

## Partial Revision to the Daily Price Limit for JGB Futures and Options in conjunction with the Derivatives Markets Integration

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Osaka Securities Exchange Co., Ltd.

Tokyo Stock Exchange, Inc.

Items	Contents	Notes
I. Purpose	<ul style="list-style-type: none"> <li>• In conjunction with the integration of the derivatives markets onto Osaka Securities Exchange Co., Ltd. (hereinafter "OSE") and Tokyo Stock Exchange, Inc. in March 2014, the trading system will be consolidated to the current OSE system J-GATE. Additionally, OSE will make the necessary revisions to its trading rules and trading participant rules.</li> <li>• The daily price limit of JGB futures and options on JGB futures will be partially revised based on the introduction of the dynamic circuit breaker, a function similar to the special quote used in the cash equity market, at the derivatives markets integration.</li> </ul>	<ul style="list-style-type: none"> <li>• Please refer to "Developing Rules in Connection with the Integration of Derivatives Markets" which was published on June 18, 2013 for items which are not described in this document.</li> </ul>
II. Outline 1. Daily Price Limit	<ul style="list-style-type: none"> <li>• The order acceptance range (hereinafter "Daily Price Limit") will be applied as normal. However, when a circuit breaker as described in 2. is activated, the upper or lower daily price limit will be expanded.</li> </ul> <ol style="list-style-type: none"> <li>(1) 5-year JGB futures and 10-year JGB futures (including mini contracts) <ol style="list-style-type: none"> <li>a. Normal Up/Down JPY 2.00 from the base price</li> <li>b. Expansion Up/Down JPY 3.00 from the base price</li> </ol> </li> <li>(2) 20-year JGB futures <ol style="list-style-type: none"> <li>a. Normal Up/Down JPY 6.00 from the base price</li> <li>b. Expansion Up/Down JPY 9.00 from the base price</li> </ol> </li> </ol>	

(Reference Translation)

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2. Temporary trading suspension (Circuit Breaker)	<p>(3) Options on 10-year JGB futures</p> <ul style="list-style-type: none"><li>a. Normal Up/Down JPY 2.10 from the base price</li><li>b. Expansion Up/Down JPY 3.00 from the base price</li></ul> <ul style="list-style-type: none"><li>• In cases where the trigger criteria in (1) below are met for the central contract month, trading of all contract months will be suspended temporarily and the daily price limits will be expanded. However, in cases which fall under the exemptions in (3) below, trading will not be suspended and the daily price limits will not be expanded.</li></ul> <p>(1) Trigger criteria</p> <p>Cases where a buy/sell order is placed/executed for the central contract month at the upper/lower daily price limit, and no subsequent trades are executed outside the Dynamic Circuit Breaker range from said price in the next minute.</p> <p>(2) Duration of trading suspension</p> <p>10 minutes or more</p> <p>(3) Exemption</p> <ul style="list-style-type: none"><li>a. In cases where the above criteria is met within 20 minutes before the end of the regular session of the afternoon or night session.</li><li>b. In cases where the circuit breaker criteria is met again after the daily upper/lower price limit has been expanded to the expansion range.</li></ul>	<ul style="list-style-type: none"><li>• When trading of 10-year JGB futures contract is suspended, trading of options on 10-year JGB futures will also be suspended and the daily price limits will be expanded, as under current rules.</li><li>• The dynamic price limit of JGB futures (excluding 20-year JGB futures) and 20-year JGB futures will be JPY 0.10 and JPY 0.30 respectively.</li></ul>
III. Implementation Date	<ul style="list-style-type: none"><li>• These rules and regulations will be implemented in March 2014 (Scheduled).</li></ul>	<ul style="list-style-type: none"><li>• The date will be the same as that for the integration of the derivatives markets.</li></ul>