



Chicago Climate Exchange®

190 South LaSalle Street, Suite 800
Chicago, Illinois 60603

T 312.554.3350
F 312.554.3373

March 12, 2009

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: **Chicago Climate Futures Exchange, LLC**
Submission No. 09-06

RECEIVED
C.F.T.C.
MAR 12 PM 1:45
OFFICE OF THE SECRETARIAT

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act") and Parts 40.2 and 40.6 of the regulations promulgated by the Commodity Futures Trading Commission ("CFTC") under the Act, Chicago Climate Futures Exchange, LLC ("CCFE") hereby submits amendments to the CCFE Rulebook (the "Rulebook").

The Exchange is amending the Rulebook to add new Chapter 31 regarding contract specifications for CCFE's new options on California Climate Action Registry – Climate Reserve Tons ("CCAR-CRT") futures contracts. The futures contracts will be listed for trading on the CCFE Trading Platform on March 13, 2009.

CCFE intends to make these amendments effective as of March 13, 2009. The Exchange certifies that these amendments neither violate nor are inconsistent with any portion of the Act or of the rules thereunder.

Attached hereto please find a copy of the new Chapter 31 Options on California Climate Action Registry – Climate Reserve Tons Futures Contract Specifications and new contract specification sheet.

Should you require additional information regarding this submission, please contact me at 312.229-5177. Please reference our submission number 09-06 in any related correspondence.

Very truly yours,

Satish Nandapurkar
President

bal
enc.

cc: Riva Adriance
Thomas Leahy
Kevin Pepple

www.chicagoclimateexchange.com

CHAPTER 31
OPTIONS ON CALIFORNIA CLIMATE ACTION REGISTRY – CLIMATE
RESERVE TONS FUTURES CONTRACT SPECIFICATIONS

3101. Scope of Chapter

This Chapter applies to trading in Options on California Climate Action Registry – Climate Reserve Tons (“CCAR-CRT”) futures contracts. The procedures for clearing, trading, settlement, and any other matters not specifically covered herein shall be governed by the generally applicable rules of the Exchange.

3102. Eligibility

In order to make or take delivery of Climate Reserve Tons resulting from the exercise of CCAR-CRT options, Clearing Members, Trading Privilege Holders, and other market participants must open and maintain an account in the Climate Action Reserve tracking registry.

3103. Contract Specifications

(a) *Contract size.* The contract size for the Options calls or puts on the CCAR-CRT futures contract is one (1) CCAR-CRT futures contract which is equivalent to 1,000 Climate Reserve Tons.

(b) *Schedule.*

(i) Standard-cycle Contract Listing: The Exchange may list for trading up to ten consecutive yearly contract months on the December cycle.

(ii) CCFE may list any other contracts off the standard-cycle listing schedule to the last listed December contract.

(iii) The trading hours for the Options on CCAR-CRT futures contract shall be determined by the Exchange from time to time.

(c) *Termination of Trading (Contract Expiration).* The last day of trading is the second business day prior to the last trading day for the expiring underlying CCAR-CRT futures contract.

(d) *New Contract Listing.* The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.

(e) *Minimum Tick Increment.* The minimum tick increment of the Options on CCAR-CRT futures contract is \$0.01 per Climate Reserve Ton, which is equal to \$10.00 per contract.

(f) *Strike Prices.* Call and Put options based on up to seventy-three strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$0.25 increments with up to 24 listed below the at-the-money strike price and up to 48 listed above the at-the-money strike price. Additional strikes will be listed on the trading day following the day a related futures contract settles for the first time above or below an existing option strike price.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate.

(g) *Exercise.* Options on CCAR-CRT futures contracts will have a European style exercise after the close of trading on the last trade day. Option exercise results in an underlying CCAR-CRT futures contract position in the related contract month. The exercise of a Call option will result in the buyer receiving a long position in the underlying CCAR-CRT futures contract and the seller receiving a short position in the underlying CCAR-CRT futures contract. The exercise of a Put option will result in the buyer receiving a short position in the underlying CCAR-CRT futures contract and the seller receiving a long position in the underlying CCAR-CRT futures contract. Options on positions that are in-the-money at the close on the last day of trading are automatically exercised unless other instructions are provided to and are accepted by the Clearing Service Provider. Options on positions that are out-of-the-money at the close on the last day of trading will automatically expire at 5:00 p.m. Central Time absent contrary instructions that are accepted by the Clearing Service Provider.

(h) *Reportable Positions.* Pursuant to Commission Regulation §15.03 and Commission Regulation Part 17, the position level that is required to be reported is any open position in Options on CCAR-CRT futures products at the close of trading on any trading day equal to or in excess of twenty-five contracts gross in each option quadrant. If one product within a contract month has a reportable position, all contract months' positions in the option contract and underlying futures contract must be reported.

(i) *Position Limits.* A person may not own or control more than 100 contracts, equivalent to 100,000 Climate Reserve Tons on a net futures-equivalent basis in each nearby month expiring futures product. Commission Regulation 150.1(f) states that the futures-equivalent value of an option is determined by adjusting the option by its delta coefficient from the previous day. For the purposes of this rule, the positions of all accounts for which a person directly or indirectly controls trading shall be included, as described in Rule 409(e). The foregoing position limit shall not apply to bona fide hedge positions meeting the requirements of the Commission Regulation §1.3(z)(1) and the Rules of the Exchange.

(j) *Contract Modifications.* Specifications are fixed as of the first day of trading of a contract. If any U.S. Government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

(k) *Block Trades.* Block trades shall be executed pursuant to the requirements of Rule 412. The minimum Block Trade quantity for the Options on CCAR-CRT futures contract shall be determined by the Exchange from time to time. If the Block Trade is executed as a spread or a combination, one leg must meet the minimum Block Trade quantity for the Options on CCAR-CRT futures contract and the other legs(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity.

(l) *Premium Payment.* The option premium must be paid by each option customer to its Clearing Member for purchased options within a reasonable time and the Clearing Member must pay the option premium to the Clearing Service Provider.



Chicago Climate Futures Exchange

(Pending Self-Certification with the CFTC)

**Chicago Climate Futures Exchange, LLC
California Climate Action Registry – Climate Reserve Tons
Options on Futures Contract Specifications**

| | |
|--|--|
| Contract Size | One CCFE California Climate Action Registry – Climate Reserve Tons futures contract (of a specified contract month) |
| Quotation | US dollars / metric ton CO ₂ |
| Minimum Tick Increment | \$0.01 per metric ton = \$10.00 per contract |
| Symbols | CCAR-CRTC, CCAR-CRTP |
| Trading Hours | 7:00 a.m. – 3:00 p.m. Central Time |
| Strike Price Intervals | Call and Put options based on seventy-three strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$0.25 increments with 24 listed below the at-the-money strike price and 48 listed above the at-the-money strike price. Additional strikes will be listed on the trading day following the day a related futures contract settles for the first time above or below an existing option strike price. |
| Contract Month | Consecutive year contracts on the December cycle for 10 consecutive years. |
| First Trading Day | A new contract month will listed on the same business day as a new contract listing for the underlying California Climate Action Registry – Climate Reserve Tons futures contract. |
| Last Trading Day | The last day of trading is the second business day prior to the last trading day for the expiring underlying futures contract. |
| Exercise | European style. Option exercise results in an underlying futures position in the related contract month. Options in-the-money at the close on the last day of trading are automatically exercised unless proper instructions are provided to the CCFE Clearing Service Provider (“CSP”) not to exercise an in-the-money option by the expiration deadline. (Instructions may also be provided to the CCFE CSP’s clearing system to exercise an out-of-the money option.) |
| Expiration | Unexercised CCFE CCAR-CRT options shall expire at 5:00 p.m. on the last day of trading. |
| Option Premium | The CCFE CSP will collect the full option premium from the buyer clearing member and pay the full option premium to the seller clearing member on the day of trade in accordance with CCFE CSP procedures. |
| Price Limits | None |
| Reportable Position Limits | 25 contracts gross in each option quadrant |
| Nearby Expiration Month Speculative Position Limits | 100 contracts on a net futures-equivalent basis. |
| Minimum Block Size | 10 contracts |

Effective March 13, 2009

Contract specifications and related rules are subject to revision. If CCFE determines that revisions to the contract specifications and related rules are warranted, reasonable efforts will be taken to provide appropriate advance notification of such revisions.

This document is a summary of the CCFE contract specification rules; see the CCFE Rulebook for complete contract specification rules.