March 11, 2002

All-Or-None (AON) Trading in Euro FX Cross-Rates Effective Wednesday, March 13th

On Monday, March 11, 2002, the Board of Directors approved All-Or-None (AON) trading in Euro FX/British pound (EC/BP ticker code="RP," AON code="UE") Euro FX/Japanese yen (EC/JY ticker code="RY," AON code="UH"), and Euro FX/Swiss franc (EC/SF ticker code="RF," AON code="UA") cross-rate futures calendar spreads. The minimum AON threshold shall be five (5) contracts. This initiative will become effective on Wednesday, March 13th.

Previously, the most efficient way to roll positions in Euro FX cross-rate futures was with use of the Exchange-For-Physical (EFP) facility. Note that nearby Euro FX cross-rate calendar spreads – specifically, the EC/BP, EC/JY and EC/SF – were introduced on GLOBEX on March 10th. Previously, AON trading in CME currency products had been mandated only in outrights - not calendar spreads.

The following Questions and Answers are intended to provide a complete understanding of the Exchange's All-Or-None (AON) facility.

Q1: What is the All-Or-None (AON) Rule?

A1: The Exchange's All-Or-None (AON) Rule permits transactions of a specified minimum quantity or greater to be executed in their entirety at a single price in the pit. These transactions are governed by Exchange Rule 521, Pit Trading (see Appendix for the wording of this Rule). The AON Rule was initially implemented in the context of the CME's currency markets and was subsequently expanded to selected interest rate and index futures and options.

Q2: What are the significant differences between AON transactions and conventional pit trading of futures and options?

A2: There are several significant differences between AON transactions and conventional pit-traded futures. The distinctive features of an AON transaction include …

- The number of contracts bid, offered, or for which a market is requested must be equal to, or exceed, a specified minimum threshold (see question 3 below).
- AON orders, bids and offers are for the entire quantity; there can never be a partial fill of an AON trade.
- Bids and offers responding to an AON request must be the best available in response to that request - just as is the case for regular pit trading - but such bids and offers need not be in line with regular market bids and offers. *I.e.,* the transaction price may be outside the best bid and/or offer in conventional pit trading.
- AON transactions cannot set off conditional orders, such as Stop Orders or Market-If-Touched (MIT) Orders in conventional pit trading.

Q3: What is the minimum AON order size?

A3: The AON threshold quantity may be changed by the Board of Directors of the CME. The Exchange will closely monitor activity in the AON markets and modify the thresholds as appropriate.

Q4: What is the proper procedure for initiating an AON transaction in the pit?

A4: The proper procedure may be described as follows …

- It is imperative whether you are an initiator or respondent that you make it clear that you intend to transact an AON order.
- The initiator must announce to the pit that there is interest in an AON order. The announcement must specify the quantity of the order. For example, an initiator should say: "All-Or-None, what's here on 100?" or "All-Or-None on 200, what's here?"
- Following the initial announcement, the initiator may bid and/or offer on that order even if no other party has responded. For example, after the initiator announces the order to the pit ("All-Or-None on 500, what's here?" the initiator may then voice a bid and/or offer ("All-Or-None, 500 at 22.")

Minimum AON Thresholds

CONTRACT	MINIMUM AON THRESHOLD
Quarterly Eurodollar futures (years 1-5)	2,000 contracts; 2,000 contracts per leg in calendar, butterfly & condor spreads
Quarterly Eurodollar futures (years 6-10)	1,000 contracts; 1,000 contracts per leg in calendar, butterfly & condor spreads
Serial Eurodollar futures	500 contracts
Eurodollar and Eurodollar Mid-Curve options	2,000 contracts for outrights and combinations where at least one leg is for ≥ 2,000 contracts
Regular and rolling Eurodollar packs (Years 1-5)	2,000 contracts per pack (*e.g.,* minimum of 500 packs)
Regular and rolling Eurodollar packs (Years 6-10)	1,000 contracts per pack (*e.g.,* minimum of 250 packs)
Regular and rolling Eurodollar bundles	2,000 contracts per bundle (*e.g.,* 250 2-year bundles for total of 2,000 contracts)
Regular and rolling Eurodollar bundles (all legs fall in years 6-10, *i.e.,* contracts 21-40)	1,000 contracts per bundle *e.g.,* 50 10-year bundles for total of 2,000 contracts)
LIBOR futures	300 contracts
13-Week T-bill futures	25 contracts
28-Day Mexican TIIE futures	500 contracts
Brazilian real, Canadian dollar, Euro FX, French franc, Japanese yen & Mexican peso futures; All currency options except Australian dollar, Brazilian real, New Zealand dollar, Russian ruble & South African rand	100 contracts
Australian dollar, New Zealand dollar & Russian ruble futures; Australian dollar, Brazilian real, New Zealand dollar, Russian ruble & South African rand options	50 contracts
British pound, South African rand & Swiss franc futures	20 contracts
Euro FX/British pound, Euro FX/Japanese yen & Euro FX/Swiss franc, Swedish krona, Norwegian krone, Euro FX/Australian dollar, Euro FX/Canadian dollar, Euro FX/Swedish krona, Euro FX/Norwegian krone, Canadian dollar/Japanese yen, Australian dollar/Canadian dollar, Australian dollar/New Zealand dollar, Australian dollar/Japanese yen, British pound/Swiss franc, British pound/Japanese yen, Swiss franc/Japanese yen & CME$INDEX futures	5 contracts; 5 contracts per leg in calendar spreads
Nasdaq-100 futures – Outrights Only	50 contracts
Nasdaq-100 options	50 contracts for outrights, spreads, combinations where at least one leg is for ≥50 contracts
E-Mini S&P 500, E-Mini Nasdaq-100, FORTUNE e-50 futures	31 contracts

Q5: Can an AON order be crossed?

A5: Yes - if the procedures required by Rule 531, Trading Against Customers' Orders Prohibited - or Rule 533, Simultaneous Buying and Selling Orders for Different Principals Executed by One Trader - are followed. (Please refer to the CME Rulebook for more details.)

Q6: Can spreads or combinations be traded under the AON Rule?

A6: Yes – subject to certain minimum quantity requirements as specified in the table above.

Q7: Will AON transactions have a separate time and sales record?

A7: Yes - AON transactions will employ a separate order-type indicator, and will have a separate time and sales record.

Q8: Will AON transactions be constrained by price limits?

A8: Yes - AON transactions are constrained by the same price limits as conventional pit transactions.

Q9: If there are two different size AON orders working at the same time, can they trade with each other? For example, if one order is AON 26 bid for 150 contracts and another order is AON 26 offer for 200 contracts, can these orders be executed against one another?

A9: No - each AON order must be filled at the full quantity specified and is therefore not possible to cross two AON orders for different quantities.

Q10: Can a broker allocate an AON trade to multiple brokers or locals when there is more than one response to the AON request?

A10: No.

Q11: Are AON trades subject to the same dual trading restrictions as all other transactions?

A11: Yes.

Appendix: Rule 521, Pit Trading

All transactions, including spread and combination transactions, shall be by open outcry in the established pit for that transaction.

A bid shall be made only when it is the best bid available in the pit. A bid is made by stating the price first and quantity next (such as "38.50 on 2," etc.) and by holding a hand outstretched with the palm towards the bidder indicating the quantity by the number of fingers shown.

An offer shall be made only when it is the best available offer in the pit. An offer is made by stating quantity first and price next (such as "2 at 38.50") and by holding a hand outstretched with palm away from offer or indicating quantity by the number of fingers shown. When offering or bidding on a quantity of more than five, it shall be sufficient to use one hand. It shall be improper to make a bid or an offer without indicating a quantity.

When a trader desires to buy the going offer in the pit, he shall by outcry state "buy it" or "buy them" or "buy" followed by the quantity desired, as the case may be. When selling, the trader shall similarly, by outcry, state "sell it" or "sell them" or "sell" followed by the quantity desired.

All-Or-None Transactions: The Board, a Committee, or Exchange staff appointed by the Board shall, from time to time, determine the minimum thresholds for and the commodities in which All-Or-None transactions shall be permitted. The following shall govern All-Or-None trading:

A. A member may request an All-Or-None bid and/or offer for a specified quantity at or in excess of the applicable minimum threshold designated by the Board. Such request shall be made in the appropriate trading area.

B. A member may respond by quoting an All-Or-None bid or offer price. A bid or offer in response to an All-Or-None request shall be made only when it is the best bid or offer in response to such request, but such price need not be in line with the bids and offers currently being quoted in the regular market.

C. A member shall not execute any order by means of an All-Or-None transaction unless the order includes specific instructions to execute an All-Or-None transaction or the All-Or-None bid or offer is the best price available to satisfy the terms of the order.

D. An All-Or-None bid or offer may only be accepted for the total amount offered or bid.

E. All-Or-None transactions shall not set off conditional orders (e.g., Stop Orders, MIT Orders, etc.) or otherwise affect orders in the regular market.

F. All-Or-None transactions must be reported to a designated Exchange official who shall record and publish the quantity and prices separately from reports of transactions in the regular market. The brokers executing All-Or-None transactions must maintain a record of said transaction, in accordance with Rule 536.

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