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June 25, 2008

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submissions@cftc.gov

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 120.00 by raising the limit on the ownership of shares. The Board of Directors, in a special meeting held on May 27, 2008, acting pursuant to authority granted them under Rule 233.01(0), approved the aforementioned amendments by a vote of 12 for and 1 against. The membership, in a vote held on June 24, 2008, ratified the rule amendments (by a vote of 72 to 36). KCBT certifies to the Commission that the amendments to Rule 1111.02 are in compliance with the Commodity Exchange Act and the regulations thereunder.
- II. **Date of Implementation.** The exchange intends to make amended Rule 1111.02 effective Monday, June 30, 2008.
- III. **Substantive Opposing Views.** To the knowledge of the Board of Directors and staff, the only opposing view expressed by members regarding amended Rule 120.00 was that by assigning the voting rights of excess shares over to the Board, it dilutes the number of possible "No" votes on a particular issue, given that those additional shares vote with the Board in favor of the proposal put to a shareholder vote.
- IV. **Text of Amended Rule.** The text of the amended Rule 120.00 is shown as follows, with additions underlined and deletions lined out:

120.00 Limit on Ownership of Shares. No person (i.e., individual, corporation, partnership, association, joint stock company, trust, or unincorporated association) or associate of any person as defined herein, may own directly, indirectly, or through an affiliate (i.e., a person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such person) more than ~~fifteen (15) shares of common stock at any one time; provided however, that such ownership shall not exceed ten~~ twenty percent (20 10%) of all then issued and outstanding existing active Class AA shares of common stock in the Corporation have voting rights, provided however, that any person owning more than 15 shares of Class AA common stock shall, by proxy, assign their voting rights in all such excess shares (up to the maximum 20%) to the Board of Directors to vote with the Board on any matters put to a shareholder vote. The term "associate" used to indicate a relationship with any person means:

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- a. Any corporation or organization (other than the corporation or a majority-owned subsidiary of the corporation) of which such person is an officer or partner, or is directly or indirectly the beneficial owner of ten percent (10%) or more of any class of equity securities;
- b. Any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and
- c. Any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person, or who is a director or officer of the corporation or any of its parents or subsidiaries.

Any shares acquired in violation of this rule must be sold in the same manner as provided for in these rules in the case of any expelled member.

Notes: 1. "Indirect ownership" normally will include the situation where a firm has provided the funds for the purchase of a share of stock, and such share of stock is held in the name of an individual who is an officer, partner employee. "Indirect ownership" does not cover a normal guaranty by otherwise unrelated parties such as is often the case of pit traders, even if the guaranteed member clears through the guarantor.

2. See also Rule 188.00, Mandatory Sale of Share; Priority of Claims.

V. **Rationale for Action Taken.** Twice in recent years, exchange shareholders have reached their limitation of share ownership (15 shares) as currently set forth in Rule 120.00. In January of this year, a shareholder requested that the Board consider increasing the maximum shares that could be owned pursuant to Rule 120.00. The Board discussed this request at its January meeting and was disinclined to increase the numeric limit on the number of shares that could be owned due to the concentration of control that one or more shareholders could have as a result. At its March meeting, the Board discussed the concept of the voting rights associated with any excess shares (over and above the current limit of 15) being assigned, by proxy, to the Board to vote with the Board on any matters put to a membership vote. This way, a shareholder could accumulate additional shares in the corporation, while avoiding the concerns associated with concentration and control of shares. At its May meeting, the Board considered specific rule amendments to accomplish the concept discussed at its March meeting. The only negative expressed with respect to the rule amendments was that by assigning the voting rights of excess shares over to the Board, it dilutes the number of possible "NO" votes on a particular issue, given that those additional shares vote with the Board in favor of the proposal put to a shareholder vote. Nevertheless, the Board determined that the benefits and flexibility outweigh this potential negative and overwhelmingly approved the amendments set forth in this Proposition.

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

Sincerely,



Jeff C. Borchardt
President

Cc: Rick Shilts – CFTC Washington
Tom Bloom – CFTC Kansas City
Robin Hagedorn – CFTC Kansas City