



Chicago Climate Exchange

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September 23, 2008

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

Re: **Chicago Climate Futures Exchange, LLC**  
**Submission No. 08-25**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act") and part 40.6(a)(2) and (3) of the regulations promulgated by the Commodity Futures Trading Commission ("CFTC") under the Act, Chicago Climate Futures Exchange, LLC ("CCFE") hereby notifies the CFTC of emergency action taken pursuant to CCFE Rule 415 Emergencies. The emergency action taken was the liquidation of proprietary positions held by Lehman Brothers, Inc. ("Lehman"), a clearing member of CCFE.

CCFE was informed by the Clearing Corporation ("CCORP") (CCFE's clearing services provider) in September 22, 2008 that Lehman did not meet the margin call issued by CCorp on Friday, September 19, 2008. CCorp declared Lehman to be in default and requested the liquidation of Lehman's positions held at CCFE. This liquidation was limited to proprietary accounts and CCFE was notified by counsel to Barclays ("Barclays") that Barclays acquired, among other assets, Lehman's customer futures business.

As discussed with Commission staff on Friday, September 19, 2008 in anticipation of such possible emergency action, CCFE implemented the emergency action as described below.

- CCFE management was in regular communications with Commission staff, Lehman back office staff and CCorp staff on Thursday September 18, 2008 and Friday, September 19, 2008, when it appeared an emergency situation may arise.
- CCFE notified Lehman of its intent to liquidate Lehman's positions in CCFE and of the procedures necessary for CCFE to do so.
- CCFE deactivated Lehman's user ID at IntercontinentalExchange ("ICE").
- ICE activated a user ID for CCFE for the purposes of this liquidation.
- CCFE's Senior Vice President of Market Operations and two representatives of CCorp's Risk Department began to initiate the trades to liquidate Lehman's proprietary positions on September 22, 2008. This activity has been conducted at CCFE offices and will continue in an orderly and fair manner until all such positions are liquidated.
- These transactions were entered onto CCFE's trading platform as directed by CCorp.

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SO2 146<sup>3</sup>+3, NOX 486<sup>3</sup>-2 VOC 1124+3<sup>1</sup>, PM10 4322-6<sup>1</sup>, CH4 128<sup>3</sup>+77<sup>1</sup>, N2O 1898<sup>3</sup>+77<sup>1</sup>, SF6 20000+800 CO2 6<sup>1</sup>+1, SO2 146<sup>3</sup>+3, NOX 486<sup>3</sup>-2 VOC 1124+3<sup>1</sup>, PM10 4322-6<sup>1</sup>, CH4 128<sup>3</sup>+77<sup>1</sup>, N2O 1898<sup>3</sup>+77<sup>1</sup>, SF6 200

Forests +75pts Biodiversity +210pts Climate Change -100pts Acid Rain -150pts Air Quality +45pts Weather +90pts Rainforests +75pts Biodiversity +210pts Climate Change -100pts Acid Rain -150pts Air Quality +45pts Weather



The decision to take emergency action was determined and implemented by CCFE senior management in consultation with Commission staff. Exchange staff is not permitted to trade in any futures or options on futures contracts traded on CCFE, therefore, no conflicts of interest existed or arose in the decision making process regarding this emergency action.

This emergency action will continue until all proprietary positions of Lehman have been liquidated. CCFE will keep Commission staff apprised of the status of this liquidation process.

CCFE certifies that the emergency action taken neither violates nor is inconsistent with any portion of the Act or of the rules thereunder.

Should you require additional information regarding this submission, please contact me at 312.554.0812. Please reference our submission number 08-25 in any related correspondence.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ann M. Cresce". The signature is fluid and cursive, with a large, stylized initial "A" and "C".

Ann M. Cresce  
Senior Vice President & General Counsel

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enc.

cc: Riva Adriance  
Rachel Berdansky  
Kevin Pepple

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