

# TAIFEX TPEX 200 Index Futures

## Introduction

Taipei Exchange (TPEX) is the major stock market where domestic small and medium enterprises (SME) stocks are traded. From 2012 through June 2019, the market capitalization grew from TWD 1.75 trillion to TWD 3.15 trillion. TPEX market has emerged to be the focus of observing the performance of domestic SME stocks. Designed to be the new benchmark of the most active SME stocks, the TPEX 200 Index, published on March 27<sup>th</sup>, 2019, reflects 200 well-known small and medium companies on TPEX in terms of market capitalization and liquidity, and the top two weighting sectors are semiconductor and biotech sectors, accounting for 66.62% and 19.05%, respectively. To meet market demands, TAIFEX plans to launch TAIFEX TPEX 200 Index Futures for investors to engage in the SME market and for issuers of warrants, ETFs and ETNs to hedge their positions as well as manage risks.

## Key Benefits

- ☑ Reflecting Taiwanese SMEs' Performance
- ☑ High Volatility Creating Trading Opportunities
- ☑ Small Contract Size Facilitating Trading Flexibility

## FAQ

### Q1 : What is the underlying of the TAIFEX TPEX 200 Index Futures?

The underlying of TAIFEX TPEX 200 Index Futures is TPEX 200 Index. TPEX 200 Index was launched and compiled by Taipei Exchange on March 27<sup>th</sup>, 2019. Designed to represent the comprehensive performance of SME stocks traded on the Taipei Exchange, TPEX 200 Index is a free float market capitalization index that balances broad portfolio representation with liquidity in the underlying index constituents.

### Q2 : What is the tick value of TAIFEX TPEX 200 Index Futures?

The multiplier of TAIFEX TPEX 200 Index Futures is TWD 50. Taking the current price level of TPEX 200 Index points at 5,800, as an example, the contract value of TAIFEX TPEX 200 Index Futures is TWD 290,000, which makes this product a relatively small-sized contract. The tick size of TAIFEX TPEX 200 Index Futures is 1 index point, making the tick value TWD 50.

**Q5 : What is the daily price limit for TAIFEX TPEX 200 Index Futures?**

The daily price limit of TAIFEX TPEX 200 Index Futures is +/-10% of the previous day's settlement price.

**Q6 : What are the delivery months of TAIFEX TPEX 200 Index Futures?**

Delivery months are spot month, the next two calendar months, and the next three quarterly months.

**Q7 : Are there transaction taxes on TAIFEX TPEX 200 Index Futures?**

The transaction taxes on TAIFEX TPEX 200 Index Futures are calculated in the same fashion as those on TAIFEX Futures: 0.002% of the market value per contract on each transaction.

**Q8 : Where can investors obtain market information of the TAIFEX TPEX 200 Index Futures?**

Investors can obtain information of TPEX 200 Index from the sources below:

1. Taiwan Futures Exchange Real-Time Snapshot Quotes (<https://info512.taifex.com.tw/EN/Disclaimer.aspx> ),
2. the website of Taipei Exchange (<https://www.tpex.org.tw/web/?l=en-us> ),
3. Market Information System provided by TWSE ([https://mis.twse.com.tw/stock/index.jsp?lang=en\\_us](https://mis.twse.com.tw/stock/index.jsp?lang=en_us) ), and
4. Bloomberg (TPEX200<INDEX>).

## ❖ Contract Specification of TAIFEX TPE<sub>x</sub> 200 Index Futures

Item	Description
Underlying Index	TPE <sub>x</sub> 200 Index
Ticker Symbol	G2F
Trading Hours	<ul style="list-style-type: none"> <li>• 08:45AM-1:45PM Taiwan time Monday through Friday of the regular business days of the Taipei Exchange</li> <li>• 08:45AM-1:30PM on the last trading day for the delivery month contract</li> </ul>
Contract Size	TWD50 x per index point
Delivery Months	Spot month, the next two calendar months, and the next three quarterly months
Daily Settlement Price	The daily settlement price is the volume weighted average price, which is calculated by dividing the value of trades by the volume within the last one minute or otherwise determined by TAIFEX according to the Trading Rules.
Daily Price Limit	+/- 10% of previous day's settlement price
Minimum Price Fluctuation	1 index points (TWD50)
Last Trading Day	The third Wednesday of the delivery month
Settlement	Cash settlement
Final Settlement Day	The same day as the last trading day
Final Settlement Price	<ul style="list-style-type: none"> <li>• The average price of the underlying index disclosed within the last 30 minutes prior to the close of trading on the final settlement day.</li> </ul>
Position Limit	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Institutional investors may apply for an exemption from the above limit on trading accounts for hedging purpose.</li> <li>• These position limits are not applicable to omnibus accounts, with the exception of undisclosed omnibus accounts, which accounts are subject to the limits for institutional investors.</li> </ul>
Margin	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 the TAIFEX.</li> </ul>

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 see “Taiwan Futures Exchange Corporation Trading Rules for TPE<sub>x</sub> 200 Index Futures Contracts” for further details)