



# Company Guide



**TFX** TOKYO  
FINANCIAL  
EXCHANGE

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## Introduction

This Company Guide is designed to provide the basic information about TFX. The **orange-marked words** in this Company Guide are explained in the Glossary at the end of this Company Guide.

For any questions, comments, or requests for further information, please contact the following.

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General Administration Department

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# What is TFX ?

## About TFX

Tokyo Financial Exchange Inc. (TFX) is a primary financial instruments exchange and clearing house in Japan which offers various products: Three-month Euroyen Futures and Options, FX Daily Futures contracts and Equity Index Daily Futures contracts. TFX was established in April 1989, as a membership organization with the capital provided by major domestic and foreign financial institutions and started the Matching and Clearing Business in June 1989. In April 2004, TFX was demutualized and incorporated. Our company name was changed to the current name, Tokyo Financial Exchange in September 2007.

## Financial Derivatives Transactions and Inception of TFX

A futures contract is an agreement to buy or sell the specified asset of a specific volume at the predetermined price on a specific future date.

Due to the series of interest-rate liberalization in Japan since 1980s, great demands of risk-hedge for Yen-based assets took place. To meet such demands, TFX was established in 1989 as a specialized exchange for financial derivative products.

## Milestones at TFX

'89	Mar	The Financial Futures Trading Law enforced.
	Apr	Tokyo International Financial Futures Exchange established.
	Jun	Three-month Euroyen Futures exchange trade and clearing business started.
'91	Feb	Fully automated computer trading system started.
	Jul	Options on Three-month Euroyen futures listed.
'96	Apr	SPAN® margin system introduced.
'98	Nov	Segregation of customer funds introduced.
'99	Oct	Give-up and half-tick pricing (for Three-month Euroyen futures and Options) introduced.
'03	Apr	Strategy trades and block trades started.
'04	Apr	TFX demutualization.
'05	Jul	FX Daily Futures contracts (Click 365) listed.
'07	Feb	Trading hours for Three-month Euroyen futures and Options lengthen.
	Sep	The Financial Instruments and Exchange Law enforced. Company name was changed to Tokyo Financial Exchange.
'08	Oct	16 currency pairs were added to FX Daily Futures contracts.
'10	Nov	Equity Index Daily Futures contracts (Click kabu 365) listed.
'13	Oct	Upgraded Daily Futures contract system
'14	Feb	Launched TFX Interest-rate System2014
'19	Jul	Launched TFX Interest Rate contracts system 2019
	Sep	Launched TFX Daily Futures contracts system 2019
'20	Oct	Equity Index Daily Futures contract with Reset Date listed

## Engagement of TFX

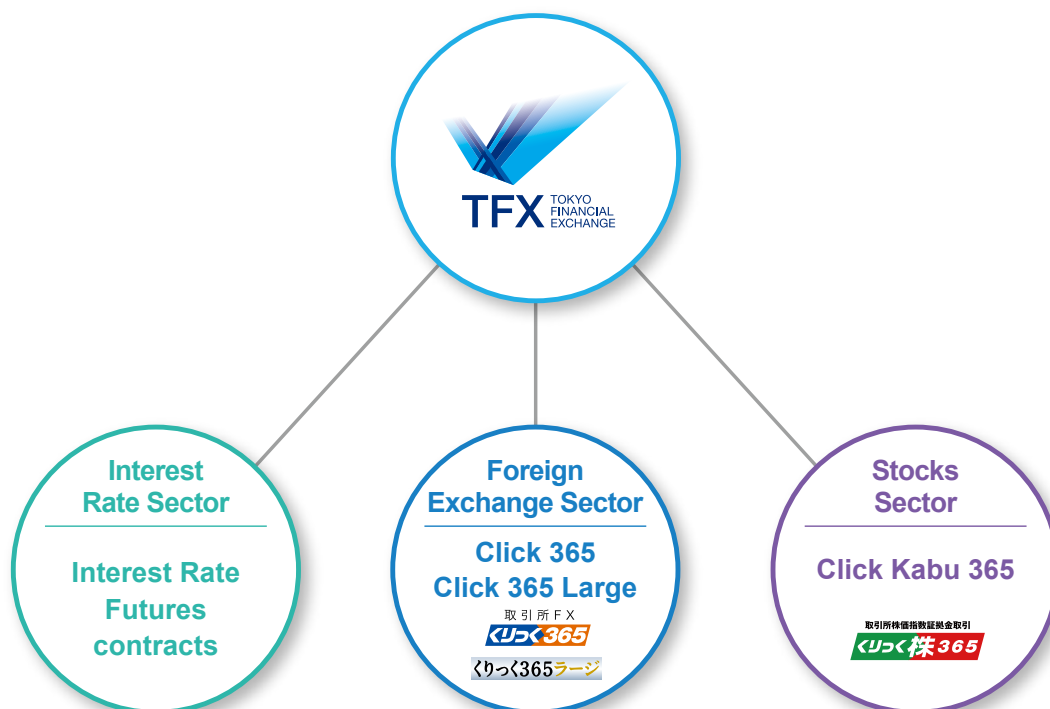
- ① TFX, as a financial instruments exchange, establishes a financial instruments market, provides facilities for the market, publishes market prices, and is engaged in other operations related to the establishment of a financial instruments market.
- ② TFX, as a clearing organization for transactions of financial instruments, is engaged in the financial instruments obligation assumption business associated with market derivatives transactions carried out in the market established by TFX.



## Initiatives so far

Tokyo Financial Exchange (TFX) contributes to the sound development of the financial markets and the economy of Japan by developing financial instruments markets as public infrastructure related to financial instruments transactions that provide a superior degree of fairness, reliability, and convenience in accordance with the Financial Instruments and Exchange Act.

TFX, as a comprehensive exchange for financial derivatives, has now listed products that cover all three major sectors for financial derivatives: **interest rates**, **foreign exchange**, and **stocks** as listed below.



## Future Initiatives

As a financial market infrastructure, TFX will aim to provide financial institutions with useful tools to diversify financial services and manage risks efficiently, as well as listing new products and expanding engagement in the clearing business.

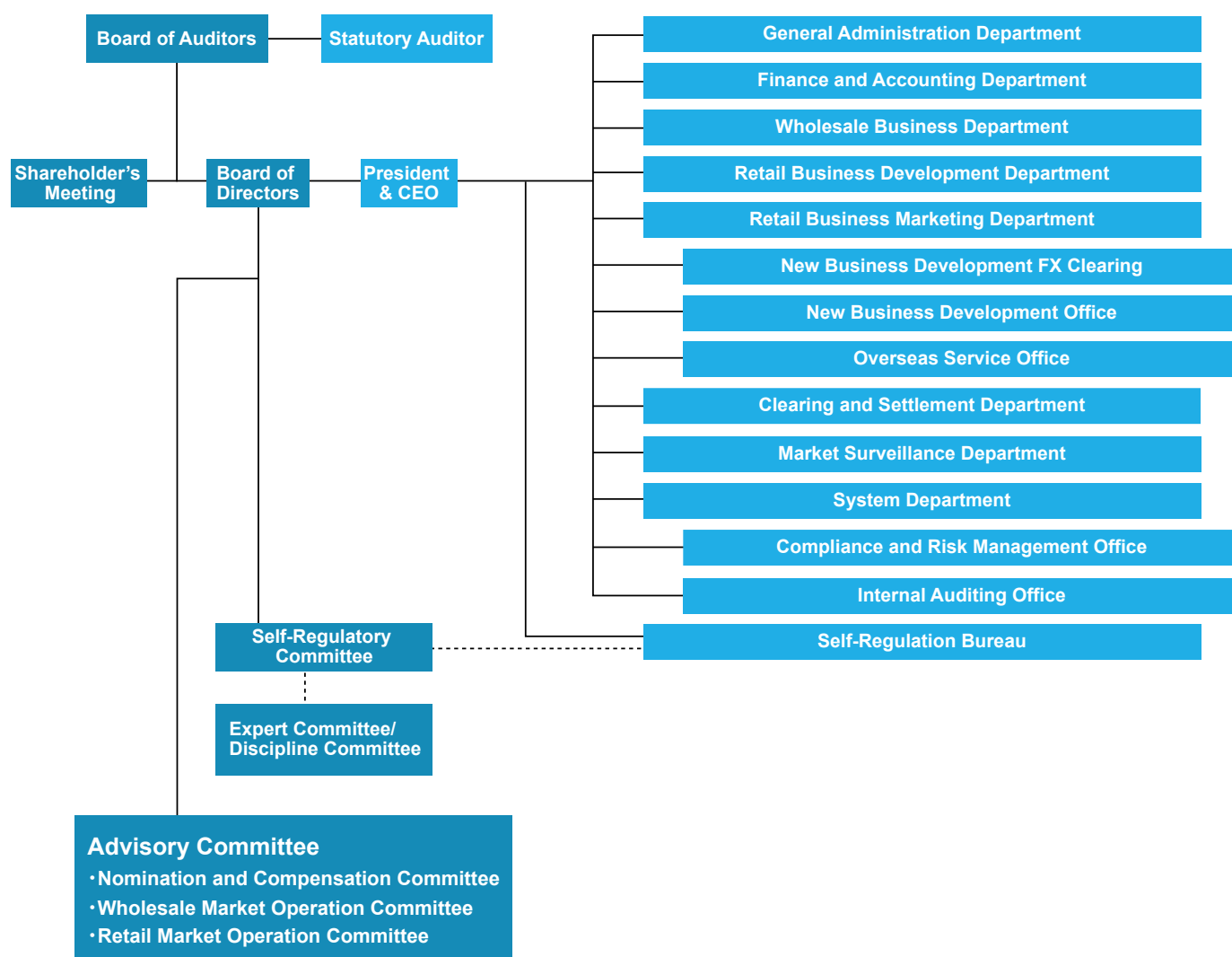
## Corporate Information

<b>Company Name</b>	Tokyo Financial Exchange Inc.
<b>Founded</b>	April 25, 1989 (In April 2004, TFX changed from a membership organization to a stock company)
<b>Capital</b>	5,844,650,000 yen
<b>Fiscal Term</b>	From April 1 every year to March 31 of the following year
<b>Number of Employees</b>	83 (As of March 31, 2020)
<b>Number of Shares Issued and Outstanding</b>	862,750
<b>Number of Shareholders</b>	80 (As of March 31, 2020)

## Major shareholder

Name	Shares held	Shareholding ratio (%)
MUFG Bank, Ltd.	43,130	4.99
Sumitomo Mitsui Banking Corporation	43,060	4.99
Mitsubishi UFJ Trust and Banking Corporation	41,320	4.78
Mizuho Bank, Ltd.	32,400	3.75
Sumitomo Mitsui Trust Bank, Limited	31,320	3.63
Daiwa Securities Co. Ltd	30,660	3.55
Mizuho Securities Co., Ltd.	26,937	3.12
Goldman Sachs Japan Co., Ltd.	26,320	3.05
The Shinkin Central Bank	20,660	2.39
The Norinchukin Bank	20,660	2.39
Mizuho Trust & Banking Co., Ltd.	20,660	2.39
The Bank of Yokohama, Ltd.	20,660	2.39

## Organizational Chart



## Directors and Statutory Auditors (As of June 25, 2020)

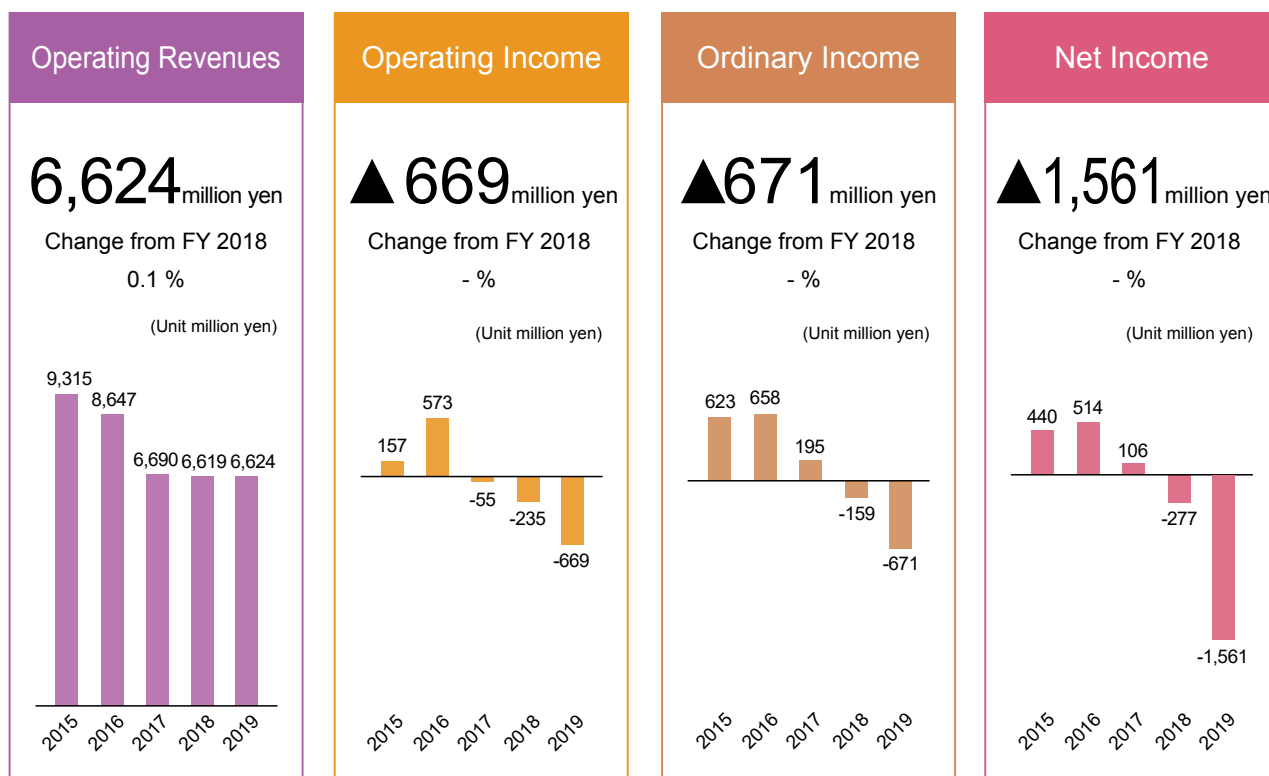
President & CEO	Nobuyuki Kinoshita	-
Senior Managing Director	Takuo Hirota	-
Director (Outside)	Takashi Imai	NIPPON STEEL CORPORATION Company friend and Honorary Chairman (Present)
Director (Outside)	Junko Hirakawa	City-Yuwa Partners Attorney-at-Law, Partner
Director (Outside)	Zenichi Shishido	MUSASHINO UNIVERSITY Professor of Law
Director (Outside)	Fumihiko Ito	SUMITOMO MITSUI FINANCIAL GROUP Managing Executive Officer
Standing Statutory Auditor	Kenichiro Furukawa	-
Statutory Auditor (Outside)	Yukio Ono	Accounting Standards Board of Japan Senior Advisor
Statutory Auditor (Outside)	Hideaki Sudo	Tokyo Fuji Law Office Attorney-at-Law, Partner

## Governance Structure

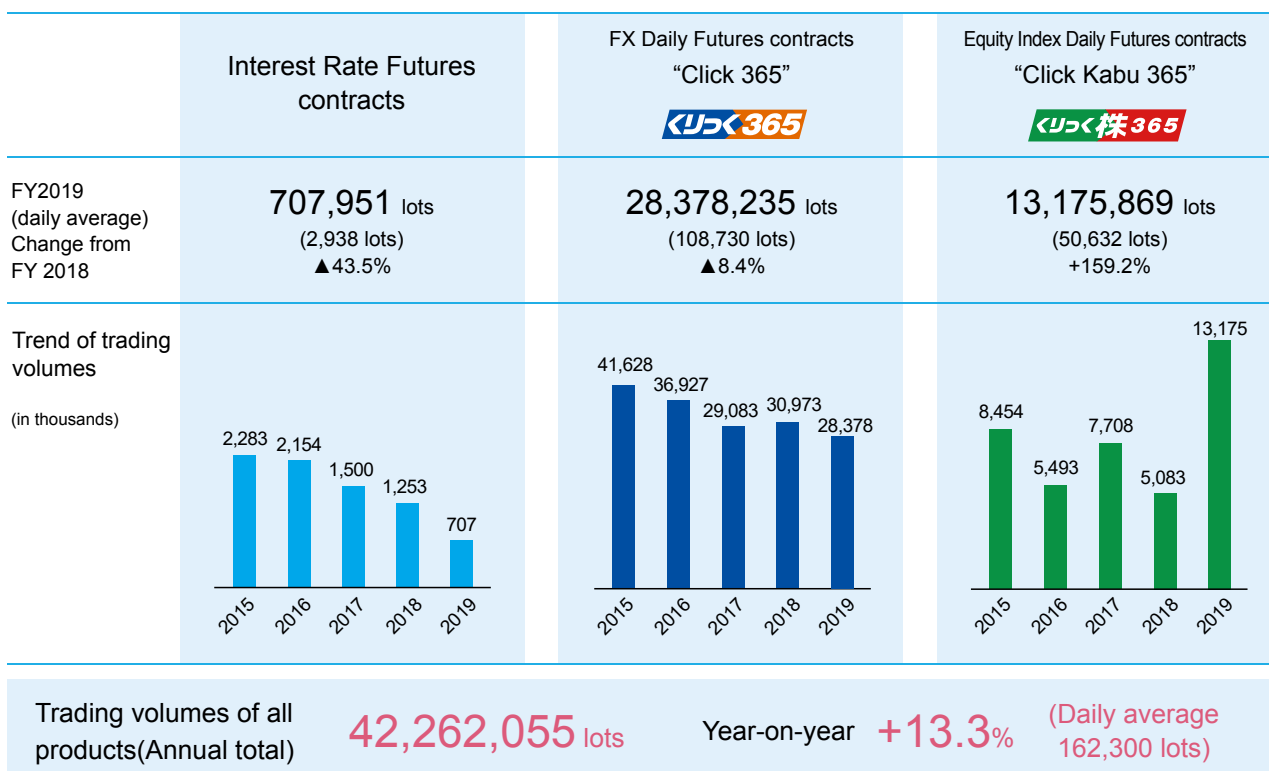
- ① The Board of Directors makes decisions on important matters regarding fundamental management policy and business activities, and supervises the director's performance of duties.
- ② The Board of Auditors audits the director's performance of duties, and submits an audit report to the shareholders' meeting in accordance with the internal control policy.
- ③ The Nomination and Compensation Committee deliberates on the election and dismissal of officers and remuneration for officers.
- ④ The Self-regulatory Committee makes decisions on self-regulatory operations to ensure the fairness, transparency and credibility of the market, based on delegation from the Board of Directors.

Corporate Organization	Company with a Board of Auditors
Number of Directors	6 Directors (Including 4 Outside Directors)
Number of Statutory Auditors	3 Statutory Auditors (including 2 Outside Statutory Auditors)
Advisory Committee	The Nomination and Compensation Committee, Market Operation Committees
Self-regulatory Committee	3 Directors (including 2 Outside Directors)

## Financial Highlights



## Trading Volume Highlights



# Interest Rate Futures contracts at TFX

## (1) Listed Products

	Three-month Euroyen Futures		Options on Three-month Euroyen Futures
<b>Underlying asset</b>	Three-month Euroyen JBA TIBOR※1	<b>Underlying asset</b>	Three-month Euroyen Futures
<b>Trading unit</b>	¥100,000,000 (Notional principal amount)	<b>Trading unit</b>	One unit of Three-month Euroyen Futures ("Euroyen Futures") 100,000,000 (Notional principal amount)
<b>Price quotation</b>	100 minus rate of interest	<b>Price quotation</b>	Quoted in Euroyen Futures points (0.005)
<b>Tick Size</b>	0.005(0.005%)	<b>Tick size</b>	0.005
<b>Tick Value</b>	¥1,250	<b>Tick value</b>	¥1,250
		<b>Strike price intervals</b>	0.125
<b>Contract months</b>	20 quarterly months (March, June, September, December) and 2 serial months※2	<b>Contract months</b>	5 contract quarterly months (March, June, September, December)
<b>Last trading day</b>	Two business days prior to the third Wednesday of the contract month	<b>Last trading day</b>	Two business days prior to the third Wednesday of the contract month
<b>Final settlement day</b>	The first business day following the last trading day	<b>Final settlement day</b>	The first business day following the last trading day
<b>Final settlement</b>	Cash Settlement	<b>Exercise style</b>	American type
<b>Final settlement price</b>	The final settlement price is calculated to the third decimal place. To calculate, round up the figure on the fourth decimal place if it is five or over and round off if it is less than five. For example, if TIBOR is 0.12786%, the final settlement price is 99.872(100 minus 0.128).		
<b>Trading hours (JST)</b>	8:30 ~ 8:45 Pre-open period (Order entry without execution)	<b>Trading hours (JST)</b>	8:30 ~ 8:45 Pre-open period
	8:45 ~ 11:30 Day session (Cleared as today's trade)		8:45 ~ 11:30 Day session
	11:30 ~ 12:30 Restricted period (Cancel and volume cutback only)		11:30 ~ 12:30 Restricted period
	12:30 ~ 15:30 Day session (Cleared as today's trade)		12:30 ~ 15:30 Day session
	15:30 ~ 20:00 Evening session (Cleared as the next day's trade)		15:30 ~ 20:00 Evening session
<b>Trading hours for the contract on its last trading day (JST)</b>	8:30 ~ 8:45 Pre-open period	<b>Trading hours for the contract on its last trading day (JST)</b>	8:30 ~ 8:45 Pre-open period
	8:45 ~ 11:00 Day session		8:45 ~ 11:00 Day session

※1 : TIBOR(Tokyo InterBank Offered Rate) is determined by JBA TIBOR Administration (JBATA)

※2 : Serial months are the months other than March, June, September and December.

For example, as of April 1, the serial months to be listed are April and May, as of May 1, May and July, as of June 1, July and August.



	Six-month Euroyen LIBOR Futures (Trading suspended) <sup>※4</sup>		Over-Night Call Rate Futures (Trading suspended) <sup>※5</sup>
<b>Underlying asset</b>	Six-month Euroyen ICE LIBOR	<b>Underlying asset</b>	The monthly average of Uncollateralized Over-Night Call Rate (Final results) released by Bank of Japan (BOJ)
<b>Trading unit</b>	¥100,000,000 (Notional principal amount)	<b>Trading unit</b>	¥300,000,000 (Notional principal amount)
<b>Price quotation</b>	100 minus rate of interest	<b>Price quotation</b>	100 minus rate of interest
<b>Tick size</b>	0.0025	<b>Tick size</b>	0.005
<b>Tick value</b>	¥1,250	<b>Tick value</b>	¥1,250
<b>Contract months</b>	20 quarterly months (March, June, September, December) and 2 serial months <sup>※2</sup>	<b>Contract months</b>	First 6 months
<b>Last trading day</b>	Two London Business days prior to the third Wednesday of the contract month	<b>Last trading day</b>	The last day of the month (the immediately prior business day if such trading day falls on a Japanese bank holiday.)
<b>Final settlement day</b>	The second business day after the last trading day	<b>Final settlement day</b>	The second business day following the last trading day
<b>Final settlement</b>	Cash settlement	<b>Final settlement</b>	Cash Settlement
<b>Final settlement price</b>	The final settlement price is calculated to the fourth decimal place. To calculate, round up the figure on the fifth decimal place if it is five or over and round off if it is less than five. For example, if LIBOR is 0.12786%, the final settlement price is 99.8721(100 minus 0.1279).	<b>Final settlement price</b>	100 minus the monthly average of Uncollateralized Over-Night Call Rate (final results) in the contract month published by BOJ, rounded to the nearest 3 <sup>rd</sup> decimal place
<b>Trading hours (JST)</b>	8:30 ~ 8:45 Pre-open period	<b>Trading hours (JST)</b>	8:30 ~ 8:45 Pre-open
	8:45 ~ 11:30 Day session		8:45 ~ 11:30 Day session
	11:30 ~ 12:30 Restricted period		11:30 ~ 12:30 Restricted period
	12:30 ~ 15:30 Day session		12:30 ~ 15:30 Day session
	15:30 ~ 20:00 Evening session		15:30 ~ 20:00 Evening session
<b>Trading hours for the contract on its last trading day (JST)</b>	8:30 ~ 8:45 Pre-open period	<b>Trading hours for the contract on its last trading day (JST)</b>	8:30 ~ 8:45 Pre-open
	8:45 ~ 11:30 Day session		8:45 ~ 11:30 Day session
	11:30 ~ 12:30 Restricted period		11:30 ~ 12:30 Restricted period
	12:30 ~ 15:30 Day session		12:30 ~ 15:30 Day session
	15:30 ~ 20:00 Evening session <sup>※3</sup>		

※3 : During the time when Daylight Saving time is applied in the UK, the evening session ends at 19:00.

※4 : Trading of Six-month Euroyen LIBOR Futures has been suspended since the evening session of June 30th 2014.

※5 : Trading of Over-Night Call Rate Futures has been suspended since July 21st 2017.

## (2) Features of the Trading

<b>Trading Member</b>	<b>Trading Member</b> is an enterprise who participates in the TFX market directly. In order to ensure fair and efficient financial futures transactions at the TFX market, Trading Members are required to meet financial and other membership criteria prescribed by TFX and maintain proper credit capability. Trading Members cover a broad range of financial sectors such as banks, securities companies, credit associations, futures brokers, foreign financial institutions, representing the openness of the TFX market.
<b>High liquidity</b>	All TFX products have the standardized terms in respect of trading unit, settlement date and price indication method, etc. Such standardization facilitates participation by many investors in the TFX market and produces high liquidity at the TFX market. ※Liquidity may be low for some contracts and products.
<b>Fair market price</b>	The prices of all contracts executed at the TFX market are determined and made public in a fair, equitable and efficient manner. Orders are matched on the basis of the principle of “ <b>price and time priority</b> ”. Not only Trading Members but also non-member investors can access the real-time market data, including market depths, through information service vendors.
<b>Clearing service</b>	TFX acts as a counter party to each contract as a clearinghouse and undertakes clearing of all trades at the TFX market, which ensure settlement of all such trades. In this way, market participants are shielded from exposure to counter party risk.
<b>Margin system</b>	Margin system requires market participants to deposit cash or cash equivalents as collateral securities with the exchange, aiming to secure trading performance. Each Trading Members' position is revaluated based on the <b>daily settlement price (mark-to-market)</b> . If the margin amount then deposited by the Trading Member becomes insufficient as a result of mark-to-market, an additional margin must be deposited (the margin system). These procedures prevent accumulation of losses.
<b>Customers protection</b>	Under the segregation scheme, each Trading Member must segregate its customer's margin from the Trading Members' own margin and deposit them with TFX. Similarly, TFX segregates each Trading Members' margin and its respective customer's margin and manages them separately.
<b>Trading System</b>	TFX's trading system has a great flexibility and scalability, allowing Trading Members to access the TFX market in diverse ways. With its sophisticated functionalities, Trading Members are able to trade on the TFX market for their various needs.

### (3) Product Overview

#### Three-month Euroyen Futures

A Three-month Euroyen Futures contract is an agreement to buy or sell a specific volume of the predetermined rate of Euroyen three-month deposit commencing on a specific future date. Euroyen Futures are effective tools to reduce risk of interest-rate fluctuation, by fixing the future interest rate beforehand. The price of Euroyen Futures indicates an expected interest rate at the future point defined by a contract month.

For example, a price of the contract month September 20XX is indicative of Three-month Euroyen TIBOR (Tokyo InterBank Offered Rate) rate in September 20XX.

Three-month is the most popular term of funding/deposit among financial institutions or enterprises.

**Three-month**

**Euroyen**

**Futures**

Predicting a future interest rate at present.

The price for Three-month Euroyen Futures is structured as below:

$$100 - \text{Interest rate (\%)}$$

Therefore the following correlation is found between an interest rate and a futures price:

Euroyen Futures price fall

=

Interest rate rise

=

Bond price fall

Euroyen Futures price rise

=

Interest rate fall

=

Bond price rise

Example

When an interest rate of Euroyen Three-month is 0.200%, its price will be displayed as:  $100 - 0.200 = 99.800$

#### Practical Use of Three-month Euroyen Futures

##### As an Indicator of a Future Interest Rate

A price of Three-month Euroyen Futures can be used to estimate a trend of the interest rate.

JUN 20XX Three-month Euroyen Futures price 99.645 ►  $100 - 99.645 = 0.355\%$

Example

SEP 20XX Three-month Euroyen Futures price 99.630 ►  $100 - 99.630 = 0.370\%$

DEC 20XX Three-month Euroyen Futures price 99.615 ►  $100 - 99.615 = 0.385\%$

In this case, it is expected that short-term interest rates will rise gradually for the next few months.

## As Risk-hedge Tool

Three-month Euroyen Futures can be used to efficiently hedge interest-rate fluctuation risk by taking a position opposite to the existing cash position (Hedge trade).

### To hedge the increase of interest rate

Bearing risk of interest rate appreciation in the future =  
Carrying risk of Euroyen Futures depreciation

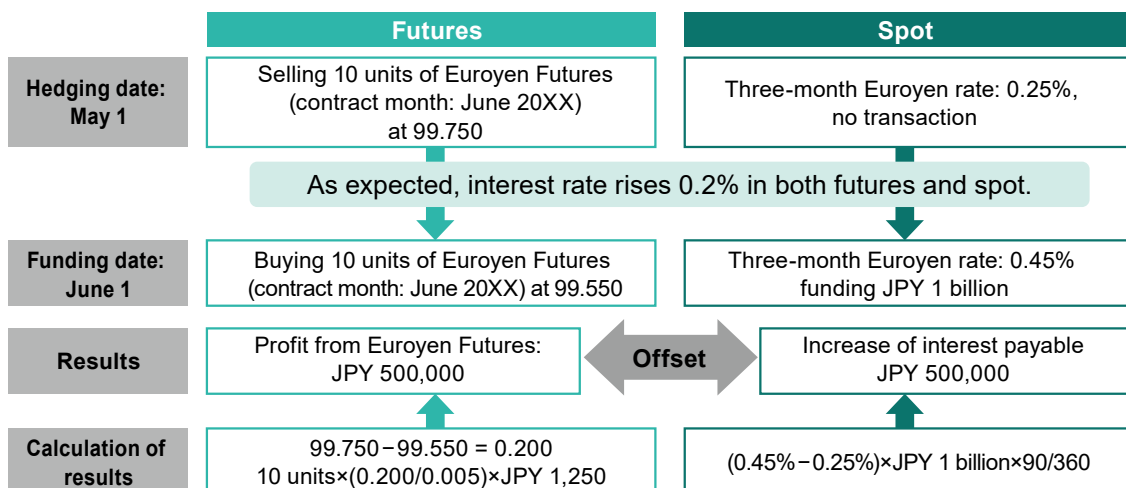
Selling Euroyen Futures  
for a hedge purpose

### To hedge the decrease of interest rate

Bearing risk of interest rate depreciation in the future =  
Carrying risk of Euroyen Futures appreciation

Buying Euroyen Futures  
for a hedge purpose

**Example** On May 1, 20XX, Company A has a plan of borrowing JPY 1 billion for three months, starting from June 1. Company A is afraid that an interest rate may rise towards June 1 and intends to hedge the risk of interest-rate appreciation.



As a result, Company A hedged the risk of interest-rate appreciation successfully by using the Three-month Euroyen Futures.

## As a Speculation

Three-month Euroyen Futures also can be used to pursue profits generated by price fluctuation by taking a position based on the speculator's own market perspective (Speculation).

**Example** In December 20XX, Company B is anticipating the depreciation of Three-month Euroyen Futures (interest-rate appreciation).

### Making position

Selling 100 units of  
Euroyen Futures at 99.700

As anticipated, Euroyen Futures fall  
(= interest rate rise)

### Closing position

Buying 100 units of Euroyen Futures at  
99.300 to close short position.

### Profit

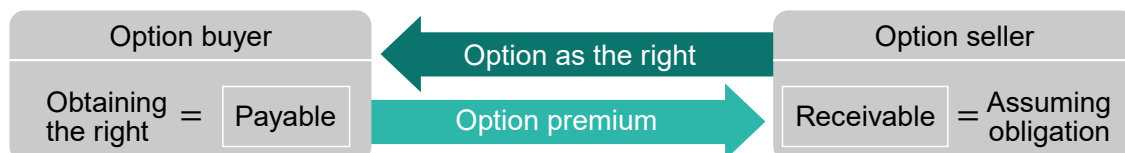
$99.700 - 99.300 = 0.400$   
 $100 \text{ units} \times (0.400 / 0.005) \times 1,250$   
 $= +\text{JPY } 10,000,000$

As a result of this speculation,  
Company B successfully earned  
the profit of JPY 10,000,000.

## Options on Three-month Euroyen Futures

Options on Three-month Euroyen Futures are the right to enable the Option buyer to buy or sell a certain volume of Three-month Euroyen Futures contracts at a predetermined price (the “strike price”).

### Structure of option trading



The option buyer obtains the right by paying option premium to the option seller, and in consideration of the option premium, the option seller assumes the obligation to let the option buyer exercise the right (“exercise” or “option exercise”).

The option price fluctuates based on the time remaining for the option to be exercised, strike price, and volatility of the underlying futures.

### Calculation of option premium

$$\text{JPY1,250} \times (\text{option price}/0.005) \times \text{contract volume}$$

### Option Types

There are two types of option products, i.e., put options and call options.

**Put** : Options that give a buyer the right to sell Euroyen Futures at a strike price.

**Call** : Options that give a buyer the right to buy Euroyen Futures at a strike price.

Option	Put option	Buyer	Entitled to exercise the right to sell at a strike price
		Seller	Obligated to buy at a strike price
	Call option	Buyer	Entitled to exercise the right to buy at a strike price
		Seller	Obligated to sell at a strike price

Options products provided by TFX are of American type, giving an option buyer the right to exercise anytime prior to the expiry date. An option buyer may close the option trade by reselling a position in the market, instead of option exercise, and an option seller may close the position trade by covering a position. The buyer’s right will be exercised automatically at the expiry date if the option exercise would produce a profit (In The Money) on the expiry date. On the other hand, the buyer’s right will be extinguished automatically at the expiry date if the option exercise would produce no profit (At The Money/Out of The Money) on the expiry date.

# FX Daily Futures contracts at TFX

## (1) Listed Products

Currency pair	Yen Pairs US Dollar, Euro, British Pound, Australian Dollar, Swiss Franc, Canadian Dollar, New Zealand Dollar, South Africa Rand, Norwegian Krone, Swedish Krona, Hong Kong Dollar, Polish Zloty, Turkish Lira, Mexican Peso, US Dollar(Large), Euro(Large), British Pound(Large), Australian Dollar(Large)				
	Cross Currency pairs Euro/US Dollar, British Pound/US Dollar, Australian Dollar/US Dollar, New Zealand Dollar/US Dollar, US Dollar/Canadian Dollar, British Pound/Swiss Franc, US Dollar/Swiss Franc, Euro/Swiss Franc, Euro/Australian Dollar, British Pound/Australian Dollar, Euro/British Pound, Euro/US Dollar(Large)				
Trading Unit	Yen Pairs US Dollar, Euro, British Pound, Australian Dollar, Swiss Franc, Canadian Dollar, New Zealand Dollar, Turkish Lira, Polish Zloty	Cross Currency pairs Except Euro / US Dollar(Large)	Yen Pairs South Africa Rand, Norwegian Krone, Swedish Krona, Hong Kong Dollar, Mexican Peso, US Dollar(Large), Euro(Large), British Pound (Large), Australian Dollar (Large)	Cross Currency pairs Euro/ US Dollar(Large)	
	10,000 currency units		100,000 currency units		
Price Quotation	Yen Pairs		Cross Currency Pairs		
	Yen equivalent to 1 currency		Term currency equivalent to 1 base currency		
Tick Size	Yen Pairs US Dollar, Euro, Australian Dollar, South Africa Rand, Norwegian Krone, Swedish Krona, Hong Kong Dollar, Mexican Peso	Yen Pairs British Pound, Swiss Franc, Canadian Dollar, New Zealand Dollar, Turkish Lira, Polish Zloty	Yen Pairs US Dollar(Large), Euro(Large), British Pound (Large), Australian Dollar (Large)	Cross Currency pairs	
	0.005	0.01	0.001	0.0001	
Tick Value	Yen Pairs US Dollar, Euro, Australian Dollar	Yen Pairs British Pound, Swiss Franc, Canadian Dollar, New Zealand Dollar, Polish Zloty, Turkish Lira Large currency pairs	Yen Pairs South Africa Rand, Hong Kong Dollar, Norwegian Krone, Swedish Krona, Mexican Peso	Cross Currency pairs Except Euro / US Dollar (Large)	Cross Currency pairs Euro/ US Dollar (Large)
	¥50	¥100	¥500	1 term currency	10 term currency
Settlement	Cash Settlement				
Swap Point	Single Price (¥ denominated)				

## (2) Trading Hours

### (1) Yen Currency Pairs

Days of Week	<Non-period of summer time in New York>		<The period of summer time in New York>	
	Open	Closing	Open	Closing
Monday	7:10AM	Next day 6:55AM	7:10AM	Next day 5:55AM
Tuesday-Thursday	7:55AM		6:55AM	
Friday		Next day 6:00AM		

### (2) Cross Currency Pairs

Days of Week	<Non-period of summer time in New York>		<The period of summer time in New York>	
	Open	Closing	Open	Closing
Monday	7:10AM	Next day 6:25AM	7:10AM	Next day 5:25AM
Tuesday-Thursday	7:55AM		6:55AM	
Friday		Next day 5:30AM		Next day 4:30AM

※There will be a 10 minute Pre-Open period prior to the commencement of each session except a 1 hour Pre-Open period for Yen Currency Pairs and Cross Currency Pairs on the first trading day of every week.

During Pre-Open, order submission is permitted yet no trades take place.

※Any change in trading hours will be announced in advance on TFX FX Daily Futures contracts Website.

## (3) Non-Trading Day

Saturday, Sunday, New Year's day and January 2 when New Year's day falls on Sunday.

※The Exchange may designate an ad hoc holiday for FX Daily Futures contracts when the Exchange deems necessary to do so.

## (4) Brief Outline

We can see TV report about foreign exchange transactions on a routine basis. Professionals of foreign exchange dealers at banks or security firms are main players dealing with such transactions in the inter-bank market. The transactions happen in the global inter-bank market including Tokyo, Europe and USA beyond the time-zone difference and around the clock.

The FX Daily Futures contracts in TFX bases the above inter-bank foreign exchange transaction. TFX introduced the contract to allow end-users such as individual investors to make transactions in fair and transparent manner. It allows larger amount of business than deposited margin (so called "leverage effect"). Therefore, investment efficiency is higher compared with foreign currency deposit.

## (5) Features of Click 365

### 1 Provided by the Trading Members who meet high standard of the necessary qualifications

TFX sets high standard of the necessary qualifications for Trading Members as well as criteria under Financial Instruments and Exchange Act, etc.

	TFX rules	FIEA, etc.
<b>Paid-in-Capital</b>	Over ¥300,000,000	Over ¥50,000,000
<b>Net asset value</b>	Over ¥2,000,000,000	–
<b>Capital-to-Risk Ratio</b>	Over 200%	Over 120%

### 2 Margin deposit is protected by the Exchange in segregated account

Trading Members are obliged to deposit all amount of the customer margins to TFX. If Trading Members should go bankrupt, all customer margins deposited to TFX would be returned to investors in principle.

### 3 Competitive and transparent bid and offer prices are offered by Market Maker scheme

TFX provides the most competitive price for investors among prices offered by leading financial institutions called Market Makers. Not only prices but also information on tradable volume is made available to investors, which allows for transparent trading.<sup>※1</sup>

(Ex1.) Offered prices by Market makers				Offered Price in Click 365		
Market maker	Bid	Offer	Spread	Bid	Offer	Spread
A	109.455 (1,200)	109.480 (1,100)	0.025yen	109.460 (1,700)	109.480 (2,000)	0.020yen
B	109.450 (1,700)	109.480 (900)	0.030yen			
E	109.460 (1,100)	109.495 (1,500)	0.035yen			
F	109.460 (600)	109.485 (1,000)	0.025yen			

### 4 Swap points are fixed to be a single price, regardless of receipt and payment

Swap points are fixed to be a single price, thereby making it impossible for TFX or Trading Members to retain a profit margin from swap points.

### 5 No rejection of trade or slippage

Orders are executed promptly as long as the volumes Market Makers provide. There is no worry about rejection and unnatural slippage.<sup>※2</sup>

### 6 Reliable FX product listed on the public exchange market

TFX is a financial instruments exchange licensed to establish a financial instruments exchange market under the FIEA. Click 365 is a reliable FX Daily Futures contracts which has features of protection of customer margin and transparent pricing system.

※1 Not all Market Makers offer price for whole currency pairs.

※2 Before a market order reaches to the exchange, if the market price fluctuates and the order is over a price limit which investors set, the order shall not be executed. In case an order exceeds the volumes Market Makers offer, The order might be partly executed.



## 7 Income tax treatment for trading in TFX

After the tax system revision in the fiscal year 2005, trading in TFX have the income tax treatment of “separate self-assessment taxation”, “carry over of loss relief over three years” and “aggregation of profit and loss for security futures and commodity futures”.

※The tax system is subject to change over time.

## (6) Features of Click 365 Large

Click 365 Large launched on November 30, 2015 to meet the trading needs of large volume investors at home and abroad, as well as investors who are focused on tight spreads.

- 1 The contract size will be 10 times larger than Click 365.
- 2 Minimum tick size is 0.1 pip (except for EUR-USD pair), finer than the one of Click 365 (0.5 pip), it is expected that investors will be able to trade the contracts in a more precise manner, reflecting their market views.
- 3 Large unit orders can be executed (high execution capability as with Click 365).
- 4 5 major currency pairs (USD-JPY, EUR-JPY, GBP-JPY, AUD-JPY and EUR-JPY).

# Equity Index Daily Futures contracts at TFX

## (1) Listed Products

<b>Listed Product</b> ※	Nikkei225 Daily Futures contract with Reset Date (Listed on October 26, 2020) DJIA Daily Futures contract with Reset Date (Same as above) DAX® Daily Futures contract with Reset Date (Same as above) FTSE100 Daily Futures contract with Reset Date (Same as above) Gold ETF Daily Futures contract with Reset Date (preparing for listing) WTI ETF Daily Futures contract with Reset Date (preparing for listing)
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※ Pioneering Equity Index Daily Futures contracts (without Reset Date) will be delisted in March 2021.

Listed Product	Nikkei225 Daily Futures contract with Reset Date	DJIA Daily Futures contract with Reset Date
<b>Trading Units</b>	Index × 100	Index × 10 yen※1
<b>Tick Sizes</b>	1 yen (100yen)	1 point (10yen)※1
<b>Price Quotation</b>	Yen equivalent to 1 contract	
<b>Trading Hours</b>		Opening※2
	Standard Time/NY,U.S.A.	8:30AM
	Summer Time/NY,U.S.A.※3	8:30AM
<b>Non-Trading Day</b>	Saturday, Sunday, New Year's Day and January 2 When New Year's Day falls on Sunday	1. Saturday, Sunday, and holidays of US DJIA Futures market 2. Day(s) which falls on between Last Trading Day and Reset Date. (Only applicable to contracts held unsettled till the end of Last Trading Day.)
<b>First Trading Day</b>	The trading day immediately following the Second Friday of September (Monday in principle)	
<b>Last Trading Day</b>	The trading day immediately preceding Reset Date	The trading day immediately preceding the Third Friday of December of the following year of the contract commencement
<b>Reset Date</b>	The second Friday of December of the following year of the contract commencement	The trading day immediately following the Third Friday of December of the following year of the contract commencement
<b>Reset Price</b>	Reset Price is the final settlement price by which outstanding position held unsettled on the Reset Date is settled. ----- The final settlement price of exchange-traded future of the equivalent underlying (December contract of the year Reset is made) rounded to the nearest whole number	
<b>Interest</b>	Settlement Price × 100 × Japanese Yen Interest Rate × Days / 365 ----- Buyer pays / Seller receives	Settlement Price × 100 × Foreign Currency Interest Rate × Days / 365
<b>Dividend</b>	Buyer receives / Seller pays	
<b>Settlement</b>	Cash Settlement(¥) Outstanding position not offset by the last trading day will be settled at "Reset Price"	

※1. The trading unit of old DJIA Daily Futures contract (without Reset Date) is Index×100yen, and the tick size is 1 point(100yen).

Listed Product	DAX® Daily Futures contract with Reset Date		FTSE100 Daily Futures contract with Reset Date
Trading Units	Index × 100 yen		
Tick Sizes	1 point (100yen)		
Price Quotation	Yen equivalent to 1 contract		
Trading Hours		Opening※2	Closing
	Standard Time/NY,U.S.A.& Standard Time/Europe	DAX® 4:00PM FTSE 5:00PM	Next day 6:00AM
	Summer Time/NY,U.S.A.※3 & Standard Time/Europe		Next day 5:00AM
	Summer Time/NY,U.S.A.※3 & Summer Time/Europe※4	DAX® 3:00PM FTSE 4:00PM	
Non-Trading Day	1. Saturday, Sunday, and holidays of the exchanges that list stocks comprising the indexes of each contract 2. Day(s) which falls on between Last Trading Day and Reset Date. (Only applicable to contracts held unsettled till the end of Last Trading Day.)		
First Trading Day	The trading day immediately following the Second Friday of September (Monday in principle)		
Last Trading Day	The trading day immediately preceding the Third Friday of December of the following year of the contract commencement		
Reset Date	The trading day immediately following the Third Friday of December of the following year of the contract commencement		
Reset Price	Reset Price is the final settlement price by which outstanding position held unsettled on the Reset Date is settled.		
	The final settlement price of exchange-traded future of the equivalent underlying (December contract of the year Reset is made) rounded to the nearest whole number		
Interest	Settlement Price ×100 ×Foreign Currency Interest Rate × Days / 365		
	Buyer pays / Seller receives		
Dividend	None	Buyer receives / Seller pays	
Settlement	Cash Settlement(¥) Outstanding position not offset by the last trading day will be settled at “Reset Price”		

※2. There will be a 10 minute Pre-Open period prior to the commencement of each session, except for Nikkei 225 Daily Futures contract with Reset Date and DJIA Daily Futures contract with Reset Date which set aside a 30 minute Pre-Open period every Monday prior to the commencement of each session. (During Pre-Open period, only order submission is permitted but order matching is not.)

※3. Summer time/NY,U.S.A. refers to the period of time from the second Sunday of March to the First Sunday of November.

※4. Summer Time/Europe refers to the period of time from the last Sunday of March to the last Sunday of October. Trading hours are subject to change according to market holidays, etc. Any change in trading hours will be announced in advance on TFX Website.

Listed Product	Gold ETF Daily Futures contract with Reset Date (preparing for listing)	WTI ETF Daily Futures contract with Reset Date (preparing for listing)
Trading Units	ETF price × 100 yen	
Tick Sizes	1 yen (100yen)	
Trading Hours		Opening <sup>※5</sup>
	Standard Time/NY,U.S.A.	9:00AM
	Summer Time/NY,U.S.A. <sup>※6</sup>	
		Closing
		Next day 6:00AM
		Next day 5:00AM
Non-Trading Day	1. Saturday, Sunday, New Year's Day and January 2 When New Year's Day falls on Sunday 2. Exchange holiday of the major US gold futures market 3. Day(s) which falls on between Last Trading Day and Reset Date. (Only applicable to contracts held unsettled till the end of Last Trading Day.)	1. Saturday, Sunday, New Year's Day and January 2 When New Year's Day falls on Sunday 2. Exchange holiday of the major US WTI Crude Oil futures market 3. Day(s) which falls on between Last Trading Day and Reset Date. (Only applicable to contracts held unsettled till the end of Last Trading Day.)
First Trading Day	The trading day immediately following the Second Friday of September (Monday in principle)	
Last Trading Day	The trading day immediately preceding the Third Friday of December of the following year of the contract commencement	
Reset Date	The trading day immediately following the Third Friday of December of the following year of the contract commencement	
Reset Price	Reset Price is the final settlement price by which outstanding position held unsettled on the Reset Date is settled.	
	Net Asset Value (per Unit of the ETF of the equivalent underlying) of the third Friday of December	
Interest	Settlement Price × 100 × JBA Euroyen TIBOR 12Month × Days / 365	
	Buyer pays / Seller receives	
Dividend	None	
Settlement	Cash Settlement(¥) Outstanding position not offset by the last trading day will be settled at "Reset Price"	

※5. There will be a 10 minute Pre-Open period prior to the commencement of each session, except for Pre-Open period on Monday when 30 minutes are set aside for Pre-Open period prior to the commencement of each session.(During Pre-Open period, only order submission is permitted, but order matching is not.)

※6. Summer time/NY,U.S.A. refers to the period of time from the second Sunday of March to the First Sunday of November.

Trading hours are subject to change according to market holidays, etc. Any change in trading hours will be announced in advance on TFX Website.

## (2) Brief Outline

Since its listing in 2005, Click 365 (FX Daily Futures contracts) has steadily grown and established solid popularity among domestic retail investors. To follow this success and expand investors' choices and opportunities, TFX introduced Click Kabu 365 (Equity Index Daily Futures) in November 2010. With this listing, TFX has made epochs with such user convenience as allowing investors to trade overseas equity indices in contract prices denominated in yen almost round the clock for Nikkei 225 and DJIA contracts.

## (3) Features of Click Kabu 365

### 1 Tradable for almost 24 hours including holiday ※1

Click Kabu 365 investors can enter Nikkei 225 and DJIA Daily Futures contracts at nearly any time of the day. Even at night and on national holidays when Japanese markets are closed, investors can monitor movements of Nikkei 225 prices caused by news and events in major overseas equity markets, and can trade in real time without missing opportunities.

### 2 Dividends to be paid (same as cash stocks) ※2

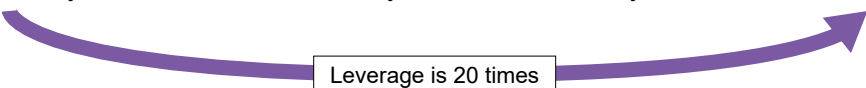
Click Kabu 365 investors who have long positions can receive dividends, similarly as cash stock holders receive dividends (In the case of short positions, investors have to pay dividends).

### 3 Leverage transactions by depositing margin as collateral ※3

The leverage effect allows investors to trade large amounts with the margin deposited as collateral.

**【Example】** When the price of the Nikkei 225 is at 20,000 yen, an investor deposits 100,000 yen as margin and purchases one trading unit of Nikkei225 Daily Futures contract with Reset Date.

$$\begin{array}{ccccccc} \text{(Required margin amount ※)} & & \text{(price of the Nikkei 225)} & & \text{(1 trading unit)} & & \text{(Transaction amount)} \\ 100,000 \text{ yen} & \Rightarrow & 20,000 \text{ yen} & \times & 100 \text{ yen} & = & 2,000,000 \text{ yen} \end{array}$$

 Leverage is 20 times

※ Required amount may vary depending on the financial instruments business operator of your choice.

As shown in the table below, you can expect amplified profits due to positive leverage effect (if the market moves to your advantage), but you should be aware that you may incur amplified losses if the market moves to your disadvantages.

	(yen)				
Transaction amount at the time of purchase	2,000,000				
Nikkei 225 Price at sale	19,600	19,800	20,000	20,200	20,400
Transaction amount at sale	1,960,000	1,980,000	2,000,000	2,020,000	2,040,000
Profit and Loss (excluding fees, taxes, etc.)	-40,000	-20,000	0	20,000	40,000

#### 4 Going short (SELL) as well as long (BUY)

In Click Kabu 365, you can enter the market not only from buying but also from selling. You can get profits not only in the rising phase of the price but also in the falling phase.

#### 5 Trading overseas equity indices without currency risk

Click Kabu 365 offers investors the opportunity to not only trade on the Nikke 225, but also on other major global indices such as DJIA (USA), FTSE 100 (UK), and DAX® (Germany). Those overseas equity indices in contract prices denominated in yen (the conversion rate is fixed at 100 yen), domestic investors basically funding in yen are free from the currency rate movement risk.

※1 Non trading days: Saturdays, Sundays, and January 1 (and January 2, if January 1 falls on Sunday). Extra days will be added as necessary.

※2 TFX calculates dividend based on expected dividend. Investors who have long positions pay interests. The amount of the interest may exceed the dividend. There is no shareholder benefit except dividend. There is no dividend on DAX®

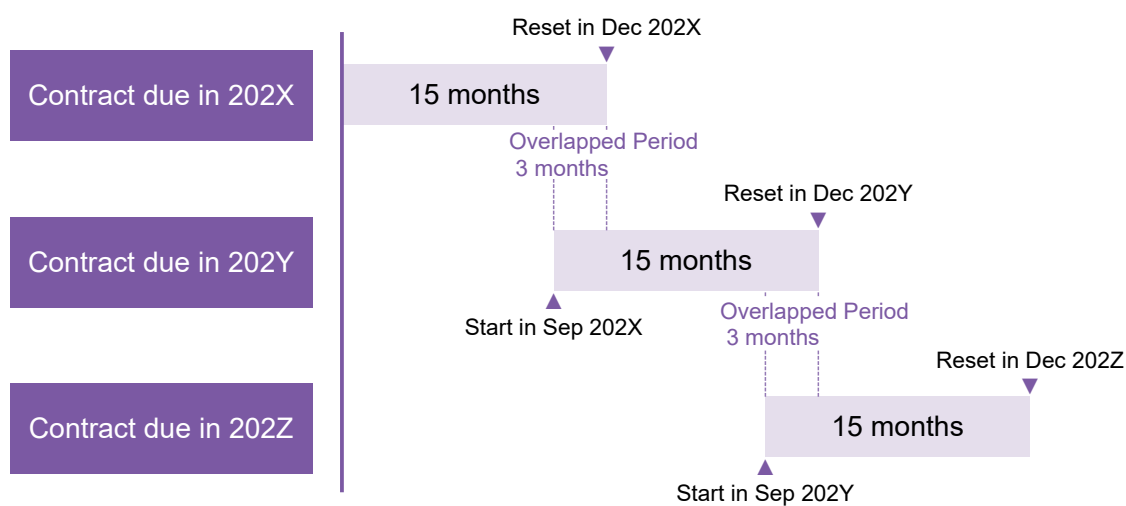
#### (4) What does “with Reset Date” mean? -settlement scheme on due date

##### What does the “Reset” mean?

Reset means once-a-year settlement of outstanding position at Reset Price that is equivalent to the underlying asset's price.

Settlement is made at Reset Price (final settlement price for Click Kabu 365) for outstanding positions left unsettled until the Last Trading Day in December every year.

##### Schedule in summary: start and end (reset) of trading Click Kabu 365



##### Note: “First Trading Day” , “Last Trading Day” and “Reset Date”

For Click Kabu 365, the First Trading Day means a trading day on which trading of a contract with a new Reset Date is commenced. On Reset Date, positions unsettled or rolled-over until then are settled. The Last Trading Day is set on a trading day immediately preceding the Reset Date.

	Nikkei 225 Daily Futures	DJIA, DAX®, FTSE100, Gold ETF, WTI ETF Daily Futures
<b>First Trading Day</b>	The trading day immediately following the Second Friday of September (Monday in principle)	
<b>Last Trading Day</b>	The trading day immediately preceding Reset Date	The trading day immediately preceding the Third Friday of December of the following year of the contract commencement
<b>Reset Date</b>	The second Friday of December of the following year of the contract commencement	The trading day immediately following the Third Friday of December of the following year of the contract commencement

##### What does “Reset Price” mean?

Reset Price is the final settlement price by which outstanding position held unsettled on the Reset Date is settled.

	Reset Price
<b>Equity Index</b>	The final settlement price of exchange-traded future of the equivalent underlying (December contract of the year Reset is made) rounded to the nearest whole number
<b>ETF</b>	Net Asset Value (per Unit of the ETF of the equivalent underlying) of the third Friday of December

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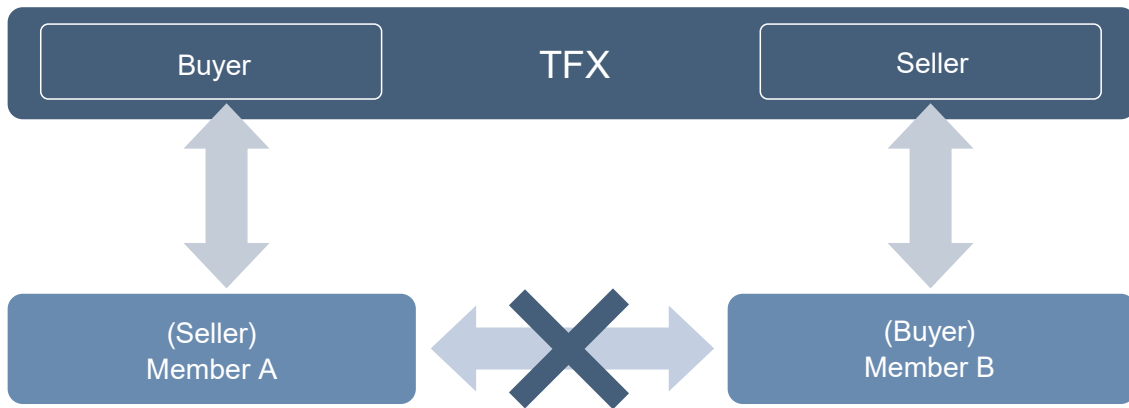
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# Clearing at TFX

## (1) Clearinghouse

A clearinghouse interposes itself between counterparties to all contracts traded at TFX market, becoming the buyer to every seller and the seller to every buyer, and thereby ensuring the performance of open contracts.

Market participants hereby can trade without worrying about counterparty's credit risk. TFX has a function of clearinghouse, and ensures the credibility of TFX market.



There is no debt and credits between Trading Member A and Trading Member B.

In Daily Futures contracts, either Buyer or Seller should be a Market Maker. The Other side should be a Trading Member

## (2) Interest Rate Futures contracts

### Margin System

Interest Rate Futures transactions are usually liquidated by cash settlement. To ensure such liquidation, market participants are required to deposit cash or cash equivalents with TFX as margin. Mark-to-market is daily revaluation of futures positions of each market participant, using daily settlement prices, to determine and settle profits or losses on a day-to-day basis. If there arises deficiency in the margin actually deposited as a result of mark-to-market, an additional margin will be collected.

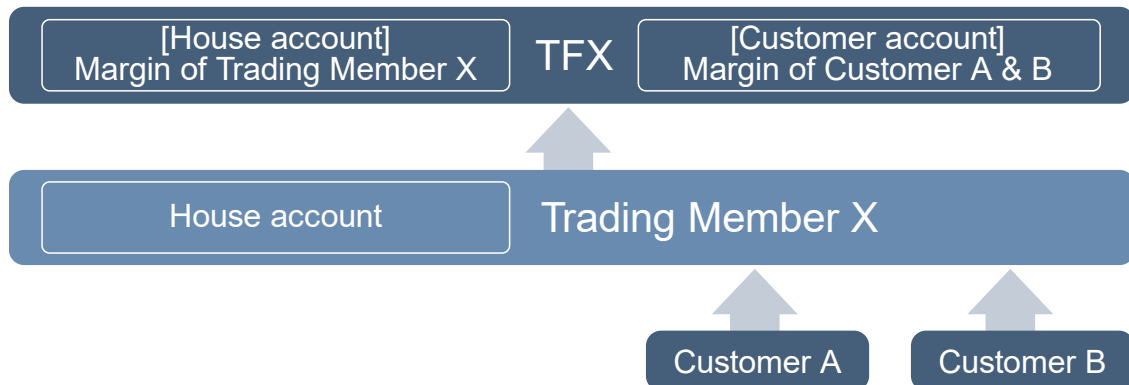
For calculation of margin amounts, TFX adopts SPAN®, standing for Standard Portfolio Aalysis of Risk (SPAN), developed by CME (Chicago Mercantile Exchange Inc.) in the US.

In the method of SPAN®, margin amount is calculated based on each market participant's position, i.e., the risk inherent in the overall portfolio of that market participant. SPAN® is adopted by leading exchanges worldwide.

※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.

## Segregation of Customer Funds

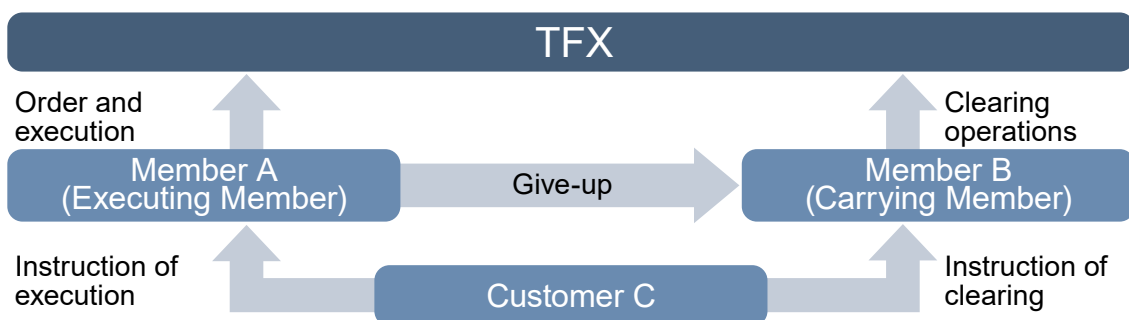
TFX adopts a segregation scheme of customer funds for protection of customers. Under this scheme, each Trading Member deposits its customers' margins with TFX, separately from the Trading Member's own margin. On this basis, TFX takes custody of each Trading Member's customers' margins and Trading Member's proprietary margins separately. This scheme is applied to protect margins of a trading member's customers from the default of that trading member.



## Give-Up

Give-up is a mechanism that a certain Interest Rate Futures contract is executed by one Trading Member and clearing (including handling of margins and profit/loss) of the said contract is undertaken by another Trading Member.

A Trading Member who is instructed by a customer to execute a contract for give-up is called an Executing Member, and a Trading Member who is instructed by the customer to clear and settle the contract is called a **Carrying Member**. By utilizing give-up, a customer can concentrate clearing of its contracts to a specific Trading Member, assign execution and clearing functions to the different members respectively, or diversify its positions to multiple members.



### (3) Daily Futures contracts

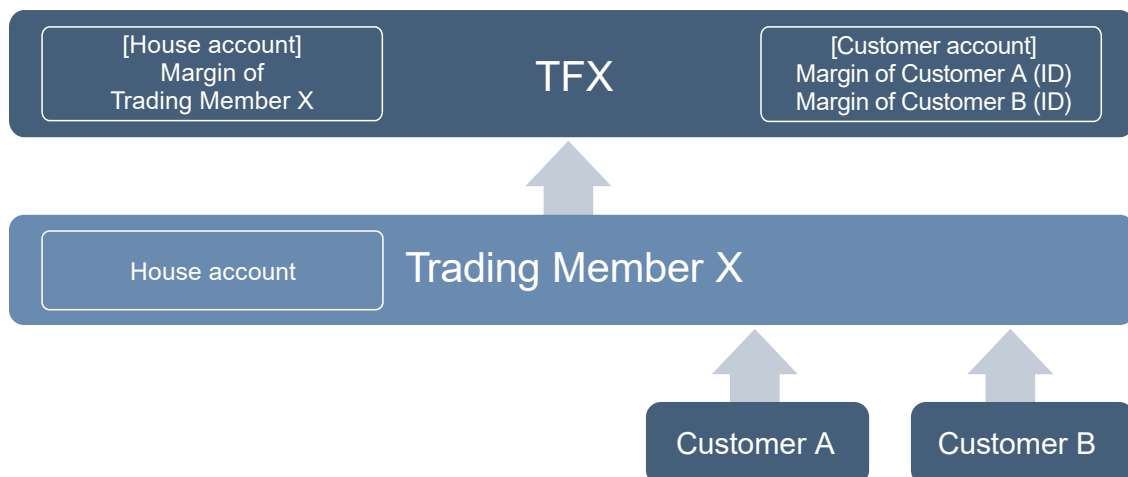
#### Margin System

The TFX Daily Futures contracts are usually liquidated by cash settlement. To ensure such liquidation, Trading Members or their customers are required to deposit cash with TFX as margin.

Margin-Required Amount for the TFX Daily Futures contract is calculated as follows: “The amount necessary to keep open interest of one unit (set by TFX)”× open interest of the client ± P/L from transaction ± swap points. In addition, Trading Members are able to request their customers to deposit margin for orders before their customers make order instructions.

#### Segregation of Customer Funds

TFX adopts a segregation scheme of customer funds for protection of customers. Under this scheme, each Trading Member deposits its customers’ margins with TFX. TFX administers the margin balance etc. for each ID which is granted to each customer by TFX.



# Trading Risk at TFX

## Common Risks Applicable to Both Types of Contracts

### Price Fluctuation Risk

Fluctuations in interest rates, currency rates, prices of equity indices or prices of ETFs related to gold or crude oil may cause a loss. Since the transaction amount is much larger than the deposited exchange margin, these fluctuations may cause a loss exceeding the deposited exchange margin, depending on market conditions. Click kabu 365 prices also do not reflect the actual prices of equity index or ETF. The difference in these two prices can expand due to factors such as supply and demand balance and market conditions. Therefore, investors may incur losses when they are unable to trade contracts at prices they expect based on actual prices of equity index or ETF.

### Credit Risk

TFX has introduced the clearing system under which it acts as a counterparty to a TFX Trading Member in each contract and TFX segregates all exchange margins deposited by Customer; therefore, all deposited margins are in principle protected. Provided, however, that non-payments by a TFX Trading Member etc., due to changes in credit status or bankruptcy by a TFX Trading Member etc., may cause delays in completing refund procedures or unexpected loss.

### System Failure Risk

If a failure occurs in the system of TFX or a TFX Trading Member, or network system among Customers, TFX Trading Members and TFX, delivery of market information, etc, placement of order or execution thereof may be delayed or become impossible, and as a result, an unexpected loss may be caused.

### Risks of changes in tax systems, laws, etc.

Changes in tax systems, laws or their future interpretation may cause unfavorable results.

## Risks of retail products

### Interest Rate Fluctuation Risk

Fluctuations in the interest rate of Japanese currency or foreign currency in relation to Click 365 or Click Kabu 365 may decrease the swap point of Click 365 or the interest of Click Kabu 365 to be received, or increase the same to be paid. With Click 365, if the interest rate levels of two countries comprising a position are reversed, the party holding the position to receive swap points may be required to make payments under such transaction. As to certain currency underlying the relevant transaction, various factors such as correlation between supply and demand of such currency in the foreign exchange market may also increase or decrease swap points or may cause the reversal of receipt or payment of swap points, notwithstanding the fluctuation of interest rates. There could even be a case where an investor has a long position in a currency with a higher interest rate but is required to pay swap points.

### **Liquidity Risk**

Click 365 and Click kabu 365 introduced the Market-Making Method for Exchange FX Margin contracts, in which Market Maker offers ask and bid prices at which Customers may execute a transaction. It may become difficult or impossible for Market Maker to provide the ask and bid prices in a stable and sustainable manner, depending on certain conditions such as acts of God, war, political change, change in legislation, in foreign exchange policies or in laws and rules of the relevant country, system changes at the exchanges on which the issues that comprise the relevant equity indices are listed, restrictions on trading of futures contracts whose underlying assets are relevant equity indices, change in policies or in laws and rules on commodity market, etc. of the relevant country, system changes or restrictions on trading at the exchanges on which ETFs are listed, restrictions on trading of commodity futures contracts related to ETFs, delay or suspension in the distribution of information, or sharp fluctuations in the currency market, etc., and as a result, Customers may not be able to trade at expected prices and suffer an unexpected loss therefrom.

Transactions involving a certain currency in Click 365 may not regularly be traded on a day on which the market in a country of such currency is closed for business. Further, trading of transactions involving certain currency pairs may become impossible, where any abnormal circumstances occur, such as where foreign exchanges adopt certain measures or policies or where the relevant country implements restrictions for the cessation of currency exchanges or closure of foreign exchange markets.

In addition, even under normal conditions, transactions in the currencies or equity indices or ETFs with lower liquidity may cause a loss to Customer due to causes such that Customer is not able to execute a transaction at the desired price.

## **Risk of Exchange FX Margin Contracts**

### **Currency Conversion Risk**

Since Cross Currency Pairs transaction (foreign currency pairs trading) is not settled in the relevant foreign currency but in Japanese Yen, it entails an exchange rate risk not only against the relevant foreign currency but also against Japanese Yen at the time of settlement (the "Currency Conversion Risk").

## **Risks of Exchange Equity Margin Contracts**

### **Foreign Exchange Risk**

When trading overseas equity index margin contracts, Equity Index Margin Customer does not carry foreign exchange risks. However, Equity Index Market Maker takes into account foreign exchange risks when providing bids and offers and as a result, the spreads may become large in accordance with the foreign exchange market conditions and Equity Index Margin Customer may not be able to trade at prices they expect and subsequently incur an unexpected loss.

### **Risks related to forecast of dividends**

TFX calculates the dividend amount as the theoretical amount that will impact the equity index in the future based on the forecast of dividends as of the last cum-rights date. The amount equivalent to the dividends calculated by TFX is resultantly different from that calculated based on actual dividend payments, or forecast of dividends or actual dividends for the actual shares that comprise the index.

# Financial Statements

## [ Income Statement (Summary) ]

(in million yen, rounded off to millions)

Account Titles	FY 2018 As of March 31, 2019	FY 2019 As of March 31, 2020
Operating Revenues	6,619	6,624
Fixed amount exchange fees	136	134
Per-contract exchange fees	5,968	6,007
Income related to system equipment	190	162
Other exchange fees	31	27
Member registration fees and others	6	12
Income from information services	254	251
Income from management of specified funds	32	29
Operating Expenses	6,854	7,293
Selling, general and administrative expenses	6,854	7,293
Operating Income/Operating Loss (▲)	▲ 235	▲ 669
Non-operating Revenues	85	8
Non-operating Expenses	9	10
Ordinary Income/Ordinary Loss (▲)	▲ 159	▲ 671
Extraordinary Income/Extraordinary Loss (▲)	-	▲ 792
Income before income taxes/ Loss before income taxes (▲)	▲ 159	▲ 1,463
Income taxes - current	4	3
Income taxes - deferred	113	94
Net Income/Net Loss (▲)	▲ 277	▲ 1,561

## [ Balance Sheet (Summary) ]

(in million yen, rounded off to millions)

Account Titles	FY 2018 As of March 31, 2019	FY 2019 As of March 31, 2020
<b>(Assets)</b>		
Current Assets	17,373	18,065
Cash and bank deposits	7,731	6,832
Accounts receivable - trade	576	1,580
Securities	9,000	9,600
Accounts receivable - other	11	12
Prepaid expenses	54	39
Others	0	0
Non-current Assets	514,968	543,030
Tangible fixed assets	1,132	492
Buildings	403	-
Furniture and equipment	138	492
Construction in progress	589	-
Intangible fixed assets	3,734	2,912
Software	299	2,911
Software development in progress	3,425	-
Others	8	1
Investment and other assets	341	129
Assets held for guarantee from members	509,760	539,496
Total Assets	532,342	561,096

Account Titles	FY 2018 As of March 31, 2019	FY 2019 As of March 31, 2020
<b>(Liabilities)</b>		
Current Liabilities	706	1,384
Accounts payable - trade	476	1,027
Accounts payable - other	119	170
Income taxes payable	26	34
Consumption taxes payable	24	97
Others	58	53
Non-current Liabilities	510,329	540,097
Deposits received from members	509,760	539,496
Others	569	601
Total Liabilities	511,036	541,481
<b>(Net Assets)</b>		
Shareholders' Equity	21,305	19,614
Common stock	5,844	5,844
Capital surplus	6,045	6,045
Retained earnings	9,415	7,723
Default compensation reserve	2,800	2,600
Retained earnings brought forward	6,615	5,123
Valuation/Translation Adjustments	-	-
Total Net Assets	21,305	19,614
Total Liabilities and Net Assets	532,342	561,096

## [ Statement of Changes in Net Assets Fiscal Year 2019 (from April 1, 2019 to March 31, 2020) ]

(in million yen, rounded off to millions)

	Shareholder's Equity								Total net assets
	Common stock	Capital surplus		Retained earnings				Total shareholder's equity	
		Capital reserve	Total capital surplus	Other retained earnings			Total retained earnings		
				Default compensation reserve for Interest Rate Futures contracts	Default compensation reserve for Daily Futures contracts	Retained earnings brought forward			
Balance as of April 1, 2019	5,844	6,045	6,045	800	2,000	6,615	9,415	21,305	21,305
Changes during the term									
Dividend paid	-	-	-	-	-	△129	△129	△129	△129
Default compensation reserve withdrawn	-	-	-	-	△200	200	-	-	-
Net Income	-	-	-	-	-	△1,561	△1,561	△1,561	△1,561
The amount changed during the term except shareholders' equity item	-	-	-	-	-	-	-	-	-
Total amount changed during the term	-	-	-	-	△200	△1,491	△1,691	△1,691	△1,691
Balance as of March 31, 2020	5,844	6,045	6,045	800	1,800	5,123	7,723	19,614	19,614

# Trading / Clearing Members

(As of October 1, 2020)

Trading Member	Interest Rate Futures contracts			FX Daily Futures contracts Click 365		Equity Index Daily Futures contracts Click Kabu 365	
	Trading Member	Clearing Member	Inactive	Trading/Clearing Member	Market Maker	Trading/Clearing Member	Market Maker
Mizuho Bank, Ltd.	○	○					
MUFG Bank, Ltd.	○	○		○	○		
Sumitomo Mitsui Banking Corporation	○	○					
Resona Bank, Ltd.	○	○					
SBI Sumishin Net Bank, Ltd.				○			
The Chiba Bank, Ltd.	○	○					
The Bank of Yokohama, Ltd.	○	○					
Mitsubishi UFJ Trust and Banking Corporation	○	○					
Sumitomo Mitsui Trust Bank, Limited.	○	○					
Aozora Bank, Ltd.	○	○					
Barclays Bank PLC				○	○		
COMMERZBANK AKTIENGELLSCHAFT				○	○		
UBS Securities Japan Co., Ltd.	○	○					
Credit Agricole Securities Asia B.V.	○	○					
JPMorgan Securities Japan Co., Ltd.	○	○					
Goldman Sachs Japan Co., Ltd.	○	○		○	○		
Deutsche Securities Inc.	○	○		○	○		
Merrill Lynch Japan Securities Co.,Ltd.	○	○					
Daiwa Securities Co., Ltd.	○	○		○		○	○
Barclays Securities Japan Limited	○	○					
Shinkin Central Bank	○	○					
The Shoko Chukin Bank, Ltd.	○	○					
The Norinchukin Bank	○	○					
INVAST Securities Co.,Ltd.				○			
Okayasu Shoji Co., Ltd.				○		○	
Yutaka Shoji Co., Ltd.				○		○	
AI GOLD SECURITIES CO., LTD.				○		○	
Gaitame Online Co.,Ltd.				○			
Fujitomi Co., Ltd.				○		○	
GMO CLICK Securities, Inc.				○			
IwaiCosmo Securities Co.,Ltd.				○		○	
Okasan Online Securities Co., Ltd.				○		○	
au Kabucom Securities Co., Ltd.				○		○	
Monex, Inc						○	
KOYO Securities Co., Ltd.						○	



Trading Member	Interest Rate Futures contracts			FX Daily Futures contracts Click 365		Equity Index Daily Futures contracts Click Kabu 365	
	Trading Member	Clearing Member	Inactive	Trading/Clearing Member	Market Maker	Trading/Clearing Member	Market Maker
MONEY SQUARE, INC.						○	
Himawari Securities, Inc.						○	
Nissan Securities Co., Ltd.	○	○		○		○	○
SBI Securities Co., Ltd.						○	
Nomura Securities Co., Ltd.	○	○		○	○		
SMBC Nikko Securities Inc.	○	○					
Mizuho Securities Co., Ltd.	○	○					
Okasan Securities Co., Ltd.	○	○					
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	○	○					
The Tachibana Securities Co., Ltd.				○			
Citigroup Global Markets Japan Inc.	○	○					
Credit Suisse Securities (Japan) Limited	○	○					
Morgan Stanley MUFG Securities Co., Ltd.	○	○					
Societe Generale Securities Japan Limited	○	○					
FX Broadnet Co., Ltd.				○			
Mizuho Trust & Banking Co., Ltd.	○	○	○				
The Gunma Bank, Ltd.	○	○	○				
The Joyo Bank, Ltd.	○	○	○				
The Hachijuni Bank, Ltd.	○	○	○				
The Bank of Kyoto, Ltd.	○	○	○				
The Ogaki Kyoritsu Bank, Ltd	○	○	○				
The Yamaguchi Bank, Ltd.	○	○	○				
The Hyakujushi Bank, Ltd.	○	○	○				
The Bank of Fukuoka, Ltd.	○	○	○				
Shinsei Bank, Ltd.	○	○	○				
ABN AMRO Clearing Tokyo Co., Ltd.	○	○	○				

# Glossary

## A

### **API (Application Program Interface)**

“API” is a system that enables Trading Member to place orders and receive trading information through their in-house network systems located in their branches. API enhances both transaction speed and users’ convenience.

## C

### **Carrying Member**

A “carrying member” is a Trading Member who undertakes and manages clearing operations for financial futures contracts created by give-up.

### **Cash settlement**

“Cash settlement” is a method of final settlement of a futures or options contract where the finally determined profit or loss is paid between the contract parties, without actual delivery of the product or asset. In contrast, a method of settlement by actual delivery is called “delivery settlement”.

### **Contract month**

A “contract month” is a month in which the final settlement of a financial futures contract occurs. At the TFX market, the quarterly contract months, i.e., March, June, September and December are listed for Interest Rate etc. Financial Futures contracts, and the contract months other than quarterly months (“serial months”) are listed for Three-month Euroyen Futures and Six-month Euroyen LIBOR Futures. A contract month is also referred to as a “delivery month”.

## D

### **Daily settlement price**

A “daily settlement price” is a price used for mark-to-market and other clearing operations and is determined by TFX after the day session of each business day (except FX Daily Futures contracts and Equity Index Daily Futures contracts).

### **Derivatives**

“Derivatives” are futures, options, swaps or other financial products based on and derivative from their underlying financial assets. Derivatives consist of exchange listed derivatives and OTC (over-the-counter) derivatives.

## E

### **Euroyen**

“Euroyen” is the Japanese Yen deposited or funded in foreign banks or overseas branches of

Japanese Banks located outside of Japan. Euroyen is traded in off-shore accounts also in Tokyo.

### **Evening session**

“Evening session” is a trading session from 15:30 to 20:00 (Tokyo Time) of each business day, and all trades made during an evening session are regarded as the trades on the next business day for the purpose of clearing (including calculation of margins and except FX Daily Futures contracts and Equity Index Daily Futures contracts). A trade made between 15:30 and 20:00 on April 1 is treated as the trade on April 2. In the TFX trading system, the day session and the evening session are indicated as “1” and “2” respectively.

### **Exercise**

“Exercise” is the process by which an option buyer (holder) exercises his/her right to sell or buy the asset underlying the option contract at a strike price. For example, if an option buyer exercises its call option at the strike price of ¥100, the option buyer can buy the underlying asset at ¥100, regardless of the then market price.

## I

### **ITA Wave**

“ITA Wave” is the information providing service to make available full market depth and daily price data to the members and non-member investors either directly by TFX or through information vendors.

## M

### **Margin**

“Margin” is the amount of cash or cash equivalents deposited with TFX as collateral securities for performance of obligations under financial futures contracts. TFX adopts SPAN® to calculate the requisite margin amounts (except FX Daily Futures contracts and Equity Index Daily Futures contracts).

### **Mark-to-market**

All positions are revaluated based on daily settlement prices prescribed by TFX, according to the then market values. The profit or loss calculated by such revaluation is paid between TFX and the concerned member regarding Interest Rate Futures contracts, while the profit and loss is added or subtracted from deposited margin regarding Daily Futures contracts. Daily mark-to-market contributes to preventing accumulation of losses.

## P

### **Price and time priority**

This is a rule that the highest bid and the lowest offer are given a priority for matching. If more than one order are placed at the same price, the earlier order is given a priority.

## S

### **Speculation**

“Speculation” is a trading style that an investor dares to take position at its own risk based on its own market perspective, in order to seek the profit generated by price fluctuation.

### **Strike price**

A “strike price” is a price at which an option buyer (holder) has the right to sell or buy a specified volume of the underlying asset. For example, if an option buyer exercises a call option at the strike price of ¥100, the option buyer can purchase the underlying asset at ¥100, regardless of the market price.

## T

### **Trading Member**

A “Trading Member” is a TFX market participant that has been approved Trading Qualifications from TFX, and trades financial futures contracts on the TFX market. Trading Members can directly trade on TFX without the brokerage of another party.

## U

### **Underlying asset**

“Underlying asset” is the asset on which an options or futures contract is based. In the case of Option on Three-month Euroyen Futures, for example, the underlying asset is one Three-month Euroyen Futures contract.



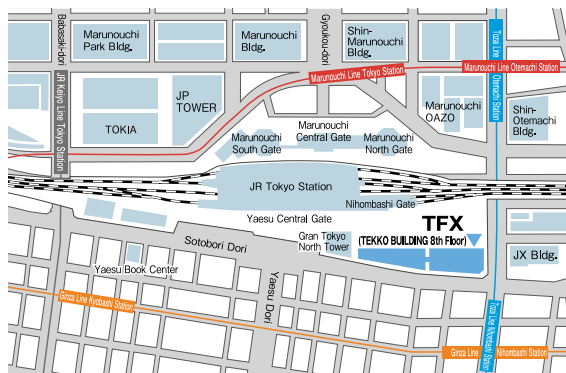
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### Access

Two minute walk from JR Tokyo Station

Six minute walk from Tokyo Subway Station

Two minute walk from Otemachi Subway Station

Three minute walk from Nihombashi Subway Station

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