

Nikkei Stock Average Volatility Index Futures

Trading Japanese Volatility

What is Nikkei 225 VI Futures ?

Nikkei Stock Average Volatility Index (Nikkei 225 VI) is an index indicating how the market predicts the market volatility will be in one month from the spot. The Nikkei 225 VI indicates the expected degree of fluctuation of the Nikkei Stock Average (Nikkei 225) in the future. The greater the index values are, the larger fluctuation investors expect in the market.

Nikkei 225 VI Futures are based on the Nikkei 225 VI, which is an index, calculated by Nikkei Inc., estimating the degree of expected fluctuation in the Nikkei 225.

Characteristics of Nikkei 225 VI

1) High Volatility

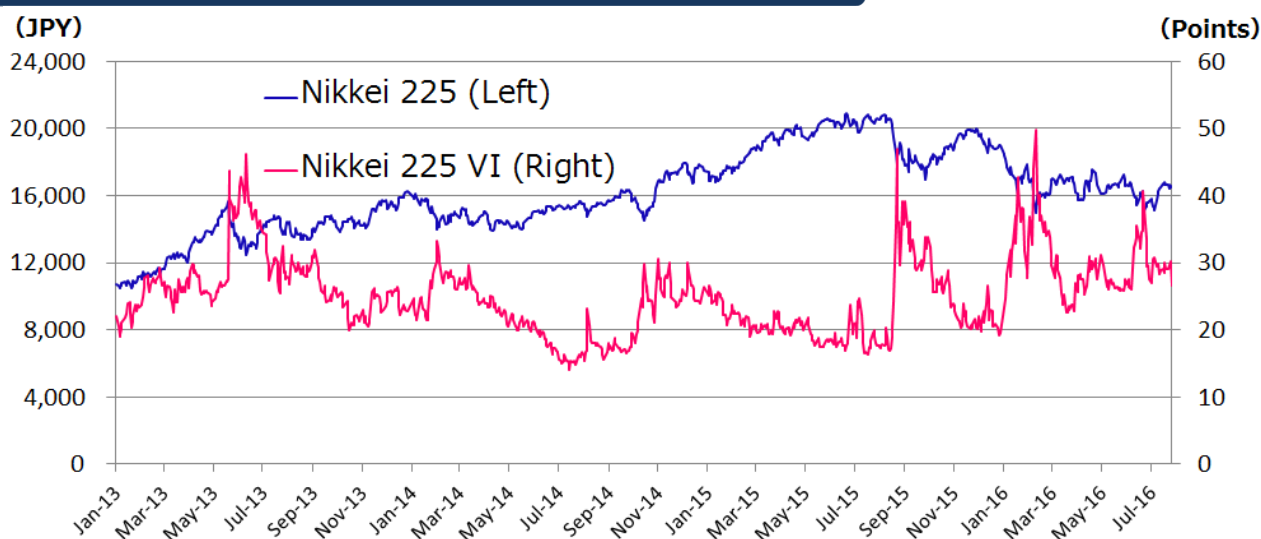
Nikkei 225 VI has a regular range of 22 ~ 28 point where the index usually stays in this range, however when the Nikkei 225 declines steeply, Nikkei 225 VI may soar rapidly.

| <Example> Volatility between March 14 and 15, 2011 | |
|---|--|
| Nikkei 225 experiences a decline of approximately 16% JPY 10,254.43 → JPY 8,605.15 | Nikkei 225 VI tripled 23.44 Points → 69.88 Points |
| <Example> Volatility between June 23 and 24, 2016 | |
| Nikkei 225 experiences a decline of approximately 8% JPY 16,238.35 → JPY 14,952.02 | Nikkei 225 VI increased approximately 17% 34.73 Points → 40.71 Points |

2) Regression To The Mean

Nikkei 225 VI has a tendency to regress to the regular price range after a rapid increase without sticking in the high range.

Historical Records of Nikkei 225 VI Index



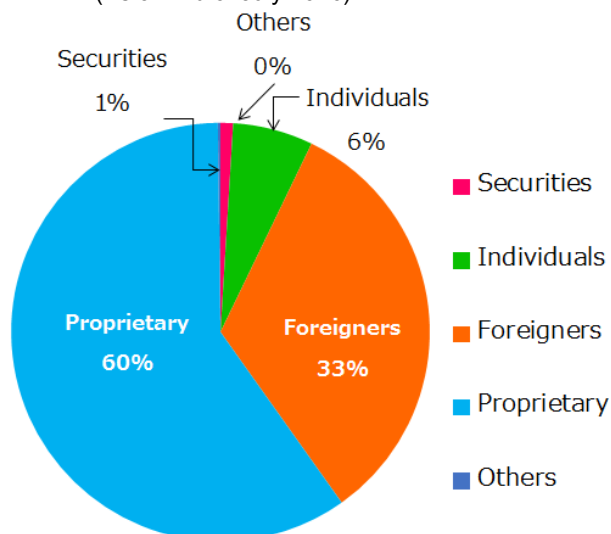
Contract Specifications

| Name | Nikkei 225 VI Futures |
|------------------------|---|
| Underlying Index | Nikkei Stock Average Volatility Index (Nikkei 225 VI) |
| Trading Hours | 9:00-15:15, 16:30-19:00 |
| Contract Unit | Nikkei 225 VI x JPY10,000 |
| Tick size | 0.05 points (JPY 500) |
| Contract Months | 8 nearest serial contract months |
| Last Trading Day | A trading day which ends on the business day immediately preceding the day that is 30 days prior to the Second Friday (if it falls upon an OSE non-business day, it will be advanced) of the calendar month immediately following each contract month |
| Final Settlement | cash settlement with final settlement price |
| Final Settlement Price | Special Quotation (SQ calculation is based on the prices of Nikkei 225 VI on the business day following the last trading day.) |
| Margin | Calculated by using SPAN® (Margin offsetting with other stock index futures and options contracts is not allowed.) |
| Price Limit | The price limit range is 10 points and it will be expanded by 5 points (Only price limits in one direction, up or down, will be expanded.) * No limitation on how many times the price limit range will be expanded. |
| Liquidity | Provided by multiple market makers |

Trend of Nikkei 225 VI Futures

Investor Types Share

(As of End of July 2016)



The fluctuation of Nikkei 225 VI Futures has characteristics as follows. Please pay attention to take short position of Nikkei 225 VI Futures or trade for Nikkei 225 VI Futures in a circumstance where it is not possible to obtain the real-time price information

- Nikkei 225 VI may soar, when markets decline. In such case, a short position of Nikkei 225 VI Futures contracts will cause much greater loss than that in stock index futures contracts.
- The fluctuation of Nikkei 225 VI has characteristics different from that of a stock index such as the Nikkei Stock Average. Nikkei 225 VI extremely moves in a short period.

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