



U.S. COMMODITY FUTURES TRADING COMMISSION

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Commodity Futures
Trading Commission

October 28, 2011

Stephen Humenik
Eris Exchange, LLC
311 South Wacker Drive
Suite 950
Chicago, IL 60606

Re: Application of Eris Exchange, LLC, for Designation as a Contract Market; Request for the transfer to Eris Exchange, LLC of all associated existing open interest in the Interest Rate Swap Futures contracts currently trading on the Eris Exchange EBOT trading platform; and Request for approval of the Eris Exchange rules, all submitted as part of the Eris Exchange, LLC application for designation as a contract market.

Dear Mr. Humenik:

By submissions dated April 18, 2011 through September 19, 2011 (collectively the "Designated Contract Market ("DCM") application"), Eris Exchange, LLC ("Eris" or "Exchange") has applied to the Commodity Futures Trading Commission ("Commission"), pursuant to Section 5(d) of the Commodity Exchange Act ("Act"), 7 U.S.C. §7(d), Section 6(a) of the CEA, 7 U.S.C. §8(a) and Part 38 of the Commission's regulations, 17 C.F.R. Part 38, for designation as a contract market. The Commission has reviewed the materials submitted and has determined to designate Eris as a contract market, pursuant to Section 5(d) of the Act, 7 U.S.C. §7(d), subject to the terms and conditions of the accompanying order.

In addition, the Commission will consider ordering the transfer of existing open interest in the Interest Rate Swap Futures ("IRSF") contracts traded on the Eris EBOT trading platform to Eris's designated contract market upon certification of the IRSF contract to the Commission pursuant to § 5c(c)(1) of the Act and Commission Regulation 40.2. The IRSF contracts traded on the Eris EBOT are cleared by the Chicago Mercantile Exchange, Inc. ("CME") pursuant to a clearing agreement between Eris and CME. Eris and CME have represented to the Commission that, upon Eris's designation and its commencement of DCM operations, (a) all open IRSF contract positions will be transferred as required by the transfer order, (b) all such existing positions, together with newly-established IRSF positions, will be cleared by CME, and (c) all customer funds held by CME in connection with IRSF contract positions will be held in segregated customer accounts in accordance with Section 4d(a) of the Act.

Concurrent with designation, the Commission approved, pursuant to Section 5c(c) of the Act, 7 U.S.C. §7a-2(c), the following documents submitted as part of the DCM application:

- Eris Rules — Chapter 1 definitions; Rules 201-217; 301-313; 401-410; 501-539; 601-603; 701-720; 801-805; 901-910; 1001-1006; Chapter 11 Contract Specifications.

The Commission's designation is based upon, among other things, written submissions, explanations, demonstrations and representations provided by Eris describing the manner in which it will operate. The Commission points out that the Eris Order of Designation is conditioned upon Eris's compliance with representations it made to the Commission in its DCM application. The Commission's designation is also based upon written submissions, explanations, demonstrations, and representations provided by:

- (1) Eris, Eris Exchange Holdings, the parent company of Eris, and the Chicago Mercantile Exchange Inc. ("CME");
- (2) Eris and CME, a derivatives clearing organization that will perform clearing and settlement services for IRSFs contracts trading on Eris;
- (4) Eris and NFA, the regulatory services provider that will provide trade practice and market surveillance, and other regulatory oversight services;
- (5) Eris and State Street, a company that has provided the proprietary trading platform, to accept, disseminate, and match Eris IRSFs contract orders.

In approving Eris's designation application, the Commission is not approving the agreements covering services between Eris and third parties, including but not limited to agreements between Eris, CME and NFA.

Moreover, it is important to note that Eris itself shall remain directly responsible for ensuring the performance of all self-regulatory functions required of it as a designated contract market under the Act and the Commission's regulations, including enforcement of all Eris rules. The Commission points out that Eris's responsibility for compliance with all designation criteria and core principles, as required by the Act, Commission Regulations and its Order of Designation, includes those for which relevant functions have been contracted out to a third party. The Commission notes this includes the responsibility to make available directly to Commission staff and the Department of Justice, upon request, for all third party entities that provide such regulatory services to Eris: (i) information and records of third parties related to services performed for Eris; and (ii) direct contact and access to offices, as the staff of the Commission or the Department of Justice deems necessary and appropriate in conducting its respective regulatory oversight and investigative responsibilities relating to Eris.

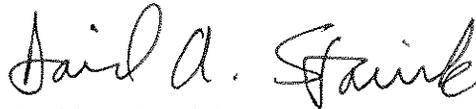
The Commission further notes that the following items, among others, are considered "rules" under Part 40 of the Commission's regulations and that, accordingly, changes thereto should be submitted to the Commission for review pursuant to Section 5c(c) of the Act, 7 U.S.C. § 7a-2(c), and Part 40 of the Commission's regulations: (1) any changes or modifications to the

Exchange's trading system; (2) any changes to the Exchange's policies and procedures; (3) any change in the identity of regulatory services providers or the regulatory services they provide to the Exchange; (4) the no bust range for error trades and adjustments to the trade matching algorithm; (5) Market Maker programs; and (6) the minimum contract size thresholds and reporting times for block trades. In addition, the Commission reminds the Exchange that Position Limits or Position Accountability procedures must be specified for futures contracts listed by the Exchange. All Position Limits or Position Accountability procedures should be submitted to the Commission in connection with the listing of each futures contract submitted under the Commission's certification or approval procedures.

The Commission has proposed numerous rules to implement Dodd-Frank, including new Regulations in Part 38 regarding the Core Principles for designated contract markets. Eris will have to demonstrate compliance with all new regulations applicable to Designated Contract Markets within the specified time period set out therein.

Finally, the Commission notes that Eris must inform the Commission of any material modification to the operation of the Exchange, including the clearing and settlement arrangements with CME.

Sincerely,



David A. Stawick
Secretary of the Commission

Attachment