

# Measures to Improve Convenience of Interest Rate Futures Trading

## 1. Extension of Trading Hours

There has been strong requests from market participants for the extension of trading hours of TFX, the home market for Euroyen futures, for the purpose of enabling them to trade even in the European trading hours.

It is expected that the extension of the trading hours, will increase the trading opportunities and provide the additional profit-earning opportunities (ex. the arbitrage transactions against Euribor futures listed on Euronext.liffe for market participants).

present trading hours : 9:00 ~ 18:00



**extended trading hours** : 9:00 ~ 20:00

**[Expected effective date]**

February 2007

### Note

- The pre-open period and the morning session start 15 minutes earlier respectively on a day on which \*important economic indices\* are released.  
(Important economic indices = Gross Domestic Product (preliminary), Consumer Price Index, Industrial Production Index (preliminary), Tankan survey)
- The settlement price will be published at around 15:30 as has been in the past, and procedures of clearing for a trading day will be not changed.

## 2. Reintroduction of the market maker program for Options on Three-month Euroyen futures

Since the shift in the Bank of Japan's monetary policy, there has been a rapid increase in the trading activity. In light of this, there are requests for the reintroduction of the market maker program as a measure to increase trading opportunities, especially with respect to options that has high demand from the overseas investors. With the reintroduction of the program, it is expected to increase the trading activity not only in options but also in arbitrage transactions against Euroyen futures.

**[Expected effective date]**

January 2007

Market maker:

A market maker is a Trading Member who, for the purpose of creating market liquidity, is obliged to submit both bids and offers, either sequentially or simultaneously, with respect to a designate series in a volume specified by TFX.

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## 3. Revision of the Block Trade System

### (1) First time ever in Japan, introducing the global standard

In order to improve trading convenience in light of the growing needs from the over-seas investors, TFX will revise the conditions for approval of the Block Trade to be in line with the global standard. The introduction of such condition is the first time ever in Japan.

Block trade:

A block trade is a type of trade whereby, for a volume not less than a certain level, the corresponding bid and offer for a specific contract month or product are matched simultaneously, not based on the auction method. It is a system in which the trade is concluded with an approval given by the Exchange based on the application from the trading parties specifying the contract month (product), volume and price.

#### [Revision - Price permission standard for block trades]

Former Condition	In principle, the price applied by the Trading Members must be <u>within the highest and the lowest price in the market during the last 15 minute period immediately before the application.</u>
↓	
Revised Condition	The price of the bid and offer <u>a fair and reasonable range.</u>
	* This standard is adopted by the major exchanges overseas including CME and Euronext.liffe.

### (2) Effective date

November 6, 2006

## 4. Improvement of functions contained in the Clearing System

Upon the requests from Trading Members, and by reference to systems in foreign institutions, TFX plans to improve the functions contained in the clearing system in order to provide for trading Members further convenience and efficiency in their clearing procedures.

#### [Main items]

### (1) Diversified method of fixing open-interest volume

As the method of fixing volume of open-interest for a Trading day, TFX plans to accept both (A) notification of volume of new positions and off-set positions (i.e. the conventional method) and (B) notification of volume of final positions (i.e. the additional method). (The

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additional method dose not require Trading Members to notify volume of new positions and off-set positions)

## **(2) Adding a function for correcting contents of give-up notification**

A function for correcting contents of give-up notification will be added to “CLIP” in order to improve its functionality . There has been an increase in the number of Trading Members using CLIP in these days.

C L I P (CLEARING INTERFACE PROTOCOL) :

CLIP is the interface protocol that enables connection between Trading Member's back-system and TFX's Clearing System

## **(3)Improvement of display on the screen of Member's terminal for reporting and inquiring**

This is to improve operationality for reporting and inquiring.