

# Packs & Bundles and Strips in EURIBOR Futures

New functionality at Eurex Exchange, the home to the euro yield curve

Eurex Exchange delivers greater efficiencies for STIR traders with Packs & Bundles and Strips in EURIBOR Futures (FEU3). Hedging in money market derivatives typically requires traders to either buy or sell several outright contracts with consecutive maturity dates at once. Packs & Bundles and Strips package successive contracts together in order to facilitate execution.

## Key benefits

- Easily execute a combination of contract months in our EURIBOR Futures in only one trade.
- Save transaction costs thanks to a fee waiver for Packs & Bundles until 30 June 2015 and a reduced pricing later on.
- Optimally suited for the hedging of OTC IRS
- Benefit from substantial margin efficiencies by off-setting risk from listed interest rate derivatives and OTC IRS positions.

## Packs & Bundles and Strips on T7

- Packs & Bundles are automatically created by the T7 system and are available in a set number of combinations, depicted below.
- Strips are flexible strategies that users can customize to suit their needs.
- Packs & Bundles and Strips support direct matching only for orders in the same order book. The order validity is limited to good-for-day orders. Good-to-cancel or good-till-date orders are not permitted.
- All three functionalities are supported by all market data interfaces.

## Overview of available combinations

Quarterly delivery months	Packs	Bundles			
White (March)	White Pack	Two-Year Bundle	Three-Year Bundle	Four-Year Bundle	Five-Year Bundle
White (June)					
White (September)					
White (December)					
Red (March)	Red Pack	Two-Year Bundle	Three-Year Bundle	Four-Year Bundle	Five-Year Bundle
Red (June)					
Red (September)					
Red (December)					
Green (March)	Green Pack	Two-Year Bundle	Three-Year Bundle	Four-Year Bundle	Five-Year Bundle
Green (June)					
Green (September)					
Green (December)					
Blue (March)	Blue Pack	Two-Year Bundle	Three-Year Bundle	Four-Year Bundle	Five-Year Bundle
Blue (June)					
Blue (September)					
Blue (December)					
Gold (March)	Gold Pack	Two-Year Bundle	Three-Year Bundle	Four-Year Bundle	Five-Year Bundle
Gold (June)					
Gold (September)					
Gold (December)					

## Packs & Bundles. How they work.

Packs & Bundles are considered to be complex instruments and are created in T7 with the following rules:

- All leg instruments belong to the same futures product.
- The leg instruments have maturity dates that represent a quarter of a year, i.e. the contract months March, June, September or December.
- The leg instruments are sorted with their maturity dates in ascending order.
- All legs are defined as 'buy leg' in the signature.
- All legs have a leg ratio of 1.

## Strips. How they work.

A Strip is similar to a Pack or Bundle but is created in T7 with the following rules:

- All leg instruments belong to the same futures product.
- All legs are defined as 'buy leg' in the signature.
- All legs have a leg ratio of 1.
- The leg instruments are sorted with their maturity dates in ascending order.

Contrary to Packs & Bundles, there are no further restrictions concerning the selection of leg instruments. They do not need to represent quarterly maturities or represent a gap-free sequence of maturities.

## Price quotation

- Packs & Bundles and Strips are priced on the basis of "averaged net change pricing" which commonly uses only the price differences between leg prices and settlement prices. The sum of all these differences is divided by the number of legs resulting to an averaged price formula.
- The minimum price gradation for limit orders and quotes in the standardized futures strategies (Packs & Bundles) and in the non-standardized futures strategies (Strips) is 0.0025.

## Risk protection features

Since all leg ratios for Packs & Bundles and Strips are equal to 1, the transaction size limits (TSLs) are the same as for outright EURIBOR contracts.

## Wholesale trading with Eurex Trade Entry Services

EURIBOR Futures are admitted to the Eurex Block Trade Service with a Minimum Block Trade Size of 100 contracts.

## Margin efficiencies

The May 2014 release of our portfolio-based margining methodology Eurex Clearing Prisma brought cross margining between listed fixed income and money market contracts as well as OTC IRS. You can benefit now from cross margining between these products and across markets. This ensures that the reduced risk profile of interest rate hedged portfolios are adequately reflected by lower initial margin requirements.

## Attractive fee model

Benefit from our fee waiver for Packs & Bundles until 30 June 2015 and a reduced pricing later on.

Pack combinations	Fee per combination after rebate	Fee per leg after rebate	Benefit vs. single outright legs
White Pack	EUR 0.64	EUR 0.16	EUR 0.16
Red Pack	EUR 0.60	EUR 0.15	EUR 0.20
Green Pack	EUR 0.56	EUR 0.14	EUR 0.24
Blue Pack	EUR 0.16	EUR 0.04	EUR 0.64
Gold Pack	EUR 0.08	EUR 0.02	EUR 0.72

Bundle combinations	Fee per combination after rebate	Fee per leg after rebate	Benefit vs. single outright legs
2-Year Bundle	EUR 0.96	EUR 0.12	EUR 0.64
3-Year Bundle	EUR 0.96	EUR 0.08	EUR 1.44
4-Year Bundle	EUR 0.96	EUR 0.06	EUR 2.24
5-Year Bundle	EUR 0.80	EUR 0.04	EUR 3.20

For further information please visit [www.eurexchange.com/packs-bundles](http://www.eurexchange.com/packs-bundles). There, you'll also find the contract specifications and ticker symbols of our EURIBOR Futures (FEU3). Or contact

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Order Number: E1E-091-1214

ARBN Number: Eurex Frankfurt AG ARBN 100 999 764

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