

Outline for Over-Night Call Rate Futures

Dec.24, 2015

TFX

Items	Description	Remarks
I . Trading 1 . Definition	<ul style="list-style-type: none">• “Over-Night Call Rate Futures” is a market derivatives contract, which quotes an index indicated as 100 minus the monthly average of Uncollateralized Over-Night Call Rate (final results) published by the Bank of Japan (BOJ).	

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<p>2. Contract month</p> <p>(1) First Trading Day</p> <p>(2) Last Trading Day</p> <p>(3) Listed Contract Months</p> <p>(4) Period</p>	<ul style="list-style-type: none"> • The first trading day for a newly listed contract month shall be the trading day immediately following the last trading day for the then first expiring contract month, and such new contract month shall become available for trading from the opening of its first trading day's day session. • The last trading day shall be the trading day, the day session of which occurs on the last day of the month (not counting Japanese bank holidays). • 6 contract months. • The contract months of Over-Night Call Rate Futures shall be the calendar month in which their respective final settlement dates fall, each final settlement date being the second business day (not counting Japanese bank holidays) following the last trading day. • The period of 6 months shall be applied to the each contract months. 	<ul style="list-style-type: none"> • For the purpose of computing the rate of any non-business day, the rate of the last business day shall be used. • A “trading day” shall be a period commencing on the opening of the evening session that starts after the day session on the business day immediately preceding a specific business day and ending on the close of the day session that starts on such specific business day.

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<p>3 . Matching Algorithm</p> <p>4 . Trading Hours</p> <p>5 . Trading Unit, etc</p> <p>(1) Trading Unit</p> <p>(2) Bid/Offer</p>	<ul style="list-style-type: none"> • The matching of the trades is based on the auction method. • Day session: 8:45-15:30 (no trade-matching during the period between 11:30-12:30.) • Evening session: 15:30-20:00 (there will be no trade-matching on the last trading day of the contract month which reaches the last trading day.) • 300,000,000 yen • Order types are Limit Order and Market Order. • Bid/Offer is quoted to the third decimal place (indicated by an integral multiple of 5/1000). • Minimum fluctuation is 0.005 (0.005 = 1,250 yen) 	<ul style="list-style-type: none"> • There is a pre-open session (session only for quote acceptance; no matching), which is 15 minutes prior to the market open of the day session. • TFX may change trading hours on a temporary basis when it is deemed necessary. • During the Pre-open period, a Market order shall always be submitted with “On-Open” modifier. • TFX may reject to receive any bid or offer when TFX finds necessary to do so in order to maintain a fair market, a stability of trading system, or other situations TFX finds appropriate. • Maximum order volume Trading Member can submit in a single order is 99,999 lots.
<p>II . Margin</p>	<ul style="list-style-type: none"> • The amount of margin requirement for customer trades and member’s proprietary trades are calculated using SPAN®. • The margin for Over-Night Call Rate Futures using SPAN® may be reduced by netting of risk arising from other Interest Rate Futures contracts on TFX. 	<ul style="list-style-type: none"> • SPAN® used herein is a registered trademark of Chicago Mercantile Exchange Inc. and used herein under license. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN® by any person or entity.

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<p>III. Mark-to-Market</p> <p>1. Mark-to-Market</p> <p>2. Daily Settlement Price</p> <p>3. Cash Settlement Variation</p>	<ul style="list-style-type: none"> • The cash amount of the mark-to-market is calculated based on the daily settlement price on each trading day, and such amount is exchanged between TFX and Clearing Members on the next trading day. • Mark-to-market between Non-Clearing Members and Clearing Members are to follow the method used between Clearing Members and TFX. • The daily settlement price is the volume-weighted average of the contract prices and traded volumes (excluding the contracts executed by strategy trades) executed by auction method during a specific time period. • 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. • 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. 	<ul style="list-style-type: none"> • The mark-to-market amount is the amount calculated comparing the daily settlement price and the matched price for trades made on that day, and the amount calculated comparing the daily settlement price of the day and the previous day’s daily settlement price for open interest. • The “Indicative Period” shall be a specific period determined by the Exchange from time to time as necessary, which shall fall within the period from the opening of the relevant trading day’s evening session to the close of the same trading day’s day session. • In case there is no contract price for a contract month during the Indicative Period, or, in case the Exchange deems the Daily Settlement Price calculated as aforesaid to be inappropriate, the Exchange shall determine another figure deemed appropriate by the Exchange as the Daily Settlement Price.

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<p>IV . Open Interest and Settlement</p> <p>1 . Open Interest</p> <p>2 . Offset Trades</p> <p>3 . Final Settlement</p> <p>(1) Final Settlement Price</p> <p>(2) Cash Settlement of Final Settlement</p>	<ul style="list-style-type: none"> • Unsettled positions by the execution of orders are counted in open interest. • When a Trading Member makes a purchase contract (hereinafter called “Repurchase”) in order to close out a short position or makes a sale contract (hereinafter called “Resale”) in order to close out a long position , that Member is to notify TFX of the classification of Resale or Repurchase and its volume 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. • 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. • The final settlement price is 100 minus the monthly average of Uncollateralized Over-night Call Rate rounded to the nearest 3rd decimal point. • The monthly average of Uncollateralized Over-night Call Rate is calculated as follows. <ul style="list-style-type: none"> a) Add each day's daily rate of the contract month; and b) Divide by the number of the days for contract month. <p>For days which are not business days, the rate used in computing the average rate is the Uncollateralized Over-night Call Rate announced on the last business day.</p> • 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. • The method of final settlement between Non-Clearing Members and Clearing Members are to follow the method used between Clearing Members and TFX. 	<ul style="list-style-type: none"> • There are 2 ways to notify offset trades: <ul style="list-style-type: none"> (1) Individual notification (make separate notifications for each trade) (2) Bulk notification (make collective notifications by contract month and proprietary/customer account) • The final settlement price is published on the next business day of the last trading day.

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

