

**Special Regulations of Business Regulations and Brokerage Agreement  
Standards Concerning Index Futures Contract**  
(as of April 1, 2010)

Tokyo Stock Exchange, Inc.

**CHAPTER 1  
General Provisions**

**Rule 1. (Purpose)**

1. These Special Regulations shall prescribe special rules for the Business Regulations and the Brokerage Agreement Standards with respect to transactions in the Index futures contract and acceptance of orders therefor (except those based on brokerage for clearing of securities, etc.).

2. Matters that are not prescribed in these Regulations shall be subject to the provisions of Business Regulations and the Brokerage Agreement Standards.

**Rule 2. (Definition of terms)**

The meanings of terms in these Regulations shall be subject to those of the terms pertaining to the method of concluding trading contracts of securities, and shall be subject to the provisions of each rule in addition to the provisions of the following Items.

(1) The term “trading day” shall mean the period between the opening time of the evening session on a day (excluding holidays) prescribed in the provisions of Rule 5, Paragraph 1, Item (3) and 4:00 p.m. of the next day (to be moved down if the day falls on a holiday; the same shall apply hereinafter).

(2) The term “sale” shall mean a contract where the party will receive money, if the actual index (the numerical value of an actual index at a certain period in the future; the same shall apply hereinafter) falls below the contract index, while the term “purchase” shall mean a contract where the party will receive money, if the actual index exceeds the contract index (the numerical value of an index agreed between the parties in advance; the same shall apply hereinafter)

(3) The term “price” shall mean a numerical value of an Index in an Index futures contract.

(4) The term “price fluctuation range” shall mean the range of price fluctuation.

(5) The term “order” shall mean a declaration of intention concerning the limit of the price that will be executed in the Index futures contract.

(6) The term “offer” shall mean an order pertaining to a sale, and the term “bid” shall mean an order pertaining to a purchase.

## **CHAPTER 2**

### **Special Regulations of Business Regulations**

#### **Section 1. Subjects of Contract and Contract Month**

##### **Rule 3. (Subjects of contract)**

The subjects of the Index futures contract shall be the stock indices described in each of the following Items.

(1) The Tokyo Stock Price Index (TOPIX): A market capitalization-weighted stock price index based on stocks (stocks issued by domestic corporations (excluding stocks without voting rights (meaning those prescribed in Rule 2, Item 87 of the Securities Listing Regulations), stocks with few voting rights (meaning those referenced in Rule 205, Item 9, Sub-item 2 b of the same regulations) and preferred stocks, etc. (meaning those prescribed in Rule 2, Item 90 of the same Regulations) listed on the TSE First Section, which is computed by the Exchange. The same shall apply hereinafter.

(2) S&P/TOPIX150: A composite index consisting of 150 stocks selected by the Exchange and the Standard & Poor's, a division of the McGraw-Hill Companies, Inc. (hereinafter called "S&P" in this Item), from among those listed on the First Section of the Exchange. This index is computed by the S&P on the basis of the modified market capitalization-weighted method by multiplying market capitalization of each stock by the numerical factor decided for each stock in consideration of the state of its share distribution. (The same shall apply hereinafter.)

(3) TOPIX Core 30: A market capitalization-weighted stock price index consisting of 30 stocks selected by the Exchange from among those listed on the First Section of the Exchange, which is computed by the Exchange. The same shall apply hereinafter.

(4) TOPIX Electric Appliances Index: A market capitalization-weighted stock price index consisting of stocks classified as electric appliances sector stocks by the Securities Identification Code Committee from among those listed on the First Section of the Exchange, which is computed by the Exchange. The same shall apply hereinafter.

(5) TOPIX Transportation Equipment Index: A market capitalization-weighted stock price index consisting of stocks classified into the transportation equipment sector stocks by the Securities Identification Code Committee from among those listed on the First Section of the Exchange. This index is computed by the Exchange. The same shall apply hereinafter.

(6) TOPIX Banks Index: A market capitalization-weighted stock price index

consisting of stocks classified into the bank sector stocks by the Securities Identification Code Committee from among those listed on the First Section of the Exchange. This index is computed by the Exchange. The same shall apply hereinafter.

(7) The Tokyo Stock Exchange REIT Index: A market capitalization-weighted index consisting securities listed on the REITs (“Real Estate Investment Trust” as prescribed in Rule 1001, Item 19 of the Securities Listing Regulations) Section of the Exchange. This index is computed by the Exchange. The same shall apply hereinafter.

**Rule 3-2. (Large transactions and Mini transactions)**

The index futures contract on the TOPIX (hereinafter called “TOPIX Futures Contract”) shall be classified as either large or mini transactions.

**Rule 4. (Contract months and number therefore)**

1. Trading in the Index futures contract shall be effected in accordance with the contract month classification for each index in the contract (for the TOPIX Futures Contract, each index in the large transactions or mini transactions) whose last trading day falls on the day (to be moved up if the day falls on a holiday) preceding the second Friday (to be moved up if the day falls on a holiday; the same shall apply hereinafter) in March, June, September and December (hereinafter called “contract months”).

2. The number of contract months and the trading period of each contract month shall be defined in the following Items;

(1) In the TOPIX Futures Contract, it shall be subject to the trading classification and the provisions of the following Sub-item a and b.

a. Large transactions

There shall always be five contract months, and the trading period of each contract month shall be one year and three months.

b. Mini transactions

There shall always be three contract months, and the trading period of each contract month shall be nine months.

(2) In the Index futures contract on the S&P/TOPIX150, TOPIX Core 30, TOPIX Electric Appliances Index, TOPIX Transportation Equipment Index, TOPIX Banks Index, and Tokyo Stock Exchange REIT Index, there shall always be three contract months and the trading period of each contract shall be nine months.

3. In each index futures contract prescribed in each of the Items of the preceding paragraph, the trading in a new contract month shall begin at 8:20 a.m. on the day following the last trading day that comes earliest among the last trading days of the Contract Months (hereinafter called “nearest contract month”).

4. Notwithstanding the preceding three paragraphs, in the case a new Index for the contract is published, or otherwise the Exchange deems it necessary, the Exchange may change the number and the trading period of contract months as well as the last trading day and the initial trading day.

**Rule 4-2. (Inter-month spread trading)**

1. A trading participant, meaning a General Trading Participant defined in the provisions of Rule 2, Paragraph 2, or a Index Futures Trading Participant defined in Paragraph 4 of the same Rule of the Trading Participant Regulations (the same shall apply hereinafter), may conduct an inter-month spread transaction, when such participant is going to sell one of the two contract months and simultaneously buy the other contract month with the amount of purchase and sale being equal (limited to the purchase and sale for the account of the same customer or for the trading participant's own account) on the TOPIX, TOPIX Core 30, and Tokyo Stock Exchange REIT Index.

The inter-month spread transaction means a transaction in which a bid or offer is made at a price obtained by deducting the price of one of the two contract months whose last trading day comes earlier than the other from the price of the other contract month whose last trading day comes later (the price so obtained shall hereinafter be called "spread price"), and through such transaction a short position in one contract month and a long position in the other contract month are effected simultaneously, with the sizes of both short and long positions being the same as the size of such transaction. (The same shall apply hereinafter.)

2. An inter-month spread trading shall be effected in accordance with the trading classification and the provisions prescribed in each of the following Items, unless otherwise stated by the Exchange.

(1) TOPIX futures contract

a. Large transactions

The transaction will be effected between the nearest contract month and one of the other four contract months excluding the nearest contract month, out of the five contract months.

b. Mini transactions

The transaction will be effected between the nearest contract month and one of the other two contract months excluding the nearest contract month, out of the three contract months.

(2) TOPIX Core 30 futures contract (a type of futures contract on the TOPIX Core 30; the same shall apply hereinafter)

The transaction will be effected between the nearest contract month and one of the other two contract months excluding the nearest contract month, out of the three contract months.

(3) Tokyo Stock Exchange REIT Index futures contract (a type of futures contract on the Tokyo Stock Exchange REIT Index; the same shall apply hereinafter)

The transaction will be effected between the nearest contract month and one of the other two contract months excluding the nearest contract month, out of the three contract months.

3. In the inter-month spread trading, the term “spread offer” shall mean an offer at a spread price pertaining to a purchase of a nearest contract month and a sale of one of the other contract months excluding the nearest contract month, and the term “spread bid” shall mean a bid at a spread price pertaining to a sale of a nearest month and a purchase of one of the other contract months excluding the nearest contract month.

## **Section 2. Trading Sessions and Methods of Contract Formation under Principles of Auction**

### **Rule 5. (Division of trading sessions and trading hours)**

1. The trading session of the Index futures contract shall be divided into a morning trading session, an afternoon trading session, and an evening trading session, and the trading hours of each session shall be defined in each of the following items.

- (1) The morning trading session shall be from 9:00 a.m. to 11:00 a.m.
- (2) The afternoon trading session shall be from 12:30 p.m. to 3:10 p.m.
- (3) The evening trading session shall be from 4:30 p.m. to 7:00 p.m.

2. The Exchange may change the trading hours defined in the preceding Items on a temporary basis, when deemed necessary. In such case, the Exchange shall notify the trading participants of that effect in advance.

3. Neither trading in nor any other operations of the Index futures contract shall be conducted on a holiday.

### **Rule 6. (Temporary halt and temporary operation of trading sessions)**

The Exchange may halt or carry out the whole or any part of the trading session of the Index futures contract on a temporary basis, when deemed necessary.

### **Rule 7. (Notification of temporary halt and temporary operation of trading sessions)**

When the Exchange determines the temporary halt or temporary operation of the trading session of the Index futures contract, it shall notify the trading participants of that effect in advance.

### **Rule 8. (Trading by electronic systems)**

Transactions in the Index futures contract shall be effected by the electronic trading systems.

**Rule 9. (Priority of orders during auction trading)**

1. The auction trading shall effect transactions in the Index futures contract.
2. The priority among orders of the Index futures contract during the auction trading shall be determined subject to the provisions of each of the following Items.
  - (1) The lower offer price shall take priority over other higher offer prices, and the higher bid price shall take priority over other lower bid prices.
  - (2) Where two or more orders are made at the same price;
    - a. The order placed earliest shall take priority over other orders placed later.
    - b. In the case where orders are made simultaneously, or there is a difficulty in determining the time priority of orders being placed, such priority shall be determined by the Exchange.
  - (3) A market order shall take priority (3) over other bids and offers in terms of price, and every market order shall receive the same priority.
3. All bids and offers made prior to determination of an opening contract index as well as those made prior to determination of an initial contract index after the resumption of the trading regarding a particular contract month that has been suspended pursuant to other rules of the Exchange shall be regarded as having been made simultaneously.
4. A market order which reaches the limit of the range of price fluctuation at the time of the closing of the afternoon session shall become a bid or offer with such ceiling price pursuant to Rule 11, Paragraph 4 as prescribed hereinafter. In such case, bids and offers at this price shall be regarded as having been made simultaneously.
5. In applying the provisions of the above Paragraphs 2 and 3 to the Inter-month Spread Trading, the terms “each of the following items,” “price,” “offer” and “bid” in Paragraph 2 shall be read as “Item (1) and Item (2),” “spread price,” “spread offer” and “spread bid,” respectively; and the terms “contract index” and “trading in a contract month” in Paragraph 3 shall be read as “contract spread price” and “inter-month spread trading,” respectively.

**Rule 10. (Individual auctions)**

1. Transactions by the auction trading prescribed in Paragraph 1 of the preceding Rule shall be on an individual auction basis.
2. Transactions on an individual auction basis in the Index futures contract shall be carried out by matching each order individually to a contract index with reference to the priority of orders prescribed in Paragraph 2 of the preceding Rule. The contract index shall be determined by a certain price at which the lowest offer and the highest bid are matched through competitions among sellers or buyers, or between sellers and buyers, except for the

cases that determine the contract index set forth in each of the following Items.

- (1) Opening price as a contract index;
- (2) Initial price as a contract index, after the resumption of trading in a particular contract month which has been temporarily suspended pursuant to other rules of the Exchange;
- (3) Closing price as a contract index; and
- (4) The price when a special quote is indicated pursuant to the provisions prescribed by the Exchange. In addition, the Exchange shall determine a contract index when deemed necessary in view of the bids and offers situation.

3. The contract index mentioned in each item of the preceding Paragraph shall be determined by a certain price at which the total amount of offers and the total amount of bids are matched complying with all the conditions and terms prescribed in the following Items, through the competitions among sellers or buyers, or between sellers and buyers. Consequently, transactions shall be carried out by matching each order individually to such index with reference to the priority of orders prescribed in Paragraph 2 of the preceding rule.

However, in the case of absence of such price to comply with the above conditions and terms, then the contract index mentioned in each item of the preceding paragraph shall be determined by a certain price at which the total amount of offers and the total amount of bids are matched complying with all the conditions and terms prescribed in the following items except Item (3) b, through the competitions among sellers or buyers, or between sellers and buyers. Consequently, transactions shall be carried out by matching each order individually to such index with reference to the priority of orders prescribed in Paragraph 2 of the preceding Rule.

- (1) All market orders;
- (2) All limit orders to sell at prices lower than the contract index and all limit orders to buy at prices higher than the contract index; and
- (3) The following amount of limit orders to sell or buy at the contract index;
  - a. the entire amount of either selling orders or buying orders; and
  - b. the amount of orders on the other side determined separately by the Exchange

4. In such instances as prescribed in the provisions of the preceding paragraph, when there are two or more prices at which the total amount of offers and the total amount of bids are matched, and if one of those prices is the same as the latest contract index (except the contract index in the inter-month spread trading; the same shall apply to the “latest contract index” mentioned in this Paragraph and the next paragraph), such price shall be determined as a contract index; and in the case of absence of such price, the nearest price to the latest contract index shall be determined as a contract index; provided, however, that if the Exchange deems it inappropriate to use such latest contract index as the basis for determining a contract index, it shall determine the price as a contract index on a

case-by-case basis.

5. Notwithstanding the provisions of Paragraph 3, no transaction shall be effected if the price which determines a contract index mentioned in Paragraph 2, Item (3) exceeds the range of price fluctuation determined by the Exchange based on the latest contract index (or the special quote when such quote is indicated pursuant to the provisions prescribed by the Exchange).

6. In applying the provisions of the above Paragraphs 2 through 5 to the Inter-month Spread Trading, the terms “contract index (except the contract index prescribed in the parenthesis in Paragraph 4)” and “price” in Paragraphs 2 through 5 shall be read as “contract spread price” and “spread price” respectively; the terms “offer” and “bid” in Paragraphs 2 through 4 shall be read as “spread offer” and “spread bid” respectively; the term “Paragraph 2 of the preceding Rule” in Paragraphs 2 and 3 shall be read as “Paragraph 2 of the preceding Rule which is interpreted by Paragraph 5 of the same Rule”, the term “trading in a contract month” in Paragraph 2 shall be read as “inter-month spread trading”; the term “The same...(except the contract index in the inter-month spread trading; the same shall apply to the “latest contract index” mentioned in this Paragraph and next Paragraph)” in Paragraph 4 shall be read as “the same as the latest contract month”; and the term “special quote” in Paragraph 5 shall be read as “special quote spread price.”

**Rule 10-2. (Contract index of purchase or sale at the time of consummation of inter-month spread transaction)**

1. A contract index of a purchase or sale in each contract month at the time of the consummation of the inter-month spread transaction shall be a price prescribed in each of the following Items in accordance with the classification of contract months set forth in each of such Items:

(1) Nearest contract month: The latest contract index (or the special quote when such special quote is indicated pursuant to the provisions prescribed by the Exchange) of the nearest contract month in the session of the day, provided, however, that in the case of absence of such latest contract index, the price shall be determined by the Exchange.

(2) Contract months excluding nearest contract month: A price obtained by adding the contract spread price of the inter-month spread transaction to the price determined as the contract index of the nearest contract month pursuant to the provision of the preceding Item.

2. In such instance as prescribed in the provisions in the preceding paragraph, if the price, which is computed in accordance with the provisions of Item (2) of the same paragraph, exceeds the limit of the range of price fluctuation of the contract months excluding the nearest contract month prescribed in the provisions of Rule 11, Paragraph 4, the contract index shall be a price prescribed in each of the following items in accordance

with the classification of contract months set forth in each of such Items.

(1) Nearest contract month: A price obtained by deducting the contract spread price of the inter-month spread transaction from the price determined as the contract index of the contract months excluding the nearest contract month pursuant to the provisions of the following item.

(2) Contract months excluding nearest contract month: A price prescribed in 'a' or 'b' below;

- a. If the price computed in accordance with the provisions of Item (2) of the preceding paragraph exceeds the upper limit of the price fluctuation range of the contract months excluding the nearest contract month prescribed in the provisions of Rule 11, Paragraph 4, the upper limit of the price fluctuation range shall be adopted; or
- b. If the price computed in accordance with the provisions of Item (2) of the preceding Paragraph is below the lower limit of the price fluctuation range of the contract months excluding the nearest contract month prescribed in the provisions of Rule 11, Paragraph 4, the lower limit of the price fluctuation range shall be adopted.

### **Rule 10-3. (Cancellation of executed transactions)**

1. In cases where the Exchange considers that conducting smooth settlement of executed transactions is extremely difficult due to the placement of an erroneous order, and that such difficulty will disrupt the market significantly, the Exchange may cancel such executed transactions.

2. In cases where the executed transaction records in the trading system of the Exchange have been lost due to natural disasters or other unavoidable reasons, and if the Exchange considers that the complete recovery of such lost data will be extremely difficult, the Exchange may cancel such executed transactions on a case-by-case basis.

3. When the Exchange cancels the executed transactions in accordance with the provisions of the above Paragraphs 1 and 2, such transactions shall be deemed to be nullified.

4. A trading participant shall not claim compensation for any damage or loss, if any, incurred by the cancellation of executed transactions by the Exchange in accordance with the provisions of the above Paragraph 1 against the trading participant who placed the erroneous order, provided, however, that the same shall not apply if it becomes obvious that the trading participant placed such erroneous order intentionally or by gross negligence.

5. A trading participant shall not claim compensation from the Exchange for any damage or loss, if any, incurred by the cancellation of executed transactions by the Exchange in accordance with the provisions of the above Paragraph 1 or 2, provided, however, that the same shall not apply if it becomes obvious that such damage or loss was

caused by the Exchange intentionally or by gross negligence of the Exchange.

**Rule 11. (Bids and offers)**

1. A trading participant shall make a bid or offer when it is going to effect a transaction in the Index futures contract. In this instance, the trading participant must clearly inform the Exchange whether such bid or offer is made for the account of its customer or for its own account.

2. Bids and offers in the Index futures contract shall be made through the trading participant's terminal by inputting such bids or offers using the electronic trading systems.

3. The minimum fluctuation of bids and offers in the Index futures contract shall be the amount prescribed in each of the following Items.

(1) TOPIX futures contract

a. Large transactions

0.5 point (or 0.1 point, for the inter-month spread trading)

b. Mini transactions

0.25 point (or 0.05 point, for the inter-month spread trading)

(2) S&P/TOPIX150 futures contract, TOPIX Electric Appliances Index futures contract, and TOPIX Transportation Equipment Index futures contract (a type of futures contract on the S&P/TOPIX150, TOPIX Electric Appliances Index, and TOPIX Transportation Equipment Index, respectively; the same shall apply hereinafter)

0.5 point

(3) TOPIX Core 30 futures contract and Tokyo Stock Exchange REIT Index futures contract

0.5 point (or 0.1 point, for the inter-month spread trading)

(4) TOPIX Banks Index futures contract (a type of futures contract on the TOPIX Banks Index; the same shall apply hereinafter)

0.1 point

4. No bids and offers shall be made beyond or below the limit of the price fluctuation range prescribed by the Exchange. However, the limit of the price fluctuation range for bids and offers in the inter-month spread trading shall not be prescribed.

5. In cases where the Exchange deems the bids and offers to be necessary to facilitate the consummation of transactions, the Exchange shall publicize them.

6. In addition to those prescribed in these Special Regulations, matters necessary for bids and offers in the Index futures contract shall be prescribed by the Exchange separately.

**Rule 12. (Unit of trading)**

The unit of trading in the Index futures contract shall be obtained by multiplying the

amount prescribed in each of the following Items by the numerical value of the Index of the relevant transaction subject to the trading classification of futures contract.

- (1) TOPIX futures contract
  - a. Large transactions  
10,000 yen
  - b. Mini transactions  
1,000 yen
- (2) TOPIX Electric Appliances Index futures contract, TOPIX Transportation Equipment Index futures contract, and TOPIX Banks Index futures contract  
10,000 yen.
- (3) S&P/TOPIX150 futures contract, TOPIX Core 30 futures contract, and Tokyo Stock Exchange REIT Index futures contract  
1,000 yen

**Rule 13. (Public announcement of contract indexes, etc.)**

The Exchange shall, when a transaction has been executed in the Index futures contract, publicly announce the contract index (or the contract spread price and the contract index in the case of the inter-month spread trading) pursuant to the provisions prescribed by the Exchange.

**Rule 14. (Reporting and confirmation of transactions)**

1. The Exchange shall, when a transaction has been executed in the Index futures contract, immediately report the particulars of the transaction through the electronic trading systems to the trading participant who has placed a bid or offer.
2. A trading participant shall, when it has received a transaction report with respect to the Index futures contract through the trading participant's terminal using the electronic trading systems, immediately confirm the particulars of such transaction.

**Rule 14-2. (Temporary suspension of trading)**

In the event that a contract month of the Index futures contract (excluding mini transactions) falls under either of the following Items, the Exchange shall temporarily suspend the index futures trading whose underlying index is the same as that of said contract month trading for a certain period determined by the Exchange, starting from the time when the contract month has fallen under such item, unless otherwise determined by the Exchange.

- (1) When the latest contract index (excluding the contract index in the inter-month spread trading, and including the special quote price when the special quote is indicated pursuant to the provisions prescribed by the Exchange; the same shall apply hereinafter in this Rule) falls below the price that is over the first price limit specified as a base price by

the Exchange, a temporary trading halt shall be exercised (excluding cases enumerated in Item (3)).

(2) When the latest contract index rises above the first price limit from the price specified as a base price by the Exchange exceeding, a temporary trading halt shall be exercised (excluding cases enumerated in Item (4)).

(3) When the latest contract index falls below the price that the Exchange stated as a base price exceeding the second price limit specified by the Exchange, a temporary trading halt shall be exercised.

(4) When the latest contract index rises above the price that the Exchange stated as a base price, exceeding the second price limit prescribed by the Exchange, a temporary trading halt shall be exercised.

#### **Rule 15. (Halt of trading)**

The Exchange may halt the trading in the Index futures contract in the cases prescribed in each of the following Items, in accordance with the provisions prescribed by the Exchange.

(1) When the Exchange deems there is, or is likely to be, abnormality in the situation of trading in the Index futures contract, or deems that the prosecution of trading operation is inappropriate for the administrative reasons;

(2) When the Exchange deems that it is difficult to prosecute the trading operation due to the problems of its trading systems.

### **Section 3. Index Futures Contracts Executed by Strategy Trading**

#### **Rule 16. (Execution of Index Futures Contracts by Strategy Trading)**

1. An index futures contract that is subject to strategy trading (meaning trading enumerated in Rule 6-2, Paragraph 1, Item 2 of the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Index Futures Contract; the same applies hereinafter) shall be executed between parties to said strategy trading outside auction of trading sessions, as specified by the Exchange, when the strategy offer (meaning a strategy offer prescribed by Rule 6-2, Paragraph 5 of the same Special Regulations) and strategy bid (meaning a strategy bid prescribed by Rule 6-2, Paragraph 5 of the same Special Regulations) shall be matched, and also when the condition prescribed by Rule 6-2, Paragraph 4 of the same Regulations is satisfied.

2. Other than the matters prescribed in the preceding paragraph, the Exchange will determine necessary matters related to the index futures contract which is subject to strategy trading.

Section 4 Deleted

Rules 17 through 25 Deleted

## **Section 5. Transactions for Error Correction etc.**

### **Rule 26. (Transactions for error correction etc.)**

1. When a trading participant has, due to an error, etc. caused by a truly unavoidable reason, failed to execute its customer's order under his/her instruction in the market of the Exchange, the trading participant may, in accordance with the provisions prescribed by the Exchange and with prior approval from the Exchange, effect a principal sale or purchase pertaining to the said approval as a contra party outside auction trading at a price deemed appropriate by the Exchange.

2. Settlement pertaining to the sale or purchase in the preceding paragraph shall be effected on a day that would have been a settlement day if the customer's order to sell or buy had been executed under the customer's instruction.

3. In applying the provisions prescribed in the preceding Paragraphs 1 and 2 to the inter-month spread trading, "sale" and "purchase" in Paragraph 2, and "price" in Paragraph 1 shall be read as "a purchase of the nearest contract month and a sale of a contract month excluding the nearest contract month," "a sale of the nearest contract month and a purchase of a contract month excluding the nearest contract month" and "a spread price" respectively.

## **Section 6. Final Settlement etc.**

### **Rule 27. (Final settlement)**

In each contract month of the Index futures contract, any purchase contract (meaning a transaction for purchase that has been executed but unsettled; such unsettled transaction shall hereinafter be called "unsettled contract" and such purchase contract shall hereinafter be called "purchase contract") or sales contract (meaning a transaction for sales that has been executed but unsettled, hereinafter called "sales contract") shall be settled at the final settlement index price prescribed in the provisions of the following Rule (such settlement shall hereinafter be called "final settlement") on the business day following the day on which the final settlement index price is fixed in accordance with the provisions of Paragraph 1 of the following Rule (such day shall hereinafter be called "final settlement day"), if neither sales for offset (meaning that a transaction to offset a purchase contract) nor purchase for offset (meaning that a transaction to offset a sales contract) has been effected during the period until the last trading day.

### **Rule 28. (Final settlement index price)**

1. The final settlement index price shall be a special index price (hereinafter called “special settlement index price”) computed by the Exchange based on the contract price of each component stock of the relevant index which has been fixed at the opening of the trading session on the business day following the last trading day of the relevant transaction; provided, however, that for the stocks without any contract price fixed on the business day following the last trading day, such price shall be determined by the Exchange.

The special settlement index price shall be fixed on the business day following the last trading day of the transaction in the relevant contract month of the Index futures contract; provided, however, that if the trading session has been halted on the business day following the last trading day (including the cases where the trading session has been halted pursuant to the provisions of Item 3 or 4 of Rule 29 of the Business Regulations), the Exchange shall, when deemed necessary, fix a final settlement price on a case-by-case basis on the day the Exchange determines on a case-by-case basis.

2. Notwithstanding the provisions of the preceding Paragraph, the Exchange may, in the event that any error has been found in the special settlement index price before the final settlement day, replace it with a re-computed special settlement index price as the final settlement index price.

3. A trading participant shall not claim compensation for any damage or loss incurred due to any failure, delay, or error of the calculation or dissemination of the stock price index, or alteration of the final settlement index price pursuant to the provisions prescribed in the preceding Paragraph, against the Exchange and/or the index calculator (including a person or an entity that has been entrusted by such calculator with the operation pertaining to calculation of the stock price index).

## **Section 7 Give-Up**

### **Rule 29. (Give-up)**

1. A trading participant may conduct the give-up with respect to the transactions in the stock price index futures contract (including the transactions for the correction of errors, and excluding the new transactions resulted from the give-up; the same shall apply hereinafter in this Section) in accordance with the provisions of this Section.

2. “Give-up” shall mean that a trading participant makes a sale or purchase transaction in the stock price index futures contract to be extinguished, and at the same time, a new sale or purchase transaction is created under the conditions identical to those of the give-up transaction and taken up by another trading participant under its name; provided, however, that if another trading participant is a “non-clearing participant” (meaning a non-clearing participant prescribed in the provisions of Rule 24-2, Paragraph 5 of the

Trading Participant Regulations; the same shall apply hereinafter), such give-up transaction will be taken up by a “designated clearing participant” (meaning a designated clearing participant selected and designated by a non-clearing participant for its own account in accordance with the provisions of Rule 24-4, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter).

3. An “executing trading participant” shall mean a trading participant who effects a sale or purchase transaction in the price index futures contract that is to be extinguished as a result of the completion of the give-up.

4. An “clearing trading participant” shall mean another trading participant (or a designated clearing participant designated by such another trading participant for its own account) who takes up the newly created sale or purchase transaction in the price index futures contract as a result of the completion of the give-up.

5. In addition to those prescribed in these Special Regulations, matters necessary for the give-up shall be prescribed by the Exchange separately.

**Rule 30. (Give-up notification)**

1. When an executing trading participant intends to give up its sale or purchase transaction in the stock price index futures contract, it shall notify the Exchange of its intension of give-up, as well as the particulars of the transaction to be given up, the name of the clearing trading participant involved in such give-up, and other information prescribed by the Exchange by the time determined by the Exchange.

2. Upon receipt of the give-up notification from the executing trading participant in accordance with the provisions of the preceding Paragraph, the Exchange shall immediately notify the relevant clearing trading participant of that effect.

**Rule 31. (Take-up notification)**

1. When a clearing trading participant receives the give-up notification from the Exchange in accordance with the provisions of Paragraph 2 of the preceding rule, it shall notify the Exchange of matters relevant to the give-up prescribed in each of the following Items by the time determined by the Exchange.

- (1) Notification of approval, if the clearing trading participant accepts the give-up
- (2) Notification of rejection, if the clearing trading participant does not accept the give-up

2. If the Exchange does not receive any notification from the clearing trading participant in accordance with the provisions of the preceding Paragraph by the time prescribed in the same Paragraph, it shall be deemed that the Exchange has received the

notification prescribed in the preceding Item (2).

3. When the Exchange receives the notification in accordance with the provisions of the preceding Paragraph 1 (including the notification prescribed in the Item (2) of the preceding Paragraph 1 in accordance with the provisions of the preceding Paragraph 2), the Exchange shall immediately notify the executing trading participant relevant to the give-up of that effect.

**Rule 32. (Completion of give-up)**

When the Exchange receives the notification prescribed in the Item (1) of the preceding Paragraph 1, the give-up shall be completed.

Section 8 through 10 Deleted

Rule 33 through 36 Deleted

**Section 11. Miscellaneous Provisions**

**Rule 37. (Reporting to customers concerning Index futures contracts)**

1. A trading participant shall every month send to its customer who has an unsettled Index futures contract on his/her account a report concerning such Index futures contract (including transactions for the correction of errors; the same shall apply in this Paragraph hereinafter); provided, however, that the same shall not apply in such case where a customer is a financial instruments firm as a member of the Japan Securities Dealers Association.

2. The report prescribed in the provisions of the preceding Paragraph shall state the Index pertaining to the transaction, the contract month, whether the transaction is a large or mini transaction if such transaction has been effected in the TOPIX futures contract, sale or purchase, the amount of contract, the contract index, the execution date (the ending day of the trading day on which contract was executed), and the last trading day (the day on which the contract month ends).

3. A trading participant may, instead of sending a report pursuant to the provisions of the preceding Paragraph 1, provide its customer with the matters that must be included in the report through the electronic means. This “electronic means” shall mean the use of electronic information processing facilities or any other communications technologies prescribed in Article 56 of the Cabinet Office Ordinance on the Financial Instruments Business (Cabinet Office Ordinance No. 52 in 2007), excluding Paragraph 1, Item 1 (d), Paragraph 2, Item 3 (b) and Item 4; in addition, the term “the transaction described has been

executed at the last stage” prescribed in Paragraph 2, Item 3, shall be read as “the transaction described has been recorded” (The same shall apply hereinafter.) Note, however, that it is required to explain the use of such electronic means including its type and particulars to the customer in advance and obtain the customer’s approval in writing or through the electronic means. In this instance, it shall be considered that the trading participant has sent the report.

4. The trading participant who obtained an approval in accordance with the provisions of the preceding Paragraph shall not provide the customer with the matters that must be included in the report through the electronic means, if the customer has instructed in writing or through the electronic means not to send such information using any electronic means; provided, however, that the same shall not apply if the customer gives another approval in accordance with the provisions of the preceding paragraph.

**Rule 38. (Regulatory actions concerning trading in Index futures contract in the Exchange market or acceptance of customer’s orders therefore)**

In the event that the Exchange deems that the trading in the Index futures contract in the market of the Exchange is, or is likely to be, in an unusual situation, the Exchange may take any necessary action(s) of the regulatory actions prescribed by the Exchange in its order rules, with respect to the trading in the Index futures contract in the market of the Exchange or acceptance of customers’ orders therefor.

Rules 39 and 40. Deleted

**Rule 41. (Method of trading etc. in Index futures contract in the Exchange market)**

1. A trading participant shall effect the trading in the Index futures contract in the market of the Exchange by using the trading participant’s electronic terminals etc. deemed appropriate by the Exchange.

2. Trading participants must comply with the interface specifications and other matters specified by the Exchange with regard to the connections between trading participant terminals and the trading systems.

3. A trading participant shall report matters with respect to its electronic terminals to the Exchange in accordance with the provisions prescribed by the Exchange as well as cooperate with the Exchange to ensure and maintain the stability of the electronic trading system.

4. A trading participant shall, from among its executives in charge of, or employees responsible for its trading operations in the Index futures contract in the market of the Exchange, appoint a responsible person who supervises such trading operations and handles

other matters relevant thereto, and file with the Exchange to that effect in advance of his/her assuming the position; provided, however, that if the Exchange determines that an additional responsible person is required to handle the specific part of the trading operations in the Index futures contract, a trading participant shall appoint a responsible person who carries such specific part of operations on behalf of the person responsible for the trading operations in the Index futures contract, and file with the Exchange to that effect in advance of his/her assuming the position.

Rules 42 and 43 Deleted

**Rule 44. (Emergency measures in case of trouble in operation of electronic trading system)**

1. In the event that any troubles in operation of the electronic trading system take place, and if the Exchange deems it necessary, the trading in the Index futures contract may be effected temporarily by other means than the electronic trading system.

2. A trading participant that finds it difficult to make bids and offers due to any troubles in operation of the electronic trading system or other unavoidable circumstances (hereinafter called “trading participant in system troubles”) may make bids and offers through other trading participant(s) (hereinafter called “acting trading participant(s)”) with a prior approval of such other trading participant(s) and the Exchange. In this instance, when a transaction in the Index futures contract has been executed at a bid or an offer so made, such trading participant in system troubles and such acting trading participant(s) shall notify the Exchange of particulars of this transaction in accordance with the provisions prescribed by the Exchange.

3. Matters necessary for the trading in the index futures contract pursuant to the provisions of the preceding two paragraphs shall be determined by the Exchange on a case-by-case basis.

Rule 45 Deleted

**Rule 46. (Rewording of Business Regulations)**

In applying the provisions of Rule 74 through 76, and Rule 77-2 of the Business Regulations to the Index futures contract, the term “...of the daily aggregate trading volume etc. in the market of the Exchange” in Rule 74 shall be read as “...of the aggregate trading volume etc. on every Trading Day in the market of the Exchange”; the term “... of the daily market Trading Volume data etc. of the market of the Exchange” in Rule 75 shall be read as “... of the market Trading Volume data etc. on every Trading Day of the market of the Exchange”; and the term “trading participant” in Rule 76 and Rule 77-2 shall be read as “trading participant meaning a General Participant Regulations prescribed in Rule 2,

Paragraph 2 of the Trading Participant Regulations or a Index Futures Trading Participant in prescribed in the same Rule, Paragraph 4.”

## **CHAPTER 3**

### **Special Regulations of Brokerage Agreement Standards**

#### **Section 1. Order Acceptance for Index Futures Contract**

##### **Rule 47. (Submission of agreement for establishment of Futures/Options Trading Account)**

1. A customer who wishes to entrust a transaction in the Index futures contract to a trading participant shall establish a Futures/Options Trading Account with such trading participant.
2. Notwithstanding the provisions of the preceding Paragraph, in the case of a transaction in the Index futures contract pertaining to the give-up, a customer who wishes to entrust such transaction to an executing trading participant shall establish a Futures/Options Trading Account with the executing trading participant, and a customer who wishes to entrust such transaction to a clearing trading participant shall establish such an account with the clearing trading participant, respectively.
3. A customer who wishes to establish a Futures/Options Trading Account shall file an application therefore with a trading participant and obtain its approval.
4. A customer who has obtained an approval of the trading participant with respect to the application mentioned in the preceding paragraph shall fill in the prescribed Items of the Agreement for Establishment of Futures/Options Trading Account on the specific form designated by the Exchange, affix his/her signature or put his/her seal on it, and submit it to the trading participant.
5. A customer may, instead of the submission of the agreement form prescribed in the preceding Paragraph, notify the trading participant of the acceptance of the agreement through the electronic means, if the trading participant explains the customer the type and particulars of such electronic means (meaning the use of electronic information processing facilities or any other communications technologies as prescribed in Article 57-3 of the Cabinet Office Ordinance on the Financial Instruments Business; the same shall apply hereinafter) and the customer accepts the use of such electronic means and gives its approval to the trading participant in writing or through the electronic means. In this instance, it shall be considered that the customer has submitted the agreement form to the trading participant.

6. A trading participant who obtained the customer's approval in writing or through the electronic means prescribed in the preceding paragraph may not accept the notification of the acceptance of the agreement prescribed in the preceding Paragraph through the electronic means, if the customer has notified in writing or through the electronic means that it will not use the electronic means; provided, however, that the same shall not apply in the case the customer gives another approval with respect to the use of electronic means.

**Rule 47-2. (Conclusion of give-up agreement)**

1. In the event that a customer wishes to entrust a transaction in the Index futures contract pertaining to the give-up, the customer shall finalize the give-up agreement with the executing trading participant and the clearing trading participant.

2. The following items shall be agreed to in the give-up agreement prescribed in the preceding paragraph.

- (1) Fees for the give-up transaction, the payee, and the method of payment.
- (2) Handling of cases when the give-up fails to be executed.

3. Notwithstanding the provisions of the preceding Paragraph 1, when a customer wishes to entrust a transaction in the Index futures contract pertaining to the give-up, and if the customer is an applicant's agency firm (meaning that the customer who entrusts the give-up transaction to the executing trading participant is an agency firm such as a financial instrument firm or a foreign securities company, and the entrustment of the give-up transaction was made through the agency firm by the applicant; the same shall apply in the following paragraph), the give-up agreement shall be finalized among the customer, the applicant who applies for the entrustment to the agency firm, and the clearing trading participant involved in the give-up in accordance with the agreement prescribed in the preceding Paragraphs 1 and 2.

4. Notwithstanding the provisions of the preceding Paragraph 1 and 3, when a customer of the executing trading participant wishes to entrust a transaction in the Index futures contract pertaining to the give-up, and if a customer of the clearing trading participant is a clearing agency firm (meaning that the customer who entrusts the clearing of the give-up transaction to the clearing trading participant is an agency firm such as a financial instrument firm or a foreign securities company, and the entrustment of clearing the give-up transaction was made through the agency firm by the applicant; the same shall apply hereinafter), the give-up agreement shall be finalized among the customer of the clearing trading participant, the executing trading participant (or the applicant, if the applicant applies for entrustment of the give-up transaction to an agency firm, that is, the customer of the executing trading participant), and the customer of the executing trading participant in accordance with the agreement prescribed in the preceding Paragraphs 1 and

2.

5. Upon conclusion of the give-up agreement in accordance with the provisions of Paragraphs 1, 3 or 4, the executing trading participant or the clearing trading participant shall be entitled to the entrustment of the transaction in the Index futures contract pertaining to the give-up.

**Rule 48. (Notification matters by customers)**

In the event that a customer entrusts a transaction in the Index futures contract, the customer shall make prior notification concerning matters prescribed in the following items to its trading participant.

- (1) Personal or business name;
- (2) Address or office location;
- (3) Name of the place designated to receive communications, if such place has been designated; and
- (4) In cases that an agent has been appointed, the personal or business name and the address or office location thereof and powers assigned thereto.

**Rule 49. (Instructions at the time of entrustment)**

1. Every time when a customer entrusts a transaction in the Index futures contract, the customer shall give the instructions prescribed in each of the following Items to its trading participant (in the case of strategy trading, Items (2), (4), (5), (8) and (9) do not apply).

- (1) The Index pertaining to the transaction and the contract month;
- (2) Whether it is a large or mini transaction, if the contract is placed in the TOPIX futures contract;
- (3) Whether it is a sale or purchase to initiate a new position, or a sale for offset or purchase for offset;
- (4) In case of an inter-month spread transaction, notice to that effect;
- (5) Contract amount;
- (6) The limit of price fluctuation range (or the limit of spread price fluctuation range in case of an inter-month spread transaction);
- (7) The delta value, in the case of strategy trading;
- (8) Trading session; and
- (9) Effective period of an order.

2. Notwithstanding the provisions of the preceding Paragraph 1, a customer may not need to give the instruction prescribed in Item (3) of the same Paragraph, if its trading participant agreed to effect transactions in accordance with the procedures instructed by the customer in advance. In this instance, the trading participant shall effect transactions in accordance with the procedures instructed by the customer pertaining to the relevant

matters.

3. Notwithstanding the provisions prescribed in the preceding Paragraph 1, a customer may, with the prior consent of its trading participant, give the instruction prescribed in Item (3) of the same paragraph by the time designated by its trading participant but not later than the ending time of 4:30 p.m. of the trading day on which the contract was executed. In this instance, if the customer fails to give any instruction pertaining to the relevant matters by the time designated by its trading participant, it shall be deemed that the customer has given an instruction for a new sale or purchase order.

**Rule 49-2. (Instructions at the time of entrustment relevant to give-up)**

1. Notwithstanding the provisions of the preceding Rule, every time when a customer entrusts a transaction in the Index futures contract pertaining to the give-up, the customer shall give the instructions prescribed in each of the following items in addition to the instructions prescribed in each item (except Item 3) of Paragraph 1 of the same rule to its executing trading participant.

- (1) The transaction in the Index futures contract is pertaining to the give-up;
- (2) Name of the clearing trading participant involved in the give-up; and
- (3) Matters required for the clearing trading participant to confirm which customer will take up a new transaction of sale or purchase as a result of the completion of the give-up.

2. Notwithstanding the provisions prescribed in the preceding Paragraph, a customer may, with the prior consent of its executing trading participant, give the instruction prescribed in each item of the same paragraph by the time designated by its executing trading participant but not later than the ending time of 4:00 p.m. of the trading day on which the contract pertaining to the give-up was executed.

**Rule 49-3. (Effectiveness of orders placed by customers at resumption of suspended trading)**

An order placed by a customer shall remain effective during the effective period instructed by the customer in accordance with the provisions prescribed in the preceding Rules 49 and 49-2, even in the event that the Exchange has halted trading in the Index futures contract; provided, however, that the same shall not apply when the customer has given an instruction that such order should lose effectiveness in the case of suspension of trading.

**Rule 49-4. (Effectiveness of entrustment at the completion of give-up)**

In the event that the give-up of the sale or purchase transaction in the Index futures contract has finalized, the entrustment agreement between the customer and the executing trading participant pertaining to such transaction shall be terminated. At the same time, a new entrustment agreement for the settlement shall come into force between the customer and

the clearing trading participant pertaining to a new sale or purchase transaction in the Index futures contract as a result of the completion of the give-up.

**Rule 49-5. (Instructions on sale or purchase for offset at the completion of give-up)**

1. Notwithstanding the provisions prescribed in preceding Rule 49, in the event that the give-up of the sale or purchase transaction in the Index futures contract has finalized, the relevant customer may give an instruction prescribed in Paragraph 1, Item (3) of the same Rule pertaining to a new sale or purchase transaction as a result of the completion of the give-up to the relevant clearing trading participant. This instruction should be given by the time designated by the clearing trading participant but not later than the ending time of 4:30 p.m. of the trading day on which the contract pertaining to the give-up was executed. In this instance, if the customer fails to give any instruction pertaining to the relevant matters by the designated time, it shall be deemed that the customer has given an instruction for a new sale or purchase order.

2. The provisions prescribed in the preceding Paragraph 2 of Rule 49 shall be applied correspondingly to the instructions prescribed in Paragraph 1, Item (3) of the same rule pertaining to the new transaction in the Index futures contract as a result of the completion of the give-up.

**Section 2. Margin etc.**

**Rule 50. (Margin)**

Matters with respect to margin shall be subject to the Rules on Margin and Transfer of Unsettled Contracts Pertaining to Futures/Option Contract prescribed by the Exchange (hereinafter called "Margin Rules").

Rules 51 through 57. Deleted

**Section 3. Settlement**

**Rule 58. (Money to be paid/received for settlement)**

1. The amount of money to be paid/received between a customer and a trading participant for the settlement of the Index futures contract shall be determined as follows; if the customer intends to conduct the settlement by effecting a sale or purchase for offset, the amount shall be equivalent to the difference between the contract index of his/her unsettled contract relevant to such sale or purchase for offset and the contract index of the sale or purchase for offset; or, if the customer intends to conduct the settlement by the final settlement, the amount shall be equivalent to the difference between the contract index of his/her unsettled contract and the final settlement index price.

2. In the event that a customer incurs loss at the time of the settlement of his/her Index futures contract, the customer shall pay to the trading participant the amount of money equivalent to the amount of such loss.

In this instance, if the customer intends to conduct the settlement by effecting the sale or purchase for offset, such payment shall be made by the time and date designated by the trading participant but not later than the next day after the ending day of the trading day on which the sale or purchase transaction for offset was executed; provided, however, that if the customer is a “non-resident” (meaning a non-resident prescribed in Article 6, Paragraph 1, Item (6) of the Foreign Exchange and Foreign Trade Law under the Law No. 228 in 1949; the same shall apply hereinafter in this Paragraph), the payment shall be made by the time and date designated by the trading participant but not later than the second day (excluding holidays; the same shall apply hereinafter in terms of counting the number of days) after the ending day of the trading day.

If the customer intends to conduct the settlement by the final settlement, such payment shall be made by the time and date designated by the trading participant but not later than the final settlement day (or the next day of the final settlement day, if the customer is a non-resident) of the relevant contract month.

**Rule 59. (Appropriation of margin to payment for settlement)**

A trading participant may appropriate the amount of money deposited therewith by a customer as of the day on which the customer should make payment to the trading participant for the settlement or the amount of money equivalent to the customer’s unrealized gain prescribed in the Margin Rules to the payment that should be made by the customer to the trading participant pursuant to the provisions of Paragraph 2 of the preceding rule.

**Rule 60. (Regulatory action in case of customer’s settlement failure)**

1. In the event that a customer fails to pay for or deposit the margin required, or fails to pay any amount of money payable to a trading participant with respect to a Index futures contract by the time of prescribed deadline, the trading participant may, at its discretion, effect a sale or purchase transaction for offset (including the entrustment of such transaction) or conduct the final settlement, for the customer’s own account, to complete the settlement of such Index futures contract.

2. In the event that a trading participant has incurred a loss due to the customer’s failure described in the preceding Paragraph, the trading participant may appropriate the money or securities which are held by the trading participant on behalf of such customer, or recorded in an account based on the Act on Book-Entry Transfer of Corporate Bonds, Stocks, Etc. (Act No. 75 of 2001) as a compensation for such loss; if any deficit still remains, the trading participant may claim the payment for such deficit from the customer.

## **Section 4. Transfer etc. of Unsettled Contracts**

### **Rule 60-2. (Handling of customers' unsettled contracts)**

Matters concerning transfer etc. of customers' unsettled contracts shall be subject to the Margin Rules.

## **Section 5. Miscellaneous Provisions**

### **Rule 61. (Payment and receipt of money in foreign currency)**

Payment and receipt of money between a customer and a trading participant with respect to the Index futures contract may be made in foreign currency designated by the customer, if the trading participant has agreed thereto.

### **Rule 61-2. (Effectiveness etc. of cancellation of transaction)**

1. In the event that the Exchange has cancelled the transaction, rights and obligations between the customer and the trading participant pertaining to such transaction shall be nullified.

2. A customer shall not claim compensation for any damage or loss incurred by the cancellation of transaction by the Exchange against the trading participant who placed an erroneous order; provided, however, that the same shall not apply if it becomes obvious that the trading participant placed such an erroneous order intentionally or by gross negligence.

3. A customer shall not claim compensation against the Exchange for any damage or loss incurred by the cancellation of transaction by the Exchange; provided, however, that the same shall not apply if it becomes obvious that such damage or loss was caused by the Exchange intentionally or by gross negligence of the Exchange.

### **Rule 62. (Rewording of Brokerage Agreement Standards)**

In applying the provisions prescribed in Rule 2 of the Brokerage Agreement Standards to the Index futures contract, the term "trading participant (meaning a General Trading Participant of the Exchange; the same shall apply hereinafter)" in the same rule shall be read as "trading participant (meaning a General Trading Participant or a Index Futures Trading Participant of the Exchange)."

## **CHAPTER 4**

### **Miscellaneous Provisions**

**Rule 63. (Application to brokerage for clearing of securities, etc.)**

The provisions of Chapter 2 (except Section 6) shall be applied to the brokerage for clearing of securities, etc. pertaining to transactions in the index futures contract by regarding a trading participant that entrusts the brokerage for clearing of securities, etc. as an entity that effects such transactions in the Index futures contract.