



RECEIVED
C.F.T.C.

2004 JUN 30 PM 4:10

June 30, 2004

Ms. Jean Webb
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette
1155 21st Street, NW
Washington DC, 20581

RE: Amendment to the Reporting Level of the HedgeStreet Federal Funds Rate Fixed Payout Hedgelet Contract – Submission pursuant CFTC Regulation 40.6

Dear Secretary Webb:

In accordance with Regulation 40.6, HedgeStreet Inc, (“HedgeStreet”) hereby files with the Commission an amendment to the Reporting Levels of the HedgeStreet Federal Funds Rate Fixed Payout Contracts. HedgeStreet Rule 12.7(h) regarding the Reporting Levels of the Federal Funds Rate Contracts shall be amended from 125,000 contracts to 300 contracts in accordance with CFTC Regulation §15.03(b). The amendment to HedgeStreet Rule 12.7(h) has been redlined in the attached Exhibit A to reflect the relevant changes.

No substantive opposing views were expressed to HedgeStreet with respect to these amendments.

These Rule Amendments will be implemented July 1, 2004.

HedgeStreet hereby certifies that the Contracts and the clearing of the Contracts, including all rules defining the terms and conditions of said Contract contained herein, complies with the Act and the Commission Regulations adopted thereunder.

If you have any questions, please contact me at sford@hedgestreet.com or (650)638-3511.

Sincerely,

Stephanie Ford
Vice President, Legal & Compliance



Exhibit A

RULE 12.7 FEDERAL FUNDS RATE CONTRACTS

(a) SCOPE - These Rules shall apply to the Class of Contracts referred to as the Federal Funds Rate Hedgelet Contracts issued by HedgeStreet.

(b) UNDERLYING - The Underlying for this Class of Contracts is the Target Federal Funds Rate last reported by the Source Agency.

(c) SOURCE AGENCY - The Source Agency is the Federal Open Market Committee of the Federal Reserve (the "FOMC").

(d) TYPE - The type of Contract is a Fixed Payout Hedgelet Contract.

(e) ISSUANCE - For each planned announcement by the Source Agency of the Underlying, HedgeStreet will issue various Hedgelet Pairs, each of a different Series. Each of those Hedgelet Pairs will consist of two Federal Funds Rate Hedgelet Contracts, each of a different Series. A new issuance of Hedgelet Pairs will commence no later than two business days following an Expiration Date.

(f) PAYOUT CRITERION - The two Contracts in each of the Hedgelet Pairs will have Payout Criteria which are mutually exclusive of each other, while being collectively exhaustive. The Payout Criterion for each Contract in the Hedgelet Pair will be set by HedgeStreet at the time the Hedgelet Pairs are initially issued. For the Hedgelet Pairs, the Payout Criteria of the Contracts in the Pair will be set as follows:

(i) Hedgelet Pair 1: One Contract will have a Payout Criterion of below X, and one Contract will have a Payout Criterion of equal to or greater than X.

(ii) Hedgelet Pair 2: One Contract will have a Payout Criterion of equal to X, and one Contract will have a Payout Criterion of not equal to X.



(iii) Hedgelet Pair 3: One Contract will have a Payout Criterion of equal to $X + 0.25\%$, and one Contract will have a Payout Criterion of not equal to $X + 0.25\%$.

(iv) Hedgelet Pair 4: One Contract will have a Payout Criterion of equal to $X + 0.50\%$, and one Contract will have a Payout Criterion of not equal to $X + 0.50\%$.

(v) Hedgelet Pair 5: One Contract will have a Payout Criterion of greater than $X + 0.50\%$, and one Contract will have a Payout Criterion of less than or equal to $X + 0.50\%$.

(vi) In each case, "X" equals the last Target Federal Funds Rate reported by the Source Agency after a regularly scheduled meeting.

(vii) HedgeStreet may list additional Hedgelet Pairs with different ranges of Payout Criteria on a discretionary basis in accordance with the CEA and Commission Regulations.

(g) MINIMUM TICK - The Minimum Tick size for Federal Funds Rate Hedgelets shall be \$0.01.

(h) REPORTING LEVEL - The Reporting Level for Federal Funds Rate Hedgelet Contracts shall be ~~425,000~~ 300 contracts.

(i) POSITION LIMIT - There are currently no Position Limits for the Federal Funds Rate Hedgelet Contracts.

(j) LAST TRADING DATE - The Last Trading Date in a Series is the date prior to the Expiration Date. No trading in a Series may occur after its Last Trading Date.

(k) SETTLEMENT DATE - The Settlement Date will be the last day of the FOMC meeting.

(l) EXPIRATION DATE - The Expiration Date of the Contract will be the date on which the FOMC meeting is scheduled to release the FOMC number (whether such number is actually released or not).

(m) SETTLEMENT VALUE The Settlement Value is the amount paid to the holder of the in-the-money Contract on Settlement Date. The Settlement Value for Federal Funds Rate Hedgelets is \$10.



(n) EXPIRATION VALUE – The Expiration Value is the last announced level of the Target Federal Funds Rate by the Source Agency on the Expiration Date.

(o) CONTINGENCIES – If no level is actually announced by the Source Agency on the Expiration Date (because the FOMC meeting is unexpectedly delayed, postponed, or otherwise) the previously announced level (which is the last announced level on the Expiration Date) will be used. Expiration and settlement will not be delayed if the level scheduled to be announced is not actually announced.