

Rediscover Your Equity Portfolio Potentials

FM70

Mini FTSE Bursa Malaysia
Mid 70 Index Futures

Traded on
Bursa Malaysia



WHAT IS FM70?

FM70 is a Ringgit Malaysia (MYR) denominated Mini FTSE Bursa Malaysia Mid 70 Index Futures Contract traded on Bursa Malaysia Derivatives providing market participants exposure to the underlying FTSE Bursa Malaysia Mid 70 Index (FBM Mid 70) constituents.



Features



UNDERLYING INDEX

FTSE Bursa Malaysia Mid 70 Index (FBM Mid 70)



CONTRACT SIZE

FBM Mid 70 multiplied by MYR4.00



MINIMUM PRICE FLUCTUATION

5 Index points valued at MYR20.00



SETTLEMENT METHOD

Cash settlement in MYR

What Is The Ticker Code For FM70 Contract?

- ▶ CME Globex®
BMD\FM70\relevant Contract month code
Example: *BMD\FM70\DEC20*
- ▶ Bloomberg
FMCA Index <GO>
- ▶ Refinitiv
<F7M> + <Month Code> + <Year Code>
Example: *<F7MZ0>* for December 2020 Contract
- ▶ ICE Data Services
F:FM70\MY
Example : *F:\FM70\Z20* for December 2020 Contract

WHY TRADE FM70?



Exposure to Constituents of FTSE Bursa Malaysia Mid 70 Index (FBM Mid 70)

Gain exposure to all the 70 constituents of the FBM Mid 70 with a single futures Contract.



Leveraged Trading

In the futures market, you only need to deposit a small percentage of the notional value of the contract (known as Initial Margin). This “leverage” allows you to have greater exposure to the underlying index at a fraction of the total contract value.



Ability to Short Sell

Trading the FM70 allows you to sell first and purchase later to close out your trading positions.



Arbitrage

Capitalise on arbitrage opportunities arising from price differences between FM70 and the underlying index.



Global Access

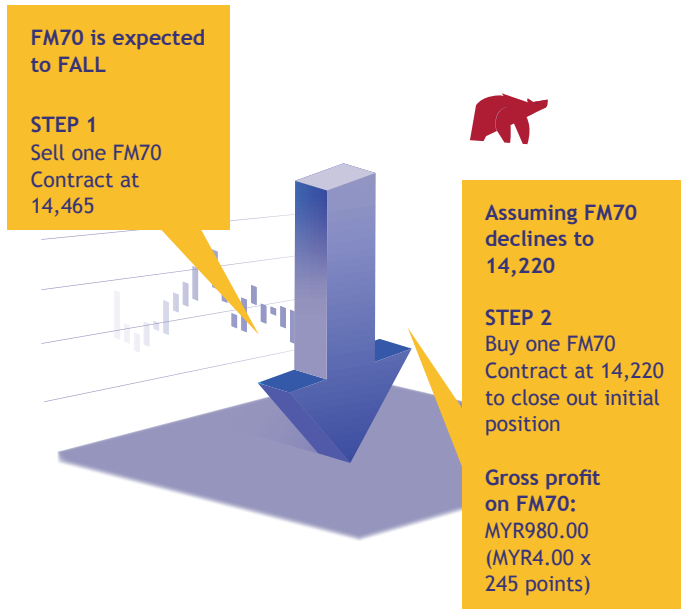
FM70 is traded electronically on CME Globex®, a global electronic trading platform. Accessing CME Globex® is easy and allows individual and professional traders anywhere around the world to access all Bursa Malaysia Derivatives’ products.

TRADING EXAMPLE (BEAR MARKET)

SCENARIO:

Diana thinks that the current market rally is due for a correction soon and expects a decline from the recent peak. To capitalise on a bearish view, she can use the FM70 Contract in the following manner:

FM70 is traded at 14,465



Note:

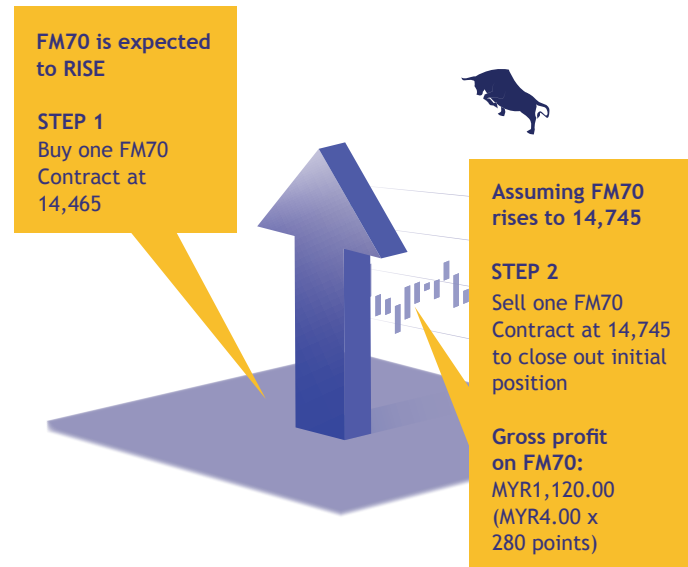
1. Initial Margin is to be deposited with a Futures Broker prior to trading.
2. Open position is subject to daily mark-to-market which may require additional margin to be deposited.
3. Transaction costs have been excluded in this example.

TRADING EXAMPLE (BULL MARKET)

SCENARIO:

Hans anticipates a market rally following the strong economic growth of Malaysia. To capitalise on a bullish view, he can use the FM70 Contract in the following manner:

FM70 is traded at 14,465



Note:

1. Initial Margin is to be deposited with a Futures Broker prior to trading.
2. Open position is subject to daily mark-to-market which may require additional margin to be deposited.
3. Transaction costs have been excluded in this example.

SCENARIO:

HEDGING

The objective of hedging is to reduce the risk of unfavourable price movements in an asset.

An investor with a portfolio of stocks which are constituents of the FBM Mid 70 would like to protect the value of his/her portfolio. He/She can hedge his/her portfolio by selling the FM70 Contract. Any decline in value of the stocks would be offset by the gain from the FM70 Contract.

ARBITRAGING

When a futures Contract is trading above or below its theoretical “fair value”, it is possible to undertake arbitrage strategies by buying or selling the futures Contract and simultaneously selling or buying the underlying stocks.

A fund manager observes that the FM70 is currently trading at a huge premium to the cash market. He/She capitalises on this arbitrage opportunity by simultaneously selling the FM70 and buying the constituents of the underlying FBM Mid 70. The positions will be closed out for a profit when the spread between the FM70 and FBM Mid 70 compresses.

1. What are the changes to the FM70 Contract specifications?

The revamp of FM70 Contract consists of two areas of enhancements, namely the following:

- (a) Contract Size: Increase in Contract multiplier from MYR2.00 to MYR4.00 per 1 index point
- (b) Tick Size: Increase in tick size from 1 index point to 5 index points per tick

The changes to the FM70 Contract specifications as summarised in the table below.

Contract Specification	FM70	
	Previous	Revised (New)
Contract Size	FBM Mid 70 Index multiplied by MYR2.00	FBM Mid 70 Index multiplied by MYR4.00
Minimum Price Fluctuation (Tick)	1 index point valued at MYR2.00	5 index points valued at MYR20.00
Speculative Position Limit	Maximum number of net long or net short positions to be held:	
	20,000 Contracts for all months combined	15,000 Contracts for all months combined
Final Settlement Value	The Final Settlement Value shall be the average value, rounded to the nearest index point (values of 0.5 and above being rounded upwards), taken at every 15 seconds or at such intervals as may be determined by the Exchange from time to time from 15:45:30 to 16:45:15 plus one value after 17:00 of the FBM Mid 70 on the Final Trading Day except the 3 highest and 3 lowest values	The Final Settlement Value shall be the average value, rounded to the nearest multiple of 5 index points (values of 2.5 and 7.5 and above being rounded upwards), taken at every 15 seconds or at such intervals as may be determined by the Exchange from time to time from 15:45:30 to 16:45:15 plus one value after 17:00 of the FBM Mid 70 on the Final Trading Day excepting the 3 highest and 3 lowest values

2. What are the fees charged by the Exchange for trading FM70 Contract?

Per Contract per way	
Exchange Fee (MYR)	Clearing Fee (MYR)
1.00	1.00

Brokerage commissions are negotiable between Futures Brokers and clients.

3. Where can I view FM70 Contract prices?

CME Globex, Bloomberg and Refinitiv

Alternatively, you are advised to contact your Futures Broker on how to access the Futures prices.

Open a Futures Trading Account with one of the licensed Futures Brokers of Bursa Malaysia Derivatives to get started.

Please refer to our list of Trading Participants at www.bursamalaysia.com

For more information and latest updates:
Visit Bursa Malaysia website



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