



July 2020
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Product Notification

Release: Enhancement of EUR Interest Rate Options

As a result of the EUR CCP transition on July 27 2020 from EONIA to ESTR discounting, TraditionDATA has made the following enhancements to our IRO offering.

Based on customer requests, TraditionDATA will apply the following discounting assumptions:

- EUR CCP (LCH) cash settled Swaptions: ESTR-funded underlying swap pricing and forward premiums. Spot ATM premiums will be the EONIA-discounted equivalent of the forward premium reflecting bilateral option CSA.
- EUR IRR cash settled Swaptions: ESTR-funded forward swap pricing. Forward premiums based on IRR calculations (no dependency on a funding curve). Spot ATM premium will be the EONIA-discounted equivalent of the forward premium reflecting bilateral option CSA.
- EUR Caps/floors: All pricing will reflect an EONIA bilateral CSA assumption with the forward rates curve bootstrapped using an ESTR-funding assumption.
- Identifying EONIA vs. ESTR within our direct delivered flat files: Two fields have been updated to display “EON” or “EST” for clarity purposes. “CSA Currency” indicates the CSA currency for the underlying swap and “CSA Currency Option” indicates the CSA currency for the option contract.

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