

Rules concerning Bids and Offers

(as of June 26, 2023)

Tokyo Stock Exchange, Inc.

Rule 1. Purpose

These rules shall provide necessary matters concerning bids and offers pursuant to the provisions of Rule 14, Paragraph 8 of the Business Regulations.

Rule 2. Instruction of Type of Transactions

Where a trading participant makes a bid or offer, it shall clarify the type of the transaction. If the trading participant does not clarify it, the bid/offer shall be a bid/offer for a regular transaction.

Rule 3. Validity of Bid/Offer

A bid/offer shall become invalid at the time of the close of the trading sessions of the day; provided, however, that, where trading is halted pursuant to the provisions of Rule 29 of the Business Regulations, the validity of a bid/offer may be cancelled by the Exchange.

Rule 4. Treatment of Bid/Offer Made by the Time When Base Prices Are Determined

With respect to stocks, convertible bonds issued by a foreign corporation (hereinafter referred to as "foreign convertible bonds") and exchangeable corporate bonds which are exchangeable with foreign stocks (hereinafter referred to as "foreign exchangeable corporate bonds"), out of bids/offers made by the time when a base price for the bid/offer price limits prescribed in Rules Concerning Price Limits on Bids and Offers, a bid which exceeds the highest bid price limit as prescribed in the same rule at the time when such base price is determined or an offer which is less than the lowest offer price limit, shall be deemed to have been made at said highest or lowest price limit at the time when such bid/offer is actually made.

Rule 4-2. Restriction on Bids/Offers for Stocks

With respect to stocks, trading participants must not make bids/offers at a price less than one (1) yen.

Rule 4-3. Restriction on Bids/Offers for Bonds

1. With respect to bonds, trading participants must not make market orders.
2. With respect to bonds, trading participants must not make bids/offers on condition that they will be executed at the closing of a trading session.

Rule 5. Restriction on Bids/Offers for Convertible Bonds

With respect to convertible bonds and exchangeable corporate bonds, trading

participants must not make bids/offers on condition that they will be executed at the closing of a trading session.

Rule 6. Prohibition of Market Order, etc.

1. For newly-listed stocks, among stocks that are not listed or continuously traded on the market of the Exchange, any other financial instruments exchange in Japan, or any foreign financial instruments exchange or organized OTC market (hereinafter referred to as "first-time listed stocks;" these exclude stocks designated by the Exchange on a case by case basis), the Exchange may prohibit market orders up to the day when a contract price is determined for the first time after the listing (hereinafter referred to as the "initial price").
2. The Exchange may prohibit market orders, etc. if it deems it necessary in consideration of the state of trading and other factors, in addition to the preceding paragraph.

Rule 7. Method of Making Bids/Offers, etc.

1. Bids/offers for transactions by the trading systems shall be made by inputting the details of such bids/offers from the trading participants' terminal equipment.
2. Bids/offers for transactions other than transactions by the trading systems shall be made by notifying the Exchange of the details of such bids/offers by a method deemed appropriate by the Exchange.
3. Bids/offers referenced in each of the following items for transactions prescribed in Rule 12, Paragraph 2 of the Business Regulations shall be handled as prescribed in each of the following items:
 - (1) Where offers are made, bids whose prices are higher than prices of such offers shall be handled as bids corresponding to offers at individual prices which have been made so far up to the prices which are the limits of such bids; and
 - (2) Where bids are made, offers whose prices are lower than prices of such bids shall be handled as offers corresponding to bids at individual prices which have been made so far down to prices which are the limits of such offers.

Rule 8. Clarification Whether or Not Short Selling

The fact that a transaction is a short sale as prescribed in Rule 14, Paragraph 1, Item 2 of the Business Regulations must be disclosed by clarifying whether or not it is a transaction as prescribed in each of the items of Article 15, Paragraph 1 of the Cabinet Office Ordinance Concerning Regulations on Securities Trading, etc.; provided, however, that the same shall not apply before the determination of the initial price of a first-time listed stock. The same shall not apply to other cases which the Exchange deems appropriate.

Rule 9. Deleted.

Rule 10. Special Publicizing of Bid/Offer by Displaying Special Quotes

1. Where the price of a bid/offer is outside a range that the Exchange deems appropriate from the viewpoint of maintaining continuity of prices, the Exchange shall specially publicize the existence of such bid/offer through a certain display (hereinafter referred to as a "special quote display") made in the trading participant terminals.
2. The timing at which a special quote display in the preceding paragraph is made and the quote price shall be determined by the Exchange on a case by case basis in consideration of the state of bids and/or offers, etc. at that time.
3. Notwithstanding the preceding paragraph, the initial special quote display before the initial price of a directly listed stock is determined shall be as prescribed in the following items:
 - (1) The quote price of a stock for which a public offering (meaning an issue of new shares by general subscription) or secondary offering is made on or after the listing application date (hereinafter referred to as a "publicly offered stock") shall be such offering prices. In this instance, where there is a fraction less than a unit of a bid/offer in such prices with respect to such offering prices, it shall be rounded up; or
 - (2) The Exchange shall determine the quote price of a stock other than a publicly offered stock in consideration of the state of bids and offers, etc.
4. Notwithstanding the provisions of the previous three paragraphs, with regards to an issue specified by the Exchange as prescribed by Rule 2, Paragraph 1, Item 2 of the Business Regulations, until the day the initial price is determined, the special quote display is made only in the case where no transaction is executed at the time of the close of the trading session.
5. A special quote display prescribed in Paragraph 1 may be renewed at a price within a price range specified in each of the following Items 1 through 4 at every time when a certain time deemed appropriate by the Exchange passes from the time at which said bid/offer is displayed. However, out of the stocks referenced in the following Sub-items (a) to (d), a stock designated by the Exchange on a case by case basis may be renewed at the price within a price range that the Exchange sets forth on a case by case basis in consideration of the state of bids and offers, etc. until the day when the initial contract price after such designation is determined (limited to cases before said contract price is determined)
 - (a) A directly listed stock for which the initial price has not yet to be determined
 - (b) A stock as to which a shareholder-directed spin-off is made to make business inherited (excluding stocks designated by the Exchange on a case by case basis)

In this instance, a "shareholder-directed spin-off" means a spin-off of a company where all or part of shares of a inheriting company or a newly established company are to the shareholders of a company at the time of the spin-off.

Also, a "stock where a shareholder-directed spin-off is made to make business inherited" is limited to a stock for which the initial price has not yet been determined after ex-rights pertaining to delivery of said stocks.

- (c) A stock designated by the Exchange on a case by case basis in cases that a gratis allotment share is made with respect to such stock

In this case, a "stock designated by the Exchange on a case by case basis" is limited to a stock whose first contract price after ex-rights has not yet been determined.

- (d) A stock designated as Securities to be Delisted because of falling under the Delisting Criteria

(1) Stocks

Special Quote Price	Price Range	
Less than 200 yen	Upward/Downward	5 yen
200 yen or more but less than 500 yen	"	8 yen
500 yen or more but less than 700 yen	"	10 yen
700 yen or more but less than 1,000 yen	"	15 yen
1,000 yen or more but less than 1,500 yen	"	30 yen
1,500 yen or more but less than 2,000 yen	"	40 yen
2,000 yen or more but less than 3,000 yen	"	50 yen
3,000 yen or more but less than 5,000 yen	"	70 yen
5,000 yen or more but less than 7,000 yen	"	100 yen
7,000 yen or more but less than 10,000 yen	"	150 yen
10,000 yen or more but less than 15,000 yen	"	300 yen
15,000 yen or more but less than 20,000 yen	"	400 yen
20,000 yen or more but less than 30,000 yen	"	500 yen
30,000 yen or more but less than 50,000 yen	"	700 yen
50,000 yen or more but less than 70,000 yen	"	1,000 yen
70,000 yen or more but less than 100,000 yen	"	1,500 yen
100,000 yen or more but less than 150,000 yen	"	3,000 yen
150,000 yen or more but less than 200,000 yen	"	4,000 yen
200,000 yen or more but less than 300,000 yen	"	5,000 yen
300,000 yen or more but less than 500,000 yen	"	7,000 yen
500,000 yen or more but less than 700,000 yen	"	10,000 yen
700,000 yen or more but less than 1,000,000 yen	"	15,000 yen
1,000,000 yen or more but less than 1,500,000 yen	"	30,000 yen
1,500,000 yen or more but less than 2,000,000 yen	"	40,000 yen
2,000,000 yen or more but less than 3,000,000 yen	"	50,000 yen
3,000,000 yen or more but less than 5,000,000 yen	"	70,000 yen
5,000,000 yen or more but less than 7,000,000 yen	"	100,000 yen
7,000,000 yen or more but less than 10,000,000 yen	"	150,000 yen
10,000,000 yen or more but less than 15,000,000 yen	"	300,000 yen
15,000,000 yen or more but less than 20,000,000 yen	"	400,000 yen

20,000,000 yen or more but less than 30,000,000 yen	"	500,000 yen
30,000,000 yen or more but less than 50,000,000 yen	"	700,000 yen
More than 50,000,000 yen	"	1,000,000 yen

(2) Convertible bonds

The price range of convertible bonds shall be as follows; provided, however, that the price range shall be 50/100 of one yen if the price range of a bid/offer is set at five (5) yen pursuant to the provisions of the provisos of Rule 3, Paragraph 1, Item 1 of the Rules Concerning Bid/Offer Price Limits.

Base Price of Listed Stocks Subject to Exercise of Rights		Price Range	
Less than 200 yen	Upward/downward	5 yen x conversion ratio of such convertible bond(*)	
200 yen or more but less than 500 yen	"	8 yen x	"
500 yen or more but less than 700 yen	"	10 yen x	"
700 yen or more but less than 1,000 yen	"	15 yen x	"
1,000 yen or more but less than 1,500 yen	"	30 yen x	"
1,500 yen or more but less than 2,000 yen	"	40 yen x	"
2,000 yen or more but less than 3,000 yen	"	50 yen x	"
3,000 yen or more but less than 5,000 yen	"	70 yen x	"
5,000 yen or more but less than 7,000 yen	"	100 yen x	"
7,000 yen or more but less than 10,000 yen	"	150 yen x	"
10,000 yen or more but less than 15,000 yen	"	300 yen x	"
15,000 yen or more but less than 20,000 yen	"	400 yen x	"
20,000 yen or more but less than 30,000 yen	"	500 yen x	"
30,000 yen or more but less than 50,000 yen	"	700 yen x	"
50,000 yen or more but less than 70,000 yen	"	1,000 yen x	"
70,000 yen or more but less than 100,000 yen	"	1,500 yen x	"
100,000 yen or more but less than 150,000 yen	"	3,000 yen x	"
150,000 yen or more but less than 200,000 yen	"	4,000 yen x	"
200,000 yen or more but less than 300,000 yen	"	5,000 yen x	"
300,000 yen or more but less than 500,000 yen	"	7,000 yen x	"
500,000 yen or more but less than 700,000 yen	"	10,000 yen x	"
700,000 yen or more but less than 1,000,000 yen	"	15,000 yen x	"
1,000,000 yen or more but less than 1,500,000 yen	"	30,000 yen x	"
1,500,000 yen or more but less than 2,000,000 yen	"	40,000 yen x	"
2,000,000 yen or more but less than 3,000,000 yen	"	50,000 yen x	"
3,000,000 yen or more but less than 5,000,000 yen	"	70,000 yen x	"
5,000,000 yen or more but less than 7,000,000 yen	"	100,000 yen x	"
7,000,000 yen or more but less than 10,000,000 yen	"	150,000 yen x	"
10,000,000 yen or more but less than 15,000,000 yen	"	300,000 yen x	"

15,000,000 yen or more but less than 20,000,000 yen	"	400,000 yen x	"
20,000,000 yen or more but less than 30,000,000 yen	"	500,000 yen x	"
30,000,000 yen or more but less than 50,000,000 yen	"	700,000 yen x	"
More than 50,000,000 yen	"	1,000,000 yen x	"

(*Such conversion ratio means an issue price per 100 yen face value divided by an issue price of stock due to exercise of subscription warrants (hereinafter "conversion price")

(A fraction less than the unit of a bid/offer shall be rounded up.)

(Note 1)

Where such convertible bond is a foreign convertible bond, the conversion price to calculate a conversion ratio shall be an amount translated from a conversion price pertaining to such foreign convertible bond into the yen at a fixed exchange rate pertaining to such foreign convertible bond.

(Note 2)

Where such convertible bond is a convertible bond for which the exercise period may be suspended, the Exchange shall specify, on a case by case, a conversion price to calculate a conversion ratio for a period from a day of changing exercise terms as prescribed in Rule 26 of the Business Regulations to a day on which a new applicable conversion price is determined.

(3) Exchangeable corporate bonds

The provisions of the preceding item (excluding the proviso) shall apply mutatis mutandis to exchangeable corporate bonds. In this instance, the term "listed stocks subject to exercise of rights" shall be deemed to be replaced with "stocks subject to exchange," the term "conversion ratio" with "exchange ratio," the term "conversion price" with "exchange price," the term "issue price" with "face value," the term "foreign convertible bond" with "foreign exchangeable corporate bond," the term "exercise period" with "exchange claim period," and "a day of changing exercise terms" with "a day of changing exchange terms," respectively.

6. Where a special quote display is made pursuant to the provisions of Paragraph 1, a bid/offer corresponding to a quantity in excess of the quantity of bids/offers pertaining to such special quote display shall be dealt with by matching the quantity pertaining to a special quote price.

Rule 11. Display of Sequential Trade Quote

1. Where the Exchange deems appropriate from the viewpoint of inhibiting sharp price fluctuation, the Exchange shall perform a certain display (hereinafter referred to as a "sequential trade quote display") made in the trading participant terminals
2. The timing and price of a sequential trade quote display of the preceding paragraph shall be determined by the Exchange on a case by case basis in consideration of the state of bids and/or offers, etc. at that time.
3. The provisions of Paragraph 5 of the preceding rule shall apply mutatis mutandis in

the case of a sequential trade quote display pursuant to the provisions of Paragraph 1.

Rule 12. Classification of Trading Strategy Pertaining to Low Latency Trading

A bid or offer pertaining to low latency trading as prescribed in Article 14, Paragraph 1, Item 7 of the Business Regulations must be clearly indicated to that effect, with the classification of the trading strategy pertaining to low latency trading as specified separately by the Exchange.