

# MONEX GROUP

## Announcement of Subsidiary's Release

TOKYO, June 5, 2020 – Monex, Inc., a subsidiary of Monex Group, Inc., issued the following press release today.

Attachment: Monex, Inc. press release

Monex to introduce PTS margin trading

SOR orders can be placed for both system and general margin trades

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## **Monex to introduce PTS margin trading**

### **SOR orders can be placed for both system and general margin trades**

TOKYO, June 5, 2020 – Monex, Inc. (headquarters; Minato-ku, Tokyo; Representative Director and President: Yuko Seimei; hereinafter, Monex) is pleased to announce that starting Monday, June 8, 2020 (transaction date, tentative), it will begin offering Japanese stock margin trading using Proprietary Trading Systems (PTS).

#### **■ Background**

In June 2019, Monex introduced smart order routing (SOR) services for Japanese stock cash trade orders. SOR automatically compares the Tokyo Stock Exchange, Japannext PTS, which is operated by Japannext Co., Ltd., and dark pools <sup>(\*)</sup>, and then systematically selects the best available transaction execution market.

With this service, pricing benefits were seen in 93.7% <sup>(\*\*)</sup> of SOR transactions fulfilled in markets other than the Tokyo Stock Exchange.

Since the lifting of a ban on PTS transactions on margin trading in August 2019, Monex has worked to enable PTS transactions for both system margin trading and general margin trading. PTS transactions provide customers a better investment environment for Japanese stocks by enabling pricing benefits similar to our cash transaction services.

#### **■ Overview / Features**

##### **(1) Execution markets**

SOR orders for margin trades select either the Tokyo Stock Exchange or PTS as the execution market. Margin trade orders are not executed in dark pools. However, because PTS margin trades can only be placed through SOR orders, orders cannot specify PTS only.

##### **(2) Available for either system or general margin trading**

PTS margin trading can be used for both system and general margin trading. Monex offers PTS system margin trading of all stock issues prescribed by Japannext PTS.

##### **(3) Repayments can be made across the Tokyo Stock Exchange and Japannext PTS**

With SOR orders, open interest can be repaid into other markets. Open interest on the Tokyo Stock Exchange can be repaid into Japannext PTS, and alternatively, open interest on Japannext PTS can be repaid into the Tokyo Stock Exchange.

\*1 A dark pool is an execution system in which securities companies match orders from their customers with those of institutional investors, and, when matching orders with better pricing are identified, execute those orders in the ToSTNeT Market in the Tokyo Stock Exchange. The name dark pools derives from the fact that the order information on the system is not made public.

Only customers who have either margin trading accounts, including Start Margin Accounts, or future and option

accounts, including long-only accounts, are offered the connection to dark pools.

\*2 The ratio of the number of transactions that saw pricing benefits among all eligible transactions that used SOR order services between January 6, 2020, and March 31, 2020. Includes dark pool executions. Determination of pricing benefits was evaluated by a third party based on the company's definitions.