



FIA Survey of Risk Controls at Futures Exchanges

Wednesday, February 9
Asia

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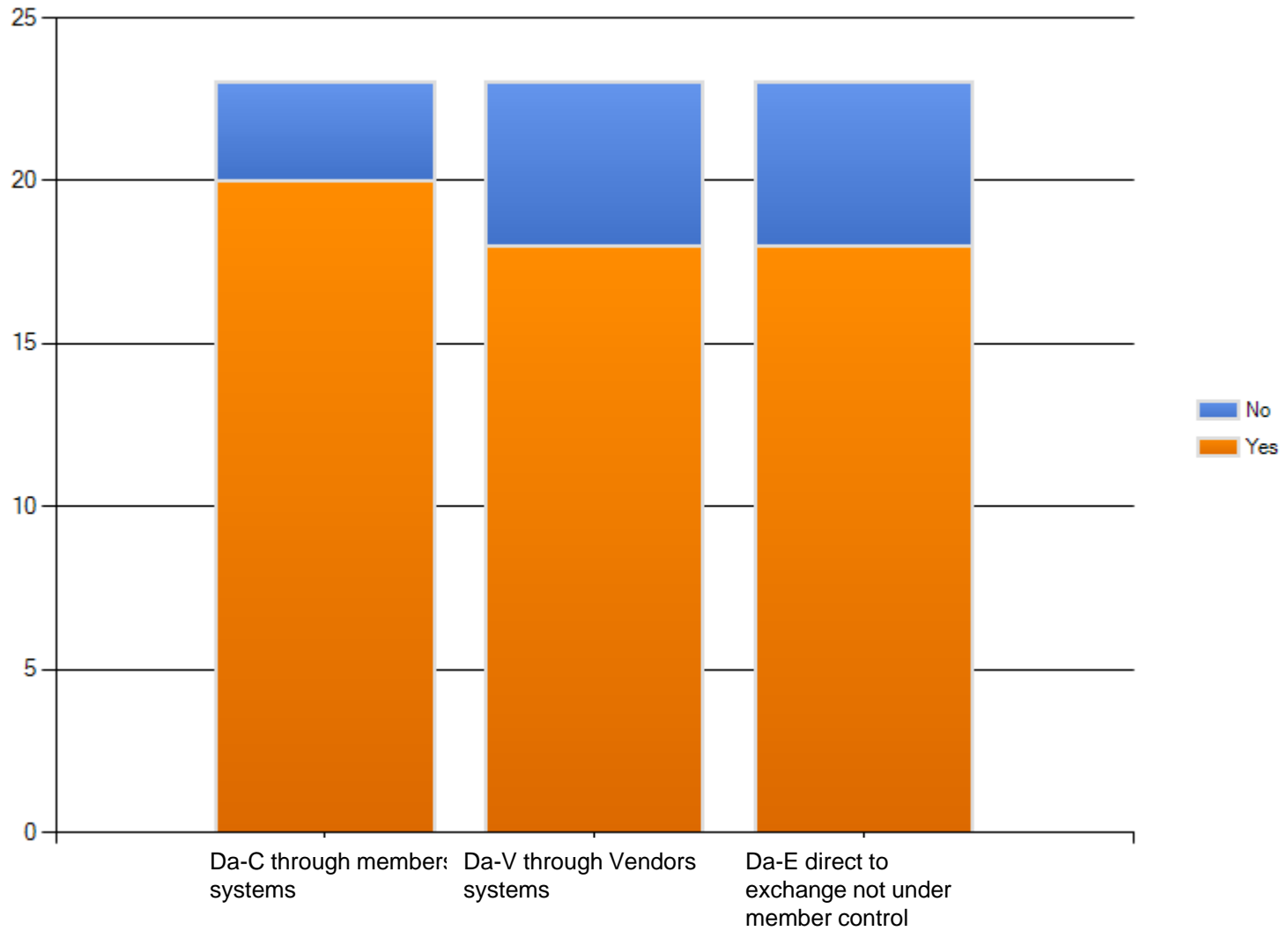
Survey Results

Futures Industry Association
Market Access Working Group
Survey of Exchanges

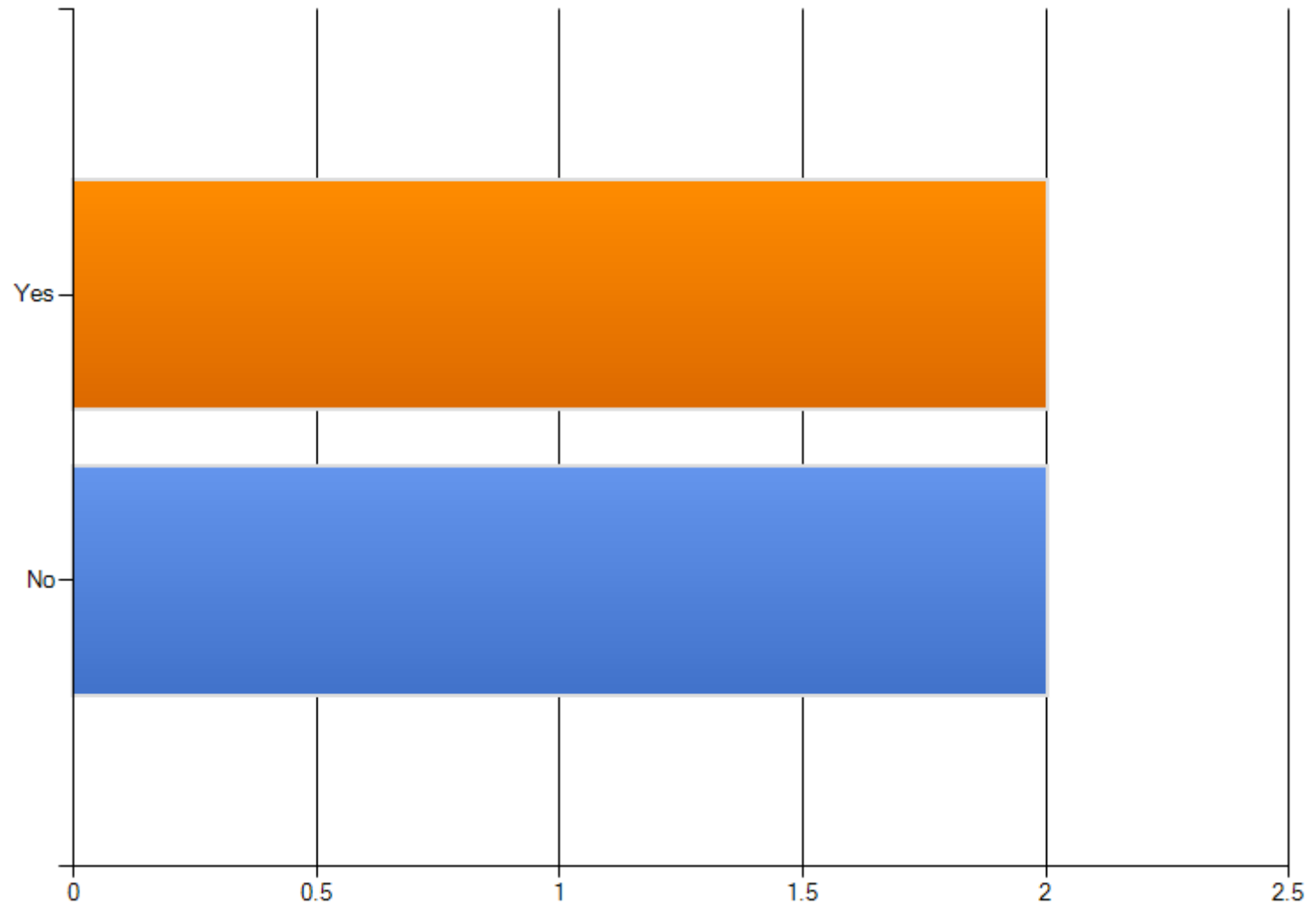
23 Exchanges Responded

- ASX 24 (SFE)
- CBOE Futures
- CME Group
- Dubai Mercantile Exchange
- ELX
- Eurex
- Hong Kong Exchanges
- ICE (US, Europe, and Canada)
- Kansas City Board of Trade
- LME
- Meff
- MexDer
- Minneapolis Grain Exchange
- Moscow Interbank Currency Exchange
- National Stock Exchange of India
- NCDEX
- NYSE LIFFE (US and Europe)
- NZX
- OneChicago
- Singapore Exchange
- Thailand Futures Exchange
- Tokyo Commodity Exchange
- Turkdex

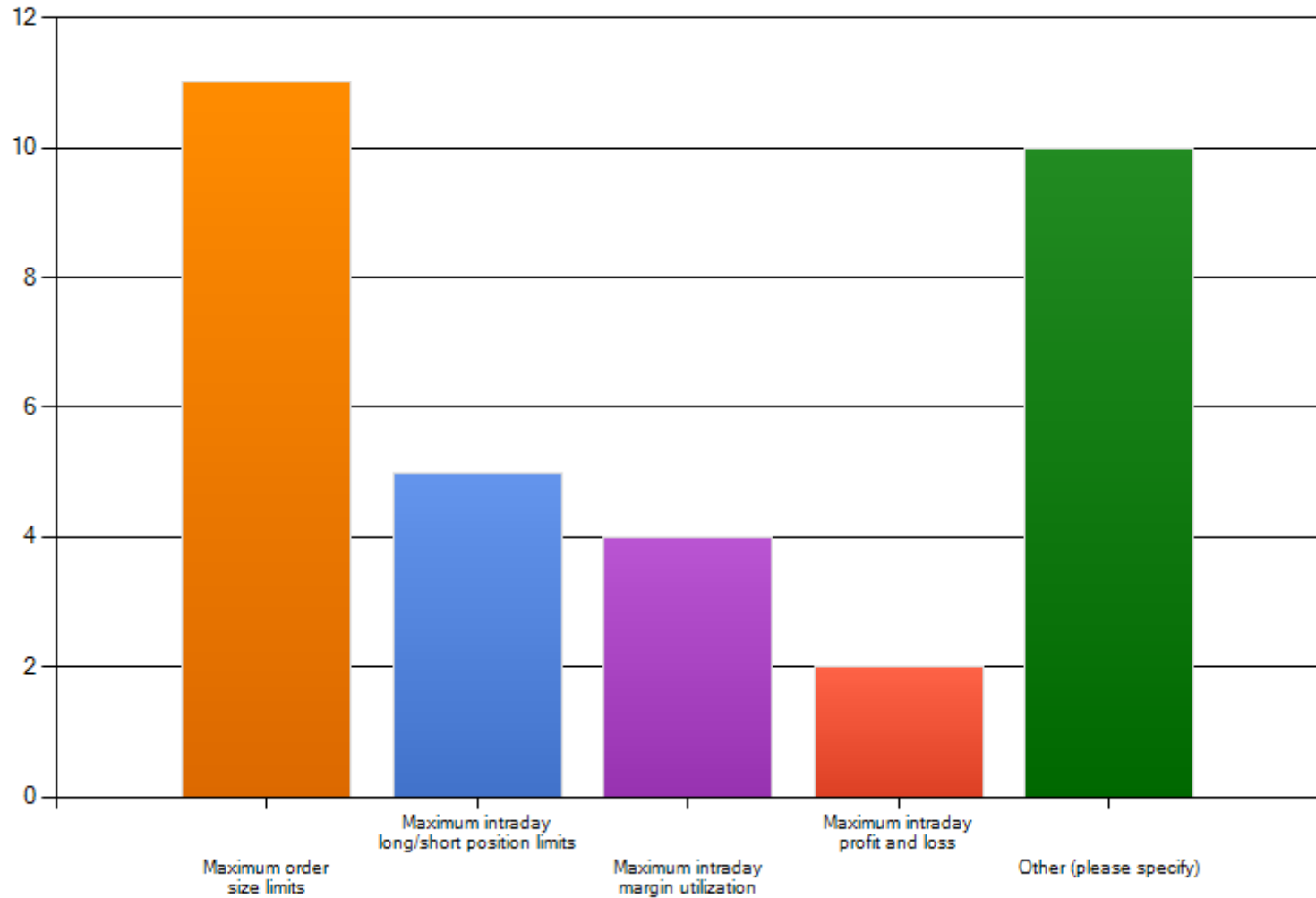
Does your Exchange allow direct access?



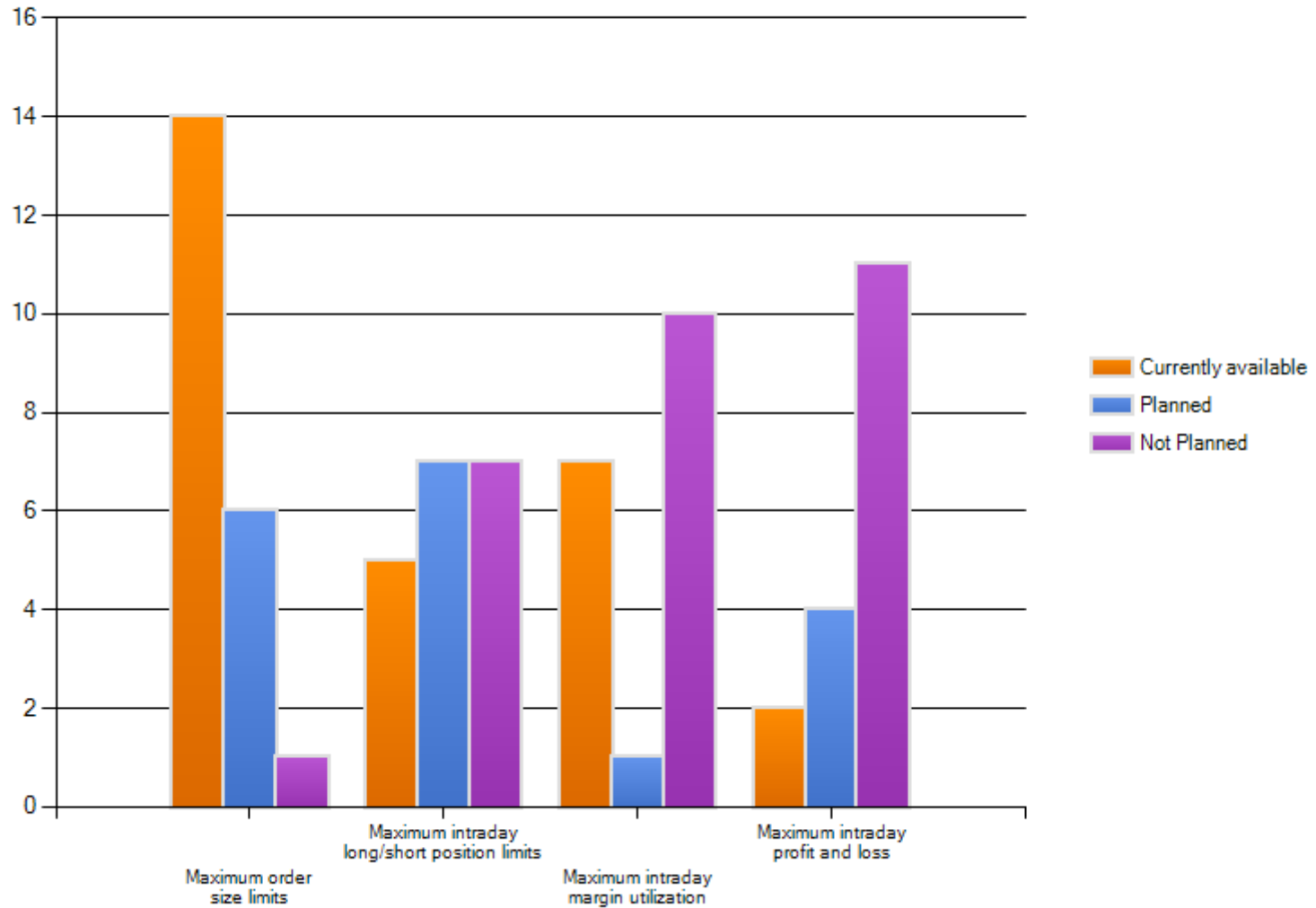
If you do not currently offer direct access, are you considering offering it in the future?



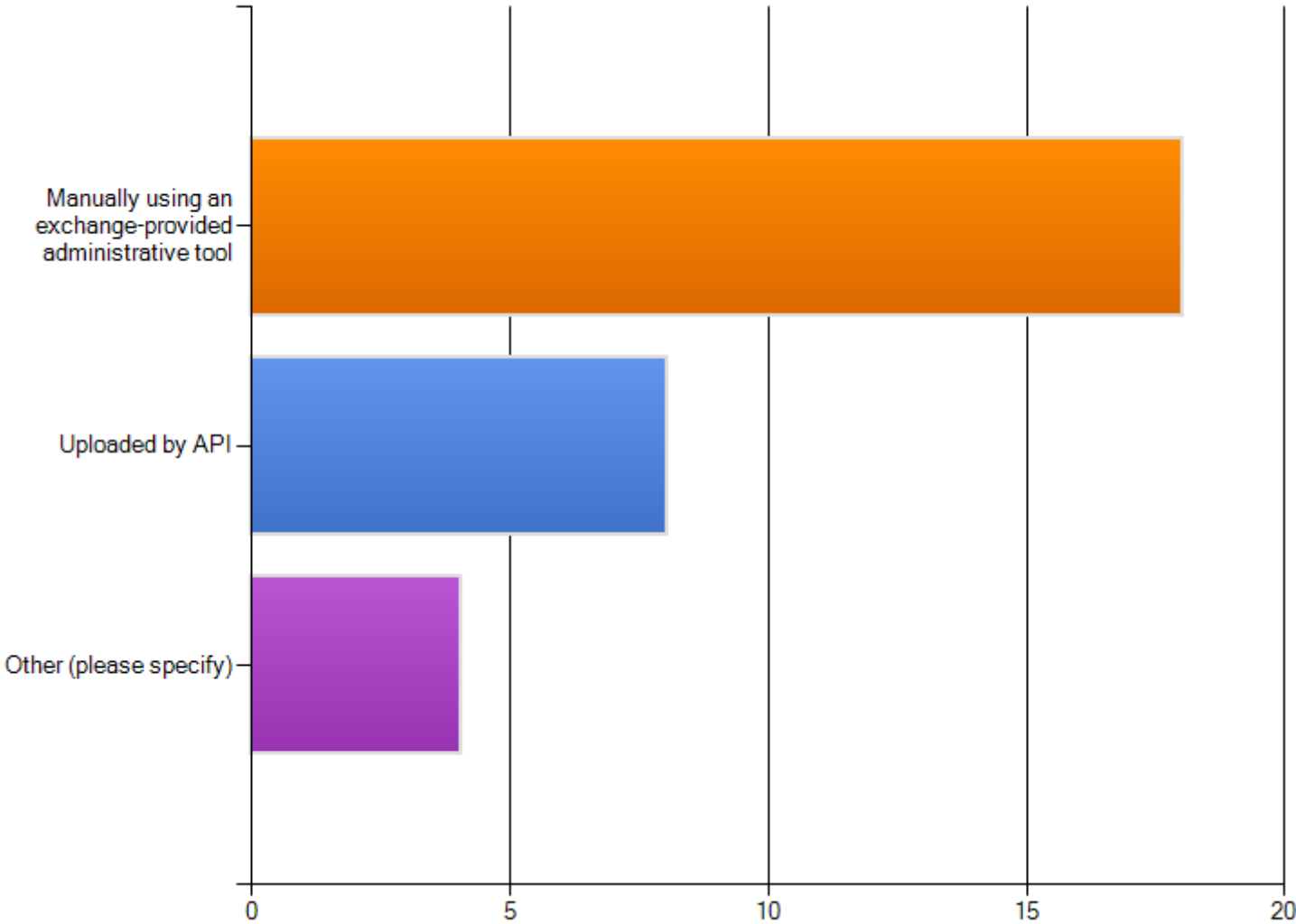
If the Exchange requires users to have pre-trade controls in place, which controls are required? Check all that apply:



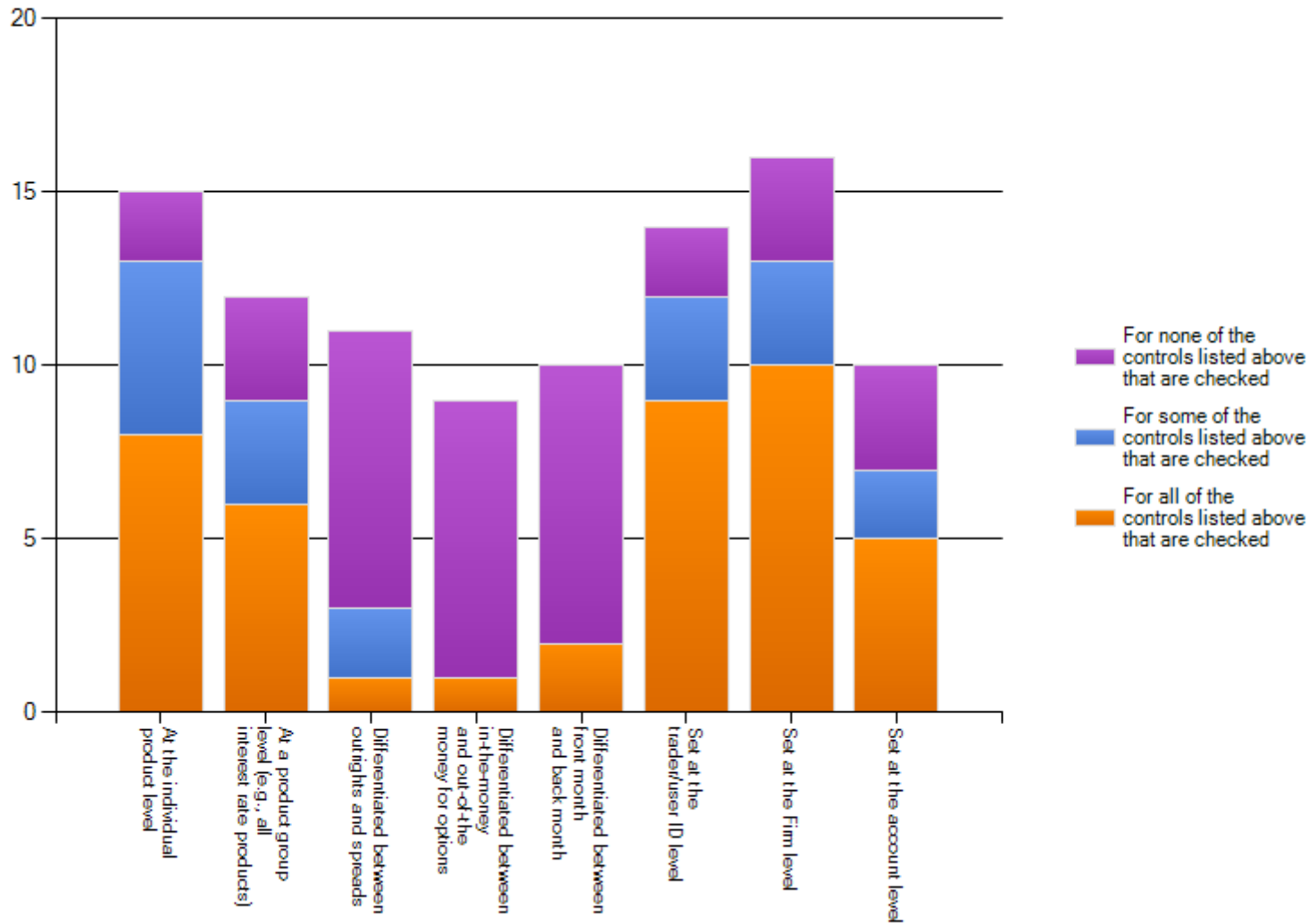
Which of the following pre-trade risk controls are available or will be available at the Exchange level?



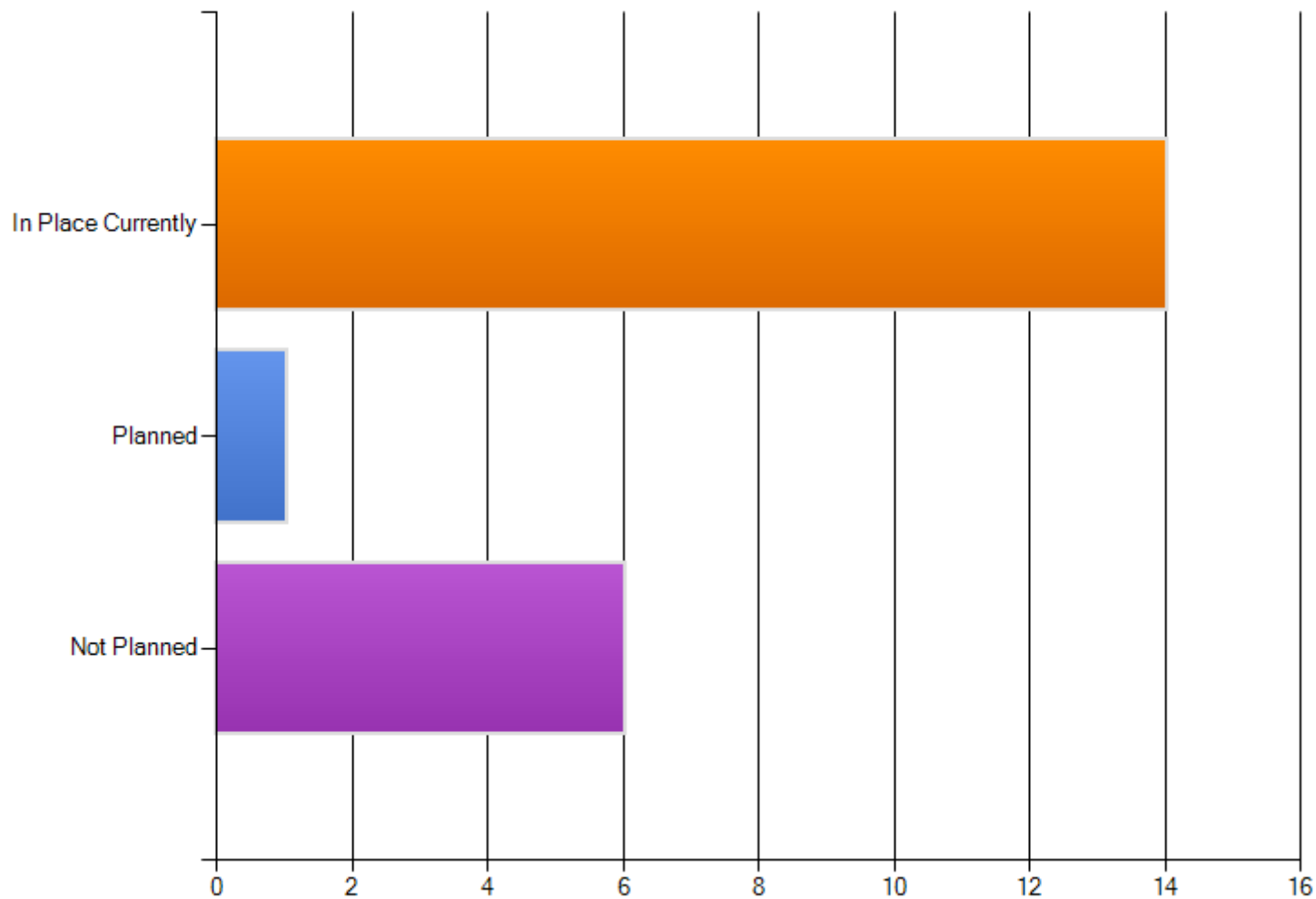
How are the controls set? Check all that apply:



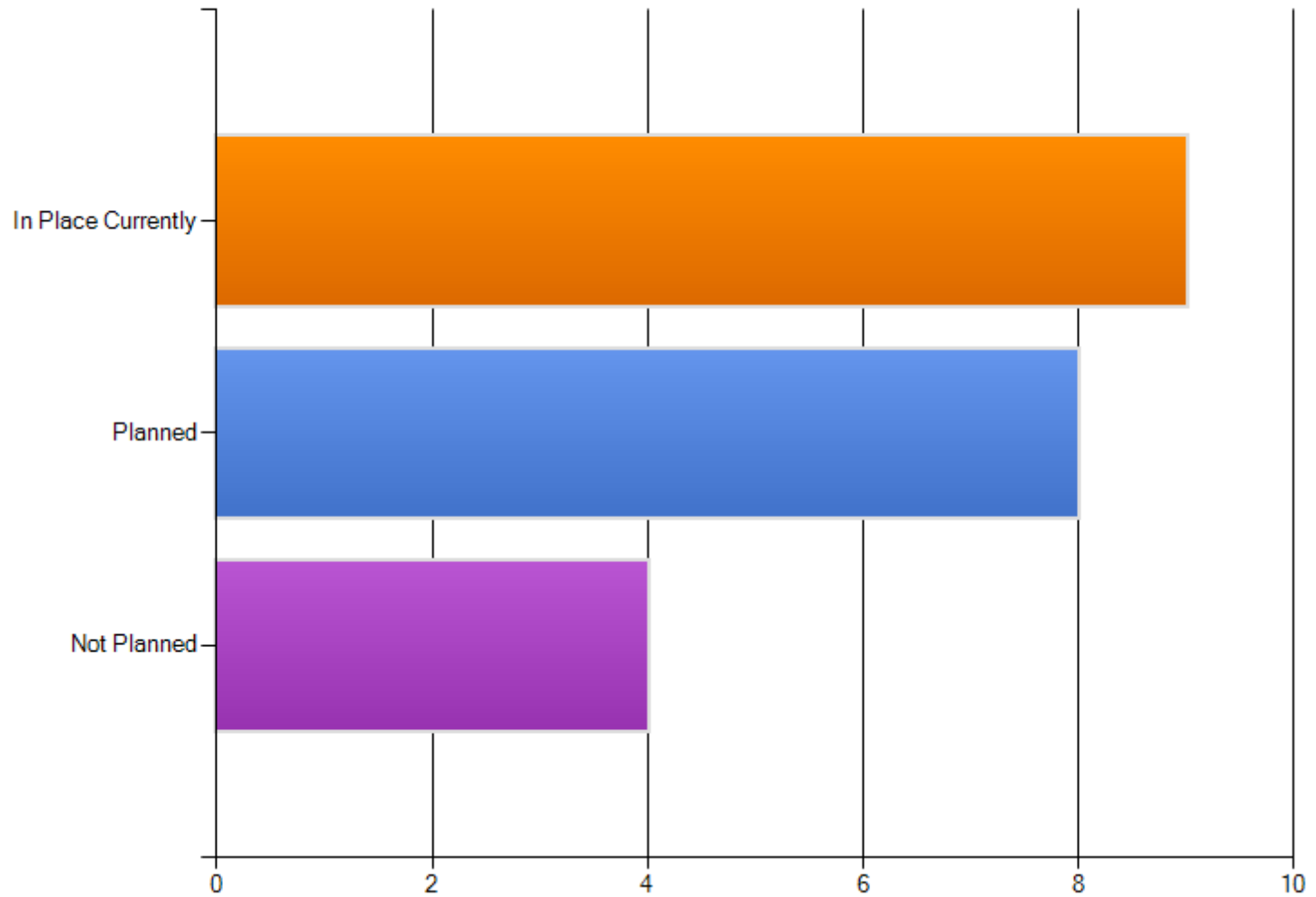
To what level of granularity can the controls be set?



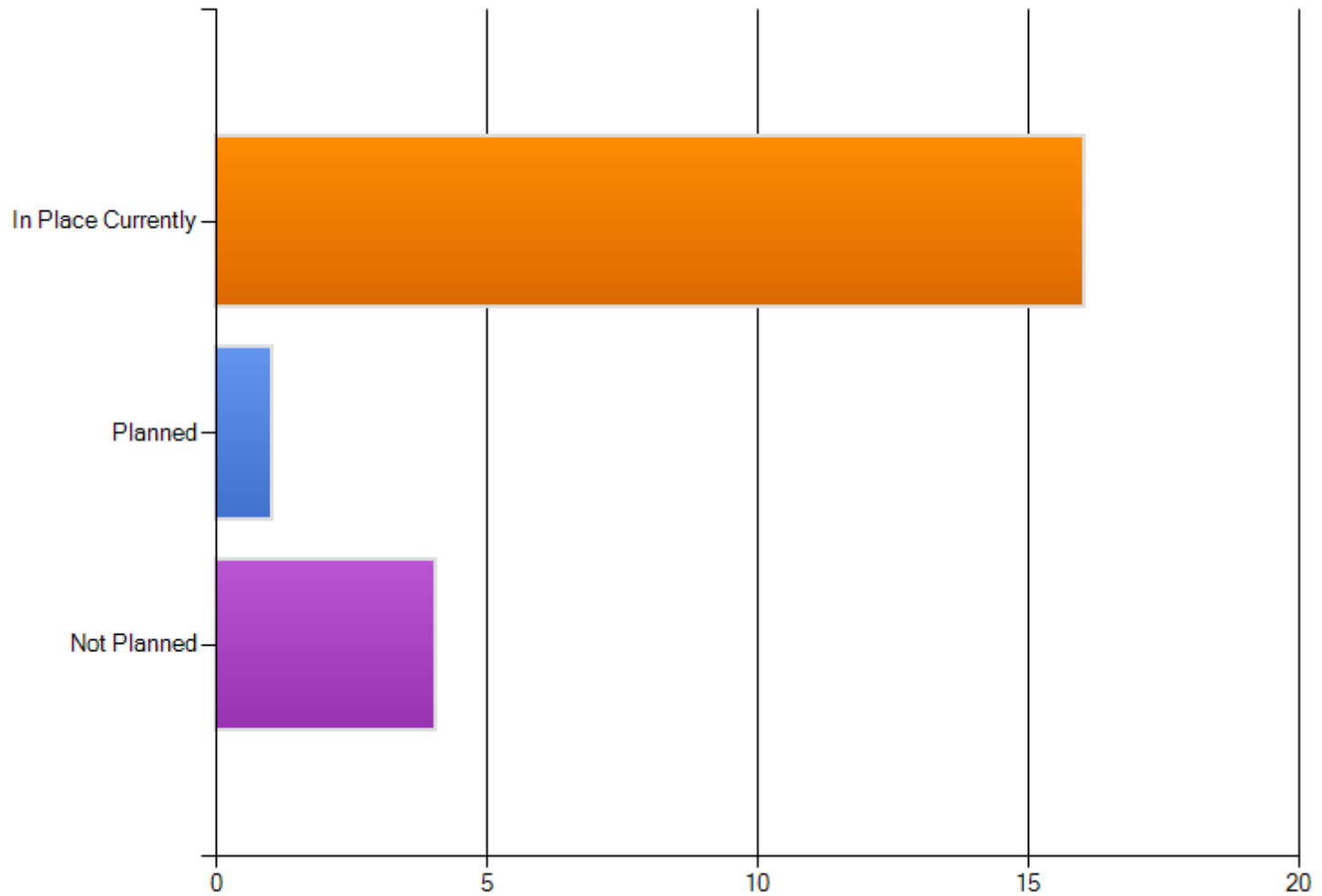
Does the Exchange cancel all orders if the trading firm disconnects (i.e., stops responding to a heartbeat)?



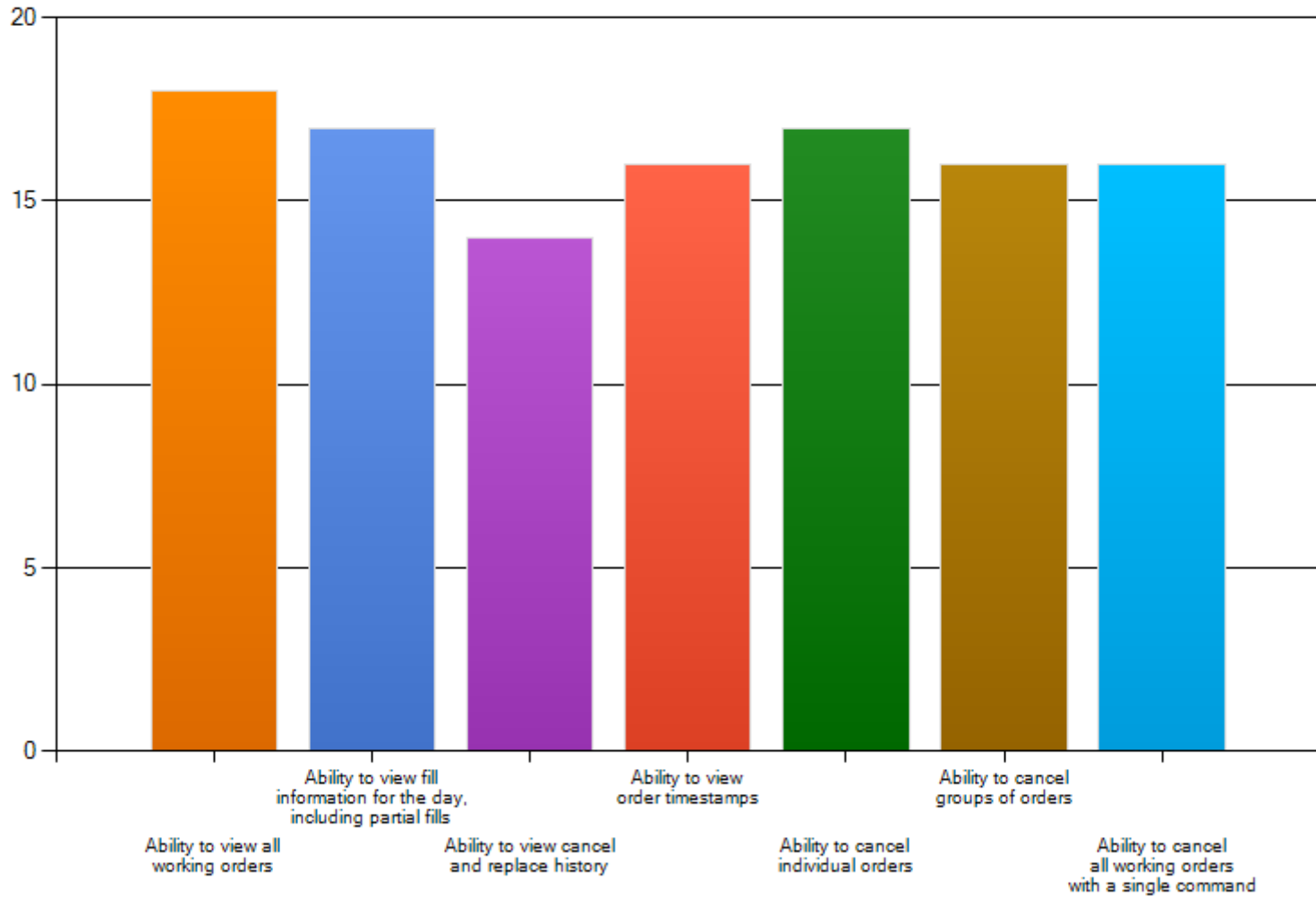
Does the Exchange offer a “kill button” or the ability to cancel all working orders and prevent further orders with a single command?



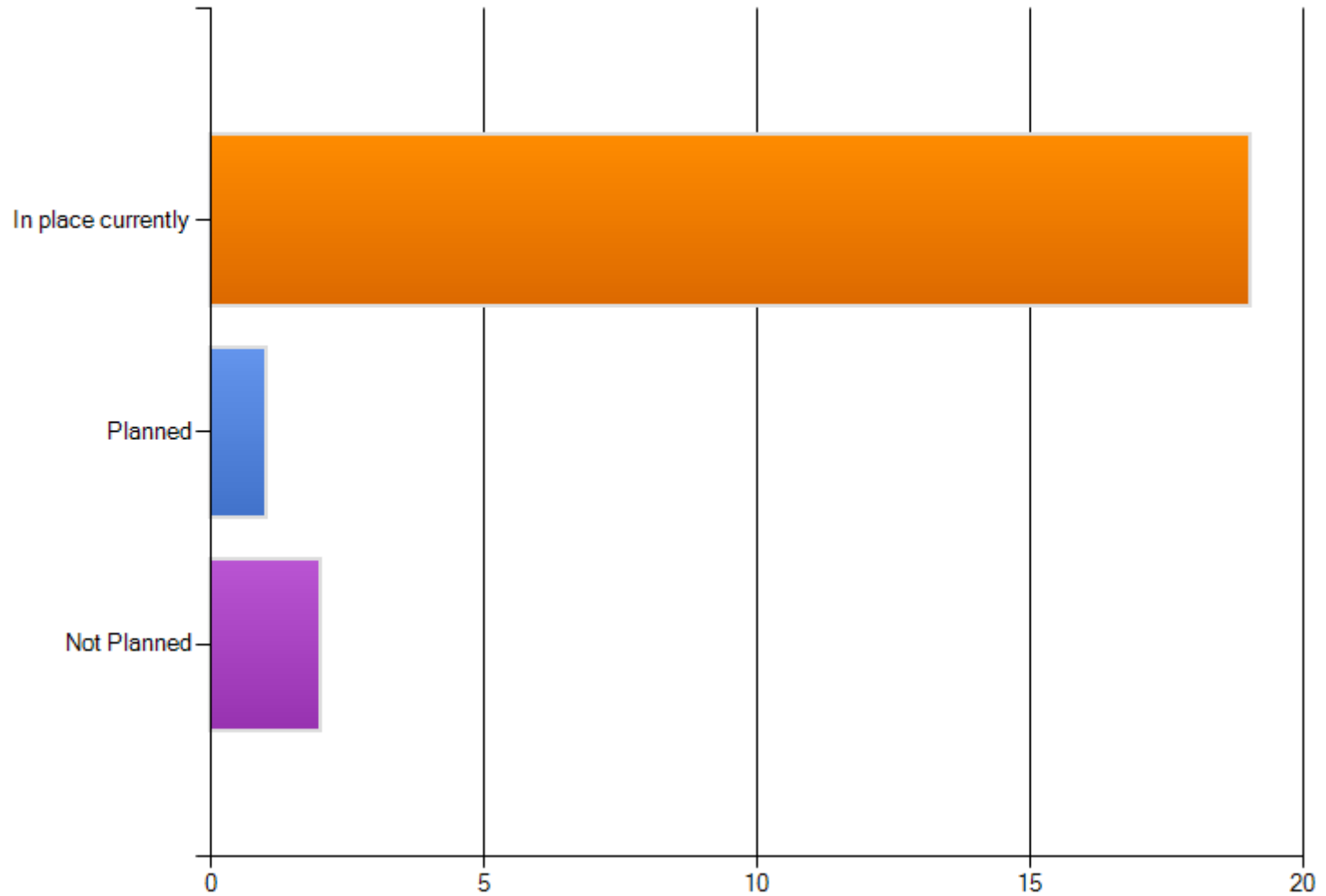
Does the Exchange provide the ability to cancel individual working orders independently from the trading connection?



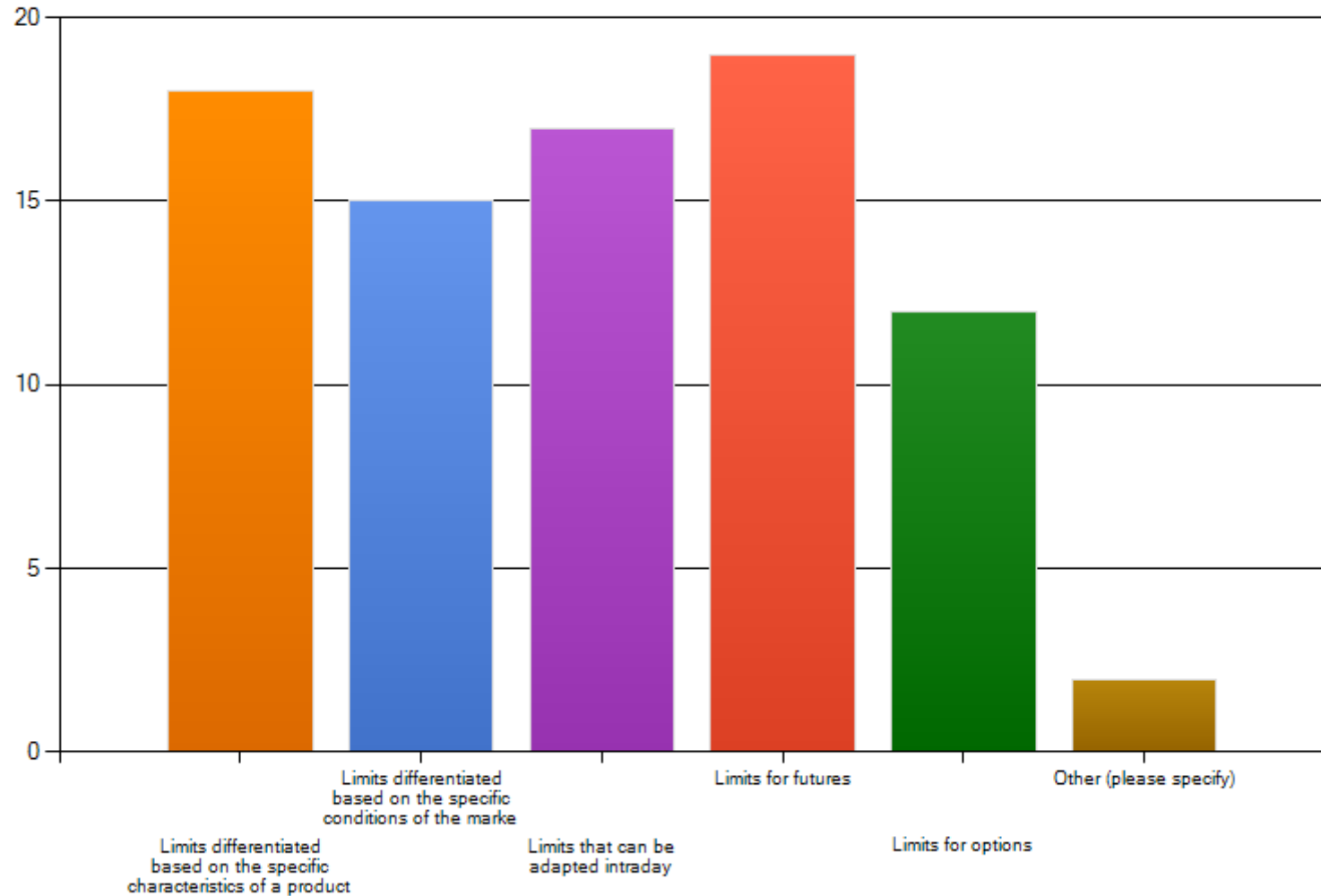
**If the Exchange provides order cancellation capability, does it enable the following
(check all that apply):**



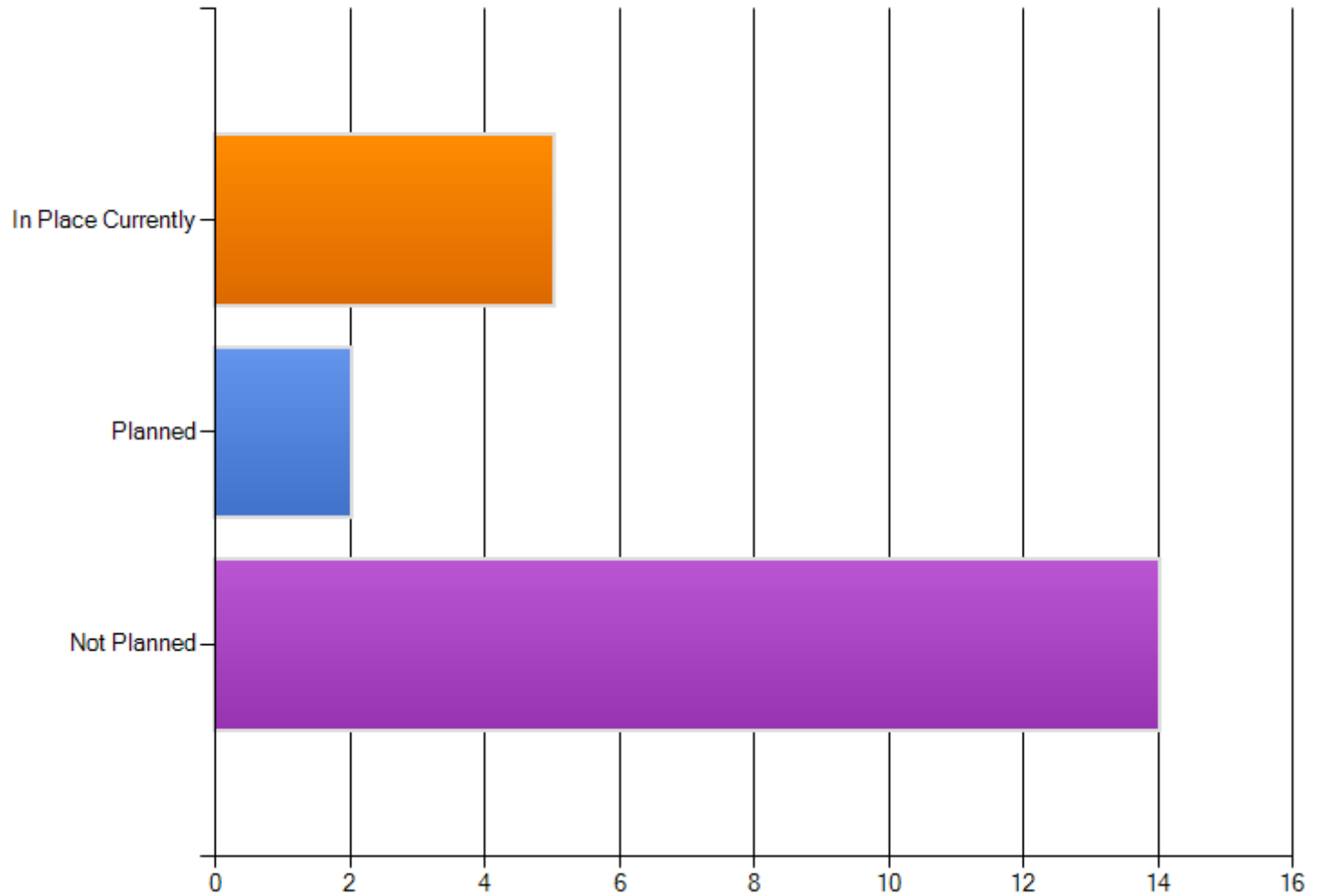
Does the Exchange offer price banding or dynamic price limits (i.e., limits that prevent orders from being entered that are too far off the last price traded)?



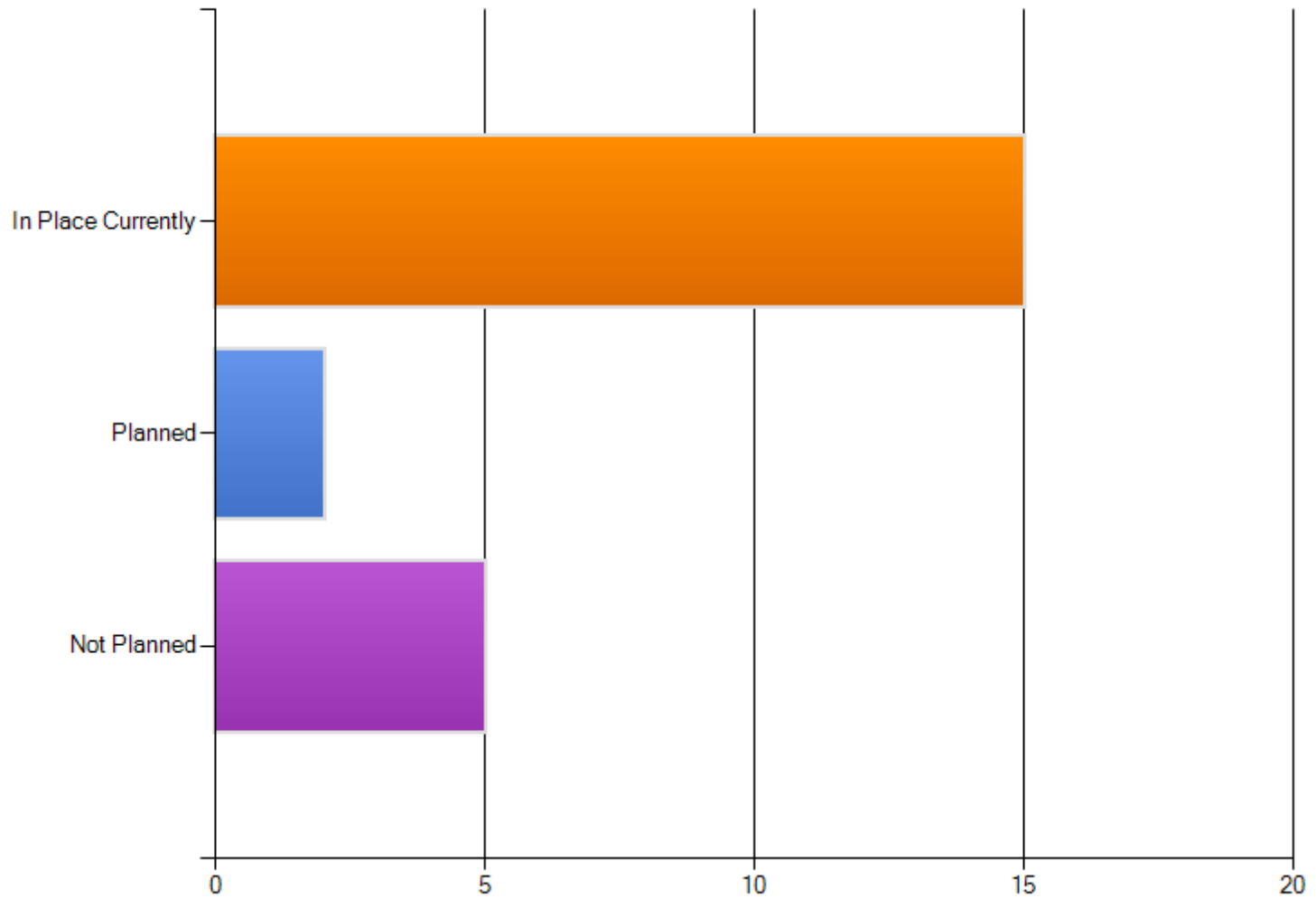
If the Exchange offers price banding limits, does it enable the following (check all that apply):



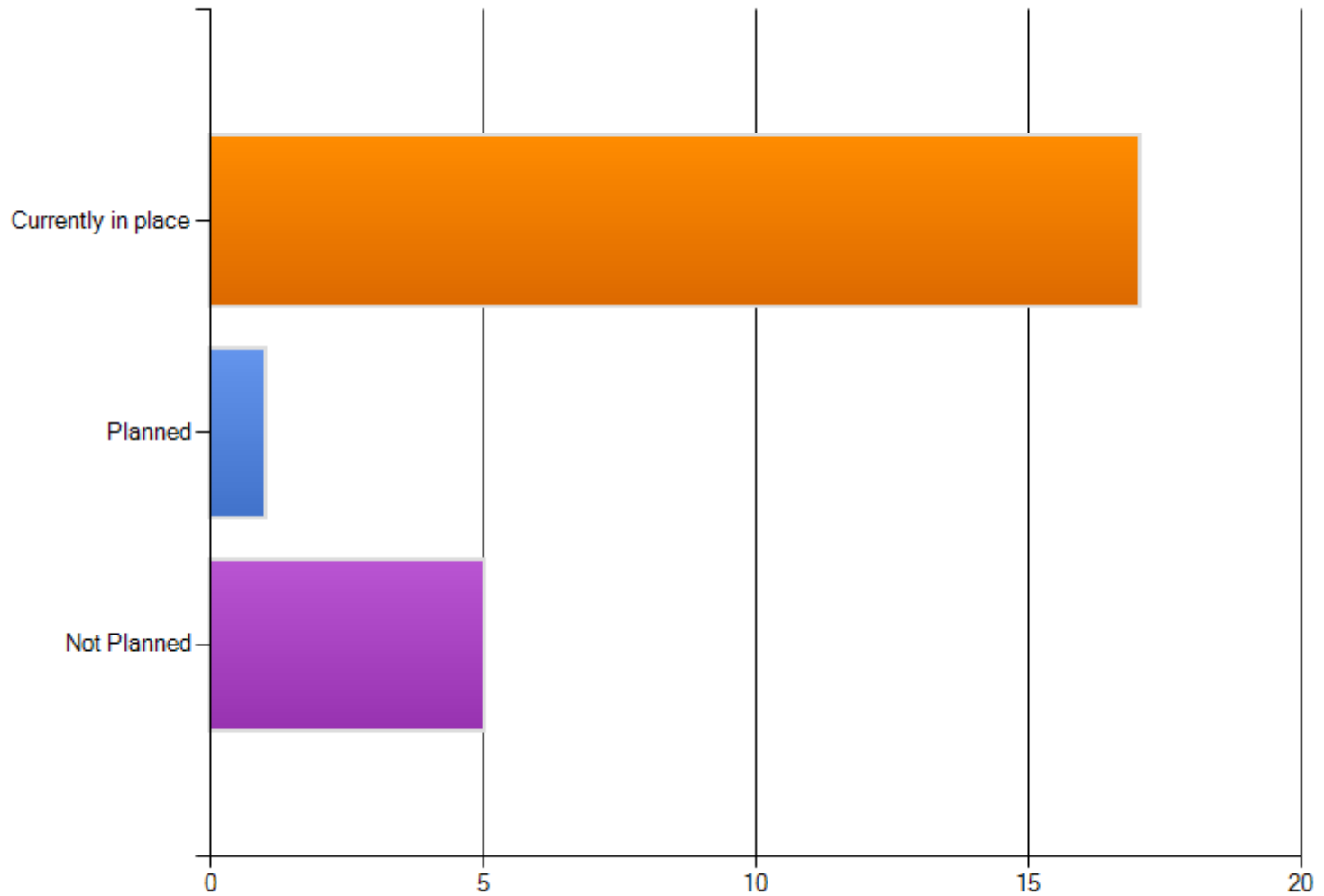
Does the Exchange offer the ability to prevent a trader from trading inadvertently with itself (i.e., potential wash trade)?



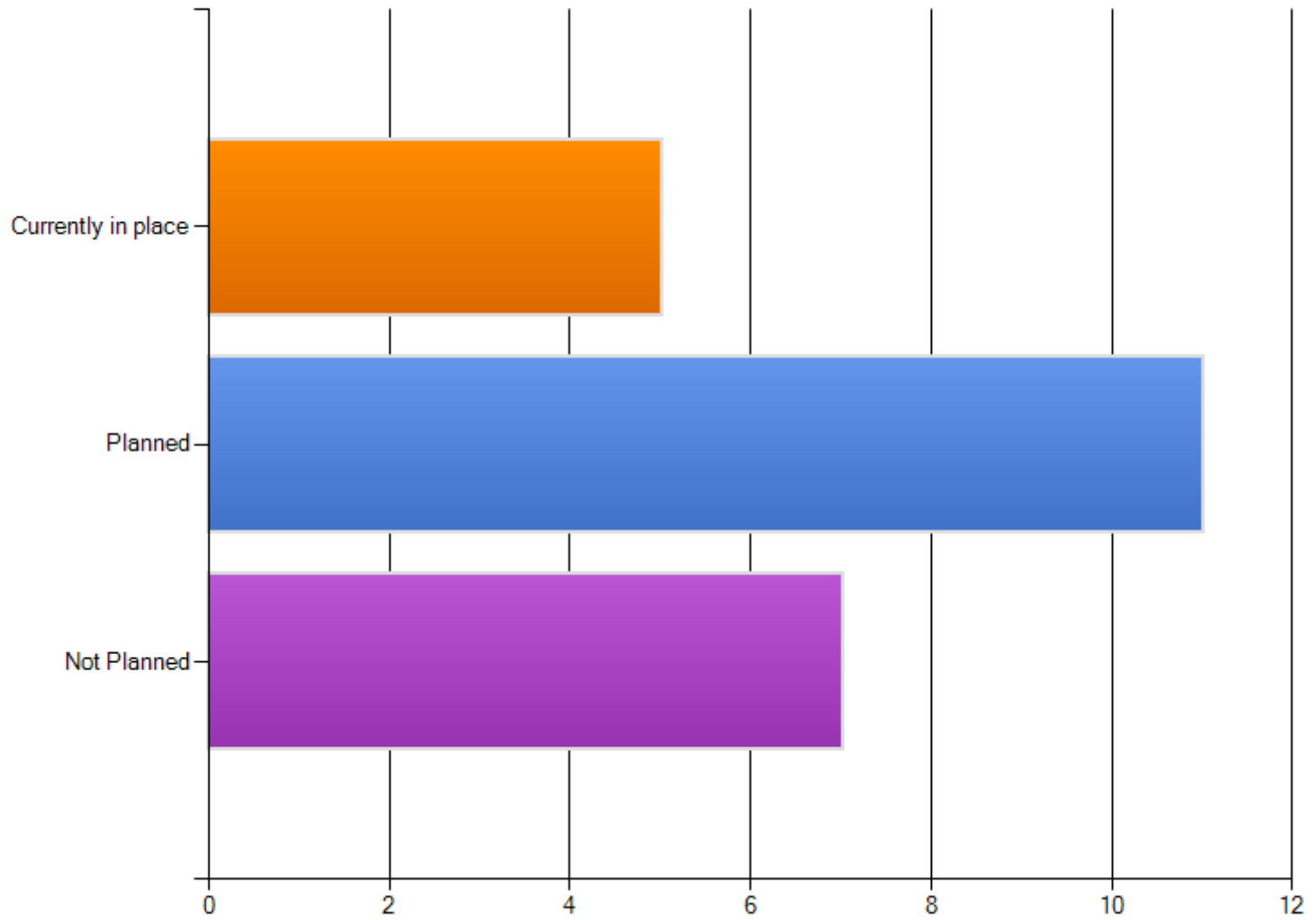
Does the Exchange provide real-time “drop copy” of working orders available on a separate feed from the trading connection?



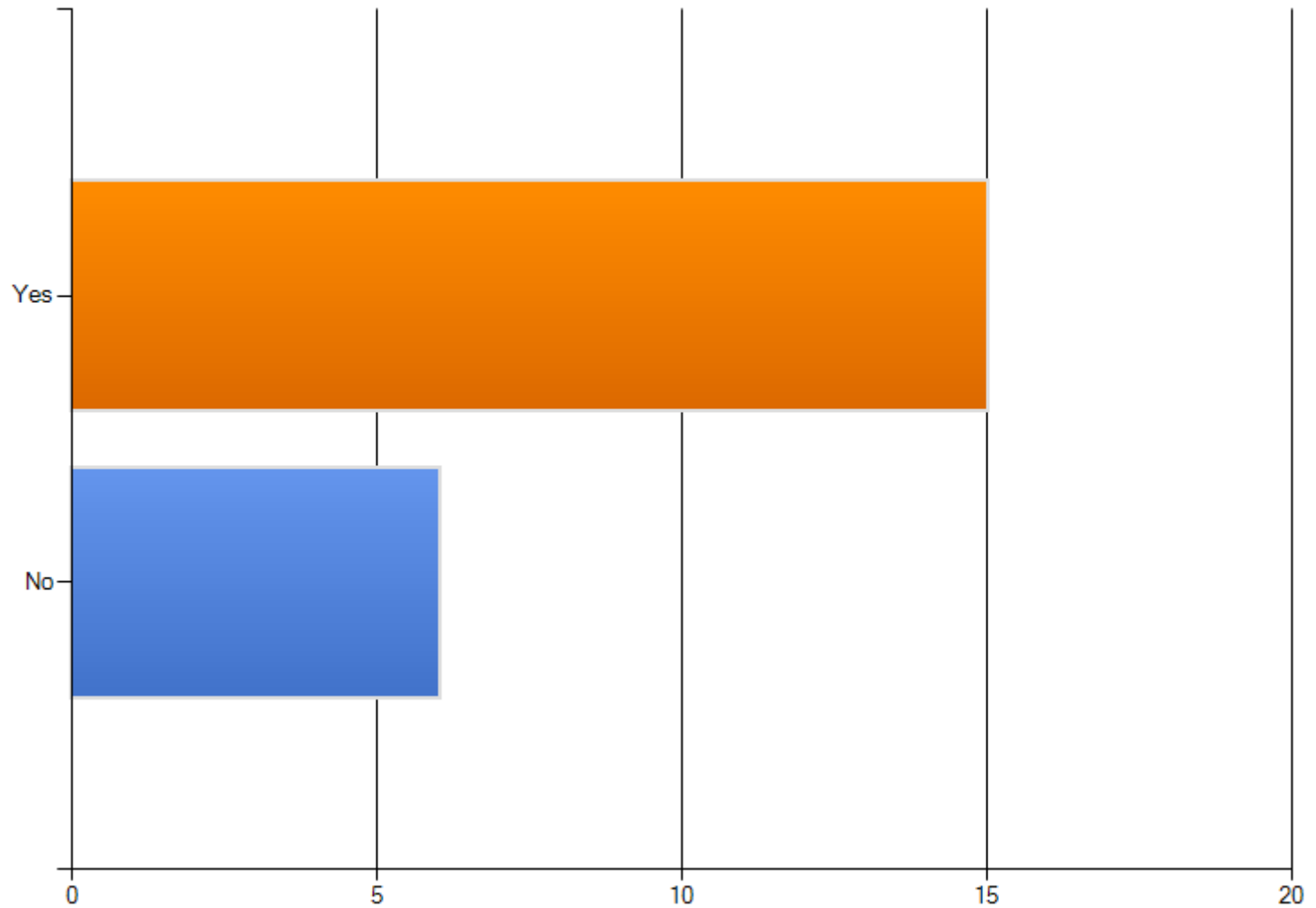
Is it possible for the clearing firms to receive near real time net position per maturity per contract as soon as the trade is matched at the Clearinghouse?



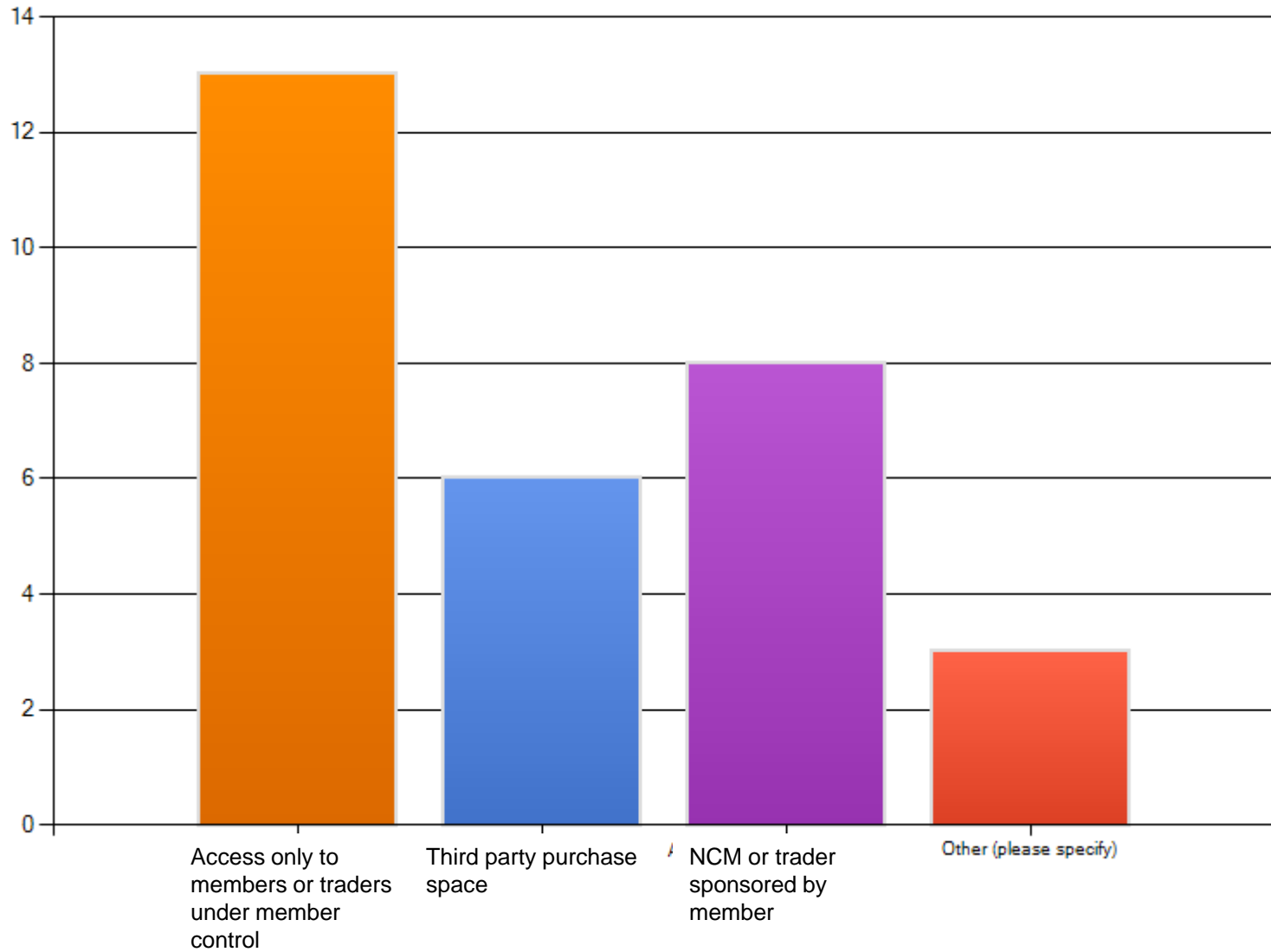
Does the Exchange sponsor co-location facilities itself?



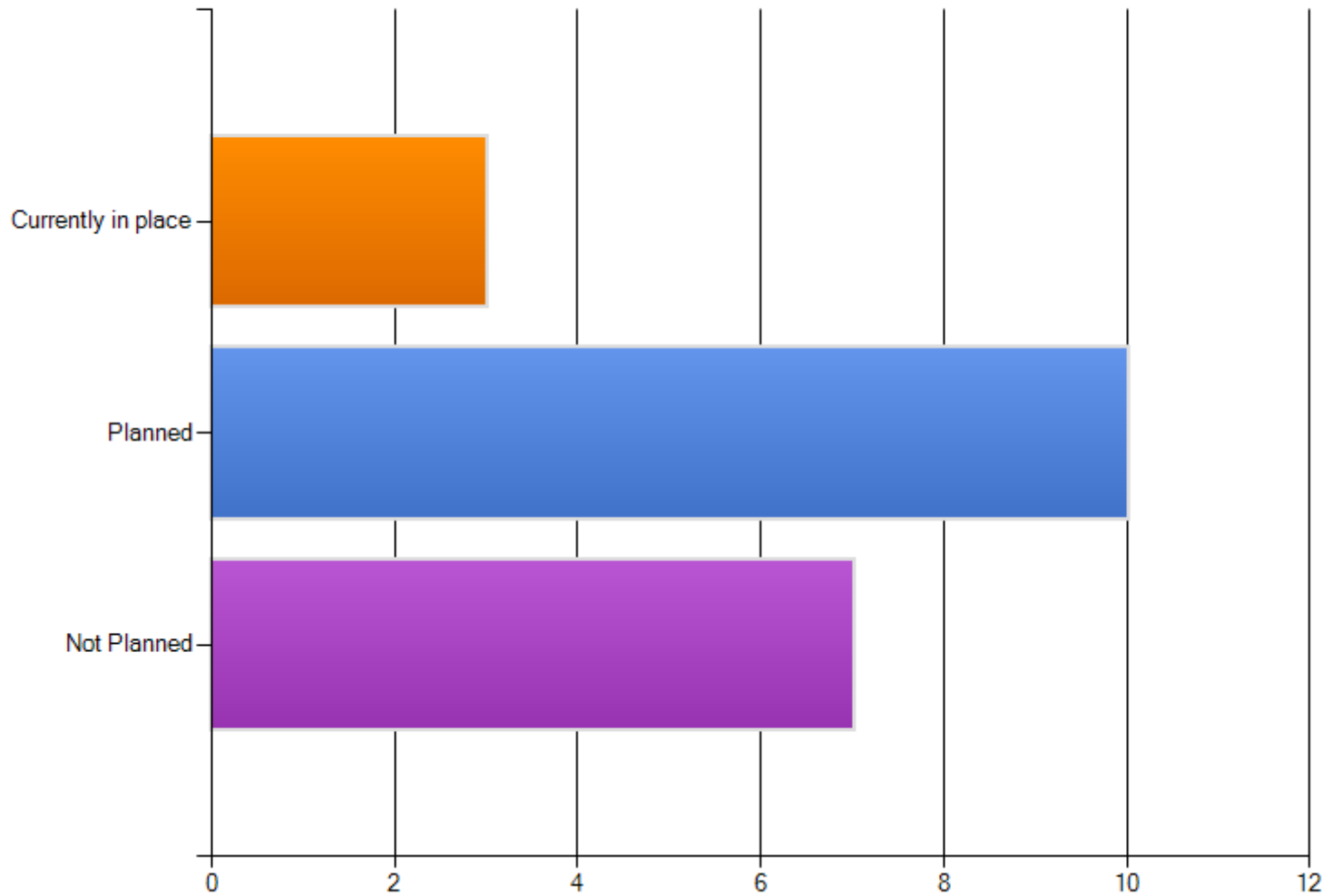
Does the Exchange restrict who has access to the co-location or proximity solution?



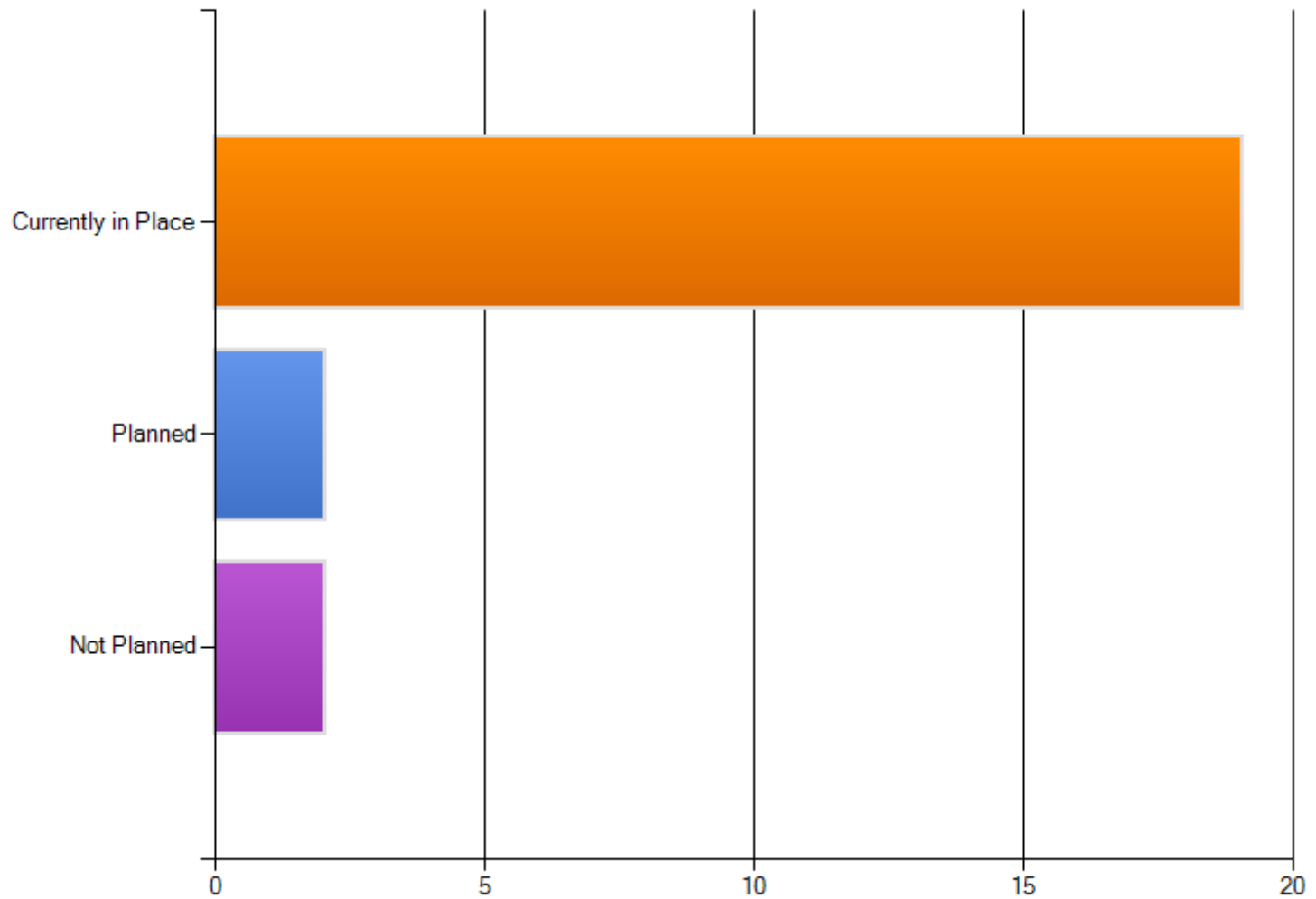
If access is restricted, how is it restricted? Check all that apply:



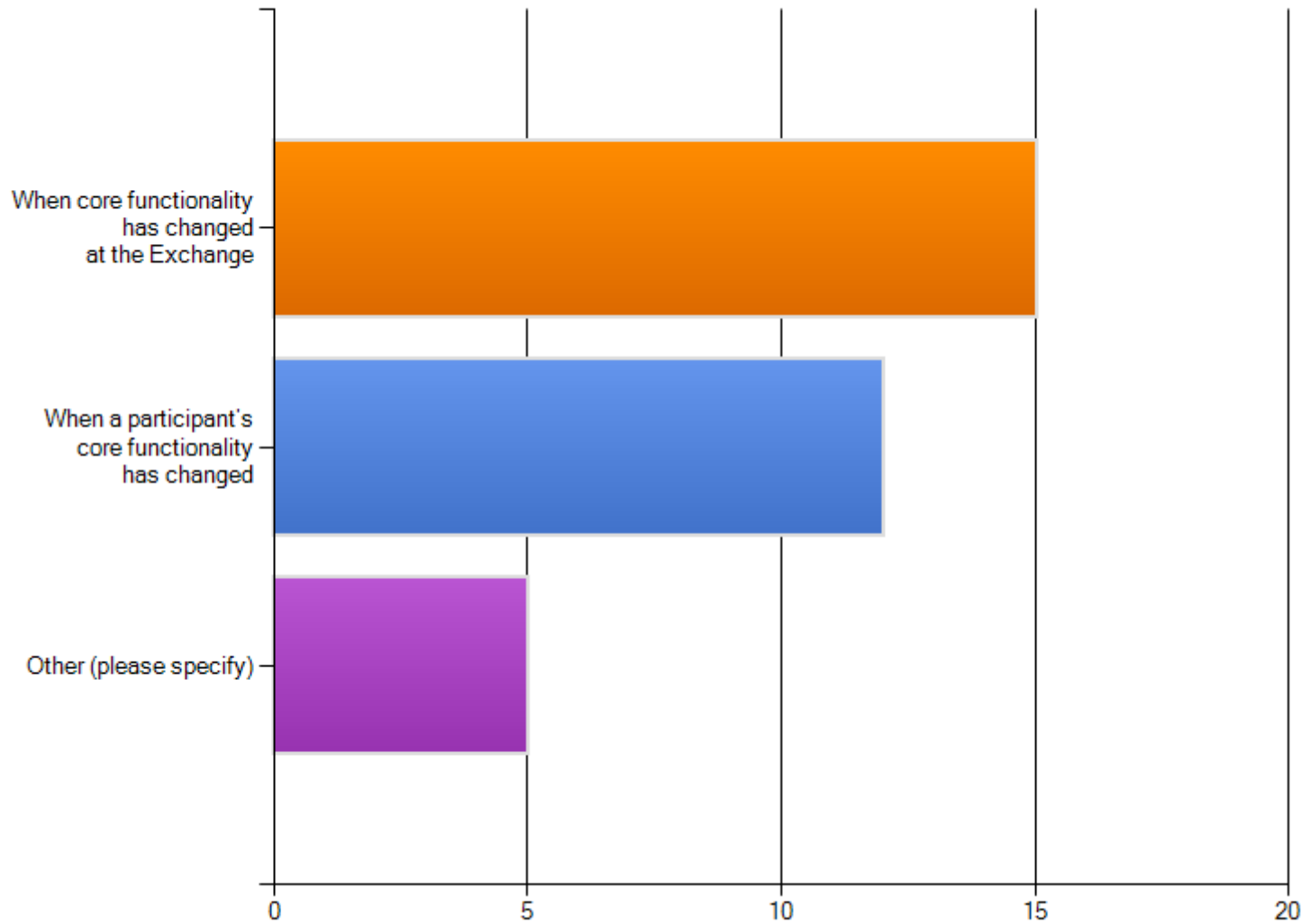
Does the Exchange publish the average latency statistics of its co-location or proximity locations?



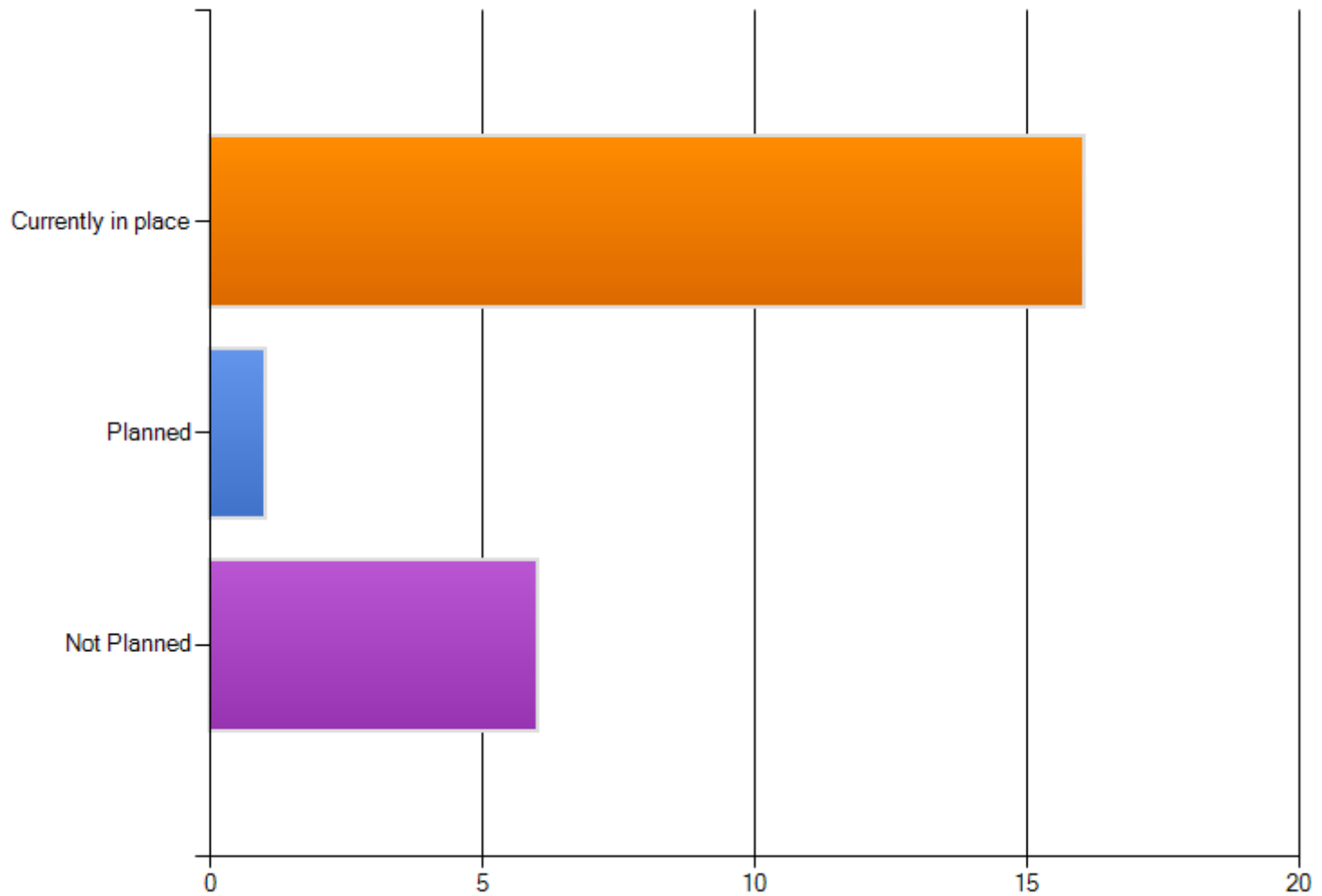
Does the Exchange require a new trading application to pass a conformance test before connecting a previously uncertified application to the trading host?



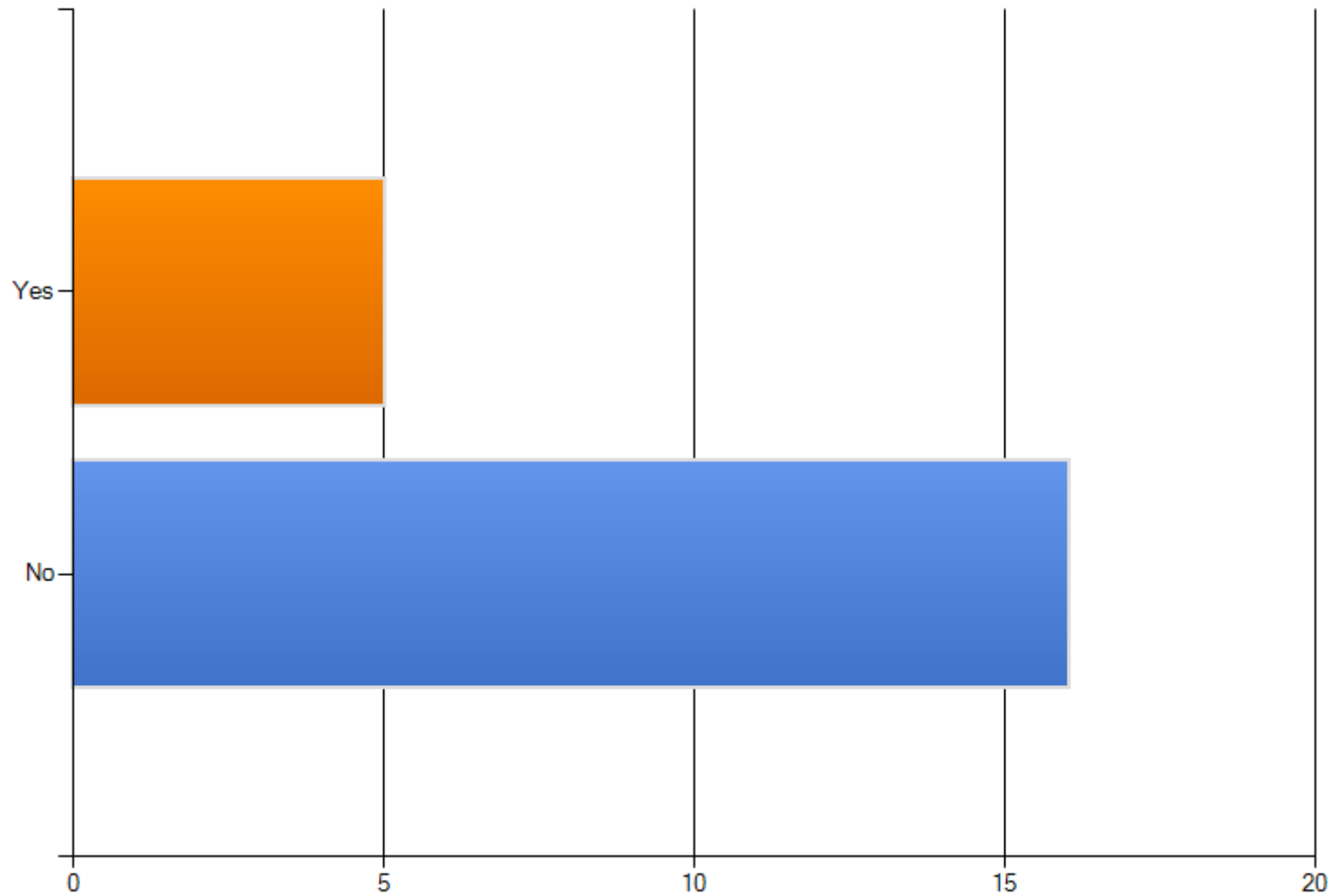
When does the Exchange require recertification of an application? Check all that apply:



Does the Exchange have a policy in place whereby a trade within a certain product-specific “no adjust” range is ineligible for adjustment?



Does the Exchange have a policy to enforce the compensation of a party whose contingent order was triggered by an error trade by the party that committed the error?



Conclusions

- Direct access prevalent
- Most exchanges offer risk controls but primarily order size limits and not differentiated
- Other controls such as kill switches and order access still being developed
- Conformance testing available
- Access to co-location planned to be accessible
- Price banding limits becoming the norm
- Error policies clear
- Post trade risk information prevalent and real-time

Please address questions, comments to:

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