

Eurex Partnership Program

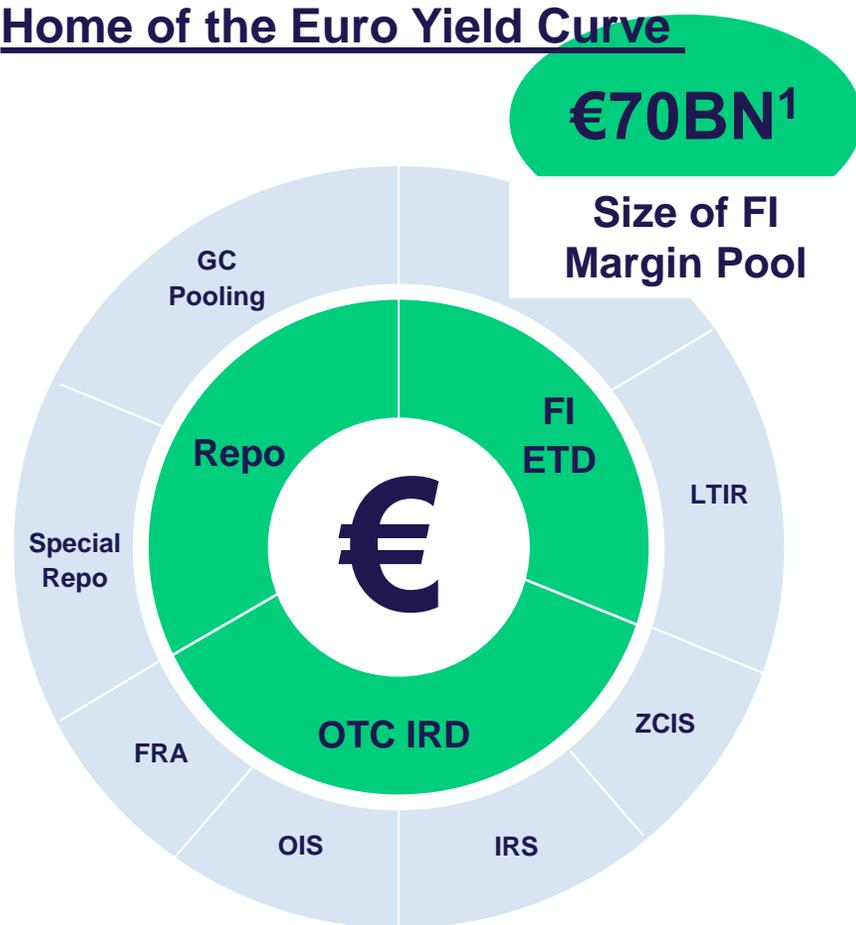
A market-led solution to create an
alternative liquidity pool for
€ short-term interest rate derivatives

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 **€125bn¹** 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

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

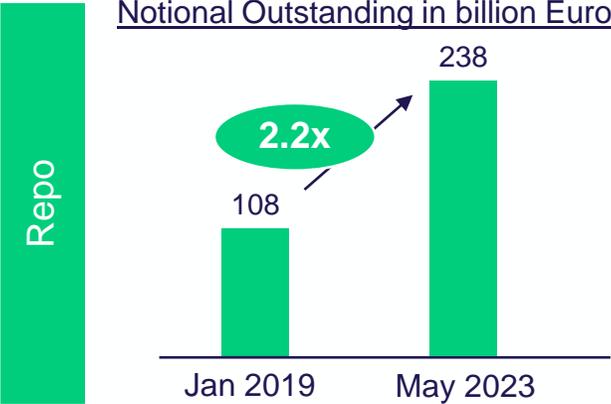
Objective Accelerate **development of EU based alternative for trading and clearing** EURO Short-Term Interest Rate Derivatives

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**



- 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

Governance

FIC Board Advisory Committee

ECAG Supervisory Board

BNP PARIBAS

Deutsche Bank

J.P.Morgan

Bank of America Merrill Lynch

BARCLAYS

COMMERZBANK

LB≡BW

UniCredit

Morgan Stanley

SOCIETE GENERALE

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

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**

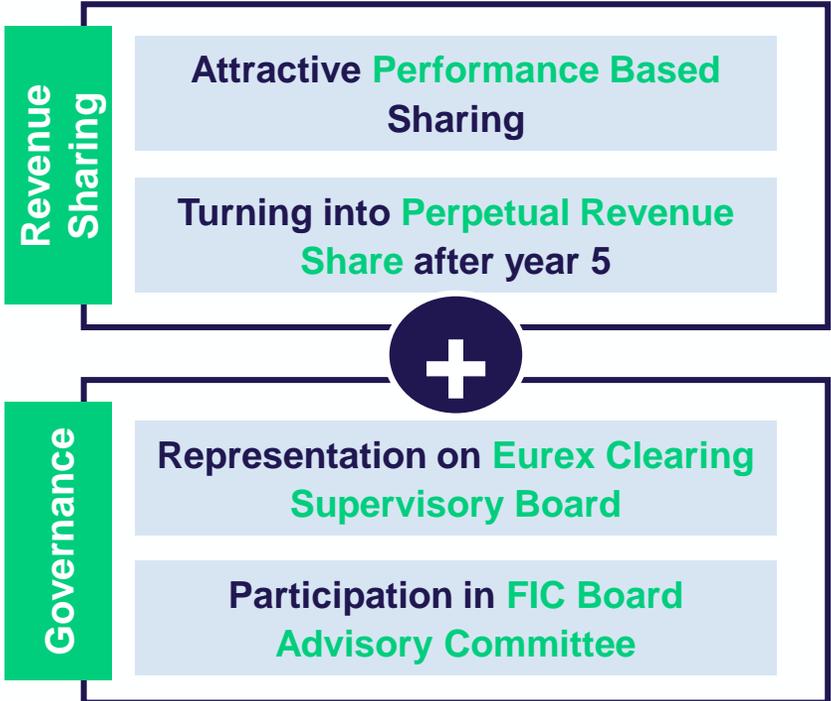
**Eurex
Partnership
Program**

**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...



World class infrastructure and strong partnerships are key factors for the success of the STIR derivatives initiative



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**



“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**



“Eurex is an EU-based exchange and clearing house which is EMIR authorized as ‘QCCP’ (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**



“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**



“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**



“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



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