



Chicago Climate Exchange®

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September 5, 2008

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

Re: **Chicago Climate Futures Exchange, LLC
Submission No. 08-20**

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SECRETARIAT

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act") and Parts 40.2 and 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 the Rulebook to add new Chapter 28 regarding contract specifications for CCFE's new Regional Greenhouse Gas Initiative ("RGGI") Mid-Month Expiration options on futures contracts. The options on futures contracts will be listed for trading on the CCFE Trading Platform on September 9, 2008. These contracts are in addition to CCFE's other RGGI option on futures contracts which expire at month-end (see Chapter 27).

CCFE intends to make these amendments effective as of September 9, 2008. The Exchange certifies that these amendments neither violate nor are inconsistent with any portion of the Act or of the rules thereunder.

Attached hereto please find a copy of the new Chapter 28, Options on Regional Greenhouse Gas Initiative Futures Mid-Month Expiration Contract Specifications.

Should you require additional information regarding this submission, please contact me at 312.554.0812. Please reference our submission number 08-20 in any related correspondence.

Very truly yours,

Ann M. Cresce
Senior Vice President & General Counsel

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enc.

cc: Riva Adriance
Tom Leahy
Kevin Pepple

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CHAPTER 28
OPTIONS ON REGIONAL GREENHOUSE GAS INITIATIVE FUTURES
MID-MONTH EXPIRATION CONTRACT SPECIFICATIONS

2801. Scope of Chapter

This Chapter applies to trading in Options on Regional Greenhouse Gas Initiative (“RGGI”) Mid-Month Expiration futures contracts (“RGGI-MME options”). 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.

2802. Eligibility

In order to make or take delivery of RGGI CO₂ allowances resulting from the exercise or assignment of RGGI-MME options, Clearing Members, Trading Privilege Holders, and other market participants must have established RGGI CO₂ Allowances Tracking System (“RGGI-COATS”) accounts.

2803. Contract Specifications

(a) *Contract size.* The contract size for calls or puts on RGGI-MME options is one (1) RGGI futures contract which is equivalent to 1,000 RGGI CO₂ allowances.

(b) *Schedule.*

(i) Standard-cycle Contract Listing: The Exchange may list for trading up to sixteen consecutive quarterly contract months on the March quarterly cycle (March, June, September, December) as well as up to forty-eight consecutive monthly contracts and up to sixteen annual December contracts.

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

(iii) The trading hours for the RGGI-MME options contract shall be determined by the Exchange from time to time.

(c) *Termination of Trading (Contract Expiration).* The last day of trading of a contract is the 15th calendar day of the contract month. If the 15th calendar day is a non-business day, then the last trading day of the contract will be the first business day prior to the 15th calendar day.

(d) *New Contract Listing.* A new standard-cycle contract month will be listed on the first Business Day following an expiration day of standard-cycle contract.

(e) *Minimum Tick Increment.* The minimum tick increment of the RGGI-MME options contract is \$0.01 per RGGI CO₂ allowances, which is equal to \$10.00 per contract.

(f) *Strike Prices.* Call and put options based on up to twenty-five strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$0.50 increments with up to eight listed below the at-the-money strike price and up to sixteen 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.* RGGI-MME options will have a European style exercise after the close of trading on the last trade day. Option exercise results in an underlying RGGI 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 RGGI futures contract and the seller receiving a short position in the underlying RGGI futures contract. The exercise of a put option will result in the buyer receiving a short position in the underlying RGGI futures contract and the seller receiving a long position in the underlying RGGI futures contract.

Options on positions that are in-the-money at the close on the last day of trading are automatically exercised unless proper instructions not to exercise in-the-money options are provided and accepted by the Clearing Service Provider's clearing system by the Clearing Service Provider's expiration deadline.

Options on positions that are at or 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 provided to the Clearing Service Provider's clearing system.

(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 RGGI option 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 1,000 contracts, equivalent to 1,000,000 RGGI CO₂ allowances 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 RGGI-MME options 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 RGGI-MME options 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.



Chicago Climate Futures Exchange, LLC
Options on Regional Greenhouse Gas Initiative Futures Mid-Month Expiration
Contract Specifications

Contract Size	One CCFE Regional Greenhouse Gas Initiative futures contract (of a specified contract month and vintage)
Quotation	US dollars
Minimum Tick Increment	\$0.01 per RGGI CO ₂ allowance = \$10.00 per contract
Symbols	RGGI-MMC, RGGI-MMP
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Strike Price Intervals	Call and Put options based on up to twenty-five strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$0.50 increments with up to 8 listed below the at-the-money strike price and up to 16 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 Months	Standard-cycle contract listings: a. Up to 16 Consecutive Quarterly Contracts on a March, June, September, December cycle b. Up to 48 Consecutive Monthly Contracts c. Up to 12 Annual December Contracts
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 day of trading is the 15 th calendar day of the contract month. If the 15 th calendar day is a non-business day, then the last trading day of the contract will be the first business day prior to the 15 th calendar day.
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 options by the expiration deadline. (Instructions may also be provided to the CCFE CSP to exercise an out-of-the-money option.)
Expiration	Unexercised CCFE RGGI Mid-Month Expiration 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

Effective September 9, 2008

Reportable Position Limits	25 contracts gross in each option quadrant
Nearby Expiration Month Speculative Position Limits	1,000 contracts on a net futures-equivalent basis.
Block Trade Minimum	10 contracts, equivalent to 10,000 RGGI CO ₂ allowances per each expiring 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.