

Submitted September 22, 2003

Confidential Treatment Requested by HedgeStreet, Inc.
Pursuant to Commission Regulation 145.9

APPENDIX A
HEDGESTREET, INC.
RULES

TABLE OF CONTENTS

INTRODUCTION	1
DEFINITIONS.....	1
CHAPTER 1 MARKET GOVERNANCE.....	2
RULE 1.1. POWERS OF HEDGESTREET'S BOARD OF DIRECTORS.....	2
RULE 1.2. RESTRICTIONS ON WHO MAY BE MEMBERS OF THE BOARD, TEN PERCENT OR GREATER OWNERS, OR HEARING OFFICERS	2
RULE 1.3. OFFICERS OF HEDGESTREET	2
RULE 1.4. EMERGENCY RULES.....	3
RULE 1.5. COMMITTEES AND SUBCOMMITTEES.....	4
RULE 1.6. VOTING BY INTERESTED BOARD MEMBERS	4
RULE 1.7. INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHERS.....	5
RULE 1.8. PROHIBITION ON USE OF MATERIAL, NON-PUBLIC INFORMATION	5
CHAPTER 2 MEMBERS	6
RULE 2.1. APPLICATIONS, CLASSIFICATIONS, AND PRIVILEGES	6
RULE 2.2. MEMBER OBLIGATIONS.....	7
RULE 2.3. COMMUNICATIONS BETWEEN HEDGESTREET AND MEMBERS.....	7
RULE 2.4. AUTHORIZED REPRESENTATIVES.....	7
RULE 2.5. DUES, FEES, AND EXPENSES PAYABLE BY MEMBERS	8
CHAPTER 3 METHOD FOR MEMBERS TO PURCHASE AND REDEEM CONTRACT BUNDLES AND TRADE CONTRACTS.....	8
RULE 3.1. PRIOR REVIEW OF RISK DISCLOSURE STATEMENT AND THESE RULES IS REQUIRED	8
RULE 3.2. ACCESS TO HEDGESTREET	9
RULE 3.3. PURCHASING AND REDEEMING CONTRACT BUNDLES	9
RULE 3.4. TRADING CONTRACTS	10
RULE 3.5. ORDER ENTRY	10
RULE 3.6. DISPUTED ORDERS	11
RULE 3.7. ACCEPTABLE TRADE ORDERS	12
RULE 3.8. PRIORITY OF ORDERS.....	12
RULE 3.9. FILLING ORDERS TO TRADE CONTRACTS	12
RULE 3.10. MODIFICATION AND CANCELLATION OF TRADE ORDERS.....	12
RULE 3.11. VIEWING THE MARKET AND EXECUTED ORDERS	13
RULE 3.12. HOURS FOR PURCHASING AND REDEEMING CONTRACT BUNDLES AND TRADING CONTRACTS	13
RULE 3.13. PROHIBITED TRANSACTIONS AND ACTIVITIES	13

CHAPTER 4	SETTLING CONTRACT BUNDLE PURCHASES AND REDEMPTIONS, CONTRACT TRADES, CONTRACTS AT EXPIRATION, AND MEMBER WITHDRAWAL REQUESTS	14
	RULE 4.1. SETTLING CONTRACT BUNDLE PURCHASES AND REDEMPTIONS AND CONTRACT TRADES	14
	RULE 4.2. SETTLING CONTRACTS AT EXPIRATION.....	14
	RULE 4.3. SETTLING MEMBER WITHDRAWAL REQUESTS	15
CHAPTER 5	ADJUSTMENTS NECESSITATED BY MATERIAL CHANGES IN THE UNDERLYING.....	15
	RULE 5.1. ADJUSTMENTS.....	15
	RULE 5.2. GOVERNMENT ACTIONS.....	15
CHAPTER 6	INVESTMENT OF MEMBER ACCOUNT FUNDS.....	15
CHAPTER 7	RULE ENFORCEMENT	16
	RULE 7.1. MONITORING THE MARKET.....	16
	RULE 7.2. INVESTIGATIONS, HEARINGS, AND APPEALS.....	16
	RULE 7.3. SETTLEMENT OF INVESTIGATIONS	18
	RULE 7.4. NOTICE AND PUBLICATION OF DECISION	18
	RULE 7.5. PENALTIES.....	19
	RULE 7.6. SUMMARY SUSPENSION	19
	RULE 7.7. REPRESENTATION BY COUNSEL	20
CHAPTER 8	LIMITATION OF LIABILITY; TIME PERIOD IN WHICH TO BRING ACTIONS; GOVERNING LAW; ARBITRATION	20
	RULE 8.1. LIMITATION OF LIABILITY.....	20
	RULE 8.2. ARBITRATION OF MEMBER-MEMBER DISPUTES	21
	RULE 8.3. ARBITRATION OF HEDGESTREET-MEMBER DISPUTES	21
	RULE 8.4. FAILURE TO ABIDE BY ARBITRATION DECISION	22
	RULE 8.5. CHANGE IN ARBITRATION PROCEDURE	22
CHAPTER 9	COMMISSION REGULATIONS THAT HAVE BEEN ADAPTED TO BE PART OF THE RULES.....	22
	RULE 9.1. ACTIVITIES OF SELF-REGULATORY ORGANIZATION EMPLOYEES AND GOVERNING MEMBERS WHO POSSESS MATERIAL, NON-PUBLIC INFORMATION (ADAPTED FROM COMMISSION REGULATION 1.59)	22
	RULE 9.2. SERVICE ON SELF-REGULATORY ORGANIZATION GOVERNING BOARDS OR COMMITTEES BY PERSONS WITH DISCIPLINARY HISTORIES (ADAPTED FROM COMMISSION REGULATION 1.63).....	25
	RULE 9.3. VOTING BY INTERESTED MEMBERS OF SELF-REGULATORY ORGANIZATION GOVERNING BOARDS AND VARIOUS COMMITTEES (ADAPTED FROM COMMISSION REGULATION 1.69).....	27

RULES OF HEDGESTREET, INC.

INTRODUCTION

The Commodity Exchange Act ("CEA") requires that HedgeStreet and other contract markets and derivatives clearing organizations adopt rules governing the way they conduct their business. Those rules generally must be filed with the Commodity Futures Trading Commission ("Commission") and generally cannot be amended without giving notice to the Commission, which can reject proposed rules and proposed amendments to existing rules. The following rules are the rules of HedgeStreet ("Rules"). The Rules are intended to inform you of how the HedgeStreet market (the "Market") operates and of your rights and obligations as a Member of the Market. Please remember that these Rules may be amended in the future, and if they are amended, Members will be required to abide by the Rules as amended. HedgeStreet will notify all Members any time there is an amendment to the Rules.

DEFINITIONS

When used in these Rules:

CONTRACT means the right to receive \$10 from HedgeStreet within two days of Expiration if, and only if, the Contract's Payout Criterion encompasses the Expiration Value at Expiration.

CONTRACT BUNDLE or **BUNDLE** means a group of Contracts representing all mutually exclusive, collectively exhaustive Payout Criteria.

EXPIRATION or **EXPIRATION DATE** means the date established by these Rules on which the Expiration Value of the Contract Bundle and its Contracts is determined.

EXPIRATION VALUE means the rate, level, amount, measure, or other value of the Underlying at Expiration.

MEMBER means an individual or entity which has been approved by HedgeStreet to trade on the Market and which is bound by these rules as they may be amended from time to time.

PAYOUT CRITERION of a Contract means the Expiration Value or range of Expiration Values that will cause that Contract to be "in-the-money."

SOURCE AGENCY means the agency that publishes the Underlying economic indicator for an economic indicator Contract.

UNDERLYING means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, event, occurrence, or extent of an occurrence upon which a Contract Bundle and its Contracts are based.

CHAPTER 1 MARKET GOVERNANCE

RULE 1.1. POWERS OF HEDGESTREET'S BOARD OF DIRECTORS

The board of directors of HedgeStreet has the power to manage and direct HedgeStreet including but not limited to the power to define groups of people who may access the secure portions of HedgeStreet's website, the power to amend, adopt, or repeal these Rules, and the power to oversee the business conduct of Members and impose penalties for violation of these Rules.

RULE 1.2. RESTRICTIONS ON WHO MAY BE MEMBERS OF THE BOARD, TEN PERCENT OR GREATER OWNERS, OR HEARING OFFICERS

Commission Regulation 1.63 prohibits certain individuals who have been charged with, or have been found to have committed, disciplinary offenses (as defined in that section) within the past three years from serving on the HedgeStreet board of directors or any disciplinary committee of HedgeStreet. HedgeStreet will not permit any individual subject to disqualification under Commission Regulation 1.63(b) from serving on its board of directors or any of its disciplinary committees. Additionally, HedgeStreet will not permit any individual subject to disqualification under Commission Regulation 1.63(b) to own 10% or more of HedgeStreet or to serve as a HedgeStreet hearing officer. An amended version of Commission Regulation 1.63 is a Rule of HedgeStreet and is included for your information in Chapter 9 of these Rules.

RULE 1.3. OFFICERS OF HEDGESTREET

(a) HedgeStreet has a chief executive officer, president, secretary, and treasurer. These officers are appointed and may be dismissed (with or without cause) by majority vote of the board of directors.

(b) The chief executive officer of HedgeStreet must be a member of the board of directors and is the chief operating officer of the exchange. In the absence of the chairman, the chief executive officer will perform the chairman's duties. In the event of a disagreement between the chief executive officer and the board or the chairman of the board as to an exchange matter, the chairman and/or board shall control.

(c) Subject to the direction of the board of directors and the chief executive officer, the president will manage the day-to-day business of the exchange and, in the absence of the chief executive officer, will perform the chief executive officer's duties.

(d) The treasurer of HedgeStreet will be responsible for all funds and stock of HedgeStreet and in general perform all duties incident to the office of treasurer and such other duties as from time to time may be assigned by the chief executive officer or the board of directors.

(e) The secretary of HedgeStreet will keep the minutes of the meetings of the board and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the chief executive officer or the board of directors.

RULE 1.4. EMERGENCY RULES

(a) HedgeStreet may adopt emergency rules in response to the emergencies that are described in paragraph (c) of this Rule. In the event of one of those emergencies, the board of directors may, without giving prior notice to, or securing prior approval from, the Commission, adopt a temporary emergency rule to address the emergency. Adoption of a temporary emergency rule requires the affirmative vote of two-thirds of the members of the board at a meeting of the board at which a quorum is present. HedgeStreet may count a member of the board of directors who abstains from voting on a temporary emergency rule to determine whether a quorum exists.

(b) Any temporary emergency rule adopted under this Rule may authorize HedgeStreet to act as the board of directors deems necessary or appropriate to meet the emergency, and those actions may adversely affect your ability to trade on the Market. Therefore, the chance of an emergency is one of the risks you should consider when deciding whether to trade on the Market.

(c) For the purposes of this Rule, an "emergency" is:

- (i) any activity that manipulates or attempts to manipulate the Market;
- (ii) any actual, attempted, or threatened corner, squeeze, or undue concentration of positions;
- (iii) any circumstance that may materially affect the performance of the Contract Bundles originated by, or the Contracts traded on, HedgeStreet;
- (iv) any action taken by the United States, any foreign government, any state or local governmental body, any other contract market or board of trade, or any other exchange, market, facility, or trade association (foreign or domestic) that may have a direct impact on trading on HedgeStreet;
- (v) any circumstances that may have a severe, adverse impact upon the physical functions of HedgeStreet including, for example, natural disasters such as fire or flood, terrorist acts such as bomb threats, physical plant breakdowns such as plumbing, heating, or air conditioning problems, system breakdowns such as power, telephony, cable, trading systems, or computer systems failures or interruptions to communications, the network, or the Internet;
- (vi) the imposition of any injunction or other restraint by any government agency, court, or arbitrator that may affect the ability of to perform on Contracts;
- (vii) any circumstance in which it appears that a HedgeStreet Member or any other person is in such operational condition, or is conducting business in such a manner, that such person cannot be permitted to continue in business without jeopardizing the safety of HedgeStreet Members or HedgeStreet itself; and
- (viii) any other unusual, unforeseeable, and adverse circumstance which, in the opinion of the governing board, requires immediate action and threatens or may threaten such

things as the fair and orderly trading in, or the liquidation of or delivery pursuant to, Contract Bundles or Contracts traded on HedgeStreet.

(d) If deemed necessary to combat perceived market threats caused by an emergency, a HedgeStreet official authorized to do so may suspend trading on the Market during the duration of the emergency or take any other action that the official thinks is necessary or appropriate. The official will order an end to the action taken in response to the emergency as soon as the official determines that the emergency has sufficiently abated to permit the Market to function properly.

(e) HedgeStreet will make every effort practicable to notify the Director of the Division of Trading and Markets, his delegates, and/or other persons designated by the Commission's Regulations that HedgeStreet intends to implement, modify, or terminate a temporary emergency rule pursuant to Rule 1.4(a) or an action in response to an emergency pursuant to Rule 1.4(d) prior to the implementation, modification, or termination of the rule or action. If it is not possible to notify the Commission prior to the implementation, modification, or termination of the rule or action, HedgeStreet will notify the Commission of the implementation, modification, or termination of the rule or action at the earliest possible time, and in no event more than 24 hours after implementation, modification, or termination.

(f) Any time that HedgeStreet takes action in response to an emergency, either under Rule 1.4(a) or Rule 1.4(d), HedgeStreet will document its decision-making process and reasons for taking emergency action.

RULE 1.5. COMMITTEES AND SUBCOMMITTEES

(a) The HedgeStreet board of directors may create, appoint members of the board to serve on, and delegate powers to, committees and subcommittees.

(b) A majority of any committee or subcommittee will constitute a quorum, and a majority of a quorum is necessary for committee or subcommittee action. A committee or subcommittee may act by unanimous consent in writing, including by electronic mail, without a meeting.

RULE 1.6. VOTING BY INTERESTED BOARD MEMBERS

Commission regulations governing contract markets, such as HedgeStreet, exempt those markets from Commission Regulation 1.69. However, Core Principle 15 of Section 5(d) of the CEA requires that contract markets have adequate procedures to prevent conflicts of interest. Therefore, HedgeStreet has adopted a slightly amended version of Commission Regulation 1.69 as a Rule of HedgeStreet. Commission Regulation 1.69 prohibits a member of the HedgeStreet board of directors or any disciplinary or oversight committee or subcommittee from taking part in any deliberations or voting on any matter in which the board, committee, or subcommittee member has an interest or has a relationship with a named party in interest. Regulation 1.69 also requires disclosure by board, committee, or subcommittee members of interests and relationships in certain circumstances. HedgeStreet board, committee, and subcommittee members shall not deliberate or vote on any matter in which the board, committee, or subcommittee member has an interest or has a relationship with a named party in interest and shall disclose such interests in

accordance with Regulation 1.69. Regulation 1.69 as amended to be made applicable to HedgeStreet is a Rule of HedgeStreet and is included in Chapter 9 of these Rules.

RULE 1.7. INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHERS

HedgeStreet will indemnify to the full extent authorized by law any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative in nature, by reason of the fact that such person is or was a director, officer, employee, or agent of HedgeStreet or is or was serving at the request of HedgeStreet as a director, officer, employee, or agent of HedgeStreet against expenses, including attorneys' fees, judgments, fines, and amounts paid in connection with such action, suit, or proceeding. Such indemnification shall not be deemed exclusive of any other rights to which a person may be entitled under any agreement or as a matter of law or otherwise. HedgeStreet may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of HedgeStreet against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not HedgeStreet would have the power to indemnify such person against such liability under the provisions of this Rule. However, no person shall be indemnified from liability for fraud, bad faith, willful misconduct, or gross negligence. Further, no person shall be indemnified against a civil penalty imposed by the Commission under Section 6b of the CEA.

RULE 1.8. PROHIBITION ON USE OF MATERIAL, NON-PUBLIC INFORMATION

(a) Commission Regulation 1.59 prohibits employees and members of the board of directors of HedgeStreet from using or disclosing material, non-public information gained through their employment or board service in certain circumstances. This Rule 1.8 prohibits the use and disclosure forbidden by Commission Regulation 1.59. An amended, a form of Regulation 1.59 is a Rule of HedgeStreet and is set forth in Chapter 9 of these Rules for your information.

(b) No member of the board of directors or any committee established by the board of directors or these Rules will use or disclose material, non-public information obtained as a result of participation on the board of directors or such committee for any purpose other than the performance of official duties as a board or committee member.

(c) No employee, consultant, or member of the board of directors or any committee of HedgeStreet will disclose to any other person material, nonpublic information obtained as a result of such person's employment for purposes inconsistent with such person's official duties.

(d) No employee, consultant, or member of the board of directors or any committee of HedgeStreet will trade for such person's account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through special access related to the performance of such person's duties as an employee, consultant, or member of the board of directors or committee.

(e) For purposes of this Rule, the terms “material information,” “non-public information,” “linked exchange,” “commodity interest,” and “related commodity interest” have the same meanings as they do in Commission Regulation 1.59.

(f) Any director, officer, or employee of HedgeStreet who violates any provision of this Rule will be required to indemnify HedgeStreet for any losses, damages, or costs caused by that violation.

CHAPTER 2 MEMBERS

RULE 2.1. APPLICATIONS, CLASSIFICATIONS, AND PRIVILEGES

(a) To be eligible to become a HedgeStreet Member:

(i) if you are an individual, you must reside in the United States and have a bank account or bank accounts in the United States that you will use to fund your HedgeStreet account at the HedgeStreet settlement bank and to receive funds from your HedgeStreet account, and you must certify that you are old enough to enter into a legally enforceable contract, that you have read and understand the HedgeStreet Risk Disclosure Statement, that you agree to be bound by these Rules, and that you will trade only for yourself and will not trade as an intermediary for any other person or entity;

(ii) if you are an entity, you must be organized in the United States, have a bank account or bank accounts in the United States that you will use to fund your HedgeStreet account at the HedgeStreet settlement bank and to receive funds from your HedgeStreet account, and you must certify that you are validly organized, in good standing, and authorized by your governing body and, if relevant, documents of organization, to trade commodities, futures and options contracts, that you have read and understand the HedgeStreet Risk Disclosure Statement, that you agree to be bound by these Rules, and that the individual(s) authorized to trade your account will trade only for you and will not trade as an intermediary for any other entity or person.

(b) In order to become a Member, you must complete the HedgeStreet Member Application Form, provide HedgeStreet any other information HedgeStreet may request, and fund your HedgeStreet account via wire transfer from a U.S. bank to the HedgeStreet settlement bank in an amount of at least \$500. If you are a Member applicant but not an individual, you must designate an individual or individuals who are authorized to trade in your account. You may apply to add additional authorized individuals after HedgeStreet approves your application.

(c) If your application to be a Member is accepted, and after you provide HedgeStreet with an appropriate unique password, which will constitute your agreement to be bound by these Rules and other policies of HedgeStreet, you will have the following privileges, which HedgeStreet may revoke, amend, or expand in accordance with, or by amending, these Rules:

(i) to maintain a HedgeStreet account;

(ii) to purchase Contract Bundles from HedgeStreet using the funds in your HedgeStreet account and to redeem Contract Bundles by selling complete Contract Bundles back to HedgeStreet;

- (iii) to buy Contracts on the Market using the funds in your HedgeStreet account;
 - (iv) to sell Contracts in your HedgeStreet account on the Market;
 - (v) to view “real-time” the same best bids to buy and offers to sell the Contracts traded on the Market as are available to all other Members;
 - (vi) to view the current trading volume and open interest for the Contracts traded on the Market; and
 - (vii) to view all non-secure parts of the HedgeStreet website, including these Rules, and descriptions of the Contract Bundles and Contracts traded on the Market.
- (d) HedgeStreet may in its sole discretion approve, deny, or condition any Member application as HedgeStreet deems necessary or appropriate.
- (e) Members and Member authorized representatives may not maintain and/or trade more than one HedgeStreet account.

RULE 2.2. MEMBER OBLIGATIONS

(a) As a Member, you and your authorized representatives must comply with these Rules, relevant provisions of the Commodity Exchange Act, and relevant Commission regulations. You must also cooperate promptly and fully with HedgeStreet, its agents, and/or the Commission in any investigation, call for information, inquiry, audit, examination, or proceeding. Additionally, you must update all information provided in your application for membership within fourteen days after that information has changed. If you fail in these obligations, HedgeStreet may revoke or suspend your privileges in full or in part. You may also be subject to civil or criminal prosecution.

(b) As a Member, you consent to allow HedgeStreet to provide all information HedgeStreet has about you, including your trading activity, to the Commission or any other regulatory or self-regulatory body, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals.

RULE 2.3. COMMUNICATIONS BETWEEN HEDGESTREET AND MEMBERS

You must provide HedgeStreet with your current electronic mail address and immediately update that address whenever it changes. All communications between HedgeStreet and you, including confirmation of all transactions executed in your account, will be transmitted by electronic mail. You will be responsible for promptly reviewing and, if necessary, responding to all electronic mail sent by HedgeStreet.

RULE 2.4. AUTHORIZED REPRESENTATIVES

Members other than natural persons must apply for authorization for all representatives who will access their accounts. Only Member representatives authorized by HedgeStreet may enter and execute transactions on the Market. Before any Member representatives may enter orders or execute trades on the Market, they must acknowledge having read and understood these Rules and agree to comply with these Rules.

RULE 2.5. DUES, FEES, AND EXPENSES PAYABLE BY MEMBERS

(a) Members are not required to pay dues.

(b) Members are charged fees for trading Contracts. The fee for Contract trading ranges from \$.05 to \$.025 per Contract, depending on the size of the trade, with a minimum per trade fee of \$5.00, as follows:

Number of Contracts Traded	Fee
1 to 100	Fixed \$5 Fee (not per contract)
101 to 1,000	\$.05 per contract
1,001 to 10,000	\$.04 per contract
10,001 to 100,000	\$.03 per contract
100,001 +	\$.025 per contract

(c) Members are charged fees for Contract settlement at Expiration. Fees for Contract settlement will range from \$.30 to \$.10 per in-the-money Contract, with no minimum, as follows:

Number of Contracts Settled	Fee per in-the-money Contract
1 to 1,000	\$.30
1,001 to 10,000	\$.25
10,001 to 100,000	\$.15
100,001 +	\$.10

(d) HedgeStreet or its settlement bank will also deduct from your account expenses incurred in connection with your trading or account activity, such as fees for wire transfers.

(e) If HedgeStreet determines in the future to impose dues or additional fees, HedgeStreet will notify you of any dues or additional fees that will be imposed at least 30 days before they take effect.

CHAPTER 3 METHOD FOR MEMBERS TO PURCHASE AND REDEEM CONTRACT BUNDLES AND TRADE CONTRACTS

RULE 3.1. PRIOR REVIEW OF RISK DISCLOSURE STATEMENT AND THESE RULES IS REQUIRED

You may not purchase a Contract Bundle or trade Contracts on the Market until you have received, read, and understood the HedgeStreet Risk Disclosure Statement and these Rules.

RULE 3.2. ACCESS TO HEDGESTREET

(a) After you submit your application to become a Member, HedgeStreet will assign you a user identification ("ID") and an initial password. You will be required to enter the ID and initial password the first time you log on to HedgeStreet. You will then be prompted to change the initial password to a unique password known only by you. By submitting your unique password to HedgeStreet, you affirm that you understand and agree to be bound by these Rules and other policies of HedgeStreet, and you become a Member. You will then be able to access the Market, execute trades, and otherwise access information regarding, or perform functions in, your account using your ID and unique password.

(b) For account security and audit trail purposes, HedgeStreet will maintain logs of your IP address when you are logged into the HedgeStreet website.

(c) You will be responsible for protecting your ID and password from improper disclosure, and you may not knowingly or negligently permit any person not authorized by HedgeStreet and by you to use your ID and password to access the secure portion of the HedgeStreet website. You are required to immediately notify HedgeStreet if you know, or if you have reason to believe, that your ID and/or password have been disclosed to any person not authorized by HedgeStreet and you to use your ID and/or password. You will have reason to believe that your ID and/or password have been disclosed to an unauthorized person 12 hours after a trade is executed by that person in your account.

(d) You will be liable for all costs and any losses that you may incur from transactions executed on HedgeStreet by any person, authorized or not, using your ID and password. HedgeStreet will not be responsible in any way for unauthorized transactions in your account.

(e) You are responsible for contracting with an Internet service provider through which you will access the HedgeStreet website and for having a backup service provider if you think it is necessary. You are also responsible for maintaining an Internet connection speed adequate for your needs. HedgeStreet will not be responsible in any way for any orders delayed or trades missed or not executed in a timely fashion because of failure of your Internet service provider or slowness of your Internet connection speed. No communication from you will be deemed to have been received by HedgeStreet until that communication is logged by the HedgeStreet server.

RULE 3.3. PURCHASING AND REDEEMING CONTRACT BUNDLES

(a) You will be able to purchase Contract Bundles from HedgeStreet for \$10.00. Each Contract Bundle will contain Contracts representing all possible, mutually exclusive movements in the Underlying for the Contract Bundle.

(b) After logging onto the secure portion of the HedgeStreet website, you will input your Contract Bundle purchase order. The Market will check your HedgeStreet account balance to determine whether you have enough available funds in your account to complete the order. If you do have enough available funds in your account to complete the order, HedgeStreet will debit your account in the amount necessary to pay for your Contract Bundle purchase, credit that money to the HedgeStreet settlement account, and place into your account one of each of the

Contracts that make up the Contract Bundle. If you do not have enough available funds in your account to complete the order, HedgeStreet will cancel your order.

(c) HedgeStreet will purchase Contract Bundles you wish to redeem for \$10 per Contract Bundle. To redeem a Contract Bundle, you must have in your account each Contract that makes up the Contract Bundle. You will input your redemption order, and HedgeStreet will check your account to ensure that you have the appropriate number of Contracts for the number of Contract Bundles you wish to redeem. If you do have the correct number of Contracts, HedgeStreet will credit \$10 per Contract Bundle you redeem to your account and delete from your account the Contracts that make up the Contract Bundles you have redeemed. If you do not have the correct number of Contracts in your account for the number of Contract Bundles you wish to redeem, HedgeStreet will cancel your order.

RULE 3.4. TRADING CONTRACTS

(a) You will be able to trade the Contracts that make up Contract Bundles on the Market by entering bids to purchase or offers to sell those Contracts. After logging into the secure portion of the HedgeStreet website, you will input your trade orders into the HedgeStreet trading system.

(b) When your trade order is matched by an order from another Member(s):

(i) if your trade order is to sell a Contract, HedgeStreet will check your account to ensure you have the number of Contracts you are attempting to sell. If you do, HedgeStreet will execute the trade. If you do not, HedgeStreet will cancel your trade order.

(ii) if your trade order is to purchase a Contract, HedgeStreet will check your account to ensure you have enough funds to complete the purchase. If you do have the necessary funds in your account, HedgeStreet will execute the trade. If you do not, HedgeStreet will cancel your trade order.

(c) Upon trade execution, HedgeStreet will debit the account of the buyer(s) and credit the account of the seller(s) of the Contract, adjust the Contracts in your account and the account of the other Member(s) in accordance with the matched trade, and inform you by electronic mail that the trade has been executed.

(d) If your trade order is placed on the market and not immediately matched by an order from another Member, it will rest on the market until it is matched and executed in accordance with the procedures in paragraphs (b) and (c) of this Rule, until you cancel it, or until it is cancelled by HedgeStreet upon the Expiration of the Bundle or otherwise in accordance with these Rules.

RULE 3.5. ORDER ENTRY

(a) You will enter orders to purchase Contract Bundles or trade Contracts by electronic transmission over the Internet, and HedgeStreet will maintain an electronic record of your order entries.

(b) You will enter an order to purchase or redeem a Contract Bundle through the Contract Bundle purchase/redemption screen, which will require you to complete text, pull-down, and/or check boxes supplying HedgeStreet with the following information regarding your Contract Bundle purchase or redemption order: (i) the Underlying for the Contract Bundle; (ii) the month the Contract Bundle will expire; and (iii) the number of Contract Bundles you wish to purchase or redeem.

(c) You will enter an order to trade a Contract through the Contract trading screen, which will require you to complete text, pull-down, and/or check boxes supplying HedgeStreet with the following information regarding your trade order: (i) order type (i.e., buy or sell); (ii) the Underlying for the Contract; (iii) the month the Contract will expire; (iv) the price at which you want to buy or sell the Contract; (v) the number of Contracts you want to buy or sell; and (vi) the Payout Criterion for the Contract.

(d) Upon entry of an order to purchase or redeem a Contract Bundle or to trade a Contract, you will be required to confirm the order before it is accepted by HedgeStreet. Once the order is accepted by HedgeStreet, HedgeStreet will send to you by electronic mail an order confirmation number. You will be responsible for any and all order entries confirmed for your account and accepted by HedgeStreet.

(e) HedgeStreet's trading system will keep an electronic record of all Contract Bundles purchased and redeemed, all orders to trade Contracts, and all executed Contract trade orders, and the record kept by HedgeStreet will include all of the terms identified in paragraphs (b) and (c) of this Rule as well as the date and time, to the nearest tenth of a second, that the transaction was completed.

RULE 3.6. DISPUTED ORDERS

(a) If you believe that an order to purchase or redeem a Contract Bundle or to trade a Contract was incorrectly executed or rejected by HedgeStreet you may request review of the order by providing the confirmation number for the order and stating the grounds for your disagreement with the handling of the order.

(b) Upon receipt of a request for review of an order and the accompanying confirmation number, HedgeStreet will review its electronic audit trail to determine if the HedgeStreet trading system correctly interpreted and executed your order.

(c) If the review described in paragraph (b) of this Rule reveals that the HedgeStreet trading system made a mistake, HedgeStreet will adjust your account to the state it would have been in if the order had been correctly interpreted and executed.

(d) If the review described in paragraph (b) of this Rule reveals that the HedgeStreet trading system did not make a mistake, HedgeStreet will inform you of its determination that the order was properly handled, the evidence supporting that determination, and that an adjustment will not be made.

(e) You may appeal a determination under paragraph (d) of this Rule to a HedgeStreet compliance officer through the electronic mail address provided on the HedgeStreet website.

You will be required to provide a response to the evidence described in paragraph (d) of this Rule that the order was properly handled, and you may provide any other information you wish to disclose. If your appeal does not contain a response to the evidence described in paragraph (d), it will be rejected. The compliance officer will decide your appeal no later than 10 days after its receipt, and that decision will be final.

RULE 3.7. ACCEPTABLE TRADE ORDERS

(a) You may only enter limit orders to trade Contracts on the Market.

(b) For the purpose of this Rule, a "limit order" is an order to buy or sell the number of Contracts you specify at the price you specify, or a better price if a better price is available.

RULE 3.8. PRIORITY OF ORDERS

The Market's trading algorithms execute all trades by matching orders according first by price and then time priority. This means that orders entered at different prices will be executed in order of price, from best to worst, regardless of what time they were placed on the Market, and orders placed on the Market at the same price will be executed in order of time, from oldest to most recent.

RULE 3.9. FILLING ORDERS TO TRADE CONTRACTS

The HedgeStreet trading system will fill all orders to trade Contracts on an "or better" basis. This means that if you place an order to buy a Contract or Contracts at a price higher than the price of the best sell offer on the market, the system will fill your order at the better sell offer price(s) until all available sell offers under or equal to your limit price are filled or until your buy order is completely filled. Likewise, if you enter a sell order at a price lower than the price of the best buy offer, the system will fill your order at the better buy offer price(s) until all available buy offers over your limit price are filled or your sell order is completely filled. If your order is only partially filled, the unfilled portion of your order will be placed in the order book as a resting order at the limit price you specified. Should a better order subsequently be placed in the system, the unfilled portion of your original order will be executed at its limit price.

RULE 3.10. MODIFICATION AND CANCELLATION OF TRADE ORDERS

(a) You can either cancel or modify an order you have placed on the Market if it has not yet been executed. All your pending orders will be listed on your account page. To modify a pending order, select the order to be changed and, using the prompts, (1) cancel the order, (2) amend the order, or (3) leave the order unchanged. If you choose to cancel the order and the order has not been executed, the HedgeStreet system will withdraw the order from the order book and confirm the cancellation of the order. If you choose to amend the order, you will be shown the details of the existing order and be allowed to change any part of the order except the Underlying. You will then be given a new order confirmation number and be informed that the system will treat the modified order as a new order, causing the amended order to lose its original time priority.

(b) HedgeStreet will attempt to modify or cancel your trade order as soon as possible after you enter a modification or cancellation order. However, the order may be executed before HedgeStreet is able to cancel or modify it. If your order has been filled in whole or in part, it will not be cancelled or modified.

RULE 3.11. VIEWING THE MARKET AND EXECUTED ORDERS

HedgeStreet will allow its Members to view the current best bid and offer on the Market. HedgeStreet will also allow Members to view the last executed order to trade Contracts.

RULE 3.12. HOURS FOR PURCHASING AND REDEEMING CONTRACT BUNDLES AND TRADING CONTRACTS

The Market will execute your orders from 9:00 a.m. to 8:00 p.m. Eastern Standard Time Monday through Friday. You may access account information and enter orders while the Market is closed, and all orders will be cued for execution after the Market re-opens.

RULE 3.13. PROHIBITED TRANSACTIONS AND ACTIVITIES

(a) You are prohibited from attempting to enter into any trade on the Market that has been directly or indirectly prearranged. In other words, you may not agree with another Member that one of you will enter a trade and the other will attempt to match that trade by timing the trade orders or otherwise. Similarly, if you are authorized to trade in more than one account on the Market you may not attempt to match a trade with yourself.

(b) You are prohibited from attempting to enter into or entering into any trade on the Market that does not result in a change in beneficial ownership, that is designed to unnaturally inflate trading volume, that in any way attempts to circumvent the Market's order processing, trade ordering, and trade execution systems, or otherwise to circumvent exposure of the order to open and competitive bidding on the Market, or that has some other illegitimate purpose.

(c) You are prohibited from entering into any trade designed or used to cause any price for a Contract other than a true and bona fide price to be reported, registered, or recorded by the Market.

(d) You are prohibited from trading in, transferring, assigning, or otherwise disposing of HedgeStreet Contract Bundles or Contracts other than as provided for in these Rules.

(e) You are prohibited from agreeing to transfer or from transferring the benefit of any position in any HedgeStreet Contract Bundle or Contract to another person other than through a transaction executed through the Market.

(f) You are prohibited from trading for a person or entity other than yourself or the Member for whom you are an authorized representative.

(g) You are prohibited from engaging in any activity that presents a risk of harm to HedgeStreet, its members, or the public.

(h) You are prohibited from engaging in any activity that adversely affects the integrity of the Market or its underlying systems.

(i) You are prohibited from failing to abide by an arbitration decision or award handed down under Chapter 8 of these Rules.

**CHAPTER 4 SETTLING CONTRACT BUNDLE PURCHASES AND REDEMPTIONS,
CONTRACT TRADES, CONTRACTS AT EXPIRATION, AND MEMBER
WITHDRAWAL REQUESTS**

**RULE 4.1. SETTLING CONTRACT BUNDLE PURCHASES AND REDEMPTIONS AND
CONTRACT TRADES**

(a) HedgeStreet will maintain, on its system, a record of each Member's account balances and Contracts. HedgeStreet will also maintain a "HedgeStreet settlement account," which will reflect funds used by Members to purchase Contract Bundles, as well as funds paid by HedgeStreet to redeem Contract Bundles. HedgeStreet will also maintain a "HedgeStreet proprietary account," which will be credited with all fees debited from Member accounts due to trades and expiration settlements. All settlements among these accounts on the HedgeStreet system will be instantaneous.

(b) All funds in Member accounts and in the HedgeStreet settlement account will be maintained in an account at the HedgeStreet settlement bank that is designated as a customer segregated funds account under the CEA and the Commission's Regulations. Because those funds will be commingled at the settlement bank, transfers among Member accounts and transfers between Member accounts and the HedgeStreet settlement account will not be transmitted to the settlement bank. Such records will only be maintained on the HedgeStreet system. However, once every settlement bank business day, HedgeStreet will send to its settlement bank by batch mode electronic transmission instructions for the settlement bank to transfer fees credited by HedgeStreet to the HedgeStreet proprietary account on its system from the customer segregated funds account at the settlement bank to the HedgeStreet proprietary account at the settlement bank.

(c) The settlement bank will complete the transfer in the settlement instructions described in paragraph (b) of this Rule and notify HedgeStreet of its completion.

RULE 4.2. SETTLING CONTRACTS AT EXPIRATION

(a) When the Contract Bundle and its Contracts expire, the Contract whose Payout Criterion matches the Expiration Value of the Underlying will settle in-the-money for \$10.00. All other Contracts in the Contract Bundle will settle out-of-the-money for \$00.00.

(b) On the Expiration Date, HedgeStreet will notify all members which Contract is in-the-money and immediately settle the Contracts by debiting HedgeStreet's settlement account in an amount equal to \$10.00 multiplied by the total number of outstanding in-the-money Contracts and credit those funds to the accounts of the Members holding the in-the-money Contracts at a rate of \$10.00 per such Contract. HedgeStreet will send confirmation to all Members that the

Contracts have been settled. HedgeStreet will also delete all expired Contracts from the accounts of Members.

(c) If you believe there has been an error in settlement, you must report that error to HedgeStreet by electronic mail within 24 hours of when HedgeStreet transmits confirmation of settlement. Your report must state why you believe there has been an error in settlement.

RULE 4.3. SETTLING MEMBER WITHDRAWAL REQUESTS

Within one settlement bank business day of when a Member requests to withdraw funds from its HedgeStreet account, HedgeStreet will transmit such request to its settlement bank in electronic batch mode transmission. The settlement bank will process that request and wire those funds to the destination account at a bank in the United States specified by the Member (unless the Member has unsatisfied outstanding obligations on HedgeStreet, in which case HedgeStreet may retain such balances as necessary to satisfy such obligations or until the Member otherwise satisfies such obligations).

CHAPTER 5 ADJUSTMENTS NECESSITATED BY MATERIAL CHANGES IN THE UNDERLYING

RULE 5.1. ADJUSTMENTS

In the event that, during the term of a Contract, changes beyond the control of HedgeStreet occur in the way the Underlying is calculated or an Expiration Value for the Underlying is unavailable or undefined in light of intervening events, HedgeStreet may adjust the terms of outstanding Contracts as it deems appropriate in its discretion to achieve fairness to holders of Contracts of the affected series. In addition, if the outcome of the underlying event is unclear, HedgeStreet may, at its sole discretion, delay settlement until the outcome is clear to HedgeStreet as determined by reasonable means. While it is impossible to provide in advance for all possible events that could require an adjustment to be made, HedgeStreet will abide by any guidelines that may be established in this Chapter for making Contract adjustments.

RULE 5.2. GOVERNMENT ACTIONS

Any change in instructions, order, ruling, directive, or law issued or enacted by any court or agency of the Federal Government of the United States that conflicts with the rules contained in this Chapter shall take precedence, immediately become a part of these Rules, and be effective for all currently listed and newly listed Contract months.

CHAPTER 6 INVESTMENT OF MEMBER ACCOUNT FUNDS

Member funds on deposit with HedgeStreet and funds in the HedgeStreet settlement account (i.e., the account containing the funds paid by Members to purchase contract bundles from HedgeStreet and which are to be used to pay Members holding in-the-money contracts at expiration) will be segregated as customer funds in accordance with the Commission's Regulations. HedgeStreet may invest such funds subject to the limitations and conditions set forth in Commission Regulation 1.25.

CHAPTER 7 RULE ENFORCEMENT

RULE 7.1. MONITORING THE MARKET

HedgeStreet's trading system will record and store for a period of not less than 5 years in a searchable, read-only database a record of all data entered into the HedgeStreet trading system, including the Member's identity and the information in Rule 3.5. Programs are run on this data to alert HedgeStreet when potentially unusual trading activity takes place. HedgeStreet will initiate investigations any time it receives notice of unusual trading activity or has other reason to believe that inappropriate activity of any sort is taking place on the Market or its website.

RULE 7.2. INVESTIGATIONS, HEARINGS, AND APPEALS

(a) HedgeStreet has a compliance department consisting of one or more compliance officers. Compliance officers investigate unusual trading activity or other activity that compliance officers have reasonable cause to believe could constitute a violation of these Rules. HedgeStreet retains hearing officers, who adjudicate findings by compliance officers that are disputed by Members. Hearing officers and compliance officers may not communicate regarding a matter brought before the hearing officer without informing the Member who is the subject of the communication of its substance and allowing the Member an opportunity to respond. Compliance officers and hearing officers may compel testimony, subpoena documents, and require statements under oath from any Member or its authorized representative. Compliance officers, hearing officers, and employees or agents of HedgeStreet working under their supervision, may not be a Member or an authorized representative of a Member or trade, directly or indirectly, in any commodity interest traded on or subject to the rules of any registered contract market.

(b) Upon the conclusion of any investigation by a compliance officer, the officer will draft a document detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the compliance officer's analysis and conclusion. If the compliance officer concludes that there is reasonable cause to believe a Member has violated HedgeStreet's rules or other applicable statutes or regulations, the compliance officer will submit by electronic mail to the Member whose activity is the subject of the investigation a report that will include:

- (i) the reason the investigation was begun;
- (ii) the charges or a summary of the charges;
- (iii) the response, if any, or a summary of the response;
- (iv) a summary of the investigation conducted;
- (v) findings and conclusions as to each charge, including which of these Rules the Member or its authorized representative violated, if any; and
- (vi) the penalty, if any, proposed by the compliance officer.

(c) The Member whose activity is the subject of the investigation may contest the compliance officer's findings by forwarding a response to those findings by electronic mail to the compliance officer within 15 days. The Member has a right to examine the evidence relied upon by the compliance officer. The Member's response must contain a detailed response to the findings and conclusions as to each charge and any other information the Member thinks is relevant.

(d) If the findings of the compliance officer are not contested by the Member, HedgeStreet will deem those findings admitted by the Member and impose the penalty (if any) proposed by the compliance officer. The Member will be notified of the imposition of any penalty by electronic mail.

(e) If the findings of the compliance officer are contested, the compliance officer's report and the Member's response will be submitted to a HedgeStreet hearing officer. The hearing officer will conduct a telephonic hearing with the compliance officer and the Member within 20 days of receipt of the Member's response contesting the compliance officer's finding and/or proposed sanction and, within 20 days after that hearing, issue findings, which will be delivered to the Member by electronic mail. Prior to the hearing, the parties may (but need not) submit proposed findings, briefs, and exhibits (including affidavits), and during the hearing the parties may present witnesses. The telephonic hearing will be recorded, and all information submitted by the parties (including the compliance officer's report and the Member's response) as well as the recording of the hearing, will be preserved by the hearing officer, along with the hearing officer's findings, as the record of the proceedings (the "hearing record"). The findings of the hearing officer will contain the following information:

- (i) a brief description of the allegations;
- (ii) a brief summary of the evidence received;
- (iii) findings and conclusions;
- (iv) a declaration of any penalty to be imposed on the Member as the result of the findings and conclusions;
- (v) the effective date and duration of that penalty; and
- (vi) a statement that the Member has the right to appeal any adverse decision by the hearing officer to the HedgeStreet board of directors, but must do so within 15 days.

(f) Either the Member or the compliance officer may appeal the decision of the hearing officer within 15 days by filing an appeal by electronic mail with the HedgeStreet board of directors and forwarding a copy to the other parties to the appeal. Any penalties will be stayed pending appeal unless the hearing officer determines that a stay pending appeal would likely be detrimental to the exchange, other Members, or the public. The board of directors will review the hearing record and any information submitted by the compliance officer and the Member on appeal and issue its decision, which shall be final. The member shall be notified of the decision by electronic mail. The hearing record, any information submitted on appeal, and the board's

decisions shall be preserved as the record on appeal. The decision will contain the information listed in paragraph (e) of this Rule, except for (e)(vi), and will also contain:

(i) a statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 days of service; and

(ii) a statement that any person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within 10 days of service.

RULE 7.3. SETTLEMENT OF INVESTIGATIONS

(a) HedgeStreet may enter into settlements with any Member or its authorized representative who is the subject of an investigation. The Member, its authorized representative, or a compliance officer may initiate a settlement offer. Any settlement offer shall be forwarded to a HedgeStreet hearing officer with a recommendation by the compliance officer that the proposed settlement be accepted, rejected, or modified. A settlement offer may be withdrawn at any time before it is accepted by the hearing officer.

(b) The hearing officer may accept, reject, or offer a modification to the proposed settlement, and the decision of the hearing officer will be final.

(c) Any settlement under this Rule will be written and will state:

(i) the charges or a summary of the charges;

(ii) the response, if any, or a summary of the response;

(iii) a summary of the investigation conducted;

(iv) findings and conclusions as to each charge, including each act the person charged was found to have committed or omitted, be committing or omitting, or be about to commit or omit, and each of these Rules that such act or practice violated, is violating, or is about to violate; and

(v) any penalty imposed and the penalty's effective date.

(d) Failed settlement negotiations, or withdrawn settlement offers, will not prejudice a Member or otherwise affect subsequent procedures in the rule enforcement process.

RULE 7.4. NOTICE AND PUBLICATION OF DECISION

(a) HedgeStreet will provide to the person charged and to the Commission a copy of an adverse investigation report, appeal determination, or settlement within 30 days after it becomes final in accordance with the provisions of Commission Regulation 9.11.

(b) HedgeStreet will publish the outcome of all disciplinary proceedings and settlements on its website.

RULE 7.5. PENALTIES

As a result of a disciplinary proceeding or as part of a settlement, HedgeStreet may impose one or more of the following penalties:

- (a) a letter of warning, censure, or reprimand;
- (b) suspension of membership status or privileges for a specified period, including partial suspension of such privileges (for example, suspension of trading privileges in particular types of Contracts or of placement of certain types of orders); and
- (c) revocation of membership status or privileges, including partial revocation of such privileges (for example, revocation of trading privileges in particular types of Contracts or of placement of certain types of orders).

RULE 7.6. SUMMARY SUSPENSION

(a) HedgeStreet may summarily suspend or restrict a Member (or its authorized representative's) privileges if the chairman and the chief executive officer believe suspension or restriction is necessary to protect the commodity futures markets, HedgeStreet, the public, or other Members. If either the chief executive officer or the chairman or an entity with whom the chief executive officer or chairman is associated has a financial, personal, or other direct interest in the matter that is the basis of the summary action, the chief executive officer and/or chairman will not make any decision with respect to summary action and that decision will instead be made by a member of the board of directors chosen by a compliance officer to act in the place of the chief executive officer and/or chairman.

(b) Whenever practicable HedgeStreet will notify the Member whose privileges are to be summarily suspended by electronic mail before the action is taken. If prior notice is not practicable, the Member shall be served with notice by electronic mail at the earliest opportunity. This notice shall:

- (i) state the action taken or to be taken;
- (ii) briefly state the reasons for the action;
- (iii) state the time and date when the action became or becomes effective and its duration; and
- (iv) state that any person aggrieved by the action may petition the Commission for a stay of the effective date of the action pending a hearing pursuant to Part 9 of the Commission's Regulations, within 10 days of service.

(c) The Member whose privileges are to be summarily suspended shall be given an opportunity for appeal under the procedures outlined in Rule 7.2(f) of these Rules. The decision affirming, modifying, or reversing the summary suspension shall be furnished by electronic mail to the suspended Member and the Commission no later than one business day after it is issued. The decision shall contain:

- (i) a description of the action taken and the reasons for the action;
- (ii) a brief summary of the evidence received during the appeal process;
- (iii) findings and conclusions;
- (iv) a determination as to whether the summary action that was taken should be affirmed, modified, or reversed;
- (v) a declaration of any action to be taken against the suspended Member as the result of that determination;
- (vi) the effective date and duration of that action;
- (vii) a determination of the appropriate relief based on the findings and conclusions;
- (viii) a statement that any person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 days of service; and
- (ix) a statement that any person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within 10 days of service.

RULE 7.7. REPRESENTATION BY COUNSEL

A Member has the right to retain and be represented by counsel during any and all proceedings under this chapter.

CHAPTER 8 LIMITATION OF LIABILITY; TIME PERIOD IN WHICH TO BRING ACTIONS; GOVERNING LAW; ARBITRATION

RULE 8.1. LIMITATION OF LIABILITY

(a) AS A MEMBER YOU AGREE THAT NEITHER HEDGESTREET NOR ITS OFFICERS, DIRECTORS, AGENTS AND/OR EMPLOYEES SHALL HAVE ANY RESPONSIBILITY FOR COMPLIANCE BY MEMBER WITH ANY LAW OR REGULATION GOVERNING MEMBER'S CONDUCT. MOREOVER, YOU ALSO AGREE THAT NEITHER HEDGESTREET NOR ITS OFFICERS, DIRECTORS, AGENTS OR EMPLOYEES SHALL BE LIABLE IN ANY MANNER WHATSOEVER FOR ANY LOSS OR DAMAGE SUSTAINED BY MEMBER, INCLUDING ANY CONSEQUENTIAL LOSS, LOSS OF PROFIT OR LOSS OF TRADING OPPORTUNITY, AS A RESULT OF ANY ACTUAL OR PROPOSED TRANSACTIONS OR AS A DIRECT OR INDIRECT RESULT OF ANY SERVICES PROVIDED BY HEDGESTREET, UNLESS SUCH PERSONS ARE DETERMINED BY A COURT OF LAW OF COMPETENT JURISDICTION TO HAVE ACTED OR FAILED TO ACT IN A MANNER THAT IS GROSSLY NEGLIGENT, RECKLESS, OR FRAUDULENT. FOR THE AVOIDANCE OF DOUBT, NOTHING IN THIS

RULE IS INTENDED TO LIMIT THE LIABILITY OF ANY PERSON AS MAY BE PROVIDED IN THE CEA, THE REGULATIONS OF THE COMMISSION, OR BY ACTS OF WILLFUL OR WANTON MISCONDUCT OR FRAUD.

(b) AS A MEMBER, YOU AGREE THAT YOU MAY NOT BRING ANY ACTION AGAINST HEDGESTREET, ITS OFFICERS, DIRECTORS, AGENTS OR EMPLOYEES, UNLESS YOU BRING SUCH ACTION WITHIN 2 YEARS OF THE FIRST OCCURRENCE OR LACK OF OCCURRENCE OF THE ACT OR OMISSION COMPLAINED OF.

(c) AS A MEMBER, YOU AGREE THAT ANY ACTION YOU BRING AGAINST HEDGESTREET, ITS OFFICERS, DIRECTORS, AGENTS OR EMPLOYEES WILL BE GOVERNED BY ILLINOIS LAW, WITHOUT REGARD TO STATUTES, PRECEDENT, LEGAL DOCTRINE, OR CONTRACTUAL PROVISIONS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICITON.

(d) AS A MEMBER, YOU AGREE THAT ANY ACTION YOU BRING AGAINST HEDGESTREET, ITS OFFICERS, DIRECTORS, AGENTS OR EMPLOYEES, OR AGAINST ANOTHER HEDGESTREET MEMBER WILL BE RESOLVED BY BINDING ARBITRATION, IN ACCORDANCE WITH THE RULES OF THIS CHAPTER AND OTHER RULES OF HEDGESTREET, IF APPLICABLE.

RULE 8.2. ARBITRATION OF MEMBER-MEMBER DISPUTES

Any dispute, controversy, or claim between or among Members arising out of or relating to transactions on HedgeStreet shall be submitted to binding arbitration in Cook County, Illinois before a panel of three arbitrators and governed by Illinois law. Each Member will select one arbitrator, and those two arbitrators will select a third arbitrator. If there are more than two Members involved in the dispute, controversy, or claim, Members with a common interest in the dispute, controversy, or claim will together choose one arbitrator. All arbitrators will be knowledgeable in futures trading or the regulation of such trading. All such arbitration proceedings will be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrators will be final, and judgment upon that decision may be entered in any court of competent jurisdiction. Unless the arbitrators find that one of the parties has acted in bad faith, each party will pay its own expenses, and the expenses of arbitration will be equally divided between or among the parties.

RULE 8.3. ARBITRATION OF HEDGESTREET-MEMBER DISPUTES

Any dispute, controversy, or claim brought against HedgeStreet by any Member shall be submitted to binding arbitration in Cook County, Illinois before a panel of three arbitrators and governed by Illinois law. HedgeStreet will select one arbitrator, and the Member will select the other arbitrator, and those two arbitrators will select a third arbitrator. If there is more than one Member involved in the dispute, controversy, or claim, the parties with a common interest in the dispute, controversy, or claim will together choose one arbitrator. All arbitrators will be knowledgeable in futures trading or the regulation of such trading. All arbitration proceedings will be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrators will be final, and judgment upon that

decision may be entered in any court of competent jurisdiction. Unless the arbitrators find that one of the parties has acted in bad faith, each party will pay its own expenses, and the expenses of arbitration will be equally divided between the parties.

RULE 8.4. FAILURE TO ABIDE BY ARBITRATION DECISION

It will be a violation of the HedgeStreet Rules for a Member to fail to pay an award or otherwise satisfy or abide by a judgment in arbitration, and HedgeStreet may take disciplinary action against any such Member, including suspension or revocation of Membership.

RULE 8.5. CHANGE IN ARBITRATION PROCEDURE

HedgeStreet will file all changes to its arbitration procedure with the Commission.

CHAPTER 9 COMMISSION REGULATIONS THAT HAVE BEEN ADAPTED TO BE PART OF THE RULES

The following Rules are adaptations of regulations adopted by the Commission. They must be followed by Members and HedgeStreet itself, and any violation of these regulations will be a punishable violation of the Rules.

RULE 9.1. ACTIVITIES OF SELF-REGULATORY ORGANIZATION EMPLOYEES AND GOVERNING MEMBERS WHO POSSESS MATERIAL, NON-PUBLIC INFORMATION (ADAPTED FROM COMMISSION REGULATION 1.59)

(a) Definitions. For purposes of this section:

(1) Self-regulatory organization means "self-regulatory organization," as defined in Commission regulation 1.3(ee), and includes the term "clearing organization," as defined in Commission regulation 1.3(d).

(2) Employee means any person hired or otherwise employed on a salaried or contract basis by a self-regulatory organization.

(3) Material information means information which, if such information were publicly known, would be considered important by a reasonable person in deciding whether to trade a particular commodity interest on a contract market. As used in this section, "material information" includes, but is not limited to, information relating to present or anticipated cash, futures, or option positions, trading strategies, the financial condition of members of self-regulatory organizations or members of linked exchanges or their customers or option customers, or the regulatory actions or proposed regulatory actions of a self-regulatory organization or a linked exchange.

(4) Non-public information means information which has not been disseminated in a manner which makes it generally available to the trading public.

(5) Linked exchange means:

(i) any board of trade, exchange or market outside the United States, its territories or possessions, which has an agreement with a contract market in the United States that permits positions in a commodity interest which have been established on one of the two markets to be liquidated on the other market;

(ii) any board of trade, exchange or market outside the United States, its territories or possessions, the products of which are listed on a United States contract market or a trading facility thereof;

(iii) any securities exchange, the products of which are held as margin in a commodity account or cleared by a securities clearing organization pursuant to a cross-margining arrangement with a futures clearing organization; or

(iv) any clearing organization which clears the products of any of the foregoing markets.

(6) Commodity interest means any commodity futures or commodity option contract traded on or subject to the rules of a contract market or linked exchange, or cash commodities traded on or subject to the rules of a board of trade which has been designated as a contract market.

(7) Related commodity interest means any commodity interest which is traded on or subject to the rules of a contract market, linked exchange, or other board of trade, exchange or market, other than the self-regulatory organization by which a person is employed, and with respect to which:

(i) Such employing self-regulatory organization has recognized or established intermarket spread margins or other special margin treatment between that other commodity interest and a commodity interest which is traded on or subject to the rules of the employing self-regulatory organization; or

(ii) Such other self-regulatory organization has recognized or established intermarket spread margins or other special margin treatment with another commodity interest as to which the person has access to material, nonpublic information.

(8) Pooled investment vehicle means a trading vehicle organized and operated as a commodity pool within regulation 4.10(d), and whose units of participation have been registered under the Securities Act of 1933, or a trading vehicle for which regulation 4.5 makes available relief from regulation as a commodity pool operator, i.e., registered investment companies, insurance company separate accounts, bank trust funds, and certain pension plans.

(b) Employees of self-regulatory organizations; Self-regulatory organization rules.

(1) HedgeStreet must maintain in effect rules which have been submitted to the Commission pursuant to section 5c(c)(1) or (2) of the Act and Commission Regulations 40.5 or 40.6 that, at a minimum, prohibit:

(i) Employees of HedgeStreet from trading, directly or indirectly, in any commodity interest traded on or cleared by HedgeStreet or its clearing organization, in any related commodity interest, in any commodity interest traded on or cleared by contract markets or clearing organizations other than HedgeStreet and in any commodity interest traded on or cleared by a linked exchange where the employee has access to material non-public information concerning such commodity interest; and

(ii) Employees of HedgeStreet from disclosing to any other person any material, non-public information which such employee obtains as a result of his or her employment at HedgeStreet where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest; provided, however, that such rules shall not prohibit disclosures made in the course of an employee's duties, or disclosures made to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

(2) HedgeStreet may adopt rules, which must be submitted to the Commission pursuant to section 5c(c)(1) or (2) of the Act and Commission Regulations 40.5 or 40.6, which set forth circumstances under which exemptions from the trading prohibition contained in paragraph (b)(1)(i) of this section may be granted; such exemptions are to be administered by HedgeStreet on a case-by-case basis. Specifically, such circumstances may include:

(i) Participation by an employee in pooled investment vehicles where the employee has no direct or indirect control with respect to transactions executed for or on behalf of such vehicles; and

(ii) Trading by an employee under circumstances enumerated by HedgeStreet in rules which HedgeStreet determines are not contrary to the purposes of this regulation, the Commodity Exchange Act, the public interest, or just and equitable principles of trade.

(c) Members of HedgeStreet's governing boards and committees; HedgeStreet's rules. HedgeStreet must maintain in effect rules which have been submitted to the Commission pursuant to section 5c(c)(1) or (2) of the Act and Commission Regulations 40.5 or 40.6 which provide that no member of HedgeStreet's governing board or of a committee of HedgeStreet shall use or disclose, for any purpose other than the performance of such member's official duties as a governing board or committee member, material, non-public information obtained as a result of such member's participation on any committee or governing board of HedgeStreet.

(d) Prohibited conduct.

(1) No person who is an employee of, a member of the governing board of, or a member of any committee of HedgeStreet shall:

(i) Trade for such person's own account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through special access related to the performance of such person's official duties as an employee or member; or

(ii) Disclose for any purpose inconsistent with the performance of such person's official duties as an employee or member any material, non-public information obtained through special access related to the performance of such duties.

(2) No person shall trade for such person's own account, or for or on behalf of any account, in any commodity interest, on the basis of any material, non-public information that such person knows was obtained in violation of paragraph (d)(1) from an employee of, a member of the governing board of, or a member of any committee of a self-regulatory organization.

**RULE 9.2. SERVICE ON SELF-REGULATORY ORGANIZATION GOVERNING BOARDS
OR COMMITTEES BY PERSONS WITH DISCIPLINARY HISTORIES
(ADAPTED FROM COMMISSION REGULATION 1.63)**

(a) Definitions. For purposes of this section:

(1) Self-regulatory organization means a "self-regulatory organization" as defined in Commission regulation 1.3(ee) (Sec. 1.3(ee)), and includes a "clearing organization" as defined in Commission regulation 1.3(d) (Sec. 1.3(d)), except as defined in paragraph (b)(6) of this section.

(2) Disciplinary committee means any person or committee of persons, or any subcommittee thereof, that is authorized by a self-regulatory organization to issue disciplinary charges, to conduct disciplinary proceedings, to settle disciplinary charges, to impose disciplinary sanctions or to hear appeals thereof.

(3) Arbitration panel means any person or panel empowered by a self-regulatory organization to arbitrate disputes involving such organization's members or their customers.

(4) Oversight panel means any panel authorized by a self-regulatory organization to review, recommend or establish policies or procedures with respect to the self-regulatory organization's surveillance, compliance, rule enforcement or disciplinary responsibilities.

(5) Final decision means:

(i) A decision of a self-regulatory organization which cannot be further appealed within the self-regulatory organization, is not subject to the stay of the Commission or a court of competent jurisdiction, and has not been reversed by the Commission or any court of competent jurisdiction; or,

(ii) Any decision by an administrative law judge, a court of competent jurisdiction or the Commission which has not been stayed or reversed.

(6) Disciplinary offense means:

(i) Any violation of the rules of a self-regulatory organization except those rules related to

(A) Decorum or attire,

(B) Financial requirements, or

(C) Reporting or recordkeeping unless resulting in fines aggregating more than \$5,000 within any calendar year;

(ii) Any rule violation described in subparagraphs (a)(6)(i) (A) through (C) of this regulation which involves fraud, deceit or conversion or results in a suspension or expulsion;

(iii) Any violation of the Act or the regulations promulgated thereunder;

(iv) Any failure to exercise supervisory responsibility with respect to acts described in paragraphs (a)(6)(i) through (iii) of this section when such failure is itself a violation of either the rules of a self-regulatory organization, the Act or the regulations promulgated thereunder; or

(v) A disciplinary offense must arise out of a proceeding or action which is brought by a self-regulatory organization, the Commission, any federal or state agency, or other governmental body.

(7) Settlement agreement means any agreement consenting to the imposition of sanctions by a self-regulatory organization, a court of competent jurisdiction or the Commission.

(b) HedgeStreet must maintain in effect rules which have been submitted to the Commission pursuant to section 5c(c)(1) or (2) of the Act and Regulations 40.5 or 40.6 that render a person ineligible to serve on its disciplinary committees, arbitration panels, oversight panels or governing board who:

(1) Was found within the prior three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;

(2) Entered into a settlement agreement within the prior three years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(3) Currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(i) A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such person committed a disciplinary offense; or,

(ii) A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.

(4) Currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;

(5) Currently is subject to or has had imposed on him within the prior three years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in section 8a(2)(D) (ii) through (iv) of the Act; or

(6) Currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

(c) No person may serve on a disciplinary committee, arbitration panel, oversight panel or governing board of HedgeStreet if such person is subject to any of the conditions listed in paragraphs (b) (1) through (6) of this section.

(d) HedgeStreet shall submit to the Commission a schedule listing all those rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of this section and to the extent necessary to reflect revisions shall submit an amended schedule within thirty days of the end of each calendar year. HedgeStreet must maintain and keep current the schedule required by this section, post the schedule in a public place designed to provide notice to members and otherwise ensure its availability to the general public.

(e) HedgeStreet shall submit to the Commission within thirty days of the end of each calendar year a certified list of any persons who have been removed from its disciplinary committees, arbitration panels, oversight panels or governing board pursuant to the requirements of this regulation during the prior year.

(f) Whenever HedgeStreet finds by final decision that a person has committed a disciplinary offense and such finding makes such person ineligible to serve on that self-regulatory organization's disciplinary committees, arbitration panels, oversight panels or governing board, HedgeStreet shall inform the Commission of that finding and the length of the ineligibility in any notice it is required to provide to the Commission pursuant to either section 17(h)(1) of the Act or Commission Regulation 9.11.

**RULE 9.3. VOTING BY INTERESTED MEMBERS OF SELF-REGULATORY
ORGANIZATION GOVERNING BOARDS AND VARIOUS COMMITTEES
(ADAPTED FROM COMMISSION REGULATION 1.69)**

(a) Definitions. For purposes of this section:

(1) Disciplinary committee means any person or committee of persons, or any subcommittee thereof, that is authorized by HedgeStreet to issue disciplinary charges, to conduct disciplinary proceedings, to settle disciplinary charges, to impose disciplinary sanctions, or to hear appeals thereof in cases involving any violation of the rules of HedgeStreet except those cases where the person or committee is authorized summarily to impose minor penalties for

violating rules regarding decorum, attire, the timely submission of accurate records for clearing or verifying each day's transactions or other similar activities.

(2) Family relationship of a person means the person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(3) Governing board means HedgeStreet's board of directors, board of governors, board of managers, or similar body, or any subcommittee thereof, duly authorized, pursuant to a rule of HedgeStreet that has been approved by the Commission or has become effective pursuant to either Section 5c(c)(1) or (2) or 17(j) of the Act to take action or to recommend the taking of action on behalf of HedgeStreet.

(4) Oversight panel means any panel, or any subcommittee thereof, authorized by HedgeStreet to recommend or establish policies or procedures with respect to HedgeStreet's surveillance, compliance, rule enforcement, or disciplinary responsibilities.

(5) Member's affiliated firm is a firm in which the member is a "principal," as defined in Section 3.1(a), or an employee.

(6) Named party in interest means a person or entity that is identified by name as a subject of any matter being considered by a governing board, disciplinary committee, or oversight panel.

(7) Self-regulatory organization means a "self-regulatory organization" as defined in Section 1.3(ee) and includes a "clearing organization" as defined in Section 1.3(d), but excludes registered futures associations for the purposes of paragraph (b)(2) of this section.

(8) Significant action includes any of the following types of HedgeStreet actions or rule changes that can be implemented without the Commission's prior approval:

(i) Any actions or rule changes which address an "emergency" as defined in Sec. 1.41(a)(4)(i) through (iv) and (vi) through (viii); and,

(ii) Any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any contract traded or cleared at HedgeStreet; but does not include any rule not submitted for prior Commission approval because such rule is unrelated to the terms and conditions of any contract traded at HedgeStreet.

(b) HedgeStreet rules. HedgeStreet shall maintain in effect rules that have been submitted to the Commission pursuant to Section 5c(c)(1) or (2) of the Act and Regulations 40.5 and 40.6 to address the avoidance of conflicts of interest in the execution of its self-regulatory functions. Such rules must provide for the following:

(1) Relationship with named party in interest—

(i) Nature of relationship. A member of HedgeStreet's governing board, disciplinary committee or oversight panel must abstain from such body's deliberations and voting on any matter involving a named party in interest where such member:

(A) Is a named party in interest;

(B) Is an employer, employee, or fellow employee of a named party in interest;

(C) Is associated with a named party in interest through a "broker association" as defined in Section 156.1;

(D) Has any other significant, ongoing business relationship with a named party in interest, not including relationships limited to executing futures or option transactions opposite of each other or to clearing futures or option transactions through the same clearing member; or

(E) Has a family relationship with a named party in interest.

(ii) Disclosure of relationship. Prior to the consideration of any matter involving a named party in interest, each member of a HedgeStreet governing board, disciplinary committee or oversight panel must disclose to the appropriate HedgeStreet staff whether he or she has one of the relationships listed in paragraph (b)(1)(i) of this section with a named party in interest.

(iii) Procedure for determination. HedgeStreet must establish procedures for determining whether any member of its governing board, disciplinary committees or oversight committees is subject to a conflicts restriction in any matter involving a named party in interest. Taking into consideration the exigency of the committee action, such determinations should be based upon:

(A) Information provided by the member pursuant to paragraph (b)(1)(ii) of this section; and

(B) Any other source of information that is held by and reasonably available to HedgeStreet.

(2) Financial interest in a significant action—

(i) Nature of interest. A member of a HedgeStreet governing board, disciplinary committee or oversight panel must abstain from such body's deliberations and voting on any significant action if the member knowingly has a direct and substantial financial interest in the result of the vote based upon either exchange or non-exchange positions that could reasonably be expected to be affected by the action.

(ii) Disclosure of interest. Prior to the consideration of any significant action, each member of a HedgeStreet governing board, disciplinary committee or oversight panel must disclose to the appropriate HedgeStreet staff the position information referred to in

paragraph (b)(2)(iii) of this section that is known to him or her. This requirement does not apply to members who choose to abstain from deliberations and voting on the subject significant action.

(iii) Procedure for determination. HedgeStreet must establish procedures for determining whether any member of its governing board, disciplinary committees or oversight committees is subject to a conflicts restriction under this section in any significant action. Such determination must include a review of:

(A) Gross positions held at HedgeStreet in the member's personal accounts or "controlled accounts," as defined in Section 1.3(j);

(B) Gross positions held at HedgeStreet in proprietary accounts, as defined in Section 1.17(b)(3), at the member's affiliated firm;

(C) Gross positions held at HedgeStreet in accounts in which the member is a principal, as defined in Section 3.1(a);

(D) Net positions held at HedgeStreet in "customer" accounts, as defined in Section 1.17(b)(2), at the member's affiliated firm; and

(E) Any other types of positions, whether maintained at HedgeStreet or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm that the self-regulatory organization reasonably expects could be affected by the significant action.

(iv) Bases for determination. Taking into consideration the exigency of the significant action, such determinations should be based upon:

(A) The most recent large trader reports and clearing records available to HedgeStreet;

(B) Information provided by the member with respect to positions pursuant to paragraph (b)(2)(ii) of this section; and

(C) Any other source of information that is held by and reasonably available to HedgeStreet.

(3) Participation in deliberations.

(i) Under the rules required by this section, a HedgeStreet governing board, disciplinary committee or oversight panel may permit a member to participate in deliberations prior to a vote on a significant action for which he or she otherwise would be required to abstain, pursuant to paragraph (b)(2) of this section, if such participation would be consistent with the public interest and the member recuses himself or herself from voting on such action.

(ii) In making a determination as to whether to permit a member to participate in deliberations on a significant action for which he or she otherwise would be required to abstain, the deliberating body shall consider the following factors:

(A) Whether the member's participation in deliberations is necessary for the deliberating body to achieve a quorum in the matter; and

(B) Whether the member has unique or special expertise, knowledge or experience in the matter under consideration.

(iii) Prior to any determination pursuant to paragraph (b)(3)(i) of this section, the deliberating body must fully consider the position information which is the basis for the member's direct and substantial financial interest in the result of a vote on a significant action pursuant to paragraph (b)(2) of this section.

(4) Documentation of determination. HedgeStreet's governing boards, disciplinary committees, and oversight panels must reflect in their minutes or otherwise document that the conflicts determination procedures required by this section have been followed. Such records also must include:

(i) The names of all members who attended the meeting in person or who otherwise were present by electronic means;

(ii) The name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention, if stated; and

(iii) Information on the position information that was reviewed for each member.