

[English Translation]

**ENFORCEMENT REGULATIONS FOR SPECIAL PROVISIONS  
FOR TRADING REGULATIONS AND  
BROKERING TERMS FOR OPTIONS**

**TOKYO FINANCIAL EXCHANGE INC.**

(This is an English translation of the Enforcement Regulations for the Special Provisions for Trading Regulations and Brokering Terms for Options, the original of which has been prepared in the Japanese language only. The Japanese language text hereof shall govern for all purposes and in all respects. Accordingly, all questions that may arise within or without courts of law in regard to the meaning of the words, provisions and stipulations of these Enforcement Regulations shall be decided in accordance with the Japanese language text. Tokyo Financial Exchange Inc. (“TFX”) assumes no responsibility for accuracy, correctness or contents of this English text.)

Enforcement Regulations for the Special Provisions for Trading Regulations  
and Brokering Terms for Options  
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## **Article 1. Purpose**

These Enforcement Regulations set forth the matters to be prescribed or designated by the Exchange pursuant to the Special Provisions for Trading Regulations and Brokering Terms for Options (hereinafter called the “Special Provisions for Options”).

## **Article 2. Manner of Calculation of Option Criterion Price**

The option criterion price set forth in Articles 5.4 and 5.5 of the Special Provisions for Options shall be in the figure equal to an integral multiple of 0.125 which is the nearest to the concerned business day’s listing basis figure for the respective contract month, and if there are two figures satisfying the aforesaid condition, the higher one shall be adopted as the option criterion price.

## **Article 3. Period for Accepting Cancellation of Bids and Offers**

3.1 The Exchange shall accept cancellation requested by a Trading Member of its bids or offers as set forth in Article 6.3 of the Special Provisions for Options during the period from the opening of the pre-open period to the close of the evening session (or the close of the day session if no matching is conducted during the evening session; this interpretation shall similarly apply hereinafter).

3.2 Cancellation of a GTC order referred to in Article 4.1(2)(a) hereof shall be acceptable during the period set forth in Article 2.1 hereof, as well as the period during which Trading Members have access to the Trading System.

3.3 Whenever the Exchange deems it necessary, it may accept cancellation of bids and offers from a Trading Member during the hours designated by the Exchange from time to time in addition to the periods set forth in Articles 3.1 and 3.2 above.

## **Article 4. Particulars for Bids and Offers**

4.1 The matters to be prescribed by the Exchange in connection with bids and offers for the Three-month Euroyen futures option contracts based on the auction method pursuant to Article 9.7 of the Special Provisions for Options shall be as follows.

- (1) Matching process of bids and offers

A bid and an offer shall be processed in the Trading System in the manner set forth below, within a range of the corresponding volume between them.

- (a) When a bid is submitted at a price higher than the price of any of the offers then submitted, the bid shall be processed in the volume corresponding to such offer or offers, subject to the lower limit set on the bid.
- (b) When an offer is submitted at a price lower than the price of any of the bids then submitted, the offer shall be processed in the volume corresponding to such bid or bids, subject to the higher limit set on the offer.

(2) Types of modifiers

A Trading Member may apply any of the following modifiers for any bid or offer submitted by it.

(a) Good Till Cancelled (GTC)

A modifier to cause the bid or offer to become null and void at the close of the evening session of a specified business day (or, if no business day is designated for that purpose, the business day on which there occurs the day session of the last trading day).

(b) Good in Session (GIS)

A modifier to cause the bid or offer which is submitted during a pre-open period or a day session to become null and void at the close of the day session, and cause the bid or offer which is submitted during an evening session to become null and void at the close of the evening session.

(c)

The On-Open modifier set forth in Article 2(26) of the Special Provisions for Options

(3) Modifiers which may be applied to a limit order

The modifier listed in Article 4.1 (2) (a) or 4.1(2)(b) above

(4) Modifiers applied to a market order

The modifier listed in Article 4.1(2)(a) or 4.1(2)(b) hereof may not be applied to any market order. Any market order which is submitted during a pre-open period shall be subject without exception to the On-Open modifier listed in Article 4.1(2)(c) hereof.

(5) Expiration of a bid or offer

A bid or offer inputted into the Trading System which remains unmatched shall expire as set forth below; provided, however, that, when Three-month Euroyen futures option transactions are suspended pursuant to any Item of Article 14 of the Trading Regulations, the expiry of the bid or offer may be designated by the Exchange from time to time.

(a) A limit order shall become null and void at the close of the evening session of the business day on which the limit order is inputted into the Trading System, provided, however, that if any condition is imposed on the expiration thereof, such condition shall be observed.

(b) A market order (except for On-Open order) shall become null and void immediately.

(c) An On-Open order shall be treated as per the provisions of Article 8.4 of the Special Provisions for Options.

(6) Prohibition of market order, etc.

Whenever the Exchange determines it necessary in light of state of bids and offers then submitted and other factors concerned, the Exchange may prohibit any Trading Member from submitting market orders (including On-Open orders) .

**Article 4-2. through 4-2-4 (Deleted)**

**Article 4-3. Correction to Contents of Bid or Offer**

Correction to the inputted contents pursuant to Article 10-2.3 of the Special Provisions for Options shall be made in the following manner.

- (1) Correction to a bid or offer

In such a manner that the concerned Trading Member will cancel the relevant bid or offer and then input a correct bid or offer in accordance with Article 9 of the Special Provisions for Options

- (2) Correction of the volume for a bid or offer

In such a manner to cancel the bid or offer to the extent of the volume of reduction

**Article 5. Application for Approval of Three-month Euroyen Futures Option Contract for Error Trade Correction, etc.**

A Trading Member who intends to obtain the Exchange's approval set forth in Article 14 of the Special Provisions for Options shall submit a specified form of application to the Exchange not later than 10:00 a.m. of the business day immediately following the business day on which there has occurred the Error Trade or other event in question.

**Article 5-2. through 5-3-3 (Deleted)**

**Article 5-4. Particulars for Application for Block Trade**

The matters to be prescribed by the Exchange in connection with block trade pursuant to Article 14-6.2 of the Special Provisions for Options shall be as follows.

- (1) Method of application

A Trading Member shall apply for a block trade by inputting the following information into the Trading System through the Member's terminal device.

- (a) Name of the applicant Trading Member
  - (b) Whether it is a put option on Three-month Euroyen futures or a call option on Three-month Euroyen futures
  - (c) Type of the contract month
  - (d) Exercise price
  - (e) Price
  - (f) Volume designated in the relevant bid or offer
  - (g) Classification of whether for a customer account or for a house account for the sale contract or purchase contract
  - (h) The counterparty Trading Member (if the applicant Trading Member intends to execute the Three-month Euroyen futures option contract with another Trading Member)
- (2) Restriction on pricing

The price listed in (e) of Item (1) above shall be either in a fair and reasonable range to be determined based on the trading situation on the Exchange at the time of the block trade application.

- (3) Minimum volume

The volume of Three-month Euroyen futures option contract which shall be executed at a block trade shall be not less than one hundred (100) times the trading unit.

- (4) Conditions for approval

If the Exchange confirms that the application submitted by a Trading Member satisfies all of the following conditions, the Exchange shall approve execution of the Three-month Euroyen futures option contract based on the contents of such application.

- (a) All of the information set forth in Item (1) above are clearly specified in the application.
  - (b) The bid/offer price set forth in (e) of Item (1) above is the price set forth in Item (2) above.
  - (c) The volume requirement set forth in Item (3) above shall be satisfied.
  - (d) It is not obviously inappropriate in any other respects to allow execution of the market derivatives contract based on the application.
- (5) Notice of approval or disapproval

If the Exchange approves execution of the Three-month Euroyen futures option contract pursuant to Item (4) above, the Exchange shall communicate its approval or its disapproval to the applicant Trading Member. If the Exchange fails to give either of such notices by the close of the evening session of the business day on which the application is submitted to the Exchange, the Exchange shall be deemed to have disapproved the application.



#### **Article 5-5. Give-up Notification Period**

The period for give-up notification to be prescribed by the Exchange pursuant to Article 15-6 of the Special Provisions for Options shall be a period commencing at the time when the Three-month Euroyen futures option contract to be given up is executed and ending at 4:45 p.m. of the business day on which there occurs the day session of the trading day on which such contract is executed, but not later than 2:30 p.m. as to a contract month for which the last trading day falls on the said business day.

#### **Article 5-6. Take-up and Other Notification Period**

The period to be prescribed by the Exchange pursuant to Article 15-6 of the Special Provisions for Options for notification pursuant to Article 15-4.1 of the Special Provisions for Options (hereinafter called “take-up notification, etc.”) shall be a period commencing at the time when the Exchange gives the notification under Article 15-3.2 of the Special Provisions for Options and ending at 5:00 p.m. of the business day on which there occurs the day session of the trading day on which the Three-month Euroyen futures option contract to be given up is executed, but not later than 2:45 p.m. as to a contract month for which the last trading day falls on the said business day.

#### **Article 5-7. Correction to Contents of Give-up Notifications, etc.**

The matters to be prescribed by the Exchange pursuant to Article 15-6 of the Special Provisions for Options for correction to give-up notifications and take-up notifications, etc. (hereinafter collectively called “give-up notification, etc.”) shall be as set forth below.

- (1) Correction to the contents of give-up notification, etc.

If a Trading Member intends to make correction to the give-up notification, etc. given by it with respect to a Three-month Euroyen futures option contract given up based on a Customer’s order due to a truly unavoidable reason, the Trading Member shall (together with its Designated Clearing Member if such Trading Member is a Non-clearing Member) notify the Exchange to that effect, in the manner prescribed by the Exchange, by 10:00 a.m. of the third business day after the business day on which there occurs the day session of the trading day on which such given up contract is executed; provided, however, that no correction shall

be made to a give-up notification, etc. for any contract month on its last trading day.

- (2) Where option exercise or reassignment has been made for a Three-month Euroyen futures option contract for which the contents of give-up notification, etc. are to be corrected

If option exercise or reassignment had been made for a Three-month Euroyen futures option contract for which the notification for correction has been made pursuant to Item (1) above, the intended correction shall be made to the Three-month Euroyen futures contract executed as a result of the option exercise or reassignment.

- (3) Confirmation of results of correction to the contents of give-up notification, etc.

A Trading Member who has made a notification of correction to the give-up notification, etc. as set forth in Item (1) above shall immediately confirm the results of the correction made by the Exchange.

**Article 5-8. Method Utilizing Information and Telecommunication Technology for Notice to Customers**

5-8.1 The method separately prescribed by the Exchange referred to in Article 36 of the Special Provisions for Options shall be any one of the following methods.

- (1) A method utilizing an electronic data processing and network organization as set forth in Item (a) or (b) below
  - (a) Such a method that: (i) transmission will be made via telecommunication lines connecting computers used by a Trading Member and those used by a Customer and (ii) the contents so transmitted will be recorded in files stored in the computers used by a recipient
  - (b) Such a method that: (i) the matters recorded in files stored in the computers used by a Trading Member that would otherwise be described in the notice referred to in Article 36 of the Special

Provisions for Options will be make available for access by a Customer via telecommunication lines and (ii) those matters will be downloaded in files stored in the computers used by the Customer.

- (2) A method to: (i) record the matters that would otherwise be described in the notice referred to in Article 36 of the Special Provisions for Options in such files that will be controlled by magnetic disc, CD-ROM or any other equivalent media capable of reliably recording some contents and (ii) dispatch the recording media containing such files

5-8.2 Each of the methods set forth in Article 5-8.1 above shall be the one enabling a Customer to output the contents recorded in the files in paper form.

5-8.3 An “electronic data processing and network organization” referred to in Article 5-8.1(1) above means an electronic data processing and network organization connecting computers used by a Trading Member and those used by its Customer by means of telecommunication lines.

#### **Article 6. Method of Reassignment to Customers**

The manner of reassignment made by the Exchange to the Customers as set forth in Article 37.1 of the Special Provisions for Options shall be any one of the following methods.

- (1) Assignment in the order of execution of the Three-month Euroyen futures option contracts
- (2) Assignment in a random drawing
- (3) Assignment pro rata in accordance with the Customers’ volumes of positions
- (4) Assignment in any other equitable manner without arbitrariness

## **SUPPLEMENTARY PROVISIONS**

The amended regulations shall take effect as from February 3, 2014.

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The amended regulations shall take effect as from July 24, 2017.