

Options on Euro-BTP Futures

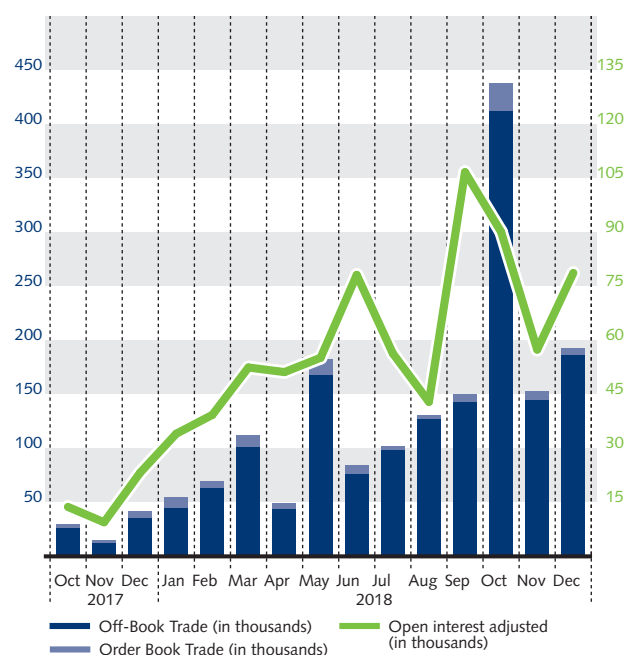
In 2009, Eurex Exchange launched its first futures contract on the long end of the Italian yield curve. This successful start was followed by the introduction of Short-Term Euro-BTP Futures in October 2010 and Mid-Term Euro-BTP Futures in September 2011. Together, all three products have traded more than 150 million contracts since their inception.

Yield spreads across Europe continue to be volatile as investors' decisions are based on the persistence of sovereign factors. Therefore, Euro-BTP Futures continue to attract diverse groups of market participants.

To meet market demand, we have complemented our offering for the Italian government bond market with Options on Euro-BTP Futures (OBTP). Market participants can now benefit from an efficient, accessible and cost-effective instrument that extends hedging and trading opportunities by making the volatility in the long-term maturity range of the Italian interest rate curve tradable.

The options contracts on the Euro-BTP Futures are designed similarly to the Options on Euro-Bund Futures. A Market Maker scheme will guarantee liquidity both in the order book and the off-book market. The minimum block size has been set to 100 lots.

Options on Euro-BTP Futures – volume & open interest



Key benefits

Futures alternative

Protect a bond portfolio from adverse price movements in the underlying cash market using outright options or directional strategies.

Return enhancement

Use covered call writing on a bond portfolio for yield enhancement.

Hedge risk from participation in auctions

Use options to mitigate the risk when bonds are auctioned.

Spread trading opportunities

Exploit differential moves in volatility of different sovereign bond markets.

Volatility sensitive strategies

Use volatility sensitive strategies such as butterflies and condors to pinpoint price development.

Contract specifications

	Options on Euro-BTP Futures
Underlying	Futures on a notional long-term debt instrument issued by the Republic of Italy with an original maturity not longer than 16 years and a remaining term of 8.5 to 11 years and a six percent coupon.
Contract size	One Euro-BTP-Futures contract
Price quotation / minimum price change	Price quotation is based on points with two decimal places; Minimum price change is 0.01 points/EUR 10
Contract months	Up to six months: The three nearest successive calendar months, as well as the following quarterly month of the March, June, September and December cycle thereafter. Calendar months: The maturity month of the underlying futures contract is the quarterly month following the expiration month of the option. Quarterly months: The maturity month of the underlying futures contract and the expiration month of the option are identical.
Settlement	The exercise of an Option on Euro-BTP-Futures results in the creation of a corresponding position in the Euro-BTP-Futures for the option buyer as well as for the seller to whom the exercise is assigned. The position is established after the Post-Trading Full Period of the exercise day, and is based on the agreed exercise price.
Last trading day	Last trading day shall be the last Friday prior to the first calendar day of the expiration month that is followed by at least two exchange days prior to the first calendar day of the expiration month. Unless at least two exchange days lie between the last Friday of a month and the first calendar day of the expiration month, the last trading day shall be the Friday preceding the last Friday of a month. If such Friday thus determined, however, is not an exchange day, then the exchange day immediately preceding such Friday shall be the last trading day. Close of trading in all option series on the last trading day is at 17:15 CET.
Exercise	American-style, an option can be exercised until the end of the Post-Trading Full Period (18:30 CET) on any exchange day during the lifetime of the option, or until 18:00 CET on the last trading day.
Exercise prices	0.50 percentage points
Minimum block trade size	100 contracts

Vendor codes for the BTP Family products

	Eurex code	Bloomberg	ThomsonReuters
Long-Term Euro-BTP Futures	FBTP	IKA cmdty CT	<0#FBTP:>
Options on Long-Term Euro-BTP Futures	OBTP	IKA cmdty OMON	<0#OBTP+>
Short-Term Euro-BTP Futures	FBTS	BTSA cmdty CT	<0#FBTS:>
Mid-Term Euro-BTP Futures	FBTM	MFBA cmdty CT	<0#FBTM:>

Market Maker contacts

Company name	Contact person	Phone	E-mail
ADG Trading LLP	Giles Macey	+44-20-78 56-1606	giles@adgtraders.com
Banca Akros	Elisa Poncini	+39-02-433 58 750	elisa.poncini@bancaakros.it
MAKO Fixed Income Partnership LLP	Graham Windett	+44-20-78 62-0559	graham.windett@makoglobal.com
Susquehanna International Securities Ltd.	Tom Quille	+353-1-247-8659	tom.quille@sig.com

Eurex T7 Entry Services

Use our T7 Entry Services to enter bilaterally agreed off-book block trades and benefit from the advantages of centralized clearing and settlement. Much of Eurex' fixed income options volume is generated outside the order book and subsequently

booked to Eurex Clearing via Eurex' entry services. This means that when it comes to position keeping and the clearing and settlement of transactions, investors benefit from all the advantages of a listed derivative product. A Minimum Block Trade Size of 100 contracts applies.

For further information, please contact:

Eurex Sales

Vassily Pascalis T +44-20-78 62-72 11
vassily.pascalis@eurexchange.com

Eurex Product Development

Rex Jones T +49-69-211-178 06
rex.jones@eurexchange.com

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