

MARKET OVERVIEW

Iron ore is a key steel-making ingredient and an important global commodity. Iron ore derivatives have gained traction amongst physical users, trading firms, banks, funds and individual investors.

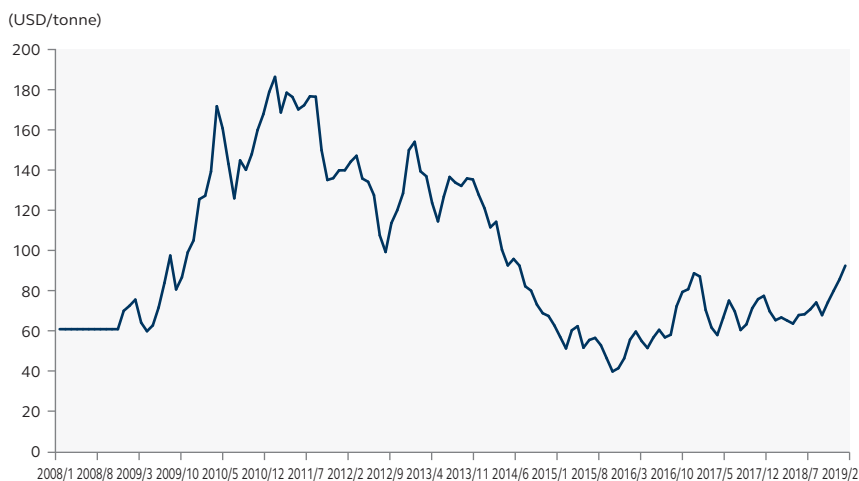
In 2018, China imported 1.064 billion metric tonnes (mt) of iron ore¹ and produced 928 million mt of crude steel², constituting over half of the world crude steel production³. Therefore, the iron ore price is often driven by China's economic performance and policies, reflecting the downstream demand in property, infrastructure, machinery, household appliances and ship building sectors. The high correlation between the prices of iron ore and other ferrous products like rebar, hot-rolled coil, coking coal and coke implies inter-commodity trading opportunities.

As the gateway to China, Hong Kong connects China with the world by providing top-tier professional services from corporate finance, trade finance and logistics to trading and settlements. With the trend of electronic trading, HKEX introduces exchange-traded Iron Ore Futures, aiming to provide a transparent and efficient risk management tool for physical and financial users and offers investors a highly China-relevant underlying for investment.

KEY FEATURES

- Screen-traded on an exchange for transparency, efficiency and convenience
- Underlying index is the most recognised iron ore benchmark
- Cash-settled with trading hours that cover major international markets
- Monthly and quarterly contracts both available
- Block trades provide a means for central clearing of off-market transactions

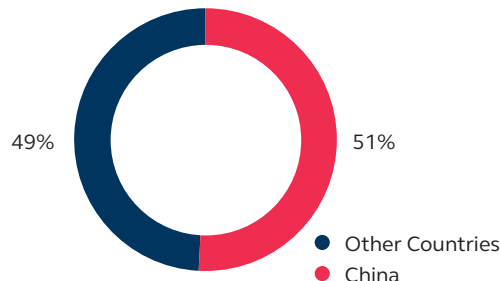
Historical Iron Ore Spot Prices (Based on TSI 62% Fe CFR China Index)



Source: Market Index

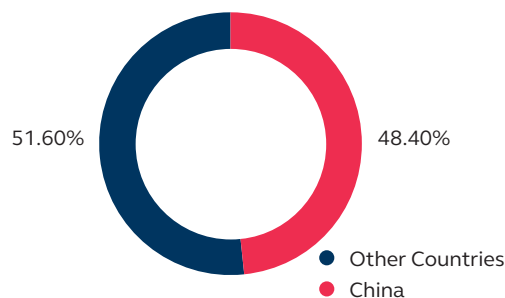
1 Argus Media, as of 14 Jan 2019
2 Reuters, as of 10 Dec 2018
3 World Steel Association, as of Mar 2019

Global Crude Steel Production (2018)



Source: World Steel Association

Global Apparent Steel Consumption (2017)



Source: World Steel Association

Market Participants



OVERVIEW OF CONTRACT SPECIFICATIONS

Contract Name		TSI Iron Ore Fines 62% Fe CFR China Futures	
Trading Code	Monthly Contracts: FEM	Quarterly Contracts: FEQ	
Contract Size	100 tonnes		
Min. Fluctuation	US\$0.01 per tonne		
Underlying Index	TSI Iron Ore Fines 62% Fe CFR China Index ¹		
Settlement Method	Cash Settled		
Contract Months	Spot Month and the next 23 calendar months	Spot Quarter and the next seven calendar quarters (ie Jan to Mar, Apr to Jun, Jul to Sep, and Oct to Dec)	
Trading Hours (Hong Kong time)	T session: 9:00 am – 4:30 pm; T+1 session: 5:15 pm – 3:00 am the next morning ⁵ (Expiring contract closes at 6:30 pm on LTD) ²		
Last Trading Day (LTD)	The last Hong Kong Business Day of a calendar month that is not a Singapore public holiday	The Last Trading Day of the last Monthly Contract in the calendar quarter	
Final Settlement Price (FSP)	Arithmetic average of all Index values published in that Contract Month	Arithmetic average of the Final Settlement Prices of the three corresponding Monthly Contracts in that Contract Quarter	
Final Settlement Day	Usually the second Hong Kong Business Day after LTD ³		
Exchange Fee	Trading Fee: US\$1.00 per contract per side; Settlement fee: US\$1.00 per contract per side ⁴		
Block Trade Threshold	Minimum 50 lots		

- 1 According to an announcement from Platts on 6 July 2017, TSI62 Index will merge with the Platts IODEX index starting from 2 January 2018. For details, please refer to Platts Subscriber Notes and Methodology and Specifications Guide.
- 2 No trading after 12:30 pm on the Last Trading Day that is the last Hong Kong Business Day before New Year's Day or the Lunar New Year, and which is also the last day before New Year's Day or Lunar New Year on which the TSI Iron Ore Fines 62% Fe CFR China Index is published.
- 3 Final Settlement Day shall be the first Hong Kong Business Day after the Last Trading Day if (i) the Last Trading Day is on the last Hong Kong Business Day before New Year's Day or the Lunar New Year, (ii) the Trading Hours of the Spot Month Contract and the Spot Quarter Contract end at 12:30 pm, and (iii) the day trading session of other Contract Months ends at 4:30 pm. For further details, please refer to Regulations and Contract Specifications on the HKEX website.
- 4 Fees are subject to change from time to time.
- 5 Trading hours is extended from 1am to 3am from 17 June 2019.

INFORMATION VENDOR ACCESS CODES

Information Vendors	Access Code	
	Monthly Contract	Quarterly Contract
AA Stocks.com Limited	221485	221490
Bloomberg Finance L.P.	DTSA Comdty	KTSA Comdty
CQG, Inc.	FEM	FEQ
DB Power Online Limited	FEM	FEQ
East Money Information Co. Ltd.	FEM	FEQ
ICE Data Connectivity & Feeds, Inc.	Fn:FEM\MYYDD	Fn:FEQ\MYYDD
Infocast Ltd.	FEM	FEQ
N2N-AFE (Hong Kong) Limited	870821	870822
QuotePower International Ltd.	P11222	P11223
Refinitiv Limited	0#HFEM:	0#HFEQ:
Shanghai Pobo Network Data Information Co., Ltd	FEMm<O/E>	FEQm<O/E>
Shanghai Qianlong Advanced Technology Co Ltd.	259	259
SIX Financial Information Ltd.	FEMmy	FEQmy
Telequote Data International Ltd.	FEMmy	FEQmy
Tele-Trend Ltd.	FMFC, FMmy	FQFC, FQmy
Webstock Information Systems Co., Ltd	FEM	FEQ
Wind Information Co., Ltd	FEMF.HK	FEQF.HK
Zhengzhou Esunny Information Technology, Co. Ltd	FEM	FEQ

CONTACT US

For enquiries, please contact HKEXCommodities@HKEX.com.hk or visit the product page on the HKEX website.

DISCLAIMER

The information contained in this document is for general informational purposes only and does not constitute an offer, solicitation, invitation or recommendation to buy or sell any futures contracts or other products or to provide any investment advice or service of any kind. This document is not directed at, and is not intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Hong Kong Exchanges and Clearing Limited ("HKEX"), Hong Kong Futures Exchange Limited ("HKFE") (together, the "Entities", each an "Entity"), or any of their affiliates, or any of the companies that they operate, to any registration requirement within such jurisdiction or country.

No section or clause in this document may be regarded as creating any obligation on the part of any of the Entities. Rights and obligations with regard to the trading, clearing and settlement of any futures contracts effected on HKFE shall depend solely on the applicable rules of HKFE and the relevant clearing house, as well as the applicable laws, rules and regulations of Hong Kong.

Although the information contained in this document is obtained or compiled from sources believed to be reliable, neither of the Entities guarantees the accuracy, validity, timeliness or completeness of the information or data for any particular purpose, and the Entities and the companies that they operate shall not accept any responsibility for, or be liable for, errors, omissions or other inaccuracies in the information or for the consequences thereof. The information set out in this document is provided on an "as is" and "as available" basis and may be amended or changed. It is not a substitute for professional advice which takes account of your specific circumstances and nothing in this document constitutes legal advice. Neither of the Entities shall be responsible or liable for any loss or damage, directly or indirectly, arising from the use of or reliance upon any information provided in this document

