



Chicago Climate Exchange®

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May 25, 2010

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. 10-02

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 Rule 3805 to clarify the delivery procedures for its Carbon Financial Instrument United States (CFI-US) futures contract. CCFE intends to make these amendments effective as of May 27, 2010.

Attached hereto please find a marked copy of revised Rule 3805 and revised contract specifications for CFI-US futures contracts.

Should you require additional information regarding this submission, please contact me at 312.229.5163. Please reference our submission number 10-02 in any related correspondence.

Very truly yours,

Eric J. Nield
Senior Vice President & General Counsel

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cc: Riva Adriance
Tom Leahy
Jon Hultquist
Irina Leonova

www.chicagoclimatexchange.com

3805. Delivery Procedures

CCFE will determine on an ongoing basis which registry accounts are appropriate as additional registries become allowable for CFI-US futures delivery process.

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 CFI-US futures contract's expiration day is the day that Clearing Members must report their long futures positions to the Clearing Service Provider as of the close of the expiration day.

(ii) *Notice Day.* On the Business Day after 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 CFI-US instruments to be delivered. The buyer Clearing Member(s) must provide corresponding registry account information to the seller Clearing Member. The information exchange must be completed by 12:00 p.m. U.S. Central Time on Notice Day.

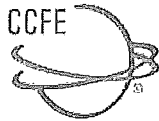
The seller Clearing Member must submit all delivery instructions to the Exchange in a form and manner prescribed by the Exchange by 3:00 p.m. (Central time) on Notice Day. The seller Clearing Member must ensure that the appropriate CFI-US instruments are on deposit in its or its customer's designated registry account by 5:00 p.m. U.S. Central Time on the Notice Day.

~~The Clearing Service Provider shall issue payment instructions to the respective buyer Clearing Member(s) for the full contract value based upon the expiration day settlement price in a means and manner prescribed by the Clearing Service Provider.~~

(iii) *Delivery Day.* ~~The seller Clearing Member must ensure that the appropriate CFI-US instruments are on deposit in its or its customer's designated registry account by 5:00 p.m. U.S. Central Time on the Notice Day.~~ The 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 it prescribes. The seller Clearing Member must forward the confirmation of the underlying CFI-US instrument transfer to the Clearing Service Provider in a means and manner as prescribed by the Clearing Service Provider.

(iv) *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 buyer Clearing Member.

Additional delivery procedures will be codified as appropriate.



Chicago Climate Futures Exchange

**Chicago Climate Futures Exchange, LLC
Carbon Financial Instrument United States Futures
Contract Specifications**

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| Contract Size | 1,000 metric tons of carbon dioxide equivalent |
| Quotation | U.S. dollars |
| Minimum Tick Increment | \$0.01 per metric ton = \$10 per contract |
| Symbol | CFI-US |
| Trading Hours | 7:00 a.m. – 3:00 p.m. Central Time. |
| Contract Listing Cycle | <p>1. Initial listings will be a January 2013 expiration contract, and annual December expiration contracts 2010 through 2015.</p> <p>2. Other annual, quarterly or monthly contract months will be listed as determined by CCFE</p> |
| Deliverable Instruments | <p>a. If a mandatory greenhouse gas (“GHG”) limitation and trading program has been enacted into U.S. law, deliverable instruments are allowances usable for compliance obligations pursuant to the U.S. government mandated GHG limitation and trading program as follows:</p> <p>Allowances from the registry of the U.S. Government-appointed program administrator (for example, the U.S. EPA) equal to 1,000 metric tons CO₂ equivalent.</p> <p>For CFI-US futures contracts that expire in years prior to the first compliance year of the U.S. mandatory GHG limitation and trading program, the deliverable vintage allowances are those usable for compliance in the first compliance year under the U.S. mandatory program.</p> <p>For CFI-US futures contracts that expire during the first compliance year or during years subsequent to the first compliance year of the U.S. mandatory GHG limitation and trading program, vintages allowed for delivery are all vintage instruments usable for compliance in the year of futures contract expiration.</p> <p>Allowances from any other U.S. Government-approved registry, which may include but may not be limited to Carbon Financial Instrument contracts from the Chicago Climate Exchange Registry, or from any other U.S. Government-approved registry, may be delivered against CFI-US futures contracts provided they are tendered in amounts that are recognized for compliance use under the U.S. Government program as equivalent to 1,000 metric ton CO₂ of compliance obligations under the U.S. Government GHG limitation and trading program. Such tendered allowances must have the exact compliance status as U.S. Government allowances. Additionally, tradable GHG instruments issued under a mandatory program that may be designated as an</p> |

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| | <p>“allowance”, but are issued on the basis of greenhouse gas mitigation realized by a facility or activity that is not itself covered or otherwise subject to emission limits under the U.S. Government GHG limitation and trading program, shall be ineligible for delivery. All deliveries must conform with the vintage rules as provided in CCFE Rule 3804 a.i.</p> <p>b. If a registry of a U.S. Government-appointed program administrator or any other U.S.-approved registry is not yet operational and capable of delivering U.S. compliant allowances at a CFI-US futures contract expiration, all open positions in the expiring futures contract will roll forward one (1) calendar year based on a value determined by multiplying the final settlement price of the expired contract times the sum of one (1) plus the interest rate on 12-month U.S. Treasury notes that is prevailing at the time of contract expiration.</p> <p>c. For contracts with an expiration prior to enactment of a law that establishes a mandatory U.S. Government GHG limitation and trading program, the allowances acceptable for delivery are, at the option of the seller, European Union Emission Allowances (“EUAs”), Regional Greenhouse Gas Emission Allowances (“RGGI allowances”), or allowances issued under any mandatory U.S. state or regional greenhouse gas limitation and trading system that has emission limits that apply to emissions occurring during the year of contract expiration and meet the requirements of CCFE Rule 3804 a.ii. All deliveries must occur in amounts equal to the contract size. EUAs, RGGI allowances or other eligible allowances that are acceptable for delivery are those having a vintage corresponding to the calendar year of the expired contract or a vintage year that is earlier than the calendar year of the expired contract. The EUA 2008 vintage is the earliest EUA vintage eligible for delivery.</p> |
| First Trading Day | The first trading day is the first business day following an expiration day of a contract. |
| Last Trading Day | The last day of trading of a contract is the last business day of the expiration month. |
| Delivery Process | <p>CCFE will determine on an ongoing basis which registry accounts are appropriate as additional registries become allowable for CFI-US futures delivery process.</p> <p>Delivery is a three day process consisting of Position Day, Notice Day, and Delivery Day occurring over three consecutive business days.</p> <p>Position Day The first Business Day following a CFI-US futures contract’s expiration day is the day that Clearing Members must report their long futures positions to the Clearing Service Provider as of the close of the expiration day.</p> <p>Notice Day. On the Business Day after 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 CFI-US instruments to be delivered. The buyer Clearing Member(s) must provide corresponding registry account information to the seller Clearing Member. The information exchange must be completed by 12:00 p.m. U.S. Central Time on Notice Day.</p> <p>The seller Clearing Member must submit all delivery instructions to the Exchange in a form and manner prescribed by the Exchange by 3:00 p.m. (Central time) on Notice Day. The seller Clearing Member must ensure that the appropriate CFI-US instruments are on deposit in its or its customer’s designated registry account by 5:00 p.m. U.S. Central Time on the Notice Day.</p> <p>Delivery Day. The 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 it prescribes. The seller Clearing Member</p> |

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| | <p>must forward the confirmation of the underlying CFI-US instrument transfer to the Clearing Service Provider in a means and manner as prescribed by the Clearing Service Provider.</p> <p>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 buyer Clearing Member.</p> <p>Additional delivery procedures will be codified as appropriate.</p> |
| Price Limits | No daily price limits |
| Reportable Position Limits | 25 contracts |
| Nearby Expiration Month Speculative Position Limits | 1,000 contracts |
| Block Trade Minimum 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.