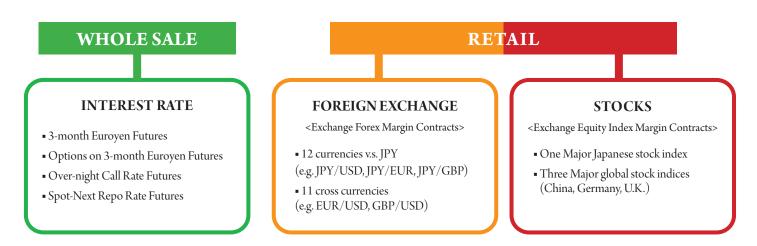


# TOKYO FINANCIAL EXCHANGE/ OUTLOOK 2011

Tokyo Financial Exchange Inc. (TFX) is a unique financial derivatives exchange in Japan which offers various products and trading opportunities to institutional as well as retail investors. With its flagship product of Three-month Euroyen futures and options, TFX has established its status as "Home Market for Euroyen" globally, and now more than 99% of Euroyen futures and options are traded on the TFX market.



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# **NEW MEASURES IN 2011**

## 1. New Product: Euroyen 6-month LIBOR

TFX will be re-listing the LIBOR based Euroyen future in fiscal 2011 in an effort to bolster market share in the interest rate sector. As the TIBOR market has longsuffered under a dearth of volatility, this new product will meet demand among market participants in the more internationally active and much larger LIBOR-based interest rate swap market, offering speculative, hedging and arbitrage opportunities. The primary distinction between the current Euroyen future and the new LIBOR Euroyen future is that the former is fixed on 3-month TIBOR rates, while the latter will be fixed on 6-month LIBOR.

## 2. Introduction of New Liquidity Provider Scheme

TFX will be introducing a volume incentive discount scheme for proprietary traders. New participants to TFX's 3-month Euroyen Interest Rate futures market will be eligible to apply for the scheme, which offers monthly trading fee rebates. Rebates depend on the volume traded and the term of the contract month. Trading in large volumes and in far dated contract months will be heavily discounted. Please get in touch for more details.

#### 3. Technology Enhancements

TFX will continue to move forward with its plan to create secure, resilient and advanced exchange infrastructure, catering to different trading strategies and types of market participants. With this in mind, TFX has started discussions with NYSE Euronext about a possible network linkage between NYSE Euronext's "Secure Financial Transaction Infrastructure (SFTI®)" and TFX's network. If this linkage is realized, market participants connected to SFTI® will be able to trade TFX listed products without establishing a new line to TFX, using their SFTI® connection to NYSE Euronext derivatives markets.

## For more information



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# What we acheived in 2010.....

- Welcomed First Remote Trading Member
  - Introduced New Specifications for Q/N Call and S/N Repo Futures
- 🖌 Launched New Products : Exchange Equity Index Margin Contracts (Click Kabu 365)
- Enhanced Connectivity Options: Proximity services (Partner with KVH)
- Added New ISV Connectivity: Trading Technologies

# **2010 MARKET OVERVIEW**

Due to continued uncertainties over global financial markets and prolonged loose monetary policy, 2010 was a challenging year for the TFX Interest Rate Futures markets. Total trading volume for all the STIR products was 11,275,325, a 14% decrease compared with the previous year.

In contrast, taking advantages of volatility in FX markets, Exchange Forex Margin contracts (Click 365) finished 2010 with record trading volumes, reaching 109,935,079, an increase of 55.8% from 2009.

Exchange Equity Index Margin contracts (Click Kabu 365) launched in November achieved volumes of 67,691 contracts despite the fact that there were only 30 trading days in 2010, highlighting the positive reception of the products from the market participants.

	2009 Volume	2010 Volume
STIR* F&O	13,098,108 (1,002,846)	11,275,325 (1,174,991)
Yr on Yr	-45% (-26%)	-14% (17%)
Forex Margin	70,579,936 (607,600)	109,935,079 (799,657)
Yr on Yr	63% (188%)	55.8% (32%)
Equity Index Margin**	-	67,691 (2,632)
Yr on Yr	-	-
Total	83,678,044 (1,610,446)	121,278,095 (1,977,280)
Yr on Yr	25% (2%)	44.9% (23%)

() Open Interest

\*3-month Euroyen Futures and Options, Over-Night Call Rate futures, Spot-Next Repo Rate Futures

\*\*Launched on 22 November 2010