

[English Translation]

## **EQUITY INDEX EXCHANGE MARGIN SETTLEMENT REGULATIONS**

**TOKYO FINANCIAL EXCHANGE INC.**

(This is an English translation of the Equity Index Exchange Margin Settlement 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 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.)

Equity Index Exchange Margin Settlement Regulations  
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## **CHAPTER I.**

### **GENERAL PROVISIONS**

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

1.1 These Regulations set forth necessary matters with respect to the manner of payment and receipt of Equity Index Exchange Margins between Tokyo Financial Exchange Inc. (hereinafter called the “Exchange”) and a Daily Futures Clearing Member pursuant to the Exchange’s regulations as follows: the Trading Regulations, the Special Provisions for Trading Regulations for Equity Index Daily Futures Transactions (hereinafter called the “Equity Index Special Provisions”), the Clearing Regulations and the Regulations for Margin and Unsettled Contracts for Equity Index Daily Futures Transactions (hereinafter called the “Equity Index Margin Regulations”). The payments and receipts referred to in the preceding sentence are hereinafter collectively called “Equity Index Exchange Margin Settlement(s)”.

1.2 The manner separately prescribed by the Exchange set forth in Article 5.1 of the Equity Index Margin Regulations shall be prescribed in Chapters II and III hereof.

1.3 In these Regulations, a “trading day” means a trading day prescribed in Article 2.17 of the Equity Index Margin Regulations.

#### **Article 2. Monies to be Settled**

The monies to be settled by the Exchange through a financial institution undertaking settlements of Equity Index Exchange Margins (as defined in Article 3 hereof) shall be Equity Index Exchange Margin.

## **CHAPTER II.**

## **DESIGNATION OF SERVICE OFFICE OF EQUITY INDEX EXCHANGE MARGIN SETTLEMENT BANK**

### **Article 3. Designation of Service Office of Equity Index Exchange Margin Settlement Bank**

The Exchange shall designate a service office of a financial institution undertaking settlements of Equity Index Exchange Margins (hereinafter called a “Designated Service Office of Equity Index Exchange Margin Settlement Bank”) between the Exchange and each Daily Futures Clearing Member.

### **Article 4. Establishment of Equity Index Exchange Margin Settlement Account**

4.1 The Exchange shall establish a deposit account for settlement of Equity Index Exchange Margins in each Designated Service Office of Equity Index Exchange Margin Settlement Bank (hereinafter called the “Equity Index Exchange Margin Settlement Account”).

4.2 Each Daily Futures Clearing Member shall establish its Equity Index Exchange Margin Settlement Account in one of the Designated Service Offices of Equity Index Exchange Margin Settlement Bank.

4.3 Whenever a Daily Futures Clearing Member has established its Equity Index Exchange Margin Settlement Account, the Daily Futures Clearing Member shall register the same with the Exchange in the form prescribed by the Exchange.

### **Article 5. Change in Registered Matters**

Whenever a Daily Futures Clearing Member intends to change any of the matters registered in the prescribed form set forth in Article 4.3 hereof, the Daily Futures Clearing Member shall provide the Exchange with an advance written notice stating the matter(s) to be changed.

**Article 6. Closure of Equity Index Exchange Margin Settlement Account due to Revocation of Designated Service Office**

6.1 Whenever the Exchange revokes the designation of any Designated Service Office of Equity Index Exchange Margin Settlement Bank, the Exchange shall immediately notify the Daily Futures Clearing Members having their Equity Index Exchange Margin Settlement Accounts with the said Designated Service Office of Equity Index Exchange Margin Settlement Bank.

6.2 Each Daily Futures Clearing Member receiving a notice set forth in Article 6.1 above shall establish its Equity Index Exchange Margin Settlement Account with another Designated Service Office of Equity Index Exchange Margin Settlement Bank in accordance with Article 4.2 hereof before the revocation of the concerned Designated Service Office of Equity Index Exchange Margin Settlement Bank takes effect. In this case, the Daily Futures Clearing Member shall register such establishment with the Exchange in the form set forth in Article 4.3 hereof.

**CHAPTER III.**

**SETTLEMENT OF EQUITY INDEX EXCHANGE MARGINS**

**Article 7. Notice of Equity Index Exchange Margin to Daily Futures Clearing Member**

7.1 The Exchange shall notify each Daily Futures Clearing Member, by the time set forth below on each trading day, of the amount of Equity Index Exchange Margin to be deposited with the Exchange by the Daily Futures Clearing Member. If a trading day on which a notice would be made falls on a Japanese bank holiday, the notice shall be made on an immediately subsequent trading day which is a Japanese banking day.

(1) 10:00 a.m.

- (2) 2:30 p.m.

7.2 A Daily Futures Clearing Member receiving a notice set forth in Article 7.1 above from the Exchange shall deposit the Equity Index Exchange Margin (except for those relevant to the Securities, etc. Clearing-Brokering Contracts) with the Exchange in the amount calculated by the Exchange in accordance with Item (1) or (2) below, according to the type of Equity Index Daily Futures transactions made by the Daily Futures Clearing Member as an Equity Index Daily Futures Trading Member.

- (1) Upon receipt of a notice set forth in Article 7.1 (1) above, the sum of the amounts of (a) through (c) below shall be deposited.

- (a) Equity Index Exchange Margin relevant to the Daily Futures Clearing Member's customer account positions, which shall be in the amount equal to the sum of the Equity Index Exchange Margins as reported by the Daily Futures Clearing Member to the Exchange pursuant to Article 7.1 of the Equity Index Margin Regulations for a period commencing at 2:30 p.m. of the previous trading day and ending at the close of the same trading day's Market Trading Period

- (b) Equity Index Exchange Margins relevant to the Daily Futures Clearing Member's house account positions, which shall be in the amount set forth in paragraph a. or b. below:

- a. The sum of the Equity Index Exchange Margins for which the Daily Futures Clearing Member declares depositing with the Exchange for a period commencing at 2:30 p.m. of the previous trading day and ending at the close of the same trading day's Market Trading Period

- b. The sum of the Equity Index Exchange Margins for the Daily Futures Clearing Member's house account positions arising until the previous trading day for which depositing is required, if the Daily Futures Clearing Member fails to make a declaration set forth

in paragraph a. above

- (c) Equity Index Exchange Margins relevant to the Daily Futures Clearing Member's advanced depositing, which shall be in the amount equal to the sum of the Equity Index Exchange Margins for which the Daily Futures Clearing Member is required to make advanced depositing under Article 8 of the Equity Index Margin Regulations
- (2) Upon receipt of a notice set forth in Article 7.1(2) above, the sum of the amounts of (a) and (b) below shall be deposited.
- (a) Equity Index Exchange Margins relevant to the Daily Futures Clearing Member's customer account positions, which shall be in the amount equal to the sum of the Equity Index Exchange Margins as reported by the Daily Futures Clearing Member to the Exchange pursuant to Article 7.1 of the Equity Index Margin Regulations for a period commencing at the opening of the pre-open period of the trading day on which the notice is made and ending at 2:30 p.m.
  - (b) Equity Index Exchange Margins relevant to the Daily Futures Clearing Member's house account positions, which shall be in the amount equal to the sum of the Equity Index Exchange Margins for which the Daily Futures Clearing Member declares depositing with the Exchange for a period commencing at the opening of the pre-open period of the trading day on which the notice is made and ending at 2:30 p.m.

7.3 A Daily Futures Clearing Member receiving a notice set forth in Article 7.1 above from the Exchange shall deposit the Equity Index Exchange Margin (except for those relevant to the Securities, etc. Clearing-Brokering Contracts) with the Exchange in the amount calculated by the Exchange in accordance with Item (1) or (2) below, according to the type of Equity Index Daily Futures transactions made by the Equity Index Daily Futures Non-Clearing Member as an Equity Index Daily Futures Trading Member, etc. whose Designated Clearing Member is the said Daily Futures Clearing



Member.

- (1) Upon receipt of a notice set forth in Article 7.1(1) above, the sum of the amounts of (a) through (c) below shall be deposited.
  - (a) Equity Index Exchange Margin relevant to the Equity Index Daily Futures Non-Clearing Member's customer account positions, which shall be in the amount equal to the sum of the Equity Index Exchange Margins as reported by the Equity Index Daily Futures Non-Clearing Member to the Exchange pursuant to Article 7.1 of the Equity Index Margin Regulations for a period commencing at 2:30 p.m. of the previous trading day and ending at the close of the same trading day's Market Trading Period
  - (b) Equity Index Exchange Margins relevant to the Equity Index Daily Futures Non-Clearing Member's house account positions, which shall be in the amount set forth in paragraph a. or b. below:
    - a. The sum of the Equity Index Exchange Margins for which the Equity Index Daily Futures Non-Clearing Member declares depositing with the Exchange for a period commencing at 2:30 p.m. of the previous trading day and ending at the close of the same trading day's Market Trading Period
    - b. The sum of the Equity Index Exchange Margins for the Equity Index Daily Futures Non-Clearing Member's house account positions arising until the previous trading day for which depositing is required, if the Equity Index Daily Futures Non-Clearing Member fails to make a declaration set forth in paragraph a. above
  - (c) Equity Index Exchange Margins relevant to the Equity Index Daily Futures Non-Clearing Member's advanced depositing,

which shall be in the amount equal to the sum of the Equity Index Exchange Margins for which the Equity Index Daily Futures Non-Clearing Member is required to make advanced depositing under Article 8 of the Equity Index Margin Regulations

- (2) Upon receipt of a notice set forth in Article 7.1(2) above, the sum of the amounts of (a) and (b) below shall be deposited.
  - (a) Equity Index Exchange Margins relevant to the Equity Index Daily Futures Non-Clearing Member's customer account positions, which shall be in the amount equal to the sum of the Equity Index Exchange Margins as reported by the Equity Index Daily Futures Non-Clearing Member to the Exchange pursuant to Article 7.1 of the Equity Index Margin Regulations for a period commencing at the opening of the pre-open period of the trading day on which the notice is made and ending at 2:30 p.m.
  - (b) Equity Index Exchange Margins relevant to the Equity Index Daily Futures Non-Clearing Member's house account positions, which shall be in the amount equal to the sum of the Equity Index Exchange Margins for which the Equity Index Daily Futures Non-Clearing Member declares depositing with the Exchange for a period commencing at the opening of the pre-open period of the trading day on which the notice is made and ending at 2:30 p.m.

**Article 8. Deadline for Payment by Daily Futures Clearing Member**

Each Daily Futures Clearing Member shall pay the amount according to a notice as set forth in Article 7 hereof to the Exchange's Equity Index Exchange Margin Settlement Account by the time set forth below on the trading day on which the notice is made (or, if it is a Japanese bank holiday, on the immediately subsequent trading day which is a Japanese banking day).

- (1) The deadline for the payment shall be 10:00 a.m. in the case of a notice set forth in Article 7.1(1)
- (2) The deadline for the payment shall be 3:00 p.m. in the case of a notice set forth in Article 7.1(2)

**Article 9. Deadline for Notice of Disbursement of Equity Index Exchange Margin to Daily Futures Clearing Member and Deadline for Disbursement**

9.1 If the Exchange receives a claim for drawing of Equity Index Exchange Margin pursuant to the proviso to Article 11.1 of the Equity Index Margin Regulations in the form prescribed by the Exchange, the Exchange shall notify the concerned Daily Futures Clearing Member claiming for drawing (the same shall apply in Article 9.2 below) of the amount to be disbursed to the Daily Futures Clearing Member, which notice shall be made by 10:00 a.m. of the trading day (or, if it is a Japanese bank holiday, of the immediately subsequent trading day which is a Japanese banking day) subsequent to the trading day on which the claim for drawing is made.

9.2 By 10:00 a.m. of each trading day (or, if it is a Japanese bank holiday, of the immediately subsequent trading day which is a Japanese banking day), the Exchange shall disburse the Equity Index Exchange Margin in the amount equal to the sum of the amounts set forth in Items (1) and (2) below to the Equity Index Exchange Margin Settlement Account registered by the concerned Daily Futures Clearing Member.

- (1) The amount of the Equity Index Exchange Margins relevant to the notice made pursuant to Article 9.1 above by 10:00 a.m. of the same trading day
- (2) The amount of the Equity Index Exchange Margins set forth in the proviso to Article 11.3 of the Equity Index Margin Regulations for which the Exchange has accepted the disbursement based on the Daily Futures Clearing Member's claim for drawing received by the Exchange by 10:00 a.m. of the same trading day

## **CHAPTER IV.**

### **HANDLING OF ADVERSE INCIDENTS**

#### **Article 10. Communication Method upon Inability of Inter-account Transfer**

If a Daily Futures Clearing Member who is obligated to pay the Equity Index Exchange Margin cannot remit or transfer the amount payable under Article 8 hereof, the Daily Futures Clearing Member shall communicate such inability to the Exchange by telephone by the time and date set as the deadline for the payment of the relevant Equity Index Exchange Margin and provide the Exchange with a written notice to the same effect immediately after the telephonic communication.

#### **Article 11. Refusal of Payment to Daily Futures Clearing Member**

If a Daily Futures Clearing Member who is a payee of Equity Index Exchange Margin fails to pay or deposit to or with the Exchange the amount of any money that has become due in accordance with the Trading Regulations, the Special Provisions for Trading Regulations and Brokering Terms for Options, Special Provisions for Trading Regulations for FX Daily Futures Transactions, the Equity Index Special Provisions, the Clearing Regulations, the Regulations for Margin and Unsettled Market Derivatives Contract, the Regulations for Margin and Unsettled Contracts for FX Daily Futures Transactions, the Equity Index Margin Regulations, the Regulations for Margin and Unsettled Contracts for FX Clearing Futures Transactions, the Japanese Yen Settlement Regulations, the FX Exchange Margin Settlement Regulations, the FX Clearing Exchange Margin Settlement Regulations or these Regulations, the Exchange may refuse to pay any Equity Index Exchange Margin due and payable to the Daily Futures Clearing Member.

## **CHAPTER V.**

## **MISCELLANEOUS PROVISIONS**

### **Article 12. Postponement of Deadline for Notice by the Exchange**

If it is difficult or impossible for the Exchange to make a notice by the time set forth in Article 7.1 or 9.1 hereof due to failure in the Exchange System used for settlements for Equity Index Daily Futures transactions between the Exchange and each Daily Futures Clearing Member or due to any other unavoidable event, the Exchange may postpone the said notice.

### **Article 13. Documents for Equity Index Exchange Margins**

The documents set forth in Article 5.5 of the Equity Index Margin Regulations shall be a margin ledger and other documents that the Exchange considers to be necessary. Any of such documents shall be promptly submitted to the Exchange whenever required by the Exchange.

### **Article 14. Determination of Necessary Matters, etc.**

14.1 The Exchange may establish detailed rules to prescribe necessary matters other than those set forth herein or take other necessary steps in order to secure proper and reliable settlements for Equity Index Exchange Margins.

14.2 Whenever the Exchange has prescribed any detailed rules or taken any step set forth in Article 14.1 above, the Exchange shall notify the Daily Futures Clearing Members to that effect without delay.

### **Article 15. Costs and Expenses**

A Daily Futures Clearing Member who has established an Equity Index Exchange Margin Settlement Account with a Designated Service Office of Equity Index Exchange Margin Settlement Bank shall bear the handling fees and other costs and

expenses charged by the Designated Service Office of Equity Index Exchange Margin Settlement Bank and pay the same in the manner and at the rate separately agreed upon between the Designated Service Office of Equity Index Exchange Margin Settlement Bank and the Daily Futures Clearing Member.

**Article 16. Burden of Damages**

16.1 The Exchange shall not be liable for any damage that may be incurred by a Daily Futures Clearing Member due to any fault of the concerned Designated Service Office of Equity Index Exchange Margin Settlement Bank.

16.2 If a Daily Futures Clearing Member who has failed to make settlement of Equity Index Exchange Margins by the deadline set forth herein, the Daily Futures Clearing Member shall pay a default interest accrued on the amount due which shall be calculated per diem based on a year of 365 days at the rate of 14% per annum.

16.3 Where a deadline for settlement of Equity Index Exchange Margins set forth herein is set as a specific time of a specific day, if a Daily Futures Clearing Member has failed to make the settlement by that time of that day, the default interest shall accrue for a period of delay including the day on which such default occurred.

**SUPPLEMENTARY PROVISIONS**

These Regulations shall take effect as from October 1, 2010.

**SUPPLEMENTARY PROVISIONS**

These Regulations shall take effect as from February 27, 2017.

## **SUPPLEMENTARY PROVISIONS**

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

## **SUPPLEMENTARY PROVISIONS**

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