

Revisions to Trading Rules at the Time of ToSTNeT System Replacement

May 17, 2016
Tokyo Stock Exchange, Inc.

I. Purpose

Tokyo Stock Exchange, Inc. has developed and operated ToSTNeT System as a system for off-auction trading. In order to maintain confidence in the market and meet the increasingly diverse needs of trading participants and investors, we are preparing to replace the ToSTNeT system and thereby enhance processing capacity and convenience. The new system is scheduled to launch on January 30, 2017.

Along with the ToSTNeT system replacement, our trading rules will be revised as follows:

II. Outline

Item	Description	Remarks
1. Review of instruments allowed in basket trading	<ul style="list-style-type: none">- The range of issues that can compose a single basket will be expanded for trading on the ToSTNeT market.- This expansion will allow for stocks, etc., (including domestic equities, foreign equities, domestic ETFs, Foreign ETFs, ETNs, REITs, investment securities, and preferred equity contribution securities) to be combined into a single issue group, enabling basket trading of such securities.	<ul style="list-style-type: none">- The requirement remains the same for transactions of 15 issues whose value is at least JPY 100 million.- Stocks, etc. cannot be combined with CBs (convertible bonds) in basket trading.
2. Change in requirements to qualify for exclusion from propriety purchasing prohibitions during periods of tender offering and stabilization transactions	<ul style="list-style-type: none">- Along with the review in the aforementioned 1., the requirements to qualify for exclusion from proprietary purchasing prohibitions during periods of tender offering and stabilization transactions will change to allow for stocks, etc. to be combined into a single issue group, enabling basket trading of such securities, as in the aforementioned 1.	<ul style="list-style-type: none">- Currently, proprietary purchasing is exceptionally permitted in transactions where at least 25 pre-selected issues of securities of the same class are purchased simultaneously and the consideration pertaining to purchases of such issues does not exceed 4/100 of the total amount (pursuant to Rule 66, Item 14, and Rule 67, Item 16 of the Business Regulations).- The requirement remains the same for transactions of 25 issues or more that have a consideration of no more than 4/100 of the total amount.

III. Implementation Date (Tentative)

These revisions will be implemented in conjunction with the replacement of the ToSTNeT system (scheduled for January 30, 2017).