SGX seeks public comment on Nikkei Dividend Index Futures contract specifications

6 April 2010 – Singapore Exchange (SGX) is inviting public feedback on the proposed contract specifications for the SGX Nikkei Stock Average Dividend Point Index Futures contract (Nikkei Dividend Index Futures contract), which will be targeted for the derivatives market.

The Nikkei Dividend Index Futures is a standard, cash-settled futures contract based on the Nikkei Stock Average Dividend Point Index. The index is calculated by Nikkei Inc. (Nikkei) and is based on accumulated dividends received by investors of constituent companies of the Nikkei Stock Average over a calendar year.

In recent years, institutional investors have sought tools to manage and hedge dividend exposure. The proposed Nikkei Dividend Index Futures will provide investors with an exchange-traded instrument to do so. Investors in the Nikkei Dividend Index Futures will be able to take a view on the value of the Nikkei Stock Average Dividend Point Index on expiry date. In addition, market participants can benefit from arbitrage opportunities related to dividend performance. The proposed Nikkei Dividend Index Futures will complement SGX's existing suite of Nikkei-based products.

Subject to regulatory approval, SGX hopes to launch the proposed Nikkei Dividend Index Futures contract by the third quarter of 2010.

The consultation paper, which details the rationale and proposed contract specifications, will be available on the SGX website www.sgx.com from today. Market participants and members of the public can forward their feedback and suggestions on the proposed contract from today until 19 April 2010 via email and either by post/courier, or fax:

Email: rules@sgx.com

Post/Courier: Singapore Exchange Limited
2 Shenton Way, SGX Centre 1
#19-00, Singapore 068804

Attn: Samuel Lim
Regulatory Policy

Fax: +65 6534 2207