

FUTURES 

THE EXCHANGE



WHAT IS AN EXCHANGE?



An **open and centralised marketplace** where commodities, securities, derivatives, and other financial instrument are traded.

Provides **fair, efficient, and orderly trading opportunities** by centralising the buying and selling of a particular type of asset.



Physical exchange is a physical trading location, which operates on an open outcry or a dual auction system.

Electronic exchange is a computer-based system that handles financial instrument trading, from order entry and matching to price determination.



BENEFITS TRADING ON AN EXCHANGE

Price discovery

The collective actions of many buyers and sellers in the marketplace help to establish a fair market price.



Market Transparency

Ensures participants have open access to data about trades, order books, and market dynamics.



Lower Counterparty Risk

Intermediaries between buyers and sellers guarantee transactions and mitigate counterparty risk.



Liquidity

Bring together a large number of buyers and sellers, making it easier and faster to find a counterparty for a trade.



EXAMPLES OF FUTURES EXCHANGES



Chicago Mercantile Exchange Group (CME)



Bursa Malaysia Derivatives Exchange (BMD)



Hong Kong Futures Exchange (HKFE)



Singapore Exchange (SGX)