

January 12, 2005

NOTICE ALL MEMBER FIRMS

RE: DENALI FIRM QUESTIONS AND ANSWERS

The CBOT is pleased to introduce Denali ("Broker to Broker" trade matching) on January 18, 2005. Denali couples broker-to-broker trade matching with automated trade checking and immediate match status notification directly to the traders in the pits. This is accomplished through the CBOT's order routing and electronic card ("HHT") applications and the newly developed trade matching engine.

Please refer to the following questions and answers for additional Denali information.

1. **From a clearing standpoint, are there any changes to the schedule?** No. Denali trades will be processed according to the same schedule that is in place today. At present, there are no changes to any of the existing deadlines for transactions such as position adjustments, option exercise notices and PCS.
2. **Will BTS be available to check out-trades intra-day?** By all means. During the time period when a trade is on "HOLD", firms can only make changes to origin, CTI and account number, as well as adding give up and APS identifiers. Once CBOT releases trades from "hold" status, trades appear on TES-We Show/They Show or on the intra-day out-trade reports, and firms will have the ability to change match critical data.
3. **Trade id ranges are changing when Denali goes live. What's the difference?** Effective Tuesday, January 18th, firms are restricted to submitting trade id's in a range from 1-12,499 for CBOT trades. CBOT will be using 12,500-27,499 for Order Routing trades; 27,500-34,999 for matched transactions and 35,000-49,999 for Hand Held trades.
4. **What if there is a discrepancy between what my trader sees on the device versus what's in Clearing?** Denali matches are validated in the clearing process and under normal processing; Denali and Clearing will be consistent for matched and unmatched. It is possible that Denali and Clearing could become unsynchronized due to system problems and thus carry differing match status information. In this unlikely event, pay/collect and related processing are based on the trade status in Clearing.

5. **When does the Clearing guarantee apply for Denali trades?** Again, the Clearing House applies its guarantee once a trade's match status has been successfully updated to 'matched' in the CME clearing system. Trades may match device to device, but are only guaranteed once they are marked as matched in Clearing. Please take special care when balancing bookkeeping to Clearing, using the Clearing House Trade Register and unmatched trade reports as appropriate.
6. **My floor trader/floor broker endorsed a trade into just another trader/broker without an opposing house. How do I keypunch that?** These broker-to-broker trades should be keypunched into firm 000 (zero, zero, zero), not "WHO". They will match during the end of day match cycle.
7. **Is the trade data flow changing for CBOT order routing trades under Denali?** Yes, pre-Denali order routing trades flowed from Exchange to the bookkeeping systems via a pass through the Clearing System Network. Clearing did not store, or update these records. The bookkeeping systems submitted these records to the Clearing system for matching.

Denali further automates trade flow and increases straight through processing ("STP") through loading the order routing trades directly into the Clearing System which then routes to bookkeeping. This new order routing flow is similar to the pre-Denali HHT flow and pure electronic trading processing.

Additional questions can be directed to Tom McCabe at 341-3121, Larry Ratner at 789-8983, or Mary Beth Rooney at 435-3583.

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Vice President and Secretary