

# Volatility strategies

With the NextGen ETD logic launch, Eurex offers daily expiries of physically settled single stock futures that can be used as a cash leg for volatility strategies. It enables delta-neutral trades in a fully automated workflow without any bilateral transaction, all within the CCP environment.

This enables delta-neutral trading in single stock options as a physically settled single stock future becomes part of the trade. The daily future expires the same evening, triggering a physical settlement through the CCP with T+2 delivery.

## NEW CONCEPT. MORE BENEFITS.

The new concept allows trading and clearing of options volatility strategies in single stock options within the Eurex risk framework. The main benefits are:

- Delta neutral trading with straight-through processing
- Mitigation of counterparty risk
- Eurex CCP risk framework for both legs
- Access the full variety of liquidity providers
- Full choice of trading channels, including on-screen, EnLight and TES

## What are the key benefits?



### Delta neutral trading

The NextGen ETD concept allows trading and clearing options volatility strategies (OVS) in single stock options within the Eurex risk framework. Daily settled Single Stock Futures with physical delivery will serve as an underlying instrument to eliminate delta risk.



### Mitigate counterparty risk

OVS in single stock options offers delta-neutral trading without any additional counterparty risk or bilateral exchange of the underlying instrument. The trading process is fully replicated within the CCP framework and doesn't require any additional KYC processes or risk limits on the client side.



### No basis risk

The daily expiring single stock futures provides delta exposure without any additional dividend or corporate action basis risk exposure based on the same-day expiration.



- 1 Choose your strategy (e.g., Call-U, Put+U)
- 2 Choose your underlying option
- 3 Choose the underlying daily expiring single stock future (T0)
- 4 Define the Delta (ratio 1:100)
- 5 Trade

## EUREX SALES

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Eurex EnLight Request Details - OPT ON BAYER

EnID

BUY

Contract

BAY

Mar22

4800

C

0

Type

Ratio

Eff B/S

Eff Volume

NegStatus

5

SELL

BAYP

T0

48.6800

Fix Ref and Delta

1

Strategy

CALL-U

Detected

Call Volatility Trade

2

ODAX

Mar22

4800

3

Underleg

BAYP

T0

Mar22

Apr22

May22

Jun22

5000

5250

5500

6000

4200

4400

4600

4800

EUR

50.00

50.00

4

CALL

-

100

+

-

50

+

EffSide

EffSide

CLOB Implied

Phase

BQty

Bid

Ask

AQty

L

Susp

Firm/Indic

Anon

Side

B/S

ShowToAll

Total

Open

BidQty

Bid

Ask

AskQty

Info

AckStatus

ShownSide

MySellLimit

MyBuyLimit

ToB



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