Commodity Futures Trading Commission

1997 Status Report on Exchange-Traded Derivatives Markets in Emerging and Developing Market Economies

ELECTRONIC EDITION

The Commodity Futures Trading Commission's (CFTC) 1997 Status Report on Exchange-Traded Derivatives Markets in Emerging and Developing Market Economies examines selected data on the economies, regulatory regimes, and exchanges of 24 diverse countries on 5 different continents. The countries range in population from 2 million to 1.2 billion and in per capita GDP from less than $400 to over $10,000. In some countries, exchanges have been functioning for decades, such as Argentina's ninety-year old Rosario Futures Exchange. In other countries, such as Greece, derivatives market-enabling legislation has only recently been passed. While there is a great deal of diversity in the countries examined, they have one similarity: all have undertaken measures to create the potential for a successful derivatives market. However, the best designed rules are only as good as their execution.

The 24 countries studied comprised nearly one-sixth of the world's economy and over one-half of the world's population in 1995. With such countries as China and India destined to play a major role in the global economy of the 21st century, the study of those economies is critical. Furthermore, gathering information on developing derivatives markets is becoming increasingly easy. Of the 24 countries studied, either a regulator or an exchange can be contacted via electronic mail in 20 of the countries, while in 19 of the countries either a regulatory agency or an exchange maintains a site on the World Wide Web.

Not only does better communication with these countries facilitate further study of their derivatives markets, but also the flow of funds to derivatives markets in these countries makes further study important. To that end, the CFTC has prepared this report. We have chosen to focus only on exchange-traded derivatives, as opposed to the over-the-counter markets. Following this letter are a number of additional materials, including a terminology guide to help readers better understand the terms, phrases, and abbreviations used throughout the report. The report itself is separated by continent into five sections. Each section begins with a continental summary chart and then includes tables about each studied country on that continent, complete with economic, regulatory, and exchange data. Many of the responses are in the words of the foreign officials who were contacted. At the end of most tables is a supplementary information page taken from general news articles and conversations with exchange and regulatory officials. At the end of the report, you will find an appendix which includes some of the names, addresses, and phone numbers of regulators in the countries included in this report.

We hope that you will find this report to be a useful resource for understanding the derivatives markets in these countries.

Sincerely yours,

Brooksley Born
Chairperson

Selection Criteria

The twenty-four nations selected for the CFTC's 1997 Status Report on Exchange-Traded Derivatives Markets in Emerging and Developing Market Economies share two characteristics. Most of the countries meet the World Bank's definition of a "low or middle-income economy[1]," which is another way of referring to an emerging market, and all of the countries also have shown success, or have taken steps to increase the potential for success, in their exchange-traded derivatives markets. A number of the countries studied, such as Brazil and South Africa, have developed derivatives exchanges that are amongst the largest in the world in terms of volume. Other countries, such as Mexico, a member of the International Organization of Securities Commissions (IOSCO) Technical Committee, have highly developed cash markets – often an important factor in building a successful derivatives market. Also included in the report are countries, such as Portugal, which has moved quickly in establishing a functional derivatives market.

Each of these nations exhibits one or more of the factors necessary to having a successful derivatives market. Chile, for example, has a well-capitalized stock exchange. European Union member countries must adopt agreed elements of regulatory infrastructure, which increases the likelihood that derivatives markets will be successful. The studied countries also represent a developmental cross-section of countries with exchange-traded derivatives markets: some, such as Argentina, have very old and established markets; some, such as South Korea, have very new markets; some, such as Greece and India, have markets in the planning stages; and some that have failed to attract liquidity are being redesigned. Common to all, however, is that they either have fostered, or are moving to foster, the economic and potential structural capacity to support or to continue a niche and possibly a broader-based derivatives market.

[1] All of the countries studied in the report meet the World Bank's previous criteria of a 1994 per capita GNP of less than $8,956. However, we recognize that Greece and South Korea have since experienced growth such that their per capita GNP now exceeds the World Bank's current definition of an "emerging market." These countries, however, are in the process of developing derivatives markets. The World Bank's current definition of a "low or middle-income economy" is a country with a 1995 per capita GNP of $9,385 or less. While the World Bank uses GNP to define "low or middle-income" economies, the individual country tables in the report list GDP figures because they more accurately reflect the economic activity within a country's borders.

Report Participants[2]

Argentina**	Comisión Nacional de Valores
	Mercado a Termino de Buenos Aires
	Rosario Futures Exchange
Brazil	Central Bank of Brazil
	Commissão de Valores Mobiliários
	Bolsa de Mercadorias & Futuros
	Rio de Janeiro Stock Exchange
Chile**	Superintendencia de Valores y Seguros
	Santiago Stock Exchange
China**	China Securities Regulatory Commission
Costa Rica	Comisión Nacional de Valores
	Bolsa Nacional de Valores, S.A.
Czech Republic	Prague Stock Exchange
Greece	Bank of Greece
	Athens Stock Exchange
Guatemala	Banco de Guatemala
Hungary**	Hungarian Banking and Capital Markets Supervision
	Budapest Commodity Exchange
India	National Stock Exchange of India
Indonesia	Capital Market Supervisory Agency
Malaysia**	Securities Commission
	Kuala Lumpur Commodity Exchange
	Kuala Lumpur Options and Financial Futures Exchange
	Malaysian Monetary Exchange
Mexico	Comision Nacional Bancaria y de Valores
Philippines	Securities and Exchange Commission
Poland	Polish Securities Commission
	Warsaw Commodity Exchange
Portugal	Bolsa de Derivados de Porto
Russia	The Federal Commission for the Securities Market
	Russian Exchange
	Moscow Interbank Currency Exchange
Slovakia	Office of Capital Market State Supervision
	Bratislava Stock Exchange
Slovenia	Securities Market Agency
	Commodity Exchange of Ljubljana
	Ljubljana Stock Exchange
South Africa**	Financial Services Board
South Korea	Ministry of Finance and Economy
	Korea Stock Exchange
Thailand	Securities and Exchange Commission
Turkey	Capital Market Board
	Central Bank of Turkey
	Undersecretariat of Treasury
	Istanbul Gold Exchange
	Istanbul Stock Exchange
	Izmir Mercantile Exchange
Venezuela	Bolsa de Valores de Caracas

[2] Exchanges or Regulatory Agencies who responded by August 1st to the CFTC's requests for information. The CFTC has also received information from other organizations, such as the World Bank, to complete this report.

** In addition to supplying information for this report, these jurisdictions also contributed to the *International Regulation of Derivative Markets, Products and Financial Intermediaries* report compiled by the CFTC in conjunction with IOSCO.

Terminology Guide

A number of specific terms, phrases, and abbreviations are used throughout the report. The following is a list of definitions or explanations of those terms to better assist readers in understanding the data.

Balance of Trade Surplus (Deficit): Refers to a studied country's overall trade surplus (deficit).

Debt Ratings: Credit ratings of a government's debt instruments as determined by Moody's and Standard & Poor's (in the report, Moody's is listed first).

- Moody's Investor Services has developed the following rating system for debt: Aaa = Prime, Maximum Safety; Aa1-Aa3 = High Grade, High Quality; A1-A3 = Upper Medium Grade; Baa1-Baa3 = Lower Medium Grade; Ba1-Ba3 = Non-Investment Grade, Speculative; Caa = Substantial Risk; Ca = Extremely Speculative; C = May be in Default.
- Standard & Poor's has developed the following rating system for sovereign debt issuers: AAA = extremely strong capacity to meet its financial commitments; AA = very strong capacity; A = strong capacity; BBB = adequate capacity; BB, B, CCC, and CC = regarded as having significant speculative characteristics (BB indicates the least degree of speculation and CC the highest).

Double Taxation: Double taxation occurs when an entity is taxed both domestically and in a foreign country on income generated in that foreign country. A double taxation treaty prevents this from occurring.

Dual Trading: Dual trading is either (1) a floor broker executing customer orders and, on the same day, trading for his own account or for an account in which he has an interest or (2) an investment firm carrying customer accounts and, also on the same day, trading, or permitting its employees to trade, in accounts in which it has a proprietary interest.

Exchanges: Unless otherwise noted, references to exchanges are references to those exchanges which trade futures contracts. Some of the exchanges may trade futures exclusively, and some may also trade equities, other cash products, and/or options.

Government Debt Market: These figures encompass all publicly held debt issued by the government.

Licensing/Authorization and/or Registration Requirements: Refers to licensing or authorization requirements for financial intermediaries or other requirements that entities involved in derivatives markets be registered with the proper authorities.

Minimum Capital Requirements: These require financial intermediaries, exchanges, clearing organizations, and/or clearing members to maintain a certain capital level in order to conduct business.

Misappropriation protection: These are laws, rules, or regulations prohibiting and/or punishing misappropriation or mishandling of customer funds.

MOU: This is a Memorandum of Understanding, an information sharing mechanism used by regulatory bodies and exchanges primarily for enforcement, fitness, and investigative purposes. The abbreviations used in the footnotes regarding MOUs are:

- **AA** Administrative Arrangement
- **B** International Information Sharing Agreement and Memorandum of Understanding signed March 1996 in Boca Raton, Florida
- **BR** Declaration on Cooperation and Supervision of International Futures Markets and Clearing Organizations signed March 1996 in Boca Raton, Florida
- **G** Member of the Intermarket Surveillance Group
- **MOU** Memorandum of Understanding
- **O** Other Agreement

N/A: If staff did not receive a response to a question or were unable to independently obtain data, the category was labeled "N/A" for not available.

Not applicable: This is used for responses in which the question does not apply to the studied country (i.e., trading volume questions for countries that do not have active trading).

Quality and Timeliness of Data: These figures are taken from the Institute of International Finance (IIF) study published in April 1997 that sets benchmarks for the frequency and timeliness with which each country it surveyed released 18 economic statistics. The statistics cover such areas as growth, inflation, balance of payments, official reserves, debt, monetary developments, and public sector finances. These data and their availability are relevant to foreign direct investment and investor loyalty. Therefore, for those countries included in this report that were also rated by the IIF, this cell lists the number of reported statistics, out of a total of 18, that meet IIF standards for frequency/timeliness of reporting. The cell also lists parenthetically any improvement or decline compared to last year in meeting IIF standards. Notably, sound cash price series information (information not suspect as to manipulation, timing, or availability) is central to the development of risk shifting derivatives markets. Also, markets with better, more current information will tend to draw away business from markets without such information.

Sales Practice Standards: These standards are designed to promote fair treatment for customers in their dealings with futures/derivatives salespeople. Typically, the standards apply to order executions, sales representations, and disclosures.

Total External Debt: These figures encompass loans from private banks, bilateral loans from individual governments, and loans from multilateral lending institutions such as the International Monetary Fund, the World Bank, and the regional development banks such as the Inter-American Development Bank.

Trade Reconciliation: This is the act of clearing and matching trades. Some respondents included dispute resolution information when answering this question.

Status of the Derivatives Markets in Countries Studied

Actively trading derivatives

Argentina
Brazil
China
Costa Rica
Hungary
Korea
Malaysia
Poland
Portugal
Russia
Slovenia
South Africa

Plan to launch a derivatives contract in 1997

Czech Republic
Mexico
Slovakia
Turkey

Formerly traded derivatives and plan to re-launch trading

Chile
Guatemala

Plan to launch a derivatives contract at an undetermined time

India
Venezuela

Derivatives trading plans are in the earliest stages

Greece
Indonesia
Thailand

Government ordered exchange to cease operations

Philippines

Table of Contents

AFRICA

Derivative Market Information
Africa

Country	Exchange	Date Established	Types of Contracts	International Rank by Volume[3]
South Africa	The South African Futures Exchange	1990	Agricultural, Equities, Gold, Interest Rates, and Stock Index	27, 26*

[3] According to a February 1997 *Futures Industry* magazine survey in which exchanges are ranked by futures volume.
* Denotes ranking by both futures and options volume.

SOUTH AFRICA

Economic and General Data[4]	
1995 GDP ($US)	$136,035,000,000
1996 GDP ($US)	$144,796,000,000[5]
1996 GDP per capita ($US)	$3,268 (estimate)
1997 Population	45,095,459
Debt Rating	Baa3/BB+
1997 Stock Market Capitalization ($US)	$225,718,000,000
Currency	Rand
1996 Total External Debt	Government Foreign Debt: R 14,300,000,000 ($3,328,000,000)
1996 Government Debt Market	R 289,100,000,000 ($67,280,000,000)
Yield to maturity (YTM) (%) of 1/5/10 year government debt instruments	Tenor[6] / YTM / Date 1 year / 16.61 / 12/31/96 5 years / 15.95 / 12/31/96 10 years / 16.23 / 12/31/96
Annualized volatility (%) for 1/5/10 year government debt instruments	Tenor / Volatility / Date 1 year / 6.5 / 12/31/96 5 years / 9.9 / 12/31/96 10 years / 8.84 / 12/31/96[7]
1990-1995 Average Consumer Price Inflation	11.1%
Average $US/Rand exchange rate 5/15/96-5/15/97	4.2964
Range of currency fluctuation, if pegged to $US	The exchange rate is free floating.
1996 Current Account Surplus (Deficit)	(R 10,500,000,000) ($2,440,000,000)[8]

[4] The CFTC gathered economic data from several sources, including central banks, regulators, exchanges, the 1997 edition of the World Bank's *World Development Indicators*, the August 1997 edition of the IMF's *International Financial Statistics*, and Bloomberg.
[5] This is an annualized figure, based on the first two quarters of 1996.
[6] There are no government debt instruments to match these specific periods, so the Financial Services Board (FSB) provided the interpolations of the YTM from the yield curve for these specific periods.
[7] The annualized interest rate volatility is cited as of December 31, 1996 for these specific maturities for a thirty day period.

Major Industries	Mining, steel, chemicals, vehicles, machinery, textiles, agriculture, finance, banks, and insurance
Quality and Timeliness of Market Data	14/12 (0/0)

[8] This figure was annualized based on the first three quarters of 1996.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	Financial Market Control Act 55 of 1989 (FMCA)
Principal securities law	Stock Exchange Control Act 1 of 1985 (SECA)
Futures regulatory authorities	Registrar of Financial Markets Financial Services Board (FSB)
Securities regulatory authority	FSB
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	South African Futures Exchange (SAFEX): Yes, false or misleading advertising and account related communications are prohibited. Members may not suggest that trading on SAFEX is appropriate for all persons.
Are there minimum capital requirements?	Yes, the FSB imposes Capital Adequacy Requirements (CAR) based on the European Union's (EU) Capital Adequacy Directive (CAD). South Africa's three licensed exchanges were recently granted third country status, meaning the EU considers the CAR to be adequate when compared to the CAD. Exchanges, clearinghouses, clearing members, and other financial institutions are required to comply with the CAR.
Are exchanges/market participants audited by regulators?	Yes, the FSB generally audits the exchange, which is a self-regulatory organization (SRO), and the SRO in turn audits its members. There is also an external auditor requirement. The external auditor's report is available to the SRO and FSB.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	N/A
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes
Are there restrictions on repatriation of funds? If so, please describe.	There are none for non-resident investors, but exchange control regulations, though relaxed, apply to resident investors.
Are there prohibitions or limits on certain	Yes, for South African residents and South

investments by particular investors?	African emigrants.
Is there a double taxation treaty in place?	Yes, there are comprehensive agreements with 31 countries.[9]
How are gains on derivatives products taxed?	Gains on speculative trades are taxed as they are realized. Recognition of gains on hedging trades are deferred to the maturity/exercise of the hedge.
What insolvency provisions apply to futures markets?	See cell below on clearinghouse allocation of losses.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, the exchanges are licensed under the FMCA.
Must foreign markets be approved by the government before South African investors may permissibly invest in such markets?	Limited investment is allowed in approved foreign markets.
What trade and other information reporting requirements exist for market participants and/or exchanges?	Comprehensive requirements exist under the FMCA, the SECA, and the relevant exchange rules, which are approved by the FSB.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Comprehensive trading and client records must be maintained pursuant to the FMCA, the SECA, and the relevant exchange rules, which are approved by the FSB. For example, exchanges and members must keep transaction records for three years and telephone recordings of trades for two weeks.
What registration requirements exist for market participants?	Intermediaries need to be members of the relevant licensed exchange and to comply with its rules in terms of the relevant Act (the FMCA or the SECA) and exchange rules.
Do price limits exist? If so, at what levels are they set?	No
Are electronic trading systems required to have built in redundancy?	Yes, as well as adequate remote disaster recovery and alternative facilities.
Are there any segregation requirements for customer funds?	Yes, South African law requires complete segregation of customer funds and assets at the client level within the clearing organization. There

[9] South Africa has comprehensive agreements with Austria, Botswana, Canada, Denmark, Finland, France, Germany, Hungary, Israel, Korea, Lesotho, Malawi, Namibia, the Netherlands, Norway, Poland, Taiwan, Romania, Swaziland, Sweden, Switzerland, Thailand, United Kingdom (the treaty with the United Kingdom was extended to Grenada, Mauritius, Seychelles, and Sierra Leone), Zambia, and Zimbabwe. In addition, Belgium, Italy, and the Russian Federation ratified comprehensive agreements. South Africa has signed but not ratified treaties with Croatia, the Czech Republic, India, Japan, Malta, Mauritius, Singapore, Uganda, and the United States. South Africa has negotiated but has not signed treaties with Cyprus, Egypt, Gabon, Greece, Ireland, Luxembourg, Malaysia, Malta, Namibia, Slovakia, Swaziland, Zambia, and Zimbabwe. South Africa is negotiating treaties with Australia, Indonesia, Iran, Portugal, Tunisia, and Turkey.

	are no additional capital or prudential requirements for intermediaries supplying custodial services.
Are there any custody requirements for customer funds?	Exchange members are required to maintain resident clients' margin in separate trust accounts and to maintain appropriate records.
Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, International Monetary Fund, and the World Bank
MOUs	SAFEX has agreements with 42 entities.[10] The FSB has agreements with 5 entities.[11] The FSB also signed a cooperative enforcement agreement ("Joint Communique") with the United States Commodity Futures Trading Commission. The South African Reserve Bank has an agreement with one entity.[12]

[10]

Agreement	Entity	Jurisdiction
B	Sydney Futures Exchange Limited	Australia
B	Austrian Futures and Options Exchange Clearing Bank	Austria
B	Vienna Stock Exchange	Austria
B	Belgian Futures and Options Exchange	Belgium
B	Canadian Derivatives Clearinghouse	Canada
B	Montreal Stock Exchange	Canada
B	Toronto Futures Exchange	Canada
B	Toronto Stock Exchange	Canada
B	Vancouver Stock Exchange	Canada
B	FUTOP Clearing Center	Denmark
B	Finnish Options Exchange	Finland
B	Marche a Terme International de France	France
B	Marches des Options Negociables de Paris	France
B	Deutsche Borse AG	Germany
B	Deutsche Terminbörse	Germany
B	Hong Kong Stock Exchange	Hong Kong
B	Irish Futures and Options Exchange	Ireland
B	Commissione Nazionale per le Societa e la Borsa	Italy
B	Mercato Italiano Futures	Italy
B	Osaka Securities and Exchange	Japan
B	Tokyo International Financial Futures Exchange	Japan
B	Tokyo Stock Exchange	Japan
B	Amsterdam Stock Exchange	The Netherlands
B	Oslo Stock Exchange/Futures & Options Clearing House	Norway
B	New Zealand Futures and Options Exchange	New Zealand
B	Singapore International Monetary Exchange	Singapore
B	Mercado Espanol de Futuros Financieros Holding	Spain
B	Stockholm Options Market	Sweden
B	Swiss Options & Financial Futures Exchange	Switzerland
B	International Petroleum Exchange	United Kingdom
B	London Clearing House	United Kingdom
B	London International Financial Futures & Options Exchange	United Kingdom
B	London Metal Exchange	United Kingdom

E-mail contact information	FSB: info@fsb.co.za, fsb@solo.pipex.co.za, gordonr@fsb.co.za (Gordon Rennie)
Web site	FSB: www.fsb.co.za

B	London Clearing House	United Kingdom
B	Chicago Board of Trade	United States
B	Chicago Mercantile Exchange	United States
B	Coffee, Sugar and Cocoa Exchange	United States
B	Kansas City Board of Trade	United States
B	MidAmerica Commodity Exchange	United States
B	New York Commodity Exchange	United States
B	New York Futures Exchange	United States
B	New York Mercantile Exchange/Commodity Exchange	United States

[11]

Agreement	Entity	Jurisdiction
MOU	Securities & Futures Commission	Taiwan
G	Securities and Futures Authority	United Kingdom
C	Securities and Investments Board	United Kingdom
BR, MOU	Commodity Futures Trading Commission	United States
O*	Securities and Exchange Commission	United States

* This denotes two other agreements.

[12]

Agreement	Entity	Jurisdiction
O	Securities and Futures Authority	United Kingdom

Exchange Data	
Exchanges	- South African Futures Exchange (SAFEX)
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Yes, in the event of a clearing member default, the clearinghouse opens a separate trust account into which all margin, proceeds from the sale of the clearing member's seat, proceeds from a suretyship pursuant to rule 4.2.9 of SAFEX, and any other moneys, securities or investments held by the clearinghouse on behalf of the clearing member are paid. The clearinghouse closes out all the clearing member's proprietary positions at the best obtainable price. If further obligations remain, the clearing member trustee is instructed to apply any margin, suretyships, cession, or any other money, investment, or security held by the clearinghouse to settle such obligations. If there is still a shortfall, the member's seat can be sold. In the event that there remains insufficient funds in the account, the clearinghouse may call on all clearing members for an equitable contribution after claiming against any insurance the clearinghouse may have against the default of a clearing member.
Is margin required?	Yes, initial margin and daily variation margins are required.
Who sets the margin levels?	The Risk Management Committee of SAFEX
Is margining calculated on a gross or net basis?	Net
Are prices disseminated in real time? If so, how?	Yes, via a live Automated Trading System (ATS), which immediately matches trades and disseminates prices on the same system.
Does the exchange have trade reconciliation capacity?	Yes, trades are automatically matched and reconciled when traded on the ATS system.
Is dual trading permitted?	Yes, but there must be permission from the client, client priority, and full disclosure.

What surveillance technology is used?	The exchange uses electronic surveillance, which generates exception reports. The exchange follows up on these reports. This surveillance looks for patterns, prices, volumes, counterparties, etc. that would suggest unsavory activity. There are also physical visits. The turnover on the South African futures market is over 99% wholesale (professional traders), resulting in "surveillance-by-peers," where any untoward trading activity is likely to cause competitors to complain.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	In addition to the Capital Adequacy Requirements, the exchange also has a substantial Guarantee Fund in place and Fidelity Cover.
Is trading conducted electronically or by open outcry?	Electronically
What was the level of open interest in futures contracts at year end 1996?	Futures = 90,349 contracts Options = 687,594 contracts Total = 777,943 contracts
What was the average daily volume in futures contract trading at year end 1996?	Futures = 16,316 contracts Options = 20,717 contracts Total = 37,032 contracts
What was the annual futures contract trading volume for 1996?	Futures = 4,095,247 contracts Options = 5,199,892 contracts Total = 9,295,139 contracts
How frequently are positions marked to market? How often are gains/losses settled?	Under normal circumstances, positions are marked-to-market on a daily basis, with intra-day mark-to-market implemented if the markets are excessively volatile. Depending on the circumstances, settlement can be daily or intra-day.
Does a stock index exist?/Do stock index futures exist?	Yes/Yes[13]
E-Mail contact information	SAFEX: root@safex.co.za
Web site	SAFEX: www.safex.co.za

[13] There are four types of stock index futures: an all-share index; an all-gold index; an industrial index; and a financial-industrial index.

ASIA

Derivative Market Information
Asia

Country	Exchange	Date Established	Types of Contracts	International Rank by Volume
China	Beijing Commodity Exchange	1992	Agricultural, Metals, and Other[14]	5, 6*
China	Chengdu United Futures Exchange	N/A	Agricultural	>40
China	Chongqing Commodity Exchange	N/A	Metals	>40
China	Dalian Commodity Exchange	N/A	Agricultural	>40
China	Futures Exchange of Hainan	N/A	Agricultural and Other	>40
China	Guangdong United Futures Exchange	N/A	Agricultural and Metals	>40
China	Shanghai Cereals & Oils Commodity Exchange	N/A	Agricultural and Other	>40
China	Shanghai Commodity Exchange	1992	Other	>40
China	Shanghai Metal Exchange	1992	Metals	>40
China	Shenyang Commodity Exchange	N/A	Agricultural	>40
China	Shenzen Mercantile Exchange	1992	Metals	>40
China	Suzhou Commodity Exchange	N/A	Agricultural and Other	>40
China	Tianjin United Futures Exchange	N/A	Agricultural, Metals, and Other	>40
China	Zhengzhou Commodity Exchange	N/A	Agricultural and Other	>40
Korea	Korea Futures Exchange	Planned	Not applicable	Not applicable
Korea	Korea Stock Exchange	1996	Stock Index	>40
India	National Stock Exchange	N/A	Planned	Not applicable
Malaysia	Kuala Lumpur Commodity Exchange (KLCE)	1980	Agricultural and Metals	55*
Malaysia	Kuala Lumpur Options and Financial Futures Exchange (KLOFFE)	1995	Stock Index[15]	62*
Malaysia	Malaysia Monetary Exchange	May 1996	Currency and Financial Instruments[16]	>40
Philippines	Manila International Futures Exchange	1986	Agricultural and Financial Instruments	59*
Thailand	Financial Futures and Options Exchange	Planned	Not applicable	Not applicable

[14] Other commodities include: rubber, plywood, red hemp, and #425 ordinary silicate cement.
[15] Although KLOFFE had previously refrained from launching stock index options and individual stock options contracts, because the Securities Commission of Malaysia is relaxing restrictions on stock brokers trading derivatives and with the introduction of stock lending, KLOFFE expects to launch options contracts this summer.
[16] Financial Instruments are defined as stock and debt securities.

CHINA

Economic and General Data	
1995 GDP ($US)	$697,647,000,000
1996 GDP ($US)	$764,621,000,000
1995 GDP per capita ($US)	$581
1995 Population	1,200,000,000
Debt Rating	A3/BBB+
1996 Stock Market Capitalization ($US)	$119,324,000,000[17]
Currency	Renminbi
1996 Total External Debt	$116,280,000,000
1996 Government Debt Market	$65,000,000,000
Yield to maturity (%) of 1/5/10 year government debt instruments	8.56/12.03/14.50 (all quoted in 1996)
Annualized volatility (%) for 1/5/10 year government debt instruments	N/A
1996 Average Consumer Price Inflation	2.9%
Average $US/RMB exchange rate from 5/15/96 to 5/15/97	8.314
Range of currency fluctuation, if pegged to $US	The Renminbi is not pegged to the dollar.
1996 Balance of Trade Surplus (Deficit)	$12,300,000,000
Major Industries	Iron and steel, textiles and apparel, machine building, and armaments
Quality and Timeliness of Market Data	6/5 (0/0)

[17] This figure consists of Shanghai's $65,987,000,000 capitalization and Shenzen's $53,337,000,000 capitalization.

Regulatory Data	
Is there a legal/regulatory framework in place?	Under consideration
Principal derivatives law	Under consideration
Principal securities law	Under consideration
Futures regulatory authority	China Securities Regulatory Commission (CSRC)
Securities regulatory authority	CSRC
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Yes
Are there minimum capital requirements?	The minimum capital requirement for futures exchanges is RMB 50,000,000; for brokerage firms, the requirement is RMB 10,000,000.[18]
Are exchanges/market participants audited by regulators?	Audits are performed by the Administration of Industry and Commerce (SAIC) once a year. The CSRC also performs audits.
Is a pre-investment protocol required for foreign investors? Any limits on such investments?	Currently, foreign investors are not allowed to participate in Chinese futures markets.
Do self-regulatory organizations (SROs) supplement governmental regulation?	To date, there are no organizations in China comparable to the U.S.'s Futures Industry Association (FIA) or National Futures Association (NFA); but the exchanges are SROs.
Are there restrictions on repatriation of funds? If so, please describe.	Yes
Are there prohibitions or limits on certain investments by particular investors?	Yes, foreign investors may not enter the Chinese futures market. Also, some futures exchanges limit certain trading practices to prevent excessive speculation. State-owned companies may only trade futures to hedge their own production.
Is there a double taxation treaty in place?	No
How are gains on derivatives products taxed?	The tax on derivatives products is 5% of their trading value.
What insolvency provisions apply to futures markets?	Insolvency is covered under the Corporate Insolvency Provisions; there are no insolvency provisions designed specifically for the futures/options markets.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, by the State Council.
Must foreign markets be approved by the	Yes, by the CSRC.

[18] Although China lacks a specific derivatives law, this figure was confirmed by Chinese sources.

government before Chinese investors may permissibly invest in such markets?	
What trade and other information reporting requirements exist for market participants and/or exchanges?	Futures exchanges must report daily trading volume, open positions, and other relevant information to the authorities.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	All trading records must be maintained for at least five years.
What registration requirements exist for market participants?	All futures exchanges and brokerage firms must obtain licenses from the CSRC and be registered with the SAIC.
Do price limits exist? If so, at what levels are they set?	Yes, usually three percent.
Are electronic trading systems required to have built in redundancy?	Yes
Are there any segregation requirements for customer funds?	Yes, the funds of customers and market participants must be strictly segregated.
Are there any custody requirements for customer funds?	Yes
Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, Asia-Pacific Economic Cooperation (APEC), Association of Southeast Asian Nations (ASEAN), International Monetary Fund, and the World Bank
MOUs	China has agreements with 7 entities.[19]
E-mail contact information	csrc@public3.bta.net.cn
Web site	Planned

[19]

Agreement	Entity	Jurisdiction
MOU	N/A	Australia
MOU	N/A	Hong Kong
MOU	Ministry of Finance	Japan
MOU	N/A	Malaysia
MOU	Singapore International Monetary Exchange	Singapore
MOU	N/A	United Kingdom
MOU	Securities and Exchange Commission	United States

Exchange Data	
Exchanges	- China Commodity Futures Exchange Inc. of Hainan (CCFE) - Zhengzhou Commodity Exchange (ZCE) - Suzhou Commodity Exchange (SuCE) - Beijing Commodity Exchange (BCE) - Dalian Commodity Exchange (DCE) - Shanghai Commodity Exchange (SCE) - Shanghai Metals Exchange (SME) - Tianjin United Futures Exchange (TUFE) - Guangdong United Futures Exchange (GUFE) - Shenzhen Mercantile Exchange (SzME) - Shenyang Commodity Exchange (ShCE) - Chengdu United Futures Exchange (CUFE) - Shanghai Cereals & Oils Exchange (SCOE) - Chongquing Commodity Exchange (CCE)
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Each futures exchange has a non-independent clearing department. Losses due to default are allocated via "Common Guaranty Funds."
Is margin required?	Yes
Who sets the margin levels?	Each exchange and the CSRC sets margin levels; the minimum margin level is 5 percent.
Is margin calculated on a gross or net basis?	N/A
Are prices disseminated in real time? If so, how?	Yes, electronically.
Do the exchanges have trade reconciliation capacity?	Yes
Is dual trading permitted?	No
What surveillance technology is used?	An electronic system.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	Each futures exchange has a risk guaranty fund.
Is trading conducted electronically or by open outcry?	Electronically
How frequently are positions marked to market? How often are gains/losses settled?	Daily/Daily
What was the level of open interest in futures contracts at year end 1996?	171,271,000 contracts for all Chinese exchanges.
What was the average daily volume in futures contract trading at year end 1996?	685,084 contracts for all Chinese exchanges.

What was the annual futures contract trading volume for 1996 (number of contracts/contracts' value)?	CCFE: 28,241,400/RMB1.103 trillion ZCE: 22,492,000/RMB 1.010 trillion SuCE: 50,158,500/RMB 452.707 billion BCE 9,981,700/RMB 417.342 billion DCE: 11,329,900/RMB 366.031 billion SCE: 30,760,900/RMB 269.246 billion SME: 1,073,275/RMB 115.255 billion TUFE: 5,283,600/RMB 193.676 billion GUFE: 1,568,240/RMB 47.086 billion SzME: 711,500/RMB 73.795 billion ShCE: 1,563,000/RMB 48.5 billion CUFE: 4,590,700/RMB 48.052 billion SCOE: 3,363,400/RMB 43.36 billion CCE: 164,180/RMB 17.88 billion
Does a stock index exist?/Do stock index futures exist?	Yes (Shanghai B & Shenzhen B)/No
E-Mail contact information	None
Web site	None

SUPPLEMENTARY INFORMATION ON CHINA

- The Chinese government is working on a comprehensive set of five regulations to govern the futures market due for release in 1997. These regulations would include temporary regulations on futures trading, futures broker management as well as other regulations of same-day settlement, and various other accounting and financial matters. Presently, only one regulation -- that for financial affairs of commodity futures trading -- has been released with interim status. The other four are still being discussed by the CSRC (those include regulations on the administration of exchanges and the administration of brokering firms).[20]

- China is also planning to license ten stated-owned businesses so that they may hedge overseas for their own accounts.[21]

- The China Securities Regulatory Commission is also planning to require exchanges to adopt more open information systems.[22]

- Continuing to repair the futures market, China will continue plans to standardize the industry. Furthermore, with the possibility of the re-introduction this year of long-grained rice as a traded futures contract, the Chinese government is working to encourage larger volumes of trade and limit the "over-speculation, particularly in small-volume products" which had hurt the futures market recently. This over-speculation had caused the 1996 strengthening of restrictions on futures in plywood, red beans, and green beans among others.[23]

[20] China to Issue New Futures Regulations in 1997, *Reuters News Service*, December 14, 1996.
[21] China Futures Exchange Tightens Grip on Hedging, *Reuters News Service*, April 16, 1997.
[22] Ibid.
[23] China Futures Must Concentrate on Major Products, *Reuters News Service*, January 12, 1997.

INDIA

Economic and General Data	
1995 GDP ($US)	$338,785,579,918
1996 GDP ($US)	N/A
1995 GDP per capita ($US)	$362
1995 Population	935,740,000
Debt Rating	Baa3/BB+
1995 Stock Market Capitalization ($US)	$153,000,000,000
Currency	Rupee
1996 Total External Debt	$97,000,000,000 as of 3/31/96
1996 Government Debt Market	$66,000,000,000
Yield to maturity (%) of 1/5/10 year government debt instruments	10.50/12.59/13.73
Annualized volatility (%) for 1/5/10 year government debt instruments	Year Low High 1 10.12 13.16 5 13.55 13.75 10 13.85 13.85
1990-1995 Average Consumer Price Inflation	10.0%
Average $US/Rupee exchange rate 5/15/96-5/15/97	35.66
Range of currency fluctuation, if pegged to $US	The value of the rupee is market determined.
1996 Balance of Trade Surplus (Deficit)	($7,300,000,000)[24]
Major Industries	Textiles, steel, processed foods, cement, machinery, chemicals, mining, and autos
Quality and Timeliness of Market Data	10/9 (0/0)

[24] Estimated deficit from April 1, 1996 - March 31, 1997.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	Under consideration
Principal securities law	N/A
Futures regulatory authorities	Securities and Exchange Board of India (SEBI) Reserve Bank of India Forward Markets Commission[25]
Securities regulatory authority	SEBI
Are there licensing/authorization requirements?	Yes, imposed by SEBI.
Are there sales practice standards?	No
Are there minimum capital requirements?	SEBI requires broker-members to have minimum capital of INR 500,000 ($133,333).[26] NSE members in the equities market must have a minimum net worth of INR 10,000,000 ($2,666,666). For the proposed derivatives market, NSE has stipulated a minimum net worth of INR 30,000,000 ($8,000,000).
Are exchanges/market participants audited by regulators?	In the financial markets, regulators audit exchanges every year. SEBI rules stipulate that at least 10% of the active broker-members need to be audited every year by the respective exchanges. Exchanges are free to conduct more frequent audits. The NSE currently audits approximately 25% of its members every year.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	Foreign investors have to register with SEBI in order to participate in Indian securities markets. The present regulations governing foreign institutional investors allow investment only in listed securities. Buying, selling, or otherwise dealing in securities as a foreign institutional investor is not allowed unless the investor holds a certificate granted by SEBI. In granting a certificate, SEBI considers all relevant matters, including the applicant's track record, professional competence, financial soundness, experience, general reputation for fairness and integrity, whether the applicant is

[25] The Securities and Exchange Board of India (SEBI) is the market regulator for the securities market and regulates the financial derivatives market in India. The Reserve Bank of India regulates all foreign exchange as well as interest rate transactions. The Forward Markets Commission is the regulating authority for all commodity forwards.

[26] Please note that the U.S. dollar figures are based on the exchange rate information given in the 'Economic and General Data' section of this table.

	regulated by a foreign regulatory authority, whether permission has been granted by the Reserve Bank of India under the Foreign Exchange Regulation Act, whether the applicant is one of the categories of institutional investors recognized, whether the applicant has been in existence for at least five years, whether it is legally permissible for the company to invest outside of its country of incorporation, whether the applicant is registered with a statutory authority in its country of incorporation, and whether any legal proceeding has been initiated by any statutory authority against the applicant. Grant or renewal of a certificate is subject to the applicant's abiding by the provisions of the regulations and, among other things, informing SEBI of any material changes and/or that previous information has become false or misleading, appointment of a domestic custodian prior to investment in India, entering into an arrangement with a designated bank for the purpose of operating a special non-resident rupee or foreign currency account before investing in India, and registration of each sub-account on whose behalf the investor proposes to invest in India. Foreign institutional investors (FII) may only invest in securities in the primary and secondary markets. Total equity investments made by an FII in India shall not be less than 70% of the aggregate of all the investments of the investor in India. Additional conditions for secondary markets include a ban on short-selling and carrying forward. FIIs must maintain books of accounts, records, and documents as specified in the regulations. The present regulations governing FIIs allow investment only in listed securities. Also: (1) no single foreign investor may own more than 5% of the stock of any one listed company; and (2) in the aggregate, foreign investors may own no more than 24% of the stock of any one listed company.

Do self-regulatory organizations (SROs) supplement governmental regulation?	There are self regulatory organizations, including the stock exchanges, and numerous member associations like the Registrars Association of India, the Association of Merchant Bankers of India, and the Association of Mutual Funds of India.
Are there restrictions on repatriation of funds? If so, please describe.	Repatriation of capital investments made in India is permissible (except where investment was permitted on the specific condition that it will not be eligible for repatriation), provided that the repatriation has been made with the approval of the Reserve Bank. Indian companies intending to remit dividends to their non-resident shareholders must apply to an authorized dealer, obtain the permission of the Reserve Bank and permission under Section 19(1) of the Act, and must ascertain that remittance is not prohibited. A similar procedure must also be followed for remittance of interest on bonds and debentures issued to non-residents.
Are there prohibitions or limits on certain investments by particular investors?	Presently FII and Nonresident Indians (NRI) are allowed to invest in the Stock Markets. Individual foreign investors (other than NRI) cannot invest in the Indian markets yet.
Is there a double taxation treaty in place?	Yes, with several countries.
How are gains on derivatives products taxed?	There is no derivatives taxation scheme currently in place.
What insolvency provisions apply to futures markets?	Derivatives trading is not yet underway in the financial markets. However, the Presidency-Towns Insolvency Act, 1909 will be applicable to the futures/options markets, just as it is to general bankruptcies.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, the Forward Markets Commission has the authority to approve exchanges for specific commodities. The approvals should be within the prescribed parameters stated by the Government of India. For financial derivatives, SEBI would have similar authority.
Must foreign markets be approved by the government before Indian investors may permissibly invest in such markets?	Currently, Indian laws prohibit citizens from investing in foreign markets except in specific circumstances and after receiving the prior approval of relevant authorities.

What trade and other information reporting requirements exist for market participants and/or exchanges?	On major stock exchanges, trades are matched electronically on computerized systems. Additionally, broker-members are required to periodically provide certified net worth information and file balance sheet and income statements on a yearly basis. Periodic inspections of brokers' books are conducted by the exchanges to ensure compliance with various regulatory requirements.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	In the financial markets, broker-members are required to maintain records to distinguish trading for their own accounts from trading for clients.
What registration requirements exist for market participants?	In the financial markets, market intermediaries are required to register with the regulator and adhere to certain requirements before commencing business. Similarly, exchanges also stipulate certain prerequisites in the form of knowledge, infrastructure, net worth, etc.
Do price limits exist? If so, at what levels are they set?	Yes, in the financial markets, uniform price limits are set by SEBI at 10% daily and 25% weekly for all stocks. Exchanges are free to set tighter limits.
Are electronic trading systems required to have built-in redundancy?	Regulation does not provide for redundancy. However, the NSE, which is the largest exchange in the country, has built many types of redundancies into the system. A disaster back-up site fully equipped with hardware, software, and telecommunication equipment 250 kilometers away from the primary site is under preparation.
Are there any segregation requirements for custodianship of customer funds?	In the financial market, all customer funds are required to be maintained in separate bank accounts from brokers' accounts and there are restrictions on their deployment.
Are there any custody requirements for customer funds?	N/A
Are there misappropriation protections?	In financial markets, the use of customer funds for the purpose of house trades or other matters is prohibited.
Memberships in international organizations	IOSCO, ASEAN, International Monetary Fund, and World Bank
MOUs	The Reserve Bank of India has an agreement with one entity.[27]

[27] Agreement Entity Jurisdiction

E-mail contact information	SEBI: sebi@sebiho.ernet.in
Web site	SEBI: www.sebi.com/

Exchange Data	
Exchanges	0, but the National Exchange of India (NSE) is developing a futures contract.
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	NSE: At present, derivatives are not traded on the exchange. However, for clearing and settlement purposes the NSE has a wholly owned clearing corporation subsidiary, the National Securities Clearing Corporation (NSCCL). The bylaws of the NSCCL provide for the following course of action: (1) Each clearing member is required to contribute to and provide a deposit to a settlement fund. In case of default, the NSCCL may utilize the settlement fund in the following order: a) any amount that may be paid in the form of margin or any other payment retained by the clearing corporation for the purpose of clearing and settlement; b) any contribution or deposit made by the defaulting member to the settlement fund; c) the amount of contribution and deposit made by all categories of clearing members to the settlement fund in proportion to the total contribution and deposit made by each clearing member; and d) the balance of the obligation remaining after application of the above funds shall be assessed against the clearing members in the same proportion as their total contribution and deposit, within such time as the relevant authority shall require, and clearing members shall be required to contribute or deposit the deficient amount to the settlement fund.
Is margin required?	NSE: For the underlying cash markets, margin is required and the requirements are determined by the NSCCL. The margin may be accepted at the NSCCL's discretion in deposit receipts, bank guarantees, securities, or cash.
Who sets the margin levels?	NSE: See above
Is margin calculated on a gross or net basis?	NSE: Not determined yet.

Are prices disseminated in real time? If so, how?	NSE: For the underlying cash market, the NSE disseminates prices in real time on an electronic screen based trading system. The information is also disseminated in real time through news services like Reuters, Bridge Information Services, etc. At the end of the day, the prices and volumes are disseminated to news vendors and other interested parties.
Does the exchange have trade reconciliation capacity?	NSE: For the underlying cash market, all trades are matched electronically with numerous validations to avoid errors, thereby ensuring no out-trades.
Is dual trading permitted?	NSE: In the cash market, SEBI does not permit opening discretionary accounts.
What surveillance technology is used?	NSE: For the underlying cash market, in-house developed software integrated with the trading and clearing system with real-time trade data is used for surveillance. The electronic trading system itself provides a facility to distinguish proprietary trading from client account trading.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	NSE: For the underlying cash market, the NSCCL acts as a counter-party to transactions on the NSE and stands as a guarantor of the financial obligations. The NSCCL maintains a settlement fund in respect of different clearing segments. The corpus of the settlement fund is presently more than INR 3,000,000,000 (approximately $85,000,000) for the equities market alone.
Is trading conducted electronically or by open outcry?	NSE: Trading is conducted electronically via terminals located throughout the country.
How frequently are positions marked-to-market? How often are gains/losses settled?	NSE: For the underlying cash market, marking-to-market of member positions happens once a day. The normal NSE policy is to levy and collect mark-to-market margins on a daily basis.
What was the level of open interest in futures contracts at year end 1996?	NSE: Not applicable
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	NSE: Not applicable
What was the annual futures contract trading volume for 1996?	NSE: Not applicable
Does a stock index exist?/Do stock index futures exist?	NSE: No/No
E-Mail contact information	NSE: nse@shakti.ncst.ernet.in

Web site	NSE: www.nseindia.com/

SUPPLEMENTARY INFORMATION ON INDIA

- The National Stock Exchange of India (NSE) is developing a stock index futures contract based on the NSE 50, currently under review by regulatory officials, which could appear this summer.[28]

- Futures and options trading rules are also under regulatory review. According to the Securities and Exchange Board of India (Board), it may be 6 months before the rules are ready. A preliminary draft has been prepared by the Board's derivatives committee, but the Board still plans to seek reactions from market participants, incorporate the feedback, review the revised rules, and await approval by the government.[29]

- The Financial Times has reported that trading on India's new international pepper exchange (India's first international commodity exchange) should begin in the middle of June.[30]

[28] Pacific Rim Basket, *www.futuresmag.com*, March 1997.
[29] Futures, Options Trade Still Distant on India Stock Exchanges, *Knight-Ridder MoneyCenter*, June 24, 1997.
[30] India to Start International Pepper Futures Trading, Paper Says, *Bloomberg*, May 28, 1997.

INDONESIA

Economic and General Data	
1995 GDP ($US)	$235,237,925,820
1996 GDP ($US)	N/A
1995 GDP per capita ($US)	$1,214
1995 Population	193,750,000
Debt Rating	Baa3/BBB
1995 Stock Market Capitalization ($US)	$66,585,000,000
Currency	Rupiah
1996 Total External Debt	$101,900,000,000
1996 Government Debt Market	N/A
Yield to maturity (%) for 1/5/10 year government debt instruments	N/A
Annualized volatility (%) for 1/5/10 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation	7.6%
Average $US/Rupiah exchange rate 5/15/96-5/15/97	2357.348
Range of currency fluctuation, if pegged to $US	±8%
1996 Balance of Trade Surplus (Deficit)	$8,700,000,000
Major Industries	Oil, gas, food processing, textiles, cement, and light industry
Quality and Timeliness of Market Data	16/13 (+6/+5)

Regulatory Data[31]	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	Law No. 8 year 1995 concerning Capital Market
Principal securities law	Law No. 8 year 1995 concerning Capital Market
Futures regulatory authority	Commodity Exchange Executive Agency (Bapekti)
Securities regulatory authority	Securities Commission (Bapepam)
Are there licensing/authorization requirements?	Yes, securities companies, underwriters, broker-dealers, investment managers, investment advisors, and any other businesses permitted by Bapepam rules must be licensed before they may commence operations. Bapepam has the authority to grant, revoke, suspend, and cancel: (1) business licenses to securities exchanges, clearing guarantee institutions, a central securities depository, investment funds, securities companies, investment advisors, and securities administration agencies; (2) individual licenses to underwriters' representatives, broker-dealers' representatives, and investment managers' representatives; and (3) approvals to custodial banks. Furthermore, only a company that is licensed by Bapepam may act as a Clearing Guarantee Institution or a Central Securities Depository.
Are there sales practice standards?	Yes, Bapepam may require any person to suspend and/or to correct any advertisement or promotion related to the capital market or take the necessary actions to remedy the advertisement or promotion.
Are there minimum capital requirements?	Yes
Are exchanges/market participants audited by regulators?	Yes, Bapepam may inspect issuers and public companies and persons required to have a business or individual license or to be approved or to be registered as a professional. A securities exchange must have an inspection unit that is responsible for periodic and surprise inspections of the exchange and its members.

[31] Data regarding futures regulation was not provided by the Indonesian authorities. Data on securities regulation is presented instead.

Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	N/A
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, while SROs may establish their own rules and regulations and impose sanctions for violations by members and users, these regulations and sanctions must first be submitted to Bapepam.
Are there restrictions on repatriation of funds? If so, please describe.	N/A
Are there prohibitions or limits on certain investments by particular investors?	N/A
Is there a double taxation treaty in place?	N/A
How are gains on derivatives products taxed?	N/A
What insolvency provisions apply to futures markets?	N/A
Must exchanges be authorized by the authorities prior to the start of trading?	N/A
Must foreign markets be approved by the government before Indonesian investors may permissibly invest in such markets?	N/A
What trade and other information reporting requirements exist for market participants and/or exchanges?	N/A
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Securities companies and investment advisors must prepare and maintain proper records of their financial condition, orders, and transactions.
What registration requirements exist for market participants?	All institutions involved in the capital markets and capital markets professionals such as trustees, public accountants, legal consultants, appraisers, and notaries must be registered with Bapepam before conducting capital market activities.
Do price limits exist? If so, at what levels are they set?	N/A
Are electronic trading systems required to have built-in redundancy?	N/A
Are there any segregation requirements for customer funds?	Securities companies must follow procedures stipulated by Bapepam when receiving clients' securities and must register clients' securities in accounts that are separate from accounts of the securities company.

Are there any custody requirements for customer funds?	Securities companies must follow procedures stipulated by Bapepam when receiving clients' securities and must maintain secure facilities for safekeeping clients' assets, with separate records for each client.
Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, APEC, ASEAN, International Monetary Fund, and World Bank
MOUs	The Jakarta Stock Exchange has agreements with one entity.[32] Bapepam has agreements with four entities.[33]
E-mail contact information	putugd@indoexchange.com
Web site	Bapepam: www.indoexchange.com/bapepam/

[32]

Agreement	Entity	Jurisdiction
G, MOU	Securities and Exchange Commission	United States

[33]

Agreement	Entity	Jurisdiction
O	Securities and Exchange Commission	United States
MOU	Securities and Futures Commission	Hong Kong
MOU	Securities Commission	Malaysia
MOU	Securities Commission	Australia

Exchange Data[34]	
Exchanges	0
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Yes (the majority of the shares of a Clearing Guarantee Institution must be owned by a securities exchange). N/A
Is margin required?	N/A
Who sets the margin levels?	N/A
Is margin calculated on a gross or net basis?	N/A
Are prices disseminated in real time? If so, how?	N/A
Does the exchange have trade reconciliation capacity?	N/A
Is dual trading permitted?	A broker-dealer may not execute transactions on a securities exchange for its own account or for the account of an affiliated person until all buy and sell orders with respect to the same securities for unaffiliated clients have been executed.
What surveillance technology is used?	N/A
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	N/A
Is trading conducted electronically or by open outcry?	N/A
How frequently are positions marked-to-market? How often are gains/losses settled?	N/A
What was the level of open interest in futures contracts at year end 1996?	N/A
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	N/A
What was the annual futures contract trading volume for 1996?	N/A
Does a stock index exist?/Do stock index futures exist?	No/No
E-Mail contact information	N/A
Web site	None

[34] As there currently are no futures exchanges in Indonesia, further information was not available for this section of the report. Stock exchange data is presented in its place.

SUPPLEMENTARY INFORMATION ON INDONESIA

- Indonesia is working with SIMEX to open a commodity futures exchange. The new exchange, to be called the Indonesian Commodity Exchange, is expected to commence trading in Jakarta later in 1997. Commodities to be exchanged include coffee and palm oil, in both of which Indonesia is a top-five producer/exporter. The palm oil contract would compete directly with the regional benchmark contract traded on Malaysia's Kuala Lumpur Commodity Exchange.[35]

[35] Pacific Rim: New Guy, *www.futuresmag.com*, February 1997; Pacific Rim Basket, *www.futuresmag.com*, March 1997.

MALAYSIA

Economic and General Data	
1995 GDP ($US)	$85,311,000,000
1996 GDP ($US)	$87,780,000,000
GDP per capita ($US)	$4,141
1996 Population	Securities Commission (SC): 20,700,000
Debt Rating	A1/A+
1995 Stock Market Capitalization ($US)	$213,755,800,000
Currency	Ringgit
1996 Total External Debt[36]	Malaysian Monetary Exchange (MME): $28,740,000,000 SC: $31,236,000,000
1996 Government Debt Market	MME: $35,507,000,000 SC: $28,532,000,000
Yield to maturity (%) for 1/5/10 year government debt instruments	MME: 6.6767/6.5813/6.8200[37] Kuala Lumpur Commodity Exchange (KLCE): 6.7/6.55/6.78
Annualized volatility for 1/5/10 year government debt instruments	As of December 31, 1996, the annualized interest rate volatility was as follows: 5 Year instruments 1989 - 1996: 11.483819% Jan. 96 - Dec. 1996: 5.7582% The annualized interest rate volatility for the 1 Year and 10 Year instruments is unavailable.
1990-1995 Average Consumer Price Inflation	3.8%
Average $US/Ringgit exchange rate 5/15/96-5/15/97	2.5

[36] Both figures are as of December 31, 1996.
[37] Source: Reuters page <NEGARE>. Figures are as of April 16, 1997.

Range of currency fluctuation, if pegged to $US	The MYR is a managed float against a basket of currencies which includes the USD. Malaysia does not set exchange rate targets. Market intervention is undertaken to eliminate destablilizing trends which cannot be supported by economic fundamentals and to smooth excessive volatility.
1996 Balance of Trade Surplus (Deficit)	($244,384,000)
Major Industries	Services, manufacturing, agriculture, mining, and construction
Quality and Timeliness of Market Data	12/11 (+1/+4)

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	Futures Industry Act 1993
Principal securities laws	Securities Industry Act 1983, Securities Commission Act 1993, and the Rules and Regulations of the Kuala Lumpur Stock Exchange
Futures regulatory authorities	Ministry of Finance Securities Commission (SC)
Securities regulatory authority	Ministry of Finance SC
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Yes

Are there minimum capital requirements?	Kuala Lumpur Options and Financial Futures Exchange (KLOFFE): Member firms are subject to a minimum capital requirement of MYR 500,000 or 10% of aggregate margins required (client and proprietary), whichever is higher. MME: The minimum requirements for futures brokers which are members of the exchange are: paid up share capital of MYR 4,000,000; net tangible assets of MYR 3,000,000; adjusted net capital of MYR 500,000 or 10%, or such other percentage as prescribed by the Board from time to time, of the aggregate of the margins required to be paid to the Malaysian Derivative Clearing House Bhd. (MDCH) and to any other party, whichever is higher. The non-broker members of the exchange are required to have a minimum paid-up capital of MYR 2,000,000 and net tangible assets of MYR 1,000,000. The individual trading members (local) of the Exchange are required to have minimum trading capital of MYR 30,000 upon admission. SC: KLCE broker members of the exchange must have adjusted net capital of MYR 250,000 or 5% of clients' funds in segregation, whichever is higher.

Are exchanges/market participants audited by regulators?	KLOFFE: The exchange conducts a routine annual audit of all its member firms. Additionally, adequacy of the members firms' working capital is evaluated by the exchange through its review of the monthly financial statements submitted to it by member firms. SC: The SC audits the exchange companies, member firms, brokers, and clearing members on a case-by-case basis. MME: The exchange is audited on an annual basis by its auditors. The audit report is submitted to the SC. Broker members are routinely audited by the exchange and are also required to submit their audited accounts at the end of their financial years. Non-brokers are also required to submit their audited accounts to the exchange.

Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	MME: The Malaysian government has decided to regulate the acquisition of certain assets or interests and mergers and takeovers of companies and businesses in Malaysia. For this purpose, the Malaysian government established the Foreign Investment Committee (FIC) under the Economic Planning Unit of the Prime Minister's Department. The FIC has issued guidelines and is responsible for implementing them and for overseeing major matters regarding foreign investment in Malaysia. Proposed acquirers are required to obtain the FIC's approval. The guidelines are not applicable to specific projects approved by the government. The guidelines apply to the following: a) any proposed acquisition by foreign interests of any substantial fixed assets in Malaysia; b) any proposed acquisition of assets or any interests, mergers, and takeovers of companies and businesses in Malaysia by any means which will result in ownership or control passing to foreign interests; c) any proposed acquisition of 15% or more of the voting power by any one foreign interest or associated group, or by any foreign interest in the aggregate of 30% or more of the voting power of a Malaysian company and business; d) control of Malaysian companies and businesses through any form of joint venture agreement, management agreement, technical assistance agreement, or any other arrangement; e) any merger or takeover of any company or business in Malaysia whether by Malaysian or foreign interests; and f) any proposed acquisition of assets or interests exceeding MYR 5,000,000 in value, whether by Malaysian or foreign interests.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, the futures exchanges and the clearinghouses are SROs and are empowered to take action against any of their members for violations of the business rules of each organization. However, there are no self-regulatory organizations in Malaysia akin to the NFA in the U.S.

Are there restrictions on repatriation of funds? If so, please describe.	SC: Repatriation of capital, profits, dividends, fees, royalties, and proceeds from the sale of assets in Malaysia by foreign investors is permitted through authorized dealers in foreign currency (i.e., the commercial banks in Malaysia) and may be made in any currency other than the currencies of Israel, Serbia, or Montenegro. Residents are only required to complete a statistical form for individual remittances which are MYR 100,000 or more or its equivalent in foreign currency.
Are there prohibitions or limits on certain investments by particular investors?	KLOFFE: Investments made by foreign investors require approval from FIC if they fall under the following categories: 1) Purchase of 15% of paid up capital or MYR 5,000,000 value; and 2) Acquisition of shares where: -the interest acquired is valued at more than MYR 5,000,000 -the acquisition exceeds 15% of the voting rights of the company or, due to increase in capital, the foreign interest(s) increases its voting rights to 30% or more -total subscription by several foreign interests is 30% or more. SC: Residents (including licensed institutions and insurance companies) who have obtained any domestic borrowing are required to seek prior approval should they wish to remit funds overseas for investment purposes, including extension of loans to non-residents. Corporate residents with domestic borrowing, nevertheless, are allowed to freely invest abroad up to MYR 10,000,000 in any calendar year in an effort to enable corporate residents to undertake overseas investments and other business activities to complement their operations in Malaysia. A corporate resident includes a corporate group comprised of holding companies and subsidiary companies in

	Malaysia.
Is there a double taxation treaty in place?	Yes, Malaysia has double taxation treaties with 43 countries:[38]
How are gains on derivatives products taxed?	KLOFFE: Malaysia does not have any specific law to deal with the tax treatment of transactions involving financial derivatives. Tax practitioners instead rely on basic tax principles and case law to determine what the treatment should be. <u>Taxpayer Categories</u>: The tax treatment of financial derivatives would depend, among other things, on whether the taxpayer is a hedger, trader, or speculator. <u>Hedgers</u> A hedging profit or loss generally could be treated as a capital gain/loss or as ordinary income/loss. Capital treatment is generally accorded to isolated hedges and gains are not taxable. Ordinary income/loss treatment relates to gains arising from hedging trading positions with derivatives as part of normal trading activities or where derivatives are used to hedge or mitigate risk associated with regular business operations such as interest rate or commodity price risk. Such gains are taxable and losses can be carried forward. <u>Traders</u> Generally, the profits or losses derived from traders' transactions are treated as business income or losses. The tax treatment would be different if the treasury function was used to protect the value of an underlying asset, in which case hedging tax treatment would be applicable. <u>Speculators</u>

[38]Albania, Australia, Austria, Bangladesh, Belgium, Canada, China, Denmark, Fiji, Finland, France, Germany, Hungary, India, Indonesia, Italy, Japan, Malta, Mauritius, Mongolia, The Netherlands, New Zealand, Norway, Pakistan, Papua New Guinea, Philippines, Poland, Romania, South Korea, Soviet Union, Singapore, Sri Lanka, Sudan, Sweden, Switzerland, Thailand, United Arab Emirates, United Kingdom, Vietnam, Yugoslavia, and Zimbabwe. Malaysia also has a double taxation treaty limited to shipping and air transport with Saudi Arabia and the United States.

Profits derived from isolated speculative transactions are generally not taxable. However, the taxpayer may enter into a profit-making scheme or enter a transaction with the intention of making a profit such that the Revenue authorities will characterize the transaction as an adventure in the nature of trade and hence the profit would be taxable. (The general principles used to determine how to characterize a trade are the existence of a profit seeking motive, the funding of the transactions, the frequency and volume of similar transactions, and the business in which the company is engaged).

Timing of Recognition of Gains and Losses:
Under the Malaysian Income Tax Act, there is no provision for anticipated or unrealized gains or losses. Hence gains or losses would only be computed for tax purposes upon realization. In other words, a gain or loss does not occur until the transaction has been closed out or matures.

Applicable Tax Rates:
There are two categories of members who trade on KLOFFE. They are as follows:

1) Local Members (Individuals)
In Malaysia, local members of KLOFFE are partially exempted from tax on the income derived from trading KLOFFE's products. They are given a 70% abatement on their adjusted income for five years, starting from the date of commencement of operations of KLOFFE. However, there are certain conditions imposed on these local members:
-applications for abatement must be accompanied by yearly audited accounts
-abatements are restricted to individuals (sole proprietors) only
-the abatement would not apply where the local member experiences a loss

2) Exchange Members (Corporate): There are no exemptions given to futures broking firms. They are taxed at a flat corporate tax rate of

	30%.
What insolvency provisions apply to futures markets?	KLOFFE: In the case of an individual, the Bankruptcy Act 1967 (Act 360) will apply. Where judgment for the sum of MYR 10,000 or more is entered against a person, a creditor will be entitled to commence bankruptcy proceedings pursuant to the Act. The Companies Act 1965 (Act 125) and its attendant rules and regulations, in particular the Companies Winding-Up Rules, govern company insolvencies. SC: Section 106B(1) of the Futures Industry Act 1993 provides that, in order to protect its financial stability, a clearinghouse may take action against an affiliated futures broker which (a) is being wound up, (b) contravened financial, margining, or payment requirements specified by clearinghouse rules, or (c) is an affiliate falling into prescribed circumstances. This action must be approved by the SC and must be consistent with the clearinghouse's Business Rules. Subsection 2 prevents provisions of the Companies Act 1965 from invalidating a clearinghouse's actions or from preventing a clearinghouse from acting.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, all exchanges must be approved by the Minister of Finance.
Must foreign markets be approved by the government before Malaysian investors may permissibly invest in such markets?	No, Malaysian citizens may invest directly in a foreign market through a foreign broker without any restrictions. However, trading in futures contracts outside Malaysia is prohibited unless the foreign futures exchange has been approved as a specified exchange by the Minister of Finance and the futures contract is of an approved class of futures contract.

What trade and other information reporting requirements exist for market participants and/or exchanges?	KLOFFE: The exchanges are required to report violations of the exchanges' Business Rules (and any action taken in relation thereto) to the Securities Commission. Brokers are also under a duty to report any violations or suspected violations of the Business Rules or statutes governing the futures industry to the Securities Commission and the exchanges. Brokers are also required to submit reports of their financial standing (i.e., working capital and audited accounts) to the exchanges. In addition to this, brokers are also required to inform an exchange if the aggregate of any proprietary or client account positions equals or exceeds the reportable position limit set by the exchange. The current limit is 100 open positions held long or short by any one client or broker. MME: Futures brokers who are members of the exchange (Broker Members) are required to submit to the exchange's Audit & Compliance Division a monthly financial report for the purpose of financial surveillance. Broker members are also required to report details about their clients and declare reportable positions on behalf of their clients to the Exchange's Market Surveillance Unit. The exchange submits weekly market reports, members' audit reports, and weekly surveillance reports to the Securities Commission. SC: Section 36 of the Futures Industry Act (FIA) requires preparation and submission of profit and loss and account statements and balance sheets to the SC.

What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	MME: Under the FIA and related regulations, a futures broker must keep separate records which correctly record and explain trading in futures contracts by that futures broker. These records must be kept for five years. All other records containing customer information must be kept for seven years. The exchange maintains its records for a period of seven years. SC: Section 36 of the FIA and the Companies Act 1965 require exchange companies, clearinghouses for exchange companies, futures brokers, and futures fund managers to keep accounting and other records. Section 54 of the FIA provides for futures brokers to maintain records relating to receiving instructions from their clients.
What registration requirements exist for market participants?	KLOFFE: All brokers must be licensed as such by the Securities Commission before commencing any brokering activities. All exchanges must be approved by the Ministry of Finance before commencing operations. SC: Prior to commencing business, exchange companies need approval from the Minister of Finance, while market participants (i.e., futures brokers, futures brokers' representatives, futures trading advisers, futures trading advisers' representatives, futures fund managers, and futures fund managers' representatives) each need a license from the SC. Locals are required to register with the SC.

<table>
<tr>
<td>Do price limits exist? If so, at what levels are they set?</td>
<td>KLOFFE: Yes, price limits exist. In the first trading session of the day, the limits for the respective contract months are set at ±7.5% of the previous business day's daily settlement price. In the second trading session of the day, the limits for the respective contract months are set at ±7.5% of the same day's first trading session's last traded price.

MME: There are no price limits for the 3 month KLIBOR futures contract.

SC: KLCE's Crude Palm Oil Futures:
MYR 50 per tonne above or below the preceding day's settlement prices for all months except the current month. Limits are expanded when the settlement prices of all the three quoted months immediately following the current month, in any day, are at limits as follows:

<u>Day</u> <u>Limit (MYR)</u>
First 50
Second 75
Third 100
Fourth No limit
Fifth Back to 50</td>
</tr>
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Are electronic trading systems required to have built in redundancy?	KLOFFE: KLOFFE's Automated Trading System (KATS) runs on a Digital VAX cluster which has built-in hardware redundancy. Other components in the production system also have redundancy (i.e., dual communication servers, dual user devices, and dual communications lines to members). The data center for the production system also has built-in backup systems (i.e., dual air-conditioning and dual power supply). In addition, KLOFFE also has a remote Disaster Recovery Centre, where all the components of the production system and the data center support facilities are duplicated. MME: Not applicable SC: The SC requires exchanges to have necessary backup measures. Currently, KLOFFE's electronic trading system has built-in redundancy.
Are there any segregation requirements for customer funds?	Both the FIA and the Business Rules of the exchange require all client funds to be segregated from member firms' own funds in a designated Clients' Segregated Account so as to prevent commingling of these funds. The member firms are required to deposit the clients' funds in a segregated account maintained in Malaysia with a licensed bank or in the place where the funds were deposited with or received by the member firms. In addition, a broker is also required to keep proper accounting records with respect to segregated money and property.
Are there any custody requirements for customer funds?	See above
Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, APEC, ASEAN, International Monetary Fund, and World Bank
MOUs	KLSE has general agreements with several entities.[39] There is also an MOU between Finex and the MME - the Declaration on Cooperation and Supervision of International Futures Markets and Clearing Organizations.

[39]

Agreement	Entity	Jurisdiction
G	American Stock Exchange	United States

E-mail contact information	SC: No general e-mail address. Ministry of Finance: www@treasury.gov.my
Web site	SC: www.jaring.my/at-asia/sc

G	Chicago Board Options Exchange	United States
G	New York Stock Exchange	United States
G	Pacific Stock Exchange	United States
BR	Securities and Exchange Commission	United States

Exchange Data	
Exchanges	- KLOFFE - KLCE - MME
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?[40]	KLOFFE: Yes, the MDCH. In the event a clearing member defaults, the clearinghouse has recourse to the following assets, to be used in the following order: 1) Cash and realized collateral margin held for the account of the defaulting member; 2) the defaulting member's security deposit of MYR 1,000,000; 3) the defaulting member's contribution to the clearing fund (minimum MYR 1,000,000); 4) the reserve against risk established by the clearinghouse; 5) surplus funds of the clearinghouse as determined from time to time by the Board; 6) non-defaulting clearing members' contributions to the clearing fund (the clearing house has 37 clearing members with a total clearing fund contribution of MYR 37,000,000); and 7) the clearinghouse shareholders' funds. KLCE: The KLCE has a clearinghouse known as the Malaysian Futures Clearing Corporation Sdn Bhd (MFCC).[41] In the event of a clearing member's default, the losses will be covered by the following assets in the following order: 1) cash and collateral margins held for defaulting member's account; 2) a defaulting member's security deposit (MYR 500,000); 3) capital and reserves of MFCC (MYR 13,400,000 as of 12/31/96); and 4) call on partly paid shares of MFCC (MYR 20,000,000).
Is margin required?	All three exchanges require margin.

[40]The MME is interested in joining the Chicago Mercantile Exchange's Clearing 21 initiative.
[41] The MFCC is in the process of merging with the MDCH.

Who sets the margin levels?	KLOFFE: Clearinghouse MME: Clearinghouse KLCE: The Clearinghouse Committee
Is margin calculated on a gross or net basis?	KLOFFE: Gross[42] MME: Gross KLCE: Net for house accounts; client accounts are margined on the higher side of the gross open position.[43]
Are prices disseminated in real time? If so, how?	KLOFFE: KLOFFE's real time price information is currently available from the following financial data providers: Bloomberg, Reuters, Telerate, Knight Ridder, and Bernama Hyperlink. MME: The price is disseminated on a real time basis through the following price vendors: Reuters, Bloomberg, Telerate, and Bridge Information System. KLCE: There is real time price dissemination via data lines to news vendors such as Reuters, Telerate, and Bloomberg.
Does the exchange have trade reconciliation capacity?	KLOFFE: Yes, each trade done will have the following details: transaction ID number, member ID, contract, customer number, and price. MME: Yes, the trade reconciliation is done through the Malaysian Trade Allocation and Confirmation System (MTACS). MTACS is a front-end clearing system whereby details of the contract executed on the trading floor of the exchange, which are recorded on the trade form, are keyed into the MTACS for the purpose of registration with the clearinghouse. The details of the trade as recorded on the trade form are reconciled by confirming the details of the trade

[42] The clearinghouse uses the TIMS margining system developed by the Options Clearing Corporation.
[43] There is a reduction in margin requirements for "spreads." The reduction is automatic for house accounts but must be requested for client accounts.

	on the MTACS screen, and upon confirmation by both the buyer and seller, the trade will be registered with the clearinghouse. KLCE: Yes, the Price Reporting System of the Exchange generates a Time & Sales Report daily after the market closes. The T&S Report is reconciled manually the following day with the daily trading record.
Is dual trading permitted?	SC: Generally, there is no prohibition. However, it is required by law that a client's trades be given priority over a broker's own trading. The law also prohibits the brokers from knowingly taking the opposite side of a client's order unless the client is aware of this fact.
What surveillance technology is used?	KLOFFE: KLOFFE is implementing an on-line market surveillance system which can track market transactions and trading activities. The surveillance system is a Windows NT-based application. MME: Market surveillance is done manually by daily monitoring of daily trade reports by MTACS. A broker member is required to lodge with the Market Surveillance Unit specific information on all of its clients before any of its clients' orders can be executed by the broker member for the first time. Broker members are required to declare to the Market Surveillance Unit all positions of any of their clients for any trading day where their clients' positions reach the reportable position floor. KLCE: Closed circuit television, cameras, microphones, VERS SC: Surveillance is carried out by the exchanges themselves; the SC has a supervisory role.

What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	KLOFFE: See the clearinghouse answer above. MME: The clearinghouse membership requires that its members lodge a security deposit of at least MYR 1,000,000. This security deposit will be used in the event of a default by the clearing member. The security deposit can be increased if the clearinghouse deems it necessary. KLCE: The capital and reserves of MFCC form the "Guaranty Fund." The level of capital is reviewed regularly and will be increased if required. The financial resources of MFCC as of 12/31/96 were as follows: Paid up share capital: MYR 5,000,000 Reserves: MYR 8,400,000 Call on partly paid share capital: MYR 20,000,000
Is trading conducted electronically or by open outcry?	KLOFFE: KLOFFE is a fully electronic screen-based trading exchange which operates an integrated trading and clearing system. The system is called KLOFFE Automated Trading System or KATS. MME: Open outcry.[44] KLCE: Open outcry.

[44] The MME is looking at the French NSC system in its search for an after-hours electronic trading system.

How frequently are positions marked-to-market? How often are gains/losses settled? [45]	KLOFFE: The positions are marked to market daily and any gains/losses are also settled daily. SC: At least once a day (at the end of the day). Gains/losses are normally settled once, but if there are adverse market movements, the clearing house may require clearing members to pay additional margin for losses incurred. KLCE: The positions are marked-to-market daily for the routine daily variation margin settlement. MFCC conducts one routine settlement call daily. This settlement includes all trades which have been matched and marked-to-market up to the close of the previous trading day. Cash settlement will have to take place by 11:00 a.m. through MFCC's settlement bank. MFCC may also impose an additional intra-day variation settlement for payment within one hour of the call being made. MME: The positions are marked-to-market at the end of each trading day. The gains and losses are settled before the start of the next trading day.
What was the level of open interest in futures contracts at year end 1996?	KLOFFE: KLSE CI futures - 1,312 contracts. MME: 3,162 contracts. KLCE: CPO futures - 9,897 contracts.
What was the average daily or monthly volume in futures contract trading at year end 1996?	KLOFFE: KLSE CI futures - 313 contracts (daily) and 6,440 contracts (monthly). MME: 274 contracts (daily from May 28 to December 31,1996) and 5,117 contracts (monthly from May to December 1996). KLCE: CPO futures - 2,009 lots (daily).
What was the annual futures contract trading volume for 1996?	KLOFFE: KLSE CI futures - 77,281 contracts. MME: 40,933 contracts (from May to December 1996).

[45] The settlement period for the KLSE has been proposed to be shortened to T+5.

	KLCE: CPO futures - 498,198 lots.
Does a stock index exist?/Do stock index futures exist?	MME: Yes/No
E-Mail contact information	KLOFFE: kloffe@kloffe.po.my (e-mail is not functional as of late June) MME: mme@po.jaring.my KLCE: klce@po.jaring.my
Web site	KLOFFE: Planned MME: www.jaring.my/mme KLCE: www.jaring.my/klce

SUPPLEMENTARY INFORMATION ON MALAYSIA

- The Commodities Trading Commission (CTC) of Malaysia, the regulatory agency for commodity futures trading, was abolished effective April 16, 1997, and its functions were absorbed by the Securities Commission, which regulates KLOFFE. The merger of the two agencies will be finalized in July. Munir Majid, the chairman of the Securities Commission, has said that the merger of the CTC and the Securities Commission should lead to a merger of the MME and its parent, the Kuala Lumpur Commodity Exchange (KLCE). Prior to the merger of regulators, the MME and KLCE were both regulated by the CTC. The two exchanges also share common membership, trading facilities, and related ownership structures.[46]

- The restrictions on the KLOFFE and the Malaysian Monetary Exchange were lessened in November 1996. This effort to help boost trading volume includes dual licenses to allow brokers to trade futures and other derivatives on KLOFFE and the MME and the introduction of more local markets[47].

- To appeal to Islamic investors in Malaysia, the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) plans on starting the first Islamic stock index which will be based on stocks traded on the Kuala Lumpur Stock Exchange. Because of religious beliefs against engaging in business with certain industries that profit from activities prohibited by the Koran -- particularly banking and alcohol production -- many Muslims have been unable to participate fully in futures trading. This contract, as well as a number of other new derivative contracts, are planned for introduction sometime during 1997.[48]

[46] Malaysia Moves, *Futures & Options World*, May 1997.
[47] Malaysia to Ease Rules on Futures Trading, *Financial Times*, November 15, 1996.
[48] Islamic Futures: God Willing, the Index Will Prosper, *www.futuresmag.com*, February 1997.

PHILIPPINES

Economic and General Data	
1995 GDP ($US)	$74,134,712,608
1996 GDP ($US)	$83,532,956,973
1995 GDP per capita ($US)	$1,055
1995 Population	70,270,000
Debt Rating	Ba2/BB+
1995 Stock Market Capitalization ($US)	$58,859,000,000
Currency	Peso
1996 Total External Debt	$41,875,000,000[49]
1996 Government Debt Market	Outstanding Public Internal Debt:[50] Millions of US$ National Government 27,013.13 Government corporations 282.06 Monetary Authority 9.37 TOTAL 27,304.56
Coupon rate (%) for 1/5/10 year government debt instruments	12.455/14.5/16[51]

[49]

Institutional Creditor	Millions of $US	% of Total
Commercial Banks/ Other Financial Institutions	8,373	20.0
Suppliers	2,588	6.2
Multilateral	8,634	20.6
IBRD	4,676	11.2
IMF	405	1.0
ADB	3,117	7.4
Bilateral	13,439	32.1
Others	8,841	21.1
Total	41,875	100.0

[50] The government's outstanding debt includes its security issuances and its outstanding borrowings in the form of loans but excludes assumed liabilities from the Philippine National Bank (PNB) and Development Bank of the Philippines (DBP), loans evidenced by promissory notes issued to different international financial institutions and loans issued under the Consolidated Foreign Borrowings Program. Debt of government corporations consists of security issuances of government-owned and controlled corporations issued through Bangko Sentral ng Pilipinas (BSP), security issuances of the Land Bank of the Philippines (LBP) and the loans by the BSP to the Philippines Deposit Insurance Corporation. Debt of the monetary authority consists of security issuances of the BSP.

Annualized volatility (%) for 1/5/10 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation	9.8%
Average 1996 $US/Peso exchange rate	26.517
Range of currency fluctuation, if pegged to $US	The peso is not pegged to the dollar.
1996 Balance of Trade Surplus (Deficit)	($11,342,000,000)[52] ($4,361,000,000)[53]
Major Industries	Food processing, textiles, chemicals, pharmaceuticals, wood products, and appliances
Quality and Timeliness of Market Data	17/9 (-1/-4)

[51] Rates given are for instruments auctioned December 23, 1996, November 19, 1996, and September 24, 1996 respectively.
[52] Represents the trade in goods deficit.
[53] Represents the trade in goods and services deficit.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	Revised Rules and Regulations on Commodity Futures Trading (RRRCFT)
Principal securities law	Revised Securities Act
Futures regulatory authority	Securities and Exchange Commission (SEC)
Securities regulatory authority	SEC
Are there licensing/authorization requirements?	Yes, Section 16 of Title IV of the RRRCFT prescribe that futures commission merchants (FCMs) and floor brokers (FBs) may not solicit or execute orders unless they have first been registered and licensed by the SEC.
Are there sales practice standards?	Yes
Are there minimum capital requirements?	Yes, FCMs and FBs must have minimum paid-up capital of P 3,000,000 of which P 1,000,000 must be in cash. P 2,000,000 must be in the form of a surety bond in favor of the Commission. FCMs/FBs must maintain net assets at a level not less than 20% of total liabilities.
Are exchanges/market participants audited by regulators?	Yes, exchanges are audited quarterly by the SEC, brokers are audited monthly by the Manila International Futures Exchange (MIFE), and the Clearing House is audited quarterly by the SEC.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No, there is no foreign equity cap on investments in commodity futures trading firms.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Presently, there are only government regulators, but there is a commodity futures brokers association of the Philippines.

Are there restrictions on repatriation of funds? If so, please describe.	Repatriation of sales/divestment proceeds, including dividends/profits/earnings of BSP registered foreign investments is not restricted. Foreign investments need not be registered with the BSP or with an investor's designated custodial bank in the case of investments in government/listed securities and money market instruments/bank deposits. Authorized agent banks may sell foreign exchange to residents without prior BSP approval provided that for sales of foreign exchange exceeding $100,000, the banks must require a written application and supporting documents from the purchaser of the foreign exchange. For sales of foreign exchange for payment of obligations that are foreign loans or foreign investment-related, the authorized agent bank must require the purchaser to present proof of BSP approval and/or registration for each loan or investment as required by existing rules.
Are there prohibitions or limits on certain investments by particular investors?	There are no prohibitions on commodity futures trading.
Is there a double taxation treaty in place?	No
How are gains on derivatives products taxed?	Capital gains are taxed 10% on the first P 100,000 ($4,000) and 20% on the excess.
What insolvency provisions apply to futures markets?	N/A
Must exchanges be authorized by the authorities prior to the start of trading?	Yes
Must foreign markets be approved by the government before Filipino investors may permissibly invest in such markets?	No, on condition that there is no solicitation of investments within the Philippines.

What trade and other information reporting requirements exist for market participants and/or exchanges?	As regards reporting requirements, the following must be submitted within the prescribed period: (1) a daily transaction report on T+1; (2) monthly unaudited financial statements ten days after the end of the month; (3) audited financial statements within sixty days after the closing of the fiscal year and after the semi-annual closing of an entity's books; (4) contracts with foreign broker(s) acting as agent(s) or in any other similar capacity for investors placing orders at the MIFE, five days from the execution of such contracts (SEC-BED Cir. 7 Series 1987); (5) work permits for foreigners immediately after the grant of a license to operate the business and subsequent renewal thereof (SEC-BED Cir. 17, Series 1987); (6) the names of officers and employees and any change therein shall be reported to the Commission within ten days of such change; and (7) the names of the clients within the second degree of consanguinity or affinity trading in any broker house and a continuing authorization for the SEC's duly authorized representative(s) to verify bank accounts.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	The following trading and customer records must be maintained: (1) contracts; (2) signature cards; (3) customer ledger; and (4) buy and sell order tickets.
What registration requirements exist for market participants?	N/A
Do price limits exist? If so, at what levels are they set?	Yes, MIFE's rules and regulations contain price limits on various contracts. For example, the limit on interest rate contract price swings is +/- 50 basis points from the previous close.
Are electronic trading systems required to have built in redundancy?	Not applicable
Are there any segregation requirements for customer funds?	Yes, customer and broker funds are required to be segregated.
Are there any custody requirements for customer funds?	Yes, customer funds must be held by the Clearing House.
Are there any misappropriation protections?	Yes

Memberships in international organizations	IOSCO, APEC, ASEAN, International Monetary Fund, and the World Bank
MOUs	The Philippines Stock Exchange has an agreement with 1 entity.[54]
E-mail contact information	None
Web Site	None

[54]

Agreement	Entity	Jurisdiction
G	Pacific Stock Exchange	United States

Exchange Data	
Exchanges	-Manila International Futures Exchange (MIFE)[55]
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Yes/(N/A)
Is margin required?	Yes
Who sets the margin levels?	Brokers and the Clearing House.
Is margining calculated on a gross or net basis?	Net
Are prices disseminated in real time? If so, how?	Yes, through the daily transaction report.
Does the exchange have trade reconciliation capacity?	Yes
Is dual trading permitted?	Yes
What surveillance technology is used?	None
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	The Compensation Fund and a cash bond of P 2,000,000.
Is trading conducted electronically or by open outcry?	Open outcry
What was the level of open interest in futures contracts at year end 1996?	7,362[56]
What was the average daily volume in futures contract trading at year end 1996?	2,332[57] (Agricultural-1,595) (Financial-737)
What was the annual futures contract trading volume for 1996?	275,090[58]
How frequently are positions marked to market? How often are gains/losses settled?	Daily. Gains/losses are settled immediately after positions are marked to market.
Does a stock index exist?/Do stock index futures exist?	No/No
E-Mail contact information	None
Web Site	None

[55] Operations of the MIFE were suspended on June 14, 1996.
[56] Figure given is as of June 14, 1996. This is not representative of the industry because as of January 1996, only about 4 out of 7 broker firms were operating. Three have been placed under a cease and desist order.
[57] See the previous footnote.
[58] See footnote 7.

SOUTH KOREA

Economic and General Data	
1995 GDP ($US)	$456,500,000,000
1996 GDP ($US)	$484,600,000,000
1996 GDP per capita ($US)	$10,640
1996 Population	45,545,282
Debt Rating	A1/AA-
1996 Stock Market Capitalization ($US)	$181,955,000,000
Currency	Won
1996 Total External Debt	$104,760,000,000
1996 Government Debt Market	W 25,657,300,000,000
Yield to maturity (%) of 1/5/10 year government debt instruments	1 year: 12.25% (the average in 1996) 5 year: 11.50% (at year-end 1996) 10 year: 10.55% (the average in 1996) [59]
Annualized volatility (%) for 5 year government debt instruments	10.87%
1990-1995 Average Consumer Price Inflation	6.6%
Average $US/Won exchange rate 5/15/96-5/15/97	838.29
Range of currency fluctuation, if pegged to $US	Korea uses the Market Average Exchange Rate system in which the exchange rate is determined according to supply and demand within the boundary of ±2.25% per day.
1996 Balance of Trade Surplus (Deficit)	$15,306,100,000
Major Industries	Electronics, chemicals, autos, ships, textiles, and clothing
Quality and Timeliness of Market Data	16/12 (0/0)

[59] The 1 year and 10 year government debt instrument yields presented above are issue rates.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	Futures Trading Law -- covers the derivatives activity of the Korean Futures Exchange (KFE) but not of the Korean Stock Exchange (KSE).
Principal securities law	Securities & Exchange Act -- also covers stock index futures and options activity on the KSE.
Futures regulatory authorities	The Ministry of Finance & Economy's (MOFE) Financial Markets Division and the Securities and Exchange Commission (SEC) exercise joint authority over stock index futures.
Securities regulatory authority	SEC
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Yes
Are there minimum capital requirements?	<u>Securities Businesses</u> Dealing - W 10,000,000,000 Broker-Dealers - W 30,000,000,000 Broker-Dealers with underwriting business- W 50,000,000,000 <u>Futures Trading Businesses</u> W 10,000,000,000
Are exchanges/market participants audited by regulators?	The MOFE conducts an annual audit of the KSE. The SEC examines the securities firms through both periodic and random audits. Securities firms are also subject to general examinations by the SEC.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	A foreign investor should register with the SEC and obtain a registration card in order to invest in listed securities. Once registered, the investor need not go through the registration process for investment in futures contracts. Also, the SEC reserves the right to limit futures trading by foreigners.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, the Korean Futures Association.
Are there restrictions on repatriation of funds? If so, please describe.	No

Are there prohibitions or limits on certain investments by particular investors?	No single foreign investor is allowed to own more than 6% of a given stock; foreign investment in a given stock in the aggregate may not exceed 23%. In the futures market, no single foreign investor is allowed to own more than 5% of the average open interest in a contract over the prior 3 months; foreign investors in the aggregate may not hold positions representing more than 100% of the prior 3 months' open interest.
Is there a double taxation treaty in place?	Yes[60]
How are gains on derivatives products taxed?	Presently, no Securities and Exchange Law provision levies a tax on the gains from trading index futures.
What insolvency provisions apply to futures markets?	A securities company is required to deposit funds with the Securities Investors Protection Fund of the Securities Finance Corporation designated by the SEC. If, for one month, securities companies are unable, due to bankruptcy, dissolution, or cancellation of securities business approval, to pay their customers what they are owed, after receiving SEC approval, securities companies can draw upon the Protection Fund to pay their customers.
Must exchanges be authorized by the authorities prior to the start of trading?	The Securities and Exchange Act requires authorization by the Minister of Finance & Economy.
Must foreign markets be approved by the government before Korean investors may permissibly invest in such markets?	Since April 1, 1996, Korean investors have been permitted to invest in foreign securities.
What trade and other information reporting requirements exist for market participants and/or exchanges?	Price dissemination by the KSE and delivery of confirmation letters by securities companies are required.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	The KSE is required to maintain trading records (10 years), the quotation order book (2 years), and materials for correction of trading errors (2 years). Securities companies are required to maintain their transaction records for 10 years.
What registration requirements exist for market participants?	Securities firms must meet capital requirements to conduct business.
Do price limits exist? If so, at what levels are they set?	8% of the previous closing price for stock and 5% of the previous closing price for index futures.

[60] Double taxation treaties are in effect with 45 countries including the United States, the United Kingdom, and Japan.

Are electronic trading systems required to have built-in redundancy?	The KSE has back-up systems for both cash and futures trading and settlement systems. There are no statutory requirements for this.
Are there any segregation requirements for customer funds?	Yes, the SEC rules require the segregation of customer funds from securities firms' funds.
Are there any custody requirements for customer funds?	SEC rules stipulate that securities houses should deposit 10% of customer funds in the Korea Securities Finance Corporation. The funds should be maintained in the form of cash or bank deposit unless they are invested in such securities as bonds, beneficial certificates, and call loans.
Are there misappropriation protections?	N/A
Memberships in international organizations	IOSCO, APEC, ASEAN, International Monetary Fund, OECD, and World Bank
MOUs	N/A
E-mail contact information	MOFE: dacom@www.mfco.co.kr
Web site	MOFE: www.mofe.go.kr

Exchange Data	
Exchanges	- Korea Stock Exchange (KSE) - Korea Futures Exchange (planned) (KFE)
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	The KSE assumes clearinghouse responsibilities. Upon a clearing member's default, the exchange would suspend trading by the defaulting member. All open positions held by the member would then be transferred to other members and the proprietary positions would be liquidated by the exchange. The KSE shall make up for any loss resulting from the default by using the following anti-default funds in the following order: the defaulting member's margin deposit (cash), the defaulting member's share in the Joint Compensation Fund (JCF), the defaulting member's Fidelity Guaranty Money, other members' shares in the JCF, and securities deposited as margin by the defaulting member.
Is margin required?	Yes
Who sets the margin levels?	The KSE sets margin levels.
Is margin calculated on a gross or net basis?	Net
Are prices disseminated in real time? If so, how?	The prices are disseminated on a real time basis through terminals operated and maintained by the KSE. The exchange also provides the trading data to Reuters, Bloomberg, Telerate, and others.
Does the exchange have trade reconciliation capacity?	The KSE has no capacity to reconcile disputes between customers and member firms, but it does have the authority to correct errors in trades made in the process of order-receiving and order-placing by members.
Is dual trading permitted?	Yes
What surveillance technology is used?	The Comprehensive Surveillance and Information System (COSIS) is used for surveillance. COSIS is comprised of the Stock Watch System and the Computer Aided Surveillance System. Additionally, securities firms are subject to surveillance by the KSE.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	See clearinghouses above.

Is trading conducted electronically or by open outcry?	Trading is conducted via electronic order routing and matching.
How frequently are positions marked-to-market? How often are gains/losses settled?	Daily/Daily
What was the level of open interest in futures contracts at year end 1996?	4,908 contracts
What was the average daily volume in futures contract trading at year end 1996?	3,670 contracts
What was the annual futures contract trading volume for 1996?	1,431,242 contracts
Does a stock index exist ?/Do stock index futures exist?	Yes/Yes (The Korean Stock Price Index 200 traded on the KSE)
E-Mail contact information	KSE: world@www.kse.or.kr
Web site	KSE: www.kse.or.kr

SUPPLEMENTARY INFORMATION ON SOUTH KOREA

- The Korean government is experiencing a continuing trend of raising the limits on foreign investment. Limits on individual foreign investment and total foreign investment have been lessened and the government has been considering other similarly-minded actions to open up the economy.[61]

- Stock futures have been trading on the KSE since May 1996. On July 7th, 1997, the KSE is planning on opening a market in options on the Korean Stock Price Index 200 (KOSPI). KOSPI 200 futures contracts began trading at the KSE on May 3, 1996.[62] In addition, Korea's financial and commodities futures associations merged this January and plan to open the Korean Futures Exchange (KFE) in October 1998.

All KSE business is regulated under the Securities and Exchange Law of 1987 (SEL) which tightly regulates size, number, and types of instruments and contracts. However, the KFE will fall under the Futures Trading Law of 1995 (FTL). This law liberalizes a number of the restrictions that the KSE faces.[63] According to the Korea Financial Futures Association, the FTL will supersede the relevant visions of the SEL at a point in the future which has not yet been determined.

- When the KFE opens for full trading in October 1998 (mock trading began this year), it is expected to be an electronic trading system with contracts available in currencies, interest rates, and other commodities.[64]

[61] www.kse.or.kr
[62] Does Korea Need Two Futures Exchanges?, *Derivatives Strategy*, May 1997.
[63] Ibid.
[64] My Brilliant Korea, *Futures & Options World*, May 1996.

THAILAND

Economic and General Data	
1995 GDP ($US)	$164,511,338,551
1996 GDP ($US)	$183,822,460,000
1996 GDP per capita ($US)	$3,093
1996 Population	60,100,000
Debt Rating	A3/A
1996 Stock Market Capitalization ($US)	$101,071,000,000
Currency	Baht
1996 Total External Debt	$89,780,000,000
1996 Government Debt Market	$18,440,000,000[65]
Weighted average yield of 1 year government debt instrument as of April 11, 1997	10.22%[66]
Annualized volatility (%) for 1/5/10 year government debt instruments	Cannot be determined due to inactive bond trading in Thailand.
1990-1995 Average Consumer Price Inflation	5%
Average $US/Baht exchange rate 5/15/96-5/15/97	25.597
Range of currency fluctuation, if pegged to $US	The Thai baht is pegged to an undisclosed basket of currencies which moves according to the basket's component currencies. As of July 2, 1997, the baht was freed from its pegging to the U.S. dollar component of the basket. The pegging was replaced with a "managed float."
1996 Balance of Trade Surplus (Deficit)	($800,000,000)
Major Industries	Textiles, agricultural processing, tourism, and electronics
Quality and Timeliness of Market Data	15/12 (0/-2)

[65] Domestic Central Government Debt = $1,740,000,000; External Central Government Debt = $5,110,000,000; and Public Enterprise Debt = $11,630,000,000

[66] The Bank of Thailand (BOT) noted that because the bond market in Thailand is fledgling, there are not many transactions. Thus, rather than the yield-to-maturity, the BOT supplied the weighted average yield of the one year BOT bond. In addition, the longest state enterprise bond has an 8 year maturity and is inactively traded since such bonds are mainly used as liquidity reserves and traded only in open market operations.

Regulatory Data[67]	
Is there a legal/regulatory framework in place?	Under development.[68]
Principal derivatives law	Under development.
Principal securities law	The principal securities law is the Securities and Exchange Act, B.E. 2535 (1992), for which the SEC has also proposed a draft amendment that would enable the SEC to regulate derivatives mutual fund management activities.
Futures regulatory authority	SEC
Securities regulatory authority	SEC
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Yes
Are there minimum capital requirements?	The DDMA authorizes the SEC to impose minimum capital requirements for each type of business.
Are exchanges/market participants audited by regulators?	The SEC has the power to audit exchanges, clearinghouses, and all intermediaries that are permitted to conduct derivatives business under the DDMA.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No
Do self-regulatory organizations (SROs) supplement governmental regulation?	Exchanges, clearinghouses, and regulatory associations of derivatives intermediaries are all SROs under the DDMA.
Are there restrictions on repatriation of funds? If so, please describe.	Repatriation of investment funds, dividends, and profits, as well as loan repayments and interest payments thereon, may be made freely after settlement of all applicable taxes in Thailand. Securities, promissory notes, and bills of exchange may be freely repatriated.
Are there prohibitions or limits on certain investments by particular investors?	In general, according to the Announcement of the National Executive Council No. 281 (Alien Business Law), foreign ownership of Thai companies may not exceed 49%. In some specific industries, such as banks and finance companies, the limit is 25%.
Is there a double taxation treaty in place?	There are treaties with 31 countries.[69]

[67] The derivatives data presented are based on the provisions of the Draft Derivatives Market Act (DDMA).
[68] The DDMA, drafted by the Securities and Exchange Commission (SEC), was sent to the Ministry of Finance on May 16, 1997. The DDMA has yet to be considered by the Cabinet, the Council of State, and the Parliament, respectively.

How are gains on derivatives products taxed?	Not applicable
What insolvency provisions apply to futures markets?	The DDMA has provisions to (1) ensure that funds segregated at the clearinghouse can be applied towards fulfilling contractual obligations in the case of a clearing member or client insolvency, and (2) protect clients' assets in case of an intermediary's insolvency.
Must exchanges be authorized by the authorities prior to the start of trading?	Exchanges, clearinghouses, and intermediaries whose businesses involve the general public must be authorized by the SEC.
Must foreign markets be approved by the government before Thai investors may permissibly invest in such markets?	Only if they solicit the general public in Thailand.
What trade and other information reporting requirements exist for market participants and/or exchanges?	Intermediaries and all SROs are required to submit trading reports as well as other documents prescribed by the SEC.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Exchanges are required to maintain trading records. Intermediaries are to comply with similar rules.
What registration requirements exist for market participants and/or exchanges?	Prior to obtaining approval to operate an exchange for public investors, an entity must show that it will be able to meet certain qualifications and operating procedure requirements described in the DDMA. Requirements for intermediaries will be prescribed by ministerial regulations.
Do price limits exist? If so, at what levels are they set?	Exchanges may set price limits according to their business rules.
Are electronic trading systems required to have built in redundancy?	Built in redundancy is not specifically required by the DDMA. However, an exchange must show that it has measures to ensure the efficiency of its operations and built-in redundancy is one type of measure that can ensure such efficiency.
Are there any segregation requirements for customer funds?	The DDMA requires segregation of customer funds both at the intermediary level and at the clearinghouse level.
Are there any custody requirements for customer funds?	Custodians of customers' funds must be approved by the SEC and must comply with the segregation requirements prescribed for the intermediary and/or the clearinghouse.

[69] Thailand has signed double taxation treaties with Australia, Austria, Belgium, Canada, China, the Czech Republic, Denmark, Finland, France, Germany, Hungary, India, Indonesia, Israel, Italy, Japan, Malaysia, Netherlands, Norway, Pakistan, Philippines, Poland, Romania, Singapore, South Africa, South Korea, Sri Lanka, Sweden, Switzerland, United Kingdom, and Vietnam.

Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, APEC, ASEAN, International Monetary Fund, and the World Bank
MOUs	The SEC has agreements with 5 entities.[70] The Stock Exchange of Thailand has agreements with 5 entities.[71]
E-mail contact information	info@sec.or.th
Web site	www.sec.org.th

[70]

Agreement	Entity	Jurisdiction
MOU	Australian Securities Commission	Australia
MOU	Superintendencia de Valores y Seguros	Chile
MOU	Securities and Futures Commission	Hong Kong
MOU	Securities Commission	Malaysia
MOU	Securities & Futures Commission	Taiwan

[71]

Agreement	Entity	Jurisdiction
*	Luxembourg Stock Exchange	Luxembourg
MOU	Lima Stock Exchange	Peru
G	New York Stock Exchange	United States
G	Pacific Stock Exchange	United States
MOU	Philadelphia Stock Exchange	United States

* Denotes an "International Agreement Between Stock Exchanges."

Exchange Data[72]	
Exchanges	0
Do exchanges have clearing houses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	N/A
Is margin required?	N/A
Who sets the margin levels?	N/A
Is margining calculated on a gross or net basis?	N/A
Are prices disseminated in real time? If so, how?	N/A
Does the exchange have trade reconciliation capacity?	N/A
Is dual trading permitted?	N/A
What surveillance technology is used?	N/A
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	N/A
Is trading conducted electronically or by open outcry?	N/A
What was the level of open interest in futures contracts at year end 1996?	N/A
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	N/A
What was the annual futures contract trading volume for 1996?	N/A
How frequently are positions marked to market? How often are gains/losses settled?	N/A
Does a stock index exist?/Do stock index futures exist?	Yes/No
E-Mail contact information	N/A
Web site	N/A

[72] There are no futures contracts or futures exchanges in Thailand.

SUPPLEMENTARY INFORMATION ON THAILAND

- Early in 1997, Thailand's government approved the creation of a commodities exchange and the Stock Exchange of Thailand launched a stock index hoping to develop futures and options on the index at a later date.[73]

- With the expectation that Thailand's Rubber Control Act will be approved, a natural rubber futures exchange may be launched. Japan's Kobe Rubber Exchange (KRE) will provide the technology and information needed to build the exchange. The KRE will not have ownership of the proposed exchange but it will have the opportunity to expand its business through a planned linkage. Officials predict that the exchange will be established by November 1997 and begin trading May 1998.[74]

[73] Pacific Rim Basket, *www.futuresmag.com*, March 1997.
[74] In The Works, *Futures*, June 1997.

EUROPE

Derivative Market Information
Europe

Country	Exchange	Date Established	Types of Contracts	International Rank by Volume
Czech Republic	Prague Stock Exchange (derivatives are being considered)	1992	Financial Instruments	>40
Hungary	Budapest Commodity Exchange	1989	Agricultural, Currency, Financial Instruments	22, 30*
Hungary	Budapest Stock Exchange	1990	Currency, Financial Instruments, Stock Index	60*
Poland	Warsaw Commodity Exchange (WGT)	1991	Agricultural (planned), Currency[75]	Not applicable
Poland	Warsaw Stock Exchange	1991	Financial Instruments, Stock Index (planned)	Not applicable
Portugal	Bolsa de Derivados de Porto (BDP)	1996	Financial Instruments, Stock Index	>40
Russia	St. Petersburg Futures Exchange	1995	Currency, Stock Index[76]	>40
Russia	Moscow Commodity Exchange	1994	Agricultural	>40
Russia	Moscow Interbank Currency Exchange (MICEX)	1991	Currency, Interest Rates	>40
Russia	Moscow Financial and Futures Exchange	1995	Currency, Equities	>40
Russia	The Russian Exchange	1991	Financial Instruments, Metals	>40
Slovakia	Bratislava Options Exchange	1993	Equities	>40
Slovakia	Bratislava Stock Exchange	1991[77]	Financial Instruments	>40
Slovenia	Commodity Exchange of Ljubljana	1994	Agricultural	>40
Slovenia	Derivatives Exchange	1989	Financial Instruments	>40
Slovenia	Ljubljana Stock Exchange	1989[78]	Currency, Metal	>40
Turkey	Istanbul Gold Exchange	1995	Gold (planned)	Not applicable
Turkey	Istanbul Stock Exchange	1985	Financial Instruments (planned)	Not applicable
Turkey	Izmir Mercantile Exchange	1891	Agricultural (planned)	Not applicable

[75] By the end of 1997, the exchange plans to start trading futures contracts on dollars, marks, and wheat.
[76] The exchange hopes to introduce contracts on energy commodities such as oil and electricity.
[77] Trading began in 1993.
[78] Trading began in 1990 and a derivatives exchange was established in 1995.

CZECH REPUBLIC

Economic and General Data	
1995 GDP ($US)	$47,176,000,000
1996 GDP ($US)	$52,091,000,000
1996 GDP per capita ($US)	$5,048
1996 Population	10,320,000
Debt Rating	Baa1/A
1995 Stock Market Capitalization ($US)	$15,664,000,000
Currency	Koruna
1996 Total External Debt[79]	$18,084,000,000
1996 Government Debt Market	CZK 54,474,000,000 (approximately $1,970,000,000) for the government and CZK 70,294,000,000 (approximately $2,540,000,000) for the Czech National Bank.
Yield to maturity (%) of 6 month/2 yr./5 yr. government debt instruments	On March 31, 1997: 9.6/10.1/10.1
Annualized volatility for 6 month/2 yr./5 yr. government debt instruments	6 month: (min. 9.2% - max. 12.5%) 2 year: (min. 9.1% - max. 11.9%) 5 year: (min. 9.1% - max. 11.5%)
1990-1995 Average Price Inflation[80]	18.3%
Average $US/Koruna exchange rate from 5/15/96 to 5/15/97	27.719
Range of currency fluctuation, if pegged to US$	The Koruna is not pegged to U.S. dollar.[81]
1996 Balance of Trade Surplus (Deficit)	($5,971,000,000)
Major Industries	Machinery, oil products, iron and steel, glass, motor vehicles, and coal
Quality and Timeliness of Market Data	17/17 (+1/+1)

[79] Figure as of September 30, 1996.
[80] Consumer Price Inflation data were unavailable for the Czech Republic; the GDP implicit deflator, which measures the average annual rate of price change in the economy as a whole, was used instead.
[81] Until May 26, 1997, the Czech koruna was pegged to the German mark (64%) and the U.S. dollar (36%) with a fluctuation range of ±7.5%. Since May 26, 1997, the koruna has been pegged one-to-one with the German mark.

Regulatory Data	
Is there a legal/regulatory framework?	Yes
Principal derivatives laws	Securities Act, ref. No. 591/92, Coll. as subsequently amended. Stock Exchange Act, ref. No. 214/92, Coll. as subsequently amended.
Principal securities law	N/A
Futures regulatory authority	When trading begins, the Ministry of Finance (MOF).
Securities regulatory authority	MOF
Are there licensing/authorization requirements?	N/A
Are there sales practice standards?	N/A
Are there minimum capital requirements?	There will be a CZK 50,000,000 (approx. $1,800,000) minimum registered capital requirement as well as a check on liquidity.
Are exchanges/market participants audited by regulators?	The MOF regulates the entire capital market. The Prague Stock Exchange (PSE) inspects only its members. In these inspections the PSE checks to see if members are in compliance with the generally binding regulations and the exchange's regulations.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No
Do self-regulatory organizations (SROs) supplement governmental regulation?	No, however the establishment of a special independent surveillance commission for the capital markets is under development. Furthermore, a number of professional associations like the Czech Club of Bond Brokers and the Association of Securities Companies and Brokers have been formed.
Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain investments by particular investors?	There are no general limits on foreign investors. Czech investors must receive permission to trade foreign securities. There are many limits on investments by banks, investment funds, investment companies, and "provident funds." Investors must buy or sell foreign securities only through licensed persons or in accordance with another exception defined by the relevant act (i.e., Foreign Exchange Act).

Is there a double taxation treaty in place?	Yes, the Czech Republic has treaties with the United States and about 40 other countries.
How are gains on derivatives products taxed?	Yields are taxed at 25%. The costs related to the purchase of an option are included in the base for income tax calculation.
What insolvency provisions apply to futures markets?	There are no special provisions for the futures/options market; consequently, insolvency provisions fall under the Bankruptcy Act No. 328/1991 Coll. The PSE is preparing relevant regulations which will stipulate measures to be taken in case of a derivatives-trading member's insolvency.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, exchanges are required to be licensed by the MOF. The PSE received its license to organize a derivatives market in March 1997.
Must foreign markets be approved by the government before Czech investors may permissibly invest in such markets?	No, however, see the restrictions cited above for Czech citizens trading in foreign securities.
What trade and other information reporting requirements exist for market participants and/or exchanges?	Members of the Exchange must report via their terminals the terms of trade for all trades that are executed at the Securities Centre, block and direct trades executed at the PSE, and trades executed at the RM-S, excluding its continuous auctions. Spot trades, forwards, repos, and "buy and sells" must all be reported. PSE's members are also obliged to report to the Exchange all material facts which could influence their activity, the PSE itself, or other members.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Market participants are obliged to maintain all accounting records, contracts with clients and trade institutions, and records pertaining to unusual trades for 10 years.
What registration requirements exist for market participants?	A market participant must obtain a license to trade securities from the MOF. The applicant must disclose information such as its commercial name and address, the amount of assets registered, the participation of foreign parties, the proposal and scope of trading and business, and the prerequisites (material and personnel) for performance as a securities dealer. Also, a license is required for the formation, division, merger, or closing of a stock exchange.
Do price limits exist? If so, at what levels are they set?	Price limits have not yet been set, but they will be prior to the commencement of trading.

Are electronic trading systems required to have built in redundancy?	PSE members are not required to have back-up systems. Securities traders themselves back-up trading data based on their own needs. The PSE's central trading system has a back-up system.
Are there any segregation requirements for customer funds?	Yes, securities traders are obliged to account for their own assets separately from their clients' assets. Further requirements are determined between the client and the trader.
Are there any custody requirements for customer funds?	Yes, there are custody requirements for institutional investors (i.e., investment funds, investment companies, pension funds) obliging each investor to conclude a contract with a depository.
Are there any misappropriation protections?	N/A
Memberships in international organizations	International Monetary Fund, Organization for Economic Cooperation and Development (OECD), and the World Bank
MOUs	N/A
E-mail contact information	MOF employees have individual e-mail accounts.
Web site	MOF: www.mfcr.cz

Exchange Data	
Exchanges	0, however, the PSE is developing a stock futures contract and options contracts which it hopes to launch by the end of 1997.
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Yes, the clearing and settlement of trades is performed by the subsidiary of PSE - the UNIVYC clearing corporation. The clearinghouse guarantees trades through a mutual "Guarantee Fund" to which all members contribute according to their trading volume. If a loss occurs, it is covered by the guarantee fund. A similar fund will be established for derivatives trading.
Is margin required?	Yes
Who sets the margin levels?	The Exchange Committee will determine the margin level for derivatives trading.
Is margin calculated on a gross or net basis?	N/A
Are prices disseminated in real time? If so, how?	Yes, via Reuters, Telekurs, and Bloomberg.
Does the exchange have trade reconciliation capacity?	Yes
Is dual trading permitted?	Yes
What surveillance technology is used?	The PSE primarily inspects members and applicants for membership. They usually check whether: members comply with disclosure obligations, trading systems are safe, proper records are maintained, records of assets delegated and used are maintained, and whether assets over which members have discretionary authority are invested properly. The PSE also analyzes certain trades, examines the investment procedures for firms trading for their own account, and searches for price manipulation.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	Only the Guarantee Fund.
Is trading conducted electronically or by open outcry?	While orders will be accepted via phone, the ensuing activities will be conducted electronically.
How frequently are positions marked-to-market? How often are gains/losses settled?	Not Applicable
What was the level of open interest in futures contracts at year end 1996?	Not Applicable

What was the average daily (or monthly) volume in futures contract trading at year end 1996?	Not Applicable
What was the annual futures contract trading volume for 1996?	Not Applicable
Does a stock index exist?/Do stock index futures exist?	Yes (PX50)/Yes (planned for late 1997)
E-Mail contact information	Marketing: marketing@pse.vol.cz Exchange data dissemination: komunikace@pse.vol.cz Common post box: info@pse.vol.cz [addresses will be changing in July 1997]
Web site	www.vol.cz/BURZA, but that will change to www.pse.cz in July 1997.

SUPPLEMENTARY INFORMATION ON THE CZECH REPUBLIC

- The Prague Stock Exchange (PSE) is the largest of Central Europe's emerging markets' exchanges.[82]

- The PSE, which has received the necessary license from the Ministry of Finance, is planning to introduce equity derivative contracts by the end of 1997. The memberships allowing trading in equity options and other derivatives will be separate from existing stock exchange memberships. The exchange is currently developing its products and its clearing house policy. The PSE's clearing house, Univye, will clear derivatives using a Span-like margin system developed by the Norwegian consulting firm Prom Partners. The PSE anticipates commencing trading as a telephone market and, over a two-year time frame, converting to automated trading. The likely products include three-month equity options and later equity index futures and options. Further in the future, the exchange may consider synthetic bond futures and foreign exchange futures contracts.[83]

- On May 20, 1997, the Austrian Futures and Options Exchange (OeTOB) opened futures trading on the Czech Traded Index (CTX). The CTX is an index of selected Czech stocks. On the contract's first day, 600 contracts were traded.[84]

[82] New PSE Chairman is Pro-Transparency, *Financial Times*, April 5, 1996.
[83] Koruna Glory, *Futures and Options World*, April 1997.
[84] OeTOB Sets July 21 Start for Polish Index Futures In Vienna, *Bloomberg News Service*, May 21, 1997.

GREECE

Economic and General Data	
1995 GDP ($US)	$114,324,440,991
1996 GDP ($US)	$122,869,843,380
1996 GDP per capita ($US)	$11,669
1996 Population	10,530,000
Debt Rating	Baa1/BBB-
1996 Stock Market Capitalization ($US)	$24,070,000,000
Currency	Drachma
1996 Total External Debt	$30,700,000,000
1996 Government Debt Market	$132,900,000,000
Yield to maturity (YTM) (%) of 1/3/5/7/10 year government debt instruments[85]	(N/A)/9.61/9.25/9.00/8.92
Annualized volatility (%) of 1/3/5/7/10 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation	14%
Average $US/Drachma exchange rate from 5/15/96 to 5/15/97	248.915
Range of currency fluctuation, if pegged to $US	The Drachma is not pegged to the dollar, but the objective of Greek foreign exchange policy is to stabilize the Drachma's exchange rate against the main currencies that comprise the European Currency Unit.
1996 Balance of Trade Surplus (Deficit)	N/A
Major Industries	Tourism, textiles, chemicals, metals, wine, and food processing
Quality and Timeliness of Market Data	The IIF did not measure Greece's data for its 1997 report.

[85] On June 17, 1997, the Greek government auctioned its first 10-year fixed rate bond and auctioned 3, 5, and 7 year bonds. The YTM for each instrument is listed above while the coupon rates for the 1, 3, 5, 7, and 10 year bonds are 9.60%, 9.80%, 9.20%, 8.90%, and 8.80% respectively.

Regulatory Data	
Is there a legal/regulatory framework in place?	Pending[86]
Principal derivatives laws	Pending
Principal securities laws	Laws 1806/1988 and 2324/1995
Futures regulatory authority	Capital Market Commission, when the derivatives legislation takes effect.
Securities regulatory authority	Capital Market Commission
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	N/A
Are there minimum capital requirements?	Exchange trading: GRD 200,000,000 Over-the-counter (OTC) and exchange trading: GRD 300,000,000 OTC, exchange trading, and underwriting services: GRD 1,000,000,000
Are exchanges/market participants audited by regulators?	Yes, the regulators audit member firms.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No
Do self-regulatory organizations (SROs) supplement governmental regulation?	No
Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain investments by particular investors?	No
Is there a double taxation treaty in place?	Yes
How are gains on derivatives products taxed?	Not applicable
What insolvency provisions apply to futures markets?	Not applicable
Must exchanges be authorized by the authorities prior to the start of trading?	Yes
Must foreign markets be approved by the government before Greek investors may permissibly invest in such markets?	Yes
What trade and other information reporting requirements exist for market participants and/or	There is implicit reporting through the automated electronic trading system.

[86] In early May 1997, National Economy and Finance Minister Yiannos Papantoniou submitted a bill which included a framework for the regulation of proposed derivatives trading on the Athens Stock Exchange. The bill codifies the organization of the derivatives market and the regulation of transactions thereon.

exchanges?	
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Market participants must maintain trading records for 5 years and must provide them to the authorities upon demand. All market participants must assign code numbers to their clients and maintain those numbers in records of clients' trades.
What registration requirements exist for market participants?	Market participants must be approved by the Capital Market Commission.
Do price limits exist? If so, at what levels are they set?	Yes, ±8%.
Are electronic trading systems required to have built in redundancy?	Yes
Are there any segregation requirements for customer funds?	Yes
Are there any custody requirements for customer funds?	Yes
Are there any misappropriation protections?	N/A
Memberships in international organizations	IOSCO, International Monetary Fund, OECD, and the World Bank[87]
MOUs	Greece has an agreement with 2 entities.[88]
E-mail contact information	No
Web site	No

[87] The Athens Stock Exchange is a member of the Federation of European Stock Exchanges.

[88]

Agreement	Entity	Jurisdiction
O	Securities and Futures Authority	United Kingdom
O	Securities and Exchange Commission	United States

There is also an agreement among the exchanges in countries that are members of the European Federation.

Exchange Data	
Exchanges	0[89]
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Although there are no provisions yet in place for futures trading, the clearinghouse covers defaults for stock trading by compensating the investor based on the stock's closing price on the day on which the trade should have been made or the closing price of the last day of a time period should the order have had to be concluded over a period of time.
Is margin required?	No
Who sets the margin levels?	Not applicable
Is margin calculated on a gross or net basis?	Not applicable
Are prices disseminated in real time? If so, how?	Yes, information is transmitted by the electronic trading system to the vendor.
Does the exchange have trade reconciliation capacity?	Not applicable
Is dual trading permitted?	Not applicable
What surveillance technology is used?	N/A
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	The ASE has both a member guarantee fund and a supplementary fund.
Is trading conducted electronically or by open outcry?	While futures contracts are not yet traded, stocks are traded electronically, and bonds are traded by open outcry. However, bonds will shift to electronic trading by the end of 1997.
How frequently are positions marked-to-market? How often are gains/losses settled?	Not applicable
What was the level of open interest in futures contracts at year end 1996?	Not applicable
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	Not applicable
What was the annual futures contract trading volume for 1996?	Not applicable
Does a stock index exist?/Do stock index futures exist?	Yes/No
E-Mail contact information	ASE: s.athanasopoulou@ase.gr
Web site	ASE: www.ase.gr

[89] The Athens Stock Exchange is planning to trade derivatives contracts in the future.

HUNGARY

Economic and General Data	
1995 GDP ($US)	$43,712,000,000
1996 GDP ($US)	N/A
1995 GDP per capita ($US)	$4,280
1995 Population	10,214,000
Debt Rating	Baa3/BBB-
1997 Stock Market Capitalization ($US)	$16,000,000,000[90]
Currency	Forint
1996 Total External Debt	27,646,000,000
1996 Government Debt Market	Government Securities Outstanding Government Bonds: $10,622,000,000 T-Bills: $4,143,000,000 Primary Dealers' Government Securities Trading Volume Government Bonds: $7,617,000,000 T-Bills: $7,031,000,000
Yield to maturity (%) for 1/3 year government debt instruments	21.635/21.47
Annualized volatility (%) for 1/3 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation	26.5% (23.6% in 1996)
Average $US/Forint exchange rate 5/15/96-5/15/97	163.257
Range of currency fluctuation, if pegged to $US	The Hungarian forint is pegged to a currency basket consisting of 70% DEM and 30% USD. The exchange rate regime in Hungary is a crawling peg system (i.e., pre-announced monthly devaluation of domestic currency). The monthly rate of devaluation in effect has been 1.1% since April 1, 1997 and the fluctuation band is +/- 2.25%.

[90] Figure represents the stock market capitalization for the Budapest Stock Exchange (BSE) as of May 31, 1997.

1996 Balance of Trade Surplus (Deficit)	($2,645,000,000)[91]
Major Industries	Iron and steel, construction materials, processed foods, pharmaceuticals, and vehicles
Quality and Timeliness of Market Data	17/14 (+2/+2)

[91] Data source: National Bank of Hungary (NBH).

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives laws	Act XXXIX of 1994 on the Commodity Exchange and its Transactions; Act CXI of 1996 on the Offering of Securities, Investment Services, and the Stock Exchange ("Acts")
Principal securities law	Act CXI of 1996[92]
Futures regulatory authorities	Hungarian Banking and Capital Markets Supervision (HBCMS)
Securities regulatory authority	HBCMS
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Yes
Are there minimum capital requirements?	HBCMS: As regards BCE, on the basis of the Business Organizations Act of 1988, the minimum capital requirement is 1,000,000 forints. Pursuant to Act No. CXI of 1996, the registered capital of an investment firm may be no less than: a) for commission brokerage companies, 20,000,000 forints; b) for securities trading companies, 100,000,000 forints; and c) for investment houses, 1,000,000,000 forints. The deadline for investment firms to meet the new capital requirements is December 31, 1997.
Are exchanges/market participants audited by regulators?	HBCMS: The regulatory authority does not audit, but supervision is carried out on both a regular and an ad hoc basis.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	A license from the foreign exchange authority is necessary. Foreign investors may carry out transactions/trading in certain exchange products, but neither domestic nor foreign investors can possess more than 20% of the total open positions related to a given contract.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, both the BSE and the Budapest Commodity Exchange (BCE) function as SROs.

[92] Three new laws came into effect on January 1, 1997. These laws include: a major new law concerning the stock exchange and the offering of securities and investment services (Act CXI of 1996); the law on credit institutions and financial enterprises (Act CXII of 1996); and the law on the establishment of the Hungarian Banking and Capital Markets Supervision (HBCMS) (Act CXIV of 1996) through a merger of the State Banking Supervision and the State Securities and Exchange Commission (SSEC).

Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain investments by particular investors?	Government debt with a maturity of less than one year can be bought by foreign investors only with the permission of the National Bank of Hungary (NBH).
Is there a double taxation treaty in place?	Yes
How are gains on derivatives products taxed?	In the case of private individuals, the brokerage firm (as a paying agent) deducts the 10% exchange rate gain tax on derivatives products. In the case of business organizations, the firm itself pays the tax in accordance with the relevant rules of corporate taxation.
What insolvency provisions apply to futures markets?	As regards financial collateral for futures and options transactions, the relevant rules of the Central Clearing House and Depository Ltd. (KELER) are to be applied. In the case of non-performance of a financial obligation by a brokerage firm, KELER shall use/enforce the elements of the guaranty system. If the guaranty system is insufficient, then KELER shall initiate liquidation proceedings against the defaulting firm.
Must exchanges be authorized by the authorities prior to the start of trading?	The government approves establishment of exchanges based on a proposal by the Minister of Finance. The exchange becomes a legal entity as of the date of approval by the government, and may commence operations on the basis of the constitution and the regulations approved by the HBCMS.
Must foreign markets be approved by the government before Hungarian investors may permissibly invest in such markets?	Foreign markets should be recognized markets and potential investors should obtain the approval of the NBH. Markets are recognized pursuant to the Act on Foreign Exchange if they meet the following conditions: domestic or foreign exchanges and OTC markets (a) which have been officially recognized in the country in which they operate; (b) where anybody may buy or sell securities through the persons defined in their rules; and (c) where the transactions are effected on the basis of set rules.

What trade and other information reporting requirements exist for market participants and/or exchanges?	Market participants are obliged to meet reporting requirements described in the Acts. Pursuant to NBH regulations and a separate law, investment firms are obliged to provide to the NBH and the HBCMS information about their activities and the transactions they have concluded.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Regulations govern broker recordkeeping requirements on data carrying facilities certified by the Exchange Secretariat and the HBCMS. The regulations prescribe the technical requirements for maintaining records.
What registration requirements exist for market participants?	Only companies registered at the Registry Court and with the approval of the HBCMS can commence business after having met the conditions concerning registered capital and those pertaining to the organizational form and accomplishing the personal, material, and technical requirements defined in Act CXI of 1996. Under this Act, an investment firm may only be incorporated in the form of a company limited by registered shares.
Do price limits exist? If so, at what levels are they set?	Yes, both the BSE and the BCE set maximum daily price limits. If prices exceed the specified levels, prompt clearing is carried out and only those who are able to provide the necessary margin may resume trading.
Are electronic trading systems required to have built-in redundancy?	Yes
Are there any segregation requirements for the customer?	Members of the exchange shall deposit in a client account separated from their own assets the securities received from clients as collateral for transactions on the exchange. Members must also register the collateral by security type. The creditors of a member of the exchange may not, on any grounds, lay claim to the security kept with the member of the exchange and owned by a client. A member of the exchange may only use the security for guaranteeing transactions on the exchange, and may not dispose of the security as its own.
Are there any custody requirements for customer funds?	Yes
Are there any misappropriation protections?	Yes (de facto and de jure)

Memberships in international organizations	IOSCO, International Monetary Fund, OECD, and World Bank
MOUs	The BSE has an agreement with one entity.[93] The SSEC has agreements with three entities.[94] In addition, Hungary has signed the Declaration on Cooperation and Supervision of International Futures Markets and Clearing Organizations.
E-mail contact information	N/A
Web site	None

[93]

Agreement	Entity	Jurisdiction
G	Securities and Exchange Commission	United States

[94]

Agreement	Entity	Jurisdiction
G, AA	Securities and Exchange Commission	United States
BR	Commodity Futures Trading Commission	United States
MOU	Quebec Securities Commission	Canada

Exchange Data	
Exchanges	- BCE - BSE[95]
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	BCE: All exchange trading is cleared and settled by KELER. Settlement of derivatives is guaranteed by the clearinghouse. KELER operates all relevant margin accounts, securities collateral accounts, and a Collective Guarantee Fund in order to secure settlement. HBCMS: Clearing members shall, on a continuous basis, provide financial collateral for trading activity performed on the BCE. The financial collateral supports the maintenance of a predefined net open position. KELER is entitled to establish in its Clearing House Notice collateral requirements and position limits. The financial collateral provided serves as security which may be used by KELER without any restrictions in the case of non-performance by an exchange member. Clearing members shall guarantee that the financial collateral can be used. They may not encumber the financial collateral in any way, and the utilization of such financial collateral may not be prevented by any third party entitlement
Is margin required?	BCE: Members are required to deposit initial financial collateral at KELER prior to trading.
Who sets the margin levels?	BCE: KELER sets the margin levels.
Is margin calculated on a gross or net basis?	BCE: Gross. Initial margin should be paid by the morning of T+1.
Are prices disseminated in real time? If so, how?	BCE: Yes, real time price dissemination is through Reuters. BCE prices are also available on BCE/FUTEX 1, BCFOR, BCGFUT, BCMFUT, and Telerate.
Does the exchange have trade reconciliation capacity?	BCE: The exchange is responsible for matching and reconciling daily trades.
Is dual trading permitted?	BCE: Yes
What surveillance technology is used?	BCE: Surveillance is provided by exchange employees called speakers or pit bosses and also

[95] The BSE hopes to launch option contracts in 1997.

	by representatives of the HBCMS.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	BCE: The clearinghouse guarantees settlement and delivery. KELER operates the margin system, the Collective Guarantee Fund, and compulsory procedures.
Is trading conducted electronically or by open outcry?	BCE: Open outcry.
How frequently are positions marked-to-market? How often are gains/losses settled?	BCE: Daily/Daily
What was the level of open interest in futures contracts at year end 1996?	BCE: Financial Section - 689,081 Grains Section - 20,391 Livestock Section - 20 BSE: 19,211
What was the average daily volume in futures contract trading at year end 1996?	BCE: Financials - 61,400 Grains - 1,550 Livestock - 4
What was the annual futures contract trading volume for 1996?	BCE: Financials - 5,302,422 Grains - 125,568 Livestock - 564 BSE: 190,920
Does a stock index exist?/Do stock index futures exist?	Yes (BUX)/Yes
E-Mail contact information	BCE: e-mail will be available in July 1997.
Web site	BCE: www.bce-bat.com

SUPPLEMENTARY INFORMATION ON HUNGARY

- At a meeting of the Association of Emerging Agricultural Futures Markets, of which Hungary is a member, it was explained that the Budapest Commodity Exchange was set up in 1989 to fill an economic void left after the fall of the former central planning system.[96]

- Hungarian Traded Index (HTX) futures were the first futures contracts to begin trading on the Austrian Futures and Options Exchange. They began trading on March 20. Average daily trading was about 2,000 contracts.[97]

[96] Agricultural Futures Take Root in Emerging Markets, *The Reuter European Business Report*, November 6, 1996.
[97] OeTOB sets July 21 Start for Polish Index Futures in Vienna, *Bloomberg*, May 21, 1997.

POLAND

Economic and General Data	
1995 GDP ($US)	$117,663,000,000
1996 GDP ($US)	N/A
1995 GDP per capita ($US)	$3,017
1995 Population	39,000,000
Debt Rating	Baa3/BBB-
1997 Stock Market Capitalization ($US)	$10,000,000,000
Currency	Zloty
1996 Total External Debt	$40,400,000,000
1996 Government Debt Market	$18,375,000,000 (Exchange rate: $1= 2.85 PLN)[98]
Yield to maturity (%) of 1/5/10 year government debt instruments	1 year - N/A 5 year - 18.45 % (as of May 2, 1997) 10 year - N/A
Annualized volatility (%) for 1/5/10 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation 1996/1997 Consumer Price Inflation	41.5% 19%/13% (forecast)
Average $US/Zloty exchange rate 5/15/96-5/15/97	2.858
Range of currency fluctuation, if pegged to $US	The zloty is pegged to a basket of 5 currencies: the U.S. dollar, the German mark, the British pound, the French franc, and the Swiss franc.
1996 Balance of Trade Surplus (Deficit)	$3,500,000,000
Major Industries	Shipbuilding, chemicals, metals, machinery, food processing
Quality and Timeliness of Market Data	14/12 (0/0)

[98] The above figure excludes some specific types of debt used in connection with the restructuring of the Polish banking system.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	Ordinance on Derivatives issued by the Chairman of the Polish Securities Commission (PSC). Also, a draft bill is currently being considered by the Parliament. The bill is expected to become law in the next few months.
Principal securities law	Act on Public Trading in Securities
Futures regulatory authority	PSC
Securities regulatory authority	PSC. The draft bill will extend the PSC's authority to commodity and futures exchanges.
Are there licensing/authorization requirements?	Yes, new contracts must be approved by the PSC prior to the initiation of trading.
Are there sales practice standards?	N/A
Are there minimum capital requirements?	Yes, brokerage houses in the securities market have to receive a license from the Securities Commission, which requires licensees to meet minimum financial requirements. Exchanges must also meet minimum financial requirements. The requirements will be amended as necessary to comply with EU directives.
Are exchanges/market participants audited by regulators?	The Securities Commission will have a right to audit the exchange, brokerage houses, and clearinghouses.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No. While there are limits on foreign direct investment, there are no limits on foreign portfolio investment.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, the National Depository of Securities and the Warsaw Stock Exchange issue their own regulations. Individual brokers must adhere to the code of ethics issued by the brokers association.
Are there restrictions on repatriation of funds? If so, please describe.	Investors may freely repatriate investments and profits on such investments.
Are there prohibitions or limits on certain investments by particular investors?	See pre-investment protocol information.
Is there a double taxation treaty in place?	Yes, with several countries including the United States.
How are gains on derivatives products taxed?	This is uncertain as Polish taxation law still does not recognize derivative instruments such as futures and options.

What insolvency provisions apply to futures markets?	N/A
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, commodity and futures exchanges must be authorized by the PSC.
Must foreign markets be approved by the government before Polish investors may permissibly invest in such markets?	Recent liberalization of the foreign exchange law gives much wider access to foreign markets, up to a certain level, without the necessity of individual permits. Strategic investments (i.e., a large stake in a foreign company) are also permissible under new regulations.
What trade and other information reporting requirements exist for market participants and/or exchanges?	The securities law imposes a broad range of reporting requirements on brokerage houses.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Brokerage houses should keep records on customer accounts for five years.
What registration requirements exist for market participants?	Securities houses have to receive a license from the PSC, the granting or denial of which depends on meeting minimum financial and strict organizational requirements and employing licensed brokers. The same requirements will apply to exchanges once the new law is in place.
Do price limits exist? If so, at what levels are they set?	Not yet applicable to the futures market.
Are electronic trading systems required to have built in redundancy?	Not applicable
Are there any segregation requirements for customer funds?	This issue (lack of clear segregation in some cases) caused certain problems for the securities market in the past. Now, the PSC is paying particular attention to establishing clear rules for asset segregation.
Are there any custody requirements for customer funds?	N/A
Are there any misappropriation protections?	N/A
Memberships in international organizations	IOSCO, International Monetary Fund, OECD, and the World Bank
MOUs	Although the Ordinance on Derivatives does not authorize the PSC to enter into MOUs, the draft bill being considered by Parliament does. The PSC is already prepared to sign several MOUs once the bill becomes law.
E-mail contact information	N/A
Web site	Being created.

Exchange Data	
Exchanges	- Warsaw Commodity Exchange (WGT S.A.) - Warsaw Stock Exchange (WSE)[99]
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	WGT: The WGT intends to start a clearinghouse as a department of the exchange and then spin it off as a separate company.
Is margin required?	WGT: Not applicable yet, but margins will be required on futures contracts once they begin trading. The exact system is under consideration.
Who sets the margin levels?	N/A
Is margining calculated on a gross or net basis?	N/A
Are prices disseminated in real time? If so, how?	WGT: There are preliminary agreements in place with Reuters and Telerate.
Does the exchange have trade reconciliation capacity?	WGT: Not yet.
Is dual trading permitted?	WGT: It will most likely be allowed for the members meeting higher requirements.
What surveillance technology is used?	WGT: Not yet applicable
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	WGT: According to the plans, a member guaranty fund and clearinghouse and/or the exchange's own capital will be part of the system of financial protection.
Is trading conducted electronically or by open outcry?	Open outcry
What was the level of open interest in futures contracts at year end 1996?	Not applicable
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	Not applicable
What was the annual futures contract trading volume for 1996?	Not applicable
How frequently are positions marked to market? How often are gains/losses settled?	WGT: Daily marking to market is planned.
Does a stock index exist?/Do stock index futures exist?	Yes (WIG 20)/Yes[100]
E-Mail contact information	N/A
Web site	WGT: A web site is currently under construction.

[99] Both exchanges plan to introduce futures by the end of the year.
[100] Planned for a late 1997 introduction.

SUPPLEMENTARY INFORMATION ON POLAND

- The Warsaw Commodity Exchange SA (WGT) began offering option contracts on wheat, corn, rye, pork and beef products on Monday, June 2, 1997.[101] The exchange plans to hold two secondary-market sessions per week. By the end of the year, the WGT plans to start trading futures contracts on dollars, marks and wheat.[102] The exchange planned to start trading earlier, but some regulatory issues with respect to futures trading, brokerage commissions, and clearinghouse arrangements needed to be clarified. The exchange hopes to be in charge of its own clearing. The WGT is also awaiting regulatory changes and plans to introduce futures on the WIG 20 Index and futures on individual stocks in the second half of this year.[103]

- Futures contracts based on an index of Polish stocks will begin trading July 21, 1997, on the Austrian Futures and Options Exchange. PTX futures, as the contracts will be called, will be based on the Exchange's Polish Traded Index. The PTX is based on the 14 most active stocks on the Warsaw Stock Exchange. The futures contracts will vary in maturity from one to three months.[104]

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[101] Warsaw Commodity Exchange Launches Options, *Reuter*, June 2, 1997.
[102] Warsaw Commodity Exchange Sees Trade up in 1997, *Reuter*, February 28, 1997.
[103] Warsaw Continues Plans for Derivatives, *Futures Week*, February 17, 1997.
[104] OeTOB Sets July 21 Start for Polish Index Futures in Vienna, *Bloomberg*, May 21, 1997.

PORTUGAL

Economic and General Data	
1995 GDP ($US)	$96,672,622,593
1996 GDP ($US)	$101,181,924,274
1995 GDP per capita ($US)	$9,765
1995 Population	9,900,000
Debt Rating	AA3/AA
1995 Stock Market Capitalization ($US)	$18,362,000,000
Currency	Escudo
1996 Total External Debt	$12,656,100,000
1996 Government Debt Market	N/A
Yield to maturity (%) of 1/5/10 year government debt instruments	As of May 12, 1997: OT[105] 11.625% February 1998 - 5.44% OT 5.75% March 2002 - 5.85% OT 6.625% February 2007 - 6.51%
Annualized volatility (%) for 1/5/10 year government debt instruments	Standard Deviation over 50 days for the benchmark 5 year instrument: 0.1522 Standard Deviation over 50 days for the benchmark 3 year instrument: 0.127
1990-1995 Average Consumer Price Inflation	7.2%
Average $US/Escudo exchange rate 5/15/96-5/15/97	159.677
Range of currency fluctuation, if pegged to $US	The escudo is not pegged to the dollar.
1995 Balance of Trade Surplus (Deficit)	($229,000,000)
Major Industries	Textiles, footwear, cork, chemicals, fish canning, wine, and paper
Quality and Timeliness of Market Data	The IIF did not measure Portugal's data for its 1997 report.

[105] Portuguese Treasury Bond.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives laws	Securities Market Act; Financial Institutions Act
Principal securities laws	Securities Market Act; Financial Institutions Act
Futures regulatory authority	Comissão do Mercado de Valores Mobiliários (CMVM)
Securities regulatory authority	CMVM
Are there licensing/authorization requirements	Yes
Are there sales practice standards?	N/A
Are there minimum capital requirements?	Yes, the minimum capital requirements for the main financial institutions are: for banks - PTE 3,500,000,000; investment firms - PTE 1,500,000,000; dealers - PTE 500,000,000; brokers - PTE 50,000,000. Bolsa de Derivados do Porto (BDP) Clearing Members must meet a minimum capital of PTE 500,000,000.
Are exchanges/market participants audited by regulators?	Yes, the CMVM and the Banco de Portugal both have the power to audit all securities market institutions. However, the power to audit the Exchanges belongs solely to the CMVM.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No pre-investment protocol is required of foreign investors.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, the BDP is a self-regulatory entity. BDP regulations are approved by the BDP Board of Directors or by its Chief Executive Officer and only the Futures and Options contracts and Master Agreements that must be signed between the Association of Portuguese Futures and Options Exchanges (ABDP), Market Members and the investors must be approved by CMVM, after a BDP proposition.
Are there restrictions on repatriation of funds? If so, please describe.	No, though a notification is required for statistical purposes pursuant to Decree-Law 170/93, May 11, 1993.
Are there prohibitions or limits on certain investments by particular investors?	Generally, there is no prohibition relating to the nature of the investors. However, there are limitations on foreign stock ownership as far as denationalized institutions are concerned (i.e., Portugal Telecom). Limitations, however, are not applicable to EU persons or institutions.

Is there a double taxation treaty in place?	Yes, Portugal signed a double taxation treaty with the United States in 1995. This treaty was ratified by Parliament Resolution 39/95.
How are gains on derivatives products taxed?	Gains on derivatives are taxed as commercial activities profits. Unrealized gains or losses on futures and options negotiated on the BDP are subject to mark-to market accounting. This determines the taxable income on any positions open at the end of the fiscal period. Mark-to-market rules are inapplicable to unrealized gains on contracts hedging the risk of a transaction in the next accounting period. There are no withholding taxes on income derived from BDP futures and options contracts for residents or non-residents. Non-residents are exempted from taxation. Futures and options contracts are exempted from the Value Added Tax and from the Stamp Duty. Until 2001, a fiscal benefit will apply to futures and options contracts traded at BDP: Futures and options on shares or on stock indices - the positive income will be subject to a separate taxation of 10% for individuals and investment funds. For other futures and options contracts, the positive/negative income will be subject to taxation/available as a tax offset according to the following schedule: 50% (1997); 60% (1998); 70% (1999); 80% (2000); and 90% (2001).
What insolvency provisions apply to futures markets?	A special insolvency provision created to prevent systemic risk, article 412 of the Securities Market Act, applies to the BDP. Article 412 allows the BDP to close-out all futures and options positions and to execute all the guarantees (i.e., margin deposits) should insolvency occur.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, under article 201 of the Securities Market Act, all exchanges must be previously authorized by the CMVM.
Must foreign markets be approved by the government before Portuguese investors may permissibly invest in such markets?	No

What trade and other information reporting requirements exist for market participants and/or exchanges?	The Securities Market Act and the CMVM Regulations require all financial institutions to report to the authorities information relating to: - ownership of the institution; - identification of the members of the board of directors; - trades done on the OTC Market; - financial information (accounting documents); etc. The CMVM has on-line information on the trades done at the exchanges.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Financial institutions must maintain trading related documents for a period of 5 years. If those documents are fiscally relevant, they must be maintained for 10 years pursuant to article 642 of the Securities Market Act.
What registration requirements exist for market participants?	Financial institutions must obtain authorization from the Central Bank and the CMVM before commencing business. Financial and operational requirements must be met before authorization is granted. These requirements were established pursuant to the Securities Market Act or Financial Institutions Act.
Do price limits exist? If so, at what levels are they set?	Yes, there are maximum daily fluctuations: OT 10 Futures: +/- 140 ticks Lisbor 3 month Futures: +/- 40 ticks PSI - 20 Futures: +/- 120 ticks
Are electronic trading systems required to have built in redundancy?	Yes
Are there any segregation requirements for customer funds?	Article 84 of the Securities Market Act requires financial institutions to segregate their own funds from client deposited funds. BDP’s members operate separate accounts for their own trades and for clients. Client accounts are recorded in individually numbered sub-accounts. The client number is allocated as part of the mandatory completion of a client agreement.

Are there any custody requirements for the customer?	The clearinghouse does not take funds directly from the customer. If the customer pays in cash, the cash is delivered to its clearing member (typically a bank or dealer, though dealers are not currently used). The bank is obligated to segregate the funds. The bank then delivers the initial margin to the clearing house. The bank is not obligated to post margin in exactly the same amount as the clearing member. In the event the bank delivers cash, the clearing house segregates the funds and delivers them to another bank to earn interest. In sum, the funds are effectively segregated and secure because they are deposited against collateral. They are also segregated in case of insolvency.
Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, Inter-American Development Bank, International Monetary Fund, OECD, and the World Bank
MOUs	The Portugal CMVM has agreements with 8 entities.[106] The Banco do Portugal has an agreement with one entity.[107]
E-mail contact information	N/A
Web site	N/A

[106]

Agreement	Entity	Jurisdiction
MOU	Commission Bancaire et Financière	Belgium
MOU	Comissao de Valores Mobiliários	Brazil
AA	Commission des Operations de Bourse	France
O	Comisión Nacional Bancaria y de Valores	Mexico
AA	Comisión Nacional del Mercado de Valores	Spain
G	Securities and Futures Authority	United Kingdom
BR	Commodity Futures Trading Commission	United States
O	Securities and Exchange Commission	United States

[107]

Agreement	Entity	Jurisdiction
O	Securities and Futures Authority	United Kingdom

Exchange Data	
Exchanges	- BDP
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Yes, in the event of default by a clearing member and assuming that all its guarantees are not enough to compensate for the default, the clearing fund is used. If the clearing fund is not enough, BDP has over PTE 2,500,000,000 in cash and a net worth of PTE 4,500,000,000.
Is margin required?	Yes
Who sets the margin levels?	N/A
Is margining calculated on a gross or net basis?	Gross
Are prices disseminated in real time? If so, how?	Yes, via SEND (Sistema Electrónico de Negociacão de Derivados) and SIBOP (Sistema Informativo da Bolsa do Porto).
Does the exchange have trade reconciliation capacity?	Yes
Is dual trading permitted?	Yes, but only if the client requires it.
What surveillance technology is used?	During trading, the agent's performance is continuously monitored through access to all bids and offers in the system and their source, executed trades, and the evaluation of the agent's open interest. Any dispute caused by wrong order entries is immediately reported to the CEO of the exchange and to the CMVM. In case of a disagreement concerning the decision, the agent may appeal to the CMVM.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	In addition to the standard guarantees demanded by derivatives markets (initial plus variation margins), all of the BDP's clearing members must deposit a permanent guarantee with a minimum value of PTE 20,000,000. They must also contribute to a clearing fund with an amount between PTE 5,000, 000 and PTE 60,000,000 (depending on their open interest). The clearing fund also provides for assessment of the clearing members in an amount of up to three times the amount deposited. Therefore, there is a total mutual financial responsibility of between PTE 20,000,000 and PTE 240,000,000 undertaken by each clearing member.
Is trading conducted electronically or by open outcry?	Electronically

What was the level of open interest in futures contracts at year end 1996?	4,482 (since June 20th)
What was the average daily volume in futures contract trading at year end 1996?	1,887 (since June 20th).
What was the annual futures contract trading volume for 1996?	243,938 (since June 20th).
How frequently are positions marked to market? How often are gains/losses settled?	Positions are marked to market every five minutes; gains/losses are settled once each day.
Does a stock index exist?/Do stock index futures?	Yes/No
E-Mail contact information	E-mail: bvp@mail.telepac.pt
Web site	www.bdp.pt

RUSSIA

Economic and General Data	
1995 GDP ($US)	$344,711,000,000
1996 GDP ($US)	N/A
1995 GDP per capita ($US)	$2,329
1995 Population	148,000,000
Debt Rating	Ba2/BB-
1995 Stock Market Capitalization ($US)	$15,863,000,000
Currency	Ruble
1996 Total External Debt	N/A
1996 Government Debt Market	N/A
Yield to maturity (%) for 1/5/10 year government debt instruments	N/A
Annualized volatility (%) for 1/5/10 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation	381.6%
Average $US/Ruble exchange rate 5/15/96-5/15/97	5433.266
Range of currency fluctuation, if pegged to $US	N/A
1996 Balance of Trade Surplus (Deficit)	N/A
Major Industries	Steel, machinery, machine tools, vehicles, chemicals, mining, cement, textiles, appliances, and paper
Quality and Timeliness of Market Data	12/9 (0/+4)

Regulatory Data[108]	
Is there a legal/regulatory framework in place?	N/A
Principal derivatives law	Under development
Principal securities laws	Russian Law on the Securities Market, Decree 78, and Instruction No. 2
Futures regulatory authorities	The Commodity Exchanges Commission of the National Antimonopoly Committee, the Central Bank, and the Ministry of Finance
Securities regulatory authorities	The Federal Securities Commission, the Ministry of Finance, and the Central Bank
Are there licensing/authorization requirements?	Exchanges organizing derivatives trading and participants thereof must be licensed by the Commodity Exchanges Commission of the National Antimonopoly Committee.
Are there sales practice standards?	N/A
Are there minimum capital requirements?	Moscow International Currency Exchange (MICEX): Yes, member firms pay a one-time membership fee. In addition, to become a non-clearing member firm, an entity must have gross capital of $100,000; banks need $750,000. To become a clearing firm, banks need $10,000,000.
Are exchanges/market participants audited by regulators?	N/A
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	N/A
Do self-regulatory organizations (SROs) supplement governmental regulation?	National Association of Stockbrokers (NAUFOR)
Are there restrictions on repatriation of funds? If so, please describe.	N/A
Are there prohibitions or limits on certain investments by particular investors?	N/A
Is there a double taxation treaty in place?	N/A
How are gains on derivatives products taxed?	N/A
What insolvency provisions apply to futures markets?	N/A
Must exchanges be authorized by the authorities prior to the start of trading?	N/A
Must foreign markets be approved by the	N/A

[108] Russian sources provided only limited information.

government before Russian investors may permissibly invest in such markets?	
What trade and other information reporting requirements exist for market participants and/or exchanges?	N/A
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	N/A
What registration requirements exist for market participants?	N/A
Do price limits exist? If so, at what levels are they set?	MICEX: Price limits for currency futures are 3% and for interest rate futures are 2n% (where 'n' equals the number of months between the futures contract's expiration date and the maturity date of its underlying security) of the previous day's settlement price. MICEX also has capital contribution based position limits. The limits are set based on the risk that MICEX is willing to accept from each clearing member[109] and on each firm's contribution to the shared risk guaranty fund. In order to raise its position limits, a clearing member may deposit more than the minimum required contribution.
Are electronic trading systems required to have built in redundancy?	N/A
Are there any segregation requirements for customer funds?	N/A
Are there any custody requirements for customer funds?	N/A
Are there any misappropriation protections?	N/A
Memberships in international organizations	IOSCO, World Bank, and the International Monetary Fund
MOUs	The FCSCM has an agreement with 1 entity.[110]
E-mail contact information	info@fedcom.msk.ru
Web site	www.fe.msk.ru/infomarket/fedsom (.../fedcom?)

[109] Clearing membership is restricted to the large, well capitalized Russian commercial banks.

[110]

Agreement	Entity	Jurisdiction
MOU	Securities and Exchange Commission	United States

Exchange Data	
Exchanges	- St. Petersburg Futures Exchange - Moscow Commodity Exchange - Moscow Financial and Futures Exchange - The Russian Exchange (RE) - MICEX
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	MICEX: MICEX acts as a clearinghouse for all its markets: foreign currency, government debt securities, stock, and derivatives. Within the MICEX's Derivatives Division, participation in the Clearing House (clearing membership) is limited to licensed banks with a minimum required capital of $30,000,000 for a general clearing member and $10,000,000 for an individual clearing member. Assurance that clearing members are complying with financial sector regulatory standards is provided by financial compliance monitoring by MICEX and also by the Central Bank's supervision of all clearing members. In case of a clearing member's default, its losses are covered by the Clearing House in the following order: (1) the defaulting clearing member's deposit margin; (2) the defaulting clearing member's guarantee fund contribution; (3) MICEX's Derivatives Division's reserve fund ($20,000,000); and (4) other clearing members' guarantee fund contributions, on a prorated basis. RE: Yes, losses are allocated according to the "Regulations of Deposits."
Is margin required?	MICEX: Yes, daily variation margin is required. The margin requirement is based on historical price volatility trends. Deposit margin is also required. RE: Yes, guaranty margin is required.
Who sets the margin levels?	RE: Margin levels are set by the RE according to the Appendix to the Trading Rules. MICEX: Margin levels are set by the MICEX Directorate according to the Derivatives Division's Rules.

Is margining calculated on a gross or net basis?	MICEX: Deposit margin for a clearing member is calculated on a 'three nets' basis: as an absolute sum of net positions in its house account; its customer accounts; and in the accounts of its non-clearing member clients and their customers.
Are prices disseminated in real time? If so, how?	RE: Yes, via Reuters and the Internet.
Does the exchange have trade reconciliation capacity?	RE: The exchange has arbitration. MICEX: The exchange has arbitration.
Is dual trading permitted?	RE: Yes
What surveillance technology is used?	MICEX: Using its fully electronic trading system, the exchange constantly monitors in real time members' financial situations and exchange trading practices. Attempts to violate position limits or to exceed price limits will result in the rejection of the respective member's orders by the system. The system checks each order prior to execution to determine whether, if the order was executed, the relevant clearing account would remain in compliance with whatever capital (contribution) based position limits were in effect at the time. The system can be set on enforcement or monitoring mode, depending on market conditions. In enforcement mode, trades resulting in positions which would cause a clearing member or trader to exceed its assigned limit will not be executed.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	MICEX: Clearing members are required to contribute cash and/or Russian Treasury bills (GKOs) to a shared risk guaranty fund. Both these funds and margin funds are kept in a MICEX account with the Central Bank of Russia to which MICEX has instant access. These funds are not invested. MICEX also has its own Derivatives Division reserve fund of $20 million, which is used before drawing on non-defaulting members' guaranty fund contributions.

Is trading conducted electronically or by open outcry?	MICEX: Electronically, with instant access to the MICEX trading system from remote trading floors (currently only St. Petersburg; access from Nizhny Novgorod, Vladivostok, and Novosibirsk will be added in the second half of 1997) or from a remote terminal operated by a MICEX member firm. RE: Both
What was the level of open interest in futures contracts at year end 1996?	MICEX: 25,000 (GKO contracts) 210,000 (US$ contracts)[111] RE: 19,000
What was the average daily (monthly) volume in futures contract trading at year end 1996?	MICEX: 254,000 (GKO contracts) (monthly) 307,000 (US$ contracts) (monthly)[112] RE: 20,000
What was the annual futures contract trading volume for 1996?	MICEX: 648,000 GKO contracts[113] 430,000 US$ contracts[114] RE: $5,268,611,000[115]
How frequently are positions marked to market? How often are gains/losses settled?	MICEX: Daily/Daily on T+1 RE: Daily/Daily
Does a stock index exist?/Do stock index futures exist?	MICEX: A stock index comprising stocks traded at MICEX, and corresponding futures contracts, are scheduled to be launched in the second half of 1997.
E-Mail contact information	MICEX: ASH@micex.com RE: assa@ivc-rtsb.msk.ru
Web site	MICEX: www.nvfb.sci-nnov.ru/fut RE: www.re.ru

[111] MICEX open interest figures are as of July 1997.
[112] MICEX average monthly volume figures are for June 1997.
[113] This figure represents volume during the period from January 1997 through June 1997.
[114] This figure represents volume during the period from April 1997 through June 1997.
[115] The figure presented was converted from rubles based on the exchange rate for January 1996 through December 1996 ($1/5113.302 rubles).

SUPPLEMENTARY INFORMATION ON RUSSIA

- The Central Bank of Russia is scheduled to launch a full scale real time gross settlement system in January 1998.[116]

- At a special meeting of the Russian National Association of Equity Market Participants in April 1997, it was determined that a special committee needed to be set up to address security concerns regarding the market. The Committee's first order of business may be the creation of an official black list of brokers known to have canceled deals.[117]

- The Russian Law on the Securities Market went into effect in April of 1996. The Law gives the Russian Commission on Securities and Exchanges authority to implement state policy in securities matters through legislation and power over industry professionals. The Commission sets standards of professional conduct, establishes licensing procedures, issues, suspends and revokes licenses, registers securities issues, and supervises compliance. Additionally, the Law codifies the roles of stock exchanges and self-regulatory organizations (such as the Professional Association of Participants of the Securities Market) and establishes detailed disclosure requirements for both the issuance of securities and securities traded in the secondary market.[118]

- In April 1996, trading began in futures contracts based on the results of the Russian Presidential election.[119]

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[116] MICEX Futures & Options Division: A Modern, Reliable, Global Risk Redistribution Vehicle in a Transitional Economy.

[117] Russia's Focus: Brokers Alarmed by Growing Fraud, Canceled Deals, www.re.ru/*Knight-Ridder, Money Center,* April 23, 1997.

[118] The New Law on the Securities Market, *East/West Executive Guide,* July 1, 1996.

[119] History of the Exchange, www.re.ru/.

SLOVAKIA

Economic and General Data	
1995 GDP ($US)	$17,414,000,000
1996 GDP ($US)	$18,968,000,000
GDP per capita ($US)	$3,719
Debt Rating	Baa3/BBB-
1997 Population	5,100,000
1997 Stock Market Capitalization ($US)	$5,354,000,000
Currency	Koruna
1996 Total External Debt	$7,810,000,000
1996 Government Debt Market	$1,752,200,000
Yield to maturity (YTM) (%) of 1/5/10 year government debt instruments	Office of Capital Markets State Supervision (OCMS): The 1 year debt instrument maturing May 27, 1997 has a 15% annual interest rate. The most recently issued 5 year bond has a 10% annual interest rate. Bratislava Stock Exchange (BSSE): As of year end 1996, there were 12 government debt issues eligible for trading on the BSSE.[120] The YTM of this portfolio was 8.703% at the end of 1996.
Annualized volatility (%) for 1/5/10 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation	16.0%
Average $US/Koruna exchange rate 5/15/96-5/14/97	31.078
Range of currency fluctuation, if pegged to $US	The koruna is pegged 60% to the German mark and 40% to the U.S. dollar. The fluctuation band is ± 7%.
1996 Balance of Trade Surplus (Deficit)	BSSE: ($2,105,000,000)
Major Industries	Metal products, food and beverages, oil, chemicals, and coal

[120] The nominal value of the twelve government bond issues eligible for trading on the BSSE was $1,589,854,839 as of late June.

Quality and Timeliness of Market Data	The IIF did not measure Slovakia's data for its 1997 report.

Regulatory Data	
Is there a legal/regulatory framework in place?	An organized futures and derivatives market does not currently exist in Slovakia.
Principal derivatives laws	Law 248/1992 on Investment Funds; Law 214/1992 on Stock Exchanges; and Law 600/1992 on Securities.
Principal securities laws	Law 248/1992 on Investment Funds; Law 214/1992 on Stock Exchanges; and Law 600/1992 on Securities.
Futures regulatory authority	Once trading begins in 1998, it will be regulated by the Ministry of Finance - Capital Market Department.
Securities regulatory authority	Ministry of Finance
Are there licensing/authorization requirements?	N/A
Are there sales practice standards?	N/A
Are there minimum capital requirements?	For the BSSE, the minimum capital requirements are the same as for a common joint stock company - SKK 1,000,000, ($32,177).[121] Minimum capital requirements for other entities are as follows: for BSSE members and brokers, SKK 5,000,000 ($160,886); for investment fund management companies, SKK 20,000,000 ($643,542); and for investment funds, SKK 1,000,000 ($32,177).[122]
Are exchanges/market participants audited by regulators?	By law, independent accounting firms must conduct audits of all market participants. In addition, the BSSE must publish its annual report in special publications.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, the Association of Stock Brokers, the Association of Investment Funds and Companies, and the BSSE supplement governmental regulation.
Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain	Investors wishing to acquire more than 30% of

[121] Please note that the U.S. dollar figures are based on the exchange rate information given in the 'Economic and General Data' section of this table.
[122] These amounts will be increased in the near future.

investments by particular investors?	the equity capital of a company must initiate a takeover bid. Investors acquiring any multiple of 5% of the equity capital of a company must publish this information in the relevant media outlet.
Is there a double taxation treaty in place?	Yes, there are a number of double taxation treaties in place, including one with the United States.
How are gains on derivatives products taxed?	BSSE: As there is presently no derivatives market in Slovakia, there is no tax legislation applicable to derivatives.
What insolvency provisions apply to futures markets?	BSSE: As there is presently no derivatives market in Slovakia, there is no insolvency legislation applicable to derivatives.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, a license from the Ministry of Finance must be granted.
Must foreign markets be approved by the government before Slovakian investors may permissibly invest in such markets?	Slovak citizens may invest in foreign markets located in OECD member nations without the permission of the Slovak National Bank, unless they are buying more than 10% of equity securities.
What trade and other information reporting requirements exist for market participants and/or exchanges?	BSSE: BSSE members must provide the BSSE with an audited annual report, economic results, and all relevant organizational changes. The BSSE's reporting obligations are the same as those of common joint stock companies. Additionally, the BSSE's Stock Exchange Order must be approved by the Ministry of Finance as must any changes in the Order. OCMS: According to laws 248/1992 on Investment Funds and 600/1992 on Securities, market participants have to provide reports to the public and to the Ministry of Finance.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	BSSE: Brokers are obliged to store data about trading and customers for a period of ten years.
What registration requirements exist for market participants?	According to laws 248/1992 on Investment Funds, 214/1992 on Stock Exchanges, and 600/1992 on Securities, all market participants have to be registered with the Ministry of Finance.

Do price limits exist? If so, at what levels are they set?	BSSE: Continuous Trading: ±10% from unified average price. Auction Trading: ±10% from unified average price. Block Trading: -7.5% /+ 10% from unified average price. Direct Trading: -10% /+ “int.” from unified average price. Repo Trading: No limits
Are electronic trading systems required to have built in redundancy?	Yes
Are there any segregation requirements for customer funds?	The segregation of customer funds is stipulated by the Act on Securities and by the Act on Investment Funds.
Are there any custody requirements for customer funds?	N/A
Are there any misappropriation protections?	N/A
Memberships in international organizations	Federation of European Stock Exchanges (FESE)[123], International Monetary Fund, and the World Bank
MOUs	None
E-mail contact information	OCMS: bpokornu@info.usdkt.sk (director) root@info.usdkt.sk (administrator)
Web site	OCMS: www.usdkt.sk (The web site is still under construction).

[123] Associate Member.

Exchange Data	
Exchanges	- Bratislava Stock Exchange (BSSE) - RM-Systém Slovakia (RM-S)[124]
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	BSSE: There is no clearinghouse. However, a clearing and settlement division exists for the spot market. The BSSE is preparing a clearinghouse for the derivatives market.
Is margin required?	N/A
Who sets the margin levels?	N/A
Is margining calculated on a gross or net basis?	N/A
Are prices disseminated in real time? If so, how?	BSSE: Yes, via Reuters, Telerate, and Teletext of Slovak television.
Does the exchange have trade reconciliation capacity?	BSSE: The Stock Exchange Arbitration Court, a permanent and independent institution, was established to resolve disputes resulting from BSSE and other transactions.
Is dual trading permitted?	N/A
What surveillance technology is used?	BSSE: Some procedures are built into the trading system.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	BSSE: A clearing member guarantee fund.
Is trading conducted electronically or by open outcry?	BSSE: Trading is conducted through a fully electronic trading system.
What was the level of open interest in futures contracts at year end 1996?	BSSE: No futures contracts were traded on the BSSE. However, futures trading was conducted in the over-the-counter market.
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	There is no futures contract trading at the BSSE.
What was the annual futures contract trading volume for 1996?	Not applicable
How frequently are positions marked to market? How often are gains/losses settled?	Not applicable
Does a stock index exist?/Do stock index futures exist?	BSSE: Yes (SAX)/No

[124] The BSSE and RM-S are licensed to trade derivatives, but trading will not begin until 1998. RM-S was established due to coupon privatization so that small investors could sell their shares with less problems. RM-S isn't based on the membership principles used by the BSSE. Transactions conducted through RM-S can be executed more quickly and directly. Clearing and settlement of the trades are completed immediately (as opposed to T+3 at the BSSE). Issues with low liquidity are traded on RM-S. The ratio of BSSE trading volume to RM-S trading volume is 90:10. Trading fees are higher at RM-S than at the BSSE, which is why most investors prefer to conduct their transactions through the BSSE and its members.

E-Mail contact information	BSSE: oma@bsse.sk; omv@bsse.sk
Web site	BSSE: www.bsse.sk

SUPPLEMENTARY INFORMATION ON SLOVAKIA

- Slovakia suspended trading in the options market in 1996 due to liquidity problems.[125]

- The Bratislava Stock Exchange plans to launch equity and currency contracts in November 1997.[126]

[125] Koruna Glory, *Futures & Options World*, April 1997.
[126] Id.

SLOVENIA

Economic and General Data	
1995 GDP ($US)	$18,581,000,000
1996 GDP ($US)	$18,525,000,000
1995 GDP per capita ($US)	$9,348
Debt Rating	A3/A
1995 Population	2,000,000
February 1997 Stock Market Capitalization ($US)	$2,000,000,000
Currency	Tolar
1996 Total External Debt	$4,010,000,000
1996 Government Debt Market	$258,773,000
Yield to maturity (YTM) (%) of 1/3 year government debt instruments (as of March 1997)	5.4 (RSL1)/4.5 (RSL2)[127]
Annualized 1996 volatility (in basis points) for 1/3 year government debt instruments	146 (RSL1)/68 (RSL2)
1990-1995 Average Consumer Price Inflation	62.1%
Average $US/Tolar exchange rate 6/11/96-5/15/97	143.748
Range of currency fluctuation, if pegged to $US	The tolar is not pegged to the dollar.
1996 Balance of Trade Surplus (Deficit)	$46,500,000
Major Industries	Steel, electronics, vehicles, chemicals, pharmaceuticals, and textiles
Quality and Timeliness of Market Data	The IIF did not measure Slovenia's data for its 1997 report.

[127] Both the RSL1 (the one year instrument) and the RSL2 (the three year instrument) are denominated in German marks.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	None
Principal securities laws	Law on the Securities Market; Law on Investment Funds and Management Companies
Futures regulatory authority	None
Securities regulatory authority	Securities Market Agency (SMA)
Are there licensing/authorization requirements?	For the securities market, the standards are set by the legal framework and the Ljubljana Stock Exchange (LSE); for the derivatives market and commodity exchanges, standards are set by the Derivatives Exchange, Ljubljana, Ltd (TB) and the Commodity Exchange of Ljubljana, Inc. (BB).
Are there sales practice standards?	For the securities market, the standards are set by the legal framework and the LSE; for the derivatives market, standards are set by the TB and BB.
Are there minimum capital requirements?	For derivatives, capital requirements are set by the SROs and limited to maintenance margin requirements.[128]
Are exchanges/market participants audited by regulators?	Yes, exchanges and market participants in the securities market are surveilled by the SMA and audited by an auditing company. Exchanges and participants in the derivatives market are audited by an accounting company only.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	For securities, foreign investors must manage all their transactions via custodial accounts opened at Slovenian banks.
Do self-regulatory organizations (SROs) supplement governmental regulation?	The LSE was established as an SRO.
Are there restrictions on repatriation of funds? If so, please describe.	The only precondition is payment of all tax duties. Dividends paid to a foreign investor are taxed at a rate of 15%.
Are there prohibitions or limits on certain investments by particular investors?	There are prohibitions on foreign ownership of real estate. Total foreign ownership is prohibited in the following industries: military; rail and air transport; communications; publishing; insurance; and mass media. Governmental approval is

[128] Minimum capital requirements for the securities markets are about to be adopted.

	necessary for purchase of more than a 25% share in newly privatized companies. Bank ownership is subject to approval by the Central Bank. Insurance company ownership must be approved by the Ministry of Finance. In the following sectors, foreign ownership is limited to the specified percentages: auditing companies (49%); broker-dealers (24%); investment fund management companies (20%); authorized investment companies (10%); and media (33%). Individuals are not allowed to maintain foreign bank accounts. Instruments listed on Slovenian exchanges are open to purchase by foreign or Slovenian investors.
Is there a double taxation treaty in place?	Yes, there are treaties in place with only a limited number of countries, including Germany. No such treaty exists with the United States.
How are gains on derivatives products taxed?	To date, they have not been taxed.
What insolvency provisions apply to futures markets?	No such law has been passed yet. General provisions are set forth in the Companies Act.
Must exchanges be authorized by the authorities prior to the start of trading?	Securities exchanges need approval from the SMA. Derivatives exchanges, like all other companies, need to be registered, but no special authorization is required.
Must foreign markets be approved by the government before Slovenian investors may permissibly invest in such markets?	Companies can invest abroad subject to approval by the Ministry of Finance. A precondition is that they may not have unpaid taxes or customs duties. Citizens must register their investments with the tax authorities.
What trade and other information reporting requirements exist for market participants and/or exchanges?	No legal requirements exist to date for derivatives trading, but there are legal requirements for securities trading.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Presently, there are legal requirements for securities trading but not for derivatives trading. Trading/customer record requirements for derivatives trading are limited to any requirements imposed by the exchanges. For securities, (i.e., the LSE and its members), certain records must be maintained for five years.

What registration requirements exist for market participants?	Presently, there are legal requirements for securities trading but not for derivatives trading. Registration requirements for participants in derivatives trading are limited to any requirements imposed by the SROs. Participants in the securities market must register with the SMA.
Do price limits exist? If so, at what levels are they set?	Price limits are determined by SROs.
Are electronic trading systems required to have built in redundancy?	Yes
Are there any segregation requirements for customer funds?	Presently, there are legal requirements for securities trading but not for derivatives trading.
Are there any custody requirements for customer funds?	Presently, there are legal requirements for securities trading but not for derivatives trading.
Are there any misappropriation protections?	Yes
Memberships in international organizations	Inter-American Development Bank, International Monetary Fund, and the World Bank
MOUs	A shared trading information system exists between the LSE and the SMA; no such mechanism exists for derivatives.
E-mail contact information	None
Web site	None

Exchange Data	
Exchanges[129]	- Ljubljana Stock Exchange (LSE) - Commodity Exchange of Ljubljana, Inc. (BB) - Derivatives Exchange, Ljubljana, Ltd (TB)
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	LSE: Yes, Spot transactions are cleared and settled through the Central Securities Clearing Corporation, Inc. (CSCC) which is an independent legal entity. BB: Yes, by the operation of their default rules. TB: Yes, by a guaranty fund and default rules.
Is margin required?	LSE: Yes, by the CSCC. BB: Yes
Who sets the margin levels?	LSE: The CSCC. BB: The exchange's clearing department. TB: The clearing department.
Is margining calculated on a gross or net basis?	LSE: Gross BB: Gross
Are prices disseminated in real time? If so, how?	LSE: Yes, via the exchange's electronic information system. BB: Yes, via the Internet.
Does the exchange have trade reconciliation capacity?	LSE: Yes BB: Yes
Is dual trading permitted?	LSE: Yes BB: No
What surveillance technology is used?	TB: Rolfe & Nolan system. BB: Market surveillance of: (1) price movements; (2) changes in price relationships; (3) open interest; (4) concentration of positions; and (5) magnitude of successive price changes.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	LSE: CSCC BB: A 3-level mutual guaranty: broker-client; broker-broker; and broker-owner of the exchange. TB: Guaranty fund
Is trading conducted electronically or by open outcry?	LSE: Electronically only BB: There are 3 sessions daily: electronic/open outcry/electronic.
What was the level of open interest in futures	BB: 11,144

[129] At present, there are two exchanges, the BB and the TB. Presently only the BB actively trades derivatives. The TB was founded by the LSE as a separate legal entity. Information on the LSE in this section is presented with respect to securities trading.

contracts at year end 1996?	TB: A moratorium was imposed on the exchange's operations in December 1996. All positions and open interest were reconciled, closed, and settled due to a lack of activity on the market regarding these transactions.
What was the average monthly volume in futures contract trading at year end 1996?	BB: 37,100 contracts. TB: Less than 2,000 contracts.
What was the annual futures contract trading volume for 1996?	BB: 445,211 contracts. TB: 11,000 contracts for 6 months of operation.
How frequently are positions marked to market? How often are gains/losses settled?	BB: Daily/Daily on T+1 TB: Daily/Daily on T+1
Does a stock index exist?/Do stock index futures exist?	BB: Yes/Yes[130]
E-Mail contact information	LSE: info@ljse.si BB: infos@bb-lj.si
Web site	LSE: www.ljse.si BB: www.eunet.si/commercial/bbl/bbl-ein.html

[130] The LSE calculates the Slovenian Stock Index (SBI) which includes only blue chip companies. The BB calculates its own stock index called KID with a much broader base. Stocks from the unlisted securities (spot) market are included in the KID index and futures contracts are traded on the KID. The TB does not calculate a stock index and no stock index futures contracts are traded on the TB.

SUPPLEMENTARY INFORMATION ON SLOVENIA

- The Commodity Exchange of Ljubljana is trying to attract traders from the former Republic of Yugoslavia in order to launch wheat and pork belly futures contracts.

TURKEY

Economic and General Data	
1995 GDP ($US)	$171,864,000,000
1996 GDP ($US)	$186,414,000,000 (provisional)
1996 GDP per capita ($US)	$2,973 (provisional)
1996 Population	62,697,000
Debt Rating	B1/B
1996 Stock Market Capitalization ($US)	$30,797,000,000
Currency	Lira
1996 Total External Debt	$79,767,000,000
1996 Government Debt Market	$38,810,000,000[131]
Yield to maturity (%) for 1[132]/2[133] year government debt instrument	Nominal rate: 109.02/98.53 Inflation-adjusted rate for two year bond: 32%
Annualized volatility (%) for government debt instruments	10.99%[134]
1990-1995 Average Consumer Price Inflation	77.3%
Average $US/Lira exchange rate from 5/15/96 to 5/15/97	101,234.02
Range of currency fluctuation, if pegged to $US	The Turkish Lira is not pegged to the dollar; it is free floating.
1996 Balance of Trade Surplus (Deficit)	($18,474,000,000)
Major Industries	Textiles, steel, mining, metal products, oil, agricultural products, and processed foods
Quality and Timeliness of Market Data	17/13 (0/-3)

[131] The Undersecretariat of Treasury gives this figure for total internal public debt as of December 31, 1996.
[132] For instrument auctioned on March 12, 1997.
[133] For instrument auctioned on June 4, 1997.
[134] Ibid.

Regulatory Data	
Is there a legal/regulatory framework in place?	Developing
Principal derivatives laws	Communiqués are issued pursuant to the Capital Market Law; Act 5590/11.[135]
Principal securities law	Capital Markets Law
Futures regulatory authorities	The Undersecretariat of Treasury, the Capital Market Board (CMB), and the Ministry of Commerce and Industry (MCI)[136]
Securities regulatory authorities	The Undersecretariat of Treasury and the CMB
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Developing
Are there minimum capital requirements?	Istanbul Gold Exchange (IGE): The brokerage firms must be incorporated companies with paid-up capital of at least $200,000. Istanbul Stock Exchange (ISE): Not yet determined. Izmir Mercantile Exchange (IME): Clearing members: $6,700,000 Exchange members: $170,000 Locals: $34,000 CMB: The minimum capital requirements for exchange and clearing members are regulated by the CMB. There is no distinction between securities and futures markets. However, clearing members will have a greater capital requirement.
Are exchanges/market participants audited by regulators?	Exchanges: The CMB/Board of Auditors is responsible and authorized to audit the accounts and transactions of the exchanges. Auditing is conducted annually at the end of the year. ISE also submits its accounts to the CMB annually. Mercantile exchanges are subject to audit by MCI. Member firms, brokers, etc.: Audited by the CMB and the Undersecretariat of Treasury or MCI, depending on the exchange. These CMB audits can occur at any time. The Ministry of Finance may also become involved in auditing.

[135] While the derivatives law is being developed, Act 5590/11 governs commodity futures exchange procedures.
[136] Act 5590/11 makes the MCI the regulatory authority for mercantile exchanges. This Act also made IME the sole pilot program for futures contracts on mercantile exchanges.

	IME: The IME's Department of Audit and Market Surveillance will conduct audits and daily monitoring activities related to futures traders' positions, margin requirements, and financial and operational structures. The Department of Audit and Surveillance also has internal measures in place to detect risks and prevent losses.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, some exchanges have their own regulations.
Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain investments by particular investors?	Foreign investors intending to exercise voting rights in the corporation in which they are investing must register their investments according to foreign investment legislation in Turkey. Also, there are restrictions on investment funds, insurance companies, and other institutions.
Is there a double taxation treaty in place?	No
How are gains on derivatives products taxed?	There is no law/regulation on this issue yet.
What insolvency provisions apply to futures markets?	The Execution and Bankruptcy Law applies to futures markets. Also, Act 5590/11 gives the mercantile exchanges the right to impose their own procedures in case of defaults. The IME has formulated internal insolvency regulations which have been approved by the MCI. MCI will use IME's internal regulations as a basis for other mercantile exchanges' insolvency rules.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, by the MCI.
Must foreign markets be approved by the government before Turkish investors may permissibly invest in such markets?	Yes, for an intermediary to deal in a foreign market, the intermediary must apply for authorization by submitting information concerning the foreign market. In this manner, individual investors may obtain indirect authorization.

What trade and other information reporting requirements exist for market participants and/or exchanges?	Market participants are required to keep a record book of exchange transactions in which they have engaged. They have to report transactions monthly to the exchange on which they trade, the Undersecretariat of Treasury, and the CMB. IME: Market participants must also inform the IME of their financial and operational developments and/or changes. Details related to daily futures transactions must be reported to the IME upon request.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Market participants must maintain accounting and trading records, reports, documents, and customer order and transaction records related to their brokerage activities. Customer records will be under the auditing authority of the CMB, MCI, and the Undersecretariat of Treasury. Exchanges also have to maintain and publish trading records.
What registration requirements exist for market participants?	Market participants must obtain a document confirming that shareholders did not engage in any commercial activity that resulted in bankruptcy as well as an "Authorization Certificate" from the CMB. Market participants must also meet certain organizational requirements. IME: Market participants must meet the minimum financial and operational criteria set by the MCI and the mercantile exchange to which the participant is registering. The mercantile exchange is given the right to conduct audits to determine the status of the registrant.
Do price limits exist? If so, at what levels are they set?	IGE: No ISE: Yes, but the levels have not yet been determined. IME: Yes, price limits are based on the price fluctuations of each commodity on which the contract is based.
Are electronic trading systems required to have built in redundancy?	Yes
Are there any segregation requirements for customer funds?	Yes, exchange members must segregate customer accounts from their own accounts.

Are there any custody requirements for customer funds?	CMB: No IGE: N/A ISE: Yes IME: N/A
Are there any misappropriation protections?	IGE: Firms are forbidden to use customer accounts for proprietary trading. ISE: Yes IME: The exchange has set up a guaranty fund and a compensation fund to offset any misappropriation that may occur in futures trading.
Memberships in international organizations	IOSCO, International Monetary Fund, and the World Bank
MOUs	N/A
E-mail contact information	N/A
Web site	CMB: www.spk.gov.tr

Exchange Data	
Exchanges	- Istanbul Gold Exchange (IGE) - Istanbul Stock Exchange (ISE) - Izmir Mercantile Exchange (IME)
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	IGE: The IGE's clearinghouse is a department within the exchange. The clearinghouse will cover member defaults from the margins paid by other members. ISE: The futures contracts market will be integrated with the ISE's clearinghouse system (Takasbank). IME: The IME's clearinghouse is a department within the exchange. Based on their position limits, clearing members must contribute to the Guarantee Fund formed by the clearinghouse which serves as a shelter against a clearing member's default. In case of default, only the contribution of the defaulting clearing member is taken from the Guarantee Fund; the contributions of the other clearing members are not used. The clearinghouse is backed by the IME.
Is margin required?	IGE: Yes ISE: Yes IME: Yes
Who sets the margin levels?	IGE: The Board of Directors of the exchange (usually with the approval of the CMB). IME: Clearinghouse and the Board of Directors.
Is margin calculated on a gross or net basis?	IGE: Gross ISE: Net IME: Gross
Are prices disseminated in real time? If so, how?	IGE: Yes, via Telerate, Reuters, etc. IME: Yes, the Reuters Triarch 2000 system has been installed, and IME is focusing on other methods of real time price dissemination.
Does the exchange have trade reconciliation capacity?	IGE: Yes ISE: Yes IME: Yes
Is dual trading permitted?	IGE: Yes ISE: Yes IME: N/A

What surveillance technology is used?	IGE: A computer-based system developed by the exchange. ISE: The Surveillance Department of the exchange will be connected to the screen-based trading system and all of the data will be provided to the surveillance department. On-line surveillance possibilities are available in the system. Off-line surveillance tools such as market replay, past-reporting, etc. are also available in the system. IME: The Audit and Market Surveillance Department will have access to information regarding the actual trade, risks, positions, margin, and daily settlements and deliveries of market participants. The system will also be able to simulate various trader positions in order to spot potential risks. On-line surveillance of exchange members is being developed.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	CMB: In case of failures, the exchanges can demand excess margins from the members. IGE: No guaranty fund has been established. ISE: A guaranty fund will be established. IME: Traders must contribute to the compensation fund. Also see above cell on clearinghouses.
Is trading conducted electronically or by open outcry?	IGE: Electronically ISE: The futures market will use a screen-based trading system with a fully integrated clearing system. IME: Futures trading will initially be conducted via open outcry. Eventually, the IME may shift to electronic trading.
How frequently are positions marked to market? How often are gains/losses settled?	IGE: Daily/Daily ISE: Daily/Daily IME: Daily/(N/A)
What was the level of open interest in futures contracts at year end 1996?	Not applicable: The IGE, ISE, and IME have not yet commenced futures contracts trading.[137]

[137] The IGE plans to open its futures market in gold by the end of July 1997, its futures market in currency by the end of September 1997, and its futures markets in selected commodity contracts by the end of 1997. The ISE plans to start

What was the average daily (or monthly) volume in futures contract trading at year end 1996?	Not applicable
What was the annual futures contract trading volume for 1996?	Not applicable, but the IME's cash market commodity trading volume was $1,560,000,000 in 1996.[138]
Does a stock index exist?/Do stock index futures exist?	Yes[139]/Yes (planned)[140]
E-Mail contact information	IGE: iabtr@superonline.com ISE: info@ise.org IME: itb02@home.egenet.com.tr
Web site	ISE: www.ise.org IME: planned

its futures market by the end of December 1997. The IME plans to introduce a futures contract on cotton, but no date for the commencement of trading has been set.

[138] The IME trades cotton, sultana, cereal, oil seeds, raisins, dried fruit, olives, and livestock.

[139] Turkey has two major stock indices: the ISE-100, which has been calculated since the exchange was established, and the ISE-30. The ISE-30 has been calculated and published since January 2, 1997. It consists of 30 Turkish "blue-chip" stocks drawn from the ISE-100. Stocks on the ISE-30 include Dogan Holding, Ilhas Holding, Raks Electronik, and Tofas Otomobil Fab.

[140] The ISE plans to commence trading futures contracts on the ISE-30 by the end of the year. Later, the ISE will launch options on the ISE-30 index and individual stocks as well as futures and options on interest rate based instruments.

SUPPLEMENTARY INFORMATION ON TURKEY

- The World Bank has contributed more than $50 million dollars toward a feasibility study covering several possible areas of improvement for Turkey's 90 cash market commodity exchanges. Projects being considered in connection with the study are: the establishment of an internet-based system for the distribution of price information by linking the 90 exchanges, starting with the 10 largest; establishing new grading standards, forward contract specifications, and a trade association; and setting up a system for trading warehouse receipts.[141]

- The Istanbul Gold Exchange (IGE), which has been engaged in spot-trading of gold since July 1995, is planning to go ahead with a gold futures contract. Since the Securities and Exchange Commission of Turkey approved the gold futures market, approximately 40 members of the IGE have received pre-approval to engage in the trading of gold futures. Trading is expected to begin by the end of July 1997.

[141] Turkey is torch bearer for commodity revolution, *The Public Ledger*, October 26, 1996.

NORTH AMERICA

Derivative Market Information
North America

Country	Exchange	Date Established	Types of Contracts	International Rank by Volume
Costa Rica	La Bolsa Electronica de Valores de Costa Rica	1993	Planned	Not applicable
Costa Rica	Bolsa Nacional de Valores (BNV)	1976[142]	Financial Instruments	Not applicable
Guatemala	Bolsa Agricola Nacional	Planned	Agricultural	Not applicable
Guatemala	Bolsa de Valores Nacional, S.A. (BVN)[143]	N/A	Financial Instruments	Not Applicable
Mexico	MexDer	Planned	Financial Instruments	Not applicable

142 Although the BNV was established in 1976, futures trading did not begin until August 1996.
143 The BVN last operated in 1995.

COSTA RICA

Economic and General Data	
1995 GDP ($US)	$9,023,000,000
1996 GDP ($US)	$9,015,000,000
1996 GDP per capita ($US)	$2,651
1996 Population	3,400,000
Debt Rating	Ba1/Not rated
1997 Stock Market Capitalization ($US)[144]	$736,008,000
Currency	Colon
1996 Total External Debt	Loans to government: $2,859,000,000 Loans to private sector: $594,000,000[145]
1996 Government Debt Market	$2,138,000,000
Yield to maturity (%) of 1/5/10 year government debt instruments	21.62/22.43/23.25[146]
Annualized volatility (%) for 1/5/10 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation	17.8%
Average $US/Colon exchange rate from 5/15/96 to 5/15/97	217.29
Range of currency fluctuation, if pegged to $US	The Colon is not pegged to the dollar.[147]
1996 Balance of Trade Surplus (Deficit)	($678,000,000)
Major Industries	Food processing, textiles, construction materials, fertilizer, and plastics
Quality and Timeliness of Market Data	The IIF did not measure Costa Rica's data for its 1997 report.

[144] Data as of May 1997.
[145] Data as of December 31, 1995.
[146] The Costa Rican government issues fixed-interest rate as well as floating-interest rate securities. The fixed-rate securities have short-term maturities (six months or less); the floating-rate securities have longer maturities. The main floating-rate instrument is the "Titulo Tasa Básica" in which the yield is given by the "Tasa Básica" (TB) plus a spread. The TB is a weighted average of six month rates offered by the Minister of Finance, the Central Bank, and financial institutions for investments in local currency. For the instruments above, the TB was 20.75% and the spreads were: 0.87%, 1.68%, and 2.50% respectively. These figures were quoted as of May 31, 1997.
[147] The Central Bank is considering the possibility of pegging the colon to the dollar, but no action has been taken.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	N/A
Principal securities law	Ley Reguladora del Mercado de Valores No. 7201 (Stock Market Regulation Law)
Futures regulatory authorities	Comisión Nacional de Valores (CNV); Banco Central de Costa Rica (BCCR)[148]
Securities regulatory authority	Comisión Nacional de Valores
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	N/A
Are there minimum capital requirements?	The CNV established a minimum capital requirement for brokerage firms and exchanges. This requirement does not depend on the product traded; it allows brokers to deal in every product traded in the market. Brokers: CRC 22,000,000 ($105,932) Exchanges: CRC 202,000,000[149] ($972,650)[150]
Are exchanges/market participants audited by regulators?	The exchange presents a brokerage firm auditing program to the CNV. The CNV approves such programs and also audits exchanges twice a year, but it does not audit brokerage firms. There are audit trail requirements as well.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, the Bolsa Nacional de Valores, S.A. (BNV) and the Bolsa Electronica de Valores de Costa Rica, S.A. (BEV) both act as SROs.
Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain investments by particular investors?	There are restrictions on foreign ownership of stock in privatized companies. There are no prohibitions on foreign participation in derivatives markets.

[148] If the underlying asset is a security or a securities market related asset, the regulator would be the CNV; otherwise, it is the BCCR.
[149] In September 1996 the CNV increased the minimum capital requirement for exchanges from 100,000,000 to 202,000,000 colones. However, one of the exchanges, the BEV, initiated proceedings in the Appeals Court against the CNV's change. Consequently, the increase does not yet apply for the BEV.
[150] The U.S. dollar figures were calculated based on the 1996 average exchange rate of $1/CRC 207.68.

Is there a double taxation treaty in place?	Yes, for stock dividends.
How are gains on derivatives products taxed?	As derivatives markets in Costa Rica are not yet developed, the Dirección General de Tributación Directa (the Costa Rican tax authority) has not developed a rule for such markets.[151]
What insolvency provisions apply to futures markets?	Insolvency provisions have not been established.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes
Must foreign markets be approved by the government before Costa Rican investors may permissibly invest in such markets?	No, however, authorization is necessary to trade foreign derivatives products in Costa Rica.
What trade and other information reporting requirements exist for market participants and/or exchanges?	The exchange has to provide market participants with certain information.[152] Once a regulation is promulgated allowing brokers to trade for their own accounts, brokerage firms will be required to disclose their derivatives markets positions in their financial statements.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Brokerage firms must keep trading and customer records. There is a rule pending which establishes a period of one year for maintaining records.
What registration requirements exist for market participants?	To introduce a derivative product, an exchange must establish appropriate regulations (which must be approved by the CNV). For a broker to trade futures, in addition to obtaining a license to trade securities, the broker also must complete an additional training program on futures.
Do price limits exist? If so, at what levels are they set?	Yes, they are set at 10%.
Are electronic trading systems required to have built in redundancy?	Yes
Are there any segregation requirements for customer funds?	No, however, a ruling on this topic is pending.
Are there any custody requirements for customer funds?	No
Are there any misappropriation protections?	Yes, Costa Rica's laws establish penalties for misappropriation of customer funds.

[151] In the Costa Rican capital markets that are developed, both foreigners and Costa Ricans pay a 5% withholding tax on dividends (if stocks were purchased through the exchange; otherwise a 15% tax is paid) and an 8% withholding tax on interest payments from listed debt securities (if the debt security is not listed, a 15% tax is paid).

[152] This information includes the closing price, opening price, daily high and low prices, historical high and low prices, the difference between the opening and closing prices, settlement price, open interest, number of contracts traded, and the daily change in open interest.

Memberships in international organizations	IOSCO, Council of Securities Regulators of the Americas (COSRA), Inter-American Development Bank, International Monetary Fund, and the World Bank
MOUs	The CNV has agreements with 10 entities.[153]
E-mail contact information	BCCR: muñozvc@bccr.fi.cr or cascantesj@bccr.fi.cr CNV: cnaciona@sol.racsa.co.cr
Web site	BCCR: www.bccr.fi.cr

[153]

Agreement	Entity	Jurisdiction
MOU	Comisión Nacional de Valores	Argentina
MOU	Comisión Nacional de Valores	Bolivia
MOU	Superintendencia de Valores y Seguros	Chile
MOU	Superintendencia de Valores	Columbia
MOU	Superintendencia de Compañias	Ecuador
MOU	Comisión Nacional Bancaria y de Valores	Mexico
MOU	Comisión Nacional de Valores	Panama
MOU	Comisión Nacional de Valores	Paraguay
MOU	Comisión Nacional del Mercado de Valores	Spain
O	Securities and Exchange Commission	United States

Exchange Data	
Exchanges	- The Bolsa Nacional de Valores, S.A. (BNV)[154] - The Bolsa Electronica de Valores de Costa Rica, S.A. (BEV)[155]
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Yes, the exchange acts as the clearinghouse. Brokers are responsible for their clients' defaults. If a clearing member defaults, the exchange will liquidate the member's guarantees. If this is not enough, the exchange will suspend the member's operations and could liquidate the owner's equity in the firm.
Is margin required?	Yes
Who sets the margin levels?	The exchange.
Is margin calculated on a gross or net basis?	Gross margining.
Are prices disseminated in real time? If so, how?	Yes, as soon as a transaction is completed, the electronic system shows certain statistics for each expiration date.[156]
Does the exchange have trade reconciliation capacity?	Yes
Is dual trading permitted?	As brokers currently may not trade for their own accounts, no dual trading is permitted. A rule is pending which would permit brokers to trade for their own accounts.
What surveillance technology is used?	Because of the small size of the market, the CNV has not developed any surveillance technology. Presently, the exchange collects the statistics generated during trading and issues reports after each trading session. In the event that any violation of the limits occurs, the exchange would inform the broker, who would have to liquidate the violative positions in order to comply with the regulations; in other cases, the broker would not be allowed to trade.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case	Brokers, who are also clearing members, have to provide a guaranty in order to be allowed to deal

[154] To date the only derivative product that has been introduced in Costa Rica is the Cobertura de Tasa de Interés, an interest rate futures contract traded on the BNV.
[155] The BEV is considering trading options and is awaiting CNV approval.
[156] The statistics shown include the previous day's last negotiation, the present day's highest and lowest quotation, the present day's average, the settlement price, open interest, and two graphics concerning the settlement price and the interest rates shown by the underlying asset.

of failure?	in both futures and securities. Also, member firms can require clients to have additional margins and guaranties.
Is trading conducted electronically or by open outcry?	Electronically
How frequently are positions marked-to-market? How often are gains/losses settled?	Daily/Daily
What was the level of open interest in futures contracts at year end 1996?	16
What was the average daily volume in futures contract trading at year end 1996?	CRC 4,000,000 ($20,000)[157]
What was the annual futures contract trading volume for 1996?	From the commencement of trading on the futures contract on August 21, 1996 to December 31, 1996, volume was CRC 409,000,000 ($2,000,000).[158]
Does a stock index exist?/Do stock index futures exist?	Yes/No
E-Mail contact information	BNV: bnv@internet.bnv.co.cr BEV: bevcr@sol.racsa.co.cr
Web site	BNV: www.bnv.co.cr BEV: www.cool.co.cr/usr/bev

[157] Based on 1996 exchange rate; rounded to the nearest $10,000.
[158] Based on 1996 exchange rate; rounded to the nearest $100,000.

GUATEMALA

Economic and General Data	
1995 GDP ($US)	$14,631,946,715
1996 GDP ($US)	$15,723,448,219
1996 GDP per capita ($US)	$1,439
1996 Population	10,930,000
Debt Rating	Not rated/Not rated
1995 Stock Market Capitalization ($US)	$166,912,850[159]
Currency	Quetzal
1996 Total External Debt (1996)	$2,075,000,000
1996 Government Debt Market	$633,000,000
Yield to maturity (%) for 1/5/10 year government debt instruments	The yield of 1 year government debt instruments was on average 22.02% in 1996. The rates are quoted monthly. Five year and 10 year government debt instruments do not exist.
Annualized volatility for 1/5/10 year government debt instruments	1996 Standard Deviation: 2.39 points
1990-1995 Average Consumer Price Inflation	13.5%
Average $US/Quetzal exchange rate 5/20/96-5/6/97	6.052
Range of currency fluctuation, if pegged to $US	Not pegged to US dollar.
1996 Balance of Trade Surplus (Deficit)	$1,086,800,000
Major Industries	Furniture, rubber, and textiles
Quality and Timeliness of Market Data	The IIF did not measure Guatemala's data for its 1997 report.

[159] As of July 1997, the Bolsa de Valores Nacional had only ten stocks listed.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	The Stock and Commodities Market Law (Ley del Mercado de Valores y Mercancias)
Principal securities law	The Stock and Commodities Market Law
Futures regulatory authority	The Register (Register del Mercado de Valores y Mercancias - part of the Ministry of Economy)
Securities regulatory authority	The Register
Are there any licensing/authorization requirements?	Yes
Are there sales practice standards?	No
Are there minimum capital requirements?	No
Are exchanges/market participants audited by regulators?	The regulators may audit exchanges and market participants. The exchanges may audit their members too. In both cases, audits are conducted annually.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No
Do self-regulatory organizations (SROs) supplement governmental regulation?	The Bolsa de Valores (BVN), which organizes its own futures trading, is self regulated. According to The Stock and Commodities Market Law, the Guatemalan exchanges are self regulated as to their markets, operations, and internal structure.
Are there restrictions on repatriation of funds? If so, please describe.	Only taxes of 12.5% on equity dividends and 20% on any class of interest.
Are there prohibitions or limits on certain investments by particular investors?	No
Is there a double taxation treaty in place?	No
How are gains on derivatives products taxed?	Futures market transactions are subject to the Added Value Tax, which is imposed at liquidation. Gains are subject to the 15% "Gains over Capital Tax".
What insolvency provisions apply to futures markets?	The insolvency provisions applicable to futures markets have three levels: margins; the clearinghouse guaranty deposit; and the exchange's assets.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, the exchanges have to be authorized by the Register.

Must foreign markets be approved by the government before Guatemalan investors may permissibly invest in such markets?	No
What trade and other information reporting requirements exist for market participants and/or exchanges?	The Stock and Commodities Law requires market participants to report quarterly to The Register statistical information related to volume of their transactions and certain aspects of their operations.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	There are requirements to maintain trading and/or customer records and to make that information public.
What registration requirements exist for market participants?	Market participants and exchanges must be authorized before commencing business.
Do price limits exist? If so, at what levels are they set?	Limits are set at ± 2% of the closing price.
Are electronic trading systems required to have built-in redundancy?	Yes
Are there any segregation requirements for customer funds?	In the clearinghouse, customer funds are maintained in segregated accounts.
Are there any custody requirements for customer funds?	Yes
Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, COSRA, Inter-American Development Bank, International Monetary Fund, and World Bank
MOUs	No
E-mail contact information	None
Web site	None

Exchange Data	
Exchanges	- The BVN has a structured and regulated market on futures contracts, but it last operated in 1995. - The Bolsa Agricola Nacional is planned.
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	The BVN has a clearinghouse. In the event of a clearing member default, the clearinghouse uses the member's default margins. If such margin is not enough, the clearinghouse uses its deposit of guaranty, the liquid assets of the exchange, and finally clearinghouse members' deposits.
Is margin required?	Yes
Who sets the margin levels?	The Futures Committee of the BVN.
Is margin calculated on a gross or net basis?	Gross
Are prices disseminated in real time? If so, how?	The price is disseminated at the end of each trading session.
Does the exchange have trade reconciliation capacity?	No
Is dual trading permitted?	Yes
What surveillance technology is used?	Surveillance is conducted manually.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	See clearinghouse information above.
Is trading conducted electronically or by open outcry?	Most of the trading on the exchange is conducted via open outcry; some trading conducted through a combination of open outcry and electronic trading.
How frequently are positions marked-to-market? How often are gains/losses settled?	Daily/Daily
What was the level of open interest in futures contracts at year end 1996?	The futures contracts market has not had any trading since the end of 1995.
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	The futures contracts market has not had any trading since the end of 1995.
What was the annual futures contract trading volume for 1996?	The futures contracts market has not had any trading since the end of 1995.
Does a stock index exist?/Do stock index futures exist?	No/No
E-Mail contact information	BVN: bolsanac@guate.net
Web site	None

MEXICO

Economic and General Data	
1995 GDP ($US)	$286,837,243,356
1996 GDP ($US)	$334,725,887,724
1996 GDP per capita ($US)	$3,466
1996 Population	96,580,000
Debt Rating	Ba2/BB
1997 Stock Market Capitalization ($US)	$130,246,000,000
Currency	Peso
1996 Total External Debt	$98,284,500,000
1996 Government Debt Market	$68,438,400,000
Yield to maturity (%) of 1/5/10 year government debt instruments	One year Cetes yielded 25.71% as of December 1996, and an average of 33.40% for 1996. There are no 5 or 10 year government debt instruments.
Annualized volatility for 1/5/10 year government debt instruments	The annualized interest rate volatility measured in standard deviations for one year Cetes as of December 1996 was 6.016.
1990-1995 Average Consumer Price Inflation	15.5%
Average $US/Peso exchange rate 5/15/96-5/15/97	7.73
Range of currency fluctuation, if pegged to $US	Not pegged to US dollar.
1996 Balance of Trade Surplus (Deficit)	$6,530,500,000
Major Industries	Steel, chemicals, electric goods, textiles, rubber, oil, tourism
Quality and Timeliness of Market Data	17/17 (0/0)

Regulatory Data	
Is there a legal/regulatory framework in place?	Developing
Principal derivatives law	Under development
Principal securities laws	The National Banking and Securities Commission (CNBV) is the principal regulator for both the securities and the exchange-traded futures and options markets. Currently, there is a legal framework for securities, including the Securities Market Act (LMV) and the corresponding secondary legislation. In addition, there are secondary regulations (i.e., the Circular) that govern exchange-traded futures and options. Eventually, there will also be a statutory law for futures and options.
Futures regulatory authorities	The CNBV regulates, oversees, and issues prudential regulation for exchange-traded futures and options. The Central Bank (Banco de Mexico or BM) regulates OTC futures and options. The Secretariat of Finance and Public Credit (SHCP) authorizes exchanges and non-clearing members and contracts to be traded on the exchange.
Securities regulatory authority	CNBV
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Yes
Are there minimum capital requirements?	The MexDer[160]: 4,000,000 UDIs.[161] Clearing Member Proprietary Account: The greater of 2,500,000 UDIs or 4% of the total amount of the initial minimum contributions for each open contract. Clearing Member Non-Proprietary Account: The greater of 5,000,000 UDIs or 8% of the total amount of the initial minimum contributions for each open contract. Clearing House: 15,000,000 UDIs. Non-clearing Members: 100,000 UDIs. Note: The initial capital requirements are not capital adequacy standards.
Are exchanges/market participants audited by regulators?	Yes, the CNBV is empowered to audit market participants at any time. In addition, the annual

[160] The planned futures and options exchange will be called the MexDer.
[161] The UDI is an investment unit pegged to the real interest rate on peso accounts.

	financial statements of the market participants need to be audited by an independent external auditor to be appointed by the board of directors or technical committee, as the case may be. The CNBV sets forth the requirements with which external auditors have to comply.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	Foreign investors may participate with no special limits in this market.
Do self-regulatory organizations (SROs) supplement governmental regulation?	The MexDer will be a self-regulated market and will be responsible for overseeing non-clearing members and the clearinghouse. In turn, the clearinghouse will oversee clearing members.
Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain investments by particular investors?	Margin funds, clearing funds, and variation margin must be invested in risk free financial instruments issued by the federal government or in other securities authorized by regulators.
Is there a double taxation treaty in place?	This topic is currently being discussed by the authorities. Further information on this matter will be available in the near future.
How are gains on derivatives products taxed?	See answer to previous question.
What insolvency provisions apply to futures markets?	The secondary legislation issued by the CNBV (a circular issuing prudential provisions governing the operations of participants in exchange-traded futures and options markets (the "Circular")) includes prudential regulation which sets forth a safety net that is triggered in the event of a default by a market member. The safety net uses, progressively, margin funds, any other resources from the clearing and non-clearing members, and clearing funds. In the event that said funds prove insufficient to cover a default, the Act on Bankruptcy (Ley de Quiebras y Suspension de Pagos) will apply.

Must exchanges be authorized by the authorities prior to the start of trading?	Yes, but there is currently no statutory law for futures and options markets. Therefore, applicable secondary legislation has been drafted and revised together by the three financial authorities which have a say on these matters (SHCP, BM, and CNBV). In this context, the SHCP is in charge of authorizing futures and options exchanges, having previously heard the opinion of the BM and the CNBV.
Must foreign markets be approved by the government before Mexican investors may permissibly invest in such markets?	Mexican corporations and citizens need no special authorization to invest in foreign markets. However, if financial intermediaries, such as credit institutions and brokerage houses, wish to operate as clearing or non-clearing members in foreign markets, they must first be authorized to do so by the BM.
What trade and other information reporting requirements exist for market participants and/or exchanges?	The Circular sets forth minimum prudential requirements for information disclosure by the exchange, the clearinghouse, and clearing and non-clearing members, including requirements on transparency, price formation, concentration, and large exposures.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	According to the Circular, market participants (i.e., the exchange, the clearinghouse, and clearing and non-clearing members) need to keep records of each and every one of the acts, contracts, or operations that they carry out. These records must be maintained for at least five years. For the final three years, records can be microfilmed or stored on diskettes or in any other electronic media. Records so transformed shall have the same probative value as the original records.
What registration requirements exist for market participants?	Market participants have to comply with capital requirements, such as initial capital and capital adequacy standards, prior to commencing business. In addition, the secondary legislation establishes minimum requirements for market participants including: internal control systems; trading systems; operations surveillance and check-up systems; security procedures; disclosure systems; backup systems; a code of ethics; audit trails; and guidelines to certify the professional competence of their employees.

Do price limits exist? If so, at what levels are they set?	Yes, they are triggered in cases of unusual volatility in the market. The MexDer itself will set such levels.
Are electronic trading systems required to have built-in redundancy?	Yes, the Circular makes built-in redundancy compulsory for the exchanges and the clearinghouse.
Are there any segregation requirements for customer funds?	Yes, client and asset protection includes segregation of proprietary and non-proprietary accounts at the level of each customer.
Are there any custody requirements for customer funds?	N/A
Are there any misappropriation protections?	Yes, according to the contract entered into by the client and the member, the client's funds cannot be used for purposes other than the ones specified in said contract, and must be invested according to the Circular.
Memberships in international organizations	IOSCO (Technical Committee), APEC, COSRA, Inter-American Development Bank, International Monetary Fund, OECD, and World Bank
MOUs	The CNBV has MOUs and other agreements in place with 11 entities.[162]
E-mail contact information	SHCP: see web site CNBV: info@cnbv.gob.mx (the CNBV's web site will provide access for investors in the near future) BM: see web site
Web site	SHCP: www.shcp.gob.mx CNBV: www.cnbv.gob.mx BM: www.banxico.org.mx

[162]

Agreement	Entity	Jurisdiction
MOU	Comisión Nacional de Valores	Argentina
MOU	Comissao de Valores Mobiliários	Brazil
MOU	Superintendencia de Valores y Seguros	Chile
MOU	Comisión Nacional de Valores	Costa Rica
MOU	Commission des Operations de Bourse	France
O	Comision Nacional de Valores	Panama
MOU	Comision Nacional de Valores	Paraguay
O	Comissao do Mercado de Valores Mobiliarios	Portugal
MOU	Comisión Nacional del Mercado de Valores	Spain
MOU, O	Commodity Futures Trading Commission	United States
O, MOU	Securities and Exchange Commission	United States

Exchange Data	
Exchanges	- The MexDer will start operating in 1997.
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	The MexDer and the clearinghouse are separate legal entities.
Is margin required?	Yes, margin is compulsory for market participants in order for them to trade exchange-traded futures and options.
Who sets the margin levels?	The clearinghouse.
Is margin calculated on a gross or net basis?	Net
Are prices disseminated in real time? If so, how?	Prices are disseminated in real time by the electronic systems of the market, through monitors, and through private information vendors.
Does the exchange have trade reconciliation capacity?	The exchange reconciles trades among market participants at various times during the day.
Is dual trading permitted?	No
What surveillance technology is used?	The CNBV is implementing an internal system that would monitor trades, price formation, large exposures, etc., in real time.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	See insolvency provisions above.
Is trading conducted electronically or by open outcry?	Futures trading is conducted via open outcry. Options trading is conducted electronically.
How frequently are positions marked-to-market? How often are gains/losses settled?	The Circular establishes that positions are to be marked-to-market at least once a day. However, the clearinghouse system marks to market and calculates unrealized gains and losses on a real time basis.
What was the level of open interest in futures contracts at year end 1996?	Not applicable
What was the average daily volume in futures contract trading at year end 1996?	Not applicable
What was the annual futures contract trading volume for 1996?	Not applicable
Does a stock index exist?/Do stock index futures exist?	No[163]/No
E-Mail contact information	None
Web site	No web site.

[163] A stock index is being developed. Stock index futures contracts will be based on this index.

SUPPLEMENTARY INFORMATION ON MEXICO

- Mexico is considering a commodity exchange which would include grains, sugar, and coffee.[164]

- In October 1996, futures on Mexico's IPC equity index were launched in Chicago to provide international money managers with a hedging and arbitrage tool.[165]

- Mexico hopes to launch its new derivatives exchange, the MexDer Exchange, in 1997.

[164] *EIU Viewswire*, July 9, 1996.
[165] *EIU Viewswire*, October 3, 1996.

SOUTH AMERICA

Derivative Market Information
South America

Country	Exchange	Date Established	Types of Contracts	International Rank by Volume
Argentina	Mercado a Termino de Buenos Aires (MATBA)	N/A	Agricultural	>40
Argentina	Mercado a Termino de Rosario (ROFEX)	1909	Agricultural	>40
Brazil	Bolsa de Mercadorias & Futuros (BM&F)	1986	Financial Instruments, Agricultural, Metals, Stock Index, and Currency	4, 4*
Brazil	Rio Stock Exchange (BVRJ)	1845[166]	Financial Instruments	>40
Brazil	Bolsa Brasiliere de Futuros de Rio de Janeiro (BBF)	1983[167]	Metals, Financial Instruments, Stock Index, and Currency	>40
Chile	Stock Exchange of Santiago (SSE)[168]	1991	Stock Index and Financial Instruments (planned)	Not applicable
Venezuela	Bolsa de Valores de Caracas	1947	Financial Instruments (planned)	Not applicable

[166] Although the BVRJ was established in 1845, futures trading did not begin until March 1997.
[167] The BBF merged with the BM&F in 1997.
[168] The SSE plans to relaunch futures trading in 1997.

ARGENTINA

Economic and General Data	
1995 GDP ($US)	$275,611,902,976
1996 GDP ($US)	$297,100,000,000
1996 GDP per capita ($US)	$8,435
1996 Population	35,222,000
Debt Rating	B1/BB
1996 Stock Market Capitalization ($US)	$45,519,000,000
Currency	Peso
1996 Total External Debt	$97,105,000,000
1996 Government Debt Market	$39,461,000,000
Yield to maturity (%) of the Bonte '98[169], Bonte '02[170], and Bonex '89[171] government debt instruments	7.93/8.81/8.35
Annualized volatility (%) for the Bonex 89 government debt instruments	33.22[172] [Volatility is N/A for Bonte '98 and Bonte '02]
1990-1995 Average Consumer Price Inflation	26.3%
Average $US/Peso exchange rate from 5/15/96 to 5/15/97	1 (Under Convertibility Law #23.928)
Range of currency fluctuation, if pegged to $US	Under Convertibility Law #23.928, the Peso may not fluctuate from the 1:1 ratio with the dollar.
1996 Balance of Trade Surplus (Deficit)	$1,612,000,000
Major Industries	Food processing, autos, chemicals, textiles, and printing
Quality and Timeliness of Market Data	17/12 (+2/+2)

[169] The Bonte '98 is a short-term, 18 month bond. Its yield is quoted as of June 11, 1997.
[170] The Bonte '02 is a 5 year bond. Its yield is quoted as of June 11, 1997.
[171] The Bonex '89 is a 10 year debt instrument. The Bonex '89 was issued December 28, 1989 and will mature December 28, 1999.
[172] This figure was annualized based on 20 trading sessions.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives laws	Decree #2284 ratified by Law 24.307[173] and Decree #1926/93[174]
Principal securities law	Law #17.811
Futures regulatory authorities	National Securities Commission (CNV) and the Department of Agriculture
Securities regulatory authority	CNV
Are there licensing/authorization requirements?	N/A[175]
Are there sales practice standards?	Yes, CNV's General Resolution 227.
Are there minimum capital requirements?	Yes, each exchange sets minimum capital requirements for intermediaries to become registered based on risk exposure, number of positions, etc. Compliance with these requirements is monitored daily.
Are exchanges/market participants audited by regulators?	Yes, CNV conducts periodic audits of the exchanges to ensure that each is properly executing its role as an SRO. During 1996, exchanges were audited once. Furthermore, the CNV requires exchanges to be audited annually by external auditors. Exchanges must periodically audit member firms, brokers, and clearing members. The CNV and the exchanges institute enforcement proceedings when necessary.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	No, nationals and foreigners are given the same treatment.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes
Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain investments by particular investors?	None on individual investments; some on institutional investors such as private pension funds. According to Law 24.241, only 10% of

[173] Effective as of October 31, 1991. The Decree and Law delegated to the CNV the following principal jurisdictional functions: (1) authorization of futures markets as SROs; (2) approval of futures and options contracts' terms and conditions; (3) approval of SRO's internal rules governing (a) electronic or open outcry trading, (b) clearinghouses, and (c) intermediaries; and (4) continuous control of SRO's activities.
[174] Effective as of September 1993. The decree established joint supervision between the CNV and the Secretary of Agriculture over futures and options contracts when the underlying product is within the Secretary's jurisdiction.
[175] Argentina's markets do have licensing requirements for financial intermediaries, but there is no specific law imposing those requirements.

	private pension funds can be invested in futures and options markets. Such markets must be under governmental oversight, and the investments are subject to certain conditions. CNV's General Resolution 2161 further stipulates that only 2% of private pension funds can be invested in put options. Law 24.203 limits the options available to mutual funds.
Is there a double taxation treaty in place?	Argentina has double taxation treaties in place with a number of countries.[176]
How are gains on derivatives products taxed?	Residents are taxed on net domestic and foreign derivatives profits; non-residents are taxed on derivatives profits made in Argentina (27% tax rate). Additionally, because neither exchange traded derivatives nor OTC derivatives are included in the general tax framework, changes are being considered.
What insolvency provisions apply to futures markets?	Law 24.522 (Bankruptcy Law) does not specifically outline what a counterparty to a derivatives trade is entitled to in cases of insolvency. Furthermore, there is a two-year "look-back" period during which the bankrupt company's payments can be investigated and, in some cases, appropriated. However, the government recently passed the 1997 Budget Law which provides for netting, the elimination of the look-back period, and early termination of derivatives contracts into which the country's finance ministry entered if the counterparty to the trade is declared insolvent.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, as must their internal rules, prior to becoming effective.
Must foreign markets be approved by the government before Argentinean investors may permissibly invest in such markets?	No
What trade and other information reporting requirements exist for market participants and/or exchanges?	The CNV can demand information regarding trading and other issues at any time. The exchanges also require certain information from market participants which they maintain for the CNV.
What trading/customer recordkeeping requirements exist for market participants and/or	Both exchanges require intermediaries to maintain records of their proprietary transactions

[176] Nations with which Argentina has a double taxation treaty include Brazil, Bolivia, Canada, Chile, France, Germany, and Spain among others. A treaty with the United Kingdom is pending parliamentary approval.

exchanges?	and their customers' transactions; each exchange also keeps records of transactions, margins, and daily account fluctuations.
What registration requirements exist for market participants?	Both exchanges establish requirements that their intermediaries must comply with in order to become registered exchange members.
Do price limits exist? If so, at what levels are they set?	Yes, each exchange determines daily price limits for each of its contracts based on the settlement price of the contract for the previous day.[177]
Are electronic trading systems required to have built in redundancy?	Currently, there is no electronic futures trading system.
Are there any segregation requirements for customer funds?	No
Are there any custody requirements for customer funds?	No[178]
Are there any misappropriation protections?	No
Memberships in international organizations	IOSCO, COSRA, Inter-American Development Bank, International Monetary Fund, and the World Bank
MOUs	The CNV has agreements with 15 entities.[179] The Buenos Aires Stock Exchange has agreements with 3 entities.[180]
E-mail contact information	CNV: gharte@meyosp.mecon.ar - Chairman

[177] Also, Mercado a Termino de Buenos Aires has the following daily price limits on futures: Wheat - $7/ton, Corn - $7/ton, Soybean - $10/ton, and Sunflower - $10/ton. Mercado a Termino de Rosario has the following daily price limits on futures: Wheat - $4/ton, Corn - $4/ton, Soybean Index - $8/ton, and Sunflower - $8/ton.

[178] While there are currently no segregation or custody requirements imposed by statute or regulation, legislation concerning such requirements is under consideration.

[179]

Agreement	Entity	Jurisdiction
MOU	Comisión Nacional de Valores	Bolivia
MOU	Comissao de Valores Mobiliáros	Brazil
MOU	Superintendencia de Valores y Seguros	Chile
MOU	Superintendencia de Valores	Columbia
MOU	Comisión Nacional de Valores	Costa Rica
MOU	Commission des Operations de Bourse	France
MOU	Commissione Nazionaled per le Societa e la Borsa	Italy
MOU	Comisión Nacional de Valores	Mexico
MOU	Comisión Nacional de Valores	Panama
MOU	Comisión Nacional de Valores	Paraguay
MOU	Comisión Nacional Supervisora de Empresas y Valores	Peru
MOU	Comisión Nacional de Mercado de Valores	Spain
MOU	Securities and Exchange Commission	Taiwan
MOU	Commodity Futures Trading Commission	United States
O, MOU	Securities and Exchange Commission	United States

[180]

Agreement	Entity	Jurisdiction
G	American Stock Exchange	United States
G	Chicago Board Options Exchange	United States
G	New York Stock Exchange	United States

	Guillermo Harteneck CNV: jah@meyosp.mecon.ar - Commissioner Andres Hall CNV: scastr@meyosp.mecon.ar - Sub-Manager of the Futures & Markets Division Maria Soledad Castro
Web site	CNV: (English version) www.mecon.ar/cnvnews/english/summary.htm CNV: (Spanish version) www.mecon.ar/cnvnews/espaniol/suma.in.htm Secretary of Agriculture: http://siiap.sagyp.mecon.ar

Exchange Data	
Exchanges	- Mercado a Termino de Buenos Aires (MATBA) - Mercado a Termino de Rosario (ROFEX)
Do exchanges have clearinghouses? If there is a clearinghouse, how does it allocate losses in the event of a clearing member default?	Yes, each exchange has a clearinghouse department. All intermediaries that own at least one share of the exchange are members of the clearinghouse. In the event of a default, the clearinghouse first has recourse against the member's account, then the member's collateral, and finally the member's net worth.
Is margin required?	Yes
Who sets the margin levels?	Each exchange sets margins and adjusts them according to market conditions.
Is margin calculated on a gross or net basis?	MATBA: Net ROFEX: Gross
Are prices disseminated in real time? If so, how?	Yes, in the pits via an electronic board; for the public via a system from CMA.
Does the exchange have trade reconciliation capacity?	Yes
Is dual trading permitted?	Yes, in case of dual trading, the customer's order must be given the best price.
What surveillance technology is used?	Each exchange determines the surveillance technology to be used.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	Each intermediary is a clearinghouse member. See also cell above on clearing member defaults.
Is trading conducted electronically or by open outcry?	Open outcry
How frequently are positions marked to market? How often are gains/losses settled?	Positions are marked to market and gains/losses are settled on a daily basis.
What was the level of open interest in futures contracts at year end 1996?	<u>MATBA</u>: Wheat: Futures: 5,702 Options: 3,080 Corn: Futures: 3,304 Options: 6,903 Sunflowers: Futures: 921 Options: 2,786 Soybeans: Futures: 1,305 Options: 2,985 <u>ROFEX</u>: N/A
What was the average monthly volume in futures contract trading at year end 1996?	MATBA: 11,925 contracts ROFEX: 1,446 contracts
What was the annual futures contract trading volume for 1996?	MATBA: 143,100 contracts ROFEX: 17,357 contracts

Does a stock index exist?/Do stock index futures exist?	No/No
E-Mail contact information	ROFEX: termino@rofex.com.ar (Mario Hallberg)
Web site	MATBA: www.bcba.sba.com.ar ROFEX: www.rosafe.com/bolsa

SUPPLEMENTARY INFORMATION ON ARGENTINA

- The Chicago Board of Trade has signed a letter of intent with the Buenos Aires Stock Exchange and the Buenos Aires Stock Market (Merval) to develop financial futures and options in Argentina. Initially the CBOT is to provide technical assistance; later a joint venture is planned to trade futures and options. The first contracts scheduled for trading are interest rate contracts which are to be followed by a peso contract and then by a contract on the Merval's stock market index. Two of Argentina's commodity exchanges, the Rosario Futures Exchange (ROFEX) and the Mercado de Futures y Opciones (MERFOX) already list live cattle and soybean futures but neither has been very successful.[181]

[181] Searching for the Missing Link, *Euromoney*, April 1997.

BRAZIL

Economic and General Data	
1995 GDP ($US)	$718,500,000,000
1996 GDP ($US)	$749,100,000,000
1996 GDP per capita ($US)	$4,742
1996 Population	157,956,000
Debt Rating	B1/BB-
1996 Stock Market Capitalization ($US)	$216,927,181,970
Currency	Real
1996 Total External Debt	$159,256,000,000
1996 Government Debt Market	$169,495,000,000
Yield to maturity (%) of 1 year government debt instruments	24%
Annualized volatility (%) for 1 year government debt instruments	N/A
1990-1995 Average Consumer Price Inflation	1,004.8%
Average $US/Real exchange rate from 5/15/96 to 5/15/97	1.03
Range of currency fluctuation, if pegged to $US	1.06-1.08
1996 Balance of Trade Surplus (Deficit)	$5,539,000,000
Major Industries	Steel, autos, textiles, shoes, chemicals, and machinery
Quality and Timeliness of Market Data	17/15 (0/+4)

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives laws	National Monetary Council Resolution Nos. 1190 and 1645; Securities Commission (CVM) Rules 19, 24, and 120.
Principal securities law	Law No. 6385 as amended by Law No. 9457.
Futures regulatory authorities	Central Bank of Brazil (BCB) (for commodity, interest rate, and foreign currency futures); CVM (for stock and stock index futures)
Securities regulatory authority	CVM
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Yes
Are there minimum capital requirements?	Yes, as per the Basle Committee recommendations.
Are exchanges/market participants audited by regulators?	Yes, regulators audit exchanges, member firms, brokers, and clearing members at least annually.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	Yes, foreign investors must register with the CVM in order to trade on Brazilian exchanges and to obtain tax benefits. Derivatives may only be traded for hedging purposes.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, the exchanges are SROs.
Are there restrictions on repatriation of funds? If so, please describe.	No
Are there prohibitions or limits on certain investments by particular investors?	Yes, there are limits on investing in specific companies, such as Petrobras, the state-owned oil company. Furthermore, taxes of up to 7% are being levied on foreign capital for fixed-term investments (including derivatives) shorter than seven years. In addition, foreign investment in common (voting) shares issued by companies in certain economic sectors, such as banking, petrochemicals, and airlines, is limited.
Is there a double taxation treaty in place?	Yes
How are gains on derivatives products taxed?	They are taxed as capital gains at the rate of 10%.
What insolvency provisions apply to futures markets?	Trades on Brazilian futures exchanges are guaranteed by: (1) the broker's (or clearing member's) net worth; (2) a guaranty fund; and (3) the net worth of the exchange itself.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, exchanges must be approved by the CVM.

Must foreign markets be approved by the government before Brazilian investors may permissibly invest in such markets?	No, Brazilian investors may not invest in foreign markets, except through foreign investment funds or in American Depository Receipts backed by Brazilian companies' securities.
What trade and other information reporting requirements exist for market participants and/or exchanges?	Exchanges must have information to control positions down to the client level. The client/ beneficial owner for whom transactions are carried out on the exchanges must be identified. This identification is achieved through the assignment of a number (exchange number) to each exchange customer. The CVM has access to this information at any time.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Exchanges maintain records concerning the size and type of a securities/futures contract order, a transaction's execution time and price, and the customer's exchange number.
What registration requirements exist for market participants?	Intermediaries must be accredited as financial institutions by the Central Bank. In addition, broker-dealers must be accredited by the CVM.
Do price limits exist? If so, at what levels are they set?	Generally, no. Some long dated contracts have price limits.
Are electronic trading systems required to have built in redundancy?	Rio de Janeiro Stock Exchange (BVRJ): Yes
Are there any segregation requirements for customer funds?	Yes
Are there any custody requirements for customer funds?	Yes
Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, COSRA, Inter-American Development Bank, International Monetary Fund, and the World Bank
MOUs	The CVM has agreements with 12 entities.[182] The Bolsa de Valores of Rio de Janeiro has agreements with 4 entities.[183] The Bolsa de Mercadorias & Futuros signed the International Information Sharing Agreement and Memorandum of Understanding in March 1996 in Boca Raton.

[182]

Agreement	Entity	Jurisdiction
MOU	Comisión Nacional de Valores	Argentina
MOU	Superintendencia de Valores y Seguros	Chile
MOU	Superintendencia de Companias	Ecuador
MOU	Securities and Futures Commission	Hong Kong
MOU	Commissione Nazionale per la Società e la Borsa	Italy
MOU	Comisión Nacional Bancaria y de Valores	Mexico

E-mail contact information	BCB: dinor@bcb.gov.br CVM: sdi@cvm.gov.br
Web site	BCB: www.bcb.gov.br CVM: www.cvm.gov.br

	MOU	Comisión Nacional de Valores	Paraguay
	MOU	Comisión Nacional Supervisora de Empresas y Valores	Peru
	MOU	Comissão do Mercado de Valores Mobiliários	Portugal
	MOU	Comision Nacional del Mercado de Valores	Spain
	BR, MOU	Commodity Futures Trading Commission	United States
	O, MOU	Securities and Exchange Commission	United States
183	Agreement	Entity	Jurisdiction
	G	American Stock Exchange	United States
	G	Chicago Board Options Exchange	United States
	G	New York Stock Exchange	United States
	G	Philadelphia Stock Exchange	United States

Exchange Data	
Exchanges[184]	- Bolsa de Mercadorias & Futuros (BM&F) - Rio de Janeiro Stock Exchange (BVRJ)
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	BM&F: Yes, the exchange itself performs the clearinghouse function. BVRJ: Yes; losses are allocated through recourse to a mutual guarantee fund.[185] The BVRJ's clearinghouse is the CLC.
Is margin required?	BVRJ: Yes
Who sets the margin levels?	BVRJ: The clearinghouse.
Is margin calculated on a gross or net basis?	BVRJ: Gross
Are prices disseminated in real time? If so, how?	BVRJ: Yes, exchange tickers are made available to all major domestic and foreign vendors.
Does the exchange have trade reconciliation capacity?	BVRJ: Yes
Is dual trading permitted?	BVRJ: Yes
What surveillance technology is used?	BVRJ: Floor officials are posted in the trading pits. The BVRJ does not record or tape trading sessions. CVM: In addition to exchange surveillance, the CVM monitors the market, in particular by verifying the concentration level in the derivatives markets.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	BVRJ: A clearing member guarantee fund.
Is trading conducted electronically or by open outcry?	BVRJ: Futures contracts are only traded by open outcry, but other products are traded electronically.
How frequently are positions marked to market? How often are gains/losses settled?	BVRJ: Daily/Daily on T+1.
What was the level of open interest in futures contracts at year end 1996?	BVRJ: 0; the BVRJ's futures contracts were launched in March.[186] BM&F: Agricultural - 6,723 Foreign debt bonds - 1,530 Foreign exchange rate - 758,023 Gold - 76,068

[184] The São Paulo Stock Exchange trades contracts for future delivery of individual securities. These contracts are settled once. Settlement occurs on a future date specified in each contract.
[185] Unless otherwise specified, all BVRJ answers are also applicable to the BM&F.

	Interest rate - 627,222 Stock index - 47,433 Swaps (electronically traded) 4,139,590
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	BM&F: $17,800,000,000 BVRJ: Not applicable
What was the annual futures contract trading volume for 1996?	BM&F: $4,400,000,000,000 BVRJ: Not applicable
Does a stock index exist?/Do stock index futures exist?	Yes[187]/Yes (a contract on the BOVESPA stock index is traded on the BM&F)
E-Mail contact information	BM&F: webmaster@bmf.com.br BVRJ: bvrj@bvrj.com.br (Mrs. Leila Escovedo)
Web site	BM&F: www.bmf.com.br BVRJ: www.bvrj.com.br

[186] The BVRJ trades futures contracts on individual stocks. While any company may apply for a futures contract to be traded on its stock, the practice has been to allow futures contract trading only on highly liquid stocks. To date, the only underlying stocks with respect to which futures contracts have been approved are Telebras, Petrobras, Electrobras, and CVRD.

[187] The Rio de Janeiro Stock Exchange has two indices, the Indice Bolsa de Valores (IBV) and the Index of the National Electronic Trading System (I-SENN).

SUPPLEMENTARY INFORMATION ON BRAZIL

- On February 25, 1997, the merger of the two Brazilian futures exchanges, Bolsa Brasileira de Futuros of Rio de Janeiro (BBF) and Bolsa de Mercadorias & Futuros of Sao Paulo (BM&F), was approved by the Bolsa Brasileira de Futuros General Assembly. This merger will mean the closing of BBF and the inception of a Division of BM&F called BM&F Rio de Janeiro which will operate electronically.

- The BM&F and the Central Bank are discussing allowing foreigners freer access to trading agricultural and debt contracts. Foreigners are currently allowed to trade all BM&F contracts but only through an account regulated by the Central Bank or through similar means. In May, Brazil's National Monetary Council moved to allow foreign investors freer access by authorizing trading in derivatives markets for hedging purposes. The BM&F is hopeful that the issue will be decided in the next two months.[188]

- The BM&F has applied to the Central Bank to trade a contract on the Argentine Brady Bond. However, because of Brazil's restrictions on foreign investment, Argentineans would be unable to trade the contract themselves. The BM&F has also applied to the Central Bank for permission to establish an international clearing house in New York, but the Bank has not yet approved the request.[189]

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[188] Brazil's BM&F Seeks Freer Access for Foreigners, *Reuters News Service*, June 25, 1997.
[189] The Real Brazil, *Futures and Options World*, January 1997.

CHILE

Economic and General Data	
1995 GDP ($US)	$67,297,000,000
1996 GDP ($US)	$72,000,000,000
1996 GDP per capita ($US)	$5,000
1996 Population	14,400,000
Debt Rating	Baa1/A-
June 1997 Stock Market Capitalization ($US)	$84,362,000,000
Currency	Peso
1996 Total External Debt	$23,049,000,000
1996 Government Debt Market	$5,166,000,000
Yield to maturity (%) of 90 day/8 yr./10 yr. government debt instruments	6.88/6.22/6.23[190] (real rates)
Annualized volatility for 90 day/8 yr./10 yr. government debt instruments	29.95/23.52/23.81[191]
1990-1995 Average Consumer Price Inflation	13.6%
Average $US/Peso exchange rate from 5/15/96 to 5/15/97	415.342
Range of currency fluctuation, if pegged to $US	The peso is pegged to a basket of currencies within which the U.S. dollar has the greatest weight (80%). The peso may fluctuate within ±12.5% of the value of the reference basket index.
1996 Balance of Trade Surplus (Deficit)	($1,226,800,000)
Major Industries	Copper mining, wood products, fish processing, fruit, wine, and agriculture
Quality and Timeliness of Market Data	14/11 (0/0)

[190] Government debt instrument rates as of April 1997.
[191] These statistics were given as the standard deviation of the yield.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes
Principal derivatives law	Security Law
Principal securities law	Security Law
Futures regulatory authority	Superintendencia de Valores y Seguros (SVS)
Securities regulatory authority	SVS
Are there licensing/authorization requirements?	Yes
Are there sales practice standards?	Yes
Are there minimum capital requirements?	Exchange: $1,000,000 Clearinghouse: $500,000 Brokers: $200,000
Are exchanges/market participants audited by regulators?	Auditing is performed periodically, but auditors may audit exchanges, firms, brokers, and clearing members at any time.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	Investors must apply to the Foreign Investment Committee (pursuant to Decree Law #600). There are no limits on size, but there are differences in treatment based on size, time frame[192], etc. of project. See also Chapter XIV on International Exchange Control Regulations (for foreign currency exchange) which provides that capital investments of over $10,000 are to be registered with the Central Bank. Such investments must be traded via a bank or exchange house.
Do self-regulatory organizations (SROs) supplement governmental regulation?	Yes, the Santiago Stock Exchange sets "operative directives" (see price limits).
Are there restrictions on repatriation of funds? If so, please describe.	Yes, funds designated as Foreign Capital Investment Funds cannot be repatriated for 5 years. Other foreign investment funds cannot be repatriated for 1 year. Tax treatment and other policies vary by investor category. After paying taxes, profits can be repatriated at any time.

[192] The legal time frames for investments are 3 years for general investments, 8 years (sometimes 12 in special cases) for mining investments, and up to 8 years for investments over $50 million.

Are there prohibitions or limits on certain investments by particular investors?	Other than national security concerns, no prohibitions on foreign investors.
Is there a double taxation treaty in place?	Yes, there is a treaty with 1 country.[193]
How are gains on derivatives products taxed?	Taxes are paid after gains are recognized on a company's balance sheet as normal business income.
What insolvency provisions apply to futures markets?	Insolvency provisions are set by the clearinghouse. Most often the insolvency is resolved through the investor's guarantee, the broker's guarantee, and the contingent provision of the clearinghouse. The relevant law is number 18,045 (title XIX) and exchange rules related to futures and options markets.
Must exchanges be authorized by the authorities prior to the start of trading?	Yes
Must foreign markets be approved by the government before Chilean investors may permissibly invest in such markets?	Those investing Chilean funds abroad must comply with certain daily reporting requirements with respect to price, volume, etc. Also, for a Chilean investor to permissibly invest in a foreign firm, such firm must make certain financial information public via the agency in the firm's home country similar to the Chilean SVS. If a Chilean investor wants to trade on a foreign exchange, the investor must be authorized by the Central Bank of Chile; otherwise, no authorization is necessary.
What trade and other information reporting requirements exist for market participants and/or exchanges?	Market participants must periodically report the volume and value of transactions as well as the names of those with access to inside information. Brokers and exchanges must provide daily information about all trading to the authorities.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Intermediaries must maintain customers' custody records, daily operation records, client order forms, and customer forms with clients' personal information. Exchanges must maintain brokers' custody records.
What registration requirements exist for market participants?	All intermediaries and exchanges must satisfy minimum capital requirements and register with the SVS before commencing business. The registration requirements are set forth in Security Market Law #18,405 and in Titles VI and VII.
Do price limits exist? If so, at what levels are they set?	Yes, maximum price variations are set by the exchange. If the variation is exceeded, trading is

[193] Chile has a double taxation treaty with Argentina and is negotiating treaties with several other countries.

	halted for 30 minutes, and a new maximum price is set. Futures have a ±15% price fluctuation on the Santiago Stock Exchange (SSE), ADR Shares have a ±10% limit, and other shares are limited to ±20%.
Are electronic trading systems required to have built in redundancy?	The SSE's systems have built-in redundancy.
Are there any segregation requirements for customer funds?	By law only certain organizations may act as custodians of funds. To become a custodian, an organization must meet certain requirements. Brokers also keep special custody records of customer's securities.
Are there any custody requirements for customer funds?	Beginning in June 1997, the SSE will require all instruments to be held in a depository trust, which is a regulated entity.
Are there any misappropriation protections?	Yes
Memberships in international organizations	IOSCO, APEC, Association of Superintendents of Insurance of Latin America, COSRA, Inter-American Development Bank, International Association of Insurance Supervisors, International Monetary Fund, and the World Bank
MOUs	The SVS has arrangements with 14 entities.[194] The SSE has arrangements with 3 entities.[195]
E-mail contact information	svalseg@ibm.net
Web site	www.netup.cl/~fine/

194

Agreement	Entity	Jurisdiction
MOU	Comisión Nacional de Valores	Argentina
MOU	Comissao de Valores Mobiliários	Brazil
MOU	Commission des valeurs mobilieres du Québec	Canada - Quebec
MOU	Superintendencia de Valores	Colombia
MOU	Comisión Nacional de Valores	Costa Rica
MOU	Superintendencia de Compañías	Ecuador
MOU	Superintendencia de Valores	El Salvador
MOU	Securities and Investment Board	England
MOU	Comisión Nacional Bancaria y de Valores	Mexico
MOU	Comisión Nacional de Valores	Paraguay
MOU	Comisión Nacional Supervisora de Empresas y Valores	Peru
MOU	Comisión Nacional del Mercado de Valores	Spain
MOU	Securities and Exchange Commission	Thailand
MOU	Securities and Exchange Commission	United States

195

Agreement	Entity	Jurisdiction
G	American Stock Exchange	United States
G	Chicago Board Options Exchange	United States
G	New York Stock Exchange	United States

Exchange Data	
Exchanges	- Santiago Stock Exchange (SSE)
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	Yes, an insurance policy covers losses up to $600,000 per member. If losses are greater, the clearinghouse uses funds designated specifically for this purpose. The clearinghouse obtains funds to cover defaults in the following sequence: operation guarantee, broker's guarantee, broker's capital, clearinghouse contingency.
Is margin required?	Yes
Who sets the margin levels?	The exchange.
Is margin calculated on a gross or net basis?	Net
Are prices disseminated in real time? If so, how?	Yes, via computers in the exchange, Reuters, and Bloomberg.
Does the exchange have trade reconciliation capacity?	Yes, through the clearinghouse.
Is dual trading permitted?	While intermediaries may trade in both accounts during the same session, they may not trade in their account prior to trading in the customer's account. Also, intermediaries may not buy an instrument a customer is selling or similarly sell an instrument a customer is buying.
What surveillance technology is used?	Intermediaries are "constantly audited" by the SVS. Intermediaries maintain a matching book with clients' trade orders including transaction prices, clients' names, and clients' relationships to the intermediary, etc. Also, all intermediary transactions are recorded so that the SVS keeps abreast of trading trends and investigates when necessary.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	Members must have private insurance of up to $600,000. There is also a guarantee fund that covers losses beyond the insurance.
Is trading conducted electronically or by open outcry?	SSE: Derivatives products are traded only electronically through Telepregón.
How frequently are positions marked-to-market? How often are gains/losses settled?	Positions are marked to market daily and settled the following morning.
What was the level of open interest in futures contracts at year end 1996?	No transactions last year.
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	No transactions last year.

What was the annual futures contract trading volume for 1996?	No transactions last year.
Does a stock index exist?/Do stock index futures exist?	Yes (IPSA)/Yes
E-Mail contact information	SSE: ahucke@comercio.bolsantiago.cl (also see Web site)
Web site	SSE: www.bolsantiago.cl/ingles/index.htm

SUPPLEMENTARY INFORMATION ON CHILE

- The Santiago Stock Exchange (SSE) began trading two futures contracts in December 1990: a U.S. dollar interbank exchange rate contract and a Selective Stock Price Index (IPSA) contract.[196] There has not been any trading on these contracts for the past two years. The SSE plans on relaunching futures trading later this year but with new contracts.

[196] Stock Exchange of Santiago's home page: www.bolsantiago.cl/ingles/mercado/mercado5.htm.

VENEZUELA

Economic and General Data	
1995 GDP ($US)	$76,362,649,356
1996 GDP ($US)	$67,311,235,872
1996 GDP per capita ($US)	$2,995
1996 Population	22,471,497
Debt Rating	Ba2/B
1995 Stock Market Capitalization ($US)	$9,916,000,000
Currency	Bolivar
1996 Total External Debt	$32,000,000
1996 Government Debt Market	N/A
Yield to maturity (%) of 1/5/10 year government debt instruments[197]	27.78/30.43/8.757
Annualized volatility (%) for 1/5/10 year government debt instruments	N/A
1991-1996 Average Consumer Price Inflation	54.06%
Average 1996 $US/Bolivar exchange rate	452.65
Range of currency fluctuation, if pegged to $US	N/A
1996 Balance of Trade Surplus (Deficit)	$11,200,000,000
Major Industries	Oil, steel, and aluminum
Quality and Timeliness of Market Data	15/12 (0/0)

[197] The 1 year debt instrument is a Central Bank Bond, the 5 year debt instrument is a National Public Debt Bond, and the 10 year debt instrument is a Brady Bond - Par A.

Regulatory Data	
Is there a legal/regulatory framework in place?	Yes, all capital markets activity, including futures trading, is regulated by the Capital Markets Law of 1975.
Principal derivatives law	Capital Markets Law of 1975
Principal securities law	Capital Markets Law of 1975
Futures regulatory authority	Comisión Nacional de Valores (CNV)
Securities regulatory authority	CNV
Are there licensing/authorization requirements?	Yes, companies and individuals must be authorized to act as brokers by the CNV.
Are there sales practice standards?	N/A
Are there minimum capital requirements?	The Caracas Stock Exchange (CSE) has set a minimum net worth equivalent to VEB 20,000,000 for brokerage houses, and VEB 3,000,000 for individuals. The Venezuelan Clearing House for Options and Futures determines the capital requirements applicable to its participants according to market conditions.
Are exchanges/market participants audited by regulators?	The CSE is a self-regulated institution supervised by the CNV.
Is a pre-investment protocol required for foreign investors? Are there any limits on such investments?	The CSE does not impose any restrictions on foreign investors other than those contemplated in the Foreign Investment Act of 1992 (Decree N 2.925) (TV and radio broadcasting, Spanish-language newspapers, and licensed professions).
Do self-regulatory organizations (SROs) supplement governmental regulation?	N/A
Are there restrictions on repatriation of funds? If so, please describe.	From July 1994 to mid-April 1996, the government imposed restrictions on the free movement of capital. Nonetheless, the government allowed Brady Bond trading on local exchanges.
Are there prohibitions or limits on certain investments by particular investors?	See investment restrictions above.[198]
Is there a double taxation treaty in place?	Yes, there are double taxation treaties with several countries.
How are gains on derivatives products taxed?	N/A
What insolvency provisions apply to futures	N/A

[198] Until recently, the petroleum industry and all related activities were in government hands. However, beginning in late 1996, the government has allowed limited foreign (as well as local) participation under a profit-sharing scheme with the state-owned company Petróleos de Venezuela, S.A.

markets?	
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, the CNV must approve the internal regulations of all exchanges.
Must foreign markets be approved by the government before Venezuelan investors may permissibly invest in such markets?	Venezuelan individuals are allowed to freely invest in whatever markets are deemed attractive; however, some restrictions may apply to local mutual funds investing abroad (approval must be granted by the CNV).
What trade and other information reporting requirements exist for market participants and/or exchanges?	Brokerage houses and individual brokers must inform the CNV of all their trading activity on a quarterly basis. Also, financial and any other information which the regulatory authorities may consider necessary must be filed with the CNV on a quarterly basis.
What trading/customer recordkeeping requirements exist for market participants and/or exchanges?	Brokers and brokerage houses must keep records of all trading/customer activity.
What registration requirements exist for market participants?	See cell on licensing/authorization requirements.
Do price limits exist? If so, at what levels are they set?	Yes, prices at the CSE change in multiples of VEB 0.05; a circuit breaker stops all trading activity for a particular security when the price of that security increases or decreases by more than 20% of the opening price. Trading will automatically resume after a period of ten minutes.
Are electronic trading systems required to have built in redundancy?	In 1992, the CSE introduced an electronic trading system developed for the Vancouver Stock Exchange, the Automated Stock Trading System, which has a fault-tolerant built-in mechanism.
Are there any segregation requirements for customer funds?	Yes
Are there any custody requirements for the customer?	N/A
Are there any misappropriation protections?	N/A
Memberships in international organizations	IOSCO, Andean Community, COSRA, G-3 (Colombia, Mexico, Venezuela), Inter-American Development Bank, International Monetary Fund, and the World Bank
MOUs	N/A
E-mail contact information	N/A
Web site	N/A

Exchange Data	
Exchanges	- The Bolsa de Valores de Caracas (BVC) plans to start trading exchange rate futures in August 1997.
Do exchanges have clearinghouses? If so, how does the clearinghouse allocate losses in the event of a clearing member default?	N/A
Is margin required?	N/A
Who sets the margin levels?	N/A
Is margining calculated on a gross or net basis?	N/A
Are prices disseminated in real time? If so, how?	N/A
Does the exchange have trade reconciliation capacity?	N/A
Is dual trading permitted?	N/A
What surveillance technology is used?	N/A
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	N/A
Is trading conducted electronically or by open outcry?	N/A
What was the level of open interest in futures contracts at year end 1996?	N/A
What was the average daily (or monthly) volume in futures contract trading at year end 1996?	N/A
What was the annual futures contract trading volume for 1996?	N/A
How frequently are positions marked to market? How often are gains/losses settled?	N/A
Does a stock index exist?/Do stock index futures exist?	No/No
E-Mail contact information	bvc@caracasstock.com
Web site	www.caracasstock.com

Investor Checklist

Over the years, the CFTC has had occasion to speak with many investors about their concerns regarding investing in international markets. Investors cited four prerequisites for a successful derivatives market.

1) **An environment conducive to investment:** A country in which there is a market should have a free market economic system or one with limited governmental pricing restrictions. The country should have open and fair access to all investors – foreign investors should not be put at an unfair disadvantage vis-à-vis domestic investors. Furthermore, for the derivatives market to flourish, ordinarily there must be a reliable underlying cash market, although sometimes the existence of derivatives markets can improve the efficiency of cash markets.

2) **A regulatory infrastructure that will protect an investment from unfair trade practices:** A successful derivatives market must also have an effective regulatory infrastructure. This includes laws and rules that codify the rights and responsibilities of parties to a trade, intermediaries, and exchanges. The market needs to have reliable financial procedures or accounting standards. Furthermore, there must be an effective regulator or market authority (such as a self-regulatory authority) responsible for enforcing the rules of the game to assure that they effectively and equitably protect investors, intermediaries, and exchanges. Additionally, secondary mechanisms to implement these rules and organizational procedures are also necessary. For example, if there are custody requirements for intermediaries, there must be sound custodial institutions in which a customer's funds can be placed. All three components – laws, a market authority to enforce the laws, and other mechanisms for carrying out the laws – are necessary for a derivatives market to prosper.

3) **A market designed to protect and promote fair investment by all parties concerned:** The market must be designed to allow investment that is fair, open, and not exposed to undue or non-market-related risk with contracts that are designed to permit surveillance and foster two-way trading. There must be a reliable clearing and settlement procedure that minimizes credit risk. Markets must also have procedures in place in the event of a dispute, a default, or an illegal trade. The derivatives contracts must be designed to facilitate both price discovery and hedging and not be amenable to manipulation. Most importantly, investor funds need adequate protection from misappropriation.

4) **A lack of major impediments to investment:** While a derivatives market may meet the three previous qualifications, certain circumstances or practices can be obstacles to its success. Factors such as a loss of confidence due to a financial scandal or civil unrest can harm what would otherwise be a thriving derivatives market. Other barriers which can deter the success of a derivatives market include difficult capital repatriation procedures, currency instability, unenforced rules, an equities market which attempts to deter rather than to complement the futures market, or the inability to attract liquidity consistently.

APPENDIX

Appendix of Regulatory Contacts

AFRICA

South Africa

- Financial Services Board
  446 Rigel Avenue South
  P.O. Box 35655, Menlo Park
  South Erasmusrand
  Pretoria, South Africa
  Ph. (2712) 428-8000
  Fx. (2712) 347-0221
  Mr. Gordon A. Rennie, Manager, Financial Markets

ASIA

China

- China Securities Regulatory Commission
  3-3 Fan Qun Yuan
  Fangxhuang
  Feng Tai District
  Beijing 100078, China
  Ph. (86) 10-6765-3119
  Fx. (86) 10-6765-3135
  Yao Gang, Director of Futures Department

India

- Securities and Exchange Board of India
  Mittal Court, B Wing
  1st Floor
  Nariman Point, Bombay 400 021, India
  Ph. (9122) 285-0456
  Fx. (9122) 204-5633
  L. K. Singhvi, Senior Executive Director
  Rajiv Mukundan, Officer (Legal)

Indonesia

- Capital Markets Supervisory Agency (Bapepam)
  Jakarta Stock Exchange Building
  13th Floor
  Jl. Jend. Sudirman Kav. 52-53
  Jakarta 12190ember1, Indonesia
  Ph. (6221) 515-1271
  Fx. (6221) 515-1283
  Mr. I. Putugede Ary Suta

Malaysia

- Securities Commission
  No. 3, Sri Semantan Satu
  Damansara Heights
  50490 Kuala Lumpur, Malaysia
  Ph. (603) 253-6170
  Fx. (603) 253-6180
  Dr. Nik Ramlah Nik Mahmood, General Manager, Policy & Development Division

Philippines

- Securities Exchange Commission (SEC)
  SEC Building
  EDSA Street
  Green Hills
  City of Mandaluyong
  Metro Manila, Philippines
  Fx. (632) 721-2939
  Ph. (632) 727-4343
  Fe Leoisa Gloria, Associate Commissioner

South Korea

- Securities and Exchange Commission
  Securities Supervisory Board
  27 Yoido-dong
  Youngdeungpo-ku
  Seoul 150-600, South Korea
  Ph. (822) 3771-5000
  Fx. (822) 785-3968
  Lee Chang-Soo, Assistant Director, Division of Securities Business Regulation

- Korean Ministry of Finance and Economy
  Ph. (822) 503-9276
  Fx. (822) 503-9278
  Yong Hwan Kim, Director, Securities Industry Division

Thailand

- Securities and Exchange Commission
  14th - 16th Floors
  Diethelm Towers B
  93/1 Wireless Road
  Lumpini, Patumwan, Bangkok 10330, Thailand
  Ph. (662) 252-3223
  Fx. (662) 256-7711
  Ruenvadee Suwanmongkol, Assistant Director, Office of the Secretary-General

EUROPE

Czech Republic

- Ministry of Finance of the Czech Republic
  Ph. 420-2-2454-4600
  Fx. 420-2-2422-5040
  Mr. Jan Veverka, Director

Greece

- Capital Markets Committee
  Nikis St. 5-7
  101 80 Athens, Greece
  Ph. (301) 333-2522 or 2632
  Fx. (301) 333-2793 or 2527
  Prof. Stavros Thomadakis, President

Hungary

- Hungarian Banking and Capital Markets Supervision
  Madách Imre út 13-14
  H-1075 Budapest, Hungary
  Ph. (361) 267-2888 or 268-1522
  Fx. (361) 267-2927 or 268-1535 or 1536
  Dr. Zoltán Pacsi, Deputy President

Poland

- Polish Securities Commission
  Pl. Powetencow Warzawy1
  00-950 Warzawa, Poland
  Ph. (48) 22-8-27-47-94 or 8-26-93-96
  Fx. (48) 22-8-26-81-00
  Jacek Socha, Chairman

Portugal

- Comissão do Mercado de Valores Mobiliários
  Avenida Fonte Pareira de Malo, no 21
  P-1050 Lisbon, Portugal
  Ph. (3511) 350-3000
  Fx. (3511) 353-7077
  Jeronimo Lopes, Director, Division of Markets

Russia

- Ministry of Finance
  Ilinka 9
  103097 Moscow, Russia

- Central Bank
  Ilinka 9
  103016 Moscow, Russia

- National Antimonopoly Committee
  Kudrinskaja 11
  Sadovaja
  123808 Moscow, Russia

Slovakia

- Office Of Capital Market State Supervision
  Department of Informatics
  20 Stefanovicova 5
  81318 Bratislava, Slovakia
  Ph. (421-7) 518-3041
  Fx. (421-7) 519-1081
  Jozef Pocuch, Manager or Jana Sicakova

- Ministry of Finance
  Stock Exchange Commission
  Ph. 421-7-518-3005 or 3006 or 3007 or 3008 or 3020
  Fx. 421-7-519-1081
  Mr. Branislav Pokorny, Director, Office of Capital Markets State Supervision

Slovenia

- Securities Market Agency
  Kotnikova 28
  1000 Ljubljana, Slovenia
  Ph. 386-61-131-8129
  Fx. 386-61-132-0250
  Bostjan Heric, Area Manager, Market Regulation

- Ministry of Finance
  Ph. 386-61-223-112
  Fx. 386-61-214-640
  Mr. Dusan Mramor, President

Turkey

- Capital Markets Board
  Doç.Dr. Babriye Uçok Caddesi 13
  Besevler Ankara, Turkey
  Ph. (90-312) 212-6280
  Fx. (90-312) 221-3323 or 212-6419
  Selim Soydemir, Deputy Head of Research Department

- Undersecretariat of Treasury
  Ismet Inönü Bulvari
  Emek Ankara, Turkey
  Ph. (90-312) 212-8887
  Fx. (90-312) 212-8550 or 8737
  A. Ümit Gönülal, Deputy Director General

NORTH AMERICA

Costa Rica

- Comisión Nacional de Valores
  250 Metros Norte de la Fuente
  de la Hispanidad
  P.O. Box: 10867-1000
  San José, Costa Rica
  Ph. (506) 224-0955
  Fx. (506) 283-5726
  Licida. Lidia Rosa Cerdas, Acting Manager

- Banco Central de Costa Rica
  Box #10058-1000
  San José, Costa Rica
  Ph. (506) 243-3197
  Fx. (506) 233-9032
  Lic. José Anibal Cascante Soto, Director of Legal Department

Guatemala

- Comisión de Valores
  P.O. Box 365
  7a. Avenida 22-01
  Zona 1
  Guatemala City, Guatemala
  Ph. (502) 230-6222, ext. 8275
  Fx. (502) 232-8509
  Mr. Willy Waldemar Zapata, Presidente del Banco de Guatemala

Mexico

- Comisión Nacional Bancaria y de Valores
  Insurgentes Sur No. 1971
  Torre Sur Piso 11
  Plaza Inn
  Col. Guadalupe Inn
  Mexico 01020, D.F., Mexico
  Ph. (525) 724-6578 or 6579
  Fx. (525) 724-6220
  Ana Sainas, General Director of International Affairs

SOUTH AMERICA

Argentina

- Comisión Nacional de Valores de Argentina
  25 de mayo 175
  1002, Buenos Aires, Argentina
  Ph. (541) 329-4768 or 03 or 24
  Fx. (541) 329-4771 or 80 or 84
  Sra. María Soledad Castro, Futures Markets Division Sub-Manager

- Secretary of Agriculture
  Paseo Colón 922
  P.B. of 25
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