NON-BIASED, CENTRALLY-CLEARED FINANCIAL INSTRUMENT AND METHOD OF CLEARING AND SETTLING

ABSTRACT

In accordance with the principles of the present invention, a non-biased, centrally-cleared financial instrument, and method of electronic clearing and settling such a financial instrument is provided. The non-biased, centrally-cleared financial instrument of the present invention is to be centrally cleared and can be traded or transacted either on or off an exchange or trading platform, whether traded as a future or other type of financial instrument. The non-biased, centrally-cleared financial instrument of the present invention has a terminal value such that the terminal value offsets co-movement of variation margin and investment return on the variation margin during the life of the financial instrument.

Figure 1