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OFFICE OF THE SECRETARIAT

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December 1, 2010

SENT VIA E-MAIL

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 Commission 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 2008.00 pertaining to exemptions from position limits in KCBT wheat futures and options contracts. The Board of Directors, in a regular meeting held on November 30, 2010 and acting pursuant to authority granted them under Rule 233.01(o), approved the aforementioned amendments. KCBT certifies to the Commission that the amendments to Rule 2008.00 are in compliance with the Commodity Exchange Act and the regulations thereunder.
- II. **Date of Implementation.** Amended Rule 2008.00 shall become notice-effective on Friday, December 3, 2010, allowing for a 60-day period for all market participants currently exceeding KCBT wheat speculative position limits to apply for an exemption with the exchange prior to amended Rule 2008.00 becoming fully-effective on Monday, January 31, 2011. The fully-effective date is consistent with the annual renewal deadline set forth in Section (d) of Rule 2008.00.
- 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 2008.00.
- IV. **Text of Amended Rule.** The text of the amended Rule 2008.00 is shown as follows, with additions underlined and deletions lined out:

2008.00 Position Limits.

a. **Definitions:**

1. **Spot Month** means the futures contract month next to expire during that period of time beginning at the close of trading on the second business day prior to the first delivery day of such contract month.
2. **Single Month** means each separate futures contract month, other than the spot month contract.

3. All Months means the sum of all futures contract months including the spot month contract.
 4. Net Equivalent Futures Position means the combined futures and options positions, adjusted by the prior day's delta factor for each option series as published by the KCBT Clearing Corporation. Long futures contracts have a delta of +1 and short futures contracts have a delta of -1. Long call options and short put options have positive delta factors and short call options and long put options have negative delta factors.
- b. Position Limits – No person may own or control positions, separately or in combination, net long or net short, for the purchase or sale of commodity futures and options contracts, on a Net Equivalent Futures Position basis in excess of the following:
1. Spot Month – 600 contracts
 2. Single Month – 5,000 contracts
 3. All Months – 6,500 contracts
- c. Exemptions -The Compliance Department may grant exemptions from the position limits set forth in Section (b) of this Rule may be exceeded to the extent such positions are exemption eligible as follows:
1. Bona fide hedging transactions as defined by Commodity Futures Trading Commission Regulation 1.3(z)(1); provided however, that positions established for purposes of hedging cash commodity index exposure, commodity swaps exposure or any other exposure not involving the production, merchandising or processing of the underlying cash commodity are not allowed to exceed the Spot Month limit.
 2. Spread or arbitrage positions between Single Months of a futures or options contract, on a Net Equivalent Futures Position basis, outside of the spot month, in the same crop year (for KCBT wheat, a crop year begins with the contract month of July and ends with the contract month of May); provided however, that such spread or arbitrage positions, when combined with any other net positions in the Single month, do not exceed the All Months limit set forth in Section (b) of this Rule.
 3. Positions carried for eligible entities as set forth in Commodity Futures Trading Commission Regulation 150.3(a)(4).
 4. Enumerated Hedging Transactions as defined by CFTC Regulation 1.3(z)(2). Any person who wishes to avail himself of the provisions of CFTC Regulation 1.3(z)(2)(i)(B) or (i)(C) to make sales or purchases for future delivery in any commodity in excess of trading and position limits then in effect pursuant to section 4a of the Act for the purposes of bona fide hedging shall file statement with the Exchange in conformity with the requirements of CFTC Regulation 1.48.
 5. Non-enumerated Hedging Transactions as defined by CFTC Regulation 1.3(z)(3). Any person who wishes to avail himself of the provisions of CFTC Regulation 1.3(z)(3) and to make purchases or sales of any commodity for future delivery in any commodity in excess of trading and position limits then in effect pursuant to section 4a of the Act shall file statement with the Exchange in conformity with the requirements of CFTC Regulation 1.47.

- d. Exemption Procedures - Any person seeking a first-time or supplemental exemption or a continuation of a previously approved exemption from the position limits set forth in paragraph (b) of this Rule must apply to the Compliance Department using the Application to Exceed Speculative Position Limits in Futures form prescribed by the Exchange prior to exceeding such limits. However, a person who establishes an exemption-eligible position in excess of position limits and files the required application with the Compliance Department shall not be in violation of this rule provided the filing occurs within one (1) business day after assuming the position. In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and clearing firm will be in violation of speculative limits for the period of time in which the excess positions remained open.

The Compliance Department shall, on the basis of the application and any requested supplemental information, determine whether an exemption from position limits shall be granted. The Compliance Department may approve, deny, condition or limit any exemption request based on factors deemed by the Department to be relevant, including, but not limited to, the applicant's business needs, financial status and whether the positions can be established and liquidated in an orderly manner in the market for which the exemption is being sought. Nothing in this Rule shall in any way limit the authority of the Exchange to take emergency action, or the Compliance Department to review at any time the positions owned or controlled by any person and to direct that such position be reduced to the position limit provided for in paragraph (b) of this Rule. Any person who has received written authorization from the Compliance Department to exceed position limits must file an annual updated application within 31 calendar days following the end of each calendar year using the form prescribed by the Exchange. Failure to file an updated application will result in expiration of the exemption.

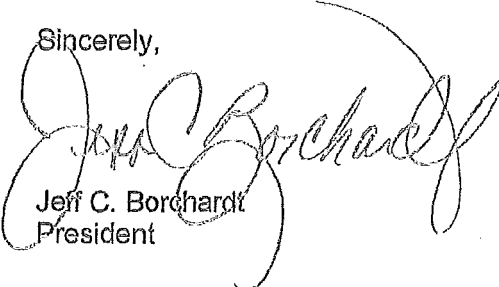
- d.e. Aggregation – In determining whether any person has exceeded the position limits specified in Section (b) of this Rule, such person shall aggregate positions in accounts as set forth in Commodity Futures Trading Commission Regulation 150.4.
- e.f. Spot month Position Accumulation Restriction – In calculating a Spot Month position, the number of contracts against which delivery notices have been stopped (issued) during that delivery month minus the number of contracts against which delivery notices have been issued (stopped) during that delivery month shall be added to that Spot Month's long (short) futures position. As an example, if a person goes into a Spot Month with the maximum position of 600 net long contracts and takes delivery of warehouse receipts in satisfaction of 500 of such long contracts and does not establish a short position in that same Spot Month for purposes of redelivering such warehouse receipts, such person may not have a Spot Month futures position in excess of 100 net long contracts.
- f.g. Orderly Liquidation of Spot Month Positions – All persons carrying open positions into the Spot Month shall liquidate such positions in accordance with reasonable and sound economic commercial practices and be prepared to justify such to the exchange Compliance Department upon request.

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- V. **Rationale for Action Taken.** During the course of the Commission's latest KCBT rule enforcement review, Commission staff recommended that KCBT adopt procedures for the review and approval of all exemptions from KCBT position limits. Currently, KCBT relies on the Commission to review and approve position limit exemptions for KCBT wheat, since KCBT's position limit rules mirror the federal speculative position limits. However, given that the CFTC's Form 204 Report (cash commodities underlying futures hedge positions) is an aggregate report with respect to all wheat contracts, it is the view of Commission staff that KCBT will benefit from the receipt of more contract specific information through its own position limit exemption review and approval process. Commission staff added that the specific contract information obtained will enhance KCBT's market surveillance functions and result in more targeted open position oversight. The amendments to Rule 2008.00, which were reviewed and endorsed by Commission staff in advance of being adopted by the KCBT Board of Directors, are intended to comply with Commission staff recommendations in adopting procedures for the review and approval of all exemptions from KCBT position limits.

Any questions regarding this submission should be directed to the undersigned at 816-753-7500.

Sincerely,



Jeff C. Borchardt
President

Cc: Tom Bloom – CFTC Kansas City
Robin Hagedorn – CFTC Kansas City