

[English Translation]

**ENFORCEMENT REGULATIONS FOR
CLEARING REGULATIONS**

TOKYO FINANCIAL EXCHANGE INC.

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

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Article 1. Purpose

These Enforcement Regulations set forth the matters to be prescribed or designated by the Exchange pursuant to the Clearing Regulations established by the Exchange (hereinafter called the “Clearing Regulations”).

Article 2. Linked Market Derivatives Transactions

The financial index designated to be separately prescribed by the Exchange under Article 2(2) of the Clearing Regulations shall be the financial index set forth in Article 3(1) of the Trading Regulations.

Article 3. Amount payable to Linked Overseas Clearing Houses

The amount of money designated to be separately prescribed by the Exchange under Article 28.2 of the Clearing Regulations shall be the difference between: (X) the sum of monies receivable by each Linked Overseas Clearing House from members of the Linked Overseas Exchange with respect to overseas positions under the Link Agreement and (Y) the sum of monies payable by each Linked Overseas Clearing House to members of the Linked Overseas Exchange with regard to overseas positions under the Link Agreement, in each case in accordance with the Link Agreement. The Exchange shall pay to or receive from each Linked Overseas Clearing House such difference, provided, however, that, if (X) minus (Y) is a negative figure, the Exchange shall pay the absolute value thereof to the relevant Linked Overseas Clearing House.

Article 4. *(Deleted)*

Article 5. Notifiable Matters

The notifications to the Exchange as required under Articles 9-2 and 14-3 of the Clearing Regulations shall be made in the prescribed form of notification accompanied by the documents deemed necessary by the Exchange.

Article 6. Reportable Matters

The reporting to the Exchange as required under Article 14-4 of the Clearing Regulations shall be made in the prescribed form of report accompanied by the documents

deemed necessary by the Exchange.

Article 7. Financial Reports

7.1 The financial report prescribed in Article 14-5 of the Clearing Regulations shall be made by submitting the documents deemed necessary by the Exchange within one hundred (100) days after the end of each fiscal year of the Clearing Member, provided, however, if a Clearing Member established under the laws of a foreign country obtained the approval from the administrative authority on the extension of period for filing of the business report and notifies the Exchange of the contents, etc. of the approval, the financial report shall be made within the approved period.

7.2 Notwithstanding Article 7.1 above, if the reporting Clearing Member or its Parent Company is a corporation established under the Insurance Business Act (*Hoken Gyoho*) (Act No. 105 of 1995), such Clearing Member or its Parent Company shall file the financial report within one hundred and thirty (130) days after the end of each fiscal year of the Clearing Member.

7.3 Notwithstanding Article 7.1 above, if a Parent Company of the reporting Clearing Member is a corporation established under the laws of a foreign country and such Clearing Member is unable to file the financial report of the Parent Company within the period set forth in Article 7.1 above due to the laws or regulations or practices of the country in which it is established governing the preparation of accounting books, such Clearing Member shall file the financial report within the period as approved by the Exchange in accordance with the criteria designated by the Exchange.

Article 8. Application for Clearing Membership

The application for the clearing membership set forth in Article 4.1 of the Clearing Regulations shall be made in the prescribed application form accompanied by the documents deemed necessary by the Exchange.

Article 9. Notification of Execution of Clearing Agreement

The notification of execution of a Clearing Agreement set forth in Article 16.4 of the Clearing Regulations shall be made in the prescribed form of notification accompanied by the documents deemed necessary by the Exchange. In principle, a Non-clearing

Member may enter into a Clearing Agreement with only one (1) Clearing Member.

Article 10. Application for Deregistration of Clearing Membership

The application for deregistration of the clearing membership set forth in Article 11.1 of the Clearing Regulations shall be made in the prescribed application form accompanied by the documents deemed necessary by the Exchange.

Article 11. Application for Approval of Termination of Clearing Agreement

11.1 The application for approval of termination of a Clearing Agreement set forth in Article 19.1 of the Clearing Regulations shall be made in the prescribed application form accompanied by the documents deemed necessary by the Exchange, after terminating the Member Link Agreement to which both parties to such Clearing Agreement are the parties.

11.2 A case otherwise prescribed by the Exchange as referred to in Article 16.5 of the Clearing Regulations shall be any one of the following cases. In each such case, the application for approval of termination of the Clearing Agreement pursuant to Article 19.1 of the Clearing Regulations shall not be required:

- (1) When a Clearing Agreement is terminated upon mutual agreement between the parties thereto after the Non-Clearing Member, being a party thereto, acquires the clearing membership and the handing-over to such member of all the unsettled market derivatives contracts is completed pursuant to Article 7 of the Clearing Regulations;
- (2) When a Clearing Agreement is terminated upon mutual agreement between the parties thereto (i) under the circumstances where the Non-Clearing Member, being a party thereto, has been deregistered from the trading membership, and none of the market derivatives contracts executed on the Exchange Market at the bid or offer submitted by such Non-Clearing Member, the market derivatives contracts that have arisen as a result of a give-up for the account of such Non-Clearing Member, or the L-T Link Positions that have arisen for the account of such Non-Clearing Member, remains unsettled, or (ii) after the Exchange causes the relevant transaction or position to be settled pursuant to Article 32 of the Trading Member Regulations and the settlement thereof is completed; or

- (3) When the Clearing Agreement is terminated upon mutual agreement between the parties thereto (i) under the circumstances where the Clearing Member, being a party thereto, has been deregistered from the trading membership, and none of the market derivatives contracts executed on the Exchange Market in the name of such Clearing Member at the bid or offer submitted by the Non-Clearing Member, being the other party to such Clearing Agreement, the market derivatives contracts that have arisen in the name of such Clearing Member as a result of a give-up for the account of such Non-Clearing Member, or the L-T Link Positions that have arisen in the name of such Clearing Member for the account of such Non-Clearing Member, remains unsettled, or (ii) after the liquidation pursuant to Article 32-2.2 of the Trading Member Regulations is completed.

Article 12. Limitation on Additional Delivery of Clearing Deposit

12.1 A Clearing Member with respect to whom the amount of the Interest Rate Futures Clearing Deposit required to be deposited and maintained by such Clearing Member pursuant to Article 31.2 of the Clearing Regulations is found to be insufficient shall deliver either money or securities in the amount not less than such deficiency to the Exchange as clearing deposit by 11:00 a.m. of any business day which falls within six (6) business days counted from (but not including holidays of financial instruments exchanges in Japan) the 3rd business day (meaning the business day specified in Article 6-2 of Trading Regulations; which interpretation shall equally apply hereinafter) of the month immediately following the month in which the Calculation Date set forth in Article 12-2.1(1) below falls. Provided, however, that the Exchange may designate any other deadline whenever the Exchange deems it necessary to do so.

12.2 If the amount of the FX Margin Clearing Deposit then in custody of the Exchange is found to be insufficient as a result of the calculation pursuant to Article 31.3 of the Clearing Regulations, money or securities in the amount not less than such deficiency shall be delivered to the Exchange as clearing deposit by 11:00 a.m. of any business day which falls within six (6) business days counted from (but not including holidays of financial instruments exchanges in Japan) the 3rd business day of the month immediately following the month in which the Calculation Date set forth in Article 12-2.2 below falls. Provided, however, that the Exchange may designate any other deadline whenever the Exchange

deems it necessary to do so.

Article 12-2. Amount of Interest Rate Futures Clearing Deposit

12-2.1 The amount of Interest Rate Futures Clearing Deposit to be deposited and maintained by an Interest Rate Futures Clearing Member as separately prescribed by the Exchange as referred to in Article 31.2 of the Clearing Regulations shall be calculated as follows

- (1) The last day of every calendar month shall be a Calculation Date, and with respect to each trading day during the last twelve (12) months including the month in which the relevant Calculation Date falls, the amount shall be calculated by summing up the total amount set forth in (a) and (b) below accrued on the relevant trading date (with respect to the Interest Rate Futures Clearing Member, such total shall be regarded to be and expressed as the negative figure where the Interest Rate Futures Clearing Member is due to pay such total amount to the Exchange, and as the positive figure where the Interest Rate Futures Clearing Member is to receive the same from the Exchange), plus, the amount of deposited margin for its own account, and the amount of deposited margin for provisional account position as referred to in Article 8 of the Regulations for Margin and Unsettled Market Derivatives Contract, as of the close of the business day immediately preceding the final settlement date of the said total amount:
 - (a) Amount calculated in accordance with Articles 46.1 and 47.1 of the Clearing Regulations (including the case of final settlement to which these Articles apply mutatis mutandis)
 - (b) Amount of option premium calculated in accordance with Articles 77.1 and 77.3 of the Clearing Regulations
- (2) Then, after those figures obtained pursuant to Article 12-2.1(1) above are placed in the order from the largest, the one appearing on the N(st/nd/rd/th) order as expressed in absolute figure (provided that if it is a positive figure, it shall be deemed to be zero (0)) shall be the amount of the Interest Rate Futures Clearing Deposit to be deposited and maintained by the Interest Rate Futures Clearing Member. For the purpose of the foregoing, “N”

represents the smallest natural number among figures obtained in accordance with the following formula:

$$N \geq (\text{The number of the figures constituting the order}) \times 0.95$$

12-2.2 In order to secure appropriate risk management at the Exchange Market or as otherwise deemed necessary by the Exchange, the Exchange can designate another day as a Calculation Date and calculate an Interest Rate Futures Clearing Deposit to be deposited and maintained by an Interest Rate Futures Clearing Member.

Article 12-3. FX Margin Clearing Deposit Requirement and Calculation Date

12-3.1 The FX Margin Clearing Deposit Requirement separately determined by the Exchange as referred to in Article 31.4 of the Clearing Regulations shall be the total amount of clearing deposits required to be placed and maintained by every FX Margin Clearing Member, and shall be calculated by the following steps:

- (1) First, the “estimated loss per trading day”, which is expressed as the total of each amount obtained in accordance with the following formula for each type of Exchange FX Margin contract, shall be calculated for each trading day falling during the twelve (12) months preceding the month in which the relevant Calculation Date falls:

$$L = A \times \{M - (|ST - ST+1| + |ST+1 - ST+2|) \times U\}$$

Where:

L: Estimated loss

A: The relevant trading day’s total number of positions under the relevant type of Exchange FX Margin contract

M: The relevant trading day’s FX Margin reference amount for the relevant type of Exchange FX Margin contract

ST: The relevant trading day’s FX settlement price of the relevant type of Exchange FX Margin contract

ST+1: FX settlement price of the relevant type of Exchange FX Margin contract on the trading day immediately following the relevant trading day

ST+2: FX settlement price of the relevant type of Exchange FX Margin contract on the second (2nd) trading day after the relevant trading day

U: Trading unit of the relevant type of Exchange FX Margin contract

- (2) Next, after the figures having been obtained pursuant to Article 12-3.1(1) above are placed in the order from the largest, the one appearing on the N(st/nd/rd/th) order shall be selected, whereby “N” represents the smallest natural number among figures obtained in accordance with the following formula:

$$N \geq (\text{The number of the figures constituting the order}) \times 0.95$$

- (3) Finally, the FX Margin Clearing Deposit Requirement shall be obtained in accordance with the following formula:

$$D = |LN| \times P1 / P$$

Where:

D: FX Margin Clearing Deposit Requirement

LN: The estimated loss obtained pursuant to Article 12-3.1(2) above

P1: The largest average number of positions held by any Non-FX Market Maker for each trading day during the month in which the Calculation Date falls

P: The average number of positions held by all Non-FX Market Makers for each trading day during the month in which the Calculation Date falls

12-3.2 The Calculation Date separately determined by the Exchange as referred to in Article 31.4 of the Clearing Regulations shall be the last day of June and December of every year.

12-3.3 In order to secure appropriate risk management at the Exchange Market or as otherwise deemed necessary by the Exchange, the Exchange can designate another day as a Calculation Date and calculate an FX Margin Clearing Deposit as of such date.

Article 13. Adjustment of Advised Volume of Offsetting Transaction

13.1 The adjustment of the advised volume of Resale or Repurchase as set forth in Article 42.3 of the Clearing Regulations shall be made in the following manners with the breakdown of whether for a customer account or for a house account with respect to each contract month:

- (1) If the advised Resale volume exceeds the volume of the sale contracts

executed at the bid or offer submitted by the Trading Member on the trading day on which the Resale is made plus the volume of the L-T Link Short Positions that have arisen for the account of such Trading Member on the same trading day (hereinafter called the “Day-to-Day Sale Contract Volume” in this Article and Article 14 below), the Resale of such Day-to-Day Sale Contract Volume shall be deemed notified.

- (2) If the advised Repurchase volume exceeds the volume of the purchase contracts executed at the bid or offer submitted by the Trading Member on the trading day on which the Repurchase is made plus the volume of the L-T Link Long Positions that have arisen for the account of such Trading Member on the same trading day (hereinafter called the “Day-to-Day Purchase Contract Volume” in this Article and Article 14 below), the Repurchase of such Day-to-Day Purchase Contract Volume shall be deemed notified.
- (3) If the total of the advised Resale volume and the advised Repurchase volume exceeds either (i) the total of (x) the volume of the short positions as at the close of the trading day immediately preceding the trading day on which such Resale or Repurchase, as the case may be, is made (or the volume of the short positions adjusted by the volume of the transferred positions if any position transfer occurred after the said close) and (y) the Day-to-Day Sale Contract Volume on the date of such Resale or Repurchase (hereinafter called the “Resale Volume” in this Article) or (ii) the total of (xx) the volume of the long positions as at the close of the trading day immediately preceding the trading day on which such Resale or Repurchase, as the case may be, is made (or the volume of the long positions adjusted by the volume of the transferred positions if any position transfer occurred after the said close) and (yy) the Day-to-Day Purchase Contract Volume on the date of such Resale or Repurchase (hereinafter called the “Repurchase Volume” in this Article), the Resale or Repurchase shall be deemed notified so that the volume after the notification shall be either of the followings:
 - (a) Where the Repurchase Volume exceeds the Resale Volume, the volume of the short positions on the trading day on which the Repurchase or the Resale is executed shall be deemed zero, whilst the volume of the

long positions on such trading day shall be deemed the volume of the Repurchase Volume minus the Resale Volume; and

- (b) Where the Resale Volume exceeds the Repurchase Volume, the volume of the short positions on the trading day on which the Repurchase or the Resale is executed shall be deemed the volume of the Resale Volume minus the Repurchase Volume, whilst the volume of the long positions on such trading day shall be deemed zero.

13.2 The adjustment of the advised volume of Resale or Repurchase set forth in Article 43.3 of the Clearing Regulations shall be conducted by applying *mutatis mutandis* the provisions of each item of Article 13.1 above, whereby “L-T Link Short Positions that have arisen for the account of such Trading Member” referred to in Article 13.1(1) above shall be read as “Clearing-undertaken Short Positions that have arisen for the account of the Designated Clearing Member of such Non-Clearing Member”, “L-T Link Long Positions that have arisen for the account of such Trading Member” referred to in Article 13.1(2) above shall be read as “Clearing-undertaken Long Positions that have arisen for the account of the Designated Clearing Member[(s)] of such Non-Clearing Member”, and “volume of the short positions” and “volume of the long positions” each referred to in Article 13.1(3) above shall be read as “volume of the Clearing-undertaken Short Positions of the Designated Clearing Member[(s)]” and “volume of the Clearing-undertaken Long Positions of the Designated Clearing Member[(s)]”, respectively.

Article 14. Manner of Notification of Offsetting Transaction

The manner of filing of notifications of offsetting transactions as designated to be prescribed by the Exchange pursuant to Article 44 of the Clearing Regulations shall be as follows:

- (1) With respect to Interest Rate Futures contracts, to notify the Exchange of the distinction of Resale or Repurchase for each Interest Rate Futures contract that has been executed or each L-T Link Position that has arisen (hereinafter called “individual notification” in this Article and Article 15 below); or
- (2) With respect to Interest Rate Futures contracts, to notify the Exchange of the volume of the Resale portion of the Day-to-Day Sale Contract Volume

and the volume of the Repurchase portion of the Day-to-Day Purchase Contract Volume, as broken down into whether for a customer account or for a house account with respect to each contract month (hereinafter called “bulk notification” in this Article and Article 15 below); and

- (3) With respect to Exchange FX Margin contracts, to file offsetting notifications pursuant to Article 90-9-2 of the Clearing Regulations.

Article 15. Notification Period for Offsetting Transaction

15.1 The period for filing of notification of offsetting transactions, as designated to be prescribed by the Exchange under Article 44 of the Clearing Regulations, shall be (i) in the case of individual notification, from the time of execution of the relevant offsetting transaction up until 5:00 p.m. of the business day on which there occurs the day session of the trading day on which such offsetting transaction was executed, and (ii) in the case of bulk notification, from the time when the Exchange gives the notice of settlement data generation for the current day after 5:00 p.m. of the business day immediately preceding the business day on which there occurs the day session of the trading day on which such offsetting transaction was executed up until 5:00 p.m. of the business day on which there occurs such day session. Provided, however, that with respect to a contract month on its last trading day (except in the case of Over-Night Call Rate Futures transactions), the notification shall be filed by 3:00 p.m. of the business day on which there occurs the day session of such last trading day:

15.2 The period for filing of notification of offsetting transactions, as designated to be prescribed by the Exchange under Article 90-9-2.1 of the Clearing Regulations, shall be as follows in each of the following cases:

- (1) In a case where both or either of the positions to be settled has arisen under an Exchange FX Margin transaction executed on the trading day on which the notification is filed:

From the time when the said Exchange FX Margin transaction is executed until ten (10) minutes after the close of the Market Trading Period of the same trading day; and

- (2) In a case where both of the positions to be settled have arisen from a

rollover:

From the opening of the pre-open period on any given trading day until ten (10) minutes after the close of the Market Trading Period of the same trading day

15.3 The filing of a notification of offsetting transaction, if made pursuant to Article 15.2 above after the close of a Market Trading Period, shall be deemed to have been made on the trading day on which the same Market Trading Period has ended.

Article 16. Correction of Content of Notification of Offsetting Transaction, etc.

16.1 The matters designated to be prescribed by the Exchange pursuant to Article 44 of the Clearing Regulations in connection with correction of content of the notification of offsetting transaction shall be as follows:

- (1) Notification of correction of content of notification of offsetting transaction

A Trading Member who needs to correct the content of the notification of an offsetting transaction made by it for truly an unavoidable reason shall (after obtaining the prior consent of its Designated Clearing Member in the case of a Trading Member who is a Non-Clearing Member) notify the Exchange of the content of the correction within the period from the business day on which there occurs the day session of the trading day on which it executed such offsetting transaction up until the time set forth in (a) or (b) below. Provided, however, that no correction may be made to the notification of the offsetting transaction with respect to any market derivatives transaction on its last trading day:

- (a) For market derivatives contract or L-T Link Position executed for the Trading Member's own account:

By 10:00 a.m. of the business day (or, with respect to a Euroyen Futures Remote Trading Member, the second business day) immediately following the said business day; and

- (b) For market derivatives contract or L-T Link Position based on a customer's order:

By 10:00 a.m. of the third (3rd) business day from the said business day.

- (2) Confirmation of results of correction of content of notification

A Trading Member who filed the notification of correction set forth in Article 16(1) above shall confirm the results of the correction made by the Exchange immediately after such correction is made.

16.2 Notwithstanding Article 16.1 above, correction of content of notification of offsetting transaction shall not be accepted with respect to Exchange FX Margin transactions.

Article 17. Manner of Determination of Daily Settlement Price, etc.

17.1 The Indicative Period set forth in Article 45.2 of the Clearing Regulations shall be a specific period determined by the Exchange from time to time as necessary, which shall fall within the period from the opening of the relevant trading day's evening session to the close of the same trading day's day session.

17.2 The daily settlement price for a contract month in a case where there is no contract price for the contract month during the Indicative Period set forth in Article 45.3 of the Clearing Regulations shall be calculated in the following manner:

- (1) The daily settlement price for the said specific contract month shall be in the amount of the daily settlement price for the most recent contract month as of the relevant trading day adjusted based on the difference between the daily settlement price for the said specific contract month and that for the said most recent contract month as of the trading day immediately preceding such trading day; provided, however, that,
- (2) If the Exchange determines that the price calculated in accordance with Item (1) above is inappropriate, the Exchange shall determine the daily

settlement price for the said specific contract month in the amount which it deems appropriate by referring to the daily settlement prices for any contract months other than the most recent contract month set forth in Item (1) above or the prices of the bids and offers at the close of the relevant trading day's day session and some other factors.

Article 18. Payment of Money between Exchange and Clearing Member

The deadline for the payment of money prescribed under Articles 46.1 and 47.1 of the Clearing Regulations shall be as provided for in the Japanese Yen Settlement Regulations.

Article 19. Payment of Money between Clearing Member and Non-Clearing Member

The deadline for the payment of money prescribed under Articles 46.2 and 47.2 of the Clearing Regulations shall be the deadline set forth in Article 18 above (or, with respect to a Non-Clearing Member who is also Euroyen Futures Remote Trading Member, the deadline designated by its Designated Clearing Member).

Article 20. (Deleted)

Article 21. Rate Quotation Time Applied in Determination of Final Settlement Figure

If no market derivatives contract is executed and no position arises with respect to any contract month on its last trading day, the Exchange shall have the option not to determine the final settlement figure for such contract month.

Articles 22 and 23 (Deleted)

Article 24. Present Value Formula, etc.

24.1 The formula designated to be separately prescribed by the Exchange in Articles 70.1, 72.1, 74.1 and 76.1 of the Clearing Regulations shall be as set forth in "Present Value Formula" attached hereto as Schedule 1.

24.2 The manner designated to be separately prescribed by the Exchange in Articles 70.2, 72.2, 74.2 and 76.2 of the Clearing Regulations shall be as set forth in “Linear Interpolation Method” attached hereto as Schedule 2.

Article 25. Payment of Option Premium between Exchange and Clearing Member

The deadline for payment of option premium referred to in Articles 77.1 and 77.3 of the Clearing Regulations shall be as per the provisions of the Japanese Yen Settlement Regulations.

Article 26. Payment of Option Premium between Clearing Member and Non-Clearing Member

The deadline for payment of option premium referred to in Articles 77.2 and 77.4 of the Clearing Regulations shall be the deadline set forth in Article 25 above (or, with respect to a Non-Clearing Member who is also Euroyen Futures Remote Trading Member, the deadline designated by its Designated Clearing Member).

Article 27. *(Deleted)*

Article 28. Adjustment of Advised Volume of Offsetting Transaction under Option Contract

28.1 The adjustment of the advised volume of Resale or Repurchase as set forth in Article 81.3 of the Clearing Regulations shall be made in the following manners with the breakdown of whether for a customer account or for a house account with respect to each series:

- (1) If the advised Resale volume exceeds the volume of the sale contracts executed at the bid or offer submitted by the Trading Member on the trading day on which the Resale is made (hereinafter called the “Day-to-Day Sale Contract Volume” in this Article and Article 29 below), the Resale of such Day-to-Day Sale Contract Volume shall be deemed notified.
- (2) If the advised Repurchase volume exceeds the volume of the purchase contracts executed at the bid or offer submitted by the Trading Member on

the trading day on which the Repurchase is made (hereinafter called the “Day-to-Day Purchase Contract Volume” in this Article and Article 29 below), the Repurchase of such Day-to-Day Purchase Contract Volume shall be deemed notified.

- (3) If the total of the advised Resale volume and the advised Repurchase volume exceeds either (i) the total of (x) the volume of the short positions as at the close of the trading day immediately preceding the trading day on which such Resale or Repurchase, as the case may be, is made (or the volume of the short positions adjusted by the volume of the transferred positions if any position transfer occurred after the said close) and (y) the Day-to-Day Sale Contract Volume on the date of such Resale or Repurchase (hereinafter called the “Resale Volume” in this Article) or (ii) the total of (xx) the volume of the long positions as at the close of the trading day immediately preceding the trading day on which such Resale or Repurchase, as the case may be, is made (or the volume of the long positions adjusted by the volume of the transferred positions if any position transfer occurred after the said close) and (yy) the Day-to-Day Purchase Contract Volume on the date of such Resale or Repurchase (hereinafter called the “Repurchase Volume” in this Article), the Resale or Repurchase shall be deemed notified so that the volume after the notification shall be either of the followings:
- (a) Where the Repurchase Volume exceeds the Resale Volume, the volume of the short positions on the trading day on which the Repurchase or the Resale is executed shall be deemed zero, whilst the volume of the long positions on such trading day shall be deemed the volume of the Repurchase Volume minus the Resale Volume; and
- (b) Where the Resale Volume exceeds the Repurchase Volume, the volume of the short positions on the trading day on which the Repurchase or the Resale is executed shall be deemed the volume of the Resale Volume minus the Repurchase Volume, whilst the volume of the long positions on such trading day shall be deemed zero.

28.2 The adjustment of the advised volume of Resale or Repurchase set forth in Article 82.3 of the Clearing Regulations shall be conducted by applying *mutatis mutandis* the

provisions of each item of Article 28.1 above, whereby “volume of the short positions” and “volume of the long positions” each referred to in Article 28.1(3) above shall be read as “volume of the Clearing-undertaken Short Positions of the Designated Clearing Member[(s)]” and “volume of the Clearing-undertaken Long Positions of the Designated Clearing Member[(s)]”, respectively.

Article 29. Manner of Notification of Offsetting Transaction under Option Contract

The manner of filing of notifications of offsetting transactions as designated to be prescribed by the Exchange pursuant to Article 83 of the Clearing Regulations shall be as follows:

- (1) To notify the Exchange of the distinction of Resale or Repurchase for each Three-month Euroyen futures option contract that has been executed (hereinafter called “individual notification” in this Article and Article 30 below); or
- (2) To notify the Exchange of the volume of the Resale portion of the Day-to-Day Sale Contract Volume and the volume of the Repurchase portion of the Day-to-Day Purchase Contract Volume, as broken down into whether for a customer account or for a house account with respect to each series (hereinafter called “bulk notification” in this Article and Article 30 below).

Article 30. Notification Period for Offsetting Transaction under Option Contract and Correction of Content of Notification Thereof, etc.

The period for filing of notification of offsetting transactions and the procedures for correction of content thereof as designated to be prescribed by the Exchange under Article 83 of the Clearing Regulations, shall be as follows:

- (1) Period during which notification of offsetting transaction may be filed

A notification of Resale or Repurchase set forth in Articles 81 and 82 of the Clearing Regulations shall be filed (i) in the case of individual notification, from the time of execution of the relevant offsetting

transaction up until 5:00 p.m. of the business day on which there occurs the day session of the trading day on which such offsetting transaction was executed, and (ii) in the case of the bulk notification, from the time when the Exchange gives the notice of settlement data generation for the current day after 5:00 p.m. of the business day immediately preceding the business day on which there occurs the day session of the trading day on which such offsetting transaction was executed up until 5:00 p.m. of the business day on which there occurs such day session. Provided, however, that with respect to any market derivatives transaction on its last trading day, the notification shall be filed by 1:45 p.m. of the business day on which there occurs the day session of such last trading day.

(2) Notification of correction of content of notification of offsetting transaction

A Trading Member who needs to correct the content of the notification of an offsetting transaction made by it with respect to a Three-month Euroyen futures option contract for truly an unavoidable reason shall (after obtaining the prior consent of its Designated Clearing Member in the case of a Trading Member who is a Non-Clearing Member) notify the Exchange of the content of the correction by the deadlines set forth in (a) and (b) below from the business day on which there occurs the day session of the trading day on which it executed such offsetting transaction:

(a) For Three-month Euroyen futures option contract executed for the Trading Member's own account:

By 10:00 a.m. of the next business day (or, with respect to a Euroyen Futures Remote Trading Member, 10:00 a.m. of the second business day)

(b) For Three-month Euroyen futures option contract based on a customer's order:

By 10:00 a.m. of the third business day

(3) Restriction upon correction of content of notification of offsetting transaction

Notwithstanding Article 30(2) above, a Trading Member may not do the following corrections:

- (a) Correction of the content of notification of any market derivatives transaction on its last trading day; and
- (b) Correction of the content of notification of: (x) offsetting of a short position which the Trading Member was assigned (or the Clearing-undertaken Short Position of its Designated Clearing Member if the Trading Member is a Non-Clearing Member, the Clearing-undertaken Short Position of its Designated Clearing Member; the same interpretation shall apply hereinbelow in this Article) or a long position on which the Trading Member exercised the option (or the Clearing-undertaken Long Position of its Designated Clearing Member if the Trading Member is a Non-Clearing Member; the same interpretation shall apply hereinbelow in this Article) after filing of the corresponding offsetting notification, or (y) designating such short position or long position as a short position or long position to be offset
- (4) Confirmation of results of correction of content of notification

A Trading Member who filed the notification of correction set forth in Article 30(2) above shall confirm the results of the correction made by the Exchange immediately after such correction is made.

Article 31. Exercise Notice Period, etc.

31.1 A notification of exercise of option under Article 85.1 of the Clearing Regulations shall be filed within the period from the time when the Exchange gives the notice of settlement data generation for the current day after 5:00 p.m. of the business day immediately preceding the option exercise date up until 5:00 p.m. of the option exercise date. Provided, however, that with respect to any series of option on the last day of its option exercise period, the notification shall be filed by 1:45 p.m. of such last day.

31.2 A notification of non-exercise of option under Article 86.1 of the Clearing Regulations shall be filed within the period from the close of the day session of the last day

of the option exercise period up until 1:45 p.m. of the same day.

Article 32. Assignment

The assignment of short positions to each Trading Member (or the Designated Clearing Member of such Trading Member if such Trading Member is a Non-Clearing Member) for such member's exercise of option as set forth in Article 87.1 of the Clearing Regulations, shall be made by subdividing the same into a minimum trading unit.

Article 33. Time of Decreasing in Positions resulting from Exercise

The time at which the Exchange decreases the volume of trading units of the options to be exercised by or assigned to a Trading Member from the positions held by such Trading Member as set forth in each paragraph of Article 88 of the Clearing Regulations, shall be 5:00 p.m. of the relevant option exercise date or the date of assignment by the Exchange, or shall be 1:45 p.m. in the case of the last day of the option exercise period (which is the time of execution of Three-month Euroyen futures contracts resulting from exercise of the options).

Article 34. Time of Execution of Three-month Euroyen Futures Contracts resulting from Exercise and Assignment

The time at which a contract of the underlying futures shall be deemed to have been executed resulting from the exercise of options or in relation to the assignment each set forth in Article 89 of the Clearing Regulations, shall be 5:00 p.m. of the relevant option exercise date or the date of assignment by the Exchange, or shall be 1:45 p.m. in the case of the last day of the option exercise period.

Article 35. Manner of Determination of Daily Settlement Price

The Daily Settlement Price designated to be calculated by the Exchange in Article 90.2 of the Clearing Regulations shall be calculated in the manner specified in "Theoretical Option Price Formula" attached hereto as Schedule 3. Provided, however, that if the Exchange determines the figure thus calculated to be inappropriate, the Daily Settlement Price shall be the figure determined by the Exchange from time to time.

Article 35-2. Manner of Determination, etc. of FX Settlement Price

35-2.1 The Indicative Period as set forth in Article 90-2.2 of the Clearing Regulations shall be a specific period close to the close of the Market Trading Period of the relevant trading day, which is determined by the Exchange from time to time as necessary.

35.2-2 With respect to the calculation of FX settlement price where there is no contract price for an Exchange FX Margin Contract during the Indicative Period specified in Article 90-2.3 of the Clearing Regulations, the Exchange shall determine the FX settlement price for the said Exchange FX Margin Contract in the amount which it deems appropriate by referring to the prices of the bids and offers at the close of the Market Trading Period and some other factors.

Article 35-3. Calculation Method of Swap Point

35-3.1 The calculation method of swap point specified in Article 90-6 of the Clearing Regulations shall be as set forth in each Item below:

- (1) With respect to any given one (1) kind of Exchange FX Margin contract, where either of the aggregate short positions or the aggregate long positions held by all Market Makers exceeds the other, the swap point shall be determined with reference to the table below, according to the number of the average of referential swap points (meaning the referential swap points specified in Article 11.4 of Special Provisions for Trading Regulations for Exchange FX Margin Transactions (hereinafter called “FX Special Provisions”); which interpretation shall equally apply hereinafter) quoted by each Market Maker to the Exchange with respect to the larger position as shown in the table below:

Number of the referential swap points quoted	Figure of the swap point
Up to 3	The average of the referential swap points quoted
4 or 5	The average of the referential swap points quoted, excluding the largest and the smallest figures among them
6 or more	The average of the referential swap points quoted, excluding the largest and the second largest figures and the smallest and the second smallest figures among them

- (2) Where the aggregate short positions and the aggregate long positions set forth in Article 35-3.1(1) above are equal, the swap point shall be determined with reference to the table below, according to the average of the average figure of the referential swap points with respect to the short position and the average figures of the referential swap points with respect to the long position quoted by each Market Maker to the Exchange respectively as shown in the table below

Number of the referential swap points quoted	Figure of the swap point
6	The average of the referential swap points quoted, excluding the largest and the second largest figures and the smallest and the second smallest figures among them
7 to 11	The average of the referential swap points quoted, excluding the first three (3) largest figures and the first three (3) smallest figures among them
12 or more	The average of the referential swap points quoted, excluding the first four (4) largest figures and the first four (4) smallest figures among them

35-3.2 Notwithstanding Article 35-3.1 above, if the Exchange deems that there exists a

Market Maker who quoted the referential swap point significantly deviated from those quoted by other Market Makers, the Exchange may exclude the said referential swap point from the basis for calculation of swap point set forth in Article 35-3.1 above.

35-3.3 If a fraction in decimal places arises in the calculation of swap point set forth in Article 35-3.1 above, the first decimal place shall be rounded off to the nearest whole number.

35-3.4 If the Exchange determines that the swap point calculated by the method under Article 35-3.1 through 35-3.3 above is inappropriate, or the number of the referential swap points quoted is less than the least number specified in the table contained in Article 35-3.1(2) above, the Exchange shall determine the swap point which it deems appropriate by referring to the prevailing market conditions and some other factors.

Article 35-4. Exception to Resale or Repurchase in connection with Exchange FX Margin Transactions

The case separately prescribed by the Exchange as specified in Article 90-9.3 of the Clearing Regulations shall be the case where the same FX Margin Clearing Member establishes two or more accounts for the transactions on its own account in connection with Exchange FX Margin transactions and deposits the FX Exchange Margin into each account separately, and executes a purchase contract for the different account from the account in which its short position is held or executes a sale contract for the different account from the account in which its long position is held.

Article 35-5. Settlement of Fraction Arising from Calculation of Cross Currency Pairs Transaction Profit or Loss

For the purpose of calculation of profit or loss from a Cross Currency Pairs transaction] (meaning the Cross Currency Pairs transaction specified in Article 2(20) of the FX Special Provisions; which interpretation shall equally apply hereinafter in this Article 35-5 and in Article 35-6 below), the profit or loss in Japanese yen for each kind of the Cross Currency Pairs transaction shall be calculated, by first calculating the profit or loss in the denomination of the (meaning the Term Currency specified in Article 2(22) of the FX Special Provisions; which interpretation shall equally apply in Article 35-6 below) in that kind of the Cross Currency Pairs transaction, and the profit or loss in such Term Currency being further converted into Japanese yen, with any fraction of less than one (1) Japanese

yen resulting from the conversion being rounded to the nearest decimal point.

Article 35-6. Procedures taken in Cross Currency Pairs Transaction

35-6.1 With respect to a Cross Currency Pairs transaction for the FX Margin Trading Member's house account or for each of its Customer, if a positive FX variation arises therefrom in the denomination of the Term Currency, the Exchange shall receive that FX variation from that FX Margin Trading Member and pay to the relevant FX Margin Trading Member the said FX variation converted into Japanese yen at the FX settlement price of the Yen Currency Pairs transaction (meaning the Yen Currency Pairs transaction specified in Article 2(19) of the FX Special Provisions; which interpretation shall equally apply in Article 35-6.2 below) with respect to the said Term Currency.

35-6.2 With respect to a Cross Currency Pairs transaction for the FX Margin Trading Member's house account or for each of its Customer, if a negative FX variation arises therefrom in the denomination of the Term Currency, the Exchange shall pay that FX variation to that FX Margin Trading Member and receive from the relevant FX Margin Trading Member the said FX variation converted into Japanese yen at the FX settlement price of the Yen Currency Pairs transaction with respect to the said Term Currency.

35-6.3 When the Exchange takes the procedures specified in Article 35-6.1 above, the Exchange shall pay to the designated FX Market Maker the same amount as the Exchange received from the FX Margin Trading Member, and receive from the same designated FX Market Maker the same amount as the Exchange paid to the FX Margin Trading Member.

35-6.4 When the Exchange takes the procedures specified in Article 35-6.2 above, the Exchange shall receive from the designated FX Market Maker the same amount as the Exchange paid to the FX Margin Trading Member, and receive from the same designated FX Market Maker the same amount as the Exchange received from the FX Margin Trading Member.

Article 36. Position Transfer Period

The period referred to in Article 94 of the Clearing Regulations during which a position transfer notification shall be filed, as prescribed to be separately determined by the Exchange under Article 97 thereof, shall be the period from the time when Exchange gives

the notice of settlement data generation for the current day after 5:00 p.m. of the business day immediately preceding the business day on which the position transfer occurs, up until 10:00 a.m. of the business day on which the position transfer occurs.

SUPPLEMENTARY PROVISIONS

These amended Regulations shall take effect as from July 3, 2009.

Schedule 1 Present Value Formula

$$\text{Present value} = 3 \times \sum_{i=1}^{2m} A_i d_i + 100 \times d_{2m}$$

Where:

1. “m” = any of the followings depending on the type of the relevant standardized Yen interest rate swap contract:

- (1) For standardized Two-year Yen interest rate swap contract: 2
- (2) For standardized Five-year Yen interest rate swap contract: 5
- (3) For standardized Seven-year Yen interest rate swap contract: 7
- (4) For standardized Ten-year Yen interest rate swap contract: 10

2. “ A_i ” = actual number of days elapsed from the interest payment date on the $i-1$ time (or, where i is 1, the starting date of the relevant standardized Yen interest rate swap contract) to the interest payment date on the i time (inclusive of first day and exclusive of last day) divided by 365 (hereinafter called the “annual rate adjustment factor”);

3. “ d_i ” = discount factor applied on the interest payment date on the i time, which is calculated by reference to the following formula:

- (1) Discount factor applied on the first (1st) interest payment date:

$d_1 = 1 \div (1 + A_1 C_1)$ (rounded to the nearest 8th decimal point)

Where:

- a. A_1 = annual rate adjustment factor applied on the first (1st) interest payment date
- b. C_1 = the swap rate applied to the period from the starting date to the first (1st) interest payment date under the standardized Yen interest rate swap contract

- (2) Discount factor applied on the interest payment dates on the second and subsequent times:

$$d_i = (1 - C_i \sum_{j=1}^{i-1} A_j d_j) \div (1 + A_i C_i)$$
 (rounded to the nearest 8th decimal point)

Where:

- a. A_i = annual rate adjustment factor applied on the interest payment date on the i time
- b. C_i = swap rate applied to the period from the starting date to the interest payment date on the i time under the standardized Yen interest rate swap contract
- c. A_j = annual rate adjustment factor applied on each interest payment date on the first (1st) to the $i-1$ times (where i is 2, only that for the first (1st) interest payment date)
- d. d_j = discount factor applied on each interest payment date from the first (1st) to the $i-1$ times (where i is 2, only that for the first (1st) interest payment date)

4. “ d_{2m} ” = discount factor applied on the last interest payment date (maturity date), which is calculated by reference to the formula set forth in 3(2) above.

(Note) The interest payment date referred to above shall fall on the starting date of the relevant standardized Yen interest rate swap contract and each semi-anniversary thereof (if any such anniversary falls on a Japanese bank holiday or British bank holiday, the interest payment date which would have otherwise fallen on that day shall fall on the day immediately following such day which shall be a Japanese bank business day and British bank business day, and also, if any such anniversary falls on a Japanese bank holiday or British bank holiday and on the last day of a calendar month, the interest payment date which would have otherwise fallen on that day shall fall on the day immediately preceding such day which is a Japanese bank business day and British bank business day).

Schedule 2 Linear Interpolation Method

1. The swap rate applied to the period from the starting date to any interest payment date on the odd number of time (excluding the first (1st) time) under the standardized Yen interest rate swap contract shall be calculated by reference to the following formula:

$$C_i = (A_i C_{i+1} + A_{i+1} C_{i-1}) \div (A_i + A_{i+1}) \text{ (rounded to the nearest 3rd decimal point)}$$

Where:

- (1) A_i = annual rate adjustment factor applied on the interest payment date on the i time
- (2) A_{i+1} = annual rate adjustment factor applied on the interest payment date on the $i+1$ time
- (3) C_{i-1} = swap rate applied to the period from the starting date to the interest payment date on the $i-1$ time under the standardized Yen interest rate swap contract
- (4) C_{i+1} = swap rate applied to the period from the starting date to the interest payment date on the $i+1$ time under the standardized Yen interest rate swap contract

2. The swap rate applied to the period from the starting date to the first (1st) interest

payment date under the standardized Yen interest rate swap contract shall be calculated by reference to the following formula:

$$C_1 = C_2 - (C_3 - C_2) \times A_2 \div A_3 \text{ (rounded to the nearest 3}^{\text{rd}} \text{ decimal point)}$$

Where:

- (1) A_2 = annual rate adjustment factor applied on the second (2nd) interest payment date
- (2) A_3 = annual rate adjustment factor applied on the third (3rd) interest payment date
- (3) C_2 = swap rate applied to the period from the starting date to the second (2nd) interest payment date under the standardized Yen interest rate swap contract
- (4) C_3 = swap rate applied to the period from the starting date to the third (3rd) interest payment date under the standardized Yen interest rate swap contract

Schedule 3 Theoretical Option Price Formula

The theoretical call option price (hereinafter shown as “C”) and the theoretical put option price (hereinafter shown as “P”) shall be calculated by reference to the following formulae:

$$C = e^{-rt} [FN(d) - KN(d - \sigma\sqrt{t})]$$

$$P = C - e^{-rt} (F - K)$$

As used in the above formula, “d” shall be calculated by reference to the following formula:

$$d = [\ln (F/K) + \sigma^2 t/2] / \sigma\sqrt{t}$$

Where:

- F: daily settlement price of the Three-month Euroyen futures contract
- e: Napier's number
- t: number of days elapsed up until the option exercise date/ 365
- K: strike price
- σ : implied volatility calculated for each series of options in the manner prescribed by the Exchange / 100
- r Three-month Euroyen TIBOR as published by the Japanese Bankers Association on the relevant date divided by 100 and rounded to the nearest 3rd decimal point
- N(x): cumulative density function of the standard normal distribution where the value is x
- In: Napierian logarithm