

TOPIC 8 - OVERVIEW

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1. INTERNATIONAL FUTURES EXCHANGES

ASIA

Major exchanges in the region include:

- Tokyo Financial Exchange Inc (**TFX**)
- Japan Exchange Group Inc (**JPX**) (includes Osaka Securities Exchange and Tokyo Stock Exchange)
- Korea Exchange Inc (**KRX**)
- Singapore Exchange Derivatives Trading Limited (**SGX-DT**)
- Taiwan Futures Exchange (**TAIFEX**); and
- China Financial Futures Exchange (**CFFEX**)

Exchange	Form	Background
Tokyo (TFX)	Demutualized	Established in 1989 and incorporated in 2004
Japan (JPX)	Demutualized	Created in 2013 through a combination of Osaka Securities Exchange and Tokyo Stock Exchange
Korea (KRX)	Demutualized	Established in 2005
Singapore (SGX-DT)	Demutualized	Formed in 1999, it is a division of the Singapore Exchange
Taiwan (TAIFEX)	Limited share corporation	Established in 1998
China (CFFEX)		Founded in 2006 in Shanghai

AUSTRALIA

Major exchange is:

- ASX Limited (**ASX**)

Exchange	Form	Background
ASX Limited	Listed	Created through a merger of the Australian Stock Exchange and the Sydney Futures Exchange in 2006

EUROPE

Major exchanges in the region include:

- Eurex Exchange
- London Metal Exchange (**LME**)

Exchange	Form	Background
Eurex Exchange	Owned by Deutsche Bourse	Headquartered in Eschborn, Germany
London Metal Exchange (LME)	Owned by HKEx	Located in City of London

THE UNITED STATES

A number of large derivatives and futures exchanges in Chicago and New York City are owned by:

- CME Group

Exchange	Form	Background
CME Group	Demutualized	Also owns facilities in London

2. PRODUCTS

ASIA

Exchange	Products
Tokyo (TFX)	<ul style="list-style-type: none"> • Three-month Euroyen futures • Over-night call rate futures • Exchange forex margin contracts • Exchange equity index margin contracts
Japan (JPX)	<ul style="list-style-type: none"> • Nikkei 225 futures and options • Nikkei 225 mini • RN prime index futures • Stock options • TOPIX futures • Mini-TOPIX futures
Korea (KRX)	<ul style="list-style-type: none"> • KOSPI 200 futures and options • Night-time trading of KOSPI200 futures on CME Globex • Night-time trading of KOSPI200 options on EUREX • Stock futures and options • A range of currency futures • Gold futures and mini-gold futures • Bond futures
Singapore (SGX-DT)	<ul style="list-style-type: none"> • Eurodollar futures and options • Euroyen LIBOR futures and options • Nikkei 225 futures and options • MSCI Taiwan index futures and options • Straits Times index futures • Singapore dollar interest rate futures

Taiwan (TAIFEX)	<ul style="list-style-type: none"> • TAIFEX futures and options • Taiwan 50 futures • Sector index futures and options • Stock options • Single stock futures • 10-year government bond futures • TAIFEX gold futures and options
China (CFFEX)	<ul style="list-style-type: none"> • CSI 300 Index futures • SSE 50 Index futures • CSI 500 Index future and treasury bond futures

AUSTRALIA

Exchange	Products
ASX Limited	<ul style="list-style-type: none"> • Australian bond futures and options • Australian short term interest rate futures and options • New Zealand bond futures and options • New Zealand short term interest rate futures and options • ASX SPI 200™ futures and options • Stock options • Low exercise price options (LEPOs) • Grain futures and options

EUROPE

Exchange	Products
Eurex Exchange	<ul style="list-style-type: none"> • Fixed income derivatives • Equity derivatives • Equity index derivatives • Volatility derivatives
London Metal Exchange (LME)	<ul style="list-style-type: none"> • Lead futures • Aluminium futures • Zinc futures • Copper futures

THE UNITED STATES

Exchange	Products
CME Group	<ul style="list-style-type: none"> • CBOT US T-bond futures • CBOT 10-year, 5-year and 2-year treasury note futures • CBOT 30-year, 10-year and 5-year interest rate swap futures • CBOT 30-day federal funds futures • CBOT DJIA futures • CBOT gold futures • Other CBOT soft and hard commodities futures • CME S&P 500, e-mini S&P 500 futures and options • CME S&P MidCap 400 futures and options • CME 13-week US T-bill futures and options • CME 3-month eurodollar interest rate futures and options • CME Nikkei 225 futures and options • CME currency futures and options • CME LIBOR futures and options • CME commodities futures, eg live hogs & pork bellies • NYMEX oil and gas futures • NYMEX gold, copper and silver futures • NYMEX bullion and metal futures

3. INTERNATIONAL FUTURES CLEARING HOUSES

ASIA

<u>Exchange</u>	<u>Clearing House</u>
Tokyo (TFX)	A department of the Exchange
Japan (JPX)	A division of the Exchange
Korea (KRX)	A division of the Exchange
Singapore (SGX-DT)	A division of the Exchange
Taiwan (TAIFEX)	A department of the Exchange
China (CFFEX)	A department of the Exchange

AUSTRALIA

<u>Exchange</u>	<u>Clearing House</u>
ASX Limited	ASX Clear is a wholly owned subsidiary of ASX Limited

EUROPE

<u>Exchange</u>	<u>Clearing House</u>
Eurex Exchange	<ul style="list-style-type: none"> Eurex Clearing is a wholly owned subsidiary of the Exchange
London Metal Exchange (LME)	<ul style="list-style-type: none"> LME Clear – authorised and regulated in UK

THE UNITED STATES

<u>Exchange</u>	<u>Clearing House</u>
CME Group	CME Clearing

4. PRINCIPAL DIFFERENCES IN REGULATORY SYSTEMS

ASIA

Exchange	Regulator	Novation?
Tokyo (TFX)	Ministry of Finance (MoF)	Yes
Japan (JPX)	Ministry of Finance (MoF)	No
Korea (KRX)	Financial Services Commission (FSC)	Yes
Singapore (SGX-DT)	Monetary Authority of Singapore	Yes
Taiwan (TAIFEX)	Securities and Futures Bureau	Yes
China (CFFEX)	CSRC	Yes

AUSTRALIA

Exchange	Regulator	Novation?
ASX Limited	Australian Securities and Investments Commission (ASIC)	Yes

EUROPE

Exchange	Regulator	Novation?
Eurex Exchange	Federal Financial Supervisory Authority	Not recognised under German law
London Metal Exchange (LME)	Financial Conduct Authority (FCA)	

THE UNITED STATES

Exchange	Regulator	Novation?
CME Group	Commodity Futures Trading Commission (CFTC)	Yes

5. DEALING IN INTERNATIONAL FUTURES MARKETS

- Trading interest in overseas futures markets from Hong Kong investors has increased rapidly in recent past, made easier by developments in electronic trading
- Futures and options trading in overseas markets is on a margin deposit basis with similar requirements as the HKFE market
- Client's margin deposit and money for HKFE trades and non-HKFE trades must be kept in separate bank accounts
- Trading, clearing and risk management arrangements for trading in international futures and options are similar to those operated by HKFE