

# 10-year Swedish government bond forward (R10)

## R10 – Managing Swedish long-term interest rate risk

OMX Nordic Exchange provides central counterparty clearing services for Nordic fixed income products.

The R10 contract serves as a valuable tool in managing Swedish long-term interest rate risk. The contract base is a synthetic 10-year Swedish government bond. The contract has standardized expiration days, i.e. IMM days. This means that liquidity is concentrated to a limited number of contracts, which benefits trading.

The contract is suitable both for directional trading as well as for spread trading, e.g. government yield curve spreads like 2-year government risk against 10-year government risk or spreads against mortgage bond forwards. A combination of cash bonds and forwards can also be used for creating short-term investments or financing. For the complete description of the contract specification please see OMX Nordic Exchange Rules and Regulations for Derivatives.

### FACTS

**Contract standard:** Forward contract with a combination of cash settlement and delivery of underlying cash instrument at fixing rate.

**The contract base:** Synthetic Swedish government bond with a maturity of ten years at the expiration settlement day. The bond has an annual coupon of six percent.

**Size of the contract base:** SEK 1,000,000 nominal value of underlying.

**Deliverable instruments:** Swedish government bonds with a remaining maturity of ten years, or as close to ten years as possible, at the expiration settlement day.

**Tick size:** 0.001

**Price quotation:** The forward contract is quoted in accordance with the underlying cash instrument market, effective interest rate with a 30E/360 day convention.

**Trading:** Trading is performed OTC and trades are reported to OMX for clearing. Trading hours are in accordance with market practice in the Swedish fixed income market.

**Expiration months:** March, June, September and December.

**The expiration settlement day:** The third Wednesday of the expiration month.

**First trading day:** One week before last trading day of the next contract scheduled for expiration.

**Expiration day/last trading day:** Four bank days prior the expiration settlement day.

**Expiration fixing:** Established at expiration day 11.00 CET.

**Periodic settlement:** Cash settlement of the difference between the trade price and monthly fix takes place on the last bank day of each calendar month.

**Registration:** 08.30 – 19.15 CET on normal bank days.

**Last time for registration:** 12.00 CET at expiration day.

All information provided herein shall be deemed to be general information and under no circumstances constitute any recommendation regarding investments. The reader shall be personally liable for risks associated with any investment based on the information provided in this document. Notwithstanding that the accuracy of the information provided herein has been verified, NASDAQ OMX, or any other subsidiary of NASDAQ OMX, assumes no liability with respect to the accuracy or use of such information. Trading in options and other derivatives instruments may involve risks, advice therefore with your bank or broker before executing a trade. For current rules for trading and clearing of options and futures please see Rules and Regulations for OMX Derivatives Markets.