

- After proceeding the validation using accumulated price data following abolishment of fluctuation range limit in November 2021, margin amount setting by each contract* and setting of 24 contract months in April this year, we introduce **Intercommodity Spread Credit** as explained below.

* Measures to deal with the deviation from Settlement Price due to the spot price's soaring at JEPX (Japan Electric Power Exchange) following tight demand.

➤ Scope of Intercommodity Spread Credit

- ✓ **Contracts within the same area and the same contract month**

For example, long "East Area Baseload Aug. 2021 contract" and short "East Area Baseload Aug. 2021 contract" (same contracts month contracts in different year are eligible).

➤ Implementation Timing

- ✓ Scheduled to launch on **August 1 (Mon.), 2022**
- ✓ **Credit rate** will updated **on a weekly basis**, similar as for other products.

➤ Other matters

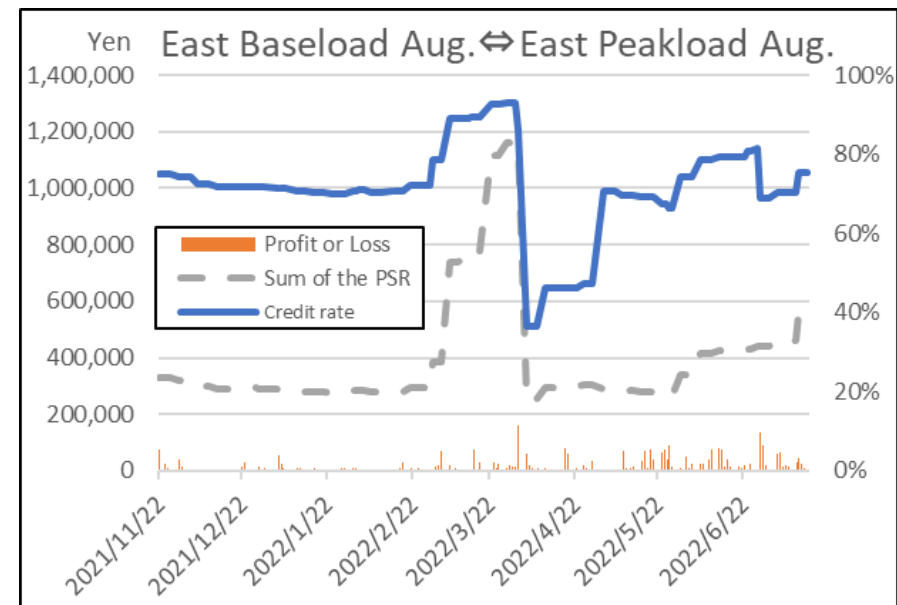
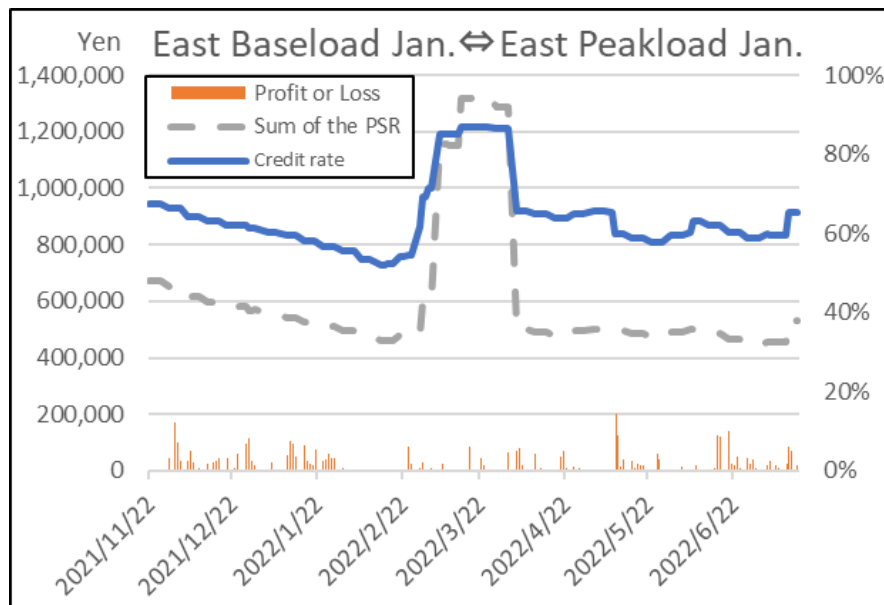
- ✓ As for inter-month spread credit in the same area, introduction of VaR Method is assumed.
- ✓ As for inter-area spread, as unpredictable collapse of correlation may arise due to the occurrence of stress event (such as the termination of nuclear plant operation due to earthquake), further consideration will continue toward the introduction of VaR method.

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(Reference) Credit Rate Simulation

- Simulation results for credit rate set for Intercommodity Spread Credit between combination of Baseload contract and Peakload contract in the same area and for the same contract month) are shown below.
- However, **the scope of credit rate for margin** of nearest contract month contract, which is comprised of Delivery Month Charge and Price Scan Range (PSR), **is limited to PSR portion** (due to the specification constraints, credit rate cannot be applied to Delivery Month Charge, however, this issue will be resolved along with the introduction of VaR method).

Expected Credit Rate (blue line)



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(Ex) Inter-Commodity Spread Credit ①

SPAN(R) Parameter (Effective from Jul. 19, 2022 to Jul. 22, 2022)

3. Commodity Group								
Code	Combined Commodity	Price Scan Range (Yen)	Volatility Scan Range (%)	Intra-commodity Spread Charge per Net Delta (Yen)	Short Option Minimum Charge per Unit (Yen)	Delivery Month Charge Outright Charge (Yen)	Delivery Month Charge Spread Charge (Yen)	Exchange
00B3	EAST BASELOAD ELECTRICITY(Jan. Contract)	257,500		515,000		354,900	354,900	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Feb. Contract)	250,800		501,600		253,700	253,700	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Mar. Contract)	280,500		561,000		96,800	96,800	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Apr. Contract)	194,200		388,400		119,100	119,100	TOCOM
00B3	EAST BASELOAD ELECTRICITY(May. Contract)	232,200		464,400		135,400	135,400	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Jun. Contract)	163,700		327,400		211,300	211,300	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Jul. Contract)	250,000		500,000		228,400	228,400	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Aug. Contract)	276,800		553,600		116,800	116,800	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Sep. Contract)	227,700		455,400		254,500	254,500	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Oct. Contract)	281,300		562,600		148,800	148,800	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Nov. Contract)	280,500		561,000		150,300	150,300	TOCOM
00B3	EAST BASELOAD ELECTRICITY(Dec. Contract)	311,800		623,600		226,900	226,900	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Jan. Contract)	109,300		218,600		128,600	128,600	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Feb. Contract)	102,200		204,400		70,800	70,800	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Mar. Contract)	122,300		244,600		24,300	24,300	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Apr. Contract)	68,910		137,820		77,880	77,880	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(May. Contract)	75,770		151,540		76,300	76,300	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Jun. Contract)	60,200		120,400		105,600	105,600	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Jul. Contract)	114,900		229,800		74,200	74,200	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Aug. Contract)	124,100		248,200		78,400	78,400	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Sep. Contract)	93,200		186,400		96,360	96,360	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Oct. Contract)	128,600		257,200		51,000	51,000	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Nov. Contract)	112,000		224,000		71,500	71,500	TOCOM
00B4	EAST PEAKLOAD ELECTRICITY(Dec. Contract)	126,500		253,000		99,300	99,300	TOCOM

5. Inter-Commodity Spread Credit

Inter-Commodity Spread Credit	Spread Credit Rate (%)	Delta per Spread Ratio	Exchange
EAST BASELOAD ELECTRICITY(Jan. Contr) : EAST PEAKLOAD ELECTRICITY(Jan. Contract)	65.00%	1.00 : 2.50	TOCOM
EAST BASELOAD ELECTRICITY(Feb. Contr) : EAST PEAKLOAD ELECTRICITY(Feb. Contract)	69.00%	1.00 : 2.53	TOCOM
EAST BASELOAD ELECTRICITY(Mar. Contr) : EAST PEAKLOAD ELECTRICITY(Mar. Contract)	77.00%	1.00 : 2.58	TOCOM
EAST BASELOAD ELECTRICITY(Apr. Contr) : EAST PEAKLOAD ELECTRICITY(Apr. Contract)	51.00%	1.00 : 2.60	TOCOM
EAST BASELOAD ELECTRICITY(May. Contr) : EAST PEAKLOAD ELECTRICITY(May. Contract)	81.00%	1.00 : 2.50	TOCOM
EAST BASELOAD ELECTRICITY(Jun. Contr) : EAST PEAKLOAD ELECTRICITY(Jun. Contract)	69.00%	1.00 : 2.47	TOCOM
EAST BASELOAD ELECTRICITY(Jul. Contr) : EAST PEAKLOAD ELECTRICITY(Jul. Contract)	53.00%	1.00 : 2.35	TOCOM
EAST BASELOAD ELECTRICITY(Aug. Contr) : EAST PEAKLOAD ELECTRICITY(Aug. Contract)	75.00%	1.00 : 2.30	TOCOM
EAST BASELOAD ELECTRICITY(Sep. Contr) : EAST PEAKLOAD ELECTRICITY(Sep. Contract)	23.00%	1.00 : 2.38	TOCOM
EAST BASELOAD ELECTRICITY(Oct. Contr) : EAST PEAKLOAD ELECTRICITY(Oct. Contract)	79.00%	1.00 : 2.52	TOCOM
EAST BASELOAD ELECTRICITY(Nov. Contr) : EAST PEAKLOAD ELECTRICITY(Npv. Contract)	79.00%	1.00 : 2.58	TOCOM
EAST BASELOAD ELECTRICITY(Dec. Contr) : EAST PEAKLOAD ELECTRICITY(Dec. Contract)	72.00%	1.00 : 2.50	TOCOM

(Note)The Price Scan Range shall be equivalent to the Margin Requirement per Unit of Futures Trading(in case of the same contract month of the same commodity).

(Ex) Inter-Commodity Spread Credit ②

【East Area Baseload Aug-22 1lot (Buy) : East Area Peakload Aug-22 1lot (Sell)】

- Inter-Commodity Spread Credit : 75% (※ Only 25% of PSR required)
- Delta per Spread Ratio : 「1 : 2.30」
- East Area Baseload : Margin **¥393,600** (PSR **¥276,800**、Delivery Month Charge **¥116,800**)
- East Area Peakload : Margin **¥202,500** (PSR **¥124,100**、Delivery Month Charge **¥78,400**)

Without Inter Commodity Spread Credit : ¥393,600×1lot + ¥202,500円×1lot=¥596,100

With Inter Commodity Spread Credit:

【¥393,600×1.3/2.3 lot+ (¥276,800円×25%+ ¥116,800)×1/2.3 lot】
+ (¥124,100×25%+ ¥78,400)×1 lot=¥412,764

