

# Eris Swap Futures and OTC Swap Comparison

## Economic Equivalence

### Cash Flow Equivalence

Eris contracts match the economics of OTC swaps. Read a summary of key points from the [cash flow comparison white paper](#).

#### OTC and Eris Shared Characteristics

- Fixed and floating payments
- Interest paid on collateral
- Up-front and termination payments
- OIS discounting

#### Eris Benefits

- ✓ Transparent
- ✓ Open to all
- ✓ Capital efficient
- ✓ Easy to process

## Settlement Price Components of Eris Swap Futures

$$\begin{array}{ccccccccc}
 \mathbf{A} & + & \mathbf{B} & - & \mathbf{C} & + & \mathbf{100} & = & \mathbf{Eris} \\
 & & & & & & & & \mathbf{Futures} \\
 & & & & & & & & \mathbf{Price} \\
 \hline
 \mathbf{Swap} & & \mathbf{Historical} & & \mathbf{Eris} & & \mathbf{Index} & & \mathbf{Settlement} \\
 \mathbf{NPV} & & \mathbf{Fixed/Floating} & & \mathbf{PAI}^{\text{TM}} & & \mathbf{Price} & & \mathbf{Value} \\
 & & \mathbf{Payments} & & \mathbf{(Price Alignment} & & & & \\
 & & & & \mathbf{Interest)} & & & & 
 \end{array}$$

## Sample Eris vs. OTC Cash Flow Comparison

Date	EOD Swap NPV	Swap Cash Flow				Eris Cash Flow				
		Variation Margin	Fixed/Float Payment	PAI Pmt	Net Cash Flow	A (NPV)	+ B (Hist Pmts)	- C (PAI)	Settlement Price	Net Cash Flow
0	1,000	-	-	-	-	1,000	-	-	101.000	-
1	1,020	20	0	-2	18	1,020	0	-2	101.018	18
2	805	-215	200	-1	-16	805	200	-3	101.002	-16
3	845	40	0	-1	39	845	200	-4	101.041	39

Daily net cash flows are equivalent between Eris contracts and IRS

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

Contact Eris to get started:

Call (888) 587-2699 option 2

for sales support or email [sales@erisfutures.com](mailto:sales@erisfutures.com)

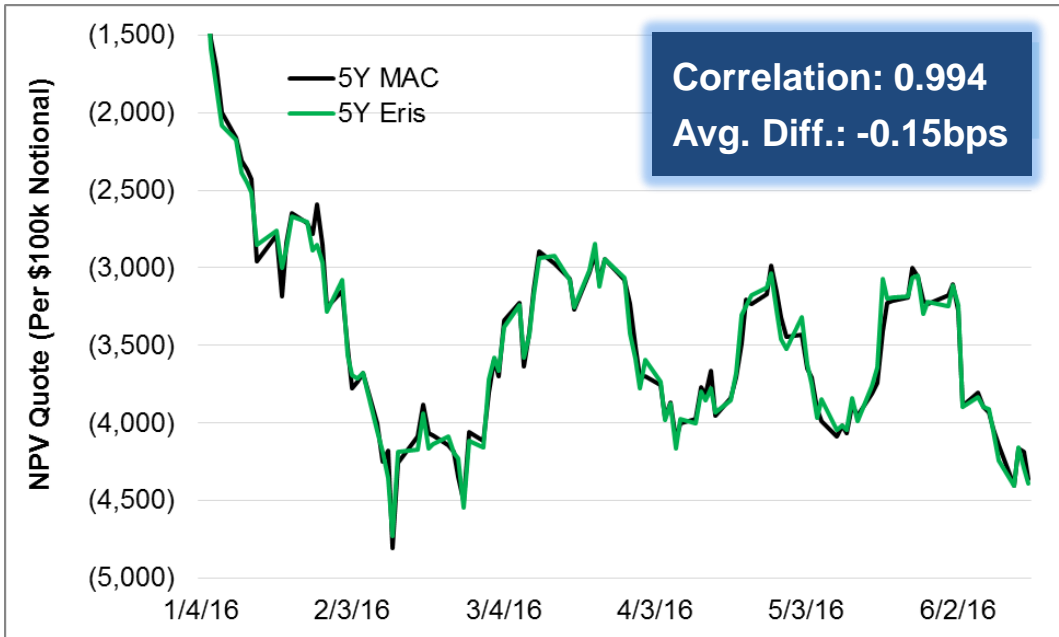
Learn More:

[Eris and OTC Swaps Product Comparison](#)

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## Economic Equivalence

### Eris Pricing Mirrors OTC Swap Pricing



Eris futures replicate the economics of OTC swaps and are quoted the same way MAC swaps are with similar terms

Eris Methodology™ includes price alignment interest, avoiding the convexity bias in other futures

Source: Bloomberg and Eris

### MAC Swaps

PCS	Firm Name	CCP	Bid	Ask	BSz(MM)	ASz(MM)
BXSU	BARCLAYS BANK	CME	-3961.000	3912.000	200	x 200
RBQS	RBC US IRS	CME	-3950.030	3923.710	100	x 100
HSBC	HSBC Bank	CME	-3946.000	3928.000	100	x 100
CTSD	Citadel Secs SD	CME	-3950.000	3930.000	220	x 220

### Eris Swap Futures

Total	Size	Bid	Ask	Size	Total
1000	1000	-3955.0000	-3935.0000	1000	1000
1246	246	-3960.0000	-3935.0000	1800	2800
2246	1000	-3960.0000	-3925.0000	1000	3800
2276	30	-3960.0000	-3920.0000	246	4046
4076	1800	-3965.0000	-3920.0000	30	4076

**Cleared 5Y MAC Swap**  
 NPV (mid): **-\$3,938**  
 Implied Rate: **1.193%**  
 Best bid/offer: **\$100mm x \$220mm**



**Eris 5Y Primary Standard**  
 NPV (mid): **-\$3,945**  
 Implied Rate: **1.194%**  
 Best bid/offer: **\$100mm x \$280mm**

Source: Bloomberg BBTI and ERIS1 screens, May 2016

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