

The SGX logo consists of the letters "SGX" in a bold, dark blue sans-serif font, followed by a stylized graphic of three horizontal bars in blue and yellow.

News Release

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SGX proposes changes to strengthen global benchmark SICOM rubber derivatives

Singapore Exchange (SGX) is inviting public comment on proposed changes to its SICOM rubber derivatives to further strengthen the global benchmark for physical rubber.

SICOM rubber contracts are important trading and risk-management tools, used extensively by tyre makers to price their purchases of raw material from South-East Asia to West Africa. SGX's recommendations, which follow informal feedback from market participants, seek to clarify operational aspects of the physical-delivery process. These include improving free-on-board delivery terms and providing the exchange with the flexibility to prescribe additional loading ports.

The public consultation closes on 26 June. Subject to regulatory approval, the specifications of the following contracts may be amended in the third quarter of 2017:

1. SGX SICOM Technically Specified Rubber 20 (TSR 20) Futures;
2. SGX SICOM Ribbed Smoked Sheet 3 (RSS 3) Futures; and
3. SGX SICOM Over-The-Counter (OTC) TSR 20 Rubber Forwards.

Michael Syn, Head of Derivatives at SGX, said, "Rubber has been a part of Singapore's economic DNA for over a century. Today, SICOM derivatives are integral to the proper functioning of the physical marketplace, allowing participants to benchmark prices and manage volatility. This consultation is an opportunity for all stakeholders to work with us to support the long-term growth of the industry."

Singapore, which emerged as the world's main export centre for rubber in the 1900s, is the global price-discovery hub for the commodity. SGX continuously engages with consumers, producers and traders as the market evolves. World Rubber Week, one of the industry's most important annual gatherings, was held at the exchange in March this year.

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About Singapore Exchange

Singapore Exchange is Asia's leading and trusted market infrastructure, facilitating the exchange of capital and ideas to create value for people, businesses and economies. As a multi-asset exchange operating equity, fixed income and derivatives markets to the highest regulatory standards, SGX is a vertically integrated business that provides listing, trading, clearing, settlement, depository and data services.

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With about 40% of listed companies and 75% of listed bonds originating outside of Singapore as well as established linkages across the region and in Europe, SGX is Asia's most international and connected exchange. Offering a full suite of derivatives products across Asian equity indices, commodities and currencies, SGX is the world's most liquid offshore market for the benchmark equity indices of China, India, Japan and ASEAN.

The exchange was one of the first globally to adopt the Principles for Financial Market Infrastructure, the first and only central counterparty in the region to be fully approved by U.S. regulators as a Derivatives Clearing Organisation and a Foreign Board of Trade, and is recognised by European Union regulators for both securities and derivatives.

As Asia's pioneering central counterparty, SGX is globally recognised for its risk management and clearing capabilities. In 2016, SGX retained its Derivatives Exchange of the Year award by Asia Risk and Asia-Pacific Derivatives Exchange of the Year accolade by GlobalCapital – both for a third year. It was named Asian Exchange of the Year by Futures & Options World for a second year, as well as Exchange of the Year by Energy Risk.

Headquartered in AAA-rated Singapore, SGX has over 700 employees including offices in Beijing, Hong Kong, London, Mumbai, Shanghai and Tokyo. For more information, please visit www.sgx.com.

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