

TAIFEX to launch FTSE TWSE Taiwan Mid-Cap 100 Index Futures on December 9, Expanding Trading, Hedging, and Asset Management Tools

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The Taiwan Futures Exchange (TAIFEX) will introduce the FTSE TWSE Taiwan Mid-Cap 100 Index Futures (“Taiwan Mid-Cap 100 Futures”) on December 9, broadening the scope of Taiwanese stock index futures. Unlike the TAIEX Futures and Electronics Sector Index Futures, which are heavily influenced by large-cap stocks, the Taiwan Mid-Cap 100 Futures offers a distinct product to complement the existing index futures product lineup, providing fresh opportunities for trading, hedging, and benefiting from size rotations.

The new product’s underlying asset, the FTSE TWSE Taiwan Mid-Cap 100 Index, comprising publicly traded companies ranked 51st to 150th by market capitalization. As of the end of October 2024, these companies have market caps ranging from approximately NT\$50 billion to NT\$200 billion, representing around 15% of the TAIEX’s total market value. In contrast, the top 50 stocks in the TAIEX make up roughly 70% of its market cap. The index’s top three industries weightings include Electronic Components (13%), Semiconductors (13%), and Computer Peripherals (10%), providing a more diversified sector exposure compared to the TAIEX, which is dominated by Semiconductors (46%), Financials (11%), and Computer Peripherals (7%).

The contract multiplier for the Taiwan Mid-Cap 100 Futures is NT\$10 per index point, with a minimum tick size of 1 index point. Based on the index's closing level of 19,292.24 points on November 14, the contract size is about NT\$200,000, providing traders with a versatile and accessible trading instrument. Trading hours cover both regular and after-hours sessions, allowing market participants to react in real-time to international market fluctuations. The initial margin requirement is approximately 7% of the contract size, and inter-product margin offsets are available to maximize capital efficiency. The contract months include the current month, the next two consecutive months, and the next three quarterly months. Other contract specifications, such as the last trading day and the calculation of daily and final settlement prices will align with those of existing domestic stock index futures.

The introduction of the Taiwan Mid-Cap 100 Futures completes the domestic index futures lineup, providing an option focused on mid-cap stocks alongside large-cap-focused futures. This new product enables traders to strategically leverage broad-

market, sector-specific, or mid-cap index futures in response to market dynamics, enhancing opportunities for trading, risk management, and portfolio diversification.