

CME Foreign Exchange Products

CME FX Futures: Maximizing the Opportunity for Individual Investors



CME E-equivalents®

FX futures displayed in spot equivalent prices – free, real-time and online

Features include:

- » CME FX futures prices displayed in spot market format
- » Real-time prices in all electronic CME FX markets
- » Live quotes from three CME FX markets per page – along with the five best bids and offers in spot market convention
- » Forward rate quotes for six currencies from ICAP, the world's largest interdealer broker, for easy comparison of FX cash and futures prices
- » Links to educational material, training, upcoming events and other information to help you trade FX

The screenshot displays the CME E-equivalents interface for CME Foreign Exchange Products. It features a navigation bar with tabs for 'CME FX OVERVIEW', 'CME E-EQUIVALENTS', and 'CME EUROPEAN STYLE FX OPTIONS'. The main content area shows three currency pairs: EuroFX, Japanese Yen, and British Pound. Each pair has a 'Futures Bid' and 'Futures Ask' section. The EuroFX section shows a bid of 1.2771 and an ask of 1.2772. The Japanese Yen section shows a bid of 114.18 and an ask of 114.19. The British Pound section shows a bid of 1.8467 and an ask of 1.8468. A sidebar on the right displays 'Forward points for the June Futures contract for trade date 07/11/2006' for various currencies, including Euro FX, J Yen, Swiss Franc, Canadian\$, B Pound, and Aussie\$. Annotations with arrows point to various elements: 'Total eFX Volume: 292,266' and 'Total eFX Notional: 30,379M' in the top right; 'Total number of electronically traded contracts so far on that day's trading session' pointing to the volume field; 'Total notional – cash – value of electronically traded contracts so far on that day's trading session' pointing to the notional field; 'Forward points (interest rate differentials)' pointing to the forward points table; 'Top five bids and offers' pointing to the bid/ask lists; 'Best bid in spot equivalent terms' pointing to the bid price in the British Pound section; and 'Best offer in spot equivalent terms' pointing to the ask price in the British Pound section.

Compare bid/ask spreads before you make your next trade.

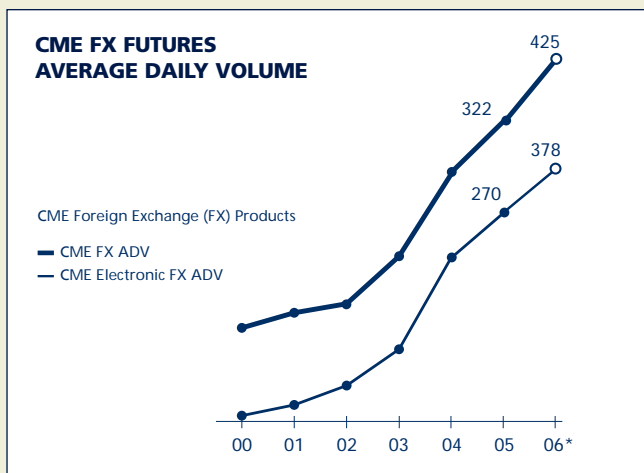
Take a look at www.cme.com/e-equivalents.

Interested in Trading Foreign Exchange?

In 1972, CME transformed global finance with the launch of the first financial futures contracts via the newly organized International Monetary Market (IMM). Today, CME is the largest market for exchange-traded foreign exchange (FX) futures in the world. Overall, the FX market is the largest in the world, with transactions representing more than \$1.9 trillion each day. CME offers extensive coverage of this marketplace, with 41 futures contracts and 31 options contracts on 19 currencies, traded against the U.S. dollar and in non-U.S.-dollar pairs.

If you currently trade FX in the over-the-counter (OTC) market, it's important for you to know that CME offers many advantages over those markets.

- » Open, fair and anonymous trading environment
- » Equal access to the same FX markets and prices for all traders
- » Transparent pricing and commissions
- » Consistently tight spreads
- » Global access to CME's electronic FX markets virtually 24 hours a day
- » Access to approximately \$60 billion in liquidity every day



* Through June 30, 2006 (Futures volume in thousands)

The Benefits of Trading CME FX Futures vs. Cash

If you trade OTC FX, it's time to look at CME FX futures. An exchange environment, with its open and transparent market pricing, offers all market participants the opportunity to be involved in the process of price discovery, and provides other key advantages over “private” deals in the OTC market. Online access available virtually 24 hours per day, combined with low trading costs and the backing of CME Clearing, make CME a highly cost-effective, transparent and secure place to trade FX.

CME FX offers:

Market Integrity

CME is regulated by the U.S. Government via the Commodity Futures Trading Commission (CFTC). Integrity and openness are critical components of CME markets. Fair and transparent pricing, open access and the highest ethical standards are important criteria applied in managing CME markets.

Liquidity

CME FX futures markets are supported by automated trading systems supplying continual pricing feeds from global FX market makers. These pricing feeds are real-time, dealable quotes, which allow CME to provide exceptional market liquidity and a dynamic trading venue for a large pool of FX fund managers, interbank spot FX traders, international asset managers, multinational corporations, speculators, day traders and individual investors.

If you trade on the OTC market, you may not really know the bid/ask spread costs, which are built into the FX rate that you are quoted. Each time a quote is requested from an FX dealer in the OTC market, prices are produced for the interested counterparty alone. As a private deal, quotes are often five pips wide and are shaded to favor the dealer's position, leading to price slippage.

Superior Security

If you trade FX at another venue, you may not be aware of how important the guarantor and clearing method of a marketplace is. As opposed to trading in the OTC market, CME FX futures offer the unparalleled backing of CME Clearing. The system of safeguards in place ensures that all parties involved in any CME FX futures trade will “make good” on their trade and protects traders from the possibility of default. This type of clearing guarantee generally is not matched at other non-exchange FX trading venues.

Flat Fees

If you currently trade FX in the OTC market, you may be paying more than you think for your trades. At CME you can see the costs up front. Spread costs on the OTC market could ultimately cost you more in your overall FX transaction, due to the non-transparent nature of OTC pricing. OTC trades are private deals that very often have a dealer spread in the quoted price – which ultimately increases your trading cost.

Full trading access to CME, the world's most liquid FX futures exchange, can be obtained by posting the necessary performance bond and payment of a flat CME clearing fee. In the OTC market, brokers make their livelihood by quoting wide bid/offer spreads in order to capture a pip or more of the price on every trade. Widely advertised as “commission-free trading,” these undisclosed deal spreads raise the cost of FX deals to customers.

Fully disclosed futures brokerage fees are a transparent, cost-effective execution pricing mechanism in comparison with the OTC approach. At CME, transactions are reasonably priced and costs are always fully disclosed.

Rapid Electronic Trading

CME offers trading on the CME Globex electronic trading platform. Once you have established an account with a National Futures Association registered broker or futures commission merchant (FCM), there are a variety of ways for you to trade on CME Globex. If you do not have access to a personal computer, your broker can execute trades on CME Globex on your behalf. If you wish to place orders and receive market data directly via your computer, you can select from a variety of certified CME Globex trading applications.

These trading applications include CME-certified front-ends provided by most FCMs and Introducing Brokers (IBs) to their customers, as well as those provided by independent software vendors (ISVs). In addition, CME provides a CME Globex-only trading application, CME Globex Trader. Before choosing either CME Globex Trader or a third-party trading application, please make sure that your broker is able to support that front-end.

More information about these trading applications, as well as links to solutions provided by FCMs, IBs and ISVs is available on the CME Web site at www.cme.com.

Leverage

CME provides access to margin trading for all market participants. All trades are booked (matched) through CME Clearing, ensuring complete trading anonymity and the absence of credit lines. CME Clearing eliminates counterparty credit risk as well as the need to trade within predetermined credit limits, a requirement in the OTC market. CME requires that traders of its products maintain performance bond requirements (as good faith deposits) to protect against trading losses. This requirement allows traders to use leverage in order to hold a position larger than their initial deposit amount.

Calendar Spreads

At CME, it is easy to execute spread trades. For example, a futures currency calendar spread, also known as an

intra-currency futures spread, is an order for the simultaneous purchase and sale of futures contracts of the identical currency for different delivery months, with a price differential. Traders are able to roll their futures positions from one quarterly futures contract month to another active quarterly futures contract month, at any time.

Commitment to Education and Resources

CME has made it easier than ever to trade its FX futures by providing a variety of helpful resources on its Web site (www.cme.com/fxedu). These resources include online courses, education seminars/Webinars, trading manuals and strategy papers for trading FX futures. In addition, the CME FX team has developed CME E-equivalents, a free Web-based application that displays real-time CME FX futures prices. The application makes CME FX futures markets more easily accessible to traders accustomed to the pricing format of the FX spot markets. CME E-equivalents can be found at www.cme.com/e-equivalents.

Technical Support

The CME Globex Control Center provides registered users with 24-hour assistance that includes technical and customer support for the CME Globex electronic trading platform. CME customer support provides exchange users support via e-mail or telephone.

Start trading CME FX futures today. Learn more at www.cme.com/fx or contact CME at 800-331-3332.

FREE Online Course – Dynamics of FX

CME offers a free, online introductory course on the basics of foreign exchange. To boost your knowledge of the history and basic concepts of currency trading, register now in The Dynamics of Foreign Exchange at www.cme.com/fxdynamics.

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