



Via Portal Submission

June 23, 2023
MGEX Submission No. 23-36

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

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 Bylaws 8.1., 8.3., 8.4., 9.1., 9.3., and 9.4., 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 have been posted on the Exchange website at the following link: <http://www.mgex.com/regulation.html>.

Overview of Bylaw Amendments

The Proposed Amendments to the above-referenced Bylaws update the composition and qualification requirements for the Disciplinary Committee and Hearing Committee.

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 clearly establish in the Bylaws the composition and qualifications requirements for members of the Disciplinary Committee and Hearing Committee.
- *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 the composition and qualifications for members of the Disciplinary Committee and Hearing Committee that both serve the function of protecting markets and market participants and promote fair and equitable trading on MGEX.

- *DCM Core Principle 13, Disciplinary Procedures:* The Proposed Amendments establish appropriate composition and qualifications for members of the Disciplinary Committee and Hearing Committee that do not conflict with Core Principle 13.
- *DCM Core Principle 15, Governance Fitness Standards:* The Proposed Amendments establish appropriate composition and qualifications for members of the Disciplinary Committee and Hearing Committee that do not conflict with Core Principle 15.
- *DCM Core Principle 16, Conflicts of Interest:* The Proposed Amendments further reduce any potential conflicts of interest in the Exchange's decision-making process.

Pursuant to MGEX Bylaw 3.1., the MGEX Board of Directors ("Board") unanimously approved the Proposed Amendments at its meeting held on June 22, 2023. 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, written in a professional style.

Peter D. Sparby
Vice President, 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~~.

ARTICLE VIII DISCIPLINARY COMMITTEE

8.1. DISCIPLINARY COMMITTEE: APPOINTMENT.

There shall be established a committee to be known as the Disciplinary Committee, appointed by the Board at the recommendation of the Chief Regulatory Officer and ~~which~~ shall be composed of not less than three (3) individuals with knowledge and experience in the financial markets. The chair of the Disciplinary Committee shall be an individual qualified to be a Public Director. ~~five (5) members as hereinafter provided:~~

~~A. Two (2) of such members shall be appointed as Market Participants who are not serving as Officers or Directors or serving on the Hearing Committee.~~

~~B. One (1) member of the Disciplinary Committee shall consist of the President of the Exchange and one (1) member of the Disciplinary Committee shall consist of a member of the Board of Directors appointed by the President of the Exchange.~~

~~The President of the Exchange may appoint a member of the Board of Directors to serve in his/her stead as a member of the Disciplinary Committee. If no member of the Board of Directors is available for such an appointment, the President of the Exchange may appoint a Market Participant of the Exchange.~~

~~No member who is to serve as a substitute member in the place of the President shall be appointed as a member of the Disciplinary Committee if the member is a member of the Hearing Committee.~~

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

The members of the Disciplinary Committee ~~shall~~ should be as representative as practicable of the marketplace. Three (3) members of the Disciplinary Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of a Public Director.

8.3. DISCIPLINARY COMMITTEE: APPOINTMENT OF ALTERNATES.

If the Disciplinary 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 Disciplinary Committee may request the Chief Regulatory Officer ~~President~~ to appoint, and the Chief Regulatory Officer ~~President~~ shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. 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 Disciplinary Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Disciplinary 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 Disciplinary Committee. During the period that such a Disciplinary Committee appointed with respect to a particular matter is functioning, the regular Disciplinary Committee and the regular members thereof shall

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continue to have all their usual powers and to perform all their usual duties concerning matters other than that before a Disciplinary Committee appointed with respect to a particular matter.

8.4. DISCIPLINARY COMMITTEE: DUTIES AND POWERS.

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

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

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

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

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

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

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

ARTICLE IX HEARING COMMITTEE

9.1. HEARING COMMITTEE: APPOINTMENT.

There shall be established a committee of the Exchange to be known as the Hearing Committee, appointed by the Board at the recommendation of the Chief Regulatory Officer and ~~which~~ shall be composed of not less than three (3) individuals with knowledge and experience in the financial markets. The chair of the Hearing Committee shall be an individual qualified to be a Public Director. ~~five (5) members as hereinafter provided:~~

~~A. Three (3) of such members shall be appointed by the Chairperson of the Board of Directors from Market Participants of the Exchange.~~

~~B. One (1) member of the Hearing Committee shall consist of the Chairperson of the Board of Directors. The Chairperson of the Board of Directors shall serve as the Chairperson of the Hearing Committee.~~

~~— 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 Hearing Committee. If no member of the Board of Directors is available for such an appointment, the Chairperson may appoint a Market Participant of the Exchange.~~

~~— No member 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 Hearing Committee if the member is a member of the Disciplinary Committee.~~

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

The members of the Hearing Committee ~~shall~~ should be as representative as practicable of the marketplace. Three (3) members of the Hearing Committee shall be required to constitute a quorum and must include an individual who meets the qualifications of Public Director.

9.3. HEARING COMMITTEE: APPOINTMENT OF ALTERNATES.

If the Hearing 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 Hearing Committee may request the Chief Regulatory Officer ~~President~~ of the Exchange to appoint, and the Chief Regulatory Officer ~~President~~ of the Exchange shall appoint, an alternate or alternates to sit throughout the consideration of and action upon such matter. 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 Hearing Committee, so constituted and consisting of such alternate or alternates and the remaining regular members of the Hearing 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 Hearing Committee. During the period that such Hearing Committee appointed with respect

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to a particular matter is functioning, the regular Hearing 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 Hearing Committee appointed with respect to a particular matter.

9.4. HEARING COMMITTEE: DUTIES AND POWERS.

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

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

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

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