FACT SHEET

RIVET TRADE

traderivet.com

A STANDARDIZED ALTERNATIVE TO THE OTC VARIANCE SWAP MARKET

RIVET™ is the innovative methodology behind the creation of variance futures. If you want to trade volatility or hedge risks associated with the volatility of an underlying index, RIVET™ offers a solution that uses familiar OTC trading conventions, but delivers a standarized, centrally cleared futures contract.

Developed by DRW and licensed by major exchanges, the RIVET™ methodology addresses regulatory changes with a centrally cleared alternative.

Advantages of RIVET-Backed Products

- Greater access for all market participants
- Reduced counterparty risk
- Increased transparency for trade data
- Better access to daily mark-to-market values
- Improved price discovery
- Larger liquidity pools
- Standardized contract terms

How the RIVET Methodology Works

In a RIVET-backed futures contract, the traded volatility strike is converted to a futures price and the notional vega of the trade is converted to variance futures. During this conversion process, a pricing adjustment is made to correct for the differing economics created by differences in collateral flow and margin payments. Also, both the traded volatility strike and notional vega are adjusted for the realized variance from the contract's inception date until the trade day. Once converted, the result is a standardized, spot starting, variance future that replicates the payoff streams from different OTC swap transactions.

RIVET-Backed Products

CBOE FUTURES EXCHANGE

S&P 500 Variance Futures (TICKER: VA) – S&P 500 Variance futures are exchange-traded future contracts based on the realized variance of the S&P 500 Composite Stock Price Index (S&P 500). Offered by the CBOE Futures Exchange, LLC (CFE).

eurex

EURO STOXX 50® Variance Futures (TICKER: EVAR) – EURO STOXX 50® Variance Futures are exchange-traded future contracts based on the realized variance of the EURO STOXX 50® Index. Offered by the Eurex Exchange.

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