

Handling of Order Quantity Restrictions for ETFs and ETNs

1. Parameters of order quantity restrictions for ETFs and ETNs

TSE has been placing different order quantity restrictions depending on the type of securities. With these revisions, for ETFs and ETNs whose assets under management are below certain values (JPY1 billion for the continuous trading market and JPY 35 billion for the ToSTNeT market), the parameters of the order quantity restrictions will be set to the number of units corresponding to certain order values that are calculated based on the market values as of the end of the previous month so as to determine whether TSE accepts such orders¹. For the parameters from October 22, 2018 onwards, please refer to the following table.

Type of securities		Order quantity restriction parameter (the quantity of an order that is treated as error)	
		Continuous trading market	ToSTNeT market
Domestic stocks (including subscription warrants, REITs, etc., but excluding domestic ETFs and ETNs)		An order in excess of 30% of the number of listed shares ²	
Foreign stocks ³ (including foreign ETFs, foreign stock depositary receipts, etc. that are listed on another exchange(s))		An order in excess of 30,000 trading units	
Domestic ETFs and ETNs	If the assets under management ⁴ are less than JPY 1 billion	An order in excess of the quantity whose value corresponds to JPY 300 million as of	An order in excess of the quantity whose value corresponds to JPY 10.5 billion as of

¹ For the continuous trading and ToSTNeT markets, the quantity corresponding to the order valued at JPY 300 million and the quantity corresponding to the order valued at JPY 10.5 billion will be set, respectively. For each case, the value obtained by dividing the order valued at JPY 300 million or JPY 10.5 billion by the closing price, etc. as of the end of the month will be set. (Fractions will be rounded down to the nearest whole number.)

² In cases of securities other than stocks, it shall read "the number of listed units, etc." (hereinafter the same).

³ For issues listed solely on TSE and MediciNova, Inc. (Code: 4875) the quantity restrictions are the same as those for domestic stocks. The same shall apply hereinafter.

⁴ In the case of ETNs, it shall read "the total of remaining redemption values".

		the end of the previous month	the end of the previous month
	If the assets under management are equal to or more than JPY 1 billion but less than JPY 35 billion	An order in excess of 30% of the number of listed units	
	If the assets under management are equal to or more than JPY 35 billion	An order in excess of 30% of the number of listed units	

(The assets under management, the number of listed units, and the number of listed shares are set to those as of the end of the previous month.)

2. Method of placing order quantity restrictions for domestic ETFs and ETNs and publication of restriction parameters

(1) Calculation and application of order quantity restrictions

As a general rule, TSE will calculate the parameter of order quantity restriction on each issue, based on the assets under management, the number of listed units, closing price, etc. as of the last business day of the month, and apply it from the 21st of the next month (the next business day if such date falls on a non-business day). However, for newly listed issues, TSE will calculate the parameter of order quantity restriction, using the closing price of the underlying index or value(s) that TSE deems appropriate, such as the initial issuance price, and apply it from the new listing date.

(2) Change in the parameter pertaining to "Number of stocks (listed)" in arrowhead

For arrowhead, the TSE equity trading system, "Number of stocks (listed)" is set to the number of listed units of each issue as of the end of the previous month. Trading participants can refer to this number through inter-system coordination via arrowhead. However, for issues whose restriction quantity is set to the quantity corresponding to JPY 300 million, only the quantity corresponding to JPY 1 billion will be set for "Number of stocks (listed)"⁵.

⁵ In the case of ToSTNeT, "Number of stocks (listed)" will not be disseminated through inter-system coordination. For the actual number of listed units, etc., please refer to figures published on the official website.

Therefore, for "Number of stocks (listed)" pertaining to each such issue, a value different from the actual number of listed units will be set. For the actual number of listed units, etc., please refer to figures published on JPX website.

(3) Publication of parameters

For all ETFs and ETNs, the order restriction parameters for each issue and the actual number of listed units as of the end of the previous month, etc. will be published on JPX website on the business day before the application day. For newly listed issues and stock split or consolidation issues etc., such data will be published by the business day before the applicable day.

3. Handling of an order in excess of a certain quantity

Currently, if the quantity of an order is in excess of 5% and equal to or less than 30% of the number of listed shares (in the case of a foreign stock, in excess of 10,000 trading units and equal to or less than 30,000 trading units), TSE makes inquiries to the trading participant about details of such order for confirmation, etc. With the revision to the operations, for domestic ETFs and ETNs, TSE will make such inquiries to the trading participant if the quantity of the order is in excess of "5% of the number of listed units" or "the quantity corresponding to a certain value of the order"⁶, whichever is greater.

Currently, if the order is found to be an erroneous one and is highly likely to be matched for execution, TSE temporarily suspends matching (including displaying the Special Quote) and requests the trading participant to cancel the order. This operation remains unchanged.

⁶ "A certain value of the order" shall be JPY 50 million for the continuous trading market and JPY 1.75 billion for the ToSTNeT market.