

**KEY INFORMATION DOCUMENT
(Eris Swap Futures)**

Purpose: This document provides key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product: Eris Swap Futures

- Primary Standards – 2yr, 3yr, 4yr, 5yr, 7yr, 10yr, 12yr, 15yr, 20yr, 30yr
- Ultra Forward Standards – 2yr, 3yr, 4yr, 5yr, 7yr, 10yr, 12yr, 15yr, 20yr, 30yr
- Standard Invoice Swap Futures – 2yr, 5yr, 10yr, ultra 10yr, 30yr bond, ultra 30yr bond

Product Manufacturer: Eris Exchange, LLC (“Eris Exchange”) – <http://www.erisfutures.com>

Call (888) 587-2699 for more information or email: ecc@erisfutures.com

Eris Exchange is a Designated Contract Market based in the USA and is regulated by the Commodity Futures Trading Commission.

Date of publication: June 25, 2018

Alert: You are about to open a position in a product which is not simple and may be difficult to understand.

What is this product?

Type: Derivative. This product is an exchange-traded futures contract, a type of derivative under Annex I, Section C of the Markets in Financial Instruments Directive (2014/65/EU).

Objectives:

An Eris Swap Future replicates all of the economics and cash flows of an over the counter (“OTC”) interest rate swap. Each contract is based on \$100,000 notional and its value is based upon the difference between a stream of pre-defined fixed interest payments and a stream of floating interest payments based on 3-month USD LIBOR. Eris Swap Futures are a cash settled contract with no physical delivery. Each Eris Swap Future has a defined Last Trading Day (“**Last Trading Day**”), after which the product will expire. An Eris Swap Future remains outstanding as a future until its Maturity Date (“**Maturity Date**”), i.e. a newly listed 5 year contract would expire in 5 years. You can close your position on any trading day up to and including the Last Trading Day, which is the last good business day before the Maturity Date.

If you (as a **buyer**) ‘opened’ a position by buying an Eris Swap Future, you sell the same contract to ‘close’ your position. The buyer of an Eris Swap Future pays a fixed rate. If, on the day the contract is traded out of or on the Last Trading Day, the closing price exceeds the opening price, the buyer has made a profit and the seller has made a loss. In this case, during the holding period, the seller has paid the buyer the difference between the closing price and the opening price, where each 0.01 is worth \$10.

If you (as a **seller**) ‘opened’ a position by selling an Eris Swap Future, you buy the same contract to ‘close’ your position. The seller of an Eris Swap Future receives a fixed rate. If, on the day the contract is traded out of or on the Last Trading Day, the closing price is less than the opening price, the seller makes a profit and the buyer makes a loss. In this case, during the holding period, the buyer has paid the seller the difference between the opening price and the closing price, where each 0.01 is worth \$10.

Quotation: Eris Swap Futures have a novelty in that their trading price is quoted in a different way to the daily settlement price. Net Present Value (“**NPV**”) per contract will be used for trade execution. NPV is expressed in per contract terms. Each future negotiated in NPV terms has an implicit futures-style price of:

$$\text{Trade Price} = 100 + A + B - C$$

Where A is the NPV per contract agreed upon between the counterparties (divided by 1,000 to normalise units to \$100 face amounts), B is the value of the historical fixed and floating amounts, and C is the Price Alignment Rate at the time.

The B and C components are calculated once daily and applied by Eris Exchange, and are not subject to negotiation by the counterparties. The increments/tick sizes in which NPV per contract can be negotiated vary depending on the maturity.

Daily settlement prices are quoted on a basis of 100, similar to market practice for bonds and other futures contracts.

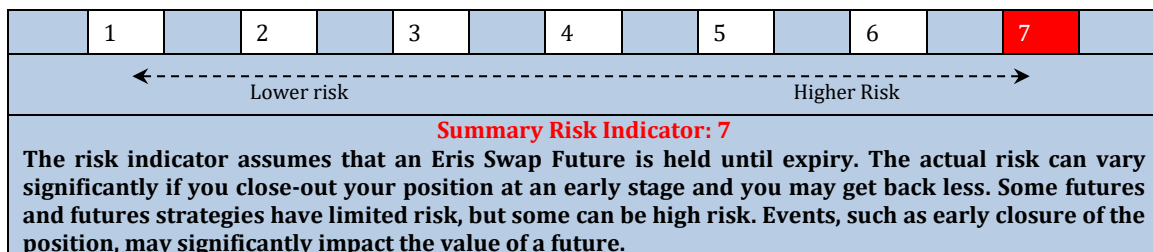
An Eris Swap Future may in certain circumstances be unilaterally terminated by Eris Exchange and may be terminated by CME (see “What happens if Eris Exchange is unable to pay out?” below) following an event of default of a Clearing Member or invoiced back. Factors that impact an Eris Swap Future’s value include, but are not limited to, the opening price and underlying interest rate. An Eris Swap Future will (unless you choose to close your position beforehand) automatically expire on the relevant expiry date.

Intended retail investor:

Eris Swap Futures are intended for investors who have an investment horizon of up to the Maturity Date of the product, who are able to bear losses in excess of the amounts invested and who have extensive knowledge of, and experience with, financial products and the financial markets generally. This is a complex product and is only likely to be appropriate for the most experienced, sophisticated and knowledgeable types of investors. You should become familiar with the characteristics of this product to make an informed decision on whether or not this product fits their investment needs. If in doubt, you should contact your broker or investment adviser to obtain investment advice.

What are the risks and what could I get in return?

Risk indicator:



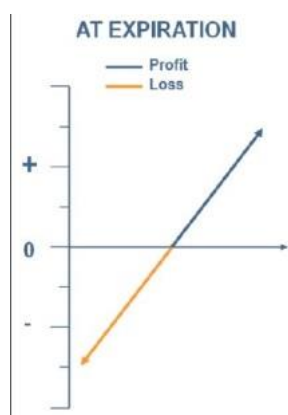
- The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets. We have classified this product as **7 out of 7**, which is the highest risk class. This rates the potential losses from future performance at a very high level.
- In some circumstances you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.**
- This product does not include any protection from future market performance so you could lose some or all of your investment.
- If CME (see "What happens if Eris Exchange is unable to pay out?" below) or any intermediary is not able to pay you what is owed you could lose your entire investment.
- **The risk and reward profile of an Eris Swap Future depends on its terms, but will involve the following considerations:**
Buyers of an Eris Swap Future can incur unlimited losses. The loss is equal to the opening contract price minus the closing sale price.
Sellers of an Eris Swap Future can incur unlimited losses. The loss is equal to the closing sale price minus the opening contract price.
Buying or selling futures can be high risk and requires extensive product knowledge. The profit or loss potential of an Eris Swap Future on the Last Trading Day depends on the opening contract price and the relevant closing price. The price of the Eris Swap Future depends on several factors, such as the price movement of the underlying interest rate. Additionally, the potential for profit or loss of the Eris Swap Future's position depends highly on the way the position is used, e.g. Eris Swap Futures can be traded as a risk management tool to hedge other investments or as a stand-alone investment.
- **This product can expose a retail investor to unlimited liabilities in certain circumstances.**

Performance scenarios:

These graphs illustrate how your investment could perform. You can compare them with the pay-off graphs of other derivatives products in different Key Information Documents.

The graphs presented give a range of possible outcomes and are not an exact indication of what you might get back. What you get will vary depending on how the underlying will develop. For each value of the underlying, the graphs show what the profit or loss of the product would be. The horizontal axis shows the various possible prices of the underlying on the expiry date and the vertical axis shows the profit or loss.

Buy Eris Swap Future:



Transaction: Buy Eris Swap Future.

Investment: None, but margin is required.

Margin: Initial margin (approximately [0.4-3.6%] of the contract notional value) plus variation margin to mark to market prices on a daily basis.

Market expectation: Rising market. Buying this product holds that you think the value of the Eris Swap Future will increase i.e. interest rates will go up.

Profit/loss calculation: The profit or loss at expiration is calculated as follows:

Step one: Take the closing price minus the opening price at which the contract was entered into.

Step two: When the result of Step one is positive the buyer has made a profit. If the result of Step one is negative the buyer has made a loss.

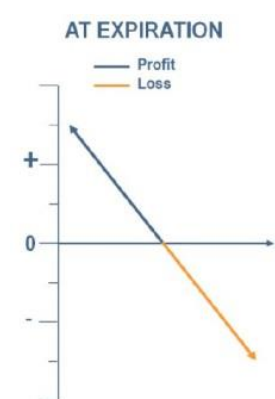
Step three: To monetise the difference calculated in Step two you have to multiply the difference between the closing price and the opening price, where each 0.01 is worth \$10.

Profit and loss characteristics:

Profit: Unlimited.

Loss: Your maximum loss is unlimited. You may lose all of your investment and be required to make additional payments significantly exceeding the initial margin payment.

Sell Eris Swap Future



Transaction: Sell Eris Swap Future.

Investment: None, but margin is required.

Margin: Initial margin (approximately [0.4-3.6%] of the contract notional value) plus variation margin to mark to market prices on a daily basis.

Market expectation: Selling this product holds that you think the value of the Eris Swap Future will decrease i.e. interest rates will go down.

Profit/loss calculation: The profit or loss at expiration is calculated as follows:

Step one: Take the opening price the contract was entered into minus the closing price.

Step two: When the result of Step one is positive the seller has made a profit. If the result of Step one is negative the seller has made a loss.

Step three: To monetise the difference calculated in Step two you have to multiply the difference between the closing price and the opening price, where each 0.01 is worth \$10.

Profit and loss characteristics:

Profit: Unlimited.

Loss: Your maximum loss is unlimited. You may lose all of your investment and be required to make additional payments significantly exceeding the initial margin payment.

Buying or selling an Eris Swap Future is one of the ways that you can take a 'long' or 'short' Eris Swap Future position and depends on an investor's individual trading strategy.

The scenarios shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The scenarios do not take into account your personal tax situation, which may also affect how much you get back.

What happens if Eris Exchange is unable to pay out?

Eris Exchange is not responsible for paying out under the investment and you are not exposed to financial loss due to the default of Eris Exchange. The Eris Swap Futures are centrally cleared and therefore guaranteed by a division of Chicago Mercantile Exchange Inc., CME Clearing ("CME"), a clearing house. No US regulated clearing house has ever defaulted or failed to make a payment to its market participants. In the highly unlikely event that such a default occurred, the initial margin posted to CME by you is bankruptcy remote. Thus,

the risk of you suffering any loss due to the failure of CME is extremely low. You may also benefit from an applicable compensation scheme depending on the exchange trading participant, clearing member, broker or other intermediary.

According to CME, none of its direct clients has ever suffered a loss as a result of the failure of one of its clearing firms. However, there is a low risk that such a loss could occur if the clearing firm and a fellow client both defaulted at the same time. To the extent that an intermediary is employed by you that is not a direct clearing firm of CME, the potential exists for losses to be suffered in scenarios other than those described above.

What are the costs?

Eris Exchange charges exchange and clearing fees. No other charges are applied by Eris Exchange, although your clearing firm and any other intermediary firm employed by you will also charge fees for their services.

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for a single holding period. The figures assume you invest in one Eris Swap Futures contract – which is the minimum tradable amount. The figures are estimates and may change in the future.

Costs over time:

The person selling or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

1 Eris Swap Futures contract	
Scenarios	If you cash in after 1 month
Total Costs	various
Impact on return (RIY) per year	various

Compositions of Costs:

The table below shows (i) the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period, and (ii) the meaning of the different cost categories.

This table shows the impact on return over 1 month			
One-off costs	Entry costs	various	The impact of costs when entering your investment.
	Exit costs	various	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	N/A	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	N/A	The impact of the costs that we take each year for managing your investments.

Eris Exchange's full fee schedule is available on Eris Exchange's website (<http://www.erisfutures.com/fees>).

How long should I hold it and can I take money out early?

There is no recommended holding period for this product.

The contracts remain outstanding as futures past the accrual effective date, until their maturity date. Eris Swap Futures can be held until the Last Trading Day or positions can be closed out on any trading day up to and including the Last Trading Day. Whether or not you choose to do so will depend on your investment strategy and risk profile. There is no minimum holding period and there are no penalties for closing a position.

- A long Eris Swap Futures position can be closed by entering a sell order in the market on any trading day during the lifetime of the futures contract.
- A short Eris Swap Futures position can be closed by entering a buy order in the market on any trading day during the lifetime of the futures contract.

How can I complain?

In the first instance, complaints should be directed to the firm through which you placed the trade.

Complaints can also be directed to Eris Exchange's General Counsel. Complaints must be made in writing to: Eris Exchange LLC, Attn: General Counsel, 227 W. Monroe St., Chicago, IL 60606 or can be emailed to: legal@erisfutures.com

Other relevant information

Contract specifications setting out key details of all Eris Swap Futures traded on our markets are published on Eris Exchange's website:

Primary Standards – 2yr, 3yr, 4yr, 5yr, 7yr, 10yr, 12yr, 15yr, 20yr, 30yr

Ultra Forward Standards – 2yr, 3yr, 4yr, 5yr, 7yr, 10yr, 12yr, 15yr, 20yr, 30yr

Standard Invoice Swap Futures – 2yr, 5yr, 10yr, ultra 10yr, 30yr bond, ultra 30yr bond

<http://www.erisfutures.com/specs>

For further details please also refer to the Product Reference Guide (http://www.erisfutures.com/EE/Product_Reference_Guide.pdf) and the Eris Exchange Rulebook (http://www.erisfutures.com/EE/ERIS_EXCHANGE_LLC_-_RULEBOOK.pdf).