98-26
336

Exhibit 1

U.S. TREASURY SECURITIES FUTURES CONTRACTS

Rule 820 Scope of Chapter This chapter governs transactions in U.S. Treasury Securities Futures Contracts. The U.S. Treasury Securities Futures Contracts and all trading therein shall be subject to the Rules contained in this chapter, the general Rules of the Cantor Financial Futures Exchange ("CFFE") and the By-Laws and Rules of the Commodity Clearing Corporation (the "Clearing Corporation"). U.S. Treasury Securities Futures Contracts are:

(a) U.S. Treasury Bond Futures
(b) U.S. Treasury Ten Year Note Futures
(c) U.S. Treasury Five Year Note Futures
(d) U.S. Treasury Two Year Note Futures

Rule 821 Emergencies, Acts of God, Acts of Government If the delivery or acceptance or any precondition or requirement of either, is prevented by strike, fire, accident, act of government, act of God or other emergency, the seller or buyer shall immediately notify the President. If the President determines that emergency action may be necessary, he shall call a special meeting of the Board and arrange for presentation of evidence respecting the emergency condition. If the Board determines that an emergency exists, it shall take such action under Rule 16 as it deems necessary under the circumstances and its decision shall be binding upon all parties to the U.S. Treasury Securities Futures Contract in question.

In the event the Board determines that there exists a shortage of deliverable U.S. Treasury Securities for any of the contracts covered in this chapter, it may, upon a two-thirds vote under Rule 16, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the condition. Without limiting the foregoing or the authority of the Board under Rule 16, the Board may:

(a) designate as deliverable callable U.S. Treasury Bonds or Notes otherwise meeting the specifications and requirements stated for each of the contracts in this chapter;

(b) designate as deliverable one or more issues of U.S. Treasury Notes and/or U.S. Treasury Bonds having maturities shorter or longer than those stated in this chapter, but otherwise meeting the specifications and requirements stated for each contract of this chapter; and/or

(c) determine a cash settlement based on the current cash value of an 8% coupon rate of a note or bond with the appropriate maturity for each contract in this chapter as determined by using the current market yield curve for U.S. Treasury Securities on the last day of trading.

Rule 822 Definitions

(a) Book-Entry Transfer of U.S. Treasury Securities - shall mean a transfer of book entry Treasury securities from the short Clearing Member's book entry account at a qualified bank to the long Clearing Member's book entry account at a qualified bank as defined below. Such book entry transfer has (1) the effect of a delivery in bearer form of a definitive Treasury security and (2) has the effect of taking of delivery by the long Clearing Member and (3) constitutes the long Clearing Member as holder of the Treasury Security.

(b) Qualified Bank - For purposes of these Rules relating to trading in U.S. Treasury Securities Futures, the word "Bank" shall mean a U.S. commercial bank (either Federal or State charter) that is a member of the Federal Reserve System and has capital (capital, surplus and undivided earnings) in excess of one hundred million dollars ($100,000,000).

Rule 823 Units of Trading

(a) U.S. Treasury Bond Futures. The contract size for U.S. Treasury Bonds Futures shall be Treasury Bonds having a face value at maturity of one hundred thousand dollars ($100,000), or multiples thereof.

(b) U.S. Treasury Ten Year Note Futures. The contract size for U.S. Treasury 10 Year Note Futures shall be United States Treasury Notes having a face value at maturity of one hundred thousand dollars ($100,000), or multiples thereof.

(c) U.S. Treasury Five Year Note Futures. The contract size for U.S. Treasury Five Year Note Futures shall be United States Treasury Notes having a face value at maturity of one hundred thousand dollars ($100,000), or multiples thereof.

(d) U.S. Treasury Two Year Note Futures. The contract size for U.S. Treasury Two Year Note Futures shall be United States Treasury Notes having a face value at maturity of two hundred thousand dollars ($200,000), or multiples thereof.

(e) The initial first best bid or offer must be for ten (10) or more C~~c~~ontracts. Other bidders or offerers may join the prevailing bid or offer for one C~~c~~ontract or multiples thereof.

Rule 824 Months Traded Trading in U.S. Treasury Securities Futures Contracts may be conducted for delivery in March, June, September and December.

Rule 825 Price Basis

(a) U.S. Treasury Bonds. Minimum price fluctuations shall be in multiples of ~~one half of~~ one thirty second (~~1/2 of~~ 1/32nd) point per 100 points ($31.25 ~~15.625~~ per contract). Par shall be on a basis of 100 points.

(b) U.S. Treasury Ten Year Note Futures. Minimum price fluctuations shall be in multiples of one half of one thirty second (1/2 of 1/32nd) point per 100 points ($15.625 per contract). Par shall be on a basis of 100 points.

(c) U.S. Treasury Five Year Note Futures. Minimum price fluctuations shall be in multiples of one-quarter of one thirty second (1/4 of 1/32nd) point per 100 points ($7.8125 per contract). Par shall be on a basis of 100 points. For the purpose of calculating daily variation margin, the value at the minimum price fluctuation shall always be rounded down to the nearest whole cent.

(d) U.S. Treasury Two Year Note Futures. Minimum price fluctuations shall be in multiples of one quarter of one thirty second (1/4 of 1/32nd) point per 100 points ($15.625). Par shall be on the basis of 100 points. For the purpose of calculating daily variation margin, the value at the minimum price fluctuation shall always be rounded down to the nearest whole cent.

(e) Spread Transactions. Notwithstanding sections (a) through (d) of this Rule, minimum price fluctuations for Inter-Month Spread Transactions within a single commodity and Inter-Market Spread Transactions between two different commodities pursuant to ~~spread transactions as defined in~~ Rule 312 (a) shall be done as follows:

(i) Inter-Month Spread Transactions shall be done at ½ ticks as set forth below:

Contract	Minimum Price Fluctuation ~~for Spreads~~
U.S. Treasury Bond Futures	½ ~~1/4~~ of 1/32nd of a point
U.S. Treasury Ten Year Note Futures	1/4 of 1/32nd of a point
U.S. Treasury Five Year Note Futures	1/8 of 1/32nd of a point
U.S. Treasury Two Year Note Futures	1/8 of 1/32nd of a point

(ii) Inter-Market Spread Transactions shall be done at the smaller of the component commodities' minimum price fluctuations for outright transactions, which are set forth in paragraph (a) through (d) of this Rule. For example, the minimum price fluctuation for an Inter-Market Spread Transaction between a Treasury Bond Futures Contract and a Two Year Note Futures Contract is ¼ of 1/32 nd of a point.

For the purpose of calculating daily variation margin, the value at the minimum price fluctuation shall always be rounded to the nearest whole cent.

Rule 826 Limits on Daily Price Changes There shall be no limit on daily contract price changes.

Rule 827 Position Accountability A person, by holding or controlling more than the following quantity of U.S. Treasury Securities Futures Contracts net long or net short in all months combined, automatically consents not to increase further those positions when so ordered by CFFE acting in its own discretion.

Contract	Quantity
U.S. Treasury Bond Futures	10,000
U.S. Treasury Ten Year Note Futures	7,500
U.S. Treasury Five Year Note Futures	7,500
~~U.S. Treasury Two Year Note Futures~~	~~5,000~~

Upon request from CFFE , a person holding or controlling more than the quantity stated above in any U.S. Treasury Securities Futures Contracts net long or net short in all contract months combined, shall provide in a timely manner information on the nature of that person's related cash, futures and options positions, trading strategy and/or hedging strategy. Nothing in this Rule limits the authority of CFFE to take action under Rule 705 or to request and collect any information regarding that person's related cash, futures and options positions.

Rule 827A Position Limits Subject to the exceptions contained in Rules 200 through 202, the maximum number of U.S. Treasury Two-Year Note Futures Contracts net long or net short in any one month or all months combined which any one person may hold or control is 5,000. Additionally, effective on the first Business Day of the spot month, the maximum gross long and/or short position that any one person may hold or control in the spot month is 5,000 Contracts.

Rule 828 Reportable Positions The following positions in each U.S. Treasury Securities Futures Contract on CFFE , long or short, in any one month, which are held or controlled by any person, and which are carried by any single member or member firm shall constitute a reportable position and shall be reported to CFFE in the manner prescribed by CFFE :

Contract	Quantity
U.S. Treasury Bond Futures	500 contracts or more
U.S. Treasury Ten-Year Note Futures	500 contracts or more
U.S. Treasury Five-Year Note Futures	300 contracts or more
U.S. Treasury Two-Year Note Futures	200 contracts or more

For purposes of this Rule 828, the word "person" shall include individuals, associations, partnerships, corporations, and trusts.

Rule 829 Hours of Trading The hours of trading in U.S. Treasury Security Futures Contracts shall be 7:30 a.m. to 5:30 p.m., New York time on all CFFE Business Days , except that, on the last day of trading of a contract month trading in that future shall terminate at 1:00 p.m. New York time, of that day. Trading shall be permitted thereafter in accordance with Rule 315.

For purposes of these Rules, the day begins with the commencement of trading at 3:00:01p.m. and ends with the close of trading at 3:00:00 p.m., New York time.

Rule 830 Last Day of Trading

(a) U.S. Treasury Bonds, U.S. Treasury Ten-Year Notes and U.S. Treasury Five Year Notes Futures. No trades in U.S. Treasury Bond Futures Contracts, U.S. Treasury Ten Year Notes Futures Contracts and U.S. Treasury Five Year Notes Futures Contracts deliverable in the current month shall be made during the last seven Business Days of that month. Outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury Bonds or Notes or by mutual agreement by means of a bona fide exchange of such current futures contracts for the actual U.S. Treasury Bonds or Notes or comparable instruments. Such liquidation by mutual agreement by means of bona fide exchange in any event must be made, and notice must be submitted in proper form to the Clearing Corporation , no later than 2:00 p.m., New York time, on the following days only:

1. The seventh last Business Day of the delivery month;
2. The sixth last Business Day of the delivery month

(b) U.S. Treasury Two Year Note Futures. No trades in short term U.S. Treasury Two Year Note Futures Contracts deliverable in the current month shall be made following the last Business Day of the calendar month or two Business Days prior to issuance of Two Year Notes by the U.S. Treasury auctioned in the current month, whichever occurs first.

Outstanding contracts may be liquidated by the delivery of book-entry U.S. Treasury Notes or by mutual agreement by means of a bona fide exchange of such current futures for actual U.S. Treasury Notes or comparable instruments. Such exchange must, in any event, be made no later than 12:00 p.m., New York time, on the second Business Day immediately preceding the last Business Day of the month as defined in Rule 836.

Rule 831 Margin Requirements See Rule 403.

Rule 832 Exclusive Time The Exclusive Time (as such term is defined in Rule 303) applicable to each U.S. Treasury Securities Futures Contract shall be as specified from time to time by the Committee on U.S. Treasury Securities.

Rule 833 Crossing Session The time or times during each Trading Day at which a Market Crossing session will take place pursuant to Rule 303A shall be as specified from time to time by the Committee on U.S. Treasury Securities.

Rule 834 Standards for Delivery

(a) U.S. Treasury Bond Futures. The contract grade for delivery under the U.S. Treasury Bond Futures Contract shall be Treasury Bonds having a maturity of at least 15 years and a face value at maturity of $100,000 and not being callable for at least 15 years. U.S. Treasury Bonds deliverable against futures contracts under these rules must have semi-annual coupon payments. All bonds in a delivery unit must be of the same issue.

New issues of Treasury bonds that satisfy the standards of these Rules shall be added to the deliverable grade as they are issued by the Treasury. CFFE shall have the right to exclude any new issue from deliverable status or to further limit any outstanding issue from deliverable status.

(b) U.S. Treasury Ten Year Note Futures. The contract grade for delivery on U.S. Treasury Ten-Year Note made under these Rules shall be U.S. Treasury Notes that have an actual maturity of not less than six and one-half years and not more than ten years. All Notes delivered against a contract must be of the same issue.

U.S. Treasury Notes deliverable against U.S. Treasury Ten-Year Note futures contracts under these Rules must have semi-annual coupon payments. New issues of U.S. Treasury Notes that satisfy the standards in this Rule shall be added to the deliverable grade as they are issued. If during the auction of a Note that will meet the standards of this chapter the Treasury re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. CFFE shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status.

(c) U.S. Treasury Five Year Note Futures. The contract grade for delivery on U.S. Treasury Five-Year Note contracts made under these Rules shall be U.S. Treasury Notes that have an original maturity of not more than five years and three months and which have a remaining maturity of not less than four years and three months as defined below. To be delivered in the current month, the Note must have been issued by the Treasury before the last day of trading in the current month. All notes delivered against a contract must be of the same issue.

New issues of U.S. Treasury Notes that satisfy the standards in this Rule shall be added to the deliverable grade as they are issued. If during the auction of a Note that will meet the standards of this subsection the Treasury re-opens an existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the older issue is deemed to meet the standards of this chapter and would be deliverable. CFFE shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status.

(d) U.S. Treasury Two-Year Note Futures. The contract grade for delivery on U.S. Treasury Two-Year Note futures contracts made under these regulations shall be U.S. Treasury Notes that have an original maturity not greater than five years and three months and a remaining maturity not less than one year and nine months and not more than two years as defined below. All Notes delivered against a contract must be of the same issue. New issues of U.S. Treasury Notes that satisfy the standards in this rule shall be added to the deliverable grade as they are issued. If during the auction of a Note that will meet the standards of this chapter the Treasury re-opens and existing issue, thus rendering the existing issue indistinguishable from the newly auctioned one, the old issue is deemed to meet the standards of this chapter and would be deliverable. CFFE shall have the right to exclude any new issue from deliverable status or to further limit outstanding issues from deliverable status.

(e) The following procedure will be followed in calculating the amount paid for a delivery unit:

(i) The time to maturity or time to call (if callable) of Bonds to be delivered on a U.S. Treasury Bond Futures Contract and the Notes to be delivered on a U.S. Treasury Ten Year Note Futures contract will be calculated in complete three month increments from the first day of the delivery month. For example, if a security has 15 years and 5 months remaining then the time to maturity used for settlement calculations is 15 years 1 quarter.

For settlement, the time to maturity of a given issue to be delivered on a U.S. Treasury Five Year Futures Contract or a U.S. Treasury Two Year Futures Contract will be calculated in complete one month increments (i.e., 4 years, 5 months and 14 days is taken to be 4 years and 5 months; 1 year, 10 months, 17 days is taken to be 1 year, 10 months) from the first day of the delivery month.

(ii) The price at which a Bond or Note with a maturity as defined in paragraph (i) of this Rule and with the same coupon rate as the issue to be delivered will yield 8% according to bond tables prepared by CFFE shall be multiplied by the settlement price to arrive at the amount that the short invoices the long.

(iii) Accrued Interest - Interest accrued on the Bonds or Notes shall be charged to the long by the short in accordance with Department of the Treasury Circular 300, Subpart P.

Rule 835 Deliveries on Futures Contracts Deliveries against U.S. Treasury Securities Futures Contracts shall be by book-entry transfer between accounts of Clearing Members at qualified banks in accordance with Department of the Treasury Circular 300, Subpart O: Book Entry Procedure, as from time to time amended. Delivery may take place on any Business Day that is not a New York banking holiday, of the expiring contract month. Delivery must be made no later than the last Business Day of the expiring contract month as defined in Rule 836.

Rule 836 Date of Delivery Delivery of U.S. Treasury Bonds or Notes may be made by the short upon any permissible delivery day of the delivery month the short may select. A permissible delivery day is any Business Day that is not a New York banking holiday. For all U.S. Treasury Security Futures Contracts except the Two Year Note Futures Contract, delivery of U.S. Treasury Bonds or Notes must be made no later than the last Business Day of the month. For the U.S. Treasury Two Year Notes Futures Contract, the delivery month extends to and includes the third Business Day following the last trading day in the current month. Delivery of the Notes on the U.S. Treasury Two-Year Note Futures Contract must be made no later than the last Business Day of that month.

Rule 837 Seller's Invoice to Buyer Notice of Delivery shall be given to the Clearing Corporation by 9:00 p.m. on the second Business Day preceding the delivery day. Where a commission house as member of the Clearing Corporation has an interest both long and short for customers on its own books, such Clearing Member must tender such notices of intention to deliver as the it receives from its customers who are short to the Clearing Corporation . All deliveries must be assigned by the Clearing Corporation .

A delivery notice shall be furnished to the Clearing Corporation in computer readable form. The Clearing Corporation acting as agent for the short Clearing Member shall assign and provide the notice to the long Clearing Member.

Upon determining the long Clearing Members obligated to accept deliveries tendered by issuers of delivery notices, the Clearing Corporation shall promptly furnish to each issuer the names of the long Clearing Members obligated to accept delivery from such issuer for each U.S. Treasury Bond or Notes for which a notice was tendered and shall also inform such issuer of the number of contracts for which each buyer is obligated. Failure of the seller to object to such assignment by 8:00 a.m., New York time, on the next Business Day shall establish an irrefutable presumption that the issuance of the delivery notice as authorized by the person in whose name the notice was issued.

Thereupon, the short Clearing Member shall issue delivery invoices to the long Clearing Members that have been allocated delivery notices before 4:00 p.m., New York time, on the first

CFFE Business Day after delivery notices are received. The delivery invoices shall include: a full description of the securities to be delivered; the amount of money to be paid by the long Clearing Member based on the delivery prices established by the Clearing Corporation and adjusted for applicable interest payments; the delivery day: and such other information as the Clearing Corporation may consider necessary or appropriate to effect settlement by delivery. Such invoices must be delivered to the long Clearing Member by 4:00 p.m., New York time, on the Business Day following the tender of the Notice of Delivery.

In the event the long Clearing Member does not agree with the terms of the delivery invoice received from the short Clearing Member, the long Clearing Member must notify the short Clearing Member and the dispute must be settled by 10:30 a.m., New York time. If the dispute shall not be settled by 10:30 a.m. on the delivery day, delivery shall be made in accordance with instructions of the Clearing Corporation .

The short Clearing Member must have contract grade U.S. Treasury Bonds or Notes in place at its bank in delivery form acceptable to its bank no later than 11:00 a.m., New York time, on the delivery day. The short Clearing Member must notify its bank to transfer contract grade U.S. Treasury Bonds or Notes by book-entry to the long Clearing Member's account at the long Clearing Member's bank on a delivery versus payment basis. That is, payment shall not be made until the bonds or notes are delivered.

The long Clearing Member must make funds available by the opening time of the Federal Reserve Wire System (New York time) and notify its bank to accept contract grade U. S. Treasury Bonds or Notes and to remit federal funds to the short Clearing Member's account at the short Clearing Member's bank in payment for delivery of the Bonds or Notes.

The amount of money to be paid in connection with any delivery against the U.S. Treasury Securities Futures Contract shall be based on the settlement price established on the day the delivery notice is received with respect to any such delivery, including any adjustments for differences between contract prices and delivery prices. Interest accrued on the Bond shall be charged to the long by the short in accordance with Department of the Treasury regulations.*

Rule 838 Method of Delivery Delivery notices must be delivered to the Clearing Corporation which shall assign the deliveries to long Clearing Members (buyers) having contracts to take delivery of the U.S. Treasury Bonds or Notes. The Clearing Corporation shall notify such Clearing Members of the deliveries that have been assigned to them and shall furnish to the issuers of delivery notices the names of the Clearing Members obligated to accept their deliveries. Clearing Members receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day.

Rule 839 Buyer's Banking Notification The long Clearing Member shall provide the short Clearing Member by 5:00 p.m., New York time, on the Business Day prior to delivery day, with a Banking Notification. The Banking Notification form will include the following information:

(i) the identification number and name of the long Clearing Member;
(ii) the delivery date;
(iii) the notification number on the delivery assignment;
(iv) the identification number and name of the short Clearing Member making delivery;

(v) the quantity of contracts being delivered:
(vii) specific Federal Wire instructions for the transfer of U.S. securities.

Rule 840 Payment Payment shall be made in federal funds. The long Clearing Member obligated to take delivery must take delivery and make payment before 2:00 p.m. New York time, on the day of delivery except on New York banking holidays when delivery must be taken and payment made before 9:30 a.m., New York time, the next banking business day. Adjustments for differences between contract prices established by the Clearing Corporation and the delivery price shall be made with the Clearing Corporation in accordance with its By-laws and Rules.

Rule 841 Wire Failure In the event that delivery cannot be accomplished because of a failure of the Federal Reserve wire or because of a failure of either the long Clearing Member's bank's or the short Clearing Member's bank's access to the Federal Reserve wire, delivery shall be made before 9:30 a.m., New York time, on the next day on which the Federal Reserve wire is operating and bank access to it is available. Interest shall accrue to the long Clearing Member and must be paid by the short Clearing Member beginning on the day on which the Treasury Securities were to be originally delivered.

In the event of any such failure, both the long and the short Clearing Member must provide documented evidence that the instructions were given to their respective banks in accordance with these rules.

Rule 842 Failure **to Perform** If a Clearing Member fails to perform any acts required by this chapter or fails to deliver or accept delivery as required by the rules of the Clearing Corporation , such Clearing Member will be subject to disciplinary action by CFFE , and CFFE can assess such Clearing Member for the expense associated therewith.

Rule 843 Duties of Members Members shall deliver notices pursuant to the By-laws and Rules of the CFFE and in accordance with the assignment thereof to eligible buyers by the Clearing Corporation , and shall make no other disposition thereof. A member who alters an endorsement or makes as false endorsement on a notice of assignment of delivery issued by the Clearing Corporation under Rule 838, for the purpose of avoiding acceptance of the delivery specified therein, shall be deemed guilty of an act detrimental to the welfare of the CFFE.

Rule 844 Office Deliveries Prohibited No office deliveries may be made by members of the Clearing Corporation. Where a commission house as a member of the Clearing Corporation , has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation , such notices of intention to deliver as it receives from its customers who are short.

Rule 845 Failure to Accept Delivery Where a buyer to whom a delivery has been assigned by the Clearing Corporation fails to take such delivery and make payment when payment is due, the seller tendering such delivery shall promptly sell the Notes or Bonds on the open market for the account of the delinquent. He shall then immediately notify the Clearing Corporation of the default, the contract price and the re-sale price, and the Clearing Corporation shall immediately serve a like notice upon the delinquent. Thereupon the delinquent shall be obligated to pay to the seller, through the Clearing Corporation the difference between the contract price and the re-sale price.