TAIFEX

Micro TAIEX Futures

INTRODUCTION

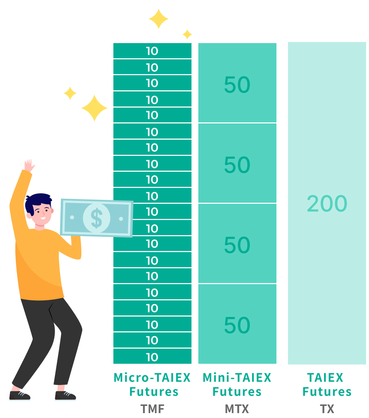
TAIEX Futures (TX) and Mini-TAIEX Futures (MTX) are the most representative and actively traded equity index futures in Taiwan’s futures market. The underlying index for both products is the "Taiwan Stock Exchange Capitalization Weighted Stock Index" (TAIEX), which reflects the overall performance of listed companies on the Taiwan Stock Exchange (TWSE). The contract multipliers for TX and MTX are NTD 200 and NTD 50, respectively.

Along with Taiwan’s economic growth over the past two decades, the TAIEX surpassed 20,000 points in 2024. Meanwhile, the contract value of MTX has risen from NTD 270,000 per contract at its launch in April 2001 to NTD 1 million today. In response to the significantly higher trading threshold and reduced trading flexibility for MTX, TAIFEX introduces the Micro TAIEX Futures (TMF), with a contract multiplier of NTD 10, to offer traders a more adaptable trading tool.

FEATURES

Smaller Contract Size, Greater Trading Convenience

The multiplier for TMF is NTD 10 per index point; at an index level of 20,000 points, the contract value is approximately NTD 200,000, which is 1/20th the size of TX and 1/5th the size of MTX. The reduced contract size lowers the trading threshold and makes trading more accessible. For those with less capital, TMF offer opportunities to engage in both long or short positions, enable them to capitalize on market trading opportunities. For institutional investors, TMF allows for finer position adjustments and more precise execution of hedging or trading strategies.



Flexible Position Scaling for more Versatile Trading

As TMF features a smaller contract size and trades on margin, the required margin per contract is lower, offering traders increased flexibility in capital management. This allows traders to adjust positions promptly, employ staggered approaches, and scale their positions in response to market changes. Capital can be allocated across a broader spectrum of assets, thereby enhancing asset allocation efficiency. Additionally, traders can participate in arbitrage opportunities among TX, MTX and TMF, or incorporate TMF into their trading strategies with products such as Mini Electronics Sector Futures, Mini Finance Sector Futures, and Mini Stock Futures.

FAQ

The contract specifications for TMF, including the underlying index, trading hours, minimum price movement, daily price limits, daily settlement price, last trading day, final settlement day, final settlement price, settlement method, and position limits, are consistent with TX and MTX, except for the multiplier, contract value, and initial margin. Meanwhile, there are no weekly contracts for TMF.

PRODUCT

Q1. What is the underlying index of TMF?

The underlying index of TMF, **same as that for TX and MTX, is the TAIEX**, compiled by the TWSE and representing the overall performance of stocks listed on the TWSE. It is a capitalization-weighted index with a base value of 100 points (base year: 1966), known for its long history and familiarity.

Q2. What are the multiplier, contract value, and initial margin?

The multiplier of TMF is NTD 10. At a TAIEX Index of 20,000 points, the contract value is NTD 200,000. The initial margin is 1/20 of that of TX and 1/5 of that of MTX.

Product Name	Contract Multiplier (NTD)	Contract Value (NTD/contract)	Initial Margin(IM) (NTD/contract)
TX	200	4,000,000	TX's IM
MTX	50	1,000,000	1/4 of TX's IM
TMF	10	200,000	1/20 of TX's IM

Q3. What are the delivery months?

The delivery months for TMF are the same as TX's. A total of six delivery months are listed, including **the spot month, the next two calendar months, and the next three quarterly months (March, June, September, and December).** There are no weekly contracts for TMF.

Q4. What are the position limits?

For the calculation of position limits, the open positions of TMF will be combined with those of TX, MTX and Mini-TAIEX Flexible Futures (MXFFX). Every 20 TMF contracts are equivalent to 1 TX contract, and every 4 MTX or MXFFX contracts are equivalent to 1 TX contract. The open positions of these four products are combined according to their respective contract size and are subject to the position limits of TX.

Q5. How is futures transaction tax calculated for TMF?

Trading of TMF is subject to the futures transaction tax at the rate of 0.002% levied on the market value of contracts traded.

Q6. What are the trading costs?

Futures trading costs include commission fees, transaction taxes, bid-ask spreads, slippage costs, etc. Different FCMs may charge different commission fees per contract, and the proportion of commission fee to contract value also varies by product. For example, the current fee to contract ratio for MTX may be slightly higher than that of TX, and the ratio for TMF may be slightly higher than that of MTX. Traders should consider their trading needs and capital conditions when selecting the most suitable product.

TRADING

Q1. How do orders of TMF before market open and information disclosure work?

Before market open, from 8:30am to 8:45am and 2:45pm to 3:00pm, the system accepts orders, and discloses the total number of bid/ask orders, the cumulative quantity of bid/ask orders, the calculated opening prices and volume, the best 5 bid/ask prices and corresponding volumes of simulated matching every 5 seconds for each contract.
2 minutes prior to opening of trading session (8:43am~8:45am and 2:58pm~3:00pm), orders can only be entered, but neither deleted nor modified.

Q2. How to calculate the protection points of Market with Protection (MWP) Order for TMF?

The Order protection points of TMF Futures MWP for single order is ±0.5% of the closing price of the underlying index on previous trading day and Futures Spread Order is ±0.25%.

Q3. What are the position limits for TMF?

The position limits for TMF Futures are combined with the calculation of TX position limit (based on a 20:1 contract size ratio). The limits are set at 9,000 lots for individual traders, 18,000 lots for institutional traders, and 54,000 lots for proprietary traders.

Q4. Is TMF applicable for block trade?

Yes, TMF is applicable for block trades and the minimum block trade thresholds are 200 lots.

Q5. Is TMF applicable for Dynamic Price Banding Mechanism?

Yes, TMF is applicable for Dynamic Price Banding Mechanism. The rejection threshold is 1% for the nearest, next-nearest month contracts and Futures Spread Order, while it is 2% for all other contracts.

CLEARING

Q1. What is the margin requirements for Micro TAIEX Futures (TMF)?

The margin requirement for TMF are 1/20 of the margin requirement for TX.

Q2. What currency shall trader deposit for the required margin of TMF? What's the method for calculating the required margin?

TMF are NTD-denominated. Regarding the required margin, the domestic traders who participate in TMF trading shall deposit NT Dollars; the offshore foreign traders shall pay in 7 foreign currencies announced by TAIFEX.
Futures commission merchants shall stipulate traders to deposit the margin based on the standards prescribed by TAIFEX or on the SPAN margining system. Traders wishing to adopt SPAN margining shall sign agreements with FCM's and meet the requirements of Chinese National Futures Association Self-Regulatory Rules for Adoption by Customers of SPAN Methodology for Calculating Margins.

Q3. Are TMF applicable to spread trading?

TMF are applicable to spread trading with identical product (with different expiry dates) and different products (with the same or different expiry dates).
Buying one TMF and selling one TMF with different expiry dates, traders should deposit margin of one TMF position.

Order and Combination	Margin requirement
Buy one TMF + Sell one TMF	Margin of one TMF positon

Buying one TMF and selling one TX (or MTX, TE, ZEF, TF, ZFF, E4F, SOF), or selling one TMF and buying one TX (or MTX, TE, ZEF, TF, ZFF, E4F, SOF), traders should deposit margin of one TMF position or margin of one TX (or MTX, TE, ZEF, TF, ZFF, E4F, SOF), depending on which one is higher.

Combination	Margin requirement
Buy one TMF Sell one MTX, TE, ZEF, TF, ZFF, E4F, SOF	MAXIMUM (margin of one TMF position，margin of one MTX, TE, ZEF, TF, ZFF, E4F, SOF position)
Sell one TMF Buy one MTX, TE, ZEF, TF, ZFF, E4F, SOF	

Q4. Are TMF applicable to combinations of options and futures positions?

TMF are applicable to combinations of options and futures positions. Long/Short TX(or MTX or TMF) positions and short TXO call/put, traders should deposit margin of the futures position and the option market value.

Combination	Margin requirement
Long TX(or MTX or TMF) Short TXO CALL	Margin of the futures positions and the option market value
Short TX(or MTX or TMF) Short TXO PUT	
Remarks 1. 1 TX position could be combined with 1 to 4 TXO positions to form combination position 2. 1 MTX position could be combined with 1 TXO position to form a combination position 3. 5 TMF position could be combined with 1 TXO position to form a combination position	

Q5. Is TMF applicable to day trade margins?

TMF is not applicable to day trade margins.

Q6. How to calculate the final settlement price of TMF?

The final settlement price of TMF shall be determined based on the simple arithmetic mean index of the Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX) during the last 30 minutes of trading before market close of the Taiwan Stock Exchange on the final settlement day.

Q7. What's the process for offsetting positions In TMF

Based on the specifications of TMF, its underlying asset is the same as TX and MTX, with a contract size of NT$10. The contract size for TX and MTX are NT$200 and NT$50, respectively, giving the proportion of the contract size 1:20 and 1:5.
Trader can submit the application of offsetting TMF, TX and MTX positions to FCM when the number of these positions conforms to the proportion of the contract size, delivered on the same month and held in the same account.

Q8. What's the calculation of gains (losses) for offsetting positions in TMF?

The Gains (losses) of position offset in TMF, MXF and TX is the sum of Gains (losses) of long and short position, which calculate by the settlement price on the application date.

Q9. What's the business hours of the trade position settlement at expiration for TMF? what's the settlement process?

The final settlement date of TMF are the same as the final trading date, as the third Wednesday of the delivery month. Identical to the domestic index futures contracts, the business hours for settling TMF are from 2:30 p.m. on the final settlement day.
The Contracts shall be settled in cash with the trader delivering or receiving the net amount of the price differential based on the final settlement price on the final settlement day.

Q10. Which risk management measure should a futures commission merchant and traders be aware of when a futures commission merchant accepts trading orders for TMF during the night session?

TMF is designated by TAIFEX as the product exempted from forced liquidation during the night session.
The FCM will not issue a high-risk-account notification if traders have only open positions of exempted products during the night session.

Micro Taiwan Stock Exchange Stock Index Futures Contract Specification

Item	Description
Underlying Index	Taiwan Stock Exchange Capitalization Weighted Stock Indexx (TAIEX)
Ticker Symbol	TMF
Trading Hours	• Trading days are the same as the regular business days of the Taiwan Stock Exchange(TWSE) • **Regular trading session: 08:45AM-1:45PM Taiwan time. 08:45AM-1:30PM** on **the last trading day for the delivery month contract** • **After-hours trading session: 03:00PM on trading day of TWSE- 05:00AM** of the following day; **no after-hours trading session on the last trading day** for the delivery month contract
Contract Size	NTD 10 x Micro TAIEX Futures Price
Delivery Months	• Spot month, the next two calendar months, and the next three quarterly months • Upon expiration of near month, new contract month will be listed for trading beginning on the next regular trading session
Daily Settlement Price	The daily settlement price is the same as that for the TAIEX futures
Daily Price Limit	**+/- 10%** of daily settlement price of preceding regular trading session
Minimum Price Fluctuation	1 index point (NTD 10)
Last Trading Day	**The third Wednesday** of the delivery month
Final Settlement Day	The same day as the last trading day
Final Settlement Price	The average price of the underlying index disclosed within the last 30 minutes prior to the close of trading on the final settlement day. The method used to calculate the final settlement price is prescribed by TAIFEX.
Settlement	Cash settlement
Position Limits	• TX, MTX, TMF and MXFFX positions are combined according to their respective contract sizes and are subject to TX position limits. • Any investor's aggregate open same-side positions in the Contract for various delivery months at any time shall not exceed the limit standards announced by TAIFEX. • Institutional investors may apply for an exemption from the above limit on trading accounts for hedging purpose. • These position limits are not applicable to omnibus accounts, with the exception of undisclosed
Margin	• The trading margin and the maintenance margin may not be lower than the publicly announced TAIFEX standard for the initial margin and the maintenance margin. • The initial margin and maintenance margin announced by the TAIFEX shall be based on the clearing margin calculated according to the Taiwan Futures Exchange Corporation Methods and Standards for Receipt of Clearing Margins, plus a percentage prescribed by TAIFEX.

If the last trading day falls on a holiday or if trading cannot proceed on that day due to a force majeure event, the next business day shall be the last trading day.

(Please refer to Trading Rules.)