

Analysis of ELX Futures L.P. Corporate Structure and Governance for Compliance with the Act's Core Principals

The following is a summary of certain aspects of the corporate structure and corporate governance of ELX Futures, L.P. (“ELX”) and its general partner, ELX Futures Holdings, LLC (“Holdings”), relating to regulatory compliance. This summary is qualified in its entirety by the provisions of the Amended and Restated Limited Partnership Agreement of ELX (the “ELX LP Agreement”) and Amended and Restated Limited Liability Company Agreement of Holdings (the “Holdings LLC Agreement”), copies of which have been previously provided by ELX to the Commodity Futures Trading Commission (the “Commission”) in connection with ELX’s application for designation as a contract market (“DCM”) pursuant to Section 5(b) of the Commodity Exchange Act, as amended (the “Act”) and Part 38 of the regulations promulgated by the Commission thereunder.

A. CORPORATE STRUCTURE

99.75% of ELX is owned directly by the members of Holdings (the “Members”), in the form of limited partnership interests. The remaining 0.25% of the equity interests of ELX is owned indirectly by the Members through Holdings, in the form of a general partnership interest. An organizational chart is attached hereto as Exhibit 1.

B. CORPORATE GOVERNANCE AND MANAGEMENT PROVISIONS

The management of the business and affairs of ELX and Holdings (including the management of the discharge of Holding’s rights, powers and duties as the general partner of ELX) is vested exclusively in Holdings, and exercised through a supervisory board of Holdings (the “Supervisory Board”) and a management board of Holdings (the “Management Board”). The Supervisory Board will consist of up to 17 designees appointed by the Members. The Management Board will consist of up to 30 designees, comprised of (i) the chief executive officer of ELX appointed by the Management Board from time to time (the “Chief Executive Officer”), (ii) designees appointed by the Members, (iii) independent members, initially appointed by BGC Partners (prior to or upon ELX being designated as a DCM) and thereafter appointed collectively by the Members, in such an amount and having such qualifications at all times as necessary to comply with the “acceptable practices” guidance issued by the Commission for safe-harbor compliance with “Core Principle 15” for DCMs.

All actions of the Management Board (i) will require majority approval of the Management Board either at a meeting or by written consent (except for any transaction with a Member or an affiliate of a Member, in which case the approval of the majority of the Management Board, not counting the designee of such Member, will be required) and (ii) will be subject to the review, and will require the approval, of the Supervisory Board (except as otherwise expressly set forth below with respect to regulatory matters).

The Management Board will appoint and oversee a Regulatory Oversight Committee (the “ROC”), which will be comprised of the Chief Executive Officer (unless such person is

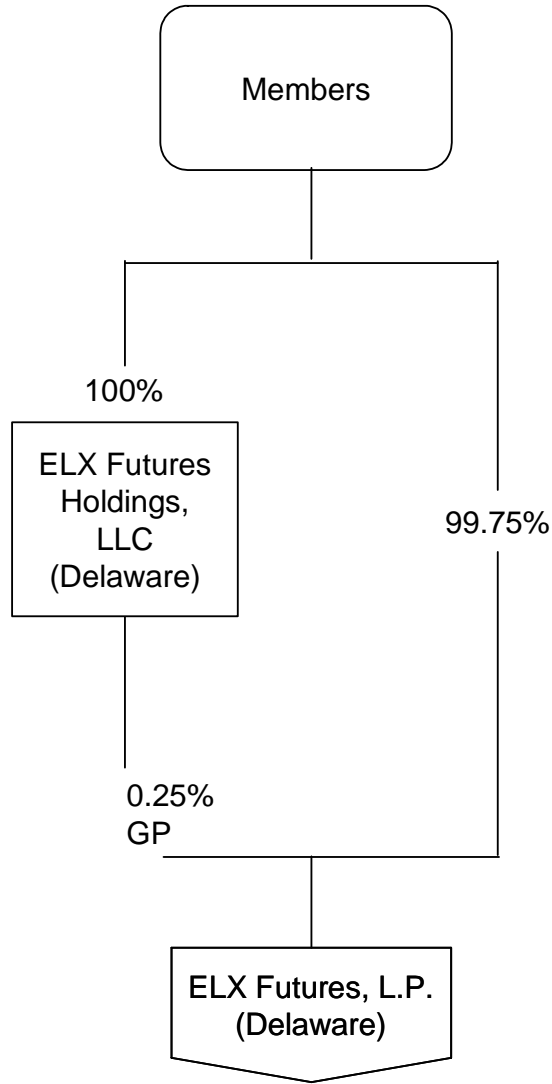
prohibited from serving on the Regulatory Oversight Committee under the Act) and some or all of the independent members of the Management Board, to oversee ELX's regulatory program on behalf of the Management Board, as required by the Commission's "Core Principle 15". ELX's day-to-day self-regulatory function will be overseen by a compliance director (the "Compliance Director") who will report to the ROC. Actions of the ROC and any action of the Management Board in connection with the oversight, review or recommendations or actions of the ROC shall not be subject to the review and approval of the Supervisory Board. However, the ROC's budget (including, without limitation, any regulatory costs to be incurred at the discretion of the ROC) will be subject to review by the Supervisory Board to ensure it is reasonable in view of the products, participants, rules and activity levels of the ELX exchange.

The ROC shall have the authority to (i) monitor ELX's regulatory program for sufficiency, effectiveness and independence, (ii) oversee all facets of ELX's regulatory program, including (1) trade practice and market surveillance, (2) audits, examinations, and other regulatory responsibilities with respect to authorized traders on the ELX exchange (including ensuring compliance with any financial integrity, financial reporting, sales practice, recordkeeping, and other requirements) and (3) the conduct of investigations and review of disciplinary actions, (iii) review the size and allocation of the regulatory budget and resources and the number, hiring and termination, and compensation of regulatory personnel, (iv) supervise the Compliance Director, (v) prepare an annual report assessing ELX's regulatory program for the Management Board and the Commission, which will set forth the regulatory program's expenses, describe its staffing and structure, catalogue disciplinary actions taken during the relevant year, and review the performance of disciplinary committees and panels, (vi) recommend changes that would ensure fair, vigorous, and effective regulation, (vii) review regulatory proposals, as well as any other proposals or actions of the other committees of the Management Board, and advise the Management Board as to whether and how such proposals or actions may impact regulation and (viii) exercise any other functions expressly assigned to it by ELX rules.

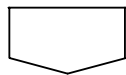
ELX has entered into a contract with the National Futures Association ("NFA"), pursuant to which the NFA will perform many of ELX's trading and market surveillance audit and investigatory functions. These functions will be supported by ELX's technology, which will collect, array and transmit bid, offer and trade data to the NFA. The Compliance Director will supervise these functions and will act as the NFA liaison, all with oversight from the ROC.

The complete provisions of the ELX LP Agreement and the ELX Holdings LLC Agreement governing the foregoing matters are located in Article V of each agreement.

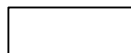
Exhibit I



KEY



Delaware Limited Partnership



Delaware Limited Liability Company