SEFs: Trade execution liquidity – Interest Rate Swap (IRS) Products

	Trade Size Varies by asset class	**Attributes**	**Risk Management**	**Execution Reporting** (3) Varies by asset class	**Futures** *(For reference only)* *Current eurodollar market as proxy for IRS products*
Tier 1 (1) ***Normal trade size***	• Normal lot size • Actively traded, small risk size and high ticket volume traded	• VENUE: Many to 1 or many to many electronic/ platform • PRICING: Indicative and/or firm	• Market has the ability to absorb risk transfer instantaneously under normal market conditions without causing disruption	• As close to real time as operationally feasible	
Tier 2 (1) ***Large block trades***	• Risk based minimum size - $100K DV01 (approximately $120mm 10 year equivalent)	• VENUE: Many to 1, RFQ model electronic / voice platforms with digital conversion for downstream processing • DEALER SELECTION: Select 1 to n (2) dealers for a request for quote (RFQ) • PRICING: Indicative and/or firm	• Market has the ability to absorb risk transfer with minimum disruption within 15 minutes under normal market conditions *Note: If sufficient time is not provided for risk transfer, liquidity risk will transfer to investors in the form of wider bid/ask*	• Minimum 15 minute delay from time of execution • Time sensitive reporting, reported by SEF. All other reporting by DCO post acceptance for clearing	• 4000 eurodollar future contracts
Tier 3 (1) ***Blocks where immediate risk transfer could cause market disruption***	• Disruptive market size (large risk transfer) • Risk based minimum size – 3 times Tier 2 equals $300K DV01 (approximately $350mm 10 year equivalent)	• VENUE: Many to 1, RFQ model, voice with digital conversion for downstream processing • DEALER SELECTION: Select 1 to n (2) dealers for a request for quote (RFQ) • PRICING: Indicative and/or firm	• Markets requires sufficient time to transfer/ hedge risk without causing disruption under normal market conditions. *Note: If sufficient time is not provided for risk transfer, liquidity risk will transfer to investors in the form of wider bid/ask*	• End of Day reporting • Time sensitive reporting, reported by SEF. All other reporting by DCOs post acceptance for clearing	• Treasury futures trade 5000 contracts approximately 250K DV01 • Longer contracts trade 3000 contracts approximately 350K DV01

(1) Trade size applicable for current tier and all tiers with smaller minimum trade size

(2) Number of dealers participating on the SEF who are eligible to deal with the counterparty

(3) Not to be confused with post trade, legal entity (at the allocation level) reporting

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