



Chicago Climate Futures Exchange

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## CCFE Advisory 2008-16

June 5, 2008

### **Re: Revised Block Trade Minimum Size Requirement for NFI-Annual Futures and Options on Futures**

CCFE Rule 412 – Block Trades, paragraph (a)(i)(B) states that block trades must “...be for at least such minimum number of Contracts as will from time to time be specified by the Exchange...”.

CCFE had previously established a minimum block trade requirement of 100 contracts (100 allowances) in any single Nitrogen Financial Instrument - Annual (“NFI-A”) futures or options on futures contract month.

Effective immediately, CCFE is revising the minimum block trade requirement for these products as follows.

NFI-A futures and options on futures 50 contracts in any single contract month

For additional information regarding block trades, please review the CCFE Block Trade and EFP Procedures document that can be found at [http://www.ccfex.com/membership\\_ccfe/CCFE\\_Block\\_EFP\\_Public.pdf](http://www.ccfex.com/membership_ccfe/CCFE_Block_EFP_Public.pdf)

Questions regarding this advisory may be directed to the William Boyk at 312.554.1019 / [bboyk@theccx.com](mailto:bboyk@theccx.com) or Dan Scarbrough at 312.229.5122 or [dscarbrough@theccx.com](mailto:dscarbrough@theccx.com).

## 2 Block Trades

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### 2.1 Minimum Block Trade Size

CCFE will communicate via Member Notices the minimum number of contracts required for an eligible block trade. The Member Notices may also be found on CCFE's website at [www.chicagoclimateexchange.com](http://www.chicagoclimateexchange.com).

### 2.2 Submitting Block Trades

All negotiated block trades must be reported to the CCX Help Desk. For block trades between two Trading Privilege Holders or Customers or Non-Customers of one or both of the Trading Privilege Holders, CCFE requires both Trading Privilege Holders to report the block trade to the CCX Help Desk.

The CCFE Clearing Member/Trading Privilege Holder(s) that will be responsible for the clearance of a block trade must, within 15 minutes of completion of the negotiations, submit via facsimile the CCFE Block Trade Confirmation form. (See Exhibit 1) No block trade will be conducted without a completed CCFE Block Trade Confirmation form from the TPH(s).

Such written confirmation must be faxed to the CCX Help Desk at (770) 951-5481 and must include, at a minimum:

Buyer Clearing Trading Privilege Holder

Buyer Clearing TPH name  
Buyer TPH Clearing ID  
Buyer Authorized Trader  
Seller Clearing TPH name  
Signature of the submitting Authorized Trader  
Contact information for the submitting Authorized Trader

Seller Clearing Trading Privilege Holder

Seller Clearing TPH name  
Seller TPH Clearing ID  
Seller Authorized Trader  
Buyer Clearing TPH name  
Signature of the submitting Authorized Trader  
Contact information for the submitting Authorized Trader

In addition, each Clearing TPH will include on their copy of the Block Trade Confirmation form the following:

Account Number or Account ID of buyer or seller as applicable

#### 412. Block Trading

(a) Trading Privilege Holders may enter into transactions outside the CCFE Trading Platform, at prices mutually agreed, with respect to Contracts that have been designated by the Exchange for such purpose, provided all of the following conditions are satisfied (such transactions, "Block Trades"):

(i) Each buy or sell order underlying a Block Trade must (A) state explicitly that it is to be, or may be, executed by means of a Block Trade and (B) be for at least such minimum number of Contracts as will from time to time be specified by the Exchange; *provided* that only (x) a commodity trading advisor registered under the CEA, (y) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the CEA and Commission Regulations thereunder and (z) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States in which the Exchange may be permitted from time to time to operate CCFE Workstations, in each case with total assets under management exceeding US\$25 million, may satisfy this requirement by aggregating orders for different accounts.

(ii) Each party to a Block Trade must qualify as an "eligible contract participant" (as such term is defined in Section 1a(12) of the CEA); *provided* that, if the Block Trade is entered into on behalf of Customers by (A) a commodity trading advisor registered under the Act, (B) an investment adviser registered as such with the Securities and Exchange Commission that is exempt from regulation under the Act and Commission Regulations thereunder or (C) any Person authorized to perform functions similar or equivalent to those of a commodity trading advisor in any jurisdiction outside the United States in which the Exchange may be permitted from time to time to operate CCFE Workstations, in each case with total assets under management exceeding US\$25 million, then only such commodity trading advisor or investment adviser, as the case may be, but not the individual Customers, need to so qualify.

(b) Each party to a Block Trade must comply with all applicable Rules of the Exchange other than those which by their terms only apply to trading through the CCFE Trading Platform.

(c) When negotiating or executing a Block Trade, a Trading Privilege Holder or Authorized Trader must ensure that the price quoted for a Block Trade represents a fair and reasonable price. The

price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of such Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time, and (iv) the circumstances of the parties to such Block Trade.

(d) Block Trades must be reported to the Exchange in a manner prescribed from time to time by the Exchange. Block Trades must be reported to the Exchange within 15 minutes after the completion of negotiations, but may not be submitted any later than 15 minutes prior to the Contract's Trading Session close time.

(e) Block Trades executed after the Exchange's trading hours must be reported within 15 minutes after the opening of the next Trading Session.

(f) For Block Trades between two Trading Privilege Holders or Customers or Noncustomers of one or both of the Trading Privilege Holders, the Exchange requires both Trading Privilege Holders to report the Block Trade.

(g) The Exchange will review the information submitted by the Trading Privilege Holder(s) for the Block Trade and will post the Block Trade to the CCFE Trading Platform if the details are complete and accurate in accordance with this Rule. The Exchange will immediately publicize information identifying the trade as a Block Trade and identifying the relevant Contract, contract month, price or premium, quantity and, if applicable, whether the transaction involved a put or a call and the strike price.

(h) Block Trades are not permitted during the last Trading Session for a Contract delivery month.

(i) Block Trade prices will not trigger unexecuted Orders.

(j) Each Trading Privilege Holder that is party to a Block Trade must record the following details on its order ticket: the Contract (including the Delivery Month) to which such Block Trade relates; the number of Contracts traded; the price of execution or premium; the time of execution; the identity of the counterparty; and, if applicable, details regarding the Customer or Noncustomer for which the Block Trade was executed, the Underlying Commodity, whether the transaction involved a put or a call and the strike price. Upon request by the Exchange, such Trading Privilege Holder must produce satisfactory evidence, including the order ticket referred to in