US FUTURES EXCHANGE

September 18, 2007

Eileen A. Donovan
Secretary
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581

RE: Certification of Foreign Exchange Spot Equivalent Futures Contracts
USFE Submission #07-09

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C.F.T.C.

Dear Ms. Donovan:

United States Futures Exchange, LLC ("USFE"), pursuant to Commission Regulation 40.2(a), has adopted rules governing the trading of futures on Foreign Exchange ("FX") Spot Equivalent Futures ("SEF") Contracts. The launch date has been set for September 21, 2007.

New USFE Rule 910, supplemental amendments to Part 4 of USFE Rules, and a regulatory bulletin in connection with the daily settlement adjustment of the contracts are attached. Note that the daily settlement adjustment calculation will be based on data received from major market data vendors such as Bloomberg and Reuters.

USFE certifies that its FX SEF Contracts comply with the Commodity Exchange Act and regulations thereunder, including certification that the daily settlement adjustment of its FX SEF Contracts complies with Appendix A to Part 40 – Guideline No. 1.

Yours Truly,

Matthew Lisle
Chief of Compliance

CC: Thomas Leahy, CFTC
Riva Adriance, CFTC

403. Orders.

(a) **In General.**

(i) Except as otherwise expressly provided in these Rules, all transactions of any type in or involving Contracts must be bid, offered and executed through the Trading System.

(ii) Orders may be entered into the Trading System only:

(A) In such form and during such times as the Exchange shall prescribe;

(B) By an Authorized Trader; and

(1) For orders in an amount not exceeding the following number of contracts per order:

Contract	Maximum Order Size
Binary Event Futures	2000
Weatherbid Indexes	2000
ISE Stock Price Index Futures	2000
FX Spot Equivalent Futures	2000

408. Cancellation of Transactions.

(a) The Exchange shall cancel a transaction executed on the Trading System which results from the erroneous entry of an order or a quote ("mistrade") in order to ensure orderly and fair market conditions if:

(i) The Member which entered the erroneous order or quote into the Trading System informs the Exchange by telephone within 15 minutes of the execution of the transaction by the Trading System that the transaction was the result of an order or quote that was mistakenly entered into the Trading System; and

(ii) The price of the transaction effected by the erroneous entry of the order or quote is outside the following range as applicable:

Contract	Ticks Away From the Fair Market Price
Binary Event Futures	None*
Weatherbid Indexes	70

Contract	Ticks Away From the Fair Market Price
ISE Stock Price Index Futures	30
FX Spot Equivalent Futures	10

*All trades will stand unless the Exchange determines that failure to cancel may have a material, adverse effect on the integrity of the market

415. Block Trade Facility.

(e) Block Trades may be transacted only in Contracts authorized for that purpose by the Exchange. The minimum number of contracts to qualify as a block trade under this rule are as follows:

Contract	Minimum Number
Binary Event Futures	50
Weatherbid Indexes	10
ISE Stock Price Index Futures	50
FX Spot Equivalent Futures	200

(f) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided that,

(i) the price for the Futures Contract does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low is determined by a validation matrix):

Contract	Range
Binary Event Futures	1.0 percent
Weatherbid Indexes	0.1 percent
ISE Stock Price Index Futures	1.0 percent
FX Spot Equivalent Futures	0.1 percent

910. Specifications for Foreign Currency ("FX") Spot Equivalent Futures ("SEFs") Contracts.

Each FX SEF Contract shall be a contract whereby the seller agrees to sell and deliver and the buyer agrees to buy 50,000 units of currency ("Delivery Currency"). Payment shall be made in U.S. dollars or in the currency specified for that futures contract ("Pricing Currency"). The Clearing Organization will require payment of variation margin to be payable in the Pricing Currency. A FX SEF Contract is defined by both its Delivery Currency and Pricing Currency. FX SEF Contracts shall be traded and performed in accordance with the following specifications:

(a) Spot Equivalent Future Currencies: The Exchange will list FX SEF Contracts on the following currency pairs (*i.e.*, Delivery Currency/Pricing Currency):

Delivery Currency	Pricing Currency
Euro	U.S. dollar
British pound	U.S. dollar
U.S. dollar	Yen
U.S. dollar	Swiss franc
U.S. dollar	Canadian dollar
Australian dollar	U.S. dollar

(b) Trading Sessions: Trading shall take place at such hours as may be specified from time to time by the Exchange; provided that trading in any futures contract for any expiration shall terminate at 11:00 a.m. Chicago time on the Last Trading Day for such expiration.

(c) Expiration Month: FX SEF Contracts will expire on the last trading day of the fifth (5^{th}) December following the date of listing. Only one FX SEF Contract for each currency pair will be listed for any five (5) year period of time with the exception that, effective the first trading day of the expiration month, the next eligible expiration month shall automatically be listed for trading.

(d) Last Trading Day: The last day on which trading shall be permitted in FX SEF Contracts for delivery in any expiration month (the "last trading day") shall be the second Business Day prior to the delivery day, except that for the FX SEF Contract on which the Delivery Currency is U.S. dollars and the Pricing Currency is Canadian dollars the last trading day shall be the Business Day immediately prior to the delivery day.

(e) Minimum Price Ticks: Minimum price ticks in the Pricing Currency for outright trades as well as calendar spread trades shall be as follows:

Contract Delivery Currency/Pricing Currency	Minimum Tick Outright Trade
euro/U.S. dollar	.0001
British pound/U.S. dollar	.0001
U.S. dollar/yen	.01
U.S. dollar/Swiss franc	.0001
U.S. dollar/Canadian dollar	.0001
Australian dollar/U.S. dollar	.0001

(f) Delivery Days, Performance: Delivery on FX SEF Contracts will occur on the third Wednesday of the expiration month. If such Wednesday is not a Business Day in the country of either the Pricing Currency or the Delivery Currency, then delivery will occur on the next day which is a Business Day in both countries. The purchaser shall pay the amount invoiced which shall be the settlement price in the Pricing Currency of the futures contract multiplied by 50,000. The seller shall pay 50,000 units of the Delivery Currency.

(g) Delivery and Payment Procedures: Delivery of and payment for currencies shall be made in accordance with the rules of the Clearing Organization.

(h) Final Settlement: The final settlement price shall be based on the rate as certified by the Federal Reserve Bank of New York scheduled to be posted at 11 A.M. Chicago time on the last trading day or some other appropriate measure as determined by the Exchange with reasonable notice to the marketplace.

(i) Reportable Positions: A Person shall report any position that such Person owns or controls of 400 contracts or more, net long or short, in any one delivery month or in all months combined.

(j) Position Accountability: A Person who owns or controls an aggregate position of more than 25,000 contracts in any FX SEF Contract shall be subject to the requirements of Rule 414.

(k) Settlement Prices: The Exchange will base its settlement price recommendations on trading conditions at 4:00 p.m. except if the

Exchange alters its Trading Session, the Exchange may change the time for determining the settlement price.

(l) Daily Settlement Adjustment: Based on conditions in the underlying currency markets at 4:00 PM of each Trading Session (as represented by major market data vendors), the Exchange will direct the Clearing Organization to make a cash adjustment to each position to account for the difference between the currency with the lower interest rate and the currency with the higher interest rate.

USFE Rule 910(k) -- SEF Interest Rate Adjustment

Currency trades involve the exchange of what is termed the "Delivery Currency" for a "Pricing Currency." In executing such a trade, interest will begin accruing on the Delivery Currency, while interest will be lost on the cash used to purchase the currency (in other words, the Pricing Currency). In the Foreign Currency ("FX") Over-the-Counter ("OTC") market, holders of overnight positions receive or pay the interest rate differential between the two currencies, depending on the relative level of interest rates for the two currencies. This cash flow is from the low interest rate currency to the high interest rate currency.

Holding a position in the FX OTC markets overnight necessitates a "roll" of that position forward to the next delivery date. This "spot/next roll" is a liquid market for all of the major currencies and its pricing accounts for the interest rate differential cash flow. USFE's FX Spot Equivalent Futures ("SEFs") mimics the FX OTC market in this aspect. By rule, USFE provides that a daily payment will be made from the overnight holder of the lower interest rate currency of a FX SEF open position to the overnight holder of the higher interest rate currency.

USFE uses the spot/next market from the FX OTC market as the reference market for its overnight payment adjustment as required by USFE Rule 910(k). These rates are highly liquid and actively traded for large interbank dealers. Short-term interest rates applicable to the spot/next forward points are set and maintained by arbitrage relationships against central bank overnight lending rates. USFE receives real-time data on these rates from the most widely followed FX sources, Bloomberg and Reuters, which aggregate quotes from at least 7 major sources and display the best bid and offer available.

In calculating the overnight payment adjustment, USFE takes the midpoint of the offer rates and bid rates. USFE provides The Clearing Corporation ("CCorp") with the amount for the overnight payment between counterparties. CCorp actually carries out the adjustment between its Clearing Participants. USFE has worked closely with CCorp and the major back office service providers to facilitate the execution of this payment within existing back office systems.

Example:

As shown here, the Spot/Next quote for EUR/USD: .51/.52 → Midpoint: .515

Here is a screen-shot of the Spot/Next market for EUR/USD from Bloomberg:

09/19/07 0.51 0.52

These prices are in ticks (pips), so the midpoint of the bid/offer is .515 of a single tick. Using the tick value for USFE FSED contract of $5, the amount of Cash Transfer between counterparties is:

Tick Value * spot/next = $5 * .515 = $2.58

In this case, the payment will flow from the side that is long our EURUSD contracts to the side that is short EURUSD.