

# Related Security Spread (“RSS”) Futures

Related Security Spread (“RSS”) Futures are contracts on a specific spread ratio index. The iSTOXX Spread Ratio indices aim to offer exposure to the relative value spread, which is defined as the ratio between two securities that are related to the same company and is measured using five-day moving averages.

## Facilitate Relative Value trades in an innovative, efficient way

As exchange-traded and centrally cleared products, RSS Futures offer added benefits in terms of independent mark-to-market valuation and substantially reduced counterparty risk due to Eurex Clearing acting as the central counterparty.

### Address current limitations

Executing the components of a spread simultaneously exposes end users to market moves, requires sophisticated execution systems in addition to potentially high trading and holding costs. Instead, the relative value spread price is defined and indexed as “100 +/- % spread”, subsequently used as underlying for listed futures.

### Index construction

STOXX disseminates the spread indices in line with current cash spread practice. Each index of the family consists of two securities, referred to as leg A and leg B, where A is conventionally the cheaper leg. The composition of each index is fixed over time.

$$\text{Spread index} = \frac{\text{Price}_A \times \text{FX}_A}{\text{Price}_B \times \text{FX}_B} \times 100$$

The index level of 100 indicates the spread is at parity and if the index level is for example 115, then the spread is at 15% premium. End of day index levels are published daily at 22:00 CET and available via Bloomberg. Details on index construction available at [www.stoxx.com/rulebooks](http://www.stoxx.com/rulebooks).

### Increased transparency

- Transparent marketplace with on screen liquidity provided by market makers
- Correct spread level is more observable in a liquid RSS Futures market
- Daily settlement prices provided by the exchange

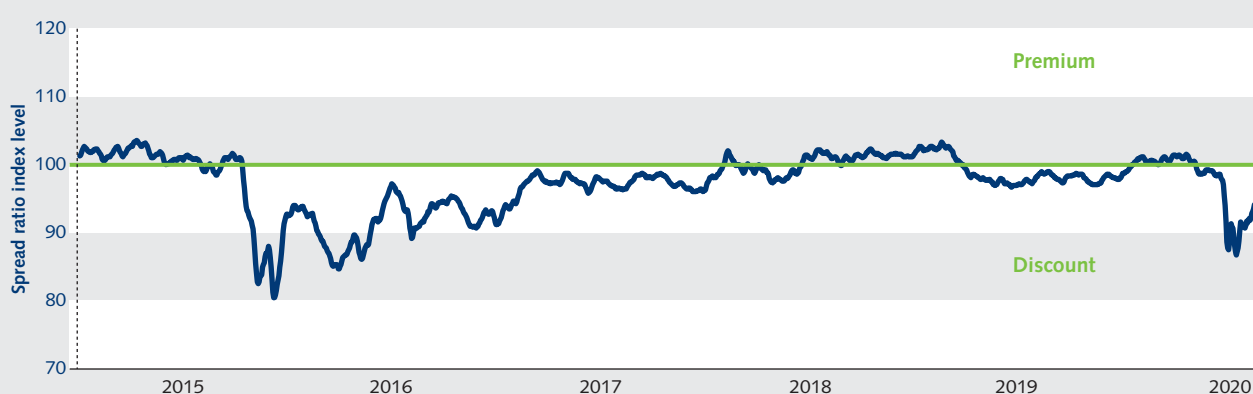
### Ease of execution & reduced costs

- RSS Futures replaces the need to execute 2 stock legs simultaneously (plus an FX layer)
- Replication/hedging complexities transferred to liquidity providers, attracting more end users
- Ability to leave limit orders at set spread levels
- RSS Futures incorporate market implied funding cost and achieve better implied dividend level

### Equal notional spread exposure

- OTC long/short share-for-share positions expose end users to a variable notional
- In contrast, RSS Futures is equivalent to a daily adjusted equal notional trade in both legs

Example: iSTOXX Spread Ratio Volkswagen PRE/COM



## Contract specifications

Index name	Leg A	Leg B	Bloomberg Index Ticker	Bloomberg Futures Ticker	Product ID
<b>Phase 1 launch (22 June 2020)</b>					
iSTOXX SR Atlas Copco Class B / Class A	ATCOB SS	ATCOA SS	IXRATCBA	WTBA	RFAT
iSTOXX SR BMW Preference / Common	BMW3 GY	BMW GY	IXRBMWPC	WTDA	RFBW
iSTOXX SR Buzzi Unicem Savings / Common	BZUR IM	BZU IM	IXRBZUSC	WTEA	RFBZ
iSTOXX SR Epiroc Class B / Class A	EPIB SS	EPIA SS	IXREPIBA	WTLA	RFEP
iSTOXX SR Grifols Preference / Common	GRF/P SM	GRF SM	IXRGRFPC	WTOA	RFGR
iSTOXX SR Heineken Holding / NV	HEIO NA	HEIA NA	IXRHEIHN	WTPA	RFHE
iSTOXX SR Henkel Common / Preference	HEN GY	HEN3 GY	IXRHENCP	WTRA	RFHN
iSTOXX SR Industrivärden Class C / Class A	INDUC SS	INDUA SS	IXRINDCA	XRPA	RFIN
iSTOXX SR Investor AB Class A / Class B	INVEA SS	INVEB SS	IXRINVAB	WTTA	RFIV
iSTOXX SR Lindt & Sprüngli Participation / Registered	LISP SW	LISN SW	IXRLISPR	WUBA	RFLI
iSTOXX SR Maersk Class A / Class B	MAERSKA DC	MAERSKB DC	IXRMAEAB	WUCA	RFMA
iSTOXX SR Royal Dutch Shell A-NL/B-LN	RDSA NA	RDSB LN	IXRRDSAB	WUDA	RFRD
iSTOXX SR Roche Bearer / Participation	RO SW	ROG SW	IXRROBP	WUEA	RFRO
iSTOXX SR Schibsted Class B / Class A	SCHB NO	SCHA NO	IXRSCHBA	WUIA	RFSB
iSTOXX SR Schindler Registered / Participation	SCHN SW	SCHP SW	IXRSCHRP	WULA	RFSH
iSTOXX SR Sixt Preference / Common	SIX3 GY	SIX2 GY	IXRSIXPC	WUOA	RFSX
iSTOXX SR SSAB Class B / Class A	SSABB SS	SSABA SS	IXRSSABA	WUPA	RFSS
iSTOXX SR Telecom Italia Savings / Common	TITR IM	TIT IM	IXRTITSC	WURA	RFTI
iSTOXX SR Swatch Registered / Bearer	UHRN SW	UHR SW	IXRUHRRB	WUSA	RFUH
iSTOXX SR Unilever UK / Netherlands	ULVR LN	UNA NA	IXRULVLN	WUTA	RFUV
iSTOXX SR Volvo Class B / Class A	VOLVB SS	VOLVA SS	IXRVOLBA	WUWA	RFVO
iSTOXX SR Volkswagen Preference / Common	VOW3 GY	VOW GY	IXRVOWPC	WUYA	RFWW
<b>Phase 2 launch (Q1 2021)</b>					
iSTOXX SR Swire Class A / Class B	19 HK	87 HK	IXRSWIAB	TBC	RFSW
iSTOXX SR News Corporation Class A / Class B	NWSA US	NWS US	IXRNWSAB	TBC	RFNW
iSTOXX SR Liberty Global Class A / Class C	LBTYA US	LBTYK US	IXRLBTAC	TBC	RFLB
iSTOXX SR BHP Australia / UK	BHP AU	BHP LN	IXRBHPAL	TBC	RFBH
iSTOXX SR Carnival Cruise Line USA / UK	CCL US	CCL LN	IXRCCLUL	TBC	RFCC
iSTOXX SR Grifols ADR / Local	GRFS US	GRF SM	IXRGRFDL	TBC	RFGD
iSTOXX SR Rio Tinto UK / Australia	RIO LN	RIO AU	IXRRIOLA	TBC	RFRI
iSTOXX SR Ryanair Local / ADR	RYA ID	RYAAY US	IXRRYALD	TBC	RFRY

<b>Underlying</b>	A detailed description of the index rules and regulations can be found in the iSTOXX® Index Methodology Guide (chapter 79. iSTOXX Spread Ratio Indices) under <a href="http://www.stoxx.com/rulebooks">www.stoxx.com/rulebooks</a>
<b>Contract value</b>	USD 100 per index point
<b>Minimum price change</b>	0.1 index points; equivalent to USD 10
<b>Settlement</b>	Cash settlement, due on the first exchange day after the final settlement day
<b>Contract months</b>	One annual expiry in the December cycle
<b>Last trading day</b>	The third Friday of the maturity month, if this is a trading day at Eurex Deutschland, otherwise the trading day immediately preceding that day. Close of trading for maturing series: 22:00 CET
<b>Final settlement day</b>	The final settlement day is the trading day following the last trading day
<b>Final settlement price</b>	Based on the closing index level (as published by STOXX on the last trading day)
<b>Trading hours</b>	09:00 – 22:00 CET
<b>Eurex TES Minimum Block Trade size</b>	100
<b>Trading calendar</b>	Tradable on each trading day at Eurex Deutschland

For further information please visit [www.eurexchange.com](http://www.eurexchange.com) or contact

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