



News Release

For Immediate Release

ERIS AND R.J. O'BRIEN FIXED INCOME GROUP RELEASE SECOND HEDGE ACCOUNTING PAPER

Newest case study illustrates how to successfully obtain fair value
hedge accounting treatment when using Eris Swap Futures

Chicago, November 21, 2016 – [Eris Exchange](#) (Eris) and an institutional [fixed income brokerage group at R.J. O'Brien & Associates](#) (RJO), the nation's oldest and largest independent futures brokerage and clearing firm, today released another third-party accounting case study outlining how Eris Interest Rate Swap Futures can receive the same favorable hedge accounting treatment as that applied to over-the-counter (OTC) swaps. Following up on the case study released last month addressing cash flow hedge treatment, the RJO Fixed Income Group commissioned the latest study, concluding that Eris Swap Futures may successfully receive fair value hedge accounting treatment and providing a concrete example of how to achieve hedge effectiveness.

"The use of Swap Futures as an eligible and effective hedge can produce millions of dollars in cost savings for institutional investors, and fair value treatment is even more popular than cash flow among investors trading OTC swaps," said Rob Powell, Senior Managing Director of the Fixed Income Group & Senior Vice President of RJO. "Many end users have stringent internal accounting practices that have made them reluctant in the past to move from OTC to Swap Futures, even though they find appealing the liquidity and transparency associated with futures. By demonstrating with specificity how to obtain fair value hedge accounting treatment, this independent study opens the door for a whole new set of investors to incorporate this cost-effective hedging tool into their arsenals."

In the new case study, author Charles Brobst, Managing Partner at GFM Solutions, illustrates the use of swap futures as a hedge for changes in the fair value of fixed-rate debt, attributable to changes in the LIBOR benchmark interest rate. The case study uses regression analysis to assess hedge effectiveness. Brobst said: "Once we established the effectiveness of the Eris Swap Futures from a fair value hedge accounting perspective, we provided a blueprint for accountants to map out their own hedge accounting treatment. By doing so, we demonstrated that the process is really quite straightforward, eliminating the perceived barriers to entry for a wide range of end users."

As in the cash flow hedge accounting study, the fair value case study includes journal entries and sample designation documentation, providing RJO clients with the detail needed to incorporate Eris Interest Rate Swap Futures into their hedging strategies.

Eligible parties can obtain the full case studies on cash flow and fair value hedge accounting treatment by contacting Eris or RJO at: www.erisfutures.com/RJOcasestudy.



About Eris Exchange:

[Eris Exchange](#) is a U.S. futures exchange registered as a Designated Contract Market with the CFTC. The Exchange lists cash-settled interest rate swap futures with current open interest of 172,000 contracts in USD Interest Rate Swap Futures. Eris Interest Rate Swap Futures listed on Eris are cleared by CME Clearing, and are based on the Eris Methodology™, an award-winning product design for constructing swap futures in a capital-efficient manner through intellectual property, expertise and patent-pending innovations. The [Eris Methodology](#) is also licensed by Intercontinental Exchange (ICE), Johannesburg Stock Exchange (JSE), TMX Group companies including Montreal Exchange (MX), and CBOE Futures Exchange (CFE) for listing interest rate, equity variance and credit default swap futures. Trademarks of Eris Exchange and/or its affiliates include Eris, Eris Exchange, Eris SwapBook, Eris BlockBox, Eris PAI and Eris Methodology. For more information, visit Eris Exchange online at <http://www.erisfutures.com> or follow Eris on Twitter [@erisfutures](#).

About R.J. O'Brien:

Founded in 1914, [R.J. O'Brien & Associates](#) is the largest independent futures brokerage firm in the United States, serving institutional, commercial and individual clients globally, in addition to a network of 400 introducing brokers (IBs). Clearing more than 80,000 client accounts, RJO services the industry's most expansive global network of IBs, a vast array of middle market firms and many of the world's largest financial, industrial and agricultural institutions. The firm offers state-of-the-art electronic trading and 24-hour trade execution on every major futures exchange worldwide.

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