

Eurodollar Options Electronic Market Maker Program Overview

Products: Eurodollar Options
1, 2, and 5 year Mid-Curves, Weeklies and TOMMI's

Hours: Electronic and Regular Trading Hours (ETH and RTH)

BENEFITS

- **Maximum Order Flow Allocations**
The Top five market makers will receive order flow allocations.
- **Mass Quote Message**
All market makers will receive use of the Mass Quote Message function. *You must be participating in a market maker program to use the Mass Quote Message.*
- **Fee adjustments:** The Top 10 market makers will have their CME Globex fees waived. The next five receive CME Globex fee discounts.

Obligations

Market makers must use their best effort to respond to all Requests for Quotes (RFQs) regardless of contract, month, or strike(s).

Beginning with the March 16 evaluation period there will be changes to market maker scoring:

- New measuring criteria in what constitutes a response.

Market makers will be awarded points if they respond to an RFQ within 60 seconds and have a bid and ask in the market for at least five seconds over the next 60 seconds. If these two requirements are met, a time-weighted average will be taken of their bid/ask spreads and quantities. Points will be awarded based upon these values.
- Market Makers will be given points for "Time in Market" as noted in the ranking criteria below. Points are given for how long a market maker has a bid/ask in the market over a 60-second period.
- Points will be tripled in Asian times between 5:00 p.m. and 1:00 a.m., Central Time.
- Points will be tripled for spread responses.

- RFQ points will be tripled during pre-determined high volatility periods noted below. (This will be modified further, beginning with the June 15, 2008, evaluation period.)
 - Non-Farm Payroll Report
 - CPI
 - PPI
 - FOMC Meetings

Beginning with the June 15, 2008, evaluation period

- Points will be deducted for not responding to an RFQ. This deduction will be equal to one-half of what the maximum, regular points are for that RFQ. Market makers must have a bid/ask in the market for at least five seconds of a 60-second period to be given credit for a response.
- In addition to pre-determined high volatility periods, there will also be GCC-initiated high volatility periods where notice will be given to market makers alerting them to these market conditions.
- During the high volatility periods, market makers will be held to less stringent requirements in order to earn points. These requirements will result in more points given for responses as noted in the ranking criteria below.
- RFQ responses will constitute 50 percent of your ranking with the other 50 percent being made up of the following components. Volume will no longer be a factor.

Quality of Markets Measure (QMM) 25 Percent

$$\text{Time-Weighted Average Quote Size} / (\text{Time-Weighted Average Bid-Ask Spread})^2$$

The averages in both the numerator and the denominator are computed across the reviewed options—the ATM Straddle, ATM Call and ATM Put in a number of TBD strikes and expirations.

Percentage of Time-Auto Quoting 25 Percent

CME Group will compute the percentage of time during the period of obligation that each market maker is meeting requirements for both a maximum spread and minimum size over the required TBD strikes, strategies, and expirations.

RFQ Ranking Criteria

Products

GE, GE0, GE2,GE5,TE0,

Hard Quoting/On the Book:

6/15/2008 High Volatility 6 Points	3 bp/100 up
2 points	1.5 bp/500 up
1 point	2 bp/250 up

Response Time:

On book responses will receive a 0 second response time

6/15/2008 High Volatility 9 Points	<=60 seconds
3 points	0-15 seconds
2 points	16-30 seconds
1point	31-60 seconds
no points	> 60 seconds

Bid/Ask Spread:

6/15/2008 High Volatility 9 Points	<=3 bp
6 points	.25 - .50 bp
3 points	.75 - 1.00 bp
1 point	1.25 - 1.5 bp
no points	> 1.5 ticks wide

Quantity:

6/15/2008 High Volatility 9 Points	≥ 100
6 points	≥ 5000
3 points	1000 - 4999
2 points	500 - 999
1 point	250 - 499
0 points	< 250

Time in Market:

6/15/2008 High Volatility 5 Points	> 5 Seconds
2 points	> 30 Seconds
1 point	15-30 seconds
no points	< 15 Seconds

High Volatility Periods

Date	Report	Time
March 7, 2008	Non-Farm Payroll	7:20 AM - 8:00 AM
March 14, 2008	CPI	7:20 AM - 8:00 AM
March 18, 2008	PPI	7:20 AM - 8:00 AM
March 18, 2008	FOMC Meeting	1:00 PM - 2:00 PM
April 4, 2008	Non-Farm Payroll	7:20 AM - 8:00 AM
April 15, 2008	PPI	7:20 AM - 8:00 AM
April 16, 2008	CPI	7:20 AM - 8:00 AM
April 30, 2008	FOMC Meeting	1:00 PM - 2:00 PM
May 2, 2008	Non-Farm Payroll	7:20 AM - 8:00 AM
May 14, 2008	CPI	7:20 AM - 8:00 AM
May 20, 2008	PPI	7:20 AM - 8:00 AM
June 6, 2008	Non-Farm Payroll	7:20 AM - 8:00 AM
June 13, 2008	CPI	7:20 AM - 8:00 AM
June 17, 2008	PPI	7:20 AM - 8:00 AM
June 25, 2008	FOMC Meeting	1:00 PM - 2:00 PM

For additional information on the Interest Option Market Maker programs, contact David Reif, Associate Director, CME Group Interest Rate Products at (312) 648-3839.