U.S. COMMODITY FUTURES TRADING COMMISSION
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Division of
Market Oversight

December 18, 2007

Ms. Ann M. Cresce
Senior Vice President and General Counsel
Chicago Climate Futures Exchange, LLC
190 South LaSalle Street
Chicago, Illinois 60603

Subject: Information request concerning the listing by the Chicago Climate Futures Exchange of five Nitrogen Financial Instrument (Annual) futures contracts (CCFE Submission 07-14).

Dear Ms. Cresce:

In the filing dated September 20, 2007, the Chicago Climate Futures Exchange, LLC (CCFE or Exchange) submitted to the Commission under the self-certification procedures of Section 5c(c)(1) of the Act and Commission Regulation 40.2 the terms and conditions of the five Nitrogen Financial Instrument (Annual) futures contracts, including speculative position limits. The deliverable instrument for these contracts is the Environmental Protection Agency Clean Air Interstate Rule ("CAIR") Annual NOx Emission Allowance.

As you know, a Designated Contract Market (DCM), such as the CCFE, may list for trading new products by self-certification under Commission Regulation 40.2. In doing so, a DCM accepts responsibility, "for assuring that [its] products and rules comply with the applicable designation criteria and core principles. When a DCM self-certifies a product or rule, it is, in effect, pledging that the product or rule does meet those standards. Assuming the DCM is acting in good faith, it must have some reasonable basis for making that pledge."[1] As you also know, staff in the Commission's Division of Market Oversight (Division) reviews all new futures and option contracts that are listed for trading by DCMs to assure that the product or rule does indeed comply with applicable designation criteria and core principles. In this regard, when conducting its due diligence review, DMO staff gives special consideration to Core Principle 3 (listing contracts that are not readily susceptible to manipulation), and Core Principle 5 (adopting position limits or position accountability rules to reduce the threat of market manipulation or distortion, especially in the delivery month.)

Accordingly, to determine whether the new CCFE futures contracts meet the requirements of those Core Principles, Division staff hereby requests, pursuant to Commission Regulation 40.2(b), that the Exchange respond to the following questions concerning the deliverable supply and methodology for establishing position limits.

[1] See the January 12, 2006, Federal Register notice (71 FR 1953) re amendments to Part 40 of the Commission's regulations.

Please provide the CCFE's estimate of deliverable supply for each of the five Nitrogen Financial Instrument (Annual) futures contracts for the standard cycle delivery month (i.e., December) for each year during the period 2009 to 2013, and the methodology and data used to calculate the estimate.

To the extent that this information is not provided in response to the above, please also provide the following:

- o A list of states participating in the "CAIR" cap-and-trade program.
- o The total amount of Annual NOx allowances that are expected to be distributed by participating states to electricity generating utilities, for each year during the period 2009 to 2015.
- o The total amount of Annual NOx allowances that are expected to be "held back" by participating states, for each year during the period 2009 to 2015.
- o The total amount of Annual NOx allowances that will be used by electricity generating utilities for each year during the period 2009 to 2015.
- o The excess of distributed over used Annual NOx allowances, for each year during the period 2009 to 2015.

What is the ratio of the spot-month limit to the estimated deliverable supply for each of the five Annual NOx futures contracts?

We would appreciate a response by January 11, 2008. If you have any questions about this request, please feel free to contact Irina Leonova at 202-418-5646.

Sincerely,

Thomas Leahy

Associate Director for Product Review