

Outline of Specifications for CME Group Petroleum Index Futures

September 29, 2020
Osaka Exchange, Inc.

Item	Contents	Remark
I. Purpose	<ul style="list-style-type: none"> • In consideration of the internationalization, diversification, and sophistication of investor needs, OSE will establish petroleum derivatives market and launch cash-settled futures contracts on the CME Group Petroleum Index (hereinafter referred to as "CME Group Petroleum Index Futures"), which is a basket index comprised of prices of crude oil futures, gasoline futures, and diesel futures. 	<ul style="list-style-type: none"> • The CME Group Petroleum Index is an index calculated by CME Group that is comprised of three products: NYMEX WTI Crude Oil futures, NYMEX NY Harbor RBOB Gasoline futures, and NYMEX NY Harbor ULSD futures listed on NYMEX.
II. Trading Specifications		
1. Underlying Index	<ul style="list-style-type: none"> • The underlying index will be the CME Group Petroleum Index. 	
2. Trading		
(1) Trading Sessions and Trading Hours	<ul style="list-style-type: none"> • Trading sessions will be comprised of the day and night sessions with the auction trading hours as indicated below. <ul style="list-style-type: none"> A) Day session <ul style="list-style-type: none"> ➤ Opening auction: 8:45 a.m. ➤ Regular session: From 8:45 a.m. to 3:10 p.m. ➤ Closing auction: 3:15 p.m. 	<ul style="list-style-type: none"> • Same as for stock price index futures such as Nikkei Stock Average futures.

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<p>(2) Trading Method</p> <p>3. Contract Month</p> <p>4. Contract Size and Bids/Offers, etc.</p> <p>(1) Contract Size</p> <p>(2) Bids and Offers</p>	<p>B) Night session</p> <ul style="list-style-type: none"> ➤ Opening auction: 4:30 a.m. ➤ Regular session: From 4:30 p.m. to 5:55 a.m. the next day ➤ Closing auction: 6:00 a.m. the next day <ul style="list-style-type: none"> • Trading will be conducted on an individual auction basis via the trading system. • The nearest six (6) contract months will be available for trading. The last trading day will be the first business day (if said day in U.S. Eastern Standard Time falls on a day on which the CME Group Petroleum Index will not be calculated, it will be moved down in order) of each contract month. • A new contract month will start trading in the day session on the business day following the last trading day of the nearest contract month. • The contract size will be the value obtained by multiplying the value of the CME Group Petroleum Index by JPY 10,000. • Market orders and limit orders will be available, and orders must be 	<ul style="list-style-type: none"> • The trading system used will be J-GATE3.0. • The trading period will be six (6) months. • The conditions for validity

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(3) Tick Size	<p>accompanied by conditions for validity period and execution volume.</p> <ul style="list-style-type: none"> The tick size will be 0.05 points. 	<p>period and execution volume will be the same as those for other stock price index futures.</p> <ul style="list-style-type: none"> The value of one tick will be JPY 500.
(4) Price Limits	<ul style="list-style-type: none"> Bids and offers may not be made at prices beyond the price limits on bids/offers. The range for the price limits on bids/offers is 10% from the reference price for calculating the range for the price limits, centering around the base price (in principle, the settlement price on the previous trading day) (hereinafter referred to as the "price limit range"). In the case where the upper or lower price limit range will be expanded when the circuit breaker is triggered, the 1st and 2nd expanded price limit ranges will be the numerical value obtained by multiplying the reference price for calculating the price limit range by 20% (1st expansion) and 30% (2nd expansion), respectively. 	<ul style="list-style-type: none"> If the value obtained by subtracting the price limit range from the base price is a fraction that is less than the tick size of said price, it will be rounded up. If the value obtained by adding the price limit range to the base price is a fraction that is less than the tick size of said price, it will be rounded down.
<p>5. Suspension of Trading and Temporary Trading Halt</p> <p>(1) Suspension of Trading</p>	<ul style="list-style-type: none"> OSE may suspend trading in the following cases: <ul style="list-style-type: none"> In the case where OSE deems the trading conditions to be abnormal; 	<ul style="list-style-type: none"> Same as for stock price index futures such as Nikkei Stock

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<p>(2) Temporary Trading Halt (Circuit Breaker)</p> <p>(3) Immediately Executable Price Range (Dynamic Circuit Breaker)</p>	<p>b. In the case where OSE deems it inappropriate to continue trading from the perspective of trading supervision; or</p> <p>c. In the case where OSE deems it difficult to continue trading via the trading system due to trading system malfunction, etc.</p> <ul style="list-style-type: none"> • In the case where there was a trade, etc. in the central contract month at the upper or lower price limit range, trading in all contract months will be suspended for at least 10 minutes (i.e., circuit breaker). • In the case where the circuit breaker is triggered, the upper (lower) price limit ranges for all contract months will be expanded. • The Immediately Executable Price Range (i.e., dynamic circuit breaker, hereinafter referred to as "DCB") will be applied to each contract month in auction trading as follows. <ul style="list-style-type: none"> a. When a bid or offer that is likely to be executed beyond the price range specified by OSE from the DCB reference price (hereinafter referred to as "DCB Price Range") is accepted, all trades among orders within the DCB Price Range will be executed and trading will be suspended for a certain period of time. b. If trading has been suspended for a certain period pursuant to a. above and the matching price is beyond the DCB Price Range from the reference price, trading will not resume and the DCB reference price will be renewed to the 	<p>Average futures.</p> <ul style="list-style-type: none"> • Same as for stock price index futures such as Nikkei Stock Average futures. • Same as for other stock price index futures. • The DCB reference price will be the middle price between the last best bid and offer (including the last contract price). • The DCB Price Range will be 1% of the DCB reference price, and the duration of the temporary trading halt will, in principle, be 30 seconds.

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6. Restrictions on Trading	<p>price within the DCB Price Range that is nearest the matching price, and trading will again be suspended for a certain period of time.</p> <ul style="list-style-type: none"> • In the case where OSE deems that trading conditions are, or are likely to be, abnormal, OSE may implement, among the regulatory measures specified by OSE, necessary measures against trading or accepting orders from customers. 	<ul style="list-style-type: none"> • However, the DCB Price Range for the opening session and the closing session will be 3% and 1.5% respectively. • Same as for stock price index futures such as Nikkei Stock Average futures.
7. Strategy Trading	<ul style="list-style-type: none"> • Strategy trading of CME Group Petroleum Index Futures will be available to trading participants as specified by OSE. • The tick size for the strategy trading will be 0.01 points. 	<ul style="list-style-type: none"> • Only calendar spreads will be available. • Other trading specifications will be the same as for stock price index futures such as Nikkei Stock Average futures.
8. J-NET trading	<ul style="list-style-type: none"> • J-NET trading of CME Group Petroleum Index Futures will be available to trading participants as specified by OSE. • The tick size for J-NET trading will be 0.0001 points. • The price range for J-NET trading will be that obtained by 	<ul style="list-style-type: none"> • Other trading specifications will be the same as for stock price index futures such as Nikkei Stock Average futures.

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<p>9. Give-up</p> <p>10. Position Limits and Large Position Reporting</p> <p>11. Trading Participant System (1) Handling of Trading Qualifications</p> <p>III. Clearing and Settlement</p>	<p>adding/subtracting (1) the value calculated by multiplying ten hundredths (10/100) to the base price for price limits for auction trading to/from (2) the middle price of the last best bids and offers in the trading session as well as the last contract price (excluding contract prices by strategy trading).</p> <ul style="list-style-type: none"> • Give-up will be available for CME Group Petroleum Index Futures. • Position limits and large position reporting will not apply to CME Group Petroleum Index Futures. • Petroleum Division Participants will be created as a new category under Commodity Futures, etc. Trading Participants. • If an existing Commodity Futures, etc. Trading Participant intends to trade CME Group Petroleum Index Futures, said participant will be required to file a notification to OSE on the addition of the Petroleum Division Participant category. 	<ul style="list-style-type: none"> • Same as for stock price index futures such as Nikkei Stock Average futures. • Same as for existing cash-settled futures. • Futures, etc. Trading Participants will be able to trade CME Group Petroleum Index Futures after they file a notification pertaining to starting trading futures in the newly established petroleum derivatives market.

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1. Clearing Organization	<ul style="list-style-type: none"> • Trades of CME Group Petroleum Index Futures will be cleared by Japan Securities Clearing Corporation (JSCC). 	
2. Clearing Participant Qualification	<ul style="list-style-type: none"> • The clearing participant qualifications pertaining to clearing of CME Petroleum Index Futures will be set forth by JSCC. 	<ul style="list-style-type: none"> • JSCC plans to create a new clearing qualification for clearing of CME Group Petroleum Index Futures.
3. Clearing and Settlement		
(1) Declaration of Resale and Repurchase	<ul style="list-style-type: none"> • In the case where a resale or repurchase transaction is executed, clearing participants will make a declaration to JSCC by a time specified by JSCC indicating, for each contract month, the number of closed-out contracts including resale and repurchase transactions, and whether it was conducted based on entrustment by a customer or for a proprietary account. Non-clearing participants will make such declaration to their designated clearing participants by a time specified by said designated clearing participant. However, non-clearing participants will be allowed to make such declaration directly to JSCC as specified by JSCC. 	<ul style="list-style-type: none"> • Same as for stock price index futures such as Nikkei Stock Average futures.
(2) Settlement Price	<ul style="list-style-type: none"> • Settlement prices will be as determined by JSCC. 	
(3) Mark-to-Market	<ul style="list-style-type: none"> • Delivery and receipt of the following differences in amounts will be made between clearing participants and JSCC and between non-clearing 	<ul style="list-style-type: none"> • Same as for stock price index futures such as Nikkei Stock

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(4) Margin	<p>participants and their designated clearing participants.</p> <p>a. With regard to new transactions on the trading day, the amount of the difference between the contract price and the day's settlement price.</p> <p>b. With regard to unsettled contracts (excluding a. above), the amount of the difference between the previous day's settlement price and the day's settlement price.</p> <ul style="list-style-type: none"> • Clearing participants will submit or deposit to JSCC, and non-clearing participants will submit or deposit to their designated clearing participants, margin that is equivalent to or greater than the required amount specified by JSCC in accordance with the classification of customer entrustment or proprietary account. 	<p>Average futures.</p> <ul style="list-style-type: none"> • Same as for stock price index futures such as Nikkei Stock Average futures.
(5) Final Settlement	<ul style="list-style-type: none"> • For each contract month, positions for which resale or repurchase transactions were not conducted by the last trading day will be settled based on the final settlement price on the business day following the day on which such final settlement price is determined 	
(6) Final Settlement Price	<ul style="list-style-type: none"> • The final settlement price will be the final index value of the CME Petroleum Index calculated and published after the end of the first trading session of the underlying futures since the close of the last trading day. (However, if said index value is negative, such settlement price will be a 	

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IV. Others 1. Trading Fees 2. Market Maker Scheme 3. Disclosure of Information (1) Market Information (2) Trading by Trading Participant (3) Trading by Investor Type V. Launch Date	positive value of the smallest tick size.) <ul style="list-style-type: none"> • To be determined. • A market maker scheme will be introduced to complement market liquidity. • Open/high/low/close price data, trading volume, open interest, and other market information on CME Group Petroleum Index Futures will be published separately from those on other futures. • The trading volume and open interest per trading participant will be disclosed. • The trading volume and contract value of sales and purchases by different categories of investors will be disclosed separately from those for other futures. • CME Group Petroleum Index Futures will launch on the launch date of J-GATE3.0. 	<ul style="list-style-type: none"> • Details will be announced at a later date • Same as for other futures. • The frequency and method of disclosure will be the same as for other futures.

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