

Outline of Specifications for CNX Nifty Futures

As of October 23, 2013

Osaka Securities Exchange Co., Ltd

Items	Contents	Remarks
I. Purpose	<ul style="list-style-type: none"> Considering needs of investment in and hedging against India's rapidly growing capital market, Osaka Securities Exchange Co., Ltd (OSE) will introduce futures based on CNX Nifty which is a major Indian stock index used as a benchmark in various financial instruments. 	<ul style="list-style-type: none"> CNX Nifty, which is calculated by India Index Services & Products Limited (IISL), is a benchmark of the India equity market and consists of 50 stocks representative of India.
II. Outline of Trading		
1. Underlying Index	<ul style="list-style-type: none"> The underlying index is CNX Nifty. 	
2. Methods of Trading		
a. Trading Sessions and Trading Hours	<ul style="list-style-type: none"> Trading on the regular market will be divided into a day session and a night session and their trading hours will be as follows. <p>(1) Day Session</p> <p>Opening auction – 9:00 a.m.</p> <p>Regular session (<i>Zaraba</i>) – from 9:00 a.m. to 3:10 p.m.</p> <p>Closing auction – 3:15 p.m.</p>	<ul style="list-style-type: none"> The same rules as for other stock index futures will apply. (For items that are not mentioned in this outline, the same rules as for other stock index futures will apply.)

Items	Contents	Remarks
<p>b. Methods of Trade Execution</p> <p>3. Contracts Months and their Number</p> <p>4. Contract Size and the Rule for Quotation, etc.</p> <p>a. Contract Size</p>	<p>(2) Night session</p> <p>Opening auction – 4:30 p.m.</p> <p>Regular session (<i>Zaraba</i>) – from 4:30 p.m. to 2:55 a.m. on the next day</p> <p>Closing auction – 3:00 a.m. on the next day</p> <ul style="list-style-type: none"> • CNX Nifty Futures trading on the regular market will be conducted by individual auction through the trading platform (J-GATE). • 3 nearest serial contract months will be listed, whose last trading day will be a trading day which ends on the last Thursday (to be moved back in order if it falls upon a non-business day for OSE or a day on which CNX Nifty is not calculated) of each contract month. • Trading in a new contract month will start from a day session of the business day immediately following the last trading day of the nearest contract month. • Contract size will be JPY 100 multiplied by the index point of CNX Nifty. 	<ul style="list-style-type: none"> • As a general rule, the last trading day will be the same day of the last trading day for futures based on the CNX Nifty Index on National Stock Exchange of India (NSE) (hereinafter referred to as “NSE CNX Nifty Futures”).

Items	Contents	Remarks
b. Quotation	<ul style="list-style-type: none"> Market Orders and Limit Orders will be available, with the condition for validity period and executed volume determined by OSE. 	<ul style="list-style-type: none"> The same rules as for other stock index futures will apply to the condition for validity period and executed volume.
c. Tick Size (Minimum Price Intervals)	<ul style="list-style-type: none"> Tick size will be 1 point. 	<ul style="list-style-type: none"> The value of 1 tick will be JPY 100.
d. Price Limits	<ul style="list-style-type: none"> Bids and offers may not be made at prices exceeding the price limit range defined by OSE. The price limit range will be 10% of the price for calculating the price limit range centered on the base price (as a general rule, the settlement price on the previous trading day) (rounded down to the nearest 10 points). The upper or lower price limit range will be expanded when the Circuit Breaker is triggered, and will be obtained by multiplying the price for calculating the price limit range by 15% (for the 1st expansion) and 20% (for the 2nd expansion) respectively (rounded down to the nearest 10 points). 	<ul style="list-style-type: none"> The price for calculating the price limit range will be calculated on a quarterly basis (April to June, July to September, October to December, and January to March), and the closing level of CNX Nifty on the last day of the last month of the quarter will be applicable for the next quarter. The price limit will be applicable from the day at the beginning of

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5. Suspension of Trading and Temporary Trading Halts a. Suspension of Trading	<ul style="list-style-type: none">• OSE may suspend trading in the following situations:<ol style="list-style-type: none">(1) In cases where OSE deems that trading conditions are irregular;(2) In cases where OSE deems it inappropriate to continue trading in terms of trading supervision;(3) In cases where OSE deems it difficult to continue trading through the trading platform due to trading platform malfunction, etc.	<p>the quarter determined by OSE</p> <ul style="list-style-type: none">• The same rules as for other stock index futures will apply.• In cases where NSE CNX Nifty Futures trading is suspended, triggered by the Circuit Breaker on NSE, OSE will suspend CNX Nifty Futures trading as a general rule, deeming such cases to fall under (2) on the left.
b. Temporary Trading Halts (Circuit Breaker)	<ul style="list-style-type: none">• In cases where a buy (sell) order is placed (or executed) at the upper (lower) price limit for the central contract month and no subsequent trades are executed outside the 10 % price limit range from said upper (lower) price limit in the next minute, the trading for all contract months will be suspended for at least 10 minutes as a general rule.	<ul style="list-style-type: none">• Conditions for the Circuit Breaker trigger, duration of trading halts, expansion of the price limit range and methods of trading resumption will be the same as for other stock index futures.

Items	Contents	Remarks
<p>c. Immediately Executable Price Range (Dynamic Circuit Breaker)</p>	<ul style="list-style-type: none"> • In cases where the Circuit Breaker is triggered, the upper or lower price limit range for all contract months will be expanded. • The Dynamic Circuit Breaker (DCB) will be applied on each contract month in the auction market as follows. <ol style="list-style-type: none"> (1) When a bid or offer, which is likely to be executed beyond the price range (DCB range) that is determined by OSE from the DCB reference price, is accepted, all matching trades within the DCB range will be executed and trading will be suspended for a certain period. (2) When the matching price after trading is suspended for a certain period, as described in (a) above, falls beyond the DCB range from the reference price, trading will not be resumed and the DCB reference price will be updated to the price nearest the matching price within the DCB range, and trading will again be suspended for a certain period. 	<ul style="list-style-type: none"> • The same rules as for other stock index futures will apply. • The DCB reference price will be the last mid-point price of the best bid and offer (including the execution price). • The DCB range will be 1% of the DCB reference price and the duration of the temporary trading suspension will be 30 seconds as a general rule.
<p>6. Methods of Transaction Regulation</p>	<ul style="list-style-type: none"> • In cases where OSE deems that trading conditions are, or are likely to be, irregular, OSE may take necessary actions against trading and accepting entrustment of trading in accordance with the OSE's rules. 	<ul style="list-style-type: none"> • The same rules as for other stock index futures will apply.

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7. Strategy Trading	<ul style="list-style-type: none"> • Strategy Trading will be available for CNX Nifty Futures in accordance with OSE's rules. • Tick size for Strategy Trading will be 1 point. 	<ul style="list-style-type: none"> • Only Calendar Spread Trading will be available. • For other items related to Strategy Trading, the same rules as for other stock index futures will apply.
8. J-NET Derivatives Trading	<ul style="list-style-type: none"> • J-NET Derivatives Trading will be available for CNX Nifty Futures in accordance with OSE's rules. • Tick size for J-NET Derivatives Trading will be 1 point. 	<ul style="list-style-type: none"> • For other items related to Strategy Trading, the same rules as for other stock index futures will apply.
9. Give-Up	<ul style="list-style-type: none"> • Give-Up will be available for CNX Nifty Futures. 	<ul style="list-style-type: none"> • The same rules as for other stock index futures will apply.
10. Trading Participants	<ul style="list-style-type: none"> • Trading Participants with Futures, etc. Trading Qualification may directly trade CNX Nifty Futures in the OSE market. 	<ul style="list-style-type: none"> • The same rules as for other stock index futures will apply.
III. Outline of Clearing and Settlement		

Items	Contents	Remarks
<p>1. Clearing Organization</p> <p>2. Clearing and Settlement</p> <p>a. Declaration of Resale and Repurchase</p> <p>b. Settlement Price</p> <p>c. Mark to Market</p>	<ul style="list-style-type: none"> • Trades of CNX Nifty Futures will be cleared by Japan Securities Clearing Corporation (JSCC). • In cases where a resale or repurchase transaction is executed, Clearing Participants shall make a declaration to JSCC by a time specified by JSCC indicating (i) whether such transaction was a resale or repurchase, (ii) the amount of such transaction, and (iii) whether it was conducted based on entrustment by a customer or for a proprietary account for each contract month, and Non-Clearing Participants shall make such declaration to their Designated Clearing Participants by a time specified by said Clearing Participants. However, Non-Clearing Participants will be allowed to make a declaration directly to JSCC as specified by JSCC. • The settlement price for CNX Nifty Futures will be determined by JSCC. • Delivery and receipt of the following differences in the amounts shall be made between Clearing Participants and JSCC and between Non-Clearing Participants and their Designated Clearing Participants. 	<ul style="list-style-type: none"> • The same rules as for other stock index futures will apply. • The same rules as for other stock index futures will apply. • The same rules as for other stock index futures will apply.

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d. Margin	<p>(1) With regard to new transactions on the trading day, the amount for the differences between the day's settlement price and the execution price.</p> <p>(2) With regard to unsettled contracts (excluding (1) above), the amount for the differences between the previous day's settlement price and the day's settlement price.</p> <ul style="list-style-type: none"> • Clearing Participants shall submit or deposit to JSCC, and Non-Clearing Participants shall submit or deposit to their Designated Clearing Participants an amount of margin described below. • The amount of margin equivalent to or greater than that required by JSCC, in accordance with the classification of entrustment by Clearing Participants' customer or proprietary account. 	<ul style="list-style-type: none"> • The same rules as for other stock index futures will apply.
e. Final Settlement	<ul style="list-style-type: none"> • For each contract month, positions that are not closed until the last trading day will be cash settled with the final settlement price (Final Settlement) on the day following the day on which final settlement price is determined by OSE. 	
f. Final Settlement Price	<ul style="list-style-type: none"> • The final settlement price will be the index which is calculated by IISI as the 	<ul style="list-style-type: none"> • The final settlement price of NSE

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IV. Others 1. Trading Fee 2. Market Maker Scheme 3. Disclosure of Information a. Market Information b. Transaction Information by Trading Participants c. Transaction Information by Investor-Type	<p>final settlement price for NSE CNX Nifty Futures whose last trading day is the same as the said contract month of CNX Nifty Futures.</p> <ul style="list-style-type: none"> • The trading fee per contract will be JPY 40. • A Market Maker Scheme will be introduced in order to complement the market liquidity • Market information about open/high/low/close price data, trading volume and amount of open interests of CNX Nifty Futures will be published separately from other stock index futures. • For the time being, trading volume and open interests of Trading Participants will not be disclosed. • Trading volume and trading value by sale and purchase by investor-type will be disclosed separately from other stock index futures. 	<p>CNX Nifty Futures is the closing price of CNX Nifty on the last trading day.</p> <ul style="list-style-type: none"> • Details will be considered separately. • The same rules as for other stock index futures will apply. • The specific frequency and method of disclosure will be the same as for other stock index futures.

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V. Launch Date	<ul style="list-style-type: none"> • OSE aims to launch CNX Nifty Futures on March 24th 2014. 	<ul style="list-style-type: none"> • The launch date will be the same as the date when OSE and Tokyo Stock Exchange, Inc. integrate their derivatives markets.