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OFFICE OF THE SECRETARY

October 13, 2006

VIA EMAIL: 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: Amends the Payout Criteria for the Binary Federal Funds Contract; For Certain Other Binary Contracts, HedgeStreet® a) De-lists Spot Contract Durations and offers Daily and Weekly Contract Durations; b) Increases the Maximum Settlement Value to \$100; and c) Amends the Minimum Tick Size – Submission pursuant to Commission Regulation §40.6(a)

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 certifies with the Commission its intent to make the following changes effective on the dates specified below;

Amendment to Payout Criteria of Federal Funds Binary Contracts

An amendment to the Payout Criteria for the existing Federal Funds Binary Contracts currently offered under Cyclical duration and represented by Rule 12.65. HedgeStreet intends to implement this rule amendment on Monday, October 16, 2006.

De-List Certain Spot Contracts and Add Daily/Weekly Contracts

The following Binary Spot Contracts will be de-listed; Silver, Copper, Crude Oil, Natural Gas, Heating Oil, and Wholesale Gasoline contracts (“Spot Contracts”). The Spot Contracts have a last trading date of Monday, October 16, 2006. Therefore, no open interest in the Spot Contracts will be present at the close of business of Monday, October 16, 2006. HedgeStreet will list new Daily and Weekly Binary Contracts for Silver, Copper, Crude Oil, Natural Gas, Heating Oil and Wholesale Gasoline. The Weekly Contracts will be issued and available for trading on HedgeStreet on Monday, October 16, 2006. The Daily Contracts will be issued and available for trading on HedgeStreet Tuesday, October 17, 2006.

Increase Maximum Settlement Value of Certain Binary Contracts

HedgeStreet is also increasing the maximum Settlement Value for all Binary Gold, Silver, and Copper Contracts from \$10 to \$100. As a result of the increase in the maximum



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Settlement Value amount, HedgeStreet is amending the reporting levels and speculative position limits for these Contracts in order to accommodate the larger maximum Settlement Value. HedgeStreet intends to implement these rule amendments on Tuesday, October 17, 2006.

Change Minimum Tick in Certain Binary Contracts

In addition to increasing the Settlement Value of the Binary Gold, Silver and Copper Contracts to \$100, HedgeStreet certifies that the minimum tick size of all such Binary Gold, Silver and Copper Contracts will go from \$0.05 to \$0.50 effective Tuesday, October 17, 2006. Since the current Contracts that have a Minimum Tick size of \$.05 have a Last Trade Date of Monday, October 16, 2006, there will be no open interest in such Contracts upon the close of business on Monday, October 16, 2006.

The aforementioned amendments are summarized in Exhibit A. The applicable rule amendments are defined in Exhibit B. Any rule deletions are stricken out while the amendments and/or additions are underlined.

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

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.

Sincerely,

Stephanie Ford
Vice President, Legal & Compliance

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

**EXHIBIT A**

Category	HedgeStreet Rule	(Binary)Asset/ Duration	Action	Effective Date	Max Settlement Value \$10 or \$100	NEW Minimum Tick Size
Interest Rates	12.64	Federal Funds	Payout Criteria Addition Only	10/16/06	\$100	No change
Commodities	12.66	Gold	+Max Settlement Value and + Min Tick Size	10/17/06 for Daily; 10/16/06 for Weekly	\$100	\$0.50
	12.70	Silver	SPOT to DAILY	10/17/06	\$100	\$0.50
			Add WEEKLY	10/16/06		
	12.77	Copper	SPOT to DAILY	10/17/06	\$100	\$0.50
Add WEEKLY			10/16/06			
Fuels	12.59	Crude Oil	SPOT to DAILY	10/17/06	\$100	No change
			Add WEEKLY	10/16/06		
	12.68	Natural Gas	SPOT to DAILY	10/17/06	\$100	No change
			Add WEEKLY	10/16/06		
	12.82	Heating Oil	SPOT to DAILY	10/17/06	\$100	No change
			Add WEEKLY	10/16/06		
	12.84	Wholesale Gas	SPOT to DAILY	10/17/06	\$100	No Change
			Add WEEKLY	10/16/06		



EXHIBIT B

Amendments to Rules 12.59, 12.64, 12.66, 12.68, 12.70, 12.77, 12.82, 12.84
(The following new Rule additions are underlined and deletions are stricken out)

RULE 12.59 CRUDE OIL 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 Crude Oil Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) ~~SPOT~~ DAILY CRUDE OIL BINARY HEDGELET
CONTRACTS

(1) – (12) [unchanged]

(ii) WEEKLY CRUDE OIL BINARY HEDGELET
CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest \$1.00) - \$3.00.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest \$1.00) - \$2.00.

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest \$1.00) - \$1.00.

(4) Binary Hedgelet Contract 4: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest \$1.00).

(5) Binary Hedgelet Contract 5: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest \$1.00) + \$1.00.

(6) Binary Hedgelet Contract 6: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest \$1.00) + \$2.00.

(7) Binary Hedgelet Contract 7: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest \$1.00) + \$3.00.



(8) In each case above, "Y" equals the last Crude Oil Price rounded to the nearest one dollar (\$1.00) as reported by the Source Agency.

(iii) [except for renumeration, this Rule is unchanged]

(g) [unchanged]

(h) REPORTING LEVEL – The Reporting Level for the \$100 Crude Oil Binary Hedgelets shall be ~~350~~ 1,750 Contracts.

(i) - (o) [unchanged]

RULE 12.60 – RULE 12.63 [unchanged]

RULE 12.64 FEDERAL FUNDS 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 Federal Funds Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) CYCLICAL FEDERAL FUNDS BINARY HEDGELET CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion equal to $X - 0.25\%$.

(2) – (5) [except for renumeration, these Rules are unchanged]

(ii) [unchanged]

(g) – (o) [unchanged]

RULE 12.65 [unchanged]

RULE 12.66 GOLD BINARY HEDGELET CONTRACTS

(a) - (f) [unchanged]

(g) MINIMUM TICK – The Minimum Tick size for Gold Binary Hedgelets shall be ~~\$0.05~~ \$0.50.



(h) REPORTING LEVEL – The Reporting Level for the \$100 Gold Binary Hedgelets shall be ~~417~~ 1,750 contracts.

(i) POSITION LIMIT – The Position Limits for the \$100 Gold Binary Hedgelets shall be ~~25,000~~ 2,500 Contracts.

(j) – (l) [unchanged]

(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 Gold Binary Contract is ~~\$10~~ \$100.

(n) – (o) [unchanged]

RULE 12.67 [unchanged]

RULE 12.68 NATURAL GAS 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 Natural Gas Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) SPOT DAILY NATURAL GAS BINARY HEDGELET CONTRACTS

(1) – (12) [unchanged]

(ii) WEEKLY NATURAL GAS BINARY HEDGELET CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest fifty cents (\$0.50)) - \$1.50.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest fifty cents (\$0.50)) - \$1.00.

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest fifty cents (\$0.50)) - \$0.50.

(4) Binary Hedgelet Contract 4: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest fifty cents (\$0.50)).



(5) Binary Hedgelet Contract 5: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest fifty cents (\$0.50)) + \$0.50.

(6) Binary Hedgelet Contract 6: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest fifty cents (\$0.50)) + \$1.00.

(7) Binary Hedgelet Contract 7: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest fifty cents (\$0.50)) + \$1.50.

(8) In each case above, "Y" equals the last Expiration Value of Natural Gas rounded to the nearest fifty cents (\$0.50) as reported by the Source Agency.

(iii) [except for renumeration, this Rule is unchanged]

(g) [unchanged]

(h) REPORTING LEVEL – The Reporting Level for the Natural Gas Binary Hedgelets shall be ~~200~~ 700 Contracts.

(i) - (o) [unchanged]

RULE 12.69 [unchanged]

RULE 12.70 SILVER 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 Silver Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) SPOT DAILY SILVER BINARY HEDGELET CONTRACTS

(1) – (12) [unchanged]

(ii) WEEKLY SILVER BINARY HEDGELET CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest twenty-five cents (25)) - 75.



(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest twenty-five cents (25)) - 50.

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest twenty-five cents (25)) - 25.

(4) Binary Hedgelet Contract 4: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest twenty-five cents (25)).

(5) Binary Hedgelet Contract 5: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest twenty-five cents (25)) + 25.

(6) Binary Hedgelet Contract 6: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest twenty-five cents (25)) + 50.

(7) Binary Hedgelet Contract 7: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest twenty-five cents (25)) + 75.

(8) In each case above, "Y" equals the last Silver Price rounded to the nearest twenty-five cents (25) as reported by the Source Agency.

(iii) [except for renumeration, this Rule is unchanged]

(g) MINIMUM TICK – The Minimum Tick size for Silver Binary Hedgelets shall be ~~\$0.05~~ \$0.50.

(h) REPORTING LEVEL – The Reporting Level for the Silver Binary Hedgelet Contracts shall be ~~625~~ 1,400 Contracts.

(i) POSITION LIMIT – The Position Limits for the Silver Binary Hedgelets shall be ~~20,000~~ 2,000 Contracts.

(j) - (l)

(m) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on the Settlement Date. The Settlement Value of an in the money Silver Binary Contract is ~~\$10~~ \$100.

(n) – (o) [unchanged]

RULE 12.71 – RULE 12.76 [unchanged]

RULE 12.77 COPPER 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 Copper Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) SPOT DAILY COPPER BINARY HEDGELET
CONTRACTS

(1) – (10) [unchanged]

(ii) WEEKLY COPPER BINARY HEDGELET
CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest ten cents (10)) - 30.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest ten cents (10)) - 20.

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest ten cents (10)) - 10.

(4) Binary Hedgelet Contract 4: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest ten cents (10)).

(5) Binary Hedgelet Contract 5: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest ten cents (10)) + 10.

(6) Binary Hedgelet Contract 6: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest ten cents (10)) + 20.

(7) Binary Hedgelet Contract 7: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest ten cents (10)) + 30.

(8) In each case above, “Y” equals the last Copper value rounded to the nearest ten cents (10) as reported by the Source Agency.

(iii) [except for renumeration, this Rule is unchanged]

(g) MINIMUM TICK – The Minimum Tick size for the Copper Binary Hedgelets shall be ~~\$0.05~~ \$0.50.



(h) REPORTING LEVEL – The Reporting Level for the Copper Binary Hedgelets shall be ~~400~~ 210 Contracts.

(i) POSITION LIMIT – The Position Limits for the Copper Binary Hedgelet Contracts shall be ~~3,000~~ 300 Contracts.

(j) - (l)

(m) SETTLEMENT VALUE – The Settlement Value is the amount paid to the holder of the in the money Contract on the Settlement Date. The Settlement Value of an in the money Copper Binary Contract is ~~\$40~~ \$100.

(n) – (o) [unchanged]

RULE 12.78 – RULE 12.81 [unchanged]

RULE 12.82 HEATING OIL 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 Heating Oil Binary Hedgelet Contracts, the Payout Criteria for the Contracts will be set as follows:

(i) SPOT DAILY HEATING OIL BINARY HEDGELET CONTRACTS

(1) – (12) [unchanged]

(ii) WEEKLY HEATING OIL BINARY HEDGELET CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) - \$0.15.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) - \$0.10.

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) - \$0.05.

(4) Binary Hedgelet Contract 4: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)).



(5) Binary Hedgelet Contract 5: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) + \$0.05.

(6) Binary Hedgelet Contract 6: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) + \$0.10.

(7) Binary Hedgelet Contract 7: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) + \$0.15.

(8) In each case above, "Y" is measured in U.S. Dollars and equals the last Heating Oil price rounded to the nearest five cents (\$0.05), as reported by the Source Agency.

(iii) [except for renumeration, this Rule is unchanged]

(g) – (o) [unchanged]

RULE 12.83 [unchanged]

RULE 12.84 WHOLESALE GASOLINE 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 Wholesale Gasoline Binary Hedgelet Contract, the Payout Criteria for the Contracts will be set as follows:

(i) SPOT DAILY WHOLESALE GASOLINE BINARY HEDGELET CONTRACTS

(1) – (12) [unchanged]

(ii) WEEKLY WHOLESALE GASOLINE BINARY HEDGELET CONTRACTS

(1) Binary Hedgelet Contract 1: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) - \$0.15.

(2) Binary Hedgelet Contract 2: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) - \$0.10.

(3) Binary Hedgelet Contract 3: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) - \$0.05.



(4) Binary Hedgelet Contract 4: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)).

(5) Binary Hedgelet Contract 5: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) + \$0.05.

(6) Binary Hedgelet Contract 6: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) + \$0.10.

(7) Binary Hedgelet Contract 7: One Contract will have a Payout Criterion of greater than Y (rounded to the nearest five cents (\$0.05)) + \$0.15.

(8) In each case above, "Y" is measured in U.S. Dollars and equals the last Wholesale Gasoline price or value rounded to the nearest five cents (\$0.05) as reported by the Source Agency.

(iii) [except for renumeration, this Rule is unchanged]

(g) [unchanged]

(h) REPORTING LEVEL – The Reporting Level for the Wholesale Gasoline Binary Hedgelets shall be ~~150~~ 140 Contracts.

(i) - (o) [unchanged]

RULE 12.85 – RULE 12.86 [unchanged]

[End Rulebook]

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