



Chicago Climate Exchange®

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November 18, 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. 09-29**

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 Chapters 40 and 41 regarding contract specifications for CCFE's new Carbon Financial Instrument United States Offset (CFI-US-O) futures and Carbon Financial Instrument EA (CFI-EA) futures contracts. The futures contract will be listed for trading on Friday, November 20, 2009.

CCFE intends to make these amendments effective as of November 20, 2009. 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 Chapters 40 and 41 and contract specifications for CFI-US-O and CFI-EA futures contracts.

Should you require additional information regarding this submission, please contact me at 312.229.5163. Please reference our submission number 09-29 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

C.F.T.C.  
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www.chicagoclimateexchange.com

**CHAPTER 40**  
**CARBON FINANCIAL INSTRUMENT UNITED STATES OFFSET**  
**FUTURES CONTRACT SPECIFICATIONS**

**4001. Scope of Chapter**

This Chapter applies to trading in the Carbon Financial Instrument United States Offset (“CFI-US-O”) futures contract. 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.

**4002. Eligibility**

In order to make or take delivery of CFI-US-O futures contracts, Clearing Members, Trading Privilege Holders and other market participants must have an established CCX Registry Account prior to the expiration of any CFI-US-O futures contract. Clearing Members may establish a CCX Registry Account(s) for market participants that are not members of the Chicago Climate Exchange (“non-CCX member”) for the sole purpose of making and taking delivery of CCX Carbon Financial Instrument (“CFI”) contracts against CFI-US-O futures contracts.

Clearing Members that establish CCX Registry Account(s) for non-CCX members will be responsible for maintaining accurate records of the CCX CFI contracts held in the Clearing Member’s CCX Registry Account(s) for each market participant. Delivery against a short CFI-US-O futures position may only be made from a Clearing Member CCX Registry Account to the extent of the CFI contracts held in the Registry Account for the market participant as of the expiration day of a CFI-US-O futures contract. CFI contracts held in a Clearing Member CCX Registry Account for non-CCX members may not be transferred to any other CCX Registry Account for any reason other than intended by this Rule, except as may be determined and approved by the Exchange in emergency situations.

A CCFE Clearing Member CCX Registry Account must be activated prior to the last trading day of a CCFE CFI-US-O futures contract. If a Registry Account has not been activated for a non-CCX member prior to the last trading day, the non-CCX member participant may not hold an expiring futures position at the close of the last trading day.

**4003. Contract Specifications**

(a) *Contract size.* The contract size for the CFI-US-O futures contract is 1000 metric tons of carbon dioxide (CO<sub>2</sub>) equivalent which is equal to ten CCX Carbon Financial Instrument contracts.

(b) *Schedule.*

- (i) The Exchange will initially list for trading March 2010 contracts. Thereafter, the Exchange may list annual and/or monthly contracts as may be determined by the Exchange.
- (ii) Subsequent to the initial listing, CCFE may list standard-cycle contract listings for contract months with expirations through 2015:
  - a. Six consecutive quarterly contracts on a March, June, September, December cycle;
  - b. Front three serial calendar months;
  - c. Annual December contracts through 2015; and
  - d. Other contract months as determined by CCFE
- (iii) The trading hours for the CFI-US-O 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 last Business Day of the expiration month at the normal Trading Session closing time.

(d) *Products.*

The Initial offering will be:

- Vintage 2008

Subsequent to the initial listing and within any listed contract, CCFE may offer one or more vintage specific products having different delivery specifications as follows:

- Vintage equal to the contract expiration year
- 1-Year Prior Vintage to the contract expiration year
- 2-Year Prior Vintage to the contract expiration year
- 3-Year Prior Vintage to the contract expiration year
- 4-Year Prior Vintage to the contract expiration year
- 5-Year Prior Vintage to the contract expiration year
- 6-Year Prior Vintage to the contract expiration year
- 7-Year Prior Vintage to the contract expiration year
- 8-Year Prior Vintage to the contract expiration year
- 9-Year Prior Vintage to the contract expiration year

(e) *New Contract Listing.* A new Contract will be listed on the first Business Day following an expiration of a contract.

(f) *Minimum Tick Increment.* The minimum tick increment is \$0.01 per metric ton of (CO<sub>2</sub>) equivalent, which is equal to \$10.00 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 CFI-US-O 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 months' positions must be reported.

(h) *Position Limits.* A person may not own or control more than 500 contracts, equivalent to 500,000 metric tons of (CO<sub>2</sub>) equivalent which is equal to 5,000 CCX Carbon Financial Instrument contracts on a net-futures equivalent basis 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 CFI-US-O 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 CFI-US-O 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-O 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.

#### **4004. 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:
  - (i) the volume weighted average of the last two trade prices, rounded to the nearest tick;
  - (ii) the mid-point between the best bid and offer in the pre-close, rounded to the nearest tick;
  - (iii) spread price relationships; and
  - (iv) time value between the contract months.
- (d) The Exchange reserves the right to consider other factors in determining settlement prices.

#### **4005. Deliverable Instruments**

All deliveries must occur in amounts equal to the contract size.

The deliverable instruments are Carbon Financial Instrument (“CFI”) offset contracts issued by Chicago Climate Exchange (CCX) to GHG mitigation projects located in the U.S.

CCX offset project types eligible for delivery are the following:

- Agricultural Methane Collection and Combustion
- Continuous Conservation Tillage and Conversion to Grassland Soil Carbon Sequestration
- Sustainably Managed Rangeland Soil Carbon Sequestration
- Forest Carbon Sequestration

Offsets that are acceptable for delivery are offsets having a vintage corresponding to the vintage of the contract.

#### **4006. Delivery Procedures**

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-O 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 the 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 CCX Carbon Financial Instruments to be delivered. The buyer Clearing Member(s) must provide the CCX Registry Account number information to the seller Clearing Member. This information exchange must be completed by 12:00 p.m. (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 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 the CCX Carbon Financial Instruments are on deposit in the delivery designated CCX Registry Account by the close of the Chicago Climate Exchange market on the Notice Day.

The Chicago Climate Exchange will effect the CFI-US-O futures delivery transfer instructions at the close of its market on the Delivery Day.

The Exchange will confirm to the Clearing Service Provider when all deliveries have been completed.

(iv) *Payment.* After receipt of the Exchange confirmation of deliveries, the Clearing Service Provider will release the delivery proceeds to the seller Clearing Member.

**CHAPTER 41**  
**CARBON FINANCIAL INSTRUMENT EA FUTURES CONTRACT**  
**SPECIFICATIONS**

**4101. Scope of Chapter**

This Chapter applies to trading in the Carbon Financial Instrument EA (“CFI-EA”) futures contract. 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.

**4102. Eligibility**

In order to make or take delivery of CFI-EA futures contracts, Clearing Members, Trading Privilege Holders and other market participants must have an established CCX Registry Account prior to the expiration of any CFI-EA futures contract. Clearing Members may establish a CCX Registry Account(s) for market participants that are not members of the Chicago Climate Exchange (“non-CCX member”) for the sole purpose of making and taking delivery of CCX Carbon Financial Instrument (“CFI”) contracts against CFI-EA futures contracts.

Clearing Members that establish CCX Registry Account(s) for non-CCX members will be responsible for maintaining accurate records of the CCX CFI contracts held in the Clearing Member’s CCX Registry Account(s) for each market participant. Delivery against a short CFI-EA futures position may only be made from a Clearing Member CCX Registry Account to the extent of the CFI contracts held in the Registry Account for the market participant as of the expiration day of a CFI-EA futures contract. CFI contracts held in a Clearing Member CCX Registry Account for non-CCX members may not be transferred to any other CCX Registry Account for any reason other than intended by this Rule, except as may be determined and approved by the Exchange in emergency situations.

A CCFE Clearing Member CCX Registry Account must be activated prior to the last trading day of a CFI-EA futures contract. If a Registry Account has not been activated for a non-CCX member prior to the last trading day, the non-CCX member participant may not hold an expiring futures position at the close of the last trading day.

**4103. Contract Specifications**

(a) *Contract size.* The contract size for the CFI- EA futures contract is 1000 metric tons of carbon dioxide (CO<sub>2</sub>) equivalent which is equal to ten CCX Carbon Financial Instrument contracts.

(b) *Schedule.*

- (i) The Exchange will initially list for trading March 2010 contracts. Thereafter, the Exchange may list annual and/or monthly contracts as may be determined by the Exchange.
- (ii) Subsequent to the initial listing, CCFE may list standard-cycle contract listings for contract months with expirations through 2015:
  - a. Six consecutive quarterly contracts on a March, June, September, December cycle;
  - b. Front three serial calendar months;
  - c. Annual December contracts through 2015; and
  - d. Other contract months as determined by CCFE
- (iii) The trading hours for the CFI-EA 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 last Business Day of the expiration month at the normal Trading Session closing time.

(d) *Products.*

The Initial offering will be:

- Non-Vintage Specific Contract

Subsequent to the initial listing and within any listed contract, CCFE may offer one or more vintage specific products having different delivery specifications as follows:

- Vintage equal to the contract expiration year
- 1-Year Prior Vintage to the contract expiration year
- 2-Year Prior Vintage to the contract expiration year
- 3-Year Prior Vintage to the contract expiration year
- 4-Year Prior Vintage to the contract expiration year
- 5-Year Prior Vintage to the contract expiration year
- 6-Year Prior Vintage to the contract expiration year
- 7-Year Prior Vintage to the contract expiration year
- 8-Year Prior Vintage to the contract expiration year
- 9-Year Prior Vintage to the contract expiration year

(e) *New Contract Listing.* A new Contract will be listed on the first Business Day following an expiration of a contract.



(f) *Minimum Tick Increment.* The minimum tick increment is \$0.01 per metric ton of (CO<sub>2</sub>) equivalent, which is equal to \$10.00 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 CFI-EA 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 months' positions must be reported.

(h) *Position Limits.* A person may not own or control more than 4,000 contracts, equivalent to 4,000,000 metric tons of (CO<sub>2</sub>) equivalent which is equal to 40,000 CCX CFI contracts, on a net-futures equivalent basis 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 CFI-EA 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 CFI-EA 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-EA 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.

#### **4104. 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:
  - (i) the volume weighted average of the last two trade prices, rounded to the nearest tick;
  - (ii) the mid-point between the best bid and offer in the pre-close, rounded to the nearest tick;
  - (iii) spread price relationships; and
  - (iv) time value between the contract months.
- (d) The Exchange reserves the right to consider other factors in determining settlement prices.

#### **4105. Deliverable Instruments**

All deliveries must occur in amounts equal to the contract size.

The deliverable instruments are Carbon Financial Instrument (“CFI”) allowance contracts issued by Chicago Climate Exchange (CCX).

For a contract with Unspecified Vintage:

- a. CCX Carbon Financial Instrument contracts acceptable for delivery must be allowances for direct emissions issued to CCX Members’ facilities located in the United States of America eligible for delivery on the CCX.
- b. Allowances from electricity purchases and forest stocks are not eligible for delivery.

For a contract with a Specified Vintage:

- a. CCX Carbon Financial Instrument contracts acceptable for delivery must be allowances for direct emissions issued to CCX Members’ facilities located in the United States of America eligible for delivery on the CCX having a vintage corresponding to the vintage of the contract.

- b. Allowances from electricity purchases and forest stocks are not eligible for delivery.

#### **4106. Delivery Procedures**

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- EA 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 the 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 CCX Carbon Financial Instruments to be delivered. The buyer Clearing Member(s) must provide the CCX Registry Account number information to the seller Clearing Member. This information exchange must be completed by 12:00 p.m. (Central time) on Notice Day.

The seller Clearing Member must submit all delivery instructions to the Exchange in a form an manner prescribed by the Exchange by 3:00 p.m. (Central time) on 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 the CCX Carbon Financial Instruments are on deposit in the delivery designated CCX Registry Account by the close of the Chicago Climate Exchange market on the Notice Day.

The Chicago Climate Exchange will effect the CFI-EA futures delivery transfer instructions at the close of its market on the Delivery Day.

The Exchange will confirm to the Clearing Service Provider when all deliveries have been completed.

(iv) *Payment.* After receipt of the Exchange confirmation of deliveries, the Clearing Service Provider will release the delivery proceeds to the seller Clearing Member.



Chicago Climate Futures Exchange

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

|                                |   |
|--------------------------------|---|
| <b>Contract Size</b>           | 1,000 metric tons of CO <sub>2</sub>  |
| <b>Quotation</b>               | US dollars  |
| <b>Minimum Tick Increment</b>  | \$0.01 per metric ton = \$10 per contract   |
| <b>Symbol</b>                  | CFI-EA  |
| <b>Trading Hours</b>           | 7:00 a.m. – 3:00 p.m. Central Time  |
| <b>Contract Listing Cycle</b>  | <ol style="list-style-type: none"> <li>1. Initial listing will be March 2010</li> <li>2. Subsequent to the initial listing, CCFE may list standard-cycle contract listings for contract months with expirations through 2015: <ol style="list-style-type: none"> <li>a. Six consecutive quarterly contracts on a March, June, September, December cycle;</li> <li>b. Front three serial calendar months;</li> <li>c. Annual December contracts through 2015; and</li> <li>d. Other contract months as determined by CCFE</li> </ol> </li> </ol>   |
| <b>Products</b>                | <ol style="list-style-type: none"> <li>1. Initial offering will be an Unspecified Vintage</li> <li>2. Subsequent to the initial listing and within any listed contract, CCFE may offer one or more vintage specific products having different delivery specifications as follows: <ol style="list-style-type: none"> <li>a. Vintage equal to the contract expiration year</li> <li>b. 1-Year Prior Vintage to the contract expiration year</li> <li>c. 2-Year Prior Vintage to the contract expiration year</li> <li>d. 3-Year Prior Vintage to the contract expiration year</li> <li>e. 4-Year Prior Vintage to the contract expiration year</li> <li>f. 5-Year Prior Vintage to the contract expiration year</li> <li>g. 6-Year Prior Vintage to the contract expiration year</li> <li>h. 7-Year Prior Vintage to the contract expiration year</li> <li>i. 8-Year Prior Vintage to the contract expiration year</li> <li>j. 9-Year Prior Vintage to the contract expiration year</li> </ol> </li> </ol> |
| <b>Deliverable Instruments</b> | <p>All deliveries must occur in amounts equal to the contract size.</p> <p>The deliverable instrument is a CCX Carbon Financial Instrument allowance contract issued by the Chicago Climate Exchange.</p> <p>For a contract with Unspecified Vintage:</p> <ol style="list-style-type: none"> <li>a. CCX Carbon Financial Instrument contracts acceptable for delivery must be allowances for direct emissions issued to CCX Members' facilities located in the United States of America eligible for delivery</li> </ol>  |

Effective November 20, 2009

|                          |  |
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|                          | <p>on the CCX.</p> <p>b. Allowances from electricity purchases and forest stocks are not eligible for delivery.</p> <p>For a contract with a Specified Vintage:</p> <p>a. CCX Carbon Financial Instrument contracts acceptable for delivery must be allowances for direct emissions issued to CCX Members' facilities located in the United States of America eligible for delivery on the CCX having a vintage corresponding to the vintage of the contract.</p> <p>b. Allowances from electricity purchases and forest stocks are not eligible for delivery.</p>   |
| <b>First Trading Day</b> | The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.   |
| <b>Last Trading Day</b>  | The last day of trading of a contract is the last business day of the expiration month.  |
| <b>Delivery Process</b>  | <p>In order to make or take delivery of Carbon Financial Instrument EA futures, Clearing Members, Trading Privilege Holders and other market participants must be a member of the Chicago Climate Exchange, Inc. ("CCX") with CCX Trading Platform eligibility and have an established CCX Registry Account prior to the expiration of any Carbon Financial Instrument futures EA contract.</p> <p>Clearing Members may establish a CCX Registry Account(s) for market participants that are not members of the Chicago Climate Exchange, ("Non-CCX member") for the sole purpose of receiving and making delivery of CCX Carbon Financial Instruments ("CFI") contracts against Carbon Financial Instrument EA futures contract.</p> <p>Delivery is based on open positions after the contract's expiration. Delivery is a three-day process.</p> <p><b><u>Position Day</u></b><br/>The first business day following a Carbon Financial Instrument EA 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. Starting on the first Position Day, Clearing Members holding open short positions (hereafter referred to as "seller Clearing Member") may submit delivery tender notices to the clearing Service Provider on their own behalf or on the behalf of their open short futures position holders, as applicable, in a format acceptable to the Clearing Service Provider. Upon receipt of a delivery tender notice, the Clearing Service Provider will make the appropriate delivery assignment.</p> <p><b><u>Notice Day</u></b><br/>On the Business Day after the 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 CCX Carbon Financial Instrument contracts to be delivered. The buyer Clearing Member(s) must provide the CCX Registry Account number information to the seller Clearing Member. This information exchange must be completed by 12:00 p.m. (Central time) on Notice Day.</p> <p>The seller Clearing Member must submit all delivery instructions to the Exchange in a form an manner prescribed by the Exchange by 2:00 p.m. (Central time) on Notice Day.</p> |

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|------------------------------------|---|
|                                    | <p>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.</p> <p><b><u>Delivery Day</u></b></p> <p>The seller Clearing Member must ensure the CCX Carbon Financial Instrument contracts are on deposit in the delivery designated CCX Registry Account by the close of the Chicago Climate Exchange market on the Notice Day.</p> <p>The Chicago Climate Exchange will effect the Carbon Financial Instrument EA futures delivery transfer instructions at the close of its market on the Delivery Day.</p> <p>The Exchange will confirm to the Clearing Service Provider when all deliveries have been completed. After receipt of the Exchange confirmation of deliveries, the Clearing Service Provider will release the delivery proceeds to the seller Clearing Member.</p> |
| <b>Price Limits</b>                | No daily price limits   |
| <b>Reportable Position Limits</b>  | 25 contracts, equivalent to 250 CCX CFI contracts   |
| <b>Nearby Expiration Month</b>     |   |
| <b>Speculative Position Limits</b> | 4,000 contracts which is equivalent to 40,000 CCX CFI contracts   |
| <b>Block Trade Minimum Size</b>    | 100 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

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

|                               |  |
|-------------------------------|--|
| <b>Contract Size</b>          | 1,000 metric tons of CO <sub>2</sub>   |
| <b>Quotation</b>              | US dollars / metric ton CO <sub>2</sub>  |
| <b>Minimum Tick Increment</b> | \$0.01 per metric ton = \$10 per contract  |
| <b>Symbol</b>                 | CFI-US-O   |
| <b>Trading Hours</b>          | 7:00 a.m. – 3:00 p.m. Central Time   |
| <b>Contract Listing Cycle</b> | <p>1. Initial listing will be March 2010</p> <p>2. Subsequent to the initial listing, CCFE may list standard-cycle contract listings for contract months with expirations through 2015:</p> <ul style="list-style-type: none"><li>a. Six consecutive quarterly contracts on a March, June, September, December cycle;</li><li>b. Front three serial calendar months;</li><li>c. Annual December contracts through 2015; and</li><li>d. Other contract months as determined by CCFE</li></ul>   |
| <b>Products</b>               | <p>1. Initial offering will be:</p> <ul style="list-style-type: none"><li>a. Vintage 2008</li></ul> <p>2. Subsequent to the initial listing and within any listed contract, CCFE may offer one or more vintage specific products having different delivery specifications as follows:</p> <ul style="list-style-type: none"><li>a. Vintage equal to the contract expiration year</li><li>b. 1-Year Prior Vintage to the contract expiration year</li><li>c. 2-Year Prior Vintage to the contract expiration year</li><li>d. 3-Year Prior Vintage to the contract expiration year</li><li>e. 4-Year Prior Vintage to the contract expiration year</li><li>f. 5-Year Prior Vintage to the contract expiration year</li><li>g. 6-Year Prior Vintage to the contract expiration year</li><li>h. 7-Year Prior Vintage to the contract expiration year</li><li>i. 8-Year Prior Vintage to the contract expiration year</li><li>j. 9-Year Prior Vintage to the contract expiration year</li></ul> |

|   |  |
|---|--|
| <p><b>Deliverable Instruments</b></p>   | <p>All deliveries must occur in amounts equal to the contract size.</p> <p>The deliverable instruments are Carbon Financial Instrument (CFI) offset contracts issued by Chicago Climate Exchange to GHG mitigation projects located in the U.S.</p> <p>CCX offset project types eligible for delivery are the following:</p> <ul style="list-style-type: none"> <li>• Agricultural Methane Collection and Combustion</li> <li>• Continuous Conservation Tillage and Conversion to Grassland Soil Carbon Sequestration</li> <li>• Sustainably Managed Rangeland Soil Carbon Sequestration</li> <li>• Forest Carbon Sequestration</li> </ul> <p>Offsets that are acceptable for delivery are offsets having a vintage corresponding to the vintage of the contract.</p>  |
| <p><b>First Trading Day</b></p>         | <p>The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.</p>  |
| <p><b>Last Trading Day</b></p>          | <p>The last day of trading of a contract is the last business day of the expiration month.</p>   |
| <p><b>Physical Delivery Process</b></p> | <p>In order to make or take delivery of Carbon Financial Instrument United States Offset futures, Clearing Members, Trading Privilege Holders and other market participants must be a member of the Chicago Climate Exchange, Inc. ("CCX") with CCX Trading Platform eligibility and have an established CCX Registry Account prior to the expiration of any Carbon Financial Instrument United States Offset futures contract.</p> <p>Clearing Members may establish a CCX Registry Account(s) for market participants that are not members of the Chicago Climate Exchange ("Non-CCX member") for the sole purpose of receiving and making delivery of CCX Carbon Financial Instruments ("CFI") contracts against Carbon Financial Instrument United States Offset futures contract.</p> <p>Delivery is based on open positions after the contract's expiration. Delivery is a three-day process.</p> <p><b><u>Position Day</u></b><br/> The first business day following a Carbon Financial Instrument United States Offset 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. Starting on the first Position Day, Clearing Members holding open short positions (hereafter referred to as "seller Clearing Member") may submit delivery tender notices to the clearing Service Provider on their own behalf or on the behalf of their open short futures position holders, as applicable, in a format acceptable to the Clearing Service Provider. Upon receipt of a delivery tender notice, the Clearing Service Provider will make the appropriate delivery assignment.</p> <p><b><u>Notice Day</u></b><br/> On the Business Day after the 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 CCX Carbon Financial Instrument contracts to be delivered. The buyer Clearing Member(s) must provide the CCX Registry Account number information to the seller Clearing Member. This information exchange must be completed by 12:00 p.m. (Central time) on Notice Day.</p> <p>The seller Clearing Member must submit all delivery instructions to the Exchange in a form an manner prescribed by the Exchange by 2:00 p.m. (Central time) on Notice Day.</p> <p>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.</p> |



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|  | <p><b><u>Delivery Day</u></b></p> <p>The seller Clearing Member must ensure the CCX Carbon Financial Instrument contracts are on deposit in the delivery designated CCX Registry Account by the close of the Chicago Climate Exchange market on the Notice Day.</p> <p>The Chicago Climate Exchange will effect the Carbon Financial Instrument United States Offset futures delivery transfer instructions at the close of its market on the Delivery Day.</p> <p>The Exchange will confirm to the Clearing Service Provider when all deliveries have been completed. After receipt of the Exchange confirmation of deliveries, the Clearing Service Provider will release the delivery proceeds to the seller Clearing Member.</p> |
| <b>Price Limits</b>  | No daily price limits  |
| <b>Reportable Position Limits</b>                          | 25 contracts, equivalent to 25,000 tons  |
| <b>Nearby Expiration Month Speculative Position Limits</b> | For the Vintage 2008: 500 contracts which is equivalent to 5000 CCX CFI contracts  |
| <b>Block Trade Minimum</b>                                 | 100 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.