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March 9, 2010

CLIENT/MATTER NUMBER  
093774-0101

VIA OVERNIGHT DELIVERY

Assistant Secretary for FOI,  
Privacy and Sunshine Acts Compliance  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**Re: Request for Confidential Treatment**

Dear Assistant Secretary:

On behalf of our client, Media Derivatives, Inc. ("MDEX"), we hereby request confidential treatment of the enclosed materials, which are comprised of an e-mail transmittal and the document listed in the e-mail as being submitted subject to a request for confidential treatment. This request for confidential treatment is made pursuant to and in accordance with the Freedom of Information Act ("FOIA"), 5 U.S.C. 552, and Commission Rule 145.9, 17 C.F.R. 145.9. Confidential treatment is appropriate because the materials contain confidential trade secrets and commercial information of MDEX. We request confidential treatment of the enclosed materials indefinitely.

This request is submitted on our client's behalf by the undersigned, Kathryn M. Trkla. Please contact me regarding any request under FOIA for access to these documents, so that we may substantiate the grounds for confidential treatment.

Sincerely,

Kathryn M. Trkla

cc: Philip Colling, CFTC Division of Market Oversight  
Jane Croessmann, CFTC Division of Market Oversight  
Robert Swagger, Media Derivatives, Inc.  
William Boyk, Media Derivatives, Inc.

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WASHINGTON, D.C.

CHAPTER 9  
GENERAL TERMS WITH RESPECT TO CONTRACTS

901. Contract Specifications

Contracts based on motion picture revenues will be listed pursuant to and in accordance with Chapter 10 of the Rules. Contracts on other commodities or underlying interests will have such specifications as the Board may determine.

902. Customer Margin Requirements

(a) The Clearing House will establish and may modify from time to time, in each case in consultation with the Exchange, the margin to be collected by a Clearing Member or a non-clearing futures commission merchant from its Customers in respect of customer positions in any listed Contract. The Exchange will publish the customer margin requirements as in effect from time to time for each listed Contract. Any changes to customer margin requirements for any Contract will apply to both new and existing positions in a Customer's account. The Board reserves the right to increase the customer margin levels established by the Clearing House for any listed Contract. For purposes of this Rule 902, each separate Contract listed pursuant to Chapter 10 by Contract type (Binary Option Contract or Collared Futures Contract) and by motion picture and Revenue Period is considered a separate listed Contract.

(b) A Clearing Member must collect margin from its Customers in respect of positions in Contracts in amounts no less than those imposed pursuant to this Rule and in the forms required by the Exchange. A Clearing Member (and any non-clearing futures commission) may impose margin requirements on a Customer that are in excess of the margin requirements imposed pursuant to this Rule.

(c) If a Clearing Member does not obtain and maintain the required minimum margin deposits for any Customer account, the Exchange may require the Clearing Member to liquidate immediately positions in Contracts in the account to eliminate the margin shortfall.

(d) If a Customer fails to deposit the required minimum margin within a reasonable time, the Clearing Member may, but is not required to, liquidate all or a portion of the Customer's positions in Contracts to restore the account to a properly margined level, provided, however, that the Clearing Member's inability to liquidate all or any portion of the Customer's positions will not in any way affect the Customer's liability to the Clearing Member.

(e) If a margin call in respect of positions in Contracts is outstanding for an unreasonable time, the Clearing Member may only accept orders from the Customer that will reduce the Customer's margin requirements.

(f) A Clearing Member must follow the procedures specified in the Margins Handbook published by the Joint Audit Committee for the computation, issuance, collection and offsets for margin calls and corresponding capital charges, unless the Margins Manual is inconsistent with the Rules, in which case the Rules will govern. The "Joint Audit Committee" refers to the committee comprised of representatives of the U.S. futures exchanges and NFA, which committee is responsible for, among other things, developing uniform programs for audit and financial surveillance of futures commission merchants and introducing brokers.

(g) A Clearing Member must follow the requirements of CFTC Rule 1.58 with respect to collection of margin for any customer omnibus account it carries for another futures commission merchant or a foreign broker.

#### 903. Contracts Subject to Position Limits or Position Accountability

(a) Each Contract shall be subject to position accountability levels, position limits or a combination of position accountability levels and positions limits, as determined by the Board, by an officer or officers of the Exchange pursuant to delegated authority from the Board, or otherwise as provided in the Rules. The position accountability or position limit standards for a Contract shall be set forth in the specifications for such Contract. No Clearing Member shall permit a Customer to enter into a transaction on the Exchange that would cause such Customer to exceed any applicable position limit in any Contract.

(b) In determining whether any Person has exceeded any position limit or position accountability level established under the Rules of the Exchange, all positions in accounts for which such Person by power of attorney or otherwise directly or indirectly controls trading shall be included with the positions held by such Person. In addition, the position limits shall apply to positions held by two or more Persons acting pursuant to an express or implied agreement or understanding, in the same manner as if the positions were held by a single Person.

#### 904. Positions Exceeding Position Accountability Levels

The following provisions apply when a Person holds or controls positions exceeding an applicable accountability level:

(a) Upon request, such Person, or the Clearing Member carrying such Person's account, will provide the Exchange Compliance Department with information regarding the nature of the position, the trading strategy, and hedging information, as applicable, on a timely basis.

(b) The Exchange may instruct such Person not to increase its position or may impose a position limit on the size of such Person's positions.

(c) Positions must be initiated and liquidated in an orderly manner.

#### 905. Position Limit Exemptions

(a) Upon application to the Exchange, the Board or an Exchange officer or officers pursuant to authority delegated by the Board, may grant an exemption from position limits for qualified hedge transactions, including transactions related to activity in related markets (including without limitation cash and over-the-counter swaps markets).

(b) Application for exemption from speculative position limits must be made in such form and content as the Exchange may prescribe, and subject to such conditions as the Exchange may prescribe.

(c) An application for exemption from the speculative position limits for hedging purposes must be renewed annually, if applicable.

(d) The Board, or an Exchange officer or officers pursuant to authority delegated by the Board, shall have the authority to review and rescind any qualified hedge status at any time.

906. Studio/Distributor Firewall Requirements

Before trading any Motion Picture Contracts on a motion picture that it has released, a studio/distributor must adopt and enforce policies and procedures reasonably designed to prohibit communications between the individuals responsible for or having input into the studio/distributor's decisions to trade such Contracts (the "trading group"), on the one hand, and its employees who are responsible for compiling and/or computing the gross box office revenues publicly disseminated by such studio/distributor for its motion pictures regarding the studio/distributor's positions in any such Contracts or the trading group's decisions or discussions with respect to establishment of such positions.

907. Trading by Certain Persons Prohibited

(a) No employee of a studio/distributor who is responsible for the compilation and/or computation of the gross box office revenues that are publicly disseminated by the studio/distributor for its motion pictures may trade any Motion Picture Revenue Contract on any motion picture released by such studio/distributor for his own account or any other account.

(b) No company that is retained by any studio/distributor to collect motion picture gross box office revenues from theaters for such studio/distributor, and no employee of such company, may trade any Motion Picture Revenue Contract for such Person's own account or any other account.

CHAPTER 10  
**OPENING WEEKEND MOTION PICTURE REVENUE CONTRACTS**

1001. Contracts Listed for Trading

The Exchange may from time to time list Binary Option Contracts and Collared Futures Contracts based on reported gross box office revenues on individual motion pictures. The Exchange will publish the specific terms and conditions for each type of Contract listed with respect to a motion picture under this Chapter, in the form set forth in the applicable Appendix to this Chapter 10 (Appendices 10A and 10B).

1002. Listing Procedures and Standards

(a) Pursuant to and in accordance with this Chapter, the Listing Committee is authorized to determine the Motion Picture Revenue Contracts that are listed from time to time on the Exchange. The Listing Committee will meet as appropriate to determine which motion pictures to designate as the underlying reference for such Contracts and will determine the specific terms and conditions for each Contract listed, consistent with the Rules and the content requirements of the applicable Appendix.

(b) The Board may, on its own initiative and in its discretion, reverse the decision to list a Contract under this Chapter on a specific motion picture or modify the terms and conditions for any such Contract.

(c) The following minimum listing standards must be met for a motion picture to be eligible as the underlying reference for any Contract listed under this Chapter:

(i) The motion picture must be rated by the Motion Picture Association of America ("MPAA"), which means, among other things, that the motion picture will open on at least 600 screens in the United States.

(ii) Data on gross box office revenues generated by the motion picture must be publicly reported by the studio or distributor through one or more established providers of such market data.

(d) The Listing Committee will consider the following factors when evaluating the suitability of a motion picture to be the underlying reference for Contracts listed under this Chapter:

- (i) The studio releasing the motion picture;
- (ii) The release date and competition around the release date;
- (iii) The budget for producing the motion picture;
- (iv) The plot and storyline;
- (v) The quality of the cast or the featuring of widely known actors;
- (vi) The genre of the production;
- (vii) The number of screens on which the motion picture is scheduled or expected to open;

- (viii) The MPAA rating assigned to the motion pictures;
- (ix) The quality of the reviews of the motion picture;
- (x) Media exposure and/or word of mouth;
- (xi) The likelihood of awards of nominations; and
- (xii) Any other factors that the Committee considers relevant.

1003. Requirements for Specific Terms and Conditions

The terms and conditions for Contracts listed under this Chapter are subject to the following requirements.

(a) General Requirements

- (i) Contracts are cash-settled.
- (ii) The underlying interest is the cumulative gross theater box office revenues earned by a particular motion picture starting on its domestic release date through the end of a defined "Revenue Period."
- (iii) The Exchange will determine the "Final Settlement Value" for a Binary Option Contract and the "Final Settlement Price" of a Collared Futures Contract following expiration, using as a reference point, the gross theater box office revenues reported by the releasing studio, as disseminated by the market data provider identified as the "Reference Source" in the specific terms and conditions for the Contract.
- (iv) No Contract may be listed with respect to a particular motion picture sooner than 30 calendar days in advance of the domestic release date for such motion picture.
- (v) Each type of Contract will be for the "Opening Weekend Revenue Period," covering the domestic Release Date for the motion picture through the Sunday of the first full weekend following the release date. The release date does not include a limited screening release of a motion picture.
- (vi) The last trading day for an Opening Weekend Revenue Contract will be no later than the day preceding the Release Date for the underlying reference motion picture.

(b) Binary Option Contracts

- (i) The Exchange will list "Strike Values" representing potential levels of gross theater box revenues for a motion picture for each Revenue Period listed for each Binary Option Contract on the motion picture, in increments of at least \$1 Million in gross box office revenues or multiples of \$1 Million in gross box office revenues. The Exchange may augment the strike chain from time to time for a Binary Option Contract listed for a particular motion picture and Revenue Period.
- (ii) Premium value is paid by the buyer on the trade day which is paid to the seller.

(iii) Binary Option Contracts will only be exercised on the “Final Settlement Date” (i.e., European style) and are subject to automatic exercise.

(iv) Upon expiration of a listed Revenue Period for a Binary Option Contract listed for a particular motion picture, the “Final Settlement Value” (i.e., payment amount owed to the long) is determined on the Final Settlement Date as follows:

(A) If the gross theater box office revenues  $>$  Strike Value, the holder of a long position (buyer) receives, and the holder of a short position (seller) pays, a fixed “Face Amount” of \$5,000 per Contract.

EXAMPLE:

A Person holds 75 long Binary Contracts on the Final Settlement Date with a Strike Value of  $>$  \$130 Million and the gross theater box office revenues reported by the Reference Source are \$140 Million. Such Person is entitled to a payment of \$375,000 ( $\$5,000 \times 75$  Contracts). (The determination of the Final Settlement Value is independent of the amount of premium the long paid and the short received to establish their respect positions.)

(B) If the gross theater box office revenues  $\leq$  Strike Value, the payment amount is zero.

EXAMPLE:

A Person holds 75 long Binary Contracts on the Final Settlement Date with a Strike Value of  $>$  \$130 Million and the gross theater box office revenues reported by the Reference Source are \$125 Million. The payment amount owed to the long is zero. (The determination of the Final Settlement Value is independent of the amount of premium the long paid and the short received to establish their respect positions.)

(c) Collared Futures Contracts.

(i) Collared Futures Contracts may have more than one Range Offering. Each Range Offering includes a floor and cap with a \$100 million increment. For example: \$0 - \$100 million and \$100 million - \$200 million.

(ii) For a Collared Futures Contract, the “Final Settlement Price” will be expressed in Revenue Units, subject to a Floor and a Cap as explained in paragraph (ii) below, where each \$1 Million in gross theater box office revenues equals one full Revenue Unit and each partial increment of \$1 Million is a fractional Revenue Unit, expressed as a decimal rounded to the nearest one-quarter ( $1/4$  or  $0.25$ ) increment. Any fractional unit at the  $1/8$  midpoint between  $1/4$  increments is rounded up. For example, \$125,000 in gross box office revenues, representing  $1/8$ , or  $0.125$ , of a Revenue Unit will be rounded up to  $1/4$ , or  $0.25$ , of a Revenue Unit. The Exchange will determine the number of Revenue Units using the gross box office revenues reported by the studio or distributor, as disseminated by the market data provider identified as the “Reference Source” in the specific terms and conditions for the Contract.

(iii) The Final Settlement Price is determined as follows:

(A) If the Cap (converted to Revenue Units equivalent)  $\geq$  Revenue Units  $\geq$  Floor (converted to Revenue Units equivalent), the Final Settlement Price of the Contract equals (Revenue Units – Floor).

EXAMPLE:

Floor = \$100 Million (100 Revenue Units) and Cap = \$200 Million (200 Revenue Units). Gross theater box office revenues for the Revenue Period = \$147,430,000, for Revenue Units (rounded to nearest 1/4 Unit) of 147.5, which is between the Cap and the Floor. Final Settlement Price =  $147.50 - 100 = 47.50$  Revenue Units.

(B) If Revenue Units  $>$  Cap (converted to Revenue Units), the Final Settlement Price of the Contract equals (Cap – Floor, in each converted to Revenue Units).

EXAMPLE:

Floor = \$100 Million (100 Revenue Units) and Cap = \$200 Million (200 Revenue Units). Gross theater box office revenues for the Revenue Period = \$210,430,000, for Revenue Units (rounded to nearest 1/4 Unit) of 210.5, which is greater than the Cap. Final Settlement Price =  $200 - 100 = 100$  Revenue Units.

(C) If Revenue Units  $<$  Floor (converted to Revenue Units), the Final Settlement Price of the Contract is zero.

EXAMPLE: Floor = \$100 Million (100 Revenue Units) and Cap = \$200 Million (200 Revenue Units). Gross box office revenues for the Revenue Period = \$75,053,000, for Revenue Units (rounded to nearest 1/4 Unit) of 75, which is lower than the Floor. The Final Settlement Price is zero Revenue Units.

(iv) The “Final Settlement Value” for a Collared Futures Contract is the difference between the Final Settlement Price and the previous settlement price multiplied by \$50.00 per Contract (i.e., each Revenue Unit has a value of \$50.00.)

#### 1004. Contingencies

(a) If gross theater box office revenue figures for a particular motion picture with respect to which any Contracts are listed are not available from the Reference Source on or by the Final Settlement Date for a Revenue Period, the Final Settlement Date will be postponed until such information is available from the Reference Source, provided, however, that if such information is not available within three (3) days of the last day of the applicable Revenue Period, the Exchange may use revenue data available from another established provider of such market data to determine the final Revenue Units for that Revenue Period and the Final Settlement Date will be the date when the Exchange determines the final Revenue Units.

(b) If the Release Date for a motion picture is moved forward after any Contracts with respect to such motion picture have been listed, the dates defining the Revenue

Period, the Last Trading Date and the Final Settlement Date will be revised consistent with Rule 1003(a)(iv).

(c) If the Release Date for a motion picture is postponed or cancelled after any Contracts with respect to such motion picture have been listed:

(i) Any Contract listed for a Revenue Period ending before the new Release Date will settle at zero, including for all Strike Values; and

(ii) Any Contract with a Revenue Period ending after the new Release Date will settle based on the value of the Revenue Units through the end of the Revenue Period.

#### 1005. Reportable Position Levels

For purposes of CFTC position reporting under the CFTC Part 15 Rules, Part 17 Rules or any related CFTC Rules, the reportable level for each Binary Option Contract listed under this Chapter by motion picture and Revenue Period is 25 contracts within a single strike price. If one strike price has a reportable position, all strikes are reportable for the specific Binary Option Contract. The reportable level for each Collared Futures Contract, by Revenue Period and Range Offering, listed under this Chapter by motion picture and Revenue Period is 25 contracts.

#### 1006. Position Limits

Contracts listed under this Chapter will be subject to position limits. The Listing Committee, or an Exchange officer or officers at the direction of the Listing Committee, will establish position limits for each Contract, and may revise such limits from time to time as it considers appropriate. See Rules 903 and 904. For Collared Futures Contracts, the position limit is applied separately to each Range Offering.

**APPENDIX 10A  
MOTION PICTURE BINARY OPTION CONTRACTS  
OPENING WEEKEND BOX OFFICE REVENUE**

**Motion Picture Title:** \_\_\_\_\_

**Contract Type: Binary Option Contract**

Release Date	Opening date announced by the studio or distributor for domestic release of the motion picture in the theaters. A limited screening release is not considered a release date.
Revenue Period	The Opening Weekend Revenue Contract will cover box office revenues for the Revenue Period starting on the Release Date through Sunday of the first full weekend following the Release Date.
Revenue Units	Represent cumulative revenues where each \$1 Million in gross theater box office revenues equals one full Unit and each partial increment of \$1 Million is a fractional Unit, expressed as a decimal (no rounding).
First Trading Date	No sooner than 30 calendar days in advance of the Release Date. Trading begins with the normal scheduled open of trading.
Last Trading Date	For the Opening Weekend Revenue Contract, no later than the day preceding the Release Date.
Face Amount	\$5,000.
Strike Value Option Chain	Listed Strike Values in minimum increments of \$1 Million, as augmented from time to time.
Minimum Order Tick Size	0.25 (\$12.50) per contract.
Trading Range	0.25 – 99.75
Reference Source	Source of the revenue data used to determine the Revenue Units.
Premium Payment	Buyer pays full premium price.
Final Settlement Date	The first Thursday after the last day of the Revenue Period, or the first business day thereafter if such date is not a business day, subject to extension as provided in Rule 1004(a).
Final Settlement Value (per Contract)	If the gross theater box office revenues > Strike Value, the holder of a long position (buyer) receives, and the holder of a short position (seller) pays, a fixed "Face Amount" of \$5,000 per Contract.  If the gross theater box office revenues ≤ Strike Value, the payment amount is zero.
Position Limits	25,000 net long or net short all strike prices combined. Subject to Rules 903, 904 and 1006.
Reportable Level	25 contracts within a single strike price by motion picture and Revenue Period when Face Amount is \$5,000.
Contingencies	As provided in Rule 1004.

**APPENDIX 10B**  
**MOTION PICTURE COLLARED FUTURES CONTRACTS**  
**OPENING WEEKEND BOX OFFICE REVENUE**

**Motion Picture Title:** \_\_\_\_\_

**Contract Type:** Collared Futures Contract

Release Date	Opening date announced by the studio or distributor for domestic release of the motion picture in the theaters. A limited screening release is not considered a release date.
Revenue Period	The Opening Weekend Revenue Contract will cover box office revenues for the Revenue Period starting on the Release Date through Sunday of the first full weekend following the Release Date.
Revenue Units	Represent cumulative revenues where each \$1 Million in gross theater box office revenues equals one full Unit and each partial increment of \$1 Million is a fractional Unit, expressed as a decimal, rounded to the nearest 1/4, or .25, of a Unit (rounding up for a 1/8 increment between 1/4 increments).
Cap	Maximum value ascribed to Revenue Units for the Revenue Period.
Floor	Value subtracted from Revenue Units to determine settlement value per Contract.
First Trading Date	No sooner than 30 calendar days in advance of the Release Date. Trading begins with the normal scheduled open of trading.
Last Trading Date	For the Opening Weekend Revenue Contract, no later than the day preceding the Release Date.
Unit Value	\$50.00
Face Value	The maximum dollar value of the Contract, calculated as (Cap – Floor)*Unit Value
Minimum Order Tick Size	0.25 (\$12.50) per contract.
Trading Range	0.25 – 99.75
Range Offering	A cap and floor range in increments of \$100 million, e.g. \$0 - \$100 m, \$100m - \$200m
Reference Source	Source of the revenue data used to determine the Revenue Units.
Final Settlement Date	The first Thursday after the last day of the Revenue Period, or the first business day thereafter if such date is not a business day, subject to extension as provided in Rule 1004(a).
Final Settlement Price (expressed as Revenue Units (per Contract))	$\text{Cap} \geq \text{Revenue Units} \geq \text{Floor} = \text{Revenue Units} - \text{Floor}$ $\text{Revenue Units} > \text{Cap} = \text{Cap} - \text{Floor}$ $\text{Revenue Units} < \text{Floor} = \text{zero}$
Position Limits	25,000 contracts net long or net short per each Range Offering. Subject to Rules 903, 904 and 1006.
Reportable Level	25 contracts by motion picture, Revenue Period and Range Offering when Unit Value is \$50. Subject to Rule 1005.
Contingencies	As provided in Rule 1004.

CHAPTER 9  
GENERAL TERMS WITH RESPECT TO CONTRACTS

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902. Customer Margin Requirements

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(c) If a Clearing Member does not obtain and maintain the required minimum margin deposits for any Customer account, the Exchange may require the Clearing Member to liquidate immediately positions in Contracts in the account to eliminate the margin shortfall.

(d) If a Customer fails to deposit the required minimum margin within a reasonable time, the Clearing Member may, but is not required to, liquidate all or a portion of the Customer's positions in Contracts to restore the account to a properly margined level, provided, however, that the Clearing Member's inability to liquidate all or any portion of the Customer's positions will not in any way affect the Customer's liability to the Clearing Member.

(e) If a margin call in respect of positions in Contracts is outstanding for an unreasonable time, the Clearing Member may only accept orders from the Customer that will reduce the Customer's margin requirements.

(f) A Clearing Member must follow the procedures specified in the Margins Handbook published by the Joint Audit Committee for the computation, issuance, collection and offsets for margin calls and corresponding capital charges, unless the Margins Manual is inconsistent with the Rules, in which case the Rules will govern. The "Joint Audit Committee" refers to the committee comprised of representatives of the U.S. futures exchanges and NFA, which committee is responsible for, among other things, developing uniform programs for audit and financial surveillance of futures commission merchants and introducing brokers.

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(b) In determining whether any Person has exceeded any position limit or position accountability level established under the Rules of the Exchange, all positions in accounts for which such Person by power of attorney or otherwise directly or indirectly controls trading shall be included with the positions held by such Person. In addition, the position limits shall apply to positions held by two or more Persons acting pursuant to an express or implied agreement or understanding, in the same manner as if the positions were held by a single Person.

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The following provisions apply when a Person holds or controls positions exceeding an applicable accountability level:

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(b) Application for exemption from speculative position limits must be made in such form and content as the Exchange may prescribe, and subject to such conditions as the Exchange may prescribe.

(c) An application for exemption from the speculative position limits for hedging purposes must be renewed annually, if applicable.

(d) The Board, or an Exchange officer or officers pursuant to authority delegated by the Board, shall have the authority to review and rescind any qualified hedge status at any time.

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Before trading any Motion Picture Contracts on a motion picture that it has released, a studio/distributor must adopt and enforce policies and procedures reasonably designed to prohibit communications between the individuals responsible for or having input into the studio/distributor's decisions to trade such Contracts (the "trading group"), on the one hand, and its employees who are responsible for compiling and/or computing the gross box office revenues publicly disseminated by such studio/distributor for its motion pictures regarding the studio/distributor's positions in any such Contracts or the trading group's decisions or discussions with respect to establishment of such positions.

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(b) No company that is retained by any studio/distributor to collect motion picture gross box office revenues from theaters for such studio/distributor, and no employee of such company, may trade any Motion Picture Revenue Contract for such Person's own account or any other account.

CHAPTER 10  
**OPENING WEEKEND MOTION PICTURE REVENUE CONTRACTS**

1001. Contracts Listed for Trading

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(b) The Board may, on its own initiative and in its discretion, reverse the decision to list a Contract under this Chapter on a specific motion picture or modify the terms and conditions for any such Contract.

(c) The following minimum listing standards must be met for a motion picture to be eligible as the underlying reference for any Contract listed under this Chapter:

(i) The motion picture must be rated by the Motion Picture Association of America ("MPAA"), which means, among other things, that the motion picture will open on at least 600 screens in the United States.

(ii) Data on gross box office revenues generated by the motion picture must be publicly reported by the studio or distributor through one or more established providers of such market data.

(d) The Listing Committee will consider the following factors when evaluating the suitability of a motion picture to be the underlying reference for Contracts listed under this Chapter:

- (i) The studio releasing the motion picture;
- (ii) The release date and competition around the release date;
- (iii) The budget for producing the motion picture;
- (iv) The plot and storyline;
- (v) The quality of the cast or the featuring of widely known actors;
- (vi) The genre of the production;
- (vii) The number of screens on which the motion picture is scheduled or expected to open;

- (viii) The MPAA rating assigned to the motion pictures;
- (ix) The quality of the reviews of the motion picture;
- (x) Media exposure and/or word of mouth;
- (xi) The likelihood of awards or nominations; and
- (xii) Any other factors that the Committee considers relevant.

1003. Requirements for Specific Terms and Conditions

The terms and conditions for Contracts listed under this Chapter are subject to the following requirements.

(a) General Requirements

- (i) Contracts are cash-settled.
- (ii) The underlying interest is the cumulative gross theater box office revenues earned by a particular motion picture starting on its domestic release date through the end of a defined "Revenue Period."
- (iii) The Exchange will determine the "Final Settlement Value" for a Binary Option Contract and the "Final Settlement Price" of a Collared Futures Contract following expiration, using as a reference point, the gross theater box office revenues reported by the releasing studio, as disseminated by the market data provider identified as the "Reference Source" in the specific terms and conditions for the Contract.
- (iv) No Contract may be listed with respect to a particular motion picture sooner than 30 calendar days in advance of the domestic release date for such motion picture.
- (v) Each type of Contract will be for the "Opening Weekend Revenue Period," covering the domestic Release Date for the motion picture through the Sunday of the first full weekend following the release date. The release date does not include a limited screening release of a motion picture.
- (vi) The last trading day for an Opening Weekend Revenue Contract will be no later than the day preceding the Release Date for the underlying reference motion picture.

(b) Binary Option Contracts

- (i) The Exchange will list "Strike Values" representing potential levels of gross theater box revenues for a motion picture for each Revenue Period listed for each Binary Option Contract on the motion picture, in increments of at least \$1 Million in gross box office revenues or multiples of \$1 Million in gross box office revenues. The Exchange may augment the strike chain from time to time for a Binary Option Contract listed for a particular motion picture and Revenue Period.
- (ii) Premium value is paid by the buyer on the trade day which is paid to the seller.

(iii) Binary Option Contracts will only be exercised on the “Final Settlement Date” (i.e., European style) and are subject to automatic exercise.

(iv) Upon expiration of a listed Revenue Period for a Binary Option Contract listed for a particular motion picture, the “Final Settlement Value” (i.e., payment amount owed to the long) is determined on the Final Settlement Date as follows:

(A) If the gross theater box office revenues  $>$  Strike Value, the holder of a long position (buyer) receives, and the holder of a short position (seller) pays, a fixed “Face Amount” of \$5,000 per Contract.

EXAMPLE:

A Person holds 75 long Binary Contracts on the Final Settlement Date with a Strike Value of  $>$  \$130 Million and the gross theater box office revenues reported by the Reference Source are \$140 Million. Such Person is entitled to a payment of \$375,000 ( $\$5,000 \times 75$  Contracts). (The determination of the Final Settlement Value is independent of the amount of premium the long paid and the short received to establish their respect positions.)

(B) If the gross theater box office revenues  $\leq$  Strike Value, the payment amount is zero.

EXAMPLE:

A Person holds 75 long Binary Contracts on the Final Settlement Date with a Strike Value of  $>$  \$130 Million and the gross theater box office revenues reported by the Reference Source are \$125 Million. The payment amount owed to the long is zero. (The determination of the Final Settlement Value is independent of the amount of premium the long paid and the short received to establish their respect positions.)

(c) Collared Futures Contracts.

(i) Collared Futures Contracts may have more than one Range Offering. Each Range Offering includes a floor and cap with a \$100 million increment. For example: \$0 - \$100 million and \$100 million - \$200 million.

(ii) For a Collared Futures Contract, the “Final Settlement Price” will be expressed in Revenue Units, subject to a Floor and a Cap as explained in paragraph (ii) below, where each \$1 Million in gross theater box office revenues equals one full Revenue Unit and each partial increment of \$1 Million is a fractional Revenue Unit, expressed as a decimal rounded to the nearest one-quarter ( $1/4$  or  $0.25$ ) increment. Any fractional unit at the  $1/8$  midpoint between  $1/4$  increments is rounded up. For example, \$125,000 in gross box office revenues, representing  $1/8$ , or  $0.125$ , of a Revenue Unit will be rounded up to  $1/4$ , or  $0.25$ , of a Revenue Unit. The Exchange will determine the number of Revenue Units using the gross box office revenues reported by the studio or distributor, as disseminated by the market data provider identified as the “Reference Source” in the specific terms and conditions for the Contract.

(iii) The Final Settlement Price is determined as follows:

(A) If the Cap (converted to Revenue Units equivalent)  $\geq$  Revenue Units  $\geq$  Floor (converted to Revenue Units equivalent), the Final Settlement Price of the Contract equals (Revenue Units – Floor).

EXAMPLE:

Floor = \$100 Million (100 Revenue Units) and Cap = \$200 Million (200 Revenue Units). Gross theater box office revenues for the Revenue Period = \$147,430,000, for Revenue Units (rounded to nearest 1/4 Unit) of 147.5, which is between the Cap and the Floor. Final Settlement Price =  $147.50 - 100 = 47.50$  Revenue Units.

(B) If Revenue Units  $>$  Cap (converted to Revenue Units), the Final Settlement Price of the Contract equals (Cap – Floor, in each converted to Revenue Units).

EXAMPLE:

Floor = \$100 Million (100 Revenue Units) and Cap = \$200 Million (200 Revenue Units). Gross theater box office revenues for the Revenue Period = \$210,430,000, for Revenue Units (rounded to nearest 1/4 Unit) of 210.5, which is greater than the Cap. Final Settlement Price =  $200 - 100 = 100$  Revenue Units.

(C) If Revenue Units  $<$  Floor (converted to Revenue Units), the Final Settlement Price of the Contract is zero.

EXAMPLE: Floor = \$100 Million (100 Revenue Units) and Cap = \$200 Million (200 Revenue Units). Gross box office revenues for the Revenue Period = \$75,053,000, for Revenue Units (rounded to nearest 1/4 Unit) of 75, which is lower than the Floor. The Final Settlement Price is zero Revenue Units.

(iv) The “Final Settlement Value” for a Collared Futures Contract is the difference between the Final Settlement Price and the previous settlement price multiplied by \$50.00 per Contract (i.e., each Revenue Unit has a value of \$50.00.)

#### 1004. Contingencies

(a) If gross theater box office revenue figures for a particular motion picture with respect to which any Contracts are listed are not available from the Reference Source on or by the Final Settlement Date for a Revenue Period, the Final Settlement Date will be postponed until such information is available from the Reference Source, provided, however, that if such information is not available within three (3) days of the last day of the applicable Revenue Period, the Exchange may use revenue data available from another established provider of such market data to determine the final Revenue Units for that Revenue Period and the Final Settlement Date will be the date when the Exchange determines the final Revenue Units.

(b) If the Release Date for a motion picture is moved forward after any Contracts with respect to such motion picture have been listed, the dates defining the Revenue

Period, the Last Trading Date and the Final Settlement Date will be revised consistent with Rule 1003(a)(iv).

(c) If the Release Date for a motion picture is postponed or cancelled after any Contracts with respect to such motion picture have been listed:

(i) Any Contract listed for a Revenue Period ending before the new Release Date will settle at zero, including for all Strike Values; and

(ii) Any Contract with a Revenue Period ending after the new Release Date will settle based on the value of the Revenue Units through the end of the Revenue Period.

#### 1005. Reportable Position Levels

For purposes of CFTC position reporting under the CFTC Part 15 Rules, Part 17 Rules or any related CFTC Rules, the reportable level for each Binary Option Contract listed under this Chapter by motion picture and Revenue Period is 250-25 contracts within a single strike price. If one strike price has a reportable position, all strikes are reportable for the specific Binary Option Contract.~~and the~~ The reportable level for each Collared Futures Contract, by Revenue Period and Range Offering, listed under this Chapter by motion picture and Revenue Period is 250-25 contracts.

#### 1006. Position Limits

Contracts listed under this Chapter will be subject to position limits. The Listing Committee, or an Exchange officer or officers at the direction of the Listing Committee, will establish position limits for each Contract, and may revise such limits from time to time as it considers appropriate. See Rules 903 and 904. For Collared Futures Contracts, the position limit is applied separately to each Range Offering.

**APPENDIX 10A  
MOTION PICTURE BINARY OPTION CONTRACTS  
OPENING WEEKEND BOX OFFICE REVENUE**

**Motion Picture Title:** \_\_\_\_\_

**Contract Type:** Binary Option Contract

Release Date	Opening date announced by the studio or distributor for domestic release of the motion picture in the theaters. A limited screening release is not considered a release date.
Revenue Period	The Opening Weekend Revenue Contract will cover box office revenues for the Revenue Period starting on the Release Date through Sunday of the first full weekend following the Release Date.
Revenue Units	Represent cumulative revenues where each \$1 Million in gross theater box office revenues equals one full Unit and each partial increment of \$1 Million is a fractional Unit, expressed as a decimal (no rounding).
First Trading Date	No sooner than 30 calendar days in advance of the Release Date. Trading begins with the normal scheduled open of trading.
Last Trading Date	For the Opening Weekend Revenue Contract, no later than the day preceding the Release Date.
Face Amount	\$5,000.
Strike Value Option Chain	Listed Strike Values in minimum increments of \$1 Million, as augmented from time to time.
Minimum Order Tick Size	0.25 (\$12.50) per contract.
Trading Range	0.25 – 99.75
Reference Source	Source of the revenue data used to determine the Revenue Units.
Premium Payment	Buyer pays full premium price.
Final Settlement Date	The first Thursday after the last day of the Revenue Period, or the first business day thereafter if such date is not a business day, subject to extension as provided in Rule 1004(a).
Final Settlement Value (per Contract)	If the gross theater box office revenues > Strike Value, the holder of a long position (buyer) receives, and the holder of a short position (seller) pays, a fixed "Face Amount" of \$5,000 per Contract.  If the gross theater box office revenues ≤ Strike Value, the payment amount is zero.
Position Limits	25,000 net long or net short all strike prices combined. Subject to Rules 903, 904 and 1006.
Reportable Level	<u>250-25</u> contracts <u>within a single strike price</u> by motion picture and Revenue Period when Face Amount is \$5,000.
Contingencies	As provided in Rule 1004.

**APPENDIX 10B**  
**MOTION PICTURE COLLARED FUTURES CONTRACTS**  
**OPENING WEEKEND BOX OFFICE REVENUE**

<b>Motion Picture Title:</b>	_____
<b>Contract Type:</b>	<b>Collared Futures Contract</b>
<b>Release Date</b>	Opening date announced by the studio or distributor for domestic release of the motion picture in the theaters. A limited screening release is not considered a release date.
<b>Revenue Period</b>	The Opening Weekend Revenue Contract will cover box office revenues for the Revenue Period starting on the Release Date through Sunday of the first full weekend following the Release Date.
<b>Revenue Units</b>	Represent cumulative revenues where each \$1 Million in gross theater box office revenues equals one full Unit and each partial increment of \$1 Million is a fractional Unit, expressed as a decimal, rounded to the nearest 1/4, or .25, of a Unit (rounding up for a 1/8 increment between 1/4 increments).
<b>Cap</b>	Maximum value ascribed to Revenue Units for the Revenue Period.
<b>Floor</b>	Value subtracted from Revenue Units to determine settlement value per Contract.
<b>First Trading Date</b>	No sooner than 30 calendar days in advance of the Release Date. Trading begins with the normal scheduled open of trading.
<b>Last Trading Date</b>	For the Opening Weekend Revenue Contract, no later than the day preceding the Release Date.
<b>Unit Value</b>	\$50.00
<b>Face Value</b>	The maximum dollar value of the Contract, calculated as (Cap – Floor)*Unit Value
<b>Minimum Order Tick Size</b>	0.25 (\$12.50) per contract.
<b>Trading Range</b>	0.25 – 99.75
<b>Range Offering</b>	A cap and floor range in increments of \$100 million, e.g. \$0 - \$100 m, \$100m - \$200m
<b>Reference Source</b>	Source of the revenue data used to determine the Revenue Units.
<b>Final Settlement Date</b>	The first Thursday after the last day of the Revenue Period, or the first business day thereafter if such date is not a business day, subject to extension as provided in Rule 1004(a).
<b>Final Settlement Price (expressed as Revenue Units (per Contract))</b>	$\text{Cap} \geq \text{Revenue Units} \geq \text{Floor} = \text{Revenue Units} - \text{Floor}$ $\text{Revenue Units} > \text{Cap} = \text{Cap} - \text{Floor}$ $\text{Revenue Units} < \text{Floor} = \text{zero}$
<b>Position Limits</b>	25,000 contracts net long or net short per each Range Offering. Subject to Rules 903, 904 and 1006.
<b>Reportable Level</b>	<u>250- 25</u> contracts by motion picture, and Revenue Period and Range Offering when Unit Value is \$50. <u>Subject to Rule 1005.</u>
<b>Contingencies</b>	As provided in Rule 1004.

**SUBJECT TO FOIA REQUEST FOR CONFIDENTIAL TREATMENT**

**MOTION PICTURE OPENING WEEKEND BOX OFF**

**General Specifications**

**Binary Options**

Release Date	Opening date announced by the studio or distributor for domestic release of the motion picture in the theaters. A limited screening release is not considered a release date.
Revenue Period	The Opening Weekend Revenue Contract will cover box office revenues for the Revenue Period starting on the Release Date through Sunday of the first full weekend following the Release Date.
Revenue Units	Represent cumulative revenues where each \$1 Million in gross theater box office revenues equals one full Unit and each partial increment of \$1 Million is a fractional Unit, expressed as a decimal (no rounding).
Cap	
Floor	
First Trading Date	No sooner than 30 calendar days in advance of the Release Date. Trading begins with the normal scheduled open of trading.
Last Trading Date	For the Opening Weekend Revenue Contract, no later than the day preceding the Release Date.
Face Amount	\$5,000 per contract
Unit Value	
Face Value	
Strike Value Option Chain	Listed Strike Values in minimum increments of \$1 Million, as augmented from time to time.
Range Offering	
Minimum Order Tick Size	0.25 (\$12.50) per contract.
Trading Range	0.25 – 99.75
Reference Source	Source of the revenue data used to determine the Revenue Units.

Premium Payment	Buyer pays full premium price.
Final Settlement Date	The first Thursday after the last day of the Revenue Period, or the first business day thereafter if such date is not a business day, subject to extension as provided in Rule 1004(a).
Final Settlement Value (per Contract)	<p>If the gross theater box office revenues &gt; Strike Value, the holder of a long position (buyer) receives, and the holder of a short position (seller) pays, a fixed "Face Amount" of \$5,000 per Contract.</p> <p>If the gross theater box office revenues ≤ Strike Value, the payment amount is zero.</p>
Final Settlement Price (expressed as Revenue Units (per Contract))	
Position Limits	25,000 net long or net short all strike prices combined. Subject to Rules 903, 904 and 1006.
Reportable Level	25 contracts within a single strike price by motion picture and Revenue Period when the Face Amount is \$5,000. Subject to Rule 1005.
Contingencies	As provided in Rule 1004.

## ICE REVENUE CONTRACTS

### Collared Futures

Opening date announced by the studio or distributor for domestic release of the motion picture in the theaters. A limited screening release is not considered a release date.

The Opening Weekend Revenue Contract will cover box office revenues for the Revenue Period starting on the Release Date through Sunday of the first full weekend following the Release Date.

Represent cumulative revenues where each \$1 Million in gross theater box office revenues equals one full Unit and each partial increment of \$1 Million is a fractional Unit, expressed as a decimal, rounded to the nearest 1/4, or .25, of a Unit (rounding up for a 1/8 increment between 1/4 increments).

Maximum value ascribed to Revenue Units for the Revenue Period.

Value subtracted from Revenue Units to determine settlement value per Contract.

No sooner than 30 calendar days in advance of the Release Date. Trading begins with the normal scheduled open of trading.

For the Opening Weekend Revenue Contract, no later than the day preceding the Release Date.

\$50 per point

The maximum dollar value of the Contract, calculated as  $(\text{Cap} - \text{Floor}) * \text{Unit Value}$

A cap and floor range in increments of \$100 million, e.g. \$0 - \$100 m, \$100m - \$200m

0.25 (\$12.50) per contract.

0.25 - 99.75

Source of the revenue data used to determine the Revenue Units.

The first Thursday after the last day of the Revenue Period, or the first business day thereafter if such date is not a business day, subject to extension as provided in Rule 1004(a).

Rounded to nearest 0.25 Unit

a)  $\text{Cap} \geq \text{Revenue Units} \leq \text{Floor} = \text{Revenue Units} - \text{Floor}$

b)  $\text{Revenue Units} > \text{Cap} = \text{Cap} - \text{Floor}$

c)  $\text{Revenue Units} < \text{Floor} = \text{zero}$

25,000 contracts net long or net short per each Range Offering. Subject to Rules 903, 904 and 1006.

25 contracts by motion picture, Revenue Period and Range Offering when Unit Value is \$50. Subject to Rule 1005.

As provided in Rule 1004.