



CCFE[®] Futures and Options on RGGI CO₂ Allowances

The Chicago Climate Futures Exchange[®] (CCFE[®]) offers Regional Greenhouse Gas Initiative (RGGI) futures and options contracts on RGGI carbon dioxide (CO₂) allowances, providing market participants with a low cost, transparent, and standardized platform to hedge against price fluctuations in the RGGI CO₂ emissions market.

CCFE, the world's first specialized derivatives exchange for environmental financial products, provides risk management and trading opportunities in the growing area of environmental commodities.

The CCFE marketplace offers:

- » Access via web-based electronic trading platform
- » Standardized contracts
- » Low transaction costs
- » Price discovery / price transparency
- » CFTC regulation
- » Clearing through The Clearing Corporation (CCorp)

What is the Regional Greenhouse Gas Initiative (RGGI)?

RGGI is a carbon dioxide (CO₂) cap-and-trade emissions trading program comprised of ten participating New England and Mid-Atlantic States, which will commence in 2009. RGGI will be the first government-mandated CO₂ emissions trading program in the U.S. Regulated entities in RGGI will consist of fossil-fuel fired electricity generating power plants having capacity greater than 25 megawatts (MW). RGGI emission targets aim for the stabilization of emissions during the first six years of the program (2009-2014) at the program baseline of 188 million tons CO₂. Emissions cuts of 2.5% annually will begin in 2015. More information on RGGI is available at www.rggi.org.

How are RGGI CO₂ allowances distributed?

Each of the participating states will be allocated a percentage of the overall program budget proportional to historical emissions to distribute at their discretion. Each state has agreed to auction off a minimum of 25% of the allowances, but may auction off 100%. Auctions are anticipated to occur quarterly, and revenues are intended to support energy efficiency consumer end-use programs. Any individual or entity may trade RGGI CO₂ allowances by establishing an account in the RGGI CO₂ Allowance Tracking System (RGGI - COATS).

How are compliance program years structured?

The RGGI compliance periods last for three years. This means that in early 2012, each regulated emitter must surrender RGGI allowances and/or project-based offsets in an amount equal to its total CO₂ emissions over the period 2009 through 2011. Allowances may be banked from one compliance period to the next with no discount. However, RGGI compliance periods will be extended to four years in the event of a "stage-two price trigger event". This occurs if the twelve month rolling average allowance price is greater than \$10 (in 2005 dollars adjusted annually according to the consumer price index plus two percent).

Why should I trade CCFE RGGI futures and options contracts?

The RGGI CO₂ allowance market presents significant price risk that both warrants use of hedging tools and offers attractive opportunities for traders. RGGI CO₂ allowance prices may be affected by a variety of factors such as uncertain regulatory developments, advances in CO₂ mitigation technology, weather trends and the relative price of fossil fuels.

What is CCFE?

CCFE, a wholly owned subsidiary of the Chicago Climate Exchange[®] (CCX[®]), is a CFTC designated contract market that offers standardized and cleared futures and options contracts on emissions allowances and other environmental products. Products offered by CCFE include derivative contracts for emission allowances (i.e., sulfur dioxide and nitrogen oxide emission allowances issued by the U.S. EPA), stock index products (i.e., WilderHill Clean Energy Index), and weather-derivative contracts (i.e., IFEX[™] Event-Linked Futures contract). Additional information about CCFE is available at www.ccfex.com.

CCFE RGGI Futures Contract Specifications

Ticker Symbol	RGGI
Contract Size	1,000 RGGI carbon dioxide (CO ₂) allowances
Quotation	U.S. dollars
Minimum Tick Increment	\$0.01 per allowance (equals \$10 per contract)
Contract Listing Cycle	Up to 48 consecutive monthly contracts; up to 16 consecutive quarterly contracts on Mar-Jun-Sep-Dec cycle; up to 12 annual December contracts
Deliverable Instrument	RGGI CO ₂ allowances acceptable for delivery through the RGGI-COATS system in accordance with contract specifications
Trading Hours	7:00 A.M. – 3:00 P.M. U.S. Central Standard Time

CCFE RGGI Options on Futures Contract Specifications

Ticker Symbol	RGGIC, RGGIP
Contract Size	1 CCFE RGGI futures contract (equals 1,000 RGGI carbon dioxide (CO ₂) allowances)
Quotation	U.S. dollars
Minimum Tick Increment	\$0.01 per allowance (equals \$10 per contract)
Strike Price Intervals	Call and put options based on up to 25 strike prices 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
Contract Listing Cycle	Up to 48 consecutive monthly contracts; up to 16 consecutive quarterly contracts on Mar-Jun-Sep-Dec cycle; up to 12 annual December contracts
Exercise	European style
Trading Hours	7:00 A.M. – 3:00 P.M. U.S. Central Standard Time

CCFE Clearing Firms

ADM Investor Services Inc.
 Banc of America Securities LLC
 Barclay's Capital Inc.
 BNP Paribas Commodity Futures Inc.
 Citigroup Global Markets Inc.
 Credit Suisse Securities (USA) LLC
 Deutsche Bank Securities Inc.

Fortis Clearing Americas LLC
 Goldman Sachs & Co.
 JP Morgan Futures Inc.
 MF Global Inc.
 Merrill Lynch, Pierce, Fenner & Smith, Inc.
 Mizuho Securities USA Inc.
 Newedge Financial Inc.

Newedge USA, LLC
 Prudential Bache Commodities, LLC
 RBC Capital Markets Corporation
 Tradelink LLC (self-clearing only)
 UBS Securities LLC

How to trade on CCFE

Trading access for CCFE can be established by applying to become a Trading Privilege Holder or by establishing an account with a CCFE clearing member firm (listed above). Please contact Michael MacGregor at (312) 229-5122 or Daniel Scarbrough at (312) 229-5129 for more information.