



Chicago Climate Exchange®

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April 30, 2008

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

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OFC. OF THE SECRETARIAT

Re: Chicago Climate Futures Exchange, LLC  
Submission No. 08-12

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").

The Exchange is amending Chapter 20 to modify the specifications for the IFEX Event Linked Futures contract and rename the contract "IFEX Event Linked Futures (U.S. Tropical Wind Events)".

CCFE intends to make this amendment effective as of Friday, May 2, 2008. The Exchange certifies that these amendments neither violate nor are inconsistent with any portion of the Act or of the rules thereunder.

A copy of the marked Chapter 20 is attached hereto.

Should you require additional information regarding this submission, please contact me at 312.554.0812. Please reference our submission number 08-11 in any related correspondence.

Very truly yours,

Ann M. Cresce  
Senior Vice President & General Counsel

bal  
enc.

cc: Riva Adriance  
Thomas Leahy  
Kevin Pepple

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**CHAPTER 20**  
**IFEX EVENT LINKED FUTURES CONTRACT**  
**(U.S. TROPICAL WIND EVENTS)**  
**SPECIFICATIONS**

**2001. Scope of Chapter**

This Chapter applies to trading in the IFEX Event Linked Futures (“ELF”) Contract relating to U.S. Tropical Wind Events (as hereafter defined). 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.

**2002. Definitions**

The following terms are defined for the purpose of this Chapter:

“Contract Risk Period” means ~~an entire calendar year period starting with the first second on January 1 through the last second on December 31 of the applicable Contract year a period beginning 12:00 a.m. on January 1<sup>st</sup> and ending 11:59 p.m. on December 31<sup>st</sup> of the applicable contract year~~, such times to be determined, if applicable, in the local time zone where an Eligible Event is determined to have occurred.

“Covered Event” will be deemed to have occurred with respect to any listed Loss Trigger Level when the Exchange confirms that on or before the ~~contract~~Contract expiration for an Event Claim if:

- (i) a final PCS Report has been issued which reports an Industry Loss Amount resulting from an Eligible Event in an amount equal to or in excess of the applicable Loss Trigger Level for such Event Claim; or if,
- (ii) as of the ~~contract~~Contract expiration a final PCS Report has not been issued with respect to an Eligible Event, the most recent interim PCS Report which has been issued indicates an Industry Loss Amount resulting from such Eligible Event in an amount equal to or in excess of the applicable Loss Trigger Level for an Event Claim.

“Date of Loss” means the first date specified in the “Dates” data field or comparable data field of the ~~current~~applicable PCS Report; provided, however, that if the applicable Contract Risk Period should expire while an event causing a loss is in progress, the Date of Loss for such event shall be deemed to be on the date specified in the ~~current~~applicable PCS Report as the date of commencement of such event.

"Eligible Event" means a "U.S. Tropical Wind Event" occurring in or affecting the 50 states of the United States, Washington D.C., Puerto Rico or the U.S. Virgin Islands (the "United States Covered Territory") which has a Date of Loss falling within the Contract Risk Period for the applicable IFEX ELF contractContract.

~~"Event Claim" means a contract which provides that one or more Covered Events must be determined to have occurred with respect to one or more Loss Trigger Levels in order for the Event Loss Trigger Level to have an index value of 100.~~ is a series of Loss Trigger Levels designated by the Exchange with the same event number. The Exchange will list a series of Loss Trigger Levels designated as "First Event" for each Contract Risk Period.

"Industry Loss Amount" means in respect of an Eligible Event, the amount in U.S. Dollars specified in the relevant PCS Report as the Estimated Market Loss resulting from such Eligible Event.

~~"Loss Trigger Level" means a specified level of an Industry Loss Amount specified in connection with an IFEX ELF Contract, at which level market participants can take a position regarding whether an Eligible Event will result in an Industry Loss Amount sufficient to cause a Covered Event, determined to have occurred in respect of an Eligible Event.~~

~~"PCS Report" is a catastrophe bulletin~~ any publication originated and disseminated by Property Claims Services ("PCS"), or any successor in interest, used by the Exchange in connection with the IFEX ELF Contracts (including those used to determine final cash settlements at Contract expirations) to determine final cash settlements at contract expirations. ~~A PCS catastrophe bulletin is any PCS publication~~ which identifies and assigns a number to a ~~catastrophic event~~ an Eligible Event and gives preliminary or, ~~subsequently,~~ revised estimates of insured property losses (including all lines of business) arising from ~~a catastrophe~~ such event. If PCS (or ~~its~~ any successors) ceases to provide PCS Reports or materially change the methodology or reporting of the loss estimates in any way that makes the estimates unsuitable for the purposes intended herein, ~~(as determined by the Exchange),~~ The Exchange shall use its best efforts to choose a replacement reporting agency or methodology to most closely track the methodology used by PCS immediately prior to such cessation of useful reporting by PCS.

"U.S. Tropical Wind Event" means any catastrophic event occurring in and/or affecting the United States Covered Territory, where the perils identified in the most recent PCS Report with respect to such event include the peril(s) of hurricane or tropical storm (howsoever described in a PCS Report) (including all flooding associated with ~~following~~ such perils). For the purposes of

determining whether any event or circumstance constitutes a single U.S. Tropical Wind Event or more than one U.S. Tropical Wind Event, any information set forth in the most recent applicable PCS Report shall be deemed to be accurate and complete."

### 2003. Contract Specifications

(a) Contract Value~~size~~. The value of an IFEX ELF futures ~~contract~~~~contract size~~ is equal to \$100 multiplied by the Event Loss Trigger Claim Index Value. The maximum value is \$10,000.

(b) Event Loss Trigger Claim Index Value~~Value~~. The Event Loss Trigger Claim Index Value in respect of each Loss Trigger may range from ~~has a~~ minimum value of zero (-0-) and a maximum value of one hundred (100.00).

(c) Schedule.

(i) Standard-cycle Contract Listing ("Contract"). The Exchange will list a ~~minimum of two~~ December annual contract ~~contracts~~ for at least two with the applicable Contract Risk Periods.

(ii) The trading hours for the ELF ~~contract~~ Contract shall be determined by the Exchange from time to time.

(d) — The Exchange will offer at least one (1) Event Claim within a Contract. The Exchange may list additional Event Claims for any Loss Trigger Levels as it determines.

(e) The Exchange may ~~will~~ offer the following Loss Trigger Levels within each Event Claim of a Contract:

- (i) \$10 Billion
- (ii) \$20 Billion
- (iii) \$30 Billion
- (iv) \$40 Billion
- (v) \$50 Billion

~~(e) The Exchange will offer at least one Event Claim for each Loss Trigger Level. The Exchange may list additional Event Claims for any Loss Trigger Levels at its discretion.~~

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(f) Termination of Trading (Contract Expiration). The scheduled ~~contract~~ expiration for any listed ~~contract~~ Contract is the last Business Day of the 18<sup>th</sup> calendar month following the end of the Contract Risk Period ~~for the listed contract~~. The Exchange may declare a ~~contract~~ expiration of one or more for a

~~listed Event Claim at any Loss Trigger Levels in each Event Claim- of a Contract earlier than the scheduled contractContract expiration in accordance with the following circumstances:~~

(i) ~~The Exchange has determined~~determines that a final PCS Report states an Industry Loss Amount for a Covered Event corresponding with the subject Loss Trigger Level(s) pursuant to Rule 2004has been issued on a Covered Event;

(ii)~~The Exchange determines that a final PCS Report has been issued with respect to each Eligible Event which could constitute a Covered Event for all listed Event Claims, and the Industry Loss Amount for each Eligible Event is less than the applicable Loss Trigger Level;~~

~~(iii)~~(ii) The Exchange determines as of the fifth trading day following the end of the Contract Risk Period that no Eligible Event has occurred during the Contract Risk Period that could constitute a Covered Event for the Loss Trigger Level(s)~~that could constitute a Covered Event for a listed Event Claim at any Loss Trigger Level has occurred during the Contract Risk Period;~~ or

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~~(iv)~~(iii) As of the last Business Day of the calendar year following the end of the Contract Risk Period for a ~~eContract~~, if with respect to each Eligible Event which could constitute a Covered Event, or a Claim Event(s) for the contractContract, the most recently-issued interim PCS Report reflects an Industry Loss Amount which is less than seventy-five percent (75%) of ~~the subjectan applicable Event Claim~~ Loss Trigger Level.

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(g) *New Contract Listing.* A new standard-cycle ~~contractContract~~ will be listed on the first Business Day of a calendar year.

(h) *Minimum Tick Increment.* The minimum ~~tick increment of the ELF contract is 0.05~~Event Loss TriggerClaim Index- tick increment is 0.05 points per contract, which is equal to \$5.00 per contract.

~~(i) Trigger Loss Index Range.~~ The range of the Trigger Loss Index is ~~zero (0) to one hundred (100.00).~~

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(j) *Reportable Position.* 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 the IFEX ELF contractContracts at the close of trading on any trading day equal to or in excess of twenty-five contracts net long or short.

If one product within a ~~contractContract~~ has a reportable position, all ~~contractContracts~~' positions must be reported.

(k) *Position Limits.* A person may not own or control more than 4,000 contracts on a net-futures equivalent basis, 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.

(l) *Contract Modifications.* Specifications are fixed as of the first day of trading of a ~~contract~~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 positions in the ~~contract~~Contracts shall be subject to such government orders.

(m) *Daily Price Limits.* The ~~contract~~Contracts does not have a daily price limit.

(n) *Block Trades.* Pursuant to Rule 412(a)(i), the minimum Block Trade quantity for the IFEX ELF U.S. Wind ~~contract~~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 IFEX ELF ~~contract~~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.

#### **2004. Assignment of Covered Events to Event Claim Loss Triggers**

At such time as an Eligible Event becomes a Covered Event with respect to a Loss Trigger Level, it will automatically be associated with the first available Loss Trigger Level of the appropriate Industry Loss Amount. (Covered Events will be associated to available Loss Trigger Levels in ascending order of the Event Claim number.)

When the Industry Loss Amount in a final PCS report for an Eligible Event equals or exceeds the \$10 billion Loss Trigger Level for the first time during a Contract Risk Period, but not the \$20 billion Loss Trigger Level, it will become the First Covered Event of the Contract Risk Period and will become associated with the \$10 billion Loss Trigger Level of the First Event Claim. If a second Covered Event occurs during the same Contract Risk Period and the final PCS report indicates an Industry Loss Amount which exceeds the \$10 billion and

\$20 billion Loss Trigger Levels, but not the \$30 billion Loss Trigger Level, the Covered Event will become associated with the \$10 billion Loss Trigger Level of the Second Event claim and the \$20 billion Loss Trigger Level of the First Claim Event.

Upon determination that a Covered Event has occurred with respect to a Loss Trigger Level for any Event Claim, the Exchange will announce that a Covered Event has occurred and will specify the specific Event Claim and Loss Trigger Levels with which such Covered Event is associated.

#### 20045. Final Cash Settlement

Positions at each Loss Trigger Level Contracts are cash settled at the of each Event Claim Loss Trigger Level are cash settled at the Contract Expiration at an index value of either one hundred (100.00) (if a Covered Event has been associated therewith, or zero (-0-) if no Covered event has been associated therewith, a final Industry Loss Amount equal to or greater than the applicable Event Claim's Loss Trigger Level) or zero.

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Chicago Climate Futures Exchange

**Chicago Climate Futures Exchange, LLC  
IFEX Event Linked Futures Contract (U.S. Tropical Wind Events) Specifications**

<b>Contract Value</b>	\$100 multiplied by the Event Claim Index.
<b>Quotation</b>	US Dollars
<b>Minimum Tick Increment</b>	0.05 Event Claim Index point per contract = \$5.00 per contract
<b>Minimum / Maximum Event Claim Index Range</b>	-0- / 100
<b>Symbol</b>	IFEX-ELF
<b>Trading Hours</b>	7:00 a.m. – 3:00 p.m. Central Time
<b>Contract Listing Cycle</b>	Minimum of two annual December contract series. Each contract will have a ‘Contract Risk Period’ of January 1 - December 31 of the contract year.
<b>Industry Loss Reporting Service</b>	Property Claim Services (‘PCS’)
<b>Covered Event</b>	<p>A ‘Covered Event’ will be deemed to have occurred with respect to any listed Loss Trigger Level when the Exchange confirms that on or before the Contract expiration for an Event Claim if:</p> <p>(i) a final PCS Report has been issued which reports an Industry Loss Amount resulting from an Eligible Event in an amount equal to or in excess of the applicable Loss Trigger Level for such Event Claim; or if,</p> <p>(ii) as of the Contract expiration a final PCS Report has not been issued with respect to an Eligible Event, the most recent interim PCS Report which has been issued indicates an Industry Loss Amount resulting from such Eligible Event in an amount equal to or in excess of the applicable Loss Trigger Level for an Event Claim.</p>
<b>Loss Trigger Products</b>	<p>Within any listed Contract, CCFE may offer the following Loss Trigger Products covering January 1<sup>st</sup> through December 31<sup>st</sup> of the applicable contract year.</p> <ol style="list-style-type: none"> <li>1. \$10 billion</li> <li>2. \$20 billion</li> <li>3. \$30 billion</li> <li>4. \$40 billion</li> <li>5. \$50 billion</li> </ol>
<b>Event Claim</b>	At least one Event Claim will exist for each Loss Trigger Product. The Exchange may list additional Event Claims for any Loss Trigger Products.
<b>Eligible Event</b>	A ‘U.S. Tropical Wind Event’ occurring in or affecting the 50 states of the United States, Washington D.C., Puerto Rico or the U.S. Virgin Islands (the United States Covered Territory) which has a Date of Loss falling within the Contract Risk Period for the applicable contract. See the CCFE rulebook for definition of ‘U.S. Wind Event’.
<b>First Trading Day</b>	An annual December contract will be listed on the first business day of the preceding year of the applicable contract year. (December 2009 contract is listed on the first business day of 2008.)
<b>Last Trading Day</b>	The scheduled last trading day for any listed contract is the last trading day of the 18th



	calendar month following the end of the Contract Risk Period for the listed contract. CCFE may declare a Last Trading Day for a listed contract earlier than the scheduled Last Trading Day in circumstances, as specified in the CCFE Rulebook.
<b>Cash Settlement</b>	Positions at each Loss Trigger Level of each Event Claim are cash settled at Contract Expiration at an index value of either one hundred (100.00) if a Covered Event has been associated therewith, or zero (-0-) if no Covered event has been associated therewith.
<b>Price Limits</b>	No daily price limits
<b>Reportable Position Limits</b>	25 contracts
<b>Annual Contract Speculative Position Limits</b>	4,000 contracts, all Loss Trigger Products combined in a single Listed Contract

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.