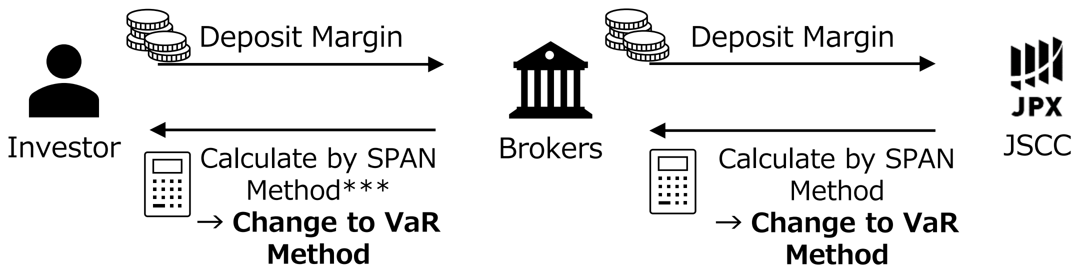
Margin Calculation Method for Futures/Option Will Change
- From SPAN Method to VaR Method -

JPX

Margin investors deposit with their securities firms and commodity futures dealers (“Brokers”) when dealing in Futures/Option Contracts is decided based on the Margin requirement Japan Securities Clearing Corporation (JSCC) calculates. To reinforce the function of Margin, that is to “protect investors,” JSCC is planning to change the Margin calculation method from “SPAN method*” to new Margin calculation method, “VaR method**,” on **November 6, 2023 (Mon.)**.

With this change, Margin investors deposit will also be decided based on the amount of Margin calculated by “VaR method,” not “SPAN method.” For the amount of Margin and other details of Margin set by the Brokers for investors after implementation of “VaR method,” please refer to an announcement to be made by your Brokers.



* SPAN method was developed by Chicago Mercantile Exchange in the U.S. in 1988, which calculates Margin based on very simplified 16 scenarios.

** VaR method calculates required Margin statistically using big volume of data exceeding 1,250.

*** Each Broker will decide its handling of the amount of Margin independently based on the Margin requirement JSCC notifies the Brokers. So, the Margin requirement JSCC calls for the Brokers and the amount of Margin Brokers require for investors to deposit may be different.

What Will Change in VaR Method

Point of Change	Current (SPAN Method)	VaR Method	
		HS-VaR Method	AS-VaR Method
i) Margin Different between Short and Long	Same amount for Short and Long	**Different amount** for Short and Long	Same amount for Short and Long
ii) Margin Different by Contract Month	Same amount for all contract months in principle	**Different amount** by contract month	Same amount for all contract months
iii) Margin Calculation Parameter Update/ Publication Frequency	Last Business Day of each Week Early - around 17:00 Final - around 18:00	**Every Day****** Around 15:45 - 16:00	Last Business Day of each Week Around 17:00
iv) Margin Calculation Parameter Application Timing	Next Week of Publication	**Date of** Publication	Next Week of Publication
v) Margin Reference File Posting Timing*****	–	**Every Day** Around 16:15	
vi) Products	All Products	Nikkei 225, TOPIX, JGB, Electricity, LNG, etc.	Precious Metals, Crude Oil, Rubber, Agricultural Products, etc.

**** Instruments subject to AS-VaR Method will also be recorded.

***** File recording VaR Margin amount required when short or long 1 contract of each Futures/Option instrument will be posted on JSCC Website as reference data. BPF file used for VaR Margin calculation related to combined position of multiple instruments will be posted at the same timing as current SPAN Risk Parameter File.