

# Trading Off-The-Run Eris Standards

## Lower Margins and Yield Curve Granularity

### Off-The-Run Eris Standards

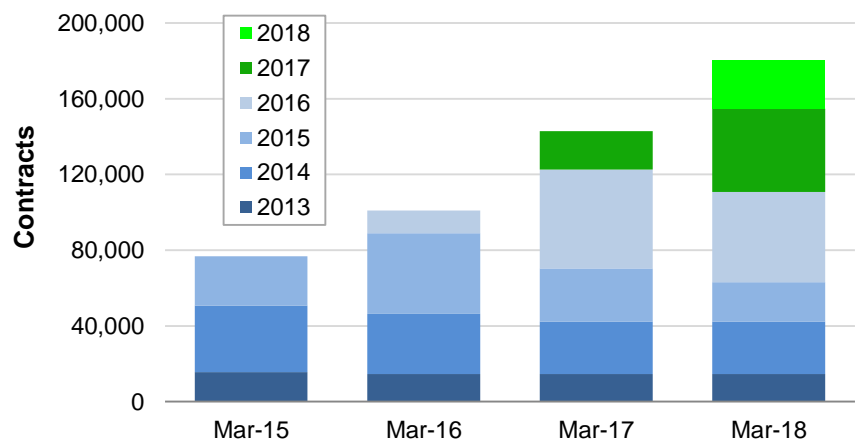
Eris Standards which have passed the Effective Date are referred to as Off-The-Run and are available for trading until the Maturity Date.

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	51,428
2+ to 5Y	61,653
5+ to 8Y	50,235
8+ to 11Y	37,656
11 to 30Y	5,540
>30Y	495
<b>TOTAL</b>	<b>207,007</b>

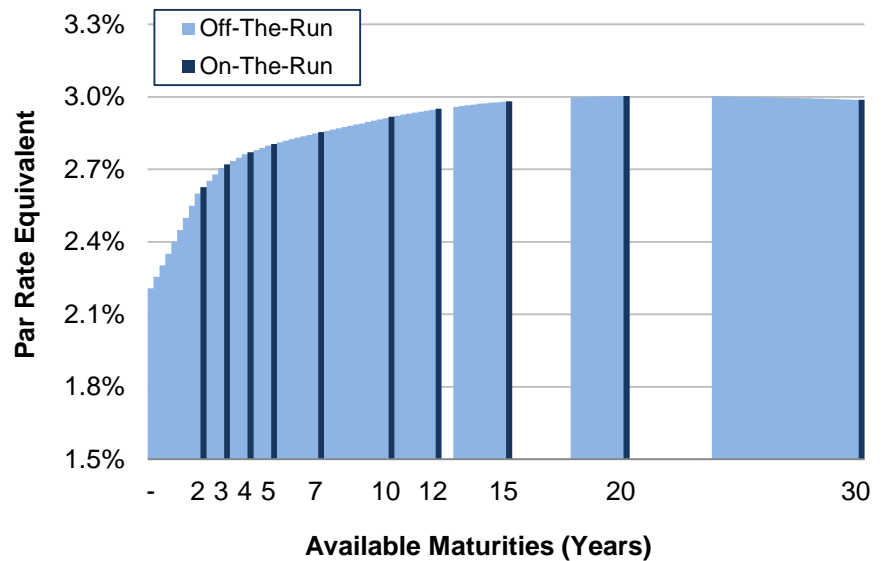
Eris Std Open Interest (By Series)



### 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 Managers: Compression trades
- Mortgage Hedgers: Matching specific underlying maturity profiles



[www.erisfutures.com](http://www.erisfutures.com)

Contact Eris to get started:

Call (888) 587-2699 option 2

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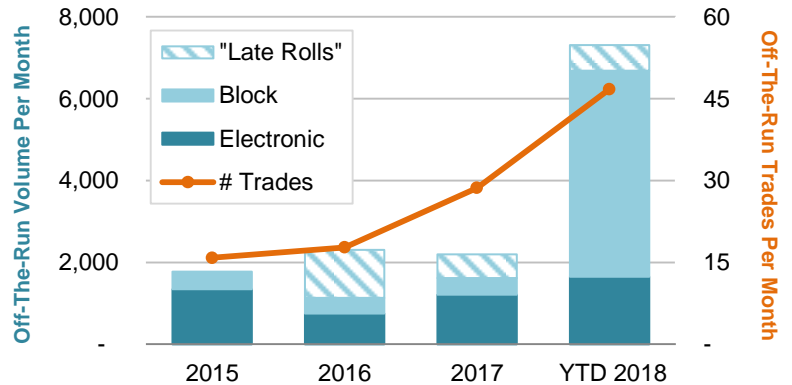
### Off-The-Run Liquidity

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

- >90% of RFMs result in a trade
- Over \$1mm DV01 in Off-The-Run Eris traded during the last week of January
- \$500k DV01 of non-streaming 15Y Eris traded by block in mid March
- RFM Bid/Ask has steadily declined to 0.44bps on average (0.22bps from mid)

Source: Eris Exchange

### Increased Off-The-Run Activity, Tighter Markets



	Block		Electronic		Avg Bid/Ask
	Avg Size	Max	Avg Size	Max	
Mar '16 - Mar '17	1412	14,000	52	456	<b>0.51bps</b>
Mar '17 - Mar '18	466	4,250	44	500	<b>0.44bps</b>

### 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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