



**KANSAS CITY
BOARD OF TRADE**

CLEARING CORPORATION

April 20, 2012

SENT VIA AGENCY WEBSITE

Mr. David Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Submission Pursuant to CFTC Regulation Section 40.6(a)

Dear Mr. Stawick:

- I. **Certification.** The Kansas City Board of Trade Clearing Corporation ("KCBTCC") hereby gives notification to the Commission pursuant to Commission Regulation Section 40.6(a), of its intention to implement new KCBTCC Rules 8.01(a), 8.01(e), 14.01 and 14.02. The KCBTCC Board of Directors, in a regular meeting held on April 12, 2012, unanimously approved KCBTCC Rules 8.01(a), 8.01(e), 14.01 and 14.02. KCBTCC certifies to the Commission that to the best of its knowledge the provisions of KCBTCC Rules 8.01(a), 8.01(e), 14.01 and 14.02 are in compliance with the Commodity Exchange Act and the regulations thereunder.
- II. **Date of Implementation.** KCBTCC intends to make KCBTCC Rules 8.01(a), 8.01(e), 14.01 and 14.02 effective on Monday, May 7, 2012.
- III. **Substantive Opposing Views.** To the knowledge of the Board of Directors and staff, no substantive opposing views were expressed by members or others regarding KCBTCC Rules 8.01(a), 8.01(e), 14.01 and 14.02.
- IV. **Text of New Rules:**

KCBTCC Rule 8.01(a) Written Risk Management Policies and Procedures
Clearing members are required to maintain current written risk management policies and procedures which address the risks that such clearing members may pose to KCBTCC.

KCBTCC has the authority to request and obtain information and documents from its clearing members regarding their risk management policies, procedures and practices, including, but not limited to, information and documents relating to the liquidity of their financial resources and their settlement procedures.

Clearing members shall be required to make information and documents regarding their risk management policies, procedures and practices available to the Commission upon the Commission's request.

KCBTCC Rule 8.01(e) Failure to Comply With Participation Requirements

Clearing members are required to provide timely notification to KCBTCC regarding any financial or business developments that may materially affect the clearing members' ability to continue to comply with participation requirements.

KCBTCC Rule 14.01 Offset of Economically Equivalent Swaps

All swaps with the same terms and conditions, as defined by product specifications established under KCBT rules, which are submitted to KCBTCC for clearing are economically equivalent within KCBTCC and may be offset with each other within KCBTCC.

KCBTCC Rule 14.02 Swap Clearing Procedures

Upon acceptance of a swap by KCBTCC for clearing:

- a. The original swap is extinguished.
- b. The original swap is replaced by an equal and opposite swap between KCBTCC and each clearing member acting as principal for a house trade or acting as agent for a customer trade.
- c. All terms of a cleared swap must conform to product specifications established under KCBT rules.
- d. If a swap is cleared by a clearing member on behalf of a customer, all terms of the swap, as carried in the customer account on the books of the clearing member, must conform to the terms of the cleared swap established under KCBT rules.

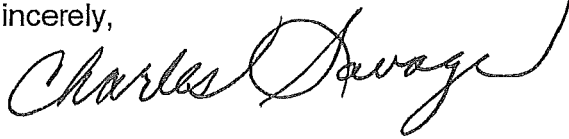
- V. **Rationale for Action Taken.** KCBTCC Rules 8.01(a), 8.01(e), 14.01 and 14.02 are being implemented in order for KCBTCC to be in compliance with Dodd/Frank DCO Final Rules that are effective May 7, 2012. The proposed rules are in compliance with applicable provisions of the Act, including core principles and the Commission's regulations thereunder.

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VI. **Closing.** Any questions regarding this submission should be directed to the undersigned at 816-931-8964 or csavage@kcbt.com.

KCBTCC certifies that it has posted a notice of pending certification with the Commission and a copy of the submission, concurrent with the filing of the submission with the Commission on our website, thereby providing public notice. The link to the posting is [http://www.kcbt.com/rule book kcbtcc.html](http://www.kcbt.com/rule%20book%20kcbtcc.html)

Sincerely,

A handwritten signature in cursive script that reads "Charles Savage". The signature is written in black ink and is positioned above the typed name and title.

Charles Savage
Assistant Vice President & Manager