

## Clearing and Settlement Regulations

(As of April 4, , 2022)

Osaka Exchange, Inc.

### Chapter 1 General Provisions

#### Rule 1. Purpose

1. These Regulations stipulate necessary matters concerning clearing and settlement of market derivatives transactions on the markets of Osaka Exchange, Inc. (hereinafter referred to as "OSE") (meaning the financial instruments exchange markets established by OSE; the same shall apply hereinafter) in accordance with the provisions of Rule 2, Paragraph 2 of the Business Regulations.
2. Any amendments to these Regulations shall be made by resolution of the Board of Directors; provided, however, that this shall not apply in cases of minor amendments.

#### Rule 2. Definitions of Terms

1. For the purposes of these Regulations, the meanings of the terms relating to government bond futures transactions (meaning transactions enumerated in Article 2, Paragraph 21, Item 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act") pertaining to the standardized government bonds or transactions enumerated in Item 2 of the same paragraph pertaining to prices of such standardized government bonds; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the Special Rules for Business Regulations and Brokerage Agreement Standards Relating to the J-NET Market (hereinafter referred to as the "J-NET Special Rules), unless otherwise prescribed in these Regulations.
2. For the purposes of these Regulations, the meanings of the terms relating to index futures transactions (meaning transactions enumerated in Article 2, Paragraph 21, Item 2 of the Act that relates to an index (including an index pertaining to commodities (meaning a commodity enumerated in Article 2, Paragraph 24, Item 3-3 of the Act; the same shall apply hereinafter) (hereinafter referred to as the "commodity index")); the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
3. For the purposes of these Regulations, the meanings of the terms relating to commodity futures transactions (meaning transactions enumerated in Article 2, Paragraph 24, Item 1 of the Act that relates to a commodity or transactions enumerated in Paragraph 21, Item 2 of the same article

that relates to the price of commodity; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.

4. For the purposes of these Regulations, the meanings of the terms relating to securities options transactions (meaning transactions enumerated in Article 2, Paragraph 21, Item 3 of the Act that relates to transactions in securities and, among those enumerated in the same item, transactions (limited to transactions relating to securities) prescribed in the Business Regulations as those equivalent to transactions enumerated in Item 2 of the same paragraph; the same shall apply hereinafter) (excluding the terms used regarding transactions in securities) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
5. For the purposes of these Regulations, the meanings of the terms relating to government bond futures options transactions (except for terms used for government bond futures transactions) (meaning transactions pertaining to government bond futures among transactions enumerated in Article 2, Paragraph 21, Item 3 of the Act; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
6. For the purposes of these Regulations, the meanings of the terms relating to index options transactions (meaning, among those enumerated in Article 2, Paragraph 21, Item 3 of the Act, transactions (limited to transactions relating to indices) prescribed in the Business Regulations as those equivalent to transactions enumerated in Item 2 of the same paragraph; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
7. For the purposes of these Regulations, the meanings of the terms relating to commodity futures options transactions (meaning, among those enumerated in Article 2, Paragraph 21, Item 3 of the Act, transactions (limited to transactions relating to the price of commodity futures transaction) prescribed in the Business Regulations as those equivalent to transactions enumerated in Item 2 of the same paragraph; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
8. The meaning of terms relating to the Exchange-FX Margin Transactions (meaning those relating to the price of currency among the transactions enumerated in Article 2, Paragraph 21, Item 2 of the Act; hereinafter referred to as "Exchange-FX Transaction") used in these Rules shall be prescribed in the Special Rules for Business Regulations and Brokerage Agreement Standards relating to Exchange-FX Margin Transactions (hereinafter referred to as "Special Rules for Exchange-FX Transactions").
9. For the purposes of these Regulations, the meanings of the terms relating to Trading Participants shall be as prescribed in the Trading Participant Regulations, unless otherwise prescribed in these

Regulations.

10. For the purposes of these Regulations, the meanings of the terms relating to cross margining shall be as prescribed in the Business Rules of Japan Securities Clearing Corporation (hereinafter referred to as "JSCC"), unless otherwise prescribed in these Regulations.

### **Rule 3. Designation of Party to Conduct Financial Instruments Obligation Assumption Business**

OSE shall designate JSCC as the financial instruments clearing organization that conducts financial instruments obligation assumption business in relation to market derivatives transactions that are executed on the OSE markets.

## **Chapter 2**

### **Settlement by Clearing Participants**

#### **Rule 4. Settlement by Clearing Participants**

1. The settlement of government bond futures transactions and government bond futures options transactions executed on the OSE markets shall be carried out between Government Bond Futures, etc. Clearing Participants (meaning a party with Government Bond Futures, etc. Clearing Qualification (meaning the JGB Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter); the same shall apply hereinafter) and JSCC as prescribed in the Business Rules of JSCC.
2. The settlement of index futures transactions (excluding commodity index futures transactions), securities options transactions, and index options transactions executed on the OSE markets shall be carried out between Index Futures, etc. Clearing Participants (meaning a party with Index Futures, etc. Clearing Qualification (meaning the Index Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter); the same shall apply hereinafter) and JSCC as prescribed in the Business Rules of JSCC.
3. The settlement of commodity futures transactions and commodity futures options transactions pertaining to precious metals executed on the OSE markets shall be carried out between Precious Metal Futures, etc. Clearing Participants (meaning a party with a Precious Metal Futures, etc. Clearing Qualification (meaning Precious Metal Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter); the same shall apply hereinafter) and JSCC as prescribed in the Business Rules of JSCC.
4. The settlement of commodity futures transactions pertaining to rubber executed on the OSE markets shall be carried out between Rubber Futures, etc. Clearing Participants (meaning a party with a Rubber Futures, etc. Clearing Qualification (meaning Rubber Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter); the

- same shall apply hereinafter) and JSCC as prescribed in the Business Rules of JSCC.
5. The settlement of commodity futures transactions pertaining to agricultural products executed on the OSE markets shall be carried out between Agricultural Product Futures, etc. Clearing Participants (meaning a party with an Agricultural Product Futures, etc. Clearing Qualification (meaning Agricultural Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter); the same shall apply hereinafter) and JSCC as prescribed in the Business Rules of JSCC.
  6. The settlement of commodity index futures transactions in the petroleum market executed on the OSE markets shall be carried out between Petroleum Futures, etc. Clearing Participants (meaning a party with a Petroleum Futures, etc. Clearing Qualification (meaning the Petroleum Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter); the same shall apply hereinafter) and JSCC, as prescribed in the Business Rules of JSCC.
  7. The settlement of Exchange-FX Transactions executed on the OSE markets shall be carried out between FX Clearing Participants (meaning a party with FX Clearing Qualification (meaning the FX Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter); the same shall apply hereinafter) and JSCC as stipulated in the Business Rules of JSCC.

### **Chapter 3**

#### **Settlement between Non-Clearing Participants and Clearing Participants**

##### **Section 1**

##### **Settlement of Government Bond Futures Transactions**

###### **Rule 4-2. Notification of Close-out Quantity, etc.**

1. For each contract month transaction of government bond futures, a Government Bond Futures, etc. Non-Clearing Participant (see Note 1 below) shall notify its Designated Government Bond Futures, etc. Clearing Participant (see Note 2 below) of the close-out quantity (meaning, when having long positions based on entrustment of brokerage for clearing of securities, etc. (hereinafter referred to as "Clearing Brokerage Long Positions") and short positions based on entrustment of brokerage for clearing of securities, etc. (hereinafter referred to as "Clearing Brokerage Short Positions") for any one issue at the same time and settling such positions in whole or part (excluding those by resale or repurchase), the quantity of such settled positions; the same shall apply hereinafter) and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Government Bond Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no later than the cut-off time specified by such

Designated Government Bond Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where such Designated Government Bond Futures, etc. Clearing Participant understands the details to be notified, or such Government Bond Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.

(Note 1) A Government Bond Futures, etc. Non-Clearing Participant means a Government Bond Futures, etc. Non-Clearing Participant prescribed in Rule 24, Paragraph 2 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 2) A Designated Government Bond Futures, etc. Clearing Participant means a Government Bond Futures, etc. Agency Clearing Participant (meaning a party with Agency Clearing Qualification pertaining to Government Bond Futures, etc. Clearing Qualification) designated by such Government Bond Futures, etc. Non-Clearing Participant pursuant to the provisions of Rule 27, Paragraph 1 of the Trading Participant Regulations.

2. Where a Government Bond Futures, etc. Non-Clearing Participant has made the notification specified in the preceding paragraph, OSE shall receive from JSCC a notice of the close-out quantity and the resale and repurchase quantity pertaining to such notification.

#### **Rule 4-3. Settlement Price of Government Bond Futures Transaction**

The settlement price of government bond futures transactions (in the case of cash-settled futures transactions, the numerical value that is the settlement price; the same shall apply in this section) shall be the price specified by JSCC as the settlement price of government bond futures transactions (in the case of cash-settled futures transactions, the numerical value).

#### **Rule 4-4. Payment/Receipt of Amount of Difference between Contract Price and Settlement Price**

With respect to government bond futures transactions (including transactions for error correction, etc.; the same shall apply hereinafter) based on entrustment of brokerage for clearing of securities, etc., where there is an amount of difference as a result of comparison between the contract price (meaning, in the case of cash-settled futures transactions, the numerical value that is the contract price; the same shall apply in this section) and the settlement price on the trading day of the contract, a Government Bond Futures, etc. Non-Clearing Participant must pay to or receive from the Designated Government Bond Futures, etc. Clearing Participant the amount of money equivalent to such difference. In this case, the paying Government Bond Futures, etc. Non-Clearing Participant shall pay to the Designated Government Bond Futures, etc. Clearing Participant the

amount of money equivalent to such difference no later than the date and time designated by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 4-5. Payment/Receipt of Amount of Difference between Settlement Prices**

With respect to government bond futures transactions based on entrustment of brokerage for clearing of securities, etc., where there is an amount of difference as a result of comparison between the settlement price on the trading day and the settlement price on the preceding trading day, a Government Bond Futures, etc. Non-Clearing Participant shall pay to or receive from the Designated Government Bond Futures, etc. Clearing Participant the amount of money equivalent to such difference. In this case, the paying Government Bond Futures, etc. Non-Clearing Participant must pay the amount of money equivalent to such difference to the Designated Government Bond Futures, etc. Clearing Participant no later than the date and time designated by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

Rule 4-6. Deleted.

**Rule 4-7. Government Bonds to be Delivered/Received and Money to Be Paid/Received for Settlement by Delivery/Payment**

The quantity of government bonds to be delivered/received and the amount of money to be paid/received between a Government Bond Futures, etc. Non-Clearing Participant and the Designated Government Bond Futures, etc. Clearing Participant for settlement of physically delivered futures transactions shall be as specified in the provisions of each of the following items:

- (1) The quantity of government bonds shall be the difference between the final Clearing Brokerage Short Positions (meaning short positions for which no notifications prescribed in Rule 4-2, Paragraph 1 are filed by the last trading day) and the final Clearing Brokerage Long Positions (meaning long positions for which no notifications prescribed in Rule 4-2, Paragraph 1 are filed by the last trading day); and
- (2) The amount of money shall be the amount of the consideration for settlement by delivery/payment with respect to deliverable bonds pertaining to a net quantity of government bonds as prescribed in the provisions of the preceding item.

**Rule 4-8. Delivery Cut-off Time for Settlement by Delivery/Payment**

For settlement of physically delivered futures transactions by delivery/payment, a Government Bond Futures, etc. Non-Clearing Participant shall deliver government bonds it has sold or pay the amount of its purchase consideration to the Designated Government Bond Futures, etc. Clearing

Participant no later than the date and time designated by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 4-9. Combination of Securities of Deliverable Grade**

Securities of deliverable grades for settlement of physically delivered futures transactions pertaining to settlement by delivery/payment may be combined in integral multiples of the trading unit per deliverable bond as selected by the delivering Government Bond Futures, etc. Non-Clearing Participant.

**Rule 4-10. Notification of Securities of Deliverable Grade**

A delivering Government Bond Futures, etc. Non-Clearing Participant shall notify the Designated Government Bond Futures, etc. Clearing Participant of the issue and quantity provided for settlement of physically delivered futures transactions by delivery/payment by the date and time designated by the Designated Government Bond Futures, etc. Clearing Participant by deeming it necessary to effect settlement by delivery/payment.

**Rule 4-11. Postponement of Settlement Pertaining to Settlement by Delivery/Payment**

In the event that a Government Bond Futures, etc. Non-Clearing Participant is unable to deliver government bonds for settlement of physically delivered futures transactions by delivery/payment by the cut-off time for settlement by delivery/payment as prescribed in the provisions of Rule 4-8, and, in addition, that it has obtained approval of the Designated Government Bond Futures, etc. Clearing Participant, such Government Bond Futures, etc. Non-Clearing Participant may postpone the delivery of government bonds pertaining to such settlement by delivery/payment to the following day or thereafter pursuant to the provisions prescribed by OSE.

**Rule 4-12. Payment/Receipt of Money for Final Settlement**

In the event that there is a difference as a result of comparison between the final settlement price and the settlement price as of the last trading day with respect to the final settlement of cash-settled futures transactions, a Government Bond Futures, etc. Non-Clearing Participant shall pay to or receive from the Government Bond Futures, etc. Clearing Participant the amount of money equivalent to such difference. In this case, a paying Government Bond Futures, etc. Non-Clearing Participant shall pay such amount to the Designated Government Bond Futures, etc. Clearing Participant no later than the date and time designated by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 4-12-2. Special Provisions for Payment/Receipt of Money Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group (meaning the corporate group prescribed in Article 5, Paragraph 1, Item 2 of the Act; the same shall apply hereinafter) as the Remote Trading Participant; the same shall apply hereinafter in this rule through Rule 14-12-4) and its Designated Clearing Participant, it will be able to make the customer and the Designated Clearing Participant pay/receive/deliver money (hereinafter referred to as "payment/receipt, etc. of money" in this rule and Rule 4-12-4) prescribed in Rule 4-4, Rule 4-5 and the preceding rule pertaining to trades entrusted by the customer.
2. If such a customer has made payment/receipt, etc. of money to/from the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such payment/receipt, etc. of money shall be deemed as the payment/receipt, etc. of money pursuant to the provisions of Rule 4-4, Rule 4-5 and the preceding rule.

**Rule 4-12-3. Special Provisions for Settlement by Delivery/Payment Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer and Designated Clearing Participant, it will be able to make the customer and the Designated Clearing Participant conduct settlement by delivery/payment in physically delivered futures transactions entrusted by the customer according to the provisions of Rule 4-7 through Rule 4-11.
2. If such a customer has conducted settlement by delivery/payment with the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, it shall be deemed that the settlement by delivery/payment has been conducted between the Remote Trading Participant and the Designated Clearing Participant.

**Rule 4-12-4. Understanding Status of Payment/Receipt, etc. of Money Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has agreed to the terms in Rule 4-12-2, Paragraph 1, or Paragraph 1 of the preceding rule must establish an arrangement to understand the status of payment/receipt, etc. of money or settlement by delivery/payment between the customer and the Designated Clearing Participant pertaining to the agreement.

**Section 1-2**

**Cross Margining**

**Rule 4-13. Offer pertaining to Application for Cross Margining, etc.**

1. In cases where a Government Bond Futures, etc. Non-Clearing Participant is a cross margining user and intends to make the whole or part of the position for government bond futures



transactions for its own account subject to cross margining, it may, as specified by OSE, make an offer pertaining to the application for making the position for government bond futures transactions for its own account subject to cross margining to its Designated Government Bond Futures, etc. Clearing Participant by the date and time specified by the Designated Government Bond Futures, etc. Clearing Participant.

2. In cases where a customer of a Government Bond Futures, etc. Non-Clearing Participant is a cross margining user and the Government Bond Futures, etc. Non-Clearing Participant has received an offer pertaining to the application for cross margining from the customer, the Government Bond Futures, etc. Non-Clearing Participant may, as specified by OSE, conduct the brokerage for the offer pertaining to the application for making the position for government bond futures transactions for the said customer's account subject to cross margining by the date and time specified by the Designated Government Bond Futures, etc. Clearing Participant.
3. Notwithstanding the provisions of the preceding two paragraphs, in the event that a Designated Government Bond Futures, etc. Clearing Participant may not apply for cross margining as specified by JSCC, a Government Bond Futures, etc. Non-Clearing Participant may not make an offer or conduct the brokerage for an offer pertaining to the application for cross margining to the Designated Government Bond Futures, etc. Clearing Participant.

**Rule 4-14. Application of Interest Rate Swap Clearing Business Rules Concerning JGB Futures Position Transfer, etc.**

1. A JGB Futures Position Transfer by a Government Bond Futures, etc. Non-Clearing Participant or its customer, either of which is a cross margining user, shall be as prescribed in the Interest Rate Swap Clearing Business Rules of JSCC.
2. The designation of a JGB Futures Backup Clearing Broker by a Government Bond Futures, etc. Non-Clearing Participant or its customer, either of which is a cross margining user, shall be as prescribed in the Interest Rate Swap Clearing Business Rules of JSCC.

**Section 1-3**

**Settlement of Index Futures Transactions**

**Rule 5. Notification of Close-out Quantity, etc.**

1. For each contract month transaction of index futures transactions (excluding commodity index futures transactions; the same shall apply hereinafter in this section), an Index Futures, etc. Non-Clearing Participant (see Note 1 below) shall notify its Designated Index Futures, etc. Clearing Participant (see Note 2 below) of the close-out quantity and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase

pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Index Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no later than the cut-off time specified by such Designated Index Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where such Designated Index Futures, etc. Clearing Participant understands the details to be notified, or such Index Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.

(Note 1) An Index Futures, etc. Non-Clearing Participant means an Index Futures, etc. Non-Clearing Participant prescribed in Rule 24, Paragraph 3 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 2) A Designated Index Futures, etc. Clearing Participant means an Index Futures, etc. Agency Clearing Participant (meaning a party with Agency Clearing Qualification pertaining to Index Futures, etc. Clearing Qualification) designated by such Index Futures, etc. Non-Clearing Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulations.

2. Where an Index Futures, etc. Non-Clearing Participant has made the notification specified in the preceding paragraph, OSE shall receive from JSCC a notice of the close-out quantity and the resale and repurchase quantity pertaining to such notification.

#### **Rule 6. Settlement Price**

The settlement price of index futures transactions shall be the price specified by JSCC as the settlement price of index futures transactions.

#### **Rule 7. Payment/Receipt of Money equivalent to Difference between Contract Price and Settlement Price**

With respect to index futures transactions (including transactions for error correction, etc.; the same shall apply hereinafter) based on entrustment of brokerage for clearing of securities, etc., where there is an amount of difference as a result of comparison between the contract price and the settlement price on the day of the contract, an Index Futures, etc. Non-Clearing Participant must pay to or receive from the Designated Index Futures, etc. Clearing Participant the amount of money equivalent to such difference. In this case, the paying Index Futures, etc. Non-Clearing Participant must pay to the Designated Index Futures, etc. Clearing Participant the amount of money equivalent to such difference no later than the date and time designated by the Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

#### **Rule 8. Payment/Receipt of Amount of Difference between Settlement Prices**

With respect to index futures transactions based on entrustment of brokerage for clearing of securities, etc., where there is an amount of difference as a result of comparison between the settlement price as of the trading day and the settlement price as of the preceding trading day, an Index Futures, etc. Non-Clearing Participant shall pay to or receive from the Designated Index Futures, etc. Clearing Participant the amount of money equivalent to such difference. In this case, the paying Index Futures, etc. Non-Clearing Participant must pay the amount of money equivalent to such difference to the Designated Index Futures, etc. Clearing Participant no later than the date and time designated by the Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 9. Payment/Receipt of Money for Final Settlement**

In the event that there is a difference as a result of comparison between the final settlement price and the settlement price as of the last trading day, an Index Futures, etc. Non-Clearing Participant shall pay to or receive from the Designated Index Futures, etc. Clearing Participant the amount of money equivalent to such difference on the final settlement date. In this case, the paying Index Futures, etc. Non-Clearing Participant must pay the money to the Designated Index Futures, etc. Clearing Participant no later than the date and time designated by such Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 9-2. Special Provisions for Payment/Receipt of Money Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group as the Remote Trading Participant; the same shall apply hereinafter in this rule and the following rule) and its Designated Clearing Participant, it will be able to make the customer and the Designated Clearing Participant pay/receive/deliver money (hereinafter referred to as "payment/receipt, etc. of money" in this rule and the following rule) prescribed in Rule 7 through Rule 9 pertaining to trades entrusted by the customer.
2. If such a customer has made payment/receipt, etc. of money to/from the Designated Clearing Participant, such payment/receipt, etc. of money shall be deemed as the payment/receipt, etc. of money pursuant to the provisions from Rule 7 through Rule 9.

**Rule 9-3. Understanding Status of Payment/Receipt, etc. of Money Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has agreed to the terms in Paragraph 1 of the preceding rule must establish an arrangement to understand the status of payment/receipt, etc. of money between the customer and the Designated Clearing Participant pertaining to the agreement.

**Section 1-4****Settlement of Commodity Index Futures Transaction and Commodity Futures Transactions****Division 1 Notification pertaining to Contracts for Clearing****Rule 9-4. Notification of Close-out Quantity, etc.**

1. For each contract month transaction and rolling spot futures transactions of commodity futures transactions, etc. (meaning commodity index futures transactions and commodity futures transactions; the same shall apply hereinafter in this section), a Commodity Futures, etc. Non-Clearing Participant (see Note 1 below) shall notify its Designated Precious Metal Commodity Futures, etc. Clearing Participant (see Note 2 below) regarding precious metal market, its Designated Rubber Futures, etc. Clearing Participant (see Note 3 below) regarding rubber market or its the Designated Agricultural Product Futures, etc. Clearing Participant (see Note 4 below) regarding agricultural product market, its Designated Petroleum Futures, etc. Clearing Participant regarding petroleum market (see Note 5 below), of the close-out quantity and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Precious Metal Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC regarding precious metal market, the Designated Rubber Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC regarding rubber market, the Designated Agricultural Product Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC regarding agricultural product market or the Designated Petroleum Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC regarding petroleum market, no later than the date and time specified by said Designated Precious Metal Futures, etc. Clearing Participant, said Designated Rubber Futures, etc. Clearing Participant, said Designated Agricultural Product Futures, etc. Clearing Participant or said Designated Petroleum Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where said Designated Precious Metal Futures, etc. Clearing Participant, said Designated Rubber Futures, etc. Clearing Participant, said Designated Agricultural Product Futures, etc. Clearing Participant or said Designated Petroleum Futures, etc. Clearing Participant understands the details to be notified, or said Precious Metal Futures, etc. Non-Clearing Participant, said Rubber Futures, etc. Non-Clearing Participant, said Rubber Futures, etc. Non-Clearing Participant, said Agricultural Product Futures, etc. Non-Clearing Participant or said Petroleum Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.

(Note 1) A Commodity Futures, etc. Non-Clearing Participant means a Commodity Futures, etc.

Non-Clearing Participant prescribed in Rule 24, Paragraph 9 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 2) A Designated Precious Metal Futures, etc. Clearing Participant means a Precious Metal Futures, etc. Agency Clearing Participant (meaning a party with Agency Clearing Qualification pertaining to Precious Metal Futures, etc. Clearing Qualification) designated by said Commodity Futures, etc. Non-Clearing Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 3) A Designated Rubber Futures, etc. Clearing Participant means a Rubber Futures, etc. Agency Clearing Participant (meaning a party with Agency Clearing Qualification pertaining to Rubber Futures, etc. Clearing Qualification) designated by said Commodity Futures, etc. Non-Clearing Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 4) A Designated Agricultural Product Futures, etc. Clearing Participant means an Agricultural Product Futures, etc. Agency Clearing Participant (meaning a party with Agency Clearing Qualification pertaining to Agricultural Product Futures, etc. Clearing Qualification) designated by said Commodity Futures, etc. Non-Clearing Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter.

(Note 5) A Designated Petroleum Futures, etc. Clearing Participant means a Petroleum Futures, etc. Agency Clearing Participant (meaning a party with Agency Clearing Qualification pertaining to Petroleum Futures, etc. Clearing Qualification) designated by said Commodity Futures, etc. Non-Clearing Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulation; the same shall apply hereinafter.

2. Where a Commodity Futures, etc. Non-Clearing Participant has filed the notification specified in the preceding paragraph, OSE shall receive from JSCC a notice of the close-out quantity and the resale and repurchase quantity pertaining to such notification.

## **Division 2 Settlement of Contracts for Clearing pertaining to Commodity Futures Transactions**

### **Rule 9-5. Settlement Price of Commodity Futures Transactions, etc.**

The settlement price of commodity futures transactions, etc. (for cash-settled monthly futures transactions in commodity futures transactions and for commodity index futures transactions, the numerical value that is the settlement price; the same shall apply in this section) shall be the price specified by JSCC as the settlement price of commodity futures transactions, etc. (for cash-settled monthly futures transactions in commodity futures transactions and for commodity index futures transactions, the numerical value).

### **Rule 9-6. Payment/Receipt of Amount of Difference between Contract Price and Settlement Price**

With respect to commodity futures transactions, etc. (including transactions for error correction, etc.; the same shall apply hereinafter) based on entrustment of brokerage for clearing of securities, etc., where there is an amount of difference as a result of a comparison between the contract price (meaning, for cash-settled monthly futures transactions in the case of commodity futures transactions and for commodity index futures transactions, the numerical value that is the contract price; the same shall apply in this section) and the settlement price on the trading day of the contract, a Commodity Futures, etc. Non-Clearing Participant must pay to or receive from the Designated Precious Metal Futures, etc. Clearing Participant regarding the precious metal market, the Designated Rubber Futures, etc. Clearing Participant regarding the rubber market, the Designated Agricultural Product Futures, etc. Clearing Participant regarding the agricultural product market or the Designated Petroleum Futures, etc. Clearing Participant regarding the petroleum market, the amount of money equivalent to such a difference. In this case, the paying Commodity Futures, etc. Non-Clearing Participant shall pay to the Designated Precious Metal Futures, etc. Clearing Participant, the Designated Rubber Futures, etc. Clearing Participant, the Designated Agricultural Product Futures, etc. Clearing Participant or the Designated Petroleum Futures, etc. Clearing Participant, the amount of money equivalent to such difference no later than the date and time designated by said Designated Precious Metal Futures, etc. Clearing Participant, said Designated Rubber Futures, etc. Clearing Participant, said Designated Agricultural Product Futures, etc. Clearing Participant or said Designated Petroleum Futures, Clearing Participant, but no later than the settlement cut-off time specified by JSCC.

**Rule 9-7. Payment/Receipt of Amount of Difference between Settlement Prices**

1. With respect to commodity futures transactions, etc. based on entrustment of brokerage for clearing of securities, etc., where there is an amount of difference as a result of comparison between the settlement price on the trading day and the settlement price on the preceding trading day, a Commodity Futures, etc. Non-Clearing Participant shall pay to or receive from its Designated Precious Metal Futures, etc. Clearing Participant regarding the precious metal market, its Designated Rubber Futures, etc. Clearing Participant regarding the rubber market, its Designated Agricultural Product Futures, etc. Clearing Participant regarding the agricultural product market or its Designated Petroleum Futures, etc. Clearing Participant regarding the petroleum market the amount of money equivalent to such difference. In this case, the paying Commodity Futures, etc. Non-Clearing Participant must pay the amount of money equivalent to such difference to the Designated Precious Metal Futures, etc. Clearing Participant, the Designated Rubber Futures, etc. Clearing Participant, the Designated Agricultural Product Futures, etc. Clearing Participant and the Designated Petroleum Futures, etc. Clearing Participant, no later than the date and time designated by said Designated Precious Metal Futures, etc. Clearing Participant, said Designated Rubber Futures, etc. Clearing Participant, said Designated

Agricultural Product Futures, etc. Clearing Participant and said Designated Petroleum Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

2. The provisions of the preceding paragraph shall apply mutatis mutandis in cases where paying/receiving money for the settlement of rolling spot futures transactions pertaining to the precious metal market. In this case, the "settlement price" in the same paragraph shall be read as the "theoretical cash price at the time of roll-over".

### **Division 3 Final Settlement in Physically Delivered Futures Transactions**

#### **Sub-Division 1 Gold, Silver, Platinum and Palladium**

##### **Rule 9-8. Delivery Goods to be Delivered/Received and Money to Be Paid/Received for Settlement by Delivery/Payment pertaining to Precious Metal**

The quantity of delivery goods to be delivered/received and the amount of money to be paid/received between a Precious Metal Futures, etc. Non-Clearing Participant and its Designated Precious Metal Futures, etc. Clearing Participant for the settlement by delivery/payment (meaning settlement by delivery/payment pertaining to physically delivered futures transactions; the same shall apply in this division) pertaining to precious metal shall be as specified in the provisions of each of the following items:

- (1) The quantity of delivery goods shall be as specified in the following a. and b. in accordance with the classification enumerated in such a. and b.

- a. Delivery of delivery goods

The quantity obtained by dividing the final Clearing Brokerage Short Positions (meaning the short positions for which no notifications prescribed in Rule 9-4, Paragraph 1 are filed by the last trading day; the same shall apply hereinafter) or the Clearing Brokerage Short Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through the early delivery (meaning the early delivery as prescribed in Rule 36-11 of the Business Regulations; the same shall apply hereinafter) or the declared delivery (meaning the declared delivery as prescribed in Rule 36-12 of the Business Regulations; the same shall apply hereinafter) by the delivery unit multiplier (meaning the rate of the delivery unit (meaning the delivery unit as prescribed in Rule 36-3 of the Business Regulations) to the trading unit (meaning the trading unit as prescribed in Rule 29 of the Business Regulations); the same shall apply hereinafter)

- b. Receipt of delivery goods

The quantity obtained by dividing the final Clearing Brokerage Long Positions (meaning the long positions for which no notifications prescribed in Rule 9-4, Paragraph 1 are filed by the last trading day; the same shall apply hereinafter) or the Clearing Brokerage Long Positions pertaining to physically delivered futures transactions for which the settlement by

delivery/payment is conducted through the early delivery or the declared delivery by the delivery unit multiplier.

- (2) The amount of money shall be the difference between the total amount of consideration for settlement by delivery/payment, etc. (meaning the total of the amount equivalent to the amount of consideration for settlement by delivery/payment and its applicable consumption tax (including local consumption tax; the same shall apply hereinafter); the same shall apply hereinafter) pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions prescribed in a. of the preceding item and the total amount of consideration for settlement by delivery/payment, etc. pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions prescribed in b. of the same item.

#### **Rule 9-9. Determination of Delivery Goods pertaining to Precious Metal**

Each delivery goods to be received by a Commodity Futures, etc. Non-Clearing Participants who receive delivery goods (hereinafter referred to as the "Receiving Commodity Futures, etc. Non-Clearing Participants in this division) in the settlement for delivery/payment shall be determined as specified by its Designated Precious Metal Futures, etc. Clearing Participant.

#### **Rule 9-10. Settlement Cut-Off Time and Settlement Method in respect of Settlement by Delivery/Payment pertaining to Precious Metal**

A Commodity Futures, etc. Non-Clearing Participant shall conduct the delivery/payment and receipt of the delivery goods and money in respect of settlement by delivery/payment pertaining to precious metal as specified in each of the following item.

- (1) A Commodity Futures, etc. Non-Clearing Trading Participant who delivers delivery goods (hereinafter referred to as the "Delivering Commodity Futures, etc. Non-Clearing Trading Participant") shall deliver a warehouse receipt (limited to that satisfies requirements specified by OSE; the same shall apply hereinafter) (or a delivery order (limited to that within three (3) months after the date of issuance) in the case where a Receiving Precious Metal Futures, etc. Clearing Participant (meaning a Precious Metal Futures, etc. Clearing Participant who receives delivery goods; the same shall apply hereinafter) agrees; the same shall apply in this sub-division and division 4) for delivery goods to its Designated Precious Metal Futures, etc. Clearing Participant by the date and time designated by the Designated Precious Metal Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC on the day prior to the delivery settlement day (meaning a delivery settlement day specified by Rule 7-5, Paragraph 2 of the Business Regulations; the same shall apply hereinafter).
- (2) A paying Commodity Futures, etc. Non-Clearing Participant shall pay the money to a Designated Precious Metal Futures, etc. Clearing Participant no later than the date and time designated by its Designated Precious Metal Futures, etc. Clearing Participant that is before the



settlement cut-off time designate by JSCC.

**Rule 9-11. Loss or Damage after Submission of Delivery Goods pertaining to Precious Metal**

1. In cases where all or part of the delivery goods are lost or damaged for reasons not attributable to the parties to the delivery (meaning a Designated Precious Metal Futures, etc. Clearing Participant and a Precious Metal Futures, etc. Clearing Participant, acting as a counterparty for delivery; the same shall apply in this sub-division and division 4) during the period after a Commodity Futures, etc. Non-Clearing Participant has submitted the warehouse receipt to its Designated Precious Metal Futures, etc. Clearing Participant who, in turn, has submitted it to JSCC, but before JSCC submits it to the Receiving Precious Metal Futures, etc., Clearing Participant, the loss shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.
2. In the case prescribed in the preceding Paragraph, a Delivering Commodity Futures, etc. Non-Clearing Participant shall immediately notify its Designated Precious Metal Futures, etc. Clearing Participant of the loss or damage. In addition, the Delivering Commodity Futures, etc. Non-Clearing Participant shall perform the delivery by submitting a warehouse receipt for substitutes for the delivery goods lost or damaged by the fifth day (excluding non-business day) counting from the day immediately following the date of said notification.
3. Notwithstanding the provisions of the preceding Paragraph, in cases where a Delivering Commodity Futures, etc. Non-Clearing Participant is unable to perform the delivery for all or part of the damaged or lost delivery goods with substitutes, it may be discharged from the delivery obligation, if its Designated Precious Metal Futures, etc. Clearing Participant obtains an approval from JSCC. In this case, the Designated Precious Metal Futures, etc. Clearing Participant is not required to pay money for the portion for which the delivery has not been performed to a Trading Participant.

**Rule 9-12. ADP pertaining to Precious Metal**

1. In cases where OSE approves of settlement by delivery/payment pertaining to precious metal to be conducted through ADP (meaning ADP prescribed in Rule 36-14 of the Business Regulations; the same shall apply hereinafter), the settlement by delivery/payment pertaining to said ADP shall be deemed to have been completed upon such approval.
2. Notwithstanding the provisions of Rule 9-10 and Rule 9-11, the payment/delivery and receipt of the delivery goods and money pertaining to ADP as per the preceding paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

**Sub-division 2 Ribbed Smoked Sheet (RSS)**

**Rule 9-13. Delivery Goods and Money Delivered/Paid and Received for Settlement by Delivery/Payment pertaining to RSS**

The quantity of the delivery goods and the amount of money to be delivered/paid or received between a Commodity Futures, etc. Non-Clearing Participant and its Designated Rubber Futures, etc. Clearing Participant for the settlement by delivery/payment pertaining to RSS shall be as specified in each of the following items:

(1) The quantity of the delivery goods shall be as specified in the following a. and b. according to the classification enumerated in the following a. and b.

a. Delivery of delivery goods

The quantity obtained by dividing the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through an early delivery or a declared delivery by the delivery unit multiplier

b. Receipt of delivery goods

The quantity obtained by dividing the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through an early delivery or a declared delivery by the delivery unit multiplier.

(2) The amount of money shall be the amount calculated by adding or subtracting the discount amount, freight charges and insurance premium decided as specified by OSE, to or from the difference between the total amount of consideration for settlement by delivery/payment, etc. pertaining to final Clearing Brokerage Short Positions or Clearing Brokerage Short Positions as prescribed in a. of the preceding item and the total amount of consideration for settlement by delivery/payment, etc. pertaining to final Clearing Brokerage Long Positions or Clearing Brokerage Long Positions as prescribed in b. of the same item.

**Rule 9-14. Determination of Delivery Goods pertaining to RSS**

Each delivery goods to be received by a Receiving Commodity Futures, etc. Non-Clearing Participant in respect of the settlement by delivery/payment pertaining to RSS shall be determined as specified by its Designated Rubber Futures, etc. Clearing Participant.

**Rule 9-15. Settlement Cut-Off Time and Settlement Method in respect of Settlement by Delivery/Payment pertaining to RSS**

A Commodity Futures, etc. Non-Clearing Participant shall conduct delivery/payment and receipt of the delivery goods and money in respect of settlement by delivery/payment pertaining to RSS as specified in each of the following item.

(1) A Commodity Futures, etc. Non-Clearing Trading Participant who delivers delivery goods shall

deliver a warehouse receipt (or a delivery order (limited to that within three (3) months after the date of issuance) in the case where a Receiving Rubber Futures, etc. Clearing Participant (meaning a Rubber Futures, etc. Clearing Participant who receives delivery goods; the same shall apply hereinafter) agrees; the same shall apply in this sub-division) for delivery goods to its Designated Rubber Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Rubber Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC on the day prior to the delivery settlement day.

- (2) A paying Commodity Futures, etc. Non-Clearing Participant shall pay the money to its Designated Rubber Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Rubber Futures, etc. Clearing Participant that is before the settlement cut-off time designate by JSCC.

**Rule 9-16. Loss or Damage after Submission of Delivery Goods pertaining to Precious Metal**

1. In cases where all or part of the delivery goods are lost or damaged for reasons not attributable to the parties to the delivery (meaning a Designated Rubber Futures, etc. Clearing Participant and a Rubber Futures, etc. Clearing Participant, acting as a counterparty for delivery; the same shall apply in this sub-division and sub-division 3) during the period after a Delivering Commodity Futures, etc. Non-Clearing Participant has submitted the warehouse receipt to a Designated Rubber Futures, etc. Clearing Participant who, in turn, has submitted it to JSCC, but before JSCC submits it to the Receiving Rubber Futures, etc., Clearing Participant, the loss shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.
2. In the case prescribed in the preceding Paragraph, a Delivering Commodity Futures, etc. Non- Clearing Participant shall immediately notify its Designated Rubber Futures, etc. Clearing Participant of the loss or damage. In addition, the Delivering Commodity Futures, etc. Non-Clearing Participant shall make the delivery with a warehouse receipt for substitutes for the delivery goods lost or damaged by the fifth day (excluding non-business day) counting from the day immediately following the date of said notification.
3. Notwithstanding the provisions of the preceding Paragraph, in cases where a Delivering Commodity Futures, etc. Non-Clearing Participant is unable to perform the delivery for all or part of the damaged or lost delivery goods through substitutes, it may be discharged from the delivery obligation, if its Designated Rubber Futures, etc. Clearing Participant obtains an approval from JSCC. In this case, the Designated Rubber Futures, etc. Clearing Participant is not required to pay money to a Trading Participant related to the portion for which the delivery has not been performed.

**Rule 9-17. ADP pertaining to RSS**

1. In cases where OSE approves that settlement by delivery/payment pertaining to RSS may be conducted through ADP, the settlement by delivery/payment pertaining to said ADP shall be

deemed to have been completed upon such approval.

2. Notwithstanding the provisions of Rule 9-13 and Rule 9-16, the payment/delivery and receipt of the delivery goods and money pertaining to ADP as per the preceding Paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

**Rule 9-18. Inspection, etc. pertaining to RSS**

The necessary matters in connection with the inspection, measuring and handling of deficiency related to delivery goods shall be specified by JSCC, and a Designated Rubber Futures, etc. Clearing Participant shall claim for inspection to JSCC.

**Rule 9-19. Postponement of Settlement pertaining to RSS due to Inspection, etc.**

1. With respect to deliveries where JSCC deems that the settlement cannot be completed by its delivery date due to the inspection, measuring or handling of the deficiency under the preceding rule, a Receiving Commodity Futures, etc. Non-Clearing Participant shall submit the money and a Delivering Commodity Futures, etc. Non-Clearing Participant shall submit the warehouse receipt or delivery order to its Designated Rubber Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Rubber Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC, and notwithstanding the provisions of Rule 9-15, the settlement shall be postponed until the delivery becomes possible.
2. In the cases where the delivery is to be conducted after the date of delivery/payment settlement, if a Commodity Futures, etc. Non-Clearing Participant is a deliverer and a custody fee and insurance premium pertaining to the period (meaning each of 10-day period in a month upon dividing a month into three parts) containing the said delivery date is newly charged, they shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.

**Sub-division 3 Technically Specified Rubber (TSR)**

**Rule 9-20. Delivery Goods and Money Delivered/Paid and Received for Settlement by Delivery/Payment pertaining to RSS**

The quantity of the delivery goods and the amount of money to be delivered/paid or received between a Commodity Futures, etc. Non-Clearing Participant and its Designated Rubber Futures, etc. Clearing Participant for the settlement by delivery/payment pertaining to TSR shall be as specified in each of the following Items:

- (1) The quantity of the delivery goods shall be as specified in the following a. and b., according to the classification enumerated in the following a. and b.
  - a. Delivery of delivery goods

The quantity obtained by dividing the final Clearing Brokerage Short Positions or the Clearing

Brokerage Short Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through the declared delivery by the delivery unit multiplier

b. Receipt of delivery goods

The quantity obtained by dividing the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through the declared delivery by the delivery unit multiplier.

- (2) The amount of money shall be the difference between the total amount of consideration for settlement by delivery/payment (meaning the amount of consideration for settlement by delivery prescribed in Rule 36-7, Paragraph 2 of the Business Regulations; the same shall apply in this sub-division and sub-division 6) pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions as prescribed in a. of the preceding item and the total amount of consideration for settlement by delivery/payment pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions as prescribed in b. of the same item, with having the same delivery date for both positions.

**Rule 9-21. Determination of Delivery Goods pertaining to TSR**

Each delivery goods to be received by a Receiving Commodity Futures, etc. Non-Clearing Participant in respect of the settlement by delivery/payment pertaining to TSR shall be determined as specified by its Designated Rubber Futures, etc. Clearing Participant.

**Rule 9-22. Settlement Cut-Off Time and Settlement Method in respect of Settlement by Delivery/Payment pertaining to TSR**

A Commodity Futures, etc. Non-Clearing Participant shall conduct delivery/payment and receipt of the delivery goods and money in respect of settlement by delivery/payment pertaining to TSR as specified in each of the following item.

(1) Delivery and receipt of delivery goods

- a. The delivery and receipts of delivery goods shall be free on board (FOB), and a Delivering Commodity Futures, etc. Non-Clearing Participant shall, pursuant to the rules of JSCC, load the delivery goods at its own designated delivery location according to designation by its Receiving Rubber Futures, etc. Clearing Participant, including shipping date and vessels.
- b. A Commodity Futures, etc. Non-Clearing Participant shall submit the delivery advice to its Designated Rubber Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Rubber Futures, etc. Clearing Participant that is before the settlement cut-off time on the fifth day (excluding non-business day) counting from the day following the shipping date prescribed in the preceding item a., pursuant to the rules of JSCC.

- c. A Delivering Commodity Futures, etc. Non-Clearing Participant shall submit the documents designated by a Receiving Rubber Futures, etc. Clearing Participant among the bill of lading and other delivery documents to its Designated Rubber Futures, etc. Clearing Participant, in a manner prescribed by JSCC, from the submission date of the delivery advice, prescribed in preceding item b., to the date and time designated by the Designated Rubber Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.
- d. A Receiving Rubber Futures, etc. Non-Clearing Participant shall submit a delivery completion notice specified by JSCC to a Designated Rubber Futures, etc. Clearing Participant, no later than the date and time the Designated Rubber Futures, etc. Clearing Participant designates two days after the delivery settlement date (push back a day sequentially if the day falls on a non-business day). The date and time designated by the Designated Rubber Futures, etc. Clearing Participant shall be before the settlement cut-off time specified by JSCC.

(2) Payment/Receipt of Money

A paying Commodity Futures, etc. Non-Clearing Participant shall pay money by the date and time designated by its Designated Rubber Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC on the ship loading date prescribed in the preceding item a.

**Rule 9-23. ADP pertaining to TSR**

- 1. In cases where OSE approves that settlement by delivery/payment pertaining to TSR may be conducted through ADP, the settlement by delivery/payment pertaining to said ADP shall be deemed to have been completed upon such approval.
- 2. Notwithstanding the provisions of Rule 9-22, the payment/delivery and receipt of the delivery goods and money pertaining to ADP as per the preceding paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

**Rule 9-24. Scope of Responsibilities of Delivering Commodity Futures, etc. Non-Clearing Participant pertaining to TSR**

- 1. The loss caused by lost or damage of all or a part of the delivery goods shall be borne by a Delivering Commodity Futures, etc. Non-Clearing Participant pertaining to settlement by delivery/payment of TSR up to a point in time when ship loading is completed for all the delivery goods.
- 2. Notwithstanding the provisions of the preceding paragraph, in the case where, in accordance with declared delivery, customized delivery or ADP, a delivery pertaining to TSR is conducted without good delivery materials or in ports other than those specified by OSE, the liability for losses prescribed in the preceding paragraph, shall be determined under the agreement concluded by the parties to the relevant delivery.

**Rule 9-25. Inspection, etc. pertaining to TSR**

The necessary matters in connection with inspection, measuring and deficiency related with delivery goods shall be specified by JSCC, and a Designated Rubber Futures, etc. Clearing Participant shall claim inspection to JSCC.

#### **Sub-division 4 Soybean**

##### **Rule 9-26. Delivery Goods and Money Delivered/Paid and Received for Settlement by Delivery/Payment pertaining to Soybean**

The quantity of the delivery goods and the amount of money to be delivered/paid or received between a Commodity Futures, etc. Non-Clearing Participant and its Designated Agricultural Product Futures, etc. Clearing Participant for the settlement by delivery/payment shall be as specified in each of the following items:

(1) The quantity of the delivery goods shall be as specified in the following a. and b., according to the classification enumerated in the following a. and b.

a. Delivery of delivery goods

The quantity of the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through an early delivery or a declared delivery

b. Receipt of delivery goods

The quantity of the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through an early delivery or a declared delivery.

(2) The amount of money shall be the difference between the total amount of consideration for settlement by delivery/payment, etc. pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions prescribed in a. of the preceding item and the total amount of consideration for settlement by delivery/payment, etc. pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions prescribed in b. of the same item with the same delivery date.

##### **Rule 9-27. Determination of Delivery Goods pertaining to Soybean**

Each delivery goods to be received by a Receiving Commodity Futures, etc. Non-Clearing Participant in respect of the settlement by delivery/payment pertaining to soybean shall be determined as specified by its Designated Agricultural Product Futures, etc. Clearing Participant.

##### **Rule 9-28. Settlement Cut-Off Time and Settlement Method in respect of Settlement by Delivery/Payment pertaining to Soybean**

A Commodity Futures, etc. Non-Clearing Participant shall conduct delivery/payment and receipt of the delivery goods and money in respect of settlement by delivery/payment pertaining to soybean as

specified in each of the following item.

- (1) A Delivering Commodity Futures, etc. Non-Clearing Participant shall deliver a warehouse receipt of delivery goods to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.
- (2) A paying Receiving Commodity Futures, etc. Non-Clearing Participant shall pay money no later than the date and time designated by its Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 9-29. Loss or Damage after Submission of Delivery Goods pertaining to Soybean**

1. In cases where all or part of the delivery goods are lost or damaged for reasons not attributable to the parties to the delivery (meaning a Designated Agricultural Product Futures, etc. Clearing Participant and an Agricultural Product Futures, etc. Clearing Participant, acting as a counterparty for delivery; the same shall apply from this sub-division to sub-division 6) during the period after a Delivering Commodity Futures, etc. Non-Clearing Participant has submitted the warehouse receipt to its Designated Agricultural Product Futures, etc. Clearing Participant who, in turn, has submitted it to JSCC, but before JSCC submits it to the Receiving Agricultural Product Futures, etc., Clearing Participant (meaning an Agricultural Product Futures, etc., Clearing Participant who receives delivery goods; the same shall apply hereinafter), the loss shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.
2. In the case prescribed in the preceding Paragraph, a Delivering Commodity Futures, etc. Non-Clearing Participant shall immediately notify its Designated Agricultural Product Futures, etc. Clearing Participant of the loss or damage. In addition, the Delivering Commodity Futures, etc. Non-Clearing Participant shall make the delivery with a warehouse receipt for substitutes for the lost or damaged delivery goods by the third day (excluding non-business day) counting from the day immediately following the date of said notification.
3. Notwithstanding the provisions of the preceding Paragraph, in cases where a Delivering Commodity Futures, etc. Non-Clearing Participant is unable to perform the delivery for all or part of the damaged or lost delivery goods by delivering substitutes, it may be discharged from the delivery obligation, if its Designated Agricultural Product Futures, etc. Clearing Participant obtains an approval from JSCC. In this case, the Designated Agricultural Product Futures, etc. Clearing Participant is not required to pay money to a Trading Participant related to the portion for which the delivery has not been performed.
4. A Delivering Commodity Futures, etc. Non-Clearing Participant who has completed the delivery by delivering substitutes pursuant to Paragraph 2 shall submit the late payment charges equivalent to the amount obtained by multiplying the amount of consideration for settlement by delivery/payment pertaining to the substitutes by 1/100 (one hundredth) to the Designated Agricultural Product



Futures, etc. Clearing Participant.

**Rule 9-30. ADP pertaining to Soybean**

1. In cases where OSE approves that settlement by delivery/payment pertaining to soybean may be conducted through ADP, the settlement by delivery/payment pertaining to said ADP shall be deemed to have been completed upon such approval.
2. Notwithstanding the provisions of Rule 9-28 and Rule 9-29, the payment/delivery and receipt of the delivery goods and money pertaining to ADP as per the preceding paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

**Rule 9-31 Inspection, etc. pertaining to Soybean**

The necessary matters in connection with inspection and deficiency related with delivery goods shall be specified by JSCC, and a Designated Agricultural Product Futures, etc. Clearing Participant shall claim inspection to JSCC.

**Sub-division 5 Azuki (Red bean)****Rule 9-32 Delivery Goods and Money Delivered/Paid and Received for Settlement by Delivery/Payment pertaining to Azuki (Red bean)**

The quantity of the delivery goods and the amount of money to be delivered/paid or received between a Commodity Futures, etc. Non-Clearing Participant and its Designated Agricultural Product Futures, etc. Clearing Participant for the settlement by delivery/payment pertaining to Azuki (red bean) shall be as specified in each of the following Items:

- (1) The quantity of the delivery goods shall be as specified in the following a. and b., according to the classification enumerated in the following a. and b.
  - a. Delivery of delivery goods  
The quantity of the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through an early delivery.
  - b. Receipt of delivery goods  
The quantity of the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through an early delivery.
- (2) The amount of money shall be the sum of the freight charges specified by OSE and difference between the total amount of consideration for settlement by delivery/payment, etc. pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions

prescribed in a. of the preceding item and the total amount of consideration for settlement by delivery/payment, etc. pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions prescribed in b. of the same item.

**Rule 9-33 Determination of Delivery Goods pertaining to Azuki (Red bean)**

Each delivery goods to be received by a Receiving Commodity Futures, etc. Non-Clearing Participant in the settlement by delivery/payment pertaining to Azuki (red bean) shall be determined as specified by its Designated Agricultural Product Futures, etc. Clearing Participant.

**Rule 9-34 Settlement Cut-Off Time and Settlement Method of Settlement by Delivery/Payment pertaining to Azuki (Red bean)**

The quantity of the delivery goods and the amount of money to be delivered/paid or received between a Commodity Futures, etc. Non-Clearing Participant and its Designated Agricultural Product Futures, etc. Clearing Participant for the settlement by delivery/payment pertaining to Azuki (red bean) shall be as specified in each of the following items:

- (1) A Delivering Agricultural Product Commodity Futures, etc. Clearing Participant (meaning an Agricultural Product Commodity Futures, etc. Clearing Participant who delivers delivery goods) shall deliver a warehouse receipt of delivery goods to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Agricultural Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC.
- (2) A paying Commodity Futures, etc. Non-Clearing Participant shall pay the money to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time designate by JSCC.

**Rule 9-35. Loss or Damage after Submission of Delivery Goods pertaining to Azuki (Red bean)**

1. In cases where all or part of the delivery goods are lost or damaged for reasons not attributable to the parties to the delivery during the period after a Delivering Commodity Futures, etc. Non-Clearing Participant has submitted the warehouse receipt to its Designated Agricultural Product Futures, etc. Clearing Participant who, in turn, has submitted it to JSCC, but before JSCC submits it to the Receiving Agricultural Product Futures, etc., Clearing Participant, the loss shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.
2. In the case prescribed in the preceding Paragraph, a Delivering Commodity Futures, etc. Non-Clearing Participant shall immediately notify its Designated Agricultural Product Futures, etc. Clearing Participant of the loss or damage. In addition, the Delivering Commodity Futures, etc. Clearing Participant shall make the delivery by submitting a warehouse receipt for substitutes

for the lost or damaged delivery goods by the third day (excluding non-business day) counting from the day immediately following the date of said notification.

3. Notwithstanding the provisions of the preceding Paragraph, in cases where a Delivering Commodity Futures, etc. Non-Clearing Participant is unable to perform the delivery for all or part of the damaged or lost delivery goods by delivering substitutes, it may be discharged from the delivery obligation, if a Designated Agricultural Product Futures, etc. Clearing Participant obtains an approval from JSCC. In this case, the Designated Agricultural Product Futures, etc. Clearing Participant is not required to pay money to a Trading Participant related to the portion for which the delivery has not been performed.
4. A Delivering Commodity Futures, etc. Non-Clearing Participant who has completed the delivery by delivering substitutes pursuant to Paragraph 2 shall submit the late payment charges equivalent to the amount obtained by multiplying the amount of consideration for settlement by delivery/payment pertaining to substitutes by 1/100 (one hundredth) to the Designated Agricultural Product Futures, etc. Clearing Participant.

**Rule 9-36. ADP pertaining to Azuki (Red bean)**

1. In cases where OSE approves of settlement by delivery/payment pertaining to Azuki (red bean) to be conducted through ADP, the settlement by delivery/payment pertaining to said ADP shall be deemed to have been completed upon such approval.
2. Notwithstanding the provisions of Rule 9-34 and Rule 9-35, the payment/delivery and receipt of the delivery goods and money pertaining to ADP as per the preceding paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

**Rule 9-37 Inspection, etc. pertaining to Azuki (Red bean)**

The necessary matters in connection with inspection, measuring and deficiency related with delivery goods shall be specified by JSCC, and a Designated Agricultural Product Futures, etc. Clearing Participant shall claim for inspection to JSCC.

**Sub-division 6 Corn**

**Rule 9-38 Delivery Goods and Money Delivered/Paid and Received for Settlement by Delivery/Payment pertaining to Corn**

The quantity of the delivery goods and the amount of money to be delivered/paid or received between a Commodity Futures, etc. Non-Clearing Participant and its Designated Agricultural Product Futures, etc. Clearing Participant for the settlement by delivery/payment pertaining to corn shall be as specified in each of the following items:

- (1) The quantity of the delivery goods shall be as specified in the following a. and b. according to the

classification enumerated in the following a. and b.

a. Delivery of delivery goods

The quantity of the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through an early delivery.

b. Receipt of delivery goods

The quantity of the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions pertaining to physically delivered futures transactions for which the settlement by delivery/payment is conducted through an early delivery.

- (2) The amount of money shall be the difference between the total amount of consideration for settlement by delivery/payment, etc. pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions prescribed in a. of the preceding item and the total amount of consideration for settlement by delivery/payment, etc. pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions prescribed in b. of the same item with the same delivery date.

**Rule 9-39 Determination of Delivery Goods pertaining to Corn**

1. Each delivery goods to be received by a Receiving Commodity Futures, etc. Non-Clearing Participant in the settlement by delivery/payment pertaining to corn shall be determined as specified by its Designated Agricultural Product Futures, etc. Clearing Participant.
2. The parties to the delivery shall decide stevedoring method in the settlement by delivery/payment pertaining to corn and other necessary matters for carrying out cargo handling with consultation among the parties as specified by JSCC, and conduct a delivery with complying with said decided matters.

**Rule 9-40 Settlement Cut-Off Time and Settlement Method of Settlement by Delivery/Payment pertaining to Corn**

The delivery goods and the money to be delivered/paid or received between a Commodity Futures, etc. Non-Clearing Participant and a Designated Agricultural Product Futures, etc. Clearing Participant for the settlement by delivery/payment pertaining to corn shall be as specified in each of the following Items:

- (1) The delivery and receipt of delivery goods shall be Cost Insurance and Freight, and a Delivering Commodity Futures, etc. Non-Clearing Participant shall submit the delivery goods details advice prescribed by JSCC to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC on the seventh day (excluding non-business day) prior to the scheduled arrival day of the carrying vessel at the

port of delivery. In addition, the Delivering Commodity Futures, etc. Non-Clearing Participant shall deliver the delivery documents (meaning a delivery order and other documents specified by JSCC; the same shall apply in this sub-division) to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the settlement cut-off time designated by the Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

- (2) A paying Commodity Futures, etc. Non-Clearing Participant shall pay the money to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the cut-off time designated by its Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time designate by JSCC.

#### **Rule 9-41. Burden of Delivery Costs pertaining to Corn**

The cost arising from settlement by delivery/payment pertaining to corn shall be borne as prescribed by JSCC.

#### **Rule 9-42. ADP pertaining to Corn**

1. In cases where OSE approves of settlement by delivery/payment pertaining to corn to be conducted through ADP, the settlement by delivery/payment pertaining to said ADP shall be deemed to have been completed upon such approval.
2. Notwithstanding the provisions of Rule 9-40 and the preceding rule, the payment/delivery and receipt of the delivery goods and money by the Commodity Futures, etc. Non-Clearing Participant pertaining to ADP as per the preceding paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

### **Sub-division 7 Others**

#### **Rule 9-43. Handling Cases Where Transaction is Settled by Early Delivery, Declared Delivery, Customized Delivery pertaining to Commodity Futures Transactions**

Notwithstanding the provisions of Sub-division 1 through Sub-division 6, in the cases where a transaction is settled by an early delivery, a declared delivery or a customized delivery as prescribed in the Business Regulations, a Commodity Futures, etc. Non-Clearing Participant shall settle the transaction and follow required procedures, as specified by OSE, with its Designated Precious Metal Futures, etc. Clearing Participant for settlement by delivery/payment pertaining to precious metal market, with its Designated Rubber Futures, etc. Clearing Participant for settlement by delivery/payment pertaining to rubber market, or with its Designated Agricultural Product Futures, etc. Clearing Participant pertaining to agricultural product market.

**Ruel 9-44. Handling of Inability to Deliver**

1. In the settlement by delivery/payment of commodity futures transactions (excluding the settlement by delivery/payment through ADP), if the delivery (limited to that specified by JSCC) is not made on the delivery settlement day or the early delivery day because of an accident involving the carrying vessel or other event designated by JSCC as an event that is not attributable to the parties to the delivery (meaning parties to the delivery prescribed in sub-division 1 through sub-division 6; the same shall apply in this rule.), the parties to the delivery shall hold discussions and set another delivery settlement day that falls within a delivery period specified by OSE or a period approved by JSCC in respect of the transactions involving the relevant delivery and shall make delivery; provided, however, that in a case where JSCC deems impossible or inefficient to make delivery through this method, the delivery shall be considered to have been completed through settlement at the delivery price specified by OSE.2. When the exchange of the delivery goods pursuant to the provisions of the preceding

paragraph is performed after the delivery settlement day or the early delivery day, the Commodity Futures, etc. Clearing Participant delivering the delivery goods shall pay the late payment charges equivalent to the amount obtained by multiplying the amount of consideration for settlement by delivery/payment by 1/100 (one hundredth) per day after the delivery settlement day or the early delivery to its Designated Precious Metal Futures, etc. Clearing Participant, its Designated Rubber Futures, etc. Clearing Participant or its Designated Agricultural Product Futures, etc. Clearing Participant; provided, however, that this shall not apply in a case where JSCC prescribes otherwise.

3. The parties to the delivery may not object to the method for handling prescribed in the preceding two paragraphs.

**Rule 9-45 Completion, etc. of Physically Delivered Futures Transaction by Cash Settlement**

If a Commodity Futures, etc. Non-Clearing Participant fails to perform the delivery pertaining to the physically delivered futures transactions as prescribed in this section (excluding settlement by delivery/payment through ADP), the delivery shall be completed at the delivery price specified by OSE through submitting the amount of money specified by JSCC from the Commodity Futures, etc. Non-Clearing Participant to its Designated Precious Metal Futures, etc. Clearing Participant, its Designated Rubber Futures, etc. Clearing Participant or its Designated Agricultural Product Futures, etc. Clearing Participant, and through JSCC's delivering said amount of money to another clearing participant who deliver/receive the delivery goods in the relevant delivery.

**Division 4 Final Settlement in Cash-Settled Futures Transactions  
and Commodity Index Futures Transactions**

**Rule 9-46 Payment/Receipt of Money for Final Settlement of Cash-Settled Monthly Futures Transactions and Commodity Index Futures Transactions**

1. In the final settlement (means the final settlement prescribed in Rule 36-15 of the Business Regulation) of cash-settled monthly futures transactions (means the cash-settled monthly futures transactions prescribed in Rule 3 of the Business Regulations; the same shall apply hereinafter), where there is an amount of difference as a result of comparison between the final settlement price (means the final settlement price prescribed in Rule 36-16 of the Business Regulations) and the settlement price, a Commodity Futures, etc. Non-Clearing Participant shall pay to and receive from its Designated Precious Metal Futures, etc. Clearing Participant, the amount of money equivalent to such difference on the final settlement date (meaning the final settlement date prescribed in Rule 36-15 of the Business Regulation). In this case, paying Commodity Futures, etc. Non-Clearing Participant shall deliver the money to its Designated Precious Metal Futures, etc. Clearing Participant, no later than the date and time designated by said Designated Precious Metal Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.
2. In the final settlement of commodity index futures transactions, where there is a difference in amount as a result of a comparison between the final settlement price and the settlement price on the last trading day, a Petroleum Futures, etc. Non-Clearing Participant shall pay to and receive from its Designated Petroleum Futures, etc. Clearing Participant, the amount of money equivalent to such a difference in the amount on the final settlement date. In this case, paying Petroleum Futures, etc. Non-Clearing Participant shall deliver the money to its Designated Petroleum Futures, etc. Clearing Participant, no later than the date and time designated by said Designated Petroleum Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

#### **Rule 9-47 Payment/Receipt of Money for Settlement of Cash-Settled Rolling Spot Futures Transaction**

In the cash-settled rolling spot futures transactions (means the cash-settled rolling spot futures transactions prescribed in Rule 3, Item 2-2b(b) of the Business Regulations; the same shall apply hereinafter.), a Commodity Futures, etc. Non-Clearing Participant shall pay to or receive from its Designated Precious Metal Futures, etc. Clearing Participant the total amount of money enumerated in each of the following items on the day following the trading day when the roll-over (means the roll-over prescribed in Rule 7-6 of the Business Regulations; the same shall apply in this division) or notification prescribed in Rule 9-4, Paragraph 1 is conducted or the day following the trading day when the delivery on request (meaning the delivery on request prescribed in Rule 36-19 of the Business Regulations; the same shall apply hereinafter) is agreed. In this case, paying Commodity Futures, etc., Non-Clearing Participant shall pay money to its Designated Precious Metal Futures, etc. Clearing Participant, no later than the date and time designated by said Designated Precious Metal Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

- (1) In the case of positions of which roll-over is executed at the close of said trading day, the amount

of money enumerated in the following a. and b.

- a. With regard to the positions established by the transaction executed on said trading day, the amount of money equivalent to the difference between its contract price and the theoretical spot price on said trading day
  - b. With regard to the positions established by the transactions executed prior to said trading day, the amount of money equivalent to the difference between the settlement price on said trading day and the theoretical spot price on the preceding trading day
- (2) In the case of positions of which notification prescribed in Rule 9-4, Paragraph 1 is conducted, the amount of money enumerated in the following a. and b.
- a. With regard to the positions established by the transaction executed on the trading day when said notification is conducted, the amount of money equivalent to the difference between its contract price and the contract price of the transaction pertaining to said notification
  - b. With regard to the positions established by the transactions executed prior to the trading day when said notification is conducted, the amount of money equivalent to the difference between the theoretical spot price on the preceding trading day and the contract price of the transaction pertaining to said notification
- (3) In the case of positions of which delivery on request is agreed, the amount of money enumerated in the following a. and b.
- a. With regard to the positions established by the transaction executed on the trading day when said agreement is reached, the amount of money equivalent to the difference between its contract price and the theoretical spot price on said trading day
  - b. With regard to the positions established by the transactions executed prior to the trading day when said agreement is reached, the amount of money equivalent to the difference between the settlement price on the preceding trading day and the theoretical spot price on said trading day

#### **Rule 9-48 Request on Delivery in Cash-Settled Rolling Spot Futures Transaction**

1. In a case where a Commodity Futures, etc. Non-Clearing Participant conduct settlement by delivery /payment through the request on delivery for a cash-settled rolling spot futures transaction, the quantity of the delivery goods and the amount of money to be delivered/paid shall be as specified in each of the following items:
  - (1) The amount of delivery goods shall be as specified in the following a. and b.
    - a. In the case of delivery of delivery goods, the quantity obtained by dividing the total amount of Clearing Brokerage Short Positions for which the request on delivery is conducted by the delivery unit multiplier (meaning the multiplier of the delivery unit to the trading unit; the same shall apply hereinafter)
    - b. In the case of receipt of delivery goods, the quantity obtained by dividing the total amount of Clearing Brokerage Long Positions for which the request on delivery is conducted by the delivery



unit multiplier

(2) The amount of money shall be the difference between the total amount of consideration for settlement by delivery/payment, etc. pertaining to Clearing Brokerage Short Positions for which the request on delivery is conducted and the total amount of consideration for settlement by delivery/payment, etc. pertaining to Clearing Brokerage Long Positions for which the request on delivery is conducted.

2. The delivery/payment and receipt of delivery goods and money for request on delivery pursuant to the preceding paragraph shall be conducted with a Designated Precious Metal Futures, etc. Clearing Participant as specified in each of the following items by setting delivery day determined as the date of delivery/payment settlement for the request on delivery in a manner specified by OSE up to the day two days (push back a day sequentially if the day falls on a non-business day) after the day when request on delivery becomes effective (hereinafter referred to as the "request on delivery date").

(1) Delivery and receipt of delivery goods

a. Delivery and receipt of gold

It shall be conducted by transferring the title from a Delivering Commodity Futures, etc. Non-Clearing Participant to its Designated Precious Metal Futures, etc. Clearing Participant.

b. Delivery and receipt of platinum

A Delivering Commodity Futures, etc. Non-Clearing Participant shall delivery a warehouse receipt of delivery goods to its Designated Precious Metal Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Precious Metal Futures, etc. Clearing Participant that is before settlement cut-off time specified by JSCC.

(2) A paying Commodity Futures, etc. Non-Clearing Participant shall pay the money to its Designated Precious Metal Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Precious Metal Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC on the day prior to the request on delivery date.

#### **Rule 9-49 Customized Delivery for Delivery on Request under Cash-settled Rolling Spot Futures Transactions**

In the cases where the delivery on request, prescribed in the preceding rule, is intended to conduct through a customized delivery, notwithstanding the provisions of paragraph 2 of the same rule, settlement with a Designated Precious Metal Futures, etc. Clearing Participant and required procedure shall be conducted as specified by OSE.

### **Section 2**

#### **Settlement of Securities Options Transactions**

**Rule 10. Notification of Close-out Quantity, etc.**

1. For each issue of securities options transactions, an Index Futures, etc. Non-Clearing Participant shall notify its Designated Index, etc. Futures Clearing Participant of the close-out quantity and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Index Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no later than the cut-off time specified by such Designated Index Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where such Designated Index Futures, etc. Clearing Participant understands the details to be notified, or such Index Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.
2. Where an Index Futures, etc. Non-Clearing Participant has made the notification specified in the preceding paragraph, OSE shall receive from JSCC a notice of the close-out quantity and the resale and repurchase quantity pertaining to such notification.

**Rule 11. Payment/Receipt of Option Premium**

Where a securities options transaction based on entrustment of brokerage for clearing of securities, etc. (including transactions for error correction, etc.; the same shall apply hereinafter) is effected, an Index Futures, etc. Non-Clearing Participant shall pay to or receive from the Designated Index Futures, etc. Clearing Participant the option premium. In this case, the paying Index Futures, etc. Non-Clearing Participant must pay money to the Designated Index Futures, etc. Clearing Participant no later than the date and time designated by such Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 12. Notification of Exercise of Options**

1. The exercise of securities options transactions for Clearing Brokerage Long Positions of securities options transactions shall be executed by notification of an Index Futures, etc. Non-Clearing Participant to the Designated Index Futures, etc. Clearing Participant of the quantities pertaining to the exercise of options for each issue, classifying them into agency and proprietary accounts, no later than the cut-off time designated by the Designated Index Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where a customer has made the notification to the Designated Index Futures, etc. Clearing Participant pursuant to the provisions of Rule 14-2-2, Paragraph 1 of the Brokerage Agreement Standards, or an Index Futures, etc. Non-Clearing Participant makes such notification to JSCC pursuant to the rules of JSCC.
2. An Index Futures, etc. Non-Clearing Participant may not give notification of the exercise in the

preceding paragraph on the exercise date with respect to an issue which falls under cases prescribed in the following items.

- (1) Of securities put options, for those that will effect transactions, by exercise, in which an amount of money calculated based on the difference between the exercise price and the actual price shall be paid/received, the exercise price is at the option settlement price (meaning the option settlement price specified in the Business Rules of JSCC; the same shall apply hereinafter) or lower.
  - (2) Of securities call options, for those that will effect transactions, by exercise, in which an amount of money calculated based on the difference between the exercise price and the actual price shall be paid/received, the exercise price is at the option settlement price or higher.
3. With respect to an issue which falls under each of the following items on the exercise day, even where notification of the exercise of options has not been given by the cut-off time of such day prescribed in the Paragraph 1, notification of such exercise of options in the preceding paragraph shall be deemed to have been given; provided, however, that this shall not apply in cases where a customer or an Index Futures, etc. Non-Clearing Participant notifies to that effect that no exercise of options will be effected by such cut-off time:
- (1) A securities put option whose exercise price exceeds the option settlement price;
  - (2) A securities call option whose exercise price is lower than the option settlement price.
4. An Index Futures, etc. Non-Clearing Participant having no Securities Clearing Qualification (meaning the Securities Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter) and designating Participant different from the Designated Index Futures, etc. Clearing Participant as the Designated Securities Clearing Participant (meaning Securities Agency Clearing Participant (meaning Participant having Agency Clearing Qualification relating to Securities Clearing Qualification) designated by such Index Futures, etc. Non-Clearing Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter in this section) must, when notification of an exercise of options pursuant to Paragraph 1 (limited to the notification pertaining to securities options that will effect, by exercise, securities trading ) has been made (including when it shall be deemed that an exercise notice has been made pursuant to the preceding paragraph), so inform the Designated Securities Clearing Participant without delay.
5. Where OSE deems it inappropriate to consider that notification of exercise of options has been given pursuant to the provisions of the main clause of Paragraph 3 due to any malfunction in the operation of the trading systems or any other unavoidable reason, such provisions of the main clause in the same paragraph shall not apply.
6. In cases where an Index Futures, etc. Non-Clearing Participant gives notification of an exercise of options specified in Paragraph 1 (including the case where it is deemed that notification of an

exercise of options is given pursuant to the provisions of Paragraph 3), OSE shall receive from JSCC a notice of details of the exercise pertaining to such notification.

7. If a customer notifies a Designated Index Futures, etc. Clearing Participant of an exercise of options specified in Paragraph 1 (including cases where an exercise of options deems to have been notified pursuant to the provisions of Paragraph 3 and notification has been made that options will not be exercised) pursuant to the provisions of Rule 14-2-2, Paragraph 1 of Brokerage Agreement Standards, a Remote Trading Participant must establish an arrangement to understand the status of notification of exercise of options by the customer.

### **Rule 13. Notice concerning Assignment of Exercise of Options**

1. Where JSCC assigns exercise of options pertaining to Clearing Brokerage Short Positions as specified by JSCC, OSE shall receive from JSCC a notice of details pertaining to such assignment.
2. An Index Futures, etc. Non-Clearing Participant having no Securities Clearing Qualification and designating a party other than a Designated Index Futures, etc. Clearing Participant as the Designated Securities Clearing Participant must, when it receives an assignment of exercises of options pertaining to Clearing Brokerage Short Positions pursuant to the provisions of JSCC, notify to that effect to the Designated Securities Clearing Participant without delay.

### **Rule 14. Handling of Trading or Transactions in Underlying Securities Resulting from Exercise of Clearing Brokerage Short Positions or Clearing Brokerage Long Positions**

In the event that trading or transactions in underlying securities executed as a result of the exercise of securities options transactions pertain to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions, these Regulations shall apply to such trading or transactions in underlying securities executed as result of the exercise by deeming that such trading or transactions are executed based on entrustment of brokerage for clearing of securities, etc.

### **Rule 15. Settlement Cut-off Time for Exercise of Options**

With respect to transactions in underlying securities executed as a result of exercise, the settlement shall be made at the cut-off time specified by JSCC in cases where an Index Futures, etc. Non-Clearing Participant has Securities Clearing Qualification, and an Index Futures Non-Clearing Participant shall deliver the securities to be transferred and the money to be paid to the Designated Securities Clearing Participant no later than the time and date designated by such Designated Securities Clearing Participant that is before the settlement cut-off time stipulated by JSCC in cases where the Index Futures, etc. Non-Clearing Participant has no Securities Clearing Qualification.

**Rule 16. Delivery where DVP Settlement is Used**

1. In the event that DVP settlement pursuant to the Business Rules of the JASDEC DVP Clearing Corporation ("JDCC") is to be used by agreement between an Index Futures, etc. Non-Clearing Participant that has no Securities Clearing Qualification (hereinafter referred to as "Securities Non-Clearing Participant") and the Designated Securities Clearing Participant in underlying securities executed as a result of exercise, the Securities Non-Clearing Participant shall transfer the securities or pay the money to the JDCC no later than the settlement cutoff time stipulated by the JDCC (for the transfer of securities, this shall be a date and time designated by the Designated Securities Clearing Participant at the time of the agreement that is before the settlement cut-off time stipulated by JSCC).
2. In the event that a Securities Non-Clearing Participant transfers the securities or pays the money pursuant to the provisions of the preceding paragraph, such transfer of securities or payment of money shall be deemed as the delivery of securities or delivery of money enumerated in the preceding rule.

**Rule 17. Money and Securities to be Delivered or Received for Settlement**

1. The amount of money or quantity of securities to be delivered or received between the Securities Non-Clearing Participant and the Designated Securities Clearing Participant for the purpose of settlement of transactions in underlying securities executed as a result of exercise shall be as prescribed in the following item according to the classification stipulated in such item.
  - (1) Where quantity of the underlying security for one (1) trading unit of the securities option is equal to the quantity in a trading unit of such underlying securities.  
In respect of the same Securities Clearing Participant on the same settlement day, the difference between the total amount of sales proceeds and the total amount of purchase money, and the difference between the quantity of securities sold and the quantity of securities purchased in respect of each issue.
  - (2) Where quantity of the underlying security for one (1) trading unit of the securities option is greater than the quantity in a trading unit of such underlying securities.  
In transactions in underlying securities executed as a result of exercise, the Securities Non-Clearing Participant shall deliver, if it has purchased such underlying securities, the purchase money prescribed in (a), or if it has sold such underlying securities, the money prescribed in (b) and securities prescribed in (c).
    - (a) The purchase money of the transaction in underlying securities executed as a result of exercise (the amount calculated by multiplying the result of multiplying the exercise price by the quantity of the underlying security for one (1) trading unit of the securities option (rounded down in the event that a fractional amount less than

JPY 1 (one) arises) by the quantity of the securities options exercised; the same shall apply in the following Item).

- (b) Money equivalent to the amount calculated by multiplying the result of multiplying the quantity less than one (1) trading unit (meaning the quantity obtained by subtracting the quantity of an integral multiple of trading units of such underlying security from the quantity of the underlying security for one (1) trading unit of the securities option that falls short of such trading unit; the same shall apply hereinafter in this Rule) by the option settlement price (rounded down in the event that a fractional amount less than JPY 1 (one) arises; the same shall apply in the following Item) by the quantity of securities options exercised.
- (c) The quantity of securities calculated by multiplying the quantity obtained by subtracting the quantity less than one (1) trading unit from the quantity of the underlying security for one (1) trading unit of the securities option by the quantity of securities options exercised.

- (3) Where quantity of the underlying security for one (1) trading unit of the securities option is less than the quantity in a trading unit of such underlying securities.

In transactions in underlying securities executed as a result of exercise, the Securities Non-Clearing Participant shall deliver, if it has purchased such underlying securities, the purchase money prescribed in (a), or if it has sold such underlying securities, the money prescribed in (b).

- (a) The purchase money of the transaction in underlying securities executed as a result of exercise.
- (b) Money equivalent to the amount calculated by multiplying the result of multiplying the quantity of the underlying security for one (1) trading unit of the securities option by the option settlement price by the number of securities options exercised.

- 2. In transactions in underlying securities executed as a result of exercise, the amount of money to be paid or received pursuant to Item 2 (b) and Item 3 (b) of the preceding paragraph shall be included in the total purchase money prescribed in Item 1 of the preceding paragraph if the Securities Non-Clearing Participant has sold such underlying securities, or in the total sale money if it has purchased such underlying securities.
- 3. When an exercise of options pertaining to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions has been effected in the securities options transactions (limited to those that will effect transactions, by exercise, in which an amount of money calculated based on the difference between the exercise price and the actual price shall be paid/received), an Index Futures, etc. Non-Clearing Participant shall pay/receive to/from its Designated Index Futures, etc. Clearing Participant the amount of money equivalent to the difference between the exercise price and the option settlement price. In such cases, an Index Futures Non-Clearing Participant making

the payment must pay such an amount of money to the Designated Index Futures, etc. Clearing Participant by the date and time designated by the Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

#### **Rule 18. Restriction on Deliverable Securities**

1. With respect to a delivery and a receipt of securities specified in the preceding rule, in cases where both old securities and new securities have been already listed or either of them has been already listed and the other has been determined to be listed, when the rights and obligations shall be the same and both shall be merged to trade, the settlement that comes after such trading begins shall be subject to the same treatment.
2. In the event that a Securities Non-Clearing Participant fails to deliver the securities by the cutoff time specified in Rule 15 concerning transactions in the underlying securities resulting from an exercise of options due to an unavoidable reason, it may postpone the delivery of such securities to the following day (push back a day sequentially if such a day falls on a non-business day (meaning a non-business day prescribed in Rule 19, Paragraph 1 including extraordinary non-business days in Paragraph 2 of the same rule; the same shall apply hereinafter); the same shall apply hereinafter) with an approval of the Designated Securities Clearing Participant.

#### **Rule 18-2. Special Provisions for Payment/Receipt of Option Premium Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group as the Remote Trading Participant; the same shall apply hereinafter in this rule through Rule 18-2-3) and its Designated Index Futures, etc. Clearing Participant, it will be able to make the customer and the Designated Index Futures, etc. Clearing Participant pay/receive option premium and deliver money as prescribed in Rule 11 pertaining to trades entrusted by the customer as well as pay/receive money and deliver money as prescribed in Rule 17, Paragraph 3 (hereinafter referred to as "payment/receipt, etc. of money " in this rule and Rule 18-2-3).
2. If such a customer has made payment/receipt, etc. of money to/from the Designated Index Futures, etc. Clearing Participant pursuant to the provisions of the preceding paragraph, such payment/receipt, etc. of money shall be deemed as the payment/receipt, etc. of money pursuant to the provisions of Rule 11 or Rule 17, Paragraph 3.

#### **Rule 18-2-2. Special Provisions for Settlement of Trades in Underlying Securities Resulting from Exercising Options Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer and Designated Securities Clearing Participant, it will be able to make the customer and the Designated Securities Clearing

Participant settle transactions in underlying securities executed as a result of the exercise of options pertaining to trades entrusted by the customer according to the provisions of Rule 15, Rule 17, and Rule 18.

2. If such a customer has settled transactions in underlying securities executed as a result of the exercise of options with the Designated Securities Clearing Participant pursuant to the provisions of the preceding paragraph, it shall be deemed that the settlement of transactions in underlying securities executed as a result of the exercise of options has been conducted between the Remote Trading Participant and the Designated Securities Clearing Participant.

**Rule 18-2-3. Understanding Status of Payment/Receipt, etc. of Money Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has agreed to the terms in Rule 18-2, Paragraph 1 or Paragraph 1 of the preceding rule must establish an arrangement to understand the status of (i) or (ii) pertaining to the agreement.

- (i) Payment/receipt, etc. of money between the customer and the Designated Index Futures, etc. Clearing Participant
- (ii) Settlement of transactions in underlying securities executed as a result of the exercise of options between the customer and the Designated Securities Clearing Participant

**Section 2-2**

**Settlement of Government Bond Futures Options Transactions**

**Rule 18-2-4. Notification of Close-out Quantity, etc.**

1. For each issue of government bond futures options transactions, a Government Bond Futures, etc. Non-Clearing Participant shall notify its Designated Clearing Participant of the close-out quantity and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Government Bond Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no later than the cut-off time specified by such Designated Government Bond Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where such Designated Government Bond Futures, etc. Clearing Participant understands the details to be notified, or such Government Bond Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.
2. Where a Government Bond Futures, etc. Non-Clearing Participant has made the notification specified in the preceding paragraph, OSE shall receive from JSCC a notice of the close-out quantity and the resale and repurchase quantity pertaining to such notification.



**Rule 18-3. Notification of Exercise of Options**

1. The exercise of options for Clearing Brokerage Long Positions of government bond futures options transactions (including transactions for error correction, etc.; the same shall apply hereinafter) shall be executed by notification of a Government Bond Futures, etc. Non-Clearing Participant to a Designated Government Bond Futures, etc. Clearing Participant of the quantities pertaining to the exercise of options for each issue, classifying them into agency and proprietary accounts, by the cut-off time specified by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC; provided, however, that this shall not apply, in cases where a customer has made the notification to the Designated Government Bond Futures, etc. Clearing Participant pursuant to the provisions of Rule 14-2-2, Paragraph 1 of the Brokerage Agreement Standards, or a Government Bond Futures, etc. Non-Clearing Participant makes such notification to JSCC pursuant to the rules of JSCC.
2. With respect to an issue which falls under any of the following items on the expiration date of the exercise period, even where notification of the exercise of options has not been given by the cut-off time of such day prescribed in the preceding paragraph, notification of such exercise of options shall be deemed to have been given; provided, however, that this shall not apply in cases where a customer or a Government Bond Futures, etc. Non-Clearing Participant notifies to the effect that no exercise of options will be effected by such cut-off time:
  - (1) A government bond futures put option whose exercise price exceeds the settlement price of the underlying government bond futures contract month transaction on a trading day that ends on the expiration date of the exercise period;
  - (2) A government bond futures call option whose exercise price is lower than the settlement price of the underlying government bond futures contract month transaction on a trading day that ends on the expiration date of the exercise period.
3. Where OSE deems it inappropriate to consider that notification of exercise of options has been given pursuant to the provisions of the main clause of the preceding paragraph due to any malfunction in the operation of the trading systems or any other unavoidable reason, such provisions of the main clause in the same paragraph shall not apply.
4. In cases where a Government Bond Futures, etc. Non-Clearing Participant gives notification of an exercise of options as prescribed in Paragraph 1 (including cases where notification is deemed to have been given pursuant to the provisions in Paragraph 2), OSE shall receive from JSCC a notice of details about the exercise of options pertaining to such notification.
5. If a customer notifies a Designated Government Bond Futures, etc. Clearing Participant of an exercise of options specified in Paragraph 1 (including cases where an exercise of options deems to have been notified pursuant to the provisions of Paragraph 2 and notification has been made that options will not be exercised) pursuant to the provisions of Rule 14-2-2, Paragraph 1 of the

Brokerage Agreement Standards, a Remote Trading Participant must establish an arrangement to understand the status of notification of exercise of options by the customer.

**Rule 18-4. Notice concerning Assignment of Exercise of Options**

Where JSCC assigns exercise of options pertaining to Clearing Brokerage Short Positions as specified by JSCC, OSE shall receive from JSCC a notice of details pertaining to such assignment.

**Rule 18-5. Treatment of Government Bond Futures Transactions by Exercise of Options of Clearing Brokerage Short Positions or Long Positions**

In cases where government bond futures transactions effected by an exercise of options in government bond futures options transactions pertains to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions, these regulations shall apply by deeming that the government bond futures transactions effected by such exercise of options has been effected based on entrustment of brokerage for clearing of securities, etc.

**Rule 18-6. Payment/Receipt of Option Premiums**

Where a government bond futures options transaction based on entrustment of brokerage for clearing of securities, etc. is effected, a Government Bond Futures, etc. Non-Clearing Participant shall pay/receive the option premiums to/from the Designated Government Bond Futures, etc. Clearing Participant. In this case, a paying Government Bond Futures, etc. Non-Clearing Participant shall make payment to the Designated Government Bond Futures, etc. Clearing Participant by the date and time specified by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 18-7. Special Provisions for Payment/Receipt of Option Premium Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group as the Remote Trading Participant; the same shall apply hereinafter in this rule and the following rule) and its Designated Clearing Participant, it will be able to make the customer and the Designated Clearing Participant pay/receipt option premium and deliver money (hereinafter referred to as "payment/receipt, etc. of option premium" in this rule and the following rule) pertaining to trades entrusted by the customer.
2. If such a customer has made payment/receipt, etc. of option premium to/from the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such payment/receipt, etc. of option premium shall be deemed as the payment/receipt, etc. of option premium pursuant to the preceding rule.

**Rule 18-8. Understanding Status of Payment/Receipt, etc. of Option Premium/Money****Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has agreed to the terms in Paragraph 1 of the preceding rule must establish an arrangement to understand the status of payment/receipt etc. of option premium between the customer and the Designated Clearing Participant pertaining to the agreement.

**Section 3****Settlement of Index Options Transactions****Rule 19. Notification of Close-out Quantity, etc.**

1. For each issue of index options transactions, an Index Futures, etc. Non-Clearing Participant shall notify its Designated Index Futures, etc. Clearing Participant of the close-out quantity and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Index Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no later than the cut-off time specified by such Designated Index Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where such Designated Index Futures, etc. Clearing Participant understands the details to be notified, or such Index Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.
2. In cases where an Index Futures, etc. Non-Clearing Participant makes the notification specified in the preceding paragraph, OSE shall receive from JSCC a notice of the close-out quantity and the resale and repurchase quantity pertaining to such notification.

**Rule 20. Payment/Receipt of Option Premium**

An Index Futures, etc. Non-Clearing Participant shall, when an index options transaction based on entrustment of brokerage for clearing of securities, etc. (including transactions for error correction, etc.; the same shall apply hereinafter) is effected, pay/receive the option premium to/from the Designated Index Futures, etc. Clearing Participant. In this case, the Index Futures, etc. Non-Clearing Participant making the payment must deliver the money to the Designated Index Futures, etc. Clearing Participant by the date and time designated by the Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 21. Notification of Exercise of Options**

1. The exercise concerning Clearing Brokerage Long Positions on index options transactions shall be carried out by the Index Futures, etc. Non-Clearing Participant notifying the Designated Index Futures, etc. Clearing Participant of the quantities pertaining to the exercise of options for

each issue, classifying them into agency and proprietary accounts, by the cut-off time specified by the Designated Index Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where a customer has made the notification to the Designated Index Futures, etc. Clearing Participant pursuant to the provisions of Rule 14-2-2, Paragraph 1 of the Brokerage Agreement Standards, or an Index Futures, etc. Non-Clearing Participant makes such notification to JSCC pursuant to the provisions of JSCC.

2. An Index Futures, etc. Non-Clearing Participant may not give notification of the exercise in the preceding paragraph on the exercise date with respect to an issue which falls under the cases prescribed in the following items.
  - (1) An index put option whose exercise price is at the option settlement price or lower;
  - (2) An index call option whose exercise price is at the option settlement price or higher.
3. Notification of the exercise of options in Paragraph 1 relating to an issue which falls under any of the following items on the exercise date shall be deemed to have been given even if such notification of options is not given by the cut-off time on such day prescribed in the same paragraph; provided, however, that this shall not apply in cases where a customer or an Index Futures, etc. Non-Clearing Participant notifies to that effect that no exercise of options will be effected by such cut-off time.
  - (1) An index put option whose exercise price exceeds the option settlement price;
  - (2) An index call option whose exercise price is lower than the option settlement price.
4. In cases where an Index Futures, etc. Non-Clearing Participant gives notification of an exercise of options specified in Paragraph 1 (including the case where it is deemed that notification of an exercise of options is given pursuant to the provisions of the preceding paragraph), OSE shall receive from JSCC a notice of details of the exercise pertaining to such notification.
5. If a customer notifies a Designated Index Futures, etc. Clearing Participant of an exercise of options specified in Paragraph 1 (including cases where an exercise of options deems to have been notified pursuant to the provisions of Paragraph 3 and notification has been made that options will not be exercised) pursuant to the provisions of Rule 14-2-2, Paragraph 1 of the Brokerage Agreement Standards, a Remote Trading Participant must establish an arrangement to understand the status of notification of an exercise of options by the customer.

## **Rule 22. Notice concerning Assignment of Exercise of Options**

When JSCC carries out assignment of exercises of options pertaining to Clearing Brokerage Short Positions pursuant to JSCC's rules, OSE shall receive from JSCC a notice of details pertaining to such an assignment.

## **Rule 23. Handling of Transactions Resulting from Exercise of Clearing Brokerage Short**

**Positions or Clearing Brokerage Long Positions**

In the event that transactions executed resulting from the exercise of index options transactions are related to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions, these Regulations shall apply to such transactions executed resulting from the exercise by deeming that such transactions are executed based on entrustment of brokerage for clearing of securities, etc.

**Rule 24. Payment/Receipt of Money for Settlement on Exercise of Options**

When an exercise of index options transaction pertaining to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions has been effected, an Index Futures, etc. Non-Clearing Participant shall pay/receive to/from its Designated Index Futures, etc. Clearing Participant the amount of money equivalent to the difference between the exercise price and the option settlement price. In such cases, an Index Futures Non-Clearing Participant making the payment must pay such amount of money to the Designated Index Futures, etc. Clearing Participant by the date and time designated by the Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 24-2. Special Provisions for Payment/Receipt of Money Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group as the Remote Trading Participant; the same shall apply hereinafter in this rule and the following rule) and its Designated Clearing Participant, it will be able to make the customer and the Designated Clearing Participant pay/receive option premium and deliver money prescribed in Rule 20 pertaining to trades entrusted by the customer and pay/receive/deliver money prescribed in the preceding rule (hereinafter referred to as "payment/receipt, etc. of money" in this rule and the following rule).
2. If such a customer has made payment/receipt, etc. money to/from the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such payment/receipt, etc. of money shall be deemed as the payment/receipt, etc. of money pursuant to the provisions of Rule 20 or the preceding rule.

**Rule 24-3. Understanding Status of Payment/Receipt, etc. of Money Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has agreed to the terms in Paragraph 1 of the preceding rule must establish an arrangement to understand the status of payment/receipt etc. of money between the customer and the Designated Clearing Participant pertaining to the agreement.

**Section 3-2 Settlement of Commodity Futures Options Transactions**

**Rule 24-4. Notification of Close-out Quantity, etc.**

For each issue of commodity futures options transactions, a Commodity Futures, etc. Non-Clearing Participant shall notify its Designated Precious Metal Futures, etc. Clearing Participant of the close-out quantity and the quantity of resale and repurchase in the event that a resale or a repurchase is executed for each account managed by the Designated Precious Metal Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no later than the date and time designated by the Designated Precious Metal Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where the Designated Precious Metal Futures, etc. Clearing Participant understands the details to be notified, or the Precious Metal Futures, etc. Clearing Participant has made such a notification to JSCC pursuant to the rules of JSCC.

**Rule 24-5. Payment/Receipt of Option Premium**

Where a commodity futures options transaction based on entrustment of brokerage for clearing of securities, etc. (including transactions for error correction, etc.; the same shall apply hereinafter) is effected, a Commodity Futures, etc. Non-Clearing Participant shall pay to or receive the option premium from its Designated Precious Metal Futures, etc. Clearing Participant.. In this case, the paying Precious Metal Futures, etc. Non-Clearing Participant shall pay money to the Designated Precious Metal Futures, etc. Clearing Participant, no later than the date and time designated by said Designated Precious Metal Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 24-6. Notification of Exercise of Options**

1. The exercise concerning Clearing Brokerage Long Positions on commodity futures options transactions shall be carried out by notification of a Commodity Futures, etc. Non-Clearing Participant to its Designated Commodity Futures, etc. Clearing Participant of the quantities pertaining to the exercise of options for each issue, classifying them into agency and proprietary accounts, no later than the cut-off time designated by the Designated Commodity Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where a customer has made the notification to the Designated Commodity Futures, etc. Clearing Participant pursuant to the provisions of Rule 14-2-2, Paragraph 1 of the Brokerage Agreement Standards, or the Commodity Futures, etc. Non-Clearing Participant makes such a notification to JSCC pursuant to the rules of JSCC.
2. A Commodity Futures, etc. Non-Clearing Participant may not give notification of the exercise in the preceding paragraph on the exercise date with respect to an issue which falls under the cases prescribed in the following items.

- (1) A commodity futures put option whose exercise price is at or lower than the option settlement price;
  - (2) A commodity futures call option whose exercise price is at or more than the option settlement price.
3. With respect to an issue which falls under each of the following items on the exercise day, even where notification of the exercise of options has not been given by the cut-off time of the day prescribed in the Paragraph 1, notification of such exercise of options in the preceding paragraph shall be deemed to have been given; provided, however, that this shall not apply in cases where a customer or a Commodity Futures, etc. Non-Clearing Participant notifies to that effect that no exercise of options will be effected by such a cut-off time:
  - (1) A commodity futures put option whose exercise price exceeds the option settlement price;
  - (2) A commodity futures call option whose exercise price is lower than the option settlement price.
4. In cases where a Commodity Futures, etc. Non-Clearing Participant gives notification of an exercise of options specified in Paragraph 1 (including the case where it is deemed that notification of an exercise of options is given pursuant to the preceding paragraph), OSE shall receive from JSCC a notice of details of the exercise pertaining to such a notification.
5. If a customer notifies a Designated Precious Metal Futures, etc. Clearing Participant of an exercise of options specified in Paragraph 1 (including cases where an exercise of options deems to have been notified pursuant to the provisions of Paragraph 3 and notification that options will not be exercised has been made) pursuant to the provisions of Rule 14-2-2, Paragraph 1 of Brokerage Agreement Standards, a Remote Trading Participant shall establish an arrangement to understand the status of the notification of exercising options by the customer.

**Rule 24-7. Notice concerning Assignment of Exercise of Options**

When JSCC carries out an assignment of exercises of options pertaining to Clearing Brokerage Short Positions pursuant to its own rules, OSE shall receive from JSCC a notice of details pertaining to such an assignment.

**Rule 24-8. Payment/Receipt of Money for Settlement on Exercise of Options**

When an exercise of commodity futures options transactions pertaining to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions has been effected, a Commodity Futures, etc. Non-Clearing Participant shall pay/receive to/from its Designated Precious Metal Futures, etc. Clearing Participant the amount of money equivalent to the difference between the exercise price and the option settlement price. In such cases, the Commodity Futures Non-Clearing Participant making the payment must pay such an amount of money to the Designated Precious Metal Futures, etc. Clearing Participant by the date and time designated by the Designated

Precious Metal Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 24-9. Special Provisions for Payment/Receipt of Money Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group as the Remote Trading Participant; the same shall apply hereinafter in this rule and the following rule) and its Designated Precious Metal Futures, etc. Clearing Participant, it may make the customer and the Designated Precious Metal Futures, etc. Clearing Participant pay/receive option premium and deliver money prescribed in Rule 24-5 pertaining to trades entrusted by the customer and pay/receive/deliver money prescribed in the preceding rule (hereinafter referred to as "payment/receipt, etc. of money" in this rule and the following rule).
2. If a customer has made payment/receipt, etc. money to/from the Designated Precious Metal Futures, etc. Clearing Participant pursuant to the provisions of the preceding paragraph, such payment/receipt, etc. of money shall be deemed as the payment/receipt, etc. of money pursuant to the provisions of Rule 24-5 or the preceding rule.

**Rule 24-10. Understanding Status of Payment/Receipt, etc. of Money Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has concluded the agreement prescribed in Paragraph 1 of the preceding rule shall understand the status of payment/receipt etc. of money between the customer and the Designated Precious Metal Futures, etc. Clearing Participant pertaining to the agreement.

**Section 4**

**Settlement of Exchange-FX Transactions**

**Rule 25. Position Notice**

1. An FX Non-Clearing Participant (meaning FX Non-Clearing Participants pursuant to Rule 24, Paragraph 4 of the Trading Participant Regulations; the same shall apply hereinafter) shall classify the number of long positions based on entrustment of agency clearing of securities, etc. relating to Exchange-FX Transactions (hereinafter referred to as "FX Clearing Brokerage Long Position") or the number of short positions based on entrustment of agency clearing of securities, etc. relating to Exchange-FX Transactions (hereinafter referred to as "FX Clearing Brokerage Short Position") according to agency and proprietary accounts, and notify the Designated FX Clearing Participant no later than the cut-off time prescribed by the Designated FX Clearing Participant (meaning FX



Agency Clearing Participant (meaning Participant having Agency Clearing Qualification relating to FX Clearing Qualification designated by such FX Non-Clearing Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter) that is before the time prescribed by JSCC; provided, however, that in the event of resale or repurchase, the number after reduction shall be notified as the number of such resale or repurchase relating to settlement.

2. A Non-Clearing Participant in FX transactions shall calculate and record the number for the notice in the preceding paragraph immediately after the trading session of each trading day (meaning the trading day prescribed in Rule 2, Item 15 of the Special Rules for Exchange-FX Transactions; the same shall apply hereinafter in this Section).
3. In case where an FX Non-Clearing Participant has made the notification specified in the preceding paragraph, OSE shall receive from JSCC the notification of the resale or the repurchase relating to such notification.

#### **Rule 26. Settlement Price and Swap Point Standard Price**

1. The settlement price of Exchange-FX transactions shall be the price designated by JSCC as the settlement price of FX transactions.
2. The swap point standard price of Exchange-FX Transactions shall be the price prescribed by JSCC as the swap point price of Exchange-FX Transactions.

#### **Rule 27. Payment or Receipt of Initial Mark to the Market Result**

FX Non-Clearing Participants shall, if a difference arises between the contract price and the settlement price of the trading day on which such Exchange-FX transaction contract was executed in relation to an Exchange-FX Transaction based on entrustment of brokerage for clearing of securities, etc. (including transactions for error correction, etc.; the same shall apply hereinafter), and when a rollover (meaning the rollover of Rule 2, Item 17 of the Special Rules for Exchange-FX Transactions; the same shall apply hereinafter) of positions at the close of trading session is executed, pay to or receive from the Designated Clearing Participant in Exchange-FX Transactions money equivalent to the amount of such difference. In such cases, the Non-Clearing Participant in FX Transactions making the payment must deliver the money equivalent to the amount of such difference to the Designated Clearing Participant in FX Transactions no later than the date and time designated by such Designated Clearing Participant in FX Transactions that is before the settlement cut-off time prescribed by the rules of JSCC.

#### **Rule 28. Payment or Receipt of Net Difference from Previous Day**

FX Non-Clearing Participants shall, if a difference arises between the settlement price on the trading day which such positions rollover was executed at the close of trading session (excluding

the case in the preceding rule) and the settlement price on the preceding trading day in relation to an FX transaction based on entrustment of brokerage for clearing of securities, etc., pay to or receive from the Designated FX Clearing Participant money equivalent to the amount of such difference. In such cases, the FX Non-Clearing Participant making the payment must deliver money equivalent to the amount of such difference to the Designated FX Clearing Participant no later than the date and time designated by such Designated FX Clearing Participant that is before the settlement cut-off time prescribed by the rules of JSCC.

**Rule 29. Delivery and Receipt of Swap Points**

FX Non-Clearing Participants shall, when a position rollover is executed at the close of trading session in relation to an FX transaction based on entrustment of brokerage for clearing of securities, etc., deliver to or receive from such Designated FX Clearing Participant the money equivalent to the amount obtained by multiplying the swap point standard price of each financial index with the number of long positions relating to such rollover after reducing short positions (hereinafter referred to as "swap points") no later than the date and time designated by such Designated FX Clearing Participant that is before the settlement cut-off time prescribed by the rules of JSCC.

**Rule 30. Payment and Receipt of Settlement Balance, etc.**

FX Non-Clearing Participants shall, if resale or repurchase or final settlement of position was executed in an Exchange-FX transaction based on entrustment of brokerage for clearing of securities, etc., pay to or receive from the Designated FX Clearing Participant the money in accordance with the cases enumerated in the following items on the settlement day relating to the day on which such resale or repurchase was executed or on the final settlement day. In such cases, the FX Non-Clearing Participant must deliver such money to such Designated FX Clearing Participant no later than the date and time designated by such Designated FX Clearing Participant that is before the settlement cut-off time prescribed by the rules of JSCC.

- (1) When such position is a contract of the trading day of such resale or repurchase:  
Money equivalent to the difference between the contract price relating to such position and the contract price relating to such resale or repurchase
- (2) When such position is a contract of a trading day prior to the preceding trading day on which such resale or repurchase was executed:  
Money equivalent to the difference between the settlement price of the preceding trading day and the contract price relating to such resale or repurchase
- (3) When such position is a contract of the last trading day:  
Money equivalent to the difference between the contract price relating to such position and the final settlement price
- (4) When such position is a contract of a trading day prior to the trading day preceding the

last trading day:

Money equivalent to the difference between the settlement price of the preceding trading day and the final settlement price.

## **Chapter 4**

### **Clearing Margin and Transfer of Unsettled Contracts, etc.**

#### **Rule 31. Clearing Margin and Transfer of Unsettled Contracts**

1. Matters concerning clearing margin and transfer of unsettled contracts pertaining to government bond futures transactions, index futures transactions, securities options transactions, government bond futures options transactions, index options transactions, commodity futures transactions and commodity futures options transactions (hereinafter referred to as "futures and options transactions") shall be governed by the Rules on Margin and Transfer of Unsettled Contracts Pertaining to Futures/Options Transactions.
2. Matters concerning clearing margins and transfer of unsettled contracts pertaining to Exchange-FX transactions shall be governed by the Rules on Margin and Transfer of Unsettled Transactions Pertaining to Exchange-FX Margin Trading.

## **Chapter 5**

### **Treatment of Unsettled Contracts**

#### **Section 1**

#### **Treatment of Unsettled Contracts in Cases of Obtainment of Clearing Qualification and Change in Designated Clearing Participant**

#### **Rule 32. Treatment of Unsettled Contracts in Cases of Obtainment of Clearing Qualification**

In cases where a Trading Participant that is a Non-Clearing Participant (meaning a Non-Clearing Participant prescribed in Rule 24, Paragraph 5 of the Trading Participant Regulations; the same shall apply hereinafter) newly obtains a clearing qualification (meaning Government Bond Futures, etc. Clearing Qualification, Index Futures, etc. Clearing Qualification, Precious Metal Futures, etc. Clearing Qualification, Rubber Futures, etc. Clearing Qualification, Agricultural Product Futures, etc. Clearing Qualification, Petroleum Futures, etc. Clearing Qualification or FX Clearing Qualification; the same shall apply hereinafter), unsettled contracts of such Trading Participant (limited to those pertaining to such clearing qualification) based on entrustment of brokerage for clearing of securities, etc. shall be market derivatives transactions in the name of such Trading Participant on and after the obtainment of clearing qualification.

**Rule 33. Transfer of Unsettled Contracts in Cases of Change in Designated Clearing Participant**

1. In cases where, pursuant to Rule 27, Paragraph 3 of the Trading Participant Regulations, a Non-Clearing Participant changes the Designated Clearing Participant (meaning the Designated Clearing Participant prescribed in Paragraph 1 of the same rule; the same shall apply hereinafter), unsettled market derivatives transactions of such Non-Clearing Participant based on entrustment of brokerage for clearing of securities, etc. shall be, on and after the change, market derivatives transactions based on entrustment of brokerage for clearing of securities, etc. to the Designated Clearing Participant after the change.
2. In cases where a Clearing Participant becomes a Non-Clearing Participant, the provisions of the preceding paragraph shall apply mutatis mutandis to the case where the designation of Designated Clearing Participant is made pursuant to Rule 27, Paragraph 3 of the Trading Participant Regulations. In this case "unsettled market derivatives transactions of such Trading Participants based on entrustment of brokerage for clearing of securities, etc." shall be read as "unsettled contracts out of the transactions of a party that becomes a Non-Clearing Participant" and "Designated Clearing Participant after the change" shall be read as "a party that has been newly designated as a Designated Clearing Participant".

**Section 2**

**Treatment of Unsettled Contracts in Cases of Suspension of Market Derivatives Transactions or Suspension of Entrustment of Brokerage for Clearing of Securities, etc.**

**Rule 34. Measures against Trading Participants that are Suspended from Market Derivatives Transactions by Application or Notification for Waiver of Trading Qualification**

If OSE suspends market derivatives transactions (excluding transactions based on entrustment of brokerage for clearing of securities, etc.; the same shall apply hereinafter in this section) or entrustment of brokerage for clearing of securities, etc. in accordance with the provisions of Rule 35, Paragraph 1, Rule 35-2, Paragraph 1 or Rule 35-3, Paragraph 1 of the Trading Participant Regulations, OSE may cause such applicant for waiver of trading qualification (meaning applicant for a change in classification of Commodity Futures, etc. Trading Participants per the provisions of Rule 35-2, Paragraph 1 of the Trading Participant Regulations, and a Commodity Futures, etc. Trading Participant who notified OSE of the deletion of market division per the provisions of Rule 35-3, Paragraph 1 of the Trading Participant Regulations; the same shall apply in this rule) to transfer market derivatives transactions or transactions based on entrustment of brokerage for clearing of securities, etc. and transactions related thereto of such applicant for waiver of trading qualification on the OSE markets to another Trading Participant or to make

other arrangements that OSE deems necessary.

**Rule 35. Settlement of Unsettled Market Derivatives Transactions of Parties Having Waived Trading Qualification**

1. In cases where a party that has waived its trading qualification has unsettled market derivatives transactions or the transactions based on entrustment of brokerage for clearing of securities, etc. pertaining to the type of such trading qualification on the OSE markets that are unsettled, OSE shall cause such party itself or its general successor to undertake settlement thereof; provided, however, that if OSE considers it inappropriate to cause such party itself or its successor to undertake settlement, OSE may cause another Trading Participant to do so.
2. In the cases enumerated in the preceding paragraph, OSE may, when it deems necessary, cause another Trading Participant to take over market derivatives transactions or transactions based on entrustment of brokerage for clearing of securities, etc. and transactions related thereto on the OSE markets pertaining to the type of such trading qualification that are unsettled or make other arrangements that OSE deems necessary.
3. OSE may, when it deems necessary, cause another Trading Participant to make the arrangement prescribed in the preceding paragraph. In such cases, an entrustment agreement shall be deemed to have been executed between such Trading Participant and the Trading Participant that is subject to suspension from market derivatives transactions or entrustment of brokerage for clearing of securities, etc. enumerated in the same paragraph.

**Rule 35-2. Settlement of Unsettled Market Derivatives Transactions of Parties Having Changed Classification of Commodity Futures, etc. Trading Participant**

1. In cases where a party that has changed its classification of Commodity Futures, etc. Trading Participant pursuant to Rule 33-3 of the Trading Participant Regulations or has deleted market division of Commodity Futures, etc. Trading Participant pursuant to Rule 33-4 of the same regulations has unsettled market derivatives transactions or unsettled contracts based on entrustment of brokerage for clearing of securities, etc. pertaining to said classification or said market division on the OSE markets, OSE shall cause such party itself or its general successor to undertake settlement thereof; provided, however, that if OSE considers it inappropriate to cause such party itself or its successor to undertake settlement, OSE may cause another Trading Participant to do so.
2. In the cases enumerated in the preceding paragraph, OSE may, when it deems necessary, cause another Trading Participant to take over market derivatives transactions or transactions based on entrustment of brokerage for clearing of securities, etc. and transactions related thereto on the OSE markets pertaining to said classification or said market division that are unsettled or make other arrangements that OSE deems necessary.

3. OSE may, when it deems necessary, cause another Trading Participant to make the arrangement prescribed in the preceding paragraph. In such cases, an entrustment agreement shall be deemed to have been executed between such Trading Participant and the Trading Participant that is subject to suspension from market derivatives transactions or the entrustment of brokerage for clearing of securities, etc. enumerated in the same paragraph.

**Rule 36. Measures against Trading Participants that are Suspended from Market Derivatives Transactions due to Insolvency**

1. In the event that OSE suspends a Trading Participant from market derivatives transactions or entrustment of brokerage for clearing of securities, etc. on the OSE markets in accordance with the provisions of Rule 43, Paragraph 3 of the Trading Participant Regulations, or suspends from market derivatives transactions as a result of being subject to measures to have its clearing qualification revoked or to suspend it from assumption of obligations (limited to suspension from assumption of obligations as a result of making a public notice of insolvency or abolition of financial instruments business, or of breaching improvement instructions (meaning instructions for improvement of its position holding pursuant to the provisions of Business Rules of JSCC; the same shall apply hereinafter)) under the Business Rules of JSCC in accordance with the provisions of Rule 47, Paragraph 1 of the Trading Participant Regulations, OSE may cause such Trading Participant to transfer market derivatives transactions or transactions under entrustment of brokerage for clearing of securities, etc. and transactions related thereto of such Trading Participant on the OSE markets that are unsettled to another Trading Participant or to make other arrangements that OSE deems necessary.
2. The provisions of Paragraph 3 of the preceding rule shall apply mutatis mutandis in cases where OSE causes a Trading Participant to make the arrangement pursuant to the preceding paragraph.

**Rule 37. Measures against Non-Clearing Participants in Cases that Designated Clearing Participant has its Clearing Qualification Waived**

1. In the event that OSE suspends a Trading Participant that is a Non-Clearing Participant from entrustment of brokerage for clearing of securities, etc. in accordance with the provisions of Rule 48, Paragraph 1 of the Trading Participant Regulations as a result of the Designated Clearing Participant of such Non-Clearing Participant being subject to revocation of its clearing qualification or suspension from assumption of obligations (limited to suspension from assumption of obligations as a result of making a public notice of insolvency or abolition of financial instruments business, or of breaching improvement instructions) under the Business Rules of JSCC, OSE may cause such Trading Participant that is a Non-Clearing Participant to transfer market derivatives transactions, transactions based on entrustment of brokerage for

clearing and transactions related thereto of such Trading Participant that is a Non-Clearing Participant on the OSE markets that are unsettled to another Trading Participant or to make other arrangements that OSE deems necessary.

2. The provisions of Rule 35, Paragraph 3 shall apply mutatis mutandis in cases where OSE causes a Trading Participant to make the arrangement pursuant to the preceding paragraph.

**Rule 38. Measures against Trading Participants that are Subject to Suspension from or Restriction on Market Derivatives Transactions on the OSE Markets**

In the event that the disciplinary action, regulatory disposition or action taken by OSE against a Trading Participant under the Trading Participant Regulations is suspension from or restriction on market derivatives transactions or entrustment of brokerage for clearing of securities, etc. on the OSE markets (excluding cases to which the provisions of Rule 34, Rule 36 or the preceding rule apply), such Trading Participant may, with approval of OSE, during the period thereof, transfer to another Trading Participant such Trading Participant's market derivatives transactions or transactions based on entrustment of brokerage for clearing of securities, etc. and transactions relating thereto on the OSE markets that are unsettled.

**Section 2-2**

**Transfer of Unsettled Contracts in Cases of Receiving Instructions for Improvement of Position Holding**

**Rule 39. Transfer of Unsettled Contracts in Cases where Trading Participant that is Government Bond Futures, etc. Clearing Participant, Index Futures, etc. Clearing Participant, Precious Metal Futures, etc. Clearing Participant, Rubber Futures, etc. Clearing Participant, Agricultural Product Futures, etc. Clearing Participant, Petroleum Futures, etc. Clearing Participant or FX Clearing Participant Receives Improvement Instruction**

1. In cases where a Trading Participant that is a Government Bond Futures, etc. Clearing Participant, Index Futures, etc. Clearing Participant, Precious Metal Futures, etc. Clearing Participant, Rubber Futures, etc. Clearing Participant, Agricultural Product Futures, etc. Clearing Participant, Petroleum Futures, etc. Clearing Participant or FX Clearing Participant receives an improvement instruction, unsettled contracts in futures and options transactions or Exchange-FX Transactions may be transferred to another Trading Participant with the approval of JSCC and consent of such other Trading Participant.
2. In the cases enumerated in the preceding paragraph, if the unsettled contracts to be transferred are those for customers' accounts, such Trading Participant that is a Government Bond Futures, etc. Clearing Participant, Index Futures, etc. Clearing Participant, Precious Metal Futures, etc.

Clearing Participant, Rubber Futures, etc. Clearing Participant, Agricultural Product Futures, etc. Clearing Participant, Petroleum Futures, etc. Clearing Participant or FX Clearing Participant shall obtain the consent of such customers for such transfer of unsettled contracts.

### **Section 3**

#### **Transfer of Unsettled Contracts in Cases of Demerger or Transfer of Business**

##### **Rule 40. Transfer of Unsettled Contracts in Cases of Demerger or Transfer of Business**

1. In the event that a Trading Participant takes over or transfers its business to another Trading Participant as a result of demerger, if such Trading Participant does not waive its trading qualification at the same time as such takeover or transfer of business, it may, with the approval of OSE, transfer unsettled contracts in market derivatives transactions relating to such takeover or transfer of such business to such other Trading Participant.
2. In the cases enumerated in the preceding paragraph, if the unsettled contracts to be transferred are those for customers' accounts, such Trading Participant shall obtain the consent of such customers for such transfer of unsettled contracts.

### **Chapter 6**

#### **Miscellaneous Provisions**

##### **Rule 41. Emergency Measures in Cases of Natural Disaster, etc.**

1. If OSE considers that the settlement by Non-Clearing Participants of market derivatives transactions based on entrustment of brokerage for clearing of securities, etc. on the OSE markets is impossible or extremely difficult due to a natural disaster, extreme change in the economic situation, supply shortage or other unavoidable reason, OSE may stipulate new settlement conditions for such transactions by resolution of the Board of Directors.
2. If OSE stipulates settlement conditions therefor pursuant to the preceding paragraph, Non-Clearing Participants must follow such stipulations.
3. In the cases enumerated in Paragraph 1, OSE may stipulate new settlement conditions without resolution of the Board of Directors when urgently necessary.

##### **Rule 42. Change in Securities of Deliverable Grade for Government Bond Futures Transactions, etc.**

Where OSE deems that it is difficult for a Government Bond Futures, etc. Non-Clearing Participant to carry out settlement of physically delivered futures transactions by delivery/payment pertaining to physically delivered futures transactions on the basis of entrustment of brokerage for clearing of securities, etc. in view of the status of short or long



positions, etc., OSE may take measures for changing the securities of deliverable grade or the date of delivery/payment settlement for such physically delivered futures transactions.

**Rule 42-2 Handling of Early Termination of Positions, etc.**

1. In a case where, pertaining to clearing brokerage positions, a designation of early termination of positions or a decision on defaulting delivery positions is made by JSCC pursuant to the Business Rules of JSCC, OSE shall receive the details of said designation or decision from JSCC.
2. In a case where a designation of early termination of positions or a decision on defaulting delivery positions is made pertaining to clearing brokerage positions pursuant to the preceding paragraph, a Non-Clearing Participant shall settle said positions subject to early termination or defaulting delivery positions with its Designated Clearing Participant in accordance with settlement terms specified by JSCC.

**Rule 43. Determination of Necessary Matters concerning Clearing and Settlement of Market Derivatives Transactions**

OSE may, in addition to the matters provided in these Regulations, prescribe regulations regarding the required interpretation thereof if necessary concerning clearing and settlement of market derivatives transactions on the OSE markets.