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OFFICE OF THE SECRETARIAT

2009 APR 24 AM 8 29

April 23, 2009

Via E-Mail: submissions@cftc.gov

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

RE: Rule Certification: HedgeStreet[®] Submission of Trade Cancellation Rules – Submission Pursuant to Commission Regulations 40.6(a)

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, HedgeStreet, Inc. (“HedgeStreet”) hereby submits to the Commission new rules allowing HedgeStreet to bust or cancel transactions on the variable payout Spread Contracts that are executed at prices inconsistent with the prevailing market conditions and jeopardize market integrity. Under Exhibit A, HedgeStreet describes the purpose of each of the rules that comprise the HedgeStreet trade cancellation rules. HedgeStreet includes under Exhibit B new Rule 5.14, Trade Cancellation, which defines when and how a transaction may be cancelled on the HedgeStreet Market if such transaction is inconsistent with prevailing market conditions.

HedgeStreet intends to implement these rule amendments at the start of business on Monday, April 27, 2009.

No substantive opposing views were expressed to HedgeStreet with respect to these additions.

HedgeStreet hereby certifies that the rule additions described herein, comply with the Act and the Commission Regulations adopted thereunder.

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Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0171 or by email at tmcdermott@hedgestreet.com.

Sincerely,



Timothy G. McDermott
General Counsel and Chief Compliance Officer

CC: DMOSubmission@cftc.gov
Jon Hultquist – CFTC (Acting Branch Chief, DMO, Chicago)
Tom Leahy - CFTC
Riva Adriance – CFTC
Nancy Markowitz – CFTC

Ed Dasso – NFA
Yossi Beinart - HedgeStreet, Inc.

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EXHIBIT A

Background

HedgeStreet is a designated contract market ("DCM") and is registered as a derivatives clearing organization ("DCO") with the Commission. As a DCM, HedgeStreet offers small size binary products, as well as small and large size variable products.

As a DCM, HedgeStreet is responsible for providing the public with a means to promote price discovery, manage risk and disseminate pricing information through trading in fair and liquid markets. In order to accomplish this task, HedgeStreet must ensure that the trades on the market are executed at prices that are fair and reflective of the underlying Market value in order to promote market integrity.

However, HedgeStreet must also protect member expectations that a trade executed on the Market will not be subsequently cancelled by HedgeStreet. Therefore, HedgeStreet is implementing rules on the large-size variable products known as "Spread" Contracts due to the greater payout value and higher risk associated with these contracts. These new rules will allow HedgeStreet to cancel executed transactions only if such transactions are executed at prices outside a defined fair market range.

Explanation of Rules

Rule 5.14(a)

HedgeStreet added new rule 5.14(a) in order to introduce the purpose of the HedgeStreet trade cancellation rules. These new rules have been created in order to ensure market integrity and promote the discovery of relevant market prices.

Rule 5.14(b)

HedgeStreet added new rule 5.14(b) in order to define when these HedgeStreet Trade Cancellation Rules will be initiated and followed. In order to maintain market integrity and to ensure a prompt response to price irregularities on the market, HedgeStreet must be notified or made aware of the potential price anomaly no later than fifteen (15) minutes after trade execution and before the expiration of the contract.

Rule 5.14(c)

HedgeStreet added new rule 5.14(c) in order to describe the manner in which HedgeStreet will calculate the Fair Value of the Underlying. HedgeStreet may use the most recent price or value of the Underlying and/or any other relevant market information to calculate a Fair value.

Rule 5.14(d)

HedgeStreet added new rule 5.14(d) in order to determine the No Bust Range. HedgeStreet will calculate this range based on 5 percent of the maximum contract value applied above and below the Fair

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Value. If the Fair Value is less than 5 percent above the floor or below the cap, the range will be set at 10 percent above that floor or below that cap. During a fast market or other unusual market conditions, HedgeStreet may, without prior notice, temporarily double the No Bust Range. If the price of the subject trade falls within the No Bust Range, the transaction will remain. If, however, the price falls outside the No Bust Range, the suspect transaction will be deemed an Erroneous Trade and cancelled.

Rule 5.14(e)

HedgeStreet added new rule 5.14(e) in order to ensure members that if HedgeStreet determines that a questionable transaction was executed at a Fair Market Price within the No Bust Range, the transaction will NOT be cancelled and will remain as a valid executed transaction on the Market. If HedgeStreet determines that the transaction falls outside the No Bust Range, HedgeStreet will deem such transaction an Erroneous Trade and will promptly cancel the transaction. Once the transaction is cancelled, HedgeStreet will make best efforts to notify the parties to the Erroneous Trade within thirty (30) minutes of cancellation that HedgeStreet has cancelled the transaction in accordance with HedgeStreet Rule 5.14. Finally, HedgeStreet will publish any necessary corrections surrounding the cancellation of the Erroneous Trade in a notification on its site.

Rule 5.14(f)

HedgeStreet added new rule 5.14(f) in order to notify Members that HedgeStreet's calculation of a Fair Market Price and a subsequent cancellation of an Erroneous Trade are final.

EXHIBIT B

Amendment to add Rule 5.14

(The following new Rule additions are underlined and deletions are stricken out)

RULE 1.1 – RULE 5.13 [Unchanged]

RULE 5.14 TRADE CANCELLATIONS

(a) HedgeStreet, in its discretion and in accordance with these Rules, may cancel a trade in a Spread Contract that has been executed on the market at a price that is inconsistent with prevailing market conditions due to improper or erroneous orders or quotes being matched on the Market (“Erroneous Trade”).

(b) HedgeStreet may review a Spread Contract trade based on its own analysis of the Market or pursuant to a request for review by a Member or other third party. A request for a review by a Member or other third party must be received by HedgeStreet no later than fifteen (15) minutes after the trade has been executed on the Market and before the expiration of the contract. HedgeStreet will promptly determine whether the trade will be subject to review and then promptly post notice indicating that the trade is under review.

(c) During the review, HedgeStreet will calculate a Fair Value for the underlying at the time of the questioned trade by utilizing the last value or price of the Underlying at the time of the trade and/or any other relevant market information obtained or presented to HedgeStreet.

(d) Once a Fair Value has been calculated, 5 percent of the maximum contract value will be added above such Fair Value and below such Fair Value to determine the “No Bust Range”. In the event that the Fair Value is less than 5 percent above the Floor or below the Cap, the No Bust Range shall be a 10 percent range above the Floor or below the Cap. During fast market conditions, upon the release of significant news, or in other circumstances in which HedgeStreet determines it is appropriate, HedgeStreet may, without prior notice, temporarily double the No Bust Range.

(e) If HedgeStreet determines that a trade has been executed within the No Bust Range, the executed trade will stand. If HedgeStreet determines that a trade has NOT been executed within the No Bust Range, HedgeStreet will promptly cancel the trade by busting the Erroneous Trade off the market. Once the Erroneous Trade has been cancelled, HedgeStreet shall:

(i) notify the Members that were parties to the Erroneous Trade(s) that HedgeStreet has cancelled the Erroneous Trade(s). HedgeStreet will notify such Members within thirty (30) minutes from receiving notice of the Erroneous Trade unless impractical to do so within the notice period.

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(ii) publish all necessary price corrections in a notification on the HedgeStreet website.

(f) The decisions of HedgeStreet regarding Fair Value of the underlying, the No Bust Range, the doubling of the No Bust Range, the cancellation of an Erroneous Trade, or any other determination hereunder shall be final and not subject to appeal.

RULE 6.1 – RULE 12.81 [Unchanged]

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