

# Euro-OAT Derivatives

## French government bond futures & options

Euro-OAT listed derivatives provide an efficient hedging tool for the French government bond market but also serve as a proxy for other Eurozone debt. Market participants can replicate and hedge most of the existing interest rate and credit risk of core European countries using Eurex Fixed Income Futures. For investors, Euro-OAT futures are a proxy for pan-Eurozone debt markets but also an alternative to sovereign credit default swaps (CDS) following European Union rules that outlaw naked positions in CDS contracts.

### Euro-OAT Futures offering

Volatility in yield spreads between government bonds across Europe has reinforced the market's need for more flexible hedging possibilities. In 2009, Eurex Exchange launched its futures contract on Italian government bonds to complement the German Euro-Bund Futures. With the launch of Euro-OAT Futures (FOAT) in 2012, followed by the Mid-Term Euro-OAT Futures (FOAM) in 2013, Eurex facilitates hedging and basis trading on the long- and mid-term segment of the French yield curve.

### Key benefits

#### Eurozone rates hedging:

Together with Eurex's Euro-BTP, the Euro-BONO and Euro-Bund Futures, the Euro-OAT Futures are a set of precise hedging tools for interest rates in the Eurozone.

#### Futures alternative:

For investors, Euro-OAT Futures are an alternative to sovereign credit default swaps (CDS) following European Union rules that outlaw naked positions in CDS contracts.

#### Enhanced basis trading:

Euro-OAT Futures provide the opportunity to trade the basis on French debt instruments and complement the French cash market.

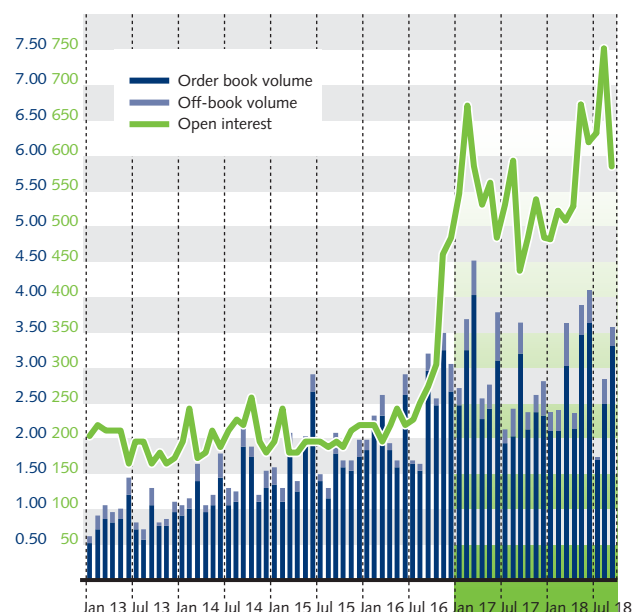
#### Spread trading:

A liquid alternative to cash bonds for trading the respective yield spread against European debt, i.e. Germany, Italy.

#### Cost efficiencies.

Benefit from potential margin off-sets against other Eurex Fixed Income Futures positions with Eurex Clearing, one of the leading CCPs globally.

Long-Term Euro-OAT Futures (FOAT)  
traded contracts (millions) and open interest (thousands)



**35,941,066**

traded contracts in 2017

**26,916,253**

traded contracts 2018 (as of end of Sep 2018)

## Re-launched Euro-OAT Futures Options (OOAT)

Eurex is pleased to announce the re-launch of Options on Euro-OAT Futures to further complement our successful Euro-OAT Futures segment. Starting 13 March 2017, market participants will benefit from an efficient and cost-effective instrument, which extends hedging and trading opportunities by making the volatility in the long-term maturity range of the French interest rate curve tradable at Eurex. The options contracts on the Euro-OAT Futures are designed similarly to Euro-Bund Options but with finer strike price increments of 0.25 points. A new Market Maker scheme, effective from 13 March 2017 to 31 December 2018, is offered. The minimum block size has been reset to 500 lots.

## Block Trade Service

In order to complement the Eurex order book, Euro-OAT trades in futures and options can also be agreed bilaterally, and subsequently registered via our Eurex Trade Entry Services. Thus Eurex allows investors to combine the flexibility of customized trading with the advantages of standardized clearing and settlement. For the Eurex Block Trade Service, the transactions are subject to the following minimum block trade threshold:

### Minimum block trade thresholds (number of contracts)

	Futures	Options
Long-Term Euro OAT	250	500
Mid-Term Euro OAT	250	n/a

## Exchange for Swaps (EFS) and Exchange for Physicals (EFP)

To facilitate basis trading, the Exchange for Swaps (EFS) and Exchange for Physicals (EFP) Services allow for simultaneous purchase/sale of futures along with a sale/

purchase of the underlying bond, vanilla swap or another futures contract irrespective of trade size.

## Vola Trades

A Vola Trade is a futures trade delta-hedging an existing options trade on the same underlying instrument. The options can be traded either in the order book or as a block trade (in which case they have to meet the minimum block size). However, the size of the futures trade is not subject to a minimum block trade size and depends solely on the delta of the options position.

## Mitigating risks through CCP clearing

Eurex Clearing is one of the leading CCPs globally – assuring the safety and integrity of markets while providing innovation in risk management, clearing technology and client asset protection. We clear the broadest scope of products under a single framework in Europe – both listed products and OTC – and offer the world's widest spectrum of eligible collateral.

## Contract codes

Euro-OAT Futures	
Vendor codes	FOAM Bloomberg: BTAA Comdty <GO> Reuters: <0#FOAM:> CQG: FOAMmyFOATm FOAT Bloomberg: OATA Comdty <GO> Reuters: <0#FOAT:> CQG: FOATmy
Product ID	FOAM (mid-term) FOAT (long-term)
Product ISIN	FOAM DE000A1RRP48 FOAT DE000A1MAPW3
Options on Euro-OAT Futures	
Product ID	OOAT
Product ISIN	DE000A1XRC52

For further information please visit [www.eurexchange.com](http://www.eurexchange.com) or contact:

### Sales United Kingdom

Vassily Pascalis T +44-20-78 62-72 11  
[vassily.pascalis@eurexchange.com](mailto:vassily.pascalis@eurexchange.com)

### Sales Continental Europe

Andreas Stadelmaier T +49-69-211-13859  
[andreas.stadelmaier@eurexchange.com](mailto:andreas.stadelmaier@eurexchange.com)

### Sales Americas

Timothy Gits T +1-312-544-1091  
[tim.gits@deutsche-boerse.com](mailto:tim.gits@deutsche-boerse.com)

### Sales Italy and Switzerland

Francesca Dell'Era T +41-43-430-7123  
[francesca.dellera@eurexchange.com](mailto:francesca.dellera@eurexchange.com)

### Sales Asia & Middle East

Markus Georgi T +852-25 30-78 00  
[markus.georgi@eurexchange.com](mailto:markus.georgi@eurexchange.com)

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