

Chapter 371

Yen Denominated TOPIX Index Futures

37100. SCOPE OF CHAPTER

This chapter is limited in application to Yen Denominated TOPIX Index futures (“futures”). In addition to this chapter, futures shall be subject to the general rules and regulations of the Exchange as applicable.

Unless otherwise specified, times referenced herein shall refer to and indicate Chicago time.

37101. CONTRACT SPECIFICATIONS

Each futures contract shall be valued at ¥5,000 times the TOPIX Index (“Index”).

37102. TRADING SPECIFICATIONS

37102.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Exchange.

37102.B. Trading Unit

The unit of trading shall be ¥5,000 times the Index.

37102.C. Price Increments

Bids and offers shall be quoted in Index points. Subject to Rule 37106.C., the minimum price increment shall be 0.5 Index points, equal to ¥2,500 per contract.

37102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

37102.E. [Reserved]

37102.F. [Reserved]

37102.G. Termination of Trading

Trading in expiring futures shall terminate at the close of trading on the Business Day immediately preceding the Business Day scheduled for determination of the Final Settlement Price of such futures (Rule 37103.A.).

37102.H. [Reserved]

37102.I. Price Limits and Trading Halts

Futures trading shall be subject to Price Limits as set forth in this Rule. For the purpose of this Rule the Exchange shall determine, in its sole discretion, the futures delivery month that represents the Primary Futures Contract Month and when such Primary Futures Contract is limit bid or limit offered.

Trading in a contract shall not be subject to Price Limits during the last day of trading in such contract.

1. Daily Determination of Price Limits

For a given Business Day, Price Limits applicable to a futures contract for a given delivery month shall be calculated on the basis of the corresponding Reference Price (Rule 37102.I.1.a.) and the corresponding Offsets (Rule 37102.I.1.b.), as follows:

8% Price Limits = Reference Price minus 8% Offset, and Reference Price plus 8% Offset

12% Price Limits = Reference Price minus 12% Offset, and Reference Price plus 12% Offset

16% Price Limits = Reference Price minus 16% Offset, and Reference Price plus 16% Offset

1.a. Reference Prices for Price Limits

For a given Business Day, for futures for a given delivery month, the Exchange shall set a contract Reference Price on the first preceding Business Day, as follows:

- Tier 1 Such Reference Price shall be based on the volume-weighted average price of transactions in TOPIX futures for the same delivery month, executed on the Osaka Stock Exchange ("OSE") either during the interval between 2:59:30 to 3:00:00 p.m. Tokyo time or, in the event of an early close of the OSE, during the last thirty (30) seconds of the OSE trading day ("Reference Interval").
- Tier 2 If no such transaction occurs during the Reference Interval, then such Reference Price shall be the average of midpoints of bid/ask spreads in TOPIX futures for the same delivery month, as quoted on the OSE during the Reference Interval, provided that the Reference Price calculation shall exclude the midpoint value for any such bid/ask spread that is wider than 1.5 Index points (equal to 3 minimum price increments).
- Tier 3 If such Reference Price cannot be determined pursuant to Tiers 1 and 2 above, then the Exchange, in its sole discretion, shall set such Reference Price by alternative means which may include, but are not limited to, derivation by reference to the basis relationship between such futures contract's price and the Index, or application of Tier 1 and Tier 2 calculations to successive time intervals of increasing length, in integer multiples of thirty (30) seconds, until suitable price data are obtained.

The resultant Reference Price value shall be rounded down to the nearest integer multiple of 0.5 Index points. Such Reference Price, so rounded, shall be used for determination of the corresponding Price Limits.

If, on any CME Business Day, the OSE TOPIX futures market is closed for trading, then the Reference Price used for the calculation of daily Price Limits shall be the most recently calculated Reference Price.

For newly listed futures for a given delivery month, the Exchange shall set, in its sole discretion, a Reference Price value for the purpose of determining Price Limits for the first day of trading in such futures.

1.b. Offsets for Price Limits

Four times per year the Exchange shall determine an Offset value for the next following Quarterly Price Limit period, where such Quarterly Price Limit periods are defined as follows:

March 1 through May 31
June 1 through August 31
September 1 through November 30
December 1 through February 28 (or February 29 during a leap year)

Each such Offset shall be based upon the arithmetic average ("I") of the daily closing levels of the Index during the interval of 20 consecutive TSE trading days that concludes on the TSE trading day immediately preceding the first day of the corresponding Quarterly Price Limit period. The closing level of the Index on any such TSE trading day shall be made on the basis of prices of Index constituent stocks determined in that day's TSE closing auction.

Values of such Offsets shall be determined as:

8% Offset = 8% of I (0.08 x I)
12% Offset = 12% of I (0.12 x I)
16% Offset = 16% of I (0.16 x I)

Each resultant Offset value shall be rounded down to the nearest integer multiple of 0.5 Index points. Each such Offset, so rounded, shall be used in determination of the corresponding Price Limits, in accord with Rule 37102.I.1.

2.a. Downward Price Limits

At such time as the Primary Futures Contract becomes limit offered at the downward 8% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract is not limit offered at its downward 8% Price Limit, futures trading shall continue subject to the corresponding downward 12% Price Limit.

If the Primary Futures Contract remains limit offered at its downward 8% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding downward 12% Price Limit.

At such time as the Primary Futures Contract becomes limit offered at its downward 12% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract is not limit offered at its downward 12% Price Limit, futures trading shall continue subject to the corresponding 16% Price Limit.

If the Primary Futures Contract remains limit offered at its downward 12% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding downward 16% Price Limit.

There shall be no futures trading at any price strictly lower than the corresponding downward 16% Price Limit.

2.b. Upward Price Limits

At such time as the Primary Futures Contract becomes limit bid at the upward 8% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract is not limit bid at its upward 8% Price Limit, futures trading shall resume subject to the corresponding upward 12% Price Limit.

If the Primary Futures Contract remains limit bid at its upward 8% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding upward 12% Price Limit.

At such time as the Primary Futures Contract becomes limit bid at its upward 12% Price Limit, the Exchange shall initiate a 2-minute observation interval. At the conclusion of such observation interval:

If the Primary Futures Contract is not limit bid at its upward 12% Price Limit, futures trading shall resume subject to the corresponding upward 16% Price Limit.

If the Primary Futures Contract remains limit bid at its upward 12% Price Limit, futures trading shall halt for two (2) minutes, and shall then resume subject to the corresponding upward 16% Price Limit.

There shall be no futures trading at any price strictly higher than the corresponding upward 16% Price Limit.

37103. SETTLEMENT PROCEDURES

Delivery shall be by cash settlement.

37103.A. Final Settlement Price

For a futures contract for a given delivery month, the Final Settlement Price shall be based on the special quotation of the Index, determined by the TSE on the basis of opening prices on the TSE of each Index component stock. The Final Settlement Price shall be such special quotation of the Index rounded to the nearest 0.01 Index points.

Such special quotation of the Index and the corresponding Final Settlement Price typically shall be determined on the second Friday of such delivery month. When the second Friday of such delivery month is not a TSE business day, such special quotation of the Index and the corresponding Final Settlement Price shall be determined on the TSE business day immediately preceding the second Friday of such delivery month.

37103.B. Final Settlement

Clearing members holding open positions in an expiring futures contract at its termination of trading (Rule 37102.G.) shall make payment to or receive payment from the Clearing House in accordance with normal variation margin procedures based on such expiring contract's Final Settlement Price

(Rule 37103.A.).

37104. [RESERVED]

37105 [RESERVED]

37106. BASIS TRADE AT INDEX CLOSE (“BTIC”) TRANSACTIONS

Futures shall be eligible for BTIC transactions. All BTIC transactions must be executed in accordance with the requirements of Rule 524.B.

37106.A. [Reserved]

37106.B. Price Assignment Procedure for BTIC Futures

The futures price of a BTIC transaction shall be determined by the Exchange no later than 3:45 p.m. Such price determination shall be deemed final.

37106.C. BTIC Order Minimum Price Increment

The minimum price increment shall be 0.1 Index points, equal to ¥500 per contract, for any basis adjustment that is applied to the Index closing level to establish the futures price of a BTIC transaction.

37106.D. [Reserved]

37106.E. Market Disruption Events

In the event of disruption to the TSE, all pending and executed BTIC transactions in futures shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion, and may include, without limitation, an unscheduled early closure for the day of the TSE or a regulatory trading halt necessitating an early closure of the TSE.

(End Chapter 371)