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# Chicago Climate Futures Exchange

## Block Trade and Exchange for Physical Transaction Procedures

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# Revision History

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# 1 Overview

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## 1.1 Overview

CCFE Rules 411 and 412 stipulate the requirements for the submission and execution of block trades and exchange for physical transactions (“EFP”). These procedures will provide Clearing Trading Privilege Holders assistance with the facsimile submission of these off-exchange transactions and explain the CCFE review and approval process.

## 1.2 Definitions

“Block Trade” is a privately negotiated transaction between two parties. CCFE Rule 412 stipulates requirements for block trades which include eligibility for participation, fair and reasonable pricing and reporting requirements. Trading Privilege Holders and Authorized Traders must be knowledgeable of Rule 412 when handling block trades.

“Exchange for Physical” transaction is defined by three characteristics as prescribed in Rule 411.

1. A combination of a futures transaction and a cash transaction that are integrally related;
2. An exchange of futures for the underlying commodity where the commodity contract provides for the transfer of ownership of the commodity to the cash buyer upon performance of the terms of such contract, with delivery to take place within a reasonable time thereafter, in accordance with prevailing cash market practice; and
3. Separate Persons, such that the accounts involved on each side of the Exchange of Future for Physical have different beneficial ownership or are under separate control.

## 2 Block Trades

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### 2.1 Minimum Block Trade Size

CCFE will communicate via Member Notices the minimum number of contracts required for an eligible block trade. The Member Notices may also be found on CCFE's website at [www.chicagoclimateexchange.com](http://www.chicagoclimateexchange.com).

### 2.2 Submitting Block Trades

All negotiated block trades must be reported to the CCX Help Desk. For block trades between two Trading Privilege Holders or Customers or Non-Customers of one or both of the Trading Privilege Holders, CCFE requires both Trading Privilege Holders to report the block trade to the CCX Help Desk.

The CCFE Clearing Member/Trading Privilege Holder(s) that will be responsible for the clearance of a block trade must, within 15 minutes of completion of the negotiations, submit via facsimile the CCFE Block Trade Confirmation form. (See Exhibit 1) No block trade will be conducted without a completed CCFE Block Trade Confirmation form from the TPH(s).

Such written **confirmation must be faxed to the CCX Help Desk at (770) 951-5481** and must include, at a minimum:

Buyer Clearing Trading Privilege Holder

Buyer Clearing TPH name  
Buyer TPH Clearing ID  
Buyer Authorized Trader  
Seller Clearing TPH name  
Signature of the submitting Authorized Trader  
Contact information for the submitting Authorized Trader

Seller Clearing Trading Privilege Holder

Seller Clearing TPH name  
Seller TPH Clearing ID  
Seller Authorized Trader  
Buyer Clearing TPH name  
Signature of the submitting Authorized Trader  
Contact information for the submitting Authorized Trader

In addition, each Clearing TPH will include on their copy of the Block Trade Confirmation form the following:

Account Number or Account ID of buyer or seller as applicable

CTI Code as applicable to the Account Number or Account ID  
Clearing Origin Code as applicable to the Account Number or Account ID  
Contract type; (SFI or other, if applicable)  
Buy or Sell  
Contract Month  
Price in USD per unit of measure (e.g. tons SO<sub>2</sub>)  
Total quantity of contracts

Block trade confirmations from both parties must be received by the CCX Help Desk no later than fifteen minutes before the market close in order to afford the CCX Help Desk the opportunity to review the confirmations for completeness and consistency and post the trade in the trading system.

The Trading Privilege Holder(s) that will clear the block trade must maintain records of block trades with timestamps and make such records available on request to CCFE and/or the NFA for review purposes.

## 2.3 After Hours Block Trades

If the block trade is agreed upon outside of trading hours, the participants are required to report the transaction within fifteen minutes of the opening of the Exchange on the first subsequent trading day.

## 2.4 Block Trade Restrictions

**No block trades will be accepted within the last 15 minutes of a trading session.**

**No block trades will be allowed during the last trading session for a contract delivery month.**

## 2.5 CCFE Review Process

The CCX Help Desk will review the trade information for completeness; notify CCFE of the trade and acquire approval or rejection of the trade; and if the trade is approved, notify the market place of the transaction, identifying all details of the trade as specified in CCFE Rule 412.

1. All confirmations must have a time stamp (facsimile time stamp is acceptable) and have an authorized signature for the submitting party.
2. If both confirmations are in agreement on the terms of the block trade; the two listed Trading Privilege Holders and Authorized Traders being in agreement; and the signature on the fax is that of an Authorized Trader, the confirmations will be considered successfully received and eligible for acceptance by CCFE.

3. To confirm receipt of a confirmation, the Authorized Trader or other party from the Trading Privilege Holder may call the CCX Help Desk. If this does not occur, the CCX Help Desk will contact both Trading Privilege Holders to confirm successful receipt. The manner in which the Trading Privilege Holders are contacted, whether via phone, e-mail, instant message, or fax is left to the discretion of the CCX Help Desk.
4. Within 15 minutes of receipt of the last confirmation received from the Trading Privilege Holders, the CCX Help Desk will determine whether the trade meets all the above requirements and the Trading Privilege Holders' confirmations agree with each other.
5. Block Trade Approval
  - a. If the block trade is approved, the CCX Help Desk will post the trade to the CCFE Trading Platform
  - b. The block trade will be reported to the market as a block trade with volume and price.
  - c. The CCX Help Desk will notify the parties to the block trade, in an appropriate manner, of the block trade approval.

6. Rejected Block Trade

If the trade terms of the block trade differ in any way between the Block Trade Confirmation forms submitted by the counter parties or CCFE determines that the block trade should not be executed, the CCX Help Desk will contact the Trading Privilege Holders to inform them that the block trade has been rejected.

## 3 Exchange for Physical Transactions

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The process for submission, review and approval / rejection for EFPs is similar to block trades with the exception of the form to be submitted and the information required on the form. See the Exchange for Physical Transaction form in Exhibit 2.

### 3.1 Submitting EFPs

All negotiated EFPs must be reported to the CCX Help Desk. For EFPs between two Trading Privilege Holders or Customers or Non-Customers of one or both of the Trading Privilege Holders, CCFE requires both Trading Privilege Holders to report the EFP to the CCX Help Desk.

The CCFE Clearing Member/Trading Privilege Holder(s) that will be responsible for the clearance of an EFP must, within 30 minutes of completion of the negotiations, submit via facsimile the CCFE Exchange for Physical Transaction form. No EFP will be conducted without a completed CCFE Exchange for Physical Transaction form from the TPH(s).

The completed **forms must be faxed to the CCX Help Desk at (770) 951-5481** and must include, at a minimum:

Futures Buyer Clearing Trading Privilege Holder

Futures Buyer Clearing TPH name  
Futures Buyer TPH Clearing ID  
Futures Buyer Authorized Trader  
Futures Seller Clearing TPH name  
Signature of the submitting Authorized Trader  
Contact information for the submitting Authorized Trader

Futures Seller Clearing Trading Privilege Holder

Futures Seller Clearing TPH name  
Futures Seller TPH Clearing ID  
Futures Seller Authorized Trader  
Futures Buyer Clearing TPH name  
Signature of the submitting Authorized Trader  
Contact information for the submitting Authorized Trader

In addition, each Clearing Member/Trading Privilege Holder must include on its copy of the Exchange for Physical Transaction form the following:

Account Number or Account ID of futures buyer or futures seller as applicable  
CTI Code as applicable to the Account Number or Account ID

Clearing Origin Code as applicable to the Account Number or Account ID  
Futures Contract type; (SFI or other, if applicable)  
Futures Buy or Sell  
Futures Contract Month  
Futures Price in USD per unit of measure (e.g. tons SO<sub>2</sub>)  
Total quantity of futures contracts  
Underlying Physical  
Underlying Physical Quantity  
Underlying Physical Total Value in USD

Exchange for Physical Transaction forms from both parties must be received by the CCX Help Desk no later than fifteen minutes before the market close in order to afford the CCX Help Desk the opportunity to review the forms for completeness and consistency and post the trade in the trading system.

The Trading Privilege Holder(s) that will clear the EFP must maintain records of EFPs with timestamps and make such records available on request to CCFE and/or the NFA for review purposes.

## 3.2 After Hours EFPs

If the EFP is agreed upon outside of trading hours, the participants are required to report the transaction within fifteen minutes of the opening of the Exchange on the first subsequent trading day.

## 3.3 EFP Restrictions

**No EFPs will be accepted within the last 15 minutes of a trading session.**

**No EFPs will be allowed during the last trading session for a contract delivery month.**

## 3.4 CCFE Review Process

The CCX Help Desk will review the transaction information for completeness; notify CCFE of the transaction and acquire approval or rejection of the transaction; and if the transaction is approved, notify the market place of the transaction, identifying all details of the trade as specified in CCFE Rule 411.

1. All forms must have a time stamp (facsimile time stamp is acceptable) and have an authorized signature for the submitting party.
2. If the forms are in agreement on the terms of the EFP; as well as the two listed Trading Privilege Holders and Authorized Traders being in agreement; **the futures price is within the daily trading limit**; and the signature on the fax is that of an Authorized Trader, the forms will be considered successfully

received and eligible for acceptance by CCFE.

3. To confirm receipt of a form, the Authorized Trader or other party from the Trading Privilege Holder may call the CCX Help Desk. If this does not occur, the CCX Help Desk will contact both Trading Privilege Holders to confirm successful receipt. The manner in which the Trading Privilege Holders are contacted, whether via phone, e-mail, instant message, or fax is left to the discretion of the CCX Help Desk.
4. Within 15 minutes of receipt of the last form received from the Trading Privilege Holders, the CCX Help Desk will determine whether the transaction meets all the above requirements and the Trading Privilege Holders' forms agree with each other.
5. EFP Approval
  - a. If the EFP is approved, the CCX Help Desk will post the futures trade as an EFP to the CCFE Trading Platform with volume only, no prices.
  - b. The futures trade will be reported to the market as an EFP with volume only, no prices.
  - c. The CCX Help Desk will notify the parties to the EFP, in an appropriate manner, of the EFP approval.
6. Rejected EFP Trade

If the trade terms of the EFP differ in any way between the Exchange for Physical Transaction forms submitted by the counter parties or CCFE determines that the EFP should not be executed, the CCX Help Desk will contact the Trading Privilege Holders to inform them that the EFP has been rejected.

## Exhibit 1

### CHICAGO CLIMATE FUTURES EXCHANGE, LLC

### BLOCK TRADE CONFIRMATION FORM

**Instructions:**

1. Clearing Trading Privilege Holders (TPH) must ensure all parts of this form are completed. The CCX Help Desk will reject the form if any information is incomplete or if the instructions are not followed.
2. Both the buying and selling Clearing TPHs must ensure the submission of this form by facsimile within the following time frames:
  - a. As soon as practicable, but no later than 15 minutes after the completion of negotiations. (Rule 412(d))
  - b. May not be submitted any later than 15 minutes prior to the Contract's trading session close time. (Rule 412(d))
  - c. Block Trades that are negotiated "after hours" are to be submitted no later than 15 minutes after the open of the next trading session. (Rule 412(e))
3. Block Trades are not permitted during the last Trading Session for a Contract delivery month. (Rule 412(h))
4. Block Trade quantity must be at least equal to the minimum volume level established time-to-time by CCFE.
5. Clearing TPHs must ensure that all Block Trades comply with all aspects of Rule 412.

<b>CCX Help Desk</b> <b>Fax Number:</b> 770-951-5481  <b>Phone Number:</b> 770-857-0330	<b>TPH Fax Number:</b> <b>TPH Phone Number:</b> <b>TPH e-mail address:</b> (Information required in order for CCX Help Desk to confirm acceptance or rejection of trade.)				
<b>Date:</b>					
dd/mm/yy					
<b>TPH Name</b>		<b>TPH Clearing ID</b>		<b>Authorized Trader ID</b>	

Circle One	<b>BUY</b>	<b>SELL</b>
<b>Account Identifier</b>		
<b>CTI Code</b>		
<b>Clearing Origin</b>		
<b>Contract</b>		
<b>Delivery Month</b>		
<b>Quantity of Trade</b>		
<b>Price (per unit of measure e.g. \$/ton)</b>		

<b>Other TPH Name</b>	
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Signature of Authorized Trader

\_\_\_\_\_

\_\_\_\_\_ (Print Name)

<b>For CCX Help Desk Use Only</b>	<b>Time of Form Receipt</b>
<b>Confirmed receipt of Confirmation to submitter</b>	
<b>Accepted</b> <input type="checkbox"/>	<b>Rejected</b> <input type="checkbox"/>

CCX Help Desk – Upon completion of the above box, email as a .PDF to CCFE ([memberservices@chicagoclimatex.com](mailto:memberservices@chicagoclimatex.com)) and the NFA ([mktsvl@nfa.futures.org](mailto:mktsvl@nfa.futures.org)).

**Exhibit 2**  
**CHICAGO CLIMATE FUTURES EXCHANGE, LLC**  
**EXCHANGE FOR PHYSICAL FORM**

**Instructions:**

1. Clearing Trading Privilege Holders (TPH) must ensure all parts of this form are completed. The CCX Help Desk will reject the form if any information is incomplete or if the instructions are not followed.
2. Both the buying and selling Clearing TPHs must ensure the submission of this form by facsimile within the following time frames:
  - a. As soon as practicable, but no later than 30 minutes after the completion of the agreement. (Rule 411(d))
  - b. May not be submitted any later than 15 minutes prior to the Contract's trading session close time. (Rule 411(d))
  - c. Exchange for Physical transactions that are negotiated "after hours" are to be submitted no later than 15 minutes after the open of the next trading session. (Rule 411(e))
3. Exchange for Physical Transactions are not permitted during the last Trading Session for a Contract delivery month. (Rule 411(i))
4. Clearing TPHs must ensure that all Exchange for Physical Transactions comply will all aspects of Rule 411.

<b>CCX Help Desk</b>	<b>TPH Fax Number:</b>
<b>Fax Number:</b> <b>770-951-5481</b>	<b>TPH Phone Number:</b>
<b>Phone Number:</b> <b>770-857-0330</b>	<b>TPH e-mail address:</b>
	<small>(Information required in order for CCX Help Desk to confirm acceptance or rejection of trade.)</small>

<b>Date:</b>				
dd/mm/yy				
<b>TPH Name</b>		<b>TPH Clearing ID</b>		<b>Authorized Trader ID</b>

Circle One	<b>FUTURES</b>	<b>PHYSICAL PRODUCT</b>
	BUY            SELL	
<b>Account Identifier</b>		
<b>CTI Code</b>		
<b>Clearing Origin</b>		
<b>Contract</b>		<b>Product Name</b>
<b>Delivery Month</b>		<b>Physical Product Quantity</b>
<b>Futures Quantity</b>		<b>Price (per unit of measure)</b>
<b>Price (per unit of measure e.g. \$/ton)</b>		<b>Total Value of Physical Product</b>

<b>Other TPH Name</b>	
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Signature of Authorized Trader

\_\_\_\_\_

\_\_\_\_\_ (Print Name)

<b>For CCX Help Desk Use Only</b>	<b>Time of Form Receipt</b>
<b>Confirmed receipt of form to submitter</b>	
Accepted <input type="checkbox"/>	Rejected <input type="checkbox"/>

CCX Help Desk – Upon completion of the above box, email as a .PDF to CCFE ([memberservices@chicagoclimatex.com](mailto:memberservices@chicagoclimatex.com)) and the NFA ([mktsvl@nfa.futures.org](mailto:mktsvl@nfa.futures.org)).