

[English Translation]

TRADING MEMBER REGULATIONS

TOKYO FINANCIAL EXCHANGE INC.

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Trading Member Regulations
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PART 1: QUALIFICATIONS AND DUTIES OF TRADING MEMBERS

CHAPTER I.

GENERAL PROVISIONS

Article 1. Purpose

1.1 These Trading Member Regulations set forth the matters necessary to stipulate in connection with the Trading Members of the Exchange, in accordance with Article 1-2.1 of the Trading Regulations.

1.2 Amendments to Chapter 4 of Part I shall be effected by obtaining the consent of the Self-regulatory Committee, and amendment to Part II shall be effected by the resolution of the Self-regulatory Committee.

Article 1-2. Definitions

The terms used herein shall be as defined in the Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended; hereinafter called the "Act"), and the terms listed below shall have the meanings as assigned to them in the respective Items below.

- (1) "Trading Member" means a person having a qualification needed to conduct market derivative transactions at the Exchange.
- (2) "Clearing Member" means a person qualified to act as counterparty in the Exchange's financial instruments obligation assumption business.

- (3) “Non-Clearing Member” means a Trading Member who is not a Clearing Member with respect to the type of market derivatives transactions for which the Non-Clearing Member holds a trading membership.
- (4) “Designated Clearing Member” means a Clearing Member entering into a Clearing Agreement with a specific Non-Clearing Member and undertaking clearing for market derivatives contracts executed by the said Non-Clearing Member.

Article 2. Trading Members

2.1 The Trading Members shall be classified into eight types: Japanese Yen Interest Rate Trading Members, Yen Interest Rate Swap Futures Trading Members, FX Daily Futures Trading Members, Japanese Yen Interest Rate Remote Trading Members, Equity Index Daily Futures Trading Members, Equity Index Daily Futures Remote Trading Members, FX Broker Trading Members and LP Trading Members.

2.2 A Japanese Yen Interest Rate Trading Member shall mean a person having a qualification to conduct market derivatives transactions of the types set forth in the respective Items below on the Exchange’s Market (hereinafter called the “Japanese Yen Interest Rate Trading Membership”).

- (1) Three-month Euroyen futures
- (2) Three-month Euroyen futures option contract
- (3) Three-month TONA futures
- (4) Three-month TONA futures option contract

2.3 An Yen Interest Rate Swap Futures Trading Member shall mean a person having a qualification to conduct market derivatives transactions of the types set forth in the respective Items below on the Exchange’s Market (hereinafter called the “Yen Interest Rate Swap Futures Trading Membership”).

- (1) Two-year ¥ Swapnote™
- (2) Five-year ¥ Swapnote™
- (3) Seven-year ¥ Swapnote™
- (4) Ten-year ¥ Swapnote™

2.4 An FX Daily Futures Trading Member shall mean a person having a qualification to conduct market derivatives transactions of the types set forth in the respective Items below on the Exchange's Market (hereinafter called the "FX Daily Futures Trading Membership").

- (1) U.S. Dollar–Japanese Yen FX Daily Futures contracts
- (2) Euro–Japanese Yen FX Daily Futures contracts
- (3) British Pound–Japanese Yen FX Daily Futures contracts
- (4) Australian Dollar–Japanese Yen FX Daily Futures contracts
- (5) Swiss Franc–Japanese Yen FX Daily Futures contracts
- (6) Canadian Dollar–Japanese Yen FX Daily Futures contracts
- (7) New Zealand Dollar–Japanese Yen FX Daily Futures contracts
- (8) South African Rand–Japanese Yen FX Daily Futures contracts
- (9) Turkish Lira–Japanese Yen FX Daily Futures contracts
- (10) Norwegian Krone–Japanese Yen FX Daily Futures contracts
- (11) Hong Kong Dollar–Japanese Yen FX Daily Futures contracts
- (12) Swedish Krona–Japanese Yen FX Daily Futures contracts

- (13) Mexican Peso–Japanese Yen FX Daily Futures contracts
- (14) Polish Zloty–Japanese Yen FX Daily Futures contracts
- (15) Euro–U.S. Dollar FX Daily Futures contracts
- (16) British Pound–U.S. Dollar FX Daily Futures contracts
- (17) British Pound–Swiss Franc FX Daily Futures contracts
- (18) U.S. Dollar–Swiss Franc FX Daily Futures contracts
- (19) U.S. Dollar–Canadian Dollar FX Daily Futures contracts
- (20) Australian Dollar–U.S. Dollar FX Daily Futures contracts
- (21) Euro–Swiss Franc FX Daily Futures contracts
- (22) Euro–British Pound FX Daily Futures contracts
- (23) New Zealand Dollar–U.S. Dollar FX Daily Futures contracts
- (24) Euro–Australian Dollar FX Daily Futures contracts
- (25) British Pound–Australian Dollar FX Daily Futures contracts
- (26) Chinese Yuan–Japanese Yen FX Daily Futures contracts
- (27) Korean Won–Japanese Yen FX Daily Futures contracts
- (28) Indian Rupee–Japanese Yen FX Daily Futures contracts
- (29) U.S. Dollar–Japanese Yen FX Daily Futures contracts (Large)
- (30) Euro–Japanese Yen FX Daily Futures contracts (Large)
- (31) British Pound–Japanese Yen FX Daily Futures contracts (Large)

(32) Australian Dollar–Japanese Yen FX Daily Futures contracts (Large)

(33) Euro–U.S. Dollar FX Daily Futures contracts (Large)

2.5 A Japanese Yen Interest Rate Remote Trading Member shall mean a person having a qualification to conduct market derivatives transactions of the types set forth in the respective Items below on the Exchange’s Market excluding those conducted based on orders placed by Customers resident in Japan (hereinafter called the “Japanese Yen Interest Rate Remote Trading Membership”).

(1) Three-month Euroyen futures

(2) Three-month Euroyen futures option contract

(3) Three-month TONA futures

(4) Three-month TONA futures option contract

2.6 An Equity Index Daily Futures Trading Member shall mean a person having a qualification to conduct market derivatives transactions of the types set forth in the respective Items below on the Exchange’s Market (hereinafter called the “Equity Index Daily Futures Trading Membership”).

(1) Nikkei 225 Daily Futures contracts with Reset Date

(2) FTSE 100 Daily Futures contracts with Reset Date

(3) DAX® Daily Futures contracts with Reset Date

(4) DJIA Daily Futures contracts with Reset Date

(5) Gold ETF Daily Futures contracts with Reset Date

(6) WTI ETF Daily Futures contracts with Reset Date

(7) NASDAQ-100 Daily Futures contracts with Reset Date

2.7 An Equity Index Daily Futures Remote Trading Member shall mean a person having a qualification to conduct market derivatives transactions of the types set forth in the respective Items below on the Exchange's Market excluding those conducted based on orders placed by Customers resident in Japan (hereinafter called the "Equity Index Daily Futures Remote Trading Membership").

- (1) Nikkei 225 Daily Futures contracts with Reset Date
- (2) FTSE 100 Daily Futures contracts with Reset Date
- (3) DAX® Daily Futures contracts with Reset Date
- (4) DJIA Daily Futures contracts with Reset Date
- (5) Gold ETF Daily Futures contracts with Reset Date
- (6) WTI ETF Daily Futures contracts with Reset Date
- (7) NASDAQ-100 Daily Futures contracts with Reset Date

2.8 An FX Broker Trading Member shall mean a person having a qualification to conduct market derivatives transactions of the types set forth in the respective Items below on the Exchange's Market (hereinafter called the "FX Broker Trading Membership").

- (1) U.S. Dollar–Japanese Yen FX Clearing Futures contracts
- (2) Euro–Japanese Yen FX Clearing Futures contracts
- (3) British Pound–Japanese Yen FX Clearing Futures contracts
- (4) Australian Dollar–Japanese Yen FX Clearing Futures contracts
- (5) Swiss Franc–Japanese Yen FX Clearing Futures contracts
- (6) Canadian Dollar–Japanese Yen FX Clearing Futures contracts

- (7) New Zealand Dollar–Japanese Yen FX Clearing Futures contracts
- (8) South African Rand–Japanese Yen FX Clearing Futures contracts
- (9) Turkish Lira–Japanese Yen FX Clearing Futures contracts
- (10) Norwegian Krone–Japanese Yen FX Clearing Futures contracts
- (11) Hong Kong Dollar–Japanese Yen FX Clearing Futures contracts
- (12) Swedish Krona–Japanese Yen FX Clearing Futures contracts
- (13) Mexican Peso–Japanese Yen FX Clearing Futures contracts
- (14) Singapore Dollar–Japanese Yen FX Clearing Futures contracts
- (15) Offshore Chinese Yuan–Japanese Yen FX Clearing Futures contracts
- (16) Euro–U.S. Dollar FX Clearing Futures contracts
- (17) British Pound–U.S. Dollar FX Clearing Futures contracts
- (18) British Pound–Swiss Franc FX Clearing Futures contracts
- (19) U.S. Dollar–Swiss Franc FX Clearing Futures contracts
- (20) U.S. Dollar–Canadian Dollar FX Clearing Futures contracts
- (21) Australian Dollar–U.S. Dollar FX Clearing Futures contracts
- (22) Euro–Swiss Franc FX Clearing Futures contracts
- (23) Euro–British Pound FX Clearing Futures contracts
- (24) New Zealand Dollar–U.S. Dollar FX Clearing Futures contracts

- (25) Euro–Australian Dollar FX Clearing Futures contracts
- (26) British Pound–Australian Dollar FX Clearing Futures contracts
- (27) Australian Dollar–Swiss Franc FX Clearing Futures contracts
- (28) Australian Dollar–New Zealand Dollar FX Clearing Futures contracts
- (29) New Zealand Dollar–Swiss Franc FX Clearing Futures contracts
- (30) Australian Dollar–Canadian Dollar FX Clearing Futures contracts
- (31) Euro–Canadian Dollar FX Clearing Futures contracts
- (32) Canadian Dollar–Swiss Franc FX Clearing Futures contracts
- (33) U.S. Dollar–Hong Kong Dollar FX Clearing Futures contracts

2.9 An LP Trading Member shall mean a person having a qualification to conduct, as a counterparty to an FX Broker Trading Member market derivatives transactions of the types set forth in the respective Items of Article 2.8 above on the Exchange’s Market (hereinafter called the “LP Trading Membership”).

2.10 Japanese Yen Interest Rate Trading Members, Yen Interest Rate Swap Futures Trading Members, and Japanese Yen Interest Rate Remote Trading Members shall be hereinafter collectively called “Interest Rate Futures Trading Members”, Japanese Yen Interest Rate Remote Trading Members and Equity Index Daily Futures Remote Trading Members shall be hereinafter collectively called “Remote Trading Members”, Equity Index Daily Futures Trading Members and Equity Index Daily Futures Remote Trading Members shall be hereinafter collectively called “Equity Index Daily Futures Trading Member(s), etc.” and FX Broker Trading Members and LP Trading Members shall be hereinafter collectively called “FX Trading Members”.

2.11 Market derivatives transactions/contracts in connection with the Japanese Yen Interest Rate Trading Membership, the Yen Interest Rate Swap Futures Trading Membership, and the Japanese Yen Interest Rate Remote Trading Membership shall be hereinafter collectively called “Interest Rate Futures transactions/contracts,” market

derivatives transactions/contracts in connection with the FX Daily Futures Trading Membership shall be hereinafter called “FX Daily Futures transactions/contracts,” market derivatives transactions/contracts in connection with the Equity Index Daily Futures Trading Membership and the Equity Index Daily Futures Remote Trading Membership shall be hereinafter called “Equity Index Daily Futures transactions/contracts,” and market derivatives transactions/contracts in connection with the FX Broker Trading Membership and the LP Trading Membership shall be hereinafter called “FX Clearing Futures transactions/contracts.”

2.12 A Trading Member set forth in each Item below may hold the respective trading membership set forth in the relevant Item.

- (1) Trading Members other than Remote Trading Members
Japanese Yen Interest Rate Trading Membership, Yen Interest Rate Swap Futures Trading Membership, FX Daily Futures Trading Membership, Equity Index Daily Futures Trading Membership, FX Broker Trading Membership and LP Trading Membership
- (2) Remote Trading Members
Japanese Yen Interest Rate Remote Trading Membership and Equity Index Daily Futures Remote Trading Membership

2.13 No Trading Member shall hold two or more trading memberships in the same type.

2.14 A Remote Trading Member shall not be qualified as a Clearing Member.

Article 3. Forms of Market Derivatives Transactions, etc. by Trading Members

3.1 If a Trading Member holding a certain type of trading membership is a Clearing Member for the market derivatives transactions, etc. covered by the same type of trading membership, the market derivatives transactions, etc. by the Trading Member shall be conducted in any of the forms set forth in the respective Items below.

- (1) To execute a market derivatives contract on the Exchange’s Market at a

bid or offer submitted by the Clearing Member in its own name for its own account with respect to any type of trading membership held by the Clearing Member

- (2) To execute a market derivatives contract on the Exchange's Market at a bid or offer submitted by a Non-Clearing Member in the name of the Clearing Member for the Non-Clearing Member's account with respect to any type of trading membership held by the Clearing Member
- (3) To clear a market derivatives contract executed in the name of the Clearing Member on the Exchange's Market
- (4) To bear all or part of loss incurred by the Exchange as a result of assuming obligations arising from a market derivatives contract executed in the name of any other Clearing Member on the Exchange's Market, if the referenced Clearing Member holds a clearing membership of the same type as the market derivatives contract involving such loss
- (5) To cause an L-T Link Position (meaning an L-T Link Position as specified in Article 2(7) of the Trading Regulations; this interpretation shall equally apply hereinafter) under a Link Agreement as specified in Article 2(8) thereof and a Member Link Agreement as specified in Article 2(9)(a) thereof to arise in the name the Clearing Member for its own account, if the Clearing Member is an Interest Rate Futures Clearing Member (meaning an Interest Rate Futures Clearing Member as specified in Article 3.3 of the Clearing Regulations; this interpretation shall equally apply hereinafter) holding a Japanese Yen Interest Rate Trading Membership
- (6) To cause an L-T Link Position under a Link Agreement and a Member Link Agreement as specified in Article 2(9)(b) of the Trading Regulations to arise in the name of the Clearing Member for the concerned Non-Clearing Member's account, if the Clearing Member is an Interest Rate Futures Clearing Member holding a Japanese Yen Interest Rate Trading Membership

- (7) To clear an L-T Link Position arising in the name of the Clearing Member, if it is an Interest Rate Futures Clearing Member holding a Japanese Yen Interest Rate Trading Membership
- (8) To bear all or part of loss incurred by the Exchange as a result of becoming a party to an L-T Link Position arising between the Exchange and any other Interest Rate Futures Clearing Member or as a result of failure to collect money due from any Linked Overseas Clearing House, if the Clearing Member is an Interest Rate Futures Clearing Member

3.2 Market derivatives transactions by a Non-Clearing Member shall be conducted in any of the forms set forth in the respective Items below.

- (1) To execute a market derivatives contract on the Exchange's Market at the Non-Clearing Member's bid or offer for its own account in the name of its Designated Clearing Member with respect to any type of trading membership held by the Non-Clearing Member
- (2) To cause an L-T Link Position under a Link Agreement and a Member Link Agreement as specified in Article 2(9)(b) of the Trading Regulations to arise for the Non-Clearing Member's account in the name of its Designated Clearing Member, if the Non-Clearing Member is a Non-Clearing Member or Japanese Yen Interest Rate Remote Trading Member holding a Japanese Yen Interest Rate Trading Membership

Article 4. Ensuring of Fair Price Formation and Adequate Market Liquidity

4.1 A Trading Member shall make best efforts to ensure fair price formation and adequate liquidity on the Exchange's Market in order to maintain and enhance the function of the Exchange Financial Instruments Market.

4.2 A Trading Member shall be an entity engaging in market derivatives transactions on the Exchange's Market as part of its mainstream businesses.

Article 5. (Deleted)

CHAPTER II.

TRADING MEMBER'S DUTIES

Article 6. Delivery of Written Oath

A Trading Member shall deliver a written oath to the Exchange in the form designated by the Exchange.

Article 7. Member Link Agreement

7.1 If an Interest Rate Futures Clearing Member holding a Japanese Yen Interest Rate Trading Membership intends to cause an L-T Link Position to arise in its own name for its own account, the Interest Rate Futures Clearing Member shall enter into a Member Link Agreement as specified in Article 2(9)(a) of the Trading Regulations with the Exchange, Linked Overseas Organizations, and a member of the Linked Overseas Exchange in the form designated by the Exchange.

7.2 If an Interest Rate Futures Clearing Member holding a Japanese Yen Interest Rate Trading Membership intends to cause an L-T Link Position to arise in its own name for the account of a Non-Clearing Member, the Interest Rate Futures Clearing Member shall enter into a Member Link Agreement as specified in Article 2(9)(b) of the Trading Regulations with the Exchange, Linked Overseas Organizations, the Non-Clearing Member, and a member of the Linked Overseas Exchange in the form designated by the Exchange.

7.3 If a Non-Clearing Member or Japanese Yen Interest Rate Remote Trading Member holding a Japanese Yen Interest Rate Trading Membership intends to cause an L-T Link Position to arise for its own account in the name of its Designated Clearing

Member, the Non-Clearing Member shall enter into a Member Link Agreement as specified in Article 2(9)(b) of the Trading Regulations with the Exchange, Linked Overseas Organizations, the Designated Clearing Member, and a member of the Linked Overseas Exchange in the form designated by the Exchange.

Article 8. Trading Member Representative

8.1 A Trading Member shall select one (1) person suitable for the position of its representative at the Exchange from its duly authorized representatives and designate him/her as the Trading Member Representative (*Torihiki Sankasha Daihyosha*). If a Trading Member is a corporation or other legal entity established under laws other than Japanese laws, the Trading Member Representative shall be selected from those who are authorized to act as the foreign legal entity's representative in Japan as specified in Paragraph 1 of Article 817 of the Companies Act (Act No. 86 of 2005) and who hold a position equivalent to or higher than the position of a Japanese company's director or officer. Then, the Trading Member shall notify the Exchange of such designation.

8.2 Notwithstanding the provision of Article 8.1 above, a Remote Trading Member shall select one (1) person suitable for the position of its representative at the Exchange from its duly authorized representatives and designate him/her as the Trading Member Representative, and notify the Exchange of such designation.

8.3 A Trading Member shall be represented only by its Trading Member Representative as between the Trading Member and the Exchange.

Article 8-2. Process Agent for Remote Trading Member

A Remote Trading Member shall designate a person as its process agent who is authorized to receive service of process for and on behalf of the Remote Trading Member and whose address, place of residence, business office, or branch office is located in Japan, and the Remote Trading Member shall notify the Exchange of such designation; provided, however, that if the Remote Trading Member has a representative in Japan pursuant to Paragraph 1 of Article 817 of the Companies Act, the Remote Trading Member shall notify the Exchange of the said representative.

Article 9. Registered Deputy Representative

9.1 Notwithstanding the provision of Article 8.3 hereof, a Trading Member may cause another person designated as its deputy representative and registered with the Exchange in accordance with the requirements prescribed by the Exchange (hereinafter called the “Registered Deputy Representative”) to act for and on behalf of the Trading Member with respect to such routine operations that will be separately prescribed by the Exchange.

9.2 If the Exchange determines a Registered Deputy Representative as being inappropriate for that position, the Exchange may demand that the Trading Member replace him/her.

Article 10. Contact Office

10.1 A Trading Member shall, from among its principal and other offices and branches in Japan, designate one (1) contact office to receive notices from the Exchange and notify the Exchange of the designated contact office in accordance with the requirements prescribed by the Exchange.

10.2 Notwithstanding the provision of Article 10.1 above, a Remote Trading Member shall designate its principal office or any other office or branch in charge of market derivative transactions on the Exchange’s Market as a contact office to receive notices from the Exchange and notify the Exchange of the designated contact office in accordance with the requirements prescribed by the Exchange.

10.3 If there is any change as to a Trading Member’s contact office, the Trading Member shall notify the Exchange to that effect in accordance with the requirements prescribed by the Exchange.

Article 11. Payment of Exchange Fees

11.1 A Trading Member shall pay the exchange fees, comprised of monthly exchange fees, per-contract exchange fees, access fees, Market Facility Usage Fees, Trading ID

Usage Fees and give-up fees, in accordance with the requirements prescribed by the Exchange.

11.2 A per-contract exchange fee payable by each Trading Member for a specific type of market derivatives contracts shall be in the amount obtained by multiplying the sum of the trading volume, the final settlement volume (meaning a volume of positions relevant to the final settlement specified in the Clearing Regulations; this interpretation shall equally apply hereinafter) and the Reset Volume (meaning a volume of positions relevant to the Reset specified in the Clearing Regulations) of the market derivatives contracts of the said specific type executed at the Trading Member's bids or offers on the Exchange's Market (excluding the contracts invalidated pursuant to Article 14.2 of the Trading Regulations) by the charging rate applicable to that type of market derivatives contracts as separately prescribed by the Exchange.

11.3 Notwithstanding the provision of Article 11.2 above, if a Japanese Yen Interest Rate Trading Member or a Japanese Yen Interest Rate Remote Trading Member causes L-T Link Positions to arise, the per-contract exchange fee shall be in the amount calculated in accordance with Article 11.2 above, plus the amount obtained by multiplying the sum of the volume of the L-T Link Positions arising for the account of the Japanese Yen Interest Rate Trading Member or of the Japanese Yen Interest Rate Remote Trading Member (hereinafter called the "Accepted Volume") and the final settlement volume of those L-T Link Positions by the charging rate applicable to that type of L-T Link Positions as separately prescribed by the Exchange.

11.4 Notwithstanding the provisions of Articles 11.2 and 11.3 above, the per-contract exchange fee payable by a Trading Member with respect to market derivatives contracts and L-T Link Positions relevant to give-up shall be in the amount obtained by multiplying the sum of the volume of market derivatives contracts and L-T Link Positions created by the Trading Member through give-up (hereinafter called the "Given-up Volume") and the final settlement volume of those contracts and L-T Link Positions by the charging rate applicable to market derivatives contracts and L-T Link Positions relevant to give-up as separately prescribed by the Exchange.

11.5 Notwithstanding the provisions of Articles 11.2 above, the per-contract exchange fee payable by a Trading Member with respect to FX Clearing Futures contracts shall be the aggregate amount of the fees set forth in each Item below.

- (1) Contract fee
in the amount obtained by multiplying the amount of FX Clearing Futures contracts executed at the FX Clearing Futures Trading Member's bids or offers on the Exchange's Market (excluding the contracts invalidated pursuant to Article 14.2 of the Trading Regulations) or, if the amount of the contracts falls below a certain amount, the number of contracts by the charging rate as separately prescribed by the Exchange
- (2) Position fee
in the amount obtained by multiplying the sum of the positions of the FX Clearing Futures contracts by the charging rate as separately prescribed by the Exchange

Article 12. Market Entry Deposit

12.1 A Trading Member shall deposit a market entry deposit in the amount set forth in each Item below with the Exchange in accordance with the requirements prescribed by the Exchange.

- (1) Market entry deposit to be deposited by a person who is a Japanese Yen Interest Rate Trading Member, a Yen Interest Rate Swap Futures Trading Member, or a Japanese Yen Interest Rate Remote Trading Member (hereinafter called the "Interest Rate Futures Market Entry Deposit")
Three million Japanese Yen (¥3,000,000)
- (2) Market entry deposit to be deposited by an FX Daily Futures Trading Member (hereinafter called the "FX Daily Futures Market Entry Deposit")
Three million Japanese Yen (¥3,000,000)
- (3) Market entry deposit to be deposited by an Equity Index Daily Futures Trading Member (hereinafter called the "Equity Index Daily Futures Market Entry Deposit")
Three million Japanese Yen (¥3,000,000)

- (4) Market entry deposit to be deposited by an FX Clearing Futures Trading Member (hereinafter called the “FX Clearing Futures Market Entry Deposit”)

Three million Japanese Yen (¥3,000,000)

12.2 If a Trading Member conducts Interest Rate Futures transactions based on its Customers’ orders, the Interest Rate Futures Market Entry Deposit to be deposited by the Trading Member shall be in the amount set forth in Article 12.1(1) above, plus seven million Japanese Yen (¥7,000,000).

12.3 If a Trading Member conducts FX Daily Futures transactions based on its Customers’ orders, the FX Daily Futures Market Entry Deposit to be deposited by the Trading Member shall be in the amount set forth in Article 12.1(2) above, plus seven million Japanese Yen (¥7,000,000).

12.4 A market entry deposit may be deposited in the currency of Japanese yen, or in the form of negotiable securities in accordance with the requirements prescribed by the Exchange.

12.5 No Trading Member shall claim a refund of the market entry deposit before a lapse of six (6) months following the date of public notice made in accordance with Article 30 hereof.

12.6 In the case the Trading Member will conduct market derivatives transactions based on Customers’ orders, the Trading Member shall notify the Exchange in accordance with the requirements prescribed by the Exchange to that effect.

Article 13. Non-assignability of Right of Claim for Refund of Market Entry Deposit

No Trading Member shall assign or agree to assign, or create any security interest in, its right to claim a refund of its own market entry deposit.

Article 14. Liability Due to Use of Exchange’s Market

The Exchange shall not be liable for any damage that may be incurred by a Trading Member because of its use of the Exchange's Market in the course of its business operations, unless such damage is caused by willful misconduct or gross negligence of the Exchange.

Article 15. Liability Due to Use of Market Facilities

15.1 Notwithstanding the provision of Article 14 hereof, the Exchange shall not be liable for any damage that may be incurred by a Trading Member because of its use of a system for executing Interest Rate Futures contracts (hereinafter called the "Trading System"), a system for clearing Interest Rate Futures contracts (hereinafter called the "Clearing System"), a system for executing and clearing FX Daily Futures contracts and Equity Index Daily Futures contracts (hereafter called the "FX/Equity Index Trading and Clearing System"), and a system for executing and clearing FX Clearing Futures transactions (hereinafter called the "FX Clearing Trading and Clearing System"), each of which is set up by the Exchange by means of electronic computers, etc., and any other facilities necessary for the operation of the Exchange's Market (the said systems and facilities being hereinafter collectively called the "Exchange System").

15.2 The Exchange shall not be liable for any damage that may be incurred by a Trading Member or a Clearing Member because of its use of the facilities set up by the Trading Member in order to access the Exchange System and conduct operations at the Exchange and the facilities necessary for participation in the Exchange's Market (including those furnished by the Exchange) (hereinafter collectively called the "Member's System").

15.3 Each Trading Member shall be liable for any damage that may be incurred by the Exchange because of the Trading Member's use of the Exchange System or the Member's System (hereinafter collectively called the "Market Facilities").

Articles 16 through 20 (Deleted)

Article 21. Duty of Investigation before Undertaking of Brokerage Service

21.1 When a Trading Member accepts its Customer's order for market derivatives transactions on the Exchange's Market, the Trading Member shall beforehand investigate the Customer's address, name and other details prescribed by the Exchange.

21.2 When a Trading Member accepts orders for linked market derivatives transactions or Ordering for Linked Clearing, the Trading Member shall beforehand investigate the Customer's address, name and other details prescribed by the Exchange.

Article 22. Restriction on Brokerage Service for Other Trading Member's Directors, Officers or Employees

22.1 No Trading Member shall accept an order for market derivatives transactions on the Exchange's Market from a director, officer or employee of any other Trading Member without its prior written consent.

22.2 No Trading Member shall accept an order for linked market derivatives transactions or Ordering for Linked Clearing from a director, officer or employee of any other Trading Member without its prior written consent.

Article 23. Liability for Market Derivatives Contracts Executed and L-T Link Positions Arising

23.1 A Trading Member shall be liable for any and all market derivatives contracts executed at its bids or offers or any and all L-T Link Positions arising for its own account that have been executed or have arisen either by the method using the Member's terminal device set forth in Article 48 hereof or by the method specified in the Trading Regulations.

23.2 In addition to the foregoing, a Trading Member shall be liable for any and all market derivatives contracts executed at its bids or offers via the Member's terminal device in accordance with its Customers' instructions given by electronic means.

Article 24. Emergency Restriction

The Exchange may impose any necessary and appropriate restriction on operations by any or all of the Trading Members, in the case where the Exchange determines that it is urgently necessary in light of the operation of the Exchange's Market, in addition to the cases specified in the Trading Regulations.

Article 25. Conclusion of Clearing Agreement for Market Derivatives Transactions

25.1 A Non-Clearing Member for Interest Rate Futures contracts shall enter into a Clearing Agreement, in the form designated by the Exchange, with an Interest Rate Futures Clearing Member holding all of the same types of trading memberships as those held by the Non-Clearing Member for Interest Rate Futures contracts to cover all market derivatives contracts in connection with those trading memberships; provided, however, that a Japanese Yen Interest Rate Remote Trading Member shall enter into a Clearing Agreement with an Interest Rate Futures Clearing Member holding a Japanese Yen Interest Rate Trading Membership.

25.2 A Non-Clearing Member for FX Daily Futures contracts shall enter into a Clearing Agreement in the form prescribed by the Exchange, with a Daily Futures Clearing Member (meaning a Daily Futures Clearing Member as specified in Article 3 of the Clearing Regulations; this interpretation shall equally apply hereinafter) who has an FX Daily Futures Trading Membership to cover FX Daily Futures contracts.

25.3 A Non-Clearing Member for Equity Index Daily Futures contracts shall enter into a Clearing Agreement, in the form designated by the Exchange, with a Daily Futures Clearing Member who has an Equity Index Daily Futures Trading Membership (except a Daily Future Clearing Member who is a registered financial institution) to cover Equity Index Daily Futures contracts.

25.4 When the conditions specified in the Trading Regulations, the Special Provisions for Trading Regulations for FX Daily Futures Transactions (hereinafter called the "FX Special Provisions") or Special Provisions for Trading Regulations for Equity Index Daily Futures Transactions (hereinafter called the "Equity Index Special Provisions") are satisfied with respect to a bid or offer submitted by a Non-Clearing Member, a market derivatives contract (limited to a market derivatives contract to be covered by a Clearing Agreement; this interpretation shall equally apply hereinafter in

this Article 25) shall be executed on the Exchange's Market for the Non-Clearing Member's account in the name of its Designated Clearing Member. Accordingly, the Designated Clearing Member shall acquire and assume the rights and obligations for the market derivatives contract executed as aforesaid.

25.5 When the conditions specified in the Trading Regulations are satisfied for an L-T Link Position to arise under the Member Link Agreement entered into by a Non-Clearing Member, the L-T Link Position shall arise for the Non-Clearing Member's account in the name of its Designated Clearing Member. Accordingly, the Designated Clearing Member shall acquire and assume the rights and obligations for the L-T Link Position arising as aforesaid.

25.6 With respect to market derivatives contracts and L-T Link Positions created through give-up by a Non-Clearing Member in the name of its Designated Clearing Member, the Designated Clearing Member shall acquire and assume the rights and obligations for those market derivatives contracts and L-T Link Positions.

25.7 When a Non-Clearing Member enters into a Clearing Agreement or amends the same, the Non-Clearing Member shall notify the Exchange to that effect in accordance with the requirements prescribed by the Exchange.

25.8 Unless otherwise prescribed by the Exchange separately, termination of a Clearing Agreement shall not come into effect without approval of the Exchange.

Article 25-2. Development of Risk Management System

A Trading Member shall develop the risk management system for unsettled market derivatives transactions on the Exchange's Market (meaning the system to manage the risk which may arise due to fluctuation in the prices of the unsettled transactions held by it, default of contract by its counterparty or other reason).

CHAPTER III.

DEREGISTRATION OF TRADING MEMBERSHIP

Article 26. Application for Deregistration of Trading Membership

26.1 If a Trading Member desires to deregister any of its trading memberships, the Trading Member shall apply for deregistration of that type of trading membership in accordance with the requirements prescribed by the Exchange.

26.2 Notwithstanding the provision of Article 26.1 above, if the Trading Member desiring to deregister any trading membership is a Designated Clearing Member for any other Trading Member and has entered into a Clearing Agreement relevant to market derivatives transactions under the trading membership to be deregistered, the Trading Member shall not apply for deregistration unless and until it terminates all such Clearing Agreements and obtains approval from the Exchange.

26.3 Notwithstanding the provision of Article 26.1 above, if a Trading Member designated as an FX Market Maker pursuant to Article 10 of the FX Special Provisions desires to deregister its FX Daily Futures Trading Membership, the Trading Member shall not apply for deregistration unless and until it resigns as FX Market Maker in advance pursuant to Article 15 of the FX Special Provisions.

26.4 Notwithstanding the provision of Article 26.1 above, if a Trading Member designated as an Equity Index Market Maker pursuant to Article 10 of the Equity Index Special Provisions desires to deregister its Equity Index Daily Futures Trading Membership, the Trading Member shall not apply for deregistration unless and until it resigns as Equity Index Market Maker in advance pursuant to Article 16 of the Equity Index Special Provisions.

Article 27. Market Derivatives Contracts Involving Deregistration Applicant

27.1 With respect to a Trading Member who has applied for deregistration of a trading membership (hereinafter called a “deregistration applicant”), the Exchange shall suspend the execution of market derivatives contracts (but limited to those under the trading membership to be deregistered; this interpretation shall apply in this Article 27 except in Article 27.5 below) on the Exchange’s Market at the deregistration applicant’s bid or offer, effective from the time and date after the business day immediately

following the date of the Exchange's receipt of the application for deregistration designated by the Exchange.

27.2 Where the Exchange suspends market derivatives transactions in accordance with Article 27.1 above, if there are market derivatives contracts that have already been executed on the Exchange's Market at the deregistration applicant's bids or offers and still remain unsettled, the Exchange may cause the deregistration applicant to transfer any such unsettled contract(s) to any other Trading Member holding a trading membership of the same type, or liquidate them in any other manner deemed necessary by the Exchange, within the period prescribed by the Exchange.

27.3 Notwithstanding the provision of Article 27.1 above, a deregistration applicant may execute market derivatives contracts at its bids or offers on the Exchange's Market, with the Exchange's approval, to the extent necessary for the transfer or liquidation set forth in Article 27.2 above.

27.4 If a deregistration applicant for Japanese Yen Interest Rate Trading Membership or Japanese Yen Interest Rate Remote Trading Membership has entered into a Member Link Agreement, the deregistration applicant shall terminate the Member Link Agreement by the time designated by the Exchange.

27.5 Where the Exchange suspends market derivatives transactions relevant to Japanese Yen Interest Rate Trading Membership or Japanese Yen Interest Rate Remote Trading Membership in accordance with Article 27.1 above, if there are L-T Link Positions that have already arisen for the deregistration applicant's account and still remain unsettled, the Exchange may cause the deregistration applicant to transfer any such unsettled L-T Link Position(s) to any other Japanese Yen Interest Rate Trading Member or Japanese Yen Interest Rate Remote Trading Member, or liquidate them in any other manner deemed necessary by the Exchange, within the period prescribed by the Exchange.

27.6 The provision of Article 27.3 above shall apply *mutatis mutandis* to the transfer or liquidation set forth in Article 27.5 above.

27.7 The liquidation pursuant to Article 27.2 may be conducted before the suspension of execution of market derivatives contracts set forth in Article 27.1 when deemed necessary by the Exchange.

Article 28. Special Provisions for Merger or Consolidation of Deregistration Applicant

28.1 Notwithstanding the provision of Article 27.1 hereof, the Exchange shall not be required to suspend the execution of market derivatives contracts on the Exchange's Market at a deregistration applicant's bids or offers, if the Exchange determines that it is unnecessary to cause the deregistration applicant to transfer or liquidate its market derivatives contracts already executed at its bids or offers on the Exchange's Market and remaining unsettled because the deregistration applicant is, upon its deregistration, going to be merged with an entity admitted to or already holding a trading membership of the same type, or going to cause such an entity to succeed to the deregistration applicant's certain business by spin-off or transfer the business to such an entity.

28.2 Notwithstanding the provision of Article 27.4 hereof, a deregistration applicant for Japanese Yen Interest Rate Trading Membership who has entered into a Member Link Agreement shall not be required to terminate the said agreement, if the condition separately prescribed by the Exchange is applicable where the deregistration applicant is, upon its deregistration, going to be merged with an entity admitted to or already holding a Japanese Yen Interest Rate Trading Membership, or going to cause such an entity to succeed to the deregistration applicant's certain business by spin-off or transfer the business to such an entity.

28.3 Notwithstanding the provision of Article 27.4 hereof, a deregistration applicant for Japanese Yen Interest Rate Remote Trading Membership who has entered into a Member Link Agreement shall not be required to terminate the said agreement, if the condition separately prescribed by the Exchange is applicable where the deregistration applicant is, upon its deregistration, going to be merged with an entity admitted to or already holding a Japanese Yen Interest Rate Remote Trading Membership, or going to cause such an entity to succeed to the deregistration applicant's certain business by spin-off or transfer the business to such an entity.

Article 29. Approval of Deregistration of Trading Membership

29.1 When approving deregistration of a trading membership of a deregistration

applicant, the Exchange shall designate a specific future date and time from which the deregistration will take effect; provided, however, that approving deregistration of the FX Broker Trading Membership or the LP Trading Membership shall be governed by Article 29-2 and approving deregistration of all trading memberships for Interest Rate Futures contracts of a deregistration applicant who has the Interest Rate Futures Clearing Membership shall be governed by Article 29-3.

29.2 When deregistration of a trading membership set forth in each Item below is approved pursuant to Article 29.1 above, deregistration of a clearing membership set forth in the relevant Item of the same deregistration applicant shall be approved simultaneously.

- (1) **FX Daily Futures Trading Membership**
Daily Futures Clearing Membership (meaning a Daily Futures Clearing Membership as specified in Article 3.2(2) of the Clearing Regulations; this interpretation shall equally apply hereinafter), excluding the cases where the Trading Member who currently has an Equity Index Daily Futures Trading Membership will keep holding the Equity Index Daily Futures Trading Membership after the deregistration of the FX Daily Futures Trading Membership, or the Trading Member acquires an Equity Index Daily Futures Trading Membership simultaneously with the deregistration of the FX Daily Futures Trading Membership, or the Daily Futures Clearing Member who is a registered financial institution conducts clearing business for Equity Index Daily Futures contracts after the deregistration of the FX Daily Futures Trading Membership.
- (2) **Equity Index Daily Futures Trading Membership**
Daily Futures Clearing Membership, except the cases where the Trading Member who currently has an FX Daily Futures Trading Membership will keep holding the FX Daily Futures Trading Membership after the deregistration of the Equity Index Daily Futures Trading Membership, or the Trading Member acquires an FX Daily Futures Trading Membership simultaneously with the deregistration of the Equity Index Daily Futures Trading Membership.

Article 29-2. Deregistration of FX Broker Trading Membership or LP Trading

Membership

Notwithstanding the provisions of Article 29 above, the Exchange shall approve deregistration of the FX Broker Trading Membership or the LP Trading Membership subject to deregistration of FX Clearing Futures Clearing Membership of the deregistration applicant pursuant to the Clearing Regulations simultaneously with the deregistration of the FX Clearing Futures Clearing Membership.

Article 29-3. Deregistration of All Trading Memberships for Interest Rate Futures Contracts

Notwithstanding the provisions of Article 29 above, the Exchange shall approve deregistration of all trading memberships for Interest Rate Futures contracts of a deregistration applicant who has the Interest Rate Futures Clearing Membership, subject to the condition that the deregistration applicant's Interest Rate Futures Clearing Membership is deregistered pursuant to the Clearing Regulations simultaneously with its deregistration of all trading memberships for Interest Rate Futures contracts.

Article 30. Public Notice and Notification of Deregistration of Trading Membership

When a Trading Member's trading membership is deregistered (including the case of deregistration due to disqualification of the trading membership pursuant to Chapter IV of Part 2 hereof; this interpretation shall equally apply hereinafter), the Exchange shall immediately give public notice of the deregistration and the refund of the market entry deposit associated with such deregistration, and shall notify all other Trading Members holding the same type of trading membership of such deregistration; provided, however, that, when the Japanese Yen Interest Rate Trading Membership, the Yen Interest Rate Swap Futures Trading Membership, or the Japanese Yen Interest Rate Remote Trading Membership of the said Trading Member is deregistered, the Exchange shall notify all other Interest Rate Futures Trading Members, when the Equity Index Daily Futures Trading Membership or the Equity Index Daily Futures Remote Trading Membership is deregistered, the Exchange shall notify the Equity Index Daily Futures Trading Members, etc. of such deregistration, and when the FX Broker Trading Membership or LP Trading Membership is deregistered, the Exchange shall notify the

FX Clearing Futures Trading Members of such deregistration.

Article 31. Performance of Outstanding Obligations upon Deregistration

A person whose trading membership has been deregistered shall perform all outstanding obligations owed to other Trading Members or the Exchange by appropriating money, securities or other equivalents to be returned by the Exchange.

Article 32. Settlement of Market Derivatives Contracts after Deregistration

32.1 If there is any unsettled market derivatives contract (but limited to those relevant to the deregistered trading membership) that had already been executed on the Exchange's Market at a bid or offer submitted by a person whose trading membership has been deregistered, the Exchange shall cause the deregistered person or its general successor to settle the said contract; provided, however, that, if the Exchange determines such settlement as being inappropriate, the Exchange may cause any other Trading Member holding a trading membership of the same type to settle the said contract.

32.2 If there is any unsettled L-T Link Position that had already arisen for the account of a person whose Japanese Yen Interest Rate Trading Membership or Japanese Yen Interest Rate Remote Trading Membership has been deregistered, the Exchange shall cause the deregistered person or its general successor to settle the said position; provided, however, that, if the Exchange determines such settlement as being inappropriate, the Exchange may cause any other Japanese Yen Interest Rate Trading Member or Japanese Yen Interest Rate Remote Trading Member to settle the said position.

32.3 In addition to those specified in Article 32.1 above, the Exchange may cause any unsettled FX Daily Futures contract(s) that had been executed by a person whose FX Daily Futures Trading Membership has been deregistered to be transferred to any other FX Daily Futures Trading Member or liquidated in any other manner deemed necessary by the Exchange.

32.4 In addition to those specified in Article 32.1 above, the Exchange may cause any unsettled Equity Index Daily Futures contract(s) that had been executed by a person

whose Equity Index Daily Futures Trading Membership or Equity Index Daily Futures Remote Trading Membership has been deregistered to be transferred to any other Equity Index Daily Futures Trading Member, etc. or to be liquidated in any other manner deemed necessary by the Exchange.

32.5 In addition to those specified in Article 32.1 above, the Exchange may cause any unsettled FX Clearing Futures contract(s) that had been executed by a person whose FX Broker Trading Membership or LP Trading Membership has been deregistered to be transferred to any other FX Clearing Futures Trading Member or liquidated in a manner deemed necessary by the Exchange.

Article 33. Market Derivatives Contracts for Non-Clearing Member's Account upon its Designated Clearing Member's Deregistration

33.1 If the clearing membership held by a Clearing Member is deregistered, the Exchange shall suspend the execution of market derivatives contracts (limited to those relevant to the deregistered clearing membership of the Clearing Member (hereinafter called a "Deregistered Clearing Member" in this Article 33); the same definition shall apply in this Article 33) on the Exchange's Market in the name of the Deregistered Clearing Member at bids or offers submitted or to be submitted by a Non-Clearing Member who has entered into a Clearing Agreement with the Deregistered Clearing Member (hereinafter called an "Entrusting Non-Clearing Member" in this Article 33) covering the market derivatives contracts relevant to the deregistered Clearing Membership.

33.2 Where market derivatives transactions are suspended in accordance with Article 33.1 above, if there are market derivatives contracts that have already been executed at the Entrusting Non-Clearing Member's bids or offers in the name of the Deregistered Clearing Member and still remain unsettled, the Exchange may cause any such unsettled market derivatives contract(s) to be transferred to any other Trading Member holding a trading membership of the same type or liquidated in any other manner deemed necessary by the Exchange.

33.3 Notwithstanding the provision of Article 33.1 above, the Entrusting Non-Clearing Member may execute market derivatives contracts at its own bids or offers on the Exchange Market in the name of the Deregistered Clearing Member, with the

Exchange's approval, to the extent necessary for the transfer or liquidation set forth in Article 33.2 above.

33.4 If a Deregistered Clearing Member who held the Interest Rate Futures Clearing Membership (meaning the Interest Rate Futures Clearing Membership as specified in Article 3.2(1) of the Clearing Regulations; this interpretation shall equally apply hereinafter) entered into a Member Link Agreement with an Entrusting Non-Clearing Member, the Exchange shall suspend the arising of L-T Link Positions in the name of the Deregistered Clearing Member for the Entrusting Non-Clearing Member's account.

33.5 Where arising of a L-T Link Position is suspended in accordance with Article 33.4 above, if there are L-T Link Positions that have already arisen in the name of the Deregistered Clearing Member for the Entrusting Non-Clearing Member's account and still remain unsettled, the Exchange may cause any such L-T Link Position(s) to be transferred to any other Japanese Yen Interest Rate Trading Member or Japanese Yen Interest Rate Remote Trading Member or liquidated in any other manner deemed necessary by the Exchange.

33.6 The provision of Article 33.3 above shall apply mutatis mutandis to the transfer or liquidation set forth in Article 33.5 above.

Article 34. Name Transfer for Trading Membership

34.1 Transfer of a trading membership from a deregistration applicant shall be allowed, subject to approval by the Exchange, only in the case where a trading membership applicant is allowed to acquire a trading membership on condition that the same type of trading membership held by the deregistration applicant will be deregistered at the same time.

34.2 A person intending to acquire a trading membership by name transfer shall take the procedures for the acquisition of the trading membership as set forth in Chapter II of Part 2 hereof.

34.3 Notwithstanding the provision of Article 53.3 hereof, a person acquiring a trading membership by name transfer shall pay the name transfer charge, in lieu of the trading registration fee, for the acquired trading membership.

34.4 Notwithstanding the provision of Article 34.1 hereof, a deregistration applicant which is a Bridge Financial Institution, etc. (meaning the Bridge Financial Institution, etc. defined in Article 126-34, Paragraph 3, Item 5 of the Deposit Insurance Act (Act No. 34 of 1971); this interpretation shall equally apply hereinafter) shall not be in principle qualified for name transfer of trading membership.

Article 35. Trading Deregistration Fee

35.1 If a Trading Member is to be deregistered, the Trading Member shall pay the trading deregistration fee by the date and time designated by the Exchange whether the deregistration is applied in accordance with Article 26 above or for any other reason.

35.2 The Exchange may exempt a Trading Member to be deregistered from the payment of the trading deregistration fee in whole or in part if the Exchange deems that there exists a particular cause for the exemption.

CHAPTER IV.

**EFFECTS OF
DISCIPLINARY, REGULATORY AND OTHER MEASURES**

Articles 36 and 37 (Deleted)

Article 38. Market Derivatives Contracts for Suspended or Restricted Trading Member

38.1 If a Disciplinary Measure, etc. (meaning the disciplinary or regulatory measures set forth in Articles 61 through 63 hereof, disqualification from the trading membership set forth in Article 64.3 hereof and the actions set forth in Article 66 hereof, which interpretation shall equally apply hereinafter) imposed by the Exchange on a Trading

Member (meaning any of the disciplinary measures and the regulatory measures set forth in Articles 61 through 63 and 66 hereof or disqualification of a trading membership set forth in Article 64.3 hereof; this interpretation shall equally apply hereinafter) is suspension from or restriction on the execution of market derivatives contracts at the Trading Member's bids or offers on the Exchange's Market, the Exchange may, during the period of such suspension or restriction, cause to be transferred to any other Trading Member holding a trading membership qualified for the relevant market derivatives contracts or liquidated in any other manner deemed necessary by the Exchange, any of the market derivatives contracts that have already been executed at the said Trading Member's bids or offers on the Exchange Market and still remain unsettled.

38.2 A Trading Member subject to a disciplinary or any other measure referred to in Article 38.1 above may execute market derivatives contracts at its bids or offers on the Exchange's Market, with the Exchange's approval, to the extent necessary for the transfer or liquidation set forth in Article 38.1 above.

38.3 If a disciplinary or any other measure imposed by the Exchange on a Trading Member is suspension from or restriction on the execution of market derivatives contracts by the Trading Member on the Exchange's Market, the Exchange may, during the period of such suspension or restriction, cause to be transferred to any other Japanese Yen Interest Rate Trading Member or Japanese Yen Interest Rate Remote Trading Member or liquidated in any other manner deemed necessary by the Exchange, any of the L-T Link Positions that have already arisen for the said Trading Member's account and still remain unsettled.

38.4 The provision of Article 38.2 above shall apply mutatis mutandis to the transfer or liquidation set forth in Article 38.3 above.

38.5 If the Exchange deems it necessary in the liquidation pursuant to Article 38.1 or 38.3 above (provided, however, such liquidation shall be limited on account of any unsettled Interest Rate Futures contract that has already been executed on the Exchange's Market at a bid or offer of the Interest Rate Futures Trading Member who has the Interest Rate Futures Clearing Membership subject to the Disciplinary Measure, etc. under Article 38.1, or any unsettled L-T Link Position that has already arisen for the account of the Trading Member (hereinafter called "Unsettled contracts for Interest Rate Futures transactions, etc." in this Article 38)), the Exchange may hold a Position Liquidation Auction (meaning a "Position Liquidation Auction" specified in Article

15-9.5 of the Clearing Regulations; this interpretation shall equally apply hereinafter) for the Unsettled contracts for Interest Rate Futures transactions, etc of such Trading Member.

38.6 The Exchange may discuss how to deal with the Position Liquidation Auction of the Unsettled contracts for Interest Rate Futures transactions, etc. specified in Article 38.5 with the other Interest Rate Futures Trading Members who have the Interest Rate Futures Clearing Membership. When the Exchange holds such discussion, the Interest Rate Futures Trading Members shall make efforts to agree to hold such discussion.

Article 39. Market Derivatives Contracts for Non-Clearing Member's Account in Relation to Suspended Designated Clearing Member

39.1 If a Designated Clearing Member is suspended from market derivatives transactions, the Exchange may suspend the execution of market derivatives contracts on the Exchange's Market in the name of the Designated Clearing Member at bids or offers to be submitted by a Non-Clearing Member who has entered into a Clearing Agreement with the Designated Clearing Member.

39.2 If the Exchange suspends the execution of market derivatives contracts in accordance with Article 39.1 above, the Exchange may cause to be transferred to any other Trading Member holding a trading membership qualified for the relevant market derivatives contracts or liquidated in any other manner deemed necessary by the Exchange, any of the market derivatives contracts that have already been executed on the Exchange's market at the Non-Clearing Member's bids or offers in the name of the suspended Designated Clearing Member and still remain unsettled.

39.3 Notwithstanding the provision of Article 39.1 above, the Non-Clearing Member may execute market derivatives contracts at its bids or offers in the name of the suspended Designated Clearing Member on the Exchange's market, with the Exchange's approval, to the extent necessary for the transfer or liquidation set forth in Article 39.2 above.

39.4 If a Designated Clearing Member is suspended from market derivatives transactions, the Exchange may suspend the arising of L-T Link Positions in the name of the Designated Clearing Member for the account of a Non-Clearing Member who has

entered into a Clearing Agreement with the Designated Clearing Member.

39.5 If the Exchange suspends market derivatives transactions in accordance with Article 39.1 above, the Exchange may cause to be transferred to any other Japanese Yen Interest Rate Trading Member or Japanese Yen Interest Rate Remote Trading Member or liquidated in any other manner deemed necessary by the Exchange, any of the L-T Link Positions that have arisen in the name of the Designated Clearing Member for the Non-Clearing Member's account and still remain unsettled.

39.6 The provision of Article 39.3 above shall apply mutatis mutandis to the transfer or liquidation set forth in Article 39.5 above.

39.7 If the Exchange deems it necessary in the liquidation pursuant to Article 39.2 or 39.5 above (provided, however, such liquidation shall be limited on account of any unsettled Interest Rate Futures contracts that has already been executed on the Exchange's Market at a bid or offer of the Non-Clearing Member who has entered into a Clearing Agreement with the Designated Clearing Member subject to the Disciplinary Measure, etc. in Article 39.1 in the name of the suspended Designated Clearing Member, or any unsettled L-T Link Position that has arisen in the name of the Designated Clearing Member for the account of the Non-Clearing Member (hereinafter called "Unsettled contracts for Interest Rate Futures transactions, etc. of Non-Clearing Member" in this Article 39)), the Exchange may hold a Position Liquidation Auction for Non-Clearing Member (meaning a "Position Liquidation Auction for Non-Clearing Member" specified in Article 15-10.7 of the Clearing Regulations; this interpretation shall equally apply hereinafter) for the Unsettled contracts for Interest Rate Futures transactions, etc. of Non-Clearing Member.

39.8 The Exchange may discuss how to deal with the Position Liquidation Auction for Non-Clearing Member specified in Article 39.7 with the other Interest Rate Futures Trading Members who have Interest Rate Futures Clearing Membership. When the Exchange holds such discussion, the Interest Rate Futures Trading Members shall make efforts to agree to hold such discussion.

Article 40. Notification and Announcement of Disciplinary or Any Other Measure

40.1 When the Exchange has imposed a disciplinary or any other measure on a Trading Member, the Exchange shall notify all other Trading Members and make an announcement to that effect.

40.2 If a disciplinary or any other measure imposed by the Exchange on a Trading Member is suspension from or restriction on the execution of market derivatives contracts at the Trading Member's bids or offers on the Exchange's Market, the Trading Member shall place a notice of such suspension or restriction at its office and other appropriate places in accordance with the requirements prescribed by the Exchange.

40.3 If a disciplinary or any other measure imposed by the Exchange on a Trading Member is suspension from or restriction on the arising of L-T Link Positions, the Trading Member shall place a notice of such suspension or restriction at its office and other appropriate places in accordance with the requirements prescribed by the Exchange.

Articles 41 and 42 (Deleted)

CHAPTER V.

MEDIATION

Article 43. Request for Mediation

43.1 Upon request by a Trading Member or a Customer in accordance with the regulations prescribed by the Exchange, the Exchange shall, pursuant to its prescribed regulations, mediate a dispute between the Trading Member and another Trading Member in connection with market derivatives transactions on the Exchange's Market or a dispute between the Customer and the concerned Trading Member in connection with brokerage service for market derivatives transactions on the Exchange's Market.

43.2 Upon request by a Trading Member or a Customer in accordance with the regulations prescribed by the Exchange, the Exchange shall, pursuant to its prescribed

regulations, mediate a dispute between the Trading Member and another Trading Member in connection with an L-T Link Position or a dispute between the Customer and the concerned Trading Member in connection with placement of orders for linked market derivatives transactions or Ordering for Linked Clearing.

43.3 Notwithstanding the provisions of Articles 43.1 and 43.2 above, the Exchange may decline to mediate a dispute if the Exchange determines that a nature of the dispute is inappropriate for being solved through mediation or that the request for mediation has been made by the concerned party for an unjust purpose, or if one of the disputing parties refuses mediation in the case of a dispute between a Trading Member and its Customer.

43.4 If any Trading Member in dispute requests mediation by the Exchange for a dispute with any other Trading Member, the other Trading Member shall accept mediation by the Exchange.

Article 44. Joint Mediation

44.1 With respect to a dispute in connection with a linked market derivatives contract or an L-T Link Position between a Trading Member and a member of a Linked Overseas Exchange as specified in Article 2(3) of the Trading Regulations who is a counterparty under a Member Link Agreement, the Exchange shall conduct mediation jointly with the Linked Overseas Organization as specified in Article 2(5) of the Trading Regulations (hereinafter called “joint mediation”) in accordance with the Joint Mediation Regulations set forth in Article 47 hereof, in response to a request from the Trading Member in accordance with the regulations prescribed by the Exchange or a request from its counterparty under the Member Link Agreement through the Linked Overseas Organization.

44.2 When the Exchange conducts joint mediation in response to a request from the counterparty to a Trading Member under a Member Link Agreement through the Linked Overseas Organization, the Trading Member who is also a party to the Member Link Agreement shall accept joint mediation by the Exchange.

Article 45. Investigation for Mediation

When conducting mediation or joint mediation, the Exchange may investigate the Trading Member in dispute with respect to the matters necessary for the mediation or joint mediation.

Article 46. Mediation Regulations

46.1 The procedures for mediation request, the mediation method and other necessary matters for mediation shall be specified in the Mediation Regulations.

46.2 The Mediation Regulations shall be established or amended by a resolution of the Exchange's board of directors.

Article 47. Joint Mediation Regulations

47.1 The procedures for joint mediation request, the joint mediation method and other necessary matters for joint mediation shall be specified in the Joint Mediation Regulations.

47.2 The Joint Mediation Regulations shall be established or amended by a resolution of the Exchange's board of directors with consent from a Linked Overseas Organization.

CHAPTER VI.

MISCELLANEOUS PROVISIONS

Article 47-2. Amounts of Trading Registration Fees and Other Fees

The amounts of the monthly exchange fees, the access fees, the Market Facility Usage Fees, the Trading ID Usage Fees and the give-up fees referred to in Article 11.1 hereof, the name transfer charge referred to in Article 34.3 hereof, the trading deregistration fees referred to in Article 35 hereof, the Inactivity Fees referred to in

Article 51-2.2 hereof and the trading registration fees referred to in Article 53.4 hereof shall be separately prescribed by the Exchange.

Article 48. Acquisition of Trading ID, Clearing ID, FX Operating ID, Equity Index Operating ID and FX Clearing Operating ID

48.1 An Interest Rate Futures Trading Member shall acquire an identification code required to access the Trading System (hereinafter called a “Trading ID”) and an identification code required to access the Clearing System (hereinafter called a “Clearing ID”) with the Exchange’s approval. Likewise, an FX Daily Futures Trading Member shall acquire an identification code required to access the FX/Equity Index Trading and Clearing System and to conduct its operations relevant to the FX Daily Futures transactions (hereinafter called an “FX Operating ID”) with the Exchange’s approval. Similarly, an Equity Index Daily Futures Trading Member or a Daily Futures Clearing Member who is a registered financial institution conducting a clearing business for Equity Index Daily Futures contracts shall acquire an identification code required to access the FX/Equity Index Trading and Clearing System and to conduct its operations relevant to the Equity Index Daily Futures transactions (hereinafter called an “Equity Index Operating ID”) with the Exchange’s approval. Similarly, an FX Broker Trading Member or an LP Trading Member shall acquire an identification code required to access the FX Clearing Trading and Clearing System and to conduct its operations relevant to the FX Clearing Futures transactions (hereinafter called an “FX Clearing Operating ID”) with the Exchange’s approval. (A Trading Member’s facilities used as the Member’s System for its operations concerning market derivatives transactions using its Trading ID, Clearing ID, FX Operating ID, Equity Index Operating ID or FX Clearing Operating ID shall be hereinafter called the “Member’s terminal device”).

48.2 When it is determined as being necessary for giving approval set forth in Article 48.1 above, the Exchange may attach conditions on the number of Trading IDs, Clearing IDs, FX Operating IDs, Equity Index Operating IDs or FX Clearing Operating IDs or how to use the said ID(s), or the number of lines for the Member’s terminal device, the place of its installation or its specifications, etc., and subsequently revise such conditions.

Article 49. Trading Officer

49.1 An Interest Rate Futures Trading Member shall elect one person from its employees who are responsible for its operations conducted by using its Trading ID(s) and appoint him/her as a Trading Officer who shall be responsible for supervising such operations and handling the matters related thereto, and notify the Exchange in advance of the Trading Officer appointed as aforesaid.

49.2 An Interest Rate Futures Trading Member may cause its Trading Officer to conduct any of the operations separately prescribed by the Exchange, in addition to his/her duties set forth in Article 49.1 above.

Article 50. Clearing Officer

50.1 An Interest Rate Futures Trading Member shall elect one person from its employees who are responsible for its operations conducted by using its Clearing ID(s) (or who are responsible for the entrustment of such operations, if the said Trading Member is a Japanese Yen Interest Rate Remote Trading Member entrusting such operations to its Designated Clearing Member) and appoint him/her as a Clearing Officer who shall be responsible for supervising such operations and handling the matters related thereto, and notify the Exchange in advance of the Clearing Officer appointed as aforesaid.

50.2 An Interest Rate Futures Trading Member may cause its Clearing Officer to conduct any of the operations separately prescribed by the Exchange, in addition to his/her duties set forth in Article 50.1 above.

Article 50-2. FX Officer

50-2.1 An FX Daily Futures Trading Member shall elect one or more persons from its employees who are responsible for its operations conducted by using its FX Operating ID(s) and appoint each of them as an FX Officer who shall be responsible for supervising such operations and handling the matters related thereto (or if the FX Daily Futures Trading Member is an FX Market Maker and also conducts acceptance of orders as Non-FX Market Maker, it shall appoint one or more persons who shall be responsible for supervising the operations to be conducted to fulfill the responsibility as an FX

Market Maker and handling the matters related thereto and one or more persons who shall be responsible for supervising of the acceptance of orders and handling of the matters related thereto, respectively), and notify the Exchange in advance of the FX Officer(s) appointed as aforesaid.

50-2.2 An FX Daily Futures Trading Member may cause any of its FX Officers to conduct any of the operations separately prescribed by the Exchange, in addition to his/her duties set forth in Article 50-2.1 above.

Article 50-3. Equity Index Officer

50-3.1 An Equity Index Daily Futures Trading Member, etc. or a Daily Futures Clearing Member who is a registered financial institution conducting a clearing business for Equity Index Daily Futures contracts shall elect one or more persons from its employees who are responsible for its operations conducted by using its Equity Index Operating ID(s) and appoint each of them as an Equity Index Officer who shall be responsible for supervising such operations and handling the matters related thereto (or if the Equity Index Daily Futures Trading Member, etc. is an Equity Index Market Maker and also conducts acceptance of orders as Non-Equity Index Market Maker, it shall appoint one or more persons who shall be responsible for supervising the operations to be conducted to fulfill the responsibility as an Equity Index Market Maker and handling the matters related thereto and one or more persons who shall be responsible for supervising of the acceptance of orders and handling of the matters related thereto, respectively), and notify the Exchange in advance of the Equity Index Officer(s) appointed as aforesaid.

50-3.2 An Equity Index Daily Futures Trading Member, etc. or a Daily Futures Clearing Member who is a registered financial institution conducting a clearing business for Equity Index Daily Futures contracts may cause any of its Equity Index Officers to conduct any of the operations separately prescribed by the Exchange, in addition to his/her duties set forth in Article 50-3.1 above.

Article 50-4. FX Clearing Officer

50-4.1 An FX Broker Trading Member and an LP Trading Member shall elect one or

more persons from its employees who are responsible for its operations conducted by using its FX Clearing Operating ID(s) and appoint each of them as an FX Clearing Officer who shall be responsible for supervising such operations and handling the matters related thereto (or if the FX Clearing Futures Trading Member has both FX Broker Trading Membership and LP Trading Membership, it shall appoint an FX Clearing Officer for each trading membership), and notify the Exchange in advance of the FX Clearing Officer(s) appointed as aforesaid.

50-4.2 An FX Broker Trading Member or an LP Trading Member may cause any of its FX Clearing Officers to conduct any of the operations separately prescribed by the Exchange, in addition to his/her duties set forth in Article 50-4.1 above.

Article 51. Decision of Necessary Matters for Trading Members

In addition to the provisions of these Regulations, any matters necessary to stipulate in connection with Trading Members shall be separately prescribed by the Exchange.

Article 51-2. Inactive Trading Member

51-2.1 An Interest Rate Futures Trading Member may apply for suspension of its rights and obligations as Trading Member in the manners prescribed by the Exchange, and when such application is approved by the Exchange, the rights and obligations of such Interest Rate Futures Trading Member as Trading Member shall be suspended from the date and time designated by the Exchange.

51-2.2 The Trading Member whose rights and obligations are suspended in accordance with Article 51-2.1 hereof (hereinafter called the "Inactive Trading Member") shall pay the Exchange the Inactivity Fee for the suspension as prescribed by the Exchange.

51-2.3 The Inactive Trading Member may apply for lifting of the suspension under Article 51-2.1 hereof in the manners prescribed by the Exchange, and when such application is approved by the Exchange, the rights and obligations of such Inactive Trading Member as Trading Member shall be resumed from the date and time designated by the Exchange.

PART 2: SELF-REGULATORY OPERATIONS

CHAPTER I.

GENERAL PROVISIONS

Article 52. Authority of Self-regulatory Committee

Decisions on the matters concerning the self-regulatory operations set forth in this Part 2 shall be made by the Self-regulatory Committee.

CHAPTER II.

ACQUISITION OF TRADING MEMBERSHIP

Article 53. Application for Trading Membership and Membership Approval

53.1 A person who desires to acquire a trading membership (hereinafter called a “trading membership applicant”) shall file an application for each desired type of trading membership with the Exchange in accordance with the requirements prescribed by the Exchange.

53.2 Upon receipt of an application for trading membership referred to in Article 53.1 above, the Self-regulatory Committee shall examine the applicant in light of the qualification criteria prescribed by the Exchange for each type of trading membership. If the Self-regulatory Committee determines that the trading membership applicant is

qualified for the trading membership as a result of such examination, the Exchange shall approve the trading membership for the said applicant.

53.3 Notwithstanding the provision of Article 53.1 hereof, a trading membership applicant which is a Bridge Financial Institution, etc. may file an application for any trading membership with the Exchange in accordance with the requirements prescribed by the Exchange. In such case, the Exchange may admit the said trading membership applicant to the trading membership.

53.4 When the Exchange approves a trading membership for a trading membership applicant in accordance with the provision of Article 53.2 hereof, the applicant shall pay a trading registration fee to the Exchange, deposit a market entry deposit with the Exchange, and take other procedures for the acquisition of the trading membership separately prescribed by the Exchange.

53.5 When the Exchange approves a trading membership for a trading membership applicant in accordance with the provision of Article 53.3 hereof, the applicant shall deposit a market entry deposit with the Exchange, and take other procedures for the acquisition of the trading membership separately prescribed by the Exchange.

53.6 If a trading membership applicant does not acquire a clearing membership relevant to the market derivative transactions, etc. covered by the trading membership to be acquired, the applicant shall enter into a Clearing Agreement set forth in Article 25.1, 25.2 or 25.3 hereof before filing an application for the trading membership.

53.7 If a trading membership applicant fails to take the procedures set forth in Article 53.4 or 53.5 above by the designated deadline, the applicant shall be deemed to have withdrawn its application for the trading membership.

Article 54. Time and Date of Acquisition of Trading Membership

54.1 A trading membership applicant who has completed the procedures set forth in Article 53.4 hereof by the designated due date shall acquire the trading membership as from the time and date designated by the Exchange.

54.2 A trading membership applicant which is a Bridge Financial Institution, etc. and

which has completed the procedures set forth in Article 53.5 hereof that have been designated by the Exchange by the designated due date shall acquire the trading membership as from the time and date designated by the Exchange.

54.3 When a trading membership applicant becomes a Trading Member in accordance with Article 54.1 or 54.2 above, the Exchange shall notify all other Trading Members holding the same type of trading membership to that effect; provided, however, that, when the said trading membership applicant becomes a Japanese Yen Interest Rate Trading Member, a Yen Interest Rate Swap Futures Trading Member, or a Japanese Yen Interest Rate Remote Trading Member, the Exchange shall notify all other Interest Rate Futures Trading Members to that effect, the said trading membership applicant becomes Equity Index Daily Futures Trading Member or Equity Index Daily Futures Remote Trading Member, the exchange shall notify all other Equity Index Daily Futures Trading Members, etc. to that effect, and the said trading membership applicant becomes FX Broker Trading Member or LP Trading Member, the Exchange shall notify all other FX Clearing Futures Trading Members to that effect.

CHAPTER III.

INVESTIGATION AGAINST TRADING MEMBERS

Article 55. Notifiable Matters

Before taking any of the following actions, a Trading Member shall notify the Exchange of the details thereof in accordance with the requirements prescribed by the Exchange.

- (1) Amendment to the articles of incorporation or equivalent of the Trading Member (excluding the cases referred to in Item (4) below or Item (6) or (9) of Article 56.1 hereof)
- (2) Merger

- (3) Succession of the whole or part of business to or from another company due to company split
- (4) Transfer of the whole or substantial part of the Trading Member's business
- (5) Reduction of the Trading Member's total capital
- (6) Abolition of financial instruments business, business conducted in the capacity of a registered financial institution, trading business at the Exchange (hereinafter collectively called "financial instruments or other specified business")

Article 56. Reportable Matters

56.1 If any of the following events occurs to a Trading Member, the Trading Member shall immediately report the details thereof to the Exchange in accordance with the requirements prescribed by the Exchange; provided, however, that the foregoing shall not apply if the Exchange determines such reporting as being unnecessary.

- (1) The Trading Member ceases to satisfy any of the qualification criteria for trading membership separately prescribed by the Exchange (excluding those qualification criteria provided in Article 15.3 (4) (b), (c), (e) and (f), Article 15.4 (4) (b), (d) and (e), Article 15.6 (3) (b), (c), (e) and (f), Article 15.7 (3) (c), (e) and (f), Article 15.10 (3) (b) and (c), Article 15.11 (3) (c), Article 15.13 (4) (b), (c), (e) and (f), Article 15.14 (4) (b), (d) and (e), Article 15.16 (4) (b), (c), (e) and (f) and Article 15.17 (4) (b), (c), (e) and (f) of the Enforcement Regulations for Trading Member Regulations).
- (1)-2 With respect to the FX Daily Futures Trading Member, the Equity Index Daily Futures Trading Member, etc. or the FX Clearing Futures Trading Member not guaranteed by its parent company (meaning the entity holding a majority of the voting rights of all shareholders of the FX Daily Futures Trading Member, the Equity Index Daily Futures Trading Member, etc. or the FX Clearing Futures Trading Member; this

interpretation shall equally apply in Article 63.2 (2) and (4) below when it acquired the trading membership, its net asset value falls below three hundred million Japanese Yen (¥300,000,000).

- (1)-3 The FX Daily Futures Trading Member, the Equity Index Daily Futures Trading Member, etc. or the FX Clearing Futures Trading Member falls under any of the following cases.
- (a) With respect to a financial instruments firm (meaning the financial instruments firm (*kinyu'u shouhin torihiki gyousha*) set forth in Paragraph 9 of Article 2 of the Act; this interpretation shall equally apply hereinafter), its Capital-to-Risk Ratio falls below one hundred and forty percent (140%).
 - (b) With respect to a special financial instruments firm (limited to a special financial instruments firm (*tokubetsu kinyu'u shouhin torihiki gyousha*) set forth in Paragraph 2 of Article 57-2 of the Act who files the notification under Paragraph 2 of Article 57-5 of the Act; this interpretation shall equally apply hereinafter), its Consolidated Capital-to-Risk Ratio calculated by the method set forth in Article 2 of the Financial Services Agency Notification No. 128 of 2010 (hereinafter called "Consolidated Capital-to-Risk Ratio on Downstream Consolidation") falls below one hundred and forty percent (140%).
 - (c) With respect to a designated special financial instruments firm (meaning a designated special financial instruments firm (*taishou tokubetsu kinyu'u shouhin torihiki gyousha*) set forth in Paragraph 3 of Article 57-12 of the Act; this interpretation shall equally apply hereinafter), in relation to its Consolidated Capital-to-Risk Ratio set forth in Article 2 of the Financial Services Agency Notification No. 130 of 2010 (hereinafter called "Consolidated Capital-to-Risk Ratio on the Uniform International Standard"), the consolidated common equity Tier 1 ratio set forth in Item 1 of the said Article (hereinafter called "Consolidated Common Equity Tier 1 Ratio") falls below two point two five percent (2.25%), the consolidated Tier 1 ratio set forth in Item 2 of the said Article (hereinafter called "Consolidated

Tier 1 Ratio”) falls below three percent (3%) or the total consolidated capital-to-risk ratio set forth in Item 3 of the said Article (hereinafter called “Total Consolidated Capital-to-Risk Ratio”) falls below four percent (4%) or the consolidated capital-to-risk ratio calculated by the method set forth in Article 4 of the said Notification (hereinafter called “Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation”) falls below one hundred and forty percent (140%).

- (2) The Trading Member falls under any of the items listed in Paragraph 1 of Article 29-4, Paragraph 1 of Article 33-5, or Paragraph 1 of Article 60-3 of the Act.
- (3) The Trading Member becomes or is likely to become insolvent.
- (4) The amount of the Trading Member's net assets is decreased by twenty percent (20%) or more, compared with the amount of net assets as of its latest fiscal year end or the amount most recently reported to the Exchange in accordance with this Item (4).
- (5) An order of attachment is imposed on the Trading Member due to coercive tax collection or any other reason or an equivalent disciplinary measure is imposed on the Trading Member in a foreign country (excluding the case referred to in Item (10) below).
- (6) The Trading Member's total capital is increased, or its total number of authorized shares or equivalent is changed.
- (7) There is a change in any of the shareholders or investors whose equity interest or contribution (either held directly by itself or indirectly through another person) in the Trading Member is ten percent (10%) or more.
- (8) The Trading Member takes over the whole or a substantial part of business.
- (9) There is a change in the Trading Member's head office or any of its

other business offices or branches engaged in market derivatives transactions on the Exchange's Market.

- (10) The Trading Member is subject to an inquiry, inspection, detention, visitation, investigation, attachment, hearing, a disciplinary measure, or a punishment pursuant to applicable provisions of the Act or any other relevant law or regulation or any equivalent foreign law or regulation; provided, however, that the foregoing shall apply only when the causal event is related to market derivatives transactions, etc. (meaning market derivatives transactions or foreign market derivatives transactions; this interpretation shall equally apply hereinafter) or transactions on commodity markets, and further provided that the events covered by this Item (10) shall not include an event referred to in Item (2) above.
- (11) A disciplinary measure is imposed on the Trading Member by any other financial instruments exchange, a commodity exchange, a financial instruments firms association or a commodity futures association, or any other equivalent foreign exchange or organization; provided, however, that the foregoing shall apply only when the disciplinary measure imposed is related to market derivatives transactions, etc. or transactions on commodity markets.
- (12) A director or officer of the Trading Member is sentenced to a fine or severer punishment in accordance with applicable provisions of the Act and other financial instruments legislation, the Foreign Exchange and Foreign Trade Act (Act no. 228 of 1949, hereinafter called the "Foreign Exchange Act") or any regulations thereunder (hereinafter called the "Foreign Exchange Acts"), the Commodity Derivatives Act (Act No. 239 of 1950, hereinafter called the "Commodity Derivatives Act") or any regulations thereunder (hereinafter called the "Commodity Derivatives Acts"), or any equivalent foreign legislation; provided, however, that the foregoing shall apply only when the sentence is related to market derivatives transactions, etc. or transactions on commodity markets;
- (13) The Trading Member is registered as a financial instrument firm or as a

licensed financial institution (registered financial institution), or approved as an exchange licensed firm, or such registration or approval is revoked.

- (14) There is any change in the business description or operation procedures for the Trading Member's financial instruments or other specified business controlling its market derivatives transactions on the Exchange's Market.
- (15) The Trading Member becomes a party to a litigation in connection with market derivatives transactions on the Exchange's Market or brokerage service therefor, or the said litigation comes to an end.
- (16) There occurs any other event for which the Exchange determines that reporting by the Trading Member is needed.

56.2 If an entity which controls a Trading Member as a subsidiary or which is designated by the Exchange as substantially controlling a Trading Member (hereinafter called a "Parent Company") falls under any of the events set forth in Article 55(5) hereof or Item (3), (4) or (5) of Article 56.1 above, the Trading Member shall immediately report the details thereof to the Exchange in accordance with the requirements prescribed by the Exchange. In this case, the term "Trading Member's net assets" referred to in Article 56.1(4) above shall be replaced with "Parent Company's net assets," and the phrase "the amount of net assets as of its latest fiscal year end or the amount most recently reported to the Exchange in accordance with this Item (4)" shall be replaced with "the amount of net assets as of its latest fiscal year end."

56.3 If a Trading Member becomes a party to a litigation in connection with linked market derivatives transactions specified in Article 2(6) of the Trading Regulations or placement of orders therefor, acceptance, etc. of orders for linked market derivatives transactions, Acceptance of Linked Clearing, or the arising of an L-T Link Position, or if the said litigation comes to an end, the Trading Member shall immediately report the details thereof to the Exchange in accordance with the requirements prescribed by the Exchange.

56.4 If and when any of the events separately prescribed by the Exchange occurs to a Trading Member which is a special financial instruments firm or a designated special

financial instruments firm, such Trading Member shall report on the details of such event to the Exchange without delay unless the Exchange determines such report not necessary.

Article 57. Financial Reporting

57.1 A Trading Member shall periodically report its financial condition to the Exchange in accordance with the requirements prescribed by the Exchange.

57.2 A Trading Member controlled by its Parent Company shall periodically submit financial statements of the Parent Company to the Exchange in accordance with the requirements prescribed by the Exchange.

57.3 If and when an FX Daily Futures Trading Member, an Equity Index Daily Futures Trading Member, an Equity Index Daily Futures Remote Trading Member or an FX Clearing Futures Trading Member prepares the monitoring survey under Article 56-2 of the Act, it shall report on the details of the monitoring survey to the Exchange in the manners prescribed by the Exchange.

57.4 If and when an FX Daily Futures Trading Member, an Equity Index Daily Futures Trading Member, or an FX Clearing Futures Trading Member prepares the document under the Acts or files the notification with the Commissioner of the Financial Services Agency with respect to its Capital-to-Risk Ratio and the Exchange deems it necessary, it shall report on its Capital-to-Risk Ratio to the Exchange in the manners prescribed by the Exchange.

57.5 If and when an FX Daily Futures Trading Member, an Equity Index Daily Futures Trading Member or an FX Clearing Futures Trading Member who is a special financial instruments firm prepares the document under the Acts or files the notification with the Commissioner of the Financial Services Agency with respect to its Consolidated Capital-to-Risk Ratio on Downstream Consolidation and the Exchange deems it necessary, it shall report on such consolidated Capital-to-Risk Ratio to the Exchange in the manners prescribed by the Exchange.

57.6 If and when an FX Daily Futures Trading Member, an Equity Index Daily Futures Trading Member or an FX Clearing Futures Trading Member who is a

designated special financial instruments firm prepares the document under the Acts or files the notification with the Commissioner of the Financial Services Agency with respect to its Consolidated Common Equity Tier 1 Ratio with respect to Consolidated Capital-to-Risk Ratio on the Uniform International Standard, Consolidated Tier 1 Ratio and Total Consolidated Capital-to-Risk Ratio or Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation, and the Exchange deems it necessary, it shall report on each such ratio to the Exchange in the manners prescribed by the Exchange.

Article 58. Investigation against Trading Members

58.1 In any of the cases set forth in the respective Items below, or in any other case where the Exchange determines as being necessary for the operation of the Exchange's Market, the Exchange may require a Trading Member to submit a report or documents concerning its business or assets, or may cause the Exchange's staff to inspect the actual state of the Trading Member's business or assets, or its books and records or other properties.

- (1) When the Exchange investigates the Trading Member's compliance with financial instruments legislation including the Act (hereinafter called the "Acts"), the Foreign Exchange Acts, the Commodity Derivatives Acts or any equivalent foreign legislation (the Acts and all such legislations being hereinafter collectively called the "Acts, etc."); or any disciplinary measures imposed by the competent administrative authorities under the Acts, etc. (but limited to those related to market derivatives transactions, etc. or transactions on commodity markets), or the Articles of Incorporation, the Trading Regulations, the Brokering Terms, Clearing Agreements, the Clearing Regulations and other various rules and regulations of the Exchange or any disciplinary measures imposed thereunder, Member Link Agreements, or the just and equitable principle of trade.
- (2) When the Exchange investigates the Trading Member's financial condition.
- (3) When the Exchange examines the contents of market derivatives transactions conducted by the Trading Member on the Exchange's

Market (excluding such examinations that will be immediately carried out in order to facilitate market derivatives transactions on the Exchange's Market), or conducts any other investigation in order to ensure fairness of market derivatives transactions on the Exchange's Market.

- (4) When the Exchange determines that it is appropriate to provide information, in response to a request from any other financial instruments exchange or a financial instruments firms association (or any similar foreign organization), in order to facilitate their investigation conducted with a view to ensuring fairness of market derivatives transactions, etc.

58.2 The Exchange may require a Trading Member who is controlled by its Parent Company to submit a report or documents concerning the Parent Company's business or assets to the Exchange, when the Exchange determines that it is necessary in order to conduct investigations against the said Trading Member in accordance with Article 58.1 above, or necessary for the operation of the Exchange's Market.

CHAPTER IV.

DISCIPLINARY, REGULATORY AND OTHER MEASURES ON TRADING MEMBERS

Article 59. Collaborative Relationship or Controlling Relationship with its Directors / Officers or Other Persons

59.1 If the Exchange determines that a Trading Member's collaborative or controlling relationship with any of its directors or officers or other persons is inappropriate in light of the operation of the Exchange's Market, the Exchange may conduct hearings against the Trading Member and then, by a resolution of the Self-regulatory Committee, demand that the Trading Member correct such relationship. Provided, however, if such Trading Member submits a written statement, the submission

thereof may be substituted for the hearings.

59.2 If the Trading Member does not agree to the hearings under Article 59.1 above without due cause, the Exchange may demand the correction set forth in Article 59.1 above without the hearings.

59.3 If the Trading Member considers the demand for correction under Article 59.1 above to be unreasonable, the Trading Member may submit a written objection by showing its grounds to the Exchange, within ten (10) business days (a business day means a Japanese banking day) after the date of receipt of the notice of such demand from the Exchange.

59.4 Upon receipt of an objection referred to in Article 59.3 above, the Exchange shall convene a meeting of the Self-regulatory Committee without delay.

59.5 If the Self-regulatory Committee determines in its meeting referred to in Article 59.4 above that it is appropriate to modify or withdraw the demand under Article 59.1 above, the Exchange shall immediately modify or withdraw the demand.

Article 60. (Deleted)

Article 61. Disciplinary Measures on Trading Members

61.1 If the Exchange determines that a Trading Member falls under any of the cases set forth in the respective Items below, the Exchange may conduct hearings against the Trading Member and then, by a resolution of the Self-regulatory Committee, impose the disciplinary measure set forth in the relevant Item on the Trading Member.

- (1) If the Trading Member has acquired a trading membership by wrongful means, the trading membership will be disqualified.
- (2) If the Trading Member ceases to satisfy any of the qualification criteria for trading membership separately prescribed by the Exchange, the trading membership will be disqualified (provided, however, with respect to the criteria of the financial resources for an FX Daily Futures

Trading Member, an Equity Index Daily Futures Trading Member, etc. or an FX Clearing Futures Trading Member, if such Trading Member ceases to satisfy any of the qualification criteria set forth in each Item of Article 63.2).

- (3) If the Trading Member becomes insolvent and is not likely to readily recover from the state of insolvency, its trading membership(s) will be disqualified.
- (4) If the Trading Member fails to perform any of its obligations under an agreement entered into with the Exchange or any other Trading Member in connection with market derivatives transactions on the Exchange's Market, the Trading Member will be subject to suspension from or restriction on the execution of market derivatives contracts at its bids or offers on the Exchange's Market for six (6) months or less, suspension from or restriction on the arising of L-T Link Positions for its own account, or disqualification of its trading membership(s).
- (5) If the Trading Member fails to pay or deposit any money, securities or other equivalents to the Exchange that the Trading Member is required to do so in the capacity of Trading Member in accordance with the requirements prescribed by the Exchange, the Trading Member will be subject to suspension from or restriction on the execution of market derivatives contracts at its bids or offers on the Exchange's Market for six (6) months or less, suspension from or restriction on the arising of L-T Link Positions for its own account, or disqualification of its trading membership(s).
- (6) If a disciplinary measure (but limited to those related to market derivatives transactions, etc. or transactions on commodity markets) is imposed on the Trading Member by any other financial instruments exchange, a commodity exchange, a financial instruments firms association, or a commodity futures association, or any equivalent foreign exchange or organization, the Trading Member will be subject to suspension from or restriction on the execution of market derivatives contracts at its bids or offers on the Exchange Market for six (6) months or less, suspension from or restriction on the arising of L-T

Link Positions for its own account, or disqualification of its trading membership(s).

- (7) If the Trading Member fails to make notification in accordance with Article 55 hereof or reporting in accordance with Article 56 or 57 hereof, or makes false notification or reporting, the Trading Member will be subject to a fine of one hundred million Japanese Yen (¥100,000,000) or less, an admonition, suspension from or restriction on the execution of market derivatives contracts at its bids or offers on the Exchange's Market for six (6) months or less, or disqualification of its trading membership(s).
- (8) If the Trading Member refuses, hinders or evades any inspection under Article 58 hereof, fails to submit a report or document in accordance with the same Article or submits a false report or document, or refuses, hinders or evades any investigation under Article 45 hereof, the Trading Member will be subject to a fine of one hundred million Japanese Yen (¥100,000,000) or less, an admonition, suspension from or restriction on the execution of market derivatives contracts at its bids or offers on the Exchange's Market for six (6) months or less, or disqualification of its trading membership(s).
- (9) If the Trading Member commits an act, other than those set forth in Items (1) through (8) above, in violation of any of the Acts, etc. or disciplinary measures imposed thereunder by the competent administrative authorities (but limited to those related to market derivatives transactions, etc. or transactions on commodity markets) or an act in violation of the Articles of Incorporation, the Clearing Regulations, the Trading Regulations, the Brokering Terms, any clearing agreement or other regulations or rules of the Exchange or any disciplinary measures imposed thereunder, or if the Trading Member commits an act contrary to the just and equitable principle of trade, the Trading Member will be subject to a fine of one hundred million yen (¥100,000,000) or less, an admonition, suspension from or restriction on the execution of market derivatives contracts at its bids or offers on the Exchange's Market for six (6) months or less, suspension from or restriction on the arising of L-T Link Positions for its own account, or

disqualification of its trading membership(s).

- (10) If the Trading Member commits an act in violation of any Member Link Agreement or contrary to the just and equitable principle of trade, the Trading Member will be subject to an admonition, suspension from or restriction on the arising of L-T Link Positions for its own account, suspension from or restriction on the execution of market derivatives contracts at its bids or offers on the Exchange's Market for six (6) months or less, or disqualification of its trading memberships.

61.2 If a Trading Member commits an act in violation of any of the Acts, etc. or disciplinary measures imposed by the competent administrative authorities set forth in Article 61.1(9) above and such violation is determined as significantly discrediting the Exchange, the Exchange may conduct hearings against the Trading Member and then impose a fine not exceeding five hundred million yen (¥500,000,000) on the Trading Member.

61.3 Notwithstanding the provision of Article 61.1 above, if the Exchange determines that an FX Daily Futures Trading Member falls under any of the following cases, the Exchange may conduct hearings against the Trading Member and then, by a resolution of the Self-regulatory Committee, disqualify its FX Daily Futures Trading Membership.

- (1) The Parent Company which guarantees an FX Daily Futures Trading Member (meaning the entity holding a majority of the voting rights of all shareholders of the FX Daily Futures Trading Member) fails to satisfy the criteria set forth in Article 15.4 (4) (m) of the Enforcement Regulations for Trading Member Regulations for three consecutive business years, as indicated in financial reporting under Article 57.2 hereof, or the said company becomes insolvent and is unlikely to recover from the state of insolvency within the immediately following business year.
- (2) All or part of the Trading Member's financial instruments or other specified business is suspended, pursuant to the Acts.

61.4 Notwithstanding the provision of Article 61.1 above, if the Exchange

determines that an Equity Index Daily Futures Trading Member, etc. falls under any of the following cases, the Exchange may conduct hearings against the Equity Index Daily Futures Trading Member, etc. and then, by a resolution of the Self-regulatory Committee, disqualify such Member from its Equity Index Daily Futures Trading Membership or Equity Index Daily Futures Remote Trading Membership.

- (1) The Parent Company (meaning the entity holding a majority of the voting rights of all shareholders of the Equity Index Daily Futures Trading Member, etc.) which guarantees an Equity Index Daily Futures Trading Member, etc. fails to satisfy the criteria set forth in Article 15.7 (3)(g) or Article 15.11 (3)(e) of the Enforcement Regulations for Trading Member Regulations for three consecutive business years, as indicated in financial reporting under Article 57.2 hereof, or the said company becomes insolvent and is unlikely to recover from the state of insolvency within the immediately following business year.
- (2) All or part of the Trading Member's financial instruments business or other specified business is suspended, pursuant to the Acts.

61.5 Notwithstanding the provision of Article 61.1 above, if the Exchange determines that an FX Clearing Futures Trading Member falls under any of the following cases, the Exchange may conduct hearings against the FX Clearing Futures Trading Member and then, by a resolution of the Self-regulatory Committee, disqualify such Member from its FX Broker Trading Membership or LP Trading Membership.

- (1) The Parent Company (meaning the entity holding a majority of the voting rights of all shareholders of the FX Clearing Futures Trading Member) which guarantees an FX Clearing Futures Trading Member fails to satisfy the criteria set forth in Article 15.14 (4)(m) or Article 15.17 (4)(n) of the Enforcement Regulations for Trading Member Regulations for three consecutive business years, as indicated in financial reporting under Article 57.2 hereof, or the said company becomes insolvent and is unlikely to recover from the state of insolvency within the immediately following business year.
- (2) All or part of the Trading Member's financial instruments business or other specified business is suspended, pursuant to the Acts.

61.6 When imposing a fine on a Trading Member in accordance with Article 61.1 or 61.2 above, the Exchange may, in addition to the fine, impose suspension from or restriction on the execution of market derivatives contracts at the Trading Member's bids or offers on the Exchange's Market or an admonition.

Article 62. Regulatory Measures for Inappropriate Controlling Relationship, etc. of Trading Member

If a Trading Member falls under any of the cases set forth in the respective Items below, the Exchange may conduct hearings against the Trading Member and then, by a resolution of the Self-regulatory Committee, suspend market derivatives transactions, etc. or impose any other regulatory measure deemed necessary and appropriate by the Exchange.

- (1) The Trading Member fails to respond to the Exchange's demand under Article 59 hereof to correct an inappropriate collaborative or controlling relationship with any of its directors or officers or other persons.
- (2) The Trading Member is controlled by a person who is determined by the Exchange as being inappropriate in light of the operation of the Exchange's Market and whose investment or contribution in the Trading Member's total capital is one half (1/2) or more.
- (3) A counselor, an advisor, or a person with any other title whatsoever who has a controlling power over the Trading Member that is similar or superior to the one held by a director or officer of the Trading Member is determined by the Exchange as being inappropriate in light of the operation of the Exchange's Market.

Article 62-2. Regulatory Measures for Defects in Risk Management System

If the risk management system of a Trading Member set forth in Article 25-2 hereof is determined by the Exchange as being extremely inappropriate in light of the

operation of the Exchange's Market, the Exchange may conduct hearings against the Trading Member and then, by a resolution of the Self-regulatory Committee, impose any regulatory measure deemed necessary by the Exchange for the improvement of the system.

Article 63. Regulatory Measures on Trading Member

63.1 If a Trading Member becomes insolvent or is determined by the Exchange as being likely to become insolvent, the Exchange may conduct hearings against the Trading Member and then, by a resolution of the Self-regulatory Committee, suspend the execution of market derivatives contracts at the Trading Member's bids or offers on the Exchange's Market or impose any other measure deemed necessary and appropriate by the Exchange, until the cause for such actual or likely insolvency ceases to exist.

63.2 If a Trading Member falls under any of the cases set forth in the respective Items below, the Exchange may conduct hearings against the Trading Member and then, by a resolution of the Self-regulatory Committee, suspend the execution of market derivatives contracts at the Trading Member's bids or offers on the Exchange's Market or impose any other measure deemed necessary and appropriate by the Exchange, until the cause of such situation ceases to exist.

- (1) The amount of the paid-in capital of an FX Daily Futures Trading Member, Equity Index Daily Futures Trading Member, etc. or an FX Clearing Futures Trading Member falls below three hundred million Japanese Yen (¥300,000,000) and it is unlikely to be recovered promptly.
- (2) With respect to the FX Daily Futures Trading Member, the Equity Index Daily Futures Trading Member, etc. or the FX Clearing Futures Trading Member not guaranteed by its parent company when it acquired the trading membership, its net asset value falls below three hundred million Japanese Yen (¥300,000,000) and it is unlikely to be recovered promptly.
- (3) The FX Daily Futures Trading Member, the Equity Index Daily Futures Trading Member, etc. or the FX Clearing Futures Trading Member falls

under any of the following cases.

- (a) With respect to a financial instruments firm, its Capital-to-Risk Ratio falls below one hundred and twenty percent (120%) and it is unlikely to be recovered promptly.
- (b) With respect to a special financial instruments firm, its Consolidated Capital-to-Risk Ratio on Downstream Consolidation falls below one hundred and twenty percent (120%) and it is unlikely to be recovered promptly.
- (c) With respect to a designated special financial instruments firm, in relation to its Consolidated Capital-to-Risk Ratio on the Uniform International Standard, the Consolidated Common Equity Tier 1 Ratio falls below two point two five percent (2.25%), the Consolidated Tier 1 Ratio falls below three percent (3%) or the Total Consolidated Capital-to-Risk Ratio falls below four percent (4%) or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation falls below one hundred and twenty percent (120%) and it is unlikely to be recovered promptly.
- (4) With respect to the FX Daily Futures Trading Member, the Equity Index Daily Futures Trading Member, etc. or the FX Clearing Futures Trading Member guaranteed by its parent company when it acquired the trading membership, the parent company of the Trading Member ceased to satisfy the criteria of the financial resources set forth in Article 15.4 (4) (m), Article 15.7 (3) (g) , Article 15.11 (3) (e), Article 15.14 (4) (m) or Article 15.17 (4) (m) of the Enforcement Regulations for Trading Member Regulations and it is unlikely to be recovered promptly.

Article 64. Lifting of Suspension of Market Derivatives Transactions, etc. or Other Regulatory Measure

64.1 If a Trading Member suspended from the execution of market derivatives contracts at its bids or offers on the Exchange's Market for an indefinite period in

accordance with Article 63 hereof has eliminated the cause for such suspension, the Trading Member may submit a written application for lifting of such suspension accompanied by an explanatory statement of such elimination.

64.2 If the Exchange determines that it is appropriate to lift the suspension based on the application set forth in Article 64.1 above, the Exchange shall approve the application by a resolution of the Self-regulatory Committee.

64.3 If a Trading Member suspended from the execution of market derivatives contracts at its bids or offers on the Exchange's Market for an indefinite period in accordance with Article 63 hereof is unable to obtain approval referred to in Article 64.2 above within one (1) year from the starting date of such suspension, the Exchange may disqualify the Trading Member's trading membership by a resolution of the Self-regulatory Committee.

Article 65. Objection to Disciplinary Measures or Regulatory Measures

The provisions of the proviso to Article 59.1 and Article 59.2 hereof shall apply *mutatis mutandis* to the hearings set forth in Articles 61 through 63 hereof and the provisions of Articles 59.3 through 59.5 hereof shall apply *mutatis mutandis* to the disciplinary or regulatory measures set forth in Articles 61 through 63 hereof and disqualification from the trading membership set forth in Article 64.3 hereof.

Article 66. Measures on Trading Member under Statutory Sanctions

66.1 If a Trading Member is subject to suspension of the whole or a part of its financial instruments or other specified business or any other equivalent disciplinary measure by virtue of the Acts, etc., the Exchange shall suspend or restrict the execution of market derivatives contracts at the Trading Member's bids or offers on the Exchange's Market in accordance with the conditions of the order.

66.2 If a Trading Member is subject to suspension of the whole or a part of its financial instruments or other specified business or any other equivalent disciplinary measure by virtue of the Acts, etc., the Exchange may suspend or restrict the arising of L-T Link Positions for the Trading Member's account in accordance with the conditions

of the order.

Article 67. Breach of Just and Equitable Principle of Trade

A breach of the just and equitable principle of trade set forth in this Chapter IV means any of the acts including, but not limited to, those mentioned in the following Items that may discredit the Exchange or any Trading Member, or that is contrary to a just and equitable principle toward the Exchange or any Trading Member or any Linked Overseas Organization or its members, in light of the operation of the Exchange's Market.

- (1) Interference with or disturbance of operations by the Exchange or any other Trading Member
- (2) A fraudulent act, a dishonest or improper conduct, or an extremely careless or negligent business operation in connection with market derivatives transactions, etc. or brokerage service therefor, etc.
- (3) A fraudulent act, a dishonest or improper conduct, or an extremely careless or negligent business operation in connection with linked market derivatives transactions or placement or acceptance of orders therefor, etc., Acceptance of Linked Clearing, or the arising of L-T Link Positions

Article 68. Recommendation to Trading Members

68.1 If the Exchange determines that a Trading Member's status of business or assets is inappropriate in light of the operation of the Exchange's Market, the Exchange may, by a resolution of the Self-regulatory Committee, recommend the Trading Member to take appropriate actions.

68.2 When the Exchange determines that it is necessary in connection with a recommendation issued under Article 68.1 above, the Exchange may, by a resolution of the Self-regulatory Committee, require the concerned Trading Member to report the action(s) taken.

SUPPLEMENTARY PROVISIONS

1. These amended Regulations shall take effect as from April 1, 2013.
2. An Interest Rate Futures Trading Member whose rights and obligations have been suspended as of the date of enforcement of these amended Regulations based on Paragraph 3 of the Supplementary Provisions which came into force as of April 1, 2004 shall apply for either continuance or discontinuance of the suspension in the manners prescribed by the Exchange. If the Interest Rate Futures Trading Member applies for continuance of the suspension, Article 51-2.1 shall apply to such Interest Rate Futures Trading Member.

SUPPLEMENTARY PROVISIONS

These amended Regulations shall take effect as from December 14, 2015.

SUPPLEMENTARY PROVISIONS

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

SUPPLEMENTARY PROVISIONS

These amended Regulations shall take effect as from June 9, 2017.

SUPPLEMENTARY PROVISIONS

These amended Regulations shall take effect as from October 26, 2020; provided,

however, that the amended provisions with respect to Article 27.1 and Article 27.7 shall take effect as from July 13, 2020.

SUPPLEMENTARY PROVISIONS

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

SUPPLEMENTARY PROVISIONS

These amended Regulations shall take effect as from February 28, 2022.

SUPPLEMENTARY PROVISIONS

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