



**Chicago Climate Exchange**

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August 13, 2008

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

Re: **Chicago Climate Futures Exchange, LLC  
Submission No. 08-19**

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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 Chapters 26 and 27 regarding contract specifications for CCFE's new Regional Greenhouse Gas Initiative ("RGGI") futures contract and Options on RGGI futures contract ("RGGI options").

CCFE market users have requested that CCFE list a futures product and options on futures product for the RGGI allowances. In order to quickly meet market user demand, CCFE must launch the RGGI futures product using existing technology and trading screen space made available by the recent de-listing of its European Carbon Financial Instrument ("ECFI") futures product. Bids, offers and trades will therefore, temporarily be reflected on a trading screen under the European Carbon Financial Instrument and ECFI names until a new RGGI-named futures trading screen is available. CCFE is working with its futures trading platform provider, IntercontinentalExchange ("ICE"), to develop the new trading screen; it is expected that the new screen will be available and operational on a date between September 19-30, 2008. Please note that CCFE's options on futures products are listed on a separate trading platform which is not affected by this situation, therefore, RGGI options on futures will reflect the correct name on the trading screen. This temporary situation only applies to RGGI futures contracts.

In order to implement this temporary situation, CCFE has had numerous, detailed discussions with Commission staff. We appreciate and commend Commission staff for its prompt attention, guidance and expertise. This letter will address issues and procedures as requested by Commission staff.

- Although the trades will be made on a trading screen under the European Carbon Financial Instrument and ECFI names, The Clearing Corporation ("CCorp") (CCFE's clearing services provider) will re-map the trades to a new commodity code for the RGGI V2009 futures and will be reported by CCorp as RGGI V2009 futures positions
- Customer clearing statements will reflect the correct contract name
- The files that the CFTC receives from CCorp will reflect the correct contract name

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- The files that National Futures Association ("NFA") (CCFE's regulatory services provider) receives from CCorp will reflect the correct contract name. The files that NFA receives from ICE will reflect the European Carbon Financial Instrument/ECFI names; CCFE and NFA have had numerous discussions regarding this issue and NFA is fully aware of the temporary situation and it will not negatively affect or inhibit its surveillance capabilities
- The ICE Help Desk is fully aware of the temporary situation; it will refer any problems regarding RGGI trades to CCFE Market Operations
- CCFE's website will provide Time & Sales information, open interest and settlement prices under the correct RGGI contract name
- CCFE is currently in the process of personally contacting via telephone all of its clearing futures commission merchants (clearing "FCMs"), trading privilege holders ("TPHs") who have credit limits established on the ECFI trading screen and other customers of FCMs who have expressed interest in RGGI products of this temporary situation
- A written notice was distributed via electronic mail to clearing FCMs on August 13, 2008 (copy attached)
- A general written notice will be distributed via electronic mail to all clearing FCMs and TPHs prior to the launch on Friday, August 15, 2008; this notice will also be posted on the CCFE website
- CCFE back-office service providers have been personally notified via telephone of the circumstances of this launch; these back-office service providers have indicated that they are prepared to handle the product
- The written notice that was provided via electronic mail to FCMs (see above) will be provided to CCFE quote vendors and Independent Software Vendors ("ISVs") via electronic mail on August 13-14, 2008
- CCFE will send an electronic mail confirmation to the parties of each trade when a trade is posted; the confirmation will note that the trade was a RGGI futures transaction.
- Upon execution and posting of each RGGI futures trade (block or screen trades), CCFE will issue a message to the market to indicate that the trade appearing as an ECFI trade is, in fact, a RGGI trade.
- CCFE will issue a reminder on the Trading Platform at the market open each day regarding this temporary situation; this reminder will again be issued when mid-day price calculations are made at approximately 11:00 am, Central Time
- CCFE is aware that certain confusion may still occur regarding the contract name listing on the trading screen. CCFE Market Operations will monitor participants and potentially unlikely RGGI market participants will be contacted to ensure that they are aware that the product on the screen is a RGGI futures contract, not ECFI futures. Prices are expected to be significantly different which should help to eliminate confusion.
- Additionally, CCFE has implemented Rule 2605, Error Trades to specifically address errors that may occur due to confusion over the product name; please refer to that rule for details.

RGGI futures contracts will be listed for trading on the CCFE Trading Platform on August 15, 2008. RGGI Options will be listed for trading on the CCFE Options Trading Platform on August 15, 2008.

CCFE intends to make these amendments effective as of August 15, 2008. The Exchange certifies that these amendments neither violate nor are inconsistent with any portion of the Act or of the rules thereunder.

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Attached hereto please find a copy of the new Chapters 26 and 27, a summary of the Contract Specifications for RGGI futures and RGGI options contracts as reflected in the amended Rulebook and the advisory memorandum which was sent to CCFE Member FCMs on August 13, 2008.

Should you require additional information regarding this submission, please contact me at 312.554.0812. Please reference our submission number 08-19 in any related correspondence.

Very truly yours,

Ann M. Cresce  
Senior Vice President & General Counsel

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enc.

cc: Riva Adriance  
Bella Rozenberg  
Gregory Price  
Kevin Pepple

**CHAPTER 26**  
**REGIONAL GREENHOUSE GAS INITIATIVE FUTURES**  
**CONTRACT SPECIFICATIONS**

**2601. Scope of Chapter**

This Chapter applies to trading in the Regional Greenhouse Gas Initiative (“RGGI”) futures contract. 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.

**2602. Eligibility**

Clearing members and Trading Privilege Holders trading in Regional Greenhouse Gas Initiative futures contracts must have a RGGI CO<sub>2</sub> Allowance Tracking System (“COATS”) account established with the RGGI CO<sub>2</sub> Budget Trading Program.

**2603. Contract Specifications**

(a) *Contract Value.* The contract size for a RGGI futures contract is equal to 1,000 RGGI CO<sub>2</sub> allowances representing 1,000 tons of carbon dioxide.

(b) *Schedule.*

(i) Standard-cycle Contract Listing (“Contract”). The Exchange may list for trading up to 16 consecutive quarterly contracts on a March quarterly cycle (March, June, September, December); up to 48 consecutive monthly contracts; and up to 12 annual December contracts.

CCFE may list any other calendar month contract off the standard-cycle listing schedule through the last annual December contract.

(ii) The trading hours for the RGGI Contract shall be determined by the Exchange from time to time.

(c) *Products.* Within any listed contract, CCFE may offer one or more vintage specific products having different delivery specifications as follows:

- (i) Control Period Specific Vintage
- (ii) Front-Year Vintage
- (iii) 1-Year Deferred Vintage
- (iv) 2-Year Deferred Vintage
- (v) 3-Year Deferred Vintage
- (vi) 4-Year Deferred Vintage

- (vii) Additional Deferred Vintages as determined by CCFE
- (viii) Any Previous Deferred Vintages available in the RGGI COATS

(d) *Termination of Trading (Contract Expiration).* A Contract expires on the last business day of the expiration month.

(e) *New Contract Listing.* A new standard-cycle Contract will be listed on the first business day following an expiration of a standard-cycle contract.

(f) *Minimum Tick Increment.* The minimum tick increment is \$0.01 per RGGI CO<sub>2</sub> allowance, which is equal to \$10.00 per contract.

(g) *Reportable Position.* 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 the RGGI Contracts at the close of trading on any trading day equal to or in excess of 25 contracts net long or short.

If one (1) product within a Contract has a reportable position, all Contracts' positions must be reported.

(h) *Position Limits.* A person may not own or control more than 1,000 contracts, equivalent to 1,000,000 RGGI CO<sub>2</sub> allowances, on a net-futures equivalent basis, in each nearby month expiring futures product.

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(f).

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.

(i) *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 positions in the Contracts shall be subject to such government orders.

(j) *Daily Price Limits.* None

(k) *Exchange of Future for Physical.* There is no minimum size for an Exchange of Future for Physical transaction with respect to RGGI futures contracts. The Exchange of Future for Physical must meet all requirements of, and must be reported to the Exchange in accordance with, Rule 411.

(l) *Block Trades.* Pursuant to Rule 412(a)(i), the minimum Block Trade quantity for the RGGI 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 RGGI 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. The Block Trade must meet all requirements of, and must be reported to the Exchange in accordance with, Rule 412.

#### **2604. Settlement Price Calculations**

Contract month settlement prices will be based on the following criteria:

- (a) A single traded price during the pre-close.
- (b) If more than one trade occurs during the pre-close, the trade volume weighted average of the prices, rounded to the nearest tick.
- (c) If no trade occurs during the pre-close, the following will be given consideration:
  - (v) the volume weighted average of the last two trade prices, rounded to the nearest tick;
  - (vi) the mid-point between the best bid and offer (volume weighted) in the pre-close, rounded to the nearest tick;
  - (vii) spread price relationships; and
  - (viii) time value between the contract months.
- (d) The Exchange reserves the right to take into account other factors in determining settlement prices.

#### **2605. Error Trades**

Due to Trading Platform technical matters, RGGI futures contracts will initially and temporarily appear on the Trading Platform under the de-listed commodity name European Carbon Financial Instrument futures and CCFE ECFI futures. An electronic mail confirmation of each trade will be sent by CCFE to parties of the trade when it is posted. Should an error occur during this temporary period due to a Clearing Member or TPH not realizing a bid or offer was made or hit that resulted in a RGGI Futures contract transaction rather than ECFI futures, CCFE may investigate the circumstances of the trade, and may, in CCFE's discretion, determine to bust the trade in question. An investigation to consider busting a trade under this circumstance will occur only if the Clearing Member or TPH directly requests CCFE to investigate the trade in question no later than 15 minutes after receipt of the electronic mail confirmation of the trade. The investigation will include, but is not limited to, CCFE's prior contact with the

Clearing Member or TPH regarding the RGGI futures contract listing and temporary Trading Platform, the Clearing Member or TPH's use of the ECFI futures market and the RGGI futures market and price information. All other error trades will be handled as per Rule 414.

#### **2606. Deliverable Instruments**

RGGI CO<sub>2</sub> allowances equal to the contract size.

*(a) Contracts with a Control Period Specific vintage*

RGGI CO<sub>2</sub> allowances acceptable for delivery are those having a vintage usable for compliance in the Control Period, as defined by RGGI, associated with the calendar year of the contract expiration or allowances having a vintage usable for compliance in any prior control period.

*(b) Contracts with a Specified Vintage-Year.*

RGGI CO<sub>2</sub> allowances acceptable for delivery are allowances having a vintage corresponding to the specified vintage year.

#### **2607. Delivery Procedures**

(a) Delivery is a three day process consisting of Position Day, Notice Day, and Delivery Day occurring over three consecutive Business Days.

*(i) Position Day.* The first Business Day following a RGGI futures contract's expiration day is the day that Clearing Members must report their long futures positions and tender delivery notices to the Clearing Service Provider.

*(ii) Notice Day.* On the Business Day after the Position Day, the Clearing Service Provider will make the appropriate delivery assignments. The seller Clearing Member must provide to the buyer Clearing Member(s) a description of the underlying RGGI allowances to be delivered. The buyer Clearing Member(s) provides RGGI COATS account information to the seller Clearing Member. The information exchange is to be completed by 4:00 p.m. U.S. Central Time. The seller Clearing Member must ensure the appropriate RGGI allowances are on deposit in its or its customer's RGGI-COATS registry account by 5:00 p.m. U.S. Central Time.

*(iii) Delivery Day.* CCFE Clearing Service Provider will issue payment instructions to the respective buyer clearing member for the full contract value based upon the expiration day's settlement price in a means and manner

prescribed by the Clearing Service Provider. By 3:00 p.m. U.S. Central Time, the Seller Clearing Member must ensure that it or its customer has electronically submitted the RGGI instrument transfer instructions via the RGGI-COATS system. The seller Clearing Member must forward the confirmation of the RGGI instrument transfer to the Clearing Service Provider as verification that the delivery has been completed.

*(b) Payment.* The Clearing Service Provider will release the delivery proceeds to the Seller Clearing Member upon receipt of the “CCFE Receipt of Delivery Confirmation” from the buying Clearing Member.

#### **2608. Validity of Documents**

The Exchange makes no representation regarding the authenticity, validity or accuracy of any delivery tender notice, description of underlying RGGI CO<sub>2</sub> allowance transfer instructions, RGGI confirmation of transfer or other document or instrument delivered pursuant to these rules.





**Chicago Climate Futures Exchange**

*(Pending Self-Certification with the CFTC)*

**Chicago Climate Futures Exchange, LLC  
Regional Greenhouse Gas Initiative (“RGGI”) Futures**

<b>Contract Size</b>	1,000 Regional Greenhouse Gas Initiative (“RGGI”) CO <sub>2</sub> allowances representing 1,000 tons of carbon dioxide (“CO <sub>2</sub> ”).
<b>Quotation</b>	U.S. dollars
<b>Minimum Tick Increment</b>	\$0.01 per RGGI CO <sub>2</sub> allowance = \$10 per contract
<b>Symbol</b>	RGGI
<b>Trading Hours</b>	7:00 a.m. – 3:00 p.m. Central Time
<b>Delivery Months</b>	Standard-cycle contract listings: <ul style="list-style-type: none"> <li>a. Up to 16 consecutive quarterly contracts on a March, June, September, December cycle</li> <li>b. Up to 48 consecutive monthly contracts</li> <li>c. Up to 12 Annual December Contracts</li> </ul> <p>CCFE may list any other calendar month contract off the standard-cycle listing schedule through the last annual December contract.</p>
<b>Products</b>	Within any listed contract, CCFE may offer one or more vintage specific products having different delivery specifications as follows: <ul style="list-style-type: none"> <li>1. Control Period Specific Vintage:</li> <li>2. Front-Year Vintage</li> <li>3. 1-Year Deferred Vintage</li> <li>4. 2-Year Deferred Vintage</li> <li>5. 3-Year Deferred Vintage</li> <li>6. 4-Year Deferred Vintage</li> <li>7. Additional Deferred Vintages as determined by CCFE</li> <li>8. Any Previous Year Vintages available in the RGGI CO<sub>2</sub> Allowance Tracking System (“RGGI COATS”)</li> </ul>
<b>Deliverable Instruments</b>	The deliverable instruments are RGGI CO <sub>2</sub> allowances equal to the contract size delivered through the RGGI CO <sub>2</sub> Allowance Tracking System (RGGI-COATS).  <ul style="list-style-type: none"> <li>1. <b>Contracts with a Control Period Specific Vintage</b> RGGI CO<sub>2</sub> allowances acceptable for delivery are those having a vintage usable for compliance in the control period associated with the calendar year of the contract expiration or allowances having a vintage usable for compliance in any prior control period.</li> <li>2. <b>Contracts with a Specified Vintage-Year</b> RGGI CO<sub>2</sub> allowances acceptable for delivery are allowances having a vintage corresponding to the specified vintage year.</li> </ul>
<b>First Trading Day</b>	The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.

<b>Last Trading Day</b>	The Last Trading day of a contract is the last business day of the expiration month.
<b>Physical Delivery Process</b>	<p><b><i>RGGI Delivery Procedures</i></b>  Delivery is based on open positions after the contract's expiration. Delivery is a three day process consisting of Position Day, Notice Day, and Delivery Day occurring over three consecutive business days.</p> <p><b><i>Position Day</i></b>  The first business day following a RGGI futures contract's expiration day is the day that Clearing Members must report their long futures positions and tender delivery notices to the Clearing Service Provider.</p> <p><b><i>Notice Day</i></b>  On the Business Day after the Position Day, the Clearing Service Provider will make the appropriate delivery assignments. The seller Clearing Member must provide to the buyer Clearing Member(s) a description of the underlying RGGI allowances to be delivered. The buyer clearing member(s) provides account information to the seller Clearing Member. The information exchange is to be completed by 4:00 p.m. U.S. Central Time. The seller Clearing Member must ensure the appropriate RGGI allowances are on deposit in its or its customer's RGGI-COATS registry account by 5:00 p.m. U.S. Central Time.</p> <p><b><i>Delivery Day</i></b>  CCFE CSP will issue payment instructions to the respective buyer Clearing Member for the full contract value based upon the expiration day's settlement price in a means and manner prescribed by the Clearing Service Provider. By 3:00 p.m. U.S. Central Time, the seller clearing member must ensure that it or its customer has electronically submitted the RGGI allowance transfer instructions.</p> <p><b><i>Payment</i></b>  The Clearing Service Provider will release the delivery proceeds to the seller clearing member upon receipt of the "CCFE Receipt of Delivery Confirmation" from the buying Clearing Member.</p>
<b>Price Limits</b>	No daily price limits
<b>Reportable Position Limits</b>	25 contracts, equivalent to 25,000 RGGI CO <sub>2</sub> allowances
<b>Nearby Expiration Month Speculative Position Limits</b>	1,000 contracts, equivalent to 1,000,000 RGGI CO <sub>2</sub> allowances per each expiring contract.
<b>Block Trade Limits</b>	10 contracts, equivalent to 10,000 RGGI CO <sub>2</sub> allowances per each expiring contract.

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.

**CHAPTER 27**  
**OPTIONS ON REGIONAL GREENHOUSE GAS INITIATIVE FUTURES**  
**CONTRACT SPECIFICATIONS**

**2701. Scope of Chapter**

This Chapter applies to trading in Options on Regional Greenhouse Gas Initiative (“RGGI”) futures contracts (“RGGI options”). 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.

**2702. Eligibility**

In order to make or take delivery of RGGI CO<sub>2</sub> allowances resulting from the exercise or assignment of RGGI options, Clearing Members, Trading Privilege Holders, and other market participants must have a RGGI CO<sub>2</sub> Allowance Tracking System (“COATS”) account established with the RGGI CO<sub>2</sub> Budget Trading Program.

**2703. Contract Specifications**

(a) *Contract size.* The contract size for calls or puts on RGGI options is one (1) RGGI futures contract which is equivalent to 1,000 RGGI CO<sub>2</sub> allowances.

(b) *Schedule.*

(i) Standard-cycle Contract Listing: The Exchange may list for trading up to 16 consecutive quarterly contract months on the March quarterly cycle (March, June, September, December) as well as up to 48 consecutive monthly contracts and up to 16 annual December contracts.

(ii) CCFE may list any other calendar month contract off the standard-cycle listing schedule through the last annual December contract.

(iii) The trading hours for the RGGI options contract shall be determined by the Exchange from time to time.

(c) Within any listed contract, CCFE may offer options on one or more vintage specific products having different delivery specifications as follows:

- (i) Control Period Specific Vintage
- (ii) Front-Year Vintage
- (iii) 1-Year Deferred Vintage
- (iv) 2-Year Deferred Vintage
- (v) 3-Year Deferred Vintage

- (vi) 4-Year Deferred Vintage
- (vii) Additional Deferred Vintages as determined by CCFE
- (viii) Any Previous Deferred Vintages available in the RGGI

#### COATS

(d) *Termination of Trading (Contract Expiration)*. The last day of trading of a contract is the second business day prior to the last trading day for the expiring RGGI futures contract.

(e) *New Contract Listing*. A new standard-cycle contract month will be listed on the same Business Day as a new contract listing for the underlying RGGI futures contract.

(f) *Minimum Tick Increment*. The minimum tick increment of the RGGI options contract is \$0.01 per RGGI CO<sub>2</sub> allowance, which is equal to \$10.00 per contract.

(g) *Strike Prices*. Call and put options based on up to 25 strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$0.50 increments with up to eight (8) listed below the at-the-money strike price and up to 16 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.

(h) *Exercise*. RGGI options will have a European style exercise after the close of trading on the last trade day. Option exercise results in an underlying RGGI 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 RGGI futures contract and the seller receiving a short position in the underlying RGGI futures contract. The exercise of a put option will result in the buyer receiving a short position in the underlying RGGI futures contract and the seller receiving a long position in the underlying RGGI futures contract.

Options on positions that are in-the-money at the close on the last day of trading are automatically exercised unless proper instructions not to exercise in-the-money options are provided and accepted by the Clearing Service Provider's clearing system by the Clearing Service Provider's expiration deadline.

Options on positions that are at or out-of-the-money at the close on the last day of trading will automatically expire at 5:00 p.m. Central Time unless contrary instructions are provided to the Clearing Service Provider's clearing system.

(i) *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 RGGI option products at the close of trading on any trading day equal to or in excess of 25 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.

(j) *Position Limits.* A person may not own or control more than 1,000 contracts, equivalent to 1,000,000 RGGI CO<sub>2</sub> allowances 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(f).

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.

(k) *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.

(l) *Block Trades.* Block trades shall be executed pursuant to the requirements of Rule 412. The minimum Block Trade quantity for the RGGI options 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 RGGI options contract and the other legs(s) must have a contract size that is reasonably related to the leg meeting the minimum Block Trade quantity.

(m) *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**  
**Regional Greenhouse Gas Initiative (“RGGI”) Futures Options Contract Specifications**

<b>Contract Size</b>	One CCFE Regional Greenhouse Gas Initiative (“RGGI”) futures contract (of a specified contract month and vintage)
<b>Quotation</b>	US dollars
<b>Minimum Tick Increment</b>	\$0.01 per RGGI CO <sub>2</sub> allowance = \$10.00 per contract
<b>Symbols</b>	RGGIC, RGGIP
<b>Trading Hours</b>	7:00 a.m. – 3:00 p.m. Central Time
<b>Strike Price Intervals</b>	Call and Put options based on up to twenty-five strike prices in the series will be listed at the introduction of a contract. Strike prices will be listed at \$0.50 increments with up to 8 listed below the at-the-money strike price and up to 16 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.
<b>Contract Months</b>	Standard-cycle contract listings: a. Up to 16 Consecutive Quarterly Contracts on a March, June, September, December cycle b. Up to 48 Consecutive Monthly Contracts c. Up to 12 Annual December Contracts
<b>First Trading Day</b>	The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.
<b>Last Trading Day</b>	The last day of trading is the second business day prior to the last trading day for the expiring underlying futures contract.
<b>Exercise</b>	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 options by the expiration deadline. (Instructions may also be provided to the CCFE CSP to exercise an out-of-the-money option.)
<b>Expiration</b>	Unexercised CCFE RGGI options shall expire at 5:00 p.m. on the last day of trading.
<b>Option Premium</b>	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.
<b>Price Limits</b>	None
<b>Reportable Position Limits</b>	25 contracts gross in each option quadrant
<b>Nearby Expiration Month Speculative Position Limits</b>	1,000 contracts on a net futures-equivalent basis.

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.



August 13, 2008

**To: CCFE Member FCMs**

**Re: Regional Greenhouse Gas Initiative Futures and Options Products**

CCFE market users have requested that CCFE list a futures product and options on futures product for the Regional Greenhouse Gas Initiative ("RGGI") allowances. CCFE is announcing that effective Friday, August 15, 2008, it will launch RGGI futures and options pending self-certification with the Commodity Futures Trading Commission. CCFE will initially list for trading a RGGI Vintage 2009 product with the following contract months: Dec 08, Mar 09, Jun 09, Sep 09, Dec 09, Dec 10, Dec 11 and Dec 12. The contract specifications are attached and are available, along with the expiration calendars, at [http://www.ccfex.com/about\\_ccfe/products.html](http://www.ccfex.com/about_ccfe/products.html).

**In order to quickly meet market user demand, CCFE must launch these RGGI products using existing technology and trading screen space made available by the recent de-listing of its European Carbon Financial Instrument (ECFI) futures product. The RGGI futures contract size (e.g. number of allowances), tick increment and tick value are identical to ECFI futures. Although the bids / offers and trades will be reflected under the ECFI trading screen with the European Carbon Financial Instrument and ECFI name, the trades will be re-mapped by The Clearing Corporation to a new commodity code for the RGGI V2009 futures and will be reported by The Clearing Corporation as RGGI V2009 futures positions.**

CCFE is in the process of developing a full suite of RGGI futures products for the Trading Platform that will be listed on a new RGGI-named trading screen which it plans to introduce within the coming weeks. You will be notified as soon as it is available.

The RGGI options on futures contract will be offered as a new product on the CCFE Options Trading Platform.

Commodity Code:

V2009 Q3

Transaction Fees:

CCFE has implemented a transaction fee holiday for the launch of the RGGI futures and options products until further notice.

Block Trade Minimum Size:

10 contracts in any contract / product month

Margin Requirements:

\$450 / contract

Questions pertaining to this advisory may be addressed to:

Bill Boyk  
312.554.1019  
[bboyk@ccfe.com](mailto:bboyk@ccfe.com)

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**Chicago Climate Futures Exchange**

*(Pending Self-Certification with the CFTC)*

**Chicago Climate Futures Exchange, LLC  
Regional Greenhouse Gas Initiative (“RGGI”) Futures**

<b>Contract Size</b>	1,000 Regional Greenhouse Gas Initiative (“RGGI”) CO <sub>2</sub> allowances representing 1,000 tons of carbon dioxide (“CO <sub>2</sub> ”).
<b>Quotation</b>	U.S. dollars
<b>Minimum Tick Increment</b>	\$0.01 per RGGI CO <sub>2</sub> allowance = \$10 per contract
<b>Symbol</b>	RGGI
<b>Trading Hours</b>	7:00 a.m. – 3:00 p.m. Central Time
<b>Delivery Months</b>	Standard-cycle contract listings: <ul style="list-style-type: none"> <li>a. Up to 16 consecutive quarterly contracts on a March, June, September, December cycle</li> <li>b. Up to 48 consecutive monthly contracts</li> <li>c. Up to 12 Annual December Contracts</li> </ul> <p>CCFE may list any other calendar month contract off the standard-cycle listing schedule through the last annual December contract.</p>
<b>Products</b>	Within any listed contract, CCFE may offer one or more vintage specific products having different delivery specifications as follows: <ul style="list-style-type: none"> <li>1. Control Period Specific Vintage:</li> <li>2. Front-Year Vintage</li> <li>3. 1-Year Deferred Vintage</li> <li>4. 2-Year Deferred Vintage</li> <li>5. 3-Year Deferred Vintage</li> <li>6. 4-Year Deferred Vintage</li> <li>7. Additional Deferred Vintages as determined by CCFE</li> <li>8. Any Previous Year Vintages available in the RGGI CO<sub>2</sub> Allowance Tracking System (“RGGI COATS”)</li> </ul>
<b>Deliverable Instruments</b>	The deliverable instruments are RGGI CO <sub>2</sub> allowances equal to the contract size delivered through the RGGI CO <sub>2</sub> Allowance Tracking System (RGGI-COATS).  <ul style="list-style-type: none"> <li>1. <b>Contracts with a Control Period Specific Vintage</b> RGGI CO<sub>2</sub> allowances acceptable for delivery are those having a vintage usable for compliance in the control period associated with the calendar year of the contract expiration or allowances having a vintage usable for compliance in any prior control period.</li> <li>2. <b>Contracts with a Specified Vintage-Year</b> RGGI CO<sub>2</sub> allowances acceptable for delivery are allowances having a vintage corresponding to the specified vintage year.</li> </ul>
<b>First Trading Day</b>	The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.
<b>Last Trading Day</b>	The Last Trading day of a contract is the last business day of the expiration month.
<b>Physical Delivery Process</b>	<b>RGGI Delivery Procedures</b> Delivery is based on open positions after the contract’s expiration. Delivery is a three

	<p>day process consisting of Position Day, Notice Day, and Delivery Day occurring over three consecutive business days.</p> <p><b>Position Day</b> The first business day following a RGGI futures contract's expiration day is the day that Clearing Members must report their long futures positions and tender delivery notices to the Clearing Service Provider.</p> <p><b>Notice Day</b> On the Business Day after the Position Day, the Clearing Service Provider will make the appropriate delivery assignments. The seller Clearing Member must provide to the buyer Clearing Member(s) a description of the underlying RGGI allowances to be delivered. The buyer clearing member(s) provides account information to the seller Clearing Member. The information exchange is to be completed by 4:00 p.m. U.S. Central Time. The seller Clearing Member must ensure the appropriate RGGI allowances are on deposit in its or its customer's RGGI-COATS registry account by 5:00 p.m. U.S. Central Time.</p> <p><b>Delivery Day</b> CCFE CSP will issue payment instructions to the respective buyer Clearing Member for the full contract value based upon the expiration day's settlement price in a means and manner prescribed by the Clearing Service Provider. By 3:00 p.m. U.S. Central Time, the seller clearing member must ensure that it or its customer has electronically submitted the RGGI allowance transfer instructions.</p> <p><b>Payment</b> The Clearing Service Provider will release the delivery proceeds to the seller clearing member upon receipt of the "CCFE Receipt of Delivery Confirmation" from the buying Clearing Member.</p>
<b>Price Limits</b>	No daily price limits
<b>Reportable Position Limits</b>	25 contracts, equivalent to 25,000 RGGI CO <sub>2</sub> allowances
<b>Nearby Expiration Month Speculative Position Limits</b>	1,000 contracts, equivalent to 1,000,000 RGGI CO <sub>2</sub> allowances per each expiring contract.
<b>Block Trade Limits</b>	10 contracts, equivalent to 10,000 RGGI CO <sub>2</sub> allowances per each expiring contract.

Contract specifications rules may be subject to change. If CCFE determines that changes to the contract specifications rules are warranted, reasonable efforts will be taken to provide appropriate advance notification of the changes.

This document is a summary of the CCFE contract specification rules. See the CCFE rulebook for complete contract specification rules.