

Introduction of JPX Prime 150 Index Futures

September 26, 2023

Osaka Exchange, Inc

I. Purpose

Osaka Exchange, Inc. (OSE) will list "JPX Prime 150 Index Futures", which are futures contracts based on the "JPX Prime 150 Index"*, a new stock price index developed by JPX Market Innovation & Research, Inc. with a focus on value creation by Japanese companies.

II. Outline

Item	Details	Remarks
I . Outline of Trading		
1. Underlying Index	<ul style="list-style-type: none">The underlying index is the JPX Prime 150 Index.	
2. Trading Method		
a. Trading Sessions and Trading Hours	<ul style="list-style-type: none">Trading on the regular market will be divided into a day session and a night session, the trading hours of which will be as follows.<ul style="list-style-type: none">(1) Day Session<ul style="list-style-type: none">Opening auction: 8:45 a.m.Regular session (Zaraba): 8:45 a.m. - 3:10 p.m.Closing auction: 3:15 p.m.(2) Night Session<ul style="list-style-type: none">Opening auction: 4:30 p.m.Regular session (Zaraba): 4:30 p.m. to 5:55 a.m. the next day	<ul style="list-style-type: none">This is the same as for other index futures (such as TOPIX Futures) (hereinafter referred to as "other index futures").

* Please see the following for details.

Publication of Constituents and Methodology for JPX Prime 150 Index:

<https://www.jpx.co.jp/english/corporate/news/news-releases/0060/20230526-01.html>

Item	Details	Remarks
b. Trading Method	<p>Closing auction: 6:00 a.m. the next day</p> <ul style="list-style-type: none"> Trading will be conducted by individual auction through the trading system. 	<ul style="list-style-type: none"> The trading system will be J-GATE 3.0.
3. Contracts and Number Thereof	<ul style="list-style-type: none"> Five contracts in the March quarterly cycle shall be available for trading. The last trading day will be the trading day that ends one business day before the second Friday (or one business day earlier if the second Friday is a non-business day) of each contract month. Trading of new contracts will start from the day session of the trading day after the last trading day of the most recently expired contract. 	<ul style="list-style-type: none"> The trading period is 15 months. Flexible contracts will not be available.
4. Contract Units, Orders, and Price Limits		
a. Contract Unit	<ul style="list-style-type: none"> One contract unit will be JPY 1,000 multiplied by the value of the JPX Prime 150 Index. 	
b. Orders	<ul style="list-style-type: none"> Trading participants may submit market orders and limit orders. Orders must be made with one of the conditions for validity period or executed volume determined by OSE. 	<ul style="list-style-type: none"> Conditions for validity period and executed volume will be the same as those of other index futures.
c. Tick Size	<ul style="list-style-type: none"> The tick size will be 0.5 points. 	
d. Price Limits	<ul style="list-style-type: none"> Orders may not be made at prices exceeding the price limit range calculated by multiplying the reference price for price limits (as a general rule, the settlement 	

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<p>5. Suspension of Trading and Temporary Trading Halts</p> <p>a. Suspension of Trading</p> <p>b. Temporary Trading Halts (Circuit Breaker)</p> <p>c. Immediately Executable Price Range (Dynamic Circuit Breaker)</p>	<p>price on the previous trading day) by 8% up and down.</p> <ul style="list-style-type: none"> • When a circuit breaker is triggered, the upper or lower price limit range will be expanded to the price calculated by multiplying the reference price for price limits by 12% (1st expansion) and 16% (2nd expansion). • OSE may suspend trading in the following situations: <ul style="list-style-type: none"> (1) In cases where OSE deems that trading conditions are irregular; (2) In cases where OSE deems it inappropriate to continue trading in terms of trading supervision; and (3) In cases where OSE deems it difficult to continue trading through the trading system due to a trading system malfunction or similar reason. • In cases where a buy (sell) order is placed (or executed) in the lead contract at the upper or lower price limit, trading in all contracts will be suspended for at least ten minutes. • In line with this suspension, the upper (lower) price limits will be expanded for all contracts. • The Dynamic Circuit Breaker (DCB) will be applied to trading sessions for each contract as follows. <ul style="list-style-type: none"> a. When a trade is to be executed outside the price fluctuation range calculated by OSE from the DCB reference price (hereinafter referred to as the "DCB price range"), OSE will temporarily halt trading for a certain period of time. 	<ul style="list-style-type: none"> • The lead contract will be the nearest contract (i.e., that with the earliest last trading day).

Item	Details	Remarks													
<p>6. Restrictions on Trading</p> <p>7. Strategy Trading</p> <p>8. J-NET Trading</p>	<p>b. The DCB reference price, DCB price range and length of temporary trading halts for each relevant session are as follows:</p> <table border="1" data-bbox="560 272 1505 667"> <thead> <tr> <th data-bbox="560 272 806 371">Session</th> <th data-bbox="806 272 1032 371">DCB Reference Price</th> <th data-bbox="1032 272 1258 371">DCB Price Range</th> <th data-bbox="1258 272 1505 371">Temporary Trading Halt</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 371 806 422">Opening auction</td> <td data-bbox="806 371 1032 667" rowspan="3">Last Price or BBO mid-price</td> <td data-bbox="1032 371 1258 422">±3.0%</td> <td data-bbox="1258 371 1505 470" rowspan="2">30 seconds</td> </tr> <tr> <td data-bbox="560 422 806 474">Regular session</td> <td data-bbox="1032 422 1258 474">±0.8%</td> </tr> <tr> <td data-bbox="560 474 806 667">Closing auction</td> <td data-bbox="1032 474 1258 667">±1.5%</td> <td data-bbox="1258 474 1505 667">- (trades only executed within price range)</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li data-bbox="560 850 1536 975">• In cases where OSE deems that trading conditions are or are likely to become abnormal, it may implement necessary restrictions on trading or accepting orders from customers from among those specified in the OSE rules. <li data-bbox="560 1042 1536 1121">• Strategy trading (calendar spread trading) of JPX Prime 150 Index Futures will be available and the tick size for strategy trading will be 0.1 points. <li data-bbox="560 1332 1536 1364">• J-NET trading of JPX Prime 150 Index Futures will be available and the tick size for 	Session	DCB Reference Price	DCB Price Range	Temporary Trading Halt	Opening auction	Last Price or BBO mid-price	±3.0%	30 seconds	Regular session	±0.8%	Closing auction	±1.5%	- (trades only executed within price range)	<ul style="list-style-type: none"> <li data-bbox="1545 1042 2011 1265">• OSE will allow combinations of the nearest contract (as the near-term contract) and one of the second to fifth contracts (as the longer-term contract).
Session	DCB Reference Price	DCB Price Range	Temporary Trading Halt												
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9. Give-up	<p>J-NET trading will be 0.0001 points.</p> <ul style="list-style-type: none"> Give-up will be available for JPX Prime 150 Index Futures. 	
II. Clearing and Settlement	<ul style="list-style-type: none"> Clearing and settlement of JPX Prime 150 Index Futures will be conducted in accordance with the methods prescribed by Japan Securities Clearing Corporation (JSCC). 	<ul style="list-style-type: none"> This is the same as for other index futures. The final settlement price is calculated based on the opening prices of each component issue underlying the contract on the business day following the day on which the last trading day ends.
III. Other 1. Trading Fees 2. Market Maker Scheme 3. Holiday Trading 4. Disclosure of Information	<ul style="list-style-type: none"> To be determined. JPX Prime 150 Index Futures will be eligible for the market maker scheme. JPX Prime 150 Index Futures will be eligible for derivatives holiday trading. 	<ul style="list-style-type: none"> Details will be announced at a later date. Handling under the trading rules for holiday trading will be the same as for other index futures.

Item	Details	Remarks
a. Market Information	<ul style="list-style-type: none"> Market information, namely opening/high/low/closing price data, trading volume, and open interest will be published separately from other index futures. 	
b. Trading by Type of Investor	<ul style="list-style-type: none"> OSE will disclose trading volume and trading value by type of investor. 	

III. Listing Date (scheduled)

JPX Prime 150 Index Futures are scheduled to be listed on March 18, 2024.