ERIS EXCHANGE

Swap Spread Trading Using Eris Futures

Trade LIBOR/Treasury basis using Eris and Cash Treasuries or Treasury Futures

Eris Swap Futures offer efficient execution and margining of Swap Spreads - the difference between swap rates and treasury yields with similar maturities

Trade Structure	Libor Leg	Treasury Leg	Execution
Traditional Exposure	Spot Starting Eris Flex	OTR Cash Treasury	Exchange for Physical
Maximum Liquidity with Low Margin	Eris Standard	OTR Cash Treasury	Exchange for Physical
Replicate Invoice Spreads with Maximum Margin Offsets	Eris Standard	Treasury Future	Block or Electronic

Efficient Execution

- For any size, users can execute Eris Swap Futures vs. Cash Treasuries as a spread package, by voice, and identify it as an Exchange for Physical (EFP)
- No leg risk
- Participant only enters the Eris leg into Eris BlockBox™
- Cash Treasury is settled using traditional settlement procedures, outside of Eris Exchange
- Submit to Eris for clearing at CME by end of trading day for EFPs
- Efficient Invoice spread trading available through TT
- Eris Flexes can be used to match the dates of the underlying Treasury

Spreads can be calculated in par rate terms using the Eris Bloomberg Spreadsheet

	Eris	
Implied Swap Spreads	Implied Bid (bps)	Implied Offer (bps)
2Y Spot	11.2	11.7
5Y Spot	13.4	13.8
10Y Spot	14.5	14.8

Implied Invoice Spread	*Bid Par Rate (bps)*	*Ask Par Rate (bps)*
2Y Stnd Dec 13/TUZ3	15.2	15.9
5Y Stnd Dec 13/FVZ3	38.8	39.3
7Y Stnd Dec 13/TYZ3	23.7	24.2
10Y Stnd Dec 13/TYZ3	84.2	84.7
30Y Stnd Dec 13/USZ3	47.8	48.5

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Contact Eris to get started:
Call (888) 587-2699 option 2
for sales support or email sales@erisfutures.com

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10Y Spread Examples

Swap Spread

	LIBOR Leg			Treasury Leg
Terms	**Eris Standard**	**Eris Flex**	**OTC Swap (CME/LCH)**	**OTR Cash Treasury**
Trade Date	Nov 8, 2013	Nov 8, 2013	Nov 8, 2013	Nov 8, 2013
Effective Date/ Issue Date	Dec 18, 2013	Nov 12, 2013	Nov 12, 2013	Aug 15, 2013
Maturity Date	Dec 18, 2023	Nov 12, 2023	Nov 12, 2023	Aug 15, 2023
Notional (~50k of DV01)	$53mm	$55mm	$55mm	$57mm
Par Rate/Yield	2.920%	2.896%	2.896%	2.749%
Spread (bps)	17.1	14.7	14.7	
Initial Margin (LIBOR Leg)	**$1.0mm**	**$2.2mm**	**$2.2mm – $2.9mm**	

Eris offers users the lowest margin scenario

Invoice Spread

	LIBOR Leg			Treasury Leg
Terms	**7Y Eris Standard**	**Eris Flex**	**OTC Swap (CME/LCH)**	**10Y Dec Treasury Future**
Trade Date	Nov 8, 2013	Nov 8, 2013	Nov 8, 2013	Nov 8, 2013
Effective Date/ Issue Date	Dec 18, 2013	Dec 31, 2013	Dec 31, 2013	Dec 31, 2013
Maturity Date	Dec 18, 2020	Aug 15, 2020	Aug 15, 2020	Aug 15, 2020
Notional (~50k of DV01)	$71mm	$77mm	$77mm	$64mm
Par Rate/Yield	2.352%	2.197%	2.197%	2.112%
Spread (bps)	24.0	8.5	8.5	
Initial Margin (LIBOR + Treasury Leg)	**$1.0mm**	**$1.4mm**	**$1.4mm – $3.8mm**	

Eris offers users the lowest margin scenario

Source of Initial Margins: CME and LCH

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