



Chicago Climate Exchange®

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August 19, 2009

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

2009 AUG 20 AM 9 14
C.F.T.C.
OFFICE OF THE SECRETARIAT

Re: Chicago Climate Futures Exchange, LLC
Submission No. 09-20

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 32 and 34 to clarify contract specifications regarding the deliverable instrument for Massachusetts Compliance Renewable Energy Certificate ("REC MA") futures contracts and Connecticut Compliance Renewable Energy Certificate ("REC CT") futures contracts.

CCFE intends to make these amendments effective as of Friday, August 21, 2009. The Exchange certifies that these amendments neither violate nor are inconsistent with any portion of the Act or of the rules thereunder.

Marked copies of the amended Chapters 32 and 34 and revised contract specifications for the REC MA and REC CT 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 09-20 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

www.chicagoclimateexchange.com

CHAPTER 32
MASSACHUSETTS COMPLIANCE RENEWABLE ENERGY
CERTIFICATE FUTURES
CONTRACT SPECIFICATIONS

3201. Scope of Chapter

This Chapter applies to trading in the Massachusetts Compliance Renewable Energy Certificates futures contract ("REC MA"). 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.

3202. Eligibility

Clearing Members and Trading Privilege Holders trading in REC MA futures contracts must have an account established with New England Power Pool Generation Information System (NEPOOL GIS).

3203. Contract Specifications

(a) *Contract Value.* The contract size for a REC MA futures contract is equal to 100 megawatt hours ("MWh") of renewable energy certificates ("REC") where a REC is a certificate representing one MWh of renewable energy classified as "Class I" (defined in Massachusetts General Law c.25A, 11F(c)) eligible to meet Class I requirement of the Renewable Energy portfolio Standard promulgated under Massachusetts General law c. 25A 11F.

(b) *Schedule.*

(i) Standard-cycle Contract Listing ("Contract"). The Exchange may list for trading consecutive quarterly contracts on January, April, July, October cycle for the current year and forward 5 consecutive years.

(ii) The trading hours for the REC MA futures 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 MWh, which is equal to \$1.00 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 REC MA 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 Contract's positions must be reported.

(h) *Position Limits.* A person may not own or control more than 1000 contracts, equivalent to 100,000 RECs, on a net-futures equivalent basis for REC MA futures and REC MA 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 REC MA 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 REC MA 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 REC MA 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.

3204. 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.

3205. Deliverable Instruments

RECs eligible for delivery are those RECs representing defined as-Class 1 renewable energy (defined in Massachusetts General Law c.25A, 11F(c)) eligible to meet the Class 1 requirement of RECs pursuant to the Renewable Energy Portfolio Standard promulgated under Massachusetts General Law c. 25A 11F and issued by NEPOOL GIS.

- (a) Applicable for the July and October contract expirations, RECs acceptable for delivery are those having been generated during the calendar year of the expiring contract.
- (b) Applicable for the January and April contract expirations, RECs acceptable for delivery are those having been generated during the calendar year prior to the year of the expiring contract.

3206. 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 REC MA 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(s) must provide to the buyer Clearing Member(s) a description of the underlying RECs to be delivered. The buyer Clearing Member(s) provides NEPOOL GIS 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(s) must ensure the appropriate RECs are on deposit in its or its customer's (NEPOOL GIS) account by 5:00 p.m. U.S. Central Time.

(iii) Delivery Day. The Clearing Service Provider will issue payment instructions to the respective buyer Clearing Member(s) 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(s) must ensure that it or its customer has electronically submitted the REC electronic tracking system transfer instructions.

(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.

3208. Validity of Documents

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

CHAPTER 34
CONNECTICUT COMPLIANCE RENEWABLE ENERGY
CERTIFICATE FUTURES CONTRACT SPECIFICATIONS

3401. Scope of Chapter

This Chapter applies to trading in the Connecticut Compliance Renewable Energy Certificates futures contract ("REC CT"). 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.

3402. Eligibility

Clearing Members and Trading Privilege Holders trading in REC CT futures contracts must have an account established with New England Power Pool Generation Information System (NEPOOL GIS).

3403. Contract Specifications

(a) *Contract Value.* The contract size for a REC CT futures contract is equal to 100 megawatt hours ("MWh") of renewable energy certificates ("REC") where a REC is a certificate ~~represents~~ representing one MWh of renewable energy classified as a "Class I" (defined in General Statutes of Connecticut Title 16, c.277, §16-1 (26)) eligible to meet to meet Class I requirement of the Renewable Energy Portfolio Standard pursuant to the Regulations of State Agencies Section 16-245a promulgated under General Statutes of Connecticut (Title 16, c. 283, §16-245a) and issued by the New England Power Pool Generation Information System (NEPOOL GIS).

(b) *Schedule.*

(i) Standard-cycle Contract Listing ("Contract"). The Exchange may list for trading consecutive quarterly contracts on January, April, July, October cycle for the current year and forward 5 consecutive years.

(ii) The trading hours for the REC CT futures contract shall be determined by the Exchange from time to time.

(c) *Products.* – RECs eligible to satisfy the Class 1 obligation

(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 MWh, which is equal to \$1.00 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 REC CT 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 Contract's positions must be reported.

(h) *Position Limits.* A person may not own or control more than 1000 contracts, equivalent to 100,000 RECs, on a net-futures equivalent basis for REC CT futures and REC CT 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 REC CT 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 REC CT 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 REC CT 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.

3404. 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.

3405. Deliverable Instruments

RECs eligible for delivery are those defined as RECs representing Class I renewable energy (defined in General Statutes of Connecticut, Title 16, c. 277, §16-1(26)) eligible to meet the Class I requirement of Renewable Energy Portfolio Standard pursuant to the Regulations of State Agencies Section 16-245a General Statutes of Connecticut (7.4.16. c. 283 §16-245a) and issued by NEPOOL GIS.

(a) Applicable for the January and April contract expirations, RECs acceptable for delivery are those having been generated during the calendar year prior to the year of the expiring contract and the first three months of the calendar year of the expiring contract.

(b) Applicable for the July and October contract expirations, RECs acceptable for delivery are those having been generated during the calendar year of the expiring contract.

3406. 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 REC CT 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(s) must provide to the buyer Clearing Member(s) a description of the underlying RECs to be delivered. The buyer Clearing Member(s) provides NEPOOL GIS 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(s) must ensure the appropriate RECs are on deposit in its or its customer's (NEPOOL GIS) account by 5:00 p.m. U.S. Central Time.

(iii) *Delivery Day.* The Clearing Service Provider will issue payment instructions to the respective buyer Clearing Member(s) 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(s) must ensure that it or its customer has electronically submitted the REC electronic tracking system transfer instructions.

(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.

3408. Validity of Documents

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



Chicago Climate Futures Exchange

Pending Self-Certification with the CFTC

**Chicago Climate Futures Exchange, LLC
Massachusetts Compliance Renewable Energy Certificates Futures**

Contract Size	100 megawatt hours ("MWh") of renewable energy certificates ("REC") where a REC is a certificate representing one MWh of renewable energy classified as "Class I" (defined in Massachusetts General Law c.25A, 11F(c)) eligible to meet Class I requirement of the Renewable Energy portfolio Standard promulgated under Massachusetts General law c. 25A 11F.
Quotation	U.S. dollars / MWh
Minimum Tick Increment	\$0.01 per MWh allowance = \$1.00 per contract
Symbol	REC MA
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Delivery Months	Quarterly contracts on a January, April, July, October cycle for the current year and forward for 5 consecutive years.
Products	Not applicable
Deliverable Instruments	<p>RECs eligible for delivery are those RECs representing Class 1 renewable energy (defined in Massachusetts General Law c.25A, 11F(c)) eligible to meet the Class I requirement of the Renewable Energy Portfolio Standard promulgated under Massachusetts General Law c. 25A 11F and issued by NEPOOL GIS.</p> <p>Applicable for the January and April contract expirations, RECs acceptable for delivery are those having been generated during the calendar year prior to the year of the expiring contract.</p> <p>Applicable for the July and October contract expirations, RECs acceptable for delivery are those having been generated during the calendar year of the expiring contract.</p>
First Trading Day	The first trading day of a standard-cycle contract is the first business day following an expiration day of 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>Delivery shall take place in the New England Power Pool Generation Information System (NEPOOL GIS). Clearing participants and parties trading the market must have accounts established with the NEPOOL GIS.</p> <p><i>Electronic Tracking System Delivery Procedures</i> Delivery is based on open positions after the contract's expiration. 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 the 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>Notice Day On the Business Day after the Position Day, the Clearing Service Provider will make the appropriate delivery assignments. The seller Clearing Member(s) must provide to the buyer Clearing Member(s) a description of the underlying RECs to be delivered. The buyer Clearing Member(s) provides NEPOOL 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(s) must ensure the appropriate RECs are on deposit in its or its customer's (NEPOOL) account by 5:00 p.m. U.S. Central Time.</p> <p>Delivery Day Delivery Day is the third business day following the contract's expiration.</p> <p>The Clearing Service Provider will issue payment instructions to the respective buyer Clearing Member(s) 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(s) must ensure that it or its customer has electronically submitted the REC electronic tracking system transfer instructions.</p> <p>Payment The Clearing Service Provider will release the delivery proceeds to the seller Clearing Member(s) upon receipt of the "CCFE Receipt of Delivery Confirmation" from the buying Clearing Member(s).</p>
Price Limits	No daily price limits.
Reportable Position Limits	25 contracts, equivalent to 2,500 RECs.
Nearby Expiration Month Speculative Position Limits	1000 contracts, equivalent to 100,000 RECs per expiring contract.
Block Trade Minimum Size	50 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.



Chicago Climate Futures Exchange

Pending Self-Certification with the CFTC

**Chicago Climate Futures Exchange, LLC
Connecticut Compliance Renewable Energy Certificates Futures**

Contract Size	100 megawatt hours ("MWh") of renewable energy certificates ("REC") where a REC is a certificate representing one MWh of renewable energy classified as a "Class I" (defined in General Statutes of Connecticut Title 16, c.277, §16-1 (26)) eligible to meet to meet Class I requirement of the Renewable Energy Portfolio Standard promulgated under General Statutes of Connecticut (Title 16, c. 283, §16-245a) and issued by the New England Power Pool Generation Information System (NEPOOL GIS).
Quotation	U.S. dollars / MWh
Minimum Tick Increment	\$0.01 per MWh allowance = \$1.00 per contract
Symbol	REC CT
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Delivery Months	Quarterly contracts on a January, April, July, October cycle for the current year and forward for 5 consecutive years.
Products	Not applicable
Deliverable Instruments	<p>RECs eligible for delivery are those RECs representing Class 1 renewable energy (defined in General Statues of Connecticut, Title 16, c. 277, §16-1(26)) eligible to meet Class I requirement of the Renewable Energy Portfolio Standard promulgated under General Statutes of Connecticut (Title 16, c. 283, §16-245a) and issued by NEPOOL GIS.</p> <p>Applicable for the January and April contract expirations, RECs acceptable for delivery are those having been generated during the calendar year prior to the year of the expiring contract and the first three months of the calendar year of the expiring contract.</p> <p>Applicable for the July and October contract expirations, RECs acceptable for delivery are those having been generated during the calendar year of the expiring contract.</p>
First Trading Day	The first trading day of a standard-cycle contract is the first business day following an expiration day of 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>Delivery shall take place in the New England Power Pool Generation Information System (NEPOOL GIS). Clearing participants and parties trading the market must have accounts established with the NEPOOL GIS.</p> <p><i>Electronic Tracking System Delivery Procedures</i> Delivery is based on open positions after the contract's expiration. Delivery is a three day process consisting of Position Day, Notice Day, and Delivery Day occurring over</p>

	<p>three consecutive business days.</p> <p>Position Day The first business day following the 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>Notice Day On the Business Day after the Position Day, the Clearing Service Provider will make the appropriate delivery assignments. The seller Clearing Member(s) must provide to the buyer Clearing Member(s) a description of the underlying RECs to be delivered. The buyer Clearing Member(s) provides NEPOOL 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(s) must ensure the appropriate RECs are on deposit in its or its customer's NEPOOL account by 5:00 p.m. U.S. Central Time.</p> <p>Delivery Day Delivery Day is the third business day following the contract's expiration.</p> <p>The Clearing Service Provider will issue payment instructions to the respective buyer Clearing Member(s) 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(s) must ensure that it or its customer has electronically submitted the REC electronic tracking system transfer instructions.</p> <p>Payment The Clearing Service Provider will release the delivery proceeds to the seller Clearing Member(s) upon receipt of the "CCFE Receipt of Delivery Confirmation" from the buying Clearing Member(s).</p>
Price Limits	No daily price limits
Reportable Position Limits	25 contracts, equivalent to 2,500 RECs
Nearby Expiration Month Speculative Position Limits	1000 contracts, equivalent to 100,000 RECs per expiring contract
Block Trade Minimum Size	50 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.

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