

## ELX U.S. Treasury Futures Product Overview

The ELX Futures platform provides trading in ELX U.S. Treasury Interest Rate futures and Calendar Spreads and allows for U.S. Treasury Basis trading in collaboration with U.S. Treasury Cash platforms.

ELX U.S. Treasury Interest Rate futures are designed to manage interest rate risk, basis trading, duration management, treasury yield curve spreads and hedging short- and/or long-term treasury exposure.

U.S. Treasuries require physical delivery of securities between owners of short and long positions at contract expiration. Delivery against ELX contracts is a three-day process subject to timelines specified in Options Clearing Corporation regulations.

ELX provides trading for traditional U.S. Treasury Ultra Long Bond Futures (“Ultra Bond”), Bond Futures (“Bond”), Long Term (6 ½ to 10 Year) U.S. Treasury Note Futures (“10 Year”), Medium Term (5 Year) U.S. Treasury Note Futures (“Five Year”) and Short Term (2 Year) Treasury Note Futures (“2 Year”).

The Ultra Bond and Bond trade in minimum price increments of one half of one thirty-second (1/32) of one point (\$15.625 rounded up to the nearest cent per contract) except for inter-month spreads, for which the minimum price fluctuation shall be one quarter of one thirty-second of one point (\$7.8125 per contract).

The 10 Year, 5 Year and 2 Year trade the minimum price fluctuation of one quarter of one thirty-second of one point (\$15.625 rounded up to the nearest cent per contract).

### **Calendar Spread Price Format and Reduced Tick Calendar Spreads**

Calendar Spreads are priced as a spread between the two underlying future contracts. Prices represent the difference calculated by subtracting the deferred contract price from the nearby contract price.

Please note that the minimum price increments for calendar spreads in the Ultra Bond and Bond are reduced tick calendar spreads or one quarter of one thirty-second (1/32) of one point (\$7.8125 per contract) which is smaller than the minimum price increment for the underlying contract (one half of one thirty-second of one point).

## Matching Rules

### Pre-Opening Period

Prior to the regular trading session ELX operates a “Pre-Opening Period”. During this time, orders may be entered into the ELX System for execution upon open or for execution in the Trading Day generally.

When the regular trading session begins, ELX applies an uncrossing algorithm to calculate the opening price at which the maximum volume will be traded for each Contract and that will be utilized as the opening price, the price at which the greatest number of Customer Orders would be traded. All Orders at a price better than the opening price will be fully matched and executed at the opening price in the order in which they were received. Any Orders that are unexecuted at the opening price shall be part of the Order Book.

During the pre-open period, users may enter only Market on Open orders, Limit orders and GTC Limit orders. Previously entered GTC Stop, Stop Limit, MIT and MIT Limit orders will not participate in the pre-open period.

When the opening price is determined, ELX will match:

- Limit Orders vs. Limit Orders at the opening price
- Market On Open Orders vs. Market on Open orders
- Remaining Limit Orders vs. Remaining Market on Open orders

At the conclusion of the uncrossing match, remaining Market on Open orders are converted into Limit Orders at the opening price.

If trading is halted prior to the scheduled close, ELX may or may not initiate another Pre-Opening Period, as described above, prior to the resumption of regular trading.

### Regular Trading Session

ELX provides a flexible matching algorithm that supports combinations of pure FIFO, PRORATA and combined FIFO/PRORATA configurations. During the regular trading session, ELX matches transactions based on the configured product matching algorithm. A book of orders is to be constructed based on a price, time priority. When the best bid equals the best offer, the system matches the list of buyers with the list of sellers based on the defined matching algorithm.

Locked markets are not permitted.

## **Contract Matching Settings**

### **Outright Contracts**

With the exception of the 2 Year, all outright contracts are matched using a FIFO allocation. The 2 Year is matched using a combined FIFO/PRORATA allocation, where 60% of the incoming order quantity is allocated based on a PRORATA distribution and the remaining 40% is allocated using a FIFO distribution.

### **Calendar Spreads**

All calendar spreads are matched using a PRORATA allocation. 100% of incoming order quantity is distributed to resting orders in proportion to their size relative to the total resting quantity.

## Contract Specifications

<b>Product Name</b>	<b>Short Term (2 Year) U.S. Treasury Note Futures</b>
Contract Size	One U.S. Treasury note having face value at maturity of \$200,000.
Deliverable Grades	U.S. Treasury notes with original term to maturity of not more than 5 years and 3 months, and remaining term to maturity of not less than 1 years and 9 months as of the first day of the delivery month, and remaining term to maturity of not more than 2 years from the last day of the delivery month. The invoice price equals the futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered bond (\$1 par value) to yield 6 percent.
Tick Size	The minimum price fluctuation shall be one quarter of one thirty-second (1/32) of one point (\$15.625 rounded up to the nearest cent per contract). Par shall be on the basis of 100 points.
Price Quote	Points (\$2,000) and quarters of 1/32 of a point. For example, 101-16 represents 101 16/32, 101-162 represents 101 16.25/32, 101-165 represents 101 16.5/32 and 101-167 represents 101 16.75/32.
Contract Months	Mar, Jun, Sep, Dec
Last Trading Day	Last business day of the calendar month. Trading in expiring contracts closes at 1:01 p.m. ET on the last trading day.
Last Delivery Day	Third business day following the last trading day.
Delivery Method	Federal Reserve book-entry wire transfer system.
Trading Hours	Pre-Open 5:45 p.m., Open 6:00 p.m., Close 5:00 p.m. Eastern Time, Sunday through Thursday.
Ticker Symbols	ZTe

<b>Product Name</b>	<b>Medium Term (5 Year) U.S. Treasury Note Futures</b>
Contract Size	One U.S. Treasury note having face value at maturity of \$100,000.
Deliverable Grades	U.S. Treasury notes with an original term to maturity of not more than 5 years and 3 months and a remaining term to maturity of not less than 4 years and 2 months as of the first day of the delivery month. The invoice price equals the Futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered bond (\$1 par value) to yield 6 percent.
Tick Size	The minimum price fluctuation shall be one quarter of one thirty-second (1/32) of one point (\$7.8125 rounded up to the nearest cent per contract). Par shall be on the basis of 100 points.
Price Quote	Points (\$1,000) and quarters of 1/32 of a point. For example, 101-16 represents 101 16/32, 101-162 represents 101 16.25/32, 101-165 represents 101 16.5/32 and 101-167 represents 101 16.75/32.
Contract Months	Mar, Jun, Sep, Dec
Last Trading Day	Last business day of the calendar month. Trading in expiring contracts closes at 1:01 p.m. ET on the last trading day.
Last Delivery Day	Third business day following the last trading day.
Delivery Method	Federal Reserve book-entry wire transfer system.
Trading Hours	Pre-Open 5:45 p.m., Open 6:00 p.m., Close 5:00 p.m. Eastern Time, Sunday through Thursday.
Ticker Symbols	ZFe

<b>Product Name</b>	<b>Long Term (6½ to 10 Year) U.S. Treasury Note Futures</b>
Contract Size	One U.S. Treasury note having face value at maturity of \$100,000.
Deliverable Grades	U.S. Treasury notes with remaining term to maturity of at least 6 1/2 years, but no more than 10 years, from the first day of the delivery month. The invoice price equals the futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered bond (\$1 par value) to yield 6 percent.
Tick Size	<b>Outright and Spread:</b> The minimum price fluctuation shall be one quarter of one thirty-second (1/32) of one point (\$7.8125 rounded up to the nearest cent per contract). Par shall be on the basis of 100 points.
Price Quote	Points (\$1,000) and quarters of 1/32 of a point. For example, 101-16 represents 101 16/32, 101-162 represents 101 16.25/32, 101-165 represents 101 16.5/32 and 101-167 represents 101 16.75/32.
Contract Months	Mar, Jun, Sep, Dec
Last Trading Day	Seventh business day preceding the last business day of the delivery month. Trading in expiring contracts closes at 1:01 p.m. ET on the last trading day.
Last Delivery Day	Last business day of the delivery month.
Delivery Method	Federal Reserve book-entry wire transfer system.
Trading Hours	Pre-Open 5:45 p.m., Open 6:00 p.m., Close 5:00 p.m. Eastern Time, Sunday through Thursday.
Ticker Symbols	ZNe

<b>Product Name</b>	<b>U.S. Treasury Bond Futures</b>
Contract Size	One U.S. Treasury bond having face value at maturity of \$100,000.
Deliverable Grades	U.S. Treasury bonds that, if callable, are not callable for at least 15 years from the first day of the delivery month and have maturities less than 25 years or, if not callable, have a remaining term to maturity of at least 15 years and less than 25 years from the first day of the delivery month. The invoice price equals the futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered bond (\$1 par value) to yield 6 percent.
Tick Size	The minimum price fluctuation shall be one half of one thirty-second (1/32) of one point (\$15.625 rounded up to the nearest cent per contract) except for inter-month spreads, where the minimum price fluctuation shall be one quarter of one thirty-second of one point (\$7.8125 per contract). Par shall be on the basis of 100 points.
Price Quote	Points (\$1,000) and halves of 1/32 of a point. For example, 105-16 represents 105 16/32, and 105-165 represents 105 16.5/32.
Contract Months	Mar, Jun, Sep, Dec
Last Trading Day	Seventh business day preceding the last business day of the delivery month. Trading in expiring contracts closes at 1:01 p.m. ET on the last trading day.
Last Delivery Day	Last business day of the delivery month.
Delivery Method	Federal Reserve book-entry wire transfer system.
Trading Hours	Pre-Open 5:45 p.m., Open 6:00 p.m., Close 5:00 p.m. Eastern Time, Sunday through Thursday.
Ticker Symbols	ZBe

<b>Product Name</b>	<b>Ultra Long-Term U.S. Treasury Bond Futures</b>
Contract Size	One U.S. Treasury bond having face value at maturity of \$100,000.
Deliverable Grades	U.S. Treasury bonds that, if callable, are not callable for at least 25 years from the first day of the delivery month or, if not callable, have remaining term to maturity of at least 25 years from the first day of the delivery month. The invoice price equals the futures settlement price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered bond (\$1 par value) to yield 6 percent.
Tick Size	The minimum price fluctuation shall be one half of one thirty-second (1/32) of one point (\$15.625 rounded up to the nearest cent per contract) except for inter-month spreads, where the minimum price fluctuation shall be one quarter of one thirty-second of one point (\$7.8125 per contract). Par shall be on the basis of 100 points.
Price Quote	Points (\$1,000) and halves of 1/32 of a point. For example, 105-16 represents 105 16/32, and 105-165 represents 105 16.5/32.
Contract Months	Mar, Jun, Sep, Dec
Last Trading Day	Seventh business day preceding the last business day of the delivery month. Trading in expiring contracts closes at 1:01 p.m. ET on the last trading day.
Last Delivery Day	Last business day of the delivery month.
Delivery Method	Federal Reserve book-entry wire transfer system.
Trading Hours	Pre-Open 5:45 p.m., Open 6:00 p.m., Close 5:00 p.m. Eastern Time, Sunday through Thursday.
Ticker Symbols	ZUe

## Contract Symbolology

The following symbology describes the contract names provided directly from the ELX Futures System. Please refer to the ELX website ([www.elxfutures.com](http://www.elxfutures.com)) for contract symbology for specific market data vendors.

<i>Outright 2 Year</i>	ZTe MMM YY	2Y MMM YY U.S. Treasury Future
<i>Outright 5 Year</i>	ZFe MMM YY	5Y MMM YY U.S. Treasury Future
<i>Outright 10 Year</i>	ZNe MMM YY	10Y MMM YY U.S. Treasury Future
<i>Outright Bond</i>	ZBe MMM YY	30Y MMM YY U.S. Treasury Future
<i>Outright Ultra Bond</i>	ZUe MMM YY	Ultra MMM YY U.S. Treasury Future
<i>2 Year Calendar Spread</i>	ZTe MYY MYY	2Y MYY MYY Calendar Spread
<i>5 Year Calendar Spread</i>	ZFe MYY MYY	5Y MYY MYY Calendar Spread
<i>10 Year Calendar Spread*</i>	ZNe MYY MYY	10Y MYY MYY Calendar Spread
<i>Bond Reduced Tick Calendar Spread</i>	ZBe MYY MYY	30Y MYY MYY Reduced Tick Calendar Spread
<i>Ultra Bond Reduced Tick Calendar Spread</i>	ZUe MYY MYY	Ultra MYY MYY Reduced Tick Calendar Spread

*\*As a result of a change in the Outright 10yr tick size, the 10yr Calendar Spread no longer trades in Reduced ticks. The configuration change will take place in January, 2012*

<i>Instrument Nomenclature</i>	<i>Display Values</i>	<i>Instrument Field Description</i>
<i>MMM</i>	Mar, Jun, Sep, Dec	3 Character Expiry Month
<i>YY</i>	11,12,13,14....	2 Character Expiry Year
<i>M</i>	H, M, U, Z	Single Character Month Code
<i>CC</i>	ZTe, ZFe, ZNe, ZBe, ZUe	3 Character Contract Code

## Rolling Schedule

ELX lists contracts on a forward basis for the next five preceding periods, except in the case of the **Bond Futures and Ultra Bond Futures** which are listed out as many as three months. New contracts are listed on the day following termination of trading of a matured contract.

ELX lists Calendar Spreads for all outright contract combinations.

## Calendar Spreads

Calendar spreads are listed as follows:

<i>Type</i>	<i>Description</i>	<i>Example as of June 1st 2011</i>	
<i>Calendar Spreads</i>	A calendar spread will be available for each outright quarterly contract against each outright contract of later expiry.	ZTe M11 U11	ZBe U11 Z11
		ZTe M11 Z11	ZBe U11 H12
		ZTe M11 H12	ZBe U11 M12
		ZTe M11 M12	
			ZUe U11 Z11
		ZFe M11 U11	ZUe U11 H12
		ZFe M11 Z11	ZUe U11 M12
		ZFe M11 H12	
		ZFe M11 M12	ZTe Z11 H12
			ZTe Z11 M12
		ZNe M11 U11	
		ZNe M11 Z11	ZFe Z11 H12
		ZNe M11 H12	ZFe Z11 M12
		ZNe M11 M12	
			ZNe Z11 H12
		ZBe M11 U11	ZNe Z11 M12
		ZBe M11 Z11	
		ZBe M11 H12	ZBe Z11 H12
		ZBe M11 M12	ZBe Z11 M12
		ZUe M11 U11	ZUe Z11 H12
		ZUe M11 Z11	ZUe Z11 M12
		ZUe M11 H12	
		ZUe M11 M12	ZTe H12 M12
ZTe U11 Z11	ZFe H12 M12		
ZTe U11 H12			
ZTe U11 M12	ZNe H12 M12		
ZFe U11 Z11	ZBe H12 M12		
ZFe U11 H12			
ZFe U11 M12	ZUe H12 M12		
	ZNe U11 Z11		
	ZNe U11 H12		

## Contact ELX

For further product information on ELX U.S. Treasury Futures please contact ELX Sales at 212.915.1230 or [sales@elxfutures.com](mailto:sales@elxfutures.com).

For integration or connectivity assistance please contact us at [integration@elxfutures.com](mailto:integration@elxfutures.com) or [connectivity@elxfutures.com](mailto:connectivity@elxfutures.com).