

# IRON ORE SWAP CLEARING

FACTSHEET



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## OTC IRON ORE SWAP

SGX AsiaClear<sup>®</sup>, the Singapore Exchange OTC clearing facility for commodity, freight and oil derivatives trading, offers Iron Ore Swap to meet the demands of the iron ore and steel industry.

Iron Ore Swap is a financial derivative of iron ore, a naturally occurring mineral substance used in steel production.

Each Iron Ore Swap contract is equivalent to an exposure of 500 metric tons of physical iron ore CFR China. The contract will be cash-settled at the end of each month using the arithmetic average of The Steel Index (TSI) iron ore reference prices in the expiring month, rounded to 2 decimal places.

## ADVANTAGES FOR USING SGX ASIACLEAR<sup>®</sup> OTC IRON ORE SWAP

- Effective hedging instrument to manage physical iron ore CFR China price risk.
- Ease of taking and liquidating positions with no risk of physical delivery.
- Better risk management through daily mark-to-market of positions.
- Advance withdrawal of realized and unrealized profits.
- Single clearing agreement to trade with a growing pool of counterparties.
- Less counterparty credit risk.
- Multilateral netting of opposite positions.
- Straight-through and real-time clearing with instant confirmation.

## CONTRACT SPECIFICATIONS

<b>Product</b>	Iron Ore Swap
<b>Contract</b>	Iron Ore CFR China (62% Fe Fines) Swap
<b>Contract Size</b>	500 metric tons (mt)
<b>Ticker Symbol</b>	FE
<b>Minimum Price Fluctuation</b>	US\$0.01 per dry metric ton Value per tick = US\$0.01 x 500mt = US\$5
<b>Contract Months</b>	6 consecutive months starting with current month
<b>Trade Registration Hours</b>	Monday 8:00am to Saturday 4:00am (Singapore Time) System is not available from 4:00:01am to 7:59:59am daily
<b>Trade Registration Hours on Last Day</b>	8:00am to 8:00pm (Singapore Time)
<b>Last Trading Day</b>	Last publication day of The Steel Index (TSI) iron ore reference prices in the contract month
<b>Final Settlement Price</b>	Cash settlement using the arithmetic average of all The Steel Index (TSI) iron ore

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