



June 7, 2007

VIA ELECTRONIC MAIL: secretary@cftc.gov

Eileen Donovan, Acting Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street N.W.
Washington, D.C. 20581

RE: Certification: HedgeStreet to list Three (3) Additional Classes of Contracts based on Potential Mergers & Acquisitions

Dear Acting Secretary Donovan:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act"), and §40.2 and §40.6 of the regulations promulgated by the Commodity Futures Trading Commission, (the "Commission") HedgeStreet, Inc. ("HedgeStreet") plans to introduce for trading three (3) additional Classes¹ of Binary Contracts. The new Classes of Contracts will have an Underlying that is based on the outcome of a particular event; specifically whether a particular merger, acquisition or consolidation will occur or not occur by a specified date ("M&A Contracts"). HedgeStreet will list the following additional M&A Contracts:

1. Tornante Company, LLC / Madison Dearborn Partners, LLC / Topps Co., Inc.
2. Upper Deck Co. / Topps Co., Inc.
3. Google, Inc. / Salesforce.com

The rule additions are defined in Exhibit A in accordance with Commission Regulation §40.2 and §40.6. The rule deletions are stricken out and the amendments or additions are underlined.

a. INTRODUCTION

HedgeStreet was approved as a designated contract market ("DCM") and a registered derivatives clearing organization ("DCO") by the Commission on February 18, 2004. It is the nation's first non-intermediated DCM and DCO giving

¹ A "Class" is defined in the HedgeStreet Rulebook as all Contracts of the same Type with the same Underlying. "Type" is defined in the HedgeStreet Rulebook as the classification of a Contract as a Variable Payout Contract or a Binary Contract. "Underlying" is defined in the HedgeStreet Rulebook as the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence the Expiration Value of which determines whether (and, in the case of a Variable Payout Contract, to what extent) a Contract is in-the-money.

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retail investors the opportunity to trade innovative instruments based on economic risks in their daily lives - like the price of gas, changes in real estate values, and the rise or fall of interest rates. Previously, only large institutions have been able to trade these types of instruments. HedgeStreet's market lists a wide range of unique financial instruments, which members can use for risk management or speculating on a broad range of economic consequences.

HedgeStreet would like to expand its offering of unique financial instruments to include certain types of contracts that have an underlying value based on the occurrence or non-occurrence of a particular merger, acquisition or consolidation of one or more publicly traded companies listed on a national securities exchange. Specifically, the Underlying for this Class of Contracts is the completed merger, consolidation, or acquisition (collectively referred to herein as, "Merger") between at least two (or more) firms (each referred to as "Firm", or collectively as "Firms"). In the following sections, HedgeStreet describes the manner in which the Source Agency (HedgeStreet) will determine whether a Merger has or has not occurred by the Expiration Date; the specific Merger's underlying for each of the Contracts; as well as the legal justification that binary contracts on an event such as a Merger are not options on securities but rather are options on excluded commodities under the sole jurisdiction of the CFTC. More specifically, the Underlying for the M&A Contracts is not a security, a group or index of securities or an interest based on the value of a security or group or index of securities. Finally, HedgeStreet demonstrates that the Contract meets DCM Core Principal No. 3 in that it is not readily susceptible to manipulation and meets the guidelines in Appendix A - Guideline No. 1 to the Commission's Part 40 Regulations ("Guideline No. 1") (See Exhibit B of this submission).

HedgeStreet understands that it has an on-going obligation to comply with its amended DCM order which requires that HedgeStreet maintain sufficient liquid assets to continue to meet its obligations to comply with the Designation Criteria and Core Principles and shall not list for trading any contract that has an expiration date beyond the date at which HedgeStreet's cash and cash equivalents are estimated to be depleted, pursuant to an analysis by the Commission.

b. DESCRIPTION OF THE SOURCE AGENCIES

These M&A contracts will be structured similar to other binary event contracts currently trading on HedgeStreet. The Payout Criteria of the M&A Contracts will be based on the occurrence or non-occurrence of a particular Merger by the Expiration Date² as determined by HedgeStreet. The Expiration Date for all of

² Expiration Date means the date established by these Rules on which the Expiration Value of each Hedgelet Contract is determined.



these three (3) new Classes of M&A Contracts is Friday, September 28, 2007.

HedgeStreet is going to be the Source Agency³ for the M&A Contracts and will confirm the Expiration Value⁴ (i.e. whether a particular Merger occurs or not by the Expiration Date). HedgeStreet will use one or more of the following third party sources to determine whether the Merger has occurred or not for a particular M&A Contract.

HedgeStreet will look at the certificate of merger that is filed with the applicable state pursuant to the applicable state corporate laws that constitute the relevant merger effective. For example, a company incorporated in Delaware must file a certificate of merger with the Delaware Secretary of State on the same day that the Merger is completed or closed. The effectiveness of the certificate of merger is at the same time that it is filed with and approved by the State of Delaware. Notwithstanding any errors that might cause a delay in the filing, a certificate of merger is generally filed and deemed effective on the same business day that it is submitted to the Delaware Secretary of State. The certificate of merger becomes publicly available on the Delaware Secretary of State's website on the same day that it is filed.

Another source of information that HedgeStreet will rely upon to determine the outcome of a Merger will be to review SEC Schedule TO ("Tender Offer"). SEC Schedule TO must be filed with the SEC in accordance with Section 14(d)(1) and Section 13(e)(1) of the Securities Exchange Act of 1934. SEC rules require that a final amendment to Schedule TO be filed promptly to report the results of a tender offer. The final amendment is filed when the bidder accepts the shares for payment in the tender offer at the expiration of the tender offer. This information is made publicly available via both the SEC as well as the relevant national securities exchange website on the day that it is filed with the SEC.

Another alternative source of information used by HedgeStreet is the filing of a Current Report on SEC Form 8-K indicating shareholder approval of the Merger, a Quarterly Report on SEC Form 10-Q or an Annual Report on SEC Form 10-K.

At least one or more of the Firms that are the subject of the Underlying of the M&A Contracts are public companies. Their common stock is listed for trading on a national securities exchange⁵, pursuant to registration of their securities under the

³ Source Agency means the agency that publishes the Underlying economic indicator and/or Expiration Value for any Hedgelet Contract.

⁴ Expiration Value means the rate, level, amount, measure, or other value of the Underlying at Expiration.

⁵ A "national securities exchange" is a securities exchange that has registered with the SEC under Section 6 of the Securities Exchange Act of 1934. There are currently ten securities exchanges registered with the SEC as national securities exchanges which include the New York Stock Exchange (NYSE), the Nasdaq Stock Market (Nasdaq), LLC and the American Stock Exchange



Securities Act of 1933, as amended, and Section 12 of the Securities and Exchange Act of 1934, as amended ("Exchange Act"). Since one or more of the Firms are public companies whose shares are listed on a national securities exchange, such Firms are subject to various reporting requirements under the Exchange Act and related SEC Rules as well as certain requirements under state corporate laws. In particular, each public company is required to prepare quarterly reports on SEC Form 10-Q, annual reports on SEC Form 10-K at the end of their fiscal year, and to submit such reports to the SEC. (See Exchange Act Sections 13(a) and 15(d) and SEC Rules 13a-1 and 13a-13.)

In addition, when a public company plans to release material non-public information early, it may file a "current report" on SEC Form 8-K with the SEC containing such material information in accordance with SEC Regulation FD (Fair Disclosure).⁶ If the company chooses to avail itself of the exemption from filing an SEC Form 8-K and decides to use an alternative method to release such material non-public information, it must give the public adequate notice of such announcement and a means of accessing it.

Therefore, as the Source Agency, HedgeStreet has a variety of reliable sources of information that it will use in order to confirm the occurrence or non-occurrence of any Merger.

c. DEAL SPECIFICS

1. Tornante Company/Madison Dearborn/Topps

The Topps Company, Inc. (NASDAQ: TOPP⁷) engages in the creation and marketing of confectionery and entertainment products. The company's confectionery brands include Ring Pop, Push Pop, Baby Bottle Pop, and Juicy Drop Pop lollipops, as well as Bazooka bubble gum. The company also markets branded products, including trading cards and sticker album collections featuring professional athletes, as well as popular television, movie, and other licensed characters. It also markets collectible strategy games. The company sells its products through its sales personnel and distributors in the United States, Canada, Europe, Asia, and Latin America. The Topps Company was founded in 1938 and is headquartered in New York City.

(AMEX). For a complete list of US national securities exchanges, go to <http://www.sec.gov/answers/exchanges.htm>

⁶ See Instructions to the SEC Form 8-K, Item 2.01.

⁷ Company descriptive information available on Yahoo Finance: <http://finance.yahoo.com/q/pr?s=TOPP>



The Tornante Company is a privately held company that was founded by Michael Eisner in 2005. The Tornante Company makes investments in and incubates companies and opportunities in the media and entertainment space. For more information, please visit www.tornante.com.

Rational For Deal

On March 6, 2007, the Topps Company, Inc. announced that it had entered into a definitive agreement to be acquired by The Tornante Company LLC and, Madison Dearborn Partners, LLC, a leading private equity firm. Under the terms of the agreement, Topps stockholders will receive \$9.75 per share in cash, for a total transaction value of approximately \$385.4 million. The Board of Directors of Topps has approved the merger agreement and has resolved to recommend that Topps stockholders adopt the agreement.

"After careful and thorough consideration, our board of directors determined that this transaction is in the best interests of Topps stockholders at this time," said Arthur T. Shorin, Chairman and Chief Executive Officer of Topps. "This will be a change in ownership, not a change in direction. We look forward to working with an experienced group of investors who understand the creative aspects of our business and are committed to our continued growth."

Scott A. Silverstein, President and Chief Operating Officer of Topps, said, "We have realized dramatic changes in our business and have taken numerous actions to implement our strategic plan. We look forward to working with our new owners to address the challenges that lie ahead, as we continue to grow the business."

Speaking on behalf of the investors, Eisner noted, "Topps is a wonderful company with a powerful brand portfolio and a rich history. Topps' management team and employees are the best in the business, and we look forward to working with all of them to grow the company in new and exciting ways."⁸

2. Topps Co./Upper Deck Co LLC.

The Topps Company, Inc. (NASDAQ: TOPP) engages in the creation and marketing of confectionery and entertainment products. The company's confectionery brands include Ring Pop, Push Pop, Baby Bottle Pop, and Juicy Drop Pop lollipops, as well as Bazooka bubble gum. The company also markets branded products, including trading cards and sticker album collections featuring professional athletes, as well as popular television, movie, and other licensed

⁸ Information Source: The Topps Company, Inc. To Be Acquired by The Tornante and Madison Dearborn Partners; [tornante.com](http://www.tornante.com)
<http://www.tornante.com/text3.htm>



characters. It also markets collectible strategy games. The company sells its products through its sales personnel and distributors in the United States, Canada, Europe, Asia, and Latin America. The Topps Company was founded in 1938 and is headquartered in New York City⁹.

Upper Deck Company LLC, founded in 1988, is a company primarily known for producing trading cards. The company has exclusive agreements to produce memorabilia (under the brand name Upper Deck Authenticated) with such sports superstars as Michael Jordan (who is also on the board of directors), Kobe Bryant, Tiger Woods, LeBron James, Albert Pujols, and Ken Griffey Jr. Former Major League relief pitcher De Wayne Buice was a partner, and was instrumental in negotiating Upper Deck's first license with the MLBPA.

On December 23, 1988, Upper Deck was granted a license by Major League Baseball to produce baseball cards. The first case of Upper Deck Baseball Cards was delivered February 28, 1989, to George Moore of Tulsa's Baseball Card Store in Tulsa, OK. The Upper Deck Company sold out its baseball cards midway through this inaugural year, then pre-sold its entire 1990 baseball stock before the year began. The 1990 set included the industry's first randomly inserted personally autographed and numbered cards of sports superstars.

On March 20, 1990, The Upper Deck Company was granted licenses by the National Hockey League and National Hockey League Players Association to produce hockey cards. The company also obtained licenses from the National Football League and the National Basketball Association in 1990, making the Upper Deck Company the first trading card company in 10 years to be licensed by all four leagues. In 1995, the company produced its first racing product. In 1996, it expanded its racing line when it absorbed Maxx. Upper Deck was also the first to insert swatches of Game-Used material into cards when it made jersey cards in 1996 UD

Since its earliest days, Upper Deck has gained a reputation for quality made trading cards and also as an innovator of security measures to prevent counterfeiting of its products¹⁰.

Rationale for Deal:

The Upper Deck Co. has made a pitch to buy The Topps Co., a bid that would join two iconic baseball card makers that have sold sports memorabilia to generations of fans young and old.

⁹ Company descriptive information available on Yahoo Finance: <http://finance.yahoo.com/q/pr?s=TOPP>

¹⁰ Company descriptive information available from Wikipedia: http://en.wikipedia.org/wiki/Upper_Deck



Topps said it had received what it termed an "indication of interest" from Upper Deck to acquire the company for \$10.75 a share, or nearly \$416 million.

The offer is 10 percent higher than the \$9.75 per share deal currently on the table from Eisner's Tornante Co. and buyout firm Madison Dearborn Partners.

Despite the higher price, Topps said Upper Deck's latest bid (it made a similar one a few months ago) has several "material" issues including financing and antitrust risk.¹¹

Together, Topps and Upper Deck control as much as 90 percent of the card market, said Scott Kelnhofer, editor of Card Trade and Tuff Stuff publications. This is a monopoly¹².

3. Google, Inc/Salesforce.com Inc.

Google, Inc. (NASDAQ: GOOG) provides targeted advertising and Internet search solutions worldwide. It offers intranet solutions via an enterprise search appliance. The company's products and services include Google.com that offers Google Base, which lets content owners submit content that they want to share on Google Web sites; personalized homepage and search; and Google Video and YouTube that lets users find, upload, view, and share video content, as well as Web, image, book, and literature search. It offers communication, collaboration, and communities, such as Gmail that is Google's Web mail service that comes with built-in Google search technology for searching emails; or that enables users to search and connect to other users through networks of trusted friends; Blogger, a Web-based publishing tool that lets people publish to the Web using Weblogs; and Google Docs & Spreadsheets, which allow users to create, view, and edit documents and spreadsheets using a browser¹³.

Salesforce.com, Inc (NYSE: CRM) provides on-demand customer relationship management (CRM) services to businesses and industries worldwide. Its Apex platform allows customers and partners to customize and integrate Salesforce CRM applications or build new applications. The company also offers AppExchange, an online marketplace for on-demand applications. It provides an array of CRM and business application services, which enable customers and

¹¹ Information Source: Upper Deck in New Bid for Topps; New York Post; by Zackery Kouwe http://www.nypost.com/seven/05252007/business/upper_deck_in_new_bid_for_topps_business_zackery_kouwe.htm

¹² Information Source: Washingtonpost.com http://www.washingtonpost.com/wp-dyn/content/article/2007/05/25/AR2007052501981_2.html

¹³ Company descriptive information available on Yahoo Finance: <http://finance.yahoo.com/q/pr?s=GOOG>



subscribers to systematically record, store, and act upon business data; and to help businesses manage customer accounts, track sales leads, evaluate marketing campaigns, and provide post sales services. The company's CRM services primarily focus on sales force automation, partner relationship management, marketing automation, and customer service and support automation¹⁴.

Rational For Deal

Google and Salesforce.com are discussing an alliance that could see the two bundle Web-based applications. The details of the potential partnership are yet to be decided but that an announcement is due in the coming weeks. Google, the dominant search engine on the Internet, reaches millions of people with its Web-based Gmail e-mail service and other applications such as online calendars, notebooks and instant messaging. Salesforce.com is a pioneer in Web-delivered applications for the corporate market, such as customer relationship management systems.

They both compete against Microsoft, which is starting to corral its online services together under the Windows Live banner¹⁵.

Google and Salesforce.com have each been rapidly expanding the online services they offer.

Google has dramatically widened its scope from being a leading Internet search engine to encompass an ever-increasing range of other online services including desktop applications. Eight-year-old Salesforce.com has its roots as a hosted provider of CRM, but has its sights set on becoming a platforms vendor using its AppExchange Web site, which it is in the process of fully commercializing as an online software marketplace¹⁶.

d. M&A CONTRACTS ARE OPTIONS ON COMMODITIES SUBJECT TO THE CFTC'S EXCLUSIVE JURISDICTION

When HedgeStreet initially became registered as a DCO in February 2004, the CFTC granted HedgeStreet the authorization to clear "fully-paid up, cash-settled binary options listed for trading on the contract market, HedgeStreet..."¹⁷ In

¹⁴ Company descriptive information available on Yahoo Finance:

<http://finance.yahoo.com/q/pr?s=CRM>

¹⁵ Information Source: IDG News Service

<http://www.networkworld.com/news/2007/052107-report-google-salesforcecom-discussing.html>

¹⁶ Information Source: IDG News Service

<http://www.networkworld.com/news/2007/053107-google-salesforcecom-to-announce-deal.html>

¹⁷ See HedgeStreet's Initial Order of registration as a DCO dated February 18, 2004. HedgeStreet's Order of registration as a DCO was amended on December 1, 2004 in order to expand HedgeStreet's authorization to clear fully-collateralized, cash-settled futures and options contracts listed for trading



addition; the CFTC recently ruled that binary contracts are options in its approval of the Chicago Mercantile Exchange's Credit Event Contracts¹⁸. HedgeStreet will therefore address the issue of classifying the underlying interest, the merger or acquisition of two companies, as a commodity that is not a security.

Pursuant to CEA Section 3(a)(1)(A) and 4c(b), the CFTC has exclusive jurisdiction over options on commodities, except when the commodity is a security.¹⁹ This exclusion from the CEA is set out in CEA Section 2(a)(C)(i), which states that the Commission has no jurisdiction over options "on one or more securities (as defined in section 2(1) of the Securities Act of 1933 or section 3(a)(10) of the Securities Exchange Act ...), including any group or index of securities, or any interest therein or based on the value thereof." This language corresponds to language in the Securities Act of 1933 and the Exchange Act definitions of "security," which brings such options under the SEC's jurisdiction as securities.²⁰ Therefore, if the underlying of an option is a security, group or index of securities or an interest in or based on the value thereof, it is regulated by the SEC. If not, it is regulated exclusively by the CFTC and the SEC has no jurisdiction over any part of the contract.

The Underlying for the M&A Contracts is the occurrence or non-occurrence of a merger or acquisition between two companies by the Expiration Date. True, the occurrence or non-occurrence of a merger or acquisition of one or more public companies can influence the price of such public company's stock, but that does not transform **information** into a **security**. In fact, the CEA definition of "excluded commodity" expressly recognizes an occurrence, extent of an occurrence, or contingency....beyond the control of the parties to the relevant contract, agreement, or transaction, and associated with a financial, commercial, or economic consequence.²¹ The occurrence or non-occurrence of a merger, acquisition or consolidation does not confer an ownership interest in a public company, nor does it change based on changes in the value of the company's stock. M&A Contracts are also beyond the control of the parties to the relevant

on the contract market, HedgeStreet, Inc.

¹⁸ See Letter to the Commission from Nannette Everson, General Counsel dated January 12, 2007. HedgeStreet understands that the CME has raised the issue that binary contracts should legally be classified as futures contracts and not as options. Regardless whether binary contracts are ultimately classified as futures or options, the M&A Contracts would be subject to the CFTC's exclusive jurisdiction because the Underlying is not a security.

¹⁹ The CEA contains a broad definition of "commodity" which covers securities. CEA Section 1a(4) defines a commodity to include in pertinent part "all other goods and articles....and all services, rights and interests in which contracts for future delivery are presently or in the future dealt in."

²⁰ The term "securities" is defined in Section 2(1) of the Securities Act of 1933 and Section 3(a)(10) of the Securities Exchange Act of 1934 including any group or index of securities, or any interest therein or based on the value thereof.

²¹ See clause (iv) of the definition in CEA §1a(13). We believe the Underlying for all of the M&A Contracts are "excluded commodities" as defined under clause (iv) of the definition.



contract because the verification of whether the occurrence occurs or not is concluded by an independent third party – a) the Secretary of State certifying a merger, b) the filing of a Schedule TO with the SEC indicating that either Firm has accepted shares for payment or exchange, c) a filing of Form 8-K, Form 10-K or Form 10Q with the SEC or the applicable listing exchange, d) a press release issued by at least one of the firms that is the subject of the merger or acquisition, or e) a report by a third party news service or other reliable organization indicating the occurrence of the event.

Moreover, no M&A Contracts will be a contract for future delivery of a single security; or for delivery of any measure of value based on the price of a single security. The Settlement Value of all M&A Contracts are binary in nature and fixed in advance of listing and does not vary based upon the price or value of any security.

Finally, M&A Contracts have financial, commercial and economic consequences associated with them. Members of HedgeStreet can use M&A Contracts to hedge financial, economic and commercial risks associated with either the event occurring or not occurring. Some mergers are motivated by a desire to expand and improve services. The potential benefits of such mergers may include increased product offerings for consumers and decreased costs, as a merger can streamline and reduce business costs for the firms involved. The loss or non-realization of these potential benefits represents the financial and economic risk associated with a merger not occurring. In general, many proposed mergers have the ability to create widely-felt economic impacts.

In short, the M&A Contracts do not provide for the delivery of the value of the underlying common stock, nor are such contracts based on the value of the common stock of any of the companies that encompass a merger or acquisition. The HedgeStreet member that goes long an M&A Contract does not acquire an ownership interest in any of the companies that are the subject of a merger or acquisition nor any of the company's securities, or receive any payment based on the value of such securities. Rather, the HedgeStreet member may use M&A Contracts to hedge against the economic, financial or commercial consequence of a merger or acquisition occurring or not.

e. CONTRACTS NOT READILY SUSCEPTIBLE TO MANIPULATION

Core Principle 3 of Section 5(d) of the Act stipulates that a board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation. The M&A Binary Contract meets this Core Principle. First, there is no underlying cash market, per se. Thus, the Contracts will not rely upon any cash price series or cash market trading activity to determine whether a Contract is to be exercised or the amount of the fixed cash settlement payment.



Second, as explained above, the outcome of the underlying event – the occurrence or non-occurrence of a Merger of one or more public companies – would not be within the control of any individual person. However, in order to prevent corporate insiders from trading on M&A Contracts, HedgeStreet previously added Rule 5.12(m). Third, as explained above, listed public companies all have affirmative duties to truthfully and fairly report material information in their respective Schedule TO, 8-K, 10-Q and 10-K filings, as applicable, with the SEC as well as to the applicable state in accordance with that state's corporate laws. Since at least one of the Firms subject to the potential Merger are public companies whose stock trades on a national securities exchange, such Firms are subject to the same affirmative duty.

Finally, the specific terms and conditions for the M&A Contracts satisfy the acceptable practices listed in Guideline No. 1, as demonstrated by the chart attached hereto as Appendix A. In Appendix B to the Commission's Part 38 Regulations, the Commission states that a DCM may use Guideline No. 1 as acceptable practices for complying with Core Principle 3.

No substantive opposing views have been expressed to HedgeStreet with respect to the proposed rule changes.

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.

HedgeStreet intends to list these additional three (3) contracts for trading and implement the rule additions at the start of business on Friday, June 8, 2007.

* * * *

Please do not hesitate to contact me at (650) 638-3511 or sford@hedgestreet.com if you or anyone else at the Commission has questions regarding this proposed rule change.

Sincerely,

Stephanie Ford
Vice President, Instrument Origination

cc: Clarissa Manansala – HedgeStreet
Tom Leahy – CFTC
Phil Colling – CFTC



EXHIBIT A

RULE 12.60 – M&A BINARY CONTRACTS

(a) - (e) [unchanged]

(f) PAYOUT CRITERION – The Payout Criterion for each Contract will be set by HedgeStreet at the time the Contracts are initially issued. The Payout Criteria of the Contracts will be set as follows:

(i) M&A EVENT DERIVATIVES CONTRACTS (based on the occurrence or non-occurrence of a particular merger, acquisition or consolidation of one or more of the following publicly traded companies: Sirius/XM; Yahoo/Microsoft; News Corp/Dow Jones; Hershey/Cadbury; ISE/Deutsche Borse; ISE/NYSE; ~~and/or~~ NASDAQ/Philadelphia Exchange; Tornante / Topps; Upper Deck/ Topps; or Google/ Salesforce).

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of a Merger occurring by the Expiration Date.

(ii) [unchanged]

(g) - (o) [unchanged]



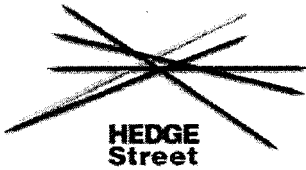
EXHIBIT B

Terms and Conditions of the HedgeStreet M&A Binary Contracts

TERM	EXCHANGE ANALYSIS
Unit of Trading/Commodity Specification	<p>The determination by the Source Agency that a particular Merger has occurred or has not occurred by the Expiration Date. The Source Agency will use different sources of information to confirm whether a Merger event has or has not occurred. Such information includes official certifications submitted by one or more Firms to the relevant State authority that a particular Merger has occurred in accordance with applicable State laws as well as the Firm(s) Schedule TO, Form 8-K, quarterly Form 10-Q or annual Form 10-K, as applicable, which are all prepared in accordance with SEC requirements. As an event or occurrence of a Merger, the Underlying is not a security, group or index of securities or interest in or based on the value of a security or group or index of securities. Therefore, the M&A Contracts meet the CEA definition of an "excluded commodity."</p> <p>The underlying specification permits hedging of financial, commercial and economic risks or values associated with the merger, acquisition or consolidation of two or more companies.</p>
Exercise Style	European: Exercise may occur only upon release of the Expiration Value on the Expiration Date.
Contract Size	Maximum value of \$100
Cash Settlement Procedure	<p>Settlement is binary in nature: the cash settlement price is a fixed payment based upon the occurrence or non-occurrence of a Merger, as determined by HedgeStreet by reviewing official certifications submitted by one or more Firms to the relevant State authority that a particular Merger has occurred as well as the Firm(s) Form TO, Form 8-K, quarterly Form 10-Q or annual Form 10-K, as applicable, covering the applicable merger and which are all prepared in accordance with SEC requirements. Each company that files such official reports with the SEC or State is subject to SEC and State requirements to ensure that the information in such reports fairly presents the details of the Merger. These reports must be prepared and filed with the SEC and the relevant national securities exchange by SEC-prescribed deadlines and are publicly available, including through the SEC and the relevant national securities exchange websites.</p> <p>Thus, the determination of the cash settlement event is reliable, publicly available and timely.</p>
Price Basis and Minimum Tick Checklist Item 6	The price of the contract would reflect the measurable probability of the Firms completing a Merger by the Expiration Date. The Minimum Tick will be \$0.50.



Speculative Position Limits Checklist Item 1	Since there is no underlying cash market for M&A Contracts, there is no requirement for speculative position limits.
Aggregation Rule Checklist Item 2	Same as CFTC Regulation § 150.5(g).
Reporting Levels Checklist Item 3	12,500 Contracts; this is appropriate given the small contract size.
Strike Condition (e.g. Payout Criteria) Checklist Item 4	The occurrence or non-occurrence of a Merger by the Expiration Date.
Last Trading Date Checklist Item 5	The Last Trading Date for these Contracts is the earlier of a) the business day on which it is confirmed that the underlying event has occurred; b) the business day on which it is determined by the Source Agency that the event has not or will not occur; or c) September 28, 2007.
Expiration/Settlement	Expiration shall occur when the Expiration Value is determined on the Expiration Date by the Source Agency. Settlement will occur on the Settlement Date, which is the business day following the M&A Contract's Last Trading Day.
Trading Hours	Trading hours are between 8 AM – 4 PM ET.
Automatic Exercise Provision	As with other HedgeStreet Binary Contracts, the options would automatically be exercised. Exercise would occur on the Expiration Date.
Price Limit/Premium Fluctuation Limits Checklist Item 7	None



Commission Guideline No. 1 Requirements for Cash Settlement Price Series

GUIDELINE	HEDGESTREET PROPOSAL
<p>Not Readily Susceptible to Manipulation</p>	<p>The Strike Criteria (Payout Criteria) of the M&A Contracts is dependent upon whether the Merger occurs or not by the Expiration Date as determined by HedgeStreet.</p> <p>The determination as to the occurrence or non-occurrence of the Mergers triggering a Settlement Value of the Contracts would not be readily susceptible to manipulation or distortion for the following reasons:</p> <ul style="list-style-type: none"> • The Source Agency (HedgeStreet) will make the determination of whether a Merger occurs or not by reviewing reports and certifications that are required under state and federal securities laws to truthfully report Merger information to the applicable State or SEC. • There is no underlying cash market per se, so the proposed contracts would not rely upon any cash price series or cash market activity – including trading of the common stock of the reporting companies -- for purposes of determining the Settlement Value. • The specified event is not within the control of any one person. • HedgeStreet Rule 5.12(m) precludes Insiders of any reporting company that initiates an event that is the subject of an Underlying of any Contract, such insider is prohibited from attempting to enter into any trade or entering into any trade, either directly or indirectly, on the market in such Contracts.
<p>Reflective of Underlying Cash Market</p>	<p>There is no underlying cash market, per se. HedgeStreet must confirm that the Merger occurred or did not occur by reviewing the Certificate of Merger with the applicable State, the Firm's Form TO, or the applicable Form 8-K, 10-Q or 10-K. The Firms have an obligation to report all Forms and Certifications truthfully.</p>



Commission Guideline No. 1 Requirements for Cash Settlement Price Series (continued)

<p>Reliable indicator of cash market and acceptable for hedging</p>	<p>There is no underlying cash market. HedgeStreet must confirm whether a merger has occurred or not by the expiration date by reviewing the applicable Certificate of Merger filed with the applicable state, the firm's form TO, or applicable form 8-K, 10-Q or 10-K. Since the SEC publishes all such reports received from a publicly listed company, as does the listing exchange (e.g. NASDAQ, NYSE), HedgeStreet is able to verify whether the event occurred or not. The proposed contracts are acceptable for hedging various risks relating to the particular merger, as well as the strength of the relevant industrial segment at large.</p>
<p>Publicly Available and Disseminated on a Timely Basis</p>	<p>Information used for confirmation of a Merger is found on the relevant Secretary of State website, the SEC website or the listing exchanges website. As an alternative, this information can be found in newspapers as well as third-party vendors.</p>

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