

Electronic Sector Index Futures (TE) Available for trading in the Night Session

I. Reasons for Development

The market capitalization of listed electronic stocks accounted for more than 50% of the market capitalization of Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX), indicating electronic stocks is one of the important factors affecting the market trend. Taiwan Semiconductor Manufacturing Co., Ltd., ASE Industrial Holding Co., LTD., AU Optronics Corp., Chunghwa Telecom Co., Ltd. and United Microelectronics Corp. all have issued American Depositary Receipts (ADRs). The market value of the 5 stocks accounted for more than 40% of market value of the electronic sector index. Traders can refer to the ADR price trend to determine their trading strategy whether trading in the night session or the next day session. Coupled with the upstream and downstream supply chain relationship between the US technology industry and Taiwan electronics industry, when the price of US technology stocks fluctuates, the price of Taiwan electronic stocks fluctuates accordingly. Therefore, market fluctuations of electronic sector index futures during the night session will trigger the trading needs of traders. From November 19th, 2018, electronic sector index futures will be available for trading in the night session to meet the traders' hedging and trading needs.

II. Rules and Procedures

- Night session: 03:00 p.m. ~ 05:00 a.m. of the following day. Orders are accepted from 02:50 p.m., 10 minutes prior to the start of the night session, and orders can be placed but cannot be canceled or modified during the last two minutes preceding the market open (02:58-03:00 p.m. for the night session).
- The matching method, order types, listing months, listing time for the new contract month, the opening reference price, price limits, and position limits are the same as the current night trading mechanism.
- Trading operations, such as resolving out trades and account number corrections, default reporting, trading data and statistics, and online announcements, etc., are the same as the current practices.
- The dynamic price banding mechanism is applicable to TE. The variation range is the most recent closing price of underlying index × percentage parameter. The parameter for Outright Contracts is 2%, and the parameter for Calendar Spread is 1%.
- Listed as exempted from forced liquidation in the night session: if a product's underlying cash market is not open for trading during TAIEX's night session, the product will be designated by TAIEX as one of the products exempted from forced liquidation in the night session.