

Futures/Option Contracts - Margin and Settlement Framework Overview

As of November 6, 2023
Osaka Exchange, Inc.
Japan Securities Clearing Corporation

Osaka Exchange, Inc. (OSE) has designated Japan Securities Clearing Corporation (JSCC) as the Financial Instruments Clearing Organization related to the Futures/Option Contracts. The clearing/settlement operations, such as settlements and acceptance of the Margin, related to the Futures/Option Contracts executed on OSE are to be performed between JSCC and its Clearing Participants. This document outlines the margin and settlement frameworks.

Item	Description	Remarks
<p>I. Margin Framework</p> <p>1. Margin Provided or Deposited by Customers</p>	<ul style="list-style-type: none"> • When commissioning trades in the Futures/Option Contracts (collective term referring to the JGB Futures Contracts, the Interest Rate Futures Contracts, the Index Futures Contracts (this term does not include the Commodity Index Futures Contracts; the same applies hereinafter), the Commodity Index Futures Contracts, the Commodity Futures Contracts, the Securities Option Contracts, the Option on JGB Futures, the Index Option Contracts and the Option on Commodity Futures; the same applies hereinafter), a customer shall open an account for that purpose and provide or deposit a margin with the Trading Participant according to the procedures described below. • Out of a margin to be provided or deposited by a customer with the Trading Participant, cash, securities and warehouse receipts, other than cash provided as an amount equivalent to the Amount of Cash a Customer Supposed to Pay (Note 1), shall be deposited either as the Margin or as Customer Margin. <p>(Note) 1. The Amount of Cash a Customer Supposed to Receive or Pay (i.e., either the</p>	<ul style="list-style-type: none"> • When the Margin is deposited by the Trading Participant's cash, securities or warehouse receipts instead of depositing the cash, securities or warehouse receipts deposited by a customer, a margin provided by the customer shall be treated as Customer Margin (see 2. (2) iii) and 3. (2) iii)) • The Implicit Profit or Loss shall be obtained as a sum total (net) of all Futures Contracts positions (including those traded on the day).

Item	Description	Remarks
(1) Margin Requirement	<p>Amount of Cash a Customer Supposed to Receive or the Amount of Cash a Customer Supposed to Pay) is the sum total of the Implicit Profit or Loss (Note 2) and the Unsettled Future Profit or Loss (Note 3) for the Futures Contracts (collective term referring to the JGB Futures Contracts, the Interest Rate Futures Contracts, the Index Futures Contracts, the Commodity Index Futures Contracts and the Commodity Futures Contracts; the same applies hereinafter), and the Unsettled Option Premiums for the Option Contracts (collective term referring to the Securities Option Contracts, the Option on JGB Futures, the Index Option Contracts and the Option on Commodity Futures; the same applies hereinafter), which include the cash settlement amount upon exercise of the Index Option Contracts, the Cash-Settled Securities Option Contracts (referring to the Securities Option Contracts whose exercise gives rise to a contract of a settlement of cash based on the difference between the exercise price and the market price; the same applies hereinafter) and the Option on Commodity Futures, less the amount to be charged to the customer and deemed necessary by a Trading Participant.</p> <p>2. The Implicit Profit or Loss (i.e., Implicit Profit or Implicit Loss) is the amount calculated by deducting the amount of implicit profit payout from the net balance between profit and loss arising from the market fluctuation in the Futures Contracts.</p> <p>3. The Unsettled Future Profit or Loss (i.e., Unsettled Future Profit or Unsettled Future Loss) and the Unsettled Option Premiums refer to the future profit or loss and the Option Premiums whose settlement has not been completed between the customer and the Trading Participant.</p> <p>• A customer's margin requirement shall be equal to the amount calculated by</p>	<p>• VaR Method refers to the</p>

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	<p>deducting the Total Amount of Net Option Value (Note 1) calculated based on the open brokerage positions based on a customer's entrustment of the Option Contracts trading from the expected loss amount calculated by VaR Method based on the open positions based on a customer's entrustment customer's open positions of the Futures and Option Contracts trading and adding the Delivery Clearing Margin for the customer (when the Total Amount of Net Option Value is positive, then subtract such amount, and when it is negative, add the absolute value of such amount; the same applies to the margin requirement calculation hereinafter).</p> <p>(Note) 1. The Total Amount of Net Option Value shall be the sum of the amount, for each Clearing Qualification, obtained by subtracting the gross Short Option Value (Note 2) from the gross Long Option Value (Note 3).</p> <p>2. Short Option Value shall be the amount obtained, with respect an option instrument position which is net short, as the product of the settlement price of the relevant instrument converted to the price per unit and the net quantity in the relevant instrument.</p> <p>3. Long Option Value shall be the amount obtained, with respect an option instrument position which is net long, as the product of the settlement price of the relevant instrument converted to the price per unit and the net quantity in the relevant instrument.</p>	<p>methodology of calculation of the amount to cover certain level of portfolio profit/loss calculated based on the market data during certain period in the past.</p> <ul style="list-style-type: none"> • When a position held by a customer is extremely large in light of the level of liquidity or position concentration, JSCC will charge the Margin requirement add-on for the customer position pursuant to the Rules on Margins, etc. for Futures and Option Contracts of JSCC (hereinafter referred to as "JSCC Futures/Option Margin Rules"). When a customer is subject to the Margin add-on, such add-on charge shall form a part of the margin requirement of the relevant customer, in principle. • With respect to a Clearing Participant submitted the notification for participation in Holiday Trading, when its customer deposits a part of the preliminary add-on margin attributable to such customer's position pursuant to the provisions of JSCC Futures/Option Margin Rules,

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(2) Calculation Method of Total Amount of Deposited Margin	<ul style="list-style-type: none"> The total amount of the deposited margin is obtained by adding or deducting the Amount of Cash Customer is Supposed to Receive or Pay to or from the amount of cash, securities and warehouse receipts deposited by the customer as margin for the Futures/Option Contracts. 	<p>such portion of the preliminary add-on margin attributable to the customer shall form a part of the margin requirement of the relevant customer.</p> <ul style="list-style-type: none"> Appraisal value of foreign currency cash, securities and warehouse receipts to be used for the calculation of the total amount of the deposited margin shall be determined based on their market values on the previous day of the date of calculation (or, if such previous day is not a business day (including Holiday Trading Day; the same applies hereinafter), immediately preceding business day; the same applies hereinafter).
(3) Margin Call and Maintenance	<ul style="list-style-type: none"> When there is a Deficit in Total Amount of Deposited Margin (Note 1) or a Cash Margin Deficit (Note 2), a customer is required to deposit with a Trading Participant an additional margin in cash, securities or warehouse receipts in the amount equal to or greater than such deficit based on the claim of the Trading Participant. <p>(Note) 1. Deficit in Total Amount of Deposited Margin refers to a deficit when the total amount of the deposited margin falls short of the margin requirement. 2. Cash Margin Deficit refers to a deficit when the amount of cash provided</p>	<ul style="list-style-type: none"> Japanese yen cash as well as foreign currency cash are acceptable. Scope of the acceptable foreign currency cash shall be prescribed by JSCC.

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(4) Deadline of Margin Deposit	<p>by a customer falls short of the Amount of Cash Customer Supposed to Pay.</p> <ul style="list-style-type: none"> A margin to be deposited by a customer shall be deposited to a Trading Participant by the time specified by the Trading Participant on or before the next day (or, if such next day is not a business day, the next business day; the same applies hereinafter) following the day on which there is Deficit in Total Amount of Deposited Margin or Cash Margin Deficit. <p>However, when a customer is a non-Japanese resident (Note), the provision or deposit shall be made by the date and time designated by the Trading Participant which is no later than the second business day following the date on which there is such deficit.</p> <p>(Note) “Non-Japanese resident” refers to the “non-resident” defined under Article 6, Paragraph 1, Item (6) of the Foreign Exchange and Foreign Trade Act.</p>	
(5) Securities and Warehouse Receipts Acceptable as Margin	<ul style="list-style-type: none"> A customer may deposit securities and warehouse receipts as margin. However, in case of a Cash Margin Deficit, such amount shall be provided in cash. The scope of the acceptable securities and warehouse receipts shall be prescribed by JSCC. 	<ul style="list-style-type: none"> The appraisal value of the securities and/or warehouse receipts provided or deposited as margin shall be determined based on the market value as of the second business day preceding the date of deposit.
(6) Matters to be Made Clear when Broker is Providing/Depositing Margin	<ul style="list-style-type: none"> When a customer is a Broker, it shall make clear to the Trading Participant that it is acting as a Broker, and whether a margin it deposits is those accepted from the Applicant, or its own cash, securities or warehouse receipts to be provided or deposited with a consent of the Applicant. 	<ul style="list-style-type: none"> “Applicant” refers to a person who asked a brokerage of commission of trades to a Trading Participant, and “Broker” refers to a person acting as a broker for an Applicant in the

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(7) Restriction on Margin Withdrawal	<ul style="list-style-type: none"> Unless the total amount of the deposited margin exceeds the margin requirement, a Trading Participant may not allow its customer to withdraw cash, securities or warehouse receipts provided or deposited by the customer as margin. 	<p>commission of trades to a Trading Participant.</p>
(8) Payment of Implicit Profits	<ul style="list-style-type: none"> If an Implicit Profit arises in a customer's position due to a fluctuation in the prices of the Futures Contracts and the total amount of the deposited margin exceeds the margin requirement, a Trading Participant may pay the customer such implicit profits up to the amount of such excess upon the customer's request. 	<ul style="list-style-type: none"> A Trading Participant must segregate the Implicit Profit or Loss which has not been paid out to customers in the same manner as other client assets.
2. Margin Deposited by Non-Clearing Participants	<ul style="list-style-type: none"> When concluded a short or long Futures Contract or a short Option Contract on its proprietary account or its customer account, the Non-Clearing Participant shall deposit the Margin by the date and time designated by the Designated Clearing Participant which is no later than 11:00 a.m. on the next day. 	<ul style="list-style-type: none"> "Non-Clearing Participant" refers to a Trading Participant which does not hold the relevant JSCC Clearing Qualification.
(1) Margin for Proprietary Position i) Margin Requirement	<ul style="list-style-type: none"> The Margin requirement for proprietary position shall be an amount equal to the expected loss amount calculated by VaR Method based on the Futures/Option Contracts position on its proprietary account, less the Total Amount of Net Option Value for the Option Contracts position on its proprietary account, plus the Delivery Clearing Margin calculated for the position on its proprietary account. 	<ul style="list-style-type: none"> When a position is extremely large in light of the level of liquidity or position concentration, JSCC will charge the Margin requirement add-on for the Non-Clearing Participant's proprietary position pursuant to JSCC Futures/Option Margin Rules. When a Non-Clearing

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ii) Securities and Warehouse Receipts Acceptable as Margin	<ul style="list-style-type: none"> • Securities or warehouse receipts may be deposited as the Margin for proprietary position. • The scope of the acceptable securities and warehouse receipts shall be prescribed by JSCC. 	<p>Participant is subject to the Margin add-on, such add-on charge shall form a part of the Margin requirement for the proprietary position of the Non-Clearing Participant, in principle.</p> <ul style="list-style-type: none"> • The scope of the acceptable foreign currency cash, securities and warehouse receipts, and their appraisal method, are the same as those under Margin Provided or Deposited by Customers.
iii) Margin Additional Deposit	<ul style="list-style-type: none"> • When the amount of the Margin a Non-Clearing Participant provided with its Designated Clearing Participant for its proprietary position falls short of the Margin requirement, the Non-Clearing Participant shall provide the Margin in the amount at least equal to the difference between the Margin requirement and the deposited Margin by the date and time designated by the Designated Clearing Participant which is no later than 11:00 a.m. on the next day following the date on which there is such shortfall. 	
(2) Margin related to Customer Position i) Margin Requirement	<ul style="list-style-type: none"> • The Margin requirement related to a customer position shall be obtained by aggregating, for all customers, the Margin requirement calculated with respect to the Futures/Option Contract positions based on a customer's entrustment of each 	<ul style="list-style-type: none"> • JSCC may ask its Clearing Participants to report the matters it considers necessary with respect to

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ii) Margin Deposit in case of Direct Deposit	<p>customer.</p> <ul style="list-style-type: none"> When the Designated Clearing Participant is submitting a report to JSCC, a Non-Clearing Participant shall, upon request of the Designated Clearing Participant, report each customer's position by instrument and submit other materials concerning the margin requirement calculation. A Non-Clearing Participant shall provide cash, securities and warehouse receipts provided by its customer as the Margin with the Designated Clearing Participant as the Margin (Direct Deposit); provided, that, by the date that is the third business days following the date of the provision by the customer, the Non-Clearing Participant may provide or deposit, as the Margin (Substitute Deposit), its own cash, securities or warehouse receipts in the amount at least equal to the cash, securities and warehouse receipts provided by its customer instead of depositing the cash, securities or warehouse receipts provided by its customer as the Margin. 	<p>the Non-Clearing Participant's Futures/Option Contracts. (See 3. (2) i))</p> <ul style="list-style-type: none"> A Non-Clearing Participant shall perform provision and withdrawal of customer's Margin to and from the Designated Clearing Participant as an agent for a customer.
iii) Margin Deposit in case of Substitute Deposit	<ul style="list-style-type: none"> With a customer's consent, either in writing or via electronic method, a Non-Clearing Participant may provide or deposit, as the Margin (Substitute Deposit), its own cash, securities or warehouse receipts in the amount at least equal to the cash, securities and warehouse receipts provided by its customer instead of proving/depositing the cash, securities or warehouse receipts provided by its customer. (In this case, the cash, securities or warehouse receipts provided by a customer shall be deemed to have been deposited with the Non-Clearing Participant as Customer Margin.) 	<ul style="list-style-type: none"> The scope of the acceptable foreign currency cash, securities and warehouse receipts for the Margin (Substitute Deposit), and their appraisal method, are the same as those under Margin Provided or Deposited by Customers.
iv) Margin Additional Deposit	<ul style="list-style-type: none"> When the amount of the Margin (Direct Deposit) or the Margin (Substitute Deposit) a Non-Clearing Participant provided or deposited with its Designated Clearing Participant falls short of the margin requirement for a customer, the Non-Clearing 	<ul style="list-style-type: none"> A Non-Clearing Participant must segregate the cash, securities and warehouse receipts deposited by its

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<p>3. Clearing Participant's Margin</p> <p>(1) Margin for Proprietary Account</p> <p>i) Margin Requirement</p>	<p>Participant shall provide or deposit cash, securities or warehouse receipts in the amount at least equal to the difference between the Margin requirement and the deposited Margin as the Margin (Substitute Deposit) by the date and time designated by the Designated Clearing Participant which is no later than 11:00 a.m. on the next day following the date on which there is such shortfall.</p> <ul style="list-style-type: none"> • Upon conclusion of a short or long Futures Contract or a short Option Contract on its proprietary account or for its customers, a Clearing Participant shall deposit the Margin by 11:00 a.m. on the next business day. • The Margin requirement for proprietary account shall be an amount equal to the expected loss amount calculated by VaR Method based on the Futures/Option Contracts position on its proprietary account, less the Total Amount of Net Option Value for the Option Contracts position on its proprietary account, plus the Delivery Clearing Margin calculated for the position on its proprietary account. 	<p>customer as Customer Margin in the same manner as other client assets.</p> <ul style="list-style-type: none"> • When a position is extremely large in light of the level of liquidity or position concentration, JSCC will increase an amount required for the Margin for the Clearing Participant's proprietary account pursuant to the provisions of JSCC "Rules on Margins, etc. for Futures and Option Contracts". When this measure is taken, such add-on charge shall form a part of the Margin requirement for the proprietary account of the Clearing Participant, in principle. • With respect to a Clearing Participant

Item	Description	Remarks
		submitted the notification for participation in Holiday Trading, the preliminary add-on margin pursuant to the provisions of JSCC “Rules on Margins, etc. for Futures and Option Contracts” shall form a part of the Margin requirement for its proprietary account.
ii) Securities and Warehouse Receipts Acceptable as Margin	<ul style="list-style-type: none"> • A Clearing Participant may provide securities or warehouse receipts as the Margin for its proprietary account. • The scope of the acceptable Securities or the Like shall be prescribed by JSCC. 	
iii) Additional Deposit of Margin	<ul style="list-style-type: none"> • When the deposited balance of the Margin for its proprietary account with JSCC falls short of the required amount of the Margin for its proprietary position, the Clearing Participant shall deposit cash, securities or warehouse receipts in the amount at least equal to the difference between the Margin requirement and the deposited Margin with JSCC by the deadline for deposit designated by JSCC on the next day following the date on which there is such shortfall. 	
(2) Margin related to Customer Position and Non-Clearing Participant’s Position		
i) Margin Requirement	<ul style="list-style-type: none"> • When the amount of the Margin for its proprietary account deposited with JSCC 	<ul style="list-style-type: none"> • There is no Non-Clearing

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ii) Margin Deposit related to Customer Position in	<p>falls short of the Margin requirement, the Clearing Participant shall deposit the Margin in the amount at least equal to the difference between the Margin requirement and the deposited Margin with JSCC by 11:00 a.m. on the next day following the date on which there is such shortfall.</p> <ul style="list-style-type: none"> • The Margin requirement for customer position and Non-Clearing Participant's position (i.e., trades under commission of brokerage for clearing of securities, etc. of a Non-Clearing Participant) shall be the sum total of the aggregate, for all customers, of the Margin requirement calculated with respect to the Futures/Option Contract position of each customer, and the aggregate, for all Non-Clearing Participants, of the Margin requirement related to each Non-Clearing Participant's proprietary position and customer positions in the Futures/Option Contracts. • A Clearing Participant shall deposit the Margin by each account classification for the management with JSCC, in the amount at least equal to the Margin requirement related to the customer position and Non-Clearing Participant's position (i.e., trades under commission of brokerage for clearing of securities, etc. of Non-Clearing Participant). • When JSCC considers necessary, a Clearing Participant shall, upon JSCC's request, report the position by instrument on each customer account, each Non-Clearing Participant's proprietary account and each customer account of each Non-Clearing Participants, and submit other materials concerning the Margin requirement calculation. • A Clearing Participant shall deposit with JSCC, as the Margin (Direct Deposit), the cash, securities and warehouse receipts provided by its customer as the Margin. 	<p>Participant's Margin requirement for Proprietary Clearing Participants.</p> <ul style="list-style-type: none"> • An account classification refers to an account classification set forth in JSCC's Business Rules. • An Agency Clearing Participant may have its Non-Clearing Participants report the position by instrument on its proprietary account and each customer account and submit other materials concerning the Margin requirement calculation. (See 2. (2) i)) • A Clearing Participant will perform a deposit and a withdrawal of

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case of Direct Deposit	<p>However, that up to the third business day following the date of provision by the customer, the Clearing Participant may provide or deposit, as the Margin (Substitute Deposit), its own cash, securities or warehouse receipts in the amount at least equal to the cash, securities and warehouse receipts provided by its customer instead of depositing the cash, securities or warehouse receipts provided by its customer as the Margin.</p>	<p>customer's Margin with or from JSCC as an agent for a customer.</p>
iii) Margin Deposit related to Customer Position in case of Substitute Deposit	<ul style="list-style-type: none"> With a customer's consent, either in writing or via electronic method, a Clearing Participant may provide or deposit with JSCC, as the Margin (Substitute Deposit), its own cash, securities or warehouse receipts in the amount at least equal to the cash, securities and warehouse receipts provided by its customer instead of depositing the cash, securities or warehouse receipts provided by its customer as the Margin. (In this case, cash, securities or warehouse receipts provided by the customer shall be deemed to have been deposited with the Clearing Participant as Customer Margin.) 	<ul style="list-style-type: none"> The scope of the acceptable foreign currency, Securities or the Like for the Margin (Substitute Deposit), and their appraisal method, are the same as those under Margin provided or deposited by customers.
iv) Margin Deposit related to Non-Clearing Participant's Proprietary Position	<ul style="list-style-type: none"> A Clearing Participant shall deposit with JSCC, as the Margin for Non-Clearing Participants' proprietary position, cash, securities and warehouse receipts provided by Non-Clearing Participants as the Margin related to their proprietary account. However, by the next day following the date of provision by the Non-Clearing Participant, the Clearing Participant may deposit, as the Margin (Substitute Deposit), its own cash, securities or warehouse receipts in the amount at least equal to the cash, securities and warehouse receipts provided by the Non-Clearing Participant as the Margin for its proprietary position instead of depositing the cash, securities or warehouse receipts provided by the Non-Clearing Participant as the Margin for its proprietary position. 	<ul style="list-style-type: none"> A Clearing Participant must segregate the cash, securities and warehouse receipts deposited by its customers as Customer Margin in the same manner as other client assets.

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v) Margin Deposit related to Non-Clearing Participant's Customer Position	<ul style="list-style-type: none"> A Clearing Participant shall deposit with JSCC, as the Margin related to Non-Clearing Participants' customer account, the cash, securities and warehouse receipts provided by its Non-Clearing Participants as the Margin related to Non-Clearing Participants' customer position. However, when a Non-Clearing Participant deposits a Non-Clearing Participant margin, a Clearing Participant shall deposit with JSCC its own cash, securities or warehouse receipts in the amount at least equal to such cash, securities and warehouse receipts instead of depositing such cash, securities or warehouse receipts. 	<ul style="list-style-type: none"> A Clearing Participant shall perform a deposit and a withdrawal of Non-Clearing Participant's Margin with/from JSCC as an agent for the Non-Clearing Participant.
vi) Additional Deposit of Margin	<ul style="list-style-type: none"> When the deposited balance of the Margin for customer account and Non-Clearing Participants' account with JSCC falls short of the required amount of the Margin for the customer account and Non-Clearing Participants' account, the Clearing Participant shall deposit, as Margin (Substitute Deposit), the cash, securities or warehouse receipts in the amount at least equal to the difference between the Margin requirement and the deposited Margin with JSCC by the deposit deadline designated by JSCC on the next day following the date on which there is such shortfall. 	<ul style="list-style-type: none"> A Clearing Participant shall perform a deposit and a withdrawal of the customer's Margin with/from JSCC as an agent for the customer of the Non-Clearing Participant.
4. Margin Deposit Method (1) Position Reporting	<ul style="list-style-type: none"> A Clearing Participant shall report the position related to the omnibus account (including the position of Non-Clearing Participants) to JSCC by the cutoff time designated by JSCC. A Non-Clearing Participant shall report the position related to the omnibus account to the Designated Clearing Participant by the cutoff time designated by the Designated Clearing Participant. 	<ul style="list-style-type: none"> Omnibus account refers to an omnibus account set forth in JSCC's Business Rules.

Item	Description	Remarks
(2)Margin Deposit Classification	<ul style="list-style-type: none"> • When a Clearing Participant deposits the Margin with JSCC, the deposit shall be made according to the following classifications: <ul style="list-style-type: none"> i) Clearing Participant_House; ii) Clearing Participant_House (For Client Account); iii) Clearing Participant_Client (Direct Deposit); iv) Clearing Participant_Client (Replaced by Indirect Broker); v) Clearing Participant_Client (Substitute Deposit); vi) Non-Clearing Participant_House (Direct Deposit); vii) Non-Clearing Participant_House (Replaced by Clearing Participant); viii) Non-Clearing Participant_Client (Direct Deposit); ix) Non-Clearing Participant_Client (Replaced by Indirect Broker); and x) Non-Clearing Participant_Client (Substitute Deposit). • When a Non-Clearing Participant provides or deposits the Margin with a Clearing Participant, the deposit shall be made by clarifying which of the following classifications it falls under: <ul style="list-style-type: none"> i) Non-Clearing Participant_House; ii) Non-Clearing Participant_Client (Direct Deposit); iii) Non-Clearing Participant_Client (Replaced by Indirect Broker); and iv) Non-Clearing Participant_Client (Substitute Deposit). 	<ul style="list-style-type: none"> • JSCC manages the Margin deposited by Clearing Participants according to the classifications listed on the left. • When a Margin add-on mentioned in Remarks column of 1. (1), 2. (1) i) and 3. (1) i) is charged, a Clearing Participant may, with a consent of the customer or Non-Clearing Participant, deposit the amount equivalent to such add-on charge according to the classification ii) by Clearing Participant's own cash or Securities or the Like. In this case, such add-on amount shall be deducted from the Margin requirement.
5. Intraday Margin i) Deposit of Intraday Margin	<ul style="list-style-type: none"> • If, as of 11:00 a.m. (or as of the close of morning session for the JGB Futures Contracts, the Option on JGB Futures Contracts, and the Interest Rate Futures Contracts), the amount of the Margin for its proprietary position falls short of the Intraday Margin requirement, the Clearing Participant shall deposit with JSCC the amount at least equal to such shortfall as its proprietary Margin. 	<ul style="list-style-type: none"> • When a deposit of Intraday Margin is required, JSCC promptly gives notice to the Clearing Participant.

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ii) Intraday Margin Requirement	<ul style="list-style-type: none"> Intraday Margin requirement shall be an amount equal to the expected loss amount calculated by VaR Method based on the Futures/Option Contracts position on the Clearing Participant's proprietary account as of 11:00 a.m., less the Total Amount of Net Option Value for the Option Contract position on its proprietary account, plus the Margin requirement add-on and the preliminary add-on Margin related to the proprietary account, plus/minus Mark to Market Margin equivalent for the Futures Contracts and Option Premium equivalent related to the proprietary account, plus the sum of the Risk Amount Exceeding Collateral for each account other than the Clearing Participant's proprietary account. 	<ul style="list-style-type: none"> "Risk Amount Exceeding Collateral" refers to the amount obtained with respect to each account through the methods prescribed in Appendix 2 to JSCC "Rules on Margins, etc. for Futures and Option Contracts".
iii) Deadline of Intraday Margin Deposit	<ul style="list-style-type: none"> The deadline of the Intraday Margin deposit shall be 2:00 p.m. on the same day. Securities and warehouse receipts are acceptable as the Intraday Margin. 	<ul style="list-style-type: none"> The scope of the acceptable foreign currency and Securities or the Like is the same as those for ordinary Margin.
6. Emergency Margin		
i) Deposit of Emergency Margin	<ul style="list-style-type: none"> When the market moves beyond the predetermined range at 1:00 p.m. or otherwise JSCC deems it necessary, and if the amount of the Margin deposited for its proprietary account falls short of the Emergency Margin requirement, the Clearing Participant shall deposit the amount at least equal to such shortfall with JSCC as its proprietary Margin. 	<ul style="list-style-type: none"> When a deposit of Emergency Margin is required, JSCC promptly gives notice to the Clearing Participant.
ii) Emergency Margin Requirement	<ul style="list-style-type: none"> Emergency Margin requirement shall be an amount equal to expected loss amount calculated by VaR Method based on the Futures/Option Contracts position on its proprietary account as of 1:00 p.m., less the Total Amount of Net Option value for the Option Contract position on the Clearing Participant's proprietary account, plus 	<ul style="list-style-type: none"> Risk Amount Exceeding Collateral is the same as the Risk Amount Exceeding Collateral under the Intraday Margin.

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<p>iii) Deadline of Emergency Margin Deposit</p>	<p>the Margin requirement add-on and the preliminary add-on Margin related to the proprietary account, plus/minus Mark to Market Margin equivalent for the Futures Contracts and Option Premium equivalent related to the proprietary account, plus the sum of the Risk Amount Exceeding Collateral for each account other than the Clearing Participant's proprietary account.</p> <ul style="list-style-type: none"> • The deadline of the Emergency Margin deposit shall be 4:00 p.m. on the same day. • Securities and warehouse receipts are acceptable as the Emergency Margin. 	<ul style="list-style-type: none"> • The scope of the acceptable foreign currency and Securities or the Like is the same as those for ordinary Margin.
<p>II. Settlement Framework</p>		
<p>1. Clearing Participants' and Non-Clearing Participants' Settlement of Futures Contracts</p>		
<p>(1) Settlement of Mark to Market Margin between Clearing Participants and JSCC</p>	<ul style="list-style-type: none"> • The Futures Contracts position shall be marked-to-market between Clearing Participants and JSCC on a daily basis. A Clearing Participant shall calculate the Mark to Market Margin for each account classification for the management with JSCC. The difference between the gross payment amount and the gross receiving amount related to the Futures Contracts by unit prescribed in JSCC Business Rules at the same Clearing Participant shall be settled between the Clearing Participant and JSCC. • As to the settlement of the Mark to Market Margin between Clearing Participants and JSCC, the payments from the paying Clearing Participants shall be made by 	<ul style="list-style-type: none"> • The Mark to Market Margin for the Futures Contracts (including the cash settlement amount related to the final settlement of the Index Futures Contracts, the JGB Futures Contracts (Cash Settlement Futures), the Interest Rate Futures Contracts, the Commodity Index Futures Contracts and the Commodity Futures

Item	Description	Remarks
<p>(2) Settlement by Physical Delivery and Payment of JGB Futures Contracts (Physical Settlement Futures)</p>	<p>11:00 a.m. on the next day following the date on which the Mark to Market Margin arises, and the payments from JSCC to the receiving Clearing Participants will be made promptly after 1:00 p.m. on the next day following the date on which Mark to Market Margin arises.</p> <ul style="list-style-type: none"> • For the JGB Futures Contracts (Physical Settlement Futures) position for which no offsetting sale or purchase has been executed by the last trading day and no closeout quantity report has been submitted by the next day following the last trading day, the position shall be settled through the physical delivery and payment, wherein JGB shall be delivered, and the settlement price shall be paid on the Physical Settlement Day (i.e., 20th day of March, June, September and December (or next business day if such day falls on a non-business day)). • The amount of funds payable in the settlement by physical delivery and payment shall be the product of the settlement price for physical delivery (the settlement price on the last trading day), the conversion factors applicable to the Issue Qualified for Delivery, and one hundredth of the aggregate face value of the relevant Issue Qualified for Delivery. 	<p>Contracts (Cash Settlement Futures); the same applies hereinafter) shall be netted with contract price for Option Contract, the cash settlement amount associated with an exercise of the Index Option Contracts, the Cash-settled Securities Option Contracts and the Option on Commodity Futures, and the Mark to Market Margin and contract price related to Give-up/Take-up correction of Futures and Options Contract, to be paid or received upon settlement.</p> <ul style="list-style-type: none"> • The settlement by physical delivery and payment between JSCC and Clearing Participants shall be performed as the DVP settlement via Bank of Japan financial network system (“BOJ-NET”).

Item	Description	Remarks
(3) Final Settlement of JGB Futures Contracts (Cash Settlement Futures)	<ul style="list-style-type: none"> For the JGB Futures Contracts (Cash Settlement Futures) position for which no offsetting sale or purchase has been executed by the last trading day and no closeout quantity report has been submitted by the next day following the last trading day, the final settlement shall be performed on the Final Settlement Day (Note). Note. For the purpose of this document, the Final Settlement Day refers to the next day following the final settlement price calculation date (the next day following the last trading day) for the JGB Futures Contracts (Cash Settlement futures), the next day following the final settlement price calculation date (the next day following the last trading day) for the Interest Rate Futures Contracts, the next day following the SQ calculation date (the next day following the last trading day) for the Index Futures Contracts other than FLEX contract whose final settlement price is the last value of the underlying index on the last trading day, the next day following the last trading day of the Index Futures Contracts that are FLEX contracts whose final settlement price is the last value of the underlying index on the last trading day, and the next day following the date on which the final settlement price is to be determined in the Commodity Index Futures Contracts and the Commodity Futures Contracts (Cash Settlement Futures). 	
(4) Final Settlement of Interest Rate Futures Contracts	<ul style="list-style-type: none"> For position in the Interest Rate Futures Contracts for which no offsetting sale or purchase has been executed by the last trading day and no closeout quantity report has been submitted by the next day following the last trading day, the final settlement shall be performed on the Final Settlement Day. 	
(5) Final Settlement of Index Futures Contracts	<ul style="list-style-type: none"> For position in the Index Futures Contracts other than FLEX contracts whose final settlement price is the last value of the underlying index on the last trading day, for which no offsetting sale or purchase has been executed by the last trading day and no closeout quantity report has been submitted by the next day following the last 	

Item	Description	Remarks
(6) Final Settlement of Commodity Index Futures Contracts	<p>trading day, the final settlement shall be performed on the Final Settlement Day.</p> <ul style="list-style-type: none"> For position in the Index Futures Contracts that are FLEX contracts whose final settlement price is the last value of the underlying index on the last trading day, for which no offsetting sale or purchase has been executed by the last trading day, the final settlement shall be performed on the Final Settlement Day. For the Commodity Index Futures Contracts position for which no offsetting sale or purchase has been executed by the last trading day and no closeout quantity report has been submitted by the next day following the last trading day, the final settlement shall be performed on the Final Settlement Day. 	<ul style="list-style-type: none"> See “Operational Procedures for Settlement by Delivery related to Commodity Futures Contracts” and “Outline of Specifications for Commodity Futures” for the settlement by physical delivery and payment of the Commodity Futures Contracts (Physical Settlement Futures).
(7) Settlement by Physical Delivery and Payment of Commodity Futures Contracts (Physical Settlement Futures)	<ul style="list-style-type: none"> For the Commodity Futures Contracts (Physical Settlement Futures) position for which no offsetting sale or purchase has been executed by the last trading day, the settlement by physical delivery of delivery goods and payment of funds shall be performed in accordance with the rules prescribed for each Commodity. 	
(8) Final Settlement of Commodity Futures Contracts (Cash Settlement Futures)	<ul style="list-style-type: none"> For the Commodity Futures Contracts (Cash Settlement Futures) position for which no offsetting sale or purchase has been executed by the last trading day and no closeout quantity report has been submitted by the next day following the last trading day, the final settlement shall be performed on the Final Settlement Day. 	

Item	Description	Remarks
(9) Settlement between Non-Clearing Participant and Clearing Participant	<ul style="list-style-type: none"> • The payment of the Mark to Market Margin by a Non-Clearing Participant to a Designated Clearing Participant shall be made by the time and date designated by the Designated Clearing Participant, which is no later than 11:00 a.m. on the next day following the date on which the Mark to Market Margin arises. • The settlement by physical delivery and payment of the JGB Futures Contracts (Physical Settlement Futures) between a Non-Clearing Participant and a Designated Clearing Participant shall be performed by the time and date designated by the Designated Clearing Participant, which is no later than the Physical Settlement Day. • The settlement fund for the final settlements of the JGB Futures Contracts (Cash Settlement Futures), the Interest Rate Futures Contracts, the Index Futures Contracts, and the Commodity Index Futures Contracts shall be paid by a Non-Clearing Participant to a Designated Clearing Participant by the date and time designated by the Designated Clearing Participant, which is no later than 11:00 a.m. on the Final Settlement Day. 	
2. Customer's Settlement of Futures Contracts		
(1) Money to be Paid/Received for Settlement	<ul style="list-style-type: none"> • In the JGB Futures Contracts, the money to be paid/received for the settlement between a Trading Participant and a customer (excluding the Price for Settlement by Delivery related to the Physical Settlement Futures) is the money in the amount equivalent to the difference between the short contract price and the long contract price for the settlement via offsetting sale or purchase, the money in the amount equivalent to the difference between the contract price and the delivery settlement price when performing the settlement by physical delivery and payment related to the Physical Settlement Futures, and the money in the amount equivalent to the 	

Item	Description	Remarks
	<p data-bbox="584 177 1576 296">difference between the contract price and the final settlement price when performing the final settlement related to the Cash Settlement Futures, as applicable.</p> <ul data-bbox="539 312 1576 1342" style="list-style-type: none"> <li data-bbox="539 312 1576 568">• The Price for Settlement by Delivery to be settled in the settlement by physical delivery and payment of the JGB Futures Contracts (Physical Settlement Futures) shall be the amount obtained as the product of the delivery settlement price (the settlement price on the last trading day), the conversion factors for the Issue Qualified for Delivery, and one hundredth of the total face value of the Issue Qualified for Delivery. <li data-bbox="539 584 1576 887">• In the Interest Rate Futures Contracts, the Index Futures Contracts and the Commodity Index Futures Contracts, the money to be paid/received between a Trading Participant and a customer are the money in the amount equivalent to the difference between the short contract price and the long contract price for the settlement via offsetting sale or purchase, and the money in the amount equivalent to the difference between the contract price and the final settlement price when performing the final settlement, as applicable. <li data-bbox="539 903 1576 1342">• In the Commodity Futures Contracts, the money to be paid/received between a Trading Participant and a customer (excluding the Price for Settlement by Delivery related to the Physical Settlement Futures) are the money in the amount equivalent to the difference between the short contract price and the long contract price for the settlement via offsetting sale or purchase, the money in the amount equivalent to the difference between the contract price and the delivery settlement price when performing the settlement by physical delivery and payment related to the Physical Settlement Futures, and the money in the amount equivalent to the difference between the contract price and the final settlement price when performing the final settlement of the Cash Settlement Futures, as applicable. 	<ul data-bbox="1621 584 2092 935" style="list-style-type: none"> <li data-bbox="1621 584 2092 935">• See “Operational Procedures for Settlement by Delivery related to Commodity Futures Contracts” for the calculation method of the Price for Settlement by Delivery to be settled under the Commodity Futures Contracts (Physical Settlement Futures).

Item	Description	Remarks
(2) Settlement Cutoff Time	<ul style="list-style-type: none"> <li data-bbox="539 177 1574 663">• In the JGB Futures Contracts (Physical Settlement Futures) and the Commodity Futures Contracts (Physical Settlement Futures), if the amount a customer has deposited with a Trading Participant falls short of the amount required for the customer's settlement, the customer shall provide the amount of the shortfall by the time and date designated by the Trading Participant, which is no later than the next day following the date of the offsetting sale or purchase, or the next day following the last trading day, as applicable; provided, that if a customer is a non-Japanese resident, the customer shall deposit such amount by the time and date designated by the Trading Participant, which is no later than the day that is the second business day following the date of the offsetting sale or purchase or the second business day following the last trading day, as applicable. <li data-bbox="539 676 1574 1026">• In the JGB Futures Contracts (Cash Settlement Futures), the Interest Rate Futures Contracts, the Index Futures Contracts, the Commodity Index Futures Contracts and the Commodity Futures Contracts (Cash Settlement Futures), if the amount a customer has provided with a Trading Participant falls short of the amount required for the customer's settlement, the customer shall provide the amount of the shortfall by the time and date designated by the Trading Participant, which is no later than the next day following the date of the offsetting sale or purchase, or the last trading day, as applicable. However, if a customer is a non-Japanese resident, the customer shall provide the funds by the time and date designated by the Trading Participant, which is no later than the day that is the second business day following the date of the offsetting sale or purchase or the second business day following the last trading day, as applicable. <li data-bbox="539 1225 1574 1386">• Realized losses for futures shall be settled after offsetting with the available amount of cash (including cash provided in response to cash margin shortfalls), amounts withdrawable from implicit profits for futures, unsettled realized profits for futures, and/or unsettled sales proceeds for options transactions on the settlement date for 	

Item	Description	Remarks
<p>3. Payment/Receipt of Contract Price for Option Contract</p> <p>(1) Settlement between Clearing Participants and JSCC</p> <p>(2) Settlement between Non-Clearing Participant and Clearing Participant</p> <p>(3) Settlement between Trading Participant and Customer</p>	<p>the purpose of calculating the total amount of posted margin.</p> <ul style="list-style-type: none"> • For payment/receipt of contract price for Option Contract, a Clearing Participant shall calculate the Option Premium for each account classification for the management with JSCC. The difference between the gross payment amount and the gross receiving amount related to the Option Contracts by unit prescribed in JSCC Business Rules at the same Clearing Participant shall be settled between the Clearing Participant and JSCC. In this case, the payment from the paying Clearing Participant shall be made by 11:00 a.m. on the next day following the date of execution of the Option Contract, and the payment from JSCC to the receiving Clearing Participant will be made promptly after 1:00 p.m. on the next day following the date of execution of the Option Contract. • A Non-Clearing Participant shall pay the Option Premium to the Designated Clearing Participant by the time and date designated by the Designated Clearing Participant, which is no later than 11:00 a.m. on the next day following the date on which the Non-Clearing Participant executed the long Option Contract. • A customer executed a long Option Contract shall provide the Option Premium with the relevant Trading Participant by the time and date designated by the Trading Participant, which is no later than the next day following the date on which the customer executed the long Option Contract. However, if a customer executed a long Option Contract is a non-Japanese resident, the customer shall provide the Option Premium by the time and date designated by 	<ul style="list-style-type: none"> • Contract price for Option Contract shall be netted with the Mark to Market Margin for the Futures Contracts, and the Option Premium of the Index Option Contracts, the Cash-settled Securities Option

Item	Description	Remarks
<p>4. Option Exercise</p> <p>(1) Notification of Option Exercise</p> <p>(2) Assignment of Exercised Option</p>	<p>the Trading Participant, which is no later than the day that is the second business day following the date on which the customer executed the long Option Contract.</p> <ul style="list-style-type: none"> • Payment for options transactions shall be settled after offsetting with the available amount of cash (including cash provided in response to cash margin shortfalls), amounts withdrawable from implicit profits for futures, unsettled realized profits for futures, and/or unsettled sales proceeds for options transactions on the settlement date for the purpose of calculating the total amount of posted margin. • When notifying an Option Exercise, a Clearing Participant holding a long position (or a Non-Clearing Participant holding a long position, in case of a position of a Non-Clearing Participant) shall notify the exercise quantity by each instrument separately for its customers' position and its proprietary position to JSCC by 5:00 p.m. on the exercise date. • When notifying an Option Exercise, a customer holding a long position shall notify the exercise quantity by each instrument to the Trading Participant by 4:00 p.m. on the exercise date. • Upon receipt of a notification of the Option Exercise, JSCC will assign the notified quantity to accounts with short positions and notify the relevant Clearing Participant (or the relevant Non-Clearing Participant, in case of a position of a Non-Clearing Participant) of the quantity of assigned short positions separately for those for the proprietary account and those for customer accounts. 	<p>Contracts and the Option on Commodity Futures to be paid or received upon settlement.</p> <p>• With respect to the instrument that is in-the-money in a comparison of the settlement price on the exercise date (or the expiration date of the Exercise Period in case of the Option on JGB Futures Contracts) and the exercise price, the notification of the Option Exercise shall be deemed to have been given even if the notification</p>

Item	Description	Remarks
(3) Settlement of Purchase/Sale of Securities in Association with Exercise of Securities Option Contracts	<ul style="list-style-type: none"> The purchase/sale of the securities arising as a result of the exercise of the Securities Option Contracts (other than Cash-settled Securities Option Contracts) shall be conducted on the third business day following the exercise date, with the same settlement method, settlement cutoff time and other condition with securities regular transactions. 	<p>has not been given; unless an intention of non-exercise of the option has been notified.</p> <ul style="list-style-type: none"> A Non-Clearing Participant received the notification shall notify such effect to the Designated Clearing Participant without delay.
(4) Cash Settlement of Exercised Index Option Contracts, Securities Option Contracts and Option on Commodity Futures	<ul style="list-style-type: none"> In the cash settlement of the exercised option in the Index Option Contracts, the Cash-settled Securities Option Contracts and the Option on Commodity Futures Contracts, a Clearing Participant shall calculate the cash settlement amount by each account classification for the management with JSCC, and settle with JSCC the net amount of the gross payment amount and the gross receiving amount by unit prescribed in JSCC Business Rules at the same Clearing Participant. In this case, the payments by paying Clearing Participants to JSCC shall be made by 11:00 a.m. on the next day following the exercise date, and the payments by JSCC to receiving Clearing Participants will be made promptly after 1:00 p.m. on the next day following the exercise date. A Non-Clearing Participant received an assignment of the exercised option in the Index Option Contracts, the Cash-settled Securities Option Contracts and the 	<ul style="list-style-type: none"> Upon settlement, the cash settlement amount associated with an exercise of the Index Option Contracts, the Cash-settled Securities Option Contracts and the Option on Commodity Futures Contracts shall be netted with Mark to Market Margin for the Futures Contracts and the Option Premium.

Item	Description	Remarks
	<p>Option on Commodity Futures shall pay the cash settlement amount by the time and date designated by the Designated Clearing Participant, which is no later than 11:00 a.m. on the next day following the exercise date.</p> <ul style="list-style-type: none"> • A customer received an assignment of the exercised option in the Index Option Contracts, the Cash-settled Securities Option Contracts and the Option on Commodity Futures Contracts shall provide the cash settlement amount by the time and date designated by the Trading Participant, which is no later than the next day following the Exercise Date; provided, that if a customer is a non-Japanese resident, the customer shall provide the cash settlement amount by the time and date designated by the Trading Participant, which is no later than the day that is the second business day following the exercise date. • Cash to be paid/received as a result of exercise of index options, cash-settled securities options, and options on commodity futures shall be settled after offsetting with the available amount of cash (including cash provided in response to cash margin shortfalls), amounts withdrawable from implicit profits for futures, unsettled realized profits for futures, and/or unsettled sales proceeds for options transactions on the settlement date for the purpose of calculating the total amount of posted margin. 	