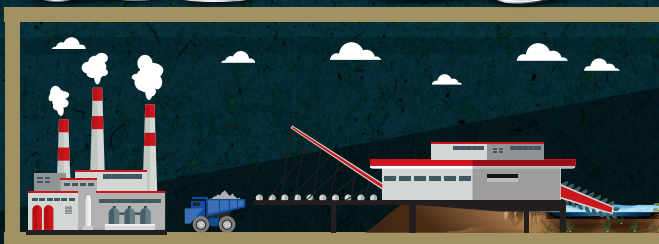
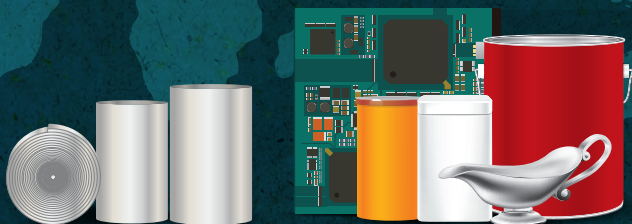


TRADE MALAYSIA'S FIRST BASE METAL FUTURES CONTRACT

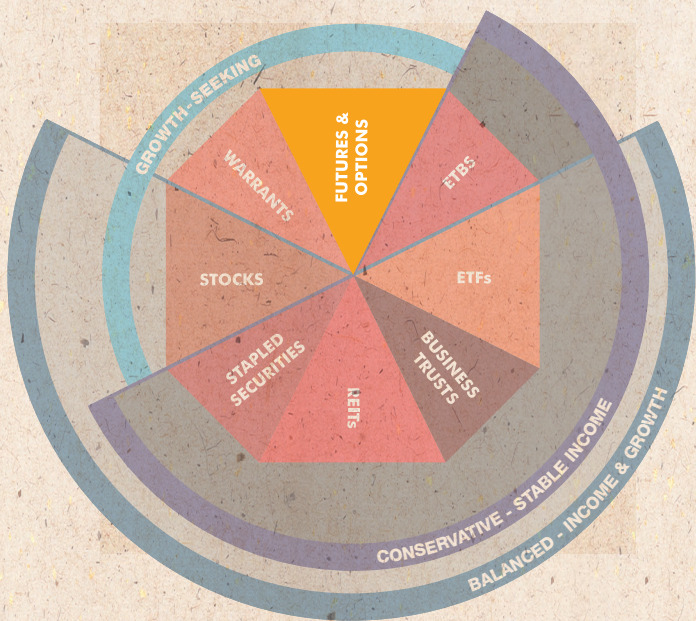


FTIN

Tin Futures

Traded on Bursa Malaysia

WHICH TYPE OF TRADER ARE YOU?



Every trader has different goals, and your approach to achieving them depends on your risk/return appetite.

You can find your trader type on this chart and then see what other products you might consider having in your portfolio besides the one in this brochure.

**THERE'S SOMETHING FOR
EVERYONE
ON BURSAMALAYSIA**

FTIN

MALAYSIAN USD TIN FUTURES IS **NOW AVAILABLE ON CME GLOBEX®**

- Global Access
- Regulated Trading
- Leveraged Trading
- Benefit of Bull and Bear Market

FTIN TICKER CODE

- CME Globex®: BMD\FTIN\relevant
contract month code
Example: BMD\FTIN\DEC16
- Bloomberg: FTIA Comdty CT <GO>
- Thomson Reuters: <1FTIN> + <Month Code> +
<Year Code>
Example: <1FTINZ6> DEC6 contract



WHAT IS **FTIN**?

FTIN is a US Dollar (“USD”) denominated tin futures contract traded on Bursa Malaysia Derivatives, providing market participants exposure to tin price movements.

- **Contract Size:** Each FTIN contract is equivalent to 1 metric tonne of tin
- **Pricing:** The pricing of the FTIN contract is benchmarked against the Kuala Lumpur Tin Market (KLTM)
- **Cash Settled:** There is no physical delivery as it is a cash settled contract.



WHY TRADE FTIN?

1. *Global Access*

FTIN is traded electronically on CME GLOBEX[®], a global electronic trading platform. Assessing CME Globex[®] is easy and allows individual and professional traders anywhere around the world to access all Bursa Malaysia Derivatives' products.

2. *Regulated Trading*

The trading of the FTIN contract on Bursa Malaysia Derivatives comes under the regulatory supervision of the Securities Commission of Malaysia pursuant to the Capital Markets and Services Act 2007.

Margin deposits and payments relating to settlement of futures contract are guaranteed by Bursa Malaysia Derivatives Clearing while the conduct of the futures brokers is also regulated.

The regulatory framework provides the added protection and comfort to market participants.

3. Leveraged Trading

In the futures market you will need to deposit a small percentage of the notional value of the contract (known as the Initial Margin). This margin will fluctuate according to the volatility of tin prices. The “leverage” allows you to have greater exposure to tin at a fraction of the total value.

4. Benefit from Bull and Bear Market

Unlike purchasing an “asset” based on today’s prices (e.g. stocks or physical assets), a futures contract enables you to take a position now based on your view of the prices in the future. Traders have the opportunity to sell first in declining markets and this is the main trading advantage of futures contracts. It allows traders the flexibility in participating and taking opportunity in market trends and movements.

For example, if you wish to have exposure to tin and anticipate the tin price will go down in the future (e.g. in December), you could sell a December futures contract now to lock in today’s prices, and take your gains in December when the contract expires at a lower price. This ability to “sell” a contract without first having to buy it enables you to benefit from both downward and upward movements in price.

MARGINS AND APPROVED CURRENCIES



Initial Margin is to be deposited with your licensed Futures Broker prior to trading. All currency deposits for FTIN (except US Dollar) for Initial Margin are subjected to hair cut rates as determined by Bursa Malaysia Derivatives Clearing from time to time.

While Variation Margins are in US Dollar (USD), Initial Margins are accepted in various currencies listed below:

- Malaysian Ringgit (MYR)
- US Dollar (USD)
- British Pound (GBP)
- Euro (EUR)
- Hong Kong Dollar (HKD)
- Japanese Yen (JPY)
- Chinese Renminbi (RMB)
- Singapore Dollar (SGD)
- Australian Dollar (AUD)

Please refer to your Futures Broker for other approved collaterals.

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TRADING EXAMPLES

Scenario 1 – Hedging Against Potential Price Decrease

Spectre Ltd. is a tin mining company. They supply tin to all smelting companies. They are expecting to produce 20 metric tonnes of tin in Year 2017.

Assuming the current date now is 1st January 2017 and the price of tin is USD17,000 per metric tonne. Spectre is expecting a 30% increase of tin production in Year 2018 which will cause the price to decrease to about USD16,000 per metric tonne.

What can Spectre do to avoid the company from having lesser profit in one year's time?

January 2017: Sell 20 January 2018 FTIN contracts at USD17,000 / metric tonne

January 2018: Buy back 20 January 2018 FTIN contracts at USD16,000 / metric tonne

* One FTIN Contract = 1 metric tonne

Total Profit = [(USD17,000*1) - (USD16,000*1)] * 20 = USD20,000

* The company can use the profit from FTIN to cover for the losses of physical tin

* Initial Margins are to be deposited prior to trading

* Transaction costs have been excluded in this example

Scenario 2 – Hedging Against Potential Price Increase

Tin Smelters Pte. Ltd. is a tin smelting company. The company intends to purchase tin from Quick Tin Sdn. Bhd., a tin mining company in Malaysia.

Assuming it is currently January 2017 and the current tin price is USD17,000 per metric tonne. Tin Smelters Pte. Ltd. has received an order of 50 metric tonnes which needs to be delivered in September 2017. Tin Smelters Pte. Ltd. anticipates that the tin price will rise to USD17,500 by September 2017.

How could Tin Smelters Pte. Ltd. use FTIN to mitigate volatile price movements?

January 2017: Buy 50 September 2017 FTIN contracts at USD17,000

September 2017: Sell 50 September 2017 FTIN contracts at USD17,500

* One FTIN Contract = 1 metric tonne

Total Profit = $[(USD17,500 * 1) - (USD17,000 * 1)] * 50 = USD25,000$

* The company can use the profit from FTIN to cover for the losses of physical tin in September

* Initial Margins are to be deposited prior to trading

* Transaction costs have been excluded in this example

Scenario 3 – Arbitraging

A trading house observes that the FTIN price on Bursa Malaysia Derivatives is trading at a premium compared to another futures contract traded at Exchange “X”. It decides to sell FTIN and buys another futures contract from Exchange “X” to arbitrage. The position will be liquidated later once the spread of the prices between both markets returns to normal. The trading house will benefit from the temporary price discrepancy between the two exchanges.

*Initial Margins are to be deposited prior to trading

*Transaction costs have been excluded in this example

WHAT OTHER PRODUCTS DO WE OFFER?



Equity Derivatives

- FTSE Bursa Malaysia KLCI Futures (FKLI)
- Options on FTSE Bursa Malaysia KLCI Futures (OKLI)
- Single Stock Futures (SSFs)

Financial Derivatives

- 3-Month KL Interbank Offered Rate (KLIBOR) Futures (FKB3)
- 3-Year Malaysian Government Securities Futures (FMG3)
- 5-Year Malaysian Government Securities Futures (FMG5)
- 10-Year Malaysian Government Securities Futures (FMGA)

Commodity Derivatives

- Gold Futures (FGLD)
- USD Tin Futures (FTIN)
- Crude Palm Oil Futures (FCPO)
- Options on Crude Palm Oil Futures (OCPO)
- USD RBD Palm Olein Futures (FPOL)
- USD Crude Palm Oil Futures (FUPO)
- Crude Palm Kernel Oil Futures (FPKO)

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GETTING STARTED

Step 1

Open a Futures Trading Account with a licensed Futures Broker of Bursa Malaysia Derivatives.

Step 2

Deposit the Initial Margin with your Futures Broker.

Step 3

Start trading FTIN.

How do I learn more?

Please contact your preferred licensed Futures Broker who will advise and update you accordingly. You can also attend the various **educational seminars listed on Bursa Malaysia's website.**

Disclaimer

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