

Product Submission by ForecastEx LLC – Pursuant to 17 C.F.R. §§ 40.2

September 30, 2024
SUBMITTED VIA CFTC PORTAL
Secretary of the Commission
Office of the Secretariat
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: ForecastEx LLC – CFTC Regulation 40.2(a) Notification Regarding the Initial Listing of “US Drought Forecast Contract”

Dear Mr. Kirkpatrick,

Pursuant to Section 5c(c) of the Commodity Exchange Act and Section 40.2(a) of the regulations of the Commodity Futures Trading Commission, ForecastEx LLC (“ForecastEx” or the “Exchange”) hereby notifies the Commission that it is self-certifying the “US Drought Forecast Contract”. ForecastEx will list a Forecast Contract corresponding to each release of US Drought conditions by the US Drought Monitor.

The submission includes:

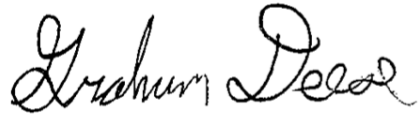
A concise explanation, analysis and background of the Contract;

- Certification;
- Appendix A with the Contract’s Terms and Conditions;
- Confidential Appendices with further information; and
- A request for FOIA confidential treatment.

The Exchange certifies that this submission (other than those appendices for which confidential treatment has been requested) has been concurrently posted on the Exchange’s website.

Any questions regarding this filing, as well as any notices pursuant to Commission Regulation 40.2, should be directed to the attention of the undersigned at gdeese@forecastex.com or 630-743-9013.

Respectfully submitted,

A handwritten signature in black ink, reading "Graham Deese". The signature is written in a cursive style with a large initial 'G' and 'D'.

Graham Deese
ForecastEx Chief Regulatory Officer

Encl. (Appendix A)

cc: David Downey, ForecastEx Chief Executive Officer
Andrew Naughton, ForecastEx Chief Financial Officer

Attachments:

Appendix A - Contract Terms and Conditions

Appendix B (Confidential) – Explanation and Analysis of the Product

Appendix C (Confidential) – Certification that Contracts are not Readily Susceptible to Manipulation

Appendix A – Contract Terms and Conditions

Event Question: Will the percentage of the US experiencing drought conditions exceed [Number]% on [Month] [Day], [Year]?

Product Code: USDR

Instructions: The U.S. Drought Monitor is a joint effort between the National Drought Mitigation Center (“NDMC”), U.S. Department of Agriculture (“USDA”), and National Oceanic and Atmospheric Administration (“NOAA”). US Drought conditions are published by the US Drought Monitor every Thursday at 7:30 AM CT.

Underlying: The Underlying can be accessed: [here](#). The most recent data is automatically displayed. The leftmost box at the top of the page expresses the amount of US land area in drought as a percentage of total area. Links are provided for informational purposes only and the source agency may decide to publish the data at a different location at any time.

Source Agency: US Drought Monitor

Minimum Tick: The Minimum Tick size for the referred Contract shall be \$0.01

Listing Cycle: ForecastEx will three expirations of US Drought for the releases on the third Thursday of each of the next three months. ForecastEx will list three additional strikes corresponding to data releases on the third Thursday in August for the three calendar years following the third monthly release. Finally, ForecastEx will list an additional two thresholds corresponding with the third Thursday in August corresponding to the next two calendar years that end in a 5 or 0 (i.e. 2030 and 2035).

Thresholds: For each contract expiration, one threshold will initially be listed and additional thresholds will be listed at ForecastEx’s discretion.

Position Accountability: The position accountability level is 250,000 Event Positions in any one Event Market.

Last Trading Time: 11:59:59 PM CT on the day preceding Resolution Time.

Payout Criteria: The Settlement Value of each US Drought Monitor Contract is \$1.00 or \$0 depending on the Outcome of the Event Question. If the Outcome of the Event Question is “Yes”, then holders of the “Yes” Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the “No” Position will receive \$0.00. If the Outcome of the Event Question is “No”, then holders of the “No” Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the “Yes” Position will receive \$0.00.

Resolution Time: 7:30 AM CT when the US Drought Monitor publishes US Drought data.

Changes in Resolution Time: The Resolution Time of a Contract is dependent on the time that US Drought Monitor releases US Drought data. There are circumstances where ForecastEx may change the Resolution Time of a Contract.

1. **Delay by Source Agency:** In the event that the release of the US Drought Monitor is delayed by the US Drought monitor, for instance in a government shutdown, ForecastEx will delay the Resolution Time of the Contract until such time as US Drought Monitor releases US Drought data. In this case, ForecastEx would release a public notice to its website informing Market Participants that the Resolution of the Contract has been delayed and release a second notice to its website informing Market Participants when the contract ultimately resolves.
2. **Change of Release Schedule:** In the event that the US Drought Monitor determines to publish US Drought data on a different day/time, ForecastEx will amend the resolution time of its contracts to match the new release schedule. If this occurs, ForecastEx will release a notice to its website informing Market Participants of the amended resolution times.

Expiration Time: Same as Resolution time.

Settlement Time: Settlement for Resolved US Drought Contracts will occur after Resolution Time at 1:00 PM CT that same Business Day in accordance with ForecastEx Rule 603(b)(3).