




Euronext Total Return Futures

Keeping on surfing the new wave of derivatives



The Euronext Total Return Futures (TRF) are listed solutions to gain exposure to the implied equity repo rate on the constituents of the CAC 40® Index and of the FTSE MIB Index in a transparent and secure trading environment.

The TRFs are designed to replicate the full economics of OTC Total Return Swaps in a cost-effective manner, while simplifying the product settings to make them more suited to the exchange environment.

Being traded on Euronext, the contracts offer transparency and accessibility via a centralised order book and central clearing via Euronext Clearing.

They provide a solution to the increased capital requirements arising from regulatory changes when trading OTC transactions, and allow investors to access implied equity repo as a new asset class.

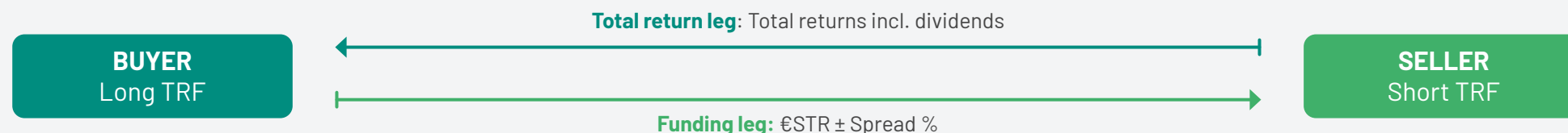
Key benefits of trading the Euronext CAC 40® and FTSE MIB Total Return Futures

- Provide **listed solutions to trade the implied equity repo rate on the French and Italian national indices** traded OTC as Total Return Swaps (TRS) for a long time.
- Offer **long-term exposure** with quarterly **maturities available up to 10 years**, meeting the needs of long-term investors (the 21 nearest quarterly months of the March, June, September and December cycle and the 5 following December maturities)
- Leverage **robust risk management capabilities** provided by Euronext Clearing
- Give a **cost-efficient approach** to trade the Total Return Swaps by **mitigating counterparty risk and providing strong margin offsets**
- Ensure **payoff accuracy** and **fungibility** through a clear daily settlement procedure and possibility of trading at index close
- Provide **market transparency** with on-screen prices and **improved liquidity** provided by **leading market makers** quoting a spread as an annualised rate in basis points (+/-)

How does a TRF work

- The buyer benefits from the returns generated from the indices performance, including its ordinary dividend distributions
- In exchange for this, the buyer pays an interest rate which corresponds to the risk-free rate, plus a basis which corresponds to the lending rate

In other words, it represents the price for shorting a security.

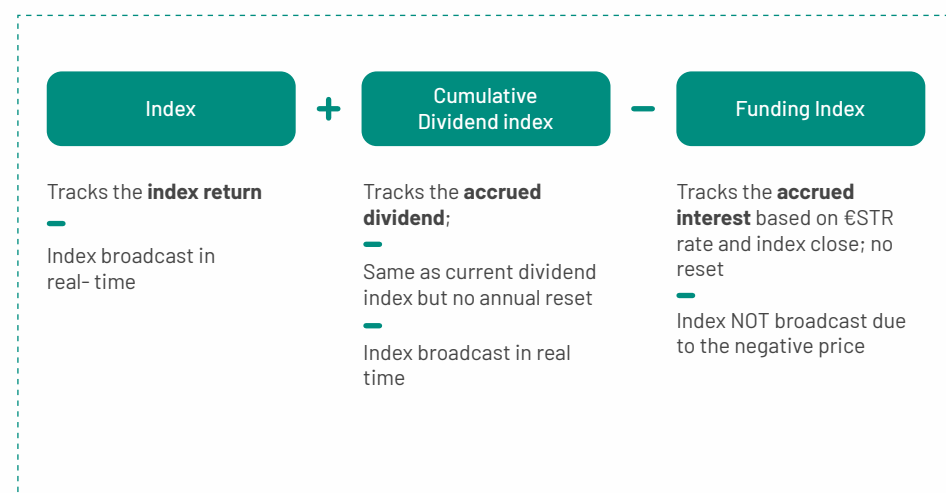


Methodology

The basic economics of a Total Return Future contract include four elements, where the synthetic dividend index price is publicly available and the Total Return Future spread is quoted/agreed by market participants with on-screen transparency.

When all the elements at the close are known, the daily settlement price of the Total Return Future will correspond to the index level, the accrued dividends and the accrued funding at the close, plus the traded basis converted into index points as described below.

PUBLICLY AVAILABLE DATA

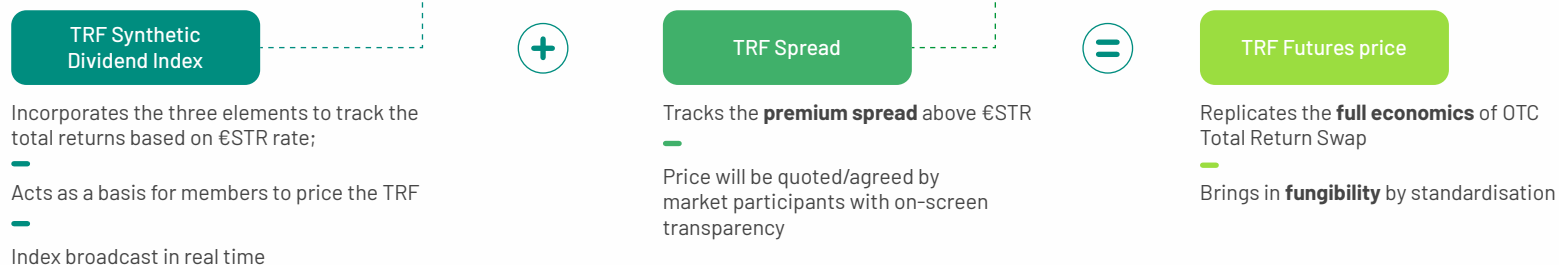


COB TRANSPARENCY

Example of a TRF orderbook

TOTAL RETURN FUTURES DEC-26			
PREMIUM BID		PREMIUM ASK	
Size in lots	Price (bps)	Price (bps)	Size in lots
350	55.0	55.5	550
1000	54.5	56.0	750

Two methods of trading are possible: Trading at Index Close (TAIC) and Trading at Market (TAM)



Members can trade the TRF using two modes:

A. Trading At Index Close (TAIC)

B. Trading At Market (TAM)

	A. TRADING AT INDEX CLOSE (TAIC)	B. TRADING AT MARKET (TAM)
TRADING FACILITY	Via Central Order Book & Wholesale Facilities	Via Wholesale Facilities only
ORDER ENTRY	TRF Spread in bps, e.g. 50 bps	TRF Futures price in index points, e.g. 5,739 points
TRADE PRICE	Final futures price is known at the end of the day (after the index close is known)	Final futures price is known at the time of trading



Trade execution

End of day

TOTAL RETURN FUTURES DEC-26			
PREMIUM BID		PREMIUM ASK	
Size in lots	Price (bps)	Price (bps)	Size in lots
300	50.0	50.0	300
420	49.5	50.5	250

BUYER



SELLER

On 15 January 2025, the equilibrium in the order book generates one transaction:

300 lots of TRF Dec-26 expiry are traded at 50.0 bps; Trading mode: Trading at Index Close (TAIC)

TRADE INFO	
Trade date	15/01/2025
Traded Spread (bps)	50.0 bps
Traded Quantity	300 lots
Expiry date (T)	21/12/2026

At the end of day, final futures price will be calculated based on the Synthetic Index Close:

300 lots of TRF futures Dec-26 expiry will be delivered at the price of 5,733.61

FINAL FUTURES PRICE CALCULATION	
Index closing at 15/01/2025 (1)	5,370.14
Cumul. Dividend index close (2)	323.09
Funding index closing (3)	-30.91
Basis traded (4)	9.47
Traded futures price = (1) + (2) - (3) + (4)	5733.61

Contract specifications

CAC 40® Index TRF

CONTRACT	Total Return Futures (TRF) on CAC 40® Index
EURONEXT DERIVATIVE MARKET	Paris
UNDERLYING INDICES	CAC 40® Index, CAC 40® Cumulative Dividend Index and CAC 40® Funding Index referring to €STR (combined as CAC 40® Synthetic Dividend Index)
CONTRACT MULTIPLIER (CONTRACT SIZE)	€10 per index point (e.g. value € 41,000 at 4,100.0)
MINIMUM TRF SPREAD	+/- 0.5 bps (1 basis point = 0.0001)
QUOTATION TRF SPREAD (BASIS POINTS)	TRF spread as annualised rate expressed in basis points with one decimal (+/-/0)
ORDER TYPES	Trade at Index Close (TAIC) with an index level based on the daily CAC 40® Index close. Trade at Market (TAM) with a custom-defined index level.
TRADING HOURS	Central Order Book (TAIC): 09:30 - 17:30 CET Large-in-Scale Facility (TAIC & TAM): 09:30 - 18:30 CET
ACCRUED DISTRIBUTIONS & ACCRUED FUNDING (INDEX POINTS)	The distribution and funding rate payments will be accumulated from the TRF product launch and added to the TRF futures price in index points. The daily changes in distributions and funding payments are paid out via variation margin.
WHOLESALE SERVICE	Large-in-Scale
MATURITIES/TENOR	Up to 10 years – the 21 nearest quarterly months of the March, June, September and December cycle and the 5 following December maturities
EXPIRY DATE	The 3 rd Friday of the expiry month in the March, June, September and December cycle. If the third Friday is not an exchange trading day, expiry will be on the trading day immediately preceding that day
TIME CONVENTION	Actual/360
DAILY SETTLEMENT TRF SPREAD (BASIS POINTS)	Daily Settlement Basis in bps for each maturity is decided by (1) VWAP of all trades in last 30 mins; (2) if no trade during this time period, then the mid-BBO at the closing time is used; (3) if no BBO available then the previous Daily Settlement Basis is used.
DAILY SETTLEMENT PRICE (INDEX POINTS)	Established on the current exchange trading day based on the following components: Close CAC, Daily Settlement Basis, Accumulated Dividend Index and Accumulated Funding Index
SETTLEMENT	Cash settlement, due on the first exchange trading day after final settlement day
LAST TRADING DAY	The Euronext exchange trading day immediately preceding the expiration day
FINAL SETTLEMENT PRICE (INDEX POINTS)	Established on expiry day and based on the following components: Final settlement price of all CAC 40® Index Futures (CAC), accrued distributions and accrued funding from the product launch until the expiry date.
MINIMUM SIZE FOR LARGE-IN-SCALE TRADE	10 lots
VENDOR CODES	Bloomberg: TRCA <Index> Reuters: 0#FCTS

FTSE MIB Index TRF

CONTRACT	Total Return Futures (TRF) on FTSE MIB Index
EURONEXT DERIVATIVE MARKET	Paris
UNDERLYING INDICES	FTSE MIB index (price version), FTSE MIB Cumulative Dividend index and FTSE MIB Funding index (combined as FTSE MIB Synthetic Dividend index)
CONTRACT MULTIPLIER (CONTRACT SIZE)	€5 per index point (e.g. value €170,000 at 34,000)
MINIMUM TRF SPREAD	+/- 0.5 bps (1 basis point = 0.0001)
QUOTATION TRF SPREAD (BASIS POINTS)	TRF spread as annualised rate expressed in basis points with one decimal (+/-/0)
ORDER TYPES	Trade at Index Close (TAIC) with an index level based on the daily FTSE MIB Index close. Trade at Market (TAM) with a custom-defined index level.
TRADING HOURS	Central Order Book (TAIC): 09:30 - 17:30 CET Large-in-Scale Facility (TAIC & TAM): 09:30 - 18:30 CET
ACCRUED DISTRIBUTIONS & ACCRUED FUNDING (INDEX POINTS)	The distribution and funding rate payments will be accumulated from the TRF product launch and added to the TRF futures price in index points. The daily changes in distributions and funding payments are paid out via variation margin.
WHOLESALE SERVICE	Large-in-Scale
MATURITIES/TENOR	Up to 9 years and 11 months (quarterly expiries from 3 to 63 months of Mar/Jun/Sep/Dec cycle and following yearly expiries from 72 to 108 months of Dec cycle)
EXPIRY DATE	The 3 rd Friday of the expiry month in the March, June, September and December cycle. If the third Friday is not an exchange trading day, expiry will be on the trading day immediately preceding that day
TIME CONVENTION	Actual/360
DAILY SETTLEMENT TRF SPREAD (INDEX POINTS)	Established on the current exchange trading day based on the following components: FTSE MIB close, Daily Settlement Basis, Accumulated Dividend Index and Accumulated Funding Index (TBC based on updated DSP procedure)
DAILY SETTLEMENT PRICE (INDEX POINTS)	Established on the current exchange trading day based on the following components: Close FTSE MIB, Daily Settlement Basis, Accumulated Dividend Index and Accumulated Funding Index
SETTLEMENT	Cash settlement, due on the first exchange trading day after final settlement day
LAST TRADING DAY	The Euronext exchange trading day immediately preceding the expiration day
FINAL SETTLEMENT PRICE (INDEX POINTS)	Established on expiry day and based on the following components: final settlement price of all FTSE MIB Index Futures (FIB), accrued distributions and accrued funding from the product launch until the expiry date.
MINIMUM SIZE FOR LARGE-IN-SCALE TRADE	10 lots
VENDOR CODES	Bloomberg: FYP + Month + Year For example Bloomberg ticker "FYPZ4 Index" is the FTSE MIB TRF expiration December 2024. Reuters: Root - TRFTM Chain - 0#TRFTM:

Euronext Total Return Futures pricing

Euronext has built dedicated indices for TRF pricing, combining in real-time the three components: CAC 40® Index or FTSE MIB Index, accrued dividend and accrued funding.

CAC 40 TRF indices

Index name	ISIN code	Memo	Bloomberg code	Reuters code	Base date	Base value
CAC 40® Synthetic Dividend	FR0013252418	C4SD	C4SD	.C4SD	19-12-16	4822,77
CAC 40® Funding	Not broadcasted	C4FU			01-10-18	0
CAC 40® Cumulative Dividend	FR0013252392	C4CD	C4CD	.C4CD	19-12-16	0
CAC 40®	FR0003500008	PX1	CAC	.FCHI	31-12-87	1000

CAC 40® Synthetic Dividend Index

CAC 40® Synthetic Dividend Index = CAC 40® Index (1) + CAC 40® Cumulative Index (2) – CAC 40® Funding Index (3)

(1) CAC 40® Index

(2) CAC 40® Cumulative Index

The index follows the same index rule as CAC 40® Dividend Index, but without reset.

(3) CAC 40® Funding Index (not broadcast)

Funding index t = Funding index $t-1$ + Daily accrued funding t

Daily accrued funding t = CAC Index Closet-1 * recalibrated €STR-1 * [($t+2BD$) - (($t-1$)+2BD)] / 360

Though not broadcast, the funding index can be easily retrieved from 1) the data file published twice a day or 2) the Synthetic Dividend Index formula above (all 3 other elements are known).

FTSE MIB TRF indices

Index name	ISIN code	Bloomberg code	Reuters code	Base date	Base value
FTSE MIB Synthetic Dividend	GB00BT3FTM91	FTSEMIBSDV	.FTSEMIBSDV	21-10-24	46,008
FTSE MIB Funding	GB00BRBLC159	FTSEMIBF	.FTMIBFUND	21-10-24	0
FTSE MIB Cumulative Dividend	GB00BRBLC266	FMIBCD	.FTFMIBCDEURP	31-12-10	772
FTSE MIB	GB00BNNLHW18	FTSEMIB	.FTMIB	01-06-09	19,900

FTSE MIB Synthetic Dividend Index

FTSE MIB Synthetic Dividend Index = FTSE MIB Index (1) + FTSE MIB Cumulative Index (2) – FTSE MIB Funding Index (3)

(1) FTSE MIB Index

(2) FTSE MIB Cumulative Index

The index follows the same index rule as FTSE MIB Dividend Index, but without reset.

(3) FTSE MIB Funding Index (not broadcast)

Funding index t = Funding index $t-1$ + Daily accrued funding t

Daily accrued funding t = FTSE MIB Index Close $t-1$ * recalibrated $\text{€STR-1} * [(t+2BD) - ((t-1)+2BD)] / 360$

Though not broadcast, the funding index can be easily retrieved from 1) the data file published twice a day or 2) the Synthetic Dividend Index formula above (all 3 other elements are known).



Trade Total Return Futures using Euronext Trader GUI

Euronext Trader is the web-based trading interface that provides members with an easy access to the derivatives markets.

- Simple and secure access to Euronext's derivatives contracts
- Ability to create a bespoke dashboard
- Basic features accessible for free*
- Easy access directly via web browser (no installation required)

*According to the Euronext Trader fees guide included in the order form.

The GUI offers a unique pricing functionality for TRFs that converts from basis points to index points, allowing for efficient and tailored trading experiences.

Key features include:

- Reference Data
- Market Data
- Orders & Trades management
- Wholesale
- Request For Cross
- TRF price converter
- Short Long Code management
- Strategy Intraday Creation



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