



MGEX BOARD OF DIRECTORS DECLARATIONS AND OVERSIGHT POLICY

Purpose

This Policy of the MGEX Board of Directors (the “Board”) has been adopted by the Board to set forth certain governance and oversight responsibilities the Board shall exercise. These principles and policies are intended to supplement, not contradict, the MGEX Bylaws and Rules. If, at any time, a statement in this Policy contradicts the MGEX Bylaws or Rules, the MGEX Bylaws or Rules shall govern.

The legal, structural, and regulatory basis from which MGEX operates is codified and publicly disclosed within the MGEX Certificate of Formation, Bylaws, and Rules. The Certificate of Formation and Bylaws represent the general governance framework of MGEX, including the Board, various committees, and Exchange officers. As described in Bylaw 2.3., the Board is the governing body of MGEX. While the Rules address the minimum general governance framework, especially the ways in which such framework affects Clearing Members and market participants of MGEX, the Board recognizes the much broader impact MGEX has upon all stakeholders and the general public. Therefore, decisions and actions of the Board may have material and consequential effects well beyond the organization and market participants, which this Policy aims to address.

Board Declarations and Objectives

Pursuant to the authority granted under the MGEX Bylaws, the Board has directed that the governance framework of MGEX comply with the CFTC Core Principles and the Principles for Financial Market Infrastructures promulgated by the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions (“PFMIs”). To ensure its compliance with such Core Principles and the PFMIs, the Board has adopted the following declarations and objectives:

Governance Fitness Standards

1. MGEX shall maintain a Board of qualified individuals of good repute. Directors shall meet the governance fitness standards established by MGEX.

Interests of the Public and Other Stakeholders

2. MGEX shall place a high priority on the safety and efficiency of MGEX and support the stability of the broader financial system and other relevant public interest considerations of Clearing Members, customers of Clearing Members, and other relevant stakeholders.
3. The Board shall be responsible for ensuring that MGEX’s design, Rules, overall strategy, and major decisions appropriately reflect the legitimate interests of Clearing Members, customers of Clearing Members, and other relevant stakeholders.

Composition and Conflicts of Interest

4. The composition of the Board as prescribed by the MGEX Bylaws is designed to minimize the potential for conflicts of interest in the decision making process MGEX, as well as to permit consideration of the views of market participants.



Governing Documents

- 5. The Board’s actions shall be consistent with and complementary to the MGEX Certificate of Formation, Bylaws, Rules, and all other governing policies and procedures. Should these governing documents directly conflict with CFTC requirements, to the extent necessary and possible, the Board shall immediately seek to resolve such conflict for the purpose of maintaining compliance with CFTC Regulations and MGEX’s stated objectives.

Compliance with CFTC Regulations and other Requirements

- 6. To serve the interests of its Clearing Members, market participants, and the general public, MGEX shall seek to obtain and maintain compliance at all times with MGEX Rules, policies and procedures, applicable CFTC Regulations, and the PFMI.
- 7. Compliance with CFTC requirements shall specifically include those addressing the general governance framework and the risk management framework pursuant to CFTC Regulation § 39.24.
- 8. The Board of Directors shall be responsible for MGEX’s compliance with CFTC Regulations. This responsibility specifically includes establishing, monitoring, and approving the risk management framework as well as the plan to raise additional financial resources.
- 9. The Board shall have final decision-making authority in determining how to comply with CFTC requirements.

Management and Internal Control Personnel

- 10. The Board and MGEX management shall be responsible for establishing the objectives of MGEX, determining the means for achieving those objectives, and monitoring performance against those objectives.
- 11. Management of MGEX is directed by the Board to implement such policies and procedures as necessary to comply with both CFTC Part 38 and 39 Regulations and the PFMI. Such policies and procedures must be consistent with the general governance framework and stated objectives of MGEX.
- 12. The Board hereby commits to provide management and internal control personnel such independence, authority, resources, and access to the Board as necessary to implement the Board’s directives, to comply with all CFTC requirements, maintain consistency with the risk management framework, and to meet public objectives. The Board of Directors hereby commits to act in a timely manner on management’s recommendations and requests which management believes necessary to comply with CFTC Regulations and to carry out the stated objectives.
- 13. MGEX management is hereby directed to report its progress in establishing and maintaining compliance with all applicable regulatory requirements to the Board as the Board deems necessary. Should management have any concerns or questions as to establishing or maintaining compliance with the Regulations or objectives, management is hereby directed to communicate such concerns or questions to the Board.

Applicable Rules and Regulations	
MGEX Rule or CFTC Regulation	Title
CFTC Regulation § 38.800	Governance Fitness Standards
CFTC Regulation § 38.850	Conflicts of Interest
CFTC Regulation § 38.900	Composition of Governing Boards of Contract Markets
CFTC Regulation § 39.24(a)	Governance – General
CFTC Regulation § 39.24(b)	Governance – Governance Arrangement Requirements
CFTC Regulation § 39.39(e)	Plan for Raising Additional Financial Resources
MGEX Bylaws and Certificate of Formation	
MGEX Rules	