



CCFE Advisory 2009-06

February 11, 2009

Re: CCFE Trading Privilege Holder ("TPH") Expansion and Sales Program

In January of 2008, the Chicago Climate Futures Exchange, LLC ("CCFE") announced the expansion of the TPH program. As part of this program expansion, CCFE announced it would sell an additional and final 150 Trading Privileges ("TPs") upon the final sale of the original 250 TPs. In consideration of the early commitment the original TPHs made to CCFE, the Board of Directors of CCFE approved the distribution of $\frac{1}{2}$ of an additional TP to holders of each of the original 250 TPs and increased the fee discount applicable to the original 250 to 30% from 20%. This expansion created a potential maximum number of 525 TPs comprised of 250 original TPs, 150 additional TPs and up to 125 TPs should owners combine their $\frac{1}{2}$ TPs when that process becomes available.

In order to support liquidity needs in existing products and to provide support for new products to be launched this year, CCFE is initiating a sales program to sell 40 of the additional 150 TPs that were authorized. Specifically, CCFE will sell only 40 additional TPs until such time as carbon emission regulation is passed in the U.S. for a mandatory emissions cap and trade program and will implement a referral fee (as described below) for existing TPHs to support their sale. Additionally, within 90 days after this tranche of 40 TPs is sold, CCFE will initiate a secondary market and allow TPs (including $\frac{1}{2}$ TPs) to become transferable.

When a current TPH refers a person or a firm that ultimately buys one of the 40 TPs available, a referral fee will be paid to the referring TPH. The referral fee will be 10% of the sale price for the first TP purchased due to a referral by a TPH, 15% of the sale price for the 2nd through 4th TPs purchased, 20% of the sale price for each of the 5th through 9th purchase referrals and 25% of the sale price for any referrals after the 9th TP purchased due to a referral by the same TPH. Current TPHs who want to purchase additional whole TPs will receive a discount consistent with the referral fee rates.

Additionally under this program, current TPHs who hold $\frac{1}{2}$ TP units are eligible to purchase additional $\frac{1}{2}$ TP units in order to form a new whole TP. These newly formed whole TPs will receive the 30% transaction fee discount consistent with the 250 original TPs. The price of these $\frac{1}{2}$ TPH units shall be set at 45% of the prevailing TP price. Until March 31st, 2009, the prevailing price of one whole TP shall be \$130,000; after that the price of one TP will increase to \$150,000. Again, only 40 more TPs (or any equivalent combination of $\frac{1}{2}$ TPs) will be sold until such time as carbon emission regulation is passed in the U.S. for a mandatory emissions cap and trade program.

Finally, we have allowed entities to become clearing members with the purchase of just one (1) TP. When the 40 TPs allocated to this program are sold, entities will be required to purchase at least two (2) TPs in order to become a new clearing member.

Current TPHs should expect further written communication from CCFE shortly confirming specifics of their TP holdings.

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