

(Reference Translation)

Outline of Specifications for TAIEX Futures

As of September 8, 2015

Osaka Exchange, Inc.

Items	Contents	Remarks						
I. Purpose	<ul style="list-style-type: none"> In light of the internationalization, diversification and sophistication of investor needs, Osaka Exchange, Inc. (OSE) will introduce futures based on TWSE Capitalization Weighted Stock Index (hereinafter referred to as "TAIEX"), which is a leading stock index of Taiwan. 	<ul style="list-style-type: none"> TAIEX, which is calculated by Taiwan Stock Exchange Corporation (TWSE), is a benchmark of the Taiwanese equity market and a market capitalization weighted index composed of all the ordinary stocks listed on TWSE. 						
II. Outline of Trading								
1. Underlying Index	<ul style="list-style-type: none"> The underlying index is TAIEX. 							
2. Trading								
(1) Trading Hours	<ul style="list-style-type: none"> Trading hours will be as follows. <table data-bbox="645 1061 1265 1204" style="margin-left: 20px;"> <tr> <td>Opening auction</td> <td>8:45 a.m.</td> </tr> <tr> <td>Regular session</td> <td>From 8:45 a.m. to 3:10 p.m.</td> </tr> <tr> <td>Closing auction</td> <td>3:15 p.m.</td> </tr> </table> 	Opening auction	8:45 a.m.	Regular session	From 8:45 a.m. to 3:10 p.m.	Closing auction	3:15 p.m.	<ul style="list-style-type: none"> The contracts will NOT be available for trading in the night session. The non-cancel period, which will be introduced with next J-GATE, will not apply.
Opening auction	8:45 a.m.							
Regular session	From 8:45 a.m. to 3:10 p.m.							
Closing auction	3:15 p.m.							
(2) Trading Method	<ul style="list-style-type: none"> Trading will be conducted by individual auction through the trading system. 	<ul style="list-style-type: none"> The trading system will be next 						

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3. Contract Months	<ul style="list-style-type: none"> • 2 nearest serial contract months and 3 nearest quarterly contract months other than the serial contract months will be listed, and the last trading day of each contract month will be the 3rd Wednesday of the corresponding contract month (to be moved up accordingly if it falls on an OSE non-business day on which TAIEX is calculated, and to be moved down accordingly if it falls on a day on which TAIEX is not calculated) • Trading in a new contract month will start from the day session of the business day after the last trading day of the nearest contract month. 	<p>J-GATE. (For matters that are not mentioned in this outline, the same rules as for other stock index futures after the launch of next J-GATE will apply.)</p> <ul style="list-style-type: none"> • Quarterly contract months will be available for trading for up to 11 months, and other contract months will be available for up to 2 months.
4. Contract Size and Rules on Bids and Offers, etc. (1) Contract Size (2) Bids and Offers	<ul style="list-style-type: none"> • Trading unit will be JPY 100 multiplied by the index value of TAIEX. • Market orders and limit orders will be available along with the validity period and execution volume conditions specified by OSE. 	<ul style="list-style-type: none"> • The same rules as for other stock index futures will apply for validity period and execution volume

Items	Contents	Remarks
		conditions.
(3) Tick Size	<ul style="list-style-type: none"> • Tick size will be 1 point. 	<ul style="list-style-type: none"> • The value of 1 tick will be JPY 100.
(4) Price Limits on Bids/Offers	<ul style="list-style-type: none"> • Bids and offers may not be made at prices beyond the price limits on bids/offers defined by OSE. • The range of the price limits on bids/offers will be 10% from the reference price for calculating this price limit range (as a general rule, the settlement price on the previous trading day) (rounded down to the nearest point). 	
5. Suspension of Trading and Temporary Trading Halts		
(1) Suspension of Trading	<ul style="list-style-type: none"> • OSE may suspend trading in the following situations: <ul style="list-style-type: none"> a. In cases where OSE deems that trading conditions are irregular; b. In cases where OSE deems it inappropriate to continue trading in terms of trading supervision; c. In cases where OSE deems it difficult to continue trading through the trading system due to trading system malfunction, etc. 	<ul style="list-style-type: none"> • Same as other stock index futures.
(2) Temporary Trading Halts (Circuit Breaker)	<ul style="list-style-type: none"> • Temporary trading halts and expansion of price limits on bids/offers shall not be conducted. 	

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(3) Immediately Executable Price Range (Dynamic Circuit Breaker)	<ul style="list-style-type: none"> • The Dynamic Circuit Breaker (hereinafter "DCB") will apply to each contract month in the regular session as follows. <ol style="list-style-type: none"> a. When a bid or offer that is likely to be executed beyond the price range that is determined by OSE from the DCB reference price (hereinafter "DCB range") is accepted, all matching trades within the DCB range will be executed and trading will be suspended for a certain period. b. If trading has been suspended for a certain period pursuant to a. above and the matching price falls beyond the DCB range from the reference price, trading will not resume, the DCB reference price will be updated to the price within the DCB range that is nearest the matching price, and trading will again be suspended for a certain period. 	<ul style="list-style-type: none"> • Same as other stock index futures. • The DCB reference price will be the middle price between the last best bid and offer (including the contract price). • The DCB range will be 1% of the DCB reference price, and the duration of the temporary trading suspension will be 30 seconds as a general rule.
6. Restrictions on Trading	<ul style="list-style-type: none"> • In cases where OSE deems that trading conditions are, or are likely to be, irregular, OSE may take necessary action on trading and accepting the entrustment of orders pursuant to OSE rules. 	<ul style="list-style-type: none"> • Same as other stock index futures.
7. Strategy Trading	<ul style="list-style-type: none"> • Strategy trading for TAIEX futures will be available to trading participants pursuant to OSE rules. • The tick size for strategy trading will be 1 point. 	<ul style="list-style-type: none"> • Only Calendar Spread Trading will be available. • Other matters related to strategy trading will be the same as for other stock index futures.

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8. J-NET Trading	<ul style="list-style-type: none"> J-NET trading will NOT be available for TAIEX futures. 	
9. Give-Up	<ul style="list-style-type: none"> Give-up will be available for TAIEX futures. 	<ul style="list-style-type: none"> Same as other stock index futures.
10. Trading Participants	<ul style="list-style-type: none"> Trading participants with Futures, etc. Trading Qualification will be able to directly trade TAIEX futures in the OSE market. 	<ul style="list-style-type: none"> Same as other stock index futures.
III. Outline of Clearing and Settlement		
1. Clearing Organization	<ul style="list-style-type: none"> Trades of TAIEX futures will be cleared by Japan Securities Clearing Corporation (hereinafter "JSCC"). 	<ul style="list-style-type: none"> Same as other stock index futures.
2. Clearing and Settlement		
(1) Declaration of Resale and Repurchase	<ul style="list-style-type: none"> In cases where a resale or repurchase transaction is executed, clearing participants shall make a declaration to JSCC by a time specified by JSCC indicating, for each contract month, whether such transaction was a resale or repurchase, the number of contracts in such transaction, and whether it was conducted based on entrustment by a customer or for a proprietary account. Non-clearing participants shall make such declaration to their designated clearing participants by a time specified by said clearing participants. However, non-clearing participants will be allowed to make a declaration directly to JSCC as specified by JSCC. 	<ul style="list-style-type: none"> Same as other stock index futures.
(2) Settlement Price	<ul style="list-style-type: none"> Settlement prices for TAIEX futures will be determined by JSCC. 	<ul style="list-style-type: none"> Same as other stock index futures.

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(3) Mark-to-Market	<ul style="list-style-type: none"> • Delivery and receipt of the following differences in the amounts shall be made between clearing participants and JSCC and between non-clearing participants and their designated clearing participants. <ul style="list-style-type: none"> a. With regard to new transactions on the trading day, the amount for the differences between the day's settlement price and the contract price. b. With regard to unsettled contracts (excluding a. above), the amount for the difference between the previous day's settlement price and the day's settlement price. 	<ul style="list-style-type: none"> • Same as other stock index futures.
(4) Margin	<ul style="list-style-type: none"> • Clearing participants shall submit or deposit to JSCC, and non-clearing participants shall submit or deposit to their designated clearing participants an amount of margin that is equivalent to or greater than that required by JSCC in accordance with the classification of entrustment by clearing participants' customer or proprietary account. 	<ul style="list-style-type: none"> • Same as other stock index futures.
(5) Final Settlement	<ul style="list-style-type: none"> • Positions for which resale or repurchase transactions were not conducted by the last trading day will be settled, based on the final settlement price for each contract month, on the business day after such final settlement price is determined. 	
(6) Final Settlement Price	<ul style="list-style-type: none"> • The final settlement price for a contract month will be the same as the value for the contract month of TAIFEX (Taiwan Futures Exchange Corporation) TAIEX 	<ul style="list-style-type: none"> • The final settlement price for TAIFEX TAIEX futures is the simple

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IV. Others 1. Trading Fees 2. Market Maker Scheme 3. Disclosure of Information (1) Market Information (2) Trading by Trading Participant (3) Trading by Investor Type	<p>futures whose last trading day falls in the same month.</p> <ul style="list-style-type: none"> • The trading fee per contract will be determined at a later date. • A market maker scheme will be introduced to complement market liquidity. • Open/high/low/close price data, trading volume, open interest, and other market information on TAIEX futures will be published separately from other stock index futures. • For the time being, trading volume and open interest per trading participant will not be disclosed. • Trading volume and value for sales and purchases by different categories of investors will be disclosed separately from other stock index futures. 	<p>average price of TAIEX values disclosed in the 30-minute period prior to the close of trading on TWSE on the last trading day.</p> <ul style="list-style-type: none"> • Details will be notified later. • Same as other stock index futures. • The specific frequency and method of disclosure will be the same as for other stock index futures.

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V. Launch Date	<ul style="list-style-type: none"> • TAIEX futures will start trading on the launch date of next J-GATE (scheduled for the middle of 2016). 	

(*) This TAIEX futures contracts are not in any way sponsored, endorsed, sold or promoted by Taiwan Stock Exchange Corporation ("TWSE") and TWSE does not make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the TWSE Capitalization Weighted Stock Index (the "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by TWSE. However, TWSE shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and TWSE shall not be under any obligation to advise any person of any error therein.