

Intercontinental Exchange



Gilt Futures Overview

Q3 2014

Government Bond Futures

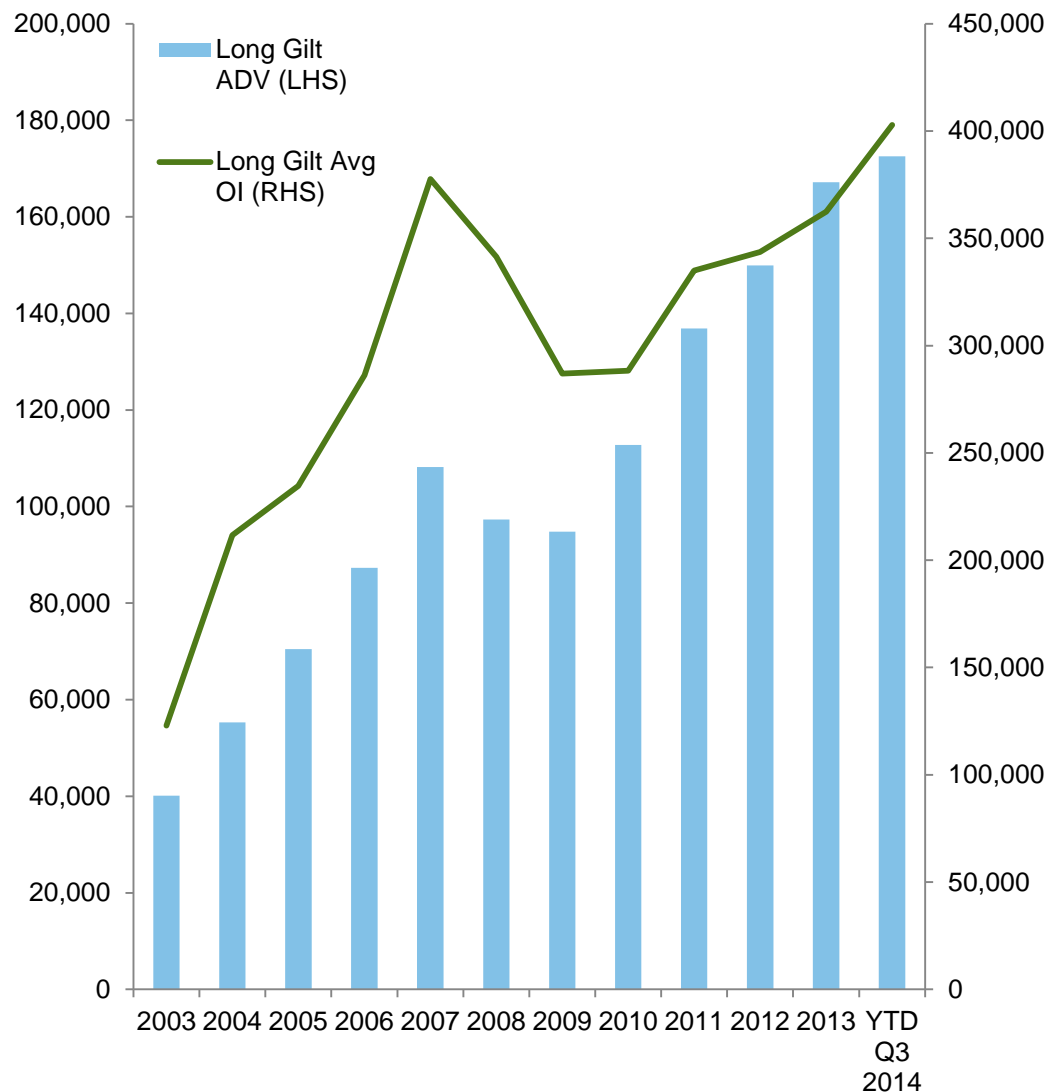
- › **Full range of European bond futures:** Long Gilt future is a flagship product. German, Italian, Spanish and Swiss bond futures were launched in June 2014
- › **Margin offsets between short term and long term interest rate derivatives:** reduction of the amount of initial margin required to be paid to the Clearing House when the market participant holds positions in correlated markets

	Ultra Long (30 years)	Long (10 years)	Medium (5 years)	Short (2 years)
UK	Ultra Long Gilt Future	Long Gilt	Medium Gilt	Short Gilt
Germany	Ultra Long Bund Future	Bund Future	Bobl Futures	Schatz Futures
Italy	-	Long BTP Future	Medium BTP Future	Short BTP Future
Spain	-	Long Bonos Future	Medium Bonos Future	Short Bonos Future
Swiss	-	Long Conf Future	Medium Conf Futures	-

Long Gilt Futures Growth

- › Long Gilt futures volume has risen to 172,000 per day in H1 2014
- › Compounded Annual Growth Rate (CAGR) of 12% over the last 10 years
- › Open interest is now 34% of Bund Futures
- › Currently used for hedging both 10 year and longer dated debt
- › As volumes have grown, demand has increased for a complementary, longer dated contract

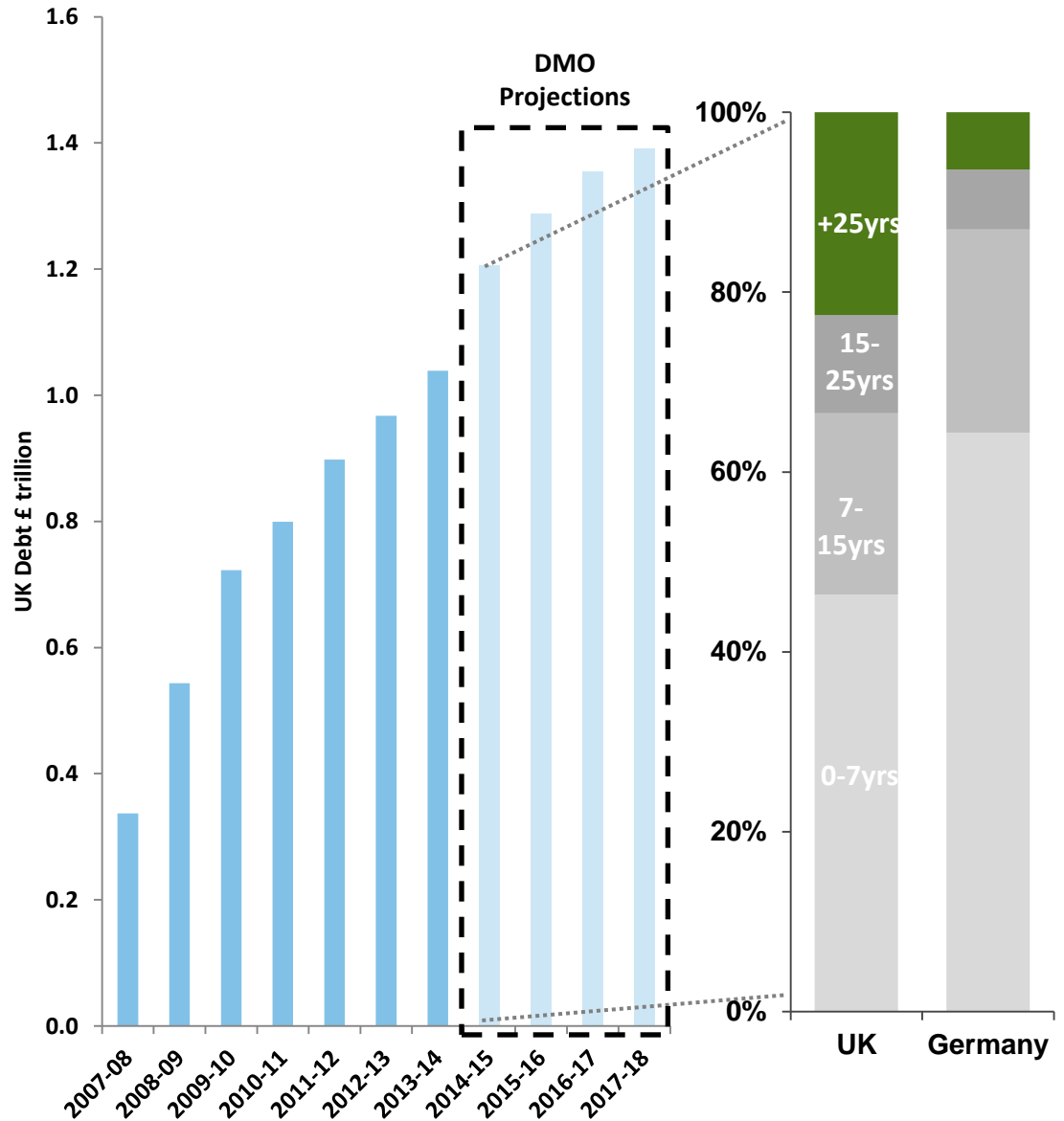
Long Gilt Volume and Open Interest



Ultra Long Gilt Futures

- › Growing overall debt - the UK forecasts almost £1.4 trillion in issue by 2018
- › UK debt profile is longer dated than other major sovereigns - more than 20% is +25yrs
- › Ultra Long Gilt future launched March 2014 to offer access to 30 year point

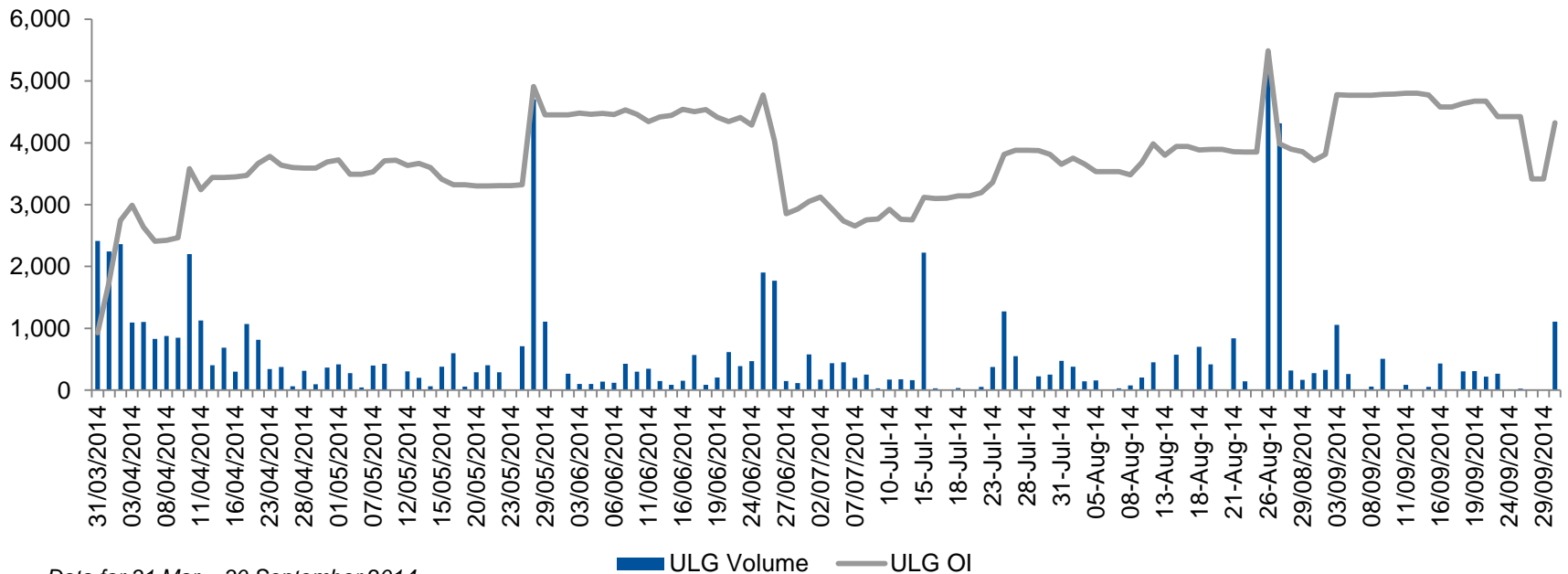
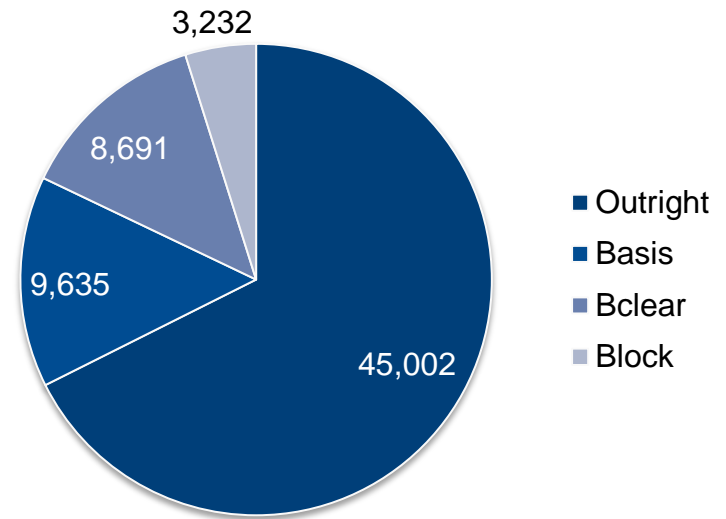
Ultra Long Gilt Futures	
Maturity (Years)	28 - 37
Coupon Range	1% - 7%
Unit Of Trading (£)	100,000
Notional Coupon	4%
MPM (Value)	0.02 (£20)
BLOCK Threshold	100
BCLEAR Threshold	250



Ultra Long Gilt Volumes and OI

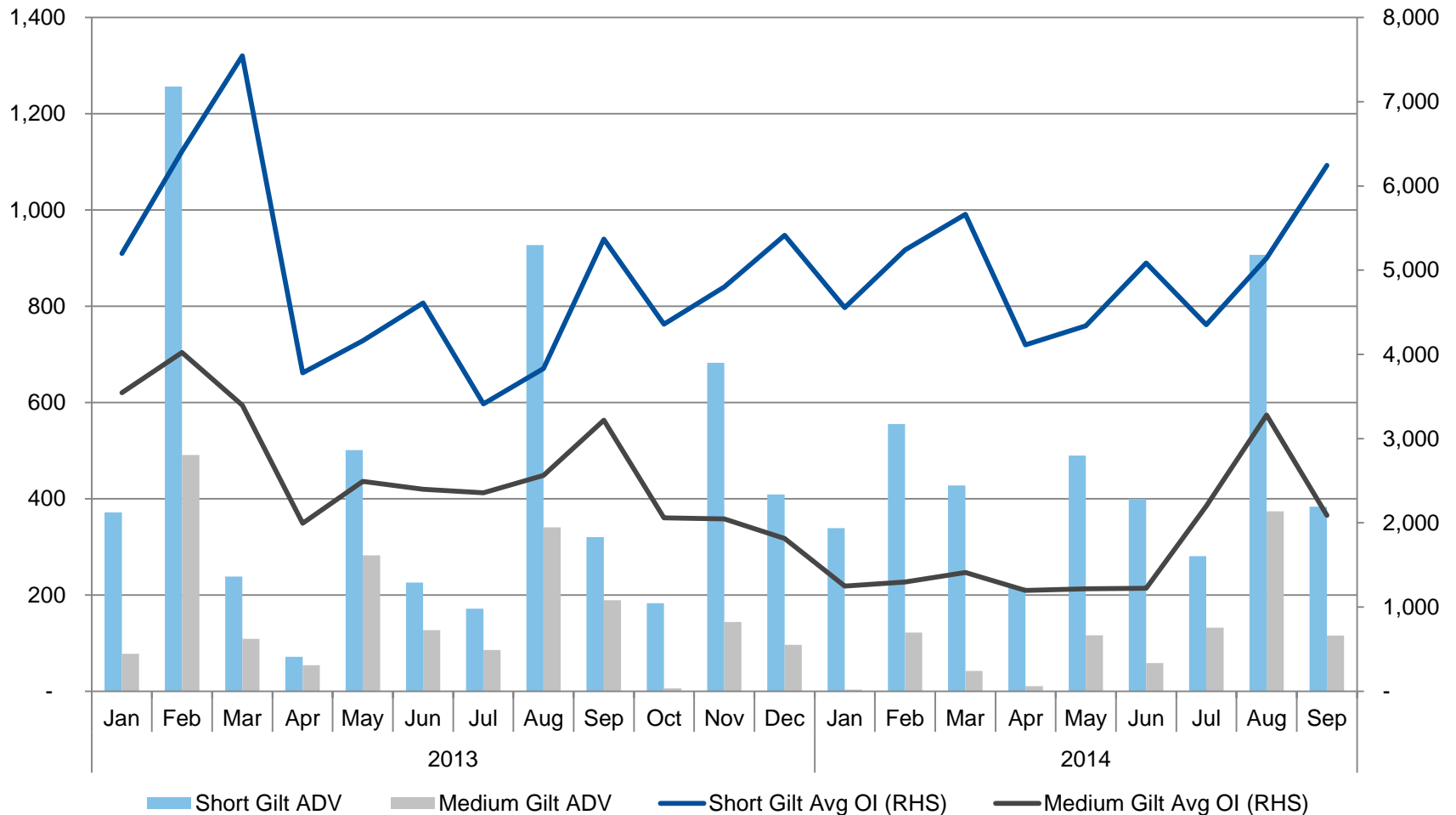
- › ADV: **520 lots**
- › Total volume since launch: **66,560**
- › 5,118 lots traded in one day during the roll
- › 29 unique participants
- › 5 GEMMs market making:
 - › Barclays, Lloyds, Morgan Stanley, RBS, UBS

Volume by Environment



Short and Medium Gilts Market

Short and Medium Gilt Futures



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