

European Overnight Index futures

Short-Term Interest Rate futures on €STR and RepoFunds Rates (RFR)

€STR and RepoFunds Rate futures first look

European Overnight Index futures offer capital efficient, off-balance sheet tools for hedging overnight money market and repo rates in Europe.

The product suite launched for first trade date October 31, 2022 with Three-Month €STR outright futures and Three-Month €STR Single Contract Basis Spread futures. German and Italian RepoFunds Rate futures began trading on December 5, 2022.

- **€STR futures** are cash-settled to the Euro Short-Term Rate compounded and realized in arrears. €STR is a measure of the wholesale euro unsecured overnight borrowing costs of banks located in the euro area.
- **€STR Single Contract Basis Spread futures** represents the difference between expected Three-Month Euribor and compounded €STR over the same IMM period and settle by assigning contract holders into €STR futures at a price determined by the final closing price of the spread future and the prevailing Three-Month Euribor benchmark rate.
- **RepoFunds Rate (RFR) futures**, are cash-settled to overnight RepoFunds Rates compounded and realized in arrears. RFRs are EU BMR registered benchmarks, which measure the overnight funding costs of European sovereign debt derived from repo trades executed on BrokerTec and MTS.
- **RFR Single Contract Basis Spread futures** settle by assigning contract holders into RFR futures at a price determined by the final closing price of the spread future and the prevailing Three-Month Euribor benchmark rate.

About the underlying reference rates

EURO SHORT-TERM RATE (€STR)

- Administered by the European Central Bank (ECB)
- Published at 8:00 a.m. CET on each TARGET2 business day
- Measure the wholesale euro unsecured overnight borrowing costs of banks located in the euro area

Key features

TRANSPARENT PRICE DISCOVERY

Source liquidity and price discovery via an equal access, transparent order book.

FUTURIZED €STR LIQUIDITY

Manage granular €STR risk with 24-hour trading, capital efficiency, and global distribution of futures.

EFFICIENT REPO EXPOSURE

Accurately hedge term repo exposure or manage cash vs. futures basis positions in a balance sheet lite instrument.

IBOR/OIS BASIS TRADING

Trade the differential between IBOR cost of funds and the cost of funds represented by overnight money market or repo rates.

SEAMLESS DUAL CURRENCY SPREAD TRADING

Manage cross currency basis spreads between U.S. and EU money market rates with inter-commodity spreads (ICS) guaranteeing execution between €STR vs. SOFR futures.

PRICE AND HEDGE FORWARD FOREIGN EXCHANGE

Use €STR vs. SOFR ICS to accurately price interest rate differentials with guaranteed spread execution in hedging.

MARGIN EFFICIENCIES

Automatic clearing efficiencies including margin offsets with adjacent interest rate markets, such as SOFR.

REPOFUNDS RATE (RFR) BENCHMARKS

- Administered by CME Group Benchmark Administration (CBA)
- Published each business day at 4:15 p.m. GMT
- Calculated based on repo trades executed on EU BrokerTec and MTS
- Measures the overall cost of funding achieved by the market, inclusive of both general collateral (GC) and suitable specific collateral (SC) repo trades, and based on settlement date

Proposed contract specifications

	€STR AND RFR FUTURES	€STR-EURIBOR AND RFR-EURIBOR SPREAD FUTURES
REFERENCE RATE	Compounded Overnight Index (€STR/RFR)	3-Month Euribor and Compounded Overnight Index (€STR/RFR)
PRICING METHOD	100-yield	Yield %
CONTRACT LISTINGS	Nearest eight full contract months + Nearest two Serial months + Three contracts in accrual period	Nearest eight full contract months + Nearest two Serial months
LISTING DATES	March Quarterly IMM schedule + Serials	
VALUE OF 1 BP	€25	
IMM INDEX VALUE	€2500	
VARIATION MARGIN CURRENCY	EUR	
FEE CURRENCY	USD	
MINIMUM PRICE INCREMENT	<p>Each contract is moved to its new reduced MPI on the weekend following any trigger of its eligibility criteria:</p> <p>0.125 bp for the first nearby contract closest to final expiry</p> <p>0.25 bp for the second nearby contract that is second closest to final expiry</p> <p>0.5 bp for all other contacts</p>	0.25 bp
LAST DAY OF TRADING	Day prior to the IMM date three months forward from the contract identifying month	Two TARGET2 business day prior to IMM Wednesday
DELIVERY	Cash-settled in currency of contract, by reference to Final Settlement Price, on Last Day of Trading	Assignment into same contract month €STR/RFR future by reference to Final Settlement Price on business day prior last day of trading and 3-Month Euribor benchmark published on last day of trading
FINAL SETTLEMENT PRICE	Contract-grade IMM index evaluated on the basis of realized, compounded index values during the IMM contract reference period	Daily settlement on Last Day of Trading
IMM INDEX	Compounded Overnight Index (€STR/RFR)	Spread between 3-Month Euribor and Compounded Overnight Index
BLOCK THRESHOLD	100 contracts	
PRODUCT CODE	€STR futures: ESR RFR futures: RFD – Germany; RFI - Italy	€STR-Euribor futures: EUS RFR-Euribor futures: RSD – Germany; RSI - Italy
VENDOR CODES	€STR futures and -Euribor futures	

To learn more, visit cmegroup.com/european-rates-futures

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