

AURORA™

CHICAGO BOARD OF TRADE

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C H I C A G O B O A R D O F T R A D E

AURORA™: THE MOST TECHNOLOGICALLY ADVANCED TRADING SYSTEM AVAILABLE TODAY

Constantly investigating how new technological developments can enrich its proven auction market system, the Chicago Board of Trade is committed in its efforts to always meet the demands of the marketplace.

Because of its commitment to all global participants, the CBOT is proud to present the most technologically advanced electronic trading system on the market and the only one that incorporates the proven efficiency of an auction—AURORA™

AURORA™ is an electronic auction market system that gives global market participants immediate access to the world's most actively traded futures contracts when the physical auction market is closed.

The power of AURORA™ lies in its ability to capture the proven efficiency of the auction market system, while allowing market par-

ticipants to trade in a competitive electronic trading pit from virtually anywhere in the world. Here are just a few of the benefits AURORA™ offers:

Excellent market liquidity available through CBOT trader participation.

Sustained and improved member firm/client relationships.

Significant cost and time savings.

Complete view of the trading activity enables traders to see who is in the market and at what price and quantity.

Unparalleled market integrity through an electronic audit trail that works in conjunction with the clearing process and settlement procedures of the Board of Trade Clearing Corporation.

AURORA™ ENHANCES MEMBERS' OPPORTUNITIES

Local traders are important to the viability of futures markets. Their role is invaluable in maintaining liquidity in CBOT product markets—providing narrow bid/ask spreads and consistent trading activity so market participants can execute their trades quickly and efficiently.

This will not change with the addition of the AURORA™ system. In fact, this relationship will be enhanced because:

AURORA™ will increase local trader opportunities because of expanded trading hours.

Traders will adapt to the computer-based system easily because trading on AURORA™ is user-friendly. It is easy to understand and easy to use.

Training time will be reduced because of the similarities to the physical trading pit mechanics.

AURORA™ PROVIDES EXCELLENT MEMBER FIRM INCENTIVES

Member firms also will benefit from using AURORA™ by:

Retaining and enhancing current brokerage firm/client relationships. With AURORA™, the brokerage firm sales force continues to act as an important link between customers and the exchange. Firms will retain the necessary credit controls over customer accounts.

Enhancing servicing capabilities for clients. International customers will appreciate the increased trading opportunities. Firms will be able to provide their clients with 24-hour risk-management coverage in the most actively traded interest rate futures contracts in the world.

Increasing efficiency of trading operations. AURORA™ has been designed as a component of a fully integrated electronic trading support system for the futures industry. In addition, three leading technological firms—Apple Computer, Texas Instruments, and Tandem—have been involved in the development of this system.

EOS™: AN INTEGRAL PART OF AURORA™

EOS™ is the Chicago Board of Trade's state-of-the-art order entry/order delivery system, designed to receive and confirm orders with improved efficiency and greater savings in cost and time.

The pathway to both the physical trading pit at the CBOT and AURORA™ EOS™ is the vehicle by which customers' orders will reach CBOT broker-members. As a component of the CBOT fully integrated electronic trading system, EOS™ can be used to transfer orders from one type of trading session to another.

EOS™ designed in conjunction with Bridge Market Data, Inc., will benefit the brokerage firm by speeding delivery of the customer's order to the pit and returning the confirmation to the customer.

For example, an outside customer calls his account executive with an order and that order is electronically transmitted directly to an AURORA™ broker. The electronic transmission of the order speeds the process and reduces the chance of error.

After the order has been executed, the trade confirmation is transmitted electronically to the brokerage firm's account executive as well as its back office for processing and to the Board of Trade Clearing Corporation for clearing.

A REPLICATION OF PROVEN MARKET EFFICIENCY

AURORA™ is an electronic trading system that allows traders to view and participate in a competitive market. Its trade execution speed is measured in nanoseconds, with a reaction time closely approximating that associated with the auction market itself. Trade execution is standard for all time zones.

Information necessary for traders is presented on the screen in the form of objects, colors, and text. The re-creation of the competitive pit provides an incentive for locals to trade, maintaining the liquidity that is critical to auction market trading.

The system also provides market transparency. Participants can see who is in the market and who is executing trades with whom—an important component of a competitive market.

Simply stated, the electronic auction market provides the essential information that is now available on the floor. AURORA™ also provides the following additional features:

AURORA™ identifies the total quantity of the bids and offers by contract month.

AURORA™ keeps a running tabulation of the traders' own positions.

AURORA™ provides easy access for trading in different contract months.

AURORA™ provides calendar-spread quote displays.

AURORA™ gives members the flexibility to set up their own screen to view whatever trading arenas, price displays, and other contracts they want to see.

AURORA™ provides trade information directly to the Clearing Corporation.

AURORA™ reduces the risk for all market participants because there are no unmatched trades.

“WHEN WE TOOK OUR STORY TO THE BIG SCR

MULTIPLE TRADING ARENAS The largest area of the screen is composed of the trading arena. There is one trading arena per contract month. In this screen, the front month is being viewed. If the back months are being viewed, up to four contract months can be displayed.

MEMBER ICONS The red circles represent members who are offering to sell and the blue squares represent members who are bidding to buy. The red icon is referred to as a *member-offering icon* and the blue icon is referred to as a *member-bidding icon*. Icons list the member's acronym and the quantity available. The bids and offers on the screen are at the market or the icons would not appear on the screen.

Note: Member icons appear in random locations in all trading arenas. For example, a trader's icon may appear in the center of broker 1's trading arena and in the left corner of broker 2's trading arena. Also, the trader's icon will appear in a different location every time it appears on broker 1's screen.

PRICE DISPLAYS At the bottom of the screen are the price displays of other contract months not listed in the trading arenas. There is room on the screen to list up to 10 contract month price displays, allowing participants to view current bids and offers and quantities for each. Participants also can join the current bid and offer.

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