

Gold Futures and Options Available for trading in the Night Session

Q&A

Trading

Q1: Which gold products are available for trading in the night session?

A1: TAIFEX US Dollar Gold Futures (GDF), TAIFEX NT Dollar Gold Futures (TGF), and Gold Options(TGO).

Q2: What are the opening and the closing times for the gold products?

A2: Regular (Day) session: 08:45 a.m. ~ 04:15 p.m. Taiwan time.
Night session: 05:25 p.m. ~ 05:00 a.m. of the following day.

Q3: What information is disclosed and when are orders accepted for the night session?

A3: Orders are accepted from 5:15 p.m., 10 minutes prior to the start of the night session. During the 10-minute pre-market period (5:15-5:25 p.m.), the simulated opening prices and volumes, the simulated best five bid/ask prices and their corresponding volumes, the total number of bid/ask orders, and the cumulative volume of bid/ask orders are disclosed every five seconds. Nonetheless, orders can be placed but can not be canceled or modified during the last two minutes preceding the market open (5:23-5:25 p.m. for the night session),.

Q4: How to calculate the protection points of market-with-protection orders for the gold products for the night session?

A4: The protection points of market-with-protection orders are calculated on the basis of a percentage of the reference price. The reference prices of GDF and TGF are previous regular session's daily settlement prices for the nearest-month GDF and TGF contracts, respectively. The percentage parameter for the night session for futures single orders is 0.5%, and for futures calendar spread orders is 0.25%. The reference price of TGO is previous regular session's daily settlement price of the nearest-month TGF. The percentage parameter for options single orders is 0.2%. The calculation method of protection points for day session remains unchanged.

Day session

Products		Protection Points Calculation	
		Single Orders	Calendar Spread Orders
GDF	TAIFEX US Dollar Gold Futures	±0.5% of the previous day's daily settlement price for the nearest-month contract	±0.25% of the previous day's daily settlement price for the nearest-month contract
TGF	TAIFEX NT Dollar Gold Futures		
TGO	Gold Options	±0.2% of the previous day's daily settlement price for the nearest-month TGF contract	

Night session

Products		Protection Points Calculation	
		Single Orders	Calendar Spread Orders
GDF	TAIFEX US Dollar Gold Futures	±0.5% of the previous regular session's daily settlement price for the nearest-month contract	±0.25% of the previous regular session's daily settlement price for the nearest-month contract
TGF	TAIFEX NT Dollar Gold Futures		
TGO	Gold Options	±0.2% of the previous regular session's daily settlement price for the nearest-month TGF contract	

Q5: How does the Three-Phase Price Limit Mechanism apply to GDF and TGF?

A5: Three-phase price limit at ±5%, ±10% and ±15% of the previous regular session's daily settlement price will apply from the market opening to 10 minutes before the market closes.

1. If the transaction price of the nearest-month contract hits the ±5% daily price limit, the daily price limit will expand to ±10% of the daily settlement price of the previous regular session after 10 minutes of cooling period (transactions within ±5% daily price limits may continue within the 10 minutes);
2. If the transaction price of the nearest-month contract hits the ±10% daily price limit, the daily price limit will expand to ±15% of the daily settlement price of the previous regular session after 10 minutes of cooling period (transactions within ±10% daily price limits may continue within the 10 minutes).

3. No expansion of the price limit will apply within the last 10 minutes before the market closes. If the expansion of price limit is triggered in the night session, the expanded price limit will apply to the next day session.

Q6: How does the Three-Phase Price Limit Mechanism apply to TGO?

A6: When the three-phase price limit is triggered for the TGF, it will apply to TGO as well. The three-phase price limit at $\pm 5\%$, $\pm 10\%$ and $\pm 15\%$ of the preceding day session's daily settlement price of the nearest-month TGF contract will apply from the market opening to the last 10 minutes before the market closes, the three-phase price limit mechanism for TGO premium is as follows:

1. If the transaction price of the nearest-month TGF contract hits the $\pm 5\%$ daily price limit, the daily price limit of TGO will expand to $\pm 10\%$ of the daily settlement price of the preceding day session of the nearest-month TGF contract after 10 minutes of cooling period (transactions within $\pm 5\%$ daily price limits may continue within the 10 minutes);
2. If the transaction price of the nearest-month TGF contract hits the $\pm 10\%$ daily price limit, the daily price limit of TGO will expand to $\pm 15\%$ of the daily settlement price of the preceding day session of the nearest-month TGF contract after 10 minutes of cooling period (transactions within $\pm 10\%$ daily price limits may continue within the 10 minutes).
3. No expansion of the price limit will apply within the last 10 minutes before the market closes. If the expansion of price limit is triggered in the night session, the expanded price limit will apply to the next day session.

Clearing

Q1: Which products are exempted from forced liquidation in the night session?

A1: If a product's underlying cash market is not open for trading during TAIFEX's night session, the product will be designated by TAIFEX as one of the products exempted from forced liquidation in the night session. These products include TAIEX Futures, TAIEX Options, Mini TAIEX Futures, USD/CNT FX Futures, USD/CNH FX Futures, USD/CNH FX Options and USD/CNT FX Options.

※ Addition or deletion of designated products will be announced by TAIFEX.

Q2: Which products are not exempted from forced liquidation in the night session?

A2: Products not exempted from forced liquidation in the night session include TAIFEX US Dollar Gold Futures, TAIFEX NT Dollar Gold Futures, Gold Options, USD/JPY FX Futures, EUR/USD FX Futures, DJIA Futures, S&P500 Futures, GBP/USD FX Futures and AUD/USD FX Futures. The FCM would liquidate the open positions of these non-exempted products held by its client during either day or night session if the client's risk indicator triggers the forced liquidation.

※ Addition or deletion of designated products will be announced by TAIFEX.

Q3: Should traders sign any documents before they trade products that are not exempted from forced liquidation in the night session?

A3: To make traders fully aware of the risk management principles of the products not exempted from forced liquidation in the night session, traders are required to sign the "Checklist for Futures Traders Participating in the TAIFEX's night session" (hereinafter the "Checklist") or they will not be allowed to trade such non-exempted products during either day or night session.

Q4: For those who already signed the Checklist before the Gold contracts (TAIFEX US Dollar Gold Futures, TAIFEX NT Dollar Gold Futures and Gold Options) available for trading in the night session, are they required to sign any document to trade the Gold contracts?

A4: The purpose of signing the Checklist is to remind traders of the risk management of products not exempted from forced liquidation in the night session.

The Checklist applies to all products that are not exempted from forced liquidation in the night session. Thus, for those who already signed the Checklist before the launch, no additional signing is required to trade the Gold contracts.

Q5: What if a trader doesn't sign the Checklist but holds open positions of the Gold contracts before they are made available for trading in the night session?

A5: In such case, the trader will not be allowed to open any new position of the Gold contracts. For the open positions established prior to the launch date, they can only unwind these positions in the day session or hold the open positions until expiration.

Q6: When and how will the new open positions of the Gold contracts established in the night session be incorporated into the next trading day's regular session?

A6: Positions established in the night session will be transferred into TAIFEX clearing systems for position calculation by 7am next trading day based on the principles of order management (opening of new positions/closing of specified positions) and automatic offsets.

Q7: Does TAIFEX dispose of the Gold contracts positions in the night session?

A7: TAIFEX does not dispose of contract positions in the night session. The positions established or closed out in the night session will be disposed in the next trading day's regular session, including transfer of positions, adjustment of positions, offset of positions, combination of specified positions, offset of specified positions, and combination of futures spread contracts.