

United States Commodity Futures Trading Commission



Exchange-Traded Derivatives In Developing Capital Markets



2001

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MARCH 2001

*Exchange-Traded Derivatives
in
Developing Capital Markets*

2001



**EXCHANGE-TRADED DERIVATIVES
IN DEVELOPING CAPITAL MARKETS
2001**

Foreword

The Commodity Futures Trading Commission's (CFTC) 2001 Report on Exchange-Traded Derivatives in Developing Capital Markets examines selected data on the economies, regulatory regimes and exchanges of 25 countries located on five continents. The countries range in population from 1.9 million to 1.2 billion and in GDP from \$9 billion to over \$990 billion. Developing countries can support thriving markets with volume among that of the largest mature exchanges. They also may maintain programs in agricultural and other physical derivatives to promote developing commodity cash markets and to provide central delivery systems for commodities traded in those markets.

Increasingly, market participants and risk managers are demanding improved information on how markets are regulated and, in particular, how the regulations are implemented in practice. This report is intended to provide market users with a starting place for evaluating new and established markets in selected economies and to serve as a status report on certain jurisdictions where development of derivatives exchanges continues. It is not intended as a substitute for an informed due diligence review of such markets.

This year, there has been increased interest in the transparency needs of market participants. It is my hope that this report will be a useful resource that adds to the availability and accessibility of needed information.

Sincerely yours,

James E. Newsome
Acting Chairman, CFTC

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Selection Criteria

The countries surveyed to develop this report on the Exchange-Traded Derivatives in Developing Capital Markets either have demonstrated success, or have taken steps to increase the potential for success of an exchange-traded derivatives market, and each exhibits one or more of the factors ultimately necessary to have a successful derivatives market such as an active underlying cash market and/or an appropriate regulatory regime.

As examples of the types of markets included: a number of the countries studied, such as Brazil and South Africa, have developed derivatives exchanges that are among the largest in the world in terms of volume; Portugal has recently established a functional derivatives market; Chile is an example of a country with a highly developed stock market, with active trading, that is still working on developing a derivatives market. The European Union member countries included in the survey are required to adopt agreed elements of regulatory infrastructure, increasing the likelihood that newly established derivatives markets will prosper. Common to all of the countries included is that they either have fostered, or are moving to foster, the economic and regulatory and structural capacity to support or to continue a niche- and possibly a broader-based derivatives market.

Responses should permit users of this survey to determine whether and how to complete a more in-depth economic and regulatory review of a specific market. It should also permit a study of markets by age. Some, such as Argentina, have very old and established markets; some, such as South Korea, have very new high volume markets. Others have markets in the planning stages, markets that have failed to attract liquidity, or have encountered other problems and are being redesigned as a result.

The report contains information that may indicate either 1999 or 2000 data, as provided by the respondents. In all cases, the information reflects the latest data provided by survey participants to requests for updates.

All entries are self-reported and reviewed by the responding agency or exchange. Inconsistencies with other reports or sources of information may therefore exist. The report should not be considered a legal analysis of the underlying law or referred to as an opinion of the CFTC or CFTC staff.

*Report Participants**

Argentina	National Securities Commission
Brazil	Comissão de Valores Mobiliários
Chile [‡]	Superintendencia de Valores y Seguros
China	China Securities Regulatory Commission
Czech Republic [‡]	Czech Securities Commission
Greece ^{**}	Capital Market Commission
Hungary	Hungarian Financial Supervisory Authority
India	Securities and Exchange Board of India
Indonesia [‡]	Capital Market Supervisory Agency
Israel	Israel Securities Authority
Kenya [‡]	Capital Markets Authority
Malaysia	Securities Commission
Mexico	Comision Nacional Bancaria y de Valores
New Zealand	New Zealand Securities Commission
Peru [‡]	Comisión Nacional Supervisora de Empresas y Valores
Poland	Polish Securities and Exchange Commission
Portugal ^{**}	Comissão do Mercado de Valores Mobiliários
Russia	Moscow Interbank Currency Exchange
Slovenia [‡]	Securities Market Agency
South Africa	Financial Services Board
South Korea	Financial Supervisory Service
Taiwan	Securities and Futures Commission
Thailand [‡]	Securities and Exchange Commission
Turkey [‡]	Capital Markets Board
Venezuela [‡]	Comisión Nacional de Valores

* Exchanges or Regulatory Agencies who responded by January 1, 2001 (updated to February 15, 2001) to the Office of International Affairs' request for information.

** Member of the European Union.

[‡] At the time of publication, these countries did not report active futures exchanges.

Terminology Guide

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

Debt Ratings: Credit ratings of a government's debt instruments as determined by Moody's and Standard & Poor's.

- 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 orders for his own account or for an account in which he has an interest in the same contract or (2) a brokerage firm carrying customer accounts and, also on the same day, trading, or permitting its employees to trade, for accounts in which either has a proprietary interest.

Exchanges: Unless otherwise noted, references to exchanges are references to those exchanges that 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 securities issued by the government.

N/a: No answer provided.

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).

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.

Macroeconomic figures in “()” brackets represent a deficit or contraction.

DEVELOPING CAPITAL MARKETS

AFRICA

Summary Information
AFRICA

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Kenya	Nairobi Stock Exchange.	Not Applicable.	Not Applicable.	Not Applicable.
South Africa	South African Futures Exchange.	36,219 Futures; 38,785 Options.	18,600,910 Futures and Options Contracts.	Futures and options on: individual equities, equity indexes, other indexes, currency, debt, and agriculturals; options on interest rate futures.

Kenya

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$9 billion.
1999 GDP (Local Currency)	KShs 716 billion.
1999 Consumer Price Index Increase	1999: 3.5% (annualized). 2000: 8.6% (annualized).
1999 Balance of Trade Surplus/(Deficit)	N/a
1999 Total External Debt	\$5.5 billion. KShs 409 billion.
Market Data	
1999 Stock market capitalization (US\$)	1999: \$1.45 billion; KShs 106 billion. 2000: \$1.3 billion; KShs 101 billion.
1999 Corporate Debt Market (US\$)	N/a
1999 Total Sovereign Debt (US\$)	N/a
1999 Sub-Sovereign Debt Market (US\$)	N/a
Sovereign Debt Rating/Rating Agency	N/a
General Data	
Currency	Kenyan Shilling (KSh).
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	72.91 – 77.30 KShs/US\$. Year End 1999: 72.93. Year End 2000: 78.65.
1999 Population	28 million.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Agricultural (24.6%), manufacturing (13.3%), trade and services (12.4%), government services (14.9%), financial services (10.4%), transport and communications (6%); building and construction (2.5%), others (15.9%).
Additional Macroeconomic Summary Information:	
Stock Exchange Index: 1999 – 2303 points (end of year close); 2000 – 1913 points (end of year close).	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): No.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	There is no specific law on derivatives, but the general Capital Markets Act governs all securities in Kenya. However, there is no derivatives market yet.
Principal securities law	Capital Markets Act, 2000.
Futures regulatory authority	Capital Markets Authority.
Securities regulatory authority	Capital Markets Authority.
Specify any relevant self-regulatory organization(s) (SROs)?	The Nairobi Stock Exchange.
Do SROs supplement governmental regulation? How?	No, but they regulate and administer their members through delegated powers.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes, any securities exchange has to be licensed by the Capital Markets Authority.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Yes.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Exchanges have to submit daily, weekly, monthly, quarterly and annual market reports, which include prices, volume and other trade statistics.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. Daily price limits of $\pm 15\%$ exist for equity trading. They are administered manually for now.
Are there special requirements for electronic trading systems? If so, please specify.	N/a
Are exchanges audited by regulators? By others? Please specify.	Regulators conduct periodic inspections, in addition to the exchanges being audited by independent auditors as any other company.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes, and the same requirements apply to all other licensees of the Capital Markets Authority.
What reporting/record keeping requirements apply to market participants (traders/broker users)?	Quarterly, semi-annual, and annual reports.

Are there sales practice/conduct of business standards for brokers? Others? Please specify.	The stock exchange administers a code of conduct for stockbrokers who are its members
Are there minimum capital requirements for brokers? For others? Please specify.	Yes, and the same requirements apply to all other licensees of the Capital Markets Authority.
Are brokers audited by regulators? By others? Please specify.	Regulators conduct both surprise and periodic inspections, in addition to brokers being audited by independent auditors as with any other company.
Are there segregation requirements for customer funds? If so, please describe.	Yes. Brokers have to separate client fund from their own office funds.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	Both the stock exchange and the regulator operate investor compensation funds, to which a portion of the transaction fees payable by investors is credited.
Are there custody requirements for customer funds? If so, please describe.	Only for foreign investors and investors in collective investment schemes.
Are there dispute resolution procedures? If so, please describe.	Yes. The stock exchange has put in place a dispute resolution procedure for its members, while the regulator has an independent Capital Market Appeals Tribunal.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No.
Are there any requirements on intermediaries that provide customers in you jurisdiction access to foreign markets via order routing systems? If so, please describe.	No.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	No.

Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Yes. No foreign intermediary may market securities in our market without the approval of the regulator.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No derivatives.
Are there restrictions on repatriation of funds? If so, please describe.	Not applicable.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Not applicable.
Taxation	
How are gains on derivatives products taxed?	Not applicable.
Do you have any double taxation treaties? If so, please list.	Not applicable.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Not applicable.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	Not applicable.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	The Capital Markets Authority is a full ordinary member of IOSCO.
E-mail contact information	CMA: < mika@cma.or.ke >.
Is basic law available on your Web site?	Will be soon (by April 2001).
Web site address(es)	CMA: < www.cma.or.ke >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	None.
Who owns the exchange (members, government, other)?	Not applicable.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Not applicable.
What was the average daily volume in futures contract trading at year-end 1999?	Not applicable.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Not applicable.
What was the level of open interest in futures contracts at year-end 1999?	Not applicable.
Please describe how you compute contract volume.	Not applicable.
Trading Features	
Is trading conducted electronically or by open outcry?	Not applicable.
Are prices disseminated in real time? If so, how?	Not applicable.
How frequently do you match trades?	Not applicable.
Is dual trading permitted?	Not applicable.
What surveillance programs are used?	Not applicable.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Not applicable.
Are there arrangements for coordinating surveillance with markets with common clearing markets /users or products? If yes, please describe.	Not applicable.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Not applicable.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	Not applicable.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	Not applicable.
Is margin required?	Not applicable.
Who sets the margin levels?	Not applicable.

Is margin calculated on a gross or net basis?	Not applicable.
How frequently are positions marked to market? How often are gains/losses settled?	Not applicable.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Not applicable.
How does the clearinghouse allocate losses in the event of a clearing member default?	Not applicable.
Can customer positions be transferred in the event of default?	Not applicable.
Are emergency rules in place? If so, please specify.	Not applicable.
Do exchange rules override inconsistent insolvency law?	Not applicable.
Must clearing members specify a choice of law?	Not applicable.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	Not applicable.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Not applicable.
Are customers given access to order routing systems by intermediaries?	Not applicable.
General	
Do you have any alliances with other exchanges? If so, please specify.	Not applicable.
Are exchange rules available on the Internet?	Will be soon.
Are clearing rules available on the Internet?	Will be soon.
E-Mail contact information.	NSE: < info@nse.co.ke >.
Web site address(es).	NSE: < www.nse.co.ke >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable

South Africa

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$131.5 billion.
1999 GDP (Local Currency)	R801 billion.
1999 Consumer Price Index Increase	5.3%.
1999 Balance of Trade Surplus/(Deficit)	R22.9 billion. ¹
1999 Total External Debt	\$3.6 billion. ²
Market Data	
1999 Stock market capitalization (US\$)	\$263 billion.
1999 Corporate Debt Market (US\$)	N/a
1999 Total Sovereign Debt (US\$)	\$64.7 billion.
1999 Sub-Sovereign Debt Market (US\$)	N/a
Sovereign Debt Rating/Rating Agency	Moody's: BBB-. S&P: BBB-. Duff & Phelps: BBB-. IBCA: BBB-.
General Data	
Currency	South African Rand.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	R6.09 – R6.93 [US\$ = R6.11 (31 st Dec 1999), US\$ = R7.68 (16 th November 2000)].
1999 Population	43,000,000 (2% growth rate).
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Agriculture, forestry and fishing (4%); Mining and quarrying (7%); Manufacturing (18%); Electricity, gas and water (3%); Construction (3%); Wholesale, retail trade, catering & accommodation (13%); Transport, storage & communication (10%); Finance, real estate and business services (19%); Community, social and personal services (23%).
Additional Macroeconomic Summary Information:	
GDP Growth Rate 1999: 1.2%.	
GDP per Capita: R18,607 or \$3,025.	
Foreign debt as % of GDP: 29.8%.	
Fiscal Deficit as % of GDP ³ : (2.9%).	

¹ Physical trade only (imports and exports) excluding services.

² At 31st December 1999 exchange rate US\$ = R6.15.

Import Cover (months): 3.3.

Trade balance as % of GDP: 2.9%.

Unemployment (expanded definition⁴): 34%.

Population Growth Rate: 2%.

Literacy Rate (1996): 64%.

Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.

SDDS or Other Data Source Web Address: <<<http://dsbb.imf.org/country/zafcats.htm>>>.

³ Fiscal years from 1993/94 to 1998/99.

⁴ Expanded definition: Those who have not worked during seven days prior to the interview, and are available to start work within a week.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Financial Markets Control Act 55 of 1989 (FMCA).
Principal securities law	Stock Exchanges Control Act 1 of 1985 (SECA).
Futures regulatory authorities	Registrar of Financial Markets, Financial Services Board (FSB).
Securities regulatory authority	Registrar of Stock Exchanges, Financial Services Board (FSB).
Specify any relevant self-regulatory organization(s) (SROs)?	Bond Exchange of South Africa (BESA). The JSE Securities Exchange. The South African Futures Exchange (SAFEX).
Do SROs supplement governmental regulation? How?	Yes. They are the primary regulator for their exchange and its members, with the FSB overseeing this role. SRO's are given certain regulatory duties in terms of the legislation they register under (<i>i.e.</i> , Financial Markets Control Act 55 of 1989 (FMCA) or Stock Exchanges Control Act 1 of 1985 (SECA)).
Regulation of Exchanges	
Must exchanges be authorized by the authorities prior to the start of trading?	Yes, the exchanges are licensed under the FMCA or SECA.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Yes. Safex must apply for approval to list new instruments.
What trade and other information reporting/dissemination and recordkeeping requirements apply to 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.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes, but only in the agricultural market.
Are there special requirements for electronic trading systems? If so, please specify.	Yes, they must be reliable, have adequate disaster recovery capabilities, and provision must be made for alternative facilities.
Are exchanges audited by regulators? By others? Please specify.	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 must be submitted to the SRO and is available to the FSB.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes. Intermediaries need to be members of the relevant licensed exchange, which are also SRO's and are licensed annually by the FSB. Exchange members are approved by the exchanges subject to membership requirement rules that are approved by the FSB, and must comply with the regulations in terms of the relevant Act (the FMCA or the SECA).
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	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.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes. With regard to the South African Futures Exchange (SAFEX): <ul style="list-style-type: none"> ▪ False or misleading advertising and account related communications are prohibited. ▪ Members may not suggest that trading on SAFEX is appropriate for all persons. ▪ Disclosure of proprietary trading is required. ▪ Client trades take preference over proprietary trades.
Are there minimum capital requirements for brokers? For others? Please specify.	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, clearing-houses, clearing members, and other financial institutions are required to comply with the CAR. Others: Currently there are no requirements for investment managers.

Are brokers audited by regulators? By others? Please specify.	Yes, the SRO regularly audits its members. There is also an external auditor requirement. The external auditor's report must be submitted to the SRO and is available to the FSB.
Are there segregation requirements for customer funds? If so, please describe.	Yes. South African securities law requires complete segregation of customer funds and assets at the client level within the clearing organization. There are no additional capital or prudential requirements for intermediaries supplying custodial services.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	Yes. Exchanges must maintain a guarantee fund and must have adequate Fidelity Insurance.
Are there custody requirements for customer funds? If so, please describe.	Yes. Exchange members are required to maintain resident clients' margin in separate trust accounts and to maintain appropriate records.
Are there dispute resolution procedures? If so, please describe.	Yes, members are subject to the rules of the exchange, including the arbitration of disputes.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Limited discretionary investment is allowed in approved and recognised foreign markets.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No.
Are there any requirements on intermediaries that provide customers in you jurisdiction access to foreign markets via order routing systems? If so, please describe.	No.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Yes. They must have a registered domestic entity through which they trade.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	No, but SA is still subject to exchange controls.

Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
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 special dispute resolution procedures for foreign market users? If so, please describe.	No, these are the same procedures as for residents.
Taxation	
How are gains on derivatives products taxed?	Taxed as trading income when realized.
Do you have any double taxation treaties? If so, please list.	Yes, comprehensive agreements exist with 31 countries. ⁵
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	The same as those applying to other (including OTC) markets plus exchange rules for exchange derivatives markets.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	SAFEX is primarily responsible; however, the FSB also uses its powers to oversee the exchange and its members, and impose certain punishments.
General	
Memberships in international standard setting organizations (e.g., IOSCO)? Please specify.	IOSCO, International Monetary Fund, World Bank.
E-mail contact information	FSB: < gordonr@fsb.co.za >.
Is basic law available on your Web site?	Yes.
Web site address(es)	FSB: < www.fsb.co.za >.

⁵ 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.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	The South African Futures Exchange (SAFEX).
Who owns the exchange (members, government, other)?	Members.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Futures and options on: <ul style="list-style-type: none"> ▪ Individual equities, ▪ Equity indexes, ▪ Other indexes, ▪ Debt, ▪ Currency, and ▪ Agricultural.
What was the average daily volume in futures contract trading at year-end 1999?	36,219 (futures), 38785 (options). Total = 75,004.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	18,600,910 (futures & options contracts). Value = R621 billion.
What was the level of open interest in futures contracts at year-end 1999?	1,619,514 (futures & options contracts).
Please describe how you compute contract volume.	Per deal on the exchange.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically (ATS).
Are prices disseminated in real-time? If so, how?	Yes, via ATS.
How frequently do you match trades?	Real-time.
Is dual trading permitted?	Yes, both telephonic and screen subject to conditions.
What surveillance programs are used?	Local software packages.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	A working relationship/exchange of information exists between the three local exchanges.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Yes, as above.

Risk Management/Clearing	[ON SAFEX]
Do exchanges have clearinghouses?	Yes.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	The exchange.
What is the settlement time frame (e.g., T+)?	T+1.
Is margin required?	Yes, initial margin and daily variation margins are required.
Who sets the margin levels?	The Risk Management Committee of SAFEX.
Is margin calculated on a gross or net basis?	Net.
How frequently are positions marked to market? How often are gains/losses settled?	Daily on both accounts.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	There is a guarantee fund and fidelity insurance and although clearing members are not jointly liable, there are cross guarantees for limited amounts.
How does the clearinghouse allocate losses in the event of a clearing member default?	Cross-guarantees for limited amounts are first used, and then exchange reserves.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes, very broad rules giving powers to the executive committee in emergencies.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (i.e., foreign) members or direct participants?	No. Members must have a domestic entity registered with the exchange.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes.
Are customers given access to order routing systems by intermediaries?	Yes.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	Yes.
E-Mail contact information.	N/a
Web site address(es).	SAFEX: < www.safex.co.za >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Agricultural 	All on SAFEX
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Agricultural ▪ Interest rates 	All on SAFEX

ASIA

Summary Information
ASIA

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
China	Shanghai Futures Exchange; Dalian Commodity Exchange; Zhengzhou Commodity Exchange.	152,242 contracts.*	73,639,100 contracts.*	Shanghai Futures Exchange: futures on copper, aluminum, rubber. Dalian Commodity Exchange: soybean futures. Zhengzhou Commodity Exchange: wheat and green bean futures.
India	National Stock Exchange of India Limited.	Started June 2000.	Started June 2000.	Index futures on S&P CNX NIFTY. [Planned:] Options on indexes and options on individual scrips in sequential order.
India	The Stock Exchange, Mumbai.	Started June 2000.	Started June 2000.	Index futures on BSE SENSEX. [Planned:] Options on indexes and options on individual scrips in sequential order.
Indonesia	PT. Bursa Berjangka Jakarta (Jakarta Futures Exchange).	Not yet active.	Not yet active.	[Planned:] Robusta coffee, olein, plywood, pepper, cocoa, rubber.
Malaysia	Kuala Lumpur Options and Financial Futures Exchange.	1,699 contracts.	436,678 contracts.	Equity-linked derivatives.
Malaysia	Commodity & Monetary Exchange of Malaysia.	KLIBOR Futures: 117; CPO Futures: 1,568.	KLIBOR Futures: 28,994; CPO Futures: 388,967.	Commodities and interest rate derivatives.
New Zealand	New Zealand Futures & Options Exchange.	3,263 contracts.	825,546 contracts.	Interest rates, equities and electricity.
South Korea	Korea Stock Exchange.	69,078 contracts.	17,200,349 contracts.	Stock price index futures and options.
South Korea	Korea Futures Exchange.	5,688 contracts April-December 1999; 10,664 contracts as of September 2000.	1,006,801 contracts April-December 1999; 1,930,139 contracts as of September 2000.	US dollar futures, US dollar options, CD futures, gold futures, KTB futures, KOSDAQ50 (Stock Index) futures.

* Average daily and annual volume figures for China's three exchanges are combined.

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Taiwan	Taiwan Futures Exchange.	4,051 contracts.	1,007,672.	Stock index futures.
Thailand	Stock Exchange of Thailand.	Not applicable.	Not applicable.	[Planned:] SET50 Index option.

China

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$991.197 billion.
1999 GDP (Local Currency)	8205.43 billion yuan (RMB).
1999 Consumer Price Index Increase	(1.4%).
1999 Balance of Trade Surplus (Deficit)	\$29.1 billion.
1999 Total External Debt	\$151.33 billion.
Market Data	
1999 Stock market capitalization (US\$)	\$321.45 billion.
1999 Corporate Debt Market (US\$)	\$10.594 billion (Enterprise bonds).
1999 Sovereign Debt Market (US\$)	\$127.43 billion.
1999 Sub-Sovereign Debt Market (US\$)	None.
Sovereign Debt Rating/Rating Agency	A3/Moody's. BBB/S&P.
General Data	
Currency	RMB.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	The RMB is subject to managed float based on market forces.
Exchange rate range 6/30/99 to 6/30/00	8.2786 – 8.278.
1999 Population	1,259 million.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Includes all sectors, such as agriculture, mining, industry, banking, accounting, consulting, <i>etc.</i>
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): No.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Provisional Regulations on the Administration of Futures Trading.
Principal securities law	Securities Law of the People's Republic of China.
Futures regulatory authority	China Securities Regulatory Commission (CSRC).
Securities regulatory authority	CSRC.
Specify any relevant self-regulatory organization(s) (SROs)?	The Futures Association of China.
Do SROs supplement governmental regulation? How?	Yes. Members of the futures association give their advice for government decision.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. Under the Provisional Regulations, establishing exchanges shall be permitted by CSRC.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Yes. Specified by CSRC.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Contract, position, price, trading day, <i>etc.</i>
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. $\pm 3\%$ of the last clearing price.
Are there special requirements for electronic trading systems? If so, please specify.	Contracts shall be traded on exchanges. There is no special requirement for cash market electronic trading systems.
Are exchanges audited by regulators? By others? Please specify.	Yes. Exchanges are audited by accounting firms.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes, for brokers. Not available for others.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Financial reports are required every quarter.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes. Provisional measures governing brokerage firms apply.

Are there minimum capital requirements for brokers? For others? Please specify.	Yes. 30 million yuan (RMB).
Are brokers audited by regulators? By others? Please specify.	Yes. Brokers are audited by accounting firms.
Are there segregation requirements for customer funds? If so, please describe.	Not available.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	Not applicable.
Are there custody requirements for customer funds? If so, please describe.	Yes. Customer funds can only be used for customer trading.
Are there dispute resolution procedures? If so, please describe.	Yes. Department of Futures Supervision, CSRC, intermediates if it is necessary.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Yes, by the government.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	Not allowed.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	Not allowed.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	Not allowed.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Foreign firms may only trade B shares. They are traded directly.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Customers must have special permission from the CSRC. Seven organizations have thus far received this permission.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Investors must either be a Chinese citizen, corporation or other organization.
Are there restrictions on repatriation of funds? If so, please describe.	Not applicable.

Are there special dispute resolution procedures for foreign market users? If so, please describe.	Not applicable.
Taxation	
How are gains on derivatives products taxed?	None.
Do you have any double taxation treaties? If so, please list.	Yes.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Insolvency provisions are not defined clearly in exchange regulations. Exchanges shall be dissolved in the following instances: <ol style="list-style-type: none"> 1. Business expiry. 2. Merger or division. 3. General assembly decides. 4. CSRC decides.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	CSRC.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	Yes (IOSCO regular member).
E-mail contact information	CSRC: < Waishi@public.bta.net.cn >.
Is basic law available on your Web site?	Yes.
Web site address(es)	CSRC: < www.csrc.gov.cn >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	Shanghai Futures, Dalian Commodity, and Zhengzhou Commodity Exchange.
Who owns the exchange (members, government, other)?	Members.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Agricultural, metals.
What was the average daily volume in futures contract trading at year-end 1999?	152,242 contracts.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	73,639,100 contracts. 2,234.30 billion yuan.
What was the level of open interest in futures contracts at year-end 1999?	516,998 contracts.
Please describe how you compute contract volume.	Futures exchanges do it by computer automatically.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically.
Are prices disseminated in real-time? If so, how?	Yes. By DDN, satellite.
How frequently do you match trades?	Every day.
Is dual trading permitted?	No. Brokers are not allowed to operate businesses on their own account.
What surveillance programs are used?	Margin system, trading supervisory management, membership evaluation, customer protection, <i>etc.</i>
Are there arrangements for coordinating surveillance with cash markets. If yes, please describe.	Yes. Meetings are held when necessary.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Yes. Not available.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	Exchange members. It is a separate entity.

What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	No liability each day.
Is margin required?	Yes.
Who sets the margin levels?	CSRC.
Is margin calculated on a gross or net basis?	Gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	Each trading day.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Risk-management fund.
How does the clearinghouse allocate losses in the event of a clearing member default?	1. Members. 2. Risk-management fund. 3. Exchange assets.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes. According to CSRC's governing regulations.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	Not available.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	No, only Chinese corporations.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes. By DDN, satellite.
Are customers given access to order routing systems by intermediaries?	Yes.
General	
Do you have any alliances with other exchanges? If so, please specify.	Three futures exchanges allied into one, which is now the Shanghai Futures Exchange.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	Yes.
E-Mail contact information.	See web site.
Web site address(es).	CSRC: < www.csrc.gov.cn >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Copper ▪ Aluminum ▪ Rubber 	Shanghai Futures Exchange
	<ul style="list-style-type: none"> ▪ Wheat ▪ Green bean 	Zhengzhou Commodity Exchange
	<ul style="list-style-type: none"> ▪ Soybean 	Dalian Commodity Exchange
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable

India

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	Not available.
1999 GDP (Local Currency)	11,454,000,00 (Rs. million). ¹
1999 Consumer Price Index Increase	3.4%. ²
1999 Balance of Trade Surplus (Deficit)	(\$17,098 million).
1999 Total External Debt	\$98,435 million. ³
Market Data	
1999 Stock market capitalization (US\$)	9,128,420 (Rs. million). ⁴
1999 Corporate Debt Market (US\$)	N/a
1999 Sovereign Debt Market (US\$)	N/a
1999 Sub-Sovereign Debt Market (US\$)	4,179,980 (Rs. million). ⁵
Sovereign Debt Rating/Rating Agency	N/a
General Data	
Currency	Rupee.
Is currency pegged to US dollar?	No.
If so, what is the currency floor? The cap?	
Exchange rate range 6/30/99 to 6/30/00	42.4400 – 43.6400.
1999 Population	965.6 million (1997-98 data).
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Agriculture and allied activities (25.5%), industry ⁶ (22%), and services ⁷ (51.2%) [revised estimates].
Additional Macroeconomic Summary Information:	
Sources of Data: Economic Survey 1999-2000; RBI Annual Report 1999-2000.	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/indcats.htm >>.	

¹ At 1993-94 prices (advance estimate).

² Provisional.

³ External debt comprises long-term debt (multilateral and bilateral borrowing, IMF, trade credit, commercial borrowing, NRI deposits) and short-term debt.

⁴ Only for the Stock Exchange, Mumbai (as of March 31, 2000).

⁵ Revised estimate; includes net loans from central government, net market borrowings, loans from financial institutions, provident fund, reserve fund, deposits and advances, *etc.*

⁶ Mining and quarrying (2.3%), manufacturing (17.2%), electricity, gas and water supply (2.5%).

⁷ Construction (5.2%), trade, hotels, restaurants, transport, storage and communication (21.4%), financing, insurance, real estate and business services (12.5%), community, social and personal services (13.2%).

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	The Securities Contract (Regulations) Act [SC(R)A], 1956, Rules framed thereunder, the Securities and Exchange Board of India (SEBI) Act, bylaws of the exchanges, and associated Rules apply to derivatives trading.
Principal securities law	The Securities Contracts (Regulation) Act [SC(R)A], 1956, and the Securities Exchange Board of India (SEBI) Act, 1992, are the primary laws governing securities trading in India.
Futures regulatory authority	The Securities and Exchange Board of India (SEBI) is the regulatory body for securities-linked derivatives. The Reserve Bank of India (RBI) (the central bank of the country) regulates all foreign exchange and interest rate transactions. The Forward Markets Commission is the regulatory authority for forward trading in commodities.
Securities regulatory authority	Securities and Exchange Board of India (SEBI).
Specify any relevant self-regulatory organization(s) (SROs)?	Derivatives exchanges function as self-regulatory organizations (SROs). Exchanges' bylaws, rules and regulations are approved by SEBI.
Do SROs supplement governmental regulation? How?	Yes. Exchanges' bylaws, rules and regulations are in conformity with the relevant provisions of the laws related to trading.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. Exchanges are required to receive prior approval from SEBI to start trading in derivatives related to securities.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Contract specifications could be decided by the exchanges; however, before launching the contract/product for trading, exchanges are required to receive approval from SEBI.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Information about trades, quantities and quotes are disseminated by the exchanges on a real-time basis through at least two information vending networks, which are accessible to investors throughout the country. Further, every stock exchange is required to maintain

	books and records as per the provisions of the SC(R)A. In addition, SEBI can call for any periodic reports from the exchanges.
Do price limits and circuit breakers exist? If so, at what levels are they set?	There is no price limit or circuit breaker in the futures market.
Are there special requirements for electronic trading systems? If so, please specify.	The Stock Exchange (BSE) and National Stock Exchange (NSE) provide trading platforms for derivatives. Both exchanges trade index futures through online screen-based trading systems, which also has a disaster recovery site.
Are exchanges audited by regulators? By others? Please specify.	Yes. Exchanges are inspected by regulators. Independent auditors also audit them for certification of their annual accounts.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	As per the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992, no stockbroker or sub-broker shall transact in securities unless he/she holds a certificate of registration granted by SEBI. Therefore, all brokers in the derivatives market must be registered with SEBI.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	SEBI (Stock Brokers and Sub-brokers) Regulations, 1992, specify the following books of accounts, records and documents are to be maintained by Trading/clearing members: <ul style="list-style-type: none"> ▪ Statement of obligations received from Clearing Corporation/house. ▪ Order books reflecting client information. ▪ Register of transactions for proprietary trades and clients' trades. ▪ Books of accounts to distinguish client's contracts from the broker's contracts. ▪ Copies of agreements executed with each of the broker's clients. ▪ Particulars of persons that are approved as users by the exchange. ▪ Copies of all instructions obtained in writing from clients.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 include a Code of Conduct for Stock Brokers and Sub-Brokers. In

	<p>addition to this, detailed sales practice standards have been laid down for derivatives brokers, including Certification of Salespersons, Risk Disclosure Documents to investors, and Account Opening Procedures, <i>etc.</i></p>
<p>Are there minimum capital requirements for brokers? For others? Please specify.</p>	<p>In the derivatives market, SEBI has created two categories of broker members: trading members and clearing members.</p> <p>Trading members only have trading rights and are dependent on the clearing members for clearance of their trades. Clearing members are the members of the clearinghouse and have ultimate responsibility for the clearance and settlement of all the trades.</p> <p>SEBI has set the minimum net-worth requirement of Rs. 30,000,000 (approximately \$650,000) and an up-front deposit of liquid assets of Rupees 5,000,000 (approximately \$105,000) for clearing members.</p>
<p>Are brokers audited by regulators? By others? Please specify.</p>	<p>In the derivatives market, SEBI has specified a requirement of annual inspection of all brokers by the derivative exchange. SEBI conducts annual inspection of approximately 10% of the total number of brokers.</p>
<p>Are there segregation requirements for customer funds? If so, please describe.</p>	<p>It is compulsory for all members (trading and clearing members) to maintain separate bank account/accounts for clients. Money deposited by clients cannot be used for any purpose other than for a client's transactions. Client funds are kept separate and protected at all levels.</p>
<p>Are there other customer compensation or "insurance" arrangements? If so, please describe.</p>	<p>Each exchange is required to set up an Investor Protection Fund. This fund compensates the investors against loss caused by failure of an intermediary. The fund receives regular annual contributions from the exchange as well as member brokers.</p>
<p>Are there custody requirements for customer funds? If so, please describe.</p>	<p>As defined above, it is compulsory for all members to maintain separate bank account/accounts for clients. Money deposited by a client cannot be used for any purpose other than for the client's transactions. The</p>

	circumstances under which a transfer of funds from a client's account to the broker's account can take place are enumerated by SEBI.
Are there dispute resolution procedures? If so, please describe.	Each exchange is required to set up Arbitration Committees in the four major regions of the country for resolution of client complaints and disputes between member brokers of the exchange.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Use of foreign markets by domestic investors involves the inflow and outflow of foreign currency. The issue, therefore, comes under the regulatory ambit of the Reserve Bank of India (RBI) and SEBI.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	Not applicable.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	Not permitted.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Yes. Foreign Institutional Investors (FIIs) are required to be registered with SEBI. SEBI has laid down regulations for investments by FIIs in the domestic market.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	No.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	The overall exposure of the FIIs in the derivatives market shall not be more than their investment in the securities market.
Are there restrictions on repatriation of funds? If so, please describe.	There is no restriction on repatriation of funds by FIIs.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Dispute resolution procedures are the same for domestic as well as foreign investors.
Taxation	
How are gains on derivatives products taxed?	Tax treatment is as per the provisions of the Income Tax (IT) Act of India.
Do you have any double taxation treaties? If so, please list.	Yes, India has double taxation treaties with various countries.

Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	The general bankruptcy laws prevalent in the country also apply to derivatives markets.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The concerned SRO and SEBI.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO.
E-mail contact information	SEBI: < lks@sebi.gov.in >.
Is basic law available on your Web site?	Yes.
Web site address(es)	SEBI: < www.sebi.com > or < www.sebi.gov.in >. RBI: < www.reservebank.com >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	National Stock Exchange of India Limited (NSE) and The Stock Exchange, Mumbai (BSE), have started trading in index futures contracts.
Who owns the exchange (members, government, other)?	NSE is owned by large Indian financial institutions, including the Industrial Development Bank of India, Life Insurance Corporation, General Insurance Corporation, <i>etc.</i> BSE is a members-owned exchange.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	As of now, both BSE and NSE are trading only index futures on their respective indices, BSE Sensitive Index (also called BSE SENSEX) and S&P CNX NIFTY, and plan to introduce options on indices and options on individual scrips in sequential order.
What was the average daily volume in futures contract trading at year-end 1999?	At year-end 1999, India did not have any derivatives market in securities. Trading of index futures on BSE and NSE commenced June 2000. Average daily volume on both exchanges has been in the range of Rs. 10 crores to Rs. 20 crores (combined numbers).
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Not applicable; India started trading index futures June 2000.
What was the level of open interest in futures contracts at year-end 1999?	Not applicable; India started trading index futures June 2000.
Please describe how you compute contract volume.	We calculate volume both in number of contracts and value terms. While calculating the volume, only one leg of the contract is taken into consideration.
Trading Features	
Is trading conducted electronically or by open outcry?	Trading is conducted electronically through an online trading system.
Are prices disseminated in real-time? If so, how?	Derivative exchanges disseminate price information through at least 2 countrywide online information-vending networks. This condition is in addition to dissemination of price on the trading terminals of members.

How frequently do you match trades?	Since trading is taking place through an online screen based computer system, eligible trades are matched instantaneously based on a “Price-Time” priority algorithm.
Is dual trading permitted?	No.
What surveillance programs are used?	Both BSE and NSE have an online surveillance capability. They monitor positions, prices and volumes on real-time basis so as to deter any market manipulation effort. Further, the clearing corporation/house of both the exchanges has the capability to monitor the overall position of brokers across both cash and derivatives segments of the exchanges.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	The clearing corporation/house of the exchange has the capability to monitor the overall position of brokers across both cash and derivatives segments.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Yes. Within various segments of the exchange, by the exchange itself, and for inter-exchanges through exchange of information.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes! The clearinghouse becomes a legal counter-party to all trades and/or guarantees the settlement for all open positions on the exchange.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	The NSE has set up a wholly owned independent company, the National Securities Clearing Corporation Ltd. (NSCCL), to act as clearinghouse for the exchange. The clearinghouse of the BSE is part of the exchange itself.
What is the settlement time frame (e.g., T+)?	All derivatives trades are required to be settled on a daily basis; i.e., all open positions are marked to market on a daily basis and final settlement takes place on the last Thursday of each calendar month.
Is margin required?	Yes.
Who sets the margin levels?	SEBI has prescribed the methodology to calculate initial margin on open positions. The concept of “Value at Risk” is being used in calculating required levels of initial margin.

	<p>The initial margin should be large enough to cover the one-day loss that can be encountered on the position on 99% of days. These capital adequacy norms are applied intra-day, so that at no instant are funds deposited by the member to the clearing corporation smaller than the VAR of the position at that point in time. The clearing corporation has to ensure that this condition is met on a real-time basis.</p>
Is margin calculated on a gross or net basis?	<p>Margins in the derivatives market are calculated on a gross basis; <i>i.e.</i>, the long position of one client is not offset by the short position of another client or the broker's proprietary position.</p>
How frequently are positions marked to market? How often are gains/losses settled?	<p>For the purpose of daily settlement, positions are marked to market at the close of the trading day. In case of extremely volatile conditions, marking to market also can be performed intra-day. Margin calls are settled on T+1 basis.</p>
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	<p>The entire risk management system within the securities market is developed with a focus on the actual money deposited by brokers with the exchange. All exposure and turnover limits are based on the cash/liquid assets deposited by brokers with the exchange. The net-worth of the broker is the second line of defense.</p> <p>In addition, the clearing corporation maintains real-time surveillance on the exposure of brokers to ensure they are within predetermined limits. All open positions are subject to initial margin requirements based on the Value at Risk for the futures contracts. In case of an unusual position build up by a broker, exchanges may charge other margins over and above the initial margin requirement, and may reduce exposure limits for the broker.</p>
How does the clearinghouse allocate losses in the event of a clearing member default?	<p>If a member's capital is not adequate to settle the claims against him, the Settlement Guarantee Fund of the clearing corporation is used to settle the outstanding transactions.</p>
Can customer positions be transferred in the event of default?	<p>Yes. In case of default by a broker member, the clearing corporation/house of the exchange</p>

	has the capability to transfer client positions to another solvent member or to close-out all open positions.
Are emergency rules in place? If so, please specify.	Yes.
Do exchange rules override inconsistent insolvency law?	No. Only priority of claim has been laid down by the exchanges.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	Not yet implemented. Though exchanges propose setting up trading terminals outside the country.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes – through the internet; however, trades are only executed through registered members. No direct access is provided to investors.
Are customers given access to order routing systems by intermediaries?	Yes.
General	
Do you have any alliances with other exchanges? If so, please specify.	Exchanges have set up alliances or are in the process of setting up alliances with the exchanges. NSE has set up an alliance with SIMEX.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	Yes.
E-Mail contact information.	NSE: < webmaster@nse-india.com >. BSE: < webmaster@bseindia.com >.
Web site address(es).	NSE: < www.nseindia.com >. BSE: < www.bseindia.com >.

Indonesia

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$12.96 billion.
1999 GDP (Local Currency)	Rp. 94,639.6 billion (1993 constant price).
1999 Consumer Price Index Increase	2.01% (inflation rate).
1999 Balance of Trade Surplus (Deficit)	\$20.078 million.
1999 Total External Debt	\$141,381 million.
Market Data	
1999 Stock market capitalization (US\$)	Rp. 859.5 trillion.
1999 Corporate Debt Market (US\$)	\$65.618 million.
1999 Sovereign Debt Market (US\$)	\$75.763 million.
1999 Sub-Sovereign Debt Market (US\$)	N/a
Sovereign Debt Rating/Rating Agency	N/a
General Data	
Currency	Rupiah.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No (floating rate).
Exchange rate range 6/30/99 to 6/30/00	Rp. 6.630/US\$1 (June 99) – Rp 8.500/US\$1.
1999 Population	207,436,000.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Oil, gas, coal, food processing, textiles, cements, fertilizer, pulp, wood products, electronics.
Additional Macroeconomic Summary Information:	
1999 Economic Growth rate: 0.2%.	
1999 Unemployment rate: 6.3%.	
1999 Average Exchange Rate: Rp. 7.300 per US\$.	
1999 Interest Rate: 12.5%.	
2000 projected economic growth rate: 3.0 – 4.0%.	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/idncats.htm >>.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Law No. 32 Year 1997 on Commodity Futures Trading.
Principal securities law	Law No. 8 Year 1995 on Capital Market.
Futures regulatory authority	Badan Pengawas Perdagangan Berjangka Komoditi - Bappebti (Commodity Futures Trading Supervisory Agency).
Securities regulatory authority	Badan Pengawas Pasar Modal - Bapepam (Capital Market Supervisory Board).
Specify any relevant self-regulatory organization(s) (SROs)?	PT. Bursa Berjangka Jakarta (Jakarta Futures Exchange - JFX). The JFX started trading on 15 December 2000. PT. Kliring dan Jaminan Bursa Komoditi (Indonesian Derivatives Clearing House - IDCH).
Do SROs supplement governmental regulation? How?	Yes. The exchanges and clearinghouse should have their own rules and regulations that are approved by Bappebti.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. Bappebti should authorize the futures exchange prior to the start of trading.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Yes. Contract specifications, as mentioned in the contracts, should be approved by Bappebti, including: terminology; time trading; volume and quality standards; reportable position; points of delivery; financial clearing and settlement process; <i>etc.</i>
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The exchange should make daily records and reports such as: trading of contracts systematically regarding time of transactions, types of contracts, types of transactions, volume, price, delivery months, option transactions, transactions for each broker, dual transactions, and violations by brokers, and CPOs.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. Maximum price changes per-day: <ul style="list-style-type: none"> ▪ Rp. 5000/kg for coffee; ▪ Rp. 150/kg for olein.
Are there special requirements for electronic trading systems? If so, please specify.	Yes. The hardware and software have to be approved by Bappebti.

Are exchanges audited by regulators? By others? Please specify.	Yes, the exchange should be audited by Bappebti.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes, the broker should have a license from Bappebti. This includes commodity trading advisors, and commodity pool operators. The traders should be registered at Bappebti.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	The broker should make records and reports: daily and monthly sell-buy transactions for customers; daily customer equity position; and open interest positions. There is no obligation for the trader to submit reports/records.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes, not just for brokers but also for CPOs and CTAs. They include among others: Know Your Customers; Risk Disclosure Documents; Customer Agreements; Segregated Accounts; and Discretionary Accounts.
Are there minimum capital requirements for brokers? For others? Please specify.	Paid up capital for: <ul style="list-style-type: none"> ▪ Brokers: Rp. 1,250,000,000, or equal to \$132,000; ▪ CPO: Rp. 1,000,000,000 or equal to \$105,000 (US\$ = Rp. 9,500).
Are brokers audited by regulators? By others? Please specify.	Yes. They are audited by Bappebti.
Are there segregation requirements for customer funds? If so, please describe.	Yes. The customer fund (margin) should be kept in segregated accounts at a bank approved by Bappebti.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	Yes, the exchange should collect compensation funds from the brokers. These must be kept segregated at a bank approved by Bappebti.
Are there custody requirements for customer funds? If so, please describe.	Yes, the pool funds should be kept in the custody bank approved by Bappebti.
Are there dispute resolution procedures? If so, please describe.	Yes. An attempt to settle disputes must be first attempted through <ol style="list-style-type: none"> (1) convening for consensus (amicable settlement), or (2) other methods provided by Bappebti and/or the exchange, in the event an amicable settlement is not reached.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Yes, the foreign futures markets and their contracts should be approved by Bappebti.

Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	N/a
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	Under discussion.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	Under discussion.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Under discussion.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	As customers, foreign firms are treated the same as local customers, but if they are going to trade for their customers, they have to have an omnibus account with a local broker.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	There are position limits and reportable positions imposed by the exchange either to local or foreign brokers.
Are there restrictions on repatriation of funds? If so, please describe.	No. However, for certain amounts, there is an obligation to report to the Central Bank (Bank of Indonesia).
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	The tax is imposed as a sales tax.
Do you have any double taxation treaties? If so, please list.	Yes.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	An exchange is liquidated based on the prevailing Law. In the event there remain assets resulting from the futures exchange liquidation, after deduction of the rights of brokers as the shareholders, the remaining assets must first be utilized to pay the broker's liability to his/her clients.

Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	Bappebti for administrative sanctions; the court system for criminal sanctions.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	Not yet.
E-mail contact information	Bappebti: < arifin@dprin.go.id >.
Is basic law available on your Web site?	Yes.
Web site address(es)	Bappebti: < www.bappebti.go.id >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	PT. Bursa Berjangka Jakarta (Jakarta Futures Exchange).
Who owns the exchange (members, government, other)?	Shareholders and members of the exchange (private).
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Initially, two futures contracts will be traded: robusta coffee, and olein. Other contracts will follow soon including plywood, pepper, cocoa, rubber, <i>etc.</i>
What was the average daily volume in futures contract trading at year-end 1999?	Not applicable (no trading in 1999).
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Not applicable (no trading in 1999).
What was the level of open interest in futures contracts at year-end 1999?	Not applicable (no trading in 1999).
Please describe how you compute contract volume.	Robusta coffee: 5MT/contract. Olein: 20 MT/contract.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronic trading system.
Are prices disseminated in real-time? If so, how?	Yes.
How frequently do you match trades?	The trading system is integrated with the clearinghouse; computers automatically do matching.
Is dual trading permitted?	Yes, with Bappebti's permission.
What surveillance programs are used?	At the beginning, by manuals.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Yes. It is coordinated between Bappebti, JFX, IDCH and industry association.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Yes.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	ISCH is owned by the government and is separate from the exchanges. This IDCH will privatise soon.

What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+1.
Is margin required?	Yes.
Who sets the margin levels?	The clearinghouse.
Is margin calculated on a gross or net basis?	Gross margin.
How frequently are positions marked to market? How often are gains/losses settled?	Everyday.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	In sequential order: margin, security deposit, clearing funds, exchange membership, liquidation of assets.
How does the clearinghouse allocate losses in the event of a clearing member default?	<ol style="list-style-type: none"> 1. Member's security deposit; 2. Members clearing funds; 3. Exchange member; 4. Liquidation of member's assets; 5. Other member's clearing funds; 6. Clearinghouse reserve.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes, in IDCH Rules and Regulations.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	No.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	At the beginning, the stage electronic system can only be used through computers placed on the trading floor at the exchange.
Are customers given access to order routing systems by intermediaries?	No.
General	
Do you have any alliances with other exchanges? If so, please specify.	Not yet.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	Yes, it will be available soon.
E-Mail contact information.	JFX: < webmaster@bbj-jfx.com >. IDCH: < kliring@cbn-net.id >.
Web site address(es).	JFX: < www.bbj-jfx.com >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Agricultural Commodities: <ul style="list-style-type: none"> ▪ Robusta Coffee ▪ Olein 	Jakarta Futures Exchange
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not yet available	Not applicable

Malaysia

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$50,735 million.
1999 GDP (Local Currency)	RM192,794 million.
1999 Consumer Price Index Increase	2.8%.
1999 Balance of Trade Surplus (Deficit)	\$4.7 billion.
1999 Total External Debt	\$42.6 billion. RM159.7 billion.
Market Data	
1999 Stock market capitalization (US\$)	\$145.447 billion.
1999 Corporate Debt Market (US\$)	\$53.02 billion.
1999 Sovereign Debt Market (US\$)	\$4.46 billion.
1999 Sub-Sovereign Debt Market (US\$)	N/a
Sovereign Debt Rating/Rating Agency	Moody upgrades to Baa2 from Baa3.
General Data	
Currency	Ringgit Malaysia.
Is currency pegged to US dollar?	Yes.
If so, what is the currency floor? The cap?	US\$ = 3.80.
Exchange rate range 6/30/99 to 6/30/00	3.80.
1999 Population	22,711,900.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Manufacturing, agriculture, construction, services and mining.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/myscats.htm >>.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Futures Industry Act 1993 (FIA) and Securities Commission Act 1993.
Principal securities law	Securities Industry Act 1983; Securities Commission Act 1993; Securities Industry (Central Depositories) Act 1991; Companies Act 1965.
Futures regulatory authority	Minister of Finance and the Securities Commission (SC).
Securities regulatory authority	Minister of Finance and the SC.
Specify any relevant self-regulatory organization(s) (SROs)?	The Kuala Lumpur Options & Financial Futures Exchange (KLOFFE). The Commodity & Monetary Exchange of Malaysia (COMMEX).
Do SROs supplement governmental regulation? How?	<p>The scheme of regulation in Malaysia is one of co-regulation between the SC and the front-line SROs (the futures exchanges and the clearinghouse).</p> <p>The SC administers, among others, the Securities Commission Act 1993 and the Futures Industry Act 1993 (FIA), which together form the statutory foundation for the regulatory framework. The SC's role in regulation focuses on general policy formulation, licensing of intermediaries, product and market approval, and enforcement. The day-to-day supervision of markets is undertaken concurrently by the SC and the front-line SROs.</p> <p>The front-line SROs establish and administer rules of a contractual nature that govern the trading and settlement of the products offered on their markets, as well as other activities of exchange members and clearing members. The enforcement of these business rules is primarily the responsibility of the relevant front-line SRO, although the SC or a court may, in certain circumstances, direct compliance with, or compel enforcement of, the business rules.</p>

Regulation of Exchanges	
<p>Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.</p>	<p>All futures exchanges are required under section 4 of the FIA to be approved by the Minister of Finance before they can operate a futures market. They do not, however, need any authorization from the SC to start trading as long as they have been duly approved as a futures exchange.</p> <p>In relation to the contracts traded on the exchange, any introduction of a new contract is effected by way of amending the business rules of the relevant exchanges. Amendment to the business rules, in turn, is subject to the approval by the SC.</p>
<p>Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.</p>	<p>The listings and design criteria for products are set by the SROs. At KLOFFE, for example, its Product Development Committee makes recommendations to the Board of Directors on</p> <ol style="list-style-type: none"> 1. New contracts, the contract specification and the selection of the underlying instrument; 2. Modifications to the contract specifications of existing contracts; and 3. Any matter referred to it by the Board. <p>However, any new products have to be approved by the Commission, via amendment to business rules, before trading can commence.</p>
<p>What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?</p>	<p>The futures exchanges are required to submit weekly market reports, members' audit reports, and weekly surveillance reports to the SC. In addition, the exchanges are also required to report violations of the exchanges' Business Rules (and any action taken in relation thereto) to the SC.</p> <p>In relation to recordkeeping, the exchanges are required under the Companies Act 1965 to keep accounting and other records that sufficiently explain the transactions and</p>

	financial position of the company for a period of seven years.								
<p>Do price limits and circuit breakers exist? If so, at what levels are they set?</p>	<p>In relation to the Kuala Lumpur Stock Exchange Composite Index (KLSE CI) futures contract traded on KLOFFE, effective from 1 January 1999, the limits for the respective contract months in the first trading session of the day are set at $\pm 20\%$ 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 $\pm 20\%$ of the same day's first trading session's last traded price.</p> <p>There is however, no price limit for the spot month contract.</p> <p>There are no price limits for the 3-month KLIBOR futures contract traded on the COMMEMX.</p> <p>In relation to COMMEMX's Crude Palm Oil futures contract, with the exception of trades in the current delivery month, trades for futures delivery of Crude Palm Oil in any month shall not be made, during any one day, at prices varying more than RM100 per metric ton above or below the settlement prices of the preceding business day. When the settlement prices for the first three (3) quoted months (excluding the current month) at the closing for that day are at limit, then the following expanding limit schedule shall apply to all quoted months (excluding the current month):</p> <p>LIMIT AMOUNT</p> <table data-bbox="824 1570 1266 1732"> <thead> <tr> <th><u>Day</u></th> <th><u>Limit (RM)</u></th> </tr> </thead> <tbody> <tr> <td>First Day</td> <td>100</td> </tr> <tr> <td>Second Day</td> <td>150</td> </tr> <tr> <td>Third Day</td> <td>200</td> </tr> </tbody> </table> <p>Daily price limits will remain at RM200.00, when the preceding day's prices of all the three quoted months immediately following</p>	<u>Day</u>	<u>Limit (RM)</u>	First Day	100	Second Day	150	Third Day	200
<u>Day</u>	<u>Limit (RM)</u>								
First Day	100								
Second Day	150								
Third Day	200								

	<p>the current delivery month settle at limits of RM200.00.</p> <p>Notwithstanding the above limit schedule, should the settlement prices for the first three quoted months (excluding the current month) on any day not be at the full extent of the specified limit amounts, then the limit on the following day shall revert to the basic limit amount of RM100.00.</p>
<p>Are there special requirements for electronic trading systems? If so, please specify.</p>	<p>In relation to the futures exchanges, only KLOFFE operates on an electronic trading system. Prior to recommending to the Minister for KLOFFE to be approved as a futures exchange, the Commission has subjected the exchange to a system audit to ensure sufficient capacity and continuity. In relation to this, an independent external auditor was appointed to conduct the review, and the scope of the review included:</p> <ul style="list-style-type: none"> a) High availability issues to ensure no single point of failures - this includes server availability, data redundancy, network access, back-up procedures; b) Security of server, data, network access and audit trails; c) Issues relating to Disaster Recovery plan; d) System performance and capacity, and basis for the sizing; e) Capability for system expansion in the future, in terms of system, data access and network expandability; and f) The service level agreement between the system/back-office system provider and KLOFFE. <p>The audit also included manual procedures and controls. With regard to the functional requirements, the audit was confined to an extensive audit on the matching rule to ensure that its criteria, logic and processing are fair, efficient and conform to the algorithm that KLOFFE has outlined in its business rules.</p>

	<p>As a condition to its approval, KLOFFE is required to conduct and complete an audit on its systems and business operation on an annual basis. Only an independent auditor, whose appointment must be approved by the Commission, may undertake the audit.</p> <p>In addition, the futures exchanges are required to have the necessary backup measures.</p>
Are exchanges audited by regulators? By others? Please specify.	External auditors appointed by the exchanges, and approved by the Commission, audit the exchanges on an annual basis. The audit report is then submitted to the Commission.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	<p>All futures brokers must not carry on futures broking business or hold themselves out as carrying on futures broking business unless they hold a futures broker's license. In addition, all futures fund managers and futures trading advisers need to be licensed before carrying on or holding itself or himself out as carrying a futures fund management business or futures advice business.</p> <p>The licensing regime in the FIA requires all individuals who act on behalf of a futures broker, a futures fund manager, or a futures trading adviser, to be licensed as a futures broker's representative, a futures fund manager's representative or a futures trading adviser's representative, respectively.</p> <p>Locals need not be licensed, but have to register with the SC. An individual who performs a function that is ordinarily done by accountants, clerks or cashiers of futures brokers, futures fund managers and futures trading advisers, however, is not required to be licensed.</p>
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Members of the futures exchanges are required to submit to their respective exchanges a monthly financial report for the purposes of financial surveillance. They are also required to report details about their clients and declare

	<p>reportable positions on behalf of the client to the exchange.</p> <p>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 SC and the exchanges.</p> <p>Section 54 of the FIA requires the futures brokers to maintain records relating to receiving instructions from their clients. All futures brokers must keep separately from other records such records that correctly record and explain trading in futures contracts by the broker on the broker's own account. These records must be kept for five years.</p>
<p>Are there sales practice/conduct of business standards for brokers? Others? Please specify.</p>	<p>The FIA places certain obligations on all futures brokers. In particular, under section 49, a broker is required to give a contract note for every transaction that it undertakes on behalf of a client, to be given within two business days of trade execution. This is to ensure that the client is made fully aware of contracts traded for them.</p> <p>The FIA also incorporates some equitable principles to ensure that brokers, on whom clients place reliance, conduct their businesses in a professional manner, and with integrity and responsibility. Section 50 of the FIA prohibits a broker from knowingly taking the other side of a client's order without first obtaining the consent of that client. Section 52B places a substantial legal duty on futures brokers when giving advice to clients. This provision, sometimes known as "know your client and product" rule, requires a futures intermediary to have a reasonable basis for recommendations made to its clients.</p> <p>Section 53 requires brokers to give their clients information that explains the risks associated with trading in futures contracts. This information includes a risk disclosure</p>

	<p>statement that is prescribed in Schedule 3 of the Futures Industry Regulations. In addition, the broker must give the client a copy of the proposed client agreement that contains the minimum terms that are prescribed in the business rules of the exchange.</p> <p>Section 54 of the FIA governs the sequence in which a broker is to send and carry out instructions of its clients, and in which trades are to be allocated; that is, where an instruction is received ahead of other instructions, that instruction must be carried out (or sent, as the case may be) first. Equally, trades must be allocated in the sequence in which they were matched and in which the instructions affecting the trades were sent. Section 54 also requires that a broker give priority to a client's order ahead of its proposed own account trades. It further provides that a futures broker has an obligation to maintain records in relation to receiving instructions from clients. The records must set out particulars relating to the receiving and carrying out a client's instructions. The futures broker must also maintain records relating to own-account trading.</p>
<p>Are there minimum capital requirements for brokers? For others? Please specify.</p>	<p>There are no specific statutory provisions in the FIA in respect of capital requirements. However the front-line SROs prescribe the capital requirements on their members through their business rules. If a member of a futures exchange is also a clearing member, then they will have to comply with the financial requirements as imposed by the clearinghouse or their respective exchanges, whichever is higher.</p> <p>In relation to clearing members, pursuant to business rules of the MDCH, they must have a minimum adjusted net capital of the higher of RM500,000 or 10% of total margin obligations. There is also a contribution requirement of RM1 million in cash or letters of credit to be made to the clearing fund. The</p>

	<p>clearing members are also required to lodge a security deposit of RM1 million in cash or letters of credit with MDCH.</p> <p>Non-clearing members must maintain the capital requirements as imposed by their respective exchanges, which would generally be lower than that imposed by the clearinghouse—</p> <ul style="list-style-type: none"> • In relation to COMMEX, broker members must have paid-up capital of RM4 million and net tangible assets of RM3 million as an entry requirement for membership. They must also maintain at all times minimum adjusted net capital similar to that required by MDCH. For a non-broker member, it must have paid up capital of RM2 million as an entry requirement, and maintain at all times net tangible assets of RM1 million. Adjusted net capital is not applicable to non-broker members. • In relation to KLOFFE, a non-clearing trading member is required to have a minimum paid up capital of RM5 million, and such other requirements specified under the FIA. Local members must meet the capital requirements as set by the exchange.
<p>Are brokers audited by regulators? By others? Please specify.</p>	<p>The exchanges conduct routine audits on all of their members every year. In addition, KLOFFE reviews adequacy of the members firms' working capital through submission of monthly financial statements. Likewise, COMMEX requires member firms to submit their audited accounts at the end of their financial years. It also requires members to file unaudited reports on a quarterly basis to ensure that they meet the minimum financial requirements of the exchange and the clearinghouse.</p>
<p>Are there segregation requirements for customer funds? If so, please describe.</p>	<p>The FIA requires all futures brokers to segregate funds or property that belong to a client from property of the broker. Futures brokers are required to initially place client</p>

	<p>funds received into a client’s segregated account. The aim of segregation is to ease identification of clients’ funds, facilitate the transfer of clients’ positions by the clearinghouse in the event of insolvency of a broker, and to protect funds from claims of creditors of an insolvent broker. A futures broker is also required to keep separate accounting records, which record separately the deposits and withdrawals with respect to each client. Again, separate records must be kept with respect to property in safe custody. Segregated money or property is not available to pay the general creditors of a broker on liquidation or bankruptcy.</p>
<p>Are there other customer compensation or “insurance” arrangements? If so, please describe.</p>	<p>There is no insurance arrangement for the futures industry.</p> <p>However, the futures exchanges are required to establish and maintain a fidelity fund. The purpose of the fund is to compensate clients who suffer monetary loss because of a defalcation or fraudulent misuse of funds by the brokers. Section 64 of the FIA requires that a futures broker contribute RM30,000 to the fidelity fund upon being licensed. For the next five years, they are required to contribute an additional RM10,000 per year. The said funds are non-returnable.</p>
<p>Are there custody requirements for customer funds? If so, please describe.</p>	<p>All customer funds received by a futures broker must be placed in the client’s segregated account.</p> <p>There are certain limited purposes for which a client’s segregated funds may be used. Section 52A(3) provides that the broker shall not withdraw any of the money except for the purpose of—</p> <ul style="list-style-type: none"> (a) making a payment to, or in accordance with the written direction of, a person entitled to the money; (b) making a payment for or in connection with, the entering into, margining, guaranteeing, securing, transferring, adjusting or settling of trading in futures

	<p>contracts effected by the broker on behalf of the client;</p> <p>(c) defraying brokerage and other proper charges incurred in respect of trading in futures contracts effected by the broker on behalf of the client;</p> <p>(d) investing it—</p> <p>(i) on deposit at interest with a licensed bank;</p> <p>(ii) on deposit with a clearinghouse for an exchange company; or</p> <p>(iii) in any other prescribed manner; or</p> <p>(e) making a payment that is otherwise authorised by law or by the business rules of an exchange company or clearinghouse of which the broker is an affiliate.</p>
<p>Are there dispute resolution procedures? If so, please describe.</p>	<p>In accordance with section 104 of the FIA, an action or other proceeding may not be brought in any court in respect of a dispute arising out of the business of trading in futures contracts—</p> <p>(a) between futures brokers;</p> <p>(b) between an affiliate and an exchange company;</p> <p>(c) between an affiliate and a clearinghouse; or</p> <p>(d) between a futures broker and a client of that broker,</p> <p>unless all the facilities for the settlement of the dispute as provided in the FIA, or the regulations or the business rules of the relevant futures exchanges or clearinghouses, as the case may be, have been exhausted. All front-line SROs have in their business rules procedures for settlement of disputes that varies between institutions.</p>
<p>Access to Foreign Markets</p>	
<p>Must foreign markets be approved for use by domestic investors? If so, by whom?</p>	<p>Malaysian citizens may trade directly in a foreign market through a foreign broker without any restrictions. A Malaysian futures broker, however, is prohibited from trading in futures contracts outside Malaysia unless the Minister of Finance has approved the foreign futures exchange as a specified exchange and</p>

	the futures contract is of an approved class of futures contract.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	Under the FIA, no person is allowed to operate a futures market unless that futures market, regardless of whether it is a physical or electronic system, is a futures market of an approved exchange company or an exempt futures market. As such, a foreign electronic trading system must first obtain ministerial approval either as a futures exchange or be declared an exempt futures market.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	Depending on the nature of the trading function performed, foreign electronic trading system operators must either obtain ministerial approval as a futures exchange or be declared as an exempt futures market (as described above) or possess a futures broker's license issued by the Securities Commission (SC) prior to providing local customers with direct access to their trading system via terminals or the Internet.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	Intermediaries must generally possess a futures broker's license issued by the SC before providing access to foreign markets by local individuals or firms via terminals or the Internet.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	There are no restrictions on foreign firms trading in local markets through intermediaries licensed by the SC. However, like any other clients, they will be subjected to the rules and regulations of the exchange. Foreign firms wishing to trade in local markets directly only can do so if they are a member of the futures exchange. If they also trade futures contracts on behalf of local investors, they would need to be licensed as a futures broker.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	By soliciting or targeting local customers, foreign intermediaries would be trading in futures contracts and would therefore need to be licensed as a futures broker.

Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	In so far as foreign investments in derivatives are concerned, there are currently no limits imposed on them. However, they are still subject to position limits as prescribed by the respective futures exchanges.
Are there restrictions on repatriation of funds? If so, please describe.	<p>There is no restriction on the repatriation of funds by non-residents from Malaysia. Repatriation of ringgit funds converted into foreign currency arising from profits realised on portfolio investments would, however, attract a 10% levy.</p> <p>The following items are not leviable upon production of documentary evidence to the remitting banks:</p> <ul style="list-style-type: none"> ▪ Profits realised on foreign direct investments; ▪ Profits realised on trades made on the Commodity and Monetary Exchange of Malaysia (COMMEX) and the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE); ▪ Profits realised on trades made on the Malaysian Exchange of Securities Dealing & Automated Quotation (MESDAQ); ▪ Gains realised on zero coupon bonds and Islamic papers; ▪ Proceeds from sale of immovable property in Malaysia; and ▪ Interest earned on investments made.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	There is no special dispute resolution procedure for foreign market users. They will be accorded the same treatment as local clients.
Taxation	
How are gains on derivatives products taxed?	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.

The tax treatment of financial derivatives would depend, among other things, on whether the taxpayer is a hedger, trader, or speculator—

Hedgers

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 related 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.

Traders

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.

Speculators

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

	<p>motive, the funding of the transactions, the frequency and volume of similar transactions, and the business in which the company is engaged).</p> <p>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.</p> <p>In regard to the applicable tax rate in Malaysia, local members (individuals) of the exchange are partially exempted from tax on the income derived from trading derivative products. They are given 70% abatement on their adjusted income for five years, starting from the date of commencement of operations of the relevant exchanges, which is renewable.</p> <p>However, there are certain conditions imposed on these local members:</p> <ul style="list-style-type: none"> - 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. <p>There are no exemptions given to futures broking firms. They are taxed at a flat corporate tax rate of 28%.</p>
<p>Do you have any double taxation treaties? If so, please list.</p>	<p>Malaysia has Double Taxation Agreements (DTA) with many countries. As at 27 July 2000, the status of Malaysian DTAs is as follows:</p> <p>43 effective DTAs: Australia, Austria, Bangladesh, Belgium, Canada, China, Czech Republic, Denmark, Fiji, Finland, France, Germany, Hungary, India, Indonesia, Ireland, Italy, Japan,</p>

	<p>Jordan, Mauritius, Mongolia, Netherlands, New Zealand, Norway, Pakistan, Papua New Guinea, Philippines, Poland, Romania, Russia, Saudi Arabia (limited agreement), Singapore, South Korea, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates, United Kingdom, United States of America (limited agreement), Uzbekistan, Vietnam;</p> <p>9 gazetted DTAs: Albania, Argentina (limited agreement), Bahrain, Egypt, Malta, Myanmar, Namibia, Sudan, Zimbabwe;</p> <p>11 concluded DTAs: Brunei, India (new agreement), Iran, Kazakstan, Kuwait, Morocco, Oman, Singapore (new agreement), South Africa, Sweden (new agreement), Kyrgyzstan.</p> <p>In addition, Malaysia is still negotiating DTAs with Chile, Croatia, Finland (new agreement), Luxembourg, Mexico, Spain and Uruguay.</p>
Insolvency	
<p>What insolvency provisions apply to your exchange derivatives markets? OTC transactions?</p>	<p>In the case of an individual, the Bankruptcy Act 1967 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.</p> <p>In respect of company insolvency, the Companies Act 1965 and its attendant rules and regulations, in particular the Companies Winding-Up Rules, would apply.</p> <p>However, in regard to the clearinghouse, section 106B(1) of the FIA 1993 provides that, in order to protect its financial stability, a clearinghouse may take action against an affiliated futures broker which—</p> <p>(a) is being wound up;</p> <p>(b) contravened financial, margining, or</p>

	<p>payment requirements specified by clearinghouse rules; or</p> <p>(c) is an affiliate falling into prescribed circumstances.</p> <p>This action must be approved by the SC and must be consistent with the clearinghouse's Business Rules. Subsection 106B(2) prevents provisions of the Companies Act 1965 from invalidating a clearinghouse's actions or from preventing a clearinghouse from acting.</p> <p>OTC derivatives are not regulated under the FIA, nor do they come under the jurisdiction of the SC. In the event of insolvency, the basic law, such as contract law and bankruptcy law, would be applicable.</p>
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	<p>Violation of exchange rules will be under the jurisdiction of the exchanges and the Securities Commission will look into violations of the FIA and other securities laws.</p> <p>In relation to violations of the law, including fraud, only a court may impose any sentence stipulated in the relevant legislation. However, where the legislation specifically empowers the SC to take action, then the SC may take such action as necessary.</p>
General	
Memberships in international standard setting organizations (e.g., IOSCO)? Please specify.	The SC is an active member of IOSCO.
E-mail contact information	<p>SC: <cau@seccom.com.my>.</p> <p>Ministry of Finance: <webmaster@treasury.gov.my>.</p>
Is basic law available on your Web site?	Only the Securities Commission Act 1993 (SCA), Securities Industry Act (SIA) and the Futures Industry Act 1993 (FIA) are available at the SC (< www.sc.com.my >).
Web site address(es)	<p>SC: <www.sc.com.my>.</p> <p>Ministry of Finance: <www.treasury.gov.my>.</p>

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	<p>There are two futures exchanges in Malaysia—</p> <ul style="list-style-type: none"> • Kuala Lumpur Options and Financial Futures Exchange (KLOFFE). • Commodity and Monetary Exchange of Malaysia (COMMEX).
Who owns the exchange (members, government, other)?	<p>KLOFFE is 100% owned by the Kuala Lumpur Stock Exchange, which is a member-owned exchange.</p> <p>COMMEX is a public company limited by guarantee and owned by members.</p>
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	<p>COMMEX: commodities and interest rate derivatives (crude palm oil futures & 3 month KLIBOR futures).</p> <p>KLOFFE: equity-linked derivatives (Kuala Lumpur Stock Exchange Composite Index Futures).</p> <p>Commodity contracts that may be traded on COMMEX are restricted to commodities that have been approved by the Commission after consultation with the minister charged with the responsibility for the relevant primary industries.</p>
What was the average daily volume in futures contract trading at year-end 1999?	<p>KLSE CI Futures: 1,699 contracts.</p> <p>Three Month KLIBOR Futures: 117 contracts.</p> <p>CPO Futures: 1,568 contracts.</p>
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	<p>KLSE CI Futures: 436,678 (RM30,760 million).</p> <p>3-Month KLIBOR Futures: 28,994 contracts.</p> <p>CPO Futures: 388,967 contracts.</p>
Please describe how you compute contract volume.	<p>One matched trade is considered one contract. Therefore, contract volume is based on the number of matched trades.</p>
Trading Features	
Is trading conducted electronically or by open outcry?	<p>Trading on KLOFFE is done electronically while COMMEX is by open outcry.</p>

Are prices disseminated in real-time? If so, how?	Price dissemination is real-time. KLOFFE's real-time price information is available from Bloomberg, Reuters, Telerate and Bridge. COMMEX's prices are disseminated on a real-time basis through Reuters, Bloomberg, Bridge Information System, Bernama and RT Services.
How frequently do you match trades?	Trades on KLOFFE are matched real-time. Trades on COMMEX are done by open outcry; <i>i.e.</i> trades are matched in the pit.
Is dual trading permitted?	There is no general prohibition against dual trading. The FIA 1993, however, requires that a client's trades be given priority over a broker's own trading. It also prohibits brokers from knowingly taking the opposite side of a client's order unless the client is aware of this fact.
What surveillance programs are used?	KLOFFE has an online market surveillance system, which can track market transactions and trading activities. COMMEX also uses customised software for surveillance purposes.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Inter-market surveillance is conducted by both KLOFFE and KLSE on expiration day of KLOFFE's FKLI contract. Both exchanges submit their respective inter-market surveillance reports to the Commission.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	The Commission is coordinating surveillance on common users of KLSE and KLOFFE (<i>i.e.</i> , inter-market surveillance).
Risk Management/Clearing	
Do exchanges have clearinghouses?	There is a single clearinghouse, the Malaysian Derivatives Clearinghouse (MDCH), clearing trades for all futures exchanges.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	The clearinghouse is owned by KLOFFE and COMMEX. It is considered a separate entity.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+0. Open positions are marked to market.
Is margin required?	Yes.

Who sets the margin levels?	Clearinghouse.
Is margin calculated on a gross or net basis?	Margin is calculated on a net basis at the clients' level.
How frequently are positions marked to market? How often are gains/losses settled?	The positions are marked-to-market daily and the gains and losses are settled before the start of the next trading day.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	The Clearinghouse has recourse to the following financial resources in the event of failure or default of a clearing member: <ul style="list-style-type: none"> ▪ Initial margin deposits ▪ Security deposit contributions ▪ Clearing Fund contributions ▪ MDCH's shareholders funds and reserves.
How does the clearinghouse allocate losses in the event of a clearing member default?	If the loss suffered by MDCH results from the default of a member, that member's margins, security deposit and clearing fund contribution will be claimed first. In the unlikely event that this is insufficient to cover the loss, MDCH can resort to the clearing fund contributions of other clearing members on a proportionate basis.
Can customer positions be transferred in the event of default?	Customer positions can be transferred in the event of a default.
Are emergency rules in place? If so, please specify.	The emergency rules are provided in MDCH's Business Rules. The clearinghouse has rules regarding emergency situations whereby certain actions can be taken, such as 1) taking offsetting positions in any other markets which, in its opinion, would assist to preserve its financial integrity, and 2) suspend or terminate the membership of any clearing member whose financial condition or business conduct jeopardizes, or may jeopardize, the financial integrity or the reputation of the clearinghouse.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	No. All clearing members are subjected to the rules of the clearinghouse (MDCH) and the law of Malaysia.

Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	Not at the moment.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	The exchange currently does not provide direct access via electronic systems. However, prices are disseminated via financial data disseminators such as Bloomberg, Reuters, Bridge, <i>etc.</i> Customer orders would still have to be placed through a broker.
Are customers given access to order routing systems by intermediaries?	Not at the moment.
General	
Do you have any alliances with other exchanges? If so, please specify.	No. However, the Futures Industry (Specified Exchanges) Order 1997 specifies a list of recognised international exchanges and futures contracts that futures brokers can trade on.
Are exchange rules available on the Internet?	Not at the moment.
Are clearing rules available on the Internet?	Not at the moment.
E-Mail contact information.	KLOFFE: < kloffe@kloffe.com.my >. COMMEX: < inquiry@commex.com.my >.
Web site address(es).	KLOFFE: < www.kloffe.com.my >. COMMEX: < www.commex.com.my >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ KLCI Index Futures ▪ KLIBOR Futures ▪ CPO Futures 	KLOFFE COMMEX COMMEX
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable

New Zealand

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$41,672,000,000.
1999 GDP (Local Currency)	NZ\$98,913,000,000.
1999 Consumer Price Index Increase	(0.4%).
1999 Balance of Trade Surplus (US\$)	\$533,787,000.
1999 Total External Debt (US\$)	\$42,947,000,000.
Market Data	
1999 Stock market capitalization (US\$)	\$22,903,717,507.
1999 Corporate Debt Market (US\$)	N/a
1999 Sovereign Debt Market (US\$)	\$5,700,000,000 (approximately).
1999 Sub-Sovereign Debt Market (US\$)	N/a
Sovereign Debt Rating/Rating Agency	Aa2/AA+.
General Data	
Currency	New Zealand Dollar.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	0.4699 – 0.5327.
1999 Population	3,808,900.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Agriculture, manufacturing and tourism.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): No.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Securities Amendment Act 1988.
Principal securities law	Securities Act 1978, Securities Amendment Act 1988, Sharebrokers Act 1908.
Futures regulatory authority	New Zealand Securities Commission (NZSC).
Securities regulatory authority	NZSC.
Specify any relevant self-regulatory organization(s) (SROs)?	New Zealand Futures & Options Exchange (NZFOE), New Zealand Stock Exchange (NZSE).
Do SROs supplement governmental regulation? How?	Yes. Both SROs require their members to comply with relevant legislation. Both SROs have business rules, and the NZSE has listing rules. There is also a Memorandum of Understanding between the NZFOE and the NZSC.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. Any stock exchange must be registered by the Minister of Commerce, and any futures exchange must be authorised by the NZSC. Currently the NZFOE and the Sydney Futures Exchange Limited (SFE) are the only authorised futures exchanges.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	No. The SROs specify listing criteria and contract specifications. The NZSC is consulted.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Comprehensive reporting and dissemination rules appear in the Business Rules of the NZFOE. In addition, the NZSC requires an annual report from the Business Conduct Committee (BCC) of the NZFOE. The BCC is the body principally responsible for the enforcement of the rules of the NZFOE. The BCC is required to advise the NZSC of disciplinary action taken by the BCC, non-compliance by any NZFOE dealer in terms of the financial resources requirements of the NZFOE, failure by any dealer to meet any margin call, any bankruptcy or insolvency of any dealer or

	director thereof, claims on the fidelity fund and all dispensations from or waivers of the rules.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Maximum volume per order limits and maximum price change limits are set in respect of individual traders. The limits are set in relation to the level of experience of each trader. No circuit breakers are in place. This is primarily because the vast majority of investors are major banking institutions.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others? Please specify.	Exchanges are subject to review by the NZSC.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes. "Dealing in futures contracts" is defined to include the giving of advice or assistance and so all people who give advice or assistance on futures contracts or induce others to deal must be authorised.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	The NZFOE requires that a dealer shall maintain accounting records that correctly record and explain the transactions, the financial position of the dealer, and enable compliance with the NZFOE's rules to be conveniently ascertained by the BCC. The records must also be capable of being properly audited. Dealers are required to provide the BCC with a copy of the signed audited annual financial accounts within three months after the date of the dealer's annual balance date. A dealer must also provide to the BCC such other financial reports and information as the BCC may reasonably request. Dealers are required to ensure that their transaction, accounting and other records are made available to the BCC upon request. Brokers are also required to provide the BCC with a monthly statement of their financial

	resources in accordance with a prescribed form.
<p>Are there sales practice/conduct of business standards for brokers? Others? Please specify.</p>	<p>Yes. These are contained in the Business Rules of the NZFOE. In particular:</p> <ol style="list-style-type: none"> 1) A broker may not issue or disseminate, or permit the issue or dissemination of, any advertisement or unsolicited business communication that is false and misleading or is likely to prejudice the public image of the NZFOE. A broker may not issue or disseminate, or permit the issue or dissemination of, any advertisement or unsolicited business communication that has been disapproved by the NZFOE. 2) A broker shall not provide any services to a client unless that client has completed and signed a prescribed client acknowledgement form. 3) A broker may not trade on behalf of a director, partner or employee of another dealer, or a person with whom any director, partner or employee of another broker is connected, unless the broker has: <ol style="list-style-type: none"> a) obtained a written consent from that other dealer consenting to the trade; and b) provided a copy of such consent to the BCC and received confirmation of receipt from the BCC; and c) attached a copy of the written consent to the Client Acknowledgement form held by the broker. 4) Each offer to buy and sell must be made on the NZFOE and shall be open to the broker first accepting it, for the whole or part of such offer.
<p>Are there minimum capital requirements for brokers? For others? Please specify.</p>	<p>The minimum requirement for a broker authorised to deal in contracts on behalf of other persons and/or on its own behalf, but not authorised to accept or hold client money or client property, is NZ\$15,000.</p>

	<p>The minimum requirement for a broker authorised to deal in contracts on behalf of other persons and/or on its own behalf, and authorised to accept and hold client money and client property is NZ\$150,000, provided that all of that broker's business activities are subject to compliance with the Futures Industry (Client Funds) Regulations 1990.</p> <p>The minimum requirement for a broker authorised to deal in contracts on behalf of other persons and/or on its own behalf, and authorised to accept and hold client money and client property, but not subject to compliance with the Futures Industry (Client Funds) Regulations 1990, is \$NZ\$300,000.</p> <p>These minimum requirements may be increased in individual cases, depending on the volume of the broker's margins.</p>
<p>Are brokers audited by regulators? By others? Please specify.</p>	<p>All dealers are required to be audited by independent external auditors.</p> <p>Dealer's records must be capable of being properly audited.</p> <p>Brokers are subject to review by the NZSC.</p> <p>Brokers are subject to inspections by the BCC or its agents. These may be conducted both on a scheduled basis and, at times, with or without notice.</p> <p>Dealers are required to provide the BCC, at the cost of the dealer, with a copy of their signed audited annual financial accounts within three months after the date of the dealer's annual balance date.</p>
<p>Are there segregation requirements for customer funds? If so, please describe.</p>	<p>The Futures Industry (Client Funds) Regulations 1990 provides that all client money received by a member of an authorised futures exchange shall, immediately after it is received, be paid into a client bank account.</p>

	<p>Every client bank account shall be maintained by the dealer in the name of the dealer and shall include in its title the description “client bank account.” Every client’s account should be dealt with separately.</p>
<p>Are there other customer compensation or “insurance” arrangements? If so, please describe.</p>	<p>The NZFOE maintains a fund which is the property of the NZFOE, but which is kept separate from all of its other property. The fund consists primarily of annual contributions and levies paid by dealers and the initial contribution of new dealers. The purpose of the fund is to compensate clients who suffer monetary loss because of a defalcation or fraudulent misuse of funds by a broker.</p>
<p>Are there custody requirements for customer funds? If so, please describe.</p>	<p>In accordance with the Futures Industry (Client Funds) Regulations 1990, all client property received by a dealer which is capable of deposit in safe custody shall, immediately after it is received, be deposited in safe custody on behalf of the client entitled to the property with:</p> <ol style="list-style-type: none"> 1) the Reserve Bank of New Zealand; 2) a registered bank in New Zealand; 3) an overseas bank outside New Zealand; 4) a recognised clearinghouse; 5) a person who is designated by the NZSC.
<p>Are there dispute resolution procedures? If so, please describe.</p>	<p>The BCC may refer any dispute that:</p> <ol style="list-style-type: none"> 1) is between a dealer and any other dealer, or with the consent of the client, with a client of dealer; or 2) which arises in connection with the business of the dealer; or 3) which arises out of an act or omission which is alleged to have occurred within one year of the date of the referral; <p>to arbitration. Arbitration is conducted by an independent arbitrator or arbitrators appointed under the NZFOE’s rules. Arbitration shall:</p> <ol style="list-style-type: none"> 1) be in writing and be signed and dated by the arbitrator; 2) state the reasons on which it is based; 3) contain such order for payment of the costs

	<p>of the award, and of the parties as the arbitrator thinks fit; and</p> <p>4) be sent by the arbitrator to the BCC as soon as is reasonably practicable after it is signed.</p>
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No, but dealer members of these markets may be subject to New Zealand law.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	An overseas exchange wishing to site terminals in New Zealand in order to provide direct access to their market will need to be authorised by the NZSC. In addition, the New Zealand dealer members will be subject to New Zealand law.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No, unless these persons/firms are acting for any other person.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	A person carrying on the business of dealing in futures contracts (which includes the provision of assistance or advice) must be authorised by the NZSC.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Yes. Any person carrying on the business of dealing in futures contracts must be authorised by the NZSC.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Yes. Any person carrying on the business of dealing in futures contracts must be authorised by the NZSC. We consider this so even if enforcement difficulties arise.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	The Overseas Investment Act 1973 and the Overseas Investment Regulations 1995 require that consent be obtained prior to the acquisition of certain securities by an overseas person that would result in the overseas person having a prescribed level of control of a New Zealand entity or if the total consideration provided exceeds NZ\$50 million. In general, these requirements do not apply to derivative transactions.
Are there restrictions on repatriation of funds? If so, please describe.	No.

Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	They are predominantly taxed as income, as opposed to being treated as capital gains, pursuant to the Inland Revenue Department's accrual rules. Derivatives are taxed as financial arrangements.
Do you have any double taxation treaties? If so, please list.	Yes. New Zealand has double taxation treaties with: Australia, Belgium, Canada, China, Denmark, Fiji, Finland, France, Germany, India, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Netherlands, Norway, Philippines, Singapore, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, United States of America.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	In the case of an individual, the Insolvency Act 1967 will apply. In the case of a company, the liquidation provisions of the Companies Act 1993 and the Receiverships Act 1993 apply.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	Both the BCC and the NZFOE generally can levy fines on members. The Registrar of Companies is primarily responsible for prosecuting breaches of the law. The Serious Fraud Office may also prosecute where fraud is involved. Fraud is prohibited pursuant to the Crimes Act 1961.
General	
Memberships in international standard setting organizations (e.g., IOSCO)? Please specify.	The Securities Commission is an active Member of IOSCO.
E-mail contact information	NZSC: < seccom@sec-com.govt.nz >.
Is basic law available on your Web site?	Yes.
Web site address(es)	NZSC: < www.sec-com.govt.nz >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	NZFOE.
Who owns the exchange (members, government, other)?	SFE.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Interest rates, equities and electricity.
What was the average daily volume in futures contract trading at year-end 1999?	3,263.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Number of contracts = 825,546.
What was the level of open interest in futures contracts at year-end 1999?	68,862.
Please describe how you compute contract volume.	The sum of the number of contracts.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically.
Are prices disseminated in real-time? If so, how?	Yes. They are disseminated electronically.
How frequently do you match trades?	The NZFOE matches trades daily.
Is dual trading permitted?	No.
What surveillance programs are used?	Surveillance is conducted by the SFE Surveillance Department.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Yes. Arrangements are informal involving the Reserve Bank of New Zealand, the NZSE and the NZSC.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Surveillance is coordinated by the SFE and the SFE's clearinghouse.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	The clearinghouse of the NZFOE is a wholly owned subsidiary of the SFE.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	The NZFOE settles all contracts the following business day (<i>i.e.</i> , T+1).
Is margin required?	Yes.

Who sets the margin levels?	The clearinghouse and the clearinghouse rules.
Is margin calculated on a gross or net basis?	98% of the NZFOE's market consists of NZ\$500,000 bank bills. NZ\$500 is set off the contract price by the NZFOE per margin called, before the contract is revalued.
How frequently are positions marked to market? How often are gains/losses settled?	Positions are marked to market on a daily basis. Settlement is required within 24 hours by New Zealand dealers and within 48 hours by overseas dealers.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	The clearinghouse has significant insurance and guarantees in place.
How does the clearinghouse allocate losses in the event of a clearing member default?	The clearinghouse endeavours to close out the open positions of the clearing member in default. After doing this and using all possible endeavours to cover its liability with respect to the open contracts of the clearing member in default which have not been closed, the clearinghouse will allocate losses in accordance with their bylaws.
Can customer positions be transferred in the event of default?	Yes, they may be transferred to another member of the NZFOE, together with any initial margins that in the opinion of the clearinghouse, are held in respect of such open positions.
Are emergency rules in place? If so, please specify.	In the event of a market emergency or undesirable situation arising, the clearinghouse has authority to make bylaws as necessary, and to respond to directions of the Australian Securities & Investment Commission and the NZSC even where such a direction is inconsistent with the clearinghouse's bylaws.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	The NZFOE rules and all contracts traded on the NZFOE are governed by New Zealand law.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	Yes.

Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes. Direct access is permitted via the Member Firm Operating System (MFOS).
Are customers given access to order routing systems by intermediaries?	Yes, via MFOS. The trading permit holder remains responsible for all trades that are undertaken.
General	
Do you have any alliances with other exchanges? If so, please specify.	The NZFOE is a wholly owned subsidiary of the SFE.
Are exchange rules available on the Internet?	No, but they may be ordered on the internet.
Are clearing rules available on the Internet?	No, but they may be ordered on the internet.
E-Mail contact information.	NZFOE: < info@nzfoe.co.nz >.
Web site address(es).	NZFOE: < www.nzfoe.co.nz >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Interest Rates ▪ Equities ▪ Electricity 	NZFOE
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Interest Rates ▪ Equities ▪ Individual equities 	NZFOE

South Korea

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$40,210,000,000. ¹
1999 GDP (Local Currency)	KR Won 478,250,000,000,000.
1999 Consumer Price Index Increase	0.8%.
1999 Balance of Trade Surplus (Deficit)	KR Won 283,709,000,000.
1999 Total External Debt	\$74,050,000,000.
Market Data	
1999 Stock market capitalization (US\$)	\$302,758,113,305. ²
1999 Corporate Debt Market (US\$)	\$96,258,760,395.
1999 Sovereign Debt Market (US\$)	\$219,419,182,259. ³
1999 Sub-Sovereign Debt Market (US\$)	N/a
Sovereign Debt Rating/Rating Agency	BBB (S&P, October 2000). Baa3 (Moody's, July 2000). BBB+ (Fitch IBCA, March 2000).
General Data	
Currency	KR Won.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	1,218.7 – 1,106.4 (KR Won/US\$). ⁴
1999 Population	46,858,000.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	N/a
Additional Macroeconomic Summary Information: Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes. SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/korcats.htm >>.	

¹ National Statistical Office <www.nso.go.kr>.

² Korea Stock Exchange: divided the year end market capitalization of 349,503,966 million won from year-end F/X rate of 1154.4 won/US\$.

³ Including public bonds.

⁴ Bank of Korea <www.bok.or.kr>.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	The principal derivatives law is the Futures Trading Act of 1995 (FTA), but stock index futures and stock index options are regulated by the Securities and Exchange Act of 1962 (SEA). ⁵ OTC derivatives trading, with respect to foreign currency or non-residents, is regulated by the Foreign Exchange Management Act of 1961.
Principal securities law	Securities and Exchange Act of 1962.
Futures regulatory authority	<p>The Ministry of Finance & Economy (MOFE) has the authority to amend the Acts and the Enforcement Degree of the FTA.</p> <p>The Financial Supervisory Commission (FSC) has the authority to grant licenses to derivatives-related businesses. The FSC also has the authority to supervise and to regulate derivatives trading and derivatives-related businesses.</p> <p>In addition, the executive arm of the FSC, the Financial Supervisory Service (FSS), was launched on January 1, 1999.</p>
Securities regulatory authority	(same as the futures regulatory authority).
Specify any relevant self-regulatory organization(s) (SROs)?	<p>There are exchanges and associations:</p> <ul style="list-style-type: none"> ▪ The Korea Futures Exchange (KOFEX) was opened in 1999. ▪ The Korea Futures Association (KOFA) was established in 1996. <p>Stock index futures and stock index options are self-regulated by the Korea Stock Exchange (KSE) and the Korea Securities Dealers Association (KSDA).</p>
Do SROs supplement governmental regulation? How?	Yes. The SROs (exchanges and associations) require their members to comply with the acts

⁵ The stock index futures market, launched in May 1996, and the stock index options market, launched in July 1997, are sub-markets of the Korea Stock Exchange regulated by the SEA. Effective January 1, 2004, the FTA will regulate both markets.

	and rules and regulations thereunder, as well as appropriate SRO rules.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. An exchange is required to get a license from MOFE prior to its establishment. Prior approval from the MOFE (which should consult with the FSC) must be obtained before enacting any changes.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Listing and design criteria for contracts must be prescribed in the business regulations of an exchange.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Exchanges must disseminate the price of each contract and keep raw data on the prices. The FTA requires exchanges to report prices, trading volume and other information to the FSC.
Do price limits and circuit breakers exist? If so, at what levels are they set?	<p>KSE:</p> <p>Price Limits:</p> <ul style="list-style-type: none"> - Stock Index Futures: Daily price change limit for futures contracts is $\pm 10\%$ of the previous day's closing price. - Stock Index Options: None <p>Circuit Breakers:</p> <ul style="list-style-type: none"> - Futures and options trading is halted for 5 minutes when the price of the futures contract with the largest trading volume on the previous day changes by $\pm 5\%$ or more than the previous day's closing price and lasts for one minute or longer, and the price deviates from the theoretical price by $\pm 3\%$ or more and lasts for one minute or longer. The trading resumes with a call auction for 10 minutes. - The trading in futures and option market is halted in cases where stock trading is suspended automatically for 20 minutes when the KOSPI falls 10% or more from the previous day's closing price and lasts for one minute or longer. Circuit breakers are not triggered after 14:20, and during the first five minutes of an opening session

	<p>or a reopening session. They are applied just once a day.</p> <p>KOFEX:</p> <p>Price Limits:</p> <ul style="list-style-type: none"> - US Dollar Futures, US Dollar Options, CD Futures, Gold Futures, KTB Futures: None. - KOSDAQ50: 10% of the previous closing price. <p>Circuit Breakers (KOSDAQ50):</p> <ul style="list-style-type: none"> - When the lead month contract hits $\pm 7\%$ of the previous day's closing price for one (1) minute, and the deviation rate of the current futures price from the theoretical price is equal to or greater than $\pm 3\%$, the trading of all contracts is halted for the next five minutes. - The market will be halted in the event of a suspension of trading in the stock market, and trading will remain suspended until the normal stock market operation is resumed.
Are there special requirements for electronic trading systems? If so, please specify.	Yes. Exchanges must be equipped with electronic trading systems needed to contract and to settle the trading.
Are exchanges audited by regulators? By others? Please specify.	Yes. The FSC can have the staff of the FSS examine exchanges.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Futures trading companies must obtain a license from the FSC in accordance with the FTA.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Securities companies ⁶ and futures trading companies must keep books and records of all transactions and accounting, and report to the FSC in accordance with the FSC's rules and regulations.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	There are sales practice/conduct of business standards for securities companies and futures trading companies. Major standards cover risk disclosure, customer suitability, protection of

⁶ Broker-dealers of stock index futures and stock index options.

	customer funds, and notice to customers and others to prevent fraud or misrepresentation.
Are there minimum capital requirements for brokers? For others? Please specify.	Securities companies must initiate their businesses with minimum capital of 20 billion won in accordance with the SEA. The FTA requires that futures trading companies must maintain 3 billion won.
Are brokers audited by regulators? By others? Please specify.	Securities companies and futures trading companies are required to be examined by the FSS.
Are there segregation requirements for customer funds? If so, please describe.	Yes. Securities companies and futures trading companies must deposit customer funds with the Securities Finance Corporation pursuant to the SEA. The customer funds must be distinct from the firms' own property.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	For securities companies of stock index futures and stock index options: <ul style="list-style-type: none"> - The members of the stock exchange are required to prepare a reserve, called a "Joint Compensation Fund" (JCF) for losses incurred from contravention of contracts. - The specific reserve rates vary within 0.001% of notional amount of futures trading as well as the option premium according to traded commodities. - There is an insurance system for customer funds. If the securities companies are unable to pay customer funds due to bankruptcy, <i>etc.</i>, the Korea Deposit Insurance Corporation provides protection of up to 20 million won for customer accounts. - For customer funds deposited before July 31, 1998, principal plus accrued interest shall be protected. - For customer funds deposited after August 1, 1998, where the principal exceeds 20 million won per person, all the principal shall be protected; where the principal falls under 20 million won, the principal plus accrued interest shall be protected to 20 million won.

	<p>For futures trading companies:</p> <ul style="list-style-type: none"> - The members of the futures exchange are required to reserve the Joint Compensation Fund in the exchange. - The specific reserve rates vary within 0.005% of notional amount of future trading according to traded commodities. - There is no insurance program for futures trading companies.
Are there custody requirements for customer funds? If so, please describe.	<p>Securities companies, which are permitted only to engage in brokerage activities, do not have custody of cash.</p> <p>In addition, futures trading companies, who are only permitted to engage in brokerage, must not have custody of cash.</p>
Are there dispute resolution procedures? If so, please describe.	<p>The FTA/SEA grants the authority to resolve disputes to the FSS. Once a customer's claim is filed with the FSS, it cross-examines both parties involved and inspects related records and documents. The FSS then presents a mediation resolution to both parties and, if both parties agree, the dispute is settled out of court. In cases where the customer agrees but the securities company or futures commission merchant rejects the mediation resolution, the FSS may take disciplinary action against the securities company or futures commission merchant.</p>
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No. However, domestic investors intending to conduct overseas trading must do so through futures trading companies.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	Yes, domestic investors intending to conduct overseas trading must do so through futures trading companies in Korea.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	Yes, domestic investors intending to conduct overseas trading must do so through futures trading companies in Korea.

Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	Yes, domestic investors intending to conduct overseas trading must do so through futures trading companies in Korea.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Yes, domestic investors intending to conduct overseas trading must do so through futures trading companies in Korea.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Yes. Foreign intermediaries soliciting customers must obtain a license from the FSC in accordance with the FTA.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	All the investment limits on derivatives have been lifted. However, the FSC may, if deemed necessary, impose restrictions on futures trading by foreigners. In the case of investments on stock index futures and stock index options, foreign investors must make an initial registration with the FSS.
Are there restrictions on repatriation of funds? If so, please describe.	A branch or office of foreign futures trading companies must hold assets in Korea equivalent to the aggregate of its business fund and liabilities. If assets do not meet the requirement, foreign futures trading companies must make up assets within 60 days from the closing day.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No. However, the same dispute resolution procedures are applied to disputes between foreign market users and futures trading companies in Korea.
Taxation	
How are gains on derivatives products taxed?	There is no capital gains tax in Korea.
Do you have any double taxation treaties? If so, please list.	Yes. Double taxation treaties are in effect with 54 countries (as of the end of January 2001), including the US, the UK and Japan.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Securities companies of stock index futures and stock index options and futures trading companies: - The Financial Industry Restructuring Act of 1997 applies first, then the SEA or FTA.

	- The Bankruptcy Act is applied in instances not accounted for in the previous two acts.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The FSC is responsible for investigating and punishing violations of fraud. However, only the prosecutor can bring an action.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO, APEC, ASEAN, IMF, OECD, World Bank, IAIS.
E-mail contact information	FSS: < jackiel@fss.or.kr >.
Is basic law available on your Web site?	Yes.
Web site address(es)	FSS: < www.fss.or.kr >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	<p>Korea Stock Exchange (KSE)</p> <ul style="list-style-type: none"> - Only futures and options on stock price indices are traded on the KSE. <p>Korea Futures Exchange (KOFEX)</p> <ul style="list-style-type: none"> - KOFEX listed US dollar currency futures and options, CD futures, and gold futures, KTB (Korea Treasury Bond) futures. KOFEX will list KOSDAQ50 futures and increase the number of listed products by developing new products.
Who owns the exchange (members, government, other)?	Members.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	<p>KSE: Stock Price Index Futures, Stock Price Index Options.</p> <p>KOFEX: US Dollar Futures, US Dollar Options, CD Futures, Gold Futures, KTB Futures, and KOSDAQ50 (Stock Index) futures (planned).</p>
What was the average daily volume in futures contract trading at year-end 1999?	<p>KSE</p> <ul style="list-style-type: none"> - 69,078 contracts. <p>KOFEX</p> <ul style="list-style-type: none"> - 5,688 contracts (from April 1999). - 10,664 contracts (as of September 2000).
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	<p>KSE</p> <ul style="list-style-type: none"> - 17,200,349 contracts. - 821,408 billion won. <p>KOFEX</p> <ul style="list-style-type: none"> - 1,006,801 contracts; 1,492 billion won (from April to year-end 1999). - 1,930,139 contracts; 810 billion won (as of September 2000).
What was the level of open interest in futures contracts at year-end 1999?	<p>KSE</p> <ul style="list-style-type: none"> - 38,028 contracts. <p>KOFEX</p> <ul style="list-style-type: none"> - 30,843 contracts.
Please describe how you compute contract volume.	One sale and purchase makes one contract.

Trading Features	
Is trading conducted electronically or by open outcry?	Trading is conducted electronically.
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 and KOFEX. The exchange also provides trading data to Reuters, Bloomberg, Telerate, and others.
How frequently do you match trades?	Continuously during a session.
Is dual trading permitted?	Yes.
What surveillance programs are used?	KSE: The Comprehensive Surveillance and Information System (COSIS) is used for the stock market. The Futures and Options Surveillance System (FOSS) is used for the futures and options market. KOFEX: The Comprehensive Surveillance System (COSS) is used for surveillance. COSS is composed of the Futures Watch System and the Related Stock and Futures Surveillance System.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Not necessary.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	No.
Risk Management/Clearing	
Do exchanges have clearinghouses?	KSE: Yes (in-house type). KOFEX: Yes (in-house type).
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	The KSE assumes clearinghouse responsibilities. The KOFEX has a Clearing House Department (or team), and undertakes all rights and obligations of a clearinghouse.
What is the settlement time frame (e.g., T+ ₋)?	KSE: T+1. KOFEX: T+1 (exceptionally, Gold Futures are T+2).
Is margin required?	Yes.

Who sets the margin levels?	KSE. KOFEX.
Is margin calculated on a gross or net basis?	Net basis.
How frequently are positions marked to market? How often are gains/losses settled?	Daily/Daily.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Korea Deposit Insurance Corporation, Joint Compensation Fund (JCF), and Fidelity Guaranty Money.
How does the clearinghouse allocate losses in the event of a clearing member default?	<p>KSE makes up losses resulting in cases of default by using the anti-default funds in the order indicated:</p> <ol style="list-style-type: none"> 1. The defaulting member's margin deposit (cash). 2. The defaulting member's JCF. 3. The defaulting member's Fidelity Guaranty Money. 4. Other members' stakes in the JCF. 5. The defaulting member's deposited securities. <p>KOFEX</p> <p>When a member fails to perform the obligation arising from futures trading, KOFEX will replenish the losses according to the following:</p> <ol style="list-style-type: none"> 1. The defaulted member's property. 2. The member's Good Faith Deposit deposited in the exchange. 3. The Guarantee Fund of the member. 4. The Guarantee Fund of other clearing members.
Can customer positions be transferred in the event of default?	<p>KSE: Yes. Upon a clearing member's default, all open customer positions held by the member would be transferred to other members.</p> <p>KOFEX: Yes. Upon a clearing member's default, all open positions held by the member would be transferred to other members and occasionally KOFEX.</p>
Are emergency rules in place? If so, please specify.	Yes. In the event that futures or options transactions cannot be normally executed because of natural disaster, warfare, <i>etc.</i> , the

	MOFE can order the temporary closing of the market or take other necessary measures.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	No.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	No.
Are customers given access to order routing systems by intermediaries?	No.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	Yes.
E-Mail contact information.	KSE: < w3master@www.kse.or.kr >. KOFEX: < webmaster@kofex.com >. FSS: < fssintl@fss.or.kr >.
Web site address(es).	FSS: < www.fss.or.kr >. FSC: < www.fsc.go.kr >. KSE: < www.kse.or.kr >. KOFEX: < www.kofex.com >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Stock Price Index Futures ▪ US Dollar Futures ▪ CD Futures ▪ Gold Futures ▪ KTB Futures ▪ KOSDAQ50 	Korea Stock Exchange KOFEX
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Stock Price Index Options ▪ US Dollar Options 	Korea Stock Exchange KOFEX

Taiwan

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$288 billion.
1999 GDP (Local Currency)	NT\$9,312 billion.
1999 Consumer Price Index Increase	0.18%.
1999 Balance of Trade Surplus (Deficit)	\$10,901 million.
1999 Total External Debt	\$32.76 million. ¹
Market Data	
1999 Stock market capitalization (US\$)	NT\$11,803,520 million. (Approximately \$375,968 million).
1999 Corporate Debt Market (US\$)	NT\$451,670 million. ² (Approximately \$14,387 million).
1999 Sovereign Debt Market (US\$)	NT\$606,900 million. ³ (Approximately \$19,331 million).
1999 Sub-Sovereign Debt Market (US\$)	NT\$636,920 million. ⁴ (Approximately \$20,287 million).
Sovereign Debt Rating/Rating Agency	Standard & Poor's: <ul style="list-style-type: none"> a) Foreign currency denominated debt: AA+/Stable/A-1+. b) Local currency denominated debt: AA+/Stable/A-1+. c) Rating date: 06/24/1998.
General Data	
Currency	New Taiwan Dollar (NT\$).
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	32.304 – 30.794 (NT\$/US\$). During that period: Highest: 30.302 (04/10/00); Lowest: 32.365 (07/16/99).
1999 Population	22.03 million.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Agriculture, industry, and services.

¹ Direct foreign debt of central government.

² Outstanding amount.

³ Outstanding amount of public bonds of central government general budget.

⁴ Total outstanding amount of government bonds minus the sovereign debt figure.

Additional Macroeconomic Summary Information:

[None]

Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): No.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Futures Trading Law.
Principal securities law	Securities & Exchange Law.
Futures regulatory authority	SFC (Securities and Futures Commission).
Securities regulatory authority	SFC.
Specify any relevant self-regulatory organization(s) (SROs)?	<ul style="list-style-type: none"> ▪ TAIFEX (Taiwan Futures Exchange). ▪ TFA (Taipei Futures Association). ▪ TSE (Taiwan Stock Exchange). ▪ TSDA (Taiwan Securities Dealers Association).
Do SROs supplement governmental regulation? How?	SROs supplement governmental regulation by enacting other regulations under governmental authorization, or carrying out governmental regulation when authorized by the government.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	SFC specifies listings or design criteria for contracts.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Periodic trading statistics, financial statements of the exchange and futures industry, auditing reports of the exchange and futures industry, <i>etc.</i>
Do price limits and circuit breakers exist? If so, at what levels are they set?	Daily price limit: $\pm 7\%$ of pervious day's settlement price. Circuit breakers: not applicable.
Are there special requirements for electronic trading systems? If so, please specify.	SFC must authorize electronic trading systems.
Are exchanges audited by regulators? By others? Please specify.	SFC audits exchanges.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	All futures brokers, dealers, and IBs must be authorized and licensed by SFC prior to the start of operating: <ol style="list-style-type: none"> 1. Minimum capital requirement - Futures brokers: NT\$200,000,000; Futures dealers: NT\$400,000,000.

	2. Minimum associated persons - Futures brokers: 3 persons; Futures dealers: 3 persons.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Periodic trading statistics, financial statements, auditing reports and others required by SFC.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes. Please refer to Article 63 of the Futures Trading Law, Article 55 of Regulations Governing Futures Commission Merchants, and Article 16 of Rules Governing Responsible Persons and Associated Persons of Futures Commission Merchants.
Are there minimum capital requirements for brokers? For others? Please specify.	Futures brokers: NT\$200,000,000. Futures dealers: NT\$400,000,000.
Are brokers audited by regulators? By others? Please specify.	Futures brokers are audited by TAIFEX and SFC.
Are there segregation requirements for customer funds? If so, please describe.	Futures brokers must open accounts exclusively for customer funds in banks designated by SFC, which shall be segregated from the accounts for the brokers' own assets.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	Yes. Please refer to Article 49 and Article 60 of the Futures Trading Law.
Are there custody requirements for customer funds? If so, please describe.	Futures brokers shall deposit customer funds in the accounts described above and shall not withdraw the funds unless the situations regulated in Article 71 of the Futures Trading Law have occurred.
Are there dispute resolution procedures? If so, please describe.	Any dispute can be resolved by arbitration if both parties are in agreement.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Foreign markets, including both the exchange itself and the contracts, must get approval from SFC for use by domestic investors.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	Not available.

Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	Not available.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	Not available.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	To trade at the TAIFEX market, foreign firms shall, based on a letter of permission granted by SFC/TSE for their investment in the securities market, appoint a local agent or representative to open futures trading accounts, and sign the Risk Disclosure Statement and the Consignment Agreement with qualified futures brokers/IBs.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Foreign intermediaries who intend to solicit customers in Taiwan must establish branch offices in Taiwan.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Any foreign participant (the foreign institutional investors, overseas Chinese and foreign nationals outside of Taiwan) must at all times keep the total contract value of a futures open position to no more than the total market value of their stock position and, combined with their investment in the money market, below 30% of their remitted-in funds.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	National treatment is applied.
Taxation	
How are gains on derivatives products taxed?	The futures transaction tax rate is 0.025%, and no capital gain on futures trading is levied.
Do you have any double taxation treaties? If so, please list.	Please visit < www.dot.gov.tw > to get the information you need.

Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	For exchange transactions on TAIFEX: Please refer to Article 49 of the Futures Trading Law. OTC transactions: not applicable.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	SFC and TAIFEX.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO.
E-mail contact information	SFC: < susi@sfc.gov.tw >.
Is basic law available on your Web site?	Yes.
Web site address(es)	SFC: < www.sfc.gov.tw >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	As of December 31, 2000, there is only one exchange in Taiwan, which is the Taiwan Futures Exchange (TAIFEX).
Who owns the exchange (members, government, other)?	Futures firms, securities firms, banking firms, and other futures and securities related firms.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Stock index futures.
What was the average daily volume in futures contract trading at year-end 1999?	4,051.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	1,007,672. NT\$3,155 billion (approximately \$100 billion).
What was the level of open interest in futures contracts at year-end 1999?	5,696.
Please describe how you compute contract volume.	Buy or sell trading volume.
Trading Features	
Is trading conducted electronically or by open outcry?	100% electronically.
Are prices disseminated in real-time? If so, how?	Yes, through the contracted information vendors.
How frequently do you match trades?	Every 10 seconds.
Is dual trading permitted?	No.
What surveillance programs are used?	<p>To prevent insider trading and market manipulation, the main focus of the current regulation governing market surveillance is as follows:</p> <ol style="list-style-type: none"> 1. Direct and Real-time Access to Individual Traders' Account Information; 2. Contract Design and Position Limits <p>It is by nature more difficult to manipulate the price of financial futures contracts. Moreover, the underlying of the currently listed futures contracts are all broad-based and capitalization-weighted stock indexes, which increases further the degree of comprehension to manipulate.</p>

	<p>3. On-line monitoring and off-line analysis; 4. Cross-market information sharing.</p> <p>To prevent cross-market illegal practices and to cope with market emergencies, TAIFEX has entered into a “Cross-Market Information Sharing Memorandum of Understanding” with the Taiwan Stock Exchange (TSE), the R.O.C. OTC Securities Exchange (ROSE), and the clearing organization for TSE, the Taiwan Securities Central Depository (TSCD).</p>
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Yes, please refer to the above (4).
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Yes; same as above.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes, the TAIFEX has its internal clearing department.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	The shareholders of the TAIFEX.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T day.
Is margin required?	Yes.
Who sets the margin levels?	The TAIFEX Clearing Department.
Is margin calculated on a gross or net basis?	Gross.
How frequently are positions marked to market? How often are gains/losses settled?	Both are daily.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	<p>The following resources are employed for potential defaults:</p> <ol style="list-style-type: none"> 1. Clearing margin; 2. Clearing and settlement funds posted by the clearing members;

	<ol style="list-style-type: none"> 3. Compensation Reserve Fund set aside by the TAIFEX; 4. Common Bond-balance of the residual default amount will be proportionally allocated to the clearing members under a percentage set by the Clearing Committee.
How does the clearinghouse allocate losses in the event of clearing member default?	<ol style="list-style-type: none"> 1. Fifty percent shall be levied in proportion to each clearing member's share of the total number of contracts cleared during the 6-month period preceding the day the loss was declared by the clearinghouse. 2. The other fifty percent shall be levied in proportion to each clearing member's share of the average open interest of the 30 business days preceding the day the loss was declared by the clearinghouse.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes. Please see Article 116 and 117 of the TAIFEX Exchange Rules.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	No. Clearing is done locally. The TAIFEX does not have remote members.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	No.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	No.
Are customers given access to order routing systems by intermediaries?	Yes (FCMs or IBs).
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes. The English version will soon be available on the Internet.
Are clearing rules available on the Internet?	Yes. The English version will soon be available on the Internet.
E-Mail contact information.	TAIFEX: < service@taifex.com.tw >.
Web site address(es).	TAIFEX: < www.taifex.com.tw >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Equity indexes 	TAIFEX
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable

Thailand

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$32.8 billion.
1999 GDP (Baht)	1,240.7 billion.
1999 Consumer Price Index Increase	0.3%.
1999 Balance of Trade Surplus (Deficit) (US\$)	\$9,248.0 million.
1999 Total External Debt (US\$)	\$95,648 million.
Market Data	
1999 Stock market capitalization (US\$)	\$57,960.3 million.
1999 Corporate Debt Market (US\$)	\$7,752.0 million.
1999 Sovereign Debt Market (US\$)	\$16,976.0 million.
1999 Sub-Sovereign Debt Market (US\$)	Not available.
Sovereign Debt Rating/Rating Agency	BBB-/A-3 (by S&P as of 09/29/2000).
General Data	
Currency	Baht.
Is currency pegged to US dollar?	No.
If so, what is the currency floor? The cap?	
Exchange rate range 6/30/99 to 6/30/00	37.1795 – 39.0645.
1999 Population	61.80 million.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Computers and parts, textile products, electrical appliances, integrated circuits and parts.
Additional Macroeconomic Summary Information:	
<ol style="list-style-type: none"> 1. 1999 average exchange rate = 37.8374 baht/US\$. 2. 1999 GNP per capita = 73,771 baht. 3. 1999 international reserves = \$34.8 billion. 	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes. SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/thacats.htm >>; see also << www.bot.or.th >>.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	The Council of State is waiting for comments on the Draft Derivatives Act (DDA)* from a relevant government organization prior to submission to the Parliament for approval. During this period, SET is permitted by the SEC to trade equity-linked options as a security. When the DDA is effective, all types of derivatives, including options listed on SET, will be regulated under the DDA. Therefore, the following answers are applicable to derivatives products under both the DDA and SEA, except where specified.
Principal securities law	The principal securities law is the Securities and Exchange Act B.E. 2535 (1992) (SEA).
Futures regulatory authority	SEC (for financial futures and options).
Securities regulatory authority	SEC.
Specify any relevant self-regulatory organization(s) (SROs)?	SEA: Exchanges and clearinghouses. DDA: Exchanges, clearinghouses and regulatory associations of derivatives intermediaries.
Do SROs supplement governmental regulation? How?	Exchanges, clearinghouses and regulatory associations are required to enforce compliance of their members with their own rules and code of conduct for the derivatives businesses. Such rules have to be approved by the SEC before becoming effective.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Exchanges whose businesses involve the general public shall be granted a license by the SEC provided they meet the conditions set forth in the DDA. Exchanges that provide services only for institutional investors shall be required to register with the SEC.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Exchanges shall design their own contract, and seek SEC approval.

* The Council of State has changed the name of the draft Act from that shown in the previous report. *See 1999 Status Report on Exchange-Traded Derivatives in Developing Capital Markets*, COMMODITY FUTURES TRADING COMM. (1999).

What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Exchanges are required to maintain an efficient dissemination and recordkeeping system for trading information, and must submit reports or documents as prescribed by the SEC.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Pursuant to SET rules related to SET50 index options, price limits are set at $\pm 30\%$ of the previous day's closing underlying index. Circuit breakers are triggered when some SET50 index stocks are halted or suspended if their aggregated market capitalization exceeds 50% of total market capitalization of all stocks constituting the SET50 index.
Are exchanges audited by regulators? By others? Please specify.	The SEC has power to audit exchanges that are permitted to conduct derivatives business.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	According to the DDA, brokers, dealers, advisors, and fund managers whose businesses involve the general public are required to obtain licenses from the SEC before they conduct derivatives businesses, provided that their shareholders who hold shares equal to or more than 10% of total shares are approved by the SEC. Those who provide services exclusively to institutional investors are required to register with the SEC.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Intermediaries are required to submit their financial reports or any other documents as prescribed by the SEC. To enhance the integrity of the financial system and to control risks incurred by derivatives transactions, the SEC can issue rules related to recordkeeping of transactions.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	The SEC, for the purpose of economic stability, investor protection, or safeguarding public interest, shall determine sales practice or conduct of business standards for all intermediaries.
Are there minimum capital requirements for brokers? For others? Please specify.	The SEC is authorized to impose minimum capital requirements for each type of business.
Are brokers audited by regulators? By others? Please specify.	All brokers are audited by the SEC.

Are there segregation requirements for customer funds? If so, please describe.	Segregation of customer funds both at the intermediary level and at the clearinghouse level are required by SEC rules or regulations, and also by the DDA.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	Customer compensation or insurance arrangements are not required by law.
Are there custody requirements for customer funds? If so, please describe.	SEA: There are no custody requirements. DDA: Custodians of customer funds must be approved by the SEC and must comply with the segregation requirements prescribed for the intermediary and the clearinghouse.
Are there dispute resolution procedures? If so, please describe.	SEA: SET has dispute resolution procedures, but they are not imposed by law. DDA: Exchange and regulatory associations are required by the DDA to have dispute resolution procedures.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	The SEC approves foreign markets for use by domestic investors only when firms solicit the public in Thailand.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	Not applicable because fund inflow and outflow are restricted by the BOT.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	Not applicable because fund inflow and outflow are restricted by the BOT.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	Not applicable because fund inflow and outflow are restricted by the BOT.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	No.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	All intermediaries who solicit customers in Thailand, including foreign intermediaries, shall comply with the laws, rules, and regulations applicable to each type of business.

Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
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 special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	As of now there are no derivatives exchanges in Thailand. SET will soon launch index options, which will be taxed similarly to other securities traded on SET (<i>i.e.</i> , natural persons, both local and foreign, shall not be taxed for gains). Foreign juristic persons will be subject to a 15% withholding tax on such gains, while gain/losses incurred to Thai juristic persons will be in their income statements and subject to corporate income tax of 30%.
Do you have any double taxation treaties? If so, please list.	Currently Thailand has double taxation treaties with 40 countries: Australia, Austria, Bangladesh, Belgium, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Hungary, India, Indonesia, Israel, Italy, Japan, Laos, Luxembourg, Malaysia, Mauritius, Nepal, Netherlands, New Zealand, Norway, Pakistan, Philippines, Poland, Romania, Singapore, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, United Kingdom, United States of America, Uzbekistan, and Vietnam.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	SEA: There are no insolvency provisions. DDA: There are provisions to 1) Ensure that funds segregated at the clearinghouse as clearing members' assets can be applied towards fulfilling contractual obligations in the case

	<p>of a clearing member's or client's insolvency; client funds at the clearinghouse can be applied in the case of a client's insolvency, and</p> <p>2) protect client assets in the case of an intermediary's insolvency.</p>
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The SEC is responsible for punishing persons who violate the laws and SEC rules. The exchange must provide measures to enforce compliance with its rules on its members.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	The SEC is a member of IOSCO.
E-mail contact information	SEC: < info@sec.or.th >.
Is basic law available on your Web site?	The SEA and the DDA are available on the SEC's web site; other laws (<i>e.g.</i> , banking laws) are available via web links.
Web site address(es)	SEC: < www.sec.or.th >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	The Stock Exchange of Thailand (SET) (also see details in regulatory data).
Who owns the exchange (members, government, other)?	SEA: SET is a juristic person chartered by SEA. The owner of SET is unidentifiable. DDA: Shareholders are owners of the exchange, which is a public limited company.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	SET50 index option that will soon be launched.
What was the average daily volume in futures contract trading at year-end 1999?	Not applicable.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Not applicable.
What was the level of open interest in futures contracts at year-end 1999?	Not applicable.
Please describe how you compute contract volume.	Long positions in puts and short positions in calls are counted altogether as downside, and short positions in puts and long positions in calls are counted altogether as upside of the market.
Trading Features	
Is trading conducted electronically or by open outcry?	Trading is conducted electronically.
Are prices disseminated in real-time? If so, how?	Yes. Option prices will be disseminated on-line through the SET Information Management System.
How frequently do you match trades?	Instantly when orders are auto-matched.
Is dual trading permitted?	Yes.
What surveillance programs are used?	SET plans to use its in-house surveillance computer program.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Yes. The surveillance department of SET supervises both the cash market and derivatives market.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	No.

Risk Management/Clearing	
Do exchanges have clearinghouses?	Thailand Securities Depository Company (TSD) will perform the function of clearinghouse for securities and options traded on SET.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	TSD is a limited company that is wholly owned by the SET.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+1.
Is margin required?	Yes.
Who sets the margin levels?	TSD sets the margin level for options traded on SET.
Is margin calculated on a gross or net basis?	Margin is calculated on a gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	TSD will mark positions and settle gains/losses once everyday. In the event of high market volatility, positions may be marked more than one time in that day, and TSD has authority to call for settlement of intraday margin collateral.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	For brokers/clearing members: credit line, bank guarantee, clearing funds. For clearinghouses: credit line, SET assets.
How does the clearinghouse allocate losses in the event of a clearing member default?	Any assets deposited with TSD that belong to a defaulting clearing member will be used first. Then, the clearing fund will be used as follows: 1) the defaulting clearing member, 2) other clearing members, and 3) SET's portion will be the last to be used.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes. The following are measures SET has authority to proceed with when an emergency occurs: 1. Disallow any member to create any additional new position. 2. Direct any member to offset the existing positions. 3. Set new position limits. 4. Direct any member to transfer customer positions to another member. 5. Request more collateral from a member.

	6. Temporarily suspend trading of any contract.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	Clearing members must abide by the DDA, rules and regulations thereunder.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	SEA: The exchange does not permit remote members or direct participants. However, SEC has proposed a draft amendment to the SEA that will remove the restriction that bars exchange members from trading SET-listed securities outside the SET. DDA: There is no specific provision for the exchange on permission of remote members.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	No.
Are customers given access to order routing systems by intermediaries?	Some securities companies currently provide customers direct access through their order routing systems. SET is working on providing similar systems (so-called internet trading platforms) for those companies that are unable to do so.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	Yes.
E-Mail contact information.	SET: < investorline@set.or.th >.
Web site address(es).	SET: < www.set.or.th >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ SET50 Index Option 	SET

EUROPE

Summary Information
EUROPE

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Czech Republic	Prague Stock Exchange. ¹	Not applicable.	Not applicable.	Not applicable.
Czech Republic	RM-System.	Not applicable.	Not applicable.	Not applicable.
Greece	Athens Derivatives Exchange, S.A.	635 contracts.	48,877.	Equity index futures and options, bond futures, stock repos and reverse stock repos.
Hungary	Budapest Stock Exchange. ²	[value: HUF 6,664 million/day]	191,712 contracts.	Futures and options on equity indices, single equities; FX, interest rate, and bond futures.
Hungary	Budapest Commodity Exchange. ³	Financial section: [value: HUF 2,303 million] Grains section: [value: HUF 527.5 million] Livestock section: [value: HUF 1.2 million]	Financial section: [value: HUF 578 billion] Grains section: [value: HUF 132.4 billion] Livestock section: [value: HUF 313 million]	Agricultural futures and options; futures on FX, and interest rates.
Poland	Warsaw Stock Exchange.	803 contracts. ⁴	Futures on WIG20 index: [value: 6 billion zł] Futures on US dollar and Euro: [value: 353.7 million zł] WSE Warrants: [value: 14.8 million zł]	Futures on WIG 20 and Tech WIG indices, US dollar and EURO; Warrants on WIG 20 and NIF indexes, and select individual equities.
Poland	Central Table of Offers.	N/a	N/a	Futures on IBANK, IBUD, ICOM, IMIX, ISPO indexes and on US dollar; Warrants on US dollar.
Poland	Warsaw Commodity Exchange.	N/a	N/a	Futures on US dollar, EURO, 3MWIBOR, IMWIBOR, wheat.
Poland	Energy Exchange	Not yet active.	Not yet active.	[Planned:] Energy futures.

¹ As of December 2000 no standard derivatives market existed in the Czech Republic.

² Data reflects year 2000 figures.

³ Data reflects year 2000 figures.

⁴ Average daily volume figures for Poland's three exchanges are combined.

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Portugal	Bolsa de Valores de Lisboa e Porto.	7,424 contracts.	1,856,032 contracts.	Equity and equity index futures and options.
Russia	Moscow Interbank Currency Exchange.	Resumed trading November 2000.	Resumed trading November 2000.	RUR/USD exchange rate futures.
Russia	“Saint Petersburg” Exchange.	N/a	N/a	RUR/USD exchange rate futures, Gazprom, RAO UES, and Surgutneftegas common share futures; options on RAO UES common share futures.
Russia	Moscow Stock Exchange.	N/a	N/a	Futures on Gazprom common shares.
Russia	Ekaterinburg Stock Exchange.	N/a	N/a	Futures on Gazprom and RAO UES common shares; options on futures of Gazprom common shares.
Russia	St. Petersburg Currency Exchange.	Started October 2000.	Started October 2000.	Futures on RUR/USD rate, futures on Gazprom, and RAO UES common shares.
Slovenia	Ljubljana Stock Exchange. ⁵	Not applicable.	Not applicable.	Not applicable.
Turkey	The Istanbul Gold Exchange.	Negligible amount.	47 contracts.	Gold futures.
Turkey	Derivatives Exchange.	Not yet active.	Not yet active.	Not yet active.

⁵ Only trades securities; no derivatives trading infrastructure exists.

Czech Republic

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$51.008333 billion.
1999 GDP (Local Currency)	1,836.3 million.
1999 Consumer Price Index Increase	2.1%.
1999 Balance of Trade Surplus (Deficit)	\$1892.3 million.
1999 Total External Debt	\$22.6153 billion (up to 31.12.1999).
Market Data	
1999 Stock market capitalization (US\$)	\$13,583,353.
1999 Corporate Debt Market (US\$)	\$5,268,016.
1999 Sovereign Debt Market (US\$)	\$2,979,043.
1999 Sub-Sovereign Debt Market (US\$)	\$68,277.
Sovereign Debt Rating/Rating Agency	Czech Rating Agency.
General Data	
Currency	Czech Crown [Koruna] (CZK).
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	22.901 – 23.151.
1999 Population	10,300,000 million.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Energetics and metallurgy, mining, automobile and machine-tool industry.
Additional Macroeconomic Summary Information:	
Conversion rate into US Dollars as of December 31, 1999: 35.979 CZK for 1 US Dollar.	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/czecats.htm >>.	

Disclaimer:

As of December 2000 no standard derivatives market existed in the Czech Republic. No license for trading of derivatives has been issued, whether to the Prague Stock Exchange or the RM-Systém, A.S. Neither has such a license been issued to securities dealers. The forward contracts with the physical delivery of commodities can nevertheless be closed at the commodities exchanges. The following information is based on the current law applicable to securities business and its regulation by governmental institutions. Because the current law deals with derivatives trading only marginally, the particular sections of the law dealing with securities trading are analogically applied (for the purpose of this questionnaire) to derivatives trading.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Czech Securities Act – 591/1992 Sb. Stock Exchange Act – 214/1992 Sb. Commodity Stock Exchange Act – 229/1992 Sb.
Principal securities law	Czech Securities Act – 591/1992 Sb.
Futures regulatory authority	Czech Securities Commission (CSC) supervises all kind of futures trading except Commodity Futures Trading (since January 1, 2001, all commodity derivatives will be supervised by the CSC except those contracts with physical delivery of commodities). The Ministry of Industry and Trade supervises commodity futures trading in cooperation with the Ministry of Agriculture (since January 1, 2001, they will supervise only the contracts with physical delivery of commodities).
Securities regulatory authority	CSC.
Specify any relevant self-regulatory organization(s) (SROs)?	The Prague Stock Exchange is regarded as an SRO.
Do SROs supplement governmental regulation? How?	The exchanges are constructed as membership organizations and regulate their business with their internal regulatory rules.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. The process of authorization is described in the principle derivatives laws
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	The principle listing criteria are thoroughly specified in the Czech Securities Act, and in greater detail in internal rules of exchanges, according to the legal provisions of relevant acts.

What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The stock exchange has a general duty to disseminate prices and trade volume to the public.
Do price limits and circuit breakers exist? If so, at what levels are they set?	At the market-making system, the prices of all trades must be in the range $\pm 0.5\%$ from the best bid/offer price. The circuit breaker is set at the level $\pm 20\%$ from the opening price.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others? Please specify.	No. Certified auditors carry out the audit as set out by law and by the principles of the Chamber of Auditors.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes, they are set in the Czech Securities Act very specifically for brokerage houses as well as for brokers. The brokerage house is allowed to provide its financial services to its clients only via a licensed broker.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Traders have a duty to record all transactions and received client orders. They have to report all substantial changes concerning their organizational, personal and material basis.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes. Very generally set in the Czech Securities Act; in some cases, specified in decrees issued by the Ministry of Finance.
Are there minimum capital requirements for brokers? For others? Please specify.	Yes. 10,000,000 CZK for a brokerage house.
Are brokers audited by regulators? By others? Please specify.	No, the same auditing procedure as with the exchanges.
Are there segregation requirements for customer funds? If so, please describe.	Yes, the brokerage house must strictly segregate its own funds from those of its clients in its activities and accounting procedures.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	No.
Are there custody requirements for customer funds? If so, please describe.	Not applicable.
Are there dispute resolution procedures? If so, please describe.	There are no specific procedures; disputes are to be sorted out in a court. The stock

	exchange has established its own Court of Arbitration.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No, if the orders will be transferred by licensed brokers. Otherwise, they must be approved by the CSC.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No, if only the licensed persons/firms can become members of such systems. Otherwise, the CSC must license them as a brokerage house or a stock exchange.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No (see previous answer).
Are there any requirements on intermediaries that provide customers in you jurisdiction access to foreign markets via order routing systems? If so, please describe.	Yes. Intermediaries must be licensed as brokerage houses.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	No. However, if they trade directly, then they must be licensed as brokerage houses.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Yes, they must be licensed as brokerage houses.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	Like any other income according to the provisions of the Income Tax Act.
Do you have any double taxation treaties? If so, please list.	Agreements on prevention of double taxation are published in the collection of laws.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	General provisions of the Bankruptcy Act.

Enforcement	
What authority is responsible for punishing 1) violations of exchange rules, 2) the law, or regulations governing derivatives? 3) Fraud?	1) The stock exchange itself and partially CSC; 2) CSC; 3) General courts.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO – ordinary member.
E-mail contact information	SEC: < podatelna@sec.cz >.
Is basic law available on your Web site?	Yes.
Web site address(es)	SEC: < www.sec.cz >.

- NO ADDITIONAL INFORMATION SUBMITTED -

Greece

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$125,000,000,000 (current market prices).
1999 GDP (Local Currency)	38,147,000,000,000 Drachmas (current market prices).
1999 Consumer Price Index Increase	2.6%.
1999 Balance of Trade Surplus (Deficit)	\$16,147,850,000.
1999 Total External Debt	\$31,850,000,000.
Market Data	
1999 Stock market capitalization (US\$)	\$204,927,840,700 (approximately).
1999 Corporate Debt Market (US\$)	\$448,760,000.
1999 Private sector treasury bills	\$5,282,000,000.
1999 General government debt	\$121,520,000,000.
Sovereign Debt Rating/Rating Agency	A2/Moody's
General Data	
Currency	Drachma.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	314.44 – 351.78.
1999 Population	10,533,700.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry).	Tourism, textiles, chemicals, metals, wine and food processing.
Additional Macroeconomic Summary Information:	
Major Sectors in terms of employment: <ul style="list-style-type: none"> ▪ Primary sector: 20%; ▪ Secondary sector: 22.5%; ▪ Services: 57.5%. 	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): No.	
SDDS or Other Data Source Web Address: << www.mnec.gr/ypetho/converg/sgp00_en.htm >>; see also << www.bankofgreece.gr >>.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Law 2533/1997 (see also following answer).
Principal securities law	<ul style="list-style-type: none"> - Law 1806/1988 introduced new concepts in stock exchange function and regulation. It provided the legal framework for the establishment of the Parallel Market and the Central Securities Depository. - Law 1969/1991 established the Capital Market Commission as a supervisory authority and regulated the foundation of portfolio investment companies and of mutual funds. - Law 2324/1995 transformed the A.S.E. into a joint stock company, supplements the listing regulations, broadened the scope of activities of brokerage companies, allowed remote broking, deregulated commissions and introduced amendments to the Capital Market Commission regulations. - Law 2396/1996 implemented into Greek Law the EU Directives on “The Provision of Investment Services” and on “The Capital Adequacy of Companies Providing Investment Services,” legalised the introduction of Hellenic Certificates (a form of depository receipts) into the Hellenic capital market, and enacted the conditions for the dematerialisation of listed shares. - Law 2533/1997 established the Athens Derivatives Exchange, the Athens Derivatives Clearing House, and set the relevant derivatives exchange regulation. It provided the legal framework for the establishment of the Hellenic Market of Emerging Capital Markets for trading of depository receipts and equivalent certificates, and modified the existing Guarantee Fund. - Law 2651/1998 imposes certain modifications on Presidential Decree 350/1985, regarding the terms and

	<p>conditions for the listing of shares on the ASE. The terms and conditions for the listing of shares in the ASE became more flexible and were harmonized with those of the other European Union countries. At the same time, the flexibility of the new regulations was counterbalanced by the imposition of stricter rules on the transparency of procedures regulating initial public offerings, and stricter responsibilities of issuers, underwriters and advisors.</p> <p>In addition, Greece has already adopted all European Union Directives concerning capital markets and financial services such as 93/22 on Investment Services (ISD), 93/6 on Capital Adequacy Requirements, 85/611 on Undertakings for Collective Investment in Transferable Securities (UCITS), 79/279 on Initial Public Offerings (P.D. 52/1992), 348/85 on Prospectuses, 89/592 on Insider Dealing, and 91/308 on Money Laundering.</p>
Futures regulatory authority	The Hellenic Capital Market Commission.
Securities regulatory authority	The Hellenic Capital Market Commission.
Specify any relevant self-regulatory organization(s) (SROs)?	To a certain extent, the Athens Stock Exchange (A.S.E.) and the Athens Derivatives Exchange (A.D.E.X.).
Do SROs supplement governmental regulation? How?	No.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. According to Law 1806/1988, a stock exchange in Greece can be established by a presidential decree following a recommendation by the Minister of National Economy and an opinion expressed by the Capital Market Commission. The Law provides that the same presidential decree must provide for the establishment of an investors' compensation fund. All stock exchanges that may be established have to be incorporated as <i>societes anonymes</i> , are subject to the existing legislation governing the stock market, and are supervised by the Capital

	Market Commission. In addition to the stock exchanges' articles of association, a regulation governing its operation has to be approved by the Minister of National Economy following a suggestion by the CMC.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	The Boards of Directors of the Athens Derivatives Exchange (A.D.E.X.) and the Athens Derivatives Clearing House (A.D.E.C.H.) specify the listings and design criteria for contracts traded on the A.D.E.X.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	There is implicit reporting through the automated electronic trading system (OASIS).
Do price limits and circuit breakers exist? If so, at what levels are they set?	Price limits exist and are set at $\pm 12\%$ for the cash market, whereas no price limits or circuit breakers exist for the derivatives market.
Are there special requirements for electronic trading systems? If so, please specify.	Yes, there are. All members of both the Athens Stock Exchange (A.S.E.) and the Athens Derivatives Exchange (A.D.E.X.) must execute their orders through a system of terminals established either in the A.S.E. or A.D.E.X., respectively, and/or in their offices. Remote members are also allowed.
Are exchanges audited by regulators? By others? Please specify.	The Capital Market Commission is the supervisory authority of the exchanges operating in Greece according to the existing legislation.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	There are licensing/authorization requirements for both brokerage firms and the following categories of companies: <ul style="list-style-type: none"> - Investment Services Companies (ISCs). - Fund Management Companies (FMCs) (open-end funds). - Portfolio Investment Companies (PICs) (closed-end funds).
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	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.

Are there sales practice/conduct of business standards for brokers? Others? Please specify.	There are sales practice/conduct of business standards for brokerage firms, ISCs, and institutional investors.
Are there minimum capital requirements for brokers? For others? Please specify.	There are minimum capital requirements for both brokerage firms and the following categories of companies: - ISCs, - FMCs, - PICs.
Are brokers audited by regulators? By others? Please specify.	Yes, by regulators.
Are there segregation requirements for customer funds? If so, please describe.	Yes. ISCs are prohibited from using customer funds for their own account according to Law 2396/1996, and the Code of Conduct for ISCs. In addition, omnibus accounts are not allowed in the Hellenic capital market.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	Yes. Law 2533/1997 reorganised the Athens Stock Exchange Members Guarantee Fund, which is an investors compensation scheme.
Are there custody requirements for customer funds? If so, please describe.	Yes. According to Law 2396/1996 custody services are non-core services and may be provided by ISCs.
Are there dispute resolution procedures? If so, please describe.	Yes. The position of Capital Markets Ombudsman was recently established for the resolution of differences among investors and companies functioning within the capital markets.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	The competent authority must approve foreign markets for use by domestic institutional investors. For individual investors such approval is not necessary. Within the European Economic Area the concept of the “European Passport” is the common practice, according to the provisions of the Investment Services Directive 93/22 (ISD).
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	If these trading systems are regulated markets within the European Economic Area, then according to the provisions of the ISD, Greek brokerage firms may become remote members of these markets following the process of

	notification between the competent authorities (“European Passport”). If the trading systems are regulated markets outside the European Economic Area, they are required to obtain a license from the Capital Market Commission, and MoU agreements have to be signed between the competent authorities.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	See previous answer.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	The same requirements applied to domestic intermediaries are also applicable to foreign intermediaries. More specifically, the Code of Conduct for Investment Services Companies is applied.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	The provisions of the Code of Conduct for Investment Services Companies are also applicable to foreign firms.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	See previous question.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	There are no limits on foreign investment in derivatives. However, there are limits per clearing member, which is calculated by A.D.E.C.H.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Yes. The position of Capital Markets Ombudsman was recently established for the resolution of differences among investors and companies functioning within the capital markets.
Taxation	
How are gains on derivatives products taxed?	There is no tax applicable on derivatives. Capital gains from derivatives are taxed along with any other capital gains according to the existing law.
Do you have any double taxation treaties? If so, please list.	Yes, with several countries including the U.S.

Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	The A.D.E.C.H. is the counter party for all transactions in the A.D.E.X., thus safeguarding counterparty risk. In addition to this, Law 2533/1997 reorganised the Athens Stock Exchange Members Guarantee Fund, which is an investors compensation scheme. Currently, the A.D.E.C.H. does not settle and clear OTC transactions.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The Capital Market Commission is responsible for administrative fines, whereas Criminal Justice is responsible for cases of criminal statute. Under specific circumstances the A.S.E. and A.D.E.X. may be responsible.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO, FESCO, ECB, IMF, OECD, World Bank, EIB, EBRD.
E-mail contact information	Capital Market Commission: < Eleftheria@aueb.gr >.
Is basic law available on your Web site?	Not applicable.
Web site address(es)	Under construction.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	Athens Derivatives Exchange, S.A. (ADEX).
Who owns the exchange (members, government, other)?	The A.D.E.X. is a <i>societe anonyme</i> (Athens Stock Exchange, Institutional Investors, Banks, Brokerage Firms, etc.).
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, etc.) by exchange. Please describe.	Futures on the FTSE/ASE-20 Index. Futures on the FTSE/ASE Mid 40 Index. Futures on the 10 Year Hellenic Republic Bond. Options on the FTSE/ASE-20 Index. Stock Repos. Reverse Stock Repos.
What was the average daily volume in futures contract trading at year-end 1999?	635 (for updated information please see our monthly statistics, per product, at www.adex.ase.gr).
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	48,877/857.76 Million EURO (for updated information please see our monthly statistics, per product, at www.adex.ase.gr).
What was the level of open interest in futures contracts at year-end 1999?	1,656 Contracts (for updated information please see our monthly statistics, per product, at www.adex.ase.gr).
Please describe how you compute contract volume.	One side of the market (buyers or sellers).
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically.
Are prices disseminated in real-time? If so, how?	Yes. Electronically.
How frequently do you match trades?	All trades are matched real-time under price and time priority criteria.
Is dual trading permitted?	No.
What surveillance programs are used?	OM Electronic Supervision System.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Yes. The Hellenic Capital Market Commission has the authority to supervise both markets.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Not applicable.

Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	The A.D.E.C.H. is a <i>societe anonyme</i> (Athens Stock Exchange, Institutional Investors, Banks, Brokerage Firms, <i>etc.</i>).
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+1, for futures and options.
Is margin required?	Yes.
Who sets the margin levels?	The A.D.E.C.H.
Is margin calculated on a gross or net basis?	On a gross basis since positions are kept at an end-client level. Netting facility is also available.
How frequently are positions marked to market? How often are gains/losses settled?	On a daily basis.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Cash/stocks/bonds, credit letters from banks.
How does the clearinghouse allocate losses in the event of a clearing member default?	Losses are charged to the defaulting clearing member.
Can customer positions be transferred in the event of default?	Yes, to other members within the same day.
Are emergency rules in place? If so, please specify.	Yes, there is a disaster recovery plan. There are default procedures.
Do exchange rules override inconsistent insolvency law?	Yes.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	It is allowed by law and is supported technically.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes, via the OM Trading System (Client/Server Technology) + Telecommunication Lines + Gateway.
Are customers given access to order routing systems by intermediaries?	Yes. It is allowed but has not yet been used.
General	
Do you have any alliances with other exchanges? If so, please specify.	Not yet.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	Yes.
E-Mail contact information.	A.D.E.X.: < n.porfiris@adex.ase.gr >.
Web site address(es).	A.D.E.X.: < www.adex.ase.gr >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Equity indices <ul style="list-style-type: none"> ▪ FTSE/ASE-20 ▪ FTSE/ASE MID 40 Debt <ul style="list-style-type: none"> ▪ 10-Year Bond Individual equities <ul style="list-style-type: none"> ▪ Stock repos ▪ Reverse stock repos 	A.D.E.X.
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Equity indices <ul style="list-style-type: none"> ▪ FTSE/ASE-20 	A.D.E.X.

Hungary

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$48.23 billion.
1999 GDP (Local Currency)	HUF 11,436.5 billion.
2000 Consumer Price Index Increase	+10.6% (year on year).
End November 2000 Balance of Trade Surplus (Deficit)	(\$3,656 million). ¹
2000 Total External Debt	Gross external debt amounted to \$50,709 million (from which: National Bank of Hungary and government: \$15,501 million). The net external debt was \$28,224 million, from which the NBH and the government amounted to \$1,941 million.
Market Data	
2000 Stock market capitalization (US\$)	Capitalization of the Budapest Stock Exchange: \$24,392.8 million, from which capitalization of the equities section: \$11,919.78 million.
2000 Corporate Debt Market	Corporate bond capitalization at the Budapest Stock Exchange (BSE): \$198.11 million. Corporate bond turnover at the BSE: \$345.90 million.
2000 Sovereign Debt Market (US\$)	<ul style="list-style-type: none"> ▪ Government securities capitalization at the BSE (end of 1999): \$11,958.9 million, from which T-bills accounted for \$2,800.07 million. ▪ Government securities turnover at the BSE in 2000: \$5,726.2 million, from which T-bills turnover: \$1,105.86 million (<i>Note: turnover of government securities was restructured for the benefit of OTC markets</i>).
1999 Sub-Sovereign Debt Market (US\$)	N/a (<i>Note: Municipal bonds are not listed on the Stock Exchange</i>)
Sovereign Debt Rating/Rating Agency	Concerning external debt of Hungary: Standard & Poor's A- Moody's IS: A3. FITCH A- JCR Japan A-

¹ Based on customs statistics.

	Thomson Bankwatch	BBB+.
General Data		
Currency	Hungarian Forint (SWIFT-code: HUF).	
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No, HUF is pegged to Euro. Volume of depreciation is set monthly (0.3 percent/month since April 1, 2000) and is implemented daily.	
Exchange rate range 6/30/99 to 6/30/00	±2.25%.	
1999 Population	10,017,000.	
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Manufacturing (23.8% of GDP); Real estate and business services (15.6% of GDP); Trade and repair (11.6% of GDP).	
Additional Macroeconomic Summary Information:		
Deficit of the trade balance based on current account statistics in November 2000: \$2,329 million.		
Deficit of the current account from January-November 2000: \$1,519 million; January-December 2000 preliminary figures: \$1,770 million.		
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.		
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/huncats.htm >>.		

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Act XXXIX of 1994 on the Commodity Exchange and Transactions. Act CXI of 1996 on the Offering of Securities, Investment Services and the Stock Exchange.
Principal securities law	Act CXI of 1996 on the Offering of Securities, Investment Services and the Stock Exchange.
Futures regulatory authority	Regulatory authority: Ministry of Finance. Supervisory authority: Hungarian Financial Supervisory Authority (HFSA) (formerly: Hungarian Banking and Capital Market Supervision (HBCMS)). On April 1, 2000, the three former supervisory authorities – HBCMS, Hungarian Insurance Supervision and Hungarian Funds Supervision – were merged into the new HFSA. Neither the former authorities nor the new supervisory authority has regulatory power.
Securities regulatory authority	Regulatory authority: Ministry of Finance. Supervisory authority: HFSA.
Specify any relevant self-regulatory organization(s) (SROs)?	Budapest Stock Exchange. Budapest Commodity Exchange. Central Clearing House and Depository (Budapest) Ltd. (KELER Ltd.).
Do SROs supplement governmental regulation? How?	All are invited to participate in elaboration of legislation/regulation regarding issues affecting the Hungarian financial sector.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	The government authorizes the establishment of an exchange based on the proposal of the Minister of Finance. The exchange becomes a legal entity as of the date of approval by the government. It may commence operations after its constitution and regulations are approved by the HFSA.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	No. The exchanges define these criteria independently.

<p>What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?</p>	<p>Exchanges are not obliged to report to the supervisory or regulatory authority.</p> <p>Concerning the stock exchange, there is a workstation of the MMTS (multi-market trading system at the BSE) in the building of the HFSA as well. By using this workstation, inspectors at the HFSA are able to monitor stock exchange trading on-line (real-time). Moreover, this workstation has special supervisory functions as well.</p> <p>Trade information on both exchanges is available via the KID system of KELER Ltd., which has direct connection to the HFSA as well. Also, the investment services providers report deals.</p> <p>Exchanges provide a copy of their annual reports to the HFSA.</p>
<p>Do price limits and circuit breakers exist? If so, at what levels are they set?</p>	<p>Yes, there are price limits at both exchanges. Limits of the derivative markets are set by the Central Clearing House and Depository Ltd. (KELER Ltd.), and they are varied by groups of contracts (BCE financial section, BSE FX futures, BSE equity futures, <i>etc.</i>). Actual limits are available via the web-site of KELER Ltd.</p>
<p>Are there special requirements for electronic trading systems? If so, please specify.</p>	<p>No.</p>
<p>Are exchanges audited by regulators? By others? Please specify.</p>	<p>Exchanges are audited neither by the regulator, nor by the supervisory authority. Auditors accepted by the HFSA complete exchange audits.</p>
<p>Regulation of Financial Service Providers</p>	
<p>Are there licensing/authorization requirements for brokers? For others? Please specify.</p>	<p>Yes, there are authorization requirements for brokers. Whole or partial investment service activities may be conducted by</p> <ul style="list-style-type: none"> - investment service providers (commission agents, dealers and investment companies); - banks with an investment service license; - commodity exchange members; and - individual dealers (financial derivatives only).

	<p>Requirements are detailed in the relevant acts:</p> <ul style="list-style-type: none"> - Act CXI of 1996 on the Offering of Securities, Investment Services and the Stock Exchange. - Act CXII of 1996 on Credit Institutions and Financial Enterprises.
<p>What reporting/recordkeeping requirements apply to market participants (traders/broker users)?</p>	<p>Each deal is recorded by KELER Ltd. Moreover, investment enterprises and banks with an investment service license are obliged to report to the HFSA</p> <ul style="list-style-type: none"> - daily: VaR, cover report (cash by accounts and owners, securities by securities and owners (<i>i.e.</i> 'equity A =...', equity B =...), risk reports by ranges of activities, report on investment loans, deferred payments by customers, underwritings); - weekly: price report of spot and derivative deals on the OTC market; - monthly: balance sheet and off-balance sheet figures broken by HUF/FX, profit and loss account, counting of adjusted capital, capital adequacy ratio, risk report, underwritings, turnover; and - quarterly: qualified assets and liabilities and generation of provisions. <p>In addition, investment enterprises are obliged to report to the HFSA each relevant change in the structure, ownership, <i>etc.</i>, in their operation. They are obliged to send a copy of audited annual reports and the report of the auditor as well. Banks providing investment services must also report investment service activities in a special report.</p>
<p>Are there sales practice/conduct of business standards for brokers? Others? Please specify.</p>	<p>Relevant acts include legal orders on conduct of business. Again, the HFSA started to issue 'best practice' standards for the supervised institutions in 2000. Concerning investment service providers, two standards issued in November 2000 address this area (focus of issues: internal control and risk-management).</p>

<p>Are there minimum capital requirements for brokers? For others? Please specify.</p>	<p>Yes, there are minimum capital requirements for all investment service providers.</p> <p>Banks with an investment service provider license:</p> <ul style="list-style-type: none"> - Initial capital: the same as for banks in general – HUF 2 billion (around \$6.5 million). - Prudential capital requirement: 8% according to the BIS. <p>Investment service providers:</p> <p>Initial capital:</p> <ul style="list-style-type: none"> - Commissioners: HUF 20 million (~ \$64.5 thousand). - Traders: HUF 100 million (~ \$323 thousand). - Investment houses: HUF 1 billion (~ \$3.3 million). <p>Prudential capital requirement: 8% (adjusted capital/risks).</p> <p>Commodity exchange members: according to the Act on Business Organizations; however, the KELER Ltd. assigns minimum capital requirements for direct clearing members as well.</p> <p>Concerning banks and investment service providers, serious changes are expected to occur following the enforcement of the Government Decree on Market Risks And Trading Book.</p>
<p>Are brokers audited by regulators? By others? Please specify.</p>	<p>Brokers, excluding commodity exchange members, are audited by one of the auditors accepted by the HFSA.</p>
<p>Are there segregation requirements for customer funds? If so, please describe.</p>	<p>Yes. Investment service providers may debit neither customers' settlement accounts, nor their securities, for their own business purposes. They are obliged to separate their own assets and clients' assets in different accounts.</p>

<p>Are there other customer compensation or “insurance” arrangements? If so, please describe.</p>	<p>Yes. According to the legal obligation included in the Act CXI of 1996, investment service providers established the Investors’ Protection Fund. Investment enterprises are obliged to join the fund. Accredited certification of appointment is one of the licensing requirements. Protection is up to HUF 1 million (\$3,225).</p>
<p>Are there custody requirements for customer funds? If so, please describe.</p>	<p>No.</p>
<p>Are there dispute resolution procedures? If so, please describe.</p>	<p>At the BCE, the first forum of dispute resolution is the Business Conduct Committee. The active members of the BCE designate members of the committee.</p> <p>Concerning the BSE, dispute resolution is the responsibility of the Exchange Arbitration Court, which is a common Court of the two exchanges at the same time. This means that the Exchange Arbitration Court is the second level of resolution for disputes arising at the BCE.</p>
<p>Access to Foreign Markets</p>	
<p>Must foreign markets be approved for use by domestic investors? If so, by whom?</p>	<p>Usually domestic investors have to have a license (permit) issued by the foreign exchange authority (the National Bank of Hungary) <i>for each individual business rather than per market</i>. Exceptions are made for</p> <ul style="list-style-type: none"> - more than 1-year term to maturity government bonds issued by OECD-countries, - more than 1-year term to maturity bonds and shares issued by companies headquartered in an OECD-country.
<p>Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.</p>	<p>According to the answer to the previous question, the logic of approval focuses on individual deals of individual investors, instead of licensing any sort of systems/markets.</p>
<p>Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.</p>	<p>According to the previous answers.</p>

Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	No.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Foreign firms must have the license of the foreign exchange authority, the National Bank of Hungary. According to the logic of the Hungarian legislation, not markets but instruments or individual participants are allowed to trade. The above-mentioned sorts of foreign instruments are allowed to trade in Hungary without licensing, but exclusively through domestic intermediaries.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Yes, there are strict requirements. According to the financial acts (especially to the Act CXI of 1996), foreign firms are allowed to provide investment services in Hungary exclusively through their branches. Authorization criteria for branches are almost the same as those for the companies headquartered in Hungary. They are obliged to have a so-called endowment capital equal to the initial capital of Hungarian firms.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Yes. According to the general principles laid down in the Act on Foreign Exchange, derivative businesses concluded by a resident and a non-resident participant are subject to the permission of the FX authority, the National Bank of Hungary. Concerning exchange derivatives, foreign investors are allowed to participate in BUX futures and equity futures traded on the BSE. They are prohibited from forward markets, interest rate futures, FX futures, options, <i>etc.</i> , unless they have permission from the NBH.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.

Taxation	
How are gains on derivatives products taxed?	<p>Business organizations: according to the Act LXXXI of 1996 on Taxation Of Business Organizations (currently it is equal to 18% of the tax-base).</p> <p>Private persons: 20% of the income coming from derivative businesses.</p>
Do you have any double taxation treaties? If so, please list.	The Hungarian Government has double-taxation treaties with most countries.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Insolvency provisions are part of the multilevel collateral and guarantee system of KELER Ltd. (see below concerning 'Risk Management and Clearing').
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	<p>Concerning exchange-traded derivatives, violations of exchange rules bring forth exchange-based measures.</p> <p>In light of the fact that KELER Ltd. has wide responsibilities in the Hungarian derivative markets, it has a wide range of instruments for use in case of rule violations.</p> <p>As a supervisory authority of derivative markets, the HFSA is invested with the greatest power against violations of rules, laws or regulations.</p>
General	
Memberships in international standard setting organizations (e.g., IOSCO)? Please specify.	<p>HFSA: member of IOSCO.</p> <p>BSE: member of FFSE and FISD, associate member of ISMA and FIBV.</p> <p>BCE: FIA, Association of Futures Markets.</p> <p>KELER Ltd.: CEDEL, ECOFEX, CEECSDA, Association of Emerging Commodities Markets.</p>
E-mail contact information	<p>HFSA Responsible persons:</p> <ul style="list-style-type: none"> ▪ Mr. Laszlo Balogh, Head of International Department: <BaloghL@pszaf.hu>; ▪ Mr. Janos Toth, Deputy Head of International Department: <TothJ@pszaf.hu>;

	<ul style="list-style-type: none">▪ This questionnaire was filled by Ms. Erika Vörös, analyst: <VorosE@pszaf.hu>.
Is basic law available on your Web site?	No.
Web site address(es)	HFSA: < www.pszaf.hu > (under restructuring).

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	Budapest Stock Exchange (BSE). Budapest Commodity Exchange (BCE).
Who owns the exchange (members, government, other)?	BSE: members + the National Bank of Hungary (the BSE is changing its legal form to a company limited by shares). BCE: members.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	List of contracts (descriptions are available on the web sites of the two exchanges): Budapest Stock Exchange: <ul style="list-style-type: none"> - BUX (Budapest Stock Index, futures and options). - Equities (six equities futures, three equities options). - FX (four currencies, futures). - Interest rate (T-bills and BUBOR [Budapest Inter-bank Offered Rate], futures). - 3-year government bond (futures). Budapest Commodity Exchange: <ol style="list-style-type: none"> 1. Financial section: <ul style="list-style-type: none"> - FX (six currencies, futures). - Interest rate (BUBOR futures). 2. Grain section: <ul style="list-style-type: none"> - wheat (futures and options). - corn (futures and options). - feed wheat (futures). - rape (futures). - soy (futures). - sunflower (futures and options). - TAX (cash-settled feed index futures). - 34% granulated ammonium nitrate (futures). 3. Livestock section. <ul style="list-style-type: none"> - live hog No1. (futures). - live hog No2. (futures).

What was the average daily volume in futures contract trading at year-end 2000?	BSE: HUF 6,664 million/day (\$19.4 million/day). BCE: <ul style="list-style-type: none"> - Financial section: HUF 2,303 million (\$8.3 million). - Grains section: HUF 527.5 million (\$1.9 million). - Livestock section: HUF 1.2 million (\$4.5 thousand).
What was the annual futures contract trading volume for 2000 (number of contracts/contracts' value)?	BSE: 191,712 contracts; HUF 1,353.71 billion turnover [single counted] (\$4,865.47 million). BCE: <ul style="list-style-type: none"> - Financial section: HUF 578 billion (\$2,077.5 million). - Grains section: HUF 132.4 billion (\$475.9 million). - Livestock section: HUF 313 million (\$1.1 million).
What was the level of open interest in futures contracts at year-end 2000?	BSE: 42,082 contracts (\$137 million). BCE: <ul style="list-style-type: none"> - Financial section: 263,075 contracts. - Grains section: 11,943 contracts. - Livestock section: 48 contracts.
Please describe how you compute contract volume.	Single.
Trading Features	
Is trading conducted electronically or by open outcry?	BSE: electronic trading (MMTS = Multi-Market Trading System). BCE: <ul style="list-style-type: none"> - Electronic trading in the financial section; - Open outcry and after-hours electronic trading in the grain section; - Open outcry in the livestock section.
Are prices disseminated in real-time? If so, how?	BSE: section members (via their MMTS-workstations) and vendor companies get prices real-time. Trading figures are displayed to other users with 15 minutes delay.
How frequently do you match trades?	At the end of the business day.

Is dual trading permitted?	No, with regard to parallel trading in the OTC and exchange markets.
What surveillance programs are used?	BSE: Surveillance is part of the MMTS. The system is able to monitor information according to the settings (out-of-range prices, lack of bid-offer in the case of a market maker, <i>etc.</i>). BCE: Some surveillance settings are part of the electronic trading system (ETS) in the financial section.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Not yet, but expected to be introduced soon.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Markets in direct connection are suspended together. For example, in the case of immediate clearing in the USD market at the BSE, trading in the BSE FX subsection is suspended. In the same way, intra-day clearing in the BUX futures market results in suspension of trading in BUX and equity futures and options.
Risk Management/Clearing	
Do exchanges have clearinghouses?	The Central Clearinghouse and Depository Ltd. (KELER Ltd.) provides clearing, settlement and depository services for both exchanges.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	National Bank of Hungary 50%. Budapest Stock Exchange 25%. Budapest Commodity Exchange 25%.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	Futures: settlement services of the KELER Ltd. are provided for direct clearing members exclusively. Investors and indirect clearing members are served via direct clearing members. Main characteristics of settlement: <ul style="list-style-type: none"> - daily settlement, - DVP, excepting two cases: 1) liquidation of a position with opening an opposite position, or 2) futures contracts with cash settlement by contract description, - During accepting and novation of contracts, the clearinghouse becomes the buyer for the seller and vice versa, so that the responsibility of performance is

	<p>undertaken by the clearinghouse.</p> <p>Forwards: are not settled by KELER Ltd.</p> <p>Spot securities deals at the Budapest Stock Exchange:</p> <ul style="list-style-type: none"> - government securities: T+2. - other securities: T+5. - in both cases: DVP, multilateral netting. - OTC securities deals: T+0, DVP, bilateral gross settlement.
Is margin required?	Yes, on both exchanges.
Who sets the margin levels?	KELER Ltd.
Is margin calculated on a gross or net basis?	It is calculated on a gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	Daily. Realized gains and losses are credited/debited by the clearinghouse on T+0 by prompt collection. If the price change exceeds the daily limit on any trading day, trading is suspended and KELER Ltd. initiates immediate intra-day clearing. (The exchanges shall suspend the trading rights of members with insufficient collateral on the notice of the KELER Ltd.)
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	<p>A multilevel collateral and guarantee system is operated by KELER Ltd. from the variation margin to the assets of KELER Ltd.</p> <ul style="list-style-type: none"> - The initial margin (calculated on each open position on a daily basis) must be sufficient to cover at least a one-day price movement. It is reviewed periodically based on market movements. - The financial collateral limits opening of new positions (possible forms: cash, government securities, irrevocable and immediately callable bank guarantees. - Additional financial collateral is imposed in the case of violating the rules and regulations of the KELER Ltd. - Collective Guarantee Fund: direct clearing members stand sure up to the current sum of the fund in order to decrease possible losses (possible form: cash exclusively). - Last resort: assets of KELER Ltd.

<p>How does the clearinghouse allocate losses in the event of a clearing member default?</p>	<p>Firstly, KELER Ltd. tries to collect losses from the clearing member in default:</p> <ul style="list-style-type: none"> - T+0: application for payment. The member in default can settle the losses until the opening of the exchange on T+1. - T+1: member's trading right is suspended. - T+2: compulsory liquidation of member's open positions. <p>Rank of usage of the elements of the guarantee system: Member's settlement account at the KELER → member's initial margin → member's financial collateral → member's not-locked securities and bank guarantees → member's contribution to the Collective Guarantee Fund → Collective Guarantee Fund → assets of KELER Ltd.</p>
<p>Can customer positions be transferred in the event of default?</p>	<p>In order to ensure safety of customer's positions, transfer is allowed. A member in default is obliged to transfer all non-defaulting client positions and respective margins to another clearing member.</p> <p>If KELER Ltd. judges it necessary, in order to safeguard customer's interest, the clearinghouse is allowed to transfer all client's positions to another clearing member.</p>
<p>Are emergency rules in place? If so, please specify.</p>	<p>The guarantee system described above can be concerned as a system of emergency rules. In the case of default irresolvable in this manner, the rule of thumb is that KELER Ltd. must do its best in order to minimize losses and maintain market stability.</p>
<p>Do exchange rules override inconsistent insolvency law?</p>	<p>No.</p>
<p>Must clearing members specify a choice of law?</p>	<p>They do not have the right of choice.</p>
<p>Electronic Access</p>	
<p>Does the exchange permit remote (<i>i.e.</i>, foreign) members or direct participants?</p>	<p>No.</p>
<p>Does the exchange provide remote direct access via electronic systems? If so, please describe.</p>	<p>No.</p>

Are customers given access to order routing systems by intermediaries?	No.
General	
Do you have any alliances with other exchanges? If so, please specify.	No, there are not.
Are exchange rules available on the Internet?	Yes, on the web sites of the exchanges.
Are clearing rules available on the Internet?	Yes, on the web site of KELER Ltd.
E-Mail contact information.	Via the web sites.
Web site address(es).	BSE: < www.bse.hu >. BCE: < www.bce-bat.com >. KELER Ltd: < www.keler.hu >.

PRODUCT DATA		
<p>List the categories of futures contracts traded by exchange-issuer, including:</p> <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ BUX (Budapest Stock Index) ▪ Equities (six equities) ▪ FX (four currencies) ▪ Interest rate (T-bills and BUBOR [Budapest Inter-bank Offered Rate]) ▪ 3-year government bond 	Budapest Stock Exchange
	<ul style="list-style-type: none"> ▪ FX (six currencies) ▪ Interest rate (BUBOR) ▪ Wheat ▪ Corn ▪ Feed wheat ▪ Rapeseed ▪ Soy ▪ Sunflower ▪ TAX (cash-settled feed index) ▪ 34% granulated ammonium nitrate ▪ Live hog No1 ▪ Live hog No2 	Budapest Commodity Exchange
<p>List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including:</p> <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ BUX (Budapest Stock Index) ▪ Equities (three equities) 	Budapest Stock Exchange
	<ul style="list-style-type: none"> ▪ Wheat ▪ Corn ▪ Sunflower 	Budapest Commodity Exchange

Poland

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$155.5 billion. ¹
1999 GDP (Local Currency)	617 billion PLN.
1999 Consumer Price Index Increase	9.8%.
1999 Trade Balance (Imports – Exports)	\$18.5 billion. 73.6 billion PLN.
1999 Total External Debt	\$32.7 billion. 129.7 billion PLN.
Market Data	
1999 Stock market capitalisation (US\$)	Capitalisation of Warsaw Stock Exchange (WSE) – \$29.9 billion. Capitalisation of Central Table of Offers (CeTO) – \$109 million.
1999 Corporate Debt Market (US\$)	~ \$2 billion.
1999 Sovereign Debt Market (US\$)	\$63.7 billion. 264.3 billion PLN (42.8% GDP).
1999 Sub-Sovereign Debt Market (US\$)	Not Applicable.
Sovereign Debt Rating/Rating Agency	Standard & Poor's: BBB (Positive outlook) .Moody's Investors Service: Baa1 (Positive outlook). Fitch IBCA: BBB+.
General Data	
Currency	Polish Zloty (PLN or zł).
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	The Polish Zloty was pegged to dollar (crawling band) up to April 2000; since that date it has been fully floating.
Exchange rate range 6/30/99 to 6/30/00	3.9297 – 4.3907.
1999 Population	38.654 million people.
Major Sectors (e.g., Agriculture, Mining, Industry)	Food, light industry, wood and paper, chemicals, agriculture.
Additional Macroeconomic Summary Information:	
Unemployment rate in 1999: 13%.	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes. SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/polcats.htm >>; see also << www.stat.gov.pl >>.	

¹ Rate of change in gross domestic products is 4.1%.

Note:

Following submission of the data reported below, several changes to the Polish capital market occurred:

- Broad amendments to the law on Public trading securities and the Act on Investment Funds were enacted;
- The Warsaw Stock Exchange has implemented a new trading system – WARSET; this new system is fast, efficient, and fully compatible with the latest international standards;
- As of January 1, 2001, brokerage houses are obliged to contribute to investors’ guarantee fund;
- Tax Exemptions were prolonged until the end of 2003;
- The Warsaw Stock Exchange introduced new financial instruments – future contracts on individual equities.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	<ol style="list-style-type: none"> 1. The Law on the Public Trading of Securities of August 21, 1997. 2. Decree of the Council of Ministers dated 22 December 1998, in the matter of specifying entities entitled to apply for consent to introduce the derivative rights to public trading, the particular conditions that have to be met by these entities, and the particular procedures and conditions for introducing these securities, including the criteria which these securities have to meet to be traded (Journal of Laws No. 163, Item 1155).
Principal securities law	The Law on the Public Trading of Securities of August 21, 1997.
Futures regulatory authority	The Polish Securities and Exchange Commission (PSEC).
Securities regulatory authority	PSEC.
Specify any relevant self-regulatory organization(s) (SROs)?	The National Depository for Securities (NDS), Warsaw Stock Exchange (WSE) and Central Table of Offers (CTO).
Do SROs supplement governmental regulation? How?	Yes, through internal regulations.
Regulation of Exchanges	
Must exchanges/other markets be authorised by the authorities prior to the start of trading? Please explain.	Yes, in case of public trading according to the Law on the Public Trading of Securities of August 21, 1997.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	In the case of derivatives listed on WSE, the criteria for contracts are specified in the resolution of the WSE Management Board (e.g., “Terms and condition of issuing and trading WIG20 futures contracts”).
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Companies running stock exchanges and companies running over-the-counter markets must provide dissemination of uniform

	information about quotations and trading volume in the securities on a given market.
Do price limits and circuit breakers exist? If so, at what levels are they set?	On the WSE the price limit is 10% and the following kinds of limits exist: <ul style="list-style-type: none"> - size of order (max 100 contracts) - clearing member's daily limit, - clearing member's exposure limit, - investor's exposure limit.
Are there special requirements for electronic trading systems? If so, please specify.	No. The same as for traditional ones systems.
Are exchanges audited by regulators? By others? Please specify.	Yes, by external auditors like any other joint stock company.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	According to the Law on the Public Trading of Securities, brokerage activities may be conducted solely by a joint stock company, and brokerage entities are obligated to employ licensed brokers and advisors depending on the kind of activity. <p>Special requirements are specified in the Regulation of Council of Ministers of December 22, 1998, on minimum amount of a brokerage house's own funds and the maximum amount of credits and loans and outstanding debt securities in relation to own funds, as well as the Regulation of the Council of Ministers of December 22, 1998 on the minimum amount of own funds allocated for banks to conduct brokerage activities and to keep securities accounts.</p>
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	The requirements are specified by the Regulation of the Council of Ministers of December 22, 1998 on the scope, procedure, form and terms producing information concerning the activities and financial standing of brokerage houses, banks conducting brokerage activities, and banks keeping securities accounts. Accordingly, the brokerage houses should prepare the following: <ul style="list-style-type: none"> - current reports including important events, - periodical reports: monthly, semi-annual, initial annual and annual financial reports,

	as well as semi-annual reports concerning activities and functioning of internal supervision.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Decree of the Council of Ministers dated 22 December 1998 in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities, and banks keeping securities accounts (Journal of Laws No. 163, Item 1159). Brokers also have to adhere to the code of ethics issued by the brokers association (<i>Brokers and Advisors Association</i>).
Are there minimum capital requirements for brokers? For others? Please specify.	<p>The capital requirements are regulated in the Decree of the Council of Ministers of December 22, 1998 in the matter of the minimum amount of a brokerage house's own funds and the maximum amount of credits and loans and outstanding debt securities in relation to own funds (Journal of Laws No. 163, Item 1159).</p> <p>According to the Law on the Public Trading of Securities and the decree mentioned above, brokerage houses in the securities market have to receive a license from the Securities and Exchange Commission, which requires licensees to meet minimum financial requirements (2 million PLN for the basic activities, 4 million PLN for buying and selling securities on their own accounts in order to perform the tasks associated with organizing a regulated market, and 50 million PLN for a bank to keep securities accounts).</p> <p>Exchanges must also meet minimum financial requirements.</p>
Are brokers audited by regulators? By others? Please specify.	Yes, by external auditors, as with any other joint stock company.
Are there segregation requirements for customer funds? If so, please describe.	Yes, according to the decree of the Council of Ministers December 22, 1998 in the matter of the procedures and the conditions to conduct operations for brokerage houses, banks conducting brokerage activities and banks

	keeping securities accounts (Journal of Laws No. 163, Item 1159).
Are there other customer compensation or “insurance” arrangements? If so, please describe.	<p>WSE: NDS creates and manages the following safeguard instruments:</p> <ul style="list-style-type: none"> - clearing member’s deposit, - margin, - future market guarantee fund. <p>According to art. 118-123 of the Law on the Public Trading of Securities the Chamber of Brokerage Houses, firms may establish a guarantee fund which will be funded with payments made by brokerage houses and banks conducting brokerage activities. Up to now, the system has not been created. This situation will change and a compulsory system will be implemented due to amendments of the law connected with the harmonisation with EU directives. Council Directive 97/9/EC of 3 March 1997 on investor-compensation schemes provides for obligatory membership in the fund with the amount of guarantee of client assets not less than 20,000 EURO. It is also foreseen that the guarantee will cover both monetary and securities accounts.</p> <p>The financial situation of entities conducting brokerage activities is monitored by the PSEC on a constant basis through the requirements on net capital, security ratio, maximal engagement level, and current engagement level.</p>
Are there custody requirements for customer funds? If so, please describe.	Yes, in the case of investment funds, but not in the case of brokerage houses. The custody activities of banks are licensed by the PSEC. The minimum level of own funds has to be equal to 50 million PLN (according to the Decree of the Council of Ministers in the matter of the minimum amount of own funds allocated for banks to run brokerage activities and to keep securities accounts).

Are there dispute resolution procedures? If so, please describe.	Yes, administrative procedures conducted by the PSEC and civil procedures conducted by courts.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Domestic investors may locate their money in securities traded on foreign regulated markets through brokerage houses conducting such activities.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	It must be a regulated market in any of the OECD countries or a country with which Poland has signed an agreement about mutual protection of investments. Portfolio investments on such markets must be made through licensed brokerage houses incorporated in Poland.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	See above.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	The same obligations as those that govern all intermediaries – brokerage houses (<i>e.g.</i> , they have to get a license from the Polish Securities and Exchange Commission).
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Similar to Polish firms (<i>e.g.</i> , margin requirements).
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	N/a
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	Derivative products, which are based on, and are deemed to be, securities in light of the law,

	<p>and are traded on the regulated market, are not subject to personal income tax until 2001.</p> <p>Derivatives, whose market price is directly or indirectly related to the fluctuations in the market price of foreign currencies or to interest rate fluctuations, are subject to personal income tax (<i>e.g.</i>, US dollar futures contract).</p>
Do you have any double taxation treaties? If so, please list.	Yes, with most countries.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Regulations of the Law on Public Trading of Securities Concerning Brokerage Houses, bankruptcy law.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	<p>PSEC: penalty.</p> <p>WSE: According to the rules of the WSE, if the issuer of securities listed on the exchange defaults on his obligations or an exchange member violates the rules governing the exchange, they shall be subject to regulatory penalty. Regulatory penalties consist of reprimand and pecuniary penalty.</p> <p>Courts: fraud.</p>
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO, IMF, OECD and the World Bank.
E-mail contact information	PSEC: < sekr@kpwig.gov.pl >.
Is basic law available on your Web site?	Yes, both in English and Polish.
Web site address(es)	PSEC: < www.kpwig.gov.pl >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	The Warsaw Stock Exchange (WSE) – regulated market. Central Table of Offers (CeTO) – regulated over-the-counter market. Warsaw Commodity Exchange (WCE) – unregulated commodity exchange.
Who owns the exchange (members, government, other)?	WSE: At the end of 1999, 50 entities (State Treasury, banks and brokerage houses) owned shares of the WSE. State Treasury owns 98% of shares. CeTO: At the end of 1999, 47 entities (banks and brokerage houses) owned shares of CeTO. WCE: Private entities.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	WSE: - Futures contracts on: WIG 20 and TechWIG indices, US dollar and EURO. - Warrants on: WIG 20 and NIF indices, on shares of the several listed companies. CeTO: - Futures contracts on: IBANK, IBUD, ICOM, IMIX, ISPO indices and on US dollar. - Warrants on: US dollars. WCE: - Futures on US dollars, EURO, 3MWIBOR, 1MWIBOR, wheat.
What was the average daily volume in futures contract trading at year-end 1999?	Average daily volume equalled 803 contracts.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	WSE Futures on WIG20 index: 6 billion zł. WSE Futures on US dollar and Euro: 353.7 million zł. WSE Warrants: 14.8 million zł.
What was the level of open interest in futures contracts at year-end 1999?	4,845 open positions on WIG20 futures contracts.
Please describe how you compute contract volume.	Number of traded contracts.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically.

Are prices disseminated in real-time? If so, how?	In real-time for continuous trading system.
How frequently do you match trades?	N/a
Is dual trading permitted?	It is possible but not practiced.
What surveillance programs are used?	Constant analysis of volume and prices supported by some computer tools.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Surveillance between cash and futures markets is coordinated.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	N/a
Risk Management/Clearing	
Do exchanges have clearinghouses?	WSE and CeTO have a National Depository for Securities (NDS), which manages a system for guaranteeing the clearing of futures market transactions.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	NDS is a joint stock company. The shareholders of the NDS are the WSE (1/3), the Central Bank (1/3) and the State Treasury (1/3).
What is the settlement time frame (e.g., T+)?	T+0 for futures; T+2 for bonds; T+3 for shares.
Is margin required?	<p>The NDS manages the following safeguards:</p> <ul style="list-style-type: none"> - clearing member's deposit, margin, - future market guarantee fund, - daily marking to the market. <p>The margin is designed to secure open positions on individual accounts assigned to a given clearing member.</p>
Who sets the margin levels?	WSE: As far as margin in the customer/clearing member relationship is concerned, customers pay margins to the NDS members. Each customer is required to deposit an initial margin, representing 10.5% of the position value. If, in the opinion of the NDS, the futures contracts' risk changes as a result of current market developments, this percentage may be changed by an NDS announcement.

	The size of the initial margin, as set by the NDS and payable upon placing an order, is the minimum amount. A party maintaining a customer's account may set a higher level of initial margin to be deposited by the investor.
Is margin calculated on a gross or net basis?	The margin is calculated on a net basis.
How frequently are positions marked to market? How often are gains/losses settled?	WSE: In order to minimise risk, the NDS conducts daily marking to market. The value of funds is calculated which must be paid into the NDS in respect of open positions affected by unfavourable price developments or which are able to be released by the NDS in respect of opposite positions. The rights and obligations of parties resulting from future contracts are calculated on a daily basis after the registration of exchange transactions on a given day.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	There is a system of automatic cash and securities lending in case a member has problems with clearing a particular transaction. The guarantee fund's assets are excluded from bankruptcy proceedings against a participant. The payment which the party is obliged to remit in connection with the reconciliation of the transaction may not be the subject of bankruptcy, liquidation or execution proceedings, even if the said proceedings were initiated before the transaction was settled.
How does the clearinghouse allocate losses in the event of a clearing member default?	Losses are covered from the clearing guarantee fund. All members contribute to the fund.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes.
Do exchange rules override inconsistent insolvency law?	N/a
Must clearing members specify a choice of law?	Polish law is obligatory.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	Not yet.

Does the exchange provide remote direct access via electronic systems? If so, please describe.	Not yet.
Are customers given access to order routing systems by intermediaries?	No.
General	
Do you have any alliances with other exchanges? If so, please specify.	The WSE bought shares in Central Table of Offers.
Are exchange rules available on the Internet?	The exchange rules are available on the official web site of the WSE (< www.gpw.com.pl >), CeTO (< www.ceto.pl >) and WCE (< www.wgt.com.pl >).
Are clearing rules available on the Internet?	Yes, on the web side of the NDS: < www.kdpw.com.pl >.
E-Mail contact information.	PSEC: < sekr@kpwig.gov.pl >. WSE: < gielda@gpw.com.pl >. CeTO: < ceto@ceto.pl >. WCE: < wgt@wgt.com.pl >.
Web site address(es).	PSEC: < www.kpwig.gov.pl >. WSE: < www.gpw.com.pl >. CeTO: < www.ceto.pl >. WCE: < www.wgt.com.pl >. NDS: < www.kdpw.com.pl >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	- + - + + - Plans to introduce + -	- WSE, CeTO - WCE WSE, CeTO, WCE - Energy Exchange WCE -
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	- - - - - - - - -	- - - - - - - - -

Portugal

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$110.5 billion. ¹
1999 GDP (Local Currency)	€110.1 billion.
1999 Consumer Price Index Increase	2.3%. ²
1999 Balance of Trade Surplus (Deficit)	(€13,324.8 million). ³
1999 Total External Debt	€12,756.3 million. ⁴
Market Data	
1999 Stock market capitalization (US\$)	\$68.3 billion. ⁵
1999 Corporate Debt Market (US\$)	\$10.0 billion. ⁶
1999 Sovereign Debt Market (US\$)	\$552.5 million. ⁷
1999 Sub-Sovereign Debt Market (US\$)	N/a
Sovereign Debt Rating/Rating Agency	A-1+ / Standard & Poor's.
General Data	
Currency	Euro.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	The Euro is not pegged to the dollar.
Exchange rate range 6/30/99 to 6/30/00	8.5% (depreciation).
1999 Population	9,997,900.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Textiles & apparel, footwear, cork, chemicals, wine, pulp and paper, automobile industry, tourism.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/prtcats.htm >>.	

¹ OECD Main Economic Indicators, August 2000.

² Informação Económica, Ministério do Planeamento, Abril-Junho 2000.

³ OECD Main Economic Indicators, August 2000.

⁴ Finance Ministry, DGEP. Note: only 1998 data is available.

⁵ CMVM 1999 Annual Report.

⁶ CMVM 1999 Annual Report.

⁷ Instituto de Gestão do Crédito Público.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Securities Market Code; Financial Institutions Act.
Principal securities law	Securities Market Code; Financial Institutions Act.
Futures regulatory authority	Comissão de Mercado de Valores Mobiliários (CMVM).
Securities regulatory authority	Comissão de Mercado de Valores Mobiliários (CMVM).
Specify any relevant self-regulatory organization(s) (SROs)?	BVLP; INTERBOLSA; MTS PORTUGAL.
Do SROs supplement governmental regulation? How?	Yes, within the limits of the law and the CMVM regulations.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes, under the Securities Market Code and Decree-Law 394/99, all exchanges and regulated markets must be authorized by the Minister of Finances, after consulting CMVM. Exchanges must also be registered with CMVM.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Yes. Listings are specified in the Securities Market Code and CMVM Regulations 5/2000 and 10/2000. Design criteria for contracts are specified in the Securities Market Code CMVM Regulation 5/2000 and BVLP rules.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	<p>The Securities Market Code and the CMVM Regulation 5/2000 require exchanges to report to the public information relating to:</p> <ul style="list-style-type: none"> - listed securities; - operations carried out and respective prices; - fees charged. <p>The exchanges also publish a Market Bulletin, statistical information related to the managed market, and a yearly updated text concerning the exchange rules, managed market and operations carried out.</p>

	In reference to recordkeeping, the exchanges must keep available public information related to the issuer of a listed securities and the managed market. There is also an obligation to prepare and keep a record of each session.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. Price limits are set by BVLP (Portuguese Stock Exchange) rules, namely by the “Terms and Conditions” of each contract. In any case, the minimum limit is 0.01 € and the maximum limit is established at the discretion of BVLP.
Are there special requirements for electronic trading systems? If so, please specify.	No. All the trading systems are electronic.
Are exchanges audited by regulators? By others? Please specify.	Yes. The exchanges are supervised exclusively by CMVM (Securities Market Code, article 359).
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes, that procedure applies to all financial intermediaries. The Securities Market Code, the CMVM Regulation 12/2000, and the Financial Institutions Act establish that financial intermediaries must obtain authorization from Banco de Portugal (central bank) and registration with CMVM before initiating business.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Market participants must be registered at CMVM prior to trading. The Securities Market Code requires market participants to report to the exchange the necessary information for the good management of the market. In reference to recordkeeping, financial intermediaries must keep a daily record of executed trades and maintain related documents for a period of 5 years.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes. The Securities Market Code establishes rules concerning conflicts of interest, churning, market defense and information duties.
Are there minimum capital requirements for brokers? For others? Please specify.	Yes, there are minimum capital requirements: 1) Brokers – PTE 50,000,000; dealers – PTE 500,000,000; banks – PTE 3,500,000,000;

	<p>investment firms – PTE 1,500,000,000.</p> <p>2) Exchange operators - PTE 750,000,000 at its inception date, and 1,250,000,000 at the end of the first year of activity.</p> <p>3) regulated market (other than exchanges) operators: same as 2).</p> <p>4) Non-regulated market operators: 75,000,000 at its inception date, and 125,000,000 at the end of the first year of activity.</p> <p>5) Central securities depository operators: PTE 1,000,000,000.</p> <p>6) Settlement systems operators: PTE 500,000,000.</p> <p>7) Settlement systems operator without counterparty responsibility: PTE 100,000,000.</p>
Are brokers audited by regulators? By others? Please specify.	Yes. Both CMVM and the BP have power to audit all securities market institutions.
Are there segregation requirements for customer funds? If so, please describe.	Yes. Article 306 of the Securities Code requires financial intermediaries to segregate their own funds from client deposited funds.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	There are no insurance arrangements but there are compensation schemes. Articles 35 to 38 of the Securities Market Code foresee a sinking fund for damages in consequence of a market member’s performance. There is also an investor-compensation scheme foreseen in CMVM Regulation 2/2000 for situations in which compliance is not possible.
Are there custody requirements for customer funds? If so, please describe.	Yes. Investment firms must deposit customer funds in separate accounts, and their use is subject to special regulations.
Are there dispute resolution procedures? If so, please describe.	Yes. The Securities Market Code foresees a mechanism of mediation of conflicts organized by CMVM and confers on non-institutional investors the right to public action.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No.

Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No specific requirements.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	There are no specific requirements. Remote membership follows the Investment Services Directive provisions in force in the European Union.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	No specific requirements beyond the general rules on financial intermediation.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	No.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	There are no specific rules on foreign soliciting, with the exception of article 292 of the Securities Market Code and CMVM Regulation 32/2000.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Limits are the same for foreign and domestic investors. The exchange may apply a concentration of global limits to the investors' open interest.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No. They are the same for domestic and foreign market users.
Taxation	
How are gains on derivatives products taxed?	In the case of equity (individual or index) derivatives traded on the exchange and regarding personal taxation, those gains are subject to a 10% withholding tax, until the end of 2001. In all other cases, and specifically in corporate taxation, general taxation rules are applied (with some exceptions).
Do you have any double taxation treaties? If so, please list.	Yes (<i>e.g.</i> , USA, Italy, Germany, Spain, France, UK, Finland, <i>etc.</i>).

Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Exchanges are subject to general rules on insolvency; under some circumstances foreseen under article 20 of the Decree-Law 394/99 (special law for exchange, central depository and settlement systems operators), the Minister of Finance may revoke an exchange's authorization for activity.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	CMVM.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO; FESCO.
E-mail contact information	CMVM: < Goncalosantos@cmvm.pt >.
Is basic law available on your Web site?	Yes.
Web site address(es)	CMVM: < www.cmvm.pt >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	BVLP (Bolsa de Valores de Lisboa e Porto).
Who owns the exchange (members, government, other)?	Financial institutions (members or non-members), investment companies, insurance companies, mutual fund companies, pension fund companies, other exchanges, settlement and depository operators, listed companies and the government. All of these categories are subject to limitations.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Futures and options on stock index and shares.
What was the average daily volume in futures contract trading at year-end 1999?	7,424.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	1,856,032.
What was the level of open interest in futures contracts at year-end 1999?	57,181.
Please describe how you compute contract volume.	Number of contracts.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically.
Are prices disseminated in real-time? If so, how?	Yes, via SEND (Sistema Electrónico de Negociação de Derivados).
How frequently do you match trades?	The derivatives market has continuous trade matching.
Is dual trading permitted?	Yes, but only by dealers.
What surveillance programs are used?	Internally developed programs.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Yes. BP supervises prudentially all financial institutions, and CMVM supervises those institutions on securities and financial instruments trading and settlement. If the underlying asset of an exchange-traded derivatives contract is cash or FX asset, BP must issue a favorable opinion about its characteristics.

Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Yes. The Securities Market Code establishes mandatory “connection agreements” between markets, settlement systems, the central depository and BP. Those agreements must be registered at CMVM.
Risk Management/Clearing	
Do exchanges have clearinghouses?	BVLP, the Portuguese exchange, has a clearinghouse for derivatives.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	BVLP has its own clearinghouse.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	For derivative contracts with physical settlement, the time frame is T+3; for contracts with financial settlement only, the time frame is T+1.
Is margin required?	Yes.
Who sets the margin levels?	BVLP with CMVM approval.
Is margin calculated on a gross or net basis?	Net basis.
How frequently are positions marked to market? How often are gains/losses settled?	Positions are marked to market daily; gains/losses are settled once each day.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Financial backing is based mainly on guarantees such as the member’s initial margin, extraordinary margin, permanent guarantee and additional guarantee, as foreseen by BVLP rules. Those margins and guarantees are constituted in favor of the BVLP clearinghouse and may be executed in a failure situation.
How does the clearinghouse allocate losses in the event of a clearing member default?	The losses are allocated to the other clearing members.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes: a) Interrupt the exchange session; b) Stop the realization of operations; c) Exclude offers from the negotiation system or stop the operation’s liquidation; d) Close positions at forward operations or promote their transfers to other market members; e) Exclude operations as element to calculate the settlement price.

Do exchange rules override inconsistent insolvency law?	Yes.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	Remote members: yes. Direct participants: only in the markets exclusive to institutional investors.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes.
Are customers given access to order routing systems by intermediaries?	Yes, but with the control of financial intermediaries.
General	
Do you have any alliances with other exchanges? If so, please specify.	No, but there is a possibility of integration in the EURONEXT (Paris, Brussels and Amsterdam).
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	No.
E-Mail contact information.	BDP: < webmaster@bdp.pt >.
Web site address(es).	BDP: < www.bdp.pt >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Individual equity: PT, EDP, Cimpor, BCP ▪ Index: PSI-20 	BVLP
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Individual equity: PT, EDP ▪ Index: PSI-20 	BVLP

Russia

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$184,626,600,000.
1999 GDP (Local Currency)	4,545,489,500,000 RUR.
1999 Consumer Price Index Increase	36.5%.
1999 Balance of Trade Surplus (Deficit)	\$35,301,000,000.
1999 Total External Debt	\$144,200,000,000 (January 1, 2000).
Market Data	
1999 Stock market capitalization (US\$)	\$36,400,000,000 (June 30, 1999).
1999 Corporate Debt Market (US\$)	\$16,350,000,000 (June 30, 1999).
1999 Sovereign Debt Market (US\$)	\$34,840,000,000 (June 30, 1999).
1999 Sub-Sovereign Debt Market (US\$)	\$1,540,000,000 (June 30, 1999).
Sovereign Debt Rating/Rating Agency	B3/Moody's.
General Data	
Currency	Russian Ruble (RUR).
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No; free float since January 1, 1998.
Actual Range of Exchange Rate from 6/30/99 to 6/30/00	24.22 – 28.05.
1999 Population	147,200,000.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Industry (electricity, fuel, metallurgy, chemistry, machinery), trade, transportation.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << www.cbr.ru/dp/sdds/index.html >>.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	The Law on Commodities Exchange and Exchange Trading of February 20, 1992 (LCEET), with amendments of 1992, 1993 and 1995. At present, a new law has been drafted and was presented to the State Duma. In addition, applicable codes are the Regulation by the Government of February 24, 1994 #152 on the Commission on the Commodities Exchanges, and the Regulation by the Government of October 9, 1995 #981 on the Licensing of Derivatives Brokers.
Principal securities law	The Law on Securities Market of April 22, 1996 (LSM), with amendments of 1998 and 1999.
Futures regulatory authority	The Commission on the Commodities Exchanges (CCE) at the Ministry of Antimonopoly Policies and Support of Entrepreneur Activities.
Securities regulatory authority	The Federal Commission for the Securities Market (FCSM).
Specify any relevant self-regulatory organization(s) (SROs)?	<i>Derivatives Market:</i> League of Exchange Brokers, Saint Petersburg City Guild of Brokers (associations embracing professional participants (persons) of the derivatives market and formally not recognized as SROs – see below). <i>Securities Market:</i> NAPSM (National Association of Participants of the Securities Market), NSA (National Securities Association), PARTAD (Professional Association of Register, Transfer-Agents & Depositories).
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	<i>Derivatives Market:</i> The CCE does not directly oversee the SROs. However, there are associations embracing professional participants (persons) of the derivatives market (see above). At present, these associations can be empowered by the CCE to license brokers and fulfill other functions usually done by SROs.

	<p><i>Securities Market:</i> Due to the provisions of the LSM, there are several organizations that unite professional participants that are recognized as SROs (see above). They work out rules and principles of conducting business on the securities market. Although the stock exchanges also conduct regulatory functions through adoption of rules on exchange trading, dispute resolution mechanisms, disciplinary rules, <i>etc.</i>, they are not licensed as SROs.</p>
<p>Regulation of Exchanges</p>	
<p>Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.</p>	<p>A derivatives exchange or any other exchanges (stock, currency, <i>etc.</i>) must get a license for derivatives trading from the CCE prior to the start of trading. To get the license, an exchange should submit its trading rules, including those that determine how decisions on the instruments to be traded on the exchange are made.</p>
<p>Are listing or design criteria for contracts specifies by a regulatory or other authority? Please specify.</p>	<p>See above. Moscow Interbank Currency Exchange (MICEX) must submit derivatives contract specifications to the CCE and currency derivatives contract specifications to the Central Bank of the Russian Federation (Bank of Russia).</p>
<p>What trade and other information reporting/dissemination and record keeping requirements apply to exchanges?</p>	<p>The LCEET requires that the exchange shall make available to its members the information on the results of trades and current order prices.</p>
<p>Do price limits and circuit breakers exist? If so, at what levels are they set?</p>	<p>Yes. For example, MICEX specifies maximum price changes permissible during a trading session for all derivatives contracts, figured as the difference from the previous day's settlement price. Since November 2000, when trades in futures at MICEX were resumed (see below) this difference has been set as ± 0.4 RUR. The order will be rejected automatically by the trading system if the order price does not comply with this price limit. No other circuit breakers exist at MICEX.</p>

Are there special requirements for electronic trading systems? If so, please specify.	No, there are no special mandatory requirements for electronic trading systems.
Are exchanges audited by regulators? By others (specify)?	Independent auditors audit exchanges under the provisions of the general law. With respect to derivatives exchanges, the CCE has powers when it finds it necessary to require information from the exchange. The CCE also has the power to send a permanent representative to the exchange (State Commissar) to monitor the exchange's activities on a permanent basis. It should be noted that the powers of the State Commissar are broader than the powers of an auditor.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	The LCEET provides special requirements for licensing of brokers (intermediaries) by the CCE. It also provides for the right of the CCE to empower brokers associations to license their members. Government Regulation #981 of 1995 determines the order and requirements of licensing. In addition, exchanges can have their own requirements dealing with amount of assets, balance of the participant of trades, work with clients, <i>etc.</i>
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	A broker must present to the licensing body an annual financial report that should reflect the financial state of the broker, and the movement of its client's assets. Exchanges may demand additional information if necessary.
Are there sales practice/conduct of business standards for brokers? Others (specify)?	At present, there are no specific codes of conduct or business standards for brokers on the derivatives market. As part of their activities, brokers have to fulfill the general requirements of corresponding government regulations. There are also specific requirements established by the exchanges (<i>e.g.</i> , MICEX has certain requirements with respect to the broker-client relationship).

<p>Are there minimum capital requirements for brokers? For others (specify)?</p>	<p>Generally, no. However, exchanges usually have such requirements.</p> <p>For example, with regard to MICEX requirements for equity capital of member firms (millions of Euro):</p> <ul style="list-style-type: none"> • non-banking institutions: general clearing members – not allowed; individual clearing members – 0.1; general trading members – 0.05; individual trading members – not required; • banks: general clearing members – 10; individual clearing members – 3; general trading members – 1; individual trading members – not required.
<p>Are brokers audited by regulators? By others (specify)?</p>	<p>Independent auditors audit brokers (legal bodies) under the provisions of the general law. Brokers must also present an audited annual financial statement to the CCE. Exchanges usually have more stringent requirements.</p>
<p>Are there segregation requirements for customer funds? If so, please describe.</p>	<p>No mandatory requirements exist at the present time. However, exchanges generally establish segregation of customers' positions (but not funds).</p>
<p>Are there other customer compensation or "insurance" arrangements? If so, please describe.</p>	<p>No mandatory customer compensation or "insurance" arrangements are required at the present time.</p>
<p>Are there custody requirements for customer funds? If so, please describe.</p>	<p>No mandatory requirements exist at the present time.</p>
<p>Are there dispute resolution procedures? If so, please describe.</p>	<p>According to the LCEET, any exchanges must provide for arbitration facilities for dispute resolution.</p> <p>MICEX has an Arbitration Commission. Its rules correspond with the internationally accepted standard for commercial arbitration.</p>
Access to Foreign Markets	
<p>Must foreign markets be approved for use by domestic investors? If so, by whom?</p>	<p>Major banks holding general licenses are allowed to use foreign financial markets in accordance with the guidelines and regulations established by laws and the Bank of Russia. All other residents must obtain permission from the Bank of Russia if their transaction</p>

	can be classified as involving “transfer of capital.” In all cases, certain supporting paperwork is required when making payments abroad.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No such requirements exist at present time.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No such requirements exist at present time.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	No such requirements exist at present time.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Foreign firms are able to participate in derivatives markets only through licensed Russian intermediaries (if foreign firms are not direct exchange members). Additionally, in 1999 foreign firms were permitted to trade currency futures and options only as trading members cleared through clearing members (banks), or as direct clients of clearing members (banks).
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	No. However, to solicit customers within the RF jurisdiction, a foreign intermediary has to establish a Russian entity in compliance with the Law on Foreign Investments of 1999.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Domestic banks holding general licenses may make any OTC derivatives arrangements with foreign parties making foreign investments in derivatives. Since all the transactions within Russia are effected in Russian rubles, foreign investors may participate in derivatives trading in Russia through the use of special restricted ruble-denominated accounts. Certain restrictions do apply and may be further extended at the discretion of the Bank of Russia.

<p>Are there restrictions on repatriation of funds? If so, please describe.</p>	<p>Although the Law on Foreign Investments generally provides for full repatriation of investment funds, certain technical restrictions may be applicable with respect to conversion of ruble funds into foreign currency by portfolio investors. These restrictions are provided within the currency regulations and they depend on the type of ruble account used by a foreign investor.</p>
<p>Are there special dispute resolution procedures for foreign market users? If so, please describe.</p>	<p>No. There is no special dispute resolution procedure for foreign market users. With respect to MICEX, the Arbitration Commission at MICEX is competent to resolve any dispute. It applies the standards used for international commercial arbitration.</p>
<p>Taxation</p>	
<p>How are gains on derivatives products taxed?</p>	<p>Tax treatment of gains on derivatives allows:</p> <ul style="list-style-type: none"> ▪ For speculative transactions – set off losses against gains on the transactions of the same kind, up to the amount of such gains. ▪ For hedging transactions – net losses are deductible from gains on the underlying assets. However, no clear guidelines have been established as to what constitutes a hedge.
<p>Do you have any double taxation treaties? If so, please list.</p>	<p>Yes. US/Russia Double Taxation Convention is applicable with respect to the derivatives market.</p>
<p>Insolvency</p>	
<p>What insolvency provisions apply to futures markets? OTC transactions?</p>	<p>There are no special insolvency provisions applicable to futures markets as well as to OTC transactions in Russian legislation. However, the MICEX bylaws provide that if a member defaults on settling obligations (including because of its insolvency), its positions in all contracts are automatically liquidated, collateral available to the clearinghouse (MICEX) is used to make good on the resulting obligations, and the exchange may terminate its membership.</p>

Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The CCE is responsible for enforcement of commodities exchange laws and regulations.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	The FCSM is an IOSCO member.
E-mail contact information	MICEX: < mayorov@micex.com >.
Is basic law available on your Web site?	Not currently available.
Web site address(es)	MICEX: < www.micex.com >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	<p>MICEX. Stock Exchange “Saint Petersburg” (SE “SPB”). Moscow Stock Exchange (MSE). Ekaterinburg Stock Exchange (ESE).</p> <p>In 1999, the Saint Petersburg Currency Exchange (SPCEX) began preparations to start derivatives trading. The SPCEX derivatives market opened in October 2000.</p> <p>These exchanges are not purely derivative exchanges (<i>e.g.</i>, MICEX runs currency, bond, stock and derivatives markets).</p>
Who owns the exchange (members, government, other)?	Shareholders of MICEX are commercial banks, Association of Russian Banks and the Bank of Russia.
List contract types traded (<i>i.e.</i> equities, index futures, agricultural metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	<p><i>MICEX</i>: Before August 17, 1998, cash settled futures and option on RUR/US\$ rate, cash settled futures on MICEX Composite Stock Index, and deliverable futures on RAO UES and NK Lukoil common shares were traded. Responding to unprecedented financial collapse, MICEX suspended trading, clearing and settlement for all derivative instruments on August 17, 1998. In November 2000 MICEX resumed trading in cash settled futures on RUR/USD rate.</p> <p><i>SE “SPB”</i>: futures on RUR/US\$ rate, futures on Gazprom, RAO UES common shares.</p> <p><i>MSE</i>: futures on Gazprom common shares.</p> <p><i>ESE</i>: futures on Gazprom common shares. RAO UES, options on futures on Gazprom common shares.</p>
What was the average daily volume in futures contract trading at year end 1999?	There was no derivatives trading on MICEX in 1999. Trading resumed in November 2000.

What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	There was no derivatives trading on MICEX in 1999. Trading resumed in November 2000.
What was the level of open interest in futures contracts at year end 1999?	There was no derivatives trading on MICEX in 1999. Trading resumed in November 2000.
Please describe how you compute contract volume.	<ol style="list-style-type: none"> 1. Contract volume at MICEX is computed as all bought (or sold) contracts for the period. 2. "Volume" of a single contract in rubles (value) is equal to trading lot times the price of the transaction. <p>For example, the value of US dollar futures (trading lot is \$1,000) is 28,000 rubles, if futures price is 28 rubles per US dollar.</p>
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically, with possibility of real-time access to the MICEX trading system from remote trading floors and workstations.
Are prices disseminated in real-time? If so, how?	There was no trading in derivatives at MICEX in 1999. Since November 2000, when trading in cash settled currency futures resumed, prices have been disseminated in real-time through the MICEX Web site and special information terminals.
How frequently do you match trades?	Orders are executed automatically on the MICEX trading system when bid and offer prices coincide, so trades are matched continuously.
Is dual trading permitted?	Yes, dual trading is permitted.
What surveillance programs are used?	<p>Using its fully electronic trading system, MICEX 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.</p> <p>The system checks each order prior to execution to determine if the order was executed, and whether the relevant clearing account would remain in compliance with whatever capital (contribution) based position</p>

	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 that would cause a clearing member or trader to exceed their assigned limit will not be executed.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	No.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users of production? If yes, please describe.	No such arrangements exist at present time.
Risk Management/Clearing	
Do exchanges have clearinghouses?	<p><i>MICEX</i>: All clearinghouse functions are carried out by MICEX itself. Clearing operations are fully automated and integrated with the operations of the trading system. There are two types of clearing members:</p> <ul style="list-style-type: none"> ▪ Individual clearing members may clear their own trades and trades of their customers. ▪ General clearing members may clear trades of non-clearing trading members in addition to their own and customers' trades. <p><i>SE "SPB"</i>: all functions of the clearinghouse are carried out by the exchange itself.</p> <p><i>MSE</i>: clearinghouse functions are carried out by a separate organisation – the Association of legal entities "Depository and Settlement Union."</p> <p><i>ESE</i>: all clearinghouse functions are carried out by the exchange itself.</p>
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	See previous item.
What is the settlement time frame (e.g., T+ <u> </u>)?	Settlement time frame at MICEX is T+1.
Is margin required?	Deposit margins are required by MICEX for all open positions in clearing members' accounts. The deposit margins are available to

	MICEX to satisfy clearing members' unpaid obligations to the clearinghouse arising from changes in values of open positions.
Who sets the margin levels?	Deposit margin levels are calculated by the Risk Management Department of MICEX and approved by the MICEX Directorate. Since November 2000, when trades in futures at MICEX were resumed, the deposit margin rate has been set at double the price limit, or 800 RUR per contract.
Is margin calculated on a gross or net basis?	Before trading at MICEX was stopped in August 1998, margin had been calculated on a net basis. Since November 2000, when trades in futures at MICEX were resumed, deposit margin has been calculated on a gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	Positions of MICEX members are marked to market daily. Clearing members must pay all variation margins due by 9.45 am the next business day (T+1). Variation margin must be paid in cash into (a member's sub-account of) the account at the MICEX Settlement House at the Central Bank.
What kind of financial backing exists for brokers/clearing members/clearinghouses in case of failure?	MICEX: a clearing member must fulfil all the obligations of its defaulted brokers. The clearinghouse fulfils obligations of any defaulted clearing member using its deposit margin.
How does the clearinghouse allocate losses in the event of a clearing member default?	See previous item.
Can customer positions be transferred in the event of default?	At MICEX, customer positions can be transferred in the event of default per the customer's request.
Are emergency rules in place? If so, please specify.	Emergency rules for MICEX are in place. In emergency cases, MICEX shall, per an independent decision of the Directorate or the Exchange Council (in case the Directorate submits the question to the Exchange Council), temporarily suspend trading and take efforts to stabilize the situation (<i>e.g.</i> , require extra collateral, change mode of contract execution, mandatory position close-out).
Do exchange rules override inconsistent insolvency law?	There are no special insolvency provisions applicable to futures markets. However, the MICEX bylaws, by specifying special cases

	<p>dealing with its members' defaults to settle obligations (including because of insolvency), and providing for the liquidation of the positions of such members in some way is intended to overcome the lack of insolvency laws.</p> <p>MICEX bylaws are generally applied before the insolvency proceedings officially start.</p>
Must clearing members specify a choice of law?	Not applicable.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> foreign) members or direct participant?	Foreign firms are able to participate in derivatives markets either as non-clearing members or as clients of domestic intermediaries.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes. The MICEX trading system is electronic (screen-based) and allows remote workstations to be connected.
Are customers given access to order routing systems by intermediaries?	No, but it is scheduled for 2001 using APIs.
General	
Do you have any alliances with other exchanges? If so, please describe.	<p>MICEX and seven regional currency exchanges, which are going to be access points to the derivatives market of MICEX, are members of the Association of Russian Currency Exchanges.</p> <p>MICEX also has agreements on cooperation with the Chicago Mercantile Exchange (CME) and New York Stock Exchange (NYSE).</p>
Are exchange rules available on the Internet?	Yes. The rules are placed on the MICEX web site.
Are clearing rules available on the Internet?	Yes. Clearing rules, part of the MICEX rules, are placed on the MICEX web site.
E-Mail contact information.	MICEX: < mayorov@micex.com >.
Web site address(es).	<p>MICEX: <www.micex.com>.</p> <p>SE "SPB": <www.spbex.com>.</p> <p>MSE: <www.mse.ru>.</p> <p>ESE: <www.eser.ru>.</p> <p>SPCEX: <www.spdex.ru>.</p>

PRODUCT DATA – 1999		
<p>List the categories of futures contracts traded by exchange issuer, including:</p> <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ RAO UES common shares (cash settled) ▪ Gazprom common shares (deliverable) ▪ Gazprom common shares (cash settled) ▪ RUR/USD exchange rate (cash settled) 	SE “SPB” ESE SE “SPB” MSE ESE ESE
<p>List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange issuer, including:</p> <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ American options on RAO UES common shares futures ▪ European options on Gazprom common shares futures 	SE “SPB” ESE

PRODUCT DATA – NOVEMBER 2000		
<p>List the categories of futures contracts traded by exchange issuer, including:</p> <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ RAO UES common shares (cash settled) ▪ Surgutneftegas common shares (cash settled) ▪ Gazprom common shares (deliverable) ▪ Gazprom common shares (cash settled) ▪ RUR/USD exchange rate (cash settled) ▪ RUR/Euro exchange rate (cash settled) 	<ul style="list-style-type: none"> SE “SPB” SPCEX ESE SE “SPB” SE “SPB” MSE ESE MICEX SE “SPB” SPCEX SPCEX
<p>List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange issuer, including:</p> <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Options on RAO "UES" ordinary shares futures ▪ European options on Gazprom common shares futures 	<ul style="list-style-type: none"> SE “SPB” ESE

<ul style="list-style-type: none">▪ Energy▪ Agricultural▪ Exotic (weather, insurance, rates, <i>etc.</i>)		
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Slovenia

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$18,486 million.
1999 GDP (Local Currency)	3,637,437 million SIT.
1999 Consumer Price Index Increase	6.1%.
1999 Balance of Trade Surplus (Deficit)	(\$1,409 million).
1999 Total External Debt	\$5,491 million.
Market Data	
1999 Stock market capitalization (US\$)	\$3,516 million.
1999 Corporate Debt Market (US\$)	\$207 million.
1999 Sovereign Debt Market (US\$)	Central government short-term domestic debt: \$123 million. 24,200 million SIT.
1999 Sub-Sovereign Debt Market (US\$)	0.
Sovereign Debt Rating/Rating Agency	A2/Moody's. A/Fitch IBCA.
General Data	
Currency	Slovene Tolar (SIT).
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	186.84 – 216.18 SIT/US\$.
1999 Population	1,987,755.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Services (trade, transport and communications, real estate), industry (manufacturing).
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/svncats.htm >>.	

Disclaimer:

Currently, there is no derivative market in Slovenia. The Securities Market Act (the Act) regulates the Slovene securities market, including:

- the procedure of public offering of securities;
- investment services in the securities field;
- licensing of investment firms, brokers and members of management boards of investment firms;
- investment firms' prudential and risk management rules;
- supervision of investment firms and other persons (for performing investment services without a Securities Market Agency license);
- securities trading on organized securities market - licensing of the exchange, conditions, and the methods of trading on the stock exchange and organized "free market";
- clearing and settlement of securities transactions;
- investors' compensation scheme;
- the structure of the Securities Market Agency, its competencies, and decision making procedures;
- others.

Chapter 17 of the Act also defines derivative trading. According to the Act, the majority of the requirements that apply to securities trading and settlement are also valid for trading standardized financial instruments and the settlement of those trades. In addition, the SMA defined detailed conditions for introduction of standardized financial instruments, for trading those instruments and the required settlement procedures by adopting secondary legislation in January 2000. The SMA is, under the Act, competent to prohibit introduction of new instruments or further trading with the existing standardized financial instruments in order to protect investor interests. No application for derivative trading has been made so far. Currently, there are no clear intentions of any legal entity to organize trading with standardized financial instruments and to perform clearing and settlement services for those trades. Answers below apply to securities trading and notes if they also apply to derivative trading.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Securities Market Act (the Act).
Principal securities law	Securities Market Act (the Act).
Futures regulatory authority	Securities Market Agency (SMA).
Securities regulatory authority	Securities Market Agency (SMA).
Specify any relevant self-regulatory organization(s) (SROs)?	Ljubljana Stock Exchange. Central Securities Clearing Corporation.
Do SROs supplement governmental regulation? How?	Yes, licensing and supervision of SRO members (members of securities trading system and clearing and settlement system of securities transactions).
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. Under the Act, the SMA grants authorization to all the exchanges (stock exchange and standardized financial instruments exchange). The same requirements for trading, clearing and settlement apply to derivative exchange as for the stock exchange (not yet material for derivatives exchange).

Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Yes. Derivatives exchanges must notify the SMA about any new standardized financial instruments at least 30 days prior to trading. The SMA may prohibit trading an instrument for the purpose of investor protection.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Not applicable.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Not applicable.
Are there special requirements for electronic trading systems? If so, please specify.	Yes. There are requirements and rules for electronic trading of securities.
Are exchanges audited by regulators? By others? Please specify.	The Ljubljana Stock Exchange is licensed and supervised by the SMA. A certified auditor also audits the exchange.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes. Securities brokers have to pass an examination from the SMA and obtain a SMA license to perform investment services in the securities field. Members of management boards of investment firms and management companies have to obtain the SMA's authorization as well. For derivatives markets, the licenses have not yet been applied for, and the licensing system has not yet been established.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	For stockbrokers, they are defined by the Act and by bylaws based on the Act. There are no rules yet for derivatives trading.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes, for stockbrokers. There are no rules yet for derivatives trading.
Are there minimum capital requirements for brokers? For others? Please specify.	Yes, for investment firms performing investment services in the securities field, according to the services they have authorization to provide. There are no rules yet for derivatives trading.
Are brokers audited by regulators? By others? Please specify.	Investment firms providing investment services in the securities field, mutual funds and closed-end privatization funds are audited; they are not audited by the regulator but by certified auditors. The SMA, however, gives

	<p>some guidelines to auditors for auditing those financial institutions in order to examine their compliance with the law and secondary legislation.</p> <p>There are no rules yet for derivatives trading.</p>
<p>Are there segregation requirements for customer funds? If so, please describe.</p>	<p>Yes. Under the Act, the segregation of customer funds and securities is required. Bylaws define the segregation in more detail (separation of firm funds from customer funds, and further for each individual customer – individual money and securities accounts).</p> <p>There are no rules yet for derivatives trading.</p>
<p>Are there other customer compensation or “insurance” arrangements? If so, please describe.</p>	<p>Not applicable.</p>
<p>Are there custody requirements for customer funds? If so, please describe.</p>	<p>Not applicable.</p>
<p>Are there dispute resolution procedures? If so, please describe.</p>	<p>Yes. On the Ljubljana Stock Exchange the Court of Honor and the Arbitration Tribunal deal with members of the stock exchange violating rules and regulations of the exchange and for disputes relating to securities transactions.</p> <p>There are no procedures yet for derivatives trading.</p>
Access to Foreign Markets	
<p>Must foreign markets be approved for use by domestic investors? If so, by whom?</p>	<p>Yes, in the case of securities trading. They are, however, not necessarily approved. According to the Foreign Exchange Act, the Bank of Slovenia determines conditions for investments into foreign securities by Slovene residents. Currently, the regulation approves securities listed on stock exchange – members of the FIBV.</p> <p>There are no rules yet for derivatives trading.</p>
<p>Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.</p>	<p>No.</p>

Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No.
Are there any requirements on intermediaries that provide customers in you jurisdiction access to foreign markets via order routing systems? If so, please describe.	No special requirements exist for intermediaries performing investment services in the securities field. However, they have to notify the SMA about the methods and procedures of performing those services with foreign securities. There are no rules yet for derivatives trading.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Yes. Investment firms dealing with securities need SMA's authorization. There are no rules yet for derivatives trading.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Foreign investment firms are allowed to perform investment services in the securities field in Slovenia only through branch offices and need the SMA's authorization. When Slovenia joins the EEC, EU Member states will also be able to perform those services directly in Slovenia. There are no rules yet for derivatives trading.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Not applicable.
Are there restrictions on repatriation of funds? If so, please describe.	Not applicable.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Not applicable.
Taxation	
How are gains on derivatives products taxed?	Not applicable.
Do you have any double taxation treaties? If so, please list.	No.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Not applicable.

Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	Not applicable.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO (Emerging Markets Committee and European Regional Committee) since 1996.
E-mail contact information	SMA: < Sabina.Bester@a-tvp.si > or < WebMaster@a-tvp.si >.
Is basic law available on your Web site?	No. It is available (in English) on the Web site of the Ministry of Finance: < www.gov.si/mf/angl/index.html >.
Web site address(es)	SMA: < www.a-tvp.si >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	Not applicable.
Who owns the exchange (members, government, other)?	Not applicable.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Not applicable.
What was the average daily volume in futures contract trading at year-end 1999?	Not applicable.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Not applicable.
What was the level of open interest in futures contracts at year-end 1999?	Not applicable.
Please describe how you compute contract volume.	Not applicable.
Trading Features	
Is trading conducted electronically or by open outcry?	Not applicable.
Are prices disseminated in real time? If so, how?	Not applicable.
How frequently do you match trades?	Not applicable.
Is dual trading permitted?	Not applicable.
What surveillance programs are used?	Not applicable.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Not applicable.
Are there arrangements for coordinating surveillance with markets with common clearing markets /users or products? If yes, please describe.	Not applicable.
Risk Management/Clearing	
Do exchanges have clearinghouses?	The Ljubljana Stock Exchange (LJSE) uses the Central Securities Clearing Corporation (KDD) for clearing and settlement of securities transactions. Securities transactions executed off-market are also settled through KDD.

Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	It is member owned. Members are investments firms (brokerage firms and banks performing investment services) and management companies. It is a separate legal entity from the stock exchange. There is no derivatives trading.
What is the settlement time frame (e.g., T+)?	T+2 (for securities). There is no derivatives trading.
Is margin required?	No (for securities). There is no derivatives trading.
Who sets the margin levels?	Not applicable.
Is margin calculated on a gross or net basis?	Not applicable.
How frequently are positions marked to market? How often are gains/losses settled?	Not applicable.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Not applicable.
How does the clearinghouse allocate losses in the event of a clearing member default?	KDD has detailed procedures defined in its rules and regulations. In the event of a clearing member's default, there is a Guarantee Fund.
Can customer positions be transferred in the event of default?	No. In securities transactions, all customer securities and money accounts are separate from investment firm accounts.
Are emergency rules in place? If so, please specify.	Not applicable.
Do exchange rules override inconsistent insolvency law?	Not applicable.
Must clearing members specify a choice of law?	Not applicable.
Electronic Access	
Does the exchange permit remote (i.e., foreign) members or direct participants?	Not applicable.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Not applicable.
Are customers given access to order routing systems by intermediaries?	Not applicable.
General	
Do you have any alliances with other exchanges? If so, please specify.	Not applicable.

Are exchange rules available on the Internet?	Not applicable.
Are clearing rules available on the Internet?	Not applicable.
E-Mail contact information.	N/a
Web site address(es).	LJSE: < www.ljse.si >. KDD: < www.kdd.si >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable

Turkey

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$184,198,089,334.
1999 GDP (Local Currency)	T.L. 77,374,802,000,000,000.
1999 Consumer Price Index Increase	68.8%.
1999 Balance of Trade Surplus (Deficit)	(\$10,447,000,000).
1999 Total External Debt	\$102,110,000,000.
Market Data	
1999 Stock market capitalization (US\$)	\$114,271,000,000.
1999 Corporate Debt Market (US\$)	\$4,703,961.
1999 Sovereign Debt Market (US\$)	\$5,992,899,437.
1999 Sub-Sovereign Debt Market (US\$)	Not applicable.
Sovereign Debt Rating/Rating Agency	B1/Moody's; B/S&P (as of 1999).
General Data	
Currency	Turkish Lira.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	419,339 – 618,098.
1999 Population	64,385,000 (estimated).
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Manufacturing (textiles, processed food, steel and other metal products), trade, agriculture and livestock production, transportation, tourism.
<p>Additional Macroeconomic Summary Information:</p> <p>At the end of 1999, Turkey announced an Exchange-Rate-Based Stabilization Program backed by a stand-by agreement with IMF. The fundamental goals of the program in general are:</p> <ul style="list-style-type: none"> • To eliminate inflation, • To achieve a sustainable fiscal position, • To establish a more equitable and efficient distribution of resources, • And to increase the growth potential of the economy. <p>Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes. SDDS or Other Data Source Web Address: <<http://dsbb.imf.org/country/turcats.htm>>.</p>	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	<p>There is no specific “derivatives law.” The Capital Market Law forms the principal legal infrastructure of the Turkish capital markets. According to the Capital Market Law, which was amended on December 15, 1999, the Capital Markets Board (CMB) is the exclusive authority for the regulation and the supervision of all markets in which all kinds of derivatives instruments are traded.</p> <p>The principles concerning the establishment, organization, operations, auditing and membership of these exchanges are defined with a regulation from the related ministry. The regulation for the establishment of a derivatives exchange is being prepared.</p>
Principal securities law	Capital Market Law (N: 2499).
Futures regulatory authority	CMB.
Securities regulatory authority	CMB.
Specify any relevant self-regulatory organization(s) (SROs)?	Istanbul Stock Exchange (ISE), Istanbul Gold Exchange (IGE).
Do SROs supplement governmental regulation? How?	Yes. There are specific communiqués for each of the exchanges, giving some part of the authority to the exchange for governing itself.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Listing and design criteria for contracts are specified by the exchange and approved by the CMB.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The records and accounts of both securities and precious metal exchanges are supervised and audited by the CMB.
Do price limits and circuit breakers exist? If so, at what levels are they set?	For ISE, stock trading price limits are set at 10% for each trading session. The Board of Directors and the Chairman of the ISE are empowered to halt trading in case of abnormal price movements.

Are there special requirements for electronic trading systems? If so, please specify.	There are no special requirements. IGE: gold trading is fully computerized. ISE: the trading system for both stocks and bonds is fully computerized.
Are exchanges audited by regulators? By others? Please specify.	Exchanges are subject to surveillance and audit by the CMB.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes. Licensing requirements exist for all types of intermediary activities and for institutional investors.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	The reporting and recordkeeping requirements for all types of intermediation are defined in detail in the CMB communiqués.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Other than those standards specified in CMB regulations, conduct of business standards will be developed in the near future by the Association of the Capital Market Intermediaries, which will soon begin to operate.
Are there minimum capital requirements for brokers? For others? Please specify.	The CMB communiqué on capital market adequacy sets minimum capital requirements for all types of capital market activities of financial intermediaries.
Are brokers audited by regulators? By others? Please specify.	Yes. Financial intermediary firms are subject to the audit of the CMB. Also, ISE and IGE audit their members.
Are there segregation requirements for customer funds? If so, please describe.	Yes. All operations on customer accounts, including the transactions, funds and securities flows in customer accounts, should be kept/recorded in separate accounts under the name of the subject customer.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	With the amendment of the Capital Market Law, an Investor Compensation Fund will be established, which will compensate the brokerage houses’ obligations arising from their operations against their customers in the case of a default.
Are there custody requirements for customer funds? If so, please describe.	The central custodian for the securities market is Takasbank. There is a customer based custodian system, in which customer securities are kept and recorded separately from those of the intermediaries.

<p>Are there dispute resolution procedures? If so, please describe.</p>	<p>Yes. The regulations for exchanges include specific articles on dispute resolution. Among them is the form of “dispute resolution committees” at the exchanges, and the procedures to be applied by the relevant authorities in case of disputes in exchange trading.</p>
<p>Access to Foreign Markets</p>	
<p>Must foreign markets be approved for use by domestic investors? If so, by whom?</p>	<p>No. According to the regulations, residents can access foreign markets only through registered intermediaries in Turkey.</p>
<p>Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.</p>	<p>Intermediaries in Turkey may be foreign exchange members with the approval of the CMB.</p>
<p>Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.</p>	<p>Capital market activities of foreign entities directed to Turkish residents and transactions held over all kinds of electronic communication devices and environments and other similar devices, including the Internet, is subject to the approval of the CMB.</p>
<p>Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.</p>	<p>Residents can access foreign markets through registered intermediaries in Turkey.</p> <p>The capital market activities of Turkish intermediaries in foreign markets should be in accordance with the requirements determined by the CMB, as summarized below:</p> <ul style="list-style-type: none"> a) If the intermediary conducts the capital market activities in a foreign market with the intermediation of a foreign intermediary authorized by the relevant regulatory authority, there should be a written agreement between them. b) A detailed written agreement must be signed between the intermediary and its customers about the transactions carried out in foreign markets. c) A customer based documentation, recording, and communication system must be established by the intermediary in order to survey the activities carried out in foreign markets.

Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	<p>There are no restrictions for foreign investors to trade in Turkish markets through Turkish intermediaries.</p> <p>Foreign intermediaries authorized by the relevant authorities in their countries can trade:</p> <p>a) In Turkish markets, only in the name of non-Turkish citizens by remote access, with the consent of the CMB and the related Turkish exchange.</p> <p>b) In the markets established in the context of the agreements approved by the CMB.</p> <p>The applications of foreign firms in this regard will be evaluated in the context of whether there is enough information exchange between the CMB and relevant foreign authority, and whether the two countries' regulations are in harmony. At the same time, an evaluation will be made on a reciprocity basis.</p>
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Only intermediaries that are registered with the CMB can solicit customers in Turkey
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	Currently there is no specific reference to derivatives in the tax regulations.
Do you have any double taxation treaties? If so, please list.	Yes, with a number of countries including the U.S. and Germany.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	In general, the Execution and Bankruptcy Law applies to futures markets.

Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	CMB, ISE.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO.
E-mail contact information	CMB: < fozcam@spk.gov.tr >.
Is basic law available on your Web site?	Yes.
Web site address(es)	CMB: < www.spk.gov.tr >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	<p>The Istanbul Gold Exchange (IGE), which is an exchange for spot precious metals trading, launched gold futures in August 1997.</p> <p>The studies for the establishment of a separate derivatives exchange are continuing.</p>
Who owns the exchange (members, government, other)?	<p>The Istanbul Stock Exchange (ISE) and IGE are semi-governmental bodies, with the general assemblies made up of their members.</p> <p>The legal status of the new derivatives exchange will be that of a for-profit corporation.</p>
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	IGE: Contracts on gold can be traded.
What was the average daily volume in futures contract trading at year-end 1999?	Negligible.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	IGE: number of contracts: 47. Total trading volume: \$1,197,132.
What was the level of open interest in futures contracts at year-end 1999?	IGE: 0.
Please describe how you compute contract volume.	Σ (Number of contracts transacted * price).
Trading Features	
Is trading conducted electronically or by open outcry?	Screen-based trading is currently used for IGE gold futures.
Are prices disseminated in real-time? If so, how?	Yes. Real-time through data monitors and vendors such as Reuters, Telerate, <i>etc.</i>
How frequently do you match trades?	Continuous matching during the sessions at IGE.
Is dual trading permitted?	Yes.
What surveillance programs are used?	On-line surveillance possibilities are available in the system.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	At the IGE, the cash and derivatives markets are under the same organizational structure.

Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	No.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	Members and exchange itself. IGE: The clearinghouse is a department within the exchange. ISE: Separate entity, namely Takasbank, Inc., for securities trading.
What is the settlement time frame (<i>e.g.</i> , T+)?	IGE: T+0 to T+5. ISE: T+2 (for securities).
Is margin required?	Yes.
Who sets the margin levels?	The exchanges themselves set the margin levels subject to CMB approval.
Is margin calculated on a gross or net basis?	IGE: Gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	Daily/Daily.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	In case of failures, the exchanges can demand excess margins from members. An Investors Compensation Fund is also planned for cash markets. At the IGE, in case of failure, the margins and collaterals are utilized.
How does the clearinghouse allocate losses in the event of a clearing member default?	In case of default, the clearinghouse applies the contributions of the defaulting member of the fund.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes. The rules are mainly to demand extra margin from clearing members, to increase the margins, and to restrict position limits.
Do exchange rules override inconsistent insolvency law?	Yes.
Must clearing members specify a choice of law?	They are not able to select a choice of law.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	No.

Does the exchange provide remote direct access via electronic systems? If so, please describe.	IGE: Members have remote access to the market via electronic systems. ISE: Remote access by intermediaries to the exchange is under construction for securities trading.
Are customers given access to order routing systems by intermediaries?	IGE: There is no restriction.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes. Main rules regarding the operation and trading system of the exchanges are available on their web sites.
Are clearing rules available on the Internet?	Yes.
E-Mail contact information.	CMB: < fozcam@spk.gov.tr >.
Web site address(es).	IGE: < www.iab.gov.tr >. ISE: < www.imkb.gov.tr >. Takasbank: < www.takasbank.com.tr >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Gold 	IGE
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable

MIDDLE EAST

Summary Information
MIDDLE EAST

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Israel	Tel Aviv Stock Exchange.	44,636 Option Contracts; Negligible Futures Trading.	13,245,758 options and futures contracts.	TA-25 Index and currency options; warrants; convertible, government, and corporate bonds; futures; shares.

Israel

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$98.8 billion.
1999 GDP (Local Currency)	409.2 billion NIS.*
1999 Consumer Price Index Increase	1.3%.
1999 Balance of Trade Surplus (Deficit)	(\$373 million).*
1999 Total External Debt	\$10.9 billion.*
Market Data	
1999 Stock market capitalization (US\$)	\$105.1 billion.*
1999 Corporate Debt Market (US\$)	\$383 million.*
1999 Sovereign Debt Market (US\$)	N/a
1999 Sub-Sovereign Debt Market (US\$)	Not applicable.
Sovereign Debt Rating/Rating Agency	N/a
General Data	
Currency	New Israeli Shekel (NIS).
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No. Pegged to a currency basket with a $\pm 15\%$ range.
Exchange rate range 6/30/99 to 6/30/00	4.076 – 4.084.
1999 Population	6,121,000.
Major Sectors (e.g., Agriculture, Mining, Industry)	Food processing, diamond cutting and polishing, textiles and apparel, chemicals, metal products, military equipment, transport equipment, electrical equipment, potash mining, high tech electronics, tourism, agriculture, banking, insurance & finance.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/isrcats.htm >>.	

* Current prices.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	None.
Principal securities law	Securities Law from 1968.
Futures regulatory authority	Israel Securities Authority (ISA).
Securities regulatory authority	Israel Securities Authority (ISA).
Specify any relevant self-regulatory organization(s) (SROs)?	The Tel Aviv Stock Exchange (TASE) serves as SRO. The Minister of Finance, who consults with the ISA and the parliament, approves its bylaws.
Do SROs supplement governmental regulation? How?	The TASE is granted with rulemaking powers (bylaws and directives that must be approved by the ISA). The ISA plays an active role in rulemaking functions of the TASE. It approves the TASE directives and is responsible for reviewing and recommending changes in the TASE bylaws to the Minister of Finance.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	The Minister of Finance, who consults the ISA, must license exchanges.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	The TASE is responsible for rulemaking in regard to listing requirements and design criteria for contracts.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	TASE bylaws.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes, if the TA-25 Index increases or decreases by more than 8%, there is an automatic trading halt (45 minutes). If a 12% change afterwards occurs that day, trading will be stopped. In addition, a price limit is imposed when an individual security's price is changing by more than 15% at the opening session.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others? Please specify.	General oversight only by the ISA. The exchange has also an external audit.

Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Investment advisers and portfolio managers have to be licensed by the ISA.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	<ul style="list-style-type: none"> ▪ Exchange members that are <i>not</i> banks must publish quarterly and annual financial reports; recordkeeping is conducted according to exchange rules. ▪ Exchange members that are banks must file reports according to the rules of the Central Bank. ▪ Investment advisers and portfolio managers have to report each transaction conducted.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	These standards are set by the exchange rules for the exchange members, portfolio managers, and investment advisers by the Investment Advisers & Portfolio Managers Law (1995).
Are there minimum capital requirements for brokers? For others? Please specify.	Exchange members: 6,600,000 NIS. Portfolio managers: 324,000 NIS.
Are brokers audited by regulators? By others? Please specify.	The ISA supervises investment advisers and portfolio managers' compliance with legal duties. The exchange audits its members.
Are there segregation requirements for customer funds? If so, please describe.	Client accounts must be segregated from those of the portfolio managers.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	Portfolio managers should be insured for the greater of 1-24 million NIS or 3-9% of the value of the assets managed (depending on the total asset managed value).
Are there custody requirements for customer funds? If so, please describe.	Portfolio managers act on a basis of power of attorney. They do not serve as trustee.
Are there dispute resolution procedures? If so, please describe.	There are no such provisions.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Individual investors are allowed to invest anywhere. Mutual funds are allowed to invest only in recognized exchanges.

Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	There are no specific legal provisions except for general provisions that result from the Investment Advisors & Portfolio Managers Law (1995) and from the TASE laws.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	There are no specific legal provisions except for general provisions that result from the Investment Advisors & Portfolio Managers Law (1995) and from the TASE laws.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	There are no specific legal provisions except for general provisions that result from the Investment Advisors & Portfolio Managers Law (1995) and from the TASE laws.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	There are no specific legal provisions except for general provisions that result from the Investment Advisors & Portfolio Managers Law (1995) and from the TASE laws.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	There are no specific legal provisions except for general provisions that result from the Investment Advisors & Portfolio Managers Law (1995) and from the TASE laws.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	None
Are there special dispute resolution procedures for foreign market users? If so, please describe.	There is a dispute resolution procedure. However, there are no special provisions for foreign market users.
Taxation	
How are gains on derivatives products taxed?	Derivatives products traded on TASE are tax exempted.
Do you have any double taxation treaties? If so, please list.	Yes, with a number of countries, including the U.S.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Exchange members must deposit assets according to the worst scenario determined by the exchange rules.

Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	ISA is responsible for enforcing the securities laws, including fraud in securities. The exchange is responsible for punishing violation of exchange rules.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO.
E-mail contact information	ISA: < mshauser@pluto.mscc.huji.ac.il >.
Is basic law available on your Web site?	Not applicable.
Web site address(es)	None.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	TASE.
Who owns the exchange (members, government, other)?	Owned by members.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	<ul style="list-style-type: none"> ▪ Options (index and currency). ▪ Warrants. ▪ Convertible bonds. ▪ Government bonds. ▪ Corporate bonds. ▪ Futures. ▪ Shares.
What was the average daily volume in futures contract trading at year-end 1999?	44,636 option contracts. Futures volume is negligible.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	13,245,758 options and future contracts on the TA-25 index and on foreign currency. The option contracts value was 10,934 million NIS.
What was the level of open interest in futures contracts at year-end 1999?	380,890 options and future contracts on the TA-25 index and on foreign currency.
Please describe how you compute contract volume.	Number of contracts: one unit of a TA-25 contract represents 100 times the index, which was about \$12,500. One unit of a foreign currency contract represents \$10,000.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically for securities. Derivatives changed to electronic trading in October 1999.
Are prices disseminated in real-time? If so, how?	Yes. The exchange has an electronic system to disseminate prices in real-time.
How frequently do you match trades?	Between seconds to minutes; depends on stock liquidity.
Is dual trading permitted?	Yes.
What surveillance programs are used?	Mainly computerized stock watch. The ISA uses a sophisticated computerized program to perform a stock watch. It scans all transactions every day and reports irregular trading activity that may indicate misconduct, such as insider trading or market manipulation.

Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	The ISA performs surveillance on both derivatives and cash markets.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	No.
Risk Management/Clearing	
Do exchanges have clearinghouses?	<p>The Tel Aviv Stock Exchange clearinghouse offers clearing, settlements and custody services and acts as a central securities depository. Like other advanced clearinghouses, it complies with the G-30 international standards.</p> <p>Securities are held in book-entry form, and the computerized systems enable fully automated trade processing. Custodian transfers are still processed manually, but automation plans are underway.</p> <p>Clearinghouse members are members of the TASE and comply with strict capital and liquid assets requirements. The members may not offset orders but are allowed to trade securities off the exchange. These trades are cleared and settled by the TASE clearinghouse.</p>
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	A company owned by the Tel Aviv Stock Exchange owns the clearinghouse.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	The members' accounts with the clearinghouse are credited (or debited) on the trade date and trades settle on the following day (T+1), according to the delivery versus payment principle.
Is margin required?	<p>Portfolio managers: according to the agreement between the customer and the broker.</p> <p>Exchange members: according to the exchange rules.</p>
Who sets the margin levels?	The clearinghouse.
Is margin calculated on a gross or net basis?	Gross basis.

How frequently are positions marked to market? How often are gains/losses settled?	Once a day; however, in case of unexpected large changes in share prices, settling can be done more frequently.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	A mutual guarantee mechanism enforces members' joint responsibility to ensure full settlement of all trades. There also exists minimum capital requirements and liquidity provisions.
How does the clearinghouse allocate losses in the event of a clearing member default?	Losses are allocated according to the relative investment of the members in a special fund designated for that purpose.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	The TASE managing director can suspend a TASE member trading.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	N/a
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	No.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes.
Are customers given access to order routing systems by intermediaries?	Yes.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Only general information.
Are clearing rules available on the Internet?	Only general information.
E-Mail contact information.	TASE: < spokesperson@tase.co.il >.
Web site address(es).	TASE: < www.tase.co.il >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Warrants ▪ Convertible bonds ▪ Government bonds ▪ Corporate bonds ▪ Futures ▪ Shares 	TASE
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Index ▪ Currency 	TASE

CENTRAL AND NORTH AMERICA

Summary Information
CENTRAL AND NORTH AMERICA

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Mexico	MexDer.	2,452 contracts.	619,352 contracts.	Futures on 91-day Cetes, US dollar, equity index, 28-day Inter-bank interest rate, and individual equities.

Mexico

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$483,530 million.
1999 GDP (Local Currency)	4,622,788.8 million (XR=9.5605 year avg.).
1999 Consumer Price Index Increase	12.32%.
1999 Balance of Trade Surplus (Deficit)	(\$5,583.7 million).
1999 Total External Debt	\$167,454 million.
Market Data	
1999 Stock market capitalization (US\$)	\$153,489 million.
1999 Corporate Debt Market (US\$)	\$62,537.2 million during 1999 (excluding ADRs).
1999 Sovereign Debt Market (US\$)	\$8,259.08 million.
1999 Sub-Sovereign Debt Market (US\$)	Not applicable.
Sovereign Debt Rating/Rating Agency	Baa3 (Moody's Investor Service).
General Data	
Currency	Mexican Peso.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	9.4875 – 9.9538.
1999 Population	97,361,711.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Steel, chemicals, electric goods, textiles, automotive, rubber, oil and tourism.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination: Yes.	
SDDS or Other Data Source Web Address: << http://www.dsbb.imf.org/country/mexcats.htm >>.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	<p>Currently, there is no derivatives law. However, based on present financial and securities regulation, the Ministry of Finance (SHCP), the Central Bank (Banco de Mexico or Banxico), and the National Banking and Securities Commission (CNBV) issued in December 1996 a secondary regulation and a set of “Rules” concerning the provisions which shall apply to companies and trusts that are engaged in derivative operations (<i>“Reglas a las que habrán de sujetarse las sociedades y fideicomisos que intervengan en el establecimiento y operación de un Mercado de Futuros y Opciones cotizados en Bolsa”</i>), including the types of market participants to be authorized, capital requirements, and the jurisdiction of the Financial Authorities.</p> <p>Likewise, the CNBV issued an additional regulation (<i>“Disposiciones de carácter prudencial a las que se sujetarán los participantes en el Mercado de Futuros y Opciones cotizados en Bolsa”</i>) in May 1997. The Prudential Regulation is established to protect market participants and to provide an adequate regulatory framework.</p> <p>In addition, the rules, bylaws, and operation manuals of the derivatives exchange and clearinghouse regulate the market.</p>
Principal securities law	<p>Currently, the legal framework for securities includes the Securities Market Law, the Mexican National Banking and Securities Commission Law, the Mutual Fund Law, and corresponding secondary regulations (<i>i.e.</i>, <i>Circulares</i>).</p>
Futures regulatory authority	<p>The CNBV regulates, oversees and issues prudential regulation for exchange-traded futures and options. Banxico regulates OTC futures and options. The exchange (MexDer)</p>

	authorizes clearing members, and the Ministry of Finance may veto the authorization.
Securities regulatory authority	CNBV.
Specify any relevant self-regulatory organization(s) (SROs)?	Mexican Derivatives Exchange (MexDer) and the clearinghouse (Asigna), both of which are SROs applicable to futures and options markets.
Do SROs supplement governmental regulation? How?	Yes. Both the exchange (MexDer) and the clearinghouse (Asigna) are SROs and issue rules and manuals. MexDer is responsible for overseeing clearing members and non-clearing members, as well as the clearinghouse. In addition, the clearinghouse is empowered to oversee clearing members.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. According to the Rules, the SHCP is in charge of authorizing futures and options exchanges as well as contracts and other markets, having previously received the opinion of the CNBV and Banxico.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	The design criteria for contract terms and conditions are specified in the Rules and the SHCP is in charge of authorizing them, having previously received the opinion of the Banxico and the CNBV.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The rules imposed on exchanges for minimum prudential regulation on information disclosure and recordkeeping, include requirements on transparency, price information, trade activities, names of members, financial statements, <i>etc.</i>
Do price limits and circuit breakers exist? If so, at what levels are they set?	Price limits do exist. Under exchange rules, circuit breakers may be established for each contract individually; this information is subject to the review of the authorities.
Are there special requirements for electronic trading systems? If so, please specify.	Yes, the Rules establish the minimum requirements for the electronic trading systems. These include: <ul style="list-style-type: none"> • Equal access for all participants. • Minimum trading information displayed. • Security access.

<p>Are exchanges audited by regulators? By others? Please specify.</p>	<p>Yes. The CNBV is empowered to audit exchanges at any time. In addition, the annual financial statements of the exchanges need to be audited by an independent external auditor who must be appointed by the board of directors. The CNBV sets forth the requirements with which external auditors have to comply.</p>
<p>Regulation of Financial Service Providers</p>	
<p>Are there licensing/authorization requirements for brokers? For others? Please specify.</p>	<p>Licensing/authorization requirements for broker/dealers are established in the Securities Market Law. Broker/dealers are not allowed to participate directly in a futures and options market. For this purpose, a special kind of intermediary has to be incorporated in accordance with the licensing and authorization requirements established in the Rules and exchange rules. Additionally, clearing members have to comply with the requirements established in the clearinghouse rules.</p>
<p>What reporting/recordkeeping requirements apply to market participants (traders/broker users)?</p>	<p>According to the Rules and the additional regulation, intermediaries need to keep records of each and every one of the transactions, contracts or operations that they carry out. These records can be microfilmed or stored on diskettes or any other electronic media. Records so transformed shall have the same probatory value as the original records.</p>
<p>Are there sales practice/conduct of business standards for brokers? Others? Please specify.</p>	<p>Yes. There are sales practice and conduct of business standards for intermediaries.</p>
<p>Are there minimum capital requirements for brokers? For others? Please specify.</p>	<ul style="list-style-type: none"> ▪ MexDer: \$1,122,698 (approximately). ▪ Clearing Member Proprietary Account: The greater of \$701,686 (approximately) or 4% of the total amount of the initial minimum contributions for each open account. ▪ Clearing Member Non-Proprietary Account: The greater of \$1,403,373 (approximately) or 8% of the total amount of the initial minimum contributions for each open contract.

	<ul style="list-style-type: none"> ▪ Clearinghouse: \$4,210,118 (approximately). ▪ Non-Clearing Members: \$28,067 (approximately). <p>Note: The initial capital requirements are not capital adequacy standards.</p>
Are brokers audited by regulators? By others? Please specify.	Yes. Both the CNBV and MexDer.
Are there segregation requirements for customer funds? If so, please describe.	Yes. The protection of the investor's funds includes segregation of proprietary and non-proprietary funds.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	No. There are no customer compensation or "insurance" arrangements.
Are there custody requirements for customer funds? If so, please describe.	Clearing members can manage customer funds, which have to be segregated from proprietary funds.
Are there dispute resolution procedures? If so, please describe.	Yes. There is a Council, defined as the internal body in charge of every aspect of the arbitration procedures for members and customers. Both the Council and the arbitration procedures are settled and managed by the exchange.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Mexican corporations and citizens do not need special authorization in order to invest in foreign markets.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	There is no regulation regarding this issue.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	There is no regulation regarding this issue.
Are there any requirements on intermediaries that provide customers in you jurisdiction access to foreign markets via order routing systems? If so, please describe.	There is no regulation regarding this issue.

Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	There is no regulation regarding this issue.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	There is no regulation regarding this issue.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Procedures are the same for both domestic and foreign market users.
Taxation	
How are gains on derivatives products taxed?	<p>The final approval of the derivatives gain/loss scheme for the 1999 tax year was published in the <i>Official Gazette</i> on March 3, 1999. As a result, the following will apply to taxpayers:</p> <p>a) If the underlying asset referred to is Mexican government debt or interest rates, clearing-member proprietary or non-proprietary accounts will not exercise the 15% withholding rate, when the gains are equal or less than the losses generated, until the end of such trading. The 15% withholding amount will be exercised on the amount exceeding the difference on gains and losses. Clearing members should keep a record of segregated gains and losses traded by the proprietary and non-proprietary accounts. If the operation is settled by physical delivery, it is tax exempt.</p> <p>b) If the underlying asset referred to is a stock and/or stock and currencies index, the tax rate will be the 20% effective rate with no deduction allowed. A 40% effective rate will be applied to those deducting the losses not exceeding a three-month period and having a Mexican tax residence or an authorized grantor.</p>

	c) If the taxpayer resides in a tax haven, the 40% effective rate, with no deduction allowed, will be applied.
Do you have any double taxation treaties? If so, please list.	Yes. Currently, tax treaties exist with the following countries, among others: Canada, Sweden, France, Belgium, Ecuador, Germany, Italy, Spain, Switzerland, Austria, India, Korea, European Union, and the United States.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	For MexDer, both the Rules and additional regulations establish 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 the clearing funds. This process is detailed in the clearinghouse rules. OTC transactions do not have any insolvency provision.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulation governing derivatives? Fraud?	MexDer is a self-regulated market with the capacity to enforce its rules through contractual agreements. The CNBV is responsible for punishing violations. In case of some violations of the law such as fraud, the CNBV or a market participant could complain to the Attorney General's office, which is the competent authority.
General	
Memberships in international standard setting organizations (e.g., IOSCO)? Please specify.	The International Organization of Securities Commissions (IOSCO/Technical Committee), Council of Securities Regulators of the Americas (COSRA), Asia-Pacific Economic Forum (APEC), Basle Committee on Banking Supervision (Core Principles Liaison Group), Inter-American Development Bank (IADB), International Monetary Fund (IMF), Organization for Economic Co-operation and Development (OECD), North American Securities Administrators Association (NASAA), the Association of Supervisors of

	Banks of the Americas (ASBA), and the World Bank (WB).
E-mail contact information	CNBV: < info@cnbv.gob.mx >.
Is basic law available on your Web site?	Yes, the CNBV's web site shows the Rules.
Web site address(es)	CNBV: < www.cnbv.gob.mx >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	MexDer.
Who owns the exchange (members, government, other)?	The members and the Mexican Stock Exchange, which acts as an investor (not a member) and has limited corporate rights.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Futures on 91 days Cetes (Cetes 91), US dollar, stock index (IPC), 28 days Inter-bank interest rate (TIIE 28) and on individual stocks.
What was the average daily volume in futures contract trading at year-end 1999?	2,425 contracts.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	619,352 contracts traded. \$6,105,339,798.54.
What was the level of open interest in futures contracts at year-end 1999?	32,876 contracts.
Please describe how you compute contract volume.	The sum of the contracts bought or sold in a day.
Trading Features	
Is trading conducted electronically or by open outcry?	Trading is conducted electronically since May 8, 2000.
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.
How frequently do you match trades?	Every trade has to be matched; if not, it will not be registered.
Is dual trading permitted?	Yes. Intermediaries are allowed to trade for customers and for their own accounts in the same day.
What surveillance programs are used?	The CNBV implemented a system that monitors on-line trades, prices, large exposures, and other elements. The exchange, as an SRO, has surveillance programs in order to detect violations.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Yes, the CNBV monitors cash and derivatives markets. Therefore, both areas are coordinated in their surveillance activities.

Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	No, there are no arrangements since the clearinghouse (Asigna) is independent from the cash market clearinghouse (Indeval).
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes, there is a clearinghouse for the exchange.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	Both the clearing members (<i>Socios Liquidadores</i>) and the Securities Depository (INDEVAL) are trustees of the clearinghouse. The clearinghouse (Asigna) is a separate entity.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T + 1.
Is margin required?	Yes.
Who sets the margin levels?	The clearinghouse calculates and sets the margin levels. The clearing members can set margin levels above those of the clearinghouse for their clients, depending on their individual credit risk.
Is margin calculated on a gross or net basis?	Margin will be calculated on a net basis.
How frequently are positions marked to market? How often are gains/losses settled?	The Rules and the additional regulations establish that the positions have to be marked-to-market at least once a day. However, the clearinghouse's system marks to market and calculates unrealized gains and losses on a real-time basis. The gains/losses are settled at the end of the day but the exchange can have an extraordinary settlement at any time during the day.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Please refer to insolvency provisions in the next answer.
How does the clearinghouse allocate losses in the event of a clearing member default?	There is a clearinghouse safety net which uses the following funds of the defaulting member progressively: <ul style="list-style-type: none"> ▪ margin funds, ▪ funds released from the positions closed, ▪ and any other resources from the clearing and non-clearing member in default. <p>If this is not enough, the safety net will allocate losses between all the members using the clearing fund and the clearinghouse may</p>

	require clearing members to restore the clearing fund up to three times.
Can customer positions be transferred in the event of default?	If a clearing member defaults, non-defaulting customer positions must be transferred to another member.
Are emergency rules in place? If so, please specify.	Yes. There is a safety procedure in case of an emergency related to the systems and any other abnormal situations.
Do exchange rules override inconsistent insolvency law?	Legal procedures in case of insolvency are envisaged in Article 104 of the Law of Bankruptcy Procedures (<i>Ley de Concursos Mercantiles</i>), which regulates aspects related to the insolvency of companies derived from operations with derivatives.
Must clearing members specify a choice of law?	Not applicable.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	All participants must trade using the services provided by an intermediary.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes, MexDer provides an electronic trading system.
Are customers given access to order routing systems by intermediaries?	No. Customers have no access to those systems.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes, the bylaws and operational manuals of the MexDer are on the MexDer Web site.
Are clearing rules available on the Internet?	Yes, the bylaws and operational manuals of Asigna are on the MexDer Web site.
E-Mail contact information.	CNBV: < info@cnbv.gob.mx >. MexDer: < cinforma@mexder.com.mx >.
Web site address(es).	CNBV: < www.cnbv.gob.mx >. MexDer: < www.mexder.com.mx >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> • Individual equities • Equity indexes • Other indexes • Debt • Currency • Metal • Energy • Agricultural • Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Individual equities: <ul style="list-style-type: none"> ▪ BNCO ▪ CMXC ▪ FEMD ▪ GCAA ▪ GFBO ▪ TMXL Equity indexes: <ul style="list-style-type: none"> ▪ IPC Debt: <ul style="list-style-type: none"> ▪ TI28 ▪ CT91 Currency: <ul style="list-style-type: none"> ▪ DEUA 	MexDer
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable

SOUTH AMERICA

Summary Information
SOUTH AMERICA

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Argentina	Mercado a Termino de Buenos Aires, S.A.	970 contracts.	232,105 contracts.	Futures and options on wheat, sunflowers, corn, and soybeans.
Argentina	Rosaria Futures Exchange.	425 contracts.	102,176 contracts.	Futures and options on wheat, sunflower, corn, Rosafe Soybean index, and Rosafe Meat Index.
Argentina	Mercado de Valores de Buenos Aires S.A.	838 contracts (August-December 1999).	83,813 contracts (August-December 1999).	Futures and options Merval Stock Index and M.AR Stock Index.
Brazil	Bolsa de Mercadorias & Futuros.	December 1999: [value: \$8,286,329,000]	41,841,726 contracts.	Registers swaps and flexible options (performed in OTC markets); futures and options on debt, equity indexes, FX, gold, and agricultural commodities.
Brazil	The Sao Paolo Stock Exchange.	N/a	N/a	Options on individual equities.
Chile	Santiago Stock Exchange.	0.	0.	Equity index, US dollar and interest rate futures; options individual equities.
Peru	Lima Stock Exchange.	Not applicable.	Not applicable.	Equity, bonds, and short-term instruments.
Peru	Lima Commodity Exchange.	Not applicable.	Not applicable.	Agricultural, livestock, fishing, mining and industrial commodities.
Venezuela	Camara de Compensacion de Opciones y Futuros.	Not applicable.	Not applicable.	Equities, dollar and interest rate futures.

Argentina

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$283 billion.
1999 GDP (Local Currency)	N/a
1999 Consumer Price Index Increase	(1.8%).
1999 Balance of Trade Surplus (Deficit)	(\$2.2 billion).
1999 Total External Debt	\$121.877 million.
Market Data	
1999 Stock market capitalization (US\$)	\$82.9 billion.
1999 Corporate Debt Market (US\$)	\$4.9 billion.
1999 Sovereign Debt Market (US\$)	N/a
1999 Sub-Sovereign Debt Market (US\$)	N/a
Sovereign Debt Rating/Rating Agency	<ul style="list-style-type: none"> ▪ Standard & Poor's: Local Currency: BB Foreign Currency: BB- ▪ Moody's: Local Currency: B1 Foreign Currency: B1 ▪ Fitch Ratings, Ltd.: Local Currency: BB+ Foreign Currency: BB
General Data	
Currency	Peso.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	Yes.
Exchange rate range 6/30/99 to 6/30/00	1:1.
1999 Population	36,578,000.
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Food processing, agriculture, mining, automobiles, industry, chemicals.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes. SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/argcats.htm >>; see also << http://www.mecon.gov.ar >>.	

REGULATORY DATA	
Regulatory Framework	
Customer derivatives law	Decree 2284 ratified by Law 24.307, and Decree 1926/93.
Customer securities law	Law 17.811.
Futures regulatory authority	National Securities Commission (CNV).
Securities regulatory authority	CNV.
Specify any relevant self-regulatory organization(s) (SROs)?	Not applicable.
Do SROs supplement governmental regulation? How?	Yes. Futures and options exchanges (“Exchanges”) are authorized by the CNV as SROs. The CNV approves all SRO rules and regulations and contract terms and conditions. As SROs, exchanges must comply with CNV requirements. All intermediaries must be SRO-registered members and are subject to SRO control and supervision. CNV controls SROs according to their rules and regulations.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Yes. Exchanges must submit to CNV prior to approval at least the following information regarding terms and conditions for every futures and option contract to be traded: a) Underlying Product; b) Contract unit; c) Initial margin; d) Maximum daily fluctuation; e) Trading hour; f) Description of the settlement system; g) Exercising method; h) Adjustment price calculation method; i) Description of the cash market for the underlying product; j) Description of the marketing system; k) Relevant statistical information on the cash market of the underlying product; and l) Trading months.

<p>What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?</p>	<p>Exchanges must keep records of all transactions, volume, open positions, broker financial data, margins and daily account fluctuations. Exchanges must disseminate information on transactions registered and prices offered on a daily basis. Exchanges must present any information required by the CNV.</p> <p>Exchanges are required to issue rules to guarantee normal futures and options trading, taking into account the following considerations:</p> <ol style="list-style-type: none"> a) The persons who are authorized to trade in futures and options; b) The trading system used for futures and options trading; c) The record, in FIVE (5) minutes time, of any voiced or traded price as offered for each future and option; d) The use of trading receipts containing specified information; e) Trading slips and receipts shall be recorded no later than FIFTEEN (15) minutes following a transaction; f) Supervision and control of the transactions. <p>Exchanges are required:</p> <ol style="list-style-type: none"> a) To keep a computerized record, containing detailed information of every transaction, which shall be kept for a term of FIVE (5) years, and be available for consultation purposes during the first TWO (2) years following the end of the above mentioned term of five years; b) To release separate reports for each futures and option that shall contain, at least, the following information: opening, maximum, minimum, closing and adjustment prices, volume and open interest;
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	<p>c) To prepare a “tick history,” which must be available to those who use the relevant contracts;</p> <p>d) To prepare, within FIVE (5) working days, a monthly report on the volume of futures and options per type of future and option, and per broker, in the exchanges’ own portfolios, as well as third parties’ open positions.</p>
<p>Do price limits and circuit breakers exist? If so, at what levels are they set?</p>	<p>Yes. Each exchange determines daily price limits for each of its contracts based on the settlement price of the contract for the previous day. At the moment, there is no financial futures market in Argentina, so there is no need to implement circuit breakers.</p>
<p>Are there special requirements for electronic trading systems? If so, please specify.</p>	<p>No. Exchanges must submit all information regarding their electronic trading systems for CNV’s prior approval.</p> <p>Exchanges that have an electronic trading system are required to file with the CNV the system’s folders and any supplementary information as necessary. They must also have an external audit, and present the CNV a copy of such external audit report.</p>
<p>Are exchanges audited by regulators? By others? Please specify.</p>	<p>Yes. CNV conducts periodic audits of the exchanges to ensure that each is properly executing its role as an SRO. Furthermore, CNV requires exchanges to be audited annually by external auditors.</p> <p>Exchanges must have an annual external audit that provides for a report with detailed information about their objectives and performance. The report must be sent to the CNV and shall report, among others, the following items: a) Risk management quality; b) Surveillance of market conditions and participants; c) Internal control quality; d) Economic, financial and equity positions.</p>
Regulation of Financial Service Providers	
<p>Are there licensing/authorization requirements for brokers? For others? Please specify.</p>	<p>Yes. Entities that decide to act as brokers in domestic exchanges must fulfill CNV regulations and exchange requirements, in</p>

	<p>order to be registered as exchange broker members. There are no licensing/authorization requirements for those other than brokers.</p> <p>Exchanges are required:</p> <ul style="list-style-type: none"> a) To adopt and submit to the CNV requirements to be met by brokers which must include the following considerations: <ul style="list-style-type: none"> i. Having a suitable, technical and operating organization and an infrastructure to make a transaction; ii. Passing a suitability test for trading purposes; iii. Separating assets into one's own assets and customers' assets; iv. Having suitable risk management controls which allow for monitoring both one's own open positions and those of the customers. b) To issue rules and regulations guaranteeing that Brokers make a clear cut between: <ul style="list-style-type: none"> i. The staff responsible for preparing reconciliations, administering and managing margins, verifying open position limits, preparing and keeping accounting books and records, and the staff responsible for risk management and for treasury, and ii. The staff responsible for the relationship with customers and for the transactions, and requires that the staff working in these areas shall have a clear supervisory chain. c) To require brokers to clearly include in writing and in account opening agreements, the rights and obligations of brokers and customers.
<p>What reporting/recordkeeping requirements apply to market participants (traders/broker users)?</p>	<p>Exchanges require brokers to maintain records of their proprietary and their customers' transactions.</p> <p>For example, exchanges must require brokers to employ such method as necessary to allow for the recording of a temporary sequence of</p>

	<p>customers orders with a view that such a temporary sequence may be reconstructed with the use of auditing procedures.</p> <p>Customers are required to daily inform exchanges, and such exchange informing the CNV of any open position being traded and in excess of ONE PER CENT (1%) of the open interest, if such open interest is higher than the minimum open interest as established by such exchanges.</p>
<p>Are there sales practice/conduct of business standards for brokers? Others? Please specify.</p>	<p>Yes. There are sales practice/conduct of business standards for brokers that are under exchange jurisdiction. There are no sales practice/conduct of business standards for others.</p> <p>CNV regulations determine sales practices and conduct of business standards that exchange' brokers must follow.</p> <p>Exchanges are required to have a Code of Ethics with business standards for their intermediaries. This Code of Ethics, is intended to provide for a transparent market and the protection of investors, and must contain specific regulations to:</p> <ul style="list-style-type: none"> a) Guarantee and insure a broker's loyalty when enforcing a customer's order; b) Avoid and suppress market manipulation; c) Avoid and suppress fraud; d) Avoid and suppress a prohibited transaction such as: <ul style="list-style-type: none"> i. Applying a customer's order to another one's; ii. Pretending that a transaction is being made, with such transaction going unrecorded; iii. Recording a transaction in one's account or in a Broker related account and directly or indirectly acting as a counterpart to a customer's order, with such order

	<p>going unenforced at the negotiation and trading premises;</p> <p>e) Protect a customer.</p>
<p>Are there minimum capital requirements for brokers? For others? Please specify.</p>	<p>Yes. There are minimum capital requirements only for brokers, as they are under exchange jurisdiction. There are no capital requirements for others.</p>
	<p>Exchanges set minimum capital requirements for brokers based on risk exposure, and monitor their compliance on a daily basis.</p> <p>Clearinghouses are required to set forth minimum financial requirements for clearing members, and Section 41 requires that clearing houses must provide for a system of limited open positions, and check on the compliance with such limits.</p>
<p>Are brokers audited by regulators? By others? Please specify.</p>	<p>Brokers are not audited by the CNV. Brokers are audited by exchanges acting as SROs, which must conduct periodic audit trails and enforcement procedures.</p> <p>CNV may, however, institute enforcement proceedings when necessary.</p> <p>Exchanges are required to inspect their brokers to check compliance with rules in force. These audits shall include, without limitation:</p> <ul style="list-style-type: none"> a) Risk management quality; b) Internal control quality; c) Compliance with customer protection requirements.
<p>Are there segregation requirements for customer funds? If so, please describe.</p>	<p>Yes. Exchanges must require brokers to have separate accounts for own assets and customers' funds.</p> <p>This is a new CNV requirement, since January 1, 2000, which is currently being implemented. At the moment, brokers are keeping separate their own assets and customer assets received for the purpose of maintaining margin requirements for</p>

	transactions made on behalf of customers orders.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	No.
Are there custody requirements for customer funds? If so, please describe.	No.
Are there dispute resolution procedures? If so, please describe.	Exchange bylaws enable their boards of directors to be engaged in dispute resolution procedures. There are no other specific exchange regulations regarding dispute resolution.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Foreign exchanges must be approved by CNV for operations and/or products offered in Argentina. There are no restrictions for Argentine investors.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No.
Are there any requirements on intermediaries that provide customers in you jurisdiction access to foreign markets via order routing systems? If so, please describe.	No.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	No.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	All intermediaries (local or foreign) involved in public offerings to local customers for accessing foreign markets must be registered at a local exchange or SRO. CNV’s jurisdiction would arise if a foreign intermediary were involved in a public offer to local customers for trading foreign futures and options contracts. In this case, foreign

	intermediaries must fulfill CNV regulations and requirements, as described above.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	<p>Decree 1130/97, effective as of November 4, 1997, amends Decrees 2353/86 and 2407/97 governing the general income tax and value added tax (VAT) treatment of derivative transactions and establishes new rules regarding the Argentine federal tax treatment of derivative contracts.</p> <p><u>Income Tax:</u> The determination of the source country is based on the localization of the risk, which is deemed to be located in the country of residence of the recipient regardless of the location of the underlying asset. According to this principle, any gain or loss obtained by a non-Argentine company as a result of a derivative transaction is not subject to withholding tax in Argentina. For Argentine residents, the gain or loss is deemed to be sourced in Argentina and therefore offsettable against Argentine-sourced income. In this regard, the Decree introduces a limitation for the use of derivative losses not emerging from hedging transactions. The regulation defines as a hedge transaction one whose purpose is to reduce the effect of future fluctuations in market prices or rates in the earnings of the customer's economic activities. Therefore, losses that arise from non-hedge transactions generated within or without Argentina are offsettable only against derivative income with a five-year carry-forward.</p>

	<p>VAT: According to the regulation, all the transactions executed as a result of entering into a derivatives contract, including the initial agreement, its subsequent sale and the compensations or settlements that may take place as a consequence of its resolution or termination, are not considered taxable events for VAT purposes. However, the VAT will apply if the instrument is settled with the delivery of the underlying assets or rendering of services, if said underlying assets or services qualify as taxable events under the VAT Act. Consequently, in derivatives transactions with cash settlement or delivery outside Argentina, no VAT would be applicable.</p>
<p>Do you have any double taxation treaties? If so, please list.</p>	<p>Argentina has double taxation treaties in place with a number of countries, including: Brazil, Bolivia, Canada, Chile, France, Germany, and Spain, among others. A treaty with the United Kingdom is pending parliamentary approval.</p>
<p>Insolvency</p>	
<p>What insolvency provisions apply to your exchange derivatives markets? OTC transactions?</p>	<p>Law 24.522 (Bankruptcy Law) applies either to Argentine exchange-traded or OTC derivatives transactions. Law 24.522 does not specifically outline what a counterparty to a derivatives trade (either exchange or OTC traded) is entitled to in cases of insolvency.</p> <p>Among others provisions, Law 24.522 establishes a two-year look back period during which the bankrupt company's payments can be investigated and, in some cases, appropriated.</p> <p>With respect to derivatives transactions where the government is a party, Law 24.764 (1997 Budget Law) provides for netting, elimination of the look-back period, and early termination of derivatives contracts into which the country's finance ministry entered if the private sector counterparty to the trade is declared insolvent.</p>

	At the end of December 2000, the Senate passed legislation specifically prepared to modify Law 24.522 provisions, which provides for netting, elimination of the look-back period, and early termination of derivatives contracts in the case of bankruptcy. At the current moment, this legislation is being debated at the Deputy panel.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	Derivatives: CNV. Fraud: Judiciary power.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	COSRA, IOSCO, Inter-American Development Bank, International Monetary Fund, and the World Bank. CNV also is a member of the Windsor Declaration.
E-mail contact information	CNV: <ul style="list-style-type: none"> ▪ Mr. Carlos Weitz, Chairman. CNV: <cweitz@mecon.gov.ar>. ▪ Mr. J. Andrés Hall, Commissioner, CNV: <jah@mecon.gov.ar>. ▪ Mrs. María Soledad Castro Deputy Director Futures & Options Division, CNV: <scastr@mecon.gov.ar>.
Is basic law available on your Web site?	Yes.
Web site address(es)	CNV: < www.cnv.gov.ar >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	Mercado a Término de Buenos Aires S.A. (MAT). Rosario Futures Exchange (ROFEX). Mercado de Valores de Buenos Aires S.A. (MERVAL)
Who owns the exchange (members, government, other)?	Exchanges are owned by their members, which must own at least one share of the exchange.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	MAT: trades wheat, corn, sunflower and soybean futures and options (unit contract for each contract is 100 tons). ROFEX: trades wheat, corn, sunflower, Rosafe Soybean Index and Meat Index futures and options (unit contract for sunflower and Rosafe Soybean Index is 25 tons; unit contract for wheat and corn is 50 tons; unit contract for Meat Index is 5 tons). MERVAL: trades MERVAL Stock Index and M.AR Stock Index futures and options (unit contract for each contract is 10 times the underlying portfolio stock index).
What was the average daily volume in futures contract trading at year-end 1999?	Average Daily Volume in futures and options on futures contracts trading in December 1999 (including all types of contracts traded on each exchange): <ul style="list-style-type: none"> ▪ MAT: 970 contracts. ▪ ROFEX: 425 contracts. ▪ MERVAL has traded futures and options on futures since August 1999. Average daily volume in futures and options on futures contracts trading since August to December 1999 is 838 contracts.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Total quantity of futures and options on futures contracts for all types of contracts registered at each exchange in 1999: MAT <ul style="list-style-type: none"> ▪ 232,105 contracts. ▪ 23,210,500 tons.

	<ul style="list-style-type: none"> ▪ \$3.0 billion in contract value. <p>ROFEX</p> <ul style="list-style-type: none"> ▪ 102,176 contracts. ▪ 2,645,880 tons. ▪ \$344 million in contract value. <p>MERVAL (Since August 1999 to December 1999)</p> <ul style="list-style-type: none"> ▪ 83,813 contracts. ▪ \$45,935,809 in contract value.
What was the level of open interest in futures contracts at year-end 1999?	N/a
Please describe how you compute contract volume.	For the purposes of this questionnaire, contract volume is the total quantity of futures and options on futures contracts negotiated in 1999.
Trading Features	
Is trading conducted electronically or by open outcry?	<p>At all exchanges, trading is simultaneously conducted by open outcry and electronic trading systems.</p> <p>At ROFEX, electronic trading represents 99% of the total volume registered.</p> <p>At MAT, electronic trading represents 2%.</p>
Are prices disseminated in real-time? If so, how?	<p>Yes. All exchanges disseminate prices in real-time through in-house electronic screens and vendors:</p> <ul style="list-style-type: none"> ▪ MAT (vendors): Reuter, Bloomberg, CMA, Nosis and Turnet. ▪ ROFEX (vendors): Reuter, Bloomberg and CMA. ▪ MERVAL (vendors): Reuter, Bloomberg, CMA, Interactive Data, Nosis, ISI Emerging Markets, Primark HLD Corp., and ILX. <p>Also, all exchanges disseminate prices through their Internet Web sites (see below).</p>
How frequently do you match trades?	Exchanges match trades on a daily basis.
Is dual trading permitted?	Yes. In case of dual trading, customer orders must be given precedence.
What surveillance programs are used?	CNV new regulations, effective since 01/01/00, require exchanges to have

	<p>surveillance programs, which must contemplate an analysis of the following information:</p> <ul style="list-style-type: none">a) Information detailed in trading receipts (identification of both the purchasing broker and the selling broker, the type of traded future and option, the price and option exercising method, the month due, the number of futures and options, the agreed price, the time and the minute when every transaction has been traded, and an indication stating whether the transaction is for an own-portfolio or for a third party);b) Cash price changes for every underlying product;c) Changes in the convergence between the futures price and the underlying product cash price.d) Economic analysis of the underlying product cash market per future being traded. In addition, in the event of a future with a physical underlying product, and with a view to track down and avoid probable market manipulations, every market shall analyze whether such underlying product is available, and closely go through any other relevant information that may have an impact on the trading of these futures, including any underlying product cash market.e) Open positions per type of future and option, and per due month being traded, and in excess of ONE PER CENT (1%) of the open interest, if such open interest is higher than any minimum open interest as established by the exchanges or clearinghouses. <p>In addition, CNV regulations require exchanges to require brokers to use any method necessary to allow for the recording of a temporary sequence of the orders by the principals with a view that such temporary sequence of orders may be reconstructed with the use of auditing procedures.</p>
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Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	No.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	No.
Risk Management/Clearing	
Do exchanges have clearinghouses?	No.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	Not applicable.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T + 1
Is margin required?	Yes.
Who sets the margin levels?	Exchanges set margin levels for each contract. Required margin levels are set in relation to “one-day” value at risk (VAR) for each type of contract. Margin must be deposited before the following trading day to avoid close-out of open positions. Initial margins must be in cash or public bonds (with a haircut), while variation margins must be in cash.
Is margin calculated on a gross or net basis?	MAT calculates margin on a net basis using a strategy-based system. ROFEX calculates margin on a gross basis using a scenario-based system. MERVAL calculates margin on a net basis.
How frequently are positions marked to market? How often are gains/losses settled?	Positions are marked to market and gains and losses are settled on a daily basis.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Exchanges guarantee all registered open positions. In case of failure, financial backing for brokers is based on broker funds deposited as margins at the exchanges’ bank accounts, brokers’ guarantee funds, brokers’ net worth, and ultimately, the exchanges’ net worth.
How does the clearinghouse allocate losses in the event of a clearing member default?	At the moment, there is no clearinghouse and no clearing members in place. In the event of a broker’s default, an exchange can liquidate or close out the broker’s open positions and, in case of losses, an exchange can execute the broker’s funds deposited as margin at the exchange’s bank account, the

	broker's guarantee funds, the broker's net worth, and ultimately, the exchange's net worth.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	There are no specific emergency rules in place. There are general rules that include the close out and transfer of open positions, and the execution of defaulting member guarantees. Exchanges have the authority to pass, modify or suspend any rule or regulation and require, when necessary, additional margin and collateral.
Do exchange rules override inconsistent insolvency law?	No. In case of insolvency, insolvency law will apply.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	No.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Only ROFEX provides brokers remote direct access via its electronic trading systems, which may be connected through the Internet.
Are customers given access to order routing systems by intermediaries?	No.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	No.
E-Mail contact information.	MAT/BA: < matba@matba.com.ar >. ROFEX: < info@rofex.com.ar >. MERVAL: < merval@merval.sba.com.ar >.
Web site address(es).	MAT/BA: < www.matba.com.ar >. ROFEX: < www.rofex.com.ar >. MERVAL: < www.merval.sba.com.ar >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Wheat ▪ Sunflower ▪ Corn ▪ Soybean ▪ Soybean Index ▪ Meat Index ▪ Merval Index ▪ M.AR Index 	MAT and ROFEX MAT and ROFEX MAT and ROFEX MAT and ROFEX ROFEX ROFEX MERVAL MERVAL
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Wheat ▪ Sunflower ▪ Corn ▪ Soybean ▪ Soybean Index ▪ Meat Index ▪ Merval Index ▪ M.AR Index 	MAT and ROFEX MAT and ROFEX MAT and ROFEX MAT and ROFEX ROFEX ROFEX MERVAL MERVAL

Brazil

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$529.4 billion.
1999 GDP (Local Currency)	R 960.8 billion.
1999 Consumer Price Index Increase	8.94% (IPCA).
1999 Balance of Trade Surplus (Deficit)	\$1.2 billion deficit.
1999 Total External Debt	\$241 billion (includes private and governmental debt).
Market Data	
1999 Stock market capitalization (US\$)	\$229 billion.
1999 Corporate Debt Market (US\$)	\$11.8 billion.
1999 Sovereign Debt Market (US\$)	\$176.7 billion.
1999 Sub-Sovereign Debt Market (US\$)	\$95.4 billion.
Sovereign Debt Rating/Rating Agency	S&P rating as of September, 8, 2000: Local Currency – <ul style="list-style-type: none"> ▪ Long Term: BB ▪ Outlook: POSITIVE ▪ Short Term: B Foreign Currency – <ul style="list-style-type: none"> ▪ Long Term: B+ ▪ Outlook: POSITIVE ▪ Short Term: B
General Data	
Currency	Real.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	6/30/1999: 1.7695 reais per US dollar. 6/30/2000: 1.8 reais per US dollar.
1999 Population	164 million (estimate).
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Services, industry, agriculture.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): No.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Not applicable.
Principal securities law	Law 6385/76 and Law 6404/76.
Futures regulatory authority	Central Bank/CVM.
Securities regulatory authority	CVM.
Specify any relevant self-regulatory organization(s) (SROs)?	Bolsa de Mercadorias & Futuros – BM&F. Bolsa de Valores de São Paulo - Bovespa.
Do SROs supplement governmental regulation? How?	Yes. SROs have the power to enforce brokerage houses and issue specific regulation (standards of operation).
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes. The Central Bank/CVM must authorize all contracts traded at exchanges.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	The listings and design criteria for contracts traded on derivatives exchanges are created by the exchanges and authorized by the Central Bank.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Those requirements established by the Central Bank and CVM and in the exchange rules.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes, each contract has a different price limit, depending on the commodity and its volatility.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others? Please specify.	No, independent auditors audit them, but they have to send regular information and report any relevant issue to the regulators.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Commodities brokers are corporations not subject to any licensing/authorization process. The clearing members have to be financial institutions, which are subordinated to the Central Bank. Both categories, and all other categories of exchange members, must be in compliance with exchange rules, and have been submitted to and approved by the exchange's board of directors.

What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Commodities brokers are obliged to maintain a daily control and register of their transactions, as established in the rules of the exchange. In addition, they and the other market participants are subject to the regular business rules.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes, set by the exchange in its bylaws and internal rules, and by the regulators.
Are there minimum capital requirements for brokers? For others? Please specify.	Yes. According to the National Monetary Council Resolution 2607/99, brokers are required to have minimum capital of \$300,000. There are no capital requirements applicable directly to third parties.
Are brokers audited by regulators? By others? Please specify.	No, they are audited by the exchange and by independent auditors.
Are there segregation requirements for customer funds? If so, please describe.	Yes. According to CVM Instruction 306/99, all entities managing third party assets must have asset segregation. This is also specifically required for mutual funds.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	The exchanges maintain guarantee funds designed to cover losses from investors.
Are there custody requirements for customer funds? If so, please describe.	Only institutions authorized by CVM to perform such activities may hold custody.
Are there dispute resolution procedures? If so, please describe.	Yes, there is an arbitration procedure to settle trading issues. Members or their customers can hire the arbitration board.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	With regard to domestic institutional investors, foreign markets can only be accessed in very limited circumstances.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	Yes. All corporations engaging in securities activities in Brazil must seek authorization from the CVM. Compliance with foreign exchange rules from the Central Bank must also be met.

Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	Authorization from the CVM is required.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Foreign firms can trade in derivative markets either through intermediaries or directly on equal conditions with Brazilian firms.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	Authorization from the CVM is required. Marketing of foreign funds in Brazil is prohibited.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No, the only limits are those imposed by the exchange, applicable even to local investors. It is important to stress that according to Resolution 2689, foreign investors must be accredited by the CVM. In the near future, this operation may be performed through the Internet.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	A) Domestic Investors: The general rule is 15% on net gains. In case of combinations whose results are previously fixed, the percentage is increased to 20% on net gains. In addition, a 1% charge exists on day trade-operations. CPMF, a tax of 0.3% levied on all financial transactions, also applies. B) Foreign Investors: No taxes apply.
Do you have any double taxation treaties? If so, please list.	Yes. Countries are: Germany, Argentina, Austria, Belgium, Canada, China, Korea, Denmark, Equator, Spain, Philippines, Finland, France, Netherlands, Hungary, India, Italy, Japan, Luxembourg, Norway, Paraguay, Portugal, The Slovak Republic, and Sweden.

Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	Either the common bankruptcy process or the liquidation process for financial institutions, depending on the nature of the insolvent firm.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The exchanges are responsible for punishing violations of their own rules. Central Bank and CVM are responsible for punishing violations in their respective branches.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO (International Organization of Securities Commissions), COSRA (Council of the Securities Regulators of the Americas), IIMV (IberoAmerican Institute of Securities Regulators). Currently CVM is also engaged in activities with the following organizations: WTO, FTAA, OECD, IASC, and MERCOSUR.
E-mail contact information	CVM: <intl@cvm.gov.br>.
Is basic law available on your Web site?	Yes, both in English and Portuguese.
Web site address(es)	CVM: < www.cvm.gov.br > (Portuguese) and < www.intl.cvm.gov.br > (English).

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	Bolsa de Mercadorias & Futuros (Commodities and Futures Exchange; BM&F) is the main futures exchange [further responses, unless otherwise stated, are based on its data]. The São Paulo Stock Exchange (BOVESPA) trades options on individual stocks.
Who owns the exchange (members, government, other)?	Members.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Financial futures and options (including sovereign debt instruments, indexes, and exchange rates), futures and options on agricultural commodities, and gold. In addition, BM&F registers swaps and flexible options which are performed in OTC markets.
What was the average daily volume in futures contract trading at year-end 1999?	\$8,286,329 thousand in December 1999.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	41,841,726 contracts. \$2,038,436,934 thousand (notional value).
What was the level of open interest in futures contracts at year-end 1999?	903,724 contracts.
Please describe how you compute contract volume.	Number of contracts + volume registered on day-by-day basis.
Trading Features	
Is trading conducted electronically or by open outcry?	Although BM&F has started to use an electronic trading system, trading is mainly by open outcry.
Are prices disseminated in real-time? If so, how?	Yes, by vendor services.
How frequently do you match trades?	Once per day.
Is dual trading permitted?	Yes, for the open outcry system. No, for the electronic system.
What surveillance programs are used?	Cameras on the floor, voice recording and monitoring of the operations by the clearinghouse and by the exchange's audit department. In addition, CVM has its own market surveillance department.

Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	CVM performs coordinated surveillance between the futures index market and the cash market.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	No. Products are traded on a single exchange (e.g., BM&F futures index, and BOVESPA options on individual stocks).
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	BM&F: It is an internal department. BOVESPA: Independent company (CBLC).
What is the settlement time frame (e.g., T+)?	BM&F: T+1. BOVESPA: T+3.
Is margin required?	Yes.
Who sets the margin levels?	The clearinghouse, by its risk committee.
Is margin calculated on a gross or net basis?	On a gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	The positions are marked to market daily and the gains/losses are settled daily.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	In the event of a clearing member default, there is recourse to the clearing members' Special Liquidity Fund that is funded by the exchange's revenues. Afterwards, there is the Clearing Fund, composed of assets deposited by the clearing members.
How does the clearinghouse allocate losses in the event of a clearing member default?	In the Clearing Fund, each clearing member has joint and several liability for the default of all other clearing members, limited to twice its share in that fund.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes, additional margins, open interest limits, and circuit breakers.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	The clearing member can set limits to the brokers but not choose the applicable law.
Electronic Access	
Does the exchange permit remote (i.e., foreign) members or direct participants?	No.

Does the exchange provide remote direct access via electronic systems? If so, please describe.	Only for the brokers – trading stations have to be located at brokerage house offices. Customers do not have access.
Are customers given access to order routing systems by intermediaries?	Not at this time. It will be provided in the future.
General	
Do you have any alliances with other exchanges? If so, please specify.	Yes, BM&F is a member of the Globex Alliance, which congregates BM&F, MEFF (Mercado Oficial de Futuros y Opciones Financieros), Chicago Mercantile Exchange, ParisBourse ^{SBF} , Montreal Exchange, Singapore Exchange – Derivatives Trading, and GEM (Global Equity Market), which includes the Hong Kong Exchange, Tokyo Exchange, Sydney Exchange, Euronext, Mexico Exchange, NYSE, Toronto Exchange and São Paulo Exchange.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	Yes.
E-Mail contact information.	BM&F: < bmf@bmf.com.br >. BOVESPA: < www.bovespa.com.br >.
Web site address(es).	BM&F: < www.bmf.com.br >. BOVESPA: < www.bovespa.com.br >.

Chile

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$65,000 million (approximately).
1999 GDP (Local Currency)	34,422,796 million Chilean pesos.
1999 Consumer Price Index Increase	2.3%.
1999 Balance of Trade Surplus (Deficit)	\$1,664 million.
1999 Total External Debt	\$34,167 million.
Market Data	
1999 Stock market capitalization (US\$)	\$67,160 million.
1999 Corporate Debt Market (US\$)	\$2,391 million.
1999 Sovereign Debt Market (US\$)	None.
1999 Sub-Sovereign Debt Market (US\$)	None.
Sovereign Debt Rating/Rating Agency	A- / S&Ps.
General Data	
Currency	Peso.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	517.93 to 538.62.
1999 Population	15 million.
Major Sectors (e.g., Agriculture, Mining, Industry)	Mining, forestry and wood products, fishing and aquaculture, fruits, wine and agriculture.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/chlcats.htm >>; see also << www.bcentral.cl/FMI/nsdp.htm >>.	

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Securities Law N°18,045, plus norms in the Central Bank, securities regulator (SVS) and bank regulator (SBIF).
Principal securities law	Law N°18,045.
Futures regulatory authority	Superintendencia de Valores y Seguros (SVS).
Securities regulatory authority	SVS.
Specify any relevant self-regulatory organization(s) (SROs)?	Santiago Stock Exchange.
Do SROs supplement governmental regulation? How?	Yes, with codes of procedures and rules of fair practice.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes, the SVS grants existence to these entities after they fulfill the appropriate rules and regulations.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Yes. Criteria are designed by the exchanges and approved by the securities regulator (SVS).
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Information: daily trade (party, value and volume), quarterly financial statements, transaction hours, liquidity and solvency indexes, trading halts, auditing of custody, affiliated party transactions.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. If a stock has high liquidity the circuit breaker is at 10%, otherwise it is at 20%.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others? Please specify.	Exchanges are audited by external auditors and by the securities regulator (SVS).
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Any intermediary needs authorization by the SVS before operating in the Chilean market. After the regulator, the exchanges license brokers.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Daily operation records, client order forms, quarterly financial statements, liquidity and solvency indexes, audits of custody, and affiliated party transactions.

Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Exchanges' internal rules outline sales practices and conduct of brokers.
Are there minimum capital requirements for brokers? For others? Please specify.	They must permanently maintain a net capital requirement of 6,000 U.F. ¹ to perform the function of a stockbroker or securities broker/dealer. Notwithstanding the above, in order to carry out operations on his/her own account, they shall maintain a net capital requirement of 14,000 U.F.
Are brokers audited by regulators? By others? Please specify.	Brokers must audit their financial statement by external auditors and by the regulator.
Are there segregation requirements for customer funds? If so, please describe.	Customer funds must be registered under separate and different accounts.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	There are three types of customer compensation sources: i. net capital requirements, ii. compulsory insurance by brokers, and iii. a guaranty which includes a percentage of the total transaction.
Are there custody requirements for customer funds? If so, please describe.	A contract between the intermediary and the customer establishes responsibilities, obligations, prohibitions and fees in relation to customer fund management.
Are there dispute resolution procedures? If so, please describe.	The dispute resolution procedures are established in the internal rules of the exchanges.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Domestic institutional investors are the only ones that need approval to invest in foreign markets. The pension fund regulator gives approval for pension funds, while all the rest of institutional investors receive approval by the securities regulator (SVS).
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	Not applicable.

¹ U.F. is an abbreviation for *unidad de fomento*, a monetary index used in Chile for business purposes that is tied to a basket of leading prices. On December 27, 2000, 1 U.F. equaled 15,763.82 Chilean pesos or approximately \$27.50.

Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	There exists a regulation that allows Chilean intermediaries to have a link via the Internet with foreign electronic trading systems. There are requirements, procedures and responsibilities defined for such a practice.
Are there any requirements on intermediaries that provide customers in you jurisdiction access to foreign markets via order routing systems? If so, please describe.	See above.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	Foreign firms trading in the Chilean Off-Shore Exchange through intermediaries must fulfill requirements such as disclosure, financial statements, <i>etc.</i>
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	A foreign intermediary must be properly registered at the SVS before soliciting customers in Chile.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	Funds designated as Foreign Capital Investment Funds cannot be repatriated for 5 years.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	There are no taxes for foreign investors.
Do you have any double taxation treaties? If so, please list.	Chile has double taxation treaties with Mexico, Canada, and Argentina.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	There are no insolvency provisions per se. However, the clearinghouse relies on a contingency fund.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The SVS.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO, COSRA.
E-mail contact information	SVS: < internacional@svs.cl >.

Is basic law available on your Web site?	Yes.
Web site address(es)	SVS: < www.svs.cl >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	Santiago Stock Exchange (SSE).
Who owns the exchange (members, government, other)?	Stock broker members.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	Stock index (IPSA), U.S. dollar and interest rate futures contracts. Options: shares.
What was the average daily volume in futures contract trading at year-end 1999?	0.00.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	0.
What was the level of open interest in futures contracts at year-end 1999?	Not applicable.
Please describe how you compute contract volume.	Not applicable.
Trading Features	
Is trading conducted electronically or by open outcry?	Both.
Are prices disseminated in real-time? If so, how?	Yes, through the exchange terminals.
How frequently do you match trades?	Daily.
Is dual trading permitted?	Yes.
What surveillance programs are used?	Internal procedures of the exchanges.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	N/a
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	N/a
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	The SSE owns the clearinghouse through its members.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+1.
Is margin required?	Yes.
Who sets the margin levels?	The SSE with approval by the SVS.

Is margin calculated on a gross or net basis?	Net basis.
How frequently are positions marked to market? How often are gains/losses settled?	Daily/daily.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Minimum capital requirements, compulsory insurance, and contingency funds created from a percentage of profits.
How does the clearinghouse allocate losses in the event of a clearing member default?	Losses are allocated as follow: <ol style="list-style-type: none"> 1. The clearinghouse executes the guaranties deposited by the broker for each operation carried out; 2. It then uses the guaranty that the broker deposited to participate in the market; 3. It liquidates the patrimony of the broker; 4. It uses the legal guaranty that its members have to deposit to become an intermediary.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Yes, in the web page of the SSE.
Do exchange rules override inconsistent insolvency law?	No.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	Yes.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Yes, through it own terminals and systems.
Are customers given access to order routing systems by intermediaries?	No.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes.
Are clearing rules available on the Internet?	No.
E-Mail contact information.	SSE: < cniedbalski@bolsadesantiago.com >.
Web site address(es).	SSE: < www.bolsadesantiago.com >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Stock index (IPSA) ▪ U.S. dollar ▪ Interest rates 	SSE
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	<ul style="list-style-type: none"> ▪ Shares 	SSE

Perú

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$51,963 million.
1999 GDP (Local Currency)	175,856 million Nuevos Soles.
1999 Consumer Price Index Increase	3.7%.
1999 Balance of Trade Surplus (Deficit)	(\$616 million).
1999 Total External Debt	\$27,966 million.
Market Data	
1999 Stock market capitalization (US\$)	\$13,407 million.
1999 Corporate Debt Market (US\$)	\$813 million.
1999 Sovereign Debt Market (US\$)	3,748 million Nuevos Soles. ¹
1999 Sub-Sovereign Debt Market (US\$)	Not applicable.
Sovereign Debt Rating/Rating Agency	BB (foreign currency, long-term rating)/ S&P.
General Data	
Currency	Nuevos Soles.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Exchange rate range 6/30/99 to 6/30/00	3.334 – 3.490.
1999 Population	25,232 thousand (estimate).
Major Sectors (<i>e.g.</i> , Agriculture, Mining, Industry)	Agriculture, livestock, manufacture, commerce, mining and construction.
Additional Macroeconomic Summary Information:	
1999 Net International Reserves of the BCRP (RIN): \$8,404 million.	
1999 Current Account Balance: (\$1,817 million).	
1999 Financial Account: \$760 million.	
1999 Fiscal Deficit: (5,258 million Nuevos Soles).	
1999 Exports: \$6,113 million.	
1999 Imports: \$6,729 million.	
1999 Net Domestic Credit: 28,794 million Nuevos Soles.	
1999 Broad Money: 54,958 million Nuevos Soles.	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << http://dsbb.imf.org/country/percats.htm >>.	

¹ Public Sector Bonds.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	There is no a specific law concerning derivatives, because derivatives are not yet traded in Peru. However, the Securities Market Law and the Law about Commodity Exchanges permit the trading of derivatives on a stock or commodity exchange, respectively.
Principal securities law	Securities Market Law, Legislative Decree N° 861 (Ley del Mercado de Valores). Law about Commodity Exchange, Law N° 26961 (Ley sobre Bolsa de Productos).
Futures regulatory authority	CONASEV – Comisión Nacional Supervisora de Empresas y Valores.
Securities regulatory authority	CONASEV – Comisión Nacional Supervisora de Empresas y Valores.
Specify any relevant self-regulatory organization(s) (SROs)?	The stock exchanges.
Do SROs supplement governmental regulation? How?	The stock exchanges regulate their own activities and the activities of their members, including: registration and exclusion of securities; resolution, in first instance, of disputes between intermediaries, and between intermediaries and investors; supervision of its intermediaries. The exchanges are also authorized to impose sanctions.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	Yes, the exchanges are authorized by CONASEV. There are requirements that the exchanges have to fulfill before starting their operations. They have to get two authorizations from CONASEV, one for the organization and the other for functioning.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	No.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The exchange has to give truthful, accurate and timely information about listed securities, about the financial situation and other material facts regarding issuers, as well as information about intermediaries and reports of all

	transactions. Also, the exchange has to publish and certify quotations of securities.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. The maximum fluctuation per day permitted for the price of securities is 15%, which is calculated from considering the last quotations. The director of a trading session can authorize an additional variation of 15% only in exceptional circumstances. If the volatility on prices continues, the director can suspend the trade process and apply the valuation procedure established in the regulation.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others? Please specify.	The exchanges have to present audited financial statements to CONASEV once a year, and unaudited statements four times a year. Moreover, exchanges have to present a report on any sanctions applied to their members.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes, there are authorization requirements for brokers, exchanges, fund managers, investment trusts and clearinghouses. They have to get two authorizations from CONASEV: one for the organization and the other for functioning.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Intermediaries must present audited financial information to CONASEV once a year, and unaudited financial statements four times a year. Also, intermediaries have to prepare unaudited financial statements monthly and annex them to their unaudited financial statements. Moreover, intermediaries have to send to CONASEV a monthly report about their capital level and net worth, as well as liquidity ratio and solvency ratio. Intermediaries must keep records of their operations, account statements of their customers and their managers, directors and employees. The register has to specify

	information on securities in transit, entries and exits of securities that are kept in custody, dividends and interest received, money and securities loaned, securities not yet received, covered and not covered positions.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	Yes, intermediaries have to fulfill the sales conduct standards established by regulation.
Are there minimum capital requirements for brokers? For others? Please specify.	Yes. The minimum capital required for brokerage firms is \$277,717. This capital has to be adjusted annually by the wholesale price index.
Are brokers audited by regulators? By others? Please specify.	Brokers have to present audited financial statements to CONASEV once a year, and unaudited statements four times a year. The Commission can conduct inspections and auditing pursuant to an investigation.
Are there segregation requirements for customer funds? If so, please describe.	Yes, brokers have to segregate their own funds from client funds. Brokers must record separate accounts for their own trades and for their clients' trades.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	The exchange has a guarantee fund that can be drawn on in case brokers contravene the orders of investors or the regulations. This fund protects securities trading in the exchange. The clearinghouse has a liquidation fund that protects the participants in case of defaults. Moreover, there is a guarantee that the brokers have set for over-the-counter trading.
Are there custody requirements for customer funds? If so, please describe.	Yes, brokers have to fulfill certain requirements for the custody of securities and funds. The regulation concerning intermediaries sets up several requirements, including: having an adequate infrastructure which guarantees the safety of the securities or funds under their custody; having a person responsible for this service; establishing a guarantee to cover any risk of damage, loss, robbery or any other incident that could affect the securities and funds under custody.
Are there dispute resolution procedures? If so, please describe.	There are dispute resolution procedures inside the stock exchange. The disputes in the exchange are solved through conciliation and arbitration.

	<p>Attempts to try to solve disputes and conflicts submitted to the stock exchange must first go through the conciliation process; if not solved there, they can pass to an arbitration process.</p> <p>One function of the stock exchange is to solve, in the first instance, the conflicts between brokers and investors, and between brokers, when these conflicts are not submitted to arbitration (outside of the exchange) or to judicial power. These last two forms are other alternatives.</p>
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No. However, domestic institutional investors are subject to limitations on the foreign securities they may buy.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No.
Are there any requirements on intermediaries that provide customers in you jurisdiction access to foreign markets via order routing systems? If so, please describe.	No.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	No. Foreign firms cannot trade directly; they can, however, do operations through intermediaries that are members of an exchange.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	No.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No. Derivatives are not traded.
Are there restrictions on repatriation of funds? If so, please describe.	There are no restrictions.

Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	Derivatives are not traded.
Do you have any double taxation treaties? If so, please list.	Derivatives are not traded.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	There are no centralized mechanisms that trade derivatives.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	CONASEV, the exchange, and the civil and criminal courts.
General	
Memberships in international standard setting organizations (e.g., IOSCO)? Please specify.	CONASEV is a member of IOSCO and of COSRA.
E-mail contact information	CONASEV: < Postmast@conasevnet.gob.pe >.
Is basic law available on your Web site?	Yes, all laws are available on the web site.
Web site address(es)	CONASEV: < www.conasevnet.gob.pe >. CENDOC (Information and Documentation Center of CONASEV): < www.conasevnet.gob.pe/portal/cendoc.htm >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	There are no exchanges that trade derivatives. However, the Lima Stock Exchange (LSE) and Lima Commodity Exchange (LCE) do operate.
Who owns the exchange (members, government, other)?	Brokers own the LSE. The LCE is owned by its members: intermediaries, warehouses, and others juridical and natural persons.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	LSE trades equity, bonds, and short-term instruments. LCE has not developed many operations yet, but can trade agricultural, livestock, fishing, mining and industrial commodities.
What was the average daily volume in futures contract trading at year-end 1999?	Derivatives are not traded.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Derivatives are not traded.
What was the level of open interest in futures contracts at year-end 1999?	Derivatives are not traded.
Please describe how you compute contract volume.	Derivatives are not traded.
Trading Features	
Is trading conducted electronically or by open outcry?	At the LSE, trading is conducted electronically. At the LCE, trading is conducted by open outcry, but its operations are very limited.
Are prices disseminated in real-time? If so, how?	Yes. LSE disseminates prices in real-time through the Electronic Trading System (ELEX). The exchange also has a broadcasting system and a web site. The prices on the web site are refreshed approximately every 20 minutes. Also, CONASEV (CENDOC) disseminates prices on its web sites; these prices are refreshed every 20 minutes.
How frequently do you match trades?	It can be done instantly on the LSE.
Is dual trading permitted?	Yes.

What surveillance programs are used?	The director of the trade session and a session observer of CONASEV have the task of detecting abnormal situations in the session negotiation. Moreover, electronic alarms are used in the stock exchange.
Are there arrangement for coordinating surveillance with cash markets. If yes, please describe.	No. There are no derivatives markets, only cash markets.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	No.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes, the LSE has a clearinghouse called Cavali, S.A. Conversely, the LCE settles operations itself, but the Law about Commodity Exchange establishes that if the Commodity Exchange wants to trade derivatives, it must have a separate clearinghouse.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	LSE: brokers and banks own the clearinghouse. The clearinghouse, Cavali, S.A., is a separate firm.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+3.
Is margin required?	Yes, guarantee margin is required for report and fixed-term operations. Derivatives are not traded.
Who sets the margin levels?	The exchange.
Is margin calculated on a gross or net basis?	Gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	The valuation of the guarantee margin is computed daily and repositions are requested immediately, but the members can fulfill the repositions the next day; in this way, the gains/losses are settled in T+1.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	The clearinghouse must have a liquidation fund that protects the participants in case of failure. The liquidation fund is composed of member contributions.
How does the clearinghouse allocate losses in the event of a clearing member default?	The clearinghouse uses the liquidation fund in the event of a member default. First, the clearinghouse uses the contributions of the member in default; if it is not enough, the

	clearinghouse uses the rest of the liquidation fund.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	According to the regulation, the clearinghouse must have contingency plans to recover its operative capacity as soon as possible in case of a system emergency.
Do exchange rules override inconsistent insolvency law?	There has not yet been an inconsistent insolvency law.
Must clearing members specify a choice of law?	No.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	No. Operations of any customer or remote member have to be done through a broker of the exchange.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Only the brokers who are members of the exchange have direct access via electronic systems. Broker bids are entered through the ELEX.
Are customers given access to order routing systems by intermediaries?	No. All customers have to send their orders to intermediaries. Some customers have a screen from the electronic trading system to see price fluctuations, but their operations are always done through an intermediary.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	Yes, the rules are on the web sites of CONASEV and LSE.
Are clearing rules available on the Internet?	Yes, there are clearing rules available on the web site of CONASEV.
E-Mail contact information.	LSE: < info1@bvl.com.pe >. LCE: < webmaster@bolprolima.com >.
Web site address(es).	LSE: < www.bvl.com.pe >. LCE: < www.bolprolima.com >. Cavali, S.A.: < www.cavali.com.pe >.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Futures contracts are not traded	Not applicable
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Options on futures contracts are not traded	Not applicable

Venezuela

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1999 GDP (US\$)	\$101,996 million. ¹
1999 GDP (Local Currency)	Bs. 61,917,674 million. ²
1999 Consumer Price Index Increase	(20%).
1999 Balance of Trade Surplus (Deficit)	\$1,034 million.
1999 Total External Debt	Not available.
Market Data	
1999 Stock market capitalization (US\$)	\$7,391 million.
1999 Corporate Debt Market (US\$)	Not traded this year.
1999 Sovereign Debt Market (US\$)	\$15,650 million.
1999 Sub-Sovereign Debt Market (US\$)	Not traded.
Sovereign Debt Rating/Rating Agency	Central Bank bonds are not rated.
General Data	
Currency	Bolívar (Bs.).
Is currency pegged to US dollar?	Yes.
If so, what is the currency floor? The cap?	Floating band of 1.5%.
Exchange rate range 6/30/99 to 6/30/00	Bs. 606.75 – Bs. 682.00.
1999 Population	23,710,809 persons.
Major Sectors (e.g., Agriculture, Mining, Industry)	Industry, trade, services, agriculture.
Additional Macroeconomic Summary Information:	
[None]	
Do You Participate in the IMF's Special Data Dissemination Standard (SDDS): Yes.	
SDDS or Other Data Source Web Address: << www.bcv.org.ve >>.	

¹ Current exchange of Bs. 607.06 per dollar.

² At current prices; at 1984 prices, GDP was Bs. 557,777 million, a decrease of 7.2% in relation to 1998.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law	Capital Market Law. ³
Principal securities law	Capital Market Law.
Futures regulatory authority	National Securities Commission (NSC).
Securities regulatory authority	NSC.
Specify any relevant self-regulatory organization(s) (SROs)?	Stock exchange, future compensation chamber.
Do SROs supplement governmental regulation? How?	Internal regulation.
Regulation of Exchanges	
Must exchanges/other markets be authorized by the authorities prior to the start of trading? Please explain.	They must be authorized by the National Securities Commission prior to start.
Are listings or design criteria for contracts specified by a regulatory or other authority? Please specify.	Primary market by the National Securities Commission (NSC); secondary market by the NSC and the stock exchange
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Economics and financial information board.
Do price limits and circuit breakers exist? If so, at what levels are they set?	It cannot increase or decrease more than 20% in a day.
Are there special requirements for electronic trading systems? If so, please specify.	No. No such system currently exists.
Are exchanges audited by regulators? By others? Please specify.	Yes. By external auditors.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others? Please specify.	Yes, the NSC authorizes them.
What reporting/recordkeeping requirements apply to market participants (traders/broker users)?	Trader/broker balance statement, order book, and personal debt.
Are there sales practice/conduct of business standards for brokers? Others? Please specify.	By the Trader/broker, rules issued by the NSC.
Are there minimum capital requirements for brokers? For others? Please specify.	\$0.33 million to \$4.94 million.

³ Note: derivatives market ceased operation in 1997.

Are brokers audited by regulators? By others? Please specify.	Yes. By external auditors.
Are there segregation requirements for customer funds? If so, please describe.	Yes, it must be separated from the capital brokers.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	Trader/broker insurance, warrants.
Are there custody requirements for customer funds? If so, please describe.	Yes, the Central Compensatory Box.
Are there dispute resolution procedures? If so, please describe.	The Capital Market Law provides that the NSC resolves any disputes.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Yes, by the NSC.
Are there any requirements for foreign electronic trading systems that admit persons/firms in your jurisdiction as members? If so, please describe.	No such system currently exists.
Are there any requirements that apply to a foreign electronic trading system that provides persons/firms in your jurisdiction direct access to its trading system via terminals or the Internet? If so, please describe.	No such system currently exists.
Are there any requirements on intermediaries that provide customers in your jurisdiction access to foreign markets via order routing systems? If so, please describe.	A Venezuelan trader/broker can invest in foreign markets without restriction.
Are there requirements on foreign firms trading in your markets through intermediaries? Directly? Please specify.	They must be authorized directly by the NSC.
Are there requirements on foreign intermediaries soliciting customers in your jurisdiction? Please specify.	The NSC must authorize them.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	There are no limits.
Are there restrictions on repatriation of funds? If so, please describe.	N/a

Are there special dispute resolution procedures for foreign market users? If so, please describe.	N/a
Taxation	
How are gains on derivatives products taxed?	There are no transactions.
Do you have any double taxation treaties? If so, please list.	Yes, including the USA.
Insolvency	
What insolvency provisions apply to your exchange derivatives markets? OTC transactions?	There have been no transactions since 1997.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The National Securities Commission.
General	
Memberships in international standard setting organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO.
E-mail contact information	NSC: <PCNV@ven.net>.
Is basic law available on your Web site?	No. There is no web site currently.
Web site address(es)	Not available.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges	Camara de Compensación de Opciones y Futuros (CACOF). There has been no activity since 1997.
Who owns the exchange (members, government, other)?	Members.
List contract types traded (<i>i.e.</i> , equities, index futures, agricultural, metals, energy, debt, currency, exotic, <i>etc.</i>) by exchange. Please describe.	It was used to traded equities, dollar and interest rate futures.
What was the average daily volume in futures contract trading at year-end 1999?	Not applicable; no trading occurred.
What was the annual futures contract trading volume for 1999 (number of contracts/contracts' value)?	Not applicable; no trading occurred.
What was the level of open interest in futures contracts at year-end 1999?	Not applicable; no trading occurred.
Please describe how you compute contract volume.	Not applicable.
Trading Features	
Is trading conducted electronically or by open outcry?	Not applicable.
Are prices disseminated in real-time? If so, how?	Not applicable.
How frequently do you match trades?	Not applicable.
Is dual trading permitted?	Not applicable.
What surveillance programs are used?	Not applicable.
Are there arrangements for coordinating surveillance with cash markets? If yes, please describe.	Not applicable.
Are there arrangements for coordinating surveillance with markets with common clearing markets/users or products? If yes, please describe.	Not applicable.
Risk Management/Clearing	
Do exchanges have clearinghouses?	Yes, the Central Depository Securities.
Who owns the clearinghouse? Is the clearinghouse affiliated or separate?	Capital market only (securities). Private owners.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+5.

Is margin required?	Not applicable.
Who sets the margin levels?	Not applicable.
Is margin calculated on a gross or net basis?	Not applicable.
How frequently are positions marked to market? How often are gains/losses settled?	Not applicable.
What is the nature of financial backing for brokers/clearing members/clearinghouses in case of failure?	Not applicable.
How does the clearinghouse allocate losses in the event of a clearing member default?	Not applicable.
Can customer positions be transferred in the event of default?	Not applicable.
Are emergency rules in place? If so, please specify.	Not applicable.
Do exchange rules override inconsistent insolvency law?	Not applicable.
Must clearing members specify a choice of law?	Not applicable.
Electronic Access	
Does the exchange permit remote (<i>i.e.</i> , foreign) members or direct participants?	Not applicable.
Does the exchange provide remote direct access via electronic systems? If so, please describe.	Not applicable.
Are customers given access to order routing systems by intermediaries?	Not applicable.
General	
Do you have any alliances with other exchanges? If so, please specify.	No.
Are exchange rules available on the Internet?	No.
Are clearing rules available on the Internet?	No.
E-Mail contact information.	NSC: < PCNV@ven.net >.
Web site address(es).	Not available.

PRODUCT DATA		
List the categories of futures contracts traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable
List the categories of options on futures contracts (and physicals, if appropriate) traded by exchange-issuer, including: <ul style="list-style-type: none"> ▪ Individual equities ▪ Equity indexes ▪ Other indexes ▪ Debt ▪ Currency ▪ Metal ▪ Energy ▪ Agricultural ▪ Exotic (weather, insurance, rates, <i>etc.</i>) 	CONTRACT	EXCHANGE
	Not applicable	Not applicable

APPENDICES

Appendix I

Foreign Access to Markets Summary

[Readers are encouraged to check individual tax provisions within each country due to the different policies which exist and their implications.]

COUNTRY	MUST FOREIGN MARKETS BE APPROVED FOR DOMESTIC INVESTORS?	ARE THERE LIMITS ON FOREIGN INVESTMENTS IN DERIVATIVES?	RESTRICTIONS ON REPATRIATION OF FUNDS?
Argentina	Yes.	No.	No.
Brazil	Yes.	No.	No.
Chile	Yes (for domestic institutional investors).	No.	Yes (applicable to Foreign Capital Investment Funds).
China	Yes.	Investors must be a Chinese citizen, corporation or other organization.	Not applicable.
Czech Republic	No (if orders transferred by licensed brokers).	No [Not applicable].	No.
Greece	Individuals: No. Institutional Investors: Yes.	No (however, limits do exist for clearing members).	No.
Hungary	Yes.	Yes.	No.
India	Yes.	Yes.	No.
Indonesia	Yes.	Yes.	No (however, for certain amounts, there is an obligation to report to the Central Bank).
Israel	Individuals: No. Mutual Funds: Only in Recognized Exchanges.	No.	No.
Kenya	No.	Not applicable.	Not applicable.
Malaysia	Individuals: No. Futures Brokers: Yes.	No (subject to limits prescribed by futures exchanges).	Yes.
Mexico	No.	No.	No.
New Zealand	No (however, dealer members may be subject to New Zealand law).	Generally, no (subject to certain limitations on overseas control or if consideration provided exceeds NZ\$50 million).	No.
Peru	No (some restrictions on type of instrument exist).	No [Not applicable].	No.
Poland	No.	No.	No.
Portugal	No.	No.	No.
Russia	Major Banks with General Licenses: No. Others: Yes.	No (subject to use of restricted ruble-denominated accounts).	Yes.
Slovenia	Not applicable.	Not applicable.	Not applicable.
South Africa	Yes (limited discretionary investment is allowed in approved foreign markets).	No.	Yes (relaxed exchange regulations apply to resident investors).

COUNTRY	MUST FOREIGN MARKETS BE APPROVED FOR DOMESTIC INVESTORS?	ARE THERE LIMITS ON FOREIGN INVESTMENTS IN DERIVATIVES?	RESTRICTIONS ON REPATRIATION OF FUNDS?
South Korea	No.	No.	No (however, branches or offices of foreign futures trading companies must hold assets in Korea equivalent to the aggregate of business funds and liabilities).
Taiwan	Yes.	Yes.	No.
Thailand	No (unless the public is solicited).	No.	No.
Turkey	No (however, foreign markets may only be accessed through registered intermediaries).	No.	No.
Venezuela	Yes.	No.	N/a

Appendix II

Trade System Summary

[Respondents which did not report active, planned or suspended derivatives exchanges but which answered with regard to stock exchanges are marked with °.]

COUNTRY	OPEN OUTCRY	ELECTRONIC	HYBRID
Argentina			• ¹
Brazil		•	• ²
Chile	•	•	
China		•	
Czech Republic [°]	NOT APPLICABLE		
Greece		•	
Hungary		• ³	• ⁴
India		•	
Indonesia		•	
Israel		•	
Kenya [°]	NOT APPLICABLE		
Malaysia	• ⁵	• ⁶	
Mexico		• ⁷	
New Zealand		•	
Peru [°]	• ⁸	• ⁹	
Poland		•	
Portugal		•	
Russia		•	
Slovenia [°]	NOT APPLICABLE		
South Africa		•	
South Korea		•	
Taiwan		•	

¹ Trading is conducted simultaneously by open outcry and electronic trading systems at all exchanges. At the Término de Rosario S.A./Rosario Futures Exchange [ROFEX], electronic trading represents 99% of the total volume registered. At Mercado Termino de Buenos Aires, S.A. [MAT/BA], electronic trading represents 2%.

² Although the Brazilian Futures Exchange [BM&F] has started to use an electronic trading system, trading is mainly by open outcry.

³ Used on the Budapest Stock Exchange (Multi-Market Trading System).

⁴ Budapest Commodity Exchange: electronic trading is used in the financial section; open outcry is used in the livestock section. Open outcry and after-hours electronic trading are used in the grain section.

⁵ Used on the Commodity and Monetary Exchange of Malaysia [COMMEX].

⁶ Used on the Kuala Lumpur Options and Financial Futures Exchange [KLOFFE].

⁷ Since May 8, 2000.

⁸ Used on the Lima Commodity Exchange [LCE].

⁹ Used on the Lima Stock Exchange [LSE].

COUNTRY	OPEN OUTCRY	ELECTRONIC	HYBRID
Thailand		•	
Turkey		•	
Venezuela	NOT APPLICABLE		

Appendix III Contract Summary

COUNTRY	AGRICULTURALS	METALS	FINANCIALS	EQUITY INSTRUMENTS
Argentina	•			•
Brazil	•	•	•	•
Chile			•	•
China	•	•		
Czech Republic	NOT APPLICABLE			
Greece			•	•
Hungary	•		•	•
India			•	•
Indonesia	•			
Israel			•	•
Kenya	NOT APPLICABLE			
Malaysia	•		•	•
Mexico			•	•
New Zealand ¹			•	•
Peru	•	• (mining)	•	•
Poland ²	•		•	•
Portugal			•	•
Russia			•	•
Slovenia	NOT APPLICABLE			
South Africa	•		•	•
South Korea		•	•	•
Taiwan				•
Thailand				• (planned)
Turkey	• (planned)	•	• (planned)	• (planned)
Venezuela			• (suspended)	• (suspended)

¹ Also trades electricity futures.

² Plans to introduce electricity futures.

APPENDIX IV
International Futures Volume Comparison Table

[Source: Futures Industry Association]

EXCHANGE	2000 CONTRACT VOLUME	1999 CONTRACT VOLUME	CHANGE IN 2000	% CHANGE IN 2000
Eurex	289,952,183	244,686,104	45,266,079	18.50%
Liffe, UK	105,712,717	97,689,714	8,023,003	8.21%
BM&F, Brazil	80,073,865	52,797,466	27,276,399	51.66%
Paris Bourse SA	62,968,563	35,129,074	27,839,489	79.25%
London Metal Exchange	61,413,076	57,563,009	3,850,067	6.69%
Tokyo Commodity Exchange	50,851,882	48,442,161	2,409,721	4.97%
Euronext Brussels Derivative Market (formerly BELFOX)	30,299,351	5,711,482	24,587,869	430.50%
Sydney Futures Exchange	28,923,442	27,183,166	1,740,276	6.40%
SIMEX, Singapore	26,804,964	24,480,004	2,324,960	9.50%
International Petroleum Exchange	24,938,224	22,442,222	2,496,002	11.12%
Central Japan Commodity Exchange (formerly Chubu Commodity Exchange)	21,328,867	1,327,024	20,001,843	1507.27%
Tokyo Grain Exchange	20,778,338	18,018,443	2,759,895	15.32%
Korea Stock Exchange	19,666,518	17,200,349	2,466,169	14.34%
OM Stockholm Exchange	18,993,709	21,063,746	(2,070,037)	(9.83%)
Tokyo International Financial Futures Exchange (TIFFE)	17,089,946	14,658,415	2,431,531	16.59%
Tokyo Stock Exchange	14,254,348	13,023,411	1,230,937	9.45%
South African Futures Exchange (SAFEX)	9,182,243	9,064,389	117,854	1.30%
Osaka Securities Exchange	8,707,853	10,540,224	(1,832,371)	(17.38%)
Montreal Exchange	7,766,687	7,931,831	(165,144)	(2.08%)
Kanmon Commodity Exchange	6,431,820	4,693,896	1,737,924	37.03%
Osaka Mercantile Exchange	5,142,913	5,352,572	(209,659)	(3.92%)
Italian Derivatives Market of the Italian Stock Exchange	4,620,568	5,099,456	(478,888)	(9.39%)
Hong Kong Exchanges & Clearing- Derivatives Unit (HKFE & HKSE)	4,521,926	5,563,358	(1,041,432)	(18.72%)
Meff Renta Variable, Spain	4,183,028	5,101,588	(918,560)	(18.01%)
Shanghai Futures Exchange	4,129,521	3,134,268	995,253	31.75%
Korea Futures Exchange	2,959,974	945,403	2,014,571	213.09%
Amsterdam Exchanges	2,704,999	2,941,296	(236,297)	(8.03%)
Kansai Commodity Exchange	2,447,652	2,442,440	5,212	0.21%
Winnipeg Commodity Exchange	2,391,565	2,086,909	304,656	14.60%
Budapest Commodity Exchange	2,174,480	1,588,047	586,433	36.93%
Taiwan Futures Exchange	1,926,789	1,077,672	849,117	78.79%
Budapest Stock Exchange	1,402,378	1,814,078	(411,700)	(22.69%)
Yokohama Commodity Exchange	1,384,995	895,705	489,290	54.63%
Meff Renta FIJA, Spain	1,094,922	3,639,648	(2,544,726)	(69.92%)

EXCHANGE	2000 CONTRACT VOLUME	1999 CONTRACT VOLUME	CHANGE IN 2000	% CHANGE IN 2000
FUTOP Clearing Centre, Denmark	1,029,369	1,135,288	(105,919)	(9.33%)
Oslo Stock Exchange	1,024,266	875,530	148,736	16.99%
Helsinki Exchanges (formerly Finnish Options Market Exchange)	874,862	1,101,616	(226,754)	(20.58%)
New Zealand Exchange	794,502	825,546	(31,044)	(3.76%)
Wiener Borse	658,877	802,582	(143,705)	(17.91%)
Kuala Lumpur Options & Financial Futures Exchange	366,942	436,678	(69,736)	(15.97%)
Commodity and Monetary Exchange of Malaysia	353,434	416,775	(63,341)	(15.20%)
Mercado a Termino De Buenos Aires	179,547	171,708	7,839	4.57%
Agricultural Futures Markets Amsterdam	96,242	111,886	(15,644)	(13.98%)
Mercado Italiano Dei Futures	1,966	209,610	(207,644)	(99.06%)
Toronto Futures Exchange	0	382,149	(382,149)	(100.00%)
Totals	952,604,313	781,797,938	170,806,375	21.85%

APPENDIX V
International Options Volume Comparison Table

[Source: Futures Industry Association]

EXCHANGE	2000 CONTRACT VOLUME	1999 CONTRACT VOLUME	CHANGE IN 2000	% CHANGE IN 2000
Korea Stock Exchange	193,829,070	79,936,658	113,892,412	142.48%
Paris Bourse SA	173,531,463	151,789,494	21,741,969	14.32%
Eurex	164,119,296	134,074,196	30,045,100	22.41%
Amsterdam Exchanges	55,479,323	46,489,843	8,989,480	19.34%
OM Stockholm Exchange	34,874,575	32,558,877	2,315,698	7.11%
Liffe, UK	25,342,092	22,350,317	2,991,775	13.39%
Meff Renta Variable, Spain	17,346,597	8,952,983	8,393,614	93.75%
South African Futures Exchange (SAFEX)	15,207,431	9,619,386	5,588,045	58.09%
Italian Derivatives Market of the Italian Stock Exchange	8,719,124	4,184,172	4,534,952	108.38%
Osaka Securities Exchange	5,820,086	6,438,191	(618,105)	(9.60%)
Montreal Exchange	5,221,827	1,660,886	3,560,941	214.40%
London Metal Exchange	5,032,171	4,034,548	997,623	24.73%
Hong Kong Exchanges & Clearing- Derivatives Unit (HKFE & HKSE)	4,738,644	2,966,014	1,772,630	59.76%
Oslo Stock Exchange	3,087,377	3,558,192	(470,815)	(13.23%)
BM&F, Brazil	2,871,412	3,133,632	(262,220)	(8.37%)
Sydney Futures Exchange	2,375,579	2,610,167	(234,588)	(8.99%)
Euronext Brussels Derivative Market (formerly BELFOX)	1,503,453	1,700,728	(197,275)	(11.60%)
Tokyo Stock Exchange	1,274,517	1,139,349	135,168	11.86%
SIMEX, Singapore	766,999	1,383,136	(616,137)	(44.55%)
International Petroleum Exchange	552,915	600,611	(47,696)	(7.94%)
Helsinki Exchanges (formerly Finnish Options Market Exchange)	332,154	1,533,496	(1,201,342)	(78.34%)
Tokyo Grain Exchange	284,664	374,818	(90,154)	(24.05%)
Wiener Borse	218,099	1,230,375	(1,012,276)	(82.27%)
Tokyo International Financial Futures Exchange (TIFFE)	98,281	271,487	(173,206)	(63.80%)
New Zealand Exchange	88,296	36,221	52,075	143.77%
Winnipeg Commodity Exchange	76,944	66,534	10,410	15.65%
Mercado a Termino De Buenos Aires	56,515	60,557	(4,042)	(6.67%)
Korea Futures Exchange	16,705	61,398	(44,693)	(72.79%)
FUTOP Clearing Centre, Denmark	16,503	27,920	(11,417)	(40.89%)
Meff Renta FIJA, Spain	13,451	3,506	9,945	283.66%
Kansai Commodity Exchange	12,388	30,363	(17,975)	(59.20%)
Budapest Stock Exchange	9,734	0	9,734	100.00%
Agricultural Futures Markets Amsterdam	9,358	10,967	(1,609)	(14.67%)
Budapest Commodity Exchange	859	5,649	(4,790)	(84.79%)

EXCHANGE	2000 CONTRACT VOLUME	1999 CONTRACT VOLUME	CHANGE IN 2000	% CHANGE IN 2000
Toronto Futures Exchange	0	250,960	(250,960)	(100.00%)
Central Japan Commodity Exchange (formerly Chubu Commodity Exchange)	0	0	0	0.00%
Commodity and Monetary Exchange of Malaysia	0	0	0	0.00%
Kanmon Commodity Exchange	0	0	0	0.00%
Kuala Lumpur Options & Financial Futures Exchange	0	0	0	0.00%
Mercado Italiano Dei Futures	0	0	0	0.00%
Osaka Mercantile Exchange	0	0	0	0.00%
Shanghai Futures Exchange	0	0	0	0.00%
Taiwan Futures Exchange	0	0	0	0.00%
Tokyo Commodity Exchange	0	0	0	0.00%
Yokohama Commodity Exchange	0	0	0	0.00%
Totals	722,927,902	523,145,631	199,782,271	38.19%