

# Enhancement of Eurex Wholesale Trading Facilities

As of **November 10, 2008**, Eurex extended the use of the **Exchange for Swaps (EFS) trade facility** to include equity index swaps. The enhancements will apply for all Eurex equity index futures.

This extension permits maximum flexibility in transacting swap trades in combination with Eurex equity index futures without incurring any execution risk. EFS trades are not subject to block trade threshold levels but are based on the related exchange of an underlying swap and futures bilaterally agreed between counterparties.

## Extension of the Exchange for Swaps (EFS) Trade Facility to Include Eurex Equity Index Futures

As of November 10, 2008, Eurex Clearing admitted the following combination of underlying instruments and equity index futures contracts for the EFS facility:

Admitted Underlying Instruments	
<b>Reporting Transaction</b> (a swap cash position will not generate a position in Eurex Clearing)	<b>Position-generating Transaction</b> (futures will generate a position in Eurex Clearing)
Equity index swap <sup>1</sup>	Eurex equity index futures

Since the trade entry window of the EFS facility was primarily developed for the interest rate swaps, users should be aware that the trade entry titles for reporting futures transactions are more relevant to that market. To understand the field mapping for reporting swap transactions please see the following example and paragraph 8.3.1 of the General Conditions for Participation, which can be found on [www.eurexchange.com](http://www.eurexchange.com) > Trading > Wholesale Trading.

### Example:

A sector basket swap hedged with the purchase of Eurex Dow Jones EURO STOXX® Banks Futures is entered into the EFS trade facility as follows:

Reporting Transaction		Pay
Nominal	1,000	Nominal in thousand
CpnFixRat	3.25	Rate of Return
CpnFrq	4	Coupon frequency
Strt Date	01.12.2008	Start date of swap
End Date	30.09.2010	End date of swap
Curr	EUR	Currency of swap

<sup>1</sup> OTC equity index swaps where

a) the share basket reflected via the swap shall be composed of at least ten different index components or a number of stock certificates which represent at least half of the stock index underlying the futures contract;

b) the market value of the part of the share basket reflected via the swap, the values of which are part of the stock index underlying the futures contract, shall be at minimum 20 percent of the market value of the entire cash transaction; all single shares in the share basket reflected via the swap shall be part of the Dow Jones STOXX® TMI Index, the Dow Jones Global Titans 50 Index<sup>SM</sup> (EUR), the Dow Jones Global Titans 50 Index<sup>SM</sup> (USD), the Dow Jones Sector Titans Indexes<sup>SM</sup>, the MSCI Russia Index or the RDXxt® USD – RDX Extended Index. Moreover the equity index swap should have been written under the terms of an ISDA® Master Agreement.

Position-generating Transaction		Pay
Contract	FESB	Futures contract month
Qty	150	Futures quantity
Prc	145.0	Price of futures contract
O/C	O	Open or close
Act	A1	A, P or M
Hdg	DUR	Hedging method will be set to "DUR"
Cpty	SIMAE	Counterparty
Trader ID	GDBXXINF001	Trader ID

The screenshot shows the 'OTC EFS Trade Entry' window with the following fields filled:

- TranNo: [Empty]
- SwapCust1: [Empty]
- SwapCust2: [Empty]
- SwapType: payer
- StlDate: 24.11.2008
- Nominal: 1.000
- CpnFixRat: 3,2500
- CpnFreq: 4
- CpnVarRef: [Empty]
- CpnVarOfs: [Empty]
- StrlDat: 01.12.2008
- EndDat: 30.09.2010
- Curr: EUR
- BUY button
- Exch: XEUR
- Contract: FESB
- Qty: 150
- Prc: 145,0
- O/C: O
- Act: A1
- Hdg: DUR
- ExchRate: [Empty]
- Curr: EUR
- Cpty: SIMAE
- TUMbr: [Empty]
- Text: [Empty]
- Customer: [Empty]
- MIOrdNo: [Empty]
- TraderID: GDBXXINF001
- Apply, Delete, Cancel buttons

In order to make futures a suitable instrument for hedging the cash market transaction, the number of traded futures should have a specific ratio to the market value of the share basket, which is reflected by the equity index swap.

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