Specialist Working Group for Recurrence Prevention Measures
Summary of 2nd Meeting

1. Date and Time: November 20, 2020   16:00 - 17:25

2. Venue: Meeting room at Tokyo Stock Exchange and online

3. Agenda
(1) Enhancement of information provision in the event of a system failure
(2) Development of rules regarding handling of orders and procedures for trading resumption in the event of a system failure, etc.

4. Summary of discussion
(1) Comments on specific issues
  (On enhancement of information provision)
- I would like TSE to enhance the granularity and timeline of information provision in the course of future information provision operations.
- TSE has various social media accounts, including Twitter, Facebook and Instagram. As information on a system failure is emergency information, it would be useful if it was posted on all these media.
- Investors would breathe easier if TSE were to make some kind of regular contact, even if there are no new updates or developments.
- A dedicated web page for system failures will need usage drills, so plans for these drills should be considered as well. Also, for periodic information provision, it would be helpful to post the expected time for the next update.

  (On development of procedures for trading resumption)
- I request that TSE considers the need to secure sufficient trading hours after a trading resumption.
- If all orders placed before a certain time were to be cancelled, although it would be possible to manage this based on order acceptance numbers, if it were to be based on time stamps, the accuracy of time stamps between TSE and securities companies cannot be assured, so it would be difficult to decide which orders were subject to cancellation.
- Although I understand "reboot and reset"[1] would be one of the options, it would pose a considerable burden to systems. While systems for wholesale trading are

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[1] A reboot to clear all data and resetting of all the serial numbers.

flexible, systems for retail trading are not easily adaptable. This option should be considered in the medium- to long-term, perhaps for the launch of the next-generation arrowhead, when we can consider specifications on a fundamental level.

- Sufficient trading hours should be secured, but it should not be necessary to conduct every part of the morning and afternoon sessions in full.

- Regarding response measures for not starting order acceptance, the suggested measure "Send the market administration message (Order Status: Accepting Orders) but do not accept orders" will cause a large impact, so its priority should be lowered.

- "Reboot and reset" would not be a resolution for application/software failures. Considering the time necessary for a reboot, it would work only for limited cases, such as a hardware failure before market open.

(On development of rules regarding handling of orders in the event of a system failure)

- When deciding on rules for handling of customer orders, consensus should be built on the principles behind the rules. In the case of our companies, some orders from overseas customers are entrusted in the middle of the night, so it would be difficult to check the intentions of these orders every time they are received. We need to discuss further about cases which could bring disadvantages to customers.

- As for whether a trading participant should resend customer orders, rules should be that the trading participant should in principle resend customer orders but may cancel if there is a separate agreement which requires them to do so.

(The TSE Equity Department is responsible for the wording of the meeting summary. This English translation is for reference purposes only.)