

Introduction of Nikkei 225 micro Futures and Nikkei 225 mini Options

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Osaka Exchange, Inc.

I. Purpose

In light of the recent trend toward smaller investments in the cash market and other factors, Osaka Exchange, Inc. (OSE) will list index futures and options with smaller notional amounts than those in the past in order to meet the need for more detailed risk management tools.

Specifically, OSE will list new index futures whose underlying is the Nikkei Stock Average (Nikkei 225; hereinafter referred to as "Nikkei 225 micro Futures"). In addition, OSE will change the contract unit of the current Nikkei 225 Options (Weekly Options) to 1/10 of the current unit and set regular monthly contract months. In light of this, the product name will change to "Nikkei 225 mini Options".

In conjunction with the introduction of these new products, OSE will also partially revise the method for setting contract months and the strike price of Nikkei 225 Options.

II. Outline

Item	Details	Remarks
1. Nikkei 225 micro Futures Listing of Nikkei 225 micro Futures	<ul style="list-style-type: none">• OSE will newly list Nikkei 225 micro Futures, which are index futures with a contract unit of JPY 10 that trade on the Nikkei 225.	<ul style="list-style-type: none">• For details of the trading rules, please refer to Annex 1 "Outline of Specifications for Nikkei 225 micro Futures."• Since this product will be listed separately from Nikkei 225 Futures (Large Contracts; contract unit: JPY 1,000) and Nikkei 225 mini (Mini Contracts; contract unit: JPY 100), identification codes (9-digit codes) will

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		also be set separately.
<p>2. Nikkei 225 mini Options Changes to Nikkei 225 Options (Weekly Options)</p>	<ul style="list-style-type: none"> • In addition to changing the contract unit to JPY 100, OSE will also change the method of setting contract months. In addition to the current weekly contracts, regular monthly contract months will be set, and the product name will be changed to "Nikkei 225 mini Options." • Approximately 1 month before the change to Nikkei 225 mini Options, OSE will halt the start of any new contract months on Nikkei 225 Options (Weekly Options), and new contract months with the new contract units will be launched simultaneously after all current contract months reach maturity. 	<ul style="list-style-type: none"> • The current contract unit is JPY 1,000. • For details of the trading rules, please refer to Annex 2 "Outline of Specifications for Nikkei 225 mini Options." • Identification codes (9-digit codes) will be set to a new code which is different from the existing code for Nikkei 225 Options (Weekly Options). • As a result, there will be no transfer of open interest or GTD/GTC orders to Nikkei 225 mini Options.
<p>3. Partial Revision of the Trading Rules for Nikkei 225 Options</p> <p>a. Revision of the method of setting contract months</p>	<ul style="list-style-type: none"> • For contract months other than March, June, September, and December (hereinafter referred to as "specified contract months"), the number of contract months will be the nearest 8 contract months, and the contract period of such contract months will be 1 year. 	<ul style="list-style-type: none"> • The current number of contract months other than for the specified contract months is the nearest 6 contract months, and the contract period is 9 months.

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<p>b. Revision of the method of setting the strike price</p>	<ul style="list-style-type: none"> Regarding strike prices for new contract months, in addition to strike prices set based on the current method, OSE will enable strike prices to be set at a broader price range in order to respond to diverse trading needs and rapid market fluctuations. 	<ul style="list-style-type: none"> As a result of this change, Nikkei 225 Options will be traded on a 27 contract month system, including the 19 contract months of the specified contract months. Under the current setting method, a total of 33 types of strike prices are set in increments of JPY 250, consisting of the strike price closest to the last price of the Nikkei 225 on the business day before the start of trading and 16 each way upward and downward from there. We will notify trading participants of specific operational details in the future, but we are foreseeing a method where, for example, if the Nikkei 225 is at JPY 30,000, a total of 31 strike prices could be set with 15 each way up and down from there, in increments of JPY 1,000. We plan to develop the rules so that index options other than Nikkei 225 Options can be operated in the same manner, but for the time being this will only apply to Nikkei 225 Options.

Item	Details	Remarks
4. Other Other	<ul style="list-style-type: none"> • Other necessary revisions shall be made. 	

III. Implementation Date

OSE will implement these changes in the second quarter of 2023 (Planned).