

## Partial Revision to Broadening of Daily Price Limits

Tokyo Stock Exchange, Inc.

Equities Department

June 30, 2020

### 1. Revision to criteria for broadening of daily price limits, etc.

Under the current TSE rules, daily price limits are, in principle, broadened on the following business day (the fourth business day) if either of the following conditions is met for three consecutive business days:

- (1) The price reaches the upper (or lower) limit, no "closing auction at the limit price"\* is carried out and trading volume remains zero; or
- (2) There are no shares traded until the end of the afternoon session, but some shares are traded at the afternoon session closing auction at the upper (or lower) limit with bids (or offers) remaining at the upper (or lower) limit.

\*In order to match and execute orders at the daily limit price, instead of the normal Itayose method, TSE uses a special mechanism with relaxed conditions for closing auctions at the limit price to determine the closing price of the afternoon session (the "closing auction at the limit price").

Regarding the above conditions, the number of consecutive days required to broaden the limit will change from the current three to **two consecutive business days**. In addition, the broadened price range will change from the current double to **quadruple** the original range.

#### <Revision to broadening of daily price limits>

	Current	New
Broadening criteria	Daily price limits are, in principle, broadened on the following business day <b>(the fourth business day)</b> if either of the following conditions is met for <b>three consecutive business days</b> :  (1) The price reaches the upper (or lower) limit, no "closing auction at the limit price" is carried out and trading volume remains zero; or  (2) There are no shares traded until the end	Daily price limits are, in principle, broadened on the following business day <b>(the third business day)</b> if either of the conditions (1) or (2) indicated on the left is met for <b>two consecutive business days</b> .

	of the afternoon session, but some shares are traded at the afternoon session closing auction at the upper (or lower) limit with bids (or offers) remaining at the upper (or lower) limit.	
Broadening direction Broadening range	If the price remains at the upper limit for consecutive days, the upper daily price limit is <b>doubled</b> . If the price remains at the lower limit for consecutive days, the lower daily price limit is <b>doubled</b> .	If the price remains at the upper limit for consecutive days, the upper daily price limit is <b>quadrupled</b> . If the price remains at the lower limit for consecutive days, the lower daily price limit is <b>quadrupled</b> .
Cancellation criteria	On the days after a daily price limit is broadened, if a trade is executed at a price other than the limit price, TSE will return the daily price limit to normal on the following business day.	No change

## 2. Other

In order to enhance investor convenience, after the revision has been applied, TSE will disclose a list of issues subject to the aforementioned criteria of (1) or (2) (Stocks subject to "closing auction at the limit price", etc.) on our website<sup>1</sup> at around 3:30 p.m. every business day.

Please note that after said revision has been applied, the notice pertaining to broadening daily price limits, etc. will be sent only when a broadening of daily price limits (including continuations) has been determined<sup>23</sup>.

## 3. Implementation Date

These revisions will be applied to issues subject to the new broadening criteria on and after Monday August 3, 2020.

<sup>1</sup> <https://www.jpx.co.jp/english/equities/trading/domestic/06.html>

<sup>2</sup> Notices of "Broadening of daily price limits (preliminary notice)", "Announced broadening of daily price limits to be cancelled", and "Daily price limits to be returned to normal" will be discontinued.

<sup>3</sup> The notice will be sent around 3:15 p.m. as usual.

Handling of the system of broadening daily price limits around the effective date

	Jul.28(Tue)	Jul.29(Wed)	Jul.30(Thu)	Jul.31(Fri)	Aug.3(Mon)	Aug.4(Tue)	Aug.5(Wed)
					→New Rule		
①	"Reaching upper/lower price limit" 1st day	"Reaching upper/lower price limit" 2nd day	"Reaching upper/lower price limit" 3rd day	Broadening price limit (double) →No shares are traded**	Broadening price limit (double)		
	Preliminary Notice		Broadening Notice	Continuing Notice			
②	"Reaching upper/lower price limit" 1st day	"Reaching upper/lower price limit" 2nd day	"Reaching upper/lower price limit" 3rd day		Broadening price limit (double) →No shares are traded	Broadening price limit (quadruple)	
		Preliminary Notice		Broadening Notice	Continuing Notice		
		③	"Reaching upper/lower price limit" 1st day	"Reaching upper/lower price limit" 2nd day	"Reaching upper/lower price limit" 3rd day	Broadening price limit (quadruple)	
			No Notice		Broadening Notice		
			④	"Reaching upper/lower price limit" 1st day	"Reaching upper/lower price limit" 2nd day	Broadening price limit (quadruple)	
				Broadening Notice			
					⑤	"Reaching upper/lower price limit" 1st day	"Reaching upper/lower price limit" 2nd day
						Broadening Notice	
							Broadening price limit (quadruple)

\*\*Reaching upper/lower price limit" means the case that either of the following conditions is met.

(1) The price reaches the upper (or lower) limit, no "closing auction at the limit price" is carried out and trading volume remains zero.

(2) There are no shares traded until the end of the afternoon session, but some shares are traded at the afternoon session closing auction at the upper (or lower) limit with bids (or offers) remaining at the upper (or lower) limit.

\*\*\*No shares are traded" includes the case that trading is only conducted at the daily limit price.