(Referential Translation)

Changes to Trading Rules for Options Contracts in Conjunction with Implementation of New Trading System

December 22, 2008

Tokyo Stock Exchange, Inc.

Items	Contents	Notes
Ⅰ. Purpose	・ Option contracts listed on overseas exchanges are actively traded by a wide variety of investors, from institutional to individual. Their trading volume has increased rapidly year by year. On the other hand, trading of Individual Securities Options and Index Options on the TSE has not been active since their launch. Even Options on JGB Futures, which are the TSE's options product with the most liquidity, have a relatively low trading volume when compared to similar products on overseas exchanges. ・ Revitalizing the TSE's options market will generate a variety of new investment opportunities to a broader spectrum of investors, consequently contributing to the development of Tokyo's financial market. ・ In order to enhance the liquidity of its options market and offer convenient investment opportunities, the TSE will make significant changes to its trading rules for options contracts, as well as migrate to a new trading platform.	
Ⅱ. Outline of changes		
1. Migration to new trading platform	・ All trading of the TSE's options products (Individual Securities Options, Index Option, Options on JGB Futures) will migrate from the current derivatives trading system to a new trading platform.	
2. Changes in Trading rules	・ TSE will change its options trading rules as follows.	・ If a change is not specified in this

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		document, the current rules will remain as it is.
(1) Type of orders	・ Trading participants may submit orders to the TSE in the following manner.	・ Trading participants will be able to add modifiers to orders (described in the Appendix).
	a Limit orders Limit orders are orders submitted with a designated limit price and will be executed at said limit price or a more convenient price.	・ Same as existing rule
	b Market orders (MO) Market orders are orders submitted without a designated limit price and will be executed against the best offer or the best bid. Market orders have price priority over all limit orders. Market orders will not be accepted during the pre-open period before the start of the trading session. Buy Market Orders will be rejected and cancelled if there are no corresponding sell orders at or less than the price that is obtained by adding the value of the Dynamic Price Range to the Base Theoretical Price as described in 2-(5). Sell Market Orders will also be rejected and cancelled if there are no corresponding buy orders at or more than the price which is obtained by deducting the value of the Dynamic Price Range from the Base Theoretical Price.	
	c Market on Opening Orders (MOO) MOOs are orders that the TSE will attempt to execute at the opening price immediately after it is determined. This price is decided based on when limit orders	・ MOOs will be accepted only in the pre-open period before the trading

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	submitted during the pre-open period are executed. MOOs will be matched only to corresponding MOOs. If there are no corresponding MOOs, those MOOs submitted will be registered to the orderbook as limit orders at the opening price (or the midprice of the best offer and best bid in cases where the opening price cannot be determined). d Stop limit orders Stop limit orders are submitted with designated trigger prices. Sell stop limit orders will be registered as limit orders at the trigger price only after the previous execution price becomes less than the trigger price. Buy sell stop limit orders will be registered as limit orders at the trigger price only after the previous execution price becomes more than the trigger price. e Stop market order Stop market orders will also be submitted with designated trigger prices. Sell stop market orders will be registered as sell market orders only after previous the execution price becomes less than the trigger price. Buy sell stop market orders will be registered as buy market orders only after the previous execution price becomes more than the trigger price. f Market Make Orders (MMO) MMOs are limit orders which are available only for market makers designated by the TSE.	session starts.
(2) Expiration of orders	・ As a general rule, all the orders mentioned above (1) expire at the end of the afternoon session for the day they are submitted (or at the end of evening session if submitted in	

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	that session). ・ Regardless of the above rule, if an order is submitted with a GTC (Good Till Cancelled) condition, the remaining amount of the order will stay valid until the expiration date.	
(3) Matching rule	・ Transactions made during the trading session shall be carried out on an individual auction basis. ・ Lower sell quotes have priority over higher sell quotes and higher buy quotes have priority over lower buy quotes. (Principle of price priority) ・ If two bids or offers are made at a same price, the earlier bid or offer shall have priority over the later bids or offers. (Principle of time priority) ・ The principle of time priority shall be applied to orders submitted before the trading session starts.	・ Matching rules for opening auctions are described in (4). ・ The principles of price and time priority shall apply equally to all orders regardless of the attributes of the order submitted such as being from "proprietary account", "customer account", or "market maker account". ・ Currently all orders submitted before the trading session starts are regarded as submitted simultaneously, this policy will be abolished in the options matching rule.
(4) Matching rule for opening auction	・ At the opening of the trading hour (including the restart time after a suspension or trading halt), in accordance with order priority transactions will be carried out by	・ This matching method is similar to the existing matching method, known

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	matching each individual limit order to the executed price. The executed price shall be determined according to the following conditions. a In cases where there are no remaining bids or offers The opening price will be the average of the highest bid and the lowest offer price b In cases where there are remaining bid orders but no offer orders in the market The opening price will be the highest matched bid price. c In cases where there are remaining bid orders but no bids in the market The opening price will be the lowest matched offer price. d In cases where there are remaining offer orders and Bid orders The opening price will be the average of the following prices (a) and (b) (a) the lowest price from a comparison of the lowest price from the matched bid and the lowest price from the remaining offer (b) the highest price from a comparison of the highest price from the matched offer and the highest price from the remaining bid ・ In cases where there was no matching through the opening auction, transactions made after the opening of trading will go through under the trading rule described in (3) ・ There is no Closing Auction at the close of the trading hour. The closing price will be the last traded price in the trading hour, based on the trading method described in (3).	as the “ Itayose ” method,, but in some ways the determination of the execution price is different from the current method. ・ In cases where the mid point price is the opening price, the minimum tick size in the option contract will be used regardless of the price level. ・ In cases where the mid point price is not on the integral multiple of the minimum tick size, if the mid point price is a positive value, the opening price is the higest tick price from among the prices. If the mid point price point is a negative value, the opening price will be the lowest tick price among the prices.
(5) Dynamic Price Limit Range	・ Sell orders at or less than a price which is below the lower Dynamic Price Limit Range(“Dynamic Price Limit Range” or “DPR”) from the Base Theoretical Price (the theoretical price calculated based on the real-time executed price of	・ Special quotations will be abolished in option trading.

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	underlyings and other elements)(" Base Theoretical Price ") will not be accepted. Also, buy orders at or more than a price over the upper DPR from the Base Theoretical Price will not be accepted. ・ DPR will be determined based on the type of the option product in the following way. ・ In consideration of market condition or other elements, the TSE may change the DPR for all of one,or a specific options series as needed. a Individual Securities Options Basically, the DPR for the nearest 2 contract months of Individual Securities Options shall be 20% of the Base Theoretical Price. The DPR for any months other than the nearest 2 contract months shall be 30% of the Base Theoretical Price. However, if the calculated result falls below the stipulated lower limit that is determined according to the base price of the day for underlying securities, the DPR shall be the value of the lower limit. If the calculated result exceeds the upper limit, the DPR shall be the value of the upper limit.	

Base price of the underlying securities on the trading day	Lower limit of DPR	Upper limit of DPR
Less than ¥500	¥10	¥20
At or more than ¥500 and less than ¥1,000	¥20	¥40
At or more than ¥1,000 and less than ¥ 3,000	¥50	¥100
At or more than ¥3,000 and less than ¥ 5,000	¥100	¥200
At or more than ¥5,000 and less than ¥10,000	¥200	¥400
At or more than ¥10,000 and less than ¥30,000	¥500	¥1,000
At or more than ¥30,000 and less than ¥50,000	¥1,000	¥2,000

<table>
<tr><th>Items</th><th>Contents</th><th>Notes</th></tr>
<tr><td></td><td>
<table>
<tr><td>At or more than ¥50,000 and less than ¥100,000</td><td>¥2,000</td><td>¥4,000</td></tr>
<tr><td>At or more than ¥100,000 and less than ¥300,000</td><td>¥5,000</td><td>¥10,000</td></tr>
<tr><td>At or more than ¥300,000 and less than ¥500,000</td><td>¥10,000</td><td>¥20,000</td></tr>
<tr><td>At or more than ¥500,000</td><td>¥20,000</td><td>¥40,000</td></tr>
</table>
ｂ Index Option
Basically, the DPR for the nearest 4 contract months of Index Options shall be 20% of the Base Theoretical Price, and for any months other than nearest 4 contract months it shall be 30% of Basis theoretical price. However, if the calculated result falls below 10 points, the DPR shall be 10 points. If the calculated result exceeds 30 points, the DPR shall be 30 points.

ｃ Options on JGB Futures
Basically, the DPR for the nearest contract month of Options on JGB Futures shall be 20% of the Base Theoretical Price, and for any months other than the nearest contract month, it shall be 30% of the Base Theoretical Price. However, if the calculated result falls below ¥0.20, the DPR shall be ¥0.20. If the calculated result exceeds ¥0.90, the DPR shall be ¥0.90.
</td><td></td></tr>
<tr><td>（6）Daily price limit</td><td>
・ Sell orders at or less than a price which is below the lower limit range from the base price (the theoretical price calculated based on the base price of the day for underlyings) will not be accepted. Also, buy orders at or more than a price over the upper limit range from the base price will not accepted.
・ The lower limit range and upper limit range from the base price shall be determined
</td><td></td></tr>
</table>

Items	Contents	Notes
	according to type of option contract as follows. ａ Individual Securities Options Daily Price Limit = Daily price limits for underlying securities + DPR which is determined as described above (5) ｂ Index Options Daily Price Limit = Daily price limit for Index Futures contracts where the underlying is the same as the options contract + DPR which is determined as described in above (5) ｃ Options on JGB Futures Daily Price Limit = Daily price limits for JGB futures + DPR will be determined as described in above (5)	
（8）Request for Quote	・ In cases where there are not enough quotes for the series a trading participant seeks to trade in, they may be able to offer Request For Quotes. ・ TSE may publicize Request For Quotes to all trading participants as needed for encouraging matching. ・ TSE may suspend Request For Quotes if it recognizes that it is inappropriate for a trading participant to make a Request For Quotes.	
3. Changes in Contract Specifications	・ Contract specifications will be revised as follows in conjunction with changes to the trading rules.	・ If no change is specified in this document, current contract specifications will remain as is.

<table>
<tr><th>Items</th><th>Contents</th><th>Notes</th></tr>
<tr><td>(1) The number of strike price</td><td>・ The number of strikes for Index Options will be increased as described below.. the number of additional strikes will also be added in conjunction with the underlying price fluctuation, as it is currently conducted。
ａ For quarterly contract months, and contract months other than quarterly contract months which have an expiration period equal to 5 months
13 strikes will be set with 50 points inrevals
For the second Friday of month which is 4 months prior to the last trading day, strikes will be set to keep 19 strikes with 25 points intervals.
ｂ Contract months other than the quarterly which have an expiration period equal to 4 months
19 strikes will be set with 25 point intervals</td><td>・ Currently, 9 strikes with 50 point intervals
・ Currently, more than 9 strikes with 25 point intervals
・ Currently, 9 strikes with 25 point intervals</td></tr>
<tr><td>(2) Minimum tick size</td><td>・ The minimum tick size for Individual Securities Options will be revised, determined based on options premium as follows.
<table>
<tr><th colspan="2">Option premium level</th><th>tick size</th></tr>
<tr><td></td><td>Less than ¥1,000</td><td>(※) ¥0.50</td></tr>
<tr><td>At or more than ¥1,000</td><td>Less than ¥3,000</td><td>¥1</td></tr>
<tr><td>At or more than ¥3,000</td><td>Less than ¥30,000</td><td>¥5</td></tr>
<tr><td>At or more than ¥30,000</td><td>Less than ¥50,000</td><td>¥25</td></tr>
<tr><td>At or more than ¥50,000</td><td>Less than ¥100,000</td><td>¥50</td></tr>
<tr><td>At or more than ¥100,000</td><td>Less than ¥1,000,000</td><td>¥500</td></tr>
<tr><td>At or more than ¥1,000,000</td><td></td><td>¥5,000</td></tr>
</table>
(※) In cases where the trading unit of the underlying security is an odd number, the tick size for the option is ¥1.</td><td>・ The minimum tick size for Options on JGB Futures will not be revised, as 0.01 yen.
・ The current tick size for Individual Securities Options is set based on the underlying securities' lower limit price of the day for.</td></tr>
</table>

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	・ Regarding the tick size of Index Options, the options premium range using a small tick size will be widened. If the options premium is at or less than 20 points, the tick size will be 0.1 point, otherwise the tick size will be 0.5 points.	・ Currently, if the options premium is at or less than 5 points, the tick size is 0.1 points, otherwise tick size is 0.5 points.
4. Strategy Trades	・ Strategy trades for options will be made available in the new system. ・ Trading participants will be able to execute strategy trading such as delta neutral trading. This will allow them to trade options and their underlying securities simultaneously based on certain conditions. For Index Options, the Index Futures contract will be regarded as the underlying asset for Delta Neutral Trading.	・ A strategy trade is a trade where the selling and/or buying of multiple options series is executed simultanuously. The TSE stipulates possible of types of combinations of selling and or buying in Exhibit 1. ・ As for delta neutral trading, please see Exhibit 2.
（1）Quote for strategy trade	・ For strategy trades, a trading participant shall quote offers or bids at a price obtained by using a calculation method stipulated by the TSE. ・ The minimum tick size of the contract will apply to strategy trading regardless of the price level of the quote.	

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(2) Implied-in function	・ To enhance the probability of matching bids and offers, the TSE shall create new order for generating counter bids or offers for strategy trades, calculated by TSE. It will do so by combining bids and offers inputted into the trading system submitted for options series.	・ Please refer to Exhibit 1 for types of strategy trades where counterpart bids and offers will be generated by implied trading functionality.
(3) Implied-out functionality	・ To enhance the probability of matching of bids and offers, the TSE shall create new order for generating for generating counterpart bids or offers for options series, calculated byt TSE. It will do so by combining bids and offers inputted into the trading system submitted for options series and strategy series.	
5. Market Maker scheme	・ TSE will implement a Market Maker (MM) scheme in order to provide an ideal environment where investors can trade options contracts easily. The scheme is designed to facilitate smooth price formation and trade execution. ・ The TSE options Market Maker scheme uses a scheme where multiple Market Makers quote ask and bid continuously in an auction market system. All the quotes, including Market Makers' ask, bids, and other participants' quotes compete for execution.	・ Customers of TSE trading participants may conduct market making through their customer accounts with the trading participant.
(1) Designation of Market Maker	・ Trading participants who wish to qualify as Market Makers shall submit an application to the TSE designating the option contract they will quote.	

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	・ When the TSE receives an application from a trading participant and recognizes that, considering its past experience, etc., it deserves to qualifiy as a Market Maker., the TSE will grant said applicant qualifications and designate the options contract to be quoted. ・ In the following cases the TSE may take measures such as suspending or canceling market maker qualifications. ａ Cases where the TSE recognizes that, considering quoting performance, etc., a trading participant is not fulfilling its role as a Market Maker. ｂ In addition to the above, in cases where the TSE recognizes that it is inappropriate for a trading participant to be a Market Maker.	
（2）Roles of Market Maker	・ Market Makers ' role is to quote asks and bids continuously and to provide liquidity for their assigned options contract. ・ Market Makers also respond to Requests for Quotes for their assigned options contract..	・ As standards expected from Market Makers, the .TSE determines the number of series to be quoted, the maximum spread, the minimum size of quote etc.
（3）Previlleges for Market Maker	・ Based on how long they meet quoting performance standards, the TSE will discount the trading fees Market Makers ・ Market Makers will be able to use Market Making Order Functions. With this function, Market Makers can submit multiple orders for multiple series' of the same option contract in 1 message. ・ Market Makers will be able to use Delta Protection Functions to avoid increasing the	・ When reimbursing fees, the liquidity provided by a market maker will be taken into account ・ The method for calculating fee reimbursement will be decided separately. ・ Market Makers' use of the order

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	risk of unmeasured execution within too short a time.	functions and delta protection functions mentioned here is permitted as a necessary means to ensure that market making is conducted smoothly.
6. Partial revision of trading rule for ToSTNeT trading		
(1) Trading Method	・ ToSTNeT trading for all options contracts will be conducted on the Tdex+ system. ・ ToSTNeT trading for Individual Options, which is currently conducted through the FAX, will be conducted on the Tdex+ system.	・ Strategy trading will not be allowed in ToSTNeT trading.
(2) Minimum tick size for ToSTNeT Trading	・ The minimum variation of bids and offers on ToSTNeT trading will be the minimum variation tick size for each series, regardless of the underlying price.	・ Therefore, it will be set at 0.01 yen for JGB Options, 0.1 points for Index Options and 0.5yen for Individual Options (in cases where the trading unit on Individual Options is odd, the minimum tick size will be 1 yen.).
(3) Base price on ToSTNeT trading	・ The base price in ToSTNeT options trading will be set as the Base Theoretical Price..	・ Currently, the base price is the latest price traded on the auction market, but the TSE will change to use a real-time theoretical price.

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Ⅲ. Schedule	・ The above changes to the rules are scheduled to be implemented on July 2009. ・ Note that the TSE will not conduct the evening trading session trading for options the business day before the launch of Tdex+..	・ The minimum trading unit for ToSTNeT trading, 1 unit, will not change. ・ The evening trading session for futures will be conducted as usual.

[End]

Appendix: Order Modifiers

(1) Types of Order modifiers

Types of Order modifier		Contents
Volume Condition	CV (Complete Volume)	• Complete Volume orders are only executed if there is sufficient volume available, at the stated price or better, for them to execute fully. Otherwise the entire order is cancelled.
	IC (Immediate or Cancel)	• Immediate and Cancel orders are executed against any existing orders at the stated price or better, up to the volume of the IC order. Any residual volume from the IC order is cancelled
	MV (Minimum Volume)	• Minimum Volume orders are only executed if there is at least the minimum volume available, at the stated price or better. If not, the whole order is cancelled. Any residual volume from a partially executed minimum volume order is retained in the Order Book
Period condition	GTC (Good Till Cancel)	• Good till Cancel orders remain in the Order Book until the business date which traders notify to the Exchange. If no date specified, the order will be valid until the market expires.

(2) Order Modifier Usage

Order Types	Volume condition			Period condition	note
	CV (Complete Volume)	IC (Immediate or Cancel)	MV (Minimum Volume)	GTC (Good Till Cancel)	
Limit Order	✓	✓	✓	✓	Allowed to submit both MV and GTC simultaneously
Market Order	✓	-	✓	-	
Market on Open Order	-	-	-	✓	
Stop Limit Order	✓	✓	✓	✓	Allowed to submit both MV and GTC simultaneously
Stop Market Order	✓	-	✓	-	
Market Making Order	-	-	-	-	

Appendix 1

Types of Options Strategy

Strategy Type	Strategy Definition (Buy Order)	Implied In	Implied Out	Strategy price	Delta Neutral Strategy
Jelly Roll	Sell call, buy put at same strike in near month, buy call, sell put at same strike in far month (strike price in far month need not equal strike price in near month).			The price of the put at the strike for the near month, *minus* the price of the call at the strike for the near month, *plus* the price of the call at the strike for the far month, *minus* the price of the put at the strike for the far month.	
Call Butterfly	Buy call, sell two calls at higher strikes, buy call at a higher strike, both for the same month	√		The price of the call at the specific strike, *minus* the amount equal to twice the price of the call at the higher strike, *plus* the price of the call at the even higher strike.	√
Put Butterfly	Buy put, sell two puts at higher strikes, buy put at a higher strike, both for the same month	√		The price of the put at the specific strike, *minus* the amount equal to twice the price of the put at the higher strike, *plus* the price of the put at the even higher strike.	√
Call Spread	Buy call, sell call (same month) at higher strike, both for the same month	√	√	The price of the call at the specific strike, *minus* the price of the call at the higher strike.	√
Put Spread	Buy put, sell put (same month) at lower strike, both for the same month	√	√	The price of the put at the specific strike, *minus* the price of the put at the lower strike.	√
Call Calendar Spread	Sell near month call, buy far month call ,both at the same strike	√	√	The price of the call at the strike for the far month, *minus* the price of the call at the strike for the near month.	√

Strategy Type	Strategy Definition (Buy Order)	Implied In	Implied Out	Strategy price	Delta Neutral Strategy
Put Calendar Spread	Sell near month put, buy far month put, both at the same strike	√	√	The price of the put at the strike for the far month, *minus* the price of the put at the strike for the near month.	√
Call Diagonal Calendar Spread	Sell near month call, buy far month call at a different strike	√	√	The price of the call at the strike for the far month, *minus* the price of the call at the strike for the near month.	√
Put Diagonal Calendar Spread	Sell near month put, buy far month put at a different strike	√	√	The price of the put at the strike for the far month, *minus* the price of the put at the strike for the near month.	√
Guts	Buy call, buy put at higher strike, both for the same month			The price of the call at the specific strike, *plus* the price of the put at the higher strike.	√
2x1 Ratio Call Spread	Sell call, buy two calls at higher strike, all for the same month	√		The amount equal to twice the price of the call at the higher strike, *minus* the price of the call at the specific strike.	√
2x1 Ratio Put Spread	Sell put, buy two puts at lower strike, all for the same month	√		The amount equal to twice the price of the put at the lower strike, *minus* the price of the put at the specific strike.	√
Iron Butterfly	Sell put, buy put and call at higher strike, sell a call at an even higher strike, all for the same month			A sum of the prices of the put and a call at the higher strike, *minus* the price of the put at the specific strike, *minus* the price of the call at the even higher strike.	√

Strategy Type	Strategy Definition (Buy Order)	Implied In	Implied Out	Strategy price	Delta Neutral Strategy
Combo	Sell call, buy put at lower strike, both for the same month			The price of the put at the lower strike, *minus* the price of the call at the specific strike.	√
Strangle	Buy put, buy call at higher strike, both for the same month	√	√	The price of the put at the specific strike, *plus* the price of the call at the higher strike.	√
Call Ladder	Buy call, sell call at higher strike, sell call at even higher strike, all for the same month	√		The price of the call at the specific strike, *minus* the price of the call at the higher strike, *plus* the price of the call at the even higher strike.	√
Put Ladder	Sell put, sell put at higher strike, buy put at even higher strike, all for the same month	√		The price of the put at the specific strike, *minus* the price of the put at the higher strike, *plus* the price of the put at the even higher strike.	√
Options Strips	Comprised of a minimum of 2 and a maximum of 8 outright strikes being either all call or all puts, and a mixture of calls and puts			A sum of the prices of all the calls and puts.	
Straddle Calendar Spread	Sell near month put, sell near month call, buy far put, buy far call, all at the same strike			A sum of the prices of the put and the call at the strike for the far month, *minus* a sum of the prices of the put and the call at the strike for the near month.	√
Diagonal Straddle Calendar Spread	Sell near month put, sell near month call at the same strike, buy far month put, buy far month call at the same strike but different from the near month strike			A sum of the prices of the put and the call at the strike for the far month, *minus* a sum of the prices of the put and the call at the strike for the near month.	√
Straddle	Buy put, buy call at same strike both for the same month	√	√	The price of the put at the same strike, *plus* the price of the call at the same strike.	√

Strategy Type	Strategy Definition (Buy Order)	Implied In	Implied Out	Strategy price	Delta Neutral Strategy
Call Condor	Buy call, sell call at higher strikes, sell call at even higher strike, buy call at the highest strike, all for the same month			The price of the call at the specific strike, *minus* the price of the call at the higher strike, *minus* the price of the call at the even higher strike, *plus* the price of the call at the highest strike.	√
Put Condor	Buy put, sell put at higher strikes, sell put at even higher strike, buy put at the highest strike, all for the same month.			The price of the put at the specific strike, *minus* the price of the put at the higher strike, *minus* the price of the put at the even higher strike, *plus* the price of the put at the highest strike.	√
Iron Condor	Sell put, buy put at higher strike, buy call at even higher strike, sell call at even higher strike, all for the same month			The price of the put at the second mentioned strike, *minus* the price of the put at the first mentioned strike, *plus* the price of the call at the third mentioned strike, *minus* the price of the call at the highest strike.	√
Box	Buy call and sell put at lower strike, buy put and sell call at higher strike. The strike prices of the lower strikes should be the same, the strike price of the higher strikes should be the same.			A sum of the price of the call at the first mentioned strike and the price of the put at the higher strike, *minus* a sum of the price of the put at the first mentioned strike and the price of the call at the higher strike.	
Synthetic Underlying	This is a standard conversion/reversal strategy but without the Underlying leg. Reversal: Buy a call, sell a put at the same strike			The price of the call at the same strike, *minus* the price of the put at the same strike.	√

Strategy Type	Strategy Definition (Buy Order)	Implied In	Implied Out	Strategy price	Delta Neutral Strategy
3-way: Call spread versus a Put	Buy a call, sell a call at a higher strike, sell a put at any strike, all for the same month			The price of the call at the first mentioned strike, *minus* the price of the call at the higher strike, *minus* the price of the put at the last mentioned strike.	√
3-way: Put spread versus a Call	Buy a put, sell a put at a lower strike, sell a call at any strike, all for the same month			The price of the put at the first mentioned strike, *minus* the price of the put at the lower strike, *minus* the price of the call at the last mentioned strike.	√
3-way: Straddle versus a Call	Buy a put and call at the same strike, as well as selling a call at any strike, all for the same month			A sum of the prices of the put and the call at the same strike, *minus* the price of the call at the other strike.	
3-way: Straddle versus a Put	Buy a put and call at the same strike, as well as selling a put at any strike, all for the same month			A sum of the prices of the put and the call at the same strike, *minus* the price of the put at the other strike.	
Buy-Call	Buy a call			The price of the put	√
Buy-Put	Buy a put			The price of the call	√

(Referential Translation)

Appendix 2

Delta Neutral Strategy

Items	Contents	Note
1. Eligible Products	• Combinations of products eligible for Delta Neutral Strategy trading are as follows. <table><tr><th>Options</th><th>Underlyings</th></tr><tr><td>JGB Options</td><td>JGB Futures</td></tr><tr><td>Index Options</td><td>Index Futures with same underlying index</td></tr><tr><td>Individual Securities Options</td><td>Each underlying securities</td></tr></table>	
2. Order Method	• When a trading participant makes a trade using the Delta Neutral Strategy, in addition to the items it must designate for standard options trading that are submitted to the Exchange, the trading participant must also clearly inform the Exchange that the transaction is "Delta", the "price of underlyings", and the "sell/buy underlyings". • Delta refers to the change ratio of the price of an option against a one point move in the underlying. A trading participant must indicate Delta in a three digit format, from 0.01 to 1.00 within the range determined by Exchange on a case by case basis. • The traded volume of the underlying shall be determined by the following formula. Traded volume = round (order volume x Delta x delivery unit of the underlying) − round (residual order volume after the transaction x Delta x delivery unit of the underlying) However, with regards to Individual Options, if the calculated traded volume of the underlying produces a volume less than the delivery unit, said volume shall be rounded off.	• If the trading participant intends to trade underlying securities by margin transactions, it is also required to notify the Exchange of this fact. • If, as a result of calculation, the traded volume of the underlying becomes 0(zero), the transaction in the underlying will not be concluded.
3. Matching Method	• Delta Neutral Strategy transactions will be concluded by each Delta Neutral Strategy series that satisfies the conditions for the Options series, Delta, the underlying price, and sell/buy underlying. Option related transactions will be carried out via auction.	• The terms and conditions for trading underlyings will not affect auction trading of options in Delta Neutral Strategy trading.

Items	Contents	Note
	• Underlying related transactions made by Delta Neutral Strategy trading will be deemed off-auction transactions.	• Transactions of the underlying with prices over the price range specified by the Exchange will not be permitted.