

# TFX OUTLOOK 2008

## Japan's Leading Exchange, Home Market for Euroyen

Since established in 1989, Tokyo Financial Exchange (TFX) is widely known as "Home Market for Euroyen" to a wide range of domestic and international investors. The most heavily traded contracts are "Three-month Euroyen Futures" and "Options on Three-month Euroyen Futures".

TFX will list Over-night Call Rate Futures (Call Rate Futures) and Spot-Next Repo Rate Futures (Repo Rate Futures) on December 3, 2007.

As the leading exchange in Japan, TFX continues to provide various services and products to global investors.

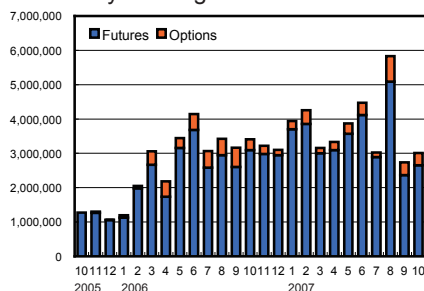
## Market Overview of Euroyen

Against the backdrop of Japanese economic recovery, Bank of Japan (BOJ) lifted its ultra-easy monetary policy in March 2006 and zero interest rate policy in July 2006. These changes boosted TFX Euroyen trading volume dramatically, as it serves extremely well as a tool of a financial risk control.

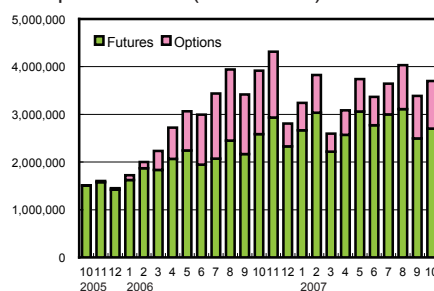
The annual trading volume of Euroyen Futures in 2006 was 31,495,084 contracts, a 186% increase from previous year. This trend is continuing in 2007.

	Euroyen Futures	Year-to-year Comparison	Euroyen Options	Year-to-year Comparison
<b>07' Jan-Oct Volume</b>	<b>34,339,321</b>	<b>( + 34.3 % )</b>	<b>3,297,397</b>	<b>( - 7.9 % )</b>
<b>06' Annual Volume</b>	<b>31,495,084</b>	<b>( + 186.9 % )</b>	<b>3,976,697</b>	<b>( + 9,551.2 % )</b>

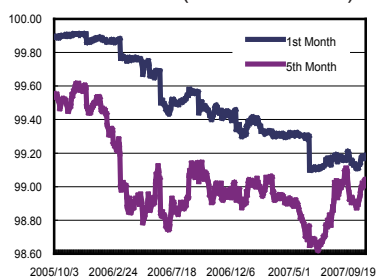
Monthly Trading Volume



Open Interest (Month-end)



Price Movement (1st & 5th Month)



## Edges of TFX, 94% Euroyen Share

TFX holds almost 94% share of Euroyen market worldwide in 2007(Jan-Oct).

As Euroyen market worldwide expands, the share of TFX Euroyen market continues growing.

The edges of TFX market are:

- Enhanced trading technology of LIFFE CONNECT™ supporting TFX market
- World standardized facilities such as SPAN® and Give-ups that are readily available
- Plenty of liquidity provided by TFX members and worldwide investors
- Clearing members with good wealth of resources

## Introduced Measures in 2007

### 1. New Products, Over-Night Interest Rate Futures

On December 3, 2007, TFX list the following Over-Night Interest Rate Futures, to meet the needs of both domestic and overseas investors for Japan' s financial market:

- Over-night Call Rate Futures (Call Rate Futures)
- Spot-Next Repo Rate Futures (Repo Rate Futures)

Listing of these new products can enhance yield-curve trades using Euroyen futures on TFX markets,.

TFX will offer a fee holiday on exchange fee of these products until the end of March 2008.

### 2. Extension of Trading Hours

In February 2007, to respond to the needs of overseas investors, TFX extended trading hours of both Euroyen Futures and Euroyen Options.

[Present trading hours : Tokyo 8:45 to 20:00, London 23:45 to 11:00, Chicago 17:45 to 5:00 (CST)]

### 3. Vitalization of Euroyen Options Market

- Introduction of Market Maker Program

TFX introduced market maker scheme in January 2007 to add more liquidity and transparency to Euroyen Options market.

- Reduction of Exchange Fee

In addition, TFX reduced the exchange fee for Euroyen Options by 50% to 50 yen per contract.

## New Strategies in 2008

### 1. New Trading architecture

TFX will upgrade trading system powered by LIFFE CONNECT™, and renovate the whole system in spring of 2008. Speed, capacity and reliability will be significantly enhanced. Round Trip Time for orders will be under 10 ms.

### 2. Improvement of Trading Procedure

In order to adopt global standard, TFX will change matching algorithm for Euroyen Futures and Options from "price-time priority" to "pro-rata" in spring of 2008.

### 3. New Category of Membership for Direct Market Access

TFX will introduce a Remote Member scheme for overseas investors directly to access to TFX market. TFX plans to provide proximity, collocation, and ASP facilities for a global access.

Tokyo Financial Exchange Inc.

21 Ichiban-cho, Chiyoda-ku, Tokyo 102-0082

Tel: 81-3-3514-2418 Fax: 81-3-3514-2425 URL: <http://www.tfx.co.jp/en> E-Mail: [intlinfo@tfx.co.jp](mailto:intlinfo@tfx.co.jp)

The copyright of this publication is held by the Tokyo Financial Exchange Inc. (TFX).

This publication has been compiled by TFX for general informational purpose only. Although every attempt has been made to ensure the accuracy of the information, TFX assumes no responsibility for any errors or omissions. All matters pertaining to rules and procedures herein are made subject to and are superseded by the official rules of TFX. The descriptions in this publication are only for commentary purposes and do not whatsoever intend to provide advice on investment or asset management. The statements and calculations herein contain examples for illustration purpose and TFX will assume no responsibility for their use. This publication is not intended to provide all information that brokers are required to disclose to their customers pursuant to the laws and regulations applicable to the brokers. TFX reserves the right to change the contents of this publication without prior notice.

SPAN® used herein is a registered trademark of Chicago Mercantile Exchange and used herein under license. Chicago Mercantile Exchange assumes no liability in connection with the use of SPAN® by any person or entity.