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**Cantor Futures Exchange
Rule Change 2010-2
October 6, 2010**

1. The text of the rule changes are found on pages 26-27 of the attached copy of the Cantor Futures Exchange Rulebook. Additions are underlined, deletions are indicated in a text bubble.
2. The implementation date is October 15, 2010.
3. No opposing views were expressed with respect to the proposed rule changes by governing board or committee members or market participants.

**SUPPLEMENTAL EXPLANATION OF THE OPERATION, PURPOSE AND EFFECT OF
THE PROPOSED RULE**

The amendments to Cantor Futures Exchange, L.P. ("Cantor Exchange") Rules III-1 and III-2 are intended to provide greater flexibility in the establishment of trading accounts.

Rules III-1(a) and (f)

Rule III-1(a) as originally adopted permitted each Participant to maintain only a single account. However, certain potential market participants would find the ability to establish more than a single account to be administratively efficient and helpful. An example would be where the Participant has more than one Authorized Trader and wishes to track such traders' activity separately through the use of separate accounts. Under the amended Cantor Exchange Rules, a Participant could be granted more than a single account upon application to the Exchange by providing the Exchange with an explanation of the need for, and uses of, more than one trading account. The Exchange may grant the request in its discretion. Where a Participant has been granted the ability to trade through more than one account, such accounts will be separately margined.

The effect of the rule amendment is administrative in nature. It will enable the Exchange flexibility to permit a Participant to trade through more than one account under appropriate circumstances. Commission Rule 1.46, 17 C.F.R. §1.46 requires generally that long and short positions in an account for the same tenor and in the same commodity be off-set. However, a customer may specifically instruct that such positions not be off-set. Long and short positions held in more than one account will not be off-set even though such positions might possibly off-set if held by the Participant in a single account. Upon application of a Participant to maintain more than a single account, the Exchange will inform the applicant that maintaining more than a single account may result in long and short positions not be off-set which otherwise would be off-set if they were maintained in a single account. The Exchange will also obtain from the Participant an acknowledgement that by maintaining

more than a single account, the Participant is specifically instructing that positions be off-set only in respect of other positions held in each of the separate accounts.

The amendment to Exchange Rule III-1(f) provides that Affiliates of Cantor Exchange may enjoy trading privileges in two limited circumstances. These include if the Affiliate acts as a market maker on the Exchange or if the Affiliate trades on the Exchange for bona fide hedging purposes. The Exchange has not yet promulgated rules providing for market making activities. However, it is contemplated that at some point in the future it may do so. The Exchange does not wish to prohibit an Affiliate from participating in any market making program that it may establish in the future. Moreover, the Exchange is part of a diversified financial services company. Affiliates of the Exchange may be active futures traders in order to hedge exposures that they have arising as a consequence of the particular lines of business in which they engage. Depending upon the contracts that are listed for trading on the Exchange, such Affiliates may wish to trade on the Exchange. The amendment to Exchange Rule III-1(f) would permit them to do so. In this regard, it should be noted that an Exchange Affiliate would be treated by the Exchange for all purposes, including margining, the same as any similarly situated Participant.

Nothing in these amendments would affect, or be contrary to, the obligation of the Exchange to safe-guard confidential information. In this respect, Commission Rule 1.59, 17 C.F.R. §1.59 prohibits employees, governing board members, committee members and consultants from trading on non-public, material information. Commission rule 1.59 requires contract markets to prohibit their employees from trading, directly or indirectly, in any commodity interest traded on or cleared by the employing contract market or clearing organization. The Affiliates' trading permitted under amended Exchange Rule III-1(f) would be at arm's length from the Exchange and subject to regulatory walls to ensure that it is in compliance with the prohibitions of Commission Rule 1.59.

Rules III-2(c) and (e)

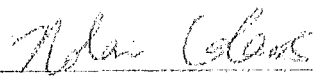
The amendments to Exchange Rules III-2(c) and (e) provide for the trading of a Participant's account by a third party that has been granted discretionary trading authority by the Participant. Exchange rules require that such a discretionary trading relationship be documented to the Exchange. The party or entity that has been granted such discretionary authority is required to designate a natural person as an Authorized Trading. The effect of this rule is to provide an administrative route for commodity pool operators/commodity trading advisors to be able to trade accounts on behalf of a pool or managed account customer.

The amendment to Rule III-2(e) permits an Authorized Trader to trade for more than one account, for example, where a commodity trading advisor trades on behalf of several client accounts. The amendment requires that an Authorized Trader exercising trading authority over the Trading Accounts of more than one Participant must allocate contracts executed for such multiple accounts in a fair and equitable manner so that no account or group of accounts consistently receives favorable or unfavorable treatment over time. This is the standard of conduct established in Commission Rule 1.35(a-1)(5)(iii). The Exchange will conduct trade

practice surveillance with respect to compliance by the Participant and its Authorized Trader with Rule III-2(e).

CERTIFICATION PURSUANT TO SECTION 5c OF THE
COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2 AND
COMMODITY FUTURES TRADING COMMISSION RULE 40.6,
17 C.F.R. §40.6

I hereby certify that the foregoing rule amendments comply with the
Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and regulations
thereunder.



By: Nolan Glantz
Title: Chief Operations Officer

Dated: 10/6/2010