



**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 risk limits on each clearing member by customer and house origin in order to prevent a clearing member from carrying positions for which the risk exposure exceeds a specified threshold relative to the clearing member's capital. The KCBTCC Board of Directors, in a regular meeting held on April 17, 2012, unanimously approved KCBTCC risk limits on positions. KCBTCC certifies to the Commission that to the best of its knowledge the provisions of KCBTCC risk limits on positions are in compliance with the Commodity Exchange Act and the regulations thereunder.
- II. **Date of Implementation.** KCBTCC intends to implement risk limits on each clearing member by customer and house origin 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 the implementation of risk limits on each clearing member by customer and house origin.
- IV. **Text of Risk Limits on Positions:**
On a daily basis, KCBTCC will compare each clearing member's customer and house account margin requirement to the clearing member's working capital (current assets less current liabilities for a Non-FCM, adjusted net

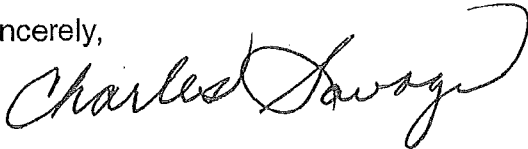
capital for an FCM and net capital after haircuts on securities positions for Broker-Dealers) and impose risk limits set by the Board of Directors of KCBTCC. For a clearing member's customer account, the daily margin requirement shall not exceed 150% of its working capital. For a clearing member's house account, the daily margin requirement shall not exceed 75% of its working capital.

If a clearing member has exceeded the risk limits set forth the clearing member will be charged a super margin in addition to the required margin. The amount above the allowed risk limit percentage will be added to the computed margin requirement. The super margin will be added to the customer account requirement if the customer account exceeds the allowed risk limit or the super margin will be added to the house account requirement if the house account exceeds the allowed risk limit.

- V. **Rationale for Action Taken.** KCBTCC risk limits on positions 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 risk limits are in compliance with applicable provisions of the Act, including core principles and the Commission's regulations thereunder.
- 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,



Charles Savage
Assistant Vice President and Manager