

MSCI Derivatives at Eurex

February 2022

Why are MSCI Derivatives getting popular?



Eurex is the Global Home of MSCI Derivatives



1

by Open Interest with 55.8% market share



2

by Trading volumes with 24.2% market share

2022 Traded volume

EUR 152 Billion

3,039,850 contracts

CAGR 2016 – 2021: **26%**

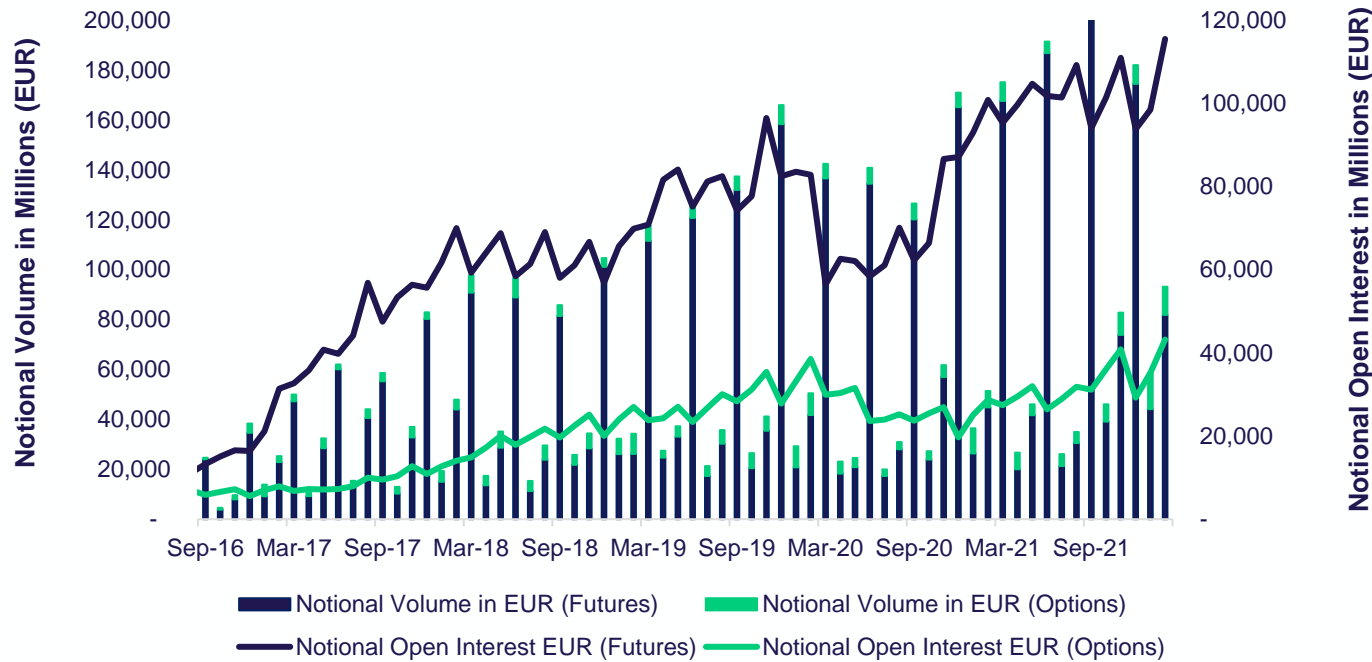
Open Interest

EUR 158 Billion

2.98 million contracts

CAGR 2016 – 2021: **23%**

Evolution of Notional Volume and Notional Open Interest



Open Interest for top MSCI Products



*Based on statistics Nov 2021 **Source:** FIA
Open Interest as of Feb 28, 2022
February 2022

Growth Drivers for Eurex MSCI Derivatives



1 Level playing field: Clients can get competitive prices from dealers on products like MSCI EM (RBE) & EAFE (FFP) futures & benefit from increased orderbook volumes in top products such as MSCI World

2 Cheaper: Eurex fees are **75% cheaper** than competitors

Futures On	Eurex Code	Index Code	Currency	OB Fees	TES Fees
MSCI EAFE*	FMFP, FMFA	Price, NTR	USD		
MSCI EM*	FMEM, FMEF	Price, NTR	USD	0.30 USD	0.45 USD
Asian MSCI Futures*	FMIN, FMID, FMMY, FMPH, FMTW, FMTH, FMCN, FMCH	NTR	USD		
Other MSCI Futures		Price, NTR	EUR, GBP, USD	0.60 USD	0.90 USD

3 Higher capital efficiency: Margins are offset against other Eurex products (SX5E, MSCI, Dividends...)

- Meaningful offset if clients trade other flagship Eurex products
- Important if they trade other MSCI single country futures like MSCI Saudi Arabia or MSCI Japan etc
- In July 2021 Eurex reduced MSCI margins further on large/directional positions by introducing Hedging Auctions

4 Buy-side flow indicates wider adoption: Buy-side now represents over **24%** of Eurex MSCI derivatives flow

5 Ease of trading: Eurex block trade rules are easier, and client can trade against index close easily with dealer

6 Wide offering makes it easier to find better fit:

- **NTR Versions:** Eurex offers NTR versions on EM (ZTS) and EAFE (FFA) and most indexes, rather than just price variations
- **Options:** Eurex offers MSCI Options on the same platform. Margins are offset between options and futures
- **ESG indexes:** Eurex offers Screened and Enhanced Focus methodologies on the benchmark MSCI indexes
- **Sector, Factor and Thematic Indexes:** Eurex offers Sectors on EM & World indexes; Factor indexes on regions and country indexes and thematic indexes

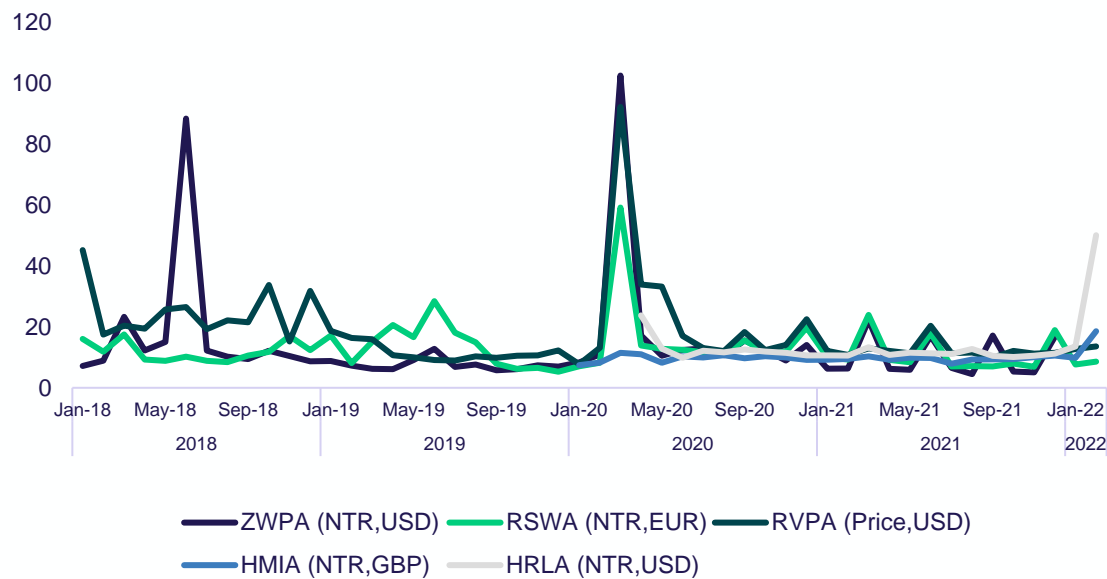
*Source: Eurex Circular 108/21 https://www.eurex.com/resource/blob/2847194/3b022ad80203bf0309a50e0cab4a7d99/data/Eurex_Circular_108_21_en_Attach1.pdf



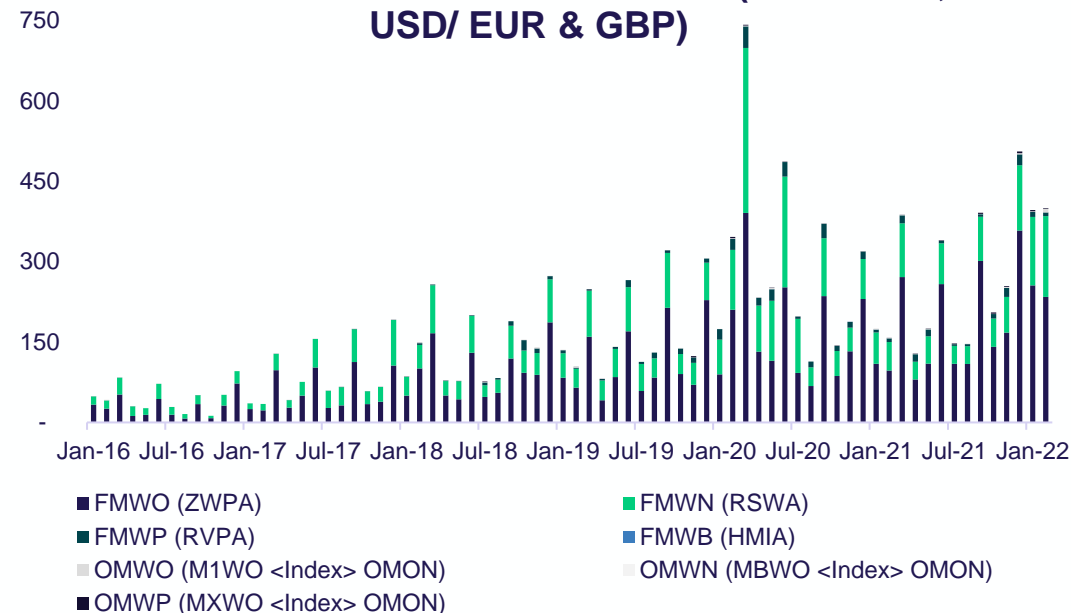
MSCI World now trades in the Orderbook

Buy-Side Flow in MSCI World represented 39% in 2021

ELM in MSCI World Contracts for a 1M EUR Order



Orderbook Volumes in MSCI World (NTR/ Price, USD/ EUR & GBP)



- Spreads on MSCI World Futures, for both NTR & Price Indexes on all currencies, are tightening
- Orderbook volumes in MSCI World contracts have increased on average 21.7% month-over-month the past year

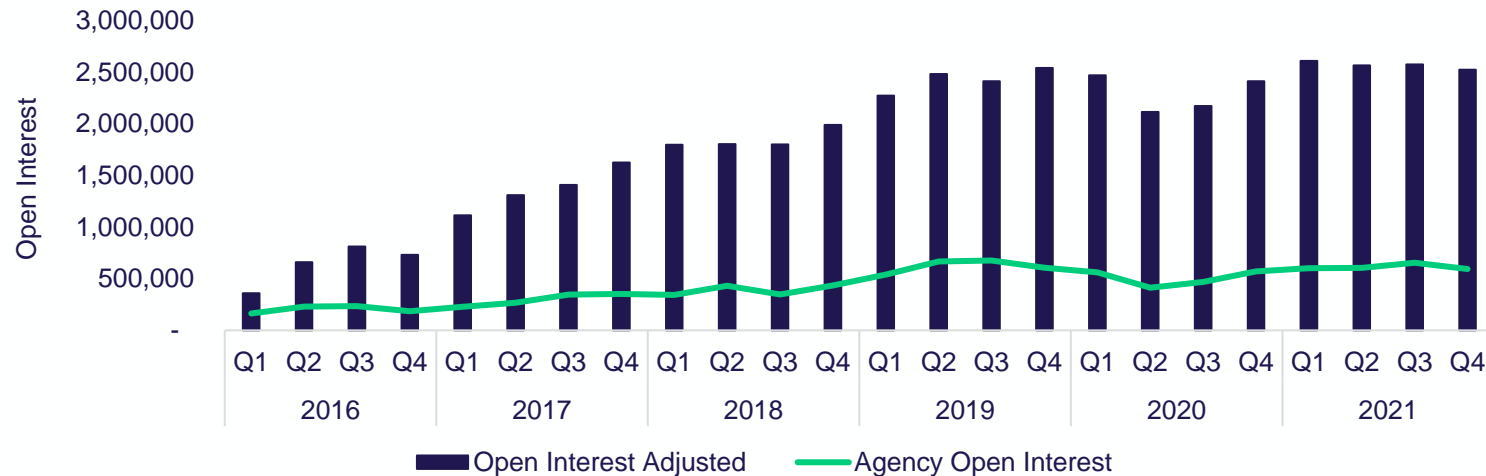
MSCI Derivatives Fee Structure



Product Group	MSCI Futures and Options			MSCI Dividend Derivatives					
Contract	Other MSCI Futures	MSCI EAFE MSCI EM Asian MSCI Index Futures		MSCI EM Index Dividend Futures			MSCI EAFE/ World Index Dividend Futures		
Currency	EUR/ GBP/ USD	USD		USD			USD		
Account				A	P	M	A	P	M
Orderbook *	0.6	0.3		2	1.8	1.8	1.4	1.2	1.2
Eurex Enlight *	0.9	0.45		3	2.7	2.7	2.1	1.8	1.8
TES *									

Standard fee per contract (contract number ≤ threshold value) in respective currencies

Buy-Side represents 24% of Eurex MSCI Derivatives



- With UMR Rules coming into play over the next 2 years, we expect this flow to become stronger
- Conversations have already started with clients and dealers on how to optimize this shift
- Additional growth should attract also new players like hedge funds and more market makers

Products with most buy-side flow:

- MSCI Emerging Markets Asia Futures (USD, NTR)
- MSCI Europe Futures (EUR/NTR and USD, NTR)
- MSCI World Futures (EUR/NTR and USD, NTR)
- MSCI Japan (USD, NTR)
- MSCI India (USD, NTR)
- MSCI Taiwan (USD, NTR)
- MSCI Emerging Markets (USD, Price)
- MSCI Australia (USD, NTR)
- MSCI Emerging Markets Latin Am. (USD, NTR)
- MSCI China Free (USD, NTR)
- MSCI World Options (USD, Price)
- MSCI Emerging Markets EMEA (USD, NTR)

Basis Trading (T+X) for MSCI Futures

Full straight-through-processed basis trading

Current Trading Process



Future Trading Process



Trade agreement at t



Settlement of the trade at t+x



Calendar spread:

MSCI Futures (Expiry t+x) vs.
MSCI Futures (Standard Expiry)



Straight-through-processed basis trading



Straight-through-processed basis trading



CCP risk framework immediately after trade



CCP risk framework immediately after trade



Mitigation of counterparty risk



Mitigation of counterparty risk



Access full variety of liquidity providers



Access full variety of liquidity providers



Choice of trading channel and transparency of the basis



Choice of trading channels and transparency of the basis



MSCI Options have grown by 30% in YoY OI



Eurex is the main global market for MSCI Options

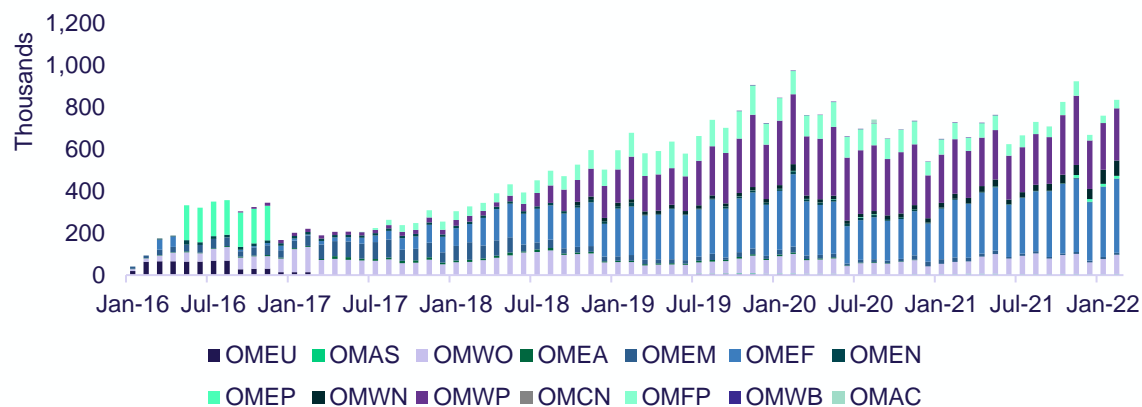
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Options covering a variety of regions and markets across the globe

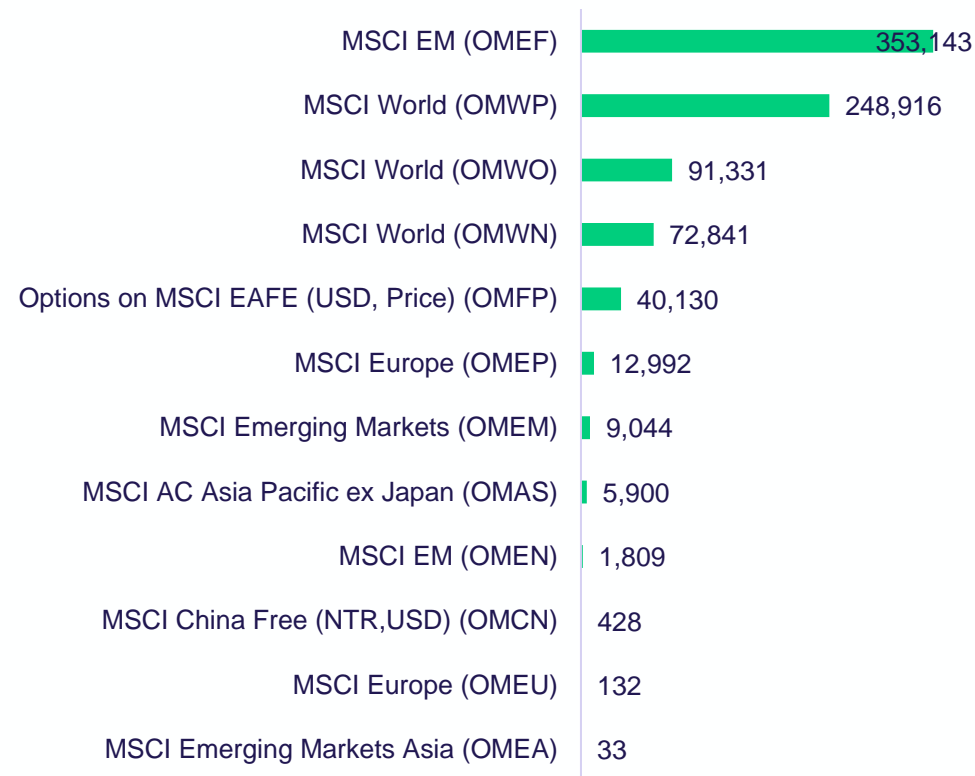
35 bn EUR

Currently invested in 12 Options

Evolution of Options OI



Open Interest for top MSCI Options



MSCI Options Fee Structure (EUR/ USD/ GBP)

	A	M	P
Orderbook	0.54		
Eurex Enlight	0.56	0.5	0.5
TES	0.58		
Threshold (No. of Contracts)	3000	2000	-
% Cleared in 2021	30.5	18.2	51.3

Eurex offers the largest breath of MSCI Derivatives



Eurex lists over 154 Futures and 25 Options on Regional and Country Indexes



Country Indexes

- 24 Standard DM Futures
- 1 Standard DM Option
- 22 Standard EM Futures
- 3 Standard EM Options



Sector Indexes

- 33 Sector Futures for World, EM & Europe



Regional Indexes

- 18 Standard DM Futures
- 8 Standard DM Options
- 11 Standard EM Futures
- 6 Standard EM Options
- 9 Standard DM&EM Futures
- 3 Standard DM&EM Options
- 3 Dividend Futures



ESG Indexes

- 8 ESG Screened Futures
- 5 ESG Enhanced Focus Futures



Small, Mid & Large Cap Indexes

- 2 Small & 2 Large Cap Futures
- 1 MiD / SMID Future
- 2 Large Cap Options



Factor Indexes

- 4 US Factor Futures



Thematic Indexes

- China Tech Futures



Style Indexes

- 10 Value & Growth Futures for 3 regions
- 1 Value & 1 Growth Option

MSCI ESG Derivatives at Eurex

Based on Benchmarks from MSCI



World **EM** **EAFE** **Asia** **Europe** **USA**

**MSCI ESG
Screened
Futures**

MSCI World ESG	MSCI EM ESG	MSCI EAFE ESG	MSCI EM Asia ESG MSCI Japan ESG	MSCI Europe ESG MSCI EMU ESG	MSCI USA ESG
Bloomberg Code: HRLA	Bloomberg Code: HRRA	Bloomberg Code: HRWA	Bloomberg Code: MUYA / HRYA	Bloomberg Code: EUCA / EMUA	Bloomberg Code: HRIA

**MSCI ESG
Enhanced
Focus**

MSCI World ESG	MSCI EM ESG			MSCI Europe ESG	MSCI USA ESG
Bloomberg Code: SJYA	Bloomberg Code: SHRA			Bloomberg Code: SHSA	Bloomberg Code: SICA

Thank you!

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