

Outline of J-NET Trading Rules

As of March 18, 2024

Osaka Exchange, Inc.

Item	Details	Remarks
<p>I. Outline of Trading</p> <p>1. J-NET Trading</p>	<ul style="list-style-type: none"> - J-NET trading refers to off-auction futures and options trading conducted in the J-NET Market, which is independent of the auction market, and includes the following types of trading. <ul style="list-style-type: none"> a. J-NET single-issue trading <ul style="list-style-type: none"> The trading of a futures or options contract of one contract unit or more (excluding flexible contracts) in accordance with OSE's specifications. b. Flexible single-issue trading <ul style="list-style-type: none"> The trading of a futures or options contract of one contract unit or more (limited to flexible contracts) in accordance with OSE's specifications. c. Compression trading <ul style="list-style-type: none"> The trading of an OSE-determined combination of futures and/or options contracts and their volumes in accordance with OSE's specifications. 	<ul style="list-style-type: none"> - However, for Nikkei 225 mini Options, it is ten contract units or more.
<p>2. Eligibility</p>	<ul style="list-style-type: none"> - All futures and options contracts (excluding Nikkei 225 micro Futures and TAIX Futures) shall be eligible for J-NET trading. 	<ul style="list-style-type: none"> - Index futures and options that OSE has specified separately shall be eligible for compression trading.
<p>3. Trading Method</p>	<ul style="list-style-type: none"> - Bids and offers shall be executed for the following types of J-NET trading in the following cases. <ul style="list-style-type: none"> a. J-NET single-issue trading <ul style="list-style-type: none"> When a bid or offer is matched with a countering offer or bid b. Flexible single-issue trading <ul style="list-style-type: none"> When a bid or offer is matched with a countering offer or bid c. Compression trading <ul style="list-style-type: none"> When all of the bids and offers made by trading participants who have submitted their applications for compression trading in accordance with OSE's specifications (in the case of bids and offers placed on behalf of a customer, "all of the bids and offers" refers to those placed on behalf of said customer) are matched 	<ul style="list-style-type: none"> - When OSE deems that the price of a bid or offer is not appropriate in light of trading conditions in the trading sessions and other factors, the trade shall not be executed.
<p>4. Trading Hours</p>	<ul style="list-style-type: none"> - Japanese Government Bond (JGB) Futures and Options on JGB Futures <ul style="list-style-type: none"> 8:20 a.m. - 3:15 p.m. 3:25 p.m. - 6:00 a.m. the next day - Interest Rate Futures <ul style="list-style-type: none"> 8:20 a.m. - 3:15 p.m. 	<ul style="list-style-type: none"> - OSE may temporarily change trading hours when necessary.

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	<p>3:25 p.m. - 6:00 a.m. the next day</p> <ul style="list-style-type: none"> <li data-bbox="432 280 1077 409">- Index Futures (Excluding Nikkei 225 VI Futures) and Options 8:20 a.m. - 4:00 p.m. 4:15 p.m. - 6:00 a.m. the next day <li data-bbox="432 443 1077 539">- Nikkei 225 VI Futures 8:20 a.m. - 4:00 p.m. 4:15 p.m. - 7:00 p.m. <li data-bbox="432 573 1077 703">- Commodity Futures (Excluding RSS3 and TSR20 Rubber Futures) and Options on Commodity Futures 8:20 a.m. - 4:00 p.m. 4:15 p.m. - 6:00 a.m. the next day <li data-bbox="432 736 1077 833">- RSS3 and TSR20 Rubber Futures 8:20 a.m. - 4:00 p.m. 4:15 p.m. - 7:00 p.m. <li data-bbox="432 866 1077 931">- Securities Options (Excluding Flexible Contracts) 8:20 a.m. - 4:00 p.m. <li data-bbox="432 965 1077 1061">- Securities Options (Limited to Flexible Contracts) 8:20 a.m. - 4:00 p.m. 4:15 p.m. - 5:30 p.m. 	<ul style="list-style-type: none"> <li data-bbox="1102 315 1436 987">- On their respective last trading days, the hours for J-NET trading of the following index futures and options shall be from 8:20 a.m. to 3:00 p.m.: index futures based on the Nikkei 225 Total Return Index, index futures whose final settlement price is the closing value of the futures' underlying index on the futures' last trading day, and index options whose option settlement price is the closing value of the options' underlying index on the options' exercise day. <li data-bbox="1102 999 1436 1317">- On their respective last trading days, the hours for J-NET trading of securities options whose option settlement price is the closing price of the options' underlying security on the options' exercise day shall be from 8:20 a.m. to 3:00 p.m. <li data-bbox="1102 1328 1436 1641">- For J-NET trading, a trading day is defined as one cycle from the beginning of night trading to the end of day trading on the next business day. For most products, this is from 4:15 p.m. to 4:00 p.m. the next business day.
5. Venue of Trading	<ul style="list-style-type: none"> <li data-bbox="432 1648 1077 1744">- Trading shall be conducted through the trading system. However, compression trading shall be conducted by means other than the trading system. 	
6. Orders	<ul style="list-style-type: none"> <li data-bbox="432 1778 1077 1908">- Orders for futures and options contracts in J-NET single-issue trading shall be placed at integral multiples of the price unit specified for each product within the price fluctuation range in Attachment 1. <li data-bbox="432 1919 1077 2031">- Orders for flexible futures and options contracts in flexible single-issue trading shall be placed at integral multiples of the price unit specified for each product within the price fluctuation range in Attachment 2. 	

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7. Contract Units	<ul style="list-style-type: none"> - Orders for futures and options contracts in compression trading shall be placed at the following prices for the following types of products. <ul style="list-style-type: none"> a. Index futures The settlement price of the index futures contract (i.e., the price specified by Japan Securities Clearing Corporation (JSCC) as its settlement price) on the previous trading day b. Index options The settlement price of the index options contract (i.e., the price specified by JSCC as its settlement price) on the previous trading day - When a trading participant intends to make a simultaneous sale and purchase of a futures or options contract in J-NET single-issue trading or a flexible futures or options contract in flexible single-issue trading, said trading participant shall simultaneously place an offer for said contract and a bid to counter said offer. - Orders for J-NET trading shall be canceled at the end of each of the trading hours. 	<ul style="list-style-type: none"> - For Nikkei 225 Total Return Index Futures, a contract unit shall be the amount obtained by multiplying the value of the Nikkei 225 Total Return Index by JPY 1,000.
8. Notification	<ul style="list-style-type: none"> - When a J-NET trade is executed, OSE shall notify both trading participants (the seller and the buyer) of the details. 	
9. Trading Suspensions and Temporary Trading Halts	<ul style="list-style-type: none"> - OSE shall suspend each type of J-NET trading when necessary. - When OSE temporarily halts the trading of futures and/or options contracts in a trading session in accordance with the Static Circuit Breaker rules, it shall also temporarily halt the J-NET trading (excluding compression trading) of said futures and/or options contracts (as well as any options contracts that are only available as flexible contracts and whose underlier is a futures contract that is subject to the Static Circuit Breaker rules and experiencing the temporary trading halt). 	<ul style="list-style-type: none"> - For details, please refer to the "Static Circuit Breaker Rules" document.
II. Positions and Settlement	<ul style="list-style-type: none"> - Open sales and purchases in the J-NET Market shall be counted as positions, and no distinction shall be made between those for the auction market and those for the J-NET Market. - Settlement by offsetting sales and purchases in the J-NET Market shall be conducted in the same manner as that for the auction market. - Final settlement for positions in the J-NET Market that 	

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<p>III. Mark-to-Market</p> <p>IV. Margin</p> <p>VI. Trading Participant Fees</p> <p>VI. Publication of Open/High/Low/Closing Prices and Trading Volume</p>	<p>have not been settled by the last trading day shall be made along with those in the auction market.</p> <ul style="list-style-type: none"> - However, the following exceptions shall be made with respect to the time by which customers must issue instructions for exercising their securities options. <ul style="list-style-type: none"> ➤ When a customer entrusts a trading participant with exercising securities options that were traded in the J-NET Market after the closing of the afternoon session on said options' exercise day, the customer shall issue the trading participant instructions on the amount of said options to exercise by 4:20 p.m. ➤ When said options have intrinsic value, OSE shall deem that the trading participant has received instructions for exercising said options from said customer. However, this shall not apply if said customer instructs the trading participant not to exercise said options by 4:20 p.m. - Positions in the J-NET Market shall be marked to the market based on the settlement price along with those in the auction market. - Unrealized gains/losses between a customer and a trading participant that originate from trading in the J-NET Market shall be transferred along with those that originate from trading in the auction market. - The required amount of margin shall be calculated by combining trading in the J-NET Market with that in the auction market. - The required amount of fees shall be calculated by combining trading in the J-NET Market with that in the auction market. - OSE shall publish the Open/High/Low/Closing prices and trading volume for each contract. However, notification and publication of flexible single-issue trading shall be made on the following business day if the notional principal amount of the executed orders for flexible futures and options contracts in flexible single-issue trading is greater than or equal to the amount specified by OSE. 	<ul style="list-style-type: none"> - The standard deadline is 4:00 p.m.

Price Units and Price Fluctuation Ranges for Futures and Options in J-NET Single-Issue Trading

Product		Price Unit	Price Fluctuation Range
JGB Futures	5-year JGB Futures	JPY 0.0001	T±U×0.5%
	10-year JGB futures		
	20-year JGB Futures		
	mini 10-year JGB Futures		
Interest Rate Futures	3-Month TONA Futures	0.0001 pts.	
Index Futures	Nikkei 225 Futures	JPY 0.0001	T±U×8%
	Nikkei 225 mini		
	TOPIX Futures	0.0001 pts.	
	mini-TOPIX Futures		
	JPX-Nikkei Index 400 Futures		
	JPX Prime 150 Index Futures		
	TSE Growth Market 250 Index Futures		
	RN Prime Index Futures		
	TOPIX Core30 Futures		
	TOPIX Banks Index Futures		
	S&P/JPX 500 ESG Score Tilted Index Futures		
	FTSE JPX Net Zero Japan 500 Index Futures		
	Nikkei 225 Climate Change 1.5°C Target Index Futures		
	TSE REIT Index Futures	0.0001 pts.	
	DJIA Futures		
	FTSE China 50 Index Futures		
	Nikkei 225 VI Futures		
	Nikkei 225 Dividend Index Futures	JPY 0.0001	T±U×10%
	CME Group Petroleum Index Futures	0.0001 pts.	
Commodity Futures	Gold Standard Futures	JPY 0.001	S±U×32%
	Gold Mini Futures	JPY 0.01	
	Gold Rolling Spot Futures	JPY 0.01	
	Platinum Standard Futures	JPY 0.01	
	Platinum Mini Futures	JPY 0.01	
	Platinum Rolling Spot Futures	JPY 0.01	
	Silver Futures	JPY 0.0001	
	Palladium Futures	JPY 0.01	
	RSS3 Rubber Futures	JPY 0.001	
	TSR20 Rubber Futures	JPY 0.001	
	Soybean Futures	JPY 1	
	Azuki (Red Bean) Futures	JPY 0.1	
	Corn Futures	JPY 0.1	

Options	Securities Options	JPY 0.1*	$U \pm (V \times 8\% + W - V)$
	Options on JGB Futures	JPY 0.0001	$T \pm X \times 0.5\%$
	Nikkei 225 Options	JPY 0.0001	$U \pm (Z \times N\% + Y - Z)$
	Nikkei 225 mini Options	JPY 0.0001	
	TOPIX Options	0.0001 pts.	
	JPX-Nikkei Index 400 Options		
	Options on Gold Futures	JPY 0.01	$S \pm U \times 10\%$

* The price unit of securities options shall be JPY 1 when the trading unit of the options' underlying security is odd-numbered.

Note: TAIEX Futures, Nikkei 225 Total Return Index Futures, TOPIX Banks Index Options, and TSE REIT Index Options shall not be eligible for J-NET single-issue trading.

Variables:

S: The last traded price of the trading session (excluding the traded prices of the component legs of strategy trades).

T: The mid-price of the last best bid and offer or the last traded price of the trading session (excluding the traded prices of the component legs of strategy trades).

U: The reference price for price limits on orders on the trading day in question

V: The base price for price limits on orders of the option's underlying security in the designated market on the day in question

W: The last price of the option's underlying security in the designated market

X: The reference price for price limits on orders of the underlying futures contract on the trading day in question

Y: The price calculated by subtracting the theoretical basis from the last price of the futures contract based on the same underlying index

Z: The closing value of the underlying index on the previous trading day

N: 11%; however, for Nikkei 225 mini Options contracts and the nearest three contracts of the other options: 8%

Price Units and Price Fluctuation Ranges for Flexible Futures and Options in Flexible Single-Issue Trading

Product		Price Unit	Price Fluctuation Range
Futures	Nikkei 225 Futures	JPY 0.0001	U±U×24%
	TOPIX Futures	0.0001 pts.	
	JPX-Nikkei Index 400 Futures		
	TOPIX Banks Index Futures		
	TSE REIT Index Futures		
	Nikkei 225 Total Return Index Futures	JPY 0.0001	
Options	Securities Options	JPY 0.0001	$T \pm (V \times 20\% + W - V)$
	Nikkei 225 Options	JPY 0.0001	$U \pm (X \times 11\% + Y - X)$
	TOPIX Options	0.0001 pts.	
	JPX-Nikkei Index 400 Options		
	TOPIX Banks Index Options		
	TSE REIT Index Options		$U \pm (X \times 11\% + Z - X)$

Variables:

T: The theoretical price as of the closing of the previous trading day, which is calculated by OSE based on the closing price of the option's underlying security, which is used as the base price for setting the option's exercise prices, on the previous trading day

U: The theoretical price as of the closing of the previous trading day, which is calculated by OSE based on the closing value of the underlying index on the previous trading day

V: The base price for price limits on orders of the option's underlying security in the designated market on the day in question (from 4:15 p.m. to 5:30 p.m., V is the closing price of the option's underlying security in the designated market on the day in question)

W: The last price of the option's underlying security in the designated market

X: The closing value of the underlying index on the previous trading day

Y: The price calculated by subtracting the theoretical basis from the last price of the futures contract based on the same underlying index

Z: The last value of the underlying index