

Rules on Margin and Transfer of Unsettled Contracts Pertaining to Futures/Options Contract

(Updated March 23, 2009)

Tokyo Stock Exchange, Inc.

CHAPTER 1 GENERAL RULES

Rule 1. Purpose

1. These Rules shall, pursuant to the provisions of the Clearing/Settlement Regulations, Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Government Bond Futures Contract (hereinafter referred to as the “Special Regulations on Government Bond Futures Contracts”), Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Index Futures Contract (hereinafter referred to as the “Special Regulations on Index Futures Contracts”), Special Regulations of Business Regulations, Margin/Loan Trading Regulations and Brokerage Agreement Standards Concerning Individual Option Contract (hereinafter referred to as the “Special Regulations on Individual Options Contracts”), Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Options Contract on Government Bond Futures (hereinafter referred to as the “Special Regulations on Government Bond Futures Options Contracts”), and the Special Regulations of Business Regulations and Brokerage Agreement Standards Concerning Index Options Contract (hereinafter referred to as the “Special Regulations on Index Options Contracts”), provide necessary matters concerning margin and transfer of unsettled contracts pertaining to the Government Bond Futures Contract, Index Futures Contracts, individual options contracts, options contracts on government bond futures and index options contracts (hereinafter collectively referred to as the “Futures/Options Contracts”).
2. Any amendment to these Rules shall be made by a resolution from the Board of Directors; provided, however, the same shall not apply to cases where the contents of the amendment is of minor significance.

Rule 2. Definitions

1. In these Rules, “Futures Trading” shall mean the Government Bond Futures Contracts or Index Futures Contracts traded in a financial instruments

- exchange market to be established by the Exchange.
2. In these Rules, “Options Trading” shall mean the individual options contracts, options contracts on government bond futures or index options contracts traded in a financial instruments exchange market to be established by the Exchange.
 3. In these Rules, “Trading Participant” shall mean the General Trading Participant as prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations; Government Bond Futures, etc. Trading Participant as prescribed in Paragraph 3 of the same Rule; Index Futures, etc. Trading Participant as prescribed in Paragraph 4 of the same Rule; and Individual Options Trading Participant as prescribed in Paragraph 5 of the same Rule.
 4. In these Rules, “Obligations Pertaining to Futures/Options Contracts” shall mean monetary payment obligations pertaining to settlement of Futures/Options Contracts, obligations to deliver securities for settlement by physical delivery and payment in Government Bond Futures Contracts, obligations to deliver securities pertaining to settlement by an exercise of options in individual options contracts, and any other obligations that must be fulfilled relating to Futures/Options Contracts.
 5. In these Rules, “Broker” shall mean a customer that is a financial instruments business operator or a registered financial institution and that entrusts a Futures/Options Contract to the Trading Participant, and such entrustment is for a trade through an agency for entrustment of a trade in Futures/Options Contract to a Trading Participant.
 6. In these Rules, “Applicant” shall mean the person who applied for agency entrustment to a Broker.
 7. In these Rules, “Non-Resident” shall mean natural persons and corporations other than residents as prescribed in Article 6, Paragraph 1, Item 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949).
 8. In these Rules, “Clearing Participant” shall mean the Clearing Participant as prescribed in the Business Rules of the Japan Securities Clearing Corporation (hereinafter referred to as the “JSCC”).
 9. In these Rules, “Non-Clearing Participant” shall mean the Non-Clearing Participant as prescribed in Rule 24-2, Paragraph 5 of the Trading Participant Regulations.
 10. In these Rules, “Designated Clearing Participant” shall mean the Designated Clearing Participant as prescribed in Rule 24-4, Paragraph 1 of the Trading Participant Regulations.
 11. In these Rules, “Non-Clearing Participant’s Proprietary Clearing Margin” shall mean the Clearing Margin that the Designated Clearing Participant

- deposits with the JSCC for the Futures/Options Contracts for the proprietary account of a Trading Participant who is a Non-Clearing Participant.
12. In these Rules, “Non-Clearing Participant’s Commissioned Clearing Margin” shall mean the Clearing Margin that the Designated Clearing Participant deposits with the JSCC for the Futures/Options Contracts commissioned by a customer of a Non-Clearing Participant.
 13. In these Rules, “Non-Clearing Participant’s Commissioned Clearing Margin (Direct Deposit)” means, the portion of the Non-Clearing Participant’s Commissioned Clearing Margin that the customer of the Non-Clearing Participant submitted to the Non-Clearing Participant as Clearing Margin (excluding such Clearing Margin as prescribed in the next paragraph).
 14. In these Rules, “Non-Clearing Participant’s Commissioned Clearing Margin (Replacement Deposit by Broker)” shall mean, in case where an Applicant deposits a Brokerage Margin with a customer, the portion of the Non-Clearing Participant’s Commissioned Clearing Margin that such customer submits to the Trading Participant who is a Non-Clearing Participant as Clearing Margin equivalent to such Brokerage Margin.
 15. In these Rules, “Non-Clearing Participant’s Commissioned Clearing Margin (Replacement Deposit)” shall mean the Non-Clearing Participant’s Commissioned Clearing Margin other than those prescribed in the preceding two paragraphs.
 16. In these Rules, “Clearing Participant’s Commissioned Clearing Margin (Direct Deposit)” shall mean the portion of the Clearing Margin that the Clearing Participant deposits to the JSCC concerning Futures/Options Contracts entrusted by a customer (hereinafter referred to as the “Clearing Participant’s Commissioned Clearing Margin”) that is submitted by the customer to such Clearing Participant as Clearing Margin (excluding such amount submitted to the Clearing Participant by a customer as a Clearing Margin equivalent to the Brokerage Margin which was deposited to such customer by an Applicant (referred to as the “Clearing Participant’s Commissioned Clearing Margin (Replacement Deposit by Broker)” in the next Paragraph)).
 17. In these Rules, “Clearing Participant’s Commissioned Clearing Margin (Replacement Deposit)” shall mean the portion of the Clearing Participant’s Commissioned Clearing Margin other than the Clearing Participant’s Commissioned Clearing Margin (Direct Deposit) and Clearing Participant’s Commissioned Clearing Margin (Replacement Deposit by Broker).
 18. In these Rules, “Suspension of Trading and others due to Insolvency” shall

mean suspension of securities trading, etc. as prescribed in Rule 35, Paragraph 3 of the Trading Participant Regulations (excluding those based on agency-based clearing of securities) or suspension of entrustment of agency-based clearing of securities etc., or suspension of securities trading, etc. (excluding those based on agency-based clearing of securities) based on Rule 39-2 of the Trading Participant Regulations in case undertaking of obligations have been suspended pursuant to the Business Rules of the JSCC (limited to cases where the JSCC determines that the Clearing Participant is insolvent or is likely to become insolvent, or is necessary for other specific reasons).

Rule 3. Purpose of Margin

1. The purpose of Clearing Margin shall be to ensure, in accordance with the provisions of these Rules, the performance of a Clearing Participant's obligations to pay or deliver to the JSCC with respect to Futures/Options Trading; a Non-Clearing Participant's obligations to pay or deliver to the Designated Clearing Participant with respect to Futures/Options Trading; and the customer's obligations owed to a Trading Participant with respect to Futures/Options Trading (in case the customer is a Broker, including the Applicant's obligations owed to the customer with respect to Futures/Options Trading).
2. The purpose of margin (excluding Clearing Margin prescribed in the preceding paragraph) shall be to ensure, in accordance with the provisions of these Rules, performance of a customer's obligations owed to a Trading Participant with respect to Futures/Options Trading.
3. In the event of default on obligations prescribed in the preceding two paragraphs, the JSCC, a Clearing Participant, a Non-Clearing Participant, or a customer as a Broker may, exercise its right on the Clearing Margin or Margin, to satisfy such obligation.

CHAPTER 2

RULES PERTAINING TO CLEARING/SETTLEMENT REGULATIONS

SECTION 1

CLEARING MARGIN

SUB-SECTION 1

CLEARING PARTICIPANT'S CLEARING MARGIN

Rule 4. Clearing Participant's Clearing Margin

Matters related to Clearing Participant's Clearing Margins pertaining to Futures/Options Trading shall be governed by the rules concerning Clearing Margin, etc., prescribed by the JSCC pursuant to the provisions of its Business Rules (hereinafter referred to as the "JSCC Clearing Margin Rules").

SUB-SECTION 2

NON-CLEARING PARTICIPANT'S CLEARING MARGIN

Rule 5. Submission of Clearing Margin for Proprietary Account

A Non-Clearing Participant must, in the event a sale or purchase of a Futures Contract or sale of an Options Contract is carried out for its proprietary account, submit Clearing Margin equivalent to or greater than the required Clearing Margin for its proprietary account as prescribed in the JSCC Clearing Margin Rules, to the Designated Clearing Participant. In such instance, securities may be submitted in lieu of the Clearing Margin.

Rule 6. Submission or Deposit of Commissioned Clearing Margin

1. A Non-Clearing Participant must, in the event a sale or purchase of a Futures Contract or sale of an Options Contract entrusted by a customer is carried out, submit or deposit a Clearing Margin equivalent to or greater than the required Clearing Margin for commissioned transactions as prescribed in the next paragraph, to the Designated Clearing Participant.
2. The amount of the required Clearing Margin for commissioned transactions shall be the sum of required Clearing Margins for each customer as prescribed in the JSCC Clearing Margin Rules for all customers.
3. A Non-Clearing Participant must submit the entire amount of the Clearing Margin submitted by a customer to the Designated Clearing Participant as an agent of such customer.
4. Notwithstanding the provisions of the preceding paragraph, a Non-Clearing Participant may, for the period until the fourth day (excluding non-business days; the same shall apply hereinafter for calculation of days) from the date when the customer submits the Clearing Margin, submit its Proprietary money equivalent to or greater than the sum of the amount of money and the market value of the securities submitted by such customer as the Clearing Margin (meaning the amount evaluated at the market value (referring to the market value as prescribed in the Appendix of the JSCC Clearing Margin Rules; the same shall apply hereinafter) two days (to be moved up in order if the day falls

on a holiday; the same shall apply hereinafter;) prior to the date of submission of the Clearing margin (in the event such securities are US Treasury securities, the amount converted into yen at the Telegraphic Transfer Buying rate of the Tokyo foreign exchange market as of the second day prior to the day of submission of the Clearing Margin; the same shall apply to the following paragraph and Paragraph 6), to the Designated Clearing Participant as the Clearing Margin. In such a case, securities may be submitted in lieu of the Clearing Margin.

5. Non-Clearing Participant must, in the event a customer deposits a Customer Margin, submit its own money equivalent to or greater than the sum of money and market value of securities deposited by such customer as the Customer Margin as the Clearing Margin, to the Designated Clearing Participant. In such a case, securities may be submitted in lieu of the Clearing Margin.
6. Notwithstanding the provisions of the preceding paragraph, a Non-Clearing Participant may deposit its own money equivalent to or greater than the sum of the money and market value of the securities deposited by such customer as the Customer Margin, as the Clearing Margin to the Designated Clearing Participant. In such a case, securities may be deposited in lieu of the Clearing Margin (hereinafter referred to as the “Non-Clearing Participant’s Margin”).
7. In cases prescribed from Paragraph 3 to the preceding paragraph, where the sum of money and the amount of the securities evaluated at substitution price (meaning the amount calculated by multiplying the market value two days prior to the date of deposit of the Clearing Margin by the rate prescribed in the Appendix of the JSCC Clearing Margin Rules (in the event such securities are US Treasury securities, the amount calculated by multiplying the market value by the rate prescribed in the Appendix of the JSCC Clearing Margin Rules and then converted into yen at the Telegraphic Transfer Buying rate of the Tokyo foreign exchange market as of the second day prior to the day of submission of the Clearing Margin)) submitted as Clearing Margin or deposited as Customer Margin by each customer to the Non-Clearing Participant does not meet the required Margin for such customer as prescribed in the JSCC Clearing Margin Rules, a Non-Clearing Participant must submit, as the Clearing Margin or deposit as a Non-Clearing Participant’s Margin, its own money equivalent to or greater than the amount calculated by subtracting the Clearing Margin submitted or Customer Margin deposited by such customer from such required margin amount. In such a case, securities may be submitted or deposited in lieu of the Clearing Margin or Non-Clearing Participant’s Margin.

Rule 7. Special Rules concerning Submission of Clearing Margins by Broker

Notwithstanding the provisions of Paragraph 3 of the preceding rule, a Non-Clearing Participant must, if the Clearing Margin is submitted to the Non-Clearing Participant by a customer as an agent of an Applicant, submit the entire amount to the Designated Clearing Participant as an agent of such Applicant.

Rule 8. Deadline for Submission or Deposit of the Clearing Margin

Submission of the Clearing Margin or deposit of the Non-Clearing Participant's Margin as prescribed in the preceding three Rules must be completed by the time designated by the Designated Clearing Participant within the deposit deadline prescribed by the JSCC on the date following the final date when the sale or purchase of Futures Contracts or sale of Options Contracts was carried out (for securities options contracts, on the date the sale was carried out), expressly stating which of the categories listed in the items below it falls under:

- (1) Non-Clearing Participant's Proprietary Clearing Margin;
- (2) Non-Clearing Participant's Commissioned Clearing Margin (Direct Deposit);
- (3) Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit by Broker); or
- (4) Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit)

Rule 9. Maintenance of Clearing Margin

1. A Non-Clearing Participant must, in the event the sum of money and the amount of the securities evaluated at substitution price (meaning the amount calculated by multiplying the market value on the day before the date of calculation (to be moved up in order if the day falls on a holiday; the same shall apply hereinafter) by the rate prescribed in the Appendix of the JSCC Clearing Margin Rules (in the event such securities are US Treasury securities, the amount calculated by multiplying the market value by the rate prescribed in the Appendix of the JSCC Clearing Margin Rules and then converted into yen at the Telegraphic Transfer Buying rate of the Tokyo foreign exchange market as of the day before the date of calculation); the same shall apply to the following paragraph and Paragraph 4) submitted to the Designated Clearing Participant as its proprietary Clearing Margin does not meet the required Clearing Margin amount for its proprietary account as prescribed in the JSCC Clearing Margin Rules, make an additional submission of an amount

- equivalent to or greater than the balance due as its proprietary Clearing Margin to the Designated Clearing Participant, by the time designated by the Designated Clearing Participant within the deposit deadline prescribed by the JSCC on the day following the date when such deficiency occurred. In such a case, securities may be submitted in lieu of the Clearing Margin.
2. A Non-Clearing Participant must, in the event the sum of the money and the amount of the securities evaluated at substitution price submitted to or deposited with the Designated Clearing Participant as Commissioned Clearing Margin does not meet the required Commissioned Clearing Margin amount, make additional submission or additional deposit of an amount equivalent to or greater than the balance due as Clearing Margin or Non-Clearing Participant's Margin to the Designated Clearing Participant, by the time designated by the Designated Clearing Participant within the deposit deadline prescribed by the JSCC on the day following the date when such deficiency occurred.
 3. A Non-Clearing Participant must, in the event the sum of the money and the market value of the securities (meaning the amount evaluated at the market value on the day before the date of calculation (in the event such securities are US Treasury securities, the amount converted into yen at the Telegraphic Transfer Buying rate of the Tokyo foreign exchange market as of the day before the date of calculation); the same shall apply hereinafter in this paragraph and the following Rule) submitted as Clearing Margin to, or deposited as Non-Clearing Participant's Margin with, the Designated Clearing Participant pertaining to a customer as prescribed in Paragraphs 3 through 6 of Rule 6 or Rule 7, does not meet the sum of money and market value of securities submitted as Clearing Margin or deposited as Customer Margin by such customer, make additional submission or additional deposit of an amount equivalent to or greater than the balance due as Commissioned Clearing Margin or Non-Clearing Participant's Margin to the Designated Clearing Participant, by the time designated by the Designated Clearing Participant within the deposit deadline prescribed by the JSCC on the day following the date when such deficiency occurred in accordance with the provisions of Paragraphs 3 through 6 of Rule 6 or Rule 7.
 4. A Non-Clearing Participant must, in the event the sum of the money and the amount of the securities evaluated at substitution price submitted as Clearing Margin or deposited as Customer Margin by each customer does not meet the required Margin amount for such customer as prescribed in the JSCC Clearing Margin Rules, make additional submission or additional deposit of an amount equivalent to or greater than the balance due as Commissioned Clearing

Margin or Non-Clearing Participant's Margin to the Designated Clearing Participant in accordance with Rule 6, Paragraph 7, by the time designated by the Designated Clearing Participant within the deposit deadline prescribed by the JSCC on the day following the date when such deficiency occurred.

Rule 10. Right to Claim Return of Clearing Margins

1. The right of the parties listed in each of the following items to claim the return of the Non-Clearing Participant's Commissioned Clearing Margin deposited with the JSCC pertaining to each customer of the Non-Clearing Participant shall be deemed to be possessed by the parties listed in each of the following items for the portion equivalent to the amount prescribed in the relevant item, up to the sum of the money and market value of securities deposited by such customer as Customer Margin (including the sum of money and market value of securities pertaining to the Clearing Margin submitted by such customer as Clearing Margin and to be deposited to the JSCC. Hereinafter referred to as the "Total Amount of the Non-Clearing Participant's Current Deposit for the Customer" in this paragraph), within the sum of money and market value of securities deposited to the JSCC as Non-Clearing Participant's Commissioned Clearing Margin (Direct Deposit) and sum of money and market value of securities deposited to the JSCC as Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit):
 - (1) Customer
The amount calculated by deducting the amount equivalent to the unfulfilled portion of the customer's obligation pertaining to the Futures/Options Trading owed to the Non-Clearing Participant from Total Amount of the Non-Clearing Participant's Current Deposit for the Customer.
 - (2) Non-Clearing Participant
The amount calculated by deducting the amount prescribed in the preceding item and the amount equivalent to the unfulfilled portion of obligation of such Non-Clearing Participant to pay or deliver to the Designated Clearing Participant pertaining to Futures/Options Trading entrusted by such customer from Total Amount of the Non-Clearing Participant's Current Deposit for the Customer.
2. Notwithstanding the provisions of the preceding paragraph, in the event the customer of the Non-Clearing Participant is a Broker, the right of the parties listed in each of the following items to claim the return of the Non-Clearing Participant's Commissioned Clearing Margin deposited to the JSCC pertaining

to each Applicant shall be deemed to be possessed by the parties listed in each of the following items for the portion equivalent to the amount prescribed in the relevant item, up to the sum of the money and market value of securities deposited by such Applicant as the Non-Clearing Participant's Commissioned Clearing Margin (Direct Deposit); the sum of money and market value of securities deposited by such Applicant as Brokerage Margin within the sum of money and market value of securities deposited to the JSCC as Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit by Broker); and the sum of money and market value of securities deposited by such Applicant as Brokerage Margin or Customer Margin within the sum of money and market value of securities deposited to the JSCC as Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) (including the sum of money and market value of securities pertaining to the Clearing Margin submitted by such customer as Clearing Margin and to be deposited to the JSCC; hereinafter referred to as the "Total Amount of the Non-Clearing Participant's Current Deposit for Applicant" in this paragraph).

(1) Applicant

The amount calculated by deducting the amount equivalent to the unfulfilled portion of the Applicant's obligation pertaining to the Futures/Options Trading owed to the customer from Total Amount of the Non-Clearing Participant's Current Deposit for the Applicant.

(2) Customer

The amount calculated by deducting the amount prescribed in the preceding item and the amount equivalent to the unfulfilled portion of obligation of such customer to the Non-Clearing Participant pertaining to Futures/Options Trading entrusted by such Applicant from Total Amount of the Non-Clearing Participant's Current Deposit for the Applicant.

(3) Non-Clearing Participant

The amount calculated by deducting the amount prescribed in the preceding two items and the amount equivalent to the unfulfilled portion of obligation of such Non-Clearing Participant to pay or deliver to the Designated Clearing Participant pertaining to Futures/Options Trading entrusted by such Applicant from Total Amount of the Non-Clearing Participant's Current Deposit for the Applicant.

3. Notwithstanding the provisions of Paragraph 1, in the event the customer of the Non-Clearing Participant is a Broker, the right of the parties listed in each of the following items to claim the return of the Non-Clearing Participant's Commissioned Clearing Margin deposited to the JSCC pertaining to each

Agency shall be deemed to be possessed by the parties listed in each of the following items for the portion equivalent to the amount prescribed in the relevant item, up to the amount deposited to the JSCC over the sum of the money and market value of securities deposited by such Applicant as the Brokerage Margin within the sum of money and market value of securities deposited to the JSCC as the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit by Broker) and the amount deposited to the Non-Clearing Participant as Customer Margin (including the sum of money and market value of securities pertaining to the Clearing Margin submitted by such customer as Clearing Margin and to be deposited to the JSCC; hereinafter referred to as the "Total Amount of the Non-Clearing Participant's Current Deposit for Broker" in this paragraph) over the sum of money and market value of securities deposited by such Applicant as Brokerage Margin within the sum of money and market value of securities deposited to the JSCC as the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit).

(1) Customer

The amount calculated by deducting the amount equivalent to the unfulfilled portion of the customer's obligation pertaining to the Futures/Options Trading owed to the Non-Clearing Participant (excluding the amount deducted in accordance with the provisions of Item 2 of the preceding paragraph) from the Total Amount of the Non-Clearing Participant's Current Deposit for Broker.

(2) Non-Clearing Participant

The amount calculated by deducting the amount prescribed in the preceding item and the amount equivalent to the unfulfilled portion of obligation of such Non-Clearing Participant to pay or deliver to the Designated Clearing Participant pertaining to Futures/Options Trading entrusted by such customer (excluding the amount deducted in accordance with the provisions of Item 3 of the preceding paragraph) from the Total Amount of the Non-Clearing Participant's Current Deposit for Broker.

4. The right of the Non-Clearing Participant to claim the return of the Non-Clearing Participant's Proprietary Clearing Margin and the Non-Clearing Participant's Commissioned Clearing Margin deposited to the JSCC pertaining to each Non-Clearing Participant shall be deemed to be possessed by the Non-Clearing Participant for the portion equivalent to the amount calculated by deducting the amount equivalent to the unfulfilled portion of obligation pertaining to all Futures/Options Trading to be paid or delivered by such Non-Clearing Participant to the Designated Clearing Participant (excluding the

amount deducted in accordance with the provisions of Item 2 of Paragraph 1, Item 3 of Paragraph 2, and Item 2 of the preceding paragraph) from the Non-Clearing Participant's Current Deposit for the Customer, up to the sum of money and market value of securities deposited with the JSCC as the Non-Clearing Participant's Proprietary Clearing Margin (Direct Deposit), the sum of money and market value of securities submitted to the Designated Clearing Participant by the Non-Clearing Participant as Clearing Margin within the sum of money and market value of securities deposited to the JSCC as the Non-Clearing Participant's Proprietary Clearing Margin (Replacement Deposit), the amount deposited to the JSCC over the sum of money and market value of securities deposited to the Non-Clearing Participant as Customer Margin (including the sum of money and market value of securities pertaining to the Clearing Margin submitted by such customer as Clearing Margin and to be deposited to the JSCC) within the sum of money and market value of securities deposited to the JSCC as the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit), and the amount deposited to the Designated Clearing Participant as the Non-Clearing Participant's Margin over the sum of money and market value of securities deposited to the Non-Clearing Participant as Customer Margin (including the sum of money and market value of securities pertaining to the Clearing Margin submitted by such customer as Clearing Margin and to be deposited to the JSCC) within the sum of money and market value of securities deposited to the JSCC as the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) (hereinafter referred to as the "Non-Clearing Participant's Total Current Deposit" in this paragraph).

5. The right to claim return of the Clearing Margin shall be exercised in the manner prescribed in each of the following items:
 - (1) The right to claim the return held by the Non-Clearing Participant shall be exercised by the Designated Clearing Participant as the agent of such Non-Clearing Participant;
 - (2) The right to claim the return held by the Non-Clearing Participant's customer shall be exercised by the Non-Clearing Participant and its Designated Clearing Participant as the agent of such customer; and
 - (3) The right to claim the return held by the Applicant shall be exercised by the Non-Clearing Participant who was commissioned by the customer pertaining to the Futures/Options Contracts entrusted by the Applicant, and its Designated Clearing Participant, as the agent of such Applicant.
6. In the event a Non-Clearing Participant deposits the Non-Clearing

Participant's Margin or submits Clearing Margin, and such Clearing Margin in the form of replacement deposit, if the Non-Clearing Participant exercises the right to claim return of all or part of such Clearing Margin pursuant to the provisions of the preceding paragraph, the Non-Clearing Participant's Margin deposited or the Clearing Margin submitted by such Non-Clearing Participant shall be returned.

Rule 11. Replacement Securities

1. Matters related to replacement securities prescribed in Rule 5, Paragraphs 4 through 7 of Rule 6 and Paragraph 1 of Rule 9 shall be as prescribed in the Appendix of the JSCC Clearing Margin Rules.
2. In addition to the provisions of the preceding paragraph, treatment of submission or deposit of replacement securities shall be prescribed by the Exchange.

Rule 12. Notification of Required Amount of Clearing Margin

A Non-Clearing Participant shall notify its Designated Clearing Participant every trading day (every day in case of Individual Options Contract), the sum of required amounts of the Non-Clearing Participant's Proprietary Clearing Margin and the Non-Clearing Participant's Commissioned Clearing Margin, by the time specified by such Designated Clearing Participant.

Rule 13. Reporting Duty on Matters concerning Futures/Options Contracts Commissioned by a Customer

With respect to the notification prescribed in the preceding rule, a Non-Clearing Participant must, in the event the Designated Clearing Party requests reporting on the positions held by the Non-Clearing Participant as agent of a customer and other matters concerning Futures/Options Trading carried out as agent of a customer deemed necessary by the JSCC for the purpose of reporting by the Designated Clearing Participant to the JSCC, immediately submit a document stating such matters to the Designated Clearing Participant.

**SECTION 1-2
TRANSFER OF POSITIONS**

Rule 13-2. Transfer of Positions

A Trading Participant may transfer unsettled contracts for its proprietary account (excluding those in a contract month remaining unsettled on and after the last

trading day of such contract month; the same shall apply hereinafter in this section) and unsettled contracts commissioned by customers to another Trading Participant (hereinafter referred to as “Transfer of Positions”).

Rule 13-3. Transfer of Clearing Participant’s Positions

Matters pertaining to transfer of Futures/Options Trading positions of Clearing Participants shall be prescribed in the Business Rules established by the JSCC.

Rule 13-4. Procedures for Transfer of Non-Clearing Participant’s Positions

1. A Non-Clearing Participant must, when transferring a position of unsettled contracts, receive approval from its Designated Clearing Participant for such transfer, and notify the Designated Clearing Participant the number of unsettled contracts for each issue to be transferred and the name of the Trading Participant that will be the transferee, by the deadline specified by such Designated Clearing Participant.
2. In the case of the preceding paragraph, the Non-Clearing Participant must receive approval from the transferee Trading Participant concerning the transfer of such position, and notify the number of contracts and the name of the Designated Clearing Participant of the Non-Clearing Participant by the deadline specified by such transferee Trading Participant.
3. In the case of the preceding paragraph, in the event the transferee Trading Participant is a Non-Clearing Participant, such transferee Trading Participant must, receive approval from its Designated Clearing Participant concerning the transfer of such position, and notify the Designated Clearing Participant the details of the notification received pursuant to the provisions of the same paragraph by the deadline specified by such Designated Clearing Participant.

Rule 13-5. Completion of Transfer of Positions

1. In the case of the preceding rule, the transfer of positions shall be deemed complete at the time prescribed by the Exchange.
2. Transfer of positions pertaining to Government Bond Futures Contract and Index Futures Trading shall be carried out at the contract price and index price prescribed by the Exchange.

SECTION 2

**TRANSFER OF POSITIONS IN CASE OF SUSPENSION OF TRADING
DUE TO INSOLVENCY**

SUB-SECTION 1
TRANSFER OF POSITIONS IN CASE OF SUSPENSION OF TRADING
DUE TO INSOLVENCY

Rule 14. Treatment of Unsettled Contracts for Insolvent Trading Participant's Proprietary Account

1. The Exchange may, in case it suspends trading of a Trading Participant due to insolvency, etc., have another Trading Participant designated by the Exchange effect resale, repurchase or exercise of options (including entrustment of the same; the same shall apply hereinafter) concerning unsettled contracts for the proprietary account of the Trading Participant subject to the suspension of trading due to insolvency, etc. (hereinafter referred to as the "Insolvent Trading Participant") (excluding those in a contract month remaining unsettled on and after the last trading day of such contract month; the same shall apply hereinafter in this section).
2. In the case of the preceding paragraph, an entrustment agreement between such other Trading Participant designated by the Exchange and the Insolvent Trading Participant shall be deemed to have been executed.
3. Notwithstanding the provisions of Paragraph 1, treatment of unsettled contracts for the proprietary account of a Trading Participant who is a Clearing Participant that is subject to suspension of undertaking of obligations pursuant to the provisions of the JSCC Business Rules (limited to cases where the JSCC determines that the Clearing Participant is insolvent or is likely to become insolvent, or is necessary for other specific reasons) shall be in accordance with the JSCC Clearing Margin Rules.

Rule 15. Treatment of Unsettled Contracts Entrusted by a Customer of Insolvent Trading Participant

1. The Exchange may, in case it suspends trading of a Trading Participant due to insolvency, etc., have the unsettled contracts entrusted by the customer of Insolvent Trading Participant (excluding such customers listed in each of the items of Rule 17, Paragraph 1; the same shall apply hereinafter through the next rule) transferred to another Trading Participant designated by the Exchange, or have such other Trading Participant designated by the Exchange effect resale, repurchase or exercise of options concerning such contracts.
2. In case the Exchange arranges to have the unsettled contracts transferred to another Trading Participant as prescribed in the preceding paragraph (hereinafter referred to as the "Transfer of Position in Insolvency") or have

such other Trading Participant effect resale, repurchase or exercise of options concerning unsettled contracts, the Insolvent Trading Participant must, subsequent to the suspension of trades, etc., immediately notify its customers that it has received such suspension of trading due to insolvency, etc., and other matters deemed necessary by the Exchange.

Rule 16. Transfer of Unsettled Contracts Entrusted to an Insolvent Trading Participant by a Customer

1. The Transfer of Position in Insolvency as prescribed in Paragraph 1 of the preceding rule shall be carried out in case the Insolvent Trading Participant's customer applies to the other Trading Participant designated by the Exchange for such transfer of positions, and such other Trading Participant submits a written certification of receipt of such application and acceptance of such transfer of position to the Exchange by the deadline prescribed by the Exchange.
2. In the case of the preceding paragraph, the Exchange may request the Insolvent Trading Participant to submit a document stating matters that the Exchange deems necessary in order to transfer a position in case of insolvency, and shall deliver such document to such other Trading Participant to receive the transfer of such Transfer of Position in Insolvency.
3. In case of a Transfer of Position in Insolvency as prescribed in Paragraph 1 pertaining to Government Bond Futures Trading and Index Futures Trading, the clearing price and clearing price index of each contract month on the trading date that closes on the day before the date of such Transfer of Position in Insolvency (in case of a transaction completed in the evening session of the trading date that closes on the date of such Transfer of Position in Insolvency, such contract price and contract price index) shall be the contract price and contract price index for such unsettled contracts.
4. The resale, repurchase or exercise of options concerning unsettled contracts entrusted by a customer of an Insolvent Trading Participant as prescribed in Paragraph 1 of the preceding rule, shall be effected by another Trading Participant designated by the Exchange, in case the Insolvent Trading Participant submits a written certification that the Insolvent Trading Participant has received an instruction from its customer concerning resale, repurchase or exercise of options concerning the unsettled contract entrusted by such Insolvent Trading Participant's customer (excluding cases in the following paragraph), by the deadline specified by the Exchange.
5. The Exchange may, with respect to the unsettled contracts entrusted by the

Insolvent Trading Participant's customer prescribed in Paragraph 1 of the preceding rule, have another Trading Participant designated by the Exchange effect the resale, repurchase or exercise of options, in case the document prescribed in Paragraph 1 or the preceding paragraph is not submitted by the deadline specified by the Exchange.

6. In the case of the preceding two paragraphs, an entrustment agreement between such other Trading Participant designated by the Exchange and the Insolvent Trading Participant shall be deemed to have been executed.

Rule 17. Treatment of Unsettled Contracts Entrusted by a Customer, etc. whose Performance Obligations are Accelerated

1. The Exchange may, in case it suspends trading due to insolvency, etc., have another Trading Participant designated by the Exchange effect resale, repurchase or exercise of options concerning unsettled contracts entrusted by an Insolvent Trading Participant's customer listed in each of the following items:
 - (1) A customer whose performance obligations against an Insolvent Trading Participant pertaining to Futures/Options Trading have been accelerated;
 - (2) A customer which is a subsidiary/parent company (meaning a subsidiary (see Note1 below) or a parent company (see Note2 below) that is a foreign company engaged in a business similar to the financial instruments business in a foreign country) of the Insolvent Trading Participant that the Exchange deems inappropriate to transfer the unsettled contracts to as prescribed in Rule 15, Paragraph 1.

(Note1) The term "subsidiary" means a subsidiary as prescribed in Article 2, Paragraph 3 of the Companies Act (Act No.86 of 2005) or such other company for which the Trading Participant holds fifty (50) percent or more of the voting rights (including voting rights concerning stocks deemed to possess voting rights pursuant to the provisions of Article 879, Paragraph 3 of the Companies Act, excluding voting rights of stocks that cannot exercise voting rights for all matters that may be resolved at the general shareholders' meeting; the same shall apply hereinafter) of the general shareholders of such other company.

(Note2) The term "parent company" means a parent company as prescribed in Article 2, Paragraph 4 of the Companies Act or such other company that holds fifty (50) percent or more of the general shareholders' voting rights of the Trading Participant.

2. In the case of Item 2 of the preceding paragraph, in the event a subsidiary of a

Trading Participant is a parent company of other company, or other company is a parent company of a subsidiary of the Trading Participant, such other company shall be deemed to be a subsidiary of the Trading Participant.

3. In the case of Paragraph 1, Item 2, in the event another company is the parent company of a Trading Participant's parent company, or the parent company of a Trading Participant is a parent company of another company, such other company shall be deemed to be a parent company of the Trading Participant.
4. In the case of Paragraph 1, an entrustment agreement between such other Trading Participant designated by the Exchange and the Insolvent Trading Participant shall be deemed to have been executed.

Rule 18. Measures against Non-Clearing Participant in Case the Designated Clearing Participant Receives Suspension of Undertaking of Obligations due to Insolvency, etc.

1. The provisions of Paragraphs 1 and 2 of Rule 14, Rule 15, Rule 16 and the preceding rule (excluding Paragraph 1, Item 2) shall be applied mutatis mutandis to a case where a Designated Clearing Participant is suspended from entrustment of agency-based clearing of securities pursuant to the provisions of Rule 39-3, Paragraph 1 of the Trading Participant Regulations due to its suspension of undertaking of obligations pursuant to provisions of the JSCC Business Rules (limited to cases where the JSCC deems such Clearing Participant to be insolvent or likely to become insolvent, or it is necessary for other specific reasons). In such a case, "suspension of trading due to insolvency" shall be read as "suspension of entrustment of agency-based clearing of securities due to suspension of undertaking of obligations based on the JSCC's understanding that the Designated Clearing Participant is insolvent or is likely to become insolvent, or it is necessary for other specific reasons," and "Insolvent Trading Participant" shall be read as "Non-Clearing Participant in case where the Designated Clearing Participant receives suspension of undertaking of obligations due to the JSCC's understanding that the Designated Clearing Participant is insolvent or is likely to become insolvent, or it is necessary for other specific reasons."
2. In the event the unsettled contracts of a Non-Clearing Participant is to be transferred to another Trading Participant designated by the Exchange or another Trading Participant designated by the Exchange is to effect resale, repurchase or exercise of options concerning such unsettled contracts as a measure against a Non-Clearing Participant who receives suspension of entrustment of agency-based clearing of securities pursuant to the provisions

of Rule 39-3, Paragraph 1 of the Trading Participant Regulations due to its Designated Clearing Participant's suspension of undertaking of obligations pursuant to the provisions of the JSCC Business Rules (limited to cases where the JSCC deems such Designated Clearing Participant to be insolvent or likely to become insolvent, or it is necessary for other specific reasons), the right of agency of the Designated Clearing Participant in Rule 10, Paragraph 5, Item 1 shall be deemed to be terminated.

SUB-SECTION 2
TREATMENT OF INSOLVENT TRADING PARTICIPANT'S
COMMISSIONED CLEARING MARGIN

Rule 19. Treatment of Insolvent Clearing Participant's Commissioned Clearing Margin

In the event the Exchange transfers the position entrusted by a customer of an Insolvent Trading Participant that is a Clearing Participant to another Trading Participant pursuant to the provisions of Rule 15, Paragraph 1, the treatment of such Commissioned Clearing Margin shall be in accordance with the JSCC Clearing Margin Rules.

Rule 20. Treatment of Insolvent Non-Clearing Participant's Commissioned Clearing Margin

1. In the event the Exchange transfers the position in insolvency entrusted by a customer of an Insolvent Trading Participant that is a Non-Clearing Participant pursuant to the provisions of Rule 15, Paragraph 1 (the other Trading Participant who receives such transfer shall be referred to as the "Transferee Trading Participant in Insolvency" hereinafter in this Sub-Section), the Commissioned Clearing Margin pertaining to such customer deposited to the JSCC by such Insolvent Trading Participant who is a Non-Clearing Participant (limited to the portion that such customer or its Applicant has the right to claim return of pursuant to the provisions of the JSCC Clearing Margin Rules; the same shall apply in the following paragraph), shall be deemed to have been deposited to the JSCC on the date of such transfer of position in insolvency by the Transferee Trading Participant in Insolvency (in the event the Transferee Trading Participant in Insolvency is a Non-Clearing Participant, such Transferee Trading Participant in Insolvency and its Designated Clearing Participant) as its agent.
2. Among the Commissioned Clearing Margin pertaining to such customer that is

deemed to be deposited to the JSCC pursuant to the provisions of the preceding paragraph, the amount deposited as the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) shall be the lesser of the amounts prescribed in each of the following items:

- (1) The amount equivalent to the sum of money and market value of securities that the customer deposited to the Insolvent Non-Clearing Participant as a Customer Margin; or
 - (2) The amount calculated by subtracting JSCC's cost of liquidation of the securities in lieu of cash margins deposited by the Insolvent Non-Clearing Participant as the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) from the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) that the Insolvent Non-Clearing Participant had deposited to the JSCC, and pro rating such amount in accordance with the amount equivalent to the sum of money and market value of securities deposited by each customer to the Insolvent Non-Clearing Participant as Customer Margin.
3. The provisions of the preceding two paragraphs shall be applied *mutatis mutandis* to a case where the Non-Clearing Participant is suspended from entrustment of agency-based clearing of securities pursuant to the provisions of Rule 39-3, Paragraph 1 of the Trading Participant Regulations due to its Designated Clearing Participant's receipt of suspension of undertaking of obligations pursuant to the provisions of the JSCC Business Rules (limited to cases where the JSCC deems such Designated Clearing Participant to be insolvent or likely to become insolvent, or it is necessary for other specific reasons) In such a case, "Rule 15, Paragraph 1" shall be read as "Rule 15, Paragraph 1 as applied *mutatis mutandis* to Rule 18, Paragraph 1," and "Insolvent Non-Clearing Trading Participant" shall be read as "Non-Clearing Participant that is suspended from entrustment of agency-based clearing of securities due to its Designated Clearing Participant's receipt of suspension of undertaking of obligations by the JSCC's determination that it is insolvent or is likely to become insolvent, or is necessary for other specific reasons."

Rule 21. Liquidation of Clearing Margin for Replacement Deposits

1. In the event the Exchange decides to subject the unsettled contracts entrusted by a customer of the Insolvent Non-Clearing Participant to a resale, repurchase or exercise of options pursuant to the provisions of Rule 15, Paragraph 1 or Rule 17, Paragraph 1, or to have the position entrusted by a customer of an Insolvent Non-Clearing Participant transferred pursuant to the provisions of

Rule 15, Paragraph 1, if the JSCC decides to liquidate all or part of the securities that have been deposited as Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) in a manner deemed appropriate by the JSCC, an entrustment agreement between the Designated Clearing Participant of the Insolvent Non-Clearing Participant, Insolvent Non-Clearing Participant, its customer, and JSCC shall be deemed to have been executed.

2. In the event the Exchange decides to subject the unsettled contracts entrusted by a customer of the Non-Clearing Participant to a resale, repurchase or exercise of options pursuant to the provisions of Rule 15, Paragraph 1 or Rule 17, Paragraph 1, as applied mutatis mutandis in Rule 18, Paragraph 1, or to have the position entrusted by a customer of a Non-Clearing Participant transferred, if the JSCC decides to liquidate all or part of the securities that have been deposited as Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) in a manner deemed appropriate by the JSCC, an entrustment agreement between the Designated Clearing Participant of the Non-Clearing Participant, Non-Clearing Participant, its customer and JSCC shall be deemed to have been executed.
3. In the case of Paragraph 1, if the Broker is a customer prescribed in each of the items of Rule 17, Paragraph 1 and the JSCC decides to liquidate all or part of the securities deposited as Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit by Broker) in a manner deemed appropriate by the JSCC, an entrustment agreement between the Designated Clearing Participant of the Insolvent Non-Clearing Participant, Insolvent Non-Clearing Participant, its customer and the customer's Applicant, and the JSCC.
4. In the case of Paragraph 2, if the Broker is a customer prescribed in Rule 17, Paragraph 1, Item 1, as applied mutatis mutandis in Rule 18, Paragraph 1 and the JSCC decides to liquidate all or part of the securities deposited as Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit by Broker) in a manner deemed appropriate by the JSCC, an entrustment agreement between the Designated Clearing Participant of the Non-Clearing Participant, Non-Clearing Participant, its customer and the customer's Applicant, and the JSCC.

Rule 22. Special Regulations on Treatment of Clearing Margin for Replacement Deposits

1. In the event the JSCC liquidates securities pursuant to the provisions of

Paragraph 1 or 2 of the preceding rule, the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) shall be the amount of money and securities other than the securities subject to liquidation deposited to the JSCC as the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit) by the Insolvent Non-Clearing Participant or the Non-Clearing Participant in Paragraph 2 of the preceding rule, and the amount calculated by subtracting the cost of liquidation from the money obtained from the liquidation.

2. In the event the JSCC liquidates securities pursuant to the provisions of Paragraph 3 or 4 of the previous Rule, the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Margin by Broker) shall be the amount of money and securities other than the securities subject to liquidation deposited to JSCC as the Non-Clearing Participant's Commissioned Clearing Margin (Replacement Margin by Broker) by the Insolvent Non-Clearing Participant or the Non-Clearing Participant in Paragraph 4 of the preceding rule, and the amount calculated by subtracting the cost of liquidation from the money obtained from the liquidation.

Rule 23. Special Regulations on Right to Claim Return of Commissioned Clearing Margin

1. A customer's right to claim return of Commissioned Clearing Margin deemed to be deposited to the JSCC pursuant to the provisions of Rule 20, Paragraph 1 (including mutatis mutandis application in Paragraph 3 of the same Rule), shall be exercised by the Transferee Trading Participant prescribed in Paragraph 1 of the same Rule as its agent.
2. In the event the Exchange decides, to subject the unsettled contracts entrusted by a customer of an Insolvent Non-Clearing Participant (in the case of mutatis mutandis application in Rule 18, Paragraph 1, referring to the Non-Clearing Participant whose Designated Clearing Participant is suspended from undertaking obligations due to determination by JSCC that it is insolvent, is likely to become insolvent, or is necessary due to other specific reasons) to a resale, repurchase or exercise of options pursuant to the provisions of Rule 15, Paragraph 1, or Rule 17, Paragraph 1 (including mutatis mutandis application in Rule 18, Paragraph 1), or to transfer the positions entrusted by the Insolvent Non-Clearing Participant's customer pursuant to the provisions of Rule 15, Paragraph 1 (including mutatis mutandis application in Rule 18, Paragraph 1), the right to claim return of the Commissioned Clearing Margin pertaining to a customer of an Insolvent Non-Clearing Participant (excluding customers

whose position was subjected to Transfer of Position in Insolvency pursuant to provisions of Rule 15, Paragraph 1 (including mutatis mutandis application in Rule 18, Paragraph 1) may be exercised directly against the JSCC as prescribed in the JSCC Clearing Margin Rules. In such a case, if the Commissioned Clearing Margin pertaining to such customer is deposited as a Non-Clearing Participant's Commissioned Clearing Margin (Replacement Deposit), the amount shall be limited to the lesser of the amounts prescribed in each item of Rule 20, Paragraph 2.

Rule 24. Special Regulations on Right to Claim Return of Commissioned Clearing Margin of Broker

In the event the Exchange decides to subject the unsettled contracts entrusted by an Applicant of an Insolvent Non-Clearing Participant's customer to a resale, repurchase or exercise of options pursuant to the provisions of Rule 17, Paragraph 1 (including mutatis mutandis application in Rule 18, Paragraph 1), if the Broker is a customer prescribed in each of the items of Rule 17, Paragraph 1, the right to claim return held by such Applicant of the Broker may be exercised directly against the JSCC as prescribed in the JSCC Clearing Margin Rules.

**SUB-SECTION 3
MISCELLANEOUS PROVISIONS**

Rule 25. Treatment of Other Matters concerning Transfer of Positions in Insolvency

In addition to the provisions of Rule 14 through the preceding rule, necessary matters pertaining to Transfer of Positions in Insolvency shall be determined by the Exchange as necessary.

**CHAPTER 3
RULES PERTAINING TO SPECIAL REGULATIONS OF BROKERAGE
AGREEMENT STANDARDS**

**SECTION 1
MARGIN**

Rule 26. Submission or Deposit of Margin

1. A customer shall, in the event a sale or purchase of Futures Contract or sale of Options Contract entrusted by such customer is effected, and the Aggregate

Margin Deposit (meaning the aggregate amount of the deposited margin as prescribed in Rule 30, Paragraph 1; the same shall apply hereinafter) is less than the Required Margin (meaning the customer's required margin amount as prescribed in the JSCC Clearing Margin Rules; the same shall apply hereinafter), or the money submitted or deposited as margin by the customer is less than the amount of cash to be paid by the customer (meaning the amount referred to in Paragraph 2 of the same rule when the amount to be paid or received is negative; the same shall apply hereinafter), submit or deposit as margin to the Trading Participant, the greater of the difference between the Aggregate Margin Deposit and the Required Margin (hereinafter referred to as the "Aggregate Margin Deficiency") or the difference between the amount of money submitted or deposited as margin by the customer and the cash to be paid by the customer (hereinafter referred to as the "Cash Deficiency"), by the deadline designated by the Trading Participant, on or before the day following the date such deficiency has occurred (in the event such customer is a non-resident, the second day (excluding non-business days; the same shall apply hereinafter) after the day when such deficiency has occurred).

2. A customer may submit or deposit securities in lieu of cash as Margin. Provided, however, Margin equivalent to Cash Deficiency may not be deposited in securities in lieu of cash.
3. Matters concerning replacement securities prescribed in the preceding paragraph shall be as prescribed in the Appendix of the JSCC Clearing Margin Rules.
4. In case a customer submits or deposits the securities listed in each of the items below, such submission or deposit shall be made by book-entry transfer pursuant to the Act on Transfer of Bonds, Securities, etc. (Act No. 75 of 2001), and prior consent from the Trading Participant shall be obtained when making such submission or deposit:
 - (1) Stocks (except foreign stocks), preferred equity investment securities issued by cooperative structured financial institutions, investment trust beneficiary certificates, bonds (except bonds with share options) and convertible bonds
 - (2) Investment securities that are listed on a domestic financial instruments exchange
5. In case a customer is to submit or deposit foreign stocks, foreign investment trust beneficiary certificates, foreign investment securities, foreign stock depositary receipts, or beneficiary certificates of a foreign beneficiary certificate issuing trust, such submission or deposit shall be effected by book-entry transfer as prescribed in the "Business Regulations Relating to

Depository and Book-Entry Transfer of Foreign Stocks Certificates, etc.” specified by JASDEC, and prior consent from the Trading Participant shall be obtained when making such submission or deposit.

6. In case a customer is to submit or deposit beneficiary certificates of a beneficiary certificate issuing trust, such submission or deposit shall be effected by book-entry transfer as prescribed in the “Business Regulations Relating to Depository and Book-Entry Transfer of Beneficiary Certificates of a Beneficiary Certificate Issuing Trust,” specified by JASDEC, and prior consent from the Trading Participant shall be obtained when making such submission or deposit.
7. In case a customer is to submit or deposit US Treasury Securities, prior consent from the Trading Participant shall be obtained.

Rule 27. Additional Submission or Deposit of Margin

A Trading Participant must, in the event a customer incurs Aggregate Margin Deficiency or Cash Deficiency, require the customer to submit or deposit an amount equivalent to or greater than the greater of the two amounts as Margin by the deadline specified by the Trading Participant which shall be on or before the day following the day such deficiency has occurred (in the event such customer is a non-resident, the second day after the day when such deficiency has occurred). In such a case, the Margin equivalent to Cash Deficiency may not be deposited in securities in lieu of cash.

Rule 28. Treatment of Margin for Designated Futures/Options Contracts

Notwithstanding the provisions of Rule 26, Paragraph 1 and the preceding rule, a Trading Participant may, in the event a customer incurs Aggregate Margin Deficiency or Cash Deficiency, require the customer to submit or deposit an amount equivalent to or greater than the greater of the amounts prescribed in each of the following items as Margin, if such customer has entrusted a transaction designated by the Exchange among the derivatives trading in a financial instruments exchange market established by another domestic financial instruments exchange (hereinafter referred to as the “Designated Futures/Options Contracts”). In this instance, the Margin equivalent to the amount prescribed in Item 2 may not be deposited securities in lieu of cash.

- (1) The amount calculated by subtracting the excess, if any, of the Aggregate Margin Deposit prescribed by the financial instruments exchange where the Designated Futures/Options Contracts entrusted by such customer are traded over the aggregated Required Margin prescribed by such financial instruments exchange, from the Aggregated Margin Deficiency of such

customer; or

- (2) The amount calculated by subtracting the amount of money submitted or deposited as margin which can be withdrawn in accordance with the regulations of the financial instruments exchange where the Designated Futures/Options Contracts entrusted by such customer are traded and the amount of implicit profit which can be withdrawn in accordance with regulations of such exchange, from the Cash Deficiency of such customer.

Rule 29. Classification of Margin

1. Of the Margin submitted or deposited by a customer to a Trading Participant pursuant to the provisions of the preceding three rules, the money and securities other than the amount equivalent to the cash to be paid by the customer shall be deemed to have been submitted by the customer as Clearing Margin. Provided, however, in the event consent (meaning consent as prescribed in Article 66 of the Cabinet Office Ordinance Relating to Financial Instruments Exchange, etc. (Cabinet Office Ordinance No. 54 of 2007)) from such customer is obtained, it may be deemed to have been deposited as Customer Margin.
2. In the event prescribed in the preceding paragraph, if the customer is a Broker, the classification as prescribed in each of the following items pertaining to the money or securities submitted or deposited by such customer as Clearing Margin or Customer Margin must be clearly stated:
 - (1) Money or securities submitted by an Applicant; or
 - (2) The customer's own money or securities submitted or deposited in lieu of the money or securities deposited by an Applicant.

Rule 30. Method of Computation of Aggregate Margin Deposit

1. The Aggregate Margin Deposit shall be the amount obtained by adding or subtracting the amount of cash to be paid or received by a customer as prescribed in the following paragraph to or from the sum of money and securities evaluated at the substitution price (meaning an amount not exceeding such amount calculated by multiplying the market value on the day preceding the date of calculation by the rate prescribed in the Attachment of the JSCC Clearing Margin Rules (in the event such securities are US Treasury securities, the amount calculated by multiplying the market value by the rate prescribed in the Attachment of the JSCC Clearing Rules and then converted into yen at the Telegraphic Transfer Buying rate of the Tokyo foreign exchange market as of the day before the date of calculation)) submitted or

deposited by the customer as Margin for the Futures/Options Contract Account.

2. The amount of cash to be paid or received by a customer shall be the amount of money equivalent to such amount calculated by adding or subtracting the sum of profit or loss at settlement of Futures Contracts (for Government Bond Futures Contract, meaning the amount of money paid or received for the settlement of the Government Bond Futures Contract as prescribed in Rule 55, Paragraph 1 or Paragraph 2 of the Special Regulations on Government Bond Futures Contracts) entrusted by the customer that is payable or receivable and the premiums for Options Contracts (for Index Options Contracts, meaning the amount of money paid or received for settlement as prescribed in Rule 67 of the Special Regulations on Index Options Contracts) that is payable or receivable to or from the implicit profit or loss calculated on a certain day prescribed in the following paragraph, and subtracting the amount of money that should be incurred by the customer that the Trading Participant deems necessary.
3. The amount of implicit profit or loss shall be the amount calculated by subtracting the sum of amount equivalent to loss incurred from the volatility in the market of the Government Bond Futures Contract entrusted by the customer (meaning, for unsettled contracts entrusted by the customer (excluding those in a contract month remaining unsettled at closing of the afternoon session of the last trading day of such contract month; the same shall apply hereinafter), the amount calculated by multiplying one-hundredth of one hundred (100) million yen (or one hundred thousand (100,000) yen in the case of mini-transactions in the Government Bond Futures Contract) by the margin between the contract price of the unsettled contract and the clearing price on the date of calculation) and the amount equivalent to loss incurred from the volatility in the market of the Index Futures Contract entrusted by the customer (meaning, for unsettled contracts entrusted by the customer, the amount calculated by multiplying the margin between the contract index price pertaining to the unsettled contract and the clearing price index on the date of calculation by ten thousand (10,000) yen (one thousand (1,000) yen for mini-TOPIX Futures Contracts, S&P/TOPIX 150 Futures Contracts, TOPIX Core 30 Futures Contracts and TSE REIT Index Futures Contracts)) and the sum of payments which are made pursuant to the provisions of Rule 33 from the sum of the amount equivalent to the profit incurred by the volatility in the market of the Government Bond Futures Contract entrusted by the customer (meaning, for unsettled contracts entrusted by the customer, the amount

calculated by multiplying the difference between the contract price pertaining to the unsettled contract and the clearing price on the date of calculation by one-hundredth of one hundred (100) million yen (or one hundred thousand (100,000) yen in the case of mini-transactions in the Government Bond Futures Contract)) and the amount equivalent to the profit incurred by the volatility in the market of the Index Futures Contract entrusted by the customer (meaning, for unsettled contracts entrusted by the customer, the amount calculated by multiplying the difference between the contract index price pertaining to such unsettled contract and the clearing price index on the date of calculation by ten thousand (10,000) yen (one thousand (1,000) yen for mini-TOPIX Futures Contracts, S&P/TOPIX 150 Futures Contracts, TOPIX Core 30 Futures Contracts and TSE REIT Index Futures Contracts)).

Rule 31. Right to Claim Return of Clearing Margin

1. A customer shall, in cases prescribed in each of the following items, have the right to claim return of the amount equivalent to the amount calculated by subtracting the unfulfilled portion of the obligation pertaining to Futures/Options Trading owed by the customer to the Trading Participant (hereinafter referred to as the “Customer’s Unfulfilled Obligations” in this rule) from the Clearing Margin as prescribed in the relevant items:
 - (1) If the Clearing Margin submitted by the customer is directly deposited:
Of the directly deposited Clearing Margin (meaning the Clearing Participant’s Commissioned Clearing Margin (Direct Deposit) or Non-Clearing Participant’s Commissioned Clearing Margin (Direct Deposit)) for such customer, the amount prescribed in (a) or (b) below:
 - (a) If the customer has deposited money as Clearing Margin, the amount of such money; or
 - (b) If the customer has deposited securities in lieu of money as Clearing Margin, such securities.
 - (2) If the customer deposits Customer Margin or submits Clearing Margin, and a replacement deposit of Clearing Margin is made:
Of the Clearing Margin for replacement deposits (meaning the Clearing Participant’s Commissioned Clearing Margin (Replacement Deposit) or Non-Clearing Participant’s Commissioned Clearing Margin (Replacement Deposit); the same shall apply hereinafter) for such customer, the amount prescribed in (a) or (b) below:
 - (a) If money is deposited as Clearing Margin for replacement deposits of such customer, the amount of money equivalent to such Customer Margin

- deposited or Clearing Margin submitted by the customer; or
- (b) If securities are deposited in lieu of cash as Clearing Margin for replacement deposits of such customer, the amount of securities equivalent to such Customer Margin deposited or Clearing Margin submitted by the customer.
2. The right to claim return of Clearing Margin held by the customer pursuant to the provisions of the preceding paragraph shall be exercised by the Trading Participant (in the event such Trading Participant is a Non-Clearing Participant, such Non-Clearing Participant and its Designated Clearing Participant) as its agent.
3. In the event the Trading Participant is a Clearing Participant, the right to claim return of the portion of the Clearing Margin equivalent to the Customer's Unfulfilled Obligations prescribed in Paragraph 1 (excluding the amount equivalent to the unfulfilled portion of the obligations pertaining to Futures/Options Contracts entrusted by the customer that such Clearing Participant is to pay or deliver to the JSCC) shall be held by such Clearing Participant.
4. In the event the Trading Participant is a Non-Clearing Participant, the right to claim return of the portion of the Clearing Margin equivalent to the Customer's Unfulfilled Obligations prescribed in Paragraph 1 shall be held by such Non-Clearing Participant for the portion excluding the unfulfilled obligation of the Futures/Options Contracts entrusted by the customer that such Non-Clearing Participant is to pay or deliver to its Designated Clearing Participant, and by its Designated Clearing Participant for such unfulfilled portion.

Rule 32. Restriction on Withdrawal of Margin

1. A Trading Participant must not permit withdrawal of money or securities submitted or deposited by a customer as Margin. Provided, however, that this may not apply to such instances where any of the items below are applicable, for the amount of money or securities not exceeding the amount prescribed in the relevant item:
- (1) When the aggregate amount of the customer's Margin Deposit at the time of withdrawal exceeds the Required Margin, securities equivalent to the amount calculated by dividing such excess by the rate prescribed in the Appendix of JSCC Clearing Margin Rules (for US Treasury securities, the amount calculated by dividing such excess converted to US dollar using the Telegraphic Transfer Selling rate in the Tokyo foreign exchange market by

- the rate prescribed in the Appendix of JSCC Clearing Margin Rules; the same shall apply in the following item), or the amount of money equivalent to the smaller of such excess amount and excess cash (meaning the excess amount where the amount of money submitted or deposited as Margin exceeds the cash payable by such customer; the same shall apply hereinafter);
- (2) When the securities submitted or deposited as Margin by such customer is to be replaced with money or other securities, securities equivalent to the amount calculated by dividing such amount of money or other securities (meaning the amount evaluated at the Replacement Price as prescribed in Rule 30, Paragraph 1; the same shall apply hereinafter in this paragraph) by the rate prescribed in the Appendix of JSCC Clearing Margin Rules.
 - (3) When the amount of money equivalent to the excess cash portion of the money submitted or deposited as Margin by the customer is to be replaced with securities, the amount of money equivalent to the amount of such securities.
2. Notwithstanding the provisions of the preceding paragraph, a General Trading Participant (meaning the general trading participant prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations) or Individual Options Trading Participant (meaning the individual options trading participant prescribed in Rule 2, Paragraph 5 of the Trading Participant Regulations) may, permit withdrawal of money or securities prescribed in the relevant item in instances where any of the following items are applicable:
- (1) If the customer is seeking to settle the purchase and sale of underlying securities effected by exercise of individual options by delivery of money submitted or deposited by such customer as Margin, where the Aggregated Margin Deposit (excluding the amount of money pertaining to such delivery) exceeds the Required Margin (excluding the amount pertaining to such exercise of options), and excess cash remains subsequent to withdrawal of money for such delivery, the money pertaining to such delivery;
 - (2) If the customer is seeking to settle the purchase and sale of underlying securities effected by exercise of individual options by delivery of such security submitted or deposited by such customer as Margin, where the Aggregated Margin Deposit (excluding the amount equivalent to the securities pertaining to such delivery) exceeds the Required Margin (excluding the amount pertaining to such exercise of options), the security pertaining to such delivery.

Rule 33. Payout of Implicit Profits

1. A Trading Participant may, upon request from a customer, pay out cash equivalent to the amount of implicit profit for the account of the customer.
2. The amount of payout prescribed in the preceding paragraph shall be limited to the amount of such excess when the Aggregate Margin Deposit of the customer exceeds the Required Margin; except in such instance as prescribed in each of the following items:
 - (1) Where the customer is to submit or deposit such amount of payout as Margin to the Trading Participant; or
 - (2) Where the customer is to settle purchase and sale of underlying securities effected by exercise of individual option by delivery of such amount of payout, and the Aggregate Margin Deposit of the customer (excluding such amount to be delivered) exceeds the Required Margin (excluding such amount pertaining to the exercise of the option).

Rule 33-2. Measures to be Taken in the Case that JSCC Calls for Additional Margin, etc.

A Trading Participant shall, when it is subjected to measures prescribed in provisions of Rule 29-2, Paragraph 1 of the JSCC Business Rules in relation to Futures/Options Trading entrusted by a customer (in the event such Trading Participant is a Non-Clearing Participant, when it is subjected to measures prescribed in the provisions of Rule 29-2, Paragraph 2 of the JSCC Business Rules by the Designated Clearing Participant), impose the same measures against the customer. In such instance, Rule 71, Paragraph 1 of the Special Regulations on Government Bond Futures Contracts; Rule 60, Paragraph 1 of the Special Regulations on Index Futures Contracts; Rule 77, Paragraph 1 of the Special Regulations on Individual Options Contracts; Rule 62, Paragraph 1 of the Special Regulations on Government Bond Futures Options Contracts; and Rule 69, Paragraph 1 of the Special Regulations on Index Options Contracts, shall not be applicable.

Rule 33-3. Measures against a Customer Holding Excessive Positions

1. A Trading Participant may, if it receives an instruction to improve its position pursuant to the provisions of Rule 29-3 of the JSCC Business Rules (in the event such Trading Participant is a Non-Clearing Participant, when it receives a request pursuant to the provisions of Rule 45-2, Paragraph 1 of the JSCC Business Rules from the Designated Clearing Participant) for a customer's failure to comply with the measures prescribed in the preceding rule without

- due reason, request the customer to settle or transfer to another Trading Participant of such unsettled contracts entrusted by the customer.
2. A Trading Participant may, if it is unable to comply with the instruction to improve positions after reasonable efforts (in the event such Trading Participant is a Non-Clearing Participant, when it is unable to comply with the request pursuant to the provisions of Rule 45-2, Paragraph 1 of the JSCC Business Rules from the Designated Clearing Participant after reasonable efforts), and the customer fails to comply with the request without due reason albeit such request prescribed in the preceding paragraph being made with reasonable probation period, to the extent deemed reasonably necessary, resale, repurchase or exercise options, on the customer's account, in order to settle the unsettled contracts entrusted by such customer.

SECTION 1-2 TRANSFER OF POSITIONS

Rule 33-4. Procedures for Transfer of Customer's Positions

1. A customer must, if it is to entrust transfer of positions of unsettled contracts, obtain prior approvals concerning such entrustment of transfer of positions from the transferor Trading Participant with the current Futures/Options Trading Account and the transferee Trading Participant.
2. In case of the preceding paragraph, such customer must, report the number of unsettled contracts to be transferred for each issue, and the name of the transferee Trading Participant to the transferor Trading Participant, by the deadline specified by the transferor Trading Participant, and report such number and the name of the transferor Trading Participant to the transferee Trading Participant by the deadline specified by the transferee Trading Participant.
3. When the transfer of positions have been effected, it shall be deemed that the entrustment of such unsettled contracts between the customer and the transferor Trading Participant has terminated, and the entrustment of such unsettled contracts between the customer and the transferee Trading Participant has become newly effective, simultaneously.

SECTION 2 TRANSFER OF POSITION IN CASE OF SUSPENSION OF TRADING DUE TO INSOLVENCY

Rule 34. Notice by Insolvent Trading Participant

1. In the event the Exchange decides to transfer position in insolvency to another Trading Participant or to have another Trading Participant resale, repurchase or exercise options pertaining to unsettled contracts, the Insolvent Trading Participant (including Non-Clearing Participant whose Designated Clearing Participant is suspended from undertaking obligations due to determination by JSCC that it is insolvent, is likely to become insolvent, or is necessary due to other specific reasons) must, subsequent to receiving such suspension of trading due to insolvency (including suspension of entrustment of agency-based clearing of securities for Non-Clearing Participant due to its Designated Clearing Participant's suspension of undertaking of obligations pursuant to the determination by JSCC that it is insolvent, is likely to become insolvent, or is necessary due to other specific reasons), immediately notify the customer of the fact and other matters deemed necessary by the Exchange.
2. In the event the customer who receives the notice prescribed in the preceding paragraph is a Broker, such customer must notify its Applicant matters in accordance with such notice.

Rule 35. Procedures pertaining to Transfer of Position in Insolvency for Customers

1. A customer (excluding customers prescribed in each of the items of Rule 17, Paragraph 1; the same shall apply hereinafter in this rule and the following Rule) must, if it receives the notice prescribed in the provisions of Paragraph 1 of the preceding rule, and wishes for a Transfer of Position in Insolvency, apply to one of the other Trading Participants designated by the Exchange for Transfer of Position in Insolvency, and obtain its approval by the deadline specified by the Exchange.
2. A customer who obtains approval for Transfer of Position in Insolvency prescribed in the preceding paragraph shall open a Futures/Options Trading Account with the transferee Trading Participant pursuant to the provisions of Special Regulations on Government Bond Futures Contracts, Special Regulations on Index Futures Contracts, Special Regulations on Individual Options Contracts, Special Regulations on Government Bond Futures Options Contract, Special Regulations on Index Options Contracts. Provided, however, the foregoing shall not be applicable if the customer has existing Futures/Options Trading Account with the Transferee Trading Participant.
3. In the case of a Transfer of Position in Insolvency as prescribed in Paragraph 1 pertaining to Government Bond Futures Contracts and Index Futures

Contracts, the clearing price and clearing price index of each contract month on the trading date that closes on the day preceding the date of such Transfer of Position in Insolvency (in case of a transaction completed in the evening session of the trading date that closes on the date of such Transfer of Position in Insolvency, such contract price and settlement index price) shall be the contract price and contract price index for such unsettled contracts.

Rule 36. Procedures Pertaining to Resale, Repurchase or Exercise of Options for Customer

A customer shall, if it receives the notice prescribed in Rule 34, Paragraph 1, and wishes for a resale, repurchase or exercise of options pertaining to unsettled contracts, instruct the Insolvent Trading Participant (Non-Clearing Participant in the event the Designated Clearing Participant is suspended from undertaking obligations due to determination by JSCC that it is insolvent, is likely to become insolvent, or is necessary due to other specific reasons) of the fact by the deadline specified by the Exchange.

Rule 37. Special Regulations on Margin

1. In the event the Transfer of Position in Insolvency as prescribed in Rule 35, Paragraph 1 has been effected, a customer shall be deemed to have submitted the Commissioned Clearing Margin for the customer (limited to the portion that the customer or its Applicant has the right to claim return of, as prescribed in the JSCC Clearing Margin Rules; the same shall apply in the following paragraph) deposited to the JSCC by the Insolvent Trading Participant (Non-Clearing Participant in the event the Designated Clearing Participant is suspended from undertaking obligations due to determination by JSCC that it is insolvent, is likely to become insolvent, or is necessary due to other specific reasons; the same shall apply hereinafter in this rule) to the transferee Trading Participant as Clearing Margin.
2. In case of the preceding paragraph, for Clearing Margin deposited as Replacement Deposit for such customer, the smaller of the amounts prescribed in each of the following item shall be deemed to have been submitted as Clearing Margin.
 - (1) The amount equivalent to the sum of money and market value of securities deposited by the customer to Insolvent Trading Participant as Customer Margin (including the sum of money and market value of securities pertaining to the Clearing Margin submitted by such customer to the Insolvent Trading Participant as Clearing Margin and to be deposited to the JSCC); or

- (2) The amount calculated by subtracting the cost of liquidation required by the JSCC for liquidation of the securities deposited by the Insolvent Trading Participant as Clearing Margin for Replacement Deposits from the Clearing Margin for Replacement Deposits deposited to the JSCC by the Insolvent Trading Participant, and pro rated by the amount equivalent to the sum of money and market value of securities deposited by each customer to the Insolvent Trading Participant as Customer Margin (including the sum of money and market value of securities pertaining to the Clearing Margin submitted by such customer to the Insolvent Trading Participant as Clearing Margin and to be deposited to the JSCC).

Rule 38. Special Regulations on Return of Margin

Transferee Trading Participant shall, when Transfer of Position in Insolvency prescribed in Rule 35, Paragraph 1 has been effected, and a claim for return of Clearing Margin as prescribed in Paragraph 2 of the preceding rule is received from the customer on or after such date, return the same in cash.

Rule 39. Special Regulations on Return of Clearing Margin

A customer may, in the event the Transfer of Position in Insolvency as prescribed in Rule 35, Paragraph 1 has not been effected, exercise the right to claim return directly against the JSCC, as prescribed in the JSCC Clearing Margin Rules.

SECTION 3

CONTRACT BETWEEN CUSTOMER AND APPLICANT

Rule 40. Contract between Customer and Applicant

If a customer is a Broker, the customer shall execute a contract with its Applicant, in accordance with the matters prescribed in these Rules.

CHAPTER 4

MISCELLANEOUS PROVISIONS

Rule 41. Application to Agency-Based Clearing of Securities

With respect to commissioning of entrustment of agency-based clearing of securities pertaining to Futures/Options Trading, the provisions of Rule 3, Chapter 2, and Chapter 3 shall be applied deeming the Trading Participant who entrusted the agency-based clearing of securities shall be deemed to be the person acting as an agent for such Futures/Options Trading.

Rule 42. Determination of Necessary Matters concerning Margin and Transfer of Unsettled Contracts

The Exchange may, in addition to matters prescribed in these rules, prescribe relevant treatment of margin and transfer of unsettled contracts pertaining to Futures/Options Trading in its rules where necessary.