

For Immediate Release

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Katten Advises Newly Licensed Derivatives Exchange and Clearing House ForecastEx

(NEW YORK) Katten announced today that its client, ForecastEx, has been licensed both as a designated contract market (exchange) and derivatives clearing organization (clearing house) by the Commodity Futures Trading Commission (CFTC), effective June 25.

Owned by Interactive Broker Group, Inc. and IBG Holdings LLC., ForecastEx is a new model of a derivatives exchange, involving the matching of two bids as opposed to the traditional matching of a bid and an ask, as well as a new model of clearing, involving the settlement of trades by the clearing house, instead of the clearing house acting as the buyer to every seller or the seller to every buyer through novation.

The exchange will list and settle event contracts initially involving economic and climate-related indices. It expects to begin operation on July 15 and will feature a clearing fee of one cent.

“We are excited to launch our exchange, which we believe will be exceptionally customer-friendly, and proud to introduce a new model of derivatives exchange,” said David Downey, CEO of ForecastEx, an intermediated exchange relying on future commission merchant members to handle customers who desire to trade its event contracts on a fully collateralized basis. “We believe our model may serve as a useful precedent for other exchanges and clearing houses. We appreciate Katten’s assistance in guiding us through the CFTC’s approval process.”

Daniel J. Davis, co-chair of Katten’s Financial Markets and Regulatory practice, who advised the exchange, said, “We are honored to have been able to work with the creative leadership of ForecastEx and CFTC staff to help obtain the necessary CFTC registrations.”

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