Before You Start (Rainfall)

CX TRADEWX

What are Daily Rainfall Contracts?	Daily Aggregate Rainfall Index ("DARI") Contracts are a unique way to receive a payment when the location of your choice gets no rainfall or gets rainfall in excess of a predetermined amount on a given day.
Who should buy Rainfall Contracts?	You should consider buying a Rainfall Contract if you have an opinion on how much rain a particular city is going to get on a particular day.
Are contracts insurance?	No. Insurance requires proving damage to insured property, but Rainfall Contracts payout automatically based on the measured rainfall amount.
Are contracts regulated?	Yes. Purchasing Rainfall 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.
What exactly is a "contract"?	Each Rainfall Contract you purchase entitles you to a share of the total Risk Pool. If your trade correctly predicts the rainfall amount then you will receive one whole "share" in the pool, otherwise you'll receive 1/100th of a share in the pool.
Rainfall Strikes	Rainfall is measured in inches of precipitation, to the precision of hundredths of an inch. If you believe that there will be no rain at all at the location and date of your choice, select the **0.00"** strike. If you believe that there will be rain at the location, select the appropriate strike representing the likely rainfall amount. Note: the payout is highest for the strike that is closest to, but does not exceed, the rainfall measurement.
What does the contract cost?	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 rainfall past 5pm ET on the previous day.
What is the Risk Pool size?	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.
How are the Risk Pool and payout determined?	All contracts receive a payout from the Risk Pool. Contracts for the strike level that corresponds to the actual rainfall amount receive one whole share of the total pool, contracts for strike levels that correspond to lower rainfall amounts receive a lesser share of the pool, and contracts for strike levels that correspond to higher rainfall amounts receive 1/100th of a share. Payout amount equals the Risk Pool divided by total shares.
How is the Rainfall amount determined?	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.
What if there is no rain?	If there is no rain, contracts in the 0.00" strike level will receive one whole "share" in the pool, while contracts in all other strike levels will receive 1/100th of a share in the pool.
Can you sell your contracts?	No. Once purchased, contracts will settle at 12pm (noon) ET on the day after the measurement date.
Can you change the selected strike?	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.
What else do I need to know?	CX has provided a "Quick Start Guide" for Rainfall, which you can find along with more information and additional resources at cxmarkets.com/resources. Also, you may contact the exchange at any time for assistance.

CX Trading and Participant Support	TradeWx Website Assistance
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