Individual Securities Options Market
Measures Taken in Response to Corporate Actions

OsakaExchange, Inc.

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Contents

1. Options Adjustments in Response to Corporate Actions
2. Corporate Actions Subject to Adjustment and Adjustment Method
   2.1 Stock split, Gratis allotment of shares
   2.2 Reverse stock split
   2.3 Change in delivery unit
   2.4 Combinations
   2.5 Delisting
3. Miscellaneous

1. Options Adjustment in Response to Corporate Actions

Corporate actions refer to events such as stock splits and change in delivery unit, which influence the value of the underlying security and the trading conditions. The OSE may change the options contract specifications in response to such events.
The purpose of adjusting the specifications of an options contract is to protect the holder of such options from bearing significant disadvantages when a company that issues the underlying securities of an option makes an announcement that has a material impact on holders of its options.

For example, although a stock split that results in an increased number of shares does not directly affect market capitalization, it will cause a dilution in the value of each share. If the options contract specifications are left unadjusted, the exercise of an option would result in delivery of shares worth less than what was originally contemplated between the buyer and seller of the options contract. This would result in an unexpected disadvantage to the call option buyer.
Therefore, the OSE will adjust open interest and the delivery unit as far as possible to ensure that option holders are treated fairly in the same way as shareholders. In the case of stock splits, open interest and the delivery unit will be adjusted in consideration of the split ratio.

The following section describes cases of corporate actions subject to adjustment and the principles behind their respective adjustment methods.
When making an option adjustment, the OSE will determine and announce the adjustment method for each individual case according to the principles described in the next section.
Depending on the situation, the TSE may adopt a special adjustment method. Please refer to the announcement relating to the adjustment method for details.

2. Corporate Actions Subject to Adjustment and Adjustment Method

Whether or not corporate actions are subject to adjustment is illustrated using the examples listed below. However, while the following examples listed will, in general, be subject to adjustment, the OSE may adopt a different method if the OSE considers it appropriate from the viewpoint of fairness between shareholders and option holders.

<Corporate actions subject to adjustment>

- Stock split
- Gratis allotment of shares
- Gratis allotment of subscription warrants
- Paid-in allotment of shares
- Reverse stock split
- Change in delivery unit
- Delisting (merger, transfer of shares or exchange of shares)
- Shareholder-directed spin-off (incorporation-type demerger or absorption-type demerger)

※ The OSE will announce the adjustment method as soon as possible after a company announces any of the corporate actions mentioned above.

The following events are unlikely to result in an adjustment even though there may be an impact on the stock price:

<Corporate actions not subject to adjustment>

- Public offering
- Paid-in capital increase offering to specific shareholders (third-party allotment, etc.)
- Share buybacks (auction or off-auction)
- Dividend
- Conversion of convertible bonds into common shares

※ In general, there will be no adjustments and therefore no announcements on adjustments for the corporate actions mentioned above. However, if the OSE determines that an adjustment is necessary, an announcement will be made accordingly.

The following pages contain concrete examples of options adjustment methods in response to corporate actions.

2.1 Stock split, Gratis allotment of shares

If a company announces a type of corporate event such as stock splits and gratis allotment of shares, the OSE may carry out an options adjustment by multiplying (or dividing) the strike price, open interest and the delivery unit by a specific ratio.

The adjustment method for the integral splits (e.g., two-for-one) and that for non-integral splits (e.g., one point five-for-one) are different.

The actual adjustments made are explained using concrete examples below.

<In the case of an Integral Split>

In cases where a company decides to split a single share by an integral factor, the OSE may perform an options adjustment as below.

(1) Open interest is divided by the split ratio, and

(2) Strike price is multiplied by the split ratio

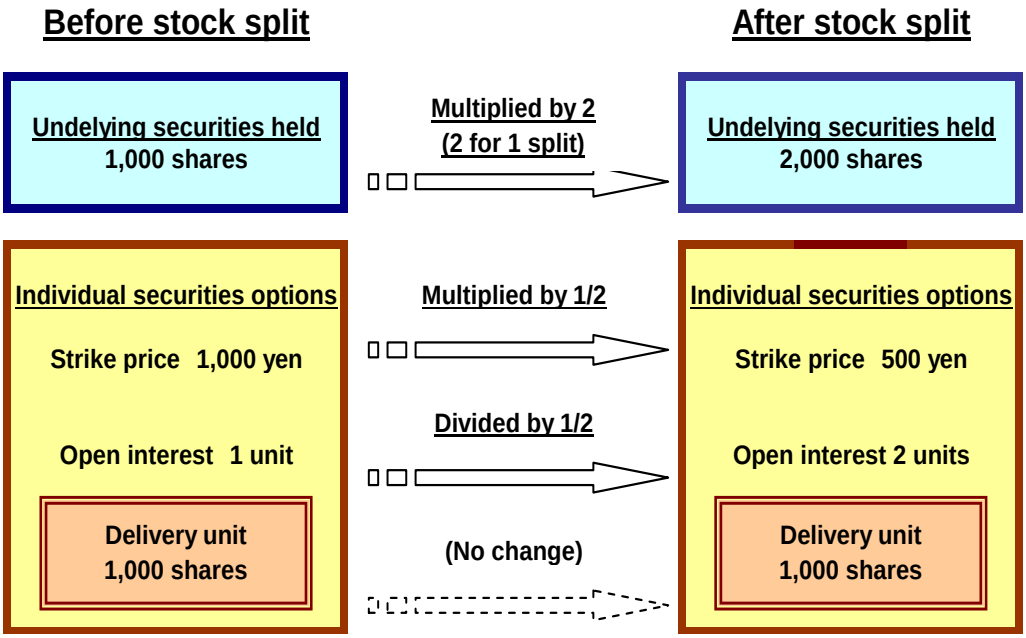
※ The split ratio is the ratio derived by dividing the size before the split by the size after the split (e.g., in a two-for-one stock split, the split ratio is 0.5 (or 1/2)).

(E.g., in the case of a two-for-one stock split)

In the case of a two-for-one stock split, an options adjustment shall be made as below:

(1) Open interest is divided by 1/2, and

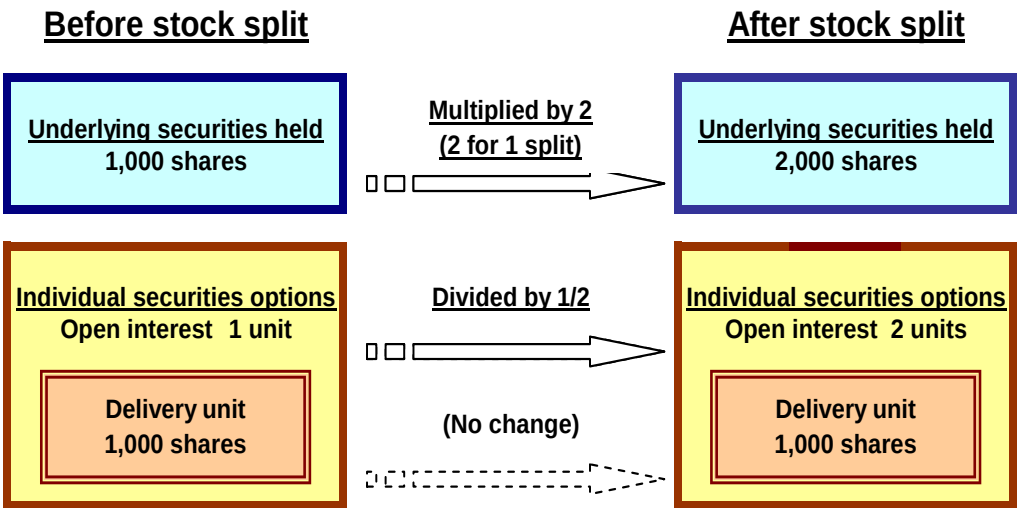
(2) Strike price is multiplied by 1/2.



In this example, the trading unit of the underlying security is 1,000 shares. The number of shares to be delivered when one options contract is exercised (hereinafter referred to as “delivery unit”) is also 1,000 shares.

Next, let us confirm specific adjustment items for the individual securities options contract with reference to the example mentioned above.

(1) Adjustment of Open Interest



For instance, the underlying security undergoes a stock split in which a single share becomes two shares. If an investor holds 1,000 shares, the number of shares held double from 1,000 to 2,000 shares. Similarly, the OSE will perform an options adjustment such that the right or obligation to buy or sell 1,000 shares will be adjusted to 2,000 shares for an investor holding an options contract.

The amount of open interest after the stock split will be calculated as follows:

(1) Adjustment of open interest = Amount of open interest before stock split ÷ split ratio

In the case of a stock split, the trading unit of the underlying security is left unchanged unless it is an exceptional case. Since the delivery unit of the option remains unchanged at 1,000 shares, the OSE adjusts the amount of open interest by multiplying it by two so that an options contract holder will have the right or obligation for 2,000 shares (1,000 shares x 2 units).

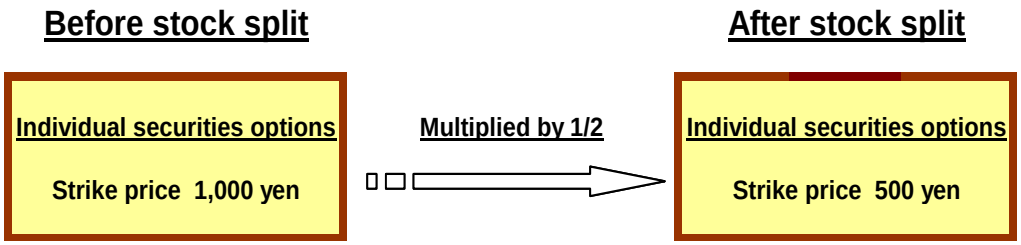
(2) Modification of Strike Price

When a stock split takes effect, the stock price is modified according to the split ratio. Strictly speaking, the stock price is determined by the relationship between supply and demand, and such price is not necessarily the theoretical price. However, the TSE will amend the base price for the stock on the effective date to a theoretical price based on the closing price on the previous day. For example, if the closing price on the last trading day before the ex-rights date is 1,200 yen, in the case of a two-for-one stock split, the TSE will amend the base price on the ex-rights date to 600 yen.

Since the strike price for an options contract is set based on the price per share, the OSE will amend the strike price in the same way as that for the base price of the security, i.e., based on the split ratio.

(2) Modification of strike price = Strike price before stock split × split ratio

Let's confirm this based on the example mentioned earlier.



The strike price of an options contract held before the stock split was 1,000 yen. It will be modified to 500 yen. A point to note is that the value of the individual securities options held remains unchanged in the stock split.

Before the stock split, an investor holds a single unit of the options contract at the strike price of 1,000 yen. The delivery unit is 1,000 shares, so in the case of exercise, a transaction of 1,000 shares at 1,000 yen per share will occur. This means a trading value of

1,000 yen × 1,000 shares × 1 unit = 1,000,000 yen

After the stock split, the strike price of the options contract is modified to 500 yen (i.e., 1,000 yen ÷2) and open interest held is changed to 2 units (i.e., 1unit × 2). In the case of exercise, a transaction of 2,000 shares (i.e., 1,000 shares × 2 units) at 500 yen will occur. This means a trading value of

500 yen × 1,000 shares × 2 units = 1,000,000 yen

By converting the trading value of the transaction into cash upon exercise, it is clear that there is no change in the value of the options contract before and after the stock split because we arrive at the same the amount.

The following is a summary of the options adjustment method for integral stock splits.

- Open interest is divided by the split ratio.
- Strike price is multiplied by the split ratio.

※ In the case of a two-for-one split, the split ratio is calculated as 0.5 (i.e., 1÷2).

<In the case of a Non-integral Split>

In the case where a company decides to split a single share by a non-integral factor, the OSE may perform an options adjustment as below.

(1) Delivery unit is divided by the split ratio.

(2) Strike price is multiplied by the split ratio.

(3) Settlement method during exercise is physical delivery of the underlying security per unit of individual securities options and cash settlement.

(4) The delivery unit is the number of shares divided by the split ratio. This is also used for calculating trading value.

(5) New options contracts (special setting) are added based on the theoretical price of the underlying security after ex-rights.

(E.g. In the case of a one point five-for-one stock split, where the trading unit of the underlying security is 1,000 shares)

In the case of a 1.5 for 1 stock split, an options adjustment shall be made as below:

(1) Delivery unit is multiplied by 1.5 (i.e., 1,000 shares ÷ 1/1.5 = 1,500 shares).

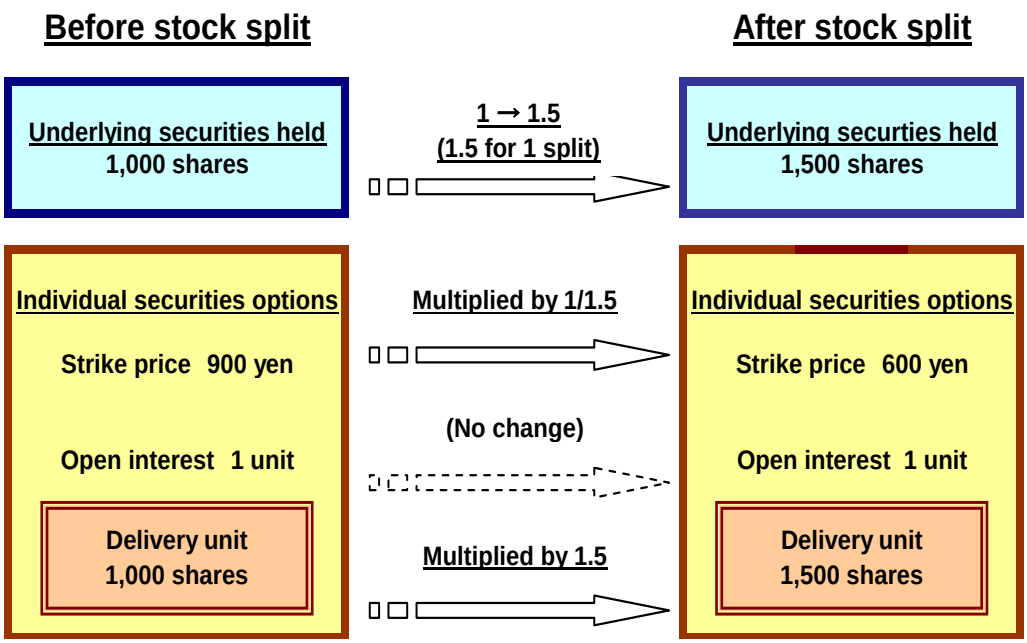
(2) Strike price is multiplied by 1/1.5.

(3) Settlement method during exercise is physical delivery of 1,000 shares per unit of individual securities options and cash settlement for 500 shares.

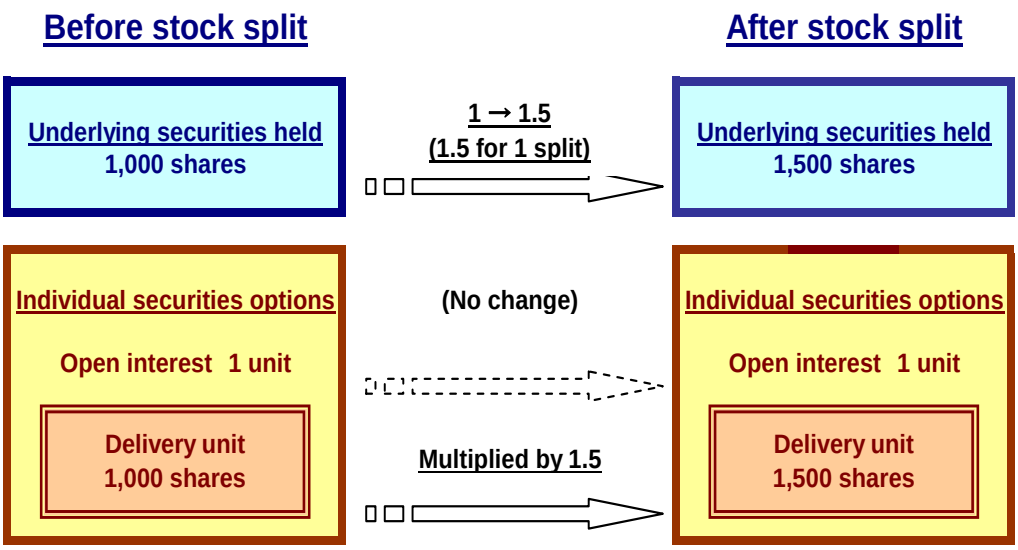
(4) The delivery unit is 1,500 shares. This is also used for calculating trading value.

(5) New options contracts (special setting) are added based on the theoretical price of the underlying security after ex-rights.

※ The amount of open interest is not changed.



(1) Adjustment of Delivery Unit



The shareholder now holds 1,000 shares. In the case of a 1.5 for 1 stock split, the number of shares changes from 1,000 to 1,500 shares to reflect the stock split. Similarly, the OSE will adjust so that the right or obligation to buy or sell 1,000 shares will be adjusted to 1,500 shares for an investor holding an options contract.

In the case of an integral stock split, the OSE will adjust the open interest to maintain the total contract exercise value. However, in the case of a non-integral split, in order to avoid creating odd lots (open interest with decimals), the OSE will not adjust open interest but will instead adjust the delivery unit.

Therefore, in this case, the delivery unit is adjusted by 1.5 times so that an options contract holds the rights or obligations for

1,000 shares ÷ 1/1.5 = 1,500 shares

(1) Adjustment of delivery unit = Delivery unit before stock split ÷ split ratio

※ Split ratio is 1/1.5.

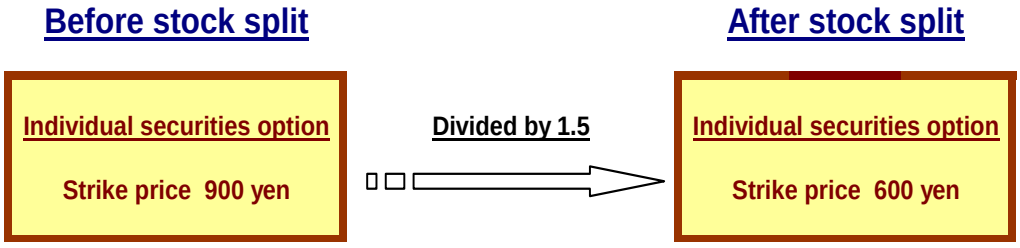
(2) Modification of Strike Price

When a stock split takes effect, the stock price is modified according to the split ratio. Strictly speaking, the stock price is determined by the relationship between supply and demand, and therefore, such price is not necessarily the theoretical price. However, the TSE will amend the base price for the stock on the effective date to a theoretical price based on the closing price on the previous day. For example, if the closing price on the last trading day before the ex-rights date is 1,200 yen, in the case of a 1.5 for 1 stock split, the TSE will amend the base price on the following day (ex-rights) to 800 yen (i.e., 1,200 yen × 1/1.5).

(2) Modification of strike price = strike price before stock split × split ratio

Since the strike price for an individual securities option is set based on the price per share, the OSE will amend the strike price in the same way as that for the base price of the security, i.e., based on the split ratio. In this example, the strike price of an options contract held before the stock split was 900 yen. It will be modified to 600 yen (i.e., 900 yen × 1/1.5) (decimals are rounded off).

A point to note is that the value of the individual securities options held remains unchanged in the stock split.



Let's confirm this based on the example mentioned earlier. Before the stock split, Investor A holds a single unit of an options contract at the strike price of 900 yen. The delivery unit was 1,000 shares, so in the case of exercise, a transaction of 1,000 shares at 900 yen per share will occur. This means a trading value of

900 yen × 1,000 shares × 1 unit = 900,000 yen

After the stock split, the strike price of the options contract is modified to 600 yen (i.e., 900 yen ÷ 1.5) and the delivery unit is changed to 1,500 shares (i.e., 1,000 shares × 1.5). In the case of exercise, a transaction of 1,500 shares at 600 yen will occur. This means a trading value of

600 yen × 1,500 shares × 1 unit = 900,000 yen

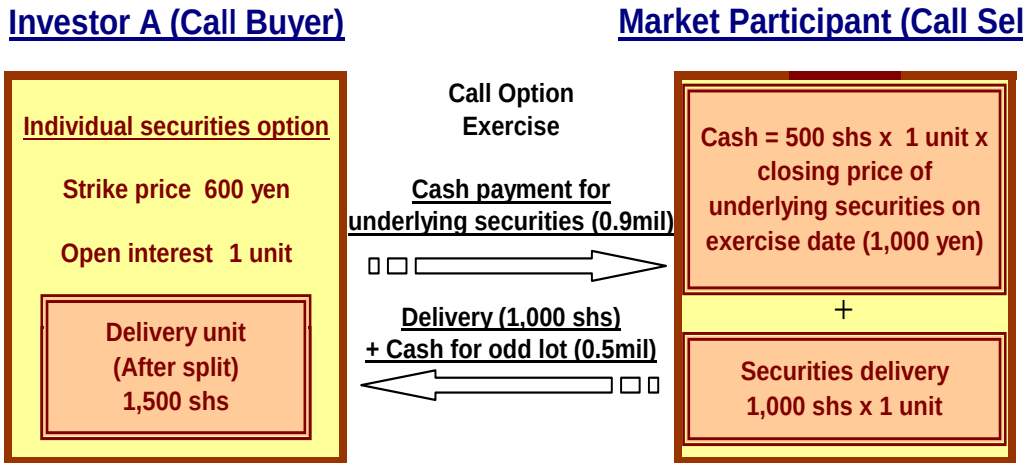
By converting the trading value of the transaction into cash upon exercise, it is clear that there is no change in the value of the options contract before and after the stock split because we arrive at the same the amount.

（3） Settlement Method during Exercise

The trading unit of the underlying security is normally not affected by a stock split. Therefore, if the trading unit of the underlying security is 1,000 shares, and the number of shares to be delivered during exercise is 1,500 shares, the transaction of the 500 shares cannot be carried out because it is less than a trading unit. Settlement of this option exercise will have to be made by physical delivery based on the trading unit of the underlying security and cash payment for the odd lot.

In the example mentioned earlier, suppose that Investor A has a long position on a call individual securities option and the closing price of the underlying security on the exercise date is 1,000 yen. Investor a then decides to exercise this call option.

Let us look at the method.



○Investor A pays the following amount to purchase the shares

Strike price 600 yen x Delivery unit 1,500 shares x 1 unit = 900,000 yen

In a normal situation, the counterparty (market participant) subject to the exercise delivers the number of shares allocated by the exercise. However, due to the stock split, the delivery unit per option is adjusted to 1,500 shares, but it is impossible to physically deliver the 500 shares which is less than the trading unit of 1,000 shares. In this case, there will be cash payment equivalent to the value of this odd lot of 500 shares valued at the closing price of the underlying security on the exercise date.

Therefore, the counterparty subject to the call will

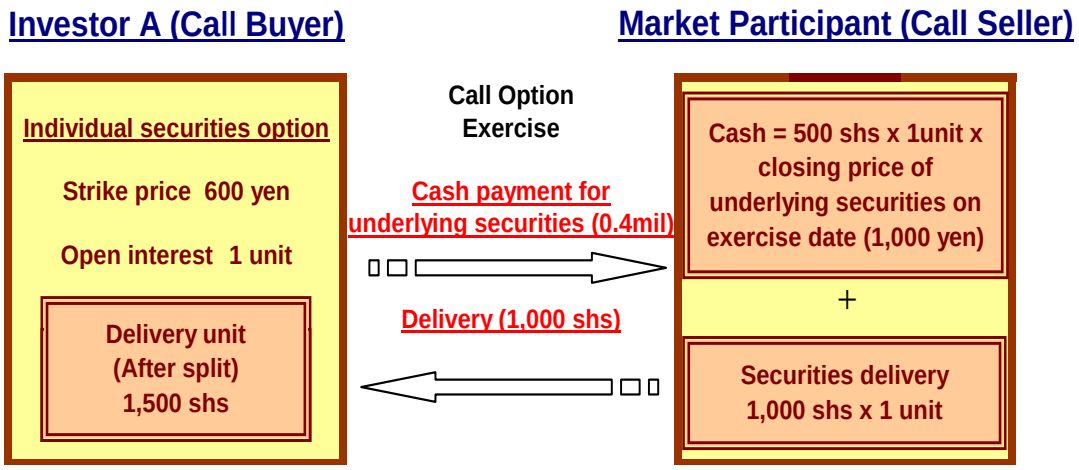
- Deliver shares [1,000 shares x 1unit = 1,000 shares] and
- Pay the cash amount equal to

[Closing price of underlying security on exercise date 1,000 yen x 500 shares x 1unit = 500,000 yen]

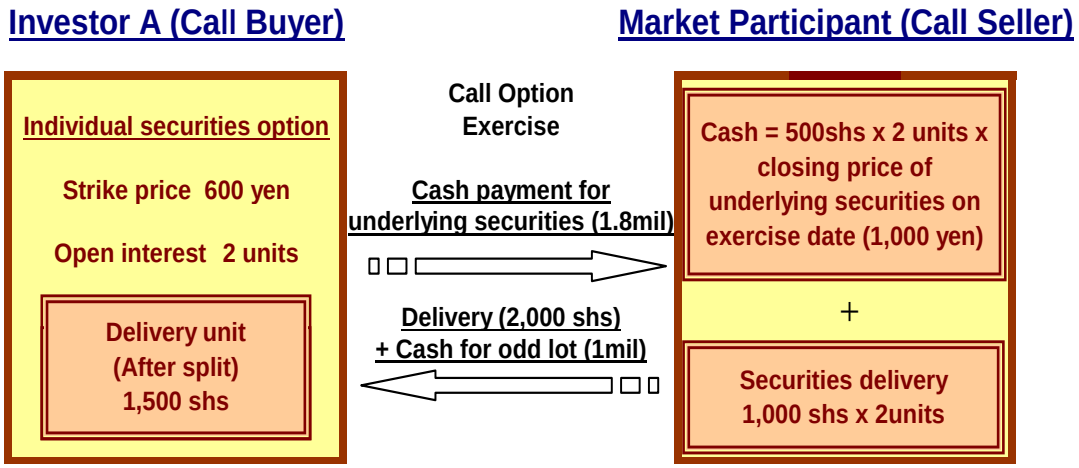
○Actual Settlement

If we look at the exchange of cash between the counterparties, you will realize that there is receipt and payment of cash by both counterparties. In actual cash payment, only the net amount will be paid.

In the above case, Investor A needs to pay only 400,000 yen, which is the net amount between 900,000 yen paid by Investor A and 500,000 yen paid by the counterparty. Therefore, Investor A will pay 400,000 yen in cash and receive 1,000 shares, and the counterparty subject to the call will deliver 1,000 shares and receive 400,000 yen in cash.



Please note that the settlement of options exercise is done per unit. This means there is physical delivery of 1,000 shares and cash payment for 500 shares. If Investor A holds and exercises 2 units of call options, there will be physical delivery of 2,000 shares and cash payment for 1,000 shares, not the physical delivery of 3,000 shares.



(4) Calculation of Trading Value

Caution is required when calculating the trading value to close out a position after a stock split through the resale of a long position or a buyback of a short position. The trading value should be calculated by multiplying the delivery unit after the stock split by the option premium and open interest.

For instance, the Investor A sold 4 call options of the above underlying security at 15 yen before the stock split. The sales proceeds received is 60,000 yen (i.e., 15 yen x 1,000 shares x 4 units). Suppose that sometime after the stock split, the premium for this option became 15 yen. Then, Investor A decided to repurchase these options. The purchase consideration for this buyback was 90,000 yen (i.e., 15 yen x 1,500 shares x 4 units).

Comparing the trading values before and after the stock split, even though the options premium was the same at 15 yen, there is a difference in the trading value caused by the change in the delivery unit.

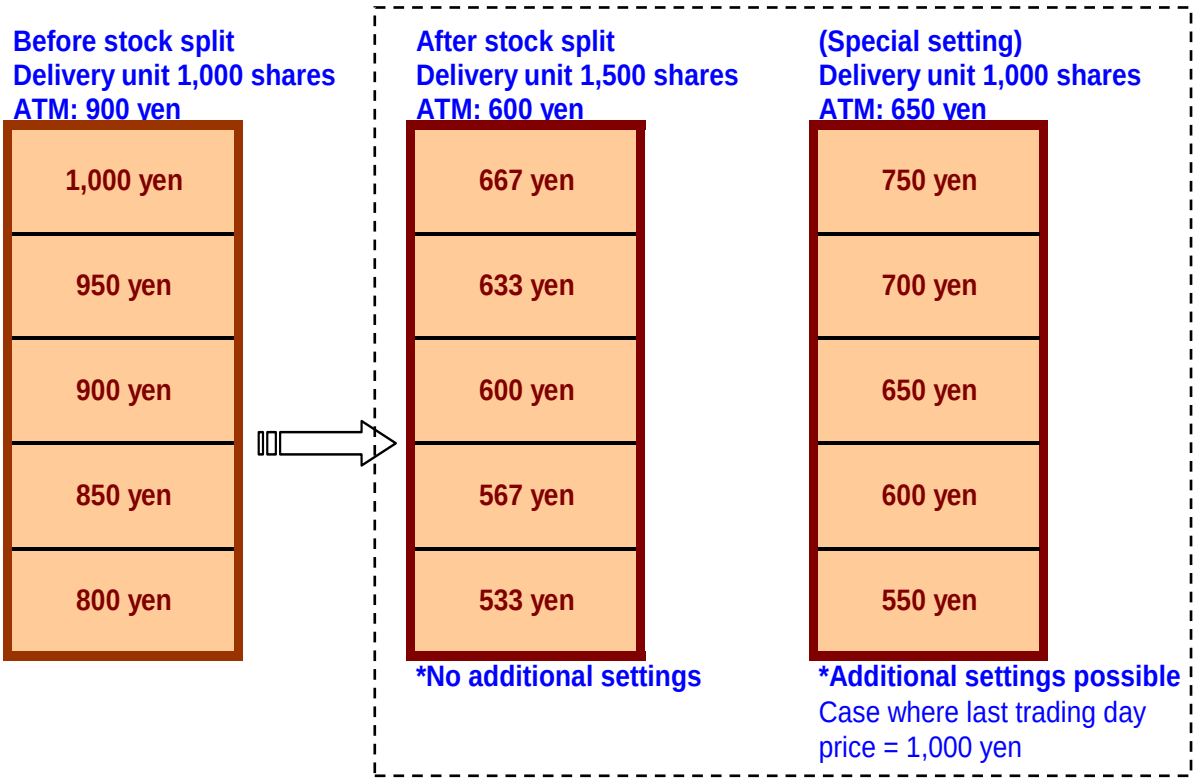
As shown in this calculation, in the case of a non-integral split, please be advised that there will be a change in the calculation for a trading value due to the change in the delivery unit.

(5) Additional Options Contract Setting

In the event of a non-integral stock split, the strike price and the delivery unit are adjusted. Both of these are unusual numerical values which are different from normal intervals and delivery units. This makes it an inconvenient product for investors who are looking to trade options of this underlying security.

Therefore, new options contracts will be added. These new options contracts will have strike prices at normal price intervals and also have the number of delivered shares that is equal to that of the trading unit of the underlying security. These settings are made in the same way as when setting new contract months based on the theoretical price of the underlying security on or after ex-rights.

In the example mentioned above where there is a 1.5 for 1 stock split, when the closing price of the underlying security on the last trading day before ex-rights date is 1,000 yen, additional strike price settings will be added as follows.



* The additional strike prices which are added in a special setting after the stock split are set at 5 strike prices; the price closest to the final price of the underlying security on the last trading day is set as the ATM, and 2 strike prices each above and below the ATM are added.

In the example above, 650 yen is the ATM. This is the price that is nearest to 1,000 yen x 1/1.5 ≒ 666 yen and also fits in the price interval of 50 yen for stock prices equal to or more than 500 yen, but under 1,000 yen. 2 strike prices above and below the ATM are set at the price interval of 50 yen.

Let us review the options adjustment method for a non-integral stock split mentioned in the preceding sections.

- **Delivery unit** is **divided by the split ratio**.
- **Strike prices** are **multiplied by the split ratio**.
- The settlement during exercise is made **by physical delivery per unit of options and cash payment**.
- The delivery unit for **calculation of the trading value** is also **divided by the split ratio**.
- **New options contracts are added** based on the theoretical price of the underlying securities after ex-rights

  Note) The split ratio is calculated as 1/1.5 (1 ÷ 1.5) when a single share is split into 1.5 shares.

Please note that the options adjustment method applied when the underlying security undergoes a stock split varies greatly depending on whether it is an integral stock split (e.g., 2 for 1 split) or a non-integral stock split (e.g., 1.5 for 1 split).

2.2 Reverse stock split

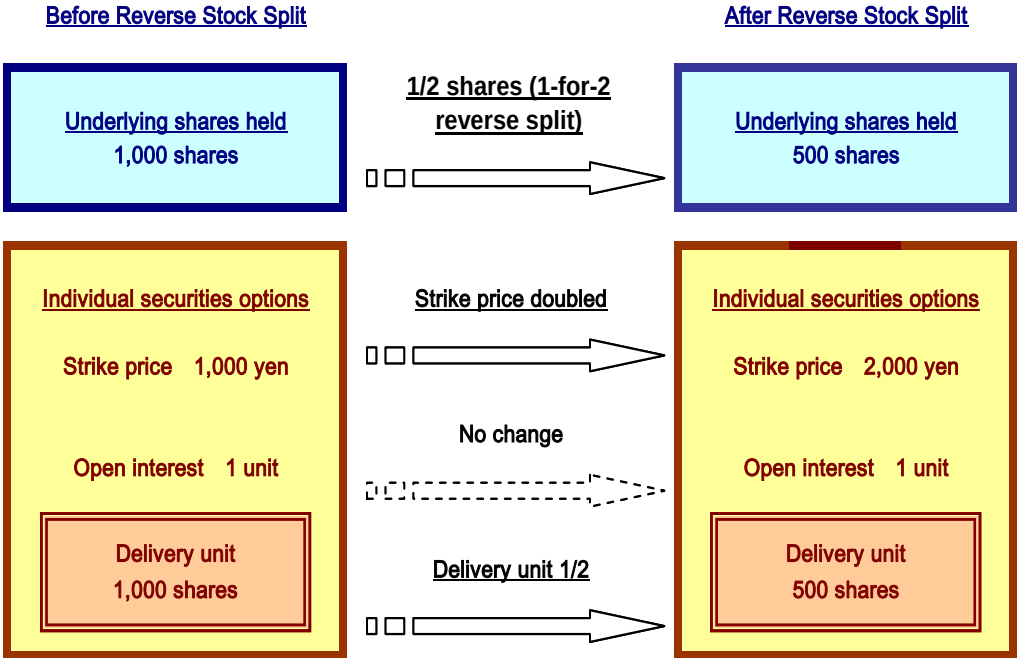
When a reverse stock split is carried out, the TSE will modify the individual securities options contract specifications based on the same idea as a stock split. Since open interest cannot be less than a trading unit, the OSE will adjust the delivery unit.

<In the case of a Reverse Stock Split>

The OSE will carry out the following adjustments in the case of a reverse stock split of the underlying securities.

1. **Delivery unit is divided by the reverse stock split ratio**
2. **Strike price is multiplied by the reverse stock split ratio**
3. **Cash settlement will be executed for each options contract when exercised**
4. **Delivery unit used for calculating trading value is divided by the reverse stock split ratio**
5. **New options contracts (special setting) will be set based on the theoretical price of underlying securities after ex-rights.**

(E.g. In a one-for-two reverse stock split, the reverse stock split ratio is 2 (i.e., 2÷1).



(1) Adjustment of Delivery Unit

In the event of a one-for-two reverse stock split, a shareholding of 1,000 shares would become 500 shares. The same is true of the options contract; when an investor holds 1 unit of an individual securities option, the OSE will adjust the delivery unit from 1,000 to 500 shares, such that an investor will have the right or obligation to buy or sell 500 shares based on an options contract. In the case of a reverse stock split, the OSE will not adjust the amount of open interest because it may result in decimals. Instead, the delivery unit will be adjusted correspondingly. As described in the example above, a one-for-two reverse

stock split will halve the delivery unit, resulting in the right or obligation to buy or sell 500 shares.

(2) Modification of Strike Price

The strike price will be modified based on the same idea as a stock split. In the case of a reverse stock split, the price of one share will be adjusted based on the reverse stock split ratio. Accordingly, the strike price of the individual securities options will also be modified using the reverse stock split ratio. In this example, the strike price of the individual securities options doubles from 1,000 to 2,000 yen.

(3) Settlement Method during Exercise

Generally, when a reverse stock split occurs, the trading unit of the underlying security will not change. From the example above, the option delivery unit changes from 1,000 to 500 shares, even though the actual trading unit of the underlying security remains as 1,000 shares. Since stocks numbering less than the trading unit cannot be traded, all settlement regarding the exercise has to be done in cash. If the example mentioned above was a call option, in a normal situation the seller would deliver to the buyer the number of shares for which the option is worth. However, in this case, the number of shares that should be delivered is less than the trading unit, so settlement would be made in cash in place of shares based on the underlying security's closing price. If the said closing price on the last trading day was 2,200 yen:

・ 1,100,000 yen (Closing price of underlying security on exercise day 2,200 yen x 500 shares x 1 unit) is paid by the seller (call option seller) to the buyer (call option holder) in cash

If the strike price is 2,000 yen, the buyer exercising the option pays the following to buy the shares:

・ 1,000,000 yen (Strike price 2,000 yen x delivery unit 500 shares x 1 unit)

Both the seller and buyer are required to pay, however, only the seller will pay the net 100,000 yen to close the transaction (this is known as "cash settlement"). Please note that settlement regarding exercise is performed in units, so even if options were exercised for 2 units in the above example, there would not be physical delivery of 1,000 shares. Instead, there will be cash delivery worth 1,000 shares.

(4) Calculation Method for Trading Value

There was a case of a non-integral stock split. Adjusting the delivery unit resulted in a different option trading value before and after the stock split. The same thing will happen in the case of a reverse stock split.

For instance, before a reverse stock split, 6 units of 20 yen put options (trading unit: 1,000) were sold. The seller can get sales proceeds of 120,000 yen (20 yen x 1,000 shares x 6 units) through the sale of this option. Suppose that, after that, a one-for-two reverse stock split occurs and the price of a put option was still 20 yen. The seller repurchased the same option in order to close the position. In this case, the purchase consideration will only be 60,000 yen (20 yen x 500 shares x 6 units), which is clearly smaller compared to that before the reverse stock split.

Consequently, due to the delivery unit adjustment, the calculation method for the trading value will be different after a reverse stock split.

5) Setting of New Options Contracts

When the delivery unit and trading unit of the underlying security becomes different, the OSE will perform a “special setting” to create new contracts that have the same delivery unit as the trading unit of the underlying security. When a reverse stock split is carried out and there is delivery unit adjustment, there will be a special setting because the delivery unit and the trading unit of the underlying security will be different. In the example mentioned above, the options delivery unit is 500 shares but the trading unit of the underlying security is 1,000 shares. As a result, new options contracts whose delivery unit is 1,000 shares will be set. (Please refer to the item on non-integral stock splits for a detailed explanation on a special setting.)

2.3 Change in delivery unit

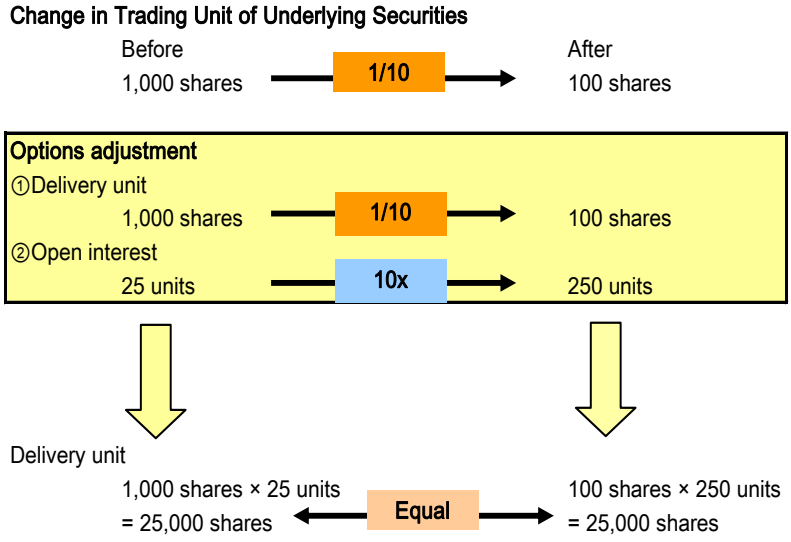
<In the case of a Change in Trading Unit>

When the trading unit of the underlying security is changed, the OSE will take the following measures.

1. Delivery unit is multiplied by the same ratio as that for the change in the trading unit.
2. The amount of open interest is divided by the same ratio as that for the change in the trading unit.

<When the trading unit is reduced by a factor of 10 >

1. Delivery unit for delivery upon exercise of each individual securities option is reduced by a factor of 10.
2. Open interest is multiplied by 10.



(1) Adjustment of Delivery Unit

When 1 unit of an individual securities option is exercised, a certain amount of stocks will be physically delivered. We call this certain amount of stocks a “delivery unit”. In individual securities options trading, the number of shares delivered by option exercise generally follows the trading unit of the underlying security. In other words, when an option whose underlying security‘s trading unit is set as 1,000 is exercised, 1,000 shares will be physically delivered. When the trading unit of the underlying security is changed, the options delivery unit will be changed accordingly.

In the example, the trading unit of the underlying security was changed from 1,000 to 100 shares.

Therefore, the options delivery unit was changed accordingly from 1,000 to 100 shares. Although the contract was to deliver 1,000 shares when exercised, only 100 shares will be delivered after the change.

(2) Adjustment of Open Interest

In this case, the exercise of 1 unit of an individual securities option results in the physical delivery of 1,000 shares of the underlying security, so 25 units of open interest means that there will be physical delivery of

25,000 shares (25 x 1,000).
However, if this remains at 25 uniOSEven after the change in the trading unit, there will only be physical delivery of 2,500 shares. Therefore, open interest will be adjusted according to the change in the trading unit.

2.4 Combinations

There are cases when a combination of corporate actions occurs at the same time. Basically, the OSE will respond differently to each individual case. This section describes actual cases that occurred in the past.

<Reverse Stock Split and Change in Trading Unit>

A company performed a reverse stock split (1:10 ratio) and changed its trading unit (1,000→100 shares). In this case, the OSE adjusted the individual securities option as below:

Strike price: x10
Delivery unit: 1,000 → 100 shares
Open interest: No change

Why were the adjustments made in this way?
Let's look at these 2 separate corporate actions as a part of a single "related event".

1. When only a reverse stock split was performed, the delivery unit will be adjusted to 100 shares instead of 1,000. The delivery unit will be 1/10 of the trading unit (less than a trading unit), thus the strike price is adjusted by multiplying by 10.

Strike price: x10
Delivery unit: 1,000 → 100 shares
Open interest: No change

2. When only the trading unit is changed, the open interest will be adjusted, in this case by multiplying by 10.

Strike price: No change
Delivery unit: 1,000 → 100 shares
Open interest: 1 → 10 units

In a combination case, actions 1 and 2 are executed at the same time.

・ Due to the reverse stock split, the delivery unit per unit becomes 100 shares, which is not less than but

equal to the trading unit in 2. Therefore, during exercise, it is possible to trade by physical delivery of shares as usual.

・ In the case of the reverse stock split in 1, the delivery unit is reduced by a factor of 10 instead of reducing the open interest by a factor of 10. In other words, adjusting the delivery unit by a factor of 10 has the same effect as adjusting open interest by a factor of 10. Therefore, reducing the delivery unit by a factor of 10 in 1 and multiplying open interest by 10 in 2 at the same time has the same adjustment effect as “reducing open interest by a factor of 10, and multiplying open interest by 10”; the adjustments offset each other. As a result, open interest is not adjusted.

・ The strike price is modified due to the reverse stock split regardless of the change in the trading unit.

Please note that there will not be “special setting” strike prices, since 1 and 2 are performed at the same time result in both the options delivery unit and underlying security’s trading unit having the same number of shares per unit (i.e., 100 shares).

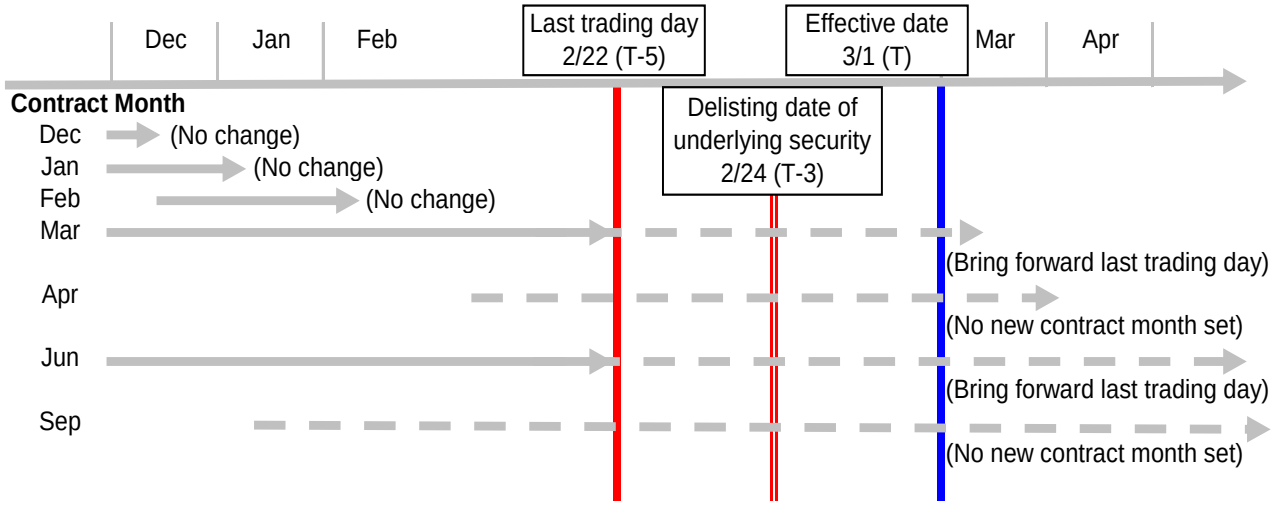
2.4 Delisting

In the case where the underlying security is to be delisted

a. Delisting due to merger, exchange of shares, or transfer of shares (excluding cases in which the underlying security is designated as a Security to Be Delisted)

- The last trading day of the contract month shall be the day that is two days before the delisting date of the underlying security (excluding holidays; the same shall apply hereinafter with respect to calculation of days).
- New contract month shall not be set if its last trading day falls on or after the day on which a merger, an exchange of shares, or a transfer of shares takes effect.

The following is an example where an underlying security is to be delisted when a general shareholders' (investors') meeting at the end of November passes a resolution for a merger to come into effect on March 1 of the following year. The Exchange shall specify February 24 (Wed) as the delisting date of the security and such options, and the last trading day shall be February 22 (Mon).



- No change in the case which the last trading day of the contract month falls before two days prior to the delisting date of the underlying security (Contract month: Dec, Jan, Feb).
- The last trading day of the contract month will be brought forward to two days before the delisting date of the underlying security in the case which the last trading day of the contract month comes on or after one day before the delisting date of the underlying security (Contract month: Mar, Jun).
- No change in the case for which the last trading day of a contract month falls before the day on which a merger, an exchange of shares, or a transfer of shares takes effect (Contract month: Feb).
- The number of contract months whose last trading days fall on or after the day on which a merger, an exchange of shares, or a transfer of shares takes effect exceed one, new contract months will not be set (Contract month: Apr, Sep).

b. Cases of delisting for reasons other than those prescribed above

- The last trading day of the contract month whose last trading day falls on or after the day immediately prior to the delisting date of the underlying security shall be handled in the same way as that in a. (i.e., it shall be the day that is two days prior to the delisting date of the underlying security).
  However, that if the Exchange deems it inappropriate to designate such day as the last trading day of such contract month, the last trading day of such contract month may be the day determined by the Exchange on a case-by-case basis.
- If an initial trading day falls on the day following the day on which the Exchange determined that the underlying security would be delisted, new contract months will not be set.

3. Miscellaneous

Please note that all valid orders (including GTC order) are cancelled when the options adjustment is applied in response to corporate action.

In addition, note that all valid orders (including GTC order) are similarly cancelled, though new contract months and additional strike price will not be set when the company name of the underlying security is changed.