

Euro-BTP Futures – Italian government bond futures at Eurex Exchange

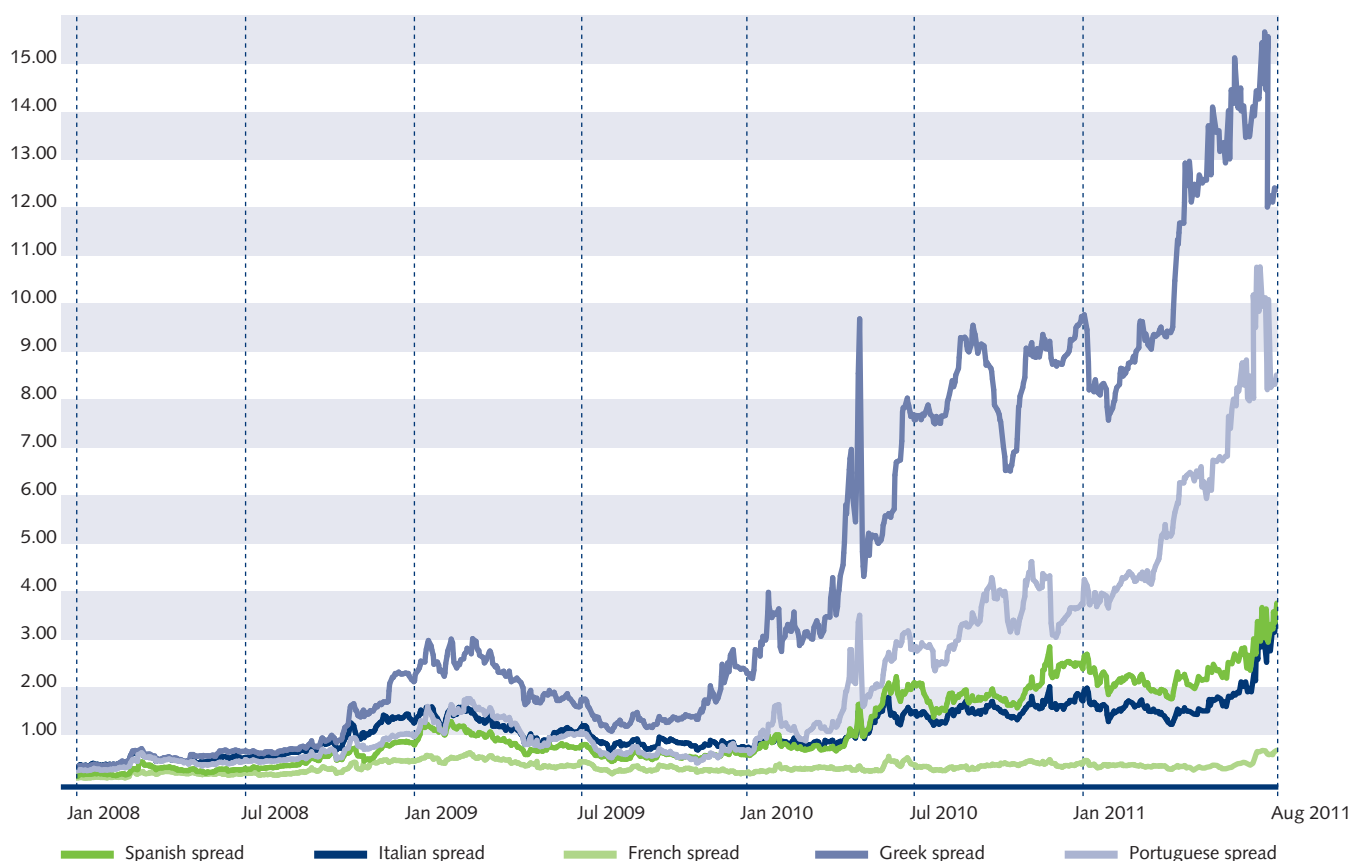
Launch of Eurex Mid-Term Euro-BTP Futures on September 19, 2011

The divergence of yield spreads between government bonds across Europe in recent months has been further exacerbated by the escalating sovereign debt crisis. The financial markets, hit by this crisis in confidence, require appropriate instruments to ensure more refined hedging possibilities for non-triple A-rated European government bonds.

To address new market challenges, and to complement our benchmark German government bond futures, Eurex Exchange offers Long-Term, Mid-Term and Short-Term Euro-BTP Futures contracts based on notional debt instruments issued by the Republic of Italy (Buoni del Tesoro

Poliennali – BTP). Eurex's Euro-BTP Futures are designed to provide traders and fund managers with a viable hedging tool in an environment of significantly widening yield spreads between the sovereign bonds of European Union countries.

European government bond yield spread relationships to German government bonds – ten years maturity



About Eurex's Euro-BTP Futures

The inclusion of Euro-BTP Futures into Eurex's product offering extends the suite of our benchmark interest rate derivatives and provides the market with a benchmark instrument for non-triple A-rated Eurozone debt.

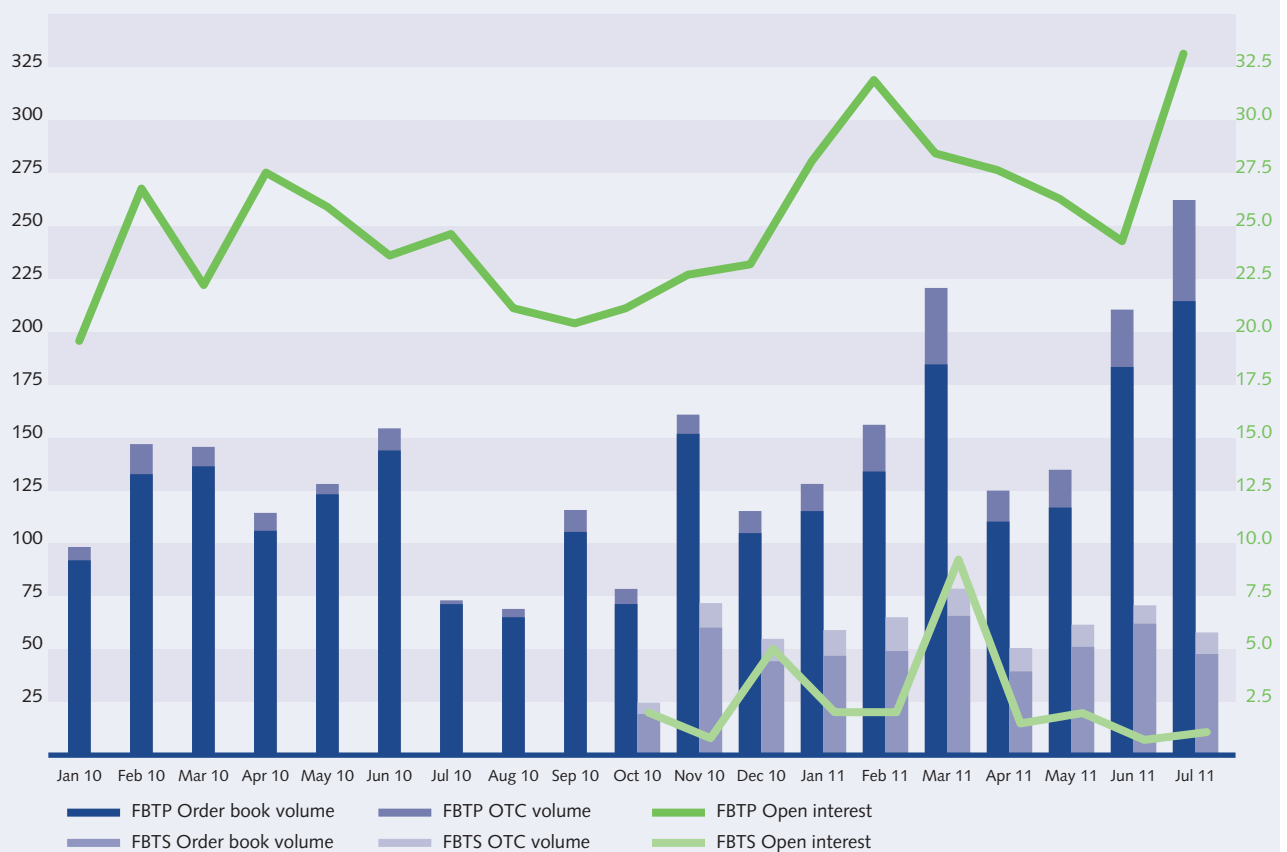
Euro-BTP Futures are designed to meet the specific hedging needs of the market and help to create trading opportunities along the yield curve and against other sovereign risk, that is:

- Spread trading against the Euro-Bund, Euro-Bobl and Euro-Schatz Futures curve as a "credit trade" strategy
- Trading the short-, mid- and long-term points on the Italian yield curve to benefit from anticipated changes in the BTP yield curve

Additionally, the Euro-BTP contracts facilitate:

- Hedging of long-, mid- and short-term non-triple A-rated European government bonds
- Basis trading on the long-, mid- and short-term segment of the Italian yield curve
- Portfolio overlay using Euro-BTP Futures to increase the traders' and fund managers' possibilities in effecting changes in portfolio asset allocation, whilst leaving the existing portfolio intact
- Trading the "Switching Option" by allowing the market participants to take advantage of opportunities created by changes in the cheapest-to-deliver

Short- and Long-Term Euro-BTP Futures – traded contracts and open interest (in thousand)



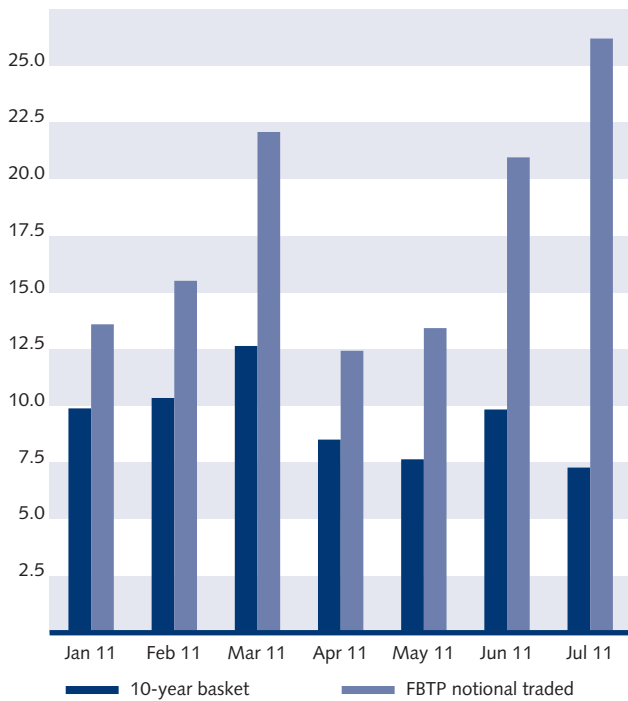
Since the introduction of Long-Term Euro-BTP Futures in September 2009 more than three million contracts have been traded with an average daily volume exceeding 12,400 contracts in July 2011.

In October 2010 Eurex Exchange expanded its suite of BTP futures contracts by successfully launching Short-Term Euro-BTP Futures. More than 510,000 contracts have been

traded since the launch with average daily volumes of more than 2,300 contracts in July 2011.

With over 125 members using BTP Futures, the contracts have enjoyed diverse support. Furthermore market participants have been very satisfied with the development of the futures contract during the sovereign risk turmoil and periods of volatility in the cash markets.

**Comparison: Long-term notional volumes
(in billion EUR)**



Notional volumes in the Long-Term Euro-BTP Futures (FBTP) range between 130 and 215 percent of the deliverable bonds in the underlying 10-year cash market (traded on MTS) demonstrating the liquidity of the contract.

Mid-Term Euro-BTP Futures

Following the successful introductions of the Long- and Short-Term Euro-BTP Futures, Eurex completes its BTP yield curve offering by introducing the Mid-Term Euro-BTP Future in September 2011 creating further trading opportunities:

- **Broad trading opportunities on one single platform –** The market is provided with the efficient and cost-effective instrument to hedge medium-term Italian debt on-exchange and removes the basis risk present when hedging with Euro-Bobl Futures.
- **Enhanced spread trading –** Eurex offers the market an alternative to cash bonds to trade the 5-year yield spread between German and Italian government debt.
- **Enhanced yield curve trading –** The Exchange offers opportunities to trade the 2.5 and 10-year spreads on the Italian yield curve.

EurexOTC trade entry offering

With the aim of complementing the over-the-counter interest rates derivatives market, exchange-look-alike contracts in Long-, Mid- and Short-Term Euro-BTP Futures can also be traded outside the order book, and subsequently booked to Eurex through our EurexOTC trade entry facilities.

This means that, when it comes to position keeping and the clearing and settlement of futures transactions, investors benefit from the advantages offered by a listed derivatives product.

For the Block Trade facility, Eurex’s Euro-BTP Futures are subject to a minimum block trade size of 250 lots.

To facilitate basis trading, the Exchange for Physicals (EFP) and Exchange for Swaps (EFS) functionalities allow for simultaneous purchase (sale) of futures along with a sale (purchase) of the underlying bond, vanilla swap or another futures contract. Such transactions are not subject to a minimum number of contracts.

Mitigating risks through CCP clearing

With Eurex Clearing, Europe’s leading clearing house for securities and derivatives transactions, as the central counterparty to all trades, you benefit from mitigated counterparty risk. Eurex Clearing provides effective CCP, risk and collateral management services thus improving operational efficiency as well market safety overall.

Contract specifications

Long-, Mid- and Short-Term Euro-BTP Futures			
Underlyings	Notional short-, mid- and long-term debt instruments issued by the Republic of Italy with a remaining term of 2 to 3.25 years (short-term), respectively 4.5 to 6 years (mid-term) and 8.5 to 11 years (long-term) with a notional coupon of 6 percent. Mid- and long-term debt instruments must have an original maturity of no longer than 16 years.		
Product IDs	Short-Term Euro-BTP Futures: FBTS , Mid-Term Euro-BTP Futures: FBTM , Long-Term Euro-BTP Futures: FBTP		
Product ISINs	FBTS : DE000A1EZJ09, FBTM : DE000A1KQR10, FBTP : DE000A0ZW3V8		
Contract value	EUR 100,000		
Settlement	A delivery obligation arising out of a short position may only be fulfilled by the delivery of certain debt securities issued by the Republic of Italy with a remaining term of respectively 2 to 3.25 years (short-term), 4.5 to 6 years (mid-term) and 8.5 to 11 years (long-term) and an original maturity of no longer than 16 years. Such debt securities must have a minimum issue amount of EUR 5 billion and a nominal fixed payment.		
Price Quotation and Minimum Price Change	In percent of the par value, with two decimal places. The Minimum Price Change is 0.01 percent, equivalent to a value of EUR 10.		
Contract months	Up to 9 months: The three nearest quarterly months of the March, June, September and December cycle.		
Delivery day	The tenth calendar day of the respective quarterly month, if this day is an exchange day; otherwise, the exchange day immediately succeeding that day.		
Last Trading Day	Two exchange days prior to the delivery day of the relevant maturity month. End of trading for the maturing delivery month is 12:30 CET.		
Daily Settlement Price	The Daily Settlement Price for the current maturity month is derived from the volume-weighted average of the prices of all transactions during the minute before 17:15 CET (reference point), provided that more than five trades transacted within this period. For the remaining maturity months the Daily Settlement Price for a contract is determined based on the average bid/ask spread of the combination order book.		
Final Settlement Price	The Final Settlement Price is established by Eurex on the Final Settlement Day at 12:30 CET; based on the volume-weighted average price of all trades during the final minute of trading provided that more than ten trades occurred during this minute; otherwise the volume-weighted average price of the last ten trades of the day, provided that these are not older than 30 minutes. If such a price cannot be determined, or does not reasonably reflect the prevailing market conditions, Eurex will establish the Final Settlement Price.		
Trading hours	08:00–19:00 CET, on the Last Trading Day 08:00–12:30 CET.		
Vendor codes	FBTS	Bloomberg: BTSA cmdty ThomsonReuters: <0#FBTS:>	CQG: FBTS
	FBTM	Bloomberg: MFBA cmdty ThomsonReuters: <0#FBTM:>	–
	FBTP	Bloomberg: IKA comdty ThomsonReuters: <0#FBTP:>	CQG: FBTP

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