



Chicago Climate Exchange

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September 20, 2007

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

Re: Chicago Climate Futures Exchange, LLC
Submission No. 07-13

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OFFICE OF THE SECRETARIAT

Dear Ms. Donovan:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act") and Parts 40.2 and 40.6 of the regulations promulgated by the Commodity Futures Trading Commission ("CFTC") under the Act, Chicago Climate Futures Exchange, LLC ("CCFE") hereby submits amendments to the CCFE Rulebook (the "Rulebook").

The Exchange is amending the Rulebook to add new Chapter 18 regarding contract specifications for CCFE's new European Carbon Financial Instrument ("ECFI") futures contracts. These futures contracts will be listed for trading on the CCFE Trading Platform on September 21, 2007.

CCFE intends to make these amendments effective as of September 21, 2007. The Exchange certifies that these amendments neither violate nor are inconsistent with any portion of the Act or of the rules thereunder.

Attached hereto please find a copy of the new Chapter 18 and a summary of the Contract Specifications for ECFI futures contracts as reflected in the amended Rulebook.

Should you require additional information regarding this submission, please contact me at 312.554.0812. Please reference our submission number 07-13 in any related correspondence.

Very truly yours,

[Handwritten signature]

Ann M. Cresce
Senior Vice President & General Counsel

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enc.

cc: Riva Adriance
Martin Murray
Gregory Price

www.chicagoclimateexchange.com

CHAPTER 18
EUROPEAN CARBON FINANCIAL INSTRUMENT
FUTURES CONTRACT

1801. Scope of Chapter

This Chapter applies to trading in European Carbon Financial Instrument (“ECFI”) futures contracts. European Carbon Financial Instruments are carbon dioxide gas emission allowances issued under the European Union Emission Trading Scheme. The procedures for clearing, trading, settlement, and any other matters not specifically covered herein shall be governed by the generally applicable rules of the Exchange.

1802. Contract Specifications

(a) *Contract size.* The contract size for ECFI futures contracts is 1,000 European Union carbon dioxide emissions, which represents one thousand metric tons of carbon dioxide gas under the European Union Emissions Trading Scheme.

(b) *Schedule.*

(i) *Standard-cycle Contract Listing* The Exchange may list for trading up to six consecutive quarterly contract months on a March quarterly cycle (March, June, September, December); front two serial calendar months; and, annual December contracts through 2012.

(ii) CCFE may list additional annual December contracts and any other calendar month contract off the standard-cycle listing schedule through 2014.

(iii) The trading hours for the ECFI futures contract shall be determined by the Exchange from time to time.

(c) *Termination of Trading (Contract Expiration).* A contract expires on the last Monday of the contract month. However, if the last Monday is a non-business day or there is a non-business day in the four (4) days following the last Monday, the last day of trading will be the previous Monday of the delivery month. Where the previous Monday of the delivery month falls on a non-business day, or there is a non-business day in the four (4) days immediately following the previous Monday, the last day of trading shall be the antepenultimate Monday of the delivery month (Last Trading Day).

Trading shall cease for the expiring contract at 17:00 London time on the Last Trading Day.

(d) *New Contract Listing.* A new standard-cycle contract month will be listed on the next business day following an ECFI contract expiration.

(e) *Minimum Tick Increment.* The minimum tick increment of the ECFI futures contract is \$0.01 per ton, which is equal to \$10.00 per contract.

(f) *Reportable Position.* Pursuant to Commission Regulation §15.03 and Commission Regulation Part 17, the position level that is required to be reported to the Commission is any open position in ECFI futures contracts at the close of trading on any trading day equal to or in excess of 25 contracts on either side of the market.

If one contract month has a reportable position, all contract months positions must be reported.

(g) *Position Limits.* A person may not own or control more than five thousand (5,000) contracts, equivalent to five million (5,000,000) metric tons, net long or net short, in each nearby month expiring futures product.

For the purposes of this Rule, the positions of all accounts for which a person directly or indirectly controls trading shall be included, as described in Rule 409(e).

The foregoing position limit shall not apply to bona fide hedge positions meeting the requirements of the Commission Regulation § 1.3(z)(1) and the Rules of the Exchange.

(h) *Contract Modifications.* Specifications are fixed as of the first day of trading of a contract. If any U.S. Government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these Rules, and all open and new contracts shall be subject to such government orders.

(i) *Daily Price Limits.* ECFI futures contracts do not have daily price limits.

(j) *Exchange of Future for Physical.* There is no minimum size for an Exchange of Future for Physical transaction with respect to ECFI futures contracts. The Exchange of Future for Physical must meet all requirements of and must be reported to the Exchange in accordance with Rule 411.

(k) *Block Trades.* Pursuant to Rule 412(a)(i), the minimum Block Trade quantity for the ECFI futures contract shall be determined by the Exchange from time to time. If the Block Trade is executed as a spread or a combination, one leg must meet the minimum Block Trade quantity for the ECFI futures contract and the other leg(s) must have a contract size that is reasonably related

to the leg meeting the minimum Block Trade quantity. The Block Trade must meet all requirements of, and must be reported to the Exchange in accordance with, Rule 412.

1803. Settlement Price Calculations

Daily contract month settlement prices will be based on the following criteria:

- (a) A single traded price during the pre-close.
- (b) If more than one trade occurs during the pre-close, the trade volume weighted average of the prices, rounded to the nearest tick.
- (c) If no trade occurs during the pre-close, the following will be given consideration:
 - (i) the volume weighted average of the last two traded prices, rounded to the nearest tick;
 - (ii) the mid-point between the best bid and offer (volume weighted) in the pre-close, rounded to the nearest tick;
 - (iii) spread price relationships; and
 - (iv) time value between the contract months.
- (d) The Exchange reserves the right to take into account other factors in determining settlement prices.

1804. Settlement Price

For expiring contracts for which ICE Futures also has an expiring ICE Futures ECX CFI Futures contract, the final settlement price is the US Dollar value (rounded to the nearest \$0.01) of the final settlement price on the corresponding ICE Futures ECX CFI futures contract. The Federal Reserve Bank of New York's 12:00 p.m. ET buying rate for the Euro/US Dollar will be used to convert the ICE Futures settlement price to US Dollar value. In the event that the 12:00 noon Eastern Time buying rate for the Euro/US dollar from the Federal Reserve Bank of New York is not available, CCFE will refer to other reputable and widely recognized news sources to obtain indicative buying rates for Euro/Dollar spot transactions at or near 12:00 noon Eastern Time on the expiration date.

For expiring contracts for which there is no corresponding expiring contract on ICE Futures, CCFE will use the daily settlement price of the front month ICE Futures ECX CFI futures contract as a basis for determining the final settlement price.

1805. Deliverable Instruments

The ECFI futures contract is a cash settled contract.



Chicago Climate Futures Exchange

**Chicago Climate Futures Exchange, LLC
European Carbon Financial Instrument Futures
Contract Specifications**

Contract Size	1,000 European Union carbon dioxide emission allowances. Each emission allowance is an entitlement to emit one metric ton of carbon dioxide gas under the European Union Emissions Trading Scheme.
Quotation	US dollars / metric ton CO ₂
Minimum Tick Increment	\$0.01 per ton = \$10.00 per contract
Symbol	ECFI
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Delivery Months	Standard-cycle contract listings: a. Six consecutive quarterly contracts on a March, June, September, December cycle; b. Front two serial calendar months; and c. Annual December contracts through 2012 CCFE may list additional annual December contracts and any other calendar month contract off the standard-cycle listing schedule through 2014.
Deliverable Instruments	Cash settled
First Trading Day	The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.
Last Trading Day	A contract expires on the last Monday of the contract month. However, if the last Monday is a Non-Business Day or there is a Non-Business Day in the 4 days following the last Monday, the last day of trading will be the previous Monday of the delivery month. Where the previous Monday of the delivery month falls on a Non-Business Day, or there is a Non-Business Day in the 4 days immediately following the previous Monday, the last day of trading shall be the antepenultimate Monday of the delivery month. Trading shall cease for the expiring contract at 17:00 London time on the Last Trading Day.
Final Settlement Price	For expiring contracts for which the ICE Futures also has an expiring contract, the final settlement price is the US dollar value (rounded to the nearest \$0.01) of the final settlement price on the corresponding ICE Futures Exchange ECX CFI futures contract. The Federal Reserve Bank of New York's 12:00 noon ET buying rate for the Euro/US Dollar will be used to convert the ICE Futures' settlement price to US dollar value. For expiring contracts for which there is no corresponding expiring contract on the ICE Futures, CCFE will use the daily settlement price of the front month ICE Futures ECX CFI futures contract as a basis for determining the final settlement price.
Price Limits	No daily price limits
Reportable Position Limits	25 contracts, equivalent to 25,000 metric tons
Nearby Expiration Month	5,000 contracts, equivalent to 5,000,000 metric tons

Speculative Position Limits	
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Contract specifications and related rules are subject to revision. If CCFE determines that revisions to the contract specifications and related rules are warranted, reasonable efforts will be taken to provide appropriate advance notification of such revisions.

This document is a summary of the CCFE contract specification rules; see the CCFE Rulebook for complete contract specification rules.