

(Reference Translation)

Outline of Specifications for FTSE China 50 Index Futures

As of October 28, 2015

Osaka Exchange, Inc.

| Items | Contents | Remarks |
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| 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 the FTSE China 50 Index, which is an index of Chinese stocks listed on Stock Exchange of Hong Kong. | <ul style="list-style-type: none"> The FTSE China 50 Index, which is calculated by FTSE International Limited, is a stock index composed of 50 leading Chinese stocks listed on Stock Exchange of Hong Kong. |
| II. Outline of Trading | | |
| 1. Underlying Index | <ul style="list-style-type: none"> The underlying index is FTSE China 50 Index. | |
| 2. Trading | | |
| (1) Trading Sessions and Trading Hours | <ul style="list-style-type: none"> Auction trading will be divided into day and night sessions with the trading hours as follows. <ul style="list-style-type: none"> a. Day Session <ul style="list-style-type: none"> Opening auction 8:45 a.m. Regular session From 8:45 a.m. to 3:10 p.m. Closing auction 3:15 p.m. b. Night Session <ul style="list-style-type: none"> Opening auction 4:30 p.m. Regular session From 4:30 p.m. to 5:25 a.m. the next day | <ul style="list-style-type: none"> Same as other stock index futures(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). The non-cancel period, which will be introduced with next J-GATE, will not apply. |

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| <p>(2) Trading Method</p> <p>3. Contract Months</p> <p>4. Contract Size and Rules on Bids and Offers, etc.</p> <p>(1) Contract Size</p> <p>(2) Bids and Offers</p> | <p>Closing auction 5:30 a.m. the next day</p> <ul style="list-style-type: none"> • Trading will be conducted by individual auction through the trading system. • 2 nearest serial contract months and 2 nearest quarterly contract months other than the serial contract months will be listed, and the last trading day will be the day (to be moved up accordingly if it falls on a non-business day or a day on which the FTSE China 50 Index is not calculated) preceding the last day of the corresponding contract month (to be moved up accordingly if it falls on a day on which the FTSE China 50 Index 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. • Trading unit will be JPY 100 multiplied by the index value of FTSE China 50 Index. • 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 trading system will be next J-GATE. • Quarterly contract months will be available for trading for up to 8 months, and other contract months will be available for up to 2 months. • The same rules as for other stock index futures will apply for validity period and execution volume conditions. |

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| (3) Tick Size | <ul style="list-style-type: none"> • Tick size will be 5 points. | <ul style="list-style-type: none"> • The value of 1 tick will be JPY 500. |
| (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 for 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 5 points). • The upper or lower price limit range will be expanded when the Circuit Breaker is triggered, and will be obtained by multiplying the reference price for calculating the price limit range by 15% (1st expansion) and 20% (2nd expansion) respectively (rounded down to the nearest 5 points). | |
| 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: <ol 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. |

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| (2) Temporary Trading Halts (Circuit Breaker) | <ul style="list-style-type: none"> • In the case where a buy (sell) order is placed (or executed) for the central contract month at the upper (lower) price limit and no subsequent trades are executed outside the 10% price limit range from said upper (lower) price limit in the next minute, as a general rule, trading in all contract months will be suspended for at least 10 minutes. • In the case where the Circuit Breaker is triggered, the upper (lower) price limit range for all contract months will be expanded. | |
| (3) Immediately Executable Price Range (Dynamic Circuit Breaker) | <ul style="list-style-type: none"> • The Dynamic Circuit Breaker (hereinafter "DCB") will be applied to each contract month in the auction market as follows. <ul 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 and 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 | <ul style="list-style-type: none"> • Same as other stock index futures. |

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| 7. Strategy Trading | <p>orders pursuant to OSE rules.</p> <ul style="list-style-type: none"> • Strategy trading for FTSE China 50 Index 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. |
| 8. J-NET Trading | <ul style="list-style-type: none"> • J-NET trading for FTSE China 50 Index futures will be available to trading participants pursuant to OSE rules. • Tick size for J-NET trading will be 0.0001 points. | <ul style="list-style-type: none"> • Other matters related to J-NET trading will be the same as for other stock index futures. |
| 9. Give-Up | <ul style="list-style-type: none"> • Give-up will be available for FTSE China 50 Index 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 FTSE China 50 Index 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 FTSE China 50 Index futures will be cleared by Japan Securities Clearing Corporation (JSCC). | <ul style="list-style-type: none"> • Same as other stock index futures. |

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| <p>2. Clearing and Settlement</p> <p>(1) Declaration of Resale and Repurchase</p> <p>(2) Settlement Price</p> <p>(3) Mark-to-Market</p> <p>(4) Margin</p> | <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. • Settlement prices for FTSE China 50 Index futures will be determined by JSCC. • 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. • Clearing participants shall submit or deposit to JSCC, and non-clearing participants | <ul style="list-style-type: none"> • Same as other stock index futures. • Same as other stock index futures. • Same as other stock index futures. • Same as other stock index futures. |

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| | <p>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.</p> | |
| (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 will be a closing value of FTSE China 50 Index (rounded to the second decimal place) on the last trading day. | |
| IV. Others | | |
| 1. Trading Fees | <ul style="list-style-type: none"> The trading fee per contract will be determined at a later date. | |
| 2. Market Maker Scheme | <ul style="list-style-type: none"> A market maker scheme will be introduced to complement market liquidity. | <ul style="list-style-type: none"> Details will be notified later. |
| 3. Disclosure of Information | | |
| (1) Market Information | <ul style="list-style-type: none"> Open/high/low/close price data, trading volume, open interest, and other market information on FTSE China 50 Index futures will be published separately from other stock index futures. | <ul style="list-style-type: none"> Same as other stock index futures. |

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| (2) Trading by Trading Participant | <ul style="list-style-type: none"> For the time being, trading volume and open interest per trading participant will not be disclosed. | |
| (3) Trading by Investor Type | <ul style="list-style-type: none"> Trading volume and value for sales and purchases by different categories of investors will be disclosed separately from other stock index futures. | <ul style="list-style-type: none"> The specific frequency and method of disclosure will be the same as for other stock index futures. |
| V. Launch Date | <ul style="list-style-type: none"> FTSE China 50 Index futures will start trading on the launch date of next J-GATE (scheduled for the middle of 2016). | |

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