



Via Portal Submission

June 24, 2022  
MGEX Submission No. 22-28

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

**RE: Rule Certification Submission Pursuant to Regulation 40.6(a); Amendments to MGEX 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 below comply with the CEAct and the Commission regulations promulgated thereunder (the “Proposed Amendments”):

- Rule 2.1.6. is proposed to be amended;
- Rule 2.1.14. is proposed to be added;
- Rule 3.1.13. is proposed to be added;
- Rule 2007.02. is proposed to be removed and replaced with Rules 3.5.1. and 3.5.2.;
- Rule 733.00. is proposed to be removed and replaced with Rules 3.5.3. and 3.5.4.

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 Amendments**

The Proposed Amendments to the above-referenced Rules effectuate certain additions and modifications which will allow MGEX to better prevent market participants from engaging in manipulative practices or attempting to upset the equilibrium of the market, as well as take enforcement action for such conduct.

### **DCM Core Principles**

MGEX has reviewed the Core Principles for designated contract markets (“DCM Core Principles”) and identified that the Proposed Amendments may impact the following DCM Core Principles:

- *DCM Core Principle 2 – Compliance with Rules:* The Proposed Amendments will establish a clearer and more accurate Rulebook by amending and adding rules that allow for MGEX to establish, monitor, and enforce such rules as it relates to duty to supervise, acts detrimental to the Exchange, operator ID utilization, market/price manipulation, upsetting the market equilibrium, and other disruptive practices.

- *DCM Core Principle 4 – Prevention of Market Disruption.* The Proposed Amendments will enhance the capability of MGEX to prevent manipulation, price distortion, and disruptions through a more clear framework for addressing, among other things, duty to supervise, acts detrimental to the Exchange, operator ID utilization, market/price manipulation, disturbing the market equilibrium, and other disruptive practices.
- *DCM Core Principle 7 – Availability of General Information:* MGEX will issue the updated MGEX Rules to its market participants, and these Proposed Amendments will also be available on the MGEX website.
- *DCM Core Principle 12 – Protection of Markets and Market Participants:* The Proposed Amendments will help protect market participants by establishing clearer and more accurate rules to ensure that market participants are protected from abusive practices committed by any party on the Exchange, including but not limited to, duty to supervise, acts detrimental to the Exchange, operator ID utilization, market/price manipulation, upsetting the market equilibrium, and other manipulative practices.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors (“Board”) unanimously approved the Proposed Amendments at its meeting held on June 23, 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 Proposed Amendments are to be effective when incorporated into the MGEX Rulebook and 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) 321-7140 or [asmith@mgex.com](mailto:asmith@mgex.com). Thank you for your attention to this matter.

Sincerely,



Alex Smith  
Assistant Corporate Counsel

**MINNEAPOLIS GRAIN EXCHANGE, LLC**

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## EXHIBIT A

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

### 2.1.6. DUTY TO SUPERVISE.

A Person subject to MGEX Bylaws or Rules has a duty to diligently supervise any agent, employee, contractor or automated trading system or device under their direct or indirect control (for purposes of this Rule, an “agent”), who engages in this market or performs any Exchange-related activity. Any act, omission, or failure of any agent may be deemed to be an act, omission, or failure of the Person.

Unless prohibited by MGEX Bylaw or Rule, a Person may delegate the act of performance, but not the responsibility, of any MGEX Bylaw or Rule.

When assessing whether a Person has violated MGEX Rule 2.1.6., the Exchange may consider the Person’s lack of sufficient internal controls as an exacerbating factor.

MGEX Rules do not prohibit the Exchange from bringing disciplinary action against both the Person and the agent based on the same event or set of operative facts. If an agent is found to be in violation of any MGEX Bylaw or Rule, the Exchange may, in its discretion, take disciplinary action against the agent, the Person, or both.

### 2.1.14. GENERAL OFFENSES.

No Person shall commit an act which is detrimental to the interest or welfare of the Exchange, or engage in any conduct which impairs the integrity or good name of the Exchange.

### 3.1.13. UNIQUE OPERATOR ID REQUIRED.

Each individual utilizing the Electronic Trading System must use a unique operator ID (i.e. Tag 50). In no event may an individual (a) enter an order using an operator ID other than the individual’s own unique operator ID, or (b) permit the entry of an order by another individual using an operator ID other than their own unique operator ID.

### ~~2007.02. MANIPULATIVE DEVICES PROHIBITED.~~

~~The Exchange prohibits any Person, directly or indirectly, from intentionally or recklessly using or employing, or attempting to use or employ, any manipulative device, scheme, or artifice to defraud on its markets or subject to MGEX Rules.~~

### 3.5.1. MANIPULATIVE DEVICES PROHIBITED.

No Person shall, directly or indirectly, intentionally or recklessly use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud.

### 3.5.2. PRICE MANIPULATION PROHIBITED.

No Person shall, directly or indirectly, manipulate or attempt to manipulate the price of any contract for future delivery on this market, including futures, options, and the underlying commodity.

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### ~~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 Market Participant 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.~~

### 3.5.3. UPSETTING MARKET PROHIBITED.

No Person shall purchase or sell (or offer to purchase or sell) Futures or Options 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. No Person shall make or assist in making such purchases or sales or such offers to purchase or sell, with knowledge of the purpose thereof; or with such knowledge, assist in carrying out any plan or scheme for the making of such purchases or sales or such offers to purchase or sell.

### 3.5.4. MANIPULATIVE PRACTICES PROHIBITED.

No Person shall intentionally or recklessly engage in manipulative practices which upset the equilibrium of the market or create a condition in which prices do not, or will not, reflect fair market values, or otherwise impair the integrity or good name of the Exchange.

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