Eurex Partnership Program

A market-led solution to create an alternative liquidity pool for € short-term interest rate derivatives

August 2023
Eurex maintains the largest integrated European fixed income derivatives and repo liquidity pool

Home of the Euro Yield Curve

 Highly liquid global € fixed income market place

Delivering a strong value proposition

EU-based risk manager

• Global distribution network: Trading connectivity to 300+ exchange participants in 30 countries and 175+ clearing members in 19 countries
• Global leader in European government bond derivatives with over 1.25 bn contracts traded and clearing in 2022
• Global Leader in funding driven € repo market “GC Pooling” with an overall repo outstanding of more than € 250 billion
• Second largest liquidity pool globally for € interest rate swaps with an outstanding of more than €30 trillion and some 20% market share

• Fixed income margin pool with more than €70 BN offers unparalleled cross product margin efficiencies via Eurex Clearing’s PRISMA
• Lowest funding costs by offering the broadest eligible collateral range and most attractive Euro cash collateral terms globally
• Fully integrated collateral and liquidity management solution

• EMIR authorized “QCCP” with robust default management process
• Robust lines of defense with more than €125bn collateral under management and more than €15bn in further lines of defense (e.g. Default Contribution Fund)
• Permanent access to European Central Bank to strengthen risk management in crisis situations

However, Eurex currently has a very limited footprint in the Euro STIR derivatives segment

EUREX

1 as of 1 June 2023
An EU based alternative liquidity pool for STIR derivatives is key to address broader market and political challenges

- **Competition**: Choice and competition are beneficial to the marketplace and drive innovation and efficiency
- **Risk Diversification**: Effectively managing concentration risks is important for clients and financial market stability
- **Regulatory agenda**: Regulatory landscape requires optionality for clients to manage uncertainties and to ensure application of best crisis management tools to manage systemic risks
- **Political agenda**: Support the EU autonomy and systemic stability agenda

**Objective**: Accelerate development of EU based alternative for trading and clearing EURO Short-Term Interest Rate Derivatives
STIR derivatives expand the existing highly successful Eurex Partnership Program for OTC IRD and Repo

Eurex’ Partnership Programs gained broad market support with 40 participants around the globe

**OTC IRD**

Notional Outstanding in trillion Euro

- Dec 2017: 2 trillion
- May 2023: 34 trillion
- 17x increase

**Repo**

Notional Outstanding in billion Euro

- Jan 2019: 108 billion
- May 2023: 238 billion
- 2.2x increase

- 600+ onboarded clearing members and clients
- Competitive swaps execution prices across multiple platforms
- Continued success in building a diversified, exposure driven long-dated IRS footprint

- 160+ European financial institutions are currently active on our markets
- Significant market share increase in European government bond repo
- Take-off of dealer-to-clients repo service – with outstanding volumes above €20bn

More than €80 million have been shared since start of the Program with top performing participants

**Governance**

- ECAG
- Supervisory Board
- FIC Board Advisory Committee

- BNP PARIBAS
- Deutsche Bank
- UniCredit
- Bank of America
- Merrill Lynch
- J.P. Morgan
- Morgan Stanley
- COMMERZBANK
- SOCIETE GENERALE
The Partnership and a dedicated Liquidity Provider Scheme set the basis for building the alternative liquidity pool

All Eurex Members and Disclosed Clients are eligible to participate in the Partnership Program

### Products and objectives

- Establish Eurex as the global venue to trade and clear euro-denominated rates derivatives
- Ensure commitment from key stakeholders to build an alternative liquidity pool in:
  - Euribor Futures and Options
  - €STR Futures and Options
  - Inter-product spread functionalities across STIR products

### Eurex Partnership Program

**Liquidity Provider Scheme**

### Scope

- Expand the framework of our existing partnership program to include STIRs
- Deepen relationship with global sell-side institutions and achieve mutual growth
- Ensure shared governance over a key segment of the European capital markets
- Long-term, competitive incentive scheme to order-book liquidity providers
- Ensure deep liquidity in the order-book and lowest execution costs

### Direct rewards to 10 most active participants in partnership…

- Attractive Performance Based Sharing
- Turning into Perpetual Revenue Share after year 5

### Governance

- Representation on Eurex Clearing Supervisory Board
- Participation in FIC Board Advisory Committee
World class infrastructure and strong partnerships are key factors for the success of the STIR derivatives initiative

World class trading system T7
- Robustness and reliability are the backbones of our technology: 100% availability
- Cutting-edge technology delivers ultra-low latency

World class risk management
- Assuring the safety and integrity of markets
- Innovation in risk management and clearing technology
- Cross product margining across fixed income product suite

Key market participants already connected
- Thanks to our strong franchise on in Euro Fixed Income products, clearing members, liquidity providers and brokers active in STIR derivatives already trade and clear at Eurex
- Trading connectivity to 300+ exchange participants in 30 countries and 175+ clearing members in 19 countries

Attractive Liquidity Provider Program
- Incentive schemes to guarantee pricing transparency and liquidity on screen
- Long-term approach to ensure commitment of liquidity providers active in the order-book
- Cross product margining with our Euro derivatives franchise to deliver unparalleled savings in collateral usage

Eurex STIR Partnership Program
- We are partners with the largest global financial institutions
- We guarantee the flexibility to trade STIR position with your counterparty of choice
- Our off-book offering complements the deep liquidity pools made available in the order-book

Eurex

August 2023
The support of our key stakeholders will ensure the success of our initiative

"Adding EUR STIR futures and options is a logical extension for Eurex in European derivatives. We can expect benefits and efficiencies across the EUR interest rate curve and across listed and OTC markets."

Guillaume Bioche, Head of European rates automated market-making, BNP Paribas

"Eurex is an EU-based exchange and clearing house which is EMIR authorized as ‘Q CCP’ (qualifying central counterparty). We are happy to expand our long-standing partnership with Eurex into STIR futures."

Jan Scheffel, Co-Global Head of STIR Trading, Goldman Sachs

"Being among the first to trade Euro STR Futures at Eurex, we trust in Eurex to provide an alternative liquidity pool for euro short-term interest rate derivatives. Joining the STIR Partnership Program underlines the ambition to constantly strive to be among the first in new market innovations for our clients."

Thilo Rossberg, Head of FICC Markets, LBBW

"We are very excited about the creation of an alternative liquidity pool for EURIBOR! The new expanded program complements Eurex’s comprehensive offering of Euro-denominated short- and long-term interest rate futures and options, OTC IRS and Repo products."

David Feldmann, Head of Markets D/A/CH, Deutsche Bank

"We have been an early supporter and design partner of the OTC interest swaps segment of the program. We now highly appreciate the planned extension of this successful program for more choice and competition."

Tom Prickett, Head of EMEA Rates Trading, J.P. Morgan

"The extension of the Partnership Program is the latest step in Eurex’s efforts to provide the market with greater choice and bring more systematically relevant business into the EU. It helps customers not only to diversify risk across CCPs, but also to benefit from comprehensive cross-product margin efficiencies, lowest funding costs via the broadest range of securities collateral and attractive terms for Euro cash collateral."

Matthias Graulich, Member of the Executive Board, Eurex Clearing
Next steps – registration started, product relaunch in Q4 2023

- Registration start: 6th June 2023
- Early Registration Deadline: 25th August 2023
- STIR partnership program go live: Q4 2023
- STIR product re-launch: Q4 2023
- Continuous monthly performance measuring: Q4 2023

**Registration process**

1. **Complete online enrollment**
   - Enrollment to the partnership program
     1. Get in touch with Eurex via your sales or KAM representative
     2. Register online to the program

2. **Receive Information Pack**
   - Partnership Program Pack
     1. Overview presentation
     2. General Terms & Conditions
     3. MIFID compliance guidance note
     4. Undertaking letter
     5. FIC Board Advisory Committee Statutes

3. **Register participation**
   - Return Registration Form
     1. Fill out the registration form
     2. Send it back to Eurex
     3. Start trading our STIR product
     4. Boost your profitability with your trading at Eurex
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