

OneChicago ✕

*The exchange for single stock futures*

***Welcome to OneChicago  
The Exchange for Single  
Stock Futures  
May 29, 2008***

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## ***Exchange for Physical (EFP)***

- **An Exchange for Physical (EFP) allows the swap of a long or short stock position for a Single Stock Future (SSF) or vice versa.**
- **SSFs have an interest rate built into their price that is determined competitively by numerous market participants.**

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# *The Problem*

**Trading costs for stocks come in the form of commissions, execution cost, and financing costs.**

**A great deal of attention is paid to commissions which are explicit, and with the advent of smart routers, more attention is being paid to execution cost.**

**But despite the fact that most trade cost comes from financing charges or lack of interest paid, little attention is focused on financing rates because they are not transparent.**

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## ***The Solution - EFP***

### **Long Stock**

- **If you carry a long stock position on margin, the EFP gives you the opportunity to reduce your financing cost because you will likely be able to sell the stock and buy the SSF (forward price) at a premium that is lower than your margin rate.**

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## ***High Synthetic Bid Rev Yield/ Low Synthetic Ask Rev Yield Tables***

- The tables highlight the highest (investment opportunity) and lowest (borrowing opportunity) synthetic EFP rates available in the market.
- These synthetic rates are computed by taking the price differential between the SSF and the underlying stock, netting dividends, to calculate an annualized synthetic implied interest rate over the period of the SSF.
- All SSFs are settled through the Options Clearing Corporation, an AAA rated entity, making any interest earned through implied interest safer than with many other interest earning alternatives.

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## OneChicago Calculator

Evaluate the benefits of SSFs vs. margin trading

CLICK TO TRY THE

**OneChicago** Calculator

- **The OneChicago calculator allows the investor to make a comparative analysis between the advantages of using Single Stock Futures versus the underlying equity.**
- **When using the calculator you can set your own criteria.**
- **Choose a stock along with the expiration date, number of shares, percent you will finance the trade at as well as long and short interest rates. What this then does is calculate the price you pay if you were buying the stock to the price of buying the single stock future.**
- **By placing your mouse over the areas of the calculator you are able to expand the details of your results and understand how the numbers were derived.**

[www.onechicagocalculator.com/index.php](http://www.onechicagocalculator.com/index.php)

***For more information click the link below:***

**[www.OneChicago.com](http://www.OneChicago.com)**

**Security futures trading involves the risk of loss, including the possibility of loss greater than your initial investment. Security futures may not be suitable for all investors. Consult your broker or financial advisor before trading.**

**All investors will be required to review risk disclosure materials and meet suitability requirements established by their brokers.**

**You should carefully review all disclosure statements and ensure you understand the risks of trading security futures.**

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