

[English Translation]

## **CLEARING REGULATIONS**

**TOKYO FINANCIAL EXCHANGE INC.**

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## **CHAPTER I.**

### **GENERAL PROVISIONS**

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

1.1 The purpose of these Clearing Regulations shall be to set forth basic matters with respect to the methods of operation of financial instruments obligation assumption business and businesses pertaining thereto operated by the Exchange in accordance with Article 156-7 of the Financial Instruments and Exchange Act (Act No. 25, 1948; hereinafter called the “Act”), so as to contribute to fair and appropriate operation of such businesses by the Exchange.

#### **Article 2. Underlying Contracts**

Underlying contracts of financial instruments obligation assumption business operated by the Exchange shall be those set forth in the following Items:

- (1) Market derivatives contracts effected on financial instruments markets provided by the Exchange; and
- (2) Contracts similar to the market derivatives contracts effected at the Linked Overseas Exchanges, which are defined in Article 2(3) of the Trading Regulations as the exchanges which are located overseas and at which overseas financial instruments markets are provided, based on the same financial indices as those separately prescribed by the Exchange (hereinafter called the “linked market derivatives contract(s)”).

#### **Article 2-2. Exemption from Application concerning FX Daily Futures Contract, Equity Index Daily Futures Contract and FX Clearing Futures Contract Obligation Assumption Business**

2-2.1 With respect to a market derivatives contract set forth in Article 2(1) above which is an FX Daily Futures contract, the provisions of Sections 2 and 3 of Chapter IV, Chapters X through XII, Chapter XIII-II, XIII-III, XIII-IV and other provisions hereof relevant to L-T Link Positions and the give-up mechanism shall not apply.

2-2.2 With respect to a market derivatives contract set forth in Article 2(1) above which is an Equity Index Daily Futures contract, the provisions of Sections 2 and 3 of Chapter IV, Chapters X through XIII and Chapter XIII-III, XIII-IV and other provisions hereof relevant to L-T Link Positions and the give-up mechanism shall not apply.

2-2.3 With respect to a market derivatives contract set forth in Article 2(1) above which is an FX Clearing Futures contract, the provisions of Sections 2 and 3 of Chapter IV, Chapters X through XIII-II and Chapter XIII-IV, XIV, and other provisions hereof relevant to L-T Link Positions and the give-up mechanism shall not apply.

## **CHAPTER II.**

### **QUALIFICATION FOR CLEARING MEMBERS**

#### **Section 1. General Provisions**

#### **Article 3. Clearing Members**

3.1 For the purpose hereof, “Clearing Member” shall mean a person qualified for acting as counterparty in the financial instruments obligation assumption business operated by the Exchange (hereinafter called the “clearing membership”).

3.2 The clearing membership set forth in Article 3.1 above shall consist of (i) Interest Rate Futures Clearing Membership, (ii) Daily Futures Clearing

Membership and (iii) FX Clearing Futures Clearing Membership, each as specified below:

- (1) “Interest Rate Futures Clearing Membership” shall mean the membership which qualifies the holder thereof to act as counterparty in the financial instruments obligation assumption business operated by the Exchange in connection with the Interest Rate Futures contracts set forth in Article 2.11 of the Trading Member Regulations and the L-T Link Positions set forth in Article 2(7) of the Trading Regulations.
- (2) “Daily Futures Clearing Membership” shall mean the membership which qualifies the holder thereof to act as counterparty in the financial instruments obligation assumption business operated by the Exchange in connection with the FX Daily Futures contract(s) / transaction(s) or Equity Index Daily Futures contract(s) / transaction(s) set forth in Article 2.11 of the Trading Member Regulations.
- (3) “FX Clearing Futures Clearing Membership” shall mean the membership which qualifies the holder thereof to act as counterparty in the financial instruments obligation assumption business operated by the Exchange in connection with the FX Clearing Futures contract(s) / transaction(s) set forth in Article 2.11 of the Trading Member Regulations.

3.3 For the purpose of these Regulations, a person who has the Interest Rate Futures Clearing Membership shall be called “Interest Rate Futures Clearing Member”, a person who has the Daily Futures Clearing Membership shall be called “Daily Futures Clearing Member”, and a person who has the FX Clearing Futures Clearing Membership shall be called “FX Clearing Futures Clearing Member”.

3.4 A Clearing Member may not act as counterparty in the financial instruments obligation assumption business operated by the Exchange in connection with a market derivatives transaction for which the Clearing Member does not hold the trading membership; provided, however, an Interest Rate Futures Clearing Member holding Japanese Yen Interest Rate Trading Membership may act as counterparty in the financial instruments obligation assumption business operated by the Exchange in connection with a market derivatives transaction concerning Japanese Yen Interest Rate Remote Trading

Membership, and a Daily Futures Clearing Member eligible for Securities, etc. Clearing-Broking Contracts (meaning a “Daily Futures Clearing Member eligible for Securities, etc. Clearing-Broking Contracts” as defined in Article 5.6 hereof) which is a registered financial institution may act as counterparty in the financial instruments obligation assumption business operated by the Exchange in connection with an Equity Index Daily Futures transaction concerning Equity Index Daily Futures Trading Membership, and a Daily Futures Clearing Member may act as counterparty in the financial instruments obligation assumption business operated by the Exchange in connection with an Equity Index Daily Futures transaction concerning Equity Index Daily Futures Remote Trading Membership.

3.5 A Trading Member who enters into market derivatives transactions on the Exchange Market and who does not hold the clearing membership for those transactions shall be called “Non-Clearing Member”. If a market derivatives contract is an FX Clearing Futures contract, the FX Clearing Futures Clearing Member shall have an FX Clearing Futures Clearing Membership.

3.6 A Clearing Member entering into a Clearing Agreement with a specific Non-Clearing Member and undertaking clearing for market derivatives contracts executed by the said Non-Clearing Member shall be called “Designated Clearing Member”.

## **Section 2. Acquisition of Clearing Membership**

### **Article 4. Application for Clearing Membership and Admission thereto**

4.1 A person who wishes to obtain the clearing membership (hereinafter called “clearing membership applicant”) shall file an application for the clearing membership with the Exchange in accordance with the requirements prescribed by the Exchange.

4.2 Upon the receipt of an application for the clearing membership referred to in Article 4.1 above, the Exchange shall examine applicant’s satisfaction of qualification criteria for the clearing membership set forth in Article 5 hereof, as well as other matters which the Exchange deems necessary to examine with respect to such applicant in view of operation of the financial instruments obligation assumption business, and if the Exchange



determines that the applicant is qualified for the clearing membership, it shall admit the said applicant to the clearing membership.

4.3 Notwithstanding the provision of Article 4.1 hereof, a clearing membership applicant which is a Bridge Financial Institution, etc. (meaning the Bridge Financial Institution, etc. defined in Article 126-34, Paragraph 3, Item 5 of the Deposit Insurance Act (Act No. 34 of 1971); this interpretation shall equally apply hereinafter) may file an application for clearing membership with the Exchange in accordance with the requirements prescribed by the Exchange. In such case, the Exchange may admit the said clearing membership applicant to the clearing membership.

4.4 When a clearing membership applicant is admitted to the clearing membership by the Exchange pursuant to the provisions of Article 4.2 above, the clearing membership applicant shall pay the clearing registration fee, deposit a clearing deposit with the Exchange and take other procedures for the acquisition of the clearing membership separately prescribed by the Exchange.

4.5 When a clearing membership applicant is admitted to the clearing membership by the Exchange pursuant to the provisions of Article 4.3 above, the clearing membership applicant shall deposit a clearing deposit with the Exchange and take other procedures for the acquisition of the clearing membership separately prescribed by the Exchange.

4.6 If a clearing membership applicant fails to take the procedures set forth in Article 4.4 or 4.5 above by the designated deadline, such applicant shall be deemed to have withdrawn its application for the clearing membership.

## **Article 5. Qualification Criteria for Clearing Membership**

5.1 Qualifications for Interest Rate Futures Clearing Membership shall be classified into those to be satisfied by a Clearing Member who is an Interest Rate Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contract in accordance with Chapter III below (hereinafter called “Interest Rate Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts”) and those to be satisfied by a Clearing Member who is an Interest Rate Futures Clearing Member not eligible therefor (hereinafter called “Interest Rate Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts” in this Article 5.1). An Interest Rate Futures Clearing Member

eligible for Securities, etc. Clearing-Brokering Contracts shall satisfy any one of the qualifications as Interest Rate Futures Clearing Member specified in Article 5.2 or 5.3 below, and an Interest Rate Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts shall satisfy any one of the qualifications as Interest Rate Futures Clearing Member specified in Article 5.4 or 5.5 below.

5.2 All of the following criteria shall be satisfied:

- (1) Geographic basis: having its office or branch within Japan to conduct market derivative transactions at the Exchange Market.
- (2) Trading membership: expecting to obtain or already possessing at least one (1) type of trading membership for Interest Rate Futures transactions.
- (3) Personnel:
  - (a) being a financial instruments firm (meaning the “financial instruments firm” defined in Article 2, Paragraph 9 of the Act, which interpretation shall equally apply hereinafter) which is a corporation, the registered type of business of which is the second financial instruments business (provided, however, if it enters into a market derivative transaction based on a Customer’s order, the second financial instruments business and securities, etc. management business), or being a registered financial institution (meaning the “registered financial institution” defined in Article 2, Paragraph 11 of the Act, which interpretation shall equally apply hereinafter); and
  - (b) having the knowledge and capability enough to perform businesses as an Interest Rate Futures Clearing Member in light of its personnel, and having sufficient social credit.
- (4) Financial resources:
  - (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;

- (b) having at least twenty billion Japanese Yen (¥20,000,000,000) of net assets;
- (c) in the case of a financial instruments firm, maintaining the Capital-to-Risk Ratio defined in Article 46-6.1 of the Act at not less than two hundred percent (200%) (provided that, in the case of a financial instruments firm whose registered business type is not the first financial instruments business, maintaining the ratio determined by applying *mutatis mutandis* Article 46-6.1 of the Act, and the same shall apply in Article 5.3(4)(c), 5.4(4)(c), 5.5(4)(c), 5.7(4)(c), 5.8(4)(c), 5.9(4)(c) and 5.10(4)(c));
- (d) expecting stable profitability as Clearing Member;
- (e) in the case of a special financial instruments firm, (meaning only a special financial instruments firm (tokubetsu kinyu'u shouhin torihiki gyousha) set forth in Article 57-2.2 of the Act; which files the notification under Article 57-5.2 of the Act; the same shall apply hereinafter), maintaining the Consolidated Capital-to-Risk Ratio calculated by the method set forth in Article 2 of the Financial Services Agency Notification No. 128 of 2010 (hereinafter called the "Consolidated Capital-to-Risk Ratio on Downstream Consolidation") being not less than two hundred percent (200%);
- (f) in the case of a designated special financial instruments firm (meaning a designated special financial instruments firm (taishou tokubetsu kinyu'u shouhin torihiki gyousha) set forth in Article 57-12.3 of the Act; the same shall apply hereinafter), in relation to the Consolidated Capital-to-Risk Ratio set forth in Article 2 of the Financial Services Agency Notification No. 130 of 2010 (hereinafter called the "Consolidated Capital-to-Risk Ratio on Uniform International Standards"), "Consolidated Common Equity Tier 1 Capital Ratio" set forth in the same Article 2(1) (hereinafter called the "Consolidated Common Equity Tier 1 Capital Ratio") being not less than four point five

percent (4.5%) and “Consolidated Tier 1 Capital Ratio” set forth in the Article 2(2) thereof (hereinafter called the “Consolidated Tier 1 Capital Ratio”) being not less than six percent (6%) and the consolidated total Capital-to-Risk Ratio set forth in the Article 2(3) thereof (hereinafter called the “Total Consolidated Capital-to-Risk Ratio”) being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio calculated by the method set forth in Article 4 thereof (hereinafter called the “Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation”) being not less than two hundred percent (200%);

- (g) in the case of a registered financial institution subject to Uniform International Standards (meaning a registered financial institution set forth in Article 1(10)-2 of the Financial Services Agency Notification No.19 of 2006; the same shall apply hereinafter), “Consolidated Common Equity Tier1 Capital Ratio” set forth in the same Article 2(1) being not less than four point five percent (4.5%) and “Consolidated Tier1 Capital Ratio” set forth in Article 2(2) thereof being not less than six percent (6%) and “Consolidated Total Capital Ratio” set forth in Article 2(3) thereof being not less than eight percent (8%), or “Non-consolidated Common Equity Tier1 Capital Ratio” set forth in Article 14(1) thereof being not less than four point five percent (4.5%) and “Non-consolidated Tier1 Capital Ratio” set forth in Article 14(2) being not less than six percent (6%) and “Non-consolidated Total Capital Ratio” set forth in Article 14(3) thereof being not less than eight percent (8%);
- (h) in the case of a financial institution subject to Japanese Standard (meaning a financial institution subject to Japanese Standard set forth in Article 1(10)-3 of the Financial Services Agency Notification No.19 of 2006; the same shall apply hereinafter), “Consolidated Capital Adequacy Ratio” set forth in the same Article 25 being not less than four percent (4%), or “Non-consolidated Capital Adequacy Ratio” set forth in Article 37 thereof being not less than four percent (4%);

- (i) in the case of The Norinchukin Bank, “Consolidated Common Capital Contribution Tier1 Ratio” set forth in Article 2(1) of the Financial Services Agency and Ministry of Agriculture, Forestry and Fisheries Notification No.4 of 2006 being not less than four point five percent (4.5%) and “Consolidated Tier1 Capital Ratio” set forth in Article 2(2) thereof being not less than six percent (6%) and “Consolidated Total Capital Ratio” set forth in Article 2(3) thereof being not less than eight percent (8%), or “Non-consolidated Common Capital Contribution Tier1 Ratio” set forth in Article 14(1) thereof being not less than four point five percent (4.5%) and “Non-consolidated Tier1 Capital Ratio” set forth in Article 14(2) being not less than six percent (6%) and “Non-consolidated Total Capital Ratio” set forth in Article 14(3) thereof being not less than eight percent (8%);
  
- (j) in the case of Shinkin Central Bank (meaning a shinkin bank federation subject to Uniform International Standards set forth in Article 1(9)-3 of the Financial Services Agency Notification No.19 of 2006; the same shall apply hereinafter), “Consolidated Common Capital Contribution Tier1 Ratio” set forth in Article 19(1) of the Financial Services Agency Notification No.21 of 2006 being not less than four point five percent (4.5%) and “Consolidated Tier1 Capital Ratio” set forth in Article 19(2) thereof being not less than six percent (6%) and “Consolidated Total Capital Ratio” set forth in Article 19(3) thereof being not less than eight percent (8%), or “Non-consolidated Common Capital Contribution Tier1 Ratio” set forth in Article 31(1) thereof being not less than four point five percent (4.5%) and “Non-consolidated Tier1 Capital Ratio” set forth in Article 31(2) being not less than six percent (6%) and “Non-consolidated Total Capital Ratio” set forth in Article 31(3) thereof being not less than eight percent (8%);
  
- (k) in the case of a shinkin bank subject to Japanese Standard (meaning a shinkin bank subject to Japanese Standard set forth

in Article 1 (9)-2 of the Financial Services Agency Notification No.21 of 2006; the same shall apply hereinafter), “Consolidated Capital Adequacy Ratio” set forth in the same Article 2 being not less than four percent (4%), or “Non-consolidated Capital Adequacy Ratio” set forth in Article 11 thereof being not less than four percent (4%);

- (l) in the case of The Shoko Chukin Bank, Ltd. “Consolidated Common Equity Tier1 Capital Ratio” set forth in Article 2(1) of the Financial Services Agency and Ministry of Finance and Ministry of Economy, Trade and Industry Notification No.2 of 2008 being not less than four point five percent (4.5%) and “Consolidated Tier1 Capital Ratio” set forth in Article 2(2) thereof being not less than six percent (6%) and “Consolidated Total Capital Ratio” set forth in Article 2(3) thereof being not less than eight percent (8%), or “Non-consolidated Common Equity Tier1 Capital Ratio” set forth in Article 14(1) thereof being not less than four point five percent (4.5%) and “Non-consolidated Tier1 Capital Ratio” set forth in Article 14(2) being not less than six percent (6%) and “Non-consolidated Total Capital Ratio” set forth in Article 14(3) thereof being not less than eight percent (8%); and
- (m) In the case of a foreign bank (meaning a foreign bank set forth in Article 10.2(8) of the Banking Act (Act No.59, 1981); the same shall apply hereinafter), the requirements equivalent to those set forth in Article 5.2(4)(g).

5.3 All of the following criteria shall be satisfied:

- (1) Geographic basis: having its office or branch within Japan to conduct market derivative transactions at the Exchange Market.
- (2) Trading membership: expecting to obtain or already possessing at least one (1) type of trading membership for Interest Rate Futures transactions.

- (3) Personnel:
- (a) being a financial instruments firm which is a corporation and the registered type of business of which is the second financial instruments business (provided, however, if it enters into a market derivative transaction based on a Customer's order, the second financial instruments business and securities, etc. management business), or being a registered financial institution; and
  - (b) having the knowledge and capability enough to perform businesses as an Interest Rate Futures Clearing Member in light of its personnel, and having sufficient social credit.
- (4) Financial resources:
- (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
  - (b) having at least one billion Japanese Yen (¥1,000,000,000) but less than twenty billion Japanese Yen (¥20,000,000,000) of net assets;
  - (c) in the case of a financial instruments firm which is a cooperation, maintaining the Capital-to-Risk Ratio defined in Article 46-6.1 of the Act at not less than two hundred percent (200%);
  - (d) expecting stable profitability as Clearing Member;
  - (e) in the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio on Downstream Consolidation being not less than two hundred percent (200%);
  - (f) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier

1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%);

- (g) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);
- (h) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (i) in the case of The Norinchukin Bank, the requirements are equivalent to those set forth in Article 5.2(4)(i);
- (j) in the case of Shinkin Central Bank, the requirements are equivalent to those set forth in Article 5.2(4)(j);
- (k) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (l) in the case of The Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l);
- (m) in the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m); and
- (n) obtaining or having obtained guarantee for the obligations arising from Interest Rate Futures contracts executed in the name of the Interest Rate Futures Clearing Member for the benefit of the Exchange through the submission of a document concerning the guarantee in the form and substance approved by the Exchange to the Exchange by a corporation or other legal



entity which has the majority of the voting rights of all shareholders of the clearing membership applicant (hereinafter called a “parent company”), which satisfies the requirements set forth in (a), (c) and (e) or (f) above of this Article 5.3(4) and expects stable profitability with at least twenty billion Japanese Yen (¥20,000,000,000) of net assets.

5.4 All of the following criteria shall be satisfied:

- (1) Geographic basis: having its office or branch within Japan to conduct market derivative transactions at the Exchange Market.
- (2) Trading membership: expecting to obtain or already possessing at least one (1) type of trading membership for Interest Rate Futures transactions.
- (3) Personnel:
  - (a) being a financial instruments firm which is a corporation and the registered type of business of which is the second financial instruments business (provided, however, if it enters into a market derivative transaction based on a Customer’s order, the second financial instruments business and securities, etc. management business), or being a registered financial institution;
  - (b) having the knowledge and capability enough to perform businesses as an Interest Rate Futures Clearing Member in light of its personnel, and having sufficient social credit;
- (4) Financial resources:
  - (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
  - (b) having at least two billion Japanese Yen (¥2,000,000,000) of net assets (or when the Exchange otherwise determines that the

Clearing Member in substance satisfies this qualification as a special case);

- (c) in the case of a financial instruments firm which is a cooperation, maintaining the Capital-to-Risk Ratio defined in Article 46-6, Paragraph (1) of the Act at not less than two hundred percent (200%);
- (d) expecting stable profitability as Clearing Member;
- (e) in the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio on Downstream Consolidation being not less than two hundred percent (200%);
- (f) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%);
- (g) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);
- (h) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (i) in the case of The Norinchukin Bank, the requirements are equivalent to those set forth in Article 5.2(4)(i);
- (j) Shinkin Central Bank, the requirements are equivalent to those

set forth in Article 5.2(4)(j);

- (k) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (l) in the case of The Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l); and
- (m) in the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m);

5.5 All of the following criteria shall be satisfied:

- (1) Geographic basis: having its office or branch within Japan to conduct market derivative transactions at the Exchange Market.
- (2) Trading membership: expecting to obtain or already possessing at least one (1) type of trading membership for Interest Rate Futures transactions.
- (3) Personnel:
  - (a) being a financial instruments firm which is a corporation and the registered type of business of which is the second financial instruments business (provided, however, if it enters into a market derivative transaction based on a Customer's order, the second financial instruments business and securities, etc. management business), or being a registered financial institution;
  - (b) having the knowledge and capability enough to perform businesses as an Interest Rate Futures Clearing Member in light of its personnel, and having sufficient social credit;
- (4) Financial resources:

- (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
- (b) having at least one billion Japanese Yen (¥1,000,000,000) but less than two billion Japanese Yen (¥2,000,000,000) of net assets;
- (c) in the case of a financial instruments firm which is a cooperation, maintaining the Capital-to-Risk Ratio defined in Article 46-6, Paragraph (1) of the Act at not less than two hundred percent (200%);
- (d) expecting stable profitability as Clearing Member;
- (e) in the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio on Downstream Consolidation being not less than two hundred percent (200%);
- (f) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%);
- (g) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);
- (h) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (i) in the case of The Norinchukin Bank, the requirements are

equivalent to those set forth in Article 5.2(4)(i);

- (j) in case of Shinkin Central Bank, the requirements are equivalent to those set forth in Article 5.2(4)(j);
- (k) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (l) in the case of The Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l);
- (m) the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m); and
- (n) obtaining or having obtained guarantee for the obligations arising from Interest Rate Futures contracts executed in the name of the Interest Rate Futures Clearing Member for the benefit of the Exchange through the submission of a document concerning the guarantee in the form and substance approved by the Exchange to the Exchange by a parent company, which satisfies the requirements set forth in (a), (c) and (e) or (f) above of this Article 5.5(4) and expects stable profitability with at least twenty billion Japanese Yen (¥20,000,000,000) of net assets.

5.6 Qualifications for Daily Futures Clearing Membership shall be classified into those to be satisfied by a Clearing Member who is a Daily Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contract in accordance with Chapter III below (hereinafter called “Daily Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts”) and those to be satisfied by a Clearing Member who is a Daily Futures Clearing Member not eligible therefor (hereinafter called “Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts”). A Daily Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts shall satisfy any one of the qualifications as Daily Futures Clearing Member specified in Article 5.7 or 5.8 below, and a Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts shall satisfy any one of the qualifications as Daily Futures Clearing Member specified in Article 5.9 or 5.10 below.

5.7 All of the following criteria shall be satisfied:

- (1) Geographic basis: having its office or branch within Japan to conduct clearing operation for market derivative transactions at the Exchange Market.
- (2) Trading membership: obtaining a trading membership in connection with the market derivatives transactions for which it conducts clearing operation (*i.e.*, FX Daily Futures Trading Membership or Equity Index Daily Futures Trading Membership), provided that obtaining Equity Index Daily Futures Trading Membership is not required for a registered financial institution conducting clearing operation for Equity Index Daily Futures transactions.
- (3) Personnel:
  - (a) in the case of a person who conducts clearing operation for FX Daily Futures transactions, being a financial instruments firm which is a corporation and the registered type of business of which is the second financial instruments business (or the second financial instruments business as well as the securities, etc. management business if it conducts market derivatives transactions based on Customer's order,), or a registered financial institution;
  - (b) in the case of a person who conducts clearing operation for Equity Index Daily Futures transactions, being a financial instruments firm which is a corporation and the registered type of business of which is the first financial instruments business or a registered financial institution; and
  - (c) having the knowledge and capability enough to perform businesses as a Daily Futures Clearing Member in light of its personnel, and having sufficient social credit.
- (4) Financial resources:

- (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
- (b) having at least twenty billion Japanese Yen (¥20,000,000,000) of net assets;
- (c) in the case of a financial instruments firm which is a corporation, maintaining the Capital-to-Risk Ratio defined in Article 46-6.1 of the Act at not less than two hundred percent (200%);
- (d) expecting stable profitability as Clearing Member;
- (e) in the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio being not less than two hundred percent (200%); and
- (f) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier 1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%).
- (g) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);
- (h) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (i) in the case of The Norinchukin Bank, the requirements are

equivalent to those set forth in Article 5.2(4)(i);

- (j) in the case of Shinkin Central Bank, the requirements are equivalent to those set forth in Article 5.2(4)(j);
- (k) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (l) in the case of The Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l);
- (m) in the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m).

5.8 All of the following criteria shall be satisfied:

- (1) having its office or branch within Japan to conduct clearing operation for market derivative transactions at the Exchange Market
- (2) Trading membership: obtaining a trading membership in connection with the market derivatives transactions for which it conducts clearing operation (FX Daily Futures Trading Membership or Equity Index Daily Futures Trading Membership), except a registered financial institution who conducts clearing operation for Equity Index Daily Futures transactions in connection with obtaining an Equity Index Daily Futures Trading Membership.
- (3) Personnel:
  - (a) in the case of a person who conducts clearing operation for FX Daily Futures transactions, being a financial instruments firm which is a corporation and the registered type of business of which is the second financial instruments business (or the second financial instruments business as well as the securities, etc. management business, if it conducts market derivatives transactions based on Customer's order), or a registered



financial institution;

- (b) in the case of a person who conducts clearing operation for Equity Index Daily Futures transactions, being a financial instruments firm which is a corporation and the registered type of business of which is the first financial instruments business or a registered financial institution; and
- (c) having the knowledge and capability enough to perform businesses as a Daily Futures Clearing Member in light of its personnel, and having sufficient social credit.

(4) Financial resources:

- (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
- (b) having at least one billion Japanese Yen (¥1,000,000,000) but less than twenty billion Japanese Yen (¥20,000,000,000) of net assets;
- (c) in the case of a financial instruments firm which is a cooperation, maintaining the Capital-to-Risk Ratio defined in Article 46-6, Paragraph (1) of the Act at not less than two hundred percent (200%);
- (d) expecting stable profitability as Clearing Member;
- (e) in the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio on Downstream Consolidation being not less than two hundred percent (200%);
- (f) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier 1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six

percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%); and

- (g) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);
- (h) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (i) in the case of The Norinchukin Bank, the requirements are equivalent to those set forth in Article 5.2(4)(i);
- (j) in the case of Shinkin Central Bank, the requirements are equivalent to those set forth in Article 5.2(4)(j);
- (k) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (l) in the case of The Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l);
- (m) in the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m).
- (n) obtaining or having obtained guarantee by its parent company which satisfies the requirements set forth in (a), (c) and (e) or (f) above of this Article 5.11(4) and has at least twenty billion Japanese Yen (¥20,000,000,000) of net assets, and of which stable profitability is expected.

5.9 All of the following criteria shall be satisfied:

- (1) having its office or branch within Japan to conduct clearing operation for market derivative transactions at the Exchange Market.
- (2) Trading membership: obtaining a trading membership in connection with the market derivatives transactions for which it conducts clearing operation (FX Daily Futures Trading Membership or Equity Index Daily Futures Trading Membership).
- (3) Personnel:
  - (a) in the case of a person who conducts clearing operation for FX Daily Futures transactions, being a corporation and the registered type of business of which is the second financial instruments business (or the second financial instruments business as well as the securities, etc. management business, if it conducts market derivatives transactions based on Customer's order), or a registered financial institution;
  - (b) in the case of a person who conducts clearing operation for Equity Index Daily Futures transactions, being a financial instruments firm which is a corporation and the registered type of business of which is the first financial instruments business; and
  - (c) having the knowledge and capability enough to perform businesses as a Daily Futures Clearing Member in light of its personnel, and having sufficient social credit.
- (4) Financial resources:
  - (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
  - (b) having at least two billion Japanese Yen (¥2,000,000,000) of net assets (or when the Exchange determines that the Clearing Member substantially satisfies this qualification as a special case);

- (c) in the case of a financial instruments firm which is a cooperation, maintaining the Capital-to-Risk Ratio defined in Article 46-6, Paragraph (1) of the Act at not less than two hundred percent (200%);
- (d) expecting stable profitability as Clearing Member; and
- (e) in the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio on Downstream Consolidation being not less than two hundred percent (200%); and
- (f) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier 1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%).
- (g) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);
- (h) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (i) in the case of The Norinchukin Bank, the requirements are equivalent to those set forth in Article 5.2(4)(i);
- (j) in the case of Shinkin Central Bank, the requirements are equivalent to those set forth in Article 5.2(4)(j);

- (k) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (l) in the case of The Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l);
- (m) in the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m).

5.10 Having less than two billion Japanese Yen (¥2,000,000,000) of net assets, and all of the following criteria shall be satisfied:

- (1) having its office or branch within Japan to conduct clearing operation for market derivative transactions at the Exchange Market.
- (2) Trading membership: obtaining a trading membership in connection with the market derivatives transactions for which it conducts clearing operation (FX Daily Futures Trading Membership or Equity Index Daily Futures Trading Membership).
- (3) Personnel:
  - (a) in the case of a person who conducts clearing operation for FX Daily Futures transactions, being a financial instruments firm which is a corporation and the registered type of business of which is the second financial instruments business (or the second financial instruments business as well as the securities, etc. management business, if it conducts market derivatives transactions based on Customer's order), or a registered financial institution;
  - (b) in the case of a person who conducts clearing operation for Equity Index Daily Futures transactions, being a financial instruments firm which is a corporation and the registered type of business of which is the first financial instruments business; and

- (c) having the knowledge and capability enough to perform businesses as a Daily Futures Clearing Member in light of its personnel, and having sufficient social credit.
- (4) Financial resources:
- (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
  - (b) (Deleted);
  - (c) in the case of a financial instruments firm which is a cooperation, maintaining the Capital-to-Risk Ratio defined in Article 46-6, Paragraph (1) of the Act at not less than two hundred percent (200%);
  - (d) expecting stable profitability as Clearing Member;
  - (e) in the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio on Downstream Consolidation being not less than two hundred percent (200%); and
  - (f) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier 1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%); and
  - (g) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);

- (h) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (i) in the case of the Norinchukin Bank, the requirements are equivalent to those set forth in Article 5.2(4)(i);
- (j) in the case of Shinkin Central Bank, the requirements are equivalent to those set forth in Article 5.2(4)(j);
- (k) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (l) in the case of the Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l);
- (m) in the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m).
- (n) obtaining or having obtained guarantee by its parent company which satisfies the requirements set forth in (a), (c) and (e) or (f) above of this Article 5.13(4) and has at least three billion Japanese Yen (¥3,000,000,000) of net assets, and of which stable profitability is expected.

5.11 An FX Clearing Futures Clearing Member shall satisfy any one of the qualifications as FX Clearing Futures Clearing Member specified in Article 5.12 or 5.13 below.

5.12 All of the following criteria shall be satisfied:

- (1) Geographic basis: having its office or branch within Japan to conduct clearing operation for market derivative transactions at the Exchange Market.

- (2) Trading membership: obtaining FX Broker Trading Membership or LP Trading Membership.
- (3) Personnel:
  - (a) being a financial instruments firm which is a corporation and the registered type of business of which is the first financial instruments business and the second financial instruments business (provided, however, with respect to a financial instrument firm having LP Trading Membership, the registered type of business of which is if it enters into a market derivative transaction based on a Customer's order, the second financial instruments business and securities, etc. management business), or being a registered financial institution;
  - (b) having the knowledge and capability enough to perform businesses as an FX Clearing Futures Clearing Member in light of its personnel, and having sufficient social credit;
- (4) Financial resources
  - (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
  - (b) having at least two billion Japanese Yen (¥2,000,000,000) of net assets (or when the Exchange determines that the Clearing Member substantially satisfies this qualification as a special case);
  - (c) in the case of a financial instruments firm which is a cooperation, maintaining the Capital-to-Risk Ratio defined in Article 46-6, Paragraph (1) of the Act at not less than two hundred percent (200%);
  - (d) expecting stable profitability as Clearing Member;
  - (e) in the case of a special financial instruments firm, the



Consolidated Capital-to-Risk Ratio on Downstream Consolidation being not less than two hundred percent (200%);

- (f) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier 1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%);
- (g) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);
- (h) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (i) in the case of The Norinchukin Bank, the requirements are equivalent to those set forth in Article 5.2(4)(i);
- (j) in the case of Shinkin Central Bank, the requirements are equivalent to those set forth in Article 5.2(4)(j);
- (k) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (l) in the case of The Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l);
- (m) in the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m).

15.13 The applicant having net assets of less than 2 billion yen shall satisfy all of the following criteria:

- (1) Geographic basis: having its office or branch within Japan to conduct clearing operation for market derivative transactions at the Exchange Market.
- (2) Trading membership: obtaining FX Broker Trading Membership or LP Trading Membership
- (3) Personnel:
  - (a) being a financial instruments firm which is a corporation and the registered type of business of which is the first financial instruments business and the second financial instruments business (provided, however, with respect to a financial instrument firm having LP Trading Membership, the registered type of business of which is the second financial instruments business), or being a registered financial institution;
  - (b) having the knowledge and capability enough to perform businesses as an FX Clearing Futures Clearing Member in light of its personnel, and having sufficient social credit;
- (4) Financial resources
  - (a) having at least three hundred million Japanese Yen (¥300,000,000) of paid-in capital;
  - (b) in the case of a financial instruments firm which is a cooperation, maintaining the Capital-to-Risk Ratio defined in Article 46-6, Paragraph (1) of the Act at not less than two hundred percent (200%);
  - (c) expecting stable profitability as Clearing Member;
  - (d) in the case of a special financial instruments firm, the

Consolidated Capital-to-Risk Ratio on Downstream Consolidation being not less than two hundred percent (200%);

- (e) in the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier 1 Capital Ratio being not less than four point five percent (4.5%) and the Consolidated Tier 1 Capital Ratio being not less than six percent (6%) and the Total Consolidated Capital-to-Risk Ratio being not less than eight percent (8%), or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than two hundred percent (200%);
- (f) in the case of a registered financial institution subject to Uniform International Standards, the requirements are equivalent to those set forth in Article 5.2(4)(g);
- (g) in the case of a financial institution subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(h);
- (h) in the case of The Norinchukin Bank, the requirements are equivalent to those set forth in Article 5.2(4) (i);
- (i) in the case of Shinkin Central Bank, the requirements are equivalent to those set forth in Article 5.2(4)(j);
- (j) in the case of a shinkin bank subject to Japanese Standard, the requirements are equivalent to those set forth in Article 5.2(4)(k);
- (k) in the case of The Shoko Chukin Bank, Ltd., the requirements are equivalent to those set forth in Article 5.2(4)(l);
- (l) in the case of a foreign bank, the requirements are equivalent to those set forth in Article 5.2(4)(m).

- (m) The applicant obtains or has obtained a guarantee, for the benefit of and in favor of the Exchange, from its parent company which satisfies the criteria (a) and (b), and (d) or (e) above and is likely to maintain stable profitability with the net assets of 3 billion yen or more, guaranteeing the obligations arising from FX Clearing Futures contracts executed in the name of such FX Clearing Futures Clearing Member by the written guarantee submitted by such parent company to the Exchange in the form and substance approved by the Exchange.

## **Article 6. Time and Date of Acquisition of Clearing Membership**

6.1 A clearing membership applicant who has completed the procedures set forth in Article 4.4 hereof by the designated deadline shall acquire the clearing membership as from the time and date designated by the Exchange.

6.2 A clearing membership applicant which is a Bridge Financial Institution, etc. and which has completed the procedures set forth in Article 4.5 hereof that have been designated by the Exchange by the designated deadline shall acquire the clearing membership as from the time and date designated by the Exchange.

6.3 If a clearing membership applicant becomes a Clearing Member in accordance with Article 6.1 or 6.2 above, the Exchange shall notify such effect to the persons set forth below:

- (1) Where the applicant becomes an Interest Rate Futures Clearing Member:

All Interest Rate Futures Clearing Members and the Non-Clearing Members in terms of Interest Rate Futures contracts

- (2) Where the applicant becomes a Daily Futures Clearing Member:

All Daily Futures Clearing Members and Non-Clearing Members in connection with FX Daily Futures transactions and Equity Index Daily Futures transactions

- (3) Where the applicant becomes an FX Clearing Futures Clearing Member:

All FX Clearing Futures Clearing Members

**Article 7. Treatment of Unsettled Contract where Non-Clearing Member is admitted to Clearing Membership**

If a Non-Clearing Member is admitted to the clearing membership and becomes a Clearing Member in accordance with Article 6.1 above, the Exchange shall cause all the unsettled market derivatives contracts executed on the Exchange Market at the bid or offer submitted by the Non-Clearing Member to pass from its Designated Clearing Member, as such term is defined in Article 25.1 of the Trading Member Regulations, to the Non-Clearing Member, with effect as of the time and date designated by the Exchange.

**Section 3. Clearing Member's Duties**

**Article 8. Delivery of Written Oath**

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

**Article 9. Clearing Member Representative**

9.1 A Clearing Member shall designate one (1) appropriate person as its representative (*Seisan Sankasya Daihyosya*) (hereinafter called the "Clearing Member Representative") from among its representative directors or, in the case of a Clearing Member who is a corporation or other legal entity established under laws other than Japanese laws, from among those who have the authority to represent the foreign legal entity as representative in Japan referred to in Article 817, Paragraph 1 of the Companies Act (Act No. 86 of 2005), and hold a position of director or officer or a higher position, and shall notify the Exchange of such Clearing Member Representative.

9.2 A Clearing Member shall be represented only by its Clearing Member Representative as between the Clearing Member and the Exchange.

#### **Article 9-2. Contact Office**

9-2.1 A Clearing Member shall, from among its principal and other offices and branches in Japan, designate one (1) contact office to receive notices from the Exchange and notify the Exchange thereof in accordance with the requirements prescribed by the Exchange.

9-2.2 In case of any change as to a Clearing Member's contact office, the Clearing Member shall notify the Exchange thereof in accordance with the requirements prescribed by the Exchange.

9-2.3 If a Clearing Member having trading membership has notified of its contact office in the capacity of Trading Member pursuant to Article 10 of the Trading Member Regulations, it shall designate such office as the contact office referred to in Article 9-2.1 hereof.

#### **Article 10. Limitation on Liabilities for Financial Instruments Obligation Assumption Business**

The Exchange shall not be liable for any damages that may be incurred by a Clearing Member in the course of its operation of business in connection with the financial instruments obligation assumption business operated by the Exchange, unless such damages were suffered due to willful misconduct or gross negligence on the side of the Exchange.

#### **Article 10-2. Limitation on Liabilities for Damages Arising from Use of Market Facilities**

10-2.1 Notwithstanding the provisions of Article 10 above, the Exchange shall not be liable for any damages that may be incurred by a Clearing Member due to its use of the Exchange System prescribed in Article 15.1 of the Trading Member Regulations.

10-2.2 The Exchange shall not be liable for any damages that may be incurred by a Clearing Member due to its use of the Member's System prescribed in Article 15.2 of the Trading Member Regulations.

10-2.3 Each Clearing Member shall be liable for any damages that may be incurred by the Exchange due to the Clearing Member's use of the Market Facilities prescribed in Article 15.3 of the Trading Member Regulations.

### **Article 10-3. Development of Risk Management System**

A Clearing Member shall develop the risk management system for unsettled market derivatives transactions on the Exchange's Market (meaning the system to manage the risk which may arise due to fluctuation in the prices of the unsettled transactions held by it, default of contract by its counterparty or other reason, which interpretation shall equally apply in Article 15-2-3 below).

## **Section 4. Deregistration of Clearing Membership**

### **Article 11. Application for Deregistration of Clearing Membership**

11.1 A Clearing Member who desires to deregister the clearing membership shall apply for deregistration of the clearing membership in accordance with the requirements prescribed by the Exchange; provided, however, that a Clearing Member may not apply for the deregistration unless:

- (1) It intends to deregister the clearing membership in order to deregister all the trading memberships for market derivatives transactions, etc. covered by the deregistered clearing membership; or
- (2) If it does not fall under the event set forth in Article 11.1(1) above, it has executed a Clearing Agreement under the deregistered clearing membership with another Clearing Member who has the same type of clearing membership as such deregistered clearing membership, and who

holds the same trading membership or memberships as those held by the deregistering Clearing Member for the market derivatives transactions, etc. covered by the deregistered clearing membership. (provided that, where the Clearing Member applying for deregistration of Daily Futures Clearing Membership appoints as another Clearing Member a registered financial institution who conducts clearing operation for Equity Index Daily Futures transactions, it shall be those having executed a Clearing Agreement in connection with the deregistered Daily Future Clearing Membership with another Clearing Member having the same Clearing Membership).

11.2 A Clearing Member, if it acts as Designated Clearing Member with respect to the clearing membership which it intends to deregister, may not apply for the deregistration set forth in Article 11.1 above, unless it has terminated all its Clearing Agreements related to such deregistered clearing membership and obtained the Exchange's approval for such termination.

## **Article 12. Market Derivatives Contracts involving Deregistering Clearing Member**

12.1 With respect to a Clearing Member who has applied for deregistration of a clearing membership (hereinafter called a "clearing membership deregistration applicant"), the Exchange shall suspend assumption of obligations arising from market derivatives transactions on the Exchange Market at the bid or offer submitted by the clearing membership deregistration applicant under the deregistered clearing membership, as from the time designated by the Exchange of the business day immediately following the day on which the Exchange receives such clearing membership deregistration applicant's application for deregistration.

12.2 If the Exchange suspends assumption of obligations arising from market derivatives transactions with respect to a clearing membership deregistration applicant in accordance with Article 12.1 above, the Exchange may cause the clearing membership deregistration applicant to transfer to any other Clearing Member or otherwise liquidate in the manner that the Exchange deems necessary, any of the unsettled market derivatives contracts executed by the clearing membership deregistration applicant under the deregistered clearing membership on the Exchange Market at the bid or offer submitted



by the clearing membership deregistration applicant, within the period prescribed by the Exchange.

12.3 Notwithstanding the provisions of Article 12.1 above, the Exchange may assume obligations arising from market derivatives transactions executed by the clearing membership deregistration applicant under the deregistered clearing membership on the Exchange Market at the bid or offer submitted by the clearing membership deregistration applicant, to the extent necessary for the clearing membership deregistration applicant to proceed with the transfer or liquidation set forth in Article 12.2 above.

### **Article 13. Market Derivatives Contracts in cases of Merger or Consolidation of Clearing Membership Deregistration Applicant**

Notwithstanding the provisions of Article 12.1 hereof, the Exchange shall not be required to suspend assumption of obligations arising from market derivatives transactions executed by the clearing membership deregistration applicant under the deregistered clearing membership on the Exchange Market effected at the bid or offer submitted by the clearing membership deregistration applicant, if the clearing membership deregistration applicant is, upon its deregistration, going to be merged into or amalgamate with or to transfer its business to or otherwise transact with, a party who will be admitted to the clearing membership, or another Clearing Member holding the same clearing membership as that the clearing membership deregistration applicant intends to deregister, and thus the Exchange deems it unnecessary to cause the clearing membership deregistration applicant to transfer or liquidate the unsettled market derivatives contracts executed by the clearing membership deregistration applicant under the deregistered clearing membership on the Exchange Market at the bid or offer submitted by the clearing membership deregistration applicant.

#### **Article 13-2. Approval of Deregistration**

Deregistration of the clearing membership shall be approved by designating a specific future date and time on which the deregistration takes effect, except deregistration of the Interest Rate Futures Clearing Membership which is subject to the provisions of the immediately following Article, and deregistration of the FX Clearing Futures Clearing Membership which is subject to the provisions of Article 13-3.

## **Article 13-2-2. Approval of Deregistration of Interest Rate Futures Clearing Membership**

13-2-2.1 If a Clearing Member applies for deregistration of the Interest Rate Futures Clearing Membership pursuant to Article 11.1 hereof, the Clearing Member shall be deregistered at the time designated by the Exchange on the day agreed between the Exchange and the Clearing Member or, even without such agreement, at the latest time among those set forth in each Item below:

- (1) at the time designated by the Exchange on the twelfth (12<sup>th</sup>) bank business day (meaning a bank business day in Japan; the same interpretation shall equally apply hereinafter in this Article) from the day immediately following the day on which the Exchange accepts such application; or
- (2) at the time designated by the Exchange on the eighth (8<sup>th</sup>) bank business day from the day immediately following the day on which the unsettled Interest Rate Futures contracts or the L-T Link Positions of such Clearing Member are liquidated and the obligations owed to the Exchange are settled.

13-2-2.2 Notwithstanding the provisions of Article 13-2-2.1 above, if the application was made during the Cooling Off Period for Interest Rate Futures provided in Article 40-3 hereof or the Cooling Off Period for Interest Rate Futures starts after the day on which such application was made but before the deregistration of the Interest Rate Futures Clearing Membership takes effect, the Clearing Member shall be deregistered at the time designated by the Exchange on the day agreed between the Exchange and the Clearing Member or, even without such agreement, at the latest time among those set forth in each Item below:

- (1) at the time designated by the Exchange on the twelfth (12<sup>th</sup>) bank business day from the day immediately following the day on which the Exchange accepts such application;
- (2) at the time designated by the Exchange on the eighth (8<sup>th</sup>) bank business day from the day immediately following the day on which unsettled Interest Rate Futures contracts or L-T Link Positions of such Clearing

Member are liquidated and the obligations owed to the Exchange are settled;

- (3) at the time designated by the Exchange on the day on which such Cooling Off Period for Interest Rate Futures ends; or
- (4) If an obligation to deposit Special Purpose Cash Collateral for Interest Rate Futures defined in Article 40-5 hereof arises during the Cooling Off Period for Interest Rate Futures, at the time designated by the Exchange on the day on which the Special Purpose Cash Collateral for Interest Rate Futures to be deposited which is calculated for the day on which such Cooling Off Period for Interest Rate Futures ends (hereinafter referred to as the “Special Purpose Cash Collateral Final Requirement Amount for Interest Rate Futures”) is deposited with the Exchange (provided, however, if the Special Purpose Cash Collateral for Interest Rate Futures has been deposited with the Exchange in the amount exceeding the Special Purpose Cash Collateral Final Requirement Amount, the day on which such Cooling Off Period for Interest Rate Futures ends).

### **Article 13-3. Approval of Deregistration of FX Clearing Futures Clearing Membership**

13-3.1 If a Clearing Member applies for deregistration of the FX Clearing Futures Clearing Membership pursuant to Article 11.1 hereof, the Clearing Member shall be deregistered at the time designated by the Exchange on the twenty-second (22nd) Japanese banking day (meaning a bank business day in Japan; the same interpretation shall equally apply hereinafter in this Article) from the day immediately following the day on which the Exchange accepts such application or the time when unsettled FX Clearing Futures contracts of such Clearing Member are liquidated and all FX Clearing cash settlements are completed, whichever is later.

13-3.2 Notwithstanding the provisions of Article 13-3.1 above, if the application was made during the Cooling Off Period provided in Article 41-2 hereof or the Cooling Off Period starts after the day on which such application was made but before the deregistration of the FX Clearing Futures Clearing Membership takes effect, the Clearing Member shall be deregistered at the latest time among those set

forth in each Item below:

- (1) at the time designated by the Exchange on the twelfth (12th) bank business day from the day immediately following the day on which the Exchange accepts such application;
- (2) at the time when unsettled FX Clearing Futures contracts of such Clearing Member are liquidated and all FX Clearing cash settlements are completed;
- (3) at the time designated by the Exchange on the day on which such Cooling Off Period ends; or
- (4) If an obligation to deposit Special Purpose Cash Collateral defined in Article 41-9 hereof arises during the Cooling Off Period, at the time designated by the Exchange on the day on which the Special Purpose Cash Collateral to be deposited which is calculated for the day on which such Cooling Off Period ends (hereinafter referred to as the “Special Purpose Cash Collateral Final Requirement Amount”) is deposited with the Exchange (provided, however, if the Special Purpose Cash Collateral has been deposited with the Exchange in the amount exceeding the Special Purpose Cash Collateral Final Requirement Amount, the day on which such Colling Off Period ends).

#### **Article 14. Public Notice and Notification of Deregistration of Clearing Membership**

Upon a Clearing Member’s deregistration of the clearing membership (including deregistration due to disqualification from the clearing membership, which interpretation shall equally apply hereinafter), the Exchange shall immediately make a public notice for such deregistration and shall notify such effect to the persons set forth below:

- (1) Where the Clearing Member deregisters an Interest Rate Futures Clearing Membership:

All Interest Rate Futures Clearing Members and the Non-Clearing

Members in terms of Interest Rate Futures contracts

- (2) Where the Clearing Member deregisters a Daily Futures Clearing Membership:

All Daily Futures Clearing Members and Non-Clearing Members in connection with FX Daily Futures transactions and Equity Index Daily Futures transactions

- (3) Where the Clearing Member deregisters an FX Clearing Futures Clearing Membership:

All FX Clearing Futures Clearing Members

#### **Article 14-2. Fulfillment of Obligations by Deregistering Clearing Member**

14-2.1 A Clearing Member who has deregistered the clearing membership shall appropriate money, securities or other equivalents to be returned to it by the Exchange for payment of any and all of its outstanding obligations owed as a Clearing Member to other Clearing Members, Non-Clearing Members or the Exchange.

14-2.2 If the money or securities specified in Article 14-2.1 above is not sufficient for payment of the obligations owed to the Exchange among the outstanding obligations specified in Article 14-2.1, the Clearing Member who has deregistered the clearing membership as specified in Article 14-2.1 shall pay all of its outstanding obligations corresponding to such deficiency by the day designated by the Exchange from time to time.

#### **Article 14-2-2. Name Transfer of Clearing Membership**

14-2-2.1 Name transfer of clearing membership shall be permitted only for a person who obtains the clearing membership simultaneously with deregistration of a clearing membership deregistration applicant of the same type of clearing membership to be obtained by such person, subject to the deregistration of the clearing membership deregistration applicant, upon obtaining approval from the Exchange.

14-2-2.2 A person who desires to obtain the clearing membership by name transfer shall follow the procedures for acquisition of clearing membership specified in Section 2 above.

14-2-2.3 Notwithstanding Article 4.3 above, a person who obtains the clearing membership by name transfer shall pay the name transfer charge in lieu of the clearing registration fee for the clearing membership.

14-2-2.4 Notwithstanding the provision of Article 14-2-2.1 hereof, a clearing membership deregistration applicant which is a Bridge Financial Institution, etc. shall not be qualified for name transfer of clearing membership in principle.

### **Article 14-2-3. Clearing Membership Deregistration Fee**

14-2-3.1 A Clearing Member who deregisters its clearing membership shall pay the clearing deregistration fee by the date and time designated by the Exchange, regardless of whether it deregisters upon filing of application for the deregistration under Article 11 hereof or due to any other reason.

14-2-3.2 If the Exchange determines that there is a special reason for which the Clearing Member has to deregister, the Exchange may exempt the Clearing Member from the clearing deregistration fee in whole or in part.

### **Article 14-2-4. Application of these Clearing Regulations for Deregistering Clearing Member**

Where a Clearing Member deregisters the clearing membership, if there are any rights and obligations arising from causes that existed before the deregistration, the provisions of these Clearing Regulations and other rules and regulations of the Exchange shall apply to such rights and obligations.

### **Section 4-2. Investigation, etc. of Clearing Member**

### **Article 14-3. Notifiable Matters**

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

- (1) Amendment to its articles of incorporation (other than those referred to in Article 14-3 (4) below or Article 14-4.1(6) or 14-4.1(9) hereof);
- (2) Merger or consolidation;
- (3) Causing of succession of the whole or part of its business to another company or succession of the whole or part of business from another company due to corporate separation or spin-off (*bunkatsu*);
- (4) Transfer of the whole or a material part of its business;
- (5) Reduction of the Total Capital; or
- (6) Close of financial instruments business or business conducted in the capacity of a registered financial institution (hereinafter called the “Financial Instruments Business, etc.”).

### **Article 14-4. Reportable Matters**

14-4.1 If any of the following events occurs to a Clearing Member, the Clearing Member shall immediately report the details thereof to the Exchange in accordance with the requirements separately prescribed by the Exchange, unless the Exchange determines that such reporting is not necessary:

- (1) The Clearing Member has ceased to satisfy any of the qualification criteria for clearing membership set forth in Article 5 hereof (excluding the qualification criteria set forth in Article 5.9(4) (b), (c), (e) and (f), Article 5.10(4) (c), (e) and (f), Article 5.12(4) (b), (c), (e) and (f) and

Article 5.13(4) (b), (d) and (e));

- (1)-2 With respect to the Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts not guaranteed by its parent company or the FX Clearing Futures Clearing Member when it acquired the clearing membership, its net asset value falls below three hundred million Japanese Yen (¥300,000,000);
- (1)-3 The Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts or the FX Clearing Futures Clearing Member falls under any of the following cases;
  - (a) With respect to a financial instruments firm, its Capital-to-Risk Ratio as defined in Paragraph 1 of Article 46-6 of the Act falls below one hundred and forty percent (140%);
  - (b) With respect to a special financial instruments firm, its Consolidated Capital-to-Risk Ratio on Downstream Consolidation falls below one hundred and forty percent (140%);
  - (c) With respect to a designated special financial instruments firm, in relation to its Consolidated Capital-to-Risk Ratio on the Uniform International Standard, the Consolidated Common Equity Tier 1 Ratio falls below two point two five percent (2.25%), the Consolidated Tier 1 Ratio falls below three percent (3%) or the Total Consolidated Capital-to-Risk Ratio falls below four percent (4%) or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation falls below one hundred and forty percent (140%);
- (2) The Clearing Member falls under any of the events mentioned in each Item of Article 29-4, Paragraph 1 or each Item of Article 33-8, Paragraph 1 of the Act;
- (3) The Clearing Member has become or is likely to become insolvent;



- (4) The Clearing Member's net asset value has decreased by twenty percent (20%) or more, compared with the net asset value as of the Clearing Member's latest fiscal year end or the latest net asset value reported to the Exchange in accordance with this Item (4);
- (5) An order of attachment (other than those referred to in Item (10) below of this Article 14-4.1) has been imposed upon the Clearing Member by coercive collection of tax delinquency or by other reason;
- (6) The Clearing Member's Total Capital has increased, or the aggregate number of shares authorized to be issued by the Clearing Member or its equivalent has been changed;
- (7) There has been a change in the shareholders or investors who make a contribution in an amount of ten percent (10%) or more of the Clearing Member's Total Capital under its own name or another person's name;
- (8) The Clearing Member has taken over the whole or a substantial part of business;
- (9) There has been a change in a Clearing Member's principal office or its office or branch through which the Clearing Member acts as counterparty to the Exchange operating financial instruments obligation assumption business;
- (10) The Clearing Member has been subject to an inquiry, inspection, detention, visitation, investigation, attachment, hearing, disciplinary measure or punishment pursuant to the applicable provisions of the Act or the laws and regulations relevant thereto or of any equivalent foreign laws or regulations; provided, however, that the foregoing shall not include the events referred to in Item (2) above of this Article 14-4.1 only if such events are related to market derivatives transactions, etc., (meaning market derivative transactions and overseas market derivative transactions, which interpretation shall equally apply hereinafter) or transactions on commodity markets;
- (11) The Clearing Member has been imposed disciplinary measures by any

other financial instruments exchange or commodity exchange, any financial instruments firms association or commodity futures association, or any other equivalent exchange or organization in foreign countries; provided, however, that the foregoing shall be limited to the disciplinary measures relating to market derivatives transactions, etc. or transactions on commodity markets;

- (12) A director or officer of the Clearing Member has been fined or subject to the heavier punishment in accordance with the provisions of the Act and the laws and regulations thereunder, the Foreign Exchange and Foreign Trade Act (Act no. 228 of 1949, hereinafter called the “Foreign Exchange Act”) and any regulations thereunder (hereinafter called the “Foreign Exchange Acts”), the Commodity Derivatives Act (Act No. 239 of 1950, hereinafter called the “Commodity Derivatives Act”) and any regulations thereunder (hereinafter called the “Commodity Derivatives Acts”) , or any similar laws or regulations in foreign countries; provided, however, that the foregoing shall be limited to those relating to market derivatives transactions, etc. or transactions on commodity markets;
- (13) The Clearing Member has been revoked the registration of financial instruments firm or registered financial institution;
- (14) The Clearing Member has changed any type or method of operations of its Financial Instruments Business, etc. relating to market derivatives transactions on the Exchange Market;
- (15) The Clearing Member has become a party to a litigation relating to market derivatives transactions on the Exchange Market or brokerage service therefor, or such litigation has come to a conclusion; or
- (16) There has occurred any other event for which the Exchange deems it necessary to have a report submitted by the Clearing Member.

14-4.2 If a corporation which has a Clearing Member as its subsidiary or a corporation designated by the Exchange as substantially controlling a Clearing Member (hereinafter called a “Parent Company”) falls under any of the events set forth in Article 14-3(5) above or Article 14-4.1(3), 14-4.1(4) or 14-4.1(5) above, the Clearing Member shall immediately

report the details thereof to the Exchange in accordance with the requirements prescribed by the Exchange. In this case, “the net asset value as of the Clearing Member's latest fiscal year end or the latest net asset value reported to the Exchange in accordance with this Item (4)” referred to in Article 14-4.1(4) above shall be replaced with “the Parent Company’s net asset value as of its latest fiscal year end.”

14-4.3 If a Clearing Member has become a party to a litigation in connection with linked market derivatives transactions, as such term is defined in Article 2(6) of the Trading Regulations or ordering thereof, Acceptance of Brokering Linked Market Derivatives Transactions, Acceptance of Linked Clearing or the arising of an L-T Link Position as such term is defined in Article 2(7) of the Trading Regulations, or if such litigation has come to a conclusion, the Clearing Member shall immediately report the details thereof to the Exchange in accordance with the requirements prescribed by the Exchange.

14-4.4 If any of the events set forth below occurs, a Designated Clearing Member shall forthwith notify the Exchange of the contents thereof:

- (1) When the Non-Clearing Member who executed the Clearing Agreement with the Designated Clearing Member fails to perform its obligation against the Designated Clearing Member;
- (2) When the Designated Clearing Member comes to know that the Non-Clearing Member who executed the Clearing Agreement with the Designated Clearing Member has suspended payment, or a petition for commencement of bankruptcy proceedings, commencement of civil rehabilitation proceedings, commencement of corporate reorganization proceedings or commencement of special liquidation has been filed or the equivalent or similar proceedings have been petitioned under the foreign laws and regulations with respect to such Non-Clearing Member;
- (3) when there arises a reasonable cause which necessitates the preservation of the claims against the Non-Clearing Member who executed the Clearing Agreement with the Designated Clearing Member; or
- (4) Other than the events set forth in the preceding Items, when it comes to know that there arises a situation which impairs the credit of the Non-Clearing Member who executed the Clearing Agreement with the

## Designated Clearing Member.

14-4.5 If and when any of the events separately prescribed by the Exchange occurs to a Clearing Member which is a special financial instruments firm or a designated special financial instruments firm, such Clearing Member shall report on the details of such event to the Exchange without delay unless the Exchange determines such report not necessary.

### **Article 14-5. Financial Reports**

14-5.1 A Clearing Member shall periodically report its financial condition to the Exchange in accordance with the requirements prescribed by the Exchange.

14-5.2 A Clearing Member controlled by its Parent Company shall periodically provide the Exchange with the financial statements of the Parent Company in accordance with the requirements prescribed by the Exchange.

14-5.3 If and when a Daily Futures Clearing Member or an FX Clearing Futures Clearing Member prepares the monitoring survey under Article 56-2 of the Act, it shall report on the details of the monitoring survey to the Exchange in the manners prescribed by the Exchange.

14-5.4 If and when a Daily Futures Clearing Member or an FX Clearing Futures Clearing Member prepares the document under the Acts or files the notification with the Commissioner of the Financial Services Agency with respect to its Capital-to-Risk Ratio and the Exchange deems it necessary, it shall report on its Capital-to-Risk Ratio to the Exchange in the manners prescribed by the Exchange.

14-5.5 If and when a Daily Futures Clearing Member or an FX Clearing Futures Clearing Member who is a special financial instruments firm prepares the document under the Acts or files the notification with the Commissioner of the Financial Services Agency with respect to its Consolidated Capital-to-Risk Ratio on Downstream Consolidation and the Exchange deems it necessary, it shall report on such consolidated capital-to-risk ratio to the Exchange in the manners prescribed by the Exchange.

14-5.6 If and when a Daily Futures Clearing Member or an FX Clearing Futures Clearing Member who is a designated special financial instruments firm prepares the document

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

#### **Article 14-6. Investigation against Clearing Members**

14-6.1 In any one of the cases set forth in each Item below or if the Exchange otherwise determines it necessary in light of operation of Exchange Market, the Exchange may require a Clearing Member to submit a report or documents relevant to its business or assets or may cause the Exchange's staff to inspect the actual state of the Clearing Member's business or assets, or its books and records, or other properties.

- (1) When the Exchange investigates the Clearing Member's compliance with any of the Act and any regulations thereunder (hereinafter called the "Acts"), the Foreign Exchange Acts, Commodity Derivatives Acts, or any similar laws or regulations in foreign countries (together with the Acts, hereinafter called "Acts, etc."), or any orders or disciplinary measures enforced by the competent administrative authorities under the Acts, etc. (but limited to the orders or disciplinary measures relating to market derivatives transactions, etc. or transactions on commodity markets), the Articles of Incorporation, Trading Regulations, Brokering Terms, Clearing Agreement, these Regulations and other various rules and regulations of the Exchange or orders or disciplinary measures enforced thereunder, the Member Link Agreements or the just and equitable principle of trade;
- (2) When the Exchange investigates the Clearing Member's financial condition;
- (3) When the Exchange conducts an investigation to secure fairness of market derivatives transactions on the Exchange Market; or
- (4) When any other financial instruments exchange or the financial

instruments firms association (including any similar foreign entity) has requested the Exchange to provide information in relation to an investigation conducted by it to secure fairness of market derivatives transactions, etc., and the Exchange determines it appropriate to accommodate such request.

14-6.2 The Exchange may require a Clearing Member who is controlled by its Parent Company to provide the Exchange with a report or documents relevant to the Parent Company's business or assets, when the Exchange deems it necessary in order to make investigations of such Clearing Member in accordance with Articles 14-6.1 and 14-6.2 above, or in any other circumstances where the Exchange deems it necessary in light of operation of the Exchange Market.

**Article 14-7. Exception regarding Notifications, etc.**

Provisions of Articles 14-3 through 14-6 above shall not be applied to a Clearing Member if the Clearing Member has made notification or report to the Exchange in accordance with Articles 55 through 58 of the Trading Member Regulations with respect to the matters required to notify or report pursuant to Articles 14-3 through 14-6 above.

**Section 5. Disciplinary or Regulatory Measures on Clearing Members**

**Sub-section 1. Disciplinary or Regulatory Measures**

**Article 14-8. Clearing Member Acting in Concert with or having Controlling Relationship with its Director or Officer or other Person**

14-8.1 If the Exchange determines that the manner in which any Clearing Member is acting in concert with, holds control over, or is controlled by, any of its directors or officers

or other person, is inadequate in light of operation of the Exchange Market, the Exchange may conduct hearings against the Clearing Member and then, require the Clearing Member to change, alter or amend such relationship. Provided, however, if such Clearing Member submits a written statement, the submission thereof may substitute for the hearings.

14-8.2 If the Clearing Member does not agree to the hearings under Article 14-8.1 above without due cause, the Exchange may require the change, alteration or amendment set forth in Article 14-8.1 above without the hearings.

14-8.3 If the Clearing Member determines that the requirement for change, alteration or amendment under Article 14-8.1 above is unreasonable, the Clearing Member may object such requirement in writing by showing the ground of such objection to the Exchange, within ten (10) business days (meaning the business day defined in Article 6-2 of the Trading Regulations, which interpretation shall equally apply hereinafter) from the day on which the Clearing Member receives notice of such requirement from the Exchange.

14-8.4 When the Exchange receives the objection referred to in Article 14-8.3 above, it shall hold a meeting of the board of directors without delay to discuss such objection.

14-8.5 If the meeting of the board of directors held pursuant to Article 14-8.4 above determines that it be appropriate to modify or withdraw the requirement under Article 14-8.1 above, the Exchange shall immediately modify or withdraw such requirement.

## **Article 15 (Deleted)**

### **Article 15-2. Disciplinary Measures on Clearing Members**

15-2.1 If the Exchange deems that a Clearing Member falls under any of the events set forth in the following Items, the Exchange may conduct hearings against the Clearing Member and then, impose disciplinary measures set forth in the relevant Item on the Clearing Member by the resolution of the board of directors:

- (1) If the Clearing Member has been admitted to the clearing membership by dishonest means:

Disqualification from the clearing membership

- (2) If the Clearing Member ceases to satisfy any of the qualification criteria for clearing membership prescribed in Article 5 (provided, however, with respect to the criteria of the financial resources for a Daily Futures Clearing Member or an FX Clearing Futures Clearing Member, if such Clearing Member ceases to satisfy any of the qualification criteria set forth in each Item of Article 15-3.2):

Disqualification from the clearing membership

- (3) If the Clearing Member becomes insolvent and is not likely to recover therefrom with ease:

Disqualification from the clearing membership

- (4) If the Clearing Member fails to perform its duties under any contract with the Exchange or any other Clearing Member or any Non-Clearing Member regarding market derivatives transactions on the Exchange Market:

Suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected in the name of the Clearing Member for six (6) months or less, suspension from or restriction on assumption of obligations arising from L-T Link Positions which are held in the name of the Clearing Member, or disqualification from the clearing membership

- (5) If the Clearing Member fails to pay or deposit any money, securities or other equivalents to the Exchange that the Clearing Member is required to do so in the capacity of Clearing Member in accordance with the requirements prescribed by the Exchange:

Suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected in the name of the Clearing Member for six (6) months or less, suspension from or restriction on assumption of obligations arising from L-T Link



Positions which are held in the name of the Clearing Member, or disqualification from the clearing membership

- (6) If the Clearing Member is imposed disciplinary measures (limited only to those relating to the market derivatives transactions, etc. or the transactions on commodity markets) by any other financial instruments exchange or commodity exchange, any financial instruments firms association or commodity futures association or any other equivalent exchange or organization in foreign countries:

Suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected in the name of the Clearing Member for six (6) months or less, suspension from or restriction on assumption of obligations arising from L-T Link Positions which are held in the name of the Clearing Member, or disqualification from the clearing membership

- (7) If the Clearing Member fails to submit a notification in accordance with Article 14-3 hereof or a report in accordance with Article 14-4 or 14-5 hereof or has submitted a false notification or report:

A fine of one hundred million Japanese Yen (¥100,000,000) or less, reprimand, suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected in the name of the Clearing Member for six (6) months or less, or disqualification from the clearing membership

- (8) If the Clearing Member refuses, hinders or evades any inspection under Article 14-6 hereof, or fails to submit a report or document in accordance with the said Article 14-6 or has submitted a false report or document, or refuses, hinders or evades any investigation under Article 45 of the Trading Member Regulations:

A fine of one hundred million Japanese Yen (¥100,000,000) or less, reprimand, suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected in the name of the Clearing Member for six (6) months or less,

or disqualification from the clearing membership

- (9) If the Clearing Member has acted, other than set forth in each of Items (1) through (8) above, in violation of any of the Acts, etc. or any orders or disciplinary measures imposed by the competent administrative authorities pursuant thereto (but limited to the orders or disciplinary measures in connection with market derivatives transactions, etc. or transactions on commodity markets) or in violation of the Articles of Incorporation, the Trading Regulations, the Brokering Terms, any Clearing Agreement, these Clearing Regulations or other regulations or rules of the Exchange or any orders or disciplinary measures imposed by the Exchange pursuant thereto, or if the Clearing Member has acted contrary to the just and equitable principle of trade:

A fine of one hundred million Japanese Yen (¥100,000,000) or less, reprimand, suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected at the bid or offer submitted by the Clearing Member, suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected in the name of the Clearing Member for six (6) months or less, suspension from or restriction on assumption of obligations arising from L-T Link Positions which are held in the name of the Clearing Member, or disqualification from the clearing membership

- (10) If the Clearing Member has acted in violation of any Member Link Agreement or contrary to the just and equitable principle of trade:

Reprimand, suspension from or restriction on assumption of obligations arising from L-T Link Positions which are held in the name of the Clearing Member, suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected in the name of the Clearing Member, suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market for six (6) months or less, or disqualification from the clearing membership

15-2.2 If the Clearing Member has acted in violation of the Acts, etc. or any orders or disciplinary measures imposed by the competent administrative authorities set forth in Article 15-2.1(9) above and thereby been deemed to significantly deteriorate a reputation of the Exchange, the Clearing Member shall be subject to a hearing and be charged a fine up to five hundred million yen (¥500,000,000) by the resolution of the board of directors.

15-2.3 Notwithstanding the provisions of each Item of Article 15-2.1 above, if the Exchange deems that a Daily Futures Clearing Member falls under any of the following events, the Exchange may conduct hearings against the Daily Futures Clearing Member and then, disqualify its Daily Futures Clearing Membership by the resolution of the board of directors:

- (1) If the parent company of the Daily Futures Clearing Member (meaning a corporation which holds a majority of the voting rights of all shareholders of the Daily Futures Trading Member) which acts as its guarantor fails to comply with the provisions in Article 5.8(4)(g) or Article 5.10(4)(g) hereof for three consecutive periods in the financial reports set forth in Article 14-5.2 hereof or it becomes insolvent and is unlikely to recover within the immediately following business year, or
- (2) If all or part of its financial instruments or other specified business is suspended pursuant to the Acts.

15-2.4 Notwithstanding the provisions of each Item of Article 15-2.1 above, if the Exchange finds that an FX Clearing Futures Clearing Member falls under any of the following Items, the Exchange may conduct hearings against the FX Clearing Futures Clearing Member and then, deregister its FX Clearing Futures Clearing Membership by the resolution of the board of directors:

- (1) the parent company (meaning a corporation which holds a majority of the voting rights of all shareholders of the FX Clearing Futures Clearing Member) providing guarantee for the FX Clearing Futures Clearing Member breaches the provisions of Article 5.13 (4) (m) hereof for three consecutive periods in the financial reporting specified in Article 14-5.2 hereof or becomes insolvent and is not likely to recover within the immediately following fiscal year; or

- (2) All or part of the Trading Member's financial instruments or other specified business is suspended, pursuant to the Acts.

15-2.5 A disciplinary measure taken pursuant to Articles 15-2.1 and 15-2.2 above other than (i) a fine of over one hundred million yen (¥100,000,000) or (ii) disqualification from the clearing membership may be taken without the resolution of the board of directors.

15-2.6 With respect to any of the disciplinary measures set forth in Articles 15-2.1 and 15-2.2 above, the Exchange may impose a fine together with suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market at the bid or offer submitted by the Clearing Member or reprimand.

#### **Article 15-2-2. Regulatory Measures for Inappropriate Controlling Relationship, etc. of Clearing Member**

If a Clearing Member falls under any of the events set forth in the following Items, the Exchange may conduct hearings against the Clearing Member and then, suspend assumption of obligations arising from market derivatives transactions, etc. or take other measures that may be deemed necessary and appropriate by the Exchange; in which case, if the measure taken is suspension of assumption of obligations arising from market derivatives transactions, etc., the measure shall be taken by the resolution of the board of directors:

- (1) If the Clearing Member does not comply with the Exchange's requirement under Article 14-8 hereof to change, alter or amend the manner in which such Clearing Member is acting in concert with or holds control over or is controlled by any of its directors or officers or any third party;
- (2) If one half (1/2) or more of the Clearing Member's Total Capital is to be invested or contributed by a party that the Exchange deems inappropriate in light of operation of the Exchange Market; or
- (3) If a counselor, advisor or person of any other title whatsoever, who has a controlling power over the Clearing Member which is similar or superior to that held by a director or officer of the Clearing Member, is deemed

inappropriate by the Exchange in light of operation of the Exchange Market.

### **Article 15-2-3. Regulatory Measures for Defects in Risk Management System**

If the risk management system of a Clearing Member set forth in Article 10-3 is determined by the Exchange as being extremely inappropriate in light of the operation of the Exchange Market, the Exchange may conduct hearings against the Clearing Member and then, impose any regulatory measure deemed necessary and appropriate by the Exchange for the improvement of the system.

### **Article 15-3. Regulatory Measures on Insolvent or Potentially Insolvent Clearing Member**

15-3.1 If a Clearing Member has become insolvent or is deemed by the Exchange to be likely to become insolvent, the Exchange may conduct hearings against the Clearing Member and then, suspend assumption of obligations arising from market derivatives transactions on the Exchange Market in whole or in part with respect to such Clearing Member or take other measures deemed necessary and appropriate by the Exchange, until the cause of such situation is removed.

15-3.2 If a Clearing Member falls under any of the cases set forth in the respective Items below, the Exchange may conduct hearings against the Clearing Member and then, suspend assumption of obligations arising from market derivatives transactions on the Exchange Market in whole or in part with respect to such Clearing Member or take other measures deemed necessary and appropriate by the Exchange, until the cause of such situation is removed:

- (1) The amount of the paid-in capital of a Daily Futures Clearing Member or an FX Clearing Futures Clearing Member falls below three hundred million Japanese Yen (¥300,000,000) and it is unlikely to be recovered promptly;
- (2) With respect to the Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts or an FX Clearing Futures

Clearing Member, neither of which has been guaranteed by its parent company at its acquisition of the clearing membership, its net asset value falls below three hundred million Japanese Yen (¥300,000,000) and it is unlikely to be recovered promptly;

- (3) The Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts or the FX Clearing Futures Clearing Member falls under any of the following cases;
  - (a) With respect to a financial instruments firm, its Capital-to-Risk Ratio as defined in Paragraph 1 of Article 46-6 of the Act falls below one hundred and twenty percent (120%) and it is unlikely to be recovered promptly;
  - (b) With respect to a special financial instruments firm, its Consolidated Capital-to-Risk Ratio on Downstream Consolidation falls below one hundred and twenty percent (120%) and it is unlikely to be recovered promptly; or
  - (c) With respect to a designated special financial instruments firm, in relation to its Consolidated Capital-to-Risk Ratio on the Uniform International Standard, the Consolidated Common Equity Tier 1 Ratio falls below two point two five percent (2.25%), the Consolidated Tier 1 Ratio falls below three percent (3%) or the Total Consolidated Capital-to-Risk Ratio falls below four percent (4%) or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation falls below one hundred and twenty percent (120%) and it is unlikely to be recovered promptly;
- (4) With respect to the Daily Futures Clearing Member or the FX Clearing Futures Clearing Member, either of which has been guaranteed by its parent company at its acquisition of the clearing membership, the parent company of the Clearing Member ceased to satisfy the criteria of the financial resources set forth in Article 5.8 (4) (g) or Article 5.10 (4) (g), or Article 5.13 (4) (m) hereof and it is unlikely to be recovered promptly (excluding in the case of (5) below) with respect to the Daily Futures

Clearing Member; or

- (5) With respect to the Daily Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contract, it ceased to satisfy the criteria of the financial resources set forth in Article 5.7 (4) or Article 5.8 (4) hereof and it is unlikely to be recovered promptly

### **Article 15-3-2. Regulatory Measures on Clearing Member who holds Excessive Unsettled Contracts**

15-3-2.1 If a Clearing Member is deemed by the Exchange to be holding excessive unsettled market derivatives contracts (meaning the case where the risk equivalent amount (meaning the amount equivalent to the risk of loss which may occur due to fluctuation of a price of the market derivatives contract) assumed to be incurred by the unsettled contracts held by such Clearing Member is deemed excessive compared with its net asset value and other financial conditions and such risk equivalent amount arises from the contracts for the account of the Clearing Member itself or the contracts based on the order of a small number of Customers (including the contracts based on the order of Non-Clearing Member for Securities, etc. Clearing-Brokering Contracts)), or if the Exchange deems it necessary to mitigate the risk equivalent amount of such Clearing Member for other causes, the Exchange may take any of the measures set forth in each item below or other measures deemed necessary by the Exchange:

- (1) To increase the amount of clearing deposits to be deposited (meaning the amount of the Interest Rate Futures Clearing Deposit to be deposited set forth in Article 31.2, the amount of the Daily Futures Clearing Deposit to be deposited set forth in Article 31.3 or the amount of FX Clearing Futures Clearing Deposit to be deposited set forth in Article 31.4; which interpretation shall equally apply in Article 15-3-3 below) or the Exchange Margin, the FX Exchange Margin or the Equity Index Exchange Margin (together with the clearing deposits, collectively referred to as the “Exchange Margin, etc.” in this Article);
- (2) To restrict the types of securities designated by the Exchange in the case of appropriation of securities for the Exchange Margin, etc.; and

- (3) To reduce the rate to be multiplied to the market price in the calculation of an appropriable amount in the case of appropriation of securities for the Exchange Margin, etc.

15-3-2.2 If any of the measures set forth in Article 15-3-2.1 above is taken on the Exchange Margin, etc. with respect to the market derivative contracts based on the order of Customer or based on the order of Non-Clearing Member for Securities, etc. Clearing-Brokering Contracts, the Clearing Member subject to such measures shall take the same measures on such Customer or such Non-Clearing Member.

### **Article 15-3-3. Regulatory Measures on Clearing Member where the Status of Deposit of Security is Deemed Inappropriate**

15-3-3.1 If a Clearing Member deposits the clearing deposit, the Exchange Margin, the FX Exchange Margin, the Equity Index Exchange Margin, the FX Clearing Exchange Margin and the market entry deposit (collectively referred to as the “Clearing Deposit, etc.” in this Article) by share certificates and the number of such share certificates for each stock name exceeds the number of shares equivalent to five percent (5%) of the number of listed shares of such stock name, the Exchange may take any of the measures set forth in each item below on such Clearing Member:

- (1) To restrict stock names of securities designated by the Exchange in the case of deposit of securities for the Clearing Deposit, etc.; and
- (2) To reduce the rate to be multiplied to the market price in the calculation of an appropriable amount in the case of deposit of securities for the Clearing Deposit, etc.

15-3-3.2 In addition to Article 15-3-3.1, when the Exchange deemed it necessary in terms of securing the performance of obligations by a Clearing Member against the Exchange, the Exchange may take any of the measures set forth in each item of Article 15-3-3.1 on such Clearing Member.

### **Article 15-4. Lifting of Suspension from Assumption of Obligations Arising from Market Derivatives Transactions, etc. or other**



## **Regulatory Measures**

15-4.1 If a Clearing Member is ordered suspension from assumption of obligations arising from market derivatives transactions on the Exchange Market effected with respect to such Clearing Member for an indefinite period in accordance with Article 15-2-2 or 15-3 hereof, after it removes the cause for such suspension, it may apply for lifting of such suspension in writing accompanied by an explanatory statement of such removal.

15-4.2 If the Exchange deems appropriate to lift the suspension based on the application set forth in Article 15-4.1 above, the Exchange shall approve such application.

15-4.3 If a Clearing Member who was ordered suspension from assumption of obligations arising from market derivatives transactions on the Exchange Market effected with respect to it for an indefinite period in accordance with Article 15-2-2 or 15-3 hereof fails to obtain approval referred to in Article 15-4.2 above within one (1) year from the date of suspension, the Exchange may disqualify such Member from the clearing membership by the resolution of the board of directors.

### **Article 15-5. Objection, etc.**

The provisions of the proviso to Article 14-8.1 and Article 14-8.2 shall apply *mutatis mutandis* to the hearings set forth in Articles 15-2 through 15-3 hereof and the provisions of Articles 14-8.3 through 14-8.5 hereof shall apply *mutatis mutandis* to the disciplinary or regulatory measures set forth in Articles 15-2 through 15-3 hereof and disqualification from the clearing membership set forth in Article 15-4.3 hereof.

### **Article 15-6. Disciplinary Measures on Clearing Member under Statutory Sanctions**

15-6.1 If a Clearing Member is sanctioned suspension from the whole or a part of Financial Instruments Business, etc. by virtue of the Acts, etc., the Exchange shall suspend or impose restrictions on, as the case may be, assumption of obligations arising from market derivatives transactions on the Exchange Market effected at the bid or offer submitted by the Clearing Member, in accordance with the scope of the suspension.

15-6.2 If a Clearing Member is sanctioned suspension from the whole or a part of Financial Instruments Business, etc. by virtue of the Acts, etc., the Exchange may suspend or impose restrictions on, as the case may be, assumption of obligations arising from L-T Link Positions which are held in the name of the Clearing Member in accordance with the contents of the sanction.

#### **Article 15-7. Breach of Just and Equitable Principle of Trade**

A breach of the just and equitable principle of trade set forth in this Section 5 means any action that may deteriorate a reputation of the Exchange or any Clearing Member or Non-Clearing Member or violate a good faith principle toward the Exchange or any Clearing Member or Non-Clearing Member or any Linked Overseas Exchange, etc. or members thereof, in light of operation of the Exchange Market, including, but not limited to, the following actions:

- (1) Interference with or disturbance of the business of the Exchange or any other Clearing Member or Non-Clearing Member;
- (2) Any fraudulent action, dishonest or improper conduct, or extremely careless or negligent business operation in connection with market derivatives transactions, etc. or brokerage service therefor, etc.; or
- (3) Any fraudulent action, dishonest or improper conduct, or extremely careless or negligent business operation in connection with linked market derivatives transactions or placement of orders therefor or Acceptance of Brokering Linked Market Derivatives Transactions or Acceptance of Linked Clearing, or causing of L-T Link Positions to arise.

#### **Article 15-8. Recommendation to Clearing Members**

15-8.1 If the Exchange deems a Clearing Member's business or asset inappropriate in light of operation of the Exchange Market, the Exchange may recommend the Clearing Member to take appropriate measures.

15-8.2 When the Exchange deems it necessary with respect to its recommendation under Article 15-11.1 above, the Exchange may require the concerned Clearing Member to report the actions taken.

## **Sub-section 2. Effect of Disciplinary or Regulatory Measures**

### **Article 15-9. Market Derivatives Contracts for Suspended or Restricted Clearing Member**

15-9.1 If a Clearing Member is imposed by the Exchange as a Disciplinary Measure, etc. (meaning the disciplinary or regulatory measures set forth in Articles 15-2 through 15-3 hereof, disqualification from the clearing membership set forth in Article 15-4.3 hereof and the actions set forth in Article 15-6 hereof, which interpretation shall equally apply hereinafter) suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market effected at the bid or offer submitted by itself, the Exchange may, during the period of such suspension or restriction, cause to be transferred to any other Clearing Member or otherwise liquidated in the manner that the Exchange deems necessary, any of the unsettled market derivatives contracts executed on the Exchange Market at the bid or offer submitted by such suspended or restricted Clearing Members.

15-9.2 The Exchange may assume obligations arising from market derivatives transactions executed on the Exchange Market at the bid or offer submitted by the Clearing Member who has been imposed the Disciplinary Measures, etc. pursuant to Article 15-7.1 above, to the extent necessary for such Clearing Member to proceed with the transfer or liquidation set forth in Article 15-7.1 above.

15-9.3 If a Clearing Member is imposed by the Exchange as a Disciplinary Measure, etc. suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market, the Exchange may, during the period of such suspension or restriction, cause to be transferred to any other Clearing Member or otherwise liquidated in the manner that the Exchange deems necessary, any of the unsettled L-T Link Positions which have arisen in the name of such Clearing Member.

15-9.4 The provisions of Article 15-9.2 above shall apply *mutatis mutandis* to the transfer or liquidation set forth in Article 15-9.3 above.

15-9.5 If the Exchange deems it necessary in the liquidation pursuant to Article 15-9.1 or Article 15-9.3 (limited to the liquidation of the unsettled Interest Rate Futures contracts executed on the Exchange Market at the bid or offer submitted by, or the unsettled L-T Link Positions which have arisen in the name of, the Clearing Member subjected to the Disciplinary Measure, etc. set forth in Article 15-9.1 (hereinafter called “Unsettled contracts for Interest Rate Futures transactions, etc.” in this Article 15-9)), the Exchange may take procedures for an auction for the purpose of liquidation of the Unsettled contracts for Interest Rate Futures transactions, etc. of such Clearing Member (hereinafter called a “Position Liquidation Auction”).

15-9.6 The Exchange may discuss how to deal with the Position Liquidation Auction of the Unsettled contracts for Interest Rate Futures transactions, etc. specified in Article 15-9.5 with Interest Rate Futures Clearing Members other than the relevant Interest Rate Futures Clearing Member. When the Exchange holds such discussion, the Interest Rate Futures Clearing Members other than the relevant Interest Rate Futures Clearing Member shall make efforts to agree to hold such discussion.

**Article 15-9-2. Unsettled FX Daily Futures Contracts of FX Market Maker on whom Regulatory Measures Such as Suspension from Assumption of Obligations are Taken**

15-9-2.1 If the Exchange imposes the regulatory measures set forth in Article 15-3.1 or the disciplinary measures set forth in Article 15-6.1 on the Daily Futures Clearing Member designated as an FX Market Maker (meaning the “FX Market Maker” as defined in Article 2 (4) of the Special Provisions for Trading Regulations for FX Daily Futures Transactions (hereinafter referred to as the “FX Special Provisions”); which interpretation shall equally apply in this Article) in connection with FX Daily Futures transactions and, pursuant to Article 15-9.1, the Exchange causes to be transferred to any other Daily Futures Clearing Member designated as an FX Market Maker (hereinafter referred to as the “FX Market Maker Clearing Member Not Subject to Measures” in this Article) or a Daily Futures Clearing Member (hereinafter referred to as the “Designated Daily Futures Clearing Member” in this Article) who has entered into a Clearing Agreement with a Non-Clearing Member designated as an FX Market Maker in connection with FX Daily Futures transactions (hereinafter referred to as the “Non-Clearing Member FX Market Maker” in this Article) any of the unsettled FX Daily Futures contracts executed by the

business conducted by such Daily Futures Clearing Member (hereinafter referred to as the “FX Market Maker Clearing Member Subject to Measures” in this Article) in order to perform its obligations to quote an MM bid or offer, the price for such transfer (hereinafter referred to as the “MM etc. Position Transfer Price” in this Article), the volume of the unsettled FX Daily Futures contracts to be transferred to an FX Market Maker Clearing Member Not Subject to Measures (hereinafter referred to as the “MM Position Transfer Volume” in this Article) and the volume of the unsettled FX Daily Futures contracts to be transferred to a Designated Daily Futures Clearing Member (hereinafter referred to as the “Designated Clearing Member Transfer Volume” in this Article) shall be determined by the Exchange in the manner set forth below respectively:

- (1) MM etc. Position Transfer Price shall be a price deemed appropriate by the Exchange for each type of FX Daily Futures contracts, taking into consideration the foreign exchange rates on a trading day whose opening time of the Market Trading Period of the relevant type of FX Daily Futures contracts falls on the first business day following the day on which the regulatory measures set forth in Article 15-3.1 or the disciplinary measures set forth in Article 15-6.1 was imposed on the FX Market Maker Clearing Member Subject to Measures; and
- (2) MM Position Transfer Volume shall be a volume of the unsettled FX Daily Futures contracts with respect to each type of FX Daily Futures transactions divided by the number of FX Market Maker Clearing Members Not Subject to Measures and Non-Clearing Member FX Market Maker who are obliged to quote an MM bid or offer with respect to such FX Daily Futures transactions.
- (3) Designated Clearing Member Transfer Volume shall be, for each type of FX Daily Futures contracts, the volume determined between the Designated Daily Futures Clearing Members and each Non-Clearing Member FX Market Maker, up to a ceiling of the number of Non-Clearing Member FX Market Makers who are obliged to quote an MM bid or offer with respect to such FX Daily Futures contracts and have entered into Clearing Agreements with Designated Daily Futures Clearing Members, multiplied by the volume of the unsettled FX Daily Futures contracts with respect to such FX Daily Futures contracts, divided by the number of FX Market Maker Clearing Member Not

Subject to Measures and Non-Clearing Member FX Market Makers for the FX Daily Futures contracts (and any fraction resulting therefrom shall be rounded up).

15-9-2.2 Any matters deemed necessary by the Exchange in connection with the calculation of MM Position Transfer Volume shall be prescribed by the Exchange from time to time.

15-9-2.3 If the Exchange judges that it is not appropriate to determine the MM etc. Position Transfer Price in the manner set forth in Article 15-9-2.1 (1) above, the Exchange shall determine the MM etc. Position Transfer Price in the manner deemed appropriate by the Exchange from time to time.

15-9-2.4 If the Exchange judges that it is not appropriate to determine the MM Position Transfer Volume in the manner set forth in Article 15-9-2.1 (2) above, the Exchange shall determine the MM Position Transfer Volume in the manner deemed appropriate by the Exchange from time to time.

**Article 15-9-3. Unsettled Equity Index Daily Futures Contracts of Equity Market Maker on whom Regulatory Measures Such as Suspension from Assumption of Obligations are Taken**

15-9-3.1 If the Exchange imposes the regulatory measures set forth in Article 15-3.1 or the disciplinary measures set forth in Article 15-6.1 on the Daily Futures Clearing Member designated as an Equity Index Market Maker (meaning the “Equity Index Market Maker” as defined in Article 2.1 (4) of the Special Provisions for Trading Regulations for Equity Index Daily Futures Transactions (hereinafter referred to as the “Equity Index Special Provisions”); which interpretation shall equally apply in this Article) in connection with Equity Index Daily Futures transactions and, pursuant to Article 15-9.1, the Exchange causes to be transferred to any other Daily Futures Clearing Member designated as an Equity Index Market Maker (hereinafter referred to as the “Equity Index Market Maker Clearing Member Not Subject to Measures” in this Article) or a Daily Futures Clearing Member (hereinafter referred to as the “Designated Daily Futures Clearing Member” in this Article) who has entered into a Clearing Agreement with a Non-Clearing Member designated as an Equity Index Market Maker (hereinafter referred to as the “Non-Clearing Member Equity Index Market Maker” in this Article), any of the unsettled Equity Index

Daily Futures contracts executed by the business conducted by such Daily Futures Clearing Member (hereinafter referred to as the “Equity Index Market Maker Clearing Member Subject to Measures” in this Article) in order to perform its obligations to quote an MM bid or offer, the price for such transfer (hereinafter referred to as the “MM etc. Position Transfer Price” in this Article), the volume of the unsettled Equity Index Daily Futures contracts to be transferred to an Equity Index Market Maker Clearing Member Not Subject to Measures (hereinafter referred to as the “MM Position Transfer Volume” in this Article) and the volume of the unsettled Equity Index Daily Futures contracts to be transferred to a Designated Daily Futures Clearing Member (hereinafter referred to as the “Designated Clearing Member Transfer Volume” in this Article) shall be determined by the Exchange in the manner set forth below respectively:

- (1) MM etc. Position Transfer Price shall be a price deemed appropriate by the Exchange for each issue of Equity Index Daily Futures contracts, taking into consideration the prices, etc. of the equity index under the relevant Equity Index Daily Futures contracts on a trading day whose opening time of the Market Trading Period of the relevant issue of Equity Index Daily Futures transactions falls on the first business day following the day on which the regulatory measures set forth in Article 15-3.1 or the disciplinary measures set forth in Article 15-6.1 was imposed on the Equity Index Market Maker Clearing Member Subject to Measures;
- (2) MM Position Transfer Volume shall be a volume of the unsettled Equity Index Daily Futures contracts with respect to each issue of Equity Index Daily Futures transactions divided by the number of Equity Index Market Maker Clearing Members Not Subject to Measures and Non-Clearing Member Equity Index Market Maker who are obliged to quote an MM bid or offer with respect to such Equity Index Daily Futures transactions; and
- (3) Designated Clearing Member Transfer Volume shall be, for each issues of Equity Index Daily Futures contracts, the volume determined between the Designated Daily Futures Clearing Members and each Non-Clearing Member Equity Index Market Maker, up to a ceiling of the number of Non-Clearing Member Equity Index Market Makers who are obliged to quote an MM bid or offer with respect to such Equity Index Daily Futures contracts and have entered into Clearing Agreements with Designated

Daily Futures Clearing Members, multiplied by the volume of the unsettled Equity Index Daily Futures contracts with respect to such Equity Index Daily Futures contracts, divided by the number of Equity Index Market Maker Clearing Member Not Subject to Measures and Non-Clearing Member Equity Index Market Makers for the Equity Index Daily Futures contracts (and any fraction resulting therefrom shall be rounded up).

15-9-3.2 Any matters deemed necessary by the Exchange in connection with the calculation of MM Position Transfer Volume shall be prescribed by the Exchange from time to time.

15-9-3.3 If the Exchange judges that it is not appropriate to determine the MM etc. Position Transfer Price in the manner set forth in Article 15-9-3.1 (1) above, the Exchange shall determine the MM etc. Position Transfer Price in the manner deemed appropriate by the Exchange from time to time.

15-9-3.4 If the Exchange judges that it is not appropriate to determine the MM Position Transfer Volume in the manner set forth in Article 15-9-3.1 (2) above, the Exchange shall determine the MM Position Transfer Volume in the manner deemed appropriate by the Exchange from time to time.

**Article 15-10. Market Derivatives Contracts for Non-Clearing Member's Account in Relation to Suspended or Restricted Designated Clearing Member**

15-10.1 If a Designated Clearing Member is imposed suspension from assumption of obligations arising from market derivatives transactions or other Disciplinary Measure, etc., the Exchange may cause to be suspended assumption of obligations arising from market derivatives transactions on the Exchange Market to be made in the name of such Designated Clearing Member at the bid or offer submitted by a Non-Clearing Member who has entered into a Clearing Agreement with such Designated Clearing Member.

15-10.2 If the Exchange has suspended assumption of obligations arising from market derivatives transactions in accordance with Article 15-10.1 above, the Exchange



may cause to be transferred to any other Clearing Member or otherwise liquidated in the manner that the Exchange deems necessary, any of the unsettled market derivatives contracts executed on the Exchange Market at the bid or offer submitted by the Non-Clearing Member in the name of the Designated Clearing Member to whom the suspension from assumption of obligations arising from market derivatives transactions has been imposed.

15-10.3 Notwithstanding the provisions of Article 15-10.1 above, the Exchange may assume obligations arising from market derivatives transactions executed on the Exchange Market at the bid or offer submitted by the Non-Clearing Member in the name of the Designated Clearing Member to whom the suspension from assumption of obligations arising from market derivatives transactions has been imposed, to the extent necessary for such Non-Clearing Member to proceed with the transfer or liquidation set forth in Article 15-10.2 above.

15-10.4 If a Designated Clearing Member is imposed suspension from assumption of obligations arising from market derivatives transactions or other Disciplinary Measure, etc., the Exchange may suspend assumption of obligations arising from L-T Link Positions held in the name of such Designated Clearing Member for the account of a Non-Clearing Member who has entered into a Clearing Agreement with such Designated Clearing Member.

15-10.5 If the Exchange has suspended assumption of obligations arising from market derivatives transactions in accordance with Article 15-10.1 above, the Exchange may cause to be transferred to any other Clearing Member or otherwise liquidated in the manner that the Exchange deems necessary, any of the unsettled L-T Link Positions which have arisen in the name of such Designated Clearing Member for the account of such Non-Clearing Member.

15-10.6 The provisions of Article 15-10.3 above shall apply *mutatis mutandis* to the transfer or liquidation set forth in Article 15-10.5 above.

15-10.7 If the Exchange deems it necessary in the liquidation pursuant to Article 15-10.2 or Article 15-10.5 (limited to the liquidation of the unsettled Interest Rate Futures contracts executed in the name of the Designated Clearing Member having been subjected to the Disciplinary Measure, etc. set forth in Article 15-10.1 on the Exchange Market at the bid or offer submitted by the Non-Clearing Member who has entered into the Clearing

Agreement with such Designated Clearing Member or the unsettled L-T Link Positions which have arisen in the name of such Designated Clearing Member for the account of such Non-Clearing Member (hereinafter called “Unsettled contracts for Interest Rate Futures transactions, etc. of Non-Clearing Member” in this Article 15-10)), the Exchange may hold a Position Liquidation Auction for the purpose of liquidation of the Unsettled contracts for Interest Rate Futures transactions, etc. of Non-Clearing Member (hereinafter called a “Position Liquidation Auction for Non-Clearing Member”).

15-10.8 The Exchange may discuss how to deal with the Position Liquidation Auction for Non-Clearing Member specified in Article 15-10.7 with Interest Rate Futures Clearing Members other than the relevant Designated Clearing Member. When the Exchange holds such discussion, the Interest Rate Futures Clearing Members other than the relevant Designated Clearing Member shall make efforts to agree to hold such discussion.

**Article 15-10-2. Unsettled FX Clearing Futures Contracts of FX Clearing Futures Clearing Member on which Regulatory Measures Such as Suspension from Assumption of Obligations are Taken**

15-10-2.1 If the Exchange imposes the regulatory measures set forth in Article 15-3.1 or the disciplinary measures set forth in Article 15-6.1 on the FX Clearing Futures Clearing Member and, pursuant to Article 15-9.1, the Exchange causes such FX Clearing Futures Clearing Member (hereinafter referred to as the “FX Clearing Futures Clearing Member Subject to Measures” in this Article) to liquidate the unsettled FX Clearing Futures contracts executed at the bids or offers submitted by such FX Clearing Futures Clearing Member Subject to Measures (hereinafter referred to as the “Unsettled FX Clearing Futures Contracts” in this Article) as deemed necessary by the Exchange, the Exchange shall cause the FX Clearing Futures Clearing Member Subject to Measures to resell or repurchase all the Unsettled FX Clearing Futures Contracts (hereinafter referred to as the “Liquidation Transaction”) for its own account in order to liquidate such Unsettled FX Clearing Futures Contracts in the manner set forth below:

- (1) For each type of Unsettled FX Clearing Futures Contracts, the Exchange shall designate an FX Clearing Futures Clearing Member as a counterparty of the Liquidation Transaction from among those who have LP Trading Membership and has filed the notification pursuant to Article 12 of the Special Provisions for Trading Regulations for FX Clearing Futures Transactions (hereinafter referred to as the “FX Clearing Special

Provisions”) for such type of FX Clearing Futures contracts (such designated FX Clearing Futures Clearing Member shall be hereinafter referred to as the “Designated FX Clearing Futures Clearing Member”).

- (2) The Exchange shall notify the Designated FX Clearing Futures Clearing Members of the volume of each type of Unsettled FX Clearing Futures Contracts divided by the number of the Designated FX Clearing Futures Clearing Members (hereinafter referred to as the “Liquidation Volume”).
- (3) Upon receipt of such notice, the Designated FX Clearing Futures Clearing Member shall promptly quote a price appropriate for the Liquidation Transaction (hereinafter referred to as the “Liquidation Price”) to the Exchange in light of the then current foreign exchange rates. In such case, the Designated FX Clearing Futures Clearing Member shall submit the materials evidencing the appropriateness of the Liquidation Price to the Exchange in accordance with the Close-out Amount method specified in 2002 ISDA Master Agreement published by International Swaps and Derivatives Association, Inc. (hereinafter referred to as “ISDA”) in 2002.
- (4) The Exchange shall cause the Liquidation Transaction to be executed in the relevant Liquidation Volume at the Liquidation Price specified in Article 15-10-2.1(3) above with respect to the Unsettled FX Clearing Futures Contracts of the FX Clearing Futures Clearing Member Subject to Measures with each Designated FX Clearing Futures Clearing Member as a counterparty.

15-10-2.2 Any matters deemed necessary by the Exchange in connection with the calculation of Liquidation Volume shall be prescribed by the Exchange from time to time.

15-10-2.3 If the Exchange judges that it is not appropriate to determine the Liquidation Volume in the manner set forth in Article 15-10-2.1 (2) above, the Exchange may determine the Liquidation Volume in the manner deemed appropriate by the Exchange from time to time.

15-10-2.4 If the Exchange judges that it is not appropriate to determine the Liquidation Price in the manner set forth in Article 15-10-2.1 (3) above such as in the case

where the Liquidation Price quoted by the Designated FX Clearing Futures Clearing Member is judged as being significantly different from the prevailing foreign exchange rates or the Designated FX Clearing Futures Clearing Member fails to evidence the appropriateness of the Liquidation Price, and so on, the Exchange may determine the Liquidation Price in the manner deemed appropriate by the Exchange from time to time.

### **Article 15-10-3. Early Termination**

15-10-3.1 In the event that the Exchange conducts the Position Liquidation Auction (including the “Position Liquidation Auction for Non-Clearing Member” specified in Article 15-10.7; the same interpretation shall equally apply in this Article), if there remain the Unsettled contracts for Interest Rate Futures transactions, etc. (including the “Unsettled contracts for Interest Rate Futures transactions, etc. of Non-Clearing Member” specified in Article 15-10.7; the same interpretation shall equally apply in this Article) even after the Position Liquidation Auction has been conducted, or the loss incurred by the Exchange through the Position Liquidation Auction is not likely to be compensated by the First Additional Clearing Contribution for Interest Rate Futures specified in Article 40.6, the positions of the Unsettled contracts for Interest Rate Futures transactions, etc. subject to the Position Liquidation Auction (hereinafter referred to as the “positions subject to early termination” and a Clearing Member holding such positions shall be hereinafter referred to as the “Clearing Member subject to early termination”) as well as the positions designated and allocated in the manner separately prescribed by the Exchange among the positions or the L-T Link Positions for Interest Rate Futures transactions held by the Clearing Members other than the Clearing Member subject to early termination (hereinafter referred to as the “position to be allocated for early termination” and a Clearing Member holding such positions shall be hereinafter referred to as the “Clearing Member whose positions are to be allocated for early termination” shall automatically terminate before maturity at the time from time to time designated by the Exchange without any separate declaration of intent from the Exchange, the Clearing Member subject to early termination or the Clearing Member whose positions are to be allocated for early termination.

15-10-3.2 The early termination referred to in Article 15-10-3.1 shall mean that the positions subject to early termination or the positions to be allocated for early termination terminate before the respective last trading days, due to any cause other than offsetting notification specified in Article 42.

15-10-3.3 In the event of early termination, it shall be deemed that the Clearing

Member subject to early termination or the Clearing Member whose positions are to be allocated for early termination has notified offsetting transactions for the positions subject to early termination or the positions to be allocated for early termination.

15-10-3.4 In the case of Article 15-10-3.3, the Interest Rate Futures Clearing Member shall pay to or receive from the Exchange variation at early termination, applying, *mutatis mutandis*, the provisions on the payment and receipt of monies for mark-to-market specified in Chapter X.

15-10-3.5 The variation at early termination referred to in Article 15-10-3.4 shall mean the amount calculated by the Exchange by deeming that, with respect to the positions subject to early termination or the positions to be allocated for early termination, reverse transactions for Unsettled contracts for Interest Rate Futures transactions etc. subject to offsetting are executed at the daily settlement price (meaning the daily settlement price specified in Article 45) or the Daily Settlement Price (meaning the Daily Settlement Price specified in Article 90 and Article 90-46) on the trading day of the early termination.

15-10-3.6 In addition to Articles 15-10-3.1 through 15-10-3.5 above, the matters necessary for early termination shall be prescribed by the Exchange at any appropriate time.

#### **Article 15-11. Notification and Announcement of Disciplinary Measures, etc.**

15-11.1 When the Exchange has imposed any Disciplinary Measure, etc. on a Clearing Member set forth in each Item below, the Exchange shall notify such effect to the persons set forth in such Item and make announcement to that effect:

(1) Interest Rate Futures Clearing Member

All Interest Rate Futures Clearing Members and the Non-Clearing Members in terms of Interest Rate Futures contracts

(2) Daily Futures Clearing Member

All Daily Futures Clearing Members and all Non-Clearing Members in connection with FX Daily Futures transactions and Equity Index Daily Futures transactions

(3) FX Clearing Futures Clearing Member

## All FX Clearing Futures Clearing Members

15-11.2 If a Clearing Member is imposed by the Exchange as a Disciplinary Measure, etc. suspension from or restriction on assumption of obligations arising from market derivatives transactions on the Exchange Market at the bid or offer submitted by itself, such Member shall place a notice to that effect at its office and other appropriate places in accordance with the requirements prescribed by the Exchange.

15-11.3 If a Clearing Member is imposed by the Exchange as a Disciplinary Measure, etc. suspension from or restriction on assumption of obligations arising from L-T Link Positions, such Member shall place a notice to that effect at its office and other appropriate places in accordance with the requirements prescribed by the Exchange.

## CHAPTER III.

### SECURITIES, ETC. CLEARING-BROKERING CONTRACTS

#### **Article 15-12. Underlying Contracts of Securities, etc. Clearing-Brokering Contracts**

15-12.1 The underlying contracts of Securities, etc. Clearing-Brokering Contract to be conducted by a Designated Clearing Member shall be those set forth in Article 2 hereof.

15-12.2 The Three-month Euroyen futures executed by the exercise of rights of the Three-month Euroyen futures option contract or the Three-month TONA futures executed by the exercise of rights of the Three-month TONA futures option contract shall be deemed as the transaction executed by Securities, etc. Clearing-Brokering Contracts and the provisions of these regulations shall be applied thereto.

#### **Article 16. Clearing Agreement**

16.1 Each Non-Clearing Member acting in such capability in an Interest Rate Futures contract shall enter into a Clearing Agreement in the form designated by the Exchange setting forth the matters listed below with an Interest Rate Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts who possesses all trading memberships of the same types as those the Non-Clearing Member has (excluding the FX Daily Futures Trading Membership, the Equity Index Daily Futures Trading Membership, FX Broker Trading Membership and LP Trading Membership). Provided, however, each Japanese Yen Interest Rate Remote Trading Member shall enter into a Clearing Agreement with an Interest Rate Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts holding a Japanese Yen Interest Rate Trading Membership.

- (1) In the case where such Non-Clearing Member intends to execute an Interest Rate Futures transaction on behalf of its Designated Clearing Member, to the effect that the Non-Clearing Member submitted, and the Designated Clearing Member accepted, the Securities, etc. Clearing-Brokering Contract; and
- (2) Any other matters prescribed by the Exchange.

16.2 Each Non-Clearing Member acting in such capability in an FX Daily Futures contract shall enter into a Clearing Agreement in the form designated by the Exchange setting forth the matters listed below with a Daily Futures Clearing Member.

- (1) In the case where such Non-Clearing Member intends to execute an FX Daily Futures transaction on behalf of its Designated Clearing Member, to the effect that the Non-Clearing Member submitted, and the Designated Clearing Member accepted, the Securities, etc. Clearing-Brokering Contract; and
- (2) Any other matters prescribed by the Exchange.

16.3 Each Non-Clearing Member acting in such capability in an Equity Index Daily Futures contract shall enter into a Clearing Agreement in the form designated by the Exchange setting forth the matters listed below with a Daily Futures Clearing Member.

- (1) In the case where such Non-Clearing Member intends to execute an Equity Index Daily Futures transaction on behalf of its Designated Clearing

Member, to the effect that the Non-Clearing Member submitted, and the Designated Clearing Member accepted, the Securities, etc. Clearing-Brokering Contract; and

(2) Any other matters prescribed by the Exchange.

16.4 When a bid or offer submitted by a Non-Clearing Member satisfies the conditions specified in the Trading Regulations, the FX Special Regulations and the Equity Index Special Provisions, a market derivatives contract shall be deemed to be executed on the Exchange Market for the said Non-Clearing Member's account and in the name of the Designated Clearing Member, in which case the Designated Clearing Member shall acquire and assume the rights and obligations arising from the said market derivatives contract.

16.5 A Designated Clearing Member shall acquire and assume the rights and obligations arising from a market derivatives contract and an L-T Link Position which have been caused to arise by a Non-Clearing Member as a result of give-up, as such term is defined in Article 20-10 of the Trading Regulations, in the name of the Designated Clearing Member.

16.6 When a Clearing Member enters into a Clearing Agreement, the Clearing Member shall notify the Exchange to that effect in accordance with the requirements prescribed by the Exchange.

16.7 Termination of a Clearing Agreement shall not come into effect without the Exchange's approval, unless otherwise prescribed by the Exchange.

#### **Article 17. Separate Accounting for Clearing by Designated Clearing Member**

17.1 A Designated Clearing Member acting in such capability in Interest Rate Futures contracts shall establish separate accounts for the Interest Rate Futures contracts executed in its own name at the bid or offer submitted by the respective Non-Clearing Members and for the Interest Rate Futures contracts executed in its own name at the bid or offer submitted by it.



17.2 A Designated Clearing Member acting in such capability in Interest Rate Futures contracts shall establish separate accounts for the L-T Link Positions arising for the account of the respective Non-Clearing Members and for the L-T Link Positions arising for the account of the Designated Clearing Member itself with respect to all the L-T Link Positions that arise in its own name.

17.3 A Designated Clearing Member acting in such capability in FX Daily Futures contracts or Equity Index Daily Futures contracts shall establish separate accounts for those contracts executed in its own name at the bid or offer submitted by the respective Non-Clearing Members and for those contracts executed in its own name at the bid or offer submitted by it.

**Article 18. Market Derivatives Contracts in case of Change in Designated Clearing Member**

If a Designated Clearing Member is replaced, the Exchange shall cause the successor Designated Clearing Member to acquire and assume all the rights and obligations held and assumed by the former Designated Clearing Member under all the unsettled market derivatives contracts executed on the Exchange Market at the bid or offer submitted by the former Designated Clearing Member, with effect as of the time and date designated by the Exchange.

**Article 19. Application for Approval of Termination of Clearing Agreement**

19.1 If a Clearing Member terminates a Clearing Agreement, the Clearing Member shall apply for approval thereof in accordance with the requirements prescribed by the Exchange.

19.2 If the Exchange receives an application for approval of the termination of a Clearing Agreement, the Exchange shall approve such termination only when it deems it appropriate and necessary in light of operation of the Exchange Market.

**Article 20. Market Derivatives Contracts for Non-Clearing Member's**

## **Account upon Termination of Clearing Agreement**

20.1 Upon the approval of termination of a Clearing Agreement set forth in Article 19.2 above, the Exchange shall suspend assumption of obligations arising from market derivatives transactions on the Exchange Market executed at the bid or offer submitted by a Non-Clearing Member who is a party to such terminated Clearing Agreement and in the name of the Clearing Member who is the other party thereto.

20.2 If the Exchange suspends assumption of obligations arising from market derivatives transactions in accordance with Article 20.1 above, the Exchange may cause to be transferred to another Clearing Member or otherwise liquidated in the manner that the Exchange deems necessary, any of the unsettled market derivatives contracts executed on the Exchange Market at the bid or offer submitted by the Non-Clearing Member in the name of the concerned Clearing Member.

20.3 Notwithstanding the provisions of Article 20.1 above, to the extent necessary for the Non-Clearing Member to proceed with the transfer or liquidation set forth in Article 20.2 above, the Exchange may assume obligations arising from market derivatives transactions executed on the Exchange Market at the bid or offer submitted by the Non-Clearing Member in the name of the Clearing Member.

20.4 If the Exchange suspends assumption of obligations arising from market derivatives transactions in accordance with Article 20.1 above, the Exchange may cause to be transferred to another Clearing Member or otherwise liquidated in the manner that the Exchange deems necessary, any of the unsettled L-T Link Positions that have arisen for the account of the Non-Clearing Member.

20.5 The provisions of Article 20.3 above shall apply *mutatis mutandis* to the transfer or liquidation set forth in Article 20.4 above.

## **CHAPTER IV.**

### **ASSUMPTION OF OBLIGATIONS**

## **Section 1. Clearing of Market Derivatives Contracts**

### **Article 21. Clearing of Market Derivatives Contracts**

When a market derivatives contract is executed on the Exchange Market, the Exchange shall, for the purpose of facilitating market derivatives transactions, as a substitute for the Clearing Member, assume the obligations of a Clearing Member arising under the said contract and obtain newly created rights corresponding to the assumed obligations or shall succeed to the Clearing Member's contractual position as a grantor of an option created by the said contract and stand in the place of a holder of a newly created option corresponding to the aforesaid option, and shall clear such market derivatives contract with the relevant Clearing Member, in accordance with Article 22, 24, 25 or 26 hereof.

### **Article 22. Exchange's Assumption of Obligations arising from Market Derivatives Contract**

The Exchange shall assume obligations arising from market derivatives contracts with Clearing Members in accordance with the following provisions:

- (1) When a market derivatives contract has been executed in accordance with the Trading Regulations, FX Special Provisions, the Equity Index Special Provisions and the FX Clearing Special Provisions, the Exchange shall assume all the obligations that the Clearing Member acting as the seller would assume vis-à-vis the other Clearing Member acting as the buyer under such market derivatives contract and release the Clearing Member acting as the seller from such obligations, whereas the Clearing Member acting as the seller shall newly assume obligations vis-à-vis the Exchange under the same terms and conditions as those of the obligations that have been assumed by the Exchange; and the Exchange shall assume all the obligations that the Clearing Member acting as the buyer would assume vis-à-vis the Clearing Member acting as the seller under such market derivatives contract and release the Clearing Member acting as the buyer

from such obligations, whereas the Clearing Member acting as the buyer shall newly assume obligations vis-à-vis the Exchange under the same terms and conditions as those of the obligations that have been assumed by the Exchange; and

- (2) When a Three-month Euroyen futures option contract or a Three-month TONA futures option contract has been executed under the Special Provisions for Trading Regulations and Brokering Terms for Options and the Brokering Terms (hereinafter called “Special Provisions for Options”), the Exchange shall be deemed to have succeeded to the position as the grantor of an option on Three-month Euroyen futures or an option on Three-month TONA futures that the Clearing Member acting as the seller would assume vis-à-vis the other Clearing Member acting as the buyer under such Three-month Euroyen futures option contract or Three-month TONA futures option contract (except for the claim for the option premium relating thereto), whereas the Clearing Member acting as the seller shall be deemed to have become the grantor of a newly created option on Three-month Euroyen futures or the grantor of a newly created option on Three-month TONA futures to the Exchange, under the same terms and conditions as those of the aforesaid option with respect to which the Exchange has succeeded to the position as the grantor as aforesaid; and the Exchange shall assume the obligations of the Clearing Member acting as the buyer to pay the related option premium that the Clearing Member acting as the buyer would assume vis-à-vis the Clearing Member acting as the seller and release the Clearing Member acting as the buyer from such obligations, whereas the Clearing Member acting as the buyer shall be deemed to have newly assumed an obligation to the Exchange under the same terms and conditions as those of the aforesaid obligations that has been assumed by the Exchange.

## **Section 2. Clearing of L-T Link Positions**

### **Article 23. Clearing of L-T Link Positions**

The Exchange shall clear L-T Link Positions between itself and the Clearing Member who has caused them to arise in its own name on the Exchange Market.

**Article 24. Assumption of Obligations arising from L-T Link Positions between Exchange and Clearing Member**

24.1 When an L-T Link Position arises between the Exchange and a Clearing Member pursuant to Article 21.2 of the Trading Regulations, the Exchange shall newly acquire and assume vis-à-vis the Clearing Member rights and obligations under the same terms and conditions as those having been held and assumed, with respect to the overseas position set forth in Article 21.1 of the Trading Regulations, by a Linked Overseas Clearing House defined in Article 2(4) of the Trading Regulations, vis-à-vis a member (including the head office or a branch of the Clearing Member located overseas; the same shall apply hereinbelow in this Article 24.1) of a Linked Overseas Exchange which is a party to the Member Link Agreement specified in Article 2(9)(a) of the Trading Regulations, whereas the Clearing Member shall acquire and assume vis-à-vis the Exchange rights and obligations under the same terms and conditions as those having been held and assumed by the said member of the said Linked Overseas Exchange vis-à-vis the said Linked Overseas Clearing House with respect to the said overseas position, such that the Exchange shall clear the L-T Link Position between itself and the Clearing Member.

24.2 When an L-T Link Position arises between the Exchange and a Clearing Member pursuant to Article 21.3 of the Trading Regulations, the Exchange shall newly acquire and assume vis-à-vis such Clearing Member rights and obligations under the same terms and conditions as those having been held and assumed, with respect to the overseas position set forth in Article 21.1 of the Trading Regulations, by a Linked Overseas Clearing House vis-à-vis a member (including the head office or a branch of the Clearing Member located overseas; the same shall apply hereinbelow in this Article 24.2) of a Linked Overseas Exchange which is a party to the Member Link Agreement specified in Article 2(9)(b) of the Trading Regulations, whereas the Clearing Member shall acquire and assume vis-à-vis the Exchange rights and obligations under the same terms and conditions as those having been held and assumed by the said member of the said Linked Overseas Exchange vis-à-vis the said Linked Overseas Clearing House with respect to the said overseas position, such that the Exchange shall clear the L-T Link Position between itself and the Clearing Member.

**Section 3. Clearing of Market Derivatives Contracts and L-T Link Positions for Give-up**

**Article 24-2. Clearing of Market Derivatives Contracts and L-T Link Positions for Give-up**

The Exchange shall clear a market derivatives contract or an L-T Link Position created as a result of give-up with the Clearing Member who has caused such contract or position to arise in its own name.

**Article 25. Discharge and Creation of Market Derivatives Contract, Discharge of Exchange's and Executing Member's Rights and Obligations, and Acquisition and Assumption of Rights and Obligations by Exchange and Carrying Member, in Relation to Give-up**

When a market derivatives contract or an L-T Link Position is discharged or created as a result of give-up set forth in Article 20-10 of the Trading Regulations, the rights and obligations remaining between the Exchange and the Executing Member as defined in Article 2(33) of the Trading Regulations (or its Designated Clearing Member, if the Executing Member is a Non-Clearing Member, and this shall apply to the term "Executing Member" hereafter in this Article 25) with respect to the discharged market derivatives contract or L-T Link Position shall be discharged, and the Exchange shall newly acquire and assume rights and obligations vis-à-vis the Carrying Member as defined in Article 2(34) of the Trading Regulations (or its Designated Clearing Member, if the Carrying Member is a Non-Clearing Member, and this shall apply to the term "Carrying Member" hereafter in this Article 25, except for reference to "for the account of such Carrying Member" and equivalent expressions), under the same terms and conditions as those of the discharged rights and obligations that have been held and assumed by the Exchange vis-à-vis the Executing Member with respect to the discharged market derivatives contract or L-T Link Position, whereas the Carrying Member shall newly acquire and assume rights and obligations vis-à-vis the Exchange under the same terms

and conditions as those having been held and assumed by the Executing Member vis-à-vis the Exchange with respect to the discharged market derivatives contract or L-T Link Position, for the account of such Carrying Member, such that the Exchange shall clear the market derivatives contract or the L-T Link Position between itself and the Clearing Member.

**Article 26. Discharge and Creation of Option Contracts and Discharge and Arising, etc. of Contractual Positions by Exchange, Executing Member and Carrying Member in Relation to Give-up**

When a market derivatives contract or an L-T Link Position is discharged or created as a result of give-up set forth in Article 15-2 of the Special Provisions for Options, the Exchange shall assume the obligation arising from such contract or Position in the manner set forth below:

- (1) If a sale contract for Three-month Euroyen futures option contract or Three-month TONA futures option contract is discharged as a result of give-up, the position as grantor of such option held by the Executing Member (or its Designated Clearing Member, if the Executing Member is a Non-Clearing Member, and this interpretation applies to the term “Executing Member” hereafter in this Article 26) vis-à-vis the Exchange with respect to the discharged contract shall be discharged, and the Carrying Member (or its Designated Clearing Member, if the Carrying Member is a Non-Clearing Member, and this interpretation applies to the term “Carrying Member” hereafter in this Article 26, except for reference to “for the account of such Carrying Member” and equivalent expressions) shall newly become the grantor of an option on Three-month Euroyen futures or an option on Three-month TONA futures under the same terms and conditions as those of the discharged contract, vis-à-vis the Exchange for the account of such Carrying Member. In such case, the obligations to pay the option premium that has been held and assumed by the Exchange to the Executing Member with respect to the discharged sale contract shall be discharged, and the Exchange shall newly assume the obligation under the same terms and conditions as those of the said discharged obligation vis-à-vis the Carrying Member; and

- (2) If a purchase contract for Three-month Euroyen futures option contract or Three-month TONA futures option contract is discharged as a result of give-up, the position as grantor of such option held by the Exchange vis-à-vis the Executing Member with respect to the discharged contract shall be discharged, and the Exchange shall newly become the grantor of an option on Three-month Euroyen futures or an option on Three-month TONA futures vis-à-vis the Carrying Member, under the same terms and conditions as those of the discharged contract. In such case, the obligation to pay the option premium that has been held and assumed by the Executing Member to the Exchange with respect to the discharged purchase contract shall be discharged, and the Carrying Member shall newly assume the obligation under the same terms and conditions as those of the said discharged obligation vis-à-vis the Exchange for the account of such Carrying Member.

## **CHAPTER V.**

### **DUTY TO PERFORM OBLIGATIONS ARISING FROM MARKET DERIVATIVES CONTRACTS**

#### **Article 27. Liability of Exchange**

With respect to any market derivatives contract executed on the Exchange Market, the Exchange shall be liable only to Clearing Members for fulfilling the obligations thereunder.

#### **Article 28. Exchange's Liability for Link**

28.1 With respect to any L-T Link Position that has arisen, the Exchange shall be liable for fulfilling obligations therefor only to the Clearing Members.

28.2 The Exchange shall be liable for fulfilling its obligations for the amount of money



separately prescribed by the Exchange to the Linked Overseas Clearing House.

**Article 29. Treatment of Market Derivatives Contracts, etc. created as a Result of Give-up**

29.1 A market derivatives contract created as a result of give-up shall be regarded as a market derivatives contract executed on the Exchange Market.

29.2 An L-T Link Position created as a result of give-up shall be regarded as an L-T Link Position arising on the Exchange Market.

**CHAPTER VI.**

**EXCHANGE MARGIN AND UNSETTLED MARKET DERIVATIVES CONTRACTS, ETC.**

**Article 30. Exchange Margin and Unsettled Market Derivatives Contracts, etc.**

Matters pertaining to the margins, etc. arising under the financial instruments obligation assumption business operated by the Exchange in relation to Interest Rate Futures contracts and L-T Link Positions shall be prescribed by the Regulations for Margin and Unsettled Market Derivatives Contracts (hereinafter called the “Margin Regulations”), whereas the ones in relation to FX Daily Futures contracts shall be prescribed by the Regulations for Margin and Unsettled Contracts for FX Daily Futures Transactions (hereinafter called the “FX Margin Regulations”), the ones in relation to Equity Index Daily Futures contracts shall be prescribed by the Regulations for Margin and Unsettled Contracts for Equity Index Daily Futures Transactions (hereinafter called the “Equity Index Margin Regulations”), and the ones in relation to FX Clearing Futures contracts shall be prescribed by the Regulations for Margin and Unsettled Contracts for FX Clearing Futures Transactions (hereinafter called the “FX Clearing Margin Regulations”), respectively.

## CHAPTER VII.

### CLEARING DEPOSIT

#### **Article 31. Delivery of Clearing Deposit**

31.1 A Clearing Member shall deposit a clearing deposit with the Exchange in accordance with the requirements prescribed by the Exchange. In such case, the Clearing Member shall deposit the clearing deposit in classification by types of the clearing deposit classified by type of the clearing membership as specified below:

- (1) A clearing deposit to be deposited by an Interest Rate Futures Clearing Member (hereinafter called “Interest Rate Futures Clearing Deposit”);
- (2) A clearing deposit to be deposited by a Daily Futures Clearing Member (hereinafter called “Daily Futures Clearing Deposit”)
- (3) A clearing deposit to be deposited by an FX Clearing Member (hereinafter called “FX Clearing Futures Clearing Deposit”)

31.2 The amount of the Interest Rate Futures Clearing Deposit to be deposited and maintained by an Interest Rate Futures Clearing Member shall be calculated as separately prescribed by the Exchange; provided, however, if the amount so calculated is below Fifty Million (50,000,000) yen, the amount of the Interest Rate Futures Clearing Deposit to be deposited and maintained by an Interest Rate Futures Clearing Member shall be Fifty Million (50,000,000) yen.

31.3 The amount of the Daily Futures Clearing Deposit to be deposited and maintained by a Daily Futures Clearing Member shall be the amount calculated in a manner separately prescribed by the Exchange.

31.4 The amount of the FX Clearing Futures Clearing Deposit to be deposited and

maintained by an FX Clearing Futures Clearing Member shall be calculated as separately prescribed by the Exchange.

31.5 A Clearing Member may deposit clearing deposits in the form of currency of Japanese Yen or negotiable securities in accordance with the requirements prescribed by the Exchange.

31.6 A Clearing Member may not assign or agree to assign in the future, or provide as security, the claim for refund of the clearing deposits placed by itself to or in favor of a third party.

### **Article 32. Amount of Clearing Deposit payable upon Admission to Clearing Membership**

32.1 The amount of the Interest Rate Futures Clearing Deposit to be deposited by a person admitted to Interest Rate Futures Clearing Membership pursuant to the provision of Article 4.4 hereof shall be the amount deemed appropriate by the Exchange based on Fifty Million Japanese Yen (¥50,000,000) as a benchmark.

32.2 The amount of the Daily Futures Clearing Deposit to be deposited by a person admitted to Daily Futures Clearing Membership pursuant to the provision of Article 4.4 hereof shall be the amount deemed appropriate by the Exchange based on Five Million Japanese Yen (¥5,000,000) as a benchmark.

32.3 The amount of the FX Clearing Futures Clearing Deposit to be deposited by a person admitted to FX Clearing Futures Clearing Membership pursuant to the provision of Article 4.4 hereof shall be the amount deemed appropriate by the Exchange based on Fifty Million Japanese Yen (¥5,000,000) as a benchmark.

### **Article 33. Change of Amount of Clearing Deposit**

33.1 In order to secure appropriate risk management at the Exchange Market or as otherwise deemed necessary by the Exchange, the Exchange may change the amount of the clearing deposit set forth in Articles 31.2 through 31.4 hereof on a provisional basis.

33.2 When two (2) or more Clearing Members merge or consolidate between or among themselves or it is otherwise deemed necessary by the Exchange, the Exchange may change the amount of the clearing deposit to be placed and maintained by certain Clearing Members.

**Article 34. (Deleted)**

**Article 35. Replenishment of Clearing Deposits**

If the Exchange has appropriated the clearing deposits for compensation of its losses in accordance with Articles 40-2 and 41 hereof and the remaining balance of any type of clearing deposit attributable to a Clearing Member falls below the amount that the Clearing Member is required to maintain with respect to the corresponding type of clearing membership, the Clearing Member shall deposit an additional clearing deposit of that type in the amount of such difference by the date that the Exchange will determine by the resolution of the board of directors.

**Article 36. Refund of Clearing Deposits**

36.1 If the amount of any given type of clearing deposit deposited by a Clearing Member exceeds the requisite amount, the Clearing Member is entitled to request the Exchange to refund an amount in excess of that type of clearing deposit in accordance with the requirements prescribed by the Exchange.

36.2 In the event that a refund claim is made for any given type of clearing deposit set forth in Article 36.1 above, the Exchange may suspend refund of an amount in excess of the type of clearing deposit in question, when the Exchange deems it specifically necessary.

**Article 37. Refund of Clearing Deposits upon Deregistration of Clearing Membership**

37.1 In the event that a Clearing Member deregisters any given type of clearing

membership, the Exchange shall refund the clearing deposit deposited by the Clearing Member for the corresponding type of clearing membership on or after the date on which the deregistration takes effect.

37.2 In the case of Article 37.1 above, if there is any obligations owed to the Exchange relating to the underlying market derivatives transactions of financial instruments obligation assumption business operated by the Exchange or any other obligations arising under the rules set forth by the Exchange including these Regulations, etc., the Exchange may appropriate the clearing deposit deposited by the Clearing Member to such obligations and refuse to refund the clearing deposit to the extent necessary.

### **Article 38. Succession to Clearing Deposits upon Merger or Consolidation**

In the case of a merger or consolidation of a Clearing Member, the surviving corporation of the merger or the newly incorporated corporation as a result of the consolidation shall succeed to the rights and obligations arising before such merger or consolidation with respect to the clearing deposits of the Clearing Member.

### **Article 39. Management and Investment of Clearing Deposits**

39.1 The Exchange shall manage the clearing deposits separately from the Exchange's other assets by, including without limitation, maintaining separate accounts for the former and the latter, and maintain accounting books in which the accounts are classified by the type of Clearing Member and the type of the clearing deposit set forth in Article 31.1 hereof.

39.2 Where the Exchange receives the clearing deposits in cash, the Exchange shall invest them in the following manner:

- (1) Holding of Japanese Government bonds, municipal bonds, bonds issued by entities in accordance with special laws, or corporate bonds;
- (2) Savings or deposits with financial institutions; or
- (3) Money trust with banks engaged in trust business (only the money trust

with principal guarantee is allowed).

39.3 If the Exchange gains profits from the investments of the clearing deposits in the manner set forth in Article 39.2 above, the Exchange shall pay the profits, in accordance with the conditions prescribed by the Exchange, to the Clearing Members who have deposited such clearing deposits in cash.

## **CHAPTER VIII.**

### **COMPENSATION FOR LOSSES FROM ASSUMPTION OF OBLIGATIONS**

#### **Article 40. Compensation for Losses from Default of Interest Rate Futures Clearing Member**

40.1 The Exchange may be compensated for losses incurred by it as a result of an Interest Rate Futures Clearing Member's default in its obligations under its Interest Rate Futures contracts executed or the L-T Link Positions arising and/or held on the Exchange Market, from the following deposits which are deposited by the Interest Rate Futures Clearing Member (hereinafter called "Defaulting Interest Rate Futures Clearing Member") in connection with the trading membership relating to the defaulted Interest Rate Futures contract or the defaulted L-T Link Position or in connection with the clearing membership relating to such trading membership:

- (1) The Exchange Margin deposited with the Exchange by the Defaulting Interest Rate Futures Clearing Member for the Interest Rate Futures contracts for its house account;
- (2) The market entry deposit deposited with the Exchange by the Defaulting Interest Rate Futures Clearing Member in accordance with Article 12 of the Trading Member Regulations (less the amount of the portion thereof for which its customer has exercised the preferential rights);

- (3) The clearing deposit deposited with the Exchange by the Defaulting Interest Rate Futures Clearing Member in accordance with Article 31.1 hereof;
- (4) Other deposit deposited with the Exchange by the Defaulting Interest Rate Futures Clearing Member; and
- (5) The Exchange Margin deposited with the Exchange by the Defaulting Interest Rate Futures Clearing Member with respect to the Interest Rate Futures contracts for its customers' accounts or with respect to the Interest Rate Futures contracts for which it has undertaken clearing, but to the extent that the Defaulting Interest Rate Futures Clearing Member is entitled to a refund claim for the said Exchange Margin.

40.2 If the losses incurred by the Exchange are not fully covered by the compensation in accordance with Article 40.1 above, the Exchange shall cover the uncompensated portion of such losses from any of the deposits listed in each Item of Article 40.1 above which is deposited by the defaulting Interest Rate Futures Clearing Member for any trading membership other than the trading membership relating to the defaulted Interest Rate Futures contract or the defaulted L-T Link Position, or for any clearing membership other than the clearing membership relating to such trading membership.

40.3 If the losses incurred by the Exchange are not fully covered by the compensation in accordance with Article 40.2 above in a Cooling Off Period for Interest Rate Futures (meaning the Cooling Off Period for Interest Rate Futures specified in Article 40-3.1), the Exchange shall cover the uncompensated portion of such losses by appropriating the default compensation reserve for Interest Rate Futures.

40.4 If the losses incurred by the Exchange are not fully covered by the compensations in accordance with Articles 40.1 through 40.3 above in a Cooling Off Period for Interest Rate Futures, the Exchange shall cover the uncompensated portion of such losses by appropriating the Interest Rate Futures Clearing Deposits deposited with the Exchange by all the other Interest Rate Futures Clearing Members who hold the clearing membership relating to the defaulted Interest Rate Futures contract or the defaulted L-T Link Position under such membership (hereinafter called the "Other Interest Rate Futures Clearing Members" in this Chapter).

40.5 In order to compensate for the remaining losses in accordance with Article 40.4 above, the Exchange shall cause the Other Interest Rate Futures Clearing Members to bear the remaining losses in proportion to the respective amounts of the Interest Rate Futures Clearing Deposits to be deposited and maintained by the respective Other Interest Rate Futures Clearing Members (hereinafter called the “Initial Requirement Amount of Interest Rate Futures Clearing Deposit”) on the business day immediately preceding the Initial Loss-incurred Date for Interest Rate Futures (meaning the “Initial Loss-incurred Date for Interest Rate Futures” specified in Article 40-3.1). In such case, the respective amounts of losses that may be borne by the Other Interest Rate Futures Clearing Members shall be up to the respective Initial Requirement Amount of Interest Rate Futures Clearing Deposit.

40.6 If the losses incurred by the Exchange are not fully compensated even after the compensation in accordance with Article 40.4 above in a Cooling Off Period for Interest Rate Futures, the Exchange shall cover the remaining losses by the money contributed by the Other Interest Rate Futures Clearing Members (hereinafter called the “First Additional Clearing Contribution for Interest Rate Futures” in Article 40).

40.7 The Exchange may be compensated for losses incurred by it as a result of failure to receive any money receivable by it from any Linked Overseas Clearing House under the Link Agreement, from the default compensation reserve for Interest Rate Futures maintained by the Exchange.

40.8 If the losses incurred by the Exchange under Article 40.7 above are not fully covered by the compensation in accordance with Article 40.7 above, the Exchange shall cover the uncompensated portion of such losses by appropriating the Interest Rate Futures Clearing Deposits deposited with the Exchange by the Interest Rate Futures Clearing Members.

40.9 Whenever the Exchange determines it necessary to do so in order to be compensated for the losses incurred by it under Articles 40.1 to 40.8 hereof, the Exchange may realize eligible securities for clearing deposit in such manner, at such time, in such place, at such price and in such other details as the Exchange determines appropriate, and shall be compensated for the losses with the realization proceeds less the various costs and expenses incurred for the realization.

40.10 In the case of a Position Liquidation Auction (including the “Position Liquidation Auction for Non-Clearing Member” specified in Article 15-10.7; the same interpretation



shall equally apply in this Article) conducted by the Exchange, when the Exchange implements to cover the losses pursuant to Article 40.4, the Exchange shall cover the losses by appropriating the Interest Rate Futures Clearing Deposits deposited with the Exchange by the Interest Rate Futures Clearing Members in the order of the Other Interest Rate Futures Clearing Members who have not tendered bids, the Other Interest Rate Futures Clearing Members who have tendered bids but not won the bids and the Other Interest Rate Futures Clearing Members who have won the bids in accordance with the criteria separately prescribed by the Exchange.

40.11 Where the Exchange determines it difficult to calculate the amount of shortfall in Article 40.4 for a considerable period of time, the Exchange may make compensation provided for in Article 40.4 by deeming the estimated amount of shortfall calculated by the Exchange tentatively as the amount of shortfall. In such case, if the amount of shortfall in Article 40.4 is determined, the Exchange shall pay to or receive from the Other Interest Rate Futures Clearing Members the amount equivalent to the difference between the determined amount of shortfall and the amount tentatively calculated by the Exchange.

40.12 Where the Exchange has collected the unpaid receivables having caused the loss compensated pursuant to Article 40.4 from the Defaulting Interest Rate Futures Clearing Member, the Exchange shall refund the amount so collected to the Other Interest Rate Futures Clearing Members on a prorated basis.

40.13 If the loss is covered by the First Additional Clearing Contribution for Interest Rate Futures pursuant to Article 40.6, the Exchange shall have the Other Interest Rate Futures Clearing Members bear the loss in proportion to the respective Initial Requirement Amounts of Interest Rate Futures Clearing Deposit during the Cooling Off Period for Interest Rate Futures. In this case, the respective amounts of First Additional Clearing Contribution for Interest Rate Futures to be borne by the Other Interest Rate Futures Clearing Members shall be up to the respective Initial Requirement Amounts of Interest Rate Futures Clearing Deposit.

40.14 If the losses incurred by the Exchange are not fully compensated even after the compensation by the First Additional Clearing Contribution in accordance with Article 40.6 above in a Cooling Off Period for Interest Rate Futures, the Exchange shall cover the remaining losses by the money contributed by the Other Interest Rate Futures Clearing Members (hereinafter called the “Second Additional Clearing Contribution for Interest Rate Futures” in Article 40).

40.15 The Second Additional Clearing Contribution for Interest Rate Futures specified in Article 40.14 shall be payable, in respect of the period from the Initial Loss-incurred Date for Interest Rate Futures to the trading day on which the liquidation of the unsettled

contracts of the Defaulting Interest Rate Futures Clearing Member is completed (hereinafter called the “liquidation period”), by the Interest Rate Futures Clearing Member for whom the total sum of the amounts determined by the Exchange for the Other Interest Rate Futures Clearing Members as the amount equivalent to the cash settlement variation for liquidation for the respective trading days during the liquidation period (including the amount equivalent to the cash settlement variation for liquidation arising from the Position Liquidation Auction and the variation at early termination; hereinafter called the “amount of cash settlement variation equivalent for liquidation”) to be received by such Interest Rate Futures Clearing Member after deducting the total sum of such amount to be paid by such Interest Rate Futures Clearing Member is positive (hereinafter called the “Surviving Clearing Member(s) making Second Additional Clearing Contribution for Interest Rate Futures”).

40.16 If the loss is covered by the Second Additional Clearing Contribution for Interest Rate Futures pursuant to Article 40.15, the Exchange shall have the Surviving Clearing Members making Second Additional Clearing Contribution for Interest Rate Futures bear the loss in proportion to the total sum of the respective amounts of cash settlement variation equivalent for liquidation specified in Article 40.15 to be received after deducting the total sum of the amounts to be paid.

40.17 If any Other Interest Rate Futures Clearing Member fails to pay the variation at early termination or fails to deposit the Special Purpose Cash Collateral for Interest Rate Futures specified in Article 40-5.2, such failure shall be deemed as a default of such Other Interest Rate Futures Clearing Member and the provisions of these Regulations shall apply.

40.18 The provisions of Article 40.11 and Article 40.12 shall apply *mutatis mutandis* to the compensation for the losses pursuant to Article 40.6 and Article 40.14. In this case, the phrase “the Exchange may make compensation provided for in Article 40.4” in the first sentence of Article 40.11 shall be replaced by the phrase “the Exchange may demand the deposit of Special Purpose Cash Collateral for Interest Rate Futures on the day determined by the Exchange.”

## **Article 40-2. Compensation for Losses from Default of Daily Futures Clearing Member**

40-2.1 The Exchange may be compensated for losses incurred by it as a result of a Daily Futures Clearing Member's default in its obligations under its FX Daily Futures contracts or Equity Index Daily Futures contracts executed on the Exchange Market, from the following deposits which are deposited by the Daily Futures Clearing Member in connection with the trading membership relating to the defaulted FX Daily Futures

contract or Equity Index Daily Futures contracts or in connection with the clearing membership relating to such trading membership:

- (1) The Exchange Margin deposited with the Exchange by the defaulting Daily Futures Clearing Member for the FX Daily Futures contracts or Equity Index Daily Futures contracts for its house account;
- (2) The market entry deposit deposited with the Exchange by the defaulting Daily Futures Clearing Member in accordance with Article 12 of the Trading Member Regulations (less the amount of the portion thereof for which its customer has exercised the preferential rights);
- (3) The clearing deposit deposited with the Exchange by the defaulting Daily Futures Clearing Member in accordance with Article 31.1 hereof;
- (4) Other deposit deposited with the Exchange by the defaulting Daily Futures Clearing Member; and
- (5) The Exchange Margin deposited with the Exchange by the defaulting Daily Futures Clearing Member with respect to the FX Daily Futures contracts or Equity Index Daily Futures contracts for its customers' accounts, but to the extent that the defaulting Daily Futures Clearing Member is entitled to a refund claim for the said Exchange Margin.

40-2.2 If the losses incurred by the Exchange are not fully covered by the compensation in accordance with Article 40-2.1 above, the Exchange shall cover the uncompensated portion of such losses from any of the deposits listed in each Item of Article 40-2.1 above which is deposited by the defaulting Daily Futures Clearing Member for any trading membership other than the trading membership relating to the defaulted FX Daily Futures contract or Equity Index Daily Futures contract, or for any clearing membership other than the Daily Futures Clearing Membership.

40-2.3 If the losses incurred by the Exchange are not fully covered by the compensation in accordance with Article 40-2.2 above, the Exchange shall cover the uncompensated portion of such losses by appropriating the default compensation reserve for Daily Futures contracts.

40-2.4 If the losses incurred by the Exchange are not fully covered by the compensations in accordance with Articles 40-2.1 through 40-2.3 above, the Exchange shall cover the uncompensated portion of such losses by appropriating the Daily Futures Clearing Deposits deposited with the Exchange by all the other Daily Futures Clearing Members (hereinafter referred to as “Other Daily Futures Clearing Member(s) in this Article) who hold the clearing membership relating to the defaulted FX Daily Futures contract or Equity Index Daily Futures contract under such membership.

40-2.5 In order to compensate for the remaining losses by Daily Futures Clearing Deposits in accordance with Articles 40-2.4 above, the Exchange shall cause the Other Daily Futures Clearing Members to bear the remaining losses in proportion to the shares of the then requisite amounts of the Daily Futures Clearing Deposits to be deposited and maintained by the said respective Daily Futures Clearing Members.

40-2.6 If the losses incurred by the Exchange are not fully compensated even after the compensation in accordance with Article 40-2.4 above, the Exchange may cause the Other Daily Futures Clearing Members to deposit the amount determined by the Exchange by the resolution of the board of directors as an extraordinary clearing deposit, in addition to the requisite amount of the clearing deposits to be deposited and maintained in accordance with Articles 31.3 hereof, and the Exchange may cover the remaining losses by such extraordinary clearing deposits.

40-2.7 Whenever the Exchange determines it necessary to do so in order to be compensated for the losses incurred by it under Articles 40-2.1 to 40-2.6 hereof, the Exchange may realize eligible securities for clearing deposit in such manner, at such time, in such place, at such price and in such other details as the Exchange determines appropriate, and shall be compensated for the losses with the realization proceeds less the various costs and expenses incurred for the realization.

### **Article 40-3. Cooling Off Period for Interest Rate Futures**

40-3.1 If the Exchange incurs any loss on the Interest Rate Futures contracts at the Exchange Market due to default by an Interest Rate Futures Clearing Member, the Exchange shall notify the Interest Rate Futures Clearing Members of the trading day on which the obligations relating to such loss arises (hereinafter referred to as the “Initial Loss-incurred Date for Interest Rate Futures”) and the period during which such loss is to

be disposed of (hereinafter referred to as the “Cooling Off Period for Interest Rate Futures”).

40-3.2 The Cooling Off Period for Interest Rate Futures specified in Article 40-3.1 above shall be the period up to the trading day whose opening time of the day session falls on a calendar day which is the twenty- second (22nd) bank business day (meaning the Japanese banking day; the same interpretation shall equally apply in this Article) from the Initial Loss-incurred Date for Interest Rate Futures; provided, however, in the case where the Exchange incurs any loss due to default by an Interest Rate Futures Clearing Member other than the Defaulting Interest Rate Futures Clearing Member, the Cooling Off Period for Interest Rate Futures shall be extended to the period up to the trading day whose opening time of the day session falls on a calendar day which is the twenty-second (22nd) bank business day from the trading day on which the obligations relating to such loss arises, and thereafter, if the Exchange incurs any loss due to default of any other Interest Rate Futures Clearing Member during such extended period, the period shall be further extended in the same manner.

#### **Article 40-4. Special Provisions for Clearing Deposits during Cooling Off Period for Interest Rate Futures**

40-4.1 Notwithstanding the provisions of Article 31.2 hereof, the amount of Interest Rate Futures Clearing Deposit to be deposited by an Interest Rate Futures Clearing Member during a certain Cooling Off Period for Interest Rate Futures shall be the Initial Requirement Amount of Interest Rate Futures Clearing Deposit during the Cooling Off Period for Interest Rate Futures.

40-4.2 If the Interest Rate Futures Clearing Deposit of any Other Interest Rate Futures Clearing Member falls short of the Initial Requirement Amount of Interest Rate Futures Clearing Deposit due to appropriation of the Interest Rate Futures Clearing Deposit of such Other Interest Rate Futures Clearing Member in whole or in part by the Exchange to be compensated for the losses in accordance with Article 40-4, the Other Interest Rate Futures Clearing Member shall not be obliged to deposit the amount equivalent to such shortfall during the Cooling Off Period for Interest Rate Futures.

40-4.3 The amount of Interest Rate Futures Clearing Deposit to be deposited by the Other Interest Rate Futures Clearing Member (hereinafter referred to as the “Updated

Requirement Amount of Interest Rate Futures Clearing Deposit”) on the trading day immediately following the last day of the Cooling Off Period for Interest Rate Futures shall be the amount calculated in the manner separately prescribed by the Exchange, which shall be applicable by the due date of the Interest Rate Futures Clearing Deposit to be deposited as calculated in accordance with Article 31.2 hereof which comes first after such immediately following trading day (hereinafter referred to as the “Applicable Date for Updated Requirement Amount of Interest Rate Futures” in this Article).

40-4.4 The Other Interest Rate Futures Clearing Member shall deposit the Interest Rate Futures Clearing Deposit in the amount not less than the Updated Requirement Amount of Interest Rate Futures Clearing Deposit with the Exchange by 11:00 a.m. of the Applicable Date for Updated Requirement Amount of Interest Rate Futures.

40-4.5 If the deposited amount of the Special Purpose Cash Collateral for Interest Rate Futures (meaning the Special Purpose Cash Collateral defined for Interest Rate Futures in Article 40-5 hereof) of the Other Interest Rate Futures Clearing Member exceeds the aggregate sum of the First Additional Clearing Contribution for Interest Rate Futures and the Second Additional Clearing Contribution for Interest Rate Futures to be contributed by such Other Interest Rate Futures Clearing Member in accordance with Article 40.6 and Article 40.14 hereof with respect to the losses incurred by the Exchange during the Cooling Off Period for Interest Rate Futures on the Applicable Date for Updated Requirement Amount of Interest Rate Futures, the Exchange shall include the amount of such excess in the amount of the Interest Rate Futures Clearing Deposit of such Other Interest Rate Futures Clearing Member.

#### **Article 40-5. Special Purpose Cash Collateral for Interest Rate Futures**

40-5.1 Other Interest Rate Futures Clearing Members shall deposit the Special Purpose Cash Collateral for Interest Rate Futures defined in Article 40-5.2 with the Exchange during a certain Cooling Off Period for Interest Rate Futures.

40-5.2 The Special Purpose Cash Collateral for Interest Rate Futures means the aggregate sum of the amount set forth in each Item below:

- (1) Amount of Variation Equivalent for Interest Rate Futures which is the amount to be calculated by the Exchange based on the variation of

Interest Rate Futures Clearing Deposit to be deposited as calculated daily on each trading day during the Cooling Off Period for Interest Rate Futures; and

- (2) Amount of Additional Contribution Equivalent for Interest Rate Futures which is the amount equivalent to the First Additional Clearing Contribution for Interest Rate Futures or the Second Additional Clearing Contribution for Interest Rate Futures which may be borne by Other Interest Rate Futures Clearing Members in accordance with Article 40-6 or Article 40-14 hereof.

40-5.3 The Special Purpose Cash Collateral for Interest Rate Futures shall be the clearing deposit defined in Article 156-11 of the Act.

#### **Article 40-6. Deposit of Special Purpose Cash Collateral for Interest Rate Futures**

40-6.1 The Exchange shall calculate the amount of Special Purpose Cash Collateral for Interest Rate Futures to be deposited by an Other Interest Rate Futures Clearing Member for each trading day during a Cooling Off Period for Interest Rate Futures in the manner separately prescribed by the Exchange and notify the Other Interest Rate Futures Clearing Member of such amount.

40-6.2 The Other Interest Rate Futures Clearing Member shall deposit, for each such trading day, the Special Purpose Cash Collateral for Interest Rate Futures to be deposited, if any, or, if the amount already deposited with the Exchange as Special Purpose Cash Collateral for Interest Rate Futures falls short of the amount of the Special Purpose Cash Collateral for Interest Rate Futures to be deposited, the amount of such shortfall with the Exchange in the currency of Japanese Yen as Special Purpose Cash Collateral for Interest Rate Futures by 11:00 a.m. on a calendar day on which the opening time of the day session of the second trading day after the trading day on which the such obligation to deposit arises.

#### **Article 40-7. Appropriation of Special Purpose Cash Collateral for Fulfillment of Obligations Relating to Additional Clearing**

## **Contribution for Interest Rate Futures**

If the Exchange causes an Other Interest Rate Futures Clearing Member to bear the First Additional Clearing Contribution for Interest Rate Futures or the Second Additional Clearing Contribution for Interest Rate Futures in a certain Cooling Off Period for Interest Rate Futures in accordance with Article 40.6 or 40.14 hereof, the Exchange may appropriate the Special Purpose Cash Collateral for Interest Rate Futures deposited by such Other Interest Rate Futures Clearing Member for fulfillment of the obligations relating to the First Additional Clearing Contribution for Interest Rate Futures or the Second Additional Clearing Contribution for Interest Rate Futures owed by such Other Interest Rate Futures Clearing Member to the Exchange.

### **Article 41. Compensation for Other Losses from Assumption of Obligations**

41.1 If the Exchange incurs any losses arising in connection with assumption of obligations in accordance with Article 21 hereof for any reason other than those set forth in Articles 40.1, 40-2.1 or 41-2.1 above, such losses shall be covered by: (i) the default compensation reserve for Interest Rate Futures, if the losses are incurred in connection with assumption of obligations related to an Interest Rate Futures contract; (ii) the default compensation reserve for Daily Futures contracts, if the losses are incurred in connection with assumption of obligations related to an FX Daily Futures contract or an Equity Index Daily Futures contract; and (iii) the default compensation reserve for FX Clearing Futures contract, if the losses are incurred in connection with assumption of obligations related to an FX Clearing Futures contract.

41.2 If the losses incurred by the Exchange under Article 41.1 above are not fully covered by the compensation in accordance with Article 41.1 above, the Exchange may cover the uncompensated portion of such losses by appropriating the clearing deposits deposited with the Exchange by all the Clearing Members who hold the clearing membership relating to the market derivatives contracts or L-T Link Positions in connection with the assumption of obligations which caused the losses.

41.3 The provisions of Articles 40.4 through 40.6 and Articles 40.9 through 40.18, Articles 40-2.4 through 40-2.7 and Articles 41-7 and 41-8 above shall apply *mutatis mutandis* to the cases set forth in Article 41.2 above.



41.4 If the Exchange incurs any losses arising due to or in connection with assumption of obligations in accordance with Article 24 hereof (except for losses set forth in Article 40.7 above), such losses shall be covered by the Exchange's default compensation reserve for Interest Rate Futures.

41.5 The provisions of Articles 40.4 through 40.6 and Articles 40.8 through 40.18 above shall apply *mutatis mutandis* to the case where the losses incurred by the Exchange are not fully compensated after the appropriation in accordance with Article 41.4 above.

## **CHAPTER VIII-II.**

### **COMPENSATION FOR LOSSES FROM ASSUMPTION OF OBLIGATIONS IN FX CLEARING FUTURES CONTRACTS**

#### **Section 1. Establishment of Cooling Off Period**

##### **Article 41-2. Cooling Off Period**

41-2.1 If the Exchange incurs any loss on the FX Clearing Futures contracts at the Exchange Market due to default by an FX Clearing Futures Clearing Member, the Exchange shall notify the FX Clearing Futures Clearing Members of the trading day on which the obligations relating to such loss arises (hereinafter referred to as the "Initial Loss-incurred Date") and the period during which such loss is to be disposed of (hereinafter referred to as the "Cooling Off Period").

41-2.2 The Cooling Off Period specified in Article 41-2.1 above shall be the period up to the trading day whose opening time of the Market Trading Period falls on a calendar day which is the twenty- second (22nd) bank business day (meaning the Japanese banking day; the same interpretation shall equally apply in this Article) from the Initial Loss-

incurred Date; provided, however, in the case where the Exchange incurs any loss due to default by an FX Clearing Futures Clearing Member other than the FX Clearing Futures Clearing Member who has defaulted its obligations as specified in Article 41-2.1 (hereinafter referred to as the “Defaulting Clearing Member”), the Cooling Off Period shall be extended to the period up to the trading day whose opening time of the Market Trading Period falls on a calendar day which is the twenty-second (22nd) bank business day from the trading day on which the obligations relating to such loss arises, and thereafter, if the Exchange incurs any loss due to default of any other FX Clearing Futures Clearing Member during such extended period, the period shall be further extended in the same manner.

41-2.3 In the event where the Exchange incurs a loss due to default by the Defaulting Clearing Member in a certain Cooling Off Period, the Exchange shall identify the trading day on which the obligations relating to such loss arises (hereinafter referred to as the “Loss-incurred Date”) and shall aggregate the amount of losses for each Loss-incurred Date.

## **Section 2. Compensation for Losses from Default of FX Clearing Futures Clearing Member**

### **Article 41-3. Compensation for Losses by Deposit of Defaulting Clearing Member**

41-3.1 If the Exchange incurs any loss on the FX Clearing Futures contracts at the Exchange Market due to default by an FX Clearing Futures Clearing Member, the Exchange shall notify the FX Clearing Futures Clearing Members of the trading day on which the obligations relating to such loss arises (hereinafter referred to as the “Initial Loss-incurred Date”) and the period during which such loss is to be disposed of (hereinafter referred to as the “Cooling Off Period”).

- (1) The Exchange Margin deposited with the Exchange by the Defaulting Clearing Member for the FX Clearing Futures contracts for its house account;

- (2) The market entry deposit deposited with the Exchange by the Defaulting Clearing Member in accordance with Article 12 of the Trading Member Regulations;
- (3) The clearing deposit deposited with the Exchange by the Defaulting Clearing Member in accordance with Article 31.1 hereof; and
- (4) Other deposit deposited with the Exchange by the Defaulting Clearing Member.

41-3.2 If the losses incurred by the Exchange are not fully covered by the compensation in accordance with Article 41-3.1 above, the Exchange shall cover the uncompensated portion of such losses from any of the deposits listed in each Item of Article 41-3.1 above which is deposited by the Defaulting Clearing Member for any trading membership or clearing membership other than those relating to the defaulted FX Clearing Futures contract.

41-3.3 Whenever the Exchange determines it necessary to do so in order to be compensated for the losses incurred by it under Articles 41-3.1 to 41-3.2 hereof, the Exchange may realize eligible securities in such manner, at such time, in such place, at such price and in such other details as the Exchange determines appropriate, and shall be compensated for the losses with the realization proceeds less the various costs and expenses incurred for the realization.

#### **Article 41-4. Compensation for Losses by Default Compensation Reserve**

If the losses incurred by the Exchange in a certain Cooling Off Period are not fully covered by the compensation in accordance with Article 41-3 above, the Exchange shall cover the uncompensated portion of such losses by appropriating the default compensation reserve for FX Clearing Futures contracts.

#### **Article 41-5. Compensation for Losses by Clearing Deposits of Other Clearing Members**

41-5.1 If the losses incurred by the Exchange in a certain Cooling Off Period are not fully

covered by the compensation in accordance with Article 41-3 and Article 41-4 above, the Exchange shall cover the uncompensated portion of such losses by appropriating the FX Clearing Futures Clearing Deposits deposited by the FX Clearing Futures Clearing Members other than the Defaulting Clearing Member (hereinafter referred to as the “Other FX Clearing Futures Clearing Member(s)” in this Chapter) with the Exchange under the FX Clearing Futures Clearing Membership.

41-5.2 In order to cover the remaining losses by the FX Clearing Futures Clearing Deposits in accordance with Article 41-5.1 above, the Exchange shall cause the Other FX Clearing Futures Clearing Members to bear the remaining losses in proportion to the then requisite amounts of the FX Clearing Futures Clearing Deposits to be deposited by the respective Other FX Clearing Futures Clearing Members on the business day immediately preceding the Initial Loss-incurred Date (hereinafter referred to as the “Initial Requirement Amount of Clearing Deposit”). In such case, the amount of the losses that may be borne by the Other FX Clearing Futures Clearing Members shall not exceed the Initial Requirement Amount of Clearing Deposit.

41-5.3 Whenever the Exchange determines it necessary to do so in order to be compensated for the losses incurred by it under Articles 41-5.1 above, the Exchange may realize eligible securities for clearing deposit in such manner, at such time, in such place, at such price and in such other details as the Exchange determines appropriate, and shall be compensated for the losses with the realization proceeds less the various costs and expenses incurred for the realization.

#### **Article 41-6. Special Provisions for Clearing Deposits during Cooling Off Period**

41-6.1 Notwithstanding the provisions of Article 31.4 hereof, the amount of FX Clearing Futures Clearing Deposit to be deposited by an FX Clearing Futures Clearing Member during a certain Cooling Off Period shall be the Initial Requirement Amount of Clearing Deposit during the Cooling Off Period.

41-6.2 If the FX Clearing Futures Clearing Deposit of any Other FX Clearing Futures Clearing Member falls short of the Initial Requirement Amount of Clearing Deposit due to appropriation of the FX Clearing Futures Clearing Deposit of such Other FX Clearing Futures Clearing Member in whole or in part by the Exchange to be compensated for the

losses in accordance with Article 41-5.1, the Other FX Clearing Futures Clearing Member shall not be obliged to deposit the amount equivalent to such shortfall during the Cooling Off Period.

41-6.3 The amount of FX Clearing Futures Clearing Deposit to be deposited by the Other FX Clearing Futures Clearing Member (hereinafter referred to as the “Updated Requirement Amount of Clearing Deposit”) on the trading day immediately following the last day of the Cooling Off Period (if such trading day falls on a bank holiday, the trading day immediately following such day which is a bank business day) shall be the amount calculated in the manner separately prescribed by the Exchange, which shall be applicable by the due date of the FX Clearing Futures Clearing Deposit to be deposited as calculated in accordance with Article 31.4 hereof which comes first after such immediately following trading day (hereinafter referred to as the “Applicable Date for Updated Requirement Amount” in this Article).

41-6.4 The Other FX Clearing Futures Clearing Member shall deposit the FX Clearing Futures Clearing Deposit in the amount not less than the Updated Requirement Amount of Clearing Deposit with the Exchange by 11:00 a.m. of the Applicable Date for Updated Requirement Amount.

41-6.5 If the deposited amount of the Special Purpose Cash Collateral (meaning the Special Purpose Cash Collateral defined in Article 41-9 hereof) of the Other FX Clearing Futures Clearing Member exceeds the aggregate sum of the First Additional Clearing Contribution for FX Clearing Futures and the Second Additional Clearing Contribution for FX Clearing Futures to be contributed by such Other FX Clearing Futures Clearing Member in accordance with Article 41-7 and Article 41-8 hereof with respect to the losses incurred by the Exchange during the Cooling Off Period on the Applicable Date for Updated Requirement Amount, the Exchange shall include the amount of such excess in the amount of the FX Clearing Futures Clearing Deposit of such Other FX Clearing Futures Clearing Member.

**Article 41-7. Compensation for Losses by First Additional Clearing Contribution for FX Clearing Futures of Other Clearing Members**

41-7.1 If the losses incurred by the Exchange in a certain Cooling Off Period are not fully

covered by the compensation in accordance with Article 41-5 above, the Exchange shall cover the uncompensated portion of such losses by appropriating the money to be contributed by the Other FX Clearing Futures Clearing Members (hereinafter referred to as the “First Additional Clearing Contribution for FX Clearing Futures”).

41-7.2 In order to cover the remaining losses by the First Additional Clearing Contribution for FX Clearing Futures in accordance with Article 41-7.1 above, the Exchange shall cause the Other FX Clearing Futures Clearing Members to bear the remaining losses in proportion to the Initial Requirement Amount of Clearing Deposit during the Cooling Off Period. In such case, the amount of the First Additional Clearing Contribution for FX Clearing Futures to be borne by the Other FX Clearing Futures Clearing Members shall not exceed the Initial Requirement Amount of Clearing Deposit.

**Article 41-8. Compensation for Losses by Second Additional Clearing Contribution for FX Clearing Futures of Other Clearing Members as Payees of Cash Settlement Variation**

41-8.1 If the losses incurred by the Exchange in a certain Cooling Off Period are not fully covered by the First Additional Clearing Contribution for FX Clearing Futures in accordance with Article 41-7 above, the Exchange shall cover the uncompensated portion of such losses by appropriating the money to be contributed by the Other FX Clearing Futures Clearing Members (hereinafter referred to as the “Second Additional Clearing Contribution for FX Clearing Futures”).

41-8.2 The obligation to pay the Second Additional Clearing Contribution for FX Clearing Futures defined in Article 41-8.1 above shall be borne by the Other FX Clearing Futures Clearing Members for which a positive FX Clearing variation (meaning the FX Clearing variation defined in Article 90-29 hereof) arises on each Loss-incurred Date (hereinafter referred to as the “Relevant Loss-incurred Date”) after the trading day on which the accumulated amount of the losses to be compensated for under the provisions of this Chapter exceeds the amount to be appropriated for compensation of the losses in accordance with Article 41-3, Article 41-4, Article 41-5 and Article 41-7 (hereinafter referred to as the “Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures”).

41-8.3 In order to cover the remaining losses by the Second Additional Clearing

Contribution for FX Clearing Futures in accordance with Article 41-8.1 above, the Exchange shall cause the Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures to bear the remaining losses in proportion to the amount of FX Clearing variation of the respective Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures (if there are two or more Relevant Loss-incurred Dates, the aggregate sum of the FX Clearing variation on each Relevant Loss-incurred Date).

### **Section 3. Special Collateral during Cooling Off Period**

#### **Article 41-9. Special Purpose Cash Collateral**

41-9.1 Other FX Clearing Futures Clearing Members shall deposit the Special Purpose Cash Collateral defined in Article 41-9.2 with the Exchange during a certain Cooling Off Period.

41-9.2 The Special Purpose Cash Collateral means the aggregate sum of the amount set forth in each Item below:

- (1) Amount of Variation Equivalent which is the amount to be calculated by the Exchange based on the variation of FX Clearing Futures Clearing Deposit to be deposited as calculated daily on each trading day during the Cooling Off Period; and
- (2) Amount of Additional Contribution Equivalent which is the amount equivalent to the First Additional Clearing Contribution for FX Clearing Futures or the Second Additional Clearing Contribution for FX Clearing Futures which may be borne by Other FX Clearing Futures Clearing Members in accordance with Article 41-7 or Article 41-8 hereof.

41-9.3 The Special Purpose Cash Collateral shall be the clearing deposit defined in Article 156-11 of the Act.

#### **Article 41-10. Deposit of Special Purpose Cash Collateral**

41-10.1 The Exchange shall calculate the amount of Special Purpose Cash Collateral to be deposited by an Other FX Clearing Futures Clearing Member for each trading day during a Cooling Off Period in the manner separately prescribed by the Exchange and notify the Other FX Clearing Futures Clearing Member of such amount.

41-10.2 The Other FX Clearing Futures Clearing Member shall deposit, for each such trading day, the Special Purpose Cash Collateral to be deposited, if any, or, if the amount already deposited with the Exchange as Special Purpose Cash Collateral falls short of the amount of the Special Purpose Cash Collateral to be deposited, the amount of such shortfall with the Exchange in the currency of Japanese Yen as Special Purpose Cash Collateral by 11:00 a.m. on a calendar day on which the opening time of the Market Trading Period of the second trading day after the trading day on which the such obligation to deposit arises (if the immediately following trading day or the second trading day after the trading day on which the such obligation to deposit arises falls on a bank holiday, the trading day immediately following such day which is a bank business day).

#### **Article 41-11. Appropriation of Special Purpose Cash Collateral for Fulfillment of Obligations Relating to Additional Clearing Contribution**

If the Exchange causes an Other FX Clearing Futures Clearing Member to bear the First Additional Clearing Contribution for FX Clearing Futures or the Second Additional Clearing Contribution for FX Clearing Futures in a certain Cooling Off Period in accordance with Article 41-7 or Article 41-8 hereof, the Exchange may appropriate the Special Purpose Cash Collateral deposited by such Other FX Clearing Futures Clearing Member for fulfillment of the obligations relating to the First Additional Clearing Contribution for FX Clearing Futures or the Second Additional Clearing Contribution for FX Clearing Futures owed by such Other FX Clearing Futures Clearing Member to the Exchange.

### **CHAPTER IX.**



## **OFFSETTING TRANSACTIONS**

### **Article 42.      Offsetting Transactions**

42.1      With respect to a short position or a long position relevant to the market derivatives contracts executed in its own name at the bids or offers submitted by itself or the L-T Link Positions (other than Clearing-undertaken Positions defined in Article 21.3 of the Trading Regulations) arising in its own name, if a Clearing Member has executed another purchase contract or caused an L-T Link Long Position to arise in order to close out the first mentioned short position (except as referred to in Chapter XII and XIII-IV hereof, such execution or arising being hereinafter called “Repurchase”) or has executed another sale contract or caused an L-T Link Short Position to arise in order to close out the first mentioned long position (except as referred to in Chapter XII and XIII-IV hereof, such execution or arising being hereinafter called “Resale”), the Clearing Member shall notify the Exchange of the classification of Resale or Repurchase and its volume.

42.2      Upon receipt of the notification of Resale or Repurchase set forth in Article 42.1 above, the Exchange shall decrease the concerned Clearing Member’s short position or long position as settled by the volume of Resale or Repurchase advised in the said notification.

42.3      Notwithstanding the provisions of Article 42.2 above, the Exchange may at its discretion adjust the volume advised in the notification of Resale or Repurchase, if the Exchange deems that the volume so advised may be inappropriate in the light of the criteria separately prescribed by the Exchange, for example, the criteria whether the advised volume exceeds the volume traded within the concerned trading day (meaning the trading day defined in Article 2(24) of the Trading Regulations, which interpretation shall equally apply hereinafter except otherwise provided).

42.4      Articles 42.1 through 42.3 above shall not apply to FX Daily Futures contracts, Equity Index Daily Futures contracts and FX Clearing Futures contracts.

### **Article 43.      Offsetting Transaction by Non-Clearing Member**

43.1 If a Non-Clearing Member makes a Repurchase or a Resale in order to close out its Designated Clearing Member's short position or long position arising from its Securities, etc. Clearing-Brokering Contracts or its Clearing-undertaken Positions set forth in Article 17 of the Trading Regulations (except as referred to in Chapters XII, XIII and XIII-IV hereof, hereinafter called the "Clearing-undertaken Short Position" and the "Clearing-undertaken Long Position" respectively), the Non-Clearing Member on behalf of its Designated Clearing Member shall notify the Exchange of the classification of Resale or Repurchase and its volume; provided, however, that the foregoing shall not preclude the Designated Clearing Member from notifying the Exchange by itself.

43.2 Upon receipt of the notification of Resale or Repurchase set forth in Article 43.1 above, the Exchange shall decrease the concerned Designated Clearing Member's Clearing-undertaken Short Position or Clearing-undertaken Long Position as settled by the volume of Repurchase or Resale advised in the said notification.

43.3 Notwithstanding the provisions of Article 43.2 above, the Exchange may at its discretion adjust the volume advised in the notification of Resale or Repurchase, if the Exchange deems that the volume so advised may be inappropriate in the light of the criteria separately prescribed by the Exchange, for example, the criteria whether the advised volume exceeds the volume traded within the concerned trading day.

43.4 If a Non-Clearing Member has made the notification of Resale or Repurchase set forth in Article 43.1 hereof, it shall inform its Designated Clearing Member of such notification without delay.

43.5 Articles 43.1 through 43.4 above shall not apply to FX Daily Futures contracts and Equity Index Daily Futures contracts.

#### **Article 44. Particulars for Offsetting Transactions**

In addition to the provisions of these Regulations, any matters necessary to prescribe in connection with the manner of filing of offsetting notifications, the period for filing thereof and the procedures for correction of contents of the notification shall be separately prescribed by the Exchange.

## **CHAPTER X.**

### **MARK-TO-MARKET**

#### **Article 45. Daily Settlement Price**

45.1 With respect to Interest Rate Futures contracts and L-T Link Positions, the Exchange shall set the daily settlement figure or the daily settlement price (hereinafter collectively called the “daily settlement price”) for each contract month after the close of each trading day’s day session. The daily settlement price so established shall be used as the indicative figure or price to calculate the Exchange Margin, Non-Clearing Member Margin and Customer Margin for the trading day, and shall be advised to the Clearing Members and the Non-Clearing Members.

45.2 The daily settlement price set forth in Article 45.1 above shall be the volume-weighted average of the contract prices and traded volumes (excluding the contract prices and the trading volumes of the Interest Rate Futures contracts executed by strategy trade, and this exclusion shall similarly apply to the term “contract price” referred to in Article 45.3 below) for the Interest Rate Futures contracts executed by auction method during a specific time period separately designated by the Exchange (hereinafter called the “Indicative Period”), which period shall be before the close of the concerned trading day’s day session; provided, however, that if the Exchange judges the daily settlement price so calculated is inappropriate, the Exchange shall adopt another figure deemed appropriate as the daily settlement price.

45.3 If there is no contract price during the Indicative Period for any contract month, the daily settlement price therefor shall be separately determined by the Exchange.

45.4 Notwithstanding the provisions of Articles 45.2 and 45.3 above, with respect to any Interest Rate futures contract on its last trading day the daily settlement price shall be the final settlement figure calculated in accordance with Articles 55, 70, 72, 74, 76 and 76-3 hereof.

**Article 46. Adjustment based on Difference between Contract Price or Acceptance Figure and Daily Settlement Price**

46.1 If there is a difference between the contract price of a newly executed Interest Rate Futures contract and the daily settlement price thereof on the trading day on which such contract is executed, or if there is a difference between the Acceptance Figure of a newly arising L-T Link Position and the daily settlement price thereof on the trading day on which such L-T Link Position arises, the Clearing Member shall pay to or receive from the Exchange the amount calculated based on such difference, by the time separately designated by the Exchange of the business day (but not a Japanese bank holiday; if such business day is a Japanese bank holiday, the business day immediately following such day which is a Japanese banking day; the same business-day convention shall apply hereinbelow except otherwise prescribed herein) immediately following the business day on which the aforesaid trading day's day session falls, through its account established at one of the financial institutions designated by the Exchange in accordance with Article 98 hereof (hereinafter called the "Settlement Banks").

46.2 If there is a difference between the contract price of the sale or purchase contract relevant to a Securities, etc. Clearing-Brokering Contract newly executed for a Non-Clearing Member's account and the daily settlement price thereof on the trading day on which such Securities, etc. Clearing-Brokering Contract is executed, or if there is a difference between the daily settlement price of a Clearing-undertaken Position newly arising for a Non-Clearing Member's account and the Acceptance Figure thereof on the trading day on which such Clearing-undertaken Position arises, the Non-Clearing Member shall pay to or receive from its relevant Designated Clearing Member the amount calculated based on such difference, by the time separately designated by the Exchange of the business day (or, with respect to a Non-Clearing Member who is also Japanese Yen Interest Rate Remote Trading Member, the second business day in principle (but in either case not a Japanese bank holiday; if such business day is a Japanese bank holiday, the business day immediately following such day which is a Japanese banking day; the same business-day convention shall apply hereinbelow)) immediately following the business day on which the relevant trading day's day session falls.

**Article 47. Adjustment based on Difference between Daily Settlement Prices**

47.1 With respect to a short position or long position relevant to the Interest Rate Futures contract or the L-T Link Position executed or arising on or before the previous trading day of any current trading day, if there is a difference between the current trading day's daily settlement price and the immediately preceding trading day's daily settlement price, the Clearing Member shall pay to or receive from the Exchange the amount calculated based on such difference, through its bank account established at one of the Settlement Banks, by the time separately designated by the Exchange of the business day immediately following the business day on which the current trading day's day session falls.

47.2 With respect to a Clearing-undertaken Short Position or Clearing-undertaken Long Position relevant to the Securities, etc. Clearing-Brokering Contract or the Clearing-undertaken Position executed or arising on or before the previous trading day of any current trading day, if there is a difference between the current trading day's daily settlement price and the immediately preceding trading day's daily settlement price, a Non-Clearing Member shall pay to or receive from its relevant Designated Clearing Member the amount calculated based on such difference, by the time separately designated by the Exchange of the business day (or, with respect to a Non-Clearing Member who is also Japanese Yen Interest Rate Remote Trading Member, the second business day in principle) immediately following the business day on which the current trading day's day session falls.

#### **Article 48. Amounts Payable for Mark-to-Market**

If any difference set forth in Article 46 or 47 above (hereinafter called the "mark-to-market amount") arises, the amount calculated based on the mark-to-market amount per trading unit for each financial index, etc. shall be calculated in accordance with the following formulas:

- (1) Three-month Euroyen futures:

$$\text{¥}100,000,000 \times [\text{Absolute value of the mark-to-market amount}] \times 0.01 \times \frac{90}{360}$$

- (2) Two-year ¥ Swapnote<sup>TM</sup>, Five-year ¥ Swapnote<sup>TM</sup>, Seven-year ¥ Swapnote<sup>TM</sup> and Ten-year ¥ Swapnote<sup>TM</sup>:

¥10,000,000 x [Absolute value of the mark-to-market amount] x 0.01

(3) Three-month TONA futures

¥2,500 x [Absolute value of the mark-to-market amount] ÷ 0.01

#### **Article 49. Total Receivable Amount and Total Payable Amount**

49.1 If the mark-to-market amount for a sale contract, an L-T Link Short Position or a short position is less than zero, or if the mark-to-market amount for a purchase contract, an L-T Link Long Position or a long position is greater than zero, the amount calculated in accordance with Article 48 above shall be counted in the total amount receivable by the concerned Clearing Member from the Exchange or receivable by the concerned Non-Clearing Member from its Designated Clearing Member (hereinafter called the “total receivable amount”).

49.2 If the mark-to-market amount for a sale contract, an L-T Link Short Position or a short position is greater than zero, or if the mark-to-market amount for a purchase contract, an L-T Link Long Position or a long position is less than zero, the amount calculated in accordance with Article 48 above shall be counted in the total amount payable by the concerned Clearing Member to the Exchange or payable by the concerned Non-Clearing Member to its Designated Clearing Member (hereinafter called the “total payable amount”).

49.3 The amount to be paid or received between the Exchange and a Clearing Member under Articles 46.1 and 47.1 hereof shall be the difference between the total receivable amount and the total payable amount attributable to such Clearing Member.

49.4 The amount to be paid or received between a Non-Clearing Member and its relevant Designated Clearing Member under Articles 46.2 and 47.2 hereof shall be the difference between the total receivable amount and the total payable amount attributable to such Non-Clearing Member.

#### **Article 50. Detailed Rules for Mark-to-Market**

In addition to the provisions of these Regulations, any matters necessary for mark-to-market shall be prescribed by the Exchange.

## **CHAPTER XI.**

### **FINAL SETTLEMENT**

#### **Section 1. General Provisions**

#### **Article 51. Final Settlement**

51.1 With respect to Interest Rate Futures contracts and L-T Link Positions, if a Clearing Member holds a short position or a long position that has not been offset pursuant to Article 42 hereof on or before its last trading day (hereinafter called the “final short position” and the “final long position” respectively), the Clearing Member shall settle the final short position or final long position for each financial index, etc. (such settlement being hereinafter called “final settlement”), by paying or receiving in cash (hereinafter called the “cash settlement”) the amount of money calculated based on the difference (hereinafter called the “final settlement difference”) between the figure calculated by the Exchange in the manner set forth in Article 52 below (hereinafter called the “final settlement figure”) and (i) the contract figure of any Interest Rate Futures contract executed on its last trading day, (ii) the Acceptance Figure of any L-T Link Position arising on its last trading day, or (iii) the daily settlement figure on the trading day immediately preceding the last trading day.

51.2 If a Non-Clearing Member holds a Clearing-undertaken Short Position or a Clearing-undertaken Long Position that has not been offset pursuant to Article 43 hereof on or before its last trading day (hereinafter called the “final Clearing-undertaken Short Position” and “final Clearing-undertaken Long Position” respectively), the Non-Clearing Member shall settle the final Clearing-undertaken Short Position or final Clearing-

undertaken Long Position by way of cash settlement.

**Article 52. Determination of Final Settlement Figure and Delivery Settlement Price**

52.1 The Exchange shall determine the final settlement figure based on the prevailing market interest rate applicable to the relevant financial index on its last trading day.

52.2 Notwithstanding Article 52.1 above, the Exchange shall determine the final settlement figure of Three-month TONA futures pursuant to Article 76.3.

**Article 53. Detailed Rules for Final Settlement**

In addition to the provisions of these Regulations, any matters necessary to prescribe in connection with final settlement shall be prescribed by the Exchange.

**Section 2. Three-month Euroyen Futures**

**Article 54. Application of Provisions for Mark-to-Market**

The provisions of Articles 46 through 49 hereof shall apply *mutatis mutandis* to the cash settlement of Three-month Euroyen futures. For this purpose, the phrase “the daily settlement price thereof on the trading day on which such contract is executed” referred to in Article 46 hereof shall be replaced with “the final settlement figure”, the term “contract price” referred to in Article 46 hereof shall be replaced with “contract figure”, the term “current trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “final settlement figure”, the term “the immediately preceding trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “the immediately preceding trading day’s daily settlement figure”, and the term “mark-to-market amount” referred to in Articles 48 and 49 hereof shall be replaced with “final settlement difference”.



## **Article 55. Determination of Final Settlement Figure**

55.1 The Exchange shall adopt the three-month Euroyen TIBOR (Tokyo Interbank Offered Rate) announced by General Incorporated Association JBA TIBOR Administration (hereinafter called “JBATA”) on the last trading day as the prevailing market interest rate at the close of the last trading day’s day session.

55.2 If JBATA corrects the interest rate of the three-month Euroyen TIBOR set forth in Article 55.1 above, the Exchange shall adopt such corrected interest rate as the prevailing market interest rate.

55.3 The Exchange shall determine the final settlement figure of Three-month Euroyen futures as the figure equal to 100 minus the prevailing market interest rate set forth in Article 55.1 hereof rounded off to the nearest third decimal point.

55.4 Notwithstanding the provisions of Articles 55.1 through 55.3 above, if JBATA fails to announce the Euroyen TIBOR referred to in Article 55.1 above, the final settlement figure for Three-month Euroyen futures shall be determined by the Exchange.

## **Articles 56 through 68 (Deleted)**

## **Section 3. Two-year ¥ Swapnote <sup>TM</sup>**

### **Article 69. Application of Provisions for Mark-to-Market**

The provisions of Articles 46 through 49 hereof shall apply *mutatis mutandis* to the cash settlement of Two-year ¥ Swapnote<sup>TM</sup>. For this purpose, the phrase “the daily settlement price thereof on the trading day on which such contract is executed” referred to in Article 46 hereof shall be replaced with “the final settlement figure”, the term “contract price” referred to in Article 46 hereof shall be replaced with “contract figure”, the term “current trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “final settlement figure”, the term “the immediately preceding trading day’s

daily settlement price” referred to in Article 47 hereof shall be replaced with “the immediately preceding trading day’s daily settlement figure”, and the term “mark-to-market amount” referred to in Articles 48 and 49 hereof shall be replaced with “final settlement difference”.

## **Article 70. Determination of Final Settlement Figure**

70.1 On the business day on which the last trading day’s day session falls, the Exchange shall calculate the present value, as of its first trading day, of the sum of (i) the notional coupons accruing semi-annually at the fixed interest rate on the notional principal amount of ¥100 of the standardized Two-year Yen interest rate swap contract for the period from its first trading day to its maturity date and (ii) the said notional principal amount as of the maturity date, in accordance with the formula separately prescribed by the Exchange.

70.2 As the swap rate to be used for calculating the present value referred to in Article 70.1 above, the Exchange shall adopt one-year and two-year ISDA Benchmark JPY Swap Rates as of 10:00 a.m. announced by ISDA on the last trading day; provided, however, that the swap rate applicable for the period from the starting date to any interest payment date on the odd number of time under the standardized Two-year Yen interest rate swap contract shall be determined in accordance with the manner separately prescribed by the Exchange.

70.3 If ISDA corrects either of the one-year and two-year ISDA Benchmark JPY Swap Rates set forth in Article 70.2 above, the Exchange shall use such corrected ISDA Benchmark JPY Swap Rate for calculating the present value set forth in Article 70.1 hereof.

70.4 The Exchange shall determine the final settlement figure for Two-year ¥ Swapnote<sup>TM</sup> as the figure equal to an integral multiple of 0.005 which is most proximate to the present value set forth in Article 70.1 hereof (if two such figures are available, the higher figure will be adopted).

70.5 Notwithstanding the provisions of Articles 70.1 through 70.4 above, if either of the ISDA Benchmark JPY Swap Rates set forth in Article 70.2 hereof is not announced or cannot be obtained by the Exchange, the final settlement figure for Two-year ¥ Swapnote<sup>TM</sup> shall be determined by the Exchange.

## **Section 4. Five-year ¥ Swapnote™**

### **Article 71. Application of Provisions for Mark-to-Market**

The provisions of Articles 46 through 49 hereof shall apply *mutatis mutandis* to the cash settlement of Five-year ¥ Swapnote™. For this purpose, the phrase “the daily settlement price thereof on the trading day on which such contract is executed” referred to in Article 46 hereof shall be replaced with “the final settlement figure”, the term “contract price” referred to in Article 46 hereof shall be replaced with “contract figure”, the term “current trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “final settlement figure”, the term “the immediately preceding trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “the immediately preceding trading day’s daily settlement figure”, and the term “mark-to-market amount” referred to in Articles 48 and 49 hereof shall be replaced with “final settlement difference”.

### **Article 72. Determination of Final Settlement Figure**

72.1 On the business day on which the last trading day’s day session falls, the Exchange shall calculate the present value, as of its first trading day, of the sum of (i) the notional coupons accruing semi-annually at the fixed interest rate on the notional principal amount of ¥100 of the standardized Five-year Yen interest rate swap contract for the period from its first trading day to its maturity date and (ii) the said notional principal amount as of the maturity date, in accordance with the formula separately prescribed by the Exchange.

72.2 As the swap rate to be used for calculating the present value referred to in Article 72.1 above, the Exchange shall adopt one-year through five-year ISDA Benchmark JPY Swap Rates as of 10:00 a.m. announced by ISDA on the last trading day; provided, however, that the swap rate applicable for the period from the starting date to any interest payment date on the odd number of time under the standardized Five-year Yen interest rate swap contract shall be determined in accordance with the manner separately prescribed by

the Exchange.

72.3 If ISDA corrects either one of the one-year through five-year ISDA Benchmark JPY Swap Rates set forth in Article 72.2 above, the Exchange shall use such corrected ISDA Benchmark JPY Swap Rate for calculating the present value set forth in Article 72.1 hereof.

72.4 The Exchange shall determine the final settlement figure for Five-year ¥ Swapnote<sup>TM</sup> as the figure equal to the present value set forth in Article 72.1 hereof rounded off to the nearest second decimal point.

72.5 Notwithstanding the provisions of Articles 72.1 through 72.4 above, if either of the ISDA Benchmark JPY Swap Rates set forth in Article 72.2 hereof is not announced or cannot be obtained by the Exchange, the final settlement figure for Five-year ¥ Swapnote<sup>TM</sup> shall be determined by the Exchange.

## **Section 5. Seven-year ¥ Swapnote<sup>TM</sup>**

### **Article 73. Application of Provisions for Mark-to-Market**

The provisions of Articles 46 through 49 hereof shall apply *mutatis mutandis* to the cash settlement of Seven-year ¥ Swapnote<sup>TM</sup>. For this purpose, the phrase “the daily settlement price thereof on the trading day on which such contract is executed” referred to in Article 46 hereof shall be replaced with “the final settlement figure”, the term “contract price” referred to in Article 46 hereof shall be replaced with “contract figure”, the term “current trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “final settlement figure”, the term “the immediately preceding trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “the immediately preceding trading day’s daily settlement figure”, and the term “mark-to-market amount” referred to in Articles 48 and 49 hereof shall be replaced with “final settlement difference”.

### **Article 74. Determination of Final Settlement Figure**

74.1 On the business day on which the last trading day's day session falls, the Exchange shall calculate the present value, as of its first trading day, of the sum of (i) the notional coupons accruing semi-annually at the fixed interest rate on the notional principal amount of ¥100 of the standardized Seven-year Yen interest rate swap contract for the period from its first trading day to its maturity date and (ii) the said notional principal amount as of the maturity date, in accordance with the formula separately prescribed by the Exchange.

74.2 As the swap rate to be used for calculating the present value referred to in Article 74.1 above, the Exchange shall adopt one-year through seven-year ISDA Benchmark JPY Swap Rates as of 10:00 a.m. announced by ISDA on the last trading day; provided, however, that the swap rate applicable for the period from the starting date to any interest payment date on the odd number of time under the standardized Seven-year Yen interest rate swap contract shall be determined in accordance with the manner separately prescribed by the Exchange.

74.3 If ISDA corrects either one of the one-year through seven-year ISDA Benchmark JPY Swap Rates set forth in Article 74.2 above, the Exchange shall use such corrected ISDA Benchmark JPY Swap Rate for calculating the present value set forth in Article 74.1 hereof.

74.4 The Exchange shall determine the final settlement figure for Seven-year ¥ Swapnote™ as the figure equal to the present value set forth in Article 74.1 hereof rounded off to the nearest second decimal point.

74.5 Notwithstanding the provisions of Articles 74.1 through 74.4 above, if either of the ISDA Benchmark JPY Swap Rates set forth in Article 74.2 hereof is not announced or cannot be obtained by the Exchange, the final settlement figure for Seven-year ¥ Swapnote™ shall be determined by the Exchange.

## **Section 6. Ten-year ¥ Swapnote™**

### **Article 75. Application of Provisions for Mark-to-Market**

The provisions of Articles 46 through 49 hereof shall apply *mutatis mutandis* to the cash settlement of Ten-year ¥ Swapnote<sup>TM</sup>. For this purpose, the phrase “the daily settlement price thereof on the trading day on which such contract is executed” referred to in Article 46 hereof shall be replaced with “the final settlement figure”, the term “contract price” referred to in Article 46 hereof shall be replaced with “contract figure”, the term “current trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “final settlement figure”, the term “the immediately preceding trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “the immediately preceding trading day’s daily settlement figure”, and the term “mark-to-market amount” referred to in Articles 48 and 49 hereof shall be replaced with “final settlement difference”.

#### **Article 76. Determination of Final Settlement Figure**

76.1 On the business day on which the last trading day’s day session falls, the Exchange shall calculate the present value, as of its first trading day, of the sum of (i) the notional coupons accruing semi-annually at the fixed interest rate on the notional principal amount of ¥100 of the standardized Ten-year Yen interest rate swap contract for the period from its first trading day to its maturity date and (ii) the said notional principal amount as of the maturity date, in accordance with the formula separately prescribed by the Exchange.

76.2 As the swap rate to be used for calculating the present value referred to in Article 76.1 above, the Exchange shall adopt one-year through ten-year ISDA Benchmark JPY Swap Rates as of 10:00 a.m. announced by ISDA on the last trading day; provided, however, that the swap rate applicable for the period from the starting date to any interest payment date on the odd number of time under the standardized Ten-year Yen interest rate swap contract shall be determined in accordance with the manner separately prescribed by the Exchange.

76.3 If ISDA corrects either one of the one-year through ten-year ISDA Benchmark JPY Swap Rates set forth in Article 76.2 above, the Exchange shall use such corrected ISDA Benchmark JPY Swap Rate for calculating the present value set forth in Article 76.1 hereof.

76.4 The Exchange shall determine the final settlement figure for Ten-year ¥ Swapnote™ as the figure equal to the present value set forth in Article 76.1 hereof rounded off to the nearest second decimal point.

76.5 Notwithstanding the provisions of Articles 76.1 through 76.4 above, if either of the ISDA Benchmark JPY Swap Rates set forth in Article 76.2 hereof is not announced or cannot be obtained by the Exchange, the final settlement figure for Ten-year ¥ Swapnote™ shall be determined by the Exchange.

## **Section 7. Three-month TONA futures**

### **Article 76-2. Application of Provisions for Mark-to-Market**

The provisions of Articles 46 through 49 hereof shall apply *mutatis mutandis* to the cash settlement of Three-month TONA futures. For this purpose, the phrase “the daily settlement price thereof on the trading day on which such contract is executed” referred to in Article 46 hereof shall be replaced with “final settlement figure”, the term “contract price” referred to in Article 46 hereof shall be replaced with “contract figure”, the term “current trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “final settlement figure”, the term “the immediately preceding trading day’s daily settlement price” referred to in Article 47 hereof shall be replaced with “the immediately preceding trading day’s daily settlement figure”, and the term “mark-to-market amount” referred to in Articles 48 and 49 hereof shall be replaced with “final settlement difference”.

### **Article 76-3. Determination of Final Settlement Figure**

76-3.1 With respect to the average interest rates expressed in percentage among the uncollateralized overnight call rates (every business day) announced by the Bank of Japan as the final results (hereinafter called the “TONA Final result”), the Exchange shall deem, as an interest rate per annum, the figure of the daily compounded interest of each TONA Final result during a Reference Quarter (meaning the Reference Quarter specified in Article 2 (44) of the Trading Regulations; the same interpretation shall equally apply

hereinbelow) for each contract month (with respect to a Japanese bank holiday during the Reference Quarter, the TONA Final result on the immediately preceding Japanese banking day shall apply without calculation of compound interest) divided by the number of calendar days during such Reference Quarter and multiplied by 365.

76-3.2 If the Bank of Japan corrects the uncollateralized overnight call rate (every business day) after its public announcement, the corrected rate shall be used for the calculation of the daily compounded interest, unless the rate was corrected after the last settlement date.

76-3.3 The Exchange shall determine the final settlement figure of Three-month TONA futures as the figure equal to 100 minus the interest rate per annum set forth in Article 76.3-1 above rounded off to the nearest third decimal point.

76-3.4 Notwithstanding the provisions of Articles 76-3.1 through 76-3.3 above, if the Bank of Japan fails to announce the uncollateralized overnight call rates (every business day) or in any other special circumstances, the final settlement figure of Three-month TONA futures shall be determined by the Exchange.

**Section 8. (Deleted)**

**Articles 76-4. and 76-5. (Deleted)**

**Section 9. (Deleted)**

**Articles 76-6. and 76-7 (Deleted)**

## **CHAPTER XII.**



## **SPECIAL PROVISIONS FOR OPTIONS ON THREE-MONTH EUROYEN FUTURES**

### **Section 1. Payment of Option Premium**

#### **Article 77. Payment of Option Premium**

77.1 A Clearing Member shall, after it executes a purchase contract for option on Three-month Euroyen futures (excluding Three-month Euroyen futures options contracts which were discharged as a result of give-up; hereinafter called the “purchase contract” in this Chapter XII except as referred to in Article 89 hereof) in its own name, pay the consideration for the acquisition of an option on Three-month Euroyen futures (hereinafter called the “option premium” in this Chapter XII) to the Exchange’s bank account established at one of the Settlement Banks, not later than the time separately designated by the Exchange of the business day (but not a Japanese bank holiday; if such business day is a Japanese bank holiday, the business day immediately following such day which is a Japanese banking day; the same business-day convention shall apply hereinbelow) immediately following the business day on which there occurs the day session of the trading day on which such purchase contract is executed, in the manner prescribed by the Exchange.

77.2 A Non-Clearing Member shall, after a purchase contract is executed as a Securities, etc. Clearing-Brokering Contract at the bid or offer submitted by it, pay the related option premium to its Designated Clearing Member, not later than the time separately designated by the Exchange of the business day (or, with respect to a Non-Clearing Member who is also Japanese Yen Interest Rate Remote Trading Member, the second business day in principle) immediately following the business day on which there occurs the day session of the trading day on which such purchase contract is executed.

77.3 When a sale contract (excluding Three-month Euroyen futures options contracts which were discharged as a result of give-up; hereinafter called the “sale contract” in this Chapter XII except as referred to in Article 89 hereof) has been executed in the name of a Clearing Member, the Exchange shall pay the related option premium to the Clearing

Member's bank account established at one of the Settlement Banks, not later than the time separately designated by the Exchange of the business day immediately following the business day on which there occurs the day session of the trading day on which such sale contract is executed, in the manner prescribed by the Exchange.

77.4 When a sale contract as a Securities, etc. Clearing-Brokering Contract has been executed at the bid or offer submitted by a Non-Clearing Member, its Designated Clearing Member shall pay the related option premium to the Non-Clearing Member, not later than the time separately designated by the Exchange of the business day (or, with respect to a Non-Clearing Member who is also Japanese Yen Interest Rate Remote Trading Member, the second business day in principle) immediately following the business day on which there occurs the day session of the trading day on which such sale contract is executed.

#### **Article 78. Amount to be Paid or Received**

The amount to be paid or received per trading unit pursuant to Articles 77.1 through 77.4 above shall be calculated in accordance with the following formula:

$$¥ 2,500 \times (\text{contract price} / 0.01)$$

#### **Article 79. Total Receivable Amount and Total Payable Amount**

79.1 The amount which each Clearing Member shall pay to or receive from the Exchange pursuant to Articles 77.1 and 77.3 hereof shall be the net difference between the respective aggregate amounts which such Clearing Member is to pay and those which it is to receive as the option premiums which are payable or receivable with respect to such Clearing Member.

79.2 The provisions of Article 79.1 above shall apply *mutatis mutandis* with respect to the payment of option premiums between a Non-Clearing Member and its Designated Clearing Member pursuant to Articles 77.2 and 77.4 hereof, respectively.

#### **Article 80. Regulations relating to Payment of Option Premium**

In addition to the provisions of these Regulations, any matters necessary with respect to the payment of the option premium shall be prescribed by the Exchange.

## **Section 2.       Offsetting Transactions**

### **Article 81.       Offsetting Transactions**

81.1     In the event that a Clearing Member makes a purchase contract (hereinafter called “Repurchase” in this Chapter XII) in order to close out a short position arising from a Three-month Euroyen futures option contracts executed in its own name and at the bid or offer submitted by itself, or makes a sale contract (hereinafter called “Resale” in this Chapter XII) in order to close out a long position arising from a Three-month Euroyen futures option contracts executed in its own name and at the bid or offer submitted by itself, the Clearing Member shall notify the Exchange of the classification of Resale or Repurchase and its volume.

81.2     Upon receipt of the notification of Resale or Repurchase set forth in Article 81.1 above, the Exchange shall decrease the concerned Clearing Member’s short position or long position by the volume of Resale or Repurchase advised in the said notification, which volume of decrease will be finally settled.

81.3     Notwithstanding the provisions of Article 81.2 above, the Exchange may at its discretion adjust the volume advised in the notification of Resale or Repurchase, if the Exchange deems that the volume so advised may be inappropriate in the light of the criteria separately prescribed by the Exchange, for example, the criteria whether the advised volume exceeds the volume of the Three-month Euroyen futures option contracts executed within the concerned trading day.

### **Article 82.       Offsetting Transactions by Non-Clearing Members**

82.1     If a Non-Clearing Member makes a Repurchase or a Resale in order to close out its Designated Clearing Member’s short position or long position arising from its Securities, etc. Clearing-Brokering Contracts (hereinafter called the “Clearing-undertaken

Short Position” and the “Clearing-undertaken Long Position” respectively in this Chapter XII), the Non-Clearing Member on behalf of its Designated Clearing Member shall notify the Exchange of the classification of Resale or Repurchase and its volume; provided, however, that the foregoing shall not preclude the Designated Clearing Member from notifying the Exchange of the same by itself.

82.2 Upon receipt of the notification of Resale or Repurchase set forth in Article 82.1 above, the Exchange shall decrease the concerned Designated Clearing Member’s Clearing-undertaken Short Position or Clearing-undertaken Long Position as settled by the volume of Repurchase or Resale advised in the said notification.

82.3 Notwithstanding the provisions of Article 82.2 above, the Exchange may at its discretion adjust the volume advised in the notification of Resale or Repurchase, if the Exchange deems that the volume so advised may be inappropriate in the light of the criteria separately prescribed by the Exchange, for example, the criteria whether the advised volume exceeds the volume of the Three-month Euroyen futures option contracts executed within the concerned trading day.

82.4 If a Non-Clearing Member makes the notification of Resale or Repurchase set forth in Article 82.1 hereof, the Non-Clearing Member shall inform its Designated Clearing Member of the effect of such notification without delay.

### **Article 83. Particulars for Offsetting Transactions**

In addition to the provisions of these Regulations, any matters necessary to prescribe in connection with the manner of filing of offsetting notifications, the period for filing thereof and the procedures for correction of the contents of the notification shall be separately prescribed by the Exchange.

### **Section 3. Option Exercise**

#### **Article 84. Option Exercisable Period**

84.1 A Clearing Member or a Non-Clearing Member may notify the Exchange of exercising an option on Three-month Euroyen futures in accordance with Article 85 below, on any business day which falls during the period from and including the business day on which the day session of the first trading day of each contract month occurs to and including the business day (hereinafter called the “option expiration date” in this Chapter XII) on which the day session of the last trading day of the same contract month occurs (hereinafter called the “option exercisable period” in this Chapter XII).

84.2 Notwithstanding the provisions of Article 84.1 above, the Exchange may, whenever it deems necessary, modify the option exercisable period for all or a part of any specific series of option.

#### **Article 85. Notification of Option Exercise**

85.1 In order to exercise options on Three-month Euroyen futures, a Clearing Member or Non-Clearing Member shall notify the Exchange, not later than the time separately designated by the Exchange (hereinafter called the “exercise notification deadline” in this Chapter XII), of the volume of trading unit for each series on which it intends to exercise options, which volume being indicated broken down by whether for a customer account or for a house account, with respect to the long positions held by the Clearing Member (or in the case of a Non-Clearing Member, the Clearing-undertaken Long Positions held by its Designated Clearing Member; the same interpretation shall apply hereinbelow in this Article 85.1) at the close of the day session of the day on which such member intends to exercise the options (hereinafter called the “option exercise date” in this Chapter XII); provided, however, that the foregoing does not preclude the Designated Clearing Member from notifying the Exchange to such effect on behalf of the Non-Clearing Member. Notwithstanding the foregoing, if the volume of any series of any whether for a customer account or for a house account notified of by the Clearing Member or Non-Clearing Member as the volume subject to option exercise exceeds the volume of the long positions held by such member with respect to such series at such whether for a customer account or for a house account at the close of the day session for the option exercise date, such member shall be deemed notified of its intention to exercise options by the volume of such long positions held by it.

85.2 When a Non-Clearing Member makes the notification of exercise of option, such Non-Clearing Member shall without delay inform its Designated Clearing Member of such

effect.

85.3 The Exchange may halt the option exercise of all or a part of the series in the manner prescribed by the Exchange, should the trading in Three-month Euroyen futures or options on Three-month Euroyen futures be suspended, should the Exchange System fail to operate, or should there be any other reasons which would cause the Exchange to deem it inappropriate to allow options to be exercised.

#### **Article 86. Automatic Option Exercise**

86.1 Notwithstanding the provisions of Article 85.1 above, a Clearing Member or Non-Clearing Member shall be deemed to have notified the Exchange of exercising a put option on Three-month Euroyen futures of which the strike price exceeds the final settlement figure for the relevant underlying futures, or a call option on Three-month Euroyen futures of which the strike price is lower than the final settlement figure for the relevant underlying futures, even when such member did not notify the Exchange of exercising such option by the exercise notification deadline after the closing of the day session on the option expiration date, except where such member notifies the Exchange of not exercising such option by the time separately designated by the Exchange, in which case the Designated Clearing Member shall not be precluded from notifying the Exchange to such effect on behalf of the Non-Clearing Member concerned.

86.2 When a Non-Clearing Member makes a notification of not exercising the said option, such Non-Clearing Member shall without delay inform its Designated Clearing Member to such effect.

86.3 The Exchange may elect not to apply the provisions of Article 86.1 hereof with respect to all or part of the series in the manner prescribed by the Exchange, should the trading in Three-month Euroyen futures or Three-month Euroyen futures option contracts be suspended, should the Exchange System fail to operate, or should there be any other reasons which would cause the Exchange to deem it inappropriate to allow options to be exercised.

#### **Article 87. Assignment**

87.1 When a Clearing Member or Non-Clearing Member notifies or is deemed to have notified the Exchange of the option exercise under the provisions of Article 85.1 or 86.1 above, the Exchange shall, in the manner separately prescribed by the Exchange, select the short positions and/or the Clearing-undertaken Short Positions with the same series and in the same volume of trading units as the long positions so notified for the exercise, from among those (excluding the Clearing-undertaken Short Positions) held by Clearing Members or the Non-Clearing Members on behalf of whom the Clearing-undertaken Short Positions are held by its Designated Clearing Member, at the close of the day session of the option exercise date. This process shall be hereinafter called “assignment” in this Chapter XII.

87.2 Upon making an assignment, the Exchange shall notify the relevant Clearing Member or Non-Clearing Member of the details of such assignment without delay, specifying whether the assignment is for its own account or for the accounts other than the Trading Member’s house account (in the case of a Clearing Member, excluding its Clearing-undertaken Short Positions).

87.3 When a Non-Clearing Member receives a notification of assignment set forth in Article 87.2 above, such Non-Clearing Member shall notify its Designated Clearing Member of the details of such assignment without delay.

## **Article 88. Decrease in Positions resulting from Option Exercise**

88.1 When a Clearing Member notifies the Exchange of the exercise of options on any business day except for the relevant option expiration date under the provisions of Article 85.1 hereof, the Exchange shall decrease the long positions held by such Clearing Member at the close of the day session of the relevant option exercise date, by the volume of trading units of the options so notified for the option exercise, as at the time of the relevant option exercise date separately designated by the Exchange.

88.2 When a Non-Clearing Member notifies the Exchange of the exercise of options on any business day except for the relevant option expiration date under the provisions of Article 85.1 hereof, the Exchange shall decrease the Clearing-undertaken Long Positions held by the Designated Clearing Member of such Non-Clearing Member at the close of the day session of the relevant option exercise date, by the volume of trading units of the options so notified for the option exercise, as at the time of the relevant option exercise

date separately designated by the Exchange.

88.3 When the Exchange makes an assignment to a Clearing Member on any business day except for the relevant option expiration date under the provisions of Article 87.1 above, the Exchange shall decrease the short positions held by such Clearing Member at the close of the day session of the relevant option exercise date, by the volume of trading units relating to such assignment, as at the time of the relevant option exercise date separately designated by the Exchange.

88.4 When the Exchange makes an assignment to a Non-Clearing Member on any business day except for the relevant option expiration date under the provisions of Article 87.1 above, the Exchange shall decrease the Clearing-undertaken Short Positions held by the Designated Clearing Member of such Non-Clearing Member at the close of the day session of the relevant option exercise date, by the volume of trading units relating to such assignment, as at the time of the relevant option exercise date separately designated by the Exchange.

88.5 The provisions of Articles 88.1 through 88.4 above shall apply *mutatis mutandis* in cases where a Clearing Member or Non-Clearing Member notifies the Exchange of the exercise of options under the provisions of Article 85.1 hereof, or a Clearing Member or Non-Clearing Member is deemed to have notified the Exchange of the exercise of options under the provisions of Article 86.1 hereof, or a Clearing Member or Non-Clearing Member receives the assignment under the provisions of Article 87.1 above, in each case on the option expiration date, with the substitution of the words “the relevant option exercise date” used in Articles 88.1 through 88.4 above for the words “the relevant option expiration date”.

#### **Article 89. Three-month Euroyen Futures Contracts resulting from Option Exercise and Assignment**

89.1 In the event that on any business day except for the relevant option expiration date, a Clearing Member (hereinafter called the “Exercising Clearing Member” in this Chapter XII) notifies the Exchange of the exercise of a put option on Three-month Euroyen futures under the provisions of Article 85.1 hereof, or a Clearing Member (hereinafter called the “Assigned Clearing Member” in this Chapter XII) receives assignment with respect to a put option on Three-month Euroyen futures under the provisions of Article



87.1 hereof, the Exercising Clearing Member shall be deemed to have executed with the Exchange a sale contract of the underlying futures or the Assigned Clearing Member shall be deemed to have executed with the Exchange a purchase contract of the underlying futures, with the contract figure equal to the relevant strike price, as at the time of the relevant option exercise date separately designated by the Exchange.

89.2 In the event that on any business day except for the relevant option expiration date, a Non-Clearing Member (hereinafter called the “Exercising Non-Clearing Member” in this Chapter XII) notifies the Exchange of the exercise of a put option on Three-month Euroyen futures under the provisions of Article 85.1 hereof, or a Non-Clearing Member (the “Assigned Non-Clearing Member” in this Chapter XII) receives assignment with respect to a put option on Three-month Euroyen futures under the provisions of Article 87.1 hereof, the Designated Clearing Member of the Exercising Non-Clearing Member shall be deemed to have executed with the Exchange a sale contract of the underlying futures as a Securities, etc. Clearing-Brokering Contract or the Designated Clearing Member of the Assigned Non-Clearing Member shall be deemed to have executed with the Exchange a purchase contract of the underlying futures as a Securities, etc. Clearing-Brokering Contract, with the contract figure equal to the relevant strike price, as at the time of the relevant option exercise date separately designated by the Exchange.

89.3 In the event that on any business day except for the relevant option expiration date, an Exercising Clearing Member notifies the Exchange of the exercise of a call option on Three-month Euroyen futures under the provisions of Article 85.1 hereof, or an Assigned Clearing Member receives assignment with respect to a call option on Three-month Euroyen futures under the provisions of Article 87.1 hereof, the Exercising Clearing Member shall be deemed to have executed with the Exchange a purchase contract of the underlying futures or the Assigned Clearing Member shall be deemed to have executed with the Exchange a sale contract of the underlying futures, with the contract figure equal to the relevant strike price, as at the time of the relevant option exercise date separately designated by the Exchange.

89.4 In the event that on any business day except for the relevant option expiration date, an Exercising Non-Clearing Member notifies the Exchange of the exercise of a call option on Three-month Euroyen futures under the provisions of Article 85.1 hereof, or an Assigned Non-Clearing Member receives assignment with respect to a call option on Three-month Euroyen futures under the provisions of Article 87.1 hereof, the Designated Clearing Member of the Exercising Non-Clearing Member shall be deemed to have

executed with the Exchange a purchase contract of the underlying futures as a Securities, etc. Clearing-Brokering Contract or the Designated Clearing Member of the Assigned Non-Clearing Member shall be deemed to have executed with the Exchange a sale contract of the underlying futures as a Securities, etc. Clearing-Brokering Contract, with the contract figure equal to the relevant strike price, as at the time of the relevant option exercise date separately designated by the Exchange.

89.5 The provisions of Articles 89.1 through 89.4 above shall apply *mutatis mutandis* in cases where a Clearing Member or Non-Clearing Member notifies the Exchange of the exercise of options under the provisions of Article 85.1 hereof, or a Clearing Member or Non-Clearing Member is deemed to have notified the Exchange of the exercise of options under the provisions of Article 86.1 hereof, or a Clearing Member or Non-Clearing Member receives the assignment under the provisions of Article 87.1 hereof, in each case on the relevant option expiration date, with the substitution of the words “the relevant option exercise date” used in Articles 89.1 through 89.4 above for the words “the relevant option expiration date”.

89.6 A Three-month Euroyen futures contract resulting from the option exercise or the assignment shall not be subject to the provisions of Article 18.1 of the Trading Regulations.

89.7 When, as a result of the option exercise or the assignment, a Three-month Euroyen futures contract is deemed to have been executed in the name of the Designated Clearing Member of a Non-Clearing Member, the Exchange on behalf of the Non-Clearing Member shall notify its Designated Clearing Member of the details of the Three-month Euroyen futures contract that may be necessary to clear the same as a Securities, etc. Clearing-Brokering Contract, after the close of the day session on the day on which such Three-month Euroyen futures contract is deemed to have been executed.

#### **Section 4. Daily Settlement Price**

##### **Article 90. Determination of Daily Settlement Price**

90.1 After the close of the day session of each trading day, the Exchange shall determine a price for each series (hereinafter called the “Daily Settlement Price” in this

Article) upon the basis of which the Exchange Margin, Non-Clearing Member Margin and Customer Margin applicable for such trading day shall be calculated, and notify the Clearing Members and the Non-Clearing Members of such Daily Settlement Price.

90.2 The Daily Settlement Price for each series prescribed in Article 90.1 above shall be the figure calculated by the Exchange as to be a theoretical price in the manner separately prescribed by the Exchange.

90.3 Notwithstanding the provisions of Article 90.2 above, the Daily Settlement Price for each series of a put option on Three-month Euroyen futures on the last trading day shall be the strike price for such series less the daily settlement figure on the last trading day for the underlying futures of such series, and the Daily Settlement Price for each series of a call option on Three-month Euroyen futures on the last trading day shall be the daily settlement figure on the last trading day for the underlying futures of such series less the strike price for such series; provided, however, that should the figure so calculated fall below zero (0) in either case, the Daily Settlement Price for the relevant series on the last trading day shall be zero (0).

## **CHAPTER XIII.**

### **SPECIAL PROVISIONS FOR FX DAILY FUTURES TRANSACTIONS**

#### **Section 1. FX Settlement Price**

#### **Article 90-2. FX Settlement Price**

90-2.1 With respect to an FX Daily Futures transaction, the Exchange shall set the price (hereinafter called the “FX Settlement Price”) after the close of the Market Trading Period of each trading day (meaning the trading day specified in Article 2(15) of the FX Special Provisions, which interpretation shall equally apply hereinafter in this Chapter XIII). The

FX Settlement Price so established shall be used as the indicative price to calculate the initial FX revaluation profit or loss set forth in Article 90-4 hereof, the daily FX revaluation profit or loss set forth in Article 90-5 hereof for that trading day and the fixed FX revaluation profit or loss set forth in Article 90-7.2 hereof, respectively, and shall be advised to Daily Futures Clearing Members who conducts the clearing business with respect to FX Daily Futures contracts.

90-2.2 The FX Settlement Price referred to in Article 90-2.1 above shall be obtained by reference to the contract price of the relevant FX Daily Futures contract that has been executed by Market-Making Method during such specific period of time before the close of the Market Trading Period for the relevant trading day as may be determined by the Exchange; provided, however, that if the Exchange judges any FX Settlement Price so calculated is inappropriate, the Exchange may adopt another appropriate price as the FX Settlement Price.

90-2.3 The FX Settlement Price shall be determined in accordance with the conditions separately prescribed by the Exchange if there is no contract price during the specific period of time referred to in Article 90-2.2 above.

## **Section 2. Rollover**

### **Article 90-3. Rollover**

If neither filing of offsetting notification (meaning the “filing of offsetting notification” defined in Article 90-9.1(1) hereof; the same interpretation shall equally apply hereinafter) nor execution of offsetting transaction (meaning the “execution of offsetting transaction” defined in Article 90-9.1(2) hereof; the same interpretation shall equally apply hereinafter) is made for the short position or long position arising under an FX Daily Futures transaction until the close of the Market Trading Period for each trading day on which such position exists, those positions whose contract day is that trading day shall be discharged at the close of the said Market Trading Period, and concurrently therewith, positions under the same terms and conditions as those of the discharged positions, except for their contract day being the trading day immediately following that trading day, shall newly arise between the Exchange and the Daily Futures Clearing

Member who has held the discharged position. The said discharge and arising of positions shall be called a “rollover” in this Chapter XIII only.

#### **Article 90-4. Initial FX Revaluation Profit or Loss**

With respect to an FX Daily Futures contract which is newly executed, where the contract is rolled over and there is a difference between the FX Settlement Price for the trading day on which the contract is executed and the contract price of that contract, an FX revaluation profit or loss shall arise from that contract at the positive or negative calculatory amount obtained based on that difference (hereinafter called “initial FX revaluation profit or loss”).

#### **Article 90-5. Daily FX Revaluation Profit or Loss**

With respect to an FX Daily Futures contract which has been executed under a transaction on or before the trading day immediately preceding any given trading day, where the contract is rolled over and there is a difference between the FX Settlement Price for that trading day and the FX Settlement Price on the trading day immediately preceding that trading day (hereinafter called the “FX Settlement Price for the Preceding Trading Day”), an FX revaluation profit or loss shall arise from that contract at the positive or negative calculatory amount obtained based on that difference (hereinafter called “daily FX revaluation profit or loss”).

#### **Article 90-6. Swap Point**

With respect to a long position and a short position arising under an FX Daily Futures transaction, if the final settlement date for the FX cash settlement with respect to the said position is postponed due to rollover, a positive or negative calculatory amount obtained in the manner separately prescribed by the Exchange (hereinafter called “swap point” in this Chapter XIII) shall arise for the purpose of reconciliation of, among other things, the difference between the applicable interest rate of one of the denomination currencies of the said positions and that of the other denomination currency thereof, according to the number of days of the postponement and the type of the FX Daily Futures contract in question.

### **Section 3. Settlement of FX Daily Futures Transaction**

#### **Article 90-7. Settlement of FX Daily Futures Transaction**

90-7.1 A short position or a long position under an FX Daily Futures transaction shall be settled in the manner that either filing of offsetting notification or execution of offsetting transaction (hereinafter collectively called “notification or execution of offsetting transaction” in this Chapter XIII only) is made and the resulting FX variation (meaning the FX variation set forth in Article 90-8.1 below) is transferred to the FX Exchange Margin (such manner of settlement is hereinafter called “FX cash settlement”).

90-7.2 If the following difference arises under the following circumstances as a consequence of notification or execution of offsetting transaction, an FX revaluation profit or loss shall arise at the positive or negative calculatory amount obtained based on that difference (hereinafter called “fixed FX revaluation profit or loss”):

(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 arisen 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 arisen from the transaction that is executed on the trading day on which the offsetting notification is filed, and the other position has arisen 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 arisen 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 arisen from rollover, the FX Settlement Price quoted on one (1) trading day before the trading day on which the offsetting transaction is executed

#### **Article 90-8. FX Variation**

90-8.1 An FX variation which is the subject of an FX cash settlement set forth in Article 90-7.1 above shall be the sum of the following calculatory amounts which have arisen with respect to the positions under the relevant 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; and
- (4) Cumulative amount of swap points.

90-8.2 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 90-8.2 and Article 90-8.3 below), the amount specified in each Item of Article 90-8.1 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 90-8.2 and Article 90-8.3 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 (meaning the Yen Currency Pairs transaction of a Large transaction if such Cross Currency Pairs transaction is the Large transaction (meaning a Large transaction as defined in Article 2 (19) of the FX Special Provisions) and the Yen Currency Pairs transaction of a Non-large transaction if such Cross Currency Pairs transaction is the Non-large transaction (meaning a Large transaction as defined in Article 2 (24) of the FX Special Provisions)), which interpretation shall equally apply throughout in this Article 90-8.2) 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.

90-8.3 Notwithstanding Article 90-8.2 above, with respect to a Yen Currency Pairs transaction which is executed based on the obligation of the designated FX Market Maker (meaning the “designated FX Market Maker” defined in Article 17-2.1 of the FX Special Provisions) to quote an MM bid or offer, the transfer under Article 90-7.1 shall be made in the denomination of the Term Currency of the relevant Cross Currency Pairs transaction.

#### **Article 90-9. Methods for Settlement of Positions**

90-9.1 A position held by a Daily Futures Clearing Member under an FX Daily Futures contract shall be settled by either of the following methods whichever is applicable:

- (1) Filing of offsetting notification (meaning that, where the FX Daily Futures Clearing Member simultaneously holds both a short position and a long position under one same kind of FX Daily Futures contracts, the filing with the Exchange by which the said short position and the long position are reduced by the same volume)
- (2) Execution of offsetting transaction (meaning that, where the FX Daily Futures Clearing Member under any given kind of FX Daily Futures contracts holds a short position, a corresponding purchase contract of the same kind is executed, or where it holds a long position, a corresponding



sale contract of the same kind is executed, so that the short position or the long position, as the case may be, shall be immediately reduced, by the volume of the short position or the corresponding purchase contract whichever is smaller, or of the long position or the sale contract whichever is smaller, as the case may be.)

90-9.2 When an offsetting notification is filed, the designated short position and long position held at the relevant Daily Futures Clearing Member's house account and/or 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 offsetting notification is filed.

90-9.3 In the case of an offsetting transaction, when a Daily Futures Clearing Member enters into another FX Daily Futures transaction specified in the following items, unless otherwise prescribed by the Exchange, the said transaction shall be deemed to be a transaction of Repurchase or Resale for the said short positions or long positions, so that such short position or long position, as the case may be, will be closed out by the Repurchase or the Resale volume being applied to the existing short or long positions on first-in- first-out basis:

- (1) Where the Daily Futures Clearing Member, holding a short position under an FX Daily Futures transaction for its house account, newly enters into a purchase contract for an FX Daily Futures transaction for its house account;
- (2) Where the Daily Futures Clearing Member, holding a long position under an FX Daily Futures transaction for its house account, newly enters into a sale contract for an FX Daily Futures transaction for its house account;
- (3) Where the Daily Futures Clearing Member, holding a short position under an FX Daily Futures transaction based on an order of a Customer with respect to that FX Daily Futures transaction (hereinafter called "FX Daily Futures Customer"), newly enters into a purchase contract for an FX Daily Futures transaction for the account of the FX Daily Futures Customer based on an order of the same FX Daily Futures Customer; or
- (4) Where the Daily Futures Clearing Member, holding a long position under an FX Daily Futures transaction based on an order of an FX Daily

Futures Customer, newly enters into a sale contract for an FX Daily Futures transaction for the account of the FX Daily Futures Customer based on an order of the same FX Daily Futures Customer.

90-9.4 The method for the settlement of position shall be selected by each Daily Futures Clearing Member from between those specified in each Item of Article 90-9.1 above with respect to its house account and each of its Customer account individually. Provided, however, that any position held by a Daily Futures Clearing Member as a consequence of an FX Daily Futures contract that has been executed based on the obligation of the FX Market Maker (meaning the “FX Market Maker” defined in Article 2(4) of the FX Special Provisions) to quote an MM bid or offer may only be settled by way of execution of offsetting transaction.

**Article 90-9-2. Methods for Settlement of Positions by Non-Clearing Member under FX Daily Futures Contracts**

90-9-2.1 A Non-Clearing Member acting in such capability in an FX Daily Futures contract (hereinafter called “FX Daily Futures Non-Clearing Member”) shall settle the position under an FX Daily Futures transaction which is executed in the name of the Designated Clearing Member acting on its behalf thereunder at the bid or offer submitted by such FX Daily Futures Non-Clearing Member, by either of the following methods whichever is applicable:

- (1) Filing of offsetting notification
- (2) Execution of offsetting transaction

90-9-2.2 When an offsetting notification is filed, the designated short position and long position held at the relevant FX Daily Futures Non-Clearing Member’s house account and/or 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 offsetting notification is filed.

90-9-2.3 In the case of an offsetting transaction, when an FX Daily Futures Non-Clearing Member enters into another FX Daily Futures transaction specified in the following items, unless otherwise prescribed by the Exchange, the said transaction shall be deemed to be a transaction of Repurchase or Resale for the said short positions or long

positions, so that such short position or long position, as the case may be, will be closed out by the Repurchase or the Resale volume being applied to the existing short or long positions on first-in-first-out basis.

- (1) Where the FX Daily Futures Non-Clearing Member holds a short position under an FX Daily Futures transaction for its house account, a newly-entered purchase contract for an FX Daily Futures transaction for its house account;
- (2) Where the FX Daily Futures Non-Clearing Member holds a long position under an FX Daily Futures transaction for its house account, a newly-entered sale contract for an FX Daily Futures transaction for its house account;
- (3) Where the FX Daily Futures Non-Clearing Member holds a short position under an FX Daily Futures transaction based on an order of a Customer, a newly-entered purchase contract for an FX Daily Futures transaction for the account of such Customer based on the order of such Customer; or
- (4) Where the FX Daily Futures Non-Clearing Member holds a long position under an FX Daily Futures transaction based on an order of a Customer, a newly-entered sale contract for an FX Daily Futures transaction for the account of such Customer based on the order of such Customer.

90-9-2.4 The method for the settlement of position shall be selected by each FX Daily Futures Non-Clearing Member from among those specified in each Item of Article 90-9-2.1 above with respect to its house account and each of its Customer account individually. Provided, however, that any position held by an FX Daily Futures Non-Clearing Member as a consequence of an FX Daily Futures contract that has been executed based on the FX Market Maker's obligation to quote an MM bid or offer may only be settled by way of execution of offsetting transaction.

### **Article 90-9-3. Filing of Offsetting Notification Concerning FX Daily Futures Contracts**

90-9-3.1 An offsetting of positions through filing of notification of offsetting notification may be made during the period separately designated by the Exchange, only if the Daily Futures Clearing Member holds both the short position and long position to be settled simultaneously.

90-9-3.2 A Daily Futures Clearing Member who wishes to reduce any short position(s) and long position(s) held by it through filing of offsetting notification shall file that notification with the Exchange stating the following details with respect to its house account and/or its Customer's account(s) individually:

- (1) Statement that it will reduce both the short position(s) and the long position(s) through filing of that offsetting notification
- (2) If it has short positions under more than one (1) sale contract or long positions under more than one (1) purchase contract, identification of the sale contract in respect of the short position(s) to be reduced or the purchase contract in respect of the long position(s) to be reduced
- (3) Amount by which it wishes to reduce the short position(s) and the long position(s)

90-9-3.3 An FX Daily Futures Non-Clearing Member who wishes to reduce any short position(s) and long position(s) held by it through filing of offsetting notification shall file that notification with the Exchange stating the following details with respect to its house account and/or its Customer's account(s) individually for and on behalf of its Designated Clearing Member. Provided, however, the foregoing shall not prevent such Designated Clearing Member from filing that notification by itself:

- (1) Statement that it will reduce both the short position(s) and the long position(s) through filing of that offsetting notification
- (2) If it has short positions under more than one (1) sale contract or long positions under more than one (1) purchase contract, identification of the sale contract in respect of the short position(s) to be reduced or the purchase contract in respect of the long position(s) to be reduced

- (3) Amount by which it wishes to reduce the short position(s) and the long position(s)

**Article 90-10. Payment and Receipt of Money with respect to FX Daily Futures Contracts**

Whenever a Daily Futures Clearing Member shall pay to or receive from the Exchange any money with respect to an FX Daily Futures contract, it shall do so through its account established at the Designated Service Office of the settlement bank for an FX Daily Futures transaction (hereinafter called the “FX Exchange Margin Settlement Bank”) by the date and time prescribed by the FX Margin Regulations and the FX Exchange Margin Settlement Regulations.

**Article 90-11. Detailed Rules for Financial Instruments Obligation Assumption Business relating to FX Daily Futures Transactions**

In addition to the provisions of these Regulations, any matters necessary to prescribe in connection with the manner of conduct of financial instruments obligation assumption business relating to FX Daily Futures transactions and any and all businesses pertaining thereto shall be separately prescribed by the Exchange.

**CHAPTER XIII-II.**

**SPECIAL PROVISIONS FOR EQUITY INDEX DAILY FUTURES TRANSACTIONS**

**Section 1. Equity Index Settlement Price**

## **Article 90-12. Equity Index Settlement Price**

90-12.1 With respect to an Equity Index Daily Futures transaction, the Exchange shall set the price (hereinafter called the “Equity Index Settlement Price”) after the close of the Market Trading Period of each trading day (meaning the trading day specified in Article 2(15) of the Equity Index Special Provisions, which interpretation shall equally apply hereinafter in this Chapter XIII-II). The Equity Index Settlement Price so established shall be used as the indicative price to calculate the initial Equity Index revaluation profit or loss set forth in Article 90-14 hereof, the daily Equity Index revaluation profit or loss set forth in Article 90-15 hereof for that trading day and the final Equity Index revaluation profit or loss set forth in Article 90-18.2 hereof, respectively, and shall be advised to Daily Futures Clearing Members who conducts clearing business for Equity Index Daily Futures transactions.

90-12.2 An Equity Index Settlement Price shall be obtained by reference to the contract price of the relevant Equity Index Daily Futures contract that has been executed by Market-Making Method during such specific period of time before the close of the Market Trading Period for the relevant trading day as may be determined by the Exchange; provided, however, that if the Exchange judges any Equity Index Settlement Price so calculated is inappropriate, the Exchange may adopt another appropriate price as the Equity Index Settlement Price.

90-12.3 The Equity Index Settlement Price shall be determined in accordance with the conditions separately prescribed by the Exchange if there is no contract price during the specific period of time referred to in Article 90-12.2 above.

90-12.4 Notwithstanding Article 90-12.2 and Article 90-12.3 above, an Equity Index Settlement Price on a certain Reset Date (meaning the Reset Date defined in Article 2 (25) of the Equity Index Special Provisions; the same interpretation shall equally apply hereinafter) of an Equity Index Daily Futures contract whose such Reset Date has arrived shall be the Reset Price (meaning the Reset Price defined in Article 90-18-2.1; the same interpretation shall equally apply in Article 90-18).

## **Section 2. Rollover**

### **Article 90-13. Rollover**

If neither filing of offsetting notification (meaning the “filing of offsetting notification” defined in Article 90-20.1(1) hereof; the same interpretation shall equally apply hereinafter) nor execution of offsetting transaction (meaning the “execution of offsetting transaction” defined in Article 90-20.1(2) hereof; the same interpretation shall equally apply hereinafter) is made for the short position or long position arising under an Equity Index Daily Futures transaction until the close of the Market Trading Period for each trading day on which such position exists, those positions whose contract day is that trading day shall be discharged at the close of the said Market Trading Period, and concurrently therewith, positions under the same terms and conditions as those of the discharged positions, except for their contract day being the trading day immediately following that trading day (with respect to the Equity Index Daily Futures contract whose last trading day has arrived, the Reset Date) shall newly be created between the Exchange and the Daily Futures Clearing Member who has held the discharged position. The said discharge and creation of positions shall be called a “rollover” in this Chapter XIII-II only.

### **Article 90-14. Initial Equity Index Revaluation Profit or Loss**

With respect to an Equity Index Daily Futures contract which is newly executed, where the contract is rolled over and there is a difference between the Equity Index Settlement Price for the trading day on which the contract is executed and the contract price of that contract, an Equity Index variation shall arise from that contract at the positive or negative calculatory amount obtained based on that difference (hereinafter called “initial Equity Index revaluation profit or loss”).

### **Article 90-15. Daily Equity Index Revaluation Profit or Loss**

With respect to an Equity Index Daily Futures contract which has been executed under a transaction on or before the trading day immediately preceding any given trading day, where the contract is rolled over and there is a difference between the Equity Index Settlement Price for that trading day and the Equity Index Settlement Price on the trading day immediately preceding that trading day, an Equity Index variation shall arise from that contract at the positive or negative calculatory amount obtained based on that difference

(hereinafter called “daily Equity Index revaluation profit or loss”).

#### **Article 90-16. Daily Interest Rate Amount**

90-16.1 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 90-18.1 hereof with respect to such position is postponed by such rollover, a positive or negative calculatory amount each calculated for the postponed period in the manner separately prescribed by the Exchange for each type of Equity Index Daily Futures contract (hereinafter called “daily interest rate amount”) shall arise.

90-16.2 The daily interest rate amount shall be a positive amount for the holder of the short position under an Equity Index Daily Futures contract and shall be a negative amount for the holder of the long position thereunder at the close of the trading day.

90-16.3 If the Exchange judges that the daily interest rate amount calculated in the manner set forth in Article 90-16.1 and Article 90-16.2 above is improper, the Exchange shall determine the daily interest rate amount in the manner deemed appropriate by the Exchange.

#### **Article 90-17. Dividend Amount**

90-17.1 With respect to the positions taken for an Equity Index Daily Futures contract, if payment of dividend is expected on an issue comprising the equity index traded under the Equity Index Daily Futures contract, a positive or negative calculatory amount 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 (hereinafter called “dividend amount”) shall arise.

90-17.2 If payment of dividend on any issue comprising the equity index traded under an Equity Index Daily Futures contract as specified in Article 90-17.1 above is expected, the amount correspondent to the dividend amount shall be a positive figure for the holder of the long position under such Equity Index Daily Futures contract and shall be a negative figure for the holder of the short position thereunder as at the close of the trading day which is the same as the last purchase day by which the acquirer of such issue



can be vested the dividend right.

90-17.3 In the case of Article 90-17.2 above, if the said last purchase day does not fall on a trading day of the Equity Index Daily Futures contract referred to therein, the words “the trading day which is the same as the last purchase day” used therein shall be read as “the trading day which is immediately preceding the last purchase day” for the purpose of application thereof.

90-17.4 The provisions of Articles 90-17.1 through 90-17.3 above shall not apply to DAX® Daily Futures contracts with Reset Date, Gold ETF Daily Futures contracts with Reset Date and WTI ETF Daily Futures contracts with Reset Date.

### **Section 3. Settlement of Equity Index Daily Futures Transaction**

#### **Article 90-18. Methods for Settlement of Equity Index Daily Futures Transaction**

90-18.1 A short position or a long position under an Equity Index Daily Futures transaction shall be settled in the manner that either filing of offsetting notification, execution of offsetting transaction or Reset (meaning that a short position or a long position for which offsetting notification has not been filed or offsetting transaction has not been executed until the last trading day (which shall be referred to as the “Reset Position” in the immediately following Article) is settled at a Reset Price; the same interpretation shall apply hereinafter) (hereinafter collectively called “notification or execution of offsetting transaction” in this Chapter XIII-II only) is made and that the resulting Equity Index variation (meaning the Equity Index variation set forth in Article 90-19 hereof) that is recognized as a profit shall be added to the Equity Index Exchange Margin and the same that is recognized as a loss shall be deducted from the Equity Index Exchange Margin.

90-18.2 If the following difference arises under the following circumstances as a consequence of notification or execution of offsetting transaction, an Equity Index revaluation profit or loss shall arise at the positive or negative calculatory amount obtained based on that difference:

(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 arisen 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 arisen from the transaction that is executed on the trading day on which the offsetting notification is filed, and the other position to be settled has arisen 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 prior to 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 arisen 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 arisen from rollover, the Equity Index Settlement Price quoted on one (1) trading day prior to the trading day on which the offsetting transaction is executed

(3) Where a Reset is executed:

Difference between the Reset Price and the Equity Index Settlement

Price on the last trading day

**Article 90-18-2. Method of Determination of Reset Price**

90-18-2.1 The Exchange shall calculate the settlement price of the Reset Position for each type of Equity Index Daily Futures contract on the Reset Date (hereinafter referred to as the “Reset Price”) in the manner set forth in each Item below:

(1) Nikkei 225 Daily Futures contracts with Reset Date

Special quotation calculated by Osaka Exchange, Inc. in the manner set forth in its business regulations on the Reset Date as the price for final settlement of futures transactions whose underlying asset is Nikkei Stock Average (limited to those listed on the exchange financial instruments market opened by the said exchange and the final settlement of which occurs in the month in which the Reset Date falls), rounded off to the nearest whole number

(2) DAX® Daily Futures contracts with Reset Date

Figure calculated by Deutsche Borse AG on a trading day whose opening time of the Market Trading Period of DAX® Daily Futures contracts with Reset Date falls on the business day immediately preceding the Reset Date as the price for final settlement of futures transactions whose underlying asset is DAX® (limited to those listed on the overseas financial instruments market opened by Eurex Exchange and the final settlement of which occurs in the month in which the Reset Date falls), rounded off to the nearest whole number

(3) FTSE 100 Daily Futures contracts with Reset Date

Figure calculated by FTSE International Limited on a trading day whose opening time of the Market Trading Period of FTSE 100 Daily Futures contracts with Reset Date falls on the business day immediately preceding the Reset Date as the price for final settlement of futures transactions whose underlying asset is FTSE 100 (limited to those listed

on the overseas financial instruments market opened by ICE Futures Europe and the final settlement of which occurs in the month in which the Reset Date falls), rounded off to the nearest whole number

(4) DJIA Daily Futures contracts with Reset Date

Figure calculated by S&P Dow Jones Indices LLC on a trading day whose opening time of the Market Trading Period of DJIA Daily Futures contracts with Reset Date falls on the business day immediately preceding the Reset Date as the price for final settlement of futures transactions whose underlying asset is DJIA (limited to those listed on the overseas financial instruments market opened by The Board of Trade of the City of Chicago, Inc. and the final settlement of which occurs in the month in which the Reset Date falls), rounded off to the nearest whole number

(5) Gold ETF Daily Futures contracts with Reset Date

Figure calculated by World Gold Trust Services LLC on a trading day whose opening time of the Market Trading Period of Gold ETF Daily Futures contracts with Reset Date falls on the business day immediately preceding the Reset Date as the reference price of SPDR® Gold Shares

(6) WTI ETF Daily Futures contracts with Reset Date

Figure calculated by Simplex Asset Management Co., Ltd. on a trading day whose opening time of the Market Trading Period of WTI ETF Daily Futures contracts with Reset Date falls on the business day immediately preceding the Reset Date as the reference price of Simplex WTI ETF

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

Figure calculated by Nasdaq, Inc. on a trading day whose opening time of the Market Trading Period of NASDAQ-100 Daily Futures contracts with Reset Date falls on the business day immediately preceding the Reset Date as the price for final settlement of futures transactions whose underlying asset is NASDAQ-100 (limited to those listed on the overseas

financial instruments market opened by Chicago Mercantile Exchange and the final settlement of which occurs in the month in which the Reset Date falls), rounded off to the nearest whole number

90-18-2.2 If the Exchange judges that it is not appropriate to determine the Reset Price in accordance with Article 90-18-2.1 above, the Exchange shall determine the Reset Price deemed appropriate by the Exchange from time to time.

90-18-2.3 The Exchange shall notify the Daily Futures Clearing Members engaging in clearing business relating to Equity Index Daily Futures contracts of the Reset Price calculated in accordance with Article 90-18-2.1 and Article 90-18-2.2 above.

#### **Article 90-19. Equity Index Variation**

An Equity Index variation shall be the sum of the following calculatory amounts which have arisen with respect to the positions under the relevant Equity Index Daily Futures contracts:

- (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

#### **Article 90-20. Methods for Settlement of Positions by Daily Futures Clearing Member**

90-20.1 A Daily Futures Clearing Member shall settle the position under an Equity Index Daily Futures transaction arising in its own name at the bid or offer submitted by it by either of the following methods whichever is applicable:

- (1) Filing of offsetting notification (meaning that, where the Equity Index Daily Futures Clearing Member simultaneously holds both a short position and a long position under one same kind of Equity Index Daily Futures contracts, the filing with the Exchange by which the said short position and the long position are reduced by the same volume)
- (2) Execution of offsetting transaction (meaning that, where the Equity Index Daily Futures Clearing Member under any given kind of Equity Index Daily Futures contract holds a short position, a corresponding purchase contract of the same kind is executed, or where it holds a long position, a corresponding sale contract of the same kind is executed, so that the short position or the long position, as the case may be, shall be immediately reduced, by the volume of the short position or the corresponding purchase contract whichever is smaller, or of the long position or the sale contract whichever is smaller, as the case may be.)
- (3) Reset

90-20.2 When an offsetting notification is filed, the designated short position and long position held at the relevant Daily Futures Clearing Member's house account and/or 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 offsetting notification is filed.

90-20.3 In the case of an offsetting transaction, when a Daily Futures Clearing Member enters into another Equity Index Daily Futures transaction specified in the following items, unless otherwise prescribed by the Exchange, the said transaction shall be deemed to be a transaction of Repurchase or Resale for the said short positions or long positions, so that such short position or long position, as the case may be, will be closed out by the Repurchase or the Resale volume being applied to the existing short or long positions on first-in-first-out basis:

- (1) Where the Daily Futures Clearing Member holds a short position under an Equity Index Daily Futures transaction for its house account, a newly-entered purchase contract for an Equity Index Daily Futures transaction for its house account;
- (2) Where the Daily Futures Clearing Member holds a long position under

an Equity Index Daily Futures transaction for its house account, a newly-entered sale contract for an Equity Index Daily Futures transaction for its house account;

- (3) Where the Daily Futures Clearing Member holds a short position under an Equity Index Daily Futures transaction based on an order of a Customer, a newly-entered purchase contract for an Equity Index Daily Futures transaction for the account of such Customer based on the order of such Customer; or
- (4) Where the Daily Futures Clearing Member holds a long position under an Equity Index Daily Futures transaction based on an order of a Customer, a newly-entered sale contract for an Equity Index Daily Futures transaction for the account of such Customer based on the order of such Customer.

90-20.4 The method for the settlement of positions shall be selected by each Daily Futures Clearing Member from among those specified in each Item of Article 90-20.1 above with respect to its house account and each of its Customer account individually. Provided, however, that any position held by a Daily Futures Clearing Member as a consequence of an Equity Index Daily Futures contract that has been executed based on the obligation of the Equity Index Market Maker (meaning the “Equity Index Market Maker” defined in Article 2.1(4) of the Equity Index Special Provisions, which interpretation shall equally apply in Article 90-21.4) to quote a MM bid or offer may be settled by way of execution of offsetting transaction or Reset.

#### **Article 90-21. Methods for Settlement of Positions by Non-Clearing Member under Equity Index Daily Futures Contracts**

90-21.1 A Non-Clearing Member acting in such capacity in an Equity Index Daily Futures contract (hereinafter called “Equity Index Daily Futures Non-Clearing Member”) shall settle the position under an Equity Index Daily Futures transaction which is executed in the name of the Designated Clearing Member acting on its behalf thereunder at the bid or offer submitted by such Equity Index Daily Futures Non-Clearing Member, by either of the following methods whichever is applicable:

- (1) Filing of offsetting notification
- (2) Execution of offsetting transaction
- (3) Reset

90-21.2 When an offsetting notification is filed, the designated short position and long position held at the relevant Equity Index Daily Futures Non-Clearing Member's house account and/or 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 offsetting notification is filed.

90-21.3 In the case of an offsetting transaction, when an Equity Index Daily Futures Non-Clearing Member enters into another Equity Index Daily Futures transaction specified in the following items, unless otherwise prescribed by the Exchange, the said transaction shall be deemed to be a transaction of Repurchase or Resale for the said short positions or long positions, so that such short position or long position, as the case may be, will be closed out by the Repurchase or the Resale volume being applied to the existing short or long positions on first-in-first-out basis.

- (1) Where the Equity Index Daily Futures Non-Clearing Member holds a short position under an Equity Index Daily Futures transaction for its house account, a newly-entered purchase contract for an Equity Index Daily Futures transaction for its house account;
- (2) Where the Equity Index Daily Futures Non-Clearing Member holds a long position under an Equity Index Daily Futures transaction for its house account, a newly-entered sale contract for an Equity Index Daily Futures transaction for its house account;
- (3) Where the Equity Index Daily Futures Non-Clearing Member holds a short position under an Equity Index Daily Futures transaction based on an order of a Customer, a newly-entered purchase contract for an Equity Index Daily Futures transaction for the account of such Customer based on the order of such Customer; or
- (4) Where the Equity Index Daily Futures Non-Clearing Member holds a



long position under an Equity Index Daily Futures transaction based on an order of a Customer, a newly-entered sale contract for an Equity Index Daily Futures transaction for the account of such Customer based on the order of such Customer.

90-21.4 The method for the settlement of position shall be selected by each Equity Index Daily Futures Non-Clearing Member from among those specified in each Item of Article 90-21.1 above with respect to its house account and each of its Customer account individually. Provided, however, that any position held by an Equity Index Daily Futures Non-Clearing Member as a consequence of an Equity Index Daily Futures contract that has been executed based on the Equity Index Market Maker's obligation to quote an MM bid or offer may be settled by way of execution of offsetting transaction or Reset.

#### **Article 90-22. Filing of Offsetting Notification Concerning Equity Index Daily Futures Contracts**

90-22.1 An offsetting of positions through filing of notification of offsetting notification may be made during the period separately designated by the Exchange, only if the Daily Futures Clearing Member holds both the short position and long position to be settled simultaneously.

90-22.2 A Daily Futures Clearing Member who wishes to reduce any short position(s) and long position(s) held by it through filing of offsetting notification shall file that notification with the Exchange stating the following details with respect to its house account and/or its Customer's account(s) individually:

- (1) Statement that it will reduce both the short position(s) and the long position(s) through filing of that offsetting notification
- (2) If it has short positions under more than one (1) sale contract or long positions under more than one (1) purchase contract, identification of the sale contract in respect of the short position(s) to be reduced or the purchase contract in respect of the long position(s) to be reduced
- (3) Amount by which it wishes to reduce the short position(s) and the long position(s)

90-22.3 An Equity Index Daily Futures Non-Clearing Member who wishes to reduce any short position(s) and long position(s) held by it through filing of offsetting notification shall file that notification with the Exchange stating the following details with respect to its house account and/or its Customer's account(s) individually on behalf of the Designated Clearing Member, provided that the Designated Clearing Member is not prevented from filing such notification by itself:

- (1) Statement that it will reduce both the short position(s) and the long position(s) through filing of that offsetting notification
- (2) If it has short positions under more than one (1) sale contract or long positions under more than one (1) purchase contract, identification of the sale contract in respect of the short position(s) to be reduced or the purchase contract in respect of the long position(s) to be reduced
- (3) Amount by which it wishes to reduce the short position(s) and the long position(s)

**Article 90-23. Payment and Receipt of Money with respect to Equity Index Daily Futures Contracts**

Whenever a Daily Futures Clearing Member shall pay to or receive from the Exchange any money with respect to an Equity Index Daily Futures contract, it shall do so through its account established at the Designated Service Office of the settlement bank for an Equity Index Daily Futures transaction by the date and time prescribed by the Equity Index Margin Regulations and the Equity Index Exchange Margin Settlement Regulations.

**Article 90-24. Detailed Rules for Financial Instruments Obligation Assumption Business relating to Equity Index Daily Futures Transactions**

In addition to the provisions of these Regulations, any matters necessary to prescribe in connection with the manner of conduct of financial instruments obligation assumption business relating to Equity Index Daily Futures transactions and any and all

businesses pertaining thereto shall be separately prescribed by the Exchange.

## **CHAPTER XIII-III.**

### **SPECIAL PROVISIONS FOR FX CLEARING FUTURES CONTRACTS**

#### **Article 90-25. FX Clearing Settlement Price**

90-25.1 With respect to an FX Clearing Futures contract, the Exchange shall set the price as an indicative price of fixed Mark-to-Market Variation defined in Article 90-26.2 (hereinafter referred to as the “FX Clearing Settlement Price”) for each type of FX Clearing Futures contracts after the close of the Market Trading Period of each trading day (meaning the trading day specified in Article 2(6) of the FX Clearing Special Provisions, which interpretation shall equally apply hereinafter in this Chapter XIII-III) and notify the same to FX Clearing Futures Clearing Members.

90-25.2 An FX Clearing Settlement Price specified in Article 90-25.1 above shall be obtained by reference to the market prices of the foreign exchange market or the exchange financial instruments market for the FX Daily Futures contracts during such specific period of time before the close of the Market Trading Period for the relevant trading day as may be determined by the Exchange; provided, however, that if the Exchange judges any FX Clearing Settlement Price so calculated is inappropriate, the Exchange may adopt a price deemed appropriate by it as the FX Clearing Settlement Price.

#### **Article 90-26. Methods for Settlement of FX Clearing Futures Transaction**

90-26.1 A short position or a long position under an FX Clearing Futures transaction shall be settled in the manner that, by Collective Offsetting (meaning the Collective Offsetting specified in Article 90-30.2 hereof, which interpretation shall equally apply hereinafter) at the close of the Market Trading Period of each trading day, the FX Clearing variation (meaning the FX Clearing variation specified in Article 90-29.1 hereof,

which interpretation shall equally apply hereinafter) of all positions existing at the close of the Market Trading Period subject to the Collective Offsetting is transferred to the FX Clearing Exchange Margin (hereinafter referred to as the “FX Clearing cash settlement”).

90-26.2 If a difference arises between the FX Clearing Settlement Price on the trading day for the short position or long position for each type of FX Clearing Futures transactions subject to the Collective Offsetting and the price set forth in each Item below as a consequence of such Collective Offsetting, a fixed Mark-to-Market Variation shall arise at the positive or negative calculatory amount obtained based on that difference:

- (1) Position of sale contract or purchase contract newly executed on the trading day: Contract price of such position
- (2) Position that has arisen from rollover (meaning the rollover specified in Article 90-27 hereof) at the close of the Market Trading Period of the trading day immediately preceding such trading day: FX Clearing Settlement Price on the trading day immediately preceding such trading day

90-26.3 Among the fixed Mark-to-Market Variations, the positive or negative calculatory amount obtained based on the difference between the FX Clearing Settlement Price on such trading day and the contract price specified in Article 90-26.2 (1) shall be referred to as an “initial Mark-to-Market Variation” and the positive or negative calculatory amount obtained based on the difference between the FX Clearing Settlement Price on the trading day immediately preceding such trading day and the contract price specified in Article 90-26.2 (2) shall be referred to as a “daily Mark-to-Market Variation”.

#### **Article 90-27. Rollover**

90-27.1 With respect to a short position or long position subject to the Collective Offsetting at the close of the Market Trading Period of each trading day, if a difference arises in comparison of the respective total sum of the short position or long position of each type of FX Clearing Futures transactions (the total sum of the short position shall be referred to as the “Sum of Short Position” and the total sum of the long position shall be referred to as the “Sum of Long Position” hereinafter in this Chapter XIII-III), at the close of such Market Trading Period, and concurrently with the discharge of the positions by the

Collective Offsetting, a position that contains the conditions set forth in each Item below shall newly arise between the Exchange and the FX Clearing Futures Clearing Member who held the discharged position for each type of the FX Clearing Futures transactions with respect to which such difference arises.

- (1) Price: FX Clearing Settlement Price on such trading day
- (2) Contract day: Immediately following trading day
- (3) Short or long: If, before the Collective Offsetting, the Sum of Short Position is larger than the Sum of Long Position, short position and, if the Sum of Long Position is larger than the Sum of Short Position, long position
- (4) Amount: Amount equivalent to the difference between the Sum of Short Position and the Sum of Long Position

90-27.2 The discharge and arising of positions under Article 90-27.1 above shall be called a “rollover” in this Chapter XIII-III.

#### **Article 90-28. Swap Point**

90-28.1 If a new position arises under an FX Clearing Futures transaction by rollover, a positive or negative calculatory amount obtained in the manner separately prescribed by the Exchange (hereinafter called “swap point” in this Chapter XIII) shall arise for the purpose of reconciliation of, among other things, the difference between the applicable interest rate of the denomination currencies of the positions newly arisen according to the number of days to the final settlement date of the FX Clearing cash settlement of the discharged positions and the positions newly arisen and the type of the FX Clearing Futures transaction in question.

90-28.2 The final settlement date of the swap point that has arisen under Article 90-28.1 above shall be the final settlement date of the FX Clearing cash settlement of the positions discharged by rollover.

## **Article 90-29. FX Clearing variation**

90-29.1 The FX Clearing variation subject to FX Clearing cash settlement specified in Article 90-26.1 means the total sum of the calculatory amounts set forth below that have arisen to the positions under FX Clearing Futures contracts:

- (1) Amount of fixed Mark-to-Market Variation, and
- (2) Amount of swap point

90-29.2 With respect to the amounts set forth in Article 90-29.1 (1) and (2) of Cross Currency Pairs transactions (meaning the Cross Currency Pairs transactions specified in Article 2 (11) of the FX Clearing Special Provisions; the same interpretation shall apply hereinafter in this Article 90-29.2), those calculated in the Term Currency (meaning the Term Currency specified in Article 2 (13) of the FX Clearing Special Provisions; the same interpretation shall apply hereinafter in this Article 90-29.2) of such Cross Currency Pairs transaction shall be converted into the currency of Japanese Yen for each trading day by the FX Clearing Settlement Price of Yen Currency Pairs transaction of such Term Currency on such trading day.

## **Article 90-30. Methods for Settlement of Positions**

90-30.1 A position held by an FX Clearing Futures Clearing Member under an FX Clearing Futures contract shall be settled by Collective Offsetting.

90-30.2 Collective Offsetting means the method to decrease the positions set forth in each Item below under the same type of FX Clearing Futures contracts held at the close of the Market Trading Period of a certain trading day in the manner specified in each such Item:

- (1) Each position under the sale contract and purchase contract newly executed on the trading day: A repurchase transaction in the same amount with the short position and a resale transaction in the same amount with the long position shall be executed automatically at the FX Clearing Settlement Price of the trading day respectively at the close of the Market Trading Period of the trading day, whereby all amounts of

such short positions and long positions shall be reduced.

- (2) Position that has arisen by rollover at the close of the Market Trading Period of the immediately preceding trading day: A repurchase transaction in the same amount with the short position and a resale transaction in the same amount with the long position shall be executed automatically at the FX Clearing Settlement Price of the trading day respectively at the close of the Market Trading Period of the trading day, whereby all amounts of such short positions and long positions shall be reduced.

**Article 90-31. Payment and Receipt of Money with respect to FX Daily Futures Contracts**

Whenever an FX Clearing Futures Clearing Member shall pay to or receive from the Exchange any money with respect to an FX Clearing Futures contract, it shall do so through its account established at the Designated Service Office of the settlement bank for an FX Clearing Futures transaction by the date and time prescribed under the FX Clearing Margin Regulations and the FX Clearing Exchange Margin Settlement Regulations.

**Article 90-32. Detailed Rules for Financial Instruments Obligation Assumption Business relating to FX Clearing Futures Transactions**

In addition to the provisions of these Regulations, any matters necessary to prescribe in connection with the manner of conduct of financial instruments obligation assumption business relating to FX Clearing Futures transactions and any and all businesses pertaining thereto shall be separately prescribed by the Exchange.

**CHAPTER XIII-IV.**

**SPECIAL PROVISIONS FOR THREE-MONTH TONA FUTURES**

## CONTRACTS

### Section 1. Payment of Option Premium

#### Article 99-33. Payment of Option Premium

99-33.1 A Clearing Member shall, after it executes a purchase contract for option on Three-month Euroyen futures (excluding Three-month TONA futures options contracts which were discharged as a result of give-up; hereinafter called the “purchase contract” in this Chapter XIII-IV except as referred to in Article 90-45 hereof) in its own name, pay the consideration for the acquisition of an option on Three-month TONA futures (hereinafter called the “option premium” in this Chapter XIII-IV) to the Exchange’s bank account established at one of the Settlement Banks, not later than the time separately designated by the Exchange of the business day (but not a Japanese bank holiday; if such business day is a Japanese bank holiday, the business day immediately following such day which is a Japanese banking day; the same business-day convention shall apply hereinbelow) immediately following the business day on which there occurs the day session of the trading day on which such purchase contract is executed, in the manner prescribed by the Exchange.

99-33.2 A Non-Clearing Member shall, after a purchase contract is executed as a Securities, etc. Clearing-Brokering Contract at the bid or offer submitted by it, pay the related option premium to its Designated Clearing Member, not later than the time separately designated by the Exchange of the business day (or, with respect to a Non-Clearing Member who is also Japanese Yen Interest Rate Remote Trading Member, the second business day in principle) immediately following the business day on which there occurs the day session of the trading day on which such purchase contract is executed.

99-33.3 When a sale contract (excluding Three-month TONA futures options contracts which were discharged as a result of give-up; hereinafter called the “sale contract” in this Chapter XIII-IV except as referred to in Article 90-45 hereof) has been executed in the name of a Clearing Member, the Exchange shall pay the related option premium to the Clearing Member’s bank account established at one of the Settlement Banks, not later than the time separately designated by the Exchange of the business day immediately following



the business day on which there occurs the day session of the trading day on which such sale contract is executed, in the manner prescribed by the Exchange.

99-33.4 When a sale contract as a Securities, etc. Clearing-Brokering Contract has been executed at the bid or offer submitted by a Non-Clearing Member, its Designated Clearing Member shall pay the related option premium to the Non-Clearing Member, not later than the time separately designated by the Exchange of the business day (or, with respect to a Non-Clearing Member who is also Japanese Yen Interest Rate Remote Trading Member, the second business day in principle) immediately following the business day on which there occurs the day session of the trading day on which such sale contract is executed.

#### **Article 90-34. Amount to be Paid or Received**

The amount to be paid or received per trading unit pursuant to Articles 90-33.1 through 90-33.4 above shall be calculated in accordance with the following formula:

$$¥ 2,500 \times (\text{contract price} / 0.01)$$

#### **Article 90-35. Total Receivable Amount and Total Payable Amount**

90-35.1 The amount which each Clearing Member shall pay to or receive from the Exchange pursuant to Articles 90-33.1 and 90-33.3 hereof shall be the net difference between the respective aggregate amounts which such Clearing Member is to pay and those which it is to receive as the option premiums which are payable or receivable with respect to such Clearing Member.

90-35.2 The provisions of Article 90-35.1 above shall apply *mutatis mutandis* with respect to the payment of option premiums between a Non-Clearing Member and its Designated Clearing Member pursuant to Articles 90-33.2 and 90-33.4 hereof, respectively.

#### **Article 90-36. Regulations relating to Payment of Option Premium**

In addition to the provisions of these Regulations, any matters necessary with respect to the payment of the option premium shall be prescribed by the Exchange.

## **Section 2.       Offsetting Transactions**

### **Article 90-37.   Offsetting Transactions**

90-37.1 In the event that a Clearing Member makes a purchase contract (hereinafter called “Repurchase” in this Chapter XIII-IV) in order to close out a short position arising from a Three-month TONA futures option contracts executed in its own name and at the bid or offer submitted by itself, or makes a sale contract (hereinafter called “Resale” in this Chapter XIII-IV) in order to close out a long position arising from a Three-month TONA futures option contracts executed in its own name and at the bid or offer submitted by itself, the Clearing Member shall notify the Exchange of the classification of Resale or Repurchase and its volume.

90-37.2 Upon receipt of the notification of Resale or Repurchase set forth in Article 90-37.1 above, the Exchange shall decrease the concerned Clearing Member’s short position or long position by the volume of Resale or Repurchase advised in the said notification, which volume of decrease will be finally settled.

90-37.3 Notwithstanding the provisions of Article 90-37.2 above, the Exchange may at its discretion adjust the volume advised in the notification of Resale or Repurchase, if the Exchange deems that the volume so advised may be inappropriate in the light of the criteria separately prescribed by the Exchange, for example, the criteria whether the advised volume exceeds the volume of the Three-month TONA futures option contracts executed within the concerned trading day.

### **Article 90-38.   Offsetting Transactions by Non-Clearing Members**

90-38.1 If a Non-Clearing Member makes a Repurchase or a Resale in order to close out its Designated Clearing Member’s short position or long position arising from its Securities, etc. Clearing-Brokering Contracts (hereinafter called the “Clearing-undertaken Short Position” and the “Clearing-undertaken Long Position” respectively in this Chapter XIII-IV), the Non-Clearing Member on behalf of its Designated Clearing Member shall

notify the Exchange of the classification of Resale or Repurchase and its volume; provided, however, that the foregoing shall not preclude the Designated Clearing Member from notifying the Exchange of the same by itself.

90-38.2 Upon receipt of the notification of Resale or Repurchase set forth in Article 90-38.1 above, the Exchange shall decrease the concerned Designated Clearing Member's Clearing-undertaken Short Position or Clearing-undertaken Long Position as settled by the volume of Repurchase or Resale advised in the said notification.

90-38.3 Notwithstanding the provisions of Article 90-38.2 above, the Exchange may at its discretion adjust the volume advised in the notification of Resale or Repurchase, if the Exchange deems that the volume so advised may be inappropriate in the light of the criteria separately prescribed by the Exchange, for example, the criteria whether the advised volume exceeds the volume of the Three-month TONA futures option contracts executed within the concerned trading day.

90-38.4 If a Non-Clearing Member makes the notification of Resale or Repurchase set forth in Article 90-38.1 hereof, the Non-Clearing Member shall inform its Designated Clearing Member of the effect of such notification without delay.

### **Article 90-39. Particulars for Offsetting Transactions**

In addition to the provisions of these Regulations, any matters necessary to prescribe in connection with the manner of filing of offsetting notifications, the period for filing thereof and the procedures for correction of the contents of the notification shall be separately prescribed by the Exchange.

### **Section 3. Option Exercise**

#### **Article 90-40. Option Exercisable Period**

90-40.1 A Clearing Member or a Non-Clearing Member may notify the Exchange of exercising an option on Three-month TONA futures in accordance with Article 90-41

below, on any business day which falls during the period from and including the business day on which the day session of the first trading day of each contract month occurs to and including the business day (hereinafter called the “option expiration date” in this Chapter XIII-IV) on which the day session of the last trading day of the same contract month occurs (hereinafter called the “option exercisable period” in this Chapter XIII-IV).

90-40.2 Notwithstanding the provisions of Article 90-40.1 above, the Exchange may, whenever it deems necessary, modify the option exercisable period for all or a part of any specific series of option.

#### **Article 90-41. Notification of Option Exercise**

90-41.1 In order to exercise options on Three-month TONA futures, a Clearing Member or Non-Clearing Member shall notify the Exchange, not later than the time separately designated by the Exchange (hereinafter called the “exercise notification deadline” in this Chapter XIII-IV), of the volume of trading unit for each series on which it intends to exercise options, which volume being indicated broken down by whether for a customer account or for a house account, with respect to the long positions held by the Clearing Member (or in the case of a Non-Clearing Member, the Clearing-undertaken Long Positions held by its Designated Clearing Member; the same interpretation shall apply hereinbelow in this Article 90-41.1) at the close of the day session of the day on which such member intends to exercise the options (hereinafter called the “option exercise date” in this Chapter XIII-IV); provided, however, that the foregoing does not preclude the Designated Clearing Member from notifying the Exchange to such effect on behalf of the Non-Clearing Member. Notwithstanding the foregoing, if the volume of any series of any whether for a customer account or for a house account notified of by the Clearing Member or Non-Clearing Member as the volume subject to option exercise exceeds the volume of the long positions held by such member with respect to such series at such whether for a customer account or for a house account at the close of the day session for the option exercise date, such member shall be deemed notified of its intention to exercise options by the volume of such long positions held by it.

90-41.2 When a Non-Clearing Member makes the notification of exercise of option, such Non-Clearing Member shall without delay inform its Designated Clearing Member of such effect.

90-41.3 The Exchange may halt the option exercise of all or a part of the series in the manner prescribed by the Exchange, should the trading in Three-month TONA futures or options on Three-month TONA futures be suspended, should the Exchange System fail to operate, or should there be any other reasons which would cause the Exchange to deem it inappropriate to allow options to be exercised.

#### **Article 90-42. Automatic Option Exercise**

90-42.1 Notwithstanding the provisions of Article 90-41.1 above, a Clearing Member or Non-Clearing Member shall be deemed to have notified the Exchange of exercising a put option on Three-month TONA futures of which the strike price exceeds the final settlement figure for the relevant underlying futures, or a call option on Three-month TONA futures of which the strike price is lower than the final settlement figure for the relevant underlying futures, even when such member did not notify the Exchange of exercising such option by the exercise notification deadline after the closing of the day session on the option expiration date, except where such member notifies the Exchange of not exercising such option by the time separately designated by the Exchange, in which case the Designated Clearing Member shall not be precluded from notifying the Exchange to such effect on behalf of the Non-Clearing Member concerned.

90-42.2 When a Non-Clearing Member makes a notification of not exercising the said option, such Non-Clearing Member shall without delay inform its Designated Clearing Member to such effect.

90-42.3 The Exchange may elect not to apply the provisions of Article 90-42.1 hereof with respect to all or part of the series in the manner prescribed by the Exchange, should the trading in Three-month TONA futures or Three-month TONA futures option contracts be suspended, should the Exchange System fail to operate, or should there be any other reasons which would cause the Exchange to deem it inappropriate to allow options to be exercised.

#### **Article 90-43. Assignment**

90-43.1 When a Clearing Member or Non-Clearing Member notifies or is deemed to have notified the Exchange of the option exercise under the provisions of Article 90-41.1 or 90-

42.1 above, the Exchange shall, in the manner separately prescribed by the Exchange, select the short positions and/or the Clearing-undertaken Short Positions with the same series and in the same volume of trading units as the long positions so notified for the exercise, from among those (excluding the Clearing-undertaken Short Positions) held by Clearing Members or the Non-Clearing Members on behalf of whom the Clearing-undertaken Short Positions are held by its Designated Clearing Member, at the close of the day session of the option exercise date. This process shall be hereinafter called “assignment” in this Chapter XIII-IV.

90-43.2 Upon making an assignment, the Exchange shall notify the relevant Clearing Member or Non-Clearing Member of the details of such assignment without delay, specifying whether the assignment is for its own account or for the accounts other than the Trading Member’s house account (in the case of a Clearing Member, excluding its Clearing-undertaken Short Positions).

90-43.3 When a Non-Clearing Member receives a notification of assignment set forth in Article 90-43.2 above, such Non-Clearing Member shall notify its Designated Clearing Member of the details of such assignment without delay.

#### **Article 90-44. Decrease in Positions resulting from Option Exercise**

90-44.1 When a Clearing Member notifies the Exchange of the exercise of options on any business day except for the relevant option expiration date under the provisions of Article 90-41.1 hereof, the Exchange shall decrease the long positions held by such Clearing Member at the close of the day session of the relevant option exercise date, by the volume of trading units of the options so notified for the option exercise, as at the time of the relevant option exercise date separately designated by the Exchange.

90-44.2 When a Non-Clearing Member notifies the Exchange of the exercise of options on any business day except for the relevant option expiration date under the provisions of Article 90-41.1 hereof, the Exchange shall decrease the Clearing-undertaken Long Positions held by the Designated Clearing Member of such Non-Clearing Member at the close of the day session of the relevant option exercise date, by the volume of trading units of the options so notified for the option exercise, as at the time of the relevant option exercise date separately designated by the Exchange.

90-44.3 When the Exchange makes an assignment to a Clearing Member on any business day except for the relevant option expiration date under the provisions of Article 90-43.1 above, the Exchange shall decrease the short positions held by such Clearing Member at the close of the day session of the relevant option exercise date, by the volume of trading units relating to such assignment, as at the time of the relevant option exercise date separately designated by the Exchange.

90-44.4 When the Exchange makes an assignment to a Non-Clearing Member on any business day except for the relevant option expiration date under the provisions of Article 90-43.1 above, the Exchange shall decrease the Clearing-undertaken Short Positions held by the Designated Clearing Member of such Non-Clearing Member at the close of the day session of the relevant option exercise date, by the volume of trading units relating to such assignment, as at the time of the relevant option exercise date separately designated by the Exchange.

90-44.5 The provisions of Articles 90-44.1 through 90-44.4 above shall apply *mutatis mutandis* in cases where a Clearing Member or Non-Clearing Member notifies the Exchange of the exercise of options under the provisions of Article 90-41.1 hereof, or a Clearing Member or Non-Clearing Member is deemed to have notified the Exchange of the exercise of options under the provisions of Article 90-42.1 hereof, or a Clearing Member or Non-Clearing Member receives the assignment under the provisions of Article 90-43.1 above, in each case on the option expiration date, with the substitution of the words “the relevant option exercise date” used in Articles 90-44.1 through 90-44.4 above for the words “the relevant option expiration date”.

#### **Article 90-45. Three-month TONA Futures Contracts resulting from Option Exercise and Assignment**

90-45.1 In the event that on any business day except for the relevant option expiration date, a Clearing Member (hereinafter called the “Exercising Clearing Member” in this Chapter XIII-IV) notifies the Exchange of the exercise of a put option on Three-month TONA futures under the provisions of Article 90-41.1 hereof, or a Clearing Member (hereinafter called the “Assigned Clearing Member” in this Chapter XIII-IV) receives assignment with respect to a put option on Three-month TONA futures under the provisions of Article 90-43.1 hereof, the Exercising Clearing Member shall be deemed to have executed with the Exchange a sale contract of the underlying futures or the Assigned

Clearing Member shall be deemed to have executed with the Exchange a purchase contract of the underlying futures, with the contract figure equal to the relevant strike price, as at the time of the relevant option exercise date separately designated by the Exchange.

90-45.2 In the event that on any business day except for the relevant option expiration date, a Non-Clearing Member (hereinafter called the “Exercising Non-Clearing Member” in this Chapter XIII-IV) notifies the Exchange of the exercise of a put option on Three-month TONA futures under the provisions of Article 90-41.1 hereof, or a Non-Clearing Member (the “Assigned Non-Clearing Member” in this Chapter XIII-IV) receives assignment with respect to a put option on Three-month TONA futures under the provisions of Article 90-43.1 hereof, the Designated Clearing Member of the Exercising Non-Clearing Member shall be deemed to have executed with the Exchange a sale contract of the underlying futures as a Securities, etc. Clearing-Brokering Contract or the Designated Clearing Member of the Assigned Non-Clearing Member shall be deemed to have executed with the Exchange a purchase contract of the underlying futures as a Securities, etc. Clearing-Brokering Contract, with the contract figure equal to the relevant strike price, as at the time of the relevant option exercise date separately designated by the Exchange.

90-45.3 In the event that on any business day except for the relevant option expiration date, an Exercising Clearing Member notifies the Exchange of the exercise of a call option on Three-month TONA futures under the provisions of Article 90-41.1 hereof, or an Assigned Clearing Member receives assignment with respect to a call option on Three-month TONA futures under the provisions of Article 90-43.1 hereof, the Exercising Clearing Member shall be deemed to have executed with the Exchange a purchase contract of the underlying futures or the Assigned Clearing Member shall be deemed to have executed with the Exchange a sale contract of the underlying futures, with the contract figure equal to the relevant strike price, as at the time of the relevant option exercise date separately designated by the Exchange.

90-45.4 In the event that on any business day except for the relevant option expiration date, an Exercising Non-Clearing Member notifies the Exchange of the exercise of a call option on Three-month TONA futures under the provisions of Article 90-41.1 hereof, or an Assigned Non-Clearing Member receives assignment with respect to a call option on Three-month TONA futures under the provisions of Article 90-43.1 hereof, the Designated Clearing Member of the Exercising Non-Clearing Member shall be deemed to have executed with the Exchange a purchase contract of the underlying futures as a Securities,



etc. Clearing-Brokering Contract or the Designated Clearing Member of the Assigned Non-Clearing Member shall be deemed to have executed with the Exchange a sale contract of the underlying futures as a Securities, etc. Clearing-Brokering Contract, with the contract figure equal to the relevant strike price, as at the time of the relevant option exercise date separately designated by the Exchange.

90-45.5 The provisions of Articles 90-45.1 through 90-45.4 above shall apply *mutatis mutandis* in cases where a Clearing Member or Non-Clearing Member notifies the Exchange of the exercise of options under the provisions of Article 90-41.1 hereof, or a Clearing Member or Non-Clearing Member is deemed to have notified the Exchange of the exercise of options under the provisions of Article 90-42.1 hereof, or a Clearing Member or Non-Clearing Member receives the assignment under the provisions of Article 90-43.1 hereof, in each case on the relevant option expiration date, with the substitution of the words “the relevant option exercise date” used in Articles 90-45.1 through 90-45.4 above for the words “the relevant option expiration date”.

90-45.6 A Three-month TONA futures contract resulting from the option exercise or the assignment shall not be subject to the provisions of Article 18.1 of the Trading Regulations.

90-45.7 When, as a result of the option exercise or the assignment, a Three-month TONA futures contract is deemed to have been executed in the name of the Designated Clearing Member of a Non-Clearing Member, the Exchange on behalf of the Non-Clearing Member shall notify its Designated Clearing Member of the details of the Three-month TONA futures contract that may be necessary to clear the same as a Securities, etc. Clearing-Brokering Contract, after the close of the day session on the day on which such Three-month TONA futures contract is deemed to have been executed.

#### **Section 4. Daily Settlement Price**

##### **Article 90-46. Determination of Daily Settlement Price**

90-46.1 After the close of the day session of each trading day, the Exchange shall determine a price for each series (hereinafter called the “Daily Settlement Price” in this Article) upon the basis of which the Exchange Margin, Non-Clearing Member Margin and

Customer Margin applicable for such trading day shall be calculated, and notify the Clearing Members and the Non-Clearing Members of such Daily Settlement Price.

90-46.2 The Daily Settlement Price for each series prescribed in Article 90-46.1 above shall be the figure calculated by the Exchange as to be a theoretical price in the manner separately prescribed by the Exchange.

90-46.3 Notwithstanding the provisions of Article 90-46.2 above, the Daily Settlement Price for each series of a put option on Three-month TONA futures on the last trading day shall be the strike price for such series less the daily settlement figure on the last trading day for the underlying futures of such series, and the Daily Settlement Price for each series of a call option on Three-month TONA futures on the last trading day shall be the daily settlement figure on the last trading day for the underlying futures of such series less the strike price for such series; provided, however, that should the figure so calculated fall below zero (0) in either case, the Daily Settlement Price for the relevant series on the last trading day shall be zero (0).

## **CHAPTER XIV.**

### **POSITION TRANSFER**

#### **Article 91. Position Transfer**

91.1 “Position transfer” means a transfer of an unsettled market derivatives transaction that has been executed at the bid or offer by a Clearing Member or a Non-Clearing Member or an unsettled L-T Link Position that has been caused to arise for a Clearing Member’s or Non-Clearing Member’s account (hereinafter collectively called the “Unsettled Contract”) in the Exchange Market to any other Clearing Member (limited to those who are FX Daily Futures Trading Members in the case of Unsettled Contracts of FX Daily Futures transactions and limited to those who are Equity Index Daily Futures Trading Members in the case of Unsettled Contracts of Equity Index Daily Futures transactions) or Non-Clearing Member (limited to those who are FX Daily Futures Trading Members in the case of Unsettled Contracts of FX Daily Futures transactions and limited to those who are

Equity Index Daily Futures Trading Members, etc. in the case of Unsettled Contracts of Equity Index Daily Futures transactions) holding the clearing membership for that Unsettled Contract.

91.2 The position transfer under FX Daily Futures contracts or Equity Index Daily Futures contracts shall be available only in any of the following cases:

- (1) When an FX Daily Futures intermediate broker newly acquires an FX Daily Futures Trading Membership, or an Equity Index Daily Futures intermediate broker newly acquires an Equity Index Daily Futures Trading Membership or an Equity Index Daily Futures Remote Trading Membership;
- (2) When an FX Daily Futures intermediate broker changes an FX Daily Futures Trading Member to whom it entrusts FX Daily Futures contracts that it accepts to provide for brokerage service therefor, or an Equity Index Daily Futures intermediate broker changes an Equity Index Daily Futures Trading Member, etc. to whom it entrusts Equity Index Daily Futures contracts that it accepts to provide for brokerage service therefor;  
or
- (3) Other than the events set forth in the preceding Items, when deemed necessary by the Exchange.

91.3 With respect to FX Daily Futures contracts or Equity Index Daily Futures contracts, if Unsettled Contracts based on orders of Customers are caused to be transferred by position transfer, each Customer shall be caused to assume all Unsettled Contracts based on its own orders.

91.4 With respect to FX Daily Futures contracts or Equity Index Daily Futures contracts, if Unsettled Contracts based on brokerage of entrustment of an FX Daily Futures intermediate broker or an Equity Index Daily Futures intermediate broker are caused to be transferred by position transfer, those with respect to which an FX Daily Futures offeror or an Equity Index Daily Futures offeror entrusts brokerage of entrustment of position transfer to the FX Daily Futures intermediate broker or the Equity Index Daily Futures intermediate broker shall be subject to the position transfer.

91.5 The position transfer prescribed in this Chapter XIV shall not be available to positions under FX Clearing Futures contracts.

## **Article 92. Position Transfer Fee**

92.1 A Clearing Member or a Non-Clearing Member who assigns Unsettled Contracts by means of the position transfer (hereinafter called the “Position Transferor”) and a Clearing Member or a Non-Clearing Member who succeeds to the said Unsettled Contracts (hereinafter called the “Position Transferee”) shall pay the position transfer fees to the Exchange.

92.2 If the Exchange determines that there is a special reason, the Exchange may waive the payment of position transfer fee in whole or in part.

## **Article 93. Effect of Position Transfer**

If the Exchange provides a notice of approval for position transfer set forth in Article 95.(1) hereof, the Position Transferee (or its Designated Clearing Member, if the Position Transferee is a Non-Clearing Member) shall assume all the obligations vis-à-vis the Exchange which shall arise on and after the position transfer time (as defined in the subsequent sentence) that the Position Transferor (or its Designated Clearing Member, if the Position Transferor is a Non-Clearing Member; the same interpretation shall apply hereinbelow in this Article 93) would assume in connection with the transferred position, releasing the Position Transferor from such obligations, and shall acquire all the rights vis-à-vis the Exchange which generate after the position transfer time that the Position Transferor would acquire vis-à-vis the Exchange. In this connection, the “position transfer time” shall be the date and time set forth in each Item below based on the category set forth in each such Item.

- (1) Interest Rate Futures contracts or L-T Link Position: 11:00 a.m. of the business day on which the day session of the trading day of the Exchange’s approval for the concerned position transfer takes place
- (2) FX Daily Futures contracts or Equity Index Daily Futures contracts: Date and time specified by the Exchange from time to time

#### **Article 94. Position Transfer Notification**

94.1 In the case of a Clearing Member or a Non-Clearing Member's transfer of its position, both the Position Transferor and the Position Transferee shall jointly provide the Exchange with a notification stating the contents and other particulars designated by the Exchange for the intended position transfer (hereinafter called the "position transfer notification") in accordance with the procedures prescribed by the Exchange; provided, however, that no position transfer shall be allowed for the Market Derivatives contracts or the L-T Link Positions that have been executed or have arisen on the same trading day on which the position transfer time would fall.

94.2 If a Position Transferor or a Position Transferee is a Non-Clearing Member mentioned in Article 94.1 above, the position transfer notification shall be provided jointly by such Non-Clearing Member and its Designated Clearing Member in accordance with the procedures prescribed by the Exchange.

#### **Article 95. Exchange's Approval for Position Transfer**

Upon receipt of a position transfer notification by the Clearing Members or Non-Clearing Members, the Exchange shall provide all the concerned Clearing Members and Non-Clearing Members with a notice set forth in Item (1) or (2) below:

- (1) A notice of approval for the intended position transfer; or
- (2) A notice of disapproval for the intended position transfer.

#### **Article 96. Position Transfer Price**

The price of, or the price specified in the Special Provisions for Options for, the Unsettled Contract succeeded by a Position Transferee (hereinafter called the "position transfer price") shall be the price set forth in each Item below based on the category set forth in each such Item.

- (1) Interest Rate Futures contracts or L-T Link Position: the daily settlement price (as defined in Article 45 hereof) on the trading day immediately preceding the trading day on which the position transfer time falls; provided, however, that the position transfer price for the short position or the long position specified in the Special Provisions for Options shall be zero.
- (2) FX Daily Futures contracts: FX Settlement Price set forth in Article 90-2 hereof on the trading day immediately preceding the day on which the position transfer time falls.
- (3) Equity Index Daily Futures contracts: Equity Index Settlement Price set forth in Article 90-12 hereof on the trading day immediately preceding the day on which the position transfer time falls.

**Article 97. Particulars for Position Transfer**

In addition to the provisions of these Regulations, any matters necessary to prescribe in connection with the period of filing of position transfer notification and other matters related thereto shall be separately prescribed by the Exchange.

**CHAPTER XV.**

**MISCELLANEOUS PROVISIONS**

**Article 98. Settlement Bank**

A Clearing Member shall settle the market derivatives contracts that have been executed, and the L-T Link Positions that have arisen, on the Exchange Market between itself and the Exchange, through any of the financial institutions designated by the Exchange.

**Article 99. Postponement of Settlement Date due to System Failure, etc.**

99.1 Where the Exchange determines it impossible or difficult to settle any market derivatives contract or any L-T Link Position through the Exchange System or other systems established or installed by any organization other than the Exchange that are necessary for settlement of market derivatives contracts or L-T Link Positions between the Exchange and Clearing Members, due to a failure in any of the said systems or due to any other unavoidable reason, the Exchange may postpone the settlement date for the whole or a part of the concerned market derivatives contract or L-T Link Position to the subsequent day or later. In this case, the Exchange shall give a prior notice to that effect to the Clearing Members.

99.2 The particulars necessary for postponement of a settlement date set forth in Article 99.1 above shall be prescribed by the Exchange at any appropriate time.

**Article 100. Emergency Measures upon Natural Disaster, etc.**

100.1 Where the Exchange determines it impossible or extremely difficult to settle any market derivatives contract executed or any L-T Link Position arising on the Exchange Market due to a natural disaster, a drastic change in the economic conditions or other unavoidable reasons, the Exchange may separately determine clearing terms and conditions with respect to such market derivatives contract or such L-T Link Position or take other necessary measures by the resolution of the board of directors.

100.2 Under the circumstances referred to in Article 100.1 above, the Exchange may separately determine clearing terms and conditions or take other necessary measures without a resolution of the board of directors if the Exchange deems it urgently necessary.

100.3 As and when the Exchange determines the new clearing terms and conditions or takes any other necessary measures pursuant to Articles 100.1 and 100.2 above, Clearing Members shall comply with such new clearing terms and conditions.

**Article 101. (Deleted)**

## **Article 102. Standard Time**

102.1 Indication of time in these regulations shall be in accordance with Japan Standard Time.

102.2 Indication of any date and day of the week in these regulations shall be in accordance with the Japanese calendar.

## **Article 103. Change in Settlement Method**

103.1 If the Exchange determines the conditions for postponement of the settlement dates or the clearing terms and conditions for market derivatives contracts or L-T Link Positions in accordance with Article 99 or 100 hereof, the Exchange may change the deadline (time and date) for any adjustment of difference under Articles 46 through 49 hereof, for depositing of any Exchange Margin under Articles 7 through 12 of the Margin Regulations, for depositing of any Non-Clearing Member's Margin under Article 11 of the Margin Regulations, for depositing of FX Exchange Margin under Articles 5 through 7 of the FX Margin Regulations, drawing of FX Exchange Margin under Article 9 of the FX Margin Regulations, disbursement of FX Exchange Margin under Article 10 of the FX Margin Regulations, for depositing of Equity Index Exchange Margin under Articles 6 through 8 of the Equity Index Margin Regulations, for drawing of Equity Index Exchange Margin under Article 11 of the Equity Index Margin Regulations, for disbursement of Equity Index Exchange Margin under Article 12 of the Equity Index Margin Regulations, for depositing of FX Clearing Exchange Margin under Article 6 of the FX Clearing Margin Regulations, for drawing of FX Clearing Exchange Margin under Article 8 of the FX Clearing Margin Regulations and for final settlements under Articles 54, 69, 71, 73, 75, 76-2 and 76-6 hereof and take necessary measures incidental to such changes.

103.2 If the Exchange determines the postponement of the settlement dates for or the clearing terms and conditions for Three-month Euroyen futures option contracts or Three-month TONA futures option contracts in accordance with Article 99 or 100 hereof, the Exchange may change the deadline (time and date) for payment and receipt of option premiums under Articles 77 through 79 and Articles 90-33 through 90-35 hereof and take necessary measures incidental to such changes.



103.3 If the Exchange determines the postponement of the settlement dates or the clearing terms and conditions in respect of FX Daily Futures contracts in accordance with Article 99 or 100 hereof, the Exchange may change the deadline (time and date) for the transfer of an FX variation to an FX Exchange Margin set forth in Articles 11 and 25 of the FX Margin Regulations, and take necessary measures incidental to such changes.

103.4 If the Exchange determines the postponement of the settlement dates or the clearing terms and conditions in respect of Equity Index Daily Futures contracts in accordance with Article 99 or 100 hereof, the Exchange may change the deadline (time and date) for the payment and receipt of money relevant to the Fixed Equity Index variation set forth in Articles 13 and 22 of the Equity Index Margin Regulations, and take necessary measures incidental to such changes.

103.5 If the Exchange determines the conditions for postponement of the settlement dates or the clearing terms and conditions in respect of FX Clearing Futures contracts in accordance with Article 99 or 100 hereof, the Exchange may change the deadline (time and date) for the transfer of FX Clearing variation to FX Clearing Exchange Margin set forth in Article 9 of the FX Clearing Margin Regulations, and take necessary measures incidental to such changes.

#### **Article 104. Amount of Clearing Registration Fee, etc.**

The clearing registration fee set forth in Article 4.3, the name transfer charge set forth in Article 14-2-2.3, the clearing deregistration fee set forth in Article 14-2-3 and the position transfer fee set forth in Article 92 hereof shall be determined separately by the Exchange.

#### **Article 105. Limitation on Liabilities for Inoperability of Calculation of Equity Index**

In the event that a Daily Futures Clearing Member or an Equity Index Daily Futures Non-Clearing Member suffers loss or damage in relation to an Equity Index Daily Futures transaction due to inoperability of or delay or error in calculation or distribution of the equity index listed in each Item of Article 3.1 of the Equity Index Special Provisions, it may not seek indemnification of such loss or damage against either the Exchange or the

person in charge of calculation of such equity index (including a service provider who has been entrusted the business of calculation of equity indices. ).

**Article 106. Liabilities relating to Financial Instruments Obligation Assumption Business, etc.**

The Exchange shall not be liable for any damages that may be incurred by a Clearing Member or any third party as a consequence of the Exchange's having done any of the following acts or things: (a) any of the actions listed in Article 86 of the Trading Regulations, (b) postponement of the settlement date pursuant to Article 99 hereof, (c) taking of any necessary measures pursuant to Article 100 hereof including but not limited to determination of clearing terms and conditions thereby, (d) taking of any necessary measures pursuant to Article 103 hereof, or (e) taking of any other measures that the Exchange may consider necessary in terms of the financial instruments obligation assumption business or any business ancillary thereto.

**Article 107. Inactive Clearing Member**

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

107.2 The Clearing Member whose rights and obligations are suspended in accordance with Article 107.1 hereof (hereinafter called the "Inactive Clearing Member") shall pay the Exchange the Inactivity Fee for the suspension as prescribed by the Exchange.

107.3 The Inactive Clearing Member may apply for lifting of the suspension under Article 107.1 hereof in the manners prescribed by the Exchange, and when such application is approved by the Exchange, the rights and obligations of such Inactive Clearing Member as Clearing Member shall be resumed from the date and time designated by the Exchange.

## **SUPPLEMENTARY PROVISIONS**

1. These amended Clearing Regulations shall take effect as from April 1, 2013.
2. An Interest Rate Futures Clearing Member whose rights and obligations have been suspended as of the date of enforcement of these amended Regulations based on Paragraph 3 of the Supplementary Provisions which came into force as of April 1, 2004 shall apply for either continuance or discontinuance of the suspension in the manners prescribed by the Exchange. If the Interest Rate Futures Clearing Member applies for continuance of the suspension, Article 106.1 shall apply to such Interest Rate Futures Clearing Member.

## **SUPPLEMENTARY PROVISIONS**

These amended Clearing Regulations shall take effect as from December 24, 2015.

## **SUPPLEMENTARY PROVISIONS**

1. These amended Clearing Regulations shall be enforced on and from February 27, 2017.
2. A Clearing Member who falls under any of the Clearing Member set forth in each Item below on the day immediately preceding the day on which these amended Clearing Regulations are enforced (hereinafter referred to as the “Enforcement Date”) shall be regarded as a Clearing Member set forth in each Item below on and after the Enforcement Date:
  - (1) FX Daily Futures Clearing Member set forth in Article 5.7 before the amendment  
Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.9 after the amendment
  - (2) FX Daily Futures Clearing Member set forth in Article 5.8 before the amendment  
Daily Futures Clearing Member ineligible for Securities, etc. Clearing-

- Brokering Contracts set forth in Article 5.10 after the amendment
- (3) Equity Index Daily Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.10 before the amendment  
Daily Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.7 after the amendment
- (4) Equity Index Daily Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.11 before the amendment  
Daily Futures Clearing Member eligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.8 after the amendment
- (5) Equity Index Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.12 before the amendment  
Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.9 after the amendment
- (6) Equity Index Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.13 before the amendment  
Daily Futures Clearing Member ineligible for Securities, etc. Clearing-Brokering Contracts set forth in Article 5.10 after the amendment

3. The FX Daily Futures Clearing Deposits that have been actually deposited by the FX Daily Futures Clearing Members with the Exchange and the Equity Index Daily Futures Clearing Deposits that have been actually deposited by the Equity Index Futures Clearing Members with the Exchange as of the day immediately preceding the Enforcement Date shall be regarded on and after the Enforcement Date as the Daily Futures Clearing Deposits deposited by the Daily Futures Clearing Members with the Exchange.

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

These amended Clearing Regulations shall take effect as from December 10, 2018.

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

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