

## NASDAQ OMX OFFERS CLEARING OF 3 MONTH CIBOR FUTURES

CIBOR Futures can be used to hedge risk on floating interest rate underlying assets and liabilities, but can also be traded as an independent area of business. The contract base or reference rate is the 3 month Copenhagen Interbank Offered Rate, CIBOR. The contracts are traded OTC and then reported to NASDAQ OMX for CCP clearing. CIBOR futures are unlike FRA's traded on price and with daily settlement.

The contract size of the CIBOR Future is 1 MDKK and the contract period is 3 months. There are eight contracts that cover a period of twenty-four months, with expiration according to IMM dates in March, June, September and December. A new contract is introduced five days before expiration of the closest contract.

### Quick Facts

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Contract Type	Futures contract with daily cash settlement.
Contract Base	3 month Copenhagen Interbank Offered Rate, CIBOR.
Contract Base Size	Nominal value of DKK 1,000,000 per contract.
Trades	Trades are reported to NASDAQ OMX Stockholm AB for clearing.
Tick size	Tick size is 0.005. Tick value is 12.50 DKK.
Price	Determined by the parties. The future price shall be expressed as [100 – yield]. The price shall be expressed with 3 decimals
Expiration Months	March (H), June (M), September (U) and December (Z).
Expiration Day	Two Bank Days prior to the third Wednesday of the expiration month(IMM Dates).
Daily Fix	Median value of indicative bid and offer quotes by market makers.
Final Fix	[100 – 3M CIBOR] at 11.00 am CET on the expiration day.
Offsetting	Offsetting can take place during the entire term.
Series Term	Twenty-four months.
Listing of Series	Series are listed five bank days before the expiration of the closest contract.
Series Designation	Each Series shall be designated by the designation of the Contract Base, Expiration Month and Expiration Year.

## Market model and central counterparty clearing

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CIBOR futures are bilaterally negotiated between buyer and seller in the OTC market outside the stock exchange and thereafter reported to NASDAQ OMX Stockholm for clearing. NASDAQ OMX has entered into agreement with a number of market makers regarding the maintenance of a market with two-way prices aimed at ensuring ample liquidity in the contract. Market makers are expected to establish indicative two-way prices in accordance with standard market practices in the Danish fixed income market. The specific details governing the market makers' requirements are decided by the Danish Securities Dealers' Association (DSDA).

Novation, meaning when the exchange substitutes existing contracts with new ones, in relation to the buyer and seller takes place when the trade details are matched and collateral has been established. There is no counterparty relationship between the buyer and seller following this; instead the clearing house will be counterparty to both parties.

## Contract base and settlement principles

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The contract base is a fictitious loan of DKK 1,000,000, which extends between two consecutive IMM dates, meaning between the third Wednesday in March, June, September and December. Accordingly, the underlying duration can vary between contracts with different delivery months. Normally the period is 90 or 91 days, but may be longer.

There is no delivery of the underlying amount. Only a cash amount corresponding to the interest-rate difference between the agreed interest rate and the fixing rate at expiration will be paid

When the contract is cleared, no actual payment takes place between the buyer and seller; instead, each party receives/pays from/to the clearing house.

## Settlement and offsetting

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All purchased and sold contracts are entirely offsettable against each other. This means that only one net position is held against the clearing house and, if the contracts sold equal those purchased, the portfolio may be said to be closed in practice.

Daily cash settlements take place on bank days at noon and are based on the profit/loss on the net position at the end of the trading day on the bank day before the settlement day.

## Name standard

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Contracts are listed by the short name CIBOR followed by a letter designation for the delivery month and the figure for the year in which the delivery month falls.

<b>Expiration month</b>	<b>Contract name</b>
December 2010	CIBORZ0
March 2011	CIBORH1
June 2011	CIBORM1
September 2011	CIBORU1
December 2011	CIBORZ1
March 2012	CIBORH2
June 2012	CIBORM2
September 2012	CIBORU2