

# ALARON.COM

## *Your Guide to Online Trading*

### About this Guide

We have provided this guide to familiarize you with our comprehensive Alaron.com Web site and our fast and convenient ALARONLINE online trading service. Keep this guide near your computer desktop as a handy user's guide detailing the steps you'll need to know to trade futures and options with us. We've also included general trading information for your trading education and reference needs.

For assistance or more information, contact Alaron at (800) 375-0029 or click the button on the right edge of our header at Alaron.com and we'll call you!

### About Alaron

From its inception in 1989, Alaron Trading has been committed to excellence in the delivery of its products and services. The firm offers its clients quality service, cutting-edge technology and the highest levels of integrity. As a Futures Commission Merchant (FCM), Alaron's principal business is futures and options brokerage.

### Alaron's Mission

Alaron's mission is to facilitate the trading of futures and options contracts as efficiently and most cost effectively as possible.

We value our clients and are dedicated to responding to their trading needs.

Alaron strives to identify the goals and objectives of our clients. We are guided by the belief that building positive relationships is essential, and that through hard work and continuing education Alaron will help you to achieve your goals.

### Table of Contents

[Why Trade Futures and Options?](#)

[Why Trade with Alaron and ALARONLINE?](#)

[Trading Resources](#)

*Everything You Need to Be an Educated Trader*

- [Trader's Tools](#)

- [Alaron's Futures and Options Bookstore](#)
- [Up-to-the-Click<sup>SM</sup> Quotes](#)
- [Futures Charts](#)
- [FREE Daily Research](#)
- [Futures News](#)
- [Alaron's Dedicated Online Trading Technical Support/  
Customer Service/24-hour Trade Desk Assistance](#)

### **Trading Online with ALARONLINE**

- [What are the hardware and software requirements for using ALARONLINE?](#)
- [How can I preview ALARONLINE?](#)
- [How can I open an ALARONLINE Account?](#)
- [How do I set and change my ALARONLINE password?](#)
- [How do I connect to ALARONLINE?](#)
- [What type of contracts can I trade through ALARONLINE?](#)
- [What types of orders can I place through ALARONLINE?](#)
- [How can I research trades?](#)
- [How can I create an automated quote page for checking contracts that I wish to monitor?](#)
- [How can I place trade orders?](#)

[\*Futures Order\*](#)

[\*Options Order\*](#)

[\*Futures Spread Order\*](#)

[\*Options Spread Order\*](#)

- [What happens to my trade order once I place it?](#)
- [How can I confirm that my trades have been executed?](#)
- [How can I change or cancel my trade orders?](#)

- [How can I check my open positions?](#)
- [How can I view my daily statements?](#)
- [How can I confirm account balances?](#)
- [How can I deposit funds to my ALARONLINE account?](#)
- [How can I withdraw funds from my ALARONLINE account?](#)
- [How can I access Online Trading Technical Support for ALARONLINE?](#)
- [How can I access broker assistance for online trading?](#)

## **Trading Glossary**

### **Why Trade Futures and Options?**

As innovative and popular investment vehicles, futures and options present significant opportunities and maximum flexibility to both the experienced and first-time investor. Futures contracts allow individuals to trade contractual obligations to buy or sell a grain, metal, currency, index or other commodity at a specified price at a specified time. Buying options affords traders the right—not the obligation—to purchase or sell futures contracts at a specified price.

#### **Diversify and Hedge**

Futures contracts were developed to help smooth out commodity supply and seasonal fluctuations in demand throughout the year. They are used, along with options, to help producers and others hedge, that is, minimize, the loss associated with price risk.

Seasoned investors with positions in the stock and cash markets turn to futures and options to diversify their existing portfolios and to broaden the range of investing tools and strategies they employ in their pursuit of profits. In addition, these same experts use futures and options to protect their stock position from adverse increases or declines in stock prices. They “hedge” their stock or cash position—minimizing potential loss and managing their investment strategy—by making counterbalancing investments in the futures contracts or options of the corresponding stock index or currency index. By using futures and options, they secure this protection without incurring high transaction fees.

The wide variety of expiration dates for futures contracts and options and the broad range of strike prices for options provides traders with an expansive range of hedging alternatives. These alternatives allow traders to establish a price level today for currencies, stocks or commodities they plan to sell in the future.

#### **Leverage and Speculate**

Trading futures and options is not only for institutions and hedgers. Many individuals utilize this investment vehicle because it offers an inexpensive alternative to stock ownership and other traditional, costly investment routes. Unlike stock market investments, which typically require

margin deposits of at least 50% and major reserves of investment capital, individuals can trade futures contracts with a low initial and maintenance margin deposit, often as low as 5% to 10% of the underlying contracts' value.

And options present even greater leverage: options buyers pay the premium and transaction costs upfront and have no need to post additional margin.

Individuals who believe prices or market trends will behave in a particular way can speculate and profit on their opinions without investing the time and money necessary to select individual stocks—and without investing the significant capital required to actually purchase or deliver metals, grains, currencies, etc. In this way, futures and options allow speculators—members of the investing public as well as floor traders—to assume some of the price risk associated with commodities or other futures products and to profit from properly anticipated price changes. **(Of course, only those traders who understand the risks associated with trading should speculate; there is significant risk of loss when trading futures.)**

Consider for example, those investors seeking the benefits of a diversified equity portfolio or to profit from overall market trends. To best meet their goals, these traders may desire to replicate the industry standard—the S&P 500, which includes 500 of the largest-capitalization companies and represents a broad cross-section of the U.S. equity market, including stocks traded on several markets.

If these traders used traditional methods with a stock broker, the cost to purchase all of these stocks would be exorbitant and prohibitive—approximately \$350,000. Buying into the S&P 500 index to achieve the same result would require about half this investment; index shares are sold as securities and provide investment leverage of about 2-to-1. Futures contracts on the index offer the next most affordable investment vehicle with even greater leverage, with contracts valued at about 250 times the futures price. But for only about \$5,000—the low 5% margin on the current value of E-mini S&P 500 futures contracts—investors can find within their reach participation in the leading stock index, the benchmark of performance tracked by pension and mutual funds around the U.S. E-mini S&P 500 contracts are valued at about 50 times the futures price. (Similarly, E-mini NASDAQ 100 futures are currently valued at 20 times the futures price.)

### **Other Advantages**

Futures and options allow traders the flexibility to move beyond the tried-and-true strategy, “buy low and sell high,” to also sell high first and then seek to buy back low when the opportunity arises. This is known as short selling.

In addition, these vehicles also afford traders liquidity and accelerated opportunity. Because the index, currency and commodity markets move frequently, traders can encounter and exploit price fluctuation in periods as short as a day—or even intraday. And the large daily volume of futures and options trading allows traders to quickly make their plays and, just as quickly, move out or on to another market. Day trading is the term for this method of executing quick buy/sell and offset strategies in search of small profit objectives.

Buying options also presents the added advantage of limiting risk. Once an option is purchased, a buyer may recognize unlimited profit, but the most that he or she can lose is limited to the premium, or the price of the option, and transaction costs.

Finally, those trading futures and options can access information about the markets and investments with relative ease. They can trade the entire market without being forced to track the

daily business activities and boardroom decisions behind each and every stock they select. Futures and options traders can also rely on predictable, reliable public and private reports to understand price prospects for almost every commodity or futures contract traded.

Overall, the futures market has experienced tremendous growth and diversification in the last century and a half, with an ever-expanding list of commodities, interest rates and stock market indices available to trade. The development of regulated trading of options on futures contracts has added another dimension to futures trading. Even after all this innovation, the industry's primary purpose remains the same—to provide an efficient and effective mechanism for the management of price risk. It accomplishes this objective by offering speculators the opportunity to trade based on their investment in the market, thereby transferring price risk from the producer/hedger to the speculator.

## Why Trade with Alaron and ALARONLINE?

At Alaron, we enhance and magnify the benefits of trading futures and options by providing the tools necessary for educated trading. Keeping with our mission to “facilitate the trading of futures and options contracts as efficiently and most cost effectively as possible,” we add value by helping our clients make more informed trades more quickly.

### **ALARONLINE**

Our online trading service, ALARONLINE, uniquely builds on the strengths of futures and options trading by providing our customers with maximum leverage, convenience and information.

**High leverage through low margins.** ALARONLINE accounts require those trading futures and options contracts to maintain exchange minimum margins (subject to change without notice), the lowest performance bonds that industry standards allow.

***We remind potential traders that while the leverage associated with futures and options trading can present an advantage, it also increases the risk associated with trading.***

**Maximum convenience and speed.** Use your computer at home or at work (or both!) to access your ALARONLINE account 24 hours a day. Trade online and receive online confirmation of your trades within seconds of placing your orders. For certain contracts including the E-mini S&P 500 and the E-mini NASDAQ 100, trades are executed in GLOBEX2, the exchange's computer system; other electronically traded contracts are executed in other electronic trading systems.

In the future, still other contracts will be executed via computer trading to allow for faster order-fill response. For those contracts that remain “pit traded,” ALARONLINE employs a technologically advanced order-routing system that delivers the order directly to the broker's computer terminal in the trading pit or in an area adjacent to it. (Please be advised that only certain markets utilize this order routing system - ask your broker for details.)

Check open positions, access real-time quotes, monitor your account, view your daily trading activity and confirm account balances—all with privacy and security. And when you need convenient and speedy support—Online Trading Technical Support, Customer Service and even broker assistance—ALARONLINE delivers with just a click or a call.

**Accurate and comprehensive, “up-to-the-click”<sup>SM</sup> information.** Thoroughly research the futures market—access perhaps the only freely available and comprehensive daily research in the industry, read futures news, order trading books and publications, review historic price charts and

check **real-time** quotes—all without ever leaving the Alaron.com site and always just a click away from your trading account.

ALARONLINE provides everything you need to be an educated trader. Once you've researched online, we offer fast and accurate futures and options direct order placement along with real-time, up-to-the-click<sup>SM</sup> quotes and marked-to-market account information.

## **Alaron Account Types**

ALARONLINE excels in the online trading arena not only because it offers valuable and easy-to-use features but also because it offers the support of a full-service brokerage firm—an amenity typically unavailable through other online trading companies. We offer a comprehensive site and so much more, including six different types of accounts with varying levels of assistance tailored to your trading needs.

**ALARONLINE trading accounts.** Customers use these self-directed accounts to place their own orders online.

**Broker-assisted ALARONLINE trading accounts.** ALARONLINE customers are encouraged to treat their accounts as broker-assisted accounts, relying on our trading expertise and skills to overcome trading challenges or to meet their highest trading goals. The accounts are a hybrid of traditional broker assistance. They allow customers to discuss trading strategies, money management ideas, and stop loss placement with Alaron Account Executives, while providing the convenience of self-directed online orders.

Customers are encouraged to contact their Alaron Account Executive whenever they seek recommendations about the market or trading strategies. If an Account Executive has not already been assigned to them, customers may phone (800) 375-0029.

Those who trade online without an Alaron Account Executive may contact any of Alaron's market analysts listed on the Daily Research page on Alaron.com. For example, if you have a question about grain futures, you may consult Tim Hannagan at 800.611.4981. You may use the Daily Research page for the name and number of Alaron's trading experts and contact that individual and perhaps open an account to trade directly with that analyst.

**Professional discount brokerage.** Those traders who feel that they are knowledgeable enough to manage their own portfolio use Alaron's professional discount brokerage to trade directly through our discount trading desk and may monitor their account balances online if they chose. These customers, who have determined that they require only a facility through which to trade, make all their own trades and manage all the risk without the assistance of a broker.

**Broker-assisted and full-service accounts.** Alaron Account Executives are available to discuss your trading objectives and to tailor their services and commission rates to best suit your unique needs. Account executive services range from monitoring active day traders' order flow and market discipline to patiently educating new traders as they develop their own trading styles.

**Managed futures accounts.** Alaron's managed futures division is an ideal option for those clients who want to participate in the futures markets but have neither the time, disposition or experience to make their own trading decisions. Commodity trading advisors (CTA) with a proven track record of success, expertise and integrity manage the client's assets on a discretionary basis using futures markets as an investment vehicle. The CTA takes positions in the market, long or short, based on their projection of market movement, expecting to make a profit on the change in price.

**Alaron's Paper Trading accounts.** As part of our mission to build strong client relationships and educate our clients, Alaron offers a highly personalized and focused training tool—our Paper Trading Program. The program, offered by Alaron's Futures Training Division, allows beginners to gain confidence in trading and more experienced traders to refine systems and strategies—all before risking their funds.

Under the tutelage of an Alaron Account Executive, program participants work with real market data, making simulated trades to practice trading strategies. There is no substitute for experience, and paper traders gain theirs through futures teleconferences, consultations on trading strategies, access to industry-renowned analysts on staff; 24-hour access to real-time quotes and Alaron personnel, plus free charts, a newsletter, analyst reports, hotlines and trial subscriptions to magazines and other tools.

In order to participate in this program, a funded account is required.

Additionally, Alaron offers services to all Introducing Brokers—guaranteed, independent and foreign.

## Trading Resources

### ***Everything You Need to Be an Educated Trader***

Given the volatility of the futures and options markets, fast and accurate information is the very currency of trading. And whether you opt for Alaron's full-service brokerage services or trade your own account electronically on ALARONLINE, you'll find Alaron.com to be a comprehensive and valuable Web site, offering you all the reference and information tools you need to master futures and options trading and manage your account.

ALARONLINE users will find the site particularly useful, since essential trading information is always just one click away from their online trading account. Our seamless, easy-to-use site enables a customer in the midst of placing an order to click over to check a contract's expiration, size or point valuation; click to check real-time quotes; click to view a chart tracking the contract's price performance over the last day, week or month; click to check the descriptions of the order types and select the one that best suits the trading goal; and click back to finalize the trade. All these functions can be executed within seconds, without opening new screens or leaving the site.

### **Trader's Tools**

To free you up to focus on the performance and projections of the contracts that interest you most, the Alaron.com home page provides all the basic background data you need to understand and execute your trades. Alaron's Trader's Tools serve as a reference library for traders, listing:

- The abbreviations used to denote the contract months;
- The symbols used to denote the different types of contracts;
- Current margins and contract specifications, including each contract's trading hours, point values, tick fluctuations, sizes and initial maintenance and spread margins;
- The different order types, their modes of operation and the trading strategies they are best suited to execute; and

- Expirations for futures and options.

To provide even more trading assistance, Alaron.com also allows traders to order more than 25 free trading guides and materials, including recent government reports as well as booklets about futures markets, index products, agricultural crops, currency products and interest rate products.

Traders can also use our site to order free trial issues of futures and options magazines and newsletters, such as *Futures*, *Commodities Now*, *Trends in Futures* and *AgTrader*.

### **Alaron's Futures and Options Bookstore**

To help our customers navigate a confusing sea of trading advice and how-to guides, we've provided users with on-site access for reviewing and ordering the books and manuals we recommend as the most useful resources.

Without having to leave the Alaron.com site you can view books that feature the trading strategies of Alaron chairman Joel Greenberg and Alaron energy analyst Phil Flynn. Also highlighted are recommended books that cover all aspects of futures trading, options trading, trading methods, trading systems, day trading and technical analysis. These books vary in complexity from easy to read primers to more technical books that discuss sophisticated trading strategies and other information craved for by the seasoned trader.

With just a few clicks, users can order any of our recommended books through the secure and respected Amazon.com Web site, and can have the books shipped conveniently to their home or office.

### **Up-to-the-Click<sup>SM</sup> Quotes**

Informed investing requires instantaneous information. Every second counts when you are buying and selling in the market, since the best trading strategies are synchronized with the market and the best trading moves are tailored to the current performance of the market.

ALARONLINE customers simply log onto ALARONLINE for real-time quotes, provided "up to the click"<sup>SM</sup> with no delays, so that you never trade from outdated price information. Up to the click<sup>SM</sup> means that quotes are updated the instant you select to view them and that they present the most accurate picture available of the market. ALARONLINE customers can also access a customized and automated quote page, where they can simultaneously check the latest prices for up to 21 contracts that they wish to monitor.

Customers and visitors alike can access slightly delayed quotes at the Alaron.com Web site by clicking once on a contract type. These quotes are delayed about 10 to 15 minutes.

### **Futures Charts**

You may want to view historic price activity for a futures contract. Once you've accessed the contract price quotes at Alaron.com, click on the contract name to view the daily chart. You can then alter the chart to view weekly, monthly or intraday price activity. At Alaron.com, you can also select from several types of charts—moving average, stochastic, relative strength index and movement index charts—as well as several chart sizes and formats—bar, candle and line charts.

### **FREE Daily Research**

One of Alaron.com's most attractive features is the daily online research we provide to our customers and the public. Unlike other trading firms, we offer this service absolutely **Free**.

Alaron offers the public daily comprehensive analysis in the form of informative reports that assess and forecast trends and developments in:

- Bonds;
- Currencies;
- Energies;
- Grains;
- Livestock;
- Metals;
- NASDAQ futures and options;
- Options;
- S&P futures and options;
- Softs (cocoa, coffee, sugar, cotton and orange juice)
- Spreads
- Indicator Analysis;
- Technical Analysis;
- 1-2-3-4Futures™ Charts;
- Historical Trade;

Created by our own in-house experts, these daily reports provide not just information, but insight as well. These reports are written by renowned and respected author such as energy analyst Phil Flynn, a 20-year veteran of the futures industry and Chuck Levitt, one of the nation's most respected livestock economists, as well as, one of the most widely quoted sources of livestock market information and evaluation in the nation today.

In these daily reports our analysts interpret recent events, anticipate the day's trading, and share their fundamental and technical analysis, trading strategies, forecasts and personal recommendations so as to give our customers the best possible chance to succeed.

Our analysts have been quoted as experts in many respected business publications and media outlets such as the Wall Street Journal, Investors Business Daily, London Financial Times, Futures Magazine, Futures World News, Bloomberg, BusinessWeek, Reuters, CNBC and CBS Marketwatch.

## Futures News

Turn to this online feature throughout the day to learn about the latest government reports and market happenings. Alaron.com features real-time news stories and updates provided on our site by Futures World News.

Alaron.com's on-site links provide full-text articles on developments and market performance. It's like having your own correspondent on the trading floor—all without ever having to leave the site and always a click away from your trading account.

### **Alaron's Dedicated Online Trading Technical Support/ Customer Service/24-hour Trade Desk Assistance**

Trading your account electronically should never mean that you trade entirely on your own. Just as you will never be just another account number when you trade at Alaron, you will never be without support when you use our online services or Web site.

Alaron's Online Trading Technical Support can answer your questions about using the trading program or executing online trades. Whether you are trading online through ALARONLINE or using any of our comprehensive Web site resources, you can access our toll-free Online Trading Technical Support directly from Alaron.com. In fact when you use the Web site to notify us that you need help, **we'll** phone **you immediately!** Or, if you can't receive calls while connected to the Internet, you can direct us to phone you when you expect to be available or at a time most convenient for you—any time from the next 15 minutes to the next day. You can also phone (800) 700-3893.

Please remember that Online Trading Technical Support cannot provide market recommendations. Contact your Alaron Account Executive whenever you seek recommendations about the market or trading strategies. If an Account Executive has not already been assigned to you, please call (800) 375-0029.

If you trade online without an Alaron Account Executive you may contact any of Alaron's market analysts listed on the Daily Research page on Alaron.com. For example, if you have a question about grain futures, you may consult the Daily Research page for the name and number of Alaron's grain trading expert, contact that individual and perhaps open an account to trade directly with that analyst.

In addition, for assistance placing all other orders (those not placed online), customers can contact their Alaron Account Executive or Alaron's 24-hour Trade Desk at (800) 938-2824. To help you respond effectively to market conditions around the globe, Alaron Trading remains open all day, every day, and is always available to take orders. Since many U.S.-based contracts trade electronically after hours, and we monitor these and all overseas markets to keep you abreast of market conditions at all times.

And if you want to make special requests of Customer Service—such as requesting document or wire delivery or executing certain account transactions such as withdrawals or deposits—please call (800) 700-3903 between 7 a.m. to 5:00 p.m. CST or use our Web site to E-mail Alaron at [info@Alaron.com](mailto:info@Alaron.com) at any time day or night.

Trading Online with ALARONLINE

Alaron is at the forefront of electronic trading. Our online service, ALARONLINE, provides you 24-

hour access to your trading account through your personal computer. Convenient, private and secure, ALARONLINE offers yet another method for trading futures and options.

ALARONLINE is designed to allow traders flexibility and convenience by providing them timely market information and direct order placement through their computers. Whether you are at work or home, ALARONLINE allows you to:

- Place orders;
- Monitor your account;
- Check your open positions;
- View your daily account statement;
- Confirm account balances; and
- Access real-time quotes.

Aaron's Customer Service representatives are available to help you Monday through Friday, 7:00 a.m. to 5:00 p.m. CST at (800) 700-3903. Of course, you can always contact us—day or night—through the Alaron.com Web site by either E-mailing us or by notifying us that you want us to phone you. General information and assistance on order placement are available 24 hours a day, 365 days a year.

The following pages feature a user's guide spotlighting step-by-step instructions for making trades or monitoring your account via ALARONLINE. For your ease, we have grouped the steps by functions and have listed them as answers to questions most commonly asked by online traders.

### **What Are The Hardware and Software Requirements for Using ALARONLINE?**

As long as your computer has an **Internet connection**, you possess all the hardware and software you need to use ALARONLINE. ALARONLINE, which uses Web-based trading, is accessed from our Web site, [www.Alaron.com](http://www.Alaron.com), and does not require you to download any software.

### **How Can I Preview ALARONLINE?**

- To experience the ALARONLINE trading program firsthand before you become an ALARONLINE client, click to the far left of the Alaron.com header, on "Click Here to Trade."
- At the dialog screen requesting your account number and password, click "Demo Account" and click "Login." You will enter the demo version of ALARONLINE.
- The demo version will not provide real-time price quotes, but it will allow you to explore the functionality of our system. You can use the demo version to place simulated trades, to view simulated account balances, and to get comfortable placing trades online.

### **How Can I Open an ALARONLINE Account?**

In compliance with the Commodity Futures Trading Commission, individuals must complete and submit certain signed paperwork before opening an account.

### Step 1. Complete Forms

- You may download the account forms by visiting Alaron.com and clicking on the “Open an Account” button on the Alaron.com header. On the page titled, “Opening an Account,” you can click **Alaron Account Form** to download the necessary paperwork, including an additional risk disclosure form for your records.

The forms are provided in Adobe Acrobat Reader. If you do not have Adobe Acrobat Reader software loaded on your computer, you can download it free from the “Open an Account” page.

- If you are already an Alaron client and are interested in online trading, download the **ALARONLINE Form** from the “Open an Account” page.
- If you do not wish or are unable to download the necessary forms, you may use a link on the “Opening an Account” page to request that we send you the forms via the U.S. mail.
- Of course, you can always phone us at (800) 375-0029 or E-mail us at [info@Alaron.com](mailto:info@Alaron.com) to request the forms.

### Step 2. Submit Forms

- Completed forms should be returned to:

Alaron Trading Corporation

822 W. Washington Blvd.

Chicago, IL 60607

- Once Alaron has received your account forms and approved your new account, an Alaron Representative will phone you with an account number and will contact you via E-mail with your ALARONLINE access code.

### Step 3. Deposit Funds into Your ALARONLINE Account

Alaron has no minimum account balance. (We use exchange minimum margins that are subject to change without notice, and these margin balances must be maintained.) To open your account, you can send us a check payable—in the amount you determine—to Alaron Trading or wire the funds to:

Harris Trust and Savings

111 W. Monroe

Chicago, IL 60603

ABA#071-000-288

Credit: Alaron Trading Corporation Customer Segregated Funds Account

Account #165-083-7

Further credit to: [Your name and account number]

### How Do I Set and Change My ALARONLINE Password?

- Once Alaron has received your account form and approved your new account, an Alaron Representative will phone you with an account number and will contact you via E-mail with your ALARONLINE access code.
- To change the access code, phone (800) 700-3893 to contact Online Trading Technical Support (see [How Can I Access Online Trading Technical Support for ALARONLINE?](#) below).

### How Do I Connect to ALARONLINE?

ALARONLINE, which uses Web-based trading, is accessed from our Web site, [www.Alaron.com](http://www.Alaron.com).

- Once at our Web site, click to the far left of the Alaron.com header, on “Click Here to Trade.”
- Enter your account number and password and the dialog screen and click “Login.”
- ALARONLINE will open to an “Account Notices” page, listing the latest general information that will help you trade, as well as any account messages specific to your account.

### What Type of Contracts Can I Trade Through ALARONLINE?

Alaron is at the forefront of electronic trading. Our online service, ALARONLINE, provides you with 24-hour access to your trading account through your personal computer. ALARONLINE is another convenient, private, and efficient method for the trading of futures and options. *The following list of available contracts is subject to change.*

<b>Indices</b>	<b>Currencies</b>	<b>Financials</b>	<b>M</b>
S&P 500	Japanese Yen	T-Bonds	Gold
E-mini S&P 500	Swiss Franc	Eurodollar	Silver
NASDAQ 100	Deutsche Mark	Euroyen	HG Copper
E-mini NASDAQ	British Pound	T-Notes	Platinum
Dow Futures	Canadian Dollar	T-Bills	Palladium
NYFE	Euro Currency	Muni	
Internet Index	Mexican Peso	German Bund	
Nikkei	Australian Dollar		
Russell 2000	U.S. Dollar Index		
CRB	E-mini Euro Currency		
MidCap 400	E-mini Japanese Yen		
KCVL			

<b>Energies</b>	<b>Meats</b>	<b>Grains</b>	<b>S</b>
Crude Oil	Live Cattle	Soybeans	Cocoa
Heating Oil	Lean Hog	Wheat	Sugar
Unleaded Gas	Pork Bellies	Corn	Coffee
Natural Gas	Feeder Cattle	Oats	Cotton
Propane		Soy Meal	Orange Juice
		Soy Oil	Lumber
		KC Wheat	
		MW Wheat	

### What Types of Orders Can I Place Through ALARONLINE?

These orders can be placed for futures and options trades:

#### Market Order

Order that does not specify a price; executed at the best possible price currently available.

#### Market if Touched (MIT) Order

A “market if touched” order specifies a price, but MIT orders become market orders once the market reaches or passes through the limit price. This order may be executed at, above or below the originally specified price; “MIT buy” orders are placed below the current price, while “MIT sell” orders are placed above the current price.

#### Market on Close (MOC) order

Order executed during the final minutes of trading at the best possible price.

#### “Or Better” (OB) Order

This order obligates the pit broker to secure the best possible price for the customer; think of it as a market order with a limit. If an order is not designated with an OB and the current market price is close to the price specified in the order, the pit broker may question the runner to determine whether the order should have been a stop order. In this case, the order may be returned for clarification, which could delay execution of the order and could change the results of the fill.

#### Market on Opening (MOO) Order

Order executed during the opening range of trading at the best possible price obtainable within the opening range.

#### Stop Order

Stop orders become market orders and are then executed only when the market trades at a specified price. Stop orders can be used to minimize a loss on a long or short position, to protect a profit on an existing long position or short position, or to initiate a new long or short position. A “buy stop” order is placed above the current price; a “sell stop” order is placed below the market.

#### Spread Order

Placing two or more opposite orders in an attempt to gain more price control by maintaining counterbalancing long and short positions in different contracts or in different months within the

same contract; also an order to buy and sell two different contracts at a specified differential. Traders use spread to gain arbitrage—simultaneous purchase and sale of futures or options contracts that seeks to benefit from price variations.

You must also designate each order as a day or open order:

### Day Order

Day orders expire if they cannot be executed (e.g., the market price does not reach or pass through the limit price of the order) on the day they were placed.

### Open Order

Open orders continue to exist until they are executed. If an open order cannot be executed on the day it is placed (e.g., because the market price does not reach or pass through the limit price of the order) it will be filled on the next trading day or stay open until it can be filled, is canceled or the contract expires.

### How Can I Research Trades?

Alaron.com is a comprehensive and valuable Web site, offering all the reference and information tools you need to master futures and options trading and manage your account.

1. From the home page, click on **Trader's Tools** to identify contract types and abbreviations and to check current margins and contract specifications, including each contract's trading hours, point values, tick fluctuations, sizes and initial maintenance and spread margins.
2. Click on the Daily Research button on the Alaron.com header to read daily reports written by our own in-house experts about all the futures and options sectors.
3. Click on the Futures News button on the Alaron.com header to read full-text news stories and updates on developments and market performance from Futures World News.
4. When you are logged into your account, check up-to-the-click<sup>SM</sup> price quotes with ALARONLINE.
  - From ALARONLINE, click on **Quick Quotes**, type in the abbreviation of the contract for which you are seeking price information on and click "Get Quote." (To find the appropriate contract abbreviation, click on **Trader's Tools** on the Alaron.com home page.)
    - To enter a futures quote, enter the futures contract symbol followed by the month symbol and a one-digit number for the year. For example, a March S&P 500 futures contract would be SPH0; a March soybeans futures contract would be SH0.
    - To enter an options quote, enter the contract symbol as noted above followed by a "space," then enter the strike price followed by a P (put) or a C (call). For example, a December 2000 S&P 1400 call would be SPZ0 1400C; a November 2000 soybeans 525 put would be SX0 525P.
  - Or click **Online Quotes** to simultaneously access quotes for up to 21 custom futures and options contracts that you preselect. Once at this page, click refresh to view the latest

quotes. (See [How Can I Create an Automated Quote Page for Checking Contracts That I Wish to Monitor?](#))

5. Check futures price charts by clicking the Quotes and Charts button on the Alaron.com header, selecting the futures contract type from the list that appears and then clicking the contract name.
  - You can modify the chart that appears by changing the period it covers to daily, weekly, monthly or even intraday.
  - You can also change the chart study to moving average, stochastic, relative strength index or movement index charts.
  - You can change the chart type to bar, candle or line charts.
  - You can adjust the chart density and size.
  - After modifying chart parameters, click on “Reset Values.”
  - If you wish to chart price performance for another futures contract, type the abbreviation in the “Contract” box or select the futures contract name and date from the pull-down menus and click “Get Chart.”

#### How Can I Create an Automated Quote Page for Checking Contracts That I Wish to Monitor?

- Click **Online Quotes**.
- Type in the abbreviations denoting the contracts for which you plan to regularly seek price information.

(To find the appropriate contract abbreviation, click on **Trader’s Tools** on the Alaron.com home page.)

To enter a futures quote, enter the futures contract symbol followed by the month symbol and a one-digit number for the year. For example, a December S&P 500 futures contract would be SPZ0; a November soybeans futures contract would be SX0.

To enter an options quote, enter the contract symbol as noted above followed by a “space,” then enter the strike price followed by a P (put) or a C (call). For example, a December 2000 S&P 1400 call would be SPZ0 1400C; a November soybeans 525 put would be SX0 525P.

- You may enter up to 21 contract abbreviations.
- When you have finished entering the contract abbreviations click “Save and Refresh.” The latest, up-to-the-click<sup>SM</sup> price quotes will appear.
- Once this page is programmed, you can click here at any time to simultaneously view the latest quotes for these contracts. Click “Refresh” to bring up the latest quotes.
- To change contracts, enter new contract names and click “Save and Refresh.”

## How Can I Place Trade Orders?

ALARONLINE uses four primary order forms for the placement of all electronic orders: a futures order, an options order, a futures spread order and an options spread order. Orders placed electronically after trading hours will be executed the next trading day. To place orders OTHER THAN online orders, customers can contact Alaron's 24-hour Trade Desk at (800) 938-2824, 7 days a week.

### *Futures Order*

1. Click **Futures Order**.
2. Click buy or sell.
3. Select the contract you wish to trade from the pull-down menu under "Contract." The contracts are listed by categories, with the abbreviation for the market at which the contract is traded listed behind each contract name.
4. Use the pull-down menus to select the month and year of the contract.
5. Enter the quantity of contracts you wish to trade.
6. Select the order type from the pull-down menu.
7. Enter the price at which you want to trade the contract.
  - When entering a price, do not enter a decimal point. (See **What Types of Orders Can I Trade Through ALARONLINE?** for more information about the different types of orders described below.)
  - Do not enter a price if you are placing a "market," "market on close" or "market on open" order. The market price will be the price at which your order is executed.
  - If placing an "MIT" or "market if touched" order, the order will be executed at the market price once the market reaches the price you specify.
  - If placing an "or better" order, the order will be executed at the price you specify or, if the market outperforms your bid or offer, a more advantageous price.
  - If placing a "stop" order, your order will be executed at the market only when the market trades at the price you specify. A "buy stop" order is placed above the current price; a "sell stop" order is placed below the market.
8. Select day or open order. Day orders expire at the end of the trading session; open orders remain until they are executed, are canceled or the contract expires.
9. Select day or night from the pull-down menu for "Trd. Session"
10. Click "Preview Order."

11. A preview summary indicates whether the order is complete or additional data must be entered. The "Order Preview" summarizes the order and indicates the latest tick on the contract.
12. Click "Edit Order" to alter your trade or "Submit Order" to approve it.
13. Once you click "Submit Order," your order will be routed for execution. An "Order Status" form will appear, indicating the number of your order.
14. You may click "Working Orders" on the "Order Status" form to view, cancel or alter any pending orders listed on the **Working Orders** page.
15. Check **Today's Fills** to view the price at which your order was executed.
16. Click "Update Information." This page shows the profit/loss of the futures trade up to the click<sup>SM</sup>.

### **Options Order**

1. Click **Options Order**.
2. Follow Steps 1–9 as listed in the [Futures Order](#) instructions.
3. Enter a strike price for the options contract.
4. Click put or call for the options contract.
5. Click open or close for the options contract.
6. Follow Steps 10–16 as listed in the [Futures Order](#) instructions.

### **Futures Spread Order**

1. Click **Futures Spread Order**.
2. For Leg 1 of the spread order:
  - Select the contract you wish to trade from the pull-down menu under "Contract." The contracts are listed by categories, with the abbreviation for the market at which the contract is traded listed behind each contract name.
  - Use the pull-down menus to select the month and year of the contract.
3. Perform Step 2 for Leg 2, and if necessary, Leg 3 of the spread order.
4. Click buy or sell for Leg 2, and if necessary, Leg 3 of the spread order
5. Enter the quantity of contracts you wish to trade in each of the legs.
6. Select the order type from the pull-down menu.

7. Enter the premium (the cost difference you desire between the contracts).
8. Select the leg of the spread order to which you want the premium applied.
9. Select day or open order. Day orders expire at the end of the trading session; open orders remain until they are executed, are canceled or the contract expires.
10. Select day or night from the pull-down menu for "Trd. Session"
11. Click "Preview Order."
12. A preview summary indicates whether the order is complete or additional data must be entered. The "Order Preview" summarizes the order and indicates the latest tick on the contract.
13. Click "Edit Order" to alter your trade or "Submit Order" to approve it.
14. Once you click "Submit Order," your order will be routed for execution. An "Order Status" form will appear, indicating the number of your order.
15. You may click "Working Orders" on the "Order Status" form to view, cancel or alter any pending orders listed on the **Working Orders** page.
16. Check **Today's Fills** to view the price at which your order was executed.
17. Click "Update Information." This page shows the value of the option.

### **Options Spread Order**

1. Click **Options Spread Order**.
2. Follow all the steps listed in the [Futures Spread Order](#) instructions, being sure to enter strike prices for the contracts at Step 2 and after Step 5.
3. Enter the strike price for the options in each of the legs.
4. Click put or call for each of the legs.
5. Click open or close for each of the legs.
6. Enter the premium (the cost difference you desire between the contracts).
7. Select the leg of the spread order to which you want the premium applied.

### **What Happens To My Trade Order Once I Place It?**

Once you submit an online order, your order is routed electronically through Alaron to the appropriate exchange, where it is filled per your instructions (if possible). When your order is executed, the fill is confirmed to your account.

For certain contracts including the E-mini S&P 500 and the E-mini NASDAQ 100, trades are executed in GLOBEX2, the exchange's computer system; other electronically traded contracts are executed in other electronic trading systems. In the future, still other contracts will be executed via computer trading to allow for faster order-fill response.

For those contracts that remain "pit traded," ALARONLINE employs a technologically advanced order-routing system that delivers the order directly to the broker's computer terminal in the trading pit or in an area adjacent to it.

### **How Can I Confirm That My Trades Have Been Executed?**

- Click **Today's Fills**.
- Click "Update Information" to view the orders that have been executed. This page shows the profit/loss of the futures trade or the value of the option.
- Those orders that have been placed but not yet executed will be posted on the **Working Orders** page.

### **How Can I Change or Cancel My Trade Orders?**

- Orders not yet executed can be canceled or modified from the **Working Orders** page.
- From the list of pending orders, click on the order number you wish to cancel or change.
- Click "Cancel" or "Cancel/Replace."
- Modify the order as you wish; click "Order Preview" and then "Submit Order."

### **How Can I Check My Open Positions?**

- Click **Open Positions**.
- Click "Update Information" for an up-to-the-click<sup>SM</sup> listing of your open positions by trading date. The listing will also indicate whether the open positions are long or short as well as their option value or the profit/loss on the futures contracts in accordance with the current price.

### **How Can I View My Daily Statements?**

- Click **Today's Statement**. You can print this page for your records.
- Please report any account discrepancies immediately. The failure to immediately exercise your right to have errors corrected may be deemed your agreement that your account is correct and ratified. However, accounts are subject to Alaron's corrections or adjustments at any time.

### **How Can I Confirm Account Balances?**

- Click **Account Status**.
- Click "Update Information." This will mark your account to the market and update all your

trades up to the click<sup>SM</sup>.

### **How Can I Deposit Funds to My ALARONLINE Account?**

You can wire funds, send checks payable to Alaron Trading or transfer other trading accounts into your ALARONLINE account.

#### **Option 1. Wire Funds**

You should wire funds to:

Harris Trust and Savings

111 W. Monroe

Chicago, IL 60603

ABA#071-000-288

Credit: Alaron Trading Corporation Customer Segregated Funds Account

Account #165-083-7

Further credit to: [Your name and account number]

#### **Option 2. Send Checks**

You can send checks payable to Alaron Trading to:

Alaron Trading Corporation

822 W. Washington Blvd.

Chicago, IL 60607

When depositing funds by check, please be sure to include your Alaron account number on the check.

#### **Option 3. Transfer Accounts**

You may transfer another trading account from another trading firm into your ALARONLINE account. Such a transaction should transfer within three days all the cash balances, open positions, Treasury Bills and collateral. To obtain the form necessary to execute such a transfer, contact your Alaron Account Executive or Customer Service at (800) 375-0029.

### **How Can I Withdraw Funds From My ALARONLINE Account?**

To request that Alaron wire funds from your account or send you a check from your account balance:

1. Call Alaron Customer Service at (800) 700-3903 between 7 a.m. and 5:00 p.m. CST.

**OR**

2. Contact your Alaron Account Executive.

**OR**

3. E-mail Alaron at [info@Alaron.com](mailto:info@Alaron.com) at any time day or night.

### **How Can I Access Online Trading Technical Support for ALARONLINE?**

Alaron's Online Trading Technical Support can answer your questions about using the Web site and the online trading program or executing online trades.

Please remember that Online Trading Technical Support cannot provide market recommendations. Contact your Alaron Account Executive with all questions regarding trading advice. If an Account Executive has not already been assigned to you, please call (800) 375-0029.

You can access our Online Trading Technical Support directly from the Alaron.com Web site or by contacting us via phone (toll-free) or E-mail:

1. When you use the Web site to notify us that you need help, we'll phone you within minutes or at a time you designate as more convenient for you.
  - Click on the phone icon on the far right-hand corner of the Alaron.com header.
  - On the "Instant Call Form" that appears, enter your phone number in the appropriate boxes, along with your name and E-mail address.
  - Select the time period when you would like us to phone you— anytime from immediately to the next day.
  - Click the Call Me! button.

**OR**

2. Contact ALARONLINE Trading Technical Support at (800) 700-3893.

**OR**

3. E-mail us at [techsupport@Alaron.com](mailto:techsupport@Alaron.com).

### **How Can I Access Broker Assistance for Online Trading?**

When you trade via ALARONLINE, you benefit from the services of an Alaron Account Executive. Contact your Alaron Account Executive whenever you seek recommendations about the market or trading strategies. If an Account Executive has not already been assigned to you, please call (800) 375-0029.

If you trade online without an Alaron Account Executive, you may contact any of Alaron's market analysts listed on the Daily Research page on Alaron.com. For example, if you have a question

about grain futures, you may consult the Daily Research page for the name and number of Alaron's grain trading expert, contact that individual and perhaps open an account to trade directly with that analyst.

We know you will find trading with Alaron and ALARONLINE an efficient, cost-effective and convenient experience. We look forward to providing you the tools and expertise you need to make the most informed trades.

## Trading Glossary

<b>Account Executive</b>	Your Alaron broker. Alaron Account Executives are available to discuss your trading objectives and to tailor their services and commission rates to best suit your unique needs. Broker services range from monitoring active day traders' order flow and market discipline to patiently educating new traders as they develop their own trading styles. ALARONLINE customers are encouraged to treat their accounts as broker-assisted accounts; the accounts are a hybrid of traditional broker assistance. They allow customers to discuss trading strategies, money management ideas, and stop loss placement with Alaron Account Executives, while providing the convenience of self-directed online orders.
<b>actuals</b>	physical commodities; also cash commodities; the commodities (pork bellies, wheat, etc.) or instruments (stocks, currencies, etc.) "behind" or underlying the futures contracts or options being traded. Delivery of actuals rarely results from futures trading—profits are made by buying or selling offsetting futures contracts prior to the delivery date and most futures contracts are liquidated (sold) or settled for cash.
<b>ALARONLINE</b>	State of the art online trading platform which includes FREE research, quotes & charts, futures news, and <a href="#">up to the click<sup>SM</sup></a> account balances.
<b>arbitrage</b>	simultaneous purchase and sale of commodities that seeks to benefit from price variations. Arbitrage is executed through a "spread" between commodities, futures or options. Some arbitrage strategies seek to exploit price differences across the same commodity, futures contract or option being delivered in different months or being traded on different exchanges, others target anticipated price differences across commodities, futures or options.
<b>at the money</b>	said of an option with a strike price equal—or roughly equal—to the current price of the underlying futures contract. Given the premium paid for an option, at-the-money options are not worth exercising and are usually allowed to expire.
<b>basis</b>	the variance between the price of a futures contract and the cash price of the commodity or instrument; basis reflects supply and demand and carrying costs.
<b>bearish</b>	said of a trading outlook or strategy that anticipates a decline in prices.
<b>beta</b>	measures the correlation between the movement of a stock or index and the movement of the overall stock market.
<b>bid</b>	price at which a party is willing to buy futures and options.

<b>break-even point</b>	futures price at which exercising an option allows the trader to recoup the cost of the option's premium but does not create a profit. Traders break even on call options when the futures price is equal to the strike price plus the premium; they break even on put options when the futures price equals the strike price minus the premium.
<b>broker</b>	representative acting as an agent in customer trades. Brokers may only execute orders for a customer or may also advise a customer on trading information and trading actions. See Account Executive.
<b>bullish</b>	said of a trading outlook or strategy that anticipates a rise in prices.
<b>call option</b>	right—not an obligation—to buy a futures contract at a specific price; purchased when the trader believes the price of a futures contract will rise above the option's exercise price. For the writer of a call option, the contract represents an obligation to sell the futures contract if the option is assigned.
<b>carrying charges</b>	costs incurred by holding actuals (the physical commodity); includes costs associated with storage, insurance and warehousing.
<b>cash settlement</b>	process by which the terms of a futures or options contract are fulfilled through the payment or receipt in dollars of the amount by which the futures or options contract is in the money. For example, quarterly index options and futures contracts that remain in the money on the last trading day are actually settled in cash for their in-the-money value (the underlying stocks are not delivered). See actuals.
<b>CFTC</b>	Commodity Futures Trading Commission; the federal regulatory agency charged with regulating futures trading.
<b>clearinghouse</b>	division of an exchange that adjusts and clears all executed buy and sell orders; acts as an intermediary; is the buyer to all sellers and the seller to all buyers.
<b>clearing member</b>	a member of a clearinghouse; all buy and sell orders must be registered and eventually settled through a clearing member.
<b>close</b>	period at the end of the trading session, officially designated by the exchange.
<b>commission</b>	fee charged by a broker to a customer for performance of a specific duty, such as the buying or selling of futures contracts.
<b>contract</b>	a unit of trading for commodity futures or options.
<b>contract month</b>	see delivery month.
<b>convergence</b>	the tendency for prices of actuals and futures contracts to approach one another; usually occurs near or during the delivery month.
<b>conversion</b>	a position created in futures contracts (with the same exercise price and expiration date) by selling a call option, buying a put option and buying the underlying futures contract.
<b>cross-hedge</b>	hedging a cash market position in a futures contract for a different but price-related commodity.
<b>CTA</b>	commodity trading advisor; operates as a money manager for managed futures accounts; paid to issue analyses or reports on commodities; may trade a system.

<b>daily price limits</b>	maximum price advance or decline that a futures contract may move in one trading session from the previous day's closing price; set by the exchange. Once a price has increased (or declined) by its daily limit, no trading can occur at a higher (or lower, if declined) price until the next day of trading.
<b>day order</b>	expires if it cannot be executed (e.g., the market price does not reach or pass through the limit price of the order) on the day it was placed.
<b>day trading</b>	short-term trading strategy under which traders liquidate or close out all positions within a day's trading session; these traders do not carry open positions overnight.
<b>delivery</b>	the tender and receipt of an actual commodity or cash upon the expiration date of a futures contract.
<b>delivery month</b>	the futures contract month in which the futures contract must be fulfilled with delivery or cash settlement if the contract is held to expiration.
<b>delta</b>	measures the degree to which an option premium will be affected by a change in the price of the underlying futures contract. Options that are in the money are more likely to move in response to changes in the underlying futures price than options that are at or out of the money.
<b>derivative</b>	financial instruments or arrangements that derive their value from an underlying stock, bond, commodity or other asset. Futures, swaps, some forwards, options and warrants and certain mortgage-backed securities are forms of derivatives.
<b>disclosure document</b>	document that must be provided to and signed by prospective customers; describes fees, performance, etc.
<b>exercise</b>	electing to purchase (call) or sell (put) the underlying futures contract at the option strike price. Only the option holder can exercise an option; American-style options can be exercised anytime during the life of an option. European-style options can be exercised only at a specified time prior to expiration.
<b>exercise price</b>	strike price; predetermined price at which an option holder may choose to exercise his or her option to buy (call) or sell (put) a futures contract.
<b>expiration date</b>	last day to exercise or offset an option. Options often expire on a month prior to the delivery month of the underlying futures contract; once they expire, options no longer convey any rights.
<b>fill or kill order</b>	order instructing the floor broker to buy or sell at a specified price; if the order cannot be filled immediately, it is immediately canceled.
<b>first notice day</b>	the first day when "Notices of Intent to Deliver" the physical commodity can be made by the seller to the clearinghouse and by the clearinghouse to a buyer.
<b>floor broker</b>	a trader on an exchange floor who executes trading orders for others.
<b>floor trader</b>	exchange member who executes his or her own trades by being personally present in the trading pit or place for futures trading.
<b>fundamental analysis</b>	analysis of the value of futures or options based on the elements of supply or demand or on "story-telling" factors: weather and seasonality factors for commodities, government statistics or reports for commodities and instruments, etc.
<b>futures commission merchant</b>	organization or individual that solicits or accepts orders for the purchase or sale of any commodity for future delivery of any contract market. An FCM accepts payment from or extends credit to those whose orders are accepted. Alaron is an FCM.

<b>futures contract</b>	a commitment to make or take delivery of a specific quantity and quality of a given commodity at a predetermined place and time in the future. All contract terms—quantity, quality and time—are standardized, with the price being set by open outcry in the pit on the trading floor of the commodity exchange.
<b>hedge</b>	protect against price risk or change by making counterbalancing investments. Typically, hedgers forgo an opportunity for greater profits from a favorable price movement to protect themselves from the potential of an opposite movement in price. For example, traders may hedge their investments in the cash markets (such as the stock market) with opposite positions in the futures contracts or options of the corresponding stock index.
<b>holder</b>	option buyer; decides whether to exercise an option or allow it to expire.
<b>initial margin</b>	minimum funds required to be deposited by those trading futures contracts at the time an order is placed to buy or sell a futures contract. See margin and performance bond.
<b>in the money</b>	a call is in the money if its strike price is below the current market price; a put is in the money if its strike price is above the current market price. In-the-money options with a value above the break-even point result in profit for traders and are typically exercised. All in-the-money options are automatically exercised by the exchange after the close of trading on the last day of trading. However, automatic exercise can be canceled if notice is given to the exchange by 6 p.m. on the last day of trading prior to expiration.
<b>intrinsic value</b>	degree to which an option is in the money; profit that could be realized by exercising an option with a given strike price. A call option has intrinsic value if its strike price is below the futures price; a put option has intrinsic value if its strike price is above the futures price. Options out of or at the money have no intrinsic value; they are worthless.
<b>introducing broker</b>	IB; individual who is engaged in soliciting or accepting orders for the purchase or sale of futures, and who—unlike a futures commission merchant—does not accept payment or extend credit for any trades or contracts.
<b>last trading day</b>	day on which trading ceases for the current delivery month; varies by commodity or instrument.
<b>leverage</b>	ability to control large dollar amounts of a commodity with a comparatively small amount of capital.
<b>limit order</b>	order to buy or sell at a designated price; limit orders to buy are placed below the current price, while limit orders to sell are placed above the current price. In most instances, a limit order will not be executed until the market trades above or below the limit price.
<b>local</b>	member of exchange who trades his own account or fills orders for customers.
<b>long hedge</b>	purchase of futures against anticipated need for a cash commodity to protect against an increase in the commodity's value.
<b>long position</b>	when a trader has purchased futures or options contracts without making an offsetting sale or offsetting options trade. Holders of long positions profit from rising prices.

<b>maintenance margin</b>	minimum margin (on outstanding futures contracts) that a customer must maintain. See margin, margin call and performance bond.
<b>managed futures</b>	investment vehicle using an investment manager (commodity trading advisor or CTA) to buy and sell futures and options on behalf of the customer. Unlike the arrangement for other individual brokerage accounts, CTAs (money managers) maintain total discretionary management of client assets in managed futures accounts. Each individual investor must enter into an advisory agreement with the commodity trading advisor and must deposit funds into a trading account based on minimums the commodity trading advisor considers adequate to implement his or her programs and to achieve proper account diversification.
<b>margin</b>	minimum funds required to be deposited by those trading futures contracts. (Options are purchased with cash and do not require traders to post margin.) Funds are deposited with brokers. In trading, margin is used as a performance bond to ensure contract fulfillment; it is not a down payment for purchases, as in the securities industry. Losses resulting from trading are subtracted each day when the account is marked to market. Any resulting gains may be withdrawn from the account. The exchange sets the margin for brokerage firms, which in turn set margin for customers.
<b>margin call</b>	notice that a customer must deposit additional funds to maintain "maintenance margin" in his or her account. Margin calls are made when a change in price results in losses on a customer's open position and reduces the account below minimum margin requirements.
<b>marked to market</b>	when trading accounts are credited or charged based on the profit or loss created by price changes affecting open positions. Accounts are marked to market for each day's trading session.
<b>market on close (MOC) order</b>	order executed during the final minutes of trading at the best possible price.
<b>market on opening (MOO) order</b>	order executed during the opening range of trading at the best possible price obtainable within the opening range.
<b>market order</b>	order that does not specify a price; executed at the best possible price currently available.
<b>MIT order</b>	as with a limit order, "market if touched" specifies a price, but MIT orders become market orders once the market reaches or passes through the limit price. This order may be executed at, above or below the originally specified price; "MIT buy" orders are placed below the current price, while "MIT sell" orders are placed above the current price.
<b>NFA</b>	National Futures Association; a self-regulatory organization for the U.S. futures industry committed to protecting the rights of investors in the futures markets.
<b>offer</b>	indicated willingness to sell a futures contract or option at a given price.
<b>offset</b>	liquidate or purchase futures contracts through the sale of an equal number of contracts of the same delivery month, or covering a short sale of futures through the purchase of an equal number of contracts of the same delivery month.

<b>one cancels the other (OCO) order</b>	a combination of two orders written on one order ticket instructing the floor broker to cancel the remaining side of the order when one side is executed. The customer eliminates the possibility of a double fill by placing both instructions on one ticket rather than two.
<b>opening range</b>	range of prices at which buy and sell transactions took place during the opening of the market.
<b>open interest</b>	total number of futures contracts or options outstanding on a given commodity. Markets with high open interest are more liquid.
<b>open order</b>	continues to exist until it is executed. If an open order cannot be executed on the day it is placed (e.g., because the market price does not reach or pass through the limit price of the order) it will be filled on the next trading day or stay open until it can be filled, is canceled or the contract expires.
<b>open outcry</b>	method of public auction for making bids and offers in the trading pits of futures exchanges.
<b>open trade equity</b>	unrealized gain or loss on open positions.
<b>option</b>	the right—not the obligation—to purchase (call option) or sell (put option) a futures contract at a stated price at any time before a specified date. Options are bought and sold at a premium—a price agreed to through open competition between buyers and sellers. Traders buy calls and sell puts when they believe futures prices will increase; they buy puts and sell calls when they believe futures prices will decrease.
<b>“or better” order</b>	obligates the pit broker to secure the best possible price for the customer; think of it as a market order with a limit. If an order is not designated with an OB and the current market price is close to the price specified in the order, the pit broker may question the runner to determine whether the order should have been a stop order. In this case, the order may be returned for clarification, which could delay execution of the order and could change the results of the fill.
<b>out of the money</b>	said of an option with no intrinsic value. These options are not worth exercising because their strike price is either below current market price in the case of long puts, or above current market price in the case of long calls.
<b>out trade</b>	trade that cannot be cleared by a clearinghouse because the data submitted by the two clearing members involved in the trade differ in some way.
<b>overbought</b>	technical opinion that the market price has risen too steeply and too fast in relation to underlying fundamental factors.
<b>oversold</b>	technical opinion that the market price has declined too steeply and too fast in relation to underlying fundamental factors.
<b>performance bond</b>	margin; minimum amount of funds required to be deposited by those trading futures contracts. (Options are purchased with cash and do not require traders to post margin.) In trading, margin is used as a performance bond to ensure contract fulfillment. That is, losses resulting from contract trading are subtracted from a margin account each day when the account is marked to market. A performance bond is typically around 10% of a position’s value.
<b>pit</b>	area on the trading floor of some exchanges where trading in futures contracts or options is conducted by open outcry.

<b>point</b>	see tick.
<b>position trading</b>	buying or selling contracts and holding them for an extended period of time; opposite of day trading.
<b>premium</b>	price of an option; agreed to through open competition between buyers and sellers. The maximum amount an option buyer can lose. Premium does not include related brokerage commission fees.
<b>put option</b>	right—not an obligation—to sell a futures contract at a specific price; purchased when the trader believes the price of a futures contract will decline below the option's exercise price.
<b>pyramiding</b>	using unrealized profits on existing futures positions as margin to increase the size of the position, normally in successively smaller increments.
<b>round turn</b>	completed futures transaction involving both a purchase and a liquidating sale, or a sale followed by a covered purchase.
<b>scalper</b>	trader who trades for small, short-term profits during the course of a trading session, rarely carrying a position overnight; see day trading.
<b>settlement price</b>	daily price at which the clearinghouse settles all accounts between clearing members for each contract month. Settlement prices are used to determine both margin calls and invoice prices for deliveries. The term also refers to a price established by the clearing organization to calculate account values and determine margins for those positions still held and not yet liquidated.
<b>short hedge</b>	sale of futures against ownership of a cash commodity to protect against decline in the commodity's value.
<b>short position</b>	when a trader has sold open contracts or written an option without making an offsetting purchase or option trade. Holders of short positions profit when prices fall in the case of futures and calls. Short puts profit from a rise in prices.
<b>softs</b>	a category of food and fabric commodities: sugar, cocoa, coffee, orange juice, cotton and lumber.
<b>speculate</b>	assume—and seek to profit from—the risk associated with price fluctuations of commodities and instruments over time. Speculators may be the general public or may be floor traders operating as exchange members in the trading pits.
<b>spot price</b>	current market price of the underlying instrument; cash price.
<b>spread</b>	price difference between long positions and short positions in different contracts or in different months within the same contracts; also an order to buy and sell two different contracts at a specified differential. Traders use spread to gain arbitrage—simultaneous purchase and sale of contracts that seeks to benefit from price variations.
<b>stop close only order</b>	an order for which a stop price will be triggered only if the market reaches the stop during the close of trading. While this type of order can protect a customer from the order being executed during adverse price fluctuations during the day, it may cause the order to be executed at an undesirable price in a fast market during the last few minutes of trading.
<b>stop limit order</b>	an order that specifies two prices in an attempt to gain more control over the price at which the stop is executed. The first part of the order is written as a stop order; the second part of the order specifies a limit price. A stop limit order indicates that once the stop is triggered, the customer does not wish to have the order executed beyond the limit price. Stop limit orders should typically not be used when trying to exit a position.

<b>stop order</b>	stop orders become market orders and are then executed only when the market trades at a specified price. Stop orders can be used to minimize a loss on a long or short position, to protect a profit on an existing long position or short position, or to initiate a new long or short position. A “buy stop” order is placed above the current price; a “sell stop” order is placed below.
<b>straddle</b>	the purchase of both a put and a call with the same exercise price, expiration date, and underlying instrument.
<b>strangle</b>	the purchase of a put and a call with the same expiration date and underlying instrument but different exercise prices.
<b>strike price</b>	exercise price; predetermined price at which an options holder may choose to exercise his or her option to buy (call) or sell (put) a futures contract.
<b>T-bills</b>	Treasury bills; short-term U.S. government obligations, generally issued with 13-, 26- or 52-week maturities.
<b>T-bond</b>	Treasury bonds; long-term obligations of the U.S. government that pay interest semiannually until they mature or are called, at which time the principal and the final interest payment are paid to the investor.
<b>technical analysis</b>	analysis of the value of a futures contract or option based on price patterns, price charts or market elements such as volatility, volume, etc.
<b>theta</b>	measures the sensitivity of the value of an option to the passage of time.
<b>tick</b>	the minimal fluctuation recognized in the price of a futures contract or option; the unit of measure for all price movement on contracts. Set by the exchanges, ticks vary by commodity, instrument and contract. The tick for live cattle futures is .025 cents a pound and thus valued at \$10 a tick; the tick for S&P 500 index futures is .05 index points and valued at \$25 a contract. Also known as a point.
<b>time value</b>	equal to an option’s premium minus its intrinsic value. The time value of an option is greater the farther in the future it expires and the greater the volatility of the underlying futures price—these factors make it more likely that an option will be in the money before it expires. Time value erodes as an option nears its expiration date.
<b>Treasury Notes</b>	medium-term obligations of the U.S. government that pay interest semiannually until they mature.
<b>uncovered sale</b>	selling an option without a position in the underlying futures contract.
<b>underlying futures contract</b>	futures contract that the option conveys the right to buy (in the case of a call) or sell ( in the case of a put).
<b>up to the click<sup>SM</sup></b>	ALARONLINE's unique and speedy system for providing immediate access to the latest price quotes and for crediting profits and charging losses to a customer's online account.
<b>volatility</b>	measurement of the change in price over a given time.
<b>volume</b>	number of contracts traded in a specified period of time. Volume indicates the liquidity of a market—the number of willing buyers and sellers.
<b>writer</b>	option seller; obligated to buy or sell a futures contract if an option holder exercises the option.