

[English Translation]

**REGULATIONS FOR MARGIN AND UNSETTLED MARKET  
DERIVATIVES CONTRACTS**

**TOKYO FINANCIAL EXCHANGE INC.**

(This is an English translation of the Regulations for Margin and Unsettled Market Derivatives Contracts, which original has been prepared in the Japanese language only. The Japanese language text hereof shall govern for all purposes and in all respects. Accordingly, all questions that may arise within or without courts of law in regard to the meaning of the words, provisions and stipulations of these Regulations for Margin and Unsettled Market Derivatives Contracts shall be decided in accordance with the Japanese language text. Tokyo Financial Exchange Inc. (“TFX”) assumes no responsibility for accuracy, correctness, or content of this English text.)

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**CHAPTER I.**

**GENERAL PROVISIONS**

**Article 1. Purpose**

1.1 These Regulations set forth the matters necessary to stipulate in connection with margins and unsettled contracts in connection with Interest Rate Futures contracts and L-T Link Positions and other related matters in accordance with Article 1-2.2 of the Trading Regulations, Article 30 of the Clearing Regulations and Article 11-4 of the Brokering Terms of the Exchange.

1.2 Amendments to Section 4 of Chapter II and Chapter IV shall be effected by obtaining the consent of the Self-regulatory Committee.

**Article 2. Definitions**

The terms used herein shall have the meanings ascribed to them as below.

- (1) A “deposited margin” means the sum of the amount of cash (including the amount transferred to the margin pursuant to Article 36.1 or 36.2 hereof) and the value of the negotiable securities already deposited by the Trading Member with the Exchange as Exchange Margin, Customer Margin or Intermediate Broker Margin (these margins are hereinafter collectively called “Margin” in this Article 2).
- (2) A “house account position” and “house account short position” or “house account long position”, as the case may be, means the short or long positions relevant to an Interest Rate Futures contract or an L-T Link Position, or the short and long positions provided for in the Special Provisions for Trading Regulations and Brokering Terms for Options (hereinafter called “Special Provisions for Options”), which have been executed or arisen for a Trading Member’s house account

(except for positions relevant to an offsetting transaction or positions relevant to a Customer's order).

- (3) A "Customer account position" and "Customer account short position" or "Customer account long position", as the case may be, means the short or long positions relevant to an Interest Rate Futures contract or an L-T Link Position or the short and long positions specified in the Special Provisions for Options, which have been executed or arisen based on a Customer's order (except for positions relevant to an offsetting transaction).
- (4) Except under Articles 18 and 19 hereof, a "SPAN Margin Requirement" means the Yen amount calculated by SPAN® with respect to a house account position or a Customer account position at the close of day session of each trading day (meaning the trading day specified in Article 2(24) of Trading Regulations; which interpretation shall apply hereinafter unless otherwise provided herein).
- (5) An "option value" means the value of the short position and long position specified in the Special Provisions for Options, evaluated at the Daily Settlement Price.
- (6) A "margin requirement" means the SPAN Margin Requirement adjusted by the option value, wherein (i) if the option value is greater than zero, such option value shall be subtracted from the SPAN Margin Requirement and (ii) if the option values is less than zero, the absolute value of such option value shall be added to the SPAN Margin Requirement; provided, however, that, if the amount so adjusted by the option value is less than zero, then the margin requirement shall be zero.
- (7) An "unrealized loss" means the loss arising from fluctuations of the market price for the Interest Rate Futures contract based on a Customer's order, to be calculated in accordance with Article 31 hereof.
- (8) An "unrealized profit" means the profit arising from fluctuations of the

market price for the Interest Rate Futures contract based on a Customer's order, to be calculated in accordance with Article 31 hereof, minus the amount that has been paid out of the profit or transferred to the Margin in accordance with Article 36 hereof, if any.

- (9) An "unrealized profit and loss" means an unrealized loss and an unrealized profit collectively.
- (10) An "adjusted margin requirement" means the margin requirement adjusted by the unrealized profit and loss, wherein (i) if there is an unrealized profit, that amount equivalent to the unrealized profit shall be subtracted from the margin requirement and (ii) if there is an unrealized loss, that amount equivalent to the unrealized loss shall be added to the margin requirement; provided, however, that, if the amount of the adjusted margin requirement calculated as aforesaid is less than zero, then the adjusted margin requirement shall be zero.
- (11) A "cash deficiency" in Margin referred to in Article 26 hereof means the absolute value of the difference between the amount of Margin already placed or deposited in cash and the amount of the unrealized loss; provided, however, that, if the placed or deposited amount of Margin is greater than the amount of the unrealized loss, then the cash deficiency shall be zero.
- (12) An "extra margining base date" means an Exchange holiday (meaning the holiday specified in Article 2(22) of Trading Regulations) under the circumstances where a calendar day immediately preceding such Exchange holiday falls on a Linked Overseas Exchange's business day and the calendar day which is the business day immediately following such Linked Overseas Exchange's business day falls earlier than the calendar day which is the business day (meaning the business day specified in Article 2(23) of Trading Regulations; which interpretation shall apply hereinafter unless otherwise provided herein) immediately following such Exchange holiday.
- (13) An "extra margining date" means the business day immediately preceding the extra margining base date and the business day

immediately preceding such business day.

- (14) “Trading Member” means collectively the Japanese Yen Interest Rate Trading Member as defined in Article 2.2 of the Trading Member Regulations, the Yen Interest Rate Swap Futures Trading Member as defined in Article 2.3 of the Trading Member Regulations and the Japanese Yen Interest Rate Remote Trading Member as defined in Article 2.5 of the Trading Member Regulations.
- (15) “Non-Clearing Member” means a person who is not qualified for clearing membership set forth in Article 3.5 of the Clearing Regulations.
- (16) “Clearing Member” means a person who is qualified for clearing membership set forth in Article 3.2(1) of the Clearing Regulations.
- (17) “eligible securities” means negotiable securities deposited by a Customer or a Trading Member as substitute for cash margin.
- (18) “appropriable amount” means the value of the eligible securities evaluated as margin.

**Article 3. (Deleted)**

**Article 4. Purpose of Margin**

4.1 Margin shall be deposited for the purposes set forth below:

- (1) “Exchange Margin” shall be deposited with the Exchange by a customer (itakusya), intermediate broker (toritsugisya) or offeror (moshikomisya) (hereinafter collectively called “Customer”) or a Trading Member to ensure the performance of the Customer’s or the Trading Member’s obligations relevant to its Interest Rate Futures contracts or L-T Link Positions.

- (2) “Non-Clearing Member Margin” shall be deposited by a Non-Clearing Member with its Designated Clearing Member to ensure the performance of the obligations of the Non-Clearing Member’s Customers relevant to their Interest Rate Futures contracts or L-T Link Positions.
- (3) “Customer Margin” shall be deposited with a Trading Member by a customer or an intermediate broker to ensure the performance of the customer’s or the offeror’s obligations relevant to its Interest Rate Futures contracts or L-T Link Positions.
- (4) “Intermediate Broker Margin” shall be deposited by an offeror with an intermediate broker to ensure the performance of the offeror’s obligations relevant to its Interest Rate Futures contracts or L-T Link Positions.

4.2 In the event of default in any of the obligations set forth in Article 4.1 above, the Exchange, the Trading Member or the intermediate broker shall be entitled to exercise the right with respect to the margin concerned and appropriate the same for the satisfaction of such obligations.

#### **Article 5. Calculation of Margin Requirement by SPAN®**

5.1 Margin requirements shall be calculated using the calculation method known as “SPAN®” developed by Chicago Mercantile Exchange Inc.

5.2 The parameters applied to calculations of margin requirements by SPAN® shall be determined by the Exchange in accordance with the criteria and manners prescribed by the Exchange.

## **CHAPTER II.**

### **RIGHTS AND DUTIES OF CLEARING MEMBER OR TRADING MEMBER IN REGARD TO MARGINS**



**Section 1.        Depositing of Exchange Margin, etc.**

**Article 6.        Separate Depositing**

6.1        When a Clearing Member has executed an Interest Rate Futures contract or caused an L-T Link Position to arise in its own name, the Clearing Member shall deposit the stated amount of Exchange Margin or the amount at which the Exchange Margin already deposited by it with the Exchange becomes thereby insufficient, if any, as the Exchange Margin in accordance with the classifications set forth in Article 6.3 below in the manner separately prescribed by the Exchange, by 11:00 a.m. of the business day immediately following the business day on which the day session for such Interest Rate Futures contract or such L-T Link Position takes place or such deficiency arises, as the case may be.

6.2        A Non-Clearing Member shall place or deposit the stated amount of Exchange Margin, Non-Clearing Member Margin and Customer Margin with its Designated Clearing Member in accordance with the classifications set forth in Items (7) through (13) of Article 6.3 below.

6.3        Exchange Margins to be deposited hereunder shall be classified as set forth below:

- (1)        Those deposited for Clearing Member's house account;
- (2)        Those deposited for the accounts of Clearing Member's Customer by way of direct deposit set forth in Article 10 hereof;
- (3)        Those deposited for the accounts of Clearing Member's Customer by way of replacement deposit set forth in Article 11 hereof (except those set forth in Item (4) below);
- (4)        Those deposited for the accounts of Clearing Member's Customer by way of replacement deposit by the intermediate brokers;

- (5) Those deposited by way of direct deposit for house accounts of Clearing Member's affiliated companies which shall be separately designated by the Exchange (hereinafter called the "authorized affiliates");
- (6) Those deposited for house accounts of Clearing Member's authorized affiliates by way of replacement deposit;
- (7) Those deposited for Non-Clearing Member's house account by way of direct deposit;
- (8) Those deposited for Non-Clearing Member's house account by way of replacement deposit (deposited by a Clearing Member on behalf of such Non-Clearing Member);
- (9) Those deposited for the accounts of Non-Clearing Member's Customer accounts by way of direct deposit;
- (10) Those deposited for the accounts of Non-Clearing Member's Customer by way of replacement deposit (except those set forth in Item (11) below);
- (11) Those deposited for the accounts of Non-Clearing Member's Customer by way of replacement deposit by the intermediate brokers;
- (12) Those deposited by way of direct deposit for house accounts of Non-Clearing Member's authorized affiliates; and
- (13) Those deposited by way of replacement deposit for house accounts of Non-Clearing Member's authorized affiliates.

6.4 The Exchange Margins deposited from a Trading Member's own property on behalf of a Customer under Article 12 hereof shall be classified into one of the categories concerning replacement deposit set forth in Items (3), (6), (10) and (13) of Article 6.3 above.

6.5 A Trading Member shall furnish the Exchange with the documents relating to the Exchange Margins, Non-Clearing Member Margins and/or Customer Margins deposited by it with the Exchange in accordance with the conditions separately prescribed by the Exchange.

## **Article 7. Exchange Margin for House Account Positions**

7.1 Each Trading Member shall deposit with the Exchange an Exchange Margin in the amount not less than the margin requirement applicable to the house account positions, in the manner prescribed by the Exchange.

7.2 Where the Trading Member who is to make the deposit pursuant to Article 7.1 above is a party to a Member Link Agreement, the Exchange shall calculate extra amounts of the Exchange Margin with respect to such Trading Member on each extra margining date in the manner prescribed by the Exchange in the calculation of the SPAN Margin Requirement for Three-month Euroyen futures or options on Three-month Euroyen futures specified in the Special Provisions for Options applied to such Trading Member by SPAN®.

7.3 The Trading Member may deposit the Exchange Margin in the form of currency of Japanese Yen, or negotiable securities except those issued by any of a person set forth in each Item below.

- (1) the Trading Member itself
- (2) Parent company of the Trading Member (which means a parent company defined in Article 8, Paragraph 3 of the Rules Concerning Terms, Forms and Procedures for Financial Statements, etc. (Finance Ministry Ordinance No. 59 of 1963) and the same definition shall apply in (4) below)
- (3) a subsidiary of the Trading Member (which means a subsidiary defined in Article 8, Paragraph 3 of the Rules Concerning Terms, Forms and Procedures for Financial Statements, etc. and the same definition shall apply in Item (4) below)

(4) a subsidiary of a parent company of the Trading Member

7.4 The kinds of negotiable securities set forth in Article 7.3 above shall be as listed in the Appendix 1 attached hereto. These securities shall be deposited at the value not exceeding the amount of the market price thereof as provided for in Note 2 to the said Appendix 1 on the business day which is two (2) business days preceding the day on which those securities are deposited (or, if such business day is a holiday of the financial instruments exchange in Japan on which such securities are traded, the business day immediately preceding such business day not falling on the said exchange's holiday) multiplied by the applicable rate set forth in the said Appendix 1.

7.5 In addition to the provisions of these Regulations, any matters necessary to stipulate in connection with the Exchange Margins for Interest Rate Futures contracts or L-T Link Positions or negotiable securities to be deposited as Exchange Margins shall be separately prescribed by the Exchange.

7.6 A Non-Clearing Member shall cause its Designated Clearing Member to deposit the Exchange Margin with the Exchange as its agent. If the Non-Clearing Member fails to deposit all or part of the Exchange Margin, the Designated Clearing Member may deposit from its own property an amount not less than the double of the amount required to be deposited as the said Exchange Margin on behalf of such Non-Clearing Member, until the business day immediately following the day on which such Non-Clearing Member deposited all of the requisite Exchange Margin with such Designated Clearing Member.

7.7 Where the Designated Clearing Member deposits the Exchange Margin pursuant to the proviso to Article 7.6 above, the provisions of Articles 7.3 and 7.4 hereof shall apply mutatis mutandis to such Exchange Margin.

**Article 7.8 (Deleted)**

**Article 8. Provisional Account Position**

8.1 For the purpose hereof, a "provisional account position" shall mean a position taken for the account of an Interest Rate Futures contract or an L-T Link Position

executed or caused to arise on a certain trading day, with respect to which any of the matters specified in Items (1) through (3) below failed to be notified to the Exchange by 5:00 p.m. of the business day on which the trading day's day session falls:

- (1) whether for a customer account or for a house account;
- (2) notification made by the Carrying Member pursuant to Article 2(34) of the Trading Regulations with respect to an Interest Rate Futures contract or an L-T Link Position subject to give-up; or
- (3) any items to be designated by the Exchange out of the items that a Trading Member is allowed to designate at its discretion in the Clearing System.

8.2 A Trading Member shall make known to the Exchange all the matters set forth in each Item of Article 8.1 above with respect to the provisional account positions by the time separately designated by the Exchange.

8.3 If an offsetting notification is filed in connection with a provisional account position, such Resale or Repurchase shall be deemed executed at the time when all the matters set forth in each Item of Article 8.1 above have been advised to the Exchange.

## **Article 9. Margin Requirement for Provisional Account Position**

9.1 A Trading Member with respect to whom a provisional account position arises shall deposit with the Exchange an amount not less than the margin requirement applicable to such provisional account position as Exchange Margin, together with the Exchange Margin for its house account positions set forth in Article 7.1 hereof, in the manner separately prescribed by the Exchange.

9.2 Where the Trading Member who is to make the deposit pursuant to Article 9.1 above is a party to a Member Link Agreement, the Exchange shall calculate extra amounts of the Exchange Margin with respect to such Trading Member on each extra margining date in the manner prescribed by the Exchange in the calculation of the SPAN Margin Requirement for Three-month Euroyen futures or options on Three-month Euroyen futures specified in the Special Provisions for Options applied to such Trading

Member by SPAN®.

**Article 10. Exchange Margin Deposited by Direct Deposit**

10.1 If a Trading Member receives an Exchange Margin from a Customer in accordance with Article 26 hereof, the Trading Member shall be required to deposit the same with the Exchange (such manner of depositing being hereinafter called “direct deposit(ing)”) as agent for the Customer; provided, however, that with respect to the Exchange Margin received from an intermediate broker, a Trading Member shall deposit it with the Exchange by way of replacement deposit as specified in Article 11 below.

10.2 If a Non-Clearing Member receives an Exchange Margin from a Customer, such Exchange Margin shall be deposited with the Exchange through such Non-Clearing Member and its Designated Clearing Member both acting as agents of the Customer.

**Article 11. Exchange Margin, etc. Deposited by Replacement Deposit**

11.1 If a Trading Member receives a Customer Margin from its Customer in accordance with Article 26 hereof with such Customer’s prior consent to the depositing thereof by way of replacement deposit (as defined below) having been obtained, the Trading Member shall deposit an Exchange Margin with the Exchange from its own property as agent for that Customer, in an amount not less than the amount of the said Customer Margin deposited with it (such manner of depositing being hereinafter called “replacement deposit(ing)”). Provided, however, that the foregoing shall not apply to the Customer Margin set forth in Article 32 hereof, and such exception shall also apply in Article 11.2 below.

11.2 The Trading Member who received depositing of the Customer Margin under Article 11.1 above shall manage the same separately from its own property. If the Trading Member received any portion of such Customer Margin in cash, it shall manage such cash portion by the method separately prescribed by the Exchange.

11.3 A Non-Clearing Member who received the Customer Margin shall deposit the Exchange Margin with the Exchange through its Designated Clearing Member acting as its agent.

11.4 Notwithstanding Article 11.3 above, a Non-Clearing Member may deposit with its Designated Clearing Member as a Non-Clearing Member Margin from its own property an amount not less than the double of the amount received by it as the Customer Margin in lieu of the deposit of an Exchange Margin with the Exchange. In such case, such Designated Clearing Member shall deposit an Exchange Margin with the Exchange from its own property in an amount not less than the double of the Non-Clearing Member Margin.

11.5 The provisions of Articles 7.3 through 7.5 hereof shall apply to the Exchange Margin deposited by a Non-Clearing Member pursuant to Article 11.3 hereof and the Exchange Margin deposited by the Designated Clearing Member pursuant to the latter part of Article 11.4 above.

11.6 The provisions of Articles 7.3 through 7.5 hereof shall apply to the Non-Clearing Member Margin deposited by a Non-Clearing Member pursuant to the former part of Article 11.4 above. For the purpose of the foregoing, the term “currency of Japanese Yen” used in Article 7.3 hereof shall be read as “money” and the term “Exchange Margin” used in Articles 7.3 through 7.5 hereof shall be read as “Non-Clearing Member Margin”.

11.7 In the making of deposit under the latter part of Article 11.4 hereof, the Designated Clearing Member shall manage the Non-Clearing Member Margin received by it separately from its own property.

## **Article 12. Trading Member’s Advanced Depositing of Exchange Margin**

12.1 If a Customer who is obliged to deposit an Exchange Margin fails to deposit all or part of such margin with a Trading Member, the Trading Member shall deposit with the Exchange as the Exchange Margin from its own property an amount not less than double of such Exchange Margin on behalf of such Customer at any time but in no case later than three (3) business days after the date of its receipt of all of the requisite Exchange Margin from such Customer. The same shall apply where a Customer fails to deposit all or part of a Customer Margin.

12.2 The provisions of Articles 7.3 through 7.5 hereof shall apply to the Exchange

Margin deposited by a Trading Member pursuant to Article 12.1 above.

## **Section 2. Claim for Refund of Margin**

### **Article 13. Claim for Refund of Exchange Margin**

13.1 With respect to the Exchange Margins deposited with the Exchange under Articles 7 through 12 hereof, each Trading Member or Customer shall be entitled to claim to the Exchange a refund of the money in the amount equal to the deposited cash, or the deposited eligible securities or the negotiable securities of the same kind and value as the deposited eligible securities.

13.2 Notwithstanding the provisions of Article 13.1 above, a Trading Member or a Customer shall be entitled to claim to the Exchange a refund of the Exchange Margin placed or deposited in the manner set forth in each of the following Items, whichever is applicable, in the amount set forth in the same Item. In this connection, the amount of obligations with respect to Interest Rate Futures contracts or L-T Link Positions which remain outstanding and payable by a Trading Member who is a Clearing Member to the Exchange shall be hereinafter called the "Clearing Member Outstanding Obligation", the amount of those payable by a Trading Member who is a Non-Clearing Member to its Designated Clearing Member shall be hereinafter called the "Non-Clearing Member Outstanding Obligation", the amount of those payable by a Customer who is a customer (itakusya) to the Trading Member with whom it has placed or deposited margin shall be hereinafter called the "Customer Outstanding Obligation", the amount of those payable by a Customer who is an intermediate broker to the Trading Member with whom it has placed or deposited margin shall hereinafter be called the "Intermediate Broker Outstanding Obligation", and the amount of those payable by a Customer who is an offeror to the intermediate broker with whom it has placed or deposited margin shall be hereinafter called the "Offeror Outstanding Obligations". Where the Exchange Margin is placed or deposited in the form of eligible securities, such Exchange Margin may be claimed at the market price of such deposited eligible securities:

- (1) With respect to the Exchange Margin deposited by the Trading Member for its house account positions or provisional account positions in



accordance with Article 7 or 9 hereof:

- (a) Where the claimant is the Trading Member who is a Clearing Member:

The amount claimable by the Clearing Member shall be the amount of the Exchange Margin deposited by it (less the Clearing Member Outstanding Obligation, if any) added by the portion of the Exchange Margin received by it from a Non-Clearing Member that represents the Non-Clearing Member Outstanding Obligation of such Non-Clearing Member; and

- (b) Where the claimant is the Trading Member who is a Non-Clearing Member:

The amount claimable by the Non-Clearing Member shall be the amount of the Exchange Margin deposited by it minus its Non-Clearing Member Outstanding Obligation.

- (2) With respect to the Exchange Margin deposited by the Customer by direct deposit:

- (a) Where the claimant is the Customer:

The amount claimable by the Customer shall be the amount of the Exchange Margin deposited by it minus its Customer Outstanding Obligation (or the Offeror Outstanding Obligation if the Customer is an offeror);

- (b) Where the claimant is a Clearing Member:

The amount claimable by the Clearing Member shall be the amount of the Exchange Margin (less its Clearing Member Outstanding Obligation, if any) minus: (i) the amount of (a) above, (ii) the amount of the relevant intermediate broker's claim for refund set forth in Article 30 hereof and (iii) the

amount of (c) below; and

- (c) Where the claimant is a Non-Clearing Member:

The amount claimable by the Non-Clearing Member shall be the amount set forth in Article 13.3 below.

- (3) With respect to the Exchange Margin deposited by the Trading Member in regard to a customer (itakusya)'s Interest Rate Futures contracts or L-T Link Positions either by replacement depositing or from its own property on behalf of the customer in accordance with Article 11 or 12 hereof:

- (a) Where the claimant is the customer:

The amount claimable by the customer shall be the amount of the Exchange Margin (but not exceeding the amount of the Customer Margin) minus its Customer Outstanding Obligation;

- (b) Where the claimant is a Clearing Member:

The amount claimable by the Clearing Member shall be the amount of the Customer Margin (minus the Clearing Member Outstanding Obligation, if any), minus the amounts of (a) above and (c) below; and

- (c) Where the claimant is a Non-Clearing Member:

The amount claimable by the Non-Clearing Member shall be the amount set forth in Article 13.3 below.

- (4) With respect to the Exchange Margin deposited by the Trading Member in regard to an offeror's Interest Rate Futures contracts or L-T Link Positions either by replacement depositing or from its own property on behalf of the offeror in accordance with Article 11 or 12 hereof:

- (a) Where the claimant is the offeror:

The amount claimable by the offeror shall be the amount of the Exchange Margin (but not exceeding the amount of the Customer Margin or the Intermediate Broker Margin deposited by it) minus its Offeror Outstanding Obligation;

- (b) Where the claimant is a Clearing Member:

The amount claimable by the Clearing Member shall be the amount of the Customer Margin (minus its Clearing Member Outstanding Obligation, if any) minus: (i) the amount of (a) above, (ii) the amount of the relevant intermediate broker's claim for refund set forth in Article 30 hereof and (iii) the amount of (c) below; and

- (c) Where the claimant is a Non-Clearing Member:

The amount claimable by the Non-Clearing Member shall be the amount set forth in Article 13.3 below.

- (5) A Trading Member who carried out a replacement depositing under the circumstances set forth in Item (3) or (4) above shall be entitled to claim to the Exchange a refund of Exchange Margin in the amount equal to the difference between the Exchange Margin deposited by it with the Exchange and the margin received by it.

13.3 The amount of the claim for refund entitled to a Non-Clearing Member under Items (2)(c), (3)(c) and (4)(c) of Article 13.2 above shall be as follows:

- (1) Where the Non-Clearing Member has received the margin from a customer:

The amount claimable by the Non-Clearing Member shall be the amount of the Customer Outstanding Obligation minus the Non-Clearing Member Outstanding Obligation; and

- (2) Where the Non-Clearing Member has received the margin from an intermediate broker or an offeror:

The amount claimable by the Non-Clearing Member shall be the amount of the Intermediate Broker Outstanding Obligation minus the Non-Clearing Member Outstanding Obligation.

13.4 If the Exchange refunds the deposited Exchange Margin under Article 13.2 hereof after realizing such deposited margin, the Exchange may deduct the costs expended for the realization from the amount of Exchange Margin so refunded. Furthermore, where a Trading Member from whom the Exchange Margin has been deposited by way of replacement deposit is ordered suspension from transactions at the Exchange or other measures, if the sum of such Exchange Margin minus the amount of costs incurred for realization of securities deposited as such margin falls short of the total amount of Exchange Margin subject to the claim for refund held by each Customer of such Trading Member, the amount of Exchange Margin subject to such claim for refund shall be allocated among each such Customer in proportion to the amount of claim for refund held by it.

#### **Article 14. Refund of Exchange Margin**

14.1 If a Trading Member who is a Non-Clearing Member claims a refund to the Exchange in accordance with Article 13 above with respect to the Exchange Margin deposited in accordance with Article 7 or 9 hereof, the Exchange shall make the refund to the Designated Clearing Member acting as agent for such Non-Clearing Member.

14.2 If a refund is claimed in accordance with Article 13 above for the Exchange Margin deposited pursuant to Article 10 or 11 hereof, the Exchange shall refund such Exchange Margin: (i) if the claimant is a Non-Clearing Member, through its Designated Clearing Member acting as its agent, and (ii) if the claimant is a Customer, through the Clearing Member (or, if the Clearing Member is a Designated Clearing Member, through both such Designated Clearing Member as well as the relevant Non-Clearing Member) acting as its agent.

### **Section 3. Intraday Additional Margin**

#### **Article 15. Notice of Intraday Additional Margin Call**

15.1 If an event falling under any of the criteria set forth below occurs on any trading day, the Exchange shall promptly notify all the Trading Members of an intraday additional margin call (hereinafter called the “intraday additional margin call notice”) between 11:25 a.m. and 12:00 a.m. of the business day on which the trading day’s day session falls:

- (1) When the price of the Interest Rate Futures contract for certain contract month designated by the Exchange varied as of 11:25 a.m. of such business day, from the immediately preceding trading day’s daily settlement price (meaning the price determined by the Exchange pursuant to the Trading Regulations; the same shall apply hereinbelow) beyond the permissible range determined by the Exchange in advance;
- (2) When the price of the Interest Rate Futures contract for certain contract month designated by the Exchange varied during the evening session or before 11:25 a.m. of the day session of such trading day, from the immediately preceding trading day’s daily settlement price beyond the permissible range determined by the Exchange in advance; or
- (3) When the Exchange otherwise deems it necessary to issue an intraday additional margin call notice.

15.2 Intraday additional margins shall be deposited with the Exchange as Exchange Margins.

#### **Article 16. Cancellation of Intraday Additional Margin Call**

The Exchange may cancel an intraday additional margin call issued by it whenever it determines that the depositing thereof has become no longer necessary. Once the call is so cancelled, the relevant Trading Members shall no longer be required to deposit the intraday additional margins.

**Article 17. Intraday Settlement Price**

17.1 When the Exchange has issued an intraday additional margin call notice, it shall determine the daily settlement figure or Daily Settlement Price for each contract month or each of the series designated in the Special Provisions for Options to determine the amounts of intraday additional margins (hereinafter called the “Intraday Settlement Price”), and promptly advise the Trading Members concerned of the Intraday Settlement Price so determined.

17.2 The Intraday Settlement Price set forth in Article 17.1 above shall be determined in the manner separately prescribed by the Exchange.

**Article 18. Trading Member's Duty of Depositing Intraday Additional Margin**

18.1 In case where the sum of the amount of cash and the value of securities deposited by a Trading Member with the Exchange as Exchange Margin for its house account positions falls short of the amount notified of by the Exchange (or the Designated Clearing Member if the Trading Member is a Non-Clearing Member) as the required amount of Exchange Margin as of 12:00 a.m. of the business day on which the Trading Member receives an intraday additional margin call notice, the Trading Member shall deposit with the Exchange an amount not less than such shortfall as intraday additional margin in the manner prescribed by the Exchange, by 3:30 p.m. of the business day on which the notice is given to such Trading Member.

18.2 The required amount of Exchange Margin advised to the Trading Member by the Exchange or its Designated Clearing Member under Article 18.1 above shall be the sum obtained by: (i) firstly, calculating the Yen amount by SPAN® with respect to the Trading Member’s house account positions as of 12:00 a.m. of the business day on which the intraday additional margin call notice is given to the Trading Member (hereinafter called the “SPAN Margin Requirement” in this Article 18), (ii) secondly, adjusting the SPAN Margin Requirement thus obtained with the option value relevant to the said house account positions and (iii) finally, adding the absolute value of the sum of the amounts obtained in accordance with Items (1) and (2) below, to the extent that such sum is less than zero (in such case, the absolute value of the amount obtained in

accordance with Item (1) below shall be added only when such amount is less than zero, and if the amount obtained is greater than zero, it shall be deemed zero):

- (1) The contract price or the Acceptance Figure minus the Intraday Settlement Price in the case of a sale contract or an L-T Link Short Position, and the Intraday Settlement Price minus the contract price or the Acceptance Figure in the case of a purchase contract or an L-T Link Long Position, in each case executed or arising with respect to the Trading Member's house account position after the commencement of the evening session for the trading day on which the intraday additional margin call notice is given up until 12:00 a.m. of the same trading day (the initial mark-to-market amount for that trading day), plus the total amount of the option premiums receivable by the Trading Member minus the total amount of the option premiums payable by the Trading Member, each accruing in regard to the sale contract or the purchase contract prescribed by the Special Provisions for Options which is executed after the commencement of the evening session for the trading day on which the intraday additional margin call notice is given up until 12:00 a.m. of the same trading day (the option premium for that trading day); and
- (2) With respect to the Interest Rate Futures contract executed for the Trading Member's house account up until the trading day immediately preceding the trading day on which the intraday additional margin call notice is given, the daily settlement price quoted on such immediately preceding trading day minus the Intraday Settlement Price in the case of a short position, or the Intraday Settlement Price minus the daily settlement price quoted on such immediately preceding trading day in the case of a long position.

18.3 If a Non-Clearing Member is required to deposit an intraday additional margin under this Article 18, such depositing with the Exchange shall be effected through the Designated Clearing Member acting as agent for such Non-Clearing Member.

**Article 19. Duty of Depositing Intraday Additional Margin for Unclassified Position**

19.1 In regard to the Interest Rate Futures contracts or L-T Link Positions with respect to which any of the information set forth in each Item of Article 8.1 hereof remains not advised to the Exchange (the position for such Interest Rate Futures contracts or L-T Link Positions are hereinafter called the “unclassified position”), in case where the sum of the amount of cash and the appropriable amount of negotiable securities deposited by a Trading Member with the Exchange as Exchange Margin for such unclassified position falls short of the amount notified of by the Exchange (or the Designated Clearing Member if the Trading Member is a Non-Clearing Member) as the required amount of Exchange Margin as of 12:00 a.m. of the business day on which the Trading Member receives an intraday additional margin call notice, the Trading Member shall deposit with the Exchange an amount not less than such shortfall as intraday additional margin, together with the intraday additional margin required to be deposited for its house account positions under Article 18 above, in the manner prescribed by the Exchange, by 3:30 p.m. of the business day on which the notice is given to such Trading Member.

19.2 The required amount of Exchange Margin advised to the Trading Member by the Exchange or its Designated Clearing Member under Article 19.1 above shall be the sum obtained by: (i) firstly, calculating the Yen amount by SPAN® after the deadline set forth in Article 19.1 above with respect to the short and long positions and the short and long positions specified in the Special Provisions for Options relevant to the Trading Member’s unclassified position, respectively as of 12:00 a.m. of the business day on which the intraday additional margin call notice is given to the Trading Member (hereinafter called the “SPAN Margin Requirement” in this Article 19), (ii) secondly, adjusting the SPAN Margin Requirement thus obtained with the option value relevant to the Trading Member’s unclassified position and (iii) finally, adding the absolute value of the sum of the amounts obtained in accordance with Items (1) and (2) below, to the extent that such sum is less than zero (in such case, the absolute value of the amount obtained in accordance with Item (1) below shall be added only when such amount is less than zero, and if the amount obtained is greater than zero, it shall be deemed zero):

- (1) The contract price or the Acceptance Figure minus the Intraday Settlement Price in the case of sale contract or L-T Link Short Position, and the Intraday Settlement Price minus the contract price or the Acceptance Figure in the case of purchase contract or L-T Link Long Position, in each case executed or arising with respect to the



unclassified position after the commencement of the evening session for the trading day on which the intraday additional margin call notice is given up until 12:00 a.m. of the same trading day (the initial mark-to-market amount for that trading day), plus the total amount of the option premiums receivable by the Trading Member less the total amount of the option premiums payable by the Trading Member, each accruing in regard to the sale contract or the purchase contract prescribed by the Special Provisions for Options which is executed after the commencement of the evening session for the trading day on which the intraday additional margin call notice is given up until 12:00 a.m. of the same trading day (the option premium for that trading day); and

- (2) With respect to the Interest Rate Futures contract executed for the unclassified position up until the trading day immediately preceding the trading day on which the intraday additional margin call notice is given, the daily settlement price quoted on such immediately preceding trading day minus the Intraday Settlement Price in the case of short position, or the Intraday Settlement Price minus the daily settlement price quoted on such immediately preceding trading day in case the of long position.

19.3 If a Non-Clearing Member is required to deposit an intraday additional margin under this Article 19, such depositing with the Exchange shall be effected through the Designated Clearing Member acting as agent for such Non-Clearing Member.

#### **Section 4. Treatment of Market Derivatives Contracts upon Suspension from Transaction or Other Measures Taken**

#### **Article 20. Suspension of Refund of Exchange Margin due to Suspension of Transaction or other Measures Taken**

20.1 If a Trading Member becomes or is deemed likely to become insolvent and the Exchange imposes suspension from or restriction on transactions or other measure (hereinafter called “disciplinary measure”) on such Trading Member (hereinafter called

the “Suspended Member”) pursuant to Articles 61 through 63 of the Trading Member Regulations, the Exchange shall temporarily refrain from refunding the Exchange Margin to the Suspended Member and the Trading Member who has deposited the Exchange Margin through the Suspended Member acting as its agent, and their Customers.

20.2 Where the Suspended Member is a Non-Clearing Member, the Exchange shall temporarily refrain from refund to the Suspended Member of the Exchange Margin deposited for the Interest Rate Futures contracts or L-T Link Positions for the Non-Clearing Member’s house account or based on its Customers’ orders.

**Article 21. Treatment of Unsettled Positions based on Orders by Suspended Member’s Customers**

21.1 Once a disciplinary measure is imposed on a Suspended Member, the Suspended Member shall forthwith inform its Customers (except for offerors, this exception shall apply hereinafter in Articles 21, 22 and 23 hereof) to that effect. In this case, if the Exchange determines to require position transfer or liquidation pursuant to Article 38-2.1 of the Trading Member Regulations with respect to the Unsettled Positions based on any order by the Suspended Member’s Customer, the Suspended Member shall inform those Customers of such transfer or liquidation and other necessary matters as well.

21.2 The position transfer set forth in Article 21.1 above shall be implemented when any of the Suspended Member’s Customers requests another Trading Member to accept such position transfer and such Trading Member as position transferee delivers a written consent to such position transfer to the Exchange by the time and date designated by the Exchange, whereupon the Exchange shall adopt the prices or figures designated by the Exchange as the contract prices of the Unsettled Positions thus transferred.

21.3 The liquidation set forth in Article 21.1 above shall be implemented in the manner prescribed by the Exchange, when the Suspended Member informs the Exchange of such liquidation based on its Customer’s instruction.

21.4 If the Customer does not obtain the position transferee’s consent by the time and date designated by the Exchange under Article 21.2 above, or if the Customer does

not give the liquidation instruction set forth in Article 21.3 above, the Exchange shall liquidate the Unsettled Positions based on the Customer's order for its account in the manner prescribed by the Exchange.

**Article 22. Treatment of Exchange Margin for Transferred Positions**

If the position transfer is implemented in accordance with Article 21 above, the relevant Exchange Margin shall be treated in the following manners:

- (1) With respect to the Exchange Margin deposited by the Customer by direct depositing, the Exchange Margin in the amount of the claim for refund held by the Customer shall be deemed to be deposited with the Exchange by direct depositing through the position transferee (or the position transferee and its Designated Clearing Member if the position transferee is a Non-Clearing Member; the foregoing interpretation applies to the term "position transferee" as used in this Article 22) acting as agent for the Customer.
- (2) With respect to the Exchange Margin deposited by the Suspended Member by replacement depositing with the Customer Margin having been deposited by the Customer, the Exchange Margin in the amount of the claim for refund held by the Customer shall be deemed to be deposited with the Exchange by direct depositing through the position transferee acting as agent for the Customer.
- (3) If the Exchange Margin which is deemed to be deposited by direct deposit under Item (1) or (2) above is refunded to the Customer, it shall be refunded to the Customer through the position transferee acting as agent for the Customer.

**Article 23. Treatment of Exchange Margin after Liquidation**

23.1 When the liquidation under Article 21 hereof is implemented, each of the Trading Member and the Customer concerned may exercise the claim for refund of the Exchange Margin relevant to the liquidated contract or position directly against the

Exchange.

23.2 If the claim for refund set forth in Article 23.1 above is exercised directly against the Exchange, the Exchange shall make the refund after a reasonable period of time necessary for calculating the amount to be refunded.

**Article 24. Other Treatment involved in Transfer of Unsettled Positions**

In addition to the provisions of Articles 20 through 23 hereof, any matters necessary for transfer of Unsettled Positions shall from time to time be prescribed by the Exchange.

**CHAPTER III.**

**MARGIN FOR CUSTOMER ACCOUNT POSITIONS**

**Article 25. Purpose of this Chapter**

25.1 The purpose of this Chapter III is to stipulate the relationship between Customers and Trading Members.

25.2 Notwithstanding the provisions of Article 25.1 above, the relationship between a Customer who is an intermediate broker (*toritsugisya*) and a Customer who is an offeror (*moshikomisya*) shall be treated in the same manner as to the case of a relationship between a Trading Member and a customer (*itakusya*) for the purpose of treatment of transactions, whereby Articles 26.7, 28 and 35.2 hereof shall be excluded in the application of these Regulations, and the term “Customer Margin” referred to in Articles 26.5 and 32 hereof shall be read as “Intermediate Broker Margin”, and as used hereinbelow except for Articles 26.2, 26.3, 26.5, 29, 30, 32, 35.3, 37, 39, 41 and 43 hereof, the term “Trading Member” shall be read as “intermediate broker”, the term “Executing Member” shall be read as “intermediate broker acting vis-à-vis the Executing Member”, the term “Carrying Member” shall be read as “intermediate broker acting

vis-à-vis the Carrying Member”, the term “position transferee” shall be read as “intermediate broker acting vis-à-vis the position transferee”, the term “Customer” shall be read as “offeror”, the term “Customer Margin” shall be read as “Customer Margin and Intermediate Broker Margin”, and the term “order” placed by a Customer or any equivalent expression thereof shall be read as “offer for intermediation of ordering” respectively.

## **Article 26. Deposit of Margin**

26.1 If a Customer’s deposited margin falls short of the adjusted margin requirement on any trading day, the concerned Trading Member shall notify the Customer of the amount set forth in Item (1) or (2) below according to the classifications specified therein. In this case, the Customer shall place or deposit a sum not less than the notified amount with the Trading Member as margin, not later than the time and date designated by the Trading Member, which date shall fall before the second business day following the business day on which there occurs the day session of the trading day on which the event set forth in Item (1) or (2) below has taken place. Provided, however, that in either case, the Customer shall be required to place or deposit the portion representing cash deficiency in cash only:

- (1) If the cash deficiency is less than the difference between the adjusted margin requirement and the deposited margin, the amount of such difference shall be placed or deposited; and
- (2) If the cash deficiency is greater than the difference between the adjusted margin requirement and the deposited margin, the amount of the cash deficiency shall be placed or deposited.

26.2 If a Non-Clearing Member’s Customer deposits the Customer Margin with the Non-Clearing Member’s Designated Clearing Member in accordance with Article 26.1 above with respect to Securities, etc. Clearing-Brokering Contracts, the Non-Clearing Member shall, acting as agent for and in favor of the Customer, deposit the said Customer Margin with the Designated Clearing Member.

26.3 Where the provisions of Article 26.1 hereof apply in accordance with Article 25.2 hereof, the intermediate broker shall, acting as agent for the offeror, place or deposit

with the Trading Member the Exchange Margin or the Customer Margin received from the offeror, and if the intermediate broker has received the Intermediate Broker Margin deposited by the offeror, the intermediate broker shall place or deposit with the Trading Member the Exchange Margin or the Customer Margin from its own property in an amount not less than such Intermediate Broker Margin.

26.4 Where the provisions of Article 26.1 hereof apply in accordance with Article 25.2 hereof, if the intermediate broker has received the Intermediate Broker Margin, the intermediate broker shall manage such Intermediate Broker Margin separately from its own property.

26.5 A Customer may place or deposit margin in the form of negotiable securities; provided, however, that the amount representing the cash deficiency set forth in Article 26.1(1) or 26.1(2) hereof shall be deposited as Customer Margin in cash.

26.6 Where the concerned trading day under Article 26.1 hereof is the trading day for which the margin to be placed or deposited on the business day immediately preceding the extra margining base date will be calculated, the Trading Member shall calculate extra amounts of the margin by the method prescribed by the Exchange in accordance mutatis mutandis with Article 7.2 hereof with respect to Three-month Euroyen futures and options on Three-month Euroyen futures, in calculating the SPAN Margin Requirement chargeable to the Customer set forth in Article 8.1 of the Brokering Terms who is: (i) a person who intends to make ordering for a linked market derivatives transaction or offer for intermediating the ordering thereof effective on the Linked Overseas Exchange's business day which falls on the calendar day immediately preceding the extra margining base date, or (ii) the Customer set forth in Article 8.2 of the Brokering Terms.

26.7 When a Customer deposits Exchange Margin in the form of cash, such cash shall be deposited in the currency of Japanese Yen.

26.8 A Customer of Japanese Yen Interest Rate Remote Trading Member may deposit Customer Margins in cash denominated in any currency as well as Japanese Yen.

**Article 27. Kind, etc. of Eligible Securities**

27.1 The kinds of securities eligible for placement or deposit by Customer as margins shall be those listed in Appendix 2 attached hereto, and the appropriable amount at which such securities are placed or deposited shall be the amount not exceeding the market price as provided for in Note 2 to the said Appendix 2 which is prevailing on the day immediately preceding the date of placement or depositing thereof multiplied by the relevant rate set forth in the said Appendix 2.

27.2 In addition to the provisions of these Regulations, any matters necessary to stipulate in connection with the negotiable securities which are allowed to be placed or deposited by Customer shall be separately prescribed by the Exchange.

**Article 27.3 (Deleted)**

**Article 27.4 (Deleted)**

**Article 28. Customer's Claim for Refund**

28.1 A Customer (except for any intermediate broker and offeror, which exception shall apply in this Article 28 and Articles 38, 40 and 42 hereof) shall be entitled to claim a refund of the margin set forth in the following Items:

- (1) If the Customer has deposited the Exchange Margin, the Customer shall be entitled to claim to the Exchange a refund thereof in the amount set forth in either (a) or (b) below whichever is applicable minus its Customer Outstanding Obligation:
  - (a) the amount of the Exchange Margin deposited by the Customer in cash; or
  - (b) the market price of the eligible securities deposited by the Customer as the Exchange Margin.
- (2) If the Customer has deposited the Customer Margin, the Customer shall be entitled to claim a refund thereof in the amounts set forth in

both (a) and (b) below to the person specified below:

- (a) the amount of the Customer Margin deposited by the Customer minus its Customer Outstanding Obligation, claimable towards the concerned Trading Member (or towards the Non-Clearing Member who received the said Customer Margin or its Designated Clearing Member, in the case of Securities, etc. Clearing-Broking Contracts); and
- (b) the Exchange Margin in the amount set forth in (i) or (ii) below, claimable towards the Exchange:
  - (i) with respect to the Exchange Margin deposited by replacement depositing by the concerned Trading Member (or by the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Broking Contracts) in cash, the amount representing the Customer Margin deposited by the Customer in cash (or the market price of the eligible securities deposited as the said Customer Margin, if applicable, which interpretation shall apply in Articles 29.1, 30, 38.1 and 39.1 hereof) minus the Customer Outstanding Obligation of the Customer; or
  - (ii) with respect to the Exchange Margin deposited by replacement depositing by the concerned Trading Member (or by the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Broking Contracts) in the form of eligible securities, the portion of the market price of such eligible securities corresponding to the amount set forth in (i) above.

28.2 Where a Customer exercises its claim for refund of the Exchange Margin set



forth in Article 28.1(1)(b) above, or for refund of the Customer Margin set forth in Article 28.1(2)(a) above if the Customer has deposited eligible securities as such Customer Margin, the concerned Trading Member may refund to the Customer either the eligible securities deposited by the Customer or the negotiable securities of same series and equivalent value if there is no Customer Outstanding Obligation with respect to the Customer, or may refund the said margin in cash, in whole or in part, if there is any Customer Outstanding Obligation with respect to the Customer.

28.3 No Customer shall be allowed to exercise its claim for refund of its Exchange Margin directly to the Exchange, unless the Exchange deems it necessary, and the Customer's claim for refund as aforesaid shall be exercised through the concerned Trading Member (or through the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof and its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts).

28.4 If a Customer exercises its claim for refund relevant to the Exchange Margin or the Customer Margin, the concerned Trading Member may request the Customer to bear the costs expended for conversion into cash of the securities deposited as margin by way of deduction of the said costs from the amount of claim for refund exercised by the Customer, to the extent that such conversion or disposition is necessary.

## **Article 29. Offeror's Claim for Refund**

29.1 An offeror shall be entitled to claim a refund of the margin set forth in the following Items:

- (1) If the offeror has deposited the Exchange Margin, the offeror shall be entitled to claim to the Exchange a refund thereof in the amount set forth in either (a) or (b) below whichever is applicable minus its Offeror Outstanding Obligation:
  - (a) the amount of the Exchange Margin deposited by the offeror in cash; or
  - (b) the market price of the eligible securities deposited by the offeror as the Exchange Margin.

- (2) If the offeror has deposited the Customer Margin, the offeror shall be entitled to claim a refund thereof in the amounts set forth in both (a) and (b) below to the person specified below:
- (a) the amount of the Customer Margin deposited by the offeror minus its Offeror Outstanding Obligation, claimable towards the concerned Trading Member; and
  - (b) the Exchange Margin in the amount set forth in (i) or (ii) below, claimable towards the Exchange:
    - (i) with respect to the Exchange Margin deposited by replacement depositing by the concerned Trading Member (or by the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the concerned intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) in cash, the amount representing the Customer Margin deposited by the offeror in cash minus its Offeror Outstanding Obligation; or
    - (ii) with respect to the Exchange Margin deposited by replacement depositing by the concerned Trading Member (or by the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the concerned intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) in the form of eligible securities, the portion of the market price of such eligible securities corresponding to the amount set forth in (i) above.
- (3) If the offeror has deposited the Intermediate Broker Margin, the offeror shall be entitled to claim a refund thereof in the amounts set forth in both (a) and (b) below to the person specified below:

- (a) the amount of the Intermediate Broker Margin deposited by the offeror minus its Offeror Outstanding Obligation, claimable towards the concerned intermediate broker; and
- (b) the Exchange Margin in the amount set forth in (i) or (ii) below, claimable towards the Exchange:
  - (i) with respect to the Exchange Margin deposited by replacement depositing by the concerned intermediate broker the concerned Trading Member (or by the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the concerned intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) in cash, the amount representing the Intermediate Broker Margin deposited by the offeror in cash (or the market price of the eligible securities deposited as the said Intermediate Broker Margin, if applicable, which interpretation shall apply in Article 39.2 hereof) minus its Offeror Outstanding Obligation; or
  - (ii) with respect to the Exchange Margin deposited by replacement depositing by the concerned intermediate broker or the concerned Trading Member (or by the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the concerned intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) in the form of eligible securities, the portion of the market price of such eligible securities corresponding to the amount set forth in (i) above.

29.2 Where an offeror exercises its claim for refund of the Exchange Margin set forth in Article 29.1(1)(b) above, or for the Customer Margin set forth in Article

29.1(2)(a) above if the offeror has deposited eligible securities as such Customer Margin, or for the Intermediate Broker Margin set forth in Article 29.1(3)(a) above if the offeror has deposited eligible securities as such Intermediate Broker Margin, the concerned intermediate broker or the concerned Trading Member (or the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the concerned intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) may refund to the offeror either the eligible securities deposited by the offeror or the negotiable securities of same series and equivalent value if there is no Offeror Outstanding Obligation with respect to the offeror, or may refund the said margin in cash, in whole or in part, if there is any Offeror Outstanding Obligation with respect to the offeror.

29.3 No offeror shall be allowed to exercise its claim for refund of its Exchange Margin directly to the Exchange, unless the Exchange deems it necessary, and the offeror's claim for refund as aforesaid shall be exercised through the concerned intermediate broker and through the concerned Trading Member (or through the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the concerned intermediate broker and its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts).

29.4 No offeror shall be allowed to exercise its claim for refund of its Customer Margin directly to the concerned Trading Member (or to the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the concerned intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts), unless the Exchange deems it necessary, and the offeror's claim for refund as aforesaid shall be exercised through the concerned intermediate broker.

29.5 If an offeror exercises its claim for refund relevant to the Exchange Margin, the Customer Margin or the Intermediate Broker Margin, the concerned intermediate broker or the concerned Trading Member (or the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the concerned intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) may request the offeror to bear the costs expended for conversion into cash or disposition of the securities deposited as margin by way of deduction of the said costs from the amount of claim for refund exercised by the offeror, to the extent that such conversion is necessary.

**Article 30. Intermediate Broker's Claim for Refund**

30.1 An intermediate broker shall be entitled to claim a refund of the margin set forth in the following Items:

- (1) If the intermediate broker has deposited the Exchange Margin, the intermediate broker shall be entitled to claim to the Exchange a refund of the amount equal to the amount of such Exchange Margin minus the amount of claim for refund set forth in Article 29.1(3)(b) hereof, minus its Intermediate Broker Outstanding Obligation; and
- (2) If the intermediate broker has deposited the Customer Margin, the intermediate broker shall be entitled to claim to the Trading Member who received such margin a refund of the amount equal to the amount of such Customer Margin minus its Intermediate Broker Outstanding Obligation.

30.2 An intermediate broker shall be entitled to claim a refund of the Exchange Margin or the Customer Margin deposited by an offeror set forth in the following Items:

- (1) If the offeror has deposited the Exchange Margin, the intermediate broker shall be entitled to claim to the Exchange a refund of the amount of such Exchange Margin which represents the amount of the Offeror Outstanding Obligation of such offeror (but excluding the Intermediate Broker Obligation, if any); and
- (2) If the offeror has deposited the Customer Margin, the intermediate broker shall be entitled to claim to the Trading Member who received such margin a refund of the amount of such Customer Margin which represents the amount of the Offeror Outstanding Obligation of such offeror (but excluding the Intermediate Broker Obligation, if any).

30.3 Where an intermediate broker exercises its claim for refund of the Exchange Margin deposited in the form of eligible securities or for the Customer Margin deposited in the form of eligible securities, the concerned Trading Member (or the Non-Clearing

Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the said intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) may return to the intermediate broker either the eligible securities deposited by the intermediate broker or the negotiable securities of same series and equivalent value if there is no Intermediate Broker Outstanding Obligation with respect to the intermediate broker, or may refund the said margin in cash, in whole or in part, if there is any Intermediate Broker Outstanding Obligation with respect to the intermediate broker.

30.4 No intermediate broker shall be allowed to exercise its claim for refund of its Exchange Margin directly to the Exchange, unless the Exchange deems it necessary, and the intermediate broker's claim for refund as aforesaid shall be exercised through the concerned Trading Member (or through the Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the intermediate broker and its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts).

30.5 Under Securities, etc. Clearing-Brokering Contracts, with respect to the Customer Margin deposited by an intermediate broker with the Designated Clearing Member of the Non-Clearing Member who has accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from the intermediate broker, the intermediate broker shall not be allowed to exercise its claim for refund relevant to the said Customer Margin directly to the Designated Clearing Member unless the Exchange deems it necessary, and the intermediate broker's claim for refund as aforesaid shall be exercised through the concerned Non-Clearing Member.

30.6 If an intermediate broker exercises its claim for refund relevant to the Exchange Margin or the Customer Margin, the concerned Trading Member may request the intermediate broker to bear the costs expended for conversion into cash or disposition of the eligible securities deposited as margin by way of deduction of the said costs from the amount of claim for refund exercised by the intermediate broker, to the extent that such conversion or disposition is necessary.

### **Article 31. Unrealized Profit and Loss arising from Market Fluctuation**

31.1 A Customer's unrealized profit and loss arising from the market fluctuation of

Interest Rate Futures transactions shall be the amount calculated in accordance with the following respective formula for each trading unit of the respective financial indices, etc., multiplied by the sum of the trading volume, Accepted Volume (excluding the given-up volume for each case) and the Given-up Volume based on the Customer's orders:

- (1) Profit and loss per trading unit of Three-month Euroyen futures:

$\text{¥}100,000,000 \times [\text{Difference between the daily settlement price immediately prior to the calculation and the contract price or the Acceptance Figure}] \times 1/100 \times [90 \text{ days}/360 \text{ days}]$

- (2) Profit and loss per trading unit of Two-year ¥ Swapnote<sup>TM</sup>, Five-year ¥ Swapnote<sup>TM</sup>, Seven-year ¥ Swapnote<sup>TM</sup> or Ten-year ¥ Swapnote<sup>TM</sup>:

$\text{¥}10,000,000 \times [\text{Difference between the daily settlement price immediately prior to the calculation and the contract price}] \times 1/100$

- (3) Profit and loss per trading unit of Three-month TONA futures:

$\text{¥}2,500 \times [\text{Difference between the daily settlement price immediately prior to the calculation and the contract price}] \div 1/100$

31.2 For the purpose of Article 31.1 above, in the case of a sale contract or an L-T Link Short Position on the part of a Customer, when the daily settlement price is less than the contract price or the Acceptance Figure, the Customer shall gain an unrealized profit, and when the daily settlement price is greater than the contract price or the Acceptance Figure, the Customer shall incur an unrealized loss, and in the case of a purchase contract or an L-T Link Long Position on the part of a Customer, when the daily settlement price is greater than the contract price or the Acceptance Figure, the Customer shall gain an unrealized profit, and when the daily settlement price is less than the contract price or the Acceptance Figure, the Customer shall incur an unrealized loss.

**Article 32. Request for Additional Margin**

In addition to the margining set forth in Article 26 hereof, a Trading Member may request a Customer to deposit an additional margin when any unrealized loss incurs, and when so requested, the Customer shall deposit the required amount of Customer Margin in cash not later than the time and date designated by the Trading Member, which date shall fall before the second business day following the business day on which there occurs the day session of the trading day on which the said unrealized loss incurs.

**Article 33.        Restriction on Drawing of Margin**

A Trading Member shall not allow a Customer to draw cash or negotiable securities placed or deposited by it as margin for Interest Rate Futures contracts or L-T Link Positions based on the Customer's order; provided, however, that when the amount of the deposited margin is greater than the adjusted margin requirement, the Trading Member may permit drawing in an amount not exceeding the difference between the deposited margin and the adjusted margin requirement from the deposited margin. In this case, the permissible amount of drawing in cash shall be limited to the amount of the margin already placed or deposited in cash less the amount of the unrealized loss.

**Article 34.        Restriction on Replacement of Margin**

A Trading Member shall not allow a Customer to replace any portion of the cash or negotiable securities placed or deposited by it as margins for Interest Rate Futures contracts or L-T Link Positions based on the Customer's order; provided, however, that in the case falling under either of the following Items, the Trading Member may permit a replacement of the placed or deposited margin to the extent set forth in each of the following Items:

- (1) A Customer may replace the negotiable securities placed or deposited by it as margin with cash or negotiable securities having the value equal to or greater than the value of the placed or deposited negotiable securities.
- (2) A Customer may replace any cash placed or deposited by it as margin with the negotiable securities having the value equivalent to or greater than the amount of the placed or deposited cash. Provided, however,



that if there is any unrealized loss, the cash may be replaced with the negotiable securities only to the extent of the balance thereof after deduction of the amount of the unrealized loss.

### **Article 35. Refund of Margin**

35.1 If Interest Rate Futures contracts or L-T Link Positions based on a certain Customer's order cease to exist as a result of offsetting transaction or the final settlement effected with respect to such Customer's unsettled Interest Rate Futures contract or L-T Link Position based on such Customer's order, or the expiration of the option exercisable period granted for such unsettled Interest Rate Futures contract or L-T Link Position without allocation being received with respect to a sale contract specified in the Special Provisions for Options, the Trading Member shall, upon receipt of the Customer's claim for refund of the Customer Margin or upon receipt of the instruction from the Customer on its exercise of the claim for refund of the Exchange Margin towards the Exchange, refund to the Customer the Customer Margin or the Exchange Margin, as the case may be, which such Trading Member is obligated to refund to such Customer without delay.

35.2 When a Trading Member (or a Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) who has deposited the Exchange Margin received from a Customer by way of replacement deposit of the Customer Margin deposited by the Customer refunds the Customer Margin to the Customer, the Customer's claim for refund of the Exchange Margin shall extinguish to the extent of the amount of Customer Margin so refunded, and simultaneously with such extinguishment, a claim for refund of the same amount of Exchange Margin shall arise to the Trading Member.

35.3 When an intermediate broker or a Trading Member (or a Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof from an intermediate broker or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts, which interpretation shall apply hereinbelow in this Article 35.3) who has deposited the Exchange Margin by way of replacement deposit of the Intermediate Broker Margin deposited by an offeror or the Customer Margin refunds the Intermediate Broker Margin or the Customer Margin to the offeror, the offeror's claim for refund of the Exchange Margin shall extinguish to the

extent of the amount of margin so refunded, and simultaneously with such extinguishment, a claim for refund of the same amount of the Exchange Margin shall arise to the intermediate broker or the Trading Member.

**Article 36. Payment of Unrealized Profit or Transfer of Unrealized Profit to Margin**

36.1 Where an unrealized profit has accrued on an unsettled Interest Rate Futures contract or an unsettled L-T Link Position based on a Customer's order, if the amount of margin deposited by the Customer becomes greater than the adjusted margin requirement, the Customer may request the Trading Member concerned to pay out in cash or transfer to the margin an amount up to the difference between the deposited margin and the adjusted margin requirement or the amount of the unrealized profit, whichever is smaller. When so requested by the Customer, the Trading Member shall pay out in cash or transfer to the margin the said amount without delay.

36.2 Where an unrealized profit has accrued on an unsettled Interest Rate Futures contract or an unsettled L-T Link Position based on a Customer's order, if the amount of margin deposited by the Customer becomes equal to or less than the margin requirement, the Trading Member concerned shall transfer into the margin deposited by the Customer without delay the amount equal to the difference between the deposited margin and the margin requirement out of the unrealized profit, to the extent of the amount of such unrealized profit.

36.3 A Japanese Yen Interest Rate Remote Trading Member may pay unrealized profits to Customers under Article 36.1 above in cash denominated in any currency as well as Japanese Yen.

**CHAPTER IV.**

**POSITION TRANSFER, ETC. UPON SUSPENSION FROM  
TRANSACTIONS OR OTHER MEASURES TAKEN**

**Article 37. Duties upon Suspension from Transactions or Other Measures Taken**

37.1 Where a Trading Member (or a Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) becomes or is deemed likely to become insolvent, and is thereby ordered suspension from transactions or other measures pursuant to Articles 61 through 63 of the Trading Member Regulations, if the Exchange decides to cause the Trading Member to transfer or liquidate Unsettled Positions of its Customers (except for offerors; this exception shall apply hereafter in this Article 37) pursuant to Article 38-2.1 of Trading Member Regulations and Article 21.1 hereof, the Trading Member shall immediately notify the Customers of the fact of such imposition of the disciplinary measure. If a Customer receiving the said notice is an intermediate broker, the intermediate broker shall notify its offerors of the applicable matters according to the said notice.

37.2 If, due to imposition of any disciplinary measure on a Trading member, the Exchange decides to cause the Trading Member (or a Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) to transfer or liquidate Unsettled Positions of its Customers pursuant to Article 38-2.1 of Trading Member Regulations and Article 21.1 hereof, the Customer concerned shall take either of the following actions:

- (1) If the Customer desires position transfer, it shall: (i) request another Trading Member to accept the position transfer and obtain its consent by the time and date designated by the Exchange, and (ii) communicate the position transfer to the Trading Member on which the disciplinary measure has been imposed (hereinafter called the “Suspended Member”) and (iii) establish an Interest Rate Futures Transactions Account specified in Article 5 of the Brokering Terms with the position transferee; and
- (2) If the Customer desires liquidation of the Unsettled Positions, it shall give an instruction on the liquidation to the Suspended Member by the time and date designated by the Exchange.

37.3 If a Customer fails to take either of the actions set forth in Items (1) and (2) of Article 37.2 above by the time and date designated by the Exchange, the Exchange shall liquidate the Customer's the Unsettled Positions for its account in the manner designated by the Exchange.

37.4 Where the Customer is an intermediate broker, and if a Trading Member having accepted an order for Interest Rate Futures transactions, or Linked Clearing (or, in the case of Securities, etc. Clearing-Broking Contracts, a Non-Clearing Member who accepted an order for Interest Rate Futures transactions or Linked Clearing thereof, or its Designated Clearing Member) becomes a Suspended Member, and the obligations to such Suspended Member owed by the Customer/intermediate broker who intermediated such Interest Rate Futures transactions or L-T Link Positions have been due and payable by acceleration of debt, the provisions of Articles 37.2 and 37.3 above shall apply *mutatis mutandis* to the offeror. In such case, the term "Customer" as used in Articles 37.2 and 37.3 above shall be read as "offeror", and "Suspended Member" as used in Article 37.2 hereof shall be read as "intermediate broker" respectively.

**Article 38. Exceptions for Customer's Claim for Refund of Exchange Margin Deposited by Replacement Deposit**

38.1 With respect to an Interest Rate Futures contract or L-T Link Position based on a Customer's order, if the Customer has deposited the Customer Margin with a Suspended Member or its Designated Clearing Member (where such Suspended Member is a Non-Clearing Member) and such Suspended Member or Designated Clearing Member has deposited the Exchange Margin by way of replacement deposit, the Customer shall have the claim for refund of the Exchange Margin so deposited in either of the following amounts whichever is smaller, notwithstanding the provisions of Article 28.1(2)(b) hereof:

- (1) The amount of the Customer Margin deposited by the Customer minus its Customer Outstanding Obligation; or
- (2) Out of the total amount of Exchange Margins deposited with the Exchange by the Suspended Member or its Designated Clearing Member by way of replacement deposit under one or more of the

categories set forth in Article 6 hereof under which the Exchange Margin with respect to replacement depositing of the Customer's margin has been deposited, after the cost required for realization of eligible securities deposited as such margin(s) being deducted, the amount ascribed to such Customer under each category, which shall be calculated pro rata to the amount obtained under Item (1) above.

38.2 A Customer may not exercise the claim for refund of Exchange Margin entitled to it under Article 38.1 above until the lapse of a reasonable time of period required for the realization of eligible securities deposited as margins to the extent that such realization is necessitated by the Exchange, as well as the calculation of the amount of claim for refund of Exchange Margin entitled to each Customer. The Customer shall comply with the determination of the Exchange as to the amount of claim for refund of Exchange Margin entitled to it, so long as such determination was made by the Exchange with due care.

**Article 39. Exceptions for Offeror's Claim for Refund of Exchange Margin Deposited by Replacement Deposit**

39.1 With respect to an Interest Rate Futures contract or L-T Link Position of the offeror, where the offeror has deposited the Customer Margin with a Suspended Member or its Designated Clearing Member (where such Suspended Member is a Non-Clearing Member) and such Suspended Member or Designated Clearing Member has deposited the Exchange Margin by way of replacement deposit, the offeror shall have the claim for refund of the Exchange Margin so deposited in either of the following amounts whichever is smaller, notwithstanding the provisions of Article 29.1(2)(b) hereof:

- (1) The amount of the Customer Margin deposited by the offeror minus its Offeror Outstanding Obligation; or
- (2) Out of the total amount of Exchange Margins deposited with the Exchange by the Suspended Member or its Designated Clearing Member by way of replacement deposit under one or more of the categories set forth in Article 6 hereof under which the Exchange Margin with respect to replacement depositing of the offeror's margin has been deposited, after the cost required for realization of eligible

securities deposited as such margin(s) being deducted, the amount ascribed to such offeror under each category, which shall be calculated pro rata to the amount obtained under Item (1) above with respect to each offeror subject to such category of replacement deposit.

39.2 With respect to an Interest Rate Futures contract or L-T Link Position of the offeror, where (i) the offeror has deposited the Intermediate Broker Margin with an intermediate broker and (ii) such intermediate broker or the Suspended Member who accepted from such intermediate broker such order for Interest Rate Futures transactions or Linked Clearing thereof (or the Non-Clearing Member who accepted from such intermediate broker such order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) has deposited the Exchange Margin by way of replacement deposit, the offeror shall have the claim for refund of the Exchange Margin so deposited by such intermediate broker or such Suspended Member or such Designated Clearing Member, as the case may be, in either of the following amounts whichever is smaller, notwithstanding the provisions of Article 29.1(3)(b) hereof:

- (1) The amount of the Intermediate Broker Margin deposited by the offeror minus its Offeror Outstanding Obligation; or
- (2) Out of the total amount of Exchange Margins deposited with the Exchange by the intermediate broker or the Suspended Member or its Designated Clearing Member by way of replacement deposit under one or more of the categories set forth in Article 6 hereof under which the Exchange Margin with respect to replacement depositing of the offeror's margin has been deposited, after the cost required for realization of eligible securities deposited as such margin(s) being deducted, the amount ascribed to such offeror under each category, which shall be calculated pro rata to the amount obtained under Item (1) above.

39.3 An offeror may not exercise the claim for refund of Exchange Margin entitled to it under Articles 39.1 and 39.2 above until the lapse of a reasonable time of period required for the realization of eligible securities deposited as margins to the extent that such realization is necessitated by the Exchange, and the calculation of the amount of claim for refund of Exchange Margin entitled to each offeror. The offeror shall comply

with the determination of the Exchange as to the amount of claim for refund of Exchange Margin entitled to it, so long as such determination was made by the Exchange with due care.

**Article 40. Treatment of Customer's Margin for Transferred Positions**

40.1 With respect to the Unsettled Positions which become subject to position transfer pursuant to Article 37 hereof, the margins deposited by or for the Customer with respect to such Unsettled Positions shall be treated as follows:

- (1) Where the Customer has deposited Exchange Margin for those positions, the amount of Exchange Margin set forth in Article 28.1(1) hereof shall be deemed to have been deposited by the position transferee (and its Designated Clearing Member if the position transferee is a Non-Clearing Member) acting as agent for the Customer by way of direct deposit; and
- (2) Where the Customer has deposited Customer Margin with the Suspended Member (or a Non-Clearing Member who accepted the order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) and such Suspended Member or Non-Clearing Member or Designated Clearing Member, as the case may be, has deposited the Exchange Margin by way of replacement deposit with respect to such Customer, the amount of claim for refund entitled to the Customer pursuant to Article 38.1 hereof shall be deemed to have been deposited as Exchange Margin with the Exchange by the position transferee (and its Designated Clearing Member if the position transferee is a Non-Clearing Member) acting as agent for the Customer by way of direct deposit, and to the extent of the said amount of claim for refund entitled to the Customer, the Customer's claim for refund of the Customer Margin towards the Suspended Member (or the Non-Clearing Member who accepted the order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) shall extinguish.

40.2 In the case set forth in Article 40.1 above, the Customer shall, notwithstanding the provisions of Article 28.3 hereof, exercise its claim for refund of Exchange Margin to the Exchange through the position transferee (and its Designated Clearing Member if the position transferee is a Non-Clearing Member) acting as its agent.

40.3 If the amount of Exchange Margin deemed to have been directly deposited by the Customer pursuant to Article 40.1 hereof falls short of the SPAN Margin Requirement designated by the position transferee, the Customer shall deposit an amount not less than the shortfall as margin with the position transferee.

**Article 41. Treatment of Offeror's Margin Deposited for Transferred Positions**

41.1 With respect to the Unsettled Positions which become subject to position transfer pursuant to Article 37 hereof, the margins deposited by or for the offeror with respect to such Unsettled Positions shall be treated as follows:

- (1) Where the offeror has deposited Exchange Margin for those positions, the amount of Exchange Margin set forth in Article 29.1(1) hereof shall be deemed to have been deposited by the position transferee (and its Designated Clearing Member if the position transferee is a Non-Clearing Member) acting as agent for the offeror by way of direct deposit;
- (2) Where the offeror has deposited Customer Margin with the Suspended Member (or a Non-Clearing Member who accepted the order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) and such Suspended Member or Non-Clearing Member or Designated Clearing Member, as the case may be, has deposited the Exchange Margin by way of replacement deposit with respect to such offeror, the amount of claim for refund entitled to the offeror pursuant to Article 39.1 hereof shall be deemed to have been deposited as Exchange Margin with the Exchange by the position transferee (and its Designated Clearing Member if the position



transferee is a Non-Clearing Member) acting as agent for the offeror by way of direct deposit, and to the extent of the said amount of claim for refund entitled to the offeror, the offeror's claim for refund of the Customer Margin towards the Suspended Member (or the Non-Clearing Member who accepted the order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) shall extinguish; and

- (3) In a case where (i) the offeror has deposited the Intermediate Broker Margin with an intermediate broker and (ii) such intermediate broker or the Suspended Member who accepted from such intermediate broker such order for Interest Rate Futures transactions or Linked Clearing thereof (or the Non-Clearing Member who accepted from such intermediate broker such order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) has deposited the Exchange Margin by way of replacement deposit, the amount of claim for refund entitled to the offeror pursuant to Article 39.2 hereof shall be deemed to have been deposited as Exchange Margin with the Exchange by the position transferee (and its Designated Clearing Member if the position transferee is a Non-Clearing Member) acting as agent for the offeror by way of direct deposit, and to the extent of the said amount of claim for refund entitled to the offeror, the offeror's claim for refund of the Intermediate Broker Margin towards the intermediate broker shall extinguish.

41.2 In the case set forth in Article 41.1 above, the offeror shall, notwithstanding the provisions of Article 29.3 hereof, exercise its claim for refund of Exchange Margin to the Exchange through the intermediate broker (unless such intermediate broker falls under the category set forth in Article 37.4 hereof) and the position transferee (and its Designated Clearing Member if the position transferee is a Non-Clearing Member) acting as its agent.

41.3 If the amount of Exchange Margin deemed to have been directly deposited by the offeror pursuant to Article 41.1 hereof falls short of the SPAN Margin Requirement designated by the position transferee, the offeror shall place or deposit an amount not

less than the shortfall as margin with the position transferee.

**Article 42. Treatment of Customer's Margin Deposited for Liquidated Positions**

When Unsettled Positions are liquidated with respect to a Customer, the Customer's margins relevant to such positions shall be treated as follows:

- (1) The Customer shall have the right to directly exercise against the Exchange the claim for refund of the Exchange Margin deposited by it with the Exchange through the Suspended Member (or the Non-Clearing Member who accepted the order for Interest Rate Futures transactions or Linked Clearing thereof and its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) acting as its agent by way of direct deposit, to the extent of the amount of claim for refund set forth in Article 28.1(1) hereof notwithstanding the provisions of Article 28.3 hereof; and
- (2) Where the Customer has deposited Customer Margin with the Suspended Member or its Designated Clearing Member (where such Suspended Member is a Non-Clearing Member) and such Suspended Member or Designated Clearing Member, as the case may be, has deposited the Exchange Margin with the Exchange by way of replacement deposit, the Customer shall have the right to directly exercise against the Exchange the claim for refund of an amount not exceeding the amount of claim for refund of the Exchange Margin entitled to it pursuant to Article 38.1 hereof notwithstanding the provisions of Article 28.3 hereof, and upon exercise of such claim, the claim for refund of the Customer Margin held by the Customer against the Trading Member (or the Non-Clearing Member who accepted the order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) with whom the Customer has deposited the Customer Margin shall extinguish to the extent of the amount received by the Customer upon the exercise of the foregoing claim for refund.

**Article 43. Treatment of Offeror's Margin Deposited for Liquidated Positions**

When Unsettled Positions are liquidated with respect to an offeror, the offeror's margins relevant to such positions shall be treated as follows:

- (1) The offeror shall have the right to directly exercise against the Exchange the claim for refund of the Exchange Margin deposited by it with the Exchange through the intermediate broker and the Suspended Member (or the Non-Clearing Member who accepted the order for Interest Rate Futures transactions or Linked Clearing thereof and its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) acting as its agent by way of direct deposit, to the extent of the amount of claim for refund set forth in Article 29.1(1) hereof notwithstanding the provisions of Article 29.3 hereof;
- (2) Where the offeror has deposited the Customer Margin with the Suspended Member or its Designated Clearing Member (where such Suspended Member is a Non-Clearing Member) and such Suspended Member or Designated Clearing Member, as the case may be, has deposited the Exchange Margin with the Exchange by way of replacement deposit, the offeror shall have the right to directly exercise against the Exchange the claim for refund of an amount not exceeding the amount of claim for refund of the Exchange Margin entitled to it pursuant to Article 39.1 hereof notwithstanding the provisions of Article 29.3 hereof, and upon exercise of such claim, the claim for refund of the Customer Margin held by the offeror against the Trading Member (or the Non-Clearing Member who accepted the order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) with whom the offeror has deposited the Customer Margin shall extinguish to the extent of the amount received by the offeror upon the exercise of the foregoing claim for refund; and
- (3) In a case where (i) the offeror has deposited the Intermediate Broker

Margin with an intermediate broker and (ii) such intermediate broker or the Suspended Member who accepted from such intermediate broker such order for Interest Rate Futures transactions or Linked Clearing thereof (or the Non-Clearing Member who accepted from such intermediate broker such order for Interest Rate Futures transactions or Linked Clearing thereof or its Designated Clearing Member, in the case of Securities, etc. Clearing-Brokering Contracts) has deposited the Exchange Margin with the Exchange by way of replacement deposit, the offeror shall have the right to directly exercise against the Exchange the claim for refund of an amount not exceeding the amount of claim for refund of the Exchange Margin entitled to it pursuant to Article 39.2 hereof notwithstanding the provisions of Article 29.3 hereof, and upon exercise of such claim, the claim for refund of the Intermediate Broker Margin held by the offeror against the intermediate broker shall extinguish to the extent of the amount received by the offeror upon the exercise of the foregoing claim for refund.

## **CHAPTER V.**

### **MISCELLANEOUS PROVISIONS**

#### **Article 44. Change in Settlement Method, etc.**

If the Exchange determines the conditions for postponement of the settlement dates or the clearing terms and conditions for Interest Rate Futures contracts or L-T Link Positions in accordance with Article 99 or 100 of the Clearing Regulations, the Exchange may change the deadline (time and date) for depositing of Exchange Margin under Articles 7 through 12 hereof and depositing of Non-Clearing Member Margin under Article 11 hereof, and take necessary measures incidental to such changes.

#### **Article 45. Standard Time**

45.1 Time indicated in these Regulations is a Japan time.

45.2 A day or month indicated in these Regulations is a day or month per calendar of Japan.

### **SUPPLEMENTARY PROVISIONS**

These Amended Regulations shall take effect as from January 10, 2017.

### **SUPPLEMENTARY PROVISIONS**

These Amended Regulations shall take effect as from June 9, 2017.

### **SUPPLEMENTARY PROVISIONS**

1. These Amended Regulations shall take effect as from July 3, 2017.
2. At the time of enforcement of these Amended Regulations, a Trading Member or a Customer who has deposited negotiable securities, etc. with the Exchange as prescribed in Appendix 1, Paragraphs 2 through 4 and Paragraphs 6 through 8 and Appendix 2, Paragraphs 2 through 4 and Paragraphs 6 through 11 before the amendment shall receive return of such negotiable securities, etc.

### **SUPPLEMENTARY PROVISIONS**

These Amended Regulations shall take effect as from January 9, 2018.

## **SUPPLEMENTARY PROVISIONS**

These Amended Regulations shall take effect as from January 14, 2020.

## **SUPPLEMENTARY PROVISIONS**

These Amended Regulations shall take effect as from January 12, 2021.

## **SUPPLEMENTARY PROVISIONS**

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

**Appendix 1 Kind of negotiable securities which Exchange Member may deposit as eligible securities and applicable multiplier thereof (in relation to Article 7)**

Kind of negotiable securities (Note 3)	Applicable market price multiplier (Note 2)
1. Japanese Government bonds issued by the country of Japan	<p>(1) Japanese Government bonds (not including floating rate Japanese Government bonds, book-entry Japanese Government bonds eligible for principal STRIPS (Separate Trading of Registered Interest and Principal of Securities) and book-entry Japanese Government bonds eligible for coupon STRIPS) and treasury discount bills (treasury bills and financing bills)</p> <ul style="list-style-type: none"> <li>a. Within 1 year to maturity: 99%</li> <li>b. Over 1 year to 5 years to maturity: 98%</li> <li>c. Over 5 years to 10 years to maturity: 97%</li> <li>d. Over 10 years to 20 years to maturity: 95%</li> <li>e. Over 20 years to 30 years to maturity: 93%</li> <li>f. Over 30 years to maturity: 93%</li> </ul> <p>(2) Floating rate Japanese Government bonds</p> <ul style="list-style-type: none"> <li>a. Within 1 year to maturity: 99%</li> <li>b. Over 1 year to 5 years to maturity: 97%</li> <li>c. Over 5 years to 10 years to maturity: 95%</li> <li>d. Over 10 years to 20 years to maturity: 99%</li> </ul> <p>(3) Book-entry Japanese Government bonds eligible for STRIPS</p> <ul style="list-style-type: none"> <li>a. Within 1 year to maturity: 99%</li> <li>b. Over 1 year to 5 years to maturity: 98%</li> <li>c. Over 5 years to 10 years to maturity: 97%</li> <li>d. Over 10 years to 20 years to maturity: 94%</li> <li>e. Over 20 years to 30 years to maturity: 91%</li> <li>f. Over 30 years to maturity: 89%</li> </ul>
2. Stock (except for stock acquisition right) (Note 1)	70%

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(Note 1) Limited only to those listed on an exchange market within Japan.

(Note 2) The market price of above eligible securities shall be determined as follows:

- (1) For the negotiable securities listed in 1 above:
  - a. If their reference prices for transactions are published by Japan Securities Dealers Association:  
The average of such prices
  - b. If their reference prices for transactions are not published by Japan Securities Dealers Association:  
The closing price quoted on an exchange market within Japan (if they are listed on more than one (1) exchange market within Japan, the exchange market within Japan designated by the Exchange; the same interpretation shall apply hereinbelow)
  - c. If there is no closing price quoted on the relevant market in the case of b. above:  
The last bid or asked price quoted on the relevant market
- (2) For the negotiable securities listed in 2 above:
  - a. The closing price quoted on an exchange market within Japan
  - b. If there is no closing price quoted on the relevant market in the case of a. above:  
The last bid or asked price quoted on the relevant market

(Note 3) Limited only to those with respect to which the fair market value is available by any one of the ways set forth in Note 2 above.



**Appendix 2 Kind of negotiable securities which Customer may deposit as eligible securities and applicable multiplier thereof (in relation to Article 27)**

Kind of negotiable securities (Note 3)	Applicable market price / principal multiplier (Note 2)
1. Japanese Government bonds issued by the country of Japan	<p>(1) Japanese Government bonds (not including floating rate Japanese Government bonds, book-entry Japanese Government bonds eligible for principal STRIPS (Separate Trading of Registered Interest and Principal of Securities) and book-entry Japanese Government bonds eligible for coupon STRIPS) and treasury discount bills (treasury bills and financing bills)</p> <ul style="list-style-type: none"> <li>a. Within 1 year to maturity: 99%</li> <li>b. Over 1 year to 5 years to maturity: 98%</li> <li>c. Over 5 years to 10 years to maturity: 97%</li> <li>d. Over 10 years to 20 years to maturity: 95%</li> <li>e. Over 20 years to 30 years to maturity: 93%</li> <li>f. Over 30 years to maturity: 93%</li> </ul> <p>(2) Floating rate Japanese Government bonds</p> <ul style="list-style-type: none"> <li>a. Within 1 year to maturity: 99%</li> <li>b. Over 1 year to 5 years to maturity: 97%</li> <li>c. Over 5 years to 10 years to maturity: 95%</li> <li>d. Over 10 years to 20 years to maturity: 99%</li> </ul> <p>(3) Book-entry Japanese Government bonds eligible for STRIPS</p> <ul style="list-style-type: none"> <li>a. Within 1 year to maturity: 99%</li> <li>b. Over 1 year to 5 years to maturity: 98%</li> <li>c. Over 5 years to 10 years to maturity: 97%</li> <li>d. Over 10 years to 20 years to maturity: 94%</li> <li>e. Over 20 years to 30 years to maturity: 91%</li> <li>f. Over 30 years to maturity: 89%</li> </ul>
2. Stock (except for stock acquisition right) (Note 1)	70%

(Note 1) Limited only to those listed on an exchange market within Japan.

(Note 2) The market price of above eligible securities shall be determined as follows:

- (1) For the negotiable securities listed in 1 above:
  - a. If their reference prices for transactions are published by Japan Securities Dealers Association:  
The average of such prices
  - b. If their reference prices for transactions are not published by Japan Securities Dealers Association:  
The closing price quoted on an exchange market within Japan (if they are listed on more than one (1) exchange market within Japan, the exchange market within Japan designated by the Exchange; the same interpretation shall apply hereinbelow)
  - c. If there is no closing price quoted on the relevant market in the case of b. above:  
The last bid or asked price quoted on the relevant market
- (2) For the negotiable securities listed in 2 above:
  - a. The closing price quoted on an exchange market within Japan
  - b. If there is no closing price quoted on the relevant market in the case of a. above:  
The last bid or asked price quoted on the relevant market

(Note 3) Limited only to those with respect to which the fair market value is available by any one of the ways set forth in Note 2 above.