

31 March 2014

SGX proposes electricity futures

Singapore Exchange (SGX) is consulting the public on the proposed introduction of SGX Uniform Singapore Energy Price (USEP) Quarterly Base Load Electricity Futures, to be traded on SGX-Derivatives Trading platform and cleared on SGX-Derivatives Clearing house. This is the first electricity futures to be introduced in Asia. The proposed contract will be a standard, cash-settled futures contract listed as contract quarters (i.e. January to March, April to June, July to September, and October to December).

The SGX USEP Quarterly Base Load Electricity Futures contracts provide a means for market participants in the Singapore electricity market to manage their risk exposures. Potential new participants to the electricity market can also use the futures market to back fixed price contracts for their consumers.

To better serve the needs of the industry, SGX is seeking feedback on the following contract specifications:

- a. Position Limits – 1,000 lots net long or net short in all contract quarters combined
- b. Price Limits – Unless otherwise prescribed by SGX, there is no price limit. This is in line with the practice of other international electricity futures markets
- c. Last Trading Day – To be the last business day of the contract quarter
- d. Final Settlement Price – The Final Settlement Price is the arithmetic average of all half-hourly USEP prices in the expiring contract quarter, rounded to two decimal places. The USEP is the weighted-average of the nodal prices at all off-take nodes as calculated by the Energy Market Company, which operates Singapore's wholesale electricity market. The final settlement will be in cash.

SGX targets to introduce the SGX USEP Quarterly Base Load Electricity Futures contracts in the fourth quarter of 2014.

The consultation paper is available on SGX's website at www.sgx.com from today. Market participants and members of the public can submit their comments and suggestions until 21 April 2014 via email, post/courier or fax to:

Email: rules@sgx.com
Facsimile: (65) 6532 0297
Mail: Singapore Exchange Limited
2 Shenton Way, #19-00 SGX Centre 1
Singapore 068804
(Attention: Mr Benjamin Kong)

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Singapore Exchange Limited
Company Reg No. 199904940D

2 Shenton Way, #19-00 SGX Centre 1, Singapore 068804
Main: (65) 6236 8888 Fax: (65) 6535 6994

www.sgx.com

About Singapore Exchange (SGX)

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to corporate issuers in search of global capital. SGX represents the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with more than 40% of companies listed on SGX originating outside of Singapore. SGX offers its clients the world's biggest offshore market for Asian equity index futures, centred on Asia's three largest economies – China, India and Japan.

In addition to offering a fully integrated value chain from trading and clearing, to settlement and depository services, SGX is also Asia's pioneering central clearing house. Headquartered in Asia's most globalised city, and centred within the AAA strength and stability of Singapore's island nation, SGX is a peerless Asian counterparty for the clearing of financial and commodity products.

For more information, please visit www.sgx.com

Media Contacts

Carolyn Lim
Marketing & Communications
Tel: (65) 6236 8139
Email: Carolyn.lim@sgx.com