



OptionsCity and Advantage Futures Webinar Series Presents:

Trading Treasuries at the CME with Advantage Futures
and OptionsCity Metro

Co-hosted by: Mike O'Hara, President, Professional Trader Group, Advantage Futures
Patrick Gardner, Business Development, OptionsCity Software

Agenda

Advantage Futures

- Background
- Technology & Connectivity
- Technology Support
- Advantage Technology Department
- Client Types

Treasury Options at the CME

- Product Fundamentals
- Volume Growth Reasons
- Volume Growth Statistics

OptionsCity® Metro

- Pricing FX Options
- Electronic Eye in Action
- City Market – Quoting
- Trade Sheets
- Managing Risk and P&L

Wrap-up



Advantage Futures



Background

Advantage Futures

- Founded in 2003
- Largest clearer of Eurodollar, Emini S&P, CBOT products
- Cleared over 1.9 billion contracts to-date
- Grown from 200 accounts to 1200 accounts
- Early focus on technology and e-trading
- Service electronic and open outcry clients
- 100 employees on staff



Background

No prop trading within Advantage

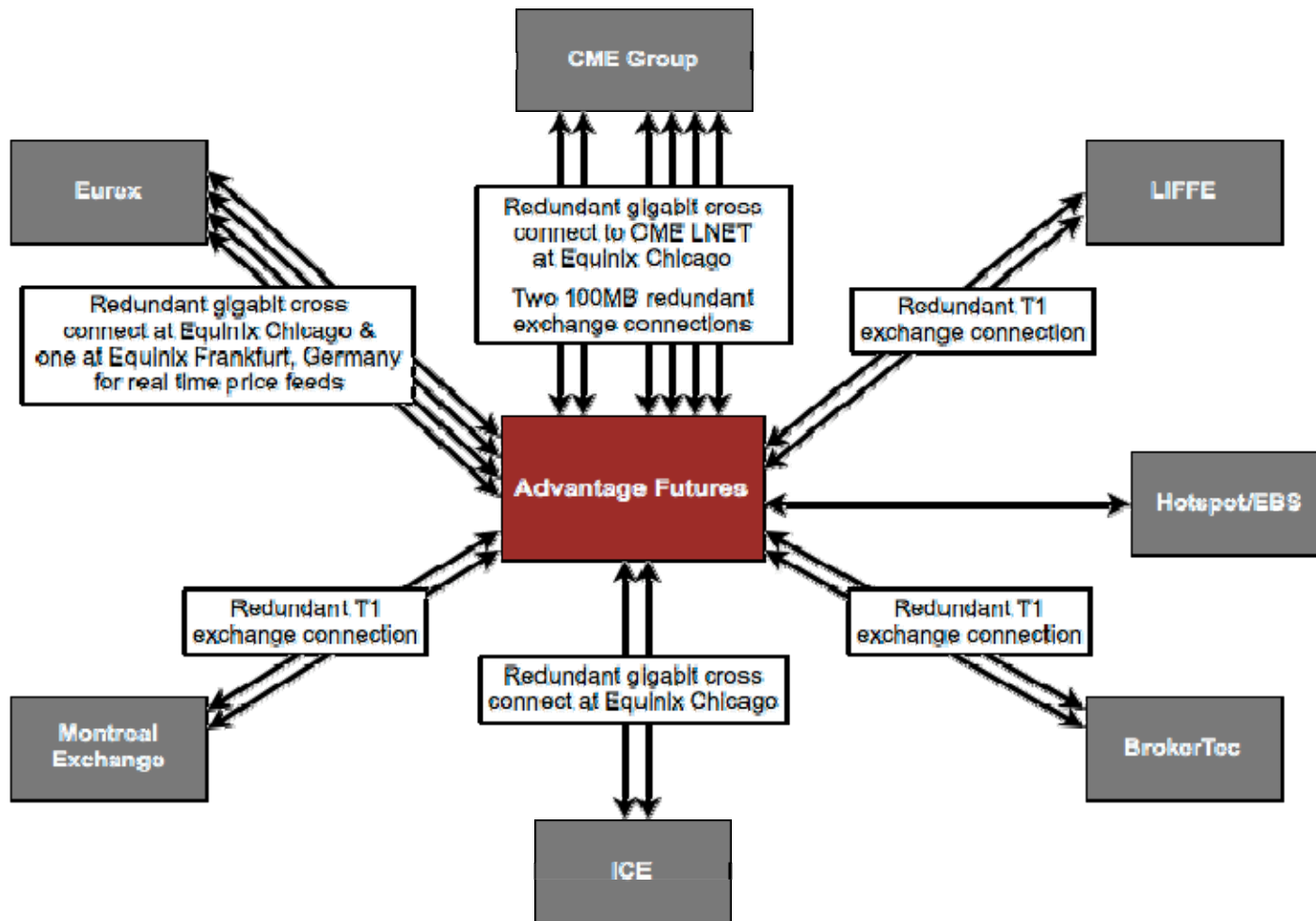


Technology & Connectivity

Exchange Access

- ▶ CME Group
 - Chicago Board of Trade and
 - Chicago Mercantile Exchange
 - NYMEX / COMEX
- ▶ Liffe
- ▶ Eurex
- ▶ ICE U.S. (Intercontinental Exchange)
- ▶ ICE Europe
- ▶ KCBOT (Kansas City Board of Trade)
- ▶ MGEX (Minneapolis Grain Exchange)
- ▶ London Clearing House
- ▶ Montreal Exchange (Foreign approved participant)
- ▶ The Clearing Corporation
- ▶ Options Clearing Corp.
- ▶ CBOE (Chicago Board Options Exchange)
- ▶ CFE (CBOE Futures Exchange)
- ▶ FX (via Hotspot/Brokertec)

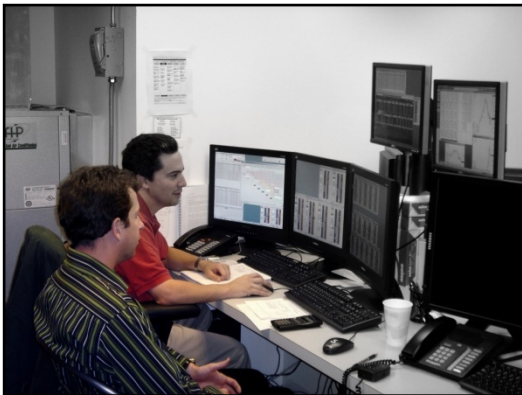
Technology & Connectivity



Technology Support

Electronic Execution

- ▶ Multimillion dollar technology infrastructure
 - ▶ Six data centers with multiple redundant direct exchange connections
 - ▶ Continual load balancing of trade data to ensure optimal speed and reliability
- ▶ Access to 15 front-end software platforms:
 - Including OptionsCity



Advantage Technology Department

- Hardware Specialists (Service Dell)
- Software Specialists
 - ✓15 Front-end choices
 - ✓Proprietary software optimization
- Networking Specialists (Service Cisco)
 - ✓NOC (Networking Operations Center)
 - ✓Monitor connectivity
 - ✓Monitor latency

Client Types

- Current point and click trader or open outcry trader that is considering automation
 - ✓“Off the shelf” automated software
- Current automated trader looking for better connectivity and execution
 - ✓Server hosting/colocation
 - ✓Point-to-point connectivity
- Current automated trader looking for better execution via software
 - ✓FIX products from software vendors
 - ✓Direct exchange certification
 - Full IT staff

Trade up to Advantage Futures



Treasury Options at the CME



Treasury Options – Covering the Yield Curve

	Globex Symbol	Globex ADV*	Total ADV*
2-Year Note Options	OZT	2,473	17,608
5-Year Note Options	OZF	12,828	53,185
10-Year Note Options	OZN	112,397	269,207
Treasury Bond Options	OZB	21,289	39,655
Ultra U.S Treasury Bond Options**	OUB	144	600

*February 2011 Month-To-Date

**Launched June 2010

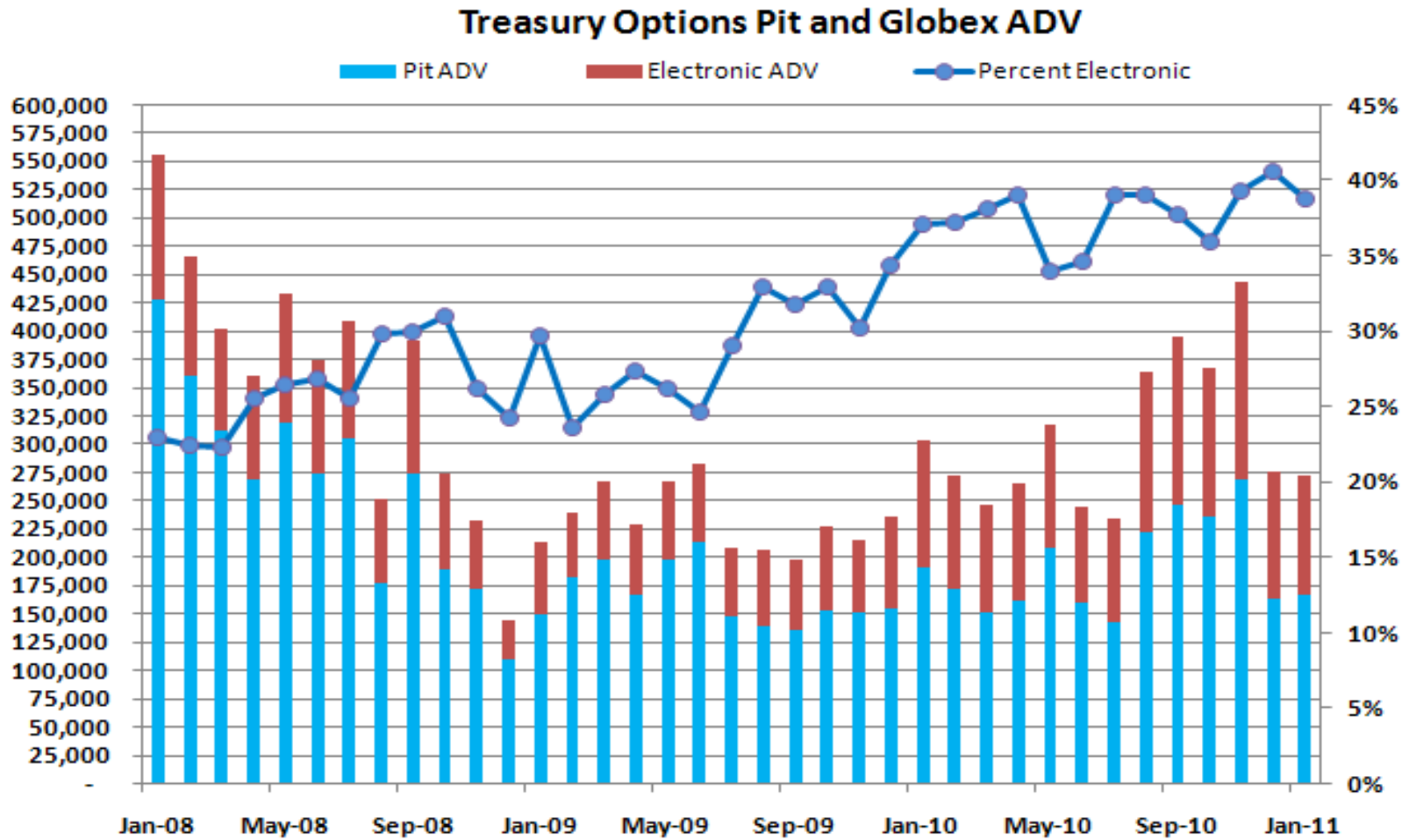
- Lend themselves to variety of risk management and trading applications including hedging and interest rate speculation
- February 2011 Average Daily Volume over 380K
- Established liquid Markets both in open outcry and on CME Globex

Volume Statistics

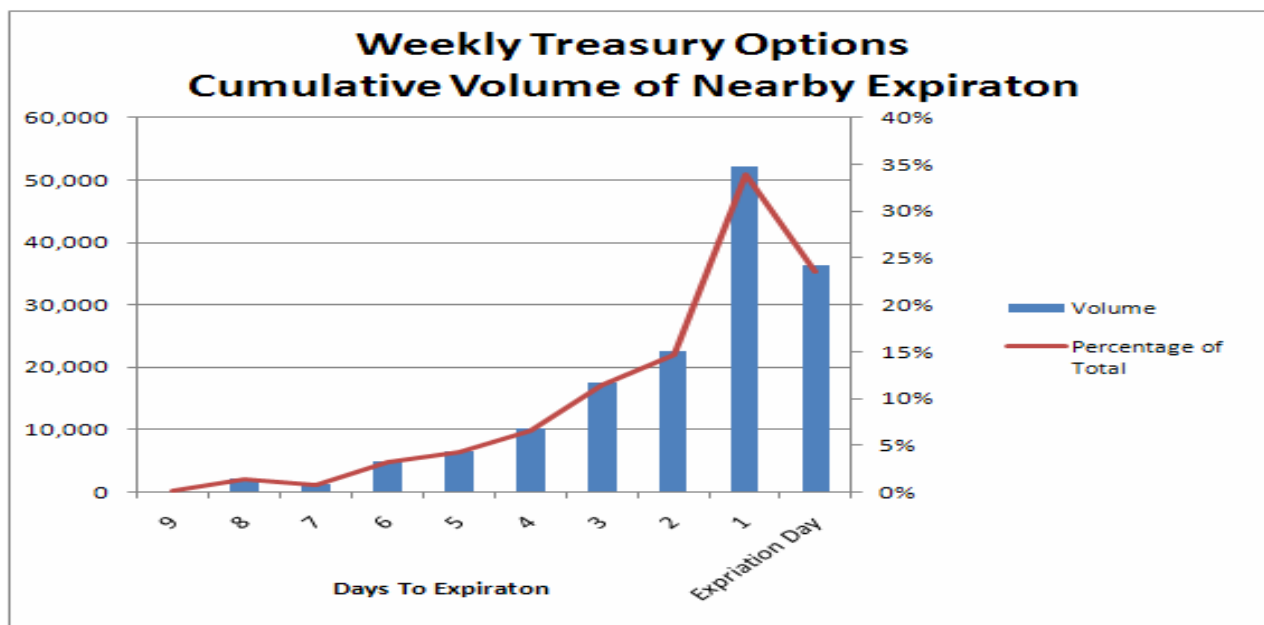
Contract	Bid Qty	Bid Price	Ask Price	Ask Qty
10 Yr Note JUN11 121 Call	2356	48	50	1666
10 Yr Note JUN11 120.5 Call	1835	58	60	1947
10 Yr Note JUN11 120 Call	2656	105	107	428
10 Yr Note JUN11 119.5 Call	2100	118	120	485
10 Yr Note JUN11 119 Call	100	133	135	1776
10 Yr Note JUN11 118.5 Call	75	149	150	50
10 Yr Note JUN11 118.5 Put	115	142	144	2297
10 Yr Note JUN11 118 Put	1501	127	129	1066
10 Yr Note JUN11 117.5 Put	1822	114	116	1425
10 Yr Note JUN11 117 Put	182	103	104	290
10 Yr Note JUN11 116.5 Put	3194	56	58	1262
10 Yr Note JUN11 116 Put	200	48	49	874

- Over 50% of all U.S. Bond Options Trade on CME Globex
- 40% of all Treasury Options Trade on CME Globex
- Market makers responding to Request for Quotes
- Active trade in outright markets, strategies and delta neutral strategies

Treasury Options Electronic Migration



Weekly Treasury Options



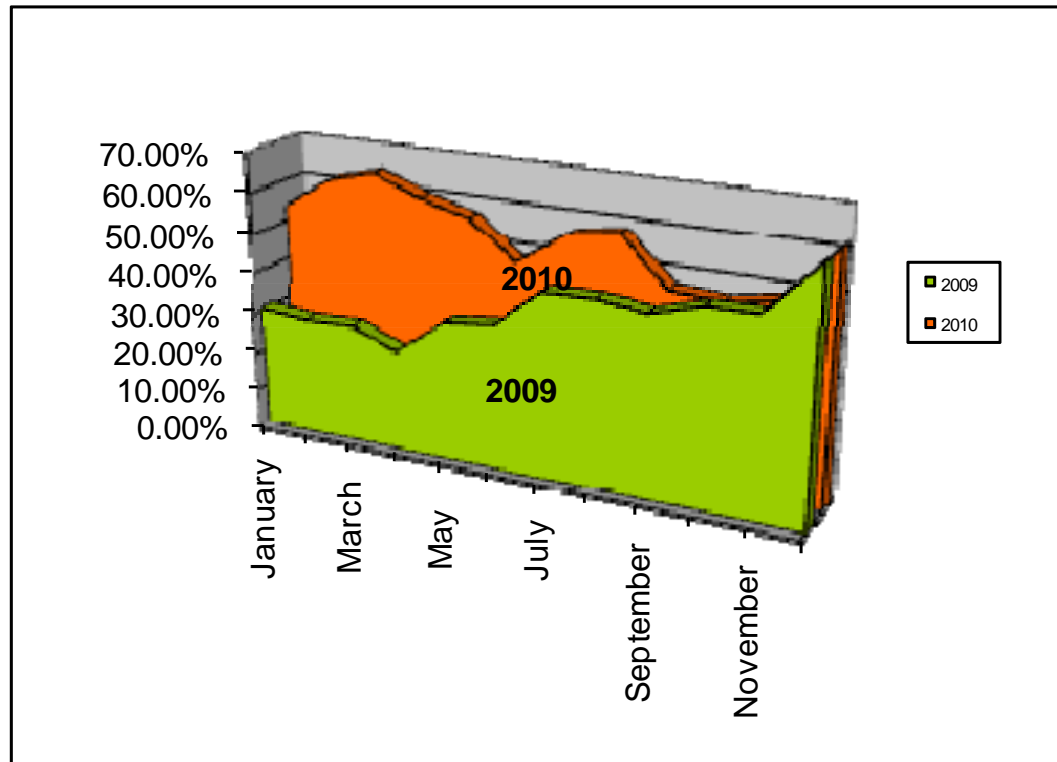
- Newest addition to the Treasury Options Complex
- Traded over 200,000 contracts in just 4 weeks
- Liquid Electronic Markets
- Expire every Friday that is not a standard options expiration
- Gives traders the opportunity to trade economic events such as unemployment reports and FOMC meetings.

30-Year Bond

Electronic volume as a % of total volume 2009 / 2010

Electronic Contracts

<u>2009</u>	<u>2010</u>
4.58 Million	7.89 Million
- 72 % Increase	



OptionsCity[®] Metro



OptionsCity Software, Inc. Overview

- Founded in 2006, Chicago based financial technology company
- Provides a real-time electronic trading platform for professional options traders
- End-to-end solution with options pricing, market making, wireless tablet functionality, electronic eye, auto-hedging, and integrated risk management
- Certified Independent Software Vendor (ISV) on the CBOE, CME, CBOT, NYMEX, COMEX, CFE, CBSX, ICE, NYSE, AMEX, BOX, and C2



City Market – Quoting – *Dynamic market making*

City Market

File Settings Multiple Selection **START Quoting** **STOP Quoting** Set tick level 0 1 2 3 4 Manually Add **Add New Instruments**

All OZN OZB OZT OZF ZB ZF ZN ZT

All All Apr 11 May 11 Jun 11 Sep 11 Dec 11 Mar 12

Product	D	E	BE	MB	TV	MO	OE	O	Exp	X	pB	p...	p...	pMB	pTV	pMO	p...	pO							
OZN	O	89.5	10	03.10	0%			04.27		0%	05.44	10	May 11	114.5	10	00.00	0%	2595	00.13	00.14	00.15	4350	0%	00.30	
OZN	O	86.8	10	02.46	0%			03.63		0%	05.16	10	May 11	115.0	10	00.01	0%	2025	00.17	00.18	00.19	4060	0%	00.34	
OZN	O	83.6	10	02.19	0%	11	03.00	03.36	05.00	11	0%	04.53	10	May 11	115.5	10	00.06	0%	971	00.22	00.22	00.24	4431	0%	00.39
OZN	O	79.8	10	01.57	0%	11	02.45	03.10	03.45	11	0%	04.27	10	May 11	116.0	10	00.12	0%	862	00.28	00.28	00.30	3950	0%	00.45
OZN	O	75.6	10	01.33	0%	11	02.20	02.49	03.20	11	0%	04.02	10	May 11	116.5	10	00.19	0%	2427	00.35	00.36	00.37	2352	0%	00.52
OZN	O	70.7	10	01.48	0%	11	01.60	02.26	02.60	11	0%	03.05	10	May 11	117.0	10	00.00	0%	660	00.44	00.44	00.46	3197	0%	01.29
OZN	O	65.5	10	01.26	0%	21	01.42	02.05	02.34	21	0%	02.47	10	May 11	117.5	10	00.06	0%	1988	00.54	00.55	00.56	1394	0%	01.40
OZN	O	59.9	10	01.07	0%	95	01.49	01.49	01.51	171	0%	02.28	10	May 11	118.0	10	00.18	0%	1797	01.02	01.03	01.04	351	0%	01.52
OZN	O	54.0	10	00.53	0%	185	01.31	01.31	01.33	1390	0%	02.10	10	May 11	118.5	10	00.32	0%	1115	01.16	01.17	01.18	633	0%	02.02
OZN	O	48.1	10	00.31	0%	2386	01.14	01.15	01.17	2272	0%	02.00	10	May 11	119.0	10	00.54	0%	458	01.32	01.33	01.34	977	0%	02.11
OZN	O	42.3	10	00.17	0%	2813	01.00	01.01	01.02	375	0%	01.50	10	May 11	119.5	10	01.08	0%	807	01.49	01.51	01.52	518	0%	02.29
OZN	O	36.6	10	00.04	0%	1613	00.52	00.53	00.54	2444	0%	01.38	10	May 11	120.0	10	01.28	0%	31	01.38	02.06	02.36	31	0%	02.49
OZN	O	31.2	10	00.00	0%	3719	00.41	00.43	00.43	601	0%	01.27	10	May 11	120.5	10	01.49	0%	11	01.60	02.27	02.60	11	0%	03.06
OZN	O	26.2	10	00.00	0%	198	00.33	00.34	00.35	4462	0%	01.18	10	May 11	121.0	10	02.08	0%	11	02.18	02.50	03.18	11	0%	03.29
OZN	O	21.6	10	00.10	0%	3691	00.25	00.26	00.27	1934	0%	00.43	10	May 11	121.5	10	01.58	0%	11	02.44	03.11	03.44	11	0%	04.28
OZN	O	17.6	10	00.04	0%	4315	00.19	00.20	00.21	1811	0%	00.37	10	May 11	122.0	10	02.20	0%	11	03.00	03.37	05.00	11	0%	04.54
OZN	O	14.1	10		0%								10	May 11	122.5	10	02.47	0%			03.64			0%	05.17
OZN	O	11.1	10		0%								10	May 11	123.0	10	03.11	0%			04.28			0%	05.45

Depth Viewer

BExchange	BQuantity	BPrice	APrice	AQuantity	AExchange
CME	185	01.31	01.33	1390	CME
CME	966	01.30	01.34	150	CME
CME	25	01.29	01.35	50	CME

3: Spread Viewer 4: Depth Viewer

Command

1: Learn

2: Command

5: Quote

6: Products

Check

Uncheck

RFQ

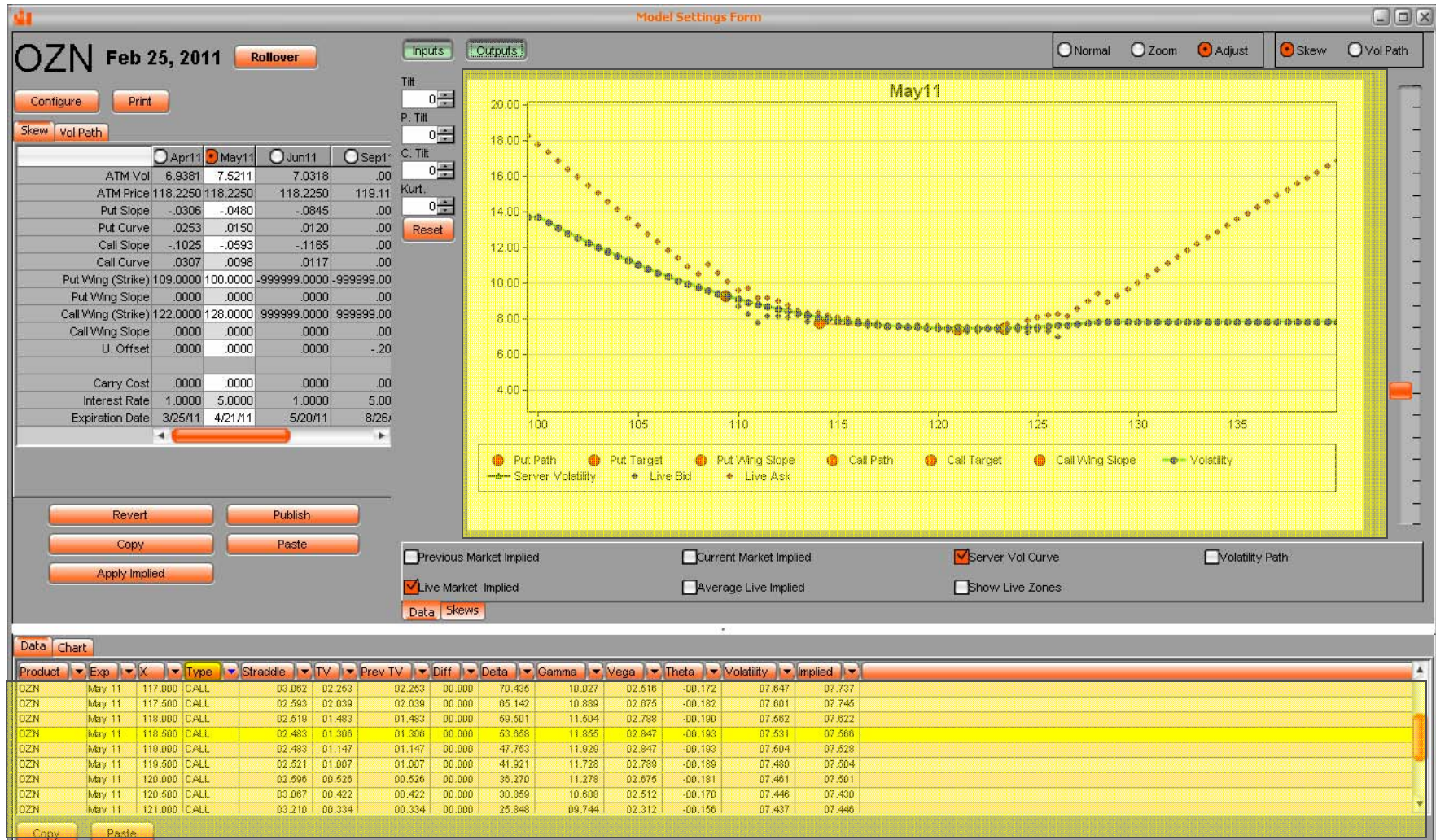
Mission

Set Fav.

Unset Fav.

Book

Pricing 10-Year Options – *Dynamically set your skew*



Electronic Eye in Action – Find and execute market opportunities

Target Finder

File Settings Clear Grid

Product	Exp	X	Type	Price	Qty	Exch	Time	MissionId	MBQ	MB	TV	MO	MOQ
OZN	May 11	119.320	CALL	01.010	237	CME	9:43:06 AM	228000	237	01.010	00.635	01.0...	2673
OZN	May 11	118.000	CALL	01.490	165	CME	9:43:04 AM	228000	165	01.490	01.475	01.5...	262
OZN	May 11	119.000	CALL	01.150	659	CME	9:43:04 AM	228000	659	01.150	01.136	01.1...	1212
OZN	May 11	118.320	CALL	01.310	582	CME	9:43:04 AM	228000	582	01.310	01.296	01.3...	358

Create Strategy Mission Stop Checked Missions Start Checked Missions

MissionId	Mission Name	Quantity	Desired Qty	Remaining Qty	Edge	State	Trader
<input checked="" type="checkbox"/>	228000 OZN May11 115.5-121 Calls	1	0	0	0	00.010 STARTED	Trader: patrick Acrony...
<input type="checkbox"/>	221000 OZN May11 114.5-119.5 Calls	1	0	0	0	-00.010 NOT_STARTED	Trader: patrick Acrony...
<input type="checkbox"/>	214000 test	1	0	0	0	00.010 NOT_STARTED	Trader: chris Acronym:...
<input type="checkbox"/>	182001 ES Jan 11 ATM	1	0	0	0	00.020 NOT_STARTED	Trader: patrick Acrony...

Trade Sheets – Handheld functionality for the floor trader.

Trade Sheets and Model Control

File Settings Configure Model Val

OZN OZB OZT OZF

120.08 120.09 120.10 120.11 120.12 120.13 120.14

2: Products

Apr 11	119.04	May 11	119.04	Jun 11	119.04	Sep 11	119.24
	0.06		0.17		0.31		
3.14	116	0.07	3.29	116	0.23	3.43	116
	0.08	3.59	0.22	5.00	0.37		
2.16	0.10	2.34	0.26	2.50	0.43		
2.49	116	0.10	3.03	116	0.29	3.19	116
3.16	0.12	3.34	0.28	3.50	0.44		
1.55	0.15	2.09	0.34	2.27	0.51		
2.22	117	0.15	2.42	117	0.36	2.59	117
2.49	0.17	3.09	0.35	3.27	0.53		
1.59	0.21	2.16	0.42	2.35	0.61		
1.61	118	0.22	2.19	118	0.44	2.37	118
1.63	0.23	2.20	0.44	2.39	0.63		
1.37	0.30	1.59	0.53	2.15	1.08		
1.38	118	0.31	1.61	118	0.55	2.17	118
1.40	0.32	1.63	0.55	2.18	1.10		
1.16	0.41	1.40	1.01	1.60	1.21		
1.17	118	0.42	1.41	118	1.03	1.61	118
1.18	0.42	1.42	1.03	1.62	1.23		
0.62	0.55	1.23	1.15	1.43	1.35		
0.63	119	0.56	1.24	119	1.17	1.44	119
1.00	0.56	1.25	1.17	1.45	1.37		
0.46	1.07	1.07	1.31	1.27	1.51		
0.47	120	1.08	1.08	120	1.32	1.28	120
0.48	1.09	1.09	1.34	1.28	1.54		
0.34	1.26	0.57	1.23	1.12	2.05		
0.35	120	1.28	0.58	120	1.50	1.13	120
0.35	1.29	0.59	2.18	1.14	2.07		
0.24	1.19	0.45	1.40	1.00	1.58		
0.25	120	1.50	0.45	120	2.06	1.01	120
0.25	2.19	0.47	2.40	1.01	2.58		
0.16	1.44	0.35	2.00	0.52	2.16		
0.17	121	2.10	0.35	121	2.28	0.53	121
0.18	2.44	0.37	3.00	0.54	3.16		
0.11	2.06	0.27	2.23	0.43	2.38		
0.12	122	2.37	0.27	122	2.51	0.44	122
0.12	3.06	0.29	3.23	0.44	3.38		

Hot List

9:00 AM

Name	Price	Delta	Bid Price	Ask Price
OZN-OTHR Apr11 120.5C 111.122 P-2				
OZN-OTHR Ap...	-5.41	206.99	-6.44	-4.43
Apr11 120.5C	.25	25.73	.24	.25
Apr11 122P	3.01	181.27	2.34	3.34
OZN-OTHR Apr11 118.5C 111.116 S C-1				
OZN-OTHR Ap...	.15	8.36	.14	.18
OZN-OTHR Ma...	2.03	56.07	1.63	2.05
OZN-OTHR Apr11 117.5C 111.116 S C-1				
OZN-OTHR Ap...	1.12	190.21	1.09	1.16
Apr11 117.5C	1.61	74.84	1.59	1.63
Apr11 118.5P	.42	81.82	.41	.42

BUY ORDER TICKET

Instrument: OZN-May11-116.0-PUT

U BID	U ASK	MKT BID	MKT A...	TV	EDGE	Delta	Gamma	Vega
119.0...	119.0...	00.200	00.22...	00.222	00.002	-15.43...	00.065	01.82...
						-15.40...	06.518	01.82...

10.0 1.0 0.1 0.01 -0.01 -0.1 100 50 10 1 -1 -10

Options Price: 00.220 Qty: 1 BUY CANCEL

Type: LIMIT Expiration: DAY

Instruction: NONE Routing: CME

Max Show: 00.000 BUY SELL

Trade Acct: DEFAULT Auto Hedge Keep Open Disable Warnings

Stop price: 00.000 Ratio: 0.0000 GTD: 28 09:11:50 CST 20

Intra-Day Time Decay

The screenshot displays two windows from a trading software interface. The primary window is titled 'Edit Intra Day Decay' and shows settings for a strategy named 'Bond Decay'. It features two line graphs and a control panel.

Bond Decay Settings:

- Name: Bond Decay
- Standard Day Decay: Start Time: 8:00 AM
- Expiration Day Decay: Start Time: 7:00 AM
- End Time: 3:00 PM
- Time: 9:00 AM
- Day %: 50%

Expiration Day Decay Settings:

- Name: Bond Decay
- Standard Day Decay: Start Time: 8:00 AM
- Expiration Day Decay: Start Time: 7:00 AM
- End Time: 6:00 PM
- Time: 12:00 PM
- Day %: 20%

Both graphs show a downward trend in value over time, with red dots at the start and end of the decay period. The 'Select Products' list on the right includes ES, EV, BW, NKD, OZB, OZF, OZN, OZT, SP, ZB, ZF, ZN, and ZT, with OZB, OZF, OZN, and OZT checked.

Managing Risk and P&L – Build custom reports quickly and easily.

Risk and Position Manager

File Settings Set Offset Use Offset Set Underlying Use Underlying Product Groups Group Month Strike

ES Group EV Group Portfolio SP Group notes ozb Refresh

Set Filters Users: All Users Accounts: All Accounts

Risk Report Month Report Position Report Edge Report

Theo Risk Edge Market Risk Live Market Report Settings

Increment	-5.000 %	-4.000 %	-3.000 %	-2.000 %	-1.000 %	.000 %	1.000 %	2.000 %	3.000 %	4.000 %	5.000 %
notes	114.01	115.06	116.14	117.21	118.27	120.02	121.08	122.14	123.21	124.27	126.02
PE	3,430,834.5	2,728,820.7	2,033,289.9	1,346,313.0	668,804.4	.0	-662,005.1	-1,319,743.5	-1,974,973.5	-2,628,820.9	-3,281,209.1
TV P/L	3,625,396.0	2,923,382.2	2,227,851.4	1,540,874.4	863,365.9	184,561.5	-467,443.5	-1,125,182.1	-1,780,412.1	-2,434,059.4	-3,086,647.7
Delta	-586.78	-582.31	-575.89	-568.11	-560.21	-553.55	-548.91	-546.21	-544.57	-543.48	-542.77
Gamma	2.96	4.60	6.13	6.98	6.35	4.77	2.95	1.73	1.10	.74	.47
Vega	63.27	96.17	127.16	145.02	141.93	120.26	91.22	65.18	45.06	29.48	17.21
Theta	-4.34	-6.63	-8.81	-10.02	-9.63	-7.84	-5.70	-3.99	-2.77	-1.83	-1.06
Committed TV P/L	3,710,637.5	2,999,960.0	2,289,282.5	1,578,605.0	867,927.5	157,250.0	-553,427.5	-1,264,105.0	-1,974,782.5	-2,689,460.0	-3,396,137.5
Day Trade TV P/L	-85,241.5	-76,577.8	-61,431.1	-37,730.6	-4,561.6	37,311.5	85,983.8	138,922.9	194,370.4	251,400.6	309,489.8
OZN (O)	112.27	114.01	115.07	116.13	117.19	118.26	119.32	121.06	122.12	123.18	124.24
PE	-122,552.9	-113,889.3	-98,742.0	-76,042.0	-41,873.0	.0	48,072.4	101,011.5	157,059.0	214,089.1	272,176.4
TV P/L	-85,241.5	-76,577.8	-61,431.1	-37,730.6	-4,561.6	37,311.5	85,983.8	138,922.9	194,370.4	251,400.6	309,489.8
Delta	521.77	969.42	1,611.03	2,389.19	3,179.29	3,845.20	4,308.76	4,579.46	4,743.10	4,851.14	4,923.48
Gamma	2.96	4.60	6.13	6.88	6.35	4.77	2.95	1.73	1.10	.74	.47
Vega	63.27	96.17	127.16	145.02	141.93	120.26	91.22	65.18	45.06	29.48	17.21
Theta	-4.34	-6.63	-8.81	-10.02	-9.63	-7.84	-5.70	-3.99	-2.77	-1.83	-1.06
Committed TV P/L	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Day Trade TV P/L	-85,241.5	-76,577.8	-61,431.1	-37,730.6	-4,561.6	37,311.5	85,983.8	138,922.9	194,370.4	251,400.6	309,489.8
OZN (O) Apr 11	112.27	114.01	115.07	116.13	117.19	118.26	119.32	121.06	122.12	123.18	124.24
PE	-8,667.4	-8,260.1	-7,360.3	-5,646.3	-3,016.8	.0	2,791.6	4,660.6	5,573.3	5,913.2	6,018.1
TV P/L	-5,838.2	-5,430.9	-4,531.1	-2,817.1	-187.6	2,829.2	5,620.8	7,489.8	8,402.5	8,742.4	8,847.3
Delta	21.61	50.57	105.84	184.92	247.45	254.38	201.95	113.02	46.78	15.35	4.45
Gamma	.16	.34	.59	.69	.37	-.23	-.71	-.70	-.40	-.15	-.06
Vega	2.54	4.49	6.68	6.84	3.21	-3.07	-7.43	-7.14	-4.30	-1.91	-.73
Theta	-.36	-.62	-.89	-.91	-.45	.36	.88	.83	.49	.21	.07
Committed TV P/L	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Day Trade TV P/L	-5,838.2	-5,430.9	-4,531.1	-2,817.1	-187.6	2,829.2	5,620.8	7,489.8	8,402.5	8,742.4	8,847.3
OZN (O) May 11	112.27	114.01	115.07	116.13	117.19	118.26	119.32	121.06	122.12	123.18	124.24

Messages

Calculation:33ms
 Calculation:17ms
 Calculation:16ms
 Calculation:16ms

Wrap-up

Questions and answers.

For more information:

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sales@optionscity.com
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