

## Outline for Over-Night Call Rate Futures

Sep. 7, 2007

TFX

Items	Description	Remarks
<b>I . Trading</b>		
<b>1 . Definition</b>	<ul style="list-style-type: none"> <li>Over-Night Call Rate Futures is a futures contract, which quotes index indicated as 100 minus the monthly average of Uncollateralized Over-night Call Rate (final results) released by Bank of Japan (BoJ).</li> </ul>	<ul style="list-style-type: none"> <li>Starting date of overnight rate is the traded day (T+0), and ending date of that rate is the next business day of the traded day (T+1).</li> <li>For the purpose of computing the rate of any non-business day, the rate of the last business day shall be used.</li> </ul>
<b>2 . Contract Months</b>		
<b>(1) First Trading Day</b>	<ul style="list-style-type: none"> <li>The first trading day of a new contract month is the first business day following the last trading day of contract month which is first to reach its settlement day. The trading will begin from the day session of the first business day.</li> </ul>	
<b>(2) Last Trading Day</b>	<ul style="list-style-type: none"> <li>The last trading day of each contract month is the last business day (not counting Japanese bank holiday) of the contract month. The second business day (not counting Japanese bank holiday) of the last trading day is the settlement day.</li> </ul>	
<b>(3) Listed Contract Month</b>	<ul style="list-style-type: none"> <li>12 consecutive calendar months are listed.</li> </ul>	
<b>(4) Period</b>	<ul style="list-style-type: none"> <li>The trading period for each contract month is 1 year.</li> </ul>	<ul style="list-style-type: none"> <li>The trading period for each contract month at the time of listing will be set separately.</li> </ul>
<b>3 . Matching Algorithm</b>	<ul style="list-style-type: none"> <li>The matching of the trades is based on competitive auction on an electronic trading system.</li> </ul>	
<b>4 . Trading Hours</b>	<ul style="list-style-type: none"> <li>Day session: 8:45-15:30 (no trade-matching during the period between 11:30-12:30.)</li> <li>Evening session: 15:30-20:00 (no trade-matching on the last trading day of the contract month which reaches the last trading day.)</li> </ul>	<ul style="list-style-type: none"> <li>There is a pre-open session (session only for quote acceptance; no matching), which is 15 minutes prior to market open of the day session.</li> </ul>

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<p><b>5. Trading Unit, etc</b></p> <p><b>(1) Trading Unit</b></p> <p><b>(2) Bid/Offer</b></p> <p><b>(3) Price limit</b></p> <p><b>II. Margin</b></p>	<ul style="list-style-type: none"> <li>• 300,000,000 yen</li> <li>• Order types are Limit Order, Market Order, or Market on Open ( ‘MOO’ ) Order.</li> <li>• Bid/Offer is quoted to the third decimal place (indicated by an integral multiple of 5/1000).</li> <li>• Minimum fluctuation is 0.005 (0.005 = 1,250 yen).</li> <li>• When necessary, TFX can reject the acceptance of order submission.</li> <li>• The margin amount for customer trades and members' proprietary trade are calculated using SPAN<sup>®</sup>.</li> <li>• The margin for Over-Night Call Rate Futures using SPAN<sup>®</sup> may be reduced by netting of risk arising from other listed contracts on TFX.</li> </ul>	<ul style="list-style-type: none"> <li>• TFX may change trading hours on a temporary basis when it finds necessary.</li> <li>• <math>300,000,000\text{yen} \times 0.005 \% \times 30/360 = 1,250\text{yen}</math></li> <li>• TFX does not intend to set a price limit scheme for some time to come.</li> <li>• Rejection of orders occurs under the following situations: <ul style="list-style-type: none"> <li>➢ When the price of order is outside a certain range set around a reference price regularly set by TFX.</li> <li>➢ When TFX find it necessary for maintaining a fair market, stability of trading system, or other situations that TFX finds appropriate.</li> </ul> </li> <li>• SPAN<sup>®</sup> is a registered trademark, used by TFX under license. CME assumes no liability in connection with the use of SPAN<sup>®</sup> by any person or entity.</li> </ul>

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<p><b>III. Mark-to-Market</b></p> <p><b>1. Mark-to-Market</b></p> <p><b>2. Daily Settlement Price</b></p> <p><b>3. Cash Settlement Variation</b></p> <p><b>IV. Open Interest and Settlement</b></p> <p><b>1. Open Interest</b></p>	<ul style="list-style-type: none"> <li>• The cash amount of the mark-to-market is calculated based on the daily settlement on each trading day, and such amount is exchanged between TFX and Clearing Members on the next trading day.</li> <li>• Mark-to-market between Non-Clearing Members and Clearing Members are to follow the method used between Clearing Members and TFX.</li> <li>• The daily settlement price is the volume-weighted average of the contract prices and traded volumes (excluding the contracts executed by strategy trade) executed by auction method during a specific time period.</li> <li>• For settlement relating mark-to-market between Clearing Members and TFX, Clearing Members to pay due to cash settlement variation must pay the amount to TFX by 11AM of the next business day; receivers of cash settlement variation receive the amount from TFX after 2PM of the next business day.</li> <li>• Cash settlement variation for mark-to market between Non-Clearing Members and Clearing Members are to perform the equal process according to the mark-to-market between Clearing Members and TFX.</li> <li>• New open positions by the execution of orders are recognized as open interest.</li> </ul>	<ul style="list-style-type: none"> <li>• A trading day is a period commencing on the opening of the evening session that starts after the day session on the business day immediately preceding a certain business day and ending on the close of the day session that starts on such business day.</li> <li>• The mark-to-market amount is the amount calculated comparing the daily settlement price and the matched price for trades made on that day, or the amount calculated comparing the daily settlement price of the day and the previous day's daily settlement price for open interest.</li> </ul>

Items	Description	Remarks
<p><b>2. Offset Trades</b></p> <p><b>3. Final Settlement</b></p> <p><b>(1) Final Settlement Price</b></p> <p><b>(2) Cash Settlement of final settlement</b></p>	<ul style="list-style-type: none"> <li>• When a Trading Member executes a buy in or sell out order, that Member is to notify TFX by 5PM of the business day. TFX will reduce the notified quantity from the Member's open interest (in the case of a Non-Clearing Member, the open interest of its designated Clearing Member) for settlement.</li> <li>• For each contract month, open interest not offset by the last trading day will be processed by final settlement using a determined cash settlement value ( "final settlement price" hereinafter) for settlement.</li> <li>• The final settlement price is 100 minus the monthly average of Uncollateralized Over-night Call Rate (final results) released by BoJ of the contract month rounded to the nearest 3<sup>rd</sup> decimal place.</li> <li>• The monthly average is calculated as follows. <ul style="list-style-type: none"> <li>a) Add each day's daily released starting rate of the contract month; and</li> <li>b) Divide by the number of the days for contract month.</li> </ul> <p>For days which are not business days, the rate used in computing the average rate is the starting Uncollateralized Over-night Call Rate released on the last business day.</p> </li> <li>• For trades matched on the last trading day, when there is a difference between the final settlement price and the matched price of the trade; and for open interest, when there is a difference between the final settlement price and the previous day's settlement price, the Clearing Member is to pay to (or receive from) TFX the amount difference on the last settlement day.</li> <li>• The method of final settlement between Non-Clearing Members and Clearing Members are to follow the method used between Clearing Members and TFX.</li> </ul>	<ul style="list-style-type: none"> <li>• There are 2 way to notify offset trades: <ul style="list-style-type: none"> <li>(1) individual notification (make separate notifications for each trade)</li> <li>(2) bulk notification (make collective notifications by contract month and proprietary/customer account)</li> </ul> </li> <li>• The final settlement price is released on the next business day of the last trading day.</li> </ul>

Items	Description	Remarks
<b>4 . Settlement between Trading Member and Customer</b>	<ul style="list-style-type: none"> <li>• The cash amount to be settled between Trading Members and their customers are as follows:               <ul style="list-style-type: none"> <li>(1) Settlement by Offset                   <ul style="list-style-type: none"> <li>The cash amount calculated from the difference between the matched price of sales contracts or the matched price of purchase contracts</li> </ul> </li> <li>(2) Final Settlement                   <ul style="list-style-type: none"> <li>The cash amount calculated from the difference between the final settlement price and the matched price of long or short positions.</li> </ul> </li> </ul> </li> <li>• When a customer's settlement results in overall loss, the cash amount is to be paid to the Member within the timeframe specified below:               <ul style="list-style-type: none"> <li>(1) Settlement by Offset                   <ul style="list-style-type: none"> <li>Date and time specified by the Member which falls before the second business day of the business day which the day session the offset trade was executed belongs</li> </ul> </li> <li>(2) Final Settlement                   <ul style="list-style-type: none"> <li>Date and time specified by the Member which falls before the business day subsequent to the Final Settlement Day of each contract month.</li> </ul> </li> </ul> </li> </ul>	
<b>V.Per-contract Exchange Fee</b>	<ul style="list-style-type: none"> <li>• Per-contract Exchange Fee is 100yen.</li> </ul>	<ul style="list-style-type: none"> <li>• Consumption tax, etc. is charged in addition.</li> </ul>
<b>VI .Brokerage Commission</b>	<ul style="list-style-type: none"> <li>• The amount and method of payment of brokerage commission from customer to Trading Member due to trade brokerage is to be executed according to what has been decided beforehand between corresponding Member and the corresponding customer.</li> </ul>	
<b>VII. Trading Member</b>	<ul style="list-style-type: none"> <li>• Euroyen Futures Trading Member can trade Over-Night Call Rate Futures.</li> </ul>	<ul style="list-style-type: none"> <li>• In order to trade Over-Night Call Rate Futures, one must obtain Euroyen Futures Trading Membership.</li> </ul>
<b>VIII. Clearing Member</b>	<ul style="list-style-type: none"> <li>• By obtaining Interest-rate etc. Financial Futures Clearing Membership, the member can act as counterparty in the financial futures obligation assumption business for Over-Night Call Rate Futures.</li> </ul>	<ul style="list-style-type: none"> <li>• As to other items concerning Interest-rate etc. Financial Futures Clearing Members, current exchange rules are adopted.</li> </ul>

Items	Description	Remarks
<b>IX. Others</b>  <b>1. Strategy Trades</b>  <b>2. Block Trades</b>  <b>3. Give-up Trades</b>	<ul style="list-style-type: none"> <li>• Strategies are allowed for Over-Night Call Rate Futures.</li>   <li>• Members who want to execute a block trade can apply during trading hours excluding the 15 minutes prior to market close.</li> <li>• Minimum volume for block trade is 500 contracts.</li>   <li>• Give-up trades are available for Over-Night Call Rate Futures.</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy trade is a trade whereby the multiple sale contracts and/or purchase contract are all simultaneously executed, each type of combination of the multiple contracts being separately specified by TFX.</li>   <li>• Block trades are, with prior application to TFX, having buy and sell orders of the same contract month simultaneously executed outside competitive auction.</li>   <li>• Give-up trades are having a Clearing Member other than the Executing Member (Member who executed the trade) clear the same trade.</li> </ul>

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