



TSE Single Stock Options New Choice for Your Investment Portfolio

May 11th, 2011

Tokyo Stock Exchange, Inc.



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Table of Contents

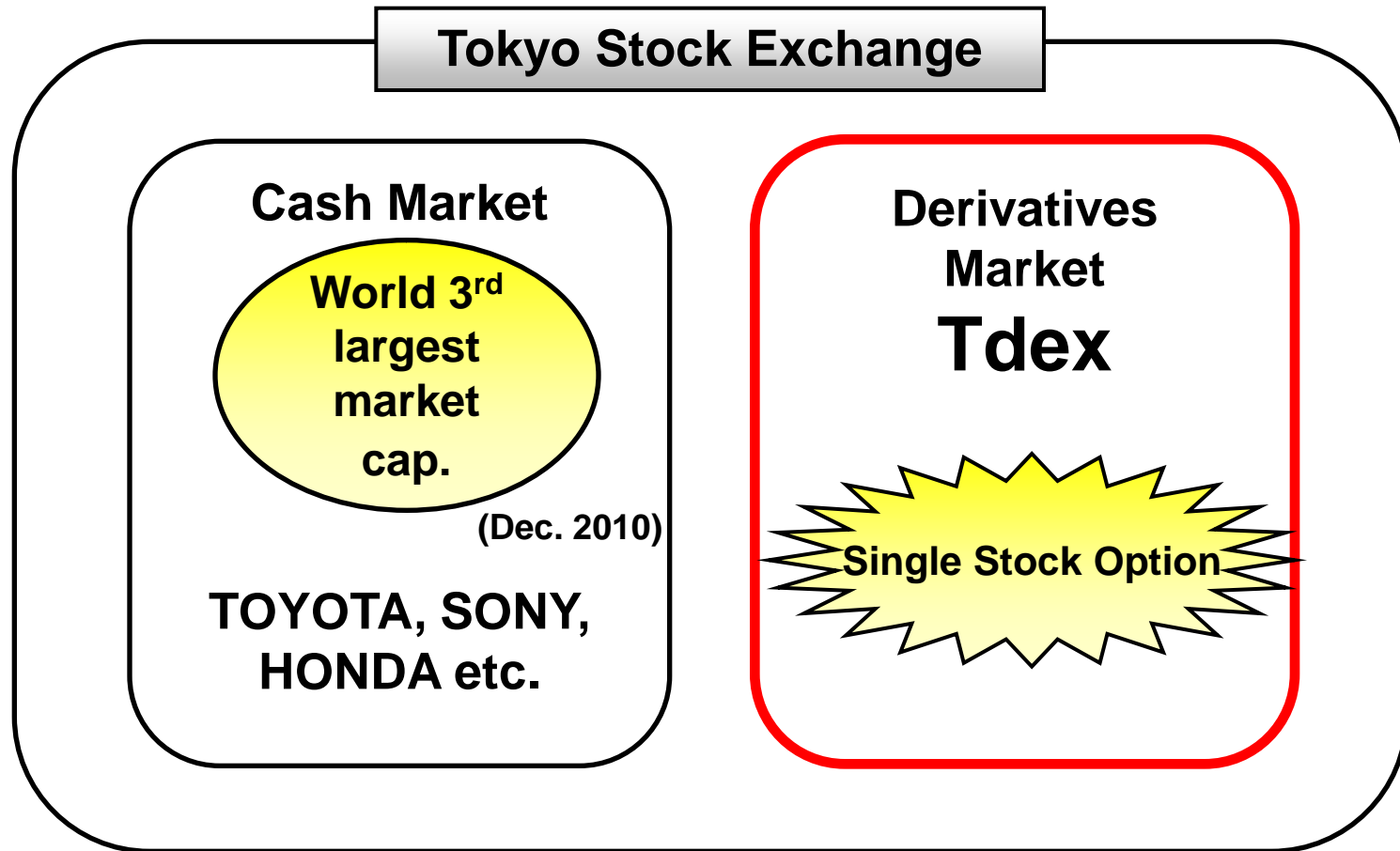
1. Market Trend

2. Contract Specifications

3. Trading SSO at TSE

1. Market Trend

1.1 Tdex Market



1.2 Recent Development in Tdex Market

Point 1

Introduction of **Market Maker** scheme



Improved liquidity

Point 2

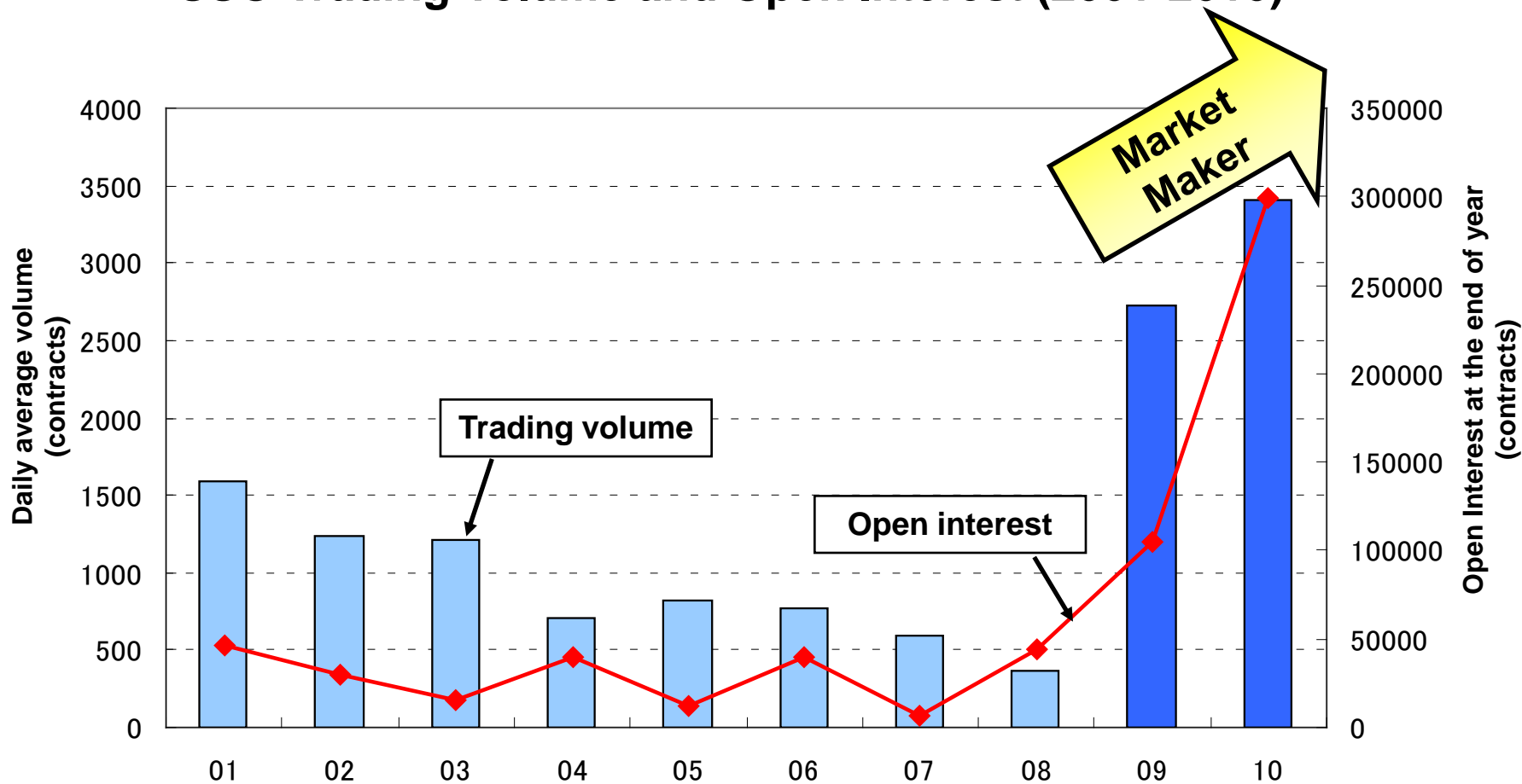
Retail online brokers coming in the market



Diversified investors

1.3 Growing Market

SSO Trading Volume and Open Interest (2001-2010)



(Source) Tokyo Stock Exchange

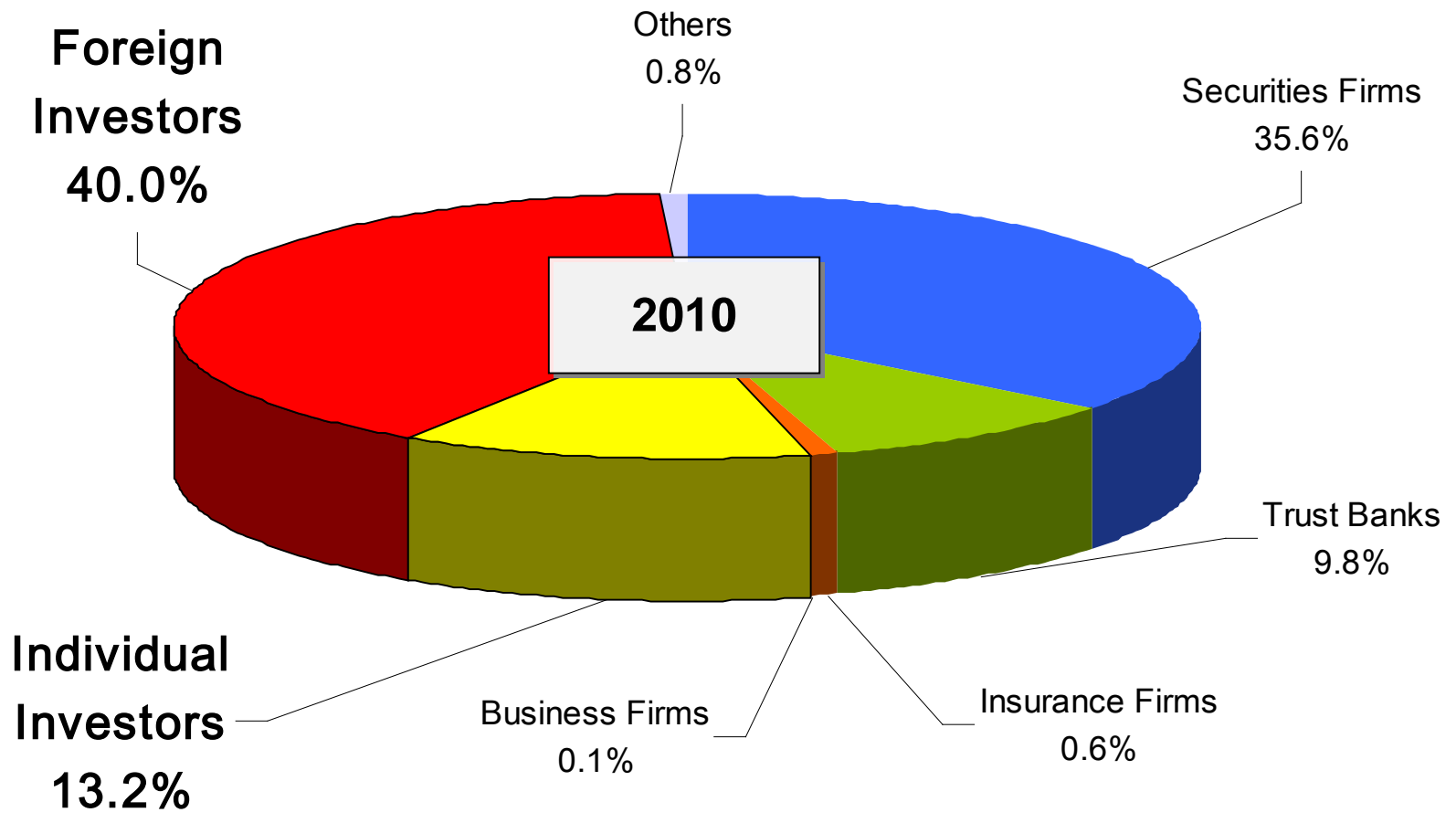
1.4 Continuous Quotes by Market Maker

- Multiple market makers are **continuously** showing ask bid prices for major option series for 33 underlying stocks.

Code	Underlying Security	Code	Underlying Security
1306	TOPIX Exchange Traded Fund	7267	HONDA MOTOR CO.,LTD.
1330	Nikko Exchange Traded Index Fund 225	7751	CANON INC.
1615	TOPIX Banks Exchange Traded Fund	7974	Nintendo Co.,Ltd.
2914	JAPAN TOBACCO INC.	8031	MITSUI & CO.,LTD.
3382	Seven & I Holdings Co.,Ltd.	8058	Mitsubishi Corporation
4063	Shin-Etsu Chemical Co.,Ltd.	8306	Mitsubishi UFJ Financial Group, Inc.
4502	Takeda Pharmaceutical Company Limited	8316	Sumitomo Mitsui Financial Group,Inc.
4503	Astellas Pharma Inc.	8411	Mizuho Financial Group,Inc.
4568	DAIICHI SANKYO COMPANY, LIMITED	8604	Nomura Holdings,Inc.
5401	NIPPON STEEL CORPORATION	8766	Tokio Marine Holdings, Inc.
5411	JFE Holdings, Inc.	8802	Mitsubishi Estate Company,Limited
6301	KOMATSU LTD.	9020	East Japan Railway Company
6501	Hitachi,Ltd.	9432	NIPPON TELEGRAPH AND TELEPHONE CORPORATION
6752	Panasonic Corporation	9433	KDDI CORPORATION
6758	SONY CORPORATION	9437	NTT DoCoMo,Inc.
7201	NISSAN MOTOR CO.,LTD.	9501	The Tokyo Electric Power Company,Incorporated
7203	TOYOTA MOTOR CORPORATION		

1.5 Diversified Investors

SSO Trading Volume by Type of Investors (2010)



1.6 Online Security Firms joining Tdex Market

- Online securities firms begin the handling of SSO at TSE.

**The first time in
Japan!**

Interactive Brokers Securities Japan
SBI SECURITIES
OKASAN ONLINE SECURITIES
kabu.com Securities

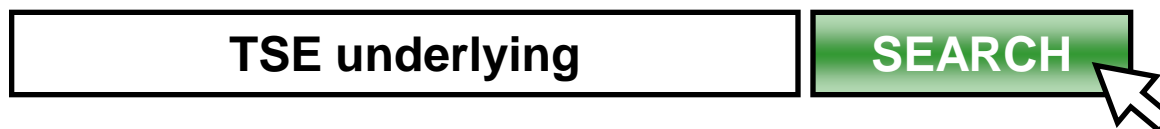
These 4 brokers covers more than 40% of retail order flow in equity market!

2. Contract Specifications

2.1 Underlying Securities

- TSE lists **169** single stock options!
- 156 common stocks, 5 ETFs and 8 REITs (as of May 11th, 2011)
 e.g. SONY, TOYOTA, CANON, Nintendo

The list of all underlying securities is available on our website!



2.2 Actively Traded Underlying Securities

Trading Volume by Underlying Securities (Jan.~Dec.2010)

Ranking	Underlying Security	Trading Volume	Share
1	Mitsubishi UFJ Financial Group, Inc.	292,752	35%
2	Nomura Holdings, Inc.	89,301	11%
3	Sumitomo Mitsui Financial Group, Inc.	43,952	5%
4	TOYOTA MOTOR CORPORATION	28,489	3%
5	Risona Holdings, Inc.	22,870	3%
6	Panasonic Corporation	22,767	3%
7	SONY CORPORATION	22,146	3%
8	PIONEER CORPORATION	18,500	2%
9	Mizuho Financial Group, Inc.	15,834	2%
10	NISSAN MOTOR CO., LTD.	15,040	2%

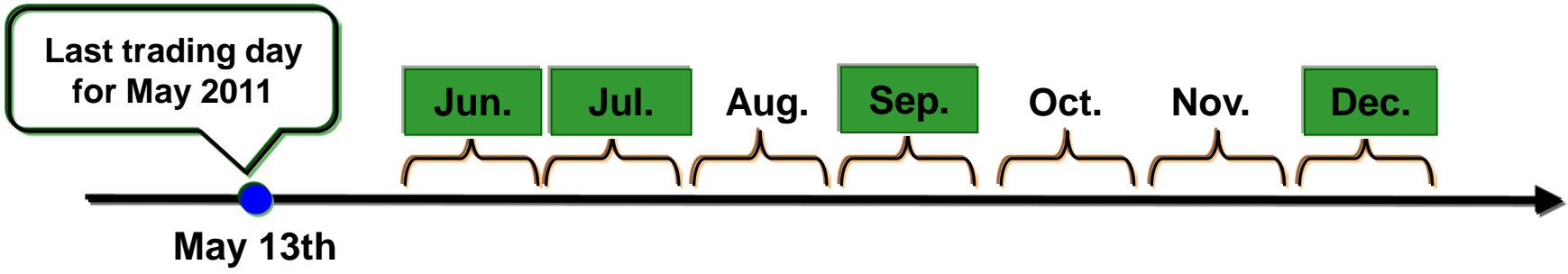
Trading Volume by Sector (2010)

Ranking	Sector Name	Share
1	Banks	45.0%
2	Electric Appliance	14.8%
3	Securities&Commodity Futures	10.9%
4	Transportation Equipment	7.2%
5	Retail Trade	3.0%

2.3 Contract Month and Trading Period

- 2 closest serial months + 2 closest quarterly months
- Trading Period:
 - 8 months for quarterly months
 - 2 months for non-quarterly months

Which contract can be traded on May 16th?



Jun. 2011, Jul. 2011, Sep. 2011 and Dec. 2011

2.4 Exercise, Settlement and Margin

- Exercise Type

European

- Settlement Regarding Exercise

Physical delivery

- Margin

SPAN® method

Contract Specifications is available on our website!

<http://www.tse.or.jp/english/rules/derivatives/eqoptions/index.html>

GO



2.5 Trading Hours

	Morning Session	Afternoon Session
Tokyo	9:00-11:00	12:30-15:10
London (GMT)	0:00-2:00	3:30-6:10
New York Chicago	20:00-22:00 19:00-21:00	23:30-2:10 22:30-1:10
Singapore Hong Kong	8:00-10:00	11:30-14:10

3. Trading SSO at TSE

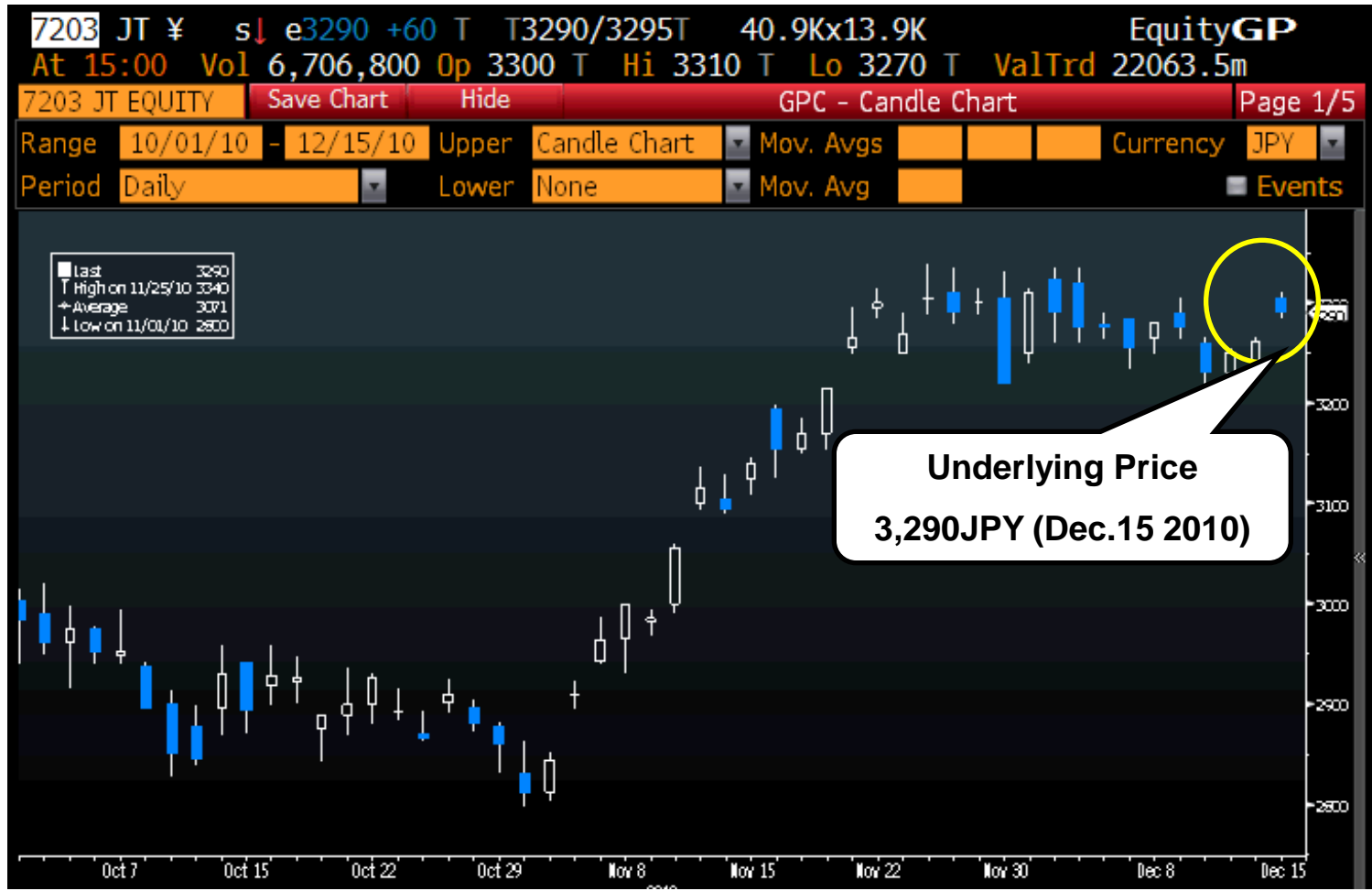
3.1 Which Do You Want to Buy, Stocks or Options?

Apr. 22nd, 2011

	Stock		Trading Unit	SSO Contract (exp. Jun2011)	SSO	
	Closing Price	Necessary Fund*			Price	Necessary Fund*
TOYOTA (7203)	3,295JPY	329,500JPY	100	3,400strikeCall exp. Jun.2011	173.5JPY	17,350JPY
				3,000strikePut exp. Jun.2011	30.0JPY	3,000JPY
Nintendo (7974)	20,120JPY	2,012,000JPY	100	21,000strikeCall exp. Jun.2011	501.0JPY	50,100JPY
				19,000strikePut exp. Jun.2011	484.5JPY	48,450JPY
KDDI (9433)	510,000JPY	510,000JPY	1	550,000strikeCall exp. Jun.2011	2,366.0JPY	2,366JPY
				480,000strikePut exp. Jun.2011	3,916.0JPY	3,916JPY

* Necessary fund for 1 trading unit

3.2 Trading Example - TOYOTA



15th Dec. 2010

**Bullish
View**

394USD

Buy Toyota 3,400 Call exp.201102

Total cost = 33.5JPY × 10 × 100 = 33,500JPY

premium

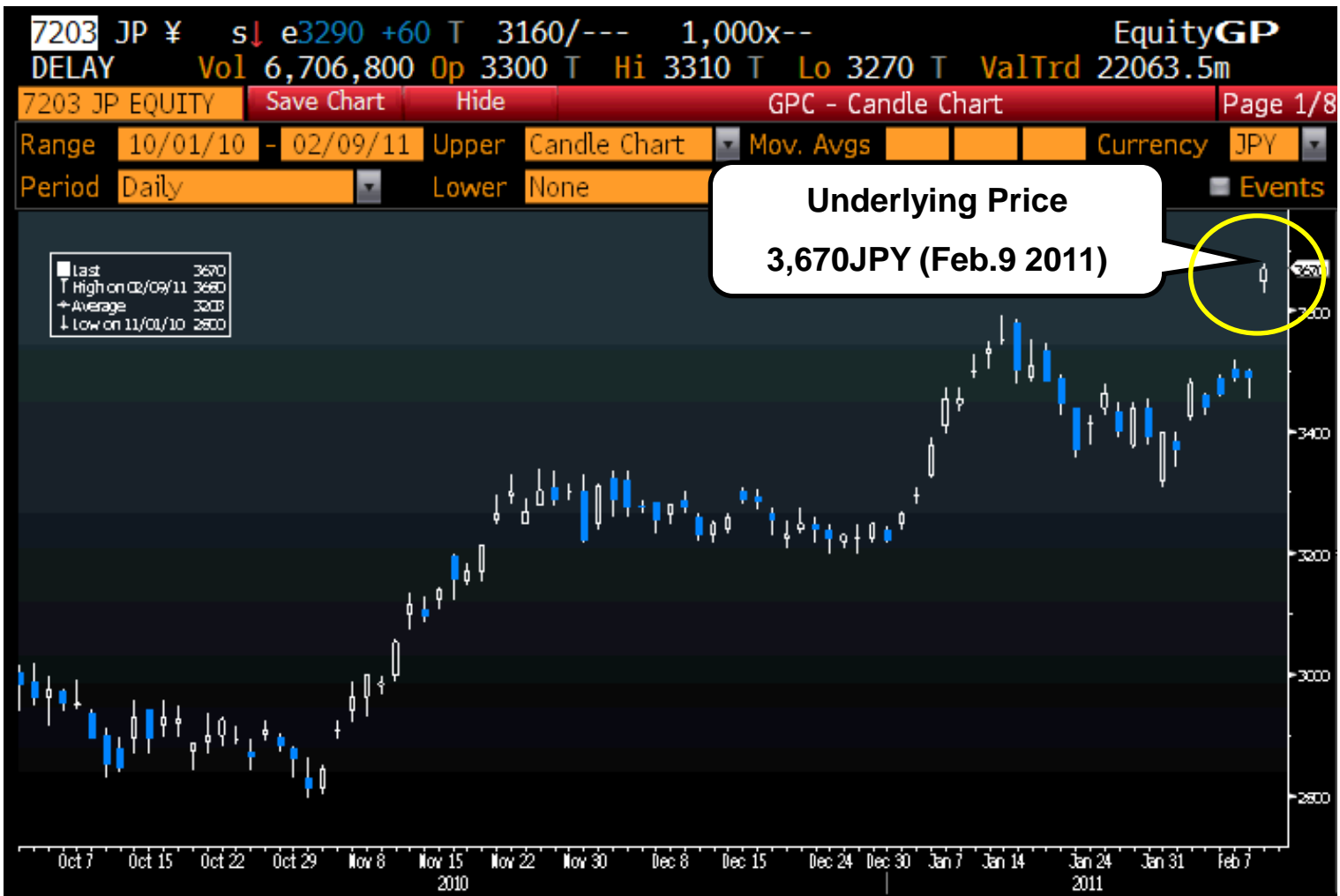
volume

trading unit

38,705USD

If you buy a stock...

Total cost = 3,290JPY × 1,000 = 3,290,000JPY



9th Feb. 2011 (Expiry day)

2,782USD

Total revenue

$$= (3,670\text{JPY} - 3,400\text{JPY}) \times 10 \times 100 - 33,500\text{JPY} = 236,500\text{JPY}$$

$$\text{Return on investment} = 236,500\text{JPY} / 33,500\text{JPY} = \mathbf{706\%}$$

4,470USD

If you buy a stock...

$$\text{Total revenue} = (3,670\text{JPY} - 3,290\text{JPY}) \times 1,000 = 380,000\text{JPY}$$

$$\text{Return on investment} = 380,000\text{JPY} / 3,290,000 = \mathbf{12\%}$$

3.3 Volatility

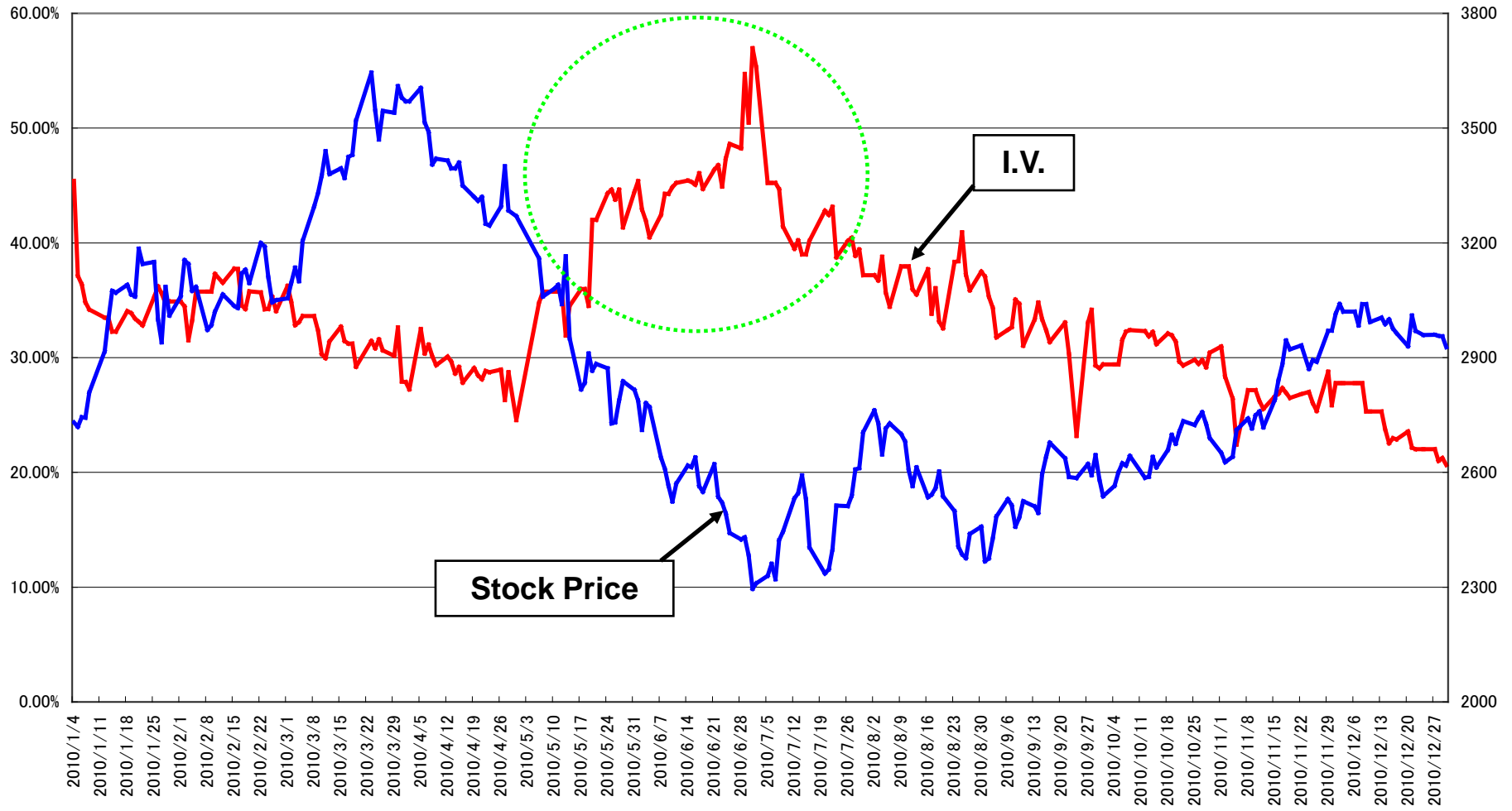
- I.V. are widely distributed from 10% to more than 100%.
- However, generally speaking, most volatilities fall between 20% and 40%.

Issue	I.V.
SONY	31.0%
TOYOTA	29.1%
HONDA	31.4%
NINTENDO	34.6%
CANON	26.5%

(Apr. 28th, 2011)

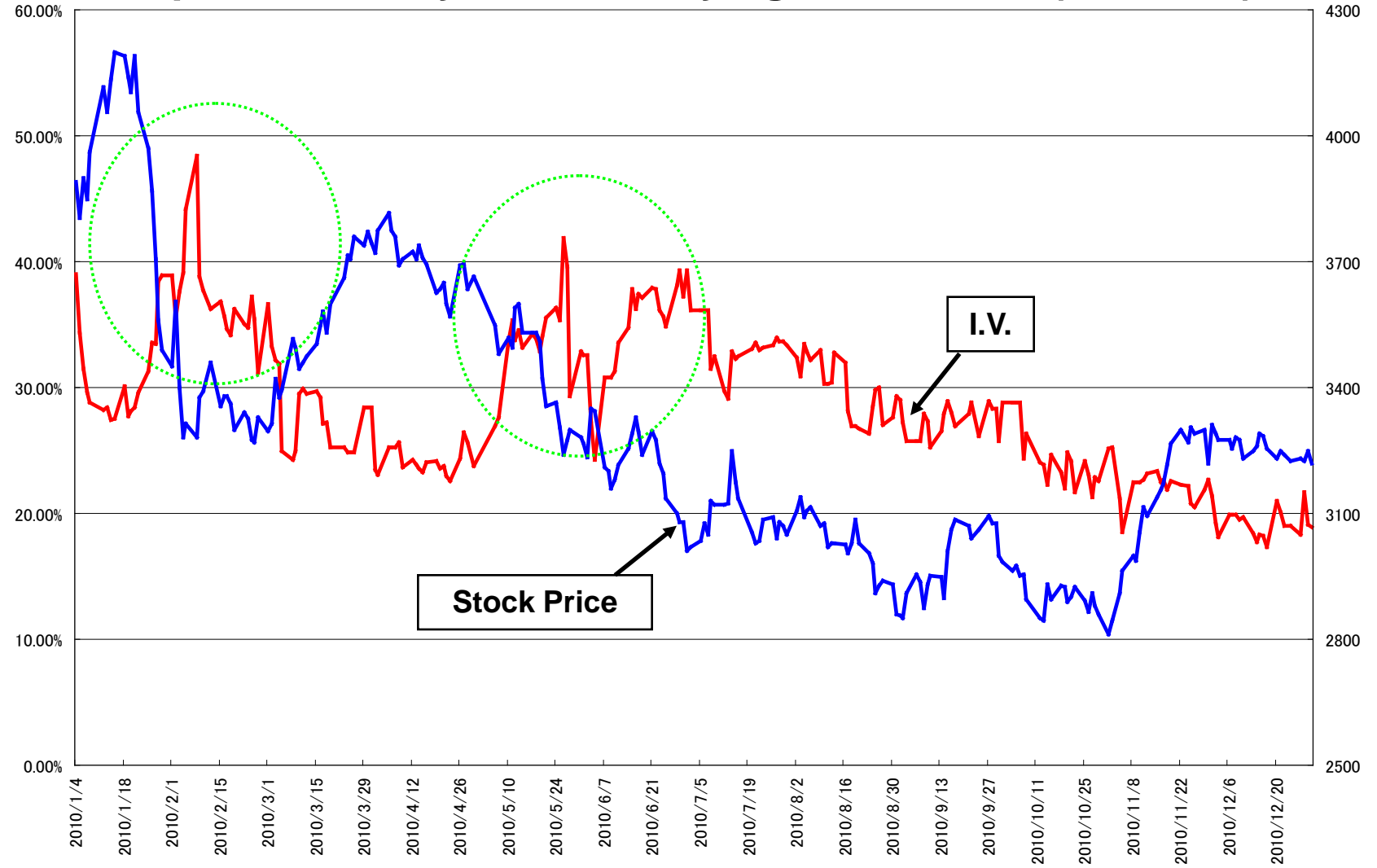
3.4 Volatility - SONY

Implied Volatility and Underlying Stock Price (SONY)

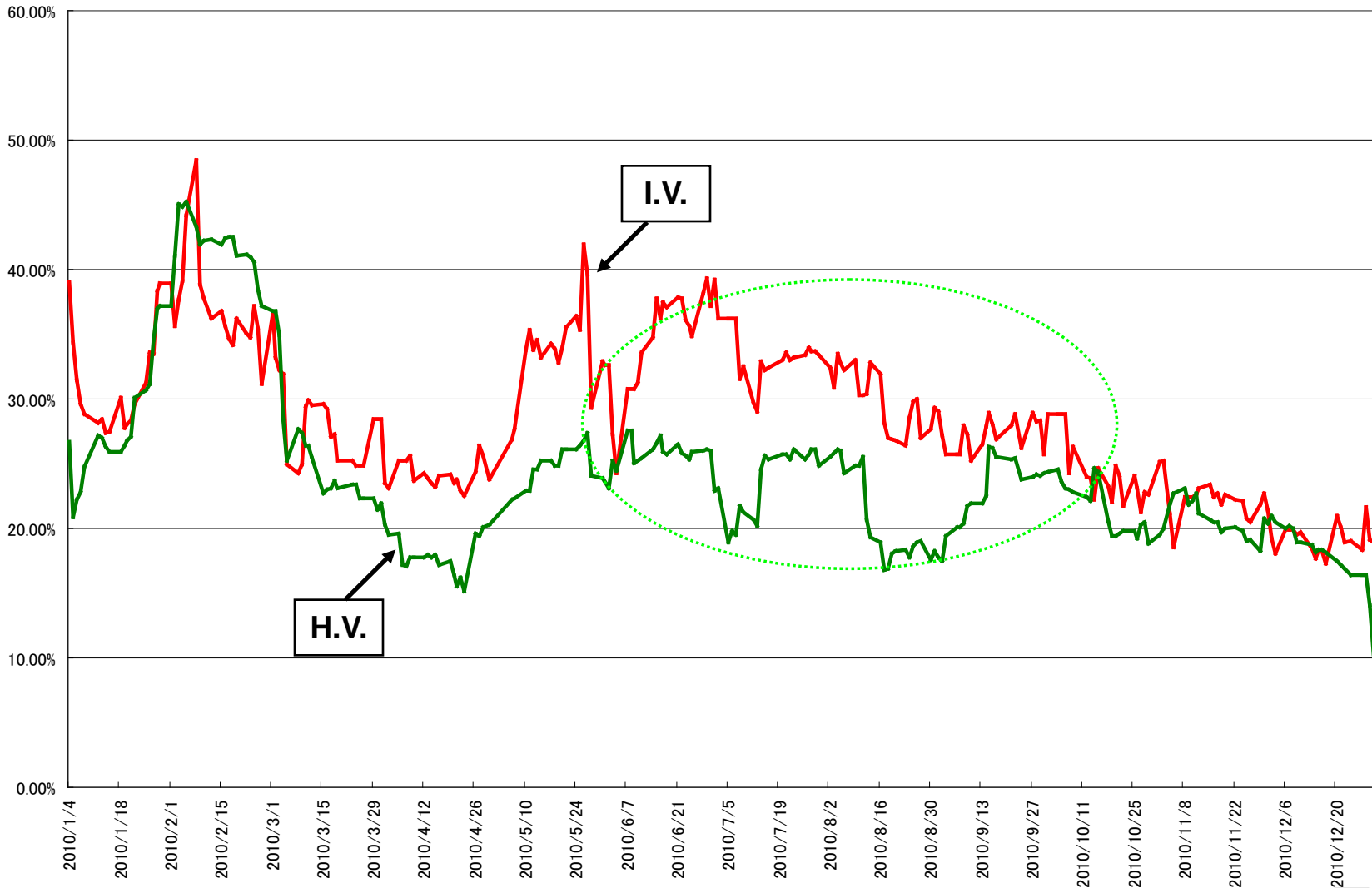


3.5 Volatility - TOYOTA

Implied Volatility and Underlying Stock Price (TOYOTA)



Implied Volatility and Historical Volatility (TOYOTA)



TSE Website

TSE
SEARCH

The screenshot displays the TSE website's main interface. At the top, there is a navigation bar with links for HOME, Site Map, and Contact us. A search bar is located on the right side of the navigation bar. Below the navigation bar, there is a main menu with categories such as About TSE, Market Information, Listed Company Information, Products, Rules & Regulations, Tokyo Stock Exchange Regulation, and FAQ. The main content area is divided into several sections: Company Search, TSE Daily Report, Futures & Options, My Portfolio, Information Flash, Event Information, Other, News, Market Information, and Pick Up. The Market Information section features a TOPIX index chart and a REIT Index chart. The News section shows a recent article titled "Removal of Grace Period pertaining to Delisting - Xinhua" dated 2011/04/28.

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Underlying TIF	Symbol	Exch Undrlvna	Description Exchange	Cmpny Nbr Dscrotrn	Shortable Action	Pos Qty	Avg FRlzc	Bid Submitted	Unrlzd Status	Bd Sz Lmt Pr	Ask Aux. Prc	Ask Sz Filled	Last Dest	Chng	Ch Lst	Trc	Cls	Lw	Hc	1	5	5	V		
4183	4183.T	TSEJ	Stock (TSEJ)	MITSUI ...				297		81,...	298	122,...	297	+1	...	1									
7011	7011.T	TSEJ	Stock (TSEJ)	MITSU...				382		280...	383	497,...	383	+2	...	2							296		
8316	8316.T	TSEJ	Stock (TSEJ)	SMFG				2568		2,000	2569	2,800	2568	-7	...	2									
5202	5202.T	TSEJ	Stock (TSEJ)	NIPPO...				240		372...	241	220,...	240	-2	...	1									
4680	4680.T	TSEJ	Stock (TSEJ)	ROUND...				478		8,000	479	14,9...	479	-3	...	1									
8601	8601.T	TSEJ	Stock (TSEJ)	DAIWA ...				350		131...	351	276,...	350	-2	...	1									
8840	8840.T	TSEJ	Stock (TSEJ)	DAIKY...				130		405...	131	18,0...	131	+5	...	2									
6501	6501.T	SM...	Stock (TSEJ)	HITACH...		100	45...	450.3	-80	28,...	450.7	47,0...	451.0	+1	...	1									
6501	33008...	TSEJ	JUN 09 '11 475 Call ...	HITACH...				6.00		50	10.50	50													
DAY					BUY		1 LMT	1	T	10.00		0	TSEJ												
6501	33006...	TSEJ	JUN 09 '11 425 Call ...	HITACH...																					
6501	33010...	TSEJ	JUN 09 '11 550 Call ...	HITACH...																					
<div style="border: 1px solid gray; padding: 5px;"> <p>SMFG - TSEJ</p> <ul style="list-style-type: none"> Stock (SMART) Stock (Directed) Options <ul style="list-style-type: none"> May Jun 2011 Sep Dec All Combinations <p>SMFG - IBIS (SMF)</p> <ul style="list-style-type: none"> Stock (SMART) Stock (Directed) Combinations <p>Corporate Fixed Income</p> <ul style="list-style-type: none"> Bonds <p>Search by company name</p> <p>8316 <input type="text" value="Find"/></p> </div>																									
7203								3170.5		4,100	3171.8	400	3171.8	-23.2	...	1									
8316								2568.0		2,000	2568.9	200	2568.0	-7.0	...	2									
											6.00	50													

6501 7203 **x 8316** +

Quote Panel

Underlying	Exchange	Description	Company Na...	Position	Bid Size	Bid	Ask	Ask Size	Last
8316	SMART	Stock (TSEJ)	SMFG		3,300	2568.1	2569.0	1,200	2569.0

Statistics

Opt. Volume	Put/Call Volume	Opt. Volume Change	Historical Volatility	Opt. Implied Volatility	Opt. Imp. Vol. Change	Put/Call Interest	Closing Impl. Vol.
			30.49%				

Orders Log Trades Portfolio

Underlying	Exchange	Description	Time in Force	Action	Quantity	Type	Lmt Price	Status
8316	TSEJ	JUN 09 '11 2600 Put Option	DAY	BUY	1 LMT		109.00	Transmit

Option Chains - 8316

Multi Strike... Expiry... Exchange...

Load Chains Load My Chains Reset Clear Chains

Call						Description	Put						Greeks Gamma
Bid	Ask	Last	Implied Vol.	Delta	Open Inter...		Bid	Ask	Last	Implied Vol.	Delta	Open Inter...	
▼ MAY 12 '11													
158.00	180.00		N/A	0.9287	-2.147B	2400 TSEJ	3.50	C39.50	52.72%	-0.0713	-2.147B	0.0011	
10.50	17.50	C118.00	33.92%	0.3351	-2.147B	2600 TSEJ	40.00	50.00	29.72%	-0.6649	-2.147B	0.0052	
	3.00	C34.50	60.27%	0.0448	-2.147B	2800 TSEJ	216.50	246.50	45.53%	-0.9552	-2.147B	0.0007	
	30.00		136.60%	0.0992	-2.147B	3000 TSEJ				-0.9008	-2.147B	0.0006	
▼ JUN 09 '11													
184.00	214.00		31.22%	0.7915	-2.147B	2400 TSEJ	23.00	33.00	30.61%	-0.2085	-2.147B	0.0013	
65.50	78.00	C63.50	26.64%	0.4592	-2.147B	2600 TSEJ	96.00	107.00	28.57%	-0.5408	-2.147B	0.0019	
11.50	21.00	C17.00	28.38%	0.1554	-2.147B	2800 TSEJ	239.00	254.50	28.13%	-0.8446	-2.147B	0.0011	
	6.00		28.96%	0.0434	-2.147B	3000 TSEJ				-0.9566	-2.147B	0.0004	
▼ SEP 08 '11													

8316 SMART Stock (TSEJ) SMFG 500 2565.1 2565.9 300 2565.0

Statistics
 Opt. Volume Put/Call Volume Opt. Volume Change Historical Volatility Opt. Implied Volatility Opt. Imp. Vol. Change Put/Call Interest Closing Impl. Vol.
 30.49%

Orders	Log	Trades	Portfolio
Underlying	Exchange		
8316	TSEJ	JUN 09 '11 2600	
8316	TSEJ	JUN 09 '11 2600	

Option Chains - 8316
 Multi Strike... Expiry... Exchange...

Call		Bid	Ask	Last	Implied Vol.
		150.50	175.00		N/A
		8.00	15.50	C118.00	33.09%
			3.00	C34.50	61.15%
			30.00		137.66%

Order Preview

SMFG

Undr...	Exch	Description	Last	Bid	Ask
8316	TSEJ	JUN 09 '11 2600 Call Option	C63.50	61.50	75.00

Order Description
BUY 1

Order Type **LMT** Routing **TSEJ** Time in Force **DAY**
 Limit Price **75.00**

Amount	Margin Impact
Amount	6,350 JPY
Commission (est)	90 JPY
Total	6,440 JPY

	Current	Change	Post-trade
Equity With Loan	10,527,330	-11	10,527,318
Initial Margin	26,543	83	26,626
Maintenance Margin	26,482	83	26,565

Type	Lmt Price	Status
1 LMT	75.00	<input type="button" value="Transmit"/>
1 LMT	109.00	<input type="button" value="Transmit"/>

Implied Vol.	Delta	Open Inter...	Greeks
			Gamma
51.84%	-0.0673	-2.147B	0.0011
31.74%	-0.6786	-2.147B	0.0049
N/A	-0.9474	-2.147B	0.0008
	-0.8931	-2.147B	0.0006

	Bid	Ask	Last	Implied Vol.	Change	Post-trade		Implied Vol.	Delta	Open Inter...	Greeks		
											Gamma		
					0.1069	-2.147B	3000 TSEJ						
	▼ JUN 09 '11												
	182.00	212.00		31.71%	0.7873	-2.147B	2400 TSEJ	23.00	33.50	30.34%	-0.2127	-2.147B	0.0013
	61.50	75.00	C63.50	26.56%	0.4516	-2.147B	2600 TSEJ	96.00	111.00	28.54%	-0.5484	-2.147B	0.0019
	11.00	21.00	C17.00	28.72%	0.1541	-2.147B	2800 TSEJ	243.00	260.00	28.94%	-0.8459	-2.147B	0.0011



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