



23 April 2026

To: Osaka Exchange, Inc. Market Planning Department

Email: osaka.public_comment@jpx.co.jp

Dear Sirs/Madams

Revisions to the Method of Setting the Contract Months of Nikkei 225 Mini Options

FIA¹ appreciates the opportunity to respond to Osaka Exchange, Inc.'s consultation on the proposed revisions to the method of setting the contract months of Nikkei 225 Mini Options.

We welcome OSE's efforts to enhance product flexibility through the introduction of additional weekly expiries. We recognise that a broader range of short-dated expiries can offer meaningful benefits to market participants, particularly in supporting more precise risk management and trading strategies.

We also offer some comments on certain design and operational aspects of the proposals, which we hope may be helpful as OSE finalises the revised contract structure. These comments are intended to support clarity, operational robustness, and the overall effectiveness of the new framework.

COMMENTS ON THE PROPOSALS

1. Final Settlement Price Methodology

We recommend that OSE adopt an alternative final settlement price methodology for Nikkei 225 Mini Options that is based on the closing price on the last trading day, to take effect at the same time as the additional expiries are introduced. The current settlement approach will constrain the success of the daily options, as it limits their effectiveness and practical usefulness. This is evidenced by the limited demand for the previously listed Wednesday-expiring Nikkei 225 Mini Options.

¹ FIA is the leading global trade organization for the futures, options and centrally cleared derivatives markets, with offices in London, Singapore and Washington, D.C. FIA's membership includes clearing firms, exchanges, clearinghouses, trading firms and commodities specialists from more than 48 countries as well as technology vendors, lawyers and other professionals serving the industry. FIA's mission is to support open, transparent and competitive markets, protect and enhance the integrity of the financial system, and promote high standards of professional conduct. As the principal members of derivatives clearinghouses worldwide, FIA's member firms play a critical role in the reduction of systemic risk in global financial markets. Further information is available at www.fia.org.



Under the current framework, the final settlement price for Nikkei 225 options is determined by reference to the opening prices of the Nikkei 225 Index components on the date of expiry, even though trading in the options ends on the preceding day. This differs from the more common approach in other markets, where contracts typically expire on the same day as the last trading day and settlement is based on the closing price or a VWAP/TWAP methodology.

This limits the effectiveness of Nikkei 225 options as ODTE instruments, with the impact likely to be most pronounced for daily options. Participants are unable to manage risk or express views through to expiry because of the gap between the T-1 close and the opening on the expiry date, including during the night session when the options are not tradeable.

In addition, because settlement is based on the market open rather than the close, the settlement reference may be less reliable than one based on the more liquid closing market. This is likely to reduce the practical utility of daily options, whose value depends heavily on the ability to trade, roll positions, establish new positions and hedge close to expiry.

Given the importance of the settlement framework to the effectiveness of daily expiries, we recommend introducing daily options only if the alternative final settlement price methodology is applied.

2. Scope of Daily Expiries

OSE could consider whether two weeks of daily expiries would be sufficient. Extending daily expiries across four weeks may not be necessary and could lead to liquidity fragmentation, higher message traffic, and greater operational complexity for market participants and infrastructure providers. A more limited horizon for daily expiries could better balance product flexibility with market efficiency.

3. Contract Labelling and Maturity Identification

The consultation does not appear to address how contracts would be labelled or sequenced under the proposed daily maturity structure.

Under the current framework for Wednesday weekly options, the designation of a contract as week 1, 2, 3, 4 or 5 appears to follow the corresponding Friday week, rather than the Wednesday date itself. If a similar convention were applied more broadly, it could introduce unnecessary complexity and increase the risk of participants selecting an unintended maturity.

OSE may therefore wish to clarify how contract numbering and naming would operate under the proposed structure, and whether a simpler and more intuitive convention could be adopted to reduce the risk of confusion and operational error.



Please feel free to contact me at bherder@fia.org, or TzeMin Yeo, Head of Legal & Policy, Asia Pacific at tmyeo@fia.org should you wish to further discuss.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Bill Herder', written in a cursive style.

Bill Herder
Head of Asia-Pacific