



Chicago Climate Exchange®

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September 30, 2009

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. 09-23**

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 39 regarding contract specifications for CCFE's new Options on Carbon Financial Instrument United States futures (CFI-US Options) contract. The futures contract will be listed for trading on Friday, October 2, 2009.

CCFE intends to make this amendment effective as of October 2, 2009. The Exchange certifies that this amendment neither violates nor is inconsistent with any portion of the Act or of the rules thereunder.

Attached hereto please find a copy of the new Chapter 39 and contract specifications for CFI-US Options contracts.

Should you require additional information regarding this submission, please contact me at 312.229.5163. Please reference our submission number 09-23 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 39**  
**OPTIONS ON CARBON FINANCIAL INSTRUMENT UNITED STATES**  
**FUTURES**  
**CONTRACT SPECIFICATIONS**

**3901. Scope of Chapter**

This Chapter applies to trading in options on Carbon Financial Instrument United States (“CFI-US”) futures contracts (“CFI-US 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.

**3902. Eligibility**

In order to make or take delivery of CFI-US futures resulting from the exercise or assignment of CFI-US options, Clearing Members, Trading Privilege Holders and other market participants must have appropriate registry accounts established prior to the expiration of any CFI-US futures contract.

**3903. Contract Specifications**

(a) *Contract size.* The contract size for calls or puts on CFI-US options is one (1) CFI-US futures contract which is 1,000 metric tons of carbon dioxide (CO<sub>2</sub>) equivalent.

(b) *Schedule.*

(i) Standard-cycle Contract Listing:

Initial listings will be a January 2013 expiration contract, and annual December expiration contracts 2011 through 2015.

(ii) The Exchange 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 CFI-US 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 second business day prior to the last trading day for the expiring CFI-US futures contract at the normal Trading Session closing time.

(d) *New Contract Listing.* A new standard-cycle contract month will be listed on the same Business Day as a new contract listing for the underlying CFI-US futures contract.

(e) *Minimum Tick Increment.* The minimum tick increment of the CFI-US options contract is 10.00 per contract (i.e., \$0.01 per metric ton of carbon dioxide).

(f) *Strike Prices.*

Call and put options based on twenty-five strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$1.00 increments with 8 listed below the at-the-money strike price and 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.

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

(g) *Exercise.* CFI-US options will have a European style exercise after the close of trading on the last trade day. Option exercise results in an underlying CFI-US 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 CFI-US futures contract and the seller receiving a short position in the underlying CFI-US futures contract. The exercise of a put option will result in the buyer receiving a short position in the underlying CFI-US futures contract and the seller receiving a long position in the underlying CFI-US 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 to 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.

(i) *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 CFI-US options 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.

(j) *Position Limits.* A person may not own or control more than 1,000 contracts on a net futures-equivalent basis in each nearby month expiring futures product, equivalent to 1000 CFI-US futures contracts (i.e., 1,000,000 metric tons of carbon dioxide). 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(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.

(k) *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.

(l) *Block Trades.* Block trades shall be executed pursuant to the requirements of Rule 412. The minimum Block Trade quantity for the CFI-US 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 CFI-US 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.

(m) *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

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

<b>Contract Size</b>	One CCFE Carbon Financial Instrument United States futures contract (of a specified contract month)
<b>Quotation</b>	US dollars / metric ton CO <sub>2</sub>
<b>Minimum Tick Increment</b>	\$0.01 per metric ton = \$10.00 per contract
<b>Symbol</b>	CFI-USC, CFI-USP
<b>Trading Hours</b>	7:00 a.m. – 3:00 p.m. Central Time
<b>Strike Price Intervals</b>	Call and put options based on twenty-five strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$1.00 increments with 8 listed below the at-the-money strike price and 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.
<b>Contract Listing Cycle</b>	<ol style="list-style-type: none"><li>1. Initial listings will be a January 2013 expiration contract, and annual December expiration contracts 2011 through 2015.</li><li>2. Other annual, quarterly or monthly contract months will be listed as determined by CCFE</li></ol>
<b>First Trading Day</b>	A new contract month will be listed on the same Business Day as a new contract listing for the underlying CFI-US futures contract.
<b>Last Trading Day</b>	The last day of trading is the second business day prior to the last trading day for the expiring underlying futures contract.
<b>Exercise</b>	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 System Provider (“CSP”) clearing system not to exercise an in-the-money options by the expiration deadline. (Instructions may also be input to the CCFE CSP’s clearing systems to exercise an out-of-the money option.)
<b>Expiration</b>	Unexercised CCFE CFI options shall expire at 5:00 p.m. on the last day of trading.
<b>Option Premium</b>	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’s procedures.
<b>Price Limits</b>	None
<b>Reportable Position Limits</b>	25 contracts gross in each option quadrant

Effective October 2, 2009

<b>Nearby Expiration Month Speculative Position Limits</b>	1,000 contracts on a net futures-equivalent basis.
<b>Block Trade Minimum</b>	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.