

## Clearing and Settlement Regulations

(As of April 13, 2026)

Osaka Exchange, Inc.

### Chapter 1

#### General Provisions

##### Rule 1. Purpose

1. These Regulations stipulate necessary matters concerning clearing and settlement of market derivatives transactions (meaning "market derivatives transactions" as prescribed in Article 2, Paragraph 21 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the "Act"); hereinafter simply referred to as "market derivatives") on the markets of Osaka Exchange, Inc. (hereinafter referred to as "OSE") (meaning the financial instruments exchange markets established by OSE; the same shall apply hereinafter) in accordance with the provisions of Rule 2, Paragraph 2 of the Business Regulations.
2. Any amendments to these Regulations shall be made by resolution of the Board of Directors; provided, however, that this shall not apply in cases of minor amendments.

##### Rule 2. Definitions of Terms

1. For the purposes of these Regulations, the meanings of the terms relating to government bond futures (meaning market derivatives enumerated in Article 2, Paragraph 21, Item 1 of the Act pertaining to the standardized government bonds or market derivatives enumerated in Item 2 of the same paragraph pertaining to prices of such standardized government bonds; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the Special Rules for Business Regulations and Brokerage Agreement Standards Relating to the J-NET Market (hereinafter referred to as the "J-NET Special Rules), unless otherwise prescribed in these Regulations.
2. For the purposes of these Regulations, the meanings of the terms relating to interest rate futures (meaning market derivatives enumerated in Article 2, Paragraph 21, Item 2 of the Act that pertain to a financial indicator calculated based on an interest rate related to monetary claims; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
3. For the purposes of these Regulations, the meanings of the terms relating to index futures (meaning market derivatives enumerated in Article 2, Paragraph 21, Item 2 of the Act that relate to indices (including indices pertaining to currencies (meaning the currencies referred to in Paragraph 24, Item 3 of the same Article; the same shall apply hereinafter. Hereinafter referred to

- as "FX indices"), and indices pertaining to commodities (meaning commodities enumerated in Item 3-3 of the same Paragraph; the same shall apply hereinafter. Hereinafter referred to as "commodity indices")); the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
4. For the purposes of these Regulations, the meanings of the terms relating to commodity futures (meaning market derivatives enumerated in Article 2, Paragraph 24, Item 1 of the Act that relates to a commodity or market derivative enumerated in Paragraph 21, Item 2 of the same article that relates to the price of a commodity; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
  5. For the purposes of these Regulations, the meanings of the terms relating to securities options (meaning market derivatives enumerated in Article 2, Paragraph 21, Item 3 of the Act that relate to trading in securities, and market derivatives enumerated in the same item that relate to transactions prescribed in the Business Regulations (limited to transactions related to securities) as transactions equivalent to market derivatives enumerated in Item 2 of the same paragraph; the same shall apply hereinafter) (excluding the terms used regarding trading in securities) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
  6. For the purposes of these Regulations, the meanings of the terms relating to government bond futures options (meaning market derivatives enumerated in Article 2, Paragraph 21, Item 3 of the Act that relate to government bond futures; the same shall apply hereinafter) (except for terms used for government bond futures) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
  7. For the purposes of these Regulations, the meanings of the terms relating to index options (meaning market derivatives enumerated in Article 2, Paragraph 21, Item 3 of the Act that relate to transactions prescribed in the Business Regulations (limited to transactions relating to indices) as transactions equivalent to market derivatives enumerated in Item 2 of the same paragraph; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
  8. For the purposes of these Regulations, the meanings of the terms relating to commodity futures options (meaning market derivatives enumerated in Article 2, Paragraph 21, Item 3 of the Act that relate to transactions prescribed in the Business Regulations (limited to transactions relating to the price of commodity futures) as transactions equivalent to market derivatives enumerated in Item 2 of the same paragraph; the same shall apply hereinafter) shall be as prescribed in the Business Regulations and the J-NET Special Rules, unless otherwise prescribed in these Regulations.
  9. For the purposes of these Regulations, the meanings of the terms relating to Trading Participants

shall be as prescribed in the Trading Participant Regulations, unless otherwise prescribed in these Regulations.

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

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

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

**Chapter 2**

**Settlement by Clearing Participants**

**Rule 4. Settlement by Clearing Participants**

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

in the Business Rules of JSCC; the same shall apply hereinafter); the same shall apply hereinafter) and JSCC as prescribed in the Business Rules of JSCC.

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

### **Chapter 3**

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

##### **Section 1**

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

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

1. For each contract of government bond futures, a Government Bond Futures, etc. Non-Clearing Participant (meaning a Government Bond Futures, etc. Non-Clearing Participant prescribed in Rule 24, Paragraph 2 of the Trading Participant Regulations; the same shall apply hereinafter) shall notify its Designated Government Bond Futures, etc. Clearing Participant (meaning a Government Bond Futures, etc. Agency Clearing Participant (meaning a party with Agency Clearing Qualification pertaining to Government Bond Futures, etc. Clearing Qualification) designated by such Government Bond Futures, etc. Non-Clearing Participant pursuant to the provisions of Rule 27, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter) of the close-out quantity (meaning, when having long positions based on entrustment of brokerage for clearing of securities, etc. (hereinafter referred to as "Clearing Brokerage Long Positions") and short positions based on entrustment of brokerage for clearing of securities, etc. (hereinafter referred to as "Clearing Brokerage Short Positions") for any one issue at the same time and settling such positions in whole or part (excluding those by resale or repurchase), the quantity of such settled positions; the same shall apply hereinafter) and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Government Bond Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no

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

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

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

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

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

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

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

With respect to government bond futures transactions based on entrustment of brokerage for clearing of securities, etc., where there is an amount of difference as a result of comparison between the settlement price on the trading day and the settlement price on the preceding trading day, a Government Bond Futures, etc. Non-Clearing Participant shall pay to or receive from the Designated Government Bond Futures, etc. Clearing Participant the amount of money equivalent

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

Rule 4-6. Deleted.

**Rule 4-7. Government Bonds Delivered/Received and Money Paid/Received for Settlement by Physical Delivery**

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

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

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

For settlement by physical delivery of physically delivered futures, a Government Bond Futures, etc. Non-Clearing Participant shall deliver government bonds it has sold or pay the amount of its purchase consideration to the Designated Government Bond Futures, etc. Clearing Participant no later than the date and time designated by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

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

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

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

A delivering Government Bond Futures, etc. Non-Clearing Participant shall notify the Designated

Government Bond Futures, etc. Clearing Participant of the issue and quantity provided for settlement by physical delivery of physically delivered futures by the date and time designated by the Designated Government Bond Futures, etc. Clearing Participant as necessary to carry out settlement by physical delivery.

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

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

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

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

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

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

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

1. If a Remote Trading Participant has agreed in advance with its customer and Designated Clearing Participant, said Remote Trading Participant may cause the settlement by physical delivery of physically delivered futures based on entrustment of said customer to be carried out between said customer and the Designated Clearing Participant according to the provisions of Rule 4-7 through Rule 4-11.
2. If such a customer has conducted settlement by physical delivery with the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, it shall be deemed that the settlement by physical delivery has been conducted between the Remote Trading Participant and the Designated Clearing Participant.

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

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

**Section 1-2**

**Settlement of Interest Rate Futures**

**Rule 4-12-5. Notification of Close-out Quantity, etc.**

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

**Rule 4-12-6. Settlement Price**

The settlement price of an interest rate future shall be the price specified by JSCC as the settlement price of an interest rate future.

**Rule 4-12-7. Payment/Receipt of Money Equivalent to Difference Between Contract Price and Settlement Price**

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

**Rule 4-12-8. Payment/Receipt of Money of Difference between Settlement Prices**

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

**Rule 4-12-9. Payment/Receipt of Money for Final Settlement**

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

designated by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 4-12-10. Special Provisions for Payment/Receipt of Money Pertaining to Remote Trading Participant**

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group as said Remote Trading Participant; the same shall apply hereinafter in this rule and the following rule) and its Designated Clearing Participant, said Remote Trading Participant may cause the payment/receipt of money prescribed in the preceding three rules pertaining to trades entrusted by said customer to be carried out between said customer and the Designated Clearing Participant.
2. If such a customer has made payment/receipt of money to/from the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such payment/receipt of money shall be deemed as the payment/receipt of money pursuant to the provisions of preceding three rules.

**Rule 4-12-11. Awareness of Status of Payment/Receipt of Money Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has made an agreement prescribed in Paragraph 1 of the preceding rule must establish an arrangement to enable its awareness of the status of payment/receipt of money or settlement by physical delivery between the customer and the Designated Clearing Participant pertaining to the agreement.

**Section 1-3**

**Cross Margining**

**Rule 4-13. Request Pertaining to Application for Cross Margining, etc.**

1. In cases where a Government Bond Futures, etc. Non-Clearing Participant is a cross margining user and intends to make whole or part of its positions in government bond futures and interest rate futures on its own account subject to cross margining, it may, as specified by OSE, make a request pertaining to an application for making its positions in government bond futures and interest rate futures on its own account subject to cross margining to its Designated Government Bond Futures, etc. Clearing Participant by the date and time specified by the Designated Government Bond Futures, etc. Clearing Participant.
2. In cases where a customer of a Government Bond Futures, etc. Non-Clearing Participant is a cross margining user and the Government Bond Futures, etc. Non-Clearing Participant receives a request pertaining to an application for cross margining from the customer, the Government Bond Futures, etc. Non-Clearing Participant may, as specified by OSE, broker the request pertaining to

the application for making the positions in government bond futures and interest rate futures for said customer's account subject to cross margining by the date and time specified by the Designated Government Bond Futures, etc. Clearing Participant.

3. Notwithstanding the provisions of the preceding two paragraphs, in the event that a Designated Government Bond Futures, etc. Clearing Participant may not apply for cross margining as specified by JSCC, the Government Bond Futures, etc. Non-Clearing Participant may not make a request or broker a request pertaining to an application for cross margining to the Designated Government Bond Futures, etc. Clearing Participant.

**Rule 4-14. Application of Interest Rate Swap Clearing Business Rules Concerning Position Transfers of JGB Futures and Interest Rate Futures**

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

**Section 1-4**

**Settlement of Index Futures**

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

1. For each contract of index futures (excluding commodity index futures; the same shall apply hereinafter in this section), an Index Futures, etc. Non-Clearing Participant (meaning an Index Futures, etc. Non-Clearing Participant prescribed in Rule 24, Paragraph 3 of the Trading Participant Regulations; the same shall apply hereinafter) shall notify its Designated Index Futures, etc. Clearing Participant (meaning an Index Futures, etc. Agency Clearing Participant (meaning a party with an Agency Clearing Qualification pertaining to an Index Futures, etc. Clearing Qualification) designated by such Index Futures, etc. Non-Clearing Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter) of the close-out quantity and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Index Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no later than the cut-off time specified by such Designated Index Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where such Designated Index

Futures, etc. Clearing Participant is already aware of the information to be notified, or such Index Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.

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

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

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

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

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

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

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

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

In the event that there is a difference as a result of comparison between the final settlement price

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

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

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group as the Remote Trading Participant; the same shall apply hereinafter in this rule and the following rule) and its Designated Clearing Participant, it may cause the payment/receipt of money prescribed in the preceding three rules pertaining to trades entrusted by the customer to be carried out between the customer and the Designated Clearing Participant.
2. If such a customer has made payment/receipt of money to/from the Designated Clearing Participant, such payment/receipt of money shall be deemed as the payment/receipt of money pursuant to the provisions of the preceding three rules.

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

A Remote Trading Participant that has made an agreement prescribed in Paragraph 1 of the preceding rule must establish an arrangement to enable its awareness of the status of payment/receipt of money between the customer and the Designated Clearing Participant pertaining to the agreement.

**Section 1-5**

**Settlement of Commodity Index Futures and Commodity Futures**

**Division 1 Notification Pertaining to Contracts for Clearing**

**Rule 9-4. Notification of Close-out Quantity, etc.**

1. For each contract of commodity futures and commodity index futures and each commodity and commodity index rolling spot future, a Commodity Futures, etc. Non-Clearing Participant (see Note 1 below) shall notify its Designated Precious Metal Futures, etc. Clearing Participant (see Note 2 below) in the case of the precious metal market, its Designated Rubber Futures, etc. Clearing Participant (see Note 3 below) in the case of the rubber market, its Designated Agricultural Product Futures, etc. Clearing Participant (see Note 4 below) in the case of the agricultural product market, and its Designated Petroleum Futures, etc. Clearing Participant in the

case of the petroleum market (see Note 5 below) of the close-out quantity and the quantity of resale and repurchase in the event that a resale pertaining to Clearing Brokerage Long Positions or a repurchase pertaining to Clearing Brokerage Short Positions is executed, for each account managed by the Designated Precious Metal Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC in the case of the precious metal market, the Designated Rubber Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC in the case of the rubber market, the Designated Agricultural Product Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC in the case of the agricultural product market or the Designated Petroleum Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC in the case of the petroleum market, no later than the date and time specified by said Designated Precious Metal Futures, etc. Clearing Participant, said Designated Rubber Futures, etc. Clearing Participant, said Designated Agricultural Product Futures, etc. Clearing Participant or said Designated Petroleum Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where said Designated Precious Metal Futures, etc. Clearing Participant, said Designated Rubber Futures, etc. Clearing Participant, said Designated Agricultural Product Futures, etc. Clearing Participant or said Designated Petroleum Futures, etc. Clearing Participant is already aware of the information to be notified, or said Precious Metal Futures, etc. Non-Clearing Participant, said Rubber Futures, etc. Non-Clearing Participant, said Agricultural Product Futures, etc. Non-Clearing Participant or said Petroleum Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.

(Note 1) A Commodity Futures, etc. Non-Clearing Participant means a Commodity Futures, etc. Non-Clearing Participant prescribed in Rule 24, Paragraph 9 of the Trading Participant Regulations; the same shall apply hereinafter.

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

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

(Note 4) A Designated Agricultural Product Futures, etc. Clearing Participant means an Agricultural Product Futures, etc. Agency Clearing Participant (meaning a party with an Agency Clearing Qualification pertaining to an Agricultural Product Futures, etc. Clearing Qualification) designated by said Commodity Futures, etc. Non-Clearing

Participant pursuant to Rule 27, Paragraph 1 of the Trading Participant Regulations; the same shall apply hereinafter.

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

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

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

### **Rule 9-5. Settlement Price of Commodity Futures and Commodity Index Futures**

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

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

With respect to transactions of commodity futures and commodity index futures (including transactions for error correction, etc.; the same shall apply hereinafter) based on entrustment of brokerage for clearing of securities, etc., where there is an amount of difference as a result of a comparison between the contract price (meaning, for cash-settled monthly commodity futures and commodity index futures, the numerical value that is the contract price; the same shall apply in this section) and the settlement price on the trading day of the contract, a Commodity Futures, etc. Non-Clearing Participant must pay to or receive from the Designated Precious Metal Futures, etc. Clearing Participant in the case of the precious metal market, the Designated Rubber Futures, etc. Clearing Participant in the case of the rubber market, the Designated Agricultural Product Futures, etc. Clearing Participant in the case of the agricultural product market or the Designated Petroleum Futures, etc. Clearing Participant in the case of the petroleum market, the amount of money equivalent to such a difference. In this case, the paying Commodity Futures, etc. Non-Clearing Participant shall pay to the Designated Precious Metal Futures, etc. Clearing Participant, the Designated Rubber Futures, etc. Clearing Participant, the Designated Agricultural Product Futures,

etc. Clearing Participant or the Designated Petroleum Futures, etc. Clearing Participant the amount of money equivalent to such difference no later than the date and time designated by said Designated Precious Metal Futures, etc. Clearing Participant, said Designated Rubber Futures, etc. Clearing Participant, said Designated Agricultural Product Futures, etc. Clearing Participant or said Designated Petroleum Futures, Clearing Participant that is before the settlement cut-off time specified by JSCC.

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

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

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

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

#### **Rule 9-8. Delivery Goods Delivered/Received and Money Paid/Received for Settlement by Physical Delivery Pertaining to Precious Metals**

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

items:

- (1) The quantity of delivery goods shall be as specified in the following a. and b. in accordance with the classification enumerated in said a. and b.
  - a. Delivery of delivery goods  
The quantity obtained by dividing the final Clearing Brokerage Short Positions (meaning the short positions for which no notifications prescribed in Rule 9-4, Paragraph 1 are filed by the last trading day; the same shall apply hereinafter) or the Clearing Brokerage Short Positions pertaining to physically delivered futures for which the settlement by physical delivery is conducted through early delivery (meaning early delivery as prescribed in Rule 36-11 of the Business Regulations; the same shall apply hereinafter) or declared delivery (meaning declared delivery as prescribed in Rule 36-12 of the Business Regulations; the same shall apply hereinafter) by the delivery unit multiplier (meaning the rate of the delivery unit (meaning the delivery unit as prescribed in Rule 36-3 of the Business Regulations) to the trading unit (meaning the trading unit as prescribed in Rule 29 of the Business Regulations); the same shall apply hereinafter)
  - b. Receipt of delivery goods  
The quantity obtained by dividing the final Clearing Brokerage Long Positions (meaning the long positions for which no notifications prescribed in Rule 9-4, Paragraph 1 are filed by the last trading day; the same shall apply hereinafter) or the Clearing Brokerage Long Positions pertaining to physically delivered futures for which the settlement by physical delivery is conducted through early delivery or declared delivery by the delivery unit multiplier.
- (2) The amount of money shall be the difference between the total amount of tax-inclusive delivery payment (meaning the total of the amount equivalent to the delivery payment and its applicable consumption tax (including local consumption tax; the same shall apply hereinafter); the same shall apply hereinafter) pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions prescribed in a. of the preceding item and the total amount of tax-inclusive delivery payment pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions prescribed in b. of the same item.

#### **Rule 9-9. Determination of Delivery Goods Pertaining to Precious Metals**

For settlement by physical delivery of precious metals, the delivery goods to be received by the Commodity Futures, etc. Non-Clearing Participant who is to receive the delivery goods (hereinafter referred to as the "Receiving Commodity Futures, etc. Non-Clearing Participant" in this division) shall be determined as specified by its Designated Precious Metal Futures, etc. Clearing Participant.

#### **Rule 9-10. Settlement Cut-Off Time and Settlement Method for Settlement by Physical Delivery of Precious Metals**

For settlement by physical delivery of precious metals, a Commodity Futures, etc. Non-Clearing Participant shall conduct the delivery/receipt of delivery goods and payment/receipt of money as specified in each of the following items.

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

**Rule 9-11. Loss or Damage After Submission of Delivery Goods Pertaining to Precious Metals**

1. In cases where all or part of the delivery goods are lost or damaged for reasons not attributable to the parties to the delivery (meaning the Designated Precious Metal Futures, etc. Clearing Participant and the Precious Metal Futures, etc. Clearing Participant acting as a counterparty for delivery; the same shall apply in this sub-division and division 4) during the period after the Commodity Futures, etc. Non-Clearing Participant has submitted the warehouse receipt to its Designated Precious Metal Futures, etc. Clearing Participant who, in turn, has submitted it to JSCC, but before JSCC submits it to the Receiving Precious Metal Futures, etc., Clearing Participant, the loss shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.
2. In the case prescribed in the preceding Paragraph, a Delivering Commodity Futures, etc. Non-Clearing Participant shall immediately notify its Designated Precious Metal Futures, etc. Clearing Participant of the loss or damage. In addition, the Delivering Commodity Futures, etc. Non-Clearing Participant shall make the delivery by submitting a warehouse receipt for substitutes for the lost or damaged delivery goods by the fifth day (excluding non-business days) counting from the day after the date of said notification.

3. Notwithstanding the provisions of the preceding Paragraph, in cases where a Delivering Commodity Futures, etc. Non-Clearing Participant is unable to perform the delivery for all or part of the damaged or lost delivery goods by delivering substitutes, it may be discharged from the delivery obligation if its Designated Precious Metal Futures, etc. Clearing Participant obtains an approval from JSCC. In this case, the Designated Precious Metal Futures, etc. Clearing Participant is not required to pay money to a Trading Participant related to the portion for which the delivery has not been performed.

**Rule 9-12. ADPs pertaining to Precious Metals**

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

**Sub-division 2 Ribbed Smoked Sheet (RSS)****Rule 9-13. Delivery Goods Delivered/Received and Money Paid/Received for Settlement by Physical Delivery Pertaining to RSS**

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

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

- a. Delivery of delivery goods

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

- b. Receipt of delivery goods

The quantity obtained by dividing the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions pertaining to physically delivered futures for which the settlement by physical delivery is conducted through early delivery or declared delivery by the delivery unit

multiplier.

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

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

For settlement by physical delivery of RSS, the delivery goods to be received by the Receiving Commodity Futures, etc. Non-Clearing Participant shall be determined as specified by its Designated Rubber Futures, etc. Clearing Participant.

#### **Rule 9-15. Settlement Cut-Off Time and Settlement Method for Settlement by Physical Delivery of RSS**

For settlement by physical delivery of RSS, a Commodity Futures, etc. Non-Clearing Participant shall conduct delivery/payment and receipt of the delivery goods and money as specified in each of the following items.

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

#### **Rule 9-16. Loss or Damage After Submission of Delivery Goods Pertaining to RSS**

1. In cases where all or part of the delivery goods are lost or damaged for reasons not attributable to the parties to the delivery (meaning the Designated Rubber Futures, etc. Clearing Participant and the Rubber Futures, etc. Clearing Participant acting as a counterparty for delivery; the same shall apply in this sub-division and sub-division 3) during the period after the Delivering

Commodity Futures, etc. Non-Clearing Participant has submitted the warehouse receipt to its Designated Rubber Futures, etc. Clearing Participant who, in turn, has submitted it to JSCC, but before JSCC submits it to the Receiving Rubber Futures, etc., Clearing Participant, the loss shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.

2. In the case prescribed in the preceding Paragraph, the Delivering Commodity Futures, etc. Non-Clearing Participant shall immediately notify its Designated Rubber Futures, etc. Clearing Participant of the loss or damage. In addition, the Delivering Commodity Futures, etc. Non-Clearing Participant shall make the delivery by submitting a warehouse receipt for substitutes for the lost or damaged delivery goods by the fifth day (excluding non-business days) counting from the day after the date of said notification.
3. Notwithstanding the provisions of the preceding Paragraph, in cases where a Delivering Commodity Futures, etc. Non-Clearing Participant is unable to perform the delivery for all or part of the damaged or lost delivery goods by delivering substitutes, it may be discharged from the delivery obligation if its Designated Rubber Futures, etc. Clearing Participant obtains an approval from JSCC. In this case, the Designated Rubber Futures, etc. Clearing Participant is not required to pay money to a Trading Participant related to the portion for which the delivery has not been performed.

#### **Rule 9-17. ADPs Pertaining to RSS**

1. In cases where OSE approves a settlement by physical delivery pertaining to RSS to be conducted through an ADP, the settlement by physical delivery pertaining to said ADP shall be deemed to have been completed upon such approval.
2. Notwithstanding the provisions of Rule 9-13 and Rule 9-16, the payment/delivery and receipt of the delivery goods and money pertaining to the ADP as per the preceding Paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

#### **Rule 9-18. Inspection, etc. Pertaining to RSS**

The necessary matters in connection with inspections, measuring, and handling of deficiencies related to delivery goods shall be specified by JSCC, and Designated Rubber Futures, etc. Clearing Participants shall make a request for an inspection to JSCC.

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

1. With respect to deliveries where JSCC deems that the settlement cannot be completed by the date and time of delivery due to inspections, measuring, or handling of deficiencies under the preceding rule, the Receiving Commodity Futures, etc. Non-Clearing Participant shall submit the money and the Delivering Commodity Futures, etc. Non-Clearing Participant shall submit the warehouse receipt

or delivery order to the Designated Rubber Futures, etc. Clearing Participant no later than the date and time designated by the Designated Rubber Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC, and notwithstanding the provisions of Rule 9-15, the settlement shall be postponed until the delivery becomes possible.

2. In cases where the delivery is to be conducted after the delivery date and the deliverer is a Commodity Futures, etc. Non-Clearing Participant, if new custody fees and insurance premiums arise pertaining to the period (meaning the relevant 10-day period within a month divided into three such periods) containing the day the delivery is conducted, they shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.

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

#### **Rule 9-20. Delivery Goods Delivered/Received and Money Paid/Received for Settlement by Physical Delivery Pertaining to TSR**

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

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

- a. Delivery of delivery goods

The quantity obtained by dividing the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions pertaining to physically delivered futures for which the settlement by physical delivery is conducted through declared delivery by the delivery unit multiplier

- b. Receipt of delivery goods

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

- (2) The amount of money shall be the difference between the total amount of delivery payment (meaning the delivery payment prescribed in Rule 36-7, Paragraph 2 of the Business Regulations; the same shall apply in this sub-division and sub-division 6) pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions as prescribed in a. of the preceding item and the total amount of delivery payment pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions as prescribed in b. of the same item, where the day of delivery is the same.

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

For settlement by physical delivery of TSR, the delivery goods to be received by the Receiving

Commodity Futures, etc. Non-Clearing Participant shall be determined as specified by its Designated Rubber Futures, etc. Clearing Participant.

**Rule 9-22. Settlement Cut-Off Time and Settlement Method for Settlement by Delivery/Payment of TSR**

For settlement by physical delivery of TSR a Commodity Futures, etc. Non-Clearing Participant shall conduct delivery/payment and receipt of the delivery goods and money as specified in each of the following items.

(1) Delivery and receipt of delivery goods

- a. The delivery and receipt of delivery goods shall be free on board (FOB), and the Delivering Commodity Futures, etc. Non-Clearing Participant shall, pursuant to the rules of JSCC, load the delivery goods at its own designated delivery location, according to instructions from the Receiving Rubber Futures, etc. Clearing Participant regarding the ship loading date, vessels, and other details.
- b. A Commodity Futures, etc. Non-Clearing Participant shall submit the notice of delivery to its Designated Rubber Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Rubber Futures, etc. Clearing Participant that is before the settlement cut-off time on the fifth day (excluding non-business day) counting from the day following the shipping date prescribed in the preceding item a., pursuant to the rules of JSCC.
- c. The Delivering Commodity Futures, etc. Non-Clearing Participant shall submit the documents designated by the Receiving Rubber Futures, etc. Clearing Participant among the bill of lading and other delivery documents to its Designated Rubber Futures, etc. Clearing Participant, in a manner prescribed by JSCC, at a point between the submission date of the notice of delivery prescribed in preceding item b. and the date and time designated by the Designated Rubber Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.
- d. The Receiving Rubber Futures, etc. Non-Clearing Participant shall submit the delivery completion notice specified by JSCC to the Designated Rubber Futures, etc. Clearing Participant no later than the time the Designated Rubber Futures, etc. Clearing Participant designates two days after the delivery date (one business day later if the day falls on a non-business day). The time designated by the Designated Rubber Futures, etc. Clearing Participant shall be before the settlement cut-off time specified by JSCC.

(2) Payment/Receipt of Money

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

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

1. In cases where OSE approves a settlement by physical delivery pertaining to TSR to be conducted

through an ADP, the settlement by physical delivery pertaining to said ADP shall be deemed to have been completed upon such approval.

2. Notwithstanding the provisions of Rule 9-22, the payment/delivery and receipt of the delivery goods and money pertaining to the ADP as per the preceding paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

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

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

**Rule 9-25. Inspections, etc. Pertaining to TSR**

The necessary matters in connection with inspections, measuring, and handling of deficiencies related to delivery goods shall be specified by JSCC, and Designated Rubber Futures, etc. Clearing Participants shall make a request for an inspection to JSCC.

**Sub-division 4 Soybeans**

**Rule 9-26. Delivery Goods Delivered/Received and Money Paid/Received for Settlement by Physical Delivery Pertaining to Soybeans**

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

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

a. Delivery of delivery goods

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

b. Receipt of delivery goods

The quantity of the final Clearing Brokerage Long Positions or the Clearing Brokerage Long

Positions pertaining to physically delivered futures for which the settlement by physical delivery is conducted through early delivery or declared delivery.

- (2) The amount of money shall be the difference between the total amount of tax-inclusive delivery payment pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions prescribed in a. of the preceding item and the total amount of tax-inclusive delivery payment pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions prescribed in b. of the same item, where the day of delivery is the same.

**Rule 9-27. Determination of Delivery Goods Pertaining to Soybeans**

For settlement by physical delivery of soybeans, the delivery goods to be received by the Receiving Commodity Futures, etc. Non-Clearing Participant shall be determined as specified by its Designated Agricultural Product Futures, etc. Clearing Participant.

**Rule 9-28. Settlement Cut-Off Time and Settlement Method for Settlement by Delivery/Payment of Soybeans**

For settlement by physical delivery of soybeans, a Commodity Futures, etc. Non-Clearing Participant shall conduct delivery/payment and receipt of the delivery goods and money as specified in each of the following items.

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

**Rule 9-29. Loss or Damage After Submission of Delivery Goods Pertaining to Soybeans**

1. In cases where all or part of the delivery goods are lost or damaged for reasons not attributable to the parties to the delivery (meaning the Designated Agricultural Product Futures, etc. Clearing Participant and the Agricultural Product Futures, etc. Clearing Participant acting as a counterparty for delivery; the same shall apply from this sub-division to sub-division 6) during the period after the Delivering Commodity Futures, etc. Non-Clearing Participant has submitted the warehouse receipt to its Designated Agricultural Product Futures, etc. Clearing Participant who, in turn, has submitted it to JSCC, but before JSCC submits it to the Receiving Agricultural Product Futures, etc., Clearing Participant (meaning the Agricultural Product Futures, etc., Clearing Participant who is to receive the delivery goods; the same shall apply hereinafter), the

- loss shall be borne by the Delivering Commodity Futures, etc. Non-Clearing Participant.
2. In the case prescribed in the preceding Paragraph, a Delivering Commodity Futures, etc. Non-Clearing Participant shall immediately notify its Designated Agricultural Product Futures, etc. Clearing Participant of the loss or damage. In addition, the Delivering Commodity Futures, etc. Non-Clearing Participant shall make the delivery by submitting a warehouse receipt for substitutes for the lost or damaged delivery goods by the third day (excluding non-business days) counting from the day after the date of said notification.
  3. Notwithstanding the provisions of the preceding Paragraph, in cases where a Delivering Commodity Futures, etc. Non-Clearing Participant is unable to perform the delivery for all or part of the damaged or lost delivery goods by delivering substitutes, it may be discharged from the delivery obligation if its Designated Agricultural Product Futures, etc. Clearing Participant obtains an approval from JSCC. In this case, the Designated Agricultural Product Futures, etc. Clearing Participant is not required to pay money to a Trading Participant related to the portion for which the delivery has not been performed.
  4. A Delivering Commodity Futures, etc. Non-Clearing Participant who has completed delivery by delivering substitutes pursuant to Paragraph 2 shall submit late payment charges equivalent to the amount obtained by multiplying the delivery payment pertaining to the substitutes by 1/100 (one hundredth) to the Designated Agricultural Product Futures, etc. Clearing Participant.

**Rule 9-30. ADPs Pertaining to Soybeans**

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

**Rule 9-31 Inspections, etc. Pertaining to Soybean**

The necessary matters in connection with inspections and deficiencies related to delivery goods shall be specified by JSCC, and Designated Agricultural Product Futures, etc. Clearing Participants shall claim for inspections to JSCC.

**Sub-division 5 Azuki (Red Beans)****Rule 9-32 Delivery Goods Delivered/Received and Money Paid/Received for Settlement by Physical Delivery of Azuki (Red Beans)**

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

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

a. Delivery of delivery goods

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

b. Receipt of delivery goods

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

(2) The amount of money shall be the sum of the freight charges specified by OSE and the difference between the total amount of tax-inclusive delivery payment pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions prescribed in a. of the preceding item and the total amount of tax-inclusive delivery payment pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions prescribed in b. of the same item.

**Rule 9-33 Determination of Delivery Goods Pertaining to Azuki (Red Beans)**

For settlement by physical delivery of Azuki (red beans), the delivery goods to be received by the Receiving Commodity Futures, etc. Non-Clearing Participant shall be determined as specified by its Designated Agricultural Product Futures, etc. Clearing Participant.

**Rule 9-34 Settlement Cut-Off Time and Settlement Method for Settlement by Physical Delivery of Azuki (Red Beans)**

For settlement by physical delivery of Azuki (red beans), the delivery goods to be delivered/received and the money to be paid/received between the Commodity Futures, etc. Non-Clearing Participant and its Designated Agricultural Product Futures, etc. Clearing Participant shall be as specified in each of the following items:

(1) The Delivering Agricultural Product Commodity Futures, etc. Clearing Participant (meaning the Agricultural Product Commodity Futures, etc. Clearing Participant who is to deliver the delivery goods) shall deliver a warehouse receipt of the delivery goods to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Agricultural Futures, etc. Clearing Participant that is before the cut-off time specified

by JSCC.

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

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

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

**Rule 9-36. ADPs Pertaining to Azuki (Red Beans)**

1. In cases where OSE approves of a settlement by physical delivery pertaining to Azuki (red beans) to be conducted through an ADP, the settlement by physical delivery pertaining to said ADP shall be deemed to have been completed upon such approval.

2. Notwithstanding the provisions of Rule 9-34 and Rule 9-35, the payment/delivery and receipt of the delivery goods and money pertaining to the ADP as per the preceding paragraph shall be conducted between the parties to the relevant delivery in accordance with the method determined between them.

**Rule 9-37 Inspections, etc. Pertaining to Azuki (Red Beans)**

The necessary matters in connection with inspections, measuring, and deficiencies related to delivery goods shall be specified by JSCC, and Designated Agricultural Product Futures, etc. Clearing Participants shall make a request for an inspection to JSCC.

**Sub-division 6 Corn**

**Rule 9-38 Delivery Goods Delivered/Received and Money Paid/Received for Settlement by Physical Delivery of Corn**

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

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

The quantity of the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions pertaining to physically delivered futures for which the settlement by physical delivery is conducted through early delivery.
  - b. Receipt of delivery goods

The quantity of the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions pertaining to physically delivered futures for which the settlement by physical delivery is conducted through early delivery.
- (2) The amount of money shall be the difference between the total amount of delivery payment pertaining to the final Clearing Brokerage Short Positions or the Clearing Brokerage Short Positions prescribed in a. of the preceding item and the total amount of delivery payment pertaining to the final Clearing Brokerage Long Positions or the Clearing Brokerage Long Positions prescribed in b. of the same item, where the day of delivery is the same.

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

1. For settlement by physical delivery of corn, the delivery goods to be received by the Receiving Commodity Futures, etc. Non-Clearing Participant shall be determined as specified by its Designated Agricultural Product Futures, etc. Clearing Participant.

2. For settlement by physical delivery of corn, the parties to the delivery shall decide the stevedoring method and other necessary matters for carrying out cargo handling after consultation among the parties as specified by JSCC, and conduct delivery in compliance with said decided matters.

**Rule 9-40 Settlement Cut-Off Time and Settlement Method for Settlement by Physical Delivery of Corn**

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

- (1) The delivery and receipt of delivery goods shall be Cost Insurance and Freight, and the Delivering Commodity Futures, etc. Non-Clearing Participant shall submit the delivery goods details advice prescribed by JSCC to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the date and time designated by the Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC on the seventh day (excluding non-business days) prior to the scheduled arrival day of the carrying vessel at the port of delivery. In addition, the Delivering Commodity Futures, etc. Non-Clearing Participant shall deliver the delivery documents (meaning a delivery order and other documents specified by JSCC; the same shall apply in this sub-division) to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the settlement cut-off time designated by the Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.
- (2) The paying Commodity Futures, etc. Non-Clearing Participant shall pay the money to its Designated Agricultural Product Futures, etc. Clearing Participant, no later than the cut-off time designated by its Designated Agricultural Product Futures, etc. Clearing Participant that is before the settlement cut-off time designated by JSCC.

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

The costs arising from settlement by physical delivery of corn shall be borne as prescribed by JSCC.

**Rule 9-42. ADPs Pertaining to Corn**

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

relevant delivery in accordance with the method determined between them.

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

#### **Rule 9-43. Handling Cases Where Commodity Futures are Settled by Early Delivery, Declared Delivery, or Customized Delivery**

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

#### **Rule 9-44. Handling of Inability to Deliver**

1. In the settlement by physical delivery of commodity futures (excluding settlement by physical delivery through an ADP), if the delivery (limited to that specified by JSCC) is not made on the delivery date or the early delivery day because of an accident involving the carrying vessel or other event designated by JSCC as an event that is not attributable to the parties to the delivery (meaning parties to the delivery prescribed in sub-division 1 through sub-division 6; the same shall apply in this rule), the parties to the delivery shall hold discussions and set another delivery date that falls within a delivery period specified by OSE or a period approved by JSCC in respect of the transactions involving the relevant delivery and shall make delivery; provided, however, that in a case where JSCC deems it impossible or inefficient to make delivery through this method, the delivery shall be considered to have been completed through settlement at the delivery price specified by OSE.
2. When the exchange of the delivery goods pursuant to the provisions of the preceding paragraph is performed after the delivery date or the early delivery day, the Commodity Futures, etc. Clearing Participant delivering the delivery goods shall pay late payment charges equivalent to the amount obtained by multiplying the delivery payment by 1/100 (one hundredth) per day after the delivery date or the early delivery to its Designated Precious Metal Futures, etc. Clearing Participant, its Designated Rubber Futures, etc. Clearing Participant or its Designated Agricultural Product Futures, etc. Clearing Participant; provided, however, that this shall not apply in a case where JSCC prescribes otherwise.
3. The parties to the delivery may not object to the method for handling prescribed in the preceding

two paragraphs.

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

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

**Division 4 Final Settlement in Cash-Settled Futures  
and Commodity Index Futures****Rule 9-46 Payment/Receipt of Money for Final Settlement of Cash-Settled Monthly Futures  
and Commodity Index Futures**

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

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

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

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

agreement is reached, the amount of money equivalent to the difference between the settlement price on the preceding trading day and the settlement price on said trading day

#### **Rule 9-47-2 Payment/Receipt of Money Upon Final Settlement of Cash-Settled Rolling Spot Futures**

In cases where OSE decides, pursuant to Paragraph 1 of Rule 36-18-2 of the Business Regulations, not to set new cash-settled rolling spot futures contracts or conduct roll-over, a Commodity Futures, etc. Non-Clearing Participant shall pay to or receive from its Designated Precious Metal Futures, etc. Clearing Participant the amounts of money enumerated in each of the following items pertaining to positions that have not been offset by resale or repurchase by the close of trading on the last trading day (meaning the last trading day specified in Paragraph 1 of Rule 36-18-2 of the Business Regulations; the same shall apply hereinafter in this paragraph) on the date specified in each item. In this case, the paying Commodity Futures, etc. Non-Clearing Participant shall pay money to its Designated Precious Metal Futures, etc. Clearing Participant no later than the date and time designated by said Designated Precious Metal Futures, etc. Clearing Participant within the settlement cut-off time specified by JSCC.

(1) On the day before the final settlement day (meaning the final settlement day specified in Paragraph 2 of Rule 36-18-2 of the Business Regulations; the same shall apply in the next item): The amounts of money enumerated in the following a. and b.:

- a. For positions resulting from trades executed on the last trading day, the amount equivalent to the difference between said trades' contract prices and the settlement price on the last trading day;
- b. For positions resulting from trades executed prior to the last trading day, the amount equivalent to the difference between the settlement price on the last trading day and the settlement price on the preceding trading day.

(2) On the final settlement day: For positions listed in a. and b. above, the amount equivalent to the difference between the final settlement price specified in Rule 36-18-3 of the Business Regulations and the settlement price on the last trading day.

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

1. In a case where a Commodity Futures, etc. Non-Clearing Participant conducts settlement by physical delivery through a request on delivery for cash-settled rolling spot futures, the quantity of the delivery goods and the amount of money to be delivered/paid shall be as specified in each of the following items:

(1) The amount of delivery goods shall be as specified in the following a. and b.

- a. In the case of delivery of delivery goods, the quantity obtained by dividing the total amount of Clearing Brokerage Short Positions for which the request on delivery is conducted by the delivery unit multiplier (meaning the multiplier of the delivery unit to the trading unit; the same shall apply

hereinafter)

- b. In the case of receipt of delivery goods, the quantity obtained by dividing the total amount of Clearing Brokerage Long Positions for which the request on delivery is conducted by the delivery unit multiplier
- (2) The amount of money shall be the difference between the total amount of tax-inclusive delivery payment pertaining to Clearing Brokerage Short Positions for which the request on delivery is conducted and the total amount of tax-inclusive delivery payment pertaining to Clearing Brokerage Long Positions for which the request on delivery is conducted.
- 2. The delivery/payment and receipt of delivery goods and money for request on delivery pursuant to the preceding paragraph shall be conducted with a Designated Precious Metal Futures, etc. Clearing Participant as specified in each of the following items, with the date of delivery being the delivery date set in the request on delivery in a manner specified by OSE up to the day two days (one business day later if the day falls on a non-business day) after the day when the request on delivery becomes effective (hereinafter referred to as the "request on delivery date").
  - (1) Delivery and receipt of delivery goods
    - a. Delivery and receipt of gold

It shall be conducted by transferring the title from the Delivering Commodity Futures, etc. Non-Clearing Participant to its Designated Precious Metal Futures, etc. Clearing Participant.
    - b. Delivery and receipt of platinum

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

**Rule 9-49 Customized Delivery for Delivery on Request of Cash-Settled Rolling Spot Futures**

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

**Section 2**

**Settlement of Securities Options**

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

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

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

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

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

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

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

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

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

**Rule 13. Notice Concerning Assignment of Exercise of Options**

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

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

In cases where a transaction of an underlying security that is carried out as a result of the exercise of a securities option pertains to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions, the Regulations shall apply to said transaction by deeming that said transaction is executed based on entrustment of brokerage for clearing of securities, etc.

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

For transactions in underlying securities that are carried out as a result of exercising an option, the settlement shall be made at the cut-off time specified by JSCC in cases where the Index Futures, etc. Non-Clearing Participant has a Securities Clearing Qualification, and in cases where the Index Futures, etc. Non-Clearing Participant does not have a Securities Clearing Qualification, it shall deliver the securities to be transferred and the money to be paid to the Designated Securities Clearing Participant no later than the time and date designated by such Designated Securities Clearing Participant that is before the settlement cut-off time stipulated by JSCC.

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

1. In the event that DVP settlement pursuant to the Business Rules of the JASDEC DVP Clearing

Corporation ("JDCC") is to be used by agreement between an Index Futures, etc. Non-Clearing Participant that has no Securities Clearing Qualification (hereinafter referred to as "Securities Non-Clearing Participant) and the Designated Securities Clearing Participant for transactions in underlying securities that are carried out as a result of exercising an option, the Securities Non-Clearing Participant shall transfer the securities or pay the money to the JDCC no later than the settlement cut-off time stipulated by the JDCC (for the transfer of securities, this shall be a date and time designated by the Designated Securities Clearing Participant at the time of the agreement that is before the settlement cut-off time stipulated by JSCC).

2. Where a Securities Non-Clearing Participant transfers securities or pays money pursuant to the provisions of the preceding paragraph, such transfer of securities or payment of money shall be deemed as the delivery of securities or delivery of money enumerated in the preceding rule.

#### **Rule 17. Money Paid/Received and Securities Delivered/Received for Settlement**

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

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

(c) The quantity of securities calculated by multiplying the quantity obtained by subtracting a quantity of less than one (1) trading unit from the quantity of the underlying security for one (1) trading unit of the securities option by the quantity of securities options exercised.

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

In transactions in underlying securities that are carried out as a result of exercising an option, the Securities Non-Clearing Participant shall deliver, if it has purchased such underlying securities, the purchase money prescribed in (a), or if it has sold such underlying securities, the money prescribed in (b).

(a) The purchase money of the transaction in underlying securities carried out as a result of exercising the option.

(b) Money equivalent to the amount calculated by multiplying the result of multiplying the quantity of the underlying security for one (1) trading unit of the securities option by the option settlement price by the number of securities options exercised.

2. In transactions in underlying securities that are carried out as a result of exercising an option, the amount of money to be paid or received pursuant to Item 2 (b) and Item 3 (b) of the preceding paragraph shall be included in the total purchase money prescribed in Item 1 of the preceding paragraph if the Securities Non-Clearing Participant has sold such underlying securities, or in the total sale proceeds if it has purchased such underlying securities.

3. When an exercise of Clearing Brokerage Short Positions or Clearing Brokerage Long Positions in securities options (limited to securities options for which exercise will result in a transaction in which an amount of money calculated based on the difference between the exercise price and the actual price shall be paid/received) has been carried out, an Index Futures, etc. Non-Clearing Participant shall pay/receive to/from its Designated Index Futures, etc. Clearing Participant the amount of money equivalent to the difference between the exercise price and the option settlement price. In such cases, the paying Index Futures Non-Clearing Participant shall make said payment to the Designated Index Futures, etc. Clearing Participant no later than the date and time designated by the Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

**Rule 18. Restriction on Deliverable Securities**

1. With respect to the delivery and receipt of securities specified in the preceding rule, in cases where both an old security and a new security are already listed or one is already listed and the other is to be newly listed, and they are to be merged to trade with the rights and obligations the same, both securities shall be treated as the same security for settlements that occur after such trading begins.
2. In the event that a Securities Non-Clearing Participant fails to deliver the securities by the cutoff time specified in Rule 15 concerning transactions in underlying securities that are carried out as a result of exercising an option due to an unavoidable reason, it may postpone the delivery of such securities to the following day (one business day later if such a day falls on a non-business day (meaning a non-business day prescribed in Rule 19, Paragraph 1 including extraordinary non-business days in Paragraph 2 of the same rule; the same shall apply hereinafter); the same shall apply hereinafter) with approval of the Designated Securities Clearing Participant.

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

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

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

1. If a Remote Trading Participant has agreed in advance with its customer and Designated Securities Clearing Participant, said Remote Trading Participant may cause transactions in underlying securities that are carried out as a result of the exercise of an option pertaining to a trade entrusted by the customer to be settled between the customer and the Designated Securities Clearing Participant according to the provisions of Rule 15, Rule 17, and Rule 18.
2. If such a customer has settled transactions in underlying securities carried out as a result of the

exercise of an option with a Designated Securities Clearing Participant pursuant to the provisions of the preceding paragraph, it shall be deemed that the settlement of transactions in underlying securities carried out as a result of the exercise of an option has been conducted between the Remote Trading Participant and the Designated Securities Clearing Participant.

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

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

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

**Section 2-2**

**Settlement of Government Bond Futures Options Transactions**

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

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

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

1. The exercise of Clearing Brokerage Long Positions in government bond futures options (including transactions for error correction, etc.; the same shall apply hereinafter) shall be carried out through

notification by a Government Bond Futures, etc. Non-Clearing Participant to its Designated Government Bond Futures, etc. Clearing Participant of the quantities pertaining to the exercise of options for each issue, classifying them into agency and proprietary accounts, no later than the cut-off time specified by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC; provided, however, that this shall not apply in cases where a customer has made the notification to the Designated Government Bond Futures, etc. Clearing Participant pursuant to the provisions of Rule 14-2-2, Paragraph 1 of the Brokerage Agreement Standards, or a Government Bond Futures, etc. Non-Clearing Participant has made such notification to JSCC pursuant to the rules of JSCC.

2. With respect to an issue which falls under any of the following items on the expiration date of the exercise period, even where notification of the exercise of options has not been given by the cut-off time of such day prescribed in the preceding paragraph, notification of such exercise of options shall be deemed to have been given; provided, however, that this shall not apply in cases where a customer or a Government Bond Futures, etc. Non-Clearing Participant gives notice to the effect that no exercise of options will be carried out by said cut-off time:
  - (1) A government bond futures put option whose exercise price exceeds the settlement price of the underlying government bond futures contract on the trading day that ends on the expiration date of the exercise period;
  - (2) A government bond futures call option whose exercise price is lower than the settlement price of the underlying government bond futures contract on the trading day that ends on the expiration date of the exercise period.
3. Where OSE deems it inappropriate to consider that notification of exercise of options has been given pursuant to the provisions of the main clause of the preceding paragraph due to any malfunction in the operation of the trading systems or any other unavoidable reason, such provisions of the main clause in the same paragraph shall not apply.
4. In cases where a Government Bond Futures, etc. Non-Clearing Participant gives notification of an exercise of options as prescribed in Paragraph 1 (including cases where notification is deemed to have been given pursuant to the provisions in Paragraph 2), OSE shall receive from JSCC a notice of details about the exercise of options pertaining to such notification.
5. If a customer notifies a Designated Government Bond Futures, etc. Clearing Participant of an exercise of options specified in Paragraph 1 (including cases where an exercise of options is deemed to have been notified pursuant to the provisions of Paragraph 2 and notification has been made that options will not be exercised) pursuant to the provisions of Rule 14-2-2, Paragraph 1 of the Brokerage Agreement Standards, a Remote Trading Participant must establish an arrangement to enable its awareness of the status of notification of exercise of options by the customer.

#### **Rule 18-4. Notice Concerning Assignment of Exercise of Options**

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

**Rule 18-5. Handling of Government Bond Futures Transactions Resulting from Exercise of Clearing Brokerage Short Positions or Long Positions**

In cases where a government bond futures transaction that is carried out as a result of exercising a government bond futures option pertains to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions, the Regulations shall apply to said transactions by deeming that said transactions are executed based on entrustment of brokerage for clearing of securities, etc.

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

Where a government bond futures options transaction based on entrustment of brokerage for clearing of securities, etc. is executed, a Government Bond Futures, etc. Non-Clearing Participant shall pay/receive the option premium to/from the Designated Government Bond Futures, etc. Clearing Participant. In this case, the paying Government Bond Futures, etc. Non-Clearing Participant shall make payment to the Designated Government Bond Futures, etc. Clearing Participant no later than the date and time specified by the Designated Government Bond Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

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

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who belong to the same corporate group as the Remote Trading Participant; the same shall apply hereinafter in this rule and the following rule) and its Designated Clearing Participant, said Remote Trading Participant may cause the payment/receipt of option premium prescribed in the preceding rule pertaining to trades entrusted by the customer to be carried out between said customer and the Designated Clearing Participant.
2. If such a customer has made payment/receipt of option premium to/from the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such payment/receipt of option premium shall be deemed as the payment/receipt of option premium pursuant to the preceding rule.

**Rule 18-8. Awareness of Status of Payment/Receipt of Option Premium Pertaining to Customer of Remote Trading Participant**

A Remote Trading Participant that has made an agreement prescribed in Paragraph 1 of the preceding rule must establish an arrangement to enable its awareness of the status of payment/receipt of option premium between the customer and the Designated Clearing Participant pertaining to the agreement.

### Section 3 Settlement of Index Options

**Rule 19. Notification of Close-out Quantity, etc.**

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

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

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

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

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

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

**Rule 22. Notice Concerning Assignment of Exercise of Options**

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

**Rule 23. Handling of Transactions Resulting from Exercise of Clearing Brokerage Short Positions or Clearing Brokerage Long Positions**

In cases where a transaction that is carried out as a result of exercising an index option pertains to Clearing Brokerage Short Positions or Clearing Brokerage Long Positions, the Regulations shall apply to said transactions by deeming that said transactions are executed based on entrustment of brokerage for clearing of securities, etc.

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

When an exercise of Clearing Brokerage Short Positions or Clearing Brokerage Long Positions in index options has been carried out, an Index Futures, etc. Non-Clearing Participant shall pay/receive to/from its Designated Index Futures, etc. Clearing Participant the amount of money equivalent to the difference between the exercise price and the option settlement price. In such cases, the paying Index Futures Non-Clearing Participant shall make said payment to the Designated Index Futures, etc. Clearing Participant no later than the date and time designated by the Designated Index Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

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

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

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

A Remote Trading Participant that has made an agreement prescribed in Paragraph 1 of the preceding rule must establish an arrangement to enable its awareness of the status of payment/receipt of money between the customer and the Designated Clearing Participant pertaining to the agreement.

**Section 3-2 Settlement of Commodity Futures Options****Rule 24-4. Notification of Close-out Quantity, etc.**

For each issue of commodity futures options, a Commodity Futures, etc. Non-Clearing Participant shall notify its Designated Precious Metal Futures, etc. Clearing Participant of the close-out quantity and the quantity of resale and repurchase in the event that a resale or a repurchase is executed for

each account managed by the Designated Precious Metal Futures, etc. Clearing Participant prescribed in the Business Rules of JSCC, no later than the date and time designated by the Designated Precious Metal Futures, etc. Clearing Participant that is before the cut-off time specified by JSCC; provided, however, that this shall not apply in cases where the Designated Precious Metal Futures, etc. Clearing Participant is already aware of the information to be notified, or the Precious Metal Futures, etc. Clearing Participant has made such a notification to JSCC pursuant to the rules of JSCC.

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

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

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

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

of the following items on the exercise date shall be deemed to have been given even if such notification of option is not given by the cut-off time on the day prescribed in the same paragraph; provided, however, that this shall not apply in cases where a customer or a Commodity Futures, etc. Non-Clearing Participant gives notice to the effect that no exercise of options will be carried out by said cut-off time:

- (1) A commodity futures put option whose exercise price exceeds the option settlement price;
  - (2) A commodity futures call option whose exercise price is lower than the option settlement price.
4. In cases where a Commodity Futures, etc. Non-Clearing Participant gives notification of an exercise of options specified in Paragraph 1 (including the case where it is deemed that notification of an exercise of options is given pursuant to the preceding paragraph), OSE shall receive from JSCC a notice of details of the exercise pertaining to such a notification.
5. If a customer notifies a Designated Precious Metal Futures, etc. Clearing Participant of an exercise of options specified in Paragraph 1 (including cases where an exercise of options deems to have been notified pursuant to the provisions of Paragraph 3 and notification that options will not be exercised has been made) pursuant to the provisions of Rule 14-2-2, Paragraph 1 of Brokerage Agreement Standards, a Remote Trading Participant shall establish an arrangement to enable its awareness of the status of the notification of exercise of options by the customer.

#### **Rule 24-7. Notice Concerning Assignment of Exercise of Options**

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

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

When an exercise of Clearing Brokerage Short Positions or Clearing Brokerage Long Positions in commodity futures options has been carried out, a Commodity Futures, etc. Non-Clearing Participant shall pay/receive to/from its Designated Precious Metal Futures, etc. Clearing Participant the amount of money equivalent to the difference between the exercise price and the option settlement price. In such cases, the paying Commodity Futures Non-Clearing Participant shall make said payment to the Designated Precious Metal Futures, etc. Clearing Participant by the date and time designated by the Designated Precious Metal Futures, etc. Clearing Participant that is before the settlement cut-off time specified by JSCC.

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

1. If a Remote Trading Participant has agreed in advance with its customer (limited to those who

belong to the same corporate group as the Remote Trading Participant; the same shall apply hereinafter in this rule and the following rule) and its Designated Precious Metal Futures, etc. Clearing Participant, it may cause the payment/receipt of option premium prescribed in Rule 24-5 pertaining to trades entrusted by the customer and payment/receipt of money prescribed in the preceding rule to be carried out between said customer and the Designated Precious Metal Futures, etc. Clearing Participant.

2. If a customer has made payment/receipt of money to/from the Designated Precious Metal Futures, etc. Clearing Participant pursuant to the provisions of the preceding paragraph, such payment/receipt of money shall be deemed as the payment/receipt of money pursuant to the provisions of Rule 24-5 or the preceding rule.

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

A Remote Trading Participant that has concluded an agreement prescribed in Paragraph 1 of the preceding rule must establish an arrangement to enable its awareness of the status of payment/receipt of money between the customer and the Designated Precious Metal Futures, etc. Clearing Participant pertaining to the agreement.

**Rule 25. Deleted.**

**Rule 26. Deleted.**

**Rule 27. Deleted.**

**Rule 28. Deleted.**

**Rule 29. Deleted.**

**Rule 30. Deleted.**

**Chapter 4**

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

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

Matters concerning clearing margin and transfer of unsettled contracts pertaining to trading of government bond futures, interest rate futures, index futures, securities options, government bond futures options, index options, commodity futures and commodity futures options (hereinafter referred to as "Futures/Options Trading") shall be governed by the Rules on Margin and Transfer of Unsettled Contracts Pertaining to Futures/Options Trading.

**Chapter 5**

**Treatment of Unsettled Contracts**

## Section 1

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

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

In cases where a Trading Participant that is a Non-Clearing Participant (meaning a Non-Clearing Participant prescribed in Rule 24, Paragraph 8 of the Trading Participant Regulations; the same shall apply hereinafter) newly obtains a clearing qualification (meaning Government Bond Futures, etc. Clearing Qualification, Index Futures, etc. Clearing Qualification, Precious Metal Futures, etc. Clearing Qualification, Rubber Futures, etc. Clearing Qualification, Agricultural Product Futures, etc. Clearing Qualification or Petroleum Futures, etc. Clearing Qualification; the same shall apply hereinafter), unsettled contracts of said Trading Participant (limited to those pertaining to said clearing qualification) based on entrustment of brokerage for clearing of securities, etc. shall, from the time the clearing qualification is obtained, be deemed to be market derivatives transactions under the name of said Trading Participant.

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

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

## Section 2

### **Treatment of Unsettled Contracts in Cases of Suspension of Market Derivatives Trading or**

**Suspension of Entrustment of Brokerage for Clearing of Securities, etc.****Rule 34. Measures Against Trading Participants that are Suspended from Market Derivatives Trading by Application or Notification for Waiver of Trading Qualification**

If OSE suspends market derivatives trading (excluding trades based on entrustment of brokerage for clearing of securities, etc.; the same shall apply hereinafter in this section) or entrustment of brokerage for clearing of securities, etc. for a Trading Participant that has applied for waiver of a trading qualification (meaning an applicant for a change in type of Commodity Futures, etc. Trading Participant as per the provisions of Rule 35-2, Paragraph 1 of the Trading Participant Regulations, or a Commodity Futures, etc. Trading Participant who has notified OSE of a deletion of classification as per the provisions of Rule 35-3, Paragraph 1 of the Trading Participant Regulations; the same shall apply in this rule) in accordance with the provisions of Rule 35, Paragraph 1, Rule 35-2, Paragraph 1 or Rule 35-3, Paragraph 1 of the Trading Participant Regulations, OSE may cause said applicant to transfer its market derivatives transactions or transactions based on entrustment of brokerage for clearing of securities, etc. and unsettled contracts related thereto on the OSE markets to another Trading Participant or to make other arrangements that OSE deems necessary.

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

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

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

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

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

1. In the event that OSE suspends a Trading Participant from trading of market derivatives or entrustment of brokerage for clearing of securities, etc. on the OSE markets in accordance with the provisions of Rule 43, Paragraph 3 of the Trading Participant Regulations, or suspends a Trading Participant from trading of market derivatives as a result of being subject to revocation of its clearing qualification or suspension from assumption of obligations (limited to suspension from assumption of obligations as a result of making a public notice of insolvency or abolition of financial instruments business, or of breaching improvement instructions (meaning instructions for improvement of its position holding pursuant to the provisions of Business Rules of JSCC; the same shall apply hereinafter)) under the Business Rules of JSCC in accordance with the provisions of Rule 47, Paragraph 1 of the Trading Participant Regulations, OSE may cause such Trading Participant to transfer its market derivatives transactions or transactions based on entrustment of brokerage for clearing of securities, etc. and unsettled contracts related thereto on the OSE markets to another Trading Participant or to make other arrangements that OSE

deems necessary.

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

**Rule 37. Measures Against Non-Clearing Participants in Cases where a Designated Clearing Participant has its Clearing Qualification Waived**

1. In the event that OSE suspends a Trading Participant that is a Non-Clearing Participant from entrustment of brokerage for clearing of securities, etc. in accordance with the provisions of Rule 48, Paragraph 1 of the Trading Participant Regulations as a result of the Designated Clearing Participant of such Non-Clearing Participant being subject to revocation of its clearing qualification or suspension from assumption of obligations (limited to suspension from assumption of obligations as a result of making a public notice of insolvency or abolition of financial instruments business, or of breaching improvement instructions) under the Business Rules of JSCC, OSE may cause such Trading Participant that is a Non-Clearing Participant to transfer its market derivatives transactions, transactions based on entrustment of brokerage for clearing and unsettled contracts related thereto on the OSE markets to another Trading Participant or to make other arrangements that OSE deems necessary.
2. The provisions of Rule 35, Paragraph 3 shall apply mutatis mutandis in cases where OSE causes a Trading Participant to make the arrangement pursuant to the preceding paragraph.

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

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

**Section 2-2**

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

**Rule 39. Transfer of Unsettled Contracts in Cases where a Trading Participant that is a**

**Government Bond Futures, etc. Clearing Participant, Index Futures, etc. Clearing Participant, Precious Metal Futures, etc. Clearing Participant, Rubber Futures, etc. Clearing Participant, Agricultural Product Futures, etc. Clearing Participant or Petroleum Futures, etc. Clearing Participant Receives an Improvement Instruction**

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

**Section 3**

**Transfer of Unsettled Contracts in Cases of Company Split or Transfer of Business**

**Rule 40. Transfer of Unsettled Contracts in Cases of Company Split or Transfer of Business**

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

**Chapter 6**

**Miscellaneous Provisions**

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

1. If OSE considers that the settlement by Non-Clearing Participants of market derivatives transactions based on entrustment of brokerage for clearing of securities, etc. on the OSE markets is impossible or extremely difficult due to a natural disaster, extreme change in the economic

situation, supply shortage or other unavoidable reason, OSE may stipulate new settlement conditions for such transactions by resolution of the Board of Directors.

2. If OSE stipulates settlement conditions therefor pursuant to the preceding paragraph, Non-Clearing Participants must follow such stipulations.
3. In the cases enumerated in Paragraph 1, OSE may stipulate new settlement conditions without resolution of the Board of Directors when urgently necessary.

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

Where OSE deems that it is difficult for a Government Bond Futures, etc. Non-Clearing Participant to carry out settlement by physical delivery of physically delivered futures transactions based on the entrustment of brokerage for clearing of securities, etc. in view of the status of short or long positions, etc., OSE may take measures for changing the securities of deliverable grade or delivery date for such physically delivered futures.

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

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

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

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

**Supplementary Provisions**

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

**Supplementary Provisions**

1. These revisions shall take effect on March 4, 2024.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on March 24, 2024 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.

**Supplementary Provisions**

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

**Supplementary Provisions**

1. These revisions shall take effect on April 13, 2026.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on April 13, 2026 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.