



# NYSE® FANG+ Index & MICRO FANG+ Futures

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**Ted Doukas** | Director, Financial Products

**Dwijen Gandhi** | Senior Director, Equity Index Research & Development

November 2020

A decorative graphic on the right side of the slide. It features a dark green background with numerous out-of-focus green and yellow bokeh lights. Overlaid on this is a white grid of thin lines that curves and warps across the frame, creating a sense of depth and movement.

Transforming global markets

# Intercontinental Exchange

## Introduction

# ICE Exchanges & Clearing Houses

Powering global markets

## A Global Footprint

- Locally-regulated exchanges and clearing houses throughout North America, Europe and Asia
- Market infrastructure in all major trading centers
- Ability to manage risk and make informed decisions in the geography of your choice
- Operational and capital efficiency through clearing

## Asset Classes

- Energy
- Interest Rates
- Agriculture
- Forex (FX)
- Equity Derivatives
- Metals
- Credit
- Emissions

## Streamlined Technology

- Ultra-secure, highly resilient delivery and execution services through the ICE Global Network
- Depth and breadth of content and community
- Scalable bandwidth
- Flexible delivery options including fiber, wireless, colocation and hosted connectivity
- High-security delivered over private lines

# Equity Derivatives

From emerging to developed markets, gain exposure to global equities with ICE's derivatives offering

## MSCI Index Derivatives

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### The leading venue for MSCI index Futures

ICE offers over 90 MSCI index futures covering a wide suite of global, regional, country-specific, sector and factor indices

## FTSE Index Derivatives

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### The home of UK equities

ICE offers a broad suite of highly liquid, cost-effective and margin-efficient tools for managing UK equity risk

## NYSE FANG+™

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### Trade the top of the tech

The NYSE FANG+™ index provides exposure to a select group of highly-traded growth stocks of next generation technology and tech-enabled companies

## Single Stock Derivatives

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### Efficient alternative to trading company stocks

These contracts span multiple geographies and currencies available via ICE Block

# MSCI Index Derivatives Franchise

Addressing buy side needs for global risk transfer

Since 2009, ICE has built a comprehensive range of futures:

- **Global EM and DM** (Countries, Regions)
- **Global Sector or Factor Indices**
- **MSCI ESG Leaders Indices and MSCI Climate Change Indices**

- **YTD ADV\* at 260k lots** – up 22% YoY
- **Open Interest at 2m lots / US\$132bn ~ 60%** of total outstanding notional for MSCI futures
- **ICE's MSCI EM & MSCI EAFE Futures amongst the 10 biggest** Index Futures Contracts in the World by OI

## Top 5 MSCI contracts

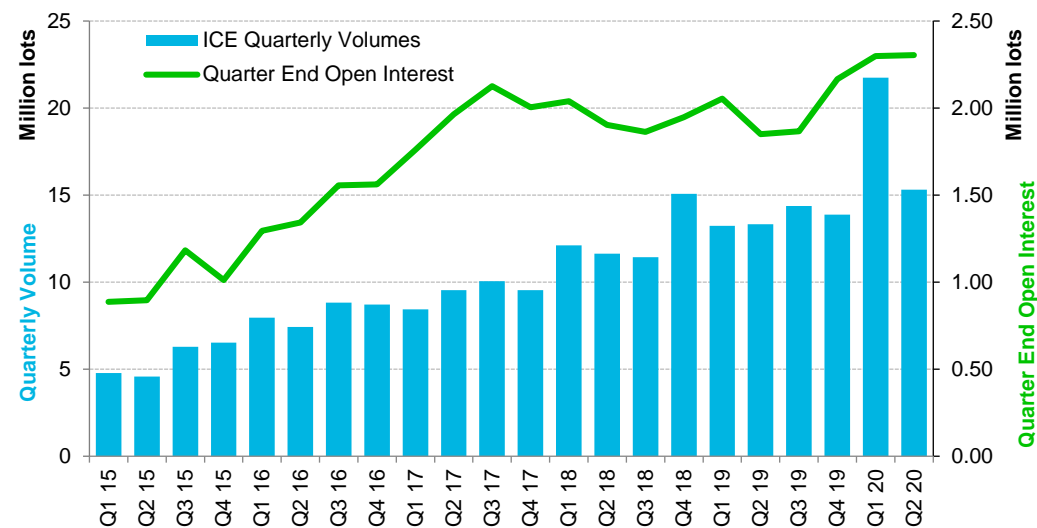
Contract	Ticker	YTD ADV in US\$	Open interest (OI lots)	OI Notional*
MSCI EM (PR USD)	MESA	\$10.2bn	1.25m	\$70bn
MSCI EAFE (PR USD)	MFSA	\$5.5bn	424k	\$40bn
MSCI EM Asia (NTR USD)	ANSA	\$80m	67k	\$4.5bn
MSCI Europe (NTR USD)	MERA	\$111m	51k	\$3.4bn
MSCI ACWI (NTR USD)	WMWA	\$105m	54k	\$3.3bn

As of 12 Oct 2020 – ranked by OI Notional in US\$

ADV \*: Average Daily Volume in lots

Confidential

## Quarterly volumes & open interest





# NYSE® FANG+ Index The Offering

# NYSE® FANG+ Index

Access the top of tech

Developed by NYSE and ICE Data Services in 2017

10 highly-traded tech growth stocks

Facebook (FB)	Apple (AAPL)	Amazon (AMZN)	Netflix (NFLX)	Google (GOOGL)
Alibaba (BABA)	Baidu (BIDU)	NVIDIA (NVDA)	Tesla (TSLA)	Twitter (TWTR)

NYSE® FANG+ Index products available for trading:

- NYSE® MICRO FANG+ Index futures: ICE Futures U.S.
- NYSE® FANG+ Index options
- NYSE® FANG+ Index ETNs: standard & leveraged

# NYSE® MICRO FANG+ Index Futures

- NYSE® MICRO FANG+ Index futures were launched on **September 25<sup>th</sup>, 2020**.
- Launch of NYSE® MICRO FANG+ Index futures involved a **reduction** in the former FANG+ Index futures and a conversion of open interest
- NYSE® MICRO FANG+ Index futures are **1/10** the size of the previous larger contract
- NYSE® MICRO FANG+ Index futures have a current notional value of **~\$26,000** (5,500 x \$5)



# Contract Specifications

<b>Unit of trading</b>	\$5 x NYSE® FANG+ Index
<b>Trading symbol</b>	FNG
<b>Tick size</b>	.20 = \$1, Calendar spread = .05, Blocks = .01
<b>Contract months</b>	4 months in the March/June/September/December quarterly expiration cycle
<b>Trading hours</b>	Friday: 8:00pm – 6:00pm (Eastern Time); On Sunday, trading begins at 6:00pm (ET)
<b>Last trading day</b>	Third Friday of the expiration month. Trading ceases at 9:30am ET for the expiring contract
<b>Final settlement</b>	Cash settlement to a special opening calculation of the NYSE® FANG+ Index.
<b>Daily price limits</b>	Trading halts coordinated with the underlying equity markets and Interval Price Limits (IPL)
<b>Position limits</b>	<ul style="list-style-type: none"><li>• Position accountability level - 20,000 lots in any month</li><li>• Position limit - 100,000 lots in all months combined</li></ul>
<b>Daily settlement</b>	The volume-weighted average price of all trades transacted in the closing session (15:59 to 16:00 ET)
<b>Block trades</b>	Minimum quantity of 20 contracts

# Advantages of NYSE® MICRO FANG+ Index Futures

**Traders gain exposure to the NYSE® FANG+ Index with reduced capital requirements.**

- NYSE® MICRO FANG+ Index futures margin requirements are set at attractive and competitive levels. Currently, ~\$2,100 or 8% of the contract size
- Smaller contract size/margin requirements provide flexibility to both small sized traders and larger participants who can readily trade multiple contracts.

**NYSE® MICRO FANG+ Index futures are traded by multiple participants who provide liquidity during U.S. trading hours.**

**NYSE® MICRO FANG+ Index futures are open for trading 22 hours/day. Trading hours are 8:00pm – 6:00pm EST.**

## Other benefits

- Exchange fees: \$.12/side
- No short selling restrictions
- 60/40 futures tax treatment available
- No patterned day trader rule
- ICE offers various incentive programs

# Advantages of NYSE® FANG+ Index

## Equal weighting

- No stock has a disproportionate sustained weighting over any period of time.
- Research suggests that equally weighted indexes can provide a viable portfolio diversification opportunity and at times can provide superior returns vs. capitalization weighted indexes.
- Decreases unsystematic risk relative to indices with different weighting schemes
- Reduces the concentration risk of larger capitalization index components and offers diversification benefits

## Targeted exposure & leading growth issues

- The NYSE® FANG+ Index serves as an efficient hedging mechanism for participants holding portfolios that closely track this space.
- NYSE® FANG+ Index products provide a viable spread opportunity vs. other leading index contracts.

# NYSE® FANG+ Index

## Taking a Deep Dive

# Index Objective & Characteristics

Represent a segment of the technology and consumer discretionary sectors consisting of **highly-traded growth stocks of technology & tech-enabled companies** such as **Facebook<sup>®</sup>, Apple<sup>®</sup>, Amazon<sup>®</sup>, Netflix<sup>®</sup>, and Alphabet's Google<sup>®</sup>**

## Number of Stocks:

Minimum of 10  
(Currently 10)

## Weighting:

Equal-Weighted

## Rebalancing:

Quarterly – 3<sup>rd</sup> Friday  
of Mar, Jun, Sep, Dec

## Eligible Stocks:

Common Stocks and  
ADRs listed on a  
major U.S. exchange

## Base Date and Level:

September 19, 2014  
1000.00

## Launch Date:

September 26, 2017

## Symbols:

NYFANG (Price Return)  
NYFANGT (Gross Total Return)  
NYFANGNT (Net Total Return)

# NYSE® FANG+ Themes

High-Growth Technology and Internet/Media Industry

- Search
- Social Networking
- Electric Vehicles
- Smartphones
- Mobile Payments
- E-Commerce
- Online Games
- Streaming Media
- Online Entertainment
- Cryptocurrencies & Blockchain
- Big Data
- Artificial Intelligence and Machine Learning
- Digital Advertising

# Index Rebalancing Process

## Index Universe

- **Sectors:** Consumer Discretionary, Media & Communications and Technology
- **Primary Listing:** Major U.S. Stock Exchange (NYSE, NASDAQ, etc.)
- **Securities:** Common Stocks or ADRs
- **Focus:** Representative of High-Growth Technology or Internet/Media Industry

## Minimum Criteria

- **Minimum Market Capitalization:** \$5 billion including all listed and unlisted share classes
- **Minimum Liquidity:** 6-Month Average Daily Traded Value (Turnover) of \$50 million on the specific share class
- **Seasoning Criteria:** Actively trading for 6 Months

## Constituent Selection & Weighting

- **Eligible:** FANG and FANG-related stocks
- **Process:** Separation of traditional technology and services companies vs. newer, innovative, technology-utilizing companies
- **Weighting:** Equally-weighted → Currently reset to 10% at each rebalance

# Current Constituents – November 11, 2020

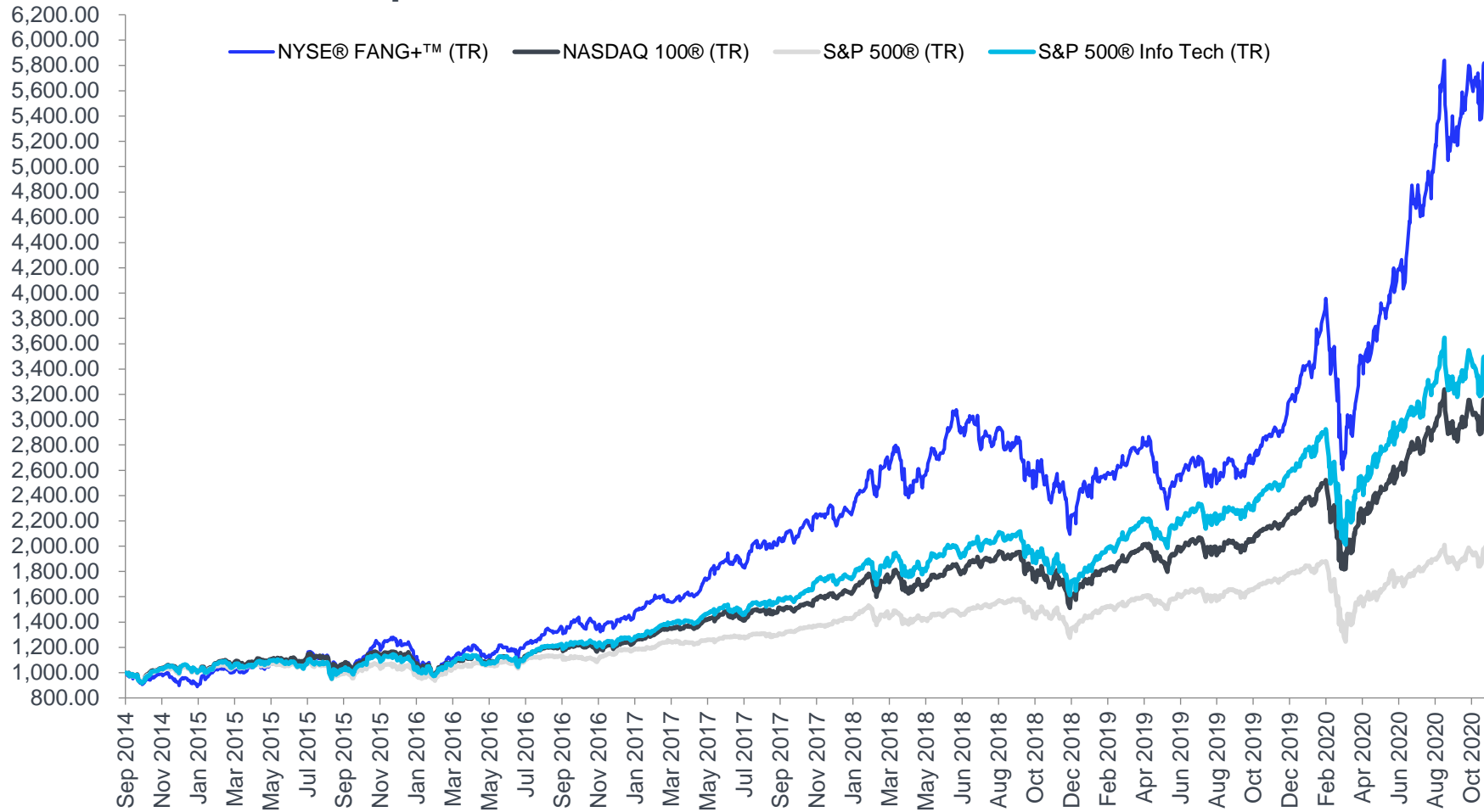
Ticker	Name	Weight (%)	Market Cap (\$M)	3M Average Daily Turnover (\$M)	Dividend Yield (LTM %)
<b>NYFANG</b>	<b>NYSE® FANG+ Index</b>	<b>100.00%</b>	<b>\$740,170</b>	<b>\$8,330</b>	<b>0.08%</b>
AAPL	Apple Inc.	10.38%	\$2,028,554	\$18,826	0.67%
AMZN	Amazon.com Inc.	9.85%	\$1,574,970	\$16,473	-
GOOGL	Alphabet Inc.	11.17%	\$1,184,140	\$2,903	-
FB	Facebook Inc.	10.16%	\$787,968	\$6,205	-
BABA	Alibaba Group Holding Ltd.	9.05%	\$718,752	\$4,506	-
NFLX	Netflix Inc.	9.69%	\$216,815	\$3,091	-
NVDA	NVIDIA Corp.	10.21%	\$331,156	\$6,877	0.12%
TSLA	Tesla Inc	8.75%	\$395,439	\$25,852	-
BIDU	Baidu Inc.	10.65%	\$39,006	\$425	-
TWTR	Twitter Inc.	10.08%	\$34,662	\$799	-

Ticker	P/E	P/E (FY1 Est)	P/E (FY2 Est)	Est 3-5 Yr EPS Growth	P/FCF	P/B	P/S	ROE
<b>NYFANG</b>	<b>55.50</b>	<b>37.53</b>	<b>32.76</b>	<b>13.22</b>	<b>27.04</b>	<b>6.89</b>	<b>7.95</b>	<b>22.22</b>
BABA	37.85	26.58	21.74	23.53	30.54	5.71	9.54	23.84
GOOGL	34.89	34.05	28.47	15.81	28.53	5.56	7.56	18.12
AMZN	91.88	89.86	69.19	44.86	38.61	19.03	5.64	21.95
AAPL	36.48	30.14	27.76	11.60	27.93	31.05	7.64	73.69
BIDU	96.73	18.04	15.50	6.17	9.80	2.12	3.21	1.21
FB	31.48	29.92	26.53	22.51	27.36	6.69	11.25	19.96
NFLX	79.28	78.22	54.17	37.26	--	20.98	11.00	29.12
NVDA	98.44	58.84	48.39	17.80	82.02	23.80	30.38	25.95
TSLA	833.59	191.50	120.44	35.00	134.05	24.67	15.02	(14.94)
TWTR	-	-	51.69	(76.70)	26.68	4.44	9.91	18.90



# Index Performance

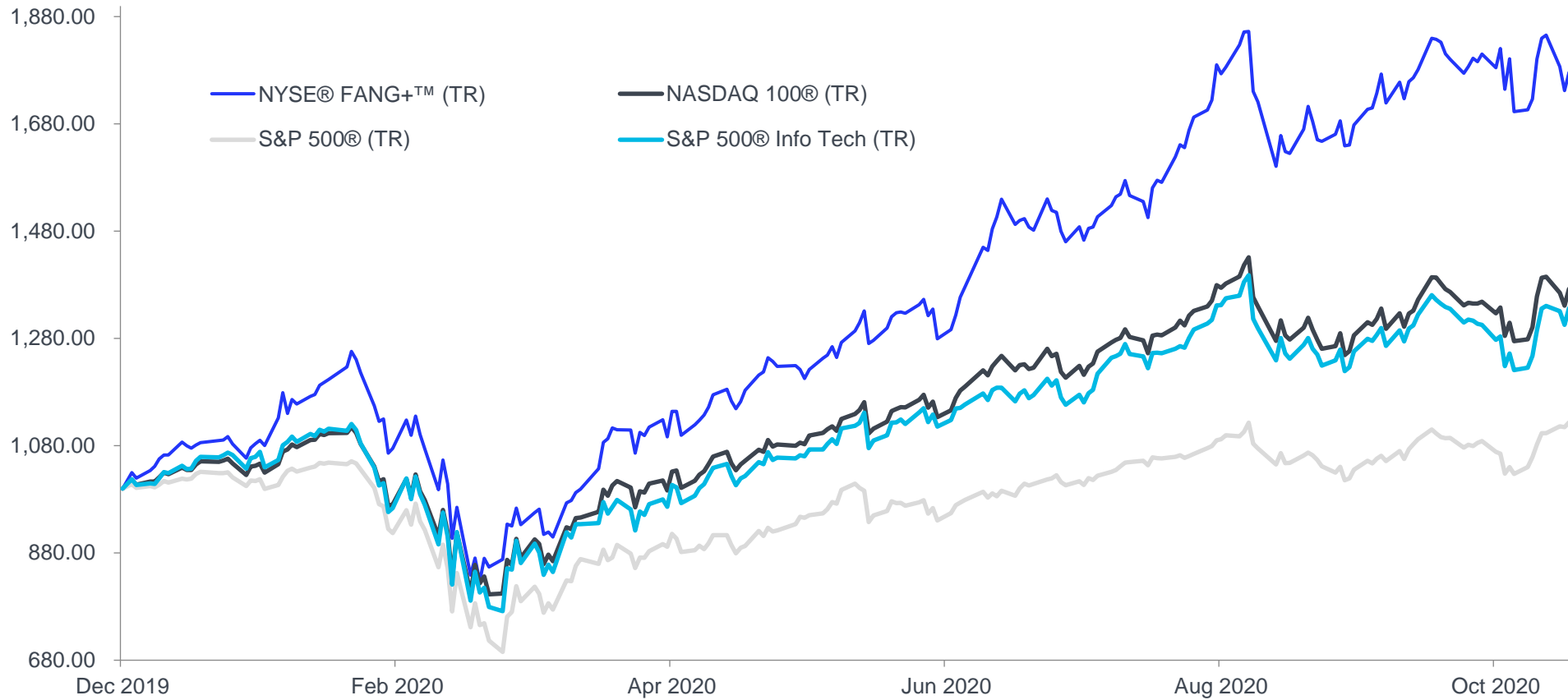
## September 19, 2014 to November 11, 2020



# Index Performance

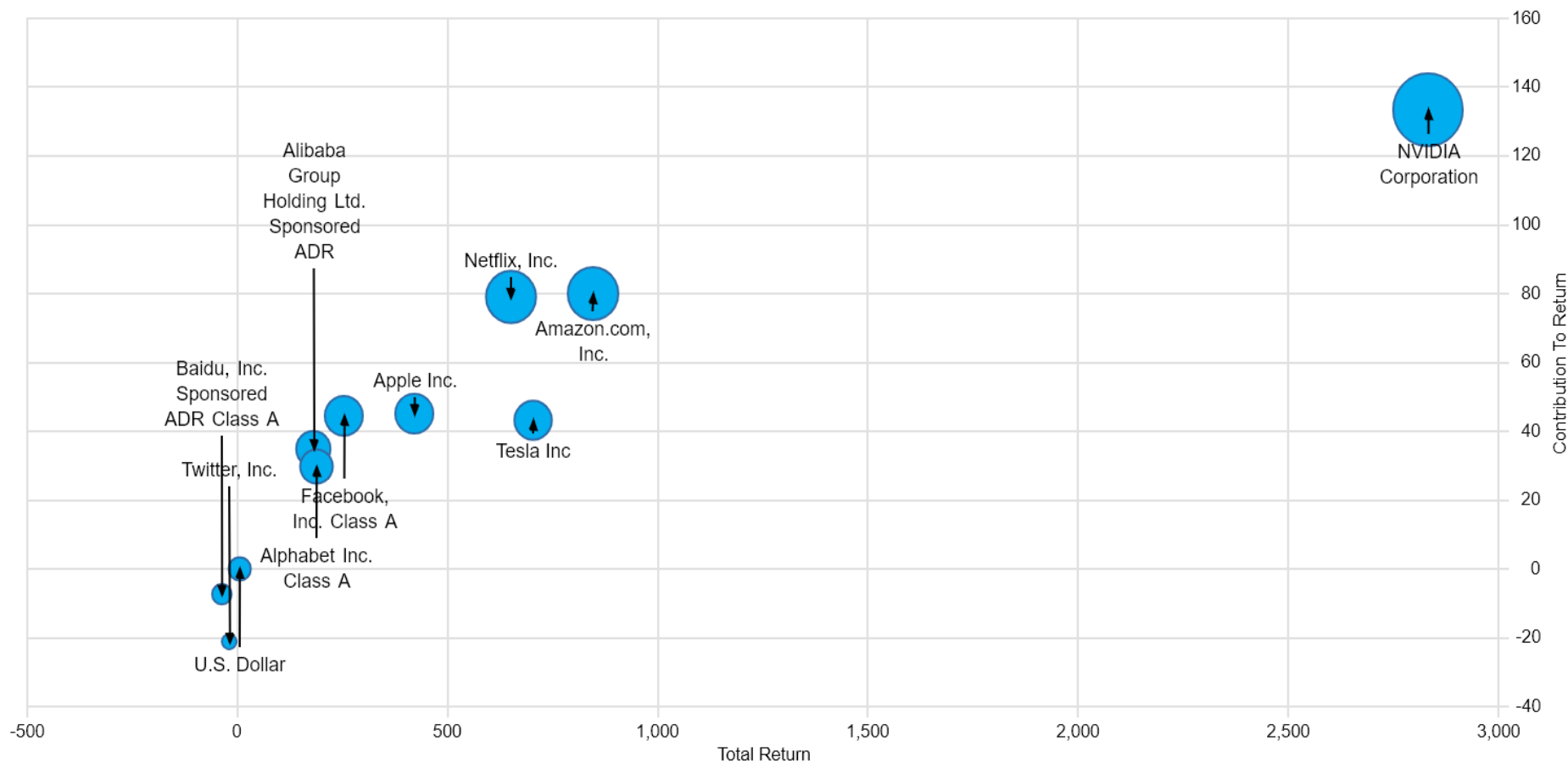
December 31, 2019 to November 11, 2020

<b>NYSE® FANG+</b>
<b>77.60%</b>
<b>NASDAQ 100</b>
<b>37.24%</b>
<b>S&amp;P 500</b>
<b>12.35%</b>
<b>S&amp;P 500 Info Tech</b>
<b>33.67%</b>



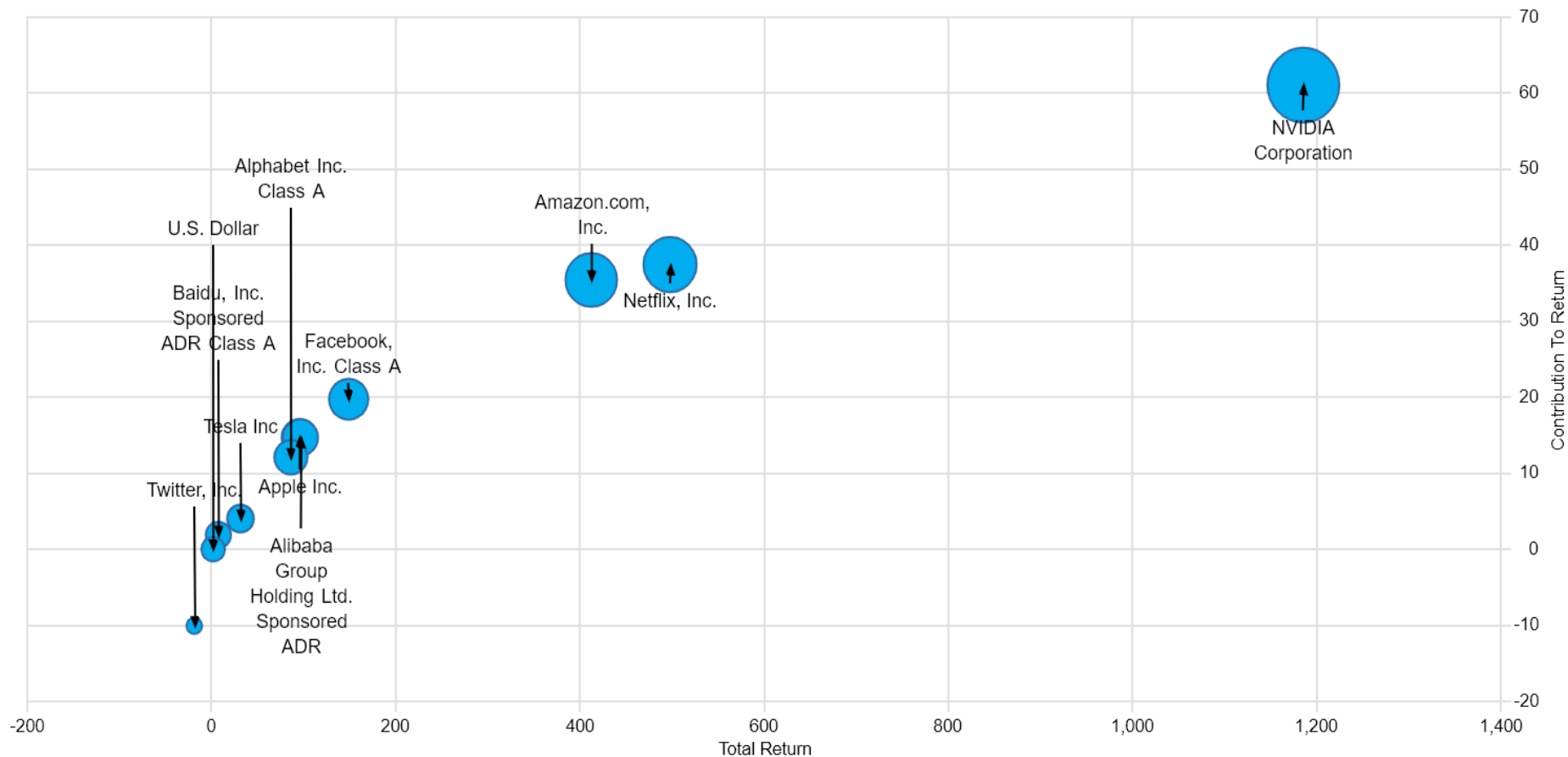
# Return Contribution

September 19, 2014 to November 11, 2020



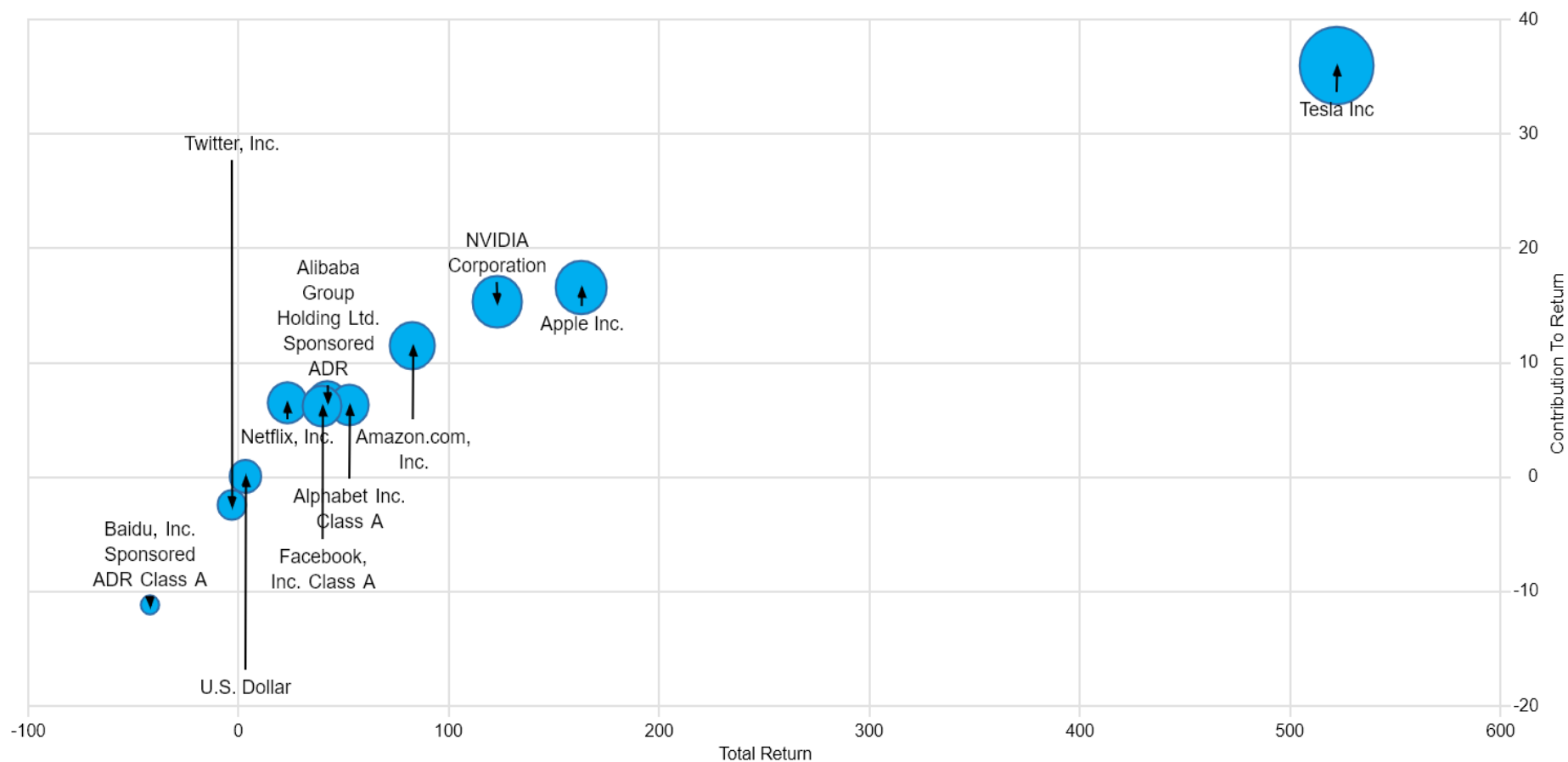
# Return Contribution

September 19, 2014 to June 29, 2018



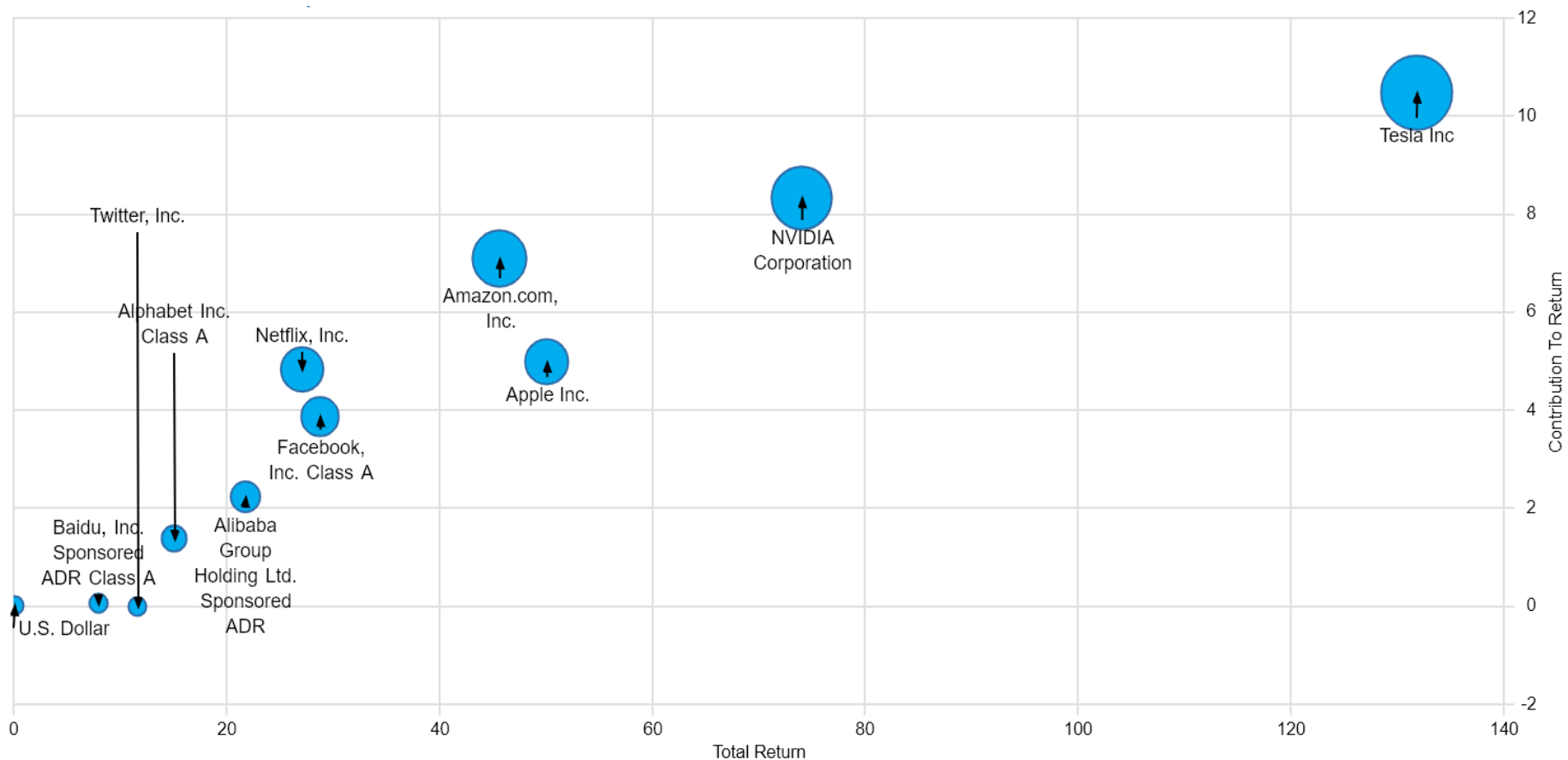
# Return Contribution

July 2, 2018 to November 11, 2020



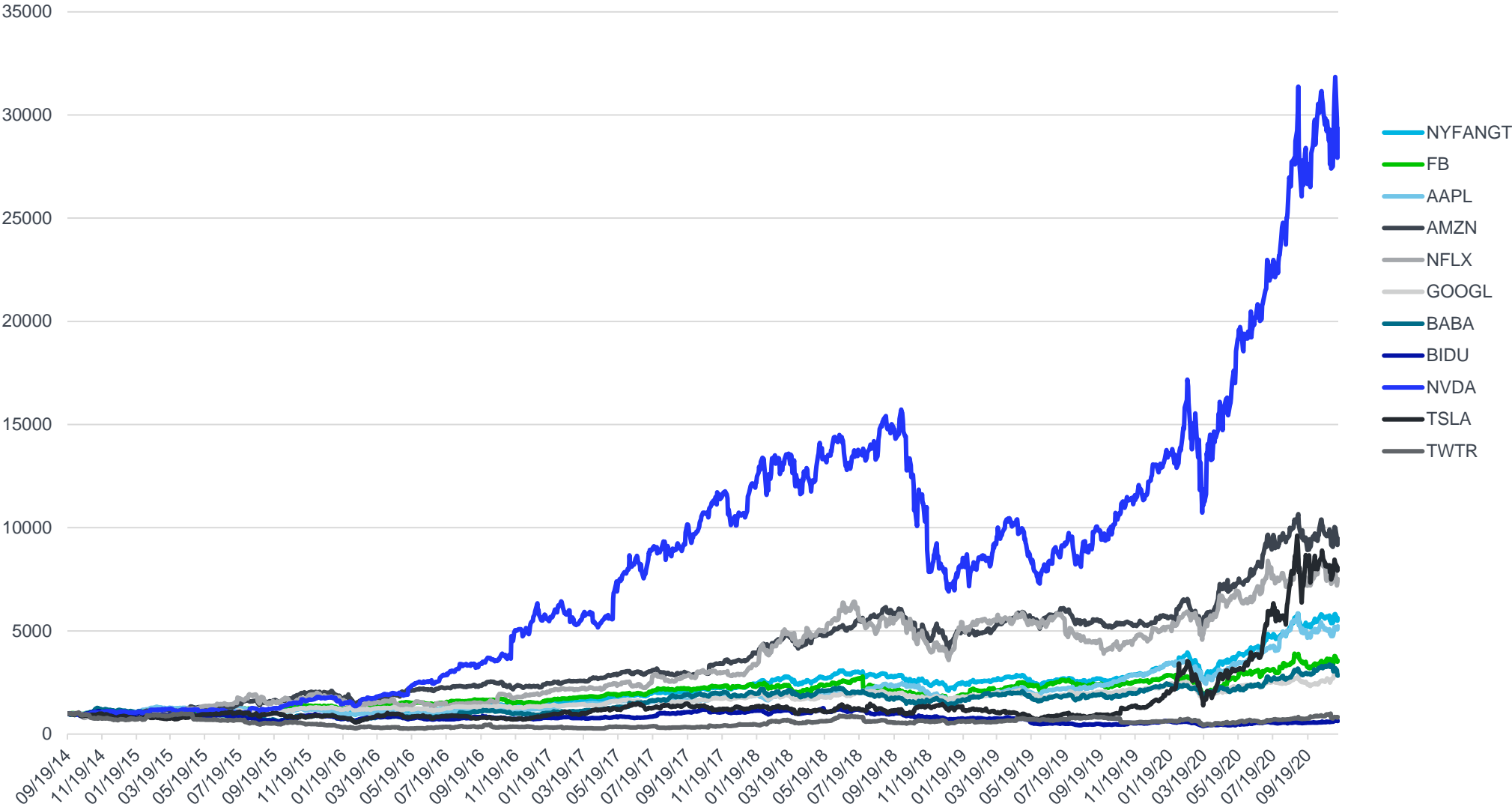
# Return Contribution

February 19, 2020 to November 11, 2020



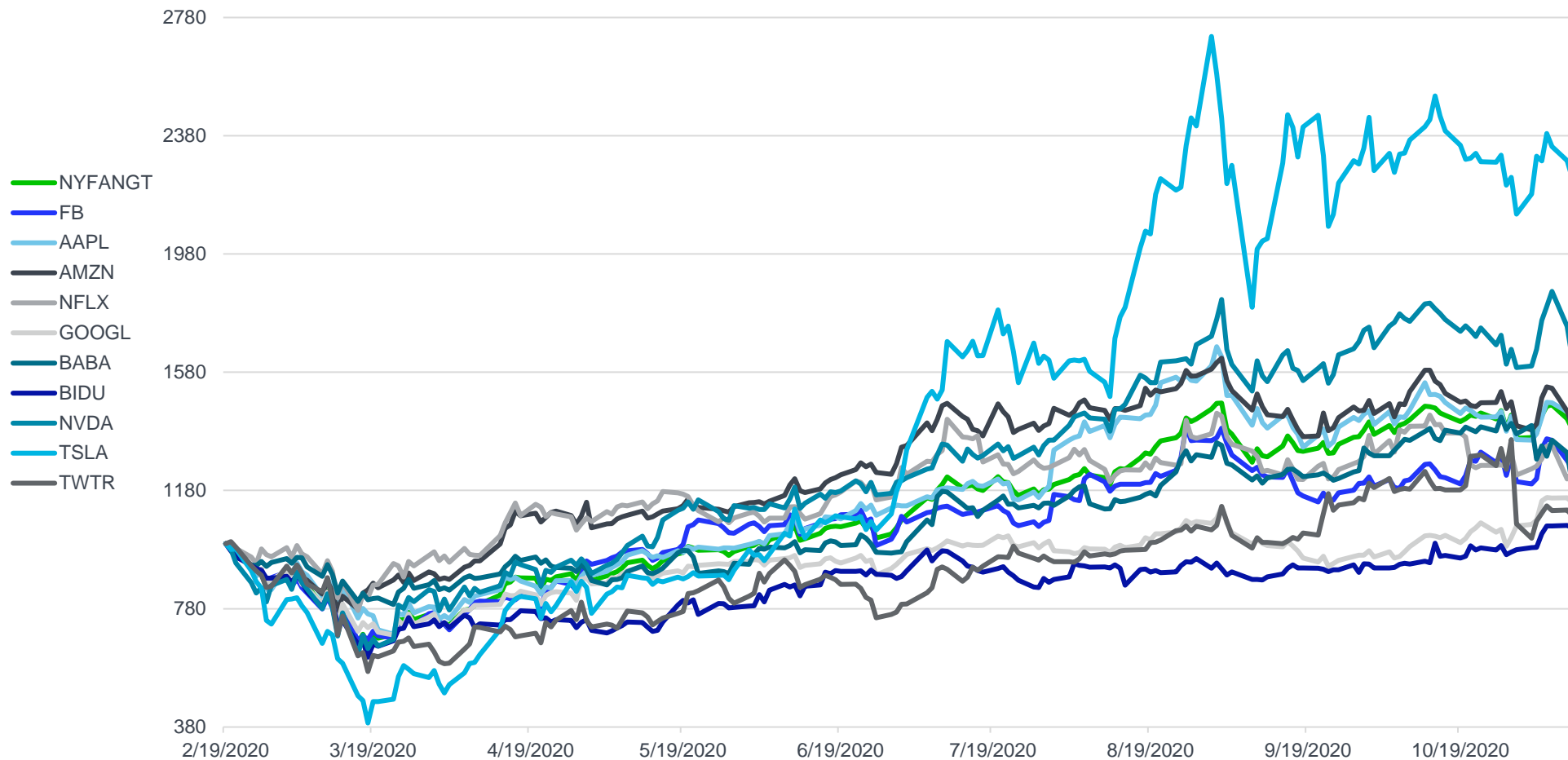
# Index vs Constituents

September 19, 2014 to November 11, 2020



# Index vs Constituents

February 19, 2020 to November 11, 2020





# Daily Correlations

## NYSE® FANG+ index & constituent stocks

9/19/14 - 11/11/20	NYFANGT	FB	AAPL	AMZN	NFLX	GOOGL	BABA	BIDU	NVDA	TSLA	TWTR
NYFANGT	1.00	--	--	--	--	--	--	--	--	--	--
FB	0.73	1.00	--	--	--	--	--	--	--	--	--
AAPL	0.74	0.57	1.00	--	--	--	--	--	--	--	--
AMZN	0.74	0.59	0.55	1.00	--	--	--	--	--	--	--
NFLX	0.66	0.44	0.41	0.52	1.00	--	--	--	--	--	--
GOOGL	0.77	0.67	0.61	0.65	0.47	1.00	--	--	--	--	--
BABA	0.68	0.44	0.46	0.47	0.38	0.49	1.00	--	--	--	--
BIDU	0.63	0.39	0.42	0.39	0.34	0.46	0.56	1.00	--	--	--
NVDA	0.72	0.47	0.54	0.47	0.39	0.52	0.46	0.39	1.00	--	--
TSLA	0.64	0.34	0.39	0.37	0.33	0.37	0.31	0.34	0.36	1.00	--
TWTR	0.61	0.39	0.36	0.33	0.29	0.38	0.33	0.27	0.34	0.27	1.00

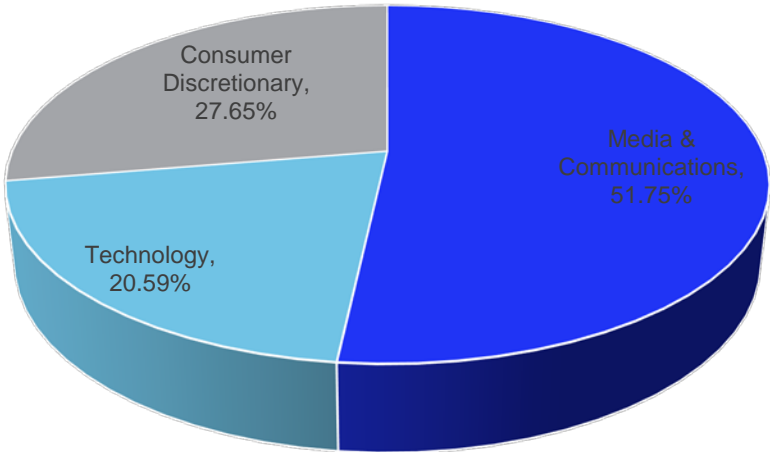
2/19/20 - 11/11/20	NYFANGT	FB	AAPL	AMZN	NFLX	GOOGL	BABA	BIDU	NVDA	TSLA	TWTR
NYFANGT	1.00	--	--	--	--	--	--	--	--	--	--
FB	0.84	1.00	--	--	--	--	--	--	--	--	--
AAPL	0.87	0.79	1.00	--	--	--	--	--	--	--	--
AMZN	0.83	0.73	0.75	1.00	--	--	--	--	--	--	--
NFLX	0.71	0.60	0.59	0.73	1.00	--	--	--	--	--	--
GOOGL	0.85	0.82	0.78	0.72	0.56	1.00	--	--	--	--	--
BABA	0.70	0.53	0.58	0.58	0.43	0.59	1.00	--	--	--	--
BIDU	0.70	0.53	0.53	0.50	0.40	0.61	0.62	1.00	--	--	--
NVDA	0.88	0.73	0.81	0.72	0.60	0.80	0.63	0.57	1.00	--	--
TSLA	0.77	0.46	0.57	0.52	0.44	0.52	0.41	0.51	0.58	1.00	--
TWTR	0.74	0.69	0.59	0.53	0.39	0.62	0.48	0.50	0.60	0.46	1.00

# Sector Tilts to NASDAQ 100 – November 11, 2020

## NYSE® FANG+

- Media & Communications
- Consumer Discretionary
- Technology

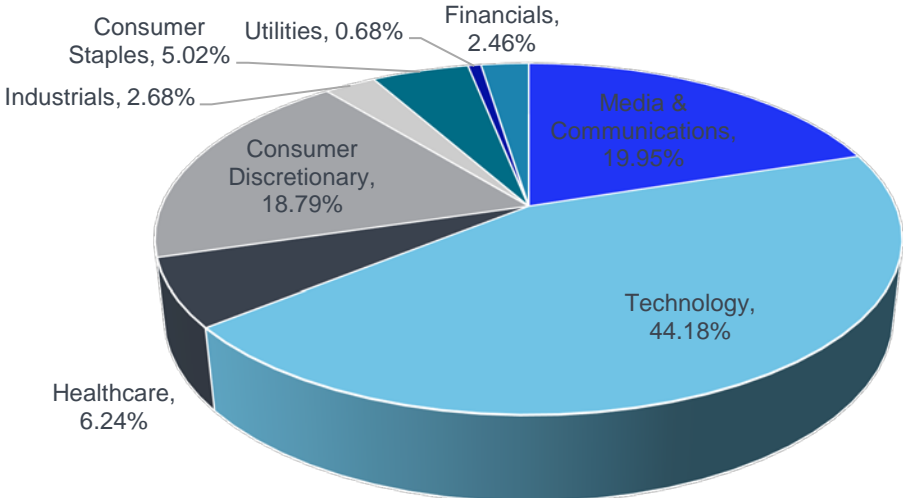
Sector Breakdown



## Invesco QQQ ETF (QQQ)

- Technology
- Media & Communications
- Consumer Discretionary
- **Health Care**
- **Consumer Staples**
- **Industrials**
- **Financials**
- **Utilities**

Sector Breakdown



**Thank You**  
**Questions**

# For More Information

## **MICRO FANG+ Futures**

Ted Doukas

[ted.doukas@theice.com](mailto:ted.doukas@theice.com)

312 836 6712

Laura Brandeis

[laura.brandeis@theice.com](mailto:laura.brandeis@theice.com)

212 323 8874

## **NYSE® FANG+ Index**

Dwijen Gandhi

[Dwijen.Gandhi@theice.com](mailto:Dwijen.Gandhi@theice.com)

646 428 1271

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