
Chi-X Japan launches new venue

Kai-X to deliver Japan's first broker-neutral Reference Price trading venue

Tokyo, October 4, 2016 – Chi-X Japan will launch a new venue, Kai-X, on October 17, 2016, having gained final regulatory approvals and registration with Japan's Financial Services Agency.

Kai-X is a 'Reference Price' trading venue where investors can anonymously execute trades at prices equal to or better than those available on the Tokyo Stock Exchange (TSE). Trading will be enabled at prices equal to the TSE 'reference prices' of: best bid or best offer as well as the derived mid-point between the TSE best bid and best offer prices.

Japanese traders may also use 'Minimum Execution Quantity' (MEQ) to execute larger blocks of stock than they are typically able to on the Tokyo Stock Exchange (TSE). As the trading prices on Kai-X will reference TSE prices, Kai-X will not publish pre-trade bid or offer prices, quantities or indications of interest. This should deliver a number of advantages such as, limiting information leakage and facilitating the execution of large blocks which may be difficult to achieve on 'lit' markets due to a lack of depth in their order books.

As Chi-X Japan is not a securities market participant and is not affiliated with any market participants, Kai-X is a broker-neutral trading venue where brokers can source liquidity on a level playing field. To reduce any potential, or perceived, latency arbitrage opportunities and lower connectivity costs, Kai-X connectivity will be limited to the FIX protocol and there will be no colocation. Chi-X Japan believes that one broker-neutral trading venue aggregating liquidity by offering equal and fair access to all brokers, is a better market solution than many brokers running their own venues and fragmenting liquidity.

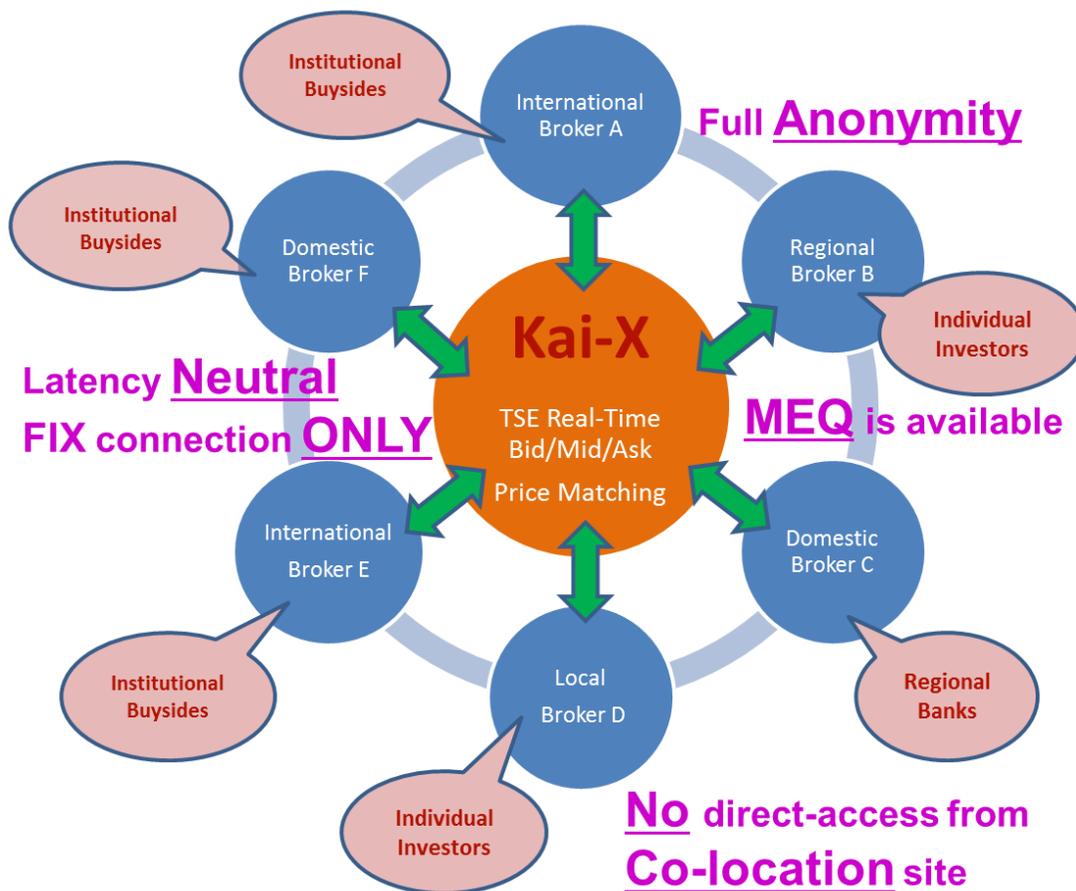
Kai-X will be open to all local Japanese and overseas institutional and retail customers via their Japanese broker-dealers. Matching priority will price, broker, then time which will allow a broker to match against their own orders at the same price first, and then anything else on a strict price and time priority, as in the Chi-X 'lit' PTS market. All trades executed on Kai-X can be automatically reported as 'on-exchange' trades to the TSE ToSTNeT market on behalf of the brokers submitting the orders. Trades will be cleared by JSCC and settled by JASDEC in the same manner as ordinary PTS or TSE trades.

Kai-X will deliver institutional and retail traders their best execution requirements with price improvement, reduced market impact, efficiency and minimum trade size opportunities. Japanese stocks outside the TOPIX100 are especially difficult and expensive to trade so the ability to anonymously rest an order in the middle of the bid and offer spread should be particularly advantageous to investors wanting to trade Japan's smaller first section, second section and JASDAQ stocks.

About Kai-X™

Kai-X™ is Japan’s first broker-neutral ‘Reference Price’ trading venue to deliver mid-spread price improvement and minimum trade size opportunities. Kai-X will allow brokers to anonymously trade securities at the mid-point, bid or ask of the Tokyo Stock Exchange (“TSE”) market, thereby meeting their best execution obligations. Access to Kai-X will be open to all local Japanese and overseas institutional and retail customers via their Japanese broker-dealers that are connected to Kai-X. All trades executed on Kai-X can be automatically reported as ‘on-exchange’ trades to the TSE ToSTNeT market on behalf of the brokers submitting the orders.

Broker Neutral Anonymity Crossing on ToSTNeT





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About Chi-X[®] Japan

Chi-X Japan provides investors with an efficient and liquid trading environment through its innovative pricing model, advanced order types, risk management tools and other trading-related services. Chi-X Japan Limited aims to provide better and more attractive trading solutions for all investors.

Contact:

Yasuo Kamai for Chi-X Japan
Email: yasuo.kamai@tmsjp.com