

## JSE ERIS SWAP FUTURES

The JSE has signed a license agreement with Eris Exchange (Eris), a U.S.-based futures exchange group. This agreement enables the JSE to launch multiple swap futures products based on the Eris Methodology™. This document talks specifically to the Standard Interest Rate Swap Futures

### Economics of JSE Eris Swap Futures

$$A + B - C + 100 = \frac{JSE}{FUTURE PRICE}$$

A

SWAP Net Present Value

B

Historical Fixed and Floating Amounts

C

Eris Price Alignment Interest™

100

Index Price

JSE Futures Price

Index Price

### Trader Execution Reference Information

#### Key Points to Remember - JSE Eris Standard Interest Rate Swap Futures

- Contract Size = ZAR 100,000 notional
- “BUY” = Pay Fixed, “SELL” = Receive Fixed
- Goal: Buy Low (pay a low NPV) and Sell High (receive a high NPV)
- All NPV quoted instruments are from the Buyer’s perspective:
  - ▶ Positive NPV: Par Rate > Fixed Rate
  - ▶ Negative NPV: Par Rate < Fixed Rate
- Direction of “Premium” in OTC Equivalent Terms:
  - ▶ Positive NPV: Buyer/Fixed rate payer Pays premium and Seller/Fixed rate receiver Receives premium
  - ▶ Negative NPV: Buyer/Fixed rate payer Receives premium and Seller/Fixed rate receiver Pays premium



#### BID SIDE

NPV where  
Market Maker Pays Fixed and  
End User Receives Fixed

#### ASK SIDE

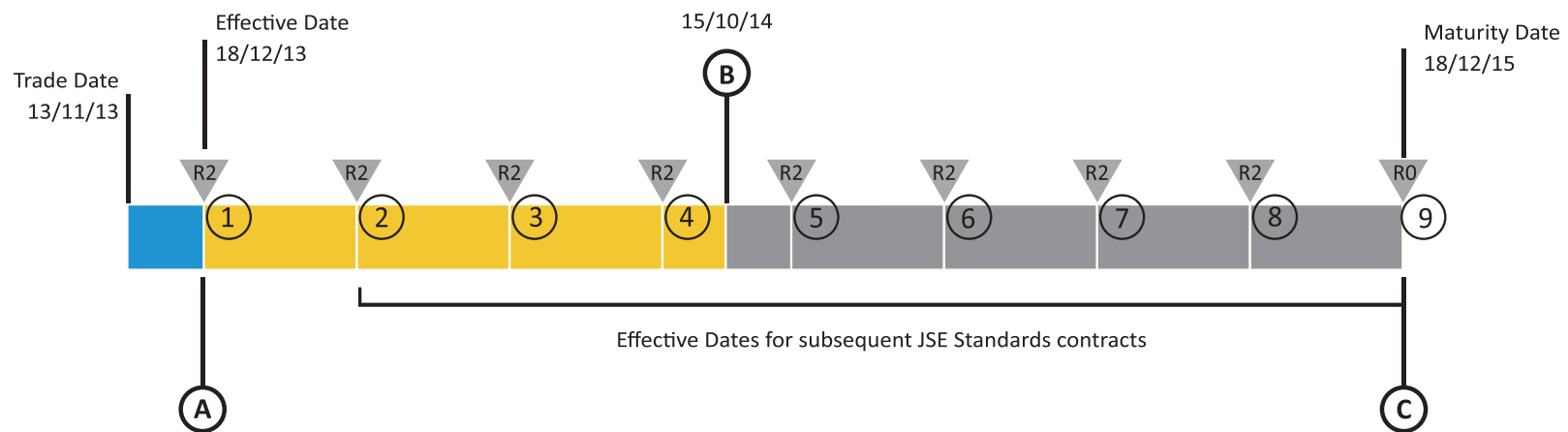
NPV where  
Market Maker Receives Fixed  
and End User Pays Fixed

## Maintenance Fees: JSE Eris Standards

- ▶ Maintenance Fees are assessed quarterly for JSE Standards contracts that are held past the Effective Date of each instrument.
- ▶ The JSE Eris Standards maintenance fees are R2.00 per contract which is equivalent to unwinding and replacing with the “active” contract (also known as “rolling” a position), but without having to pay fees on both legs.
- ▶ Maintenance Fees are NOT applicable to positions that are closed out or rolled prior to the contract’s Effective Date.

Example: Trade Date: 13 November 2013  
Buy to Open 10 2Y December 2013 JSE Std

Contact Specifications	
Trade Date	13/11/2013
Effective Date	18/12/2013
Maturity Date	18/12/2015



**A**

Scenario 1:  
Sell to Close position on 18/12/13

**Total Maintenance Fee = R0**

No Maintenance Fee charge for positions closed out, or rolled, on or prior to the Effective Date

**B**

Scenario 2:  
Sell to Close position on 15/10/14

**Total Maintenance Fee = R80**

Maintenance Fee assessed on COB of Effective Dates for points 1-4 (R2 \* 4 \* 10 contracts)

**C**

Scenario 3:  
Hold position until Maturity

**Total Maintenance Fee = R160**

Maintenance Fee assessed on COB of Effective Dates for points 1-8 (R2 \* 8 \* 10 contracts)\* No delivery fee at maturity

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