



Via Portal Submission

October 4, 2022
MGEX Submission No. 22-41

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); Amendments to MGEX Bylaws and 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 Bylaw 12.9. and Rule 2.1.15., 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 Bylaws and Rules have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

Overview of Bylaw and Rule Amendments

The Proposed Amendments to the above-referenced Bylaws and Rules permit an affiliate Futures Commission Merchant (“FCM”), which directly or indirectly shares a common parent company with MGEX, that is permitted to operate as a Market Participant, to provide clearing services and participate on the Exchange’s Electronic Trading System, subject to the following provisions.

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 clear Rules in the MGEX Rulebook regarding an affiliate FCM and employee trading prohibition.
- *DCM Core Principle 7 – Availability of General Information:* The Proposed Amendments have been disseminated on the MGEX website, and will be available in the MGEX Rulebook, which is accessible online.
- *DCM Core Principle 12, Protection of Markets and Market Participants:* The Proposed Amendments establish that an affiliate FCM is subject to certain provisions regarding non-preferential treatment, equal access, among other things, relative to all other Clearing Members or Market Participants.

- *DCM Core Principle 16 – Conflicts of Interest*: The Proposed Amendments minimize and resolve conflicts of interest by establishing that an affiliate FCM is subject to certain provisions regarding non-preferential treatment, equal access, among other things, relative to all other Clearing Members or Market Participants.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors (“Board”) unanimously approved the Proposed Amendments at its meeting held on October 4, 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) 321-7128 or psparby@mgex.com. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter D. Sparby". The signature is fluid and cursive, with the first name being the most prominent.

Peter D. Sparby
Corporate Counsel

Enclosure

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EXHIBIT A

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

2.1.15. AFFILIATE PARTICIPANT.

The Exchange has or intends to have an affiliate FCM, which directly or indirectly shares a common parent company with MGEX, that is permitted to operate as a Market Participant, to provide clearing services and participate on the Exchange's Electronic Trading System, subject to the following provisions:

- A. Affiliate will not have access to the Exchange's material non-public information, as defined in CFTC Regulations 1.59(a)(5) and (6); provided, however, a common director of the Exchange and the Affiliate, if any, may share information consistent with CFTC Regulation 1.59(d).
- B. Affiliate will not receive preferential treatment in any respect, including with respect to Exchange disciplinary processes or pricing.
- C. Affiliate will be subject to the same access criteria and must abide by the same Rules as all other Clearing Members or Market Participants.
- D. Affiliate will maintain offices and information technology systems separate from the Exchange.

2.1.15. AFFILIATE PARTICIPANT.

The Exchange has an affiliate FCM, which directly or indirectly shares a common parent company with MGEX, that is permitted to operate as a Market Participant, to provide clearing services and participate on the Exchange's Electronic Trading System, subject to the following provisions:

- A. Affiliate will not have access to the Exchange's material non-public information, as defined in CFTC Regulations 1.59(a)(5) and (6); provided, however, a common director of the Exchange and the Affiliate, if any, may share information consistent with CFTC Regulation 1.59(d).
- B. Affiliate will not receive preferential treatment in any respect, including with respect to Exchange disciplinary processes or pricing.
- C. Affiliate will be subject to the same access criteria and must abide by the same Rules as all other Clearing Members or Market Participants.
- D. Affiliate will maintain offices and information technology systems separate from the Exchange.

12.9. NONPUBLIC INFORMATION~~-,~~ **EMPLOYEE TRADING PROHIBITION, AND IMPROPER USE OR DISCLOSURE.**

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

Employees of the Exchange, as defined by CFTC Regulation 1.59(a), are prohibited from:

- A. Trading, directly or indirectly, in any commodity interest traded on or cleared by the Exchange;
- B. Trading, directly or indirectly, in any commodity interest traded on or cleared by a contract market, swap execution facility, or clearing organization other than the Exchange and in any commodity

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interest traded on or cleared by a linked exchange if the employee has access to material non-public information concerning such commodity interest.

C. Disclosing to any other person any material, non-public information which such employee obtains as a result of his or her employment at the Exchange where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest; provided, however, that this Rule does not prohibit disclosures made in the course of an employee's duties, or disclosures made to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

~~In accordance with CFTC Regulation 1.59(c), n~~ 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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