

Key Trading Conventions

	Contract Buyer/Long Position	Contract Seller/Short Position
Fixed and Floating Payment Directions	Fixed rate payer, floating rate receiver	Fixed rate receiver; floating rate payer
Market View	'Short the Market'; Benefits from rates rising	'Long the Market'; Benefits from rates falling
NPV > 0 (Par Rate > Fixed Rate)	Equivalent to paying upfront premium	Equivalent to receiving upfront premium
NPV < 0 (Par Rate < Fixed Rate)	Equivalent to receiving upfront premium	Equivalent to paying upfront premium

Key Points to Remember

- **Contract Size = \$100,000 notional**
- **“BUY” = Pay Fixed, “SELL” = Receive Fixed --- for both Rate and NPV quoted contracts**
- **Goal: Buy Low (pay a low fixed rate or NPV) and Sell High (receive a high fixed rate or NPV)**
- **All NPV quoted instruments are from the Buyer's perspective:**
 - Positive NPV: Par Rate > Fixed Rate
 - Negative NPV: Par Rate < Fixed Rate
- **Direction of “Premium” in OTC Equivalent Terms:**
 - Positive NPV: Buyer/Fixed rate payer Pays premium and Seller/Fixed rate receiver Receives premium
 - Negative NPV: Buyer/Fixed rate payer Receives premium and Seller/Fixed rate receiver Pays premium

Tenor	Tick Size (\$)
2Y	\$2
5Y	\$5
7Y	\$10
10Y	\$10
30Y	\$20

Eris Exchange Trading Reference Sheet



Examples

BID SIDE:

NPV/Rate where Market Maker Pays Fixed
and End User Receives Fixed

ASK SIDE:

NPV/Rate where Market Maker Receives Fixed
and End User Pays Fixed

	Bid		Ask		Coupon %
	Size (Cont)	Rate/NPV	Rate/NPV	Size (Cont)	
Eris Standards (Open Interest 96,187)					
1) 2Y Stnd Dec 2015-2017 (LITZ5)	2500	-886	-874	2500	1.500
2) 5Y Stnd Dec 2015-2020 (LIWZ5)	1000	-1735	-1700	1000	2.000
3) 7Y Stnd Dec 2015-2022 (LIBZ5)	650	-2410	-2370	650	2.250
4) 10Y Stnd Dec 2015-2025 (LIYZ5)	400	-3280	-3220	400	2.500
5) 30Y Stnd Dec 2015-2045 (LIEZ5)	100	-3680	-3380	100	2.750
Eris Flexes (Open Interest 64,103)					
6) 2Y Spot (ERIS2Y)	250	1.025	1.047	250	
7) 5Y Spot (ERIS5Y)	250	1.629	1.644	150	
8) 10Y Spot (ERIS10Y)	250	2.135	2.151	400	

- **Negative NPV quotes** for 5Y Dec Standard indicate Par Rate < 2.000%
- **Positive NPV quotes** would occur when the Par Rate > 2.000%

End User Examples	5Y Dec Standard	10Y Dec Standard
Buy/Pay Fixed Level (Per Contract)	-\$1,700	-\$3,220
Premium Equivalent	Premium Receiver	Premium Receiver
Sell/Receive Fixed Level (Per Contract)	-\$1,735	-\$3,280
Premium Equivalent	Premium Payer	Premium Payer
Par Rate vs. Contract Fixed Rate	Par Rate < Fixed Rate (2.000%)	Par Rate < Fixed Rate (2.500%)