

# Global Credit Index Futures

## INNOVATORS IN LISTED CREDIT MARKETS

Since 2021, Eurex has offered market participants a unique and valuable toolbox of investment vehicles to hedge and take synthetic long exposure to global credit markets via a suite of listed **Credit Index Futures**.

These standardized, exchange-traded contracts utilize a **simple derivative structure** widely used in the equity index futures market. The current product suite includes the following segments:

- EURO Investment Grade
- EURO High Yield
- USD Emerging Markets
- GBP Investment Grade

Eurex utilizes the Bloomberg family of fixed income indexes to leverage established benchmarks with which Eurex customers are already familiar.

## KEY FEATURES

- Eurex Global Credit Index Futures are **cash settled**, offering exposure to these markets in their currency of denomination.
- From a risk factor perspective, the futures are **standardized, plain vanilla index products** on a Bloomberg benchmark index.
- All contracts are included in the same Corporate Bond Liquidation Group and **offer portfolio-margining** opportunities.
- A hybrid model of trading **with committed on-screen market makers** supplemented **by substantial off-screen liquidity**.

## What are the key benefits?



### Liquidity and cash management

When large fund inflows occur, it can be most efficient to take exposure to the benchmark index returns **utilizing the available** cash via futures.



### Hedging purposes

For a fund pursuing an active selection of bonds aimed to **outperform** the market, futures can be used to temporarily reduce portfolio market exposure.



### Portfolio overlay

Futures can be used to **increase or reduce** market exposure in a portfolio, relative to its actual funded amount.

## Bloomberg index information

|                         | EURO Investment Grade | EURO High Yield | USD EM Sovereign | GBP Corporate IG |
|-------------------------|-----------------------|-----------------|------------------|------------------|
| <b>BBG Ticker</b>       | RECMTREU              | BEHLTREU        | I38156US         | I35357GB         |
| <b>Components</b>       | 3,153                 | 458             | 611              | 593              |
| <b>Issuers</b>          | 734                   | 286             | 108              | 269              |
| <b>Market value</b>     | EUR 2.2 trillion      | EUR 230 billion | USD 988 billion  | GBP 293 billion  |
| <b>Average YTW</b>      | 3.88%                 | 6.63%           | 7.98%            | 5.73%            |
| <b>Average OAS</b>      | 1.45%                 | 3.80%           | 3.14%            | 1.18%            |
| <b>Average duration</b> | 4.28                  | 2.90            | 6.79             | 5.78             |

## BLOCK TRADE SERVICE

- **Global Credit Index Futures** can also be traded outside the order book on a bilateral basis and subsequently **registered on Eurex Exchange using our Eurex T7 Entry Service**.
- Members can enter bilaterally agreed off-book transactions into the trading and clearing system. **Registered off-book trades are then automatically cleared like regular exchange transactions.**
- The **Block Trade Entry facility is fully electronic** and integrated into members' processes (the exchange defines a minimum number of contracts for a Block Trade – see specifications on the next page).

## BASIS TRADING

- **Basis trading** can also be facilitated by the **Exchange for Physicals-Index (EFP-I) functionality**. An EFP-I of a Credit Index future **against an ETF or a basket of bonds** (the "Reference Instrument") can be entered, subject to certain criteria regarding notional size and correlation.
- **Trade at index Close (TAIC)** allow counterparties to **agree in advance the price** at which to trade a future by **applying a basis on the respective index close**. These type of trades allow market participants to **avoid intraday price volatility** of the underlying spot price.
- Furthermore, Credit Index Futures can themselves be used as the "Reference Instrument" for an EFP-Fin trade against a government bond futures trade. In that scenario, the government bond futures leg can be below the minimum entry size threshold.



## Contract specifications

| Parameters                                     | EURO IG  | EURO HY           | USD EM Sovereign  | GBP Corporate IG  |
|--|--|-------------------|-------------------|-------------------|
| <b>Eurex product code</b>                      | FECX   | FEHY              | FUEM              | FGBC              |
| <b>Product ISIN code</b>                       | DE000A2QQU00   | DE000A3DLQ96      | DE000A3EXW02      | DE000A3EXVZ9      |
| <b>Currency</b>                                | EUR  | EUR               | USD               | GBP               |
| <b>Contract multiplier</b>                     | EUR 1,000  | EUR 200           | USD 200           | GBP 200           |
| <b>Contract notional (est.)</b>                | EUR 150,000  | EUR 55,000        | USD 20,000        | GBP 25,000        |
| <b>Tick size / tick value</b>                  | 0.01 / EUR 10  | 0.02 / EUR 4      | 0.01 / USD 2      | 0.01 / GBP 2      |
| <b>Minimum block trade size</b>                | 30 contracts   | 100 contracts     | 100 contracts     | 100 contracts     |
| <b>MBTS in notional (est.)</b>                 | EUR 5,000,000  | EUR 5,000,000     | USD 2,000,000     | GBP 2,500,000     |
| <b>Trading hours</b>                           | 8:00 to 19:00 CET  | 8:00 to 19:00 CET | 8:00 to 22:00 CET | 8:00 to 19:00 CET |
| <b>Expiry cycle</b>                            | QUARTERLY – The three nearest quarterly months of the March, June September and December cycle.  |                   |                   |                   |
| <b>Last trading day / final settlement day</b> | Third Friday of each maturity month if this is an exchange day; otherwise, the exchange day immediately preceding that day. Final settlement day is the exchange day immediately following the last trading day. |                   |                   |                   |
| <b>Final settlement price</b>                  | The final settlement price is established by Eurex on the final settlement day of the contract and is based on the closing price of the index on the last trading day.   |                   |                   |                   |
| <b>Daily settlement price</b>                  | Determined from the volume weighted average of all transactions during the minute before 17:15 CET (reference point), provided that more than 5 trades transacted within this period.                            |                   |                   |                   |
| <b>Bloomberg code</b>                          | LXYA Index   | AHWA Index        | XZSA Index        | XZRA Index        |
| <b>Refinitiv code</b>                          | 0#FECX:  | 0#FEHY:           | 0#FUEM:           | 0#FGBC:           |

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