

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

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In the Matter of the Application of HedgeStreet, Inc.  
For Registration as a Derivatives Clearing Organization

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AMENDED ORDER OF REGISTRATION

HedgeStreet, Inc. (HedgeStreet) has submitted, pursuant to Section 5b of the Commodity Exchange Act (Act), 7 U.S.C. §7a-1, a request, dated July 27, 2004, that the Commodity Futures Trading Commission (“Commission”) amend its Order, dated February 18, 2004 (“Order” or “previous Order”), granting HedgeStreet registration as a derivatives clearing organization (“DCO”). HedgeStreet requests that the Commission amend its Order so that HedgeStreet is no longer restricted to clearing binary options, and is permitted to clear fully collateralized futures contracts. HedgeStreet does not request any other change to the Commission’s previous Order, which in pertinent part, limited HedgeStreet to clearing fully paid-up, cash-settled binary options on various indices, rates, risks, measures, instruments, differentials, indicators, values, contingencies, occurrences, or extents of occurrences listed for trading on the DCM HedgeStreet.

The Commission has considered HedgeStreet’s request. Based on its review of this matter, the Commission finds that HedgeStreet’s request for an amendment to its Order of Registration complies with the requirements under the Act and the Commission’s regulations thereunder applicable to it. Therefore,

IT IS ORDERED, under Section 5b of the Act, that the request of HedgeStreet for an amendment of its Order of Registration be granted. IT IS FURTHER ORDERED, that the Order is amended to read as follows:

(1) HedgeStreet shall limit its activity as a registered DCO to clearing fully collateralized, cash-settled, futures and options contracts listed for trading on the contract market HedgeStreet, Inc. In this regard, HedgeStreet's contracts will be considered to be "fully collateralized" if HedgeStreet holds, at all times, sufficient funds of each HedgeStreet Member to cover the maximum possible loss that may be sustained by such Member upon liquidation of any or all HedgeStreet contracts to which such member is a party;

(2) no intermediary will handle participants' funds or orders in connection with purchasing contract bundles or entering orders for the sale or purchase of contracts on HedgeStreet;

(3) HedgeStreet shall remain in compliance with the core principles set forth in Section 5b of the Act, and fulfill each of the various representations made in connection with its application to the Commission for DCO registration; and

(4) HedgeStreet shall inform the Commission immediately of any information regarding any event, circumstance, or situation concerning any of its operations as a DCO that detracts from its ability to continue complying with any of the core principles set forth in Section 5b of the Act as demonstrated in its application materials submitted to the Commission for DCO registration.

Issued in Washington, D.C., this 1st day of December 2004.

By the Commission

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Jean A. Webb  
Secretary of the Commission