



eurex clearing

circular 073/15

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Recipients: All Clearing Members, Non-Clearing Members and Registered Customers of Eurex Clearing AG and Vendors
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Introduction of GMEX IRS Constant Maturity Futures

Related Eurex Clearing circulars: 058/15, 071/15

Related Eurex circular: 123/15

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Content may be most important for:

☞ All departments

Attachment:

Application for Participation in Trading and/or Clearing of GMEX IRS Constant Maturity Futures

Summary:

Effective **7 August 2015**, Eurex Clearing will offer clearing services for the following products:

- Futures on contracts on the Global Derivatives Indices Limited Interest Rate Swap Constant Maturity Index (GDI IRS CMI) with the tenors of two to 30 years denominated in euro.

This circular provides information on clearing of the new products which will be introduced on 7 August 2015. The updated sections of the relevant Rules and Regulations of Eurex Clearing AG were published with Eurex Clearing circular 071/15 on 2 July 2015.

Specific trading related information on the introduction of the new product as well as the updated sections of the relevant Rules and Regulations of Eurex Deutschland and Eurex Zürich AG can be retrieved from Eurex circular 123/15.



Introduction of GMEX IRS Constant Maturity Futures

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1. Product set-up

GMEX IRS Constant Maturity Futures (GMEX IRS CMF)		
Futures	Eurex product code	ISIN
2 Year Euro GMEX IRS Constant Maturity Futures	GE02	DE000A13RXT4
3 Year Euro GMEX IRS Constant Maturity Futures	GE03	DE000A13RXU2
4 Year Euro GMEX IRS Constant Maturity Futures	GE04	DE000A13RXV0
5 Year Euro GMEX IRS Constant Maturity Futures	GE05	DE000A13RXW8
6 Year Euro GMEX IRS Constant Maturity Futures	GE06	DE000A13RX6
7 Year Euro GMEX IRS Constant Maturity Futures	GE07	DE000A13RXY4
8 Year Euro GMEX IRS Constant Maturity Futures	GE08	DE000A13RXZ1
9 Year Euro GMEX IRS Constant Maturity Futures	GE09	DE000A13RX07
10 Year Euro GMEX IRS Constant Maturity Futures	GE10	DE000A13RX15
11 Year Euro GMEX IRS Constant Maturity Futures	GE11	DE000A13RX23
12 Year Euro GMEX IRS Constant Maturity Futures	GE12	DE000A13RX31
13 Year Euro GMEX IRS Constant Maturity Futures	GE13	DE000A13RX49
14 Year Euro GMEX IRS Constant Maturity Futures	GE14	DE000A13RX56
15 Year Euro GMEX IRS Constant Maturity Futures	GE15	DE000A13RX64
16 Year Euro GMEX IRS Constant Maturity Futures	GE16	DE000A13RX72
17 Year Euro GMEX IRS Constant Maturity Futures	GE17	DE000A13RX80
18 Year Euro GMEX IRS Constant Maturity Futures	GE18	DE000A13RX98
19 Year Euro GMEX IRS Constant Maturity Futures	GE19	DE000A13RYA2
20 Year Euro GMEX IRS Constant Maturity Futures	GE20	DE000A13RYB0
21 Year Euro GMEX IRS Constant Maturity Futures	GE21	DE000A13RYC8
22 Year Euro GMEX IRS Constant Maturity Futures	GE22	DE000A13RYD6
23 Year Euro GMEX IRS Constant Maturity Futures	GE23	DE000A13RYE4
24 Year Euro GMEX IRS Constant Maturity Futures	GE24	DE000A13RYF1
25 Year Euro GMEX IRS Constant Maturity Futures	GE25	DE000A13RYG9

GMEX IRS Constant Maturity Futures (GMEX IRS CMF)		
Futures	Eurex product code	ISIN
26 Year Euro GMEX IRS Constant Maturity Futures	GE26	DE000A13RYH7
27 Year Euro GMEX IRS Constant Maturity Futures	GE27	DE000A13RYJ3
28 Year Euro GMEX IRS Constant Maturity Futures	GE28	DE000A13RYK1
29 Year Euro GMEX IRS Constant Maturity Futures	GE29	DE000A13RYL9
30 Year Euro GMEX IRS Constant Maturity Futures	GE30	DE000A13RYM7

2. Contract specifications

	GMEX IRS Constant Maturity Futures (GMEX IRS CMF)
Description	<p>A GMEX IRS Constant Maturity Futures Contract is a futures contract on a specific interest rate index, the GDI IRS CMI, denominated in euro, which is calculated by Global Derivatives Indices Limited.</p> <p>Each GDI IRS CMI replicates a different point on the interest rate swap curve varying from two to 30 years. As this is a constant maturity index, each index will track a fixed point on the interest rate swap curve. Consequently, each futures contract always has the same fixed underlying tenor ranging from two to 30 years inclusive so that 29 contracts are tradable on Eurex Exchanges.</p> <p>Futures contracts on the GDI IRS CMI are available for trading at the Eurex Exchanges such that the publication of Global Derivatives Indices Limited (GDI) shall determine the composition, weighting and calculation as defined on the website of GMEX Global Markets Exchange Group www.gmex-group.com.</p>
Underlying index	<p>The GDI IRS CMI is published by GDI in real-time throughout the trading day. It is used as the underlying index for GMEX IRS CMF.</p> <p>GDI IRS CMI is an index of the Interest Rate Swap curve in the respective currency thus the index value for the ten year EUR is today's ten year EUR IRS rate (derived from multiple contributions as indicated on the GMEX Global Markets Exchange Group website). "Constant Maturity" refers to the fact that the index has a constant time to expiration, therefore tomorrow's ten year EUR IRS CMI will be based on tomorrow's ten year EUR IRS price. Given that the EUR IRS price varies from day to day due to EURIBOR resets and market sentiment, the GDI IRS CMI tracks the change.</p> <p>It is published for all annual tenors from two years to 30 years.</p> <p>The GDI IRS CMI has been published since January 2014.</p>
Price determination	<p>An amount representing the sum of the notional value and the present value of all future cash flows of the fixed leg in an equivalent notional value interest rate swap with a maturity matching the tenor of the respective future contract. The present value amount of the fixed leg is derived from the interest rate traded with each resulting payments being discounted using the discount factors calculated and published by GDI on the GMEX website (www.gmex-group.com) for the respective tenor to the payment. Discount factors and interest rate swap details are published on the GMEX website (www.gmex-group.com).</p> <p>The price of the GMEX IRS CMF shall be quoted in euro with two decimal places.</p>

	GMEX IRS Constant Maturity Futures (GMEX IRS CMF)
Minimum price change/Tick size	EUR 0.01
Tenors	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 years
Notional value	For GMEX IRS CMF with underlying GDI IRS CMI tenors of two and three years: EUR 200,000 For GMEX IRS CMF with underlying GDI IRS CMI tenors from four to eight years inclusive: EUR 100,000 For GMEX IRS CMF with underlying GDI IRS CMI tenors from nine to 30 years inclusive: EUR 50,000
Final settlement	The GMEX IRS CMF contracts have no expiration and hence no final settlement date or price.
Last Trading Day, Delivery Day	none
Trading business days	GMEX IRS CMF can be traded on each exchange trading day of Eurex Deutschland and Eurex Zürich.
Daily settlement price	<p>The daily settlement price is determined by Eurex Clearing AG on each business day. It represents the present value of the CMF for a given tenor n that is determined as the CMF notional for the tenor n multiplied by the sum of one and the daily settlement index rate for the tenor n multiplied by the sum of all settlement discount factors associated with tenor n and all tenors smaller than n:</p> $PV_{\text{settle}}^{(n)} = NV^{(n)} \cdot \left(1 + r_{\text{settle GDI IRS CMI}}^{(n)} \cdot \sum_{i=1}^n df_{\text{settle}}^{(i)} \right)$ <p>n = the respective tenor of the Global Derivatives Indices Interest Rate Swap Constant Maturity Index (GDI IRS CMI) as specified above as well as in Number 1.22 of the Eurex Contract Specifications for Futures and Options Contracts at Eurex Deutschland and Eurex Zürich (Contract Specifications);</p> <p>$NV^{(n)}$ = the notional value of the CMF with tenor n determined above as well as in Number 1.22 of the Eurex Contract Specifications;</p> <p>$r_{\text{settle GDI IRS CMI}}^{(n)}$ = the daily settlement index rate of the GDI IRS CMI for the tenor n published by Global Derivatives Indices (GDI);</p> <p>$df_{\text{settle}}^{(i)}$ = the settlement discount factor of the associated tenor i to the payment published by GDI.</p> <p>In case the determination of the daily settlement price according to aforementioned regulations is not possible or if the price so determined does not reflect the true market conditions, Eurex Clearing AG may determine the settlement price at its equitable discretion.</p>
Maturity calibrated price	<p>It represents the present value of the CMF for a given tenor n that is determined as the CMF notional for the tenor n multiplied by the sum of one and the daily maturity calibration index rate for the tenor n multiplied by the sum of all maturity calibrated discount factors associated with the tenor n and all tenors smaller than n.</p> $PV_{MC}^{(n)} = NV^{(n)} \cdot \left(1 + r_{MC \text{ GDI IRS CMI}}^{(n)} \cdot \sum_{i=1}^n df_{MC}^{(i)} \right)$ <p>n = the respective tenor of the GDI IRS CMI as specified in Number 1.22 of the Eurex Contract Specifications;</p>

	GMEX IRS Constant Maturity Futures (GMEX IRS CMF)
	$NV^{(n)}$ = the notional value of the CMF with tenor n determined in Number 1.22 of the Eurex Contract Specifications; $r_{MC\ GDI\ IRSIA\ CMI}^{(n)}$ = the daily maturity calibration index rate of the GDI IRS CMI for the tenor n published by GDI; $df_{MC}^{(i)}$ = the maturity calibrated discount factor of the associated tenor i to the payment published by GDI.
Early termination	Clearing Members, Non-Clearing Members and Registered Customers may request from Eurex Clearing AG that it terminates GMEX IRS CMFs according to the CMF market integrity process (CMF MIP), provided that the market for GMEX IRS CMFs on both the order book of the Eurex Exchanges and the matching platform operated by GMEX do not provide for any or sufficient liquidity to close their positions in whole or in part.

3. Product group

The GMEX IRS CMF will be allocated to the following product group:

Product	Settlement location	Regulatory status	Settlement type	Product type	Product segment	Product currency	Product group
GMEX IRS CMF	Not required "X"	Not admitted for trading in the U.S. "N"	Cash "C"	Future "F"	Interest Rate "I"	euro "E"	"XNCFIE"

GMEX IRS CMF will be allocated to an individual MCR-Product Group "GMEX IRS Constant Maturity Futures". Accordingly, Non-Clearing Members and Registered Customers can decide to assign the clearing of Eurex transactions in the respective products to a dedicated Clearing Member.

4. Trading hours (CET)

Product	Pre-trading period	Continuous Trading	Post-trading full period	Eurex Trade Entry Services
GMEX IRS Constant Maturity Futures	07:20-07:30	07:30-18:15	18:15-22:30	07:30-18:15

5. Product set-up

5.1 Technical set-up

Due to technical reasons the products will be set up with a yearly expiration for ten consecutive years.

The first nine expirations will be set to contract status "halt" and therewith disabled for trading and clearing.

Only the contract with expiration 24 December 2024 will be available for trading and clearing. Newly introduced series will also be disabled for trading and clearing.

5.2 Daily maturity calibration and variation margin

To keep the maturity constant after the settlement procedure, the value of each contract is shifted (rolled to the next business day) from the settlement price to the spot next day maturity calibrated price. The forward shifting process leads to a specific calculation of variation margin. Therefore, technical trades will be booked on the following trading day for the previous trading day (please note: no technical trades will be booked on "clearing only" days). The technical trades will trade out the previous day positions at the previous day settlement price and trade in the previous day positions on the current day at maturity calibrated price again in the respective account.

The technical trades will have the following characteristics:

- Technical trades will be booked with transaction type "040".
- Technical trades will be automatically approved by T7, Eurex Exchange's trading system, by using the user ID "GMEXTT".
- User ID "GMEXTT" will be set-up by Eurex Clearing and will be assigned to those market participants who are admitted for trading and clearing the GMEX product.
- Please be aware that the technical trader ID "GMEXTT" should not be deleted
- Field "text 3" is reserved for entries generated by GMEX or Eurex Exchange only. Field "Text 3" will contain the interest rate in the first six characters, the seventh character will be an "O" or a "C", depending whether it is an opening or the closing technical trade.

The variation margin for GMEX IRS CMF equals the difference between settlement price and maturity calibrated price which is different from the current set up for futures contracts on Eurex Exchanges (difference between successive settlement prices).

Settlement prices and maturity calibrated prices will be published on the Eurex Clearing website www.eurexclearing.com under the following link:

[Risk management > Risk parameters > Prices > GMX IRS Constant Maturity Futures](#)

5.3 Regulatory reporting

For reporting purposes to Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Financial Supervisory Authority) via TREMIR and § 9 reporting, the expiration date must be blanked out as the contracts never expire.

Technical trades have to be excluded from Regulatory reporting. Further information can be retrieved from Eurex Clearing circular 065/15.

6. Readiness for trading and clearing

Market participants interested in trading and clearing of GMEX IRS CMF are requested to fill in the attached "Application for Participation in Trading and/or Clearing of GMEX IRS Constant Maturity Futures" and return it to Trading & Clearing Services via fax +49-69-211-1 17 01 or to e-mail: memberservices@eurexclearing.com.

Every market participant will receive the user ID "GMEXTT" assigned by Eurex Clearing in order to guarantee that the technical trades are approved automatically.

In order to ensure that the technical trades are booked, all Members need to have resource access levels "RAL 209 Block trade entry" and "RAL 213 EBI trade processing".

7. Eurex Trade Entry Services

GMEX IRS CMF will be admitted to the Eurex Trade Entry Services with a minimum block trade size of one contract.

In order to participate in the trading and clearing process of the GMEX IRS CMF, Clearing Members and Non-Clearing Members need to participate in the Eurex Trade Entry Services. Please contact your Key Account Manager in case the necessary set-up has not been done yet.

8. Fees

8.1 Transaction fees

Contract	Currency	Standard Fee per Contract (contract volume ≤ threshold)	Reduced Fee per Contract (contract volume > threshold)	Threshold A-Accounts (number of contracts)	Threshold P-Accounts (number of contracts)
Order Book Transactions					
2-3 year GMEX IRS Constant Maturity Future	EUR	1.00	n.a.		
4-8 year GMEX IRS Constant Maturity Future	EUR	0.50	n.a.		
9-30 year GMEX Constant Maturity Futures	EUR	0.25	n.a.		
Off-Book Transactions					
2-3 year GMEX IRS Constant Maturity Future	EUR	1.00	n.a.		
4-8 year GMEX IRS Constant Maturity Future	EUR	0.50	n.a.		
9-30 year GMEX Constant Maturity Futures	EUR	0.25	n.a.		

For further details, please refer to the updated sections of the Price List for Eurex Clearing AG.

8.2 Maintenance fees for GMEX IRS CMF

- (1) For open positions in GMEX IRS CMF in non-agent accounts the daily accrued maintenance fee shall be as follows:

Contract	Currency	Daily maintenance fee per contract
2-3 year GMEX IRS Constant Maturity Futures	EUR	0.00274
4-8 year GMEX IRS Constant Maturity Futures	EUR	0.00137
9-30 year GMEX IRS Constant Maturity Futures	EUR	0.000685

The maintenance fee shall be determined on a daily basis and calculated at the end of a calendar month.

- (2) For open positions in GMEX IRS Constant Maturity Futures in agent accounts the daily accrued maintenance fee shall be as follows:

Contract	Currency	Daily maintenance fee per contract
2-3 year GMEX IRS Constant Maturity Futures	EUR	0.003288
4-8 year GMEX IRS Constant Maturity Futures	EUR	0.001644
9-30 year GMEX IRS Constant Maturity Futures	EUR	0.000822

The maintenance fee shall be determined on a daily basis and calculated at the end of a calendar month.

- (3) The maintenance fee shall be charged during the relevant calculation period at the end of each calendar month based on the actual number of calendar days in the relevant calendar month.

Please note that for the maintenance fees a fee holiday will be granted until 30 April 2016.

8.3 Fees for requesting the CMF market integrity process (CMF-MIP)

In case a market participant requests from Eurex Clearing to perform the CMF market integrity process (CMF-MIP) in GMEX IRS CMF position, the following fees will be charged:

- (1) If a market participant requests Eurex Clearing to conduct the First CMF MIP Assessment for one specific GMEX IRS CMF position pursuant to Chapter II Number 2.8.6 (5) of the Clearing Conditions, Eurex Clearing shall charge a fee of EUR 5,000 independent from the amount of contracts and the result of the assessment.
- (2) If a market participant requests Eurex Clearing to conduct the Second CMF MIP Assessment for one specific GMEX IRS CMF position pursuant to Chapter II Number 2.8.6 (8) of the Clearing Conditions, Eurex Clearing shall charge a fee of EUR 50 per contract independent from the result of the assessment. In case the total amount of the fee is below EUR 1,000, Eurex Clearing shall charge a minimum fee of EUR 1,000.

9. Liquidity Provider scheme

Market participants participating via the GMEX matching platform can sign up for a Liquidity Provider scheme which entitles them to fee rebates if they meet certain criteria.

The criteria are measured on a daily basis and the respective points are allocated. Daily points are accumulated on a monthly basis and if certain thresholds are met, Liquidity Providers are entitled to a 50 percent (in case of 5,000 points or more) or 100 percent (in case of 10,000 points or more) rebate on their transaction fees in the respective products.

For further details on the Liquidity Provider scheme, please refer to the GMEX Guidance Notes published on www.gmex-group.com.

10. Eligibility for Eurex Clearing Prisma

GMEX IRS CMF are exclusively margined in Eurex Clearing Prisma and will accordingly be set up in Prisma.

Offsetting effects will be granted within a new liquidation group for GMEX IRS CMF only.

The name of the new Liquidation Group will be "PGE01".

11. Availability of products in simulation

Testing of the products in simulation is already available. The specific product-focused testing period will be available in the permanent simulation environment from 10 July 2015 until 22 July 2015. Members who would like to participate in this product-focused testing are required to contact Trading & Clearing Services, at tel. +49-69-211-1 17 00 or by e-mail to: memberservices@eurexclearing.com.

If you have any questions or require further information, please contact Derivatives Clearing Supervision at tel. +49-69-211-1 12 50 or send an e-mail to: clearing@eurexclearing.com. Alternatively, Risk Control is available at tel. +49-69-211-1 24 52 or via e-mail to: risk@eurexclearing.com.

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