

TO: Eris Exchange Market Participants

FROM: Market Regulation Department

ADVISORY: #15-M16

DATE: November 20, 2015

SUBJECT: New Product Introduction: Expanded Set of Eris Standard Swap Futures

This Market Notice serves to notify Participants on Eris Exchange, LLC ("Eris Exchange" or "Exchange") of the introduction of the expanded set of Eris Standard Swap Futures, with a target launch date of January 11, 2016, subject to applicable regulatory review.

Background

The expanded Eris Standards offering provides more yield curve granularity resulting in more accurate hedging, curve trading, and spreading against Treasury Futures.

Eris Exchange is offering additional tenors (3,4,12,15, and 20 years) in the on-the-run Eris Standards instruments with IMM Effective Dates, an expanded list of Eris Standards with IMM Effective Dates out 5 years and with an IMM Effective Date 10 years out, and new Eris Standards with dates matching treasury securities in the CBOT Treasury Futures' deliverable baskets.

Overview and Operational Considerations

		Expansion of Eris Standards		
		On the Run Standards	Expanded Set of IMM Standards	Standard Invoice Swap Futures
Key Features	Description	Additional On the Run Eris Standards Tenors	New Eris Standards with additional forward starting IMM Effective Dates	New Eris Standards with characteristics of the Libor leg of an invoice spread
	Effective Date	Next Quarterly IMM Effective Date	Forward starting IMM Effective Dates out 5 years and an IMM Effective Date 10 Years out	Either the first or last delivery date of the related CBOT treasury futures contract
	Maturity Dates	2,3,4,5,7,10,12,15,20,30 years following Effective Date. New Tenors in Bold	2,3,4,5,7,10,12,15,20,30 years following Effective Date. New Tenors in Bold	Matched to Cash Treasury in future's delivery basket
CLEARING SYSTEMS INTEGRATION	Margining	2-Day VaR (SPAN)		
	Customer Account Setup	Use Existing CME Futures customer account		
	CME Position Account Setup	Single segregated customer account within Eris TMF		
	Product Code Setup	ZA9102, ZB9103 , ZB9104 , ZB9105, ZC9107, ZC9110, ZD9112 , ZD9115 , ZD9120 , ZD9130. New Z codes in Bold	ZA9202, ZB9203 , ZB9204 , ZB9205, ZC9207, ZC9210, ZD9212 , ZD9215 , ZD9220 , ZD9230. New Z codes in Bold	ZA9903 , ZA9906 , ZA9909 , ZA9912 , ZB9903 , ZB9906 , ZB9909 , ZB9912 , ZC9903 , ZC9906 , ZC9909 , ZC9912 , ZD9903 , ZD9906 , ZD9909 , ZD9912 , ZD9803 , ZD9806 , ZD9809 , ZD9812
	Margin Offsets	SPAN spread credits with CME Eurodollar, Treasury and Deliverable Swap Futures contracts via PCS		
	PCS Reporting to CME Clearing	FCM Reports under Eris TMF		
	Trade Register	Firms use existing CME CMF trade register to view positions		

Impact to firms

Operationally, the expanded set of Eris Standards can be handled by market participants in a manner consistent with the existing Eris Standards (2Y, 5Y, 7Y, 10Y, and 30Y). With the release of the expanded Eris Standard instruments Eris Exchange Clearing Firms need to perform the following actions:

1. Initial Setup

Product Setup

- Configure back-office systems to accommodate the new product codes. Sungard GMI users should consult the SunGard Client Service Bulletin when released.

2. Daily Processes

PCS Reporting

Using existing process for Eris Standards instruments, firms designate new 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.

HVAR Portfolio Margining – OPTIONAL

Using existing process for designating Eris Standards for HVAR margining, firms designate new Eris Standards positions for HVAR margin offsets via customer account mapping at CME clearing operations. Eris Standards are eligible for HVAR Margin offsets with Eris Flexes, Eris Standards, CME Eurodollar, and CME Treasury futures.

Firm Testing

The target date for expanded Eris Standards instruments to be available in Eris Exchange's DEMO and CME New Release environments is December 11, 2015. Please contact the Eris Control Center for testing credentials and to schedule testing.

For any questions or to coordinate testing, please contact the Eris Control Center, ErisControlCenter@erisfutures.com, 888-587-2699, Option 1.