

[English Translation]

## **BROKERING TERMS**

**TOKYO FINANCIAL EXCHANGE INC.**

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

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## **CHAPTER I.**

### **GENERAL PROVISIONS**

#### **Article 1. Purpose**

1.1 These Brokering Terms set forth the matters necessary for an agreement concerning acceptance of a Customer's orders for market derivatives transactions on the Exchange Market, an agreement concerning acceptance of a Customer's orders for linked market derivatives transactions, an agreement concerning acceptance of broking a customer's orders for linked market derivatives transactions, and an agreement concerning acceptance of a Customer's orders for Linked Clearing set forth in Article 4.1 hereof (hereinafter called "Acceptance of Linked Clearing"), as well as the matters necessary for an agreement concerning an intermediate broker's undertaking of mediating a Customer's orders for market derivatives transactions on the Exchange Market, in accordance with the provisions of Article 39 of the Articles of Incorporation; provided, however, that the matters necessary for an agreement concerning acceptance of a Customer's orders for market derivatives transactions in which options will be traded are set forth in the Special Provisions for Trading Regulations and Brokering Terms for Options (hereinafter called the "Special Provisions for Options") separately prescribed by the Exchange as well as in these Terms.

#### **Article 1-2. Exclusion of Application**

If a market derivatives contract relevant to a Customer's order is an FX Daily Futures contract, the provisions of Section 2 of Chapter III and Chapters IV, V, VII, VIII-II and VIII-III hereof and other provisions relevant to L-T Link Positions and the give-up mechanism shall not apply. Further, if a market derivatives contract relevant to a Customer's order is an Equity Index Daily Futures contract, the provisions of Section 2 of Chapter III and Chapters IV, V, VII, VIII and VIII-II-II hereof and provisions relevant to L-T Link Positions and the give-up mechanism shall not apply.

## **Article 2. Definitions**

The definitions of the terms set forth in the Articles of Incorporation, the Trading Regulations, the Special Provisions for Trading Regulations for FX Daily Futures Transactions (hereinafter called the “FX Special Provisions”), the Special Provisions for Trading Regulations for Equity Index Daily Futures Transactions (hereinafter called the “Equity Index Special Provisions”) and the Clearing Regulations of the Exchange shall apply in these Brokering Terms. In these Terms, however, “Three-month Euroyen futures” shall mean either a market derivatives contract with respect to the financial index set forth in Article 3(1) of the Trading Regulations or an L-T Link Position with respect to the financial index set forth in Article 23 of the Trading Regulations.

## **Article 3. Compliance with Brokering Terms**

Each Customer and Trading Member shall carefully examine these Terms and handle all of its transactions based on the acknowledgement of its obligation to comply with these Terms. Where a Customer acts as an intermediate broker, the relationship between the intermediate broker and its offeror shall be treated, with respect to their transactions, as if they were a Trading Member and its customer respectively and shall be governed by the provisions of these Terms excluding Articles 5.5, 7-2-2, 7-3.1, 7-4.1, 8, 11-3 and 28-2.2 hereof. In this case, “Agreement concerning Establishment of Interest Rate Futures Transactions Account in the form prescribed by the Exchange” referred to in Article 5.3 hereof shall be replaced with “Agreement conforming to these Terms”, “Agreement concerning Establishment of FX Daily Futures Transactions Account in the form prescribed by the Exchange” referred to in Article 6-2.3 hereof shall be replaced with “Agreement conforming to these Terms”, “Agreement concerning Establishment of Equity Index Daily Futures Transactions Account in the form prescribed by the Exchange” referred to in Article 6-2-2.3 hereof shall be replaced with “Agreement conforming to these Terms”, “Agreement Concerning Establishment of FX/Equity Index Daily Futures Transactions Account for Combined Management in the form prescribed by the Exchange” referred to in Article 6-2-4.3 hereof shall be replaced with “Agreement conforming to these Terms”, “Article 8.1 hereof” referred to in Article 10 hereof shall be replaced with “Article 8-2 hereof”, “an order or a request for intermediation of the order” referred to in Articles 6, 9 and 10 hereof shall be replaced with “an order or an application for intermediation of the order”, “Customer” referred to in Articles 42.2 and

43 hereof shall be replaced with “offeror and intermediate broker”, and the following terms referred to in these Terms excluding Articles 1, 6, 7-4.2, 8-2, 9, 10, 42.2 and 43 hereof shall be replaced respectively as follows: “Trading Member” with “intermediate broker”, “Executing Member” with “intermediate broker to the Executing Member”, “Carrying Member” with “intermediate broker to the Carrying Member”, “position transferor” with “intermediate broker to the position transferor”, “position transferee” with “intermediate broker to the position transferee”, “Customer” with “offeror”, “Customer Margin” with “Customer Margin and Intermediate Broker Margin”, “order” with “application for intermediation of an order”, “FX Daily Futures Trading Member” with “intermediate broker for FX Daily Futures transactions”, and “Equity Index Daily Futures Trading Member” with “intermediate broker for Equity Index Daily Futures transactions”.

## **CHAPTER II.**

### **ESTABLISHMENT OF TRANSACTIONS ACCOUNT**

#### **Article 4. Customer’s Notifiable Matters**

4.1 If a Customer gives an order for a market derivatives contract, or an order for the arising of an L-T Link Position and its clearing (hereinafter called “Ordering for Linked Clearing” or an “order for Linked Clearing”, as the case may be), the Customer shall notify a Trading Member of the matters set forth below in advance.

- (1) Name or corporate name
- (2) Address or office location
- (3) A specific place for receiving communications, if any
- (4) The name or corporate name of an agent and its address or office location and the scope of the authority given to the agent, if the agent is appointed

4.2 When a Customer has changed any of the matters set forth in each Item of Article 4.1 above, the Customer shall immediately notify the Trading Member thereof.

**Article 5. Establishment, etc. of Interest Rate Futures Transactions Account**

5.1 When a Customer intends to give an order for Interest Rate Futures contracts or an order for Linked Clearing, the Customer shall establish a transaction account for Interest Rate Futures transactions (hereinafter called "Interest Rate Futures Transactions Account").

5.2 In order to establish an Interest Rate Futures Transactions Account, a Customer shall apply for such establishment to a Trading Member and obtain its approval.

5.3 If a Customer has obtained the Trading Member's approval for the application set forth in Article 5.2 above, the Customer shall fill in an Agreement concerning Establishment of Interest Rate Futures Transactions Account in the form prescribed by the Exchange, with the Customer's signature or seal affixed thereon, and submit the said agreement to the Trading Member.

5.4 An Interest Rate Futures Trading Member shall handle Exchange Margin, Customer Margin, profit or loss arising from offsetting transaction or final settlement for Interest Rate Futures contracts or L-T Link Positions, option premiums and other paid or received moneys through the Interest Rate Futures Transactions Account set forth in Article 5.1 hereof.

5.5 When a Customer intends to give an order for an Interest Rate Futures contract for give-up, the Customer shall establish the Interest Rate Futures Transactions Accounts set forth in Article 5.1 hereof with a Carrying Member and an Executing Member.

5.6 Notwithstanding the provisions of Article 5.5 above, when a Customer intends to give an order for an Interest Rate Futures contract for give-up in accordance with Article 7-4.2 hereof, a Carrying Member's Customer and an Executing Member's Customer shall establish the Interest Rate Futures Transactions Accounts set forth in Article 5.1 hereof with the Carrying Member and the Executing Member respectively.

5.7 When a Customer agrees to replacement deposit as a manner of deposit of margin specified in Article 26 of the Regulations for Margin and Unsettled Market Derivatives Contract (hereinafter called the “Margin Regulations”), the Customer shall file a written consent concerning replacement deposit with the Exchange in advance in the form prescribed by the Exchange.

5.8 If a Customer is presented by a Trading Member the type and content of electromagnetic means (meaning the method similar to that is specified in Article 57-3 of the Cabinet Office Ordinance on Financial Instruments Businesses which uses information communication technology including, but not limited to, the method which uses electronic data processing system; hereinafter the same shall apply) used by the Trading Member and gives its consent to the Trading Member in writing or by electromagnetic means, the Customer may, in lieu of submission of the agreement specified in Article 5.3 above or filing of the written consent concerning replacement deposit specified in Article 5.7 above, notify the Trading Member by electromagnetic means of the effect that the Customer agrees to the contents of the said agreement or replacement deposit. In such case, the Customer shall be deemed to have submitted the said agreement to, or filed the written consent with, the Trading Member.

5.9 If the Customer proposes in writing or by electromagnetic means that it shall no longer make a notice by electromagnetic means, the Trading Member who has obtained the written consent or the consent by electromagnetic means specified in Article 5.8 above may not accept the notice pursuant to Article 5.8 above by electromagnetic means, except where the Customer gives a consent specified in Article 5.8 again.

## **Article 6. Establishment of Overseas Market Derivatives Transactions Account**

6.1 When a Customer intends to give an order or a request for intermediation of the order for linked market derivatives transactions, the Customer shall establish an overseas market derivatives transactions account.

6.2 In order to establish an overseas market derivatives transactions account, the Customer shall apply for such establishment to a Trading Member and obtain its approval.

6.3 If a Customer has obtained the Trading Member's approval for the application set forth in Article 6.2 above, the Customer shall submit an agreement concerning establishment of overseas market derivatives transactions account to the Trading Member.

6.4 A Trading Member shall handle the margins and other moneys set forth in Article 10 hereof through the overseas market derivatives transactions account set forth in Article 6.1 hereof.

6.5 If a Customer is presented by a Trading Member the type and content of electromagnetic means used by the Trading Member and gives its consent to the Trading Member in writing or by electromagnetic means, the Customer may, in lieu of submission of the agreement specified in Article 6.3 above, notify the Trading Member by electromagnetic means of the effect that the Customer agrees to the contents of the said agreement. In such case, the Customer shall be deemed to have submitted the said agreement to the Trading Member.

6.6 If the Customer proposes in writing or by electromagnetic means that it shall no longer make a notice by electromagnetic means, the Trading Member who has obtained the written consent or the consent by electromagnetic means specified in Article 6.5 above may not accept the notice pursuant to Article 6.5 above by electromagnetic means, except where the Customer gives a consent specified in Article 6.5 again.

#### **Article 6-2. Establishment of FX Daily Futures Transactions Account**

6-2.1 When a Customer intends to give an order for FX Daily Futures contracts, the Customer shall establish a transactions account for FX Daily Futures transactions (hereinafter called "FX Daily Futures Transactions Account").

6-2.2 In order to establish an FX Daily Futures Transactions Account, a Customer shall apply for such establishment to an FX Daily Futures Trading Member and obtain its approval.

6-2.3 If a Customer has obtained the FX Daily Futures Trading Member's approval for the application set forth in Article 6-2.2 above, the Customer shall fill in an

Agreement concerning Establishment of FX Daily Futures Transactions Account in the form prescribed by the Exchange, with the Customer's signature or seal affixed thereon, and submit the said agreement to the FX Daily Futures Trading Member.

6-2.4 An FX Daily Futures Trading Member shall handle FX Exchange Margin through the FX Daily Futures Transactions Account set forth in Article 6-2.1 hereof.

6-2.5 If a Customer is presented by a Trading Member the type and content of electromagnetic means used by the Trading Member and gives its consent to the Trading Member in writing or by electromagnetic means, the Customer may, in lieu of submission of the agreement specified in Article 6-2.3 above, notify the Trading Member by electromagnetic means of the effect that the Customer agrees to the contents of the said agreement. In such case, the Customer shall be deemed to have submitted the said agreement to the Trading Member.

6-2.6 If the Customer proposes in writing or by electromagnetic means that it shall no longer make a notice by electromagnetic means, the Trading Member who has obtained the written consent or the consent by electromagnetic means specified in Article 6-2.5 above may not accept the notice pursuant to Article 6-2.5 above by electromagnetic means, except where the Customer gives a consent specified in Article 6-2.5 again.

#### **Article 6-2-2. Establishment of Equity Index Daily Futures Transactions Account**

6-2-2.1 When a Customer intends to give an order for Equity Index Daily Futures contract, the Customer shall establish a transactions account for Equity Index Daily Futures transactions (hereinafter called "Equity Index Daily Futures Transactions Account").

6-2-2.2 In order to establish an Equity Index Daily Futures Transactions Account, a Customer shall apply for such establishment to an Equity Index Daily Futures Trading Member, etc. and obtain its approval.

6-2-2.3 If a Customer has obtained the Equity Index Daily Futures Trading Member, etc.'s approval for the application set forth in Article 6-2-2.2 above, the Customer shall fill in an Agreement concerning Establishment of Equity Index Daily Futures Transactions Account

in the form prescribed by the Exchange, with the Customer's signature or seal affixed thereon, and submit the said agreement to the Equity Index Daily Futures Trading Member, etc.

6-2-2.4 An Equity Index Daily Futures Trading Member, etc. shall handle Equity Index Exchange Margin through the Equity Index Daily Futures Transactions Account.

6-2-2.5 If a Customer is presented by a Trading Member the type and content of electromagnetic means used by the Trading Member and gives its consent to the Trading Member in writing or by electromagnetic means, the Customer may, in lieu of submission of the agreement specified in Article 6-2-2.3 above, notify the Trading Member by electromagnetic means of the effect that the Customer agrees to the contents of the said agreement. In such case, the Customer shall be deemed to have submitted the said agreement to the Trading Member.

6-2-2.6 If the Customer proposes in writing or by electromagnetic means that it shall no longer make a notice by electromagnetic means, the Trading Member who has obtained the written consent or the consent by electromagnetic means specified in Article 6-2-2.5 above may not accept the notice pursuant to Article 6-2-2.5 above by electromagnetic means, except where the Customer gives a consent specified in Article 6-2-2.5 again.

## **CHAPTER II-II.**

### **ESTABLISHMENT, ETC. OF FX/EQUITY INDEX DAILY FUTURES TRANSACTIONS ACCOUNT FOR COMBINED MANAGEMENT**

#### **Article 6-2-3. Combined Management**

6-2-3.1. A Trading Member who is an FX Daily Futures Trading Member and an Equity Index Daily Futures Trading Member shall conduct Combined Management (meaning the Combined Management set forth in Article 25-3.2 of the Regulation for Margin and Unsettled Contracts for FX Daily Futures Transactions (hereinafter called the "FX Margin Regulations") and Article 22-3.2 of the Regulations for Margin and Unsettled

Contracts for Equity Index Daily Futures Transactions (hereinafter called the “Equity Index Margin Regulations”); which interpretation shall equally apply hereinbelow) of a Customer who has established an FX Daily Futures Transactions Account and an Equity Index Daily Futures Transactions Account in accordance with Article 6-2-4 hereof (hereinafter called “Customer under Combined Management”).

6-2-3.2 A Trading Member who conducts the Combined Management (hereinafter called “Trading Member Conducting Combined Management”) shall establish an appropriate system for Combined Management in accordance with these Terms, the FX Margin Regulations, the Equity Index Margin Regulations and other conditions prescribed by the Exchange.

#### **Article 6-2-4. Establishment of FX/Equity Index Daily Futures Transactions Account for Combined Management**

6-2-4.1 Notwithstanding the provisions of Article 6-2 and Article 6-2-2 hereof, if a Customer intends to use Combined Management when the Customer gives orders for FX Daily Futures transactions and Equity Index Daily Futures transactions, the Customer shall establish a transaction account for FX Daily Futures transactions and Equity Index Daily Futures transactions for Combined Management (hereinafter called “FX/Equity Index Daily Futures Transactions Account for Combined Management”).

6-2-4.2 In order to establish an FX/Equity Index Daily Futures Transactions Account for Combined Management, the Customer shall notify a Trading Member Conducting Combined Management of that effect and obtain its approval.

6-2-4.3 In case that the Customer has obtained the Trading Member Conducting Combined Management’s approval for the notification set forth in Article 6-2-4.2 above, the Customer shall fill in an Agreement Concerning Establishment of FX/Equity Index Daily Futures Transactions Account for Combined Management in the form prescribed by the Exchange with the Customer’s signature or seal affixed thereon and submit the said agreement to the Trading Member Conducting Combined Management.

6-2-4.4 The Trading Member Conducting Combined Management shall handle FX Daily Futures transactions and Equity Index Daily Futures transactions subject to Combined Management in the FX/Equity Index Daily Futures Transactions Account for

Combined Management.

6-2-4.5 If a Customer is presented by a Trading Member Conducting Combined Management the type and contents of electromagnetic means used by the Trading Member Conducting Combined Management and gives its consent to the Trading Member Conducting Combined Management in writing or by electromagnetic means, the Customer may, in lieu of submission of the agreement specified in Article 6-2-4.3 above, give a notice to the Trading Member Conducting Combined Management by electromagnetic means to the effect that the Customer has agreed to the terms and conditions of the said agreement. In such case, the Customer shall be deemed to have submitted the said agreement to the Trading Member Conducting Combined Management.

6-2-4.6 If the Customer proposes in writing or by electromagnetic means that it shall no longer make the notice by electromagnetic means to the Trading Member Conducting Combined Management who has ever obtained in writing or by electromagnetic means the Customer's consent specified in Article 6-2-4.5 above may not accept the Customer's notice pursuant to Article 6-2-4.5 above by electromagnetic means, unless the Customer gives a consent specified in Article 6-2-4.5 again.

#### **Article 6-2-5. Placement of Margin in Combined Management**

If a Trading Member Conducting Combined Management received money from a Customer under Combined Management to be deposited with the Exchange, the Trading Member Conducting Combined Management shall receive such money as FX Exchange Margin. Provided, however, only to the extent that such money is those corresponding to the deficiency in Equity Index Exchange Margin as prescribed in Article 22-4 of the Equity Index Margin Regulations, the Trading Member Conducting Combined Management shall receive such money as the Equity Index Exchange Margin.

### **CHAPTER III.**

#### **ACCEPTANCE OF ORDERS FORMARKET**

## **DERIVATIVES TRANSACTIONS**

### **Section 1. Customer's Ordering for Market Derivatives Transactions**

#### **Article 6-3. Instruction to be given by Customer before Placing Order for Contract**

6-3.1 Whenever a Customer gives an order for an FX Daily Futures contract, the Customer shall instruct to the concerned FX Daily Futures Trading Member about which one of the methods for position settlement specified in Article 7-2-2.1 below should be applied with respect to that contract in advance.

6-3.2 Whenever a Customer gives an order for an Equity Index Daily Futures contract, the Customer shall instruct to the concerned Equity Index Daily Futures Trading Member, etc. about which one of the methods for position settlement specified in Article 7-2-3.1 hereof should be applied with respect to that contract in advance.

#### **Article 7. Contents of Instruction upon Ordering**

7.1 Whenever a Customer gives an order for an Interest Rate Futures contract, the Customer shall instruct the concerned Trading Member on the matters set forth below.

- (1) Type of the financial index, etc. intended by the order and its contract month
- (2) Type of strategy trade, if applicable
- (3) Designation of block trade, if applicable
- (4) Whether it is a sale contract or a purchase contract (or a strategy sale or a strategy purchase, in the case of strategy trade)
- (5) Trading volume

- (6) The upper or lower limit of price (or the upper or lower limit of strategy price, in the case of strategy trade)
- (7) Effective period of the indent order
- (8) Any other condition (modifier), if applicable

7.2 Notwithstanding the provisions of Article 7.1 above, where a Customer does not designate the effective period of the indent order set forth in Article 7.1(7) above, (i) if the indent order is given during the period commencing on the opening of the pre-open period and ending on the close of the same business day's evening session (or ending on the close of the same business day's day session, if matching is not conducted in that business day's evening session; this interpretation shall similarly apply hereinafter), the indent order shall be valid until the close of the said evening session, and (ii) if the indent order is given during the period commencing on the close of the evening session and ending on the opening of the pre-open period of the next business day (which means a business day as defined in Article 2(23) of the Trading Regulations unless otherwise specified; this interpretation shall similarly apply hereinafter), the indent order shall be valid for the period from the opening of the said pre-open period to the close of the same business day's evening session.

7.3 Whenever a Customer gives an order for an FX Daily Futures contract, the Customer shall instruct the concerned FX Daily Futures Trading Member on the matters set forth below.

- (1) Type of the FX Daily Futures contract intended by the order
- (2) Whether it is a sale contract or a purchase contract
- (3) Trading volume
- (4) The upper or lower limit of price, if it is a limit order or a trigger limit order
- (5) Price as a trigger condition, if it is a trigger bid or trigger offer

- (6) Effective period of the indent order, save when it is an IC market order or a loss-cut order
- (7) Any other condition (modifier), if applicable

7.4 Whenever a Customer gives an order for an Equity Index Daily Futures contract, the Customer shall instruct the concerned Equity Index Daily Futures Trading Member, etc. on the matters set forth below.

- (1) Type of the Equity Index Daily Futures contract intended by the order
- (2) Whether it is a sale contract or a purchase contract
- (3) Trading volume
- (4) The upper or lower limit of price, if it is a limit order or a trigger limit order
- (5) Price as a trigger condition, if it is a trigger bid or trigger offer
- (6) Effective period of the indent order, save when it is an IC market order or a loss-cut order
- (7) Any other condition (modifier), if applicable

**Article 7-2. Offsetting Instruction Related to Interest Rate Futures Contracts**

7-2.1 If a Customer has given an order for an Interest Rate Futures contract to a Trading Member, the Customer shall instruct the Trading Member on whether it is a new sale contract, a new purchase contract, a Resale or a Repurchase, with respect to the Interest Rate Futures contract executed or to be executed, by the time prescribed by the Trading Member.

7-2.2 Notwithstanding the provisions of Article 7-2.1 above, if the instruction set forth therein is not provided to a Trading Member by a Customer who has given the order for

an Interest Rate Futures contract, a new sale contract or a new purchase contract shall be deemed to have been designated.

7-2.3 It is not required for a Customer who gives an order for an Interest Rate Futures contract to a Trading Member to instruct the Trading Member on whether it is a new sale contract, a new purchase contract, a Resale or a Repurchase at the time of giving such order.

#### **Article 7-2-2. Methods for Offsetting Transaction for FX Daily Futures Contracts**

7-2-2.1 A position held by an FX Daily Futures Trading Member under an FX Daily Futures contract based on a Customer's order shall be settled by either of the following methods whichever is applicable:

- (1) Filing of offsetting notification (meaning that, where the FX Daily Futures Trading Member simultaneously holds both a short position and a long position under one same kind of FX Daily Futures contract, it will reduce both positions by the same volume by filing an offsetting notification to the Exchange)
- (2) Execution of offsetting transaction (meaning that (a) where the FX Daily Futures Trading Member holds a short position under any given kind of FX Daily Futures contract, it will reduce that position by executing a corresponding purchase contract of the same kind to set off that position against the latter by the volume of that position itself or the volume at which the purchase contract is executed, whichever is smaller, in which case the reduction shall take effect immediately upon the execution of that contract, and (b) where the FX Daily Futures Trading Member holds a long position under any given kind of FX Daily Futures contract, it will reduce that position by executing a corresponding sale contract of the same kind to set off that position against the latter by the volume of that position itself or the volume at which the sale contract is executed, whichever is smaller, in which case the reduction shall take effect immediately upon the execution of that contract)

7-2-2.2 When an offsetting notification is filed pursuant to Article 90-9-2 of the Clearing Regulations, the designated short position and long position held at each of its Customer's accounts shall be reduced individually, pursuant to the details of the notification on the trading day on which the notification is filed.

7-2-2.3 In the case of the offsetting transactions, where an FX Daily Futures Trading Member holds any short position or long position of the FX Daily Futures contract(s) relevant to a Customer's order, if the FX Daily Futures Trading Member executes a new purchase contract or sale contract for the Customer's account which is the same type of the FX Daily Futures contract as the aforesaid short position or long position, as the case may be, this newly executed purchase contract or sale contract, as the case may be, shall be deemed to be a contract relevant to a Repurchase of the short position or Resale of the long position held by the FX Daily Futures Trading Member and the volume corresponding to the aforesaid short position or long position shall be reduced in the order of execution.

7-2-2.4 It is not required for a Customer who gives an order for an FX Daily Futures contract to an FX Daily Futures Trading Member to instruct the FX Daily Futures Trading Member on whether it is a new sale contract, a new purchase contract, a Resale or a Repurchase at the time of giving such order.

### **Article 7-2-3. Methods for Offsetting Transaction for Equity Index Daily Futures Contracts**

7-2-3.1 A position held by an Equity Index Daily Futures Trading Member, etc. under an Equity Index Daily Futures contract based on a Customer's order shall be settled by either of the following methods whichever is applicable:

- (1) Filing of offsetting notification (meaning that, where the Equity Index Daily Futures Trading Member, etc. simultaneously holds both a short position and a long position under one same kind of Equity Index Daily Futures contract, it will reduce both positions by the same volume by filing an offsetting notification to the Exchange)
- (2) Execution of offsetting transaction (meaning that (a) where the Equity

Index Daily Futures Trading Member, etc. holds a short position under any given kind of Equity Index Daily Futures contract, it will reduce that position by executing a corresponding purchase contract of the same kind to set off that position against the latter by the volume of that position itself or the volume at which the purchase contract is executed, whichever is smaller, in which case the reduction shall take effect immediately upon the execution of that contract, and (b) where the Equity Index Daily Futures Trading Member, etc. holds a long position under any given kind of Equity Index Daily Futures contract, it will reduce that position by executing a corresponding sale contract of the same kind to set off that position against the latter by the volume of that position itself or the volume at which the sale contract is executed, whichever is smaller, in which case the reduction shall take effect immediately upon the execution of that contract)

- (3) Reset (meaning the method set forth in Article 90-18.1 of the Clearing Regulations)

7-2-3.2 When an offsetting notification is filed pursuant to Article 90-22 of the Clearing Regulations, the designated short position and long position held at each of its Customer's accounts shall be reduced individually, pursuant to the details of the notification on the trading day on which the notification is filed.

7-2-3.3 In the case of the offsetting transactions, where an Equity Index Daily Futures Trading Member, etc. holds any short position or long position of the Equity Index Daily Futures contract(s) relevant to a Customer's order, if the Equity Index Daily Futures Trading Member, etc. executes a new purchase contract or sale contract for the Customer's account which is the same type of the Equity Index Daily Futures contract as the aforesaid short position or long position, as the case may be, this newly executed purchase contract or sale contract, as the case may be, shall be deemed to be a contract relevant to a Repurchase of the short position or Resale of the long position held by the Equity Index Daily Futures Trading Member, etc. and the volume corresponding to the aforesaid short position or long position shall be reduced in the order of execution.

7-2-3.4 It is not required for a Customer who gives an order for an Equity Index Daily Futures contract to an Equity Index Daily Futures Trading Member, etc. to instruct the Equity Index Daily Futures Trading Member, etc. at the time of giving such order

whether it is ordering for a new Equity Index Daily Futures contract or for settlement of existing Equity Index Daily Futures contract.

## **Section 2. Give-up**

### **Article 7-3. Ordering for Market Derivatives Contracts or Linked Clearing of L-T Link Positions for Give-up**

7-3.1 With respect to a market derivatives contract for give-up that has been executed based on an order given by a Customer to an Executing Member, or with respect to an L-T Link Position for give-up that has arisen based on an order for Linked Clearing given by a Customer to an Executing Member, if such market derivatives contract or L-T Link Position is discharged upon the Exchange's receipt of a take-up notification from a Carrying Member, the order between the Customer and the Executing Member in relation to the said market derivatives contract or L-T Link Position shall be terminated and, concurrently with such termination, the order between the Customer and the Carrying Member in relation to the clearing of the newly created market derivatives contract or L-T Link Position shall be newly established.

7-3.2 In the Margin Regulations, with respect to a market derivatives contract or L-T Link Position created or arisen as a result of give-up, its order shall be deemed to have been given by a Customer to a Carrying Member, and such market derivatives contract or L-T Link Position shall be deemed to have been executed or have arisen, based on the Customer's order, on the trading day on which the concerned Executing Member has executed or caused to arise the market derivatives contract or L-T Link Position intended by the give-up.

### **Article 7-4. Conclusion of Give-up Agreement**

7-4.1 In order for both an Executing Member and a Carrying Member to accept an order for a market derivatives contract or Linked Clearing of an L-T Link Position for give-up, a give-up agreement shall be entered into by and among the Executing Member, the Carrying Member and a Customer who intends to give the order, which shall specify

the matters set forth below.

- (1) The amount of clearing commission and its collector and collection method
- (2) The matters concerning rejection of undertaking of clearing

7-4.2 Notwithstanding the provisions of Article 7-4.1 above, where an Executing Member's Customer differs from a Carrying Member's Customer, if the Executing Member and the Carrying Member have confirmed that the market derivatives contract or the L-T Link Position for give-up has been ordered by the same ultimate customer (the "Ultimate Customer") respectively, such Executing Member and Carrying Member shall be allowed to accept an order for the market derivatives contract or Linked Clearing of the L-T Link Position for give-up. In such case, such market derivatives contract or such L-T Link Position for give-up shall be handled in accordance with the provisions of the following Items:

- (1) When the Executing Member had a market derivatives contract for give-up executed or L-T Link position arise based on its Customer's order, the Executing Member notifies the Carrying Member either that the said contract is for the house account of the Executing Member's Customer or that it is on account of the Ultimate Customer of the said Customer.
- (2) When the Carrying Member confirms that the person notified to it pursuant to Article 7-4.2 (1) above is the same person as the Carrying Member's Customer or the Ultimate Customer of the said Customer, as the case may be, the Carrying Member shall treat, at the responsibility of the Carrying Member, the market derivatives contract or the L-T Link position which has so arisen by such give-up as the contract or L-T Link Position for the house account of the Carrying Member's Customer or those on the order of the said Customer, as the case may be.
- (3) With respect to a market derivatives contract for give-up that has been executed based on an order given by the Executing Member's Customer to the Executing Member, or with respect to an L-T Link Position for give-up that has arisen based on an order for Linked Clearing given by the Executing Member's Customer to the Executing Member, if such

market derivatives contract or L-T Link Position is discharged upon the Exchange's receipt of a take-up notification from the Carrying Member, the order between the Executing Member's Customer and the Executing Member in relation to the said market derivatives contract or L-T Link Position shall be terminated and, concurrently with such termination, the order between the Carrying Member's Customer and the Carrying Member in relation to the clearing of the market derivatives contract or L-T Link Position newly created by give-up shall newly be arisen.

**Article 7-5. Contents of Instruction upon Ordering for Market Derivatives Contracts or Linked Clearing of L-T Link Positions for Give-up**

7-5.1 Whenever a Customer gives an order for a market derivatives contract or Linked Clearing of a L-T Link Position for give-up, the Customer shall instruct the concerned Executing Member on the matters set forth below, in addition to the matters set forth in the respective Items of Article 7.1 or 9.1 hereof:

- (1) Fact that the intended market derivatives contract or L-T Link Position is in relation to give-up
- (2) Name of a Carrying Member

7-5.2 Notwithstanding the provisions of Article 7-5.1 above, a Customer's instruction on the matters set forth in the respective Items of Article 7-5.1 above may be given to the concerned Executing Member by the time prescribed by such Executing Member with its consent; provided, however, that, in the absence of the Customer's instruction as aforesaid, an order for a market derivatives contract or L-T Link Position irrelevant to give-up shall be deemed to have been given ab initio.

**Article 7-6. Offsetting Instruction for Give-up**

7-6.1 If a Customer gives an order for clearing of a market derivatives contract or L-T Link Position for give-up, the Customer shall instruct the concerned Carrying Member on whether it is a new sale contract or L-T Link Short Position, a new purchase contract

or L-T Link Long Position, a Resale or a Repurchase, with respect to the market derivatives contract or L-T Link Position newly created or arising as a result of the give-up, by the time prescribed by the Carrying Member.

7-6.2 Notwithstanding the provisions of Article 7-6.1 above, if a Customer does not provide the instruction set forth therein to the concerned Carrying Member, the creation or arising of a new sale contract or L-T Link Short Position or the creation or arising of a new purchase contract or L-T Link Long Position shall be deemed to have been designated.

**Article 7-7. Margin and Other Money for Give-up**

With respect to a market derivatives contract or L-T Link Position for give-up, a Customer shall pay to, or receive from, the concerned Carrying Member the margin and the money incidental to offsetting transaction or final settlement.

**CHAPTER IV.**

**ACCEPTANCE OF LINKED CLEARING**

**Article 8. Time for Ordering for Linked Clearing**

8.1 If a Customer intends to cause an L-T Link Position to arise for a Trading Member's account by giving an order or a request for intermediation of the order for a linked market derivatives contract to the Trading Member, the order for Linked Clearing of the L-T Link Position shall be deemed to have been given to the Trading Member when the order or the request for intermediation of the order for the said linked market derivatives contract has been given.

8.2 If a Customer intends to cause an L-T Link Position to arise for a Trading Member's account without giving an order or a request for intermediation of the order for a linked market derivatives contract to the Trading Member, the order for Linked

Clearing of the L-T Link Position shall be deemed to have been given to the Trading Member when the L-T Link Position has actually arisen.

**Article 8-2. Time for Application for Intermediation of Ordering for Linked Clearing**

If an offeror intends to cause an L-T Link Position to arise for a Trading Member's account by giving an order for, or applying for intermediation of an order for, a linked market derivatives contract to an intermediate broker, the application for intermediation of the order for Linked Clearing of the L-T Link Position shall be deemed to have been made to the intermediate broker when the offeror has given the order for, or applied for intermediation of the order for, the said linked market derivatives contract to the intermediate broker.

**Article 9. Contents of Instruction upon Ordering or Request for Intermediation of Ordering for Linked Market Derivatives Contracts**

9.1 Whenever the Customer set forth in Article 8 or 8-2 hereof intends to give an order or a request for intermediation of the order to a Trading Member with respect to a linked market derivatives contract, the Customer shall instruct the Trading Member on the matters set forth below.

- (1) Type of the index intended by the order and its contract month
- (2) Trading volume
- (3) The figure of the index in the linked market derivatives contract
- (4) Effective period of the indent order

9.2 Notwithstanding the provisions of Article 9.1 above, where the Customer set forth in Article 8 or 8-2 hereof does not designate the effective period of the indent order set forth in Article 9.1(4) above, (i) if the indent order is given during the market trading period of the Linked Overseas Exchange (hereinafter called the "Linked Overseas

Exchange's trading period"), the indent order shall be valid during such Linked Overseas Exchange's trading period only, and (ii) if the indent order is given outside the Linked Overseas Exchange's trading period, the indent order shall be valid during the immediately forthcoming Linked Overseas Exchange's trading period only.

#### **Article 10. Margins and Commissions, etc. for Linked Market Derivatives Transactions**

10.1 If a linked market derivatives contract is executed based on an order or a request for intermediation of the order received by a Trading Member from a Customer set forth in Article 8.1 hereof, the Trading Member may collect a brokerage commission from the Customer in the amount and at the time prescribed by the Trading Member.

10.2 A Trading Member may collect actual costs for communications or mailing and other costs expended in connection with linked market derivatives transactions, in addition to brokerage commissions.

10.3 Where a linked market derivatives contract is executed based on an order or a request for intermediation of an order by a Customer set forth in Article 8.1 hereof, if no L-T Link Position arises on the same terms and conditions as those applicable to the overseas position in relation to such linked market derivatives contract on the Linked Overseas Exchange's trading day on which that contract is executed, the concerned Trading Member may pay to, or receive from, the Customer in the manner prescribed by the Trading Member, the loss or profit in relation to the linked market derivatives contract and the margin for the linked market derivatives contract in the amount prescribed by the Trading Member.

#### **Article 11. Offsetting Instruction**

11.1 If a Customer gives an order for Linked Clearing to a Trading Member, the Customer shall instruct the Trading Member on whether it is the arising of a new L-T Link Short Position, the arising of a new L-T Link Long Position, a Resale or a Repurchase, with respect to the L-T Link Position that has arisen or will arise, by the time prescribed by the Trading Member.

11.2 Notwithstanding the provisions of Article 11.1 above, if the instruction set forth therein is not provided to a Trading Member by a Customer who has given the order for Linked Clearing, a new L-T Link Short Position or a new L-T Link Long Position shall be deemed to have arisen.

11.3 It is not required for a Customer who gives an order for Linked Clearing to a Trading Member to instruct the Trading Member on whether it is the arising of a new L-T Link Short Position, the arising of a new L-T Link Long Position, a Resale or a Repurchase at the time of giving such order.

## **CHAPTER V.**

### **POSITION TRANSFER**

#### **Article 11-2. Contents of Instruction upon Ordering for Position Transfer**

11-2.1 If a Customer gives an order for position transfer for an Interest Rate Futures contract or L-T Link Position, the Customer shall instruct the position transferor and the position transferee on the matters set forth below by the times designated by the position transferor and the position transferee respectively.

- (1) Type of the financial index, etc. for the position to be transferred and its contract month or its series set forth in the Special Provisions for Options
- (2) Whether it is a short position or a long position
- (3) Volume of the position to be transferred
- (4) Name of the position transferee if the instruction is provided to the position transferor, and name of the position transferor if the instruction is provided to the position transferee; and

- (5) Position transfer date

11-2.2 If a Customer gives an order for position transfer for an FX Daily Futures contract or an Equity Index Daily Futures contract, the Customer shall instruct the position transferor and the position transferee on the matters set forth below by the times designated by the position transferor and the position transferee respectively.

- (1) Number of the FX Daily Futures Transactions Account or Equity Index Daily Futures Transactions Account
- (2) Position transfer date

### **Article 11-3. Ordering for Position Transfer**

If the transferred position based on a Customer's order is taken over by a position transferee, the order between the Customer and a position transferor in relation to the transferred position shall be terminated at the position transfer time and, concurrently with such termination, the order between the Customer and the position transferee in relation to the said transferred position shall be newly established.

## **CHAPTER VI.**

### **MARGINS**

#### **Article 11-4. Margins**

Matters relating to margins shall be prescribed by the Margin Regulations, the FX Margin Regulations and the Equity Index Margin Regulations.

**Articles 11-5 through 21 (Deleted)**

## CHAPTER VII.

### PAYMENT OR RECEIPT OF MONEY UPON OFFSETTING TRANSACTION OR FINAL SETTLEMENT FOR INTEREST RATE FUTURES CONTRACTS AND L-T LINK POSITIONS

#### Article 22. Money Payable or Receivable upon Offsetting Transaction

22.1 If offsetting transaction has been made for a market derivatives contract (which means an Interest Rate Futures contract; this interpretation shall similarly apply hereafter in this Chapter) or L-T Link Position of a Customer, the payment or receipt shall be made between the concerned Trading Member and the Customer in the amount obtained by multiplying: (i) the amount calculated per trading unit with respect to each financial index, etc. specified below in accordance with the following formula and (ii) the sum of the Customer's trading volume and Arising Volume (excluding the Given-up Volume for each) and the Given-up Volume. If a document is not required to be delivered to a Customer upon conclusion of a contract pursuant to Article 45 of the Act or if an average of the unit prices of the transactions of the same issue on the same day (hereinafter called "Average Unit Price") may be stated on a report on outstanding balance of transactions pursuant to Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc., such Average Unit Price may be used as a Contract Price in the calculation stated in the preceding sentence as prescribed by the Exchange.

(1) Three-month Euroyen futures:

$\text{¥}100,000,000 \times [\text{Difference between the contract price relevant to the offsetting transaction and the contract price of the sale contract or purchase contract traded by the offsetting transaction, or difference between the Acceptance Figure relevant to the offsetting transaction and the Acceptance Figure of the L-T Link Short Position or L-T Link Long Position traded by the offsetting transaction}] \times 1/100 \times [90 \text{ days}/360 \text{ days}]$

- (2) Two-year ¥ Swapnote™, Five-year ¥ Swapnote™, Seven-year ¥ Swapnote™ or Ten-year ¥ Swapnote™:

¥10,000,000 x [Difference between the contract price relevant to the offsetting transaction and the contract price of the sale contract or purchase contract traded by the offsetting transaction] x 1/100

- (3) Three-month TONA futures:

¥2,500 x [Difference between the contract price relevant to the offsetting transaction and the contract price of the sale contract or purchase contract traded by the offsetting transaction] ÷ 1/100

22.2 In connection with Article 22.1 above, where a Customer's market derivatives contract or L-T Link Position is a sale contract or L-T Link Short Position respectively, the money shall be received by the Customer if the contract price or Acceptance Figure relevant to the Repurchase is less than the contract price of the sale contract traded by such Repurchase or the Acceptance Figure of the L-T Link Short Position traded by such Repurchase, and the money shall be paid by the Customer if the contract price or Acceptance Figure relevant to the Repurchase is greater than the contract price of the sale contract traded by such Repurchase or the Acceptance Figure of the L-T Link Short Position traded by such Repurchase. Likewise, where a Customer's market derivatives contract or L-T Link Position is a purchase contract or L-T Link Long Position respectively, the money shall be received by the Customer if the contract price or Acceptance Figure relevant to the Resale is greater than the contract price of the purchase contract traded by such Resale or the Acceptance Figure of the L-T Link Long Position traded by such Resale, and the money shall be paid by the Customer if the contract price or Acceptance Figure relevant to the Resale is less than the contract price of the purchase contract traded by such Resale or the Acceptance Figure of the L-T Link Long Position traded by such Resale.

22.3 Between a Japanese Yen Interest Rate Remote Trading Member and its Customer, the payment or receipt under Article 22.1 above may be made in cash denominated in any currency as well as Japanese Yen.

**Article 23. Deadline for Payment of Loss Arising from Offsetting Transaction**

If a Customer is obligated to pay money under Article 22 hereof, the Customer shall pay the amount calculated in accordance with Article 22 hereof to the Trading Member by the time and date designated by the Trading Member, which date shall be on or before the second business day following the business day on which there occurs the day session of the trading day on which the offsetting transaction is made (or on or before the immediately subsequent business day not being a bank holiday, if such second business day falls on a bank holiday specified in Article 15.1 of the Banking Act).

**Article 24. Money Payable or Receivable for Cash Settlement**

24.1 With respect to a sale contract or L-T Link Short Position, or a purchase contract or L-T Link Long Position, for a specific contract month of Three-month Euroyen futures, Two-year ¥ Swapnote™, Five-year ¥ Swapnote™, Seven-year ¥ Swapnote™, Ten-year ¥ Swapnote™ or Three-month TONA futures for which no offsetting transaction has been made before its last trading day (hereinafter called “final short position” or “final long position” respectively), settlement shall be made by reference to the figure to be determined by the Exchange after the close of such last trading day’s day session in accordance with the Clearing Regulations (hereinafter called the “final settlement figure”), the final settlement as aforesaid being hereinafter called “cash settlement”. In this case, the Customer or the Trading Member shall pay to, or receive from, the other party the amount obtained by multiplying: (i) the amount calculated per trading unit with respect to each financial index, etc. specified below in accordance with the following formula and (ii) the volume of the Customer’s final short position or final long position. If a document is not required to be delivered to a Customer upon conclusion of a contract pursuant to Article 45 of the Act or if an Average Unit Price may be stated on a report on outstanding balance of transactions pursuant to Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc., such Average Unit Price may be used as a Contract Price in the calculation stated in the preceding sentence as prescribed by the Exchange.

- (1) Three-month Euroyen futures:

¥100,000,000 x [Difference between the final settlement figure and the

contract price or Acceptance Figure relevant to the final short position or final long position] x 1/100 x (90 days/360 days)

- (2) Two-year ¥ Swapnote™, Five-year ¥ Swapnote™, Seven-year ¥ Swapnote™ or Ten-year ¥ Swapnote™:

¥10,000,000 x [Difference between the final settlement figure and the contract price relevant to the final short position or final long position] x 1/100

- (3) Three-month TONA futures:

¥2,500 x [Difference between the final settlement figure and the contract price relevant to the final short position or final long position] ÷ 1/100

24.2 In connection with Article 24.1 above, where a Customer holds final short position, the money shall be received by the Customer if the final settlement figure is less than the contract price or Acceptance Figure relevant to the final short position, and the money shall be paid by the Customer if the final settlement figure is greater than the contract price or Acceptance Figure relevant to the final short position. Likewise, where a Customer holds final long position, the money shall be received by the Customer if the final settlement figure is greater than the contract price or Acceptance Figure relevant to the final long position, and the money shall be paid by the Customer if the final settlement figure is less than the contract price or Acceptance Figure relevant to the final long position.

24.3 Between a Japanese Yen Interest Rate Remote Trading Member and its Customer, the payment or receipt under Article 24.1 above may be made in cash denominated in any currency as well as Japanese Yen.

## **Article 25. Deadline for Payment of Money for Cash Settlement**

A Customer shall pay the amount calculated in accordance with Article 24 hereof to the concerned Trading Member by the time and date designated by the Trading Member, which date shall be on or before the business day immediately following the

final settlement date (which means the date specified by the Exchange for each contract month of the respective financial index, etc. under the Trading Regulations).

**Articles 26 and 27 (Deleted)**

**Article 28. Payment or Receipt of Money upon Realization of Unrealized Profit or upon Transfer of Unrealized Profit to Margins**

28.1 Notwithstanding the provisions of Articles 22 through 25 hereof, if a Trading Member has made offsetting transaction or final settlement for an unsettled market derivatives contract or unsettled L-T Link Position which is based on an order given by a Customer whose unrealized profit had been paid out or transferred to margins in accordance with Article 36 of the Margin Regulations, the Trading Member shall pay the money to, or receive the money from, its Customer in accordance with the conditions set forth below. In this case, the provisions of Article 36 of the Margin Regulations shall apply mutatis mutandis to unsettled market derivatives contracts or L-T Link Positions set forth in Item (2) below.

- (1) Where there remains no unsettled market derivatives contract nor unsettled L-T Link Position based on the Customer's order as a result of offsetting transaction or final settlement:
  - (a) If the Japanese Yen amount which is equivalent to the amount of the unrealized profit paid out and transferred to margins is greater than the Japanese Yen amount which is equivalent to the amount of money receivable by the Customer under Article 22 or 24 hereof (hereinafter called the "realized profit"), the Trading Member shall notify the Customer thereof, and the Customer shall thereupon refund the amount of such difference to the Trading Member by the time and date designated by the Trading Member, which date shall be on or before the second business day following the business day on which there occurs the day session of the trading day on which the offsetting transaction or final settlement is made. In this case, the Trading Member shall not pay the realized profit to the Customer, regardless of the

provisions of Article 22 or 24 hereof.

- (b) If the Japanese Yen amount which is equivalent to the amount of the unrealized profit paid out and transferred to margins is less than the amount of the realized profit, the Trading Member shall pay such difference to the Customer, regardless of the provisions of Article 22 or 24 hereof.
  - (c) If there is the Japanese Yen amount which is equivalent to the outstanding amount of money payable by the Customer in accordance with Article 22 or 24 hereof (hereinafter called the “realized loss”), the Customer shall pay to the Trading Member the amount of money relevant to the realized loss in accordance with Article 23 or 25 hereof and refund to the Trading Member the amount of the unrealized profit paid out and transferred to margins by the time and date designated by the Trading Member, which date shall be on or before the second business day following the business day on which there occurs the day session of the trading day on which the offsetting transaction or final settlement is made.
- (2) Where there remains any unsettled market derivatives contract or unsettled L-T Link Position based on the Customer’s order as a result of offsetting transaction or final settlement:
- (a) If the Japanese Yen amount which is equivalent to the amount of the unrealized profit paid out and transferred to margins is greater than the amount of the realized profit, the Trading Member shall not pay the realized profit to the Customer, regardless of the provisions of Article 22 or 24 hereof. In this case, the difference between the Japanese Yen amount which is equivalent to the amount of the unrealized profit paid out and transferred to margins and the amount of the realized profit shall be recognized as a new unrealized profit payable or transferable to margins.
  - (b) If the Japanese Yen amount which is equivalent to the amount of the unrealized profit paid out and transferred to margins is less

than the amount of the realized profit, the Trading Member shall pay such difference to the Customer, regardless of the provisions of Article 22 or 24 hereof. In this case, the amount of the unrealized profit payable or transferable to margins shall be zero.

- (c) If the Customer has incurred a realized loss, the Customer shall pay the money relevant to the realized loss in accordance with Article 23 or 25 hereof. In this case, the amount of the unrealized profit payable or transferable to margins shall remain unchanged from the amount before the offsetting transaction or final settlement.

28.2 Between a Japanese Yen Interest Rate Remote Trading Member and its Customer, the payment or refund under Article 28.1 above may be made in cash denominated in any currency other than Japanese Yen.

## **CHAPTER VIII.**

### **SETTLEMENT OF POSITIONS AND PAYMENT OR RECEIPT OF MONEY FOR FX DAILY FUTURES CONTRACTS**

#### **Article 28-2. Settlement for FX Daily Futures Contracts**

28-2.1 Settlement of a short position or long position for FX Daily Futures contracts shall be made by either the filing of offsetting notification specified in Article 7-2-2.1(1) hereof or the execution of offsetting transaction specified in Article 7-2-2.1(2) hereof (hereinafter collectively called “notification or execution of offsetting transaction” in this Article 28-2 and Article 28-3 below) in such a way that the FX variation (as defined in Article 28-3.1 below) for the position subject to the notification or execution of offsetting transaction will be transferred to the FX Daily Futures Margin, the settlement as aforesaid being hereinafter called “FX cash settlement”.

28-2.2 With respect to a short position or long position for an FX Daily Futures contract for which no offsetting notification has been filed on the trading day on which that position exists, the position for which the contract day is the said trading day shall be discharged upon the close of the said trading day's Market Trading Period and, concurrently with such discharge, a position for which the contract day is the next trading day shall be newly created, between the Exchange and the FX Daily Futures Trading Member holding such discharged position, under the conditions that are same as those for the discharged position except for the contract day. The discharge and creation of the position related to FX Daily Futures contract in this Chapter VIII shall be referred to as "rollover".

### **Article 28-3. FX Variation**

28-3.1 FX variation to be settled in the FX cash settlement set forth in Article 28-2.1 hereof shall be in the amount equal to a sum of the following calculatory amounts arising in relation to the position for an FX Daily Futures contract.

- (1) Amount of initial FX revaluation profit or loss
- (2) Cumulative amount of daily FX revaluation profits and losses
- (3) Amount of fixed FX revaluation profit or loss
- (4) Cumulative amount of swap points

28-3.2 The "amount of the initial FX revaluation profit or loss" referred to in Article 28-3.1(1) above shall mean, when rollover arises in respect of an FX Daily Futures contract newly executed and there is a difference between the FX settlement price (meaning the "FX settlement price" provided for in Article 90-2.1 of the Clearing Regulations; hereinafter the same definition shall be used in this Article 28-3 below) on the trading day on which the said contract is executed, and the traded price upon such execution, the positive or negative calculatory amount calculated based on the said difference.

28-3.3 The "amount of accumulated daily FX revaluation profits and loss" referred to in Article 28-3.1(2) above shall mean, when rollover arises on any trading day in respect

of an FX Daily Futures contract that is executed on or before the immediately preceding trading day and there is a difference between the FX settlement price as of the trading day, by the close of the Market Trading Period of which the rollover arises and the FX settlement price as of the trading day immediately preceding the said trading day for such rollover, the cumulative amount of the positive or negative calculatory amount that shall be calculated daily based on the said difference.

28-3.4 The “amount of the fixed FX revaluation profit or loss” referred to in Article 28-3.1(3) above shall mean the positive or negative calculatory amount calculated based on the difference which arises in each of the following cases whichever is applicable, out of a notification or execution of offsetting transaction:

- (1) Where an offsetting notification is filed:

Either of the differences set forth in (a) and (b) below, whichever is applicable:

- (a) If both the short position and the long position to be settled have been created from the transactions that are both executed on the trading day on which the offsetting notification is filed:

Difference of the contract prices between those transactions

- (b) If either the short position or the long position to be settled has been created from the transaction that is executed on the trading day on which the offsetting notification is filed, and the other position has been created from rollover:

Difference between the contract price under the said transaction executed on the trading day on which the offsetting notification is filed and the FX settlement price quoted on one (1) trading day before the said trading day

- (2) Where an offsetting transaction is executed:

Difference between the contract price under the offsetting transaction and the price set forth in (a) or (b) below, whichever is applicable:

- (a) Where the position to be settled has been created from the transaction executed on the trading day on which the offsetting transaction is executed, the contract price of the said transaction
- (b) Where the position to be settled has been created from rollover, the FX settlement price quoted on one (1) trading day before the trading day on which the offsetting transaction is executed

28-3.5 The “amount of accumulated swap points” referred to in Article 28-3.1(4) above shall mean, if rollover arises with respect to a position for an FX Daily Futures contract and the date of the FX cash settlement with respect to such position is postponed by such rollover, the positive or negative calculatory amount shall be calculated for the postponed period in the manner separately prescribed by the Exchange, for the respective type of FX Daily Futures contracts for the purpose of adjustment of interest rate difference between the two currencies relevant to the concerned position (hereinafter called “swap point”), and the “amount of accumulated swap points” is the cumulative sum of such swap points.

28-3.6 With respect to a Cross Currency Pairs transaction (meaning the “Cross Currency Pairs transaction” defined in Article 2(20) of the FX Special Provisions, which interpretation shall equally apply in this Article 28-3.6 below), the amount specified in each Item of Article 28-3.1 above shall be calculated in the denomination of the Term Currency (meaning the “Term Currency” defined in Article 2(22) of the FX Special Provisions, which interpretation shall equally apply in this Article 28-3.6 below) of the relevant Cross Currency Pairs transaction, and then converted into the Japanese Yen amount at either of the following amounts as applicable: (a) if converted on a trading day on which a rollover arises, the FX settlement price applied to the Yen Currency Pairs transaction (meaning the “Yen Currency Pairs transaction” defined in Article 2(19) of the FX Special Provisions which is, if such Cross Currency Pairs transaction is a Large transaction (meaning a Large transaction defined in Article 2 (23) of the FX Special Provisions; which interpretation shall equally apply in this Article 28-3.6 below), the Yen Currency Pairs transaction of the Large transaction with respect to the said Term Currency, or, if such Cross Currency Pairs transaction is a Non-large transaction (meaning a Non-large transaction defined in Article 2 (24) of the FX Special Provisions;

which interpretation shall equally apply in this Article 28-3.6 below), the Yen Currency Pairs transaction of the Non-large transaction with respect to the said Term Currency), which interpretation shall equally apply throughout in this Article 28-3.6) with respect to the said Term Currency as of that trading day; and (b) if converted on a trading day on which the notification or execution of offsetting transaction is made, the FX settlement price applied to the Yen Currency Pairs transaction with respect to the said Term Currency as of that trading day, as the case may be.

#### **Article 28-4. Payment or Receipt of Money for FX Daily Futures Contracts**

Matters relating to payment or receipt of money for an FX Daily Futures contract between an FX Daily Futures Trading Member and its Customer shall be prescribed by the FX Margin Regulations.

### **CHAPTER VIII-II.**

#### **SETTLEMENT OF POSITIONS AND PAYMENT OR RECEIPT OF MONEY FOR EQUITY INDEX DAILY FUTURES CONTRACTS**

#### **Article 28-5. Settlement for Equity Index Daily Futures Contracts**

28-5.1 Settlement of a short position or long position for Equity Index Daily Futures contracts shall be made by either the filing of offsetting notification specified in Article 7-2-3.1(1) hereof, the execution of offsetting transaction specified in Article 7-2-3.1(2) hereof or the Reset specified in Article 7-2-3.1(3) (hereinafter collectively called “notification or execution of offsetting transaction” in this Article 28-5 and Article 28-6 hereof), in such a way that the Equity Index variation (as defined in Article 28-6.1 hereof) for the position subject to the notification or execution of offsetting transaction, if it is recognized as profit, will be added to the Equity Index Exchange Margin, and if it is recognized as loss, will be deducted from the Equity Index Exchange Margin.

28-5.2 With respect to a short position or long position for an Equity Index Daily Futures contract for which no offsetting notification has been filed on the trading day on which that position exists, the position for which the contract day is the said trading day shall be discharged upon the close of the said trading day's Market Trading Period and, concurrently with such discharge, a position for which the contract day is the next trading day shall be newly created, between the Exchange and the Equity Index Daily Futures Clearing Member holding such discharged position, under the conditions that are the same as those for the discharged position except for the contract day. The discharge and creation of the position related to Equity Index Daily Futures contract in this Chapter VIII-II shall be referred to as "rollover".

#### **Article 28-6. Equity Index Variation**

28-6.1 An Equity Index variation shall be the sum of the following calculatory amounts arising in relation to the position taken for an Equity Index Daily Futures contract:

- (1) Amount of initial Equity Index revaluation profit or loss
- (2) Cumulative amount of daily Equity Index revaluation profits or losses
- (3) Amount of final Equity Index revaluation profit or loss
- (4) Cumulative amount of daily interest rate amounts
- (5) Cumulative amount of dividend amounts

28-6.2 The "amount of initial Equity Index revaluation profit or loss" referred to in Article 28-6.1(1) above shall mean, when rollover is made in respect of an Equity Index Daily Futures contract newly executed and there is a difference between the Equity Index Settlement Price (meaning the "Equity Index Settlement Price" provided for in Article 90-12.1 of the Clearing Regulations; hereinafter the same definition shall be used below in this Article 28-6) on the trading day on which the said contract is executed, and the traded price upon such execution, the positive or negative calculatory amount calculated based on the said difference.

28-6.3 The "accumulated amount of daily Equity Index revaluation profit or loss"

referred to in Article 28-6.1(2) above shall mean, when rollover is made on any trading day in respect of an Equity Index Daily Futures contract that is executed on or before the immediately preceding trading day and there is a difference between the Equity Index Settlement Price as of the trading day, by the close of the Market Trading Period of which the rollover is made and the Equity Index Settlement Price as of the trading day immediately preceding the said trading day for such rollover, the cumulative amount of the positive or negative calculatory amount that shall be calculated daily based on the said difference.

28-6.4 The “amount of final Equity Index revaluation profit or loss” referred to in Article 28-6.1(3) above shall mean the positive or negative calculatory amount calculated based on the difference which arises in each of the following cases whichever is applicable, out of a notification or execution of offsetting transaction:

- (1) Where an offsetting notification is filed:

Either of the differences set forth in (a) and (b) below, whichever is applicable:

- (a) If both the short position and the long position to be settled have been created from the transactions that are both executed on the trading day on which the offsetting notification is filed:

Difference of the contract prices between those transactions

- (b) If either the short position or the long position to be settled has been created from the transaction that is executed on the trading day on which the offsetting notification is filed, and the other position has been created from rollover:

Difference between the contract price under the said transaction executed on the trading day on which the offsetting notification is filed and the Equity Index Settlement Price quoted on one (1) trading day before the said trading day

- (2) Where an offsetting transaction is executed:

Difference between the contract price under the offsetting transaction and the price set forth in (a) or (b) below, whichever is applicable:

- (a) Where the position to be settled has been created from the transaction executed on the trading day on which the offsetting transaction is executed, the contract price of the said transaction
- (b) Where the position to be settled has been created from rollover, the Equity Index Settlement Price quoted on one (1) trading day before the trading day on which the offsetting transaction is executed
- (c) Where a Reset is executed:  
Difference between the Reset Price (meaning the Reset Price set forth in Article 90-18-2.1 of the Clearing Regulations) and the Equity Index Settlement Price quoted on the last trading day

28-6.5 The “accumulated daily interest rate amount” referred to in Article 28-6.1(4) above shall mean, if rollover is made with respect to a position for an Equity Index Daily Futures contract and the settlement date designated for the settlement referred to in Article 28-5.1 hereof with respect to such position is postponed by such rollover, the cumulative positive calculatory amount for the holder of the short position and the cumulative negative calculatory amount for the holder of the long position, each calculated for the postponed period in the manner separately prescribed by the Exchange for the respective types of Equity Index Daily Futures contracts.

28-6.6 The “accumulated dividend amount” referred to in Article 28-6.1(5) above shall mean with respect to the positions taken for an Equity Index Daily Futures contract the cumulative positive calculatory amount for the holder of the long position and the cumulative negative calculatory amount for the holder of the short position, each calculated in the manner separately prescribed by the Exchange, to be correspondent to the theoretical amount by which the expected dividend payment would affect the equity index where payment of dividend is expected on an issue comprising the equity index traded under the Equity Index Daily Futures contract.

28-6.7 Accumulated dividend amounts shall not accrue with respect to DAX® Daily Futures contracts with Reset Date, Gold ETF Daily Futures contracts with Reset Date and WTI Daily Futures contracts with Reset Date.

**Article 28-7. Payment or Receipt of Money for Equity Index Daily Futures Contracts**

Matters relating to payment or receipt of money for an Equity Index Daily Futures contract between an Equity Index Daily Futures Trading Member, etc. and its Customer shall be prescribed by the Equity Index Margin Regulations.

**CHAPTER VIII-II-II.**

**CONTROL SYSTEM FOR LOSS-CUT TRANSACTIONS  
UNDER FX DAILY FUTURES CONTRACTS**

**Article 28-7-2. Control System for Loss-cut Transactions**

28-7-2.1 An FX Daily Futures Trading Member shall establish and maintain an appropriate system for controlling loss-cut transactions (defined hereinafter), in executing an FX Daily Futures transaction for the FX Daily Futures Customer account position prescribed in Article 2(6) of the said Regulations, based on an order of the Customer to whom the FX Margin reference amount for a Non-individual Customer prescribed in Article 22-3.1 of the FX Margin Regulations is applied (excluding those who are Professional Investors as defined in Article 2, Paragraph 31 of the Act and who are regarded as Professional Investors pursuant to Article 34-3 of the Act).

28-7-2.2 The control system referred to in Article 28-7-2.1 above shall ensure the following:

- (1) It shall be confirmed that the Effective Margin Ratio (defined hereinafter) does not fall below the respective percentage set forth

below in accordance with the classifications set forth in the relevant sub-item at intervals within five (5) minutes during the Market Trading Period.

- (a) Within 1 minute 20%
- (b) Over 1 minute and within 5 minutes 30%

- (2) If the Effective Margin Ratio falls below the respective percentages set forth in Article 28-7.2 (1) above, a loss-cut transaction shall be executed immediately.

28-7-2.3 For the purpose of this Article 28-7-2, “loss-cut transaction” means an offsetting of the FX Daily Futures transactions to be executed for the purpose of limiting the loss to the Customer when the amount of loss to be incurred by such Customer upon settlement of the FX Daily Futures transactions executed based on such Customer’s order reaches to the amount calculated in accordance with the calculation method agreed with such Customer in advance.

28-7-2.4 For the purpose of this Article 28-7-2, “Effective Margin Ratio” means a percentage figure obtained, by the amount after an adjustment of Fixed FX variation as defined in Article 2(9) of FX Margin Regulations to a deposited FX Exchange Margin as defined in Article 2(1) of FX Margin Regulations (if Fixed FX variation is a positive number, the absolute value thereof shall be added and, if it is a negative number, the absolute value thereof shall be deducted) added by a gain to be obtained by a Customer or deducted by a loss to be incurred by such Customer upon settlement of FX Daily Futures transactions, divided by the aggregated sum of each of the Ordering Margin as defined in Article 19.1 of the FX Margin Regulations, applicable to the relevant type of FX Daily Futures contracts, being multiplied by the larger of the total short positions or the total long positions held for the relevant type of FX Daily Futures contracts (if the aggregated short positions and the aggregates long positions are the same amount, by such amount), and then multiplied by 100.

### **CHAPTER VIII-III.**

## **CONTROL SYSTEM FOR LOSS-CUT TRNSACTIONS UNDER EQUITY INDEX DAILY FUTURES CONTRACTS**

### **Article 28-8. Control System for Loss-cut Transactions**

28-8.1 An Equity Index Daily Futures Trading Member, etc. shall establish and maintain an appropriate system for controlling loss-cut transactions which it enters into with individual Customers (excluding those who are qualified institutional investors defined in Article 2, Paragraph 31, Item (1) of the Act and who are regarded to be Professional Investors pursuant to Article 34-4 thereof; this interpretation shall similarly apply hereafter in this Article) under Equity Index Daily Futures contracts.

28-8.2 The control system referred to in Article 28-8.1 above shall ensure the following:

- (1) The loss-cut trigger will be established such that the loss of the Customer will not exceed the Equity Index Margin by taking the price fluctuation, liquidity and other risks into account.
- (2) Well-defined loss-cut arrangements shall be reflected in the contract with the Customer.
- (3) The amount of the Customer's loss at each designated point in time during the trading hours shall be tracked appropriately, so that once the amount meets the trigger established pursuant to Article 28-8.2(1) above, the loss-cut transaction shall be executed.
- (4) Details of the loss-cut transaction will be reported to the board of directors or any equivalent organization either regularly or from time to time as necessary.

28-8.3 A Trading Member may vary the control systems for loss-cut transactions as well as the terms of loss-cut transactions, from one Customer to the other Customers.

28-8.4 For the purpose of this Article 28-8, "loss-cut transaction" means the following

actions and similar measures to be taken for the purpose of limiting the loss to the Customer under an Equity Index Daily Futures contract:

- (1) To execute a Resale or a Repurchase for the Customer's account, and unwind the Customer's positions in whole or in part
- (2) To take dual positions for the Customer's account
- (3) To cause the Customer to place an order with the condition (modifier) which will limit the loss of the Customer in advance for the positions held for the Customer's account

## **CHAPTER VIII-IV.**

### **CONTROL SYSTEM FOR LOSS-CUT TRANSACTIONS UNDER COMBINED MANAGEMENT**

#### **Article 28-9. Control System for Loss-cut Transactions under Combined Management**

28-9.1 Notwithstanding the preceding two Articles, a Trading Member Conducting Combined Management shall establish and maintain an appropriate system for controlling loss-cut transactions under Combined Management which it enters into with a Customer under Combined Management who is an individual (meaning an individual as defined in Article 123, Paragraph 1, Item 21-2 of the Cabinet Office Ordinance on Financial Instruments Business, etc.) (hereinafter called "Individual Customer under Combined Management" in this Article) or a Customer under Combined Management who is a customer as defined in Article 28-7-2.1 above (hereinafter called "Non-individual Customer under Combined Management" in this Article and together with an Individual Customer under Combined Management collectively called "Subject Customer") under an FX Daily Futures contract or Equity Index Daily Futures contract to be handled in an FX/Equity Index Daily Futures Transactions Account for Combined Management.

28-9.2 The control system referred in Article 28-9.1 above shall ensure the following:

- (1) An Effective Margin Ratio for each Subject Customer shall be calculated in accordance with the following:
  - (a) (i) The amount after an adjustment of Fixed FX variation as defined in Article 2(9) of FX Margin Regulations to an FX Exchange Margin as defined in Article 2(1) of FX Margin Regulations (namely, if Fixed FX variation is a positive number, the absolute value thereof shall be added and, if it is a negative number, the absolute value thereof shall be deducted), either added by a gain to be obtained by a Subject Customer or deducted by a loss to be incurred by such Subject Customer upon settlement of FX Daily Futures transactions, and (ii) the amount after an adjustment of Fixed Equity Index variation as defined in Article 2(9) of Equity Index Margin Regulations to a deposited Equity Index Exchange Margin as defined in Article 2(1) of Equity Index Margin Regulations (namely, if Fixed Equity Index variation is a positive number, the absolute value thereof shall be added and, if it is a negative number, the absolute value thereof shall be deducted), either added by a gain to be obtained by a Subject Customer or deducted by a loss to be incurred by such Subject Customer upon settlement of Equity Index Daily Futures transactions, shall be aggregated:
  - (b) (i) The amount of Ordering Margin as defined in Article 19.1 of FX Margin Regulations multiplied by the total short positions or the total long positions held for each type of FX Daily Futures contracts, whichever is larger (if they are the same volume, such volume), and (ii) the amount of Ordering Margin as defined in Article 16.1 of the Equity Index Margin Regulations multiplied by the absolute value of the difference of the short positions and the long positions held for each type of Equity Index Daily Futures contracts, shall be aggregated;

- (c) The amount obtained in (a) above divided by the amount obtained in (b) above shall be multiplied by 100.
- (2) The loss-cut trigger under Combined Management shall be established in accordance with the following for each Subject Customer:
  - (a) With respect to an Individual Customer under Combined Management, the loss-cut trigger shall not fall below the loss-cut trigger prescribed by The Financial Futures Association of Japan with respect to the foreign exchange margin transactions conducted by its members;
  - (b) With respect to a Non-individual Customer under Combined Management, the loss-cut trigger shall not fall below the trigger prescribed in Article 28-7-2.2(1) above;
  - (c) The loss-cut trigger for FX Daily Futures contracts and the loss-cut trigger for Equity Index Daily Futures contracts shall be at the same level.
- (3) If the Effective Margin Ratio for each Subject Customer falls below the level established in accordance with Article 28-9.2(2) above with the consent of such Subject Customer, loss-cut transactions under Combined Management shall be executed immediately with respect to both the FX Daily Futures contracts and Equity Index Daily Futures contracts of such Subject Customer.

28-9.3 For the purpose of this Article 28-9, a “loss-cut transaction under Combined Management” means, if the Effective Margin Ratio of a Subject Customer falls below the level agreed between a Trading Member Conducting Combined Management and such Subject Customer in advance, to execute a Resale or a Repurchase for the Subject Customer’s account and unwind of the positions held by the Subject Customer for the purpose of limiting the loss of the Subject Customer under FX Daily Futures contracts and Equity Index Daily Futures contracts to be handled in an FX/Equity Index Daily Futures Transactions Account for Combined Management.

28-9.4 Notwithstanding the provisions of Article 28-9.3 above, a Trading Member

Conducting Combined Management may take the measures set forth in Article 28-8.4 with respect to the positions of Equity Index Daily Futures contracts.

## **CHAPTER IX.**

### **MEASURES AND OTHERS FOR CUSTOMER'S DEFAULT IN SETTLEMENT**

#### **Article 29. Measures for Customer's Default in Settlement**

29.1 If a Customer fails to place, deposit or pay any requisite margin or money to a Trading Member in relation to market derivatives contracts or L-T Link Positions by the prescribed time, the Trading Member may at its discretion make offsetting transaction or final settlement for the Customer's account in order to settle such market derivatives contracts or L-T Link Positions.

29.2 If a Trading Member Conducting Combined Management makes offsetting transaction in accordance with Article 29.1 above, it shall make offsetting transactions for both FX Daily Futures contracts and Equity Index Daily Futures contracts of a Customer under Combined Management.

29.3 If a Trading Member has incurred loss in connection with Article 29.1 and Article 29.2 above, the Trading Member may appropriate any of the money and the negotiable securities held in its possession in favor of the concerned Customer, in order to compensate for such loss, and if there still remain outstanding portions even after the appropriation, the Trading Member may demand that the Customer pay the sum of such unappropriated portions.

#### **Article 30. Measures for Excessive Volume of Customer's Position**

30.1 If the total volume of a Customer's unsettled market derivatives contracts and unsettled L-T Link Positions exceeds the upper limit communicated from time to time by

a Trading Member to the Customer in advance as a result of creation of market derivatives contracts or arising of L-T Link Positions for give-up for the Customer's account, the Trading Member may at its discretion make offsetting transaction or final settlement for the Customer's account in order to settle market derivatives contracts or L-T Link Positions in the volume equal to the excess over the said upper limit.

30.2 If the total volume of a Customer's unsettled market derivatives contracts and unsettled L-T Link Positions for give-up created or arisen for a specific period exceeds the upper limit communicated from time to time by a Trading Member to the Customer in advance as a result of creation or arising of market derivatives contracts or L-T Link Positions for give-up for the Customer's account, the Trading Member may at its discretion make offsetting transaction or final settlement for the Customer's account in order to settle such market derivatives contracts or L-T Link Positions.

**Articles 31 through 38 (Deleted)**

## **CHAPTER X.**

### **BROKERAGE COMMISSION**

#### **Article 39. Brokerage Commission**

39.1 A Trading Member and its Customer shall beforehand agree upon the amounts of brokerage commissions to be collected by the Trading Member from the Customer when a market derivatives contract is executed based on the Customer's order and the manner of collection of such commissions.

39.2 A Trading Member shall prescribe the amounts of brokerage commissions to be collected from its Customer when an L-T Link Position arises in line with an order for Linked Clearing given by the Customer and accepted by the Trading Member.

39.3 With respect to position transfer based on a Customer's order accepted by a

position transferor and a position transferee, the position transferor and the position transferee shall respectively prescribe their brokerage commissions to be collected from the Customer when the position transfer has been made.

39.4 An Equity Index Daily Futures Trading Member, etc. and its Customer shall beforehand agree upon the amounts of brokerage commissions to be collected by the Equity Index Daily Futures Trading Member, etc. from the Customer when an Equity Index Daily Futures contract is reset and the manner of collection of such commissions.

#### **Article 40. Collection of Communication and Other Expenses**

In addition to brokerage commissions, a Trading Member may collect from its Customer actual costs for communications or mailing and other costs expended in connection with market derivatives transactions or the arising of L-T Link Positions.

## **CHAPTER XI.**

### **INVALIDATION OF MARKET DERIVATIVES CONTRACTS**

#### **Article 41. Measures for Customers**

41.1 When a Trading Member receives a notice from the Exchange under Article 14-3.2 of the Trading Regulations, the Trading Member shall promptly communicate the contents of the notice to its Customers as mentioned below.

- (1) Customers who have given an order to the Trading Member with respect to any market derivatives contract to be invalidated
- (2) Other Customers to whom the Trading Member will consider it necessary to make notice

**Article 42. Effect of Invalidation of Market Derivatives Contract, etc.**

42.1 In the event that a market derivatives contract is invalidated by the Exchange, the rights and obligations between the Customer and the Trading Member in relation to such invalidated market derivatives contract shall be deemed not to have arisen from the beginning.

42.2 The Customer may not claim the Exchange for any damages that would have incurred by the Customer due to invalidation of a market derivatives contract by the Exchange, unless such damages are determined to have been incurred due to willful misconduct or gross negligence of the Exchange.

42.3 The Customer may not claim the Trading Member who executes the order for Error Trade for any damages that would have incurred by the Customer due to invalidation of a market derivatives contract by the Exchange, unless willful misconduct or gross negligence of such Trading Member is found at the execution of the order of Error Trade.

## **CHAPTER XII.**

### **MISCELLANEOUS PROVISIONS**

**Article 43. Liability Due to Use of Market**

A Customer may not claim the Exchange for any damages incurred by it, as long as such damages were incurred due to either of the following:

- (1) Any measures taken by the Exchange based on applicable laws or regulations or rules or regulations of the Exchange; or
- (2) Force majeure including but not limited to natural disaster, etc.

**Article 44. Allocation of Positions and Notice to Customers Subject to Allocation at the Time of Early Termination of Positions for**

## **Interest Rate Futures Contracts**

44.1 If the positions for Interest Rate Futures contracts based on orders of Customers are designated as the positions to be allocated for early termination specified in Article 15-10-3.1 of the Clearing Regulations, the Trading Member shall immediately allocate such positions to be allocated for early termination to the respective Customers by the predetermined method.

44.2 In the case of Article 44.1 above, the Trading Member shall promptly notify the Customers whose positions have been subjected to the allocation for early termination of the issues and volume relating to such allocation.

## **SUPPLEMENTARY PROVISIONS**

These amended regulations shall take effect as from November 30, 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 June 26, 2017.

### **SUPPLEMENTARY PROVISIONS**

These amended regulations shall take effect as from July 3, 2017.

### **SUPPLEMENTARY PROVISIONS**

These amended regulations shall take effect as from February 1, 2018.

### **SUPPLEMENTARY PROVISIONS**

These amended regulations shall take effect as from October 26, 2020.

### **SUPPLEMENTARY PROVISIONS**

These amended regulations shall take effect as from February 1, 2021.

### **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

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