

## Partial Revisions to Trading Rules of J-NET Market

February 20, 2020  
Osaka Exchange, Inc.

### I. Purpose

Osaka Exchange, Inc. (OSE) offers a block trading facility (off-auction J-NET market) to accommodate needs for executions, such as trading large lots that are difficult to execute smoothly in the regular trading session. In recent years, there has been an increasing number of orders matched in dark pools that are routed to the J-NET market for execution. In June 2019, the Working Group on Financial Markets under the Financial System Council published measures for increasing the transparency of dark pool transactions, such as understanding the actual situation of use of dark pools.

As such, OSE will partially revise the trading rules of the J-NET market in order to contribute to increased dark pool transparency in the J-NET market. The revisions are based on the results of discussions at meetings of the above Working Group.

### II. Outline

Item	Contents	Remarks
○Introduction of a dark pool flag	<ul style="list-style-type: none"><li>When making a bid or offer for trading in the J-NET market, if such bid or offer is routed from a dark pool (internal trading system), the trading participant shall clearly indicate to such effect to OSE.</li></ul>	<ul style="list-style-type: none"><li>The term “internal trading system” shall follow the definition of the Cabinet Office Ordinance to be amended in accordance with the publication of the draft amendments to the "Cabinet Office Order on Financial Instruments Business" dated February 20, 2020 (by the Financial Services Agency (FSA)).<sup>i</sup></li></ul>

Disclaimer: This English translation is for reference purposes only and not a legally definitive translation of the original Japanese text. In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version

### III. Implementation Date (tentative)

The revisions are scheduled to be implemented in August 2020. Please note that the schedule or details may change depending on future amendments to laws and regulations, etc.

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<sup>i</sup> [https://www.fsa.go.jp/news/r1/shouken/20200220\\_1/20200220\\_2.html](https://www.fsa.go.jp/news/r1/shouken/20200220_1/20200220_2.html)