



**HEDGE  
Street**

RECEIVED  
C.F.T.C.

2007 MAR -5 PM 4:13

OFF. OF THE SECRETARIAT

March 5, 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<sup>®</sup> a) Re-lists Weekly Natural Gas Variable Payout Contracts with a Maximum Settlement Value of \$100 and b) Amends the same Contracts' Payout Criteria, Reporting Level, and Speculative Position Limit – Submission pursuant to Commission Regulation §40.6(a)

Dear Secretary Donovan:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), §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 that it intends to re-list Weekly Natural Gas Variable Payout Contracts ("Contracts") as defined in HedgeStreet Rule 12.16. In addition, HedgeStreet is increasing the maximum Settlement Value for these Contracts to \$100. As a result of the increase in the Settlement Value, HedgeStreet is also amending i) the Payout Criteria for the Contracts; and ii) both the reporting level and speculative position limit for these Contracts in order to accommodate the larger Settlement Value<sup>1</sup>. All amendments for these Contracts are defined in Exhibit A. The rule deletions are stricken out and the amendments and/or additions are underlined.

HedgeStreet intends to implement these rule amendments at the start of business on Tuesday, March 6, 2007. No substantive opposing views were expressed to HedgeStreet with respect to these additions.

<sup>1</sup> On March 22, 2006, HedgeStreet received No-Action relief from Commission Rule 15.03(b) from the Director of the Division of Market Oversight on the manner in which it calculates reportable levels for its variable payout products.



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 Rule 12.16 only  
*(The following new Rule additions are underlined and deletions are stricken out)*

**RULE 12.16 NATURAL GAS VARIABLE PAYOUT CONTRACTS**

(a) - (e) [unchanged]

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

(i) **WEEKLY VARIABLE NATURAL GAS CONTRACT**

(1) ~~CAP~~ – The Cap shall be  $X + \$2.00$

(2) ~~FLOOR~~ – The Floor shall be  $X - \$2.00$

(3) ~~DOLLAR MULTIPLIER~~ – The Dollar Multiplier shall be 10.

(4) In each case, “X” equals the last Expiration Value of Natural Gas, rounded to the nearest fifty cents (\$0.50), as reported by the Source Agency.

**(1) WEEKLY VARIABLE PAYOUT CONTRACT 1**

(aa) CAP – The Cap shall be X.

(bb) FLOOR – The Floor shall be  $X - \$1.00$ .

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

**(2) WEEKLY VARIABLE PAYOUT CONTRACT 2**

(aa) CAP – The Cap shall be  $X + \$0.50$

(bb) FLOOR – The Floor shall be  $X - \$0.50$

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

**(3) WEEKLY VARIABLE PAYOUT CONTRACT 3**



(aa) CAP – The Cap shall be  $X + \$1.00$

(bb) FLOOR – The Floor shall be X.

(cc) DOLLAR MULTIPLIER – The Dollar Multiplier shall be 100.

(4) In each case, “X” equals the last Expiration Value of Natural Gas rounded to the nearest fifty cents (\$0.50), as reported by the Source Agency.

(ii) – (iii) [unchanged]

(g) [unchanged]

(h) REPORTING LEVEL – The Reporting Level for the Natural Gas Variable Payout Hedgelets shall be ~~31,250~~ 12,500 Contracts.

(i) POSITION LIMIT – The Position Limits for Natural Gas Variable Payout Hedgelets shall be ~~625,000~~ 250,000 Contracts.

(j) – (o) [unchanged]

*[the remainder of this page is intended to be blank]*