

Clearing and Settlement Regulations (as of March 23, 2009)

Tokyo Stock Exchange, Inc.

CHAPTER 1 **GENERAL PROVISIONS**

Rule 1. Purpose

1. These regulations shall, pursuant to the provisions of Rule 1-3, Paragraph 2 of the Business Regulations, prescribe the necessary matters for clearing and settlement pertaining to securities trading, etc. carried out in the Exchange market.
2. Amendments to these regulations shall be made by the decision of the Board of Directors, except for minor amendments.

Rule 2. Definition of Terms

1. Definition of terms (except stocks) with respect to securities trading that is used in these regulations shall, unless otherwise provided in these regulations, be as specified in the Business Regulations, the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning ToSTNeT Market (hereinafter referred to as the "ToSTNeT Special Regulations").
2. Definition of terms (except for terms used for securities trading) with respect to individual options trading that is used in these regulations (meaning transactions pertaining to securities trading, out of the transactions referenced in Article 2, Paragraph 21, Item 3 of the Financial Instruments and Exchange Act (Act No.25 of 1948; hereinafter referred to as the "Act"); the same shall apply hereinafter) shall, unless otherwise provided in these regulations, be as specified in the Special Regulations of Business Regulations, Margin/Loan Trading Regulations, and Brokerage Agreement Standards Concerning Individual Options Contract (hereinafter referred to as "Individual Options Special Regulations").
3. Definition of terms with respect to trading in the government bond futures that is used in these regulations (meaning transactions referenced in Article 2, Paragraph 21, Item 1 of the Act pertaining to the standardized government bonds or transactions referenced in Item 2 of the same paragraph pertaining to prices of said standardized government bonds ; the same shall apply hereinafter) shall, unless otherwise provided in these regulations, be as specified in the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Government Bond Futures Contract (hereinafter referred to as "Government Bond Futures Special Regulations").
4. Definition of terms (except for terms used for trading in the government bond futures) with respect to government bond futures options trading that is used in these regulations (meaning transactions referenced in Article 2, Paragraph 21, Item 3; the same shall apply hereinafter) shall, unless otherwise provided in these regulations, be as specified in the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Options Contract on Government Bond Futures (hereinafter

(Provisional Reference Translation)

referred to as "Government Bond Futures Options Special Regulations").

5. Definition of terms with respect to index futures trading that is used in these regulations (meaning trading pertaining to indices, out of transactions referenced in Article 2, Paragraph 21, Item 2 of the Act; the same shall apply hereinafter) shall, unless otherwise provided in these regulations, be as defined in the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Index Futures Contract (hereinafter referred to as "Index Futures Special Regulations").

6. Definition of terms with respect to index options trading (meaning trading pertaining to transactions as prescribed in the Business Regulations as transactions corresponding to transactions referenced in Article 2, Paragraph 21, Item 2 of the Act, out of those referenced in Item 3 of the same paragraph (limited to trading pertaining to indices); the same shall apply hereinafter) shall, unless otherwise provided in these regulations, be as defined in the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Index Options Contract (hereinafter referred to as "Index Options Special Regulations").

Rule 3. Designation of an Entity Providing Services of Financial Instruments Obligation Assumption Business

The Exchange designates Japan Securities Clearing Corporation (hereinafter referred to as the "Clearing Corporation") as the clearing institution which the Exchange will carry out services including financial instruments obligation assumption business concerning securities trading, etc. effected in the Exchange market.

CHAPTER 2 SETTLEMENT BY CLEARING PARTICIPANTS

Rule 4. Settlement by Clearing Participants

Securities trading, etc. effected in the Exchange market shall be settled between the clearing participant (meaning an entity having clearing qualification (meaning a clearing qualification as prescribed in the business rules of the Clearing Corporation; the same shall apply hereinafter); the same shall apply hereinafter) and the Clearing Corporation as specified in the business rules of the Clearing Corporation.

CHAPTER 3 SETTLEMENT BETWEEN NON-CLEARING PARTICIPANTS AND CLEARING PARTICIPANTS

Section 1. Settlement of Securities Trading

Subsection 1. Settlement of Trading in Stocks, etc.

Rule 5. Delivery Cutoff Time

A cash trading non-clearing participant (see Note 1 below) shall deliver/pay to its designated cash clearing participant securities/money which it is to deliver/pay by a day and hour fixed by a designated cash clearing participant (see Note 2 below) within a time period before the settlement cutoff time specified by the Clearing Corporation in respect of securities (see Note 3 below) trading in which a non-clearing participant commissions an agency clearing participant to clear the trading (hereinafter referred to as "securities trading with commissioning clearing to agency clearing").

In this case, the definitions of terms are as follows:

(Note 1) A cash trading non-clearing participant means a cash trading non-clearing participant prescribed in Rule 24-2, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 2) A designated cash clearing participant means a cash agency clearing participant designated by such non-clearing participant (meaning an entity possessing a clearing agency participant qualification (meaning an agency clearing qualification as prescribed in the rules of the Clearing Corporation) pertaining to a cash clearing qualification (meaning a cash clearing qualification as prescribed in the rules of the Clearing Corporation) pursuant to the provisions of Rule 24-4, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 3) The term "securities" do not include government bonds; the same shall apply hereinafter in this subsection; the same shall apply hereinafter.

Rule 5-2. Delivery in Use of DVP Settlement

1. In cases where DVP settlement as prescribed in the business rules of Japan Securities Depository Center, Inc. (hereinafter referred to as "JASDEC") is used for securities trading involving commissioning of agency clearing under an agreement entered into between a cash trading non-clearing participant and a designated cash clearing participant, a cash trading non-clearing participant shall deliver securities or pay funds by the settlement cutoff time set forth by JASDEC (with respect to delivery of securities, a day and hour designated by the designated cash clearing participant at the time of agreement within a time period before settlement as specified as the Clearing Corporation).

2. In cases where a cash trading non-clearing participant has delivered securities or paid funds pursuant to the provisions prescribed in the preceding paragraph, delivery of said securities or payment of said funds shall be deemed to be the delivery of securities or delivery of money in the preceding rule.

Rule 6. Money and Securities to Be Paid/Received or Delivered/Received for Settlement

The amount of money to be paid or received and quantity of securities to be delivered or received between a cash trading non-clearing participant and a designated cash clearing participant for settlement of securities trading involving commissioning of agency clearing, etc. shall be as specified in each of the following items:

(1) Settlement of regular transactions, when-issued transactions, transactions pertaining

(Provisional Reference Translation)

to off-auction distributions and ToSTNeT transactions to be settled on such day as prescribed in the provisions of Rule 8, Item 2 of the ToSTNeT Special Regulations (each of these kinds of transactions shall include transactions for correcting errors pertaining thereto):

The amount of difference between the total amount of sales proceeds and the total amount of purchase consideration and the difference between the number of securities sold and the number of securities purchased for each issue, by the same cash trading non-clearing participant with the same settlement date;.

(2) Settlement of cash transactions and ToSTNeT transactions to be settled on such day as prescribed in the provisions of Rule 8, Item 1 of the ToSTNeT Special Regulations (each of these kinds of transactions shall include those for correcting errors pertaining thereto):

The amount of difference between the total amount of sales proceeds and the total amount of purchase consideration and the difference between the number of securities sold and the number of securities purchased for each issue, by the same cash trading non-clearing participant with the same settlement date.

Rule 7. Deleted

Rule 8. Securities to be Delivered

Securities delivered by a cash trading non-clearing participant who commissions an agency clearing participant to clear JASDEC non-eligible convertible bonds, which are securities trading, etc., shall be certificates of the face value of the trading unit and, in addition, shall be in bearer form.

Rule 9. Treatment at the Time of Consolidation of Issues of Old Stocks and New Stocks

1. Regarding stocks (including preferred equity investment securities, investment trust beneficiary certificates and investment securities; the same shall apply hereinafter in this rule), where both old stocks and new stocks have already been listed or one of them has already been listed and the other of them is to be listed, and their rights and obligations are equal, and transactions are made by consolidating them, settlement which will arrive after the day of the transactions shall be treated equally.
2. Notwithstanding the preceding paragraph, old stocks may not be replaced for the settlement of the when-issued transactions.

Rules 10 and 11. Deleted

Rule 12. Postponement of Securities Settlement

In the event that a cash trading non-clearing participant is unable to deliver securities with respect to securities trading in which a non-clearing participant commissions an agency clearing participant to clear the trading by the delivery cutoff time as prescribed in the provisions of Rule 5 due to unavoidable circumstances, the cash trading non-clearing participant may, with the approval of its designated cash clearing

(Provisional Reference Translation)

participant, postpone such delivery of securities to the next day (if it falls on a holiday, it shall be moved down in order; the same shall apply hereinafter) in accordance with the provisions prescribed by the Exchange.

Rule 13. Clearing Price for When-Issued Transactions

A clearing price of a when-issued transaction shall be a price determined by the Clearing Corporation as a clearing price of a when-issued transaction.

Rule 14. Payment/Receipt of Amount of Difference between Contract Price and Clearing Price for When-Issued Transactions

When there is an amount of difference between a contract price and a clearing price on a day of the contract with respect to when-issued transactions in which a non-clearing participant commissions an agency clearing participant to clear the securities trading, a cash trading non-clearing participant shall pay to or receive from its designated cash clearing participant the amount of money equivalent to the difference. In this instance, a paying cash trading non-clearing participant shall pay to its designated cash clearing participant the amount of money equivalent to such difference by a day and hour fixed by the designated cash clearing participant within a time span before the settlement cutoff time specified by the Clearing Corporation.

Rule 15. Payment/Receipt of Amount of Difference between Clearing Prices for When-Issued Transactions

When there is an amount of difference as a result of comparison between a clearing price on a day and a clearing price on the previous day (if it falls on a holiday, it shall be moved up in order; the same shall apply hereinafter) with respect to when-issued transactions in which a non-clearing participant commissions an agency clearing participant to clear the securities trading,, a cash trading non-clearing participant shall pay to its designated cash clearing participant the amount of money equivalent to such difference. In this case, a paying cash trading non-clearing participant shall pay to said designated cash clearing participant such amount of money by a day and hour fixed by the designated cash clearing participant within a time period before the settlement cutoff time specified by the Clearing Corporation.

Rule 16. Settlement Price for When-Issued Transactions

The settlement price of a when-issued transaction shall be the clearing price on the final day of such when-issued transactions.

Rule 17. Trading Margin for When-Issued Transactions

1. A cash trading non-clearing participant shall, when when-issued transactions in which a non-clearing participant commissions an agency clearing participant to clear the securities trading are effected, deposit with its designated cash clearing participant such amount of trading margin that is equivalent to or greater than the amount computed by the Exchange by a day and hour fixed by the designated cash clearing participant within a time span before 12:00 noon of the third day (except holidays; the same shall apply

(Provisional Reference Translation)

hereinafter in calculation of the number of days) following the day of the contract; provided, however, that if a cash trading non-clearing participant has long or short positions offsetting the sale or purchase for the issue, the cash trading non-clearing participant shall be required to deposit only such amount of trading margin that is computed for the net balance between its total amounts of long positions and short positions.

2. Trading margins mentioned in the preceding paragraph may be deposited in securities in lieu of cash in accordance with other rules set forth by the Exchange.

Subsection 2. Settlement of Government Bonds Trading

Rule 18. Delivery Cutoff Time

A cash trading non-clearing participant shall, with respect to transactions (except the government bond futures trading, but including transactions for correcting errors, etc.; the same shall apply in the next rule) in government bonds in which a non-clearing participant commissions an agency clearing participant to clear the securities trading (hereinafter referred to as "government bond transactions involving commissioning of agency clearing"), deliver government bonds it has sold or pay its purchase consideration to its designated cash clearing participant by a day and hour fixed by the designated cash clearing participant within a time span before the settlement cutoff time specified by the Clearing Corporation.

Rule 19. Postponement of Settlement of Government Bonds

In the event that a cash trading non-clearing participant is unable to deliver government bonds with respect to transactions in government bonds in which a non-clearing participant commissions an agency clearing participant to clear the securities trading by the delivery cutoff time as prescribed in the provisions of the preceding rule, the cash trading non-clearing participant may, with the approval of its designated cash clearing participant, postpone such delivery of government bonds to the next day or thereafter in accordance with the provisions specified by the Exchange.

Section 2. Settlement of Individual Options Trading

Rule 20. Offsetting Sales or Purchases

1. With respect to each issue of individual options trading, an individual options non-clearing participant (see Note 1 below) shall, when it effects an offsetting sale pertaining to its long positions in which a non-clearing participant commissions an agency clearing participant to clear the securities trading (see Note 2 below) or an offsetting purchase pertaining to its short positions in which a non-clearing participant commissions an agency clearing participant to clear the trading (see Note 3 below) notify the designated individual options clearing participant of whether the transaction was an offsetting sale or an offsetting purchase or its quantity by classifying them into agency and principal, by the cutoff time fixed by a designated individual options trading participant (see Note 4 below) within a time span before the settlement cutoff time

(Provisional Reference Translation)

specified by the Clearing Corporation; the same shall apply hereinafter; provided, however, that the same shall not apply in cases where an individual options non-clearing participant makes such notification to the Clearing Corporation pursuant to the provisions of the Clearing Corporation.

(Note 1) An individual options non-clearing participant means an individual options non-clearing participant as prescribed in Rule 24-2, Paragraph 4 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 2) Long positions in which a non-clearing participant commissions an agency clearing participant to clear the securities trading shall be hereinafter referred to as “long positions which a non-clearing participant commissions an agency clearing participant to clear”

(Note 3) Short positions in which a non-clearing participant commissions an agency clearing participant to clear the trading shall be hereinafter referred to as “short positions which a non-clearing participant commissions an agency clearing participant to clear”.

(Note 4) A designated individual options trading participant shall mean an individual options agency clearing participant designated by such individual options non-clearing participant pursuant to the provisions of Rule 24-4, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter. The designated individual options trading participant also means a person who holds an agency clearing qualification pertaining to the individual options clearing qualification (meaning the individual options clearing qualification prescribed by the business rules of the Clearing Corporation).

2. The Exchange shall, when an individual options non-clearing participant gives notification as prescribed in the preceding paragraph, receive a notice of details of an offsetting sale or an offsetting purchase pertaining to said notification from the Clearing Corporation.

Rule 21. Payment/Receipt of Option Premiums

An individual options non-clearing participant shall, when individual options trading (including transactions for correcting errors, etc.; the same shall apply hereinafter) in which a non-clearing participant commissions an agency clearing participant to clear the securities trading has been effected, pay/receive the option premium to/from its designated individual options clearing participant. In this instance, a paying individual options non-clearing participant shall make payment to the designated individual options clearing participant by a day and hour fixed by the designated individual options clearing participant by the settlement cutoff time specified by the Clearing Corporation.

Rule 22. Notification of Exercises of Options

1. The exercise of options with respect to long positions of individual options trading which a non-clearing participant commissions an agency clearing participant to clear shall be effected by an individual options non-clearing participant notifying the designated individual options clearing participant of the number of options to be

exercised for each issue by classifying them into agency and principal by the cutoff time fixed by the designated individual options clearing participant, within a time span before the settlement cutoff time specified by the Clearing Corporation; provided, however, that the same shall not apply in cases where an individual options non-clearing participant makes such notification to the Clearing Corporation pursuant to the provisions specified by the Clearing Corporation.

2. Where an issue falls under each of the following items on the exercise date, notification of an exercise of options is deemed to have been given, even if such notification is not given by the cutoff time as prescribed in the preceding paragraph on the day; provided, however, that the same shall not apply in cases where an individual options non-clearing participant has notified the Exchange of its intention not to exercise such option issue by such cutoff time:

(1) For an individual put option, when its exercise price is higher than its option clearing price (meaning the option clearing price prescribed in the business rules of the Clearing Corporation; the same shall apply hereinafter in this section); and

(2) For an individual call option, when its exercise price is lower than its option clearing price.

3. When the Exchange deems that it is not appropriate to deem that notification of an exercise of options has been given pursuant to the text of the preceding paragraph as a result of the occurrence of a hindrance to the operation of the trading systems or for any other unavoidable reason, the provisions of the text in the same paragraph shall not apply.

4. The Exchange shall, when an individual options non-clearing participant gives notification of an exercise of options as prescribed in Paragraph 1 (including cases where notification of an exercise of options is given pursuant to the provisions of Paragraph 2), receive a notice of details of the exercise pertaining to such notification from the Clearing Corporation.

Rule 23. Notice Concerning Assignment of Exercises of Options

The Exchange shall, when the Clearing Corporation carries out assignment of exercises of options as to short positions which a non-clearing participant commissions an agency clearing participant to clear pursuant to the provisions as prescribed by the Clearing Corporation, receive a notice of details pertaining to such assignment from the Clearing Corporation.

Rule 24. Treatment of Securities Trading by Exercises of Options Pertaining to Short Positions or Long Positions a Non-Clearing Participant Commissions an Agency Clearing Participant to Clear

1. In cases where a transaction in the underlying securities effected as a result of an exercise of options in individual options trading pertains to short positions which a non-clearing participant commissions an agency clearing participant to clear or long positions which a non-clearing participant commissions an agency clearing participant to clear, these rules shall apply by deeming that the transaction in the underlying securities effected as a result of such exercise has been effected as securities trading, etc.

(Provisional Reference Translation)

in which a non-clearing participant commissions an agency clearing participant to clear the trading and that the individual options non-clearing participant has been a cash trading non-clearing participant, respectively.

2. In applying these rules to a transaction in such underlying securities as prescribed in the preceding paragraph, the transaction shall be deemed to be a regular transaction.

Rule 25. Special Rule on Money and Securities to Be Paid/Received or Delivered/Received for Settlement

1. Notwithstanding the provisions of Rule 6, the amount of money to be paid or received and quantity of securities to be delivered or received between an individual options non-clearing participant and a designated cash clearing participant for settlement of a transaction in the underlying securities resulting from an exercise of options pertaining to short positions which a non-clearing participant commissions an agency clearing participant to clear or long positions which a non-clearing participant commissions an agency clearing participant to clear in individual options trading, the object of which is individual options as prescribed in the provisions of Rule 4, Paragraph 2 of the Special Regulations on Individual Options shall be as specified in the provisions prescribed in each of the following items in accordance with the classification mentioned in each of such items:

(1) In cases where the quantity of shares in a transaction in the underlying securities resulting from the minimum unit of an exercise of options is greater than the unit of trading in the underlying securities, the amount of purchase consideration as prescribed in the provisions of (A) below shall be paid by a buying individual options non-clearing participant pertaining to a transaction in the underlying securities resulting from an exercise of options; and the money amount prescribed in the provisions of (B) below and securities prescribed in the provisions of (C) below shall be paid/delivered by a selling individual option non-clearing participant pertaining to such transaction:

(A) The amount of purchase consideration pertaining to a transaction in the underlying securities resulting from an exercise of options (meaning such amount of money as obtained by multiplying the product (fractions of the yen shall be omitted) of the quantity of shares in a transaction in the underlying securities resulting from the minimum unit of an exercise of options and the exercise price by the quantity of individual options pertaining to such exercise; the same shall apply in the next item.);

(B) The amount of money obtained by multiplying the product (fractions of the yen shall be omitted; the same shall apply in the next item) of such quantity of shares less than the unit of trading as calculated by deducting the quantity of securities constituting the unit of trading or multiple thereof from the quantity of securities in a transaction in the underlying securities resulting from the minimum unit of an exercise of options (hereinafter referred to as “the quantity of securities less than the unit of trading”; the same shall apply hereinafter in this rule.) and the option clearing price by the quantity of individual options pertaining to such exercise; and

(Provisional Reference Translation)

- (C) The quantity of securities obtained by multiplying such quantity of securities as calculated by deducting the quantity of securities less than the unit of trading from the quantity of securities in a transaction in the underlying securities resulting from the minimum unit of an exercise of options by the quantity of individual options pertaining to such exercise.
- (2) In cases where the quantity of securities in a transaction in the underlying securities resulting from the minimum unit of an exercise of options is less than the unit of trading in the underlying securities, the amount of purchase consideration as prescribed in the provisions of (A) below shall be paid by a buying individual options non-clearing participant pertaining to such transaction, and the amount of money as prescribed in the provisions of (B) below shall be paid by a selling individual options non-clearing participant pertaining to such transaction:
 - (A) The amount of purchase consideration corresponding to a transaction in the underlying stock resulting from an exercise of options.
 - (B) The amount of money obtained by multiplying the product of the quantity of shares in a transaction in the underlying stock resulting from the minimum unit of an exercise of options and the option clearing price by the quantity of individual options pertaining to such exercise.
- 2. The amount of money to be paid/received pursuant to the provisions of Item (1) (B) and Item (2) (B) of the preceding paragraph shall be included in the total amount of purchase consideration as prescribed in the provisions of Rule 6, Item (1) if an individual options non-clearing participant is a buyer pertaining to a transaction in the underlying securities resulting from an exercise of options, and in the total amount of sales proceeds as prescribed in the same item if an individual options non-clearing participant is a seller pertaining to such transaction.

Section 3. Settlement of Government Bond Futures Trading

Rule 26. Offsetting Sales or Purchases

1. With respect to government bond futures, etc. trading in each contract month, a government bond futures, etc. non-clearing participant (see Note 1 below) shall, when an offsetting sale pertaining to long positions which a non-clearing participant commissions an agency clearing participant to clear or an offsetting purchase pertaining to short positions which a non-clearing participant commissions an agency clearing participant to clear is effected, notify such designated government bond futures, etc. clearing participant of whether it is an offsetting sale or an offsetting purchase in each contract month and the quantity thereof by classifying them into agency and principal by a cutoff time as specified by a designated government bond futures, etc. clearing participant (see Note 2 below), within a time span before the settlement cutoff time as prescribed by the Clearing Corporation; provided, however, that the same shall not apply in cases where a government bond futures, etc. non-clearing participant makes such notification to the Clearing Corporation by pursuant to the provisions of the Clearing Corporation.

(Note 1) A government bond futures, etc. non-clearing participant means a government

(Provisional Reference Translation)

bond futures, etc. non-clearing participant prescribed in Rule 24-2, Paragraph 2 of the Trading Participant Regulations

(Note 2) A designated government bond futures, etc. clearing participant means a government bond futures, etc. agency clearing participant designated by such government bond futures, etc. non-clearing participant. pursuant to the provisions of Rule 24-4, Paragraph 1 of the Trading Participant Regulations (meaning a person who holds an agency clearing qualification pertaining to clearing qualifications of government bond futures, etc. (meaning the government bond futures, etc. clearing qualification as prescribed by the business rules of the Clearing Corporation); the same shall apply hereinafter

2. The Exchange shall, when a government bond futures, etc. non-clearing participant gives notification as prescribed in the preceding paragraph, receive a notice of details of an offsetting sale or an offsetting purchase pertaining to such notification from the Clearing Corporation.

Rule 27. Clearing price of Government Bond Futures Trading

The clearing price of government bond futures trading shall be the clearing price of the government bond futures trading as specified by the Clearing Corporation.

Rule 28. Payment/Receipt of Amount of Difference between Contract Price and Clearing Price

When, with respect to government bond futures trading (including transactions for correcting errors, etc.; the same shall apply hereinafter) in which a non-clearing participant commissions an agency clearing participant to clear the securities trading, there is an amount of difference as a result of comparison between a contract price and the clearing price on the day of the contract, a government bond futures, etc. non-clearing participant shall pay/receive the amount of money equivalent to such difference to/from its designated government bond futures, etc. clearing participant. In this instance, a paying government bond futures, etc. non-clearing participant shall pay to its designated government bond futures clearing participant the amount of money equivalent to the difference on a day and hour fixed by the designated government bond futures, etc. clearing participant by the settlement cutoff time specified by the Clearing Corporation.

Rule 29. Payment/Receipt of Amount of Difference between Clearing prices

When, with respect to government bond futures trading in which a non-clearing participant commissions an agency clearing participant to clear the securities trading, there has been an amount of difference as a result of comparison between the clearing price on the trading day and the clearing price on the previous trading day, a government bond futures, etc. non-clearing participant shall pay/receive the amount of money equivalent to such difference to/from its designated government bond futures, etc. clearing participant. In this instance, a paying government bond futures, etc. non-clearing participant shall pay to its designated government bond futures clearing

(Provisional Reference Translation)

participant the amount of money equivalent to the difference on a day and hour fixed by the designated government bond futures, etc. clearing participant by the settlement cutoff time specified by the Clearing Corporation.

Rule. 30 Deleted.

Rule 31. Treatment of Accrued Interest

1. Accrued interest (meaning accrued interest as prescribed in Rule 23 of the Special Regulations on Government Bond Futures; the same shall apply hereinafter in this section) in the case of settlement by physical delivery / payment by a government bond futures, etc. non-clearing participant for large transactions shall be treated as taxable or non-taxable on the basis of notification from the government bond futures, etc. non-clearing participant to its designated government bond futures, etc. clearing participant; provided that out of government bond futures, etc. non-clearing participants that have notified their non-taxable treatment, such government bond futures, etc. non-clearing participant that has been designated by the Clearing Corporation shall be subject to taxable treatment for all or part of accrued interest to be received by such government bond futures, etc. non-clearing participant.

2. A government bond futures, etc. non-clearing participant shall, as specified by the Exchange, notify the treatment of accrued interest as prescribed in the provisions of the preceding paragraph of its designated government bond futures, etc. clearing participant by a day and hour designated by the designated government bond futures, etc. clearing participant by deeming it necessary to conduct settlement of large transactions by physical delivery /payment.

Rule 32. Deleted

Rule 33. Government Bonds to be Delivered/Received and Money to Be Paid/Received for Settlement by Actual Delivery /Payment

The quantity of government bonds to be delivered/received for settlement of large transactions and the amount of money to be paid/received between a government bond futures, etc. non-clearing participant and its designated government bond futures, etc. clearing participant shall be as specified in the provisions of each of the following items:

- (1) The quantity of government bonds shall be the difference between the final short positions which a non-clearing participant commissions an agency clearing participant to clear and the final long positions which a non-clearing participant commissions an agency clearing participant to clear, for each classification of taxable or non-taxable treatment of accrued interest as prescribed in the provisions of Rule 31, Paragraph 1; and
- (2) The amount of money shall be the amount of the consideration for settlement by physical delivery /payment with respect to deliverable grades pertaining to such net quantity of government bonds as prescribed in the provisions of the preceding item.

(Provisional Reference Translation)

Rule 34. Delivery Cutoff Time for Settlement by Physical Delivery/Payment

A government bond futures, etc. non-clearing participant shall, for settlement of large transactions by physical delivery /payment, deliver government bonds it has sold or the amount of its purchase consideration to its designated government bond futures, etc. clearing participant by a day and hour fixed by the designated government bond futures, etc. clearing participant by the settlement cutoff time specified by the Clearing Corporation.

Rule 35. Combinations of Securities Eligible for Settlement

Securities eligible for settlement of large transactions pertaining to settlement by physical delivery/payment may be made a combination in an integral multiple of the trading unit per deliverable grade with the selection of the delivering government bond futures, etc. non-clearing participant.

Rule 36. Notification of Securities Eligible for Settlement

A delivering government bond futures, etc. non-clearing participant shall notify the designated government bond futures, etc. clearing participant of the issue and its quantity provided for settlement of large transactions by physical delivery/payment by a day and hour designated by the designated government bond futures, etc. clearing participant by deeming it necessary to effect settlement by physical delivery/payment.

Rule 37. Postponement of Settlement Pertaining to Settlement by Physical Delivery/Payment

A government bond futures, etc. non-clearing participant may, in the event that it is unable to deliver government bonds for settlement of large transactions by physical delivery/payment by such cutoff time for settlement by physical delivery/ payment as prescribed in the provisions of Rule 34, and in addition, in the event that it has obtained the approval of its designated government bond futures, etc. clearing participant, postpone the delivery of government bonds pertaining to such settlement by physical delivery/payment to the next day or thereafter in accordance with the provisions prescribed by the Exchange.

Rule 37-2. Payment/Receipt of Money for the Final Settlement

When, in the final settlement of mini-transactions, a comparison between the final clearing price and the clearing price on the day of the contract gives rise to a difference, a government bond futures, etc. non-clearing participant shall pay/receive the amount of money equivalent to such difference to/from government bond futures, etc. non-clearing participants. In this instance, a paying government bond futures, etc. non-clearing participant shall pay such amount to a designated government bond futures, etc. clearing participant by a day and hour specified by said designated government bond futures, etc. clearing participant by the settlement cutoff time specified by the Clearing Corporation.

Section 4. Settlement of Government Bond Futures Options Trading

Rule 38. Offsetting Sales or Purchases

1. A government bond futures, etc. non-clearing participant shall, when an offsetting sale pertaining to long positions which a non-clearing participant commissions an agency clearing participant to clear, or an offsetting purchase pertaining to short positions which a non-clearing participant commissions an agency clearing participant to clear with respect to each issue of government bond futures options trading is effected, notify the designated clearing participant of whether it is an offsetting sale or an offsetting purchase for each issue and its quantity by classifying them into agency and principal by a cutoff time fixed by the designated government bond futures, etc. clearing participant within a time span before the settlement cutoff time specified by the Clearing Corporation,; provided, however, that the same shall not apply in cases where the government bond futures, etc. non-clearing participant makes such notification to the Clearing Corporation pursuant to the provisions specified by the Clearing corporation..

2. The Exchange shall, when a government bond futures, etc. non-clearing participant gives notification as prescribed in Paragraph 1, receive a notice of details of an offsetting sale or an offsetting purchase pertaining to such notice from the Clearing Corporation.

Rule 39. Notification of Exercises of Options

1. The exercise of options for long positions in government bond futures options trading (including transactions for correcting errors, etc.; the same shall apply hereinafter) which a non-clearing participant commissions an agency clearing participant to clear shall be effected by a government bond futures, etc. non-clearing participant notifying the designated government bond futures, etc. clearing participant of the quantities pertaining to the exercise of options for each issue by classifying them into agency and principal by a cutoff time fixed by the designated government bond futures, etc. clearing participant within a time span before settlement cutoff time specified by the Clearing Corporation ;provided, however, that the same shall not apply, in cases where a government bond futures, etc. non-clearing participant makes such notification to the Clearing Corporation pursuant to the provisions of the Clearing Corporation.

2. Regarding an issue which falls under each of the following items on the day on which the period of exercise of options terminates, even when notification of the exercise of options has not been given by a cutoff time of such day prescribed in the preceding paragraph, notification of such exercise of options is deemed to have been given; provided, however, that the same shall not apply in cases where a government bond futures, etc. non-clearing participant notifies to the effect that no exercise of options will be effected by such cutoff time:

- (1) In cases where the exercise price of a government bond futures put option is higher than the clearing price of a futures contract month transaction for such exercise on a trading day on which the period of exercise of options terminates; and

(Provisional Reference Translation)

(2) In cases where the exercise price of a government bond futures call option is lower than the clearing price of a futures contract month transaction for such exercise on a trading day on which the period of exercise of options terminates.

3. When the Exchange deems that it is not appropriate to deem that notification of an exercise of options has been given pursuant to the text of the preceding paragraph as a result of the occurrence of a hindrance to the operation of the trading systems or for any other unavoidable reason, the provisions of the text in the same paragraph shall not apply.

4. The Exchange shall, in cases where a government bond futures, etc. non-clearing participant gives notification of an exercise of options as prescribed in Paragraph 1 (including the case where notification is deemed to have been given pursuant to the provisions in Paragraph 2), receive a notice of details of the exercise of options pertaining to such notification from the Clearing Corporation.

Rule 40. Notice Concerning Assignment of Exercises of Options

The Exchange shall, when the Clearing Corporation assigns exercises of options pertaining to short positions which a non-clearing participant commissions an agency clearing participant to clear pursuant to the provisions as specified by the Clearing Corporation, receive notice of details pertaining to such assignment from the Clearing Corporation.

Rule 41. Treatment of Government Bond Futures Trading by Exercises of Options of Short Positions or Long Positions Which a Non-Clearing Participant Commissions an Agency Clearing Participant to Clear

In cases where government bond futures trading carried out by an exercise of options in government bond futures options trading pertains to short positions which a non-clearing participant commissions an agency clearing participant to clear or long positions which a non-clearing participant commissions an agency clearing participant to clear, these regulations shall apply by deeming that the government bond futures trading carried out by such exercise of options has been effected as securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading.

Rule 42. Payment/Receipt of Option Premiums

A government bond futures, etc. non-clearing participant shall, when government bond futures options trading in which a non-clearing participant commissions an agency clearing participant to clear the securities trading is effected, pay/receive the option premiums to/from its designated government bond futures, etc. clearing participant. In this instance, a paying government bond futures, etc. non-clearing participant shall make payment to the designated government bond futures, etc. clearing participant by a day and hour fixed by the designated government bond futures, etc. clearing participant within a time period before the settlement cutoff time as specified by the Clearing Corporation.

Section 5. Settlement of Index Futures Trading

Rule 43. Offsetting Sales or Purchases

1. With respect to index futures trading in each contract month, an index futures, etc. non-clearing participant (see Note 1 below) shall, when an offsetting sale pertaining to long positions which a non-clearing participant commissions an agency clearing participant to clear or an offsetting purchase pertaining to short positions which a non-clearing participant commissions an agency clearing participant to clear is effected, notify the designated index futures, etc. clearing participant of whether it is an offsetting sale or an offsetting purchase in each contract month and the quantity thereof by classifying them into agency and principal by a cutoff time as specified by a designated index futures, etc. clearing participant (see Note 2 below) within a time span before the settlement cutoff time specified by the Clearing Corporation, ; provided, however, that the same shall not apply in cases where an index futures, etc. non-clearing participant makes such notification to the Clearing Corporation pursuant to the provisions of the Clearing Corporation.

(Note 1) An index futures, etc. non-clearing participant means an index futures, etc. non-clearing participant prescribed in Rule 24-2, Paragraph 3 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 2) A designated index futures, etc. clearing participant means an index futures, etc. agency clearing participant. designated by such index futures, etc. non-clearing participant pursuant to the provisions of Rule 24-4, Paragraph 1 of the Trading Participant Regulations (meaning a person who holds an agency clearing qualification pertaining to an index futures, etc. agency clearing participant designated (meaning a the index futures, etc. clearing qualification as prescribed by the business rules of the Clearing Corporation); the same shall apply hereinafter.

2. The Exchange shall, when an index futures, etc. non-clearing participant gives notification as prescribed in the preceding paragraph, receive a notice of details of an offsetting sale or an offsetting purchase pertaining to such notification from the Clearing Corporation.

Rule 44. Clearing Index of Index Futures Trading

The clearing index of index futures trading shall be a clearing index prescribed by the Clearing Corporation as a clearing index of index futures trading.

Rule 45. Payment/Receipt of Amount of Difference between Contract Price and Clearing price

When, with respect to index futures trading (including transactions for correcting errors, etc.; the same shall apply hereinafter) in which a non-clearing participant commissions an agency clearing participant to clear the securities trading, there has been an amount of difference as a result of comparison between a contract index price and the clearing index price on the day of the transaction, an index futures, etc. non-clearing participant shall pay/receive the amount of money equivalent to such difference to/from its

(Provisional Reference Translation)

designated index futures, etc. clearing participant. In this instance, a paying index futures, etc. non-clearing participant shall pay the amount of money equivalent to such difference to the designated index futures, etc. clearing participant on a day and hour fixed by the designated index futures, etc. clearing participant within a time span before settlement as prescribed by the Clearing Corporation.

Rule 46. Payment/Receipt of Amount of Difference between Clearing Index Prices

When, with respect to index futures trading in which a non-clearing participant commissions an agency clearing participant to clear the securities trading, there has been an amount of difference as a result of comparison between the clearing index price on the trading day and the clearing index price on the previous trading day, an index futures, etc. non-clearing participant shall pay/receive the amount of money equivalent to such difference to/from its designated index futures, etc. clearing participant. In this instance, a paying index futures, etc. non-clearing participant shall pay the amount of money equivalent to such difference to the designated index futures, etc. clearing participant on a day and hour fixed by the designated index futures, etc. clearing participant within a time span before settlement as specified by the Clearing Corporation.

Rule 47. Payment/Receipt of Money in Final Settlement

When there is an amount of difference as a result of comparison between the final clearing index price and the clearing index price on the last trading day in the final settlement in index futures trading, an index futures, etc. non-clearing participant shall pay/receive the amount of money equivalent to such difference to/from its designated index futures, etc. clearing participant on the final settlement day. In this instance, a paying index futures, etc. non-clearing participant shall make payment to the designated index futures, etc. clearing participant by a cutoff time fixed by the designated index futures, etc. clearing participant, within a time span before settlement specified by the Clearing Corporation.

Section 6. Settlement of Index Options Trading

Rule 48. Offsetting Sales or Purchases

1. An index futures, etc. non-clearing participant shall, when an offsetting sale pertaining to long positions which a non-clearing participant commissions an agency clearing participant to clear or an offsetting purchase pertaining to short positions which a non-clearing participant commissions an agency clearing participant to clear is effected in each issue of index options trading, notify the designated index futures, etc. clearing participant of whether it is an offsetting sale or an offsetting purchase for each issue and the quantity thereof, by classifying them into agency and principal by a cutoff time fixed by the designated index futures, etc. clearing participant within a time span before the settlement cutoff time specified by the Clearing Corporation; provided, however, that the same shall not apply in cases where an index futures, etc. non-clearing

(Provisional Reference Translation)

participant makes such notification to the Clearing Corporation.

2. The Exchange shall, when an index futures, etc. non-clearing participant gives notification as specified in the preceding paragraph, receive a notice of details of an offsetting sale or an offsetting purchase pertaining to such notification from the Clearing Corporation.

Rule 49. Payment/Receipt of Option Premiums

An index futures, etc. non-clearing participant shall, when index options trading in which a non-clearing participant commissions an agency clearing participant to clear the securities trading is effected (including transactions for correcting errors, etc.; the same shall apply hereinafter), pay/receive the option premiums to/from its designated index futures, etc. clearing participant. In this instance, a paying index futures, etc. non-clearing participant shall make payment to the designated index futures, etc. clearing participant on a day and hour fixed by the designated index futures, etc. clearing participant within a time span before settlement as specified by the Clearing Corporation.

Rule 50. Notification of Exercises of Options

1. The exercise of options for long positions of index options trading which a non-clearing participant commissions an agency clearing participant to clear shall be effected by an index futures, etc. non-clearing participant notifying the designated index futures, etc. clearing participant of the quantities pertaining to the exercise of options of each issue by classifying them into agency and principal by a cutoff time fixed by the designated index futures, etc. clearing participant within a time span before settlement as specified by the Clearing Corporation.; provided, however, that the same shall not apply in cases where in cases where an index futures, etc. non-clearing participant makes such notification to the Clearing Corporation.

2. An index futures, etc. non-clearing participant may not give notification of the exercises of options in the preceding paragraph on the exercise date with respect to an issue which falls under the cases as specified in each of the following items:

- (1) For an index put option, when its exercise price is lower than the value of its option clearing index; and
- (2) For an index call option, when its exercise price is higher than the value of its option clearing index.

3. In cases where an issue falls under each of the following items on the exercise date, notification of an exercise of options is deemed to have been given, even if such notification has not been given by the cutoff time prescribed in Paragraph 1 on the day; provided, however, that the same shall not apply in cases where an index futures, etc. non-clearing participant has notified the Exchange of its intention not to exercise the options by such cutoff time:

- (1) For an index put option, when its exercise price is higher than the value of its option clearing index; and
- (2) For an index call option, when its exercise price is lower than the value of its option clearing index.

(Provisional Reference Translation)

4. The Exchange shall, when an index futures, etc. non-clearing participant gives notification of the exercise of options as prescribed in Paragraph 1 (including the case where notification is deemed to have been given pursuant to the provisions in Paragraph 2), receive a notice of details of the exercise of options pertaining to such notification from the Clearing Corporation.

Rule 51. Notification Concerning Assignment of Exercises of Options

When the Clearing Corporation carries out assignment of exercises of options with respect to short positions which a non-clearing participant commissions an agency clearing participant to clear pursuant to the provisions as specified by the Clearing Corporation, the Exchange shall receive a notice of details pertaining to such assignment from the Clearing Corporation.

Rule 51-2. Treatment of Transactions by Exercises of Options for Short Positions or Long Positions Which a Non-Clearing Participant Commissions an Agency Clearing Participant to Clear

In cases where a transaction effected by an exercise of options in index options trading pertains to short positions which a non-clearing participant commissions an agency clearing participant to clear or long positions which a non-clearing participant commissions an agency clearing participant to clear, these regulations shall apply by deeming that the transaction effected by such exercise is securities trading in which a non-clearing participant commissions an agency clearing participant to clear the trading.

Rule 52. Payment/Receipt of Money for Settlement on Exercises of Options

An index futures, etc. non-clearing participant shall, when an exercise of rights pertaining to short positions or long positions in index options trading which a non-clearing participant commissions an agency clearing participant to clear has been effected, pay/receive to/from its designated index futures, etc. clearing participant the amount of money equivalent to the difference between the exercise price and the day's option clearing index price. In this instance, a paying index futures, etc. non-clearing participant shall pay such amount of money to the designated index futures, etc. clearing participant by a day and hour fixed by the designated index futures, etc. clearing participant within a time span before settlement cutoff time as specified by the Clearing Corporation.

**CHAPTER 4
CLEARING MARGIN, ETC.**

Rule 53. Clearing Margin and Transfer of Unsettled Contracts, etc.

Matters on clearing margin and transfer of unsettled contracts, etc. pertaining to individual options trading, government bond futures trading, government bond futures options trading, index futures trading and index options trading (hereinafter referred to as the "futures/options trading") shall be prescribed in accordance with the Rules on

(Provisional Reference Translation)

Margin and Transfer of Unsettled Contracts, etc. Pertaining to Futures/Options Trading.

CHAPTER 5

TREATMENT OF UNSETTLED CONTRACTS

Section 1. Acquisition of Clearing Qualification and Treatment of Unsettled Contracts in Cases of Change in Designated Clearing Participants

Rule 54. Treatment of Unsettled Contracts in Cases of Acquisition of Clearing Qualification

In cases where a trading participant who is a non-clearing participant (meaning a non-clearing participant as prescribed in Rule 24-2, Paragraph 5 of the Trading Participant Regulations; the same shall apply hereinafter) newly acquires a clearing qualification, unsettled contracts of such trading participant (limited to those pertaining to such clearing qualification) in which a non-clearing participant commissions an agency clearing participant to clear the securities trading shall be securities trading, etc. in the name of the trading participant on or after the acquisition of the clearing qualification.

Rule 55. Transfer of Unsettled Contracts in the Case of Change in Designated Clearing Participants

1. In cases where a designated clearing participant (meaning a designated clearing participant as prescribed in Rule 24-4, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter) is changed pursuant to the provisions prescribed in Rule 24-4, Paragraph 3 of the Trading Participant Regulations, unsettled contracts of such non-clearing participant in securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the securities trading shall be securities trading, etc. of the designated clearing participant after the change, in which a non-clearing participant commissions an agency clearing participant to clear the trading.

2. In cases where a clearing participant becomes a non-clearing participant, the provision in the preceding paragraph shall apply mutatis mutandis to the designation of a designated clearing participant, which is made pursuant to the provisions prescribed in Rule 24-4, Paragraph 3 of the Trading Participant Regulations. In this instance, “unsettled contracts of such non-clearing participant in securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading” shall be deemed to be replaced with “unsettled contracts out of the transactions of an entity who becomes a non-clearing participant” and “the designated clearing participant after the change” shall be “an entity who has been newly designated as a designated clearing participant”.

Section 2. Treatment of Unsettled Transactions in Cases of Halt in

Securities Trading, etc. or Halt in Entrustment of Brokerage for Clearing of Securities, etc. to an Agency Clearing Participant

Rule 56. Measures for Trading Participants Receiving Halt, etc. of Securities Trading, etc. by Application for Waiver of Trading Qualification

The Exchange may, when it halts securities trading, etc. (excluding securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading; the same shall apply hereinafter in this section) or entrustment of commission of clearing securities trading, etc. pursuant to the provisions prescribed in Rule 26, Paragraph 1 of the Trading Participant Regulations, make another trading participant take over securities trading, etc., or securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading in the Exchange market with respect to the applicant for waiver of the trading qualification, and unsettled contracts out of transactions concerning these, and sort out any other matters that the Exchange deems necessary.

Rule 57. Settlement of Unsettled Securities Trading, etc. of an Entity Having Waived Trading Qualification

1. In cases where there is unsettled securities trading, etc. or securities trading in which a non-clearing participant commissions an agency clearing participant to clear the trading pertaining to the type of the trading qualification in the Exchange market with respect to an entity who has waived trading qualification, the Exchange shall make the principal or a public transferee carry out their settlement; provided, however, that when the Exchange deems that it is not appropriate to make the principal or the transferee carry out the settlement, the Exchange may make another trading participant do so.

2. In the preceding paragraph, the Exchange may, when it deems it necessary, make another trading participant take over securities trading, etc. or securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading pertaining to the type of the trading qualification in the Exchange market and unsettled contracts out of transactions concerning these and sort out any other matters that the Exchange deems necessary.

3. The Exchange may, when it deems it necessary, make another trading participant sort out matters as prescribed in the preceding paragraph. In this instance, an entrustment agreement is deemed to have been entered into between that trading participant and the trading participant who has received an instruction of halt of securities trading, etc. or securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading as prescribed in the same paragraph.

Rule 58. Regulatory Action against Trading Participant in Cases of Halt, etc. of Securities Trading, etc. due to Insolvency

1. The Exchange may, when it has taken against a trading participant a measure of halt of securities trading, etc. or securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading in the Exchange market pursuant to the provisions prescribed in Rule 35, Paragraph 3 or Paragraph 4 of the

Trading Participant Regulations, or when it has taken against a trading participant a regulatory action of halt of securities trading, etc. (limited to a regulatory action where suspension of obligation assumption pursuant to the provisions prescribed in Rule 29-5 or Rule 76-5 of the business rules of the Clearing Corporation) pursuant to the provisions prescribed in Rule 39-2 of the same Regulations, make another trading participant take over securities trading, etc., securities trading in which a non-clearing participant commissions an agency clearing participant to clear the trading in the Exchange market with respect to such trading participant, and unsettled contracts out of transactions concerning these, and sort out any other matters deemed necessary by the Exchange.

2. The provisions of Paragraph 3 of the preceding rule shall apply mutatis mutandis to cases where the Exchange makes a trading participant sort out the matters pursuant to the provisions prescribed in the preceding paragraph.

Rule 59. Regulatory Action against Non-Clearing Participant in the Case of Revocation of Designated Clearing Participant's Clearing Qualification, etc.

1. The Exchange may, when it has taken a regulatory action of halt of securities trading, etc. (limited to a regulatory action as a result of suspension of obligation assumption pursuant to the provisions prescribed in Rule 29-5 or 76-5 of the business rules of the Clearing Corporation) in which a non-clearing participant commissions an agency clearing participant to clear the trading against a trading participant who is a non-clearing participant pursuant to the provisions prescribed in Rule 39-3 of the Trading Participant Regulations, make such non-clearing participant have another trading participant take over, and sort out other matters deemed necessary by the Exchange toward settlement of such non-clearing participant's unsettled securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading and other unsettled transactions relevant to these.

2. The provisions of Rule 57-3 shall apply mutatis mutandis to cases of sorting out the matters pursuant to the provisions in the preceding paragraph.

Rule 60. Regulatory Action against Trading Participant That Has Become Subject to Halt or Restriction of Securities Trading, etc. in the Exchange Market .

In cases where the disposition, measure or regulatory action that the Exchange has taken against a trading participant pursuant to the Trading Participant Regulations is the halt or restriction of securities trading, etc. or securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading in the Exchange market (except such cases where the provisions of Rule 56, Rule 58 or the preceding rule is applicable), such trading participant may, with the approval of the Exchange and for the period of the halt or restriction, have other trading participant(s) take over such trading participant's securities trading, etc. or securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading in the Exchange market and other unsettled transactions relevant to these.

Section 2-2. Takeover of Unsettled Contracts in Cases Where Improvement Instruction Concerning Positions of Holdings is Given

Rule 60-2. Takeover of Unsettled Contracts in Cases Where Instructions for Improvement Concerning Position Holdings Are Received by Trading Participants, etc.

1. In cases where a trading participant receives instructions for improvement concerning the state of the position holdings from the Clearing Corporation under the provisions of Rule 29-3 of the business rules of the Clearing Corporation (if such trading participant is a non-clearing participant, a request from a clearing participant designated by such trading participant pursuant to the provisions of Rule 45-2, Paragraph 1 of the business rules of the Clearing Corporation), the trading participant may have another trading participant take over unsettled futures and options contracts upon the approval of the Clearing Corporation (a designated clearing participant, if such trading participant is a non-clearing participant) and other trading participants.
2. In cases of the preceding paragraph, when unsettled contracts to be taken over are those based on customers' entrustment, such trading participant shall obtain the consent of such customers concerning the takeover of such unsettled contracts.

Section 3 Takeover of Unsettled Contracts in Cases of Demerger or Transfer of Business

Rule 61. Takeover of Unsettled Contracts in the Case of Demerger or Transfer of Business

1. A trading participant may, when it makes another trading participant take over its business or transfer its business due to demerger, and in addition, when it has no intention to waive trading qualification at the time of the takeover or transfer of business, make another trading participant take over unsettled contracts of futures/options trading pertaining to the takeover or transfer of such business with the approval of the Exchange.
2. In the preceding paragraph, when the unsettled contracts to be taken over are under the entrustment of its customers, the trading participant shall obtain the consent of the customers in respect to the unsettled contracts.

**CHAPTER 6
MISCELLANEOUS PROVISIONS**

Rule 62. Emergency Measures in Cases of Natural Disasters etc.

1. In the event that settlement of a non-clearing participant pertaining to securities trading, etc. effected in the Exchange market in which a non-clearing participant commissions an agency clearing participant to clear the trading has been deemed impossible or extremely difficult due to a natural disaster, a violent change in the

(Provisional Reference Translation)

economic situation, shortage of deliverable securities, or for any other unavoidable reason, the Exchange may, by the decision of the Board of Directors, stipulate anew the terms and conditions of settlement of these securities.

2. In the event that the Exchange has stipulated the terms and conditions of settlement pursuant to the provisions of the preceding paragraph, a non-clearing participant shall comply therewith.

3. In such instance as prescribed in Paragraph 1, the Exchange may, in cases of emergency, stipulate anew the terms and conditions of settlement without going through the decision of the Board of Directors.

Rule 63. Cancellation etc. of Contracts on When-Issued Transactions

1. With respect to when-issued transactions in which a non-clearing participant commissions an agency clearing participant to clear the securities trading, when conditions of issuance of the underlying stock are changed, or when stocks thereof are not issued by the settlement date, or when the Exchange deems that stocks thereof will not be issued by such date, the Exchange may take actions to change securities eligible for settlement, or the settlement date, or cancel the contracts with regard to the settlement of the cash trading non-clearing participant pertaining to such when-issued transactions.

2. The preceding paragraph shall apply mutatis mutandis to preferred equity investment securities and investment trust beneficiary certificates.

Rule 64. Change of Securities Eligible for Settlement for Government Bond Futures Trading, etc.

The Exchange may, when the Exchange deems that it is difficult to carry out settlement of large transactions by physical delivery/payment of a government bond futures non-clearing participant pertaining to government bond futures trading with respect to securities trading, etc. in which a non-clearing participant commissions an agency clearing participant to clear the trading in view of the status of the open interest, etc., take actions to change the securities eligible for settlement or the date of settlement by physical delivery and payment for such government bond futures trading.

Rule 65. Decision of Necessary Matters with respect to Clearing and Settlement of Securities Trading, etc.

The Exchange may, in addition to the matters prescribed in the provisions of these Regulations, adopt rules prescribing modus operandi, when deemed necessary by the Exchange for clearing and settlement of securities trading, etc. in the Exchange market.