Nikkei 225 Futures and Options

FAST, EFFICIENT TOOLS FOR MANAGING EXPOSURE TO THE JAPANESE EQUITY MARKET.

Overview

Nikkei 225 futures and options on futures provide investors around the globe with an efficient way to access the opportunities of the Japanese equity market, one of the world's largest markets today (in terms of market capitalization). The contracts track the benchmark Nikkei 225 Stock Average, with futures offered in both yen- and U.S. dollar-denominated contracts, to better serve customers with portfolios of investments in those currencies.

About the Nikkei 225 Stock Average

The Nikkei 225 Stock Average is one of the oldest barometers of the Japanese market, first calculated in 1949. It is structured to reflect the Japanese stock market using the 225 top-rated, blue-chip Japanese companies listed in the First Section of the Tokyo Stock Exchange (TSE), featuring such familiar company names as Sony and Honda. The Nikkei 225 Stock Average is price-weighted, so that higher-priced stocks have a greater percentage impact on the Index than lower-priced stocks.

The Mutual Offset System

Though a special arrangement between CME Group and the Singapore Exchange (SGX), traders of yen- and U.S. dollar-based Nikkei 225 contracts have the ability to take positions at either exchange, and later clear those trades at either CME or SGX the same trading day. As a result, traders can execute trades in both markets and then have the ability to clear those trades in their preferred time zone of choice.

Market Participants

Institutional clients and investors seeking Japanese equity market exposure and investment opportunities:

- Pension and money managers
- Hedge funds
- Transition managers
- Financial institutions and investment banks
- Proprietary trading firms and trading arcades
- Individual investors

Benefits

- Exposure to the Japanese equity market through the benchmark Nikkei 225 Stock Average
- Choice of yen- or U.S. dollar-based futures contracts
- Eligible for mutual offset through SGX, for greater access and trading across time zones
- Global access through the CME Globex electronic trading platform
- Potentially lower costs than buying a basket of individual securities
- Supports a variety of trading strategies, including global asset allocation, risk management, spreading against other indexes and arbitrage
- CME Clearing serves as counterparty to every trade, greatly reducing credit risk

Contract Specifications

	Futures (U.S. Dollar-based)	Futures (Yen-based)	Options (U.S. Dollar-based)
Ticker Symbols	CME Globex: NKD Open Outcry: NIK	Standard: MIY (CME Globex) E-mini: ENY (CME Globex)	Quarterly: NKW Serial: NKY
Contract Size	$5.0 x Nikkei 225 Stock Average	Standard: ¥ 500 x Nikkei 225 Stock Average E-mini: ¥100 times x Nikkei 225 Stock Average	One CME Yen Denominated Nikkei Stock Average futures contract
Minimum Price Fluctuation (Tick Size)	5.00 index points = $25.00	Standard: 5.00 index points = ¥ 2500 E-mini: 10 Index points = ¥1,000	1 index point (= ¥ 500)
Trading Hours All times listed in Central Time (CT)	**Open Outcry Trading** **Monday – Friday 8:00 a.m. – 3:15 p.m.**	**No Open Outcry Trading**	
	CME Globex **Monday - Friday 5:00 p.m. on the prior trading day - 4:15 p.m.**		
Contract Months	Four months in the March quarterly cycle (March, June, September and December)	Standard: 12 quarterlies & 3 serials E-mini: 4 quarterlies	Two months in March Quarterly Cycle (e.g. March, June, September, December cycle); Two serial months (e.g. January, February, April, May, July, August, October, November)
Last Trading Day All times listed in CT	Open Outcry Trading 3:15 p.m. on Business Day prior 2nd Friday of the contract month. CME Globex 4:15 p.m. on Business Day prior to 2nd Friday of the contract month	Standard: 4:15 p.m. on the Thursday prior to the 2nd Friday of the contract month E-mini: 3:15 p.m. on the Thursday prior to the second Friday of the contract month	**Quarterly:** 4:15 p.m. on the Thursday prior to the 2nd Friday of the contract month **Serial:** 3:00 p.m. Osaka, Japan time on the 2nd Friday of the contract month
Strike Prices	N/A	N/A	N/A
Price Limits	8/12/16% up/down limits established quarterly.		Options trading is not permitted during trading halts due to price limit events
Settlement	Cash settled. Final Settlement Price is based on a Special Opening Quotation of the Nikkei 225 Stock Average referencing the opening values of constituent stocks. The Final Settlement Price is determined on the second Friday of the contract month by the Osaka Securities Exchange.	Cash settled. Final Settlement Price is based on a Special Opening Quotation of the Nikkei 225 Stock Average referencing the opening values of constituent stocks. The Final Settlement Price is determined on the second Friday of the contract month by the Osaka Securities Exchange.	**Quarterly Options:** Options which are in-the-money on the last day of trading are automatically exercised. In-the-money Quarterly Options are exercised into expiring cash-settled futures, which settle to the Special Opening Quotation ("SOQ"). **Serial Options:** Option exercise results in a position in the underlying cash-settled Futures contract (For example, the underlying futures contract for options on the Nikkei Yen Denominated Stock Average futures that expire in January or February is the March futures contract); Options which are in-the-money on the last day of trading are automatically exercised. A 3:00 p.m. Osaka, Japan time price fixing based on the volume weighted average price of OSE mini Nikkei futures traded in the last 30 seconds of trading (2:59:30 to 3:00:00 p.m. Osaka, Japan time) on serial option expiration day will be used to determine which options are in-the-money. Contrarian instructions are not permitted on serial options.

Learn more about Nikkei 225 futures and options at cmegroup.com/nikkei.

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