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OFFICE OF THE SECRETARIAT

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Via Electronic Mail

September 20, 2010

Mr. David Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, D.C. 20581

SUBJECT: Rule Certification

Dear Mr. Stawick:

Pursuant to Commodity Exchange Act ("CEAct") Section 5c(c)(1) and Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), the Minneapolis Grain Exchange, Inc. ("MGEX Inc.") hereby certifies that the attached adopted Rulebook complies with the CEAct and the regulations thereunder.

The purpose for this filing and notice is to comply with the Commission's September 16, 2010 Orders of Transfer of Designation and Derivatives Clearing Organization Registration ("Orders"), and comply with representations made by MGEX Inc. to the Commission as part of its plan to reincorporate the Minneapolis Grain Exchange ("MGEX") as a Delaware Corporation.

Since issuance of the Orders, the merger of MGEX into MGEX Inc. along with the transfers of Designation and registration as a Derivatives Clearing Organization have been completed. Concurrent with the merger, all contracts listed for trading as well as all associated and existing positions comprising the open interest in those contracts have been transferred from MGEX to MGEX Inc. Furthermore, MGEX no longer exists as a corporation or contract market designee.

The merger did not result in any change in the business, management, location of the principle executive offices, assets or liabilities of MGEX. Additionally, the composition, terms, and organization of the MGEX Board of Directors did not change. Furthermore, the officers of MGEX are now the same officers of MGEX Inc.

Pursuant to the authority of MGEX Inc. Rule 210.01., the Board of Directors unanimously approved adopting the Rulebook. If there are any questions regarding this submission, please contact me at (612) 321-7169. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Layne G. Carlson', followed by a large, stylized flourish or initial.

Layne G. Carlson
Corporate Secretary

Enclosure
cc: Thomas J. Bloom
Anne Reuter

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RULES AND REGULATIONS

OF THE

MINNEAPOLIS GRAIN EXCHANGE

SECRETARY'S OFFICE
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400 South 4th Street
Minneapolis, MN 55415-1413
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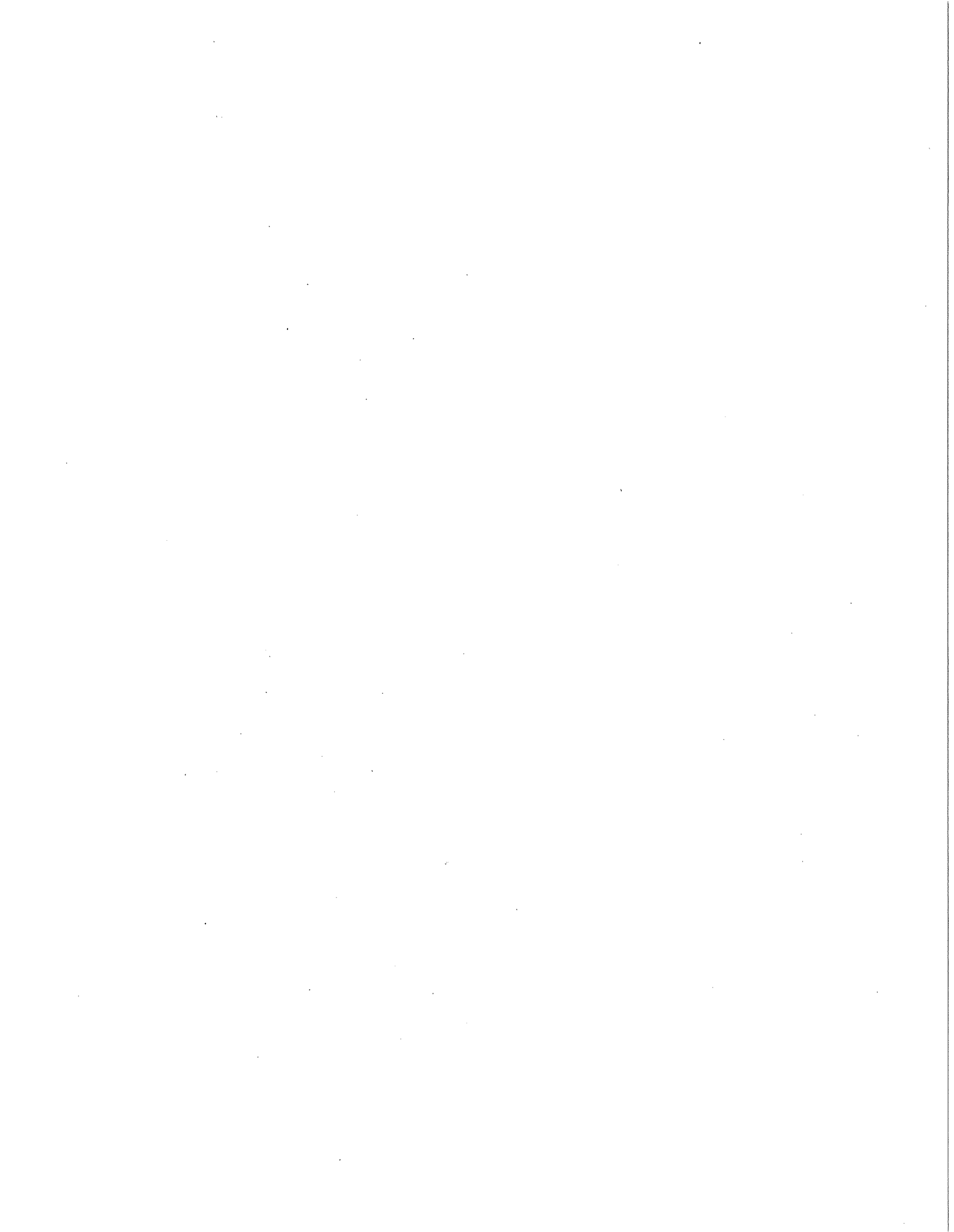


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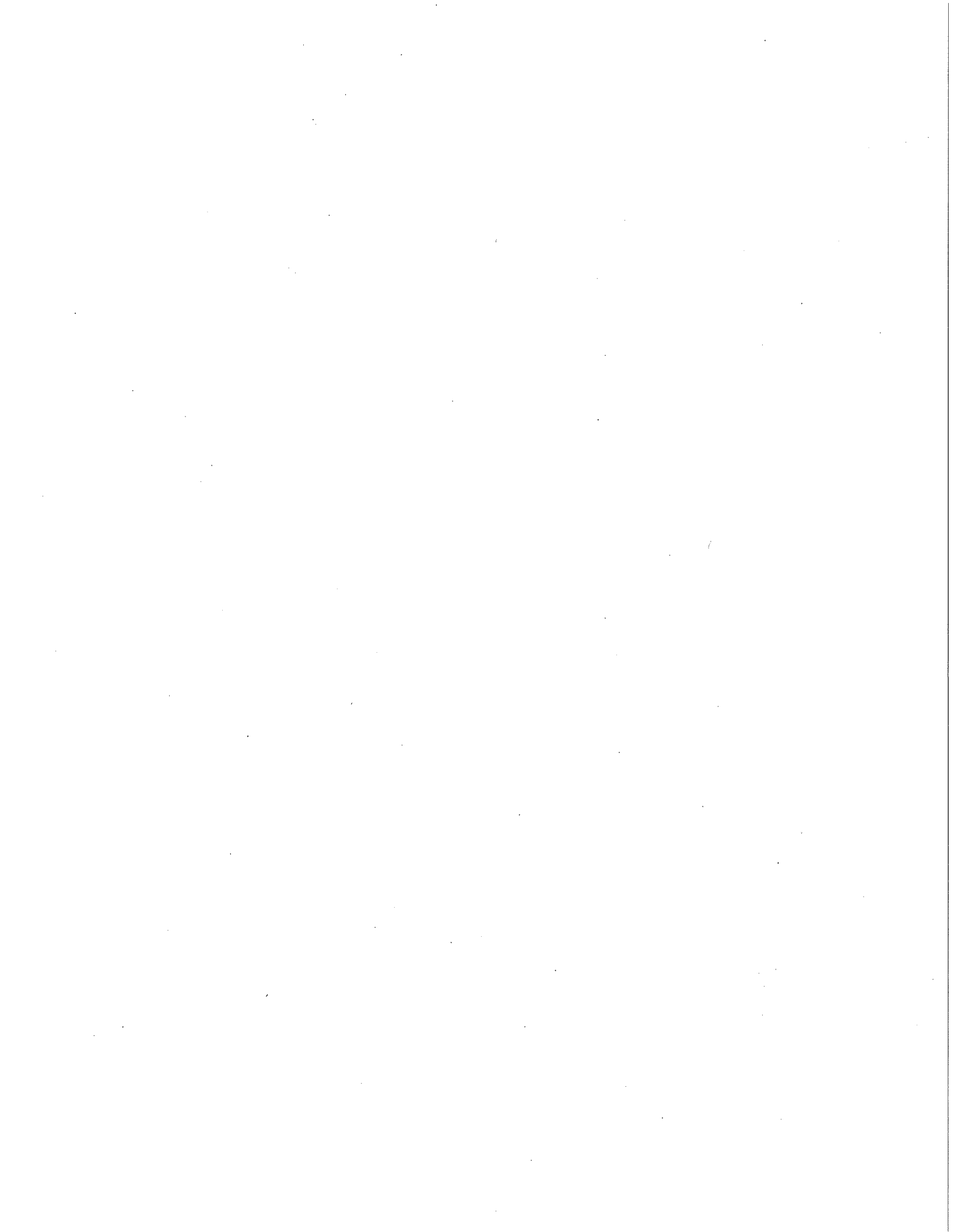


**LEGAL STATUS
OF THE
MINNEAPOLIS GRAIN EXCHANGE, INC.**

* * * * *

The Exchange was incorporated in 1881 under the name of The Chamber of Commerce of Minneapolis and the statutes of the State of Minnesota.

In 2010, the Exchange was reincorporated as a non-stock corporation under Delaware Corporations law.



CERTIFICATE OF INCORPORATION OF MINNEAPOLIS GRAIN EXCHANGE, INC.

FIRST: The name of the corporation is Minneapolis Grain Exchange, Inc. (the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 160 Greentree Drive, Suite 101, Dover, Delaware 19904. The name of the registered agent of the Corporation at that address is National Registered Agents, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law.

FOURTH: The corporation shall not have the authority to issue any capital stock.

FIFTH: The conditions of membership shall be stated in the bylaws of the Corporation.

SIXTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and members:

A. Each member shall be entitled to one vote for each membership held. However, no member holding multiple memberships may cast ballots for more than twenty percent (20%) of the Corporation's outstanding memberships, regardless of the number of memberships owned. Memberships owned directly or indirectly by the member through subsidiaries or affiliates shall be included in compiling the total number of ballots or votes that may be cast by any member.

B. The certificate of incorporation of the Corporation may be amended by the board of directors to the extent permitted by the bylaws of the Corporation.

C. The bylaws of the Corporation may be amended by the board of directors to the extent permitted by the bylaws of the Corporation.

D. Only members in Good Standing, as defined in the bylaws of the Corporation, are entitled to vote on any question that may come before the Corporation for a vote of the members.

E. Public Directors, as defined in the bylaws of the Corporation, shall be elected by the Member Directors, as defined in the bylaws of the Corporation.

SEVENTH: A director of the Corporation shall not be personally liable to the Corporation or its members for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its members, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

EIGHTH: The incorporator is Peter J. Ekberg, whose mailing address is 2200 Wells Fargo Center, Minneapolis, Minnesota 55402.

CHAPTER 1 DEFINITIONS

Whenever used in these Rules, Bylaws, and Regulations, unless the context otherwise requires, the following words and expressions shall be defined as follows:

ACCOMMODATION TRADE: A simultaneous purchase and sale made with another Broker at the same price and with no risk; usually to accommodate the opposite Broker who holds orders to buy and to sell.

AFFILIATED CORPORATIONS: Two or more Registered Corporations 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 by the owner, or (b) through the ownership of a controlling interest in both of said corporations by substantially the same persons or corporations, and that have been declared to be so "affiliated" by the Board of Directors.

ASSOCIATION, CORPORATION or EXCHANGE: Minneapolis Grain Exchange, Inc. (a Delaware corporation).

AUTHORIZED VOTER: An adult natural person designated from time to time by the Record Owner by written notice to the Secretary of the Corporation authorized to vote a membership owned by the Record Owner. Each Record Owner shall be required to designate an Authorized Voter for each membership owned by the Record Owner and may change the Authorized Voter at any time prior to the applicable record date set by the Corporation for action by the Members by written notice to the Secretary of the Corporation. Record Owners with more than one membership may elect to designate the same or different Authorized Voters for the memberships owned by the Record Owner. The Corporation shall be entitled for all purposes to rely on the Record Owner's designation of its Authorized Voter or Authorized Voters until it receives written notice from the Record Owner of a change in designation. Without limiting the foregoing, in any case in these Rules where a Member or Record Owner vote is referred to or a notice is required or may be given to a Member or Record Owner, such vote shall be by the Authorized Voter and such notice shall be given to the Authorized Voter.

BOARD OF DIRECTORS: The Board of Directors of the Corporation.

BULLETIN BOARD: The Official Bulletin Board, in the Exchange Room, upon which notices are customarily posted.

BUSINESS DAY: A day when the Exchange is open for business.

BYLAWS: Chapter 2 and Chapter 3 of the Rules of the Corporation and, to the extent applicable, definitions in this Chapter 1 of the Rules of the Corporation.

CALENDAR DAYS: All days of the week or month, including Sundays and holidays.

CALL OPTIONS: See Chapter 15.

CHAIRMAN: A Member of the Exchange serving on the Board of Directors elected by the Directors as the Chief Executive Officer of the Board.

CHARTER: The certificate of incorporation of the Corporation as amended from time to time.

CLEARING HOUSE: A department of the Minneapolis Grain Exchange, Inc. (a Delaware corporation).

CLEARING MEMBER: A Member, or a Registered Firm or Corporation, who or which is a Member of the Minneapolis Grain Exchange Clearing House.

CLOSING ORDER: An order to be executed at the closing of the market.

COMMISSION MERCHANT: A Member, or a Registered Firm or Corporation, who or which makes trades or transactions for others, but who makes such trades or transactions in his or its own name and becomes liable as principal therein.

COMMODITIES: Wheat, Durum Wheat, Corn, Oats, Rye, Barley, Flaxseed, Soybeans, Field Seeds, Buckwheat, Speltz, Grain Sorghums, Screenings and such other commodities as are customarily traded on this Exchange subject to its Rules.

CROSS TRADE: A simultaneous purchase and sale by a Broker, executing both sides of a trade involving a purchase order for one customer against a selling order of another.

DAY ORDER: An order which is in effect only until the close of the market session during which it is entered. Unless otherwise specified, all orders are considered to be day orders.

DELIVERABLE GRADES: Those grades of a commodity which, under the Rules, are deliverable on Futures Contracts in this market.

ELECTRONIC TRADING SYSTEM: The electronic trading platform utilized by the Exchange, customers, Members, nonmembers and Clearing Members to place orders and execute trades. Also known as or referred to as MGEXpress® or e-cbot® powered by LIFFE CONNECT®.

EXCHANGE ROOM: The Room maintained by the Corporation for the transaction of business between Members.

EXERCISE: The conversions of an option into a position in the futures market. (See Rule 1404.00)

FOLLOWING DAY (or other similar expression): The next business day.

FREIGHT BILLS: See Rule 1019.

FUTURES, FUTURES CONTRACTS, FUTURES TRADES, CONTRACTS OR TRANSACTIONS FOR FUTURE DELIVERY: Contracts for the purchase or sale of commodities for delivery "In Store" in an elevator (eligible to make deliveries under the Rules of this Corporation) during some specified month, in accordance with the Rules.

GOOD STANDING: Not under suspension.

HEARING COMMITTEE: A committee with the duty and responsibility under these Rules to conduct hearings and, when appropriate, to assess penalties in connection with violations of Exchange Rules or Regulations. (e.g. the Business Conduct Committee or the Futures Trading

Conduct Committee).

HOURS OF TRADING: The hours, on business days, established by the Rules or Regulations for trading in the Exchange Room.

INCLUDES AND INCLUDING: The terms "Includes" and "Including" shall not be deemed to exclude other things otherwise within the meaning of the terms defined, except as expressly stated.

INITIAL MARGIN: See Rule 760.00

LIMITED ORDER: An order to buy at or below a specified price or to sell at or above a specified price.

MAINTENANCE MARGIN: See Rule 760.00

MARKET ORDER: An order to be executed immediately at the best price available.

MEMBER: A natural person or entity who is the Record Owner, provided, however, whenever these Rules 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 Rules.

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.

MGEXPRESS®: The name of the electronic trading platform or system utilized by the Exchange, customers, Members, nonmembers and Clearing Members to place orders and execute trades. Also known as or referred to as e-cbot® powered by LIFFE CONNECT®.

ON THE EXCHANGE ("on Change"): On the Exchange Room during the hours of trading.

OPEN ORDER: An order which will remain in effect until canceled.

OPENING ORDER: An order to be executed at the opening of the Market.

OPTIONS: See Chapter 15.

PIT: That portion of the Exchange Room designated and customarily used for trading in Futures or Options Contracts.

PRESIDENT: The salaried Chief Executive Officer of the Exchange.

PUBLIC DIRECTOR: An individual meeting the qualifications as described in Core Principle 15, Appendix B to Part 38 of CFTC Regulations and in other Regulations promulgated by the CFTC and adopted by the Board.

PUT OPTION: See Chapter 15.

RECORD HOLDER (of a Membership): The adult natural person in whose name a Certificate of Membership has been issued. Each Record Owner shall be required to designate in accordance with these Rules a Record Holder for each membership owned by the Record Owner (which in the case of an adult natural person may be the Record Owner) and may change the Record Holder at any time in accordance with these Rules. Record Owners with more than one membership may elect to designate the same or different Record Holders for the memberships owned by the Record Owner. The Corporation shall be entitled for all purposes to rely on the Record Owner's designation of its Record Holder until the Record Holder is changed in accordance with these Rules.

RECORD OWNER or OWNER (of a Membership): The natural person or entity who is recorded on the records of the Corporation as having paid the purchase price of a Membership, and as being the owner thereof. The Record Owner's rights and obligations shall include the duty to appoint and the right to change an Authorized Voter and Record Holder in accordance with these Rules for each membership owned by the Record Owner, to receive distributions, if any, by the Corporation in accordance with its membership and to transfer its membership in accordance with these Rules.

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

REGULATIONS: The Regulations of the Corporation duly adopted by the Board of Directors.

RULES: The Rules and Bylaws of the Corporation duly adopted by the Members.

SECRETARY: The Secretary of the Corporation.

SINGULAR: Shall import the plural, and vice versa, when the sense requires.

SPREAD ORDER: Instructions to buy one commodity and sell another. Intra-Market is to buy one delivery month and sell another delivery month of the same commodity. Inter-Market is to buy a commodity in one market and sell the same commodity in another market. e.g. Minneapolis vs Kansas City. An example of an Inter-Commodity spread might be wheat vs corn or corn vs oats.

SPOT: A "spot" car or truck is one that has already been loaded and is offered for sale for immediate shipment. The "Spot Market" refers to grain that is traded on this basis.

STOP-LOSS ORDER: Normally, when entered, these are orders to sell at a specified price which is below the current market or to buy at a specified price which is above the current market. These orders become market orders when the market trades at the trigger price or, in the case of a buying order, when the market is bid at the trigger price or, in the case of a selling order, when the market is offered at the trigger price. Stop orders entered into MGEXpress® are activated when an outright trade occurs at the trigger price or better within the outright market which the stop is resting.

STOP-LOSS LIMIT ORDER: An order that is similar to a Stop-Loss order except that, when triggered, it becomes a limit order at the specified limit.

SUSPENSION: "Suspended" or "Under Suspension" shall mean the withdrawal during some period of time of all of the rights, benefits, and privileges conferred by Membership or by registration

(except rights of ownership, if any), but including and not being limited to, the right to enter the Exchange Room during the hours of trading, the right to vote, and trading privileges, if any.

TIME, COMPUTATION OF: Wherever in the Rules or Regulations any act is required to be performed within a certain number of days (or business days), the Rule for computing time shall be to exclude the day on which notice pertaining to such act is given, and to include the day on which such act shall take place.

TRADES: Purchases, or sales, or contracts for the purchase or sale, of commodities.

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

"TRANSFER" OR "OFFICE" TRADES: See Rule 718.00.

TREASURER: The Treasurer of the Corporation.

TWENTY-FOUR HOURS--FORTY-EIGHT HOURS: Shall mean consecutive hours on business days.

UNEVENLY LOADED CAR: One in which the quality of the grain requires at least two (2) grades to describe the contents, sometimes referred to as a split grade.

VICE CHAIRMAN: A Member of the Exchange serving on the Board of Directors duly elected by the Directors to the Office of Vice Chairman.

WITH THE SECRETARY: Shall mean with the Corporation at the office of the Secretary.

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CHAPTER 2 GOVERNMENT

200.00. ANNUAL ELECTION.

An Annual Election shall be held on the first Thursday in October in each year.

Insofar as practicable, at each Annual Election occurring during an even year not more than four (4) Directors, who are Members of the Corporation, shall be elected for terms of two (2) years each and at each Annual Election occurring during an odd year not more than three (3) Directors, who are Members of the Corporation, shall be elected for terms of two (2) years each, so that said Directors, who are Members of the Corporation, shall at all times total seven (7) in number. See **Rule 372.00.N**.

All vacancies on the Board of Directors shall be filled by the Board of Directors for the unexpired term of the person whose office becomes vacant.

After each Annual Election and after the newly elected Directors who are Members of the Corporation are qualified, the Board of Directors shall elect annually, by secret ballot, a Chairperson, a First Vice Chairperson and a Second Vice Chairperson. The election of the Officers shall be under the supervision of the Senior Director. No Director may serve more than three (3) consecutive one year (1) terms as Chairperson.

After each Annual Election or to fill vacancies, the Chairperson and President shall nominate persons for the position of Public Director. Such nominees may then be elected to the Board of Directors by the seven (7) members of the Board, who are Members of the Corporation. Each Director thus elected by the Board shall serve through the second Thursday of October. There shall be a total of four (4) Public Directors.

200.01. ANNUAL ELECTION: NOTICE OF.

Notice of the Annual Election shall be posted on the Official Bulletin Board and disseminated to Members at least three (3) weeks before the date of such Election. This notice shall give the date of the Annual Election, the vacancies to be filled, shall indicate thereon the term of office in filling each of the vacancies and cite the Rules of the Corporation relative to the procedure for nominating candidates.

201.01. VACANCIES: NOMINATIONS COMMITTEE TO DETERMINE.

At least thirty (30) days prior to each Annual Election, the Secretary shall provide the Nominations Committee with a list containing the names of all members of the Board of Directors, who are Members of the Corporation, and the dates when their terms of office will expire. The Nominations Committee shall give due consideration to this list and shall determine the vacancies that are to be filled at such Annual Election.

201.02. NOMINATIONS COMMITTEE: CANDIDATES.

The Nominations Committee shall direct the Secretary to solicit from the Members individuals to serve on the Board of Directors. Such individuals must provide written confirmation to the

Secretary of their intention to be nominated. See Rule 372.00.N.

201.03. CANDIDATES: NUMBER TO BE NOMINATED.

The Nominations Committee shall nominate any number of candidates. Except by petition, no individual can be placed on the ballot for the Annual Election without being nominated by the Committee.

201.05. NOMINATING PETITIONS: REQUIREMENTS FOR.

Nominating Petitions for candidates shall indicate the name of the candidate, including the term of office.

201.06. NOMINATING PETITIONS: FILING OF.

Nominating Petitions, with the required signatures, must be filed with the Secretary not later than twelve o'clock (12:00) Noon on the second Thursday before the Annual Election. The Secretary shall record on each Nominating Petition the date and time at which it was filed and cause each name to be examined to verify the signer's eligibility to sign. Not fewer than twenty (20) Record Holders must sign a petition to have a candidate placed on the ballot.

201.09. NOMINATIONS: POSTING LIST OF.

On the next business day following the second Thursday before the Annual Election, the Secretary shall post upon the Official Bulletin Board a list of the nominations that have been duly made for Directors.

202.00. BALLOT; PROXY: FORM OF.

Upon expiration of the time for filing Nominating Petitions, the Secretary shall prepare a form of ballot and proxy to use at the Annual Election. The ballot and proxy shall list all candidates in one (1) section. The section shall be marked to indicate the number of candidates to be elected, the term of office and, if the candidate is running for reelection, the word incumbent shall be used. The candidates shall be listed in alphabetical order. The candidates receiving the most votes shall be declared elected. Voting for more than the indicated number of candidates shall cause the ballot or proxy to be null and void.

202.01. VOTING: PROCEDURE.

The Secretary shall, at least ten (10) days prior to the date of the Annual Election, or prior to the date fixed by the Board of Directors for any vote by the Members, forward to the Authorized Voter of each Record Owner in good standing a duly prepared proxy, with a line for the signature of the Authorized Voter, and an envelope addressed to the Secretary. The proxy is to be marked, signed and returned to the Secretary. The Secretary shall place all such proxies and envelopes in a locked ballot box. At the Annual Election or any other meeting of the Members, the Secretary shall distribute ballots to the Authorized Voters present in person or proxy at the meeting and Authorized Voters who desire to vote by ballot rather than by a proxy previously delivered to the Corporation shall submit such ballot to the Secretary and the Secretary shall place all such ballots in a locked ballot box. Any ballots validly submitted by an Authorized Voter shall supersede any previously delivered proxy by the Authorized Voter.

202.02. VOTING: QUALIFICATIONS FOR.

Any Record Owner shall be entitled to vote at any election or upon any question that may come before the Corporation for vote if the Record Owner is in good standing, but not otherwise.

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 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.

202.04. VOTING: POLLS CLOSE.

All proxies for the Annual Election or on any question submitted to the Record Owners for vote, which are submitted by mail or otherwise delivered to the Secretary of the Corporation prior to the meeting, in order to be counted, must be received at the office of the Secretary before twelve o'clock (12:00) Noon on the date designated for such voting.

202.05. TELLERS: APPOINTMENT AND DUTIES.

The President, prior to any election or other vote by the Record Owners, shall appoint three (3) tellers to count the proxies and ballots, who shall act only when all three (3) tellers are present.

The tellers shall obtain from the Secretary the locked ballot box and a list of Record Owners in good standing at the time of the election. The tellers shall open the ballot box and remove therefrom all envelopes containing proxies and all ballots. The tellers shall then open all the outside envelopes, and they shall discard the proxies and ballots of all persons who are not Record Owners in good standing.

The tellers shall indicate on the list of the Record Owners in good standing, furnished by the Secretary, the names of the Record Owners who have voted at such election. The tellers shall then count the proxies and ballots and shall make a signed report of the results of the election in writing to the President. Such report shall be entered upon the proper record books of the Corporation, and the Secretary shall post a copy thereof on the Official Bulletin Board and disseminate the results to the Members and Owners of the Corporation.

202.06. CANDIDATES: DECLARED WINNERS.

A plurality of the total votes cast for all candidates to fill any vacancy at any election shall elect the candidates receiving such plurality.

202.07. BALLOTS AND PROXIES: PRESERVATION OF.

The Secretary shall preserve all ballots and proxies for at least two (2) months in order that they may be available for examination if so ordered by the Board of Directors.

202.08. PROCEDURES IN THE EVENT OF A TIE VOTE.

In the event a candidate to be elected cannot be declared to have won a seat on the Board of Directors because of a tie vote, there shall be a special run-off Election. Rules 202.00. through 202.07. will govern the special Election. The special run-off Election shall be held as quickly as possible after it is known that a Director cannot be seated. The President and the Secretary shall set the date for this Election.

203.00. MEETINGS OF MEMBERS.

Meetings of the Members shall be held upon call of the Chairperson. The Chairperson may call such meetings at discretion and shall call them pursuant to instructions from the Board of Directors. Such meetings may be held at any time or place and for any purpose as the Chairperson or the Board of Directors shall provide. Meetings of the Members shall also be called by the Chairperson upon written request signed by not fewer than fifty-five (55) Members stating the object for which such meeting is desired.

Except when a longer time is specifically required by the General Corporation Law of the State of Delaware or the Rules, notice of every meeting stating the place, if any, date and hour, and purpose of the meeting shall be disseminated to all Members and to all nonmember officers or directors, properly addressed according to the last available corporate records, not fewer than ten (10) nor more than sixty (60) days prior to the meeting, excluding the date of the meeting, and a copy of such notice shall be posted on the Official Bulletin Board for at least ten (10) consecutive days prior to the date of the meeting.

A quorum for a meeting of the Members is the presence in person or by proxy of Authorized Voters designated to vote at least 100 memberships owned by Record Owners in good standing and entitled to vote at the meeting.

Except for the election of directors or as otherwise required by the General Corporation Law of the State of Delaware, the vote of a majority of memberships owned by the Record Owners in good standing voting through their Authorized Voters present in person or represented by proxy at any meeting of the Members shall be required for action of the Members.

203.01. MEETINGS OF MEMBERS: NOTICE OF.

Notice of meetings of the Members shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which Authorized Voters and proxyholders may be deemed to be present in person and vote at the meeting, the record date for determining the Authorized Voters entitled to vote at the meeting, if such date is different from the record date for determining Authorized Voters entitled to notice of the meeting and the purpose of such meeting, and no business other than that for which a meeting has been called shall be considered or transacted at such meeting.

203.02. MEETINGS OF MEMBERS: HOW CONDUCTED.

Except as provided otherwise in the General Corporation Law of the State of Delaware as amended or in the Charter and Rules of this Corporation, meetings of the Members shall be conducted in accordance with the established practices of Parliamentary Law; and, in case of a dispute, "Robert's Rules of Order" shall govern.

203.03. MEMBER ACTION WITHOUT MEETING OF MEMBERS.

Any action approved by the Board of Directors required to be taken at any meeting of the Members may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by Authorized Voters of the Record Owners having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting of the Members at which all memberships held by Record Owners in good standing and entitled to vote thereon were present and voted. Every written consent shall bear the date of signature of the Authorized Voter of each Record Owner who signs the consent. Prompt written notice of the taking of any corporate action without a meeting by less than unanimous written consent shall be given to the Members who have not consented in writing and who, if action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of Authorized Voters to take the action were delivered to the Corporation.

204.00. AMENDMENT OF RULES: DEFINITION.

The expression "Amendment of the Rules" shall mean any amendment or addition to the existing Rules of the Corporation or any portion thereof, except for housekeeping changes made pursuant to Rule 242.00.

204.01. AMENDMENT OF RULES: PROCEDURE.

The Rules of the Corporation may be amended only by an affirmative vote of at least a majority of the Record Owners in good standing present in person or represented by proxy at any meeting of the Record Owners; PROVIDED, that prior to such meeting the following terms and conditions shall have been met:

- A. The Board of Directors must have proposed the amendment by adopting a resolution setting forth the proposed amendment and directing that it be submitted for adoption at a meeting of the Record Owners, and directing the Chairperson to call a meeting of the Record Owners to consider the adoption of the proposed amendment.
- B. Notice of the meeting of the Record Owners stating the place, if any, date and hour, and purpose thereof, together with a copy of the proposed amendment and of any recommendation, explanation or comment concerning the proposed amendment that the Board of Directors may desire to make, and a proxy form wherein the the Authorized Voter for a Record Owner may direct the proxy whether to vote for or against each proposed amendment with a return envelope addressed to the Secretary of the Corporation, must have been disseminated to each Authorized Voter of the Corporation and to each nonmember officer or director thereof, properly addressed according to the latest available corporate records, not fewer than ten (10) days nor more than sixty (60) days before the meeting, excluding the day of the meeting, and must have been posted on the Official Bulletin Board for at least ten (10) consecutive days prior to the date of the meeting.

204.02. AMENDMENT OF RULES: DATE EFFECTIVE.

All amendments to the Rules, unless otherwise specifically provided, shall become effective at the opening of the market on the next business day following their adoption.

210.00. BOARD OF DIRECTORS: COMPOSITION AND TERMS OF OFFICE.

The government of the Corporation shall be vested in a Board of seven (7) Directors, all of whom shall be Members of the Corporation at the time of their election, together with four (4) Public Directors all of whom shall be elected by the seven (7) Directors.

The terms of office of the seven (7) Directors who are Members of the Corporation shall commence on the second Monday succeeding their election and continue until their successors have been elected and qualified.

210.01. BOARD OF DIRECTORS: POWERS.

The Board of Directors ("Board") is the governing body of the Minneapolis Grain Exchange ("Exchange") and has the power to:

- A. control all property of the Exchange;
- B. provide, acquire and maintain suitable Exchange quarters and facilities;
- C. review and approve the creation of and all appointments to standing and special committees recommended by the Chairperson;
- D. review and approve the appointment of a President;
- E. review and approve the appointment, titles and responsibilities of all Exchange employees above the level of department head;
- F. delegate its powers to Committees of the Board, or officers or employees, if such delegation is not inconsistent with the Charter, Rules, customs or usages of the Corporation;
- G. approve all contracts to be executed on behalf of the Exchange by the Chairperson, President or other designated officers;
- H. designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified limits;
- I. appoint a Counsel to the Board;
- J. fix, determine and levy all Membership dues, fees and assessments;
- K. act in a judicial capacity (except when such function has been delegated to an appropriate committee as set forth in Rule 600.00.) when, at its discretion, it chooses to hear an appeal from a decision rendered by a Hearing Committee, and to ratify certain penalties imposed by a Hearing Committee;

- L. determine the commodities traded, the delivery months, hours of trading, the days of the contract month in which delivery may be made, and margin requirements;
- M. declare any day to be a holiday, during which the Exchange shall not be open for business;
- N. recommend changes to the Rules of the Exchange and rescind Rules governing contracts delisted or declared dormant by the Board;
- O. adopt Regulations to implement any Rule or to conform with orders, recommendations or requests of any duly constituted governmental authority, or that in the opinion of the Board of Directors are necessary and appropriate;
- P. act in emergencies; (See Rule 210.02.)
- Q. without Member vote, amend the Charter as necessary to conform to the Rulebook of the Exchange or to cause the Corporation to become a Delaware nonstock, for profit corporation.

Any authority or discretion by these Rules vested in the Chairperson, President, Clearing House Manager or any committee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.

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 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.

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.

210.03. VACANCIES: OCCURRING DURING TERM OF OFFICE.

- A. Officers: If a vacancy occurs in the office of Chairperson, other than by expiration of the term of office, the First Vice Chairperson, or if the First Vice Chairperson is unable to act, then the Second Vice Chairperson, shall assume all the duties and powers of the Chairperson until such time as the Board of Directors elects a successor to fill the vacancy pursuant to **Rule 200.00**.
- B. Member Directors:
 - 1. If a vacancy occurs on the Board of Directors, the Secretary shall promptly notify the Nominations Committee.
 - 2. In the event a vacancy occurs, the Nominations Committee shall direct the Secretary to solicit from the Members individuals to serve on the Board of Directors. Such individuals must provide written confirmation to the Secretary of their intention to be nominated. See **Rule 372.00.N**. The Committee shall recommend to the Board of Directors one (1) but not more than two (2) Members to fill the vacancy. The Board of Directors, before voting to fill the vacancy, shall give due consideration to the recommendations of the Committee.

211.00. FIRST MEETING OF THE BOARD OF DIRECTORS.

The first meeting of the newly elected Board of Directors after each Annual Election shall be the second Monday after such Annual Election, or as soon thereafter as is practicable at the discretion of the President.

211.01. REGULAR AND SPECIAL MEETINGS.

Regular meetings of the Board of Directors shall be held quarterly as determined by the Board of Directors. Special meetings may be called by the Chairperson and shall be called by the Chairperson upon the written request of five (5) Directors.

Notice of regular or special meetings of the Board of Directors may be given to any Director personally, by telephone, by electronic communication or by delivery of such notice in writing to the Director's usual place of business. Any and all business may be transacted at regular or special meetings of the Board of Directors; PROVIDED, however, that the provisions of the Rules requiring special notice for meetings at which certain business is to be transacted must be complied with.

Any Director having three (3) consecutive absences during that Director's term of office from regular meetings or the first meeting of the newly elected Board of Directors may be removed

effective immediately as a Director by majority vote of the Board of Directors. Upon removal, the Secretary shall immediately notify the Nominations Committee and the vacancy shall be filled pursuant to Rule 210.03. **VACANCIES: OCCURRING DURING THE TERM OF OFFICE.**

211.02. QUORUM.

Seven (7) members of the Board of Directors shall constitute a quorum for the transaction of business at any regular or special meeting of such Board, but a lesser number may meet and adjourn such meeting, from time to time, up to the time of the next regular meeting of the Board of Directors.

211.03. PROCEDURE AT MEETINGS.

The Board of Directors may, from time to time, adopt such regulations for its own government and the conduct of its meetings as are not contrary to the provisions of the General Corporation Law of the State of Delaware as amended, and the Charter and Rules of the Corporation. Except as otherwise specifically provided in said Act or in the Charter and Rules of this Corporation, meetings of the Board of Directors shall be conducted according to the established practices of Parliamentary Law and, in case of dispute, "Robert's Rules of Order" shall govern.

215.00. CHAIRPERSON OF THE BOARD: GENERAL DUTIES.

The Chairperson of the Board of Directors shall be the senior officer of the Board and perform the usual duties incident to the office. Unless otherwise specified by Rule, the Chairperson shall recommend appointments to all Committees (as soon as practicable after each Annual Election), any special Committees deemed necessary, and the Chairpersons thereof, subject to the approval of the Board. Unless otherwise specified by Rule, the Chairperson shall be an ex officio, nonvoting member of all Committees. The Chairperson shall preside at all meetings of Members and of the Board, shall see that all bonds of the employees of the Exchange required to give bond are properly executed and shall have the books of the Exchange audited at least once a year by a certified public accountant. The Chairperson shall be a Member of the Exchange and Board of Directors. In the event of a tie vote at a meeting of the Board of Directors, the Chairperson shall be entitled to vote. If the Chairperson abstains from voting in the case of a tie vote, the Board of Directors will not have an affirmative vote to take action.

215.01. VICE CHAIRPERSONS.

The Vice Chairpersons shall be considered, respectively, the First and Second Vice Chairpersons and shall, in such order, perform the duties of the Chairperson in the Chairperson's absence or disability. The Vice Chairpersons shall be Members of the Exchange and Board of Directors.

215.02. ACTING CHAIRPERSONS.

The Board of Directors may appoint an acting Chairperson to perform the duties of the Chairperson during the absence or disability of the Chairperson and both Vice Chairpersons. The acting Chairperson shall be a Member of the Exchange and Board of Directors.

216.00. APPOINTMENT OF OFFICERS AND EMPLOYEES.

Following each Annual Election, the Board of Directors shall elect or appoint a President, a Secretary, an Assistant Secretary, and a Treasurer, and such other officers or employees as in its judgment may be necessary. The offices of Secretary and Treasurer, or Assistant Secretary and Treasurer, may be held by the same person. The Board of Directors may assign any title to any of such other officers or employees as it deems advisable. The Board of Directors may prescribe the duties and fix the compensation of all such officers and employees, and all such officers and employees shall hold office or be employed during the will of the Board of Directors. Officers and employees shall not be Record Holders of the Corporation. The Board of Directors may require a good and sufficient bond from any of such officers or employees for the faithful performance of their duties and trusts. Notice of appointments of officers or revocations of the same shall be given to Members.

216.01. EMPLOYMENT OF COUNSEL, AUDITORS, ETC.

The Board of Directors may from time to time employ legal counsel, accountants, auditors or such other special services or help as it may deem necessary.

217.00. PRESIDENT.

The Board may elect a President of the Exchange, who shall not be a Record Holder. The President shall be the Chief Executive Officer of the Corporation responsible to the Board for the management and administration of its business affairs. The President shall execute all contracts as authorized by the Board. All employees of the Exchange shall be under the President's supervision who shall establish the qualifications, duties and responsibilities of all subordinate administrative personnel. Unless otherwise specified by Rule, the President shall be an ex officio, nonvoting member of all regular and special Committees and a nonvoting member of the Board of Directors. By acceptance of the office of President, the President shall be deemed to have agreed to uphold the Charter, Rules and Regulations of the Corporation. The Board may confer upon the President other responsibilities as warranted. However, the Board shall not confer upon the President the power to formulate the policies of the Corporation or take disciplinary action, arbitrate disputes or adjust claims against Members.

218.00. SECRETARY.

The Secretary shall perform the duties usually incident to the office and such other and special duties as are prescribed by the Board of Directors, President or by the Rules.

218.01. ASSISTANT SECRETARY.

The Assistant Secretary shall perform such duties as are prescribed by the Secretary, by the Board of Directors or by the President, and shall act as Secretary in the absence or disability of the Secretary.

218.02. PAPERS: SERVICE OF.

Notices, citations and papers of all kinds, requiring service in connection with any of the Rules or 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 Rules, service is required or permitted to be made upon a Member, such service shall be made by delivering a copy or by mailing it to the Member's last known address, postage prepaid. Delivery of a copy within this Rule means: handing it to the Member; leaving it at the 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 Member to be served has no office, leaving it at the 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 these Rules, upon a Registered Firm or Corporation shall be made by making such service in the manner as hereinbefore provided on a managing agent of such Firm or Corporation.

218.03. OATHS: ADMINISTRATION OF.

There shall be continuously in the employ of the Corporation one or more persons who are authorized under the laws of the State of Minnesota to administer oaths.

219.00. TREASURER.

The Treasurer shall perform such duties as prescribed by the Board of Directors, President or by the Rules.

220.00. ANNUAL FINANCIAL STATEMENT.

The Board of Directors, as soon as possible after the close of the fiscal year of the Corporation, shall cause to be prepared a full and complete statement of the financial condition of the Corporation and of its operations for the previous fiscal year; and the Board of Directors shall cause a copy of said statement to be sent to each Member of the Corporation.

221.00. REGULAR ASSESSMENTS.

The Board of Directors, at any regular or special meeting may levy an assessment or assessments on each and every membership in the Corporation for the purpose of regular operating expenses of the Corporation for and during the current fiscal year. The Board of Directors shall fix the dates upon which any such assessment or assessments, in whole or in part thereof, shall become due and payable.

221.01. SPECIAL ASSESSMENTS.

The Board of Directors may levy special assessments upon each and every membership in the Corporation for the purposes of the Corporation and may fix the dates upon which such Assessments, in whole or in parts thereof, shall become due and payable; PROVIDED, however, that such assessments must be submitted to the Record Owners by ballot and approved by an affirmative vote of at least a majority of the Record Owners of the Corporation who have voted upon such assessments.

221.02. NOTICE OF ASSESSMENTS.

Notice of each regular and special assessment that has been levied against the memberships in the Corporation and the due dates of payment thereof shall be posted upon the Official Bulletin Board and given to Members within two (2) weeks after such assessment has been made.

221.03. FINANCING.

The Board of Directors shall have the authority to establish, by Regulation, fees and charges necessary to meet the financial obligations of the Corporation. Fees and charges shall be remitted at such times and in such manner as the Board of Directors may prescribe. This Rule shall not supersede in any way **Rules 221.00.** and **221.01.** of the Corporation.

222.00. FUNDS AND SECURITIES OF THE CORPORATION.

The funds of the Corporation shall be deposited in the name of the Corporation in a bank or banks, as designated from time to time by the Board of Directors.

Securities and other valuable papers belonging to the Corporation shall be kept in a safe deposit box designated by the Board of Directors. Access to such box shall be had only in the manner authorized by the Board.

222.01. EXPENDITURE OF THE FUNDS OF THE CORPORATION.

The funds of the Corporation shall be under the management and control of the Board of Directors, and no funds belonging to the Corporation shall be expended unless such expenditure has been authorized or approved by the Board of Directors.

222.02. INVESTMENT OF FUNDS.

The Board of Directors may invest funds belonging to the Corporation in accordance with the most recent investment policy as recommended by the Finance Committee and approved by the Board of Directors.

223.00. BORROWING OF MONEY.

The Board of Directors, on the affirmative vote of at least one half (1/2) of the total number of Directors of the Corporation, permitted under **Rule 210.00.**, may borrow money for and on behalf of the Corporation, for any period of time and on such terms and with such security or mortgage, all as the Board may determine for any event that represents an emergency business purpose, including an actual or potential default to the Clearing House in such amount as may be necessary.

Additionally, the Board may borrow up to and including the amount of three million dollars (\$3,000,000) for ordinary purposes when the Board is of the opinion that such borrowings are necessary in connection with the uses and purposes of the Corporation; and PROVIDED that notwithstanding the foregoing provisions of this **Rule 223.00.**, the Board of Directors in its discretion, may borrow money for and on behalf of the Corporation for any period of time and for any amount in excess of three million dollars (\$3,000,000) for ordinary purposes on such terms and with such security or mortgage as the Board may deem appropriate, PROVIDED FURTHER that such borrowing in excess of three million dollars (\$3,000,000) for ordinary purposes is authorized by an affirmative vote of at least one half (1/2) of the total number of Directors permitted under **Rule 210.00.** and such authorization is submitted to and ratified by the Record Owners.

224.00. EXECUTION OF CONTRACTS, SIGNATURES ON PAPERS, CHECKS, ETC.

Except as otherwise specifically provided in this Rule, all deeds, mortgages, satisfactions of mortgages, contracts for the conveyance of land, leases, bills payable, promissory notes and other written promises to pay money, corporate contracts of all kinds, checks and drafts drawn on bank accounts standing in the name of the Corporation shall be executed or signed in the name of the Corporation by the President and such other officer, director or employee as the Board of Directors shall from time to time designate.

PROVIDED, however, that a check or checks, signed as provided above, to cover the total payroll of the Corporation for any specified period of time may be deposited to the credit of the Corporation in a special bank account, which shall be designated as a Payroll Account; checks or drafts drawn on such Payroll Account to cover salaries or wages due to individual officers or employees of the Corporation may be signed in such manner as the Board of Directors may from time to time direct; and

PROVIDED FURTHER, that contracts for the purchase of supplies and equipment necessary and incident to the usual and ordinary operations of the buildings or business of the Corporation may be executed in the name of the Corporation in such manner as the Board of Directors may from time to time direct.

Except as otherwise provided by the Rules, all other papers and documents of all kinds, including certificates, cards, licenses, etc., shall be executed or signed in the name of the Corporation in such manner as the Board of Directors shall from time to time direct.

231.00. DELIVERY OF DOCUMENTS, PAYMENT, ETC.

The Board of Directors shall have the power from time to time to make Regulations (including fixing time of day) governing the rendering and delivery of all orders, notices, and documents of all sorts having to do with or incident to handling or passing title to commodities, and for the payment for commodities, including (but not being limited to) Delivery Notices, deliveries on Futures Contracts and payment therefor, exercise of Options, Load-out Notices, Notices of Reinspection and Appeal, Disposition Orders, Invoices and payment therefor, requests for advances and payment therefor, Bills of Lading, payment for F.O.B. cars, payment of elevator charges, and the giving of disposition on cars purchases or loaded in satisfaction of warehouse receipts.

235.00. ADMISSION TO EXCHANGE ROOM.

Except as permitted by the Board of Directors, no one except Members in good standing (or holders of Substitute Tickets) may be admitted to the Exchange Room during the hours of trading.

The Board of Directors may grant admission to the Exchange Room during the hours of trading to Messengers, Floor Clerks, visitors and other persons, subject to such restrictions, regulations and limitations as the Board of Directors may deem proper.

PROVIDED, however, that no Member who is under suspension may be granted admission to the Exchange Room as a visitor, or otherwise, and no Messenger, Floor Clerk or visitor may make any trades or transact any business in the Exchange Room excepting such transactions

as may pertain directly to the business on account of which admission to the Exchange Room was granted; and,

PROVIDED FURTHER, that no person in default, on account of any business transacted with or through a Member or Members of the Grain Exchange, shall be entitled to admission to the Exchange Room as a visitor while such transaction remains unsettled, and the President is hereby empowered to enforce this Rule upon the complaint, in writing, of any Member of the Corporation.

236.00. CONTROL OF THE USE OF THE BUILDINGS.

The Board of Directors shall have power to prescribe the purposes for which all offices, halls, rooms, corridors, entrances and other parts of the buildings belonging to or leased by the Corporation shall be used, and to make all necessary Regulations governing the use of and admittance to the same, and shall have full power to enforce such Regulations and to inflict penalties for the violation thereof. The Board of Directors shall have the power on behalf of the Corporation to let space in the buildings belonging to or leased by the Corporation to such tenants, for such purposes, at such rentals, and on such terms and conditions as it deems desirable.

237.00. MANAGEMENT OF REAL ESTATE.

The Board of Directors shall have the power from time to time to purchase real estate or make such changes, alterations or repairs to the buildings belonging to the Corporation or such changes, alterations, repairs, replacements or additions to the fixtures, equipment and machinery therein as they may deem necessary, including such enlargements or additions to the present buildings as they may deem necessary in connection with maintaining or placing said buildings, equipment or machinery in proper and suitable condition for the uses and purposes of the Corporation and its Members and tenants; PROVIDED, however, that any borrowing of money to finance such purchases, changes, alterations, repairs, replacement or additions is subject to the provisions of Rule 223.00.

240.00. FISCAL YEAR.

The fiscal year of the Corporation shall begin on September 1 of each year and end on August 31 of the succeeding calendar year.

242.00. HOUSEKEEPING.

The Board of Directors shall have the authority to make changes in any Rule without formal approval of the Ownership when such changes do not alter the intent of the Rule or when Rule modification is dictated by change in business organizational structure or name. "Changes" are limited to the modification or elimination of letters, numbers, words, phrases or sentences necessary to maintain an accurate and current Rulebook or are necessary to comply with any change in law, statute or governing legal authority.

243.00. INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS.

The Corporation shall indemnify its directors, officers and committee members against such expenses and liabilities, in such manner, under such circumstances, and to such extent, as required or permitted by Section 145 of the General Corporation Law of the State of Delaware,

as amended from time to time, or as required by other provisions of law.

The Corporation shall advance expenses in such manner, under such circumstances, and to such extent, as required or permitted by Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time. The provisions of this Section are not intended to limit the ability of any person to receive advances as an insured under any insurance policy maintained by the Corporation.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, committee member or employee against any liability asserted against and incurred by such person in or arising from such capacity, whether or not the Corporation would otherwise be required to indemnify the person against the liability.

The Corporation shall also abide by all other controlling provisions of Section 145 of the General Corporation Law of the State of Delaware, as amended from time to time.

244.00. MEMBERSHIP IN OTHER ASSOCIATIONS: DELEGATES TO MEETINGS.

At the discretion of the Board of Directors, the Corporation may become a member of other associations or organizations, membership in which in the opinion of said Board will be beneficial to this Corporation. The Board of Directors may appoint delegates or representatives to commercial or deliberative meetings at which it may desire to have the Corporation represented. The Board may, at its discretion, authorize the payment (from the general funds of the Corporation) of the dues payable to such associations and of the expenses incurred by such delegates or representatives in attending such meetings.

250.00. COMMITTEES: REGULATIONS GOVERNING PROCEDURE.

Any Committee may adopt such regulations for its own government and proceedings as are not contrary to the Rules and Regulations of the Corporation, and which will best promote the objects for which it was established.

251.00. COMMITTEES OF THE BOARD OF DIRECTORS.

Committees of the Board of Directors shall be established by Rule. Unless otherwise specified by Rule, such Committees shall consist of an odd number of Directors, not including the Chairperson of the Board. A majority of the Directors of a Committee shall constitute a quorum and a majority of the quorum shall be required to take action. A three-fourths (3/4) supermajority of a quorum of the Board shall be required to remove a Director who was appointed to a Committee. A majority of a quorum of the Board shall be required to revoke actions taken by a Committee. In addition to the enumerated duties and powers, each Committee shall exercise such authority and execute such actions as may be delegated to it by the Board of Directors, or by Rule or Regulation.

252.00. EXECUTIVE COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Executive Committee which shall meet four times per year as determined by the Board of Directors, or more often as deemed necessary. It shall be composed of five (5) directors including the Chairperson of the Board, the First and Second Vice Chairpersons of the Board and no less

than two (2) Public Directors elected by the Board. The Chairperson of the Board shall be the Chairperson of the Executive Committee and shall have voting privileges.

The Committee shall have the duties and powers to:

- A. Investigate issues and pursue opportunities related to the business of the Corporation, and recommend actions to the Board.
- B. Recommend changes to any guidelines, policies or procedures of the Corporation, including those which may govern employee conduct, donations and participation in trade or industry associations.
- C. Reallocate funds within the approved budgets as priorities change. However, reallocation of more than ten (10) percent of the annual budget shall require approval from the Finance Committee.
- D. Act on behalf of the Board of Directors when an emergency exists and the Board is unable to convene in a timely manner. Emergencies shall include, but not be limited to: discovery of possible illegal activities, security of the building, threats to the financial integrity of the Corporation, or threats to Exchange trading activity due to inclement weather, transportation breakdown or market manipulation. In such instances the Committee may take such actions as necessary including: not opening the markets, delaying the open of the markets, closing the markets early, or order liquidation of a party's positions. Such actions shall not continue beyond such time as the emergency warrants and shall not violate applicable laws and regulations.
- E. Offer guidance and provide consultation to the officers of the Corporation.
- F. Announce, extend or delay the opening of river or lake navigation.
- G. Prescribe and approve the forms required by Exchange Rules and Regulations.
- H. Approve an applicant or Delegate for membership, provided there are no objections or any unresolved issues to be heard by the Board.
- I. Approve changes in Exchange margins as market conditions require, giving due consideration to Clearing House Committee recommendations.
- J. Report and make recommendations to the Board of Directors.

253.00. FINANCE COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Finance Committee. It shall be composed of seven (7) Directors.

The Committee shall have the duties and powers to:

- A. Oversee the financial affairs and financial condition of the Corporation.

- B. Evaluate and recommend capital investments regarding the physical assets of the Corporation.
- C. Establish guidelines for determining the minimum filing and financial requirements of firms and corporations which wish to register with the Corporation, as well as those elevators, merchandisers and warehouses that wish to become "Regular," and determine whether such entities are in continuous compliance with such requirements.
- D. Review the budget recommendations from other Committees on an annual basis.
- E. Grant Regularity status to an applicant, provided there are no unresolved issues to be heard by the Board of Directors.
- F. Approve an applicant for registration, provided there are no objections or any unresolved issues to be heard by the Board of Directors.
- G. Report and make recommendations to the Board of Directors.

254.00. MEMBERSHIP COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Membership Committee. It shall be composed of five (5) Directors.

The Committee shall have the duties and powers to:

- A. Call an applicant to appear before the Committee to determine whether or not such applicant is reputable.
- B. Review and recommend to the Board of Directors Rules and Regulations governing the application process and the qualifications for membership.

The Chairperson shall examine Applications for Membership and make recommendations to the Board of Directors or Executive Committee on applicants for membership.

255.00. EXCHANGE ROOM COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Exchange Room Committee. It shall be composed of five (5) Directors.

The Committee shall have the duties and powers to:

- A. Recommend to the Board of Directors changes in the physical appearance and use of the Exchange Room.
- B. Establish security measures and procedures for admittance of Members and nonmembers to the Exchange Room.

- C. Establish the decorum and dress policy, and the food and beverage policy.
- D. Work with Exchange Staff to ascertain the equipment needs of the Exchange Room.
- E. Report and make recommendations to the Finance Committee or Board of Directors.

In no event shall this Committee become a hearing Committee for any Rule or Regulation infraction sustained in the Exchange Room. Any violation that is subject to a hearing will be referred to the appropriate Committee.

256.00. PERSONNEL AND COMPENSATION COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Personnel and Compensation Committee. It shall be composed of five (5) Directors.

The Committee shall have the duties and powers to:

- A. Fix the compensation and benefits of the President.
- B. Periodically review the employee handbook and recommend changes to the Board of Directors.

257.00. REGULATORY OVERSIGHT COMMITTEE.

There shall be established a Committee of the Board of Directors to be known as the Regulatory Oversight Committee. It shall be composed of three (3) Public Directors elected by the Board. The Committee shall have the duties and powers as described and required under Core Principle 15 in Appendix B to 17 CFR Part 38.

260.00. COMMITTEES OF THE CORPORATION.

Committees of the Corporation shall be established by Rule. Such Committees shall consist of an odd number of individuals and be chaired by a Member-Director of the Board of Directors. Unless otherwise specified by Rule, a majority of the members of a Committee shall constitute a quorum and a majority of the quorum shall be required to take action. In addition to the duties and powers specified by Rule, Committees of the Corporation shall also have such duties and powers as may be specified by the Board of Directors.

261.00. NOMINATIONS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Nominations Committee. It shall be composed of five (5) Members of the Corporation, three (3) of whom, if available, shall be the most recent former Chairpersons of the Board of Directors.

The Committee shall have the duties and powers to:

- A. Determine the vacancies in offices that are to be filled at the Annual Election and recommend the names of candidates to fill the same.

- B. Recommend to the Board of Directors the names of persons to fill vacancies occurring during the term of office.
- C. Review and recommend Rules and Regulations governing the nominating process.

262.00. CLEARING HOUSE COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Clearing House Committee. It shall be composed of a minimum of five (5) Members of the Corporation.

The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations governing the Clearing House and clearing operations.
- B. Adopt Resolutions establishing clearing margins, method of clearing, reporting deadlines, and amount of fines, fees and security deposits.

263.00. QUOTATIONS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Quotations Committee. It shall be composed of a minimum of eleven (11) Members of the Corporation. Each contract shall be represented on the Committee.

The Committee shall have the duties and powers to:

- A. Establish nonpermanent subcommittees, or otherwise organize itself as necessary, in order to address the reporting needs of each contract or trading pit. Such subcommittees shall be composed of members of the Quotations Committee.
- B. Review and recommend Regulations governing procedures for execution and reporting of trades, quotation changes, settlements and fast markets.
- C. Assemble, without formal notice, to approve or declare a fast market or quotation change. Such authority may be delegated to one (1) or more subcommittees.
- D. Assemble, without formal notice, when a technical problem exists which may cause or is causing interruption of trading and choose from pre-approved Board of Directors procedures.

264.00. BUSINESS CONDUCT COMMITTEE: APPOINTMENT.

There shall be established a Committee to be known as the Business Conduct Committee, which shall be composed of seven (7) members with voting privileges as hereinafter provided:

- A. Three (3) of such members shall be appointed from Members of the Corporation who are not serving as Officers or Directors or as members of the Arbitration Pool, or the Futures Trading Conduct Committee.

- B. Three (3) members of the Committee shall consist of the Chairperson of the Board of Directors, the Chairperson of the Clearing House Committee, and the President of the Corporation.

The Chairperson of the Board of Directors may appoint a member of the Board of Directors to serve in his/her stead as a member of the Business Conduct Committee. If no member of the Board of Directors is available for such an appointment, the Chairperson may appoint a Member of the Corporation. The Chairperson of the Clearing House Committee may appoint a member of the Clearing House Committee to serve in his/her stead as a member of the Business Conduct Committee. If no member of the Clearing House Committee is available for such appointment, the Chairperson of the Board of Directors shall appoint a Member of the Corporation who is a Clearing Member to fill such vacancy. The President may appoint another person who is not a Record Holder to serve in his/her stead as a member of the Business Conduct Committee.

No member of the Board of Directors or Member of the Corporation who is to serve as a substitute member in the place of the Chairperson of the Board of Directors shall be appointed as a member of the Business Conduct Committee if the Member is a member of the Arbitration Pool or the Futures Trading Conduct Committee.

- C. One (1) member shall be an individual who qualifies as a Public Director.

The Members of the Business Conduct Committee shall be as representative as practicable of the Membership. Five (5) members of the Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of a Public Director.

264.01. BUSINESS CONDUCT COMMITTEE: QUALIFICATIONS OF MEMBERS.

No person shall serve as a member of the Business Conduct Committee when the person or firm 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 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**.

264.02. BUSINESS CONDUCT COMMITTEE: APPOINTMENT OF ALTERNATES.

If the Business Conduct Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Business Conduct Committee may request the President to appoint, and the President shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Corporation who is not a member of the Board of Directors, the Board of Arbitration or the Futures Trading Conduct Committee. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. When

so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Business Conduct Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Business Conduct Committee. During the period that such a Business Conduct Committee appointed with respect to a particular matter is functioning, the regular Business Conduct Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Business Conduct Committee appointed with respect to a particular matter.

264.03. BUSINESS CONDUCT COMMITTEE: DUTIES AND POWERS.

The Business Conduct Committee shall be charged with the duty and authority:

- A. To prevent manipulation of prices as provided in Section 5d. of the Commodity Exchange Act.
- B. To review all investigation reports submitted to the Committee by the Department of Audits and Investigations in respect to alleged violation of the Charter, Rules, Regulations, customs and usages of the Corporation, except such reports as are required by **Rule 265.03.** of this Chapter to be reviewed by the Futures Trading Conduct Committee.
- 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.
- D. To dismiss any or all charges included in any investigation report submitted to the Committee that are, in its opinion, without reasonable foundation in fact, or, in the alternative, to conduct a hearing on such matters as are appropriate to be heard by the Business Conduct Committee. In such instances the Business Conduct Committee will function as a Hearing Committee.
- E. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.

The Business Conduct Committee, in performing its duties, may review the dealings and transactions of Members or Registered Firms or Corporations, and it may examine their books, papers and records pertinent to such review, pursuant to **Rule 333.00.** The 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 Business Conduct 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 Exchange Rules and Regulations appropriately brought before the Business Conduct Committee pursuant to Paragraph B, above, the Committee also shall review any investigation report concerning a particular course of conduct by a Member, or a Registered Firm or Corporation which has produced or thereafter, in the opinion of the Committee, would produce a manipulation of prices or cornering of any commodity in violation

of the Rules of this Corporation. Given an affirmative finding on such investigation report the Committee shall notify such Member or Registered Firm or Corporation in writing of its conclusions, and it shall direct such Member or Registered Firm or Corporation to cease and desist from such conduct. Such notice shall state:

- A. The nature of the action directed to be discontinued.
- B. The Committee's reasons for directing that such conduct be discontinued.
- C. The effective time and date and the duration of the directive.

The findings and conclusions of the Committee, in respect to such matters, shall be final unless the affected Member or Registered Firm or Corporation shall demand, within five (5) business days after the receipt of such directive, a hearing before the Board of Directors. If such hearing is demanded, the Committee shall immediately so notify the Board of Directors.

No Member or Registered Firm or Corporation shall violate any order of the Business Conduct 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 Futures Trading Conduct Committee or the Board of Directors by the Rules and Regulations of this Corporation. All directives of the Committee pertaining to price manipulations or corners and requiring a market position reduction shall be effective when issued. The effectiveness thereof shall not be stayed pending appeal.

No member of the Business Conduct 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 Committee member in the member's official capacity.

265.00. FUTURES TRADING CONDUCT COMMITTEE: APPOINTMENT.

There shall be established a Committee to be known as the Futures Trading Conduct Committee, which shall be composed of seven (7) members with voting privileges as hereinafter provided:

- A. Four (4) of such members, including the Chairperson of the Committee, shall be appointed by the Chairperson of the Board of Directors from Members of the Corporation whose principal business activity is related to futures and options trading.
- B. Two (2) members of the Committee shall consist of the Chairperson of the Board of Directors and the President of the Corporation.

The Chairperson of the Board of Directors may appoint a member of the Board of Directors to serve in his/her stead as a member of the Futures Trading Conduct Committee. If no member of the Board of Directors is available for such an appointment, the Chairperson may appoint a Member of the Corporation. The President may appoint another person who is not a Record Holder to serve in his/her stead as a member of the Futures Trading Conduct Committee.

No member of the Board of Directors or Member of the Corporation who is to serve as a substitute member in the place of the Chairperson of the Board of Directors shall be appointed as a member of the Futures Trading Conduct Committee if the Member is a member of the Arbitration Pool or the Business Conduct Committee.

- C. One (1) member shall be an individual who qualifies as a Public Director.

The Members of the Futures Trading Conduct Committee shall be as representative as practicable of the Membership. Five (5) members of the Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of a Public Director.

265.01. FUTURES TRADING CONDUCT COMMITTEE: QUALIFICATIONS OF MEMBERS.

No person shall serve as a member of the Futures Trading Conduct Committee when the person or firm 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 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**.

265.02. FUTURES TRADING CONDUCT COMMITTEE: APPOINTMENT OF ALTERNATES.

If the Futures Trading Conduct Committee shall determine that it is improper for any or all of its members to serve during the consideration of and action upon any particular matter, or if any or all of the regular members shall be unable to serve during such consideration and action, the Futures Trading Conduct Committee may request the President to appoint, and the President shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. If an alternate is substituting for a Member position, the alternate must be a Member of the Corporation who is not a member of the Board of Directors, the Board of Arbitration or the Business Conduct Committee. If an alternate is substituting for the individual who meets the qualifications of a Public Director, the alternate must also qualify as a Public Director. When so appointed, any alternate shall, with respect to the consideration of and action upon such particular matter, have all the powers and duties of the regular member for whom the alternate is acting; and such Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Futures Trading Conduct Committee, if any, shall with respect to the consideration of and action upon such particular matter have all the duties and powers of the regular Futures Trading Conduct Committee. During the period that such Futures Trading Conduct Committee appointed with respect to a particular matter is functioning, the regular Futures Trading Conduct Committee and the regular members thereof shall continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Futures Trading Conduct Committee appointed with respect to a particular matter.

265.03. FUTURES TRADING CONDUCT COMMITTEE: DUTIES AND POWERS.

The Futures Trading Conduct Committee shall be charged with the following duty and authority:

- A. To maintain the highest standards of futures trading conduct by observing and guiding futures and options trading methods in this market, both as regards Exchange Rules and Federal Law.
- B. To review all investigation reports submitted by the Department of Audits and Investigations in respect to all matters relating to futures and options trading conducted under the jurisdiction of the Corporation except such reports as are required by **Rule 264.03** of this Chapter to be reviewed by the Business Conduct Committee.
- 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. To dismiss any or all charges included in any investigation report submitted to the Committee that are, in its opinion, without reasonable foundation in fact, or, in the alternative, to conduct a hearing on such matters as are appropriate to be heard by the Futures Trading Conduct Committee. In such instances the Futures Trading Conduct Committee will become a Hearing Committee.
- E. In hearings conducted by the Futures Trading Conduct Committee, on a finding by the Committee that there has been a violation, to assess a penalty against those found guilty. The Committee may issue 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). Any suspension of thirty (30) days or more, or any fine of ten thousand dollars (\$10,000) or more shall be subject to ratification by the Board of Directors. The Board of Directors may, at its discretion, entertain an appeal based on the record of the hearing.
- F. To report in writing to the Board of Directors in respect to all matters which result in public disciplinary action.
- G. To summon any Member to appear before the Committee in its investigation of matters pertaining to futures and options trading.
- H. To demand that futures and options trading cards and other pertinent records be presented in evidence to the Committee at any duly authorized investigation.

No member of the Futures Trading Conduct 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 Committee member in the member's official capacity.

266.00. EXCHANGE ROOM ENFORCEMENT COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Exchange Room Enforcement Committee. It shall be composed of Exchange staff and/or employees of an independent security agency appointed by the President of the Corporation. The Secretary of the Corporation shall be a non-enforcement member of the Committee to oversee and review the enforcement of the Rules and Regulations.

This Committee will be charged with enforcing all Rules and Regulations regarding decorum, dress, food, beverages, smoking, badges, booths, disorderly conduct, vulgar or abusive language and any other conduct or activity determined by the Board of Directors to be detrimental to a professional business environment. Members of this Committee will issue and sign violation tickets on a form prescribed by the Board of Directors for infractions/violations of the Rules and Regulations.

The Secretary of the Corporation shall forward all violation tickets to the Department of Audits and Investigations for further review and possible action in accordance with **Regulation 2004.01**.

267.00. CONTRACTS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Contracts Committee. It shall be composed of a minimum of seven (7) Members of the Corporation. The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations governing contract markets, including, but not limited to: contract specifications and delivery procedures.
- B. Monitor and review the implementation of new Futures and Options contracts.
- C. Establish nonpermanent subcommittees of the Contracts Committee. Such subcommittees shall be composed of not less than five (5) persons who shall be members of the Contracts Committee, Members of the Corporation and/or knowledgeable members of the public. The Chairperson of the Committee shall appoint the members of the subcommittees. The Chairperson of the Board of Directors may also appoint members. Such subcommittees shall have such duties and powers as may be delegated by the Contracts Committee and shall report to the Contracts Committee.

268.00. CASH MARKETS COMMITTEE.

There shall be established a Committee of the Corporation to be known as the Cash Markets Committee. It shall be composed of a minimum of seven (7) Members of the Corporation.

The Committee shall have the duties and powers to:

- A. Review and recommend Rules and Regulations governing the cash markets.

- B. Monitor cash market activity to ensure orderly trading and efficient price discovery.
- C. Approve guidelines for reporting of cash market activity to appropriate agencies.

270.00. OTHER COMMITTEES, TASK FORCES AND PANELS.

The Board of Directors and the Executive Committee shall each have the authority to establish committees, task forces and panels as necessary for a duration not to extend past the next Annual Election. After election, the new Board of Directors and Executive Committee may re-authorize the committees, task forces and panels.

The composition, qualifications, method of appointment, duties and powers of such committees, task forces and panels shall be determined by the respective Board of Directors and Executive Committee.

Such committees, task forces and panels shall not determine the policies of the Corporation, expend funds or enter into contracts on behalf of the Corporation, or otherwise conduct activities outside the purpose for which they were established, unless such actions are approved by the Board of Directors.

275.00. CONFLICTS OF INTEREST.

A member of the Board of Directors and certain other Committees at the Exchange must abstain from deliberating and voting on matters when there is a potential personal or financial conflict of interest. This Rule describes how and when the conflict of interest will be determined. Additional and broader conflicts of interest provisions apply to the Business Conduct Committee and the Futures Trading Conduct Committee. (See Rules 264.01. and 265.01.)

- A. Definitions. For purposes of this Rule the following definitions shall apply:
 - 1. The term "family relationship" of a person shall mean the person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece, or in-law.
 - 2. The term "governing board" shall mean the Board of Directors, Committees of the Board of Directors and Committees of the Corporation authorized to take action or to recommend the taking of action on behalf of the Exchange.
 - 3. The term "member's affiliated firm" shall mean a firm in which the member is an employee or a "principal," as defined in CFTC Regulation 3.1(a).
 - 4. The term "named party in interest" shall mean a person or entity that is identified by name as a primary subject of any material matter being considered by a governing board.

5. The term "significant action" shall mean any of the following types of actions or rule changes that are implemented without the Commission's prior approval:
 - a. Any actions or rule changes which address an "emergency" as defined in CFTC Regulation 1.41(a)(4)(i) through (iv) and (vi) through (viii); and,
 - b. Any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any contract traded at the Exchange; but shall not include any rule not submitted for prior CFTC approval because such rule is unrelated to the terms and conditions of any contract traded at the Exchange.

B. Named Party in Interest Conflict

1. Prohibition. No member of a governing board shall knowingly participate in such body's deliberations or voting in any matter involving a named party in interest where such member: (a) is a named party in interest; (b) is an employer, employee or fellow employee of a named party in interest; (c) is associated with a named party in interest through a broker association; (d) has a family relationship with a named party in interest; or, (e) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing futures or option transactions opposite each other or to clearing futures or options transactions through the same Clearing Member.

If the member's only relationship with a named party in interest is through a broker association not established for the purpose of sharing profits and losses as described by **Regulation 2065.00.A.3**, then the prohibition shall not apply. Furthermore, if a named party in interest is one or part of a group of similar persons or entities that is the subject for general deliberation and voting, such as approval for regularity or membership, and there is no material issue of dispute involving a named party in interest, then the prohibition shall not apply.

2. Disclosure. Prior to consideration of any matter involving a named party in interest, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations whether such member has one of the relationships listed in paragraph B.1. of this Rule with a named party in interest.

3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph B. Such determination shall be based upon a review of the following information:
 - a. information provided by the member pursuant to paragraph B.2. above, and
 - b. any other source of information that is held by and reasonably available to the Exchange.

C. Financial Interest in a Significant Action Conflict

1. Prohibition. No member of a governing board shall participate in such body's deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to this Rule.
2. Disclosure. Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Department of Audits and Investigations position information that is known to such member, with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:
 - a. gross positions held at the Exchange in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3(j);
 - b. gross positions held at the Exchange in proprietary accounts, as defined in CFTC Regulation 1.17(b)(3), at the member's affiliated firm;
 - c. gross positions held at the Exchange in accounts in which the member is a principal, as defined in CFTC Regulation 3.1(a);
 - d. net positions held at the Exchange in "customer" accounts, as defined in CFTC Regulation 1.17(b)(2), at the member's affiliated firm; and
 - e. any other types of positions, whether maintained at the Exchange or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm, that reasonably could be affected by the significant action.

3. Procedure and Determination. Exchange staff shall determine whether any member of the deliberating body is subject to a conflicts restriction under this paragraph C. based upon a review of the most recent large trader reports and clearing records available to the Exchange, information provided by the member with respect to positions pursuant to paragraph C.2. of this Rule, and any other source of information that is held by and reasonably available to the Exchange, taking into consideration the exigency of the significant action being contemplated.

D. Deliberation Exemption.

1. Any member of a governing board who would otherwise be required to abstain from deliberations and voting pursuant to paragraph C. hereof may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided, however, that before reaching any such determination the deliberating body shall fully consider the position information specified in paragraph C.2. and C.3. above, which is the basis for such member's substantial financial interest in the significant action that is being contemplated.
2. In making its determination, the deliberating body shall consider;
 - a. whether the member's participation in deliberations is necessary to achieve a quorum; and
 - b. whether the member has unique or special expertise, knowledge or experience in the matter being considered.
3. Voting Exemption. If at least one-half of the deliberating members cannot participate in voting consistent with this Rule, then every member who has been granted a deliberation exemption pursuant to this paragraph D. may participate in voting.

E. Documentation. The minutes of any meeting to which the conflicts determination procedures set forth in this Rule apply, shall reflect the following information:

1. the names of all members who attended the meeting in person or who otherwise were present by electronic means;
2. the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the refusal or abstention, if stated;

3. information on the position information that was reviewed for each member if applicable and available; and
4. the name of any member who participated in voting pursuant to paragraph D.3. of this Rule.

282.00. CLEARING HOUSE.

There shall be established a Clearing House of the Grain Exchange, which shall supervise the clearing of Futures and Options Contracts made in this Market pursuant to the Rules and Regulations of the Corporation. The Clearing House shall be under the supervision of a Clearing House Committee.

283.00. DEPARTMENT OF AUDITS AND INVESTIGATIONS.

Under authority of Rules 210.01., 216.01., 600.00., 602.00. and 616.00., there shall be established a Department of Audits and Investigations. No employee of such Department shall have any interest in the business of any Member or Member Firm.

This Department shall initiate and conduct investigations and audits on behalf of the President of the Exchange and/or the appropriate committee. Such investigations shall be initiated promptly after receipt of a complaint or other indication of possible Rule violations. On completion of the investigation an Investigation Report shall be prepared.

This report shall include the reason for initiating the investigation, a summary of the complaint, if any, and the Department's recommendations. This shall specify that the file be closed, or that a warning letter has been, or may be, issued (such a letter shall not constitute either a finding of a Rule violation or a penalty) or that the matter be referred to a committee for consideration.

290.00. NONPUBLIC INFORMATION - IMPROPER USE OR DISCLOSURE.

For purposes of this Rule, "material" and "non-public information" shall be defined by CFTC Regulation 1.59(a).

In accordance with CFTC Regulation 1.59(c), no Exchange officer, member of the Board of Directors or member of any committee shall use or disclose, for any purpose other than the performance of such person's official duties, material, non-public information obtained as a result of such person's office or participation on the Board of Directors or any committee.

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**RULES
CHAPTER 3
MEMBERSHIP**

300.00. MEMBERSHIP: PERSONS ELIGIBLE.

Any person of legal age, as defined in Minnesota Statutes §645.451 subd. 6, whose character, credit and reputation for fair dealing are such as to satisfy the Membership Committee and the Board of Directors that the applicant will be a suitable person to entrust with the privileges and responsibilities of Membership, and only such persons, shall be eligible to Membership in this Corporation.

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 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 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 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.

302.00. MEMBERSHIP: APPLICATION FOR.

Application for Membership shall be in writing and shall contain an agreement by the applicant that in consideration of being admitted to Membership he will be bound by, the Charter, Rules, Regulations, customs and usages of the Corporation and all amendments and additions to such Charter, Rules and Regulations subsequently adopted, and that such agreement shall be binding on him and his heirs, executors, administrators, successors, and assigns. Said Application shall be in such form, and accompanied by such information and statements, as the Board of Directors shall prescribe. Such Application shall be signed by the applicant.

302.01. EXPELLED MEMBERS: READMISSION.

If an Application for Membership has been received from a person who previously had been expelled from Membership in this Corporation, the Chairman of the Membership Committee shall call and preside at a meeting of the Committee at which four (4) persons shall constitute a quorum for the transaction of business. The Application shall be considered and voted upon and shall be approved by the Committee upon a two thirds (2/3) affirmative vote.

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 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 the notice shall 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 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 a Firm or Corporation owned Membership leaves the employment of that Firm or Corporation, the Membership shall be transferred into the name of a designated representative of the Firm or Corporation. In the event the designated representative is not a Member, 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 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 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.

305.00. MEMBERSHIP TRANSFERRED IN VIOLATION OF RULES.

In case any Membership shall have been transferred in violation of any of the provisions of the Rules or Regulations applicable to such Membership, such transfer shall be null and void.

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 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 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, 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.

310.01. REJECTION OF MEMBERSHIP STATUS.

Any Buyer purchasing a Membership, who is not currently an Exchange Record Holder, must designate an individual to apply for Membership at the time of purchase or place the membership in a current Record Holder's name. If, for any reason, the application for Membership is rejected, the Exchange will instruct the Buyer to sell the Membership in question on the open market. The Buyer shall have sixty (60) calendar days in which to complete the sale of the Membership. In the event the Membership is not sold at the end of sixty (60) calendar days, the Buyer must take the highest bid on file with the Membership Department. In accordance with Exchange Rule 301.00. (F) the Exchange will not refund the application fee. The Buyer shall be responsible for any assessments or dues levied against that Membership during the period in which the Buyer owns said Membership. The Buyer shall assume all risk of gain or loss from the resale of the Membership.

312.00. CERTIFICATES OF MEMBERSHIP.

Every Member shall be entitled to receive a Certificate of Membership bearing the signature of the President and of the Secretary, and the seal of the Corporation but, the sole official evidence of Ownership shall be the records of the Corporation. Certificates of Membership shall be in the form heretofore used.

A duplicate Certificate may be issued on the following terms and conditions:

- A. A request for such duplicate certificate, accompanied by a fee of five dollars (\$5.00), must be made in writing by the Owner of the Membership or by his or its heirs, executors, administrators, successor, or assigns accompanied by an assignment or by other proper and appropriate instrument or evidence of transfer, conveying title to such Membership from the Owner;
- B. An affidavit, by the party requesting the duplicate certificate, that he is unable to produce the Certificate of Membership but that he or it is the sole and absolute Owner of the Membership, free and clear of all liens and encumbrances;
- C. An agreement, by the party requesting such duplicate certificate, that, in consideration of the issuing of the duplicate certificate, he or it will indemnify the Corporation and hold it harmless against all claims, demands or actions of any sort and all costs or expenses incidental thereto in which the Corporation may be involved or may incur because of the issuance of such duplicate certificate. The duplicate certificate shall be issued to the same Member and bear the same date as the original Certificate and a notation that it is a duplicate Certificate.

A Certificate of Membership shall be evidence that the Member was, on the date of issue, entitled to the privileges of Membership in this Corporation, but it shall not be considered evidence concerning the Ownership of the Membership involved.

315.00. SUBSTITUTES.

A Member's privilege of entering and transacting business in the Exchange Room during the hours of trading 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 hours of 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 hours of 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.

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.

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, Firm or Corporation having trading privileges for whom Substitute is authorized to make trades. The Substitute and such Member, 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.

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

A Member 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 Registered Firm or Corporation for which the Membership has been registered or another "affiliated" Corporation as defined in Chapter I, unless an authorized representative of the 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 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.

321.02. BROKERS.

The term "Broker" as used in the Rules shall mean any party who, as agent, makes trades or other transactions for and in the name of another party, as principal, and who reports the name of his principal at the time of making the trade or transaction.

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 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 registered his Membership for a Firm or Corporation; or,
 - 2. A Registered Firm or Corporation: FOR CLARIFICATION REFER TO **RULE 320.00. - MEMBERS: LIMITATION ON PARTIES FOR WHOM THEY MAY ACT.**
- B. Any Member, or 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.

322.00. FLOOR BROKER/FLOOR TRADER REGISTRATION REQUIRED.

No Member shall execute futures or options trades in the pit unless he is registered as a Floor Broker or Floor Trader with the National Futures Association as required by the Commodity Futures Trading Commission. See **Regulation 2055.00.**

323.00. RIGHTS OF MEMBERS, BOARD TO DETERMINE.

Any question or dispute as to the rights or privileges conferred on a Member by Membership, or as to the interpretation of the Rules, Regulations, customs or usages of the Corporation, shall be decided by the Board of Directors at a meeting of which the Member concerned shall have had notice and an opportunity to be heard, and such decision shall be final and binding.

330.00. ASSESSMENTS, DELINQUENT.

Any assessment levied upon a Membership of the Corporation, which has not been paid in full thirty (30) days after the due date shall become delinquent. Interest at the highest legally permissible statutory rate may accrue and be charged on all delinquent assessments from the date upon which they become delinquent, until paid.

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 Firm or Corporation for which the Member has registered a Membership.

330.02. DELINQUENT ASSESSMENTS: REINSTATEMENT OF MEMBER.

The payment in full of a delinquent assessment against a Membership together with the accrued interest, where applicable, shall cancel the suspension of the Member and/or Owner of such Membership without the necessity of action by the Board of Directors; and such Member shall be reinstated to all of the rights, privileges and benefits of Membership in the Corporation, and notice to that effect shall be posted on the Official Bulletin Board.

330.03. ASSESSMENTS: LIABILITY FOR PAYMENT.

The Owner of a Membership shall be liable for duly levied assessments. He may also be liable for the accrued interest, where applicable, on any portions of such assessment that have become delinquent, but the claims of the Corporation for such payments shall not be enforced against such Owner until the provisions of the Rules relative to the sale of a Membership for the nonpayment of assessments have been complied with.

330.04. ASSESSMENTS DELINQUENT FOR FORTY-FIVE (45) DAYS.

If any assessment levied upon a Membership in the Corporation has been delinquent for forty-five (45) days, past the posted due date, it shall be reported by the Secretary to the Board of Directors at the first meeting of the Board thereafter, and the Board shall thereupon order such Membership sold by the Corporation, as provided in Rule 337.00. If an Owner allows an assessment or part of an assessment to be delinquent twice in a two-year (2) period, the Board of Directors may order the Membership sold after the assessment has been delinquent for thirty-one (31) days past the posted due date.

330.05. ASSESSMENTS: OWNER OF MEMBERSHIP, DECEASED OR INCOMPETENT.

If the Owner of a Membership was deceased or incompetent on the date on which an assessment, becomes due and payable, and if such assessment becomes delinquent, the Board of Directors shall order such Membership sold by the Corporation, but it may delay such sale, at its discretion, until an executor, administrator or guardian has been appointed and shall have had reasonable opportunity to act.

335.00. LIENS UPON MEMBERSHIPS.

Any Member, or Registered Firm or Corporation, to whom or to which another Member, or 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 a Firm or Corporation the lien may be filed upon the Membership 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, or 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 claimants, on the Member and/or Owner of the Membership involved, on any Firm or Corporation for which the Membership has been registered, given to Members, and posted on the Official Bulletin Board at least ten (10) days before such meeting.

Any other Member, or 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 Firm or Corporation for which the Membership has been registered, if they shall appear. The Board shall determine which claims are valid under the provisions of the Rules, 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 Firm or Corporation for which the Membership has been 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 Registered Firm or Corporation, claiming under the provisions of the 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 Firm or Corporation for which the Membership has been registered.

339.00. STOPPING THE SALE OF A MEMBERSHIP.

If, at any time prior to the actual sale of a Membership, that part of the assessment, if any, upon such Membership that has been delinquent for forty-five (45) days, together with accrued interest shall have been paid; or if the liens to satisfy which the Membership was to be sold have been satisfied, the proceedings for the sale shall be stopped, and notice to that effect shall be given to Members and/or Owners and posted on the Official Bulletin Board.

340.00. MEMBERSHIP SOLD BY CORPORATION: APPLICATION OF PROCEEDS.

When and if a Membership has been sold by the Corporation, whether to satisfy delinquent assessments or liens, the proceeds of such sale shall be applied as follows:

- A. First: To the payment of unpaid assessments that have been levied against such Membership and that have become due and payable at the time of such sale, together with fines, accrued interest on any portions of such assessments that have become delinquent, and any fines assessed against the Member and/or Owner or any other debts due the Exchange.
- B. Any portion of the proceeds remaining, after the payments prescribed in Subsection A. have been made in full, shall be applied to the payment of liens, if any, which have been determined to be valid by the Board of Directors; and, if such proceeds will not pay all of such liens in full, they shall be applied pro rata to such liens;
- C. After the payments prescribed in Subsections A. and B. have been made in full, any portion of such proceeds remaining shall revert to the Corporation.

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, an officer of such Corporation, authorized by the Bylaws or by the Board of Directors of such Corporation 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 officer 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.

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:

- 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 reregistration of such Firm or Corporation;
- B. Upon such Member ceasing to be a member of such Firm or an officer of such Corporation, as defined by **Rule 350.02.B.**;
- C. Upon the written request of such Firm or Corporation;
- D. Upon the termination of the legal existence of such Firm or Corporation;
- E. 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 nine (9) 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 Futures Trading Conduct Committee, the Business Conduct Committee, or the Board of Directors, or if any orders of the Business Conduct 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.

355.00. TRADING PRIVILEGES: GRANTING OF.

The Board of Directors may grant trading privileges to:

- A. A Member who is the Owner of a Membership standing in his name and who has not registered his Membership for a Firm or Corporation; or,
- B. A Registered Firm; or,
- C. A Registered Corporation legally qualified to do business in Minnesota.

PROVIDED, however, that such trading privileges may be granted only if and when the terms and conditions set forth below have been complied with:

- A. An Application for Trading Privileges, on a form as prescribed by the Board of Directors, must have been duly executed and filed with the Secretary. Such 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 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 Application as the Board of Directors may require;
- B. The applicant for trading privileges must meet the minimum financial guidelines of the Minneapolis Grain Exchange; (See **Regulations 2085.00., 2086.00., 2087.00., 2088.00., and 2089.00.**)

356.00. TRADING PRIVILEGES: INFORMATION TO BE FURNISHED.

Every Member, Firm or Corporation having 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 Secretary, a financial statement, in such form as the 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 trading privileges as the 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, Firm or Corporation having trading privileges shall also comply with the following requirements at any time and from time to time, as and when the Board of Directors of this Corporation shall so order:

- A. Furnish to the 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 Board of Directors shall direct;
- B. Permit an audit and investigation to be made by a person or party designated by the 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.

357.00. TRADING PRIVILEGES: RECISSION OR SUSPENSION OF.

Whenever the 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 that any Member, Firm or Corporation having trading privileges has failed within a reasonable time to comply with any of the provisions of **Rules 355.00., 356.00. and 358.00.** or with any order of the Board of Directors made thereunder; or whenever said Board shall determine that any such Member, 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.

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

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

358.00. CLEARING PRIVILEGES.

In order to clear trades at the Minneapolis Grain Exchange, a Registered Firm or Corporation must be granted clearing privileges by the Finance Committee. The Board 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 Finance Committee.
- C. A Clearing Member must have the personnel, and computer hardware and software to effectively communicate with the Clearing House and otherwise conduct the business of clearing in an efficient manner.
- D. Any combination of the Clearing Member or a general partner(s) of the Clearing Member if a Firm or officer(s) of the Clearing Member if a Corporation must be the record owner of one (1) or more Memberships which shall be pledged to the Minneapolis Grain Exchange. 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 Rules. At least one (1) record 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 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 the Exchange. The Finance Committee shall determine whether a guarantee is adequate. This requirement may be waived at the discretion of the Board.

360.00. ORIGINAL MEMBERSHIPS: ISSUANCE OF.

The number of Memberships in this Corporation may be increased and the Corporation has the right to sell Original Memberships at a price to be determined by the Board of Directors. The person to whom such Membership is to be issued must comply with all the terms and conditions of the Rules and Regulations concerning admission to Membership and recording the

Ownership of a Membership. The number of outstanding Memberships shall not exceed six hundred (600) unless an increase is approved by a vote of the Ownership.

361.00. PURCHASE AND RETIREMENT OF MEMBERSHIPS.

The Board of Directors is hereby authorized to offer to purchase and purchase Memberships, as available, in this Corporation, at a price determined by the Board, whenever in its opinion the necessary funds are available and the best interests of this Corporation will be advanced by such purchase.

362.00. MEMBERS: DEATH OF.

Upon the death of a Member, it shall be the duty of the President to post an announcement on the Exchange Bulletin Board and announce the fact at the first meeting of the Board of Directors thereafter, and the Secretary shall enter the same on the records of the Corporation and give notice thereof to the Members.

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 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, 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 a Application for Trading 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 by any Registered Firm or Corporation or any agreement made by such Member or on behalf of such Registered Firm or Corporation, in connection with an Application for Membership, a Request to Transfer a Membership, a Request to record the Ownership of a Membership, an Application for the Registration of a Firm or Corporation, or an Application for Trading 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 cancellation of trading privileges.

367.00. AUTHORIZATION TO ISSUE TRADING PERMITS.

The Board of Directors shall have the authority to issue to a limited number of qualified nonmembers a temporary and nontransferable Permit to execute trades or act as a broker for others in trading a specific Futures Contract or Contracts on the floor of the Exchange. Trading Permits are to be issued only to promote liquidity.

A Permit shall not be issued until the applicant has demonstrated satisfactory compliance with the same Membership qualifications in effect at the time of application as would be required for a full Membership and when it has been determined the applicant will conscientiously perform the function or functions needed to promote the objective of this Rule. Applicant must arrange for clearing of trades prior to being issued a Permit.

The Board of Directors may terminate or suspend a Permit prior to its expiration date after proper notice and opportunity for hearing, if the holder has failed to perform in a conscientious manner the activities contemplated in the issuance of the Permit, has executed a trade in any Futures Contract other than the contract for which the Permit was issued, or has violated any Rule or Regulation of the Corporation, or has failed to comply with the duties and obligations that govern the general Membership, unless so exempted by the Board of Directors.

The holder of a Permit shall agree to abide by and be bound by the Charter, Rules, Regulations, customs and usages of the Minneapolis Grain Exchange, and each Permit holder shall be under the jurisdiction of the Corporation during the term of the Permit and thereafter, until any and all investigations or proceedings relating to his activities as a Permit holder have been resolved.

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 Rules 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 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 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 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 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.
- F. No Member, or 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 Registered Firms and Corporations, shall be held to strict account for the reliability and accuracy of the statements and information which they disseminate.

Members, 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 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 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 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 rules in the case of an expelled Member.

371.00. EXCHANGE DEFENSE EXPENSES.

Any Member or Member Firm who fails to prevail in a lawsuit or any other type of legal proceeding instituted by that Member or Member Firm against the Exchange or any of its officers, directors, committee members, employees or agents must pay to the Exchange all reasonable expenses, including attorney's fees, incurred by the Exchange in the defense of such proceeding.

372.00. DELEGATION.

A Member, 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 Executive Committee or the Board of Directors under the standards of **Rules 300.00.** and **301.00.** The Delegate shall sign a written agreement to observe and be bound by the Charter, Rules and Regulations of the Association 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.
- F. No Delegation Agreement shall have a term of less than ninety (90) days.
- G. No Delegate will be eligible to sponsor an individual for Membership.
- H. A Delegate is limited to trading for his/her own account. A Delegate may not act as a broker under **Rule 321.03**.
- I. The Delegate shall deposit with the Exchange an amount of money to be determined by the Board of Directors. 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 the Exchange or lease payments due the Owner. Claims by the Exchange 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 application for Transfer of Membership has been duly filed and has not been acted on by the Board of Directors. 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 automatically be transferred back into the name of the 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 Board of Directors.
- N. No Delegate will be eligible to serve on the Board of Directors or to vote at an Interest group meeting.

373.00. FUTURES COMMISSION MERCHANTS ("FCM")

A Futures Commission Merchant (FCM) shall be defined as set forth in CFTC Regulation 1.3p.

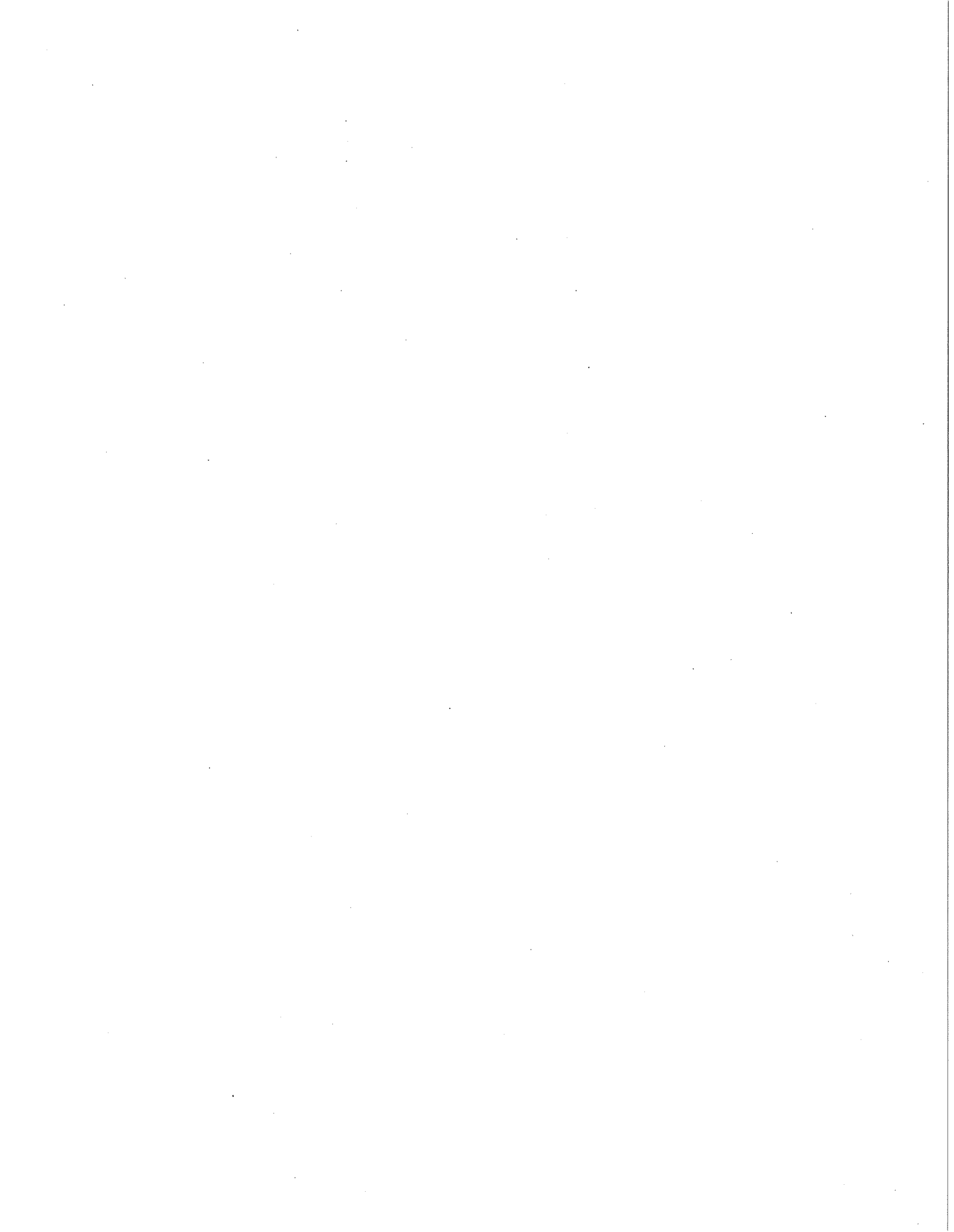
See Regulations 2085.00., 2086.00., 2087.00., 2088.00. and 2089.00.

374.00. GUARANTEED INTRODUCING BROKERS ("IB")

In order for an Guaranteed IB to be registered the IB must meet the following requirements:

- A. An Introducing Broker (IB) who is guaranteed by a Futures Commission Merchant (FCM) pursuant to CFTC Regulation 1.10(j) shall be bound by all Rules of the Exchange. Each FCM who guarantees an IB shall be responsible to the Exchange for the acts and/or omissions of such IB. It shall be the duty of each guaranteeing FCM to supervise its guaranteed IB's compliance with such Rules.
- B. A FCM may be guilty of a major offense if it fails to supervise its guaranteed IB's compliance with such Rules.

See Regulations 2085.00., 2086.00., 2087.00., 2088.00. and 2089.00.



CHAPTER 4
ARBITRATION - CASH TRADES OR MEMBERS' FUTURES

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**CHAPTER 4
ARBITRATION - CASH TRADES OR
MEMBERS' FUTURES' (OPTIONS)**

400.00. ARBITRATION POOL.

The Arbitration Pool shall consist of twenty (20) or more persons, all of whom shall be Members of the Corporation. The Chairman of the Corporation shall recommend persons to serve during his term of office. Only persons serving on the Arbitration Pool shall be eligible to serve on a Board of Arbitration. Upon appointment each person will complete the Arbitrator Profile Form (see **Form 4-00.00**) submitting the same to the Secretary of the Corporation.

401.00. BOARD OF ARBITRATION.

Following the filing of a complaint with the Secretary of the Corporation, the President or Secretary of the Corporation shall select five (5) persons from the Arbitration Pool, who shall hear and decide the dispute between the parties. The five (5) persons thus selected shall constitute the Board of Arbitration for that matter and shall have all the powers and duties as are set forth in these Rules. Each Board of Arbitration Member once appointed must submit to the Secretary of the Corporation an Impartiality Form (see **Form 4-01.00.**).

401.01. CODE OF ETHICS.

All Arbitrators shall receive and be responsible for understanding and following the "Code of Ethics for Arbitrators in Commercial Disputes," as published by the American Bar Association/American Arbitration Association. This will be provided by the Exchange at the time of Arbitrator selection.

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 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 Rules.

403.00. BOARD OF ARBITRATION: DISQUALIFICATION OF MEMBERS.

No person shall serve as a member of a Board of Arbitration when any dispute or difference in which he has a financial, personal or prejudicial interest or concern is before such Board for hearing and decision. For the purpose of this Rule, a financial interest shall include not only that of the member himself but also that of a partner, a dependent, a firm of which he is a copartner or employee or a corporation of which he is an officer, stockholder, director or employee. The other members of the particular Board of Arbitration involved shall determine whether any member has such financial, personal or prejudicial interest.

After selecting the arbitrators to hear a dispute or difference, the President or Secretary of the Corporation shall notify each party in writing of the names and company affiliations of the arbitrators who will hear said case. The Arbitrator Profile Form (see **Form 4-00.00**) and the Impartiality Form (See **Form 4-01.00**), will additionally be provided at this time. Upon receipt of such notice, either party to the case may challenge the appointment of a member for prejudicial or other causes within ten (10) business days of receipt of said notice. Upon the determination that such a challenge is valid, the President or Secretary shall replace such member in accordance with **Rule 404.00**, and shall inform both parties.

404.00. BOARD OF ARBITRATION: APPOINTMENT OF ALTERNATES.

If a Board of Arbitration determines that it is improper for certain of its members to serve during the hearing or decision of a dispute, or if any of its members shall be unable to serve during a hearing or decision, the President or Secretary of the Corporation, upon request of that Board of Arbitration or the parties to the dispute, shall appoint to the Board of Arbitration from the Arbitration Pool as many persons as are necessary to take the places of persons who may not or cannot serve on that particular Board of Arbitration. When so appointed, such persons shall have all the powers and duties of the members of the Board of Arbitration whom they replaced.

405.00. BOARD OF ARBITRATION: QUORUM.

Three (3) members of the Board of Arbitration appointed to hear and decide a particular dispute shall constitute a quorum for the transaction of business. The majority decision of a quorum shall constitute the decision of the Board of Arbitration in any matter. PROVIDED, however, that no dispute shall be heard before and decided by any Board of Arbitration upon which fewer than five (5) members are sitting, without the written consent of all parties to such dispute.

406.00. BOARD OF ARBITRATION: FAILURE OF MEMBER OF BOARD TO ATTEND MEETINGS.

Members of a Board of Arbitration that is appointed to hear and decide a particular dispute failing to attend any duly scheduled hearing of that Board of Arbitration shall be fined by the other members of that Board of Arbitration a sum of monies not to exceed two-hundred fifty dollars (\$250.00), (for use by the Corporation) for each time that member fails to appear, unless an excuse satisfactory to the other members of the Board be made.

410.00. BOARD OF ARBITRATION: FORM OF COMPLAINT.

Any 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, the introductory part of which shall be substantially as in Form 4-10.00 or 4-10.01.

410.01. TIME OF COMPLAINT.

Such complaint or petition, as described in Rule 410.00, shall be filed within two (2) years after the date of the transaction from which the dispute arose.

411.00. BOARD OF ARBITRATION: SERVICE OF COMPLAINT.

A copy of the Complaint or Petition, referred to in Rule 410.00, shall be served on the Respondent as provided in Rule 218.02. In no event shall such service be delayed beyond five (5) business days from receipt thereof.

412.00. BOARD OF ARBITRATION: ANSWER AND REPLY.

The Respondent shall file a written Answer, made under oath and in duplicate, with the Secretary of the Corporation within ten (10) business days from the day on which the copy of the Complaint was served on him. In cases between Members and nonmembers where a counterclaim has been asserted in the Answer, the Complainant may thereupon file a written reply, made under oath and in duplicate, with the Secretary of the Corporation within ten (10) business days from the day on which the copy of the Answer was served upon him. If the Complainant does not file a reply within said ten (10) business days, issue shall be deemed joined and the allegations of the Answer shall stand denied. The Board of Arbitration may, however, grant further time for the filing of such Answer or Reply upon reasonable cause being shown. A

copy of such Answer and/or Reply shall be served on the Complainant or Respondent, as the case may be, as soon as is practicable.

413.00. BOARD OF ARBITRATION: FAILURE OF RESPONDENT TO ANSWER.

If the Respondent fails to answer within the time provided and has not been granted further time, the Board of Arbitration shall, upon the filing of proof of the service of the Complaint on such Respondent, proceed to hear and decide the Complaint on the basis of the evidence and testimony available under the circumstances.

414.00. BOARD OF ARBITRATION: FORM OF ANSWERS.

If the Respondent shall desire to make defense or to present for arbitration other matters of dispute between the parties, Complainant and Respondent, proper to be considered by said Board of Arbitration as offsets or counterclaim or otherwise, he shall file an Answer in writing, under oath and in duplicate, with the Secretary, to be signed by him or them, the introductory part of which shall be substantially as in "Respondents Answer" (see Form 4-14.00).

And in the case of a Counter Claim, substantially as in the "Statement of Counter Claim Form" (see Form 4-15.00).

415.00. BOARD OF ARBITRATION: OFFSETS AND COUNTERCLAIMS.

In the hearing on any dispute between a Member or a Registered Firm or Corporation and another Member or 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 or a 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.

416.00. DISMISSAL OF PROCEEDINGS.

At any time during the course of an arbitration, the arbitrators may, at the joint request of the parties involved, dismiss the proceeding and refer the parties to the remedies provided by law.

417.00. PRE-HEARING EXCHANGE OF DOCUMENTS AND WRITTEN INFORMATION.

The parties shall cooperate, without resort to issuance of subpoenas, in all voluntary exchange of material and relevant documents and written information which may serve to facilitate a fair, equitable and expeditious hearing.

The Exchange shall make available to the parties any documents or written information in its possession that might bear on the case, which would otherwise not be available to the parties or the board.

Arbitrators shall have the right to subpoena documents when necessary and may apply reasonable sanctions for noncompliance with such orders.

The names of all witnesses shall be furnished to the Board of Arbitration and be made available to all parties through this forum.

418.00. PRE-HEARING MEETING.

The Board of Arbitration may schedule a pre-hearing meeting to select a chairman from among its members, determine appropriate hearing dates and address any other issues deemed to be appropriate.

420.00. BOARD OF ARBITRATION: DATE OF HEARING.

The Board of Arbitration shall set a date for hearing the matter at as early a date as is practicable, and notice of the date, time and place of such hearing shall be served upon the parties. The parties shall cooperate with the Secretary of the Corporation in the process of the hearing. All relevant documentation and information must be presented through the Secretary of the Corporation at least ten (10) business days prior to the date of the hearing. In any case where witnesses are unable to attend a hearing, the Board of Arbitration, upon the request of the parties involved, may permit the use of telephonic participation. It will be the responsibility of each party to inform the Secretary of the Corporation of the inability of their witness to attend the hearing and to provide reasonable advance notice to accommodate such telephonic participation.

421.00. BOARD OF ARBITRATION: NONAPPEARANCE OF PARTY AT A HEARING.

If a party to a dispute shall fail to appear for the hearing thereon, the Board of Arbitration may, upon the filing of proof of service of notice of the hearing, and, if such party is the Respondent, of service of the Complaint, proceed to hear and decide the dispute and make its Decision and Award on the basis of the evidence and testimony adduced at the hearing.

422.00. BOARD OF ARBITRATION: POSTPONEMENT OF HEARING.

If a party to a dispute in arbitration makes a request in writing to the Board of Arbitration seeking a delay in the date of the hearing, the Board may, at its sole discretion, postpone the hearing of the matter to some later date.

423.00. BOARD OF ARBITRATION: STATEMENTS AND TESTIMONY BEFORE.

In each case before the Board of Arbitration the statements and testimony of the parties and witnesses shall be made under oath (or affirmation), the form of which shall be as follows:

You do solemnly swear that the evidence you shall give in the matter of dispute between _____, as Complainant, and _____ as Respondent, now on hearing, shall be the truth, the whole truth, and nothing but the truth, so help you God.

424.00. BOARD OF ARBITRATION: APPEARANCE BY ATTORNEYS.

Any party to a dispute in arbitration may be represented by an attorney provided that party has filed written notice of his intention to be represented by an attorney, with the Secretary of the Corporation, at least ten (10) business days prior to any hearing before the Board of Arbitration. A complaint or response filed by an attorney shall constitute notification of either party's intention to be represented by an attorney to the Secretary of the Corporation and parties to the arbitration. This notice of intention may be waived by the Board of Arbitration, but such waiver may result in a delay of the hearing date.

425.00. BOARD OF ARBITRATION: WITNESSES, CITATIONS.

The Chairman of the Board of Arbitration may issue notices of citations requiring any Member or 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.

426.00. BOARD OF ARBITRATION: PROCEDURE OF MEETINGS.

There shall be administered to the members of the Board of Arbitration an oath in the following form:

You, and each of you, do solemnly swear that in the hearing and determination of the matter of dispute submitted to you by _____, as Complainant, and by _____, as Respondent, will well, truly and faithfully perform your duty as arbitrators, and an honest and conscientious Award make between the parties, so help you God.

The case shall then proceed in the following manner:

- A. Reading of the Complaint and Answer;
- B. Presentation of the case and witnesses, if any, by Complainant;
- C. Cross-examination of witnesses, if any, by Respondent;
- D. Questioning of witnesses by Members of the Board;
- E. Presentation of the case and witnesses, if any, by Respondent;
- F. Cross-examination of witnesses, if any, by Complainant;
- G. Questioning of witnesses by Members of the Board;
- H. Rebuttal or surrebuttal testimony, if any;
- I. Case declared closed;
- J. Presentation of arguments by Complainant and Respondent, the Respondent to have the closing argument.

430.00. BOARD OF ARBITRATION: DECISIONS AND AWARDS, FORM OF.

The Decisions and Awards of a Board of Arbitration need not be in any particular form, but shall be made in writing as soon as practicable after the hearing, and shall be conclusively presumed to include and determine all matters submitted by the parties, unless the contrary shall appear affirmatively upon the face of the Board of Arbitration Decision.

All Decisions and Awards of the Board of Arbitration shall begin in substantially the following form:

IN ARBITRATION
IN THE MATTER OF

_____, Complainant

vs.

_____, Respondent

The Board of Arbitration, after due consideration of all matters submitted to it in the dispute above entitled, does hereby make the following Decisions and Awards: Decisions and Awards shall be accompanied by such explanations or statements as the Board of Arbitration, in its discretion, deems necessary to fully advise the parties of the reasons or bases for its Decisions and Awards.

431.00. BOARD OF ARBITRATION: DECISIONS AND AWARDS TO BE BASED ON EVIDENCE.

The Board of Arbitration selected to hear and decide a particular dispute shall decide the same in accordance with the facts disclosed by competent evidence and pursuant to the Charter, Rules, Regulations, usages and customs of the Corporation. Ex parte contacts by any of the parties to the arbitration with members of the Arbitration Panel shall not be permitted.

432.00. BOARD OF ARBITRATION: DECISIONS AND AWARDS, WHEN FINAL.

There shall be no right to an appeal from any Decision or Award of any Board of Arbitration. The Decisions and Awards of any Board of Arbitration shall be final and conclusive upon the parties as to the matters decided by that Board of Arbitration.

433.00. BOARD OF ARBITRATION: DECISIONS AND AWARDS, SIGNING OF.

Any Decisions and Awards of a Board of Arbitration shall be signed by those of its members who made or concurred with such Decisions and Awards and shall be further signed by the Secretary of the Corporation who shall affix the seal of the Corporation thereto.

Members of any Board of Arbitration not concurring in a Decision or Award of the majority of that Board may prepare a dissenting opinion that shall be signed by them.

434.00. BOARD OF ARBITRATION: DECISIONS AND AWARDS, FILING AND SERVICE OF.

Decisions and Awards of any Board of Arbitration and any dissenting opinions shall be filed with the Secretary of the Corporation, who shall serve a copy thereof upon each of the parties as soon as practicable. Decisions and Awards and dissenting opinions shall remain in the permanent records of the Corporation and may be inspected by any Member of the Corporation upon his application to the Secretary of the Corporation.

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 or a Registered Firm or Corporation, he may file charges against such opposite party for violation of the Rules; or,
- C. He may do both at his election.

440.00. BOARD OF ARBITRATION: REPORT OF PROCEEDINGS.

In all cases before a Board of Arbitration, the testimony and proceedings shall be reported by a court reporter, the cost of which reporting shall be assessed by the Board of Arbitration in the same manner as other fees and costs in the case. Either party can request a transcript of the proceedings at his own expense. The use of a court reporter may be waived by the consent of both parties.

440.01. REVIEW OF PROCEEDINGS.

It shall be the responsibility of the Board of Arbitration to cooperate with the Secretary of the Corporation to maintain, track, log and retain a complete record of the entire arbitration proceedings. Any substantive points or issues resolved during the hearing will be listed and shall appear in a Summary of the Proceedings prepared by the Board of Arbitration and the Secretary of the Corporation. Such document shall be made available to the public upon reasonable request.

441.00. BOARD OF ARBITRATION: FEES.

The fees for each hearing brought before a Board of Arbitration shall in an amount the Board of Directors of the Grain Exchange may from time to time determine.

The amount involved shall be based on the amount asked in the Complaint; and, in cases in which the payment of money is neither asked in the Complaint nor awarded, the fees shall be at the discretion of the Board of Arbitration, but in no case more than the maximum set by regulation (see **Regulation 2054.00.**).

All fees shall be paid in advance to the Corporation in each case, and such fees shall be retained by the Corporation whether the case is heard or not. Fees are not to be applied against costs of hearing any case.

442.00. BOARD OF ARBITRATION: COSTS, DEPOSIT REQUIRED.

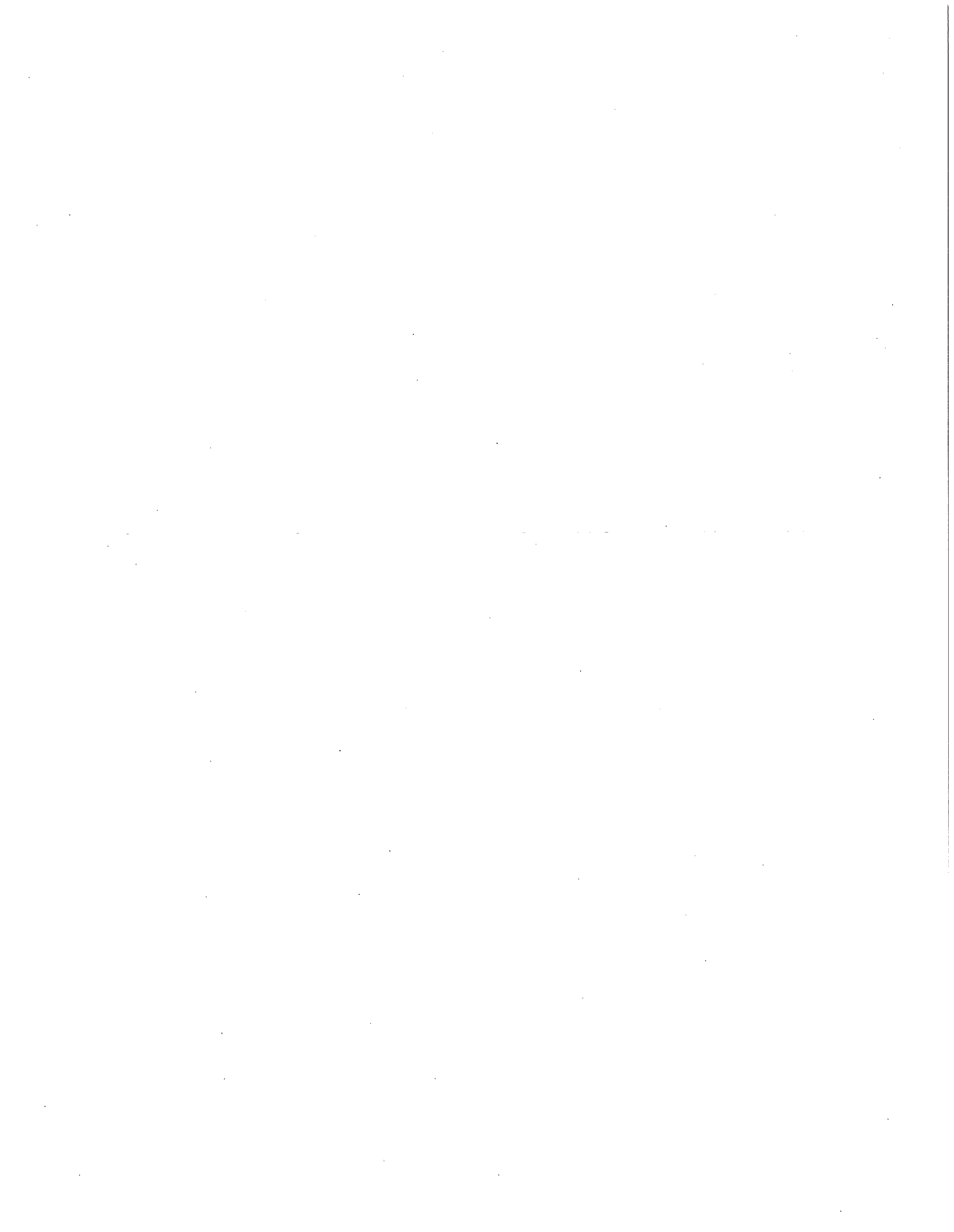
A Board of Arbitration may at its sole discretion require a Complainant to deposit with the Secretary of the Corporation an amount determined by it to apply against costs incurred or that might be incurred in connection with a dispute in arbitration.

443.00. BOARD OF ARBITRATION: FEES AND COSTS, AWARDING OF.

Any fees and costs referred to in these Rules incurred in connection with the hearing of any case brought before a Board of Arbitration shall be assessed to those of the parties as that Board of Arbitration shall determine, and those fees and costs so assessed shall be included in that Board of Arbitration's Award.

444.00. BOARD OF ARBITRATION: FEES AND COSTS, PAYMENT OF.

The Secretary of the Corporation, under the provisions of this Chapter, shall pay out of the funds deposited for such purpose the fees and costs that have accrued. When a Decision or Award of a Board of Arbitration has been rendered, the fees and costs included in such Decision or Award shall be paid to the Secretary by the party against whom they were assessed. The Secretary of the Corporation shall distribute such payment and adjust or refund the amounts previously deposited so that all the costs and fees involved shall be paid in accordance with the terms of such final Award.



4-18-90

**CHAPTER 5
ARBITRATION
CUSTOMERS' FUTURES AND OPTIONS**

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**CHAPTER 5
CUSTOMER CLAIM'S ARBITRATION
CUSTOMERS' FUTURES AND OPTIONS**

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 Rules of the Corporation executed by or effected through any Member or 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 person with a Claim or Grievance against a Member, Registered Firm or Corporation or employee thereof; PROVIDED, however, that "Customer" and "Customers" do not include such 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 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 Rules.

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.

501.01. CODE OF ETHICS.

All Arbitrators shall receive and be responsible for understanding and following the "Code of Ethics for Arbitrators in Commercial Disputes," as published by the American Bar Association/American Arbitration Association. This will be provided by the Exchange at the time of Arbitrator selection.

502.00. CUSTOMER CLAIMS ARBITRATION PANEL: COMPOSITION.

Except as provided in Rules 503.00. and 504.00., the Customer Claims Arbitration Panel shall consist of three (3) members, all of whom are Members of the Corporation, whose principal business activity is related to futures and options trading. A Customer Claims Arbitration Panel shall be appointed by the President or Secretary of the Corporation to hear each individual case submitted for arbitration pursuant to this Chapter. Each Customer Claims Arbitration Panel Member once appointed must submit to the Secretary of the Corporation an Impartiality Form (see Form 5-02.00.)

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 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.

504.00. ARBITRATION PANEL: DISQUALIFICATION OF MEMBERS.

No person shall serve as a member of the Customer Claims Arbitration Panel when any Claim or Grievance in which he has a financial, personal or prejudicial interest or concern is before such Panel for hearing and decision. For the purpose of this Rule, a financial interest shall include not only that of the member himself, but also that of a partner, a dependent, a firm of which he is a copartner or employee or a corporation of which he is an officer, stockholder, director or employee.

504.01. ARBITRATION PANEL SELECTION: CHALLENGES.

Upon the selection of a Customer Claims Arbitration Panel, the Secretary of the Corporation shall inform the Complainant and Respondent in writing of the panel members selected. The Arbitrator Profile Forms (see Form 4-00.00) and the Impartiality Form (see Form 5-02.00), will additionally be provided at this time. The parties shall have ten (10) business days, including the date of receipt of the documents, to exercise their right to challenge particular arbitrators. If the right to challenge is exercised, the President or Secretary of the Corporation shall promptly replace the arbitrator and inform both parties.

505.00. ARBITRATION PANEL: QUORUM.

No Claim or Grievance shall be heard before and decided by the Customer Claims Arbitration Panel unless all three (3) members are sitting, without written consent of all parties to such Claim or Grievance.

510.00. FORM OF COMPLAINT.

Any Customer desiring to submit a Claim or Grievance to the Customer Claims Arbitration Panel shall file a written Complaint, made under oath and in duplicate, with the Secretary of the Corporation, the commencement or introductory part of which shall be substantially as in "Statement of Claim" (see Form 5-10.00.).

510.01. TIME OF COMPLAINT.

Such complaint, as described in Rule 510.00., shall be filed within two (2) years after the date of the transaction from which the dispute arose.

511.00. SERVICE OF COMPLAINT.

A copy of the Complaint, referred to in Rule 510.00., shall be served on the Respondent as provided in Rule 218.02.

512.00. CUSTOMER ARBITRATION: ANSWER AND REPLY.

The Respondent shall file a written Answer, made under oath and in duplicate, with the Secretary of the Corporation within ten (10) business days from the day on which the copy of the Complaint was served upon him. In cases where a counterclaim has been asserted in the Answer, the Complainant may thereupon file a written Reply, made under oath and in duplicate, with the Secretary of the Corporation within ten (10) business days from the day on which the copy of the Answer was served upon him. If the Complainant does not file a Reply within ten (10) business days, issue shall be deemed joined and the allegations of the Answer shall stand denied. The Customer Claims Arbitration Panel may, however, grant further time for the filing of such Answer or Reply, upon reasonable cause being shown. A copy of such Answer and/or Reply shall be served on the Complainant or Respondent, as the case may be, as soon as is practicable.

513.00. FAILURE OF RESPONDENT TO ANSWER.

If the Respondent fails to answer within the time provided and has not been granted further time, the Customer Claims Arbitration Panel shall, upon the filing of proof of the service of the Complaint on such Respondent, proceed to hear and decide the Complaint on the basis of the evidence and testimony available under the circumstances.

514.00. FORM OF ANSWERS.

If the Respondent shall desire to make defense or to present for arbitration a counterclaim that may properly be considered by the Customer Claims Arbitration Panel, he shall file an Answer in writing, under oath and in duplicate, with the Secretary of the Corporation, the commencement or introductory part of which shall be in "Respondents Answer" (see Form 5-14.00.)

And in the case of a Counter Claim, substantially as in the "Statement of Counter Claim" (see Form 5-15.00.)

515.00. COUNTERCLAIMS.

In hearing any Claim or Grievance, the Customer Claims Arbitration Panel shall not hear or consider any matters of dispute or difference between the parties as offsets or counterclaims unless (see Form 5-15.00.):

- A. The amount of the offset or counterclaim is capable of calculation; and

- B. The offset or counterclaim arises out of the transaction or occurrence that is the subject of the Customer's Claim or Grievance and does not require for adjudication the presence of essential witnesses, parties or third persons over whom the Corporation does not have jurisdiction.

516.00. DISMISSAL OF PROCEEDINGS.

At any time during the course of an arbitration, the arbitrators may, at the joint request of the parties involved, dismiss the proceeding and refer the parties to the remedies provided by law.

517.00. PRE-HEARING EXCHANGE OF DOCUMENTS AND WRITTEN INFORMATION.

The parties shall cooperate, without resort to issuance of subpoenas, in the voluntary exchange of material and relevant documents and written information which may serve to facilitate a fair, equitable and expeditious hearing.

The Exchange shall make available to the parties any documents or written information in its possession that might bear on the case, which would otherwise not be available to the parties or the panel.

Arbitrators shall have the right to subpoena documents when necessary and may apply reasonable sanctions for noncompliance with such subpoena orders or any other reasonable requests or orders to provide documents.

The names of all witnesses shall be furnished to the Customer Claims Arbitration Panel and be made available to all parties through this forum.

518.00. PRE-HEARING MEETING.

The Customer Claims Arbitration Panel shall schedule a pre-hearing meeting to select a chairman from among its members, determine appropriate hearing dates and address any other issues deemed to be appropriate.

520.00. DATE OF HEARING.

The Customer Claims Arbitration Panel shall set a date for the hearing of any Claim or Grievance at as early a date as practicable, and notice of the date, time and place for such hearing shall be served on the Complainant and Respondent. The parties shall cooperate with the Secretary of the Corporation in the process of the hearing. All relevant documentation and information must be presented through the Secretary of the Corporation at least ten (10) business days prior to the date of the hearing.

In any case where witnesses are unable to attend a hearing, the Panel, upon the request of the parties involved, may permit the use of telephonic participation. It will be the responsibility of each party to inform the Secretary of the Corporation of the inability of their witness to attend the hearing and to provide reasonable advance notice to accommodate such telephonic participation.

521.00. NONAPPEARANCE OF PARTY AT A HEARING.

If either party to a Claim or Grievance before the Customer Claims Arbitration Panel shall fail to appear at the time and place set for the hearing thereon, such Panel may, upon the filing of proof of service of the notice of the time and place for such hearing on such party, and if such party is the Respondent of the service of the Complaint on such party, proceed to hear and decide such Claim or Grievance on the basis of the evidence and testimony available under such circumstances.

522.00. POSTPONEMENT OF HEARING.

If either party to a Claim or Grievance before the Customer Claims Arbitration Panel shall make a written request for a postponement, the Panel may grant such postponement at its discretion. Arbitrators shall have the right to assess reasonable fees against the party granted such continuance.

523.00. STATEMENTS AND TESTIMONY.

In each case before the Customer Claims Arbitration Panel, the statements and testimony of the parties and witnesses shall be made under oath (or affirmation), the form of which shall be as follows:

You do solemnly swear that the evidence that you shall give in the matter of difference between as Complainant, and, as Respondent, now on hearing, shall be the truth, the whole truth, and nothing but the truth, so help you God.

524.00. RIGHT TO COUNSEL.

Any party to a Claim or Grievance before the Customer Claims Arbitration Panel may be represented by an attorney, PROVIDED such party has filed written notice of his intention to be represented by an attorney with the Secretary of the Corporation at least ten (10) business days prior to the hearing. A complaint or response filed by an attorney shall constitute notification of either party's intention to be represented by an attorney to the Secretary of the Corporation and parties to the arbitration. This notice of intention may be waived by the Arbitration Panel and may result in a delay of the hearing date.

525.00. WITNESSES, CITATIONS.

The Customer Claims Arbitration Panel may issue notices or citations requiring any Member or 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.

526.00. HEARING PROCEDURES.

There shall be administered to the members of the Customer Claims Arbitration Panel, prior to the commencement of any hearing, an oath in the following form:

You, and each of you, do solemnly swear that in hearing and determination of the matter submitted to you by, as Complainant, and by, as Respondent, you will well, truly and faithfully perform your duty as arbitrators, and an honest and conscientious Award make between the parties, so help you God.

The hearing shall then proceed in the following manner:

- A. Reading of the Complaint and Answer;
- B. Presentation of the case and witnesses, if any, by Complainant;

- C. Cross-examination of witnesses, if any, by Respondent;
- D. Questioning of witnesses by members of the Panel;
- E. Presentation of the case and witnesses, if any, by Respondent;
- F. Cross-examination of witnesses, if any, by Complainant;
- G. Questioning of witnesses by members of the Panel;
- H. Rebuttal or surrebuttal testimony, if any;
- I. Case declared closed;
- J. Presentation of arguments by Complainant and Respondent, the Respondent to have the closing argument.

530.00. DECISIONS AND AWARDS, FORM OF.

The Decisions and Awards of the Customer Claims Arbitration Panel need not be in any particular form, but shall be made in writing as soon as practicable after the hearing and shall be conclusively presumed to include and determine all matters submitted by the parties, unless the contrary shall appear affirmatively upon the face of such Decisions. All such Decisions and Awards may be accompanied by such explanation or statements as the Panel feels is necessary and advisable to make in order that the contending parties shall fully understand the reason or basis for the Decision or Award. All Decisions and Awards of the Panel shall be signed by the members of the Panel who rendered such Decisions and Awards, and by the Secretary of the Corporation, and shall have the seal of the Corporation affixed thereto. Members of the Panel who did not concur in a Decision or Award may prepare a dissenting opinion in writing, signed by such members.

531.00. DECISIONS AND AWARDS, FILING AND SERVICE OF.

Decisions and Awards of the Customer Claims Arbitration Panel and dissenting opinions thereto, if any, shall be filed with the Secretary and a copy thereof served on the Complainant and on the Respondent as soon as practicable. Such Decisions and Awards shall remain in the permanent records of the Corporation and shall be a matter of public record.

532.00. DECISIONS AND AWARDS TO BE FINAL.

The Decisions and Awards of the Customer Claims Arbitration Panel shall be final and conclusive upon the parties to the Claim or Grievance submitted. There shall be no right of appeal except as provided under applicable law.

532.01. JUDICIAL REVIEW.

If an Exchange member party to a Customer Claims Arbitration either seeks or gains knowledge that other parties have sought legal recourse to review the arbitration in question, it shall be the member party's obligation under this Rule to inform the Exchange of such proceedings.

533.00. REPORT OF PROCEEDINGS.

In all cases before the Customer Claims Arbitration Panel the testimony and proceedings shall be reported by a stenographer, and the cost of the reporting shall be assessed by the Panel in the same manner as other fees and costs in the case.

533.01. REVIEW OF PROCEEDINGS.

It shall be the responsibility of the Customer Claims Arbitration Panel to cooperate with the Secretary of the Corporation to maintain, track, log and retain a complete record of the arbitration proceedings. Any substantive points or issues resolved during the hearing will be listed and shall appear in a Summary of the Proceedings prepared by the Customer Claims Arbitration Panel and the Secretary of the Corporation. Such document shall be made available to the public upon reasonable request.

535.00. FEES AND COSTS, AWARDING OF.

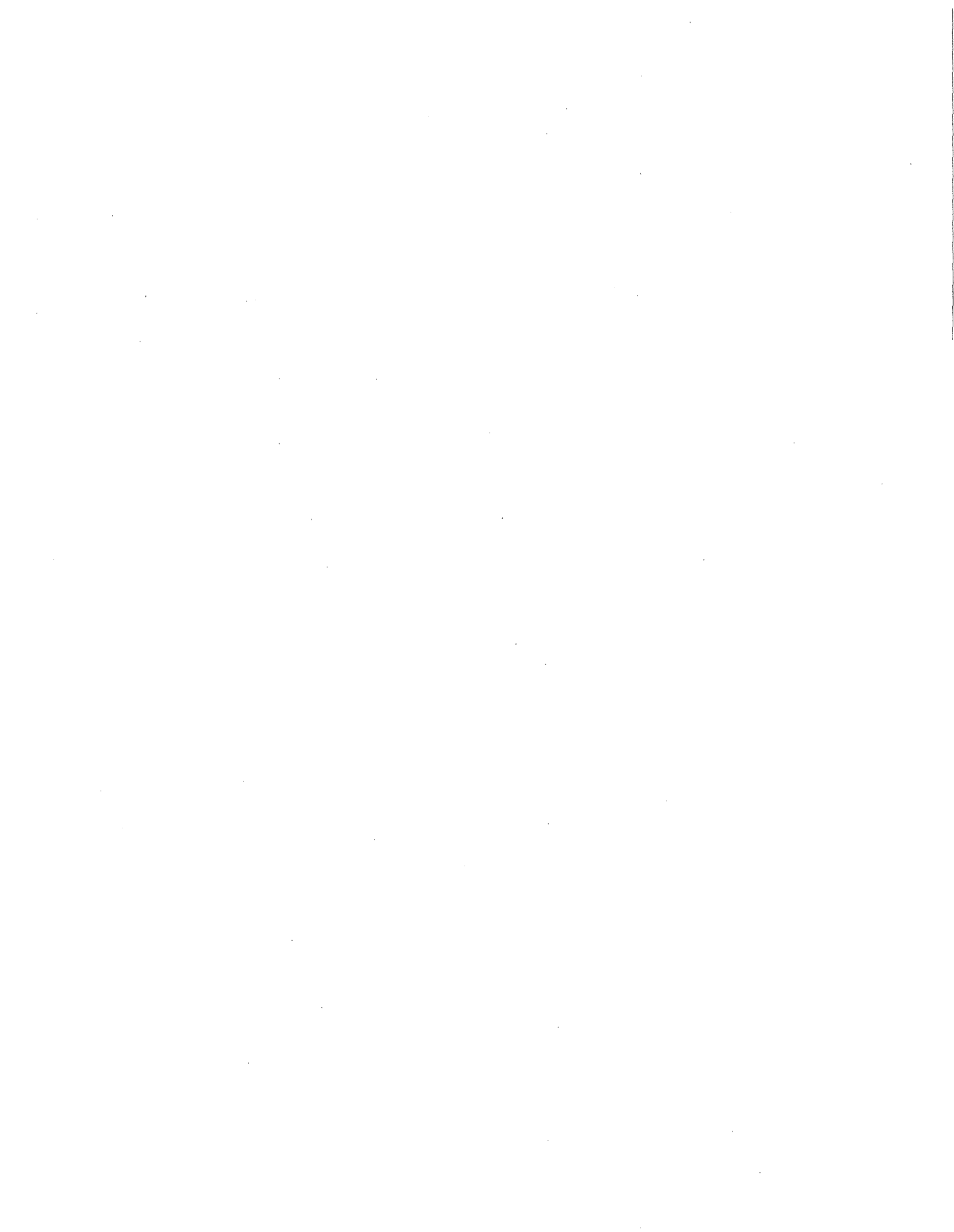
The fees for each hearing brought before a Customer Claims Arbitration Panel shall be the amount that the Board of Directors of the Grain Exchange may, from time to time, determine by regulation.

The amount involved shall be based on the amount asked in the Complaint; and, in cases in which the payment of money is neither asked in the Complaint nor awarded, the fees shall be at the discretion of the Customer Claims Arbitration Panel, but in no case more than the maximum set by Regulation (see **Regulation 2054.01.**)

All fees referred to in **Regulation 2054.01.** shall be paid in advance to the Corporation in each case, and such fees shall be retained by the Corporation whether the case is heard or not. Fees are not to be applied against costs of hearing any case. Any costs assessed, pursuant to **Regulation 503.00.**, Subsection C., and all additional costs that may be incurred in the hearing of any case before the Customer Claims Arbitration Panel, shall be assessed to either of the parties to the Claim or Grievance as may be decided by the Panel hearing the case and shall be included in its Award.

536.00. FAILURE TO PAY.

Failure to pay the full amount of the award and/or assessment of costs to the Exchange, as escrow agent, within thirty (30) days of notice of the award and/or assessment of costs, shall be deemed to be a failure to perform an Exchange contract in accordance with Exchange **Rule 827.00.**



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CHAPTER 6 DISCIPLINE

600.00. ENFORCEMENT OF RULES AND PUNISHMENT FOR VIOLATIONS.

It shall be the duty of the Board of Directors to enforce compliance with the Rules, Regulations, customs and usages of the Corporation, and the prohibitions therein contained.

Enforcement shall be delegated to, and carried out by, the Business Conduct Committee, the Futures Trading Conduct Committee or any member of the Exchange Room Enforcement Committee in accordance with **Rules 252.03., 253.03. and 259.01.**

Parties who have requested a hearing and are found guilty by the Futures Trading Conduct Committee or the Business Conduct Committee as described in Chapter 6 shall be subject to such penalties as the Hearing Committee shall determine. Penalties calling for suspension for thirty (30) days or longer, or monetary fines of \$10,000 or more, shall be subject to ratification by the Board of Directors. Appeals may be heard by the Board of Directors, at its discretion, based on the record of the Committee hearings. (See **Rules 252.03. and 253.03. and Regulations 2004.01. and 2004.02.**)

601.00. CHARGES: WHO MAY FILE AND FORM OF.

Any Committee of the Corporation, any Officer thereof, or any Member or Registered Firm or Corporation, or any customer thereof, may file charges against any Member or 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 Registered Firm, or Corporation, against the good name and dignity of the Corporation, or any serious violation of the Rules, Regulations, customs and usages of this Corporation, shall come to its knowledge by public rumor, report or complaint, or otherwise, to refer such matter to the Business Conduct Committee for investigation and appropriate action, save for such matters that, as provided in **Rule 253.00.**, should be referred to the Futures Trading Conduct Committee.

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 Members and Registered Firms and Corporations 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 Business Conduct Committee or the Futures Trading Conduct

Committee as appropriate and if, as a result of such an investigation and a subsequent hearing by the Board or the designated Committee at which the parties concerned shall have had notice and an opportunity to be heard, 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.

The Board may, at its discretion, hear appeals from such orders issued by a Committee as outlined above.

603.00. BUSINESS CONDUCT COMMITTEE: APPEARANCE BEFORE.

Members or Registered Firms or Corporations, under investigation by the Business Conduct Committee, shall be served with a notice of the nature of the investigation and of the time and place for the hearing thereon; and they may appear before the Business Conduct Committee, to offer such evidence, testimony and argument in refutation, explanation, avoidance, justification or defense as they may wish.

The Committee may issue notices or citations requiring any Member 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 Committee, is irrelevant to the case in hearing.

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, Registered Firms and Corporations shall cooperate in all respects with the Department of Audits and Investigations in its investigations.

605.00. CHARGES: HEARING BY BOARD OF DIRECTORS OR BY HEARING COMMITTEE.

If the Business Conduct Committee or the Futures Trading Conduct Committee determines that, in its opinion, reasonable grounds exist for holding a hearing upon any of the charges presented to it by the Department of Audits and Investigations the Committee shall proceed to a hearing thereon as hereinafter provided and, in such matters, shall be known as a Hearing Committee.

Findings and conclusions of the Business Conduct Committee in respect to price manipulations or corners are final, subject only to appeal to the Board of Directors as provided in **Rule 252.03.** Such appeal shall be reported to the Board of Directors immediately for a prompt hearing on same.

The Board of Directors may, at its discretion, entertain an appeal of the findings and any penalty assessed by a Hearing Committee in connection with any hearing on charges of Rule violations, such appeal to be based on a record of the hearing. Any penalty calling for a suspension for thirty (30) days or more, or a fine of ten thousand dollars (\$10,000) or more must be ratified by the Board of Directors.

606.00. HEARING ON CHARGES: QUALIFICATIONS OF DIRECTORS OR MEMBERS OF HEARING COMMITTEES TO SERVE.

No member of the Board of Directors or a Hearing Committee shall serve or act as a member of such Board or Hearing Committee in hearing or deciding charges against a Member, Firm or Corporation, (or in determining or ratifying any penalty in connection therewith) if such Director or 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 or Committee shall determine whether any Director or 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 Board of Directors or a Hearing Committee required by **Rule 605.00.** shall be set by the Board or the Committee. Such hearing may be held at any regular, special or adjourned meeting of the Board or the Committee not fewer than six (6) days (or in the case of a Member, Firm or Corporation having no place of business or residence in Minneapolis, fifteen (15) days), after the accused Member, 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 Rule or Regulation of the Corporation 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, 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, Firm or Corporation with the notice provided for in **Rule 607.00.**

609.00. HEARING ON CHARGES: RIGHTS OF ACCUSED.

The accused Member, 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 Board of Directors or a Hearing Committee may issue notices or citations requiring any Member or Registered Firm or Corporation to appear before the Board or 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 Board or 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 Board or Hearing Committee. The Board or 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 Board or Hearing Committee shall find that service has been duly made upon him, the Board or 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 Board or Hearing Committee may summarily impose an appropriate penalty upon any person within its jurisdiction whose actions impede the progress of a hearing.

Should any hearing require more than one session, the Board or Hearing Committee may adjourn from time to time, as in its discretion it may deem necessary or proper; PROVIDED, however, that no Director or member of a 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 Board or 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.

611.00. HEARING ON CHARGES: RECORD OF.

A substantially verbatim record of the hearing shall be made and shall become a part of the record of the proceeding. Such record may be a stenographic record, electronic tape recording or any other record capable of being accurately transcribed. Such record need not be transcribed unless a transcript is requested by the accused or by the staff of the Commodity Futures Trading Commission or is reviewed by the Commission pursuant to Section 8c. of the Commodity Exchange Act or the regulations thereunder. Any accused who requests a transcript, or whose application for review by the Commodity Futures Trading Commission of the disciplinary action has been granted, shall bear the cost of transcribing the record, and in all other instances the cost of transcription shall be borne by the Corporation.

612.00. PUNISHMENT: LIABILITY FOR.

Any Member, 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.

612.01. UNCOMMERCIAL CONDUCT: DEFINITION.

The Expression "Uncommercial Conduct" shall include, but shall not be limited to, the following:

- A. Improper conduct of a personal character in the rooms of the Corporation including boisterous or disorderly conduct and/or outbursts of vulgar and abusive language. (Refer to **REGULATION 2047.00. PENALTIES FOR BOISTEROUS OR DISORDERLY CONDUCT.**)
- B. Making or reporting any false or fictitious purchases or sales.
- C. Any attempt at extortion.
- D. Any act not in accordance with just and equitable principles of trade, or of fair dealing, or contrary to the spirit that should govern all commercial transactions, and particularly the transactions of Members.
- E. Any act of bad faith, dishonorable or dishonest conduct, or making of willful false statements.
- F. Being convicted by any Court of competent jurisdiction of a felony or misdemeanor involving moral turpitude.
- G. Conduct unbecoming a Member of this Corporation, whereby the high standing of this Corporation and membership therein may be prejudicially affected or brought in reproach.
- H. Failure to comply promptly with any contract, either oral or written, that is governed by or made subject to the Rules of this Corporation.
- I. Any act or omission specified elsewhere in these Rules as Uncommercial Conduct.
- J. Any illegal act in connection with any trade or transaction subject to the Rules, Regulations, customs and usages of this Corporation.

613.00. PUNISHMENT: IMPOSITION OF.

If, after a fair hearing as provided in this Chapter, the Board of Directors or a Hearing Committee sustains the charges in whole or in part, the Board or the Hearing Committee may punish the accused by fine, censure, suspension or expulsion (or by two or more of such penalties) as, in its opinion, is warranted by the nature and gravity of the offense found to have been committed; PROVIDED, however, that the punishment imposed for the violation of a Rule that contains a specific limitation or requirement with respect to punishment shall be in accordance with the provision of such Rule and PROVIDED further, that any penalty imposed

by a Hearing Committee, rather than the Board of Directors, calling for a suspension for thirty (30) days or more, or a fine of ten thousand dollars (\$10,000) or more, or expulsion, is subject to ratification by the Board of Directors, based on a review of the record of the hearing.

An affirmative vote by a majority of a quorum at a meeting of the Board of Directors or a Hearing Committee shall be sufficient to fine or censure or suspend for not more than twenty-nine (29) days, but in order to suspend for thirty (30) days or more or expel, an affirmative vote must be cast by at least seven (7) Directors and by two thirds (2/3) of the quorum present or in the case of the Business Conduct Committee or the Futures Conduct Committee, all penalties shall require a majority of the Committee present save for expulsion, which shall require an affirmative vote of two-thirds (2/3) of the quorum present, and a ratifying vote of at least seven (7) Directors and two-thirds (2/3) of the quorum present at the meeting of the Board of Directors at which this matter is heard.

614.00. PUNISHMENT BY SUSPENSION.

The Board of Directors or a Hearing Committee shall have the power in case of the imposition of any sentence of suspension to impose such conditions of reinstatement as in its discretion it may deem appropriate. Except as so provided, all punishment by suspension shall be for a definite term, and, unless conditions of reinstatement have been imposed, the offender, upon the expiration of the term of his suspension, shall be reinstated automatically to the rights and privileges of membership without action by the Board or the Hearing Committee.

614.01. REINSTATEMENT OF MEMBERS: FROM SUSPENSION.

When any Member, 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, 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, Firm or Corporation, as the Board of Directors, by the same vote, may see fit to prescribe.

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

615.00. DETERMINATIONS OF THE BOARD OR HEARING COMMITTEE: RECORD AND NOTICE OF.

Promptly following any hearing conducted pursuant to this Chapter, the Board of Directors or 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 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 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 Board shall be final, and there shall be no appeal therefrom. All decisions of a Hearing Committee shall be subject to appeal to the Board of Directors at the discretion of the Board, based on the record of the hearing. All punishments calling for a fine of ten thousand dollars (\$10,000) or more, or a suspension of thirty (30) days or more, or expulsion, require ratification by the Board of Directors. Notifications or punishments requiring ratification by the Board of Directors will be withheld until ratified.

Notice of the punishment of a Member, Firm or Corporation shall be given to Members, posted upon the Official Bulletin Board, and a copy forwarded to the Commodity Futures Trading Commission.

616.00. COMMODITY EXCHANGE ACT: ENFORCEMENT OF.

The Board of Directors shall have the power to make such regulations and take such steps as it may deem necessary or advisable to comply with and enforce the provisions of the Commodity Exchange Act or any regulations issued thereunder.

617.00. SERVICE ON GOVERNING BOARDS OR COMMITTEES BY PERSONS WITH DISCIPLINARY HISTORIES.

- A. A Member shall be ineligible to serve on Exchange disciplinary committees, arbitration panels or governing boards if such Member:
 - 1. Was found within the prior three (3) years by a final decision of a self-regulatory organization, and administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;
 - 2. Entered into a settlement agreement within the prior three (3) years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
 - 3. Currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:
 - a. A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of

competent jurisdiction or the Commission that such person committed a disciplinary offense; or,

- b. A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
4. Currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;
 5. Currently is subject to or has had imposed on him within the prior three (3) years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three (3) years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the Commodity Exchange Act;
 6. Currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.
- B. The terms "disciplinary committee", "arbitration panel", "disciplinary offense", "final decision", "settlement agreement", and "self-regulatory organization" shall be defined for purposes of paragraph A of this rule in accordance with the definitions detailed in CFTC Regulation 1.63(a). Commission as used above shall refer to the Commodity Futures Trading Commission.

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**CHAPTER 7
FUTURES AND OPTIONS TRADING**

700.00. FUTURES AND OPTIONS CONTRACTS: CLEARING OF.

All Futures and Option Contracts made in this market, including all "Scratch" trades, must be made in the name of and between Clearing Members, and all such contracts must be submitted to the Clearing House.

All such contracts that have been accepted for clearing shall be subject to the Rules and Regulations of the Minneapolis Grain Exchange and to the exercise of the powers reserved therein to the Minneapolis Grain Exchange.

701.00. CLEARING HOUSE: SUBSTITUTION OF.

In every case where Futures and Options Contracts have been accepted for clearing by the Clearing House, the Clearing House shall thereupon be substituted as Buyer to the Seller, and as Seller to the Buyer, and (except as provided in **Rule 805.00.**) shall have all the rights and be subject to all the liabilities under the contracts of the original Clearing Member parties with respect to such contracts.

702.00. CLEARING HOUSE: SUBSTITUTIONS FOR.

If Futures Contracts are not offset and a Clearing Member being a Seller tenders a Delivery Notice to the Clearing House and the Clearing House in good faith passes such notice to another Clearing Member who is a Buyer (all as provided in Chapter 8), the Clearing Member who tenders such notice shall be substituted in lieu of the Clearing House as Seller to such Buyer on the contracts.

703.00. CLEARING HOUSE: OFFSETS.

In case a Clearing Member buys and sells the same commodity for the same delivery, the Clearing House shall offset such contracts to the extent of their equality and the Clearing Member shall be deemed a Buyer from the Clearing House to the extent that his purchases exceed his sales, or a Seller to the Clearing House to the extent that his sales exceed his purchases.

704.00. GIVE-UPS.

A Member must have prior permission from a Clearing Member to give up its name for a trade executed on the Exchange. A Clearing Member whose name is so given up must enter the trade into the Clearing House in his name. Give-Up orders are prohibited when used as a pricing mechanism in connection with cash market contracts. Such transactions must be done only on a versus-cash basis.

710.00. FUTURES CONTRACTS: COMMODITIES.

Unless prohibited by the Board of Directors, under authority granted by the Rules, contracts for future delivery in this market may be made in any commodity for which Contract Grades have been established by Rule and approved by the Commodity Futures Trading Commission.

PROVIDED, however, that when a new Contract Grade has been adopted, trading in contracts based on such new grade shall not begin until authorized by Rule or by the Board of Directors.

711.00. FUTURES CONTRACTS: GRADES DELIVERABLE.

All Futures Contracts made in this market shall call for the delivery of a Contract Grade, or other Deliverable Grade, of the commodity in accordance with the provisions of **Rules 802.00.** and **803.00.**

712.00. FUTURES AND OPTIONS CONTRACTS: QUANTITIES TRADED IN.

All Futures and Options Contracts made in this market must be for such quantities of the commodity as specified in the contract as may, under the Rules, be delivered on such contracts. (See **Rule 801.00.**)

713.00. FUTURES AND OPTIONS CONTRACTS: PRICE BASIS.

- A. Futures Contracts. The minimum fluctuation shall be one-quarter (1/4) cent, including spreads.
- B. Options on Futures Contracts. The minimum fluctuation shall be one-eighth (1/8) cent, including spreads.

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 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 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.

715.00. MONTHS TRADED IN.

The months available for trading in Spring Wheat Futures and the number of months available for trade at one time shall be determined by the Board of Directors. See **Regulation 2010.00.**

715.01. TRADING IN DELIVERY MONTH.

No trades in Hard Red Spring Wheat futures contracts that are deliverable in the current month shall be made after the business day preceding the fifteenth (15th) calendar day of that month. Any futures contracts remaining open after the last day of trading must be:

- A. settled by delivery no later than the seventh (7th) business day following the last trading day, or
- B. liquidated pursuant to **Regulation 2011.02.**

717.00. FUTURES AND OPTIONS CONTRACTS: ACCEPTANCE OF OFFERS.

All offers to purchase or sell commodity futures or options in this market shall be open for immediate acceptance by any Member (but only in the name of a Clearing Member), and such offers shall not be restricted to or specified for any particular Member as against any other Member.

An offer to buy or sell any commodity for future delivery shall be deemed an offer to buy or sell all or any part of the quantity specified in the offer and shall be subject to total or partial acceptance up to the total quantity bid for or offered.

Offers to buy or sell commodities for future delivery in quantities equal to two or more contracts with a limitation requiring the party accepting such offer to accept the entire amount bid for or offered, shall not be allowed.

718.00. "TRANSFER" OR "OFFICE" TRADES: DEFINITIONS.

"Transfer" trades and "Office" trades shall be limited to the following transactions:

- A. Transactions made for the purpose of (1) transferring open Futures or Options Contracts from one account to another on the books of the same Member or Registered Firm or Corporation, where no change in ownership is involved; or (2) transferring open Futures or Options Contracts from an account on the books of one Member or Registered Firm or Corporation where no change of ownership is involved; **PROVIDED**, however, that no such transfer shall be made after receipt from the Clearing House of a delivery Notice on such contracts if such transfer is for the apparent purpose of avoiding delivery on such contract;
- B. Transactions consisting of the exchange or transfer of Futures Contracts in connection with cash commodity transactions or transactions consisting of the exchange of Futures for cash commodities.
- C. Transactions consisting of the exchange or transfer of Futures Contracts in connection with risk transactions or transactions consisting of the exchange of Futures for risks.

All records and memoranda pertaining to "Transfer" and "Office" trades shall be marked or identified by appropriate symbols or designations. All "Office" trades, where such trades remain on the books of one and the same Clearing Member and where no change in ownership is involved, may or may not be cleared at the discretion of the Clearing Member. All "Transfer" trades, which involve two Clearing Member firms in which no change of ownership is involved, shall be included and identified in daily reports to the Clearing House.

718.01. TRANSFER TRADES IN A DELIVERY MONTH.

During the delivery month and two (2) business days prior to the first delivery day, transfer trades for the purpose of offsetting existing positions where no change in ownership is involved are prohibited when the date of execution of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trade activity or through the normal delivery process. If such positions are carried on the books of different Clearing Members, the receiving firm is responsible for compliance with this Rule.

719.00. EXCHANGE OF FUTURES FOR, OR IN CONNECTION WITH, PHYSICAL AND RISK TRANSACTIONS.**A. Exchange for Physical Transaction**

An exchange of futures for, or in connection with, a physical ("EFP") consists of a cash commodity transaction and a futures transaction.

B. Exchange for Risk Transaction

An exchange of futures for, or in connection with, a risk (an over-the counter (OTC) derivative or a swap agreement) ("EFR") consists of two separate, but related, transactions; a risk transaction and a futures transaction. At the time such transaction is effected, the buyer and the seller of the futures transaction must be the seller and the buyer of the risk transaction. The risk component shall involve the commodity underlying the futures contract (or any derivative, by-product or related product of such commodity). The quantity or economic value covered by the risk transaction must be approximately equivalent to or bear a relationship to the quantity or economic value covered by the futures contracts. The risk component of an EFR transaction must comply with Part 35 of Commission Regulations and the Commodity Exchange Act, as amended.

C. Each buyer and seller must satisfy the Department of Audits and Investigations, at its request, that the transaction is a bona fide EFP or EFR transaction. Upon request of the Department of Audits and Investigations, all documentary evidence relating to the EFP or EFR, including, but not limited to, contracts, confirmations, invoices, warehouse receipts, documents of title, a master swap agreement and any supplements thereto, or any other document that demonstrates the existence and nature of the over-the-counter or derivative transaction shall be obtained by the Clearing Members from the buyer or seller and submitted to the Department of Audits and Investigations.

D. An EFP or EFR may be made at such prices as are mutually agreed upon by the two parties to the transaction. If the price of an EFP cannot be mutually agreed upon by the date of shipment, the cash commodity buyer has the option to set the price within that day's trading range.

E. An EFP or EFR executed during trading hours of the underlying futures contract must be submitted the same day for clearing. An EFP or EFR executed after the close of trading of the underlying futures contract must be submitted for clearing no later than the next business day.

F. The futures contracts that may be exchanged for a physical or a risk transaction, and the last day and time for executing an EFP or EFR shall be determined by the Board of Directors.

(See Resolution 719.00.)

725.00. QUOTATIONS BASED ON TRADES.

Quotations of prices in Futures and Options Contracts made in this market shall be based on purchases or sales of such quantities as the Board of Directors shall have prescribed for each commodity, from time to time, by Regulation.

725.01. REPORTING OF TRADES.

Each party to a futures or options transaction made competitively in the Pit must promptly notify the Market Observer(s) of the price at which the trade has been executed.

726.00. "FAST" QUOTATIONS.

The symbol "FAST," when used in connection with market quotations, shall mean that a condition in the market similar, but not limited to the following, exists:

- A. Larger than normal price changes between Pit reported trades. "Normal price changes" is defined as orderly minimum tick moves in the most active contract months.
- B. Market is bid up or offered down rapidly. A market condition may occur with momentary spurts of bids and/or offers which may not be considered a "FAST" market.
- C. Trades, bids or offers are occurring too rapidly to be fully reported. However, during a "FAST" market every effort must be made to comply with **Rule 725.01**.

The Market Observer(s) shall be the judge of when the symbol shall be used, and any trades made at intervening prices are to be considered officially quoted. A minimum of three respective Pit Committee Members may request a "FAST" market from the Market Observer(s). If this is requested, one of the Members must complete a request form obtained from the Market Observer(s) verifying the action taken. The Market Observer(s) shall signal an end to the "Fast" market when appropriate.

After the "FAST" market is invoked, the Market Observer(s) will report the market to the best of their ability. The quotations during the "FAST" market shall be duly noted in the official time and sales.

727.00. "FAST" QUOTATIONS-UNEXECUTED ORDERS.

Whenever price fluctuations of the commodities traded on the Exchange are "FAST" and the volume of business is large, it is common that different prices are bid and offered for the same delivery in different parts of the Pit at the same time. This may, at times, result in the execution by Members of orders at prices not officially quoted, or the inability of a Member to execute an order at a limited price. This is unavoidable, but is in no way the fault of the Member and it is not permissible for Members to readjust the price at which orders have been filled, nor to report as filled orders those that have not been filled. To do so is a major offense.

Quotations sent must be based on transactions made in the open market. The term "open market" is defined as a bid or an offer openly and audibly made by public outcry and in such manner as to be open to all Members in the Pit.

Any quotations based on transactions made in the open market, already distributed or sent out over the wire, shall not be cancelled.

728.00. QUOTATION CHANGES.

- A. The Quotations Committee may approve the change of an opening range only within thirty (30) minutes after the opening of a specific contract month.
- B. The Quotations Committee may approve the change of a closing range only within fifteen (15) minutes after the closing of each contract traded.
- C. The Quotations Committee may approve a quotation change that affects a high or low at any time prior to the settlement of each contract traded.
- D. The Quotations Committee may approve a quotation change that does not affect an open, high, low or close within fifteen (15) minutes after the close of each contract traded.
- E. The Quotations Committee may approve the change of a settlement only within twenty (20) minutes after the closing of each contract traded.
- F. A Member requested quotation change must be disclosed in accordance with Exchange procedures and approved by two (2) or more Quotations Committee members. Additionally, a Quotations Committee member may not approve a quotation change if that member has a financial or personal interest that would be affected by the quotation change under consideration.
- G. A quotation change must be accompanied by a written request form signed by the individual Member requesting the change.
- H. For MGEXpress contracts, quotation changes will be handled in accordance with Exchange procedures.

728.01. AUTHORITY OF THE QUOTATIONS COMMITTEE AND THE BOARD OF DIRECTORS OVER QUOTATION CHANGES.

The Quotations Committee may review and recommend to the Board of Directors requests for quotation changes that affect an open, high, low or close which are not encompassed by Rule 728.00. The final disposition of such requests will be left to the Board of Directors.

730.00. PREARRANGED PRICES PROHIBITED.

Purchase or sales or offers to purchase or sell commodity futures or options in this market may not be made at prearranged prices.

731.00. BIDS AND OFFERS ABOVE OR BELOW CURRENT MARKET.

Except in the case of "Transfer" or "Office" trades Members are forbidden to offer to buy any commodity futures or options on this Exchange at a price higher than the current asking price, or to

offer to sell any commodity in futures or options, on the Exchange, at a price below the current bid price. See Interpretation.

732.00. FICTITIOUS BIDS OR OFFERS PROHIBITED.

No Member, 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 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 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 Rules.
- 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 Rules. 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 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, 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 a Registered Firm or Corporation (hereinafter called "the Member"), 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 Rules. The Board of Directors is authorized to adopt regulations necessary to enable Members to utilize the provisions of this Rule.

743.00. ACCOMMODATION OR WASH TRADES FORBIDDEN.

No Member shall make risk-free simultaneous purchases and sales of the same month of the same commodity for the same account at the same price.

750.00. PRIORITY OF CUSTOMERS' ORDERS.

No Member, acting as a Floor Broker, may buy or sell any commodity for future delivery for his own account or for any account in which he has an interest while holding an order for another person for the purchase or sale of the same commodity that is executable at the market price, or at the price at which such purchase or sale can be made for the Member's own account or the account in which he has an interest.

No Member, acting as a Floor Broker, may execute any transaction for any account of another person for which buying and/or selling orders can be placed or originated, or for which transactions

can be executed, by such Member, without the prior specific consent of the account owner, regardless of whether the general authorization for orders or transactions is pursuant to a written agreement, except that orders of such an account may be placed with another Member for execution. However, a Member is not required to hand off orders for discretionary accounts or discretionary orders when orders originate on behalf of Members of Floor Brokers' immediate families, contract market members and proprietary accounts of contract market member firms. PROVIDED, however, that customers' orders, including price and time discretion orders, are executed before discretionary account orders for family members, contract market members or proprietary accounts of contract market firms.

For the purpose of this Rule, immediate family members are defined as spouses, children and stepchildren, parents, brothers, and sisters.

751.00. DISCLOSING ORDERS PROHIBITED.

Floor Brokers are forbidden to disclose to any party the possession of orders to buy or sell commodity futures or options in this market that have been given to Floor Brokers by another person for execution.

A Floor Broker may, however, use his discretion and bid or offer any quantity of contracts without violating this Rule when the information may aid or expedite a fill.

A Floor Broker acting pursuant to the second paragraph of **Rule 750.00.**, or when supplying information requested by an authorized representative of the Commodity Futures Trading Commission or an Exchange official, will not be in violation of this Rule.

752.00. ACCEPTABLE ORDERS.

The following types of orders are acceptable in this market:

- A. Market orders
- B. Limited order
- C. Stop-loss orders
- D. Stop-limit orders
- E. Opening orders
- F. Closing orders
- G. Spread orders

Types of orders not included above may be accepted by a Broker at his own discretion; but entirely at the risk of the account for whom the order is entered.

753.00. BROKERS' LIABILITIES ON LIMIT ORDERS.

A Floor Broker shall not be liable for failure to execute a Limit Order unless the Broker is found to be negligent. In the case of a dispute regarding any unfilled Limit Order, the Futures Trading Conduct Committee is authorized to determine whether an adjustment is due a customer. No adjustment on any unfilled order shall be allowed if the Broker has not been found negligent by the Futures Trading Conduct Committee.

754.00. FILLING LIMIT ORDERS ON THE OPENING AND CLOSING.

Floor Brokers are not to be held liable for obtaining a complete or partial fill on Limit Orders falling within the opening or closing range even when those orders are the high or low prices of the range.

755.00. ORDERS OR CANCELLATIONS ACCEPTED ON A "NOT-HELD" BASIS.

All orders and cancellations that reach the Trading Floor fifteen (15) minutes or fewer before the opening of the market and all orders and cancellations that reach the Trading Floor fifteen (15) minutes or fewer before the close of the market through the end of the post settlement session may involve extraordinary problems and hence will be accepted solely at the risk of the customer on a "not-held" basis.

756.00. RECORDS OF ORDERS.

Each Member who receives a customer's order which is not in the form of a written record including the account identification, order number and the date and time such order was transmitted or received on the Trading Floor, must immediately upon receiving such order prepare a written record, in non-erasable ink, which includes the account identification and order number and shall record thereon, by time-stamp, the date and time the order is received. Except, however, that any Member who executes trades for the house account of a Clearing Member Firm shall be exempt from this requirement if the Clearing Member Firm elects to place verbal orders with the executing Member. Member to Member orders, wherein one Member executes an order for another Member, must be reduced to writing on an order in accordance with the provisions of this Rule.

760.00. MARGINS.

- A. **EXCHANGE MARGINS:** This term shall mean United States Funds, negotiable securities or other property deposited with or to the sole credit of an agent or of a Clearing Member Firm as protection against losses incident to a transaction for future delivery.
1. **INITIAL MARGIN:** This term shall mean a margin (as defined herein) deposited at the initiation of a futures transaction.
 2. **MAINTENANCE MARGIN:** This term shall mean a margin (as defined herein) maintained during the period a Futures Contract remains open.

Members and nonmember customers of a Minneapolis Grain Exchange Member Firm shall deposit and maintain initial and maintenance margins according to the Member Firm's requirements. Initial margins as established by the Board of Directors, or its designee, shall be charged at a minimum. The Board of Directors, or its designee, may by resolution increase or decrease initial and maintenance margins as market conditions require.

PROVIDED, that the margins on spreading and hedging transactions shall be the requirements of the Clearing House as a minimum, except where a customer specifies that a spread involves a Minneapolis Grain Exchange approved inter-exchange spread. Then the initial margin on the Minneapolis side shall be at a minimum established by the Board of Directors, or its designee. (Margin on the Chicago Board of Trade side or the Kansas City Board of Trade side of the spread to be in accordance with that market's requirements.)

The specific amounts of the initial, maintenance, and spread margins are to be transmitted to the membership by special memorandum.

- B. **CLEARING MARGINS:** This term shall mean United States Funds or securities approved by the Clearing House Committee deposited with or to the sole credit of the Clearing House as protection against losses incident to a transaction for future delivery (See **Regulation 2102.00.** and **Resolution 2102.00.C.**)

762.00. NONCLEARING MEMBER MAKING OWN TRADES.

Members making their own trades in the Pit may be allowed to carry a five (5) contract position without posting margins, provided those positions are marked to the market daily and are closed within fifteen (15) days. All other positions (long or short) carried in the name of the nonclearing Member shall be charged initial margins and shall be maintained in accordance with **Rule 760.00.** The application of this Rule shall be at the sole discretion of the Clearing Member.

Members making their own trades need not be charged margins on spread positions, but spread positions shall be marked to the market daily.

This Rule also applies to individual Members who on the Trading Floor give their orders to other Members for execution.

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.

766.00. CONFIRMATION OF FUTURES OR OPTIONS TRADES.

A Clearing Member shall confirm to the customer every transaction made for the customer's account no later than the following business day. Such confirmation shall be in writing and shall show the commodity bought or sold, the quantity, the price or premium and the delivery month and, if an option, whether a put or call and the strike price.

768.00. ACCEPTANCE OF ACCOUNTS FROM OTHERS THAN PRINCIPALS.

Except as provided in **OMNIBUS ACCOUNTS** and **DISCRETIONARY ACCOUNTS** no Member 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 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 registered with the CFTC 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 Registered Firm or Corporation making the trade.

769.00. OMNIBUS ACCOUNTS.

An omnibus account stands in the name of an organization or firm and is utilized for placing and clearing the trades of one or more undisclosed customers of the account.

An omnibus account may be carried only for a person, organization or firm which is in compliance, with the registration requirements of the Commodity Futures Trading Commission. It shall be the responsibility of the firm handling an omnibus account to be aware of, and vouch for the registration status of the account.

The person responsible for an omnibus account shall at all times disclose, upon request of the Clearing Member carrying that account, the gross long and short positions held by that account in each commodity. The person responsible for an omnibus account shall, at least two (2) business days prior to the first delivery day in a contract month, provide the Clearing Member carrying that account with a complete list of the purchase and sale dates of all open positions for that contract month. Such list shall be kept up to date throughout the delivery month.

A Clearing Member carrying an omnibus account (except an omnibus account of another Clearing Member) shall indemnify and hold harmless the Exchange for any loss of damage suffered by the Exchange by reason of fraudulent dealings with, or management of, customer funds and transactions within the omnibus account. Each Clearing Member that maintains an omnibus account with another Clearing Member shall also bear financial responsibility to the Exchange for that omnibus account.

770.00. DISCRETIONARY ACCOUNTS.

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

- A. Authorization.

The 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 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 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 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, 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 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.

780.00. OFFICIAL OPENING.

The official opening of the market shall be understood to include all prices at which opening orders are executed, provided that in the opinion of the Market Observer and the Quotations Committee, due diligence and promptness have been observed in handling such orders. The condition of the market shall also be considered by the Market Observer in consultation with the Quotations Committee in forming the decision.

785.00. POST SETTLEMENT SESSION.

Following the posting of the settlement prices of the designated contracts and a one (1) minute warning bell, there shall be a post settlement session ("PSS"). Trading may occur only under the following conditions:

- A. Except as otherwise set forth in this Rule, the Rules applicable to trading during regular trading hours shall be applicable to trading during the PSS.
- B. Orders entered for execution or potential execution during regular trading hours remain eligible for execution during the PSS, unless otherwise cancelled. Additionally, new orders placed after the end of the regular trading session may be executed during that day's PSS.
- C. Members, Clearing Members and their customers may participate in the PSS.
- D. Contract months eligible to be traded during the post settlement session shall include only those contracts that traded during that day's regular trading hours. An expiring Futures Contract is eligible to be traded during the PSS if it previously traded during regular trading hours.
- E. Trades during the PSS must be executed at prices within the regular trading session's high/low trade price range. Further, at least one (1) leg of a spread trade must be priced within the regular trading session's high/low trade price range. However, for single line entry differential spreads (SLEDS) leg prices may be assigned by the Clearing House.
- F. Trade prices and trade volume during the PSS will not be used to compute any settlement price.
- G. Commodity Futures and Options Contracts designated for trade during the PSS, the start of the PSS, the length of time of the PSS and additional conditions for trading during the PSS shall be established and may be modified at any time by the Board of Directors.

**CHAPTER 8
DELIVERIES ON FUTURES CONTRACTS**

DELIVERIES

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**CHAPTER 8
DELIVERIES ON FUTURES CONTRACTS**

800.00. DELIVERIES ON FUTURES CONTRACTS: WHEN DUE.

Delivery on Futures Contracts may be made by the Seller upon such business day of the month, specified in the contracts, as the Seller may elect. If not previously made, delivery must be made upon the last delivery day of the delivery month. (See Rule 715.01.)

801.00. DELIVERIES ON FUTURES CONTRACTS: QUANTITIES DELIVERABLE.

Deliveries of Spring Wheat Futures Contracts shall be in lots of five thousand (5,000) bushels or multiples thereof.

**802.00. DELIVERIES ON FUTURES CONTRACTS: STANDARDS APPLICABLE
THERE TO.**

Except as hereinafter provided, all Futures Contracts made in this market that call for the physical delivery of the Contract Grade, or another Deliverable Grade, of the commodity specified in such contracts, shall conform to the Official Grain Standards of the United States, if such standards existed and were in effect at the time the delivery receipts were issued. Unless the Board of Directors determines otherwise, changes in the Official Grain Standards of the United States will become effective with the first Futures Contract month, regardless of open interest, after the effective date of the changes as announced in the Federal Register.

803.00. CONTRACT AND OTHER DELIVERABLE GRADES.

The contract grades and sub classes of Hard Red Spring Wheat shall be as set forth below and shall be deliverable at the contract price in Minneapolis, St. Paul and Red Wing switching districts:

U.S. No. 2 Northern Spring Wheat thirteen and one-half percent (13 ½%) protein or higher.

PROVIDED, however, that the following grades and sub classes of Hard Red Spring Wheat shall also be deliverable at the contract price or at the differentials with respect to the contract price as designated:

U.S. No. 1 Dark Northern Spring thirteen and one-half percent (13 ½%) protein or higher at contract price.

U.S. No. 1 Northern Spring thirteen and one-half percent (13 ½%) protein or higher at contract price.

U.S. No. 2 Dark Northern Spring thirteen and one-half percent (13 ½%) protein or higher at contract price.

All above grades with thirteen percent (13%) to thirteen and four-tenths percent (13.4%) protein inclusive deliverable at a three cents (3¢) per bushel additional discount under above schedule.

All above grades that have a test weight per bushel of sixty (60) lbs. or more deliverable at a two cents (2¢) per bushel premium.

The maximum allowable moisture for Spring Wheat delivered on Futures Contracts will be thirteen and one-half percent (13 ½%).

The maximum allowable total dockage for Spring Wheat delivered on Futures Contracts shall not exceed one and one-half percent (1 ½%) of the gross quantity which includes dockage.

The above grades of wheat may be delivered "In Store" in a waterfront elevator, located within the Duluth-Superior District (see Rule 900.00. A.), at a three cents (3¢) per bushel premium. See Interpretation.

803.01. DELIVERY OF U.S. ORIGIN GRAIN.

The Board of Directors may, by Resolution adopted prior to the commencement of trading of futures contracts deliverable in prospective months, require that elevators declared eligible for delivery of wheat provide a certificate of U.S. origin for delivered grain if specifically requested in writing by the taker of delivery. (See Resolution 803.01.)

803.02. DELIVERY OF NON-GENETICALLY MODIFIED WHEAT.

This Rule shall remain in effect through the December 2011 contract month, after which it shall be removed from the Rulebook.

If specifically requested in writing by the taker of delivery at the time load-out instructions are submitted, elevators regular for delivery of Hard Red Spring Wheat shall provide a certificate stating the wheat delivered meets the standards established by the Board of Directors by Resolution for non-genetically modified wheat.

By Resolution, the Board of Directors may also establish the criteria for issuance of a certificate as well as the obligations of the taker and delivery elevator. (See Resolution 803.02.)

804.00. DELIVERIES ON FUTURES CONTRACTS: HOW MADE.

Delivery on Futures Contracts shall be made by the delivery of warehouse receipts for commodities "In Store" in a Regular elevator, except as otherwise specified. Such receipts must be for a Contract or other Deliverable Grade of the commodity specified in the Futures Contract, in accordance with the Official Grain Standards of the United States made applicable to such contract by the provision of Rule 802.00.

Pursuant to Title 7 of the Code of Federal Regulations, Part 735 – Regulations For The United States Warehouse Act, the warehouse operator must deliver to the depositor or lawful holder of a warehouse receipt the agricultural product of such identity, quantity, grade and condition as set forth in such warehouse receipt.

All warehouse receipts delivered on Futures Contracts must bear dates that, under the interpretation of the law hereinabove stated, make them conform to the requirements of this Rule.

Storage payments on grain to be shipped pursuant to loading orders shall not extend beyond the fifth (5th) calendar day after suitable transportation is constructively placed for load-out (see **Rule 813.00.E.**).

Official/certified loading weights, inspection grades and protein will be final in determining satisfactory performance on Futures Contracts. (Official/certified weights, inspection grades and protein that are acceptable are the following weights and inspection grades as defined in the National Grain and Feed Association "Grain Trade Rules," Rules 10. Inspection and 14. Weights. Inspections shall include Class A and Class B Official Inspections. Official weights shall include U.S. Class X Weights and U.S. Class Y Weights. Certified Weights shall include U.S. Class I and U.S. Class II weights. The inspection method and weight to be used shall be appropriate to the business practice in the defined marketplace. Such weights, inspection grades and protein shall be supervised in accordance with the requirements set forth in Minneapolis Grain Exchange Rules.)

- A. On delivery against Wheat Contracts at Minneapolis-St. Paul and Red Wing, delivery must be made "In Store" in Regular elevators (see **Rule 900.00.**).

The deliverer shall have up to and including fifteen (15) calendar days upon call to make the grain available to load into a barge at one river location within the Minneapolis, St. Paul and Red Wing barge loading districts (see **Rule 900.00.A.**) if all of the following conditions exist:

1. the warehouse receipt is issued for grain in a Regular elevator that is located off water,
2. such off water elevator is not under a common Federal License with a Regular river elevator, and
3. the buyer calls for barge delivery.

This Rule is irrevocable unless mutually agreed upon in writing and received by mail, fax or hand delivered.

The party making delivery shall be responsible for any additional expense incurred to move delivery grain from a Regular interior elevator into barges.

The party taking delivery must present barge equipment (**Rule 1015.00.**) clean and ready to load within fifteen (15) calendar days from the time warehouse receipts and loading orders are tendered to the delivering party.

Official/certified weights, inspection grades and protein as loaded into the barge shall govern for delivery purposes.

- B. Delivery on Spring Wheat Futures Contracts in the Duluth-Superior District may be delivered "In Store" in a Regular waterfront elevator in the Duluth-Superior District.

804.01. DELIVERY ON WHEAT CONTRACTS AT MINNEAPOLIS-ST. PAUL AND RED WING.

- A. If barge shipment is requested, when a riverside elevator and an interior off-water elevator are licensed under one Federal license, the party making

delivery must make the grain available at one river location within the Minneapolis-St. Paul barge-loading district to the party taking delivery when the equipment is constructively placed (see Rule 813.00.A.2.). This condition supersedes Rule 804.00.A., which otherwise allows the delivering party fifteen (15) calendar days to make the grain available at one river location within the Minneapolis-St. Paul barge-loading district.

- B. Since each company keeps a record of warehouse receipts surrendered to satisfy a delivery on the Futures Contract, no supplemental certificate is necessary to assure the party holding the receipt that the grain will be delivered to the water if so desired. Any holder of such a receipt is entitled to water delivery if so desired.
- C. If an interior Regular off-water elevator is combined under one license with a river house, storage charges shall not extend beyond the tenth (10th) calendar day after suitable transportation is constructively placed for load-out (see Rule 813.00.A.2.).

805.00. WARRANTY OF TITLE BY SELLER.

In all sales of commodities for future delivery in this market, the party making delivery, whether acting as owner, agent or Commission Merchant, shall be deemed and held to warrant his right to sell and pass full clear title to the commodities upon the delivery thereof on the Futures Contract. In every such sale for future delivery, a warranty by such party making delivery of the title in the buyer's name to the commodity purchased upon the delivery thereof shall be part of the contract of sale with the same force and effect as if expressly incorporated therein; PROVIDED, however, that the Clearing House shall not undertake said warranty by reason of the fact that it assumes the position of seller in the process of clearing such Futures Contracts. Said warranty shall be one that inures to the benefit of the buyer and to the benefit of the Clearing House, when it assumes the position of buyer in the process of clearing such Futures Contracts.

806.00. RISK OF LOSS AND INSURANCE COVERAGE: COMMODITIES DELIVERED ON FUTURES CONTRACTS.

The warehouse shall maintain insurance, in its own name, for the account of the holders of warehouse receipts, for the full market value of all grain represented by warehouse receipts delivered on Futures Contracts from loss by fire, tornado and other contingencies provided for in the standard form of "extended-coverage" endorsements or policies until such time as the grain has been actually loaded out of the warehouse.

807.00. CONTRACT PRICE.

The contract price for Futures Contracts cleared by the Clearing House shall be the last settling price for such contracts with the Clearing House.

808.00. DELIVERIES ON FUTURES CONTRACTS: DETERMINATION OF VALUE.

The amount to be paid for commodities delivered on Futures Contracts shall be determined by taking into account the number of bushels or pounds delivered, the contract price for such commodity for the day on which delivery is being made (as determined in Rule 807.00.), the

premium or discount, if any, for the grade delivered, and the amount of storage and insurance charges, if any, that are to be allowed to the buyer.

809.00. DELIVERIES ON FUTURES CONTRACTS: STORAGE CHARGES ON WAREHOUSE RECEIPTS.

(The attention of Members is directed to the State and Federal laws relating to terminal warehouses located in Minnesota and Wisconsin and to the provisions of such laws governing charges for receiving, handling, storing and delivering commodities at such warehouses.)

The expression "delivery charges," as used in this Rule and in endorsements placed on warehouse receipts, shall mean the charges for delivering commodities that are authorized by law and that are in effect at elevators eligible to make deliveries under the Rules of the Corporation.

All storage and other charges, except delivery charges on commodities represented by any warehouse receipt delivered on a Futures Contract, shall be paid or allowed by the Seller up to and including the date on which such warehouse receipt is delivered to the Buyer in accordance with the provisions of **Rule 810.00.**

All warehouse receipts that are delivered on Futures Contracts made in this market shall bear an endorsement placed thereon by the warehouseman who issued such receipts, indicating the date to which storage has been paid. Storage shall be deemed to have been paid to the date so endorsed, and additional storage shall accrue immediately thereafter. Such endorsement shall follow precisely the following form, and no other form of endorsement shall be used:

**ALL STORAGE AND OTHER CHARGES PAID TO AND INCLUDING
_____ EXCEPT DELIVERY CHARGES.**

(_____)
Warehouseman

810.00. DELIVERIES ON FUTURES CONTRACTS: WHERE MADE AND PAYMENT.

A Buyer who has duly received a Delivery Notice from the Clearing House shall present the same at the office of the Seller by whom such Notice was issued along with full payment for the net amount due. All payments shall be by wire transfer of funds or by certified check or cashiers check on a national bank located in the Minneapolis/St. Paul metropolitan areas or upon other mutually agreeable methods. The Seller shall thereupon make delivery to the Buyer of the warehouse receipts described in such notice. The hours governing Delivery Notices shall be in accordance with Regulations adopted by the Board of Directors pursuant to the authority granted by **Rule 231.00.** (See **Resolution 2101.00.C.** and **Regulation 2025.00.**)

811.00. LOAD-OUT, STORAGE AND INSURANCE CHARGES: DELIVERY GRAIN.

The maximum load-out, storage and insurance charges on delivery grain which is tendered in satisfaction of a Minneapolis Grain Exchange Futures Contract, shall be determined by the Board of Directors (see **Regulation 2027.00.**). By Regulation the Board may from time to time revise these charges.

812.00. DELIVERY AGAINST FUTURES CONTRACTS FROM A REGULAR ELEVATOR CLOSED OR WHOSE FUNCTIONS HAVE BEEN CURTAILED AS A RESULT OF STRIKES, LOCKOUTS OR ACTS OF GOD.

A Regular warehouse may make deliveries on a Futures Contract in a facility that has been closed by strikes, lockouts or acts of God. The receipt holder is liable for all storage and insurance charges. However, if the warehouse is unable to perform under the delivery contract terms, as required in **Rule 804.00. DELIVERIES ON FUTURES CONTRACTS: HOW MADE** because of strikes, lockouts or acts of God at the time of delivery or cannot perform because of strikes, lockouts or acts of God beginning after the original tender of warehouse receipts, the warehouse, when notified with surrender of warehouse receipts and payment of charges by the owner of the receipts, has to furnish within five (5) business days one of the following options:

- A. provide the same quantity and like quality of grain in store at another Regular elevator, whose functions have not been curtailed by strikes, lockouts or acts of God at the same delivery point (See **Rule 1309.00.**),

or
- B. provide the same quantity and like quality of grain in store at another elevator location under mutually acceptable terms

or
- C. buy back the warehouse receipt(s) at a negotiated price. If a price cannot be negotiated, then option A or option B must be chosen.

813.00. LOAD-OUT PROCEDURES.

See Interpretation.

- A. All warehouses shall load-out all agricultural products consecutively without giving preference. Load-out of all such products shall be in the order in which suitable transportation, clean and ready to load, is constructively placed at the elevator. No preference shall be given to the type of delivery conveyance which has been constructively placed. However, the warehouse may load-out company conveyances in an alternative order if such conveyances were constructively placed in consecutive order.

A warehouse cannot declare a conveyance as unfit for loading. Such declaration can only be made by the railroad or another official inspection agency. Furthermore, a warehouse cannot reject a conveyance if only a portion of the conveyance is unfit and can be cleaned without causing delay to the warehouse. The cost of cleaning shall be borne by the taker.

In the case of barges or vessels, if the bushel capacity of the warehouse company's barges or vessels constructively placed ahead of taker's barges or vessels exceeds the warehouse's owned stocks; the warehouse must begin loading taker's barges once the warehouse's owned stocks are depleted. For purposes of calculating depletion, the warehouse may not improve its owned stock position with unloads subsequent to the taker's constructive placement date. Depletion calculations must be made

separately by grain type and load-out rates specified in section B of this Rule.

Constructive placement is defined as follows:

1. Rail cars: whether public or private, must be under railroad control and able to be called to the warehouse. However, the warehouse must be notified that the cars are ready to be delivered.
2. Barges: must be properly cleaned, ready to load and positioned at an appropriate fleeting service servicing the designated delivery point or at the elevator. Constructive placement shall be deemed to have occurred when the barge line notifies the warehouse for position.
3. Vessels: must be in possession of the appropriate Grain Inspection, Packers and Stockyards Administration and/or National Cargo Bureau, Inc. documents or signed berth application certifying readiness to accept load-out at the designated delivery point.
4. Any other conveyance has to be with mutual consent of makers and takers.

B. Load-Out Rates

In the event a Regular elevator receives written loading orders for load-out of grain against canceled warehouse receipts, the elevator shall be required to load-out all grain at the normal rate of load-out for the facility on the day after a conveyance of the type identified in the loading orders (rail cars, barges or vessels) is constructively placed. This rate of load-out shall depend on the conveyance being loaded and shall not be less than the following minimum rates per day (weekends and elevator holidays excluded):

	Rail Conveyance	or	Water Conveyance
Wheat:	25 Hopper Cars		Vessel or Barge 200,000 bu 2 Barges

Loading minimums and private business. Once an elevator loads the minimum barges or rail amount against delivery receipts it must continue to load-out against the receipts until the end of the normal business day. At the end of the normal business day the elevator can proceed to load-out company business, but only after offering the taker the option to continue loading the taker's warehouse receipts at overtime rates.

If loading orders have been received, the elevator must load-out any earlier constructively placed conveyance at the minimum load-out rates.

A Regular elevator shall not be required to meet these minimum load-out rates when any of the following conditions occur:

1. a condition of force majeure exists;

2. inspection services are not available;
3. inclement weather prevents loading;
4. stevedoring services are not available in the case of vessel loading;
5. a vessel can not take at the above rate; or
6. loading tween deckers.

For purposes of this Rule, vessel and barge are "like" conveyances.

C. Inspection Plans

Load-outs of all vessels shall be inspected for product uniformity by comparing the accumulated differences between inspection results and the grade limit or contracted limit, otherwise commonly known as the cusum plan. Grain inspection under this plan shall be conducted by qualified inspectors pursuant to USDA procedures.

The warehouse and taker must agree in writing to other inspection plans or grain uniformity minimums prior to constructive placement of a delivery conveyance.

D. Notification to Elevator

The warehouse shall load-out grains in the order and manner provided in paragraphs A and B of this Rule, except that its obligation to load-out grain to a given party shall commence only after receiving canceled warehouse receipts and written loading orders from such party, even if such party may have a conveyance positioned to accept load-out of grain before that time. If the party taking delivery presents transportation equipment of a different type (rail, barge or vessel) than that specified in the loading orders, the party is required to provide the warehouse with new loading orders. Written loading orders received after two o'clock (2:00) p.m. (Central time) on a given business day shall be deemed to be received on the following business day.

E. Storage

Storage payments on grain to be shipped pursuant to loading orders shall not extend beyond the fifth (5th) calendar day after suitable transportation is constructively placed for load-out, except as otherwise provided (see **Rule 804.01.C.**).

F. Records

All warehouses shall keep adequate permanent records showing compliance with the requirements of this Rule. Such records shall at all times be open for inspection by the designated official or officials of the contract market.

See Interpretation.

814.00. ORDERING CARS.

Upon receipt of load orders from the receipt holder, the warehouse shall immediately place an order with the railroad for all of such cars as the notice specifies, or accept buyer's cars as available, and furnish the holder with railroad order numbers or other written communication from the respective railroad company giving satisfactory evidence that the cars have been ordered.

In the event that cars are canceled, by written request of the receipt holder, demurrage and car cancellation penalties are for the account of the receipt holder.

815.00. DELIVERY NOTICE: ISSUING AND DELIVERY OF.

A Seller, in making delivery on Futures Contracts, shall issue and deliver to the Clearing House, by hand delivery or fax transmittal preceded by a telephone call, a signed Delivery Notice, the form of which shall be as prescribed from time to time by the Board of Directors (see **Regulation 2025.00.**).

816.00. DELIVERY NOTICE: CONTENTS.

Delivery Notices for Spring Wheat shall be for five thousand (5,000) bushels. Such Notices shall contain the name of the issuer, a description of the warehouse receipts representing the commodity to be delivered, the grade to be delivered, and the storage/premium, where applicable, accrued and allowed, if any. All Delivery Notices shall be signed by an individual whose principal has filed with the Clearing House a written notice authorizing such person to sign notices on its behalf (see **Regulation 2025.00.**)

819.00. DELIVERY NOTICE: DELIVERY TO A BUYER.

When a Delivery Notice has been duly delivered to the Clearing House by a Seller, the Clearing House shall redeliver such Notice to the Buyer obligated by the oldest contracts on the records of the Clearing House to take delivery of the commodity described in such Notice.

824.00. DEFAULT.

A default shall be deemed to have been made if the loading elevator does not comply with the minimum load-out rate as cars or barges are actually placed at the loading elevator or does not comply with other provisions of these Rules and Regulations. **See Interpretation.**

825.00. DEFAULT IN PAYMENT.

If any party, who has duly received a Delivery Notice and is obligated under the Rules to take delivery of the property therein described, fails to make payment for and to receive the property described in such notice (as required by the Rules), written notice of such default, together with a written notice that the property described in such Delivery Notice will be resold at the current or next session of the Exchange, shall be given by the Seller to the party in default by four o'clock (4:00) p.m. of the day of the default. The Seller shall proceed to sell such property in accordance with the

terms of such notice, and the party in default shall be liable to the Seller for any loss sustained by such Seller through such default and sale.

Any damage or loss sustained by the Seller by reason of such sale or declared settlement for breach of contract shall be due and payable by the Buyer to the Seller immediately. This Rule, however, shall not be construed to authorize extortionate claims based on value manipulated for the purpose of securing such claims, nor to excuse the Buyer from his obligation to take delivery.

826.00. FAILURE TO DELIVER ON CONTRACT: DAMAGES.

In case any commodity sold for future delivery in this market has not been delivered at maturity of contract, the Buyer may:

- A. Purchase the commodity on the market for the account of the party in default on the next business day, notifying him at once of such purchase

or

- B. Require a settlement with the party in default for breach of contract at the market price on the first business day following the default.

Any damage or loss sustained by the Buyer by reason of such purchase or declared settlement for breach of contract shall be due and payable by the party in default to the Buyer immediately. This Rule, however, shall not be construed to authorize extortionate claims based on value manipulated for the purpose of securing such claims, nor to excuse the party in default from his obligation to make delivery. **See Interpretation.**

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 Rules.

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 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.

828.00. WILLFUL DEFAULTS.

Any party willfully defaulting on a Futures Contract shall be deemed and held to be guilty of Uncommercial Conduct.

5-27-03

**CHAPTER 9
DELIVERY ELEVATORS**

- 900.00. Delivery Elevators: Conditions For Becoming Regular
- 900.01. Revocation Of Regularity
- 901.00. Records, Reports, Visitation Of Premises Required By Commodity Exchange Act
- 901.01. Information And Access To Records And Reports By The Minneapolis Grain Exchange

5-27-03

**CHAPTER 9
DELIVERY ELEVATORS**

900.00. DELIVERY ELEVATORS: CONDITIONS FOR BECOMING REGULAR.

Persons operating grain elevators who desire to have such elevator made or remain "Regular" for delivery of grain under the Rules and Regulations of the Minneapolis Grain Exchange shall file an application or renewal form as prescribed by the Exchange. (See **Form 9-00.00.**) Renewal for Regularity must be filed prior to June 1 for a one (1) year term beginning the following August 1. Application for "Regularity" may be made at any time during a current term for the balance of that term. However, if an applicant is approved during the months of May, June or July, their initial "Regularity" term will include the following one (1) year term. Initial Regularity and increases in capacity during the term shall become effective on the last business day in the month in which the Board of Directors or Finance Committee approves such application.

The Board of Directors or Finance Committee may approve renewal of Regularity and may revoke said Regularity for just cause at any time. Denial or revocation of Regularity by the Finance Committee may be appealed to the Board of Directors. The decisions of the Board of Directors shall be final.

Wheat: Application for Regularity may be made by persons operating licensed grain elevators located within the limits of the Minneapolis-St. Paul, Duluth or Red Wing, Minnesota switching districts, or Superior, Wisconsin switching district for Spring Wheat.

- A. Such elevator must be properly equipped for the convenient and expeditious receiving, handling and shipping of such bulk commodities as are customarily accepted therein for public storage. Each elevator must be able to load-out by rail and barge and shall be connected by railroad tracks with one or more railway lines. In the case of an interior off-water elevator such firm must be able to make the grain available in a barge pursuant to **Rule 804.00.** and **804.01.**
- B. The warehouseman operating such elevator must be in good financial standing and shall meet the minimum financial requirements set forth by the Board of Directors (see **Regulation 2029.00.**) and file the following periodic documentation:
 1. **Audited Financial Statement** - Each Firm or Corporation wishing to become Regular for Spring Wheat Futures Delivery must annually submit to the Exchange Secretary an Audited Financial Statement prepared by an independent certified public accountant in accordance with generally accepted accounting principles.
 2. **Due Date** - Audited Financial Statements must be filed no later than ninety (90) days after the fiscal year end, except in those cases where a Firm or Corporation has applied to

the Exchange Secretary and has received approval for an extension.

3. **Interim Unaudited Financial Statement** - Each Firm or Corporation must submit to the Exchange Secretary unaudited mid-fiscal year financial statement. This statement must be filed no later than forty-five (45) days after the mid-year point of the Firm or Corporation's fiscal year, except in those cases where a Firm or Corporation has applied to the Exchange Secretary and has received approval for an extension.
- C. All elevators approved for delivery of grain in satisfaction of the Minneapolis Grain Exchange Futures Contracts shall submit to the Exchange a tariff, listing in detail the rates for handling and storage of grain, and shall also submit to the Exchange sixty (60) days in advance changes, in insurance and storage fees, provided, however, that such changes do not conflict with **Rule 811.00.** and other limitations set forth in section B. Tariffs on file with the Exchange shall be available for public inspection.
 - D. It shall be the responsibility of the warehouseman of a Regular elevator to immediately inform the President or Secretary of the Exchange of any adverse changes in status and financial conditions. (See **Regulation 2029.00.** and **2088.00.**) Failure to notify the Exchange will be deemed a violation of these Rules.

900.01. REVOCATION OF REGULARITY.

If the designation of a Regular elevator is revoked, the Board of Directors shall determine the period of time, if any, during which the receipts issued by such elevator shall thereafter be deliverable in satisfaction of futures contracts under the Rules and Regulations. The Board of Directors shall also direct the Corporate Secretary to post such revocation on the Official Bulletin Board and notify all members and receipt holders of record.

In the event of revocation, expiration or withdrawal of Regularity, or in the event of sale or abandonment of the properties where Regularity is not reissued, holder(s) of outstanding warehouse receipts shall be given thirty (30) days to take load-out of the commodity from the facility. If a holder of an outstanding warehouse receipt chooses not to take load-out during this period, the facility must provide him with warehouse receipts at another Regular elevator, with adjustments for contract differentials. Alternatively, if such warehouse receipt is unavailable, the facility must provide the holder with an equivalent quantity and quality of grain designated in the warehouse receipts at a mutually acceptable location.

901.00. RECORDS, REPORTS, VISITATION OF PREMISES REQUIRED BY COMMODITY EXCHANGE ACT.

Warehousemen operating Regular elevators, in compliance with the provisions of Section 1.44 of the Commodity Exchange Act, as amended and Regulations thereunder shall:

- A. Keep records showing the stocks of each commodity traded in for future delivery on such contract market, in store in such warehouses by kinds, by classes, and by grades, if stored under the conditions requiring such designation or identification, and including also lots and parcels stored specially or separately or in specially leased warehouse space.
- B. Upon call from the Commodity Futures Trading Commission, report the stocks of commodities in such warehouses and furnish information concerning stocks, of each commodity traded in for future delivery on such contract market about to be transferred or in process of being transferred, or otherwise moved into or out of such warehouses, as well as any other information concerning commodities stored in such warehouses and that are or may be available for delivery on Futures Contracts.
- C. Permit visitation of the premises and inspection of the books and records of such warehouses by duly authorized representatives of the United States Department of Agriculture, the Department of Justice or the Commodity Futures Trading Commission, and to keep all books, records, papers and memoranda relating to the storage and warehousing of commodities in such warehouses for a period for five (5) years from the date thereof.

901.01. INFORMATION AND ACCESS TO RECORDS AND REPORTS BY THE MINNEAPOLIS GRAIN EXCHANGE.

Operators of Regular and federally licensed public elevators and warehouses shall disclose and timely file with the Exchange such information as requested on commodities, including but not limited to: quantity and quality of stocks in store; grain in transit, purchased, sold, owned, held for others, consigned, assigned, transferred, delivered, or loaded out; information on warehouse receipts or shipping certificates issued, outstanding, cancelled without delivery and cancelled with delivery. Furthermore, information on the class, grade and condition shall be provided if requested.

The information to be provided shall be in the manner, method and format determined by the Exchange and at such times determined by the Exchange. Such information may be requested on a daily, weekly or periodic basis.

Operators shall accord every facility to any duly authorized committee or person for:

- A. the examination of its books and records.
- B. the purpose of ascertaining the stocks of commodities which may be on hand at any time.

Such examination and verification may be made any time by the Board of Directors or its approved inspection agents or, any other committee authorized by the Board of Directors, which shall have the authority to employ appropriate personnel to determine the quantity and quality of commodities in the elevators or warehouses and to compare the books and records of the said facilities with the records of any State or Federal authority.

Operators shall keep all books, records, papers and memoranda relating to the storage and warehousing of commodities in said facilities for a period of five (5) years.

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CHAPTER 10
SALES "TO ARRIVE" AND SALES "FOR SHIPMENT"

SALES

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**CHAPTER 10
SALES "TO ARRIVE" AND SALES "FOR SHIPMENT"**

1000.00. SALES "TO ARRIVE."-- In sales "To Arrive," unless otherwise specified in the contract:

- A. The Seller shall have twenty (20) days from date of sale (not including such date) in which to make delivery at destination; PROVIDED, however, that a definite date or period of delivery shall be specified in all contracts extending beyond twenty (20) days.
- B. The Seller may apply on sale only commodities that have not been officially inspected on or before the date of sale and that have not had any previous transit stops or transit billing used in connection with their movement.
- C. The Seller shall make application until the contract is filled, or until the estimated underdelivery is fewer than five hundred (500) bushels. The Buyer may refuse any application that would produce an estimated overdelivery of more than five hundred (500) bushels; but, if he does so, he must make settlement with the Seller on the basis of the then underdelivery. If there is an estimated underdelivery of more than five hundred (500) bushels, the Buyer may require the Seller to apply another application, even if such application would result in an estimated overdelivery of more than five hundred (500) bushels, and in such cases the Buyer must accept whatever overdelivery is thereby produced.

All overdeliveries and underdeliveries (unless otherwise agreed by the parties) shall be settled on the first business day following date of last unload on a basis over or under the futures month currently used for the majority of cash trades. To convert the basis the day after the last unload to a basis relative to the futures month currently used for the majority of the cash trades, the futures spread of the day after last unload shall be used.

If commodities are sold flat priced, settlement should be at the time the tolerance becomes known by both parties.

- D. In case delivery on sales "To Arrive" has not been made within the specified time, the Buyer may, after making written demand for delivery, if delivery is not made by one (1) hour before the close of the market on the next business day, fill such sale by buying the property in the open market for the account of the Seller, or he may require settlement at the closing market price on such next business day, or he may declare the undelivered portion of the contract canceled. If the Buyer has not made such written demand for delivery, the contract shall remain in force and effect from day to day until such demand is made.
- E. In case of strikes, insurrections, embargoes or other causes producing unavoidable delays, the extension of time of delivery shall be the number of days remaining on the original contract with a minimum of fourteen (14) calendar days.

1001.00. SALES "FOR SHIPMENT".

- A. In making contracts for shipment, a specific time in which shipment is to be made shall be specified. Any given number of days shall mean calendar days and shall be reckoned from the day after full written or telegraphic shipping instructions are received by the Seller, exclusive of such day, and the following expressions shall have the meanings as indicated:

- (1) "Immediate" Shipment - Three days
 - (2) "Quick" Shipment - Five days
 - (3) "Prompt" Shipment - Ten days
- B. "Loaded," "Spot" or "On Track" shall mean that the commodity is actually loaded and ready for shipment, and, unless otherwise specified, shipment shall be made on day of sale.
- C. "In Transit" shall mean that the Bill of Lading must be dated at least one (1) day prior to the date of sale.
- D. The expression "Week" (as used in "First Week," "Last Week" etc. shall mean seven (7) consecutive calendar days.
- E. "First Half of the Month," including the month of February, shall mean the first fifteen (15) calendar days.
- F. "Second Half of the Month," including the month of February, shall mean the remaining days of the month, beginning with the 16th.
- G. When time of shipment is not specified, "Prompt" shipment shall be understood.
- H. Unless the contract provides for "Buyer's Option," shipment shall be made at the "Seller's Option" within the time governed by the contract.
- I. In all shipments of commodities, the date of issue of the Bill of Lading or release date, whichever is earlier, shall be conclusive evidence of the date of shipment, unless absolute evidence to the contrary shall be furnished.
- J. If cars have been rebilled while in transit, the date of the original Bill of Lading shall be accepted as the original date of shipment.
- K. All contracts for commodities "For Shipment" shall expire at midnight of the day of maturity of the contract. The Seller shall be allowed until four o'clock (4:00 p.m.) of the following business day after the day of maturity of contract for the delivery of car numbers showing before maturity of contract and the same must be accepted by the Buyer on contract up to this time.
- L. Opening of river navigation in the Minneapolis-St. Paul area shall be seven o'clock (7:00 a.m.) on the first business day (excluding Saturday and Sunday) following the first northbound passage through Lock-Dam No. 2 of covered dry cargo barges originating at Burlington, Iowa, or south. In the event that ice or water conditions, which obstruct navigation north of Burlington, Iowa, should occur within thirty (30) days subsequent to the declared opening, the Board of Directors shall extend such opening for as many days as, in its opinion, such obstruction exists.
- M. The opening of navigation shall be construed to mean the day of arrival in the Duluth-Superior harbor of the first vessel that has completed transit through both the St. Lawrence Seaway and the Welland Canal. In the event the first vessel completing transit through the Welland Canal does not proceed to Duluth-Superior the opening shall be not later than ten (10) days beginning 12:01 a.m. after said transit, PROVIDED the entrances to Duluth-Superior harbor are free from the obstruction of ice. However, if the entrances to the harbor are

obstructed by ice at the time of first transit by a vessel through the St. Lawrence Seaway and Welland Canal, the Board of Directors shall delay the opening for as many days as, in its opinion, such obstruction exists.

In the event of ice returning in sufficient quantities to obstruct navigation either at the entrance or entrances to the Duluth-Superior harbor or in the channel to and from Lake Erie, or in the channels to and from Montreal and or the Welland Canal, then all contracts based on the opening of navigation shall be extended by declaration of the Board of Directors for as many days as, in its opinion, such obstruction exists.

For contract purposes when grain is sold with terms relating to opening of navigation and notwithstanding the official opening as described above, the Buyer shall have the right to call for cargo for a vessel that arrives in the Duluth-Superior harbor, PROVIDED that vessel completes transit through the Sault Sainte Marie Canal from Lake Erie ports.

1002.00. RAIL BILLING INSTRUCTIONS.

- A. When grain is sold "loaded" the Buyer shall furnish billing instructions to a named destination to the Seller at the time of Trade or by 4:00 p.m. Central time, whichever is later.
- B. When grain is sold other than loaded the Seller must notify the Buyer by 12:00 noon, Central Time that the cars are ready for loading and billing that day. The Buyer must by four o'clock (4:00 p.m.) Central Time on the same day furnish billing instructions to a named destination. On notification made after twelve o'clock (12:00) noon Central Time the Buyer has until ten o'clock (10:00 a.m.) Central Time the following day to furnish same. Saturday, Sunday and legal holidays are excluded.
- C. When unit trains are sold for other than loaded shipment the Seller must notify the Buyer by 12:00 noon Central Time that the unit will be loaded and ready for billing within 24 hours. The Buyer must furnish billing to a named destination by 4:00 p.m. Central Time same day. On the same day. Notification made after 12:00 noon Central Time the buyer has until 10:00 a.m. Central Time the following day to furnish same. Saturday, Sunday, and legal holidays are excluded. If a Seller notifies the Buyer by 12:00 noon Central Time on a Friday or a day preceding a holiday that a unit will be loaded on a Saturday, Sunday or legal holiday, the Buyer must furnish billing instructions to a named destination by 4:00 p.m. Central Time on the date of notification.
- D. Should the Buyer fail to furnish billing instructions as specified in (a), (b), or (c) above, the Seller shall have the right to either (1) agree with the Buyer to extend the time allowed; or (2) after having given notice, sell the affected portion of the contract for the account of the Buyer; or (3) after having given notice, cancel the affected portion of the contract at fair market value.
- E. In all cases where sales are made "Buyers Option," unless otherwise specified in the contract, the Seller shall be entitled to five (5) calendar days after receipt of billing instructions in which to make shipment.
- F. In all cases where sales are made on a carrying charge basis, such charges are to cease on the day the grain is loaded, but in no case will carrying charges be

assessed against the Buyer covering actual shipment taking place more than ten (10) calendar days after requested shipping date.

- G. The word "notice," as used in this rule shall mean verbal communication when possible, and in all cases by wire or other rapid written communication.

1003.00. SALES "FOR SHIPMENT": DEFAULTS.

In case the Seller defaults on a Sale "For Shipment," the Buyer, upon delivering a written or telegraphic notice to the Seller, shall have the right to (a) declare the unshipped portion of the contract canceled, or (b) to buy in the open market for account of the Seller a property equal in quantity to the unshipped portion and equal in quality to that contracted for or (c) to require settlement by the Seller of the unshipped portion at the market value; and, in any case, the Seller shall reimburse the Buyer for any proved direct loss sustained on account of failure to make shipment within contract time. If the Buyer fails to notify the Seller of his election of one of the foregoing settlements, the contract shall remain in force from day to day and all shipments made to apply on contract before notice of such election shall have been given to the Seller shall be accepted by the Buyer, and time, up to four o'clock (4:00 p.m.) of the following business day after giving of such notice, shall be allowed for the delivery of shipment made prior to the time such notice was given.

1004.00. CONFIRMATION.

In any contract "To Arrive" or "For Shipment" both the Buyer and the Seller (not later than the next business day following the day the transaction is made) shall mail or deliver each to the other a Confirmation in writing, setting forth the full terms and conditions of the transaction. Upon receipt of said Confirmation, the parties thereto shall immediately notify the other party to the contract, verbally or by telegraph or telephone, and confirm in writing.

When such contracts are made through a nonresident Broker, it shall be the duty of the Broker (on the day the transaction is made) to send a written Confirmation to each of the principals, setting forth the terms and conditions of the transaction as made by him. Upon receipt of such Confirmation the parties thereto shall check all stipulations named therein and, upon finding any differences, they shall immediately notify the other party to the contract, by wire or telephone, and confirm in writing. In default of such notice, the contract shall be filled in accordance with the terms of the Confirmation issued by the Broker.

1005.00. SIZE OF CARS WHEN BUSHELS ARE SOLD.

When bushels are sold and the size of cars to be loaded is not mentioned by the Buyer, it shall be the privilege of the Seller to load cars of a size suitable to his convenience; he, the Seller, to answer to the railroads for the fulfillment of their minimum weight requirements. Unless otherwise specified, open top rail cars and box cars do not apply.

1006.00. DEPOSITS AS SECURITY: RIGHT TO REQUIRE.

On contracts in cash commodities "To Arrive" or "For Shipment" or Delivery, purchasers shall have the right to require from Sellers, as security, deposits equal to ten (10) percent of the contract price, and further deposits from time to time to the extent of any advance above the contract price in the fair market value of the commodity named, and the shipment or delivery specified, in the contracts.

On all such contracts, Sellers shall have the right to require from Buyers a similar ten (10) percent deposit, and further deposits from time to time to the extent of any decline below the contract price in the fair market value of the commodity named, and the shipment or delivery specified, in the contract.

PROVIDED, however, that if the fair market value of the commodity named, for the shipment or delivery specified in the contract, has advanced above the contract price by an amount greater than ten (10) percent from the contract price, Sellers may not require of Purchasers any deposit authorized by this Rule, and similarly if such market value has declined ten (10) percent from the contract price, Purchasers may not require any similar deposit from Sellers.

1007.00. DEPOSITS AS SECURITY: HOW MADE.

Such deposits shall be in the form of a certified or cashier's check payable to the party making the call and delivered to the Secretary of this Corporation to be held in escrow by him. The Secretary shall issue receipts in duplicate, not transferable, for all such deposits, and deliver one of such receipts to each party to the contract. Such receipts shall state by whom the deposit was made, for whose security it is held, the contract or contracts against which it is applicable, and that the deposit has been made and is returnable or applicable in accordance with the Rules of this Corporation, or decisions rendered pursuant thereto.

PROVIDED, however, that the depositor (in order to facilitate the return of a portion of the deposit as permitted by Rule 1012.00.) may at his option make the deposit in the form of two (2) checks, each for one half of the required deposit.

1008.00. DEPOSITS AS SECURITY: TIME OF.

Unless an appeal to the Board of Arbitration as to the amount of margins required has been taken (as provided in Rule 1013.00.), a party required to make a deposit of security shall have two (2) hours during the time National banks located in Minneapolis, Minnesota, are open for business, after the receipt by him of the call for the deposit of security, within which time to make the required deposit.

PROVIDED, however, that, if the party does not have an office in Minneapolis, he shall have twenty-four (24) hours (Saturdays, Sundays and holidays excepted) after the receipt by him of the call for the deposit of security, within which time to make the required deposit.

1009.00. DEPOSITS AS SECURITY: APPLICATION OF.

All such deposits shall be held to have been given as security for the faithful fulfillment of any contract or contracts made or to be made between the parties; PROVIDED, however, that it may be prudent for either party to a contract to demand that the receipt shall express the particular contract in connection with which deposit has been made, and in such case the deposit shall be applicable only to that contract. Such deposit shall be applied or returned by the Secretary as directed by both parties or by a final decision of the Board of Arbitration.

1010.00. DEPOSITS AS SECURITY: FAILURE TO MAKE.

Any party who has failed, upon call, to make a deposit as required by Rule 1008.00. shall be deemed and held to have defaulted on the contract in connection with which it was called; and, in such case, the party who has called for such deposit shall thereupon have the right to buy or to sell (as the case may be) in the open market the undelivered portion due on such contract, or he may, by giving notice to the party in default, terminate the contract at the fair market price for the property, and the shipment or delivery specified in the contract at the time of the giving of such notice; and all differences between the contract price and the price at which the property has been bought or sold, or at which the contract has been terminated in consequence of such default, shall constitute the rule and measure of damages against the party in default. The party so buying or selling the undelivered balance, or so terminating the contract, may forthwith proceed against the party in default to collect or to enforce payment of all damages sustained by reason of such default.

1011.00. NOTICES.

All calls for deposit, or notices of the closing of contracts because of default, shall be served in writing on the opposite party in person, or by leaving the same with a competent person at his usual place of business, or with his duly authorized representative, or by registered mail or telegram to his last known place of business; and a copy of all such calls and notices shall be given to the Secretary.

1012.00. DEPOSITS AS SECURITY: RETURN OF.

If, after any particular deposit has been made, market conditions have adjusted themselves, or applications have been made on the contract so that none of that particular deposit (or a portion thereof, which has been covered by a separate check as permitted by Rule 1007.00.) could be required under the Rules, or if the contract or contracts to which the deposit is applicable has or have been filled or settled and all matters pertaining thereto adjusted, the party who required the deposit shall upon demand join in directing the Secretary to return the check (or checks) for such deposit (or for the excess portion thereof, as the case may be) to the depositor.

1013.00. DISPUTES.

In case of any dispute or difference between the contracting parties as to the amount of margins required as security under this Rule, the Board of Arbitration shall be convened immediately upon the oral or written request of any party interested, made to the Secretary of the Corporation. The Board so convened, after notice of hearing to all parties in interest, shall proceed to decide the question submitted without delay or adjournment, unless by consent of all the parties.

The decision of the Board of Arbitration shall be conclusive upon the parties and shall be complied with within thirty (30) minutes after the announcement thereof.

In case of any dispute or differences between the contracting parties as to such contracts or the termination or settlement thereof, or as to the fair market value of the commodities for the delivery contracted for, or as to such deposits, or the deposition thereof, any or all such matters shall be decided by the Board of Arbitration in the same manner as in the case of any other dispute or difference between Members. Deposits shall be returned or applied by the Secretary in accordance with the terms of such a final decision or award.

1014.00. DEPOSITS BY NONRESIDENT BUYERS.

In addition to the rights set forth in Rules 1006.00., 1007.00., 1008.00., 1009.00., 1010.00., 1011.00., 1012.00. and 1013.00., inclusive, the Seller shall have the right to require of nonresident Buyers, as security to be deposited with the Seller, a deposit of ten (10) percent based upon the contract price of the property sold and further security from time to time to the extent of any decline in the market value below said price. Deposits so made shall be applied on payment for property when shipped. Failure to deposit security as required within two (2) business days shall be considered a default, and the contract may be closed by sale on the open market of like quantity of property equal in quality to that called for in the contract period, twenty-four (24) hours' notice of such intention having been given to the Buyer.

1015.00. BARGE TRADING.

The following Rules shall apply to the shipment of grain, seeds, soybeans, or beans, hay and all "feedstuffs" whenever such shipments are designated by contract to be by barge.

1. **Barge:**

- a. The word "barge" shall mean a covered barge commonly used for carrying bulk grain or feedstuffs, which, without any weight or quantity reference, shall have no quantitative meaning insofar as these Rules apply.
- b. No multiple compartment barge or equipment that cannot be unloaded by a marine leg or barges other than 195/200 by 35 feet shall be tendered on contract without the specific consent of both the Buyer and Seller.

2. **Weights and Inspection:**

- a. The term "**official weight**" shall be any weight that meets the requirements specified by the Federal Grain Inspection Service in its regulations implementing the United States Grain Standards Act including both Class X and Class Y weights.
- b. The term "**official/certified weights**," unless otherwise specified, shall be the weights documented by a certificate issued by a disinterested supervisory agency. Weighing shall be performed by authorized persons under the supervision of the above agency.
- c. If weights other than Official or Certified Weights are provided for in the contract of purchase and sale, the weighing party shall on request of the other party indicate the method of obtaining weights and such other information on the weighing process as the other party may reasonably request, including copies of supporting documentation.
- d. Cargo transferred by truck or railroad to the loading barge after weighing in the elevator, or cargo weighed after the transfer to the elevator by truck or railroad from the barge being unloaded, shall not be considered officially/certifiably weighed.
- e. Every official/certified barge unload weight certificate shall also include the statement that all cargo in the barge was unloaded and that no cargo was left in the barge unless so stated on said certificate.
- f. In the event any portion of the barge cargo is not unloaded at the receiving elevator or at the receiving point the unloading Buyer must notify his Seller and the shipper within twenty-four (24) hours or as soon thereafter as practicable.
- g. **Grain:** When trade is based on destination weights, the unloading Buyer shall notify the original shipper of the final unload weights by telephone or telex within two (2) business days of unload, confirmed by mailing the original weight certificate to the original shipper, within five (5) business days of unload, accompanied by a statement covering the cost of weighing charges if applicable. The original shipper is then to make final settlement with the original weight certificate, or duplicate copy thereof, and all

intermediate parties shall make final settlement with the original weight certificate or duplicate copy thereof. All invoices are due and payable within five (5) business days. (This is not an extension of credit, but only the normal time to clear paperwork involved, and the time can be changed by the contract.)

- h. **Feedstuffs:** The ultimate Buyer shall render final settlements of weight and quality with the original weight certificates, or duplicate copy thereof, within ten (10) business days of unload. All intermediate parties shall make final settlement with the original weight certificate, or a duplicate copy thereof, within five (5) business days of receipt. (This is not an extension of credit but only the normal time to clear paperwork involved and the time can be changed by the contract.)
 - i. **Official Inspection:** The term "Official Inspection" without specifying class shall mean Class A Official Inspection. Unless otherwise specified, Official Inspection shall include only official grading factors that are included in the U.S. Grain Standards Act.
 - j. When barge grain is sold basis destination inspection, it shall be the obligation of the Buyer to obtain said inspection within five (5) calendar days of the date of arrival of the barge. When the barge cannot be opened for inspection away from the unload berth because of faulty equipment on the barge, it shall be the obligation of the Buyer to so notify the Seller within the inspection period specified period specified herein.
 - k. **Certificate of Analysis:** When the contract guarantees a specific analysis on the feedstuffs being shipped, the contract must specify whether a certificate of analysis is required, and, if so, the certificate of analysis must specify the name of the laboratory rendering the certificate, the method of sampling used, when and where the sample was taken and the percentage of each factor for which there is a contractual requirement.
 - l. **Weights and Quality/Condition:** Feedstuffs. For feedstuffs sold basis origin analysis, the last Buyer in string to whom a barge has been applied may inquire of the original shipper as to its analysis provided at least five (5) business days have elapsed since the original Bill of Lading date.
3. a. **Quantity:** Where the quantity of a contract of purchase or sale of barge grain is described as one (1) barge, about forty-three thousand (43,000) bushels, or one (1) barge forty-three thousand (43,000) bushels, or ten (10) barges, about four hundred thirty thousand (430,000) bushels, the bushel reference, whether preceded by the word "about" or not shall become mean quantity for purposes of establishing tolerances as described hereinafter.

Where the quantity of a contract of purchase or sale of barge feedstuffs is described as one barge, about twelve hundred (1,200) short tons, or ten barges about twelve thousand (12,000)

short tons, the tonnage reference, whether preceded by the word "about" or not, shall become the mean contract quantity

- b. **Tolerance - Grain:** In the absence of a clearly stipulated applicable tolerance in the statement of the quantity traded, it shall be understood that one thousand (1,000) bushels more or one thousand (1,000) bushels fewer than the mean quantity shall apply at contract price. A total tolerance of ten percent (10%) more or less than the mean quantity shall be permissible in the fulfillment of the contract, but if the tolerance is in excess of one thousand (1,000) bushels more or fewer, then the full tolerance shall be settled at the market value at the close of the first business day following the date of load or unload, whichever weight is applicable, of the last barge in fulfillment of the contract. At no time shall the total tolerance exceed thirty thousand (30,000) bushels, regardless of the mean contract quantity. Where the contract was originally written unpriced relative to a grain futures market or where a flat-priced contract also clearly spells out the equivalent premium or discount to a given grain futures market, the words "market value at the close of the first business day following the date of load or unload" shall mean the "basis at the close of the first business day following the date of load or unload," and the flat price shall be established at the time the tolerance becomes known by both parties to the contract.

- c. **Settlements: Overfills and Underfills-Grain:** Overfills and Underfills shall be settled on a basis over or under the futures month currently used for the majority of cash trades.

To convert the basis the day after the last load or unload to a basis relative to the futures month currently used for the majority of the cash trades, the futures spread of the day after last load or unload shall be used.

On FOB Barge Contracts Buyer and Seller shall agree at time of contract on the freight rate to be used to settle overfills or underfills at time of unload.

- d. **Settlements: Overfills and Underfills-Feedstuffs:** Overfills and Underfills within five (5) percent of contract quantity shall be provisionally paid at the contract price. Overfills and Underfills in excess of five (5) percent of the contract quantity shall be provisionally paid basis the fair market value on the date of the original Bill of Lading. If the Bill of Lading date is a Saturday, Sunday, or holiday, the next business day will be used. If the contract calls for specific barge quantities, each barge shall be provisionally paid individually. Final settlements shall be computed by the same method as provisional payments.

4. **Certain Terms Defined and Applicability Thereof:**

- a. **FOB & CIF:** For purposes of barge contracts the term FOB means free of charges on board barge or vessel. The terms CIF or "delivered," followed by a destination point, shall mean FOB

origin, but the price includes the cost of the cargo FOB origin point, plus cargo insurance, plus barge or vessel freight to the destination rate point.

- b. Cargo Insurance or Cargo Insured Bill of Lading Receipt of the aforementioned documents. If documents are presented by one o'clock p.m. (1:00 p.m.) Central Time, payment shall be made by two o'clock p.m. (2:00 p.m.) Central Time of the same business day. If payment is not made within the required time period, interest shall be charged at a rate over two and one-half percent (2 1/2%) over current Minneapolis prime rate.
 - c. Application: It shall be the obligation of Seller to furnish Cargo Insurance or a Cargo Insured Bill of Lading with respect to barges furnished by Seller involving FOB, CIF or delivered contracts, and it shall be the obligation of Buyer to furnish Cargo Insurance with respect to barges furnished by Buyer involving FOB, CIF or delivered contracts.
5. **Reconsignment/Diversion:** The Seller's only obligation with respect to destination on a CIF or delivered sale in Seller's barges is to furnish the Buyer a validated Bill of Lading ordering the barge to the rate point specified in the contract, but nothing in this Rule shall be construed as preventing the Buyer from seeking to divert the barge to other than the specified destination.
6. **Payment of Original Drafts and/or Invoices:** Presentation of validated Bill of Lading, a certificate of cargo insurance where applicable and any other loading documents required by the contract shall be evidence of shipment on a CIF or delivered barge contract. Sight Drafts are subject to payment on presentation.
7. **Applicability/Time of Shipment:**
- a. The date of the original validated barge Bill of Lading consigning the shipment to the destination specified by the contract shall be the determining date for establishing time of shipment on contract.

The time of shipment must always fall within the contract period, unless otherwise mutually agreed upon by Buyer and Seller.
 - b. Bill of Lading shall not predate notification of application by more than seven (7) calendar days. Example: Bill of Lading Date 4-3-84 -- last applicable date 4-10-84 at 11:00 a.m. Central Time.
 - c. Certificate of Inspection for grain barges shall not predate Bill of Lading date by more than three (3) calendar days.
 - d. For grain transactions made on the basis of origin official/certified weights, the weight certificate shall not predate the Bill of Lading by more than three (3) calendar days.
 - e. Application of a barge is the exchange from Seller to Buyer of the following items: (1) barge number, barge operation; (2) loading

elevator, original shipper; (3) Bill of Lading date; (4) quantity in barge (bushels, tons); (5) in the case of grain, type of inspection (e.g., state or federal) and number grade, all factors.

Barges may be applied on contract Monday through Friday, holidays excepted, between the hours of eight o'clock (8:00 a.m.) and four o'clock (4:00 p.m.) Central Time, except the last day application barges, which must be applied by eleven o'clock (11:00 a.m.) Central Time.

8. **Demurrage:** For barges applied before or after arrival at the destination specified in the contract, the Buyer shall be entitled to such free time and demurrage terms as specified in the contract. Time to commence the first seven o'clock (7:00 a.m.) Central Time following (a) arrival of the barge at the destination specified in the contract or (b) following notification of application if application is made after arrival of the barge.
9. **FOB Buyer's Barge Contracts:** If the Buyer fails to furnish barges on such contracts within the contract period, it shall be the duty of the Seller, after having given the Buyer twenty-four (24) hours' telephone notice to complete the contract and confirm in writing, to elect to (a) agree with the Buyer upon the extension of the contract, (b) sell out the unshipped balance for the Buyer's account or (c) cancel the defaulted portion of the contract at fair market value for the unshipped balance.
10. **Title: Passing of Title as well as Risk of Loss and/or Damage:** Unless otherwise specified by contractual agreement, title, as well as risk of loss and/or damage, passes to the Buyer as follows:
 - a. With respect to grain on FOB origin or FOB basing point contracts, or CIF contracts at time and place of shipment: The time is the moment of either (1) the issuance by the carrier of a validated Bill of Lading in accordance with Seller's instruction or (2) transmittal of wire, telex or written shipping instructions by the Seller to the carrier in accordance with Buyer's instructions.
 - b. With respect to Feedstuffs: Title and risk of loss or damage caused by other than by going out of condition shall pass as provided in Paragraph 10 (A), but the original shipper shall be responsible for the condition of the feedstuffs up to (a) five (5) calendar days subsequent to the arrival of the barge at destination, or (b) commencement of unloading of the barge, whichever occurs first. (2) If the barge is sold after reaching its destination, the Seller and each subsequent Seller will be responsible for the condition of the feedstuffs for five (5) calendar days following the date of each reconsignment. (3) The Buyer will have until four o'clock (4:00 p.m.) Central Time on the fifth (5) calendar day following the date of arrival of the barge at destination to notify the Seller of any out of condition cargo. If the fifth (5) calendar day falls on a Saturday, Sunday or holiday, the following business day shall be considered the fifth (5) calendar day. (4) If the Buyer, under the provisions of Rule 10 (B) (1), (2) and (3) above, declares a barge of feedstuffs infested, the Buyer will notify the Seller of the cost of fumigation. The Buyer will

assume the responsibility to fumigate the barge at the mutually agreed expense of the Seller; alternatively, the Seller has the right to fumigate the barge within twenty-four (24) hours at the Seller's expense. If, in the latter case, the Seller has not fumigated the barge within twenty-four (24) hours the Buyer may arrange for fumigation at the reasonable expense of the Seller. The barge cannot be rejected on account of infestation, and demurrage incurred shall continue for the account of the Buyer.

11. **Unpriced Grain Contracts:** Unless otherwise agreed all unpriced contracts shall be priced within the day's price range at Buyer's option, while futures markets are open and tradeable, but in no case shall pricing orders go beyond the requested date of shipment, or the day before the first notice day of the contract futures month involved, whichever comes first.

1016.00. UNIT TRAINS.--*For the purpose of these rules, a unit train is twenty-four (24) or more cars as outlined in carriers tariffs.*

1017.00. ADVICE OF SHIPMENT: *Advice of Shipment: Advice of shipment shall be given to buyer on all shipments including:*

1. Unit, train, or pool number.
2. Total number of cars and/or car numbers.
3. Commodity shipped.
4. Shipment evidenced by rail Bill of Lading.

1018.00. WEIGHTS AND GRADES:--*All multiple car shipments shall be weighed and graded individually unless by mutual consent of Buyer and Seller.*

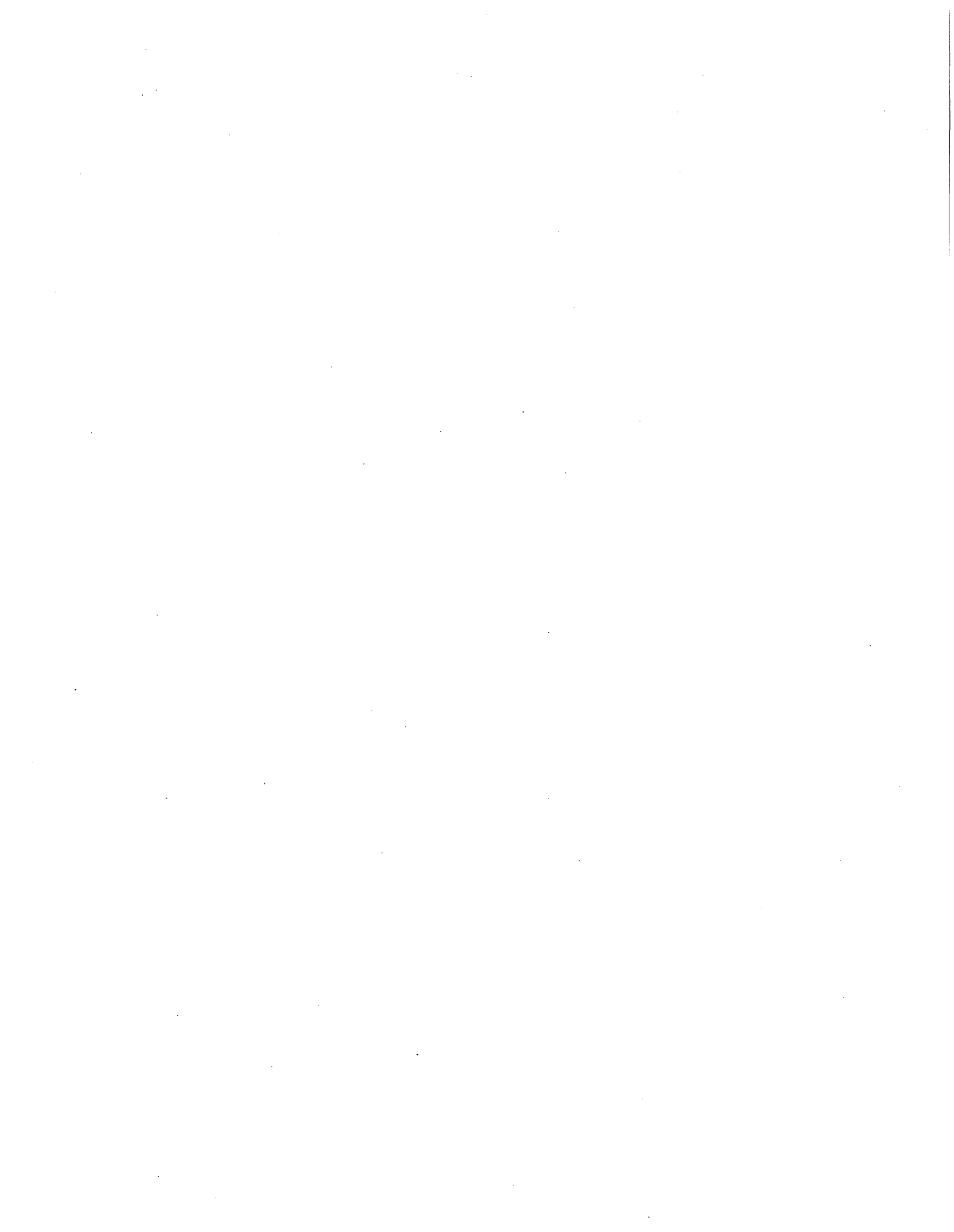
1019.00. DIVERSION, RECONSIGNMENT OR REBILLING:--*No diversion, reconsignment, or rebilling may be made without expressed consent of seller on all sales made "Delivered" to a specific destination.*

1020.00. TRADES AND TRANSACTIONS: WHEN GOVERNED BY RULES.--*The following trades and transactions of Members and 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 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 Registered Firms or Corporations, unless the parties thereto have expressly agreed that the Rules 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 Rules and Regulations, and all such trades and transactions shall be subject to all Rules and Regulations subsequently adopted, where such Rules and Regulations are expressly made applicable to existing trades and transactions.



04-30-04

CHAPTER 11 CASH COMMODITIES

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- 1101.00. Acceptance Of No. 5 And Sample Grade Corn
- 1102.00. Calls For Reconsideration Of Grade
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- 1116.00. Weights
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- 1119.00. Buyer To Accept Amount In Car

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- 1125.00. Disposition Orders: Form Of
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**RULES
CHAPTER 11
CASH COMMODITIES**

1100.00. RECOURSE FOR HEATING AFTER DELIVERY.

If a carload of any commodity has been sold or applied on sale basis "delivered" to an unloading industry located within the Minneapolis or St. Paul switching district, if the Buyer has not rejected the car (or made other agreement or settlement with the Seller with respect thereto) within forty-eight (48) hours (Saturdays, Sundays and holidays excepted) after actual or constructive delivery has been made to the unloading industry, he shall not be allowed any claim for loss resulting from the commodity heating unless he is able to prove that at the time of such actual or constructive delivery the commodity was in a heating condition and the Seller had knowledge of the fact. The records of the railroad company shall be prima facie evidence of the time of such actual or constructive delivery.

1101.00. ACCEPTANCE OF NO. 5 AND SAMPLE GRADE CORN.

In all sales of corn grading No. 5 or sample grade because of moisture, unless otherwise agreed, the Buyer, if he has been able to obtain a sample of such corn within the Minneapolis or St. Paul or Duluth or Superior switching districts, must accept or reject such corn or notify the seller of his desire to call for a reconsideration of grade, by eleven o'clock (11:00) a.m. of the business day next succeeding the day of sale. If the Buyer has not been able to get his sample, he shall so notify the seller, and the time for acceptance, rejection or notice of desire to call for a reconsideration of grade shall be extended accordingly, but the Buyer must so act as soon after receipt of his sample as practicable.

PROVIDED, however, that the requirements of this Rule shall not apply in the case of cars that are inspected "in heavily loaded car."

1102.00. CALLS FOR RECONSIDERATION OF GRADE.

The expression "call for Reconsideration of Grade" as used in the Rules shall mean any request to the proper grading authorities for reinspection, appeal, Federal appeal, appeal to the Board of Grain Supervision or for any other grading of the contents of a car or of a lot or parcel of any commodity that you supersede the grade then in existence, including any request for a recheck of protein.

- A. A party who desires to call for a reconsideration (or reconsiderations) of grade on the contents of a car or a lot or parcel of any commodity shall first give to the other party at interest written notice of his desire to do so. If reconsideration of a Federal appeal grade is desired, a separate notice of such desire must be given. Permission to call for the desired reconsideration of grade must be granted by the other party, or the car must be replaced with another car of like grade and quality or other satisfactory settlement made.
- B. The cost of the reconsideration of grade, if any, shall be borne by the party making the call.

- C. Ordering a car "On Track" without the unloading destination being established shall not be construed as moving or ordering a car toward a specific unloading destination within the meaning of the Rules.
- D. Commodities in cars that have been billed to Minneapolis and that are "On Track" at points in Minnesota designated as sampling points by the Public Service Commission, or that are in transit between such points and Minneapolis, shall be considered the same as if actually "On Track" in railroad yards in Minneapolis.

In the case of commodities in cars at outside "Hold" or inspection points (whether located in Minnesota or elsewhere) sold to go to Minneapolis or St. Paul, or to some point beyond Minneapolis or St. Paul, or to Duluth-Superior (unless otherwise agreed) inspection, resampling and calls for reconsideration of grade shall be permitted at Minneapolis or St. Paul, or at Duluth-Superior on the same terms and conditions as though the cars had been sold after arrival in such markets.

1103.00. SHIPPERS' RIGHT TO OFFICIAL GRADES AND PROTEINS.

All shippers in this market shall have the right to official grades and proteins under the following terms:

Official grades and proteins based on official samples may be obtained by special written request only at the time of shipment.

Official grades and proteins based on submitted samples may be obtained at the time of unload, provided the request is made on the truck Bill of Lading or on written shipment advice.

Official grades and proteins based on a file sample, may be obtained for a minimum of five (5) calendar days after unload when firms are providing in-house grades and proteins.

All expenses incurred in obtaining official samples, grades and proteins, including truck detention and rail demurrage, shall be for the account of the shipper.

1104.00. HEAVILY LOADED CARS.

Cars so heavily loaded that they are inspected "in heavily loaded car" should be bought and sold on basis of special contracts made at time of trade between the Buyer and Seller, covering these conditions.

1105.00. INBOUND RATES, TRANSIT, ETC.: AGREEMENT CONCERNING.

In all sales made on arrival in Minneapolis-St. Paul or Duluth-Superior or at an outside "Hold" or inspection point all matters relative to point of origin, transit, inbound rates and location of the car should be understood and agreed upon by the Buyer and Seller and incorporated in the articles of trade. Unless otherwise agreed, the Seller shall be deemed and held to warrant:

- A. That there has been no previous transit stop on the car or transit billing used in connection with its movement; and,

- B. That the free time has not expired and the car is not on demurrage.

1106.00. SWITCHING, DEMURRAGE AND RECONSIGNING CHARGES: LIABILITY FOR.

- A. If a call for reconsideration of grade or official Minnesota protein is made by the Buyer on cars to be delivered either "On Track" or at local unloading industries, and the grade or protein is not changed, switching and demurrage charges caused by such call shall be paid by the Buyer; but, if the grade or protein is changed, such charges shall be paid by the Seller.
- B. If the call for reconsideration of grade or protein is made by the Seller, all switching and demurrage charges caused by such call be paid by the Seller whether or not the grade or protein is changed.
- C. Any charges accruing previous to sale of cars are to be paid by the Seller.
- D. Any reconsigning charges accruing after the sale, at the instance of the Buyer, are to be paid by the Buyer.

1107.00. PROMPT EXAMINATION OF CARS.

In order to reduce to a minimum the expense for switching and demurrage suffered by Sellers resulting from cars being "run through" at unloading industries on account of reconsideration of grades, recheck of proteins, or disputes as to quality, operators of unloading industries shall make every effort practicable to examine cars promptly after they are first delivered on the tracks of the industry, or those of the railroad company adjacent thereto, for the purpose of determining whether the cars were correctly graded, or are as represented by the sale sample.

1108.00. FREIGHT ON CARS LOADED BELOW MINIMUM CAPACITY.

If a carload of any commodity has been sold basis delivery "On Track" Minneapolis-St. Paul or Duluth-Superior for shipment to an unloading destination outside of Minneapolis-St. Paul or Duluth-Superior, the Seller shall pay the freight to the agreed unloading destination on the difference between the minimum shipping load for the car permitted by the carriers' tariffs and the actual load in the car.

If a carload of any commodity has been applied on a Sale "To Arrive," the Seller shall pay freight to the agreed unloading designation on the difference between the minimum shipping load for the car permitted by the carriers' tariffs and the actual load in the car.

1109.00. FREIGHT BILLS: SELLER TO FURNISH.

Sellers shall furnish Buyers duplicate inbound paid Freight Bills for all cars sold (or applied on sale) in cases where the Seller has paid the freight. Such duplicate Freight Bills must be those covering the identical cars sold (or applied on sale) and must be delivered to the Buyers as expeditiously as possible and, in any case, not later than ten (10) days after the date of the Freight Bills.

1110.00. BUYER TO BE REIMBURSED FOR FREIGHT CHARGES, ETC.

If a sale of a track carload of any commodity has been made basis "delivered" at a point outside of Minneapolis, the Seller shall, upon receipt of complete papers, including weight certificate, Freight Bill and reconsigning and reconsigning and/or demurrage charges (if any) accruing prior to delivery at final destination, immediately reimburse the Buyer for the same.

In sales made bases delivery "On Track Minneapolis for O.W.B." or "On Track Minneapolis for Shipment," the Seller, upon receipt of complete papers covering freight, reconsigning or demurrage charges (or overcharges) accruing prior to such delivery, shall immediately reimburse the Buyer for the same.

1116.00. WEIGHTS.

In all sales of commodities to be unloaded, Buyer and Seller shall agree at the time of the sale on the character of the weights to be furnished.

1117.00. SHIPPERS' WEIGHTS.

When a sale of a carload of any commodity has been made based on "shippers' weights," these weights (supported by an affidavit of the shipper certifying to the accuracy of the same) shall be furnished within two (2) weeks after the date of the application of the car upon the sale. In case of failure of the Seller to furnish shippers' weights so certified within the two (2) weeks mentioned, settlement shall be based upon destination weights.

1118.00. WEIGHTS ON BILLS OF LADING.

When shipments are weighed under supervision of State or other official/certified authorities, Bills of lading shall bear a notation to that effect.

1119.00. BUYER TO ACCEPT AMOUNT IN CAR.

In all sales of commodities made on arrival the Buyer shall accept the amount contained in the particular car purchased, except where a car is found to be unevenly loaded.

1125.00. DISPOSITION ORDERS: FORM OF.

All cars of commodities arriving in this market shall be ordered to unloading industries, "On Track" or to Outgoing Railroad Yards, by means of Disposition orders to be issued in duplicate, the form of which shall be as prescribed (or approved) from time to time by the Board of Directors.

1126.00. DISPOSITION ORDERS: "ON TRACK" CARS.

Disposition Orders covering cars ordered "On Track" or to Outgoing Railroad Yards for shipment shall in all cases carry any and all protection shown on the original Bill of Lading.

1127.00. DISPOSITION ORDERS AND OTHER DOCUMENTS: DELIVERY OF.

Buyers must demand and Sellers must deliver to Buyers the duplicate copy of the Disposition Order, duly executed and endorsed by the Seller to the Buyer, and signed or stamped by the

carrier's agent or his representative upon payment or invoices based on final weights of cars unloaded within the Minneapolis-St. Paul or Duluth-Superior switching districts.

Documents passing title (i.e., duplicate Disposition Orders, Bills of Lading or elevator Load-out Notices, as the case may be) shall be delivered to the Buyer upon payment of the advances authorized by Rule 1146.00.

In all cases, if the Seller has delivered his invoice or request for advances by the required time, he is entitled to payment if he has the Disposition Order or other necessary documents ready for delivery to the Buyer at the time payment is due.

If such Disposition Order or other documents have been delivered to the Buyer prior to the time required for payment of the invoice or request for an advance and, if for any reason, the Buyer fails or declines to make payment therefor when due, he shall forthwith upon demand return the Disposition Order or other documents to the Seller.

1128.00. DISPOSITION ORDERS: DELIVERY TO OPERATOR OF INDUSTRY.

Operators of industries located within the Minneapolis-St. Paul or Duluth-Superior switching districts unloading commodities for others must demand as authority for unloading, and the parties for whom such commodities are loaded must surrender the Duplicate Disposition Order covering each car unloaded not later than next business day following the day on which the car was unloaded.

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

Members and 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 member, 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.

1135.00. SALES: TO BE FOR CASH.

All sales of commodities, unless agreed to the contrary, whether for delivery "On Track," or at unloading industries, or FOB, or in any other manner or in any place shall be for cash. The Buyer is required to pay invoices and requests for advances with checks drawn on Minneapolis or St. Paul banks, unless agreed otherwise.

1136.00. PASSING OF TITLE.

Unless otherwise specified by contractual agreement, title passes to the Buyer as follows:

- A. On FOB origin or FOB basing point contracts at time and place of shipment. The time is the moment of acceptance of the appropriate shipping document by the carrier.
- B. On delivered contracts, when constructively placed, or otherwise made available at Buyer's original destination.
- C. Title to commodities sold (or applied on sale) basis delivery "On Track" in Minneapolis-St. Paul or Duluth-Superior, or at an outside "Hold" or inspection point, with unloading weights at a destination outside the Minneapolis or St. Paul or Duluth or Superior switching districts to govern, shall pass if, as, and when the Bill of Lading, duplicate Disposition Order or elevator Load-Out Notice (as the case may be), properly signed, endorsed and/or stamped so as to assign the right to possession of the car to the Buyer, has been delivered by the Seller to the Buyer.

1137.00. WARRANTY OF TITLE BY SELLER.

In all sales of commodities in this market the Seller, whether acting as owner, agent or Commission Merchant (except when acting as broker as defined in **Rule 321.02.**), shall be deemed and held to warrant his right to sell and pass full clear title to the commodities. In every sale a warranty of the title by the Seller to the purchaser of the commodity is a part of the contract of sale with the same force and effect as if expressly incorporated therein; PROVIDED, that at the time of the making of the contract of sale the parties thereto may limit the obligation of the Seller by an agreement in writing expressing such limitation.

1138.00. RISK OF LOSS: COMMODITIES IN CARS OR TRUCKS.

On commodities sold basis unloading weights at industries located within the Minneapolis-St. Paul or the Duluth-Superior switching districts the Buyer shall assume the risk of loss by fire or other causes when the car or truck containing the commodity so sold has been delivered to the unloading industry specified by the Buyer.

1139.00. FINAL ACCEPTANCE OF CARS.

Except as otherwise provided in this Chapter or agreed by the parties, final acceptance of commodities sold or applied on sale shall take place:

- A. In the case of a sale made basis "delivered" to an unloading industry, whether in Minneapolis or elsewhere, if and when the car has been unloaded. PROVIDED, however, that settlement and acceptance of an unevenly loaded car shall be a matter of separate agreement between Buyer and Seller, and any portion of the grain identity -- preserved under the supervision of the official/certified Weighmaster shall remain the property of the Seller until such agreement is reached;
- B. In the case of a sale made basis delivery "On Track" Minneapolis, Duluth or elsewhere, for shipment beyond Minneapolis or Duluth, if and when the car has left the switching districts of Minneapolis-St. Paul or Duluth-Superior;

- C. In the case of a sale made basis delivery "On Track" at an outside "Hold" or inspection point, or elsewhere, for shipment to an interior destination without moving through Minneapolis or Duluth, if and when the car has left its location at the time sale.

If commodities are sold (either upon arrival in Minneapolis or Duluth or at an outside "Hold" or inspection point) and billed by the Seller at the Buyer's request to some destination outside the Minneapolis-St. Paul or Duluth-Superior switching districts, the sale shall be considered as having been made basis delivery "On Track" unless the terms of the sale specifically provide that it is made basis "delivered destination."

If a sale specified that grades other than the destination grades shall govern, any change in grade upon arrival at destination (whether on Federal appeal or otherwise) shall not be material as between Buyer and Seller.

1140.00. DIVERSION OF CARS: BY BUYER.

Whenever a sale of a carload of any commodity has been made, basis delivery at a specified unloading industry (or basis delivery "On Track" but to unload at a specified industry or destination), the Buyer shall not reorder or divert the car from such specified industry or destination without having secured the consent of the Seller so to do, which consent must be secured upon every such change.

Any reordering or diversion of a car away from such specified industry or destination, unless otherwise agreed, shall constitute a final acceptance of the car and shall entitle the Seller to a cash advance on the commodity sold equal to ninety percent (90%) of its value (based on the sale price), and, unless official/ certified destination weights can be furnished, settlement shall be made basis shipper's affidavit weights, or other weights, or other weights satisfactory to the Seller.

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 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.

1145.00. ADVANCES ON CARS SOLD TO UNLOAD LOCALLY.

When a sale has been made basis "delivered" to an unloading industry within the Minneapolis-St. Paul or Duluth-Superior switching districts, if the car has not been unloaded within ten (10) days after being actually or constructively placed upon the tracks of such industry, then and in that event the Buyer shall pay the Seller (upon demand) a cash advance on the commodity sold equal to ninety percent (90%) of its value based on the sale price.

1146.00. ADVANCES ON CARS SOLD TO UNLOAD AT OTHER DESTINATIONS.

When a sale of a carload of any commodity has been made on arrival at Minneapolis-St. Paul or Duluth-Superior, or at an outside "Hold" or inspection point, or elsewhere, (or such a car has been applied on a Sale "To Arrive") with unloading weights at a destination outside the Minneapolis-St. Paul or Duluth-Superior switching districts to govern, the Seller shall have the right to demand a cash advance on the commodity equal to ninety percent (90%) of its value based on the sale price if, as, and when documents passing title to the commodity have been delivered to the Buyer.

If the sale has been made basis delivery "On Track" at origin, at Minneapolis-St. Paul or Duluth-Superior, or at an outside "Hold" or inspection point, the Buyer may not charge any interest on the advance. If the sale has been made basis "delivered" at some point outside the Minneapolis-St. Paul or the Duluth-Superior switching districts, the Buyer shall have the right to charge the Seller interest on such advances, from the time when paid, up to and including the next business day following the day on which the car is unloaded at its destination, except that such interest shall stop ten (10) days after the car has been actually or constructively delivered to the unloading industry.

1147.00. DIRECT PAYMENT TO THE COUNTRY SHIPPER.

When making direct payment to the country shipper, payment shall be forwarded or credited to the shipper's account within five (5) business days after the date on the last applicable certificate.

1150.00. LOAD-OUT NOTICES.

The control of carloads of commodities loaded out of elevators within the switching districts of Minneapolis-St. Paul or Duluth-Superior shall be surrendered to the party for whose account the car was loaded by the delivery of a uniform elevator Load-out Notice covering such cars. Such Notices shall be in triplicate and in a form as prescribed or approved from time to time by the Board of Directors, (see Regulation 2026.00.) and no Notice shall represent more than five (5) cars.

The original and duplicate Load-out Notices shall be surrendered to the carrier's agent or his representative with Bills of Lading or Disposition Orders.

1151.00. PAYMENT OF TERMINAL ELEVATOR CHARGES.

Invoices for terminal elevator charges, including storage, cleaning, drying, and other handling charges, State weighing and inspection fees, insurance, switching and demurrage charges and all other proper charges must be paid within five (5) business days after their receipt.

1156.00. PAN TICKETS.

Pan Tickets shall be used in connection with all carloads of any commodity offered for sale in this market and shall show (a) the car number, initial and inbound carrier, (b) the outside "Hold" or inspection point, if any, and the location of the car if not in the yard of the inbound carrier or first position, (c) the grade of the commodity and all the grade factors or other notations, including protein tests, furnished with the grade, (d) information concerning any previous transit stop or transit billing used in shipping the car.

All the information furnished by the Sampling Department, including the date on which the sample was obtained, must be shown either on the Sampling Department's ticket or on the Pan Ticket, and none of such information may be omitted, erased or altered.

Protein tests must designate the laboratory by which produced if from other than a Minnesota State Laboratory.

1160.00. CASH MARKET PARTICIPANTS.

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 a Registered Firm or Corporation may participate in cash commodity transactions executed in the Exchange Room as a Buyer or Seller only by consignment through a Registered Firm or Corporation.

1161.00. CONSIGNMENT.

Any cash commodity consigned to a 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.

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 Member or Registered Firm or Corporation, who or which has executed an order for the purchase or sale of any commodity, under the Rules 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.)

1164.00. DELIVERY OF DOCUMENTS TO THE ORIGINAL CONSIGNEE.

When grain and oilseeds (truck and rail, spot and "To-Arrive") are unloaded in the Minneapolis-St. Paul and Duluth-Superior switching districts, the unloading industry must forward or must provide the responsible certificate agency instructions to forward weight, grade, protein and oil certificates to the original consignee within three (3) business days of the dates appearing on the certificates. In the event the above certificates bear different dates, the latest date shall govern.

If all settlement factors (grade, protein, oil, etc.) are determined in-house, it shall be the responsibility of the unloading industry to forward said certificates within three (3) business days of the date of unload.

The original shipper has the responsibility of furnishing a Bill of Lading or advice of shipment that clearly identifies the original consignee at the time of unload. If the shipper fails to identify the original consignee, certificates shall be forwarded within three (3) business days after the identify becomes known.

1165.00. CARS UNLOADED AT THE WRONG RECEIVING INDUSTRY.

In the event a car of grain, oilseed or byproduct is unloaded at the wrong receiving industry, the following methods for arriving at a settlement price shall govern. PROVIDED proper shipping advice, has been made in accordance with the Minneapolis Grain Exchange Rule 1130.00. ORDERING CARS TO INDUSTRIES.

- A. The Seller and the unloading industry agree on a new sale price for the car (Seller agrees to replace car to original destination) or,
- B. If the Seller and the unloading industry cannot agree on a price, the unloading industry must replace a like quantity, quality and protein (when applicable) to the original destination. Replacement cars must carry transit privileges equal to the cars unloaded by mistake.

Settlement is to be made within five (5) business days after the mistake is known to both parties. Nothing in Rule 1165.00. may be interpreted to limit carrier liability for misdelivery. Carrier liability is to be determined at Law.

1166.00. SPECIAL CONTRACTS.

The provisions of the Minneapolis Grain Exchange Cash Grain Trading Rules shall apply unless the terms of the contract otherwise provide. These Trading Rules shall not interfere with the rights of Buyers and Sellers to make contracts whose terms differ from those herein confirmed.

1167.00. CASH CALL MARKETS.

The Board of Directors, by its authority, may establish Cash Call Markets on the Exchange when in its opinion doing so is in the best interests of the Corporation. The commodities to be traded in the Call Market and the procedures, terms and conditions for trade will be established by Regulation. Furthermore, the Board of Directors may authorize such fees as necessary to cover the operation of the Call Market.

Cash Call Markets will be under the supervision of a five-man (5) Call Market Committee, including one (1) from the Exchange Board, who shall serve as Chairman. The responsibilities of the Call Market Committee will include the consideration and recommendation to the Board of Directors of any changes, additions or deletions in the Exchange Regulations dealing with the Cash Call Markets.

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CHAPTER 13
VESSEL TRADING RULES FOR THE PORTS OF DULUTH AND SUPERIOR

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**CHAPTER 13
VESSEL TRADING RULES FOR THE PORTS OF
DULUTH AND SUPERIOR**

1300.00. SCOPE.

The following Rules shall apply to FOB vessel contracts for the shipment of commodities from the ports of Duluth and Superior. For the purposes of this Rule the term "FOB" (Free on Board) means that the Seller undertakes for the price named to deliver the commodity specified in the contract to the discharge end of the loading spout free of charges to the Buyer.

The provisions of this Chapter shall apply unless the terms of the FOB vessel contract otherwise provide, but shall not interfere with the rights of Buyers and Sellers to make contracts whose terms differ from or are not included in those herein contained.

1301.00. PASSING OF TITLE AS WELL AS RISK OF LOSS AND/OR DAMAGE.

Unless otherwise specified by contractual agreement, title passes to the Buyer once the delivery of grade and weight certificates, as well as the Bill of Lading or mate's receipt(s), has been made to the Buyer or his agent and the Seller has received payment. Payment shall be made upon receipt of the aforementioned documents. If documents are presented by one o'clock p.m. (1:00) p.m. Central Time, payment shall be made the same business day. If payment is not made within the required time period, interest shall be charged at a rate of two and one-half percent (2 1/2%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted, it will be the average of the quotes).

Unless otherwise specified by contractual agreement the risk of loss and/or damage passes to the Buyer once the commodity contracted for has left the discharge end of the loading spout.

1302.00. QUANTITY.

Quantity in bulk, including dockage, five percent (5%) more or less at Buyer's option, and at market price (per Rule 1309.00.) as follows: If the first delivery under this contract is for a quantity between contract minimum and contract maximum (both inclusive), no further deliveries shall be made. If this contract is to be executed by more than one vessel, the loading tolerance of five percent (5%) more or less shall apply on the difference between the mean contract quantity and the quantity that has been delivered on all prior vessels. Any delivery which falls within this difference, plus or minus five percent (5%), shall complete the contract.

1303.00. WEIGHT.

Quantity to be final at Duluth/Superior in accordance with customary official/certified weight certificates used in Duluth/Superior. One thousand sixteen (1,016) kilos shall be equal to two thousand two hundred and forty (2,240) pounds.

1304.00. COMMODITY.

Unless otherwise agreed, commodity factors shall be in accordance with the official United States Grain Standards in effect on date of this contract.

1305.00. QUALITY.

Quality and condition will be final at Duluth/Superior in accordance with official/certified inspection certificates. Each party hereby authorizes the other party to request in both parties' names an appeal inspection under the U.S. Grain Standards Act at any time prior to or during the loading of the vessel, and whether or not such request was filed before commencement of loading. The cost of such appeal inspection, unless otherwise stipulated in this contract, shall be borne by the party requesting it. Delivery of higher grades of grain of the same type and description is permissible.

1306.00. DELIVERY.

Delivery shall be made between _____ and _____, both inclusive (the "delivery period"), at discharge end of loading spout, to Buyer's tonnage in readiness to load, in accordance with custom of the port and subject to the elevator tariff to the extent that it does not conflict with the terms of this contract. Incorporation of a loading rate guaranty in this contract shall not entitle Seller to delay delivery.

1307.00. VESSEL NOMINATIONS.

It shall be the responsibility of the Buyer of FOB vessel grain Duluth/Superior to give vessel nominations in writing during a normal business day.

Upon receipt of a vessel nomination, the Seller must promptly acknowledge receipt of and accept or deny the nomination, and either pass the nomination to a party with whom the Seller has a contract for the delivery of FOB vessel grain Duluth/Superior or declare a loading elevator to the Buyer.

Upon receipt of a vessel nomination, the loading elevator may have a maximum of eighteen (18) hours (excluding Saturdays, Sundays, and holidays) in which to prepare for probable vessel readiness for loading grain. All grain is to be ready for delivery to the vessel when required to be loaded aboard the vessel, and in the event such grain is not available at that time, the party at fault shall be considered in default.

Both vessel and berth nominations are irrevocable eighteen (18) hours (excluding Saturdays, Sundays and holidays) prior to vessel's estimated commencement of loading at the nominated berth unless both Buyer and Seller agree to a substitution.

It shall be the duty of the Buyer to keep the loading elevator informed of changes in expected time of vessel readiness.

The vessel shall not be prevented from filing and from taking its place in the vessel line-up at the designated berth during the preadvice period or before commencement of the delivery period, notwithstanding which, Seller shall not be obliged to effect delivery to the vessel before the expiration of the preadvice period or before commencement of the delivery period. For the purposes of this contract a vessel shall be considered filed when it:

- A. Has tendered valid notice of readiness to load to the charterer or his agent at the port of loading:
- B. Has given written advice of such tender to the loading elevator, complete with all customarily required documents, such advice having been presented between the hours of 0800 and 1600 local time on a business day or between the hours of 0800 and 1200 noon on Saturday (provided not a holiday) and:
- C. Is ready to receive grain in the compartments required for loading under this contract.

Bills of lading and/or mate's receipts to be considered proof of date of delivery in the absence of evidence to the contrary. Any delivery in partial fulfillment of this contract shall be considered as if made under a separate contract.

1308.00. DAYS.

First half shall be defined as calendar days one (1) through fifteen (15) both dates inclusive. Last half shall be defined as calendar days sixteen (16) through the last calendar day of the month, both dates inclusive.

1309.00. PRICE.

If the contract price is to be established on an exchange of futures, futures shall be exchanged prior to delivery of the commodity or at least five (5) calendar days, prior to the last trading days, of the applicable futures month, whichever is earlier, to the nearest five thousand (5,000) bushels of the mean contract quantity. If deliveries under this contract result in a variance from the mean contract quantity, there shall be another exchange of futures as soon as possible after the last day of loading to bring the resulting amount of futures exchanged to the nearest five thousand (5,000) bushels of the quantity delivered. All exchanges of futures shall be made within the range of prices prevailing on the futures market on the date of the exchange. The variance from the mean contract quantity shall be settled basis the market value as defined in paragraphs A and B below:

- A. The FOB (flat price) market value, or the market value of the premium, as the case may be, shall be that prevailing on the close of the appropriate market in Duluth/Superior of the commodity on the last date of loading, if such be a business day, otherwise on the close of such market on the previous business day.
- B. In the event the parties do not agree on the market value by the time the shipping documents are ready to be transmitted to Buyer, Seller shall invoice the entire shipment provisionally at contract price. Thereafter, final invoice for the difference between contract price and market value shall be presented as soon as possible and payment shall be made immediately.

1310.00. NOTICE OF DELIVERY.

Notice of delivery stating vessel's name, dates of bills of lading (or mate's receipts), quantities and qualities loaded (including percentage of dockage if applicable) shall be passed on by Seller to Buyer without undue delay. Notices of delivery shall be subject to correction of any errors.

1311.00. INSURANCE.

Marine and war risk (plus strikes, riots, civil commotions and mine risk) insurance, covering Seller's/Buyer's interests as they may appear, is to be covered by Buyer with first-class approved companies and/or underwriters and to be confirmed by such companies and/or underwriters to Seller prior to the expected readiness of the vessel. If this confirmation is not received by Seller by such time, Seller may place such insurance for Buyer's account and at Buyer's risk and expense.

1312.00. COMMUNICATIONS.

All notices under this contract shall be given by letter, if delivered by hand on the day of writing, or by cable, telex or other method of rapid written communication. Any notice received after 1600 hours (local time at place of receipt) on a business day shall be deemed to have been received on the following business day, except that for preadvice given and received by parties which are both located

in the Continental United States and/or Canada, the reference herein to 1600 hours shall signify 1600 hours Central Time.

1313.00. CIRCLES.

- A. For the purposes of this clause, a circle shall consist of a series of contracts in which each Seller is also a Buyer of a commodity of the same description and quality, and with compatible delivery periods.
- B. If this contract forms part of a circle, each party may agree with the other parties in the circle to forego actual delivery and to participate in a clearing agreement for the settlement of contract price differences. Monies due and owed to parties in the circle shall be payable on the middle day of the contract delivery period.
- C. If a circle can be shown to exist but no clearing agreement has been reached by the tenth (10th) calendar day following the last day of the delivery period, actual delivery shall not be made and payment shall be made by each Buyer to his Seller of the excess of Seller's invoice amount over the lowest invoice amount in the circle. Such payments shall be made promptly after the tenth (10th) calendar day following the last day of the delivery period.
- D. Should any party in a circle fail to make payment on the due date as required under paragraph B or C above for reasons cited in Minneapolis Grain Exchange **Rule 1318.00.** or for any other reason, payment shall be made between each Buyer and his Seller of the difference between the Seller's invoice amount at contract price and the market value of the commodity on date of insolvency or default, as the case may be. Such payment shall be made latest on the second business day after the due date under paragraph B or C above. Payments already made under paragraph B or C above shall be refunded.
- E. All circle settlements shall be based on the mean contract quantity. If a circle under paragraph B, C or D above exists, Minneapolis Grain Exchange **Rules 1314.00.** and **1316.00.** shall not apply. Payments due on a non-business day shall be made not later than the following business day. All payments made after the delivery period shall include carrying charges from the day following the last day of the delivery period, to the date of payment, at the rates stipulated in this contract. These carrying charges shall be settled individually between Buyer and Seller.
- F. The parties agree that any dispute arising out of the voluntary clearing agreement entered into in accordance with paragraph B above shall be subject to arbitration as per Rules of the Minneapolis Grain Exchange.

1314.00. FAILURE TO TAKE DELIVERY.

Should the Buyer not take delivery of the grain within the established contract period, he shall be in breach of contract, and the Seller shall carry the grain on carrying charges for Buyer's account from the day following the last date of contract delivery period up to the date(s) of delivery, both dates inclusive, and such carrying charges shall include storage and insurance charges as provided in his elevator tariff, or as prescribed in the contract if the carrying charges are different from those prescribed in the elevator tariff, plus interest basis mean contract quantity or open balance basis mean quantity as follows:

One percent (1%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted, it will be the average of the quotes) when the prime rate is less than seven percent (7%).

One and one-half percent (1.5%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted it will be the average of the quotes) when the prime rate is seven (7%) or more but less than eight and one-half percent (8.5%).

Two percent (2.0%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted it will be the average of the quotes) when the prime rate is eight and one-half percent (8.5%) or more but less than ten percent (10.0%).

Two and one-half percent (2.5%) over current prime rate as quoted in the Wall Street Journal (if more than one prime rate is quoted it will be the average of the quotes) when the prime rate is ten percent (10.0%) or more.

In the event that said grain has not been picked up within twenty (20) calendar days following the last day of the contract delivery period, the Seller may at his discretion either:

- A. Continue to carry the grain on carrying charges as provided above, or:
- B. Issue warehouse receipts for the mean quantity due, for which the Buyer shall pay contract price, plus all accrued carrying charges and interest, but less out elevation charges (such tender of warehouse receipts shall be deemed performance of the contract on the part of the Seller), or:
- C. Negotiate new terms with the Buyer for carrying beyond the twenty (20) day period or;
- D. Declare the Buyer in default, but said declaration of default under this Rule, regardless of contract delivery period, may be made only during the calendar period of May fifteen (15th) through the first (1st) business day of December, both dates inclusive.

1315.00. DRAFT AT LOADING BERTH.

Unless stipulated to the contrary, the Seller shall be responsible for providing a minimum water depth at the loading berth equivalent to seaway draft.

1316.00. STRIKES OR OTHER CAUSES OF DELAY IN SHIPMENT.

This clause shall apply if delivery by the Seller of the commodity, or any part thereof, is prevented or delayed at the port or elevator of delivery by reason of any of the following conditions:

- A. Riots, strikes, lockouts, embargoes, interruptions or stoppages to the normal course of labor;
- B. Exceptional impediments to transportation;
- C. Action by Federal, State or Local Government authority.

Seller shall have the option of invoking this clause by nominating a loading elevator and notifying the Buyer by cable or telex sent within two (2) business days after the date of commencement of the cause or causes of prevention and/or delay, or on the first business day of the contract delivery period,

whichever occurs later (if Seller fails to invoke this clause within the proper time and notification requirements as described above, Seller shall not be entitled to do so at a later date for the same cause or causes and shall be in default if unable to load a properly nominated vessel; PROVIDED THAT if required by Buyer, Seller will furnish a certificate of the Minneapolis Grain Exchange certifying the existence and duration of the cause or causes of prevention and/or delay, and such certification will be final.

The following shall apply if this clause has been invoked by the Seller:

- A. At the termination of the cause or causes of prevention and/or delay or at the resumption of work after the termination of such cause or causes, whichever occurs later, Seller may extend the period of prevention and/or delay under this clause for up to an additional fourteen (14) days to allow the forwarding of the goods to the port; PROVIDED THAT Seller shall have notified Buyer by cable or telex sent within one (1) business day after the termination of the cause or causes of prevention and/or delay or at the resumption of work after the termination of such cause or causes, whichever occurs later.
- B. At the termination of the cause or causes of prevention and/or delay, or at the resumption of work after the termination of such cause or causes, or at the termination of an extension declared by Seller of up to fourteen (14) days of the period of prevention and/or delay, whichever occurs later, Buyer shall be entitled to as many days to lift the goods as there were days remaining in the contract delivery period at the commencement of such cause or causes, but not fewer than fourteen (14) days.
- C. Carrying charges for Buyer's account shall begin on the day following the last day allowed for performance on contract as extended hereunder, except that if this clause becomes operative after the last date of the contract delivery period, Buyer shall pay carrying charges from the day following the last day of contract delivery period up to date(s) loaded, both inclusive.

1317.00. DEFAULT.

In case of default by either party, the other party shall be at liberty, after giving notice by cable or telex, to resell or repurchase, as the case may be, without undue delay, and the defaulting party shall make good the loss, if any, to the other party but shall not be entitled to any profit. If the non-defaulting party has not repurchased or resold the commodity by the tenth (10th) consecutive day after the giving of notice of default, the market value on the said tenth (10th) day shall be used for settlement purposes. If such tenth (10th) day falls on a nonbusiness day, the market value on the previous business day will govern. In event of a default by Buyer, the sale price under this contract shall automatically be increased by the value of carrying charges calculated up to the date of resale, or the tenth (10th) consecutive day after the giving of notice of default, whichever is applicable.

1318.00. INSOLVENCY.

Either party shall, at any time after sending notice, have the right to terminate this contract and recover the loss (if any) in the event that:

- A. the other party suspends payment or commits an act of bankruptcy; or
- B. reasonable grounds for insecurity having arisen with respect to the financial capacity of the other party to perform under this contract, and a written demand for adequate

assurance of due performance having been made, such assurance is not received within a period of time not exceeding five (5) days.

4-26-96

CHAPTER 14
OPTION SPECIFICATIONS
HARD RED SPRING WHEAT FUTURES

1400.00. Scope Of Chapter
1401.00. Unit Of Trading
1402.00. Option Trading
1403.00. Striking Prices
1404.00. Option Exercise
1404.01. Automatic Exercise

4-26-96

CHAPTER 14
OPTION SPECIFICATIONS
HARD RED SPRING WHEAT FUTURES

1400.00. SCOPE OF CHAPTER.

This Chapter is limited in application to the trading of put and call options exercisable for Minneapolis Grain Exchange (Exchange) Wheat Futures Contracts. Procedures for trading, clearing and any other matters not specifically covered herein shall be governed by the Rules of the Exchange.

1401.00. UNIT OF TRADING.

The unit of trading shall be a put or call option exercisable for one (1) five thousand (5,000) bushel Minneapolis Grain Exchange Hard Red Spring Wheat Futures Contract.

1402.00. OPTION TRADING.

- A. **Hours of Trading.** The hours of trading Spring Wheat Options shall be determined by the Board of Directors in accordance with **Regulation 2011.00.**
- B. **Months Traded In.** Trading may be conducted in Spring Wheat options in the same months that are listed for trading in the Spring Wheat Futures Contract (see **Rule 715.00.**). Additionally, trading may be conducted in Spring Wheat options in months that are not listed for trading in the Spring Wheat Futures Contract. No more than two (2) options months outside the delivery cycle shall be available to trade at one time and shall be limited to those months immediately preceding the current delivery month and the next delivery month. Trading in an options month outside the delivery cycle may begin the first business day of the month immediately preceding its month of expiration. The underlying Spring Wheat Futures Contract month for such options month shall be the next month in the delivery cycle. However, the Board of Directors may, at its discretion, restrict trading in any month should market conditions so warrant.
- C. **Last Trading Day.** The last trading day will be the Friday which precedes by at least two (2) business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last trading day shall be the business day prior to such Friday (see **Res. 1402.00. C.**).
- D. **Option Expiration.** The contractual rights and obligations arising from the option contract expire at four o'clock (4:00) p.m. on the last day of trading.
- E. **Option Premium Price Basis.** The premium for Spring Wheat futures options shall be in multiples of one-eighth of one cent (1/8) per bushel of a five thousand (5,000) bushel Spring Wheat futures contract or six dollars and twenty-five cents (\$6.25) per contract.

However, in the case of a cabinet trade, when both sides are closing transactions, the option premium may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.

- F. **Position Limits.** Position Limits for Spring Wheat futures options shall be those limits currently in effect pursuant to Part 150 of the Regulations of the Commodity Futures Trading Commission.
- G. **Reportable Positions.** A position of twenty-five (25) or more put or call options on this Exchange, long or short, in any one (1) month of the first two (2) nearby delivery months or a position of one hundred (100) or more put or call options, long or short, in any one (1) month of the remaining delivery months shall be reportable position level for wheat options on this Exchange. All such positions shall be reported in a manner and form as designated by the Exchange and pursuant to Exchange Rule 1505.00.
- H. **Daily Price Limits.** Trading is prohibited in a Spring Wheat futures option at a premium of more than the trading limit for the Spring Wheat futures contract above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

1403.00. STRIKING PRICES.

The Board of Directors shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions (see Regulation 2023.00.), subject to the provisions of Section 5(a)(12) of the Commodity Exchange Act and Commodity Futures Trading Commission (CFTC) regulations promulgated thereunder.

1404.00. OPTION EXERCISE.

The Buyer of a Spring Wheat futures option may exercise the option on any business day by giving notice of exercise to the Clearing House at such time as determined by the Clearing House Committee (see Res. 2101.00. C.) on such day.

The Clearing House shall assign such notices of intent promptly and at random to a Clearing Member carrying a short position in the option series. Said Clearing Member shall in turn assign such notice to accounts with open short positions in a fair and non-preferential manner in accordance with written procedures. By the opening of the next trading session, in the case of a call option contract, the writer shall sell to the holder by book entry the underlying Futures Contract at the contracted striking price, or, in the case of a put options contract, the writer shall buy from the holder by book entry the underlying Futures Contract at the contracted striking price. Henceforth, the writer and the holder assume the rights and obligations associated with their respective positions in the underlying Futures Contract.

Notwithstanding the foregoing, an option holder may exercise an option contract prior to expiration:

- A. To correct errors or mistakes made in good faith;

- B. To take appropriate action as the result of unreconciled Exchange option transactions;
- C. In exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time identified in **Resolution 2101.00. C.** on the last day of trading.

1404.01. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 1404.00.**, based upon the settlement price for Spring Wheat futures on the last day of trading for Spring Wheat options, the Clearing House shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House at such time identified in **Resolution 2101.00. C.**

Notwithstanding the foregoing, notice to cancel automatic exercise may be given to the Clearing House prior to expiration:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. In exceptional cases involving a customer's inability to communicate to the member firm exercise instructions or the members firm's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00. C.**) on the last day of trading.

12-15-93

CHAPTER 15
OPTIONS DEFINITIONS AND OTHER TERMS

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12-15-93

CHAPTER 15
OPTIONS DEFINITIONS AND OTHER TERMS

1500.00. OPTIONS - DEFINED.

- A. **Call Option Contract.** A call option contract grants the holder, prior to expiration, the right, but not the obligation, to buy and obliges the writer to sell, upon holder's demand, the underlying commodity at the contracted striking price.
- B. **Put Option Contract.** A put option contract grants the holder, prior to expiration, the right, but not the obligation, to sell and obliges the writer to buy, upon holder's demand, the underlying commodity at the contracted striking price.
- C. **Option Type.** Option contracts shall be designated by type as either puts or calls.
- D. **Option Class.** All option contracts of a specific type shall be designated by class corresponding to a specific contract month of the underlying Futures Contract, or expiration month in the case of an option on a physical commodity.
- E. **Option Series.** All option contracts of a specific type and class shall be designed by series corresponding to a specific striking price.
- F. **Covered Option.** A covered option is one (1) long call or short put covered by one (1) short position in the underlying Futures Contract, or one (1) short call or one (1) long put covered by one (1) long position in the underlying Futures Contract.

1502.00. DOUBLE HEDGING.

No cash market position shall be deemed to be hedged simultaneously by both futures and option positions.

1503.00. BONA FIDE HEDGING TRANSACTIONS AND POSITIONS.

- A. **General Definition.** Bona fide hedging transactions and positions shall mean transactions or positions in option contracts, where such transaction or positions normally represent a substitute for transactions to be made or positions to be taken at a later time in a physical marketing channel, and where they are economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise; and where they arise from:
 - 1. The potential change in the value of assets that a person owns, produces, manufactures, processes or merchandises or anticipates owning, producing, manufacturing, processing or merchandising.
 - 2. The potential change in the value of liabilities that a person owes or anticipates incurring.
 - 3. The potential change in the value of services that a person provides, purchases or anticipates providing or purchasing.

Notwithstanding the foregoing, no transactions or positions shall be classified as bona fide hedging for the purposes of exceeding the speculative limits unless their purpose is to offset price risks incidental to commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound

commercial practices and unless the provisions of Paragraphs B., C. and D. of this Rule and Exchange Rule 1504.00. A., B., C. and D. have been satisfied.

B. Enumerated Hedging Transactions. The definition of bona fide hedging transactions and positions in Paragraph A. of this Rule includes, but is not limited to, the following specific transactions and positions:

1. Sales of call options or purchases of put options on a contract market for any commodity that does not exceed in quantity:
 - a. Ownership or fixed-price purchase of the same cash commodity by the same person.
 - b. Twelve (12) months' unsold anticipated production of the same commodity by the same person provided that no such position is maintained in any contract month during the five (5) last trading days of that contract month.
2. Purchases of call options or sales of put options on a contract market for any commodity that does not exceed in quantity:
 - a. The fixed-price sale of the same cash commodity by the same person;
 - b. The quantity equivalent of fixed-price sales of the cash products and by-products of such commodity by the same person;
 - c. Twelve (12) months' unfilled anticipated requirements of the same cash commodity for processing, manufacturing or feeding by the same person, provided that such transactions and positions in the five (5) last trading days of any one (1) contract month do not exceed the person's unfilled anticipated requirements of the same cash commodity for that month and for the next succeeding month.
3. Sales and purchases of options described in Paragraphs B.1 and B.2 of this Rule may also be offset other than by the same quantity of the same cash commodity, provided that the fluctuations in value of the commodity or contract that is the object of the option contract are substantially related to, and do not exceed, the fluctuations in value of the actual cash position, and provided that the positions in any one (1) contract month shall not be maintained during the five (5) last trading days of that contract month.

C. Nonenumerated Cases. Upon specific request made in accordance with Exchange Rule 1504.00.D. the President may recognize transactions and positions other than those enumerated in Paragraph B. of this Rule as bona fide hedging in such amounts and under such terms and conditions as he may specify in accordance with the provisions of Exchange Rule 1504.00. below. Such transactions and positions may include, but are not limited to, purchases or sales of options on any contract market by an agent who does not own or who has not contracted to sell or purchase the offsetting cash commodity at a fixed price, provided that the person is responsible for the merchandising of the cash position that is being offset.

- D. **Double Hedging.** No cash market position shall be deemed to be hedged simultaneously by both futures and options positions.

1504.00. REQUIREMENTS FOR CLASSIFICATION OF POSITIONS AS HEDGING.

Rules establishing speculative position limits with respect to options shall not apply to bona fide hedging positions as defined in Exchange Rule 1503.00.

- A. **General Requirements.** A clearing member shall not maintain or carry a hedge account (customer or house) that by itself or in accumulative total with any other accounts of the owner exceeds the speculative trading or position limits of the Exchange, unless the Board or its representative approves and unless:
1. The prospective hedger has made an application to the Board or its representative in conformity with any requirements set forth in Parts B., C. or D. of this Rule, on forms provided by the Exchange wherein he states under oath that:
 - a. the intended positions will be bona fide hedges;
 - b. the hedge positions are necessary or advisable as an integral part of his business (fully explaining the nature and extent of his business);
 - c. the applicant has complied with all federal requirements relating to hedging and has received approval for this purpose from the Commodity Futures Trading Commission (CFTC) wherever necessary.
 2. The hedge positions kept in a special hedge account on the books of a clearing member.
 3. The hedger complies with whatever limitations are imposed by the Board or its representative with relation to said hedges.
 4. The hedger agrees to submit immediately a supplemental statement explaining any changes in circumstances affecting the reasonableness of his hedge position.
 5. The hedger complies with all other Exchange Rules and Requirements.
 6. Hedges are moved in an orderly manner in accordance with sound commercial practices and are not initiated, held or liquidated in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes. The hedger does not use said hedges in an attempt to violate or avoid Exchange Rules, or otherwise impair the good name or dignity of the Exchange.
 7. The hedger complies with any other applicable requirements set forth in Parts B., C. or D. of this Rule.

The Board or its representative shall, on the basis of the application and supplemental information that the Exchange requests, determine whether the application for exemption shall be approved. The Board or its

representative may, from time to time, review all hedging approvals and, for cause, revoke said approvals or place limitations thereon.

The applicant may appeal any decision of the Board's representative to the Board.

Hedgers shall be exempt from emergency orders reducing speculative limits or restricting trading but only to the extent provided in such order and only if the approvals required by this Rule are secured by the hedger.

B. Enumerated Nonanticipatory Hedging Transactions.

1. Any person who wishes to avail himself of the provisions of Exchange Rules 1503.00.B.1.(a.), 1503.00.B.2.(a.) or 1503.00.B.2.(b.) and to make purchases or sales of options in excess of trading and position limits then in effect shall file an application with the Exchange containing statements required under Exchange Rule 1504.00.A.1. All persons receiving approval by the Board or its representative for purchases or sales of options in excess of the trading and position limits then in effect for the purpose of hedging cash positions in the commodity as described in Exchange Rules 1503.00.B.1.(a.), 1503.00.B.2.(a.) or 1503.00.B.2.(b.), shall file Commodity Futures Trading Commission (CFTC) Form 204 reports with the CFTC immediately following approval by the Exchange of the requested exemption for all cash positions in the commodity. Any person who is currently filing CFTC Form 204 reports with the CFTC shall continue to file such reports pursuant to any such hedging exemption granted by the Exchange under this Rule.
2. For the purposes of this Rule CFTC Form 204 reports shall be filed in accordance with Part 19 of the CFTC regulations; provided, however, that such reports shall be filed with the CFTC when any person's position in long call options, short call options, long put options or short put options equals or exceeds six hundred (600) options contracts, and that whenever the terms "positions for futures delivery," "futures," or "commodity for future delivery" appear in Part 19 of the CFTC regulations such terms shall be deemed to mean the appropriate commodity options transaction (put or call) or commodity option position (as appropriate), traded or eligible to be traded on this Exchange.

C. Enumerated Anticipatory Hedging Transactions.

1. Any person who wishes to avail himself of the provisions of Exchange Rules 1503.00 B.1.(b.) and 1503.00 B.2.(c.) to make sales or purchases of options in excess of trading and position limits then in effect and who has previously made a filing with the CFTC pursuant to CFTC Regulation 1.48 with respect to that person's current anticipatory cash requirements in the same commodity and is currently filing CFTC Form 204 Reports with the CFTC for the same commodity shall file an application with the Exchange containing statements required under Exchange Rule 1504.00.A.(a.)(1.). Any person complying with these requirements shall not be subject to the requirements of Paragraphs 2., 3., 4., 5., and 6. of this Rule to the extent that such person continues to file such CFTC Form 204 Reports with the CFTC in accordance with the requirements of Rule 1504.00.B.2.

2. Any person who wishes to avail himself of the provisions of Exchange Rules 1503.00.A.2. and 1503.00.B.3. to make sales or purchases of options in any commodity in excess of trading and position limits then in effect for the purposes of bona fide hedging and who has not previously made a filing with the CFTC pursuant to CFTC Regulation 1.48 and is not currently filing CFTC Form 204 Reports with the CFTC pursuant to a previous filing under CFTC Regulation 1.48 shall file statements with the Board or its representative in conformity with the requirements of this Rule. All or a specified portion of the transactions and positions described in these statements shall not be considered as bona fide hedging if such person is so notified by the Board or its representative:
- a. Within thirty (30) days after the Board or its representative is furnished the information required under Paragraph 2. of this Rule.
 - or
 - b. Within ten (10) calendar days after the Board or its representative is furnished with the information required under Paragraph 3. of this Rule.

The Board or its representative may request the person notified to file specific additional information with the Board or its representative to support a determination that all, or the specified portion, of the transactions and positions be considered as bona fide hedging transactions and positions. In such cases the Board or its representative shall consider all information so filed and, by notice to such person, shall specify the extent to which the Board or its representative has determined that the transactions and positions may be classified as bona fide hedging. In no case shall such transactions and positions held by such persons that offset unsold anticipated production or unfilled anticipated requirements be considered bona fide hedging if they exceed the levels specified in Paragraph 5. of this Rule.

3. **Initial Statements.** Initial statements concerning the classification of transactions and positions as bona fide hedging of unsold anticipated production or unfilled anticipated requirements for manufacturing, processing or feeding shall be filed with the Board or its representative at least thirty (30) days in advance of the date that such transactions or positions would be in excess of limits then in effect. Such statements shall include any information required in Exchange Rules 1504.00.D.2.(d.) and 1504.00.D.2.(e.). In addition, such statements shall set forth in detail for a specified operating period, not in excess of one (1) year, the person's unsold anticipated production or unfilled anticipated requirements for processing or manufacturing or feeding and explain the method of determination thereof, including, but not limited to, the following information:
- a. For unsold anticipated production:
 - 1. Annual production of such commodity for the three (3) complete fiscal years preceding the current fiscal year.
 - 2. Anticipated production of such commodity for a specified period not in excess of one (1) year.

3. Fixed-price forward sales of such commodity.
 4. Unsold anticipated production of such commodity for a specified period not in excess of one (1) year.
- b. For unfilled anticipated requirements:
1. Annual requirements of such commodity for processing or manufacturing or feeding for the three (3) complete fiscal years preceding the current fiscal year.
 2. Anticipated requirements of such commodity for processing or manufacturing or feeding for a specified operating period not in excess of one (1) year.
 3. Inventory and fixed-price forward purchases of such commodity, including any quantity in process of manufacture and finished good and by-products of manufacture or processing (in terms of such commodity).
 4. Unfilled anticipated requirements of such commodity for processing or manufacturing or feeding for a specified operating period not in excess of one (1) year.
- c. Additional information:

Persons hedging unsold anticipated production or unfilled anticipated requirements, which are not the same quantity or are not the same commodity as the commodity to be sold or purchased as options, shall furnish this information both in terms of the actual commodity purchased or used and in terms of the commodity to be sold or purchased as options. In addition, such persons shall explain the method for determining the ratio of conversion between the amount of the actual unsold anticipated production or unfilled anticipated requirements and the amount of commodity to be sold or purchased as options. Persons hedging unfilled annual feeding requirements for livestock and poultry shall provide the number of cattle, hogs, sheep or poultry expected to be fed during the specified period, not to exceed one (1) year, and the derivation of their annual requirements based up on these numbers. Person filing as an agent shall furnish this information on the basis of the fiscal or operating year of the person on whose behalf the filing is made.

4. **Supplemental Reports.** Whenever the sales or purchases that a person wishes to consider as bona fide hedging of unsold anticipated production or unfilled anticipated requirements shall exceed the amounts described by the figures for requirements furnished in the most recent filing pursuant to this Rule or the amounts determined by the Board or its representatives to constitute unsold anticipated production or unfilled anticipated requirements pursuant to Paragraph 2. of this Rule, such person shall file with the Board or its representative a statement that updates the information provided in the person's most recent filing and supplies the reason for this change at least ten (10) calendar days in advance of the date that person wishes to exceed these amounts.

5. **Maximum Sales and Purchases.** Sales or purchases of options considered as bona fide hedges of unsold production or unfilled anticipated requirements for manufacturing, processing or feeding shall at no time exceed the lesser of:
 - a. A person's unsold anticipated production or unfilled anticipated requirements as described by the information most recently filed pursuant to this Rule or determined by the Board or its representative pursuant to Paragraph 2. of this Rule.
 - or
 - b. A person's actual unsold anticipated production or current unfilled anticipated requirements for the length of time specified in the information most recently filed pursuant to this Rule.
6. **Updated Reports.** Reports updating the information required pursuant to this Rule shall also be filed with the Board or its representative upon specific request.

D. **Nonenumerated Hedging Transactions.**

1. **Advance Filing Requirement.** Any person who wishes to avail himself of the provisions of Exchange Rule 1503.00.C. and to make purchases or sales of options in excess of trading and position limits then in effect shall file statements with the Board or its representative in conformity with the requirements of this Rule. All or a specified portion of the transactions and positions described in these statements shall not be considered as bona fide hedging if such person is so notified by the Board or its representative:
 - a. Within thirty (30) days after the Board or its representative is furnished the information required under Paragraph 2. of this Rule.
 - or
 - b. Within ten (10) calendar days after the Board or its representative is furnished with the information required under Paragraph 3. of this Rule.

The Board or its representative may request the person notified to file specific additional information with the Board or its representative to support determination that all, or the specified portion, of the transactions and positions be considered as bona fide hedging transactions and positions. In such cases the Board or its representative shall consider all information so filed and, by notice to such person; shall specify the extent to which the Board or its representative has determined that the transactions and positions may be classified as bona fide hedging. In no case shall transactions and positions described be considered as bona fide hedging if they exceed the levels specified in Paragraph 4. of this Rule.

2. **Initial Statements.** Initial statements concerning the classification of transactions and positions as bona fide hedging pursuant to Exchange Rule 1503.00.C. shall be filed with the Board or its representative at least thirty (30) days in advance of the date that such transactions or positions would be in excess of limits then in effect. Such statements shall:

- a. Describe the transactions and positions in options and the offsetting cash positions.
 - b. Set forth in detail information that will demonstrate that the purchases and sales are economically appropriate to the reduction of risk exposure attendant to the conduct and management of a commercial enterprise.
 - c. Contain, and upon request of the Board or its representative, be supplemented by, such other information that is necessary to enable the Board or its representative to make a determination whether the particular purchases and sales for options fall within the scope of those described in Exchange Rule 1503.00.A.
 - d. Include a statement concerning the maximum size of positions in options (both long and short) that will be acquired any time during the next fiscal year or marketing season of the person filing or on whose behalf the filing is made.
 - e. In addition, statements filed by an agent concerning an option position that would offset a cash position that the agent does not own or has not contracted to buy or sell shall contain information describing all contractual arrangements between the agent filing and the person who owns the commodity or holds the cash market commitment being offset.
3. **Supplemental Reports.** Whenever the purchases or sales of options that a person wishes to classify as bona fide hedging shall exceed the amount provided in the person's most recent filing pursuant to this Rule or the amount previously specified by the Board or its representative pursuant to Paragraph 1. of this Rule, such person shall file with the Board or its representative a statement that updates the information provided in the person's most recent filing and provides the reasons for this change at least ten (10) calendar days in advance of the date that the person wishes to exceed those amounts.
4. **Maximum Purchases and Sales.** Purchases and sales of options considered bona fide hedging pursuant to Exchange Rule 1503.00.C. shall at no time exceed the lesser of:
- a. The value fluctuation equivalent (in terms of the commodity for options transactions) of the current cash position described in the information most recently filed pursuant to this Rule.
 - or
 - b. The maximum level of long or short open positions provided in the information most recently filed pursuant to this Rule or most recently specified by the Board or its representative pursuant to Paragraph 1. of this Rule.
5. **Updated Reports.** Reports updating the information required pursuant to this Rule also shall be filed with the Board or its representative upon specific request.

6. **Power to Rescind Recognition.** The Board or its representative, at his sole discretion, may rescind recognition of nonenumerated hedging positions for the purposes of exceeding the position limits then in effect.

1505.00. LARGE OPTIONS TRADER REPORTS.

- A. **Information Required.** When an option position becomes a reportable position in accordance with Exchange Rule 1402.00.G., each Futures Commission Merchant or Member of the Exchange shall submit to the Exchange a weekly report for options on futures containing the following information for each option trader controlling a reportable option position:
 1. All reportable positions in the option that is next to expire, by strike prices.
 2. All reportable positions in any other options that expire within six (6) weeks, by strike prices.
 3. All reportable positions in the next-deferred option expiration date, regardless of strike price.
 4. All reportable positions in all other more distant option expiration dates, regardless of strike prices.
 5. The total reportable position controlled by the option trader in all option expiration dates, regardless of strike prices.
 6. All futures positions which are portions of conversions or reverse-conversions.
- B. For options on Futures Contracts, with respect to each put and call and each long and short position controlled by the option trader, the following information shall be shown separately by the Futures Commission Merchant or member of the Exchange and combined for all Futures Commission Merchants and members:
 1. All reportable positions in the option that is next to expire, by strike prices.
 2. All reportable positions in any other options that expire within six (6) weeks, by strike prices.
 3. All reportable positions in the next-deferred option expiration date, regardless of strike price.
 4. All reportable positions in all other more distant option expiration dates, regardless of strike prices.
 5. The total reportable position controlled by the option trader in all option expiration dates, regardless of strike prices.
 6. All futures positions which are portions of conversions or reverse-conversions.

All option positions controlled by the same trader, which are carried at the same Futures Commission Merchant or held by a Member of the Exchange, shall be identified by use of the number assigned by the Futures Commission Merchant or Member in accordance with Exchange Rule 1506.00.

Identifying information shall include name of the reportable option trader, state or country of residence, Member of the Exchange or Futures Commission Merchant carrying the account and an indicator of whether the option trader is classified as commercial or noncommercial.

- C. **Form and Manner of Reporting.** The information required by Paragraph 1. of this section shall be submitted in hard copy form to the Exchange. Such information shall be compiled weekly as of the close of business on Tuesday, or Monday if Tuesday is a holiday, or more frequently than weekly as the Exchange may direct. This information shall be submitted to the Exchange by the business day following that to which the information pertains.

1506.00. SPECIAL ACCOUNT DESIGNATION AND IDENTIFICATION.

- A. **Designation of Special Account.** For the purpose of reporting options information to the Exchange, each Futures Commission Merchant or Member of the Exchange shall assign a number to each special account and shall report such account only by such number; provided, that the same number shall be used to report options information for the same trader. An account number shall not be changed or assigned to another account without the prior approval of the Exchange.
- B. **Identification of Special Account.** When a Special Account is reported for the first time, the Futures Commission Merchant or Member of the market shall identify the account to the Exchange on forms designated by the Exchange showing the information requested thereon, including:
1. The name and address of the account owner.
 2. The number assigned to that account for purposes of reporting the account.
 3. Business telephone number of account owner.
 4. Business or occupation of the account owner, including the name of the person's employer and the person's job title if type of account is individual.
 5. Type of account.
 6. The name and address of any other person whose futures or options trading is controlled by the account.
 7. The name, address, business telephone number and business or occupation of other persons, if any, who control the trading of this account.
 8. The name and location (city and state) of any other person who has a financial interest of ten (10) percent or more in the account.
 9. Information concerning other accounts carried by the reporting Futures Commission Merchant or Member in which the account for which the Exchange Large Trader Report Form is filed has a ten (10) percent or more financial interest, including the names of such accounts, the principal owners of such accounts and the names and locations of offices at which such accounts are carried.
 10. For options whether the trader is classified as commercial or non-commercial by commodity option traded.
 11. The name and business telephone number of the associated person of the Futures Commission Merchant who has solicited and is responsible for the account or, in the case of an introduced account, the name and business telephone number of the introducing broker who introduced the account.

12. Name and address of the Futures Commission Merchant or member of a contract market carrying the account, the signature, title and business phone of the authorized representative of the firm filing the report and the date of signing the Exchange Large Trader Reporting Form.
- C. **Exchange Large Trader Report Form Update.** If at the time an account is in special account status and an Exchange Large Trader Report Form filed by a Futures Commission Merchant or Member of the Exchange is then no longer accurate because there has been a change in the information required under Paragraph B.5., B.6., B.7. or B.8. of this section since the previous filing, the Futures Commission Merchant or Member of the Exchange shall file an updated Exchange Large Trader Report Form with the Exchange within one (1) business day after such change occurs.

9-7-99

CHAPTER 17
SALES PRACTICES AND PROMOTIONS

1700.00. Sales Practices
1701.00. Promotional Material

9-7-99

CHAPTER 17
SALES PRACTICES AND PROMOTIONS

1700.00. SALES PRACTICES.

The provisions of this Rule shall apply exclusively to the offer and sale of options traded on the Exchange.

- A. **Complaints.** Member Futures Commission Merchants shall make and retain written records regarding all written and oral customer complaints. Such records shall indicate the date the complaint was received, the associated person(s) who serviced the account, a general description of the matter and any action taken in regard to the complaint. Such complaints and records thereof shall immediately be reported to the Exchange. Member Futures Commission Merchants engaged in the offer and sale of options traded on the Exchange shall adopt and enforce written procedures governing the supervision and solicitation of option accounts.
- B. **Disclosure.** Fraudulent or high-pressure sales communications are prohibited. Member Futures Commission Merchants shall make disclosure to option customers concerning the nature and risk of option trading as set forth in Section 33.7 of the Regulations promulgated under the Commodity Exchange Act and shall obtain written acknowledgment that the customer has received and understood such disclosures.
- C. **Discretionary Trading.** No member Futures Commission Merchant shall accept a discretionary order for an option contract traded on the Exchange for the account of a nonmember customer unless such member Futures Commission Merchant shall have first:
1. Provided the option customer with an explanation of the nature and risks of the strategy or strategies to be used in connection with the option customer's account; and
 2. approved the discretionary authority; such approval must be in writing by an officer, general partner, sole proprietor or branch office manager of the member Futures Commission merchant, other than the individual authorized to exercise such discretion.

Thereafter, such member Futures Commission Merchant shall identify all discretionary orders as such on the order at the time of entry and an officer, general partner, sole proprietor or branch office manager, other than the individual authorized to exercise such discretion, shall approve, initial and date such orders. Member Futures Commission Merchants shall frequently review discretionary accounts. The requirements of Paragraph C. shall not apply to an account where discretionary trading authority is given to a spouse, parent or child of the customer.

- D. **Disciplinary Action.** Member Futures Commission Merchants engaged in the offer and sale of Exchange option contracts shall provide the Exchange with immediate written notification of any disciplinary action taken against such member Futures Commission Merchant or its associated persons by the Commission or another self-regulatory organization.

E. Deep Out-of-the-Money Options.

1. A deep out-of-the-money option is defined as an out-of-the-money option whose strike price is more than X strike prices distant from the strike price closest to the settlement price of the underlying Futures Contract, where X equals two (2) plus the number of calendar months remaining until option expiration;
2. however, the Board may impose additional criteria as appropriate;
3. no member Futures Commission Merchant shall accept an order for a deep out-of-the-money option without providing the customer with an explanation of the nature and the risks of the option prior to the transaction.

- F. Nonmember Option Omnibus Accounts.** No Member shall accept an order from any person whom the member may have reason to believe is soliciting or accepting orders for the purchase or sale of option in violations of Commodity Futures Trading Commission Regulation 33.3.

1701.00. PROMOTIONAL MATERIAL.

All materials promoting the sale of futures or options issued by members shall observe truth and good taste; preserve the good name of the Corporation, use representative statistics to avoid unwarranted conclusions; include or omit no material fact when the effect of such inclusion or omission constitutes a misrepresentation; and make no promise as to profits, always indicating risk or the possibility of loss if profit is mentioned. No promotional material shall state current margin requirements. Reports of past successes shall not imply that such success is typical or is likely to be experienced in the future. Members shall neither state nor imply that they represent the Corporation. Upon request of the Department of Audits and Investigations, a Member must promptly provide a copy of any promotional material that relates to any futures or options traded on the Minneapolis Grain Exchange.

For the purpose of this Rule the term "promotional material" shall mean any text of a standardized oral presentation, any communication for publication in any newspaper, magazine or similar medium or for broadcast over television, radio, or other electronic medium; any standardized form of report, letter, circular, memorandum or publication; and any other written material disseminated or directed to customers or prospective customers for the purpose of soliciting futures or options transactions.

1-30-02

CHAPTER 18
ELECTRONIC TRADING

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1803.00.	Electronic Mail Accounts
1804.00.	Misuse Of Electronic Trading System
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1818.00.	Electronic Trading System Regulations

1-30-02

CHAPTER 18 ELECTRONIC TRADING

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, are fully subject to applicable Rules, Regulations, Resolutions, Interpretations, customs and usages of the Exchange unless specifically and expressly excluded therefrom. Customers, Members, nonmembers and Clearing Members must also abide by the Commodity Exchange Act and the regulations promulgated thereunder, and any other applicable jurisdiction's laws, rules or regulations.

1801.00. ACCESS AND CLEARING MEMBER GUARANTEE.

All Members and nonmembers must sign a customer account agreement and establish an account with an Exchange Clearing Member before they are provided access and commence trading on the Electronic Trading System. However, Members or nonmembers who exclusively trade through an omnibus account at an Exchange Clearing Member will not be required to sign a customer account agreement with the Exchange Clearing Member. A Clearing Member guarantees and assumes financial responsibility for all orders it places and receives, and all contracts it clears through the Electronic Trading System. Further, Clearing Members shall promptly pay all fees and charges invoiced for the Electronic Trading System.

1802.00. INTERNET SERVICES.

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

1803.00. ELECTRONIC MAIL ACCOUNTS.

All Members and Clearing Members with access to the Electronic Trading System must maintain a valid electronic mail account. Each Member and Clearing Member is responsible for promptly viewing, and if required, responding to all electronic mail emanating from the Exchange or the Electronic Trading System provider.

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.

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

1805.00. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED.

A Member or Clearing Member shall not knowingly cause to be entered, or enter into, a transaction in which the Member or Clearing Member assumes the opposite side of any order entered on behalf of a customer unless the Member or Clearing Member first enters the customer order into the Electronic Trading System and then subjects such order to sufficient market exposure before entering an opposite order.

1806.00. TRADING AGAINST OWN ORDERS PROHIBITED.

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

1807.00. PRIORITY OF ENTRY.

Orders received by a Member or Clearing Member shall be entered into the Electronic Trading System in the order received. Orders that cannot be immediately entered into the system must be reduced to writing or another form of permanent record, and entered when the orders become executable in the sequence in which the orders were received. All customer orders must be entered before a Member or Clearing Member may enter orders for accounts in which the Member or Clearing Member has a personal, financial or proprietary interest.

1808.00. TRADE OPEN.

Orders entered into and received by the Electronic Trading System during the designated time period prior to the opening of the trading session shall be matched first at the commencement of trading by means of an algorithm. The opening price shall be determined by the algorithm.

1809.00. MATCHING ALGORITHM FOR THE ELECTRONIC TRADING SYSTEM.

Unless otherwise specified by the Exchange, orders entered into the Electronic Trading System will be matched according to an algorithm that gives priority to orders at the best price and that gives priority among orders with the same price based upon the time of entry into the system. The Exchange may use a different matching algorithm for particular contracts or change an algorithm by giving notice to the Membership and the Clearing Members using the Electronic Trading System at least ten (10) days before the change or different algorithm is implemented.

The Board of Directors and the Executive Committee shall have authority to approve any change to an algorithm.

1810.00. TRADE ERRORS.

A trade executed on the Electronic Trading System is binding notwithstanding an erroneous entry may have been made. A Clearing Member error in handling a customer order may be resolved by a monetary adjustment and/or placing a market order for the customer.

1811.00. RECORDS OF TRANSACTIONS EFFECTED THROUGH THE ELECTRONIC TRADING SYSTEM.

All written orders and any other original records pertaining to transactions effected through the Electronic Trading System must be retained for five (5) years. Otherwise, the data contained in the Electronic Trading System shall be deemed the original record of the transaction.

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 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 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.

1813.00. TERMINATION OF ACCESS.

The Exchange shall have the right to summarily terminate access to the Electronic Trading System.

1814.00. SYSTEM SECURITY.

Each customer, Member and Clearing Member 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.

1815.00. PHYSICAL EMERGENCIES.

If the Electronic Trading System experiences a full or partial breakdown in any area, the Exchange may, without warning, immediately suspend trading on the Electronic Trading System until the problem has been corrected.

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 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 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.

1817.00. ELECTRONIC TRADING SYSTEM PROCEDURES.

The Exchange may immediately adopt, cancel or modify procedures of the Electronic Trading System, including but not limited to, access, order entry, open, execution, confirmation, closing, clearing, reporting, notification and recordkeeping procedures determined to be necessary so as to comply with the Commodity Exchange Act, Commission Regulations, Exchange Rules, Regulations, Resolutions and surveillance obligations, or other controlling or governing authority; or determined to be in the best interest of the Exchange, Membership, users or public; or required as a result of changes by the Electronic Trading System provider, or Internet access providers or servers.

1818.00. ELECTRONIC TRADING SYSTEM REGULATIONS.

The Board of Directors shall have the authority and power to approve and implement Regulations not inconsistent with this Chapter.

**CHAPTER 20
REGULATIONS**

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- 2000.00. Admission Of Members To The Exchange Room
- 2001.00. Regulations Governing Admission Of Messengers To The Exchange Room
- 2001.01. Regulations Governing Admission Of Floor Clerks To The Exchange Room
- 2003.00. Admittance Of Visitors To The Exchange Room
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- 2004.01. Exchange Room Enforcement
- 2004.02. Penalties For Boisterous Or Disorderly Conduct And/Or Outburst Of Vulgar And Abusive Language In The Exchange Room

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- 2011.00. Hours Of Trading
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- 2019.00. Official Representative To Observe The Execution Of Buying And Selling Orders At The Same Price
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DELEGATED POWERS

2090.00. Physical Emergencies
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**CHAPTER 20
REGULATIONS**

The following Regulations have been adopted pursuant to the authority and power vested in the Board of Directors by the Rules of the Corporation:

2000.00. ADMISSION OF MEMBERS TO THE EXCHANGE ROOM.

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

Members are required to wear their name badge plainly displayed so that the doorkeeper and others can readily distinguish the same. There is to be no charge for the first badge issued. However, in the event the badge is lost, a replacement badge will be issued for a fee of twenty dollars (\$20.00).

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, or by a 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 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 or by a 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, 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 hours of 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 Rules and Regulations.
- C. Members, 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.

2004.00. DECORUM AND DRESS WHILE IN THE EXCHANGE ROOM.

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

The Board of Directors hereby orders that all Members, Floor Clerks and Messengers dress and conduct themselves within the confines of acceptable business decorum while in the Exchange Room. The following are enumerated for the guidance of Members, Floor Clerks and Messengers:

- A. Proper attire must be worn at all times in the Exchange Room as determined and enforced by the Exchange.
- B. Matching of coins or other open forms of gambling in the Exchange Room is prohibited.
- C. Disorderly conduct, such as pushing or shoving, is prohibited.
- D. Vulgar or abusive language is prohibited.
- E. Any other conduct or activity determined to be detrimental to a professional and safe business environment is prohibited.

2004.01. EXCHANGE ROOM ENFORCEMENT.

Pursuant to the provisions of **Rules 235.00., 264.03., 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 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 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 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 Business Conduct 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 Business Conduct 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 Business Conduct 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, Firms and 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 Business Conduct 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 a hearing 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.** and **264.03.** 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, 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 appropriate Committee. After reviewing the investigation report, the Committee may issue a notice of charges to the Member, Member Firm or Corporation, Floor Clerk or Messenger including the right to request a hearing before the 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).

[REGULATION CONTINUED ON PAGE 2006]

If a second infraction occurs within two (2) years of the first infraction, a recommendation will be forwarded by the Business Conduct Committee to the Board of Directors that the individual involved be suspended up to a period of two (2) weeks with the monetary fine to be set at the recommendation of the Board. Members, Firms or Corporations will be responsible for fines given to their employee(s).

Complaints relating to boisterous or disorderly conduct and/or outburst of vulgar and abusive language in the Exchange Room will be reviewed by the Business Conduct Committee. The decision of the Business Conduct Committee shall be final.

2010.00. FUTURES AND OPTIONS MONTHS PRESCRIBED.

- A. Pursuant to the provisions of **Rule 715.00.**, the Board of Directors has adopted the following Regulation:

Trading in Spring Wheat Futures shall be permitted in the current delivery month plus any month in the March, May, July, September, December delivery cycle which falls within the next succeeding twenty-three (23) months. The next delivery month in the sequence shall replace the expiring delivery month as of the close of business on the last business day of the expiring delivery month. This implicit approval shall take effect unless such listing is deemed inappropriate because of conflicts with other superseding Rules or Regulations, or unless otherwise determined by the Board of Directors.

- B. Pursuant to the provisions of **Rules 7305.00., 7505.00., 7705.00., 7905.00. and 8105.00.**, the Board of Directors has adopted this Regulation. Trading may be conducted in every calendar month. The number of months available for trade shall include the current calendar month and the next twenty-three (23) calendar months. By notice posted on the Official Bulletin Board, the Board of Directors may, at its discretion, add such calendar months beyond those available for trade or remove from availability for trading those calendar months without open interest.

2011.00. HOURS OF TRADING.

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

The hours of trading at the Minneapolis Grain Exchange shall conform to Central Time.

A. **CASH MARKET**

The hours of trading in the cash market shall be from nine-thirty o'clock (9:30) a.m. to one-fifteen o'clock (1:15) p.m.

B. **SPRING WHEAT CONTRACT**

1. The hours of trading in Spring Wheat Futures on MGEXpress® shall be from six o'clock (6:00) p.m. to seven-fifteen o'clock (7:15) a.m. and from nine-thirty o'clock (9:30) a.m. to one-thirty o'clock (1:30) p.m.

2. The hours of trading in Spring Wheat Options by open outcry shall be from nine-thirty o'clock (9:30) a.m. to one-thirty o'clock (1:30) p.m.
3. The hours of trading in Spring Wheat Options on MGEXpress[®] shall be from six o'clock (6:00) p.m. to seven-fifteen o'clock (7:15) a.m. and from nine-thirty o'clock (9:30) a.m. to one-thirty o'clock (1:30) p.m.

C. NATIONAL CORN INDEX CONTRACT

1. The hours of trading in National Corn Index Futures on MGEXpress[®] shall be from six o'clock (6:00) p.m. to one-forty five o'clock (1:45) p.m.
2. The hours of trading in National Corn Index Options on MGEXpress[®] shall be from six o'clock (6:00) p.m. to one-forty five o'clock (1:45) p.m.

D. NATIONAL SOYBEAN INDEX CONTRACT

1. The hours of trading in National Soybean Index Futures shall be from six o'clock (6:00) p.m. to one-forty five o'clock (1:45) p.m.
2. The hours of trading in National Soybean Index Options shall be from six o'clock (6:00) p.m. to one-forty five o'clock (1:45) p.m.

E. WHEAT INDEX CONTRACTS

1. The hours of trading in Wheat Index Futures contracts shall be from six o'clock (6:00) p.m. to one-forty five o'clock (1:45) p.m.
2. The hours of trading in Wheat Index Options contracts shall be from six o'clock (6:00) p.m. to one-forty five o'clock (1:45) p.m.

2011.01. LAST TRADING DAY.

Pursuant to the provisions **Rules 7307.00., 7507.00., 7707.00., 7907.00. and 8107.00.**, the Board of Directors has adopted this Regulation.

The last trading day of a contract month shall be the last business day of the contract month.

2011.02. LAST DAY FOR EXCHANGE FOR PHYSICAL AND RISK TRANSACTIONS.

Pursuant to the provisions of **Rule 719.00.**, the Board of Directors has adopted this Regulation.

The last day that a National Corn Index, National Soybean Index or Wheat Index futures contract may be exchanged for, or in connection with, a physical ("EFP") or risk ("EFR") transaction shall be the last business day of the contract month.

The last day that a Spring Wheat futures contract may be exchanged for, or in connection with, an EFP or EFR transaction shall be the sixth (6th) business day following the last trading day of the contract month.

After the last trading day of the Spring Wheat futures contract, EFP and EFR transactions are permitted only for the purpose of liquidating futures positions. Such transactions shall not be permitted to initiate or establish new futures positions.

2012.00. TRADING LIMITS.

Trading is prohibited during any day in Futures Contracts of commodities traded on this Exchange at a price outside the limit above or the limit below either the settlement price for such commodity on the previous business day, or the average of the opening range, or the first trade during the first day of trading in a Futures Contract

- A. Wheat\$0.60 per bushel

Should two or more wheat futures contract months within a crop year (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase by 50 percent the next business day and an additional 50 percent each subsequent day two or more contract months within a crop year (or the remaining contract month in a crop year) close at limit bid or limit offer. Daily price limits shall revert back to \$0.60 after no wheat futures contract month closes limit bid or limit offer for three consecutive business days.

- B. National Corn Index.....\$0.35
- C. National Soybean Index\$0.80
- D. Wheat Indices.....\$0.60

However, there shall be no price limits on the spot Hard Red Spring Wheat futures contract month commencing the first business day after expiration of non-serial options on the spot month.

Further, there shall be no price limits on Index futures and options contracts commencing two business days preceding the first business day of the expiring contract month.

2013.00. FUTURES POSITION LIMITS.

- A. **National Corn Index.** Pursuant to the provisions of **Rule 7308.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of thirteen-thousand five-hundred (13,500) contracts net long or short in the settlement month, thirteen-thousand five-hundred (13,500) contracts net long or short in any single month, or twenty-two thousand (22,000) contracts net long or short in all contract months combined.

- B. **National Soybean Index.** Pursuant to the provisions of **Rule 7508.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of six-thousand five-hundred (6,500) contracts net long or short in the settlement month (except during the last five trading days when the limit shall be five-thousand six-hundred (5,600) contracts net long or short), six-thousand five-hundred (6,500) contracts net long or short in any single month, or ten-thousand (10,000) contracts net long or short in all contract months combined.

- C. **Hard Red Winter Wheat Index.** Pursuant to the provisions of **Rule 7708.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month, five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

- D. **Hard Red Spring Wheat Index.** Pursuant to the provisions of **Rule 8108.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month (except during the last five trading days the limit shall be three-thousand four-hundred (3,400) contracts net long or short), five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

- E. **Soft Red Spring Wheat Index.** Pursuant to the provisions of **Rule 7908.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control in excess of five-thousand (5,000) contracts net long or short in the settlement month (except during the last five trading days when the limit shall be two-thousand seven-hundred fifty (2,750) contracts net long or short), five-thousand (5,000) contracts net long or short in any single month, or six-thousand five-hundred (6,500) contracts net long or short in all contract months combined.

2013.01. OPTIONS POSITION LIMITS.

- A. **National Corn Index.** Pursuant to the provisions of **Rule 7412.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds twenty-two thousand (22,000) futures-equivalent contracts net long or short in all contract months combined, thirteen-thousand five-hundred (13,500) futures-equivalent contracts net long or short in any single contract month, or thirteen-thousand five-hundred (13,500) futures-equivalent contracts net long or short in the settlement month.

- B. **National Soybean Index.** Pursuant to the provisions of **Rule 7612.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds ten-thousand (10,000) futures-equivalent contracts net long or short in all contract months combined, six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in any single contract month, or six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be five-thousand six-hundred (5,600) futures-equivalent contracts net long or short).

- C. **Hard Red Winter Wheat Index.** Pursuant to the provisions of **Rule 7812.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month.

- D. **Hard Red Spring Wheat Index.** Pursuant to the provisions of **Rule 8212.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-thousand (5,000) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be three-thousand four-hundred (3,400) futures-equivalent contracts net long or short).

- E. **Soft Red Spring Wheat Index.** Pursuant to the provisions of **Rule 8012.00.**, the Board of Directors has adopted this Regulation.

No individual or entity shall own or control a combination of Options and underlying Futures Contracts that exceeds six-thousand five-hundred (6,500) futures-equivalent contracts net long or short in all contract months combined, five-thousand (5,000) futures-equivalent contracts net long or short in any single contract month, or five-

thousand (5,000) futures-equivalent contracts net long or short in the settlement month (except during the last five trading days when the limit shall be two-thousand seven-hundred fifty (2,750) futures-equivalent contracts net long or short).

For the purpose of this Regulation, a long call option, a short put option and a long underlying Futures Contract are on the long side of the market; similarly, a short call option, a long put option and a short underlying Futures Contract are on the short side of the market.

2014.00. SETTLEMENT PRICES.

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

A. MGExpress® Contracts.

Promptly after the close of the trading session in each Futures Contract, the Exchange shall ensure that settlement prices are calculated for each contract month as follows. The settlement price shall be price consistent with the minimum fluctuations of the contract.

1. Exchange staff will determine all applicable trades, bids and offers made in the closing period on MGExpress®. The settlement price shall be determined by the weighted average of the trades and applicable bids and offers made in the closing period. If there are no trades, higher bids or lower offers, the settlement price will remain unchanged from the prior business day.
2. If such settlement price is not consistent with the settlements in other months or with market information, or if the settlement was inaccurately determined, a new settlement price may be established at a level consistent with such other settlement prices or market information and a written record setting forth the basis for any modification of such settlement price shall be prepared.

B. Reservation.

The Exchange reserves the right to modify the settlement price prior to the start of the day's final clearing process if the settlement price arose from data entry errors made by or on behalf of the Exchange, and modification of the settlement price is necessary to prevent market distortion. A written record shall be prepared setting forth the basis for any modification.

2015.00. SETTLEMENT PREMIUMS.

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

A. Open Outcry/MGEXpress® Contracts.

Promptly after the close of trading in each Options Contract, Exchange staff, in conjunction with the Quotations Committee, shall compute settlement premiums as follows. The settlement premium shall be price consistent with the minimum fluctuations of the Contract.

1. Exchange staff shall review all trades executed during the closing period, and subsequent higher bids and lower offers that were in existence at the close of the market, to determine the closing premium or range for each Open Outcry Contract. Exchange staff, in conjunction with the Quotations Committee, shall then determine the settlement premiums by using a theoretical pricing model.
2. If Exchange staff, in conjunction with the Quotations Committee, believes, based on its review of the market and market conditions that the settlement premium established above is not representative of market conditions, or if the settlement premium was inaccurately determined, then Exchange staff may establish a settlement premium based on the settlement price of the underlying Futures Contract and the previously prevailing differentials:
 - a. among the premiums for the listed striking prices for the option month;
 - b. among the premiums for the different option months listed for trading; and
 - c. between the premium for the relevant striking price and the price of the underlying Futures Contract.

Where a settlement premium is established in accordance with this section by Exchange staff, in conjunction with the Quotations Committee, a written record shall be prepared setting forth the basis for the establishment of such settlement premium.

B. Reservation.

The Exchange reserves the right to modify the settlement premium prior to the start of the day's final clearing process if the settlement premium arose from data entry errors made by or on behalf of the Exchange, and modification of the settlement premium is necessary to prevent market distortion. A written record shall be prepared setting forth the basis for any modification.

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, Registered Firm or Corporation shall withhold or withdraw from the market any order or part of an order for another person for the convenience of another Member.

2017.00. RECORDING OPTIONS ORDERS.

Each Member who, on the floor of the Exchange, receives an order from an Options customer, including an Options customer who is another Floor Trader or Floor Broker, which is not in the form of a written record showing the account identification, order number and the date and time, to the nearest minute such order was transmitted or received on the floor of the Exchange, shall immediately upon receipt thereof prepare a written record of such order, including an account identification and order number and shall record thereon the date and time, to the nearest minute, the order is received.

2018.00. SPREADING TRANSACTIONS.

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

Members of this Exchange are permitted to execute orders to purchase one (1) future and/or option and to sell another future and/or option for the same account at a stated price difference, such trade to be known as a "spread," "straddle" or "switch" transaction. These orders are to be executed competitively by public open outcry in the Pit designated by the Quotations Committee. The designated Pit shall be posted in writing on the Trading Floor. All legs of the spread must be priced within their daily price limits and at least one (1) leg must be priced within the current price range during the trading session whenever the spread involves one (1) or more Contract months which have an established price range. However, for single line entry differential spreads (SLEDS) leg prices may be assigned by the Clearing House. All spreads must be properly recorded in writing, permitting identification of these transactions and the parties thereto.

When a spread transaction is executed, the Trader must so designate this on the trading card by a letter "S". The transaction must be reported to the pulpit, recorded and publicized as a spread. (See **Regulation 2018.01.**)

2018.01. OPENING THE MARKET ON A SPREAD TRANSACTION.

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

In the event the first daily transaction in a Contract market is a spread transaction, the price associated with the spread transaction shall be reported as the opening quote in this Contract market. The opening price shall be reported at or within the current bid and offer.

However, if there is no bid or offer in effect, an announcement of the actual price shall be made in the Pit. Upon receiving no objections, the trade shall be reported and the transaction recorded as the opening trade.

2019.00. OFFICIAL REPRESENTATIVE TO OBSERVE THE EXECUTION OF BUYING AND SELLING ORDERS AT THE SAME PRICE.

Pursuant to the provisions of **Rule 742.00.**, the Board of Directors has adopted this Regulation:

The President is authorized to designate an employee of the Grain Exchange as the official representative of this Exchange to observe transactions where a Member shall have in hand at the same time both buying and selling orders from different principals for a like quantity of a commodity for Futures or Options in the same delivery month and who, in compliance with the provisions of **Rule 742.00.**, desires to execute such trades at the market price in the presence of such official representative.

In order to facilitate the handling of such orders the Member must notify the official representative of the Exchange of his desire to make these trades and present the orders and trading cards to the official representative upon execution of the trades. Upon observation and approval of the trades, the official representative will promptly stamp and sign the orders and trading cards.

The official representative shall also prepare a memorandum showing the date, executing Broker, month, commodity, option, strike price, price or premium, quantity, and the Clearing Member(s) and accounts involved.

This memorandum shall be time stamped, signed by the observer, and retained by the Exchange as a permanent record.

Any Broker seeking to match orders under **Rule 742.00.** must be diligent in openly bidding and offering the orders on hand before crossing them under the observation of the designated Exchange employee. To assure the fairness of such trades, all cross trades must be bid and offered by open outcry at least three (3) times before being matched.

2020.00. EXCHANGE SERVICE FEE.

Pursuant to the provisions of **Rule 231.00.**, the Board of Directors has adopted this Regulation:

- A. Exchange service fees shall be fixed from time to time by the Board (see **Res. 2020.00.**) The Board of Directors may elect to waive fees on a Contract for a period they deem appropriate.
- B. Payment of the Exchange service fee will be due on receipt of invoice at the end of each month for the transactions (whether purchases, sales or

deliveries) executed on the Exchange during that month. Payment is to be submitted to the Treasurer of the Corporation.

2022.00. DIVISION OF SPRING WHEAT PIT DURING OPENING AND CLOSING PERIODS.

During the time defined to be the opening and the closing, any Member initiating a bid or offer must be located in the specific area designated for that month, or a price quotation may not be recognized by the Quotations Committee. A black line marks this Pit division. All bids or offers made in the nearby month must be originated in that part of the Pit closest to the pulpit. All other bids or offers must be originated on the other side of the black line. Any bid or offer may be accepted from any part of the Pit.

2023.00. STRIKING PRICES.

The Board of Directors shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions, subject to the provisions of the Commodity Exchange Act and Commodity Futures Trading Commission (CFTC) regulations promulgated thereunder.

A. Spring Wheat. Pursuant to the provisions of Rule 1403.00., the Board of Directors has adopted this Regulation.

1. Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10) per bushel. At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the initial futures trade by open outcry or the previous day's settlement price on the underlying Spring Wheat Futures Contract and the next five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments, and the next ten (10) consecutive higher and ten (10) consecutive lower in ten cent (\$0.10) increments. If the initial futures trade or previous day's settlement price on the underlying Spring Wheat Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2). If the initial futures trade is executed on MGEXpress, striking prices will not be available until the open outcry session.

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments and an additional ten (10) consecutive higher and ten (10) consecutive lower in ten cent (\$0.10) increments above and below the previous day's settlement price.

2. When Options in months not listed for trading in futures become available to trade, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying Spring Wheat Futures Contract and the next ten (10) higher and ten (10) lower striking prices in five cent (\$0.05) increments. If the previous day's settlement price on the underlying Spring Wheat Futures Contract is midway between two (2) striking

prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure at least ten (10) striking prices in five cent (\$0.05) increments above and below the previous day's settlement price.

- B. **National Corn Index.** Pursuant to the provisions of Rule 7410.00., the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying National Corn Index Futures Contract and the next five (5) consecutive higher and the next consecutive lower in five cent (\$0.05) increments, and the next five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments. If the previous day's settlement price on the underlying National Corn Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments and an additional five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments above and below the previous day's settlement price.

- C. **National Soybean Index.** Pursuant to the provisions of Rule 7610.00., the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of ten cents (\$0.10) and twenty cents (\$0.20). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying National Soybean Index Futures Contract and the next five (5) consecutive higher and the next five (5) consecutive lower in ten cent (\$0.10) increments, and the next five (5) consecutive higher and five (5) consecutive lower in twenty cent (\$0.20) increments. If the previous day's settlement price on the underlying National Soybean Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments and an additional five (5) consecutive higher and five (5) consecutive lower in twenty cent (\$0.20) increments above and below the previous day's settlement price.

- D. **Wheat Indices.** Pursuant to the provisions of **Rules 7810.00., 8010.00. and 8210.00.**, the Board of Directors has adopted this Regulation.

Trading may be conducted for Options with striking price increments of five cents (\$0.05) and ten cents (\$0.10). At the commencement of trading in an option class, the following striking prices shall be listed: the striking price closest to the previous day's settlement price on the underlying Wheat Index Futures Contract and the next five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments, and the next five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments. If the previous day's settlement price on the underlying Wheat Index Futures Contract is midway between two (2) striking prices, the closest price shall be the larger of the two (2).

Sufficient new striking prices shall be added prior to the next trading session to insure there are five (5) consecutive higher and five (5) consecutive lower in five cent (\$0.05) increments and an additional five (5) consecutive higher and five (5) consecutive lower in ten cent (\$0.10) increments above and below the previous day's settlement price.

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 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 trade activity of the registered entity, or such other standard as may be adopted.

2025.00. TIMES FOR DELIVERY OF "DELIVERY NOTICES" AND DELIVERY AND PAYMENT ON FUTURES CONTRACTS.

Pursuant to the provisions of **Rule 231.00.**, the Board of Directors has adopted this Regulation:

All Delivery Notices shall be made in accordance with the provisions of the Commodity Exchange Act and the Rules and Regulations issued thereunder.

All Delivery Notices shall be in the form specified by the Clearing House.

All Delivery Notices shall be delivered to the Clearing House two (2) business days prior to the date of delivery and at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on all such business days. Said Clearing House shall have until nine o'clock (9:00) a.m. on the following business day to make delivery of the Delivery Notice to the Buyers.

Parties holding Delivery Notices shall present the same before one o'clock (1:00) p.m. on the delivery day, at the place designated by the Issuer, together with full payment, as provided in **Rule 810.00.**, for the net amount due for the property represented by said notices. Upon payment at the place designated by the said Issuer, the holder of such Delivery Notice shall be entitled to receive

the property represented by the same, its value being based upon the closing market price of the Minneapolis Grain Exchange on the day preceding that on which the Delivery Notice was issued.

2026.00. LOAD-OUT NOTICES: FORM OF.

Pursuant to the provisions of **Rule 1150.00.**, the Board of Directors adopted this Regulation.

The Load-Out Notice, as required by the Rules, shall be on **Form 20-26.00**, Page 7033 and shall be issued in triplicate.

2027.00. LOAD-OUT, STORAGE AND INSURANCE CHARGES: DELIVERY GRAIN.

Pursuant to **Rule 811.00.**, the Board of Directors adopted this Regulation.

The maximum load-out charges on delivery grain, which is tendered in satisfaction of a Minneapolis Grain Exchange Futures Contract, shall be six cents (6¢) per bushel for wheat regardless of the date of the warehouse receipt.

The maximum storage charges on delivery grain, which is tendered in satisfaction of a Minneapolis Grain Exchange Futures Contract, shall be one hundred thirty three one thousandths of a cent (\$.00133) per bushel per day for wheat regardless of the date of the warehouse receipt.

Insurance charges shall be included within the maximum storage charges.

The following Regulation will be effective with all contracts after and including the September 2009 contract and will replace the above Regulation on September 1, 2009.

2027.00. LOAD-OUT, STORAGE AND INSURANCE CHARGES: DELIVERY GRAIN.

Pursuant to **Rule 811.00.**, the Board of Directors adopted this Regulation.

The maximum load-out charges on delivery grain, which is tendered in satisfaction of a Minneapolis Grain Exchange Futures Contract, shall be eight cents (8¢) per bushel for wheat regardless of the date of the warehouse receipt.

The maximum storage charges on delivery grain, which is tendered in satisfaction of a Minneapolis Grain Exchange Futures Contract, shall be one hundred sixty five one thousandths of a cent (\$.00165) per bushel per day for wheat regardless of the date of the warehouse receipt.

Insurance charges shall be included within the maximum storage charges.

2028.00. LOADINGS IN SATISFACTION OF WAREHOUSE RECEIPTS.

Pursuant to the provisions of **Rule 231.00.**, the Board of Directors has adopted this Regulation.

Written notice of loading in satisfaction of warehouse receipts shall constitute full tender only when the grade called for by the receipts has been established by an inspection agency for the commodities loaded. The official grade at the time of loading shall govern the applicable Options for reconsideration of the grade.

Prior to or concurrent with delivery of the loading orders for a conveyance, the party surrendering the warehouse receipts must notify the warehouse whether appeal for federal reconsideration of the grade is requested.

This Regulation shall apply to loadings in satisfaction of warehouse receipts (whether acquired by delivery on Futures Contracts or otherwise) from Regular or federally licensed elevators within the switching districts of Minneapolis-St. Paul, Red Wing and Duluth-Superior. **See Interpretation.**

2029.00. MINIMUM FINANCIAL REQUIREMENTS FOR REGULARITY.

An elevator, merchandiser or warehouse that is Regular for delivery must maintain certain minimum financial requirements set by the Exchange. The Exchange has established the following working capital and net worth financial requirements for Regularity:

Contract	Regular Entity	Working Capital	Net Worth
Spring Wheat	Elevator	None	15¢/bu times approved aggregate delivery capacity

For contracts not stated above, the Board of Directors or Finance Committee shall establish minimum financial requirements as necessary for Regular entities.

The Board of Directors or Finance Committee may consider, and approve, an Applicant for Regularity that is unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Board of Directors or Finance Committee may, at any time, require an Applicant for Regularity or an approved elevator, merchandiser or warehouse to provide irrevocable letters of credit, guarantees, pledges of memberships and/or other forms of security that the Board of Directors or Finance Committee determine to be acceptable. Failure to meet the minimum financial requirements or comply with a Board of Directors or Finance Committee request for additional financial security will be deemed a failure to meet the good financial standing requirement.

The following Regulation will be replace the above Regulation on August 1, 2008.

2029.00. MINIMUM FINANCIAL REQUIREMENTS FOR REGULARITY.

An elevator, merchandiser or warehouse that is Regular for delivery must maintain certain minimum financial requirements set by the Exchange. The Exchange has established the following working capital and net worth financial requirements for Regularity:

Contract	Regular Entity	Working Capital	Net Worth
Spring Wheat	Elevator	None	Minimum financial requirements established by the United States Department of Agriculture as specified in the licensing agreement (WA-402)

Further, any combination of the elevator, merchandiser, warehouse or parent, or an employee, partner or officer of an elevator, merchandiser, warehouse or parent, must be the record owner of one (1) or more Memberships.

For contracts not stated above, the Board of Directors or Finance Committee shall establish minimum financial requirements as necessary for Regular entities.

The Board of Directors or Finance Committee may consider, and approve, an Applicant for Regularity that is unable to meet the applicable minimum financial requirements above. As financial conditions warrant, the Board of Directors or Finance Committee may, at any time, require an Applicant for Regularity or an approved elevator, merchandiser or warehouse to provide irrevocable letters of credit, guarantees, pledges of memberships and/or other forms of security that the Board of Directors or Finance Committee determine to be acceptable. Failure to meet the minimum financial requirements or comply with a Board of Directors or Finance Committee request for additional financial security will be deemed a failure to meet the good financial standing requirement.

2035.00. REPORTING CASH COMMODITY SALES.

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

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 hours of trading shall not be reported.

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.

2036.00. DISPOSITION ORDERS: FORM OF.

Pursuant to the provisions of **Rule 1125.00.**, the form of Disposition Orders should read as follows:

Disposition Orders, as required by the Rules, shall be in the form and text hereto appended in the appendix of this Chapter. The dimensions of the form are to be 6 inches deep by 8 ½ inches wide. The original to be printed on white paper and the duplicate on yellow paper. Additional copies are permissible and may contain supplemental information or instructions, but each copy must be printed on paper of a different and distinctive color.

The form and text of the original duplicate Disposition Orders hereto appended must not be varied in any particular. Nothing therein, except provision for endorsement, may be added to or omitted; but, if desired, supplemental agreements, phrases or notices regarding claims freight, or other matters not inconsistent with the terms and purposes of the Disposition Orders, may be printed or written on separate pieces of paper to accompany or to be attached to the Disposition Orders to which they relate (See Form 20-36.00, Page 7031.)

2038.00. PAN TICKETS.

Pursuant to the provisions of **Rule 1156.00.**, the Board of Directors adopted this Regulation.

When Pan-Tickets used in connection with all carloads of any commodity offered for sale in this market show a car number, the Seller assures the Buyer that all such grain displayed is physically loaded into rail cars. Car numbers are not to be used when selling grain with an official grade unless the cars are loaded.

In no case shall grain displayed and sold, but which has not been loaded into rail cars, be used to establish the market close on any day.

2039.00. DELIVERY AND PAYMENT TO INVOICES AND REQUESTS FOR ADVANCES ON TRUCK/RAIL COMMODITIES.

Pursuant to the provisions of **Rule 231.00.**, the Board of Directors has adopted this Regulation.

- A. The Buyer must, before two-thirty o'clock (2:30) p.m., give to the Seller disposition that will enable the Seller to move the car so as to avoid demurrage charges or the Buyer will be liable for any ensuing demurrage.
- B. Invoices based on final weights, whether destination or FOB, must be delivered to the Buyer before one o'clock (1:00) p.m. Buyer's checks in payment of such invoices must be ready for delivery to the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following business day.
- C. If requests for advances have been delivered to the Buyers before one o'clock (1:00) p.m., Buyers must have checks for the advances due ready for the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following business day.

- D. A Seller who has been unable to deliver invoices on FOB cars or requests for advances in accordance with the provisions of Sections b. and c. of this Regulation may, however, avoid liability for demurrage charges by delivering to the Buyer documents passing title before three o'clock (3:00) p.m. If not so delivered, the liability for demurrage shall be on the Seller. If documents passing title have been so delivered, the Buyer must, at the request of the Seller, receipt for the same, and must, upon demand, have the check in payment of the invoice, or for the advance due, ready for the Seller's representative as soon as practicable, but no later than one o'clock (1:00) p.m. the following day.

2040.00. WHEAT UNFIT FOR HUMAN CONSUMPTION NOT DELIVERABLE ON FUTURES CONTRACTS.

Under authority of Rule 210.01., the Board of Directors adopted the following interpretive Regulation.

Wheat declared unfit for human consumption under Federal Food, Drug and Cosmetic Act is not deliverable on a Minneapolis Futures Contract.

2050.00. HOLIDAYS.

Under authority of Rule 210.01., the following days are declared to be holidays: New Year's Day, Dr. Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. When any holiday falls on Sunday, the Monday next following shall be considered such holiday. When any such holiday falls on Saturday, the Friday immediately preceding shall be considered such holiday. Dr. Martin Luther King, Jr. Day observance shall always be the third Monday in January. Presidents' Day observance shall always be the third Monday in February and Memorial Day observance shall always be the last Monday in May.

2051.00. HONORARY MEMBERSHIP.

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

When a Member who has been a Member for twenty-five (25) years or more transfers membership privileges because of retirement, said Member shall be issued an Honorary Membership Card, which will entitle the former Member access to the Exchange Room.

When a Past President of the Exchange retires as a Member, he shall be issued an Honorary Membership, regardless of the number of years he has been a Member of the Exchange.

2053.00. LIMITATIONS ON OPTIONS TRANSACTIONS-SOLICITATION AND ACCEPTANCE.

No Member, 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.

2054.00. BOARD OF ARBITRATION: FEES.

Pursuant to the provisions of **Rule 441.00.**, the Board of Directors adopted this Regulation:

For claims and counterclaims by a member, the following fees will apply:

For each case involving up to \$10,000.00	\$400.00
For each case involving more than \$10,000.00	\$750.00
For any non-monetary claims	\$750.00

For claims and counterclaims by a nonmember, the following fees will apply:

For each case involving up to \$10,000.00	\$500.00
For each case involving more than \$10,000.00	\$1,000.00
For any non-monetary claims	\$1,000.00

2054.01. CUSTOMER CLAIMS ARBITRATION PANEL: FEES.

Pursuant to the provisions of **Rule 535.00.**, the Board of Directors adopted this Regulation:

For each case involving up to \$10,000.00	\$400.00
For each case involving more than \$10,000.00	\$750.00
For any non-monetary claims	\$750.00

2055.00. REGISTRATION OF FLOOR BROKERS/FLOOR TRADERS.

Pursuant to the provisions of Minneapolis Grain Exchange Rules **210.01.** and **322.00.**, the Board of Directors has adopted this Regulation.

- A. Any Member who executes trades in the pit for an account other than his own must be registered as a Floor Broker with the National Futures Association ("NFA").
- B. Any Member who trades in the pit for his own account must be registered with the NFA as a Floor Broker or Floor Trader.
- C. All Members registered with NFA are responsible for completing acceptable ethics training programs and maintaining evidence of completion in accordance with the Commodity Exchange Act and any regulations and statements promulgated thereunder.

2058.00. COLLECTION OF TRADING DOCUMENTS.

- A. All trading cards and order tickets prepared pursuant to Commodity Futures Trading Commission Regulation 1.35 must be submitted by the executing Member to the Clearing Member immediately at the end of intervals not to exceed thirty (30) minutes. Such intervals shall commence with the beginning of the trading session. All documents must be submitted to the Clearing Member within fifteen (15) minutes of the designated interval. Additionally, all trading documents must be submitted by the executing Member to the Clearing Member no later than fifteen (15) minutes after the

close of the futures market and fifteen (15) minutes after the close of the Options market. The Board of Directors, at its discretion, may require that trading documents be collected at the end of smaller intervals in order to ensure compliance with provisions of the Commodity Exchange Act.

- B. Partially-filled order tickets need not be submitted by the executing Member to the Clearing Member until the entire order has been executed. Once the entire order has been executed, the order must be submitted to the Clearing Member promptly, or at the latest, during the next required collection of trading documents by the Clearing Member.
- C. Trading cards collected pursuant to this Regulation must be time-stamped promptly to the nearest minute upon collection by the Clearing Member.

2059.00. DESIGNATION OF OPEN AND CLOSE ON TRADING CARDS.

Each Member is required to identify on his or her trading cards all trades executed during the designated opening and closing periods by drawing a line on the card to separate those trades from other transactions recorded on the trading card.

2060.00. OFFICIAL CLOSING PERIOD: FUTURES.

The official closing period for Hard Red Spring Wheat, and the National Corn, National Soybean, Soft Red Winter Wheat, Hard Red Winter Wheat and Hard Red Spring Wheat Indexes shall be from 1:14:00 p.m. to 1:14:59 p.m. (CT).

2061.00. OFFICIAL CLOSING PERIOD: OPTIONS.

The closing period shall be the last sixty (60) seconds of the Spring Wheat open outcry trading session.

2062.00. TRADING CARDS: FORM, PREPARATION AND MAINTENANCE.

- A. Trading cards used to record the execution of purchase or sale of any commodity for future delivery or commodity option on or subject to the Rules of the Exchange must contain:
 - 1. Pre-printed Member identification or other unique identifying information which would permit the trading cards of one Member to be distinguished from cards of all other Members;
 - 2. Pre-printed sequence numbers to permit the intra-day sequencing of trading cards; and
 - 3. Unique and pre-printed identifying information which would distinguish each of the trading cards prepared by a Member from his/her other trading cards for no less than a one (1) week period.
- B. A Member recording transactions on trading cards must use non-erasable ink to record each purchase and sale in exact chronological order of execution on sequential lines of the card. Skipping of lines on the trading

card is prohibited. If blank lines remain after the last execution recorded on a trading card the remaining lines should be marked through. When two-sided trading cards are used, blank lines on both sides of the card must be marked through.

- C. A Member must use a new trading card at the beginning of each designated interval required pursuant to Exchange Regulation 2058.00.
- D. A Member must be accountable for all trading cards prepared pursuant to Exchange Rules in exact numerical sequence, whether or not such trading cards are relied upon as original source documents.
- E. A Member must identify on his/her trading cards trades executed during opening and closing periods in the manner required by Exchange Regulation 2059.00.
- F. Trading cards prepared by the Member must include the following:
 - 1. Member's name
 - 2. Clearing Member's name
 - 3. Transaction date
 - 4. Quantity bought or sold
 - 5. Commodity
 - 6. Contract for future delivery or physical
 - 7. Future (month) or expiration date
 - 8. Price or premium
 - 9. Put or call and strike price
 - 10. Transaction time to the minute
 - 11. Opposite Broker/Trader
 - 12. Opposite Clearing Member
 - 13. Indicators for the following types of transactions: (C) cash exchange; (T) office transfer; (S) spread; (D) delivery
 - 14. Any other information required by the Exchange

Note: For single line entry differential spreads (SLEDS) the Member may record the spread on one side of the trading card.

2062.01. TRADING RECORDS AND ERRORS.

- A. All trading records including trading cards, order forms and order tickets that are prepared or used by a Member or Clearing Member to document requests or executions for Pit or ex-Pit transactions must be completed in non-erasable ink.
- B. The Member or Clearing Member may correct any errors on trading records by crossing out the erroneous information with a single line or an "X" and recording the correct information. The originally recorded information must not be obliterated or otherwise made illegible when it is crossed out.
- C. After the initial time-stamp, a Clearing Member may not correct erroneous information on trading records unless the party making the correction has initialed the trading document as near as possible to the correction.

- D. With regard to trading cards only, a Member may correct erroneous information by rewriting the trading card. However, both the original trading card and the rewritten trading card must be prepared and submitted in accordance with the requirements of Exchange Regulations 2058.00. and 2062.00. A Member may not rewrite the trading card after it has been submitted to the Clearing Member.

2063.00. TIME-STAMPS.

All time-stamps required by the Rules and Regulations of the Exchange must show the time to the nearest minute as well as the correct date.

At the beginning of each trading day, each Clearing Member must ensure that each time-clock used on the Trading Floor by that Clearing Member is synchronized with the official time displayed by the official master clock on the Exchange Floor.

It shall be considered uncommercial conduct to manipulate or tamper with any time-clock so as to put it out of synchronization with the official master clock.

2064.00. UNMATCHED TRADE RESOLUTION.

It is the responsibility of the Trader to make herself/himself or an authorized representative available to resolve any unmatched trades throughout the day as they may occur.

2065.00. IDENTIFICATION AND REGISTRATION OF BROKER ASSOCIATIONS.

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

- A. A Broker Association shall include two (2) or more Exchange Members with floor trading privileges, of whom at least one (1) is acting as a floor Broker, who:
1. engage in floor brokerage activity on behalf of the same employer;
 2. have an employer and employee relationship which relates to floor brokerage activity;
 3. share profits and losses associated with their brokerage or trading activity; or
 4. regularly share a deck of orders in which floor Brokers have knowledge of the orders to be shared.
- B. A member of a Broker Association may not receive or execute an order unless the Broker Association is registered with the Exchange.
- C. A Broker Association member must register with the Exchange no later than ten (10) business days after an event requiring registration.
- D. Registration of each Broker Association shall include the following information where applicable:

1. Name and legal form of the Broker Association;
 2. Name of each person who is a member or otherwise has a direct beneficial interest in the Broker Association;
 3. All identifying badge numbers of Broker Association members;
 4. Account numbers for all accounts belonging to any Broker Association member, accounts in which any Broker Association member(s) have an interest, and any proprietary or customer accounts controlled by any member(s) of the Broker Association;
 5. Identification of all Broker Associations with which each Member is associated; and
 6. Individual(s) authorized to represent the Broker Association in connection with its registration obligations.
- E. It shall be the responsibility of the Broker Association and its authorized representative to ensure the Broker Association is properly registered. It shall be the responsibility of each Broker Association member to ensure he has complied with registration requirements and to ensure the accuracy of the information filed. Any changes to the information previously reported must be provided within five (5) business days after an event giving rise to the changes.
- F. The Exchange may request any additional information from a Broker Association or its members as it deems necessary.
- G. "Floor Brokerage Activity" is defined as the reception of orders or execution of trades for all accounts other than for a Member's personal account.
- H. "Regularly Share A Deck Of Orders" is defined as instances regularly occurring more than once per week where Members sharing a deck of orders have knowledge of the terms of the orders shared. Knowledge can be obtained by handing off orders for execution after a Broker has seen the terms of the order.
- I. Where there are individual relationships which technically come within the definition of a Broker Association but are incidental to or involve no floor brokerage activity, a request for exemption from registration may be made to the Department of Audits and Investigations. Such request must be made in writing with full disclosure as to the nature of the trade activity and individual relationships. The Department of Audits and Investigations has sole discretion to determine exemption which may be revoked for just cause at anytime.

2066.00. MARKET MAKER PROGRAM.

The Exchange may establish a Market Maker Program for any contract. The Program shall remain in effect for a period determined by the Exchange. The Exchange may end the Program at any time. The requirements and the number of participants for the Market Maker Program shall be established by the Exchange and are subject to change at any time. Any individual or entity that satisfies the requirements set forth by the Exchange may submit an application to the Corporate Secretary to become a Market Maker. The Exchange shall have sole discretion to approve or deny an application based on the applicant's business reputation, financial resources, trading activity in relevant futures, options, or related cash markets, or any other reason. Any individual or entity accepted into the Program must maintain compliance with the requirements established by the Exchange. The Exchange may, without notice, remove any individual or entity that fails to comply with Exchange requirements. Further, the individual or entity must comply with the Commodity Exchange Act and Regulations thereunder, and Exchange Rules, Regulations, Resolutions, procedures, and policies.

2067.00. ELECTRONIC AND OPEN OUTCRY TRADING.

Pursuant to the provisions of **Rule 1818.00.**, the Board of Directors has adopted this Regulation for Contracts permitted by the Board of Directors to trade on the Electronic Trading System and by open outcry:

- A. A clearing member and broker shall have a fiduciary responsibility in the handling and execution of all orders received, by whatever means, to obtain the best price available among trading platforms. However, members trading for themselves by open outcry and orders initiated directly by a user for electronic execution will not be subject to this regulation.
- B. The Electronic Trading System and open outcry may have separate opens, open ranges, highs, lows, closes and closing ranges. However, there shall be only one settlement price.
- C. The Electronic Trading System and open outcry may each have trade volume that is reported separately. However, there shall be only one combined open interest number reported by the Exchange.
- D. Contracts traded on both the Electronic Trading System and by open outcry shall be fungible. This means positions entered into on one platform may be offset by positions executed on the other platform. As a result, clearing members shall submit to the Clearing House only combined position reports.

2085.00. FINANCIAL AND REPORTING REQUIREMENTS FOR ALL MEMBERS.

Financial requirements for all Members shall be established based upon the recommendations of the Finance Committee and approved by the Board of Directors, provided that requirements for Futures Commission Merchants ("FCM") and Guaranteed Introducing Brokers ("IB") must, at a minimum, be established at levels equivalent to those required by CFTC regulations. The Finance Committee, at its discretion, may adopt financial requirements for FCMs and Guaranteed IBs more stringent than those of the CFTC if it deems such requirements appropriate.

2086.00. MINIMUM FINANCIAL REQUIREMENTS FOR FUTURES COMMISSION MERCHANTS AND GUARANTEED INTRODUCING BROKERS.

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

- A. **Financial Requirements.** All Futures Commission Merchants ("FCM") and Guaranteed Introducing Brokers ("IB") who are Members of the Exchange must meet the minimum financial requirements set forth in CFTC Regulation 1.17 as now in effect or hereafter amended.
- B. **Reports.** All FCMs and Guaranteed IBs who are Members of the Exchange shall file with the Exchange reports in the form and setting forth the information required by CFTC Regulation 1.10 as now in effect or hereafter amended, at least one of which reports in each year must be certified in accordance with CFTC Regulation 1.16; provided, however, that the Finance Committee may in its discretion, require such additional reports as it deems appropriate or necessary.

All costs associated with the requirements of this Regulation shall be charged to the Member involved.

2087.00. MINIMUM FINANCIAL REQUIREMENTS FOR NON-FUTURES COMMISSION MERCHANT MEMBER FIRMS AND INDEPENDENT INTRODUCING BROKERS.

- A. **Financial Requirements.** All Non-Futures Commission Merchants ("FCM") and Independent Introducing Brokers ("IB") who are Members of the Exchange must meet the minimum financial requirements set forth by the Finance Committee pursuant to MGEX Rule 253.00. as now in effect or hereafter amended.
- B. **Financial Statement Content.** All Non-FCM Member Firms and Independent IBs must submit financial statements in the manner and form prescribed by the Finance Committee. At a minimum, all annual audited financial statements must include a balance sheet, footnotes, and be accompanied by an opinion of an independent Certified Public Accountant indicating that an examination of the annual statement has been made. Interim statements, which are those financial statements prepared for periods other than the Member Firm's fiscal year end, must contain, at a minimum, a balance sheet.
- C. **Reports.** All Non-FCM Member Firms and Independent IBs must submit to the Exchange an annual certified financial statement for its fiscal year (or calendar year if the Member Firm is on a calendar year basis.) The certified annual financial statement must be submitted to the Exchange within ninety (90) days after the Member Firm's fiscal year end.

Additionally, all Non-FCM Member Firms and Independent IBs must submit an interim financial statement to the Exchange. Such interim statement shall be as of a date six (6) months subsequent to the Member Firm's fiscal year end and must be submitted to the Exchange within forty-five (45) days from the date of the statement.

All Non-FCM Member Firms with clearing privileges must submit quarterly financial statements to the Exchange subsequent to the Member Firm's fiscal year end. Such financial statements must be submitted to the Exchange within forty-five (45) days from the date of the statement.

The Finance Committee may require additional financial statements or financial information as it deems appropriate or necessary.

- D. **Extension of Time to File.** Upon request in advance and for good cause shown, the Finance Committee may grant a Non-FCM Member Firm and Independent IB an extension of the time for the filing of its annual or interim financial statement.

All costs associated with the requirements of this Regulation shall be borne by the Member Firm involved.

2088.00. REDUCTION OF CAPITAL.

Any Member, Firm, Corporation or Guaranteed Introducing Broker ("IB") registered with the Exchange must immediately notify the Exchange of any material reduction of its working capital and/or its net worth, including the incurring of a contingent liability that would materially affect 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 a 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 Rules shall be deemed material. Likewise, for non-FCM and non-Guaranteed IB Member 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 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 the designated representative to the Exchange.

2089.00. ELECTION OF FISCAL YEAR.

A Member 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. Futures Commission Merchant and Guaranteed 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 a Member Firm or Corporation's fiscal year will not relieve such Member from its obligation to file such timely certified and interim financial statements as deemed appropriate by the Finance Committee.

2090.00. PHYSICAL EMERGENCIES.

Pursuant to the provisions of **Rules 210.01.** and **210.02.**, the Board of Directors has adopted this Regulation.

The Market Observer(s) shall have the power upon recognizing a problem to serve notice to the Pit(s) population that trading will be suspended immediately.

A problem may be the result of the following:

- A. fire or other casualty,
- B. bomb threat,
- C. power failure,
- D. communications breakdown,
- E. computer malfunction, or
- F. other - technical difficulties.

When the Market Observer's decision to suspend trading is announced, the available chairman of the Quotations Committee will assemble and choose from among the Board's previously approved procedures.

In no event shall a suspension of trading continue for more than five (5) calendar days.

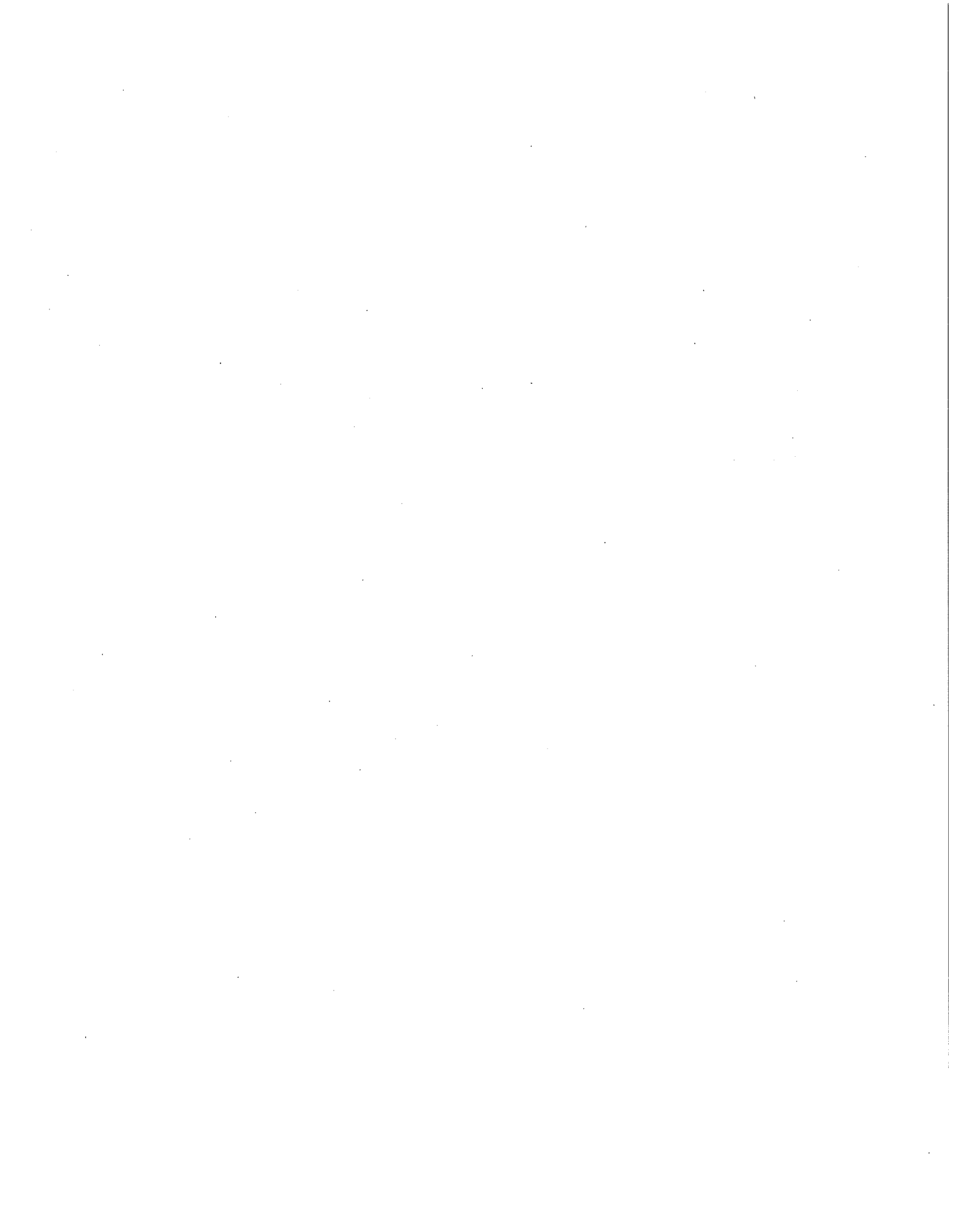
2091.00. INCLEMENT WEATHER OR TRANSPORTATION BREAKDOWN.

Pursuant to the provisions of **Rules 210.01.** and **210.02.**, the Board of Directors has adopted this Regulation.

In the event that the functions of the Exchange are, or are threatened to be severely and adversely affected by inclement weather or transportation breakdown, the Executive Committee of the Board of Directors can make the decision to:

- A. not open the market(s).
- B. delay the opening of the market(s); or
- C. close the market(s).

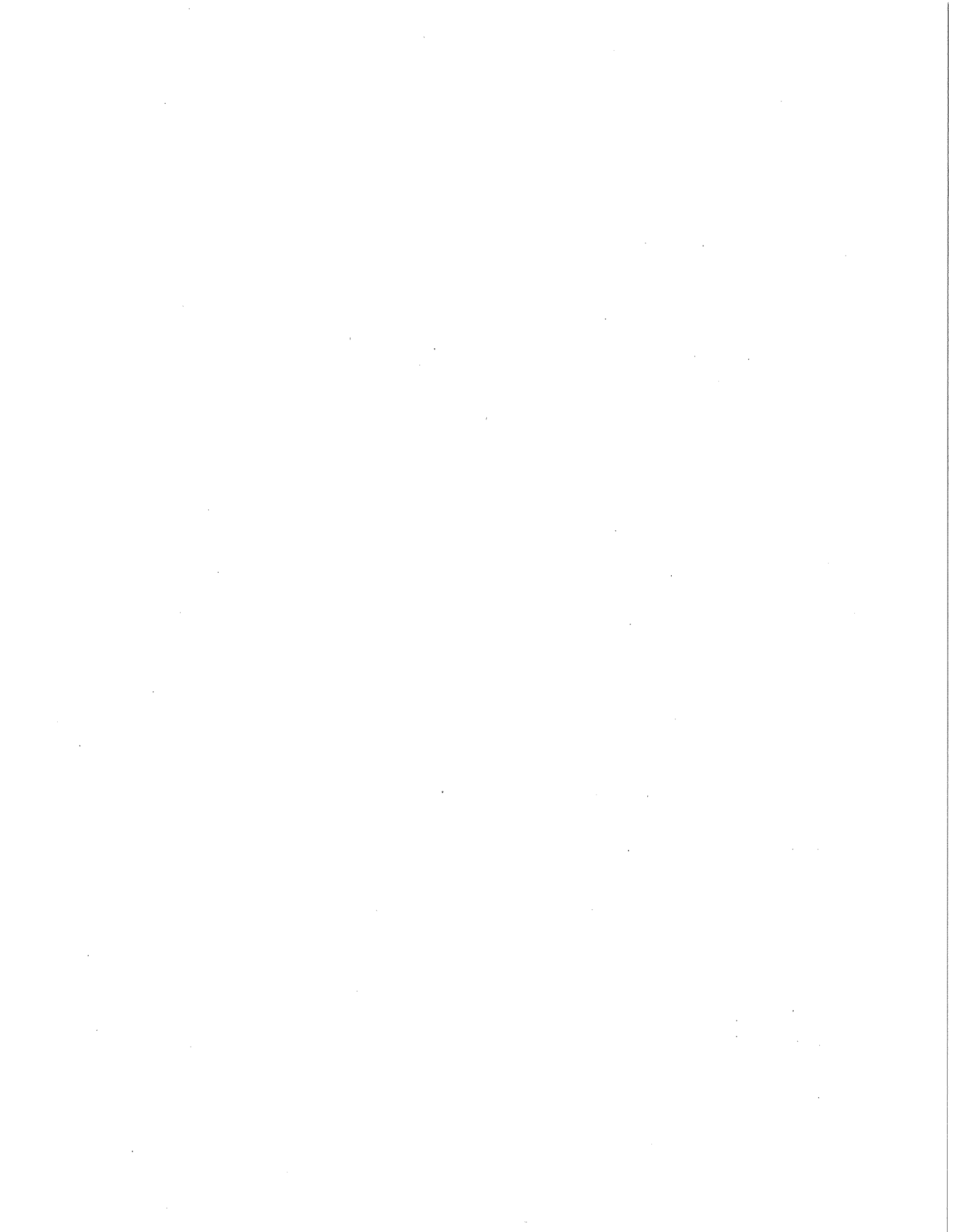
In no event shall a suspension of trading continue for more than five (5) calendar days.



1-30-02

**CHAPTER 21
CLEARING HOUSE REGULATIONS**

- 2100.00. Method Of Clearing
- 2100.01. Electronic Trading System Clearing
- 2101.00. Fees And Fines - Amounts And Collections
- 2101.01. Clearing Service Fee
- 2102.00. Clearing Member Margins
- 2103.00. Order Of Delivery
- 2104.00. Security Deposit
- 2105.00. Protection Of Clearing House: Default By A Clearing Member
- 2105.01. Losses Borne By Clearing House
- 2105.02. Rights Of Exchange For Recovery Of Loss
- 2105.03. Security Deposits To Be Restored
- 2106.00. Acceptance Of Give-Up Trades



REGULATIONS**CHAPTER 21
CLEARING HOUSE REGULATIONS****2100.00. METHOD OF CLEARING.**

All transactions for Futures or Options in any commodity traded on the Minneapolis Grain Exchange shall be submitted to the Clearing House to be cleared. Upon acceptance by the Clearing House of such transactions, the Clearing House assumes the position of Buyer to the Seller and Seller to the Buyer in respect to such transactions, and the last settling price shall be considered as the contract price.

It shall be the duty of each Member with clearing privileges making a transaction for Futures or Options in any commodity under the Rules and Regulations of the Exchange to submit each such transaction using "TEMS" to the Clearing House office. Transactions should be submitted at times determined by the Clearing House Committee (see Res. 2101.00.C.). The transactions shall be in a format approved by the Clearing House and shall contain, at a minimum, the following information:

- A. Date of transaction
- B. Clearing Member name
- C. Type of account (Regular or Segregated)
- D. Customer type indicator (CTI) as defined below:
 - CTI 1. Transactions initiated and executed by an individual member for his own account, for an account he controls, or for an account in which he has ownership or financial interest.
 - CTI 2. Transactions executed for the proprietary account of a clearing member.
 - CTI 3. Transactions where an individual member or nonmember executes for the personal account of another individual member, for an account the other member controls or for an account in which the other individual member has ownership or financial interest.
 - CTI 4. Any transaction not meeting the definition of CTI 1, 2 or 3.
- E. Quantity, commodity, contract month, price or premium, whether the transaction involved a put or a call, strike price, buy or sell.
- F. Both the buying and selling Member's numbers and the opposite Clearing Member's symbol.
- G. Transaction time to the minute.

- H. Indicators for the following types of transactions: (C) cash exchange; (T) office transfer; (S) spread; (D) delivery; (R) risk exchange.
- I. Account Identification. (For initial set-up and new accounts, provide a listing of account name, type, and position. This information will be available to the President and designated Clearing House/Compliance personnel only.)
- J. Any other information required by the Clearing House.

The Clearing House shall match the trades as submitted and shall list for each Clearing Member its cleared trades and unmatched trades. A recapitulation statement shall be produced, showing updated contract positions and settling all matched trades to the official Exchange settling prices. After completion of the clearing process, the Clearing House shall notify each Clearing Member as to the net pay or collect amounts due by account (Regular and/or Segregated). Such amounts shall be submitted by wire transfer of funds or other acceptable method. Amounts due to the Clearing House shall be submitted at times determined by the Clearing House Committee (see **Res. 2101.00.C.**). All clearing statements shall be disseminated by the Clearing House to each Clearing Member's designated contact.

If the report of a trade by a Member does not correspond to the report of the other party to the trade, the Clearing House shall reject the trade and notify both Clearing Members showing the discrepancy of the reports. The Clearing Members must thereafter submit corrections to the Clearing House at times determined by the Clearing House Committee (see **Res. 2101.00.C.**).

It shall be the primary responsibility of the Clearing Member to see that all trades are resolved. Each Clearing Member shall designate a person or persons to be available and responsible for reconciling the Clearing Member's unmatched trades. Failure to have a qualified representative available shall constitute negligence in the determination of responsibility for any unmatched trades.

2100.01. ELECTRONIC TRADING SYSTEM CLEARING.

In addition to compliance with the applicable Regulations in this Chapter, all transactions for Futures or Options in any commodity traded on the Exchange Electronic Trading System shall be submitted to the Clearing House for clearing. Submission of the data shall be at times determined by and in a format approved by the Clearing House Committee.

Except for exchange for physical transactions and qualified transfer trades, only those trades entered, executed and matched by the Electronic Trading System shall be submitted for clearing.

Upon acceptance of the submitted trade data and completion of the clearing process, a recapitulation statement of all trades and positions shall be produced and sent to the respective Clearing Member's electronic mail account.

Each Clearing Member shall be responsible for receipt and review of the recapitulation statement. The Clearing House shall not be liable for the inability of a Clearing Member to receive a statement sent by the Clearing House.

2101.00. FEES AND FINES - AMOUNTS AND COLLECTIONS.

The Clearing House shall notify all Members with clearing privileges in writing, by special memorandum or otherwise, of the schedule of fines or fees to be collected by the Clearing House. The schedule of deadlines is subject to change at any time by the Clearing House Committee. The schedule of deadlines shall at all times be those requirements most recently adopted. The amount due for errors or any other fees charged or collected by the Clearing House shall be billed on a monthly basis unless otherwise specified by the Exchange.

If the offense becomes frequent, the President or his designee may call for additional permanent margins or take such other action as is deemed necessary.

Any Member making an error in his daily statement to the Clearing House may be fined for each error made (see Res. 2101.00.C.).

2101.01. CLEARING SERVICE FEE.

Pursuant to the provisions of Rule 231.00. the Board of Directors has adopted this Regulation:

- A. Clearing service fees shall be fixed from time to time by the Board of Directors (see Res. 2101.01.B.). The Board of Directors may elect to waive fees in a contract for a period they deem appropriate.
- B. Payment of the Clearing Service Fee will be due on receipt of invoice at the end of each month for the transactions (whether purchases, sales or deliveries) executed on the Exchange during that month. Payment is to be submitted to the Treasurer of the Corporation.

2102.00. CLEARING MEMBER MARGINS.

The Clearing House Committee shall set margin requirements at a level that it believes protects the interests of Buyers and Sellers and the Exchange. The Clearing House shall accept, as margin, cash or United States Treasury securities. Cash margin requirements shall be submitted by wire transfer of funds or other acceptable method approved by the Clearing House. Cash and United States Treasury securities shall be submitted at times determined and posted by the Clearing House. United States Treasury securities shall be maintained in multiples of \$5,000. The Clearing House shall value securities as it deems appropriate. The President or his designee may, at their discretion, require of any Member a margin upon any or all of such Member's open trades which are deemed unduly insecure or hazardous in such amount as deemed advisable. Calls for such margin shall be paid within one business day or earlier if so requested. Further, the Clearing House shall collect daily intra-day variations from Clearing Members apart from, and in addition to, any margin or daily settlement variation payments and collects.

Margin requirements are subject to change at any time but shall at all times be those requirements most recently adopted (see Res. 2102.00.C.).

Clearing Members called for margins under this Regulation shall pay by the deadline announced by the Clearing House. An extension of time for such payments can only be granted by the President or his designee. In such cases the extension of time so granted shall be noted on the written call, and copy of said call shall be kept in the files of the Clearing House.

Should a Clearing Member fail to deposit balances for additional margin as required in this Regulation, or should the President or his designee deem the transaction of any Member unduly insecure or hazardous, the Clearing House may direct that the Member close out all or a portion of his trades, or that the Member transfer all or a portion of his trades to the books of another Clearing Member, as the situation may require. If such requests are not complied with within one (1) hour, the Clearing House may, with the consent of the President or his designee, originate orders to transfer or close out all or a portion of the Member's trades, as the situation may require. Any such action shall be taken with due consideration to the positions of customers.

All differences between the contract price reported and accepted and the price at which the property may be bought or sold as a consequence of a Member's failure to fulfill his obligations as set forth in this Regulation shall constitute the rule and measure of damages against the Member so failing, and the differences shall be calculated, adjusted and settled within the time and in the manner and form determined by the Clearing House and the Rules and Regulations of the Exchange.

Any financial obligations owed by a Clearing Member to the Clearing House, which remain outstanding after all the Member's trades have been closed out, may be satisfied through the Member's security deposit with the Clearing House or such other assets, collateral or guarantees as necessary to satisfy the financial obligations.

2103.00. ORDER OF DELIVERY.

All balances of commodities for cash contract or cash delivery shall be made on the basis of the present Exchange Rule pertaining thereto. When deliveries are made, the oldest trades on the books shall be closed first.

2104.00. SECURITY DEPOSIT.

Each Clearing Member shall deposit with the Clearing House as security for its obligations thereto such amount as determined by the Exchange. The form of such deposit shall be determined by the Exchange but shall include cash or United States Treasury securities. The Exchange may change the amount and form of such deposit as necessary. Deposits may be withdrawn on written request when a Clearing Member ceases to be a Clearing Member and the Exchange has determined that all contracts and obligations with the Exchange have been settled.

2105.00. PROTECTION OF CLEARING HOUSE: DEFAULT BY A CLEARING MEMBER.

If a Clearing Member fails promptly to discharge any obligation to the Clearing House, its security deposits, its margins and performance bonds on deposit with the Clearing House (but not those belonging to a non-defaulting customer), and any of its other assets available to the Exchange shall be applied by the Clearing House to discharge the obligation. Further, the Clearing House may make immediate demand upon any Guarantor of the Clearing Member. Such Guarantor shall promptly pay upon demand and without waiting for application of all available assets of the Clearing Member or a formal accounting. Customer funds or margins shall not be used to discharge the Clearing Member's obligation unless the customer is directly involved in a default. The Clearing Member shall immediately make up any deficiencies in its security deposit resulting from such application prior to the close of business on the next banking day. The Clearing House shall be under no obligation to forward any variation pays or settlement funds while the Clearing Member is in default.

In addition to application of the available assets of the defaulting Clearing Member, the Clearing House, President, Treasurer or other designee may take any other actions that it determines necessary to protect the Clearing House or other Clearing Members. Such actions include, but are not limited to, actions authorized elsewhere within the Rulebook, the suspension of clearing privileges until revoked or reinstated by the Board or its designee, pursuit of legal action, retention of variation pays, and request for additional security deposit and/or performance bonds.

The Exchange, Clearing House, Board and Exchange employees shall have no liability arising from a failure by a Clearing Member to discharge its liabilities; neither shall they be liable for actions taken pursuant to Exchange Rules, Regulations or procedures, or actions allowed by law.

The Exchange or Clearing House may establish such procedures as necessary which prescribe in detail how the protections under Regulation 2105.00. and Chapter 21 will operate. Such procedures shall constitute part of this Rulebook. Furthermore, any documented information appropriate to assist the Clearing Members will be disseminated.

2105.01. LOSSES BORNE BY CLEARING HOUSE.

Should the Clearing House bear a loss resulting from the actions or a default by a Clearing Member, including the insufficiency of the security deposit, margins, bonds, guarantees or other assets of a Clearing Member to fully meet its obligations to the Clearing House, the insolvency of a Clearing Member, the insolvency of a depository, or larceny, embezzlement, or for any other cause, such loss shall be met and made good promptly by the use and application of funds from the following sources in the order of priority hereafter listed, with each source of funds to be completely exhausted, to the extent practical, before the next following source is applied. While such application of funds shall be mandatory, the detailed implementation of Regulation 2105.01. shall be the responsibility of the Exchange and Clearing House.

- A. Such assets of the MGEX Clearing House Reserve Fund.
- B. Security deposits of Clearing Members shall be applied toward meeting said loss in direct proportion to the total security deposit requirement of each Clearing Member.
- C. Such surplus funds of the Exchange as may be in excess of funds necessary for normal business operations. No such surplus shall be assumed until approved by the Finance Committee, Executive Committee or the Board.
- D. The balance of the Clearing House loss remaining after application of the above funds shall be assessed against Clearing Members (excluding any insolvent or defaulting Clearing Member) in direct proportion to the Clearing Members' total security deposit requirement, except no Clearing Member shall be assessed in excess of 200 percent of such Clearing Member's total security deposit requirement.
- E. A special assessment determined by the Board of Directors to be levied against Clearing Members.

Any assessment made pursuant to this Rule shall be paid by wire or other acceptable method by each Clearing Member the same business day after notice of any such assessment has been

delivered to each Clearing Member, provided wire transfer is open and operational. If wire transfer is not open, payment is due within one (1) hour the next business day after wire is open and operational.

A Clearing Member may withdraw from Membership by giving written notice to the Clearing House, however, such Member shall continue to be liable for any assessments made pursuant to this rule to cover any default occurring prior to resignation.

The Exchange may borrow such funds or draw such funds as necessary against any line of credit at any time for such purposes under this Regulation to cover any obligations or losses of the Clearing House. Any borrowing of funds shall not relieve any Clearing Member from their obligations under this Regulation, application of their security deposits or from any assessments.

The Exchange may obtain and maintain any default insurance. Such insurance shall inure to and shall be for the benefit of the Exchange or Clearing House. Proceeds from any default insurance and the right to any proceeds shall be paid to and belong to the Exchange.

2105.02. RIGHTS OF EXCHANGE FOR RECOVERY OF LOSS.

If the security deposits, margins, performance bonds, guarantees and other assets of a Clearing Member (excluding customer funds and margins unless directly involved in a liability) are insufficient to satisfy all of its obligations to the Clearing House, including all Claims, against the Clearing House by reason of its substitution for that Clearing Member pursuant to **Rule 701.00**, the Clearing House shall nonetheless pay all such claims, which shall be deemed a loss to it and which shall be a liability of the defaulting Clearing Member to the Exchange, which the Exchange may collect from the assets of such Clearing Member available to it or by process of law.

If a loss for which Clearing Members or their security deposits have been assessed is afterward recovered by the Exchange or the Clearing House in whole or in part, the net amount of such recovery shall be credited to such persons or firms (whether or not they are Clearing Members at the time of recovery) in proportion to the amount of the assessment.

2105.03. SECURITY DEPOSITS TO BE RESTORED.

In the event it shall become necessary as provided above to apply all or part of the security deposits to meet obligations to the Clearing House (other than a Clearing Member's own obligation resulting from the substitution of the Clearing House on its trades), the Clearing Member shall immediately make good any such deficiency in security deposits prior to the close of business the next business day.

2106.00. ACCEPTANCE OF GIVE-UP TRADES.

All give-up trades containing the necessary trade data pursuant to **MGEX Regulation 2100.00**, including customer identification, quantity, and price which are received by the carrying Clearing Member by two-fifteen o'clock (2:15) p.m. must be accepted and transferred to the account of the carrying Clearing Member on same business day. If the executing Clearing Member does not provide said information by two-fifteen o'clock (2:15) p.m., then the executing Clearing Member will retain the position until the following business day. All give-up transfer trades are due at the Clearing House at such time as determined by the Clearing House Committee. Submission times and fines for not accepting a give-up trade are set forth in **Resolution 2101.00.C**.

3-31-03

**CHAPTER 50
DORMANT RULES AND REGULATIONS*
SUMMARY**

DORMANT CONTRACTS

U.S. No. 2 Yellow Corn

U.S. No. 1 Rye

U.S. No. 1 Flaxseed

U.S. No. 2 Yellow Soybeans

U.S. Origin No. 1 Sunflower Seed 40% Oil

Frozen Pork Bellies

Gold

High Fructose Corn Syrup

No. 2 Heavy Oats

U.S. No. 2 Barley

Black Tiger Shrimp

White Shrimp

Cottonseed

Twin Cities Electricity

Hard Red Spring Wheat Options-European Style Exercise

White Wheat

Durum Wheat

*Copies of the Rules are on file at the Minneapolis Grain Exchange Secretary's office. Please contact the MGEX at (612) 321-7101 if you have a need for a particular Rule.

**CHAPTER 70
FORMS**

Form 4-00.00	Arbitrator Profile	Pages 7001-7006
Form 4-01.00	Impartiality Form	Page 7007
Form 4-10.00	Statement Of Claim	Pages 7009-7010
Form 4-10.01	Petition For Joint Arbitration	Pages 7011-7016
Form 4-14.00	Respondent's Answer	Pages 7017-7018
Form 4-15.00	Statement Of Counterclaim	Pages 7019-7020
Form 5-02.00	Impartiality Form	Page 7021
Form 5-10.00	Statement Of Claim	Pages 7023-7024
Form 5-14.00	Respondent's Answer	Pages 7025-7026
Form 5-15.00	Statement Of Counterclaim	Pages 7027-7028
Form	Response To Non-Member Complaint	Pages 7029-7030
Form 20-36.00	Disposition Order	Page 7031
Form 20-26.00	Required Load-Out Notice	Page 7033
Form 3-10.00(C)	Subordination Agreement	Page 7035
Form 9-00.00	Spring Wheat Application For Becoming A "Regular" Elevator Or Renewal As A "Regular" Elevator	Pages 7037-7039
Form 9-01.01.D	Weekly Report Of Stocks Duluth/Superior "Regular" Elevators	Page 7041
Form 9.01.01.M	Weekly Report Of Stocks Minneapolis/St. Paul "Regular" Elevators	Page 7043
Form 3-20.00	Release To Trade Personal Account	Page 7053
Form 38M	Stocks Of Hard Red Spring Wheat In Deliverable Position Within Switching Districts At Minneapolis/St. Paul, Red Wing And Duluth/Superior	Page 7063

MINNEAPOLIS GRAIN EXCHANGE
FORM 4-00.00
ARBITRATION PROFILE

PART I
Page 1 of 3

The information included on Part 1 of the data sheet will be disclosed to the parties at the time you are selected to enable them to determine potential conflicts of interest.

Name: _____

Position: _____

Employer's Name: _____

Employer's Address: _____

Street

City

State

Zip

Preferred mailing address: _____ Business

_____ Home

_____ Other

Are you a Minneapolis Grain Exchange: _____ Owner
_____ Member
_____ Delegate
_____ None of the above

Are you a Minneapolis Grain Exchange: _____ Member Arbitrator
_____ Nonmember Arbitrator

PART I
Page 2 of 3

In the space provided below, please list your employment history. Include your present position first. If retired, please list your last employer, number of years at the firm and date of retirement. A resume may be submitted in lieu of this section.

Previous Employer: _____

Starting Date: ____/____/____ Ending Date: ____/____/____ Year(s) ____
 Month Date Year Month Date Year

Position/Title: _____

Duties/Responsibilities: _____

Previous Employer: _____

Starting Date: ____/____/____ Ending Date: ____/____/____ Year(s) ____
 Month Date Year Month Date Year

Position/Title: _____

Duties/Responsibilities: _____

Previous Employer: _____

Starting Date: ____/____/____ Ending Date: ____/____/____ Year(s) ____
 Month Date Year Month Date Year

Position/Title: _____

Duties/Responsibilities: _____

PART I
Page 3 of 3

In the space provided below, please list your educational background.
(Information provided in this section is optional)

School Level	Name and Location	No. of Years Attended	Did You Graduate	Subjects Studied
High School				
College				
Graduate School				
Trade Business or Other School				

Describe any current or prior experience, as an arbitrator in a commodities dispute including, but not limited to, experience as an arbitrator, or other experience that you feel qualifies you to serve.

List the name of any Professional or Business Associations of which you are a member. Include offices held.

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PART II
Page 1 of 2

Name: _____ Social Security No: _____

Home Telephone: () _____

Date of Birth:

_____/_____/_____
(include Area Code)

Month Date Year

Office Telephone: () _____
(include Area Code)

Home Address: _____
Street City State Zip

The following information is requested to enable the Secretary of the Corporation to determine if there is a potential conflict which would preclude your serving on a particular arbitration panel.

1. Brokerage firm(s) where you maintain an account (include IRA and Keogh Accounts).

2. Do you, your employer/firm, or family have significant business relationship with commodities firms? If so, please list the name of the firm(s) and the type of relationship.

3. Have you ever had your registration or authority to practice any business or professional license revoked or suspended?

4. Have you ever been disciplined by the Minneapolis Grain Exchange or another self-regulatory organization? If so, give dates and details.

5. Previous arbitration experience:

6. Related areas of expertise:

7. What area(s) do you feel you are most qualified to arbitrate?

- | | |
|---|--|
| <input type="checkbox"/> Cash Grain Trading | <input type="checkbox"/> Weights and Grades |
| <input type="checkbox"/> Deliveries | <input type="checkbox"/> Transportation Issues |
| <input type="checkbox"/> Futures or Options | <input type="checkbox"/> Other _____ |
| | _____ |
| | _____ |
| | _____ |

8. Attorneys:

A. Areas of practice in which you are most active: _____

B. Bar Admission - Jurisdiction: _____

I AFFIRM THAT THE INFORMATION SUPPLIED ON THIS FORM IS, TO THE BEST OF MY KNOWLEDGE, CORRECT AND COMPLETE.

Signature

Date

PLEASE COMPLETE, SIGN AND
RETURN THIS FORM TO:

MINNEAPOLIS GRAIN EXCHANGE
Corporate Secretary
400 South 4th Street - Suite 111
Minneapolis, MN 55415

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MINNEAPOLIS GRAIN EXCHANGE
FORM 4-10.00
STATEMENT OF CLAIM

_____, 20_____

To the Secretary of the
Minneapolis Grain Exchange

_____, *Complainant*, hereby submitting to the jurisdiction of a Board of Arbitration, and hereby voluntarily submits the Claim or Grievance herein referred to, to the arbitrament of said Panel, makes and files this Complaint against _____, *as Respondent*, in accordance with the Charter, Rules, Regulations, customs and usages of said Grain Exchange with a view to an arbitration thereunder.

AND FOR CAUSE OF COMPLAINT SAYS: That Complainant has a matter of dispute or difference with Respondent growing out of a transaction, the facts and particulars relating to which are as follows:

(The Complainant shall then set forth in plain language the substance and particulars of the Complainants demands, commodity, date, month, quantity, price, time, parties involved, etc.)

*(If you need more space to explain your claim,
please attach additional paper.)*

4-18-90

7010

STATEMENT OF CLAIM
Page 2 of 2

The computation of monetary loss is based on the following calculation:

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentiary material should correspond with the heading you have assigned below.

C-1 _____

C-7 _____

C-2 _____

C-8 _____

C-3 _____

C-9 _____

C-4 _____

C-10 _____

C-5 _____

C-11 _____

C-6 _____

C-12 _____

Subscribed and sworn to before me
this _____ day of
_____ A.D., 20____
Notary Public, _____ County
State of _____

Complainant's Signature:

Print Name

Notary Public

Date

SEAL

**MINNEAPOLIS GRAIN EXCHANGE
FORM 4-10.01
PETITION FOR JOINT ARBITRATION**

_____, 20____

**To the Secretary of the
Minneapolis Grain Exchange**

_____ and _____ hereby submit to the jurisdiction of a Board of Arbitration, and hereby voluntarily submit their respective claims or grievances hereinafter referred to, to the arbitrament of a panel of arbitration in accordance with the Charter, Rules, Regulations, custom and usages of the Minneapolis Grain Exchange.

Attached hereto is a sworn statement of claim or grievance by each Petitioner. Also attached are documents, if any, which are submitted as evidence to support each Petitioner's grievance or claim.

Petitioners jointly wish to place the matters in issue before a Board of Arbitration, but neither Petitioner wishes to take the position of Complainant. The Board of Arbitration will, however, for procedural purposes only, including the identifying caption of the matter, assign one Petitioner as Complainant and one Petitioner as Respondent.

First Petitioner

Second Petitioner

4-18-90

7012

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PETITION FOR JOINT ARBITRATION
First Petitioner
Page 3 of 5

The computation of monetary loss is based on the following calculation:

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentiary material should correspond with the heading you have assigned below.

- P-1 _____
- P-2 _____
- P-3 _____
- P-4 _____
- P-5 _____
- P-6 _____

- P-7 _____
- P-8 _____
- P-9 _____
- P-10 _____
- P-11 _____
- P-12 _____

Subscribed and sworn to before me
this _____ day of
_____ A.D., 20____
Notary Public, _____ County
State of _____

Petitioner's Signature:

Print Name

Notary Public

Date

SEAL

PETITION FOR JOINT ARBITRATION
Second Petitioner
Page 5 of 5

The computation of monetary loss is based on the following calculation:

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentiary material should correspond with the heading you have assigned below.

- PP-1 _____
- PP-2 _____
- PP-3 _____
- PP-4 _____
- PP-5 _____
- PP-6 _____

- PP-7 _____
- PP-8 _____
- PP-9 _____
- PP-10 _____
- PP-11 _____
- PP-12 _____

Subscribed and sworn to before me
this _____ day of
_____ A.D., 20____
Notary Public, _____ County
State of _____

Petitioner's Signature:

Print Name

Notary Public

Date

SEAL

MINNEAPOLIS GRAIN EXCHANGE
FORM 4-14.00
RESPONDENT'S ANSWER

_____, 20____

To the Secretary of the
Minneapolis, Grain Exchange

IN THE MATTER OF CLAIM
OR GRIEVANCE OF

(Petitioner)

vs.

(Respondent)

The above Respondent hereby submitting to the jurisdiction of said Board of Arbitration, and hereby voluntarily submitting the Claim or Grievance referred to in said Complaint and in the Answer to the arbitrament of said Panel for Answer to the Complaint says:

(The Answer shall then set forth in plain language the substance and particulars of the Respondent's Answer.)

(Describe in detail the circumstances surrounding the transactions(s) in question; e.g., date, commodity month, price, quantity, time, parties involved, etc. You may attach photocopies of pertinent documents such as floor orders, account statements, trading cards, time and sales, and sworn statements of witness).

*(If you need more space to explain your
counterclaim, please attach additional paper)*

RESPONDENT'S ANSWER
Page 2 of 2

In support of this Answer, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentiary material should correspond with the heading you have assigned below.

R-1 _____

R-7 _____

R-2 _____

R-8 _____

R-3 _____

R-9 _____

R-4 _____

R-10 _____

R-5 _____

R-11 _____

R-6 _____

R-12 _____

Subscribed and sworn to before me
this _____ day of
_____ A.D., 20____
Notary Public, _____ County
State of _____

Respondent's Signature:

Print Name

Notary Public

Date

SEAL

STATEMENT OF COUNTERCLAIM
Page 2 of 2

The computation of monetary loss is based on the following calculation:

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentiary material should correspond with the heading you have assigned below.

- CC-1 _____
- CC-2 _____
- CC-3 _____
- CC-4 _____
- CC-5 _____
- CC-6 _____

- CC-7 _____
- CC-8 _____
- CC-9 _____
- CC-10 _____
- CC-11 _____
- CC-12 _____

Subscribed and sworn to before me
 this _____ day of
 _____ A.D., 20____
 Notary Public, _____ County
 State of _____

Respondent's Signature:

 Print Name

Notary Public

Date

SEAL

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MINNEAPOLIS GRAIN EXCHANGE
FORM 5-10.00
STATEMENT OF CLAIM

_____, 20 ____

To the Secretary of the
Minneapolis Grain Exchange

_____, *Complainant*, hereby submitting to the jurisdiction of a Board of Arbitration, and hereby voluntarily submits the Claim or Grievance against _____, *as Respondent*, in accordance with the Charter, Rules, Regulations, customs and usages of said Grain Exchange with a view to an arbitration thereunder.

AND FOR CAUSE OF COMPLAINT SAYS: That Complainant has a matter of dispute or difference with Respondent growing out of a transaction, the facts and particulars relating to which are as follows:

(The Complainant shall then set forth in plain language the substance and particulars of the Complainants demands, commodity, date, month, quantity, price, time, parties involved, etc.)

*(If you need more space to explain your claim,
please attach additional paper.)*

STATEMENT OF CLAIM
Page 2 of 2

The computation of monetary loss is based on the following calculation:

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentiary material should correspond with the heading you have assigned below.

- C-1 _____
- C-2 _____
- C-3 _____
- C-4 _____
- C-5 _____
- C-6 _____

- C-7 _____
- C-8 _____
- C-9 _____
- C-10 _____
- C-11 _____
- C-12 _____

Subscribed and sworn to before me
this _____ day of
_____ A.D., 20____
Notary Public, _____ County
State of _____

Notary Public

SEAL

Complainant's Signature:

Print Name

Date

MINNEAPOLIS GRAIN EXCHANGE
FORM 5-14.00
RESPONDENT'S ANSWER

_____, 20____

To the Secretary of the
Minneapolis, Grain Exchange

IN THE MATTER OF CLAIM
OR GRIEVANCE OF

(Complainant)

vs.

(Respondent)

The above Respondent hereby submitting to the jurisdiction of said Board of Arbitration, and hereby voluntarily submitting the Claim or Grievance referred to in said Complaint and in the Answer to the arbitrament of said Panel for Answer to the Complaint says:

(The Answer shall then set forth in plain language the substance and particulars of the Respondent's Answer.)

(Describe in detail the circumstances surrounding the transactions(s) in question; e.g., date, commodity month, price, quantity, time, parties involved, etc. You may attach photocopies of pertinent documents such as floor orders, account statements, trading cards, time and sales, and sworn statements of witness).

(If you need more space to explain your counterclaim, please attach additional paper)

RESPONDENT'S ANSWER
Page 2 of 2

In support of this Answer, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentiary material should correspond with the heading you have assigned below.

R-1 _____

R-7 _____

R-2 _____

R-8 _____

R-3 _____

R-9 _____

R-4 _____

R-10 _____

R-5 _____

R-11 _____

R-6 _____

R-12 _____

Subscribed and sworn to before me
this _____ day of
_____ A.D., 20____
Notary Public, _____ County
State of _____

Respondent's Signature:

Print Name

Notary Public

Date

SEAL

STATEMENT OF COUNTERCLAIM
Page 2 of 2

The computation of monetary loss is based on the following calculation:

In support of these allegations, I present as evidence the following documents: (i.e., statements of witnesses, pertinent documents such as floor orders, account statements, time and sales, trading cards, etc). Copies of the evidentiary material should correspond with the heading you have assigned below.

- CC-1 _____
- CC-2 _____
- CC-3 _____
- CC-4 _____
- CC-5 _____
- CC-6 _____

- CC-7 _____
- CC-8 _____
- CC-9 _____
- CC-10 _____
- CC-11 _____
- CC-12 _____

Subscribed and sworn to before me
 this _____ day of
 _____ A.D., 20____
 Notary Public, _____ County
 State of _____

Counter Complainant's Signature:

Print Name

Date

Notary Public

SEAL

4-18-90

7029

Date:

Name

Street

City, State, Zip

Dear _____:

RE: RESPONSE TO NON-MEMBER COMPLAINT

We understand that you seek redress from a Member firm or an individual member in connection with misunderstandings or disagreements arising from the handling of your account, or orders or executions for your account, on business conducted on, and subject to the Rules of the Minneapolis Grain Exchange.

We ask that you complete the enclosed **STATEMENT OF CLAIMS FORM**, which will be the basis for your claim against the Exchange Member Firm or Member whom you indicate.

In describing the substance of the Complaint, please indicate as accurately as you can the dates involved, the commodities in dispute and, where appropriate, the number of contracts, the prices and any other pertinent information. Identify any other persons involved, either as participants or witnesses and, where possible, their business affiliation. Copies of orders, confirmations, statements, trade agreements or other memoranda will be helpful.

When the completed Complaint form has been received by this office, the Respondent will be advised and, in accordance with Exchange Rules, an arbitration panel will be formed to arbitrate the differences.

In arbitrations between one Exchange member and another, the Exchange chooses arbitrators from a pool of twenty (20) or more persons, all of whom are members of the Corporation and all of whom are familiar with Exchange Rules and Regulations, customs and usages. However, in an arbitration between a non-member and customer and an Exchange member, the non-member customer may elect to have the dispute heard by an independent, or mixed, panel. This independent panel will consist of two persons who are not members of the Corporation nor associated with any member of the Exchange, and one Exchange member.

Should you elect to have the dispute heard by an independent panel as described above, it is necessary that you advise the Secretary in writing within ten (10) business days after the

RESPONSE TO NON-MEMBER COMPLAINT
Page 2

date of the Secretary's Notice. In the absence of such advice from you, the dispute will be heard by a panel of members.

Fees from each hearing before a Customer Claims Arbitration Panel (whether member or independent) shall be as follows:

For each case involving up to \$2,500.00	\$100.00
For each case involving \$2,501.00 to \$10,000.00	\$200.00
For each case involving more than \$10,000.00	\$300.00
For any non-monetary claims	\$300.00

The amount of the fee shall be based on the amount asked in the Complaint; and, in cases in which the payment of money is neither asked in the Complaint nor awarded, the fees shall be at the discretion of the panel, but, in no case more than three hundred dollars (\$300.00).

In each case, all fees shall be paid in advance to the Exchange. Such fees shall be retained by the Exchange whether the case is heard or not.

The Commodity Futures Trading Commission has ruled that the incremental cost for an independent panel is solely for the expense of the Exchange member unless the arbitrators determine that the customer acted in bad faith in initiating or conducting the proceedings.

Please note that Exchange Rule 517.00 PRE-HEARING EXCHANGE OF DOCUMENTS AND WRITTEN INFORMATION (see enclosed copy of Arbitration Rules) requires that all parties cooperate in the voluntary exchange of relevant documents and written information to facilitate a fair, equitable and expeditious hearing.

If you have questions or need further assistance in completing the Complaint form, please contact me at 612-321-7101 or write:

*Minneapolis Grain Exchange
Attn: Corporate Secretary
400 South 4th Street - Suite 130
Minneapolis, MN 55415*

Please remember to let us know if you want a non-member panel. Also, please accompany your Complaint form by a check in the appropriate amount (see previous page and Customer Claim Form).

Very truly yours,
Minneapolis Grain Exchange

Corporate Secretary

MINNEAPOLIS GRAIN EXCHANGE
FORM 20-36.00
DISPOSITION ORDER

Name of Member of Minneapolis Grain Exchange

To Agent _____ R.R. Minneapolis, MN _____, 20 _____

_____ Station Point of Origin _____

Please deliver for the account of the un-
dersigned owner or authorized con-
signee, car:

_____	_____	Weight _____	Date _____
(Initial)	(Number)	Commodity _____	Rate _____
		Protection _____	

To: _____
(Destination: Industry, Track or Connecting Line)

and issue to us a duplicate of this order, same to be signed by perforation or otherwise, or stamped (and initialed) by the Joint Agent of Minneapolis Railroads.

Original copy of Disposition Order is to be white, and duplicate yellow.

Bill of Lading or Elevator Load-out Notice must invariably accompany Disposition Orders except when Bill of Lading is not available and the Joint Agent Authorizes delivery applicable on a Blanket Bond.

Should this car be unloaded in Minneapolis, the buyer shall require surrender of the duplicate upon payment of invoice and the receiving industry will require surrender of duplicate as authority for unloading or issuance of Load-out Notice.

Should outbound Bill of Lading be required while this car is "On Track," said duplicate (properly endorsed) must be surrendered to the Joint Agent with the new billing instructions.

No change will be permitted in this order. If further movement of this car is required locally, the duplicate must be surrendered to the Joint Agent with a new order.

Duplicate Disposition Order attached _____

Order Bill of Lading attached _____

(Name of Member)

Straight Bill of Lading tendered _____

Load-out Notice attached _____ By: _____

Bill of Lading not available - apply
on Blanket Bond _____

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MINNEAPOLIS GRAIN EXCHANGE
FORM 20-26.00
REQUIRED LOAD-OUT NOTICE

Serial No. _____

TO _____ Minneapolis, MN _____, 20____
We have loaded out of the _____ Elevator for your account ____ cars
containing _____. These cars are carded to the _____ Railroad
Yard for our account, and possession thereof can be obtained upon surrender of the original
copy of the Load-out Notice properly signed.

X or V C	Car No.	Initial	Gross Pounds	Bushels	Capacity Ordered	Capacity Furnished	Remarks

"X" furnished at R.R. Co.'s convenience.
"VC" loaded to full visible capacity.

(Name of Elevator Company)

NOTE - Each line not used should be "X'd"
Out. Positively not more than one car to
a line or five cars in all.

Per _____

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**MINNEAPOLIS GRAIN EXCHANGE
FORM 3-10.00(C)
SUBORDINATION AGREEMENT**

The undersigned hereby agrees that it will subordinate all his, her, or its claims including, without limitation, assessments, liens, pledges or claims for liens against the Membership of _____ in the Minneapolis Grain Exchange ("MGE") to liens, assessments, and indebtednesses incurred in favor of MGE against the Membership pursuant to the Rules and Regulations of MGE.

Date: _____, 19 ____.

Name (print or type)

Signature

Company

Address

City State Zip

Phone

SUBSCRIBED AND SWORN TO BEFORE ME

THIS _____ DAY OF _____, A.D., 2 _____

Notary Public, _____ County,

State of _____

My Commission expires _____

If you have any questions or need assistance in completing this form contact:

*Minneapolis Grain Exchange
Corporate Secretary
400 South 4th Street - Suite 130
Minneapolis, MN 55415*

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**Minneapolis Grain Exchange
Form 9-00.00
Spring Wheat Futures**

APPLICATION FOR BECOMING A "REGULAR" ELEVATOR
 RENEWAL AS A "REGULAR" ELEVATOR

Company Information

Company Name: _____

Address: _____

Street Suite Number

City State Zip Code

Telephone Number: _____ Fax Number: _____

Area Code Area Code

Elevator Information

**Elevator Applying for
Regularity/Renewal:**

Address: _____

Street Suite Number

City State Zip Code

Telephone Number: _____ Fax Number: _____

Area Code Area Code

Has your elevator license ever been suspended or revoked? () Yes () No

If yes, give dates of suspension/revocation and reason(s):

NOTE

Please note that each elevator and location must submit a separate application.

Elevator Information Continued

Elevator Location: Waterfront
 Interior

Switching District: Minneapolis/St. Paul, Minnesota
 Duluth, Minnesota/Superior, Wisconsin
 Red Wing, Minnesota

Connects to One or More Rail Lines? Yes
 No

List Railroad(s) Serving Elevator:
(1) _____
(2) _____
(3) _____

Type of Warehouse License: Federal License Number: _____
 State of _____ License Number: _____

CAPACITY

Licensed Storage Capacity at Elevator: _____ bushels

Total Licensed Storage Capacity at ALL Elevators Applying for Regularity: _____ bushels

Minimum Load-out Rate in an 8 Hour Shift by Mode of Transportation: Rail: _____ bushels per day
Barge: _____ bushels per day
Vessel: _____ bushels per day

Can you load-out by rail and barge or by rail and vessel at the same time? () Yes () No

If yes, minimum combined load-out rate: _____ bushels per day

TARIFF

Storage Per Day: \$ _____ per bushel

Insurance Per Day: \$ _____ per bushel

Other Insurance Rate: _____

Note: The maximum load-out charge is eight cents per bushel. Furthermore, insurance is included within the storage charge which is limited to \$.00165 per bushel per day.

June 4, 1998

7040

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**MINNEAPOLIS GRAIN EXCHANGE
WEEKLY REPORT OF STOCKS
DULUTH/SUPERIOR "REGULAR" ELEVATORS
FORM 9-01.01.D.**

Report of Elevator Stocks for _____
(Company/Elevator)

as of the close of business on Thursday, _____
(Date)

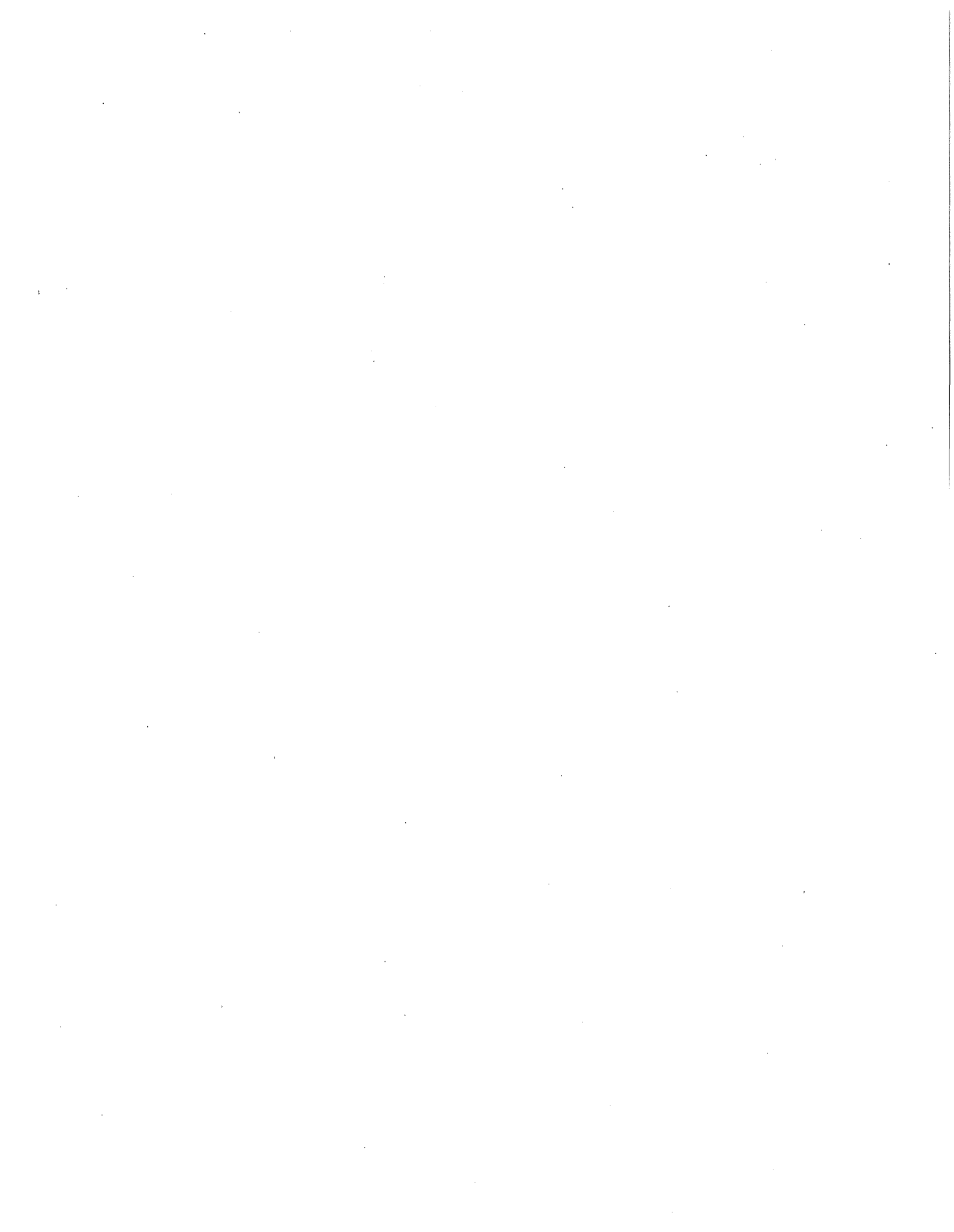
	<u>Total (000 Bushels)</u>	<u>CCC Stocks included in total (000 Bushels)</u>
Spring Wheat	_____	_____
Durum Wheat	_____	_____
Winter Wheat	_____	_____
Corn	_____	_____
Oats	_____	_____
Barley	_____	_____
Rye	_____	_____
Flaxseed	_____	_____
Soybeans	_____	_____
Total	_____	_____
Sunflowers (metric tons)	_____	_____

Prepared by: _____
Print or Type Signature

Telephone Number: (_____) _____ Date: _____
Area Code

Elevator stocks are to be reported as of the close of business on Thursday of each week. The report must be received no later than 9:15 a.m. on Monday by one of the following:

- Fax (612) 339-1155
- Delivered to Room 130
- Mailed to: Minneapolis Grain Exchange
Attn: Weighing Department
130 Grain Exchange
Minneapolis, MN 55415



**MINNEAPOLIS GRAIN EXCHANGE
WEEKLY REPORT OF STOCKS
MINNEAPOLIS/ST. PAUL "REGULAR" ELEVATORS
FORM 9-01.01.M.**

Report of Elevator Stocks for _____
(Company/Elevator)

as of the close of business on Friday, _____
(Date)

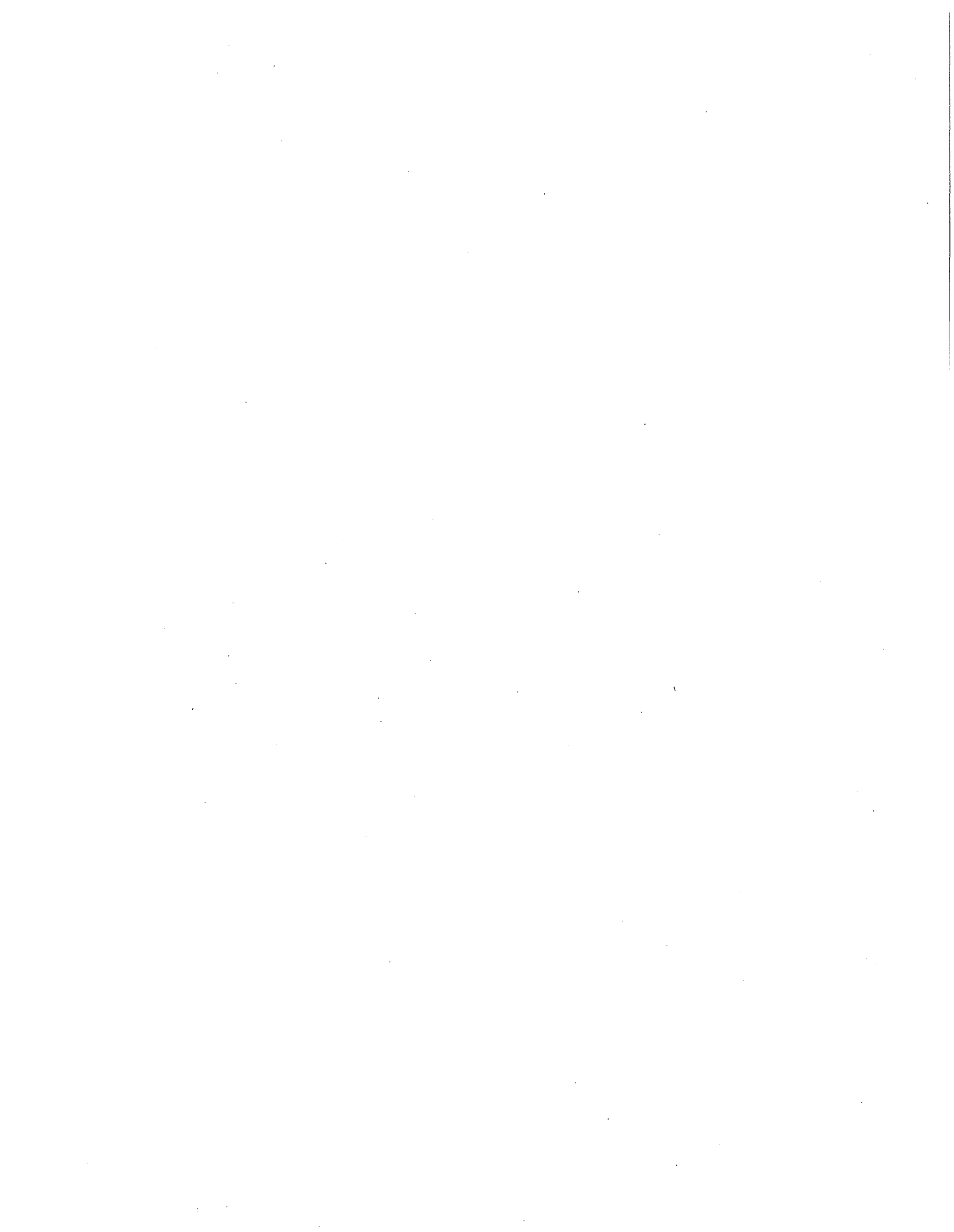
	<u>Total (000 Bushels)</u>	<u>CCC Stocks included in total (000 Bushels)</u>
Spring Wheat	_____	_____
Durum Wheat	_____	_____
Winter Wheat	_____	_____
Corn	_____	_____
Oats	_____	_____
Barley	_____	_____
Rye	_____	_____
Flaxseed	_____	_____
Soybeans	_____	_____
Total	_____	_____

Prepared by: _____
Print or Type Signature

Telephone Number: (_____) _____ Date: _____
Area Code

Elevator stocks are to be reported as of the close of business on Friday of each week. The report must be received no later than 9:15 a.m. on Tuesday by one of the following:

- Fax (612) 339-1155
- Delivered to Room 130
- Mailed to: Minneapolis Grain Exchange
Attn: Weighing Department
130 Grain Exchange
Minneapolis, MN 55415



**MINNEAPOLIS GRAIN EXCHANGE
FORM 3-20.00
RELEASE TO TRADE PERSONAL ACCOUNT**

As an authorized representative of _____, whose
(Company Name)

Membership is registered in the name of _____,
(Print Exchange Member's Name)

I, _____, _____, hereby release said Member
(Print Name) (Officer's Title)

from the trading limitations described in Exchange Rule 320.00. and permit said Member to trade his/her account.

Print Officer's Name

Sign Officer's Name

Title

Date

Return this form to:

Minneapolis Grain Exchange
Department of Audits and Investigations
400 South 4th Street
Suite 111
Minneapolis, MN 55415
(612) 338-6212

4-18-94

7054

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Form 3-20.00

FORM 38M

STOCKS OF HARD RED SPRING WHEAT
In Deliverable Position Within Switching
Districts at Minneapolis/St. Paul, Red Wing
and Duluth/Superior.

Elevator Name

Operated By

_____, 2_____
Report as of Close of Business on Friday

INSTRUCTIONS

WHO SHOULD REPORT - Every operator of an exchange-approved warehouse whose receipts are deliverable in settlement of Hard Red Spring Wheat futures contracts on the Minneapolis Grain Exchange. All individual reports are held confidential.

WHERE TO REPORT - Forward reports by hand or fax to: Minneapolis Grain Exchange, Department of Audits and Investigations, 400 South 4th Street, Suite 111, Minneapolis, MN 55415. FAX # (612) 321-7180.

WHEN TO REPORT - Weekly, as of the close of business on Friday. Reports should be filed not later than 1:00 p.m. on each Monday following the Friday covered by the report. If Monday is a holiday, the report should be filed not later than 1:00 p.m. on Tuesday.

DATE OF REPORT - The Friday date to which the stock figures apply.

WHAT TO REPORT- On a separate report for each warehouse, show :

- (a) The total quantity of deliverable grades of Hard Red Spring Wheat stored in the elevator, excluding CCC stocks.
- (b) The total quantity of non-deliverable grades and ungraded Hard Red Spring Wheat stored in the elevator, excluding CCC stocks.
- (c) The total quantity of Hard Red Spring Wheat CCC stocks stored in the elevator.
- (d) The total quantity of deliverable, non-deliverable/ungraded, and CCC stocks of Hard Red Spring Wheat stored in the elevator.

Do not include anywhere on the report non-deliverable classes or sub-classes of grain; for example, do not show stocks of Hard Red Winter Wheat or Red Spring Wheat. If you have no deliverable stocks, indicate by writing "None."

<u>Hard Red Spring Wheat</u>	<u>Quantity (In 000's)</u>
(a) TOTAL DELIVERABLE GRADES (Excluding CCC Stocks)	_____
(b) TOTAL NON-DELIVERABLE GRADES/UNGRADED (Excluding CCC Stocks)	_____
(c) TOTAL CCC STOCKS	_____
(d) TOTAL	=====

RULES AND REGULATIONS

CHAPTER 71 INTERPRETATIONS

To view the appropriate Rule or Regulation, click on the title highlighted in blue.

RULEBOOK

GENDER:

"It is the official interpretation of the Board of Directors of the Minneapolis Grain Exchange that any reference to the pronoun "he" or "his" appearing within the Rules, Regulations, By-Laws or other Exchange publications or documents, official or unofficial, shall be interpreted to be gender-neutral; "he" or "his" being understood to mean "he/she" or "his/hers".

Board action 4/12/90.

CHAPTER 7

731.00. BIDS AND OFFERS ABOVE OR BELOW CURRENT MARKET.

In order to provide greater trading clarity and flexibility to Members, the Board of Directors has officially approved the following interpretation:

The phrases "current asking price" and "current bid price", by definition, are clearly meant to reflect current market conditions in commodity options. Any Member in the options pit is hereby permitted to adjust, by open outcry, the last reported bid with a lower bid and to adjust the last reported offer with a higher offer at any time within trading hours.

Board action 4/9/92.

CHAPTER 8

803.00. CONTRACT AND OTHER DELIVERABLE GRADES.

To maintain a fluid market for Wheat futures, which accurately reflects cash market practices, the Board of Directors has officially approved the following interpretation:

Wheat labeled by a special grade designation, i.e. - ergoty wheat, garlicky wheat, infested wheat, light smutty wheat, smutty wheat, treated wheat or other special grade designation, as defined by the United States Department of Agriculture - United States Standards for Wheat, shall not be deliverable against a Minneapolis Grain Exchange futures contract.

Board action 2/22/94.

CHAPTERS 8 and 20

813.00. LOAD-OUT PROCEDURES.

824.00. DEFAULT.

826.00. FAILURE TO DELIVER ON CONTRACT: DAMAGES.

2028.00. LOADINGS IN SATISFACTION OF WAREHOUSE RECEIPTS.

To clarify the obligations and responsibilities of parties involved in the Spring Wheat delivery process, the Board of Directors has officially approved the following interpretation:

Rule 813.00. requires that twenty-five (25) rail cars be loaded out in a single day. Whether the minimum load-out rate for rail cars has been met shall be determined by the issuance of the first

official/certified inspection grade (and protein when requested) on each car that meets or exceeds the delivery specifications. Therefore, failure to load out twenty-five (25) cars in one day with a first official/certified inspection grade that meets the delivery specifications shall be evidence of a default under **Rule 824.00**. An elevator is expected to make all necessary arrangements so as to obtain same day inspection results and meet the minimum load-out rate. Upon notice that a rail car does not meet the delivery specifications, the elevator shall reload the same day until the first official/certified inspection grade meets the delivery specifications. Failure to do so shall be evidence of a default. In such case, recourse may be made to **Rule 826.00** for damages. Furthermore, all costs incurred to reload in order to obtain the first official/certified inspection grade that meets the delivery specifications, including switching charges and demurrage for both the rail cars failing to meet the delivery specifications and loaded cars subject to delay in shipment shall be for the account of the elevator.

Should the party surrendering the warehouse receipts request Federal reconsideration of grade pursuant to **Regulation 2028.00**., the cost of appeal shall be for the account of the taker. Allocation of the other costs and any remedy will be dependant upon the Federal regrade results. If a rail car fails to meet the delivery specifications, all additional costs incurred to meet the delivery specifications and obtain a Federal grade, including demurrage, reload and switching charges shall be for the account of the elevator. Demurrage, as documented by a railroad invoice, for the loaded cars that meet the delivery specifications upon regrade shall be for the account of the taker.

Either party is entitled to appeal the Federal regrade results to the Federal Board of Appeal. The party making the appeal shall pay the cost for appeal. Demurrage on the rail car(s) appealed that do meet the delivery specifications shall be for the account of the taker. Demurrage on the rail car(s) appealed that do not meet the delivery specifications shall be for the account of the elevator.

If the elevator does not prevail upon notice of Federal regrade results, the elevator shall reload until the first official/certified inspection grade meets the delivery specifications. Reload shall be completed within twenty-four (24) hours of such notice. If the elevator does not prevail upon notice of Federal Board appeal results, the elevator shall reload the same day that the railroad makes the rail cars available, until the first official/certified inspection grade meets the delivery specifications. Failure to timely reload shall be evidence of a default. Additionally, the elevator shall give priority to reload the failed car(s) over other cars constructively placed.

The elevator shall not be required to release any rail car(s) until all the cars to be shipped meet the delivery specifications upon completion of the grading and appeal process.

The Rules, Regulations and Interpretations of the Exchange do not prohibit the parties from mutually agreeing to monetary adjustments, or modification of the delivery process or terms upon failure by the elevator to meet the delivery specifications on Spring Wheat that is loaded-out.

Board action 9/20/01.

05-27-10

**CHAPTER 72
RESOLUTIONS**

- 210.01. F. Board Of Directors: Powers
- 372.00. Delegation
- 719.00. Exchange Of Futures For Physical or Risk Transaction Fees
- 803.01. Delivery Of U.S. Origin Grain
- 803.02. Criteria For Issuance Of Non-Genetically Modified Wheat Certificates
- 1402.00. C. Option Trading
- 2020.00. Exchange Service Fee
- 2024.00. Exchange Regulatory Fee
- 2101.00. C. Fees And Fines – Amounts And Collections
- 2101.01. B. Clearing Service Fee
- 2102.00. C. Clearing Member Margins

05-27-10

**CHAPTER 72
RESOLUTIONS**

RESOLUTION 210.01. F.

Pursuant to the provisions of **Rule 210.01. F.**, the Board of Directors has adopted this Resolution.

Limited authority of the Board of Directors to amend Minneapolis Grain Exchange Regulations is hereby delegated to Exchange officers. Such authority includes amending hours of trading, margin requirements, declaration of holidays, reportable position limits, settlement procedures, open or closing periods, fees, forms, notices, deadlines, dress and decorum policies, minimum financial requirements, notification and reporting requirements, striking prices, cash market reporting, recordkeeping requirements, honorary memberships, default procedures, give-up procedures, and definition of emergencies. The President and Chairperson of the Board may determine whether a Regulation can be amended by Exchange officers. Regulation amendments shall be forwarded promptly to the Board of Directors.

Further, limited authority of the Board of Directors is hereby delegated to Exchange officers to exercise certain other powers including amending transfer procedures, approving registration and membership applications and cancellations, approving standing committee appointments, and amending the matching algorithm for the electronic trading system. Such approvals and changes shall be forwarded promptly to the Board of Directors.

RESOLUTION 372.00.

Pursuant to **Rule 372.00. I. and J.**, the Minneapolis Grain Exchange Board of Directors has adopted the following requirements to be met by Delegates of the Exchange.

A Delegate shall deposit one thousand dollars (\$1,000.00) with the Exchange. No interest will be paid on the deposit.

A Delegate shall pay a fee of two hundred dollars (\$200.00) each month unless said Delegate trades a minimum of twenty five (25) MGEX futures and/or options contracts.

Approved by the Board July 9, 2009, effective September 1, 2009.

RESOLUTION 719.00.

The Minneapolis Grain Exchange Board of Directors has adopted a \$0.70 fee to be paid to the Corporation by the buyer and the seller for each Minneapolis Grain Exchange contract involved in an exchange for risk or exchange for physical transaction.

Approved by the Board March 18, 2008, effective April 1, 2008.

RESOLUTION 803.01.

The Minneapolis Grain Exchange Board of Directors has adopted the following Resolution:

BE IT RESOLVED, that, pursuant to **Rule 803.01.**, the Minneapolis Grain Exchange Board of Directors shall require that, effective with the December 1998 delivery month, elevators

declared regular to deliver Spring Wheat on MGEX futures contracts provide a certificate of U.S. origin for delivered Spring Wheat if specifically requested in writing by the taker of delivery at the time load-out instructions are submitted.

Approved by the Board July 10, 1997.

RESOLUTION 803.02.

This Resolution shall remain in effect through the December 2011 contract month, after which it shall be removed from the Rulebook.

Pursuant to **Rule 803.02.**, the Minneapolis Grain Exchange Board of Directors has adopted this Resolution.

A delivery elevator can meet the certificate requirement for non-genetically modified wheat by providing a letterhead statement issued by the Grain Inspection, Packers and Stockyards Administration (GIPSA) that states, "There are no transgenic wheat varieties for sale or in commercial production in the United States at this time."

If the GIPSA statement is not available, the delivery elevator must provide a certificate, along with supporting documentation, that the delivery wheat is non-genetically modified wheat in accordance with the following testing procedures and tolerance criteria:

1. The delivery elevator, at its own expense, shall have the delivery wheat tested for transgenic events. The testing for genetically modified (transgenic) wheat shall be conducted by a federal agency or a Board of Directors designated authority selected by the elevator. The testing must be completed by the time a bill of lading is ready to be issued confirming load-out is completed and the wheat otherwise meets delivery specifications.
2. A certificate cannot be issued if the amount of genetically modified (transgenic) wheat exceeds more than one percent (1%) of the net amount delivered which includes the transgenic wheat. If a certificate cannot be issued, the elevator must reload unless the taker and the elevator agree to other arrangements.

This resolution is effective with the July 2004 delivery month.

RESOLUTION 1402.00. C.

Pursuant to Rule 210.01., the Minneapolis Grain Exchange Board of Directors has adopted these Resolutions.

That the last trading day and expiration for the December 2010 Spring Wheat options contract be changed from Friday, November 26, 2010 to Tuesday, November 23, 2010.

Approved by the Board March 18, 2008.

That the last trading day and expiration for the January 2011 Spring Wheat options contract be changed from Thursday, December 23, 2010 to Wednesday, December 22, 2010.

Approved by the Board March 18, 2008.

RESOLUTION 2020.00.

The Minneapolis Grain Exchange Board of Directors has adopted the following schedule of Exchange service fees to be paid to the Corporation for each contract of Minneapolis Grain Exchange Futures bought, sold, exchanged for physical or risk, transferred, delivered, accepted for delivery or cash settled, or for each contract of Minneapolis Grain Exchange Options bought, sold, transferred, exercised or assigned.

Open Outcry

Type 1 rates	\$0.00
Member rate	\$0.30
Delegate rate	\$0.45
Non-Member rate	\$0.60

The maximum combined Exchange and Clearing service fees for Open Outcry Type 1 rates is five thousand dollars (\$5,000) per year.

MGEXpress**First 15,000 Contracts per month**

Member rate	\$0.80
Delegate rate	\$1.20
Non-Member rate	\$1.60

Next 15,000 Contracts per month

Member rate	\$0.60
Delegate rate	\$1.00
Non-Member rate	\$1.40

Each Additional Contract per month

Member rate	\$0.45
Delegate rate	\$0.85
Non-Member rate	\$1.25

Exchange service fees for MGEXpress will be charged per account.

For purposes of computing fees, a "member" is the individual listed as the record holder of a membership and trades Exchange contracts for their own account. Further, member rates apply to a firm or corporation which is a record owner of a membership. Member rates do not apply to employees, associated persons, affiliate companies, subsidiary corporations or parent corporations of a member firm or corporation unless they also are a record owner of a membership.

A "delegate" is the individual listed as the record holder of a leased membership and trades Exchange contracts for their own account.

Approved by the Board March 18, 2008, effective April 1, 2008.

RESOLUTION 2024.00.

The Minneapolis Grain Exchange Board of Directors has adopted the following schedule of Exchange regulatory fees to be paid to the Corporation annually. The fee shall be prorated over the Corporation's fiscal year for each month the entity is registered.

A fee of \$10,000 shall be paid by registered futures commission merchant members for which the Exchange is the self-regulatory organization responsible for monitoring and auditing for compliance with the minimum financial, segregation and related reporting and recordkeeping requirements. Such fee shall also apply if the Exchange has delegated its responsibilities to another designated self-regulatory organization. However, the fee shall be waived if the registered futures commission merchant member clears 50,000 contracts annually.

Approved by the Board on January 18, 2001.

RESOLUTION 2101.00.C.

The Minneapolis Grain Exchange Clearing House Committee has adopted the following schedule of deadlines for reporting trading session activity to the Clearing House:

8:00 a.m.	Form 200's
9:00 a.m.	Settlement and margin payment Offset requests
11:15 a.m.	Weekly account position updates Daily Delivery/Exercise account updates
2:15 p.m.	Last submission of trades
3:00 p.m.	Give-up transfer trades Unmatched trade fixes
3:30 p.m.	Long position lists for delivery Delivery Notices Exercise Notices Auto-Exercise Cancellation Notices Spring Wheat Options Form 200's on expiration day Verbal Notification to the Clearing House is necessary if reports are going to be later than 3:30 p.m. Deadline for receipt of notices is 4:00 p.m.

Evening trading activity will clear as part of the next business day's activity.

Submissions that are late will be charged with fines as follows: the first ten (10) minutes late will incur a charge of \$10; succeeding ten (10) minute periods will add additional \$25 charges each. (For example, eleven (11) minutes late will be \$35; twenty-five (25) minutes late will be \$60).

Trades must be entered in "TEMS" within forty-five (45) minutes of the conclusion of each half (½) hour trading bracket.

Any unresolved unmatched trades may be suspended pending possible resolution the following business day as an "as of" trade. "As of" trades can be carried no longer than one business day.

The Minneapolis Grain Exchange Clearing House Committee has adopted a fine of \$100 for Form 200 errors in excess of two per month.

Spring Wheat Options Form 200's for the last trading day will incur the following fines:

Form 200's not received by 5:00 p.m. expiration day	\$1,000
Errors not corrected by 6:00 p.m. expiration day	\$1,000
Errors not corrected by 8:00 a.m. next business day an additional	\$1,000

All give-up trades properly received in accordance with **Regulation 2106.00**. by the carrying Clearing Member by 2:15 p.m. and not accepted by the carrying Clearing Member by 3:00 p.m. shall result in the following fines:

First offense	\$1,000
Second offense	\$2,000
Third offense	as determined by Business Conduct Committee

Amended by the Board of Directors November 11, 2004, effective January 4, 2005.

RESOLUTION 2101.01.B.

The Minneapolis Grain Exchange Board of Directors has adopted the following schedule of Clearing service fees to be paid to the Corporation for each contract of Minneapolis Grain Exchange Futures bought, sold, exchanged for physical or risk, transferred, delivered, accepted for delivery or cash settled, or for each contract of Minneapolis Grain Exchange Options bought, sold, transferred, exercised or assigned.

Open Outcry

Type 1 rates	\$0.05
Member rate	\$0.20
Non-Member rate	\$0.20

MGEXpress

First 15,000 Contracts per month

Member rate	\$0.20
Non-Member rate	\$0.20

Next 15,000 Contracts per month

Member rate	\$0.20
Non-Member rate	\$0.20

Each Additional Contract per month

Member rate	\$0.20
Non-Member rate	\$0.20

The maximum combined Exchange and Clearing service fees for Open Outcry Type 1 rates is five thousand dollars (\$5,000) per year.

For purposes of computing fees, a "member" is the individual listed as the record holder of a membership and trades Exchange contracts for their own account. Further, member rates apply to a firm or corporation which is a record owner of a membership. Member rates do not apply to employees, associated persons, affiliate companies, subsidiary corporations or parent corporations of a member firm or corporation unless they also are a record owner of a membership.

Approved by the Board May 8, 2003, effective May 9, 2003.

RESOLUTION 2102.00. C.

The Minneapolis Grain Exchange Board of Directors, or its designee, has adopted the following margins as the minimum amounts that are proper and adequate.

A.	Margins on Futures	<u>Amount Per Contract</u>	<u>Intra-Market Spreads Amount Per Contract</u>
	National Corn Index	\$800	Market
	National Soybean Index	\$2,000	Market
	Hard Red Winter Wheat Index	\$2,350	Market
	Hard Red Spring Wheat Index	\$2,350	Market
	Soft Red Winter Wheat Index	\$2,350	Market
	Hard Red Spring Wheat	\$2,350	Market
			<u>Spread Credit % Savings</u>
B.	Inter-Commodity Spreads		
	NCI vs. NSI		50%
	HRWI vs. Spring Wheat		100%
	HRSI vs. Spring Wheat		100%
	SRWI vs. Spring Wheat		100%
	HRWI vs. HRSI		100%
	HRWI vs. SRWI		100%
	SRWI vs. HRSI		100%
C.	Inter-Exchange Spreads - MGEX Side		
	MGEX NCI vs. CBOT Corn		100%
	MGEX NSI vs. CBOT Soybeans		100%
	MGEX HRWI vs. CBOT Wheat		100%
	MGEX HRWI vs. KCBT Wheat		100%
	MGEX HRSI vs. CBOT Wheat		100%
	MGEX HRSI vs. KCBT Wheat		100%
	MGEX SRWI vs. CBOT Wheat		100%
	MGEX SRWI vs. KCBT Wheat		100%
	MGEX Spring Wheat vs. CBOT Wheat		60%
	MGEX Spring Wheat vs. KCBT Wheat		60%
D.	Margins on Options.		
	Under the provisions of Rule 760.00., the Board of Directors, or its designee, hereby establishes that minimum margins for		

options transactions will be determined by the Standard Portfolio of Analysis of Risk margin calculations. SPAN[®] is a registered trademark of the Chicago Mercantile Exchange. The Chicago Mercantile Exchange assumes no liability in connection with the use of SPAN[®] by any person or entity.

Effective September 1, 2010.

12-13-04

**CHAPTER 73
NATIONAL CORN INDEX FUTURES**

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7303.00.	Contract Trading Unit
7304.00.	Minimum Price Fluctuation
7305.00.	Trading Months And Hours
7306.00.	Daily Price Limits
7307.00.	Last Trading Day
7308.00.	Position Limits
7309.00.	Exemption From Position Limits
7310.00.	Aggregation Of Positions
7311.00.	Reportable Positions
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7313.00.	Contract Modifications
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7315.00.	The National Corn Index: Calculation
7316.00.	Emergencies

12-13-04

**CHAPTER 73
NATIONAL CORN INDEX FUTURES**

7300.00. AUTHORITY.

Trading in National Corn Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7301.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the National Corn Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7302.00. THE NATIONAL CORN INDEX: DEFINITION.

The National Corn Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 2 yellow corn throughout the United States.

7303.00. CONTRACT TRADING UNIT.

The unit of trading shall be the National Corn Index multiplied by five-thousand (5,000) bushels.

7304.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent (\$0.0025) or twelve dollars fifty cents (\$12.50) per contract. All prices shall be quoted in U.S. dollars.

7305.00. TRADING MONTHS AND HOURS.

The months available for trading in National Corn Index futures, the number of months available for trade at one time and the hours of trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7306.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

7307.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

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, 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, 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, Firm or Corporation.

7309.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

- A. a description of the size and nature of the proposed transactions;
- B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;
- C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;
- D. a statement that the intended transactions will be *bona fide* hedges;
- E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;
- F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

7310.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7311.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more National Corn Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See Rule 1505.00.

7312.00. OFFSETS.

Transfer trades for the purpose of offsetting existing futures positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7313.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7314.00. CASH SETTLEMENT.

National Corn Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published National Corn Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent (\$0.0025).

7315.00. THE NATIONAL CORN INDEX: CALCULATION.

The National Corn Index is based upon a select sample of commercial bids placed for U.S. No. 2 yellow corn throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The National Corn Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the National Corn Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the National Corn Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the National Corn Index calculation. In the event the Exchange rejects the data, the procedures of Rule 7316.00. shall govern.

7316.00. EMERGENCIES.

In the event of an emergency, the Board of Directors shall have the powers and follow the procedures described in Rule 230.00.

An emergency shall include, but is not limited to, act of God, act of government, strike, quake, flood, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the National Corn Index or believes the data or the National Corn Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the National Corn Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

12-13-04

CHAPTER 74
NATIONAL CORN INDEX OPTIONS

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7410.00.	Striking Prices
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7419.00.	Automatic Exercise

12-13-04

**CHAPTER 74
NATIONAL CORN INDEX OPTIONS**

7400.00. AUTHORITY.

Trading in National Corn Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7401.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on National Corn Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7402.00. NATIONAL CORN INDEX PUT OPTIONS.

The Buyer of one (1) National Corn Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) National Corn Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) National Corn Index put option incurs the obligation of assuming a long position in one (1) National Corn Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

7403.00. NATIONAL CORN INDEX CALL OPTIONS.

The Buyer of one (1) National Corn Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) National Corn Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) National Corn Index call option incurs the obligation of assuming a short position in one (1) National Corn Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

7404.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange National Corn Index futures contract.

7405.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.

7406.00. TRADING MONTHS AND HOURS.

Trading may be conducted in National Corn Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion,

restrict trading in any month should market conditions so warrant. There shall be no trading in National Corn Index options for months in which the underlying National Corn Index futures months have not yet traded. The hours of trading for National Corn Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7407.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in National Corn Index options at a premium of more than the trading limit for National Corn Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

7408.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

7409.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

7410.00. STRIKING PRICES.

The Board of Directors shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions. See **Regulation 2023.00.**

7411.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Clearing House and by each option customer to their respective futures commission merchant at the time that the option is purchased.

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, 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, 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, Firm or Corporation.

7413.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of Rule 7309.00.

7414.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7415.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more National Corn Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See Rule 1505.00.

7416.00. OFFSETS.

Transfer trades for the purpose of offsetting existing options positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7417.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7418.00. OPTION EXERCISES.

The Buyer of a National Corn Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

7419.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 7418.00.**, based upon the National Corn Index cash settlement, the Clearing House shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

12-13-04

CHAPTER 75
NATIONAL SOYBEAN INDEX FUTURES

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7507.00.	Last Trading Day
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7510.00.	Aggregation Of Positions
7511.00.	Reportable Positions
7512.00.	Offsets
7513.00.	Contract Modifications
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7515.00.	The National Soybean Index: Calculation
7516.00.	Emergencies

12-13-04

**CHAPTER 75
NATIONAL SOYBEAN INDEX FUTURES**

7500.00. AUTHORITY.

Trading in National Soybean Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7501.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the National Soybean Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7502.00. THE NATIONAL SOYBEAN INDEX: DEFINITION.

The National Soybean Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 1 yellow soybeans throughout the United States.

7503.00. CONTRACT TRADING UNIT.

The unit of trading shall be the National Soybean Index multiplied by five-thousand (5,000) bushels.

7504.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent (\$0.0025) or twelve dollars fifty cents (\$12.50) per contract. All prices shall be quoted in U.S. dollars.

7505.00. TRADING MONTHS AND HOURS.

The months available for trading in National Soybean Index futures, the number of months available for trade at one time and the hours of trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7506.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

7507.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

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, 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, 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, Firm or Corporation.

7509.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

- A. a description of the size and nature of the proposed transactions;
- B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;
- C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;
- D. a statement that the intended transactions will be *bona fide* hedges;
- E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;
- F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

7510.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7511.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more National Soybean Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00**.

7512.00. OFFSETS.

Transfer trades for the purpose of offsetting existing futures positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7513.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7514.00. CASH SETTLEMENT.

National Soybean Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published National Soybean Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent (\$0.0025).

7515.00. THE NATIONAL SOYBEAN INDEX: CALCULATION.

The National Soybean Index is based upon a select sample of commercial bids placed for U.S. No. 1 yellow soybeans throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The National Soybean Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the National Soybean Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the National Soybean Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the National Soybean Index calculation. In the event the Exchange rejects the data, the procedures of **Rule 7516.00** shall govern.

7516.00. EMERGENCIES.

In the event of an emergency, the Board of Directors shall have the powers and follow the procedures described in **Rule 230.00**.

An emergency shall include, but is not limited to, act of God, act of government, strike, quake, flood, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the National Soybean Index or believes the data or the National Soybean Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the National Soybean Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

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**CHAPTER 76
NATIONAL SOYBEAN INDEX OPTIONS**

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**CHAPTER 76
NATIONAL SOYBEAN INDEX OPTIONS**

7600.00. AUTHORITY.

Trading in National Soybean Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7601.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on National Soybean Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7602.00. NATIONAL SOYBEAN INDEX PUT OPTIONS.

The Buyer of one (1) National Soybean Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) National Soybean Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) National Soybean Index put option incurs the obligation of assuming a long position in one (1) National Soybean Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

7603.00. NATIONAL SOYBEAN INDEX CALL OPTIONS.

The Buyer of one (1) National Soybean Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) National Soybean Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) National Soybean Index call option incurs the obligation of assuming a short position in one (1) National Soybean Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

7604.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange National Soybean Index futures contract.

7605.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.

7606.00. TRADING MONTHS AND HOURS.

Trading may be conducted in National Soybean Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion,

restrict trading in any month should market conditions so warrant. There shall be no trading in National Soybean Index options for months in which the underlying National Soybean Index futures months have not yet traded. The hours of trading for National Soybean Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7607.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in National Soybean Index options at a premium of more than the trading limit for National Soybean Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

7608.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

7609.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

7610.00. STRIKING PRICES.

The Board of Directors shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions. See **Regulation 2023.00.**

7611.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Clearing House and by each option customer to their respective futures commission merchant at the time that the option is purchased.

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, 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, 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, Firm or Corporation.

7613.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of **Rule 7509.00**.

7614.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7615.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more National Soybean Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00**.

7616.00. OFFSETS.

Transfer trades for the purpose of offsetting existing options positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7617.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7618.00. OPTION EXERCISES.

The Buyer of a National Soybean Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

7619.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 7618.00.**, based upon the National Soybean Index cash settlement, the Clearing House shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

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**CHAPTER 77
HARD WHEAT INDEX FUTURES**

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**CHAPTER 77
HARD WHEAT INDEX FUTURES**

7700.00. AUTHORITY.

Trading in Hard Wheat Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7701.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the Hard Wheat Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7702.00. THE HARD WHEAT INDEX: DEFINITION.

The Hard Wheat Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 1 Hard Red Winter Wheat throughout the United States.

7703.00. CONTRACT TRADING UNIT.

The unit of trading shall be the Hard Wheat Index multiplied by five-thousand (5,000) bushels.

7704.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent (\$0.0025) or twelve dollars fifty cents (\$12.50) per contract. All prices shall be quoted in U.S. dollars.

7705.00. TRADING MONTHS AND HOURS.

The months available for trading in Hard Wheat Index futures, the number of months available for trade at one time and the hours of trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7706.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

7707.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

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, 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, 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, Firm or Corporation.

7709.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

- A. a description of the size and nature of the proposed transactions;
- B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;
- C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;
- D. a statement that the intended transactions will be *bona fide* hedges;
- E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;
- F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

7710.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or

controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7711.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Hard Wheat Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00.**

7712.00. OFFSETS.

Transfer trades for the purpose of offsetting existing futures positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7713.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7714.00. CASH SETTLEMENT.

Hard Wheat Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published Hard Wheat Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent (\$0.0025).

7715.00. THE HARD WHEAT INDEX: CALCULATION.

The Hard Wheat Index is based upon a select sample of commercial bids placed for U.S. No. 1 Hard Red Winter Wheat throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The Hard Wheat Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the Hard Wheat Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the Hard Wheat Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation,

or other unusual, questionable or suspicious activity involving the Hard Wheat Index calculation. In the event the Exchange rejects the data, the procedures of **Rule 7716.00** shall govern.

7716.00. EMERGENCIES.

In the event of an emergency, the Board of Directors shall have the powers and follow the procedures described in **Rule 210.02**.

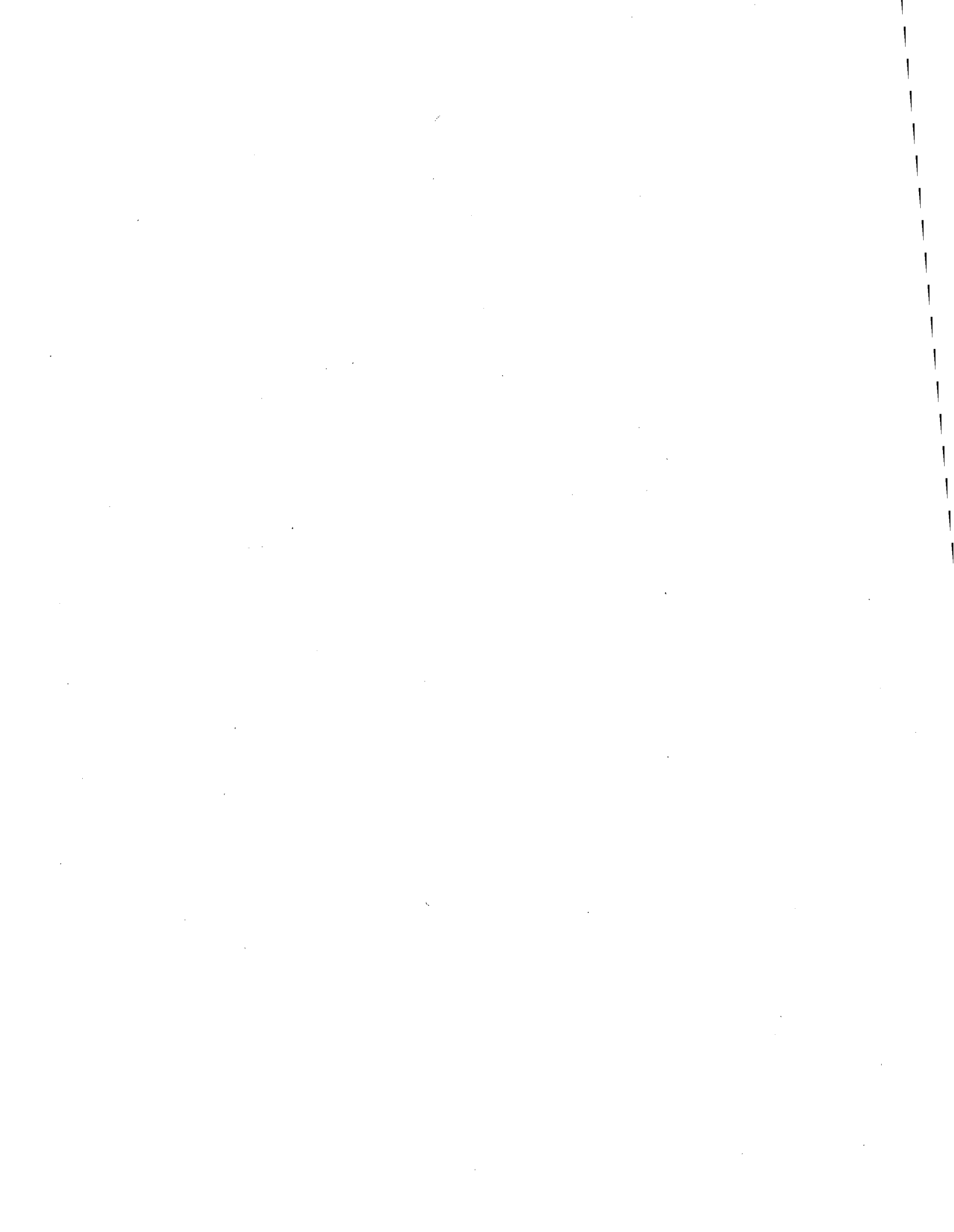
An emergency shall include, but is not limited to, act of God, act of government, strike, quake, flood, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the Hard Wheat Index or believes the data or the Hard Wheat Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the Hard Wheat Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

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**CHAPTER 78
HARD WHEAT INDEX OPTIONS**

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**CHAPTER 78
HARD WHEAT INDEX OPTIONS**

7800.00. AUTHORITY.

Trading in Hard Wheat Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7801.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on Hard Wheat Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7802.00. HARD WHEAT INDEX PUT OPTIONS.

The Buyer of one (1) Hard Wheat Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) Hard Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Hard Wheat Index put option incurs the obligation of assuming a long position in one (1) Hard Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

7803.00. HARD WHEAT INDEX CALL OPTIONS.

The Buyer of one (1) Hard Wheat Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) Hard Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Hard Wheat Index call option incurs the obligation of assuming a short position in one (1) Hard Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

7804.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange Hard Wheat Index futures contract.

7805.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade; when both sides are closing transactions, the option premium may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.

7806.00. TRADING MONTHS AND HOURS.

Trading may be conducted in Hard Wheat Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion,

restrict trading in any month should market conditions so warrant. There shall be no trading in Hard Wheat Index options for months in which the underlying Hard Wheat Index futures months have not yet traded. The hours of trading for Hard Wheat Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7807.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in Hard Wheat Index options at a premium of more than the trading limit for Hard Wheat Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

7808.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

7809.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

7810.00. STRIKING PRICES.

The Board of Directors shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions. See **Regulation 2023.00.**

7811.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Clearing House and by each option customer to their respective futures commission merchant at the time that the option is purchased.

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, 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, 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, Firm or Corporation.

7813.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of **Rule 7709.00**.

7814.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7815.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Hard Wheat Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00**.

7816.00. OFFSETS.

Transfer trades for the purpose of offsetting existing options positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7817.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7818.00. OPTION EXERCISES.

The Buyer of a Hard Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

7819.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 7818.00.**, based upon the Hard Wheat Index cash settlement, the Clearing House shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

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SOFT RED WINTER WHEAT INDEX FUTURES

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CHAPTER 79
SOFT RED WINTER WHEAT INDEX FUTURES

7900.00. AUTHORITY.

Trading in Soft Red Winter Wheat Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

7901.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the Soft Red Winter Wheat Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

7902.00. THE SOFT RED WINTER WHEAT INDEX: DEFINITION.

The Soft Red Winter Wheat Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 2 Soft Red Winter Wheat throughout the United States.

7903.00. CONTRACT TRADING UNIT.

The unit of trading shall be the Soft Red Winter Wheat Index multiplied by five-thousand (5,000) bushels.

7904.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent (\$0.0025) or twelve dollars fifty cents (\$12.50) per contract. All prices shall be quoted in U.S. dollars.

7905.00. TRADING MONTHS AND HOURS.

The months available for trading in Soft Red Winter Wheat Index futures, the number of months available for trade at one time and the hours of trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

7906.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

7907.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

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, 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, 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, Firm or Corporation.

7909.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

- A. a description of the size and nature of the proposed transactions;
- B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;
- C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;
- D. a statement that the intended transactions will be *bona fide* hedges;
- E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;
- F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

7910.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or

controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

7911.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Soft Red Winter Wheat Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See Rule 1505.00.

7912.00. OFFSETS.

Transfer trades for the purpose of offsetting existing futures positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

7913.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

7914.00. CASH SETTLEMENT.

Soft Red Winter Wheat Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published Soft Red Winter Wheat Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent (\$0.0025).

7915.00. THE SOFT RED WINTER WHEAT INDEX: CALCULATION.

The Soft Red Winter Wheat Index is based upon a select sample of commercial bids placed for U.S. No. 2 Soft Red Winter Wheat throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The Soft Red Winter Wheat Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the Soft Red Winter Wheat Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the Soft Red Winter Wheat Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the Soft Red Winter Wheat Index calculation. In the event the Exchange rejects the data, the procedures of Rule 7916.00. shall govern.

7916.00. EMERGENCIES.

In the event of an emergency, the Board of Directors shall have the powers and follow the procedures described in Rule 210.02.

An emergency shall include, but is not limited to, act of God, act of government, strike, quake, flood, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the Soft Red Winter Wheat Index or believes the data or the Soft Red Winter Wheat Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the Soft Red Winter Wheat Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

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CHAPTER 80
SOFT RED WINTER WHEAT INDEX OPTIONS

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CHAPTER 80
SOFT RED WINTER WHEAT INDEX OPTIONS

8000.00. AUTHORITY.

Trading in Soft Red Winter Wheat Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

8001.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on Soft Red Winter Wheat Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

8002.00. SOFT RED WINTER WHEAT INDEX PUT OPTIONS.

The Buyer of one (1) Soft Red Winter Wheat Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) Soft Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Soft Red Winter Wheat Index put option incurs the obligation of assuming a long position in one (1) Soft Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

8003.00. SOFT RED WINTER WHEAT INDEX CALL OPTIONS.

The Buyer of one (1) Soft Red Winter Wheat Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) Soft Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Soft Red Winter Wheat Index call option incurs the obligation of assuming a short position in one (1) Soft Red Winter Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

8004.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange Soft Red Winter Wheat Index futures contract.

8005.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.

8006.00. TRADING MONTHS AND HOURS.

Trading may be conducted in Soft Red Winter wheat Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion, restrict trading in any month should market conditions so warrant. There shall be no trading in Soft Red Winter Wheat Index options for months in which the underlying Soft Red Winter Wheat Index futures months have not yet traded. The hours of trading for Soft Red Winter Wheat Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

8007.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in Soft Red Winter Wheat Index options at a premium of more than the trading limit for Soft Red Winter Wheat Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

8008.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

8009.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

8010.00. STRIKING PRICES.

The Board of Directors shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions. See **Regulation 2023.00.**

8011.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Clearing House and by each option customer to their respective futures commission merchant at the time that the option is purchased.

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, 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, 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, Firm or Corporation.

8013.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of Rule 7909.00.

8014.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

8015.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Soft Red Winter Wheat Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See Rule 1505.00.

8016.00. OFFSETS.

Transfer trades for the purpose of offsetting existing options positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

8017.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

8018.00. OPTION EXERCISES.

The Buyer of a Soft Red Winter Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

8019.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 8018.00.**, based upon the Soft Red Winter Wheat Index cash settlement, the Clearing House shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

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**CHAPTER 81
HARD RED SPRING WHEAT INDEX FUTURES**

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**CHAPTER 81
HARD RED SPRING WHEAT INDEX FUTURES**

8100.00. AUTHORITY.

Trading in Hard Red Spring Wheat Index futures contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

8101.00. SCOPE OF CHAPTER.

This Chapter is limited in application to futures trading of the Hard Red Spring Wheat Index. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

8102.00. THE HARD RED SPRING WHEAT INDEX: DEFINITION.

The Hard Red Spring Wheat Index shall be a calculated average numerical value of the daily commercial bids placed for U.S. No. 1 Hard Red Spring Wheat throughout the United States.

8103.00. CONTRACT TRADING UNIT.

The unit of trading shall be the Hard Red Spring Wheat Index multiplied by five-thousand (5,000) bushels.

8104.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-quarter cent (\$0.0025) or twelve dollars fifty cents (\$12.50) per contract. All prices shall be quoted in U.S. dollars.

8105.00. TRADING MONTHS AND HOURS.

The months available for trading in Hard Red Spring Wheat Index futures, the number of months available for trade at one time and the hours of trading shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

8106.00. DAILY PRICE LIMITS.

Daily price limits shall be set by the Board of Directors. See **Regulation 2012.00.**

8107.00. LAST TRADING DAY.

The last trading day shall be determined by the Board of Directors and shall be the trade day preceding cash settlement. See **Regulation 2011.01.**

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, 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, 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, Firm or Corporation.

8109.00. EXEMPTION FROM POSITION LIMITS.

To be eligible for an exemption under this Rule, an applicant must submit a written request to the Department of Audits and Investigations. Such request shall include the following:

- A. a description of the size and nature of the proposed transactions;
- B. information which will demonstrate that the proposed transactions are *bona fide* hedging transactions;
- C. a statement indicating whether the person on whose behalf the request is made (i) maintains positions in the futures contract for which the exemption is sought with any other account holder or owner, and/or (ii) has made a previous or contemporaneous request pursuant to the Rule through another applicant, and if so, the relationship of the information set forth in such requests;
- D. a statement that the intended transactions will be *bona fide* hedges;
- E. a statement that the applicant will immediately supply the Exchange with any material changes to the information submitted pursuant hereto;
- F. such further information as the Exchange may request.

Within five (5) business days of the submission of the information set forth above, the Department of Audits and Investigations shall notify the applicant whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the applicant or person on whose behalf the request is made requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

Applicants must file separate written requests for exemptions from the notice period position limits and other position limits specified in this Chapter.

8110.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or

controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

8111.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Hard Red Spring Wheat Index futures on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See Rule 1505.00.

8112.00. OFFSETS.

Transfer trades for the purpose of offsetting existing futures positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

8113.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the futures contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

8114.00. CASH SETTLEMENT.

Hard Red Spring Wheat Index futures positions open as of the close of business on the last trading day shall be cash settled. The cash settlement shall be based upon the simple average of the last three (3) published Hard Red Spring Wheat Index prices for days the contract is available for trade during the settlement month using standard rounding techniques and rounded to the nearest one-quarter cent (\$0.0025).

8115.00. THE HARD RED SPRING WHEAT INDEX: CALCULATION.

The Hard Red Spring Wheat Index is based upon a select sample of commercial bids placed for U.S. No. 1 Hard Red Spring Wheat throughout the United States. The sample will be conducted and obtained by an independent third party. The third party must meet collection and time parameters established by the Exchange. Additionally, the sample shall be taken from as many sources and locations as practical. The Hard Red Spring Wheat Index shall then be the calculated average numerical value of the sample using standard rounding techniques. Upon certification by the third party, and confirmation, review or verification of the data by the Exchange, the Hard Red Spring Wheat Index will be disseminated prior to the start of trading the next business day.

The Exchange reserves the right to refuse to use the data or the Hard Red Spring Wheat Index based upon evidence of an error in the data gathering process, manipulation of the data, faulty computation, or other unusual, questionable or suspicious activity involving the Hard Red Spring Wheat Index calculation. In the event the Exchange rejects the data, the procedures of Rule **8116.00** shall govern.

8116.00. EMERGENCIES.

In the event of an emergency, the Board of Directors shall have the powers and follow the procedures described in Rule **210.02**.

An emergency shall include, but is not limited to, act of God, act of government, strike, quake, flood, interference, interruptions or breakage of communication, accident, or any event or occurrence that is causing or may cause disruption in the marketplace.

Additionally, in the event the MGEX is unable to timely receive sufficient data necessary to calculate, report or verify the Hard Red Spring Wheat Index or believes the data or the Hard Red Spring Wheat Index to be in error, the Board of Directors or Executive Committee shall have such authority and power to determine the Hard Red Spring Wheat Index. The Board of Directors or Executive Committee may utilize such sources, means or methods that it determines to be in the best interest of the Exchange and the market. The decision of the Board of Directors or Executive Committee shall be final and binding upon all parties. The Exchange shall not be liable to any party as a result of actions and decisions taken in good faith.

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CHAPTER 82
HARD RED SPRING WHEAT INDEX OPTIONS

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**CHAPTER 82
HARD RED SPRING WHEAT INDEX OPTIONS**

8200.00. AUTHORITY.

Trading in Hard Red Spring Wheat Index options contracts may be conducted under such terms and conditions as the Board of Directors shall determine by Rule, Regulation or Resolution, subject to the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission ("CFTC") regulations promulgated thereunder.

8201.00. SCOPE OF CHAPTER.

This Chapter is limited in application to trading in put and call options on Hard Red Spring Wheat Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the Rules and Regulations of the Exchange.

8202.00. HARD RED SPRING WHEAT INDEX PUT OPTIONS.

The Buyer of one (1) Hard Red Spring Wheat Index put option may exercise such option at any time prior to expiration to assume a short position in one (1) Hard Red Spring Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Hard Red Spring Wheat Index put option incurs the obligation of assuming a long position in one (1) Hard Red Spring Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the put option Buyer.

8203.00. HARD RED SPRING WHEAT INDEX CALL OPTIONS.

The Buyer of one (1) Hard Red Spring Wheat Index call option may exercise such option at any time prior to expiration to assume a long position in one (1) Hard Red Spring Wheat Index futures contract of a specified contract month at a striking price set at the time the option was purchased. The Seller of one (1) Hard Red Spring Wheat Index call option incurs the obligation of assuming a short position in one (1) Hard Red Spring Wheat Index futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by the call option Buyer.

8204.00. CONTRACT TRADING UNIT.

The unit of trading shall be a put or a call option exercisable for one (1) Minneapolis Grain Exchange Hard Red Spring Wheat Index futures contract.

8205.00. MINIMUM PRICE FLUCTUATION.

The minimum price fluctuation shall be one-eighth cent (\$0.00125) or six dollars twenty-five cents (\$6.25) per contract. All prices shall be quoted in U.S. dollars. In the case of a cabinet trade, when both sides are closing transactions, the option premium may range from one dollar (\$1.00) to six dollars (\$6.00) in one dollar (\$1.00) increments per option contract.

8206.00. TRADING MONTHS AND HOURS.

Trading may be conducted in Hard Red Spring Wheat Index options in such contract months as may be determined by the Board of Directors. However, the Board of Directors may, at its discretion, restrict trading in any month should market conditions so warrant. There shall be no trading in Hard Red Spring Wheat Index options for months in which the underlying Hard Red Spring Wheat Index futures months have not yet traded. The hours of trading for Hard Red Spring Wheat Index options shall be determined by the Board of Directors. See **Regulations 2010.00.** and **2011.00.**

8207.00. DAILY PRICE LIMITS.

Trading is prohibited during any day in Hard Red Spring Wheat Index options at a premium of more than the trading limit for Hard Red Spring Wheat Index futures contracts above and below the previous day's settlement premium for that option. On the first (1st) day of trading, limits shall be set from the lowest premium of the opening range.

8208.00. LAST TRADING DAY.

The last trading day shall be the same day as the last day of trading for the underlying futures contract. See **Regulation 2011.01.**

8209.00. EXPIRATION OF OPTIONS.

The contractual rights and obligations arising from the option contract expire at ten o'clock (10:00) a.m. Central Time on the first business day following the last day of trading.

8210.00. STRIKING PRICES.

The Board of Directors shall set the procedure for introduction of striking prices and may modify the procedure as it deems appropriate in order to respond to market conditions. See **Regulation 2023.00.**

8211.00. PAYMENT OF OPTION PREMIUM.

The option premium must be paid in full by each Clearing Member to the Clearing House and by each option customer to their respective futures commission merchant at the time that the option is purchased.

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, 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, 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, Firm or Corporation.

8213.00. EXEMPTIONS FROM POSITION LIMITS.

To be eligible for an exemption from the position limits, an applicant must submit a written request to the Department of Audits and Investigations. The request shall follow the requirements of **Rule 8109.00**.

8214.00. AGGREGATION OF POSITIONS.

In determining whether any person has exceeded the position limits, all positions in accounts for which such person by power of attorney or otherwise directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Such limits upon positions shall apply to positions held by two (2) or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single person.

8215.00. REPORTABLE POSITIONS.

A position of twenty-five (25) or more Hard Red Spring Wheat Index put or call options on this Exchange, long or short, in any one (1) month shall be the reportable position level. All such positions shall be reported in a manner and form as designated by the Commission or the Exchange. See **Rule 1505.00**.

8216.00. OFFSETS.

Transfer trades for the purpose of offsetting existing options positions where no change in ownership is involved are prohibited two (2) business days prior to the settlement month and during the settlement month when the date of execution or exercise of the position being transferred is not the same as the transfer date. Such positions are required to be offset by trading. If such positions are carried on the books of different Clearing Members, the receiving Clearing Member is responsible for compliance with this Rule.

8217.00. CONTRACT MODIFICATIONS.

Specifications shall be fixed as of the first day of trading of a contract. A change in any Federal Law, regulation, ruling, directive or order that conflicts with these Rules will become effective upon the affirmative vote of the Board of Directors.

The Board of Directors, to maintain the viability of the options contract, is granted the authority to change such contract specifications as it deems appropriate and/or necessary for any unopened contract month.

8218.00. OPTION EXERCISES.

The Buyer of a Hard Red Spring Wheat Index option may exercise the option on any business day prior to the expiration date by giving notice of exercise to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on such day. Notwithstanding the foregoing, the Buyer may exercise the option prior to ten o'clock (10:00) a.m. Central Time on expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instruction or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.

8219.00. AUTOMATIC EXERCISE.

Notwithstanding the provisions of **Rule 8218.00.**, based upon the Hard Red Spring Wheat Index cash settlement, the Clearing House shall automatically exercise all in-the-money options unless notice to cancel automatic exercise is given to the Clearing House.

Notice to cancel automatic exercise shall be given to the Clearing House at such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading except that such notice may be given to the Clearing House prior to ten o'clock (10:00) a.m. Central Time on the expiration date:

- A. to correct errors or mistakes made in good faith;
- B. to take appropriate action as the result of unreconciled Exchange option transactions;
- C. in exceptional cases involving a customer's inability to communicate to the Clearing Member exercise instructions or the Clearing Member's inability to receive such instructions prior to such time as determined by the Clearing House Committee (see **Res. 2101.00.C.**) on the last day of trading.