

Cboe[®] Corporate Bond Index Futures

Broad Exposure to the U.S. Corporate Bond
Market in a Capital Efficient Manner

8th January 2020

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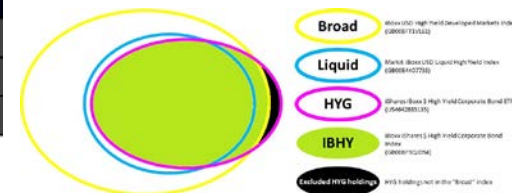
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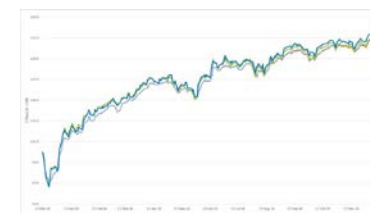
Agenda

5 mins: introduction

Product	Un/funded	Divs/Coupons?
Cash bonds	Funded	Yes
ETF	Funded	Yes
Futures	Unfunded	No

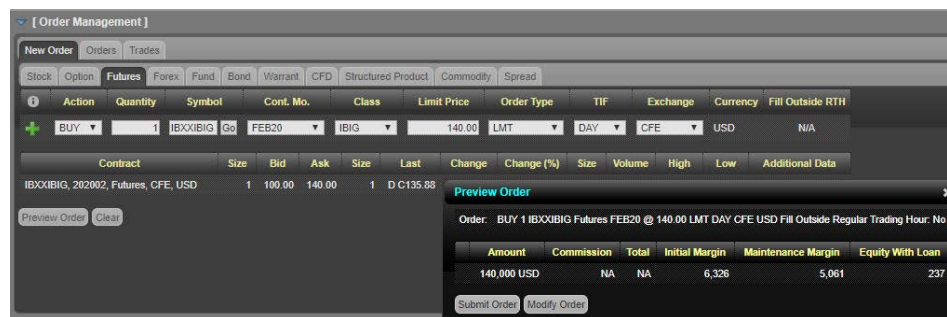


10 mins: corporate bond index construction & comparison to other products



5 mins: mechanics of corporate bond futures

10 mins: how to find and trade them on IB's TWS



Specification	High Yield	Investment Grade
Futures Ticker	IBHY	IBIG
Underlying index	IBXXIBHY	IBXXIBIG
IB Ticker	IBXXIBHY	IBXXIBIG
Contract Multiplier	\$1,000	\$1,000
Tick Value	\$10 (0.01 index point)	\$10 (0.01 index point)
Trading Hours (Chicago time)	Mon-Fri 08.30 to 15.00	
Final Settlement date	First business day of ticker month	
Settlement type	Cash settled	
Contract Expirations	Up to four near-term serial months and four months on the March quarterly cycle	

Sound familiar?

OTC



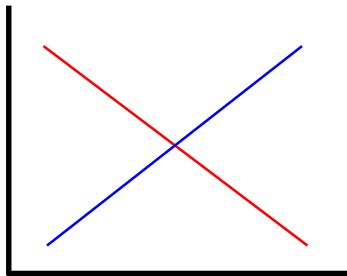
Voice traded

One-to-one



Illiquid

Bank inventory



ETFs

Price transparency

BID OFFER

Portfolio trades

Auto-quote

One-to-all

Not *as* illiquid

ISIN	Name
US00790RAA23	WMS 5 09/30/27
US02156LAA98	SFRFP 8 1/8 02/01/27
US381013AA98	GDEN 7 5/8 04/15/26
US466253AA96	JCOM 6 07/15/25
US45031UCD19	STAR 5 1/4 09/15/22
US165167DC86	CHK 8 03/15/26
US379352ALL5	GLBMRN 7 06/01/28
US29336UAD90	ENLK 5.05 04/01/45
US589433AB71	MDP 6 7/8 02/01/26
US83545GAX07	SAH 5 05/15/23
US233293AP46	AES 4.35 04/15/29
US85207UAH86	S 7 1/8 06/15/24
US580638AC80	MCGHLL 7 7/8 05/15/24
US29336UAG22	ENLK 5.45 06/01/47
US29390WAA45	HRDRCK 12 07/15/24
US29359FAA03	DAEL 9 09/30/23
US46647DAA19	JACFIN 6 3/4 11/15/21
US65342RAB69	NFP 8 07/15/25
US77381WAA45	ROCGAS 7 03/31/23
US35906AAK43	FTR 8 3/4 04/15/22
US52736RBB65	LEVI 5 05/01/25



The market is changing

OTC

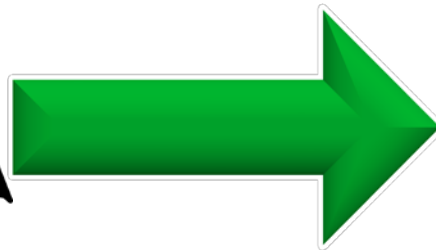
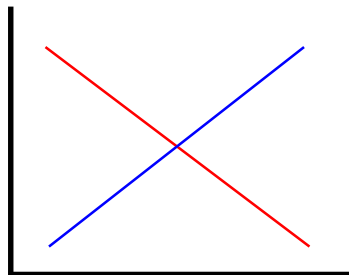


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US52736RBG65	LEVI 5 05/01/25



iBoxx[®] iShares[®] **\$ High Yield** Corporate Bond Index

IBXXIBHY

≈ **HYG**

Cboe[®] iBoxx[®] iShares[®] \$ **iBoxx High Yield** Index Futures

The future

iBoxx[®] iShares[®] **\$ Investment Grade** Corporate Bond Index

IBXXIBIG

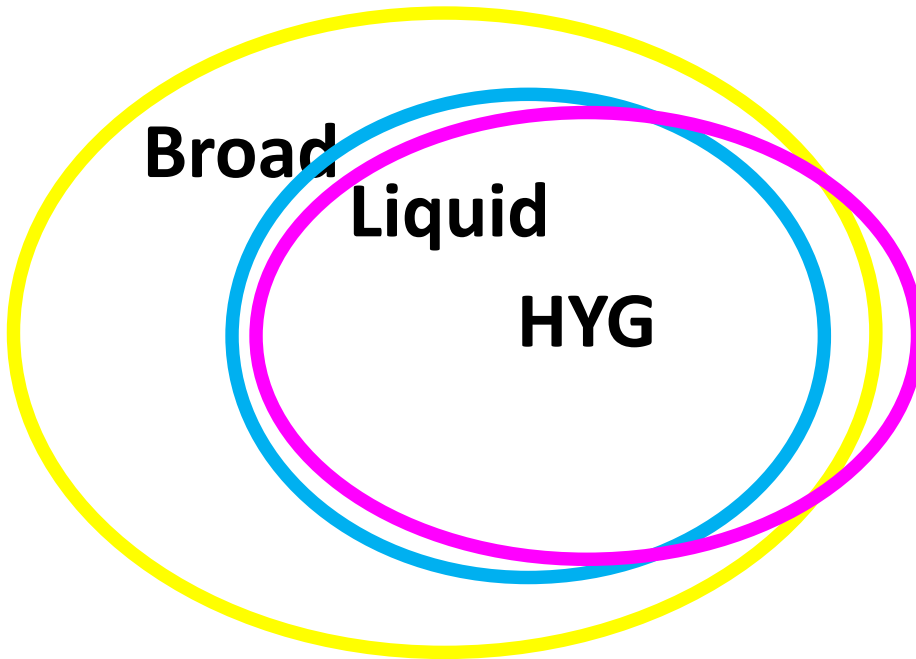
≈ **LQD**

Cboe[®] iBoxx[®] iShares[®] \$ **iBoxx Investment Grade** Bond Index Futures

Why?

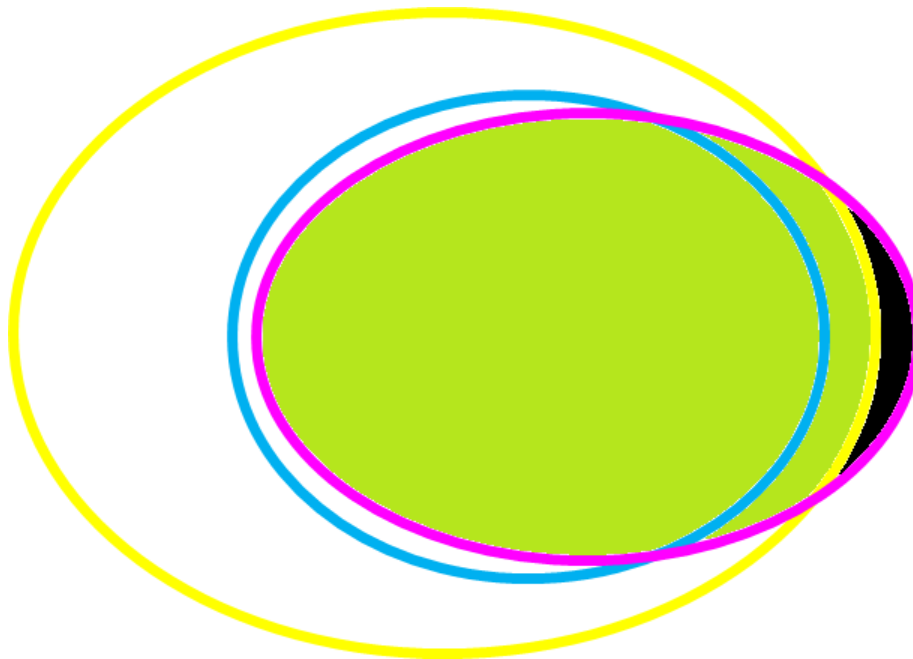
Product	Un/funded	Divs/Coupons Distribution?
Cash bonds	Funded	Yes

What?



- Broad** iBoxx USD High Yield Developed Markets Index (GB00BFT1VL61)
- Liquid** Markit iBoxx USD Liquid High Yield Index (GB00B4K07738)
- HYG** iShares iBoxx \$ High Yield Corporate Bond ETF (US4642885135)

What?



Broad

iBoxx USD High Yield Developed Markets Index
(GB00BFT1VL61)

Liquid

Markit iBoxx USD Liquid High Yield Index
(GB00B4K07738)

HYG

iShares iBoxx \$ High Yield Corporate Bond ETF
(US4642885135)

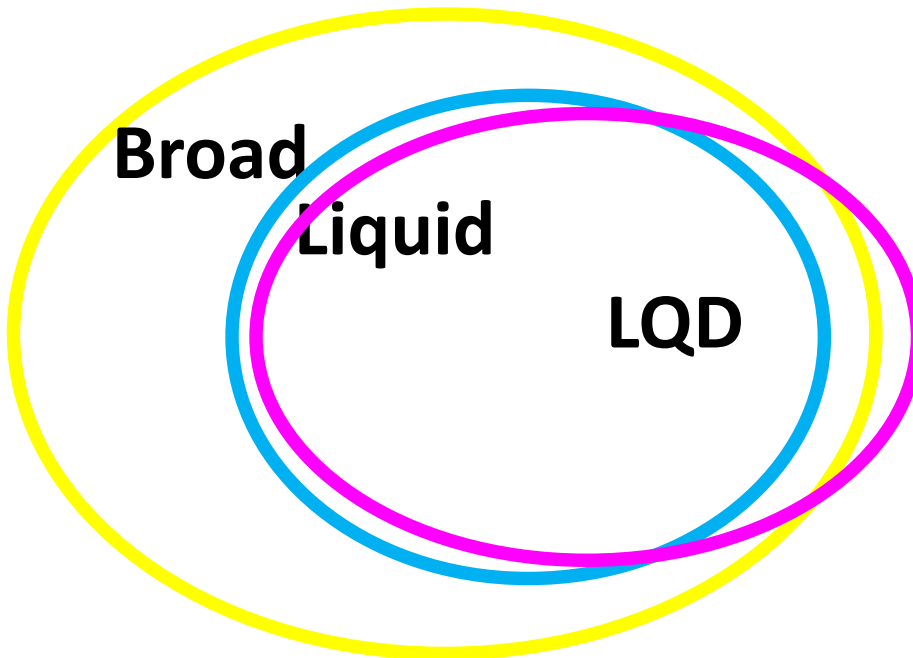
IBHY

iBoxx iShares \$ High Yield Corporate Bond
Index
(GB00BF9QJD94)

Excluded HYG holdings

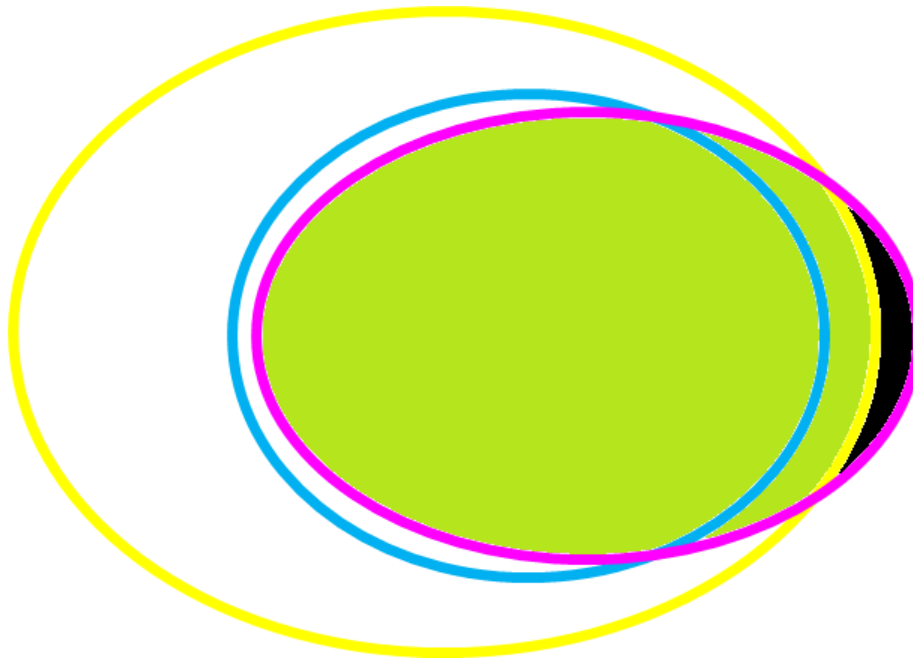
HYG holdings not in the "Broad" index

What?



- Broad** iBoxx \$ Overall (GB00B05CVW93)
- Liquid** iBoxx USD Liquid Investment Grade Index (GB00B4K4X773)
- LQD** iShares iBoxx \$ Investment Grade Corporate Bond ETF (US4642872422)

What?



- Broad** iBoxx \$ Overall (GB00B05CVW93)
- Liquid** iBoxx USD Liquid Investment Grade Index (GB00B4K4X773)
- LQD** iShares iBoxx \$ Investment Grade Corporate Bond ETF (US4642872422)
- IBIG** iBoxx iShares \$ Investment Grade Corporate Bond Index (GB00BF9QJY08)
- Excluded LQD holdings** LQD holdings not in the "Broad" index

What?



What?

Specification	High Yield	Investment Grade
Futures Ticker	IBHY	IBIG