



November 16, 2006

VIA EMAIL: [secretary@cftc.gov](mailto:secretary@cftc.gov)

Ms. Eileen A. Donovan, Acting Secretary  
Secretary of the Commission  
Commodity Futures Trading Commission  
3 Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**RE: HedgeStreet, Inc.® Offers New Member Trading Incentive Program  
and Amends the HedgeStreet Refer-A-Friend Program**

Dear Acting Secretary Donovan:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act, HedgeStreet, Inc. (“HedgeStreet”) hereby submits to the Commission its intent to give away an Apple iPod® Shuffle™<sup>1</sup> to a participant that (i) opens an account on HedgeStreet, (ii) funds the account for the first time with a minimum of \$100, (iii) executes at least one (1) trade during the Promotion Period and (iv) is not in violation of any HedgeStreet Rule or the Act (“Incentive Program”). A participant that satisfies all of the terms and conditions of the Incentive Program contained herein will be a participant that is eligible to receive an iPod® Shuffle™ (“Eligible Participant”) by no later than one month after the end of the Promotion Period. The Promotion Period will commence on Friday, November 17, 2006 and will continue on through Friday, December 29, 2006 (“Promotion Period”).

In addition, HedgeStreet intends to amend its current Refer-A-Friend Program on December 1, 2006 which was originally certified to the Commission on April 13, 2005 with an amendment to such referral program submitted to the Commission on April 14, 2005 with an extension of such referral program submitted to the Commission on January 5, 2006 (collectively “Original Referral Program”). The Referrer (i.e. the existing HedgeStreet Member that refers a non-member to join HedgeStreet) will be eligible to receive an Apple iPod® Shuffle™ for the first

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<sup>1</sup> iPod® is a registered trade mark of the Apple Computer, Inc. Shuffle™ is a trade mark of Apple Computer, Inc. HedgeStreet, Inc. is not affiliated with the Apple Computer, Inc. and neither the Apple Computer, Inc. nor its affiliates, sponsor or endorse HedgeStreet, Inc. in any way.



Referee (i.e. the non-HedgeStreet member that (i) opens an account on HedgeStreet, (ii) funds such account for the first time with a minimum of \$100, and (iii) places at least one (1) trade on HedgeStreet during the program period<sup>2</sup>) out of the three (3) that the Referrer refers to HedgeStreet (“Amended Referral Program”). The Original Referral Program and the Amended Referral Program are collectively referred to herein as the Referral Program. The Referrer will only be eligible to receive a total of three (3) incentives for each eligible Referee in accordance with the Referral Program. The Referrer will receive a \$50 gift certificate for each subsequent eligible Referee redeemable towards purchases made through Amazon.com®<sup>3</sup>. In summary, the Referrer will be eligible to receive an iPod® Shuffle™ for the first Referee and two (2) Amazon.com gift certificates for each of the two (2) subsequent Referees. All other terms and conditions of the Referral Program will apply. The Amazon.com® \$50 gift certificates and the iPod® Shuffle™ may collectively be referred to herein as “Incentives.” The Amended Referral Program will take effect on December 1, 2006.

### **Incentive Program**

As a fully electronic, non-intermediated, designated contract market and derivatives clearing organization, HedgeStreet is primarily focused on the retail investor and promoting liquidity on its market. HedgeStreet recognizes that by offering special promotions such as the Incentive Program regarding its products and services it is providing an education to the general public about the unique instruments available for trading on HedgeStreet.

The terms and conditions that will apply to the Incentive Program are as follows:

- All participants of the Incentive Program must comply with the existing restrictions and requirements set forth under the HedgeStreet eligibility and application procedures represented by Chapter 3 of the HedgeStreet Rulebook, including, but not limited to, Chapter 3.1(a)(i) which specifically states that an individual must be “old enough to enter into a legally enforceable contract”;

<sup>2</sup> In accordance with the Referral Program certification submitted to the Commission on January 5, 2006, the program period for the Referral Program extends until December 31, 2006.

<sup>3</sup> Amazon.com® is a registered trade mark of Amazon.com, Inc. HedgeStreet, Inc. is not affiliated with the Apple Computer, Inc. and neither the Amazon.com, Inc. nor its affiliates, sponsor or endorse HedgeStreet, Inc. in any way.



- This Incentive Program will not award gifts of cash value. Rewards for those Eligible Participants participating in the Incentive Program will be an Apple iPod® Shuffle™ (valued at approximately \$79) which will be sent to all Eligible Participants by no later than one month after the end of the Promotion Period;
- A participant will become eligible to receive the iPod® Shuffle™ once the participant (i) opens an account on HedgeStreet (ii) funds his/her account for the first time with a minimum of \$100, (iii) executes at least one (1) trade on HedgeStreet at any time during the Promotion Period and, (iv) is not in violation of any HedgeStreet Rule or the Act;
- Eligible Participants will automatically receive the iPod® Shuffle™ once HedgeStreet determines that all terms and conditions of the Incentive Program have been satisfied by such Eligible Participants. No additional action is required by the Eligible Participant to receive the iPod® Shuffle™.
- A participant that has already opened an account on HedgeStreet but has not yet funded such account is eligible to participate in the Incentive Program;
- The Incentive Program will not affect the terms and conditions of the Fee Waiver Program (“Waiver Program”). All terms and conditions of the Waiver Program originally certified with the Commission on January 28, 2005 pursuant to Section 5c(c)(1) of the Act, and §40.6(a) of the regulations promulgated by the Commission under the Act continue to be in full force and effect. HedgeStreet subsequently extended the Waiver Program and certified with the Commission such extension on March 22, 2005, June 29, 2005, September 26, 2005 and on January 5, 2006 at which time HedgeStreet certified that the Waiver Program would be extended until the close of business on December 31, 2006;
- It is the responsibility of each participant to follow the rules of HedgeStreet and the Incentive Program;
- HedgeStreet may cancel the Incentive Program at any time, provided that HedgeStreet files the appropriate notification with the Commission in accordance with the Act; If HedgeStreet does cancel the program prior to the end of the Promotion Period (“Cancellation Date”), all participants who have satisfied the terms and conditions of the Incentive Program prior to the such Cancellation Date will be eligible to receive an iPod® Shuffle™.



- HedgeStreet may postpone or deny any participant any of the Incentives in its sole discretion if it determines that such participant did not satisfy all of the terms and conditions of the Incentive Program stipulated herein, and;
- The Program will expire at the close of business on Friday, December 29, 2006.

### **Amended Referral Program**

The terms and conditions of the Original Referral Program will remain in full force and effect except that the Referrer will receive an iPod® Shuffle™ (valued at approximately \$79) for the first Referee that satisfies the requirements of the Original Referral Program. The Referrer will receive an Amazon.com Gift Certificate in the amount of \$50 for each of the other two (2) Referees that satisfy the terms and conditions of the Referral Program. The Amended Referral Program will commence on December 1, 2006 and will continue through December 31, 2006.

No substantive opposing views were expressed to HedgeStreet with respect to either the Incentive Program or the Amended Referral Program.

HedgeStreet hereby certifies that the Promotion complies with the Commodity Exchange Act, as amended, and the Commissions regulations adopted thereunder.

Should you have any questions or require additional information, please do not hesitate to contact the undersigned at (650) 638-3511 or [sford@hedgestreet.com](mailto:sford@hedgestreet.com).

Sincerely,

Stephanie Ford  
Vice President, Legal & Compliance

cc: Riva Adriance – CFTC  
Clarissa Manansala – HedgeStreet, Inc.