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OFFICE OF THE SECRETARY

February 22, 2007

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: Rule Certification: HedgeStreet® a) Amends the Payout Criteria for certain Binary NAR Quarterly Housing Price Contracts; b) Adds new Binary NAR Bi-Annual Housing Price Contracts; and c) Introduces the Terms and Conditions for three (3) new NAR Housing Price Contracts corresponding to three (3) additional Metropolitan Areas – Submission pursuant to Commission Regulation §40.2 and §40.6**

Dear Acting Secretary Donovan:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and §40.2 and §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the "Commission") under the Act, HedgeStreet, Inc. ("HedgeStreet") hereby certifies with the Commission its intent to a) amend the Payout Criteria for certain Binary NAR Quarterly Housing Price Contracts; b) add new Bi-Annual contracts to all Binary NAR Housing Price Contracts and c) introduces the terms and conditions for three (3) new Binary Housing Price Contracts represented by Rules 12.50-12.52 listed below; [all contracts referenced in (a)-(c) will be collectively known as the "Contracts"]. All corresponding rule additions/ amendments to the above-referenced Contracts are defined in Exhibit A in accordance with Commission Regulation §40.6. Any rule deletions are stricken out while the amendments and/or additions are underlined. HedgeStreet has also included under Exhibit A new HedgeStreet Rules 12.50-52 to reflect all of the terms and conditions of the following new Binary NAR Housing Price Contracts:

Rule 12.50 NAR LAS VEGAS BINARY HEDGELET CONTRACTS  
Rule 12.51 NAR DENVER BINARY HEDGELET CONTRACTS  
Rule 12.52 NAR WASHINGTON, DC BINARY HEDGELET CONTRACTS

HedgeStreet intends to implement the corresponding rule additions/ amendments to all Contracts at the start of business on Friday, February 23, 2007.

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



HedgeStreet hereby certifies that the Contracts and clearing of the Contracts, including all rules defining the terms and conditions of said Contracts contained herein, complies with the Act, as amended, and the Commission's regulations adopted thereunder.

Should you have any questions regarding the above, please do not hesitate to contact Stephanie Ford by telephone at (650) 638-3511 or by email at [sford@hedgestreet.com](mailto:sford@hedgestreet.com).

Sincerely,

Stephanie Ford  
Vice President, Legal & Compliance

cc: Tom Leahy – CFTC  
Phil Colling – CFTC  
Clarissa Manansala – HedgeStreet, Inc.



**EXHIBIT A**

Amendments to Rules 12.32, 12.33, 12.34, 12.35, 12.36, 12.37, and 12.40  
Addition of new Rules 12.50, 12.51, and 12.52

*(The following new Rule additions are underlined and deletions are stricken out)*

**RULE 12.32 NAR CHICAGO BINARY HEDGELET CONTRACTS**

(a) - (e) [unchanged]

(f) **PAYOUT CRITERION** - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

**(i) QUARTERLY NAR CHICAGO BINARY CONTRACTS**

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - ~~\$10,000~~ \$5,000.

(2) [unchanged]

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + ~~\$10,000~~ \$5,000.

(4) [unchanged]

**(ii) BI-ANNUAL NAR CHICAGO BINARY CONTRACTS**

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$10,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).



(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$10,000.

(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR Chicago Housing Price, as reported by the Source Agency.

(iii) [except for renumeration this rule remains unchanged]

(g) MINIMUM TICK – The Minimum Tick size for the NAR Chicago Housing Price Binary Hedgelets shall be ~~\$0.04~~50.

(h) REPORTING LEVEL – The Reporting Level for the NAR Chicago Housing Price Binary Hedgelets shall be ~~25~~ 12,500 contracts.

(i) - (o) [unchanged]

#### RULE 12.33 NAR LOS ANGELES BINARY HEDGELET CONTRACTS

(a) - (e) [unchanged]

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) [unchanged]

(ii) BI-ANNUAL NAR LOS ANGELES BINARY

#### CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$30,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$30,000.



(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR Los Angeles Housing Price, as reported by the Source Agency.

(iii) [except for renumeration this rule remains unchanged]

(g) MINIMUM TICK – The Minimum Tick size for the NAR Los Angeles Housing Price Binary Hedgelets shall be ~~\$0.04~~50.

(h) REPORTING LEVEL – The Reporting Level for the NAR Los Angeles Housing Price Binary Hedgelets shall be ~~25~~ 12,500 contracts.

(i)- (o) [unchanged]

#### RULE 12.34 NAR MIAMI BINARY HEDGELET CONTRACTS

(a) - (e) [unchanged]

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

#### (i) QUARTERLY NAR MIAMI BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - ~~\$20,000~~ \$10,000.

(2) [unchanged]

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + ~~\$20,000~~ \$10,000.

(4) [unchanged]

#### (ii) BI-ANNUAL NAR MIAMI BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$20,000.



(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$20,000.

(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR Miami Housing Price, as reported by the Source Agency.

(iii) [except for renumeration this rule remains unchanged]

(g) MINIMUM TICK – The Minimum Tick size for the NAR Miami Housing Price Binary Hedgelets shall be ~~\$0.0150~~.

(h) REPORTING LEVEL – The Reporting Level for the NAR Miami Housing Price Binary Hedgelets shall be ~~25~~ 12,500 contracts.

(i) - (o) [unchanged]

#### RULE 12.35 NAR NEW YORK BINARY HEDGELET CONTRACTS

(a) - (e) [unchanged]

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

#### (i) QUARTERLY NAR NEW YORK BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - ~~\$15,000~~ \$10,000.

(2) [unchanged]

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + ~~\$15,000~~ \$10,000.



(4) [unchanged]

(ii) BI-ANNUAL NAR NEW YORK BINARY

CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$20,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$20,000.

(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR New York Housing Price, as reported by the Source Agency.

(iii) [except for renumeration this rule remains unchanged]

(g) MINIMUM TICK – The Minimum Tick size for the NAR New York Housing Price Binary Hedgelets shall be \$0.0150.

(h) REPORTING LEVEL – The Reporting Level for the NAR New York Housing Price Binary Hedgelets shall be ~~25~~ 12,500 contracts.

(i) - (o) [unchanged]

RULE 12.36 NAR SAN DIEGO BINARY HEDGELET CONTRACTS

(a) - (e) [unchanged]

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) QUARTERLY NAR SAN DIEGO BINARY

CONTRACTS



(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - ~~\$20,000~~ \$10,000.

(2) [unchanged]

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + ~~\$20,000~~ \$10,000.

(4) [unchanged]

(ii) BI-ANNUAL NAR SAN DIEGO BINARY

CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$20,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$20,000.

(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR San Diego Housing Price, as reported by the Source Agency.

(iii) [except for renumeration this rule remains unchanged]

(g) MINIMUM TICK – The Minimum Tick size for the NAR San Diego Housing Price Binary Hedgelets shall be ~~\$0.04~~50.

(h) REPORTING LEVEL – The Reporting Level for the NAR San Diego Housing Price Binary Hedgelets shall be ~~25~~ 12,500 contracts.

(i) - (o) [unchanged]

RULE 12.37 NAR SAN FRANCISCO BINARY HEDGELET CONTRACTS

(a) - (e) [unchanged]





(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) QUARTERLY NAR SAN FRANCISCO BINARY  
CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - \$25,000 \$10,000.

(2) [unchanged]

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + \$25,000 \$10,000.

(4) [unchanged]

(ii) BI-ANNUAL NAR SAN FRANCISCO BINARY  
CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$30,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$30,000.

(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR San Francisco Housing Price, as reported by the Source Agency.

(iii) [except for renumeration this rule remains unchanged]

(g) MINIMUM TICK – The Minimum Tick size for the NAR San Francisco Housing Price Binary Hedgelets shall be \$0.0+50.



(h) REPORTING LEVEL – The Reporting Level for the NAR San Francisco Housing Price Binary Hedgelets shall be ~~25~~ 12,500 contracts.

(i) - (o) [unchanged]

RULES 12.38 – 12.39 [unchanged]

#### 12.40 NAR BOSTON BINARY HEDGELET CONTRACTS

(a) - (e) [unchanged]

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

##### (i) QUARTERLY NAR BOSTON BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - ~~\$20,000~~ \$5,000.

(2) [unchanged]

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + ~~\$20,000~~ \$5,000.

(4) [unchanged]

##### (ii) BI-ANNUAL NAR BOSTON BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$10,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$10,000.



(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR Boston Housing Price, as reported by the Source Agency.

(iii) [except for renumeration this rule remains unchanged]

(g) MINIMUM TICK – The Minimum Tick size for the NAR Boston Housing Price Binary Hedgelets shall be \$0.0150.

(h) REPORTING LEVEL – The Reporting Level for the NAR Boston Housing Price Binary Hedgelets shall be 25 12,500 contracts.

(i) - (o)[unchanged]

RULES 12.41 – 12.49 [unchanged]

#### 12.50 NAR LAS VEGAS BINARY HEDGELET CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the NAR Las Vegas Binary Hedgelet Contracts issued by HedgeStreet.

(b) UNDERLYING – The Underlying for this Class of Contracts is the quarterly change in house prices for the regional area of Las Vegas, NV (without seasonal adjustment and hereinafter referred to as the "Median Sales Price" or "Housing Price") last reported by the National Association of Realtors ("NAR").

(c) SOURCE AGENCY – The Source Agency is the National Association of Realtors.

(d) TYPE – The Type of Contract is a Binary Hedgelet Contract.

(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, HedgeStreet will issue various Hedgelet Contracts, each of a different Series. A new issuance of Hedgelet Contracts will commence no later than two (2) business days following the Expiration Date.

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) QUARTERLY NAR LAS VEGAS BINARY CONTRACTS



(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - \$5,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + \$5,000.

(4) In each case above, "X" is measured in dollars and equals the last Preliminary NAR Las Vegas Housing Price, as reported by the Source Agency.

(ii) BI-ANNUAL NAR LAS VEGAS BINARY

CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$15,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$15,000.

(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR Las Vegas Housing Price, as reported by the Source Agency.

(iii) HedgeStreet may list additional NAR Las Vegas Binary Hedgelet Contracts 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 the NAR Las Vegas Housing Price Binary Hedgelets shall be \$0.50.

(h) REPORTING LEVEL – The Reporting Level for the NAR Las Vegas Housing Price Binary Hedgelets shall be 12,500 contracts.



(i) POSITION LIMIT – There are currently no Position Limits for the NAR Las Vegas Housing Price Binary Hedgelet Contracts.

(j) LAST TRADING DATE – The Last Trading Date in a Series is the date two (2) days prior to the Expiration Date.

(k) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date that the Housing Price is released by the Source Agency.

(l) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Housing Price Expiration Value is scheduled to be released by the Source Agency.

(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 of an in the money NAR Las Vegas Housing Price Binary Contract is \$100.

(n) EXPIRATION VALUE – The Expiration Value is the level of the Housing Price on the Expiration Date.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### 12.51 NAR DENVER BINARY HEDGELET CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the NAR Denver Binary Hedgelet Contracts issued by HedgeStreet.

(b) UNDERLYING – The Underlying for this Class of Contracts is the quarterly change in house prices for the regional area of Denver, CO (without seasonal adjustment and hereinafter referred to as the “Median Sales Price” or “Housing Price”) last reported by the National Association of Realtors (“NAR”).

(c) SOURCE AGENCY – The Source Agency is the National Association of Realtors.

(d) TYPE – The Type of Contract is a Binary Hedgelet Contract.

(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, HedgeStreet will issue various Hedgelet Contracts, each of a different



Series. A new issuance of Hedgelet Contracts will commence no later than two (2) business days following the Expiration Date.

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) QUARTERLY NAR DENVER BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - \$5,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + \$5,000.

(4) In each case above, "X" is measured in dollars and equals the last Preliminary NAR Denver Housing Price, as reported by the Source Agency.

(ii) BI-ANNUAL NAR DENVER BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$10,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$10,000.

(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR Denver Housing Price, as reported by the Source Agency.



(iii) HedgeStreet may list additional NAR Denver Binary Hedgelet Contracts 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 the NAR Denver Housing Price Binary Hedgelets shall be \$0.50.

(h) REPORTING LEVEL – The Reporting Level for the NAR Denver Housing Price Binary Hedgelets shall be 12,500 contracts.

(i) POSITION LIMIT – There are currently no Position Limits for the NAR Denver Housing Price Binary Hedgelet Contracts.

(j) LAST TRADING DATE – The Last Trading Date in a Series is the date two (2) days prior to the Expiration Date.

(k) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date that the Housing Price is released by the Source Agency.

(l) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Housing Price Expiration Value is scheduled to be released by the Source Agency.

(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 of an in the money NAR Denver Housing Price Binary Contract is \$100.

(n) EXPIRATION VALUE – The Expiration Value is the level of the Housing Price on the Expiration Date.

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

#### 12.52 NAR WASHINGTON, DC BINARY HEDGELET CONTRACTS

(a) SCOPE – These Rules shall apply to the Class of Contracts referred to as the NAR WASHINGTON, DC Binary Hedgelet Contracts issued by HedgeStreet.

(b) UNDERLYING – The Underlying for this Class of Contracts is the quarterly change in house prices for the regional area of Washington, DC (without



seasonal adjustment and hereinafter referred to as the "Median Sales Price" or "Housing Price" last reported by the National Association of Realtors ("NAR").

(c) SOURCE AGENCY – The Source Agency is the National Association of Realtors.

(d) TYPE – The Type of Contract is a Binary Hedgelet Contract.

(e) ISSUANCE – For each planned release by the Source Agency of the Underlying, HedgeStreet will issue various Hedgelet Contracts, each of a different Series. A new issuance of Hedgelet Contracts will commence no later than two (2) business days following the Expiration Date.

(f) PAYOUT CRITERION - The Payout Criterion for each Contract will be set by HedgeStreet at the time the Binary Contracts are initially issued. For the NAR Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) QUARTERLY NAR WASHINGTON, DC BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) - \$10,000.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than X (rounded to the nearest five thousand dollars (\$5,000)) + \$10,000.

(4) In each case above, "X" is measured in dollars and equals the last Preliminary NAR Washington, DC Housing Price, as reported by the Source Agency.

(ii) BI-ANNUAL NAR WASHINGTON, DC BINARY CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) - \$20,000.





(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)).

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five thousand dollars (\$5,000)) + \$20,000.

(4) In each case above, "Y" is measured in dollars and equals the last Preliminary NAR Washington, DC Housing Price, as reported by the Source Agency.

(iii) HedgeStreet may list additional NAR Washington, DC Binary Hedgelet Contracts 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 the NAR Washington, DC Housing Price Binary Hedgelets shall be \$0.50.

(h) REPORTING LEVEL – The Reporting Level for the NAR Washington, DC Housing Price Binary Hedgelets shall be 12,500 contracts.

(i) POSITION LIMIT – There are currently no Position Limits for the NAR Washington, DC Housing Price Binary Hedgelet Contracts.

(j) LAST TRADING DATE – The Last Trading Date in a Series is the date two (2) days prior to the Expiration Date.

(k) SETTLEMENT DATE – The Settlement Date of the Contract shall be the same date that the Housing Price is released by the Source Agency.

(l) EXPIRATION DATE – The Expiration Date of the Contract shall be the date on which the Housing Price Expiration Value is scheduled to be released by the Source Agency.

(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 of an in the money NAR Washington, DC Housing Price Binary Contract is \$100.

(n) EXPIRATION VALUE – The Expiration Value is the level of the Housing Price on the Expiration Date.



Exhibit A

(o) CONTINGENCIES – If no level is actually announced on the Expiration Date due to a delay, postponement or otherwise in such release announcement by the Source Agency, the Settlement Date will be delayed until the Underlying number is released for that Series.

[End Rulebook]

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