

TAIFEX to Launch Bi-Weekly Contracts of TAIEX Options and Mini-TAIEX Futures

Taiwan Futures Exchange (TAIFEX) is scheduling to adjust the expiry cycle of TAIEX Options (TXO) and Mini-TAIEX Futures (MTX) weekly contracts from one week to two weeks by November 2022. The trading volume of TXO posted the highest and increasing average daily volume (ADV) in the second week prior to expiration, as well as the futures industry has expressed needs in trading contracts of different expirations. By then, following the current practice, bi-weekly contracts will be listed on Wednesdays, and both weekly and bi-weekly contracts will be available for trading at the same time. Besides, with the aligning expiry cycle, bi-weekly TXO and MTX could further provide more opportunities for options spread trading and provide accuracy and flexibility of strategic and arbitrage trading.

Taiwan Stock Exchange Capitalization Weighted Stock Index Options Contracts Specification

Item	Description			
Underlying Index	Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX)			
Ticker Symbol	TXO			
Exercise Style	European			
Multiplier	NTD 50 (per index point)			
Expiration Months / Weeks	<ul style="list-style-type: none"> Spot month, the next two calendar months, and the next two quarterly months The TAIFEX may, in the regular trading session on the Wednesday in a given trading week, add the weekly options for which the initial trading day is the given Wednesday and the last trading day is the second Wednesday following the initial trading day. The exception is the first Wednesday of each month. Upon expiration of near month, new contract month will be listed for trading beginning on the next regular trading session 			
Strike Price Interval	Strike Price (K)	<div>The Weekly Options</div> <div>within 3% of the underlying index above and below</div>	others	<div>The Monthly Options (Spot month and the next two calendar months)</div> <div>The Quarterly Options (The next two quarterly months)</div>

	<table><tr><td>K<3,000</td><td>25</td><td>50</td><td>50</td><td>100</td></tr><tr><td>K≥3,000</td><td>50</td><td>100</td><td>100</td><td>200</td></tr></table>	K<3,000	25	50	50	100	K≥3,000	50	100	100	200
K<3,000	25	50	50	100							
K≥3,000	50	100	100	200							
Strike (Exercise) Price	For listing series of new expiration Months or Weeks, or series with new strike prices for existing expiration dates, TAIFEX shall, based on the previous business day's closing price of the underlying index, in the regular trading session consecutively introduce series with new strike prices according to the strike price interval above, until the following conditions are satisfied: <ul style="list-style-type: none">• For the weekly options, the highest and lowest strike prices should cover 10 percent above and below the underlying index.• For the monthly options, the highest and lowest strike prices should cover 15 percent above and below the underlying index.• For the quarterly options, the highest and lowest strike prices should cover 20 percent above and below the underlying index.										
Premium Quotation	<ul style="list-style-type: none">• < 10 points: 0.1 points (NTD 5)• ≥10 points, <50 points: 0.5 points (NTD 25)• ≥50 points, <500 points: 1 point (NTD 50)• ≥500 points, <1,000 points: 5 points (NTD 250)• ≥1,000 points: 10 points (NTD 500)										
Price Limits	+/- 10% of the latest closing price of the underlying index										
Trading Hours	Trading days are the same as the regular business days of the Taiwan Stock Exchange <ul style="list-style-type: none">• Regular trading session: 08:45AM - 1:45 PM Taiwan time, 08:45AM-1:30PM on the last trading day for the expired contract• After-hours trading session: 03:00PM on trading day of TWSE- 05:00AM of the following day; no after-hours trading session on the last trading day for the delivery month contract										
Last Trading Day	For the weekly options, the last trading day is the second Wednesday following its listing day. For the monthly and quarterly options, the last trading day is the third Wednesday of the delivery month.										
Expiration 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.										
Settlement	Cash settlement. An option that is in-the-money and has not been liquidated or exercised on the expiration day shall, in the absence of contrary instructions delivered to the Exchange by the Clearing Member representing the option buyer, be exercised automatically.										

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 refer to Trading Rules.)

Mini-TAIEX Futures Contracts Specification

Item	Description
Underlying Index	Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX)
Ticker Symbol	MTX
Expiration Months / Weeks	<ul style="list-style-type: none"> • Spot month, the next two calendar months, and the next three quarterly months. • The TAIEX may, in the regular trading session on the Wednesday in a given trading week, add the weekly futures for which the initial trading day is the given Wednesday and the last trading day is the second Wednesday following the initial trading day. The exception is the first Wednesday of each month. • Upon expiration of near month, new contract month will be listed for trading beginning on the next regular trading session
Last Trading Day	<p>For the weekly futures, the last trading day is the second Wednesday following its listing day.</p> <p>For the monthly and quarterly futures, the last trading day is the third Wednesday of the delivery month.</p>
Trading Hours	<p>Trading days are the same as the regular business days of the Taiwan Stock Exchange</p> <ul style="list-style-type: none"> • Regular trading session: 08:45AM-1:45PM Taiwan time, 08:45AM-1:30PM on the last trading day for the expired contract • After-hours trading session: 03:00PM on trading day of TWSE- 05:00AM of the following day; no after-hours trading session on the last trading day for the delivery month contract
Contract Size	NTD 50 x per index point
Minimum Price Fluctuation	One index point (NTD 50)
Price Limits	+/- 10% of daily settlement price of preceding regular trading session.
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.
Settlement	Cash settlement

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 refer to Trading Rules.)