



Circular

20 June 2019

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Commencement of Listed Derivatives Portfolio Compression Service

SGX is pleased to announce the extension of portfolio compression services from OTC space to listed derivatives. Portfolio compression has been widely used by participants in over-the-counter (“**OTC**”) derivatives markets, and SGX has also previously ran compression exercises for OTC financial derivatives.

The listed derivatives portfolio compression service (“**Listed Compression**”) will help participants to reduce the size of their portfolio, thereby leading to capital efficiency and cost savings.

A. First Listed Compression Compression

The first Listed Compression run will commence today, 20 June 2019 at 7.10 am Singapore Time, for participating firms¹. A subsequent circular, which will include a summary of the compression statistics, will be sent once today’s Listed Compression run completes.

B. Overview

The compression will be effected via compression trades² (“**Compression Trades**”). SGX Titan OTC will be used to effect the compression trades. Please take note that the publication of Compression Trades will be indistinguishable from that of other Negotiated Large Trades in the various channels (SGX.com, SGX Titan OTC, SGX data feeds, data vendor feeds, etc.).

As the compression run serves to reduce existing open interest, the Compression Trades do not represent new trading interest and the prices of compressed trades may deviate from current prices. Therefore, Compression Trades would not contribute in a meaningful way to price discovery as expressions of current market views.

¹ To participate in a compression cycle, participants will need to meet a set of eligibility criteria including portfolio- and volume-sizing standards. Additionally, participants will be required to sign a compression services agreement with the SGX appointed service vendor.

² Compression Trades refer to offset and onset trades; offset trades are to reduce or close out existing positions, and onset trades are to establish new positions to account for residual risk in closing-out non-identical positions.



C. Eligible Contracts

Currently, the eligible contracts ("**Eligible Contracts**") for the Listed Compression are as follows:

SGX Contracts	Symbol
Nikkei 225 Index Futures	NK
Nikkei 225 Index Options	NKO
Mini Nikkei 225 Index Futures	NS

D. Clearing and Licensing Fees

Until further notice, SGX will waive 100% of the clearing fees for Compression Trades in the form of rebates via Clearing Members.

Licensing fees are applicable for Compression Trades.

Please contact your respective SGX Business Managers if you require further clarification.

Tom Vo Thanh Trung
Head, Derivatives
Operations