

## Reference Translation\*: Outline of “FX Clearing Scheme”

April 2021  
Tokyo Financial Exchange, Inc.

Items	Description	Remarks
I. Purpose	<ul style="list-style-type: none"> <li>• The market of OTC Foreign Exchange Margin Transaction (hereinafter called “FX Margin Transaction”) in Japan has become the largest of the world. With the growth of the market, the volume of FX Cover Deal by financial instruments firm (hereinafter called “FX broker”) has also increased.</li> <li>• In general, FX Cover Deal means an OTC transaction executed between a FX broker and a financial institution (or a liquidity provider to the FX broker) to reduce losses incurred by the FX broker which may arise from FX Margin Transaction vis-a-vis a customer. To ensure stable liquidity for such deal, TFX provides Financial Instruments Exchange Market to allow execution and clearing of FX Cover Deal as Market Derivatives Transactions (i.e. “FX Clearing Scheme”).</li> </ul>	<ul style="list-style-type: none"> <li>• FX Cover Deal means “Cover Deal” defined in Article 94.1. of the Cabinet Office Order on Financial Instruments Business (Cabinet Office Order No.52 of 2007, hereinafter Business COO) or similar foreign exchange transactions for the purpose of reducing possible loss incurred by a FX broker arising from FX Margin Transaction conducted vis-a-vis a customer.</li> </ul>
II. Transactions, etc.		
1. FX Clearing Futures transactions	<ul style="list-style-type: none"> <li>• FX Clearing Futures transactions shall be Market Derivatives Transaction, executed by a method “not involving an individual auction”, comprising the trading members’ promise to pay and receive an amount of money calculated based on the difference between the numerical value of a foreign exchange price upon which the parties agree in advance and the actual numerical value of the foreign exchange price at a fixed time in the futures.</li> </ul>	<ul style="list-style-type: none"> <li>• Foreign exchange price means a trade price of a spot transaction (to be delivered on the second business day).</li> </ul>

\* Disclaimer: This is an English translation of Outline of “FX Clearing Scheme”, the original of which has been prepared in the Japanese language only. The Japanese language text hereof shall govern for all purposes and in all respects. Accordingly, all questions that may arise within or without courts of law in regard to the meaning of the words, provisions and stipulations of this Outline shall be decided in accordance with the Japanese language text. TFX assume no responsibility for accuracy, correctness, or contents of this English text. This Outline may not be reproduced nor used for any unauthorized purposes, either in whole or in part, without the consent of TFX.

Items	Description	Remarks
(1) Types and financial indices	<ul style="list-style-type: none"> <li>The types and the financial indices of FX Clearing Futures transactions shall be defined in Schedule 1.</li> </ul>	<ul style="list-style-type: none"> <li>FX Clearing Futures transactions shall be Market Transaction of Derivatives defined in Article 2(21) (ii) of Financial Instruments and Exchange Act (Act No.25, 1948, hereinafter called “the Act”) (hereinafter called “Market Derivatives Transaction”).</li> </ul>
(2) Daily Futures Transactions	<ul style="list-style-type: none"> <li>FX Clearing Futures contracts shall be such contracts based on the contract days that are executed during the Market Trading Period (c.f. II.6) of a specific trading day (c.f. II.5) or created by a rollover (c.f. II.1.(3)) at the close of the Market Trading Period of a specific trading day’s previous trading day and discharged by Collective Offsetting at the close of the Market Trading Period of the specific trading day.</li> <li>The final settlement date for the position discharged shall, in principal, be the calendar day on which there occurs the opening of the Market Trading Period of the third trading day counted from the trading day on which the position has been discharged.</li> </ul>	
(3) Rollover	<ul style="list-style-type: none"> <li>The discharge and arising of position in the following forms shall be called a “rollover”.</li> <li>With respect to a short position or long position subject to the Collective Offsetting at the close of the Market Trading Period of each trading day, if a difference arises in comparison of the respective total sum of the short position or long position of each type of FX Clearing Futures transactions (the total sum of the short position shall be referred</li> </ul>	

Items	Description	Remarks
(4) Swap point	<p>to as the “Sum of Short Position” and the total sum of the long position shall be referred to as the “Sum of Long Position” hereinafter), at the close of such Market Trading Period, and concurrently with the discharge of the positions by the Collective Offsetting, a position that contains the conditions set forth in each Item below shall newly arise between TFX and the FX Clearing Futures Clearing Member who held the discharged position for each type of the FX Clearing Futures transactions with respect to which such difference arises.</p> <p>① Price: FX Clearing Settlement Price (c.f. III.3.(3)) on such trading day</p> <p>② Contract Day: Immediately following trading day</p> <p>③ Short or long: If, before the Collective Offsetting, the Sum of Short Position is larger than the Sum of Long Position, short position and, if the Sum of Long Position is larger than the Sum of Short Position, long position</p> <p>④ Amount: Amount equivalent to the difference between the Sum of Short Position and the Sum of Long Position</p> <p>• If a new position arises under an FX Clearing Futures transaction by rollover, a positive or negative calculatory amount obtained in the following manner (hereinafter called “swap point”) shall arise for the purpose of reconciliation of, among other things, the difference between the applicable interest rate of the denomination currencies of the positions newly arisen according to the type of the FX Clearing Futures transaction in question:</p> <p>① Swap point to be received, if long position is held in a currency of a higher interest rate or a short position is held in a currency of a lower interest rate.</p>	<p>• TFX shall determine swap point based on reference value provided by LP Trading Members (c.f. II . 2. ).</p>

Items	Description	Remarks
2. FX Clearing Futures Trading Members	<p>② Swap point to be paid, if short position is held in a currency of a higher interest rate or a long position is held in a currency of a lower interest rate.</p> <ul style="list-style-type: none"> <li>• As for Swap point of Cross Currency Pairs transaction, the calculatory amount in Value Currency obtained by calculation of FX Clearing variation (c.f. III.3. (4)) of each trading day is converted to the Japanese Yen calculatory amount based on FX Clearing Settlement Price of the relevant Yen Currency Pairs transaction with respect to the said Value Currency as of the relevant trading day.</li> <li>• The final settlement date of the swap point that has arisen as above shall be the final settlement date of the FX Clearing cash settlement of the positions discharged by rollover.</li> </ul> <ul style="list-style-type: none"> <li>• TFX shall provide new qualification required to conduct FX Clearing Futures transactions on the FX Clearing Market; “FX Broker Trading Membership” and “LP Trading Membership”.</li> <li>• A person holding the FX Broker Trading Membership shall be called “FX Broker Trading Member” and a person holding an LP Trading Membership shall be called “LP Trading Member” and they shall be collectively called “FX Clearing Futures Trading Members”.</li> </ul>	<ul style="list-style-type: none"> <li>• Yen Currency Pairs transaction means a transaction in which a financial index calculated based on the amount of the Japanese Yen equivalent to one unit of a foreign currency is traded.</li> <li>• Cross Currency Pairs transaction means a transaction in which a financial index calculated based on the amount of a certain foreign currency (hereinafter called “Value Currency”) equivalent to one unit of a foreign currency (hereinafter called “Base Currency”) is traded.</li> <li>• Prospective FX Broker Trading Member is so-called OTC FX broker.</li> <li>• Prospective LP Trading Member is a financial institution who provides FX brokers with liquidity for FX</li> </ul>

Items	Description	Remarks
	<ul style="list-style-type: none"> <li>Qualification criteria for FX Clearing Futures Trading Members shall be defined in Schedule 2.</li> </ul>	<p>Cover Deal. "LP" herein means Liquidity Provider.</p> <ul style="list-style-type: none"> <li>If a firm wishes to hold both FX Broker Trading Membership and LP Trading Membership, separate business operation in respect of the two memberships shall be established and maintained.</li> <li>FX Clearing Futures Trading Members shall hold FX Clearing Futures Clearing membership (c.f. II.1).</li> </ul>
3. Exchange Holiday	<ul style="list-style-type: none"> <li>The Exchange Holidays for FX Clearing Futures transactions shall be Saturdays, Sundays and January 1.</li> </ul>	<ul style="list-style-type: none"> <li>TFX may designate ad hoc holiday when it deems necessary.</li> </ul>
4. Business day	<ul style="list-style-type: none"> <li>A business day shall be a day other than the Exchange Holidays and ad hoc holidays.</li> </ul>	
5. Trading day	<ul style="list-style-type: none"> <li>A trading day shall be a period commencing at the opening of Market Trading Period that start on a specific business day and ending at the close of the Market Trading Period.</li> </ul>	
6. Market Trading Period	<p>(1) Market Trading Period for FX Clearing Futures transactions shall be set forth as below:</p> <p>① Monday</p>	<ul style="list-style-type: none"> <li>TFX may temporarily change the Market Trading Period when it deems</li> </ul>

Items	Description	Remarks
	<p>From 7:00 a.m. of a certain calendar day to 7:00 a.m. of the subsequent calendar day (or from 7:00 a.m. of a certain calendar day to 6:00 a.m. of the subsequent calendar day, during the time when daylight saving time is applied in the State of New York, U.S.A. (hereinafter called "U.S. Daylight Saving Time")</p> <p>② Tuesday, Wednesday, Thursday and Friday</p> <p>From 7:00 a.m. of a certain calendar day to 7:00 a.m. of the subsequent calendar day (or from 6:00 a.m. of a certain calendar day to 6:00 a.m. of the subsequent calendar day, during U.S. Daylight Saving Time).</p> <p>(2) Notwithstanding the foregoing (1), Market Trading Period for the FX Clearing Futures transactions of NZD/JPY, NZD/USD, AUD/NZD or NZD/CHF shall be set forth as below:</p> <p>① Monday</p> <p>From 7:00 a.m. of a certain calendar day to 7:00 a.m. of the subsequent calendar day (or from 7:00 a.m. of a certain calendar day to 6:00 a.m. of the subsequent calendar day, during U.S. Daylight Saving Time)</p> <p>② Tuesday, Wednesday, Thursday or Friday:</p> <p>From 4:00 a.m. of a certain calendar day (or from 3:00 a.m. of a certain calendar day, during the time when daylight saving time is applied in New Zealand.) to 7:00 a.m. of the subsequent calendar day (or to 6:00 a.m. of the subsequent calendar day during U.S. Daylight Saving Time).</p>	<p>necessary.</p>

Items	Description	Remarks
7. Acceptance of Bids and Offers for an Unavoidable Cause	<ul style="list-style-type: none"> <li>If an FX Clearing Futures Trading Member submits a bid or an offer after the close of the Market Trading Period, due to failure in the system of FX Clearing Futures Trading Members, delay in the administration pertaining to price quotation or any other unavoidable cause, TFX may accept such bid or offer for the unavoidable cause.</li> </ul>	
8. Method for execution , etc. (1) Method for execution	<ul style="list-style-type: none"> <li>FX Clearing Futures transactions shall be executed by a method “not involving an individual auction” when either an offer or a bid submitted by an FX Broker Trading Member or an LP Trading Member for its house account matches to a bid or an offer corresponding to such offer or bid submitted by an LP Trading Member or an FX Broker Trading Member designated by the FX Broker Trading Member or the LP Trading Member as its counterparty for its house account.</li> </ul>	<ul style="list-style-type: none"> <li>An FX Broker Trading Member or an LP Trading Member shall specify an FX Clearing Futures contract which it intends to execute to TFX by entering the following particulars (and others as TFX deems it necessary) together with the presentation of a bid or an offer : Types of Exchange FX Clearing Futures contracts; Whether the FX Clearing Futures contract is a sale contract or a purchase contract; Amount in the currency of the principal; Date of trading day; Identification code of</li> </ul>

Items	Description	Remarks
<p>(2) Notifiable matters related to transactions, etc.</p> <p>9. Notice</p>	<ul style="list-style-type: none"> <li>• When an FX Clearing Futures Trading Member intends to conduct FX Clearing, it shall notify TFX of the matters set forth below in advance:               <ul style="list-style-type: none"> <li>① An FX Clearing Futures Trading Member whom it designates as a counterparty (hereinafter, “Designated counterparty Trading Member”)</li> <li>② For each Designated counterparty Trading Member, type(s) of FX Clearing Futures transactions to be conducted with the Designated counterparty Trading Member.</li> </ul> </li> <li>• When any of the matters set forth above changes, the FX Clearing Futures Trading Member shall notify TFX of the change in advance.</li> <li>• Upon execution of an FX Clearing Futures contract, TFX shall immediately notify the details thereof to the FX Broker Trading Member and the LP Trading Member who have</li> </ul>	<p>a Designated counterparty Trading Member.</p> <ul style="list-style-type: none"> <li>• TFX may reject to receive any bid or offer for FX Clearing Futures contracts if it is necessary to do so in order to maintain a fair and orderly market or to ensure the stable operation of the Exchange System, or TFX deems it necessary to do so for any other reason.</li> <li>• An FX Broker Trading Member’s Designated counterparty Trading Member shall be an LP Trading Member, while an LP Trading Member’s Designated counter party Trading Member shall be an FX Broker Trading Member.</li> </ul>



Items	Description	Remarks
10. Market entry deposit	<p>submitted the bid or offer for such contract.</p> <ul style="list-style-type: none"> <li>• An FX Clearing Futures Trading Member shall deposit a market entry deposit in the following amount:</li> <li>• The amount of the market entry deposit shall be Three million Japanese Yen (¥3,000,000) (hereinafter called the “FX Clearing Futures Market Entry Deposit”)</li> </ul>	<ul style="list-style-type: none"> <li>• FX Clearing Futures Market Entry Deposit shall be deposited in addition to “Interest Rate Futures/FX Daily Futures/Equity Index Daily Futures” Market Entry Deposit already deposited by the member.</li> <li>• FX Clearing Futures Market Entry Deposit may be deposited in the form of negotiable securities as prescribed by TFX.</li> </ul>
III. Matters related to clearing		
1. FX Clearing Futures Clearing Members		
(1) FX Clearing Futures Clearing Membership	<ul style="list-style-type: none"> <li>• An FX Clearing Futures Clearing Member means a person having the membership which qualifies the holder thereof to act as counterparty in the financial instruments obligation assumption business operated by TFX in connection with the FX Clearing Futures transactions (hereinafter “FX Clearing Futures Clearing Membership”).</li> </ul>	
(2) Qualification criteria	<ul style="list-style-type: none"> <li>• Qualification criteria for FX Clearing Futures Clearing Membership shall be defined in</li> </ul>	

Items	Description	Remarks
(3) Deregistration of FX Clearing Futures Clearing Membership	<p>Schedule 2.</p> <ul style="list-style-type: none"> <li>• An FX Clearing Futures Clearing Member who desires to deregister the FX Clearing Futures Clearing Membership shall apply for deregistration of the membership (hereinafter called a “clearing membership deregistration applicant”).</li> <li>• The clearing membership deregistration applicant shall be deregistered at the time designated by TFX on the 22nd Japanese banking day from the day immediately following the day on which TFX accepts such application or the time when unsettled FX Clearing Futures contracts of such applicant are liquidated (c.f. III.3.(2)) and all FX Clearing cash settlements are completed, whichever is later.</li> <li>• Notwithstanding the above, if the application was made during the Cooling Off Period defined in VI.1 or the Cooling Off Period starts after the day on which such application was made but before the deregistration of the FX Clearing Futures Clearing Membership takes effect, the Clearing Member shall be deregistered at the latest time among those set forth in each Item below: <ul style="list-style-type: none"> <li>① at the time designated by TFX on the 12th bank business day from the day immediately following the day on which TFX accepts such application;</li> <li>② at the time when unsettled FX Clearing Futures contracts of such Clearing Member are liquidated and all FX Clearing cash settlements are completed;</li> <li>③ If an obligation to deposit Special Purpose Cash Collateral (c.f. VI.3) arises during the Cooling Off Period, at the time designated by TFX on the day on which the Special Purpose Cash Collateral to be deposited which is calculated for the day on which such Cooling Off Period ends (hereinafter “Special Purpose Cash Collateral Final</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• When an FX Clearing Futures Clearing Member applies for deregistration of FX Clearing Futures Clearing membership, it shall make a simultaneous application for deregistration of its trading membership (FX Broker Trading Membership and/or LP Trading Membership).</li> <li>• In respect of application for deregistration of FX Broker Trading Membership and/or LP Trading Membership, it shall be approved simultaneously with and subject to the FX Clearing Futures Clearing membership deregistration.</li> </ul>

Items	Description	Remarks
<p>2. Assumption of obligations</p>	<p>Requirement”) is deposited with TFX (provided, however, if the Special Purpose Cash Collateral has been deposited with TFX in the amount exceeding the Special Purpose Cash Collateral Final Requirement, the day on which such Colling Off Period ends); or</p> <p>④ If no obligation to deposit Special Purpose Cash Collateral arises during the Cooling Off Period, at the time designated by TFX on the day on which such Cooling Off Period ends.</p> <ul style="list-style-type: none"> <li>When FX Clearing Futures transactions is executed between two FX Clearing Futures Clearing Members (i.e. between an FX Broker Trading Member and an LP Trading Member), TFX shall, as a substitute for the FX Clearing Futures Clearing Member, assume the obligations of a FX Clearing Futures Clearing Member arising under the said contract and obtain newly created rights corresponding the assumed obligation and shall clear such contract with the relevant FX Clearing Futures Clearing Member.</li> </ul>	
<p>3. Position and settlement</p> <p>(1) Calculation of position</p>	<ul style="list-style-type: none"> <li>Position for an FX Clearing Futures Clearing Member in respect of a trading day (“T day”) shall be the following sum calculated (on a net basis) at the close of Market Trading Period for the respective type of FX Clearing Futures transactions: a) position of newly executed sale contract and purchase contract whose contract day is T day, and b) (short or long) positions whose contract day is T day , arising from rollover at the</li> </ul>	<ul style="list-style-type: none"> <li>Position shall be calculated for each FX Clearing Futures Clearing Member’s account.</li> <li>For example, when an FX Clearing Futures Clearing Member holding</li> </ul>

Items	Description	Remarks
(2) Settlement method	<p>close of the Market Trading Period of the previous trading day (T-1 day), if any.</p> <ul style="list-style-type: none"> <li>• A short position or a long position under the FX Clearing Futures transactions shall be settled in the manner that, by Collective Offsetting at the close of Market Trading Period of each trading day, the FX Clearing variation (c.f. III.3.(4)) of all positions (whose contract day is the trading day) existing at the close of the Market Trading Period subject to the Collective Offsetting is transferred to the FX Clearing Exchange Margin (i.e. hereinafter “FX Clearing cash settlement”).</li> <li>• As a consequence of such Collective Offsetting, positive or negative calculatory amount that consists of the following ① and ② (hereinafter “a fixed Mark-to-Market Variation”) shall arise: <ul style="list-style-type: none"> <li>① initial Mark-to-Market Variation With respect to position (whose contract day is the trading day) of sale contract or purchase contract newly executed on a trading day, an amount obtained based on a difference between “Contract price of such position” and “FX Clearing Settlement Price” (c.f. III.3.(3)) on the trading day.</li> <li>② daily Mark-to-Market Variation With respect to short or long position that has arisen from rollover at the close of the Market Trading Period of the trading day immediately preceding such trading day; an amount obtained based on the difference between “FX Clearing Settlement Price</li> </ul> </li> </ul>	<p>“long 100” as of T-1 Day sell 50 transaction and buy 100 transaction on T Day, the position calculated at the end of T Day shall be “long 150”.</p> <ul style="list-style-type: none"> <li>• The final settlement date for the cash settlement shall, in principle, be the calendar day on which there occurs the opening of the Market Trading Period of the second trading day after the trading day on which the position has been discharged.</li> <li>• When the amount of FX Clearing Exchange Margin is deficient due to FX Clearing cash settlement, time limit for the deposit is provided separately in IV.3.</li> </ul>

Items	Description	Remarks
(3) FX Clearing Settlement Price	<p>on the trading day immediately preceding such trading day” and FX Clearing Settlement Price on the trading day (on which Collective Offsetting is executed).</p> <ul style="list-style-type: none"> <li>• Collective Offsetting means the method to decrease the positions under the same type of FX Clearing Futures contracts held at the close of the Market Trading Period of a certain trading day in the manner specified as follows: <ul style="list-style-type: none"> <li>① Each position under the sale contract and purchase contract newly executed on the trading day: A repurchase transaction in the same amount with the short position and a resale transaction in the same amount with the long position shall be executed automatically at the FX Clearing Settlement Price of the trading day respectively at the close of the Market Trading Period of the trading day, whereby all amounts of such short positions and long positions shall be reduced.</li> <li>② Position that has arisen by rollover at the close of the Market Trading Period of the immediately preceding trading day: A repurchase transaction in the same amount with the short position and a resale transaction in the same amount with the long position shall be executed automatically at the FX Clearing Settlement Price of the trading day respectively at the close of the Market Trading Period of the trading day, whereby all amounts of such short positions and long positions shall be reduced.</li> </ul> </li> <li>• The FX Clearing variation arising in respect of each trading day shall be transferred to FX Clearing Exchange Margin of each FX Clearing Futures Clearing Member by 14:00 of the settlement date relevant to the trading day on which the calculation is made.</li> <li>• With respect to an FX Clearing Futures contract, TFX shall set the price as an indicative price of fixed Mark-to-Market Variation (hereinafter “FX Clearing Settlement</li> </ul>	

Items	Description	Remarks
(4) FX Clearing variation	<p>Price”) for each type of FX Clearing Futures contracts after the close of the Market Trading Period of each trading day and notify the same to FX Clearing Futures Clearing Members.</p> <ul style="list-style-type: none"> <li>• An FX Clearing Settlement Price specified above shall be obtained by reference to the market prices of the foreign exchange market or the exchange financial instruments market for the FX Daily Futures contracts during such specific period of time before the close of the Market Trading Period for the relevant trading day as may be determined by TFX; provided, however, that if TFX judges any FX Clearing Settlement Price so calculated is inappropriate, TFX may adopt a price deemed appropriate by it as the FX Clearing Settlement Price.</li> <li>• The FX Clearing variation subject to FX Clearing cash settlement means the total sum of the following calculatory amount set forth below that have arisen to the positions under FX Clearing Futures contracts: <ul style="list-style-type: none"> <li>① Amount of fixed Mark-to-Market Variation, and</li> <li>② Amount of swap point.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The time period set by TFX shall be a specific time period close to 7:00 am (or 6:00 am, when U.S. Daylight Saving Time is applicable), which is determined by TFX from time to time as necessary.</li> <li>• With respect to the amounts ① and ② of Cross Currency Pairs transactions, those calculated in the Term Currency of such Cross Currency Pairs transaction shall be converted into the currency of Japanese Yen for each trading day by the FX Clearing Settlement Price of Yen Currency Pairs transaction of such Term Currency on such trading day.</li> </ul>

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4. Clearing deposit	<ul style="list-style-type: none"> <li>• An FX Clearing Futures Clearing Member shall deposit a clearing deposit with TFX. (hereinafter called the “FX Clearing Futures Clearing Deposit”.)</li> <li>• FX Clearing Futures Clearing Deposit amount shall be calculated according to the method set by TFX as specified in the Schedule 3.</li> <li>• The minimum amount of FX Clearing Futures Clearing Deposit shall be Five Million (5,000,000) yen.</li> </ul>	<ul style="list-style-type: none"> <li>• FX Clearing Futures Clearing Deposit shall be deposited in addition to “Interest Rate Futures/FX Daily Futures/Equity Index Daily Futures” Clearing Deposit.</li> <li>• The method to calculate Daily Futures Clearing Deposit shall be adopted to compute FX Clearing Futures Clearing Deposit.</li> <li>• A Clearing Deposit may be deposited in the form of negotiable securities as prescribed by TFX.</li> </ul>
IV. Exchange margin, etc. 1. Definition	<ul style="list-style-type: none"> <li>• “FX Clearing Exchange Margin” means the money deposited by an FX Clearing Futures Trading Member with TFX with respect to FX Clearing Futures transactions and bids and offers submitted related thereto for the purpose of ensuring the performance of the FX Clearing Futures Trading Member’s obligations relevant to its FX Clearing Futures contracts.</li> <li>• A “deposited FX Clearing Exchange Margin Amount” means the amount of FX Clearing Exchange Margin (including the amount of FX Clearing variation transferred and, with respect to an FX Broker Trading Member, including a deposited LG Margin amount)</li> </ul>	

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	<p>already deposited with TFX.</p> <ul style="list-style-type: none"> <li>• A “deposited cash margin amount” means the amount of FX Clearing Exchange Margin already deposited with TFX in the currency of Japanese Yen (including the amount of FX Clearing variation transferred)</li> <li>• “Letter of Guarantee (LG)” means TFX’s right to receive payment of monies under the guarantee obligations owed to TFX by a qualified LG issuing bank who is a financial institution designated by TFX as a counterparty of an LG Agreement (c.f. IV.5. (1)) with respect to the obligations to be performed by an FX Broker Trading Member under FX Clearing Futures contracts.</li> <li>• “Letter of Guarantee Agreement (LG Agreement)” means an agreement on the LG between TFX and a qualified LG issuing bank that satisfies the requirements (c.f. IV.5. (1)).</li> <li>• A “deposited LG Margin amount” means the amount of FX Clearing Exchange Margin already deposited under the LG at TFX.</li> <li>• A “margin reference rate” means a percentage figure determined by TFX as a basis for calculation of the amount of FX Clearing Exchange Margin to be deposited with TFX by an FX Clearing Futures Trading Member with respect to FX Clearing Futures contracts executed by the FX Clearing Futures Trading Member for its house account (c.f. IV.2).</li> <li>• “Initial Margin equivalent” means the amount of absolute value of the difference between the principal amount of short positions and that of long positions held multiplied by a margin reference rate calculated for each type of FX Clearing Futures contracts, converted into the currency of Japanese Yen at the FX Clearing Settlement Price of Yen Currency Pairs transaction for the currency of the principal amount on each trading day.</li> </ul>	



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2. Margin reference rate	<ul style="list-style-type: none"> <li>• “FX Clearing Margin requirement” means the Initial Margin equivalent adjusted by the amount of FX Clearing variation (if the FX Clearing variation is positive, by deducting such positive amount and, if it is negative, by adding the absolute value of such negative amount).</li> <li>• “FX Clearing Cash Settlement Requirement for the day” means, if the FX Clearing variation whose final settlement date is a calendar day on which there occurs the opening of the Market Trading Period of the trading day immediately following a trading day which serves as the basis (hereinafter called the “Base Trading Day”) is a negative amount, the absolute value of such negative amount.</li> <li>• “FX Clearing Cash Settlement Requirement for the following day” means, the absolute value of a negative FX Clearing variation whose final settlement date is a calendar day on which there occurs the opening of the Market Trading Period of the second trading day after the Base Trading Day (hereinafter “Following Day”) adjusted by the amount of FX Clearing variation whose final settlement date is the Following Day (if the FX Clearing variation is positive, by deducting such positive amount and, if it is negative, by adding the absolute value of such negative amount) (if such adjusted amount becomes a negative amount, it shall be zero).</li> <li>• The method to calculate the FX Margin reference amount for Non-individual Customer (“HV method”) shall apply mutatis mutandis to the method to calculate the Margin reference rate.</li> </ul>	<ul style="list-style-type: none"> <li>• Under HV method, following the calculation of single-tailed confidence level of at least 99% based on HV of “8 weeks” and “104 weeks”, the larger value obtained shall be applicable as</li> </ul>

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<p>3. Deposit of FX Clearing Exchange Margin</p> <p>(1) FX Broker Trading Member</p>	<ul style="list-style-type: none"> <li>• With respect to FX Clearing Futures transactions of the following Emerging-market currencies”, Margin reference rate shall be the larger of “a percentage figure calculated under HV method” and “4%”: <ul style="list-style-type: none"> <li>➤ South African Rand</li> <li>➤ Turkish Lira</li> <li>➤ Mexican Peso</li> <li>➤ Offshore Chinese Yuan</li> </ul> </li> <li>• When TFX determines that it is inappropriate to determine the Margin reference rate pursuant to the above, it may determine the Margin reference rate deemed appropriated by TFX from time to time.</li> </ul> <p>• An FX Broker Trading Member and an LP Trading Member shall deposit FX Clearing Exchange Margin with TFX as follows:</p> <p>① Up-front deposit of FX Clearing Exchange Margin</p> <ul style="list-style-type: none"> <li>• An FX Broker Trading Member shall, before it submits a bid or offer for an FX Clearing Futures contract, deposit the FX Clearing Exchange Margin in order to submit such bid</li> </ul>	<p>Margin reference rate.</p> <ul style="list-style-type: none"> <li>• A minimum limit shall be applied to Margin reference rate for Emerging-market currencies due to anticipated higher risk of price movement than those in advanced economies’ currencies.</li> <li>• TFX shall designate Emerging-market currencies transactions (to which the minimum limit is applicable) referring to country classification of emerging (and developing) economies provided by IMF.</li> <li>• In respect of each type of membership, different time limit for deposit shall be set in view of applicable method of margin deposit (up-front or subsequent) and Effective Margin Ratio management.</li> <li>• An FX Broker Trading Member shall deposit up-front Initial Margin by</li> </ul>

Items	Description	Remarks
(2) LP Trading Member	<p>or offer (hereinafter the “Up-front Exchange Margin”) with TFX.</p> <ul style="list-style-type: none"> <li>• The above requirement shall not be applicable if the difference between the short position and the long position to be held will be reduced upon execution of the FX Clearing Futures contract.</li> </ul> <p>② If any shortfall set forth in a. or b. below arises as a result of calculation of FX Clearing variation on each trading day, an FX Broker Trading Member shall deposit the amount equivalent to such shortfall in the currency of Japanese Yen with TFX by the date and time as prescribed in a. or b. below:</p> <p style="padding-left: 40px;">a. The amount of shortfall in the case that the deposited FX Clearing Exchange Margin Amount falls below the FX Clearing Margin requirement shall be deposited: by 11:00 a.m. on a calendar day on which there occurs the opening of the Market Trading Period of the second trading day after the trading day on which the obligation to deposit arises.</p> <p style="padding-left: 40px;">b. The amount of shortfall in the case that the deposited cash margin amount falls below the FX Clearing Cash Settlement Requirement for the day shall be deposited: by 11:00 a.m. on a calendar day on which there occurs the opening of the Market Trading Period of the trading day immediately following the trading day on which the obligation to deposit arises.</p> <ul style="list-style-type: none"> <li>• Requirement for up-front deposit of FX Clearing Exchange Margin shall not be applied to an LP Trading Member.</li> </ul>	<p>reference to Margin reference rate (c.f. Effective Margin Ratio (IV.6.).</p> <ul style="list-style-type: none"> <li>• If “a calendar day” prescribed in a. or b. on the left, (the second or third trading day counted from the trading day on which the obligation of depositing arises) falls on a Japanese bank holiday, the immediately subsequent day shall be the calendar day.</li> <li>• An LP Trading Member may make subsequent deposit of FX Clearing</li> </ul>

Items	Description	Remarks
<p>4. The maximum amount of cash margin drawable</p> <p>(1) FX Broker Trading Member</p>	<ul style="list-style-type: none"> <li>• If any shortfall set forth in each Item below arises in the FX Clearing Exchange Margin upon execution of an FX Clearing Futures contract or as a result of calculation of FX Clearing variation on each trading day, an LP Trading Member shall deposit the amount equivalent to such shortfall (if both shortfalls set forth in a. and b. arise, whichever is larger) in the currency of Japanese Yen with TFX as the FX Clearing Exchange Margin by 4:00 p.m. on a calendar day on which there occurs the opening of the Market Trading Period of the trading day immediately following the trading day on which the obligation to deposit arises: <ul style="list-style-type: none"> <li>a. Shortfall in the case that the deposited FX Clearing Exchange Margin Amount falls below the FX Clearing Margin requirement</li> <li>b. Shortfall in the case that the deposited cash margin amount falls below the FX Clearing Cash Settlement Requirement for the following day</li> </ul> </li> <li>• An FX Broker Trading Member and an LP Trading Member may draw the FX Clearing Exchange Margin as below:</li> <li>• If both amounts set forth in the following ① and ② exist, an FX Broker Trading Member may draw the FX Clearing Exchange Margin from the deposited cash margin amount in the amount up to the lesser of the amounts set forth below: <ul style="list-style-type: none"> <li>① If the deposited FX Clearing Exchange Margin Amount on the Base Trading Day exceeds the FX Clearing Margin requirement, the amount of such excess,</li> <li>② If the deposited cash margin amount on the Base Trading Day adjusted by the amount of FX Clearing variation whose final settlement date is the said Base Trading</li> </ul> </li> </ul>	<p>Exchange Margin.</p> <ul style="list-style-type: none"> <li>• If “a calendar day” prescribed in a) or b) on the left, (the second or third trading day counted from the trading day on which the obligation of depositing arises) falls on a Japanese bank holiday, the immediately subsequent day shall be the calendar day.</li> </ul>

Items	Description	Remarks
<p>(2) LP Trading Member</p> <p>5. Acceptance of LG (1) Requirements</p>	<p>Day (if the FX Clearing variation is positive, by adding such positive amount and, if it is negative, by deducting the absolute value of such negative amount) exceeds the Initial Margin equivalent, the amount of such excess.</p> <ul style="list-style-type: none"> <li>• If both amounts set forth in the following ① and ② exist, an LP Trading Member may draw the FX Clearing Exchange Margin from the deposited cash margin amount in the amount up to the lesser of the amounts set forth below: <ul style="list-style-type: none"> <li>① If the deposited FX Clearing Exchange Margin Amount on the Base Trading Day exceeds the FX Clearing Margin requirement, the amount of such excess</li> <li>② If the deposited cash margin amount on the Base Trading Day (adjusted by the amount of FX Clearing variation whose final settlement date is the Following Day 【if the FX Clearing variation is positive, by adding such positive amount and, if it is negative, by deducting the absolute value of such negative amount】 and, if the FX Clearing variation whose final settlement date is the Day is negative, also adjusted by deducting the absolute value of such negative amount) exceeds the Initial Margin amount, the amount of such excess.</li> </ul> </li> <li>• An FX Broker Trading Member may apply the LG to the deposit of Up-front Exchange Margin (hereinafter the “Deposit by LG”) subject to the placement of the LG Agreement by a qualified LG issuing bank.</li> <li>• LG Agreement shall satisfy all the requirements set forth below: <ul style="list-style-type: none"> <li>① It provides that the qualified LG issuing bank shall bear the guarantee obligation to</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Based on FX Broker Trading Members’ FX Cover Deal business practice, wherein LG has been generally accepted as collateral, Deposit by LG is accepted.</li> </ul>

Items	Description	Remarks
	<p>TFX for the obligations to be performed by the FX Broker Trading Member to TFX under FX Clearing Futures contracts.</p> <p>② It provides that, if TFX demands the qualified LG issuing Bank perform the obligations, the qualified LG issuing bank shall perform the obligations within 24 hours in principle.</p> <p>③ It provides that, during the effective term of the LG Agreement, the qualified LG issuing bank may not amend the contents of the LG Agreement without agreement with TFX.</p> <p>④ It provides that, if the qualified LG issuing bank intends to terminate the LG Agreement, it shall notify TFX in writing at least 5 bank business days prior to the scheduled termination date thereof.</p> <p>⑤ In addition to the above, it satisfies the requirements set forth in Article 68, paragraph (1), item (iii) of Exchange COO.</p>	<ul style="list-style-type: none"> <li>• TFX shall designate an applicant from among those who satisfy the requirements set forth in each Item below to TFX as a qualified LG issuing bank:</li> <li>• (1) a financial institution designated by the Commissioner of FSA in accordance with each Item of Article 68, paragraph (1), item (iii) of the Cabinet Office Order on Financial Instruments Exchanges (Cabinet Office Order No. 54 of 2007), hereinafter “Exchange COO”).</li> <li>• (2) a bank which is a subsidiary of a bank holding company designated by the Commissioner of FSA as set forth in each Item of Article 1 of the Financial Services Agency Notification No.80 of 2015. Upon revocation of designation by the FSA Commissioner in respect of the above Order, TFX shall revoke the designation of the relevant qualified</li> </ul>

Items	Description	Remarks
(2) Treatment of LG Agreement expiry	<ul style="list-style-type: none"> <li>• If an FX Broker Trading Member who makes Deposit by LG intends to continue to make Deposit by LG under a new LG Agreement with the same maximum guarantee amount under the current LG Agreement (hereinafter called the “Current LG Agreement”) after the date of expiration (including an expiration by cancellation; the same interpretation shall apply hereinbelow) of the Current LG Agreement, the FX Broker Trading Member shall place the new LG Agreement with TFX at least 5 bank business days prior to the expiration date of the Current LG Agreement.</li> <li>• If the status of the LG Agreement placed with TFX falls under any of the following Items, TFX may deem the amount set forth in each Item as the deposited LG Margin amount on a trading day after the due date of placement thereof: <ul style="list-style-type: none"> <li>• (1) If a new LG Agreement is not placed by the due date of placement thereof: zero</li> <li>• (2) If the maximum guarantee amount under the new LG Agreement placed by the due date of placement thereof falls below the maximum guarantee amount under the Current LG Agreement: the maximum guarantee amount under the new LG Agreement multiplied by the valuation haircut.</li> </ul> </li> </ul>	<p>LG issuing bank.</p>
(3) Ceiling on the deposited LG Margin amount, etc.	<ul style="list-style-type: none"> <li>• TFX shall set a ceiling on the deposited LG Margin amount of an FX Broker Trading Member for the purpose of Up-front Exchange Margin and notify the FX Broker Trading Member of the ceiling amount.</li> <li>• In the case of the Deposit by LG, TFX deems the maximum guarantee amount specified in the LG Agreement relating to the LG multiplied by the haircut prescribed by TFX</li> </ul>	<ul style="list-style-type: none"> <li>• TFX shall set the standardized ceiling on the deposited LG Margin amount of FX Broker Trading Members considering circumstances following the starts of the scheme and conduct</li> </ul>

Items	Description	Remarks
<p>6. Monitoring Sufficiency of Effective Margin Ratio</p> <p>(1) Effective Margin Ratio</p>	<p>(hereinafter called the “valuation haircut”) as the deposited LG Margin amount.</p> <ul style="list-style-type: none"> <li>If a qualified LG issuing bank no longer satisfies the requirements (c.f. IV.5. (1)), TFX shall promptly cease to accept a new LG Agreement from the bank and revoke the designation of the qualified LG issuing bank, and deposited LG Margin amount of the FX Broker Trading Member under LG Agreement already placed by such qualified LG issuing bank shall be deemed “zero”.</li> <li>Even if a qualified LG issuing bank does not fall under the above, if the credit rating granted to the qualified LG issuing bank is lowered, TFX may take measures deemed appropriate by TFX including the decrease of the valuation haircut.</li> <li>TFX shall confirm the sufficiency of the deposit of FX Clearing Exchange Margin by FX Broker Trading Members in light of the Effective Margin Ratio during the Market Trading Period.</li> <li>TFX shall continuously calculate the Effective Margin Ratio above for each FX Broker Trading Member during Market Trading Period by applying the following formula:   <math display="block">\text{Effective Margin Ratio(\%)} = \frac{\text{Effective Margin}}{\text{intraday requirement of margin}} \times 100</math> <math display="block">\text{Effective Margin} = \text{the deposited FX Clearing Exchange Margin Amount} \pm \text{FX Clearing variation subject to transfer to or from the deposited FX Clearing Exchange Margin Amount ( if the variation is positive, by adding such positive amount and, if it is negative, by deducting the absolute</math> </li> </ul>	<p>annual review.</p> <ul style="list-style-type: none"> <li>TFX shall set the valuation haircut ratio at 99/100.</li> <li>TFX shall designate matters necessary for the calculation of a deposited LG Margin amount.</li> <li>LP Trading Members are not included in the scope.</li> <li>The amount of P&amp;L on the left shall be the amount converted, with regard to</li> </ul>



Items	Description	Remarks
	<p>value of such negative amount) <math>\pm</math> P&amp;L that arises if the FX Clearing Futures contracts are settled at that time (by adding the amount of profit or by subtracting the amount of loss).</p> <p>The intraday requirement of margin = the absolute value of the difference between the principal amounts of short positions and long positions then held <math>\times</math> the margin reference rate calculated for each type of FX Clearing Futures contracts <math>\times</math> price of the currency of Japanese Yen deemed appropriate by TFX as the price for Yen Currency Pairs transactions for the currency of principal amount. (Calculated sum with regard to the respective type of FX Clearing Futures transactions shall be aggregated.)</p>	<p>the respective type of FX Clearing Futures transactions, based on price of Yen Currency Pairs deemed appropriate by TFX, which is relevant to foreign currency for the notional principal amount.</p>
(2) Maintenance of Effective Margin Ratio	<ul style="list-style-type: none"> <li>• An FX Broker Trading Member shall endeavor to have Effective Margin Ratio constantly exceed 200 %.</li> </ul>	
(3) Measures to be taken when Effective Margin Ratio declines	<ul style="list-style-type: none"> <li>• When TFX recognizes that an FX Broker Trading Member falls under any of the following cases, TFX may take the measures set forth below on the FX Broker Trading Member:               <ol style="list-style-type: none"> <li>① When the Effective Margin Ratio falls below 160 %, TFX may send a reminder notice concerning decline of Effective Margin Ratio</li> <li>② When the Effective Margin Ratio falls below 140 % and it is deemed that an execution of a new FX Clearing Futures contract and the assumption of obligations therefrom</li> </ol> </li> </ul>	

Items	Description	Remarks
(4) Measures including Suspension from Transaction	<p>are extremely difficult, TFX may order suspension from or restriction on FX Clearing Futures contracts and suspension from or restriction on the assumption of obligations therefrom (hereinafter called the “Measures including Suspension from Transaction”).</p> <p>③ When the Effective Margin Ratio falls below 100 % and prompt recovery of the Effective Margin Ratio is deemed difficult, TFX may execute the forced offsetting transaction of unsettled positions of FX Clearing Futures contracts for the account of the FX Clearing Futures Trading Member (hereinafter called the “forced allocation measures”).</p> <ul style="list-style-type: none"> <li>• If an FX Broker Trading Member frequently causes its Effective Margin Ratio to fall below the levels of the Effective Margin Ratio set forth in each above Item and TFX determines that the sound operation of TFX may be hindered, TFX may raise the level of the margin reference rate or the levels as thresholds for the measures to be taken in the case of decline of Effective Margin Ratio pursuant to the above applicable to the FX Broker Trading Member.</li> <li>• If TFX determines to take the Measures including Suspension from Transaction, TFX shall promptly notify the FX Broker Trading Member subject to the measures and the LP Trading Member who is the Designated counterparty Trading Member.</li> <li>• Upon receipt of the above notice, the FX Broker Trading Member shall immediately suspend the presentation of bids and offers for FX Clearing Futures contracts.</li> <li>• If the FX Broker Trading Member subject to the Measures including Suspension from Transaction deposits the FX Clearing Exchange Margin and causes its Effective Margin</li> </ul>	<ul style="list-style-type: none"> <li>• Prior to falls below 110%, upon request from TFX, the relevant FX Broker Trading Member shall report TFX of the conditions and prospects of the recovery, etc.</li> </ul>

Items	Description	Remarks
(5) Forced Allocation Measures	<p>Ratio to reach 200 % or above and TFX deems it appropriate, TFX shall lift the Measures including Suspension from Transaction on the FX Broker Trading Member.</p> <ul style="list-style-type: none"> <li>• If TFX determines to take forced allocation measures on an FX Broker Trading Member, TFX shall take the following measures promptly:               <ol style="list-style-type: none"> <li>① For each type of Unsettled FX Clearing Futures Contract, TFX shall designate an LP Trading Member (limited to those who have filed the notification for such type of FX Clearing Futures contracts (c.f. II.8. (2)) designating one or more FX Broker Trading Member as a counterparty of the forced allocation transaction) (hereinafter “Designated LP Trading Member”).</li> <li>② TFX shall notify the Designated LP Trading Members of the volume of each type of Unsettled FX Clearing Futures Contracts divided by the number of Designated LP Trading Members (hereinafter “forced allocation volume”).</li> <li>③ Upon receipt of such notice, the Designated LP Trading Member shall promptly quote a price appropriate for the forced allocation transaction (hereinafter the “forced allocation price” to TFX in light of the then current foreign exchange rates. In such case, the Designated LP Trading Member shall submit the evidence materials to validate the appropriateness of the forced allocation price to TFX in accordance with the Close-out Amount method specified in 2002 ISDA Master Agreement published by International Swaps and Derivatives Association, Inc. in 2003.</li> <li>④ TFX shall cause the forced allocation transaction to be executed in the relevant forced allocation volume at the forced allocation price with respect to the Unsettled FX Clearing Futures Contracts of the FX Broker Trading Member subject to forced</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• The method on the left shall apply mutatis mutandis to the method for the Liquidation Transaction of Unsettled FX Clearing Futures contracts of FX Clearing Futures Trading Members and FX Clearing Futures Clearing Members subject to suspension from execution of transactions or assumption of obligations, etc.</li> <li>• TFX may adopt another method to determine the forced allocation volume when it deems necessary to do so to, as allocation may not be processed smoothly due to the small number, etc.</li> </ul>

Items	Description	Remarks
<p>V. Charges, etc.</p> <p>1. Registration fee</p> <p>(1) Trading registration fee</p> <p>(2) Clearing registration fee</p> <p>2. Monthly exchange fee</p> <p>3. Fixed-rate exchange fees</p> <p>(1) FX Clearing Futures Contract Fees</p>	<p>allocation measures with each Designated LP Trading Member as a counterparty.</p> <ul style="list-style-type: none"> <li>• The amount of the trading registration fee for FX Broker Trading Membership and LP Trading Membership shall be JPY 5,000,000 respectively.</li> <li>• The amount of the clearing registration fee for FX Clearing Futures Clearing Membership shall be JPY 0.</li> <li>• The amount of monthly exchange fee for FX Broker Trading Members and LP Trading Members shall be 50,000 yen per month.</li> <li>• The per-contract exchange fee with respect to FX Clearing Futures contracts shall be the aggregate amount of Contract Fees and Position Fees.</li> <li>• Contract Fees for FX Broker Trading Member shall be calculated for each type of contracts as below:</li> </ul>	<ul style="list-style-type: none"> <li>• When a person who has already obtained an FX (or LP) trading membership desires to obtain an additional LP (or FX) trading membership, no trading registration fee shall be required for such additional category of trading membership.</li> <li>• If the calculated contract amount for a certain currency pair includes a</li> </ul>

Items	Description	Remarks
(2) FX Clearing Position Fees	<p>a) with respect to contracts in the amount not less than USD100,000 per contract, for the monthly total contract amount of such contracts, 20 yen per USD100,000.</p> <p>b) with respect to contracts in the amount less than USD100,000 per contract, for the monthly total number of such contracts, 20 yen per contract. (The amount of “less than USD 100,000” shall be excluded from the calculation a) above.)</p> <ul style="list-style-type: none"> <li>• FX Clearing Futures contracts amount whose principal is denominated in any currency other than USD shall be converted into USD by using the price deemed appropriate by TFX and notified to FX Broker Trading Members in advance.</li> <li>• Contract Fees payable by LP Trading Members shall be “0” .</li> <li>• Position Fees for FX Broker Trading Member for each type of contracts shall be based on the monthly total sum of the amount of positions newly created from rollover at the closing of the Market Trading Period converted into USD for each type of contracts and for each trading day, multiplied by the number of days between the final settlement dates; 20 yen per USD100,000</li> <li>• Outstanding positions amount shall be an amount converted on the price in the currency of Notional principal amount. In case of a Currency Pair, of which Notional principal amount is non-USD currency, the outstanding position amount shall be converted into USD based on price which has been deemed appropriate and notified to FX Broker Trading Members in advance.</li> <li>• FX Clearing position fees payable by LP Trading Members shall be “0” in JPY.</li> </ul>	<p>fraction less than USD100,000, such fraction shall be rounded up to the nearest USD100,000.</p> <ul style="list-style-type: none"> <li>• If the calculated position amount for a certain type of contracts includes a fraction less than USD100,000, such fraction shall be rounded up to the nearest USD100,000.</li> </ul>



Items	Description	Remarks
resources used for loss compensation	<p>following deposits in the following order:</p> <p><b>【1st Priority】</b> The Exchange Margin, the market entry deposit, the clearing deposit and other deposit or collateral deposited with TFX by the Defaulting Clearing Member.</p> <p><b>【2nd Priority】</b> The default compensation reserve for FX Clearing Futures contracts appropriated by TFX (to cover the loss).</p> <p><b>【3rd Priority】</b> The FX Clearing Futures Clearing Deposits deposited by the FX Clearing Futures Clearing Members other than the Defaulting Clearing Member (hereinafter “Surviving Clearing Members“)</p> <p><b>【4th Priority】</b> First Additional Clearing Contribution for FX Clearing Futures to be contributed by Surviving Clearing Members.</p> <p><b>【5th Priority】</b> Second Additional Clearing Contribution for FX Clearing Futures to be contributed by “Surviving Clearing Member making Second Additional Clearing Contribution for FX Clearing Futures (c.f. IV.2. (3))”.</p>	<ul style="list-style-type: none"> <li>• <b>【 1st Priority 】</b> If the Defaulting Clearing Member holds a trading membership or clearing membership of other Market Derivatives Transactions on TFX, deposit by the Defaulting Clearing Member with respect to such other membership shall be included in the financial resources of the 1st Priority.</li> </ul>
(1) Loss compensation	<ul style="list-style-type: none"> <li>• TFX shall cause the Surviving Clearing Members to bear the remaining losses during a</li> </ul>	<ul style="list-style-type: none"> <li>• The requirement of FX Clearing</li> </ul>

Items	Description	Remarks
<p data-bbox="219 252 463 523">in the 3rd priority using the FX Clearing Futures Clearing Deposit of Surviving Clearing Members</p> <p data-bbox="203 975 463 1342">(2) Loss compensation in the 4th priority by Surviving Clearing Members making First Additional Clearing</p>	<p data-bbox="551 252 1565 523">Cooling Off Period, in proportion to the then requisite amounts of the FX Clearing Futures Clearing Deposits to be deposited by the respective Surviving Clearing Members on the business day immediately preceding the period (hereinafter the “Initial Requirement of Clearing Deposit”). In such case, the amount of the losses that may be borne by the Surviving Clearing Members shall not exceed the Initial Requirement of Clearing Deposit.</p> <ul data-bbox="501 592 1565 1342" style="list-style-type: none"> <li data-bbox="501 592 1565 719">• If losses are compensated by using the FX Clearing Futures Clearing Deposit, Surviving Clearing Members shall replenish it at the end of the Cooling off Period to meet the then requirement of the FX Clearing Futures Clearing Deposit.</li> <li data-bbox="501 975 1565 1150">• If the losses incurred by TFX are not fully covered by the financial resources of 1st, 2nd and 3rd priorities, TFX shall cover the uncompensated portion of such losses by appropriating the money to be contributed by the Surviving Clearing Members (hereinafter the “First Additional Clearing Contribution for FX Clearing Futures”).</li> <li data-bbox="501 1166 1565 1294">• The amount of the First Additional Clearing Contribution for FX Clearing Futures to be borne by the Surviving Clearing Members shall not exceed the Initial Requirement of Clearing Deposit.</li> <li data-bbox="501 1310 1565 1342">• In order to cover the remaining losses by the First Additional Clearing Contribution for</li> </ul>	<p data-bbox="1637 252 2092 523">Futures Clearing Deposit to be deposited by FX Clearing Futures Clearing Members during a Cooling off Period shall be equal to the amount of Initial Requirement of Clearing Deposit during the same period.</p> <ul data-bbox="1603 544 2092 959" style="list-style-type: none"> <li data-bbox="1603 544 2092 959">• If part or all of the Surviving Clearing Members’ FX Clearing Futures Clearing Deposit is used to compensate losses and their FX Clearing Futures Clearing Deposit falls short of the Initial Requirement of Clearing Deposit, they are not obliged to replenish the shortfall during the Cooling off Period.</li> </ul>



Items	Description	Remarks
<p>Contribution for FX Clearing Futures.</p> <p>(3) Loss compensation in the 5th priority by Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures.</p> <p>3. Deposit during</p>	<p>FX Clearing Futures, TFX shall cause the Surviving Clearing Members to bear the remaining losses in proportion to the Initial Requirement of Clearing Deposit during the Cooling Off Period.</p> <ul style="list-style-type: none"> <li>• If the losses incurred by TFX in a certain Cooling Off Period are not fully covered by the financial resources of 1st, 2nd, 3rd and 4th priorities, TFX shall cover the uncompensated portion of such losses by appropriating the money to be contributed by Surviving Clearing Members (hereinafter the “Second Additional Clearing Contribution for FX Clearing Futures”).</li> <li>• The obligation to pay the Second Additional Clearing Contribution for FX Clearing Futures shall be borne by the Surviving Clearing Members for which a positive FX Clearing variation arises on each Loss-incurred Date (hereinafter referred to as the “Relevant Loss-incurred Date”) after the trading day on which the accumulated amount of the losses to be compensated for exceeds the amount to be appropriated for compensation of the losses (hereinafter referred to as the “Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures”).</li> <li>• TFX shall cause the Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures to bear the remaining losses in proportion to the amount of FX Clearing variation of the respective Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures on Relevant Loss-incurred Date.</li> </ul> <ul style="list-style-type: none"> <li>• Surviving Clearing Members shall deposit with TFX during a certain Cooling Off Period</li> </ul>	<ul style="list-style-type: none"> <li>• If there are two or more Relevant Loss-incurred Dates, the aggregate sum of the FX Clearing variation on each Relevant Loss-incurred Date shall be prorated.</li> <li>• Special Purpose Cash Collateral means</li> </ul>



Items	Description	Remarks
	<p>deposited (hereinafter the “Calculatory CD Equivalent”) shall be calculated.</p> <ul style="list-style-type: none"> <li>• An amount as the basis for calculation of Variation Equivalent (hereinafter referred to as the “Calculation Base Amount”) shall be obtained in accordance with the category of dates set forth in a) and b) respectively: <ul style="list-style-type: none"> <li>a) Start date of Cooling Off Period, <ul style="list-style-type: none"> <li>The larger of Initial Requirement of Clearing Deposit applicable to such Cooling Off Period and the Calculatory CD Equivalent on the start date of the Cooling Off Period shall be the Calculation Base Amount.</li> </ul> </li> <li>b) Each trading day excluding the start date of Cooling Off Period, <ul style="list-style-type: none"> <li>The larger of the Calculation Base Amount on the immediately preceding business day and the Calculatory CD Equivalent on each such business day shall be the Calculation Base Amount.</li> </ul> </li> </ul> </li> <li>• The Calculation Base Amount of the day deducted by the Initial Requirement of Clearing Deposit shall be the Amount of Variation Equivalent on each business day during the Cooling Off Period.</li> </ul> <p>② Amount of Additional Contribution Equivalent calculated as the aggregate sum of the following a) and b) :</p> <ul style="list-style-type: none"> <li>a) For First Additional Clearing Contribution for FX Clearing Futures; <ul style="list-style-type: none"> <li>If the amount of losses incurred by TFX exceeds the financial resources of 1st and 2nd priorities, an amount equivalent to such excess shall be prorated among other FX Clearing Futures Clearing Members in proportion to the</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The requirement of Additional Contribution Equivalent shall be zero as of the later of the followings: a day on which a Cooling off Period ends or a</li> </ul>

Items	Description	Remarks
<p>(2) Deposit of Special Purpose Cash Collateral</p>	<p>respective Initial Requirement of Clearing Deposit of such other FX Clearing Futures Clearing Members; provided, however, the amount shall not exceed the Initial Requirement of Clearing Deposit of each FX Clearing Futures Clearing Member.</p> <p>b) For Second Additional Clearing Contribution for FX Clearing Futures; If the amount of losses incurred by TFX exceeds the financial resources of 1st, 2nd, 3rd and 4th priorities, an amount equivalent to a negative FX Clearing variation of the Defaulting Clearing Member on Relevant Loss-incurred Date (on and after the trading day on which such excess arises) shall be prorated among Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures 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.</p> <ul style="list-style-type: none"> <li>• TFX shall calculate the amount of Special Purpose Cash Collateral to be deposited by a Surviving Clearing Member for each trading day during a Cooling Off Period and notify the Clearing Member of such amount (hereinafter “Special Purpose Cash Collateral to be deposited”).</li> <li>• The Surviving Clearing Member shall deposit, for each such trading day, the Special</li> </ul>	<p>day on which the amount of losses incurred by TFX is fully compensated.</p> <ul style="list-style-type: none"> <li>• Concurrently with the calculation of FX Clearing variation on a Relevant Loss-incurred Date, TFX shall transfer the positive FX Clearing variations (Amount of Additional Contribution Equivalent for Second Additional Clearing Contribution) of the Surviving Clearing Members making Second Additional Clearing Contribution for FX Clearing Futures to the Special Purpose Cash Collateral of such Clearing Members.</li> <li>• If the immediately following trading day</li> </ul>

Items	Description	Remarks
	<p>Purpose Cash Collateral to be deposited (if any) or if the amount already deposited with TFX as Special Purpose Cash Collateral falls short of the amount of the Special Purpose Cash Collateral to be deposited, the amount of such shortfall shall be deposited in the currency of Japanese Yen as Special Purpose Cash Collateral by 11:00 a.m. on a calendar day on which the opening time of the Market Trading Period of the second trading day after the trading day on which the such obligation to deposit arises.</p>	<p>or the second trading day after the trading day on which the such obligation to deposit arises falls on a bank holiday, the trading day immediately following bank business day is applicable.</p>

The Types of FX Clearing Futures transactions, etc.

The types of FX Clearing Futures transactions with price quotation, the minimum price fluctuation of bids and offers, and the trading unit:

(1) Yen Currency Pairs transaction

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
① [USD/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the United States of America.	The amount of JPY equivalent to one USD (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of USD 1,000
② [EUR/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the member states of the European Economic and Monetary Union.	The amount of JPY equivalent to one EUR (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of EUR 1,000
③ [GBP/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the United Kingdom of Great Britain and Northern Ireland.	The amount of JPY equivalent to one GBP (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of GBP 1,000
④ [AUD/JPY]	The financial index calculated	The amount of JPY equivalent to	0.0001	Notional principal

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
	based on the amount of JPY equivalent to one unit of the currency adopted by the Commonwealth of Australia.	one AUD (indicated by an integral multiple of 1/10,000).		amount of AUD 1,000
⑤ [CHF/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the Swiss Confederation.	The amount of JPY equivalent to one CHF (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of CHF 1,000
⑥ [CAD/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by Canada.	The amount of JPY equivalent to one CAD (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of CAD 1,000
⑦ [NZD/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by New Zealand.	The amount of JPY equivalent to one NZD (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of NZD 1,000
⑧ [ZAR/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the	The amount of JPY equivalent to one ZAR (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of ZAR 1,000

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
	currency adopted by the Republic of South Africa.			
⑨ [TRY/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by Republic of Turkey.	The amount of JPY equivalent to one TRY (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of TRY 1,000
⑩ [NOK/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the Kingdom of Norway.	The amount of JPY equivalent to one NOK (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of NOK 1,000
⑪ [HKD/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by Hong Kong Special Administrative Region.	The amount of JPY equivalent to one HKD (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of HKD 1,000
⑫ [SEK/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the	The amount of JPY equivalent to one SEK (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of SEK 1,000



Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
	Kingdom of Sweden.			
⑬ [MXN/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the United Mexican States.	The amount of JPY equivalent to one MXN (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of MXN 1,000
⑭ [SGD/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the Republic of Singapore.	The amount of JPY equivalent to one SGD (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of SGD 1,000
⑮ [CNH/JPY]	The financial index calculated based on the amount of JPY equivalent to one unit of the currency adopted by the People's Republic of China (CNH).	The amount of JPY equivalent to one CNH (indicated by an integral multiple of 1/10,000).	0.0001	Notional principal amount of CNH 1,000

(2) Cross Currency Pairs transaction

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
① [EUR/USD]	The financial index calculated based on the amount of the currency adopted by the United States of America equivalent to one unit of the currency adopted by the European Economic and Monetary Union.	The amount of USD equivalent to one EUR (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of EUR 1,000
② [GBP/USD]	The financial index calculated based on the amount of the currency adopted by the United States of America equivalent to one unit of the currency adopted by the United Kingdom of Great Britain and Northern Ireland.	The amount of USD equivalent to one GBP (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of GBP 1,000
③ [GBP/CHF]	The financial index calculated based on the amount of the currency adopted by the Swiss Confederation equivalent to one unit of the currency adopted by the United Kingdom of Great Britain and Northern Ireland.	The amount of CHF equivalent to one GBP (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of GBP 1,000

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
④ [USD/CHF]	The financial index calculated based on the amount of the currency adopted by the Swiss Confederation equivalent to one unit of the currency adopted by the United States of America.	The amount of CHF equivalent to one USD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of USD 1,000
⑤ [USD/CAD]	The financial index calculated based on the amount of the currency adopted by Canada equivalent to one unit of the currency adopted by the United States of America.	The amount of CAD equivalent to one USD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of USD 1,000
⑥ [AUD/USD]	The financial index calculated based on the amount of the currency adopted by the United States of America equivalent to one unit of the currency adopted by the Commonwealth of Australia.	The amount of USD equivalent to one AUD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of AUD 1,000
⑦ [EUR/CHF]	The financial index calculated based on the amount of the	The amount of CHF equivalent to one EUR (indicated by an	0.000001	Notional principal amount of EUR 1,000

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
	currency adopted by the Swiss Confederation equivalent to one unit of the currency adopted by the European Economic and Monetary Union.	integral multiple of 1/1,000,000).		
⑧ [EUR/GBP]	The financial index calculated based on the amount of the currency adopted by the United Kingdom of Great Britain and Northern Ireland equivalent to one unit of the currency adopted by the European Economic and Monetary Union.	The amount of GBP equivalent to one EUR (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of EUR 1,000
⑨ [NZD/USD]	The financial index calculated based on the amount of the currency adopted by the United States of America equivalent to one unit of the currency adopted by New Zealand.	The amount of USD equivalent to one NZD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of NZD 1,000
⑩ [EUR/AUD]	The financial index calculated based on the amount of the c	The amount of AUD equivalent to one EUR (indicated by an	0.000001	Notional principal amount of EUR 1,000

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
	urrency adopted by the Commonwealth of Australia equivalent to one unit of the currency adopted by the European Economic and Monetary Union.	integral multiple of 1/1,000,000).		
⑪ [GBP/AUD]	The financial index calculated based on the amount of the currency adopted by the Commonwealth of Australia equivalent to one unit of the currency adopted by the United Kingdom of Great Britain and Northern Ireland.	The amount of AUD equivalent to one GBP (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of GBP 1,000
⑫ [AUD/CHF]	The financial index calculated based on the amount of the currency adopted by the Swiss Confederation equivalent to one unit of the currency adopted by the Commonwealth of Australia.	The amount of CHF equivalent to one AUD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of AUD 1,000
⑬ [AUD/NZD]	The financial index calculated	The amount of NZD equivalent to	0.000001	Notional principal

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
	based on the amount of the currency adopted by New Zealand equivalent to one unit of the currency adopted by the Commonwealth of Australia.	one AUD (indicated by an integral multiple of 1/1,000,000).		amount of AUD 1,000
⑭ [NZD/CHF]	The financial index calculated based on the amount of the currency adopted by the Swiss Confederation equivalent to one unit of the currency adopted by New Zealand.	The amount of CHF equivalent to one NZD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of NZD 1,000
⑮ [AUD/CAD]	The financial index calculated based on the amount of the currency adopted by Canada equivalent to one unit of the currency adopted by the Commonwealth of Australia.	The amount of CAD equivalent to one AUD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of AUD 1,000
⑯ [EUR/CAD]	The financial index calculated based on the amount of the currency adopted by Canada equivalent to one unit of the	The amount of CAD equivalent to one EUR (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of EUR 1,000

Types of FX Clearing Futures transactions (Currency Pairs)	Financial Indices	Price Quotation	The minimum price fluctuation (Tick size)	Trading Unit
	currency adopted by the European Economic and Monetary Union.			
⑰ [CAD/CHF]	The financial index calculated based on the amount of the currency adopted by the Swiss Confederation equivalent to one unit of the currency adopted by Canada.	The amount of CHF equivalent to one CAD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of CAD 1,000
⑱ [USD/HKD]	The financial index calculated based on the amount of the currency adopted by Hong Kong Special Administrative Region equivalent to one unit of the currency adopted by the United States of America.	The amount of HKD equivalent to one USD (indicated by an integral multiple of 1/1,000,000).	0.000001	Notional principal amount of USD 1,000

Qualification criteria for FX Clearing Futures Trading Members (FX Broker Trading Members and LP Trading Members) and FX Clearing Futures Clearing Members shall be set forth as below:

Items	Description	Remarks
1. Qualification criteria for FX Clearing Futures Trading membership	<ul style="list-style-type: none"> <li>• To become an FX Clearing Futures Trading Member, an applicant shall satisfy the following requirements of from (1) to (4):</li> </ul>	
(1) Geographic basis	<ul style="list-style-type: none"> <li>• The applicant shall have an office or branch in Japan that is engaged in market derivative transaction on TFX.</li> </ul>	
(2) FX Clearing membership	<ul style="list-style-type: none"> <li>• The applicant shall obtain FX Clearing Futures Clearing membership.</li> </ul>	<ul style="list-style-type: none"> <li>• An applicant shall apply for trading membership and clearing membership simultaneously: non-clearing membership shall not be accepted.</li> </ul>
(3) Personnel	<ul style="list-style-type: none"> <li>① To obtain FX Broker Trading Membership, the following criteria of a) and d) shall be satisfied:                             <ul style="list-style-type: none"> <li>a) The applicant is a financial instruments firm which is a corporation, the registered type of business of which is Type- I and Type- II financial instruments business, or is a registered financial institution</li> <li>b) The applicant is engaged in Specified Currency-Related Over-the</li> </ul> </li> </ul>	



Items	Description	Remarks
(4) Financial Resources	<p>Counter Derivative Transaction (defined in Article 117.1.39 of the Business COO) with investors.</p> <p>c) The applicant has two or more counterparties of LP Trading Members with regard to the respective type of FX Clearing Futures transactions which shall be registered with TFX as matters relevant to transaction.</p> <p>d) The applicant has knowledge and capacity enough to perform its business as FX Broker Trading Member, and having sufficient social credit.</p> <p>② To obtain LP Trading Membership, the following criteria shall be satisfied:</p> <p>a) The applicant is a financial instruments firm and, the registered type of business of which is Type- II financial instruments business, or is a registered financial institution</p> <p>b) The applicant has knowledge and capacity enough to perform its business as LP Trading Member, and having sufficient social credit.</p> <p>• The applicant shall satisfy all of the following requirements of from a) to f):</p> <p>a) The capital of the applicant is 300 million yen or more.</p> <p>b) The net assets of the applicants are 2 billion yen or more (provided, however, that this criterion shall not apply if TFX finds otherwise that the equivalent level such as this is satisfied in substance.)</p> <p>c) In the case of a financial instruments firm, the Capital-To-Risk Ratio defined in Paragraph 1 of Article 46-6 of the Act is 200% or more.</p> <p>d) The applicant is likely to maintain stable profitability as an FX Broker</p>	<p>• A requirement of having multiple counterparty shall be satisfied; no way of transaction in case of withdrawal by its one and only counterparty LP Trading Member.</p> <p>• The requirement of financial resources is the same as the requirement for FX Daily Futures Trading Members and Equity Index Daily Futures Trading Members.</p> <p>• In respect of financial resources, the applicant having</p>

Items	Description	Remarks
	<p>Trading Member.</p> <p>e) In the case of a special financial instruments firm (meaning only a special financial instruments firm set forth in Article 57-5.2 of the Act, the Consolidated Capital-to-Risk Ratio calculated by the method set forth in Article 2 of the Financial Services Agency Notification No.128 of 2010 (hereinafter called the “Consolidated Capital-to-Risk Ratio on Downstream Consolidation”) is 200% or more.</p> <p>f) In the case of a designated special financial instruments firm (meaning a designated special financial instruments firm set forth in Paragraph 3 of Article 57-12 of the Act), in relation to the Consolidated Capital-to-Risk Ratio set forth in Article 2 of the Financial Services Agency Notification No. 130 of 2010 (hereinafter called the “Consolidated Capital-to-Risk Ratio on Uniform International Standards”), the “Consolidated Common Equity Tier 1 Capital Ratio” set forth in Item 1 of the same Article 2 (hereinafter called the “Consolidated Common Equity Tier 1 Capital Ratio”) is 4.5% or more and the “Consolidated Tier 1 Capital Ratio” set forth in Item 2 thereof (hereinafter called the “Consolidated Tier 1 Capital Ratio”) is 6% or more and the consolidated total Capital-to-Risk Ratio set forth in Item 3 thereof (hereinafter called the “Total Consolidated Capital-to-Risk Ratio”) is 8% or more, or the Consolidated Capital-to-Risk Ratio calculated by the method set forth in Article 4 thereof (hereinafter called the “Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation”) is 200% or more.</p>	<p>net assets of less than 2 billion yen shall obtain guarantee by its parent company which satisfies the requirement set forth in a), c) and e) or f) on the left and has net assets of at least three billion yen, and of which stable profitability is expected.</p>

Items	Description	Remarks
2. Qualification Criteria for FX Clearing Futures Clearing membership	<ul style="list-style-type: none"> <li>• To become FX Clearing Futures Clearing Member, an applicant shall satisfy the following requirements of from (1) to (4):</li> </ul>	
(1) Geographic Basis	<ul style="list-style-type: none"> <li>• The applicant shall have an office or branch in Japan to conduct clearing operation for Market Derivative Transactions at TFX</li> </ul>	
(2) Trading membership	<ul style="list-style-type: none"> <li>• The applicant shall obtain FX Broker Trading Membership and/or LP Trading Membership.</li> </ul>	
(3) Personnel	<ul style="list-style-type: none"> <li>• To obtain FX Clearing Futures Clearing membership, the following criteria of a) and b) shall be satisfied: <ul style="list-style-type: none"> <li>a) The applicant is a financial instruments firm which is a corporation, the registered type of business of which is Type- I and Type- II financial instruments business, (and, with respect to a financial instruments firm applying for LP Trading Membership, a corporation, the registered type of business of which is Type- II financial instruments business).</li> <li>b) The applicant has knowledge and capacity enough to perform its business as an FX Clearing Futures Clearing Member, and having sufficient social credit.</li> </ul> </li> </ul>	
(4) Financial Resources	<ul style="list-style-type: none"> <li>• The applicant shall satisfy all of the following requirements of from a) to f): <ul style="list-style-type: none"> <li>a) The capital of the applicant is 300 million yen or more.</li> <li>b) The net assets of the applicants are 2 billion yen or more (provided, however, that</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The requirement of financial resources is the same as the requirement for Daily Futures</li> </ul>

Items	Description	Remarks
	<p>this criterion shall not apply if TFX finds otherwise that the equivalent level such as this is satisfied in substance.)</p> <p>c) In the case of a financial instruments firm, the Capital-To-Risk Ratio defined in Paragraph 1 of Article 46-6 of the Act is 200% or more.</p> <p>d) The applicant is likely to maintain stable profitability as an FX Clearing Futures Clearing Member</p> <p>e) In the case of a special financial instruments firm, the Consolidated Capital-to-Risk Ratio on Downstream Consolidation is 200% or more</p> <p>f) In the case of a designated special financial instruments firm, in relation to the Consolidated Capital-to-Risk Ratio on Uniform International Standards, the Consolidated Common Equity Tier 1 Capital Ratio being not less than 4.5% and the Consolidated Tier 1 Capital Ratio being not less than 6% and the Total Consolidated Capital-to-Risk Ratio being not less than 8%, or the Consolidated Capital-to-Risk Ratio on Sample Downstream Consolidation being not less than 200% or more.</p>	<p>Clearing Members.</p> <ul style="list-style-type: none"> <li>In respect of financial resources, the applicant having net assets of less than 2 billion yen shall obtain guarantee by its parent company which satisfies the requirement set forth in a), c) and e) or f) on the left and has net assets of at least three billion yen, and of which stable profitability is expected.</li> </ul>

Calculation method of FX Clearing Futures Clearing Deposit shall be as follows:

Items	Description	Remarks
1. Deposit of FX Clearing Futures Clearing deposit	<ul style="list-style-type: none"> <li>An FX Clearing Futures Clearing Member shall deposit an FX Clearing Futures Clearing Deposit with TFX.</li> </ul>	
2. Calculation Date	<ul style="list-style-type: none"> <li>TFX shall provide The First Calculation Date which is a business day six business days preceding the first business day and the Second Calculation Date which is a business day six 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 bank business day.)</li> </ul>	
3. Calculation of Aggregate Requirement of FX Clearing Futures Clearing Deposit	<ul style="list-style-type: none"> <li>TFX shall calculate the aggregate requirement of FX Clearing Futures Clearing Deposits according to the following procedures:</li> </ul>	<ul style="list-style-type: none"> <li>The requirement of an FX Clearing Futures Clearing deposit shall be the amount to be deposited by an FX Clearing Futures Clearing Member, while the aggregated requirement of FX Clearing Futures Clearing Deposits shall be the total requirement to be deposited by all the FX Clearing Futures Clearing Members.</li> </ul>

Items	Description	Remarks
	<p>(1) In respect of each FX Clearing Futures Clearing Member, PML (Probable Maximum Loss) for FX Clearing Futures transactions shall be calculated as follows:</p> <p>PMLAmount  = Sum of long or short position (net basis) for FX Clearing Futures transactions on each Calculation Date × trading unit × volatility during consecutive two trading days in the volatility sampling period × FX Clearing Settlement Price on each Calculation Date + the shortfall of the FX Clearing Exchange Margin on each Calculation Date</p>	<ul style="list-style-type: none"> <li>• PML means the loss arising from positions of each clearing member under potential stress scenario involving extreme but plausible market conditions (potential futures exposure), as adjusted based on unsettled variation, etc. (current exposure).</li> <li>• The volatility sampling period shall commence from January 1985.</li> <li>• The shortfall of the FX Clearing Exchange Margin shall be the absolute value of the FX Clearing Exchange Margin obtained by subtracting FX Clearing Margin Requirement from the deposited FX Clearing Exchange Margin Amount (if it is positive, the shortfall shall be deemed as zero).</li> </ul>

Items	Description	Remarks
	<p>(2) As for each FX Clearing Futures Clearing Member, the amount of deposited margin on each Calculation Date shall be subtracted from the amount of PML calculated in the above (1) in order to obtain Reference PML.</p> <p>Reference PML  = PML - (The amount of deposited margin on each Calculation Date <math>\pm</math> FX Clearing variation (If the variation is positive, it shall be added to the deposited FX Clearing Exchange Margin Amount. If it is negative, the absolute value of such Variation shall be deducted from the deposited FX Clearing Exchange Margin Amount))</p>	<ul style="list-style-type: none"> <li>• If an FX Broker Trading Member deposit claim based on LG, the guarantee limit of LG shall be deemed as the deposited amount of margin. The same shall apply in the following.</li> <li>• If FX Clearing Settlement Price of a Cross Currency Pair Transaction is used in the calculation of PML, it shall be multiplied by FX Clearing Settlement Price of a Yen Currency Pairs Transaction with respect to the said Value Currency of each Calculation Date.</li> </ul>

Items	Description	Remarks
	<p>(3) With respect to each set of Reference PML Amounts of each FX Clearing Futures Clearing Member which is obtained by applying volatility for consecutive two trading days obtained in the above (2), the following sum shall be calculated: “the Reference PML Amounts of FX Clearing Futures Clearing Member whose Reference PML Amount is the largest amount, among the relevant set” and “the Reference PML Amount of FX Clearing Futures Clearing Member who has the smallest net asset value” (hereinafter “expected defaulting FX Clearing Futures Clearing Members”).</p> <p>(4) Comparing the sum of Reference PML Amount in respect of expected defaulting FX Clearing Futures Clearing Members obtained in (3), the largest amount shall be applied as the remaining loss amount on each Calculation Date.</p> <p>(5) With respect to each trading day during a period of 6 months preceding each Calculation Date, the remaining loss amount shall be calculated for each such trading day in accordance with procedures of (1) through (4) above, among which the largest amount shall be the largest remaining loss amount.</p> <p>(6) The aggregate amount of FX Clearing Futures Clearing Deposits requirement shall be obtained by deducting the amount of default compensation reserve for FX Clearing Futures transactions from the largest remaining loss amount in the above (5).</p>	<ul style="list-style-type: none"> <li>• Net asset on a consolidated basis shall be applicable.</li> <li>• In principle, the net asset ranking shall be determined by TFX based on the financial statements, etc. of each FX Clearing Futures Clearing Member as of the last day of March every year.</li> </ul> <p>• In this case, “ Calculation Date” in the formula shall be replaced with “the relevant trading day”.</p>



Items	Description	Remarks
4. Requirement of a FX Clearing Futures Clearing Deposit for the respective FX Clearing Futures Clearing Member.	<ul style="list-style-type: none"> <li>TFX shall calculate the requirement of FX Clearing Futures clearing deposit for each FX Clearing Futures Clearing Member in accordance with the following procedures:</li> </ul>	

Items	Description	Remarks
	<p>(1) The amount equivalent to shortfall of the FX Clearing Exchange Margin against the maximum volatility shall be obtained by the following formula:</p> <p>The amount equivalent to shortfall of the FX Clearing Exchange Margin  = Sum of long or short position (net basis) of FX Clearing Futures transactions held by an FX Clearing Futures Clearing Member on each Calculation Date × trading unit × the largest value (of the absolute values) of the volatility during consecutive two trading days in the volatility sampling period × FX Clearing Settlement Price on each Calculation Date) - the deposited FX Clearing Exchange Margin Amount on each Calculation Date.</p> <p>(2) The aggregate amount of requirement of FX Clearing Futures Clearing Deposit, after deducting all the FX Clearing Futures Clearing Members' aggregated minimum requirement of the FX Clearing Futures Clearing Deposit, shall be prorated among the members based on the amount equivalent to shortfall of FX Clearing Exchange Margin (c.f. above 4. (1)).</p>	<ul style="list-style-type: none"> <li>• The amount equivalent to shortfall of the FX Clearing Exchange Margin shall be the total sum of such shortfall with respect to all the FX Clearing Futures transactions.</li> <li>• With respect to the absolute values of the volatility, if the second largest value multiplied by 2 is not greater than the largest value, the second value shall be used.</li> </ul>

Items	Description	Remarks
<p>5. Minimum Requirement of FX Clearing Futures Clearing Deposit</p> <p>6. Regular calculation of FX Clearing Futures Clearing Deposit Requirement</p>	<p>(3) The amount obtained in accordance with the above (2) added by the minimum requirement of FX Clearing Futures Clearing Deposit Requirement shall be the amount of FX Clearing Futures Clearing Deposit Requirement for such FX Clearing Futures Clearing Member.</p> <ul style="list-style-type: none"> <li>• The amount of minimum requirement of FX Clearing Futures Clearing Deposit shall be 5 million yen for an FX Clearing Futures Clearing Member.</li> <li>• In principle, TFX shall calculate the amount of requirement for FX Clearing Futures Clearing Deposit on the First and the Second Calculation Date and require the relevant members to deposit by 11:00 a.m. of a business day which falls within seven business day counted from each Calculation Date.</li> <li>• As a result of stress testing, TFX may require additional Clearing Deposit from FX Clearing Futures Clearing Members when necessary.</li> </ul>	<ul style="list-style-type: none"> <li>• The 7th business day counted from the First Calculation Date shall be the first business day of the month. The 7th business day counted from the Second Calculation Date shall be 15th of the month (If such day falls under a Japanese bank holiday, the bank business day immediately following such day).</li> <li>• TFX shall construct historical scenarios and hypothetical scenarios and conduct the stress testing based on them to validate the financial resources sufficiency.</li> </ul>