

Trading Off-The-Run Eris Standards

Lower Margins and Yield Curve Granularity

Off-The-Run Eris Standards

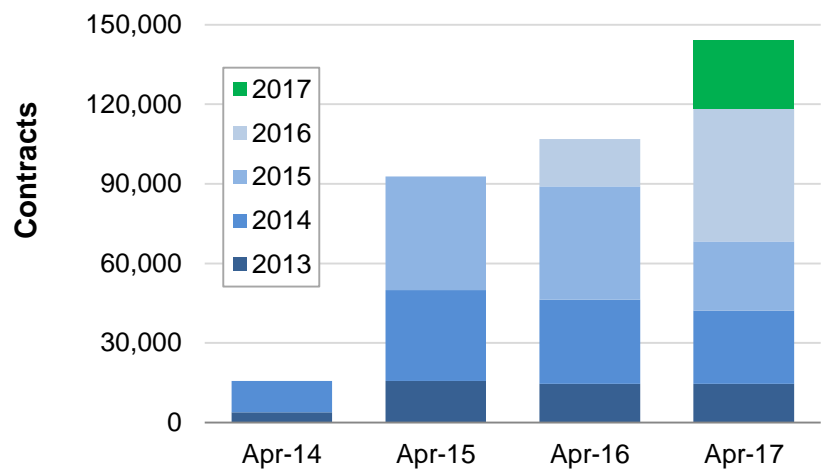
Eris Standards which have passed the Effective Date are referred to as Off-The-Run and are available for trading until the Maturity Date.

Off-The-Run Eris Standards are margined at 2-day VaR until maturity, and margins will decline as the remaining tenor shortens over time.

Eris Standard Open Interest

Tenor Range	Open Interest
0 to 2Y	41,893
2+ to 5Y	54,656
5+ to 8Y	39,837
8+ to 11Y	36,286
11 to 30Y	743
>30Y	74
TOTAL	173,489

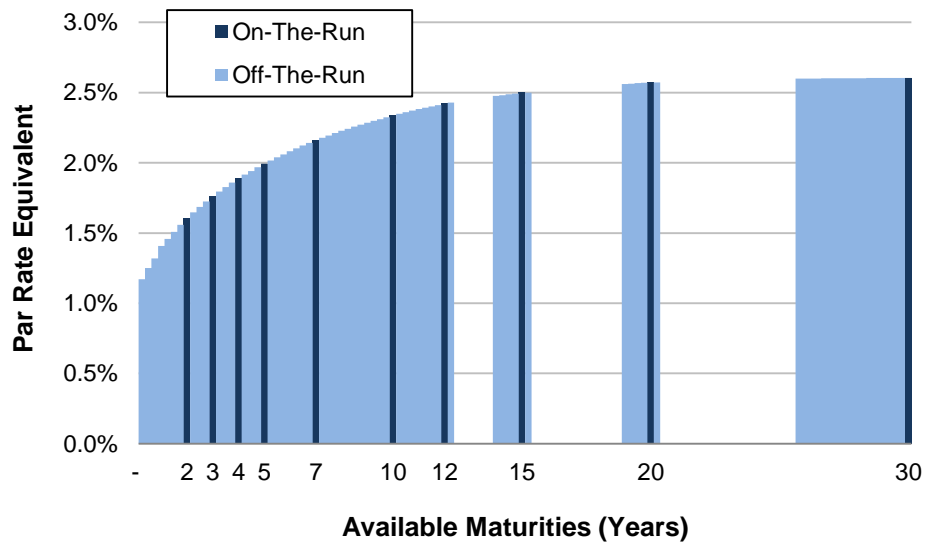
Eris Std Open Interest (By Series)



Access to Hundreds of Points on the Curve

Given substantial cost savings and the applicability of hedge accounting to Eris, traditional end user activity in Off-The-Run Standards has increased.

- Banks: Back-loading OTC swaps
- Asset Mangers: Compression trades
- Mortgage Hedgers: Matching specific underlying maturity profiles



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Contact Eris to get started:

Call (888) 587-2699 option 2

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View All Contract Details:

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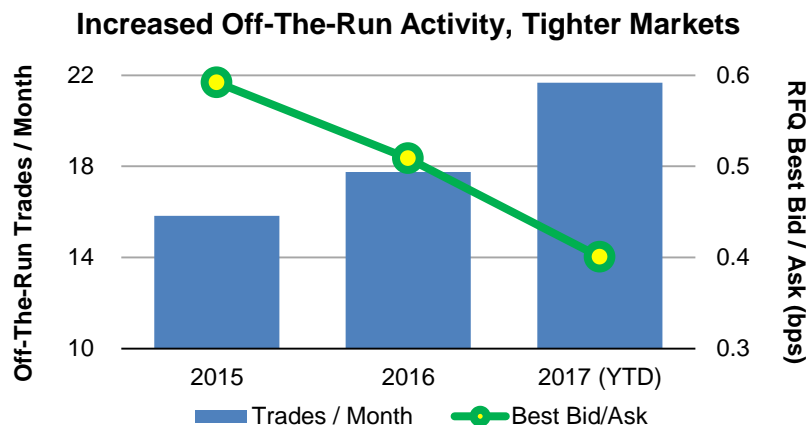
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Off-The-Run Liquidity

Off-The-Run Standards are either traded electronically as an RFQ (typically via agency broker) or as a block voice trade.

- 299 Off-The-Run trades in 2016 & 2017
- 90% traded anonymously in the order book
- Total notional ~ \$3.7bn
- 78% of RFQs resulted in a trade in 2017, up from 69% in 2016
- Average RFQ Bid / Ask: ~0.2bp from mid in 2017, tightening from ~0.25bp in 2016

Source: Eris Exchange order book



Off-The-Run Stnd (2016 & 2017)	# Trades	# Contracts	Avg Size	Max
Electronic RFQ	268	13,146	49	500
Block (Voice)	31	24,028	775	14,000
	299	37,174	124	14,000

Case Studies: Rolling Large Positions After the Effective Date

Eris end users have found sufficient liquidity to exit or roll large positions months after the quarterly streaming roll period.

August 2016 – 10Y Roll

- \$1.4bn Dec '15 rolled to Sept '16

March 2017 – 10Y Roll

- \$350mm Dec '16 rolled to Jun '17

Both trades executed as blocks, at spread levels <1/10bp of implied order book or end of day mids

8/9/16 - Eris 10Y	Old Contract	New Contract	Spread
Effective Date	Dec 2015	Sep 2016	
Notional	\$1,400mm	\$1,315mm	
Traded NPV	(7,250)	(9,740)	(2,490)
NPV as of 3PM Close	(7,456)	(9,940)	(2,484)
Traded Spread vs. Close (in \$ NPV)			6
Traded Spread vs. Close (in bps)			0.06bps

3/14/17 - Eris 10Y	Old Contract	New Contract	Spread
Effective Date	Dec 2016	Jun 2017	
Notional	\$350mm	\$350mm	
Traded NPV	7,230	10,330	3,100
Order Book NPV Mids	7,100	10,200	3,100
Traded Spread vs. Order Book (in \$ NPV)			-
Traded Spread vs. Order Book (in bps)			0bps

Source: Eris Exchange order book. There were no RFQs in the Dec 2015 10Y at the time of the trade, so end of day settlement price was used as reference.

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