

[English Translation]

**ENFORCEMENT REGULATIONS FOR
SPECIAL PROVISIONS FOR TRADING REGULATIONS FOR
EXCHANGE FX MARGIN TRANSACTIONS**

TOKYO FINANCIAL EXCHANGE INC.

(This is an English translation of the Enforcement Regulations for Special Provisions for Trading Regulations for Exchange FX Margin Transactions, 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 shall be decided in accordance with the Japanese language text. Tokyo Financial Exchange Inc. (“TFX”) assumes no responsibility for accuracy, correctness, or content of this English text.)

Enforcement Regulations for
Special Provisions for Trading Regulations for Exchange FX Margin Transactions
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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 Trading Regulations and the Special Provisions for Trading Regulations for Exchange FX Margin Transactions (hereinafter called the “FX Special Provisions”).

Article 2. Period for Accepting Cancellation of Bids and Offers

2.1 Cancellation of bids or offers set forth in Article 5.6 of the FX Special Provisions shall be acceptable during the period from the opening of the pre-open period to the close of the Market Trading Period.

2.2 Whenever the Exchange deems it necessary, it may accept cancellation of bids and offers during the hours designated by the Exchange from time to time in addition to the period set forth in Article 2.1 above.

Article 3. Particulars for Bids and Offers

The matters to be prescribed by the Exchange in connection with bids and offers for Exchange FX Margin contracts based on the market-making method pursuant to Article 20.9 of the FX Special Provisions shall be as follows.

- (1) Matching process of MM bids/offers and non-MM bids/offers
An MM bid or offer or a non-MM bid or offer shall be processed in the FX/Equity Index Trading and Clearing System in the manner set forth below. In this case, an MM bid/offer shall be processed within a range of the volume of the corresponding non-MM bid/offer and a non-MM bid/offer shall be processed within a range of the volume of the corresponding MM bid/offer.
 - (a) When a non-MM bid is submitted at a price higher than the price of any of the MM offers then submitted, the non-MM bid shall be processed as a non-MM bid corresponding to the respective MM offer so far submitted, subject to the price limit set on the non-MM bid.

- (b) When a non-MM offer is submitted at a price lower than the price of any of the MM bids then submitted, the non-MM offer shall be processed as a non-MM offer corresponding to the respective MM bid so far submitted, subject to the price limit set on the non-MM offer.
 - (c) When an MM bid is submitted at a price higher than the price of any of the non-MM offers then submitted, the MM bid shall be processed as an MM bid corresponding to the respective non-MM offer so far submitted, subject to the price limit set on the MM bid.
 - (d) When an MM offer is submitted at a price lower than the price of any of the non-MM bids then submitted, the MM offer shall be processed as an MM offer corresponding to the respective non-MM bid so far submitted, subject to the price limit set on the MM offer.
- (2) IC (Immediate and Cancel) under which a bid or offer becomes null and void if the bid or offer is not matched for its entire volume simultaneously with the submission of the bid or offer, and the unmatched portion of the bid or offer becomes null and void if the bid or offer is matched in part only simultaneously with the submission of the bid or offer, may be applied to any limit order, except those accepted in a pre-open period.
- (3) OCO (One Cancels the Other) under which, if one of the bid or offer combined with the other bid or offer is matched in part only, the volume of such other bid or offer is decreased by the volume so matched, may be applied to each bid or offer in the combination set forth below.
- (a) Combination of a limit offer and a trigger market offer in the same volume
 - (b) Combination of a limit bid and a trigger market bid in the same volume

- (4) Expiration of a bid or offer
- A bid or offer inputted into the FX/Equity Index Trading and Clearing System which remains unmatched shall remain effective throughout the duration designated as to the bid or offer, with the exceptions provided for in (a) through (d) below; provided, however, that, when Exchange FX margin transactions are suspended pursuant to any Item of Article 14 of the Trading Regulations, the expiry of the bid or offer may be designated by the Exchange from time to time.
- (a) An MM bid or offer shall become null and void at the close of the Market Trading Period of the trading day on which it is inputted into the FX/Equity Index Trading and Clearing System.
 - (b) An IC market order and a bid or offer to which IC is applied shall become null and void immediately, if there is no corresponding MM bid or offer when the IC market order is inputted into the FX/Equity Index Trading and Clearing System.
 - (c) A loss-cut order shall become null and void at the close of the Market Trading Period of the trading day on which it is inputted into the FX/Equity Index Trading and Clearing System.
 - (d) With respect to a bid or offer whose duration includes an Exchange Holiday as defined in Article 6.1 of the FX Special Provisions or an ad hoc holiday as defined in Article 6.2 thereof, the bid or offer shall become null and void at the close of the Market Trading Period of the trading day immediately preceding the Exchange Holiday or ad hoc holiday whichever falls first after the submission of the bid or offer.

Article 4. Correction to Contents of Bid or Offer

4.1 Correction to the inputted contents pursuant to Article 23.3 of the FX Special Provisions shall be made in the following manner.

- (1) Correction to a bid or offer
- The concerned FX Margin Trading Member shall cancel the bid or offer

and then input a correct bid or offer in accordance with Article 20 of the FX Special Provisions.

- (2) Correction of the volume for a bid or offer
 - (a) Decrease of the volume
The bid or offer shall be cancelled to the extent of the volume of reduction.
 - (b) Increase of the volume
The bid or offer shall be cancelled in its entire volume and then a new bid or offer shall be inputted in a correct volume in accordance with Article 20 of the FX Special Provisions.

4.2 Notwithstanding the provision of Item (a) of Article 4.1(2) above, if a trigger order is matched in part, the volume of the unmatched portion of the said trigger order shall be cancelled entirely and a new trigger order or new multiple trigger orders shall be inputted in a correct volume in accordance with Article 20 of the FX Special Provisions.

Article 5. Application for Approval of Exchange FX Margin Transaction for Error Trade Correction, etc.

If an FX Margin Trading Member intends to obtain the Exchange's approval for Error Trade Correction pursuant to Article 19 of the Trading Regulations, the FX Margin Trading Member shall submit a specified form of application to the Exchange not later than the close of the Market Trading Period of the trading day on which the Error Trade or other event in question has occurred.

Article 6. Contract Prices, etc. under the Position Adjustment Program

6.1 The contract price of an Exchange FX Margin contract on a specific trading day under the position adjustment program set forth in Article 26.1 of the FX Special Provisions shall be equal to the relevant FX settlement price as set forth in Article 90-2.1 of the Clearing Regulations on the same trading day.

6.2 With respect to Exchange FX Margin contracts to be executed under the position adjustment program, their volume to be prescribed by the Exchange for each FX Market

Maker pursuant to Article 26.2 of the FX Special Provisions shall be as follows.

- (1) When the total volume of all the FX Market Makers' MM short positions (meaning the "MM short position" defined in Article 26.1 of the FX Special Provisions; the same interpretation shall apply hereinbelow) exceeds the total volume of all the FX Market Makers' MM long positions (meaning the "MM long position" defined in Article 26.1 of the FX Special Provisions; the same interpretation shall apply hereinbelow) at the close of the Market Trading Period of a specific trading day
 - (a) For an FX Market Maker holding an MM short position
The volume calculated by allocating the total volume of all the FX Market Makers' MM long positions to the respective FX Market Maker in proportion to the volume of its MM short position(s)
 - (b) For an FX Market Maker holding an MM long position
The volume of MM long position(s) held by the respective FX Market Maker
- (2) When the total volume of all the FX Market Makers' MM short positions falls below the total volume of all the FX Market Makers' MM long positions at the close of the Market Trading Period of a specific trading day
 - (a) For an FX Market Maker holding an MM short position
The volume of MM short position(s) held by the respective FX Market Maker
 - (b) For an FX Market Maker holding an MM long position
The volume calculated by allocating the total volume of all the FX Market Makers' MM short positions to the respective FX Market Maker in proportion to the volume of its MM long position(s)

6.3 Matters that the Exchange considers necessary to stipulate in connection with the calculation of the proportionately allocated volumes under Article 6.2(1)(a) or 6.2(2)(b)

above shall be prescribed by the Exchange from time to time.

Article 6-2. Particulars for Application for Block Trade

The matters to be prescribed by the Exchange in connection with block trade pursuant to Article 26-3.2 of the Trading Regulations for FX Daily Futures Transactions shall be as follows.

(1) Method of application

A FX Daily Futures Trading Member shall apply for a block trade by inputting the following information into the FX/Equity Index Trading and Clearing System through the Member's terminal device.

- (a) Name of the applicant FX Daily Futures Trading Member
- (b) Type of FX Daily Futures Transactions
- (c) Price
- (d) Volume designated for the relevant bid or offer
- (e) Whether for a customer account or for a house account for the sale contract or purchase contract
- (f) The counterparty FX Daily Futures Trading Member (if the applicant FX Daily Futures Trading Member intends to execute the block trade with another FX Daily Futures Trading Member)
- (g) The account number of FX Daily Futures Trading Member for the sale contract or purchase contract

(2) Restriction on pricing

The price listed in (c) of Item (1) above shall be in a fair and reasonable amount to be determined based on the trading situation at the Exchange at

the time of the block trade application.

(3) Minimum volume

The volume of FX Daily Futures contract which shall be executed at a block trade shall be those set forth in the following table:

Type of FX Daily Futures Transactions	Volume
U.S. Dollar-Japanese Yen FX Daily Futures contracts	not less than five hundred (500) times the trading unit
Euro – Japanese Yen FX Daily Futures contracts	not less than five hundred (500) times the trading unit
British Pound – Japanese Yen FX Daily Futures contracts	not less than five hundred (500) times the trading unit
Australian Dollar – Japanese Yen FX Daily Futures contracts	not less than five hundred (500) times the trading unit
Swiss Franc – Japanese Yen FX Daily Futures contracts	not less than five hundred (500) times the trading unit
Canadian Dollar – Japanese Yen FX Daily Futures contracts	not less than five hundred (500) times the trading unit
New Zealand Dollar – Japanese Yen FX Daily Futures contracts	not less than five hundred (500) times the trading unit
South African Rand – Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Turkey Lira – Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Norwegian Krone – Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Hong Kong Dollar – Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Swedish Krona – Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Mexican Peso – Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Polish Zloty – Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit

Chinese Yuan–Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Korean Won–Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Indian Rupee–Japanese Yen FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Euro – U.S. Dollar FX Daily Futures contracts	not less than five hundred (500) times the trading unit
British Pound – U.S. Dollar FX Daily Futures contracts	not less than three hundred (300) times the trading unit
British Pound – Swiss Franc FX Daily Futures contracts	not less than three hundred (300) times the trading unit
U.S. Dollar – Swiss Franc FX Daily Futures contracts	not less than three hundred (300) times the trading unit
U.S. Dollar – Canadian Dollar FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Australian Dollar – U.S. Dollar FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Euro – Swiss Franc FX Daily Future contracts	not less than three hundred (300) times the trading unit
Euro – British Pound FX Daily Futures contracts	not less than three hundred (300) times the trading unit
New Zealand Dollar – U.S. Dollar FX Daily Futures contracts	not less than three hundred (300) times the trading unit
Euro – Australian Dollar FX Daily Futures contracts	not less than three hundred (300) times the trading unit
British Pound – Australian Dollar FX Daily Futures contracts	not less than three hundred (300) times the trading unit
U.S. Dollar – Japanese Yen FX Daily Futures contracts (Large)	not less than three fifty (50) times the trading unit
Euro – Japanese Yen FX Daily Futures contracts (Large)	not less than three fifty (50) times the trading unit
British Pound – Japanese Yen FX Daily Futures contracts (Large)	not less than three fifty (50) times the trading unit
Australian Dollar – Japanese Yen FX Daily Futures contracts (Large)	not less than three fifty (50) times the trading unit

Euro – U.S. Dollar FX Daily Futures contracts (Large)	not less than three fifty (50) times the trading unit
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(4) Conditions for approval

If the Exchange confirms that the application submitted by a FX Daily Futures Trading Member satisfies all of the following conditions, the Exchange shall approve execution of the FX Daily Futures contract based on the contents of such application.

- (a) All of the information set forth in Item (1) above are clearly specified in the application.
- (b) The price set forth in (c) of Item (1) above is the price set forth in Item (2) above.
- (c) The minimum volume requirement set forth in Item (3) above shall be satisfied.
- (d) It is not obviously inappropriate in any other respects to allow execution of the FX Daily Futures contract based on the application.

(5) Notice of approval or disapproval

If the Exchange approves execution of the FX Daily Futures contract pursuant to Item (4) above, the Exchange shall communicate its approval or disapproval to the applicant FX Daily Futures Trading Member. If the Exchange fails to give a notice of either approval or disapproval by the close of the evening session of the business day on which the application is submitted to the Exchange, the Exchange shall be deemed to have disapproved the application.

Article 6-3. The Period for Notice of approval or disapproval for Block Trade

The period to be prescribed by the Exchange pursuant to Article 26-5.4 of the Trading Regulations for FX daily futures transactions shall be within ten (10)

minutes from the execution of such contract in principle.

Article 6-4. Period for Suspension of Block Trade

A block trade shall be suspended in the case listed in any Item of Article 26-7 of the Trading Regulations for FX Daily Futures transactions for a period deemed necessary by the Exchange from time to time.

Article 7. Method Utilizing Information and Telecommunication Technology for Notice to Customers

7.1 The method separately prescribed by the Exchange referred to in Article 30 of the FX Special Provisions shall be any one of the methods set forth in Item (1) or (2) below.

(1) An electronic data processing and network organization as set forth in Item (a) or (b) below shall be utilized.

(a) Transmission will be made via telecommunication lines connecting computers used by an FX Margin Trading Member and those used by an FX Margin Customer and the contents so transmitted will be recorded into files stored in the computers used by a recipient.

(b) The matters recorded into files stored in the computers used by an FX Margin Trading Member that would otherwise be described in the notice referred to in Article 30 of the FX Special Provisions will be made available for access by an FX Margin Customer via telecommunication lines and those matters will be downloaded into files stored in the computers used by the FX Margin Customer.

(2) The matters that would otherwise be described in the notice referred to in Article 30 of the FX Special Provisions shall be recorded into such files that will be controlled by magnetic disc, CD-ROM or any other equivalent media capable of reliably recording some contents, and the

recording media containing such files shall be dispatched.

7.2 Each of the methods set forth in Article 7.1 above shall be the one enabling an FX Margin Customer to output the contents recorded into the files in paper form.

7.3 An “electronic data processing and network organization” referred to in Article 7.1(1) above means an electronic data processing and network organization connecting computers used by an FX Margin Trading Member and those used by its FX Margin Customer by means of telecommunication lines.

Article 8. Recordkeeping for Market Derivatives Transactions based on Customer’s Order

8.1 The records to be prescribed by the Exchange pursuant to Article 31 of the Trading Regulations for FX Daily Futures transactions shall be the Record of bids and offers and trading results acquired from the Member’s terminal device.

8.2 The records set forth in Article 8.1 above shall record the matters set forth in Appendix “Contents of Record for bids and offers and trading results” attached hereto.

8.3 An FX Margin Trading Member may keep the records set forth in Article 8.1 above in the form of output or onto a microfilm, floppy disk or any other electronic media.

8.4 The records set forth in Article 8.1 above shall be kept for five (5) years.

Article 8-2. System of Preventing Possible Conflict of Interest Transactions

The system which an FX Margin Trading Member who acts as FX Market Maker and who also undertakes brokerage service as Non-FX Market Maker is required to establish and maintain for the purpose of preventing possible conflict of interest transactions and other unfair transactions under Article 12-2 of the FX Special Provisions shall be as follows.

- (1) A system which separates its business section in charge of FX market-making from that in charge of the brokerage service undertaken by it
- (2) A system which separates its officer and other persons in charge of FX

market-making from those in charge of the brokerage service undertaken by it

- (3) A system which physically and systematically separates management of customer information related to Exchange FX Margin contracts between its business section in charge of FX market-making and that in charge of the brokerage service undertaken by it
- (4) Other system which the Exchange determines necessary to establish and maintain

Article 9. Method Utilizing Information and Telecommunication Technology for Notice to FX Margin Trading Members

9.1 The method separately prescribed by the Exchange referred to in Article 32 of the FX Special Provisions shall be any one of the methods set forth in Item (1) or (2) below.

- (1) An electronic data processing and network organization as set forth in Item (a) or (b) below shall be utilized.
 - (a) Transmission will be made via telecommunication lines connecting computers used by the Exchange and those used by an FX Margin Trading Member and the contents so transmitted will be recorded into files stored in the computers used by a recipient.
 - (b) The matters recorded into files stored in the computers used by the Exchange that are set forth in the Appendix attached to the FX Special Provisions will be made available for access by an FX Margin Trading Member via telecommunication lines and those matters will be downloaded into files stored in the computers used by the FX Margin Trading Member.
- (2) The matters that would otherwise be described in the notice referred to in the Appendix attached to the FX Special Provisions shall be recorded into such files that will be controlled by magnetic disc, CD-ROM or any other equivalent media capable of reliably recording some contents, and the

recording media containing such files shall be dispatched.

9.2 An “electronic data processing and network organization” referred to in Article 9.1(1) above means an electronic data processing and network organization connecting computers used by the Exchange and those used by an FX Margin Trading Member by means of telecommunication lines.

SUPPLEMENTARY PROVISIONS

The amended regulations shall take effect as from August 1, 2011.

SUPPLEMENTARY PROVISIONS

The amended regulations shall take effect as from November 18, 2019.

Appendix 1 Contents of Record for Bids and Offers and Trading Results

Matters to be recorded(Article 8)	
1.	Types of Exchange FX Margin contracts
2.	Distinction of sale/purchase contract
3.	Price (and the fact that it is based on an IC market order, trigger market order or loss-cut order, if applicable)
4.	Trigger price, if applicable
5.	Volume of a bid or offer
6.	Date and time of acceptance of an order
7.	Order code number
8.	Fact that it is based on an FX Margin Customer's order
9.	Fact that it is a block trade, if applicable
10.	Type(s) of modifier(s), if any