Options on Three-month Euroyen Futures

TFX TOKYO FINANCIAL EXCHANGE

Options on Three-month Euroyen Futures on the TFX

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- Options on Three-month Euroyen futures are the transactions to trade the right to buy or sell a certain volume of Three-month Euroyen futures contract at a predetermined price ("strike price").
- There are two types of option contracts; call options and put options.
  Call: Options that give a buyer the right to buy Euroyen futures at a strike price.
  Put : Options that give a buyer the right to sell Euroyen futures at a strike price.
- By paying option premium to the option seller, the option buyer obtains the right, not the obligation, to lock in the funding cost beforehand, hedging the risk of interest rate fluctuation.

Advantages of option-related products on the TFX

- Options on Three-month Euroyen futures are standardized, exchange-listed products which have high liquidity, and whose prices are determined and made public in a fair, transparent and efficient manner.
- As a clearinghouse, TFX acts as a counter party to each contract and undertakes clearing of all trades at the TFX market. Because of this attribute, market participants do not need to consider creditworthiness of the counter party.
- For customer protection, it is required that each TFX member segregate its customer's margin from the member's own and deposit the margin with TFX.
- TFX has adopted **LIFFE CONNECT™**, a cutting-edge trading system whose sophisticated functionalities provide abundant trading opportunities through various order methods and strategy trades. Under the applicable conditions, **block trading** is available as a cross trade or as a bilateral trade between two members, not on an auction basis.
- **Give-ups** are applicable to the contracts listed on LIFFE CONNECT™, and will facilitate order executions and clearing. TFX uses **SPAN®*** method to calculate margin requirements, offsetting the value of options and underlying assets, which reduces required margin.

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

Contract Specifications of Options on Three-month Euroyen Futures

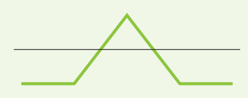
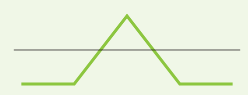
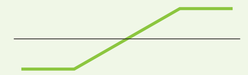
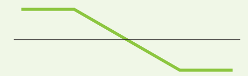
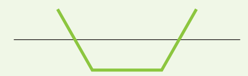
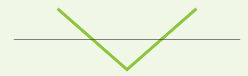
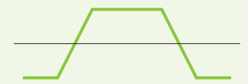
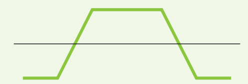
	Options on Three-month Euroyen Futures
Underlying asset	Three-month Euroyen futures
Types of Contract	Call Option on Three-month Euroyen futures and Put Option on Three-month Euroyen futures
Trading Unit	¥100,000,000 (Notional principal amount)
Price quotation	Quoted in Euroyen futures points (0.005)
Strike price intervals	There are thirteen strike prices, each notched by 0.125, with ATM (at-the-money) as a starting point distributing six strike prices both upward and downward. The number of strike price may increase as the market develops.
Tick size&Value	0.005(0.005%) ¥1,250
Contract Month	5 quarterly months (March, June, September, December)
Exercise style	American type. On the last trading day, ITM options(options with intrinsic value) will be automatically exercised.
Last trading day	Two business days prior to the third Wednesday of the contract month
Final settlement day	The first business day after the last trading day
First trading day of new contract month	The first business day after the last trading day
Trading hours (JST)	8:30 ～ 8:45 Pre-open period 8:45 ～ 11:30 Day session 11:30 ～ 12:30 Restricted period 12:30 ～ 15:30 Day session 15:30 ～ 20:00 Evening session
Trading hours for the contract on its last trading day (JST)	8:30 ～ 8:45 Pre-open period 8:45 ～ 11:00 Day session
Information vendor code	Bloomberg : YEA〈Cmdty〉GMON〈Go〉 or YEA〈Cmdty〉OCM〈Go〉 CQG : JEY JIJI PRESS : QG20-79 QW12-99 QX01-03 QUICK : TIF@ QUICK Money LineTelerate : JP@EYyy〈Monthly code〉P(C)〈Strike Price〉 REUTERS : 0♯JEYny+ 0♯BJEYny+ (for block trade) Telekurs : EYOy〈Monthly code〉〈Strike Price〉

Strategy Trade applicable to Options on Three-month Euroyen Futures on LIFFE CONNECT™

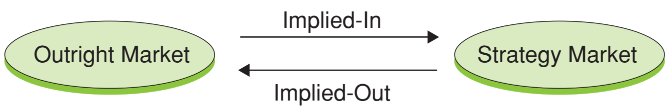
One of the great features of **LIFFE CONNECT™** is employing varieties of strategy trade. A strategy trade is a combination of multiple orders that are treated as a single transaction. Strategy trade enables investors to construct an investment strategy that matches respective outlook for market move. By utilizing the functionality of strategy trade instead of placing individual orders one by one, investors will also avoid legging risk, the risk of only part of orders among an intended strategy being executed while leaving other parts unexecuted.

【Examples of Strategy Trade for Options on Three-month Euroyen Futures】*

*Available strategies are dependent on the brokers with whom the order is placed.

Types	Outline	Pay-off diagram
Call Butterfly	Of the same contract month, simultaneously buying (selling) one unit of call option at a specific strike price, selling (buying) two units of call option at higher strike price and buying (selling) one unit of call option at further higher (highest) strike price.	
Put Butterfly	Of the same contract month, simultaneously buying (selling) one unit of put option at a specific strike price, selling (buying) two units of put option at higher strike price and buying (selling) one unit of put option at further higher (highest) strike price.	
Call Spread☆	Of the same contract month, simultaneously buying (selling) one unit of call option at a specific strike price and selling (buying) one unit of call option at higher strike price	
Put Spread☆	Of the same contract month, simultaneously buying (selling) one unit of put option at a specific strike price and selling (buying) one unit of put option at lower strike price	
Strangle	Of the same contract month, simultaneously buying (selling) one unit of put option at a specific strike price and buying (selling) one unit of call option at higher strike price.	
Straddle☆	Of the same contract month, simultaneously buying (selling) one unit of put option at a specific strike price and buying (selling) one unit of call option at the same strike price.	
Condor (Call)	Of the same contract month, simultaneously buying (selling) one unit of call option at a specific strike price, selling (buying) one unit of call option at higher strike price, selling (buying) one unit of call option at further higher (second highest) strike price and buying (selling) one unit of call option at highest strike price.	
Condor (Put)	Of the same contract month, simultaneously buying (selling) one unit of put option at a specific strike price, selling (buying) one unit of put option at higher strike price, selling (buying) one unit of put option at further higher (second highest) strike price and buying (selling) one unit of put option at highest strike price.	

☆ : Strategies, to which "Implied In/Out" function is applicable. Implied In/Out links outright orders and some types of strategy orders, both of which mutually utilize the liquidity and thus enhance the possibility of matching.



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