



July 31, 2012

SENT VIA E-MAIL

Mr. David Stawick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> 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 ("KCBT") hereby gives notification to the Commission pursuant to Commission Regulation Section 40.6(a), of its intention to amend Rule 130.00 pertaining to membership approval procedures. The KCBT Board of Directors, in a regular meeting held on this date and acting pursuant to authority granted them under Rule 233.01(o), unanimously approved the aforementioned amendments. KCBT certifies to the Commission that to the best of its knowledge, the amendments to Rule 130.00 are in compliance with the Commodity Exchange Act and the regulations thereunder.
- II. **Date of Implementation.** KCBT intends to make amended Rule 130.00 effective Monday, August 20, 2012, which is at least ten business days following Commission receipt of this submission.
- 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 amended Rule 130.00.
- IV. **Text of Amended Rule.** The text of amended Rule 130.00 is as follows, with additions underlined (in bold) and deletions lined out:

**130.00 Approval Procedure.** An applicant may be approved as qualified for membership in the KCBT after notice of such application has been posted on the bulletin board of the KCBT, and after submitting, if requested, to a personal examination by the Board of Directors or a committee designated by them, as to such applicant's personal, moral, and financial responsibility. A majority of At least eight (8) affirmative ballot votes of the Board of Directors, there being not less than a quorum of 10 (10) Directors present and voting, shall be required to approve such applicant as qualified for membership in the KCBT. A membership application not approved is an "access denial" subject to CFTC review, and the notice provisions of Chapters 14 or 33 apply thereto.

Mr. David Stawick  
July 31, 2012  
Page 2 of 2

- V. **Rationale for Action Taken.** For membership approvals, KCBT Rule 130.00 currently requires eight (8) affirmative votes by the Board of Directors, with a minimum of 10 Directors voting to constitute a quorum. Rule 130.00 was never amended back in 2007 when SRO governance rule amendments were filed to achieve compliance with the safe harbor provisions contained in Section 5(d)(15) (Core Principle 15) of the Commodity Exchange Act. At that time, the SRO governance rule amendments downsized the KCBT Board of Directors from 19 to 11 voting members. Since that time, it has been a challenge at times for the membership department to secure votes from 10 of 11 voting Board members to approve membership applicants. Accordingly, proposed amended Rule 130.00 would require a majority of affirmative votes by a quorum of Directors to approve membership applicants. Rule 231.02 provides that six (6) members of the Board shall constitute a quorum. Amended Rule 130.00 would therefore require, at a minimum, 4 affirmative votes of a quorum of 6 Directors to approve an applicant.

KCBT certifies that amended Rule 130.00 is in compliance with the Commodity Exchange Act and regulations thereunder, including core principles and Commission regulations thereunder. KCBT further certifies that concurrent with the filing of this submission with the Commission, it has posted a notice of pending certification with the Commission and a copy of this submission on its website:

[http://www.kcbt.com/histdata/rule\\_book/KCBT\\_pending\\_certif.html](http://www.kcbt.com/histdata/rule_book/KCBT_pending_certif.html)

- VI. **Closing.** Any questions regarding this submission should be directed to the undersigned at 816-753-7500 or [jeffb@kcbt.com](mailto:jeffb@kcbt.com).

Sincerely,



Jeff C. Borchardt  
President