

December 13, 2012

SENT VIA E-MAIL

Ms. Sauntia Warfield
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: **CBOT and CME Member HRW Incentive Program
KCBOT Submission No. 12-04**

Dear Ms. Warfield:

The Kansas City Board of Trade ("KCBT" or the "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to modify the CBOT and CME Member HRW Incentive Program ("Program"). The proposed modifications to the Program will become effective on December 31, 2012.

Exhibit 1 sets forth the terms of the Program. Modifications appear below with additions underscored and deletions ~~overstruck~~.

KCBT business staff responsible for the Program and the KCBT legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodities Exchange Act ("CEA"). During the review, KCBT staff identified the following Core Principles as potentially being impacted; Prevention of Market Disruption, Execution of Transactions, Protection of Market Participants and Compliance with Rules.

The Program and proposed modifications will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the CEA. The Program does not impact the Exchange's order execution. Market participants that meet the criteria described in Exhibit 1 shall be entitled to participate. The Exchange rules include prohibitions against fraudulent, non competitive, unfair or abusive practices. The Program is subject to these rules.

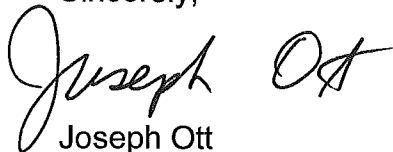
KCBT certifies that the Program and proposed modifications comply with the CEA and the regulations thereunder. There were no substantive opposing views to this Program or proposed modifications.

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KCBT certifies that this submission has been concurrently posted on our website at http://www.kcbt.com/kcbt_pending_certif.html.

If you have any questions regarding this submission, please contact me at 816 753-7500 or via email at jott@kcbt.com. Alternatively, you may contact Jeff Borchardt at 816-753-7500 or via email at jeffb@kcbt.com. Please reference KCBT Submission No. 12-04 in any related correspondence.

Sincerely,

A handwritten signature in cursive script that reads "Joseph Ott". The signature is written in black ink and is positioned to the left of the typed name.

Joseph Ott
Vice President – Compliance

Attachments

EXHIBIT 1

CME AND CBOT MEMBER HRW INCENTIVE PROGRAM

Program Purpose

The purpose of this Program is to incentivize trading in the products listed below. A more liquid contract benefits the entire marketplace.

Product Scope

KCBT hard red wheat futures and option contracts ("Products").

Eligible Participants

There is no limit to the amount of participants in the Program. Participants must one of the following:

1. A CBOT (i) Individual Member, Individual Delegate, Equity Member¹ Individual Non-Equity Member (other member/delegate executing); Rule 106.H. Corporate Trading Firm; Rule 106.H. Trading FCMs; Rule 106.I. Affiliate Trading Member Firm; 106.J Member or Electronic Corporate Member.
2. A CME (i) Individual Equity Member, Individual Delegate, Rule 106.J Equity Member Firm, Rule 106.I Member, or 106.S Member.

Program Term

Start date is December 3, 2012. End date is November 30, 2014.

Hours

The incentives will apply to all trades made in the Product by all participants regardless of the execution time.

Program Incentives:

Participants in the Program shall be entitled to trade the Products at the following rates:

CBOT Account Owner	Execution Type	Platform	Exchange Fee
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

¹ Includes 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

Equity Members ¹	Member or Delegate	Open Auction	\$0.09
		Electronic	\$0.14
Equity Members ¹	Non Member	Electronic	\$0.45
(Exception) Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non Member	Open Auction	\$0.09
		Electronic	\$0.45

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	N/A	Open Auction	\$0.20
	N/A	Electronic	\$0.75
Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms if leased	N/A	Open Auction	\$0.35
	N/A	Electronic	\$0.90
Rule 106.S. Family of Funds Equity Member Firms	N/A	Open Auction	\$0.20
	N/A	Electronic	\$0.75
Electronic Corporate Members	N/A	Electronic	\$0.90

CME Account Owners	Execution Type	Platform	Exchange Fee
Individual Equity Members	N/A	Open Auction	\$0.09
	N/A	Electronic	\$0.14
Individual Delegates (Rule 106.D Lessees / Rule 106.F Employees)	N/A	Open Auction	\$0.24
	N/A	Electronic	\$0.29
Rule 106.J Equity Member Firms/Rule 106.I Members/106.S Family of Hedge Funds	N/A	Open Auction	\$0.09
	N/A	Electronic	\$0.14

Other Fees (Applicable to all Participants)	Rate
<u>Clearing Fee</u> ²	<u>\$0.06</u>
<u>Ex-Pit Surcharges (EFR)</u>	<u>\$1.25</u>
<u>Exchange Fees for Non Trades (Exercise, Assignment, Delivery, Future from Exercise and Future from Assignment)</u>	<u>\$0.05 (CME and CBOT Members)</u> <u>\$0.20 (Delegates)</u>
<u>Exchange Fees for Expired Options</u>	<u>\$0.05</u>

² Clearing Fee includes Pit Trades, Pit Spreads, Give Ups, Electronic Trades, Electronic Spreads, Exercise, Assignment and Delivery transaction types

Monitoring and Termination of Status

The Exchange shall monitor trading activity and shall retain the right to revoke Program participant status if it concludes from review that a Program participant no longer meets the eligibility requirements of the Program.