

## Before You Start (High Temp)

<b>What are Daily High Temperature Contracts?</b>	Daily Aggregate High Temperature Index (“HEDTI”) Contracts are a unique way to receive a payment when the Daily High Temperature at the location of your choice does or does not exceed a predetermined value on a given day.
<b>Who should buy High Temperature Contracts?</b>	You should consider buying a High Temperature Contract if you have an opinion on how hot a particular city is going to get on a particular day.
<b>Are contracts insurance?</b>	No. Insurance requires proving damage to insured property, but High Temperature Contracts payout automatically based on the measured High Temperature.
<b>Are contracts regulated?</b>	Yes. Purchasing High Temperature Contracts at TradeWx.com results in trade positions at CX Futures Exchange, L.P., a Designated Contract Market regulated by the U.S. Commodity Futures Trading Commission (“CFTC”). And your funds are always protected on deposit at CX Clearinghouse, L.P., a US Derivatives Clearing Organization also regulated by the CFTC.
<b>What exactly is a “contract”?</b>	Each High Temperature Contract you purchase entitles you to a share of the total Risk Pool. If your trade correctly predicts the High Temperature amount then you will receive one whole “share” in the pool, otherwise you’ll receive 1/100 <sup>th</sup> of a share in the pool.
<b>High Temperature Strikes</b>	High Temperature is measured in degrees Fahrenheit, to the precision of one whole degree. If you believe that the high temperature at the location and date of your choice, will not exceed the NOAA normal displayed on the site then select <b>the lowest</b> strike, which is equal to the NOAA normal. If you believe that it will get hotter, select the appropriate strike representing the likely High Temperature value. Note: the payout is highest for the strike that is closest to, but does not exceed, the High Temperature measurement.
<b>What does the contract cost?</b>	Contracts may be bought at all locations for \$1.00 each, excluding fees, for the date that is 7 days in the future. Prices go up by \$0.25 per contract every day at 5pm ET to a maximum of \$2.50 per contract the day before the measurement day. Contracts cannot be purchased for the next day’s High Temperature past 5pm ET on the previous day.
<b>What is the Risk Pool size?</b>	The Risk Pool size equals all the premiums paid by contract buyers and is fully distributed back to the contract holders. CX Futures Exchange does not take any fees from the pool.
<b>How are the Risk Pool and payout determined?</b>	All contracts receive a payout from the Risk Pool. Contracts for the strike level that corresponds to the actual High Temperature amount receive one whole share of the total pool, contracts for strike levels that correspond to lower High Temperature amounts receive a lesser share of the pool, and contracts for strike levels that correspond to higher High Temperature amounts receive 1/100 <sup>th</sup> of a share. Payout amount equals the Risk Pool divided by total shares.
<b>How is the High Temperature amount determined?</b>	CX relies primarily on data published by the National Weather Service (“NWS”) in its Preliminary Climate Report (“CLI”). CX may use other data sources as necessary to supplement or confirm data appearing in the CLI.
<b>Can you sell your contracts?</b>	No. Once purchased, contracts will settle at 12pm (noon) ET on the day after the measurement date.
<b>Can you change the selected strike?</b>	Yes. If you think you need to change your strike level, you may switch to another level. However, this may involve a higher purchase price and there are some restrictions on switches. Please contact us for more information.
<b>What else do I need to know?</b>	CX has provided a “Quick Start Guide” for High Temperature, which you can find along with more information and additional resources at <a href="http://tradeweather.com/education">tradeweather.com/education</a> . Also, you may contact the exchange at any time for assistance.

CX Trading and Participant Support	TradeWeather Website Assistance
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