

GLOBAL INIDICES ON NSE

NSE Presents Future contracts on Global Indices

- ❖ **S & P 500 (Standard & Poor 500)**
- ❖ **DJIA indices (Dow Jones Industrial Averages)**

Global Indices on NSE

- Unique and first-of-a-kind way to gain unlimited and hassle-free exposure to the US market
 - Efficient way to diversify portfolio.
- Unique trading opportunities
 - High correlation between S&P500 and DJIA makes spread trading between them possible.
- Can be used as effective portfolio diversification and hedging tools

S & P 500[®]

- S&P 500 index is maintained by Standard & Poor 's and was introduced in March 4, 1957.
- S&P 500 Index is the leading large-cap benchmark for the U.S. stock market.
- Widely considered as an ideal proxy for the total market.
- Contains 500 stocks.
- S&P 500 is a capitalization-weighted, float-adjusted index.

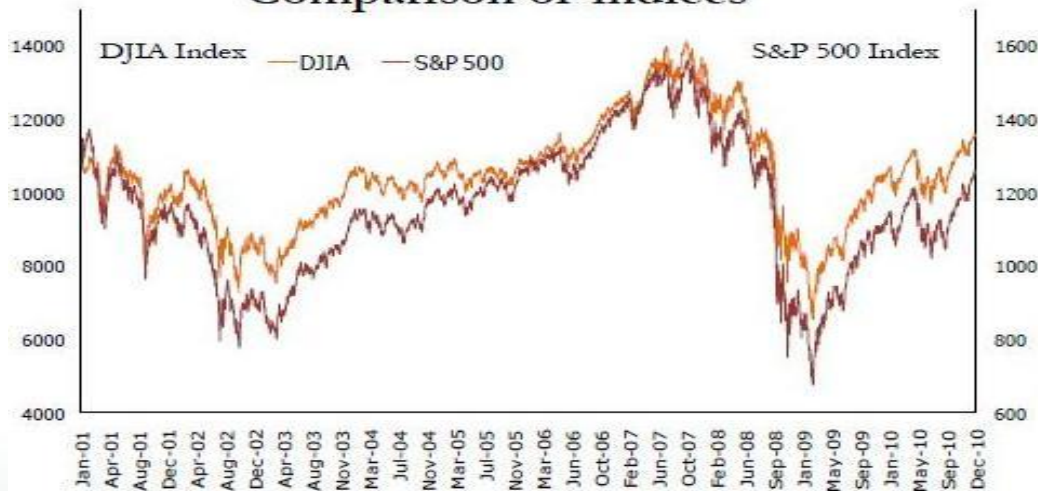
DJIA indices

- DJIA (Dow Jones Industrial Average) is a Blue-chip index representing the leading companies in the industries driving the U.S. stock market .
- Contains 30 stocks.
- All 30 of the stocks in the DJIA are also in the S&P 500.
- DJIA is price-weighted index.

Correlation between S&P500 & DJIA

S&P 500 and DJIA indices are two of the most followed indices and are considered as Barometers of U.S. markets. S&P500 and DJIA are highly correlated indices as can be seen from the graph below.

Comparison of indices



- Correlation of more than 95%
- However not perfectly correlated
- Good for spread trading
- Low correlation with Nifty makes them a good diversification tool

Comparison of Volatility

Intraday High / Low variation

Intraday High/Low variation of S&P 500 and DJIA indices are comparable to that of Nifty Index. This may be observed from the table below which provides the intra-day high/low variation of S&P 500, DJIA and Nifty indices for the period from January 2010 to February 2011.

Index	Average	Max	Min
S&P 500	1.31%	9.55%	0.29%
DJIA	1.79%	11.63%	0.68%
NIFTY	1.51%	3.63%	0.48%

Contract Traded

Product / Year	FUTURES			OPTIONS	
	E-mini S&P 500 Futures *	Mini DJIA Futures *	Nifty Futures	S&P 500 Options#	Nifty Options
2007	415	40	137	158	53
2008	633	55	182	179	151
2009	556	39	166	155	321
2010	555	34	128	175	530

*Source: CME Group Volume Report

#Source: CBOE volume report / FIA

CONTRACT SPECIFICATION

	S&P 500 Index Futures	DJIA Index Futures
Ticker Symbol	S&P500	DJIA
Unit of Trading	INR	INR
Contract Size	250 units	25 units
Notional value	Contract size multiplied by the index level (For example: if the current index value is 1000 then the notional value would be 1000 x 250 = Rs. 2,50,000)	Contract size multiplied by the index level (For example: if the current index value is 10000 then the notional value would be 10000 x 25 = Rs. 2,50,000)
Tick Size	0.25 (₹62.50 Per Contract)	2.5 (₹62.50 Per Contract)
Trading Hours	As in equity derivative segment	
Expiry Date	3rd Friday of the respective contract month. In case third Friday is a holiday in USA or in India the contract shall expire on the preceding business day	
Contract months	3 serial monthly contracts and 3 Quarterly expiry contracts in the Mar-Jun-Sep-Dec cycle	
Daily Settlement Price	Last half hour's weighted average price	
Final Settlement Price	All open positions at close of last day of trading shall be settled to the Special Opening Quotation (SOQ) of the S&P 500 and DJIA Index on the date of expiry. (http://www.cmegroup.com/trading/equity-index/files/SOQ.pdf)	
Final Settlement Procedure	Final settlement will be Cash settled in INR based on final settlement price	
Final Settlement day	All open positions on expiry date shall be settled on the next working day of the expiry date (T+1)	
Position Limits	The Trading Member/Mutual Funds position limits as well as the disclosure requirement for clients is same as applicable in case of domestic stock index derivatives	

CONTRACT SPECIFICATION

S&P 500 Options	
Ticker Symbol	S&P500
Contract Size	250 units
Tick Size	0.05
Trading Hours	As in equity derivative segment
No. of strikes/strike intervals	12 – 1 – 12 strikes with 5 point interval and further 4 - 4 strikes of 10 point interval.
Expiry Date	3rd Friday of the respective contract month. In case third Friday is a holiday in USA or in India the contract shall expire on the preceding business day.
Contract months	3 serial monthly contracts and 3 Quarterly expiry contracts in the Mar-Jun-Sep-Dec cycle
Option Type	The options contracts shall be European styled which can be exercised only on the expiration date
Daily Settlement Price	Daily premium settlement
Final Settlement Price	All open positions at close of last day of trading shall be settled to the Special Opening Quotation (SOQ) of the S&P 500 Index on the date of expiry (http://www.cmegroup.com/trading/equity-index/files/SOQ.pdf)
Final Settlement Procedure	Final settlement will be Cash settled in INR based on final Settlement price. long positions of in-the money contracts shall be assigned to open short positions in option contracts.
Final Settlement day	All open positions on expiry date shall be settled on the next working day of the expiry date (T+1)
Position Limits	The Trading Member/Mutual Funds position limits as well as the disclosure requirement for clients is same as applicable in case of domestic stock index derivatives.

*Thank
You*

उर्जया श्री संपत्ति वर्धते ॥