

April 5, 2013

## **VIA E-MAIL**

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: Regulation 40.6(a) Rule Certification. Board of Trade of Kansas City, Missouri, Inc.
Submission # 13-122: Issuance of KCBT Market Regulation Advisory Notice RA1301-7

Dear Ms. Jurgens:

The Board of Trade of Kansas City, Missouri, Inc. ("KCBT") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the issuance of KCBT Market Regulation Advisory Notice RA1301-7 ("RA1301-7") concerning the April 15, 2013, adoption of KCBT Rule 1167.00 ("Customer Type Indicator (CTI) Codes").

The adoption of KCBT Rule 1167.00 was separately self-certified via Submission 13-107RRR.

RA1301-7 notifies KCBT Clearing Members that they are responsible for the accurate submission of CTI Codes as set forth in Rule 1167.00. Affected Clearing Member firms may need to revise processes and procedures to ensure accurate submission of CTI Codes pursuant to the definitions in Rule 1167.00, and, as a result, KCBT is giving Clearing Members until June 3, 2013, the date on which RA1301-7 will become effective, to come into full compliance with the Rule. KCBT will issue RA1301-7 to the marketplace on April 8, 2013.

The Market Regulation Department and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or the "Act"). During the review, we have identified that the issuance of RA1301-7 may have some bearing on the following Core Principles:

- <u>Compliance with Rules</u>: Accurate submission of CTI Codes is required under KCBT Rules and Commission Regulations. RA1301-7 is intended to underscore the need for Clearing Members to ensure that CTI Codes are accurately submitted pursuant to the new definitions included in KCBT Rule 1167.00. The Market Regulation Department will review for compliance through its Data Quality Assurance group and, if necessary, take disciplinary action for noncompliance pursuant to KCBT Rule 1001.01 ("Reporting Infractions").
- Availability of General Information: In connection with the adoption of Rule 1167.00, the Market Regulation
  Department is issuing a Market Regulation Advisory Notices providing information on the need for Clearing
  Members to have adequate processes and procedures in place to ensure accurate submission of CTI Codes.

KCBT certifies that the issuance RA1301-7 complies with the Act and regulations thereunder, and appears in Exhibit A. There were no substantive opposing views to this proposal.

KCBT certifies that this submission has been concurrently posted on the Exchange's website at <a href="http://www.kcbt.com/KCBT">http://www.kcbt.com/KCBT</a> pending certif.html

If you have any questions regarding this submission, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or via email at <a href="mailto:Robert-Sniegowski@cmegroup.com">Robert-Sniegowski@cmegroup.com</a>. Alternatively, you may contact me at 212.299.2200 or via email at <a href="mailto:Christopher.Bowen@cmegroup.com">Christopher.Bowen@cmegroup.com</a>. Please reference KCBT Submission 13-122 in any related correspondence.

Sincerely,

/s/Christopher S. Bowen Managing Director, Chief Regulatory Counsel

Attachments: Exhibit A – RA1301-7

## Exhibit A

## MARKET REGULATION ADVISORY NOTICE

Exchange	Board of Trade of Kansas City, Missouri, Inc. (KCBT)
Subject	Customer Type Indicator (CTI) Codes
Rule References	Rule 1167.00
Advisory Date	April 8, 2013
<b>Advisory Number</b>	RA1301-7
Effective Date	April 15, 2013
Compliance Date	June 3, 2013

Pending all relevant regulatory review periods, effective on April 15, 2013, the Board of Trade of Kansas City, Missouri, Inc. ("KCBT") will adopt new Rule 1167.00 ("Customer Type Indicator (CTI) Codes"). Rule 1167.00 defines the relevant CTI Code that will be required to be correctly entered by Clearing Members with respect to trades in KCBT products. KCBT Rule 1167.00 is harmonized with the corresponding definitions of CTI Codes in CME, CBOT, NYMEX and COMEX Rule 536.D. ("Customer Type Indicator (CTI) Codes").

In order to provide KCBT Clearing Members sufficient time to make the necessary changes to implement new Rule 1167.00, the compliance date with respect to accurate submission of CTI Codes will be June 3, 2013.

KCBT Clearing Members should have the necessary processes and procedures in place to ensure the accurate submission of CTI Codes no later than June 3, 2013.

The text of new Rule 1167.00 appears below:

## 1167.00 Customer Type Indicator (CTI) Codes

Each clearing Permit Holder must identify each transaction executed on the trading floor or on an electronic trading or clearing platform on the record of transactions submitted to the Exchange with the correct customer type indicator (CTI) code. The CTI codes are as follows:

- CTI 1: Electronic Trading and Open Outcry Applies to transactions initiated and executed by a Permit Holder for his own account, for an account he controls, or for an account in which he has an ownership or financial interest. However, transactions initiated and executed by a Permit Holder for the proprietary account of a Permit Holder firm must be designated as CTI 2 transactions.
- CTI 2: Electronic Trading and Open Outcry Applies to orders entered or trades executed for the proprietary accounts of a Permit Holder firm.
- CTI 3: Electronic Trading Applies to orders entered by a member or a non-Permit Holder terminal operator for the account of another individual Permit Holder or an account controlled by such other individual Permit Holder.
- CTI 3: Open Outcry Applies to orders that a permit holder executes on behalf of another Permit Holder, or for an account such other Permit Holder controls or in which such other Permit Holder has an ownership or financial interest.

CTI 4: Electronic Trading and Open Outcry – Applies to all orders and transactions not included in CTI categories 1, 2 or 3. These typically are orders entered by or on behalf of non-Permit Holder entities.

Failure to comply with the requirements of Rule 1167.00 may result in disciplinary action pursuant to KCBT Rule 1001.01 ("Reporting Infractions").

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

Lou Abarcar, Director, 312.341.3236 Terry Quinn, Manager, 312.435.3753

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or <a href="mailto:news@cmegroup.com">news@cmegroup.com</a>.