



# Total Return Futures Strategies Forward Implied Spreads

IT Open Day 2025  
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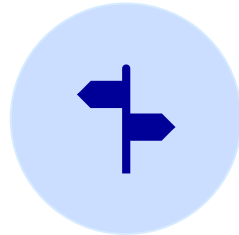
# Agenda



1. EVOLUTION OF  
TRF STRATEGIES  
AT EUREX



2. BUSINESS  
RATIONALE



3. POSITIONING OF  
FORWARD IMPLIED  
SPREADS (FIS)

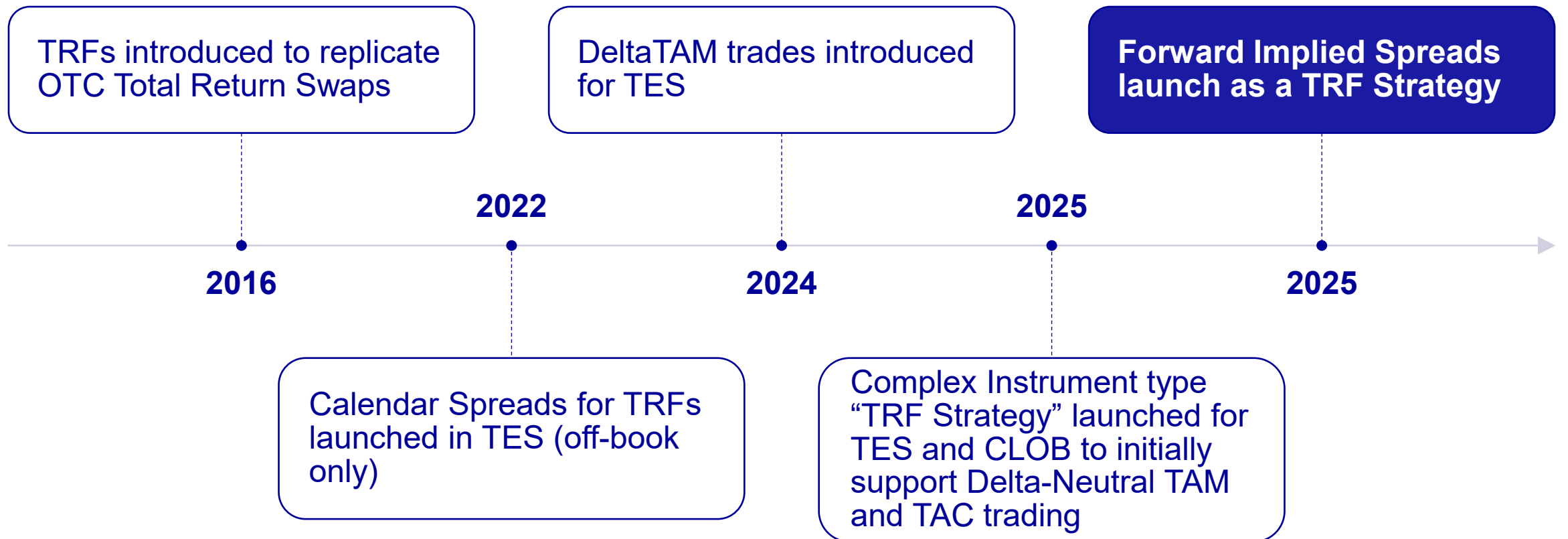


4. TECHNICAL  
IMPLEMENTATION



5. Q&A

# TRF Strategy Evolution at Eurex



# What is a Forward Implied Spread (FIS)?

## Business rationale



Two-legged TRF strategy



Sell longer-dated TRF (receive ESTR + TRF spread)



Buy shorter-dated TRF (hedge delta)



Isolates forward-starting implied repo rate



Enables carry strategies across the forward curve



Growth opportunity for index TRF through additional liquidity

# Total Return Futures Forward Implied Spreads

New subtype of the TRF Strategy complex instrument: **Forward Implied Spread (FIS)**.

The TRF strategy will consist of **two leg** contracts:

- BUY an Index TRF contract.
- SELL an Index TRF contract of the same product but with a later expiry date.

TRF FIS **pricing mechanism is fundamentally different** to Calendar Spreads.

- The front month BUY leg is known as the **anchor leg**. Its price is either fixed within the strategy definition or determined by the Market Price at execution.
- The back month SELL leg is called the **negotiable leg**. The overall strategy price corresponds to the back month futures price.

TRF FIS will be available for trading as **TAM or TAC**.

Eurex will facilitate FIS trading for both **on-book and off-book**.

# Existing Calendar Spreads vs. New Forward Implied Spreads

## Existing TRF Calendar Spreads

Only available in TES (off-book)

Limited transparency and price formation

Only available via GUI

No synthetic matching in CLOB

## New TRF Forward Implied Spreads

Available for both TES and CLOB

Fully transparent price formation on screen

Available via GUI and ETI through complex instrument integration

Possible activation of synthetic prices in the future

# Index TRF Landscape

## Current Instrument Scope

- Outright TRF on nine underlying indices
- Complex instrument type: TRF Strategy
  - Delta-Neutral TAM: Trade-at-Market TRF against regular futures in the same underlying
  - Delta-Neutral TAC: Close TRF against MOC futures in the same underlying
  - Forward Implied Spreads: Trade as TAM or TAC against same TRF product in different expiry

Underlying Index	Eurex Product ID	Currency	Available as
EURO STOXX® 50 Index	TESX	EUR	DTAM, DTAC, FTAC, FTAM
EURO STOXX® Banks Index	TESB	EUR	DTAM, FTAM
EURO STOXX® Select Dividend 30 Index	TEDV	EUR	DTAM, FTAM
STOXX® Europe 600 Index	TXXP	EUR	DTAM, FTAM
FTSE® 100 Index	TTUK	GBP	DTAM, FTAM
SMI® Price Return Index	TSMI	CHF	DTAM, FTAM
MSCI® World Index	TMWO	USD	DTAM, FTAM
MSCI® EAFE Index	TMFA	USD	DTAM, FTAM
MSCI® Emerging Markets Index	TMEM	USD	DTAM, FTAM

# TRF Forward Implied Spread Subtypes

Name	1st Leg Buy (Negotiable)	2nd Leg Sell (Anchor)	Basis	Custom Udrlyng.	Anchor Leg Price	Preliminary Ctrg. Price	TES	CLOB
<b>FTAM-TF</b>	TRF	TRF	No	Yes	Fixed	No	Yes	Yes
<b>FTAM-TM</b>	TRF	TRF	No	Yes	Market	No	No	Yes
<b>FTAC-TF</b>	TRF	TRF	No	No	Fixed	Yes*	Yes	Yes
<b>FTAC-TM</b>	TRF	TRF	No	No	Market	Yes*	No	Yes

\* Symbol indicates whether a TRF Strategy is of Subtype TAM (FTAM) or TAC (FTAC) and how the future leg is traded.

The following character indicates what type of underlying future is traded for FIS being a TRF.

The last character indicates at which price level the futures leg is traded, either:

- at Fixed Price (F)
- or at Market Price (M)

# Order Book and TES Handling

## Strategy Creation and Maintenance

- TRF FIS must be entered by the users and are not available by default. If the strategy already exists, the system will return its signature.
- On strategy creation fixed price for anchor leg is validated against reference price
- Similarly, when strategy is entered with Market Price, system validates that last trade price reference is available to allow Order Book trading
- Similarly, CustomUnderlyingPrice in strategy definition is validated against preliminary underlying price of TRF product
- Pre-Trade Risk limits are applied same as currently for Future Spreads (Netting Coefficient)
- TRF FIS are only valid for the current business day and will be deleted on EoD
- TRF FIS will be automatically removed from order book trading when:
  - One of the leg instruments leaves the state continuous
  - Reference price for anchor leg price moves out of acceptable range

# Interface Changes

## Trading Interface Changes

### ETI

- TRF FIS are created like existing complex instruments via **Create Strategy Request**
- Custom Underlying Index entered for FTAM strategies captured via field **28908 RelatedPx**

### FIX

- TRF FIS are created like existing complex instruments via **Strategy Definition Request**
- Custom Underlying Index entered for FTAM strategies captured via field **28908 RelatedPx**

## T7 GUI Changes

### Order Entry View

- StrategyType chooser now includes all new FIS TRD complex instruments.
- Even non-tradable types are shown to promote user awareness.
- For FTAM-TF, the UnderPrc field is enabled to specify the anchor leg price.

### TES Entry Service – Block Trade Entry

- All new FIS TRD strategies are selectable.
- UnderPrc field enabled for FTAM-TF and FTAC-TC.
- CustUndPrc field added for FTAM-TF and FTAM-TM.

# Interface Changes

## Market and Reference Data Interface Changes

- TRF FIS are reported via:
  - **T7 RDI** snapshot feed: Instrument snapshot message
  - **T7 RDF** files: SecDefUpd
  - **T7 EMDI** incremental feed: Complex instrument update message
  - **T7 MDI** data feed: Complex instrument update message
- Custom Underlying Index captured via field **30810 RelatedPrice** and **30419 RelatedPriceType** on RDI, EMDI and MDI and in fields 30810 ReltdPx and 30419 ReltdPxTyp in RDF files
- When field RelatedPriceType (30419) = 2 then RelatedPrice (30810) refers to the Custom Underlying Price used in the price conversion from trading to clearing notation for FIS TAM.

# Clearing and Reporting

## Clearing

- Each leg booked as standalone TRF trade
- Regular complex instrument processing with reference to the strategy in the leg trade notifications
- Price in Clearing Notation derived using:
  - TAM: Custom Underlying
  - TAC: Preliminary underlying for preliminary trades and index close for final trades

## Reporting Changes

### XML Reports

- Reporting of leg trades like usual in TE810
- Reporting of TRF FIS instruments in TA113 report
- New field customUnderlyingPrice in TA113 report to capture Custom Underlying Index entered for FTAM strategies

# Q&A



**Any questions?**

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