



CCFE Advisory 2008-20

August 14, 2008

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. 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.ccfе.com/about_ccfе/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. 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 within the next few weeks. 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 options trading screen. This temporary situation only applies to RGGI futures contracts.

During this temporary period, the following procedural issues should be noted:

- Customer clearing statements will reflect the correct RGGI contract name
- CCFE's website will provide Time & Sales information, open interest and settlement prices under the correct RGGI contract name
- 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
- 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 has implemented Rule 2605, Error Trades to specifically address errors that may occur due to confusion over the product name. When a RGGI trade occurs the parties will receive an electronic confirmation of the trade and will have 15 minutes from the time of that communication to contact CCFE if a party believed it was executing an ECFI trade. Please refer to Rule 2605 below for procedures regarding these limited error types.

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.

Additional Information:

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:

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

Contract Size	1,000 Regional Greenhouse Gas Initiative (“RGGI”) CO ₂ allowances representing 1,000 tons of carbon dioxide (“CO ₂ ”).
Quotation	U.S. dollars
Minimum Tick Increment	\$0.01 per RGGI CO ₂ allowance = \$10 per contract
Symbol	RGGI
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Delivery Months	<p>Standard-cycle contract listings:</p> <ul style="list-style-type: none"> 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 <p>CCFE may list any other calendar month contract off the standard-cycle listing schedule through the last annual December contract.</p>
Products	<p>Within any listed contract, CCFE may offer one or more vintage specific products having different delivery specifications as follows:</p> <ul style="list-style-type: none"> 1. Control Period Specific Vintage: 2. Front-Year Vintage 3. 1-Year Deferred Vintage 4. 2-Year Deferred Vintage 5. 3-Year Deferred Vintage 6. 4-Year Deferred Vintage 7. Additional Deferred Vintages as determined by CCFE 8. Any Previous Year Vintages available in the RGGI CO₂ Allowance Tracking System (“RGGI COATS”)
Deliverable Instruments	<p>The deliverable instruments are RGGI CO₂ allowances equal to the contract size delivered through the RGGI CO₂ Allowance Tracking System (RGGI-COATS).</p> <ul style="list-style-type: none"> 1. Contracts with a Control Period Specific Vintage RGGI CO₂ 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. 2. Contracts with a Specified Vintage-Year RGGI CO₂ allowances acceptable for delivery are allowances having a vintage

	corresponding to the specified vintage year.
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 Trading day of a contract is the last business day of the expiration month.
Physical Delivery Process	<p><i>RGGI Delivery Procedures</i> 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><i>Position Day</i> 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><i>Notice Day</i> 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><i>Delivery Day</i> 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><i>Payment</i> 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>
Price Limits	No daily price limits
Reportable Position Limits	25 contracts, equivalent to 25,000 RGGI CO ₂ allowances
Nearby Expiration Month Speculative Position Limits	1,000 contracts, equivalent to 1,000,000 RGGI CO ₂ allowances per each expiring contract.
Block Trade Minimum	10 contracts, equivalent to 10,000 RGGI CO ₂ 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.



Chicago Climate Futures Exchange, LLC
Regional Greenhouse Gas Initiative (“RGGI”) Futures Options Contract Specifications

Contract Size	One CCFE Regional Greenhouse Gas Initiative (“RGGI”) futures contract (of a specified contract month and vintage)
Quotation	US dollars
Minimum Tick Increment	\$0.01 per RGGI CO ₂ allowance = \$10.00 per contract
Symbols	RGGIC, RGGIP
Trading Hours	7:00 a.m. – 3:00 p.m. Central Time
Strike Price Intervals	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.
Contract Months	Standard-cycle contract listings: d. Up to 16 Consecutive Quarterly Contracts on a March, June, September, December cycle e. Up to 48 Consecutive Monthly Contracts f. Up to 12 Annual December Contracts
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 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 options by the expiration deadline. (Instructions may also be provided to the CCFE CSP to exercise an out-of-the-money option.)
Expiration	Unexercised CCFE RGGI 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	1,000 contracts on a net futures-equivalent basis.
Block Trade Minimum	10 contracts, equivalent to 10,000 RGGI CO ₂ allowances per each expiring contract.

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