

**Rules on Margin and Transfer of Unsettled Contracts  
Pertaining to Futures/Options Trading**  
(As of May 26, 2025)

Osaka Exchange, Inc.

**CHAPTER 1  
GENERAL RULES**

**Rule 1. Purpose**

1. These rules shall, pursuant to the provisions of Rule 31, Paragraph 1 of the Clearing and Settlement Regulations and the provisions of Rule 12 of the Brokerage Agreement Standards, provide necessary matters concerning margin and transfer of unsettled contracts pertaining to government bond futures trading, interest rate futures trading, index futures trading, commodity futures trading, securities options trading, government bond futures options trading, index options trading and commodity futures options trading (hereinafter collectively referred to as "Futures/Options Trading").
2. Any amendment to these rules shall be made by a resolution from the Board of Directors; provided, however, that this shall not apply to cases where the content of the amendment is of minor significance.

**Rule 2. Definitions**

1. In these rules, "Futures Trading" means government bond futures trading, interest rate futures trading, index futures trading or commodity futures trading on a financial instruments exchange market established by Osaka Exchange, Inc. (hereinafter referred to as "OSE").
2. In these rules, "Options Trading" means securities options trading, government bond futures options trading, index options trading, or commodity futures options trading on a financial instruments exchange market established by OSE.
3. In these rules, "Trading Participant" means a Futures, etc. Trading Participant as prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations, a Government Bond Futures, etc. Trading Participant as prescribed in Paragraph 3 of the same rule or a Commodity Futures, etc. Trading Participant as prescribed in Paragraph 4 of the same rule.
4. In these rules, "Obligations Pertaining to Futures/Options Trading" means monetary payment obligations pertaining to settlement of positions established as a result of Futures/Options Trading, obligations to deliver securities, warehouse receipts or commodities for settlement by physical delivery of

government bond futures positions and/or commodity futures positions, and/or settlement by exercising securities options, as well as any other obligations that must be fulfilled relating to Futures/Options Trading.

5. In these rules, "Broker" means, where a customer entrusting Futures/Options Trading to a Trading Participant is a financial instruments business operator or a registered financial institution, and where said entrustment is based on brokerage of entrustment of Futures/Options Trading to the Trading Participant, said customer.
6. In these rules, "Applicant" means the person who applied for brokerage of entrustment to a Broker.
7. In these rules, "Non-Resident" means a natural person or corporation other than a resident as prescribed in Article 6, Paragraph 1, Item 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949).
8. In these rules, "Clearing Participant" means a Clearing Participant with a Government Bond Futures Clearing Qualification, Index Futures Clearing Qualification, Precious Metal Futures Clearing Qualification, Rubber Futures Clearing Qualification, Agricultural Product Futures Clearing Qualification or Petroleum Futures Clearing Qualification as prescribed in the Business Rules of Japan Securities Clearing Corporation (hereinafter referred to as "JSCC").
9. In these rules, "Non-Clearing Participant" means a Government Bond Futures, etc. Non-Clearing Participant as prescribed in Rule 24, Paragraph 2 of the Trading Participant Regulations, an Index Futures, etc. Non-Clearing Participant as prescribed in Paragraph 3 of the same rule, or a Commodity Futures, etc. Non-Clearing Participant as prescribed in Paragraph 9 of the same rule.
10. In these rules, "Designated Clearing Participant" means, out of the Designated Clearing Participants prescribed in Rule 27, Paragraph 1 of the Trading Participant Regulations, an entity designated by a Government Bond Futures, etc. Non-Clearing Participant, an Index Futures, etc. Non-Clearing Participant or a Commodity Futures, etc. Non-Clearing Participant for entrustment of brokerage for clearing of securities, etc. pertaining to Futures/Options Trading.
11. In these rules, "Non-Clearing Participant's Proprietary Clearing Margin" means the clearing margin that the Designated Clearing Participant deposits with JSCC for the Futures/Options Trading for the proprietary account of a Trading Participant who is a Non-Clearing Participant.
12. In these rules, "Non-Clearing Participant's Clearing Margin for Customer Account" means the clearing margin that the Designated Clearing Participant deposits with JSCC for the Futures/Options Trading entrusted by a customer of a Non-Clearing Participant.
13. In these rules, "Non-Clearing Participant's Clearing Margin for Customer Account (Direct Deposit)" means the portion of the Non-Clearing Participant's

Clearing Margin for Customer Account that the customer of the Non-Clearing Participant provides to the Non-Clearing Participant as clearing margin (excluding such clearing margin as prescribed in the following paragraph).

14. In these rules, "Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit by Broker)" means, in the case where an Applicant deposits brokerage margin with a customer, the portion of the Non-Clearing Participant's Clearing Margin for Customer Account that such customer provides to the Trading Participant who is a Non-Clearing Participant as clearing margin equivalent to such brokerage margin.
15. In these rules, "Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit)" means Non-Clearing Participant's Clearing Margin for Customer Account other than those prescribed in the preceding two paragraphs.
16. In these rules, "Clearing Participant's Clearing Margin for Customer Account (Direct Deposit)" means the portion of the clearing margin that the Clearing Participant deposits to JSCC concerning Futures/Options Trading entrusted by a customer (hereinafter referred to as the "Clearing Participant's Clearing Margin for Customer Account") that is provided by the customer to such Clearing Participant as clearing margin (excluding the amount provided to the Clearing Participant by a customer as clearing margin equivalent to the brokerage margin which was deposited to such customer by an Applicant (referred to as the "Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit by Broker)" in the following Paragraph)).
17. In these rules, "Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit)" means Clearing Participant's Clearing Margin for Customer Account other than Clearing Participant's Clearing Margin for Customer Account (Direct Deposit) and Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit by Broker).
18. In these rules, "Suspension of Trading Due to Insolvency" means the measures provided in the following items:
  - (1) Suspension of market derivatives trading (excluding that based on brokerage for clearing of securities, etc.) or suspension of entrustment of brokerage for clearing of securities, etc. as prescribed in Rule 43, Paragraph 3 of the Trading Participant Regulations.
  - (2) Suspension of market derivatives trading pursuant to the provisions of Rule 47, Paragraph 1 of the Trading Participant Regulations in cases where the measures provided in the following a. or b. have been enacted.
    - a. Cancellation of clearing qualification or suspension of obligation assumption pursuant to the provisions of the Business Rules of JSCC (limited to cases where OSE deems it especially necessary from the perspective of ensuring fulfillment of obligations, in cases of violation of

Instructions for Improvement on Position Holding pursuant to the same provisions (including cases where such a violation is deemed specifically likely to occur)).

- b. Suspension of obligation assumption pursuant to the provisions of the Business Rules of JSCC (limited to cases where JSCC determines that the Clearing Participant is insolvent or is likely to become insolvent, or that it is especially necessary for other specific reasons).
- 19. In these rules, "Trading Day" means a trading day as prescribed in Rule 4, Item 11 of the Business Regulations
- 20. In these rules, "Corporate Group" means a corporate group prescribed in Article 5, Paragraph 1, Item 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as "the Act").
- 21. In these rules, "Remote Trading Participant" means a Remote Trading Participant prescribed in Rule 3, Paragraph 3 of the Trading Participant Regulations.
- 22. In these rules, "Foreign Government Bond Security" means, among securities listed in Article 2, Paragraph 1, Item 17 of the Act, a security that has the nature of securities listed in Item 1 of the same paragraph.

### **Rule 3. Purpose of Margin**

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

### **Rule 3-2. Types of Currency**

Clearing margin, customer margin, and brokerage margin may be provided or deposited only in the types of currency prescribed in the Rules on Margins, etc. for Futures and Option Contracts prescribed by JSCC (hereinafter referred to as the "JSCC Futures/Options Clearing Margin Rules") pursuant to the provisions of its

Business Rules.

## **CHAPTER 2**

### **RULES PERTAINING TO CLEARING/SETTLEMENT REGULATIONS**

#### **SECTION 1**

##### **CLEARING MARGIN**

##### **SUB-SECTION 1**

###### **CLEARING PARTICIPANT'S CLEARING MARGIN**

###### **Rule 4. Clearing Participant's Clearing Margin**

Matters related to Clearing Participants' clearing margin pertaining to Futures/Options Trading shall be governed by the JSCC Futures/Options Clearing Margin Rules.

##### **SUB-SECTION 2**

###### **NON-CLEARING PARTICIPANT'S CLEARING MARGIN**

###### **Rule 5. Provision of Clearing Margin for Proprietary Account**

In the event a Non-Clearing Participant, for its proprietary account, executes Futures Trading (either selling or buying) or Options Trading (selling) or settles commodity futures by physical delivery, the Non-Clearing Participant must provide clearing margin equivalent to or greater than the required clearing margin for its proprietary account as prescribed in the JSCC Futures/Options Clearing Margin Rules, to the Designated Clearing Participant. In this case, securities and warehouse receipts may be provided in lieu of cash as the clearing margin.

###### **Rule 6. Provision or Deposit of Clearing Margin for Customer Account**

1. In the event a Non-Clearing Participant, for its customer account, executes Futures Trading (either selling or buying) or Options Trading (selling), or settles positions in commodity futures by physical delivery, the Non-Clearing Participant must provide or deposit clearing margin equivalent to or greater than the required clearing margin for each account based on the provisions of the Business Rules of JSCC for entrusted transactions as prescribed in the following paragraph, to the Designated Clearing Participant.
2. The amount of the required Clearing Margin for Customer Account shall be the sum of required clearing margin for each customer (in the event a customer is subdivided voluntarily, the sum of the required clearing margin for each such

subdivision; the same shall apply in Paragraph 7 and Rule 9, Paragraph 4) as prescribed in the JSCC Futures/Options Clearing Margin Rules for each account based on the provisions of the Business Rules of JSCC for all customers.

3. A Non-Clearing Participant must provide the entire amount of the clearing margin provided by a customer to the Designated Clearing Participant as an agent of such customer.
4. Notwithstanding the provisions of the preceding paragraph, a Non-Clearing Participant may, for the period until the fourth day (excluding non-business days (meaning non-business days prescribed in Rule 19, Paragraph 1 of the Business Regulations, including extraordinary non-business days prescribed in Paragraph 2 of the same rule; the same shall apply hereinafter); the same shall apply hereinafter for calculation of days) counting from the date when the customer provides the clearing margin, provide its own money equivalent to or greater than the total of the amount of money (in the event the money is provided in foreign currency, the amount converted into yen at the Telegraphic Transfer Buying rate of such currency in the Tokyo foreign exchange market two days before the day of provision of the clearing margin; the same shall apply in the following paragraph and Paragraph 6) and the market value of the securities/warehouse receipts provided by such customer as the clearing margin (meaning the amount evaluated at the market value (referring to the market value prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules; the same shall apply hereinafter) as of the day (one business day earlier if the day falls on a non-business day; the same shall apply hereinafter) two days before the date of provision of the clearing margin (in the event such securities/warehouse receipts are Foreign Government Bond Securities, the amount converted into yen at the Telegraphic Transfer Buying rate in the Tokyo foreign exchange market of the foreign currency that is used to evaluate such Foreign Government Bond Securities as of the day two days before the day of provision of the clearing margin); the same shall apply to the following paragraph and Paragraph 6) to the Designated Clearing Participant as the clearing margin. In this case, securities/warehouse receipts may be provided in lieu of cash as clearing margin.
5. A Non-Clearing Participant must, in the event a customer deposits customer margin, provide its own money equivalent to or greater than the total of the amount of money and the market value of securities/warehouse receipts deposited by such customer as the customer margin, as the clearing margin to the Designated Clearing Participant. In this case, securities/warehouse receipts may be provided in lieu of cash as clearing margin.
6. Notwithstanding the provisions of the preceding paragraph, a Non-Clearing Participant may deposit its own money equivalent to or greater than the total of the amount of money and the market value of the securities/warehouse receipts

deposited by such customer as the customer margin, as the clearing margin to the Designated Clearing Participant (this is hereinafter referred to as the "Non-Clearing Participant's Margin"). In this case, securities/warehouse receipts may be deposited in lieu of cash as the Non-Clearing Participant's Margin.

7. In cases prescribed from Paragraph 3 to the preceding paragraph, where the total of the amounts of money (in the event the money is provided or deposited in foreign currency, the amount calculated by multiplying the amount converted into yen at the Telegraphic Transfer Buying rate per unit of such currency in the Tokyo foreign exchange market as of the day two days before the day of deposit of the clearing margin by the rate prescribed in the JSCC Futures/Options Clearing Margin Rules) and securities/warehouse receipts evaluated at substitution price (meaning the amount calculated by multiplying the market value as of the day two days before the day of deposit of the clearing margin by the rate prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules (in the event such securities/warehouse receipts are Foreign Government Bond Securities, the amount calculated by multiplying the market value by the rate prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules and then converted into yen at the Telegraphic Transfer Buying rate per unit of the foreign currency in the Tokyo foreign exchange market that is used to evaluate such Foreign Government Bond Securities as of the second day prior to the day of provision of the clearing margin)) provided as clearing margin or deposited as customer margin by each customer to the Non-Clearing Participant does not meet the required margin for such customer as prescribed in the JSCC Futures/Options Clearing Margin Rules, a Non-Clearing Participant must provide, as the clearing margin or deposit as a Non-Clearing Participant's Margin, its own money equivalent to or greater than the amount calculated by subtracting the clearing margin provided or customer margin deposited by such customer from such required margin amount. In this case, securities/warehouse receipts may be provided or deposited in lieu of cash as the clearing margin or Non-Clearing Participant's Margin.

#### **Rule 7. Special Rules Concerning Provision of Clearing Margin by Broker**

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

#### **Rule 8. Deadline for Provision or Deposit of the Clearing Margin**

Provision of the clearing margin or deposit of the Non-Clearing Participant's Margin as prescribed in the preceding three rules must be completed by the time designated by the Designated Clearing Participant by the deposit deadline prescribed by JSCC

on the day (one business day later if the day falls on a non-business day; the same shall apply hereinafter) after the day on which the trading day when the Futures Trading (either selling or buying) or Options Trading (selling) is executed ends (for securities options trading (excluding flexible contracts ), the day when the sale is carried out) or the day after the day when final positions for settlement by physical delivery of commodity futures are finalized, expressly stating which of the categories enumerated in the following items it falls under:

- (1) Non-Clearing Participant's Proprietary Clearing Margin;
- (2) Non-Clearing Participant's Clearing Margin for Customer Account (Direct Deposit);
- (3) Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit by Broker); or
- (4) Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit)

#### **Rule 9. Maintenance of Clearing Margin**

1. A Non-Clearing Participant must, in the event the total of the amounts of money (if the money is provided in foreign currency, the amount calculated by multiplying the amount converted into yen at the Telegraphic Transfer Buying rate per unit of such currency in the Tokyo foreign exchange market on the day before the date of calculation by the rate prescribed in the JSCC Futures/Options Clearing Margin Rules; the same shall apply in the following paragraph and Paragraph 4) and securities/warehouse receipts evaluated at substitution price (meaning the amount calculated by multiplying the market value on the day (one business earlier if the day falls on a non-business day; the same shall apply hereinafter) before the date of calculation by the rate prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules (in the event such securities/warehouse receipts are Foreign Government Bond Securities, the amount calculated by multiplying the market value by the rate prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules and then converted into yen at the Telegraphic Transfer Buying rate per unit of the foreign currency in the Tokyo foreign exchange market that is used to evaluate such Foreign Government Bond Securities on the day before the date of calculation); the same shall apply to the following paragraph and Paragraph 4) provided to the Designated Clearing Participant as its proprietary clearing margin does not meet the required clearing margin amount for its proprietary account as prescribed in the JSCC Futures/Options Clearing Margin Rules, make an additional provision of an amount equivalent to or greater than the deficit as its proprietary clearing margin to the Designated Clearing Participant, by the time designated by the Designated Clearing Participant by the deposit deadline prescribed by JSCC on the day after the day when such deficiency occurred. In



this case, securities/warehouse receipts may be provided in lieu of cash as the clearing margin.

2. A Non-Clearing Participant must, in the event the total of the amounts of money and securities/warehouse receipts evaluated at substitution price provided to or deposited with the Designated Clearing Participant as Clearing Margin for Customer Account does not meet the required Clearing Margin for Customer Account amount for each account based on the provisions of the Business Rules of JSCC, make additional provision or additional deposit of an amount equivalent to or greater than the deficit as clearing margin or Non-Clearing Participant's Margin to the Designated Clearing Participant, by the time designated by the Designated Clearing Participant by the deposit deadline prescribed by JSCC on the day after the day when such deficiency occurred. In these cases, securities/warehouse receipts may be provided or deposited in lieu of cash as such clearing margin or Non-Clearing Participant's Margin.
3. A Non-Clearing Participant must, in the event the total of the amount of money (in the event the money is provided or deposited in foreign currency, the amount converted into yen at the Telegraphic Transfer Buying rate per unit of such currency in the Tokyo foreign exchange market on the day before the date of calculation; the same shall apply hereinafter in the this paragraph and Rules 10 and 24) and the market value of securities/warehouse receipts (meaning the amount evaluated at the market value on the day before the date of calculation (in the event such securities/warehouse receipts are Foreign Government Bond Securities, the amount converted into yen at the Telegraphic Transfer Buying rate per unit of the foreign currency in the Tokyo foreign exchange market that is used to evaluate such Foreign Government Bond Securities on the day before the date of calculation); the same shall apply hereinafter in this paragraph and Rules 10 and 24) provided as clearing margin to, or deposited as Non-Clearing Participant's Margin with, the Designated Clearing Participant pertaining to a customer as prescribed in Paragraphs 3 through 6 of Rule 6 or Rule 7, does not meet the total amount of money and the market value of securities/warehouse receipts provided as clearing margin or deposited as customer margin by such customer, make additional provision or additional deposit of an amount equivalent to or greater than the deficit as Clearing Margin for Customer Account or Non-Clearing Participant's Margin to the Designated Clearing Participant by the time designated by the Designated Clearing Participant by the deposit deadline prescribed by JSCC on the day after the day when such deficiency occurred in accordance with the provisions of Paragraphs 3 through 6 of Rule 6 or Rule 7.
4. A Non-Clearing Participant must, in the event the total of the amounts of money and securities/warehouse receipts evaluated at substitution price provided as clearing margin or deposited as customer margin by each customer does not

meet the required margin amount for such customer as prescribed in the JSCC Futures/Options Clearing Margin Rules, make additional provision or additional deposit of an amount equivalent to or greater than the deficit as Clearing Margin for Customer Account or Non-Clearing Participant's Margin to the Designated Clearing Participant in accordance with Rule 6, Paragraph 7, by the time designated by the Designated Clearing Participant by the deposit deadline prescribed by JSCC on the day after the day when such deficiency occurred.

**Rule 9-2. Special Provisions for Provision of Clearing Margin Pertaining to Remote Trading Participant**

If a customer of a Remote Trading Participant (limited to customers that belong to the same Corporate Group as the Remote Trading Participant; the same shall apply in Rules 13-2, 31-2, and 31-3) has provided clearing margin to the Designated Clearing Participant pursuant to the provisions of Rule 31-2, Paragraph 1, such provision shall be deemed as the provision or additional provision of clearing margin pursuant to the provisions of Rule 6, Paragraphs 1 and 3, and Paragraph 2 of the preceding rule.

**Rule 10. Right to Claim Return of Clearing Margin**

1. The right of the parties enumerated in each of the following items to claim the return of the Non-Clearing Participant's Clearing Margin for Customer Account deposited with JSCC pertaining to each customer of the Non-Clearing Participant shall be deemed to be possessed by the parties enumerated in each of the following items for the portion equivalent to the amount prescribed in the relevant item, up to the total of the amount of money and the market value of securities/warehouse receipts deposited by such customer as customer margin (including the total of the amount of money and the market value of securities/warehouse receipts pertaining to the clearing margin provided by such customer as clearing margin and to be deposited to JSCC; hereinafter referred to as the "Total Amount of the Non-Clearing Participant's Current Deposit for the Customer" in this paragraph), within the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as Non-Clearing Participant's Clearing Margin for Customer Account (Direct Deposit) and the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit):

(1) Customer

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

(2) Non-Clearing Participant

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

2. Notwithstanding the provisions of the preceding paragraph, in the event the customer of the Non-Clearing Participant is a Broker, the right of the parties listed in each of the following items to claim the return of the Non-Clearing Participant's Clearing Margin for Customer Account deposited to JSCC pertaining to each Applicant shall be deemed to be possessed by the parties listed in each of the following items for the portion equivalent to the amount prescribed in the relevant item, up to the total of the amount of money and the market value of securities/warehouse receipts deposited by such Applicant as the Non-Clearing Participant's Clearing Margin for Customer Account (Direct Deposit); the total of the amount of money and the market value of securities/warehouse receipts deposited by such Applicant as brokerage margin within the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit by Broker); and the total of the amount of money and the market value of securities/warehouse receipts deposited by such Applicant as brokerage margin or customer margin within the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) (including the total of the amount of money and the market value of securities/warehouse receipts pertaining to the clearing margin provided by such customer as clearing margin and to be deposited to JSCC; hereinafter referred to as the "Total Amount of the Non-Clearing Participant's Current Deposit for Applicant" in this paragraph).

(1) Applicant

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

(2) Customer

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

(3) Non-Clearing Participant

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

3. Notwithstanding the provisions of Paragraph 1, in the event the customer of the Non-Clearing Participant is a Broker, the right of the parties enumerated in each of the following items to claim the return of the Non-Clearing Participant's Clearing Margin for Customer Account deposited to JSCC pertaining to each Agency shall be deemed to be possessed by the parties enumerated in each of the following items for the portion equivalent to the amount prescribed in the relevant item, up to the amount deposited to JSCC that exceeds the total of the amount of money and the market value of securities/warehouse receipts deposited by such Applicant as the brokerage margin within the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit by Broker) and the amount deposited to the Non-Clearing Participant as customer margin (including the total of the amount of money and the market value of securities/warehouse receipts pertaining to the clearing margin provided by such customer as clearing margin and to be deposited to JSCC; hereinafter referred to as the "Total Amount of the Non-Clearing Participant's Current Deposit for Broker" in this paragraph) that exceeds the total of the amount of money and the market value of securities/warehouse receipts deposited by such Applicant as brokerage margin within the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit).

(1) Customer

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

(2) Non-Clearing Participant

The amount calculated by deducting the amount prescribed in the preceding item and the amount equivalent to the unfulfilled portion of the obligation of such Non-Clearing Participant to be paid or delivered to the Designated Clearing Participant pertaining to Futures/Options Trading entrusted by such customer (excluding the amount deducted in accordance with the provisions of Item 3 of the preceding paragraph) from the Total Amount of

the Non-Clearing Participant's Current Deposit for Broker.

4. The right of the Non-Clearing Participant to claim the return of the Non-Clearing Participant's Proprietary Clearing Margin and the Non-Clearing Participant's Clearing Margin for Customer Account deposited to JSCC pertaining to each Non-Clearing Participant shall be deemed to be possessed by the Non-Clearing Participant for the portion equivalent to the amount calculated by deducting the amount equivalent to the unfulfilled portion of the obligation pertaining to all Futures/Options Trading to be paid or delivered by such Non-Clearing Participant to the Designated Clearing Participant (excluding the amount deducted in accordance with the provisions of Item 2 of Paragraph 1, Item 3 of Paragraph 2, and Item 2 of the preceding paragraph) from the Non-Clearing Participant's Current Deposit for the Customer, up to the total of the amount of money and the market value of securities/warehouse receipts deposited with JSCC as the Non-Clearing Participant's Proprietary Clearing Margin (Direct Deposit), the total of the amount of money and the market value of securities/warehouse receipts provided to the Designated Clearing Participant by the Non-Clearing Participant as clearing margin within the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as the Non-Clearing Participant's Proprietary Clearing Margin (Substitute Deposit), the amount deposited to JSCC that exceeds the total of the amount of money and the market value of securities/warehouse receipts deposited to the Non-Clearing Participant as customer margin (including the total of the amount of money and the market value of securities/warehouse receipts pertaining to the clearing margin provided by such customer as clearing margin and to be deposited to JSCC) within the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit), and the amount deposited to the Designated Clearing Participant as the Non-Clearing Participant's Margin that exceeds the total of the amount of money and the market value of securities/warehouse receipts deposited to the Non-Clearing Participant as customer margin (including the total of the amount of money and the market value of securities/warehouse receipts pertaining to the clearing margin provided by such customer as clearing margin and to be deposited to JSCC) within the total of the amount of money and the market value of securities/warehouse receipts deposited to JSCC as the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) (hereinafter referred to as the "Non-Clearing Participant's Total Current Deposit" in this paragraph).
5. The right to claim return of the clearing margin shall be exercised in the manner prescribed in each of the following items:
  - (1) The right to claim the return held by the Non-Clearing Participant shall be

- exercised by the Designated Clearing Participant as the agent of such Non-Clearing Participant;
- (2) The right to claim the return held by the Non-Clearing Participant's customer shall be exercised by the Non-Clearing Participant and its Designated Clearing Participant as the agent of such customer; and
  - (3) The right to claim the return held by the Applicant shall be exercised by the Non-Clearing Participant who was entrusted by the customer with the Futures/Options Trading entrusted by the Applicant, and its Designated Clearing Participant, as the agent of such Applicant.
6. In the event a Non-Clearing Participant deposits the Non-Clearing Participant's Margin or provides clearing margin, and such clearing margin is in the form of a substitute deposit, if the Non-Clearing Participant exercises the right to claim return of all or part of such clearing margin pursuant to the provisions of the preceding paragraph, the Non-Clearing Participant's Margin deposited or the clearing margin provided by such Non-Clearing Participant shall be returned.

**Rule 10-2. Foreign Currency**

Treatment of provision or deposit in foreign currency by a Non-Clearing Participant shall be prescribed by OSE.

**Rule 11. Securities/Warehouse Receipts in Lieu of Cash**

1. Matters related to securities and warehouse receipts paid in lieu of cash (hereinafter referred to as "substitute securities/warehouse receipts") prescribed in Rule 5, Paragraphs 4 through 7 of Rule 6, and Paragraphs 1 and 2 of Rule 9 shall be as prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules.
2. In addition to the provisions of the preceding paragraph, treatment of provision or deposit of substitute securities/warehouse receipts shall be prescribed by OSE.

**Rule 12. Notification of Positions**

A Non-Clearing Participant shall notify its Designated Clearing Participant every trading day (every day in the case of securities options trading (excluding flexible contracts); the same shall apply hereinafter in this rule) of the breakdown information of short and long positions for each issue by each customer (or each Applicant in cases where the customer is a Broker), or each subdivision in the event a customer is subdivided voluntarily, per omnibus account prescribed in the Business Rules of JSCC, by the time specified by such Designated Clearing Participant; provided, however, that this shall not apply to cases where the Designated Clearing Participant is in a position to know such information every trading day.

**Rule 13. Reporting Duty on Matters Concerning Futures/Options Trading**

### **Entrusted by a Customer**

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

### **Rule 13-2. Understanding Status of Provision of Clearing Margin Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has made an agreement as prescribed in Rule 31-2, Paragraph 1 must establish an arrangement to enable its awareness of the status of provision of clearing margin to the Designated Clearing Participant by customers pertaining to said agreement.

## **SECTION 2**

## **TRANSFER OF POSITIONS**

### **Rule 14. Transfer of Positions**

A Trading Participant may transfer unsettled contracts for its proprietary account (excluding those remaining unsettled after the last trading day of the relevant contract, contracts for clearing on government bond futures eligible for cross margining and contracts for clearing on interest rate futures eligible for cross margining; the same shall apply hereinafter in this section) and unsettled contracts entrusted by customers to another Trading Participant (this is hereinafter referred to as "Transfer of Positions").

### **Rule 15. Transfer of Clearing Participant's Positions**

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

### **Rule 16. Procedures for Transfer of Non-Clearing Participant's Positions**

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

of such position, and notify it of the number of contracts and the name of the Designated Clearing Participant of the Non-Clearing Participant by the deadline specified by such transferee Trading Participant.

3. In the case of the preceding paragraph, in the event the transferee Trading Participant is a Non-Clearing Participant, such transferee Trading Participant must receive approval from its Designated Clearing Participant concerning the transfer of such position, and notify the Designated Clearing Participant of the details of the notification received pursuant to the provisions of the same paragraph by the deadline specified by such Designated Clearing Participant.

#### **Rule 17. Completion of Transfer of Positions**

1. In the case of the preceding rule, the transfer of positions shall be deemed complete at the time approved by JSCC.
2. Transfer of Positions pertaining to Futures Trading shall be carried out at the contract price or contract figure specified by OSE.

### **SECTION 3**

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

##### **SUB-SECTION 1**

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

#### **Rule 18. Treatment of Unsettled Contracts for Insolvent Trading Participant's Proprietary Account**

1. OSE may, in cases where it carries out Suspension of Trading Due to Insolvency of a Trading Participant, have another Trading Participant designated by OSE effect resale, repurchase or exercise of options (including entrustment of the same; the same shall apply hereinafter) concerning unsettled contracts for the proprietary account of the Trading Participant subject to the Suspension of Trading Due to Insolvency (hereinafter referred to as the "Insolvent Trading Participant") (excluding those remaining unsettled on or after the last trading day of the relevant contract; the same shall apply hereinafter in this section).
2. In the case of the preceding paragraph, an entrustment agreement between such other Trading Participant designated by OSE and the Insolvent Trading Participant shall be deemed to have been executed.
3. Notwithstanding the provisions of Paragraph 1, treatment of unsettled contracts for the proprietary account of a Trading Participant who is a Clearing Participant that is subject to suspension of obligation assumption pursuant to the provisions



of the Business Rules of JSCC (limited to cases where JSCC determines that the Clearing Participant is insolvent or is likely to become insolvent, or as necessary for other specific reasons) shall be in accordance with the JSCC Futures/Options Clearing Margin Rules.

**Rule 19. Treatment of Unsettled Contracts Entrusted by a Customer of Insolvent Trading Participant**

1. OSE may, in cases where it carries out Suspension of Trading Due to Insolvency of a Trading Participant, have the unsettled contracts entrusted by the customers of the Insolvent Trading Participant (excluding such customers enumerated in each of the items of Rule 21, Paragraph 1; the same shall apply hereinafter through the following rule) transferred to another Trading Participant designated by OSE, or have such other Trading Participant designated by OSE effect resale, repurchase or exercise of options concerning such contracts.
2. In cases where OSE arranges to have the unsettled contracts transferred to another Trading Participant as prescribed in the preceding paragraph (hereinafter in this section and in Chapter 3, Section 3 referred to as "Transfer of Positions during Suspensions") or have such other Trading Participant effect resale, repurchase or exercise of options concerning unsettled contracts, the Insolvent Trading Participant must, subsequent to the Suspension of Trading Due to Insolvency, immediately notify its customers that it has received such Suspension of Trading Due to Insolvency, and other matters deemed necessary by OSE.

**Rule 20. Transfer of Unsettled Contracts Entrusted to an Insolvent Trading Participant by a Customer**

1. The Transfer of Positions during Suspensions prescribed in Paragraph 1 of the preceding rule shall be carried out in cases where the Insolvent Trading Participant's customer applies to the other Trading Participant designated by OSE for such transfer of positions, and such other Trading Participant submits a written certification of receipt of such application and acceptance of such transfer of position to OSE by the deadline prescribed by OSE.
2. In the case of the preceding paragraph, OSE may request the Insolvent Trading Participant to submit a document stating matters that OSE deems necessary in order to transfer a position in cases of suspensions, and shall deliver such document to such other Trading Participant to receive the transfer of such Transfer of Positions during Suspensions.
3. In cases of a Transfer of Positions during Suspensions as prescribed in Paragraph 1 pertaining to Futures Trading, the settlement price or settlement figure of each contract on the trading day that ends on the day before the date of such Transfer of Positions during Suspensions (in cases of trading executed in

the night session of the trading day that ends on the date of such Transfer of Positions during Suspensions, such contract price or contract figure) shall be the contract figure for such unsettled contracts.

4. The resale, repurchase or exercise of options concerning unsettled contracts entrusted by a customer of an Insolvent Trading Participant as prescribed in Paragraph 1 of the preceding rule shall be effected by another Trading Participant designated by OSE in cases where the Insolvent Trading Participant submits a written certification that the Insolvent Trading Participant has received an instruction from its customer concerning resale, repurchase or exercise of options concerning the unsettled contract entrusted by such Insolvent Trading Participant's customer (excluding cases in the following paragraph), by the deadline specified by OSE.
5. OSE may, with respect to the unsettled contracts entrusted by the Insolvent Trading Participant's customer prescribed in Paragraph 1 of the preceding rule, have another Trading Participant designated by OSE effect the resale, repurchase or exercise of options, in case the document prescribed in Paragraph 1 or the preceding paragraph is not submitted by the deadline specified by OSE.
6. In the case of the preceding two paragraphs, an entrustment agreement between such other Trading Participant designated by OSE and the Insolvent Trading Participant shall be deemed to have been executed.

**Rule 21. Treatment of Unsettled Contracts Entrusted by a Customer whose Performance Obligations are Accelerated, etc.**

1. OSE may, in cases where it carries out a Suspension of Trading Due to Insolvency of a Trading Participant, have another Trading Participant designated by OSE effect resale, repurchase or exercise of options concerning unsettled contracts entrusted by the Insolvent Trading Participant's customers enumerated in each of the following items:
  - (1) A customer whose performance obligations against an Insolvent Trading Participant pertaining to Futures/Options Trading have been accelerated;
  - (2) A customer that belongs, or may be deemed to substantially belong, to the same Corporate Group as the Insolvent Trading Participant, and to which OSE deems it inappropriate to transfer the unsettled contracts as prescribed in Rule 19, Paragraph 1.
2. In the case of the preceding paragraph, an entrustment agreement between such other Trading Participant designated by OSE and the Insolvent Trading Participant shall be deemed to have been executed.

**Rule 22. Measures Against Non-Clearing Participant in Cases where the Designated Clearing Participant Receives Suspension of Obligation Assumption Due to Insolvency, etc.**

1. The provisions of Paragraphs 1 and 2 of Rule 18, Rule 19, Rule 20 and the preceding rule (excluding Paragraph 1, Item 2) shall be applied mutatis mutandis to a case where a Designated Clearing Participant is suspended from entrustment of brokerage for clearing of securities, etc. pursuant to the provisions of Rule 48, Paragraph 1 of the Trading Participant Regulations due to its suspension of obligation assumption pursuant to provisions of the Business Rules of JSCC (limited to cases where JSCC deems such Clearing Participant to be insolvent or likely to become insolvent, or as necessary for other specific reasons). In such a case, "Suspension of Trading Due to Insolvency" shall be "suspension of entrustment of brokerage for clearing of securities, etc. due to a suspension of obligation assumption based on JSCC's understanding that the Designated Clearing Participant is insolvent or is likely to become insolvent, or as necessary for other specific reasons," and "Insolvent Trading Participant" shall be "Non-Clearing Participant in cases where the Designated Clearing Participant receives suspension of obligation assumption due to JSCC's understanding that the Designated Clearing Participant is insolvent or is likely to become insolvent, or as necessary for other specific reasons."
2. In the event the unsettled contracts of a Non-Clearing Participant are to be transferred to another Trading Participant designated by OSE or another Trading Participant designated by OSE is to effect resale, repurchase or exercise of options concerning such unsettled contracts as a measure against a Non-Clearing Participant who receives suspension of entrustment of brokerage for clearing of securities, etc. pursuant to the provisions of Rule 48, Paragraph 1 of the Trading Participant Regulations due to its Designated Clearing Participant's suspension of obligation assumption pursuant to the provisions of the Business Rules of JSCC (limited to cases where JSCC deems such Designated Clearing Participant to be insolvent or likely to become insolvent, or as necessary for other specific reasons), the right of agency of the Designated Clearing Participant in Rule 10, Paragraph 5, Item 1 shall be deemed to be terminated.

## **SUB-SECTION 2**

### **TREATMENT OF INSOLVENT TRADING PARTICIPANT'S CLEARING MARGIN FOR CUSTOMER ACCOUNT**

#### **Rule 23. Treatment of Insolvent Clearing Participant's Clearing Margin for Customer Account**

In the event OSE transfers the position entrusted by a customer of an Insolvent Trading Participant that is a Clearing Participant to another Trading Participant pursuant to the provisions of Rule 19, Paragraph 1, the treatment of such Clearing Margin for Customer Account shall be in accordance with the JSCC Futures/Options Clearing Margin Rules.

**Rule 24. Treatment of Insolvent Non-Clearing Participant's Clearing Margin for Customer Account**

1. In the event OSE carries out a Transfer of Positions during Suspensions of positions entrusted by a customer of an Insolvent Trading Participant that is a Non-Clearing Participant pursuant to the provisions of Rule 19, Paragraph 1 (the other Trading Participant who receives such transfer shall be referred to as the "Transferee Trading Participant during Suspensions" hereinafter in this sub-section), the Clearing Margin for Customer Account pertaining to such customer deposited to JSCC by such Insolvent Trading Participant who is a Non-Clearing Participant (limited to the portion of which such customer or its Applicant has the right to claim return pursuant to the provisions of the JSCC Futures/Options Clearing Margin Rules; the same shall apply in the following paragraph) shall be deemed to have been deposited to JSCC on the date of such Transfer of Position during Suspensions by the Transferee Trading Participant during Suspensions (in the event the Transferee Trading Participant during Suspensions is a Non-Clearing Participant, such Transferee Trading Participant during Suspensions and its Designated Clearing Participant) as its agent.
2. Among the Clearing Margin for Customer Account pertaining to such customer that is deemed to be deposited to JSCC pursuant to the provisions of the preceding paragraph, the amount deposited as the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) shall be the lesser of the amounts prescribed in each of the following items:
  - (1) The amount equivalent to the total of the amount of money and the market value of securities/warehouse receipts that the customer deposited to the Insolvent Non-Clearing Participant as customer margin; or
  - (2) The amount calculated by subtracting JSCC's cost of acquisition of yen using the foreign currency, or liquidation of the securities/warehouse receipts in lieu of cash margin, that have been deposited by the Insolvent Non-Clearing Participant as clearing margin (substitute deposit) for the Non-Clearing Participant's customer account from the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) for the Non-Clearing Participant's customer account that the Insolvent Non-Clearing Participant had deposited to JSCC pursuant to the provisions of the JSCC Futures/Options Clearing Margin Rules, and pro rating such amount in accordance with the amount equivalent to the total of the amount of money and the market value of securities/warehouse receipts deposited by each customer to the Insolvent Non-Clearing Participant as customer margin.
3. The provisions of the preceding two paragraphs shall be applied mutatis mutandis to cases where the Non-Clearing Participant is suspended from entrustment of brokerage for clearing of securities, etc. pursuant to the

provisions of Rule 48, Paragraph 1 of the Trading Participant Regulations due to its Designated Clearing Participant's receipt of a suspension of obligation assumption pursuant to the provisions of the Business Rules of JSCC (limited to cases where JSCC deems such Designated Clearing Participant to be insolvent or likely to become insolvent, or it is necessary for other specific reasons). In this case, "Rule 19, Paragraph 1" shall be "Rule 19, Paragraph 1 as applied mutatis mutandis in Rule 22, Paragraph 1," and "Insolvent Non-Clearing Trading Participant" shall be "Non-Clearing Participant that is suspended from entrustment of brokerage for clearing of securities, etc. due to its Designated Clearing Participant's receipt of suspension of obligation assumption by JSCC's determination that it is insolvent or is likely to become insolvent, or as necessary for other specific reasons."

**Rule 25. Liquidation of Clearing Margin for Substitute Deposits, etc.**

1. In the event OSE decides to subject the unsettled contracts entrusted by a customer of an Insolvent Non-Clearing Participant to a resale, repurchase or exercise of options pursuant to the provisions of Rule 19, Paragraph 1 or Rule 21, Paragraph 1, or to carry out a Transfer of Positions during Suspensions of positions entrusted by a customer of an Insolvent Non-Clearing Participant pursuant to the provisions of Rule 19, Paragraph 1, if JSCC decides to acquire yen using all or part of the foreign currency, or liquidate all or part of the securities/warehouse receipts, that have been deposited as Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) in a manner deemed appropriate by JSCC, an entrustment agreement between the Designated Clearing Participant of the Insolvent Non-Clearing Participant, the Insolvent Non-Clearing Participant, its customer, and JSCC shall be deemed to have been executed.
2. In the event OSE decides to subject the unsettled contracts entrusted by a customer of the Non-Clearing Participant to a resale, repurchase or exercise of options pursuant to the provisions of Rule 19, Paragraph 1 or Rule 21, Paragraph 1, as applied mutatis mutandis in Rule 22, Paragraph 1, or to carry out a Transfer of Positions during Suspensions of positions entrusted by a customer of a Non-Clearing Participant, if JSCC decides to acquire yen using all or part of the foreign currency, or liquidate all or part of the securities/warehouse receipts, that have been deposited as Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) in a manner deemed appropriate by JSCC, an entrustment agreement between the Designated Clearing Participant of the Non-Clearing Participant, the Non-Clearing Participant, its customer and JSCC shall be deemed to have been executed.
3. In the case of Paragraph 1, if the Broker is a customer prescribed in each of the items of Rule 21, Paragraph 1 and JSCC decides to acquire yen using all or part

of the foreign currency, or liquidate all or part of the securities/warehouse receipts, that have been deposited as Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit by Broker) in a manner deemed appropriate by JSCC, an entrustment agreement between the Designated Clearing Participant of the Insolvent Non-Clearing Participant, the Insolvent Non-Clearing Participant, its customer and the customer's Applicant, and JSCC shall be deemed to have been executed.

4. In the case of Paragraph 2, if the Broker is a customer prescribed in Rule 21, Paragraph 1, Item 1, as applied mutatis mutandis in Rule 22, Paragraph 1 and JSCC decides to acquire yen using all or part of the foreign currency, or liquidate all or part of the securities/warehouse receipts, that have been deposited as Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit by Broker) in a manner deemed appropriate by JSCC, an entrustment agreement between the Designated Clearing Participant of the Non-Clearing Participant, the Non-Clearing Participant, its customer and the customer's Applicant, and JSCC shall be deemed to have been executed.

**Rule 26. Special Regulations on Treatment of Clearing Margin for Substitute Deposits**

1. In the event JSCC acquires yen using foreign currency or liquidates securities/warehouse receipts pursuant to the provisions of Paragraph 1 or 2 of the preceding rule, the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) shall be the money other than the foreign currency pertaining to the acquisition, and securities/warehouse receipts other than the securities/warehouse receipts subject to liquidation, that have been deposited to JSCC as the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) by the Insolvent Non-Clearing Participant or the Non-Clearing Participant in Paragraph 2 of the preceding rule, and the amount of money calculated by subtracting the cost of acquisition from the money after the acquisition and subtracting the cost of liquidation from the money obtained from the liquidation.
2. In the event JSCC acquires yen using foreign currency or liquidates securities/warehouse receipts pursuant to the provisions of Paragraph 3 or 4 of the preceding rule, the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Margin by Broker) shall be the money other than the foreign currency pertaining to the acquisition, and securities/warehouse receipts other than the securities/warehouse receipts subject to liquidation, that have been deposited to JSCC as the Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Margin by Broker) by the Insolvent Non-Clearing Participant or the Non-Clearing Participant in Paragraph 4 of the preceding rule, and the amount of money calculated by subtracting the cost of acquisition from

the money after the acquisition and subtracting the cost of liquidation from the money obtained from the liquidation.

**Rule 27. Special Regulations on Right to Claim Return of Clearing Margin for Customer Account**

1. A customer's right to claim return of Clearing Margin for Customer Account deemed to be deposited to JSCC pursuant to the provisions of Rule 24, Paragraph 1 (including mutatis mutandis application in Paragraph 3 of the same rule), shall be exercised by the Transferee Trading Participant during Suspensions, prescribed in Paragraph 1 of the same rule as its agent.
2. In the event OSE decides to subject the unsettled contracts entrusted by a customer of an Insolvent Non-Clearing Participant (in the case of mutatis mutandis application in Rule 22, Paragraph 1, referring to the Non-Clearing Participant whose Designated Clearing Participant is suspended from obligation assumption due to determination by JSCC that it is insolvent, is likely to become insolvent, or it is necessary due to other specific reasons) to a resale, repurchase or exercise of options pursuant to the provisions of Rule 19, Paragraph 1, or Rule 21, Paragraph 1 (including mutatis mutandis application in Rule 22, Paragraph 1), or to carry out a Transfer of Position during Suspensions of positions entrusted by the Insolvent Non-Clearing Participant's customer pursuant to the provisions of Rule 19, Paragraph 1 (including mutatis mutandis application in Rule 22, Paragraph 1), the right to claim return of the Clearing Margin for Customer Account pertaining to a customer of an Insolvent Non-Clearing Participant (excluding customers whose position was subjected to Transfer of Positions during Suspensions pursuant to provisions of Rule 19, Paragraph 1 (including mutatis mutandis application in Rule 22, Paragraph 1)) may be exercised directly against JSCC as prescribed in the JSCC Futures/Options Clearing Margin Rules. In this case, if the Clearing Margin for Customer Account pertaining to such customer is deposited as a Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit), the amount shall be limited to the lesser of the amounts prescribed in each item of Rule 24, Paragraph 2.

**Rule 28. Special Regulations on Right to Claim Return of Clearing Margin for Customer Account of Broker**

In the event OSE decides to subject the unsettled contracts entrusted by an Applicant of an Insolvent Non-Clearing Participant's customer to a resale, repurchase or exercise of options pursuant to the provisions of Rule 21, Paragraph 1 (including mutatis mutandis application in Rule 22, Paragraph 1), if the Broker is a customer prescribed in each of the items of Rule 21, Paragraph 1, the right to claim return held by such Applicant of the Broker may be exercised directly against JSCC as prescribed in the JSCC

Futures/Options Clearing Margin Rules.

### **SUB-SECTION 3**

### **MISCELLANEOUS PROVISIONS**

#### **Rule 29. Treatment of Other Matters Concerning Transfer of Positions during Suspensions**

In addition to the provisions of Rule 18 through the preceding rule, necessary matters pertaining to Transfer of Positions during Suspensions shall be determined by OSE on a case-by-case basis.

### **CHAPTER 3**

### **RULES PERTAINING TO SPECIAL REGULATIONS OF BROKERAGE AGREEMENT STANDARDS**

#### **SECTION 1 MARGIN**

##### **Rule 30. Provision or Deposit of Margin**

1. A customer shall, in the event Futures Trading (either selling or buying) or Options Trading (selling) entrusted by such customer is executed, and the Aggregate Margin Deposit (meaning the aggregate amount of the deposited margin as prescribed in Rule 33, Paragraph 1; the same shall apply hereinafter) is less than the Required Margin (meaning the customer's required margin amount as prescribed in the JSCC Futures/Options Clearing Margin Rules (in the event a customer is subdivided voluntarily, the sum of the required margin amount for each such subdivision); the same shall apply hereinafter), or the money provided or deposited as margin by the customer (in the event the money is provided or deposited in foreign currency, the amount calculated by multiplying the amount converted into yen at the Telegraphic Transfer Buying rate per unit of such currency in the Tokyo foreign exchange market on the day before the date of calculation by the rate prescribed in the JSCC Futures/Options Clearing Margin Rules; the same shall apply hereinafter in this paragraph, Rule 33, Paragraph 1 and Rule 35, Paragraph 1) is less than the amount of cash to be paid by the customer (meaning the amount referred to in Rule 33, Paragraph 2 when the amount to be paid or received is negative; the same shall apply hereinafter), provide or deposit as margin to the Trading Participant the greater of the difference between the Aggregate Margin Deposit and the Required Margin (hereinafter referred to as the "Aggregate Margin Deficiency") or the difference between the amount of money provided or deposited as margin by the customer (excluding the amount of money provided as margin to conduct the type of transaction referred to in Item 2, b. in cases where specified in Item 2) and the cash to be paid by the customer (hereinafter referred to as the "Cash



Deficiency") by the deadline designated by the Trading Participant, no later than the day after the day when such deficiency has occurred (in the event such customer is a Non-Resident, the second day after the day when such deficiency has occurred); provided, however, that, in cases referred to in each of the following items, the amount specified in each said item shall be deducted from the Required Margin.

- (1) If the Required Margin is raised pursuant to the provisions of the JSCC Futures/Options Clearing Margin Rules, where a Trading Participant (or said Trading Participant and its Designated Clearing Participant if said Trading Participant is a Non-Clearing Participant) has concluded an agreement with its customer (or said customer and its Applicant if said customer is a Broker) to the effect that the Trading Participant (or its Designated Clearing Participant if said Trading Participant is a Non-Clearing Participant) deposits with JSCC the amount equivalent to said raised amount using its own funds, and where the Trading Participant (or its Designated Clearing Participant if said Trading Participant is a Non-Clearing Participant) has made an application to that effect to JSCC

Said amount;

- (2) In cases where a customer conducts transactions limited to those referred to in the following a. through d, if the total of the amount of cash and the valuation of securities that said customer has provided as margin to conduct a transaction referred to in b. or d. is less than the Required Margin for said customer's transaction referred to in b. or d., and where a Trading Participant (or said Trading Participant and its Designated Clearing Participant if said Trading Participant is a Non-Clearing Participant) has concluded an agreement with said customer (or said customer and its Applicant if said customer is a Broker) to the effect that the Trading Participant (or its Designated Clearing Participant if said Trading Participant is a Non-Clearing Participant) will deposit the difference (hereinafter referred to as the "supplemental deposit") with JSCC using its own funds, and where said Trading Participant (or its Designated Clearing Participant if said Trading Participant is a Non-Clearing Participant) has made an application to that effect to JSCC

Said supplemental deposit;

- a. A purchase or resale of the type of securities put option specified in Rule 8, Paragraph 1, Item 1, a. of the Business Regulations;
- b. A transaction where a customer sells the type of securities put option specified in Rule 8, Paragraph 1, Item 1, a. of the Business Regulations, while simultaneously depositing with a Trading Participant, as margin, an amount equivalent to that needed for purchasing the amount of the option's underlying security, at the exercise price, that would have to be paid as a result of exercise of said securities put option;

- c. A purchase or resale of the type of securities call option specified in Rule 8, Paragraph 1, Item 1, b. of the Business Regulations;
  - d. A transaction where a customer sells the type of securities call option specified in Rule 8, Paragraph 1, Item 2, a. of the Business Regulations, while simultaneously depositing with a Trading Participant, as margin, the amount of underlying security that would have to be delivered as a result of exercise of said securities put option.
- 2. A customer may provide or deposit securities/warehouse receipts in lieu of cash as margin; provided, however, that margin equivalent to a Cash Deficiency may not be deposited in securities/warehouse receipts in lieu of cash.
  - 3. Matters concerning substitute securities/warehouse receipts prescribed in the preceding paragraph shall be as prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules.
  - 4. In cases where a customer provides or deposits the securities/warehouse receipts enumerated in each of the items below, such provision or deposit shall be made by book-entry transfer pursuant to the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001), and prior consent from the Trading Participant shall be obtained when making such provision or deposit:
    - (1) Stocks (except foreign stocks), preferred equity contribution securities issued by cooperative structured financial institutions, investment trust beneficiary certificates, beneficiary certificates of a beneficiary certificate-issuing trust, bonds (excluding bonds with subscription warrants) and convertible bonds
    - (2) Investment securities that are listed on a domestic financial instruments exchange
  - 5. In cases where a customer is to provide or deposit foreign stocks, foreign investment trust beneficiary certificates, foreign investment securities, foreign stock depositary receipts, or beneficiary certificates of a foreign beneficiary certificate-issuing trust, such provision or deposit shall be effected by book-entry transfer as prescribed in the "Business Rules Regarding the Depository and Book-Entry Transfers of Foreign Stocks Certificates, etc." specified by JASDEC, and prior consent from the Trading Participant shall be obtained when making such provision or deposit.
  - 6. In cases where a customer is to provide or deposit Foreign Government Bond Securities, prior consent from the Trading Participant shall be obtained.
  - 7. In cases where a customer is to provide or deposit foreign currency, prior consent from the Trading Participant shall be obtained.

### **Rule 31. Additional Provision or Deposit of Margin**

A Trading Participant must, in the event a customer incurs an Aggregate Margin Deficiency or Cash Deficiency, require the customer to provide or deposit an amount equivalent to or greater than the greater of the two amounts as margin by the deadline specified by the Trading Participant, which is no later than the day after the day

when such deficiency has occurred (in the event such customer is a Non-Resident, the second day after the day when such deficiency has occurred). In this case, the margin equivalent to the Cash Deficiency may not be deposited in securities/warehouse receipts in lieu of cash.

**Rule 31-2. Special Provisions for Provision of Clearing Margin Pertaining to Customer of Remote Trading Participant**

1. If a customer of a Remote Trading Participant has agreed in advance with the Remote Trading Participant and its Designated Clearing Participant, such customer may provide or additionally provide clearing margin prescribed in Rule 30, Paragraph 1 and the preceding rule to the Designated Clearing Participant in place of the Remote Trading Participant.
2. If the customer provides clearing margin pursuant to the provisions of the preceding paragraph, such provision shall be deemed as the provision or additional provision of clearing margin pursuant to the provisions of Rule 30, Paragraph 1 and the preceding rule.
3. The provisions of Paragraphs 4 through 6 of Rule 30 shall be applied mutatis mutandis to cases where a customer provides or additionally provides substitute securities/warehouse receipts to the Designated Clearing Participant pursuant to the agreement of Paragraph 1. In such cases, "Trading Participant" shall be "Designated Clearing Participant of the Remote Trading Participant".

**Rule 31-3. Reporting Duty on Status of Provision of Clearing Margin Pertaining to Customer of Remote Trading Participant**

A customer who provides or additionally provides clearing margin to the Designated Clearing Participant pursuant to the provisions of Paragraph 1 of the preceding rule must report to the Remote Trading Participant the status of such provision of clearing margin to the Designated Clearing Participant, according to the instruction of the Remote Trading Participant.

**Rule 32. Classification of Margin**

1. Of the Margin provided or deposited by a customer to a Trading Participant pursuant to the provisions of Rules 30 and 31, the money and securities/warehouse receipts other than the amount equivalent to the cash to be paid by the customer shall be deemed to have been provided by the customer as clearing margin; provided, however, that, in the event consent (meaning consent as prescribed in Article 66 of the Cabinet Office Ordinance Relating to Financial Instruments Exchange, etc. (Cabinet Office Ordinance No. 54 of 2007)) from such customer is obtained, it may be deemed to have been deposited as customer margin.
2. In the event prescribed in the preceding paragraph, if the customer is a Broker, the classification as prescribed in each of the following items pertaining to the

money or securities/warehouse receipts provided or deposited by such customer as clearing margin or customer margin must be clearly stated:

- (1) Money or securities/warehouse receipts provided by an Applicant; or
- (2) The customer's own money or securities/warehouse receipts provided or deposited in lieu of money or securities/warehouse receipts deposited by an Applicant.

**Rule 33. Method of Computation of Aggregate Margin Deposit**

1. The Aggregate Margin Deposit shall be the amount obtained by adding or subtracting the amount of cash to be paid or received by a customer as prescribed in the following paragraph to or from the total of the amount of money and the securities/warehouse receipts evaluated at the substitution price (meaning an amount not exceeding the amount calculated by multiplying the market value on the day before the date of calculation by the rate prescribed in the Attachment of the JSCC Futures/Options Clearing Margin Rules (in the event such securities are Foreign Government Bond Securities, the amount calculated by multiplying the market value by the rate prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules and then converted into yen at the Telegraphic Transfer Buying rate per unit of the foreign currency in the Tokyo foreign exchange market that is used to evaluate such Foreign Government Bond Securities on the day before the date of calculation)) provided or deposited by the customer as margin for the Futures/Options Trading Account.
2. The amount of cash to be paid or received by a customer shall be the amount of money equivalent to the amount calculated by adding or subtracting the total of profit or loss at settlement of Futures Trading (meaning, in the case of government bond futures trading, the amount of money paid or received for settlement of government bond futures trading prescribed in Rule 14-2-3, Paragraph 1 or 2 of the Brokerage Agreement Standards (hereinafter referred to as the "Standards" in this paragraph)) entrusted by the customer that is payable or receivable and the premiums for Options Trading (for securities options trading, meaning the amount of option premium as prescribed in Rule 17, Paragraph 1 of the Standards and the amount of money paid or received for settlement as prescribed in Paragraph 2 of the same rule, and for index options trading, meaning the amount of money paid or received for settlement as prescribed in Rule 27 of the Standards) that is payable or receivable to or from the implicit profit or loss calculated on a certain day prescribed in the following paragraph, and subtracting the amount of money that should be incurred by the customer that the Trading Participant deems necessary. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the

provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No.52 of 2007) instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, the premiums may be calculated based on said average value as specified by OSE.

3. The amount of implicit profit or loss shall be the amount calculated by subtracting the total of the amount equivalent to loss incurred due to volatility in the market of government bond futures trading based on entrustment by the customer (see Note 1 below), the amount equivalent to the loss incurred due to volatility in the market of interest rate futures trading (meaning, for unsettled contracts of the customer (excluding those remaining unsettled at closing of the last trading day of the relevant contract; the same shall apply hereinafter), the amount calculated by multiplying the difference between the contract figure of the unsettled contract and the settlement figure on the date of calculation by JPY two hundred fifty thousand (250,000)), the amount equivalent to loss incurred due to volatility in the market of index futures trading based on entrustment by the customer (meaning, for unsettled contracts of the customer, the amount calculated by multiplying the difference between the contract figures of the unsettled contract and the settlement figure on the trading day ending on the date of calculation by the amount which is obtained by dividing the trading unit prescribed in Rule 29, Item 2 of the Business Regulations by the value of the underlying index ), the amount equivalent to loss incurred due to volatility in the market of commodity futures trading based on entrustment by the customer (see Note 2 below), and the sum of payments which are made pursuant to the provisions of Rule 36 from the total of the amount equivalent to profit gained from the volatility in the market of government bond futures trading based on entrustment by the customer (see Note 3), the amount equivalent to profit gained from the volatility in the market of interest rate futures trading based on entrustment by the customer (meaning, for unsettled contracts of the customer, the amount calculated by multiplying the difference between the contract figure of the unsettled contract and the settlement figure on the date of calculation by JPY two hundred fifty thousand (250,000)), the amount equivalent to profit gained from volatility in the market of index futures trading based on entrustment by the customer (meaning, for unsettled contracts of the customer, the amount calculated by multiplying the difference between the contract figures of the unsettled contract and the settlement figure on the trading day ending on the date of calculation by the amount which is obtained by dividing the trading unit prescribed in Rule 29, Item 2 of the Business Regulations by the value of the underlying index) and the amount equivalent to profit gained from the volatility in the market of commodity futures trading based on entrustment by the customer (see Note 4 below). In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where

the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said average value may be used for the contract price or contract figure as specified by OSE.

(Note 1) "The amount equivalent to loss incurred due to volatility in the market of government bond futures trading based on entrustment by the customer" means, for unsettled contracts of the customer (excluding those remaining unsettled at closing of the last trading day of the relevant contract), the amount calculated by multiplying the difference between the contract price (or contract figure in the case of cash-settled futures; the same shall apply hereinafter) of the unsettled contract and the settlement price (or settlement figure in the case of cash-settled futures; the same shall apply hereinafter) on the trading day ending on the date of calculation by one-hundredth of JPY one hundred (100) million (or JPY one hundred thousand (100,000) in the case of physically delivered futures and cash-settled futures pertaining to standardized super long-term government bonds).

(Note 2) "The amount equivalent to loss incurred due to volatility in the market of commodity futures trading based on entrustment by the customer" means, for unsettled contracts of the customer (excluding those remaining unsettled at closing of the last trading day of the relevant contract), the amount calculated by multiplying the difference between the contract figures of the unsettled contract and the settlement figures on the trading day ending on the date of calculation by JPY one thousand (1,000) for physically delivered gold futures; JPY five hundred (500) for physically delivered platinum futures and palladium futures; JPY ten thousand (10,000) for silver futures; JPY one hundred (100) for monthly cash-settled gold futures, cash-settled rolling spot gold futures, monthly cash-settled platinum futures, cash-settled rolling spot platinum futures, and monthly cash-settled Shanghai Natural Rubber (meaning Shanghai Natural Rubber prescribed in Rule 4, Item 7, b-2 (b) of the Business Regulations; the same shall apply hereinafter) futures; JPY five thousand (5,000) for RSS 3 and TSR 20 futures; JPY twenty five (25) for soybean futures; JPY eighty (80) for red bean (azuki) futures and JPY fifty (50) for corn futures.

(Note 3) "The amount equivalent to profit gained from the volatility in the market of government bond futures trading based on entrustment from the customer" means, for unsettled contracts of the customer (excluding

those remaining unsettled at closing of the last trading day of the relevant contract), the amount calculated by multiplying the difference between the contract price of the unsettled contract and the settlement price on the trading day ending on the date of calculation by one-hundredth of JPY one hundred (100) million (or JPY one hundred thousand (100,000) in the case of physically delivered futures and cash-settled futures pertaining to standardized super long-term government bonds).

- (Note 4) "The amount equivalent to profit gained from volatility in the market of commodity futures trading based on entrustment by the customer" means, for unsettled contracts of the customer (excluding those remaining unsettled at closing of the last trading day of the relevant contract), the amount calculated by multiplying the difference between the contract figures of the unsettled contract and the settlement figures on the trading day ending on the date of calculation by JPY one thousand (1,000) for physically delivered gold futures; JPY five hundred (500) for physically delivered platinum futures and palladium futures; JPY ten thousand (10,000) for silver futures; JPY one hundred (100) for monthly cash-settled gold futures, cash-settled rolling spot gold futures, monthly cash-settled platinum futures, cash-settled rolling spot platinum futures, and monthly cash-settled Shanghai Natural Rubber futures; JPY five thousand (5,000) for RSS 3 and TSR 20 futures; JPY twenty five (25) for soybean futures; JPY eighty (80) for red bean (azuki) futures and JPY fifty (50) for corn futures.

#### **Rule 34. Right to Claim Return of Clearing Margin**

1. A customer shall, in cases prescribed in each of the following items, have the right to claim return of the amount equivalent to the amount calculated by subtracting the unfulfilled portion of the obligation pertaining to Futures/Options Trading owed by the customer to the Trading Participant (hereinafter referred to as the "Customer's Unfulfilled Obligations" in this rule) from the clearing margin as prescribed in each such item:
  - (1) If the clearing margin provided by the customer is directly deposited:
 

Of the directly deposited clearing margin (meaning the Clearing Participant's Clearing Margin for Customer Account (Direct Deposit) or Non-Clearing Participant's Clearing Margin for Customer Account (Direct Deposit)) for such customer, the amount prescribed in (a) or (b) below:

    - (a) If the customer has deposited money as clearing margin, the amount of such money; or
    - (b) If the customer has deposited substitute securities/warehouse

receipts as clearing margin, such securities/warehouse receipts.

- (2) If the customer deposits customer margin or provides clearing margin, and a substitute deposit of clearing margin is made:

Of the clearing margin for the substitute deposit (meaning the Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit) or Non-Clearing Participant's Clearing Margin for Customer Account (Substitute Deposit); the same shall apply hereinafter) for such customer, the amount prescribed in (a) or (b) below:

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

### **Rule 35. Restriction on Withdrawal of Margin**

1. A Trading Participant must not permit withdrawal of money or securities/warehouse receipts provided or deposited by a customer as margin; provided, however, that this shall not apply in cases where any of the following items is applicable for the amount of money or securities/warehouse receipts not



exceeding the amount prescribed in each such item:

- (1) Where the aggregate amount of the customer's Margin Deposit at the time of withdrawal exceeds the Required Margin, securities/warehouse receipts equivalent to the amount calculated by dividing such excess by the rate prescribed in the Appendix 1 of the JSCC Futures/Options Clearing Margin Rules (for Foreign Government Bond Securities, the amount calculated by dividing such excess converted to US dollars using the Telegraphic Transfer Selling rate per unit of the foreign currency in the Tokyo foreign exchange market that is used to evaluate such Foreign Government Bond Securities by the rate prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules; the same shall apply in the following item), or the amount of money equivalent to whichever is smaller of such excess amount or excess cash (meaning the excess amount where the amount of money provided or deposited as margin exceeds the cash payable by such customer; the same shall apply hereinafter) (in the case of foreign currency, the amount calculated by multiplying the amount converted into yen at the Telegraphic Transfer Buying rate per unit of such currency in the Tokyo foreign exchange market on the day before the date of calculation by the rate prescribed in the JSCC Futures/Options Clearing Margin Rules);
  - (2) Where the securities/warehouse receipts provided or deposited as margin by such customer is to be replaced with money or other securities/warehouse receipts, securities/warehouse receipts equivalent to the amount calculated by dividing such amount of money or other securities/warehouse receipts (meaning the amount evaluated at the Replacement Price as prescribed in Rule 33, Paragraph 1; the same shall apply hereinafter in this paragraph) by the rate prescribed in Appendix 1 of the JSCC Futures/Options Clearing Margin Rules.
  - (3) Where the amount of money equivalent to the excess cash portion of the money provided or deposited as margin by the customer is to be replaced with securities/warehouse receipts, the amount of money equivalent to the amount of such securities/warehouse receipts.
2. Notwithstanding the provisions of the preceding paragraph, a Trading Participant may permit withdrawal of money or securities/warehouse receipts prescribed in any of the following items where such item is applicable.
- (1) If the customer is seeking to settle the trading of underlying securities carried out as a result of exercising securities options by delivery of money provided or deposited by such customer as margin, where the Aggregated Margin Deposit (excluding the amount of money pertaining to such delivery) exceeds the Required Margin (excluding the amount pertaining to such exercise of options), and excess cash remains subsequent to withdrawal of money for such delivery

The money pertaining to such delivery;

- (2) If the customer is seeking to settle the trading of underlying securities carried out as a result of exercising securities options by delivery of said securities provided or deposited by such customer as margin, where the Aggregated Margin Deposit (excluding the amount equivalent to the securities pertaining to such delivery) exceeds the Required Margin (excluding the amount pertaining to such exercise of options), the underlying securities pertaining to such delivery.

### **Rule 36. Payout of Implicit Profits**

1. A Trading Participant may, upon request from a customer, pay out cash equivalent to the amount of implicit profit for the account of the customer.
2. The amount of payout referred to in the preceding paragraph shall be limited to the amount of the excess when the Aggregate Margin Deposit of the customer exceeds the Required Margin; provided, however, that this shall not apply to each of the following items:
  - (1) Where the customer is to provide or deposit such amount of payout as margin to the Trading Participant; or
  - (2) Where the customer is to settle trading of underlying securities carried out as a result of exercising securities options by delivery of such amount of payout, and the Aggregate Margin Deposit of the customer (excluding such amount to be delivered) exceeds the Required Margin (excluding such amount pertaining to the exercise of the option).

## **SECTION 2**

### **TRANSFER OF POSITIONS**

#### **Rule 37. Procedures for Transfer of Customer's Positions**

1. A customer must, if it is to entrust transfer of positions of unsettled contracts, obtain prior approvals concerning such entrustment of transfer of positions from the transferor Trading Participant which has set up a Futures/Options Trading Account in advance and the transferee Trading Participant.
2. In the case of the preceding paragraph, such customer must report the number of unsettled contracts to be transferred for each issue, and the name of the transferee Trading Participant to the transferor Trading Participant, by the deadline specified by the transferor Trading Participant, and report such number and the name of the transferor Trading Participant to the transferee Trading Participant by the deadline specified by the transferee Trading Participant.
3. The transfer of positions pertaining to Futures Trading shall be conducted using the settlement figure for each contract on the trading day before the trading day of the position transfer as the contract figure pertaining to such unsettled

contracts.

4. When the transfer of positions has been effected, it shall be deemed that the entrustment of such unsettled contracts between the customer and the transferor Trading Participant has been terminated, and the entrustment of such unsettled contracts between the customer and the transferee Trading Participant has become newly effective, simultaneously.
5. For unsettled contracts, in cases where a customer simultaneously holds short positions and long positions in the same issue and settles all or part of such positions (excluding cases of settlement by resale or repurchase), such customer must notify the Trading Participant of the issue and number of contracts to be settled by the time designated by the Trading Participant by the deadline prescribed by JSCC on the day on which the trading day when such settlement is conducted ends.

**Rule 37-2 Special Regulations Pertaining to Transfer of Customer's Position  
Pertaining to Commodity Futures, etc.**

1. Notwithstanding the provisions of the preceding rule, a Trading Participant may handle a customer's position (limited to the position pertaining to commodity futures and commodity futures options) in a method as prescribed in each of the items below in a case where the Trading Participant has a specific arrangement with a customer and said arrangement is applicable.
  - (1) Transferring said customer's position to another Trading Participant designated by said Trading Participant
  - (2) Transferring said customer's position to another Trading Participant designated by said Trading Participant at the price agreed between said Trading Participant and said other Trading Participant, and causing the transferred position to be settled by said other Trading Participant through resale or repurchase
2. In a case where a Trading Participant conducts the handling in the preceding paragraph, the Trading Participant shall obtain approval from OSE after obtaining prior approval from the other Trading Participant (including its Designated Clearing Participant if said other Trading Participant is a Commodity Futures, etc. Non-Clearing Participant) prescribed in the same paragraph.
3. The provisions of Paragraphs 3 of the preceding rule shall be applied mutatis mutandis to cases where a position is transferred pursuant to Paragraph 1, Item 1.

**SECTION 3**

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

**Rule 38. Notice by Insolvent Trading Participant**

1. In the event OSE decides to carry out a Transfer of Positions during Suspensions

to another Trading Participant or to have another Trading Participant resale, repurchase or exercise options pertaining to unsettled contracts pursuant to the provisions of Rule 18, Paragraph 1 or Rule 19, Paragraph 1 (including mutatis mutandis application in Rule 22, Paragraph 1), the Insolvent Trading Participant (including Non-Clearing Participants whose Designated Clearing Participant is suspended from obligations assumption due to determination by JSCC that it is insolvent, is likely to become insolvent, or it is necessary due to other specific reasons) must, subsequent to receiving such Suspension of Trading Due to Insolvency (including suspension of entrustment of brokerage for clearing of securities, etc. for a Non-Clearing Participant due to its Designated Clearing Participant's suspension of obligations assumption pursuant to the determination by JSCC that it is insolvent, is likely to become insolvent, or as necessary due to other specific reasons), immediately notify the customer of the fact and other matters deemed necessary by OSE.

2. In the event the customer who receives the notice prescribed in the preceding paragraph is a Broker, such customer must notify its Applicant of matters in accordance with such notice.

#### **Rule 39. Procedures Pertaining to Transfer of Position in Insolvency for Customers**

1. A customer (excluding customers prescribed in each of the items of Rule 21, Paragraph 1; the same shall apply hereinafter in this rule and the following rule) must, if it receives the notice prescribed in the provisions of Paragraph 1 of the preceding rule and wishes for a Transfer of Positions during Suspensions, apply to one of the other Trading Participants designated by OSE for the Transfer of Positions during Suspensions and obtain its approval by the deadline specified by OSE.
2. A customer who obtains approval for Transfer of Positions during Suspensions prescribed in the preceding paragraph shall open a Futures/Options Trading Account with the Transferee Trading Participant pursuant to the provisions of the Brokerage Agreement Standards; provided, however, that this shall not apply if the customer has already opened a Futures/Options Trading Account with the Transferee Trading Participant at the time of such suspension.

#### **Rule 40. Procedures Pertaining to Resale, Repurchase or Exercise of Options for Customer**

A customer shall, if it receives the notice prescribed in Rule 38, Paragraph 1 and wishes for a resale, repurchase or exercise of options pertaining to unsettled contracts, instruct the Insolvent Trading Participant (Non-Clearing Participant in the event the Designated Clearing Participant is suspended from obligation assumption due to determination by JSCC that it is insolvent, is likely to become insolvent, or as necessary

due to other specific reasons) of the fact by the deadline specified by OSE.

**Rule 41. Special Regulations on Margin**

1. In the event the Transfer of Positions during Suspensions as prescribed in Rule 39, Paragraph 1 has been effected, a customer shall be deemed to have provided the Clearing Margin for Customer Account for the customer (limited to the portion of which the customer or its Applicant has the right to claim return, as prescribed in the JSCC Futures/Options Clearing Margin Rules; the same shall apply in the following paragraph) deposited to JSCC by the Insolvent Trading Participant (Non-Clearing Participant in the event the Designated Clearing Participant is suspended from obligation assumption due to determination by JSCC that it is insolvent, is likely to become insolvent, or as necessary due to other specific reasons; the same shall apply hereinafter in this rule) to the transferee Trading Participant during the suspension as clearing margin.
2. In cases of the preceding paragraph, for clearing margin deposited as substitute deposit for such customer, the amount prescribed in either of the following items, whichever is smaller, shall be deemed to have been provided as clearing margin.
  - (1) The amount equivalent to the total of the amount of money (in the event the money is provided or deposited in foreign currency, the amount converted into yen at the Telegraphic Transfer Buying rate per unit of such currency in the Tokyo foreign exchange market on the day before the date of calculation; the same shall apply hereinafter in this paragraph) and the market value of securities/warehouse receipts (meaning the amount evaluated at the market value on the day before the date of calculation (in the event such securities/warehouse receipts are Foreign Government Bond Securities, the amount converted into yen at the Telegraphic Transfer Buying rate per unit of the foreign currency in the Tokyo foreign exchange market that is used to evaluate such Foreign Government Bond Securities on the day before the date of calculation of such market value); the same shall apply hereinafter in this paragraph) that have been deposited by the customer to the Insolvent Trading Participant as customer margin (including the total of the amount of money and the market value of securities/warehouse receipts pertaining to the clearing margin provided by such customer to the Insolvent Trading Participant as clearing margin and to be deposited to JSCC); or
  - (2) The amount calculated by subtracting JSCC's cost of acquisition of yen using the foreign currency, or liquidation of the securities/warehouse receipts deposited by the Insolvent Trading Participant as clearing margin for substitute deposits from the clearing margin for substitute deposits deposited to JSCC by the Insolvent Trading Participant, and pro rating such amount in accordance with the amount equivalent to the total of the amount of money and the market value of securities/warehouse receipts deposited by each customer to the

Insolvent Trading Participant as customer margin (including the total of the amount of money and the market value of securities/warehouse receipts pertaining to the clearing margin provided by such customer to the Insolvent Trading Participant as clearing margin and to be deposited to JSCC).

**Rule 42. Special Regulations on Return of Margin**

Where the Transfer of Positions during Suspensions prescribed in Rule 39, Paragraph 1 has been effected, and a claim for return of clearing margin as prescribed in Paragraph 2 of the preceding rule is received from the customer on or after such date, the Transferee Trading Participant for the suspensions shall return the same in cash.

**Rule 43. Special Regulations on Return of Clearing Margin**

A customer may, in the event the Transfer of Positions during Suspensions as prescribed in Rule 39, Paragraph 1 has not been effected, exercise the right to claim return directly against JSCC, as prescribed in the JSCC Futures/Options Clearing Margin Rules.

**SECTION 4**

**CONTRACT BETWEEN CUSTOMER AND APPLICANT**

**Rule 44. Contract between Customer and Applicant**

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

**SECTION 5**

HANDLING WHERE SPECIFIED MEMBERS ENGAGE IN INTEGRATED MANAGEMENT OF MARGIN, ETC. PERTAINING TO COMMODITY FUTURES TRADING AND COMMODITY FUTURES OPTIONS TRADING AND MARGIN, ETC. PERTAINING TO TRADING IN COMMODITY MARKET

**Rule 44-2. Integrated Management of Margin, etc. by Specified Members**

1. Trading Participants (limited to those who are Clearing Participants of JSCC) who are Specified Members (meaning the Specified Members prescribed in Article 4 of the Supplementary Provisions of the Act for the amendment of the Financial Instruments and Exchange Act (Act No. 86 of 2012; hereinafter referred to as the "Revised Financial Instruments and Exchange Act"); the same shall apply hereinafter) may engage in the integrated management of margin, etc. for customers who have set up a Futures/Options Trading Account pertaining to commodity index futures trading, commodity futures trading and commodity futures options trading on the financial instruments exchange markets established by OSE (hereinafter

referred to as "commodity futures/options trading") (hereinafter simply referred to as a "Futures/Options Trading Account") and an account pertaining to trading in the commodity market (meaning trading (meaning transactions prescribed in Article 2, Paragraph 10 of the Commodity Derivatives Act (No. 239 of 1950)) in the commodity markets established by Tokyo Commodity Exchange, Inc. and Osaka Dojima Exchange, Inc.; the same shall apply hereinafter). ("Integrated management of margin, etc." means that customers who set up a Futures/Options Trading Account (limited to an account in which appropriate measures are in place to avoid trading other than commodity futures/options trading) and an account pertaining to trading in the commodity market conduct the handling prescribed in each item below regarding the margin, etc. to be deposited with Trading Participants who are Specified Members; the same shall apply hereinafter.)

(1) In cases where a Trading Participant who is a Specified Member receives a deposit of margin (limited to money and securities available for use as both substitute securities for clearing margin pertaining to commodity futures/options trading and substitute securities for clearing margin pertaining to trading in the commodity market) from a customer, it shall receive the entire deposit as customer margin for commodity futures/options trading.

(2) A Trading Participant who is a Specified Member shall deposit clearing margin equivalent to or greater than that of the customer margin received from a customer pursuant to the preceding item in each account of JSCC pertaining to commodity futures/options trading (hereinafter referred to as the "Clearing Margin Account under the Financial Instruments and Exchange Act") and in each account pertaining to trading in the commodity market (hereinafter referred to as the "Clearing Margin Account under the Commodity Derivatives Act"). In such a case, the amount of the deposit in each account shall be equivalent to or greater than the required amount of clearing margin as prescribed by JSCC and the allocation to each account shall be conducted at a proportion deemed appropriate by the Trading Participant who is a Specified Member.

(3) In cases where the amount of deposit in the Clearing Margin Account under the Financial Instruments and Exchange Act or the Clearing Margin Account under the Commodity Derivatives Act in JSCC exceeds the required amount of the clearing margin prescribed by JSCC, the Trading Participant who is a Specified Member may transfer up to the excess amount to another account.

(4) A Trading Participant who is a Specified Member shall aggregate the mark to market gains/losses and trading gains/losses from commodity futures/options trading and trading in the commodity market and manage them in an account which allows integrated management of margin, etc. Said Trading Participant shall manage said aggregated gains/losses as clearing margin in the Clearing Margin Account under the Financial Instruments and Exchange Act and the Clearing Margin Account under the Commodity Derivatives Act.

(5) In cases where there is a shortage (including shortage of cash) of either of the amounts of said customer's margin pertaining to commodity futures/options trading or trading in the commodity market and there is a surplus of the amount of margin, etc. in the other account, a Trading Participant who is a Specified Member shall appropriate said surplus up to the surplus amount for said shortage (limited to cash in the case of a cash shortage).

(6) In cases where a Trading Participant who is a Specified Member calculates the excess or shortage of margin (including calculation pertaining to cash shortage amounts; the same shall apply in the following item) in the account for integrated management of margin, etc., it shall calculate these by aggregating mark to market gains/losses and trading gains/losses from commodity futures/options trading and trading in the commodity market.

(7) In cases where there is a shortage (including cash shortages) in margin due to the result of the excess/shortage calculation pursuant to the preceding item and said customer does not deposit the said shortage amount by required date and time, a Trading Participant who is a Specified Member may dispose of the positions pertaining to commodity futures/options trading and trading in the commodity market for said customer's account.

(8) In cases where a Trading Participant who is a Specified Member returns the excess amount of margin pertaining to said customer, the Trading Participant shall receive the return of the clearing margin from JSCC's Clearing Margin Account under the Financial Instruments and Exchange Act or JSCC's Clearing Margin Account under the Commodity Derivatives Act. The allocation of which of JSCC's accounts the excess amount of margin is returned from shall be conducted based on the proportion deemed appropriate by the Trading Participant who is a Specified Member.

#### **Rule 44-3. Conclusion of Special Agreement**

In cases where a Trading Participant who is a Specified Member engages in integrated management of margin, etc., said Trading Participant shall conclude a special agreement pertaining to integrated management of margin, etc., in writing or by electromagnetic means (meaning means using electronic information processing facilities or any other communications technologies that are similar to the means stipulated in Article 57-3 of the Cabinet Office Ordinance on Financial Instruments Business, etc.), with the customer subject to said integrated management of margin, etc.

#### **Rule 44-4. Development of Management System**

A Trading Participant who engages in integrated management of margin, etc. shall develop an appropriate management system to engage in said integrated management of margin, etc.



**Rule 44-5. Application to Brokers**

In cases where a customer of a Trading Participant (limited to a customer who is a Specified Member), as a Broker, engages in integrated management of margin, etc. prescribed in Rule 44-2 with regard to margin deposited by an Applicant, said Trading Participant shall have said customer promise that said customer will manage margin, etc. of the Applicant in accordance with the provisions of this chapter. In addition, the Trading Participant shall develop a management system necessary for said customer to engage in the integrated management of margin, etc. appropriately.

**CHAPTER 4**

**MISCELLANEOUS PROVISIONS**

**Rule 45. Application to Brokerage for Clearing of Securities, etc.**

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

**Rule 46. Determination of Necessary Matters Concerning Margin and Transfer of Unsettled Contracts**

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

**Supplementary Provisions**

1. These revisions shall take effect on May 29, 2023.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on May 29, 2023 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.

**Supplementary Provisions**

1. These revisions shall take effect on March 4, 2024.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on March 4, 2024 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.

**Supplementary Provisions**

These revisions shall take effect on June 3, 2024.

**Supplementary Provisions**

These revisions shall take effect on April 1, 2025.

**Supplementary Provisions**

1. These revisions shall take effect on May 26, 2025.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on May 26, 2025 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.