

Global Credit Index Futures

INNOVATORS IN LISTED CREDIT MARKETS

Beginning in 2021, Eurex offers market participants a unique and valuable toolbox of investment vehicles to hedge and take synthetic long exposure to global credit markets via a suite of listed **Global Credit Index Futures**.

These standardized, exchange-traded contracts utilize a **simple derivative structure** widely used in the equity index futures market. The current product suite includes the following segments:

- EURO Investment Grade
- EURO High Yield
- USD Emerging Markets
- GBP Investment Grade
- USD Investment Grade
- USD High Yield

To leverage established benchmarks that Eurex customers are already familiar with, Eurex utilizes the **Bloomberg** family of fixed income indexes.

KEY FEATURES

- Eurex Global Credit Index Futures are **cash settled**, offering exposure to these markets in their currency of denomination.
- From a risk factor perspective, the futures are **standardized, plain vanilla index products** on a Bloomberg benchmark index.
- All contracts are included in the same Corporate Bond Liquidation Group and **offer portfolio-margining** opportunities.
- A hybrid model of trading **with committed on-screen market makers** supplemented by **substantial off-screen liquidity**.

What are the key benefits?



Liquidity and cash management

When large fund inflows occur, it can be most efficient to take exposure to the benchmark index returns **utilizing the available cash** via futures.



Hedging purposes

For a fund pursuing an active selection of bonds aimed to **outperform** the market, futures can be used to temporarily reduce market exposure of a portfolio.



Portfolio overlay

Futures can be used to **increase or reduce** market exposure in a portfolio, relative to its actual funded amount.

Bloomberg index information

	EURO Investment Grade	EURO High Yield	USD EM Sovereign	GBP Corporate IG	USD Investment Grade	USD High Yield
BBG Ticker	RECMTREU	BEHLTREU	I38156US	I35357GB	LUACTRUU	LHVLTRUU
Components	3,153	458	611	593	7,938	1,091
Issuers	734	286	108	269	871	585
Market value	EUR 2.2 trillion	EUR 230 billion	USD 988 billion	GBP 293 billion	USD 6.6 trillion	USD 894 billion
Average YTW	3.88%	6.63%	7.98%	5.73%	5.14%	7.49%
Average OAS	1.45%	3.80%	3.14%	1.18%	0.97%	3.11%
Average duration	4.28	2.90	6.79	5.78	6.94	3.24

BLOCK TRADE SERVICE

- Global Credit Index Futures can also be **traded outside the order book** on a bilateral basis, and subsequently **booked to Eurex Clearing using our Eurex T7 Entry Service**.
- Members can 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 specifications on the next page).

BASIS TRADING

- **Basis trading can also be facilitated by the Exchange for Physicals-Index (EFP-I) functionality**. An EFP-I of a **Credit Index future against an ETF or a basket of bonds** (the "Reference Instrument") can be entered, subject to certain criteria regarding notional size and correlation.
- Furthermore, **Global Credit Index Futures can themselves be used as the "Reference Instrument" for an EFP-Fin trade against a government bond futures trade**. In that scenario, the government bond futures leg can be below the minimum entry size threshold.
- Finally, Global Credit Index Futures can also be traded via Eurex's **"Trade at Index Close" (TAIC) functionality**, which allows traders to negotiate the **price of a future vs. the underlying index close**.



Contract specifications

Parameters	EURO IG	EURO HY	USD EM Sovereign	GBP Corporate IG	USD IG	USD HY
Eurex product code	FECX	FEHY	FUEM	FGBC	FUIG	FUHY
Currency	EUR	EUR	USD	GBP	USD	USD
Contract multiplier	EUR 1,000	EUR 200	USD 200	GBP 200	USD 25	USD 100
Contract notional (est.)	~EUR 150,000	~EUR 55,000	~USD 20,000	~GBP 25,000	~USD 75,000	~USD 50,000
Tick size / tick value	0.01 / EUR 10	0.02 / EUR 4	0.01 / USD 2	0.01 / GBP 2	0.1 / USD 2.5	0.01 / USD 1
Minimum block trade size	30 contracts	100 contracts	100 contracts	100 contracts	60 contracts	80 contracts
Minimum block trade size in notional (est.)	~EUR 5,000,000	~EUR 5,000,000	~USD 2,000,000	~GBP 2,500,000	~USD 5,000,000	~USD 5,000,000
Trading hours	8:00 to 19:00 CET	8:00 to 19:00 CET	8:00 to 22:00 CET	8:00 to 19:00 CET	8:00 to 22:00 CET	8:00 to 22:00 CET
Expiry cycle	QUARTERLY – 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. 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 on the last trading day.					
Daily settlement price	Determined from the volume weighted average of all transactions during the minute before 17:15 CET (reference point), provided that more than 5 trades transacted within this period.					
Bloomberg code	LXYA Index	AHWA Index	XZSA Index	XZRA Index	BBEA Index	BBLA Index
Refinitiv code	0#FECX:	0#FEHY:	0#FUEM:	0#FGBC:	0#FUIG:	0#FUHY:

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