

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Request of Media Derivatives, Inc.
for Designation as a Contract Market Under Section 5
of the Commodity Exchange Act and Part 38 of the Rules
of the Commodity Futures Trading Commission

ORDER OF DESIGNATION AS A CONTRACT MARKET

Media Derivatives, Inc. (“MDEX”), a wholly-owned subsidiary of Veriana Networks, Inc., submitted an application, which includes submissions dated September 25, 2009, through April 15, 2010, pursuant to Section 5 of the Commodity Exchange Act, as amended (“Act”), 7 U.S.C. § 7, requesting designation as a contract market. Having reviewed the complete record in this matter, including the application and the accompanying MDEX representations, the Commission adopts the reasons set forth in the March 16, 2010 Memorandum of the Division of Market Oversight as the basis for the following findings and rulings:

WHEREAS, MDEX represents that it will meet all the requirements for contract market designation under Section 5(b) of the Act, comply with all core principles applicable to designated contract markets under Section 5(d) of the Act and the Commission’s regulations thereunder and remain subject to and compliant with all provisions of the Act and the Commission’s regulations applicable to designated contract markets, including self-regulatory responsibilities applicable to designated contract markets under the Act and the Commission’s regulations;

The Commission FINDS that, as required by Section 6(a), 7 U.S.C. § 8(a), MDEX provides a showing that it complies with the provisions set forth in the Act, and the Commission's regulations thereunder applicable to it, for designation as a contract market, and MDEX provides a sufficient assurance that it will continue to comply with the requirements of the Act and the Commission's regulations;

THEREFORE,

IT IS HEREBY ORDERED that MDEX's application for designation as a contract market is approved;

IT IS ALSO ORDERED, that this designation as a contract market shall be subject to MDEX's compliance with representations it made to the Commission in its application, as shown in the application record, including, but not limited to, the following specific representations made pursuant to its application for contract market designation:

- a. MDEX agrees to provide the Commission with trade data on a T+1 basis, either directly or through its agent, in a form, content, and manner acceptable to the Commission. MDEX acknowledges the Commission's transition to a new FIXML data standard and commits to use of such standard within 60 days of the Commission staff's formal written request; and
- b. MDEX has represented that it will submit for Commission review and approval any new class or category of contracts associated with media-related products including its first contracts, the Opening Weekend Box Office Revenue binary option contracts and Opening Weekend Box Office Revenue collared futures contracts, prior to listing them for trading on its designated contract market;

IT IS FURTHER ORDERED, that all contracts of sale of a commodity for future delivery (or options on such contracts or on a commodity) traded on MDEX must be cleared by a DCO registered under Section 5b of the Act ("DCO") and intermediated by a clearing member of a DCO. Any DCO with which MDEX desires to enter into a clearing services agreement must, in complying with Commission Regulation 39.4, also fulfill requirements of Commission

Regulation 39.5 by providing the Commission with an explanation of how the financial resources available to the clearing DCO would be sufficient to cover defaults and adequately address any financial risk presented to the DCO in clearing the MDEX contracts under the clearing services agreement. MDEX must additionally maintain rules requiring each MDEX clearing member to: (1) guarantee the financial obligations of each of its customers; and (2) collect performance bond from each of its customers in an amount at least equal to the amount required to be deposited with the DCO by the clearing member. MDEX further must maintain rules requiring each clearing member to remain in compliance with all CFTC and clearing DCO financial requirements;

IT IS FURTHER ORDERED, that MDEX will demonstrate to the Commission, at the end of each MDEX fiscal quarter after the date of this Order, that it has sufficient financial resources to operate in compliance with all core principles applicable to designated contract markets under Section 5(d) of the Act and the Commission's regulations thereunder, by demonstrating that it has sufficient financial resources to cover its projected operating costs, as calculated for the following twelve months, and by demonstrating that its financial resources include unencumbered, liquid assets equal to at least six months of such projected operating costs. In the event that the Commission promulgates a regulation under the Act concerning the financial resources that a designated contract market must hold to demonstrate its ability to operate in compliance with all core principles applicable to designated contracts markets under Section 5(d) of the Act and the Commission's regulations thereunder, then such regulation will, to the extent it applies, supersede any obligation of MDEX under this paragraph;

IT IS FURTHER ORDERED, that MDEX shall utilize and enforce effective policies, procedures and rules regarding validation and verification of the calculation of contract

