



Chicago Climate Exchange®

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April 28, 2009

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

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C.F.T.C.
OFFICE OF THE SECRETARIAT

Re: **Chicago Climate Futures Exchange, LLC
Submission No. 09-09**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act") and Part 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") to modify the trading procedures for Off-Exchange Transactions.

CCFE intends to make these amendments effective as of Thursday, April 30, 2009. The Exchange certifies that these amendments neither violate nor are inconsistent with any portion of the Act or of the rules thereunder.

A marked copy of the amended Chapter 4 is attached hereto.

Should you require additional information regarding this submission, please contact me at 312.229.5163. Please reference our submission number 09-09 in any related correspondence.

Very truly yours,

Eric J. Nield
Senior Vice President & General Counsel

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enc.

cc: Riva Adriance
Tom Leahy
Jon Hulquist
Irina Leonova

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CHAPTER 4
TRADING PROCEDURES AND STANDARDS

Trading

401. Trading Sessions.

Except as otherwise provided in the Rules of the Exchange or determined by the Board, Orders for any Contract will only be executed during the Trading Session for such Contract. The Exchange may from time to time modify its regular Trading Session and establish Trading Sessions, in addition to the regular Trading Sessions, as it deems appropriate.

402. Opening of Trading.

(a) Trading in all Delivery Months for each Contract will be opened simultaneously, without trading rotations.

(b) Orders for a particular Contract that are placed before a Trading Session for such Contract commences will be executed at the opening of such Trading Session in such manner as the Exchange may specify from time to time.

Handling and Matching of Orders

403. Handling of Orders.

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

(b) Orders for a particular Contract may be entered into the CCFE Trading Platform only:

(i) during a Trading Session or a designated pre-opening period for such Contract;

(ii) in such form as the Exchange may specify from time to time; and

(iii) by a Trading Privilege Holder or an Authorized Trader.

(c) Each Trading Privilege Holder or Authorized Trader will enter Orders for a proprietary, Customer or Noncustomer account of such Trading Privilege Holder by electronic transmission through a CCFE Workstation, and the Exchange will maintain an electronic

record of those entries. Each Trading Privilege Holder will be responsible for any and all Orders entered by it or any of its Authorized Traders.

(d) Each Authorized Trader may only trade on behalf of the Trading Privilege Holder or Holders for whom he or she is authorized to trade pursuant to an express agreement, or pursuant to an employment relationship, with such Trading Privilege Holder or Holders. An Authorized Trader may not be compensated on a commission or per contract basis for Customer Orders (other than compensation paid to the Authorized Trader by a Trading Privilege Holder that employs such Authorized Trader). However, if an Authorized Trader is registered with the NFA as an introducing broker, and is acting in such capacity on behalf of a Customer or Trading Privilege Holder, the Authorized Trader may receive such commission as may be agreed between the Authorized Trader and the Customer or Trading Privilege Holder, as applicable. Nothing in this paragraph (d) will be construed to place any responsibility or liability upon the Exchange for payment of any such commission to an Authorized Trader.

(e) With respect to Orders received by a Trading Privilege Holder or Authorized Trader which are capable of being, and are, immediately entered into the CCFE Trading Platform, no record needs to be created except as may be required by Rule 501 or Applicable Law. However, if a Trading Privilege Holder or Authorized Trader receives an Order which cannot be, or is not, immediately entered into the CCFE Trading Platform, such Trading Privilege Holder or Authorized Trader must prepare a written, non-alterable, pre-numbered Order form and include therein the account designation, date, time stamped upon receipt and other required information. Any such Order referred to in the immediately preceding sentence must be entered into the CCFE Trading Platform as soon as it is possible to enter it into the CCFE Trading Platform.

(f) Orders may be entered into the CCFE Trading Platform to purchase or sell Contracts or for such Combination Trades as may be provided for in or pursuant to these Rules.

404. Order Types and Characteristics

(a) *Order Execution Types.* The CCFE Trading Platform for futures products will accept Orders that are either Limit Orders, Market Orders, Good-for-Time, Good-'til-Day Orders or Good-After-Logout Orders. The CCFE Trading Platform for options on futures products will accept Limit Orders, Good-for-Time, Good-'til-Day or Good-'til-Cancelled orders.

(i) *Limit Orders.* A “Limit Order” is an Order to purchase or sell a Contract at a specified price or better. A Limit Order will be executed when entered to the extent that there are opposite Orders open in the CCFE Trading Platform, with any balance to remain as an open Order until it automatically expires at the end of a Trading Session, is executed or is cancelled.

(ii) *Market Orders.* A “Market Order” is an Order to buy or sell a Contract at the best price available in the CCFE Trading Platform at the time the Order is entered. A Market Order will be executed when entered to the extent that there are opposite Orders open in the CCFE Trading Platform, with any balance to remain as an open Order until it automatically expires at the end of a Trading Session, is executed or is cancelled. If the CCFE Trading Platform does not list or publish a price for a Contract, then before a Market Order can be executed, a Trading Privilege Holder or Authorized Trader must enter a request for quotation for the relevant Contract.

(iii) *Good-for-Time Order.* A “Good-for-Time Order” is an order that, unless executed or withdrawn by the Trading Privilege Holder who placed it, remains on the CCFE Trading Platform for a pre-determined time period within the current day’s Trading Session. A Trading Privilege Holder or Authorized Trader who placed the order can elect whether the Order will be cancelled automatically or remain on the CCFE Trading Platform if the Trading Privilege Holder or Authorized Trader signs off from the CCFE Trading Platform.

(iv) *Good-’til-Day Order.* A “Good-’til-Day Order” is an order that, unless executed or withdrawn by the Trading Privilege Holder who placed it, remains on the CCFE Trading Platform until the close of the current day’s Trading Session. A Good-’til-Day Order will be cancelled automatically if the Trading Privilege Holder or Authorized Trader who placed it signs off from the CCFE Trading Platform.

(v) *Good-After-Logout Order.* A “Good-After-Logout Order” is an order that, unless executed, remains on the CCFE Trading Platform after the Trading Privilege Holder or Authorized Trader has signed off from the CCFE Trading Platform and until the close of the current day’s Trading Session.

(vi) *Good-’til-Cancelled Orders.* A “Good-’til-Cancelled Order” is an order that, unless executed, remains on the CCFE Trading Platform for options on futures until the Trading

Privilege Holder or Authorized Trader who placed it cancels the Order.

(b) The CCFE Trading Platform will apply Reasonability Checks, to the extent applicable to particular Contracts, prior to an Order entering the CCFE Trading Platform. The level and extent of such Reasonability Checks will be specified from time to time by the Exchange. Reasonability Checks will not apply to Orders in Options on Futures.

(c) *Limitations.* Orders entered into the CCFE Trading Platform may contain such limitations as may from time to time be approved by the Exchange.

(d) *Customer Orders.* Each Customer Order entered into the CCFE Trading Platform must be for one Customer account, except that a Customer Order may be for more than one Customer account if placed by, or on instructions from, a Person with trading discretion over such accounts and if either:

(i) All of the following requirements are met:

(A) Such Person is an “eligible account manager” as defined in Commission Regulation § 1.35(a-1)(5)(i); and

(B) All such accounts are for entities of a type described in Commission Regulation § 1.35(a-1)(5)(ii); or

(ii) A written, pre-determined allocation scheme has been provided to the Trading Privilege Holder entering the Order into the CCFE Trading Platform at or prior to the time the Order is so entered, and the Order entered into the CCFE Trading Platform has a bunched Order indicator in such form as the Exchange may prescribe.

(e) *Contents of Order.* Each Order entered into the CCFE Trading Platform must be in such form as the Exchange may from time to time prescribe and must contain such information as the Exchange may from time to time require. Without limiting the generality of the foregoing, each Order must include the originator of the Order (including the User Information of the Trading Privilege Holder by or on behalf of which the Order is being placed, and an identifier of the Authorized Trader placing the Order), the Contract, the Delivery Month, the bid or ask price, the Order type, the quantity, an account number or identifier, the applicable Customer type indicator under Commission Regulations, and an origin code (showing whether the Order is for the Trading Privilege Holder’s house clearing

account or the Customer or Noncustomer clearing account with the Clearing Service Provider). Orders for Options on Futures must also include the strike price and whether the Order is a call or a put. Any Order not complying in full with the foregoing requirements will not be accepted by the CCFE Trading Platform.

(f) *Changes and Cancellations.* All Orders entered into the CCFE Trading Platform will remain open for the applicable pre-opening period and the Trading Session, and will be automatically cancelled at the end of such Trading Session. A Trading Privilege Holder may change any Order entered into the CCFE Trading Platform that was entered by it or on its behalf, at any time prior to its expiration, execution or cancellation. A change to any Order will become effective upon receipt by the CCFE Trading Platform of an instruction to modify such Order. Any such instruction will be written or electronically submitted. Any such change will be treated as the deletion of the existing Order and the entry of a new Order for all purposes (including time priority), unless the change consists only of one or more of the following:

- (i) reduction of quantity;
- (ii) change of CTI or origin code;
- (iii) adding, modifying or deleting free text; or
- (iv) such other change as the Exchange may from time to time specify.

405. Matching of Orders.

Except as otherwise provided in these Rules, Orders entered into the CCFE Trading Platform will be matched in accordance with an algorithm that gives first priority to Orders at the best price and priority among Orders entered at the same price based on their time of entry into the CCFE Trading Platform, with the Order first entered receiving first priority. Without limiting the generality of the foregoing, the algorithm to match Orders entered in the CCFE Trading Platform is based upon the following principles:

(a) An Order at a better price will always have priority over Orders at inferior prices. As among Orders at the same price, an Order with time priority will be executed before Orders that have been entered after the Order with time priority. An Order with time priority will not lose such priority if the quantity of the Order is subsequently reduced. However, an Order will be stamped with a new time of receipt by the CCFE Trading Platform if the price of the Order is changed.

(b) After the opening of a Trading Session for a particular Contract, time priority will be assigned to the first Order at a price that betters the best price prevailing when the Order is received. Only one buy Order and one sell Order can have time priority at any given time. Orders with time priority will be matched first regardless of their respective sizes.

(c) An Order will not lose time priority with respect to Orders at the same price if and when an Order at a better price is entered, but it will lose price priority.

(d) Once an Order with time priority has been filled, the algorithm described herein will be applied to the remaining Orders at the same price. Thus, the Order received immediately after the Order that initially had time priority will be assigned time priority and be the next Order to be executed at such price.

Notwithstanding anything in these Rules to the contrary, the Exchange may at any time use a different matching algorithm for a particular Contract by giving notice of such algorithm to all Trading Privilege Holders at least 10 days before such algorithm is implemented.

406. Average Price System

A Trading Privilege Holder that is a registered futures commission merchant receiving multiple execution prices on an Order or series of Orders for any Contract may use an Average Price System to calculate and confirm to any Customer or Noncustomer an average price for such Contract, provided all of the following requirements are satisfied:

- (a) such Customer or Noncustomer must have requested such Trading Privilege Holder to use an Average Price System; and
- (b) each individual transaction with respect to such Contract must be submitted to, and cleared by, the Clearing Service Provider at the price at which it was executed.

407. Errors of Trading Privilege Holders

If a Trading Privilege Holder discovers an error in the handling of an Order for a Customer after the relevant trade is completed, and the Order cannot be executed in the market at a price which is better than or equal to that at which the Order should have been executed, such Trading Privilege Holder will make cash payments or other adjustments as are appropriate to rectify the error. Any violation of this Rule 407 for the purpose of taking advantage of an Order or Orders will constitute conduct which is inconsistent with just and equitable principles of trade.

Reportable Positions and Position Limits

408. Reportable Positions

(a) Each Trading Privilege Holder required to file any report, statement, form or other information with the Commission pursuant to Commission Regulations Part 15, 17, 18 or 19 concerning any Contract or Commodity underlying a Contract must simultaneously file a copy of such report, statement, form or other information with the Market Regulation Department. Each Trading Privilege Holder must submit the report, statement, form or other information to the Market Regulation Department in the form and manner designated by the Exchange.

(b) For purposes of filings made or information provided to the Market Regulation Department pursuant to Commission Regulations Part 15, 17 and 18, each Trading Privilege Holder must report such open contract positions at levels as the Exchange establishes from time to time.

409. Position Limits

(a) Position limits shall be as established by the Exchange from time to time. Such position limits may be specific to a particular Contract or delivery month or may be established on an aggregate basis among Contracts or delivery months. Except as specified in paragraphs (b) and (c) below, no Person shall control, or trade in, any number of Contracts (in combination of Futures and Options on Futures (converted to Futures equivalents)) that exceed any position limits so established by the Exchange. Except as specified in paragraphs (b) and (c) below, no Person shall be permitted to enter into any transaction on the Exchange that would cause such Person to exceed any position limits.

(b) Unless specified within the rules of a particular Contract, position limits for a delivery month are effective the first Business Day of the applicable delivery month.

(c) Upon application to the Market Regulation Department in accordance with paragraph (d) below, qualified hedge transactions shall automatically be exempt from the position limits that would otherwise apply. For purposes of this Rule 409, the term "qualified hedge transaction" shall include any transaction or position in a particular Contract that represents a substitute for transactions to be made or positions to be taken at a later time in the Commodity underlying such Contract, provided the transaction entered into or

position taken on the Exchange is economically appropriate to reduce risks arising from:

(i) any potential change in the value of assets that a Person owns, produces, manufactures, processes or merchandises or anticipates owning, producing, manufacturing, processing or merchandising;

(ii) any potential change in the amount of liabilities that a Person owes or anticipates incurring;

(iii) any potential change in the value of services that a Person provides, purchases or anticipates providing or purchasing;
or

(iv) any other good cause shown, as determined by the Exchange in its sole discretion.

(d) On the basis of an application to the Market Regulation Department in accordance with paragraph (d) below, and such supplemental information as the Market Regulation Department may request, the Exchange will determine whether to approve a particular transaction as an arbitrage or spread transaction. In granting any such approval, the Exchange may impose such limitations as it may deem necessary or appropriate in light of the liquidity of the markets involved and the Person's financial condition and business circumstances. Subject to any such limitations, transactions approved in accordance with the immediately preceding sentence shall be exempt from the position limits that would otherwise apply.

(e) Any application for an exemption from position limits for a hedging, arbitrage or spread transaction must be made by the relevant Person to the Market Regulation Department in such form, and within such time limits, as the Exchange may from time to time prescribe. Without limiting the generality of the foregoing, any such application must include the following:

(i) If a qualified hedge transaction, an arbitrage transaction or a spread transaction, a representation that such transaction or position constitutes a qualified hedge transaction, an arbitrage or a spread transaction, as the case may be, and is not used in an attempt to violate or avoid any Rule of the Exchange;

(ii) If a qualified hedge transaction, a representation that such transaction or position is necessary or advisable as an integral part of the business of such Person, which representation shall also include a description of such business;

(iii) If an arbitrage or spread transaction, an undertaking that the prospective arbitrageur or spreader will specify the extent of the Person's current or planned activity in the cash market underlying the Contract for which such exemption is requested;

(iv) If an arbitrage or spread transaction, a representation that the positions involved are moved in an orderly manner and not initiated or liquidated in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes;

(v) A schedule of the maximum number of Contracts, long and short, that such Person intends to enter into for hedging, arbitrage or spread transaction purposes, as the case may be;

(vi) An agreement that such Person will comply with any additional limits on its trading as the Exchange may from time to time impose; and

(vii) An agreement by such Person to promptly submit a supplemental statement explaining any change in circumstances that may affect the nature of its positions.

(f) In determining whether any Person has exceeded the position limits established by the Exchange, all positions in accounts for which such Person, by power of attorney or otherwise, directly or indirectly controls trading (whether on a proprietary basis or on behalf of Customers or Noncustomers) shall be included. Position limits shall apply to positions held by two or more Person acting pursuant to an express or implied agreement or understanding in the same manner as if such positions were held by a single Person.

(g) The Exchange shall have the authority to review and rescind any exemption granted by it pursuant to paragraph (d) above at any time in its sole discretion.

(h) For purposes of paragraph (e) above, "control" exists when the Person in question makes investment decisions for the account or accounts in question or materially influences, directly or indirectly, the actions of any Person who makes such investment decisions. In addition, "control" will be presumed to exist in the following circumstances:

(i) Among all parties to a joint account who have authority to act on behalf of such account;

(ii) Among all general partners to a partnership account;

(iii) If a Person (A) holds an ownership interest of 10 percent or more in the Person holding the account or accounts in question, or (B) shares in 10 percent or more of the profits or losses related to such account or accounts;

(iv) If the Persons holding the account or accounts in question have common directors or management; or

(v) If a Person has the authority to execute transactions in the account or accounts in question.

Any presumption of control on the basis of the foregoing circumstances can be rebutted by proving that such circumstances do not exist or by showing other circumstances which negate the presumption of control. Initial determinations of "control" shall be made by the President or his or her designee.

Price Limits

410. Price Limits

The rules governing a particular Contract will contain any price limits that apply to trading in such Contract.

Off-Exchange Transactions

411. Exchange of Future for Physical

(a) A bona fide Exchange of Future for Physical may be entered into with respect to any Contract in accordance with the applicable trading increments set forth in the rules governing such Contract, at a price mutually agreed upon by the parties to such transaction. Each Exchange of Future for Physical must contain the following three essential elements:

(i) A Futures transaction and a cash transaction that are integrally related;

(ii) An exchange of Futures for the Underlying Commodity where the Commodity contract provides for the transfer of ownership of the Commodity to the cash buyer upon performance of the terms of such contract, with delivery to take place within a reasonable time thereafter, in accordance with prevailing cash market practice; and

(iii) Separate Persons, such that the accounts involved on each side of the Exchange of Future for Physical have different beneficial ownership or are under separate control.

(b) In every Exchange of Future for Physical, one party must be the buyer of the Commodity and the seller of the corresponding Futures and the other party must be the seller of the Commodity and the buyer of the corresponding Futures. Further, the quantity of the Commodity traded in an Exchange of Future for Physical must be equivalent to the quantity of the Commodity represented by the Futures portion of the transaction.

(c) If the Exchange of Future for Physical is agreed upon during a Trading Session, the price of the Contract that is the subject of the Exchange of Future for Physical must be within the daily price limit for such Contract (established in accordance with Rule 410) during the current Trading Session. If the Exchange of Future for Physical is agreed upon after the Exchange's trading hours for such Contract, the price of the Contract that is the subject of the Exchange of Future for Physical must be within the daily price limit for such Contract (established in accordance with Rule 410) during the next Trading Session.

(d) Exchange of Future for Physical transactions must be reported to the Exchange in a manner prescribed from time to time by the Exchange. Exchange of Future for Physical transactions executed during the Exchange Trading Session must be reported to the Exchange within 30 minutes of agreement by the parties and no later than ~~the 45 minutes prior to the Contract's Trading Session close time.~~

(e) Exchange of Future for Physical transactions executed after the Exchange's trading hours must be reported within 15 minutes after the opening of the next Trading Session.

(f) For Exchange of Future for Physical transactions between two Trading Privilege Holders or Customers or Noncustomers of one or both of the Trading Privilege Holders, the Exchange requires both Trading Privilege Holders to report the transactions.

(g) The Exchange will review the information submitted by the Trading Privilege Holder(s) for the Exchange of Future for Physical transaction and will post the transaction to the CCFE Trading Platform if the transaction details are complete and accurate in accordance with this Rule. The Exchange will immediately publicize information identifying the transaction as an Exchange of Future for Physical trade and identifying the relevant Contract, contract month, quantity and, if applicable, whether the transaction involved a put or a call and the strike price.

(h) Each Clearing Member involved in any Exchange of Future for Physical must maintain records evidencing compliance with

the criteria set forth in this Rule 411. Upon request, each such Clearing Member must provide documentation evidencing the underlying cash transaction to the Exchange or its Compliance Service Provider.

(i) Exchange of Future for Physical transactions are not permitted after 12:00 PM (CST) during the last Trading Session for a Contract delivery month.

(j) Exchange of Future for Physical prices will not trigger unexecuted Orders.

412. Block Trading

(a) Trading Privilege Holders may enter into transactions outside the CCFE Trading Platform, at prices mutually agreed, with respect to Contracts that have been designated by the Exchange for such purpose, provided all of the following conditions are satisfied (such transactions, "Block Trades"):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of Contracts as will from time to time be specified by the Exchange; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States in which the Exchange may be permitted from time to time to operate CCFE Workstations, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts.

(ii) Each party to a Block Trade must qualify as an "eligible contract participant" (as such term is defined in Section 1a(12) of the CEA); *provided* that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States in which the Exchange may be permitted from time to time to operate CCFE

Workstations, in each case with total assets under management exceeding US\$25 million, then only such commodity trading advisor or investment adviser, as the case may be, but not the individual Customers, need to so qualify.

(b) Each party to a Block Trade must comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the CCFE Trading Platform.

(c) When negotiating or executing a Block Trade, a Trading Privilege Holder or Authorized Trader must ensure that the price quoted for a Block Trade represents a fair and reasonable price. The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time, and (iv) the circumstances of the parties to such Block Trade.

(d) Block Trades must be reported to the Exchange in a manner prescribed from time to time by the Exchange. Block Trades must be reported to the Exchange within 15 minutes after the completion of negotiations, but may not be submitted ~~after the any later than 15 minutes prior to the~~ Contract's Trading Session close time.

(e) Block Trades executed after the Exchange's trading hours must be reported within 15 minutes after the opening of the next Trading Session.

(f) For Block Trades between two Trading Privilege Holders or Customers or Noncustomers of one or both of the Trading Privilege Holders, the Exchange requires both Trading Privilege Holders to report the Block Trade.

(g) The Exchange will review the information submitted by the Trading Privilege Holder(s) for the Block Trade and will post the Block Trade to the CCFE Trading Platform if the details are complete and accurate in accordance with this Rule. The Exchange will immediately publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price or premium, quantity and, if applicable, whether the transaction involved a put or a call and the strike price.

(h) Block Trades are not permitted after 12:00 PM CST during the last Trading Session for a Contract delivery month.

(i) Block Trade prices will not trigger unexecuted Orders.

(j) Each Trading Privilege Holder that is party to a Block Trade must record the following details on its order ticket: the Contract (including the Delivery Month) to which such Block Trade relates; the number of Contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer or Noncustomer for which the Block Trade was executed, the Underlying Commodity, whether the transaction involved a put or a call and the strike price. Upon request by the Exchange, such Trading Privilege Holder must produce satisfactory evidence, including the order ticket referred to in the preceding sentence that the Block Trade meets the requirements set forth in this Rule 412.

(k) Any Block Trade in violation of these requirements will constitute conduct which is inconsistent with just and equitable principles of trade.

413. Transfers of Positions

(a) A Clearing Member may transfer a position on its books to:

(i) correct errors in an existing Contract, provided that the original trade documentation confirms the error;

(ii) transfer an existing Contract from one account to another within the same Trading Privilege Holder where no change in ownership is involved;

(iii) transfer an existing Contract from one Clearing Member to another Clearing Member where no change in ownership occurs; or

(iv) transfer an existing Contract through operation of law from death or bankruptcy.

(b) Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for a Person that is an organization.

(c) Clearing Members must transfer positions pursuant to this Rule 413 at the same prices that appear on the books of the transferring Clearing Member, and the transfer must indicate the date when the original trade was made. Each Clearing Member that is a party to a transfer of positions must make and retain records stating the nature of the transaction and the name of the counter-party Clearing Member. Each Clearing Member that is a party to a transfer of positions must adhere to the Rules of the Clearing Service Provider

related to transfers of positions and must provide any information required by the Clearing Service Provider related to such transfer.

Special Circumstances

414. Error Trades

Any error trades will be resolved in accordance with the policies and procedures from time to time adopted by the Exchange.

415. Emergencies

(a) *General.* If the President, or any individual designated by the President and approved by the Board, determines that an Emergency exists, the President or such designee, as the case may be, may take or place into immediate effect a temporary emergency action or rule. Any such rule may remain in effect for up to 30 Business Days, after which time it must be approved by the Board to remain in effect. Any such action or rule may provide for, or may authorize the Exchange, the Board or any committee thereof to undertake actions necessary or appropriate to respond to the Emergency, including such actions as:

- (i) limiting trading to liquidation only, in whole or in part;
- (ii) changing the Delivery Month or extending or shortening the term of any Contract;
- (iii) changing delivery points or the means of delivery provided in the rules governing any Contract;
- (iv) imposing or modifying position or price limits with respect to any Contract;
- (v) ordering the liquidation of Contracts, the fixing of a settlement price or any reduction in positions;
- (vi) ordering the transfer of Contracts, and the money, securities, and property securing such Contracts, held on behalf of Customers or Noncustomers by any Trading Privilege Holder to one or more other Trading Privilege Holders willing to assume such Contracts or obligated to do so;
- (vii) extending, limiting or changing hours of trading;
- (viii) suspending or curtailing trading in any or all Contracts or modifying circuit breakers;

(ix) requiring Clearing Members, Trading Privilege Holders, Customers or Noncustomers to meet special margin requirements; or

(x) modifying or suspending any provision of the Rules of the Exchange or the Rules of the Clearing Service Provider.

Any such action placed into effect in accordance with the preceding sentence may be reviewed by the Board at any time and may be revoked, suspended or modified by the Board, and any such rule placed into effect in accordance with the preceding sentence will be reviewed by the Board as soon as practicable under the circumstances, and may be revoked, suspended or modified by the Board.

(b) *Physical Emergency.* If, in the judgment of the President, or any individual designated by the President and approved by the Board, the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency (such as a fire or other casualty, bomb threats, terrorist acts, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, screen based trading system breakdowns or transportation breakdowns), such Person may take any action that he or she may deem necessary or appropriate to respond to such physical emergency, including closing the Exchange, delaying the opening of trading in one or more Contracts or suspending trading in or extending trading hours for one or more Contracts. In the event that any action has been taken pursuant to the immediately preceding sentence, any Person who is authorized to take such action may order the removal of any restriction previously imposed pursuant to such sentence, upon a determination by such Person that the physical emergency that gave rise to such restriction has sufficiently abated to permit the physical functions of the Exchange to continue in an orderly manner; provided that any order pursuant to this sentence will be subject to review, modification or reversal by the Board.

(c) In the event that the trading is suspended in any or all Contracts, the Orders for the suspended Contracts that are currently resting in the CCFE Trading Platform will automatically be cancelled and would have to be resubmitted by the Trading Privilege Holders upon resumption of trading in the affected Contracts.

(d) *Notification and Recording.* The Exchange will notify the Commission of any action taken, or proposed to be taken, pursuant to this Rule 415 in accordance with Commission Regulation § 40.6. The decision-making process with respect to, and the reasons for, any such action will be recorded in writing.

(e) *Conflicts of Interest.* The conflict of interest provisions set forth in Rule 210, including the documentation requirements, will apply, with any such modifications or adaptations as may be necessary or appropriate under the circumstances, to the taking of any action under this Rule 415 by the President, or his or her designee.

Limitation of Liability

416. Limitation of Liability; Legal Proceedings

EXCEPT AS OTHERWISE PROVIDED, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF FRAUD OR WANTON OR WILLFUL MISCONDUCT, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 416, NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES) NOR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS WILL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY TRADING PRIVILEGE HOLDER, AUTHORIZED TRADER, CUSTOMER OR NONCUSTOMER, FOR ANY LOSSES, DAMAGES, COSTS, EXPENSES OR CLAIMS (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES) (COLLECTIVELY, "LOSSES"), ARISING FROM (A) ANY FAILURE OR MALFUNCTION OF, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS INTO, THE CCFE TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CCFE TRADING PLATFORM, (B) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE CCFE TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CCFE TRADING PLATFORM OR (C) ANY ACTION TAKEN OR OMITTED TO BE TAKEN IN RESPECT TO THE BUSINESS OF THE EXCHANGE, EXCEPT, IN EACH CASE, TO THE EXTENT THAT SUCH LOSSES ARE ATTRIBUTABLE TO THE WILLFUL MISCONDUCT, GROSS NEGLIGENCE OR CRIMINAL ACTS OF THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS ACTING WITHIN THE SCOPE OF THEIR RESPECTIVE AUTHORITY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AND SUBJECT TO THE SAME EXCEPTION, THE EXCHANGE WILL HAVE NO LIABILITY TO ANY PERSON FOR ANY LOSSES THAT RESULT FROM ANY ERROR, OMISSION OR DELAY IN CALCULATING OR DISSEMINATING ANY CURRENT OR CLOSING VALUE OR ANY REPORTS OF TRANSACTIONS IN OR QUOTATIONS FOR CONTRACTS, INCLUDING UNDERLYING SECURITIES. THE FOREGOING WILL APPLY REGARDLESS OF

WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE.

THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY THE EXCHANGE (INCLUDING ITS AFFILIATES) RELATING TO THE CCFE TRADING PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CCFE TRADING PLATFORM, INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SERVICES OF THE EXCHANGE ARE BEING PROVIDED ON AN "AS IS" BASIS AT EACH TRADING PRIVILEGE HOLDER'S SOLE RISK. NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES) NOR ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS MAKE ANY WARRANTY WITH RESPECT TO, AND NO SUCH PARTY WILL HAVE ANY LIABILITY TO ANY TRADING PRIVILEGE HOLDER FOR, THE ACCURACY, TIMELINESS, COMPLETENESS, RELIABILITY, PERFORMANCE OR CONTINUED AVAILABILITY OF THE CCFE TRADING PLATFORM OR THE EXCHANGE, FOR DELAYS, OMISSIONS OR INTERRUPTIONS THEREIN OR THE CREDITWORTHINESS OF ANY OTHER TRADING PRIVILEGE HOLDER. THE EXCHANGE (INCLUDING ITS AFFILIATES) WILL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE CCFE TRADING PLATFORM OR OTHERWISE. EACH TRADING PRIVILEGE HOLDER ACKNOWLEDGES AND AGREES THAT THE EXCHANGE (INCLUDING ITS AFFILIATES) DOES NOT AND WILL NOT SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY ANY TRADING PRIVILEGE HOLDER AND THAT THE EXCHANGE (INCLUDING ITS AFFILIATES) IS NOT AN ADVISOR OR FIDUCIARY OF ANY TRADING PRIVILEGE HOLDER.

ANY DISPUTE ARISING OUT OF THE USE OF THE CCFE TRADING PLATFORM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CCFE TRADING PLATFORM IN WHICH THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS IS A PARTY WILL BE SUBJECT TO THE LAWS OF THE STATE OF ILLINOIS. ANY ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE ABOVE MUST BE BROUGHT, WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, IN A FEDERAL COURT LOCATED IN COOK COUNTY, ILLINOIS, OR IF THE REQUIREMENTS FOR FEDERAL SUBJECT MATTER JURISDICTION ARE NOT MET, IN A STATE COURT LOCATED IN COOK COUNTY, ILLINOIS. THIS PROVISION WILL IN NO WAY CREATE A CAUSE OF ACTION AND WILL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.

NO TRADING PRIVILEGE HOLDER OR PERSON ASSOCIATED WITH A TRADING PRIVILEGE HOLDER WILL INSTITUTE A LAWSUIT OR OTHER LEGAL PROCEEDING AGAINST THE EXCHANGE OR ANY DIRECTOR, COMMITTEE MEMBER, OFFICER, EMPLOYEE, AGENT OR CONTRACTOR OF THE EXCHANGE (INCLUDING ITS AFFILIATES), FOR ACTIONS TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH THE OFFICIAL BUSINESS OF THE EXCHANGE (INCLUDING ITS AFFILIATES). THIS PROVISION WILL NOT APPLY TO APPEALS OF DISCIPLINARY ACTIONS OR OTHER ACTIONS BY THE EXCHANGE AS PROVIDED FOR IN THESE RULES.

ANY TRADING PRIVILEGE HOLDER OR PERSON ASSOCIATED WITH A TRADING PRIVILEGE HOLDER WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, AND RELATED TO THE BUSINESS OF THE EXCHANGE, WILL PAY TO THE EXCHANGE ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY THE EXCHANGE IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00). THIS PROVISION WILL NOT APPLY TO DISCIPLINARY ACTIONS BY THE EXCHANGE, ADMINISTRATIVE APPEALS OF EXCHANGE ACTIONS OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD HAS GRANTED A WAIVER OF THIS PROVISION.

NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 416 WILL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR THE COMMISSION REGULATIONS THEREUNDER.