



PARIS REAL ESTATE



INDEX FUTURES ON NEW PHYSICAL REAL ESTATE INDEX

A new index for Paris Real Estate

The Compass Kalstone Paris Residential Property Index (also called the PARISSQM index) aims to become the underlying for Paris residential property financial derivative products.

Based solely on real transaction data, the index is published every two weeks with a six-week lag and quoted in euro per square metre.

The Compass Kalstone Paris Residential Property Index has been designed to provide a responsive and consistent benchmark for typical transacted prices in the residential real estate market.



ABOUT THE INDEX

- The first investable benchmark to replicate the evolution of Paris real estate housing prices
- Based on a proprietary methodology using central tendency, stratification and noise filtering techniques
- Published every two weeks with a lag of six weeks. Index value represents the observed transacted price per square metre over the specific two-week period.
- The first pure proxy index (per square metre in euro) of the residential real estate market in Paris, and is based on real transaction data reported by the Paris Notaires Services*
- Compass Kalstone is a complementary partnership between financial indices expert Compass and real estate and finance solution provider Kalstone.

* All property transactions in France must be made through a 'notaire', a legal specialist who is a public official acting on behalf of the French state.

Euronext real estate futures

Euronext is currently studying the launch of a new index futures contract based on the Compass Kalstone Paris Residential Property Index (PARISSQM). The new futures would form an innovative, alternative solution for investors seeking exposure to the Paris real estate market without the constraints of physical investment.

BENEFITS OF THE PARIS REAL ESTATE FUTURES CONTRACT FOR USERS:

- Develop a flexible and efficient strategy to diversify property or trading portfolios.
- Hedge portfolio price risks with real estate futures
- The index reflects exact actual transactions, allowing investors to have accurate exposure to the real estate market, in a price per square metre
- Counterparty risk mitigation through LCH SA
- Cost efficiency: eliminates the constraints of a physical investment (no public notary required) and much lower capital requirements
- Transparency and liquidity: real-time quotation throughout market opening hours
- Financial leverage and flexibility
- Benefit from movements in housing prices



PROPOSED CONTRACT SPECIFICATIONS

The proposed details are subject to Euronext review and regulatory approval.

Contract size	Contract valued at €1 per index point
Unit of trading	1m ²
Pricing unit/quotation	Index points (e.g. 8,000 points = €8,000 = 1 lot)
Minimum price movement (tick size and value)	1 index point (€1 per contract)
Expiry months	1, 2, 3, 4 quarterly (March, June, Sep, Dec) for year 1, then 2 years, 3 years
Introduction of new delivery months	New delivery months to be available for trading on the first trading day after the expiry of a maturity
Wholesale services	Block Trade
Euronext market	Paris
Last trading day	Trading ceases at 18:30 CET on the second even Thursday of the delivery month. In the event that this is not a business day, the Last Trading Day shall normally be the last business day preceding the second even Thursday of the delivery month.
Settlement	Cash Settlement based on the Exchange Delivery Settlement Price (EDSP)
Settlement day	First business day after the Last Trading Day (usually a Friday)
Exchange Delivery Settlement Price (EDSP)	Settlement price is the value of the underlying index at the end of the Last Trading Day
Clearing organisation	LCH S.A.
Trading hours	Day session: 09:00 - 17:30 CET All trades will be cleared on the same day (T)
Algorithm	Central order book applies a price-time trading algorithm with priority given to the first order at the best price

Find out more

To find out more about our plans for a Paris real estate futures contract, contact the Euronext Commodities team at:

commodities@euronext.com

Business Development: +33 1 70 48 28 48

Product Development: +33 1 70 48 28 49

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