



Chicago Climate Exchange®

190 South LaSalle Street, Suite 800
Chicago, Illinois 60603

T 312.554.3
F 312.554.3

November 15, 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. 07-19**

OFFICE OF THE SECRETARIAT

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CFTC

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 21 regarding contract specifications for CCFE's new Options on Certified Emission Reduction futures ("CER futures") contracts. These options on futures contracts will be listed for trading on the CCFE Trading Platform on November 16, 2007.

CCFE intends to make these amendments effective as of November 16, 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 21 and a summary of the Contract Specifications for Options on CER 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 07-19 in any related correspondence.

Very truly yours,

Ann M. Cresce
Senior Vice President & General Counsel

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cc: Riva Adriance
Martin Murray
Gregory Price

www.chicagoclimateexchange.com



Chicago Climate Futures Exchange, LLC
Certified Emission Reduction Futures Options Contract Specifications

Contract Size	One CCFE Certified Emission Reduction futures contract (of a specified contract month) of 1,000 Certified Emission Reductions ("CERs")
Quotation	US dollars / metric ton CO ₂
Minimum Tick Increment	\$0.01 per CER = \$10.00 per contract
Symbols	CERC, CERP
Trading Hours	7:00 a.m. – 3:00 p.m. U.S. Central Time
Strike Price Intervals	Call and Put options based on twenty-five strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$1 increments with 8 listed below the at-the-money strike price and 16 listed above the at-the-money strike price. Additional strikes will be listed on the trading day following the day a related futures contract settles for the first time above or below an existing option strike price.
Contract Months	The exchange may list six consecutive quarterly contracts on a March, June, September, December expiration cycle; Plus two front serial calendar months; Plus up to four annual December contracts
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	The last day of trading is the fifth business day prior to the expiration of the underlying CER futures contract.
Exercise	European style. Option exercise results in an underlying futures position in the related contract month. Options in-the-money at the close on the last day of trading are automatically exercised unless proper instructions are provided to the CCFE CSP not to exercise an in-the-money options by the expiration deadline. (Instructions may also be provided to the CCFE CSP to exercise an out-of-the-money option.)
Expiration	Unexercised CCFE CER futures options shall expire at 5:00 p.m. U.S. Central Time on the last day of trading.
Option Premium	The CCFE CSP will collect the full option premium from the buyer clearing member and pay the full option premium to the seller clearing member on the day of trade in accordance with CCFE CSP procedures.
Price Limits	None
Reportable Position Limits	25 contracts gross in each option quadrant
Nearby Expiration Month Speculative Position Limits	1,000 contracts, equivalent to 1,000,000 Certified Emission Reductions, on a net futures-equivalent basis.

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.

CHAPTER 21
OPTIONS ON CERTIFIED EMISSION REDUCTION FUTURES
CONTRACT SPECIFICATIONS

2101. Scope of Chapter

This Chapter applies to trading in Options on Certified Emission Reduction futures contracts (“Options on CER Futures”). 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.

The underlying Certified Emission Reduction futures contract will be a physically delivered product. The Options on CER futures contract will be expired in accordance with the physically delivered Certified Emission Reduction futures contract. However, until such time as the United Nations’ International Transaction Log (“ITL”) is operational, the CER futures contract will operate as a cash settled futures contract. (See Chapter 17.)

2102. Contract Specifications

(a) *Contract size.* The contract size for the calls or puts on Options on CER Futures is one (1) Certified Emission Reduction futures contract which is equivalent to 1,000 Certified Emission Reductions.

(b) *Schedule.*

(i) *Standard-cycle Contract Listing:* The Exchange may list for trading up to six consecutive quarterly contract months on the March quarterly cycle (March, June, September, December) as well as four annual December contracts that follow..

(ii) CCFE may list any other calendar month contract off the standard cycle listing schedule through the last annual December contract.

(iii) The trading hours for the Options on CER Futures shall be determined by the Exchange from time to time.

(c) *Termination of Trading (Contract Expiration).* The last day of trading is the fifth business day prior to the expiration of the underlying Certified Emission Reduction futures contract.

(d) *New Contract Listing.* A new standard-cycle contract month will be listed on the next Business Day following a contract expiration.

(e) *Minimum Tick Increment.* The minimum tick increment for Options

on CER Futures is \$0.01 per Certified Emission Reduction, which is equal to \$10.00 per contract.

(f) *Strike Prices.* Call and put options based on twenty-five strike prices in the series will be listed at the introduction of each new option contract. Strike prices will be listed in \$1 increments with eight listed below the at-the-money strike price, and sixteen listed above the at-the-money strike price. Additional strike prices will be listed on the trading day following the day a related futures contract settles for the first time above or below an existing option strike price.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate.

(g) *Exercise.* Options on CER Futures will have a European-style exercise after the close of trading on the last trade day. Accordingly, option exercise will result in an underlying CER futures contract position in the relevant contract month. The exercise of a call option will result in the buyer receiving a long position in the underlying CER futures contract and the seller receiving a short position in the underlying CER futures contract. The exercise of a put option will result in the buyer receiving a short position in the underlying CER futures contract and the seller receiving a long position in the underlying CER futures contract. Options on positions that are in-the-money at the close on the last day of trading are automatically exercised unless other instructions are provided to, and are accepted by, the Clearing Service Provider. Options on positions that are out-of-the-money at the close on the last day of trading will automatically expire at 5:00 p.m. Central Time absent contrary instructions that are accepted by the Clearing Service Provider.

(h) *Reportable Positions.* Pursuant to Commission Regulation §15.03 and Commission Regulation Part 17, the position level that is required to be reported is any open position in Options on CER Futures, that at the close of trading on any trading day is equal to or in excess of twenty-five contracts gross in each option quadrant. If one product within a contract month has a reportable position, all contract months' positions in the option contract and underlying futures contract must be reported.

(i) *Position Limits.* A person may not own or control more than 1,000 contracts, equivalent to 1,000,000 Certified Emission Reductions on a net futures-equivalent basis in each nearby month expiring futures product. Commission Regulation 150.1(f) states that the futures-equivalent value of an option is determined by adjusting the option by its delta coefficient from the previous day. 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.

(j) *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 construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

(k) *Block Trades.* Block trades shall be executed pursuant to the requirements of Rule 412. The minimum Block Trade quantity for the Options on CER 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 Options on CER futures contract and the other legs(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity.

(l) *Premium Payment.* The option premium must be paid by each option customer to its Clearing Member for purchased options within a reasonable time and the Clearing Member must pay the option premium to the Clearing Service Provider.