



**KANSAS CITY
BOARD OF TRADE**

CLEARING CORPORATION

April 11, 2011

SENT VIA AGENCY WEBSITE

Mr. David Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Requirements for Processing, Clearing and Transfer of Customer
Positions RIN 3038-AC98

Dear Mr. Stawick:

In response to the Commission's request for public comment on Requirements for Processing, Clearing and Transfer of Customer Positions, the Kansas City Board of Trade Clearing Corporation ("KCC") offers the following:

Proposed Regulation 39.12 Acceptance and Clearing of Swaps by a DCO:

Proposed Regulation 39.12(b)(2):

Requires DCOs to establish templates for the terms and conditions of swaps that it will clear. KCC finds this requirement to be redundant as Chapter 21 of the KCBT rulebook already defines the terms and conditions of swaps that KCC will clear. The scope is limited to wheat calendar swaps negotiated between eligible swap participants in the over-the-counter market and submitted to KCC for clearing.

The proposed regulation also requires DCOs to adopt rules providing that all swaps with the same terms and conditions submitted to DCO for clearing are economically equivalent within the DCO and may be offset with each other within the DCO. It is the understanding of KCC based on conversation with Commission staff that this requirement applies when swaps with the same terms and conditions are entered into on multiple swap execution facilities ("SEF") that designate KCC as the intended clearinghouse. If an eligible swap participant is long on one SEF and short on another SEF, the swaps can be offset with each other at KCC.

Proposed Regulation 39.12(b)(5):

Requires a DCO to select contract units for clearing purposes that are smaller than the contract units in which trades submitted for clearing were executed. It is the understanding of KCC based on conversation with Commission staff that KCC satisfies this requirement with KCBT Rule 2103.00 which states that each wheat calendar swap accepted for clearing must be for 5,000 bushels of wheat.

Proposed Regulation 39.12(b)(7):

The Commission requested comment on how to best facilitate the development of infrastructure, systems, and procedures to address connectivity issues between and among trading platforms and clearinghouses. It is the understanding of KCC based on conversation with Commission staff that KCBT wheat calendar swaps would not be subject to this proposed regulation so long as they remain bilaterally traded. KCC agrees that should wheat calendar swaps be traded multi-laterally on SEFs and required by the Commission to be cleared, such SEFs would be required to comply with KCC's prescribed format for electronic submission of such trades for clearing.

Proposed Regulation 39.15(d):

Requires a DCO to facilitate the prompt transfer of customer positions from one clearing member of the DCO to another clearing member of the DCO. KCBT Rule 1127.00 allows transfers from one account to another within the same office where no change in ownership is involved and from one office to another where no change in ownership is involved. KCC is of the opinion that no additional rules are necessary. In the nearly 100 year history of KCC, we have never required a futures position to be closed out and re-booked prior to transfer from the carrying clearing member to another clearing member nor would we require a wheat calendar swap to be closed out and re-booked prior to transfer.

The commission requested comment on whether the use of the term "promptly" provides adequate guidance or whether another descriptive term or phrase, such as "within a reasonable period of time" or "as soon as practicable" would better convey the intended meaning. KCC does not see the need to use the term "promptly" or phrase "within a reasonable period of time" or "as soon as possible" as KCC has always transferred positions on the same day the positions were entered into clearing by each respective clearing member, provided the transfer(s) were entered prior to the submission deadline. KCC is of the opinion that DCOs should not be required to adopt rules that would require its clearing members to facilitate prompt transfer of customer accounts as the transfer date would be agreed upon in advance by the clearing members. KCC does not have any obligation with regard to the transfer until the transfer has been submitted by

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each clearing member and matched. KCC has facilitated transfers for decades with no issues.

Kansas City Board of Trade Clearing Corporation appreciates the opportunity to comment on the Requirements for Processing, Clearing and Transfer of Customer Positions currently being proposed. If you have any questions please feel free to contact me at 816-931-8964 or csavage@kcbt.com.

Sincerely,

A handwritten signature in cursive script that reads "Charles M. Savage". The signature is written in black ink and is positioned above the typed name.

Charles M. Savage
Assistant Vice President and Manager