

Concerning the Partial Prohibition of Order Cancellations Prior to Call Auctions in Closing Auction of the Day Session

1 Applicable Products

Nikkei 225 Futures (All contract months of large, mini and micro)

TOPIX Futures (All contract months of large)

2 Applicable Time Periods

One minute prior to closing auction of the day session (15:45)

(the remaining call auctions shall have NCP, so will be not applicable)

3 Actions Principally Prohibited

(1) Cancelling sell orders at or lower than the equilibrium price (the expected call auction crossing price based on available orders at that time; hereinafter, EP) and cancelling buy orders at or higher than the EP or altering a sell order from a price at or lower than the EP to a price higher and altering a buy order from a price at or higher than the EP to a price lower. Such orders need to have a volume listed in the table below or more. Also, the volume from orders from the same client (or from the same proprietary account) that are sliced into small orders at various prices at or better than the EP shall be summed up.

	Volume (Buy and sell orders counted separately)
Nikkei 225 Futures	250 units
Nikkei 225 mini	500 units
Nikkei 225 micro	1,000 units
TOPIX Futures	100 units

(2) Cancellations and alterations not fulfilling (1) but have a cancellation-execution ratio¹ (calculated by dividing the size of cancellations/alterations by the size of the executions) amounting to 3 or more.

¹ Notes on the calculation of cancellation-execution ratio

1 Calculated at each call auction and each side (buy or sell).

2 On a certain instrument, when several cancellations/alterations are observed several times or on both buy and sell side at one auction, the highest cancellation-execution ratio is adopted for counting the number of cancellations.

3 In case of no execution, the ratio is deemed to be 3.

4 Examples of Cases Exempted

Concerning cancellations and/or alterations infringing on 1 through 3 above, if a detailed and reasonable explanations can be made and we can confirm that the cancelled/altered order was originally intended to be traded, we shall exempt the prohibition in principle.

Examples of Cases Exempted	Notes
A) Cancellations/Alterations that are a necessary result of news having considerable effect on the market immediately before the call auctions.	When only a few traders cancels/alters due to the news while most others show very little response, we will request detailed materials.
B) Orders are placed in OSE products underlying of instruments and one product is deemed more profitable so orders in the less profitable product are cancelled.	Orders in the product that are not cancelled must be traded or left in the order book until the commencement of call auctions.
C) Cancellations/Alterations that are ordered when you would like to deal arbitrage trading but miss arbitrage opportunity between OSE products or OSE product and another product both domestically and internationally. Details regarding orders and prices of the other product are to be provided along with reasonable explanations.	However, in the case where the same manner of conduct is repeated for multiple times, we may ask further explanation about the investment strategy in detail and request submitting the detailed materials on the cancellation/alteration. Moreover, depending on the style of investment strategy, contriving the way of order placement or other efforts is required.
D) The order is for rollover or for hedging another product and was cancelled for reasonable purposes.	
E) When the cancellation/alteration was to correct an erroneous order and can be clearly explained.	Even when the reason is for an erroneous order, if the same conduct is frequently repeated, we shall make a detailed investigation.
F) When the cancellations/alterations are not likely to have influence on the price formation at call auctions.	If behaviors are deemed to fall into this case, we may not make an inquiry depending on the situation.
G) In addition to above, cases that can be reasonably explained in detail and OSE judges it appropriate.	