

---

## Exchange Notice

---

TO: Eris Exchange Participant Firms, Clearing Firms, and Brokers

FROM: Eris Exchange Control Center

NOTICE: #12-M10

DATE: November 27, 2012

SUBJECT: New Product Introduction: Eris Standards

---

This Notice serves to inform Eris Exchange, LLC ("Eris Exchange" or "Exchange") participants of the introduction of Eris Standards instruments, for, subject to all relevant regulatory review periods, trade date Monday December 10, 2012.

### Overview

Effective December 10, Eris Exchange will distinguish its existing set of Interest Rate Swap Futures into separate products: Eris Standards and Eris Flexes. Product specifications for Eris Standards and Eris Flexes are located on our website at <http://www.erisfutures.com/detailed-contract-specifications>

### Purpose

Eris Standards offer users the advantages of trading quarterly futures with pre-determined fixed rates, including automatic netting of offsetting positions, and 40-80% reduction in initial margin levels consistent with 2-day VAR treatment within the SPAN Margin methodology.

Legacy Eris Exchange instruments will be re-branded as Eris Flexes. The Eris Flexes instrument set includes the 2Y, 5Y, 10Y spot traded instruments, customizable date and rate instruments, and the previously created and traded instruments.

All features described in [Eris Exchange Market Notice #12-M9](#) will be applicable to Eris Standards.

The below table highlights features and operational considerations for Eris Standards and Eris Flexes:

		Eris Standards	Eris Flexes
KEY FEATURES	Description	Defined set of Eris contracts and codes; pre-determined fixed rates	Dynamic creation of spot starting and flexible forward starting contracts
	Effective Date(s)	Next Quarterly IMM Date	Any business day out to 10 years
	Maturity Date(s)	2, 5, 10, 30 years following Effective Date	Any business day up to 30 years following Effective Date
	Margining	<b>2-day VaR (SPAN)</b>	5-day VaR (HVaR)
CLEARING SYSTEMS INTEGRATION	CME TMF ID	Set up new Eris TMF under existing CME CMF ID	
	Customer Account Setup	Use existing CME futures customer account	Establish new customer accounts and instruct CME to map them to Eris TMF
	CME Position Account Setup	Single segregated customer account within Eris TMF	Individual customer segregated accounts within Eris TMF
	Product Code Setup	8 new product codes Initial: ZA9102, ZB9105, ZC9110, ZD9130 Secondary: ZA9202, ZB9205, ZC9210, ZD9230	Uses existing 146 product codes
	Large Trade Reporting	FCM sends single report, by customer account, under Eris TMF to Eris Exchange	
	Margin Offsets	SPAN spread credits with CME Eurodollar, Treasury and Deliverable Swap Futures contracts via PCS	HVaR portfolio margining with CME Eurodollar and Treasury futures held in the same customer account
	PCS Reporting to CME Clearing	FCM reports under Eris TMF	FCM reports under Eris TMF (Optional)
	Trade Register	Firms use existing CME CMF trade register file to view positions reflected	

## Impact to firms

### Eris Standards

Eris Standards have pre-defined product codes with stated effective, maturity dates and defined fixed rate coupons, and are margined by CME Clearing with SPAN at 2-day VAR. Effective dates correspond to IMM quarterly dates.

With the release of the Eris Standards instruments existing Eris Exchange Clearing Firms need to perform the following actions:

#### 1. Initial Setup

- *Product Setup*  
Configure back-office systems to accommodate the eight new product codes shown in the table above. Sungard GMI users should consult Sungard Client Service Bulletin CDB #443.
- *Account Setup*  
Configure client accounts to handle Eris Standards and Eris Flexes as desired, consistent with the description above and the distinction between SPAN and HVAR margining.

#### 2. Daily Processes

- *PCS Reporting*  
Designate Eris Standards positions for margin offsets via PCS reporting under the Clearing Firms' Eris Exchange TMF. Eris Standards are eligible for Margin offsets with CME Eurodollar, CME Treasury futures, and CME Deliverable Swap Future instruments via SPAN credits.
- *Trade Register*  
Accommodate additional trade register report for Eris Standards under existing daily FCM trade register.

Clearing Firms should consult the Eris Control Center for detailed documentation regarding the New Account Setup, Margin Process Overview, and Large Position Trade Reporting processes for Eris Standards and Eris Flexes.

***Eris Flexes***

Eris Flexes will continue to be 5-day HVaR margined and are eligible for margin offsets with CME Eurodollar and CME Treasury futures. All Eris Exchange positions established prior to December 10, 2012 will continue to be treated as Eris Flexes.

For additional details regarding the impact to firms and to schedule testing please contact the Eris Control Center, [ErisControlCenter@erisfutures.com](mailto:ErisControlCenter@erisfutures.com), 888-587-2699, Option 1.

**Testing**

Eris Standards and Eris Flexes testing is currently available in Eris Exchange's DEMO and CME New Release environments please contact the Eris Control Center for testing credentials and to schedule testing.

For any questions please contact the Eris Control Center, [ErisControlCenter@erisfutures.com](mailto:ErisControlCenter@erisfutures.com), 888-587-2699, Option 1.