



U.S. COMMODITY FUTURES TRADING COMMISSION

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November 9, 2004

Ms. Anne Cresce
Senior Vice President &
General Counsel
Chicago Climate Futures Exchange, LLP
111 West Jackson Boulevard - 14th Floor
Chicago, IL 60604

Re: Application of the Chicago Climate Futures Exchange, LLC for Designation as a Contract Market

Dear Ms. Cresce:

By letters dated September 10, 2004 through October 26, 2004, the Chicago Climate Futures Exchange, LLC ("CCFE" or "Exchange") applied to the Commodity Futures Trading Commission ("Commission"), pursuant to Sections 5 and 6(a) of the Commodity Exchange Act ("Act"), 7 U.S.C. §§7 and 8(a), for designation as a contract market. The Commission has reviewed the materials submitted and has determined to designate the CCFE as a contract market, pursuant to Sections 5 and 6(a) of the Act, 7 U.S.C. §§7 and 8(a).

Concurrent with designation, the Commission approved, pursuant to Section 5c(c) of the Act, 7 U.S.C. §7a-2(c), CCFE Rules: 101-159, 201-211, 301-310, 401-416, 501-520, 601-615, 701-721, 801-804, 901, 1001-1002, and 1101-1105, CCFE Block Trade and Exchange of Future for Physical Procedures, Large Trader Reporting Procedures and Error Trade Resolution Process.

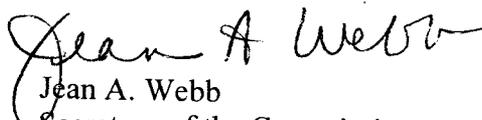
The Commission's designation is based upon, among other things, written submissions, explanations, representations and demonstrations provided by the Exchange describing the manner in which the CCFE will operate. The Commission's designation is also based upon written submissions, explanations, representations and demonstrations provided by the CCFE and the National Futures Association ("NFA") concerning how the NFA will, among other things, assist the CCFE in meeting the Exchange's self-regulatory obligations. The Commission's designation is further based upon written submissions, explanations, representations and demonstrations provided by the CCFE and The Clearing Corporation ("CCorp"), a Commission-registered derivatives clearing organization, concerning how CCorp will, among other things, assist the CCFE in meeting the Exchange's clearing and settlement obligations. Finally, the Commission's designation is also based upon written submissions, explanations, representations and demonstrations provided by the CCFE and IntercontinentalExchange, Inc. ("ICE") concerning the CCFE Trading System utilizing network architecture established and operated by ICE.

The CCFE should inform the Commission of any material modifications to the operation of the CCFE, the CCFE Trading System operated by ICE, the clearing and settlement arrangements provided by CCorp, or the CCFE's self-regulatory program, including, but not limited to, those services provided by the NFA. The Commission also reminds the CCFE that any change in the identity of these regulatory service providers or the regulatory services they provide to the Exchange, any modification to its trade matching algorithm and any selection of a particular algorithm for a particular contract constitute a rule change that must be submitted to the Commission pursuant to 5c(c) of the Act and Part 40 of the Commission's regulations. The Commission further reminds the CCFE that the minimum contract size thresholds for block trades are also considered rules, and should be submitted as such, pursuant to 5c(c) of the Act and Part 40 of the Commission's regulations. Moreover, the Commission reminds the Exchange that position limits or position accountability procedures should be included with the Exchange's filing to the Commission in connection with the listing of each futures contract submitted under the Commission's certification or approval procedures.

The Commission notes that CCFE has represented that it will enter into appropriate information sharing agreements, including the International Information Sharing Memorandum of Understanding and Agreement dated March 15, 1996. The Commission also notes that CCFE has represented that prior to the launch of the Exchange, CCFE's General Counsel will deliver to the Commission affidavits regarding the eligibility of each member of the Board of Directors of CCFE. The Commission finally notes that subsequent to designation as a contract market, the CCFE will work with the Commission regarding connection to the Exchange Database System.

In approving the CCFE's application, the Commission is not approving the Regulatory Services Agreement between the CCFE and the NFA, the Clearing Services Agreement between the CCFE and CCorp or the Licensing and Services Agreement and Listing Agreement between CCFE and ICE. In this connection, the CCFE itself remains directly responsible to the Commission for ensuring the performance of all self-regulatory functions required of it as a designated contract market under the Act and Commission Regulations, including enforcement of the terms of all the CCFE Rules. The CCFE remains responsible for compliance with all designation criteria and core principles for which relevant functions have been contracted out. The Commission finally reminds the CCFE of its continuing obligation, under Core Principle 2, to devote sufficient resources to the enforcement of its rules, whether through outsourcing to the NFA or otherwise.

Sincerely,


Jean A. Webb
Secretary of the Commission

cc: Kenneth Raisler, Sullivan & Cromwell LLP
Daniel J. Roth, NFA
Dennis A. Dutterer, CCorp
David Goone, ICE

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application
of the Chicago Climate Futures
Exchange, LLC for Designation
as a Contract Market

ORDER OF DESIGNATION

The Chicago Climate Futures Exchange, LLC (“CCFE” or Exchange”), a Delaware limited liability company, whose sole member is Chicago Climate Exchange, Inc. (“CCX”) submitted pursuant to Sections 5 and 6(a) of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 7 and 8(a), an application for designation as a contract market. Having reviewed the application and the complete record in this matter, the Commission adopts the reasons set forth in the November 1, 2004, Memorandum of the Division of Market Oversight and Division of Clearing and Intermediary Oversight (“Staff Memorandum”) as the basis for the following findings and rulings:

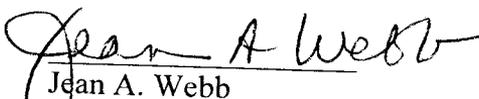
1. The Commission FINDS that, as required by Section 6(a), 7 U.S.C. § 8(a), the CCFE’s application provides a showing that it complies with the conditions set forth in the Act and the Commission’s regulations thereunder applicable to it for designation as a contract market, and provides a sufficient assurance that it will continue to comply with the requirements of the Act and the Commission’s regulations.

2. IT IS ORDERED, under Sections 5 and 6(a) of the Act, 7 U.S.C. §§ 7 and 8(a), that the application of the CCFE for designation as a contract market is approved;

3. IT IS FURTHER ORDERED, that this approval of designation shall be subject to compliance with all sections of the Act and regulations thereunder applicable to the CCFE as a designated contract market.

Issued in Washington, D.C., this 9th day of November, 2004.

By the Commission


Jean A. Webb
Secretary of the Commission