

Special Regulations of Business Regulations, Margin/Loan Trading Regulations and Brokerage Agreement Standards Concerning Individual Securities Options Contract
(as of April 1, 2010)

Tokyo Stock Exchange, Inc.

CHAPTER 1
General Provisions

Rule 1. (Purpose)

1. These special regulations shall prescribe special rules for the Business Regulations, the Margin/Loan Trading Regulations and the Brokerage Agreement Standards with respect to transactions in the individual securities options contract and acceptance of orders therefor (see Note 1 below).

(Note 1) Such transactions shall exclude commissioning of clearing securities trading, etc. to an agency clearing participant.

2. Matters that are not prescribed in these regulations shall be subject to the provisions of the applicable Business Regulations, Margin/Loan Trading Regulations and the Brokerage Agreement Standards.

Rule 2. (Definitions of terms pertaining to individual securities options contract)

1. In these regulations, the term “individual securities options contract” means a contract in which the parties thereto promise that one of the parties grants an individual securities option(s) to the other party and the other party pays the consideration for such option(s).

2. In these regulations, the term “individual securities options” means a right of the party acquiring the options (see Note 1 below) to effect a sale or purchase transaction in certain securities by a declaration of intension.

(Note 1) Such party means the party who was granted such options in an individual securities options contract.

3. In these regulations, the term “exercise” means exercise of individual securities options.

Rule 3. (Definitions of terms)

1. The meanings of terms in these regulations (see Note 1 below) shall be subject to those of the terms pertaining to the method of concluding trading contracts of securities, and shall be subject to the provisions of each rule in addition to the provisions of the following items.

(Note 1) Such terms shall exclude those terms used in relation to securities trading.

(1) The term “sale” means a contract where the party will grant an individual securities option, while the term “purchase” means a contract where the party will acquire an individual securities option.

(2) The term “price” means an amount of consideration to be paid for a sale or purchase of an individual securities option.

(3) The term “price fluctuation range” means the range of price fluctuation.

(4) The term “order” means a declaration of intention concerning the limit of the price that will

be executed in an individual securities options contract and means the following items from a through c:

(a) Limit Order

An order which specifies a price limit

(b) Market Order

An order placed during auction hours which does not specify a price limit

(c) At-the-Opening-Order

An order placed before the opening of auction trading or before trading resumes after trading of a specified issue has been suspended by the Exchange, which does not specify a price limit, and in cases where the transaction is not executed after a price is decided as prescribed in Rule 14, Paragraph 5 (including when applied with the rewording pursuant to Paragraph 6 thereof), such order will become a limit order limited to such price.

- (5) The term “offer” means an order pertaining to a sale, and the term “bid” means an order pertaining to a purchase.

CHAPTER 2

Special Regulations of Business Regulations

Section 1. Subjects of Contract and Contract Month, etc.

Rule 4. (Subjects of contract)

1. The subjects of the individual securities options contract shall be individual securities options described in each of the following items pertaining to certain securities selected by the Exchange (see Note 1 below) among securities that satisfy any of the criteria described in each of the items of Paragraph 1 of the next rule.

(Note 1) Such securities shall be hereinafter referred to as “underlying securities”.

- (1) Individual securities options that can effect a sale of the underlying security in the applicable trading units (see Note 2 below) at a price set in advance as a contract price in case that the option is exercised (see Note 3 below).

(Note 2) Such trading units mean those trading units prescribed in Rule 15 of the Business Regulations; the same shall apply hereinafter.

(Note 3) Such price shall be hereinafter referred to as “exercise price”.

- (2) Individual securities options that can effect a purchase of the underlying security in the applicable trading units at the exercise price.

2. In addition to those prescribed in the preceding paragraph, with respect to the trading of the underlying securities, in cases where the Exchange determines ex-dividend dates (see Note 4 below) pursuant to the provision of Rule 25, Paragraph 1 of the Business Regulations, or when the Exchange halts such trading pursuant to the provisions of Rule 29, Paragraph 1 of the same regulations (see Note 5 below) or in cases where equivalent actions are taken by another domestic financial instruments exchange, the subjects of the individual securities options contract

pertaining to certain issues determined by the Exchange among issues designated as the underlying securities as of the day (see Note 6 below) immediately preceding the applicable ex-rights date or after the dates on which trading resumes (see Note 7 below) shall be, after the ex-rights date, such individual securities options on the relevant underlying securities as prescribed in each of the following items.

(Note 4) Such ex-dividend date shall exclude dates pertaining only to rights to receive securities due to distribution of retained earnings or a shareholder-directed spin-off (meaning those spin-offs in which all or part of the shares of a successor company or a newly established company are delivered to the shareholders of the company to be demerged; the same shall apply hereinafter).

(Note 5) Such case shall exclude a case where a shareholder-directed spin-off is carried out.

(Note 6) Such day shall be moved backward if the day falls on a holiday; the same shall apply hereinafter.

(Note 7) Such date shall be hereinafter referred to as “ex-rights date”.

- (1) Individual securities options that can effect a sale at the exercise price of the underlying security in the number obtained by multiplying the applicable trading units by a numerical value determined by the Exchange.
- (2) Individual securities options that can effect a purchase at the exercise price of the underlying security in the number obtained by multiplying the applicable trading units by a numerical value determined by the Exchange.

3. In the individual securities options contract, the term “individual securities put option” means the individual securities option as prescribed in Paragraph 1, Item (1) and Paragraph 2, Item (1), and the term “individual securities call option” means the individual securities option as prescribed in Paragraph 1, Item (2) and Paragraph 2, Item (2).

4. In relation to individual securities options contracts, the term “issue” means individual securities put options or individual securities call options that have the same underlying security, date of exercise, exercise price, and amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit.

Rule 5. (Selection criteria for underlying securities)

1. Criteria for selecting underlying securities shall be as prescribed in each of the following items according to each category of securities enumerated therein.

- (1) With respect to stocks listed on the Exchange, Osaka Stock Exchange Co., Ltd., and Nagoya Stock Exchange, Inc. (see Note 1 below), those stocks shall satisfy either of the conditions prescribed in the following (a) or (b).

(Note 1) These exchanges shall be collectively referred to as “Three Exchanges” hereinafter.

a. Those stocks shall satisfy all of the conditions prescribed in the following (i) through (iii):

- (i) stocks listed on the First Section of any of the Three Exchanges;
- (ii) stocks whose number of tradable shares (see Note 2 below) (see Note 3 below) is 100,000 units or more (see Note 4 below), but less than 500,000 units; and

(Note 2) Such tradable share means those prescribed in Rule 2, Item 96 of the Securities Listing Regulations; the same shall apply hereinafter.

(Note 3) Such number shall be the number of listed shares for stocks not listed on the

Exchange; the same shall apply hereinafter in this item.

(Note 4) One unit means a trading unit as prescribed in Rule 15 of the Business Regulations (or equivalent provisions for stocks not listed on the Exchange).

(iii) stocks whose average monthly trading volume (see Note 5 below) for the past year (see Note 6 below) was, in principle, 3,000 units or more.

(Note 5) Such average monthly trading volume means the total trading volume in the Exchange market and in financial instruments exchange markets established by any other domestic financial instruments exchanges divided by the number of relevant months.

(Note 6) Such year shall be the period to date since the listing date for stocks that have been listed for less than one year; the same shall apply hereinafter.

- b. Those stocks shall satisfy both of the conditions prescribed in the following (i) and (ii):
 - (i) stocks listed on the First Section of any of the Three Exchanges; and
 - (ii) stocks whose number of tradable shares is 500,000 units or more.

- (2) With respect to stocks other than those listed on the Three Exchanges (see Note 7 below), those stocks shall satisfy either of the conditions prescribed in the following (a) or (b).

(Note 7) Such stocks shall exclude securities prescribed in the preceding item.

 - a. Those stocks shall satisfy all of the conditions prescribed in the following (i) through (iii):
 - (i) the number of shareholders (see Note 8 below) shall be 2,200 or more;
(Note 8) The number of shareholders means the number of those who hold not less than one unit of stock; the same shall apply hereinafter.
 - (ii) the number of listed shares shall 100,000 units or more, but less than 500,000 units; and
 - (iii) the average monthly trading volume for the past year shall be, in principle, 3,000 units or more.
 - b. Those stocks shall satisfy both of the conditions prescribed in the following (i) and (ii):
 - (i) the number of shareholders shall be 2,200 or more; and
 - (ii) the number of listed shares shall be 500,000 or more.

- (3) With respect to ETFs (see Note 9 below) and REITs (see Note 10 below), those ETFs and REITs shall satisfy either of the conditions prescribed in the following (a) or (b).

(Note 9) Such ETFs mean those ETFs prescribed in Rule 1001, Item (1) of the Securities Listing Regulations; the same shall apply hereinafter.

(Note 10) Such REITs mean those REITs prescribed in Rule 1001, Item (35) of the Securities Listing Regulations; the same shall apply hereinafter.

 - a. Those ETFs/REITs shall satisfy all of the conditions prescribed in the following (i) through (iii):
 - (i) the number of unit holders or beneficiaries (see Note 11 below) shall be 2,200 or more;
(Note 11) Such number of unit holders or beneficiaries means the number of those who hold not less than one unit of investment units or beneficial interest; the same shall apply hereinafter.
 - (ii) the number of listed investment units or listed beneficiary certificates shall be 100,000 units or more, but less than 500,000 units; and
 - (iii) the average monthly trading volume for the past year shall be, in principle, 3,000 units or more.
 - b. Those ETFs/REITs shall satisfy both of the conditions prescribed in the following (i) and

(ii):

- (i) the number of unit holders or beneficiaries shall be 2,200 or more; and
- (ii) the number of listed investment units or listed beneficiary certificates shall be 500,000 units or more.

2. The provisions of Item (1)(a)(iii), Item (2)(a)(iii), and Item (3)(a)(iii) of the preceding paragraph shall not apply to securities described in each of the following items during the period ending the last day of the month following the month to which the listing date of the security pertains:

- (1) Securities whose listing is made pursuant to the provisions of Rule 208 or Rule 1207, Paragraph 1 of the Securities Listing Regulations (see Notes 12 and 13 below) ;
(Note 12) Such provisions are equivalent regulations for those securities not listed on the Exchange.
(Note 13) Such securities shall be limited to the security issued by the party who executed the action to which the said provisions apply is an otherwise eligible underlying security.
- (2) Shares of a newly established company in cases where a listed company establishes a new company in an incorporation-type demerger or *shinsetsu bunkatsu* or a company succeeding a business in cases where a listed company causes another company to succeed its business in an absorption-type demerger or *Kyushu bunkatsu* in a shareholder-directed spin-off that is to be listed as per the listing application submitted before the spin-off (see Note 14 below);
or
(Note 14) Such shares shall be limited to the shares issued by such listed company is an otherwise eligible underlying security.
- (3) Securities whose listing is made pursuant to the provisions of Rule 303 of the Securities Listing Regulations (see Note 15 below) provided that the stock pertaining to issues to be delisted under such provisions is an otherwise eligible underlying security.
(Note 15) Such provisions shall be equivalent provisions for those securities not listed on the Exchange.

Rule 6. (Contract months and number thereof)

1. Transactions in the individual securities options contract, either with respect to individual securities put options or individual securities call options, shall be classified into transactions whose last trading day falls on the day immediately preceding the second Friday (see Note 1 below) of each month (see Note 2 below).

(Note 1) Such day shall be moved up if the day falls on a holiday.

(Note 2) Such transactions shall be hereinafter referred to as “contract months”.

2. For the individual securities options contract, there shall always be four contract months (see Note 3 below), and the trading period of each of such contract months shall be either eight months for contract months whose last trading day falls in March, June, September or December or two months for all other contract months.

(Note 3) Such contract month consists of the two nearest contract months and additional two nearest contact months among those contract months whose last trading day falls in March, June, September or December.

3. The trading in a new contract month shall begin on the day (see Note 4 below) following the last trading day that comes earliest among the last trading days of the four contract months.
(Note 4) Such day shall be moved down if the day falls on a holiday; the same shall apply hereinafter.

4. Notwithstanding the provisions of the preceding three paragraphs, in cases where the Exchange selects a new underlying security or it deems it necessary, the Exchange may change the number and the trading period of contract months as well as the last trading day and the initial trading day.

Rule 7. (Exercise prices and number thereof)

1. Transactions in the individual securities options contract, either with respect to individual securities put options or individual securities call options, shall be classified into transactions with exercise prices set for each contract month.

2. With respect to exercise prices as prescribed in the preceding paragraph, five exercise prices shall be set per share (see Note 1 below) of each underlying security as integral multiples of the prices prescribed in the following table at intervals of such prices on the initial trading day of the relevant contract month pursuant to the provisions prescribed by the Exchange. However, in cases where the Exchange deems it necessary, the Exchange may change the exercise prices and the number thereof.

(Note 1) Such per share shall be per unit for underlying securities other than shares; the same shall apply hereinafter.

Exercise price	Interval
Less than 500 yen	25 yen
500 yen or more, but less than 1,000 yen	50 yen
1,000 yen or more, but less than 2,000 yen	100 yen
2,000 yen or more, but less than 5,000 yen	200 yen
5,000 yen or more, but less than 10,000 yen	500 yen
10,000 yen or more, but less than 50,000 yen	1,000 yen
50,000 yen or more, but less than 100,000 yen	2,500 yen
100,000 yen or more, but less than 200,000 yen	10,000 yen
200,000 yen or more, but less than 500,000 yen	20,000 yen
500,000 yen or more, but less than 1 million yen	50,000 yen
1 million yen or more, but less than 2 million yen	100,000 yen
2 million yen or more, but less than 5 million yen	200,000 yen
5 million yen or more, but less than 10 million yen	500,000 yen
10 million yen or more, but less than 20 million yen	1 million yen
20 million yen or more, but less than 50 million yen	2 million yen
50 million yen or more	5 million yen

3. In addition to the provisions of the preceding paragraph, the Exchange may set new exercise prices for all or part of contract months pursuant to the provisions prescribed by the Exchange.

4. The exercise prices of the issues existing as of the date immediately preceding the ex-rights

date pertaining to the trading of the underlying securities shall be changed on the relevant ex-rights date pursuant to the provisions prescribed by the Exchange.

Rule 8. Strategy Trading

1. A general trading participants (see Note 1 below) may conduct transactions enumerated in each of the following items (see Note 2 below) while an individual securities options trading participant (see Note 3 below) may conduct transactions referenced in Item 1:

(Note 1) Such general trading participant means a general trading participant prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 2) Such transactions shall be hereinafter referred to as "strategy trading".

(Note 3) Such individual securities options trading participant means an individual securities options trading participant prescribed in Rule 2, Paragraph 5 of the Trading Participant Regulations; the same shall apply hereinafter.

(1) Transactions that simultaneously execute sales or purchases for multiple issues of individual securities options issues which are identical to the underlying securities; and

(2) Transactions that simultaneously execute sales or purchases of one or a number of securities option issues pertaining to underlying securities on the condition that sale or purchase of underlying securities (see Note 4 below) is executed simultaneously

(Note 4) Such underlying securities shall be limited to securities specified by the Exchange.

2. Combinations of individual securities options sales or purchases executed by strategy sale transactions or strategy purchase transactions are specified by the Exchange by each type of strategy transaction prescribed by the Exchange.

3. When conducting strategy trading, trading participants (see Note 5 below) shall make bids or offers using values (see Note 6 below) obtained through the strategy transaction price calculation method as specified by the Exchange.

(Note 5) Such trading participants mean a general trading participant or individual securities options trading; the same shall apply excluding Chapter 3.

(Note 6) Such values shall be hereinafter referred to as "strategy price".

4. When conducting a transaction as provided in Paragraph 1, Item 2, a trading participant must make bids or offers with the conditions specified by the Exchange.

5. Considering strategy trading, strategy offers refer to offers pertaining to strategy sale trading and a strategy bid refer to bids pertaining to strategy purchase trading.

Section 2. Trading Sessions and Methods of Contract Formation under Principles of Auction

Rule 9. (Division of trading sessions and trading hours, etc.)

1. The trading session of the individual securities options contract shall be divided into a morning trading session and an afternoon trading session, and the trading hours of each session shall be defined in each of the following items.

(1) The morning trading session shall be from 9:00 a.m. to 11:00 a.m.

(2) The afternoon trading session shall be from 12:30 p.m. to 3:10 p.m.

2. The Exchange may change the trading hours defined in the preceding paragraph on a temporary basis, when deemed necessary. In such case, the Exchange shall notify the trading participants of that effect in advance.

3. Neither trading in nor any other operations of the individual securities options contract shall be conducted on a holiday.

Rule 10. (Temporary halt and temporary operation of trading sessions)

The Exchange may halt or carry out the whole or any part of the trading session of the individual securities options contract on a temporary basis, when deemed necessary.

Rule 11. (Notification of temporary halt and temporary operation of trading sessions)

When the Exchange determines the temporary halt or temporary operation of the trading session of the individual securities options contract, it shall notify the trading participants of that effect in advance.

Rule 12. (Trading by trading systems)

Transactions in the individual securities options contract shall be executed by the trading systems.

Rule 13. (Priority of orders during auction trading)

1. The auction trading shall execute transactions in the individual securities options contract.

2. The priority among orders of the individual securities options contract during the auction trading shall be determined subject to the provisions of each of the following items.

(1) The lower offer price shall take priority over higher offer prices, and the higher bid price shall take priority over lower bid prices.

(2) Where two or more orders are made at the same price, the bids or offers placed earlier shall take priority over bids or offers placed later.

(3) A market order shall take priority over other bids and offers in terms of prices..

(4) The Exchange specifies items necessary for the order of bids and offers in addition to the preceding three items.

3. For applying the provisions in the preceding paragraph pertaining to strategy trading, in the preceding paragraph "price" shall be "strategy prices", and "offer" shall be "strategy offer", and "bid" shall be "strategy bid".

Rule 14. (Individual auctions)

1. Transactions by the auction trading prescribed in Paragraph 1 of the preceding rule shall be on an individual auction basis.

2. Transactions on an individual auction basis in the individual securities options contract shall be carried out by matching each order individually to a contract price with reference to the priority of orders prescribed in Paragraph 2 of the preceding rule. The contract price shall be determined by a certain price at which the lowest offer and the highest bid are matched through competitions among sellers or buyers, or between sellers and buyers, except for the cases that determine the contract price set forth in each of the following items.

- (1) Contract price at session opening;
 - (2) Contract price after the resumption of trading in a particular issue which has been temporarily suspended pursuant to other rules of the Exchange;
3. The contract price mentioned in each item of the preceding paragraph shall be determined by complying with the classifications enumerated in the following items, through the competitions among offers (see Note 1 below), bids (see Note 2 below), or between offers and bids. Consequently, transactions shall be carried out by matching each order individually to such price with reference to the priority of orders as specified in Paragraph 2 of the preceding rule. However, in cases where the average value specified in Items 1 and 4 will not equal to a value of an integral multiple for the minimum fluctuation of bids and offers, the contract price shall be as provided in the following (i) and (ii):
- (i) If such average value is positive, the price shall be a value of an integral multiple of the highest and minimum fluctuation of bids and offers among values which are lower than such average value,
 - (ii) If such average value is negative, the price shall be a value of an integral multiple of the lowest and minimum value among values which are higher than such average value.
- (Note 1) Such offers shall be limited to limit orders; the same shall apply to this and the following paragraphs.
- (Note 2) Such bids shall be limited to limit orders; the same shall apply to this and the following paragraphs.

- (1) When all bids and offers are executed:
The average price between the highest offer and the lowest bid
 - (2) When all bids are executed but some offers are not:
The highest price of executed offers
 - (3) When all offers are executed, but some bids are not:
The lowest price of executed bids
 - (4) When some bids and offers are not executed:
The average of the prices provided in the following a and b:
 - a. The lower price, given the lowest executed bid and the lowest bid that is not executed
 - b. The highest price, given the highest executed offer and the highest bid that is not executed
4. In cases where the contract price is determined pursuant to the preceding paragraph, when the at-the-opening-orders for sales and purchases are conducted, and additionally, there are any of the prices in each of the following items, transactions shall be carried out by matching each order individually to a contract price at such value in accordance with the priority of orders; However, in cases where values enumerated in Item 2 will be the prices specified in Rule 15, Paragraph 7, such value shall be considered null and trading shall not be executed.
- (1) The contract price as specified in each item of the preceding paragraph
 - (2) In the case where there are no contract prices as specified in each of the items in the preceding paragraph, the average price of the highest bid and the lowest offer; provided, however, in cases where the average price will not be equal to an integral multiple of the minimum offer/bid unit, the price shall be as provided in the following (i) and (ii):
 - (i) If such average price is positive, the price shall be the highest and minimum fluctuation

of bids and offers of an integral multiple among values lower than such average value.

(ii) If such average price is negative, the price shall be the lowest and minimum fluctuation of bids and offers of an integral multiple among values higher than such average values.

(3) In cases where there are no contract prices as provided in the preceding two items, the price shall be determined by the Exchange.

5. At-the-opening-orders which are not executed according to the provisions of the preceding paragraph shall be limit orders after any value enumerated in each item of the preceding paragraph is determined; if there is not any value referenced in each item of the preceding paragraph, such orders shall be invalid.

6. For applying the provisions from Paragraph 2 to the preceding paragraph regarding strategy trading, from Paragraph 2 to the preceding paragraph "contract prices" shall be "strategy contract price", from Paragraphs 2 to 4 "offer" shall be "strategy offer", "bid" shall be "strategy bids", in Paragraphs 2, 3 and the preceding paragraph "prices" shall be "strategy prices", in Paragraphs 2 and 3, "Paragraph 2 of the preceding rule" shall be "Paragraph 2 of the same rule which is applied with the rewording pursuant to the provisions of Paragraph 3 of the preceding rule", and in Paragraph 4 "sales" shall be "strategy sale trading", "purchase" shall be "strategy purchase trading", and "Rule 15, Paragraph 7" shall be "Paragraph 7 of the same rule which is applied with the rewording pursuant to the provisions of Rule 15, Paragraph 8".

7. When strategy trading is executed, the contract price pertaining to individual securities options sale or purchase according to such combination shall be determined by the Exchange based on the strategy trading contract price.

Rule 14-2. (Cancellation of executed transactions)

1. In cases where the Exchange deems that conducting smooth settlement of executed transactions is extremely difficult and that such difficulty may disrupt the market significantly due to the placement of an erroneous order, the Exchange may cancel such executed transactions.

2. In cases where the executed transaction records in the trading systems of the Exchange have been lost due to natural disasters or other unavoidable reasons, and if the Exchange deems that the complete recovery of such lost data will be extremely difficult, the Exchange may cancel such executed transactions on a case-by-case basis.

3. When the Exchange cancels the executed transactions in accordance with the provisions of the above Paragraphs 1 and 2, such transactions shall be deemed to be nullified.

4. A trading participant shall not claim compensation for any damage or loss, if any, incurred by the cancellation of executed transactions by the Exchange in accordance with the provisions of the above Paragraph 1 against the trading participant who placed the erroneous order, provided, however, that the same shall not apply if it is deemed that the trading participant placed such an erroneous order intentionally or by gross negligence.

5. A trading participant shall not claim compensation against the Exchange for any damage or loss, if any, incurred by the cancellation of executed transactions by the Exchange in accordance

with the provisions of the above Paragraph 1 or 2; provided, however, that the same shall not apply if it is deemed that such damage or loss was caused by the Exchange intentionally or by gross negligence of the Exchange.

Rule 15. (Bids and offers)

1. A trading participant shall make a bid or offer when it is going to effect a transaction in the individual securities options contract. In this instance, the trading participant must clearly inform the Exchange of whether such bid or offer is made for the account of its customer or for its own account.

2. Bids and offers in the individual securities options contract shall be made through the trading participant’s terminal.

3. The minimum fluctuation of bids and offers in the individual securities options contract shall be as specified in the following items in accordance with bids and offers in individual securities options per underlying securities.

Price of bids and offers in individual securities options trading	Minimum fluctuation of bids and offers
Lower limit	
Less than 1,000 yen	0.5 yen
1,000 yen or more, but less than 3,000 yen	1 yen
3,000 yen or more, but less than 30,000 yen	5 yen
30,000 yen or more, but less than 50,000 yen	25 yen
50,000 yen or more, but less than 100,000 yen	50 yen
100,000 yen or more, but less than 1 million yen	500 yen
1 million yen or more	5,000 yen

4. For applying the provisions of the preceding paragraph to transactions in the individual securities options contract pertaining to the underlying security whose number of trading units is an odd number, “0.5 yen” shall be “1 yen” with respect to the minimum fluctuation of bids and offers in the case of bids and offers in individual options trading applicable to the underlying security less than 1,000 yen.

5. The minimum fluctuation of bids and offers in strategy trading shall be as specified in the following items in accordance with strategy prices of bids and offers in strategy trading per underlying securities.

Strategy price of bids and offers in strategy trading	Minimum fluctuation of bids and offers
Lower limit	

-1,000 yen or more, but less than 1,000 yen	0.5 yen
1,000 yen or more, but less than 3,000 yen, or -3,000 yen or more, but less than -1,000 yen	1 yen
3,000 yen or more, but less than 30,000 yen, or -30,000 yen or more, but less than -3000 yen	5 yen
30,000 yen or more, but less than 50,000 yen, or -50,000 yen or more, but less than -30,000 yen	25 yen
50,000 yen or more, but less than 100,000 yen, or -100,000yen or more, but less than 50,000 yen	50 yen
100,000 yen or more, but less than 1,000,000 yen, or -1,000,000 yen or more, but less than -100,000 yen	500 yen
1,000,000 yen or more, or less than -1,000,000 yen	5,000 yen

6. For applying the provisions of the preceding paragraph to strategy trading pertaining to the underlying security whose number of trading units is an odd number, "0.5 yen" shall be "1 yen" with respect to the minimum fluctuation of bids and offers applicable to strategy prices of -1,000 yen or more, but less than 1,000 yen.

7. No bids and offers shall be made beyond or below the limit of the price limits prescribed by the Exchange.

8. For applying the provisions of the preceding paragraph in strategy trading, "prices" shall be "strategy prices".

9. In addition to those prescribed in these special regulations, matters necessary for bids and offers in the individual options contract shall be prescribed by the Exchange separately.

Rule 15-2. (Implied-in)

For strategy trading types specified by the Exchange, the Exchange may handle orders which combine orders for securities options trading eligible for strategy trading as orders which match such strategy trading orders; provided, however, that the same shall not apply in cases where there was a malfunction in trading system operations, or other cases where the Exchange deems it necessary..

Rule 15-3. (Implied-out)

For strategy trading types specified by the Exchange, the Exchange may handle strategy trading orders as orders for individual securities options trading according to the order conditions of such strategy transactions or such individual securities options trading eligible for strategy trading; provided, however, that the same shall not apply in cases where there was a malfunction in trading system operations, or other cases where the Exchange deems it necessary.

Rule 15-4. (Request for quote)

1. In cases where a trading participant is going to conduct a transaction for individual securities options and the status of orders is not appropriate to carry out such transaction, such trading participant may request a quote for such individual securities options be displayed by another trading participant during auction trading (hereinafter referred to as "request for quote").
2. The Exchange may release notification regarding such quote's existence.
3. In cases where the Exchange deems a trading participant's request for quote inappropriate, it may halt the display of such quote.
4. In addition to the preceding three (3) paragraphs, any required matters relating to requests for quotes for individual securities options shall be determined separately by the Exchange.

Rule 16. (Unit of trading)

The minimum unit of trading in the individual securities options contract shall be one unit of an individual securities put option or individual securities call option.

Rule 17. (Public announcement of contract prices)

The Exchange shall, when a transaction has been executed in the individual securities options contract, publicly announce the contract price (see Note 1 below) pursuant to the provisions prescribed by the Exchange.

(Note 1) In the case of strategy trading, such contract price shall be the contract price of such strategy trading.

Rule 18. (Reporting and confirmation of transactions)

1. The Exchange shall, when a transaction has been executed in the individual securities options contract, immediately report the details of the transaction through the trading systems to the trading participants who placed a bid and offer.
2. A trading participant shall, when it has received a transaction report with respect to the individual securities options contract through the trading participant's terminal using the trading systems, immediately confirm the details of such transaction.

Rule 19. (Halt of trading)

The Exchange may halt the trading in individual securities options contract in the cases enumerated in each of the following items, in accordance with the provisions specified by the Exchange.

- (1) When trading in the underlying security is halted pursuant to Rule 29 of the Business Regulations or Rule 19 of the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning ToSTNet Transactions or when equivalent actions are taken in a financial instruments exchange market established by any domestic financial instruments exchange other than the Exchange.
- (2) When the Exchange deems there is, or is likely to be, abnormality in the situation of trading in the individual securities options contract, or deems inappropriate that the trading is continuously conducted for the administrative reasons; and
- (3) When the Exchange deems that it is difficult to conduct the trading due to the failures of

its trading systems.

Section 3 Trading of Underlying Securities Executed in Strategy Trading

Rule 20. (Effecting transactions of underlying securities through strategy trading)

Trading of underlying securities through strategy trading (see Note 1 below) shall be executed outside auction trading between parties concerned of such strategy trading in accordance with the provisions specified by the Exchange in cases where strategy offers and bids are matched and meet the conditions prescribed in Paragraph 4 of the same rule.

(Note 1) Such strategy trading shall be limited to transactions enumerated in Rule 8, Paragraph 1, Item 2; the same shall apply hereinafter.

2. For applying the Business Regulations pertaining to securities trading in the provisions of the preceding paragraph, this shall be regular transactions.

3. In addition to the preceding two (2) paragraphs, the Exchange shall set forth items necessary for trading of underlying securities which are executed in strategy trading.

Rules 21 through 29. Deleted

Section 4. Transactions for Error Correction etc.

Rule 30. (Transactions for error correction, etc.)

1. When a trading participant has, due to an error or other circumstances caused by a truly unavoidable reason, failed to execute its customer's order under his/her instruction in the market of the Exchange, the trading participant may, in accordance with the provisions prescribed by the Exchange and with prior approval from the Exchange, effect a principal sale or purchase pertaining to the said approval as a contra party outside auction trading at a price deemed appropriate by the Exchange.

2. Settlement pertaining to the sale or purchase in the preceding paragraph shall be executed on a day that is a settlement day if the customer's order to sell or buy is executed under the customer's instruction.

3. For applying the provisions of the preceding two (2) paragraphs on strategy trading, in the preceding two (2) paragraphs "sales" shall be "strategy sale trading" and "purchase" shall be "strategy purchase trading" and in Paragraph 1 "prices" shall be "strategy prices".

Section 5. Exercise

Rule 31. (Date of exercise, etc.)

1. The date of exercise of the individual securities options contract shall be the last trading day of each issue.

2. Notwithstanding the provisions of the preceding paragraph, in cases where the Exchange deems it necessary, the Exchange may change the date of exercise (meaning the date of exercise as prescribed in the preceding paragraph) of all or part of the issues.

3. With respect to trading in the underlying security resulting from exercise, the settlement shall be completed on the fourth day (see Note 1 below) after the date of exercise.

(Note 1) Such day shall be the third day if the date of exercise falls on the day immediately preceding the date of ex-dividend, etc. prescribed in Rule 25, Paragraph 1 of the Business Regulations that pertains to trading in underlying securities (limited to such date as relates to regular transactions), the date on which trading starts for stock after the reverse stock split as prescribed in Rule 25-2 of the same regulations, or the date equivalent thereto in a financial instruments exchange market established by any domestic financial instruments exchange other than the Exchange)

Rule 32. (Halt of exercise)

The Exchange may halt exercise of individual securities options with respect to all or part of the issues, in the event that trading in the individual securities options contract is halted or in cases where the Exchange deems it inappropriate to allow such exercise for the purpose of administration of transactions.

Rule 33. (Expiration of individual securities options)

An individual securities put option or individual securities call option shall expire at the time determined by the Exchange if no notice of exercise of such option has been given on the date of exercise.

Section 6. Give-Up

Rule 34. (Give-up)

1. A trading participant may conduct the give-up with respect to the transactions in the individual securities options contract (see Note 1 below) in accordance with the provisions of this section.

(Note 1) Such transactions shall include the transactions for the correction of errors, and excluding the new transactions resulted from the give-up; the same shall apply hereinafter in this section.

2. “Give-up” means that a trading participant makes a sale or purchase transaction in the individual securities options contract to be extinguished, and at the same time, a new sale or purchase transaction is created under the conditions identical to those of the give-up transaction and taken up by another trading participant under its name; provided, however, that if another trading participant is a “non-clearing participant” (see Note 2 below), such give-up transaction will be taken up by a “designated clearing participant” (see Note 3 below).

(Note 2) Such non-clearing participant means a non-clearing participant prescribed in the provisions of Rule 24-2, Paragraph 5 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 3) Such designated clearing participant means a designated clearing participant selected

and designated by a non-clearing participant for its own account in accordance with the provisions of Rule 24-4, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter.

3. An “executing trading participant” means a trading participant who effects a sale or purchase transaction in the individual securities options contract that is to be extinguished as a result of the completion of the give-up.

4. A “clearing trading participant” means another trading participant or a designated clearing participant designated by such another trading participant for its own account who takes up the newly created sale or purchase transaction in the individual securities options contract as a result of the completion of the give-up.

5. In addition to those prescribed in these special regulations, matters necessary for the give-up shall be prescribed by the Exchange separately.

Rule 35. (Give-up notification)

1. When an executing trading participant intends to give up its sale or purchase transaction in the individual securities options contract, it shall notify the Exchange of its intension of give-up, as well as the details of the transaction to be given up, the name of the clearing trading participant involved in such give-up, and other information specified by the Exchange by the time determined by the Exchange.

2. Upon receipt of the give-up notification from the executing trading participant in accordance with the provisions of the preceding paragraph, the Exchange shall immediately notify the relevant clearing trading participant of that effect.

Rule 36. (Take-up notification)

1. When a clearing trading participant receives the give-up notification from the Exchange in accordance with the provisions of Paragraph 2 of the preceding rule, it shall notify the Exchange of matters relevant to the give-up prescribed in each of the following items by the time determined by the Exchange.

- (1) Notification of approval, if the clearing trading participant accepts the give-up.
- (2) Notification of rejection, if the clearing trading participant does not accept the give-up.

2. If the Exchange does not receive any notification from the clearing trading participant in accordance with the provisions of the preceding paragraph by the time prescribed in the same paragraph, it shall be deemed that the Exchange has received the notification prescribed in the preceding Item (2).

3. When the Exchange receives the notification in accordance with the provisions of the preceding Paragraph 1 (see Note 1 below), the Exchange shall immediately notify the executing trading participant relevant to the give-up of that effect.

(Note 1) Such case shall include cases where the Exchange deems to receive the notification prescribed in the Item (2) of the preceding Paragraph 1 in accordance with the provisions of the preceding paragraph.

Rule 37. (Completion of give-up)

When the Exchange receives the notification prescribed in the Item (1) of the Paragraph 1 of the preceding rule, the give-up shall be effected.

Sections 7 through 9 Deleted

Rules 38 through 42 Deleted

Section 10. Miscellaneous Provisions

Rule 43. (Delisting, etc.)

1. An individual securities option shall be delisted on the day determined by the Exchange in cases where its underlying security is delisted by all of the domestic financial instruments exchanges.

2. An individual securities option on the same underlying security shall be delisted on the day determined by the Exchange in cases where no individual securities options contract pertaining to such individual securities option has been executed for the one-year period ending on March 31 every year, if the Exchange deems it unnecessary to continue the listing of such individual securities option.

3. Notwithstanding the provisions of Rule 6, in applying the provisions of the preceding two paragraphs, contract months of the individual securities options contract pertaining to such individual securities option (see Note 1 below) and the number thereof shall be determined separately by the Exchange.

(Note 1) Such individual securities option shall include transactions for the correction of errors; the same shall apply hereinafter through Rule 46.

4. Notwithstanding the provisions of Rule 6, in cases where the issuer of an underlying security in the individual securities options contract undertakes a shareholder-directed spin-off, contract months of the individual securities options contract pertaining to an individual securities option on such underlying security and the number thereof shall be determined separately by the Exchange.

Rule 44. (Restriction on transactions for trading participant's own account and reporting of block positions)

1. A trading participant intending to execute an individual securities options contract pertaining to an individual securities option on the same underlying security may not execute a sale, or purchase to initiate a new position or a sale for offset (see Note 1 below) or a purchase for offset (see Note 2 below) that will cause the amount described in each of the following items for the trading participant's own account to exceed the upper limit prescribed in Paragraph 3. In such case, if the individual securities option on such underlying security is a subject of the individual securities options contract traded in a financial instruments exchange market established by any domestic financial instruments exchange other than the Exchange, the amount of the position pertaining to such individual securities options contract shall be included in the amount described

in each of the following items.

(Note 1) Such sale for offset means transactions for offsetting for an amount pertaining to execution of purchase (hereinafter referred to as "long positions") in the amount (hereinafter referred to as "positions") for which the settlement with respect to exercise for each issue has not been completed (hereinafter referred to as "unsettled contract"); the same shall apply hereinafter.

(Note 2) Such purchase for offset means transactions for offsetting for an amount pertaining to execution of sale in the positions for each issue (hereinafter referred to as "short positions"); the same shall apply hereinafter.

- (1) The difference in the amount between the short position and the long position in individual securities put options;
- (2) The difference in the amount between the short position and the long position in individual securities call options; or
- (3) The sum of the difference specified in Item (1) and the difference specified in Item (2), if, with respect to either one of the differences enumerated in the preceding two items, the quantity of the short position exceeds that of the long position while, with respect to the other items, the quantity of the long position exceeds that of the short position.

2. Notwithstanding the provisions of each item of the preceding paragraph, the amount enumerated in each of the following items shall be deducted from the amount prescribed in each of the items of the preceding paragraph if the conditions described in each of the following items are met.

- (1) All or part of the amount prescribed in each of the items of the preceding paragraph if it is judged by the Exchange that the potential risk with respect to such amount arising from changes in the price of such underlying security is eliminated or reduced under the circumstances in which the trading participant holds such underlying security or in other circumstances; and
- (2) The amount of positions pertaining to a sale or purchase transaction in the individual securities options contract pertaining to an individual securities option on such underlying security, if execution of such sale or purchase transaction was deemed necessary in order to execute a customer's order.

3. The upper limit prescribed in Paragraph 1 shall be trading units (see Note 3 below) constituting a number of securities equivalent to 1% (see Note 4 below) of the number of listed shares of the underlying security as of the base date (see Note 5 below) or the equivalent number in a financial instruments exchange market established by any domestic financial instruments exchange other than the Exchange, and such upper limit shall be, in principle, effective for a period of one year starting on the base date or a later date determined from time to time by the Exchange.

(Note 3) The resulting figures less than 100 units shall be rounded down.

(Note 4) Such percentage shall be 0.7% for underlying securities whose total annual trading volume in the market of the Exchange and in financial instruments exchange markets established by any domestic financial instruments exchange other than the Exchange for a period of one year ending on March 31 (hereinafter in this paragraph referred to as the "base date") (or an amount determined by the Exchange on a case-by-case basis in

consideration of the recent trading volume of the underlying security if the listing date of the underlying security is later than the corresponding date of the base date in the previous year) is less than 10% of the number of listed securities or an equivalent number in a financial instruments exchange market established by any domestic financial instruments exchange other than the Exchange.

(Note 5) If the listing date of the underlying security is later than the base date, the number of listed shares as of the date determined by the Exchange on a case-by-case basis shall be used.

4. Notwithstanding the provisions of the preceding paragraph, in cases where the Exchange deems it necessary in view of the circumstances in which there was a change in the position pursuant to the business rules of Japan Securities Clearing Corporation (see Note 6 below), the current status of trading in the underlying security, etc., the Exchange may determine the upper limit on a case-by-case basis in consideration of the number of listed shares of the underlying security, trading units, and other matters.

(Note 6) Japan Securities Clearing Corporation shall be referred to as the "Clearing Corporation" hereinafter.

5. In cases where the amount prescribed in each item of Paragraph 1 (see Note 7 below) for a trading participant's own account or such amount based on orders accepted from a customer reached or exceeded the amount determined by the Exchange as the amount subject to reporting, the trading participant shall report the details of the amount to the Exchange in accordance with the provisions prescribed by the Exchange.

(Note 7) Such amount shall be the amount calculated by deducting the amount prescribed in Item (1) of Paragraph 2 if the conditions prescribed therein are met; the same shall apply hereinafter in this paragraph.

Rule 45. Deleted

Rule 46. (Reporting to customers concerning individual securities options contracts)

1. A trading participant shall every month send to its customer who has an unsettled individual securities options contract on his/her account a report concerning such individual securities options contract; provided, however, that the same shall not apply in such case where a customer is a financial instruments firm as a member of the Japan Securities Dealers Association.

2. The report prescribed in the provisions of the preceding paragraph shall state the underlying security, whether it pertains to an individual securities put option or call option, the contract month, the exercise price, amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit, whether it is a sale or purchase, the amount of contract, the contract price, the execution date, the last trading day of the contract month, and the date of exercise of the contract month.

3. A trading participant may, instead of sending a report pursuant to the provisions of the preceding Paragraph 1, provide its customer with the matters that must be included in the report through the electromagnetic means. This "electromagnetic means" means the use of electronic

information processing facilities or any other communications technologies prescribed in Article 56 of the Cabinet Office Ordinance on the Financial Instruments Business (Cabinet Office Ordinance No. 52 in 2007), excluding Paragraph 1, Item 1 (d), Paragraph 2, Item 3 (b) and Item 4; in addition, the term “the transaction described has been executed at the last stage” prescribed in Paragraph 2, Item 3, shall be “the transaction described has been recorded” (The same shall apply hereinafter in this paragraph and the next paragraph.) Note, however, that it is required to explain the use of such electromagnetic means including its type and particulars to the customer in advance and obtain the customer’s approval in writing or through the electromagnetic means. In this instance, it shall be considered that the trading participant has sent the report.

4. The trading participant who obtained an approval in accordance with the provisions of the preceding paragraph shall not provide the customer with the matters that must be included in the report through the electromagnetic means, if the customer has instructed in writing or through the electromagnetic means not to send such information using any electromagnetic means; provided, however, that the same shall not apply if the customer gives another approval in accordance with the provisions of the preceding paragraph.

Rule 47. (Assignment of exercise and notification thereof to customer)

1. In cases where a trading participant receives notice, pursuant to the method of conducting business adopted by the Clearing Corporation, concerning the assignment of exercise with respect to a position based on the order accepted from a customer, the trading participant shall assign the exercise to the customer immediately in accordance with a method determined in advance.

2. In case of the assignment prescribed in the preceding paragraph, the trading participant shall notify the customer promptly of the issue and the amount pertaining to the assignment.

Rule 48. (Regulatory actions concerning trading in individual securities options contract in the Exchange market or acceptance of customer’s orders therefor)

In the event that the Exchange deems that the trading in the individual securities options contract in the market of the Exchange is, or is likely to be, in an unusual situation, the Exchange may take any necessary action(s) of the regulatory actions prescribed by the Exchange in its order rules, with respect to the trading in the individual securities options contract in the market of the Exchange or acceptance of customers’ orders therefor.

Rule 49. (Purchase for a trading participant’s own account during takeover bid period)

The purchase transactions, etc., permitted by regulations prescribed by each financial instruments exchange for the purpose of smooth trading of securities, as prescribed in Article 12, Item (2) and Article 14-3-7, Item (5) of the Enforcement Order of the Financial Instruments and Exchange Law (Cabinet Order No. 321, 1965), as applicable to the market of the Exchange, shall be purchase transactions in individual securities call options prescribed in each of the following items:

- (1) Purchase transactions for error correction, etc. executed pursuant to the provisions of Rule 30; and
- (2) Purchase transactions, etc., arising from an error in executing a customer’s order if it is deemed by the Exchange that such transaction occurred in truly unavoidable circumstances.

Rule 50. Deleted

Rule 51. Deleted

Rule 52. (Method of trading etc. in individual securities options contract in the Exchange market)

1. A trading participant shall effect the trading in the individual securities options contract in the market of the Exchange by using the trading participant's terminals or otherwise deemed appropriate by the Exchange.

2. Trading participants must comply with the interface specifications and other matters specified by the Exchange with regard to the connections between trading participant terminals and the trading systems.

3. A trading participant shall report matters with respect to its terminals to the Exchange in accordance with the provisions prescribed by the Exchange as well as cooperate with the Exchange to ensure and maintain the stability of the trading system.

4. A trading participant shall, from among its executives in charge of, or employees responsible for its trading operations in the individual securities options contract in the market of the Exchange, appoint a responsible person who supervises such trading operations and handles other matters relevant thereto, and file with the Exchange to that effect in advance of his/her assuming the position; provided, however, that if the Exchange determines that an additional responsible person is required to handle the specific part of the trading operations in the individual securities options contract, a trading participant shall appoint a responsible person who carries such specific part of operations on behalf of the person responsible for the trading operations in the individual securities options contract, and file with the Exchange to that effect in advance of his/her assuming the position.

Rules 53 through 55. Deleted

Rule 56. (Emergency measures in case of trading system malfunctions)

1. In the event that trading system malfunctions take place, and if the Exchange deems it necessary, the trading in the individual securities options contract may be executed temporarily by other means than the trading systems.

2. A trading participant that finds it difficult to make bids and offers due to any trading system malfunctions or other unavoidable circumstances (see Note 1 below) may make bids and offers through other trading participant(s) (see Note 2 below) with a prior approval of such other trading participant(s) and the Exchange. In this instance, when a transaction in the individual securities options contract has been executed at a bid or an offer so made, such trading participant affected by system malfunctions and such acting trading participant(s) shall notify the Exchange of particulars of this transaction in accordance with the provisions prescribed by the Exchange.

(Note 1) Such trading participant shall be hereinafter referred to as "affected trading participant".

(Note 2) Such trading participant shall be hereinafter referred to as "acting trading participant(s)".

3. Matters necessary for the trading in the individual securities options contract pursuant to the provisions of the preceding two paragraphs shall be determined by the Exchange on a case-by-case basis.

Rule 57. (Scope exception of Business Regulations)

The provisions of Rule 9 of the Business Regulations shall not apply to trading in the underlying security resulting from exercise with respect to the individual securities options contract.

Rule 58. (Rewording of Business Regulations)

In applying the provisions of Rule 76 and Rule 77-2 of the Business Regulations to the individual securities options contract, the term “trading participant” shall be “trading participant meaning a General Trading Participant prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations or an Individual Securities Options Trading Participant prescribed in the same rule, Paragraph 5.”

CHAPTER 3

Special Regulations of Margin/Loan Trading Regulations

Rule 59. (Loan trading arising from exercise)

Notwithstanding the provisions of Rule 11 of the Margin/Loan Trading Regulations, a general trading participant may execute loan trading as prescribed in Rule 1, Paragraph 1 of the Margin/Loan Trading Regulations for the purpose of completing the settlement (see Note 1 below) pertaining to trading (see Note 2 below) in the underlying security (see Note 3 below) resulting from exercise pertaining to the individual securities options contract and underlying securities trading executed in strategy trading (see Note 4 below).

(Note 1) Such settlement excludes payment/receipt of money prescribed in Rule 25, Paragraph 1, Item 1, Sub-item b and Item 2 of the Clearing/Settlement Regulations or Rule 55, Paragraph 1, Item 1, Sub-item b and Item 2 of the business rules prescribed by the Clearing Corporation if the exercise in question pertains to an individual securities options contract pertaining to individual securities options prescribed in Rule 4, Paragraph 2.

(Note 2) Such trading shall be limited to transactions based on system margin trading (meaning such trading as prescribed in Rule 2, Paragraph 1 of the Margin/Loan Trading Regulations) or pertaining to margin sale or margin purchase for the trading participant’s own account.

(Note 3) Such underlying security shall be limited to securities that are designated as loan issues pursuant to Rule 10, Paragraph 1 of the Margin/Loan Trading Regulations.

(Note 4) Such strategy trading shall be limited to trading enumerated in Rule 8, Paragraph 1, Item 2; the same shall apply in the next rule.

Rule 59-2. (Deadline for the settlement of margin sale or margin purchase for the trading participant’s own account arising from exercise, etc.)

1. A general trading participant who executed trading in the underlying security pertaining to margin sale or margin purchase for the trading participant’s own account (see Note 1 below) shall complete the settlement for such sale or purchase by the third day (see Note 2 below) after the corresponding date (see Note 3 below) in the sixth month of the day following the date of exercise (see Note 4 below).

(Note 1) Such trading shall be limited to trading executed by exercise of individual securities options.

(Note 2) Such day shall exclude holidays; the same shall apply hereinafter in terms of counting the number of days.

(Note 3) Such date shall be the last day of the month if there is no such corresponding date; to be moved backward if such day falls on a holiday; the same shall apply hereinafter.

(Note 4) Such day shall be the date of exercise if such day falls on a day immediately preceding the ex-dividend, etc. date prescribed in each item of Rule 25, Paragraph 1 of the Business Regulations that pertains to trading in the underlying securities, the date on which trading starts for stock after the reverse stock split prescribed in Rule 25-2 of the same regulations or a date equivalent thereto.

2. In cases where a general trading participant conducted trading in the underlying security pertaining to margin sale or margin purchase for the trading participant's own account (limited to transactions executed in strategy trading), it shall complete the settlement for such margin sale or purchase by the fourth day from the day of the sixth month after the date of trading.

Rule 60. (Rewording of Margin/Loan Trading Regulations)

In applying the provisions of Rule 3, Rules 5 through 7, and Rule 14 of the Margin/Loan Trading Regulations to the individual securities options contract, the term "trading participant" shall be "trading participant meaning a General Trading Participant prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations or an Individual Securities Options Trading Participant prescribed in the same rule, Paragraph 5" and the term "These rules (excluding Rule 12)" in Rule 14 thereof shall be "Provisions of Rule 3 and Rules 5 through 7."

CHAPTER 4

Special Regulations of Brokerage Agreement Standards

Section 1. Order Acceptance for Individual Securities Options Contract

Rule 61. (Submission of agreement for establishment of Futures/Options Trading Account)

1. A customer who wishes to entrust a transaction in the individual securities options contract to a trading participant shall establish a Futures/Options Trading Account with such trading participant.

2. Notwithstanding the provisions of the preceding paragraph, in the case of a transaction in the individual securities options contract pertaining to the give-up, a customer who wishes to entrust such transaction to an executing trading participant shall establish a Futures/Options Trading Account with the executing trading participant, and a customer who wishes to entrust such transaction to a clearing trading participant shall establish such an account with the clearing trading participant, respectively.

3. A customer who wishes to establish a Futures/Options Trading Account shall file an application therefor with a trading participant and obtain its approval.

4. A customer who has obtained an approval of the trading participant with respect to the application mentioned in the preceding paragraph shall fill in the prescribed items of the Agreement for Establishment of Futures/Options Trading Account on the specific form designated by the Exchange, affix his/her signature or put his/her seal on it, and submit it to the trading participant.

5. A customer may, instead of the submission of the agreement form prescribed in the preceding paragraph, notify the trading participant of the acceptance of the agreement through the electromagnetic means, if the trading participant explains the customer the type and particulars of such electromagnetic means (see Note 1 below) and the customer accepts the use of such electromagnetic means and gives its approval to the trading participant in writing or through the electromagnetic means. In this instance, it shall be considered that the customer has submitted the agreement form to the trading participant.

(Note 1) Such electromagnetic means refers to the use of electronic information processing facilities or any other communications technologies as prescribed in Article 57-3 of the Cabinet Office Ordinance on the Financial Instruments Business; the same shall apply hereinafter.

6. A trading participant who obtained the customer's approval in writing or through the electromagnetic means prescribed in the preceding paragraph may not accept the notification of the acceptance of the agreement prescribed in the preceding paragraph through the electromagnetic means, if the customer has notified in writing or through the electromagnetic means that it will not use the electromagnetic means; provided, however, that the same shall not apply in the case that the customer gives another approval with respect to the use of electromagnetic means.

Rule 61-2. (Conclusion of give-up agreement)

1. In the event that a customer wishes to entrust a transaction in the individual securities options contract pertaining to the give-up, the customer shall execute the give-up agreement with the executing trading participant and the clearing trading participant.

2. The matters prescribed in the following items shall be agreed to in the give-up agreement prescribed in the preceding paragraph.

- (1) Fees for the give-up transaction, the payee, and the method of payment.
- (2) Handling of cases when the give-up fails to be executed.

3. Notwithstanding the provisions of the preceding Paragraph 1, when a customer wishes to entrust a transaction in the individual securities options contract pertaining to the give-up, and if the customer is an applicant's agent (see Note 1 below), the give-up agreement shall be finalized among the customer, the applicant who applies for the entrustment to the agent, and the clearing trading participant involved in the give-up in accordance with the agreement prescribed in the preceding Paragraphs 1 and 2.

(Note 1) Such customer means that the customer who entrusts the give-up transaction to the executing trading participant is an agent such as a financial instrument firm or a foreign securities company, and the entrustment of the give-up transaction was made through the agent by the applicant; the same shall apply in the following paragraph.

4. Notwithstanding the preceding Paragraphs 1 and 3, when a customer of the executing trading participant wishes to entrust a transaction in the individual securities options contract pertaining to the give-up, and if a customer of the clearing trading participant is a clearing agent (see Note 2 below), the give-up agreement shall be finalized among the customer of the clearing

trading participant, the executing trading participant (see Note 3 below), and the customer of the executing trading participant in accordance with the agreement prescribed in the preceding Paragraphs 1 and 2.

(Note 2) Such customer means that the customer who entrusts the clearing of the give-up transaction to the clearing trading participant is a broker such as a financial instrument firm or a foreign securities company, and the entrustment of clearing the give-up transaction was made through the agent by the applicant; the same shall apply hereinafter.

(Note 3) Such executing trading participant shall be the applicant, if the applicant applies for entrustment of the give-up transaction to an agent, that is, the customer of the executing trading participant.

5. Upon conclusion of the give-up agreement in accordance with the provisions of Paragraphs 1, 3 or 4, the executing trading participant or the clearing trading participant shall be entitled to the entrustment of the transaction in the individual securities options contract pertaining to the give-up.

Rule 61-3 (Delivery of disclosure material to U.S. customers)

1. A trading participant intending to accept orders in the individual securities options contract from a customer residing in the United States of America shall deliver in advance to such customer a document as prescribed by the Exchange describing certain matters deemed necessary by the Exchange concerning the individual securities options contract, including but not limited to, characteristics of the contract and contract specification.

2. In the case described in the preceding paragraph, such trading participant shall receive in advance from such customer a confirmation document as prescribed by the Exchange describing certain matters deemed necessary by the Exchange.

Rule 62. (Notification matters by customers)

In the event that a customer entrusts a transaction in the individual securities options contract, the customer shall make prior notification concerning matters prescribed in the following items to its trading participant.

- (1) Personal or business name;
- (2) Address or office location;
- (3) Name of the place designated to receive communications, if such place has been designated; and
- (4) In the case that an agent has been appointed, the personal or business name and the address or office location thereof and powers assigned thereto.

Rule 63. (Instructions at the time of entrustment)

1. When a customer entrusts a sale or purchase of an individual securities put option or individual securities call option, the customer shall give the instructions prescribed in each of the following items to its trading participant:

- (1) Underlying security;
- (2) Whether the transaction pertains to an individual securities put option or individual securities call option;

- (3) Contract month;
- (4) Exercise price;
- (5) Amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit if there are more than one issues that have the same attributes in terms of the information prescribed in the preceding four items;
- (6) Whether it is a sale or purchase to initiate a new position, or a sale for offset or purchase for offset;
- (7) When conducting such entrustment through strategy trading, such fact;
- (8) Contract amount;
- (9) Limit of the price (limit of strategy prices in the case of strategy trading);
- (10) Type of orders;
- (11) When placing conditions on the order, such conditions;
- (12) Trading session; and
- (13) Effective period of an entrusted order.

2. Notwithstanding the provisions of the preceding paragraph, a customer may not need to give the instruction prescribed in Item (6) of the same paragraph, if its trading participant agreed to effect transactions in accordance with the procedures instructed by the customer in advance. In this instance, the trading participant shall effect transactions in accordance with the procedures instructed by the customer pertaining to the relevant matters.

3. Notwithstanding the provisions prescribed in the preceding Paragraph 1, a customer may, with the prior consent of its trading participant, give the instruction prescribed in Item (6) of the same paragraph by the time designated by its trading participant but not later than the ending time of 4:30 p.m. of the trading day on which the contract was executed. In this instance, if the customer fails to give any instruction pertaining to the relevant matters by the time designated by its trading participant, it shall be deemed that the customer has given an instruction for a new sale or purchase order.

Rule 63-2. (Instructions at the time of entrustment relevant to give-up, etc.)

1. Notwithstanding the provisions of the preceding rule, whenever a customer entrusts a transaction in the individual securities options contract pertaining to the give-up, the customer shall give the instructions prescribed in each of the following items in addition to the instructions prescribed in each item (except Item 6) of Paragraph 1 of the same rule to its executing trading participant.

- (1) The transaction in the individual securities options contract pertains to the give-up;
- (2) Name of the clearing trading participant involved in the give-up; and
- (3) Matters required for the clearing trading participant to confirm which customer will take up a new individual securities options transaction of sale or purchase as a result of the completion of the give-up.

2. Notwithstanding the provisions prescribed in the preceding paragraph, a customer may, with the prior consent of its executing trading participant, give the instruction prescribed in each item of the same paragraph by the time designated by its executing trading participant but not later than the ending time of 4:00 p.m. of the trading day on which the contract pertaining to the give-up was executed.

Rule 63-3. (Validity of orders placed by customers at resumption of halted trading)

An order placed by a customer shall remain valid during the effective period instructed by the customer in accordance with the provisions prescribed in the preceding Rules 63 and 63-2, even in the event that the Exchange has halted trading in the individual securities options contract; provided, however, that the same shall not apply when the customer has given an instruction that such order should cease to be valid in the case of trading halt.

Rule 63-4. (Validity of entrustment at the completion of give-up)

In the event that the give-up of the sale or purchase transaction in the individual securities options contract has finalized, the entrustment agreement between the customer and the executing trading participant pertaining to such transaction shall be terminated. At the same time, a new entrustment agreement for the settlement shall come into force between the customer and the clearing trading participant pertaining to a new sale or purchase transaction in the individual securities options contract as a result of the completion of the give-up.

Rule 63-5. (Instructions on sale or purchase for offset at the completion of give-up)

1. Notwithstanding the provisions prescribed in preceding Rule 63, in the event that the give-up of the sale or purchase transaction in the individual securities options contract has finalized, the relevant customer may give an instruction prescribed in Paragraph 1, Item (6) of the same rule pertaining to a new sale or purchase transaction as a result of the completion of the give-up to the relevant clearing trading participant. This instruction should be given by the time designated by the clearing trading participant but not later than the ending time of 4:30 p.m. of the trading day on which the contract pertaining to the give-up was executed. In this instance, if the customer fails to give any instruction pertaining to the relevant matters by the designated time, it shall be deemed that the customer has given an instruction for a new sale or purchase order.

2. The provisions prescribed in the preceding Paragraph 2 of Rule 63 shall apply mutatis mutandis to the instructions prescribed in Paragraph 1, Item (6) of the same rule pertaining to the new transaction in the individual securities options contract as a result of the completion of the give-up.

Rule 63-6. Instructions in the case of entrusting strategy trading

Notwithstanding the provisions of Rule 6, Paragraph 1 of the Brokerage Agreement Standards, a customer shall notify matters enumerated in each of the following items of trading participants on a case-by-case basis in cases where such customer entrusts trading of underlying securities through strategy trading (see Note 1 below).

(Note 1) Such strategy trading shall be limited to trading referenced in Rule 8, Paragraph 1, Item 2.

- (1) Classification of sales or purchases;
- (2) Prices;
- (3) Delta values;
- (4) When conducting such entrustment through strategy trading, such fact;
- (5) When making repayment for repurchase consideration or sold securities on loan through margin trading, such fact; and
- (6) In cases where a customer is a broker (see Note 2 below) and accepts commissioning of trading entrustment pertaining to margin trading, such fact; and

- (Note 2) In cases where a customer who entrusts securities trading to a trading participant is a financial instrument firm and such entrustment is made by commissioning securities trading entrustment to trading participants, this means such customer; the same shall apply hereinafter.
- (7) In cases where a customer is a broker and accepts commissioning of trading pertaining to repayment of purchase consideration or sold securities on loan through margin trading, such fact.

2. In cases where a customer holding a margin trading account did not give instructions described in Item 4 of the preceding paragraph regarding entrustment of securities trading pursuant to the provisions of the preceding paragraph, such trading may not be conducted through margin trading.

Section 2. Margin, etc.

Rule 64. (Margin)

Matters with respect to margin shall be subject to the Rules on Margin and Transfer of Unsettled Contracts Pertaining to Futures/Options Contract prescribed by the Exchange (hereinafter referred to as “Margin Rules”).

Rules 65 through 70 Deleted

Rule 71. (Payment of trading price)

With respect to an order for purchase of the individual securities options contract, a customer shall pay to the trading participant the trading price pertaining to such purchase by the time and date designated by the trading participant but not later than the day following the trading day on which the purchase transaction was executed; provided, however, that if the customer is a “non-resident” (see Note 1 below), the payment shall be made by the time and date designated by the trading participant but not later than the second day after such trading day.

(Note 1) Such non-residents means a non-resident prescribed in Article 6, Paragraph 1, Item (6) of the Foreign Exchange and Foreign Trade Law under the Law No. 228 in 1949.

Rule 71-2. (Appropriation of margin to payment for settlement)

A trading participant may appropriate the amount of money deposited therewith by a customer as of the day on which the customer should make payment to the trading participant for the settlement or the amount of money equivalent to the customer’s unrealized gain prescribed in the Margin Rules to the payment that should be made by the customer to the trading participant pursuant to the provisions of the preceding rule.

Section 3. Exercise by Customers, etc.

Rule 72. (Instructions at the time of exercise)

1. When a customer entrusts an exercise in the individual securities options contract, the customer shall give the instructions on the amount pertaining the exercise for each issue to its trading participant by 4:00 p.m. of the date of exercise.

2. With respect to issues meeting any of the conditions prescribed in each of the following items as of the date of exercise, it shall be deemed that the instructions prescribed in the preceding paragraph were given on that day even if such instructions were not given by the time

prescribed in the same paragraph; provided, however, that the same shall not apply when the customer has given an instruction that he/she will not exercise the option pertaining to such issue by the said deadline.

- (1) An individual securities put option whose exercise price is higher than the option settlement price (meaning the option settlement price prescribed in the business rules of the Clearing Corporation; the same shall apply hereinafter); and
- (2) An individual securities call option whose exercise price is lower than the option settlement price.

3. If it is determined by the Exchange that it is inappropriate to deem that instructions on exercise were given pursuant to the provision of the main clause of the preceding paragraph due to any failures in operation of the trading systems or other unavoidable circumstances, such provision shall not apply.

Rule 73. (Deadline for settlement by delivery by customer)

1. With respect to trading in the underlying security resulting from exercise based on the instructions prescribed in Paragraph 1 of the preceding rule or resulting from the assignment of exercise pertaining to an individual securities options contract, the settlement shall be completed by delivering the sold security or the purchase consideration pertaining to the transaction in the underlying security executed by such exercise to the trading participant by 9:00 a.m. of the fourth day (see Note 1 below) after the date of exercise. In applying the Brokerage Agreement Standards to trading in the underlying security executed by such exercise, it shall be deemed that the customer has placed a sale or purchase order for a regular transaction in the underlying security and the contract pertaining to such entrustment has been executed.

(Note 1) Such day shall be the third day if the day of exercise falls on the day immediately preceding the ex-dividend, etc. date prescribed in Rule 25, Paragraph 1 of the Business Regulations that pertains to the trading in the underlying security or the date on which trading starts for stock after the reverse stock split prescribed in Rule 25-2 of the same regulations.

2. Notwithstanding the provisions of the preceding paragraph, if, in accepting the entrustment of exercise or assigning exercise, the trading participant separately designates another due date before the deadline determined by the Clearing Corporation, such customer shall deliver the sold security or the purchase consideration to the trading participant by that date.

Rule 73-2 (Delivery by customer using DVP Settlement)

1. With respect to trading in the underlying security resulting from exercise based on the instructions prescribed in Paragraph 1 of Rule 72 or resulting from the assignment of exercise pertaining to an individual securities options contract, in using DVP settlement as prescribed in the Business Rules of JASDEC DVP Clearing Corporation (see Note 1 below) based on an agreement between the customer and the trading participant, the customer shall deliver the required security or pay the required money to the DVP Clearing Corporation by the time determined by the DVP Clearing Corporation on the date prescribed in Paragraph 1 of the preceding rule (see Note 2 below).

(Note 1) "JASDEC DVP Clearing Corporation" shall be hereinafter referred to as the "DVP Clearing Corporation".

(Note 2) The delivery of securities shall be made by any time before the settlement deadline determined by the Clearing Corporation and specified by the trading participant in reaching the said agreement.

2. In cases where a customer has delivered the stock certificates or has paid the money pursuant to the provisions of the preceding paragraph, such delivery of securities or payment of money shall be deemed to be the delivery of the sold securities or the purchase consideration prescribed in Paragraph 1 of the preceding rule.

Rule 74. (Special rules applicable to securities or money delivered for settlement)

1. In cases where the issue with respect to which a customer entrusted exercise pertaining to the individual securities options contract or he/she was assigned exercise is an issue whose amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit is not the trading unit of the underlying security, the money or security to be delivered to the trading participant by the customer for the settlement of trading in the underlying security executed by the instructions for the entrustment of exercise in the individual securities options contract or by the assignment of exercise pertaining to such issue shall be as specified in each of the following items for each category prescribed therein.

(1) In cases where amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit exceeds the trading unit of the underlying security, a purchasing customer pertaining to the trading in the underlying security resulting from exercise shall deliver the purchase consideration prescribed in (a) and a selling customer pertaining to such trading shall deliver the money prescribed in (b) and the security prescribed in (c).

a. Purchase consideration pertaining to trading in the underlying security resulting from exercise (see Note 1 below)

(Note 1) Such purchase consideration shall be equivalent to the amount calculated by multiplying the product of the amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit and the applicable exercise price (provided, however, that the resulting figures less than 1 yen shall be rounded down) by the number of the individual securities options pertaining to such exercise; the same shall apply in the next item.

b. Amount of money equivalent to the amount calculated by multiplying the product of the difference between the amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit and the integral multiple of the trading unit of the underlying security if such difference is less than the trading unit (see Note 2 below) and the option settlement price (see Note 3 below) by the number of the individual securities options pertaining to such exercise.

(Note 2) Such amount shall be hereinafter in this rule referred to as “amount less than the trading unit”.

(Note 3) The resulting figures less than 1 yen shall be rounded down; the same shall apply in the next item.

c. Securities in the number calculated by multiplying the difference between the amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit and the amount less than the trading unit by the number of the individual

securities options pertaining to such exercise.

- (2) In cases where amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit is less than the trading unit of the underlying security, a purchasing customer pertaining to the trading in the underlying security resulting from exercise shall deliver the purchase consideration prescribed in (a) and a selling customer pertaining to such trading shall deliver the money prescribed in (b).
 - a. Purchase consideration pertaining to trading in the underlying security resulting from exercise.
 - b. Amount of money equivalent to the amount calculated by multiplying the product of the amount pertaining to trading in the underlying security executed by exercise in the minimum exercise unit and the option settlement price by the number of the individual securities options pertaining to such exercise.

2. With respect to the payment/receipt of the money prescribed in the provisions of the preceding paragraph between the customer and the trading participant, the amount to be paid/received shall be equivalent to the difference between the purchase consideration prescribed in Item (1)(a) of the preceding paragraph and the money prescribed in Item (1)(b) thereof or the difference between the purchase consideration prescribed in Item (2)(a) of the preceding paragraph and the money prescribed in Item (2)(b) thereof.

Rule 75. (Extension of credit by a trading participant to a customer for exercise)

1. A customer intending to accept an extension of credit by a trading participant for the settlement (see Note 1 below) of trading in the underlying security (see Note 2 below) executed by the instructions for the entrustment of exercise in the individual securities options contract or by the assignment of exercise shall open a margin transaction account in advance pursuant to Rule 5 of the Brokerage Agreement Standards.

(Note 1) Such settlement shall be limited to that pertaining to securities in the number prescribed in Paragraph 1, Item 1(c) of the preceding rule if the exercise in question pertains to the individual securities options contract prescribed in Paragraph 1 of the preceding rule.

(Note 2) Such underlying security shall be limited to those issues that are eligible for margin trading; the same shall apply hereinafter in this rule.

2. If a customer who has opened a margin transaction account with a trading participant notifies the trading participant of his/her intention to execute the trading in the underlying security executed by exercise or assignment of exercise through margin trading by the day following the date of exercise (see Note 3 below) by indicating whether the customer intends to execute system margin trading or general margin trading, a sale or purchase transaction in the underlying security shall be executed through margin trading on the day following the date of exercise.

(Note 3) Such date shall be the exercise date if the date of exercise falls on the day immediately preceding the ex-dividend, etc. date prescribed in Rule 25, Paragraph 1 of the Business Regulations that pertains to the trading in the underlying security or the date on which trading starts for stock after the reverse stock split prescribed in Rule 25-2 of the same regulations; the same shall apply hereinafter in this paragraph.

3. In the case prescribed in the preceding paragraph, if the deposited margin as prescribed in Rule 30, Paragraph 1 of the Margin Rules exceeds the required margin of the customer (see Note 4 below) as prescribed in margin regulations prescribed by the Clearing Corporation based on the provisions of its Business Rules, notwithstanding the provisions of Rule 33, Paragraph 1 of the Margin Rules, the customer may withdraw such excess amount (see Note 5 below) and appropriate it to the margin for margin transaction required to be deposited by the customer pursuant to Rule 39 of the Brokerage Agreement Standards.

(Note 4) Such required margin shall exclude the amount pertaining to the exercise.

(Note 5) Such excess amount shall be limited to the excess cash amount as prescribed in Rule 33, Paragraph 1, Item (1) thereof if the excess amount pertains to money.

4. In the case prescribed in Paragraph 2, the provisions of Rule 39 of the Brokerage Agreement Standards shall not apply if the customer is to settle the margin transaction by executing an offsetting transaction in the same issue as the underlying security and in the corresponding amount (see Note 6 below).

(Note 6) Such offsetting transaction shall be limited to the case that the settlement date of the offsetting transaction determined by the Exchange coincides with the settlement date, determined by the Exchange, of the sale or purchase transaction in the underlying security executed through the margin transaction.

Rule 76. (Delivery/payment cut-off time of customers pertaining to underlying securities trading executed in strategy trading, etc.)

For applying the Brokerage Agreement Standards pertaining to underlying securities trading through strategy trading (see Note below) in the provisions of the preceding paragraph, this shall be a regular transaction.

(Note) Such strategy trading shall be limited to trading enumerated in Rule 8, Paragraph 1, Item 2.

Rule 77. (Regulatory action in case of customer's settlement failure)

1. With respect to an individual securities options contract, in the event that a customer fails to pay for or deposit the margin required, fails to pay any amount of money payable to a trading participant, fails to pay money to be paid or the trading value pertaining to a purchase transaction, or fails to deliver the sold security or purchase consideration pertaining to the settlement of the trading in the underlying security resulting from exercise by the time of the predetermined deadline, the trading participant may, at its discretion, effect a sale or purchase transaction for offset exercise of the option, or execution of a sale contract or purchase contract with respect to securities (including the entrustment of such transaction), for the customer's own account, to complete the settlement of such individual securities options contract.

2. In the event that a trading participant has incurred a loss due to the customer's failure described in the preceding paragraph, the trading participant may appropriate the money or securities held or recorded in an account in accordance with the Act on Book-Entry Transfer of Corporate Bonds, Stocks, etc. (Act No. 75 of 2001) by the trading participant on behalf of such customer as a compensation for such loss; if any deficit still remains, the trading participant may claim the payment for such deficit from the customer.

Rule 78. (Restriction on trading by customer)

1. A customer intending to entrust a trading participant (see Note 1 below) with an an

individual securities options contract subject to an individual securities option pertaining to the same underlying security may not entrust such transaction for a new sale or purchase, or a sale for offset or purchase for offset that will cause the amount described in each of the following items to exceed the upper limit prescribed in Paragraph 4. In such case, if the individual securities option on such underlying security is a subject of the individual securities options contract traded in a financial instruments exchange market established by any domestic financial instruments exchange other than the Exchange, the amount of the position pertaining to such individual securities options contract shall be included in the amount described in each of the following items.

(Note 1) Such trading participant shall include any other trading participants with whom the customer has opened a Futures/Options Trading Account.

- (1) The difference between the total short position and the total long position pertaining to individual securities put options;
- (2) The difference between the total short position and the total long position pertaining to individual securities call options;
- (3) The sum of the difference prescribed in Item (1) and the difference prescribed in Item (2), If, with respect to either one of the differences prescribed in the preceding two items, the total short position exceeds the total long position while, with respect to the other item, the total long position exceeds the total short position.

2. Notwithstanding the provisions of each of the items of the preceding paragraph, all or part of the amount prescribed in each of the items of the preceding paragraph, if it is judged by the Exchange that the potential risk with respect to such amount arising from changes in the price of the underlying security is eliminated or reduced under the circumstances in which the trading participant holds such underlying security or in other circumstances, shall be deducted from the amount prescribed in each of the items of the preceding paragraph

3. The provisions of Paragraph 1 shall not apply to a customer who is a financial instruments firm belonging to the Japan Securities Dealers Association or who is a foreign company engaging in a business similar to the financial instruments business in a foreign country if such customer files to the Exchange through the trading participant the fact that the orders for the transaction in individual securities options by the customer are placed on behalf of the accounts of two or more parties and the Exchange accepts it as such. In such case, the customer may not entrust to the trading participant such order for a new sale or purchase, or a sale for offset or purchase for offset that will cause the amount prescribed in each of the items of Paragraph 1 (or the amount calculated by deducting the amount prescribed in the preceding paragraph if the conditions prescribed therein are met; the same shall apply hereinafter in this paragraph) for its own account or such amount based on orders accepted from parties other than the customer to exceed the upper limit prescribed in the following paragraph.

4. The upper limit prescribed in Paragraph 1 shall be trading units (see Note 2 below) constituting a number of securities (see Note 3 below) equivalent to 1% (see Note 4 below) of the number of listed shares of the underlying security as of the end of March or the equivalent number in a financial instruments exchange market established by any domestic financial instruments exchange other than the Exchange, and such upper limit shall be, in principle, effective for a period of one year starting on the base date or a later date determined from time to

time by the Exchange.

(Note 2) The resulting figures less than 100 units shall be rounded down.

(Note 3) Such number of securities shall be the number as of the day determined by the Exchange on a case-by-case basis in cases where the listing date of the underlying security is later than the corresponding to the base date.

(Note 4) Such percentage shall be 0.7% for underlying securities whose total annual trading volume in the market of the Exchange and in financial instruments exchange markets established by any domestic financial instruments exchange other than the Exchange for a period of one year ending on the base date is less than 10% of the number of listed securities or an equivalent number in a financial instruments exchange market established by any domestic financial instruments exchange other than the Exchange (provided, however, that if the listing date of the underlying security is later than the base date, the number of listed shares as of the date that the Exchange determined in consideration of the current trading volume of underlying securities on a case-by-case basis shall be used).

5. Notwithstanding the provisions of the preceding paragraph, in cases where the Exchange deems it necessary in view of the circumstances in which there was a change in the position pursuant to the business rules of the Clearing Corporation, the current status of trading in the underlying security, etc., the Exchange may determine the upper limit on a case-by-case basis in consideration of the number of listed shares of the underlying security, trading units, and other matters.

Section 4. Transfer etc. of Unsettled Contracts, etc.

Rule 78-2. (Handling of customers' unsettled contracts, etc.)

Matters concerning transfer, etc., of customers' unsettled contracts shall be specified in accordance with the Margin Rules.

Section 5. Miscellaneous Provisions

Rule 79. (Payment and receipt of money in foreign currency)

Payment and receipt of money between a customer and a trading participant with respect to the individual securities options contract may be made in foreign currency designated by the customer, if the trading participant has agreed thereto.

Rule 79-2. (Validity of cancellation of transaction)

1. In the event that the Exchange has canceled the transaction, rights and obligations between the customer and the trading participant pertaining to such transaction shall be nullified.

2. A customer shall not claim compensation for any damage or loss incurred by the cancellation of transaction by the Exchange against the trading participant who placed an erroneous order; provided, however, that the same shall not apply if it is deemed that the trading

participant placed such an erroneous order intentionally or by gross negligence.

3. A customer shall not claim compensation against the Exchange for any damage or loss incurred by the cancellation of transaction by the Exchange; provided, however, that the same shall not apply if it is deemed that such damage or loss was caused by the Exchange intentionally or by gross negligence of the Exchange.

Rule 80. (Scope exception of Brokerage Agreement Standards)

The provisions of Rule 11 of the Brokerage Agreement Standards shall not apply to trading in the underlying security resulting from exercise with respect to the individual securities options contract.

Rule 81. (Rewording of Brokerage Agreement Standards)

In applying the provisions prescribed in Rules 2, 5, 17, 26, 27, 41, 44 through 48, 50, 52, and 53 of the Brokerage Agreement Standards to the individual securities options contract, the term “trading participant (see Note 1 below)” in Rule 2 thereof shall be “trading participant (see Note 2 below)”; the term “trading participant” in Rules 5, 17, 26, 27, 41, 44 through 48, 50, 52, and 53 thereof shall be “trading participant (see Note 3 below)”.

(Note 1) Such trading participant means a General Trading Participant of the Exchange; the same shall apply hereinafter.

(Note 2) Such trading participant means a General Trading Participant or an Individual Securities Options Trading Participant of the Exchange.

(Note 3) Such trading participant means a General Trading Participant or an Individual Securities Options Trading Participant of the Exchange.

CHAPTER 5

Miscellaneous Provisions

Rule 82. (Application to brokerage for clearing of securities, etc.)

1. The provisions of Chapters 2 (except Section 5) and 3 shall apply to the brokerage for clearing of securities, etc., pertaining to transactions in the individual securities options contract by regarding a trading participant that entrusts the brokerage for clearing of securities, etc., as an entity that effects such transactions in the individual securities options contract.

2. The provisions of Chapter 3 shall apply to the brokerage for clearing of securities, etc., pertaining to loan trading by regarding a trading participant that entrusts the brokerage for clearing of securities, etc., as an entity that effects such loan trading.