Chicago Climate Exchange®

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December 4, 2008

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. 08-30

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act") and Part 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 Chapter 16 of the CCFE Rulebook (the "Rulebook").

On November 17, 2008, the Exchange amended its rules regarding the Carbon Financial Instrument futures contract ("CFI futures") to allow additional deliverable instruments for expirations subsequent to December 2012 (submission No. 08-28). CCFE now amends its Rule 1603 to modify the minimum block trade size from 100 contracts to 10 contracts for such contracts with expirations subsequent to December 2012 due to the existing typical trade size for these contracts. The minimum block trade size for contracts through December 2012 remain at 100.

CCFE intends to make these amendments effective as of December 8, 2008. The Exchange certifies that these amendments neither violate nor are inconsistent with any portion of the Act or of the rules thereunder.

A marked copy of amended Rule 1603 and revised contract specifications for CFI futures contracts are attached hereto.

Should you require additional information regarding this submission, please contact me at 312.554.0812. Please reference our submission number 08-30 in any related correspondence.

Very truly yours,

Ann M. Cresce
Senior Vice President & General Counsel

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cc: Riva Adriance
Tom Leahy
Gregory Price
Bella Rozenberg
Jon Hultquist

CHAPTER 16
CARBON FINANCIAL INSTRUMENT FUTURES
CONTRACT SPECIFICATIONS

1601. Scope of Chapter

This Chapter applies to trading in Carbon Financial Instrument futures contracts (or, CFI 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.

1602. Eligibility

In order to make or take delivery of CFI futures contracts, Clearing Members, Trading Privilege Holders and other market participants must have an established CCX Registry Account prior to the expiration of any Carbon Financial Instrument futures contract. Clearing Members may establish a CCX Registry Account(s) for market participants that are not members of the Chicago Climate Exchange ("non-CCX member") for the sole purpose of making and taking delivery of CCX Carbon Financial Instrument ("CFI") contracts against CFI futures contracts.

Clearing Members that establish CCX Registry Account(s) for non-CCX members will be responsible for maintaining accurate records of the CCX CFI contracts held in the Clearing Member's CCX Registry Account(s) for each market participant. Delivery against a short CFI futures position may only be made from a Clearing Member CCX Registry Account to the extent of the CFI contracts held in the Registry Account for the market participant as of the expiration day of a CFI futures contract. CFI contracts held in a Clearing Member CCX Registry Account for non-CCX members may not be transferred to any other CCX Registry Account for any reason other than intended by this Rule, except as may be determined and approved by the Exchange in emergency situations.

A CCFE Clearing Member CCX Registry Account must be activated prior to the last trading day of a CCFE CFI futures contract. If a Registry Account has not been activated for a non-CCX member prior to the last trading day, the non-CCX member participant may not hold an expiring futures position at the close of the last trading day.

1603. Contract Specifications

(a) *Contract size.* The contract size for the Carbon Financial Instrument futures contract is 1000 metric tons of CCX carbon dioxide (CO_2) allowances which is equal to ten CCX Carbon Financial Instrument contracts.

(b) *Schedule.*

(i) *Expirations through December 2012.* Standard-cycle Contract Listing: The Exchange may list for trading up to six consecutive quarterly contract months on the March quarterly cycle (March, June, September, December) for the Carbon Financial Instrument futures contract, annual December contracts through 2012 and the front three serial calendar months. CCFE may list any other calendar month contract other than the standard-cycle listing schedule through the last annual December contract.

(ii) *Expirations subsequent to December 2012.* The Exchange may list for trading contracts for January 2013, December 2013, December 2014 and December 2015 and other contracts as may be determined by the Exchange.

(iii) The trading hours for the Carbon Financial Instrument futures contract shall be as determined by the Exchange from time to time.

(c) *Termination of Trading (Contract Expiration).* The last day of trading of a contract is the last business day of the expiration month at the normal Trading Session closing time.

(d) *New Contract Listing.* A new standard-cycle contract month will be listed on the next Business Day following a Contract Expiration.

(f) *Minimum Tick Increment.* The minimum tick increment of the Carbon Financial Instrument futures contract is \$.01 per CCX CO_2 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 Carbon Financial Instrument futures products at the close of trading on any trading day equal to or in excess of twenty-five contracts net long or short. If one contract month has a reportable position, all contract months' positions must be reported.

(h) *Position Limits.* A person may not own or control more than 4,000 contracts, equivalent to 4,000,000 CCX CO_2 Allowances which is equivalent to 4,000 CCX Carbon Financial Instrument contracts, 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 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 Carbon Financial Instrument 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 Carbon Financial Instrument futures contract shall be as 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 Carbon Financial Instrument futures contract and the other leg(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.

Expirations through December 2012. The minimum block trade size shall be 100 contracts.

Expirations subsequent to December 2012. The minimum block trade size shall be 10 contracts.

1604. 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:

(i) the volume weighted average of the last two trade prices, rounded to the nearest tick;
(ii) the mid-point between the best bid and offer in the pre-close, rounded to the nearest tick;
(iii) spread price relationships; and
(iv) time value between the contract months.

(d) The Exchange reserves the right to consider other factors in determining settlement prices.

1605. Deliverable Instruments

(a) *Expirations through December 2012.* The deliverable instrument is a CCX Carbon Financial Instrument contract equal to the futures contract size. CCX Carbon Financial Instrument contracts acceptable for delivery are those having a vintage corresponding to the calendar year of the futures contract expiration and those having a vintage of any year prior to the calendar year of the futures contract expiration.

(b) *Expirations subsequent to December 2012.*

a. If a mandatory greenhouse gas ("GHG") limitation and trading program has been enacted into U.S. law, deliverable instruments are allowances usable for compliance obligations pursuant to the U.S. government mandated GHG limitation and trading program as follows:

i. Allowances from the registry of the U.S. Government-appointed program administrator (for example, the U.S. EPA) equal to 1,000 metric tons CO_2 equivalent.

For CFI futures contracts that expire in years prior to the first compliance year of the U.S. mandatory GHG limitation and trading program, the deliverable vintage allowances are those usable for compliance in the first compliance year under the U.S. mandatory program.

For CFI futures contracts that expire during the first compliance year or during years subsequent to the first compliance year of the U.S. mandatory GHG limitation and trading program, vintages allowed for delivery are all vintage instruments usable for compliance in the year of futures contract expiration.

ii. Allowances from any other U.S. Government-approved registry, which may include but may not be limited to Carbon Financial Instrument contracts from the Chicago Climate Exchange Registry, or from any other U.S. Government-approved registry, may be delivered against CFI futures contracts provided they are tendered in amounts that are recognized for compliance use under the U.S. Government program as equivalent to 1,000 metric ton CO_2 of compliance obligations under the U.S. Government GHG limitation and trading program. Such tendered allowances must have the exact compliance status as U.S. Government allowances. Additionally, tradable GHG instruments issued under a mandatory program that may be designated as an "allowance", but are issued on the basis of greenhouse gas mitigation realized by a facility or activity that is not itself covered or otherwise subject to emission limits under the U.S. Government GHG limitation and trading program, shall be ineligible for delivery. All deliveries must conform with the vintage rules as provided in CCFE Rule 1605(b)a.i.

b. If a registry of a U.S. Government-appointed program administrator or any other U.S.-approved registry is not yet operational and capable of delivering U.S. compliant allowances at a CFI futures contract expiration, all open positions in the expiring futures contract will automatically roll forward one (1) calendar year based on a value determined by multiplying the final settlement price of the expired contract times the sum of one (1) plus the interest rate on 12-month U.S. Treasury notes that is prevailing at the time of contract expiration.

c. For contracts with an expiration prior to enactment of a law that establishes a mandatory U.S. Government GHG limitation and trading program, the allowances acceptable for delivery are, at the option of the seller, European Union Emission Allowances ("EUAs"), Regional Greenhouse Gas Emission Allowances ("RGGI allowances"), or allowances issued under any mandatory U.S. state or regional greenhouse gas limitation and trading system that has emission limits that apply to emissions occurring during the year of contract expiration and meet the requirements of CCFE Rule 1605 (b)a.ii. All deliveries must occur in amounts equal to the contract size. EUAs, RGGI allowances or other eligible allowances that are acceptable for delivery are those having a vintage corresponding to the calendar year of the expired contract or a vintage year that is earlier than the calendar year of the expired contract. The EUA 2008 vintage is the earliest EUA vintage eligible for delivery.

1606. Delivery Procedures

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

(a) *Position Day.* The first business following a Carbon Financial Instrument futures contract's expiration day is the day that Clearing Members must report their long futures positions to the Clearing Service Provider as of the close of the expiration day.

(b) *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 CCX Carbon Financial Instruments to be delivered. The buyer Clearing Member(s) must provide the CCX Registry Account number information to the seller Clearing Member. This information exchange must be completed by 12:00 p.m. (Central time) on Notice Day.

The seller Clearing Member must submit all delivery instructions to the Exchange in a form an manner prescribed by the Exchange by 3:00 p.m. (Central time) on Notice Day.

The Clearing Service Provider shall issue payment instructions to the respective buyer Clearing Member(s) for the full contract value based upon the expiration day settlement price in a means and manner prescribed by the Clearing Service Provider.

(c) *Delivery Day.* The seller Clearing Member must ensure the CCX Carbon Financial Instruments are on deposit in the delivery designated CCX Registry Account by the close of the Chicago Climate Exchange market on the Notice Day.

The Chicago Climate Exchange will effect the Carbon Financial Instrument futures delivery transfer instructions at the close of its market on the Delivery Day.

The Exchange will confirm to the Clearing Service Provider when all deliveries have been completed.

(d) *Payment.* After receipt of the Exchange confirmation of deliveries, the Clearing Service Provider will release the delivery proceeds to the seller Clearing Member.

(e) *Expirations subsequent to December 2012.* Any modifications to delivery procedures for expirations subsequent to December 2012 will be codified as appropriate.

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CCFE Chicago Climate Futures Exchange

Chicago Climate Futures Exchange, LLC
Carbon Financial Instrument Futures

Contract Size	1000 metric tons of CO_2 which is equivalent to 10 CCX Carbon Financial Instrument contracts ("CFI") cash market contracts)
Quotation	US dollars
Minimum Tick Increment	\$0.01 per metric ton = \$10 per contract \$0.10
Symbol	CFI-PD
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Contract Listing Cycle	Standard-cycle contract listings for contract months with expirations through 2012 : a. Six consecutive quarterly contracts on a March, June, September, December cycle; b. Front three serial calendar months; c. Annual December contracts through 2012; and d. Other contract months as determined by CCFE Contract listings for contract months with expirations subsequent to 2012: a. Initial listings will be January 2013, December 2013, December 2014 and December 2015; and b. Other contract months as determined by CCFE
Deliverable Instruments	*Expirations through December 2012.* The deliverable instrument is a CCX Carbon Financial Instrument contract equal to the futures contract size. CCX Carbon Financial Instrument contracts acceptable for delivery are those having a vintage corresponding to the calendar year of the futures contract expiration and those having a vintage of any year prior to the calendar year of the futures contract expiration. *Expirations subsequent to December 2012.* If a mandatory greenhouse gas ("GHG") limitation and trading program has been enacted into U.S. law, deliverable instruments are allowances usable for compliance obligations pursuant to the U.S. government mandated GHG limitation and trading program as follows: Allowances from the registry of the U.S. Government-appointed program administrator (for example, the U.S. EPA) equal to 1,000 metric tons CO_2 equivalent. For CFI futures contracts that expire in years prior to the first compliance year of the U.S. mandatory GHG limitation and trading program, the deliverable vintage allowances are those usable for compliance in the first compliance year under the U.S. mandatory program. For CFI futures contracts that expire during the first compliance year or during years subsequent to the first compliance year of the U.S. mandatory GHG limitation and trading program, vintages allowed for delivery are all vintage instruments usable for

	compliance in the year of futures contract expiration. Allowances from any other U.S. Government-approved registry, which may include but may not be limited to Carbon Financial Instrument contracts from the Chicago Climate Exchange Registry, or from any other U.S. Government-approved registry, may be delivered against CFI futures contracts provided they are tendered in amounts that are recognized for compliance use under the U.S. Government program as equivalent to 1,000 metric ton CO_2 of compliance obligations under the U.S. Government GHG limitation and trading program. Such tendered allowances must have the exact compliance status as U.S. Government allowances. Additionally, tradable GHG instruments issued under a mandatory program that may be designated as an "allowance", but are issued on the basis of greenhouse gas mitigation realized by a facility or activity that is not itself covered or otherwise subject to emission limits under the U.S. Government GHG limitation and trading program, shall be ineligible for delivery. All deliveries must conform with the vintage rules as provided in CCFE Rule 1605(b)a.i. If a registry of a U.S. Government-appointed program administrator or any other U.S.-approved registry is not yet operational and capable of delivering U.S. compliant allowances at a CFI futures contract expiration, all open positions in the expiring futures contract will automatically roll forward one (1) calendar year based on a value determined by multiplying the final settlement price of the expired contract times the sum of one (1) plus the interest rate on 12-month U.S. Treasury notes that is prevailing at the time of contract expiration. For contracts with an expiration prior to enactment of a law that establishes a mandatory U.S. Government GHG limitation and trading program, the allowances acceptable for delivery are, at the option of the seller, European Union Emission Allowances ("EUAs"), Regional Greenhouse Gas Emission Allowances ("RGGI allowances"), or allowances issued under any mandatory U.S. state or regional greenhouse gas limitation and trading system that has emission limits that apply to emissions occurring during the year of contract expiration and meet the requirements of CCFE Rule 1605 (b)a.ii. All deliveries must occur in amounts equal to the contract size. EUAs, RGGI allowances or other eligible allowances that are acceptable for delivery are those having a vintage corresponding to the calendar year of the expired contract or a vintage year that is earlier than the calendar year of the expired contract. The EUA 2008 vintage is the earliest EUA vintage eligible for delivery.
First Trading Day	The first trading day of a standard-cycle contract is the first business day following an expiration day of standard-cycle contract.
Last Trading Day	The last day of trading of a contract is the last business day of the expiration month.
Delivery Process	In order to make or take delivery of Carbon Financial Instrument futures, Clearing Members, Trading Privilege Holders and other market participants must be a member of the Chicago Climate Exchange, Inc. ("CCX") with CCX Trading Platform eligibility and have an established CCX Registry Account prior to the expiration of any Carbon Financial Instrument futures contract. Delivery is based on open positions after the contract's expiration. Delivery is a three-day process. **Position Day** The first business following a Carbon Financial Instrument futures contract's expiration

	day is the day that Clearing Members must report their long futures positions to the Clearing Service Provider as of the close of the expiration day. Starting on the first Position Day, Clearing Members holding open short positions (hereafter referred to as "seller Clearing Member") may submit delivery tender notices to the clearing Service Provider on their own behalf or on the behalf of their open short futures position holders, as applicable, in a format acceptable to the Clearing Service Provider. Upon receipt of a delivery tender notice, the Clearing Service Provider will make the appropriate delivery assignment. **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 CCX Carbon Financial Instrument contracts to be delivered. The buyer Clearing Member(s) must provide the CCX Registry Account number information to the seller Clearing Member. This information exchange must be completed by 12:00 p.m. (Central time) on Notice Day. The seller Clearing Member must submit all delivery instructions to the Exchange in a form an manner prescribed by the Exchange by 2:00 p.m. (Central time) on Notice Day. The Clearing Service Provider shall issue payment instructions to the respective buyer Clearing Member(s) for the full contract value based upon the expiration Day settlement price in a means and manner prescribed by the Clearing Service Provider. **Delivery Day** The seller Clearing Member must ensure the CCX Carbon Financial Instrument contracts are on deposit in the delivery designated CCX Registry Account by the close of the Chicago Climate Exchange market on the Notice Day. The Chicago Climate Exchange will effect the Carbon Financial Instrument futures delivery transfer instructions at the close of its market on the Delivery Day. The Exchange will confirm to the Clearing Service Provider when all deliveries have been completed. After receipt of the Exchange confirmation of deliveries, the Clearing Service Provider will release the delivery proceeds to the seller Clearing Member. **Any modifications to delivery procedures for expirations subsequent to 2012 will be codified as appropriate.**
Price Limits	No daily price limits
Reportable Position Limits	25 contracts, equivalent to 250 CCX CFI contracts
Nearby Expiration Month Speculative Position Limits	4,000 contracts which is equivalent to 40,000 CCX CFI contracts
Block Trade Minimum Size	*Expirations through December 2012* 100 contracts *Expirations subsequent to December 2012* 10 contracts

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.