

## The Benefits of Trading CME® FX Futures vs. Cash

If you want to trade foreign exchange, it's time to look at CME FX futures. An exchange environment, with its open and transparent market pricing, offers all market participants the opportunity to be involved in the process of price discovery, and provides other key advantages over "private" deals in the OTC market. Online access available virtually 24 hours per day, combined with low trading costs and the backing of the CME Clearing House, make CME a highly cost-effective, transparent and secure place to trade FX.

### CME FX offers:

#### Market Integrity

CME is regulated by the U.S. Government via the Commodity Futures Trading Commission (CFTC). Integrity and openness are critical components of CME markets. Fair and transparent pricing, open access and the highest ethical standards are important criteria applied in managing CME markets. Liquidity

CME FX futures markets are supported by automated trading systems supplying continual pricing feeds from global FX market makers. These pricing feeds are real-time, dealable quotes, which allow CME to provide exceptional market liquidity and a dynamic trading venue for a large pool of FX fund managers, interbank spot FX traders, international asset managers, multinational corporations, speculators, day traders and individual investors. If you trade on the OTC market, you may not really know the bid/ask spread costs, which are built into the FX rate that you are quoted. Each time a quote is requested from an FX dealer in the OTC market, prices are produced for the interested counterparty alone. As a private deal, quotes are often five pips wide and are shaded to favor the dealer's position, leading to price slippage.

#### Superior Security

If you trade FX at another venue, you may not be aware of how important the guarantor and clearing method of a marketplace is. As opposed to trading in the OTC market, CME FX futures offer the unparalleled backing of the CME Clearing House. The system of safeguards in place ensures that all parties involved in any CME FX futures trade will "make good" on their trade and protects traders from the possibility of default. This type of clearing guarantee generally is not matched at other non-exchange FX trading venues.

#### Flat Fees

If you currently trade FX in the OTC market, you may be paying more than you think for your trades. At CME you can see the costs up front. Spread costs on the OTC market could ultimately cost you more in your overall FX transaction, due to the non-transparent nature of OTC pricing.

OTC trades are private deals that very often have a dealer spread in the quoted price—which ultimately increases your trading cost.

Full trading access to CME, the world's most liquid FX futures exchange, can be obtained by posting the necessary performance bond and payment of a flat CME clearing fee.

In the OTC market, brokers make their livelihood by quoting wide bid/offer spreads in order to capture a pip or more of the price on every trade. Widely advertised as "commission-free trading," these undisclosed deal spreads raise the cost of FX deals to customers.

Fully disclosed futures brokerage fees are a transparent, cost-effective execution pricing mechanism in comparison with the OTC approach. At CME, transactions are reasonably priced and costs are always fully disclosed.

#### Rapid E-Trading

CME offers trading on the CME® Globex® electronic trading platform. Once you have established an account with a National Futures Association (NFA) registered broker or Futures Commission Merchant (FCM), there are a variety of ways for you to trade on CME Globex. Without access to a personal computer, you can execute trades on CME Globex by calling your broker, who will place orders on your behalf.

To place orders and receive market data directly via your computer, you can select from a variety of certified CME Globex trading applications.

#### The Benefits of Trading CME FX Futures vs. Cash

If you want to trade foreign exchange, it's time to look at CME FX futures. An exchange environment, with its open and transparent market pricing, offers all market participants the opportunity to be involved in the process of price discovery, and provides other key advantages over "private" deals in the OTC market. Online access available virtually 24 hours per day, combined with low trading costs and the backing of the CME Clearing House, make CME a highly cost-effective, transparent and secure place to trade FX.

The Globe Logo, Globex® and CME® are trademarks of CME. The information within this brochure has been compiled by CME for general purposes only. CME assumes no responsibility for any errors or omissions. All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME rules. Current CME rules should be consulted in all cases concerning contract specifications. Copyright © 2007 CME