



Chicago Mercantile  
Exchange

ENGINEERING MARKET FAITH™

# S&P/TOPIX 150 FUTURES



**Investors seeking to participate in one of the world's largest economies – Japan – now have access to the Japanese counterpart to the S&P 500® Index.**

**Beginning February 2002, Chicago Mercantile Exchange (CME) will be offering an electronically traded, yen-based futures contract on the S&P/TOPIX 150 Equity Index. This market capitalization-weighted index, a collaboration between Standard & Poor's and the Tokyo Stock Exchange, includes 150 larger cap, highly liquid securities selected from each major sector of the Tokyo market. These securities represent approximately 70% of the capitalization of the Japanese equity market.**

**The addition of the S&P/TOPIX 150 futures contract offers investors another opportunity for risk management, and enhances CME's position as a market leader for equity index futures and options. This product will trade exclusively on GLOBEX®, CME's electronic markets.**

## Advantages of Trading S&P/TOPIX 150 Futures

CME has successfully traded Japanese stock index futures for over a decade, since the launch of the Nikkei 225 futures and options in September 1990. And, although Nikkei futures traded “outside of their normal Asian time zone,” volume also continued to grow. Some investors also preferred Nikkei 225 futures because they settled in U.S. dollars.

However, with the introduction of S&P/TOPIX 150 futures, U.S. investors will now be able to obtain Japanese index exposure in yen terms within the United States—thereby eliminating any currency risk present when using a dollar-based futures contract to hedge yen-denominated equity holdings. Gains and losses will be credited and debited to the customer’s account in yen. Should investors wish to convert yen profits into U.S. dollars, the CME Clearing House’s Moneychanger facility will be able to accomplish this transaction swiftly and cheaply.

Aside from being yen-denominated, there are other compelling reasons institutional investors will consider CME’s S&P/TOPIX 150 futures:

**Underlying stock liquidity**—Average daily turnover per issue\* in the S&P/TOPIX 150 is ¥ 3.63 billion as compared with ¥2.3 billion in the Nikkei 225 and ¥ .51 billion in the TOPIX. Higher turnover will allow certain investors practicing cash/futures strategies greater liquidity.

**Tracking error**—Certain investors who use futures to gain country exposure seek to find a contract that exhibits low tracking error. Estimates of tracking error show that the TOPIX index offers lower tracking error and that the S&P/TOPIX 150 may further reduce the tracking error relative to other Japanese benchmarks.

**Existence of S&P/TOPIX 150 Exchange Traded Funds**—In many cases, the presence of a liquid futures contract can add liquidity to an underlying index as well as to an Exchange Traded Fund (ETF) on that index as investors take advantage of arbitrage and spreading opportunities.

**CME’s existing equity index complex and infrastructure**—CME trades over \$50 billion a day in equity futures and options products. With this pool of liquidity, S&P/TOPIX 150 futures have the greatest exposure to the institutional marketplace in the world.

\* For the three months ending May 31, 2001.

## About the Underlying Stock Index

### S&P/TOPIX 150 Index

The S&P/TOPIX 150 is an index covering larger cap Japanese equities, developed by Standard & Poor's in collaboration with the Tokyo Stock Exchange. It is maintained by an index committee that includes representatives from both the Tokyo Stock Exchange and Standard & Poor's. Index governance and maintenance follow the same rules and principles that have been successful for the S&P 500. This ensures high quality constituents with strong fundamentals, liquidity, and low index turnover.

To be eligible for inclusion in the S&P/TOPIX 150 index, companies must meet certain guidelines:

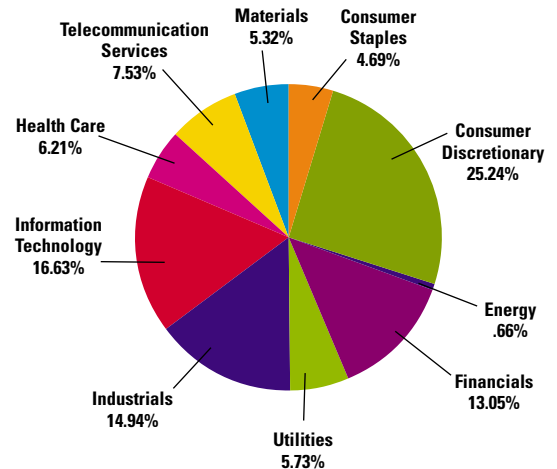
- **Domicile.** A company must be incorporated in or have its headquarters in Japan.
- **Size.** A company must qualify as a larger cap company.
- **Liquidity.** The stocks of eligible companies must be actively and regularly traded.
- **Company Fundamentals.** Eligible companies must have established records of both revenues and earnings.

The index is constructed using 10 economic sectors. These sectors are common across all Standard & Poor's indexes, including the S&P 500. The S&P/TOPIX 150 index consists of 150 securities drawn from each of these sectors and represents approximately 70% of the market value of the Japanese equity market.

In addition, each security is adjusted for free-float. This means that government ownership, strategic holders, corporate cross-holdings and foreign investment restrictions are removed from market capitalization.

## S&P/TOPIX 150 Industry Sector Breakdown

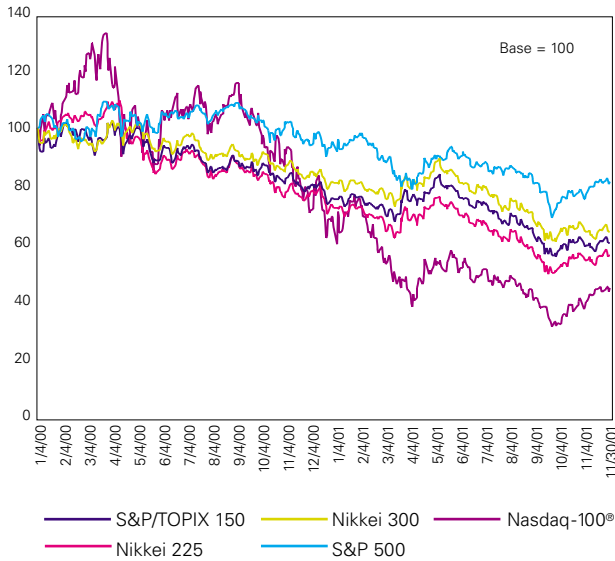
Source: Standard & Poor's



As of 11/30/01

## Relative Index Performance January 2000 - November 2001

Source: Reuters & CME Equity Index Products



## Correlations

Source: Reuters & CME Equity Index Products

2000					
	S&P/ TOPIX 150	Nikkei 225	Nikkei 300	S&P 500	Nasdaq -100
<b>S&amp;P/TOPIX 150</b>	100.00				
<b>Nikkei 225</b>	86.16	100.00			
<b>Nikkei 300</b>	95.86	88.22	100.00		
<b>S&amp;P 500</b>	44.53	46.98	44.76	100.00	
<b>Nasdaq-100</b>	48.23	49.97	45.54	83.09	100.00
2001 Jan-Nov					
	S&P/ TOPIX 150	Nikkei 225	Nikkei 300	S&P 500	Nasdaq -100
<b>S&amp;P/TOPIX 150</b>	100.00				
<b>Nikkei 225</b>	95.93	100.00			
<b>Nikkei 300</b>	98.77	95.32	100.00		
<b>S&amp;P 500</b>	24.48	22.71	22.09	100.00	
<b>Nasdaq-100</b>	23.79	23.34	20.64	85.68	100.00

Note: U.S. treated as lead trade date

## About S&P/TOPIX 150 Futures

### Contract Features

- S&P/TOPIX 150 futures are legal agreements to buy or sell the value of the futures contract at a specific date in the future.
- This contract is traded in yen, not U.S. dollars.
- The value of each S&P/TOPIX 150 contract is ¥5,000 times the S&P/TOPIX 150 Index futures price. For example, if the S&P/TOPIX 150 Index futures price is 1,000, then the value of the contract is ¥5,000,000 (¥5,000 x 1,000).\*
- The minimum price movement of a futures contract is called a "tick." The tick value of the S&P/TOPIX 150 futures is .50 futures index points or ¥2,500 per contract. If the futures move the minimum price increment (one tick), say, from 1,000.00 to 1,000.50, the long (buyer) position would be credited with ¥2,500 per contract. Accordingly, a move of a full index point in the futures would be worth ¥5,000.

\* In dollar terms, the S&P/TOPIX 150 was worth \$39,209 based on exchange rates as of mid-December 2001.

## S&P/TOPIX 150 Futures Contract Specifications

<b>Contract Size</b>	<b>Futures</b> ¥5,000 times the S&P/TOPIX 150 Index Futures Price
<b>Contract Months</b>	March quarterly cycle
<b>Trading Hours (Chicago time)</b>	8:00 a.m. – 3:15 p.m. Monday – Friday
<b>Minimum Price Fluctuation</b>	.50 Index points or ¥2,500
<b>Final Settlement Date</b>	Second Friday of the contract month
<b>Last Trading Day</b>	Business day preceding the second Friday of the contract month
<b>Final Settlement Price</b>	Based upon a Special Opening Quotation of the S&P/TOPIX 150 Index
<b>Daily Price Limits</b>	There shall be no trading at a price more than the Daily Price Limit above or below the most recent settlement price for S&P/TOPIX 150 futures of the same calendar month on the Tokyo Stock Exchange (“TSE”), except that there shall be no Daily Price Limit in a contract on its last day of trading.
The Daily Price Limit shall be announced prior to the opening of trading in each calendar month. The Daily Price Limit shall be determined from the following table, based on the most recent settlement price of the S&P/TOPIX 150 futures of the same calendar month on the Tokyo Stock Exchange (“TSE”):	
<b>TSE Settlement</b>	<b>Daily Limit (Index Points)</b>
<2,000	100
2,000 to < 3,000	150
3,000 to < 4,000	200
4,000 +	250

## Expirations & Contract Month Symbols

S&P/TOPIX 150 futures trade in quarterly time expiration cycles – March, June, September, and December expirations. CME uses the following ticker symbol for the S&P/TOPIX 150 and each month symbol. However, quote vendors may display this product differently.

### Ticker Symbol

S&P/TOPIX 150	TX
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### Month Symbols

Mar	Jun	Sep	Dec
H	M	U	Z

For example, the March 2002 contract may be displayed as TXH2.

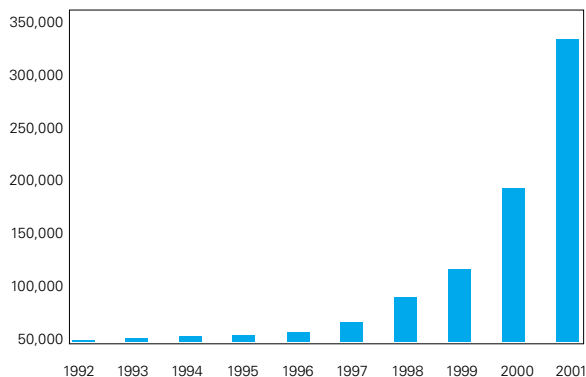
## Tracking Your Trades

The common denominator that all traders share is the desire for information. Information on prices (and trading data) is available from:

- Brokers
- Information and quote service vendors such as Reuters, Bloomberg and CQG
- Major daily and weekly newspapers
- The Internet, such as CME’s Web site ([www.cme.com](http://www.cme.com)), Standard & Poor’s Web site ([www.spglobal.com](http://www.spglobal.com)), and the Tokyo Stock Exchange Web site ([www.tse.or.jp](http://www.tse.or.jp))
- Private advisory services/newsletters
- Financial programs on television and radio

## GLOBEX Average Daily Volume: 1992 - 2001\*

Source: CME



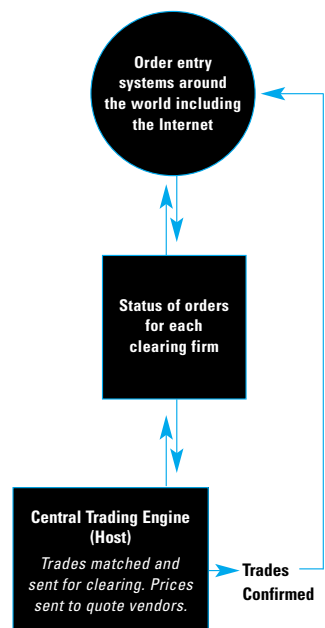
\* Through November

Since its introduction by CME in 1992, electronic trading has grown phenomenally, especially in recent years. CME's September 1997 launch of the first all-electronic futures contracts, the E-mini S&P 500 futures and options, introduced a new concept in index futures trading at a time when electronic trading was beginning to thrive. CME followed with E-mini Nasdaq-100 futures in 1999, and these two products have become the fastest growing products in Exchange history. Through November 2001, an average of nearly 324,000 contracts per day traded on GLOBEX.

## A Trading Process Created for the Investor

The index futures trading world is an active, high-energy arena. Now, for the first time, investors will have the opportunity to trade a yen-based Japanese stock index on GLOBEX, CME's electronic markets. S&P/TOPIX 150 futures are available for trading Monday through Friday from 8:00 a.m. to 3:15 p.m. (Chicago time).

### Trading on GLOBEX



## For Further Information

For more information on this product, please call CME at 1-800-331-3332, or contact your broker. You may also contact CME at [info@cme.com](mailto:info@cme.com), or visit our Web site at [www.cme.com](http://www.cme.com).

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