



FTSE 100 Index Total Return Futures

Frequently asked questions

1. What are FTSE Total Return Futures contracts?

Total Return Futures (TRF) offer a listed solution in trading the implied equity repo rate. Index TRFs seek to replicate the payoff on an index total return swap (TRS) in a more cost-efficient way.

ICE FTSE 100 TRFs, represent the theoretical total returns exposure to the FTSE 100 Index from the trade date assuming the position is held to its expiry. TRF's benefit from centralized clearing removing bi-lateral counterparty risk as well as also benefitting from any applicable initial margin offsets available against other FTSE index derivatives offered at ICE.

Buyers will receive an equity amount equal to the performance of the FTSE 100 Index plus the associated gross dividend distribution. Buyers will pay a floating amount equivalent to the overnight funding rate (SONIA) plus an additional TRF adjustment spread. This financing spread is the seller's added premium on SONIA and represents the cost of funding for a FTSE 100 TRF.

2. How do FTSE TRFs Work?

The total returns of the FTSE 100 Index, FTSE 100 Distribution Index and the SONIA spread, which is traded in basis points to isolate the implied repo rate, are converted into a futures price via ICE trading system at the point of trade registration.

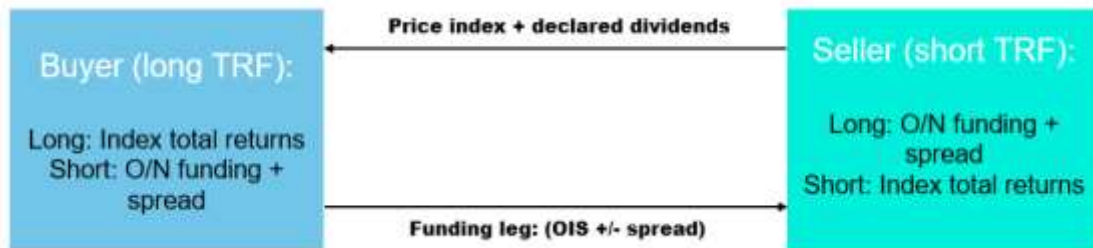
The futures are then subject to the daily variation margin payments against the official daily settlement price calculated each day for the ICE FTSE 100 TRFs.

FTSE TRF valuation will have the following components, which include the Equity Index, Cumulative Dividend Index, the financing costs and the financing spread.

The financing costs are accrued daily, based on the SONIA benchmark rate and that sum is incorporated into the daily settlement, with the accrued amount netted with the Equity Index performance as in the formula. The spread adjustment is the rate agreed by counterparties for the remaining maturity of the future. The spread agreed would be equivalent to the spread charged above or below the financing rate like an OTC equity index swap.

A buyer of a FTSE 100 TRF receives the total returns of the FTSE 100 Index, the equity amount including both capital and distributions (dividends). Against this the buyer pays the financing costs

in the form of a funding rate (SONIA) plus or minus a spread. The FTSE 100 TRFs are unlike the conventional FTSE 100 futures as they are priced in terms of the spread in basis points.



3. What will a TRF look like on screen and how can I trade them?

The TRF spread price in basis points will be what is traded on the exchange, this will then be converted to an index price once the trade is reported to the Exchange, which will be the customer's resulting cleared price of the future.

4. What are the final settlement procedures?

The Exchange Delivery Settlement Price ("EDSP") of ICE FTSE 100 TRF is based on the FTSE 100 Futures EDSP price plus Accrued Distribution and minus the Accrued Funding.

5. What trade types are available for FTSE 100 TRF?

The ICE FTSE 100 TRF will have two trade types available, Trade at Market (TAM) or Trade at Close (TAC). The TAC trade type can either be traded on-screen or as block whilst TAM is only available to trade as block:

- **Trade-at-Close (TAC) - index level based on index close**
- **Trade-at-Market (TAM) - index level predetermined by user**

6. What are the exchange fees applicable to FTSE 100 TRF?

The exchange and clearing fees will be £1 per futures lot traded.

7. What is the minimum block size for FTSE 100 TRF?

The minimum block size for FTSE 100 TRF will be 50 lots.

8. Are calendar spreads permitted for FTSE 100 TRF?

Yes. Calendar spreads will be enabled for FTSE 100 TRF.

9. What are the contract specifications?

Description	Total Return Futures (TRFs) are the centrally cleared alternative to OTC Total Return Swaps. TRFs are a listed solution for trading implied equity repo rate.
Underlying	FTSE 100 Index FTSE 100 Cumulative Dividend Index Sterling Overnight Index Average (SONIA)
Contract Symbol	FWX
Contract Size	£10 per index point
Trading Price Quotation	TRF Spread as annualized rate expressed in basis points (+/-)
TRF Spread Minimum Price Fluctuation	+/- 0.5 basis points - Screen Trading +/- 0.01 basis points - Block Trading
TRF Spread conversion	TRF Spread will be converted into TRF futures price in index points.
Accrued Distributions and Accrued Funding	The distribution and funding rate payments will be accumulated from the product launch date and added to the TRF futures price in index points. The daily changes in distributions and funding payments are paid out via Variation Margin.
TRF Futures Price Minimum Price Fluctuation (Index points)	0.01 Index points (tick value: GBP 0.10)
Last Trading Day	16:30 London time on the trading day immediately preceding the Expiration Day
Expiry Day	Third Friday in expiry month. In the event of the third Friday not being a business day, the Expiration Day shall normally be the last business day preceding the third Friday.
Exchange Delivery Settlement Price ("EDSP")	Based on the FTSE100 Index Futures EDSP, Accrued Distributions and Accrued Funding.
Contract Series	Out to 9 years and 11 months: Nearest 12 quarterly months of the March, June, September and December cycle, and subsequent 7 annual December expiries March, June, September, December
Trade Types	Trade at Close ("TAC") - index level based on Index close Trade at Market ("TAM") - index level predetermined by user
Final Settlement	Cash settlement based on EDSP

Settlement Date	First business day after the Expiry Day
MIC Code	IFLL
Clearing Venue	ICEU
Block Trade Minimum Size	50 lots

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