

Special Rules for Business Regulations and Brokerage Agreement Standards Related to the J-NET Market

(As of May 26, 2025)

Osaka Exchange, Inc.

Chapter 1 General Provisions

Rule 1. Purpose

1. These Special Rules prescribe the special rules for the Business Regulations and the Brokerage Agreement Standards with respect to acceptance of entrustment, etc. of market derivatives transactions (meaning "market derivatives transactions" as prescribed in Article 2, Paragraph 21 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act"); hereinafter simply referred to as "market derivatives") (excluding brokerage for clearing of securities, etc.) on the OSE market (meaning a financial instruments exchange market established by OSE; the same shall apply hereinafter) where market derivatives (excluding index futures based on the index enumerated in Rule 5, Paragraph 1, Item 1 of the Business Regulations (limited to micro contracts prescribed in Rule 6, Item 1 of the same regulations), index futures based on the index enumerated in Rule 5, Paragraph 1, Item 11 of the same regulations and Exchange Foreign Exchange Margin Trading prescribed in Rule 1, Paragraph 1 of the Special Rules for Business Regulations and Brokerage Agreement Standards Relating to Exchange Foreign Exchange Margin Trading; the same shall apply hereinafter) are traded off-auction (hereinafter referred to as the "J-NET Market").
2. Any matters which are not prescribed in these Special Rules shall be governed by the Business Regulations and the Brokerage Agreement Standards.

Rule 2. Definitions of Terms

The meanings of the terms used in these Special Rules shall be as defined respectively in the following items as well as in other rules herein:

- (1) "J-NET trading" or "J-NET trades" shall mean market derivatives trading/trades carried out in the off-auction market and refer to the trading prescribed in the following Item 2 through Item 4.
- (2) "J-NET single-issue trading" shall mean market derivatives trading whose volume is equal to or exceeds the volume prescribed by OSE pursuant to these Special Rules (excluding those pertaining to flexible contracts).
- (3) "Flexible single issue trading" shall mean market derivatives trading pertaining to flexible contracts whose volume is equal to or exceeds the volume prescribed by OSE pursuant to these Special Rules.

- (4) "Compression trading" shall mean market derivatives trading of combinations of OSE-determined issues (or contracts in the case of futures (including cash-settled rolling spot futures in the case of commodity futures; the same shall apply hereinafter) and their volumes pursuant to these Special Rules.
- (5) An "auction market" shall mean, among the OSE markets, a market in which market derivatives trading is carried out in a trading session.

Chapter 2 Special Rules for Business Regulations, etc.

Rule 3. Bids and Offers for J-NET Trading

1. A Trading Participant (meaning a Futures, etc. Trading Participant prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations, a Government Bond Futures, etc. Trading Participant prescribed in Paragraph 3 of the same rule, or a Commodity Futures, etc. Trading Participant prescribed in Paragraph 4 of the same rule; the same shall apply hereinafter) must make a bid or an offer when it intends to carry out J-NET trading. In such cases, the Trading Participant shall clearly indicate to OSE the matters enumerated in the following items as well as any other matters deemed necessary by OSE.
 - (1) Whether such bid or offer is made for a customer account or for its proprietary account;
 - (2) If such bid or offer is made for low latency trading (meaning high-speed trading prescribed in Article 2, Paragraph 41 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act"); the same shall apply hereinafter), to that effect;
 - (3) If such bid or offer relates to an order matched in the internal trading system (meaning the intra-company transaction system prescribed in Article 70-2, Paragraph 7 of Cabinet Office Order on Financial Instruments Business (Cabinet Office Order No. 52 of 2007)), to that effect.
2. A bid/offer for J-NET trading shall be made from a Trading Participant Terminal Device of said Trading Participant; provided, however, that a bid/offer for compression trading shall be made in a manner specified by OSE.
3. A bid/offer for J-NET trading shall be made based on prices stipulated by OSE.
4. For J-NET single-issue trading and flexible single-issue trading in which a sale and a purchase are carried out simultaneously, the same Trading Participant shall simultaneously make an offer and a bid that is matched with such an offer.
5. In addition to the provisions of these Special Rules, OSE shall specify matters necessary with respect to bids and offers for J-NET trading.

Rule 4. Trading Hours for J-NET Trading

1. The trading hours for J-NET trading shall be the hours stipulated in the following items for each type of market derivatives:

- (1) Government bond futures and government bond futures options:
From 8:20 a.m. to 3:15 p.m. and from 3:25 p.m. to 6:00 a.m. the next day
- (2) Interest rate futures
From 8:20 a.m. to 3:15 p.m. and from 3:25 p.m. to 6:00 a.m. the next day
- (3) Index futures (excluding index futures based on Nikkei Stock Average Volatility Index (hereinafter referred to as "Nikkei 225 VI futures") and those pertaining to flexible contracts) and index options (excluding those pertaining to flexible contracts):
From 8:20 a.m. to 4:30 p.m. and from 4:45 p.m. to 6:00 a.m. the next day
- (4) Nikkei 225 VI futures:
From 8:20 a.m. to 4:30 p.m. and from 4:45 p.m. to 7:00 p.m.
- (5) Commodity futures (excluding commodity futures pertaining to the rubber market) and commodity futures options:
From 8:20 a.m. to 4:30 p.m. and from 4:45 p.m. to 6:00 a.m. the next day
- (6) Commodity futures pertaining to the rubber market:
From 8:20 a.m. to 4:30 p.m. and from 4:45 p.m. to 7:00 p.m.
- (7) Securities options (excluding those pertaining to flexible contracts):
From 8:20 a.m. to 4:30 p.m.
- (8) Index futures pertaining to flexible contracts
From 8:20 a.m. to 4:30 p.m. and from 4:45 p.m. to 6:00 a.m. the next day
(For index futures based on Nikkei 225 Total Return Index and those whose final settlement price is the final value of the underlying index as of the last trading day, the trading hours on the last trading day are from 8:20 a.m. to 3:30 p.m.)
- (9) Index options pertaining to flexible contracts
From 8:20 a.m. to 4:30 p.m. and from 4:45 p.m. to 6:00 a.m. the next day
(For index options whose option settlement price is the final value of the underlying index as of the exercise date, the trading hours on the last trading day are from 8:20 a.m. to 3:30 p.m.)
- (10) Securities options pertaining to flexible contracts
From 8:20 a.m. to 4:30 p.m. and from 4:45 p.m. to 6:00 p.m.
(For securities options for which a transaction is carried out as a result of exercise in which an amount of money calculated based on the difference between the exercise price and the actual price (meaning the actual price prescribed in Rule 3, Item 3 of the Business Regulations) shall be received/paid, the trading hours on the last trading day are from 8:20 a.m. to 3:30 p.m.)

2. When deemed necessary, OSE may temporarily change the trading hours prescribed in the preceding paragraph. In such cases, OSE shall notify Trading Participants of such a change in

advance.

3. The provisions of preceding two paragraphs shall apply mutatis mutandis to the trading hours for J-NET trading in the case of holiday trading (meaning holiday trading prescribed in Rule 19, Paragraph 3, Item 2 of the Business Regulations).

Rule 4-2. Price Indication of Index Options in J-NET Trading

Prices of index options in J-NET trading shall be indicated pursuant to the provisions of each of the following items according to the types of index options referenced in said items:

- (1) Nikkei 225 options:
as JPY 1 for JPY 1,000
- (1) -2 Nikkei 225 mini options
as JPY 1 for JPY 100
- (2) TOPIX options:
as 1 point for JPY 10,000
- (3) JPX-Nikkei Index 400 options:
as 1 point for JPY 1,000
- (4) TOPIX Banks Index options:
as 1 point for JPY 10,000
- (5) TSE REIT Index options:
as 1 point for JPY 1,000

Rule 5. Execution of J-NET Trades

1. For J-NET single-issue trading and flexible single-issue trading, trades shall be executed when a bid/offer matches an offer/bid placed to match such a bid or offer.
2. For compression trading, when all the bids and offers made by Trading Participants who have applied to conduct compression trading in the manner specified by OSE (in case bids and offers are made based on entrustment from a customer, bids and offers based on entrustment from said customer) are matched, trades shall be executed between such bids and offers.
3. Notwithstanding the provisions of the preceding two paragraphs, if OSE deems that any price of a bid or offer referred to in the preceding two paragraphs is not appropriate considering the trading conditions, etc. in a trading session, the trade(s) shall not be executed.

Rule 6. Notification and Confirmation of Transaction Details

1. When a J-NET trade is executed, OSE shall immediately notify both the selling Trading Participant and the purchasing Trading Participant of the details through its trading system; provided, however, that when a compression trade is executed, the trading details shall be notified in a manner specified by OSE.
2. When Trading Participants receive a notification referred to in the preceding paragraph through a Trading Participant Terminal Device or in a manner specified by OSE, they shall immediately check and confirm the details.
3. If OSE becomes aware of a delay, absence, or other deficiencies in the report prescribed in

Paragraph 1 for reasons such as a hindrance to the operation of its trading system, OSE shall resend the report on the details of the trade executed on OSE to the selling Trading Participant and purchasing Trading Participant, in a manner specified by OSE on a case-by-case basis.

Rule 7. Temporary Halt of J-NET Trading

In the cases referred to in each of the following items, OSE shall temporarily halt J-NET trading (excluding compression trading) of the issues referred to therein for the duration of the temporary halt in the trading session of each issue:

- (1) Where trading of all or some futures issues is temporarily halted in a trading session pursuant to the provisions of Rule 33, Paragraph 1 of the Business Regulations (including cases where trading is temporarily halted pursuant to the provisions of Paragraph 3 of the same rule):

The issues for which trading is temporarily halted.

- (2) Where trading of all or some issues of government bond futures options, index options, or commodity futures options is temporarily halted in a trading session pursuant to the provisions of Rule 33, Paragraph 4 of the Business Regulations (including equivalent cases for index options for which only flexible contracts are traded):

The issues for which trading is temporarily halted.

Rule 8. Suspension of J-NET Trading

In the enumerated cases of the following items, OSE may suspend J-NET trading for each type of trading referred to in Rule 2, Items 2 through 4 (limited to government bond futures in the case of Item 1, index futures in the case of Item 2, commodity futures in the case of Item 2-2, securities options in the case of Items 3 through 5, government bond futures options in the case of Item 6, index options in the case of Item 7, and commodity futures options in the case of Item 7-2) according to procedures established by OSE:

- (1) Where trading of government bond futures in a trading session has been suspended pursuant to the provisions of Rule 32 of the Business Regulations
- (1)-2 Where trading of interest rate futures in a trading session has been suspended pursuant to the provisions of Rule 32 of the Business Regulations
- (2) Where trading of index futures in a trading session has been suspended pursuant to the provisions of Rule 32 of the Business Regulations (including equivalent cases for index futures for which only flexible contracts are traded)
- (2)-2 Where trading of commodity futures in a trading session has been suspended pursuant to the provisions of Rule 32 of the Business Regulations
- (3) Where trading of securities options in a trading session has been suspended pursuant to the provisions of Rule 32 of the Business Regulations (including equivalent cases for

trading of securities options for which only flexible contracts are traded)

- (4) Where trading in an underlying security is suspended pursuant to the provisions of Rule 29 (excluding Item 4) of the Business Regulations of Tokyo Stock Exchange, Inc. (hereinafter referred to as "TSE") and Rule 19 (excluding Item 4) of the TSE Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning ToSTNeT Market or when any measure equivalent thereto is taken on a financial instruments exchange market established by another financial instruments exchange
- (5) Where an issuer of an underlying security conducts a spin-off type company split
- (6) Where trading of government bond futures options in a trading session has been suspended pursuant to the provisions of Rule 32 of the Business Regulations
- (7) Where trading of index options in a trading session has been suspended pursuant to the provisions of Rule 32 of the Business Regulations (including equivalent cases for trading of index options for which only flexible contracts are traded)
- (7)-2 Where trading of commodity futures options in a trading session has been suspended pursuant to the provisions of Rule 32 of the Business Regulations
- (8) Where OSE deems J-NET trading conditions are or are likely to become abnormal, or other situations where it is inappropriate to continue J-NET trading for the purpose of trading supervision
- (9) Where OSE deems it difficult to continue J-NET trading in the event of a problem in the operation of the trading system, etc.

Rule 9. Transactions for Error Correction, etc. Pertaining to J-NET Trading

1. In the event that a Trading Participant has failed to execute a customer's order for J-NET trading on the OSE markets in accordance with the original instructions due to errors, etc. made for truly unavoidable reasons, such Trading Participant may, in accordance with the provisions of OSE, with the prior approval of OSE, execute a sale or purchase at a price recognized as reasonable by OSE for its proprietary account as a counterparty to such transaction.
2. The settlement of a sale or purchase in the preceding paragraph shall be made on the day that would be the settlement day if the sale or purchase had been executed in accordance with the original instructions of the customer.

Rule 10. Business Regulations Applied Mutatis Mutandis

1. The provisions of Rule 20, Rule 21, Paragraph 1 of Rule 22, Rule 25, Rule 29, and Rule 30 of the Business Regulations shall apply mutatis mutandis to J-NET trading. In such cases, the term "a transaction of Market Derivatives" in Rule 30 of the same regulation shall be read as "a transaction of Market Derivatives (excluding compression trading)".
2. Notwithstanding the provisions of Rule 22, Paragraph 1 of the Business Regulations as applied

mutatis mutandis pursuant to the provisions of the preceding paragraph, trading of market derivatives pertaining to compression trading shall be conducted according to the procedures specified by OSE.

3. The provisions of Rule 17 of the Business Regulations shall not apply to J-NET trading.

Chapter 3 Special Rules for the Brokerage Agreement Standards

Rule 11. Customer Order Instructions, etc.

1. In cases where a customer entrusts an order for J-NET trading, the customer shall give an instruction or notification regarding the matters enumerated in the following items to the Trading Participant for each order; provided, however, if the Trading Participant agrees on a method for J-NET trading settlement designated in advance by the customer, it shall be deemed that the instructions referred to in Item 3 have already been given.
 - (1) Whether the order is for J-NET single-issue trading, flexible single-issue trading or compression trading
 - (2) Items specified for each type of market derivative as referenced in each of the following items a. through f.:
 - a. Government bond futures
 - (a) Issue
 - (b) Contract month
 - a-2. Interest rate futures
 - (a) Financial indicator
 - (b) Contract month
 - b. Index futures
 - (a) Underlying index
 - (b) For index futures on the Nikkei 225 and TOPIX (Tokyo Stock Price Index), whether the order is for large contracts or mini contracts
 - (c) Contract month
 - (d) Type of calculation method of final settlement price (limited to flexible contracts)
 - b-2. Commodity futures
 - (a) Underlying Commodity
 - (b) For commodity futures pertaining to gold and platinum, whether the order is for physically delivered futures or cash-settled futures
 - (c) Contract month (for cash-settled rolling spot futures pertaining to gold and platinum, to that effect)
 - c. Securities options

- (a) Underlying security
- (b) Quantity of the underlying security for one (1) trading unit of the securities option
- (c) Whether the order is for securities put options or securities call options
- (d) Contract month
- (e) Exercise price
- (f) Type of transaction that results from exercising the option (limited to flexible contracts)
- d. Government bond futures options
 - (a) Underlying standardized government bond of the government bond futures for which a transaction is carried out as a result of exercising the option
 - (b) Whether the order is for government bond futures put options or government bond futures call options
 - (c) Contract month
 - (e) Exercise price
- e. Index options
 - (a) Underlying index
 - (b) Whether the order is for index put options or index call options
 - (c) For Nikkei 225 index options, whether the order is for Nikkei 225 options or Nikkei 225 mini options
 - (c) Contract month
 - (d) Exercise price
 - (e) Type of calculation method for option settlement price (limited to flexible contracts)
- f. Commodity futures options
 - (a) Underlying commodity
 - (b) Whether the order is for commodity futures put options or commodity futures call options
 - (c) Contract month
 - (d) Exercise price
- (3) Whether the order is a new sale or new purchase, or resale or repurchase
- (4) Number of contracts
- (5) Contract price
- (6) Trading hours
- (7) Valid period of customer's order
- (8) In the case where such entrustment is one pertaining to low latency trading, to that effect

2. Notwithstanding the provisions of the non-itemized part of the preceding paragraph, where

agreed between the customer and the Trading Participant, the customer may give instructions regarding the matter referred to in Item 3 of the preceding paragraph no later than a time stipulated by the Trading Participant that is before 6:30 p.m. on the day on which the trading day when the transaction is entrusted ends.

3. In the case of the preceding paragraph, if the customer does not give instruction of the matters referred to in the preceding paragraph before the cut-off time specified in the preceding paragraph, it shall be deemed that a new sale or a new purchase has been instructed.
4. When a customer entrusts J-NET trading that is low latency trading, the customer shall notify the Trading Participant, in each case, of the trading strategy as specified separately by OSE.

Rule 12. Customer Order Instructions, etc. for J-NET Trades to be Given Up

1. When a customer entrusts a J-NET trade to be given up using the give-up rules, they shall give the Order Execution Trading Participant instructions on the matters enumerated in the following items in addition to the matters enumerated in each item (excluding Item 3) of Paragraph 1 in the preceding rule.
 - (1) Instructions to the effect that it is a J-NET trade to be given up
 - (2) The name of the Designated Clearing Execution Trading Participant
 - (3) Items necessary for the Designated Clearing Execution Trading Participant to confirm which customer ordered the J-NET trade in question to be given up
2. Notwithstanding the provisions of the preceding paragraph, where agreed between the customer, the Order Execution Trading Participant and the Designated Clearing Execution Trading Participant, the customer may give the instructions referred to in the preceding paragraph no later than a time designated by the Order Execution Trading Participant that is before 4:45 p.m. on the day on which the trading day when the transaction is entrusted ends; provided, however, that for market derivatives referred to in the following items, in the event that said day is the last trading day, the customer shall give such instructions for contracts whose last trading day has arrived no later than a time designated by the Order Execution Trading Participant that is before each of the times specified in said items.
 - (1) Index futures (limited to flexible contracts whose final settlement price is the final value of the underlying index as of the last trading day), government bond futures options and index options (limited to flexible contracts whose option settlement price is the final value of the underlying index as of the exercise date)
4:00 p.m.;
 - (2) Securities options
4:30 p.m.
3. Notwithstanding the proviso to Paragraph 1 of the preceding rule and the provisions of Paragraph 2, when a give-up comes into effect, the customer shall give instruction of the items

enumerated in Paragraph 1, Item 3 of the preceding rule regarding new J-NET trades to the Clearing Execution Trading Participant no later than a time designated by the Clearing Execution Trading Participant that is before 5:15 p.m. on the day on which the trading day when the transaction is entrusted ends; provided, however, that, for market derivatives referred to in the following items, in the event that such a day is the last trading day, the customer shall give such instructions for contracts whose last trading day has arrived no later than a time designated by the Clearing Execution Trading Participant that is before each of the times specified in said items.

- (1) Index futures (limited to flexible contracts whose final settlement price is the final value of the underlying index as of the last trade day), government bond futures options and index options (limited to flexible contracts whose option settlement price is the final value of the underlying index as of the exercise date);

4:30 p.m.

- (2) Securities options

4:45 p.m.

4. In the event that J-NET trading that a customer intends to entrust is to be given up, the proviso to Paragraph 1 of the preceding rule (excluding the terms "provided, however," the same shall apply hereinafter), and the provisions of Paragraphs 2 and 3 of the preceding rule shall be applied mutatis mutandis. In such cases, the term "Trading Participant" in the proviso to Paragraph 1 and in Paragraphs 2 and 3 shall be read as "Clearing Execution Trading Participant"; the term "Item 3" in the proviso to Paragraph 1 shall be read as "Paragraph 1, Item 3 of the preceding rule" in Paragraph 1; the term "preceding paragraph" in Item 2 shall be read as "Paragraph 1 of the preceding rule"; and the term "preceding paragraph" in Item 3 shall be read as "Paragraph 2 of the preceding rule".
5. In the event that a sale or purchase pertaining to a J-NET trade to be given up is cancelled, the entrustment between the customer and the Order Execution Trading Participant shall be terminated and, at the same time, a new entrustment pertaining to the settlement shall arise between the customer and Clearing Execution Trading Participant with respect to the sale or purchase pertaining to J-NET trading that newly arises pursuant to the provisions of the same paragraph.

Rule 13. Effectiveness of Customer Orders at Resumption of J-NET Trading

Any outstanding customer orders in J-NET trading shall remain effective for their effective periods, for which instruction has been made by the customer as prescribed in Rule 11, Paragraph 1, Item 7, even in the event that OSE has suspended J-NET trading pursuant to Rule 8 (including cases where OSE has cancelled the validity of a bid/offer pertaining to said customer's order); provided, however, that this shall not apply if the Trading Participant and the customer have made a prior

arrangement that the order will be cancelled in such an event, or the customer has given such an instruction.

Rule 13-2. Handling of Customer Orders Where OSE has Cancelled Validity of Bid/Offer Pertaining to Said Order

When OSE has canceled the validity of a bid/offer pertaining to a customer's order, the Trading Participant shall resubmit a bid/offer pertaining to said order, provided, however, that the same shall not apply in cases where there is a prior agreement between the Trading Participant and the customer or an instruction from the customer that differs from the above, or the customer's order has been cancelled.

Rule 13-3. Notification of Transaction Details from OSE

A customer shall entrust trading of market derivatives to a Trading Participant with an understanding that OSE will notify the Trading Participant of the details of transactions executed on OSE pursuant to the provisions of Rule 6, Paragraph 1, and that if there is a delay in, absence of, or other deficiency in said notification, OSE will renotify the Trading Participant of the details of the executed transaction pursuant to the provisions of Paragraph 3 of the same rule.

Chapter 4 Miscellaneous

Rule 14. Notification to Trading Participants, etc. and Publication

1. Daily notification and publication by OSE of the total trading volume, etc. on its J-NET market in accordance with the provisions of Article 130 of the Act shall be carried out through its trading system, etc.
2. The notification and publication mentioned in the preceding paragraph that pertains to flexible single issue trading in securities options shall be made on a day specified by OSE if the notional principal amount pertaining to contracts calculated as specified by OSE is at least the amount specified by OSE.

Rule 15. Application to Brokerage for Clearing of Securities, etc.

For the purpose of applying the provisions of Chapter 2, a Trading Participant that entrusts brokerage for clearing of securities, etc. in connection with J-NET shall be deemed to be the entity that carried out said J-NET trading.

Supplementary Provisions

1. These revisions shall take effect on May 29, 2023.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on May 29, 2023 due to problems with operating the trading system or

any other unavoidable reasons, they shall be implemented on later date specified by OSE.

3. Necessary matters for implementing the revised rules shall be as specified by OSE separately.

Supplementary Provisions

1. These revisions shall take effect on March 18, 2024.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on March 18, 2024 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.

Supplementary Provisions

1. These revisions shall take effect on November 5, 2024.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on November 5, 2024 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.

Supplementary Provisions

1. These revisions shall take effect on May 26, 2026.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on May 26, 2025 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.