

Tokyo AIM seeks Public comment on the Outline concerning Revisions to Trading Rules at the Time of Launching "arrowhead"

TOKYO AIM is planning to amend a part of the Rules, according to abolishment of T+4 Settlement and Trading Suspension for a Predetermined Period.

The outline is as follows.

Outline 「Revisions to Trading Rules at the Time of Launching "arrowhead"」
(Please refer to the appendix)

If you have opinions concerning about this outline, which is introduced at TOKYO AIM website <http://www.tokyo-aim.com/> , please send your comment with your details (name, company, address, telephone number, e-mail address etc.) to TOKYO AIM by Thursday, 15 October, 2009.

1. Deadline: Thursday, 15 October, 2009 (The mail must reach us by this date.)

2. Methods to submit: By e-mail, post, facsimile

3. e-mail address : regulation@tokyo-aim.com

Address : Regulation Group, TOKYO AIM, Inc., TSE bldg 7F, 2-1 Nihombashi-kabuto-cho, Chuo-ku, Tokyo 103-0026

Fax No. : 03-5652-9847

4. How to answer to your comment

A final decision will be made upon the comments given us. After an appropriate review, TOKYO AIM will publish the comments as well as TOKYO AIM's opinion at the above-mentioned website after Friday, 16 October, 2009.

In principle a corporate or an organization will be disclosed, however, an individual will be described as "individual". TOKYO AIM will not give answers to each comment.

Personal information written in the document is collected to be used for the public comment and not for any other purpose.

Revisions to Trading Rules at the Time of Launching "arrowhead"

September 16, 2009
TOKYO AIM, Inc.

I Purpose

In the TOKYO AIM, Inc (TOKYO AIM), trading system of the stock certificate of the TOKYO AIM was utilized the trading system which was provided by the Tokyo Stock Exchange, Inc. (TSE). The TSE will schedule to launch a next-generation system (hereinafter "arrowhead") which is the TSE's trading system of a stock certificate etc. on 4 January, 2010. In connection with it, the stock certificate in TOKYO AIM Market will be traded through the arrowhead. Therefore, along with the launch of arrowhead, we are planning for the simplification of trading rules & regulations and practices, and we have decided upon a plan to revise trading rules & regulations in order to ensure smooth price formation and to improve liquidity.

Some concrete examples of our plans to improve convenience are, from the view point of simplifying trading rules & regulations and practices, the revision of the rule for simultaneously placed bids or offers, etc. We are also planning the reduction of tick sizes, revision of price limits on bids/offers and quote renewals, and the softening of matching conditions when the opening price is decided or when orders are allotted at the time of stop high/low, for the improvement of price formation and liquidity. In light of this conclusion, the Exchange will make necessary amendments to its rules and regulations.

II Outline of Rules and Regulations

Item	Content	Remarks
1. Simplification of Trading Rules - Revision of rules for simultaneously placed bids or offers	<ul style="list-style-type: none"> • The order of simultaneous bids or offers is decided from larger amounts of bids/offers to smaller amounts of bids/offers. Bids/offers in the amount of the trading unit are given priority to any other amount seriatim. 	<ul style="list-style-type: none"> • When bid/offer amounts are the same, order will be decided by the order in the arrowhead logs. • This will be the same in the case of the so-called stop allocation, as well.
2. Facilitation of price formation and enhancement of liquidity (1) Partial revision to tick size structure	<ul style="list-style-type: none"> • There will be a partial revision to the tick size structure with regard to stocks, etc. in order to correct overall imbalances and improve understandability. 	<ul style="list-style-type: none"> • Please see Attachment 1.
(2) Revision of price limits on bids/offers and special quote renewal	<ul style="list-style-type: none"> • There will be a partial revision to price limits on bids/offers and special quote renewal price intervals in order to correct overall imbalances and improve understandability. 	<ul style="list-style-type: none"> • Please see Attachment 2. • Price limits for trading that determines the closing price will be revised in the same manner as the

Item	Content	Remarks
price intervals (3) Introduction of sequential trade quote	<ul style="list-style-type: none"> In cases where the TOKYO AIM deems bid/offer circumstances, etc. are such that it is necessary to prevent sudden price fluctuations due to a single bid/offer, the TOKYO AIM will display certain quotes on the trading participant terminal, starting from the immediately preceding contract price, in the unit of a price interval that the TOKYO AIM deems appropriate. 	<p>special quote renewal price intervals.</p> <ul style="list-style-type: none"> In concrete terms, in the event that the price of a stock goes up sequentially due to transactions based on a single bid, and is furthermore to go over a price defined below(*1) based on said single offer, the Exchange will display a sequential trade quote at said defined price. <p>(*1) A price computed by adding the price spread that the Exchange deems appropriate (i.e. twice the special quote renewal price interval) to the contract price immediately before such single bid.</p> <p>On the other hand, in the event that the price of a stock goes down sequentially due to transactions based on a single offer, and is furthermore to go under a price defined below (*2) based on said single offer, the Exchange will display a sequential trade quote at said defined price.</p> <p>(*2) A price computed by deducting the price spread that the Exchange deems appropriate (i.e. twice the special quote renewal price interval) from the contract price immediately before such single offer.</p> <ul style="list-style-type: none"> Where a time deemed appropriate by the Exchange (i.e. one (1) minute) has elapsed since the point of displaying the sequential trade quote, if the stock is to be bought upward over (sold downward under) the next special quote renewal price interval by said single bid (offer), the Exchange will display a special quote at said next special quote price interval.
(4) Revision of matching conditions at the time of Itayose (a kind of call auction).	<ul style="list-style-type: none"> When using the “Itayose” method, when the sum totals of the following bids and offers match at a certain price, transactions will be executed between equivalent bids and offers using such price as the contract price. <ol style="list-style-type: none"> The total amount of market orders The total amount of bids which are over the contract price and offers 	<ul style="list-style-type: none"> With regard to Item c. in the left column, currently, the quantity equal to or above the minimum trading unit is further required to be matched against the quantity of the other side. However such requirements will be eliminated.

Item	Content	Remarks
<p>3. Other</p> <p>(1) Establishment of classification of order attributes</p> <p>(2) Other</p>	<p>which are below the contract price</p> <p>c. The total amount of bids or offers at the contract price.</p> <p>• Trading participants will clarify each bid/offer's attribute each time they make it as an item to report to the Exchange with regard to the trading participant terminal.</p> <p>• Other required revisions will be made.</p>	<p>• In the event of closing auctions at the daily price limit, if there are bids/offers at the minimum trading unit, those transactions will be executed.</p> <p>• In concrete terms, a trading participant will clarify whether the bid/offer was entered automatically (*3) or manually (non-automatic entry) every time a bid/offer is made.</p> <p>(*3) The term "automatically" means cases where a staff member of the trading participant enters an order into the trading participant terminal with any of all conditions (issue, price, quantity, execution conditions, and order placement timing) automatically designated.</p>

III. Period of Implementation (Scheduled)

- These revisions will be implemented at the time arrowhead launches (Expected Date: 4 January, 2010).
- However, irrespective of launch of arrowhead, "(1) Partial revision to tick size structure" and "(2) Revision of price limits on bids/offers and special quote renewal price intervals" of "2. Facilitation of price", will be enacted on 4 January, 2010.

OTick Sizes of Stocks (in yen)

Stock Price					Current	Planned Revision
		~	2,000	Or under	1	1
2,000	Over	~	3,000	"	5	<u>1</u>
3,000	"	~	5,000	"	10	<u>5</u>
5,000	"	~	30,000	"	10	10
30,000	"	~	50,000	"	50	50
50,000	"	~	300,000	"	100	100
300,000	"	~	500,000	"	1,000	<u>500</u>
500,000	"	~	3,000,000	"	1,000	1,000
3,000,000	"	~	5,000,000	"	10,000	<u>5,000</u>
5,000,000	"	~	20,000,000	"	10,000	10,000
20,000,000	"	~	30,000,000	"	50,000	<u>10,000</u>
30,000,000	"	~	50,000,000	"	100,000	<u>50,000</u>
50,000,000					100,000	100,000

**○Price Limits on Bid/Offer and Special Quote Renewal Price Intervals
(in yen)**

Stock Price				Price Limit		Renewal Price Interval		
				Current	Planned Revision	Current	Planned Revision	
100	Under			30	30	5	5	
100	Or over	~	200	"	50	50	5	5
200	"	~	500	"	80	80	5	<u>8</u>
500	"	~	700	"	100	100	10	10
700	"	~	1,000	"	100	<u>150</u>	10	<u>15</u>
1,000	"	~	1,500	"	200	<u>300</u>	20	<u>30</u>
1,500	"	~	2,000	"	300	<u>400</u>	30	<u>40</u>
2,000	"	~	3,000	"	400	<u>500</u>	40	<u>50</u>
3,000	"	~	5,000	"	500	<u>700</u>	50	<u>70</u>
5,000	"	~	7,000	"	1,000	1,000	100	100
7,000	"	~	10,000	"	1,000	<u>1,500</u>	100	<u>150</u>
10,000	"	~	15,000	"	2,000	<u>3,000</u>	200	<u>300</u>
15,000	"	~	20,000	"	2,000	<u>4,000</u>	200	<u>400</u>
20,000	"	~	30,000	"	3,000	<u>5,000</u>	300	<u>500</u>
30,000	"	~	50,000	"	4,000	<u>7,000</u>	400	<u>700</u>
50,000	"	~	70,000	"	5,000	<u>10,000</u>	500	<u>1,000</u>
70,000	"	~	100,000	"	10,000	<u>15,000</u>	1,000	<u>1,500</u>
100,000	"	~	150,000	"	20,000	<u>30,000</u>	2,000	<u>3,000</u>
150,000	"	~	200,000	"	30,000	<u>40,000</u>	3,000	<u>4,000</u>
200,000	"	~	300,000	"	40,000	<u>50,000</u>	4,000	<u>5,000</u>
300,000	"	~	500,000	"	50,000	<u>70,000</u>	5,000	<u>7,000</u>
500,000	"	~	700,000	"	100,000	100,000	10,000	10,000
700,000	"	~	1,000,000	"	100,000	<u>150,000</u>	10,000	<u>15,000</u>
1,000,000	"	~	1,500,000	"	200,000	<u>300,000</u>	20,000	<u>30,000</u>
1,500,000	"	~	2,000,000	"	300,000	<u>400,000</u>	30,000	<u>40,000</u>
2,000,000	"	~	3,000,000	"	400,000	<u>500,000</u>	40,000	<u>50,000</u>
3,000,000	"	~	5,000,000	"	500,000	<u>700,000</u>	50,000	<u>70,000</u>
5,000,000	"	~	7,000,000	"	1,000,000	1,000,000	100,000	100,000
7,000,000	"	~	10,000,000	"	1,000,000	<u>1,500,000</u>	100,000	<u>150,000</u>
10,000,000	"	~	15,000,000	"	2,000,000	<u>3,000,000</u>	200,000	<u>300,000</u>
15,000,000	"	~	20,000,000	"	3,000,000	<u>4,000,000</u>	300,000	<u>400,000</u>
20,000,000	"	~	30,000,000	"	4,000,000	<u>5,000,000</u>	400,000	<u>500,000</u>
30,000,000	"	~	50,000,000	"	5,000,000	<u>7,000,000</u>	500,000	<u>700,000</u>
50,000,000	"				10,000,000	10,000,000	1,000,000	1,000,000