



# THE NEW MGS FUTURES

Your alternative exposure to  
Malaysian Government Securities



## FMG3

3-Year Malaysian  
Government Securities  
Futures Contract

Traded on Bursa Malaysia

## FMG5

5-Year Malaysian  
Government Securities  
Futures Contract

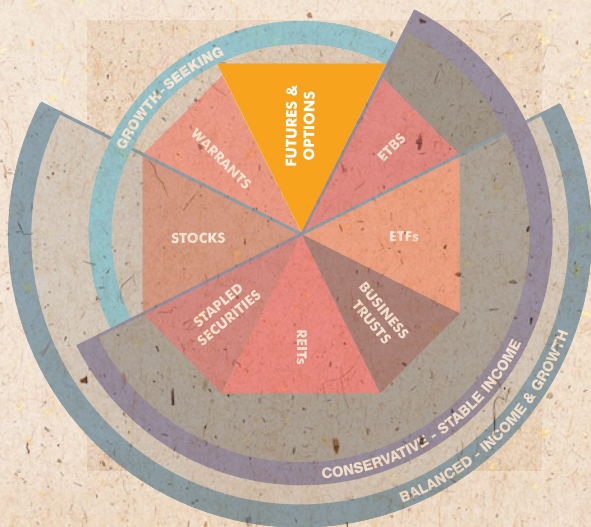
Traded on Bursa Malaysia

## FMGA

10-Year Malaysian  
Government Securities  
Futures Contract

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 **BURS** MALAYSIA

## WHAT ARE **MGS FUTURES?**



BMD is offering 3 MGS futures contracts which are 3-Year Malaysian Government Securities Futures (FMG3), 5-Year Malaysian Government Securities Futures (FMG5) & 10-Year Malaysian Government Securities Futures (FMGA), providing market participants exposure to the Malaysian bond markets.

## WHERE CAN I VIEW **MGS FUTURES PRICES?**



**CME Globex, Bloomberg, Thomson Reuters**

Alternatively, you are advised to contact and enquire from your Futures Broker on how to access MGS Futures prices.

## WHAT ARE THE **NEW CHANGES OF THE ENHANCED MGS FUTURES?**



- A more focused bond basket which comprises the benchmark bond and the most liquid non-benchmark bonds
- Extended Trading Hours – Up to 6.00pm
- Settlement Price Based on Underlying Trades via:
  - Reported trades on Bursa Electronic Trading Platform
  - Higher weightage for benchmark bonds

# FMGs ticker code are as below:

## **FMG3**

### **CME Globex®**

BMD\FMG3\relevant contract month code

Example: BMD\FMG3\DEC16

### **Thomson Reuters**

<1FMG3> + <Month Code> + <Year Code>

Example: <1FMG3Z6> DEC6 contract

Chain RIC: <0#1FMG3:>

### **Bloomberg:**

MFA Comdty CT <Go>

## **FMG5**

### **CME Globex®**

BMD\FMG5\relevant contract month code

Example: BMD\FMG5\DEC16

### **Thomson Reuters**

<1FMG5> + <Month Code> + <Year Code>

Example: <1FMG5Z6> DEC6 contract

Chain RIC: <0#1FMG5:>

### **Bloomberg:**

MGA Comdty CT <Go>

## **FMGA**

### **CME Globex®**

BMD\FMG10/A \relevant contract month code

Example: BMD\FMG10/A \DEC16

### **Thomson Reuters**

<1FMGA> + <Month Code> + <Year Code>

Example: <1FMGAZ6> DEC6 contract

Chain RIC: <0#1FMGA:>

### **Bloomberg:**

MHA Comdty CT <Go>

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## HOW IS THE FINAL SETTLEMENT CALCULATED?

Basket of eligible bonds  
Select MGS with transaction size  
of minimum RM10 million

Calculate volume weighted average  
price (VWAP) of the final trading day  
from 9.00am - 6.00pm

Convert VWAP into Yield  
(% into nearest 4 decimal)

Allocate weighting to yield to obtain final yield

60% for  
benchmark bonds

Remaining weightage  
distribute equally to other  
non-benchmark bonds

Final Settlement Price (nearest 2 decimal)  
 $\{(C/Y)[1-(1+Y/2)^{-2N}] + (1+Y/2)^{-2N}\} \times \text{RM}100$



## WHO ARE THE USERS OF MGS FUTURES

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- Commercial & Investment Banks
- Regional Banks
- Central Banks
- Sovereign Wealth Funds
- Fund Managers
- Insurance Companies
- Traders

## WHAT ARE THE APPROVED CURRENCIES THAT I CAN DEPOSIT AS INITIAL MARGIN?

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- 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)

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## WHAT OTHER FACILITIES ARE AVAILABLE?

### A) “Exchange for Related Positions” (EFRP)

EFRP refers to an arrangement between 2 parties whereby a futures position is exchanged for related positions or vice versa. The related position can include cash or physical, swap, OTC derivative or other futures position.

The related position must involve the commodity or a financial asset underlying the futures contract, or must be a derivative, by-product or related product that has a reasonable degree of price correlation to the commodity or financial asset underlying the futures contract.

They are as follows :

Contract	Eligible Related Positions
3-Year MGS Futures (FMG3)	- Malaysian Government Securities - Cagamas Bonds
5-Year MGS Futures (FMG5)	- Khazanah Bonds - Interest Rate Swaps
10-Year MGS Futures (FMGA)	
3-Month KLIBOR Futures (FKB3)	- Negotiable Certificate of Deposits - Banker’s Acceptance - Malaysian Treasury Bills - KLIBOR Deposits - Forward Rate Agreements - Interest Rate Swaps - Bank Negara Malaysia Bills

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## WHAT OTHER FACILITIES ARE AVAILABLE? (CONTINUED)

### **B) “Negotiated Large Trade” (NLT)**

NLT is an off-market trading facility that allows Trading Participants or their clients to arrange and transact orders of a defined large size away from the trading system. NLT allows large trades to be done at a single price and it minimises the possible price impact and time delays that may occur when transacting orders of large sizes on the Exchange.



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## 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 Initial Margin with your Futures Broker

### **Step 3**

Start trading MGS Futures contracts

### **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.



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