

[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 6-2. Matters to be Reported as for Special Financial Instruments Firm, etc.**

The events separately prescribed by the Exchange set forth in Article 14-4.5 of the Clearing Regulations shall be as follows:

- (1) The Clearing Member has filed a notification pursuant to Paragraph 1 or Item 2 of Paragraph 6 of Article 57-2 of the Act.
- (2) The Clearing Member's parent company (meaning a corporation or other legal entity which has the majority of the voting rights of all shareholders of such Member) has become subject to the designation as the parent company provided in Paragraph 1 of Article 57-12 of the Act.
- (3) The Clearing Member has come to know 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 Clearing Member has come to know 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 Clearing Member has come to know that its designated parent

company has become or is threatened to become unable to pay its debts when due in general.

- (6) The Clearing Member has come to know 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 Clearing Member has come to know 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 Clearing Member has come to know 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 Clearing Member has come to know 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 Clearing Member has come to know 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 7. Financial Reports**

7.1 The financial report prescribed in Articles 14-5.1 and 14-5.2 of the Clearing

Regulations shall be made by submitting the documents deemed necessary by the Exchange which have been prepared on a single or consolidated accounting basis within three (3) months 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 four (4) months 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 or 4.3 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 16.6 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 16.7 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 Interest Rate Futures 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 Interest Rate Futures 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 Except when Article 40-4 of the Clearing Regulations is applicable, 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 seven (7) business days (meaning the business day specified in Article 6-2 of Trading Regulations; which interpretation shall equally apply hereinafter in this Article, Article 12-2 and Article 12-3) counted from the First Calculation Date and the Second Calculation Date respectively set forth in Article 12-2.1(1) below. 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 Daily Futures Clearing Deposit to be deposited with the Exchange pursuant to Article 31.3 of the Clearing Regulations is found to be insufficient, 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 seven

(7) business days counted from the First Calculation Date and the Second Calculation Date respectively set forth in Article 12-3.1(1) below. Provided, however, that the Exchange may designate any other deadline whenever the Exchange deems it necessary to do so.

12.3 Except when Article 41-6 of the Clearing Regulations is applicable, a Clearing Member with respect to whom the amount of the FX Clearing Futures Clearing Deposit required to be deposited and maintained by such Clearing Member pursuant to Article 31.4 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 seven (7) business days counted from the First Calculation Date and the Second Calculation Date respectively set forth in Article 12-5.1(1) below. Provided, however, that the Exchange may designate any other deadline whenever the Exchange deems it necessary to do so.

12.4 Notwithstanding Articles 12.1, 12.2 and 12.3 above, if the amount of Interest Rate Futures Clearing Deposit, Daily Futures Clearing Deposit or FX Clearing Futures Clearing Deposit becomes less than the amount required to be deposited and maintained by a Clearing Member as a result of provisional change of the amount of clearing deposits by the Exchange pursuant to Article 33 of the Clearing Regulations, such Clearing Member shall, in principle, deliver to the Exchange either money or securities in the amount not less than such deficiency as clearing deposit by the time designated by the Exchange on the business day immediately following the business day on which such deficiency occurs.

## **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) PML (Probable Maximum Loss) Base Amount shall be obtained in accordance with the following formula for each type of Interest Rate Futures contracts with respect to an Interest Rate Futures Clearing Member.

PML Base Amount = difference between the long positions and the short positions held by the Interest Rate Futures Clearing Member on each Calculation Date, one of which is the First Calculation Date (meaning a business day six (6) business days preceding the first business day of a month) and the other is the Second Calculation Date (meaning a business day six (6) business days preceding the fifteenth day of a month (if such day falls under a Japanese bank holiday, the business day immediately following such day which is a Japanese banking day)); hereinafter the same interpretation shall apply in this Article) x trading unit x volatility of daily settlement prices during consecutive two trading days in the volatility sampling period (meaning the period from the commencement date determined by the Exchange through the Calculation Date) with respect to the Interest Rate Futures contracts x daily settlement price on each Calculation Date + (daily settlement price on each Calculation Date – daily settlement price on the trading day immediately preceding each Calculation Date) x the difference between the long positions and short positions held by the Interest Rate Futures Clearing Member on the trading day immediately preceding each Calculation Date x trading unit

- (2) The PML Amount shall be obtained by adding all the PML Base Amounts calculated for each type of Interest Rate Futures contracts with respect to an Interest Rate Futures Clearing Member.
- (3) The Reference PML Amount shall be obtained in accordance with the following formula with respect to an Interest Rate Futures Clearing Member:

Reference PML Amount = PML Amount – deposited margin for house account position on each Calculation Date – margin requirement for Customer account position and Securities, etc. Clearing-Broking Contracts on the trading day immediately preceding each Calculation Date

- (4) With respect to each set of Reference PML Amounts obtained in

accordance with Article 12-2.1(3) above, the Reference PML Amounts of the Interest Rate Futures Clearing Member whose Reference PML Amount is the largest among the relevant set, the Interest Rate Futures Clearing Member who has the smallest net asset value at the time determined by the Exchange, the Interest Rate Futures Clearing Member who has the second smallest net asset value, and the Interest Rate Futures Clearing Member who has the third smallest net asset value shall be aggregated.

- (5) The largest amount among the aggregate amounts of the Reference PML Amounts obtained in accordance with Article 12-2.1(4) above shall be the remaining loss amount on each Calculation Date.
- (6) With respect to each trading day during the period of 6 months preceding each Calculation Date, the remaining loss amount shall be calculated for each such trading day in the manner set forth in Article 12-2.1 (1) though (5) above, among which the largest amount shall be the largest remaining loss amount. In such case, “each Calculation Date” in each formula is deemed to be replaced with “such trading day”.
- (7) The aggregate amount of the Interest Rate Futures Clearing Deposits to be deposited and maintained shall be obtained by deducting the amount of default compensation reserve for Interest Rate Futures contracts from the largest remaining loss amount.
- (8) The absolute value of the difference between the short position and the long position of Interest Rate Futures contracts held by an Interest Rate Futures Clearing Member on each Calculation Date multiplied by the trading unit of such Interest Rate Futures contract, the largest value of the absolute values of the volatility of daily settlement price during consecutive two trading days in the volatility sampling period and the daily settlement price on each Calculation Date shall be aggregated with respect to all the Interest Rate Futures contracts.
- (9) The shortfall of the Exchange Margin against the maximum volatility shall be calculated by deducting the margin requirement of such

Interest Rate Futures Clearing Member on each Calculation Date from the amount obtained in accordance with Article 12-2.1(8) above.

- (10) The aggregate amount of the Interest Rate Futures Clearing Deposits to be deposited and maintained obtained in accordance with Article 12-2.1(7) above deducted by the number of Interest Rate Futures Clearing Members multiplied by 50 million yen shall be prorated based on the shortfall of the Exchange Margin against the maximum volatility with respect to an Interest Rate Futures Clearing Member obtained in accordance with Article 12-2.1(9) above.
- (11) The amount obtained in accordance with Article 12-2.1(10) above with respect to an Interest Rate Futures Clearing Member added by 50 million yen shall be the amount of the Interest Rate Futures Clearing Deposit to be deposited and maintained by such Interest Rate Futures Clearing Member.

12-2.2 Any matters deemed necessary by the Exchange in connection with the calculation set forth in Article 12-2.1 above shall be prescribed by the Exchange from time to time.

#### **Article 12-2-2. New Interest Rate Futures Clearing Deposit Requirement after Cooling Off Period for Interest Rate Futures**

12-2-2.1 The amount of Interest Rate Futures Clearing Deposit to be deposited as calculated in the manner separately prescribed by the Exchange specified in Article 40-4.3 of the Clearing Regulations shall be the amount obtained by applying mutatis mutandis Article 12-2 hereof on a business day six (6) business days preceding the Applicable Date for Updated Requirement Amount of Interest Rate Futures (meaning the “Applicable Date for Updated Requirement Amount of Interest Rate Futures defined in Article 40-4.3 of the Clearing Regulations) as a special Calculation Date for Interest Rate Futures. In such case, the “each Calculation Date” in Article 12-2.1 is deemed to be replaced with “special Calculation Date for Interest Rate Futures”.

12-2-2.2 The Exchange shall notify the Interest Rate Futures Clearing Member of the amount of Interest Rate Futures Clearing Deposit to be deposited on the business

day immediately following the special Calculation Date for Interest Rate Futures.

### **Article 12-2-3. Amount of Special Purpose Cash Collateral**

The amount of Special Purpose Cash Collateral for Interest Rate Futures to be deposited as calculated in the manner separately prescribed by the Exchange specified in Article 40-6.1 of the Clearing Regulations shall be calculated for each Interest Rate Futures Clearing Member other than the Defaulting Interest Rate Futures Clearing Member (hereinafter referred to as the “Other Interest Rate Futures Clearing Member”) in the manner set forth below:

- (1) On each trading day during a Cooling Off Period for Interest Rate Futures, an Amount of Variation Equivalent for Interest Rate Futures (meaning the Amount of Variation Equivalent for Interest Rate Futures defined in Article 40-5.2(1) of the Clearing Regulations) shall be calculated in the manner set forth below:
  - (a) Article 12-2-2 hereof shall apply mutatis mutandis and, by regarding each such trading day as a Calculation Date, an amount equivalent to the calculatory amount of Interest Rate Futures Clearing Deposit to be deposited (hereinafter referred to as the “Calculatory Interest Rate Futures Clearing Deposit Equivalent”) shall be calculated.
  - (b) An amount as the basis for calculation of Variation Equivalent for Interest Rate Futures (hereinafter referred to as the “Calculation Base Amount for Interest Rate Futures”) shall be calculated in the manner set forth in a, b, and c below in accordance with the category of dates set forth in a, b, and c, respectively:

#### **a. Start date of Cooling Off Period for Interest Rate Futures**

The larger of Initial Requirement of Interest Rate Futures Clearing Deposit (meaning the Initial Requirement of Interest Rate Futures Clearing Deposit defined in Article

40.5 of the Clearing Regulations) applicable to such Cooling Off Period and the Calculatory Interest Rate Futures Clearing Deposit Equivalent on the start date of the Cooling Off Period for Interest Rate Futures shall be the Calculation Base Amount.

b. Trading day immediately following the start date

The larger of the Calculation Base Amount for Interest Rate Futures in an above and the Calculatory Interest Rate Futures Clearing Deposit Equivalent on the trading day immediately following the start date shall be the Calculation Base Amount for Interest Rate Futures.

c. Each trading day from the second trading day after the start date to the last day

The larger of the Calculation Base Amount for Interest Rate Futures on the immediately preceding trading day and the Calculatory Interest Rate Futures Clearing Deposit Equivalent on each such trading day shall be the Calculation Base Amount for Interest Rate Futures on such trading day.

- (c) The Calculation Base Amount for Interest Rate Futures of the day deducted by the Initial Requirement of Interest Rate Futures Clearing Deposit shall be the Amount of Variation Equivalent for Interest Rate Futures on each trading day during the Cooling Off Period for Interest Rate Futures.

- (2) On each trading day during a Cooling Off Period for Interest Rate Futures, an Amount of Additional Contribution Equivalent for Interest Rate Futures (meaning the Additional Contribution Equivalent for Interest Rate Futures defined in Article 40-5.2(2) of the Clearing Regulations) as the aggregate sum of the Amount of First Additional Clearing Contribution Equivalent for Interest Rate Futures and the Amount of Second Additional Clearing Contribution Equivalent for Interest Rate Futures set forth below in the following manner respectively:



(a) Amount of First Additional Clearing Contribution Equivalent for Interest Rate Futures

An amount equivalent to the excess of the amount of losses incurred by the Exchange due to default by an Interest Rate Futures Clearing Member over the compensation for losses under Articles 40.1, 40.2 and 40.3 of the Clearing Regulations, if any, shall be prorated among other Interest Rate Futures Clearing Members in proportion to the respective Initial Requirement of Interest Rate Futures Clearing Deposit of such other Interest Rate Futures Clearing Members; provided, however, the amount calculated under this (a) shall not exceed the Initial Requirement of Interest Rate Futures Clearing Deposit of each Interest Rate Futures Clearing Member.

(b) Amount of Second Additional Clearing Contribution Equivalent for Interest Rate Futures

With respect to an amount equivalent to the excess of the amount of losses incurred by the Exchange due to default by an Interest Rate Futures Clearing Member over the compensation for losses under Article 40.1, Article 40.2, Article 40.3, Article 40.4 and Article 40.6 of the Clearing Regulations, if any, an amount equivalent to such excess shall be prorated among Surviving Clearing Members making Second Additional Clearing Contribution for Interest Rate Futures in the liquidation period specified in Article 40.15 of the Clearing Regulations in proportion to the total sum of amounts of cash settlement variation equivalent for liquidation to be received by the Surviving Clearing Members making Second Additional Clearing Contribution for Interest Rate Futures deducted by the total sum of amounts of cash settlement variation equivalent for liquidation to be paid by the Surviving Clearing Members making Second Additional Clearing Contribution for Interest Rate Futures as determined by the Exchange from time to time (only to the extent that

such amount is positive) based on the cash settlement variation relating to the Interest Rate Futures contracts and L-T Link Position of the Surviving Clearing Members making Second Additional Clearing Contribution for Interest Rate Futures as well as the option premium and option values (meaning the value determined by the Exchange from time to time with respect to the position held by the Other Interest Rate Futures Clearing Member during the liquidation period by multiplying the Daily Settlement Price of the option in such liquidation period by the sum of position) relating to the options on Three-month Euroyen Futures and the options on Three-month TONA Futures.

- (c) The aggregate sum of the amount calculated under (a) above and the amount calculated under (b) above shall be the Amount of Additional Contribution Equivalent for Interest Rate Futures on each trading day of such Cooling Off Period for Interest Rate Futures.

### **Article 12-3. Amount of Daily Futures Clearing Deposit**

12-3.1 The amount of Daily Futures Clearing Deposit to be deposited and maintained which is calculated in the manner separately determined by the Exchange as set forth in Article 31.3 of the Clearing Regulations shall be calculated for each Daily Futures Clearing Member by the following steps:

- (1) PML (Probable Maximum Loss) Base Amount shall be obtained in accordance with the following formula with respect to a Daily Futures Clearing Member.

PML Base Amount = the absolute value of the difference between the short positions and the long positions for each type of FX Daily Futures contracts held by the Daily Futures Clearing Member on each Calculation Date, one of which is the First Calculation Date (meaning a business day six (6) business days preceding the first business day of a month) and the other is the Second Calculation Date (meaning a

business day six (6) business days preceding the fifteenth day of a month (if such day falls under a Japanese bank holiday, the business day immediately following such day which is a Japanese banking day)) x trading unit x volatility of FX Settlement Prices with respect to the FX Daily Futures contracts during consecutive two trading days in the volatility sampling period (meaning the period from the commencement date determined by the Exchange through each Calculation Date) with respect to the FX Daily Futures contracts (if the commencement date of the volatility sampling period is before the day on which such FX Daily Futures contract is listed, including the volatility during consecutive two trading days deemed appropriate by the Exchange as the price of the financial index underlying such FX Daily Futures contract during the period from the commencement date of the volatility sampling period through the day on which such FX Daily Futures contract is listed; the same interpretation shall apply in Article 12-3.1(8) below) x FX Settlement Price with respect to the FX Daily Futures contracts on each Calculation Date (if such FX Daily Futures contract is a Cross Currency Pairs transaction defined in Article 2 (20) of the Special Provisions for Trading Regulations for FX Daily Futures Transactions (hereinafter referred to as the “FX Special Provisions”), further multiplied by the FX Settlement Price of the Yen Currency Pairs transaction (meaning the “Yen Currency Pairs transaction” defined in Article 2(19) of the FX Special Provisions which is, if such Cross Currency Pairs transaction is a Large transaction (meaning a Large transaction as defined in Article 2 (23) of the FX Special Provisions; which interpretation shall equally apply in this Article 12-3.1(1)), the Yen Currency Pairs transaction of the Large transaction for the Term Currency, or, if such Cross Currency Pairs transaction is a Non-large transaction (meaning a Non-large transaction as defined in Article 2 (24) of the FX Special Provisions; which interpretation shall equally apply in this Article 12-3.1(1)), the Yen Currency Pairs transaction of the Non-large transaction for the Term Currency; which interpretation shall equally apply in Articles 35-6.1 and 35-6.2 hereof) with respect to the Term Currency (meaning the “Term Currency” defined in Article 2 (22) of the FX Special Provisions) of such FX Daily Futures contract on each Calculation Date + the absolute value of the difference between the long positions

and the short positions for each type of Equity Index Daily Futures contracts held by the Daily Futures Clearing Member on each Calculation Date x trading unit x volatility of Equity Index Settlement Prices with respect to the Equity Index Daily Futures contracts during consecutive two trading days in the volatility sampling period (meaning the period from the commencement date determined by the Exchange through each Calculation Date) with respect to the Equity Index Daily Futures contracts (if the commencement date of the volatility sampling period is before the day on which such Equity Index Daily Futures contract is listed, including the volatility during consecutive two trading days deemed appropriate by the Exchange as the price of the financial index underlying such Equity Index Daily Futures contract during the period from the commencement date of the volatility sampling period through the day on which such Equity Index Daily Futures contract is listed; the same interpretation shall apply in Article 12-3.1(8) below) x Equity Index Settlement Price with respect to the Equity Index Daily Futures contracts on each Calculation Date

- (2) The PML Amount shall be obtained in accordance with the following formula with respect to a Daily Futures Clearing Member:

PML Amount = Aggregate of all PML Base Amounts + shortfall of FX Exchange Margin and Equity Index Exchange Margin for house account position on each Calculation Date + (shortfall of FX Exchange Margin and Equity Index Exchange Margin for Customer account position and Securities, etc. Clearing-Brokering Contracts on each Calculation Date – advanced deposits of FX Exchange Margin and Equity Index Exchange Margin on each Calculation Date (if it becomes a negative number, deemed as zero))

- (3) The Reference PML Amount shall be obtained in accordance with the following formula with respect to a Daily Futures Clearing Member:

Reference PML Amount = PML Amount - {(deposited FX Exchange Margin for house account position on the each Calculation Date  $\pm$  FX variation (meaning the FX variation specified in Article 90-8.1 of the Clearing Regulations; if the FX variation is positive, such positive

value shall be added to the deposited FX Exchange Margin and if it is negative, such value shall be deducted from the deposited FX Exchange Margin) + the aggregate value of the product of FX Margin reference amount of an FX Daily Futures contract for Customer account position and Securities, etc. Clearing-Brokering Contracts on the trading day immediately preceding each Calculation Date and the larger of the short position and the long position with respect to such FX Daily Futures contract held (hereinafter referred to as the “MAX Positions” in this Article) calculated for all of the FX Daily Futures contracts for each type + (deposited Equity Index Exchange Margin for house account position on each Calculation Date  $\pm$  Equity Index variation (meaning the Equity Index variation specified in Article 90-19 of the Clearing Regulations; if the Equity Index variation is positive, such positive value shall be added to the deposited Equity Index Exchange Margin and if it is negative, such value shall be deducted from the deposited Equity Index Exchange Margin) + the aggregate value of the product of Equity Index Margin reference amount of an Equity Index Daily Futures contract for Customer account position and Securities, etc. Clearing-Brokering Contracts on the trading day immediately preceding each Calculation Date and the absolute value of the short position and the long position with respect to such Equity Index Daily Futures contract held (hereinafter referred to as the “Net Position” in this Article) calculated for all of the Equity Index Daily Futures contracts for each type }

- (4) With respect to each set of Reference PML Amounts obtained in accordance with Article 12-3.1(3) above, the Reference PML Amounts of the Daily Futures Clearing Member whose Reference PML Amount is the largest among the relevant set, the Daily Futures Clearing Member who has the smallest net asset value at the time determined by the Exchange and the Daily Futures Clearing Member who has the second smallest net asset value shall be aggregated.
- (5) The largest amount among the aggregate amounts of the Reference PML Amounts obtained in accordance with Article 12-3.1(4) above shall be the remaining loss amount on each Calculation Date.

- (6) With respect to each trading day during the period of 6 months preceding each Calculation Date, the remaining loss amount shall be calculated for each such trading day in accordance with the procedures set forth in Article 12-3.1 (1) through (5) above, among which the largest amount shall be the largest remaining loss amount. In such case, the “each Calculation Date” in each formula is deemed to be replaced with “such trading day”.
- (7) The aggregate value of the Daily Futures Clearing Deposit to be deposited shall be the largest remaining loss amount obtained pursuant to Article 12-3.1 (6) above deducted by the default compensation reserve for Daily Futures contracts.
- (8) The amount equivalent to shortfall of FX Exchange Margin against maximum volatility shall be calculated in accordance with the following formula with respect to a Daily Futures Clearing Member. The amount equivalent to shortfall shall be the aggregate value of the amounts calculated for all of the FX Daily Futures contracts for each type:

Amount equivalent to shortfall of FX Exchange Margin = (the Net Position of an FX Daily Futures contract held by a Daily Futures Clearing Member on each Calculation Date x trading unit of such FX Daily Futures contract x the largest value of the absolute values of the volatility<sup>(Note)</sup> of FX Settlement Prices during consecutive two trading days in the volatility sampling period x the FX Settlement Price on each Calculation Date - the MAX Position of an FX Daily Futures contract held by the Daily Futures Clearing Member on each Calculation Date x the FX Margin reference amount of the FX Daily Futures contract (provided, with respect to an FX Market Maker, the amount calculated in accordance with Article 22-4.1 of the Regulations for Margin and Unsettled Contracts for FX Daily Futures Transactions)) x a factor applicable to the Daily Futures Clearing Member as prescribed by the Exchange

(Note) With respect to the absolute values of the volatility, if the second largest value (hereinafter referred to as the “Second Value” in this Item)

multiplied by 2 is not greater than the largest value, the Second Value shall be used.

- (9) The amount equivalent to shortfall of Equity Index Exchange Margin against maximum volatility shall be calculated in accordance with the following formula with respect to a Daily Futures Clearing Member. The amount equivalent to shortfall shall be the aggregate value of the amounts calculated for all of the Equity Index Daily Futures contracts for each type:

Amount equivalent to shortfall of Equity Index Exchange Margin = (the Net Position of an Equity Index Daily Futures contract held by a Daily Futures Clearing Member on each Calculation Date x trading unit of such Equity Index Daily Futures contract x the largest value of the absolute values of the volatility<sup>(Note)</sup> of Equity Index Settlement Prices during consecutive two trading days in the volatility sampling period x the Equity Index Settlement Price on each Calculation Date - the Net Position of an Equity Index Daily Futures contract held by the Daily Futures Clearing Member on each Calculation Date x the Equity Index Margin reference amount of the Equity Index Daily Futures contract (provided, with respect to an Equity Index Market Maker, the amount calculated in accordance with Article 4-2.1 and Article 4-2.2 of the Regulations for Margin and Unsettled Contracts for Equity Index Daily Futures Transactions)) x a factor applicable to the Daily Futures Clearing Member as prescribed by the Exchange

(Note) With respect to the absolute values of the volatility, if the second largest value (hereinafter referred to as the “Second Value” in this Item) multiplied by 2 is not greater than the largest value, the Second Value shall be used.

- (10) The aggregate amount shall be obtained by adding up the amounts obtained in accordance with Article 12-3.1(8) and (9).
- (11) The aggregate amount of the Daily Futures Clearing Deposit to be deposited and maintained obtained in accordance with Article 12-3.1(7) above deducted by the number of Daily Futures Clearing Members

multiplied by 5 million yen shall be prorated among the Daily Futures Clearing Members based on the amount obtained in accordance with Article 12-3.1(10) above.

- (12) The amount obtained in accordance with Article 12-3.1(11) above with respect to a Daily Futures Clearing Member added by 5 million yen shall be the amount of the Daily Futures Clearing Deposit to be deposited and maintained by such Daily Futures Clearing Member.

12-3.2 In each Item of Article 12-3.1 above, with respect to Equity Index Daily Futures contracts, the necessary calculation shall be made for each issue of the applicable Equity Index Daily Futures contracts, respectively.

12-3.3 Any matters deemed necessary by the Exchange in connection with the calculation set forth in Articles 12-3.1 and 12-3.2 above shall be prescribed by the Exchange from time to time.

**Article 12-3-2. (Deleted)**

**Article 12-4. (Deleted)**

**Article 12-4-2. (Deleted)**

**Article 12-5. Amount of FX Clearing Futures Clearing Deposit**

12-5.1 The amount of FX Clearing Futures Clearing Deposit to be deposited and maintained which is calculated in the manner separately determined by the Exchange as set forth in Article 31.4 of the Clearing Regulations shall be calculated for each FX Clearing Futures Clearing Member by the following steps:

- (1) PML (Probable Maximum Loss) Base Amount shall be obtained in accordance with the following formula with respect to an FX Clearing Futures Clearing Member.



PML Base Amount = the amount of the short position or the long position (meaning the amount of short position or long position that has newly arisen to the FX Clearing Futures Clearing Member by rollover under Article 90-27 of the Clearing Regulations; the same interpretation shall apply in Article 12-5.1 (8) below) for each type of FX Clearing Futures contracts held by the FX Clearing Futures Clearing Member at the close of the Market Trading Period on each Calculation Date, one of which is the First Calculation Date (meaning a business day six (6) business days preceding the first business day of a month) and the other is the Second Calculation Date (meaning a business day six (6) business days preceding the fifteenth day of a month (if such day falls under a Japanese bank holiday, the business day immediately following such day which is a Japanese banking day)) x trading unit x volatility of FX Clearing Settlement Prices with respect to the FX Clearing Futures contracts during consecutive two trading days in the volatility sampling period (meaning the period from the commencement date determined by the Exchange through each Calculation Date) with respect to the FX Clearing Futures contracts (if the commencement date of the volatility sampling period is before the day on which such FX Clearing Futures contract is listed, including the volatility during consecutive two trading days deemed appropriate by the Exchange as the price of the financial index underlying such FX Clearing Futures contract during the period from the commencement date of the volatility sampling period through the day on which such FX Clearing Futures contract is listed; the same interpretation shall apply in Article 12-5.1(8) below) x FX Clearing Settlement Price with respect to the FX Clearing Futures contracts on each Calculation Date (if such FX Clearing Futures contract is a Cross Currency Pairs transaction defined in Article 2(10) of the Special Provisions for Trading Regulations for FX Clearing Futures Transactions (hereinafter referred to as the “FX Clearing Special Provisions”), further multiplied by the FX Clearing Settlement Price of the Yen Currency Pairs transaction (meaning the “Yen Currency Pairs transaction” defined in Article 2(9) of the FX Clearing Special Provisions with respect to the Term Currency (meaning the “Term Currency” defined in Article 2(12) of the FX Clearing Special Provisions) of such FX Clearing Futures

contract on each Calculation Date

- (2) The PML Amount shall be obtained in accordance with the following formula with respect to an FX Clearing Futures Clearing Member:

PML Amount = Aggregate of all PML Base Amounts + shortfall of FX Clearing Exchange Margin for house account position on each Calculation Date

- (3) The Reference PML Amount shall be obtained in accordance with the following formula with respect to an FX Clearing Futures Clearing Member:

Reference PML Amount = PML Amount - {deposited FX Clearing Exchange Margin for house account position on the each Calculation Date  $\pm$  FX Clearing variation (meaning the FX Clearing variation specified in Article 90-29.1 of the Clearing Regulations; if the FX Clearing variation is positive, such positive value shall be added to the deposited FX Clearing Exchange Margin and if it is negative, such value shall be deducted from the deposited FX Clearing Exchange Margin)}

- (4) With respect to each set of Reference PML Amounts obtained in accordance with Article 12-5.1(3) above, the Reference PML Amounts of the FX Clearing Futures Clearing Member whose Reference PML Amount is the largest among the relevant set and the FX Clearing Futures Clearing Member who has the smallest net asset value at the time determined by the Exchange shall be aggregated.
- (5) The largest amount among the aggregate amounts of the Reference PML Amounts obtained in accordance with Article 12-5.1(4) above shall be the remaining loss amount on each Calculation Date.
- (6) With respect to each trading day during the period of 6 months preceding each Calculation Date, the remaining loss amount shall be calculated for each such trading day in accordance with the procedures set forth in Article 12-5.1 (1) though (5) above, among which the

largest amount shall be the largest remaining loss amount. In such case, the “each Calculation Date” in each formula is deemed to be replaced with “such trading day”.

- (7) The aggregate value of the FX Clearing Futures Clearing Deposit to be deposited shall be the largest remaining loss amount obtained pursuant to Article 12-5.1(6) above deducted by the default compensation reserve for FX Clearing Futures contracts.
- (8) The amount equivalent to shortfall of FX Clearing Exchange Margin against maximum volatility shall be calculated in accordance with the following formula with respect to an FX Clearing Futures Clearing Member. The amount equivalent to shortfall shall be the aggregate value of the amounts calculated for all of the FX Clearing Futures contracts for each type:

Amount equivalent to shortfall of FX Clearing Exchange Margin = (the amount of short position or long position of an FX Clearing Futures contract held by an FX Clearing Futures Clearing Member at the close of Market Trading Period on each Calculation Date x trading unit of such FX Clearing Futures contract x the largest value of the absolute values of the volatility<sup>(Note)</sup> of FX Clearing Settlement Prices during consecutive two trading days in the volatility sampling period x the FX Clearing Settlement Price on each Calculation Date) - the deposited FX Clearing Exchange Margin Amount of the FX Clearing Futures Clearing Member on each Calculation Date

(Note) With respect to the absolute values of the volatility, if the second largest value (hereinafter referred to as the “Second Value” in this Item) multiplied by 2 is not greater than the largest value, the Second Value shall be used.

- (9) The aggregate amount of the FX Clearing Futures Clearing Deposit to be deposited and maintained obtained in accordance with Article 12-5.1(7) above deducted by the number of FX Clearing Futures Clearing Members multiplied by 5 million yen shall be prorated among the FX Clearing Futures Clearing Members based on the amount

obtained in accordance with Article 12-5.1(8) above.

- (10) The amount obtained in accordance with Article 12-5.1(11) above with respect to an FX Clearing Futures Clearing Member added by 5 million yen shall be the amount of the FX Clearing Futures Clearing Deposit to be deposited and maintained by such FX Clearing Futures Clearing Member.

12-5.2 Any matters deemed necessary by the Exchange in connection with the calculation set forth in Article 12-5.1 above shall be prescribed by the Exchange from time to time.

#### **Article 12-6. New FX Clearing Futures Clearing Deposit Requirement after Cooling Off Period**

12-6.1 The amount of FX Clearing Futures Clearing Deposit to be deposited as calculated in the manner separately prescribed by the Exchange specified in Article 41-6.3 of the Clearing Regulations shall be the amount obtained by applying mutatis mutandis Article 12-5 hereof on a business day six (6) business days preceding the Applicable Date for Updated Requirement Amount (meaning the “Applicable Date for Updated Requirement Amount defined in Article 41-6.3 of the Clearing Regulations) as a special Calculation Date. In such case, the “each Calculation Date” in Article 12-5.1 is deemed to be replaced with “special Calculation Date”.

12-6.2 The Exchange shall notify the FX Clearing Futures Clearing Member of the amount of FX Clearing Futures Clearing Deposit to be deposited on the business day immediately following the special Calculation Date.

#### **Article 12-7. Amount of Special Purpose Cash Collateral**

12-7.1 The amount of Special Purpose Cash Collateral to be deposited as calculated in the manner separately prescribed by the Exchange specified in Article 41-10.1 of the Clearing Regulations shall be calculated for each Other FX Clearing Futures Clearing Member (meaning the Other FX Clearing Futures Clearing Member defined in Article 41-5.1 of the Clearing Regulations) in the manner set forth below:

(1) On each trading day during a Cooling Off Period, an Amount of Variation Equivalent (meaning the Amount of Variation Equivalent defined in Article 41-9.2(1) of the Clearing Regulations) shall be calculated in the manner set forth below:

(a) Article 12-6 hereof shall apply *mutatis mutandis* and, by regarding each such trading day as a Calculation Date, an amount equivalent to the calculatory amount of FX Clearing Futures Clearing Deposit to be deposited (hereinafter referred to as the “Calculatory FX Clearing Futures Clearing Deposit Equivalent”) shall be calculated.

(b) An amount as the basis for calculation of Variation Equivalent (hereinafter referred to as the “Calculation Base Amount”) shall be calculated in the manner set forth in a, b, and c below in accordance with the category of dates set forth in a, b, and c, respectively:

a. Start date of Cooling Off Period

The larger of Initial Requirement of Clearing Deposit (meaning the Initial Requirement Amount of Clearing Deposit defined in Article 41-5.2 of the Clearing Regulations) applicable to such Cooling Off Period and the Calculatory FX Clearing Futures Clearing Deposit Equivalent on the start date of the Cooling Off Period shall be the Calculation Base Amount.

b. Trading day immediately following the start date

The larger of the Calculation Base Amount in an above and the Calculatory FX Clearing Futures Clearing Deposit Equivalent on the trading day immediately following the start date shall be the Calculation Base Amount.

c. Each trading day from the second trading day after the start date to the last day

The larger of the Calculation Base Amount on the immediately preceding trading day and the Calculatory FX Clearing Futures Clearing Deposit Equivalent on each such trading day shall be the Calculation Base Amount on such trading day.

- (c) The Calculation Base Amount of the day deducted by the Initial Requirement Amount of Clearing Deposit shall be the Amount of Variation Equivalent on each trading day during the Cooling Off Period.
- (2) On each trading day during a Cooling Off Period, an Amount of Additional Contribution Equivalent (meaning the Additional Contribution Equivalent defined in Article 41-9.2(2) of the Clearing Regulations) as the aggregate sum of the Amount of First Additional Clearing Contribution Equivalent for FX Clearing Futures and the Amount of Second Additional Clearing Contribution Equivalent for FX Clearing Futures set forth below in the following manner respectively:

- (a) Amount of First Additional Clearing Contribution for FX Clearing Futures Equivalent

An amount equivalent to the excess of the amount of losses incurred by the Exchange due to default by an FX Clearing Futures Clearing Member over the compensation for losses under Article 41-3 and Article 41-4 of the Clearing Regulations, if any, shall be prorated among other FX Clearing Futures Clearing Members in proportion to the respective Initial Requirement Amount of Clearing Deposit of such other FX Clearing Futures Clearing Members; provided, however, the amount calculated under this (a) shall not exceed the Initial Requirement of Clearing Deposit of each FX Clearing Futures Clearing Member.

- (b) Amount of Second Additional Clearing Contribution Equivalent for FX Clearing Futures

As an amount equivalent to the excess of the amount of losses incurred by the Exchange due to default by an FX Clearing Futures Clearing Member over the compensation for losses under Article 41-3, Article 41-4, Article 41-5 and Article 41-7 of the Clearing Regulations, if any, an amount equivalent to a negative FX Clearing variation of the Defaulting Clearing Member (meaning the Defaulting Clearing Member defined in Article 41-2.2 of the Clearing Regulations) on a Loss-incurred Date (meaning the Loss-incurred Date defined in Article 41-2.3 of the Clearing Regulations) on and after the trading day on which such excess arises shall be prorated among other FX Clearing Futures Clearing Members for whom positive FX Clearing variations arise on such Loss-incurred Date in proportion to the respective positive FX Clearing variations of such other FX Clearing Futures Clearing Members.

- (c) The aggregate sum of the amount calculated under (a) above and the amount calculated under (b) above shall be the Amount of Additional Contribution Equivalent on each trading day of such Cooling Off Period.

12-7.2 Concurrently with the calculation of FX Clearing variation on a Relevant Loss-incurred Date (meaning the Relevant Loss-incurred Date defined in Article 41-8.2 of the Clearing Regulations), the Exchange shall transfer the positive FX Clearing variations equivalent to the Amount of Second Additional Clearing Contributions Equivalent for FX Clearing Futures of the Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures (meaning the Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures defined in Article 41-8.2 of the Clearing Regulations) to the Special Purpose Cash Collateral of such Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures.

### **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);
- (3) With respect to FX Daily Futures contracts, to file offsetting notifications pursuant to Article 90-9-2 of the Clearing Regulations; and
- (4) With respect to Equity Index Daily Futures contracts, to file offsetting notifications pursuant to Article 90-22 of the Clearing Regulations.

## **Article 15. Notification Period for Offsetting Transaction**

15.1 The period for filing of notification of offsetting transactions for Interest Rate Futures contracts, 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, the notification

shall be filed within the period set forth below:

- (i) in the case of individual notification, from the time of execution of the relevant offsetting transaction up until 4:00 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 4:00 p.m. of the business day on which there occurs such day session; and

15.2 The period for filing of notification of offsetting transactions for FX Daily Futures contracts, 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 FX Daily Futures transaction executed on the trading day on which the notification is filed:

From the time when the said FX Daily Futures transaction is executed until ten (10) minutes after the close of the Market Trading Period for the FX Daily Futures transaction to be settled of the same trading day; and

- (2) In a case where both of the positions to be settled have arisen from a rollover: As set forth below.

- (a) Where the trading day for the FX Daily Futures transaction to be settled falls on the first trading day of the week:

From the opening of the pre-open period for FX Daily Futures Transactions except for Chinese Yuan-Japanese Yen FX Daily Futures transaction, Korean Won-Japanese Yen FX Daily

Futures transaction and Indian Rupee-Japanese Yen FX Daily Futures transaction on the trading day until ten (10) minutes after the close of the Market Trading Period for the FX Daily Futures transaction to be settled of the same trading day

- (b) Where the trading day for the FX Daily Futures transaction to be settled does not fall on the first trading day of the week:

From the opening of the Market Trading Period for FX Daily Futures Transactions except for Chinese Yuan-Japanese Yen FX Daily Futures transaction, Korean Won-Japanese Yen FX Daily Futures transaction and Indian Rupee-Japanese Yen FX Daily Futures transaction on the trading day until ten (10) minutes after the close of the Market Trading Period for the FX Daily Futures transaction to be settled of the same trading day

15.3 The period for filing of notification of offsetting transactions for Equity Index Daily Futures contracts to be prescribed by the Exchange under Article 90-22.1 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 Equity Index Daily Futures transaction executed on the trading day on which the notification is filed:

From the time when the said Equity Index Daily Futures transaction is executed until ten (10) minutes after the close of the Market Trading Period for the Equity Index Daily Futures transaction to be settled of the same trading day; and

- (2) In a case where both of the positions to be settled have arisen from a rollover: As set forth below.

- (a) Where the trading day for the Equity Index Daily Futures transaction to be settled falls on the first trading day of the week:

From the opening of the pre-open period for FX Daily Futures Transactions except for Chinese Yuan-Japanese Yen FX Daily Futures transaction, Korean Won-Japanese Yen FX Daily Futures transaction and Indian Rupee-Japanese Yen FX Daily Futures transaction on the trading day until ten (10) minutes after the close of the Market Trading Period for the Equity Index Daily Futures transaction to be settled of the same trading day

- (b) Where the trading day for the Equity Index Daily Futures transaction to be settled does not fall on the first trading day of the week:

From the opening of the Market Trading Period for FX Daily Futures Transactions except for Chinese Yuan-Japanese Yen FX Daily Futures transaction, Korean Won-Japanese Yen FX Daily Futures transaction and Indian Rupee-Japanese Yen FX Daily Futures transaction on the trading day until ten (10) minutes after the close of the Market Trading Period for the Equity Index Daily Futures transaction to be settled of the same trading day

15.4 Notwithstanding Articles 15.2 and 15.3 above, when the Exchange deems it necessary to do so, the Exchange may re-designate the period for filing of notification of offsetting transactions for FX Daily Futures contracts and Equity Index Daily Futures contracts.

15.5 The filing of a notification of offsetting transaction, if made pursuant to Articles 15.2 through 15.4 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 Japanese Yen Interest Rate 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 FX Daily Futures transactions and Equity Index Daily Futures 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 the daily settlement price for the said most recent contract month as of the trading day immediately preceding such trading day; provided, however, that,
- (2) If the price cannot be calculated in accordance with Article 17.2(1) above or if the Exchange determines that the price calculated in accordance with Article 17.2(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 prevailing market quotes 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 Japanese Yen Interest Rate 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, 77.3, 90-33.1 and 90-33.3 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, 77.4, 90-33.2 and 90-33.4 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 Japanese Yen Interest Rate 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 Articles 81.3 and 90-37.3 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 Articles 82.3 and 90-38.3 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 Articles 83 and 90-39 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 or Three-month TONA 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 Articles 83 and 90-39 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, 82, 90-37 and 90-38 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 2:45 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 or a Three-month TONA 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 or Three-month TONA 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 Japanese Yen Interest Rate Remote Trading Member, 10:00 a.m. of the second business day)

- (b) For Three-month Euroyen futures option contract or Three-month TONA 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 Articles 85.1 and 90-41.1 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 2:45 p.m. of such last day.

31.2 A notification of non-exercise of option under Articles 86.1 and 90-42.1 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 2:45 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 Articles 87.1 and 90-43.1 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 Articles 88 and 90-44 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 2:45 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 or Three-month TONA futures contracts resulting from exercise of the options).

### **Article 34. Time of Execution of Japanese Yen Interest Rate 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 Articles 89 and 90-45 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 2:45 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 Articles 90.2 and 90-46.2 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 FX Daily Futures 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 FX Daily Futures 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 FX Daily Futures contract, where either of the aggregate volume of MM short positions (meaning the MM short position specified in Article 26.1 of the FX Special Provisions); which interpretation shall equally apply hereinafter) and the aggregate volume of MM long positions (meaning the MM long position specified in Article 26.1 of the FX Special Provisions; which interpretation shall equally apply hereinafter) 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 the FX Special Provisions) quoted by each Market Maker to the Exchange with respect to the larger position as shown in the table below:

Number of referential swap points quoted	Swap points
3 or below	Average of the referential swap points quoted
4 or 5	Average of the referential swap points quoted excluding the largest and the smallest ones
6 or larger	Average of the referential swap points quoted excluding the 2 largest and the 2 smallest ones

- (2) Where the aggregate volume of MM short positions and the aggregate volume of MM 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 referential swap points quoted	Swap points
6	Average of the referential swap



	points quoted excluding the 2 largest and the 2 smallest ones
7 to 11	Average of the referential swap points quoted excluding the 3 largest and the 3 smallest ones
12 or larger	Average of the referential swap points quoted excluding the 4 largest and the 4 smallest ones

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 FX Daily Futures Transactions**

35-4.1 The case otherwise prescribed by the Exchange as specified in Article 90-9.3 of the Clearing Regulations shall be the case where the same Daily Futures Clearing Member establishes two or more accounts for the transactions on its own account in connection with FX Daily Futures 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.

35-4.2 The case otherwise prescribed by the Exchange as specified in Article 90-9-2.3

of the Clearing Regulations shall be the case where the same FX Daily Futures Non-Clearing Member establishes two or more accounts for the transactions on its own account in connection with FX Daily Futures 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 Daily Futures Clearing 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 Daily Futures Clearing Member and pay to the relevant Daily Futures Clearing 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.

35-6.2 With respect to a Cross Currency Pairs transaction for the Daily Futures Clearing 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 Daily Futures Clearing Member and receive from the relevant Daily Futures Clearing 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 Daily Futures Clearing Member who is the designated FX Market Maker the same amount as the Exchange received from the Daily Futures Clearing Member, and receive from the same Daily Futures Clearing Member who is the designated FX Market Maker the same amount as the Exchange paid to the Daily Futures Clearing Member.

35-6.4 When the Exchange takes the procedures specified in Article 35-6.2 above, the Exchange shall receive from the Daily Futures Clearing Member who is the designated FX Market Maker the same amount as the Exchange paid to the Daily Futures Clearing Member, and pay to the same Daily Futures Clearing Member who is the designated FX Market Maker the same amount as the Exchange received from the Daily Futures Clearing Member.

35-6.5 Whenever the Exchange deems it especially necessary to do so, the procedures set forth in Articles 35-6.3 and 35-6.4 above shall not apply to a Daily Futures Clearing Member who is a designated FX Market Maker with respect to the Cross Currency Pairs Transaction designated by the Exchange.

## **Article 36. Manner of Determination, etc. of Equity Index Settlement Price**

36.1 The specific period of time determined by the Exchange as referred to in Article 90-12.2 of the Clearing Regulations shall be a period of time 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.

36.2 When an Equity Index Settlement Price is calculated where there is no contract price for the relevant Equity Index Daily Futures Contract during the specific period of time as referred to in Article 90-12.3 of the Clearing Regulations, the Exchange shall determine the Equity Index Settlement Price for the said Equity Index Daily Futures 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 37. Manner of Determination of Daily Interest Rate Amount**

37.1 A daily interest rate amount to be calculated in the manner separately prescribed by the Exchange pursuant to Article 90-16.1 of the Clearing Regulations shall be calculated in accordance with the following formula for each issue of Equity Index Daily Futures contract at the close of every trading day:

$$I = S \times u \times (\text{interest rate}) \times (d / 365)$$

Where:

I : daily interest rate amount which arises from rollover per position with respect to Equity Index Daily Futures contract

S : Equity Index Settlement Price of each issue of the Equity Index Daily Futures contract on the trading day on which ends the Market Trading Period during which the rollover is executed

u : 10 for DJIA Daily Futures contracts with Reset Date and NASDAQ-100 Daily Futures contracts with Reset Date, and 100 for Equity Index Daily Futures contracts other than DJIA Daily Futures contracts with Reset Date and NASDAQ-100 Daily Futures contracts with Reset Date

d : number of days for which the settlement date is postponed by the rollover

(Note) Any decimal point of the figure obtained as “I” above shall be discarded to make the figure a whole Japanese Yen.

37.2 The interest rate used in the formula in Article 37.1 above shall be the interest rate set forth in each Item below for each type of Equity Index Daily Futures contract.

(1) Nikkei 225 Daily Futures contract with Reset Date

The target for unsecured overnight call rate at the close of the trading day determined by the Bank of Japan’s Monetary Policy Meeting. Provided, however, if such target is determined as a range of rates, the interest rate used in the formula in Article 37.1 above shall be the

average of the highest and the lowest of such range.

- (2) FTSE 100 Daily Futures contract with Reset Date, DAX® Daily Futures contract with Reset Date, DJIA Daily Futures contract with Reset Date, NASDAQ-100 Daily Futures contracts with Reset Date and Russell 2000 Daily Futures contracts with Reset Date

An average of interest rates calculated by the following formula for each trading day in the week immediately preceding the week in which the trading day prescribed in Article 37.1 falls (hereinafter called as the “Applicable Week”) shall be the interest rate used in the formula in the said Article 37.1 and such average shall be the interest rate on each trading day in the Applicable Week, provided, however, if the Exchange deems such rate inappropriate, the interest rate shall be such interest rate as determined by the Exchange as appropriate:

$$\text{Interest Rate} = \{(F+D-S)/(d/360)\}/S$$

Where:

F: The price of a futures transaction, the underlying asset of which is the financial index underlying the relevant Daily Futures contract (meaning the futures listed on the overseas financial instruments market located in the United Kingdom with respect to FTSE 100 Daily Futures contracts with Reset Date, Federal Republic of Germany with respect to DAX® Daily Futures contracts with Reset Date and the United States of America with respect to DJIA Daily Futures contracts with Reset Date, NASDAQ-100 Daily Futures contracts with Reset Date and Russell 2000 Daily Futures contracts with Reset Date), at the time determined by the Exchange

D: Value equivalent to ex-dividend index during the period d pertaining to the Equity Index underlying the relevant Daily Futures contract, provided, however, 0 for DAX® Daily Futures contracts with Reset Date

S: Price of the Equity Index underlying the relevant Daily Futures

contract at the time determined by the Exchange

d: Number of days up until the last trading day of the relevant Daily Futures contract

- (3) Gold ETF Daily Futures contracts with Reset Date, WTI ETF Daily Futures contracts with Reset Date, Silver ETF Daily Futures contracts with Reset Date and Platinum ETF Daily Futures contracts with Reset Date

Euro Yen TIBOR (Tokyo Inter-Bank Offered Rate) for the latest twelve-month period published by General Incorporated Association JBA TIBOR Administration at the close of trading day

### **Article 38. Manner of Calculation of Dividend Amount**

38.1 With respect to Nikkei 225 Daily Futures contracts with Reset Date, the dividend amount to be calculated in the manner separately prescribed by the Exchange as referred to in Article 90-17.1 of the Clearing Regulations shall be calculated in accordance with the following formula:

$$B_D = \{ (D_1 \times 50 / F_1) + (D_2 \times 50 / F_2) + \cdots + (D_N \times 50 / F_N) \} / V \times 100$$

Where:

$B_D$ : dividend amount per position with respect to Nikkei 225 Daily Futures contract with Reset Date

$D_1$ : amount of expected dividend on the 1<sup>st</sup> of N issues on which payment of dividend is expected

$F_1$ : price adjustment factor of the 1<sup>st</sup> of N issues on which payment of dividend is expected

$D_2$ : amount of expected dividend on the 2<sup>nd</sup> of N issues on which payment of dividend is expected

$F_2$ : price adjustment factor of the 2<sup>nd</sup> of N issues on which payment of dividend is expected

$D_N$ : amount of expected dividend on the N(st/nd/rd/th) of N issues on which

payment of dividend is expected

$F_N$ : price adjustment factor of the  $N$ (st/nd/rd/th) of  $N$  issues on which payment of dividend is expected

$V$  : divisor determined by Nikkei Inc. for the purpose of calculation of Nikkei 225

(Note) The figure obtained as “ $B_D$ ” above shall be rounded to the nearest whole Japanese Yen.

38.2 The “price adjustment factor” referred to in Article 38.1 above shall be the figure determined by Nikkei Inc. with respect to each issue for adjustment of the price level of constituents used for calculation of indices.

38.3 With respect to FTSE 100 Daily Futures contracts with Reset Date, the dividend amount to be calculated in the manner separately prescribed by the Exchange as referred to in Article 90-17.1 of the Clearing Regulations shall be calculated in accordance with the following formula:

$$B_D = C \times 100$$

Where:

$B_D$  : dividend amount per position with respect to FTSE 100 Daily Futures contracts with Reset Date

$C$  : figure calculated by FTSE International Limited as equity index adjustment factor for FTSE 100 Daily Futures contracts with Reset Date to reflect fluctuation caused by payment of dividend

(Note) The figure obtained as “ $B_D$ ” above shall be rounded to the nearest whole Japanese Yen.

38.4 The dividend amount for DJIA Daily Futures contract with Reset Date, NASDAQ-100 Daily Futures contracts with Reset Date and Russell 2000 Daily Futures contracts with Reset Date calculated in the manner separately prescribed by the Exchange in accordance with Article 90-17.1 of the Clearing Regulations shall be calculated by reference to the following formula:

$$B_D = (D_1 + D_2 + \dots + D_N) / V \times u$$

Where:

- $B_D$  : Dividend amount per position in connection with a DJIA Daily Futures contract with Reset Date, NASDAQ-100 Daily Futures contracts with Reset Date and Russell 2000 Daily Futures contracts with Reset Date
- $D_1$  : The estimated amount of the dividend for the first issue among N types of issues with respect to which the dividend is expected to be paid
- $D_2$  : The estimated amount of the dividend for the second issue among N types of issues with respect to which the dividend is expected to be paid
- $D_N$  : The estimated amount of the dividend for the Nth issue among N types of issues with respect to which the dividend is expected to be paid
- V: For DJIA Daily Futures contract with Reset Date, divisor prescribed by S&P Dow Jones Indices LLC in the calculation of the Dow Jones Industrial Average, for NASDAQ-100 Daily Futures contracts with Reset Date, divisor prescribed by Nasdaq, Inc. in the calculation of the NASDAQ-100 and for Russell 2000 Daily Futures contracts with Reset Date, divisor prescribed by FTSE International Limited in the calculation of the Russell 2000
- u: 10 for DJIA Daily Futures contracts with Reset Date and NASDAQ-100 Daily Futures contracts with Reset Date, and 100 for Russell 2000 Daily Futures contracts with Reset Date

(Note) If the amount of  $B_D$  includes a fraction less than one (1) yen, such fraction shall be rounded to the nearest yen.

38.5 Even when the amount of expected dividend on an issue comprising the Equity Index traded under the relevant Equity Index Daily Futures contract is changed after the last trading date for dividend entitlement of such issue, the Exchange shall not modify the dividend amount therefor once it has been calculated pursuant to Article 38.1, 38.3 or 38.4 above.

38.6 The “the last trading date for dividend entitlement” referred to in Article 38.5 above shall mean the last day of trading as of which the acquirer of the issue shall become entitled to the dividend.



38.7 If the Exchange finds that the dividend amount calculated in the manners prescribed in Articles 38.1, 38.3 and 38.4 above is not appropriate or otherwise deems it necessary to do so, the Exchange shall determine the dividend amount as it deems appropriate.

### **Article 39. Exception to Resale or Repurchase in connection with Equity Index Daily Futures Transactions**

39.1 The case otherwise prescribed by the Exchange as referred to in Article 90-20.3 of the Clearing Regulations shall be the case where any one (1) Daily Futures Clearing Member establishes more than one (1) house account for an Equity Index Daily Futures transaction and deposits the Equity Index Exchange Margin in each such account individually, and executes a purchase contract for any such account which is different from the account in which it holds the corresponding short position, or executes a sale contract for any such account which is different from the account in which it holds the corresponding long position.

39.2 The case otherwise prescribed by the Exchange as referred to in Article 90-21.3 of the Clearing Regulations shall be the case where any one (1) Equity Index Daily Futures Non-Clearing Member establishes more than one (1) house account for an Equity Index Daily Futures transaction and deposits the Equity Index Exchange Margin in each such account individually, and executes a purchase contract for any such account which is different from the account in which it holds the corresponding short position, or executes a sale contract for any such account which is different from the account in which it holds the corresponding long position.

### **Article 39-2. Manner of Determination, etc. of FX Clearing Settlement Price**

The Indicative Period as set forth in Article 90-25.2 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.

### **Article 39-3. Calculation Method of Swap Point**

39-3.1 The calculation method of swap point specified in Article 90-28 of the Clearing Regulations shall be as set forth in each Item below:

- (1) An LP Trading Member shall quote a referential swap point (meaning the referential swap point defined in Article 20.1 of the FX Clearing Special Provisions; the same interpretation shall equally apply hereinbelow) to the Exchange for each type of the FX Clearing Futures contracts for which the LP Trading Member has filed the notification of conduct of transactions with one or more FX Clearing Futures Trading Members pursuant to Article 12.1 of the FX Clearing Special Provisions.
- (2) The Exchange shall, for each type of FX Clearing Futures contracts, calculate an average of the quoted referential swap points remaining after excluding the largest and the smallest figures as the swap point; provided, however, if the number of quoted swap points falls under any of the numbers set forth below, the Exchange may use the value set forth in each item below respectively as the referential swap point:
  - (a) Not more than three: An average of all referential swap points quoted
  - (b) Not less than six: An average of the quoted referential swap points remaining after excluding the referential swap points of the number deemed appropriate by the Exchange counting from the largest and the smallest quoted referential swap points respectively

39-3.2 Notwithstanding Article 39-3.1 above, if the Exchange deems that there exit an LP Trading Member who quoted the referential swap point significantly deviated from those quoted by other LP Trading Members, the Exchange may exclude the said referential swap point from the basis for calculation of swap point set forth in Article 39-3.1 above.

39-3.3 In the case that the number of referential swap points as the basis for calculation of swap point is not more than three, if deemed appropriate by the Exchange, the Exchange may regard the value deemed appropriate as the referential swap point in

consideration of the prevailing market rates, etc. and may calculate the swap point in accordance with Article 39-3.1.

39-3.4 If any fraction beyond three decimal places arises in the calculation of swap point set forth in Article 39-3.1 above, the fourth decimal place shall be rounded to the second decimal place.

39-3.5 If the Exchange determines that the swap point calculated by the method under Article 39-3.1 through 39-3.4 above is inappropriate, the Exchange shall determine the swap point which it deems appropriate by referring to the prevailing market conditions and some other factors.

#### **Article 39-4. Settlement of Fraction Arising from Calculation of FX Clearing Futures Transaction Profit or Loss**

For the purpose of calculation of an amount of fixed Mark-to-Market Variation and an amount of swap point set forth in Article 90-29.1 (1) and (2) of the Clearing Regulations, any fraction of less than one (1) Japanese yen shall be discarded if such amount is positive and shall be rounded up to the nearest Japanese yen if such amount is negative.

#### **Article 40. 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 respective dates and times set forth in each Item below in accordance with the category set forth in each such Item.

- (1) Interest Rate Futures contracts or L-T Link Position: 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

- (2) FX Daily Futures contracts or Equity Index Daily Futures contracts:  
Up until the business day immediately preceding the day on which the position transfer occurs

#### **Article 41. Procedures for Hearing**

The procedures for hearing set forth in Articles 14-8, 15-2, 15-2-2, 15-2-3 and 15-3 of the Clearing 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 Clearing Member on whom the hearing is to be conducted.
- (2) The Clearing 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.

#### **Article 42. Method of Allocation of Positions to be Allocated for Early Termination**

The positions to be allocated for early termination specified in Article 15-10-3.1 of the Clearing Regulations shall be allocated by the Exchange in the order set forth in the following Items for each account type of house account and customer account of Interest Rate Futures Clearing Members other than the Clearing Member subject to early termination (meaning the Clearing Member subject to early termination specified in Article 15-10-3.1 of the Clearing Regulations):

- (1) The Exchange shall extract the positions with respect of which the classification of long or short is opposite, after having netting off long positions and short positions for each series of the positions to be allocated for early termination for each account type of house account and customer account of the Interest Rate Futures Clearing Member, and calculate the sum of such position (hereinafter called as the “Net position per series”).

- (2) In Item (1) above, if the Interest Rate Futures Clearing Member sets up sub-accounts for the breakdown of Customer account positions (hereinafter called as the “Sub Account(s)”), the Exchange shall calculate the Net position per series for each such Sub Account.
- (3) The Exchange shall prorate the positions per series of the positions to be allocated for early termination in proportion to the total sum of the Net position per series for each account type of house account and customer account (where Sub Accounts have been set up, for each such Sub Account; the same interpretation shall be equally apply hereinbelow) held by the Interest Rate Future Clearing Member as the position to be allocated to each such Interest Rate Futures Clearing Member.
- (4) The Exchange shall allocate the position to be allocated to each Interest Rate Futures Clearing Member pursuant to Item (3) above in proportion to the Net position per series for each account type of house account and customer account (where Sub Accounts have been set up, for each such Sub Account; the same interpretation shall be equally apply hereinbelow) held by the Interest Rate Future Clearing Member as the position to be allocated for early termination.

#### **Article 43. Order of Coverage by Interest Rate Futures Clearing Deposit**

The coverage of the losses specified in Article 40.10 of the Clearing Regulations shall be made in accordance with the classification of the losses set forth in each Item below pursuant to the provisions of the relevant Item below:

- (1) If the amount of the losses to be covered pursuant to Article 40.5 of the Clearing Regulations exceeds the total sum of the Initial Requirement Amount of Interest Rate Futures Clearing Deposit of the Other Interest Rate Futures Clearing Members (meaning the Other Interest Rate Futures Clearing Members specified in Article 40.4 of the Clearing Regulations):  
The losses shall be covered by the full amount of Initial Requirement

## Amount of Interest Rate Futures Clearing Deposit

(2) Other than (1) above:

The losses shall be covered by the amount prorated in proportion to the respective Initial Requirement Amount of Interest Rate Futures Clearing Deposit of the Other Interest Rate Futures Clearing Members (If such amount exceeds the Initial Requirement Amount of Interest Rate Futures Clearing Deposit, such Initial Requirement Amount of Interest Rate Futures Clearing Deposit); provided, however, if the Exchange conducts the Position Liquidation Auction specified in Article 15-9.5 or Article 15-10.7 of the Clearing Regulations, the losses shall be covered in the order of the Interest Rate Futures Clearing Deposit set forth in a., b., and c. below pursuant to the provisions of each such sub-item:

a. Interest Rate Futures Clearing Deposit deposited with the Exchange by the Other Interest Rate Futures Clearing Members who have not tendered bids in the Position Liquidation Auction (hereinafter called as the “Non-bidding Members” in this Article)

The losses shall be covered by the amount prorated in proportion to the respective Initial Requirement Amount of Interest Rate Futures Clearing Deposit of the Non-bidding Members (if such amount exceeds the Initial Requirement Amount of Interest Rate Futures Clearing Deposit, the Initial Requirement Amount of Interest Rate Futures Clearing Deposit)

b. Interest Rate Futures Clearing Deposit deposited with the Exchange by the Other Interest Rate Futures Clearing Members who have tendered bids but not won the bids in the Position Liquidation Auction (hereinafter called as the “Position Liquidation Auction Members” in this Article)

The remaining amount of the losses after deduction of the total sum of the amounts specified in a. above shall be covered by the amount prorated in proportion to the respective Initial Requirement Amount of Interest Rate Futures Clearing Deposit of the Position Liquidation Auction Members (if such amount exceeds the Initial Requirement Amount of Interest Rate Futures Clearing Deposit, the Initial

#### Requirement Amount of Interest Rate Futures Clearing Deposit)

c. Interest Rate Futures Clearing Deposit deposited with the Exchange by the Other Interest Rate Futures Clearing Members who have won the bids in the Position Liquidation Auction (hereinafter called as the “Successful Bidding Members” in this Article)

The remaining amount of the losses after deduction of the total sum of the amounts specified in a. above and the total sum of the amounts specified in b. above shall be covered by the amount prorated in proportion to the respective Initial Requirement Amount of Interest Rate Futures Clearing Deposit of the Successful Bidding Members (if such amount exceeds the Initial Requirement Amount of Interest Rate Futures Clearing Deposit, the Initial Requirement Amount of Interest Rate Futures Clearing Deposit)

### **SUPPLEMENTARY PROVISIONS**

1. These amended Regulations shall take effect as from July 3, 2015.
2. Notwithstanding Article 12-3-2.1(1), in the business year 2015, the aggregate amount of the Second FX Daily Futures Clearing Deposits to be deposited and maintained by the FX Daily Futures Clearing Members in advance shall be the estimated loss amount multiplied by zero and the Exchange shall change the aggregate amount of the Second FX Daily Futures Clearing Deposits to be deposited and maintained by the FX Daily Futures Clearing Members to the estimated loss amount multiplied by 0.4 by the end of the business year 2020.
3. Notwithstanding Article 12-4-2.1(1), in the business year 2015, the aggregate amount of the Second Equity Index Daily Futures Clearing Deposits to be deposited and maintained by the Equity Index Daily Futures Clearing Members in advance shall be the estimated loss amount multiplied by zero and the Exchange shall change the aggregate amount of the Second Equity Index Daily Futures Clearing Deposits to be deposited and maintained by the Equity Index Daily Futures Clearing Members to the estimated loss amount multiplied by 0.4 by the end of the business year 2020.

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

These amended Regulations shall take effect as from June 27, 2016.

## **SUPPLEMENTARY PROVISIONS**

1. These amended Regulations shall take effect as from February 27, 2017.
2. After enforcement of these amended Regulations, with respect to the calculation of the amount of Interest Rate Futures Clearing Deposit to be deposited by an Interest Rate Futures Clearing Member by March 1, 2017, February 21, 2017 shall be the First Calculation Date.
3. After enforcement of these amended Regulations, with respect to the calculation of the amount of Daily Futures Clearing Deposit to be deposited initially by a Daily Futures Clearing Member, February 17, 2017 shall be the First Calculation Date notwithstanding Article 12-3.1(1) as amended.
4. Upon enforcement of these amended Regulations, the provisions concerning the Second FX Daily Futures Clearing Deposit in Paragraph 2 of the supplementary provisions dated July 3, 2015 and the provisions concerning the Second Equity Index Daily Futures Clearing Deposit in Paragraph 3 of the said provisions shall not be applicable.

## **SUPPLEMENTARY PROVISIONS**

These amended Regulations shall take effect as from July 24, 2017.



### **SUPPLEMENTARY PROVISIONS**

These amended Regulations shall take effect as from December 18, 2017.

### **SUPPLEMENTARY PROVISIONS**

These amended Regulations shall take effect as from January 22, 2018.

### **SUPPLEMENTARY PROVISIONS**

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

### **SUPPLEMENTARY PROVISIONS**

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

### **SUPPLEMENTARY PROVISIONS**

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

### **SUPPLEMENTARY PROVISIONS**

These amended Regulations shall take effect as from April 23, 2021.

## **SUPPLEMENTARY PROVISIONS**

These amended Regulations shall take effect as from December 10, 2021.

## **SUPPLEMENTARY PROVISIONS**

These amended Regulations shall take effect as from February 28, 2022.

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

These amended Regulations shall take effect as from September 11, 2023.

## 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 (1<sup>st</sup>) interest payment date:

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

Where:

- a.  $A_1$  = annual rate adjustment factor applied on the first (1<sup>st</sup>) interest payment date
- b.  $C_1$  = the swap rate applied to the period from the starting date to the first (1<sup>st</sup>) 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:

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

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 (1<sup>st</sup>) to the  $i-1$  times (where  $i$  is 2, only that for the first (1<sup>st</sup>) interest payment date)
- d.  $d_j$  = discount factor applied on each interest payment date from the first (1<sup>st</sup>) to the  $i-1$  times (where  $i$  is 2, only that for the first (1<sup>st</sup>) interest payment date)

“ $d_{2m}$ ” = 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 (1<sup>st</sup>) time) under the standardized Yen interest rate swap contract shall be calculated by reference to the following formula:

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

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 (1<sup>st</sup>) interest payment date under the standardized Yen interest rate swap contract shall be calculated by reference to the following formula:

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

Where:

- (1)  $A_2$  = annual rate adjustment factor applied on the second (2<sup>nd</sup>) interest payment date

- (2)  $A_3$  = annual rate adjustment factor applied on the third (3<sup>rd</sup>) interest payment date
- (3)  $C_2$  = swap rate applied to the period from the starting date to the second (2<sup>nd</sup>) 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 (3<sup>rd</sup>) 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”) of Three-month Euroyen futures option contract or Three-month TONA futures option contract 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 for the Three-month Euroyen futures option contract, and daily settlement price of the Three-month TONA futures contract for the Three-month TONA futures option contract
- e: Napier's number
- t: number of days elapsed up until the option exercise date / 365
- K: strike price
- $\sigma$ : implied volatility calculated for each series of options in the manner

- prescribed by the Exchange / 100
- r: Three-month Japanese Yen TIBOR as published by General Incorporated Association JBA TIBOR Administration on the relevant date divided by 100 and rounded to the nearest 3<sup>rd</sup> decimal point
- N(x): cumulative density function of the standard normal distribution where the value is x
- ln: Napierian logarithm