

## **Exchange Contract No. 32**

### **Japanese Government Bond Contract**

Contract Terms - Issue Date: 5th December 1990

Administrative Procedures - Issue Date: 13th July 1993  
(Incorporating General Notice No. 457 - Issue Date: 25 August 1992)

**Delivery Months:** June 1991 onwards  
(provisionally available for trading from 3rd April 1991)

## Japanese Government Bond Contract Terms

### Terms of Exchange Contract No. 32

1. Interpretation
  - 1.01 Save as otherwise specified herein, words and phrases defined in the Rules shall have the same meaning in these terms and in the Administrative Procedures.
  - 1.02 In these terms and the Administrative Procedures:

“Administrative Procedures”	means all procedures from time to time implemented by the Board pursuant to the Rules for the purposes of this Exchange Contract.
“business day”	means a market day on which prime banking names in London are open for business.
“Contract”	means a contract made expressly or impliedly in the terms of this Exchange Contract for the sale and purchase of one or more lots, and “registered Contract” means a Contract registered by the Clearing House.
“delivery month”	means each month specified as such by the Board pursuant to the Rules or, as the context may require, each month specified as such by the TSE.
“EDSP”	means Exchange Delivery Settlement Price and has the meaning attributed to it in term 5.01 (but subject to terms 7.01 and 7.03).
“Last Trading Day”	means in respect of a delivery month the last market day before the last trading day for the same delivery month in respect of the TSE Long Term Japanese Government Bond futures contract (subject to term 7.02).

“lot”	has the meaning attributed to it in term 2.01.
“market day”	means a day on which the market and the Clearing House are open for business.
“Settlement Day”	means in respect of a Contract for a delivery month made on any day the first TSE business day after that day on which a TSE official opening price is established for the same delivery month for the TSE Long Term Japanese Government Bond futures contract, provided that such day is also a business day. If it is not a business day, the “Settlement Day” for the Contract shall be the next business day after such TSE business day.
“TSE”	means the Tokyo Stock Exchange.
“TSE business day”	means a day on which the TSE is open for trading in the TSE Long Term Japanese Government Bond futures contract.
“TSE delivery settlement price”	means in respect of a delivery month under the TSE Long Term Japanese Government Bond futures contract the settlement price fixed by the TSE in respect of its last trading day for that delivery month.
“TSE Long Term Japanese Government Bond futures contract”	means the futures contract traded on the TSE under which Japanese Government Bonds having not less than 7 and not more than 11 years to maturity may be delivered, as amended from time to time.
“TSE official opening price”	means the price (known as “Hajimene”) in respect of a TSE delivery month established by the TSE on a TSE business day as the opening trading price for that day for contracts for that delivery month on the terms of the TSE Long Term Japanese Government Bond futures contract.

“Yen” and “¥” denote the lawful currency of Japan.

References to a “term” refer to terms hereof, and references to a “Rule” refer to the rules of the Exchange's Rules. Save where the context otherwise requires, references herein to the singular include the plural, and vice versa.

Footnotes do not form part of this Exchange Contract and do not have legal effect.

Days in London and Tokyo bearing a common date are to be treated as the same day.

## 2. Contract Specification

2.01 Each Contract shall be for one or more lots for the delivery month specified. A “lot” shall be a notional amount having a face value of ¥100,000,000 of a notional long term Japanese Government Bond with a coupon of 6% per annum.\*

## 3. Price

3.01 The Contract price shall be expressed in yen per ¥100 face value of a notional long term Japanese Government Bond with a coupon of 6% per annum.\*

## 4. Cessation of Trading

4.01 No Contract for the relevant delivery month shall be made after the time on the Last Trading Day for that delivery month specified for that purpose in the Administrative Procedures.

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\* In accordance with terms 5 and 6 hereof, each Contract made on any day is for settlement against the next TSE official opening price for contracts for the relevant delivery month on the terms of TSE Long Term Japanese Government Bond futures contract (subject to terms 7.01 and 7.03). Accordingly a change in the Contract price of ¥1 per ¥100 face value results in a change in Contract value of ¥1,000,000

5. Exchange Delivery Settlement Price ("EDSP")
- 5.01 Subject to terms 7.01 and 7.03, the EDSP in respect of a Contract for a delivery month made on any day shall be the next established TSE official opening price for contracts for the same delivery month on the terms of the TSE Long Term Japanese Government Bond futures contract.
6. Payment
- 6.01 In respect of each lot comprised in a Contract the following payments shall be made by the time specified therefor in the Administrative Procedures:
- (a) where the EDSP exceeds the Contract price, payment by the Seller to the Clearing House and payment by the Clearing House to the Buyer; and
  - (b) where the Contract price exceeds the EDSP, payment by the Buyer to the Clearing House and payment by the Clearing House to the Seller
- of an amount calculated as the difference in yen, multiplied by 1,000,000 in respect of each lot, between the EDSP and the Contract price.
7. Emergency Provisions
- 7.01 If no TSE official opening price is established for a delivery month on the last trading day for contracts for that delivery month on the terms of the TSE Long Term Japanese Government Bond futures contract, then, unless the Last Trading Day is followed by a TSE business day on which a TSE official opening price is established for that delivery month, the EDSP for Contracts for the same delivery month which remain open at close of trading on the Last Trading Day shall not be as specified in term 5.01 but shall be the TSE delivery settlement price for that delivery month.
- 7.02 If, at any time after the close of trading two market days prior to the day which would have been the Last Trading Day in respect of a delivery month, it becomes known to the Exchange that the day which would have been the Last Trading Day will not be a market day, then the market day immediately preceding such day shall be (or shall

have been) the Last Trading Day in respect of that delivery month notwithstanding that it may already have passed and the Exchange shall post a notice to that effect in the market.

7.03 If, at any time after the close of trading on the market day prior to the Last Trading Day (or, in the circumstances described in (a) below, the day which would have been the Last Trading Day) in respect of a delivery month, it becomes known to the Exchange that the Last Trading Day for the same delivery month in respect of the TSE Long Term Japanese Government Bond futures contract will fall one day earlier than expected, then:

- (a) if trading on the market in this Exchange Contract has not commenced on the day which would have been the Last Trading Day, trading for the relevant delivery month shall not take place on that day and the market day immediately preceding it shall be treated as having been the Last Trading Day;
- (b) if trading on the market in this Exchange Contract has commenced on the Last Trading Day, trading for the relevant delivery month shall immediately be suspended by notice posted in the market and in this event the EDSP in respect of any Contract for the relevant delivery month made on the Last Trading Day shall not be as specified in term 5.01, but shall be determined by Exchange Officials in their absolute discretion, taking into account prices at which any Contracts for the relevant delivery month have been made in the pit on the Last Trading Day, any offers or bids for that delivery month made in the pit on the Last Trading Day, the most recent prices at which contracts or bids and offers for the same or any other delivery month were made on the TSE in respect of the TSE Long Term Japanese Government Bond futures contract and cash market values on the Last Trading Day of Japanese Government Bonds which could be delivered in respect of contracts for the same delivery month on the terms of the TSE Long Term Japanese Government Bond futures contract.

## 8. Default

8.01 A Buyer or a Seller shall be in default where:

- (a) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed and in accordance with these terms, the Rules and the Administrative Procedures and the Regulations of the Clearing House; or
- (b) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified in these terms or in the Administrative Procedures or under the Regulations of the Clearing House; or
- (c) in the reasonable opinion of the Clearing House he is in default.

8.02 In the event of default by a Buyer or a Seller in respect of a registered Contract, the Board shall, at the request of the Clearing House, forthwith fix a price for invoicing back and each lot in issue shall be invoiced back at that price. Such price may at the Board's absolute discretion take account of any compensation that the Board may consider should be paid by either party to the other.

## 9. Force Majeure

9.01 Subject to any steps taken at any time by the Board under emergency powers in the Rules, a Seller or a Buyer shall be liable to perform his obligations in respect of a lot comprised in a Contract by the due time therefor, notwithstanding that he may be or is likely to be prevented from so doing by any event beyond his reasonable control including, without limitation, any act of God, war, riot, civil commotion, act of terrorism, fire, breakdown of machinery, unavailability or restriction of computer or data processing facilities or energy supplies or bank transfer systems.

## 10. Rules, Administrative Procedures, etc.

10.01 Every Contract shall be subject to the Articles and the Rules and Regulations of the Clearing House insofar as applicable notwithstanding that either or both of the parties to it be not a member of the Exchange or of the Clearing House.

10.02 In case of any conflict between the Administrative Procedures and these terms or the Rules, the provisions of these terms and the Rules shall prevail and, in the event of any conflict between these terms and the Rules, the Rules shall prevail.

11. Arbitration

11.01 Subject to term 11.02, any dispute arising from or in relation to a Contract shall be referred to arbitration under the Rules relating to arbitration and arbitration shall be held in accordance with the Rules in force at the time of such reference.

11.02 No dispute arising from or in relation to any invoicing back price fixed by the Board under these terms shall be referred to arbitration under the Rules.

12. Governing Law

12.01 Every Contract shall be governed by and construed in accordance with English law.

13. Non-registered Contracts

13.01 In respect of a Contract which is not a registered Contract these terms shall be modified so as to require and allow that a matching or related Contract is registered by the Clearing House and to facilitate the performance of such matching or related Contract (and of any intermediate contract) in accordance with these terms and the Administrative Procedures, and in particular, but without prejudice to the generality of the foregoing, all references in these terms to payment or dealing between the Buyer or the Seller and the Clearing House shall be modified so as to require a similar payment or dealing directly between the Buyer and the Seller.

Issue Date: 5th December 1990

## Japanese Government Bond Contract

### Exchange Contract No.32 Administrative Procedures

Price                    The minimum price fluctuation shall be ¥0.01 per ¥100 face value.

#### Each Settlement Day

By 10.00 hours            All payments required by term 6.01 to be made by the  
(London Time)            Buyer and the Seller shall have been completed.

#### Last Trading Day

16.00 hours                Trading in Contracts for the relevant delivery month  
(London Time)            shall cease.

Issue Date: 13th July 1993

