

# Global Credit Index Futures

## INNOVATORS IN LISTED CREDIT MARKETS

Beginning in 2021, Eurex offers market participants a unique and valuable toolbox of investment vehicles to hedge and take synthetic long exposure to global credit markets via a suite of listed **Global Credit Index Futures**.

These standardized, exchange-traded contracts utilize a **simple derivative structure** widely used in the equity index futures market. The current product suite includes the following segments:

- EURO Investment Grade
- EURO High Yield
- USD Emerging Markets
- GBP Investment Grade
- USD Investment Grade
- USD High Yield

To leverage established benchmarks that Eurex customers are already familiar with, Eurex utilizes the **Bloomberg** family of fixed income indexes.

## KEY FEATURES

- Eurex Global Credit Index Futures are **cash settled**, offering exposure to these markets in their currency of denomination.
- From a risk factor perspective, the futures are **standardized, plain vanilla index products** on a Bloomberg benchmark index.
- All contracts are included in the same Corporate Bond Liquidation Group and **offer portfolio-margining** opportunities.
- A hybrid model of trading **with committed on-screen market makers** supplemented by **substantial off-screen liquidity**.

## What are the key benefits?



### Liquidity and cash management

When large fund inflows occur, it can be most efficient to take exposure to the benchmark index returns **utilizing the available** cash via futures.



### Hedging purposes

For a fund pursuing an active selection of bonds aimed to **outperform** the market, futures can be used to temporarily reduce market exposure of a portfolio.



### Portfolio overlay

Futures can be used to **increase or reduce** market exposure in a portfolio, relative to its actual funded amount.

## Bloomberg index information

	EURO Investment Grade	EURO High Yield	USD EM Sovereign	GBP Corporate IG	USD Investment Grade	USD High Yield
<b>BBG Ticker</b>	RECMTREU	BEHLTREU	I38156US	I35357GB	LUACTRUU	LHVLTRUU
<b>Components</b>	3,153	458	611	593	7,938	1,091
<b>Issuers</b>	734	286	108	269	871	585
<b>Market value</b>	EUR 2.2 trillion	EUR 230 billion	USD 988 billion	GBP 293 billion	USD 6.6 trillion	USD 894 billion
<b>Average YTW</b>	3.88%	6.63%	7.98%	5.73%	5.14%	7.49%
<b>Average OAS</b>	1.45%	3.80%	3.14%	1.18%	0.97%	3.11%
<b>Average duration</b>	4.28	2.90	6.79	5.78	6.94	3.24

## BLOCK TRADE SERVICE

- Global Credit Index Futures can also be **traded outside the order book** on a bilateral basis, and subsequently **booked to Eurex Clearing using our Eurex T7 Entry Service**.
- Members can enter **bilaterally agreed off-book transactions into the trading and clearing system**. Registered off-book trades are then **automatically cleared like regular exchange transactions**.
- The Block Trade Entry facility is **fully electronic and integrated into members' processes** (the exchange defines a minimum number of contracts for a Block Trade – see specifications on the next page).

## BASIS TRADING

- **Basis trading can also be facilitated by the Exchange for Physicals-Index (EFP-I) functionality**. An EFP-I of a **Credit Index future against an ETF or a basket of bonds** (the "Reference Instrument") can be entered, subject to certain criteria regarding notional size and correlation.
- Furthermore, **Global Credit Index Futures can themselves be used as the "Reference Instrument" for an EFP-Fin trade against a government bond futures trade**. In that scenario, the government bond futures leg can be below the minimum entry size threshold.
- Finally, Global Credit Index Futures can also be traded via Eurex's **"Trade at Index Close" (TAIC) functionality**, which allows traders to negotiate the **price of a future vs. the underlying index close**.



## Contract specifications

Parameters	EURO IG	EURO HY	USD EM Sovereign	GBP Corporate IG	USD IG	USD HY
<b>Eurex product code</b>	FECX	FEHY	FUEM	FGB	FUIG	FUHY
<b>Currency</b>	EUR	EUR	USD	GBP	USD	USD
<b>Contract multiplier</b>	EUR 1,000	EUR 200	USD 200	GBP 200	USD 25	USD 100
<b>Contract notional (est.)</b>	~EUR 150,000	~EUR 55,000	~USD 20,000	~GBP 25,000	~USD 75,000	~USD 50,000
<b>Tick size / tick value</b>	0.01 / EUR 10	0.02 / EUR 4	0.01 / USD 2	0.01 / GBP 2	0.1 / USD 2.5	0.01 / USD 1
<b>Minimum block trade size</b>	30 contracts	100 contracts	100 contracts	100 contracts	60 contracts	80 contracts
<b>Minimum black trade size in notional (est.)</b>	~EUR 5,000,000	~EUR 5,000,000	~USD 2,000,000	~GBP 2,500,000	~USD 5,000,000	~USD 5,000,000
<b>Trading hours</b>	8:00 to 19:00 CET	8:00 to 19:00 CET	8:00 to 22:00 CET	8:00 to 19:00 CET	8:00 to 22:00 CET	8:00 to 22:00 CET
<b>Expiry cycle</b>	QUARTERLY – The three nearest quarterly months of the March, June September and December cycle.					
<b>Last trading day / final settlement day</b>	Third Friday of each maturity month if this is an exchange day; otherwise, the exchange day immediately preceding that day. Final settlement day is the exchange day immediately following the last trading day.					
<b>Final settlement price</b>	The final settlement price is established by Eurex on the final settlement day of the contract and is based on the closing price of the index on the last trading day.					
<b>Daily settlement price</b>	Determined from the volume weighted average of all transactions during the minute before 17:15 CET (reference point), provided that more than 5 trades transacted within this period.					
<b>Bloomberg code</b>	LXYA Index	AHWA Index	XZSA Index	XZRA Index	BBEA Index	BBLA Index
<b>Refinitiv code</b>	0#FECX:	0#FEHY:	0#FUEM:	0#FGBC:	0#FUIG:	0#FUHY:

September 2024 | ARBN Number: Eurex Frankfurt AG ARBN 100 999 764

© 2024 by Deutsche Börse AG. Eurex®, the EX® and EC®-Logo are registered trademarks of Deutsche Börse AG. This publication is published for information purposes only and does not constitute investment advice or an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any other transaction. While reasonable care has been taken in the preparation of this publication neither Eurex Frankfurt AG, nor any of its affiliates make any representation or warranty regarding the information contained herein. Customers should consider the legal and regulatory requirements in the jurisdictions relevant to them before using Eurex® products or services.

“Bloomberg®” and the indices licensed herein (the “Indices”) are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the Indices collectively, “Bloomberg”) and have been licensed for use for certain purposes by Eurex Frankfurt AG (the “Licensee”). Bloomberg is not affiliated with the Licensee, and Bloomberg does not approve, endorse, review, or recommend the financial products referenced herein (the “Financial Products”). Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Indices or the Financial Products.

© BLOOMBERG 2024 “BLOOMBERG®” is a trademark and service mark of Bloomberg Finance L.P. MSCI is a trademark and service mark of MSCI Inc. (collectively with its affiliates, “MSCI”), used under license. Bloomberg Finance L.P. and its affiliates (collectively, “Bloomberg”), including Bloomberg Index Services Limited, the index administrator (“BISL”), or Bloomberg’s licensors, including MSCI, own all proprietary rights in the Bloomberg MSCI Environmental, Social & Governance (ESG) fixed income indices (the “ESG Indices”). Neither Bloomberg nor MSCI is affiliated with the distributor hereof (the “Licensee”), and neither approves, endorses, reviews or recommends financial products listed herein (the “Products”). Neither Bloomberg nor MSCI guarantees the timeliness, accurateness or completeness of any data or information relating to ESG Indices, and neither shall be liable in any way to the Licensee, investors in the Products or other third parties with respect to the use or accuracy of the ESG Indices or any data included therein.

## Contact

### EUREX FIXED INCOME SALES EUROPE

Vassily Pascalis  
T +44-20-78 62-72 11  
vassily.pascalis@eurex.com

### EUREX FIXED INCOME SALES AMERICA

Chris Dopp  
T +1-312-544-1011  
chris.dopp@eurex.com

### EUREX PRODUCT DEVELOPMENT

Davide Masi  
T +44-20-78 62-7267  
davide.masi@eurex.com

Leon von Esen  
T +49-69-211-1 4964  
leon.von.esen@eurex.com



Find out more online at

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