



September 11, 2008

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

RE: Certification of mini\$ DAX® Index Futures Contracts
USFE Submission #08-04

Dear Mr. Stawick:

United States Futures Exchange, LLC ("USFE"), pursuant to Commission Regulation 40.2(a), has adopted rules governing the trading of futures on the DAX® Stock Price Index. The launch date has been set for September 15, 2008.

The rules are attached. USFE certifies that the DAX® is not narrow-based, as defined by Section 1a(25) of the **Commodity Exchange Act (7 USC § 1a(25))**. In addition, USFE certifies that it has an information sharing arrangement in place with Eurex.

The Exchange intends to permit block trades only on the largest orders that will be entered in the market and its determination of the minimum size of 250 is based on assumptions made from information provided by market makers and USFE staff. It should be noted that USFE would prefer most orders to be exposed to the entire marketplace and, in the beginning, expects that few, if any, block trades will be executed. In addition, once the market establishes itself, historical statistics can be used to re-assess and identify the appropriate block transaction size.

USFE certifies that its mini\$ DAX® Futures Contracts comply with the Commodity Exchange Act and regulations thereunder.

Yours Truly,

Matthew Lisle
General Counsel

CC: Thomas Leahy, CFTC
Riva Adriance, CFTC

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403. Orders.

(a) In General.

- (i) Except as otherwise expressly provided in these Rules, all transactions of any type in or involving Contracts must be bid, offered and executed through the Trading System.
- (ii) Orders may be entered into the Trading System only:
 - (A) In such form and during such times as the Exchange shall prescribe;
 - (B) By an Authorized Trader; and
 - (C) For orders in an amount not exceeding the following number of contracts per order:

Contract	Maximum Order Size
ISE Stock Price Index Futures	2000
Morningstar Stock Price Index Futures	2000
USD SENSEX Index Futures	2000
<u>mini\$ DAX[®] Future</u>	<u>2000</u>
Spot Equivalent Futures on Currencies	2000
Binary Event Futures	2000
Binary Options	2000
Weatherbid Indexes	2000

408. Cancellation of Transactions.

- (b) The Exchange shall cancel a transaction executed on the Trading System which results from the erroneous entry of an order or a quote (“mistrade”) in order to ensure orderly and fair market conditions if:
 - (i) The Member which entered the erroneous order or quote into the Trading System informs the Exchange by telephone within 15 minutes of the execution of the transaction by the Trading System that the transaction was the result of an order or quote that was mistakenly entered into the Trading System; and
 - (ii) The price of the transaction effected by the erroneous entry of the order or quote is outside the following range as applicable:

Contract	Ticks Away From the Fair Market Price
ISE Stock Price Index Futures (except Homebuilders)	30

Contract	Ticks Away From the Fair Market Price
ISE Homebuilders Stock Price Index	10
Morningstar Large Cap Core Index Futures	10
Morningstar Large Cap Growth Index Futures	10
Morningstar Large Cap Value Index Futures	10
Morningstar Medium Cap Core Index Futures	15
Morningstar Medium Cap Growth Index Futures	10
Morningstar Medium Cap Value Index Futures	10
Morningstar Small Cap Core Index Futures	25
Morningstar Small Cap Growth Index Futures	10
Morningstar Small Cap Value Index Futures	15
USD SENSEX Index Futures	20
<u>mini\$ DAX[®] Future</u>	<u>50</u>
Spot Equivalent Futures on Currencies	10
Binary Event Futures	None*
Binary Options	None*
Weatherbid Indexes	70

*All trades will stand unless the Exchange determines that failure to cancel may have a material, adverse effect on the integrity of the market

415. Block Trade Facility.

- (e) Block Trades may be transacted only in Contracts authorized for that purpose by the Exchange. The minimum number of contracts to qualify as a block trade under this rule are as follows:

Contract	minimum Number
ISE Stock Price Index Futures	50
Morningstar Stock Price Index Futures	250
USD SENSEX Index Futures	50
<u>mini\$ DAX[®] Future</u>	<u>250</u>
Spot Equivalent Futures on Currencies	200
Binary Event Futures	50
Weatherbid Indexes	10

- (f) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided that,
- (i) the price for the Futures Contract does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low is determined by a validation matrix):

Contract	Range
ISE Stock Price Index Futures	1.0 percent
Morningstar Stock Price Index Futures	1.0 percent
USD SENSEX Index Futures	1.0 percent
<u>mini\$ DAX[®] Future</u>	<u>1.0 percent</u>
Spot Equivalent Futures on Currencies	1.0 percent
Binary Event Futures	1.0 percent
Weatherbid Indexes	1.0 percent

904. Specifications for Futures Contract on the DAX[®] Stock Price Index Denominated in U.S. Dollars (“mini\$ DAX[®] Future”).

The DAX[®] Stock Price Index is a broadly based weighted average of the 30 blue-chip German stocks that trade on the Frankfurt Stock Exchange. DAX[®] is a trademark and service mark of Deutsche Boerse AG (“DBAG”), used under license. Each mini\$ DAX[®] Futures Contract shall be a contract whereby, after the close of trading in the contract, the seller of a mini\$ DAX[®] Index Futures Contract shall pay in U.S. dollars any difference between the contract price and a higher final settlement price and the purchaser of a mini\$ DAX[®] Futures Contract shall pay in U.S. dollars any difference between the contract price and a lower final settlement price. The value of a contract shall be \$10 per index point.

- (a) **Trading Sessions:** Trading shall take place on each Business Day at such hours as may be specified from time to time by the Exchange; provided, however, that trading in the current month will cease on the last trading day after the close of Xetra[®] intraday auction which begins at 1:00 p.m. Frankfurt time.
- (b) **Delivery Months:** Two consecutive delivery months following the current month; provided, however, that the Exchange may determine to list additional delivery months or not to list any delivery month. Delivery months are March, June, September and December. Effective the first trading day following the last trading day of a mini\$ DAX[®] Futures Contract for any delivery month, the next eligible delivery month shall automatically be listed for trading.
- (c) **Last Trading Day:** The last trading day of a mini\$ DAX[®] Futures Contract shall be the final settlement day; provided, however, that if such day is not a Business Day the immediately prior Business Day shall be the last trading day.
- (d) **Minimum Price Ticks:** The minimum price tick shall be 1.00 point (\$10.00) except that calendar spreads may be traded at .20 point (\$2.00) per contract.
- (e) **Contract Grade:** A mini\$ DAX[®] Futures contract is a Futures Contract on the cash index DAX[®] as listed above. The compilation and composition of DAX[®] is in the exclusive control of DBAG.
- (f) **Final Settlement:** Contracts shall be settled in cash according to procedures established by the Clearing Organization. The final settlement price shall be based on the value of DAX[®] using the Xetra[®] intraday auction prices of the respective index component shares on the final settlement day as reported by DBAG.
- (g) **Final Settlement Day:** The final settlement day shall be the third Friday of the delivery month; provided, however, that if DAX[®] is not scheduled for publication on such Friday, the final settlement day shall be the immediately prior Business Day on which DAX[®] is scheduled to be published.
- (h) **Trading Halts:** Where necessary, trading halts and price limits in the mini\$ DAX[®] Futures Contract shall be coordinated with trading halts in the component stocks, however the Exchange reserves the right to impose a trading halt in accordance with this paragraph. When trading is halted in the Lead Contract, trading is halted in all delivery months in the Contract. For no less than two

minutes before trading is scheduled to resume Members may enter, amend or delete orders and quotes during a Pre-Trading Period. At the end of a trading halt, trading in all delivery months shall be resumed with an Opening Period in accordance with Rule 401.

- (i) For purposes of this paragraph, the following definitions will apply:
 - (A) “Front Contract” means the next delivery month to expire;
 - (B) “Lead Contract” shall be the one for the delivery month with the highest traded volume on any given day;
 - (C) “Limit Offered” means that the current best offer shown in the Trading System for the mini\$ DAX[®] Future is at the Limit Price (defined below);
 - (D) “Limit Orders” include quotes and stop orders as well as limit orders within the meaning of Rule 403(b)(iii);
 - (E) “Limit Price” shall be the price level currently in effect below which sell limit orders and quotes may not be entered. The Limit Prices are sequentially the 10% Limit, the 20% Limit and the 30% Limit, respectively, below the last previous Settlement Price. In the event that there was no previous Settlement Price for a contract month, Operations will calculate a fair market estimate of such and disclose it to the market. After trading has been halted, the Limit Price will be the next sequential limit;
 - (F) “Primary Stock Market” for the mini\$ DAX[®] Future shall be Xetra[®], the electronic trading platform of the Frankfurt Stock Exchange;
 - (G) the “10% Limit,” “20% Limit” and “30% Limit” in the current quarter shall be 10%, 20% and 30% of the average of the settlement prices of the Front Contract, rounded to the nearest point (1.0), for the calendar month immediately prior to the current quarter.
- (ii) Sell Limit Orders or sell quotes may not be entered into the Trading System at prices below the 10% Limit except in accordance with the provisions of this paragraph.
- (iii) Trading in the mini\$ DAX[®] Future will be halted if:
 - (A) a trade is executed in the Trading System at the Limit Price;
 - (B) the Lead Contract is Limit Offered; or
 - (C) trading in the Primary Stock Market is halted.
- (iv) If trading has been halted, trading in the mini\$ DAX[®] Future may not resume until:

- (A) trading has been halted for 10 minutes; and
 - (B) trading in the Primary Stock Market was
 - (1) never halted; or
 - (2) has resumed and 50% of the stocks in DAX[®], calculated on a capitalization weighted basis, have re-commenced trading.
 - (v) Block Trades or Basis Trades may not be entered into at prices lower than the Limit Price then in effect.
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- (i) **Reportable Positions:** A Person shall report any position that such Person owns or controls in the mini\$ DAX[®] Future that exceed 200 contracts or more in any one delivery month.
 - (j) **Position Accountability:** A Person who owns or controls an aggregate position in the mini\$ DAX[®] Future of more than 25,000 futures contracts shall be subject to the requirements of Rule 414 as set forth therein.
 - (k) **Settlement Prices:** The Exchange will base its settlement price recommendations on trading conditions at 3:00 p.m. except that:
 - (i) On the last day of trading in a delivery month the settlement price for that delivery month will be calculated in accordance with paragraph (f) after the close of the Xetra[®] intraday auction which begins at 1:00 p.m. Frankfurt time; or
 - (ii) If the Exchange alters its Trading Session, the Exchange may change the time for determining the settlement price.