



LISTED INTEREST RATE FUTURES STRATEGIES

Calendar Spread

Definition:

Also called an intra-commodity spread. The simultaneous purchase and sale of the same futures contract, but different contract months (that is, buying a September 2009 BAX futures contract and selling a December 2009 BAX futures contract).

Code for this strategy: BAXU09BAXZ09

Butterfly Spread

Definition:

The placing of two inter-delivery spreads in opposite directions with the center delivery month common to both spreads (that is, simultaneously buying a September 2009 BAX futures contract and selling a December 2009 BAX futures contract, while simultaneously selling a December 2009 BAX futures contract and buying a March 2010 futures contract).

Code for this strategy: + 1 BAXU09 - 2 BAXZ09 + BAXH10

Condor

Definition:

Similar to a butterfly spread, a condor is a four-legged futures strategy whereby the buyer of the spread simultaneously buys the nearest and furthest futures contracts while selling the two middle expiries. Or buys a calendar spread on the first and second expiries, and sells the calendar spread on the third and fourth expiry.

Codes for this strategy: + 1 BAXU09 - BAXZ09 - BAXH10 + BAXM10
+ 1 BAXU09BAXZ09 SPREAD - 1 BAXH10BAXM10 SPREAD

Packs

Definition:

A type of futures order enabling purchase of a predefined number of futures contracts in four consecutive delivery months.

Code for this strategy: + 1 BAXU09 + BAXZ09 + BAXH10 + BAXM10

Bundle

Definition:

A type of futures order that enables an investor to purchase a predefined number of futures contracts in each consecutive quarterly delivery month for a period of two or more years.

Codes for this strategy: + 1 BAXU09 + BAXZ09 + BAXH10 + BAXM10
+ 1 BAXU10 + BAXZ10 + BAXH11 + BAXM11

Strip

Definition:

The sale or purchase of futures in sequential delivery months in a single security. Strips allow investors to secure conditions such as yields for a period of time equal to the length of the strip.

Code for this strategy: + 1 BAXU09 + BAXZ09 + BAXH10