

[English Translation]

## **FX EXCHANGE MARGIN SETTLEMENT REGULATIONS**

**TOKYO FINANCIAL EXCHANGE INC.**

(This is an English translation of the FX Exchange Margin Settlement Regulations, which original has been prepared in the Japanese language only. The Japanese language text hereof shall govern for all purposes and in all respects. Accordingly, all questions that may arise within or without courts of law in regard to the meaning of the words, provisions and stipulations of these Regulations shall be decided in accordance with the Japanese language text. Tokyo Financial Exchange Inc. (“TFX”) assumes no responsibility for accuracy, correctness, or contents of this English text.)

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**CHAPTER I.**

**GENERAL PROVISIONS**

**Article 1. Purpose**

1.1 These Regulations set forth necessary matters with respect to the manner of payment and receipt of FX Exchange Margins between the Exchange and a Daily Futures Clearing Member who is an FX Daily Futures Trading Member pursuant to the regulations as follows: the Trading Regulations, the Special Provisions for Trading Regulations and Brokering Terms for FX Daily Futures Transactions (hereinafter called the “FX Special Provisions”), the Clearing Regulations, and the Regulations for Margin and Unsettled Contracts for FX Daily Futures Transactions (hereinafter called the “FX Margin Regulations”). The payments and receipts referred to in the preceding sentence are hereinafter collectively called “FX Exchange Margin Settlement(s)”.

1.2 The manner separately prescribed by the Exchange specified in Article 4.1 of the FX Margin Regulations shall be as set forth in Chapters II and III.

**Article 2. Monies to be Settled**

The monies to be settled by the Exchange through an FX Exchange Margin Settlement Bank (as defined in Article 3 hereof) shall be FX Exchange Margins.

**CHAPTER II.**

**DESIGNATION OF SERVICE OFFICE OF  
FX EXCHANGE MARGIN SETTLEMENT BANK**

**Article 3. Designation of Service Office of FX Exchange Margin Settlement Bank**

The Exchange shall designate a service office (hereinafter called a “Designated Service Office”) of a financial institution undertaking settlements of FX Exchange Margins between the Exchange and each Daily Futures Clearing Member (hereinafter called an “FX Exchange Margin Settlement Bank”).

**Article 4. Establishment of FX Exchange Margin Settlement Account**

4.1 The Exchange shall establish a deposit account for settlement of FX Exchange Margins in each Designated Service Office (hereinafter called the “FX Exchange Margin Settlement Account”).

4.2 Each Daily Futures Clearing Member shall establish its FX Exchange Margin Settlement Account in one of the Designated Service Offices.

4.3 Whenever a Daily Futures Clearing Member has established its FX Exchange Margin Settlement Account, the Daily Futures Clearing Member shall register the same with the Exchange in the form prescribed by the Exchange.

**Article 5. Change in Registered Matters**

Whenever a Daily Futures Clearing Member intends to change any of the matters registered in the prescribed form set forth in Article 4.3 hereof, the Daily Futures Clearing Member shall provide the Exchange with an advance written notice stating the matter(s) to be changed.

**Article 6. Closure of FX Exchange Margin Settlement Account due to Revocation of Designated Service Office**

6.1 Whenever the Exchange revokes the designation of any Designated Service

Office, the Exchange shall immediately notify the Daily Futures Clearing Members having their FX Exchange Margin Settlement Accounts with the said Designated Service Office.

6.2 Each Daily Futures Clearing Member receiving a notice set forth in Article 6.1 above shall establish its FX Exchange Margin Settlement Account with another Designated Service Office in accordance with Article 4.2 hereof before the revocation of the concerned Designated Service Office takes effect. In this case, the Daily Futures Clearing Member shall register such establishment with the Exchange in the form set forth in Article 4.3 hereof.

### **CHAPTER III.**

#### **SETTLEMENT OF FX EXCHANGE MARGINS**

##### **Article 7. Notice of FX Exchange Margin to Daily Futures Clearing Member**

7.1 The Exchange shall notify each Daily Futures Clearing Member, by the time set forth below on each trading day, of the amount of FX Exchange Margin to be deposited with the Exchange by the Daily Futures Clearing Member. If a trading day on which a notice would be made falls on a Japanese bank holiday, the notice shall be made on an immediately subsequent trading day which is a Japanese banking day.

(1) 10:00 a.m.

(2) 2:30 p.m.

7.2 A Daily Futures Clearing Member receiving a notice set forth in Article 7.1 above from the Exchange shall deposit the FX Exchange Margin (except for those relevant to the Securities, etc. Clearing-Brokering Contracts) with the Exchange in the amount calculated by the Exchange in accordance with Item (1) or (2) below, according to the type of FX Daily Futures transaction made by the Daily Futures Clearing Member

as an FX Daily Futures Trading Member.

- (1) Upon receipt of a notice set forth in Article 7.1(1) above, the sum of the amounts of (a) through (c) below shall be deposited.
  - (a) FX Exchange Margins relevant to the Daily Futures Clearing Member's customer account positions, which shall be in the amount equal to the sum of the FX Exchange Margins as reported by the Daily Futures Clearing Member to the Exchange pursuant to Article 6 of the FX Margin Regulations for a period commencing at 2:30 p.m. of the previous trading day and ending at the close of the same trading day's Market Trading Period
  - (b) FX Exchange Margins relevant to the Daily Futures Clearing Member's house account positions, which shall be in the amount set forth in paragraph a. or b. below:
    - a. The sum of the FX Exchange Margins for which the Daily Futures Clearing Member declares depositing with the Exchange for a period commencing at 2:30 p.m. of the previous trading day and ending at the close of the same trading day's Market Trading Period
    - b. The sum of the FX Exchange Margins for the Daily Futures Clearing Member's house account positions arising until the previous trading day for which depositing is required, if the Daily Futures Clearing Member fails to make a declaration set forth in paragraph a. above
  - (c) FX Exchange Margins relevant to the Daily Futures Clearing Member's advanced depositing, which shall be in the amount equal to the sum of the FX Exchange Margins for which the Daily Futures Clearing Member is required to make advanced depositing under Article 7 of the FX Margin Regulations

- (2) Upon receipt of a notice set forth in Article 7.1(2) above, the sum of the amounts of (a) and (b) below shall be deposited.
  - (a) FX Exchange Margins relevant to the Daily Futures Clearing Member's customer account positions, which shall be in the amount equal to the sum of the FX Exchange Margins as reported by the Daily Futures Clearing Member to the Exchange pursuant to Article 6 of the FX Margin Regulations for a period commencing at the opening of the pre-open period of the trading day on which the notice is made and ending at 2:30 p.m.
  - (b) FX Exchange Margins relevant to the Daily Futures Clearing Member's house account positions, which shall be in the amount equal to the sum of the FX Exchange Margins for which the Daily Futures Clearing Member declares depositing with the Exchange for a period commencing at the opening of the pre-open period of the trading day on which the notice is made and ending at 2:30 p.m.

7.3 A Daily Futures Clearing Member receiving a notice set forth in Article 7.1 above from the Exchange shall deposit the FX Exchange Margin (except for those relevant to the Securities, etc. Clearing-Brokering Contracts) with the Exchange in the amount calculated by the Exchange in accordance with each Item below, according to the type of FX Daily Futures transactions made by the FX Daily Futures Non-Clearing Member as an FX Daily Futures Trading Member whose Designated Clearing Member is the said Daily Futures Clearing Member.

- (1) Upon receipt of a notice set forth in Article 7.1(1) above, the sum of the amounts of (a) through (c) below shall be deposited.
  - (a) FX Exchange Margin relevant to the FX Margin Non-Clearing Member's customer account positions, which shall be in the amount equal to the sum of the FX Exchange Margins as reported by the FX Margin Non-Clearing Member to the Exchange pursuant to Article 6.1

of the FX Margin Regulations for a period commencing at 2:30 p.m. of the previous trading day and ending at the close of the same trading day's Market Trading Period

- (b) FX Exchange Margins relevant to the FX Margin Non-Clearing Member's house account positions, which shall be in the amount set forth in paragraph a. or b. below:
  - a. The sum of the FX Exchange Margins for which the FX Margin Non-Clearing Member declares depositing with the Exchange for a period commencing at 2:30 p.m. of the previous trading day and ending at the close of the same trading day's Market Trading Period
  - b. The sum of the FX Exchange Margins for the FX Margin Non-Clearing Member's house account positions arising until the previous trading day for which depositing is required, if the FX Margin Non-Clearing Member fails to make a declaration set forth in paragraph a. above
- (c) FX Exchange Margins relevant to the FX Margin Non-Clearing Member's advanced depositing, which shall be in the amount equal to the sum of the FX Exchange Margins for which the FX Margin Non-Clearing Member is required to make advanced depositing under Article 7 of the FX Margin Regulations

(2) Upon receipt of a notice set forth in Article 7.1(2) above, the sum of the amounts of (a) and (b) below shall be deposited.

- (a) FX Exchange Margins relevant to the FX Margin Non-Clearing Member's customer account positions, which shall be in the amount equal to the sum of the FX Exchange Margins as reported by the FX Margin Non-Clearing Member to the Exchange pursuant to Article 6.1 of the FX Margin Regulations for a period commencing at the opening of the pre-open period of the trading day on which the notice is made and ending at 2:30 p.m.



- (b) FX Exchange Margins relevant to the FX Margin Non-Clearing Member's house account positions, which shall be in the amount equal to the sum of the FX Exchange Margins for which the FX Margin Non-Clearing Member declares depositing with the Exchange for a period commencing at the opening of the pre-open period of the trading day on which the notice is made and ending at 2:30 p.m.

**Article 8. Deadline for Payment by Daily Futures Clearing Member**

Each Daily Futures Clearing Member shall pay the amount according to a notice as set forth in Article 7 hereof to the Exchange's FX Exchange Margin Settlement Account by the time set forth below on the trading day on which the notice is made (or, if it is a Japanese bank holiday, on the immediately subsequent trading day which is a Japanese banking day).

- (1) The deadline for the payment shall be 10:00 a.m. in the case of a notice set forth in Article 7.1(1).
- (2) The deadline for the payment shall be 3:00 p.m. in the case of a notice set forth in Article 7.1(2).

**Article 9. Deadline for Notice of Disbursement of FX Exchange Margin to Daily Futures Clearing Member and Deadline for Disbursement**

9.1 If the Exchange receives a claim for drawing of FX Exchange Margin pursuant to Article 9.1 of the FX Margin Regulations in the form prescribed by the Exchange, the Exchange shall notify the concerned Daily Futures Clearing Member of the amount to be disbursed to the Daily Futures Clearing Member, which notice shall be made by 10:00 a.m. of the trading day (or, if it is a Japanese bank holiday, of the immediately subsequent trading day which is a Japanese banking day) subsequent to the trading day on which the claim for drawing is made.

9.2 By 10:00 a.m. of each trading day (or, if it is a Japanese bank holiday, on the

immediately subsequent trading day which is a Japanese banking day), the Exchange shall disburse the FX Exchange Margin in the amount equal to the sum of the amounts set forth in Items (1) and (2) below to the FX Exchange Margin Settlement Account registered by the concerned Daily Futures Clearing Member under Article 4.3 hereof.

- (1) The amount of the FX Exchange Margins relevant to the notice made pursuant to Article 9.1 hereof by 10:00 a.m. of the same trading day's pre-open period
- (2) The amount of the FX Exchange Margins set forth in the proviso to Article 9.3 of the FX Margin Regulations for which the Exchange has accepted the disbursement based on the Daily Futures Clearing Member's claim for drawing received by the Exchange by 10:00 a.m. of the same trading day

## **CHAPTER IV.**

### **HANDLING OF ADVERSE INCIDENTS**

#### **Article 10. Communication Method upon Inability of Inter-account Transfer**

If a Daily Futures Clearing Member who is obligated to pay the FX Exchange Margin cannot remit or transfer the amount payable under Article 8 hereof, the Daily Futures Clearing Member shall communicate such inability to the Exchange by telephone by the time and date set as the deadline for the payment of the relevant FX Exchange Margin and provide the Exchange with a written notice to the same effect immediately after the telephonic communication.

#### **Article 11. Refusal of Payment to Daily Futures Clearing Member**

If a Daily Futures Clearing Member who is a payee of FX Exchange Margin

fails to pay or deposit to or with the Exchange the amount of any money that has become due in accordance with the Trading Regulations, the Special Provisions for Options, the FX Special Provisions, the Special Provisions for Trading Regulations for Equity Index Daily Futures Transactions, the Clearing Regulations, the Regulations for Margin and Unsettled Market Derivatives Contracts, the FX Margin Regulations, the Regulations for Margin and Unsettled Contracts for Equity Index Daily Futures Transactions, the Regulations for Margin and Unsettled Contracts for FX Clearing Futures Transactions, the Japanese Yen Settlement Regulations, the Equity Index Exchange Margin Settlement Regulations, the FX Clearing Exchange Margin Settlement Regulations or these Regulations, the Exchange may refuse to pay any FX Exchange Margin due and payable to the Daily Futures Clearing Member.

## **CHAPTER V.**

### **MISCELLANEOUS PROVISIONS**

#### **Article 12. Postponement of Deadline for Notice by the Exchange**

If it is difficult or impossible for the Exchange to make a notice by the time set forth in Article 7 or 9 hereof due to failure in the Exchange System used for settlements for FX Daily Futures transactions between the Exchange and each Daily Futures Clearing Member or due to any other unavoidable event, the Exchange may postpone the said notice.

#### **Article 13. Documents for FX Exchange Margins**

The documents set forth in Article 4.5 of the FX Margin Regulations shall be a margin ledger and other documents that the Exchange considers to be necessary. Any of such documents shall be promptly submitted to the Exchange whenever required by the Exchange.

**Article 14. Determination of Necessary Matters, etc.**

14.1 The Exchange may establish detailed rules to prescribe necessary matters other than those set forth herein or take other necessary steps in order to secure proper and reliable settlements for FX Exchange Margins.

14.2 Whenever the Exchange has prescribed any detailed rules or taken any step set forth in Article 14.1 above, the Exchange shall notify the Daily Futures Clearing Members to that effect without delay.

**Article 15. Costs and Expenses**

A Daily Futures Clearing Member who has established an FX Exchange Margin Settlement Account with a Designated Service Office shall bear the handling fees and other costs and expenses charged by the Designated Service Office and pay the same in the manner and at the rate separately agreed upon between the Designated Service Office and the Daily Futures Clearing Member.

**Article 16. Burden of Damages**

16.1 The Exchange shall not be liable for any damage that may be incurred by a Daily Futures Clearing Member due to any fault of the concerned FX Exchange Margin Settlement Bank.

16.2 If a Daily Futures Clearing Member has failed to make settlement of FX Exchange Margins by the deadline set forth herein, the Daily Futures Clearing Member shall pay a default interest accrued on the amount due which shall be calculated per diem based on a year of 365 days at the rate of 14% per annum.

16.3 Where a deadline for the settlement of FX Exchange Margins set forth herein is set as a specific time of a specific day, if a Daily Futures Clearing Member has failed to make the settlement by that time, the Daily Futures Clearing Member shall pay a default interest accrued for a period of delay including the full day on which the said deadline

falls.

### **SUPPLEMENTARY PROVISIONS**

The amended Regulations shall take effect as from October 1, 2010.

### **SUPPLEMENTARY PROVISIONS**

The amended Regulations shall take effect as from February 27, 2017.

### **SUPPLEMENTARY PROVISIONS**

The amended Regulations shall take effect as from April 12, 2021.

### **SUPPLEMENTARY PROVISIONS**

The amended Regulations shall take effect as from March 20, 2023.