

OSE Flexible Options: customizable solutions for hedging & investment

The June 25, 2018, launch of OSE flexible options is yet another reason to add the Osaka Exchange to your derivatives trading playbook. Combining the advantage of maturity and strike price flexibility with the convenience and security of listed clearing, OSE flexible options let you customize options contracts to achieve specific hedging or investment goals.

- **CONTRACT FLEXIBILITY**

Contractual terms such as expiration date, strike price, and settlement type can be specified to suit your strategic needs.

- **CCP CLEARING AND MARGIN OFFSETTING**

Contracts are cleared through Japan Securities Clearing Corporation (JSCC), and margin offsetting with other futures and options contracts is allowed.

- **AN ALTERNATIVE TO OTC OPTIONS**

OSE listed/traded flexible options offer a solution to problems associated with OTC options, such as counterparty risk, the need for an ISDA agreement, differences in collateral currencies, and various regulations that OTC transactions are subject to.

- **T-DAY CONTRACT CREATION AND EXECUTION**

Contracts can be created and executed on the same day the order is placed.

Flexible Options

	Single Stock Options	Index Options
Underlying	Eligible underlying issues ^{*1} - Single Stocks - REITs - ETFs	- Nikkei Stock Average (Nikkei 225) - TOPIX - JPX-Nikkei Index 400 - TSE REIT Index - TOPIX Banks Index
Trading Method	Off-auction only	
Contract Month	Per day basis for a maximum 3-year period ^{*2}	Per day basis for a maximum 5-year period ^{*2}
Contract Size	Same as trading unit of underlying issue	Same as regular index options
Tick Size	Four decimal places (JPY)	Four decimal places (JPY)
Strike Price	Two decimal places (JPY) ^{*3} *Regular options: minimum JPY 25 interval	Two decimal places (JPY) *Regular options: minimum JPY 125 interval
Trading Hours	From 8:20 a.m. to 5:30 p.m. (JST)	From 8:20 a.m. to 8:00 p.m. (JST)
Contract Unit	Same as trading unit of underlying issue	Same as regular index options - TOPIX Banks Index × ¥10,000 - TSE REIT Index × ¥1,000
Margin Offsetting	Margin offsetting with other futures and options contracts is allowed.	
Exercise Date	Last trading day (European)	SQ settlement: business day after last trading day (European) Closing price settlement: last trading day (European)
Last Trading Date	Per day basis (to be advanced chronologically if the day falls on a nonbusiness day)	Same as left column
SQ Date	N/A	Business day after last trading day (In the case of SQ settlement)
Final Settlement ^{*4}	Physical delivery Cash settlement by closing price	Cash settlement by SQ Cash settlement by closing price
Give-Up /Position Transfer	Applicable	Same as left column
Position Limit	Applicable (same as regular options)	N/A (same as regular options)
Reporting of Large Positions	Applicable	N/A
Handling of Corporate Actions	Same as regular options	N/A

^{*1} OSE may choose to offer only flexible options for certain underlying issues (from among single stocks, REITs, or ETFs).

^{*2} The minimum period from the creation day to the last trading day shall be five business days.

^{*3} For certain underlying securities specified by OSE, one decimal place or an integer.

^{*4} The settlement method must be specified at the time of applying to create the series and cannot be changed afterward.

Series with different settlement methods are recognized as different series. Executions after 15:30 (Applications/Orders after 14:00) are treated as T+1 trading.

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