

July 27, 2005

NOTICE

Re: Flexible Treasury Options General Procedures

Over the past year the volume in Flexible Treasury Options has increased substantially. In response to increased volume, the following is a summary of various Flexible Treasury Options operational procedures as a reminder for users and back office personnel:

- Flexible Options are processed in Clearing through the allocation claim system.
- If a Flexible Option is not claimed by 7:00 pm, the trade is deleted from the system.
- Deleted Flexible Option trades show on the firm's edits the next day, not on out trades. This can be viewed in ACS under the "other drop-down" Deleted Out Flexible Report.
- Flexible Options must be exercised by 6 PM.
- Flexible Options do appear on the XTP080 Report (Matched Trades).
- Flexible Options do not appear on the XTP085 Report (Unmatched Trades).
- Flexible Options show on the Option Assignment Exercise Report CPM650 for each individual clearing firm.
- Flexible Options do NOT appear on the XTP205 Report.
- Flexible Options can be given-up by firms.
- Flexible Options will NEVER appear on BTS.
- Claimed Flexible Options appear on the Trade Register
- Futures positions resulting from exercised Flexible Options appear on the trade register.

If you have any questions please contact John Van Der Bleek at 435-3591 or Dennis Collins at 435-3736.

Paul J. Draths
Vice President and Secretary