

UNITED STATES OF AMERICA
Before The
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application of
Cantor Clearinghouse, L.P.
For Registration as a Derivatives Clearing Organization

ORDER OF REGISTRATION

Cantor Clearinghouse, L.P. ("Cantor") has submitted, pursuant to Section 5b of the Commodity Exchange Act ("CEA"), 7 U.S.C. 7a-1, an application for registration as a derivatives clearing organization ("DCO"), along with exhibits, supplemental documents, and other supporting information provided at various times (together, the "Application").

The Commodity Futures Trading Commission ("Commission") has reviewed the Application. Based on the Application, the Commission finds that Cantor has, subject to the terms and conditions specified herein, demonstrated compliance with the requirements of the CEA and Commission regulations thereunder applicable to registration of DCOs. Therefore,

IT IS ORDERED, pursuant to Section 5b of the CEA, that the application of Cantor for registration as a DCO is granted, subject to the terms and conditions specified herein.

IT IS FURTHER ORDERED, that:

- (1) Cantor shall limit its activities as a registered DCO to contracts executed on the Cantor Futures Exchange, L.P. ("Cantor Exchange"), the class or category of which shall have been approved by the Commission pursuant to procedures set forth in Commission Regulation 40.3, 17 CFR 40.3, in accordance with the terms and conditions of the Commission's Order designating the Cantor Exchange as a contract market ("Approved Contracts");
- (2) Cantor shall clear only Approved Contracts for which there are daily trading price limits such that the amount by which the price of a contract may increase or decrease on any trading day is limited to an amount equal to 10% of its prior day's settlement price;
- (3) Cantor shall at all times remain in compliance, and shall demonstrate compliance as requested by the Commission, with the Core Principles set forth in Section 5b of the CEA, and shall at all times fulfill each of the commitments and representations made in the Application including, without limitation, the following:
 - (a) Cantor shall maintain, at all times, sufficient net capital to cover all of its operating expenses calculated on a one-year rolling basis;

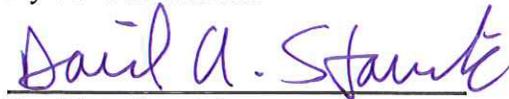
- (i) In the first year after issuance of this Order, Cantor shall calculate its operating expenses by annualizing its actual expenses from May 1, 2010 through the end of the month immediately preceding the date of the calculation. Thereafter, Cantor shall calculate such operating expenses based upon its actual operating expenses for the year ending with the last complete month immediately preceding the date of calculation; and
- (ii) In satisfying this net capital requirement, Cantor shall hold unencumbered, liquid assets (*i.e.*, cash, cash equivalents, or highly liquid securities) in an amount greater than or equal to its operating expenses for six months;
- (b) Cantor shall establish and maintain at all times, a guaranty fund in an aggregate principal amount at least equal to the greater of \$1,000,000 or 1% of the aggregate original performance bond required to be on deposit by all participants; and further, Cantor shall ensure that the guaranty fund is sufficient to cover any potential Cantor losses resulting from the default of the participant with the largest exposure, under extreme but plausible market conditions;
- (c) Cantor shall perform stress testing on a quarterly basis to re-calculate the level of financial resources needed to meet all operational and default management requirements;
- (d) Cantor shall require, at all times, original performance bond in an amount not less than 100% of full contract value for each contract in any and all long positions, and the greater of \$25.00 or 50% of the prior trading day's settlement price of the contract for each contract in any and all short positions;
- (e) Cantor shall require that all deposits of original performance bond for trading Approved Contracts must be made in cash or U.S. Treasury securities only, subject to the further requirement that original performance bond supporting positions of participants who are natural persons must be made in cash only;
- (f) Cantor shall perform a real-time credit check to confirm the presence of funds in a participant's account each time the participant has placed a bid or offer that is matched by the Cantor Exchange, in order to ensure that sufficient funds are available to meet the participant's original performance bond requirement for the matched trade. Cantor shall not clear any contract for which such credit check does not confirm the presence of adequate funds in a participant's account;
- (g) Upon the occurrence of an "Event of Default," as defined in the Cantor rules, Cantor shall automatically suspend the defaulting participant and shall liquidate, transfer or otherwise manage open positions of the suspended participant as expeditiously as possible in the manner set forth in the Cantor rules;

- (4) Cantor shall ensure the proper performance of all self-regulatory functions required of it as a registered DCO under the CEA and Commission regulations, including enforcement of the terms of all Cantor rules and procedures;
- (5) Cantor shall promptly inform the Commission of any event, circumstance, or situation concerning any of Cantor's operations that may reasonably be expected to materially detract from Cantor's ability to continue complying with any of the Core Principles set forth in Section 5b of the CEA;
- (6) Cantor shall immediately inform the Commission of the default, suspension, termination, or forced liquidation of the positions of any Cantor participant and shall provide the Commission with information regarding the impact of any such event upon the adequacy of Cantor's financial resources. For purposes of this paragraph, a default shall be considered to have occurred if a participant fails to meet any of its obligations under any contract, including failure to meet variation margin requirements and increases in original performance bond requirements when due; voluntarily files for bankruptcy, liquidation, or reorganization, or otherwise admits it is insolvent; has an involuntary case in bankruptcy commenced against it; has an involuntary petition for liquidation or reorganization filed against it; or has a trustee or similar official appointed with respect to all or a substantial part of its property;
- (7) Cantor shall monitor and enforce compliance by its participants with Cantor's eligibility criteria; and
- (8) In the event of an "Emergency," as defined in the Cantor rules, Cantor shall notify the Commission as soon as practicable by telephone, confirmed in writing, of the declaration of such an emergency, the reasons therefore, and the actions taken.

This Order is based upon the representations made and supporting material provided to the Commission by Cantor. In the event of any material changes to or omissions in the facts and circumstances pursuant to which this Order is issued, or for any reason in its own discretion, the Commission may condition, modify, suspend, terminate or otherwise restrict the terms of this Order, as appropriate, on its own motion.

Issued in Washington, D.C., this 20th day of April, 2010.

By the Commission



David A. Stawick
Secretary of the Commission