

STOXX Europe 600 Index Total Return Futures

Index Total Return Futures (TRF) are growing in popularity as market participants look to this new instrument to target returns and manage repo risks.

A CLEARED AND LISTED SOLUTION FOR EQUITY INDEX TOTAL RETURN SWAPS

TRFs are a simple and innovative listed solution that provides cost efficient access to the payout profile of a standard equity index total return swap. They are designed to offer trading of the implied equity repo rate via STOXX® Europe 600 Index. With the uncleared margin rules (UMR) for non-cleared OTC derivatives coming into force, TRFs mitigate capital, collateral and balance sheet pressure with Eurex Clearing as the central counterparty.



What are the key benefits?



Removes the quarterly roll- and the dividend exposure risk

TRFs provide access to long-term maturities and remove the quarterly roll risk and dividend exposure risk that exists with STOXX® Europe 600 Futures, as future rolls are historically volatile with uncertainty over repo levels and a financing risk during the dense Eurozone dividend season.



Fully fungible product

TRFs aim to cost-effectively replicate the payoff profile of OTC Total Return Swaps, which positively affects capital requirements.



Portfolio margining

Trade TRFs with other Equity & Equity Index ETDs within PRISMA e.g., STOXX® Europe 600 Futures for high netting effects up to 80%.

Contract specifications

Contract Name	STOXX® Europe 600 Total Return Futures
Eurex product code	TXXP
Product ISIN	DE000A4AH718
Underlying indexes	STOXX® Europe 600 Index (SXXP), STOXX® Europe 600 Distribution Points Index (SXXPDD), Euro Short Term Rate (€STR)
Vendor codes	Bloomberg: XPSA Index Refinitiv: 0#TXXP:
Contract currency & multiplier	EUR 50 per index point
Quotation (TRF spread in basis points)	TRF spread as annualised rate expressed in basis points with one decimal (+/-/0).
Minimum tick size (TRF spread change in basis points)	+/- 0.5 basis points (1 basis point = 0.0001)
Minimum tick size in index points	0.0002 index points (i.e. tick size value of EUR 0.01)
TRF spread conversion	The TRF spread will be converted within the T7 system into TRF futures prices expressed in index points.
Trade types (TAC vs. TAM)	Trade at Close (TAC) – strike price based on index close Trade at Market (TAM) – custom-defined strike price
Accrued distributions & funding	The distribution and funding rate payments will be accumulated from launch and will be added to the TRF futures price in index points. The daily changes in the distributions and funding payments are paid out daily via the variation margin.
Contract months	Up to 5 years: 4 quarterly months (March, June, September, December cycle) and subsequent 4 annual December expiries to year 5
Settlement	Cash settlement – payable on the first exchange day following the final settlement day
Daily settlement TRF spread (basis points)	Used to calculate the daily settlement price and determined as follows: <ul style="list-style-type: none"> • The Daily Settlement TRF Spread determined based on the TRF Spread traded via the closing auction between 17:25 – 17:30 CE(S)T; • If no trades are executed in the closing auction, then the Daily Settlement TRF Spread is determined based on the average bid-ask spread of the respective contract month; • If no price can be determined according to the above, the Daily Settlement TRF Spread will be determined based on a theoretic (fair) TRF Spread for the respective contract month.
Daily settlement	Performed each day based on daily settlement TRF spread and official index close of SXXP from STOXX Ltd. (circa 18:00 CET)
Last trading day	The Eurex trading day immediately preceding the expiration day; trading until 17:30 CET
Expiration day	3rd Friday of each quarterly expiration month if this is an exchange day; otherwise the immediately preceding exchange day.
Final settlement price (FSP) (index points)	Established by Eurex on expiration day and it is based the following components: final settlement price of STOXX® Europe 600 Index Futures (FXXP), accrued distributions and accrued funding until the expiration date.
Trading hours	Order book (TAC): 08:15 – 17:30 CET / Off-book (TAC & TAM): 08:15 – 22:00 CET

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