



Via Portal Submission

February 4, 2022
MGEX Submission No. 22-5

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

RE: Rule Certification Submission Pursuant to Regulation 40.6(a); Amendment to MGEX Rules

Dear Mr. Kirkpatrick:

Pursuant to Commodity Exchange Act (“CEAct”) Section 5c and Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), the Minneapolis Grain Exchange, LLC (“MGEX” or “Exchange”) hereby certifies that the amendments to MGEX Rules 3.1.5., 2067.00., and 2100.00. regarding Open Outcry trading as set forth in Exhibit A comply with the CEAct and the Commission regulations promulgated thereunder (the “Proposed Amendments”). MGEX further certifies that the submission and pending changes to the MGEX Rules have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

Overview of Rule Amendment

The Proposed Amendments account for the permanent closure of Open Outcry trading at MGEX by removing references specifically and only related to Open Outcry.

DCO Core Principles


In connection with amending these Rules, the Exchange has reviewed the core principles for DCOs (“DCO Core Principles”) and has determined that the amendment complies with the requirements of such principles. During the review, MGEX identified the following DCO Core Principles as potentially being impacted:

- *DCO Core Principle L – Public Information:* Core Principle L requires DCOs to provide market participants with sufficient information and to have clear, comprehensive rules and procedures. The amendments will be incorporated into MGEX’s publicly available Rulebook, thus ensuring that the information available to the public is accurate, clear, and comprehensive.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors (“Board”) unanimously approved the permanent closure of Open Outcry trading at its meeting held September 30, 2021, as well as the attached Proposed Amendments at its meeting held February 3, 2022. There were no substantive opposing views expressed by the Board, nor is the Exchange aware of any substantive opposing views with respect to this filing. The attached Proposed Amendments are to be effective when incorporated into the MGEX Rulebook posted on its website, which will be at least 10 business days following the date of this submission. If there

are any questions regarding this submission, please contact me at (612) 321-7143 or lhopkins@mgex.com.
Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Lindsay Hopkins". The signature is written in a cursive, flowing style.

Lindsay Hopkins
Chief Corporate Counsel, MGEX Clearing

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EXHIBIT A

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

~~3.1.5. ELECTRONIC AND OPEN OUTCRY: COMBINED POSITION REPORTS.~~

~~Contracts traded on both the Electronic Trading System and by open outcry must 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.~~

2067.00. FIDUCIARY RESPONSIBILITY~~ELECTRONIC AND OPEN OUTCRY TRADING.~~

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, Market Participants trading for themselves by open outcry and orders initiated directly by a user for electronic execution will not be subject to this Rule.~~

2100.00. REQUIREMENTS FOR CLEARING.

All Futures or Options transactions shall be submitted to the Clearing House to be cleared. The Clearing House shall, through the process of novation, be substituted as, and assume the position of, seller to the buyer and buyer to the seller of the relevant number of Exchange or marketplace contracts upon the successful matching of trade data submitted to the Exchange by the Clearing Members on the long and short sides of a trade. Upon such substitution, each Clearing Member shall be deemed to have bought the contracts from or sold the contracts to the Clearing House, as the case may be, and the Clearing House shall have all the rights and be subject to all the liabilities of such Clearing Member with respect to such transaction. Transactions can only be offset against one another through position/trade reporting by a Clearing Member to the Clearing House.

It shall be the duty of each Clearing Member initiating, accepting or executing a transaction for Futures or Options under MGEX Rules to submit each such transaction using "TEMS" to the Clearing House. Transactions shall be submitted at times determined by the Exchange (see **Res. 2101.00.C.**). The transactions shall be in a format approved by the Exchange and shall contain, at a minimum, the following information:

- A. Date of transaction.
- B. Clearing Member code (two-digit alpha as assigned by the Exchange).
- C. Type of account or origin (Regular (R) or Segregated (S)).
- D. Customer type indicator (CTI) as defined below:

CTI 1. Transactions initiated and executed by an individual Market Participant for his/her own account, for an account he/she controls, or for an account in which he/she has ownership or financial interest.

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CTI 2. Transactions executed for the proprietary account of a Clearing Member.

CTI 3. Transactions where a Market Participant executes for the personal account of another Market Participant, for an account the other Market Participant controls or for an account in which the other Market Participant has ownership or financial interest.

CTI 4. Any transaction not meeting the definition of CTI 1, 2 or 3.

- E. Quantity, commodity, contract month or expiration month, price or premium, whether the transaction involved a put or a call, strike price, buy or sell.
- F. Both the buying and selling Market Participant's identifier (trader ID/Member mnemonic) ~~for electronic trades, Broker ID for open outcry trades~~ 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; (E) exercise; (R) risk exchange.

*For office transfers, open and close information for the position (open (O), close (C)) must be submitted.

- I. Account number and 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 MGEX 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 MGEX settling prices. After completion of the clearing process, the Exchange 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 Exchange shall be submitted at times determined by the Exchange (see [Res. 2101.00.C.](#)). All clearing statements shall be disseminated by the Exchange to each Clearing Member's designated contact.

If the report of a trade by a Market Participant 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 Exchange (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

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Clearing Member's unmatched trades. Failure to have a qualified representative available shall constitute negligence in the determination of responsibility for any unmatched trades.

If a Clearing Member, or one of its Affiliated Entities, has access to the Federal Reserve discount window, it shall notify the Clearing House if such access has been suspended, revoked, removed, terminated, or otherwise limited in any way as soon as practicable.

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