directors, the Secretary shall register the name of a Firm or Corporation on the record books of the Corporation, and such Firm or Corporation shall be known as a Registered~~

~~Firm or Corporation:~~

~~A.—— An Application for Registration must have been duly filed, signed by a Member who desires to register his Membership for such Firm or Corporation, and also executed on behalf of the Firm or Corporation to be registered;~~

~~B.—— Such Member must be in good standing and, in the case of a Firm, a Member of such Firm as defined in Chapter I; and, in the case of a Corporation, a representative of such Corporation, authorized to execute contracts for and on behalf of such Corporation;~~

~~C.—— Such Member must not have registered a Membership for any other Firm or Corporation. For the purposes of cash trading, a Member shall not have trading privileges in his own name;~~

~~D.—— Either the Member himself or the Firm or Corporation to be registered must be the Owner of the Membership to be so registered.~~

### ~~350.03. REGISTRATION OF FIRMS AND CORPORATIONS: APPLICATION FOR.~~

~~An Application for Registration of a Firm or Corporation shall be in such form as prescribed by the Board of Directors and shall contain an agreement, in consideration of the granting of such registration, that the Firm or Corporation applying for registration will be bound by, and all Memberships in the Corporation owned by such Firm or Corporation will be subject to the provisions of the Charter, Rules and Regulations, customs and usages of the Corporation, and all additions and amendments to such Charter, Rules and Regulations subsequently adopted; and such agreement shall be binding on such Firm or Corporation and its successors and assigns.~~

~~An Application for Registration shall be accompanied by a sworn statement made by a Member of the Firm or an authorized representative of the Corporation on behalf of the Firm or Corporation applying for registration, and in such form as the Board of Directors may prescribe of its assets and liabilities, (see **Regulations 2085.00., 2086.00., 2087.00., 2088.00., and 2089.00.**) and the nature of its business, and such other information pertinent to the granting of the Registration as may be required by the Board of Directors. In the case of a Firm, the statement shall show satisfactory evidence of the existence of such Firm, the names of its members, and whether or not its articles of organization provide for the continuation of its existence in case of change in its members. In the case of a Corporation, the statement shall show the date when and the State under whose laws it was incorporated, and the names of its officers or authorized representatives.~~

~~Such Application shall also be accompanied by evidence satisfactory to the Board of Directors of the authority for making the Application for Registration and of the Member who desires to register his Membership for such Firm or Corporation. In the case of a Corporation, such evidence shall include a resolution of the Board of Directors granting such authority.~~

### ~~350.04. REGISTRATION OF FIRMS AND CORPORATIONS: TIME IN FORCE AND EFFECT.~~

~~Registration of a Firm or Corporation and the duties, obligations, liabilities and penalties~~

~~imposed thereby on the Member who registered his Membership for such Firm or Corporation, and upon the Membership itself, shall remain in force and effect until such registration is canceled as provided in **Rule 350.05**. Registered Firms and Corporations must notify the Secretary of any change in their legal status or of any other circumstances that would have a bearing on their registration.~~

~~**350.05. REGISTRATION OF FIRMS AND CORPORATIONS: CANCELLATION OF.**~~

~~The registration of a Firm or Corporation shall be canceled by the Board of Directors:~~

~~Upon the cessation of Membership in this Corporation for any reason.~~

~~PROVIDED, however, that in such cases the cancellation may be delayed, for such length of time as is reasonable in order to allow reregistration of such Firm or Corporation;~~

~~Upon such Member ceasing to be a member of such Firm or an officer of such Corporation, as defined by **Rule 350.02.B**;~~

~~Upon the written request of such Firm or Corporation;~~

~~Upon the termination of the legal existence of such Firm or Corporation;~~

~~Whenever the Board of Directors at a meeting held not fewer than ten (10) days after notice of the time, place and purpose has been served on such Firm or Corporation, and at which such Firm or Corporation shall have had full opportunity to be heard, shall find by an affirmative vote of not fewer than seven (7) Directors that the provisions of the Rules are not being complied with, and that such Firm or Corporation, after notice thereof, has failed or refused within a reasonable time to comply with such provisions.~~

~~The registration of a Firm or Corporation shall be suspended automatically and without action by the Board of Directors during such time as the Member who registered his Membership for the Firm or Corporation is under suspension.~~

~~PROVIDED, however, that the registration of a Firm or Corporation shall not be canceled if such Firm or Corporation is a party to any unsettled controversy before the Board of Arbitration or if any investigations or charges involving such Firm or Corporation are pending before the Department of Audits and Investigations, the Disciplinary Committee, the Hearing Committee or if any orders of the Disciplinary Committee or the Hearing Committee to such Firm or Corporation have not been complied with.~~

~~PROVIDED FURTHER, that when cancellation of the registration of a Firm or Corporation has been requested, the Board of Directors may, at its discretion, suspend the trading privileges, if any, of such Firm or Corporation until further action by the Board.~~

~~**351.00. REGISTERED FIRMS AND CORPORATIONS: INFORMATION TO BE FURNISHED BY.**~~

~~Registered Firms or Corporations, whether the holders of trading privileges or not, shall furnish to the Board of Directors such sworn, written statements of their assets and~~

~~liabilities (see Regulations 2085.00., 2086.00., 2087.00., 2088.00., and 2089.00.) and such other information as the Board of Directors may at any time or from time to time require, pertinent to the determination of whether or not, under the provisions of the Rules, the registration of such Firm or Corporation may be continued in force and effect.~~

### **363.00. APPEARANCE BEFORE COMMITTEES.**

Persons who have signed an Application for Membership, Request for Transfer of a Membership, Request to Record the Ownership of a Membership or Application for Cash Trading Privileges shall answer such questions and furnish such information pertinent to the consideration of and in support of such applications or requests and shall make such personal appearances as the Board of Directors or any duly authorized committee may require.

### **364.00. WITNESSES, ATTENDANCE OF.**

Every Member or Person, ~~and every Registered Firm or Corporation~~, upon whom or which a notice or citation, issued by the President of the Corporation or by any duly constituted board, committee or other tribunal of the Corporation, has been duly served, shall appear and testify and produce his or its books, papers, records or other documents that are pertinent to the case in hearing, as required by such notice or citation; and, when testifying, shall answer any question that is proper and pertinent to the case in hearing. It is, however, hereby provided that no witness shall be required to answer any question if the answer would incriminate him.

### **365.00. VIOLATION OF AGREEMENTS: FRAUDULENT REPRESENTATION OR CONCEALMENT.**

The making of any fraudulent representation or concealment in an Application for Membership, ~~or in~~ a Request for Transfer of a Membership, ~~or in~~ a Request to Record the Ownership of a Membership, ~~or in an Application for Registration of a Firm or Corporation, or in an~~ Application for Cash Trading Privileges, an Application for Clearing Privileges, or in any information given or statements made in connection with any such applications or requests shall be Uncommercial Conduct.

***Any violation by any Member or Person, ~~or by any Registered Firm or Corporation~~ or any agreement made by such Member or on behalf of such Person ~~Registered Firm or Corporation~~, in connection with an Application for Membership, a Request ~~to for~~ Transfer of a Membership, a Request to ~~record~~ Record the Ownership of a Membership, ~~an Application for the Registration of a Firm or Corporation, or an Application for~~ Cash Trading Privileges, or an Application for Clearing Privileges shall be Uncommercial Conduct.***

### **366.00. NOTICES REGARDING MEMBERSHIP, ETC.**

Notice shall be given to Members, and posted upon the Official Bulletin Board, of all admissions to Membership, suspension or expulsion of Members, death of Members, transfers of membership, recording of Ownership of Membership, ~~registration or cancellation of registration of Firms or Corporations~~ or granting or cancellation of cash



trading privileges or clearing privileges.

#### **368.00. COMMODITY EXCHANGE ACT RULE.**

- A. In order to comply with the Act of Congress known as the Commodity Exchange Act, and the regulations of the Commodity Futures Trading Commission promulgated thereunder, it is hereby provided that all MGEX Rules and Regulations~~of this Corporation~~ shall be construed with reference to, and shall be subject to and modified by, the provisions of said Act and regulations.
- B. The Corporation and every Member, and Person~~every Registered Firm and Corporation~~, shall make and file such reports and keep such books, and records for such a period of time as may be required pursuant to authority set forth in the Commodity Exchange Act as amended, and regulations promulgated thereunder, including, but not limited to, the authority contained in subdivision (b) of Sec. 5 of said Act, and shall keep such books and records open to inspection by any duly authorized representative of the Commodity Futures Trading Commission or the United States Department of Justice.
- C. Neither the Corporation, nor any Member, or Person~~Registered Firm or Corporation~~, shall disseminate any false, misleading, or knowingly inaccurate reports concerning crop or market information or conditions that affect, or tend to affect, the price of any commodity.
- D. No Member, or Person~~Registered Firm or Corporation~~, shall manipulate, or attempt to manipulate, prices of commodities traded on this Exchange, nor corner, nor attempt to corner, any of such commodities.
- E. Any Member or Person~~Registered Firm or Corporation~~, who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the Commodity Exchange Act as amended, shall be refused all privileges of trading on this Exchange for such period of time as specified in the Order of the Commodity Futures Trading Commission against such Member or Person.
- F. No Member, or Person~~Registered Firm or Corporation~~, shall accept or execute an order from any Person, ~~Firm or Corporation~~ who or which has been deprived of the privilege of trading in contract markets under subdivision (b) of Sec. 6 of the Commodity Exchange Act as amended.

#### **369.00. DISSEMINATION OF INFORMATION.**

Members, and Market Participants~~Registered Firms and Corporations~~, shall be held to strict account for the reliability and accuracy of the statements and information which

they disseminate.

Members, and Market Participants~~or Registered Firms or Corporations~~, must word or phrase all circulars, letters, Reports of Cash Sales, or other information so as to convey an accurate impression as to values of commodities in this market, and avoid conveying misinformation or erroneous implications as to such values. Specific values of cash commodities must not be reported in such a way as to create a false impression regarding values generally.

For example, a false impression regarding values generally. For example, sales of cash commodities of certain test weight, or having some particular characteristic or other factor that contributes to value, must not be reported in such a manner as to convey the impression that all commodities of the same kind and test weight, or having the same particular characteristic or factor, are of equal value.

Members and Market Participants~~Registered Firms and Corporations~~, and their employees, must not directly or indirectly, by innuendo or otherwise, participate in the circulation of any rumors adversely affecting any Person~~Individual, Firm or Corporation~~. Only facts capable of substantiation may be reported.

#### **370.00. LIMIT ON OWNERSHIP OF MEMBERSHIPS.**

No Record Owner (i.e., individual, corporation, partnership, association, joint stock company, trust, or unincorporated association) or associate of any Record Owner as defined herein, may own directly, indirectly, or through an affiliate (i.e., a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such Record Owner), more than twenty percent (20%) of outstanding Memberships at any one time. The term "associate" used to indicate a relationship with any Record Owner means:

- A. Any corporation or organization (other than the corporation or a majority-owned subsidiary of the corporation) of which such Record Owner is an officer or partner, or is directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities;
- B. Any trust or other estate in which such Record Owner has a substantial beneficial interest or as to which such Record Owner serves as trustee or in a similar fiduciary capacity; and
- C. Any relative or spouse of such Record Owner, or any relative of such spouse, who has the same residence as such Record Owner, or who is a director or officer of the corporation or any of its parents or subsidiaries.
- D. Any officer or employee of the Exchange, or any ~~firm or corporation~~entity in which an officer or employee of the Exchange has a financial interest.

Any Membership acquired in violation of this rule must be sold in the same manner as provided for in these MGEX Rules and Regulations~~rules~~ in the case of an expelled

Member.

### 372.00. DELEGATION.

A Member ~~or entity, Firm or Corporation~~ which owns a Membership(s) may assign the rights and privileges of Membership to an individual (Delegate) on the following conditions:

- A. The Delegate shall be approved by the Exchange under the standards of **Rules 300.00.** and **301.00.** The Delegate shall sign a written agreement to observe and be bound by the **MGEX** Rules and Regulations ~~of the Exchange~~ and all amendments subsequently made thereto.
- B. The Delegation Agreement and any amendment(s) thereto shall be in writing in such form as the Exchange may prescribe and a copy shall be filed by the Owner of the Membership with the Secretary of the Association as a precondition to its implementation. However, the Delegation Agreement shall automatically be nullified if there is a loss of any of the qualifications for entering a Delegation Agreement, such as sale of the Membership by the Owner or expulsion of the Owner or Delegate. In the event the Owner sells its Membership, the Delegate shall have thirty (30) days from the effective date of Ownership change to enter into another Delegation Agreement and the transfer fee shall be waived.
- C. The Owner shall remain liable for all assessments and dues.
- D. An Owner who has delegated his/her Membership privileges shall not have physical access to the Trading Floor during the period the Membership has been delegated, unless he/she has another Membership, or registers as a visitor.
- ~~E. A Delegate shall not be entitled to register a Membership for a Firm or Corporation unless the Delegate is employed by the Firm or Corporation for which the Delegate wishes to register and the Firm or Corporation is authorized to trade at the Exchange.~~
- FE.** No Delegation Agreement shall have a term of less than ninety (90) days.
- GE.** No Delegate will be eligible to sponsor an individual for Membership.
- HG.** A Delegate is limited to trading for his/her own account. A Delegate may not act as a broker under **Rule 321.03.**
- H.** The Delegate shall deposit with the Exchange an amount of money to be determined by the Exchange. The deposit is to be

held for the term of the lease. The deposit shall be refunded at the end of the lease if the Delegate has no outstanding debts due MGEX or lease payments due the Owner. Claims by MGEX shall be satisfied first with any surplus to be made available to the Owner to satisfy lease payments. (See **Resolution 372.00.**)

- J.** A Delegate shall pay an access fee each month unless said Delegate trades a minimum number of Minneapolis Grain Exchange Futures and/or Options contracts. The Board of Directors shall determine the access fee to be paid and the minimum number of contracts to be traded. (See **Resolution 372.00.**)
- K.** A temporary access badge may be issued to the Delegate provided the ~~an~~ Application for Transfer of Membership has been duly filed and has not been acted on by the Exchange. The access badge limits the Delegate to admission to the Trading Floor only. This does not allow the Delegate to trade in the pits.
- L.** Unless renegotiated, upon expiration or default of a Delegation Agreement, the Membership shall revert back into the name of the Record Holder designated by the Record Owner.
- M.** No Delegate or former Delegate shall enter into a Delegation Agreement if there are any unpaid debts due the Exchange or lease payments due the Owner until such debts have been satisfied or reviewed to the satisfaction of the Exchange.
- N.** No Delegate will be eligible to serve on the Board of Directors or to vote at an interest group meeting.

#### **402.00. BOARD OF ARBITRATION: DUTIES AND POWERS.**

All disputes that arise out of trades, contracts, agreements or other transactions that are governed by or made subject to the Charter, Rules, Regulations, customs or usages of the Corporation, shall be settled by arbitration before a Board of Arbitration unless the parties to such trades, contracts, agreement or other transactions expressly agree otherwise.

No Board of Arbitration shall have jurisdiction to hear and decide any disputes governed by Chapter 5.

Refusal by a Member or Market Participant ~~by a Registered Firm or Corporation~~ to submit any such dispute to arbitration (upon demand by the opposite party) shall constitute a violation of the MGEX Rules and Regulations.

#### **410.00. BOARD OF ARBITRATION: FORM OF COMPLAINT.**

Any ~~p~~Person, ~~firm or corporation~~ desiring to submit a dispute to a Board of Arbitration appointed pursuant to these Rules shall file a written Complaint, (see **Form 4-10.00**), or Petition for Joint Arbitration (see **Form 4-10.01**) made under oath and in duplicate, with

the ~~Secretary of the Corporation~~Exchange, the introductory part of which shall be substantially as in **Form 4-10.00** or **4-10.01**.

#### **415.00. BOARD OF ARBITRATION: OFFSETS AND COUNTERCLAIMS.**

In the hearing on any dispute between a Member, Clearing Member, or an entity having trading privileges~~Registered Firm or Corporation~~ and another Member, Clearing Member, or entity having trading privileges,~~Registered Firm or Corporation~~ the Board of Arbitration shall not hear or consider any matters of dispute between the parties as offsets or counterclaims or otherwise unless such matters are directly connected with the matter set forth in the Complaint.

In the hearing on any dispute between a Member, Clearing Member, or an entity having trading privileges~~Registered Firm or Corporation~~ and a nonmember, the Board of Arbitration shall also hear and decide any matters of dispute between the parties proper to be considered by the Board as offsets or counterclaims or otherwise that have been submitted for arbitration in the Complaint or Answer, and evidence and testimony relative to such matters may be introduced before the Board.

#### **425.00. BOARD OF ARBITRATION: WITNESSES, CITATIONS.**

The Chairman of the Board of Arbitration may issue notices of citations requiring any Member or Market Participant~~Registered Firm or Corporation~~ to appear before it and to answer any question that is proper and pertinent to the matter under investigation and to submit to it for examination any of his or its books, papers, records or other documents that are pertinent to the matter under investigation. It is hereby provided, however, that no witness shall be required to answer any question if the answer would incriminate him. The Board may exclude any evidence or testimony it deems incompetent, irrelevant or immaterial.

Any party to a dispute in arbitration may apply to the Clerk of any Court of record for a subpoena to compel the attendance of any witness or the production of books or papers before any Board of Arbitration, as provided by law.

#### **435.00. BOARD OF ARBITRATION: DECISIONS AND AWARDS, FAILURE TO COMPLY WITH.**

Any party against whom a Decision or Award has been rendered by a Board of Arbitration shall comply with that Decision or Award as soon as practicable, and in every case, within ten (10) business days after a copy of that Decision or Award is served upon him. In case of failure to do so, the party in whose favor such Decision or Award has been made may:

- A. Apply to the Secretary of the Corporation, who shall thereupon deliver to him a certified transcript of such Decision or Award to be filed with the Clerk of the District Court in and for the county in which the party against whom such Decision or Award has been made resides or has its principal office, or elsewhere, in accordance with law; or,
- B. If the opposite party to the dispute is a Member, Clearing Member,



or an entity having trading privileges~~Registered Firm or Corporation~~, he may file charges against such opposite party for violation of the MGEX Rules and Regulations; or,

- C. He may do both at his election.

#### **500.00. DEFINITIONS.**

When used in Chapter 5 of these Regulations:

- A. The term "Claim or Grievance" shall mean any dispute that arises out of any transaction for the purchase or sale of any commodity for future delivery on or subject to the MGEX Rules and Regulations~~of the Corporation~~ executed by or effected through any Member or Clearing Member~~Registered Firm or Corporation~~ or employee thereof, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom the Corporation does not have jurisdiction and who are not otherwise available;
- B. The terms "Customer" and "Customers" shall mean any ~~p~~Person with a Claim or Grievance against a Member, Clearing Member~~Registered Firm or Corporation~~ or employee thereof; PROVIDED, however, that "Customer" and "Customers" do not include such Members or Clearing Members~~, Registered Firms or Corporations~~ of the Corporation.

#### **501.00. CUSTOMER CLAIMS ARBITRATION PANEL: DUTIES AND POWERS.**

The Customer Claims Arbitration Panel shall have jurisdiction to hear and decide all Customer Claims and Grievances involving an amount in controversy and any counterclaim that is properly submitted to it pursuant to the provisions of **Rule 512.00**.

Refusal by a Member or Clearing Member~~, or by a Registered Firm or Corporation~~, to submit any such Claim or Grievance to arbitration (upon demand by any Customer) shall constitute a violation of the MGEX Rules and Regulations.

The Customer Claims Arbitration Panel shall decide any Claim or Grievance submitted to it in accordance with the facts disclosed by competent evidence and pursuant to the Charter, Rules Regulations, usages and customs of this Corporation. Ex parte contacts by any of the parties with members of any panel shall not be permitted.

#### **503.00. CUSTOMER CLAIMS ARBITRATION PANEL: ELECTION OF PUBLIC MEMBERS, NOTICE.**

Upon receipt of a written Complaint as directed to the Secretary of the Corporation shall inform the Complainant in writing:

- A. That he has a right to demand that the Panel be comprised of a majority of persons who are not Members, and who are not associated with any Members or Clearing Members~~, or Registered~~

~~Firms or Corporations~~ or employees thereof, and who are not otherwise associated with the Corporation;

- B. That such right must be exercised by written demand to be sent to the Secretary of the Corporation within ten (10) business days after the date upon which the Secretary's notice is received by Complainant;
- C. Of the nature and amount of any other fees or costs that may be assessed against him if a dispute is submitted for arbitration pursuant to this Chapter. The Complainant shall bear no additional costs for choosing a mixed panel, unless the arbitrators in a particular proceeding determine that the customer has acted in bad faith in initiating or conducting that proceeding.

Upon receipt of a demand for a panel comprised of a majority of public members, in accordance with this Rule, the Secretary of the Corporation shall select two (2) persons from the public who meet the qualifications of this Rule, and the Panel, which thereafter hears and decides the particular Claim or Grievance, shall be comprised of such persons, together with one (1) other member appointed by the President or Secretary of the Corporation as provided in **Rule 502.00.**; PROVIDED that no member may serve on any Customer Claims Arbitration Panel if he is disqualified from hearing or deciding the Claim or Grievance under the provisions of **Rule 504.00.**

#### **525.00. WITNESSES, CITATIONS.**

The Customer Claims Arbitration Panel may issue notices or citations requiring any Member or ~~Clearing Member~~~~Registered Firm or Corporation~~ to appear before it and to answer any question that is proper and pertinent to the matter under arbitration and to submit to it for examination any of his or its books, papers, records or other documents that are pertinent to the matter under arbitration; PROVIDED, however, that no witness shall be required to answer any question if the answer would incriminate him. The Panel may exclude any evidence or testimony it deems incompetent, irrelevant or immaterial, and all findings must be based on competent evidence.

Any party to an arbitration before the Customer Claims Arbitration Panel may apply to the Clerk of any Court of record for a subpoena for the attendance of any witness or witnesses and the production of books or papers before said Panel, as provided by law.

#### **601.00. CHARGES: WHO MAY FILE AND FORM OF.**

Any Committee of the Corporation, any Officer thereof, or any Member, Clearing Member, or entity having cash trading privileges~~Registered Firm or Corporation~~, or any customer thereof, may file charges against any Member, Clearing Member, or entity having cash trading privileges~~Registered Firm or Corporation~~ for Uncommercial Conduct or violation of any of the Rules, Regulations, customs or usages of the Corporation.

Such charges shall be in writing, signed by the party bringing the same, shall state specifically the default, misconduct, offense or violation charged and shall be filed with the Secretary, who shall immediately thereafter transmit such charges to the Department of Audits and Investigations.

## **602.00. INVESTIGATIONS: WHEN REQUIRED.**

It shall be the duty of the Board of Directors in case any offense committed by any Member, or Market Participant, ~~or Registered Firm or Corporation~~, against the good name and dignity of the Corporation, or any serious violation of the MGEX Rules and Regulations, shall come to its knowledge by public rumor, report or complaint, or otherwise, to refer such matter to the Disciplinary Committee for a determination on whether a reasonable basis exists for finding a violation.

It shall be the duty of the Board of Directors to inquire into matters affecting the welfare of the Corporation and to report upon the same to the Corporation, together with such recommendations as may be deemed advisable.

The Board of Directors shall have general supervision over the business conduct of any Member, or Market Participant, ~~or Registered Firm or Corporation~~ insofar as such conduct affects: (a) non-member customers and the public at large, (b) the State and Federal Governments, (c) public opinion and the good name of this Corporation. The Board of Directors may refer reports of improper business conduct to the Disciplinary Committee, as appropriate, to conduct a formal investigation. If it is found that a particular course of conduct is, or thereafter would be, unfair or unjust or in violation of law or would impair the good name of the Corporation, all parties concerned shall be notified in writing of the conclusions and directed to cease and desist from such conduct. Failure to comply with such orders shall be deemed and held to be Uncommercial Conduct.

## **603.00. DISCIPLINARY COMMITTEE: INVESTIGATION.**

If the Disciplinary Committee finds that a violation exists, any affected Member, ~~Non-member,~~ or Market Participant, ~~or Registered Firm or Corporation~~ shall receive Notice of Charges and an opportunity to request a hearing by the Hearing Committee. Such Notice of Charges shall include:

- A. The acts, conduct, or practices in which the affected parties are alleged to have engaged.
- B. The MGEX Rules and Regulations alleged to have been violated.
- C. The period within which a hearing on the charges may be requested.
- D. The right to a hearing on said charges and a right to be represented at said hearing.

The Disciplinary Committee shall also provide the affected parties with a reasonable time to file an answer to the charge(s). Failure to answer or deny expressly a charge may be deemed to be an admission of such charge. Failure to request a hearing within a period set forth in the Notice of Charges, may be deemed a waiver of the right to a hearing.

The affected parties may submit a written offer of settlement at any time after the Disciplinary Committee completes its investigation report. The Disciplinary Committee

may accept the offer of settlement, but may not alter the terms of the offer unless the affected parties agree. The Disciplinary Committee may accept a penalty without the affected parties admission or denial of the alleged MGEX Rules and Regulations violations. If the Disciplinary Committee accepts the offer of settlement, the acceptance must be in writing specifying the alleged rule violations, the basis or reasons for the Disciplinary Committee's conclusions and any penalty to be imposed. The Disciplinary Committee may delegate some or all of the settlement authority.

#### **604.00. CHARGES: INVESTIGATION BY DEPARTMENT OF AUDITS AND INVESTIGATIONS.**

The Department of Audits and Investigations shall immediately proceed to investigate all charges referred to it by the Secretary pursuant to **Rule 601.00.**, or any matters that it is requested to investigate by the Commodity Futures Trading Commission, its Executive Director or his delegate, or otherwise upon the discovery or receipt by it of information that, in the judgment of the Department of Audits and Investigations, indicates a possible basis for a finding that close up the Rules, Regulations, customs or usages of the Corporation have been or may be violated. Members and Market Participants; ~~Registered Firms and Corporations~~ shall cooperate in all respects with the Department of Audits and Investigations in its investigations.

#### **605.00. HEARING COMMITTEE: APPEARANCE BEFORE**

If the Disciplinary Committee issues Notice of Charges to any Member, ~~Non-member, or~~ Market Participant, ~~or Registered Firm or Corporation~~, the affected parties may request a hearing conducted by the Hearing Committee. At said hearing, the affected parties have a right to be present at the hearing, to be represented by counsel of their choice and may offer such evidence, testimony and argument in refutation, explanation, avoidance, justification or defense as they may wish.

The Hearing Committee may issue notices or citations requiring any Member, ~~Non-member, or~~ Market Participant, ~~or Registered Firm or Corporation~~ to appear before it and answer any question that is proper and pertinent to the matter under consideration and to submit to it for examination any of his or its books, papers, records or documents that are pertinent to the matter under consideration. No testimony shall be admitted that, in the opinion of the Hearing Committee, is irrelevant to the case in hearing. A copy of the hearing must be made and be part of the proceeding.

If the Hearing Committee finds that the affected parties are not guilty of the alleged charge(s), the Hearing Committee shall dismiss the charge(s) and shall notify the affected parties in writing of its findings and conclusions.

If the Hearing Committee finds that affected parties are guilty of the alleged charge(s), the Hearing Committee shall notify the affected parties in writing of its findings and conclusions pursuant to Rule 615.00.

Findings and conclusions of the Hearing Committee are final.

#### **606.00. HEARING ON CHARGES: QUALIFICATIONS OF DIRECTORS OR MEMBERS OF DISCIPLINARY COMMITTEE OR HEARING**

## COMMITTEE TO SERVE.

No member of the Board of Directors, the Disciplinary Committee or the Hearing Committee shall serve or act as a member of such Board, Disciplinary Committee or Hearing Committee in hearing or deciding charges against a Member, ~~Non-member,~~ or Market Participant, ~~or Registered Firm or Corporation,~~ (or in determining or ratifying any penalty in connection therewith) if such Director, Disciplinary Committee Member or Hearing Committee Member has any financial, personal or prejudicial interest or concern in the result of such hearing or is a business partner, officer, director, stockholder, employer or employee of any party so interested. The other members of the Board, Disciplinary Committee or Hearing Committee shall determine whether any Director, Disciplinary Committee Member or Hearing Committee Member has such an interest or concern.

### 607.00. HEARING ON CHARGES: TIME AND PLACE OF.

The time and place of any hearing by the Hearing Committee shall be set by the Hearing Committee. Such hearing may be held at any regular, special or adjourned meeting of the Board or the Hearing Committee not fewer than six (6) days (or in the case of a Member, ~~Non-member,~~ or Market Participant, ~~or Registered Firm or Corporation~~ having no place of business or residence in Minneapolis, fifteen (15) days), after the accused Member, ~~Non-member,~~ or Market Participant, ~~or Registered Firm or Corporation~~ shall have been served with written notice of the time and place of hearing. Such notice shall also state:

- A. The acts, practices or conduct that form the basis for the charge or charges;
- B. Each MGEX Rule or Regulation alleged to have been violated (or about to be violated);
- C. The predetermined penalty, if any, provided in respect to such violation or violations;
- D. The accused Member, ~~Non-member,~~ or Market Participant, ~~or Registered Firm or Corporation~~ has the right to attend and participate in the hearing.

### 608.00. HEARING ON CHARGES: NOTICE OF.

Upon the setting of the time and place for such hearing, it shall be the duty of the Secretary forthwith to serve each accused Member, or Market Participant ~~Firm or Corporation~~ with the notice provided for in **Rule 607.00**.

### 609.00. HEARING ON CHARGES: RIGHTS OF ACCUSED.

The accused Member, or Market Participant ~~Firm or Corporation~~ shall have the right at the time prior to the hearing to file a written answer to the charges as filed and shall be entitled in advance of the hearing to examine all books, documents or other tangible evidence in the possession or under the control of the Corporation, which are to be relied upon by the Department of Audits and Investigations in presenting the charges contained in the notice of charges or which are relevant to those charges. The accused shall have the further right, following receipt of the notice of charges and at all times subsequent



thereto, to be represented by legal counsel or any other representative of his choosing, have the right to appear at the hearing to confront and cross-examine any witnesses who may appear and to adduce such relevant evidence, testimony and argument in refutation, explanation, justification or other defense against the charge or charges, or any of them, as he or it may deem appropriate.

#### **610.00. HEARING OF CHARGES: PROCEDURE.**

The Hearing Committee may issue notices or citations requiring any Member, ~~Non-member, or~~ Market Participant, ~~or Registered Firm or Corporation~~ to appear before the Hearing Committee and to answer any question that is proper and pertinent to the matter being heard and to submit to it for examination any of his or its books, papers, records or documents that are pertinent to such matter. The Hearing Committee shall make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant. The statements and testimony of all witnesses shall be made under oath. The Department of Audits and Investigations shall be a party to the hearing and shall present its case on those charges and penalties that are the subject of the hearing. Evidence and testimony which is material and relevant to the matter under consideration shall be received by the Hearing Committee. The Hearing Committee may, in its discretion, examine witnesses separately and may exclude other witnesses from the hearing room until it becomes their turn to testify. Should the accused fail to appear at any such hearing, and the Hearing Committee shall find that service has been duly made upon him, the Hearing Committee may proceed with the hearing in his absence and may make such determination as it deems proper upon the charges and the evidence before it. The Hearing Committee may summarily impose an appropriate penalty upon any ~~p~~Person within its jurisdiction whose actions impede the progress of a hearing.

Should any hearing require more than one session, the Hearing Committee may adjourn from time to time, as in its discretion it may deem necessary or proper; PROVIDED, however, that no member of the Hearing Committee shall be competent to vote upon the guilt or innocence or fine, censure, suspension or expulsion of any Member under the provisions of this Rule unless he has attended all sessions of the Hearing Committee at which evidence relative to such matter has been considered or has read the record of proceedings had at all such meetings he has failed to attend.

#### **612.00. PUNISHMENT: LIABILITY FOR.**

Any Member ~~or Market Participant, or any Registered Firm or Corporation~~, who or which has been found guilty (in accordance with the provisions of this Chapter) of Uncommercial Conduct, or of a violation of any of the Rules, Regulations, customs or usages of the Corporation shall be subject to punishment by an appropriate Committee or the Board of Directors as hereafter provided in this Chapter.

#### **614.01. REINSTATEMENT OF MEMBERS: FROM SUSPENSION.**

When any Member ~~or entity, Firm or Corporation~~ shall have complied with the conditions for reinstatement, if any, which were imposed in connection with his or its sentence, he or it may, upon application, be reinstated by the Board of Directors.

A suspended Member ~~or entity, Firm or Corporation~~ may, upon application, be reinstated

prior to the expiration of the term of his suspension by a majority vote of a quorum of the Directors, there being not fewer than seven (7) votes in favor of such reinstatement; and such reinstatement may be made to depend upon such conditions to be observed and performed by the suspended Member or entity, ~~Firm or Corporation~~, as the Board of Directors, by the same vote, may see fit to prescribe.

When a Member or entity, ~~or Registered Firm or Corporation~~, who or which has been suspended has been reinstated, notice of such reinstatement shall be served upon such Member or entity, ~~Firm or Corporation~~, given to Members, and posted upon the Official Bulletin Board.

#### **615.00. DETERMINATIONS OF THE HEARING COMMITTEE: RECORD AND NOTICE OF.**

Promptly following any hearing conducted pursuant to this Chapter, the Hearing Committee shall render a written decision upon the weight of the evidence contained in the record of the proceeding, and the Secretary shall serve a copy of such decision upon the accused. Such decision shall include:

- A. The notice of charges or a summary of the charges and the answer, if any, or a summary of the answer filed by the accused.
- B. A brief summary of the evidence produced at the hearing or, where appropriate, incorporation by reference to the investigation report of the Department of Audits and Investigations.
- C. A statement of findings and conclusions with respect to each charge, including the specific MGEX Rules or Regulations that the accused is found to have violated.
- D. A declaration of any penalty imposed and the effective date of such penalty.

Such decision of the Hearing Committee shall be final.

Notice of a penalty assessed to a Member, ~~Non-member, or~~ Market Participant, ~~or Registered Firm or Corporation~~ shall be given to Members, posted upon the Official Bulletin Board, and a copy forwarded to the Commodity Futures Trading Commission.

#### **714.00. FUTURES AND OPTIONS CONTRACTS: TIME AND PLACE FOR MAKING.**

Except in the case of "Transfer" or "Office" trades as authorized by **Rule 718.00.**, all purchases and sales, and all offers to purchase or sell commodity futures or options in this market, must be made by open outcry in the market in the appropriate Pit for futures and at the designated area for options during the hours of trading.

Members and Market Participants ~~Registered Firms and Corporations~~ are hereby prohibited from assembling in any place, public or private, other than in the appropriate Pit or designated area to form a market for the purpose of making purchases or sales or offers to purchase or sell commodity futures or options and any Member or Market Participant, ~~or Registered Firm or Corporation~~, who or which shall make or offer to make

any such purchases or sales in the manner herein prohibited, shall be deemed to have violated this Rule.

#### **732.00. FICTITIOUS BIDS OR OFFERS PROHIBITED.**

No Member or Market Participant, ~~or Registered Firm or Corporation~~ shall make any bids or offers in commodity futures or options in this market which are not made in good faith and intended to be carried out if accepted, and the making of pretended or fictitious bids or offers is hereby prohibited.

#### **733.00. ATTEMPT TO UPSET MARKET PROHIBITED.**

Purchase or sales of (or offers to purchase or sell) commodity futures or options in this market, made for the purpose of upsetting the equilibrium of the market or bringing about a demoralization of the market, so that prices will not properly reflect values, are forbidden. Any Member or Market Participant, ~~or Registered Firm or Corporation~~ who makes or assists in making such purchases or sales or such offers to purchase or sell, with knowledge of the purpose thereof or who, with such knowledge, shall be a party to or assist in carrying out any plan or scheme for the making of such purchases or sales or such offers to purchase or sell, shall be deemed and held to be guilty of uncommercial conduct.

#### **740.00. PRINCIPAL AND AGENT: ACTING AS BOTH PROHIBITED.**

No Member or Market Participant, ~~or Registered Firm or Corporation~~ shall be both principal and agent in any transaction for commodity futures or options made in this market, except under the following circumstances:

- A. When two Members meet in the execution of orders in the appropriate Pit or designated area and, without prearrangement, unintentionally consummate a contract for one and the same Clearing Member principal, such transactions shall not be considered a violation of the MGEX Rules and Regulations.
- B. If, after public outcry in the Pit a Member is unable to execute an order, the Member may, with the express prior consent of the person giving the order, become the Buyer in respect to a selling order or orders of such person, or may become the Seller in respect to a buying order or orders of such person. In the exercise of this privilege prior consent may be given in the form of a written agreement which is separate and distinct from the customer agreement. No intermediary transmitting an order may give this consent without the prior knowledge and permission of the principal for whom the order is being executed. Provisions of subsections B. and C. of **Rule 742.00**. shall be followed in the execution of such trades.
- C. When a Broker receives a customer's order from a Clearing Member and on bidding or offering, finds that the best response comes from a Broker whose order is identifiably for the house account of the same Clearing Member, acceptance of that order

will not be regarded as a violation of the MGEX Rules and Regulations. Such instances must be random and not arise from preferential trading nor represent a pattern of trading.

#### **741.00. ACTING FOR BOTH BUYER AND SELLER PROHIBITED.**

Except as expressly authorized by the provisions of **Rule 742.00.**, no Member or Market Participant ~~or Registered Firm or Corporation~~ 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 Member or Market Participant, ~~Registered Firm or Corporation~~, 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.

#### **742.00. CROSS TRADING-HANDLING BOTH BUYING AND SELLING ORDERS.**

A Member, or an entity designated by the Member ~~Registered Firm or Corporation~~ (~~hereinafter~~ called "the Member" for purposes of this Rule 742.00.), who shall have in hand at the same time both buying and selling orders from different principals for the same commodity in futures or options in the same delivery month, may execute such orders for and directly between such principals, at the market price, upon the following conditions:

- A. If such orders are first offered openly and competitively by open outcry in the Pit by both bidding and offering at the same price, and neither such bid nor offer is accepted;
- B. If such Member executes such orders in the presence of an official representative of the Corporation designated to observe such transactions and the Member himself clearly identifies all such transactions on the orders and trading cards at the time of execution as a cross trade, and promptly presents said orders and trading cards to the official representative of the Exchange for stamping and signature;
- C. Such transaction(s) shall be made a matter of permanent record by the Exchange. (See **Regulation 2019.00.**)
- D. The Member receiving or executing such orders shall have no interest therein, directly or indirectly, except as a Futures Commission Merchant, or as a Broker.

PROVIDED FURTHER, that when two Members meet in the execution of orders in the open market in the Pit and, without prearrangement, unintentionally consummate a contract for one and the same Clearing Member principal, such transaction shall not be considered a violation of the MGEX Rules and Regulations. The Board of Directors is authorized to adopt regulations necessary to enable Members to utilize the provisions of this Rule.

#### **765.00. TRADING FOR OFFICERS, COPARTNERS OR EMPLOYEES.**

No Member, ~~and no Registered Firm or Corporation~~, shall make a purchase or a sale of any commodity futures or options in this market, or accept or carry an account for such purchase or sale, for the account of an officer, copartner, or employee of another Member ~~or of another Registered Firm or Corporation~~, without the written consent of such other Member, ~~Firm or Corporation having been furnished~~.

#### **768.00. ACCEPTANCE OF ACCOUNTS FROM OTHERS THAN PRINCIPALS.**

Except as provided in OMNIBUS ACCOUNTS and DISCRETIONARY ACCOUNTS, no Member ~~or Market Participant~~ ~~and no Registered Firm or Corporation~~ shall make a purchase or a sale of any commodity in futures or options in this market for the account of another party, nor shall any Member ~~or Market Participant~~, ~~or Registered Firm or Corporation~~, accept or carry such an account for such other party, if such other party is known to be acting as an agent for and on behalf of others, unless such other party is properly registered with the CFTC or the National Futures Association ~~as a Futures Commission Merchant under the provisions of the Commodity Exchange Act~~.

No purchase or sale of commodities in futures or options shall be made in this market, and no account for such purchase or sale shall be accepted or carried for the account of any person if such purchases or sales are made pursuant to trading authority given by such person to another person (not a member of the same family) to trade in his or her name, except on the following terms and conditions:

- A. A monthly statement shall be sent directly to the person for whose account such purchases or sales have been made, showing the exact position of the account, including all open trades figured to the market;
- B. Each transaction shall be specifically designated with the name of the person for whose account such purchase or sale has been made at the time the order is accepted;
- C. No transaction shall be held open in the name of the person for whose account such transaction has been made if such transaction can be closed by making up an Account of Purchase and Sale;
- D. Confirmations of all trades shall be sent promptly, both to the person for whose account such purchases or sales have been made and to the party authorized to act for his or her account;
- E. Written evidence of such delegation of authority by such party to such other party to trade in his or her name shall have been furnished to the Member or Market Participant ~~Registered Firm or Corporation~~ making the trade.

#### **770.00. DISCRETIONARY ACCOUNTS.**

No Clearing Member shall accept or carry an account over which any Person ~~individual, firm or organization~~, other than the pPerson in whose name the account is carried, exercises trading authority or control without meeting the following conditions:



A. Authorization.

The Person~~individual, firm or organization~~ in whose name the account is being carried shall sign and submit to the Clearing Member a power of attorney or other document by which trading authority or control is clearly given and that designates precisely to whom the trading control is given.

The power of attorney, trading authorization, or the document by which trading authority is given, shall be in writing showing the date it was entered into. It shall remain in effect until it is terminated by a written revocation signed by the person for whom the account is carried or by the death or incapacity of such person.

Termination may also be made by the person to whom such power has been delegated and must be in writing or by the death or incapacity of such person.

B. Orders.

Any person initiating an order for an account over which he has discretion must reduce the order to writing, record thereon the account number and date, and time-stamp the order. This requirement shall not apply to the following:

1. Accounts maintained by Members for their families (spouse, parent, child, grandparent, grandchild, brother, sister, aunt, uncle, nephew, niece, or in-law).
2. Accounts belonging to other Exchange Members.
3. Proprietary accounts of Clearing Members~~Registered Firms and Corporations~~.

C. Records.

The records of the Clearing Member shall clearly identify each controlled account it carries, and the Clearing Member agrees to provide the Exchange with a list of such accounts promptly upon request.

**775.00. "BUCKET-SHOPS" FORBIDDEN.**

No Member, and no Market Participant~~Registered Firm or Corporation~~, shall make, negotiate in any form, have, or be in any way interested in any "Bucket-Shop" contract, trade, or transaction, whatever, or in any contract for the purchase or sales of any commodity whatever, for futures or options, without intent to make an actual purchase or

sale, or to deliver or receive such commodity, but with intent to settle or cancel such contract by the payment of the difference between a contract and the market price, or in dealing in differences in the market price of any commodity without a bona fide purchase or sale of such commodity for actual delivery on this or some other Exchange where such commodity is dealt in.

No Member or Market Participant, ~~or Registered Firm or Corporation~~, shall knowingly be interested in the business of, or associated in business with, or shall, in any transaction, act as the Broker or representative of, or shall execute any order for or on behalf of any ~~Person~~ Person, exclusively, or otherwise in operating a "Bucket-Shop," in making, negotiating, or dealing in the contracts, trades or transactions previously prohibited in this Rule.

Any Member or Market Participant, ~~or any Registered firm or Corporation~~, who or which has violated the provisions of this Rule, shall be subject to punishment as prescribed in Chapter VI and, in addition thereto, shall be either suspended or expelled.

#### **827.00. DISPUTES ON DAMAGES.**

Any disputes or differences as to the equity of any claim for loss or damages against a party in default resulting from action taken under the provisions of **Rule 826.00**, shall be decided by the Board of Arbitration as provided by the MGEX Rules and Regulations.

In determining the measure of damages to be paid by the party in default, consideration, among other things, shall be given as to:

- A. Whether or not the value of property in dispute has been enhanced by combination or by any Person ~~Individual, Firm or Corporation~~ for the purpose of extorting unreasonable damages;
- B. The effect on values produced by sales in excess of the marketable supply;
- C. The duty of the Seller to fulfill the contract specifically.

The just and true value of the property in default, at the time of the default shall thereupon be determined, and by the value so established shall be determined the measure of damages to be assessed, and both of such matters shall be stated in the findings.

#### **1020.00. TRADES AND TRANSACTIONS: WHEN GOVERNED BY MGEX RULES AND REGULATIONS.--*The following trades and transactions of Members and entities ~~Registered Firms and Corporations~~, whether made on this Exchange or elsewhere, shall be subject to and governed by the Rules, Regulations, customs and usages of the Corporation:***

- A. All purchases or sales (or contracts for the purchase or sale) or other transactions in commodities made "To Arrive" in this market or "On Arrival" in this market, or for delivery "In Store" or "On Track" in this market, if made with other Members or entities having trading privileges ~~Registered Firms or Corporations~~;

- B. All other trades or transactions if the maker is acting in the capacity of Commission Merchant or as agent for others unless by their nature such trades or transactions are subject to the rules of another Commodity Exchange and are so made;
- C. All purchases in carload lots "On Track" at country points for shipment to Minneapolis (or to be delivered to Minneapolis) and for resale in this market;
- D. All other trades and transactions in commodities made in the ordinary course of business with other Members, or entities having trading privileges~~Registered Firms or Corporations~~, unless the parties thereto have expressly agreed that the MGEX Rules and Regulations~~of this Corporation~~ shall not apply, but no such agreement may be made that permits or results in any violation or evasion of the provisions of Sections a., b. or c. of this Rule, or of the commission or brokerage Rules of this Corporation.

The Rules, Regulations, customs and usages of this Corporation shall be a part of the terms and conditions of all trades and transactions made subject thereto or governed thereby with the same force and effect as if expressly contained therein, and all such trades and transactions shall be subject to the exercise by the Board of Directors, or by any duly constituted committee or board, or by the Clearing House of the powers in respect thereto vested in them by the MGEX Rules and Regulations, and all such trades and transactions shall be subject to all MGEX Rules and Regulations subsequently adopted, where such MGEX Rules and Regulations are expressly made applicable to existing trades and transactions.

#### **1129.00. AUTHORITY TO SIGN DISPOSITION ORDERS AND LOAD-OUT NOTICES.**

Members and entities~~Registered Firms and Corporations~~ shall furnish to the Railroad Joint Agent the authorized signatures or persons authorized to sign and endorse Disposition orders and Load-out Notices.

#### **1130.00. ORDERING CARS TO INDUSTRIES.**

No ~~m~~Member, or entity~~Registered Firm or Corporation~~ shall order cars for the purpose of avoiding proper demurrage charges, or order cars to any industry except for the purpose of unloading thereat.

Notice that cars have been ordered to an industry must be given to the operator of the industry by the party for whose account the cars are to be unloaded on the same day on which the cars were so ordered. Failure to give such notice (in addition to being a violation of this Rule) shall relieve the operator of the industry of liability for demurrage or switching charges, or for damage to contents of cars resulting from delay in unloading, caused by such failure.

#### **1141.00. PROCEEDS OF INSURANCE PLACED BY OTHERS THAN OWNER.**

In case of loss by fire or other causes, if insurance has been placed that is payable to someone other than the actual owner of the commodity, the proceeds of the insurance

shall stand as security in favor of such actual owner (or the Buyer, if he has become liable for such loss) as their interests may appear; and any Member or ~~entity~~~~Registered Firm or Corporation~~ collecting such proceeds shall hold them in trust to the extent of the interest of, and pay the same to, such actual owner, or Buyer, as their interests may appear.

#### **1160.00. CASH MARKET PARTICIPANTS.**

~~Entities having cash trading privileges~~~~Registered Firms and Corporations~~ may participate as principal and/or agent, or act as agent for both Buyer and Seller, in cash commodity transactions executed in the Exchange Room. However, such participants must disclose to other participants in the Exchange Room and the Cash Grain Market Reporter when they act as both principal and agent, or as agent for both Buyer and Seller.

Any party that is not an ~~entity having cash trading privileges~~~~Registered Firm or Corporation~~ may participate in cash commodity transactions executed in the Exchange Room as a Buyer or Seller only by consignment through an ~~entity having cash trading privileges~~~~Registered Firm or Corporation~~.

#### **1161.00. CONSIGNMENT.**

Any cash commodity consigned to an ~~entity having cash trading privileges~~~~Registered Firm or Corporation~~ for sale must be displayed in the Exchange Room for competitive bids prior to sale. The consignee must also disclose to participants in the Exchange Room and the Cash Grain Market Reporter that the commodity is being sold on consignment. If the best bid is from the consignee or an affiliate of the consignee, then the consignor must be informed prior to the sale being completed.

#### **1162.00. REPORTING CASH COMMODITY SALES.**

~~Entities having cash trading privileges~~~~Registered Firms and Corporations~~ shall report all sales of loaded rail cash commodities made in the Exchange Room to the Cash Grain Market Reporter as soon as practicable after the sales are made.

The Board of Directors is authorized to prescribe by Regulations, the time, contents and method of reporting. All such reports shall be in accordance with the provision of such Regulations.

#### **1163.00. CONFIRMATIONS.**

Whenever a trade in a cash commodity is made, each party to the trade shall furnish to the other a signed Confirmation of the same not later than the next business day following the day of trade.

~~Every~~~~Members and entities~~~~or~~~~Registered Firm or Corporation~~, who or which has executed an order for the purchase or sale of any commodity, under the ~~MGEX Rules and Regulations~~~~of this Exchange~~, when acting as a Commission Merchant, or as an agent for others, shall furnish to each customer or principal for whom he is acting a written statement containing the names of the parties from whom the property was bought or to whom it was sold (as the case may be), the time when, the place where and

the price at which the same was either bought or sold. (See ~~Section 623.24~~ Minnesota Statutes Section 624.70.)

#### **1800.00. APPLICABILITY OF RULES AND REGULATIONS.**

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 and Regulations in other sections of this Rulebook, this Chapter supersedes such Rules and Regulations 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 ~~customers, Members, nonmembers and Clearing Members~~ and Market Participants, are fully subject to applicable MGEX Rules, and Regulations, ~~Resolutions, Interpretations, customs and usages of the Exchange~~ unless specifically and expressly excluded therefrom. ~~Customers, Members, nonmembers and Clearing Members~~ Market Participants must also abide by the Commodity Exchange Act and the regulations promulgated thereunder, and any other applicable jurisdiction's laws, rules or regulations.

#### **1802.00. INTERNET SERVICES.**

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

#### **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 system, to interfere with the operation of the system, to intercept or interfere with information provided thereby, or in any way to use the system in a manner contrary to ~~the rules, regulations and procedures of the Exchange.~~ MGEX Rules and Regulations.

~~Customers, Members, nonmembers and Clearing Members~~ and Market Participants may not distribute, sell or retransmit information displayed on the Electronic Trading System to any third party.

#### **1806.00. TRADING AGAINST OWN ORDERS PROHIBITED.**

A ~~customer, Member or Clearing Member~~ Market Participant shall not intentionally cause to be entered, or enter into, any transaction in which the ~~customer, Member or Clearing Member~~ Market Participant assumes the opposite side of an order entered on behalf of the respective ~~customer's, Member's or Clearing Member's~~ Market Participant's own account.

#### **1812.00. DISCIPLINARY PROCEDURES.**

All suspensions, expulsions and other restrictions imposed upon a Member or Clearing



Member by the Exchange pursuant to disciplinary procedures contained in ~~the Exchange's~~ MGEX Rules and Regulations shall restrict with equal force and effect access to the usage of the Electronic Trading System by such Member or Clearing Member.

~~Customers, Members, nonmembers and Clearing Members~~ and Market Participants shall promptly respond, provide documentation, and cooperate in all inquiries by the Exchange. Failure to do so shall subject the person or entity to disciplinary procedures, including immediate termination of access to the Electronic Trading System.

#### **1814.00. SYSTEM SECURITY.**

Each ~~customer, Member and Clearing Member~~ 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 terminals 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 individual identifier.

#### **1816.00. ELECTRONIC TRADING SYSTEM LIMITATION OF LIABILITY.**

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, ~~the Clearing House, Members, 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 ~~customer, Member, nonmember and Clearing Member~~ 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, such ~~customer, Member, nonmember and Clearing Member~~ 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, ~~the Clearing House,~~ Members, 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.

#### **2001.00. REGULATIONS GOVERNING ADMISSION OF MESSENGERS TO THE EXCHANGE ROOM.**

Pursuant to the provisions of **Rule 235.00.**, the Board of Directors has adopted this Regulation.

Messengers may be admitted to the Exchange Room under the following terms and conditions.

- A. The Secretary shall issue Messenger badges upon application signed by a Member, Clearing Member or by an entity having cash trading privileges ~~Registered Firm or Corporation~~, who is the employer/contractor of the Messenger. Such badges will be good until notification is given to the Secretary. The fee for the issuance thereof shall be twenty-five dollars (\$25.00) per month. In the event a Messenger badge is lost, a replacement badge will be issued for a fee of twenty dollars (\$20.00).
- B. Messenger badges shall not be transferable. When Messengers are changed, the badge then in use will be turned into the Secretary's office and, upon application, a new badge will be issued. However, if a Messenger is unable to perform his duties for reasons of illness or absence from the city or other cause deemed sufficient and proper by the Secretary, a substitute Messenger may be approved by the Secretary upon proper application and a temporary badge will be issued.
- C. Messengers must wear Messenger badges plainly displayed, so that the doorkeeper and others can readily distinguish the same.
- D. Messengers will be permitted to remain in the Exchange Room only for such time as is necessary to deliver and receive written or verbal communications, or to collect, or deposit samples or arrange samples at cash tables. They must not use this permission as an excuse for remaining in the Exchange Room unless so engaged.
- E. Messengers are permitted to confer in the Exchange Room only with persons representing their employer/contractor.
- F. Messengers may deliver messages in the Exchange Room to any Member. However, Messengers may not deliver messages relative to adjustments, settlements or discounts in connection

with the sales of cash commodities to Members other than the representatives of the employers/contractor of such Messengers.

- G. Messengers may telephone messages from the Exchange Room to the office of their employer/contractor over private telephones in the Exchange Room belonging to such employer/contractor; but they may not transmit other telephone or facsimile messages from the Exchange Room.
- H. Messengers may not transact, or assist Members in any manner in transacting, any business in either cash commodities or Futures, or perform any service in the Exchange Room other than as set forth in this Rule.
- I. The license conferred by a Messenger's badge may be revoked at any time by the Exchange Room Committee if the holder violates any of the provisions of the MGEX Rules and Regulations or is guilty of any other improper conduct in the Exchange Room.

#### **2001.01. REGULATIONS GOVERNING ADMISSION OF FLOOR CLERKS TO THE EXCHANGE ROOM.**

Pursuant to the provisions of **Rule 235.00.**, the Board of Directors has adopted this Regulation.

Floor Clerks may be admitted to the Exchange Room under the following terms and conditions:

- A. The Secretary shall issue Floor Clerk badges upon application signed by a Member, Clearing Member, or by an entity having cash trading privileges ~~Registered Firm or Corporation~~ who is the employer of a Floor Clerk. Such badges will be good until notification is given to the Secretary. The fee for the issuance thereof shall be forty dollars (\$40.00) a month. In the event a Floor Clerk badge is lost, a replacement badge will be issued for a fee of twenty dollars (\$20.00).
- B. Floor Clerks will be admitted to the Exchange Room for the limited purpose of receiving orders from agents of their employer or Members representing their employer, and reporting to their employer or Members representing their employer.
- C. Floor Clerks may perform other routine clerical and telephone duties at their assigned position in the Exchange Room. After delivery of messages from their employer or Members representing their employer they are to return to their assigned position in the Exchange Room or leave the floor.
- D. Except as provided above, Floor Clerks shall not transact any business whatsoever in the Exchange Room with, or for, any person other than their principals and in no case shall they accept

orders, report executions or have any other business duties whatsoever with nonmembers in the Exchange Room.

- E. No Member, Clearing Member, or entity having cash trading privileges, ~~Registered Firm or Corporation~~ shall employ more than two (2) Floor Clerks for every five (5) Memberships or fraction thereof. The presence of these Floor Clerks during the ~~h~~Hours of ~~t~~Trading shall be solely for the purpose of receiving and sending private telephone calls between the Exchange Room and the agents of their employer.
- F. Floor Clerk badges shall not be transferable. When Floor Clerks are changed, the badge then in use will be turned into the Secretary's office and upon application a new badge will be issued. However, if the registered Floor Clerk is unable to perform his duties for reasons of illness, absence from the city, or other cause deemed sufficient and proper by the Secretary, a substitute Floor Clerk may be approved by the Secretary upon proper application and a temporary badge will be issued.
- G. Floor Clerks must wear Floor Clerk badges plainly displayed so that the doorkeeper and others can readily distinguish the same.
- H. The license conferred by a Floor Clerk badge may be revoked at any time by the Exchange Room Committee if the holder violates any of the provisions of this Regulation or is guilty of any other improper conduct in the Exchange Room.
- I. Floor Clerks may not take or place calls from the Grain Exchange telephone booths located on the Exchange Floor.
- J. Floor Clerks may communicate by telephone with their employers, Members, and nonmembers so long as they do not solicit or do business for their own account.
- K. Floor Clerks may not solicit business for their employers, Members, nonmembers or for their own account from the Exchange Room.

#### **2003.00. ADMITTANCE OF VISITORS TO THE EXCHANGE ROOM.**

Visitors' badges, permitting the holder to have access to the Exchange Room during the hours of trading, shall be issued on the following terms and conditions:

- A. The Secretary, at his discretion, may authorize the issuance of visitors' badges.
- B. The license conferred by a visitor's badge may be revoked at any time by the Secretary if the holder violates any of the provisions of the MGEX Rules and Regulations.

- C. Members, Clearing Members, or entities having cash trading privileges, ~~Firms or Corporations~~ may accept orders from visitors in the Exchange Room. However, no order may be given by a visitor directly to a Broker in the Pit.
- D. No visitor shall have access to the Exchange Room for more than three (3) days per month without the express approval of the Secretary.

**2004.01. EXCHANGE ROOM ENFORCEMENT.**

Pursuant to the provisions of **Rules 235.00., 264.03., 265.03., 266.00.** and **600.00.**, the Board of Directors has adopted this Regulation:

Members of the Exchange Room Enforcement Committee are directed by the Board of Directors to enforce all MGEX Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, disorderly conduct, vulgar or abusive language and any other conduct or activity determined by the Exchange or Board of Directors to be detrimental to a professional business environment while in the Exchange Room. Upon observation of an infraction/violation, a member of the Exchange Room Enforcement Committee will issue and sign a violation ticket. All violation tickets must be submitted to the Secretary of the Corporation promptly upon issuance.

The Secretary of the Corporation shall thereafter immediately forward the completed violation ticket to the Department of Audits and Investigations. The Department of Audits and Investigations will give written notification to the violator of the infraction/violation and action taken, if any.

The notice shall inform the Member or Floor Clerk of the right to request a hearing before the Hearing Committee and the consequences of a failure to pay the fine if no hearing is requested. If a hearing is requested, the decision of the Hearing Committee shall be final.

Failure to request a hearing shall be deemed a consent to the action taken. Unless a hearing is requested within ten (10) calendar days, failure to pay a fine within thirty (30) days after the penalty is imposed shall automatically double the amount of the fine. If the increased fine is not paid within sixty (60) days after the original fine was imposed, the Disciplinary Committee may, without hearing, revoke the badge or suspend the floor privileges of a Member or Floor Clerk for whose conduct the original fine was imposed.

Members, Clearing Members, and entities having cash trading privileges ~~Registered Firms or Corporations~~ will be responsible for fines given to their employee(s). Following is a schedule of penalties the Board of Directors has authorized the Department of Audits and Investigations or the Disciplinary Committee to issue:

|                   |   |
|-------------------|---|
| First Violation:  | Letter of Reprimand                         |
| Second Violation: | \$25.00 Fine                                |
| Third Violation:  | \$100.00 Fine                               |
| Fourth Violation: | \$300.00 Fine                               |
| Fifth Violation:  | \$500.00 Fine and/or One (1) Day Suspension |

Each violation ticket written shall constitute a single violation and the number of violations accumulated will determine the action taken. If a Member or Floor Clerk is free of any violations for a period of two (2) years, the fine schedule will revert back to a first violation.

Any violation/infraction may be forwarded by the Department of Audits and Investigations to the Disciplinary Committee for further review or action. Additionally, nothing in this Regulation shall prohibit further action from being taken against a Member or Floor Clerk for a violation of any other Rule or Regulation.

#### **2004.02. PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT AND/OR OUTBURST OF VULGAR AND ABUSIVE LANGUAGE IN THE EXCHANGE ROOM.**

Pursuant to the provisions of **Rules 235.00.**, **264.03.**, and **265.03.** the Board of Directors has adopted the following Regulation:

Boisterous or disorderly conduct and/or outburst of vulgar and abusive language in the Exchange Room is strictly prohibited. Any Member, Clearing Member, entity having cash trading privileges~~Registered Firm, Corporation~~, Floor Clerk, Messenger, Exchange staff or member of the Exchange Room Enforcement Committee can file a complaint, in writing, with the Secretary of the Corporation.

The Secretary, upon receiving a complaint, shall immediately forward the complaint to the Department of Audits and Investigations for investigation. After an investigation, the Department of Audits and Investigations may forward the investigation to the Disciplinary Committee. After reviewing the investigation report, the Disciplinary Committee may issue a Notice of Charges to the Member, Clearing Member, entity having cash trading privileges~~or Registered Firm or Corporation~~, Floor Clerk or Messenger, including the right to request a hearing before the Hearing Committee and the consequences of failure to pay any fine if no hearing is requested. The first infraction of this Regulation involving physical contact or abusive or derogatory language is punishable by a monetary fine up to five hundred dollars (\$500.00). If a second infraction occurs within two (2) years of the first infraction, the penalty may include suspension up to a period of two (2) weeks and/or a monetary fine set by the Disciplinary Committee. Members, Clearing Members, and entities having cash trading privileges~~and Registered Firms or Corporations~~ will be responsible for fines given to their employee(s).

#### **~~2005.00.345.00.~~ SUBSTITUTES.**

A Member's privilege of entering and transacting business in the Exchange Room during the ~~h~~Hours of cash Ttrading may be transferred temporarily to a substitute by the issuance to such substitute of a Substitute Ticket as hereinafter provided, and not otherwise. Such privilege may be so transferred:

- A. If, and during, the time that such Member is temporarily unable to transact business in the Exchange Room because of illness, absence from the City or other cause deemed sufficient and proper by the Corporation's administrative officers;
- B. If, and during, the time that an Application for Transfer of a



Membership to such substitute has been duly filed and has not been acted upon by the Board of Directors.

It is not the intent of this Rule to enable any person by means of a Substitute Ticket to obtain the privilege of entering and transacting business in the Exchange Room during the ~~H~~Hours of cash ~~T~~Trading for a considerable period of time unless he is substituting for various Members who are customarily active in the Exchange Room.

A Substitute Ticket shall not be issued to any person who has been expelled from this Corporation or who is under suspension, or to enable any person to act as a substitute for a Member who is under suspension or against whose Membership the assessments have been waived under the provisions of **Rule 221.02**.

If a Member for whom a substitute is acting shall appear in the Exchange Room during the ~~H~~Hours of cash ~~T~~Trading, or if such Member, except in cases of substitution under the provisions of Section B. of this Rule, or in special circumstances, shall appear with regularity in the buildings of the Corporation, such appearance shall be cause for cancellation of the Substitute Ticket.

In case of any dispute over the propriety of issuing, renewing or cancelling a Substitute Ticket, such dispute shall be settled by the Board of Directors.

**2005.01.315.01.      SUBSTITUTE TICKETS: ISSUANCE OF.**

Substitute Tickets shall be issued or renewed by the Secretary upon application. Such Tickets or renewals shall be for not more than thirty (30) days and may be cancelled at any time for just cause.

**2005.02.315.02.      SUBSTITUTE TICKETS: APPLICATION FOR.**

Applications for Substitute Tickets shall show the Member for whom substitution is requested and shall be signed by the Substitute and by the Member or entity, ~~Firm or Corporation~~ having cash trading privileges for whom Substitute is authorized to make trades. The Substitute and such Member or entity having cash trading privileges, ~~Firm or Corporation~~ shall, respectively, be subject to the same restrictions, obligations and liabilities including penalties for the violation of the Rules, Regulations, customs and usages of the Corporation with respect to any and all trades, transactions or other acts of the Substitute while such Ticket is outstanding.

**2006.00.355.00.      CASH TRADING PRIVILEGES: GRANTING OF AND APPLICATION FOR.**

In order to execute cash contracts in the Exchange Room, a Member or entity must be granted cash trading privileges by the Exchange.

The Exchange~~Board of Directors~~ may grant cash trading privileges to:

- A. A Member who is the Owner of a Membership standing in his name; or ~~and who has not registered his Membership for a Firm or Corporation; or,~~

B. An entity designated by a Member in an Application for Cash Trading Privileges meeting all the terms and conditions set forth in such application, provided, however, that if such entity has been legally created and is validly existing under the laws of any governmental authority, such entity must be legally qualified to do business in Minnesota. ~~Registered Firm; or,~~

~~C. A Registered Corporation legally qualified to do business in Minnesota.~~

~~PROVIDED, however, that s~~Such cash trading privileges may be granted and retained only if and when the terms and conditions set forth below have been met~~complied with:~~

A. An Application for Cash Trading Privileges, on a form as prescribed by the Exchange~~Board of Directors~~, must have been duly executed and filed with the Exchange~~Secretary~~. Such ~~A~~ application must be accompanied by a financial statement (see Regulations 2085.00., 2086.00., 2087.00., 2088.00., and 2089.00.) prepared and certified by a Certified Public Accountant, in such form as the Exchange~~Board of Directors~~ shall prescribe, stating the assets and liabilities of the applicant and the nature and extent of the business that such applicant proposes to transact and such other information pertinent to the granting of the ~~A~~ application as the Exchange~~Board of Directors~~ may require;

B. The applicant for cash trading privileges must meet and maintain the minimum financial requirements as determined by the Exchange~~guidelines of the Minneapolis Grain Exchange~~; (See Regulations 2085.00., 2086.00., 2087.00., 2088.00., and 2089.00.).

### 2006.01.356.00. CASH TRADING PRIVILEGES: INFORMATION TO BE FURNISHED.

Every Member or entity, ~~Firm or Corporation~~ having cash trading privileges shall file promptly after the end of his or its fiscal year (or after the end of each calendar year, in the absence of a fiscal year), with the Exchange~~Secretary~~, a financial statement, in such form as the Exchange~~Board of Directors~~ shall prescribe from time to time, of his or its assets and liabilities at the end of such fiscal or calendar year, and such other information pertinent to the continuation of cash trading privileges as the Exchange~~Board of Directors~~ may require. (See Regulations 2085.00., 2086.00., 2087.00., 2088.00., and 2089.00.).

In addition to filing the statements required above, every Member or entity, ~~Firm or Corporation~~ having cash trading privileges shall also comply with the following requirements at any time and from time to time, as and when the Exchange~~Board of Directors of this Corporation~~ shall so order:

A. Furnish to the Exchange~~Board of Directors~~ such sworn written statements and information in respect to his or its assets and liabilities, (see Regulations 2085.00., 2086.00., 2087.00.,

2088.00., and 2089.00.) and the volume and character of his or its business and other matters bearing on the adequacy of his or its business responsibility, all in such detail as the Exchange Board of Directors shall direct;

- B. Permit an audit and investigation to be made by a ~~p~~Person ~~or party~~ designated by the Exchange Board of Directors, of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility;
- C. Produce at any hearing before the Board of Directors (or any authorized committee) such of his or its books, records of account and papers that are pertinent to the determination of the adequacy of his or its financial responsibility, as the Board of Directors shall require.

**2006.02.357.00. CASH TRADING PRIVILEGES: REGISSION CANCELLATION OR SUSPENSION OF.**

The Exchange may cancel or suspend the cash trading privileges of a Member and/or of any entity designated by such Member having cash trading privileges:

- A. Upon the cessation of Membership in this Corporation for any reason.  
PROVIDED, however, that in such cases the cancellation may be delayed, for such length of time as is reasonable in order to allow the execution of a new application.
- B. Upon the written request of the Member or entity having cash trading privileges;
- C. Upon the termination of the legal existence of the Member or entity having cash trading privileges;
- E.D. Whenever the Exchange Board of Directors, after a hearing initiated by said Board and at which the party under investigation has had an opportunity to be heard, shall find determines that any Member or entity, Firm or Corporation having cash trading privileges has failed within a reasonable time to comply with any MGEX Rules and Regulations of the provisions of Rules 355.00., 356.00. and 358.00., any terms and conditions set forth in the Application for Cash Trading Privileges, or with any order of the Exchange Board of Directors made thereunder; or whenever the Exchange ~~said Board~~ shall determine that any such Member or entity, Firm or Corporation does not have adequate financial responsibility to insure the reasonable safety of his or its creditors and the prompt discharge by him or it of all liabilities and obligations incurred in connection with transactions made or likely to be made by him or it, ~~the Board of Directors may cancel or suspend the trading privileges of such Member, Firm or Corporation.~~

The cash trading privileges of an entity shall be suspended automatically during such time as the Member who designated his Membership for the entity is under suspension

or at any other time deemed appropriate by the Exchange.

PROVIDED, however, that the cash trading privileges of an entity shall not be canceled if such entity is a party to any unsettled controversy before the Board of Arbitration or if any investigations or charges involving such entity are pending with the Department of Audits and Investigations, the Disciplinary Committee, the Hearing Committee or if any orders of the Disciplinary Committee or the Hearing Committee to such entity have not been complied with.

If the cash trading privileges of any Member ~~or entity, Firm or Corporation~~ shall have been ~~canceled~~ cancelled or suspended, such Member ~~or entity, Firm or Corporation~~ may make application for restoration of cash trading privileges; and the Exchange Board, ~~pursuant to such application or upon its own motion and -- either after a subsequent hearing or otherwise --~~ may restore cash trading privileges to such Member ~~or entity, Firm or Corporation~~ whenever the Exchange Board shall determine that he or it has adequate financial responsibility and has complied with all of the provisions of Regulations 2006.00., 2006.01., and 2006.02. ~~Rule 355.00., 356.00. and 358.00.~~ and all orders of the Exchange Board issued thereunder.

The determinations and actions of the ~~Exchange Board of Directors~~ under the authority granted by this Regulation ~~Rule~~ shall be final and binding.

#### **2008.00. ADJUSTMENT OF TRADE PRICES AND CANCELLATION OF TRADES.**

The Exchange has the authority to adjust trade prices and cancel trades when necessary to mitigate market disrupting events including, but not limited to, those caused by malfunctions in its electronic trading platform or errors in orders submitted by any ~~Person, Member, or Market Participant, Clearing Member, customer or Registered Firm or Corporation.~~ Any trade price adjustment or trade cancellation shall be publicly disclosed.

#### **2009.00. RECORDS OF TRANSACTIONS.**

Any Member, ~~Non-member, or~~ Market Participant, ~~Registered Firm or large trader as defined by the CFTC,~~ initiating or executing transactions on the Exchange must keep full, complete and systematic records of their activity, including, but not limited to, records of their activity in the underlying commodity and related derivatives markets. Such records must be retained for a minimum of five (5) years and must be made available at the request of the Exchange.

#### **2016.00. FILLING ORDERS AND WITHHOLDING OR WITHDRAWING OF TRADES.**

Pursuant to the provisions of **Rule 616.00.**, the Board of Directors adopted this Regulation.

- A. **Filling of Orders.** Orders to buy or sell futures must be executed sequentially by completely filling an order bearing an earlier time stamp before proceeding with the next earliest time-stamped order at the same price. Any and all verbal orders received by a Pit Broker must be, as a minimum, immediately noted on the Broker's

trading card(s) as to time of receipt, and the order with the earliest time must be filled first.

In the event orders received by Brokers carry identical time stamps, or in the absence of time stamps, and should the Broker find it necessary to allocate trades among these accounts, he must make a record of the accounts, the amount assigned to each account, why it was necessary to make the assignment, and submit the record to the Exchange surveillance staff.

- B. **Withholding or Withdrawing Trades.** No Member or Market Participant, ~~Registered Firm or Corporation~~ shall withhold or withdraw from the market any order of part of an order for another Member or Market Participant ~~person~~ for the convenience of another Member.

#### **2024.00. EXCHANGE REGULATORY FEE.**

Pursuant to the provisions of **Rule 210.01.**, the Board of Directors has adopted this Regulation:

An Exchange regulatory fee shall be paid by every Clearing Member or FCM ~~registered entity with clearing or trading privileges~~. The Exchange regulatory fee shall be fixed from time to time by the Board of Directors. (See **Resolution 2024.00.**)

The Board of Directors may waive all or part of the fee based upon the clearing or Futures and Options trading activities ~~trade activity~~ of such Clearing Member or entity ~~the registered entity~~, or such other standard as may be adopted.

#### **2035.00. REPORTING CASH COMMODITY SALES.**

Pursuant to the provisions of **Rule 1162.00.**, the Board of Directors has adopted this Regulation.

Members or entities having cash trading privileges ~~Registered Firms or Corporations~~ shall report all sales of loaded rail cash commodities made in the Exchange Room as soon as practicable but no later than fifteen (15) minutes after the close of the cash market. Sales not made ~~in the Exchange Room or~~ during the ~~h~~ hours of ~~t~~ trading shall not be ~~reported~~ included in the day's market report.

Reports of sales of all commodities shall include the price, the grade, if any, and information such as "musty," "sour," "heating," "heavy dockage," or other factors that may have a distinct bearing on the price of the commodity. All reports must also disclose whether the sale was made on consignment as well as all parties to the transaction including Buyer and Seller, and principal and agent.

#### **2053.00. LIMITATIONS ON OPTIONS TRANSACTIONS-SOLICITATION AND ACCEPTANCE.**

No Member ~~or entity, Firm or Corporation~~ shall solicit or accept orders (other than in a clerical capacity) for the purchase or sale of Option Contracts or supervise any person so engaged unless that individual meets the requirements of 17 CFR 33.3.

#### 2069.00. REPORTING REQUIREMENTS AND SANCTIONS.

- A. Members, Market Participants, ~~Clearing Members, customers, Registered Firms and Corporations~~ and all nonmembers approved as Regular are required to submit all data, records and other information requested by the Exchange or required by MGEX Rules and Regulations in an accurate, complete and timely manner, and in a method and format agreeable to the Exchange.
- B. The Exchange shall have the authority to impose summary fines on Members, Market Participants, ~~Clearing Members, customers, Registered Firms and Corporations~~ and all nonmembers approved as Regular not to exceed \$5,000 per offense for individuals and not to exceed \$10,000 per offense for ~~entities firms and corporations~~ for the inaccurate, incomplete or untimely submission of data, records or information submitted to the Exchange.

Notwithstanding anything to the contrary, the Department of Audits and Investigations may, at any time, take further action including, but not limited to, referring the matter to the Disciplinary Committee for failing to comply with this regulation.

#### 2088.00. REDUCTION OF CAPITAL.

Any Member, ~~Clearing Member, Firm, Corporation or~~ Guaranteed Introducing Broker ("IB"), ~~Futures Commission Merchants ("FCM") or any other entity required by the Exchange to provide financial information registered with the Exchange~~ must immediately notify the Exchange of any material reduction of its ~~adjusted net capital, working capital and/or its net worth, including the incurring of a contingent liability that would materially affect adjusted net capital, working capital and/or net worth should such liability become fixed.~~ ~~Futures Commission Merchants ("FCM") and Guaranteed IB Members must immediately notify the Exchange of any material reduction in its adjusted net capital.~~ Such notice must be in writing and signed by an ~~authorized representative Member of the Firm, Corporation or Guaranteed IB whose Membership is registered on behalf of the Firm, Corporation or Guaranteed IB.~~ Failure to so notify the Exchange shall be considered an act detrimental to the interest and welfare of the Corporation.

For the purposes of this Regulation, a reduction amounting to twenty percent (20%) or more from the adjusted net capital of a FCM or Guaranteed IB reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under these ~~Regulations~~ Rules shall be deemed material. Likewise, for non-FCM and non-Guaranteed IB Members ~~Firms or Corporations~~, a reduction amounting to twenty percent (20%) or more from the working capital and/or net worth reported as of the last date for which a financial statement or answer to a financial questionnaire was filed under these ~~Regulations~~ Rules shall be deemed material. Working capital, for the purpose of this Regulation, shall be defined as total current assets minus total current liabilities. In defining net worth for the purposes of this Regulation, owner's equity, whether shareholder's equity, partnership equity or other equity capital, shall be considered as well as equities and deficits in proprietary accounts which are properly



included in determining net worth. Adjusted net capital is defined in accordance with CFTC Regulation 1.17.

Any entity declared "Regular" for delivery on any Exchange contract must comply with this Regulation. Information submitted must be signed by an authorized representative~~the designated representative to the Exchange~~.

#### **2089.00. ELECTION OF FISCAL YEAR.**

A Member, Clearing Member, Guaranteed IB, FCM or any other entity required by the Exchange to provide financial information~~Firm or Corporation registered with the Exchange~~ must notify the Exchange immediately of any change in its fiscal year end.

Such notification of a change in its fiscal year must be made in writing by submitting a letter explaining the change and the reasons therefore. ~~FCM Futures Commission Merchant~~ and Guaranteed ~~IB Introducing Broker~~ Members requesting such a change must also submit written evidence that its designated self-regulatory organization has approved the change in its fiscal year.

A change in the fiscal year of a Member, Clearing Member, Guaranteed IB, FCM or any other entity required by the Exchange to provide financial information~~Firm or Corporation's fiscal year~~ will not relieve such Member or entity from its obligation to file such timely certified and interim financial statements as deemed appropriate by the Finance Committee.

#### **2100.02.358.00. CLEARING PRIVILEGES.**

In order to clear trades at MGEX, a Clearing Member~~Registered Firm or Corporation~~ must be granted clearing privileges by the Exchange. The Exchange may revoke said clearing privileges for cause at any time.~~A Registered Firm or Corporation with clearing privileges shall be known as a Clearing Member.~~

Clearing privileges may be granted and retained only if and when the terms and conditions set forth below have been met:

- A. A Clearing Member must have completed and remain in compliance with the terms contained in the Application for Clearing Privileges and the Clearing Agreement.
- B. A Clearing Member must be in good financial standing and meet the minimum financial requirements as may be determined by the Exchange.
- C. A Clearing Member must have the personnel, and computer hardware and software to effectively communicate with MGEX and otherwise conduct the business of clearing in an efficient manner.
- D. A Clearing Member must be the ~~f~~Record ~~e~~Owner of one (1) or more Memberships which shall be pledged to MGEX. A pledged Membership shall mean the Exchange will have first claim to the proceeds of any sale of such Membership. This pledge shall have priority over any other claim or lien filed pursuant to Chapter 3 of the MGEX Rules and Regulations. At

least one (1) ~~R~~Record ~~H~~Holder of such Memberships must be authorized by the Clearing Member to act or execute contracts on behalf of, and otherwise represent the interests of the Clearing Member. Furthermore, such Memberships shall not be included as part of the required security deposit with the Clearing House and shall not be used as value to meet the Clearing Member's margin requirements.

- E. If another ~~p~~Person(s), ~~firm(s) and/or corporation(s)~~ (individually or collectively known as the parent) owns or controls, directly or indirectly, twenty percent (20%) or more of a Clearing Member, the parent must guarantee the obligations of the Clearing Member's non-segregated accounts including those accounts held or controlled by the parent, whether or not such parent is a Member of MGEX. The Exchange shall determine whether a guarantee is adequate. This requirement may be waived at the discretion of the Exchange.

#### 7308.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. See **Regulation 2013.00.**
- B. **Compliance.** The Exchange may direct any Member or Market Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.
- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 7412.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of **Rule 1503.00.**, provided that the provisions of **Rule 1504.00.** have been satisfied. See **Regulation 2013.01.**
- B. **Compliance.** The Exchange may direct any Member or Market Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity

with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 7508.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. **See Regulation 2013.00.**
- B. **Compliance.** The Exchange may direct any Member or Market Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.
- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 7612.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of Rule 1503.00., provided that the provisions of Rule 1504.00. have been satisfied. See **Regulation 2013.01.**
- B. **Compliance.** The Exchange may direct any Member or Market Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to

liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 7708.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. See **Regulation 2013.00**.
- B. **Compliance.** The Exchange may direct any Member or Market Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.
- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 7812.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of **Rule 1503.00.**, provided that the provisions of **Rule 1504.00.** have been satisfied. See **Regulation 2013.01**.
- B. **Compliance.** The Exchange may direct any Member or Market Participant, ~~Firm or Corporation~~ owning, controlling or carrying a

position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 7908.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. See **Regulation 2013.00**.
- B. **Compliance.** The Exchange may direct any Member or Market Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.
- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 8012.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of **Rule 1503.00**., provided that the provisions of **Rule 1504.00** have been satisfied. See **Regulation 2013.01**.
- B. **Compliance.** The Exchange may direct any Member or Market

Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 8108.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions. See **Regulation 2013.00**.
- B. **Compliance.** The Exchange may direct any Member or Market Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any futures position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits.
- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.

#### 8212.00. POSITION LIMITS.

- A. **Limits.** Position limits shall be determined by the Board of Directors. The position limits shall not apply to positions which are *bona fide* hedging transactions or positions within the meaning of **Rule 1503.00.**, provided that the provisions of **Rule 1504.00.** have been satisfied. See **Regulation 2013.01**.
- B. **Compliance.** The Exchange may direct any Member or Market



Participant, ~~Firm or Corporation~~ owning, controlling or carrying a position for a person in excess of the limits set forth in this Rule to liquidate or otherwise reduce the position to achieve conformity with this Rule. However, for any option position that exceeds position limits for passive reasons such as a market move or exercise assignment, the person shall be allowed one (1) business day to liquidate the excess position without being considered in violation of the limits. In addition, if at the close of trading, an option position exceeds position limits when evaluated using the previous day's delta factors, but does not exceed the limits when evaluated using the delta factors for that day's close of trading, then the position shall not constitute a position limit violation.

- C. **Enforcement.** The carrying Member or Market Participant, ~~Firm or Corporation~~ shall maintain books and records in the United States, available to the Exchange, upon request, which disclose the identity of and positions held by any person carried by such Member or Market Participant, ~~Firm or Corporation~~.