


# BRICS Futures



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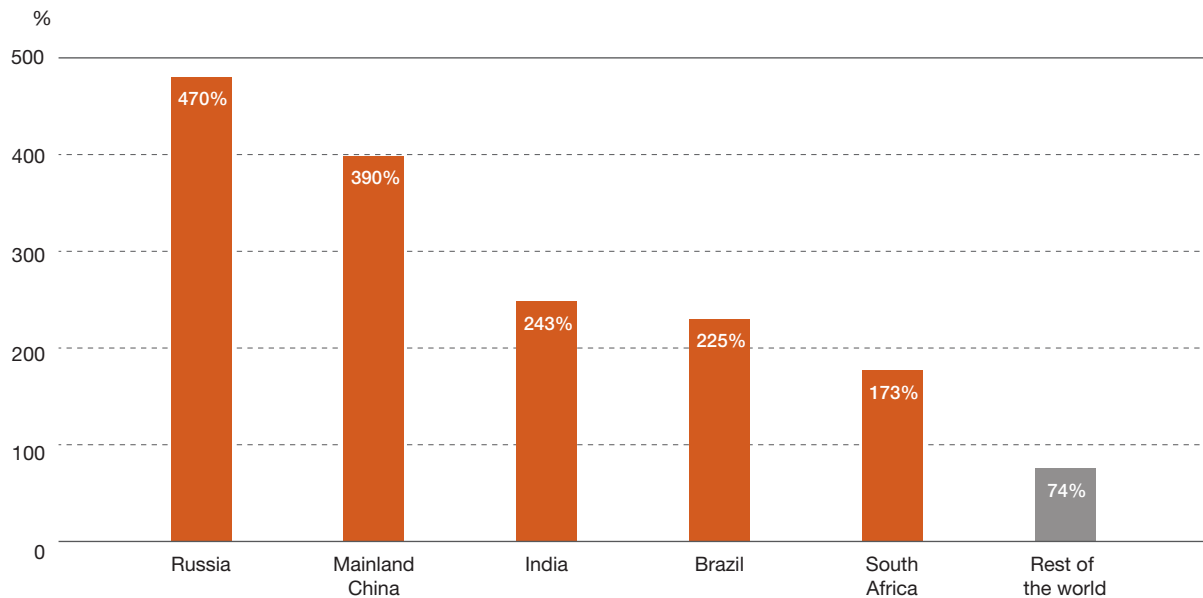
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## Growing BRICS Markets

BRICS (Brazil, Russia, India, China and South Africa) countries have become vital sources of growth in the global economy. From 2000 to 2010, the GDP growth of BRICS countries significantly outperformed the rest of the world.

### GDP Growth of BRICS Countries – 2000 to 2010



Source: IMF

## BRICS Exchanges Alliance

HKEx, BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (BVMF) from Brazil, Open Joint Stock Company MICEX-RTS (MICEX-RTS) from Russia, BSE Ltd. (BSE) from India, and JSE Ltd. (JSE) from South Africa formed an exchange alliance in 2012, cementing closer cooperation among BRICS exchanges. The alliance enables members to expand their product offerings beyond their home markets and gives investors exposure and easier access to the dynamic and emerging BRICS economies.

## BRICS Exchanges' Benchmark Index Futures at HKEx

The listing of benchmark equity index derivatives on the boards of each of the alliance members marks the first phase of cooperation. The introduction of BRICS Exchanges' benchmark index futures to HKEx's marketplace will diversify HKEx's product offerings, giving investors further access to emerging BRICS markets. Under the alliance, the following benchmark equity index futures will be listed on the Hong Kong Futures Exchange Ltd (HKFE), a wholly-owned subsidiary of HKEx:

- Brazil's IBOVESPA futures;
- Russia's MICEX Index (MICEX) futures;
- India's Sensex Index (Sensex) futures; and
- South Africa's FTSE/JSE Top40 (Top40) futures.

These stock indices are excellent indicators of stock market performance of each BRICS market and are recognised around the world. Below is a summary of the BRICS Exchanges' benchmark indices:

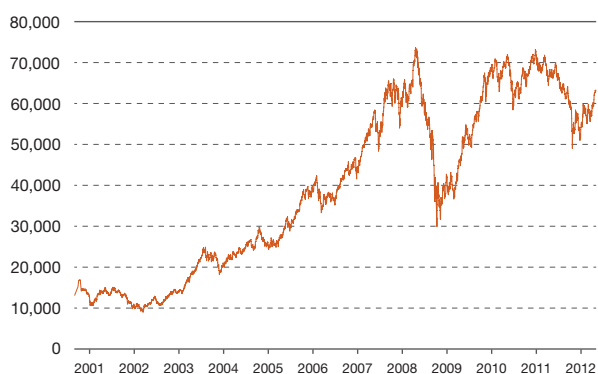
Exchange	BM&FBOVESPA (BVMF)	MICEX – RTS	BSE (formerly known as Bombay Stock Exchange)	Johannesburg Stock Exchange (JSE)
Country	Brazil	Russia	India	South Africa
Index	IBOVESPA	MICEX	Sensex	FTSE/JSE Top40
Launch Date	1968	1997	1986	2002
Index Value*	56,754	1,402	15,454	28,469
Constituents*	68	30	30	42
Underlying Exchange Market Capitalisation (US\$ million) <sup>^</sup>	1,228,936	770,609	1,007,183	789,037
20 Days Historical Volatility*	22.49	28.88	21.91	11.43

\* As of 31 December 2011

<sup>^</sup> Source: World Federation of Exchanges, as of December 2011

## Performance Chart of BRICS Exchange's Benchmark Indices

### IBOVESPA



### MICEX Index



### Sensex Index



### FTSE/JSE Top40 Index



## **HKEx's Stock Index Futures on BRICS Markets**

HKEx's stock index futures on BRICS benchmark indices are contracts listed on HKFE and traded on the HKATS. They are cash settled futures contracts traded in HKD; the trading hours and holiday schedule follow HKFE's existing market practice. The contract design enables convergence with home market contracts in terms of last trading day and final settlement price to facilitate hedging and arbitrage.

## **Advantages of Trading BRICS Exchanges' Benchmark Index Futures at HKEx**

The trading opportunities with BRICS Exchanges' benchmark index futures contracts at HKEx are as follows:

### **Easy to Gain Exposure to BRICS Markets**

Asian investors can easily gain exposure to the BRICS markets using HKD in an Asian time zone.

### **Effective Hedging Tool**

Investors can manage their risk exposure in BRICS market-related products (such as stock portfolios, ETFs, investment funds and structured products).

### **Cross-market Arbitrage Opportunities**

Traders may explore cross market arbitrage opportunities between HKEx and their home markets.

### **High Cost-effectiveness**

HKEx's futures contracts are cost-effective and leveraged tools for investors.

### **Low Counterparty Risk**

Counterparty risk can be reduced by the HKFE Clearing Corporation Limited, an HKEx subsidiary which acts as a central counterparty to every trade.

## Contract Summary of BRICS Exchanges' Benchmark Index Futures

Contract	IBOVESPA Futures	MICEX Index Futures	Sensex Index Futures	FTSE/JSE Top40 Futures
Underlying Index	IBOVESPA	MICEX Index	Sensex Index	FTSE/JSE Top40 Index <sup>Note</sup>
Contract Multiplier	HK\$5 per Index point	HK\$100 per Index point	HK\$10 per Index point	HK\$10 per Index point
Contract Months	Two nearest even-numbered calendar months	Two nearest quarter calendar months	Spot Month and the next calendar month	Two nearest quarter calendar months
Minimum Fluctuation	5 Index points	0.05 Index point	1 Index point	1 Index point
Maximum Fluctuation	10% of daily settlement price of the nearest contract month determined by BVMF on the previous Business Day	Nil	Nil	Nil
Trading Hours (including Last Trading Day)	9:15 a.m. – 4:15 p.m. (Hong Kong Time)			
Final Settlement Day	The second Business Day after the Last Trading Day			
Last Trading Day	The Last Trading Day determined by BVMF (i.e. usually the Wednesday closest to the 15th calendar day of the Contract Month)	The Last Trading Day determined by MICEX-RTS (i.e. usually the 15th calendar day of the Contract Month)	The Last Trading Day determined by BSE (i.e. usually the last Thursday of the Contract Month)	The Last Trading Day determined by JSE (i.e. usually the third Thursday of the Contract Month)
	If it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately preceding Hong Kong Business Day.			
Final Settlement Price	The Final Settlement Price of the IBOVESPA futures at BVMF	The Final Settlement Price of the MICEX Index futures at MICEX-RTS	The Final Settlement Price of the Sensex Index futures at BSE	The Final Settlement Price of the FTSE/JSE Top40 futures at JSE
Exchange Fee	HK\$10.00	HK\$5.00	HK\$5.00	HK\$5.00
	(Exchange fee and settlement fee are waived in the first six months of trading)			
Levies	Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Securities and Futures Ordinance. (Commission Levy is waived for the first six months of trading)			

Note:

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## Information Vendor Access Codes of Underlying Index and Corresponding BRICS Futures (as of 24 February 2012)

Vendor Name	IBOVESPA	MICEX Index	Sensex Index	FTSE/JSE Top40 Index
AFE Solutions Ltd	837450 (real-time)	837450 (real-time)	837450 (real-time)	837450 (day end)
Bloomberg Finance L.P.	{IBOVE index <GO>}	{INDECF index <GO>}	{SENSEX index <GO>}	{TOP40 index <GO>}
Reuters Limited, a Thomson Reuters Company	.BVSP	.MCX	.BSESN	.FTJ200

Vendor Name	HKEx's IBOVESPA Futures	HKEx's MICEX Index Futures	HKEx's Sensex Index Futures	HKEx's FTSE/JSE Top40 Futures
AFE Solutions Ltd.	837824	837825	837826	837827
ACTIV Financial Systems, Inc.	BOV/<Year><Month>. HF	MCX/<Year><Month>. HF	BSE/<Year><Month>. HF	SAF/<Year><Month>. HF
Bloomberg Finance L.P.	{BOSA index <GO>}	{MIDA index<GO>}	{SETA index<GO>}	{FSEA index<GO>}
Infocast Limited	Derivatives -> Futures	Derivatives -> Futures	Derivatives -> Futures	Derivatives -> Futures
Reuters Limited, a Thomson Reuters Company	0#HBOV:	0#HMCX:	0#HBSE:	0#HSAF:
Telequote Data International Ltd.	BOVmy	MCXmy	BSEmy	SAFmy
Trinity Securities Company Limited	BOV	MCX	BSE	SAF

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