

June 14, 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) Self Certification: Amendments to KCBT Rulebook
Chapter 25 to permit the listing of Weekly Options on KCBT Wheat Futures.
KCBT Submission # 13-250**

Dear Ms. Jurgens:

The Board of Trade of Kansas City, Missouri, Inc. (“KCBT” or the “Exchange”), pursuant to Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), hereby notifies the Commission that it is self-certifying amendments to KCBT Rule Chapter 25 to facilitate the listing of Weekly Options on KCBT Hard Winter Wheat Futures contracts (“Weekly Options”). The proposed amendments will be effective on Sunday, June 30, 2013, for trading date Monday, July 1, 2013.

A detailed fee schedule for the Weekly Options is shown in Appendix A.

KCBT currently lists standard and serial options on hard red winter wheat futures (“HRW”). These options expire on the last Friday that precedes, by at least two business days, the last business day of the month preceding the named option expiration month. As such, standard KCBT options on HRW expire at a rate of one option contract per month.

Weekly Options will have the same characteristics as their related standard or serial options and will exercise into their underlying KCBT futures contract. The Exchange proposes to list Weekly Options that expire each Friday, except on those Fridays where standard or serial options are scheduled to expire. Three Weekly Options will be listed for the nearby and/or the next deferred futures expirations. The Exchange will list new Weekly Options for expiration approximately 25 days later, on the weekend following the latest expiring Weekly Option. Detailed contract specifications are provided in Appendix B. Appendix C shows the rulebook changes necessary to list the Weekly Options.

KCBT business staff and the legal department collectively reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA”). During the review, the KCBT staff identified that the proposed amendments may impact the following Core Principles:

- Compliance with Rules – Trading in these contracts will be subject to the disciplinary rules in KCBT Rulebook Chapter 14. Additionally, trading in these contracts will also be subject to the full range of KCBT trade practice rules. As with all products listed for trading on one of CME Group’s designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

- Contracts not Readily Subject to Manipulation – The new products are not readily subject to manipulation due to the deep liquidity and robustness in the underlying futures market, which provides diverse participation and sufficient transactions to support the final settlement.
- Prevention of Market Disruption – Trading in these contracts will be subject to KCBT Rulebook Chapter 11, which includes prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.
- Position Limitations or Accountability – The contract specifications establish speculative position limits at the same level as specified for existing KCBT Wheat options contracts. Positions in this new product will be aggregated with positions in existing standard and serial options contracts and the underlying KCBT Wheat futures contracts to ensure compliance with CFTC and/or Exchange speculative limits.
- Availability of General Information – The Exchange will publish information on the Weekly Options' terms and conditions, trading rules and specifications on its website.
- Daily Publication of Trading Information – Trading volume, open interest and price information for the Weekly Options will be published daily on the CME Group website.
- Execution of Transactions – This product will be listed on the CBOT trading floor and CME Globex. This product is also listed on CME ClearPort so any similar OTC products can be exchanged for Exchange positions. The CBOT trading floor is available as a venue to provide for competitive and open execution of transactions. The CME Globex electronic trading platform provides for a competitive and open execution of transactions due to its advanced functionality, high reliability and global connectivity. CME ClearPort provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers.
- Trade Information – Trade information for this product will be collected and maintained in the same way as for other exchange-traded futures and options contracts. All required trade information is included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- Financial Integrity of Contracts – All contracts traded on the Exchange will be cleared by the CME Clearing House which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- Protection of Market Participants – The KCBT rulebook contains multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in this product.
- Disciplinary Procedures – Chapter 14 of the KCBT Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the rules. Trading in this contract will be subject to Chapter 14, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.
- Dispute Resolution – Disputes with respect to trading in this contract will be subject to the arbitration provisions set forth in Chapter 15 of the KCBT Rulebook.

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The Exchange is not aware of any substantive opposing views to this proposal.

The Exchange certifies that these contract terms and conditions comply with the CEA and regulations thereunder. The Exchange certifies that this submission has been concurrently posted on the Exchange's website at http://www.kcbt.com/KCBT_pending_certif.html.

If you require any additional information regarding this action, please contact me at 212-299-2200 or Christopher.Bowen@cmegroup.com, or John McKinlay at 312-930-3028 or John.McKinlay@cmegroup.com, and reference KCBT Submission 13-250 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Fee Schedule for Weekly Options
Appendix B: Contract Specifications for Weekly Options
Appendix C: Amended Rules 2507.00, 2511.02, 2514.00 and 2521.00

APPENDIX A: FEE SCHEDULE

CBOT Member Firms and Individuals - HRW Weekly Options – Exchange Fees

Level	CBOT Account Owner ²	Execution Type	Platform	Exchange Fee	
Individual Member					
1	Individual Members	Member Trading Own Account	Open Auction	\$0.09	
			Electronic	\$0.14	
	Individual Delegates	Delegate Trading Own Account	Open Auction	\$0.24	
			Electronic	\$0.29	
Equity Members (Individual Equity members, Clearing Firms and Equity Firms)					
2	Equity Members ¹	Member or Delegate	Open Auction	\$0.09	
			Electronic	\$0.14	
	(Exception) Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non Member	Open Auction	\$0.09	
			Electronic	\$0.45	
	Equity Members ¹		Non Member	Electronic	\$0.45

1 - Clearing Closely Held Corporate Members & Sole Proprietors, Rule 106.J. Equity Closely Held Corporate Members & Rule 106.I. Affiliate Equity Member Firms, Individual Equity Members (other member/delegate executing), Clearing FCMs, Rule 106.J. Equity FCMs, Clearing Corporate Members, Rule 106.J. Equity Corporate Members & Rule 106.I. Affiliate Equity Member Firm (Affiliate of Clearing FCM, Clearing Corporate Member or Rule 106.J Equity FCM or Equity Corporate Member), Rule 106.I. Affiliate Membership Umbrella - Qualified Affiliate - Unlimited Number of Affiliates

Level	CBOT Account Owner ²	Platform	Exchange Fee	
Trading Members (Individual Non-Equity Members and Non-Equity Member Firms)				
3	Individual Non-Equity Members (other member/delegate executing); Rule 106.H. Corporate Trading Firms; Rule 106.H. Trading FCMs; & Rule 106.I. Affiliate Trading Member Firms	Open Auction	\$0.20	
		Electronic	\$0.75	
	Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms	Open Auction	\$0.35	
		Electronic	\$0.90	
	Rule 106.S. Family of Funds Equity Member Firms		Open Auction	\$0.20
			Electronic	\$0.75
Electronic Corporate Member Firms				
4	Electronic Corporate Members	Electronic	\$0.90	
Incentive Programs				
4	International Incentive Program (IIP) and International Volume Incentive Program (IVIP)	Electronic	\$0.75	

2— Product--Seat Division Eligibility

HRW Options – Account Owners noted above must hold or lease a CBOT FULL, AM, or COM seat to be eligible for these reduced rates.

CME Member Firms and Individuals - HRW Weekly Options – Exchange Fees

Level	CME Account Owners ¹	Execution Type	Platform	Exchange Fee
Individual Member				
1	Individual Members	Member Trading Own Account	Open Auction	\$0.09
			Electronic	\$0.14
	Individual Delegates (Rule 106.D Lessees / Rule 106.F Employees)	Delegate Trading Own Account	Open Auction	\$0.24
			Electronic	\$0.29
Clearing and Equity Firms				
2	Clearing Member Firms,/ Rule 106.J Equity Member Firms/Rule 106.I Members/ 106.S Family of Hedge Funds	Member or Delegate	Open Auction	\$0.09
			Electronic	\$0.14
		Non Member	Electronic	\$0.45

Level	CME Account Owners ¹	Platform	Exchange Fee
Individual Members - Not Trading For Own Account (Execution not a Factor)			
3	Individual Members	Open Auction	\$0.20
		Electronic	\$0.75
	Individual Delegates (Rule 106.D Lessees / Rule 106.F Employees)	Open Auction	\$0.35
		Electronic	\$0.90

¹ – Product--Seat Division Eligibility

HRW Options – Account Owners noted above must hold or lease a CME, IMM, or IOM seat to be eligible for these reduced rates.

CME& CBOT Member Firms and Individuals - HRW Futures/Options

Clearing, EFR Surcharge and Non Trade Processing Fees

Other CBOT Processing Fees	Rate
Clearing Fee ¹	\$0.06
Ex-Pit Surcharge (EFR)	\$0.50
Exchange Fees for Non Trades (Exercise, Assignment, Delivery, Future from Exercise and Future from Assignment)	\$0.05 Member \$0.20 Delegate
Exchange Fees for Expired Options	\$0.05
Brokerage (With or Without Discretion)	\$0.00 ²

¹ Clearing Fee includes Pit Trades, Pit Spreads, Give Ups, Electronic Trades, Electronic Spreads, Exercise, Assignment and Delivery transaction types

² Brokerage Fees to be waived at this time for CBOT and CME Members.

KCBT Permit Holders - HRW Weekly Options

Exchange Fees

Account Type	Platform	Wheat Options Exchange Fee
Individual Member	Open Auction	\$0.00
	Electronic	\$0.15
Other Member	Open Auction	\$0.00
	Electronic	\$0.50
Non-Member	Open Auction	\$0.55
	Electronic	\$1.70

Clearing Fees

Account Type	Platform	Wheat Options Exchange Fee
Member	Open Auction	\$0.00
	Electronic	\$0.00
Non-Member	Open Auction	\$0.10
	Electronic	\$0.10
Surcharges	Trade Types	Open Auction
Exchange For Risk	All Trades	\$0.50
Delegate Member	CTI Type 1	\$0.20
	CTI Type 2,3&4	\$0.10

APPENDIX B: CONTRACT SPECIFICATIONS

Contract Name	Weekly KCBT Wheat Options
Contract Unit	One KCBT Wheat futures contract (of a specified month) of 5,000 bushels
Minimum Fluctuation	1/8 of One Cent per Bushel (\$6.25 per contract)
Strike Price Intervals	Trading shall be conducted for put and call options with strike prices in integral multiples of five (5) cents per bushel. More details on strike price intervals are outlined in KCBT Rulebook Chapter 2511.01
Expiration Dates	A new weekly option will automatically be introduced the business day following the expiration of a weekly option so that three weekly options are always listed concurrently. Weekly options expire on every Friday, except for those Fridays on which standard or serial options are scheduled to expire. On the business day following the expiration of standard or serial options, no new weekly option will be introduced
Daily Price Limit	Same as the daily price limit applied to standard and serial options.
Last Trade Date	A given Friday that is not also the last trading day of a standard or a serial option. If such a Friday is the last trading day of a standard or a serial option, there will be no Weekly Option listed for trading for that expiration date.
Exercise	American-style. The buyer of a futures option may exercise the option on any business day prior to expiration by giving notice to the Clearing House by 6:00 p.m. Chicago time. Option exercise results in an underlying futures market position. Options in-the-money on the last day of trading are automatically exercised.
Expiration	Unexercised futures options shall expire at 7:00 p.m. on the last day of trading.
Hours (All Times are Chicago Time/CT)	CME ClearPort: 5:00 pm – 4:15 pm CT, Sunday – Friday with a 45-minute break each day beginning at 4:15 pm CT
	Open Outcry: 8:30 am - 1:15 pm CT, Monday - Friday
	Globex: 7:00 pm - 1:15 pm CT, Sunday - Friday with a 45-minute break each day between 7:45 am and 8:30 am
Product Ticker Symbols	Globex: OK1-5
	Open Outcry: OK1-5
Rulebook Chapter	KCBT Rulebook Chapter 25
	Note: Please insert following link and open in a new window.
	http://www.kcbt.com/20130415-13-107rrr_kcbt_rules_clean.pdf
Exchange Rule	These contracts are listed with, and subject to, the rules and regulations of KCBT.

APPENDIX C: RULEBOOK CHANGES

(The proposed rule changes are below with additions underlined and ~~overstruck~~)

KCBT Rulebook CHAPTER 25 OPTIONS ON CONTRACTS OF SALE ON HARD WINTER WHEAT FUTURES CONTRACTS

2507.00 Option Trading Months.

Options shall be listed for trading in the following months:

- a. For options months in the ordinary cycle of the underlying futures contract (i.e., July, September, December, March and May), the number of months listed shall be the same as the underlying futures contract, provided, however, that a new option contract based on the ordinary cycle will be introduced the day after trading has commenced in the underlying futures pursuant to Rule 2511.02.
- b. For options months outside the ordinary cycle (i.e., August, October, November, January, February, April and June, hereinafter referred to as "serial" months), the number of months listed shall be established by the Exchange. However, no serial months shall be listed outside of the months listed pursuant to subsection (a) above.

c. Weekly options expire on every Friday, except for those Fridays on which standard or serial options are scheduled to expire. A new weekly option will automatically be introduced the business day following the expiration of a weekly option so that three weekly options are always listed concurrently.

2511.02 New Options.

A new option based on a futures month within the ordinary cycle will be introduced the day after trading has commenced in the underlying futures contract for that contract month, (for example — if on February 1, the December futures contract had traded for the first time, then on February 2, an option month for the December futures contract is listed, having strike prices as specified in Rule 2511.01). A new option based on a serial month (a month outside of the ordinary cycle) will automatically be introduced the day following the expiration of a serial month, so as to at all times have available for trading the number of serial months established by the Exchange for trading, (for example, if the Exchange has authorized the listing of three serial months, and those months currently traded are January, February and April, then the serial contract month of June will automatically be listed for trading the day following the expiration of the January contract month). A new weekly option will automatically be introduced the business day following the expiration of a weekly option so that three weekly options are always listed concurrently. Weekly options expire on every Friday, except for those Fridays on which standard or serial options are scheduled to expire. On the business day following the expiration of standard or serial options, no new weekly option will be introduced.

2514.00 Last Day Of Trading And Expiration.

- a. For options months in the ordinary cycle; no trades in options expiring in the current month shall be made after 2:00 p.m. on the last Friday which precedes by at least two (2) business days, the first notice day for the corresponding futures contract.
- b. For serial options months (months outside the ordinary cycle); no trades shall be made after 2:00 p.m. on the Friday which precedes by at least two (2) business days, the last business day of the calendar month immediately preceding the option serial month, (for example, for November serial options contracts, the last trading day is the Friday which precedes by at least two (2) business days, the last business day in October). If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. The option shall expire at 10:00 a.m. on the first Saturday following the option's last day of trading.
- c. For weekly options; no trades in weekly options shall be made after 1:15 p.m. on the Friday such a weekly option expires. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. The option shall expire at 10:00 a.m. on the first Saturday following the option's last day of trading.

2521.00 Position Reporting Limits.

Permit Holders shall comply with all applicable position limits adopted by the Exchange or by the CFTC. [Positions in weekly options are equivalent to positions in standard and serial options and all Rules in KCBT Rulebook Chapter 25 apply including Rule 2521.00 \(Position Reporting Limits\).](#) Option positions are aggregated with futures positions with respect to KCBT Wheat futures speculative position limits, so Rule 2008.00 (Position Limits) also applies.