

Trading Participant Regulations

(As of February 17, 2025)

Osaka Exchange, Inc.

Chapter 1

General Provisions

Rule 1. Purpose

1. These Regulations set out matters concerning obligations of Trading Participants, granting trading qualification, Guarantee Funds and mediation and other necessary matters concerning Trading Participants pursuant to Rule 2, Paragraph 1 of the Business Regulations.
2. Any amendments to these Regulations shall be made by resolution of the Board of Directors; provided, however, that this shall not apply in cases of minor amendments.

Chapter 2

Trading Participants

Section 1

General Rules

Rule 2. Trading Participants

1. There shall be four types of Trading Participants on OSE: Futures, etc. Trading Participant, Government Bond Futures, etc. Trading Participant, Commodity Futures, etc. Trading Participant and FX Trading Participant.
2. A Futures, etc. Trading Participant shall have a trading qualification to conduct the transactions (excluding transactions executed based on brokerage for clearing of securities, etc.) referred to in the following items on the OSE markets (hereinafter referred to as a "Futures, etc. Trading Qualification"):
 - (1) Government bond futures transactions (meaning transactions referred to in Article 2, Paragraph 21, Item 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as "the Act") pertaining to standardized government bonds or transactions referred to in Item 2 of the same paragraph pertaining to prices of such standardized bonds; the same shall apply hereinafter)
 - (1)-2 Interest rate futures transactions (meaning transactions referred to in Article 2, Paragraph 21, Item 2 of the Act, pertaining to a financial indicator calculated based on an interest rate relating to monetary claims; the same shall apply hereinafter)

- (2) Index futures transactions (meaning transactions referred to in Article 2, Paragraph 21, Item 2 of the Act) pertaining to indices (including indices pertaining to commodities (meaning commodities referred to in Article 2, Paragraph 24, Item 3-3 of the Act; the same shall apply hereinafter) (hereinafter referred to as "commodity indices"); the same shall apply hereinafter)
 - (2)-2 Commodity futures transactions (meaning transactions referred to in Article 2, Paragraph 21, Item 1 of the Act pertaining to commodities or transactions referred to in Paragraph 21, Item 2 of the same article pertaining to prices of commodities; the same shall apply hereinafter)
 - (3) Securities options transactions (meaning transactions referred to in Article 2, Paragraph 21, Item 3 of the Act that pertain to securities transactions; the same shall apply hereinafter)
 - (4) Government bond futures options transactions (meaning transactions listed in Article 2, Paragraph 21, Item 3 of the Act that pertain to government bond futures transactions; the same shall apply hereinafter)
 - (5) Index options transactions (meaning, of those referred to in Article 2, Paragraph 21, Item 3 of the Act, transactions prescribed in the Business Regulations as those equivalent to transactions specified in Item 2 of the same paragraph (limited to transactions pertaining to indices); the same shall apply hereinafter)
 - (6) Commodity futures options transactions (meaning, of those referred to in Article 2, Paragraph 21, Item 3 of the Act, transactions prescribed in the Business Regulations as those equivalent to transactions specified in Item 2 of the same paragraph (limited to transactions pertaining to prices of commodity futures transactions); the same shall apply hereinafter)
3. A Government Bond Futures, etc. Trading Participant shall have a trading qualification to conduct transactions (excluding transactions executed based on brokerage for clearing of securities, etc.) referred to in Item 1, Item 1-2, and Item 4 of the preceding paragraph on the OSE markets (hereinafter referred to as a "Government Bond Futures, etc. Trading Qualification").
4. A Commodity Futures, etc. Trading Participant shall have a trading qualification to conduct transactions (excluding transactions executed based on brokerage for clearing of securities, etc.) referred to in Paragraph 2, Item 2 pertaining to a commodity index (hereinafter referred to as "commodity index futures transactions") and transactions referred to in Item 2-2 and Item 6 of the same Paragraph on the OSE markets (hereinafter referred to as a "Commodity Futures, etc. Trading Qualification").
5. A Foreign Exchange Margin Trading Participant (hereinafter referred to as an "FX Trading Participant") shall have a trading qualification to conduct exchange foreign exchange margin transactions (meaning transactions referred to in Article 2, Paragraph 21, Item 2 of the Act that pertain to currency value (hereinafter referred to as "Exchange FX Transactions"), excluding transactions executed based on brokerage for clearing of securities, etc.) on the OSE markets (hereinafter referred to as an "FX Trading Qualification").
6. A Trading Participant shall not be allowed to have a Futures, etc. Trading Qualification and Government

Bond Futures, etc. Trading Qualification at the same time.

7. A Trading Participant shall not be allowed to have a Futures, etc. Trading Qualification and Commodity Futures, etc. Trading Qualification at the same time.

Rule 2-2 Types of Commodity Futures, etc. Trading Participant

The types of Commodity Futures, etc. Trading Participant shall be as specified in each of the following items.

- (1) Commodity Broker Trading Participants: Those qualified to conduct trading of commodity index futures, commodity futures, and commodity futures options on the market of OSE
- (2) Commodity Market Trading Participants: Those qualified to conduct trading of commodity index futures, commodity futures, and commodity futures options on the market of OSE for their proprietary accounts only.

Rule 2-3 Classifications of Commodity Futures, etc. Trading Participant

Commodity Futures, etc. Trading Participants shall be classified as specified in each of the following items.

- (1) Precious Metals Division Participants: Those qualified to conduct trading of commodity futures on the precious metal market and commodity futures options pertaining to prices of physically delivered gold futures.
- (2) Rubber Division Participants: Those qualified to conduct trading of commodity futures on the rubber market.
- (3) Agricultural Product Division Participants: Those qualified to conduct trading of commodity futures on the agricultural product market.
- (4) Petroleum Division Participants: Those qualified to conduct trading of commodity index futures on the petroleum market.

Rule 3. Forms of Sales and Purchase of Market Derivatives on the OSE Markets

1. When a Trading Participant conducts trading of market derivatives (limited to those pertaining to the type of trading qualification that the Trading Participant holds and specified commodity futures and options (meaning those pertaining to the Commodity Futures, etc. Trading Participant classifications of the Trading Participant and those notified by said Participant in accordance with Rule 15, Item 15; the same shall apply hereinafter); the same shall apply hereinafter in this rule) on the OSE markets pertaining to a clearing qualification (meaning those prescribed in the Business Rules of Japan Securities Clearing Corporation (hereinafter referred to as "JSCC"); the same shall apply hereinafter) that it holds, it shall do so under its own name.
2. When a Trading Participant conducts trading of market derivatives on the OSE markets pertaining to a type of clearing qualification that it does not hold, it shall entrust a Designated Clearing Participant (meaning a Designated Clearing Participant prescribed in Rule 27, Paragraph 1; the same shall apply in

the following paragraph) with brokerage for clearing of securities, etc.

3. Notwithstanding the provisions of the preceding two paragraphs, a Remote Trading Participant (meaning an Authorized Firm for On-Exchange Transactions that holds a trading qualification; the same shall apply hereinafter) and a Remote Commodity Market Trading Participant (meaning a Commodity Market Trading Participant who does not hold a sales or business office in Japan that conducts trading at OSE markets (excluding Remote Trading Participants); the same shall apply hereinafter) shall, when conducting trading of market derivatives on the OSE markets, entrust a Designated Clearing Participant with brokerage for clearing of securities, etc.

Rule 4. Ensuring Fair Price Formation and Smooth Circulation

1. A Trading Participant shall make efforts to ensure fair price formation and smooth circulation on the OSE markets so that the function of OSE as a financial instruments exchange market will be maintained and enhanced.
2. A Trading Participant shall be an entity for which market derivatives trading on the OSE markets is an important part of its business.

Rule 5. Cooperative or Control Relationship between Trading Participants and Officers or Other Parties

1. If OSE deems that a cooperative or control relationship between a Trading Participant and its officers or other parties is inappropriate in light of the objectives of OSE or the operation of the OSE markets, OSE may, after holding a hearing with said Trading Participant, demand changes thereto while indicating its reasons; provided, however, that if said Trading Participant has submitted a written statement, said submission may substitute for a hearing.
2. In the event that a Trading Participant fails to respond to a hearing as referred to in the preceding paragraph without a legitimate reason, OSE may demand the changes referred to in the same paragraph without holding a hearing.
3. If the Trading Participant considers a demand for changes as referred to in Paragraph 1 to be unjust, the Trading Participant may file an objection with OSE in writing, giving its reasons, within 10 days from the day on which it received notification of the demand for changes.
4. If, having received an objection as referred to in the preceding paragraph, OSE considers that it would be appropriate to change or cancel the demand for change referred to in Paragraph 1, OSE shall do so immediately.

Rule 6. Trading Participant Representative

1. A Trading Participant must, as prescribed by OSE, notify OSE in advance of one person as its Trading Participant Representative from among its representative directors or representative executive officers, who is appropriate for representing said Trading Participant at OSE (where the Trading Participant is a

foreign corporation that is not a Remote Trading Participant or a Remote Commodity Market Trading Participant, a person who is its representative in Japan and holds a position equivalent to or higher than director or executive officer, or where the Trading Participant is a Remote Trading Participant or a Remote Commodity Market Trading Participant, a person who holds a position equivalent to or higher than director or executive officer).

2. Only the Trading Participant Representative shall represent the Trading Participant in the relationship between said Trading Participant and OSE; provided, however, that normal daily business to the extent which is determined in advance may be carried out by an agent for which notification has been given to OSE.

Rule 7. Person Responsible for Compliance with Laws and Regulations

A Remote Trading Participant and a Commodity Market Trading Participant shall, as specified by OSE, apply to OSE for appointment of one person from among persons holding a position equivalent to or higher than director or executive officer as a Person Responsible for Compliance with Laws and Regulations (meaning a person who ensures full compliance from board members, executive officers, and employees of said Trading Participant with regards to the Act and other laws and regulations (hereinafter referred to as the "laws and regulations"), dispositions by the administrative authorities under the laws and regulations, the Articles of Incorporation, Business Regulations, Brokerage Agreement Standards, and any other regulations of OSE, and just and equitable principles of trade; endeavors to develop and maintain an internal management system; and makes proper contact and coordination with OSE with respect to compliance with the abovementioned laws, regulations, and principles) and obtain the approval of OSE.

Rule 8. Liaison Office, etc.

A Trading Participant shall notify OSE of one office, from among its head office, other sales offices or principal business office (where the Trading Participant is a foreign corporation, the principal sales or business office in Japan) that are conveniently located for liaising with OSE, to act as the liaison office to receive notifications from OSE. However, in place of the notification, a Remote Trading Participant which has no office in Japan shall notify OSE of the name and address of the representative in Japan as prescribed in Article 60-2, Paragraph 1 of the Act while a Remote Commodity Market Trading Participant shall notify OSE of the name and address of the representative in Japan.

Section 2

Obligations, etc. of Trading Participants

Rule 9. Trading Participant Fees

1. A Trading Participant must pay Trading Participant Fees to OSE in accordance with the provisions stipulated by OSE.

2. OSE may pay an incentive to Trading Participants based on the rules stipulated by OSE for the purposes of ensuring smooth circulation and improving liquidity on the OSE markets.

Rule 10. Deleted.

Rule 11. Guarantee Fund

1. A Trading Participant must deposit JPY 3 million with OSE as a Guarantee Fund in accordance with the provisions specified by OSE.
2. A Guarantee Fund may be deposited in securities in lieu of cash in accordance with the provisions specified by OSE; provided, however, that this shall not apply to Remote Trading Participants nor Remote Commodity Market Trading Participants.
3. Notwithstanding the provisions of the preceding two paragraphs, if OSE deems it especially necessary in the light of the objective of depositing a Guarantee Fund, it may, by resolution of the Board of Directors, take the actions referred to in the following items against a Trading Participant to the degree necessary:
 - (1) Restrictions on the issues designated by OSE as eligible to be deposited in lieu of cash for a Guarantee Fund pursuant to the provisions of the preceding paragraph;
 - (2) Lowering the ratio to be multiplied by market value in the calculation of substitution value where a Guarantee Fund is substituted with securities pursuant to the provisions of the preceding paragraph; and/or
 - (3) Increase in the amount of Guarantee Funds.
4. OSE shall hold Guarantee Funds separately from other assets and manage them in the ways referred to in the following items:
 - (1) Purchase of government bonds or municipal bonds;
 - (2) Bank deposits; and/or
 - (3) Monetary trusts with a bank engaging in trust business.

Rule 11-2. Deposit of Trading Participant Security Money

1. A Trading Participant must deposit with OSE Trading Participant Security Money as prescribed by OSE, in order to ensure fulfillment of its obligations pertaining to Trading Participant fees based on the provisions of Rule 9, Paragraph 1.
2. The Trading Participant Security Money may be deposited in securities in lieu of cash as prescribed by OSE; provided, however, that this shall not apply to Remote Trading Participants nor Remote Commodity Market Trading Participants.
3. The provisions of Paragraph 3, Items 1 and 2 of the preceding rule shall apply mutatis mutandis to a deposit of Trading Participant Security Money in lieu of cash.

Rule 12. Prohibition against Assignment of Right to Claim Return of Guarantee Funds, etc.

No Trading Participant may assign, make a contract to assign, or offer for the purpose of collateral to any other party the right to claim the return of Guarantee Funds and Trading Participant Security Money.

Rule 13. Liability in Use of Market Facilities

OSE shall not be liable for compensation in the event that a Trading Participant suffers losses as a result of using the OSE market facilities in the course of its business, unless there is deemed to have been an intentional act or gross negligence on the part of OSE.

Rule 14. Obligation to Obtain Approval for Mergers, etc.

1. A Trading Participant must obtain prior approval of OSE when it intends to take the following actions:
 - (1) Merger with another legal entity where the Trading Participant is to become the surviving company post-merger (excluding those referred to in Item 6 and Item 9 of Rule 15);
 - (2) Passing on part of the business (meaning business pertaining to trading of government bond futures, interest rate futures, and government bond futures options for a Government Bond Futures, etc. Trading Participant (limited to Registered Financial Institutions), and business pertaining to trading of commodity index futures, commodity futures, and commodity futures options for a Commodity Broker Trading Participant (limited to Registered Financial Institutions) and a Commodity Market Trading Participant (excluding Financial Instruments Business Operators and Authorized Firms for On-Exchange Transactions); the same shall apply to this paragraph, Rule 15 and Rule 32, Paragraph 3) to another legal entity as a result of a company split (excluding those referred to in Item 9 of Rule 15);
 - (3) Succession of the whole business or part of the business from another legal entity as a result of a company split (excluding those referred to in Item 7, Item 9 and Item 10 of Rule 15);
 - (4) Transfer of part of the business (excluding those referred to in Item 9 of Rule 15); or
 - (5) Acquisition of the whole business or the part of the business (excluding those referred to in Item 8, Item 9 and Item 11 of Rule 15).
2. A Trading Participant that intends to obtain the approval set forth in the preceding paragraph must make a notification and application to OSE as stipulated by OSE.
3. When OSE conducts examination based on the examination prescribed in Rule 30, Paragraph 2, and deems that an action prescribed in each item of Paragraph 1 is inappropriate in the light of the objectives of OSE or operations of the OSE markets, OSE may, after holding hearings with said Trading Participant, refuse to give the approval referred to in the same paragraph.
4. The provisions of the provisos to Paragraph 1 and Paragraphs 2 through 4 of Rule 5 shall apply mutatis mutandis to the refusal of approval referred to in the preceding paragraph.
5. In the cases where a Trading Participant has obtained approval referred to in Paragraph 1 and is required by OSE to report on its financial condition or any other matter deemed appropriate by OSE, it must immediately report the details to OSE.

Rule 14-2. Application for Approval of Brokerage of FX Transactions

1. If an FX Trading Participant intends to accept entrustment of Exchange FX Transactions from a Foreign Exchange Transaction Broker (meaning a customer that entrusts an Exchange FX Transaction with an FX Trading Participant when said customer is a Financial Instruments Business Operator or a Registered Financial Institute and said entrustment is based on brokerage of entrustment of Exchange FX Transactions to said FX Trading Participant; hereinafter referred to as an "FX Broker"), it must obtain the approval of OSE in advance separately for each FX Broker.
2. An FX Trading Participant that intends to obtain the approval referred to in the preceding paragraph shall apply to OSE as stipulated by OSE.
3. An FX Trading Participant referred to in the preceding paragraph shall pay an approval examination fee of an amount stipulated by OSE.
4. Where an FX Trading Participant is given approval as stipulated in Paragraph 1, said FX Trading Participant and the FX Broker related to said approval must conclude an Agreement with OSE as stipulated by OSE.
5. In addition to the provisions specified in each of the preceding paragraphs, necessary matters concerning FX Brokers shall be stipulated by OSE.

Rule 15. Matters to Be Notified

A Trading Participant must, when it intends to take the following actions, notify OSE of the details thereof in advance in accordance with the provisions stipulated by OSE:

- (1) Termination of business (for Financial Instruments Business Operators, meaning businesses pertaining to the acts referred to in Article 28, Paragraph 1, Item 1 and Item 1-2 of the Act, Type II Financial Instruments Business, or business of Securities, etc. Management ; for Registered Financial Institutions, meaning Registered Financial Institution Business; for Authorized Firm for On-Exchange Transactions, meaning Transaction-at-Exchange Operations; for Government Bond Futures, etc. Trading Participants (limited to Registered Financial Institutions), meaning business pertaining to trading of government bond futures, interest rate futures, and government bond futures options; and for Commodity Broker Trading Participants (limited to Registered Financial Institutions) and Commodity Market Trading Participants (excluding Financial Instruments Business Operators and Authorized Firm for On-Exchange Transactions), meaning business pertaining to trading of commodity index futures, commodity futures, and commodity futures options);
- (2) Mergers with another legal entity which will result in the Trading Participant ceasing to exist or a legal entity being formed;
- (3) Dissolution by any means other than merger or determination of the commencement of bankruptcy proceedings;

- (4) Passing on the whole business to another legal entity as a result of a company split
- (5) Transfer of the entire business;
- (6) Mergers with another Trading Participant where the Trading Participant will continue to exist post-merger;
- (7) Succession of the whole business from another Trading Participant as a result of a company split;
- (8) Acceptance of transfer of the entire business from another Trading Participant;
- (9) An action referred to in each item of Rule 14, Paragraph 1 which is separately prescribed by OSE from among actions for which an approval by resolution of a general shareholders meeting is not required under the Companies Act (Act No. 86 of 2005) (or a comparable action in the case of a party other than a stock company);
- (10) Succession of business in whole or in part from a wholly-owned subsidiary as a result of a company split;
- (11) Acceptance of transfer of business in whole or in part from a wholly-owned subsidiary;
- (12) Change in the trade name or name (including change in the English trade name or name);
- (13) Change in officers;
- (14) For FX Trading Participants with approval as prescribed in Paragraph 1 of the preceding rule, suspension of acceptance of entrustment of Exchange FX Transactions from FX Brokers;
- (15) For Commodity Futures, etc. Trading Participants who intend to trade commodity index futures, commodity futures, and commodity futures options on the OSE market, the commencement or suspension of trading of the products listed in the following a. through d.;
 - a. Commodity futures on the precious metal market and commodity futures options pertaining to prices of physically delivered gold futures.
 - b. Commodity futures on the rubber market
 - c. Commodity futures on the agricultural product market
 - d. Commodity index futures on the petroleum market
- (16) Changes in the applicability of Rule 32, Paragraph 1, Item 4, a. through i. to a Commodity Market Trading Participant;
- (17) Commencement of trading on holiday trading days (meaning holiday trading days prescribed in Rule 19, Paragraph 3, Item 2 of the Business Regulations);
- (18) For Futures & Options Trading Participants and Government Bond Futures & Options Trading Participants who intend to trade interest rate futures on the OSE market, the commencement or suspension of interest rate futures trading.

Rule 16. Matters to Be Reported

- 1. Where a Trading Participant falls under cases specified by OSE, it must immediately report the details to OSE.
- 2. An FX Trading Participant, in addition to the matters prescribed in the preceding paragraph, must report

to OSE matters deemed necessary by OSE in accordance with the provisions specified by OSE.

Rule 17. Obligations to Submit Documents, etc.

1. In cases referred to in each of the following items or in other cases where OSE deems it necessary in the light of its objectives and the operation of its markets, OSE may require a Trading Participant to submit materials or reports concerning the business and property of said Trading Participant or inspect the status of said Trading Participant's business and property or accounting books, documents, and other articles.
 - (1) In cases where OSE carries out investigations into the status of compliance by a Trading Participant with laws and regulations, dispositions by the administrative authorities under the laws and regulations, OSE rules and regulations or disciplinary actions under such rules and regulations, or just and equitable principles of trade.
 - (2) In cases where OSE conducts an investigation into the financial condition of a Trading Participant;
 - (3) In cases where OSE conducts an investigation for the purpose of securing fairness in market derivatives trading on the OSE markets; and
 - (4) In cases where there is a request for information concerning an investigation for the purpose of ensuring fairness in trading of market derivatives or other trading from another financial instruments exchange, financial instruments firms association, commodity exchange prescribed in Article 2, Paragraph 38 of the Act, or commodity futures association prescribed in the Commodity Derivatives Transaction Act (No. 239 of 1950; hereinafter referred to as the "Commodity Act") (including foreign organizations corresponding thereto) and OSE considers it appropriate to comply with said request.
2. When a Trading Participant has been required by OSE to submit reports or materials pursuant to the provisions of the preceding paragraph, it shall do this in the manner specified by OSE without delay.

Rule 18. Matters relating to Acceptance of Entrustment of Trading

A Trading Participant must, when it intends to accept entrustment of market derivatives trading on the OSE markets (excluding acceptance of entrustment of brokerage for clearing of securities, etc.), comply with the Brokerage Agreement Standards stipulated by OSE.

Rule 19. Obligation to Conduct Investigation on Acceptance of Entrustment of Trading

A Trading Participant must, when it intends to accept entrustment of market derivatives trading on the OSE markets (excluding entrustment of brokerage for clearing of securities, etc.), conduct an investigation in advance to verify the customer's name and any other matters stipulated by OSE.

Rule 19-2. Appropriate Measures Pertaining to Acceptance of Entrustment

1. A Trading Participant must, when it accepts from a customer an entrustment of market derivatives trading related to low latency trading (meaning high speed trading prescribed in Article 2, Paragraph 41

of the Act; the same shall apply hereinafter) on the OSE markets (excluding entrustment of brokerage for clearing of securities, etc.; the same shall apply hereinafter in this rule), implement appropriate measures to ensure said customer responds to requests made by OSE to said customer and those made by Japan Exchange Regulation (hereinafter referred to as "JPX-R") related to operations entrusted by OSE to JPX-R pursuant to the provisions of Rule 2-2, Paragraph 2 of the Business Regulations.

2. The provisions of the preceding paragraph shall be applied mutatis mutandis to cases where the customer referred in the preceding paragraph is a trading broker (meaning a customer who entrusts market derivatives trading to a Trading Participant when said customer is a Financial Instruments Business Operator or a foreign securities broker and said entrustment is based on brokerage of entrustment of market derivatives trading to the Trading Participant). In such cases, the term "said customer" shall be "the customer who applied to said customer for brokerage of entrustment of market derivatives trading related to low latency trading on the OSE markets".

Rule 19-3. Promotion of Investor Protection, etc.

An FX Trading Participant shall endeavor to secure fair Exchange FX Transactions and promote investor protection through appropriate development and maintenance of risk management systems related to Exchange FX Transactions.

Rule 19-4. Appropriate Management of the Status of Division Management

FX Trading Participants must manage the status of division management related to Exchange FX Transactions appropriately by regularly conducting, more than once a year, an external audit by certified public accountants or an audit corporation, or an internal audit conducted by an independent company department.

Rule 20. Deleted.

Rule 20-2. Restriction on Acceptance of Entrustment by Remote Trading Participants

1. No Remote Trading Participant may accept entrustment of market derivatives trading on the OSE markets for the accounts of customers residing in Japan, with knowledge that the said customers are residing in Japan.
2. When accepting entrustment of market derivatives trading on the OSE markets from customers residing in a foreign country, a Remote Trading Participant shall apply to OSE in advance as stipulated by OSE and obtain the approval of OSE.
3. The provisions of Paragraphs 3 through 5 of Rule 14 shall apply mutatis mutandis to the approval referred to in the preceding paragraph.

Rule 20-3. Restriction on Trading of Commodity Index Futures, Commodity Futures, and

Commodity Futures Options

When trading commodity index futures, commodity futures, and commodity futures options, a Trading Participant shall not trade products other than specified commodity futures and options.

Rule 21. Development and Maintenance of Trading Management Systems

A Trading Participant must develop and maintain trading management systems relating to the prevention of unfair trading in accordance with the provisions specified by OSE.

Rule 21-2. Development and Maintenance of Order Management Systems

A Trading Participant must develop and maintain order management systems in order to prevent acceptance and placement of erroneous orders in accordance with the provisions specified by OSE.

Rule 21-3. Development and Maintenance of Risk Management Systems

A Trading Participant must, as prescribed by OSE, develop and maintain risk management systems (meaning systems managing risk which can result from fluctuations in prices of the holding positions or securities, etc., a contract default by a transaction counter party, or any other reasons; the same shall apply hereinafter) relating to its positions (meaning an aggregate composed of the said Trading Participant's unsettled contracts (meaning unsettled contracts specified in Rule 4, Paragraph 1, Item 12 of the Business Regulations; the same shall apply hereinafter)) pertaining to market derivatives traded on the OSE markets.

Rule 21-4. Development and Maintenance of Corporate Information Management Systems

A Futures, etc. Trading Participant must develop and maintain corporate information management systems that are deemed necessary and appropriate in light of the operations of the OSE markets in order to prevent unfair trading using corporate information (meaning the corporate information referred to in Article 1, Paragraph 4, Item 14 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No.52 of 2007)).

Rule 21-5. Obligations, etc. of Remote Trading Participants

1. A Remote Trading Participant must comply with the matters referred to in the following items, when conducting businesses:

- (1) To adequately manage electronic data processing systems for Transaction-at-Exchange Operations, etc.; and
- (2) To prohibit any person other than board members, executives and employees who are considered appropriate by OSE to engage in acts prescribed by OSE pertaining to market derivatives trading on the OSE markets.

2. A Remote Trading Participant must comply with rules, board resolutions, and guidelines of the Japan Securities Dealers Association and the Financial Futures Association of Japan for which OSE deems that

such compliance is necessary for said Trading Participant in light of the exchange trading business carried out by said Trading Participant.

Rule 21-6. Obligations, etc. of Commodity Market Trading Participants

1. Commodity Market Trading Participants must comply with the matters referred to in the following items, when conducting businesses.
 - (1) To adequately manage electronic data processing systems for market derivatives trading, etc. on the OSE market.
 - (2) To prohibit any person other than board members, executives and employees who are considered appropriate by OSE to engage in acts prescribed by OSE pertaining to market derivatives trading on the OSE markets.
2. A Commodity Market Trading Participant must comply with rules, board resolutions, and guidelines of the Japan Securities Dealers Association for which OSE deems that such compliance is necessary for said Commodity Market Trading Participant in light of the exchange trading business carried out by said Commodity Market Trading Participant.
3. A Commodity Market Trading Participant must prepare and keep accounting documents prescribed by OSE.
4. A Commodity Market Trading Participant must not engage in acts prescribed by OSE.

Rule 22. Responsibility for Market Derivatives Trading

A Trading Participant must assume all responsibilities for market derivatives trading on the OSE markets.

Rule 22-2. Disclosure of Erroneous Orders

When an erroneous order is placed and OSE makes an announcement pursuant to Rule 52 of the Business Regulations, the Trading Participant that placed said order must disclose, without delay, the issue (or the contract or rolling spot future for government bond futures, interest rate futures, index futures, and commodity futures) for which the order was placed and any other matters stipulated by OSE.

Rule 23. Regulations on Business of Trading Participants in case of Emergency

OSE may, in addition to those provided in these Regulations, impose on any or all Trading Participants necessary and appropriate regulations relating to their businesses, if OSE considers there is an urgent need therefor in light of the objectives of OSE and the operation of its markets.

Section 3

Obligations, etc. of Trading Participants without Clearing Qualification

Rule 24. Definition of Non-Clearing Participants

1. A Securities Non-Clearing Participant shall mean a Futures, etc. Trading Participant without a Securities Clearing Qualification (meaning the Securities Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter).
2. A Government Bond Futures, etc. Non-Clearing Participant shall mean a Futures, etc. Trading Participant and Government Bond Futures, etc. Trading Participant without a Government Bond Futures, etc. Clearing Qualification (meaning the JGB Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter).
3. An Index Futures, etc. Non-Clearing Participant shall mean a Futures, etc. Trading Participant without an Index Futures Clearing Qualification (meaning the Index Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter).
4. A Foreign Exchange Transactions Non-Clearing Participant (hereinafter referred to as an "FX Non-Clearing Participant") shall mean an FX Trading Participant without an FX Clearing Qualification (meaning the FX Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter).
5. A Precious Metal Futures, etc. Non-Clearing Participant shall mean a Futures, etc. Trading Participant and Commodity Futures, etc. Trading Participant without a Precious Metal Futures, etc. Clearing Qualification pertaining to specified commodity futures and options (meaning the Precious Metal Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter).
6. A Rubber Futures, etc. Non-Clearing Participant shall mean a Futures, etc. Trading Participant and Commodity Futures, etc. Trading Participant without a Rubber Futures, etc. Clearing Qualification pertaining to specified commodity futures and options (meaning the Rubber Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter).
7. An Agricultural Product Futures, etc. Non-Clearing Participant shall mean a Futures, etc. Trading Participant and Commodity Futures, etc. Trading Participant without an Agricultural Product Futures, etc. Clearing Qualification pertaining to specified commodity futures and options (meaning the Agricultural Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter).
8. A Petroleum Futures etc. Non-Clearing Participant shall mean a Futures, etc. Trading Participant and Commodity Futures, etc. Trading Participant without a Petroleum Futures, etc. Clearing Qualification pertaining to specified commodity futures and options (meaning the Petroleum Futures Clearing Qualification prescribed in the Business Rules of JSCC; the same shall apply hereinafter).
9. For the purposes of these Regulations, Securities Non-Clearing Participants, Government Bond Futures, etc. Non-Clearing Participants, Index Futures, etc. Non-Clearing Participants, FX Non-Clearing Participants, Precious Metal Futures, etc. Non-Clearing Participants, Rubber Futures, etc. Non-Clearing Participants, Agricultural Product Futures, etc. Non-Clearing Participants, and Petroleum Futures etc. Non-Clearing Participants shall be referred to collectively as "Non-Clearing Participants".

10. For the purposes of these Regulations, Precious Metal Futures, etc. Non-Clearing Participants, Rubber Futures, etc. Non-Clearing Participants, Agricultural Product Futures, etc. Non-Clearing Participants, and Petroleum Futures etc. Non-Clearing Participants shall be referred to collectively as "Commodity Futures, etc. Non-Clearing Participants".

Rule 25. Conclusion of Clearing Entrustment Agreements

1. A Securities Non-Clearing Participant must conclude a clearing entrustment agreement as prescribed in the Business Rules of JSCC with a Securities Agency Clearing Participant (meaning a party holding an Agency Clearing Qualification (meaning the Agency Clearing Qualification prescribed in the Business Rules of JSCC) pertaining to a Securities Clearing Qualification; the same shall apply hereinafter) regarding entrustment of brokerage for clearing of securities, etc. pertaining to trading of securities that results from exercising securities options on the OSE markets.
2. A Government Bond Futures, etc. Non-Clearing Participant must conclude a clearing entrustment agreement as prescribed in the Business Rules of JSCC with a Government Bond Futures, etc. Agency Clearing Participant (meaning a party holding an Agency Clearing Qualification pertaining to an Government Bond Futures, etc. Clearing Qualification; the same shall apply hereinafter) regarding entrustment of brokerage for clearing of securities, etc. pertaining to trading of government bond futures, interest rate futures, and government bond futures options on the OSE markets.
3. An Index Futures, etc. Non-Clearing Participant must conclude a clearing entrustment agreement as prescribed in the Business Rules of JSCC with an Index Futures, etc. Agency Clearing Participant (meaning a party holding an Agency Clearing Qualification pertaining to an Index Futures Clearing Qualification; the same shall apply hereinafter) regarding entrustment of brokerage for clearing of securities, etc. pertaining to trading of index futures (excluding commodity index futures), securities options, and index options on the OSE markets.
4. An FX Non-Clearing Participant must conclude a clearing entrustment agreement as prescribed in the Business Rules of JSCC with an FX Agency Clearing Participant (meaning a party holding an Agency Clearing Qualification pertaining to an FX Clearing Qualification; the same shall apply hereinafter) regarding entrustment of brokerage for clearing of securities, etc. pertaining to Exchange FX Transactions on the OSE markets.
5. A Precious Metal Futures, etc. Non-Clearing Participant must conclude a clearing entrustment agreement as prescribed in the Business Rules of JSCC with a Precious Metal Futures, etc. Agency Clearing Participant (meaning a party holding an Agency Clearing Qualification pertaining to a Precious Metal Futures Clearing Qualification; the same shall apply hereinafter) regarding entrustment of brokerage for clearing of securities, etc. pertaining to trading of commodity futures on the precious metal market and commodity futures options pertaining to prices of physically delivered gold futures on the OSE markets.
6. A Rubber Futures, etc. Non-Clearing Participant must conclude a clearing entrustment agreement as prescribed in the Business Rules of JSCC with a Rubber Futures, etc. Agency Clearing Participant

(meaning a party holding an Agency Clearing Qualification pertaining to a Rubber Futures Clearing Qualification; the same shall apply hereinafter) regarding entrustment of brokerage for clearing of securities, etc. pertaining to trading of commodity futures on the rubber market of OSE.

7. An Agricultural Product Futures, etc. Non-Clearing Participant must conclude a clearing entrustment agreement as prescribed in the Business Rules of JSCC with an Agricultural Product Futures, etc. Agency Clearing Participant (meaning a party holding an Agency Clearing Qualification pertaining to an Agricultural Futures Clearing Qualification; the same shall apply hereinafter) regarding entrustment of brokerage for clearing of securities, etc. pertaining to trading of commodity futures on the agricultural product market of OSE.
8. A Petroleum Futures, etc. Non-Clearing Participant must conclude a clearing entrustment agreement as prescribed in the Business Rules of JSCC with a Petroleum Futures, etc. Agency Clearing Participant (meaning a party holding an Agency Clearing Qualification pertaining to a Petroleum Futures Clearing Qualification; the same shall apply hereinafter) regarding entrustment of brokerage for clearing of securities, etc. pertaining to trading of commodity index futures on the petroleum market of OSE.
9. Notwithstanding the provisions of Paragraph 1, a Securities Non-Clearing Participant is not required to conclude a clearing entrustment agreement concerning entrustment of brokerage for clearing of securities, etc. pertaining to securities trading if it obtains approval from OSE. In such cases, said Futures, etc. Trading Participant may not carry out securities options trading (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. pertaining to securities options trading.
10. The provisions of the preceding paragraph shall be applied mutatis mutandis to a Futures, etc. Trading Participant that is a Government Bond Futures, etc. Non-Clearing Participant. In such cases, the term "Paragraph 1," shall be "Paragraph 2," "securities trading" shall be "trading of government bond futures, interest rate futures, and government bond futures options," and both "securities options trading (excluding trades based on brokerage for clearing of securities, etc.)" and "securities options trading" shall be "said trading".

Rule 26. Deleted.

Rule 27. Designation of Designated Clearing Participants

1. A Non-Clearing Participant must, for each type of clearing qualification, designate one party from among Agency Clearing Participants (meaning Securities Agency Clearing Participants, Government Bond Futures, etc. Agency Clearing Participants, Index Futures, etc. Agency Clearing Participants, FX Agency Clearing Participants, Precious Metal Futures, etc. Agency Clearing Participants, Rubber Futures, etc. Agency Clearing Participants, Agricultural Product Futures, etc. Agency Clearing Participants or Petroleum Futures, etc. Agency Clearing Participants; the same shall apply hereinafter) with which it has concluded a clearing entrustment agreement, to which it will regularly entrust brokerage for clearing of

securities, etc. pertaining to said type of clearing qualification (such party shall be hereinafter referred to as the "Designated Clearing Participant").

2. The provisions of the preceding paragraph shall not apply to trading pertaining to types of clearing qualification for which a clearing entrustment agreement covering securities transactions has not been concluded with the approval referred to in Rule 25, Paragraph 8 (including cases applied in Paragraph 9 of the same rule).
3. Non-Clearing Participants must, when designating or changing a Designated Clearing Participant stipulated in Paragraph 1, apply to and obtain the approval of OSE in advance in accordance with the regulations of OSE.

Rule 28. Notification of Conclusion of Clearing Entrustment Agreements

A Non-Clearing Participant must, when concluding a clearing entrustment agreement, notify OSE of the details thereof in advance in accordance with the regulations of OSE.

Rule 29. Report on Termination of Clearing Entrustment Agreements

A Non-Clearing Participant must report to OSE details of the termination of clearing entrustment agreements in accordance with the types of termination referred to in the following items as stipulated in each relevant item:

- (1) Termination by agreement:

The report shall be made no later than 3 days (excluding non-business days (in cases of Securities Non-Clearing Participants, Government Bond Futures, etc. Non-Clearing Participants, Index Futures, etc. Non-Clearing Participants and Commodity Futures, etc. Non-Clearing Participants, meaning the non-business days specified in Rule 19, Paragraph 1 of the Business Regulations (including extraordinary non-business days specified in Paragraph 2 of the same rule); in cases of FX Non-Clearing Participants, meaning the non-business days pursuant to Rule 6, Chapter 1 of the Business Regulations and Brokerage Agreement Standards Relating to Exchange Foreign Exchange Margin Trading (hereinafter referred to as "Special Rules for Exchange FX Transactions")) prior to the day on which said termination is to take place.

- (2) Termination due to said Non-Clearing Participant giving advance notice in writing to the Agency Clearing Participant of its intention to terminate the agreement:

The report shall be made without delay after giving said notification of intention to terminate.

- (3) Termination (excluding the termination referred to in Item 5) due to said Non-Clearing Participant receiving advance notice in writing from the Agency Clearing Participant of its intention to terminate the agreement:

The report shall be made without delay after receiving said notification of intention to terminate.

- (4) Termination as a result of grounds for forfeiture of benefit of time for obligations of the Non-Clearing Participant relating to transactions based on the entrustment of brokerage for clearing of

securities, etc.:

The report shall be made no later than the business day before the day on which said termination is to take place.

- (5) Termination due to the Non-Clearing Participant receiving advance notice in writing from the Agency Clearing Participant of its intention to terminate the agreement, where said Non-Clearing Participant and Agency Clearing Participant have set a condition in advance under which the clearing entrustment agreement can be terminated in light of ensuring performance of the obligations pertaining to transactions based on the entrustment of brokerage for clearing of securities etc., and said condition is met (hereinafter referred to as "special termination"):

The report shall be made immediately after receiving said notification of intention of special termination and no later than the business day before the day on which said special termination is to take place.

Section 4

Obtainment of Qualification to Participate in Trading

Rule 30. Application for Obtainment of Trading Qualification

1. A party that intends to obtain a trading qualification must make an application to OSE for each type of trading qualification it intends to obtain, as stipulated by OSE. In such cases, when intending to obtain a Commodity Futures, etc. Trading Qualification, the party shall clearly indicate the type and classifications of the Commodity Futures, etc. Trading Participant in the application.
2. Examination of eligibility of an applicant for obtainment of a trading qualification shall be carried out as stipulated by OSE.
3. An applicant for obtainment of a trading qualification shall pay a qualification examination fee of an amount stipulated by OSE.

Rule 31. Trading Participant Agreement

A Trading Participant must conclude a Trading Participant Agreement as stipulated by OSE with OSE.

Rule 32. Approval for Obtainment of Trading Qualification

1. OSE shall approve the obtainment of trading qualifications in accordance with the types of trading qualification listed in the following items for those entities specified in each relevant item that it considers appropriate as a result of an examination in accordance with the provisions of Rule 30, Paragraph 2.

(1) Futures, etc. Trading Qualification

Those falling under a. or b. below:

- a. Financial Instruments Business Operators (limited to those registered to conduct businesses

pertaining to the acts referred to in Article 28, Paragraph 1, Item 1 of the Act; the same shall apply in the following item); or

b. Authorized Firms for On-Exchange Transactions

(2) Government Bond Futures, etc. Trading Qualification

Those falling under any of a. through c.:

a. Financial Instruments Business Operators;

b. Authorized Firms for On-Exchange Transactions; or

c. Registered Financial Institutions

(3) FX Trading Qualification:

Those falling under a. or b. below:

a. Financial Instruments Business Operators (limited to those registered as a Type II Financial Instruments Business (a Type II Financial Instruments Business and a business of Securities, etc. Management when accepting the entrustment of Exchange FX Transactions); or

b. Registered Financial Institutions

(4) Commodity Futures, etc. Trading Qualification:

Those falling under any of a. through c. for Commodity Broker Trading Participants and those falling under any of a. through i. for Commodity Market Trading Participants (excluding individuals or legal entities that have a person falling under any of Article 29-4, Paragraph 1, Item 1, (a) through (c) of the Act or a person falling under any of Item 2, (a) through (i) of the same Paragraph among their officers)

a. Financial Instruments Business Operators (limited to those registered to conduct businesses pertaining to the acts referred to in Article 28, Paragraph 1, Item 1-2 of the Act);

b. Authorized Firm for On-Exchange Transactions;

c. Registered Financial Institutions;

d. Commercial Entities (meaning those who engage in trading, providing intermediary, brokerage or agency services for trading, or producing, processing or using commodities specified by OSE as a regular business) e. Commodity Derivatives Business Operators (meaning the commodity derivatives business operators prescribed in Article 2, Paragraph 23 of the Commodity Derivatives Transaction Act; the same shall apply hereinafter);

f. Foreign Commodity Derivatives Business Operators (meaning the foreign commodity derivatives business operators prescribed in Article 2, Item 2 of the Order for Enforcement of the Commodity Derivatives Transaction Act (Cabinet Order No. 280 of 1950; the same shall apply hereinafter));

g. Specified OTC Commodity Derivative Brokers (meaning those who have made the notification based on Article 349, Paragraph 1 of the Commodity Act for conducting specified over-the-counter derivative transactions, prescribed in the same paragraph, as a regular business pertaining to commodities specified by OSE; the same shall apply hereinafter);

- h. Commodity Investment Advisors. (meaning those who engage in acts, as a regular business, listed in Article 2, Paragraph 8, Item 11 of the Act pertaining to trading of commodity index futures, commodity futures, and commodity futures options on OSE by proprietary account based on investment advisory contracts prescribed in the same item, or commodity investment advisors prescribed in Article 2, Paragraph 4 of the Act on Regulation of Business Pertaining to Commodity Investment (Act No. 66 of 1991) and those corresponding thereto in foreign countries; the same shall apply hereinafter);
 - i. Those who mainly engage in a business of proprietary trading (including that entrusted to other Trading Participants, etc.) pertaining to commodity index futures, commodity futures, and commodity futures options on the OSE markets or on foreign commodity markets prescribed in Article 2, Paragraph 12 of the Commodity Act.
- 2. Where OSE has approved obtainment of a trading qualification, OSE shall, designating a deadline date, have the applicant for obtainment of trading qualification pay a Trading Participation Qualification Fee, conclude a Trading Participant Agreement, undertake procedures to obtain any clearing qualification that the applicant does not hold out of the clearing qualifications pertaining to the type of trading qualification and the classifications of the Commodity Futures, etc. Trading Participant qualification it intends to obtain (where the applicant does not intend to newly obtain such clearing qualification, conclude a clearing entrustment agreement and designate a Designated Clearing Participant as required under the provisions of Rules 25 through 27), deposit Guarantee Funds and Trading Participant Security Money and execute any other procedures for obtaining the trading qualification stipulated by OSE. In such cases, if the applicant that has received approval for obtainment of trading qualification holds another OSE trading qualification, the applicant may allocate the current Guarantee Fund and Trading Participant Security Money that have already been deposited by the applicant to those that should be deposited by the applicant for obtainment of trading qualification.
- 3. With regard to the execution of procedures for obtainment of a trading qualification referred to in the first sentence of the preceding paragraph, in cases where the applicant for obtainment of a trading qualification is obtaining the trading qualification through succession of a business in a company split or purchase of a business from a Trading Participant at the same time that said Trading Participant waives the same type of trading qualification, when OSE deems that the Trading Participant whose trading qualification is to be waived and the applicant for obtainment of the trading qualification are not substantially different, the applicant may allocate the current Guarantee Fund and Trading Participant Security Money that have already been deposited by the Trading Participant whose trading qualification is to be waived to those that should be deposited by the applicant for obtainment of trading qualification.
- 4. The amount of the Trading Participation Qualification Fees shall be stipulated by OSE in its rules and regulations.
- 5. If an applicant for obtainment of a trading qualification fails to execute the procedures provided in Paragraph 2 by the deadline date, its application for the trading qualification shall be deemed to have

been withdrawn.

6. When OSE has approved the obtainment of trading qualification pursuant to the provisions of Paragraph 1, OSE shall notify each Trading Participant to that effect.

Rule 33. Date of Obtaining Trading Qualification

1. When an applicant for obtainment of a trading qualification executes the procedures provided in Paragraph 2 of the preceding rule, it shall become a Trading Participant of OSE on the day following the date designated by OSE pursuant to the same paragraph.
2. When an applicant for obtainment of trading qualification becomes a Trading Participant pursuant to the preceding paragraph, OSE shall make a public notice to that effect. However, OSE shall make no public notice with regard to a Remote Trading Participant.
3. When an applicant for obtainment of trading qualification becomes a Trading Participant pursuant to Paragraph 1, OSE shall deliver a Trading Participant Certificate to said Trading Participant.
4. Necessary matters concerning Trading Participant Certificates shall be stipulated by OSE.

Rule 33-2. Transition between Financial Instruments Business Operators and Authorized Firm for On-Exchange Transactions

1. In cases where a Remote Trading Participant intends to make registration for a financial instruments business or where a Trading Participant that is a financial instrument business operator intends to obtain permission for an exchange trading business, it must obtain the approval of OSE.
2. If a Trading Participant intends to obtain the approval referred to in the preceding paragraph, it must make an application to OSE as stipulated by OSE.
3. The provisions of Paragraphs 3 and 4 of Rule 14 shall apply mutatis mutandis to the approval referred to in Paragraph 1.

Rule 33-3 Changes in Type of Commodity Futures, etc. Trading Participant

1. In cases where a Commodity Futures, etc. Trading Participant intends to change its type prescribed in Rule 2-2, it shall obtain the approval of OSE.
2. In cases where a Commodity Futures, etc. Trading Participant intends to obtain the approval of OSE pursuant to the preceding paragraph, it shall apply to OSE in a manner specified by OSE.
3. The provisions of Paragraphs 3 and 4 of Rule 14 shall apply mutatis mutandis to the approval referred to in Paragraph 1.

Rule 33-4 Addition, Changes, and Deletion of Classifications of Commodity Futures, etc. Trading Participant

1. In cases where a Commodity Futures, etc. Trading Participant intends to add, change or delete a classification, it shall notify OSE of the details thereof in advance in a manner specified by OSE.

2. In cases where OSE receives a notification of addition, changes or deletion of a classification prescribed in the preceding paragraph, OSE shall notify each Trading Participant to that effect.

Section 5

Waiver of Trading Qualification

Rule 34. Application for Waiver of Trading Qualification

When a Trading Participant intends to waive its trading qualification of OSE, it must make an application to OSE for each type of trading qualification it intends to waive, in accordance with the provisions specified by OSE.

Rule 34-2. Special Rule for Application for Waiver of Trading Qualification Relating to Discontinuation of Exchange FX Transactions

Notwithstanding the provisions of the preceding rule, in cases where OSE intends to conduct discontinuation of Exchange FX Transactions (meaning discontinuation of Exchange FX Transactions prescribed in Rule 29-2, Paragraph 1 of the Special Rules for Exchange FX Margin Trading), a Trading Participant that holds an FX trading qualification at the discontinuation shall be deemed as having applied for a waiver of the FX trading qualification on the date specified by OSE.

Rule 35. Measures Including Suspension from Market Derivatives Trading of Applicants for Waiver of Trading Qualification

1. OSE shall, from the day following the day (one business day later if this falls on a non-business day) when it receives an application from a Trading Participant for waiver of a trading qualification, suspend said Trading Participant's trading of market derivatives on the OSE markets (excluding trades based on brokerage for clearing of securities, etc.; the same shall apply hereinafter in this paragraph, the following rule, Rule 35-3 and Rule 36) or entrustment of brokerage for clearing of securities, etc. which pertain to said trading qualification.
2. Notwithstanding the provisions of the preceding paragraph, the applicant for waiver of a trading qualification may, to the extent necessary to complete necessary procedures as prescribed in the provision of Rule 34 of the Clearing and Settlement Regulations, with the approval of OSE, carry out market derivatives trading and entrustment of brokerage for clearing of securities, etc. on the OSE markets.

Rule 35-2 Measures Including Suspension from Market Derivatives Trading of Applicants for Changes in Type of Commodity Futures, etc. Trading Participant

1. OSE shall, from the day following the day (one business day later if it falls on a non-business day) when it receives an application pursuant to the provisions of Rule 33-3 from a Commodity Broker

Trading Participant to change its type to Commodity Market Trading Participant, suspend trading of market derivatives on the OSE markets or entrustment of brokerage for clearing of securities, etc. based on entrustment of customers of said Commodity Futures, etc. Trading Participant.

2. Notwithstanding the provisions of the preceding paragraph, the applicant for change of type of Commodity Futures, etc. Trading Participant may, to the extent necessary to complete necessary procedures as prescribed in the provision of Rule 34 of the Clearing and Settlement Regulations, with the approval of OSE, carry out market derivatives trading and entrustment of brokerage for clearing of securities, etc. on the OSE markets.

Rule 35-3 Measures Including Suspension from Market Derivatives Trading of Commodity Futures, etc. Trading Participants who Notify OSE of Deletion of Classification

1. OSE shall, from the day following the day (one business day later if it falls on a non-business day) when it receives a notification from a Commodity Futures, etc. Trading Participant of deletion of classification pursuant to the provisions of Rule 33-4, suspend trading of market derivatives on the OSE markets or entrustment of brokerage for clearing of securities, etc. pertaining to the deleted classification of the Commodity Futures, etc. Trading Participant.
2. Notwithstanding the provisions of the preceding paragraph, a Commodity Futures, etc. Trading Participant who notifies OSE of the deletion of a classification may, to the extent necessary to complete necessary procedures as prescribed in the provision of Rule 34 of the Clearing and Settlement Regulations, with the approval of OSE, carry out market derivatives trading and entrustment of brokerage for clearing of securities, etc. on the OSE markets.

Rule 36. Market Derivatives Trading in case of Merger, etc. of Applicants for Waiver of Trading Qualification

Notwithstanding the provisions of Paragraph 1 of the preceding rule, in cases where an applicant for a waiver of trading qualification, concurrently with the waiver of its trading qualification, (i) is merged into, (ii) passes its business to as a result of a company split, or (iii) transfers its business to a party that obtains or has the same type of such trading qualification, and OSE deems it is unnecessary to unwind positions established through market derivatives trading or trading based on the entrustment of brokerage for clearing of securities, etc. or other trading relating thereto on the OSE markets, OSE may choose not to suspend trading of market derivatives and entrustment of brokerage for clearing of securities, etc. on the OSE markets by said applicant.

Rule 37. Approval for Waiver of Trading Qualification

1. OSE shall designate a day in the future as an effective date when approving a waiver of trading qualification.
2. OSE shall, in cases where it has approved a waiver of trading qualification, notify each Trading

Participant to that effect.

Rule 38. Procedures for Waiver of Trading Qualification

1. In the event that a Trading Participant (excluding Remote Trading Participants; the same shall apply in Paragraph 3) waives its trading qualification (including a waiver by means of revocation; the same shall apply hereinafter), OSE shall immediately make a public notice about the waiver of such Trading Participant's trading qualification (or, in the event that it returns the Guarantee Fund to the Trading Participant (excluding those that do not carry out accepting of entrustment business related to market derivatives trading covered by the type of said trading qualification), the withdrawal of the Trading Participant's trading qualification and the return of said Trading Participant's Guarantee Fund).
2. The provisions of the latter part of the preceding paragraph relating to Guarantee Funds shall not apply to cases where the Trading Participant that waived its trading qualification is given approval to obtain another trading qualification at the same time as the waiver of its trading qualification.
3. No Trading Participant may claim return of its Guarantee Fund due to waiver of trading qualification until six (6) months have elapsed from the date when the public notice was issued pursuant to the provisions of the preceding paragraph.
4. No Trading Participant may claim return of its Trading Participant Security Money due to waiver of trading qualification until two (2) months have elapsed from the date when the trading qualification was waived.
5. Where OSE in particular deems it necessary, it may change the period prescribed in the preceding two paragraphs.
6. Notwithstanding the provisions of the preceding three paragraphs, no Trading Participant may claim return of its Guarantee Fund and Trading Participant Security Money due to waiver of trading qualification where its Guarantee Fund and Trading Participant Security Money have been applied to such deposit requirements prescribed in the second sentence of Rule 32, Paragraph 2 (limited to cases where a new trading qualification is obtained simultaneously with the waiver of the existing trading qualification) and Paragraph 3 of the same rule.
7. When a Trading Participant waives a trading qualification of OSE, it must return its Trading Participant Certificate to OSE and undertake any other procedures stipulated by OSE.

Rule 39. Repayment of Debts of Trading Participant that Waived Trading Qualification

A party that has waived its trading qualification must appropriate funds or securities returned by OSE to the repayment of all debts it owes to other Trading Participants and OSE as a Trading Participant.

Rule 40. Trading, etc. in the Case of Waiving Trading Qualification

In the event that a Trading Participant has waived its trading qualification, the Trading Participant itself or its general successor may, to the extent necessary to complete necessary procedures in accordance with the

provisions of Rule 35 of the Clearing and Settlement Regulations, with the approval of OSE, carry out market derivatives trading (excluding trades based on brokerage for clearing of securities, etc.) and entrustment of brokerage for clearing of securities, etc. on the OSE markets.

Rule 40-2 Trading, etc. in the Case of Changing Type of Commodity Futures, etc. Trading Participant

A Commodity Futures, etc. Trading Participant that has obtained approval for changing its type from Commodity Broker Trading Participant to Commodity Market Trading Participant in accordance with Rule 33-3 may, to the extent necessary to complete necessary procedures in accordance with the provisions of Rule 35-2 of the Clearing and Settlement Regulations, with the approval of OSE, carry out market derivatives trading (excluding trades based on brokerage for clearing of securities, etc.) and entrustment of brokerage for clearing of securities, etc. on the OSE markets.

Rule 40-3 Trading, etc. in the Case of Changing Classification of Commodity Futures, etc. Trading Participant

A Commodity Futures, etc. Trading Participant that has submitted a notification of deleting a classification in accordance with Rule 33-4 may, to the extent necessary to complete necessary procedures in accordance with the provisions of Rule 35-2 of the Clearing and Settlement Regulations, with the approval of OSE, carry out market derivatives trading (excluding trades based on brokerage for clearing of securities, etc.) and entrustment of brokerage for clearing of securities, etc. on the OSE markets.

Rule 41. Exemption from Trading Participation Qualification Fees

In cases where OSE considers that the situation prescribed in Rule 32, Paragraph 3 applies, it may exempt from payment of the Trading Participation Qualification Fees the party that obtains the trading qualification at the same time as the applicant for the waiver of the trading qualification waives the same type of trading qualification.

Section 6

Disciplinary Actions, etc. Against Trading Participants

Rule 42. Disciplinary Actions against Trading Participants

1. In cases where OSE deems that a Trading Participant falls under any of the following items, OSE may, after holding a hearing with said Trading Participant, take disciplinary actions referred to in the following items pursuant to Article 47 of the Articles of Incorporation:
 - (1) Revocation of its trading qualification, if the Trading Participant was granted the trading qualification by dishonest means;
 - (2) Revocation of its trading qualification, if the Trading Participant ceases to conform to the provisions

of Rule 4, Paragraph 2;

- (3) Revocation of its trading qualification, if the Trading Participant falls into insolvency and is unable to recover easily;
- (4) Suspension from or restriction on trading of market derivatives (excluding trades based on brokerage for clearing of securities, etc.; the same shall apply hereinafter in this paragraph) or entrustment of brokerage for clearing of securities, etc. on the OSE markets for no longer than 6 months, or revocation of trading qualification, if the Trading Participant is in breach of its agreement with OSE concerning market derivatives trading or entrustment of brokerage for clearing of securities, etc. on the OSE markets;
- (5) Suspension from or restriction on trading of market derivatives or entrustment of brokerage for clearing of securities, etc. on the OSE markets for no longer than 6 months, or revocation of trading qualification, if the Trading Participant fails to pay, deliver or deposit funds or securities that it is obliged to pay, deliver to, or deposit with OSE in accordance with the provisions specified by OSE;
- (6) A fine of not more than JPY 500 million, censure, suspension of trading of market derivatives or entrustment of brokerage for clearing of securities, etc. on the OSE markets for no longer than 6 months, or revocation of trading qualification, if the Trading Participant refuses, obstructs or avoids an investigation pursuant to the provisions of Rule 17, fails to submit reports or documents or submits false reports or documents pursuant to the same rule, or refuses, obstructs or avoids an investigation pursuant to Rule 54;
- (7) A fine of not more than JPY 500 million, censure, suspension of trading of market derivatives or entrustment of brokerage for clearing of securities, etc. on the OSE markets for no longer than 6 months, or revocation of trading qualification, if the Trading Participant fails to give notification pursuant to Rule 15 or make a report pursuant to Rule 16, or gives a false notification or makes a false report; or
- (8) Revocation of its approval, if the approval referred to in Rule 14-2 of Paragraph 1 was given through dishonest means.
- (9) Suspension from or restriction on trading of market derivatives or entrustment of brokerage for clearing of securities, etc. on the OSE markets for no longer than 6 months, or revocation of trading qualification, if a Commodity Market Trading Participant (excluding Financial Instruments Business Operators, Authorized Firms for On-Exchange Transactions and Registered Financial Institutions) falls under any of Article 29-4, Paragraph 1, Item 1, (a) through (c) of the Act or has an officer that falls under any of Item 2, (a) through (i) of the same Paragraph.
- (10) A fine of not more than JPY 500 million, censure, suspension from trading of market derivatives or entrustment of brokerage for clearing of securities, etc. on the OSE markets for no longer than 6 months, or revocation of trading qualification, if OSE deems that a Trading Participant has not made adequate improvements in response to a recommendation prescribed in Rule 52, Paragraph 1.
- (11) A fine of not more than JPY 500 million, censure, suspension from or restriction on trading of

market derivatives or entrustment of brokerage for clearing of securities, etc. on the OSE markets for no longer than 6 months, or revocation of trading qualification, if the Trading Participant breaches laws and regulations (including foreign financial instruments and exchange laws and regulations if the Trading Participant is a foreign corporation that is a Financial Instruments Business Operator or an Authorized Firm for On-Exchange Transactions; the Banking Act (Act No. 59 of 1981) and its related laws and regulations (hereinafter referred to as "Banking Act and Regulations") if the Trading Participant is a Registered Financial Institution other than a foreign bank or an insurance company; the Banking Act and Regulations and foreign banking laws and regulations or foreign financial instruments and exchange laws and regulations if the Trading Participant is a foreign bank; the Insurance Business Act (Act No. 105 of 1995) and its related laws and regulations (hereinafter referred to as "Insurance Business Act and Regulations") if the Trading Participant is an insurance company; the Commodity Act and its related laws and regulations (hereinafter referred to as "Commodity Act and Regulations") if the Trading Participant is a commodity derivatives business operators, specified OTC commodity derivative broker or a commodity investment advisor; and the foreign commodity futures act and regulations if the Trading Participant is a foreign commodity derivatives business operator; the same shall apply hereinafter), dispositions by the administrative authorities under the laws and regulations, or the Articles of Incorporation, Business Regulations, Brokerage Agreement Standards or any other regulations of OSE or disciplinary actions thereunder, or behaves contrary to just and equitable principles of trade, other than as referred to in the preceding items.

2. OSE may, when it takes disciplinary actions pursuant to the provisions of the preceding paragraph, impose a fine concurrently with suspension from or restriction on trading of market derivatives (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets, or censure.

Rule 43. Regulatory Dispositions against Trading Participants

1. In cases where a Trading Participant falls under any of the following items, OSE may, after holding a hearing with said Trading Participant and indicating the reason, enact a regulatory disposition of suspension from or restriction on trading of market derivatives (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets, or other regulatory dispositions deemed necessary and appropriate by OSE:
 - (1) Where a Trading Participant fails to comply with a demand to change its cooperative or control relationship with officers or other parties pursuant to the provisions of Rule 5;
 - (2) Where a majority of all shareholders' voting rights (excluding voting rights attaching to shares where the voting rights cannot be exercised in relation to any matters that can be resolved by a general meeting of shareholders and including voting rights attaching to shares deemed to have

voting rights pursuant to Article 879, Paragraph 3 of the Companies Act) or of voting rights related to capital contributions come to be held by parties OSE considers inappropriate in light of the objectives of OSE or the operation of the OSE markets, or the Trading Participant becomes a subsidiary (meaning a subsidiary prescribed in Article 2, Paragraph 3 of the Companies Act (excluding cases where a majority of all shareholders' voting rights or of voting rights related to capital contributions are held)) of such a party; or

- (3) Where OSE considers that a party with authority over the Trading Participant equal to or greater than that of a director or executive officer, regardless of whether they hold the title of *sōdanyaku* (counselor), *komon* (adviser), or any other title, is inappropriate in the light of the objectives of OSE or the operation of the OSE markets.

2. In cases where a Trading Participant falls under any of the following items, OSE may, after holding a hearing with said Trading Participant, suspend or restrict said Trading Participant's market derivatives trading (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets until such circumstances have been resolved:

- (1) Where the amount of stated capital, total amount of capital contribution (or the total amount of funds (including the reserve for redemption of funds) in the case of a mutual company) or the amount of net worth (or net assets in the case of a Registered Financial Institution) falls below JPY 300 million;
- (2) For Financial Instruments Business Operators, when the capital-to-risk ratio (or the ratio calculated as provided in Rule 46-6, Paragraph 1 of the Act in the case of an entity that does not conduct Type 1 Financial Instruments Business) falls below 120%;
- (2)-2 For Special Financial Instruments Business Operators (meaning Special Financial Instruments Business Operators prescribed in Article 57-5, Paragraph 2 of the Act), when the state of soundness of management as prescribed in Article 57-5, Paragraph 2 of the Act falls below the level stipulated by OSE;
- (3) Where an Internationally Active Bank, the Norinchukin Bank, an Internationally Active Shinkin Bank, or the Shoko Chukin, Ltd. (hereinafter referred to as "Internationally Active Banks, etc.") falls under any of the following a. to c. (for a foreign bank, in equivalent cases where OSE considers it necessary);
 - a. Consolidated or non-consolidated common equity Tier 1 Ratio (meaning, for the Norinchukin Bank and Internationally Active Shinkin Banks, consolidated or non-consolidated common equity contribution Tier 1 Ratio) falls below 2.25%.
 - b. Consolidated or non-consolidated Tier 1 Ratio falls below 3%
 - c. Consolidated or non-consolidated total capital ratio falls below 4%
- (3)-2 Where, for registered financial institutions other than Internationally Active Banks, etc., foreign banks, and insurance companies, the consolidated or non-consolidated capital ratio pertaining to domestic standards falls below 2%;

- (4) For insurance companies, where the solvency margin ratio falls below 100%;
 - (5) For Authorized Firm for On-Exchange Transactions, where OSE considers the state of its capital adequacy has deteriorated to the same degree as the level specified in Item 2 and the preceding two items, in light of assets held, etc.;
 - (6) When an Authorized Firm for On-Exchange Transactions has become suspended from trading of securities and market derivatives due to a disciplinary action or disposition by a foreign financial instruments exchange;
 - (7) For Commodity Derivatives Business Operators (excluding Financial Instruments Business Operators and Registered Financial Institutions), when the net assets regulation ratio prescribed in Article 211, Paragraph 1 of the Commodity Derivatives Transaction Act falls below 140%;
 - (8) For those other than prescribed in Item 2 through Item 7, where OSE considers the state of its capital adequacy is inappropriate in light of assets held, etc.
3. In cases where a Trading Participant falls under any of the following items, OSE may, after holding a hearing with said Trading Participant, suspend its market derivatives trading(excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets; provided, however, that the suspension from market derivatives trading or entrustment of brokerage for clearing of securities, etc. that OSE may impose in cases where a Trading Participant falls under Item 1 shall be until such circumstances have been resolved:
- (1) Where the Trading Participant falls into insolvency or is in danger of falling into insolvency; or
 - (2) Where the Trading Participant fails to apply for a waiver of its trading qualification in the event that a public notice of any of the matters listed in Rule 15, Items 1 through 5 has been made (or, for Remote Trading Participants and Remote Commodity Market Trading Participants, in the event any of the matters listed in Items 1 through 5 is notified to OSE).
4. A Trading Participant subject to suspension from trading of market derivatives (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets pursuant to the preceding paragraph may, to the extent necessary to complete necessary procedures in accordance with the provisions of Rule 36 of the Clearing and Settlement Regulations, with the approval of OSE, carry out market derivatives trading (excluding trades based on brokerage for clearing of securities, etc.) and entrustment of brokerage for clearing of securities, etc. on the OSE markets.

Rule 44. Termination of Regulatory Dispositions such as Suspension from Market Derivatives Trading

1. A Trading Participant subject to suspension from trading of market derivatives (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets or other regulatory dispositions pursuant to the preceding rule and Rule 47 where a period has not been prescribed may, if it has eliminated the reason for the regulatory dispositions, apply

to have said action terminated, upon attaching a written explanation thereof.

2. OSE shall, if it considers the termination of the regulatory disposition appropriate based on the application referred to in the preceding paragraph, approve such an application.
3. If a Trading Participant subject to suspension from trading of market derivatives (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets or other regulatory dispositions pursuant to the preceding rule and Rule 47 where a period has not been prescribed is unable to obtain the approval referred to in the preceding paragraph within one year of the day said regulatory dispositions were imposed, OSE may revoke the trading qualification of said Trading Participant.

Rule 45. Regulatory Actions against Trading Participants Subject to Dispositions under Laws and Regulations

In the event that a Trading Participant is subject to disposition under laws and regulations to suspend its business in whole or in part, rescind its registration or permission or OSE is ordered to take a disciplinary action against a Trading Participant pursuant to Article 153-5 of the Act, OSE shall, in keeping with the details of that disposition, immediately subject said Trading Participant to suspension from or restriction on trading of market derivatives (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets or revoke its trading qualification.

Rule 46. Objections to Disciplinary Actions or Regulatory Dispositions

The provisions of the proviso to Paragraph 1 and Paragraph 2 of Rule 5 shall apply mutatis mutandis to the hearings referred to in Rule 42 and Rule 43, and the provisions of Paragraph 3 and Paragraph 4 of Rule 5 shall apply mutatis mutandis to the disciplinary actions or regulatory dispositions referred to in Rule 42 and Rule 43.

Rule 47. Suspension from or Restriction on Market Derivatives Trading and Entrustment of Brokerage for Clearing of Securities, etc. for Trading Participants subject to Revocation of Clearing Qualification, etc.

1. OSE shall, in the event that a Trading Participant has its clearing qualification revoked, or is subject to measures to suspend the assumption of obligations in whole or in part under the Business Rules of JSCC, suspend/restrict said Trading Participant from trading of market derivatives (excluding trades based on brokerage for clearing of securities, etc.; the same shall apply hereinafter in this rule and the following rule) or entrustment of brokerage for clearing of securities, etc. on the OSE markets, according to the details of such measures.
2. A Trading Participant as referred to in the preceding paragraph may, to the extent necessary to complete necessary procedures in accordance with the provisions of Rule 36 of the Clearing and Settlement

Regulations, with the approval of OSE, carry out market derivatives trading or entrustment of brokerage for clearing of securities, etc. on the OSE markets.

Rule 48. Suspension from or Restriction on Non-Clearing Participants' Market Derivatives Trading or Entrustment of Brokerage for Clearing of Securities, etc. in Cases where Designated Clearing Participant has had its Clearing Qualification Revoked, etc.

1. OSE shall, in the event that the Designated Clearing Participant of a Non-Clearing Participant has its clearing qualification revoked or is subject to measures to suspend the assumption of obligations in whole or in part under the Business Rules of JSCC, suspend or restrict trading of market derivatives or entrustment of brokerage for clearing of securities, etc. relating to securities transactions, etc. of said Non-Clearing Participant on the OSE markets, according to the details of such regulatory action.
2. Non-Clearing Participants as referred to in the preceding paragraph may, to the extent necessary to complete necessary procedures in accordance with the provisions of Rule 37 of the Clearing and Settlement Regulations, with the approval of OSE, carry out market derivatives trading or entrust brokerage for clearing of securities, etc.

Rule 49. Measures when Designated Clearing Participant has Not been Designated

1. If a Non-Clearing Participant has not designated a Designated Clearing Participant (excluding cases where a Designated Clearing Participant is not designated pursuant to Rule 27, Paragraph 2 and cases where a Designated Clearing Participant is no longer acting as the Designated Clearing Participant as a result of a special termination of the clearing entrustment agreement with a Non-Clearing Participant), OSE shall suspend said Non-Clearing Participant's entrustment of brokerage for clearing of securities, etc. corresponding to the type of clearing qualification for which said designation has not been made (including securities options trading (excluding trades based on brokerage for clearing of securities, etc.; the same shall apply hereinafter in this rule and the following rule) or entrustment of brokerage for clearing of securities, etc. relating to securities options trading in the event that the clearing qualification for which said designation has not been made is a Securities Clearing Qualification).
2. In cases referred to in the preceding paragraph, if the Designated Clearing Participant ceases to be the Designated Clearing Participant due to the termination of the clearing entrustment agreement with the Non-Clearing Participant, said Non-Clearing Participant may, notwithstanding the provisions of the same Paragraph, with the approval of OSE, trade securities options or entrust brokerage for clearing of securities, etc. to the extent necessary to unwind said Non-Clearing Participants' positions established through securities options transactions, transactions based on entrustment of brokerage for clearing of securities, etc. and transactions related thereto.
3. In cases as described in the preceding paragraph, the party who had hitherto been the Designated Clearing Participant shall be deemed to be said Non-Clearing Participant's Designated Clearing Participant with respect only to the settlement of transactions based on said Non-Clearing Participants'

entrustment of brokerage for clearing of securities, etc. and transactions related thereto that are unsettled.

Rule 49-2. Measures in the Event of a Special Termination

1. If a Non-Clearing Participant has not designated a Designated Clearing Participant (limited to cases where a Designated Clearing Participant is no longer acting as the Designated Clearing Participant resulting from special termination of the clearing entrustment agreement with a Non-Clearing Participant), OSE shall suspend said Non-Clearing Participant's entrustment of brokerage for clearing of securities, etc. corresponding to the type of clearing qualification for which said designation has not been made (including entrustment of securities options trading or brokerage for clearing of securities, etc. relating to securities options trading in the event that the clearing qualification for which said designation has not been made is Securities Clearing Qualification).
2. Notwithstanding the provisions of the preceding paragraph, the Non-Clearing Participant referred to in the preceding paragraph may, with the approval of OSE, entrust securities options or brokerage for clearing of securities, etc. to the extent necessary to unwind said Non-Clearing Participant's positions established through securities options transactions, transactions based on brokerage for clearing of securities, etc. and transactions related thereto.
3. In cases referred to in the preceding paragraph, the party who had hitherto been the Designated Clearing Participant shall be deemed to be said Non-Clearing Participant's Designated Clearing Participant to the extent of unwinding said Non-Clearing Participants' positions established through transactions based on entrustment of brokerage for clearing of securities, etc. and transactions related thereto.

Rule 50. Notification of Disciplinary Actions, Regulatory Dispositions or Measures

1. When OSE has taken a disciplinary action, regulatory disposition or measure (limited to the suspension from or restriction of the Trading Participant's market derivatives trading (excluding trades based on brokerage for clearing of securities, etc.) or revocation of its trading qualification) against a Trading Participant in accordance with the provisions of this section (excluding Rule 48), OSE shall notify each Trading Participant to that effect and make a public announcement; provided, however, that in cases where measures specified in Rule 47, Paragraph 1 are taken, OSE may determine the scope of the notification or not to make a public announcement on a case-by-case basis if it deems it necessary taking into consideration the importance of said measure or the possible impact on the market if said notification or announcement is made.
2. In the event that the disciplinary action, regulatory disposition or measure taken by OSE against a Trading Participant in accordance with the provisions of this section is the suspension from or restriction of the Trading Participant's market derivatives trading (excluding trades based on brokerage for clearing of securities, etc.) or entrustment of brokerage for clearing of securities, etc. on the OSE markets, said Trading Participant must publicly display notification to that effect at business locations, etc. in accordance with the provisions specified by OSE; provided, however, that the same shall not apply to

cases where measures specified in Rule 47, Paragraph 1 are taken if OSE deems it appropriate for the notification not to be publicly displayed at business locations, etc. taking into account the importance of said measure or the possible impact on the market if said notification is carried out.

Rule 51. Breach of Just and Equitable Principles of Trade

Actions contrary to just and equitable principles of trade pursuant to the Articles of Incorporation and these Regulations shall mean the actions listed below and other actions stipulated in the regulations of OSE, which, in light of the objectives of OSE or the operation of the OSE markets, damage the credibility of OSE or Trading Participants of OSE or are contrary to good faith in respect of OSE or Trading Participants of OSE:

- (1) Interfering with or obstructing the business of OSE or the business of other Trading Participants;
- (2) Fraudulent acts, dishonest or improper conduct, or excessively careless or negligent business practices in connection with trading of securities, market derivatives, or foreign market derivatives, or other similar trading; and
- (3) Buying up stocks of a company and using the resulting position as a large holder of said stocks to sell them at favorable prices to a person or entity connected to said issuer against their will, or acceptance of orders (excluding acceptance of entrustment of brokerage for clearing of securities, etc.) to buy said stocks or sell said stocks to a person or entity connected to said issuer, from a person or entity which intends to commit a similar act.

Rule 52. Recommendations to Trading Participants

1. If OSE considers that the business or financial condition of a Trading Participant is inappropriate in light of the objectives of OSE or the operation of the OSE markets, OSE may recommend to said Trading Participant for appropriate steps to be taken.
2. In cases where OSE has made a recommendation as referred to in the preceding paragraph and deems it necessary, OSE may request said Trading Participant to provide reports on measures taken thereto.
3. In cases where OSE has made a recommendation as prescribed in Paragraph 1 and deems it particularly necessary to issue an alert to investors, it may give notification of the making of said recommendation to each Trading Participant and make a public announcement.

Chapter 2-2

Obtainment of Trading Qualification by Specified Bridge Financial Institution, etc.

Rule 52-2. Examination on Trading Qualifications for Specified Bridge Financial Institutions, etc.

Notwithstanding the provisions of Rule 30, Paragraph 1 and Paragraph 2, a specified bridge applicant (meaning a specified bridge financial institution, etc. (meaning the specified bridge financial institution

defined in Article 126-34, Paragraph 3, Item 5 of the Deposit Insurance Act (Act No. 34 of 1971)) that applies to OSE for obtainment of a trading qualification; the same shall apply hereinafter) is exempt from examination for the trading qualification and payment of the qualification examination fee.

Rule 52-3. Approval of Obtainment of Trading Qualification for Specified Bridge Applicants

1. Notwithstanding the provisions of Rule 32, Paragraph 1, OSE may grant approval of obtainment of a trading qualification to a specified bridge applicant.
2. Notwithstanding the provisions of Rule 32, Paragraph 2, where OSE has approved the obtainment of a trading qualification pursuant to the provisions of the preceding paragraph, regarding the trading qualification obtainment procedures prescribed in Rule 32, Paragraph 2, payment of the Trading Participation Qualification Fees and deposit of Trading Participant Security Money shall not be needed, and OSE shall have the specified bridge applicant deposit the Guarantee Fund by the day specified by OSE on a case-by-case basis pursuant to the provisions of Paragraph 1 of the following rule.

Rule 52-4. Date of Obtaining Trading Qualification for Specified Bridge Applicants

1. Notwithstanding the provisions of Rule 33, Paragraph 1, a specified bridge applicant shall become a Trading Participant on a date specified by OSE on a case-by-case basis.
2. The provisions of Rule 33, Paragraph 2 to Paragraph 4 shall be applied mutatis mutandis to cases where a specified bridge applicant becomes a Trading Participant pursuant to the provisions of the preceding paragraph.

Rule 52-5. Obligation of Specified Failed Trading Participant to Obtain Approval Regarding Merger, etc.

Notwithstanding the provisions of Rule 14, Paragraph 1, in cases where a specified failed Trading Participant (meaning a Trading Participant that is designated as a specified failed financial institution under the Specified Type II Measures prescribed in Article 126-2, Paragraph 1, Item 2 of the Deposit Insurance Act) intends to conduct acts referred to in Paragraph 1, Item 2 or Item 4 of the same rule, it shall not be required to obtain prior approval of OSE.

Chapter 3 Arbitration

Rule 53. Requests for Arbitration

1. Regarding disputes that arise between Trading Participants concerning market derivatives trading on the OSE market, if there is a request to arbitrate in such a dispute made in accordance with the provisions specified by OSE by a Trading Participant that is one of the involved parties, OSE shall arbitrate therein;

provided, however, that if OSE considers that, in view of the nature of the dispute, it would be inappropriate for it to arbitrate, or if it considers that the party involved has unnecessarily requested arbitration with an improper purpose, or if either party involved will not accept arbitration, OSE may decline to arbitrate.

2. Regarding disputes referred to in the preceding paragraph, if there is a request for arbitration from one of the parties involved, the other Trading Participant involved must accept the arbitration of OSE.

Rule 54. Necessary Investigation for Arbitration

When mediating, OSE may investigate matters concerning the Trading Participants involved that are necessary for the purpose of arbitration.

Rule 55. Arbitration Rules

1. Arbitration request procedures, the method of arbitration and other matters necessary for arbitration shall be stipulated in the arbitration rules.
2. The enactment of and amendments to the arbitration rules shall be made by resolution of the Board of Directors; provided, however, that this shall not apply to minor amendments.

Rule 55-2. Entrustment of Self-Regulatory Operations

1. OSE may entrust JPX-R with the activities prescribed in each of the following items out of the self-regulatory operations as prescribed in Rule 84, Paragraph 2 of the Act;
 - (1) Examination of the eligibility of Trading Participants;
 - (2) Investigation of the compliance status of a Trading Participant with the laws and regulations, disciplinary actions or dispositions taken by the administrative authorities under the laws and regulations, the Articles of Incorporation and other regulations of OSE, or just and equitable principles of trade;
 - (3) Examination of the details of transactions of market derivatives carried out by Trading Participants in the financial instruments exchange market; and
 - (4) Operations related to disciplinary actions and other regulatory actions against Trading Participants.
2. Trading Participants and persons who intend to obtain a trading qualification shall respond to the examination, investigation, report or materials submission request, or inspection and hearing conducted by JPX-R with respect to the operations entrusted to JPX-R by OSE pursuant to the provisions of the preceding paragraph.
3. With respect to the operations entrusted to JPX-R by OSE pursuant to the provisions of Paragraph 1, OSE shall grant approval or take disciplinary actions or other regulatory actions based on the result of examinations or investigations conducted by JPX-R.

Rule 55-3. Entrustment of Affairs Concerning Guarantee Fund and Trading Participant Security

Money

1. OSE may entrust an entity designated by OSE with affairs concerning the Guarantee Fund and the Trading Participant Security Money prescribed by OSE.
2. Deposit by a Trading Participant of the Guarantee Fund and the Trading Participant Security Money shall, in addition to the provisions prescribed in these Regulations, be subject to the provisions prescribed, with the approval of OSE, by the entity designated pursuant to the provisions of the preceding paragraph pertaining to the affairs set forth in the same paragraph.

Chapter 4**Miscellaneous Provisions****Rule 56. Application to Brokerage for Clearing of Securities, etc.**

For the purpose of applying the provisions of Rule 4, Paragraph 1, Rule 22 and Rule 22-2, a Trading Participant that entrusts brokerage for clearing of securities, etc. of market derivatives trading shall be deemed as the entity that trades said market derivatives.

Rule 57. Determination of Necessary Matters Concerning Trading Participants

OSE may, in addition to the matters provided in these Regulations, prescribe regulations regarding the required interpretation thereof if necessary in relation to Trading Participants of OSE.

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.
3. Necessary matters for implementing the revised rules shall be as specified by OSE separately.

Supplementary Provisions

These revisions shall take effect on March 18, 2024.

Supplementary Provisions

1. These revisions shall take effect on February 17, 2025.
2. The revised provisions of Rule 42, Paragraph 1, Items 6, 7, and 11 will be applied to disciplinary actions that are taken against acts that Trading Participants have conducted on or after the implementation date.
3. The revised provisions of Rule 42, Paragraph 1, Item 10 will be applied to recommendations that are made on or after the implementation date.
4. The revised provisions of Rule 52, Paragraph 3 will be applied to recommendations made regarding the business or financial conditions of Trading Participants on or after the

implementation date.