



Thursday, March 18, 2004

Boca Today

The Official Publication of the FIA International Futures Industry Conference

Welcome to Boca!

As the President of the Futures Industry Association, I am delighted to welcome you to our 29th Annual International Futures Industry Conference. This year's conference will be attended by representatives from 26 countries and more than 200 companies, a very healthy turnout and an excellent indication of the global nature of our business.



We have some terrific industry speakers this year, starting Thursday morning with Jim Newsome, the chairman of the Commodity Futures Trading Commission. This will be his third address to our conference as CFTC Chairman. With the agency heading towards its next reauthorization in Congress, I am looking forward to hearing the Chairman's agenda for the future. Stephen Friedman, the director of the National Economic Council, will also speak on Thursday morning. Mr. Friedman spent 28 years at Goldman Sachs before going to the White House, and he understands as well as anyone the importance of futures to the overall economy.

Competition is of course the big theme this year, and I am very pleased to report that the leaders of the "Big Five" exchanges have agreed to appear together on Thursday morning, right after Mr. Friedman's keynote address, and give us the latest news on their strategies for expanding market share and developing new products.

We have some other hot topics on the agenda this year, including new clearing linkages, the governance of exchanges, and, of course, the incredible growth in trading volume. Last year's volume in futures and options set another record, up 30 percent to a worldwide total of 8.1 billion contracts, and I see no signs that this year will be any less successful.

While this conference is primarily an industry event, we have a tradition of inviting speakers to give us the bigger picture on world affairs. In that spirit, I am pleased to welcome General Tommy Franks and Senator Pat Roberts. Both men will give us their perspectives on the global war against terrorism. I also welcome best-selling author Mary Higgins Clark, a long-time friend to the futures industry and an expert on the subject of "murder for fun and profit."

Let me take this opportunity to thank all our sponsoring organizations and the many vendors who are attending this conference. I urge all attendees to visit the exhibition hall, located in the Royal Palm Ballroom. Many thanks also go to Joe Murphy of Refco and the Boca Steering Committee for helping our staff design another outstanding



New York
Mercantile Exchange

Now at 7:30 a.m.--

**Breakfast featuring Mary Higgins Clark
"Murder for Fun and Profit"**

Royal Palm Ballroom



Mary Higgins Clark, also known as America's "Queen of Suspense", has authored several international bestsellers and sold over 70 million copies of her books in the U.S. alone. Her new book, *Nighttime is My Time*, will be published by Simon & Schuster in April.



**8:45 a.m. CFTC Chairman's
Address—James Newsome**
Royal Palm Ballroom

James Newsome was nominated by President George W. Bush to serve as Chairman of the Commodity Futures Trading Commission. He was confirmed by the U.S. Senate on December 20, 2001, to a term expiring in June 2006. Chairman Newsome has served as a Commissioner of the CFTC since August 10, 1998.



**9:15 a.m. Keynote Speaker
Stephen Friedman**
Addison East/West

Stephen Friedman is the Assistant to the President for Economic Policy and Director of the National Economic Council. He has an extensive background in American enterprise, finance, and public service.



**12:30 p.m. Luncheon featuring
General Tommy Franks**
Royal Palm Ballroom

General Tommy Franks led American forces into Afghanistan in the tense weeks immediately after September 11, 2001, and charged into Iraq leading coalition forces just a year ago. The lunch will be served with the award-winning Peregrine Wines of New Zealand.



THE OPTIONS CLEARING
CORPORATION

Exhibitor Highlights Today

More evidence of cross-market cooperation: John Damgard, FIA and Marc Lackritz, SIA.



Dennis Dutterer, CCorp, with speaker Lionel Barber from the Financial Times, at the Exchange Chairmen and Presidents Breakfast on Wednesday.

FIA Elects Officers and Directors



March 17, 2004 — **Boca Raton, Florida** — The Futures Industry Association announced the election of officers at its annual board meeting on March 17 in Boca Raton, Florida. **Michael Dawley**, Goldman, Sachs & Co., was elected Chairman; **Joseph Murphy**, Refco LLC, was elected Vice Chairman; and **Wendell Kapustiak**, Merrill Lynch Pierce Fenner & Smith, Inc., was elected Secretary/Treasurer.

The FIA also announced the composition of its board for 2004: **Richard Berliand**, J.P. Morgan Securities Ltd; **Patrice Blanc**, FIMAT Group; **Peter Borish**, OneChicago; **William Brodsky**, Chicago Board Options Exchange; **Philippe Buhannic**, Trading Screen Inc.; **Kevin Collins**, Deutsche Bank Securities Inc.; **Chris Damilatis**, Prudential Financial Derivatives LLC; **John Damgard**, FIA; **James Davison**, Cargill Investor Services, Inc.; **Robert Felker**, Banc One Capital Markets; **Sandy Fleischman**, Lehman Brothers Inc.; **Richard Ferina**, Carr Futures Inc.; **Kenneth Ford**, Credit Suisse First Boston Corporation; **Alan Genn**, UBS Securities LLC; **Alice Hackett**, Citigroup Global Markets Inc.; **Ronald Hersch**, Bear, Stearns & Co., Inc.; **William McCoy**, Morgan Stanley; **David Mitchell**, Cadwalader, Wickersham & Taft; **Charles Nastro**; **Ira Polk**, Man Financial Inc.; **Kenneth Raisler**, Sullivan & Cromwell; **Edward Rosen**, Cleary, Gottlieb, Steen & Hamilton; **Mark Rosenberg**, SSARIS Advisors Inc.; **Mark Rzepczynski**, John W. Henry & Co., Inc.; **Steven Winter**, Barclays Capital Inc.; and **Allan Zavarro**, ABN AMRO Incorporated.

Todd Petzel, Azimuth Alternative Assets, and **Robert Fink** were re-elected as public directors. **Peter Borish** was named Chairman of The Institute for Financial Markets.

Berliand, Collins, Davison, Felker, Ferina, Ford, Hersch and Polk were elected to serve on the executive committee along with the officers and the FIA president.

At the first board meeting, the board received Hackett's resignation and elected **Michael Schaefer**, Citigroup Global Markets Inc. to the board.

Retiring from the board since the last FIA Annual Meeting during Boca 2003 were: **William Heinzerling**, Citigroup Global Markets Inc.; **Alex Ladouceur**, Prudential Financial; **Jack Lehman**; and **Craig Smithson**, formerly with UBS, now with Limelight Investment Corp..

Chairman Dawley named special advisors to the FIA board: **Jane Carlin**, Credit Suisse First Boston; **John Gaine**, Managed Funds Association; **James Gary**, Future Dynamics; Lehman; Smithson; and **Didier Varlet**, Ubitrade.

Book It!

BM&F-Bolsa de Mercadorias e Futuros will be giving away pens and books this year. The book is a novel about trading called *The Sunday Night Traders* by Ivan Sant-Anna. **Booth 1** (Right: *Tiago Rezende and John Amaral, BM&F*)



Get on the Bus!

Barclays Global Investors' money market funds are one of the convenient tools now available to FCMs. They offer a range of money market funds denominated in U.S. Dollar, Euro and Sterling. Stop by Barclays Global Investors to pick up your Barclays mini double-decker London Bus. **Booth 4** (Above: *Gordon Linke, Robert Fischbach, and Angela Topoian, Barclays*)

Nymex News

***New Products—Nymex ClearPort Receives Two 2003 *EnergyRisk* Magazine Awards for Energy Exchange of the Year and Energy Innovation of the Year - Nymex ClearPort Clearing.

***Come see a demo on the Exchange's ClearPort Trading Platform

***Pick up a New York Mercantile Exchange fun Bobble Head **Booth 6** (Above: *Tommy Twomey and Joe Raia, Nymex*)



Puzzled?

VhaYu Futures will be distributing a desk pen/pencil puzzle cube. Stop by to see a real-time demo of the new VhaYu Futures Solution, which integrates two high-performance engines—the VhaYu Data Store and VhaYu Analytics—to deliver a complete solution to futures professionals. **Booth 18** (Above: *John Sanaghan, Institute for Financial Markets, and Gary Manton, VhaYu Futures*)



On the Edge

Rolfe & Nolan Systems Inc. will be highlighting its new Java-based front end, Edge, and will have t-shirts with the Edge logo. **Booth 23** (Right: *Bob Sylverne, Rolfe and Nolan; Steve Auerbach, SunGard; Chip Dempsey, SunGard, and Bill Herder, Rolfe and Nolan*)



It's in the Bag!

CDXchange will be raffling off a black golf bag to people



who stop by their booth and leave a business card. The drawing will be held on Friday. **Booth 24** (Left: Phil Belsite, Marie Abbott, Mike Castagna, and Tony Caravia, CDXchange)

Get Your VIX BMW

Chicago Board Options Exchange announces the CBOE Futures Exchange (CFE) and the launch of futures on VIX, the first in a family of volatility-based products. Stop by CBOE's booth for information on this exciting and long-anticipated product. While you're there, see a demo of the CBOE HyTS Terminal and pick up a VIX BMW matchbox car. **Booth 37** (Right: Lisa Morano, CBOE)



Competition and Cooperation: Driving Factors of Today's Market Evolutions

New exchanges, products, market structures and services are all primary instigators of competition within today's global markets. Nowhere is this more visible than the futures industry. This competition will certainly be the focus of many discussions in Boca Raton.

Competition ultimately benefits customers. Yet, while most focus on "competition" as the driver of positive change for the customer, competition's opposite—cooperation—has an equally important impact. A close look at competition vs. cooperation in the U.S. options industry over the past three decades, reveals how competition and cooperation can successfully blend together to enhance and grow the overall market.

**"If you want to be incrementally better: Be competitive.
If you want to be exponentially better: Be cooperative."**

Competition has been the essence of the U.S. options market since its birth in the 1970s. What started as a single market in Chicago with call options on 16 stocks now consists of six exchanges (most recently BOX) competing for order flow in more than 2,000 commonly listed issues.

Even more impressive is that as these exchanges compete for a bigger piece of the pie, the pie keeps getting bigger. In 2003, total options volume across the five U.S. options exchanges stood at nearly 908 million contracts, with an average of 3.6 million contracts traded daily, an all-time high. In 2004 the momentum continues with volume soaring to an average of 5 million contracts per day.

Certainly, competition has made the options product increasingly appealing for the customer with tighter spreads, lower transaction costs, large size guarantees, superior order routing and execution mechanisms, and better customer service. But cooperation has also played a central role in the success and attractiveness of the product.

One of the greatest examples of this cooperation is the formation of The Options Industry Council (OIC), a not-for-profit organization dedicated to education. For 12 years the U.S. options exchanges have put their rivalries aside and have worked with The Options Clearing Corporation (OCC) to provide educational programs for investors and brokers. OIC's offerings include free seminars, tutorial software, a Web site with classes and education, and the recently unveiled, *An Investors Guide to Trading Options*, a primer on the options product. The group credits its educational efforts for some of the 680% growth that has occurred in the options market since OIC was formed.



While OIC is the most visible example, other cooperative efforts in the options industry have led to the implementation of many initiatives that reduce costs and risks to customers. Some of these include: common clearing, linkage, industry-wide testing and the exchanges' offering to serve as back-ups for each other as part of disaster recovery planning.

If the U.S. options industry is any indication, the heat of the competition between futures exchanges will only intensify in the years to come. Thankfully, there are signs that cooperation can exist as well, most notably the common clearing link between the CBOT and CME. We encourage the industry to continue exploring the appropriate blend among competition and cooperation to reduce costs and risks to customers, and increased participation in the derivatives markets.

Register for These Friday Events

Sign Up in the Exhibit Hall



**5K Fun Run/Walk
Friday at 7:00 a.m.**

Men's Prizes

First- Nike Windbreaker
Second- Nike sweatshirt
Third- Gym bag

Women's Prizes

First- Hooded Sweatshirt
Second- Polo Beach Tote
Third- Nike running shirt

Banc of America Capital Management GOLF TOURNAMENT

Friday, 1:00 p.m. shotgun start

1st Low Team (all 4 players receive a \$150 certificate)
2nd Low Team (all 4 players receive a \$100 certificate)
3rd Low Team (all 4 players receive a \$75 certificate)
Longest Drive on Hole #9 (winner receives a \$100 certificate)
Closest to Pin on Hole #13 (winner receives a \$100 certificate)
All players will receive a box lunch, towel and bag compliments of Banc of America Capital Management.

When you get thirsty, stop by the

REUTERS 10th Hole
Refreshment Tent

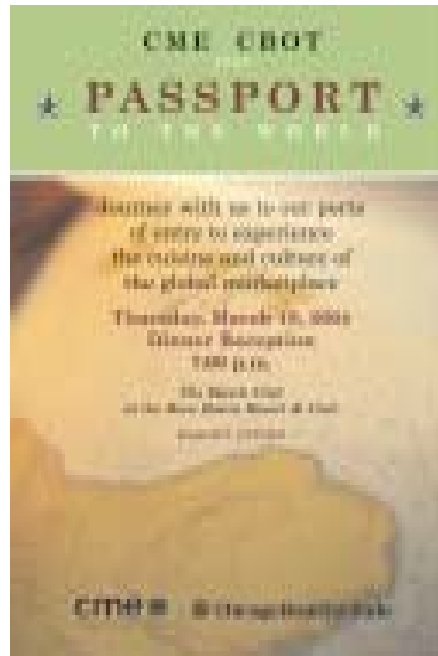
Boca at a Glance - Thursday

- 7:30 a.m. NY Exchanges Breakfast
Speaker: Mary Higgins Clark
Royal Palm Ballroom
- 8:45 a.m. CFTC Chairman's Address
Speaker: James Newsome
Royal Palm Ballroom
- 9:15 a.m. Keynote Address
Speaker: Stephen Friedman
Addison East/West
- 9:30 a.m. Exhibit Hall Opens
- 9:45 a.m. Big Challenges for the Big Five
Addison East/West
- 10:45 a.m. CME Café Coffee Break
Spanish Terrace
- CONCURRENT SESSIONS:
- 11:15 a.m. Perspectives on Market Structure
Addison East/West
- 11:15 a.m. East Meets West
Estate 1 and 2
- 12:30 p.m. SFO Luncheon
Speaker: General Tommy Franks
Royal Palm Ballroom
- 2:00 p.m. FIA Futures Services Division
presents *New Dimensions in Clearing*
Estate 1 and 2
- 3:15 p.m. CME Café Coffee Break
Spanish Terrace
- CONCURRENT SESSIONS:
- 3:45 p.m. FIA Chicago presents *Underneath the Hood*
Addison East/West
- 3:45 p.m. FIA Information Technology Division
presents *Chief Technology Officers Roundtable*
Estate 1 and 2
- 7:00 p.m. CME/CBOT Passport to the World
Dinner Reception
Boca Beach Club
- 9:30 p.m. Eurex/Eurex US Late Nite
Great Hall



At the Mexican Derivatives Exchange InfoXchange: Mario Solano, Asigna; Jorge Alegria and Allan Barush, MexDer.

Hugh Freedberg, Euronext.liffe Chief Executive, stops by the Euronext.liffe Hospitality Oasis.



Jeffrey Sprecher, Chief Executive Officer of IntercontinentalExchange, refreshes at the ICE water cooler.



Visit the CME Café
All day on the
Spanish Terrace

