



September 18, 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 Rules 200.00, 200.02, 200.03, 201.00, 209.00, 210.02, 230.00, 230.05 and 241.02 pertaining to the process for appointing Public Directors to KCBT's governing board and renaming non-voting ex officio persons as "participants". The KCBT Board of Directors, in a special meeting held on September 4, 2012 and acting pursuant to authority granted them under Rule 233.01(o), unanimously approved the aforementioned amendments. The KCBT membership (shareholders), in a vote held on September 18, 2012, ratified the rule amendments by a vote of 83 to 2. KCBT certifies to the Commission that to the best of its knowledge, the aforementioned amendments are in compliance with the Commodity Exchange Act and the regulations thereunder.
- II. **Date of Implementation.** KCBT intends to make amended Rules 200.00, 200.02, 200.03, 201.00, 209.00, 210.02, 230.00, 230.05 and 241.02 effective Wednesday, October 3, 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 Rules 200.00, 200.02, 200.03, 201.00, 209.00, 210.02, 230.00, 230.05 and 241.02.

**IV. Text of Amended Rules.** The text of amended Rules 200.00, 200.02, 200.03, 201.00, 209.00, 210.02, 230.00, 230.05 and 241.02 is as follows, with additions underlined and deletions lined out:

**200.00 Government; Officers and Directors.** The government of the Board of Trade shall be vested in a Board of Directors consisting of eleven (11) members: a Chairman, a First Vice Chairman, a Second Vice Chairman, a Board of Directors consisting of four (4) members of the KCBT and four (4) Public Directors persons from the public (Rule 230.05); ~~. In addition, the Board of Directors shall have five (5) non-voting ex officio participants: one (1) person each from the Board of Directors of the Kansas City Board of Trade Clearing Corporation (KCCC) and the Kansas City Board of Trade Investment Company (KCIC) who are also members of the KCBT, a President, a Secretary, and a Treasurer. The President, Secretary, Treasurer and members from KCCC and KCIC shall be non-voting ex officio members of the Board of Directors.~~

~~Note:—The restructure of the Board of Directors composition (reducing the member directors from twelve to four) shall be phased in over the two election cycles of 2008-2009, meaning that in each of these election cycles, the Nominating Committee shall propose two member director candidates instead of six. (Amended by a membership vote on September 20, 2007)~~

**200.02 Appointed Officers.** The Board of Directors shall elect a Secretary and a Treasurer who shall serve as non-voting ex officio members participants of the Board of Directors, and may also elect assistants to these positions as well as non-member officers

**200.03 Directors Participants from KCCC and KCIC.** The members of the Boards of Directors of KCCC and KCIC to serve as ex officio members participants of the Board of Directors of the KCBT shall be the President of KCCC or a substitute designated by him who is also a member of the KCBT and the President of KCIC if he is a KCBT member or the KCBT member of the Board of Directors of KCIC who has been a member of the KCBT for the greatest period of time if the President of KCBT Investment is not a KCBT member, or a substitute so designated by the member of the Board of Directors of KCIC designated above to serve thereunder, provided such substitute is also a member of the KCBT. Directors from KCCC and KCIC shall serve as non-voting ex officio members participants of the Board of Directors of the KCBT.

**201.00 Selection of ~~Member Directors and Officers.~~** The Chairman, Second Vice Chairman, and member and Public Directors shall be chosen by the members of the KCBT by ballot. On the expiration of the official term of the First Vice Chairman, the Second Vice Chairman shall become First Vice Chairman and hold the office for one (1) year.

**209.00 Annual Election.** ~~The following shall be elected at the annual meeting:~~

a. ~~Elective Officers.~~ At the annual meeting there shall be elected by the members a Chairman, a Second Vice Chairman, two (2) member Directors, two (2) Public Directors, ten (10) members of the Committee of Arbitration, five (5) of whom shall basically be futures oriented, and five (5) of whom shall basically be cash oriented, one (1) member of the Business Conduct Committee, and two (2) members of the Nominating Committee, all of whom (with the exception of the Public Directors) shall be members and are referred to in these rules as the "elective officers".

b. ~~Board of Directors.~~ Two (2) member Directors and two (2) Public Directors shall be elected annually. No person shall be eligible to the office of member Director who has not been a member in good standing in the KCBT for at least one (1) year preceding the annual meeting.

**210.02 Candidates.** It shall be the duty of the Nominating Committee to propose one (1) candidate for Chairman, one (1) candidate for Second Vice Chairman, two (2) candidates for member Directors, two (2) candidates for Public Directors (who shall have been recommended by the Chairman and the Board of Directors), one (1) candidate for the Business Conduct Committee, ten (10) candidates for the Arbitration Committee, five (5) of whom shall basically be futures oriented and five (5) of whom shall basically be cash oriented, and two (2) candidates for the Nominating Committee, which list shall constitute the only candidates for such offices except as otherwise provided in Rule 210.03 or 210.04. Notwithstanding the above, it shall be the duty of the Board of Directors to nominate the first candidates for Public Directors to be elected at a meeting to be held in September 2012, or any postponement or adjournment thereof.

**230.00 Term of Office.** With the exception of those Directors whose terms are set forth in Rule 220.00, Directors shall hold office for a term of two (2) years. The term of Directors shall begin on the second Tuesday after the first Monday in January; provided that in case of a failure to hold an annual meeting and the holding of a special meeting, the term of Directors elected at such special meeting shall begin the next Monday after their election. At the meeting to elect Public Directors to be held in September 2012, or any postponement or adjournment thereof, two (2) candidates will be elected for a term concluding on the second Tuesday after the first Monday in January 2013 and two (2) candidates will be elected for a term concluding on the second Tuesday after the first Monday in January 2014.

**230.05 Public Directors.** ~~In November of each year, upon nomination by the Chairman, and with the approval of the Board of Directors, two (2) public directors shall be appointed to serve for a two-year term to coincide with the terms of the directors to be elected in January of the following year.~~

A. To qualify as a public director, an individual must be found by the Board of Directors, on the record, to have no material relationship with the Board of Trade. A "material relationship" is one that reasonably could affect the independent judgment or decision making of the director.

B. In addition, a director shall be considered to have a "material relationship" with the Board of Trade if any of the following circumstances exist:

(1) The director is an officer or employee of the Board of Trade or an officer or employee of its affiliate. In this context, "affiliate" includes parents or subsidiaries of the Board of Trade or entities that share a common parent with the Board of Trade;

(2) The director is a member of the Board of Trade, or an officer or director of the member;

(3) The director, or a firm with which the director is an officer, director or partner receives more than \$100,000 in combined annual payments from the Board of Trade or any affiliate of the Board of Trade, for legal, accounting or consulting services. Compensation for services as a director of the Board of Trade or as a director of an affiliate of the Board of Trade does not count toward the \$100,000 payment limit, nor does deferred compensation for services prior to becoming a director, so long as such compensation is in no way contingent, conditioned or revocable;

(4) Any of the relationships above apply to a member of the director's "immediate family". In this context, "immediate family" includes the director's spouse, parents, children and siblings.

C. All of the disqualifying circumstances described in Section (B) above shall be subject to a one-year look back period.

Public directors are covered under the indemnification agreement contained in the Articles of Incorporation, are covered under any Director's and Officer's Liability Insurance, and will be reimbursed normal expenses of attending meetings.

Public directors may serve on Board committees, shall be counted in computing a quorum, shall have full rights to debate and vote upon any matter before the Board, and shall receive copies of all documents presented to Board members.

Public directors may resign, and they may be removed for good cause or for:

(1) Failure to attend two (2) or more consecutive regular meetings; or

(2) Failure to attend any three (3) regular meetings in one twelve-month period.

**241.02 Executive Committee.** The Executive Committee shall consist of the Chairman, First Vice Chairman, Second Vice Chairman, two (2) ~~Public Directors appointed~~ **Public Directors elected in accordance with these Rules annually by the Chairman with the approval of the Board of Directors**, and the President of the Board of Trade who shall be a non-voting ~~member~~ **participant** of said Committee. The Executive Committee shall convene to discuss issues of a general nature, matters of interest to the President, approval or disapproval of expenditures exceeding a specific line item by more than ten percent (10%), the use of contingency funds, and other matters as directed by the Board of Directors from time to time.

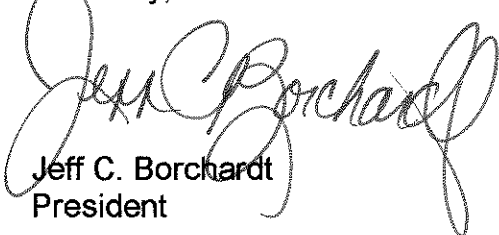
**V. Rationale for Action Taken.** Since Public Directors were first added to KCBT's Board in 1983, the process for appointing said Directors has been by recommendation of the Chairman with Board approval. While this process has worked well and consistently over the years, it differs from the process of electing the other Directors to the Board. Accordingly, these amended rules shift the Public Director ratification from the Board of Directors to the members (shareholders), consistent with other elected offices, while preserving the rights of the Chairman and Board to recommend Public Director candidates for nomination. Concurrently, the membership vote held on this date ratifies the current Public Directors in accordance with the amended rules as of their effective date. Finally, amendments were made to clarify that non-voting, ex-officio persons on the Board and Executive Committee are "participants" and not official Board and Executive Committee "members".

KCBT certifies that amended Rules 200.00, 200.02, 200.03, 201.00, 209.00, 210.02, 230.00, 230.05 and 241.02 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.kcvt.com/histdata/rule\\_book/KCBT\\_pending\\_certif.html](http://www.kcvt.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@kcvt.com](mailto:jeffb@kcvt.com).

Sincerely,



Jeff C. Borchardt  
President