

Eurex FI ESG Index Futures

Making an Impact

October 2021



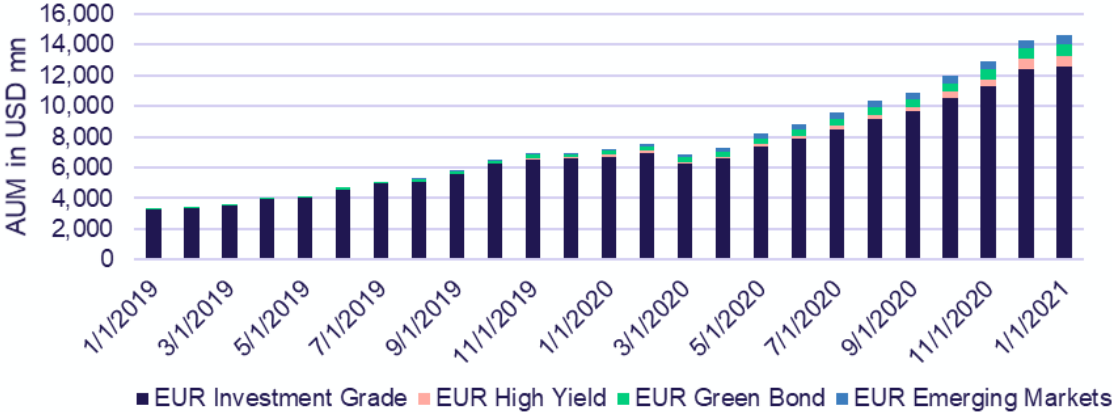
Agenda

- | | | | |
|----------|--|----------|----------------------------|
| 1 | Introduction | 6 | Wholesale Offering |
| 2 | Eurex ESG Ambition & Roadmap | 7 | Liquidity Providers |
| 3 | Futures on Euro Corporate SRI Index | 8 | Contact Details |
| 4 | Futures on Global Green Bond Index | 9 | Appendix |
| 5 | Opportunities in Trading Eurex FI ESG Futures | | |

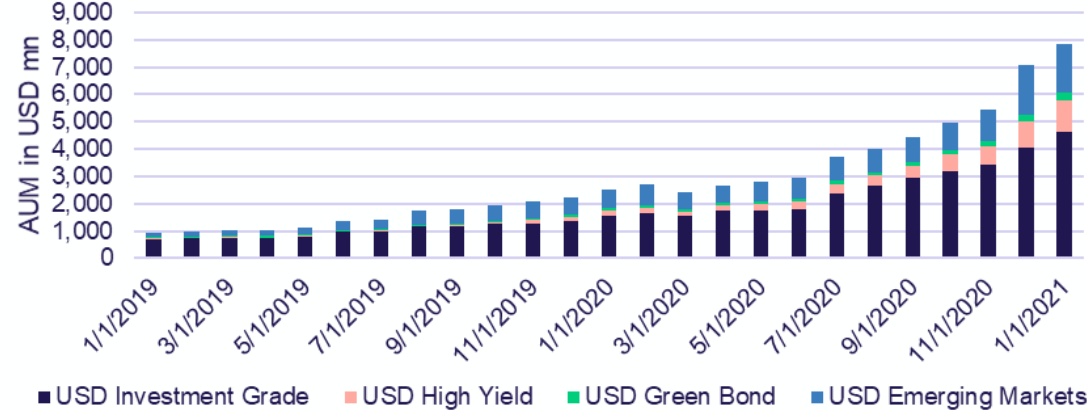
1 Introduction

Significant market growth and adoption of ESG principles in FI investing

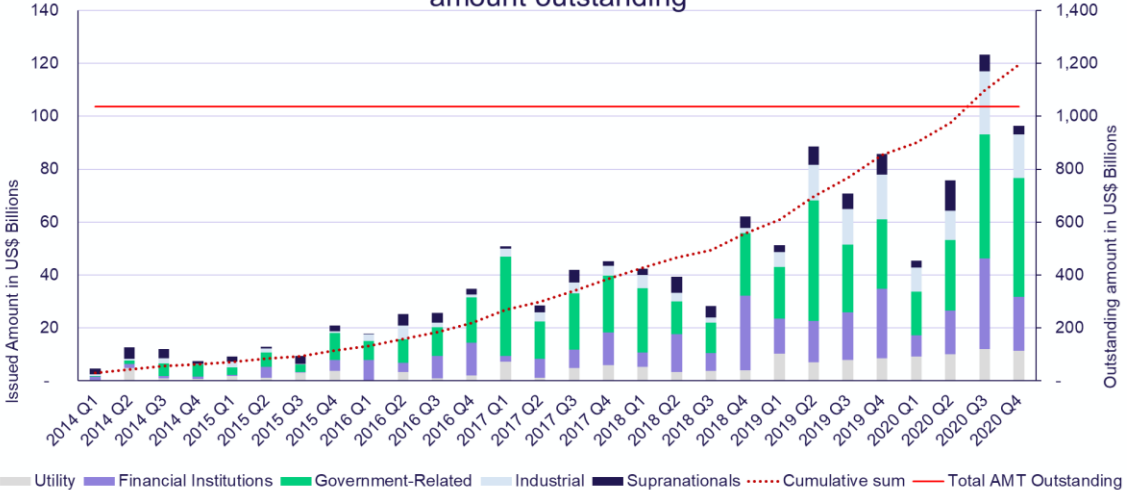
EUR FI ESG ETF - AUM development



USD FI ESG ETF - AUM development



Green, Social and Sustainable bonds - Historical amount issued and amount outstanding



Comments

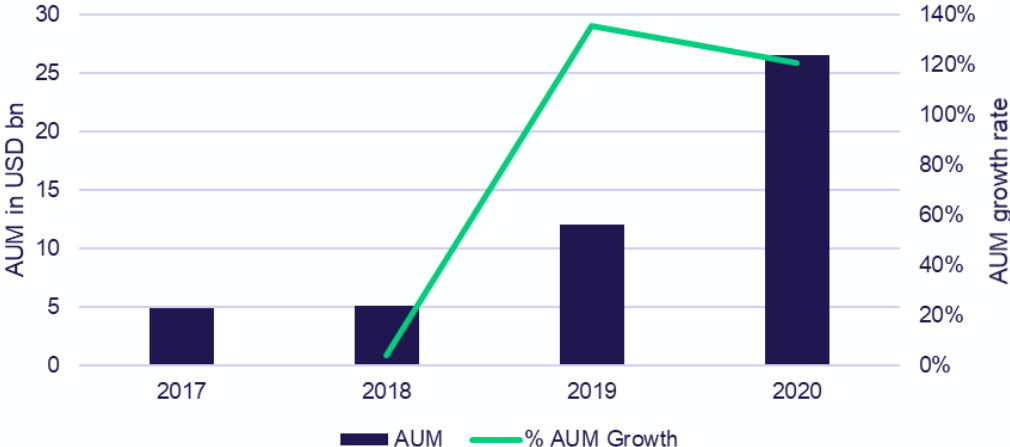
- Looking at the ETF market as a proxy, 2019 and 2020 saw a significant growth of AUM in both EUR and USD AUM, which focused in IG corporate.
- In the US, the greatest winners of 2020 were USD IG and hard currency emerging markets, which saw their AUM soar in 2020.
- The green and sustainable bond market continues to exhibit exponential growth in issued amounts.
- This market will see new participants, such as the EU Commission and several other European Government agencies.

As a proxy for the FI ESG market, the global ESG Fixed Income ETF landscape showed a four-fold growth during the last two years

Industry Highlights

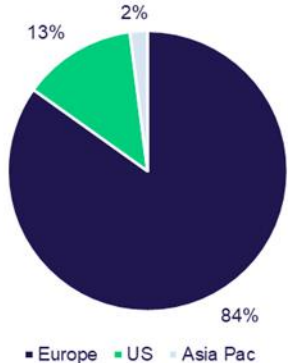
- Over \$27.2bn in assets under management across 72 ETFs
- Strong recent growth 15.5bln or 131% YoY AUM growth in 2020
- 84% of assets in European-domiciled ETFs
- 77% of assets in Corporate-focused ETFs
- 6 ETF issuers represent 91% of the assets
- 79% of assets are linked to Bloomberg indices

Global FI ESG ETF AUM

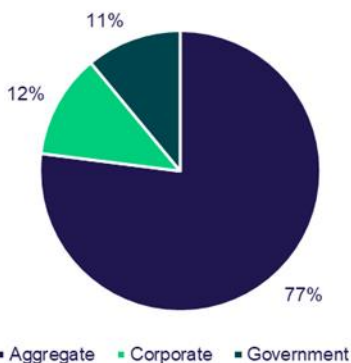


Fixed income ESG ETFs AUM Market Share

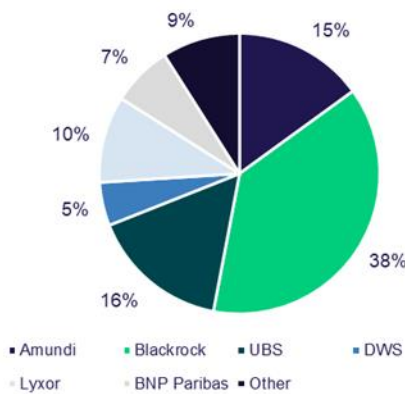
By Region



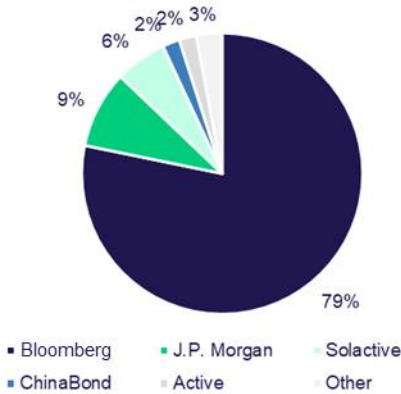
By product Category



By Issuer



By Index Provider



2 Roadmap

Eurex aims to become the global venue for listed ESG derivatives for EUR and USD denominated products



- Global venue of EUR fixed income derivatives
- Global leader of ESG listed derivatives in the equity space
- Price transparency and compliance with regulation through the Central Limit Order-book
- Clearing through Central Counterparty

ESG Compliance

- Allow Asset managers to **best adapt** their strategies to comply with **strict ESG mandates**

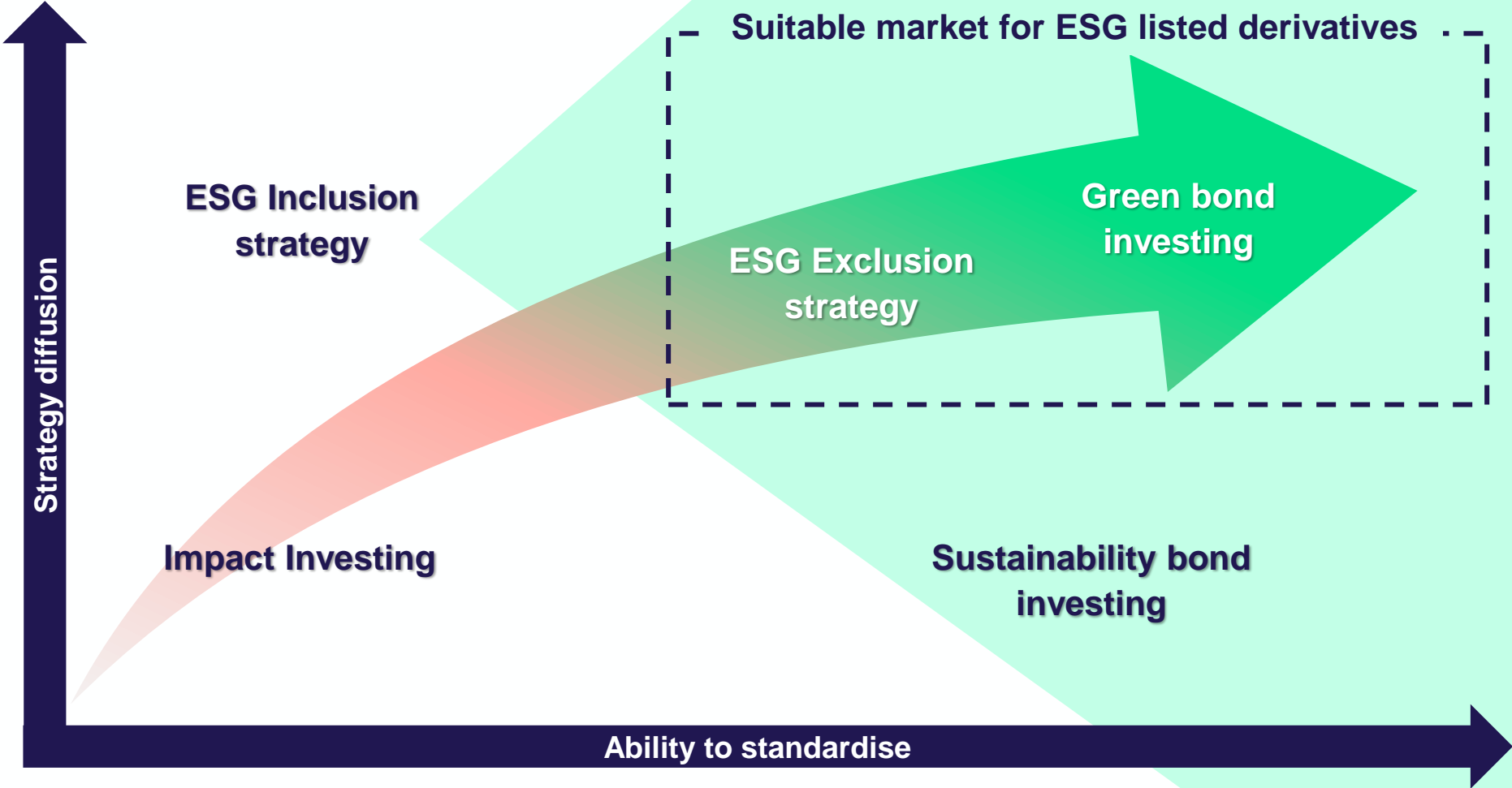
Risk Management

- Offer the market an **efficient and cost-effective** solution
- **Optimally manage** risk of ESG-driven portfolios

Additional Alpha

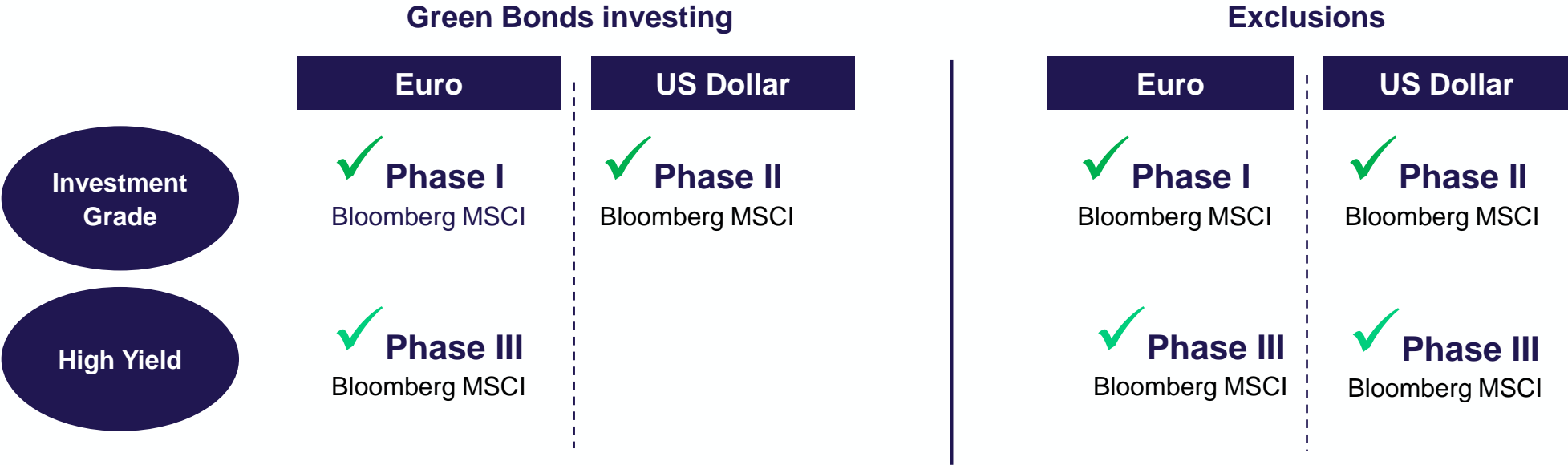
- Generate **additional alpha** with synthetic exposure to **ESG** fixed income securities

To date, only few of the investment themes in the fixed income ESG space can be leveraged to offer a tradable standardized contract



Bond Index futures offer a standardized and established solution to gain exposure to ESG fixed income market segments

Phase I going live September 27th, 2021



Bond index
Futures

- **Standardized** exchange traded contract
- **Centrally cleared** solution
- **Cost effective** in terms of **margin savings** and **transparent prices**
- Easy and **well established** structure widely utilized in the equity index futures market
- **Total return price index**, to factor in the re-investment of paid coupons
- **Bloomberg MSCI index** product suite, to utilize index benchmarks that clients are familiar with

3 Eurex Futures on Euro Corporate SRI Index

Eurex Futures on Euro Corporate SRI index: Contract Specification

Bloomberg ticker of the index: RECMTREU Index

Contract Standard	Bloomberg MSCI Euro Corporate SRI Total Return Index Value Unhedged EUR
Eurex Product code	FECX
Contract Value	EUR 1,000 per index point
Minimum Block Trade size	30
Price Quotation Tick Size / Tick value	In points with two decimal places / 0.01 Points = EUR 10
Trading hours	8:00 a.m. to 7:00 p.m. CET
Contract Months	The three nearest quarterly months of the March, June, September and December cycle
Last Trading Day/ Final settlement day	Third Friday of each maturity month if this is an exchange day; otherwise the exchange day immediately preceding that day; close of trading in the maturing futures on the last trading day is 19:00 CET. Final settlement day is the exchange day immediately following the last trading day
Final settlement Price	The final settlement price is established by Eurex on the final settlement day of the contract and is based on the closing price of the index (TR, EUR) on the last trading day.
Daily settlement price	Determined from the volume weighted average of all transactions during the minute before 05:15 pm CET (reference point), provided that more than 5 trades transacted within this period
Settlement	Cash settlement, payable on the first exchange day after following the expiration day
Vendor codes	Bloomberg: LXYA Index; Refinitiv RIC: 0#FECX:

The Euro Corporate SRI Index (RECMTREU Index)

Key Index statistics

Components	2,866
Market Value	EUR 2.207 tn
Amount Outstanding	EUR 2.096 tn
Average Coupon	1.39
Average Maturity	5.58
Rating	A3 / BAA1

EUREX

Index

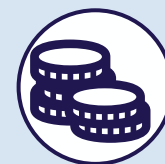
Exclusions

Methodology

- Investment Grade, Euro-denominated **corporate bond** universe satisfying the below criteria:



At least 1 year until final maturity



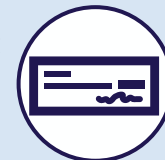
EURO denominated



Investment Grade (rating BBB or higher)



Minimum amount outstanding of Eur300MM



Fixed Coupon

- MSCI Business Involvement Screening:** exclude issuers involved in business lines/activities as per the standard Bloomberg MSCI SRI screen:



Alcohol



Gambling



Nuclear Power



Civilian Firearms



Thermal Coal



Tobacco



Adult Entertainment



Genetically Modified Organisms



Military Weapons



Unconventional Oil & Gas

- MSCI ESG Controversy Score:** exclude issuers with a Red (0) score – i.e. companies involved in a current, major ESG problem.

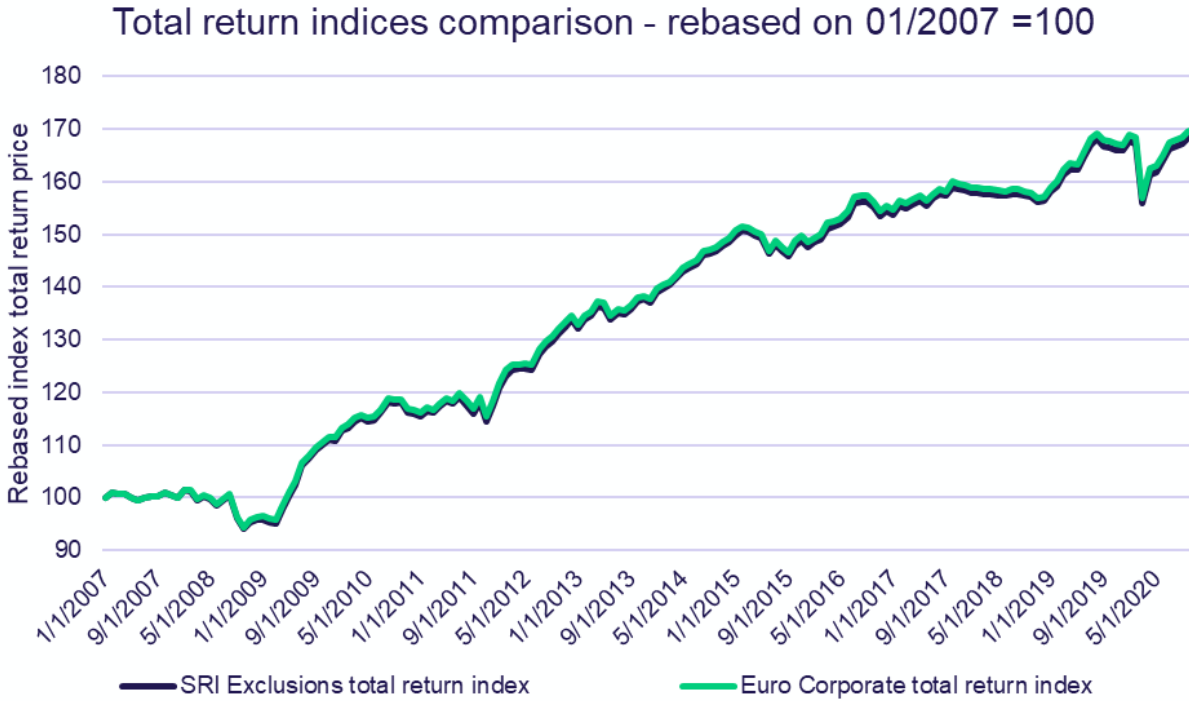
Total return comparison with the Euro corporate aggregate index – all relevant index key statistics closely match the benchmark



▪ The ESG Exclusion index closely tracks the Euro Corporate IG benchmark



- The fixed income ESG space lacks an official index benchmark
- The exclusion index plays as de-facto benchmark and was very well received by the buy-side community since its launch



Statistics of Total Returns – 2007/01 to 2020/09

Statistics	Euro Corporate (benchmark)	SRI Exclusion	SRI vs. benchmark
Mean (Monthly, %)	0.325	0.321	-0.005
Std Dev (Monthly, %)	1.21	1.21	0.05
Sharpe ratio	0.93	0.92	
Max	3.73	3.60	0.15
Min	-6.85	-6.77	-0.21

4 Eurex Futures on Global Green Bond Index

Eurex Futures on Global Green Bond index: Contract Specification

Bloomberg ticker of the index: GBGLTREU Index

Contract Standard	Bloomberg MSCI Global Green Bond Total Return Index Value Unhedged EUR
Eurex Product code	FGGI
Contract Value	EUR 1,000 per index point
Minimum Block Trade size	40
Price Quotation Tick Size / Tick value	In points with two decimal places / 0.01 Points = EUR 10
Trading hours	8:00 a.m. to 7:00 p.m. CET
Contract Months	The three nearest quarterly months of the March, June, September and December cycle
Last Trading Day/ Final settlement day	Third Friday of each maturity month if this is an exchange day; otherwise the exchange day immediately preceding that day; close of trading in the maturing futures on the last trading day is 19:00 CET. Final settlement day is the exchange day immediately following the last trading day
Final settlement Price	The final settlement price is established by Eurex on the final settlement day of the contract and is based on the closing price of the index (TR, EUR) on the last trading day.
Daily settlement price	Determined from the volume weighted average of all transactions during the minute before 05:15 pm CET (reference point), provided that more than 5 trades transacted within this period
Settlement	Cash settlement, payable on the first exchange day after following the expiration day
Vendor codes	Bloomberg: LXAA Index; Refinitiv RIC: 0#FGGI:

The MSCI green bond selection criteria are stricter but in line with the ICMA green bond principles – The Global Green Bond Index (GBGLTREU Index)

Key Index statistics

Components	794
Market Value	EUR 644.51 bn
Amount Outstanding	EUR 619.56 bn
Average Coupon	1.29
Average Maturity	9.27
Rating	AA3 / A1

EUREX

Index

Green Bond screen

Methodology

- Investment Grade bonds belonging to Treasury, Corporate, Government-related and Securitized sectors and satisfying:



No maturity restrictions



Fixed Coupon



EUR (69%), USD (20%), CAD (3%), SEK (2.5%), GBP (2%), AUD (2%), other (1.5%)



Minimum amount outstanding of Eur300MM



Investment Grade (rating BBB or higher)

- Securities are independently evaluated by MSCI ESG Research along four dimensions to determine whether they should be classified as a green bond:



Stated use of proceeds indicated in the bond issuance prospectus



Process for management of proceeds



Process for green project evaluation and selection

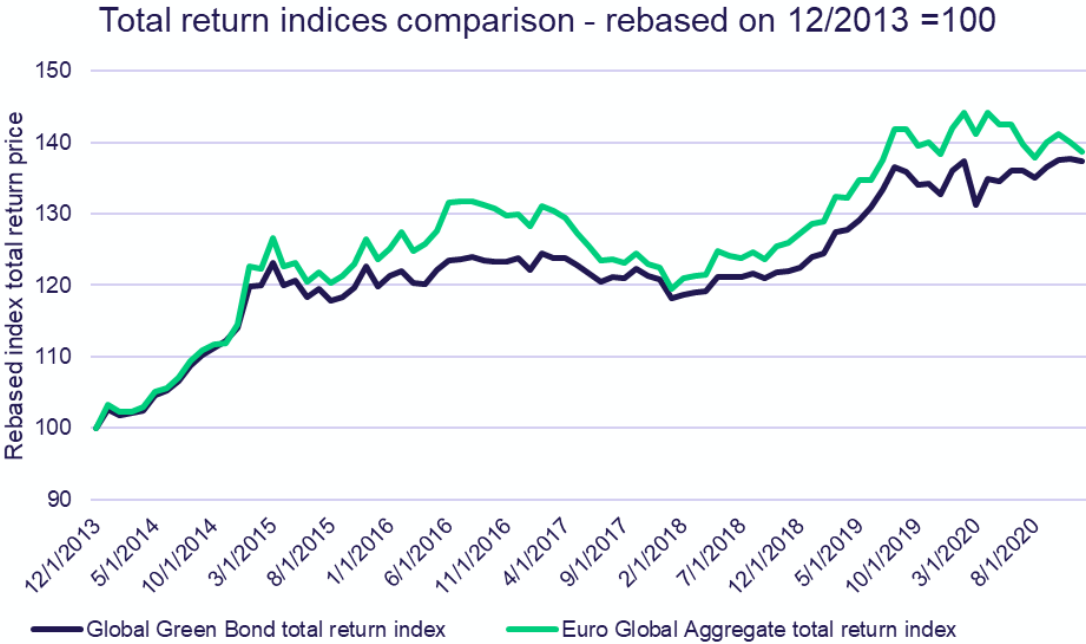


Commitment to ongoing reporting of the environmental performance of the use of proceeds

- Both self-labelled green bonds and unlabelled bonds will be evaluated using these criteria for potential index inclusion (even if not marketed as green)

Total return comparison with the Euro Global aggregate index – the Global Green bond index has a unique risk-return profile

- *The Euro Global Aggregate is not the benchmark for the Global Green Bond index. Strictly speaking the Global Green Bond Index does not have a benchmark.*
- *The Global Green bond index has a different risk return profile from it's closest parent index. Futures on this index provide a cost-effective alternative to access this particular market.*



Statistics of Total Returns – 2014/01 to 2020/09

Statistics	Global Aggregate	Global Green Bond	Green vs. Conventional
Mean (Monthly, %)	0.40	0.39	-0.01
Std Dev (Monthly, %)	1.67	1.38	-0.29
Sharpe ratio (over 6Y)	0.51	0.77	+0.26
Max	7.06	5.02	-1.35
Min	-3.13	-4.48	-2.05

5 Opportunities in Trading Eurex Fixed Income ESG Futures

Product Use Cases



Liquidity and cash management

- When **large fund flows occur**, it can be most **efficient** to "put the money to work" quickly via futures. This exposure can then be **scaled down** as individual securities are sourced.
- Employ available **un-invested** cash to get unfunded **exposure to market returns**.



Hedging purposes

- For a fund pursuing an **active selection** of bonds to **outperform** the market, **futures** can be used to temporarily **reduce market exposure** of a portfolio.
- Futures remove the need to pay **high bid/offer spreads** on bonds or run the **risk** of not being able to **buy back securities** when the need to reduce risk is over.



Portfolio overlay

- **Futures** can be used to **increase or reduce** market exposure in a portfolio, relative to its actual funded amount.
- **Synthetic replication** of an asset class, market or factor exposure.

6 Wholesale Offering

Wholesale Offering

Eurex Fixed Income ESG Futures can also be traded **outside the order book** on a **bilateral basis**, and subsequently booked to Eurex Clearing through the use of our **Eurex T7 Entry Service**.

Block Trading

- Members are able to **enter bilaterally agreed off-book** transactions into the trading and clearing system. Registered off-book trades are then automatically cleared like regular exchange transactions.
- The Block Trade Entry facility is **fully electronic and integrated into members' processes** (the exchange defines a minimum number of contracts for a Block Trade – see below).

Basis Trading

- **Basis trading** can also be facilitated by the Exchange for Physicals - Index (EFP-I) functionality. An EFP-I **against an ETF or a basket of bonds** (the “Reference Instrument”) can be entered , subject to certain criteria regarding notional size and correlation.
- Furthermore, FI ESG Futures can themselves be used as a “Reference Instrument” for an EFP-Fin trade **against a government bond futures** trade.
- There are no minimum entry size restrictions for EFP.

Minimum Entry Size for Block Trades

- Minimum block entry size has been kept to the minimum to facilitate the initial build up of Open Interest:
 - **FECX:** 30 contracts.
 - **FGGI:** 40 contracts
- There are **no minimum entry size restrictions for EFP**.

7 Liquidity Providers

Liquidity Providers

Liquidity Providers On-Screen		
Company	Contact	Phone number
FlowTraders	Jasper Jansen Roel van der Weijst Quirien Raat	+3120 7998621 +3120 7998741 +3120 7998741
	nlbon@nl.flowtraders.com	
Société Générale	Aziz Tikouirt Arnaud Muller Remy Benchetrit Nicolas Lesceu	+33 142140365 +33 142149818
	list.par-mark-fic-trd-rat-etf@socgen.com	
Susquehanna	Ronan Henderson SIS-Sales-ETF@sig.com	+353 1 802 8018

Liquidity Providers Off-Screen		
Company	Contact	Phone number
Bank of America	Joel Stainton Joel.Stainton@bofa.com BofA_Futures_EMEA@bofa.com	+44 207 996 1885
FlowTraders	Jasper Jansen Roel van der Weijst Quirien Raat nlbon@nl.flowtraders.com	+3120 7998621 +3120 7998741 +3120 7998741
Goldman Sachs	Douglas Kerr Antony Harden gs-futures@ny.email.gs.com	+44-207 7741705 +44-207 0519848
Société Générale	Aziz Tikouirt Arnaud Muller Remy Benchetrit Nicolas Lesceu list.par-mark-fic-trd-rat-etf@socgen.com	+33 142140365 +33 142149818
Susquehanna	Ronan Henderson SIS-Sales-ETF@sig.com	+353 1 802 8018

8 Contact Details

Contacts

Vassily Pascalis
Sales United Kingdom

Deutsche Börse AG
UK Representative Office
11 Westferry Circus, Canary Wharf
London, E14 4HE
United Kingdom

T: +44 (0)20 78 62-72 11
vassily.pascalis@eurex.com

Ricky Maloney
Sales United Kingdom- Buy-side

Deutsche Börse AG
UK Representative Office
11 Westferry Circus, Canary Wharf
London, E14 4HE
United Kingdom

T: +44 (0) 74 14 03-70 59
ricky.maloney@eurex.com

Catherine Alexander
Sales United Kingdom – Buy-side

Deutsche Börse AG
UK Representative Office
11 Westferry Circus, Canary Wharf
London, E14 4HE
United Kingdom

T: +44(0) 20 78 62-72 56
catherine.alexander@eurex.com

Lothar Kloster
Sales Germany

Eurex Frankfurt AG
Mergenthalerallee 61
65760 Eschborn
Germany

T: +49 69 2 11-1 72 89
lothar.kloster@eurex.com

Eva Haupt
Sales Netherlands

Deutsche Börse AG
UK Representative Office
11 Westferry Circus, Canary Wharf
London, E14 4HE
United Kingdom

T: +44 (0) 20 78 62-76 55
eva.haupt@eurex.com

Francesca Dell’Era
Sales Switzerland / Italy / Malta

Eurex Global Derivatives AG
Theilerstrasse 1a
6300 Zug
Switzerland

T: + 41 (0)43 430 71 23
francesca.dellera@eurex.com

David Carretero
Sales France / Belgium / Spain

Eurex Frankfurt AG
Mergenthalerallee 61
65760 Eschborn
Germany

T: +49 69 2 11-1 82 33
david.carretero@eurex.com

Katrina Ryan
Sales Scandinavia

Deutsche Börse AG
UK Representative Office
11 Westferry Circus, Canary Wharf
London, E14 4HE
United Kingdom

T: +44(0) 20 78 62-72 89
katrina.ryan@eurex.com

Thank you!

9 Appendix

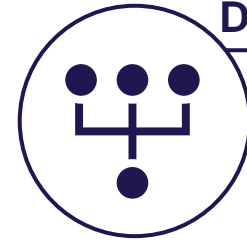


Bloomberg Fixed Income Indices are the benchmark of choice, backing over USD 5tn in assets under management worldwide



History

- **47 years** as market pioneer and **leader in fixed income** benchmarks
- Serve a **wide range of applications** and benchmark users with **deep client relationships**



Distribution

- Benchmarks are **widely accessible** via market data redistributors and **portfolio analytics platforms**
- **Strong data** and wide scope of **analytics** and **custom index** solutions



Industry-wide adoption

- Over **US \$5 trillion AUM** benchmarked
- **#1 provider** of benchmarks for **Fixed Income ETFs**



Research & Product Expertise

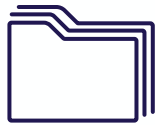
- Full suite of **benchmark** and **strategy indices** (broad market beta to alpha strategies)
- Expertise with **alternative weighted indices** to provide diversification, value and income themes
- **Innovation** and thought leadership



Industry Recognition

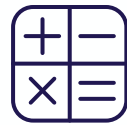
- **#1 Bond Market Indices** by Institutional Investor every year **since 1987**
- **Top index provider** by US Credit magazine **since 2004**

Bloomberg, as an index provider, is uniquely positioned to self-source all fundamental pillars to support a sound index maintenance and production process



Data

- Access to 35 million instruments across all asset classes
- Rapid, real-time market data, key reference data and more with unmatched data normalization and intelligence



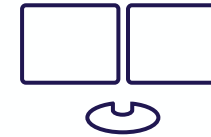
Price - BVAL

- Transparent, defensible pricing at current and historical snapshots using sophisticated, asset class-specific relative value models
- 2.5M securities priced daily using 9 snapshots and 3,600 different curves
- 1.3K clients globally



Analytics

- Portfolio & Risk Analytics, PORT<GO>
- Portfolio Report Editor, PREP<GO>
- Custom Index Builder, IQ<GO>



Distribution

- 325,000 Bloomberg Terminals globally
- BBA clients have automatic access to these indices on the terminal
- Integration with PORT and multiple 3rd party vendors



Research

- PORT and Index Research, INP <GO>
- Bloomberg Intelligence, BI<GO>

Disclaimer

© Eurex 2020

Deutsche Börse AG (DBAG), Clearstream Banking AG (Clearstream), Eurex Frankfurt AG, Eurex Clearing AG (Eurex Clearing) and Eurex Repo GmbH (Eurex Repo) are corporate entities and are registered under German law. Eurex Global Derivatives AG is a corporate entity and is registered under Swiss law. Clearstream Banking S.A. is a corporate entity and is registered under Luxembourg law. Deutsche Boerse Asia Holding Pte. Ltd., Eurex Clearing Asia Pte. Ltd. and Eurex Exchange Asia Pte. Ltd are corporate entities and are registered under Singapore law. Eurex Frankfurt AG (Eurex) is the administrating and operating institution of Eurex Deutschland. Eurex Deutschland is in the following referred to as the “Eurex Exchange”.

All intellectual property, proprietary and other rights and interests in this publication and the subject matter hereof (other than certain trademarks and service marks listed below) are owned by DBAG and its affiliates and subsidiaries including, without limitation, all patent, registered design, copyright, trademark and service mark rights. While reasonable care has been taken in the preparation of this publication to provide details that are accurate and not misleading at the time of publication DBAG, Clearstream, Eurex, Eurex Clearing, Eurex Repo as well as the Eurex Exchange and their respective servants and agents (a) do not make any representations or warranties regarding the information contained herein, whether express or implied, including without limitation any implied warranty of merchantability or fitness for a particular purpose or any warranty with respect to the accuracy, correctness, quality, completeness or timeliness of such information, and (b) shall not be responsible or liable for any third party’s use of any information contained herein under any circumstances, including, without limitation, in connection with actual trading or otherwise or for any errors or omissions contained in this publication.

This publication is published for information purposes only and shall not constitute investment advice respectively does not constitute an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any other transaction. This publication is not intended for solicitation purposes but only for use as general information.

All descriptions, examples and calculations contained in this publication are for illustrative purposes only.

Eurex and Eurex Clearing offer services directly to members of the Eurex Exchange respectively to clearing members of Eurex Clearing. Those who desire to trade any products available on the Eurex market or who desire to offer and sell any such products to others or who desire to possess a clearing license of Eurex Clearing in order to participate in the clearing process provided by Eurex Clearing, should consider legal and regulatory requirements of those jurisdictions relevant to them, as well as the risks associated with such products, before doing so.

Only Eurex derivatives that are CFTC-approved may be traded via direct access in the United States or by United States persons. A complete, up-to-date list of Eurex derivatives that are CFTC-approved is available at: <http://www.eurexchange.com/exchange-en/products/eurex-derivatives-us>. In addition, Eurex representatives and participants may familiarise U.S. Qualified Institutional Buyers (QIBs) and broker-dealers with certain eligible Eurex

equity options and equity index options pursuant to the terms of the SEC’s July 1, 2013 Class No-Action Relief. A complete, up-to-date list of Eurex options that are eligible under the SEC Class No-Action Relief is available at: <http://www.eurexchange.com/exchange-en/products/eurex-derivatives-us/eurex-options-in-the-us-for-eligible-customers...> Lastly, U.S. QIBs and broker-dealers trading on behalf of QIBs may trade certain single-security futures and narrow-based security index futures subject to terms and conditions of the SEC’s Exchange Act Release No. 60,194 (June 30, 2009), 74 Fed. Reg. 32,200 (July 7, 2009) and the CFTC’s Division of Clearing and Intermediary Oversight Advisory Concerning the Offer and Sale of Foreign Security Futures Products to Customers Located in the United States (June 8, 2010).

Trademarks and Service Marks

Buxl®, DAX®, DivDAX®, eb.rexx®, Eurex®, Eurex Repo®, Eurex Strategy WizardSM, Euro GC Pooling®, FDAX®, FWB®, GC Pooling®, GCPI®, MDAX®, ODAX®, SDAX®, TecDAX®, USD GC Pooling®, VDAX®, VDAX-NEW® and Xetra® are registered trademarks of DBAG. All MSCI indexes are service marks and the exclusive property of MSCI Barra. ATX®, ATX® five, CECE® and RDX® are registered trademarks of Vienna Stock Exchange AG. IPD® UK Quarterly Indexes are registered trademarks of Investment Property Databank Ltd. IPD and have been licensed for the use by Eurex for derivatives. SLI®, SMI® and SMIM® are registered trademarks of SIX Swiss Exchange AG. The STOXX® indexes, the data included therein and the trademarks used in the index names are the intellectual property of STOXX Limited and/or its licensors. Eurex derivatives based on the STOXX® indexes are in no way sponsored, endorsed, sold or promoted by STOXX and its licensors and neither STOXX nor its licensors shall have any liability with respect thereto. Bloomberg Commodity IndexSM and any related sub-indexes are service marks of Bloomberg L.P. PCS® and Property Claim Services® are registered trademarks of ISO Services, Inc. Korea Exchange, KRX, KOSPI and KOSPI 200 are registered trademarks of Korea Exchange Inc. BSE and SENSEX are trademarks/service marks of Bombay Stock Exchange (BSE) and all rights accruing from the same, statutory or otherwise, wholly vest with BSE. Any violation of the above would constitute an offence under the laws of India and international treaties governing the same.

The names of other companies and third party products may be trademarks or service marks of their respective owners.

Eurex Deutschland qualifies as manufacturer of packaged retail and insurance-based investment products (PRIIPs) under Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation), and provides key information documents (KIDs) covering PRIIPs traded on Eurex Deutschland on its website under the following link: <http://www.eurexchange.com/exchange-en/resources/regulations/eu-regulations/priips-kids>.

In addition, according to Art. 14(1) PRIIPs Regulation the person advising on, or selling, a PRIIP shall provide the KID to retail investors free of charge.

Disclaimer (cont.)

© BLOOMBERG 2021

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. MSCI is a trademark and service mark of MSCI Inc. (collectively with its affiliates, “MSCI”), used under license. Bloomberg Finance L.P. and its affiliates (collectively, “Bloomberg”), including Bloomberg Index Services Limited, the index administrator (“BISL”), or Bloomberg’s licensors, including MSCI, own all proprietary rights in the Bloomberg MSCI Corporate SRI index and Global Green Bond index. None of Bloomberg, or MSCI is affiliated with Eurex Frankfurt AG, and none approves, endorses, reviews or recommends Fixed Income ESG futures. None of Bloomberg, or MSCI guarantees the timeliness, accurateness or completeness of any data or information relating to Bloomberg MSCI Corporate SRI index and Global Green Bond index, and none shall be liable in any way to Eurex Frankfurt AG, investors in Fixed Income ESG futures or other third parties in respect of the use or accuracy of the Bloomberg MSCI Corporate SRI index and Global Green Bond index or any data included therein.