



## LAUNCH OF THE BONO 10 FUTURES CONTRACT Updated May 25, 2012

- **Launch date:** Tuesday, 29 May, 2012.
- **Underlying Asset:** Notional bond theoretically issued at par on the expiration day of the Futures Contract, with a maturity of ten years, **annual 6% coupon** and a notional value of one hundred thousand Euros.
- **Contract Notional Value:** 100,000 Euros.
- **Fee per contract:** 0.20 euro (0.10 trading and 0.10 clearing). There is an incentive scheme for liquidity providers.
- **Expirations:** Admitted to trading and register, at least, the three closest expirations of the March-June-September-December cycle. Actual listed expiration months will be communicated in a Circular. **On 29 May, the September and December expirations will be listed; and the March 2013 will be listed on 8 June.**
- **Codes in MEFF system.** [See page 14 of circular.](#)
- **Expiration Date:** 10th day of the maturity month. If this is a holiday, the next Business Day.
- **Settlement Day:** Deliveries of the Underlying Asset and the corresponding payments are due on the expiration date.
- **Last trading and registration day:** Two business days prior to the corresponding expiration date. The last business day prior to the Expiration Date, will be the first trading day of the new expiration admitted for trading and registry.
- **Deliverable Bonds:** Government Bonds with a remaining life of no less than eight years and six months (at the September 2012 expiration date, issues with 5.50% and 5.85% coupons will be deliverable).

- **Conversion factors:**

| CONTRACT       |                | <u>FB10U2</u> | <u>FB10Z2</u> | <u>FB10H3</u> |
|----------------|----------------|---------------|---------------|---------------|
| DATE OF EXPIRY |                | (10.09.12)    | (10.12.12)    | (11.03.13)    |
| ISSUE          | 5,50/10        |               |               |               |
| CÓDE           | ES00000123B9 O | 0.966680      | Not del.      | Not del.      |
| EXPIRY         | 30.04.21       |               |               |               |
| ISSUE          | 5,85/11        |               |               |               |
| CÓDE           | ES00000123K0 O | 0.989058      | 0.989466      | 0.989729      |
| EXPIRY         | 31.01.22       |               |               |               |

- **Cheapest to deliver as of May 25: bono 5.85%** for the September expiration.
- **Quotation method:** Percentage of Contract notional.
- **Minimum Price Fluctuation:** One hundredth of one per cent of the contract value (one basis point), equivalent to ten Euros.
- **Maximum Price Fluctuation:** None. If necessary it will be established by Circular.
- **Rules for filters by Members and treatment of erroneous entries in futures and options.** [See circular.](#)
- **Rules for trading Time Spread.** [See circular.](#)
- **Rules for trades agreed directly between Market Members.** [See circular.](#)
- **Profit and Loss Daily settlement:** Daily, in cash, by differences with Daily Settlement Price of the previous session.
- **Settlement of Fees:** First Business Day after the Trade date.
- **Margins:** Established by Circular. Initially they are planned to be **475 basis points per contract**.
- **Daily Settlement Price:** It will be an approximation to the "market price". Criteria will be determined by Circular. On the Expiration Date, it will be the Expiration Settlement Price.
- **Settlement Price at Expiration:** The settlement price for the BONO10 futures at the Expiration

Date will be calculated by dividing the cheapest-to-deliver bond market price (ex-coupon) at the end of the session by the conversion factor of the bond.

The market price of the cheapest-to-deliver bond will be the closing price for that bond determined by SENAF. In exceptional circumstances, and with prior notification to the CNMV, MEFF may use alternative methods to determine the Settlement Price.

- **Trading hours:** From 8:00 till 17:35. From 7:55 till 8:00 there will be a preopening period where orders may be placed for the auction. Auction will take place at any time – random selected – within the first 30 seconds after 8:00. [See circular.](#)

**REUTERS Codes:**

**Futures:**

0#FB10mv: (chain)  
FB10mvM2  
FB10mvU2  
FB10mvZ2

**Spread Futures:**

0#FB10mv-: (chain)  
0#FB10mvM2-U2  
0#FB10mvM2-Z2  
0#FB10mvU2-Z2

**BLOOMBERG Code:** Active Contract FBBA Comdty.  
Active Spread FBBFBB Comdty.

The **MEFFTH Reuters page** shows the theoretical bid/ask prices for the BONO 10 Futures, the YTM (yield-to-maturity) of the Spanish Government bond CTD (cheapest-to-deliver) and the YTM bid/ask spread between the Spanish and German Government bonds CTD.

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