

ERIS EXCHANGE RECEIVES U.S. PATENT FOR SWAP FUTURES PRODUCT DESIGN

Patent Award Secures Eris' Competitive Position as the Leading Alternative to OTC Swaps

Chicago, September 6, 2017 -- [Eris Exchange](#) (Eris), a U.S.-based futures exchange group that offers swap futures as a capital-efficient alternative to traditional over-the-counter (OTC) interest rate swaps, today announced that it has been awarded a patent on the principal component of its product design, the [Eris Methodology](#), by the U.S. Patent and Trademark Office. The patented invention enables a cash-settled futures product to replicate the convexity of an OTC swap by incorporating interest on collateral within daily variation margin payments.

Eris utilizes the invention in its flagship U.S. dollar-denominated Eris Swap Futures contracts that clear at CME. Open interest in these contracts has grown by 65% in the past 18 months. In addition, Eris has licensed the Eris Methodology for use in products on multiple global futures exchanges, including ICE Futures U.S. and ICE Futures Europe. Open interest in all products based on the Eris Methodology now exceeds 200,000 contracts, representing more than 70% of global swap futures open interest.

"Eris' recent growth has been fueled by fixed income investors and hedgers using Eris Swap Futures as a more cost-effective and operationally-efficient way to conduct their business," said Neal Brady, CEO of Eris Exchange. "Receiving a U.S. patent further validates the uniqueness and superior product design of the Eris Methodology, and ensures that Eris is well-positioned to reap the benefits of the value we're providing to clients."

"The Eris Methodology means that Eris Swap Futures may be held until the final maturity of the underlying swap, with no forced rolls or physical delivery, therefore replicating both the risk and mechanics of the equivalent OTC swap," said Tom Rettinger, Managing Director, Portfolio Risk Management at PennyMac. Consequently, Eris Swap Futures may be used in the same manner as OTC swaps, while enjoying the protections and benefits of an exchange traded instrument.

John Coleman, Managing Director of R.J. O'Brien Fixed Income Group added, "Last year we illustrated how Eris contracts may be suitable as designated hedges under GAAP (see [RJO-FIG issues Eris Hedge Accounting Paper](#)). Proposed FASB updates to ASC 815 on Derivatives and Hedging should make the use of Eris Swap Futures even easier and cheaper to implement."

The Eris invention, which in 2015 received patent protection in Japan, is titled "Non-biased, centrally-cleared financial instrument and method of clearing and settling," (U.S. Patent No. 9,747,641).

To learn more about Eris Swap Futures and how they may be used as an investment instrument, or as an exposure hedging tool, contact your financial advisor or Eris Exchange at sales@erisfutures.com.

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About Exchange, LLC:

The [Eris Exchange](#) group includes a U.S. futures exchange registered as a Designated Contract Market with the CFTC. The Exchange lists USD cash-settled interest rate swap futures that trade electronically on the Eris SwapBook and clear through CME Clearing. Current open interest in Eris USD Interest Rate Swap Futures is over 195,000 contracts, and they receive seamless margin offsets against the CME rates complex, including Eurodollar and U.S. Treasury Futures. Trademarks of Eris Exchange and/or its affiliates include Eris, Eris Exchange, Eris SwapBook, Eris BlockBox, Eris PAI, Eris Methodology, Eris Pricing Engine and the Eris Logo. For more information, visit Eris Exchange online at <http://www.erisfutures.com> or follow Eris on Twitter [@erisfutures](#).

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