

Position Transfer Arrangement on TOPIX Futures and JGB Futures between NYSE LIFFE and TSE

February 22, 2010

Revised : December 7, 2010

Tokyo Stock Exchange, Inc

Items	Contents	Notes
1. Purpose	<ul style="list-style-type: none"> • TSE found enormous demand for trading opportunities for hedging Japanese assets, TSE has received numerous requests from investors to expand trading opportunities further for TOPIX Futures and JGB Futures. • Under this back grounds, TSE wishes to enter into a business relationship with NYSE LIFFE, its London market, enabling investors to trade TOPIX Futures and JGB Futures during the EU and US local trading hour, and will introduce the Position Transfer Arrangement which allows investors to transfer positions from NYSE LIFFE to TSE. 	<ul style="list-style-type: none"> • NYSE LIFFE is a subsidiary of NYSE Euronext group, and is the derivatives exchange in London. • With the introduction of this position transfer arrangement, NYSE LIFFE will newly list TOPIX Futures on its market.
2. Outline of the Transfer arrangement	<ul style="list-style-type: none"> • Under normal circumstances, at the end of every trading day, all positions on TOPIX Futures and JGB Futures on NYSE Liffe will be cleared at NYSE LIFFE settlement price and be ceased on NYSE LIFFE, and then, on the next business day of TSE, TSE will create trades of the same amount of volume, at NYSE LIFFE's settlement price. 	<ul style="list-style-type: none"> • If the next day is a TSE holiday, all positions on NYSE LIFFE will be remained on NYSE LIFFE.

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<p>3. Creation of Transfer trades on TSE</p> <p>(i) Unit of Trading</p> <p>(ii) Price</p> <p>(iii) Notification to TSE trading participant</p> <p>(iv) Account notification</p> <p>(v) Link Emergency</p>	<ul style="list-style-type: none"> • When TSE receives position data from NYSE LIFFE and confirms the accuracy of the information details, transfer trades of which contract month, price, volume and Sell/Buy are equivalent to the positions on NYSE LIFFE, will be created on TSE market in the name of the TSE trading participants specified by NYSE LIFFE. • ¥10,000 multiples of the TOPIX index point for TOPIX Futures / ¥ 100 mil. face value for JGB Futures • Price on Transfer trades shall be the price which NYSE LIFFE will specify. • When the transfer trades are completed, TSE will notify to the relevant TSE trading participants. • TSE trading participants who do transfer trades are required to report to TSE whether those trades belong to House or Customer accounts. • TSE may suspend to create transfer trades under the following circumstances: <ul style="list-style-type: none"> - When TSE deems that creation of transfer trades will cause market disruption. 	<ul style="list-style-type: none"> • At the same time when TSE creates the transfer trades, all positions on NYSE LIFFE will be ceased. • Only the TSE trading participant who has executed the ‘Member Link Agreement’ with NYSE LIFFE’s clearing member is eligible to use this transfer arrangement. • For each position, NYSE LIFFE will specify the TSE participant who executed the Member Link Agreement with the NYSE LIFFE clearing member. • Later, TSE will publish a draft Member Link Agreement and how to handle the order tickets etc. • Same as current TOPIX/JGB Futures. • The specified price shall be NYSE LIFFE settlement price on the last business day. • The information will be disseminated through TSE’s clearing system terminal. • TSE participant should report to TSE by the time specified by TSE. • In such case, all open positions on NYSE LIFFE shall remain open on NYSE LIFFE.

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	<ul style="list-style-type: none"> - When TSE deems that it is difficult to create transfer trades due to system problems, etc, and - When TSE deems that it is not appropriate to create transfer trades. 	
4. Settlement etc.	<ul style="list-style-type: none"> • Give-up, close out, daily mark-to-market, margin and final settlement on Transfer trades will go through the same procedure as on other trades, such as auction trades. 	
5. Implementation date	<ul style="list-style-type: none"> • Scheduled for the October 18, 2010 for TOPIX Futures. • Scheduled on or after July, 2011 for JGB Futures. 	<ul style="list-style-type: none"> • Launch date of each product will be published as soon as it is determined.

(Reference)

Contract Specification for TOPIX Futures on NYSE LIFFE market

The following is a brief summary of the contract specifications for TOPIX Futures newly listed on the NYSE LIFFE market in conjunction with transfer arrangement. This summary does not include the details and is intended only as a general description.

Items	Contents	Notes
I. Contract Specification (1) Contract Spec a. Underlying index b. Contract months (2) Trading rule a. Unit of trading b. Tick size c. Trading hour	<ul style="list-style-type: none">• TOPIX (Tokyo Stock Price Index)• 4 quarterly contract months (March, June, September and December) at all time• The day immediately preceding the last trading day of each contract month of TSE TOPIX futures• The day immediately after the last trading day of the immediately preceding contract month of NYSE LIFFE TOPIX futures <ul style="list-style-type: none">• ¥10,000 multiples of the TOPIX index• 0.5 points• 6:00 a.m. – 21:00 p.m. (GMT) (3:00 p.m. – 30:00 a.m. (JST-9))• 7:00 a.m. – 21:00 p.m. (BST) (3:00 p.m. – 29:00 a.m. (JST-8))	<ul style="list-style-type: none">• 5 contract months on TSE <ul style="list-style-type: none">• Same as TSE TOPIX futures• Same as TSE TOPIX futures
II. Settlement	<ul style="list-style-type: none">• All open positions on NYSE LIFFE at the end of a business day will be ceased automatically at the settlement price on NYSE LIFFE.• Notwithstanding the foregoing, when the next business day is TSE holiday, all open positions on NYSE LIFFE shall remain open on NYSE LIFFE, and be marked-to-market.	<ul style="list-style-type: none">• On the following day, the transfer trades will be created on TSE at NYSE LIFFE settlement price.• Same procedure shall be applied in the event of the Link Emergency.
III. Margin	<ul style="list-style-type: none">• NYSE LIFFE shall not call a margin to the NYSE LIFFE clearing members, because all open positions shall, under normal circumstances, be ceased everyday, as described Item 2.• Notwithstanding the foregoing, when the next business day is TSE holiday, NYSE LIFFE shall call a margin to the NYSE LIFFE clearing member because all positions on NYSE LIFFE will remain on NYSE LIFFE until the TSE	<ul style="list-style-type: none">• Same procedure shall be applied in the event of the Link Emergency.

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	reopens.	
IV NYSE LIFFE Trading member	<ul style="list-style-type: none"> • Only the NYSE LIFFE trading member meeting following criteria is eligible to trade the TOPIX Futures on NYSE LIFFE. - A NYSE LIFFE clearing member who has executed the Member Link Agreement with a TSE trading member, or - A NYSE LIFFE non-clearing member whose clearing member has executed the Member Link Agreement with a TSE trading participant 	<ul style="list-style-type: none"> • NYSE LIFFE clearing members are allowed to make a member link agreement with only one TSE trading participant

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