

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 sizeLower block size
(3 lots, approx. €75k)Same EDSP
methodology

Supported by global leading market makers



02

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-times 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, approx. €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 Index Future	Competition
Index Level [1]	618	109
Unite of trading [2]	50	50
Contract size [1] x [2]	€30.9k	€5.4k
Tick size on-screen	0.25 index point (4 bps / €12.5)	0.05 index point (4.6 bps / €2.5)
Tick size off-screen	0.01 index point (0.16 bps / €0.5)	
Minimum block size	3 lots (€93k)	1650 lots (€9m)
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
 - **Higher nominal value:** further strong economies at the clearing level (Euronext nominal value is five-times bigger)

Euronext Eurozone Banks Index Future/Competition total transaction fees						
Euronext Banks Index Future						
Trading + Clearing fee	On-book			Off-book		
	Client	House	MM	Client	House	MM
	0.11 bps (€ 0.35 per lot)	0.10 bps (€ 0.3 per lot)	0.08 bps (€ 0.25 per lot)	0.19 bps (€ 0.6 per lot)	0.16 bps (€ 0.5 per lot)	0.13 bps (€ 0.4 per lot)
Competition						
Trading + Clearing fee	On-book			Off-book		
	Client	House	MM*	Client	House	MM*
	0.51 bps (€ 0.28 per lot)	0.38 bps (€ 0.21 per lot)	0.38 bps (€ 0.21 per lot)	0.79 bps (€ 0.43 per lot)	0.59 bps (€ 0.32 per lot)	0.59 bps (€ 0.32 per lot)
Diff. in %	-78%	-75%	-79%	-75%	-72%	-78%

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

As of 14/01/2022

03

Contract specifications

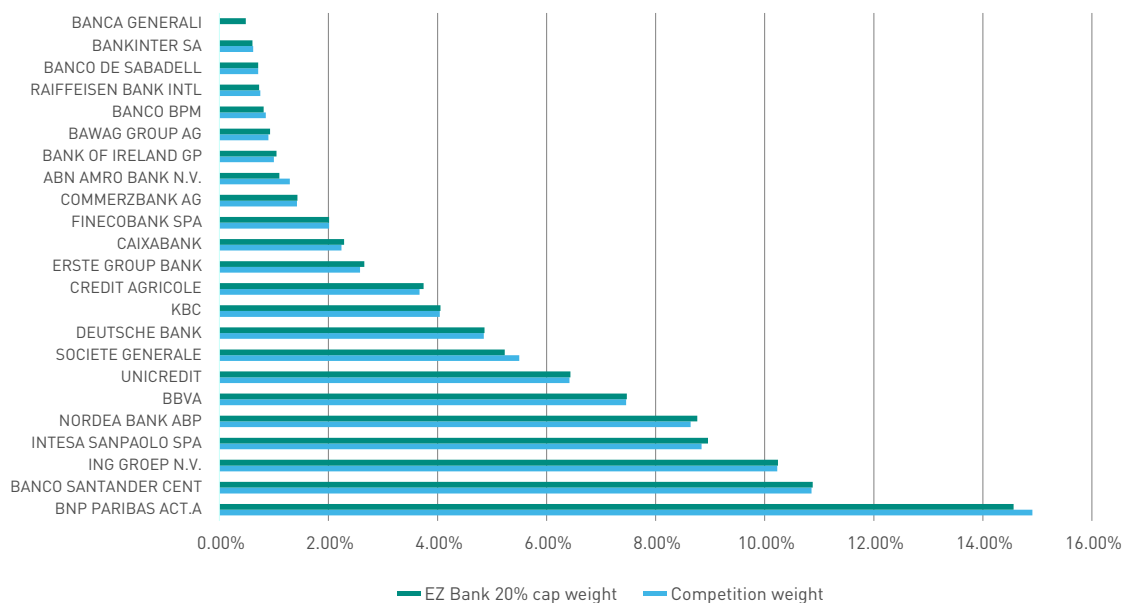
Contract name	Euronext Eurozone Banks Index Future
Exchange contract code	EBF
Euronext Derivative Market	Paris
Underlying indices	Euronext Eurozone Banks Index
Contract size	Contract valued at €50 per index point (e.g. value €15,000 at 300)
Unit of trading	50
Pricing unit/quotation	Index points (e.g. 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 cycles
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:>

04

Euronext Eurozone Banks Index comparison

Euronext Eurozone Banks Index vs competition (as of 30/12/2021)

Index components comparison

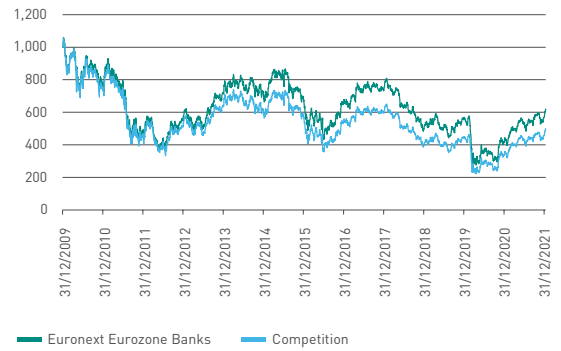


Technical comparison with competition

Tracking error with competition



Time series vs competition



05

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

Combined Commodity (CC)	PF	Name	Isin	Price	CVF	Price*CVF	Quantity (+Buy/-Sell)	Valuation
FCE	FCE	CAC 40® Future	FR0003500008	5,882.35	€10	€58,823.23	-17	€1,000,000

Portfolio valuation
€2,000,000

Portfolio IM% | **7.90%**

Initial Margin before DIME

€312,100

DIME effect

- €154,760

Final Initial Margin (after DIME)

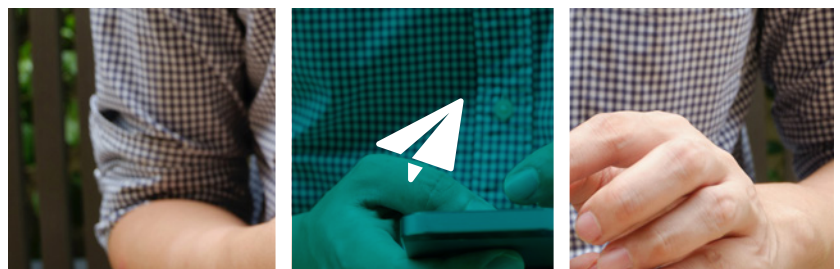
€157,340

Contact

Institutionalderivatives@euronext.com

Find out more

euronext.com/derivatives



Disclaimer

This publication is for information purposes only and is not a recommendation to engage in investment activities. This publication is provided "as is" without representation or warranty of any kind. Whilst all reasonable care has been taken to ensure the accuracy of the content, Euronext does not guarantee its accuracy or completeness. Euronext will not be held liable for any loss or damages of any nature ensuing from using, trusting or acting on information provided. No information set out or referred to in this publication shall form the basis of any contract. The creation of rights and obligations in respect of financial products that are traded on the exchanges operated by Euronext's subsidiaries shall depend solely on the applicable rules of the market operator. All proprietary rights and interest in or connected with this publication shall vest in Euronext. No part of it may be redistributed or reproduced in any form without the prior written permission of Euronext. Euronext refers to Euronext N.V. and its affiliates. Information regarding trademarks and intellectual property rights of Euronext is located at www.euronext.com/terms-use