

EURONEXT® EUROZONE BANKS INDEX FUTURE

**01**

Euronext's commitment

- Leveraging on its recent breakthrough in the delta 1 space, and notably its developments in the single stock futures and dividend futures space, Euronext is taking a step further to expand its product range by offering investors an alternative to access the Eurozone banking sector.
- Euronext believes in win-win strategies, and as such is committed to implement **added-value solutions** with a **fair cost structure**. The Euronext Eurozone Banks Index future has been **codesigned** with markets players to offer an easy access to block trades while focusing at implementing reasonable transactions fees combined with clearing efficiencies.
- On-screen liquidity is provided by 5 market makers committed to the success of this initiative.
- The index, while maintaining a high correlation and a low tracking error, is offering a 20% capping to suit to the needs of end investors.

Euronext Eurozone Banks Index Future vs. competition



~75% cheaper



Higher nominal
value (x5 bigger)



Calibrated
tick size



Lower block size
(3 lots, appr. €75k)



Same EDSP
methodology

Supported by global leading market makers



Contract key competitive advantages

Matching investors' needs

Contract specifications
codesigned with market
participants

- **Bigger nominal value:**
the Euronext Banks Index Future nominal value is five-time bigger to enable market participants to generate strong economies at the clearing level.
- **More accessible block trades:**
the minimum block size is significantly lower (3 lots, appr. €75k) and offer finer tick size.
- **Expiry Daily Settlement Price:**
the EDSP is based on the same methodology and timing to allow consistency.

Attractive contract specifications

Comparison (index level on 05/03/2021)	Eurozone Banks future	Competition
Index Level (1)	489	87
Unite of trading (2)	50	50
Contract size (1) x (2)	€24.5k	€4.4k
Tick size on-screen	0.25 index point (5.1 bps / €12.5)	0.05 index point (5.7 bps / €2.5)
Tick size off-screen	0.01 index point (0.2 bps / €0.5)	
Minimum block size	3 lots (€73k)	1250 lots (€5.4m)
Exchange Delivery Settlement Price (EDSP)	Same for both - the arithmetic mean of all index values disseminated on Reuters between 11:50 and 12:00 CET	

Fair cost structure for all market participants

A yield adapted to the
contract size

- The Euronext Banks Index Future pricing combines two strong advantages:
 - **Lower transaction fees: 75% less expensive** compared to competition (based on 05/03/21)
 - **Higher nominal value:** further strong economies at the clearing level (Euronext nominal value is **five-time bigger**)
- Depending on their monthly performances, market makers meeting the below obligations will benefit from rebates.

Euronext Eurozone Banks Index Future/Competition total transaction fees

	Euronext Banks Index Future					
	On-book			Off-book		
	Client	House	MM	Client	House	MM
Trading + Clearing fee	0.16 bps (€0.35 per lot)	0.14 bps (€0.3 per lot)	0.12 bps (€0.25 per lot)	0.28 bps (€0.6 per lot)	0.24 bps (€0.5 per lot)	0.19 bps (€0.4 per lot)
	Competition					
	On-book			Off-book		
	Client	House	MM*	Client	House	MM*
Trading + Clearing fee	0.74 bps (€0.28 per lot)	0.56 bps (€0.21 per lot)	0.56 bps (€0.21 per lot)	1.14 bps (€0.43 per lot)	0.85 bps (€0.32 per lot)	0.85 bps (€0.32 per lot)
Diff. in %	-78%	-75%	-79%	-75%	-72%	-78%

*Marker makers no longer
benefit from rebates on the
competitive offering

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Contract specifications

Contract name	Euronext Eurozone Banks Index Future
Exchange contract code	EBF
Euronext Derivative Market	Paris
Underlying indices	Euronext Eurozone Banks Index
Contract size	Contract valued at €50 per index point (e.g. value €15,000 at 300)
Unit of trading	50
Pricing unit/quotation	Index points (e.g. 300)
Minimum price movement (tick size and value)	Central Order Book: 0.25 index point (€12.5 per contract) Large-in-Scale Facility: 0.01 index point (€0.5 per contract)
Expiry months	Three quarterly maturities: 3, 6 and 9 months quarterly of the March, June, September, December cycle
Introduction of new delivery months	New delivery months are available for trading on the first business day after the expiry of a maturity
Wholesale services	Large-in-Scale
Euronext market	Paris
Last trading day	Trading ceases at 12:00 CET on the third Friday of the delivery month. In the event that the third Friday is not a business day, the Last Trading Day shall normally be the last business day preceding the third Friday.
Settlement	Cash Settlement based on the EDSP
Settlement day	First business day after the Last Trading Day
Exchange Delivery Settlement Price (EDSP)	Price determined on the Last Trading Day. Euronext calculates the settlement index as the arithmetic mean of all index values calculated and disseminated between 11:50 and 12:00 CET, rounded to two decimal places (0.01). Such settlement index is taken to produce the closing settlement price.
Clearing organization	LCH S.A.
Trading hours	Central Order Book: 08:00 - 18:00 CET Large-in-Scale Facility: 07:15 - 18:30 CET
Trading platform	Optiq
Algorithm	Central order book applies a price-time trading algorithm with priority given to the first order at the best price
Minimum size LIS trade (pre-trade threshold)	3 lots
Vendor codes - Underlying	Bloomberg: EZBANK Reuters: .BANKK
Vendor codes - Index future contract	Bloomberg: BULA Index Reuters: <0#EEBF:>

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Margin portfolio example

Benefit from margin efficiencies at portfolio level

Index Basket: EBF vs FCE

Combined Commodity (CC)	PF	Name	Isin	Price	CVF	Price*CVF	Quantity (+Buy/-Sell)	Valuation
EBF	EBF	Euronext Eurozone Banks Index	TBD	400.00	€50	€20,000.00	50	€1,000,000
FCE	FCE	CAC 40® Future	FR0003500008	5,882.35	€10	€58,823.23	-17	€1,000,000

Portfolio valuation
€2,000,000

Initial Margin before DIME

€312,100

DIME effect

- €154,760

Final Initial Margin (after DIME)

€157,340

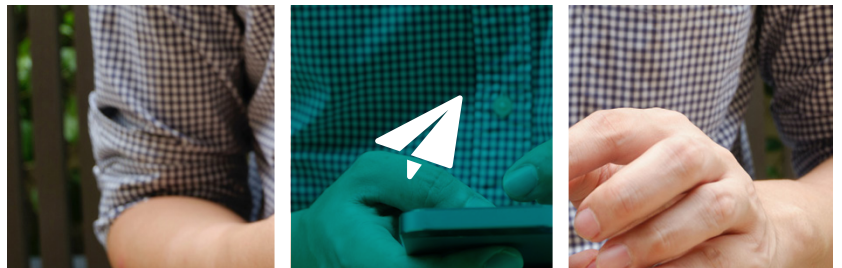
Portfolio IM% | 7.90%

Contact

Institutionalderivatives@euronext.com

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