

Partial Revisions to Articles of Incorporations, etc. in Connection with the Integration of Derivatives  
Markets with Tokyo Stock Exchange, etc.

I. Outline of Revisions

1. Integration of derivatives markets, etc.

(1) Addition and abolishment of contracts in connection with the integration

a. Addition of contracts

- The subjects of market derivatives contracts on the TSE markets on the date preceding the date when the rule revisions are implemented (hereinafter “implementation date”) will be added to the subjects of market derivatives contracts on the OSE markets. However, they will not include S&P/TOPIX150, TOPIX Electric Appliances Index, TOPIX Transportation Equipment Index, S&P/TOPIX150 options and options on 5-year JGB futures.
- In order to add standardized instruments of government bond, the provision will be established that OSE may create standardized instruments by standardizing coupon rates, maturities and other terms.

b. Abolishment of contracts

- Nikkei Stock Index 300 (hereinafter “Nikkei 300”), High-tech Index, Consumer Index and Financial Index (hereinafter “Sector Index”), MSCI JAPAN Index and Nikkei 300 options and Sector Index options, which are the subjects of market derivatives contracts on the OSE markets will be abolished on the integration date.

(2) Trading sessions and trading hours

a. JGB futures and options on JGB futures

- In principle, the current trading sessions and trading hours (hereinafter just “trading hours”) in TSE will be applied. However, the end of trading for the night session will be extended to 3:00 a.m. on the next day.

b. Index futures and options

- The current trading hours in OSE will be applied.

c. Individual securities options (the name of “security options” will be changed to “individual securities options”)

- In principle, the current trading hours in TSE will be applied.

(3) Increments of bids and offers

- In principle, the increments of bids and offers in TSE will be applied to trading in the subject of contracts that will be added in connection with the integration (including individual securities options

on the existing underlying securities). However, the increments for 20-year JGB futures trading will be JPY 0.05 per face value of JPY100.

(4) Daily price limits (price limit range)

a. JGB futures

- JPY2.00 (JPY3.00 in the expansion) will be applied to 5-year and 10-year JGB futures (including mini contracts), and JPY6.00 (JPY9.00 in the expansion) will be applied to 20-year JGB futures.

b. Index futures

(a) Securities index futures

- The current OSE rules will be applied. However, the calculation methods of the daily price limit range for index futures on Dow Jones Industrial Average will be clarified.

(b) Dividend index futures

- JPY50 (thereafter, expanded by JPY25) will be applied to Nikkei Stock Average Dividend Pont Index, and 5 points (thereafter, expanded by 2.5 points) will be applied to TOPIX Dividend Index and TOPIX Core30 Dividend Index.

c. Individual securities options

- The current OSE rules will be applied.

d. Options on JGB futures

- JPY2.10 (JPY3.00 in the expansion) will be applied.

e. Index options

- 11% (14% in the first expansion and 17% in the second expansion) of the base price for calculating the price limit range will be applied.

(5) Temporary trading suspension

a. Circuit breaker rules

- The OSE and TSE rules will be integrated as follows.

(a) Trigger criteria and duration of suspension

- In the case where a buy (sell) order is placed at the upper (lower) price limit for the central contract month of a futures contract (excluding mini contracts), and no subsequent trades are executed outside the range prescribed by OSE from said upper (lower) price limit in the next minute, the trading of futures whose underlying is the same as this central contract month (including mini contracts) will be suspended and the upper (lower) daily price limit range will be expanded.

(b) Exemption

- In the case where the above criteria is met within 20 minutes before the end of the regular session of the day (afternoon) or night session or the other cases stipulated by OSE, temporary trading

suspension will not be conducted.

b. Dynamic circuit breakers

- The dynamic circuit breaker (hereinafter "DCB") currently applied under OSE rules will be applied with the following partial revisions.

(a) Cases where trading is suspended

- When a bid or offer, which is likely to be executed beyond the DCB range from the DCB reference price prescribed by OSE, is accepted and trading will be suspended, the matching price after the trading is suspended for a certain period falls beyond the DCB range from the reference price, the DCB reference price will be updated to the price nearest the matching price within the DCB range, and trading will continue to be suspended.

(b) DCB reference price

- DCB reference price will be the price determined by OSE based on the latest bids and offers and execution price.

(6) Strategy trading

a. Types of strategy trading

(a) Futures

- JGB futures
  - Calendar spread trades will be available, and a purchase of the trades will buy 1 unit of a near contract month and sell 1 unit of a far contract month at the same time.
- Index futures
  - The current OSE rules will be applied.

(b) Options

- Trading participants will be able to set the types of strategy trading in accordance with the provisions specified by OSE.

b. Implied function

- Strategy trading in which implied function is effective will be the types of strategy trading determined by OSE on a case-by-case basis.

(7) J-NET trading

a. Trading hours

(a) JGB futures and options on JGB futures

- In principle, the current trading hours in TSE will be applied. However, the end of trading in the night will be extended to 3:00 a.m. on the next day.

(b) Index futures and options

- Trading in the night will begin at 4:15 p.m.
- (c) Individual securities options
  - The current rules will be applied.
- b. Increments of bids and offers
  - In principle, the current TSE rules will be applied to trading in the subject of contracts that will be added in connection with the integration (including individual securities options on the existing underlying securities).
- (8) Position transfer
  - Position transfers currently being carried out between TSE and LIFFE ADMINISTRATION AND MANAGEMENT (hereinafter “LIFFE”) will continue to be carried out between OSE and LIFFE after the integration.
- (9) Trading participant rules
  - a. Handling of trading qualifications
    - Futures, etc. trading participants will be able to trade all futures and options contracts.
    - OSE will establish a “government bond futures, etc. trading qualification” for trading of JGB futures and options.
  - b. Examination criteria for acquisition of trading qualification
    - The criteria on the amount of net assets among on the financial basis will be JPY 500 million or more and exceed the amount of capital.
  - c. Trading participant admission fees
    - (a) Futures, etc. trading qualification
      - The trading participant admission fee will be JPY 50 million. However, in the case where a government bond futures, etc. trading participant simultaneously waives its government bond futures, etc. trading qualification and acquires a futures, etc. trading qualification, it will be JPY 20 million. Also, in the case where a FX trading participant additionally acquires a futures, etc. trading qualification, it will be JPY 47 million.
    - (b) Government bond futures, etc. trading qualification
      - The trading participant admission fee will be JPY 30 million. However, in the case where a futures, etc. trading participant simultaneously waives its futures, etc. trading qualification and acquires a government bond futures, etc. trading qualification, OSE will not require the trading participant admission fee. Also, in the case where a FX trading participant additionally acquires a government bond futures, etc. trading qualification, it will be JPY 27 million.
  - d. Trading participant fees

(a) Basic fees

- Futures, etc. trading participant
  - The amount of basic fees will be JPY 600 thousands. However, in the case where a futures, etc. trading participant did not place an order in JGB futures, etc. or index futures, etc. in the previous month, OSE will deduct JPY 200 thousands from the basic fee respectively for the current month.
- Government bond futures, etc. trading participant
  - The amount of basic fees will be JPY 200 thousands.

(b) Trading fees

- JGB futures and options on JGB futures
  - The current fee rates in TSE will be applied.
- Index futures and options
  - In principle, the current fee rates in TSE will be applied to index futures and options trading in the subject of contracts that will be added in connection with the integration. However, the period for calculating the fee rates, etc. will be changed in certain contracts.
  - With respect to Nikkei 225 Futures (large contracts) on customer accounts, the rates applied to volume over 150 thousands will be JPY25.
- Individual securities options
  - The current fee rates in TSE will be applied.

(c) Give-up fees

- Give-up fees will be the amount obtained by multiplying the volume pertaining to the give-up effected by JPY 5 or JPY 1 in accordance with the classification of contracts prescribed by OSE.

(d) Cancellation fees

- Cancellation fee rates will be basically the same as trading fee rates.

(e) Position transfer fees

- Position transfer fees will be the amount obtained by multiplying trading volume by JPY5.

(10) Change in trade name of OSE

- Necessary revisions will be made in relation to the change in the trade name of Osaka Securities Exchange Co., Ltd. to "Osaka Exchange, Inc."

(11) Others

- Trading participants will not be required to indicate a new sale or purchase, or a resale or repurchase each time when making bids or offers (limited to bids and offers on proprietary accounts for exchange FX trading).
- As in the current TSE rules, the provisions will be established that require trading participants to notify OSE of the matters concerning trading participant's terminal device.

- Other necessary revisions and corrections of expressions will be made.

## 2. Introduction of CNX Nifty Futures

### (1) Subject of contracts

- The subject of contracts will be CNX Nifty calculated by the India Index Services & Products Limited (hereinafter "IISL")

### (2) Trading sessions and trading hours

- Trading on the regular market will be divided into a day session (from 9:00 a.m. to 3:15 p.m.) and a night session (from 4:30 p.m. to 3:00 a.m. on the next day)

### (3) Contract months and their number

- The nearest three serial contract months will be set, and the last trading day will be a trading day which ends on the last Thursday (to be moved down if it falls on a non-business day for OSE or a day on which CNX Nifty is not calculated) of each month.

### (4) Trading units and bids and offers, etc.

#### a. Trading units

- One trading unit will be the amount obtained by multiplying the index point of CNX Nifty by JPY100.

#### b. Increments of bids and offers

- The increment of bids and offers will be 1 point.

#### c. Daily price limits

- The price limit range will be 10% (15% in the first expansion and 20% in the second expansion) of the base price for calculating the price limit range (rounded down to the nearest 10 points).

### (5) Final settlement price

- The final settlement price will be the index calculated by IISL as the final settlement price for NSE CNX Nifty Futures whose last trading day is the same as the said contract month of CNX Nifty Futures.

### (6) Trading fees

- The trading fee per contract will be JPY40.

### (7) Others

- Strategy trading and J-NET trading will be available.

## 3. Change in corporate name of Tokyo Stock Exchange Regulation

- Necessary revisions will be made in relation to the change in the corporate name of Tokyo Stock Exchange Regulation to "Japan Exchange Regulation."

## II. Implementation Date, etc.

### 1. Integration of derivative markets, etc. and introduction of CNX Nifty futures

#### (1) Implementation date

- The revisions will be implemented on March 24, 2014. However, the implementation date may be subject to change if OSE deems it inappropriate due to unavoidable reasons such as a malfunction of the trading system. In such case, OSE shall specify a later date for implementation.

#### (2) Transitional measures

- On and after the implementation date, trading participants will be able to resale or repurchase unsettled position on the day preceding the implementation date pertaining to market derivatives contracts on the TSE markets, and customers will be able to entrust resale or repurchase of such position to trading participants of OSE.
- On the integration date, OSE will grant respectively the OSE futures, etc. trading qualification and the OSE government bond futures, etc. trading qualification to TSE general trading participants which do not hold OSE futures, etc. trading qualification and TSE government bond futures, etc. trading participants (hereinafter “TSE trading participants”), on condition that the financial condition of the TSE trading participant does not fall under the criteria specified by OSE concerning suspension of or restrictions on market derivatives trading, etc.
- Other necessary transitional measures will be established.

### 2. Change in corporate name of Tokyo Stock Exchange Regulation

- The revisions will be implemented on April 1, 2014.

[EOD]