



Eurex Clearing Resources Circulars & Mailings

Release date: 28 Jan 2020 | Eurex Clearing

No. 010/2020

Index derivatives: Introduction of Index Total Return Futures on iSTOXX® Europe Collateral Indices

Eurex Clearing Circular 010/20

1. Introduction

Effective **24 February 2020**, Eurex Clearing AG will offer clearing services for Index Total Return Futures on iSTOXX® Europe Collateral Indices introduced at Eurex Deutschland.

In this context, the following measures will apply effective 24 February 2020:

- Amendment of the Clearing Conditions of Eurex Clearing AG (Clearing Conditions) regarding the inclusion of Index Total Return Futures on iSTOXX® Europe Collateral Indices.

To reflect the amendments, the following provisions will be amended as outlined in Attachment 2:

- Chapter II Part 2 Numbers 2.22.2 and 2.22.3 of the Clearing Conditions

Please refer to Eurex circular 007/20 for detailed trading-related information as well as the amendments of the relevant rules and regulations of Eurex Deutschland.

2. Required action

Please note that the Index Total Return Futures on iSTOXX® Europe Collateral Indices will be allowed for trading and clearing for all DC Market Participants; Clearing Members must take action and de-assign the products in the C7 Clearing System in case a DC Market Participant or the Clearing Member itself should not be able to trade the product.

The Index Total Return Futures on iSTOXX® Europe Collateral Indices will be part of the capacity "Cash/Physical EUR".

3. Details of the initiative

A. General parameters of the new product

B. Contract specifications

For A. and B., please refer to Attachment 1.

C. Transaction fees

The same transaction fees apply as for the corresponding existing Index Total Return Futures. For further details, please refer to the current Price List of Eurex Clearing AG on the Eurex Clearing website under the following link:

[Resources > Rules and Regulations > Price list](#)

D. Risk parameters

Margins for the new product are calculated in Prisma. For the risk parameters of the new products, please refer to the Eurex Clearing website under the link:

[Risk management > Risk parameters](#)

E. Trading hours

Please refer to Attachment 1 for the trading hours.

As of the effective date, the full version of the amended Clearing Conditions will be available for download on the Eurex Clearing website www.eurexclearing.com under the following link:

[Resources > Rules and Regulations](#)

The changes and amendments to the legal framework of Eurex Clearing AG published by this circular are deemed accepted by each affected contractual party of Eurex Clearing AG, unless the respective contractual party objects by written notice to Eurex Clearing AG within the first ten (10) Business Days after publication. Any ordinary right of Eurex Clearing AG to terminate the respective contract (including a Clearing Agreement, if applicable) shall remain unaffected.

Unless the context requires otherwise, terms used and not otherwise defined in this circular shall have the meaning ascribed to them in the Clearing Conditions.

Attachments:

- 1 – General parameters, contract specifications and trading hours of the new product
- 2 – Amended sections of the Clearing Conditions of Eurex Clearing AG

Further information

Recipients:	All Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG and vendors
Target groups:	Front Office/Trading, Middle + Back Office, IT/System Administration, Auditing/Security
Contact:	client.services@eurexclearing.com
Related circular:	Eurex circular 007/20
Authorised by:	Heike Eckert

Further information

[Attachment 1 to Eurex Clearing circular 010/20](#)

[Attachment 2 to Eurex Clearing circular 010/20](#)

[Navigate to Eurex News](#)

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(...)

3. Details of the initiative

A. General parameters of the new product

iSTOXX® Europe Collateral Index Total Return Futures reference the following underlying instruments:

Underlying instruments				
Index	Currency	Index type	ISIN	Bloomberg Code
iSTOXX® Europe Collateral Index	EUR	Net Total Return index	CH0443816332	ISXCOLEN Index
iSTOXX® Europe EUR Group 1 Collateral Large Index	EUR	Net Total Return index	CH0478459768	IXE1CLEN Index
Euro Short-Term Rate (€STR)	EUR	Funding Rate	EU000A2X2A25	ESTRON Index

iSTOXX® Europe Collateral Index Total Return Futures will have the following product code:

Eurex product					
Futures	Currency	Index type	ISIN	Product code	Product type
iSTOXX® Europe Collateral Index Total Return Futures	EUR	combined	DE000A26RR42	TCBX	FINX
iSTOXX® Europe EUR Group 1 Collateral Large Index Total Return Futures	EUR	combined	DE000A26RR59	TC1L	FINX

For detailed information on the indices please refer to Eurex circular 010/20.

B. Contract specifications

For the detailed contract specifications, please refer to Eurex circular 010/20.

Specification	Description
Contract Group	Index Total Return Futures
Capacity Group	Cash/Physical EUR
Distribution Indices	Not applicable
Funding Rate Index	Euro Short-Term Rate (€STR) (flat)
Contract Multiplier	EUR 50 per index point
Quotation (TRF Spread)	TRF Spread as annualised rate expressed in basis points with one decimal (+ / - / 0)

Specification	Description
Minimum TRF Spread Change	+/- 0.5 basis points (1 basis point = 0.0001)
Trading Notation and Clearing Notation	The TRF Spread in basis points (“trading notation”) will be converted by the T7 trading system into the TRF futures price in index points (“clearing notation”). Trade Entry Services (TES) trades and on-exchange orders and quotes are entered and maintained in trading notation in the T7 trading system. Once executed, the TRF Spread converted into clearing notation before being sent to the C7 clearing system. Only the futures price in clearing notation is sent and maintained in the C7 clearing system.
Trade Types	<ul style="list-style-type: none"> • Trade at Close (“TAC”) with an underlying index level based on the daily closing price index level as determined by the index provider • Trade at Market (“TAM”) with an underlying index level predetermined and entered by the Exchange Participants. TAM is only available in Eurex T7 Trade Entry Service (TES)
Accrued Funding	The accumulated funding rate payments are added into the calculation of TRF futures price. The daily changes in price, distributions and funding payments are incorporated into the variation margin.
Contract Months	<ul style="list-style-type: none"> • iSTOXX® Europe Collateral Index Total Return Futures: Up to five years – the next succeeding annual expiries in the December cycle • iSTOXX® Europe EUR Group 1 Collateral Large Index Total Return Futures: Up to two years – the three nearest serial months; the following three quarterly months of the March, June, September and December cycle; and the following two semi-annual months of the June and December cycle
Settlement	Cash settlement, due on the first exchange trading day after final settlement day
Daily Settlement Price	Established on the current exchange trading day based on the following components: Underlying closing price of the underlying index as determined by the index provider, Daily Settlement TRF Spread and Accrued Funding accumulated from the launch date of the respective Collateral Index Total Return Futures contract until the current date.
Expiry Date	The third Friday of each contract month, if this is an exchange trading day at the Eurex Deutschland, otherwise the exchange trading day immediately preceding that day.
Last Trading Day	The trading day at the Eurex Deutschland immediately preceding the expiration day.
Final Settlement Price	Established on expiry date based on the following components: Underlying closing price of the underlying index as determined by the index provider on the expiry date, Accrued Funding accumulated from the launch date of the respective Collateral Index Total Return Futures contract until the expiry date.

(...)

E. Trading hours (all times are CET)

Product	Product ID	Pre-Trading period	Continuous Trading	Post-Trading period	Off-Book Trading period	Off-Book Post-Trading period until	Last Trading Day, trading until
Index Total Return Futures Contracts on the iStoxx Europe Collateral Indices	TCBX, TC1L	09:25-09:30	09:30-17:25	17:25-22:10	09:30-22:00, Trade at Close (TAC): 09:30-18:00	22:10	17:30

Chapter II of the Clearing Conditions of Eurex Clearing AG

Transactions Concluded at Eurex Deutschland

(Eurex Exchange)

As of 24.02.2020

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED,

DELETIONS ARE CROSSED OUT.

[...]

Part 2 Clearing of Futures Contracts

[...]

2.22 Clearing of Index Total Return Futures Contracts

[...]

2.22.2 Daily Settlement Price

~~(1)~~ The daily settlement price for Index Total Return Futures shall be determined by Eurex Clearing AG based on the Daily Settlement TRF Spread in basis points, according to Number 1.22.8.4 of the Eurex Contract Specifications and in conjunction with the following provisions:

The daily settlement price for Index Total Return Futures Contracts is determined in index points as:

$$\text{Daily settlement price } (t) = \text{Index Close } (t) + \text{Accrued Distributions } (t) - \text{Accrued Funding } (t) + \text{Settlement Basis } (t)$$

[...]

~~(2)~~ The Daily Settlement TRF Spread used to calculate the Settlement Basis is determined based on the following procedure (“Daily Settlement TRF Spread”):

[...]

~~(3)~~ The following shall apply to Index Total Return Futures Contracts on EURO STOXX 50® in conjunction with the Eurex Contract Specifications and provisions specified above under Sub-paragraph (1) for the daily settlement price:

Parameter	Format	Description
Index Close	Index points	Daily closing level of EURO STOXX 50® (SX5E) as calculated by Stoxx Ltd.
Annualisation Factor	Integer	360

- (4) The following shall apply to Index Total Return Futures Contracts on iStoxx Europe Collateral Indices (as listed in 1.22.1(2) of the Eurex Contract Specifications) in conjunction with the Eurex Contract Specifications and provisions specified above under Sub-paragraph (1) for the daily settlement price:

<u>Parameter</u>	<u>Format</u>	<u>Description</u>
<u>Index Close</u>	<u>Index points</u>	<u>Daily closing level of the respective iStoxx Europe Collateral Index as calculated by Stoxx Ltd.</u>
<u>Annualisation Factor</u>	<u>Integer</u>	<u>360</u>

2.22.3 Final Settlement Price

[...]

- (2) The following shall apply to Index Total Return Futures Contracts on EURO STOXX 50® (~~Product ID: TESX~~), in conjunction with the Eurex Contract Specifications and formulas used for the calculation of the final settlement price in index points:

Parameter	Format	Description
Final Settlement Index	Index points	Final settlement price of the Index Futures on the EURO STOXX 50® (Product ID: FESX) as calculated in accordance with Chapter II Part 2 Number 2.4.2 of the Clearing Conditions.

- (3) The following shall apply to Index Total Return Futures on iStoxx Europe Collateral Indices (as listed in 1.22.1(2) of the Eurex Contract Specifications) in conjunction with the Eurex Contract Specifications:

<u>Parameter</u>	<u>Format</u>	<u>Description</u>
<u>Final Settlement Index</u>	<u>Index points</u>	<u>Closing level of the relevant iStoxx Europe Collateral Index as calculated by Stoxx Ltd.</u>

[...]
