TAIFEX Cares

Micro TAIEX Futures

Taiwan Futures Exchange

July 2024

臺灣期貨交易所
TAIWAN FUTURES EXCHANGE

Outline

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- Overview of Global Micro Stock Index Futures
- Contract Spec of Micro TAIEX Futures

→ MICRO TAIEX FUTURES TO BE LAUNCHED ON JULY 29

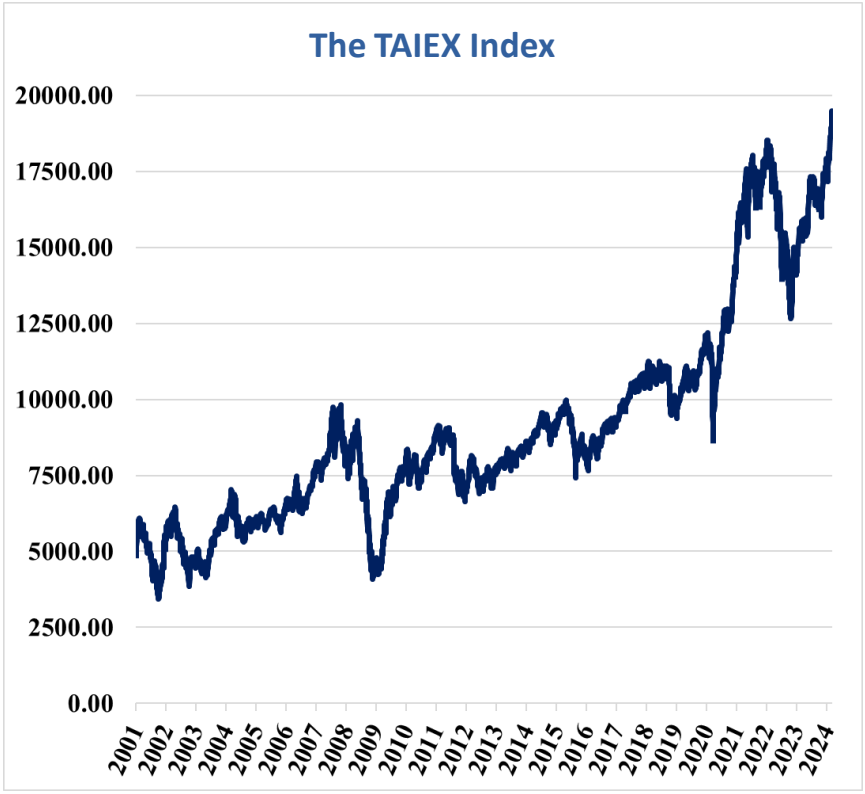
Background

Rising TAIEX Boosts the Contract Value of the Mini TAIEX Futures

- In April 2001, due to the TAIEX Futures (TX) had reached a contract value of NT$1.08 million, which increased the trading threshold, TAIFEX launched the Mini TAIEX Futures (MTX).

- With the TAIEX rising from 5,401 points to the current 20,396.6 points, the MTX contract value has grown from NT$270,000 to NT$1.02 million, nearly equal to the TX contract value in 2001.

Item	April 9, 2001 MTX Launched	April 30, 2024	Growth
TAIEX	**5,401** points	**20,396.6** points	**2.8X**
TX	NT$**1.08** million	NT$**4.08** million	
MTX	NT$**270,000**	NT$**1.02** million	



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Benefits of Micro and Mini Futures

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Benefits of the Micro TAIEX Futures

The increased trading threshold for MTX may impact market participation

- The contract value of MTX is nearly NT$1 million, raising the trading threshold and lowering accessibility. Consequently, some investors may reduce their participation.

Micro TAIEX Futures (TMF) can enhance trading flexibility and diversity

- Easier to scale in and scale out
- Better hedging tool to precisely mitigate market risks
- Lower margins facilitate further diversification in portfolio allocation

TMF can improve market efficiency and foster development

- More arbitraging opportunities among TX, MTX and TMF.
- Lowering the trading threshold and expanding the scale of the futures market.

Smaller-Sized Contracts Contribute to Market Development

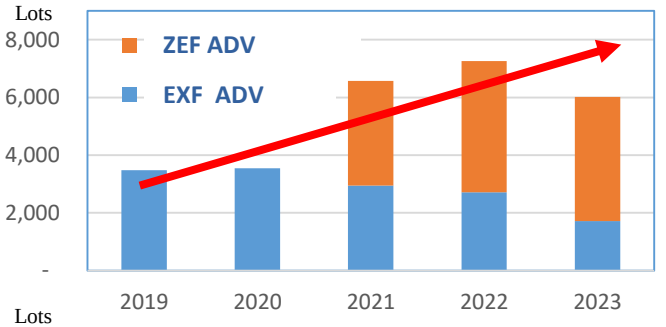
➢ Benefit to long-term growth of the trading volume

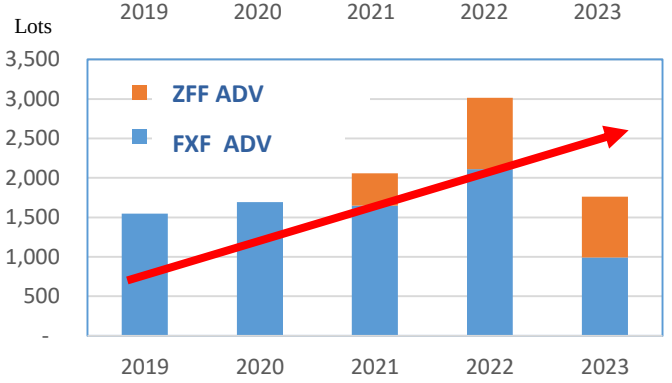
The introduction of mini-sized contracts has led to a sustained increase in the overall trading volume .

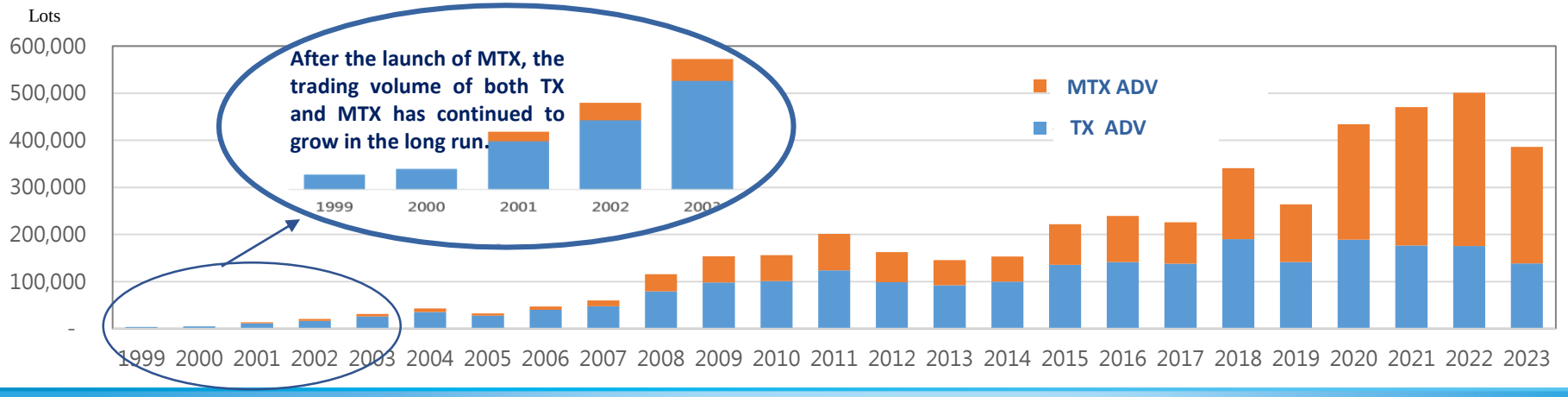
➢ Reducing the fluctuation of overall trading volume

In 2023, the volatility of the Taiwan stock market eased, leading to a decline in the trading volume of the futures market.

However, the trading volume of Mini Electronics Sector Futures(ZEF) and Mini Finance Sector Futures(ZFF) experienced relatively smaller decreases(-5% and -15%) compared to Electronics Sector Index Futures(EXF) and Finance Sector Index Futures(FXF)(-37% and -53%).







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Overview of Global Micro Equity Index Futures

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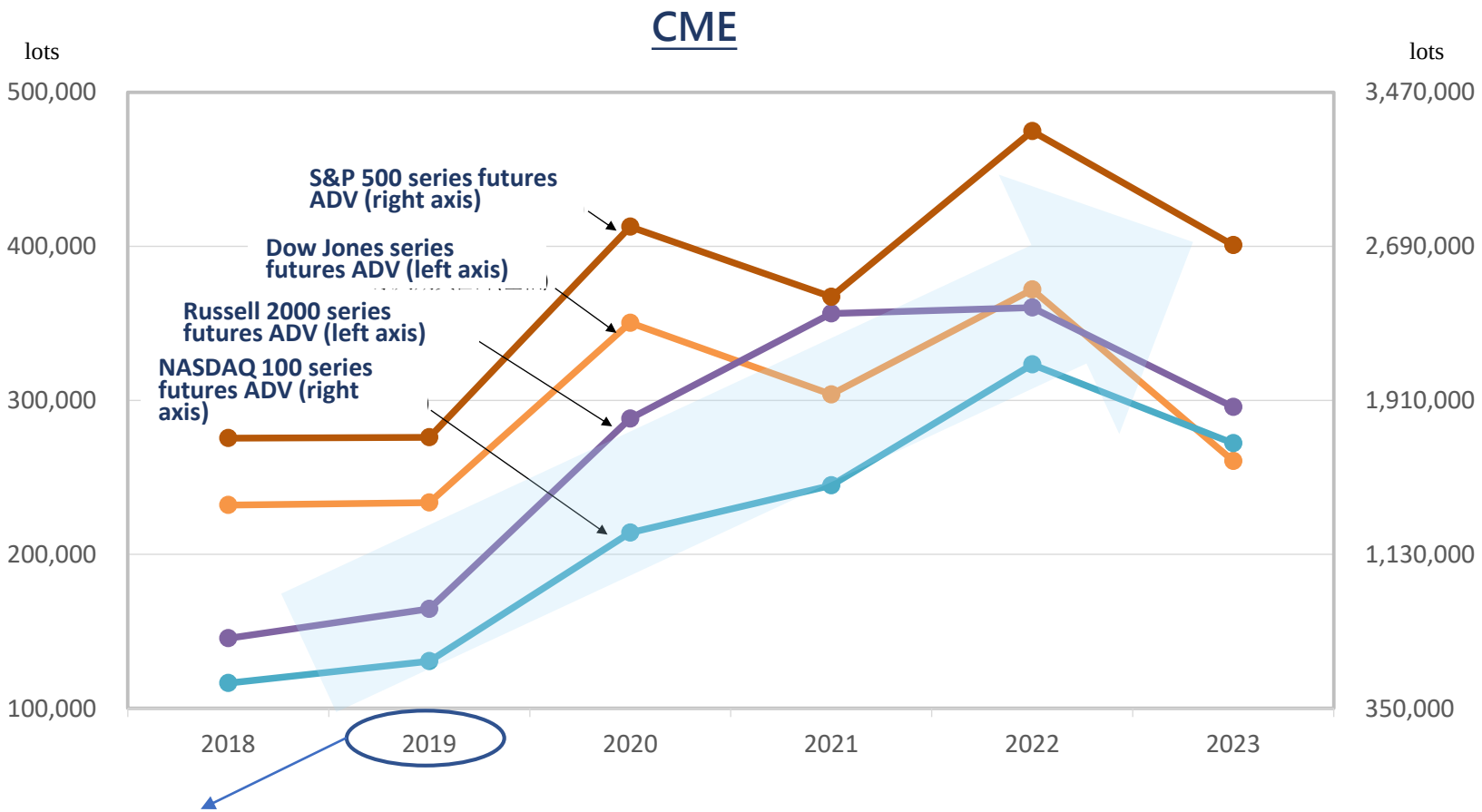
Foreign Exchanges Continue to Introduce Micro Futures

- CME：Dow Jones, S&P 500, Nasdaq 100, and Russell 2000 index futures offer both mini and micro contracts.
- Eurex：DAX index futures have standard, mini, and micro contracts.
- JPX：Nikkei 225 index futures offer standard, mini, and micro contracts.
- B3： Ibovespa index futures have standard and mini contracts, with the latter having the highest global stock index futures trading volume in 2023.

Trading Volume Increased Following the Launch of Micro Futures



Micro futures on Dow Jones, Russell 2000, Nasdaq-100, and S&P 500 were launched at the same time on May 6, 2019.

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Contract Specifications

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Contract Specifications

Item	Description
Underlying Index	Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX)
Ticker Symbol	TMF
Multiplier	NT$ 10
Minimum Price Fluctuation	1 index point (NT$ 10)
Delivery Months	Spot month, the next two calendar months, and the next three quarterly months
Position Limit	TX, MTX, TMF and MXFFX positions are combined according to their respective contract sizes and are subject to TX position limits.

Contract Specifications(cont.)

Item	Description
Trading Hours	• From 8:45 am to 1:45 pm during the regular session, and from 8:45 am to 1:30 pm on the last trading day for the delivery month contract. • From 3:00 pm to 5:00 am the following day during the after-hours session. After-hours trading is not available on the last trading day for the delivery month contract.
Daily Settlement Price	Same daily settlement price as TX.
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.
Price Limits	+/- 10% of daily settlement price of preceding regular trading session.
Last Trading Day	The third Wednesday of the delivery month.
Final Settlement Day	The same day as the last trading day.

(Information on this page is the same as TX's.)

Contract Specifications(cont.)

Multiplier **NT$ 10 (1/5 of the MTX)**

1. **Each point is worth NT$10, facilitating market promotion.**
2. **Positions can be offset by TX and MTX.**

   5 TMF contracts equal 1 MTX contract; 20 TMF contracts equal 1 TX contract.
3. **Distinct from the MTX.**

   The contract size is 1/5 of MTX, providing product differentiation.
4. **Contract value is comparable to recent new products.**

   The contract value is approximately NT$200,000, similar to the Semiconductor 30 Futures and Shipping Futures contracts launched in June 2022.

Thank You