

TAIFEX to Bring Greater Versatility in Products with Launch of ESG and Biotech Futures

The Taiwan Futures Exchange (TAIFEX) will launch two new futures contracts – FTSE4Good TIP Taiwan ESG (“F4G TIP TW ESG”) Index Futures and TIP Taiwan Market Biotechnology and Medical Care (“TIP Taiwan BIO”) Index Futures on June 8, 2020. The addition of these two products further broadens TAIFEX’s portfolio of equity index futures as it seeks to cater to investors pursuing thematic or sector-based trading strategies.

With demand for ESG (environmental, social and governance) investment growing across the globe and in Taiwan, the need for hedging sustainability risks using ESG derivatives increases. In response, through collaboration with FTSE Russell and Taiwan Index Plus (TIP) Corporation on the F4G TIP TW ESG index, TAIFEX will introduce a new ESG derivative product – F4G TIP TW ESG Index Futures, in an effort to help market participants to address the challenges and opportunities of ESG-driven asset management.

Officially designated as a domestic investment benchmark in the discretionary investment plan of Taiwan Labor Pension Fund, F4G TIP TW ESG index measures the performance of companies listed on the Taiwan Stock Exchange (TWSE) that meet the globally recognized ESG standards used by the FTSE4Good Index Series. The index excludes companies with negative trailing twelve-month return-on-equity as financial performance selection criteria.

As seen in other advanced economies, biotechnology and medical care is one of the most dynamic investment sectors in Taiwan’s financial market. Under the government’s “5+2 Industry Innovation Plan”, the sector shows rapid growth in revenue, a steady stream of exchange listings and a significant level of market capitalization, which now is the third largest industry group by trading value in Taiwan’s stock market, next only to electronics and finance sectors.

To facilitate participants to manage volatility in Taiwan’s biotech market, TAIFEX plans to launch TIP Taiwan BIO Futures, a risk management tool based on the TIP Taiwan BIO index – a market-value representative index that tracks leading biotechnology and medical care companies listed on TWSE and the Taipei Exchange (TPEX). TAIFEX’s new BIO product is designed specifically for investors seeking to hedge their exposure to Taiwan’s fast-growing and globally-competitive biotechnology and medical care industries.

Both products will be cash-settled, with F4G TIP TW ESG Index Futures trading at a contract size of NTD 100 per index and TIP Taiwan BIO Futures at NTD 50 per index – contract sizes with low trading threshold, yielding high efficiency and flexibility. By offering the two new products, TAIFEX endeavors to help investors to manage the risks associated with investing in ESG and the biotech industry.

About Taiwan Futures Exchange

Taiwan Futures Exchange (TAIFEX), established in 1997, provides a wide range of futures and options products in equity indices, equities, FX and commodities. TAIFEX has continuously enhanced its technology and services in trading, clearing and settlement to ensure a fair and orderly marketplace. With a vision to be a world-class exchange befitting the fast-evolving marketplace, TAIFEX is poised to extend its global reach and stands as a primary derivatives exchange in Asia. For further details, please visit TAIFEX website at www.taifex.com.tw.

Appendix: Product specifications for F4G TIP TW ESG Futures and TIP Taiwan BIO Futures (see following pages)

Contract Specifications of TAIFEX F4G TIP TW ESG Index Futures

Item	Description
Underlying Index	FTSE4Good TIP Taiwan ESG Index
Ticker Symbol	E4F
Trading Hours	<ul style="list-style-type: none"> • 08:45AM~1:45PM Taiwan time Monday through Friday of the regular business days of the Taiwan Stock Exchange • 08:45AM~1:30PM on the last trading day for the delivery month contract
Contract Size	NTD 100 x TAIFEX F4G TIP TW ESG Futures Price
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 point (NTD 100)
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	The average price of the underlying index disclosed within the last 30 minutes prior to the close of trading on the final settlement day. The method used to calculate the final settlement price is prescribed by TAIFEX.

*“FTSE®” is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited (“FTSE”) under licence. “TIP®” is a trade mark of the Taiwan Index Plus Corporation (“TIP”). All rights in the FTSE4Good TIP Taiwan ESG Index (the “Index”) vest in FTSE and TIP. Neither FTSE nor TIP nor any of their affiliates or licensors: (a) assumes any liability, losses, damages, expenses or obligations in connection with any derivative product based on the Index; or (b) accepts any liability for any errors or omissions, fitness for a particular purpose or the results to be obtained from the use of the Index or related data. No party may rely on the Index or related data contained in this communication which Index and data is owned by FTSE or TIP or their affiliates. No use or distribution of the Index is permitted without FTSE’s or TIP’s express written consent. Neither FTSE nor TIP promotes, sponsors or endorses the content of this communication nor any financial or derivative product that it relates to.

Contract Specifications of TAIFEX TIP Taiwan BIO Futures

Item	Description
Underlying Index	TIP Taiwan Market Biotechnology and Medical Care Index
Ticker Symbol	BTF
Trading Hours	<ul style="list-style-type: none"> • 08:45AM~1:45PM Taiwan time Monday through Friday of the regular business days of the Taiwan Stock Exchange and the Taipei Exchange • 08:45AM~1:30PM on the last trading day for the delivery month contract
Contract Size	NTD 50 x TIP Taiwan BIO Futures Price
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 as otherwise determined by TAIFEX according to the Trading Rules.
Daily Price Limit	+/- 10% of previous day's settlement price
Minimum Price Fluctuation	1 index point (NTD 50)
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	The average price of the underlying index disclosed within the last 30 minutes prior to the close of trading on the final settlement day. The method used to calculate the final settlement price is prescribed by TAIFEX.

* TIP Taiwan Market Biotechnology and Medical Care (TIP Taiwan BIO) Index is owned by the Taiwan Index Plus Corporation (TIP) and the Taipei Exchange (TPEX). The use of TIP Taiwan BIO index has been authorized by the TIP and the TPEX. The TIP and the TPEX make no warranties and bear no liability with respect to TIP Taiwan BIO Futures.