

Further Improving Flexibility in Setting of Settlement Dates in the ToSTNeT Market

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Tokyo Stock Exchange, Inc.

I. Purpose

Tokyo Stock Exchange, Inc. (TSE) offers an off-auction block trading facility, the ToSTNeT market, to accommodate diverse needs for executions, such as trading large lots or baskets of stocks, that are difficult to execute smoothly in the regular auction trading sessions. In August 2020, TSE revised the trading rules for the ToSTNeT market, such as allowing greater flexibility in the setting of settlement dates and introducing VWAP transactions between entrusting investors, etc., in order to contribute to enhanced convenience for trading participants and investors. With regard to the flexibility in the setting of settlement dates, TSE has received requests from market participants to allow for longer settlement cycles.

Therefore, TSE will revise the trading rules for the ToSTNeT market to allow the settlement dates for single stock trading and basket trading to be set on any day up to the tenth business day counting from the day the trading contract is concluded. This will offer investors even greater flexibility for executing trades in the ToSTNeT market based on their needs.

II. Outline

Items	Details	Remarks
1. Further improving the flexibility in the setting of settlement dates	<ul style="list-style-type: none">For the settlement date of single stock trading and basket trading in the ToSTNeT market, the revised rules will allow the settlement date to be designated as the second business day counting from the day the trading contract is concluded (excluding non-business days; the same shall apply hereinafter in the calculation of the number of days) or a day between the seventh business day and the tenth business day, in addition to the current settlement day, which is a day between the third business day and the sixth business day.When a trading participant makes a bid or offer pertaining to a ToSTNeT transaction, it shall clarify the settlement date to TSE, and when a customer entrusts a ToSTNeT transaction, it shall clarify the settlement date to the trading participant.	<ul style="list-style-type: none">These revisions do not apply to transactions settled on the day the trading contract is concluded.The trading hours for transactions settled on the second day counting from the day the trading contract is concluded shall be from 8:20 to 12:30 (JST).The settlement date can be flexibly set for both cross transactions within the same trading participant and transactions between different trading participants.For transactions in equity contribution securities conducted on a day specified as ex-dividend or ex-rights, the settlement date can be designated on a day up to the tenth day counting from the day the trading contract is concluded.

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

Items	Details	Remarks
	<ul style="list-style-type: none"> • The customer shall deliver to the trading participant the securities or money for the transaction by 9:00 a.m. of the settlement date designated when entrusting the order. • The above will apply to all products eligible for single stock trading and basket trading (excluding convertible bonds). • ToSTNeT transactions for which the settlement date is designated on a day between the seventh day and the tenth day counting from the day the trading contract is concluded are eligible for loans for margin transactions. • For margin transactions, submission of the security deposit by the customer shall be made, in the case where the settlement date is designated on the second day counting from the day the trading contract is concluded, by the date and time designated by the trading participant before noon (JST) of the second day counting from the day the trading contract is concluded and, in the case where the settlement date is designated on a day between the seventh day and the tenth day from the day the trading contract is concluded, by the date and time designated by the trading participant before noon (JST) of the third day counting from the day the trading contract is concluded. • If a stock split, etc. is announced after the day the trading contract is concluded and the effective date of the stock split, etc. falls on a day between the day the trading contract is concluded and the settlement date, TSE shall regard the transaction as an ex-rights transaction and be able to determine that settlement will be made in accordance with details prescribed by TSE. • In connection with allowing the designation of the 	<ul style="list-style-type: none"> • ToSTNeT transactions for which the settlement date is the second day counting from the day the trading contract is concluded are not eligible for loans for margin transactions. • In cases where additional security deposit pertaining to margin transactions is required, a customer shall submit such additional deposit by the date and time designated by the trading participant before noon (JST) of the third day counting from the day an implicit loss is incurred. • Specifically, TSE will adjust the settlement quantity and price according to the announced split ratio, etc. • When TSE makes such adjustments, the details will be announced in advance.

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Items	Details	Remarks
	<p>settlement date on the second business day or a day between the seventh business day and the tenth business day counting from the day the trading contract is concluded, the period or date, etc. specified below will also be changed.</p> <ul style="list-style-type: none"> ➤ The ex-dividend, etc. date, the date on which trading starts for shares after a reverse stock split, the date of changing acquisition value, etc., ➤ The settlement deadline for a proprietary margin sale or purchase and the return/repayment deadline of securities or money borrowed for margin transactions 	

III. Implementation Date (scheduled)

These revisions are scheduled to be implemented in May 2021. The date will be determined based on the state of preparations at TSE and trading participants.