

Trading Rules

This document explains trading rules for Japannext PTS Day-time and Night-time sessions. X-Market and U-Market trading rules are available in separate documents.

Rule	Description
1. Product Universe	<ul style="list-style-type: none"> Listed stocks on the domestic exchanges in Japan. Tradable names are specified by Japannext on a daily basis. About 3500 names are available for now.
2. Product Type	<ul style="list-style-type: none"> Cash equities only.
3. Trading Hours and Days	<ul style="list-style-type: none"> Day-time session: 8:20 – 16:00 Night-time session: 16:30 – 23:59 Japannext PTS is open five days a week from Monday to Friday except for national, observed, and exchange holidays.
4. Order Placement	<ul style="list-style-type: none"> Participant brokers can place orders via FIX 4.2 and OUCH order entry ports. Accepting orders from session start time. Order Types: <ul style="list-style-type: none"> – Limit – IOC (Immediate Or Cancel) – FOK (Fill Or Kill) – Post-only – Short Sell and Short Sell Exempt (see Short Selling Rules document for details) Time In Force: <ul style="list-style-type: none"> – DAY: An order submitted to the Japannext platform which stays in effect till the end of the market hours. All orders of this type must be assumed to be expired at the end of each Day-time or Night-time session respectively. – IOC: An order submitted to the Japannext platform with an optionally specified minimum execution size which executes either in full or in part upon entry, the remainder of the order is automatically canceled. – FOK: An order submitted to the Japannext platform which must execute in full upon entry, otherwise the order is automatically canceled. Order condition requirements: Symbol, Side, Quantity, Price, Time In Force and Capacity (Principal or Agency). The following actions are supported for existing orders: <ul style="list-style-type: none"> – Order Cancel – Limit Price Amendment – Order Quantity Amendment Orders can be optionally prevented from self-match upon entry (see Self-Trade Prevention document for details).
5. Order Restrictions	<ul style="list-style-type: none"> Maximum Quantity: The order quantity limit is 5% of the total number of outstanding shares. An order with a quantity exceeding this limit will be rejected.

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	<ul style="list-style-type: none"> • Maximum Value: The standard order value limit is 100 million JPY. An order with a value exceeding this limit will be rejected. The 100 million JPY limit can be increased to 2.5 billion JPY by using the special order confirmation flag in the order message. • Price Range: The limit price of an order should be within the price range specified by Japannext PTS. If the limit price is outside this range, then the order will be rejected. Newly listed stocks without an initial share price on the primary exchange can not be traded.
6. Matching Process	<ul style="list-style-type: none"> • Order Driven Continuous Matching <ul style="list-style-type: none"> – When a new order's limit price matches with the ones already accepted in the order book of the PTS, it will be executed at the limit price on the book (FIFO). – As long as there are orders which can be matched by price and time priority, there will be continuous matching during trading sessions. – Order matching starts from session start time (no opening auctions). – There will be no closing auction conducted at Japannext PTS. • Matching Priority: Price, Time <ul style="list-style-type: none"> – Sell Order: An order at a lower price has priority over one at a higher price. – Buy Order: An order at a higher price has priority over one at a lower price. – When there are orders with same limit price, the one accepted earlier has higher priority.
7. Price Range	<ul style="list-style-type: none"> • Japannext PTS sets its own price range (daily price limit high/low) which are same as the exchanges (see Appendix 1). • If there are any special/temporary adjustments applied with the lower or higher limit at the exchange(s), Japannext PTS follows the same adjustment and adopts the price range accordingly. • The price range adjustment takes place before the market opens.
8. Base Price	<ul style="list-style-type: none"> • Night-time session <ul style="list-style-type: none"> – The base price is based on the primary exchange closing price. – For special quotation, Japannext PTS will use indicative exchange closing price. – If the stock has any corporate action such as an ex-dividend, Japannext will calculate the adjusted price by referring to the data and parameters information obtained from the third party data vendor. • Day-time session <ul style="list-style-type: none"> – The base price is generally the same as the base price of the listed stock at the primary exchange. – In the case where the base price of the listed stock at the primary exchange is not available in a timely manner, the base price of the previous Night-time session will be used.
9. Lot Size	<ul style="list-style-type: none"> • In general, Japannext PTS uses the lot size determined by the issuing company. • However if the original lot size is less than 10 and its lower price limit of the

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	day is in a decimal tick size range, then a lot size of 10 is used.
10. Tick Size	<ul style="list-style-type: none"> • See Appendix 2.
11. Trade Date	<ul style="list-style-type: none"> • Always actual calendar date of the execution (T).
12. Settlement Date	<ul style="list-style-type: none"> • Day-time session: T+3 • Night-time session: T+4
13. Trading Halt	<ul style="list-style-type: none"> • Japannext PTS may suspend trading in the following cases: <ol style="list-style-type: none"> 1. When the name is restricted by JSDA for off-market trading. 2. When the name is suspended for trading at its primary exchange and Japannext PTS evaluates that it is inappropriate to continue trading with the name. 3. When the base price is not generated (e.g. IPO stocks). 4. When there are irregular or potentially irregular order flows for the name and Japannext PTS evaluates that it is inappropriate to continue trading with the name. 5. When there is a system failure and Japannext PTS evaluates that it is inappropriate to continue trading on its system. 6. When Japannext evaluates that it is inappropriate to continue Night-time trading of a certain name and believes it is necessary to notify the public or clarify any of the following: <ol style="list-style-type: none"> i. material information regarding the name is disclosed on the TDnet (Timely Disclosure Network or Company Announcements Disclosure Service operated by Tokyo Stock Exchange) website after or on 17:30; ii. the name is designated as under supervision or to be delisted by the primary exchange after or on 17:30; or iii. the name is reported or publicized by the media or through other avenues after or on 17:30. 7. Any other cases when Japannext PTS evaluates that it is unable to sustain fair trading. • The trading suspension can be done at any time including during trading hours. Japannext will attempt to notify all participant brokers via e-mail or fax when possible. • The trading suspension and restriction information may be obtained from Market Data vendors in real time. • When the name is suspended during Night-time session, Japannext will NOT resume trading of the name until next morning. As a result, all outstanding orders of suspended name will be canceled by Japannext as an "Unsolicited Cancel".
13. Market Data	<ul style="list-style-type: none"> • Published by JSDA / PTS Information Network (http://pts.offexchange2.jp/). • Available from all major market data vendors. • Available as a direct feed from Japannext PTS.

Appendix 1: Price Range

Base Price		Price Range (±)
Equal to or greater than	Less than	
	¥100	¥30
¥100	¥200	¥50
¥200	¥500	¥80
¥500	¥700	¥100
¥700	¥1,000	¥150
¥1,000	¥1,500	¥300
¥1,500	¥2,000	¥400
¥2,000	¥3,000	¥500
¥3,000	¥5,000	¥700
¥5,000	¥7,000	¥1,000
¥7,000	¥10,000	¥1,500
¥10,000	¥15,000	¥3,000
¥15,000	¥20,000	¥4,000
¥20,000	¥30,000	¥5,000
¥30,000	¥50,000	¥7,000
¥50,000	¥70,000	¥10,000
¥70,000	¥100,000	¥15,000
¥100,000	¥150,000	¥30,000
¥150,000	¥200,000	¥40,000
¥200,000	¥300,000	¥50,000
¥300,000	¥500,000	¥70,000
¥500,000	¥700,000	¥100,000
¥700,000	¥1,000,000	¥150,000
¥1,000,000	¥1,500,000	¥300,000
¥1,500,000	¥2,000,000	¥400,000
¥2,000,000	¥3,000,000	¥500,000
¥3,000,000	¥5,000,000	¥700,000
¥5,000,000	¥7,000,000	¥1,000,000
¥7,000,000	¥10,000,000	¥1,500,000
¥10,000,000	¥15,000,000	¥3,000,000
¥15,000,000	¥20,000,000	¥4,000,000
¥20,000,000	¥30,000,000	¥5,000,000
¥30,000,000	¥50,000,000	¥7,000,000
¥50,000,000		¥10,000,000

Appendix 2: Tick Size Table

Price Per Share		Tick Size
Greater than	Up to	
	¥3,000	¥0.1
¥3,000	¥5,000	¥0.5
¥5,000	¥30,000	¥1
¥30,000	¥50,000	¥5
¥50,000	¥300,000	¥10
¥300,000	¥500,000	¥50
¥500,000		¥100