



Chicago Climate Exchange®

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April 30, 2009

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

O.F.T.O.
OFFICE OF THE SECRETARIAT
MAY 1
2009 9 01

Re: Chicago Climate Futures Exchange, LLC
Submission No. 09-10

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 Chapters 30 and 31 to modify the contract specifications for California Climate Action Registry - Climate Reserve Tonnes futures contracts and Options on California Climate Action Registry - Climate Reserve Tonnes Futures contracts.

CCFE intends to make these amendments effective as of Monday, May 4, 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 Chapters 30 and 31 and revised contract specifications for the California Climate Action Registry - Climate Reserve Tonnes futures contracts and Options on California Climate Action Registry - Climate Reserve Tonnes Futures contracts are attached hereto.

Should you require additional information regarding this submission, please contact me at 312.229.5163. Please reference our submission number 09-10 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 Hultquist
Irina Leonova

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CHAPTER 30
CALIFORNIA CLIMATE ACTION REGISTRY
- CLIMATE RESERVE TONNES FUTURES
CONTRACT SPECIFICATIONS

3001. Scope of Chapter

This Chapter applies to trading in the California Climate Action Registry – ~~Climate Reserve Tons~~ CLIMATE RESERVE TONNES™ (“CCAR-CRT™”) futures contract. 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.

3002. Eligibility

Clearing members and Trading Privilege Holders trading in California Climate Action Registry – ~~Climate Reserve Tons~~ CLIMATE RESERVE TONNES futures contracts must have an account established with the Climate Action Reserve (“CAR”) tracking registry.

3003. Contract Specifications

(a) *Contract Value.* The contract size for a CCAR-CRT futures contract is equal to 1,000 ~~Climate Reserve Tons~~ CLIMATE RESERVE TONNES (“CRT™”) representing 1,000 metric tons of carbon dioxide equivalent of greenhouse gas (GHG) emission offsets registered and approved by the Climate Action Reserve, the national offsets program of the California Climate Action Registry (CCAR).

(b) *Schedule.*

(i) Standard-cycle Contract Listing (“Contract”). The Exchange may list for trading consecutive yearly contracts on December cycle for 10 consecutive years.

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

(ii) The trading hours for the CCAR-CRT Contract shall be determined by the Exchange from time to time.

(c) *Products.* Not applicable

(d) *Termination of Trading (Contract Expiration).* A Contract expires on the last business day of the expiration month.

(e) *New Contract Listing.* A new standard-cycle Contract will be listed on the first business day following an expiration of a standard-cycle contract.

(f) *Minimum Tick Increment.* The minimum tick increment is \$0.01 per CRT, which is equal to \$10.00 per contract.

(g) *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 CCAR-CRT Contracts at the close of trading on any trading day equal to or in excess of 25 contracts net long or short.

If one (1) contract month has a reportable position, all CCAR-CRT positions must be reported.

(h) *Position Limits.* A person may not own or control more than 100 contracts, equivalent to 100,000 CRTs, on a net-futures equivalent basis for CCAR-CRT futures and CCAR-CRT options on futures 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(f).

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.

(i) *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 positions in the Contracts shall be subject to such government orders.

(j) *Daily Price Limits.* None

(k) *Exchange of Future for Physical.* There is no minimum size for an Exchange of Future for Physical transaction with respect to CCAR-CRT 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.

(l) *Block Trades.* Pursuant to Rule 412(a)(i), the minimum Block Trade quantity for the CCAR-CRT 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 CCAR-CRT 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. The Block Trade must meet all requirements of, and must be reported to the Exchange in accordance with, Rule 412.

3004. Settlement Price Calculations

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:
 - (v) the volume weighted average of the last two trade prices, rounded to the nearest tick;
 - (vi) the mid-point between the best bid and offer (volume weighted) in the pre-close, rounded to the nearest tick;
 - (vii) spread price relationships; and
 - (viii) time value between the contract months.
- (d) The Exchange reserves the right to take into account other factors in determining settlement prices.

3005. Deliverable Instruments

CRTs equal to the contract size. CRTs acceptable for delivery are those having a vintage of 2008 or later.

3006. Delivery Procedures

(a) Delivery is a three day process consisting of Position Day, Notice Day, and Delivery Day occurring over three consecutive Business Days.

(i) Position Day. The first Business Day following a CCAR-CRT futures contract's expiration day is the day that Clearing Members must report their long futures positions and tender delivery notices to the Clearing Service Provider.

(ii) Notice Day. On the Business Day after the Position Day, the Clearing Service Provider will make the appropriate delivery assignments. The seller Clearing Member must provide to the buyer Clearing Member(s) a description of the underlying CRTs to be delivered. The buyer Clearing Member(s) provides

CAR account information to the seller Clearing Member. The information exchange is to be completed by 4:00 p.m. U.S. Central Time. The seller Clearing Member must ensure the appropriate CRTs are on deposit in its or its customer's CAR account by 5:00 p.m. U.S. Central Time.

(iii) Delivery Day. CCFE Clearing Service Provider will issue payment instructions to the respective buyer clearing member for the full contract value based upon the expiration day's settlement price in a means and manner prescribed by the Clearing Service Provider. By 3:00 p.m. U.S. Central Time, the Seller Clearing Member must ensure that it or its customer has electronically submitted the CRT instrument transfer instructions via the CAR system.

(b) Payment. The Clearing Service Provider will release the delivery proceeds to the Seller Clearing Member upon receipt of the "CCFE Receipt of Delivery Confirmation" from the buying Clearing Member.

3007. Validity of Documents

The Exchange makes no representation regarding the authenticity, validity or accuracy of any delivery tender notice, description of underlying CRT transfer instructions, CRT confirmation of transfer or other document or instrument delivered pursuant to these rules.

3008. Service Marks of California Climate Action Reserve

CLIMATE RESERVE TONNESTM and CRTTM are certification marks of the Climate Action Reserve and the Reserve is not affiliated with, and has not sponsored, endorsed or approved the products or services of CCFE.

CHAPTER 31
OPTIONS ON CALIFORNIA CLIMATE ACTION REGISTRY
- CLIMATE RESERVE TONNES FUTURES
CONTRACT SPECIFICATIONS

3101. Scope of Chapter

This Chapter applies to trading in Options on California Climate Action Registry – ~~Climate Reserve Tons~~ CLIMATE RESERVE TONNES™ (“CCAR-CRT™”) futures contracts. 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.

3102. Eligibility

In order to make or take delivery of ~~Climate Reserve Tons~~ CLIMATE RESERVE TONNES resulting from the exercise of CCAR-CRT options, Clearing Members, Trading Privilege Holders, and other market participants must open and maintain an account in the Climate Action Reserve tracking registry.

3103. Contract Specifications

(a) *Contract size.* The contract size for the Options calls or puts on the CCAR-CRT futures contract is one (1) CCAR-CRT futures contract which is equivalent to 1,000 ~~Climate Reserve Tons~~ CLIMATE RESERVE TONNES.

(b) *Schedule.*

(i) Standard-cycle Contract Listing: The Exchange may list for trading up to ten consecutive yearly contract months on the December cycle.

(ii) CCFE may list any other contracts off the standard-cycle listing schedule to the last listed December contract

(iii) The trading hours for the Options on CCAR-CRT futures contract shall be determined by the Exchange from time to time.

(c) *Termination of Trading (Contract Expiration).* The last day of trading is the second business day prior to the last trading day for the expiring underlying CCAR-CRT futures contract.

(d) *New Contract Listing.* The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.

(e) *Minimum Tick Increment.* The minimum tick increment of the Options on CCAR-CRT futures contract is \$0.01 per Climate Reserve Ton, which is equal to \$10.00 per contract.

(f) *Strike Prices.* Call and Put options based on up to seventy-three strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$0.25 increments with up to 24 listed below the at-the-money strike price and up to 48 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.

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

(g) *Exercise.* Options on CCAR-CRT futures contracts will have a European style exercise after the close of trading on the last trade day. Option exercise results in an underlying CCAR-CRT futures contract position in the related contract month. The exercise of a Call option will result in the buyer receiving a long position in the underlying CCAR-CRT futures contract and the seller receiving a short position in the underlying CCAR-CRT futures contract. The exercise of a Put option will result in the buyer receiving a short position in the underlying CCAR-CRT 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 CCAR-CRT futures products at the close of trading on any trading day 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 100 contracts, equivalent to 100,000 CLIMATE RESERVE TONNES~~Climate Reserve Tons~~ 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 CCAR-CRT 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 CCAR-CRT 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

3103. Service Marks of Climate Action Reserve

CLIMATE RESERVE TONNES™ and CRT™ are certification marks of the Climate Action Reserve and the Reserve is not affiliated with, and has not sponsored, endorsed or approved the products or services of CCFE.



**Chicago Climate Futures Exchange, LLC
California Climate Action Registry –
CLIMATE RESERVE TONNES™ Futures**

Contract Size	1,000 CLIMATE RESERVE TONNES™ (CRT™), where one CRT is equal to one metric ton CO ₂ equivalent of greenhouse gas (GHG) emission offsets registered and approved by the Climate Action Reserve, the national offsets program of the California Climate Action Registry (CCAR).
Quotation	U.S. dollars / CRT
Minimum Tick Increment	\$0.01 per CRT = \$10.00 per contract
Symbol	CCAR-CRT
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Contract Listing Cycle	Consecutive yearly contracts on December cycle for 10 consecutive years. CCFE may list any other contracts off the standard-cycle listing schedule to the last listed December contract.
Products	Not applicable
Deliverable Instruments	The deliverable instruments are CRTs having a vintage of 2008 or later and equal to the contract size delivered through the Climate Action Reserve tracking registry.
First Trading Day	The first trading day of a standard-cycle contract is the first business day following an expiration day of a standard-cycle contract.
Last Trading Day	The last trading day of a contract is the last business day of the expiration month.
Physical Delivery Process	<p>Clearing participants and parties trading the market must have established accounts in the designated Climate Action Reserve tracking registry.</p> <p><i>CRT Eligible Electronic Registry Delivery Procedures</i> Delivery is based on open positions after the contract's expiration. Delivery is a three Business Day process consisting of Position Day, Notice Day, and Delivery Day.</p> <p><i>Position Day</i> The first Business Day following a CRT futures contract's expiration day is the day that Clearing Members must report their long futures positions and tender delivery notices to the Clearing Service Provider.</p> <p><i>Notice Day</i> On the Business Day after the Position Day, the Clearing Service Provider will make the appropriate delivery assignments. The seller Clearing Member must provide to the buyer Clearing Member(s) a description of the underlying CRTs to be delivered. The buyer Clearing Member(s) provides account information to the seller Clearing Member(s). The information exchange is to be completed by 4:00p.m. U.S. Central Time. The seller Clearing Member must ensure the appropriate CRTs are on deposit in its designated Climate Action Reserve registry account by 5:00p.m. U.S. Central Time.</p>

	<p><i>Delivery Day</i> The CCFE Clearing Service Provider will issue payment instructions to the respective buyer Clearing Member for the full contract value based upon the expiration day's settlement price in a means and manner prescribed by the Clearing Service Provider. By 3:00 p.m. U.S. Central Time, the seller Clearing Member shall ensure that it or its customer has electronically submitted the transfer instructions to the Climate Action Reserve Registry.</p> <p><i>Payment</i> The Clearing Service Provider will release the delivery proceeds to the seller Clearing Member upon receipt of the "CCFE Receipt of Delivery Confirmation" from the buyer Clearing Member.</p>
Price Limits	No daily price limits.
Reportable Position Limits	25 contracts, equivalent to 25,000 CRTs.
Nearby Expiration Month Speculative Position Limits	100 contracts, equivalent to 100,000 CRTs per each expiring product.
Minimum Block Size	10 contracts

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.

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**Chicago Climate Futures Exchange, LLC
California Climate Action Registry – CLIMATE RESERVE TONNES™
Options on Futures Contract Specifications**

Contract Size	One CCFE California Climate Action Registry – CLIMATE RESERVE TONNES futures contract (of a specified contract month)
Quotation	US dollars / metric ton CO ₂
Minimum Tick Increment	\$0.01 per metric ton = \$10.00 per contract
Symbols	CCAR-CRTC, CCAR-CRTP
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Strike Price Intervals	Call and Put options based on seventy-three strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$0.25 increments with 24 listed below the at-the-money strike price and 48 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 Month	Consecutive year contracts on the December cycle for 10 consecutive years.
First Trading Day	A new contract month will listed on the same business day as a new contract listing for the underlying California Climate Action Registry – Climate Reserve Tonnes futures contract.
Last Trading Day	The last day of trading is the second business day prior to the last trading day for the expiring underlying 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 Clearing Service Provider (“CSP”) not to exercise an in-the-money option by the expiration deadline. (Instructions may also be provided to the CCFE CSP’s clearing system to exercise an out-of-the money option.)
Expiration	Unexercised CCFE CCAR-CRT™ options shall expire at 5:00 p.m. 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	100 contracts on a net futures-equivalent basis.
Minimum Block Size	10 contracts

Effective May 4, 2009

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.

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