

'Hardware failure' halts trade all day for Tokyo stock markets

October 1 2020, by Hiroshi Hiyama, Kyoko Hasegawa



The trading halt is the worst to hit Tokyo for at least 13 years

Trade on Tokyo's stock markets, which are among the world's biggest, was halted for the entire day Thursday after the system was hit by one of the worst glitches in its history.

A "hardware failure" created problems with the delivery of [market](#) information, operator Japan Exchange Group (JPX) said in a statement.

"TSE (Tokyo Stock Exchange) is currently planning to replace the hardware and taking steps, including other maintenance, to ensure normal [trading](#) from tomorrow onwards," it added.

The problem was discovered early on Thursday and business was stopped less than half an hour before the opening bell.

Around noon, JPX said trading would be halted for the rest of Thursday, marking the first all-day stoppage since its current operating system was installed in 1999.

The firm said a hardware failure meant the system did not automatically switch from a "failed device to the backup device."

Rebooting during the day "would cause confusion for investors and market participants, which would make it difficult to execute smooth trading," it added.

Among world's top exchanges

The glitch hit the country's top Nikkei 225 and Topix indexes, as well as exchanges in Nagoya, Sapporo and Fukuoka that operate through Tokyo's system. The Osaka exchange was functioning normally, though, the operator said.



Japan Exchange Group is the third largest in the world

JPX is the third largest exchange in the world by market capitalisation, at an estimated \$5.1 trillion, including listings on exchanges outside Tokyo.

It sits behind only the New York Stock Exchange and Nasdaq, according to the World Federation of Exchanges.

On an average day, about three trillion yen (\$28.5 billion) worth of stocks are traded on the Japanese exchange.

The trading halt closed one of the few major markets that was due to be open in Asia on Thursday, with bourses in Hong Kong, Shanghai, South

Korea and Taipei all closed for holidays.

It is the first significant glitch to hit Tokyo since 2018, when a trading system problem left some securities firms unable to execute orders, although the effect on overall market activity was limited.

The market did not shut either during the September 11, 2001 attacks or the March 2011 earthquake and tsunami, but in November 2005, the entire morning session was suspended over a technical problem.

The JPX spokesman said it was the first time an entire trading day had been lost since the current Arrowhead system was installed in 1999.



Officials said there was no immediate evidence of cyberattacks like those that have hit New Zealand's exchange recently

No sign of cyberattack

The problem came after the New Zealand Exchange was hit by cyberattacks in August, forcing trading halts over several days, but Japanese officials said there was no indication so far of foul play.

"We don't have any information to hand that suggests that," TSE spokesman Hiroyuki Takahashi told AFP.

"Right now our focus is to resume trading. We will investigate the cause of this after we achieve that."

Government spokesman Katsunobu Kato said the Financial Services Agency had instructed JPX to quickly restore operations and investigate the problem.

He said the government also had no immediate suggestion that a cyberattack was involved but added he would "decline to say anything definite" at this stage.

Analysts said the glitch was not likely to have a significant immediate impact on the market.

"The last time something like this happened was in 2005. At that time, the impact was not that profound," said Makoto Sengoku, a market analyst at the Tokai Tokyo Research Institute.

"If you watch the futures, they are up. For now, expectations are that the impact will be limited," he told AFP.

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