

## Handling of Order Quantity Restrictions for ETFs and ETNs

Effective September 21, 2023

### 1. Parameters of order quantity restrictions for ETFs and ETNs

The method of order quantity restrictions on the TSE differs depending on the type of securities, and for ETFs and ETNs, order quantity restrictions to be applied is determined according to the level of assets under management.<sup>1</sup>

After September 21, 2023, for domestic ETFs and ETNs, if the asset under management is less than 100 billion yen, the order quantity restriction will be set at the quantity equivalent to 30 billion yen. For multiply listed foreign ETFs, the order quantity restriction will also be set at the amount equivalent to 30 billion yen. For details, please refer to the table below.

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	An order in excess of 30% of the number of listed shares
Domestic ETFs and ETNs (including non-multiply listed Foreign ETFs)	If the asset under management is less than JPY 1 billion	An order in excess of the quantity whose value corresponds to JPY 300 million	An order in excess of the quantity whose value corresponds to JPY 30 billion
	If the asset under management is equal to or more than JPY 1 billion but less than JPY 100 billion	An order in excess of 30% of the number of listed units	
	If the asset under management is equal to or more than JPY 100 billion		An order in excess of 30% of the number of listed units

<sup>1</sup> In the case of ETNs, it shall read the total of remaining redemption values.

Foreign stocks <sup>2</sup> (including foreign stock depositary receipts, etc. but excluding multiply listed foreign ETFs)	An order in excess of 30,000 trading units	An order in excess of 30,000 trading units
Multiply listed foreign ETFs	An order in excess of 30,000 trading units	An order in excess of the quantity whose value corresponds to JPY 30 billion

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

## 2. Method and publication of order quantity restrictions for ETFs and ETNs

### (1) Calculation and application of order quantity restrictions

In principle, 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, and fractions will be rounded down to the nearest whole number.). 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) The parameter pertaining to "Number of stocks (listed)" in arrowhead

For arrowhead, the TSE equity trading system on continuous trading market, in principle, "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)"<sup>3</sup>.

Therefore, for "Number of stocks (listed)" pertaining to each such issue, a

<sup>2</sup> For issues listed solely on TSE and MediciNova, Inc. (Code: 4875) the quantity restrictions are the same as those for domestic stocks.

<sup>3</sup> 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.

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, etc. as of the end of the previous month will be published on JPX website<sup>4</sup> 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**

In principle, 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. For domestic ETFs and ETNs, when the quantity of an order exceeds the larger of "5% of the number of listed units" or "the quantity equivalent to a certain order amount," or for multiply listed foreign ETFs, when the quantity of an order exceeds 10,000 trading units, TSE will confirm the details of the order with trading participants. For details, please refer to "Quantity subject to order confirmation" in the table below.

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.

Type of securities		Quantity subject to order confirmation (in principle)	
		Continuous trading market	ToSTNeT market
Domestic ETFs and ETNs (including non-multiply listed Foreign	If the asset under management is less than JPY 1 billion	An order in excess of the quantity whose value corresponds to JPY 50 million	An order in excess of the quantity whose value corresponds to JPY 5 billion
	If the asset under	An order in excess of	

<sup>4</sup> The order quantity restrictions are announced on the JPX website under "Order Quantity Restrictions". For newly listed issues, the information will be announced by the business day prior to the listing. (<https://www.jpjx.co.jp/english/equities/products/etfs/trading/index.html>)

ETFs)	management is equal to or more than JPY 1 billion but less than JPY 100 billion	5% of the number of listed shares	
	If the asset under management is equal to or more than JPY 100 billion		An order in excess of 5% of the number of listed shares
Multiply listed foreign ETFs	An order in excess of 10,000 trading units	An order in excess of the quantity whose value corresponds to JPY 5 billion	