



Eurex Clearing Resources Circulars & Mailings

Release date: 27 Aug 2019 | Eurex Clearing

No. 083/2019

Fixed Income Derivatives: Launch of Inter-Product Spread Strategies in Fixed Income Futures and amendments to the Price List of Eurex Clearing AG

Eurex Clearing Circular 083/2019

1. Introduction

Eurex Clearing AG (Eurex Clearing) previously announced with circular 059/2019 the planned launch of Inter-Product Spreads ("IPS") for selected Fixed Income Futures as a standardised futures inter-product spread strategy at Eurex Deutschland. With this circular, Eurex Clearing confirms that the clearing for the respective products will commence as of **16 September 2019**.

For the sake of completeness, this circular reiterates certain product and clearing system related information as already contained in circular 059/2019. Additionally, the IPS transaction fees alignment is outlined in the attached updated sections of the Price List of Eurex Clearing.

Please refer to Eurex circular 083/19 for detailed trading-related information as well as the amendments of the relevant rules and regulations of Eurex Deutschland.

2. Participation requirements

Inter-Product Spread Strategies will be available for all Trading and Clearing Members and traders that are set up to trade both futures products from which a given IPS draws its leg instruments.

Maximum order size restrictions maintained on a clearer, member and trader level for the futures contracts that comprise leg instruments of an IPS apply taking account of IPS ratios of leg instruments.

3. Products in scope of IPS

IPS for selected Fixed Income Futures at Eurex Deutschland are a standardised futures inter-product strategy (e.g. Bund-Buxl Spread) and represent a combined instrument consisting of a defined number of instruments of two different futures products and a corresponding leg ratio that does not differ in maturity.

The initial IPS offering includes inter-product spread strategies comprising the leg instruments Euro-Bund/Euro-Buxl Futures, Long-term Euro-BTP/Euro-Bund Futures, and Euro-Schatz/Short-term Euro-BTP Futures. Please refer to the table in Attachment 1 for an overview of initially offered IPS products.

4. Clearing-related features

The launch of IPS will not require any technical adjustment to the C7 clearing system:

- IPS are set up in T7 as complex instruments and do not have an own trade type
- IPS trades will be directly booked in C7 as transactions in the decomposed futures legs and can only be distinguished from trades in outright futures by the instrument subtype of decomposed futures legs
- The C7 field RelatedProductComplex reflects the Instrument Type with value "6" representing IPS (FIXML tag 28587)
- The C7 field StrategyLinkID reflects the Product ID and can be used for bringing all individual legs together across products (FIXML tag 1851)

Further technical details are available on the Eurex Clearing website www.eurexclearing.com under the following link:

[Technology > Eurex Clearing's C7 > System documentation](#)

5. Simulation

IPS strategies were made available in the Eurex simulation environment for testing purposes, effective 14 June 2019. Simulation for Eurex T7 Release 7.1 will be available until the end of August 2019. Thereafter, the simulation environment will only be available with version 8.0 starting 9 September 2019.

For further information, please refer to the simulation calendar on the Eurex website www.eurexexchange.com under the following link:

[Technology > Simulation calendar](#)

6. Transaction fees

Please find the detailed transaction fees in the table in Attachment 1.

IPS trades will be priced based on existing transaction fees for underlying futures contracts and transaction fees will be incurred on a decomposed leg basis. For example, an IPS trade in the Bund-Buxl Spread that is listed with a leg ratio of 5:2 will result in seven single leg futures transactions that are charged respectively.

The fee types "IPS Strategy Trade" and "IPS Strategy SMP" will be available at launch so that IPS transaction fees can be distinguished from non-IPS trades both in the daily reports CB165 and CB196, and in the monthly CB192 report.

Initially, IPS trades will not be included in the volume rebates calculations.

Please refer to Attachment 2 for the updated sections of the Price List of Eurex Clearing AG (Price List).

The relevant amendments will become effective on 16 September 2019. As of the effective date, the full version of the amended Price List will be available for download on the Eurex Clearing website www.eurexclearing.com under the following link:

[Resources > Rules and Regulations > Price list](#)

7. Risk parameters

Margins for the product are calculated in Prisma based on the respective positions in the underlying leg products.

8. Trading hours (all times are CET)

IPS order books become available in trading as soon as both legs instruments are in trading. Please refer to Attachment 1 of this circular for the table with the detailed trading hours.

The changes and amendments to the Price List of Eurex Clearing AG published by this circular are deemed accepted by each affected contractual party of Eurex Clearing AG, unless the respective contractual party objects by written notice to Eurex Clearing AG within the first ten (10) Business Days after publication. Any ordinary right of Eurex Clearing AG to terminate the respective contract (including a Clearing Agreement, if applicable) shall remain unaffected.

Unless the context requires otherwise, terms used and not otherwise defined in this circular shall have the meaning ascribed to them in the Clearing Conditions or FCM Clearing Conditions of Eurex Clearing AG, as applicable.

Attachments:

- IPS in Fixed Income Futures as of 16 September 2019 (table), Trading hours (table) and Transaction fees (table)
- Updated sections of the Price List of Eurex Clearing AG

Unless the context requires otherwise, terms used and not otherwise defined in this circular shall have the meaning ascribed to them in the Clearing Conditions or FCM Clearing Conditions of Eurex Clearing AG, as applicable.

Recipients: All Clearing Members, FCM Clearing Members, Basic Clearing Members, Disclosed Direct Clients of Eurex Clearing AG, vendors and other affected contractual parties

Target groups:	Front Office/Trading, Middle + Back Office
Contact:	Clearing Operations, T +49-69-211-1 12 50, clearing@eurxclearing.com Risk Control, T +49-69-211-1 24 52, risk@eurexclearing.com
Related Eurex Clearing circulars:	Eurex circular 083/19, Eurex Clearing circular 059/19
Web:	www.eurexclearing.com
Authorized by:	Heike Eckert

Further information

[Attachment 1 to Eurex Clearing circular 083/19](#)

[Attachment 2 to Eurex Clearing circular 083/19](#)

[Navigate to Eurex News](#)

© Eurex Clearing AG

IPS in Fixed Income Futures as of 16 September 2019

IPS in Fixed Income Futures as of 16 September 2019			
Inter-Product Spread Strategy	T7 Product ID	C7 Product ID for leg 1	C7 Product IP for leg 2
Bund-Buxl Spread	IPLX	FGBL	FGBX
Long-term BTP-Bund Spread	IPPL	FBTP	FGBL
Schatz-Short-term BTP Spread	IPS2	FGBS	FBTS

Trading hours

Product	Pre-trading period	Continuous Trading	Post-trading Full-Period	Last trading day
				Trading until
Bund-Buxl Spread	01:00-01:10	01:10-22:00	22:00-22:30*	12:30
Long-term BTP-Bund Spread	07:30-08:00	08:00-19:00	19:00-22:30*	12:30
Schatz-Short-term BTP Spread	07:30-08:00	08:00-19:00	19:00-22:30*	12:30

*On each last trading day, the Post-Trading Full-Period starts at 12:30 CE(S)T and ends at 20:00 CE(S)T. All times in CE(S)T.

Transaction fees

Product / Product Group	Currency	Execution Type	Accounts	Standard Fee per Contract (contract volume ≤ threshold)	Reduced Fee per Contract (contract volume > threshold)	Threshold (number of contracts)
Interest Rate Derivatives						
Interest Rate Futures						
Futures transactions of the following products or product groups resulting out of a standardised inter-product spread strategy (as used in Number 2.2.7 of the Conditions for Trading at Eurex Deutschland): Euro-BTP Futures, Short-Term-Euro-BTP Futures, Euro Buxl® Futures, Euro Bund Futures or Euro Schatz Futures	EUR	Order book	A	0.22	n. a.	n. a.
			P	0.20	n. a.	n. a.
			M	0.20	n. a.	n. a.
		Eurex EnLight	A	n. a.	n. a.	n. a.
			P	n. a.	n. a.	n. a.
			M	n. a.	n. a.	n. a.
		TES	A	n. a.	n. a.	n. a.
			P	n. a.	n. a.	n. a.
			M	n. a.	n. a.	n. a.

AMENDMENTS ARE MARKED AS FOLLOWS:

INSERTIONS ARE UNDERLINED

DELETIONS ARE CROSSED OUT

[...]

3 Transaction Fees for Derivatives Transactions (Order Book Transactions and Off-Book-Transactions on the Eurex Exchange)

[...]

3.1 Matching / Registration of Derivatives Transactions

[...]

Product / Product Group	Currency	Execution Type	Accounts	Standard Fee per Contract (contract volume ≤ threshold)	Reduced Fee per Contract (contract volume > threshold)	Threshold (number of contracts)
[...]						
Interest Rate Derivatives						
Interest Rate Futures						
[...]						
Futures transactions of the following products or product groups resulting out of a standardised inter-product spread strategy (as used in Number 2.2.7 of the Conditions for Trading at Eurex Deutschland): Euro-BTP Futures, Short-Term-Euro-BTP Futures, Euro Buxl® Futures, Euro Bund Futures or Euro Schatz Futures	EUR	Order book	<u>A</u>	<u>0.30</u>	<u>n. a.</u>	<u>n. a.</u>
			<u>P</u>	<u>0.20</u>	<u>n. a.</u>	<u>n. a.</u>
			<u>M</u>	<u>0.20</u>	<u>n. a.</u>	<u>n. a.</u>
		Eurex EnLight	<u>A</u>	<u>n. a.</u>	<u>n. a.</u>	<u>n. a.</u>
			<u>P</u>	<u>n. a.</u>	<u>n. a.</u>	<u>n. a.</u>
			<u>M</u>	<u>n. a.</u>	<u>n. a.</u>	<u>n. a.</u>
		TES	<u>A</u>	<u>n. a.</u>	<u>n. a.</u>	<u>n. a.</u>
			<u>P</u>	<u>n. a.</u>	<u>n. a.</u>	<u>n. a.</u>
			<u>M</u>	<u>n. a.</u>	<u>n. a.</u>	<u>n. a.</u>
[...]						

[...]

3.2 Rebates

[...]

3.2.2.2 Volume Rebates in Futures

[...]

- (2) Transactions in Eurex Daily Futures Contracts on KOSPI 200 Derivatives and transactions in Eurex MOC on Index Futures shall not be taken into account when calculating Eligible Volume for Equity Index Futures. For the avoidance of doubt: if, following a transaction in Eurex MOC on Index Futures, a booking of the underlying Index Future has been made, the newly booked Index Future is eligible in terms of this Number 3.2.2. Here, the Eligible Transaction Fees are limited to the fee which is listed for the underlying Index Future in the execution type “order book” pursuant to Number 3.1. [Futures transactions resulting out of a standardised inter-product spread strategy in Interest Rate Futures shall not be taken into account when calculating Eligible Volume for Interest Rate Futures.](#)

[...]

[...]
