

# EUR Secured Funding Futures at Eurex Exchange

## STOXX® GC Pooling Index now used as a benchmark by the ECB

Eurex Exchange's EUR Secured Funding Futures are based on short-term repo transactions traded on Eurex Repo's regulated and active GC Pooling market. They are the first pan-European contracts that reference interest rates on collateralized funding.

Eurex Exchange has extended its money market segment by introducing cash-settled EUR Secured Funding Futures based on the STOXX® GC Pooling EUR Deferred Funding Rate. The new future allows outright hedging of European repo rates. On 30 September 2015, this approach has been validated by the European Central Bank (ECB), announcing that it will use the STOXX® GC Pooling Indexes as the new euro secured benchmark rate.

### Contract highlights at a glance

<b>Underlying</b>	STOXX® GC Pooling EUR Deferred Funding Rate
<b>Contract value</b>	EUR 1,000,000
<b>Settlement</b>	Cash
<b>Delivery months</b>	The five nearest European Central Bank (ECB) Reserve Maintenance Periods

### The contract's basis: transparent & secure

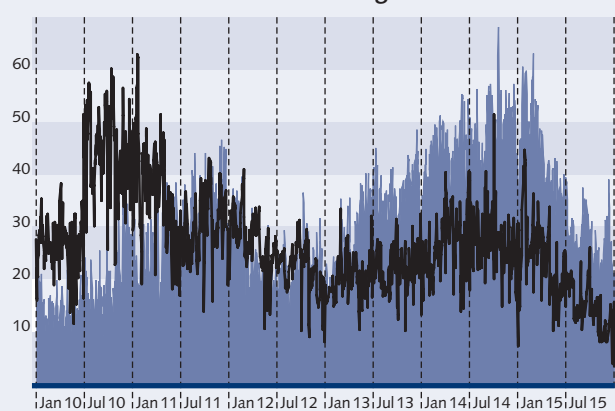
- The STOXX® GC Pooling EUR Deferred Funding Rate was designed as an alternative to and a complement to the unsecured interbank lending benchmark EONIA. Representing the actual secured euro lending transactions for HQLA assets it benefits the market with an independent, transparent and rule-based interbank funding index.

- The index establishes the volume-weighted average inter-bank repo rate based on open order book EUR OverNight, TomNext and SpotNext transactions in the GC Pooling ECB basket and ECB Extended basket with the same value date.
- Today, the STOXX® GC Pooling EUR Deferred Funding Rate is the first choice in the pan-European interbank repo market and demonstrates the shift from the unsecured towards the secured money market funding following the financial crisis.
- STOXX® GC Pooling EUR Deferred Funding Rates are highly sensitive to changes in monetary policy and typically adjust more rapidly than EONIA to liquidity provision in the Eurozone banking system and regime shifts in financial markets.
- The spread between EONIA and repo rates is highly volatile and can remain positive for substantial periods.

### EUR Secured Funding Futures: key benefits & opportunities

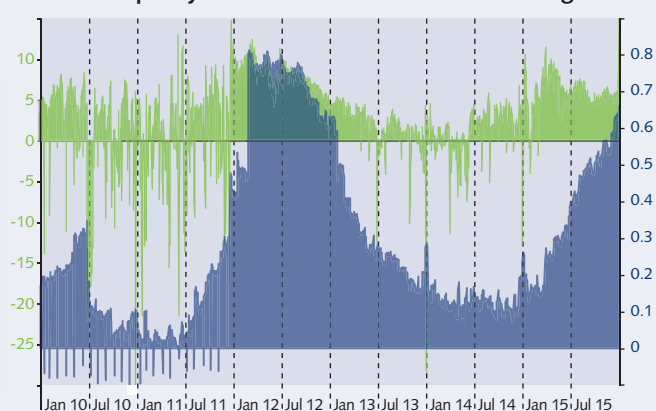
- The future enables adequate and capital efficient hedging of collateralized funding costs and investment yields.
- Allows users to hedge the basis risk between GC repo and EONIA/EURIBOR interest rates for the first time.

Total volume EUR Deferred Funding Rate



Source: Bloomberg

Excess Liquidity & EONIA vs. EUR Deferred Funding Rate



Source: Bloomberg

- The contract is linked to the ECB reserve maintenance window and therefore is a precise hedging instrument for changes in the ECB's monetary policy.
- Enables capital efficient spread trading against existing EONIA/EURIBOR futures or centrally cleared EONIA swaps by allowing portfolio margining through Eurex Clearing Prisma.
- Features reduced capital costs and mitigated risk as a result of Eurex Clearing as central counterparty.

## Eurex Trade Entry Services

EUR Secured Funding Futures that are traded off-book can subsequently be registered for clearing via our Eurex Trade Entry Services.

<b>Block Trades</b>	The Minimum Block Trade Size is 300 contracts.
<b>Exchange for Swaps (EFS)</b>	EUR Secured Funding Futures can be traded against OTC EONIA swaps or other money market futures.
<b>Exchange for Physicals (EFP)</b>	Allows for simultaneous purchase/sale of futures along with a sale/purchase of a GC Pooling repo transaction (ECB Classic or ECB EXTended basket) with matching notional

## Contract specifications

<b>Contract standard</b>	Trade volume-weighted short-term secured GC Pooling repo interest rate
<b>Reference rate</b>	STOXX® GC Pooling EUR Deferred Funding Rate*
<b>Contract size</b>	EUR 1,000,000
<b>Price quotation and tick size/value</b>	The price quotation is in percent, with three decimal places, expressed as 100 minus the traded rate of interest. The minimum price change is 0.005 percent and the tick value is set to a constant value of EUR 5.83.
<b>Delivery months (number of listed futures at any time)</b>	The 5 nearest European Central Bank ("ECB") Reserve Maintenance Periods ("MP"), i.e. MP1....MP5, i.e. one future per MP. For the avoidance of doubt, the relevant dates for this contract are published by Eurex and only the periods published in the Eurex' contract specifications shall be relevant for the user of the futures. A subsequent modification of the maintenance period dates or a cancellation of the period itself by the ECB shall be of no consequence.
<b>Settlement type/ settlement day</b>	Cash settlement; one exchange day after the last trading day.
<b>Final settlement price</b>	<p>The final settlement price is established by Eurex on the last trading day after 19:00 CET, based on the compounded average of the STOXX® GC Pooling EUR Deferred Funding Rate as calculated by STOXX on a daily basis for the duration of the respective ECB Reserve Maintenance Period. The final settlement price is determined by the following formula:</p> $FSP = 100 - \left[ \frac{360}{N} \left( \prod_{i=1}^M \left( 1 + \frac{F_i \times w_i}{360} \right) - 1 \right) \right] \times 100$ <p>M = number of observations of the STOXX® GC Pooling Deferred EUR Funding Rate in the accrual period  N = number of calendar days in the accrual period  Fi = the STOXX® GC Pooling Deferred EUR Funding Rate (in percent) in the accrual period  wi = the number of days that Fi is applied for, i.e. wi represents the calendar days between the publication of the STOXX® GC Pooling Deferred EUR Funding Rate on day "i" and the next day when a STOXX® GC Pooling Deferred EUR Funding Rate is published.</p> <p>The final settlement price is rounded to three decimal places.</p>
<b>Last trading day/time</b>	18:00 CET, end date of relevant ECB Reserve Maintenance Period.
<b>Eurex Trade Entry Services</b>	Available for standard Block Trade facility, Exchange for Swaps (EFS) facility against interest rate swap or other money market futures, and Exchange for Physical (EFP) facility against GC Pooling repo transaction (ECB or ECB EXTended basket) with matching notional. Minimum block trade size: 300
<b>Trading hours</b>	08:00–18:00 CET
<b>Matching algorithm</b>	Split time/pro rata (identical to our EURIBOR Futures).
<b>Vendor codes</b>	<b>Bloomberg:</b> SGCPCDFR <Index> <b>Reuters:</b> .STXGCPDFR <b>OMEA:</b> <Cmnty> Futures

\* Information about Index composition and calculations <https://www.stoxx.com/gc-pooling>

## For further information please visit [www.eurexchange.com/securedfunding](http://www.eurexchange.com/securedfunding) or contact

Simona Simon T +49-69-211-182 18  
simona.simon@eurexchange.com

Frank Odendall T +65-65 97-30 63  
frank.odendall@eurexchange.com

**Order Number:** E1E-120-1015  
**ARBN Number:** Eurex Frankfurt AG ARBN 100 999 764

Maesa Beany T +44-20-78 62-72 35  
maesa.beany@eurexchange.com

Neither Eurex Frankfurt AG (Eurex), nor its servants nor agents, is responsible for any errors or omissions contained in this publication which is published for information only and shall not constitute an investment advice. Any information herein is not intended for solicitation purposes but only for the use of general information. Eurex offers services directly to members of the Eurex market. Those wishing to trade in any products available on the Eurex market or to offer and sell any such products to others should consider both their legal and regulatory position in the relevant jurisdiction and the risks associated with such products before doing so.

The STOXX® indexes, the data included therein and the trademarks used in the index names are the intellectual property of STOXX Limited, Zurich, Switzerland and/or its licensors which is used by Eurex Frankfurt AG under license.