

[English Translation]

**ENFORCEMENT REGULATIONS FOR
TRADING MEMBER REGULATIONS**

TOKYO FINANCIAL EXCHANGE INC.

(This is an English translation of the Enforcement Regulations for Trading Member Registrations, the original of which has been prepared in the Japanese language only. The Japanese language text hereof shall govern for all purposes and in all respects. Accordingly, all questions that may arise within or without courts of law in regard to the meaning of the words, provisions and stipulations of these 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.)

Enforcement Regulations for Trading Member Regulations
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CHAPTER I.
DUTIES, ETC. OF TRADING MEMBERS

Article 1. Purpose

1.1 These Enforcement Regulations set forth the matters to be prescribed or designated by the Exchange pursuant to the Trading Member Regulations.

1.2 An amendment to any of the provisions of Chapter II hereof shall be effected with consent from the Self-regulatory Committee, and an amendment to any of the provisions of Chapter III hereof shall be effected by a resolution of the Self-regulatory Committee.

Article 2. Number of Member Link Agreements

A Non-Clearing Member shall be allowed to enter into Member Link Agreements set forth in Article 7.2 of the Trading Member Regulations with not more than two (2) members of Linked Overseas Exchange.

Article 3. Notifiable Matters

Each of the notifications or registrations to the Exchange set forth in Articles 8, 9 and 10 of the Trading Member Regulations shall be made in the prescribed notification/registration form accompanied by the documents deemed necessary by the Exchange.

Article 4. Qualifications, etc. for Registered Deputy Representative

4.1 When a Trading Member registers a Registered Deputy Representative set forth in Article 9.1 of the Trading Member Regulations, the Registered Deputy Representative shall be elected from the Trading Member's officers or employees supervising the operations of the Trading Member or any other equivalent persons.

4.2 The routine operations set forth in Article 9.1 of the Trading Member Regulations

that can be delegated to a Registered Deputy Representative shall be as listed in the following Items.

- (1) Operations concerning notifications in accordance with Article 10 of the Trading Member Regulations
- (2) Operations concerning reporting in accordance with Items (6), (7), (9), (13) and (14) of Article 56.1 of the Trading Member Regulations
- (3) Operations concerning the conclusion of a Member Link Agreement
- (4) Operations concerning the registration of a Trading Officer
- (5) Operations concerning the registration of a Clearing Officer
- (6) Operations concerning the registration of an FX Officer
- (7) Operations concerning the registration of an Equity Index Officer
- (8) Operations concerning the registration of a Trading ID Manager
- (9) Operations concerning the registration of a Clearing ID Manager

Article 5. Payment Date for Exchange Fees

The exchange fees set forth in Article 11.1 of the Trading Member Regulations shall be paid to the Exchange by the 10th day of each calendar month (or the immediately subsequent business day, if such 10th day falls on a holiday); provided, however, that, if the Exchange designates any other day as a payment date, the concerned monthly exchange fee and per-contract exchange fees shall be paid on the day designated as foresaid.

Article 6. Deadline for Depositing of Additional Portion of Market Entry Deposit

6.1 If a Trading Member depositing a Market Entry Deposit in accordance with Article 12.1 of the Trading Member Regulations intends to launch Interest Rate Futures transactions or FX Daily Futures transactions based on its Customers' orders, the Trading

Member shall deposit the additional portion of the Market Entry Deposit set forth in Article 12.2 or 12.3 of the Trading Member Regulations with the Exchange by the date of the launch of such transactions.

6.2 Notwithstanding the provision of Article 6.1 above, if a Trading Member which is a Bridge Financial Institution, etc. intends to launch Interest Rate Futures transactions or FX Daily Futures transactions based on its Customers' orders, the Trading Member shall deposit the additional portion of the Market Entry Deposit set forth in Article 12.2 or 12.3 of the Trading Member Regulations with the Exchange by the day designated by the Exchange.

Article 7. Application for Deregistration of Trading Membership

An application for deregistration of a trading membership set forth in Article 26 of the Trading Member Regulations shall be made in the prescribed application form accompanied by the documents deemed necessary by the Exchange.

Article 8. Member Link Agreements of Deregistration Applicant

The condition to be separately prescribed by the Exchange as referred to in Article 28.2 of the Trading Member Regulations shall refer to a situation where the Exchange determines that it is not necessary to terminate the Member Link Agreement.

Article 9. Trading ID Manager

9.1 An Interest Rate Futures Trading Member shall notify the Exchange of a person in charge of the management of Trading IDs set forth in Article 48 of the Trading Member Regulations as the Trading ID Manager.

9.2 The Trading ID Manager shall conduct operations concerning the management and application of Trading IDs.

Article 10. Clearing ID Manager

10.1 An Interest Rate Futures Trading Member shall notify the Exchange of a person in charge of the management of Clearing IDs set forth in Article 48 of the Trading Member Regulations as the Clearing ID Manager.

10.2 The Clearing ID Manager shall conduct operations concerning the management and application of Clearing IDs.

Article 11. Scope of Responsibility of Trading Officer

The scope of operations under the responsibility of a Trading Officer to be prescribed by the Exchange pursuant to Article 49.2 of the Trading Member Regulations shall be as listed in the following Items.

- (1) Operations concerning the cancellation of bids and offers in the case of a failure in the Member's terminal device used for Interest Rate Futures transactions or in any other case
- (2) Operations concerning the application for designation as Market Maker in relation to Interest Rate Futures transactions and the registration of a Market Making Operator and a Trading ID or Trading IDs used for market making (provided, however, that a Trading Officer may cause a Market Making Operator to conduct operations concerning the registration of a Trading ID or Trading IDs used for market making)
- (3) Operations concerning the application for Error Trade Correction, etc. for Interest Rate Futures transactions

Article 12. Scope of Responsibility of Clearing Officer

The scope of operations under the responsibility of a Clearing Officer to be prescribed by the Exchange pursuant to Article 50.2 of the Trading Member Regulations shall be as listed in the following Items.

- (1) Operations concerning reporting of positions and other numerical data in relation to Interest Rate Futures contracts
- (2) Operations concerning depositing, reimbursement, or balance confirmation of Interest Rate Futures Market Entry Deposit, Exchange Margin for Interest Rate Futures transactions, or Interest Rate Futures Clearing Deposit

- (3) Operations concerning request for temporary clearing service to be performed by the Exchange in place of the Clearing Member in the case of a failure in its Member's terminal device used for Interest Rate Futures transactions or in any other case

Article 13. Scope of Responsibility of FX Officer

The scope of operations under the responsibility of an FX Officer to be prescribed by the Exchange pursuant to Article 50-2.2 of the Trading Member Regulations shall be as listed in the following Items.

- (1) Operations concerning the cancellation of bids and offers in the case of failure in the Member's terminal device used for FX Daily Futures transactions or in any other case
- (2) Operations concerning the application for designation as FX Market Maker and the registration of an FX Market-Making Operator (meaning the FX Market-Making Operator referred to in Article 14.1 of the Market-Making Regulations for FX Daily Futures Transactions)
- (3) Operations concerning the application for Error Trade Correction, etc. for FX Daily Futures transactions
- (4) Operations concerning reporting of positions and other numerical data in relation to FX Daily Futures contracts
- (5) Operations concerning depositing, reimbursement, balance confirmation of FX Daily Futures Market Entry Deposit, FX Exchange Margin, or Daily Futures Clearing Deposit
- (6) Operations concerning request for temporary clearing service to be performed by the Exchange in place of the FX Clearing Member in the case of a failure in its Member's terminal device used for FX Daily Futures transactions or in any other case

- (7) Operations concerning applications, etc. for the management and maintenance of the Member's System used for FX Daily Futures transactions

Article 13-2. Scope of Responsibility of Equity Index Officer

The scope of operations under the responsibility of an Equity Index Officer to be prescribed by the Exchange pursuant to Article 50-3.2 of the Trading Member Regulations shall be as listed in the following Items.

- (1) Operations concerning the cancellation of bids and offers in the case of failure in the Member's terminal device used for Equity Index Daily Futures transactions or in any other case
- (2) Operations concerning the application for designation as an Equity Index Market Maker and the registration of an Equity Index Market-Making Operator (meaning the Equity Index Market-Making Operator set forth in Article 12.1 of the Market-Making Regulations for Equity Index Daily Futures Transactions)
- (3) Operations concerning the application for Error Trade Correction, etc. for Equity Index Daily Futures transactions
- (4) Operations concerning reporting of positions and other numerical data in relation to Equity Index Daily Futures contracts
- (5) Operations concerning depositing, reimbursement, balance confirmation of Equity Index Daily Futures Market Entry Deposit, Equity Index Exchange Margin, or Daily Futures Clearing Deposit
- (6) Operations concerning request for temporary clearing service to be performed by the Exchange in place of the Equity Index Clearing Member in the case of a failure in its Member's terminal device used for Equity Index Daily Futures transactions or in any other case
- (7) Operations concerning applications, etc. for the management and maintenance of the Member's System used for Equity Index Daily

Futures transactions

Article 14. Notification of Conclusion, etc. of Clearing Agreement

The notification of the conclusion or amendment of a Clearing Agreement pursuant to Article 25.6 of the Trading Member Regulations shall be made in the prescribed notification form accompanied by the documents deemed necessary by the Exchange. In principle, a Non-Clearing Member shall be allowed to enter into a Clearing Agreement with only one Interest Rate Futures Clearing Member for each type thereof.

Article 14-2. Transfer of Unsettled FX Daily Futures Contracts between FX Market Makers

14-2.1 If the Exchange imposes the regulatory measures set forth in Article 63.1 of the Trading Member Regulations or the disciplinary measures set forth in Article 66.1 of the same regulations on the FX Daily Futures Clearing Member designated as an FX Market Maker and, pursuant to Article 38.1 of the same regulations, the Exchange causes to be transferred to any other FX Daily Futures Clearing Member designated as an FX Market Maker (hereinafter referred to as the “FX Market Maker Not Subject to Measures” in this Article) any of the unsettled FX Daily Futures contracts executed by the business conducted by such FX Daily Futures Clearing Member (hereinafter referred to as the “FX Market Maker 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 Position Transfer Price” in this Article) and the volume of the unsettled FX Daily Futures contracts to be transferred to one FX Market Maker Not Subject to Measures (hereinafter referred to as the “MM Position Transfer Volume” in this Article) shall be determined by the Exchange in the manner set forth below respectively.

- (1) MM 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 63.1 of the Trading Member Regulations or the disciplinary measures set forth in Article 66.1 of the same regulations was imposed on the FX Market Maker 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 Makers Not Subject to Measures who are obliged to quote an MM bid or offer with respect to such FX Daily Futures transactions.

14-2.2 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.

14-2.3 If the Exchange judges that it is not appropriate to determine the MM Position Transfer Price in the manner set forth in Article 14-2.1 (1) above, the Exchange shall determine the MM Position Transfer Price in a manner deemed appropriate by the Exchange from time to time.

14-2.4 If the Exchange judges that it is not appropriate to determine the MM Position Transfer Volume in the manner set forth in Article 14-2.1 (2) above, the Exchange shall determine the MM Position Transfer Volume in a manner deemed appropriate by the Exchange from time to time.

Article 14-3. Transfer of Unsettled Equity Index Daily Futures Contracts between Equity Index Market Makers

14-3.1 If the Exchange imposes the regulatory measures set forth in Article 63.1 of the Trading Member Regulations or the disciplinary measures set forth in Article 66.1 of the same regulations on the Equity Index Daily Futures Clearing Member, etc. designated as an Equity Index Market Maker and, pursuant to Article 38.1 of the same regulations, the Exchange causes to be transferred to any other Equity Index Daily Futures Clearing Member, etc. designated as an Equity Index Market Maker (hereinafter referred to as the “Equity Index Market Maker Not Subject to Measures” in this Article) any of the unsettled Equity Index Daily Futures contracts executed by the business conducted by such Equity Index Daily Futures Clearing Member, etc. (hereinafter referred to as the “Equity Index Market Maker 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 Position Transfer Price” in this Article) and the volume of the unsettled Equity Index Daily Futures contracts to be transferred to one Equity Index Market Maker Not Subject to Measures (hereinafter referred to as the “MM Position Transfer Volume” in this Article)

shall be determined by the Exchange in the manner set forth below respectively.

- (1) MM Position Transfer Price shall be a price deemed appropriate by the Exchange for each type of Equity Index Daily Futures contracts, taking into consideration the prices, etc. of the equity index traded under such Equity Index Daily Futures contracts on a trading day whose opening time of the Market Trading Period of the relevant type of Equity Index Daily Futures contracts falls on the first business day following the day on which the regulatory measures set forth in Article 63.1 of the Trading Member Regulations or the disciplinary measures set forth in Article 66.1 of the same regulations was imposed on the Equity Index Market Maker Subject to Measures; and
- (2) MM Position Transfer Volume shall be a volume of the unsettled Equity Index Daily Futures contracts with respect to each type of Equity Index Daily Futures transactions divided by the number of Equity Index Market Makers Not Subject to Measures who are obliged to quote an MM bid or offer with respect to such Equity Index Daily Futures transactions.

14-3.2 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.

14-3.3 If the Exchange judges that it is not appropriate to determine the MM Position Transfer Price in the manner set forth in Article 14-3.1 (1) above, the Exchange shall determine the MM Position Transfer Price in a manner deemed appropriate by the Exchange from time to time.

14-3.4 If the Exchange judges that it is not appropriate to determine the MM Position Transfer Volume in the manner set forth in Article 14-3.1 (2) above, the Exchange shall determine the MM Position Transfer Volume in a manner deemed appropriate by the Exchange from time to time.

CHAPTER II.

TRADING MEMBERSHIP

Article 15. Qualification Criteria for Trading Membership

15.1 The examination as to a Euroyen Futures Trading Membership and a Yen Interest Swap Futures Trading Membership as referred to in Article 53.2 of the Trading Member Regulations shall be conducted in terms of the criteria set forth in the respective Items below.

- (1) **Geographic basis**
The applicant shall have an office or branch in Japan that is engaged in market derivative transactions on the Exchange's market.
- (2) **Expected minimum trading volume**
The expected annual trading volume of the applicant shall be not less than 12,000 units.
- (3) **Personnel**
The applicant shall be required to satisfy the criterion of (a) below and any one of the criteria of (b) to (d) below.
 - (a) The applicant is: (i) a financial instruments firm (as specified in Paragraph 9 of Article 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter called the "Act" in this Article); the same shall apply in this Article) and categorized as a second financial instruments business operator (or an operator of the second financial instruments business and securities, etc. management business, if the applicant intends to conduct market derivatives transactions based on its Customers' orders); (ii) an exchange licensed firm approved to conduct market derivative transactions on the Exchange's market under Paragraph 1 of Article 60 of the Act; or (iii) a registered financial institution (as specified in Paragraph 11 of Article 2 of the Act; the same shall apply in this Article).
 - (b) The applicant is continuously engaged in transactions, etc. similar to market derivatives transactions as a trading member of an exchange operating such transactions, etc.

- (c) The applicant constantly employs more than one person having professional experience of transactions, etc. similar to market derivatives transactions as a trading member of an exchange operating such transactions, etc. or as an employee of any such exchange.
 - (d) The applicant is a person conducting foreign exchange futures transactions similar to market derivatives transactions for a business purpose or conducting brokerage, intermediary or agency business for such foreign exchange futures transactions.
- (4) Financial resources
- The applicant shall be required to satisfy all of the following criteria.
- (a) As a financial instruments firm, as an exchange licensed firm, or as a registered financial institution, the applicant satisfies the conditions as to the amount of its stated capital and others as specified in the Act.
 - (b) The net assets-capital ratio of the applicant is nearly one hundred percent (100%) or more.
 - (c) The applicant is likely to maintain stable profitability.

15.2 The examination as to an FX Daily Futures Trading Membership referred to in Article 53.2 of the Trading Member Regulations shall be conducted in accordance with the criteria set forth in Articles 15.3 and 15.4 below.

15.3 The applicant shall be required to satisfy all of the following criteria:

- (1) Geographic basis: The applicant shall have an office or branch in Japan that is engaged in market derivatives transactions on the Exchange Market.
- (2) Expected minimum trading volume:
The expected annual trading volume of the applicant shall be not less than 120,000.

(3) Personnel:

- (a) The applicant is a registered financial instruments firm, categorized as a second financial instruments business operator (or an operator of the second financial instruments business and securities, etc. management business, if the applicant intends to conduct market derivatives transactions based on its Customers' orders), or a registered financial institution.
- (b) In the light of its personnel, the applicant has knowledge and capacity enough to perform its business as an FX Daily Futures Trading Member, and having sufficient social credit.

(4) Financial resources:

- (a) The capital of the applicant is 300 million yen or more.
- (b) The net assets of the applicant are 2 billion yen or more (provided, however, that this criterion shall not apply if the Exchange finds otherwise that the equivalent level such as this is satisfied in substance).
- (c) In the case of a financial instruments firm, the Capital-to-Risk Ratio defined in Article 46-6.1 of the Act is two hundred percent (200%) or more.
- (d) The applicant is likely to maintain stable profitability as a Trading 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), 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") is two hundred percent (200%) or more.

- (f) In the case of a designated special financial instruments firm (meaning a designated special financial instruments firm (*taishou tokubetsu kinyuu shouhin torihiki gyousha*) set forth in Paragraph 3 of Article 57-12 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”), the “Consolidated Common Equity Tier 1 Capital Ratio” set forth in Item 1 of the same Article 2 (hereinafter called the “Consolidated Common Equity Tier 1 Capital Ratio”) is four point five percent (4.5%) or more and the “Consolidated Tier 1 Capital Ratio” set forth in Item 2 thereof (hereinafter called the “Consolidated Tier 1 Capital Ratio”) is six percent (6%) or more and the consolidated total Capital-to-Risk Ratio set forth in Item 3 thereof (hereinafter called the “Total Consolidated Capital-to-Risk Ratio”) is eight percent (8%) or more, 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”) is two hundred percent (200%) or more.

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

- (1) Geographic basis:

The applicant shall have an office or branch in Japan that is engaged in market derivatives transactions on the Exchange Market.

- (2) Expected minimum trading volume:

The expected annual trading volume of the applicant shall be not less than 120,000.

- (3) Personnel:

- (a) The applicant is a registered financial instruments firm, categorized as a second financial instruments business operator (or an operator of the second financial instruments business and securities, etc. management business, if the applicant intends to conduct market derivatives transactions based on its Customers' orders), or a registered financial institution.

(b) In the light of its personnel, the applicant has knowledge and capacity enough to perform its business as an FX Daily Futures Trading Member, and having sufficient social credit.

(c) The applicant constantly employs in Japan more than one person having three (3) years or longer professional experience in market derivatives transactions, etc.

(4) Financial resources:

(a) The capital of the applicant is 300 million yen or more.

(b) In the case of a financial instruments firm, the Capital-to-Risk Ratio defined in Paragraph 1 of Article 46-6 of the Act is two hundred percent (200%) or more.

(c) The applicant is likely to maintain stable profitability as a Trading Member.

(d) In the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio on Downstream Consolidation is two hundred percent (200%) or more.

(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 is four point five percent (4.5%) or more, and the Consolidated Tier 1 Capital Ratio is six percent (6%) or more, and the Total Consolidated Capital-to-Risk Ratio is eight percent (8%) or more, or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation is two hundred percent (200%) or more.

(f) The applicant obtains or has obtained the guarantee by its parent company (meaning an entity holding a majority of the voting rights of all shareholders of the trading membership applicant; the same shall apply in Article 15.7 (3) (g) and Article 15.11 (3) (e)) who satisfies the criteria (a),

(b) and (d) or (e) above and is likely to maintain stable profitability with the net assets of 3 billion yen or more, provided, however, the parent company shall be experienced in the field of financial business in general.

15.5 The examination as to Equity Index Daily Futures Trading Membership as referred to Article 53.2 of the Trading Member Regulations shall be conducted in terms of the criteria set forth in the Articles 15.6 and 15.7 below.

15.6 The applicant shall be required to satisfy all of the following criteria.

(1) Geographic basis

The applicant shall have an office or branch in Japan that is engaged in market derivative transactions on the Exchange's market.

(2) Personnel

The applicant shall satisfy all of the following criteria.

(a) The applicant is (i) a financial instruments firm and categorized as a first financial instruments business operator; or (ii) an exchange licensed firm approved to conduct Equity Index Daily Futures transactions under Paragraph 1 of Article 60 of the Act.

(b) In the light of its personnel, the applicant has knowledge and capacity enough to perform its business as an Equity Index Daily Futures Trading Member and retains sufficient social credit.

(c) If the applicant is a financial instruments firm, it shall be a member of Investor Protection Fund.

(3) Financial resources

The applicant shall satisfy all of the following criteria.

(a) The capital of the applicant is 300 million yen or more.

(b) The net assets of the applicant are 2 billion yen or more.

(c) The Capital-to-Risk Ratio of the applicant is two hundred

percent (200%) or more.

- (d) The applicant is likely to maintain stable profitability as a Trading Member.
- (e) In the case of a special financial instruments firm (Consolidated Capital-to-Risk Ratio on Downstream Consolidation) is two hundred percent (200%) or more
- (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 is four point five percent (4.5%) or more and the Consolidated Tier 1 Capital Ratio is six percent (6%) or more and the Total Consolidated Capital-to-Risk Ratio is eight percent (8%) or more, or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation is two hundred percent (200%) or more.

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

- (1) Geographic basis
The applicant shall have an office or branch in Japan that is engaged in market derivative transactions on the Exchange’s market.
- (2) Personnel
The applicant shall satisfy all of the following criteria.
 - (a) The applicant is (i) a financial instruments firm and categorized as a first financial instruments business operator; or (ii) an exchange licensed firm approved to conduct Equity Index Daily Futures transactions under Paragraph 1 of Article 60 of the Act.
 - (b) In the light of its personnel, the applicant has knowledge and capacity enough to perform its business as an Equity Index Daily Futures Trading Member and retains sufficient social credit.

- (c) If the applicant is a financial instruments firm, it shall be a member of Investor Protection Fund.
- (3) Financial resources
- The applicant shall satisfy all of the following criteria:
- (a) The capital of the applicant is 300 million yen or more.
 - (b) (Deleted)
 - (c) The Capital-to-Risk Ratio of the applicant is two hundred percent (200%) or more.
 - (d) The applicant is likely to maintain stable profitability as a Trading Member.
 - (e) The Consolidated Capital-to-Risk Ratio on Downstream Consolidation of the applicant which is a special financial instruments firm is two hundred percent (200%) or more.
 - (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 is four point five percent (4.5%) or more and the Consolidated Tier 1 Capital Ratio is six percent (6%) or more and the Total Consolidated Capital-to-Risk Ratio is eight percent (8%) or more, or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation is two hundred percent (200%) or more.
 - (g) The applicant obtains or has obtained the guarantee by its parent company who satisfies the criteria (a), (c) and (e) or (f) above and is likely to maintain stable profitability with the net assets of 3 billion yen or more, provided, however, the parent company shall be experienced in the field of financial business in general.

15.8 The examination as to a Euroyen Futures Remote Trading Membership as referred to in Article 53.2 of the Trading Member Regulations shall be conducted in terms of the criteria set forth in the respective Items below.

(1) Geographic basis

The applicant shall be required to satisfy all of the following criteria.

- (a) The applicant has an office or branch engaged in market derivative transactions on the Exchange's market and located in a foreign country deemed appropriate by the Exchange.
- (b) The applicant does not have an office or branch engaged in market derivative transactions on the Exchange's market in Japan.

(2) Expected minimum trading volume

The expected annual trading volume of the applicant shall be not less than 12,000 units.

(3) Personnel

The applicant shall be required to satisfy the criterion of (a) below and any one of the criteria of (b) to (d) below.

- (a) The applicant is an exchange licensed firm approved to conduct market derivative transactions on the Exchange's market under Paragraph 1 of Article 60 of the Act.
- (b) The applicant is continuously engaged in transactions, etc. similar to market derivatives transactions as a trading member of an exchange operating such transactions, etc.
- (c) The applicant constantly employs more than one person having professional experience of transactions, etc. similar to market derivatives transactions as a trading member of an exchange operating such transactions, etc. or as an employee of any such exchange.

- (d) The applicant is a person conducting foreign exchange futures transactions similar to market derivatives transactions for a business purpose or conducting brokerage, intermediary or agency business for such foreign exchange futures transactions.
- (4) Financial resources
- The applicant shall be required to satisfy all of the following criteria.
- (a) As a financial instruments firm, as an exchange licensed firm, or as a registered financial institution, the applicant satisfies the conditions as to the amount of its stated capital and others as specified in the Act.
 - (b) The net assets-capital ratio of the applicant is nearly one hundred percent (100%) or more.
 - (c) The applicant is likely to maintain stable profitability.
- (5) If the applicant intends to receive orders from its Customers for market derivative transactions on the Exchange's market exclusively through its specific office or branch, the applicant shall be required to satisfy either of the following criteria.
- (a) The registration, notification, or other arrangement of the specific office or branch as aforesaid has been duly made as required by the competent regulatory authority of the country where the office or branch is located.
 - (b) The office or branch is a member of a self-regulatory organization in the country where the office or branch is located.

15.9 The examination as to an Equity Index Daily Futures Remote Trading Member as referred to Article 53.2 of the Trading Member Regulations shall be conducted in terms of the criteria set forth in the Article 15.10 and Article 15.11 below.

15.10 The applicant shall be required to satisfy all of the following criteria.

- (1) Geographic basis
The applicant shall be required to satisfy all of the following criteria.
 - (a) The applicant shall have an office or branch that is engaged in market derivative transactions in a foreign country deemed appropriate by the Exchange.
 - (b) The applicant shall not have an office or branch in Japan that is engaged in market derivative transactions.

- (2) Personnel
The applicant shall satisfy all of the following criteria.
 - (a) The applicant is an exchange licensed firm approved to conduct market derivative transactions under Paragraph 1 of Article 60 of the Act.
 - (b) In the light of its personnel, the applicant has knowledge and capacity enough to perform its business as an Equity Index Daily Futures Remote Trading Member and retains sufficient social credit.

- (3) Financial resources
The applicant shall satisfy all of the following criteria.
 - (a) The capital of the applicant is 300 million yen or more.
 - (b) The net assets of the applicant are 2 billion yen or more.
 - (c) The Capital-to-Risk Ratio of the applicant is two hundred percent (200%) or more.
 - (d) The applicant is likely to maintain stable profitability as a Trading Member.

- (4) If the applicant intends to accept its Customer's order for Equity Index Daily Futures transactions at a specified office or branch, it shall be

required to satisfy any one of the criteria below.

- (a) The relevant office or branch shall have completed registration, filing or any other proceedings stipulated by the regulatory authority of the country in which it is located.
- (b) The relevant office or branch shall be a member of an investor protection fund in the country in which it is located.

15.11 The applicant shall have the net assets of less than 2 billion yen and satisfy all of the following criteria.

(1) Geographic basis

The applicant shall be required to satisfy all of the following criteria.

- (a) The applicant shall have an office or branch that is engaged in market derivative transactions in a foreign country deemed appropriate by the Exchange.
- (b) The applicant shall not have an office or branch in Japan that is engaged in market derivative transactions.

(2) Personnel

The applicant shall satisfy all of the following criteria.

- (a) The applicant is an exchange licensed firm approved to conduct Equity Index Daily Futures transactions under Paragraph 1 of Article 60 of the Act.
- (b) In the light of its personnel, the applicant has knowledge and capacity enough to perform its business as an Equity Index Daily Futures Remote Trading Member and retains sufficient social credit.

(3) Financial resources

The applicant shall satisfy all of the following criteria.

- (a) The capital of the applicant is 300 million yen or more.
 - (b) (Deleted)
 - (c) The Capital-to-Risk Ratio of the applicant is two hundred percent (200%) or more.
 - (d) The applicant is likely to maintain stable profitability as a Trading Member.
 - (e) The applicant obtains or has obtained the guarantee by its parent company who satisfies the criteria (a) and (c) above and is likely to maintain stable profitability with the net assets of 3 billion yen or more, provided, however, the parent company shall be experienced in the field of financial business in general.
- (4) If the applicant intends to accept its Customer's order for Equity Index Daily Futures transactions at a specific office or branch, it shall be required to satisfy any one of the criteria below.
- (a) The relevant office or branch shall have completed registration, filing or any other proceedings stipulated by the regulatory authority of the country in which it is located.
 - (b) The relevant office or branch shall be a member of an investor protection fund in the country in which it is located.

CHAPTER III.

SELF-REGULATORY OPERATIONS

Article 16. Application for Trading Membership

16.1 An application for trading membership set forth in Article 53.1 or 53.3 of the

Trading Member Regulations shall be made in the prescribed application form accompanied by a written undertaking, a written notification of the conclusion of a Clearing Agreement, a copy of the articles of incorporation, and other documents deemed necessary by the Exchange.

16.2 A trading membership applicant which is a Bridge Financial Institution, etc. may omit filing of the documents listed in Article 16.1 above which the Exchange deems it appropriate to do so.

Article 17. Notifiable Matters

A notification to the Exchange set forth in Article 55 of the Trading Member Regulations shall be made in the prescribed notification form accompanied by the documents deemed necessary by the Exchange.

Article 18. Reportable Matters

Reporting to the Exchange set forth in Article 56 of the Trading Member Regulations shall be made in the prescribed reporting form accompanied by the documents deemed necessary by the Exchange.

Article 18-2. Notifiable Matters with Respect to Special Financial Instruments Firm, etc.

The events separately prescribed by the Exchange set forth in Article 56.4 of the Trading Member Regulations shall be as follows:

- (1) The Trading Member has filed a notification pursuant to Paragraph 1 or Item 2 of Paragraph 6 of Article 57-2 of the Act.
- (2) The Trading Member's parent company (meaning a corporation or other legal entity which has the majority of the voting rights of all shareholders of the Trading Member; the same shall apply in this Article) has become subject to the designation set forth in Paragraph 1 of Article 57-12 of the Act.
- (3) The Trading Member has become aware that its designated parent

company (meaning the designated parent company set forth in Paragraph 3 of Article 57-12 of the Act; the same shall apply hereinafter) filed a notification under Article 57-14 of the Act with respect to the matter stated in Item 6 of Paragraph 1 of Article 57-13 of the Act.

- (4) The Trading Member has become aware that a petition for commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, commencement of reorganization proceedings, commencement of liquidation or commencement of special liquidation has been filed with respect to its designated parent company.
- (5) The Trading Member has become aware that its designated parent company has become or is threatened to become unable to pay its debts when due in general.
- (6) The Trading Member has become aware that its designated parent company has become subject to a disposition or punishment under any Laws related to market derivatives transactions (if such designated parent company is a foreign legal entity, including any foreign law or regulations equivalent to the Laws), or that its designated parent company has been provided an opportunity for hearing or explanation in relation to any disposition under any Laws related to market derivatives transactions.
- (7) The Trading Member has become aware that the designation received by its parent company as designated parent company has been terminated, or that the designation has become no longer applicable to it.
- (8) The Trading Member has become aware that its designated parent company has merged with another corporation or other legal entity (unless it has ceased to exist as a result of the merger).
- (9) The Trading Member has become aware that its designated parent company filed any application, notification, report or other filing with the Prime Minister, the Commissioner of the Financial Services Agency or the Securities and Exchange Surveillance Commission or under similar circumstances where the Exchange determines it necessary to receive a

report on the details of such filing.

- (10) The Trading Member has become aware that its shareholder has become or has ceased to be a specified major shareholder (meaning the specified major shareholder (*tokutei shuyou kabunushi*) set forth in Paragraph 4 of Article 32 of the Act).

Article 19. Financial Reporting

19.1 Financial reporting set forth in Articles 57.1 and 57.2 of the Trading Member Regulations shall be made by submitting documents deemed necessary by the Exchange which have been prepared on a single or consolidated accounting basis within three (3) months after the close of each fiscal year of the Trading Member; provided, however, that, if a Trading Member is a corporation established under foreign laws and is approved by the competent administrative authority in Japan to postpone the submission of a business report, the Trading Member shall make financial reporting to the Exchange within the approved period on condition that the Trading Member shall have notified the Exchange of the contents of such approval.

19.2 Notwithstanding Article 19.1 above, if a Trading Member or its Parent Company is a corporation established under the Insurance Business Act, the financial reporting as to the Trading Member or its Parent Company shall be made within four (4) months after the close of each fiscal year of the Trading Member.

19.3 Notwithstanding Article 19.1 above, if a Trading Member's Parent Company is a corporation established under foreign laws and the Trading Member is determined as being unable to complete financial reporting as to the Parent Company within the period set forth in Article 19.1 above due to its home country's applicable laws or regulations or practices governing the preparation of accounting books and records, the financial reporting shall be made within the period approved by the Exchange.

Article 20. Procedures for Hearing

The procedures for hearing set forth in Articles 59, 61, 62, 62-2 and 63 of the Trading Member Regulations shall be conducted in the manner set forth in each Item below:

- (1) The Exchange shall notify the matters for the hearing and the date thereof to the Trading Member on whom the hearing is to be conducted.
- (2) The Trading Member may make a statement at the hearing and the Exchange shall produce a record of the subject matters of the hearing, the details of the statements and other matters.

SUPPLEMENTARY PROVISIONS

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

SUPPLEMENTARY PROVISIONS

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

SUPPLEMENTARY PROVISIONS

These amended Clearing Regulations shall take effect as from June 29, 2018.