

FUTURES

TFEX alters block trade size

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Thailand Futures Exchange (TFEX) has revised the minimum size for block trade transactions of single stock futures (SSF) from two groups to four, effective at the start of 2019, to increase trading liquidity.

TFEX managing director Rinjai Chakornpipat said the exchange is changing the minimum size to increase trading liquidity and serve investors' needs, as SSF is one of the preferred securities traded on TFEX.

SSF has underlying securities from the top 100 largest stocks listed on the Stock Exchange of Thailand.

A block trade is a privately negotiated order at a level over the minimum volume set for each type of contract. Members may deal directly with each other, either on behalf of their clients or for themselves. After concluding negotiations, members must record details of block trade transactions with the trading system.

Ms Rinjai said SSF has a trading value

of around 8% of total market trade, with a volume of 100,000-200,000 contracts per day, down from 200,000-300,000 earlier this year. SSF trading has declined along with its underlying stocks listed on the SET.

"However, SSF is well developed and increasing in popularity. This prompted TFEX's revision," she said.

The minimum block trade size is categorised into two groups: 20 contracts and 100 contracts. TFEX aims to increase the number of new contract groups to 500 and 1,000 contracts, respectively.

The minimum size of 500 contracts will comprise of stocks such as BEM, BTS, GUNKUL, SAMART, SIRI and WHA. TFEX has yet to announce the underlying stocks for the minimum size of 1,000 SFF contracts.

Trinity Securities president Charnchai Kongthongluck said TFEX may consider revising the requirements of underlying stocks for SSF next year, putting them more in line with the minimum ratio of the stock market's capitalisation.