

Brokerage Agreement Standards

(As of April 1, 2025)

Osaka Exchange, Inc.

Chapter 1

General Provisions

Rule 1. Purpose

1. Agreements concerning brokerage of market derivatives transactions (meaning "market derivatives transactions" 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") (excluding brokerage for clearing of securities, etc.) on financial instruments exchange markets established by Osaka Exchange, Inc. (hereinafter referred to as "OSE") shall be as specified in these Standards; provided, however, that matters concerning exchange foreign exchange margin trading (meaning, among that referred to in Rule 2, Paragraph 21, Item 2 of the Act, trading relating to the price of currency) shall be governed by these Standards and the Special Rules for Business Regulations and Brokerage Agreement Standards Relating to Exchange Foreign Exchange Margin Trading.
2. Amendments to these Standards shall be made by resolution of the Board of Directors; provided, however, that this shall not apply in cases of minor amendments.

Rule 2. Duty to Comply with Standards

Customers and Trading Participants (meaning Futures, etc. Trading Participants prescribed in Rule 2, Paragraph 2 of the Trading Participant Regulations, Government Bond Futures, etc. Trading Participants prescribed in Paragraph 3 of the same rule, and Commodity Futures, etc. Trading Participants prescribed in Paragraph 4 of the same rule; the same shall apply hereinafter) shall peruse these Standards and agree to comply therewith in executing all transactions.

Rule 3. Definitions of Terms

1. The meanings of the terms used in the Business Regulations shall apply to these Standards.
2. The meanings of the terms pertaining to cross margining used in these Standards shall be as prescribed in the Business Rules of Japan Securities Clearing Corporation (hereinafter referred to as "JSCC"), unless otherwise prescribed in these Standards.

Chapter 2

Conditions for Acceptance of Entrustment of Market Derivatives Trading, etc.

Rule 4. Matters to be Notified by Customer

A customer who entrusts market derivatives trading with a Trading Participant shall notify such Trading Participant in advance of the matters referred to in the following items:

- (1) Name or business name
- (2) Address or location of office
- (3) If a specific place for receiving communications is stipulated, said place
- (4) If an agent is appointed, the name or business name, and the address or location of office thereof as well as the powers assigned thereto.

Rule 5. Setting Up Futures/Options Trading Account

1. When a customer intends to set up a futures/options trading account upon entrustment of market derivatives trading, such customer shall make an application to a Trading Participant and obtain its approval.
2. When a customer has obtained the approval of a Trading Participant for the application referred to in the preceding paragraph, the customer shall give consent to the details of the Agreement for Setting up Futures/Options Trading Account in the form specified by OSE through either of the following means (if a customer requests to give said consent through the means referred to in Item 1, said means) designated by the Trading Participant. In such cases, when the customer uses the English version of the Agreement for Setting up Futures/Options Trading Account, the customer shall obtain consent from the Trading Participant.
 - (1) Submission of the Agreement for Setting up Futures/Options Trading Account by completing the prescribed matters with signature and/or seal thereon; or
 - (2) Notification through electromagnetic means (meaning means using an electronic data processing system or any other communications technologies that are similar to the means stipulated in Article 57-3 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Order No.52 of 2007); the same shall apply in Paragraph 4 and Article 26, Paragraph 3) of the consent to the details of the Agreement for Setting up Futures/Options Trading Account.
3. For the application of the provisions of the preceding two paragraphs to a case where market derivatives trading that the customer intends to entrust pertains to give-up, the term "Trading Participant" shall be read as "Order Execution Trading Participant and Clearing Execution Trading Participant"; provided, however, that if the customer intends to entrust market

derivatives trading pertaining to the give-up pursuant to the provisions of Paragraph 3 of the following rule, the customer of the Order Execution Trading Participant shall set up a futures/options trading account with said Order Execution Trading Participant, and the customer of the Clearing Execution Trading Participant shall set up a futures/options trading account with said Clearing Execution Trading Participant.

4. A Trading Participant that intends to obtain consent pursuant to the provisions of Paragraph 2 (including the case where the term "Trading Participant" is read as "Order Execution Trading Participant and Clearing Execution Trading Participant" in the preceding paragraph) through means referred to in Item 2 of the same paragraph shall satisfy either of the following requirements:
 - (1) It presents this fact and the type and details of the electromagnetic means to the customer in advance and has obtained prior consent from the customer regarding the customer's receipt of information pursuant to the provisions of Paragraph 2 through means referred to in Item 2 of the same paragraph, where consent is given through physical documents or electromagnetic means; or
 - (2) It notifies the customer in advance of this fact and the following matters:
 - a. Type and details of electromagnetic means; and
 - b. That said customer may request to give consent to the Trading Participant through means referred to in Item 1 of Paragraph 2.

Rule 6. Conclusion of Agreement Pertaining to Give-up

1. If a customer intends to entrust market derivatives trading pertaining to give-up, such customer shall conclude a three-party agreement concerning acceptance of entrustment of market derivatives trading pertaining to give-up with the Order Execution Trading Participant and the Clearing Execution Trading Participant.
2. The agreement referred to in the preceding paragraph shall stipulate the matters enumerated in the following items:
 - (1) The amount of the brokerage commission, the party collecting it and the method of collection thereof.
 - (2) Handling in the case where a notification referred to in Rule 44, Paragraph 1, Item 2 of the Business Regulations is received (including where a notification referred to in Paragraph 1, Item 2 of the same rule is deemed to have been received pursuant to the provisions of Paragraph 2 of the same rule).
3. Notwithstanding the provisions of Paragraph 1, in the case where the customer of the Order

Execution Trading Participant or the customer of the Clearing Execution Trading Participant is a trading broker (meaning the customer in the case where the customer entrusting market derivatives trading to the Order Execution Trading Participant is a financial instruments business operator or foreign securities broker, and where such entrustment is based on brokerage of entrustment of market derivatives trading to the Order Execution Trading Participant; the same shall apply hereinafter in this paragraph) or a settlement broker (meaning the customer in the case where the customer entrusting the settlement of market derivatives to the Clearing Execution Trading Participant is a financial instruments business operator or foreign securities broker, and where such entrustment is based on brokerage of entrustment of settlement of market derivatives trading to the Clearing Execution Trading Participant; the same shall apply hereinafter in this paragraph) and such customer's entrustment of the market derivatives trading pertaining to give-up to the Order Execution Trading Participant or the Clearing Execution Trading Participant is brokerage of entrustment from another party, if such customer has concluded an agreement equivalent to the agreement stipulated in the preceding paragraphs with the parties stipulated in the following items, the Order Execution Trading Participant and the Clearing Execution Trading Participant may accept entrustment of the market derivatives trading pertaining to give-up:

- (1) In the case where the customer of the Order Execution Trading Participant is a trading broker, the said other party and the Clearing Execution Trading Participant (or, where the customer of the Clearing Execution Trading Participant is a settlement broker, the said customer).
- (2) In the case where the customer of the Clearing Execution Trading Participant is a settlement broker, the said other party and the Order Execution Trading Participant (or, where the customer of the Order Execution Trading Participant is a trading broker, the said customer).

Rule 7. Acceptance of Orders from Customers Residing in the United States of America

If a Trading Participant intends to accept orders for securities options trading or index options trading from a customer residing in the United States of America, the Trading Participant shall receive the written confirmation predetermined by OSE stating the matters deemed necessary by OSE from the said customer in advance.

Rule 8. Restrictions on Customer Trading Pertaining to Securities Options

1. Where entrusting securities options trading pertaining to a particular underlying security to Trading Participants (including, where said customer has set up a futures/options trading account with another Trading Participant, said other Trading Participant), customers may not

make orders for new sales or new purchases or resales or repurchases that would bring the volume enumerated in the following items on their own account to more than the limits provided in Paragraph 4. In such cases, if the securities options for said underlying security are available for trading on a financial instruments exchange market established by another domestic financial instruments exchange, the position for said securities options shall include the volumes enumerated in the following items:

- (1) The difference between the total short position and the total long position in securities put options.
 - (2) The difference between the total short position and total long position in securities call options.
 - (3) Where the total short position exceeds the total long position in one of the differences referred to in the preceding two items and the total long position exceeds the total short position in the other, the amount of the difference in Item 1 added to the difference in the preceding item.
2. Notwithstanding the provisions of each item of the preceding paragraph, in the cases referred to in each of the following items, the volume specified in the relevant item shall be deducted from the volume specified in each of the items of the preceding paragraph.
 - (1) Where said underlying securities are owned, or in other cases, if OSE considers that risks that may arise due to changes in the price of said underlying securities are eliminated or reduced with respect to some or all of the volume referred to in the preceding paragraph:

Said portion or all of the volume
 - (2) Where securities options are traded which are based on said underlying securities and for which exercise will cause money to be paid/received based on the difference between the exercise price and the actual price:

Volume of positions for said securities options
3. Where the customer is a financial instruments business operator that is a member of the Japan Securities Dealers Association or a foreign company that carries out business similar to financial instruments business in a foreign country and said customer declares to OSE through the Trading Participant that the orders for securities options trading pertaining to said customer are for the account of two (2) or more parties and OSE accepts this, the provisions of Paragraph 1 shall not apply. In such cases, said customer may not entrust to the Trading Participant new sales or new purchases or resales or repurchases that would bring the volume described in Paragraph 1 for the said customer's own account (or, where the preceding paragraph applies, this volume less the volume stipulated in that Paragraph; the same shall apply hereinafter in this

paragraph), or the volume described in Paragraph 1 on the account of any single party other than said customer to more than the limits provided in the following paragraph.

4. The upper limit prescribed in Paragraph 1 and the preceding paragraph shall be trading units (rounding down the figures less than 100 units) constituting the number of securities equivalent to 1% (0.7% for underlying securities whose total annual trading volume on the financial instruments exchange markets established by the exchange listing the underlying security for a period of one year ending on March 31 (hereinafter in this paragraph referred to as the "base date") (or an amount specified by OSE on a case-by-case basis in consideration of the recent trading volume of the underlying security if the listing date of the underlying security falls later than the day (one business day later if such day falls on a non-business day; the same shall apply hereinafter to instances of "the following day" or "the day after...") after the day corresponding to the base date in the previous year) is less than 10% of the number of listed securities) of the number of listed securities (meaning, if the listing date of the underlying security falls on or after the day following the base date, the number of shares listed as of a date stipulated on a case-by-case basis by OSE, and if, where the position has been adjusted pursuant to the provisions of the Business Rules of JSCC due to a stock split or gratis allotment of shares on the base date, new securities have not been issued, the amount of said new securities is to be added) of the number of listed shares of the underlying security as of the base date, and such upper limit shall be, in principle, valid for a period of one year starting on the base date or later date specified from time to time by OSE.
5. Notwithstanding the provisions of the preceding paragraph, in cases where OSE deems it necessary in view of the circumstances in which there was a change in the position pursuant to the Business Rules of JSCC, the current status of trading in the underlying security, etc., OSE may determine the upper limit on a case-by-case basis in consideration of the number of listed shares of the underlying security, trading units, and other matters.

Rule 8-2. Restrictions on Customer Trading Pertaining to Commodity Futures

1. Where entrusting trading of commodity futures (excluding cash-settled monthly futures and cash-settled rolling spot futures; the same shall apply in this rule) to Trading Participants (including, where said customer has set up a futures/options trading account with another Trading Participant, said other Trading Participant), customers may not make orders for new sales or new purchases that would bring the respective volume of the total short position and the total long position in said commodity futures to more than the limits specified in Appendix 1.
2. The volume of the total short position and the long position prescribed in the preceding

paragraph shall be the sum of the positions established through entrusting trading or entrusting brokerage of entrustment of trading to those who are referred to in each of the following items.

- (1) Commodity Broker Trading Participants (meaning Commodity Broker Trading Participants prescribed in Item 1, Rule 2-2 of the Trading Participant Regulations)
 - (2) Brokers (meaning those who accept brokerage of entrustment of trading; the same shall apply hereinafter)
 - (3) Foreign securities brokers
 - (4) Foreign commodity futures brokers (meaning foreign commodity futures brokers prescribed in Article 2, Item 2 of the Order for Enforcement of the Commodity Futures and Exchange Act (Cabinet Order No. 280 of 1950); the same shall apply hereinafter.)
3. In the case where a customer holds a volume of positions that exceeds the limit of the positions prescribed in Paragraph 1, said customer shall promptly reduce the volume to be within the limits thereof.
 4. Notwithstanding the provisions of the preceding three paragraphs, for positions held in the OSE markets that satisfy matters specified in Appendix 2 for the purpose of avoiding or reducing the risk of price fluctuation associated with trading, etc. of physical commodities, etc. (hereinafter referred to as "hedge positions"), a volume that exceeds the limits specified in Appendix 1 may be held.
 5. In addition to the provisions of each of the preceding paragraphs, OSE shall prescribe necessary matters concerning restrictions on trading specified in Paragraph 1 and handling of the hedge positions specified in Paragraph 4.

Rule 8-3. Special Treatment for Restrictions on Trading by Brokers Pertaining to Commodity Futures

1. In the case where brokers, foreign securities brokers, or foreign commodity futures brokers (hereinafter referred to as "Brokers") submit, through Trading Participants, a separately specified written oath to OSE, and OSE deems it appropriate, restrictions on trading specified in Paragraph 1 of the preceding rule may be applied to those who have entrusted said Brokers with brokerage of entrustment of trading (hereinafter referred to as "Applicants").
2. Brokers subject to the provisions of the preceding paragraph shall report the positions, etc. specified in Rule 30, Item 1 of the Enforcement Rules for Business Regulations.
3. OSE may cancel the special treatment specified in Paragraph 1 if Brokers fall under any of the following items. In such cases, the Brokers shall promptly reduce the volume to be within the limits of the position specified in Paragraph 1 of the preceding rule.
 - (1) Where the Brokers do not appropriately report positions, etc.

- (2) Where the Brokers do not comply with matters specified by OSE concerning special treatment specified in Paragraph 1
 - (3) Where the Brokers do not comply with matters indicated in the written oath
 - (4) Where OSE deems it necessary based on the market conditions, etc.
4. In the case where OSE has implemented measures in the preceding paragraph, neither the Brokers nor the Applicants may make any objection to OSE.
5. In addition to the provisions of each of the preceding paragraphs, OSE shall prescribe the necessary matters concerning special treatment specified in Paragraph 1.

Rule 8-4. Disposition of Customer's Positions Pertaining to Commodity Futures

With respect to trading entrusted to a Trading Participant, regardless of under whose name they were made, when a customer (including Brokers and Applicants; the same shall apply in this rule) has positions (or a total of the positions if the customer, etc. entrusted, or entrusted brokerage of entrustment to, two (2) or more Trading Participants or Brokers) exceeding or likely to exceed any position limits established by OSE, or is deemed by OSE that they have exceeded such limits, the Trading Participant shall dispose of the excess positions by resale or repurchase in the accounts of the customer in accordance with the instructions of OSE given pursuant to Business Regulations of OSE.

Rule 8-5. Restrictions of Positions by Delivery Payment in Agricultural Products Market

The same customer may not simultaneously deliver and receive actual commodities in delivery of soybean, azuki (red bean), or corn.

Rule 8-6. Restriction on Settlement by Physical Delivery Pertaining to Commodity Futures

For settlement by physical delivery (excluding settlement by physical delivery for TSR in the rubber market and corn in the agricultural product market), a deliverer may make a delivery only if it does so as the qualified invoice issuer (meaning a business issuer of qualified invoice prescribed in Article 2, Paragraph 1, Item 7-2 of the Consumption Tax Act (No. 108 of 1988)).

Rule 9. Instructions when Entrusting Trading

1. A customer who entrusts market derivatives trading with a Trading Participant shall give instruction to such Trading Participant, on each occasion, on the matters referred to in the following items; provided, however, that in the case where the Trading Participant agrees to settle the market derivatives trading in accordance with the method designated in advance by the customer, the instruction referred to in Item 2 shall be deemed to have been given:

- (1) The matters specified for each of the types of market derivatives referred to in a. through f. according to said types
- a. Government bond futures
 - (a) Issue
 - (b) Contract month
 - a-2. Interest rate futures
 - (a) Underlying financial indicator
 - (b) Contract month
 - b. Index futures
 - (a) Underlying index
 - (b) For Nikkei 225 index futures, whether it is a large contract, mini contract, or micro contract
 - (c) For TOPIX index futures, whether it is a large contract or mini contract
 - (d) Contract month
 - b-2. Commodity futures
 - (a) Underlying product
 - (b) For commodity futures pertaining to gold and platinum, whether they are physically delivered futures or cash-settled futures
 - (c) Contract month (for cash-settled rolling spot futures, to that effect)
 - c. Securities options
 - (a) Underlying security
 - (b) Quantity of the underlying security for one (1) trading unit of the securities option
 - (c) Whether it is a securities put option or securities call option
 - (d) Contract month
 - (e) Exercise price
 - d. Government bond futures options
 - (a) Underlying standardized government bond of the government bond futures for which a transaction is carried out as a result of exercising the option
 - (b) Whether it is a government bond futures put option or government bond futures call option
 - (c) Contract month
 - (d) Exercise price
 - e. Index options
 - (a) Underlying index
 - (b) Index put option or index call option
 - (c) For Nikkei 225 index options, whether it is a Nikkei 225 Option or Nikkei 225

mini Option

(d) Contract month

(e) Exercise price

f. Commodity futures options

(a) Underlying commodity

(b) Whether it is a commodity futures put option or commodity futures call option

(c) Contract month

(d) Exercise price

(2) Whether it is a new sale or new purchase, or resale or repurchase

(3) In the case of strategy trading, instruction to that effect

(4) Quantity

(5) Limit of price (or limit of strategy price in the case of strategy trading)

(6) Conditions for validity or executed volume

(7) When adding conditions to bids and offers, the condition

(8) Trading hours

(9) Validity period of entrusted order

(10) In the case where such entrustment is one pertaining to low latency trading (meaning high-speed trading prescribed in Article 2, Paragraph 41 of the Act; the same shall apply hereinafter), to that effect.

2. Notwithstanding the provisions of the preceding paragraph, other than those referred to in each item, where agreed between the customer and the Trading Participant, the customer may give instructions regarding the matter referred to in Item 2 of the preceding paragraph no later than a time stipulated by the Trading Participant that is before 6:30 p.m. on the day on which the trading day on which such transaction is entrusted ends.
3. In the case referred to in the preceding paragraph, if the customer fails to give the instruction referred to in the preceding paragraph to the Trading Participant by the time stipulated in the preceding paragraph, the instruction for a new sale or new purchase shall be deemed to have been given.
4. When a customer entrusts market derivatives trading pertaining to low latency trading, the customer shall give the Trading Participant, for each instance, instruction on the trading strategy specified separately by OSE.

Rule 10. Matters, etc. to be Instructed at Time of Entrustment of Market Derivatives Trading Pertaining to Give-up

1. When a customer entrusts market derivatives trading pertaining to give-up, such customer shall

give the Order Execution Trading Participants instructions enumerated in the following items in addition to the instructions referred to in each Item (excluding Item 2) of Paragraph 1 of the preceding rule on each occasion:

- (1) Instruction to the effect that it is market derivatives trading pertaining to give-up;
 - (2) The name of the Designated Clearing Execution Trading Participant;
 - (3) Matters necessary for the Designated Clearing Execution Trading Participant to determine which customer executed the market derivatives trading pertaining to give-up.
2. Notwithstanding the provisions of the preceding paragraph, where agreed between the customer and the Order Execution Trading Participant and the Designated Clearing Execution Trading Participant, the customer may give the instructions referred to in the preceding paragraph no later than a time designated by the Order Execution Trading Participant that is before 4:45 p.m. on the day on which the trading day on which such transaction is entrusted ends; provided, however, that for market derivatives referred to in the following items, in the event that said day is the last trading day, the customer shall give such instructions for the contract whose last trading day has arrived no later than a time designated by the Order Execution Trading Participant that is before each of the times specified in said items.
 - (1) Government bond futures options
4:00 p.m.
 - (2) Securities options
4:30 p.m.
3. In the event that give-up becomes valid pursuant to the provisions of Rule 42, Paragraph 2 of the Business Regulations, notwithstanding the provisions of the proviso to Paragraph 1 and Paragraph 2 of the preceding Rule, the customer shall give the Clearing Execution Trading Participant instructions enumerated in Paragraph 1, Item 2 of the preceding rule in relation to the newly created transaction of market derivatives pursuant to the provisions of Rule 42, Paragraph 3 of the Business Regulations no later than a time designated by the Clearing Execution Trading Participant that is before 5:15 p.m. on the day on which the trading day on which such transaction is entrusted ends; provided, however, that, for market derivatives referred to in the following items, in the event that said day is the last trading day, the customer shall give such instructions for the contract whose last trading day has arrived no later than a time designated by the Clearing Execution Trading Participant that is before each of the times specified in said items.
 - (1) Government bond futures options
4:30 p.m.

(2) Securities options

4:45p.m.

4. In the event that the market derivatives trading a customer intends to entrust pertains to give-up, the provisions of the proviso to Paragraph 1 of the preceding rule (excluding the term "provided, however, that"; the same shall apply hereinafter) and Paragraph 2 and Paragraph 3 of the same Rule shall apply mutatis mutandis. In such cases, the term "Trading Participant" in the proviso to Paragraph 1, Paragraph 2 and Paragraph 3 shall be read as "Clearing Execution Trading Participant", the terms "Item 2" in the proviso to Paragraph 1, "the preceding paragraph" in Paragraph 2 and "the preceding paragraph" in Paragraph 3 shall be read as "Paragraph 1, Item 2 of the preceding Rule," "Paragraph 1 of the preceding Rule" and "Paragraph 2 of the preceding Rule" respectively.
5. In the event that a sale or purchase of the market derivatives pertaining to give-up is extinguished pursuant to the provisions of Rule 42, Paragraph 3 of the Business Regulations, the entrustment between the customer and the Order Execution Trading Participant with respect to such trading of market derivatives shall be terminated and at the same time, a new entrustment pertaining to settlement shall arise between the customer and the Clearing Execution Trading Participant with respect to the sale or purchase of the market derivatives that newly arises pursuant to the provisions of the same paragraph.

Rule 11. Effectiveness of Customer's Order at Resumption of Trading

A customer's order shall remain effective during the duration of said order instructed by the customer pursuant to the provisions of Rule 9, Paragraph 1, Item 9 even in the event that OSE suspends trading in market derivatives in said period (including cases where OSE has canceled the validity of a bid or offer pertaining to said customer's order); provided, however, that this shall not apply if the Trading Participant and the customer have made a prior arrangement that the order is canceled in such an event, or the customer has given such an instruction.

Rule 11-2. Handling of Customer's Order Where OSE has Canceled Validity of Bid/Offer Pertaining to Customer's Order

When OSE has canceled the validity of a bid or offer pertaining to a customer's order, a Trading Participant shall resubmit a bid or offer pertaining to said order; provided, however, that the same shall not apply in cases where the Trading Participant and the customer have made a prior arrangement that differs from the above, the customer has given an instruction, or the customer's order has been cancelled..

Rule 11-3. Instructions When Entrusting Trading Pertaining to Government Bond Futures for Which Transactions are Carried Out as a Result of Exercising Options, etc.

1. A customer who has entrusted with a Trading Participant exercise of a government bond futures option or a customer to whom exercise thereof has been assigned shall at each occasion give the Trading Participant an instruction specified in Rule 9, Paragraph 1, Item 2 with respect to each government bond futures contract for which a transaction is carried out as a result of exercising the option.
2. The provisions of the proviso to Rule 9, Paragraph 1 shall be applied mutatis mutandis to the instructions prescribed in Paragraph 1, Item 2 of the same rule pertaining to the government bond futures for which transactions are carried out as a result of exercising the option.
3. Notwithstanding the provisions of Paragraph 1, a customer may, with a prior agreement with a Trading Participant, give the instruction referred to in Rule 9, Paragraph 1, Item 2 pertaining to government bond futures for which transactions are carried out as a result of exercising an option by the cut-off time which the Trading Participant specifies no later than 6:50 p.m. of the day on which the trading day when the transaction was executed ends. In such cases, if the customer fails to give any instruction pertaining to the relevant matters by the designated time, it shall be deemed that the customer has given an instruction for a new sale or purchase.

Rule 11-4. Instructions When Entrusting Trading Pertaining to Trading of Market Derivatives Executed Through Position Transfer, etc.

1. Notwithstanding the provisions of Rule 9, with respect to trading of market derivatives executed through a position transfer, a customer shall give instructions per contract of market derivatives only for the matters referred to in Paragraph 1, Item 2 of the same rule pertaining to sales or purchases of market derivatives by the cut-off time which the Trading Participant specifies no later than 4:30 p.m. of the day on which the trading day when the position transfer was executed ends. In such cases, if the customer fails to give such instruction by the time designated by the Trading Participant, it shall be deemed that the customer has given an instruction for a new sale or purchase.
2. The provisions of the proviso to Rule 9, Paragraph 1 shall be applied mutatis mutandis to the instruction prescribed in the preceding paragraph pertaining to trading of market derivatives executed through position transfer.
3. Notwithstanding the provisions of Rule 10 and the preceding two paragraphs, in cases where a customer conducts a give-up for trading of market derivatives executed through a position transfer, the customer shall give instructions with respect to the matters referred to in each item of Paragraph 1 of the same rule to an Order Execution Trading Participant by the cut-off time

which such Order Execution Trading Participant specifies no later than 4:00 p.m. of the day on which the trading day when the transaction pertaining to the give-up was executed ends.

4. The provisions of Rule 10, Paragraphs 3 and 4 shall be applied mutatis mutandis to the instructions on the matters referred to in Rule 9, Paragraph 1, Item 2 given by the customer of the Clearing Execution Trading Participant who conducted give-up for trading of market derivatives executed through a position transfer.

Rule 11-5. Notification of the Transactions Details from OSE

A Customer shall entrust market derivatives trading to a Trading Participant with an understanding that OSE notifies the Trading Participant of the details of a transaction executed at OSE pursuant to the provisions of Rule 31, Paragraph 1 of the Business Regulations, and that if there is a delay in, absence of, or other deficiency in said notification, OSE will renotify the Trading Participant of the details of the executed transaction pursuant to Paragraph 3 of the same rule.

Chapter 3

Margin, etc.

Rule 12. Margin

Matters concerning margin shall be governed by the Rules on Margin and Transfer of Unsettled Contracts Pertaining to Futures/Options Trading (hereinafter referred to as the "Margin Rules").

Chapter 4

Exercise Options by Customer

Rule 13. Instruction to Exercise Securities Options

1. Where a customer entrusts the exercise of securities options, said customer shall give instructions on the amount pertaining to exercising each issue (except for the issues falling under the cases prescribed in the following items) to its Trading Participant by 4:30 p.m. on the exercise date; provided, however, that for securities options trading executed on the J-NET Market after the end of the trading session on the exercise date or securities options trading pertaining to give-up executed on the exercise date, the instructions to the Trading Participant shall be made no later than 4:45 p.m.
 - (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, 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, the exercise price is at the option settlement price or higher.
2. With respect to an issue which falls under any of the following items on the exercise date, it shall be deemed that the instructions referred to in the preceding two paragraphs were given even if such instructions were not given by the time prescribed in the preceding two paragraphs; provided, however, that this shall not apply when the customer has given an instruction that such customer will not exercise the option pertaining to such issue 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.
3. Where OSE deems it inappropriate to consider that instructions on an exercise were 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.

Rule 13-2. Instruction to Exercise Government Bond Futures Options

1. Where a customer entrusts the exercise of government bond futures options, said customer shall give instructions on the amount pertaining to the exercise of each issue to its Trading Participant by 4:00 p.m. of the day of the exercise.
2. With respect to an issue which falls under any of the following items on the expiration date of the exercise period, it shall be deemed that the instructions referred to in the preceding paragraph were given even if such instructions were not given by the time prescribed in the same paragraph on that day; provided, however, that this shall not apply when the customer has given an instruction that such customer will not exercise the option pertaining to such issue by said cut-off time.
- (1) A government bond futures put option whose exercise price exceeds the settlement price (meaning a price determined by JSCC as the settlement price of the government bond futures; the same shall apply hereinafter) of the underlying government bond futures contract as of 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 as of the trading

day that ends on the expiration date of the exercise period.

3. Where OSE deems it inappropriate to consider that instructions on an exercise were given pursuant to the provision 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.

Rule 14. Instruction to Exercise Index Options

1. Where a customer entrusts an exercise of index options, said customer shall give instructions on the amount pertaining to the exercise of each issue (except for the issues falling under the cases prescribed in the following items) to its Trading Participant by 4:00 p.m. on the exercise date:
 - (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.
2. With respect to an issue which falls under any of the following items, it is deemed that the instructions referred to in the preceding paragraph were given even if such instructions were not given by the time prescribed in the same paragraph; provided, however, that this shall not apply when the customer has given an instruction that said customer will not exercise the options pertaining to said issue by said 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.

Rule 14-2. Instruction to Exercise Commodity Futures Options

1. Where a customer entrusts the exercise of commodity futures options, said customer shall give instructions on the amount pertaining to the exercise of each issue (except for the issues falling under the cases prescribed in the following items) to its Trading Participant by 4:00 p.m. of the day of the exercise.
 - (1) A commodity futures put option whose exercise price is at the option settlement price or lower
 - (2) A commodity futures call option whose exercise price is at the option settlement price or higher
2. With respect to an issue which falls under any of the following items on the exercise date, it shall be deemed that the instructions referred to in the preceding paragraph were given even if such instructions were not given by the time prescribed in the preceding paragraph on said day; provided, however, that this shall not apply when the customer has given an instruction that said customer will not exercise the option pertaining to said issue 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

3. Where OSE deems it inappropriate to consider that instructions on an exercise were 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.

Rule 14-2-2. Special Provisions for Instruction to Exercise Options

1. If a customer (limited to customers of a Remote Trading Participant (meaning Remote Trading Participants prescribed in Rule 3, Paragraph 3 of the Trading Participant Regulations; the same shall apply hereinafter) that belong to the same corporate group (meaning the corporate group prescribed in Article 5, Paragraph 1, Sub-item 2 of the Act; the same shall apply hereinafter) as the Remote Trading Participant; the same shall apply in this rule) has agreed in advance with the Trading Participant that is a Non-Clearing Participant and its Designated Clearing Participant, such customer may give instruction to exercise or not exercise options prescribed in Rule 13 through Rule 14-2 (hereinafter referred to as "instruction to exercise options, etc." in this rule) to the Designated Clearing Participant in place of the Trading Participant.
2. If a customer has given instruction to exercise options, etc. to the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such instruction shall be deemed to be the instructions to exercise options, etc. prescribed in Rules 13 through Rule 14-2.
3. A customer that gives instruction to exercise options, etc. pursuant to the provisions of Paragraph 1 must report the status of such instructions to exercise options, etc. to the Remote Trading Participant according to the instructions of the Remote Trading Participant.

Chapter 5

Settlement by Customer, etc.

Section 1

Settlement by Customer Pertaining to Positions on Government Bond Futures

Rule 14-2-3. Money to be Paid/Received for Settlement

1. The amount of money (excluding the delivery payment computed pursuant to the provisions of Rule 14-7 in the case where a customer settles the positions by physical delivery) to be paid/received between a customer and a Trading Participant for settling positions on physically

delivered futures shall be determined as follows: if the customer conducts the settlement by executing a resale or repurchase, the amount shall be the sum of the amount obtained by multiplying the difference between the contract price of said customer's unsettled contracts relevant to such resale or repurchase and the contract price of the resale or repurchase by JPY 1,000,000 (one million) (or JPY 100,000 (one hundred thousand) in case of physically delivered futures pertaining to standardized super long-term government bonds); or, if the customer settles the positions by physical delivery, the amount shall be the sum of the amount obtained by multiplying the difference between the contract price of said customer's unsettled contracts and the delivery price (meaning the price used as a basis for the computation of the delivery payment; the same shall apply in this section) by JPY 1,000,000 (one million) (or JPY 100,000 (one hundred thousand) in case of physically delivered futures pertaining to standardized super long-term government bonds). In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said average value may be used for the contract price as specified by OSE.

2. The amount of money to be paid/received between a customer and a Trading Participant for settling positions on cash-settled futures shall be the amount equivalent to the difference between A and B below, where the customer settles the cash-settled futures positions by resale or repurchase, or the difference between C and D below, where an unsettled contract based on entrustment from the customer is settled by final settlement:

A: The contract figure pertaining to unsettled contracts based on entrustment from the customer which correspond to said resale or repurchase

B: The contract figure pertaining to said resale or repurchase

C: The contract figure pertaining to unsettled contracts based on entrustment from the customer

D: The final settlement price

In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said average value may be used for the contract price as specified by OSE.

3. In cases where a customer settles positions on government bond futures, in the event that a

customer incurs a loss, the customer shall pay the Trading Participant the amount of money equivalent to the amount of said loss. In such cases, if the customer settles the positions through resale or repurchase, such payment shall be made by the date and time designated by the Trading Participant which is no later than the day after the trading day on which the resale or repurchase was effected ends; provided, however, that if the customer is a "non-resident" (meaning a non-resident prescribed in Article 6, Paragraph 1, Item 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949); the same shall apply hereinafter in this chapter), the payment shall be made by the date and time designated by the Trading Participant which is no later than the third (3rd) day (excluding non-business days; the same shall apply hereinafter in terms of calculating the date) counting from the day on which said trading day ends. If the customer intends to settle the positions by physical delivery for physically delivered futures, such payment shall be made by the date and time designated by the Trading Participant which is no later than the day after the last trading day (or the third (3rd) day counting from said last trading day, if the customer is a non-resident) of the relevant contracts. If the customer intends to conduct final settlement for positions of cash-settled futures, such payment shall be made by the date and time designated by the Trading Participant which is no later than the final settlement date (or the day after the final settlement date if the customer is a non-resident) of said contracts.

Rule 14-3. Appropriation of Margin for Payment of Settlement

For a payment that should be made by a customer to a Trading Participant pursuant to the provisions of Paragraph 3 of the preceding rule, said Trading Participant may appropriate the amount of money submitted or deposited by the customer as margin as of the day on which the customer should make the payment to said Trading Participant, or the amount of money equivalent to said customer's unrealized gain as prescribed in the Margin Rules.

Rule 14-4. Deliverable Bonds

For settling positions on physically delivered futures established through trading between a customer and a Trading Participant by physical delivery, government bonds referred to in each of the following items shall be treated as deliverable grade securities:

- (1) For standardized mid-term government bonds, coupon-bearing government bonds with remaining maturity of 4 years or more but less than 5 years and 3 months both on the issuance date and the delivery date, and whose issuance date falls in a month that is three or more months prior to the month in which the delivery date falls.
- (2) For standardized long-term government bonds, coupon-bearing government bonds with

remaining maturity of 7 years or more but less than 11 years both on the issuance date and the delivery date, and whose issuance date falls in a month that is three or more months prior to the month in which the delivery date falls.

- (3) For standardized super long-term government bonds, coupon-bearing government bonds with remaining maturity of 19 years and 3 months or more but less than 21 years both on the issuance date and the delivery date, and whose issuance date falls in a month that is four or more months prior to the month in which the delivery date falls.

Rule 14-5. Computation of Conversion Factors between Deliverable Bonds and Standardized Government Bonds

In cases where a customer settles positions on physically delivered futures by physical delivery, the conversion factors between the deliverable bonds and the standardized government bonds shall be computed in accordance with the "Table for Computation of Conversion Factors between Deliverable Bonds and Standardized Government Bonds" appended to the Business Regulations.

Rule 14-6. Deleted.

Rule 14-7. Method of Computation of the Delivery Payment

1. The delivery payment to be paid/received between a customer and a Trading Participant for settlement by physical delivery for positions on physically delivered futures shall be the amount obtained by multiplying the product of the delivery price of the contract and the conversion factor calculated pursuant to the provisions of Rule 14-5 for the deliverable bond designated by the customer who entrusted the sale (hereinafter referred to as the "Selling Customer") or the deliverable bond designated by the Trading Participant for each customer who entrusted the purchase (hereinafter referred to as the "Purchasing Customer") by 1/100 (one hundredth) of the total amount of face value of such deliverable bond.
2. Accrued interest to be paid/received in settlement by physical delivery shall be added to the delivery payment which is computed pursuant to the provisions of the preceding paragraph.

Rule 14-8. Combination of Deliverable Grade Securities

The Selling Customer shall be granted an option to combine deliverable grade securities for each deliverable bond in integral multiples of the trading unit.

Rule 14-9. Notification of Deliverable Grade Securities

A Selling Customer who settles positions on physically delivered futures by physical delivery shall notify the Trading Participant of the issues of government bonds to be used for the settlement by physical delivery and the quantity thereof by the date and time designated by the Trading Participant as necessary to carry out the settlement by physical delivery.

Rule 14-10. Delivery/Payment Cut-off Time for Customer

For settling positions on physically delivered futures by physical delivery, a customer shall deliver government bonds sold by said customer or pay the purchase considerations to the Trading Participant by the date and time designated by the Trading Participant as necessary for settling the positions on physically delivered futures by physical delivery.

Rule 14-11. Delivery by Book-entry Transfer

When a Trading Participant settles positions on physically delivered futures with a customer by physical delivery, the Trading Participant shall, by establishing an account for the customer pursuant to the Act on Book-Entry of Corporate Bonds and Shares (Act No. 75 of 2001; hereinafter referred to as the "Book-Entry Act"), deliver or receive government bonds pertaining to said customer's purchase or sale by book-entry transfer through such account; provided, however, that this shall not apply in the case that a customer delivers or receives government bonds by book-entry transfer through an account with the Bank of Japan.

Rule 14-12. Application of BOJ Book-Entry Regulations

Settlement by physical delivery for positions on physically delivered futures shall, in addition to the provisions prescribed in these Standards, be subject to an agreement between a Trading Participant and a customer pursuant to the provisions of the BOJ Book-Entry Regulations as prescribed by the Bank of Japan.

Rule 14-12-2. Special Provisions for Settlement Pertaining to Customer of Remote Trading Participant

1. If a customer (limited to customers of a Remote Trading Participant that belong to the same corporate group as the Remote Trading Participant; the same shall apply in this rule and the following rule) has agreed in advance with the Remote Trading Participant and its Designated Clearing Participant, it may settle positions on government bond futures with the Designated Clearing Participant in place of the Remote Trading Participant in accordance with the provisions of Rule 14-2-3 through the preceding rule.
2. If a customer has conducted settlement with the Designated Clearing Participant pursuant to the

provisions of the preceding paragraph, such settlement shall be deemed to have been conducted between the customer and the Remote Trading Participant.

Rule 14-12-3. Reporting Obligations Concerning Status of Settlement Pertaining to Customer of Remote Trading Participant

A customer that settles positions on government bond futures with the Designated Clearing Participant pursuant to the provisions of Paragraph 1 of the preceding rule must report the status of such settlement to the Remote Trading Participant according to the instructions of the Remote Trading Participant.

Section 1-2

Settlement by Customer Pertaining to Interest Rate Futures

Rule 14-12-4 Money to be Paid/Received for Settlement Relating to Interest Rate Futures

1. The amount of money to be paid/received between a customer and a Trading Participant for settling positions on interest rate futures shall be the amount equivalent to the difference between A and B below where the customer settles the positions by resale or repurchase, or the amount equivalent to the difference between C and D below where an unsettled contract based on entrustment from the customer is settled by final settlement:

A: The contract figure pertaining to unsettled contracts based on entrustment from the customer which correspond to said resale or repurchase

B: The contract figure pertaining to said resale or repurchase

C: The contract figure pertaining to unsettled contracts based on entrustment from the customer

D: The final settlement price

In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said average value may be used for the contract figure as specified by OSE.

2. In cases where a customer settles positions on interest rate futures, in the event that a customer incurs a loss, the customer shall pay the Trading Participant the amount of money equivalent to the amount of said loss. In such cases, if the customer conducts the settlement by executing a

resale or repurchase, such payment shall be made by the date and time designated by the Trading Participant which is no later than the day after the trading day on which the resale or repurchase was executed ends (if the customer is a non-resident, the payment shall be made by the date and time designated by the Trading Participant which is no later than the third (3rd) day counting from the day on which the trading day when said transaction was executed ends). If the customer intends to conduct final settlement, such payment shall be made by the date and time designated by the Trading Participant which is no later than the final settlement date (or the following day if the customer is a non-resident) of the relevant contracts.

Rule 14-12-5. Appropriation of Margin for Payment of Settlement

For a payment that should be made by a customer to a Trading Participant pursuant to the provisions of Paragraph 2 of the preceding rule, said Trading Participant may appropriate the amount of money submitted or deposited by the customer as margin as of the day on which the customer should make the payment to said Trading Participant, or the amount of money equivalent to said customer's unrealized gain as prescribed in the Margin Rules..

Rule 14-12-6. Special Provisions for Settlement Pertaining to Customer of Remote Trading Participant

1. If a customer (limited to customers of a Remote Trading Participant that belong to the same corporate group as the Remote Trading Participant; the same shall apply in this rule and the following rule) has agreed in advance with the Remote Trading Participant and its Designated Clearing Participant, it may settle positions of interest rate futures with the Designated Clearing Participant in place of the Trading Participant in accordance with the provisions of the preceding two (2) rules.
2. If a customer has carried out settlement with the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such settlement shall be deemed to have been carried out between the customer and the Remote Trading Participant.

Rule 14-2-7. Reporting Obligations Concerning Status of Settlement Pertaining to Customer of Remote Trading Participant

A customer that conducts settlement of interest rate futures with the Designated Clearing Participant pursuant to the provisions of Paragraph 1 of the preceding rule must report the status of such settlement to the Remote Trading Participant according to the instructions of the Remote Trading Participant.

Section 1-3

Use of Cross Margining by Customers

Rule 14-13. Offer Pertaining to Application for Cross Margining

1. In cases where a customer is a cross margining user, the customer may make an offer pertaining to the application for cross margining to Trading Participants with respect to the position for government bond futures and interest rate futures for the said customer's account.
2. A customer shall make the offer to Trading Participants pursuant to the provisions of the preceding paragraph, after confirming that the position concerning the offer does not exceed the position for government bond futures and interest rate futures for the said customer's account.
3. Notwithstanding the provisions of Paragraph 1, in the event that a cross margining applicant may not apply for cross margining as specified by JSCC, customers of such cross margining applicant or customers of the Non-Clearing Participants which designate such cross margining applicant as Designated Government Bond Futures, etc. Clearing Participant may not make an offer pertaining to the application for cross margining to the Trading Participants.

Rule 14-14. 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 customer who 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 customer who is a cross margining user shall be as prescribed in the Interest Rate Swap Clearing Business Rules of JSCC.

Section 1-4

Settlement by Customer Relating to Index Futures

Rule 15. Money to be Paid/Received for Settlement Relating to Index Futures

1. The amount of money to be paid/received between a customer and a Trading Participant for settlement of an index futures position shall be the amount equivalent to the difference between A and B below where the customer settles the position on index futures by resale or repurchase. Said amount of money shall be the amount equivalent to the difference between C and D below where an unsettled contract based on entrustment from the customer is settled by final settlement (for contracts whose underlier is an index referred to in Rule 5, Item 1 of the Business Regulations (limited to micro contracts prescribed in Rule 6, Item 1 of the Business Regulations), fractional amounts shall be rounded down to the nearest JPY 1; provided,

however, that the same shall not apply to cases where an arrangement has been made between a Trading Participant and its customer):

- A: The contract figure pertaining to unsettled contracts based on entrustment from the customer which correspond to said resale or repurchase
- B: The contract figure pertaining to said resale or repurchase
- C: The contract figure pertaining to unsettled contracts based on entrustment from the customer
- D: The final settlement price

In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said average value may be used for the contract figure as specified by OSE.

2. In cases where a customer settles positions on index futures, in the event that a customer incurs a loss, the customer shall pay the Trading Participant the amount of money equivalent to the amount of said loss. In such cases, if the customer conducts the settlement by effecting resale or repurchase, such payment shall be made by the date and time designated by the Trading Participant which is no later than the day after the day on which the trading day when the resale or repurchase was executed ends (if the customer is a non-resident, the payment shall be made by the date and time designated by the Trading Participant which is no later than the third (3rd) day counting from the day on which the trading day when said transaction was executed ends). If the customer intends to conduct final settlement, such payment shall be made by the date and time designated by the Trading Participant which is by the final settlement date (or the following day if the customer is a non-resident) of the relevant contracts.

Rule 16. Appropriation of Margin for Payment of Settlement

For a payment that should be made by a customer to a Trading Participant pursuant to the provisions of Paragraph 2 of the preceding rule, said Trading Participant may appropriate the amount of money submitted or deposited by the customer as margin as of the day on which the customer should make the payment to said Trading Participant, or the amount of money equivalent to said customer's unrealized gain as prescribed in the Margin Rules.

Rule 16-2. Special Provisions for Settlement Pertaining to Customer of Remote Trading Participant

1. If a customer (limited to customers of a Remote Trading Participant that belong to the same corporate group as the Remote Trading Participant; the same shall apply in this rule and the following rule) has agreed in advance with the Remote Trading Participant and its Designated Clearing Participant, it may settle positions on index futures with the Designated Clearing Participant in place of the Trading Participant in accordance with the provisions of the preceding two (2) rules.
2. If a customer has carried out settlement with the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such settlement shall be deemed to have been carried out between the customer and the Remote Trading Participant.

Rule 16-3. Reporting Obligations Concerning Status of Settlement Pertaining to Customer of Remote Trading Participant

A customer that settles positions on index futures with the Designated Clearing Participant pursuant to the provisions of Paragraph 1 of the preceding rule must report the status of such settlement to the Remote Trading Participant according to the instructions of the Remote Trading Participant.

Section 1-5

Settlement by Customer relating to Commodity Futures

Subsection 1

Money to be Paid/Received for Settlement

Rule 16-4. Money to be Paid/Received for Settlement Relating to Commodity Futures

1. The amount of money (excluding total transaction value, etc. and total transaction value to be paid/received as prescribed in Rule 16-6, Rule 16-8, Rule 16-10, Rule 16-12, Rule 16-14, and Rule 16-16 in the case where a customer carries out settlement by physical delivery) to be paid/received between a customer and a Trading Participant for settlement of a physically delivered futures position shall be the amount equivalent to the difference between A and B below where the customer settles the physically delivered futures position by resale or repurchase, or the amount equivalent to the difference between C and D below where said customer carries out settlement by physical delivery:

A: The contract figure pertaining to unsettled contracts based on entrustment from the customer which correspond to said resale or repurchase

B: The contract figure pertaining to said resale or repurchase

C: The contract figure pertaining to unsettled contracts based on entrustment from the customer

D: The delivery price (meaning the price used as a basis for the computation of total transaction value to be paid/received for settlement by physical delivery)

In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said average value may be used for the contract figure as specified by OSE.

2. The amount of money to be paid/received between a customer and a Trading Participant for settlement of a cash-settled monthly futures position shall be the amount equivalent to the difference between A and B below where the customer settles the cash-settled monthly futures position by resale or repurchase, or the amount equivalent to the difference between C and D below where an unsettled contract based on entrustment from the customer is settled by final settlement:

A: The contract figure pertaining to unsettled contracts based on entrustment from the customer which correspond to said resale or repurchase

B: The contract figure pertaining to said resale or repurchase

C: The contract figure pertaining to unsettled contracts based on entrustment from the customer

D: The final settlement price.

In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said average value may be used for the contract figure as specified by OSE.

3. The amount of money (excluding total transaction value, etc. prescribed in Rule 16-8 in the case where a customer conducts delivery on request) to be paid/received between a customer and a Trading Participant for settlement of a cash-settled rolling spot futures position shall be the amount equivalent to the difference between A and B below where the customer settles the cash-settled rolling spot futures position by resale or repurchase, or the amount equivalent to the difference between C and D below where the customer conducts delivery on request. Said amount of money shall be the amount equivalent to the difference between E and F below where settlements pertaining to an unsettled contract based on entrustment from the customer are not conducted by resale or repurchase:

A: The contract figure pertaining to unsettled contracts based on entrustment from the customer which correspond to said resale or repurchase

B: The contract figure pertaining to said resale or repurchase

C: The contract figure pertaining to unsettled contracts based on entrustment from the customer

D: The delivery price (meaning the price used as a basis for the computation of total transaction value to be paid/received for delivery on request)

E: The contract figure pertaining to unsettled contracts based on entrustment from the customer

F: The theoretical spot price at the time of rollover

In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said average value may be used for the contract figure as specified by OSE.

4. In cases where a customer conducts settlement of commodity futures positions, in the event that a customer incurs a loss, the customer shall pay the Trading Participant the amount of money equivalent to the amount of such loss. In such cases, if the customer settles the positions by executing a resale or repurchase, such payment shall be made by the date and time designated by the Trading Participant which is no later than the day after the day on which the trading day when the resale or repurchase was executed ends (or the third (3rd) day counting from the day on which the trading day when said transaction was executed ends if the customer is a non-resident). If the customer intends to carry out settlement by physical delivery for positions on physically delivered futures, such payment shall be made by the date and time designated by the Trading Participant which is no later than the day after the last trading day of the relevant contracts (or the third (3rd) day counting from the last trading day of the relevant contract if the customer is a non-resident). If the customer intends to carry out final settlement for positions on cash-settled monthly futures, such payment shall be made by the date and time designated by the Trading Participant which is no later than the final settlement date (or the following day if the customer is a non-resident) of the relevant contract. If the customer intends to conduct delivery on request for positions on cash-settled rolling spot futures, such payment shall be made by the date and time designated by the Trading Participant which is no later than the day after the day on which delivery on request is carried out (or the third (3rd) day counting from the day on which said delivery on request is carried out if the customer is a non-resident). If the customer

intends to execute rollover of cash-settled rolling spot futures positions, such payment shall be made by the date and time designated by the Trading Participant which is no later than the day after the day when said rollover is executed (or the third (3rd) day counting from the day when said rollover is executed if the customer is a non-resident).

Rule 16-5. Special Provisions in Cases of No Instructions about Settlement Method from Customer

1. Regarding the nearest contract of commodity futures for which a customer has entrusted trading (excluding cash-settled monthly futures and cash-settled rolling spot futures; the same shall apply in this rule), if a Trading Participant does not receive instructions relating to settlement method from the customer by 4:00 p.m. on the day (one business day earlier if the day falls on a non-business day; the same shall apply hereinafter) before the last trading day, the Trading Participant shall dispose of said transactions in the customer's account by resale or repurchase during a trading session after such cut-off time.
2. Notwithstanding the provisions of the preceding paragraph, with respect to the nearest contract of the commodity futures for which a customer has entrusted trading, a Trading Participant may receive instructions from the customer regarding the preferred settlement method among those prescribed by the Trading Participant on the instruction day (1st day (one business day earlier if the day falls on a non-business day) of the month in which the last trading day falls for soybeans and corn, and 15th day (one business day earlier if the day falls on a non-business day) of the month in which the last trading day falls for other commodities; the same shall apply hereinafter), and unless otherwise instructed by the customer by 4:00 p.m. on the instruction day or if instructions received are not consistent with the settlement methods prescribed by the Trading Participant, the Trading Participant shall dispose of said transactions in the customer's account by resale or repurchase during a trading session after such cut-off time.

Sub-Section 2

Settlement by Physical Delivery

Division 1

Gold, Silver, Platinum, and Palladium

Rule 16-6. Settlement by Physical Delivery

1. For physically delivered futures pertaining to gold, silver, platinum, and palladium, a customer with a short position shall deliver a warehouse receipt (limited to that which satisfies

requirements specified by OSE; the same shall apply hereinafter) (or a delivery order (limited to within three (3) months after the date of issuance; the same shall apply in this division) in the case where a receiving Precious Metal Futures, etc., Clearing Participant (meaning a Precious Metal Futures, etc., Clearing Participant who receives the delivery goods; the same shall apply hereinafter) agrees) pertaining to their short positions to be settled by physical delivery to the Trading Participant as well as notifying the Trading Participant of the registration number (meaning the registration number prescribed in Article 57-2, Paragraph 4 of the Consumption Tax Act; the same shall apply hereinafter), while a customer with a long position shall deliver the total transaction value (meaning the amount obtained by multiplying the contract price by the transaction unit multiplier (meaning the numerical value obtained by dividing the quantity per transaction unit by the minimum fluctuation of bids and offers) and the execution quantity; the same shall apply hereinafter) pertaining to their long positions to be settled by physical delivery to the Trading Participant by the date and time designated by the Trading Participant which is no later than the day before the last trading day of the nearest contract (or by the date and time designated by the Trading Participant in the case where the customer gives instructions for conducting settlement by physical delivery on the instruction day pursuant to the provisions of Rule 16-5, Paragraph 2). In this case, a customer with a long position shall deliver the amount equivalent to the consumption tax applicable to the total transaction value pertaining to said long position to the Trading Participant by the date and time designated by the Trading Participant which is no later than the day before the date of settlement by physical delivery.

2. If a customer fails to deliver the warehouse receipt, give notification of the registration number, or deliver the total transaction value by the cut-off time prescribed in the preceding paragraph, a Trading Participant shall dispose of the outstanding positions pertaining to such transactions in the customer's account by resale or repurchase during a trading session after such cut-off time (or, in the case where the customer gives instructions for conducting settlement by physical delivery on the instruction day pursuant to the provisions of Rule 16-5, Paragraph 2, but failed to deliver the warehouse receipt, give notification of the registration number, or deliver the total transaction value by the date and time designated by the Trading Participant, after such date and time designated by the Trading Participant).
3. Notwithstanding the provisions of Paragraph 1, for physically delivered futures pertaining to gold, silver, platinum, and palladium, if deemed to be suitable by the Trading Participant, a selling customer may deliver a warehouse receipt pertaining to sales to the Trading Participant and notify the Trading Participant of the registration number, and a purchasing customer may deliver the total transaction value to the Trading Participant, by the date and time designated by the Trading Participant.

4. Upon completion of delivery in the OSE markets with respect to customer positions to be settled by physical delivery in physically delivered futures pertaining to gold, silver, platinum, and palladium, a Trading Participant shall pay the total transaction value, etc. (meaning those obtained by adding the amount corresponding to the applicable consumption tax to the total transaction value; the same shall apply hereinafter) to the customer making the delivery and deliver the warehouse receipt received for delivery in OSE markets to the customer taking delivery, without delay. In addition, said Trading Participant shall promptly issue the settlement statement (meaning the settlement statement prescribed in Rule 43, Paragraph 1, Item 2 of the Enforcement Rules of the Business Regulations; the same shall apply hereinafter) to the customer making the delivery and issue the qualified invoice (meaning the qualified invoice prescribed in Rule 43, Paragraph 1, Item 1 of the Enforcement Rules of the Business Regulations; the same shall apply hereinafter) to the customer taking the delivery. In the case where there are two (2) or more customers taking delivery, and where the content of the warehouse receipts received for said delivery are not identical, the warehouse receipts shall be fairly allocated to the customers taking delivery by lottery or other method determined in advance.
5. A customer may settle positions by physical delivery without using warehouse receipts in physically delivered futures pertaining to gold, silver, platinum, and palladium, upon the consent of the buyer. In this case, the customer shall notify the Trading Participant thereof by the business day before the last trading day. .
6. For physically delivered futures pertaining to gold, silver, platinum, and palladium, in cases where a customer who has given a notification pursuant to Paragraph 1 ceases to be a qualified invoice issuer, said customer shall promptly notify the Trading Participant to that effect.
7. In cases where a customer who has given a notification pursuant to Paragraph 1 ceases to be a qualified invoice issuer and the settlement by physical delivery for the notification of registration number under the same paragraph has not yet been completed, OSE shall deem that no such notification has been given.
8. A Trading Participant may provide electromagnetic record (meaning the electromagnetic record prescribed in Article 30, Paragraph 9 of the Consumption Tax Act; the same shall apply in Rule 16-10, Paragraph 7, Rule 17, Paragraph 7, and Rule 16-16, Paragraph 5) of matters to be stated in the qualified invoice or settlement statement in place of issuance of these documents.
9. In addition to those prescribed in each of the preceding paragraphs, matters necessary for the handling of delivery of physically delivered futures pertaining to gold, silver, platinum, and palladium shall be governed by the provisions of Chapter 6, Section 1-3, Subsection 1 of the Business Regulations (limited to provisions pertaining to gold, silver, platinum, and palladium).

Rule 16-7. Preliminary Procedures for Settlement by Physical Delivery of Physically Delivered Futures Positions Pertaining to Gold, Silver, Platinum, and Palladium

1. In cases where a customer intends to settle short positions by making the delivery of physically delivered futures pertaining to gold, silver, platinum, and palladium (excluding cases where a customer has already held or arranged to receive warehouse receipts, etc. necessary for settlement by physical delivery), the customer shall provide the precious metal bars intended for delivery to an appraiser designated by OSE (hereinafter referred to as the "Designated Appraiser") for appraisal no later than the day that is seven (7) days before the last trading day, counting from the last trading day (or by the date and time designated by the Trading Participant in the case where the customer gives instruction for carrying out settlement by physical delivery on the instruction day pursuant to the provision of Rule 16-5, Paragraph 2). In this case, if the customer does not request a warehouse receipt to be issued, the customer shall indicate such intentions.
2. In the case referred to in the preceding paragraph, if a customer is informed by the Designated Appraiser that the precious metal bars intended for delivery qualify as good delivery materials, the customer shall receive, without delay, a warehouse receipt (or cargo delivery certificate in cases where the customer has expressed their indication not to be issued a warehouse receipt), issued by the warehouse operators designated by OSE from the designated appraiser.

Rule 16-8. Settlement of Cash-Settled Rolling Spot Futures by Delivery on Request

1. In cases where a customer intends to settle their cash-settled rolling spot futures by delivery on request as specified in the Business Regulations, the customer with a short position shall make the delivery by the date and time designated by the Trading Participant as prescribed in the Business Regulations, while the customer with a long position shall deliver the total transaction value, etc. to the Trading Participant by the date and time designated by the Trading Participant.
2. Upon completion of delivery on request pertaining to cash-settled rolling spot futures in the OSE markets, a Trading Participant shall pay the total transaction value, etc. to the customer making the delivery and deliver the warehouse receipt or gold bars for gold, and the warehouse receipt for platinum, to the customer taking delivery without delay.
3. In addition to those prescribed in the preceding two (2) paragraphs, necessary matters concerning request on delivery pertaining to cash-settled rolling spot futures shall be governed by Rule 36-19 of the Business Regulations.

Rule 16-9. Loss or Damage after Submission of Delivery Goods

1. For settlement by physical delivery pertaining to gold, silver, platinum, and palladium (including settlement of cash-settled rolling spot futures positions by delivery on request), in cases where all or part of the delivery goods, described in a warehouse receipt, are lost or damaged for reasons not attributable to the delivering parties during the period after a delivering customer has submitted the warehouse receipt to the Trading Participant for delivery, but before JSCC submits it to the receiving Precious Metal Futures, etc., Clearing Participant, the loss shall be borne by the delivering customer.
2. In the case of the preceding paragraph, the delivering customer shall immediately notify the Trading Participant of the loss or damage. In addition, the delivering customer shall make the delivery by the fifth (5th) day counting from the day after the date of said notification by submitting a warehouse receipt for substitutes for the lost or damaged delivery goods.
3. Notwithstanding the provisions of the preceding paragraph, in cases where it is unable to supply all or part of such substitutes, the delivering customer may be excused from the delivery obligation if the Trading Participant (if such Trading Participant is a Non-Clearing Participant, its Designated Clearing Participant) obtains the approval of JSCC. In this case, the Trading Participant shall not be required to pay money to the customer for the portion of the delivery that has not been made.

Division 2

Ribbed Smoked Sheet (RSS)

Rule 16-10. Settlement by Physical Delivery

1. For physically delivered futures pertaining to ribbed smoked sheet (hereinafter referred to as "RSS"), a customer with a short position shall deliver a warehouse receipt (or, in the case where a receiving Rubber Futures, etc., Clearing Participant (meaning a Rubber Futures, etc., Clearing Participant who receives the delivery goods; the same shall apply hereinafter) agrees, a delivery order (limited to within three (3) months after the date of issuance); the same shall apply in this division) pertaining to their short positions to be settled by physical delivery to the Trading Participant, as well as notifying the Trading Participant of the registration number, while a customer with a long position shall deliver the total transaction value pertaining to their long positions to be settled by physical delivery to the Trading Participant by the date and time designated by the Trading Participant which is no later than the day before the last trading day of the nearest contract (or by the date and time designated by the Trading Participant in the case where the customer gives instructions for carrying out

- settlement by physical delivery on the instruction day pursuant to the provisions of Rule 16-5, Paragraph 2). In this case, a customer with a long position shall deliver the amount equivalent to the consumption tax applicable to the total transaction value pertaining to said long position to the Trading Participant by the date and time designated by the Trading Participant which is no later than the day before the date of settlement by physical delivery.
2. If a customer fails to deliver the warehouse receipt, give notification of the registration number, or deliver the total transaction value by the cut-off time prescribed in the preceding paragraph, a Trading Participant shall dispose of the outstanding positions pertaining to such transactions in the customer's account by resale or repurchase during a trading session after such cut-off time (or, in the case where the customer gives instructions for carrying out settlement by physical delivery on the instruction day pursuant to the provisions of Rule 16-5 Paragraph 2, but failed to deliver the warehouse receipt, give notification of the registration number, or deliver the total transaction value by the date and time designated by the Trading Participant, after such date and time designated by the Trading Participant).
 3. Notwithstanding the provisions of Paragraph 1, for physically delivered futures pertaining to RSS, if deemed to be suitable by the Trading Participant, a selling customer may deliver a warehouse receipt pertaining to sales to the Trading Participant and notify the Trading Participant of the registration number, and a purchasing customer may deliver the total transaction value to the Trading Participant, by the date and time designated by the Trading Participant.
 4. Upon completion of delivery in the OSE markets with respect to customer positions to be settled by physical delivery in physically delivered futures pertaining to RSS, a Trading Participant shall pay the total transaction value, etc. to the customer making the delivery and deliver the warehouse receipt received for delivery in the OSE markets to the customer taking delivery, without delay. In addition, said Trading Participant shall promptly issue the settlement statement to the customer making the delivery and issue the qualified invoice to the customer taking the delivery. In the case where there are two (2) or more customers taking delivery, and where the content of the warehouse receipts received for said delivery are not identical, the warehouse receipts shall be fairly allocated to the customers taking delivery by lottery or other method determined in advance.
 5. A customer may settle positions by physical delivery without using warehouse receipts in physically delivered futures pertaining to RSS upon the consent of the receiver. In this case, the customer shall notify the Trading Participant thereof by the business day before the last trading day..
 6. The provisions of Rule 16-6, Paragraph 6 and Paragraph 7 shall be applied mutatis mutandis

to a customer who has given a notification pursuant to Paragraph 1 for physically delivered futures pertaining to RSS.

7. A Trading Participant may provide electromagnetic record of matters to be stated in the qualified invoice or settlement statement in place of issuance of these documents.
8. In addition to those prescribed in each of the preceding paragraphs, matters necessary for the handling of delivery of physically delivered futures pertaining to RSS shall be governed by the provisions of Chapter 6, Section 1-3, Subsection 1 of the Business Regulations (limited to provisions pertaining to RSS).

Rule 16-11. Loss or Damage after Submission of Delivery Goods

1. For settlement by physical delivery pertaining to RSS, in cases where all or part of the delivery goods, described in a warehouse receipt, are lost or damaged for reasons not attributable to the delivering parties during the period after a delivering customer has submitted the warehouse receipt to the Trading Participant for delivery, but before JSCC submits it to the receiving Rubber Futures, etc., Clearing Participant, the loss shall be borne by the delivering customer.
2. In the case of the preceding paragraph, the delivering customer shall immediately notify the Trading Participant of the loss or damage. In addition, the delivering customer shall submit a warehouse receipt for substitutes of the delivery goods lost or damaged, and make delivery by the fifth (5th) day counting from the day after the date of said notification.
3. Notwithstanding the provisions of the preceding paragraph, in cases where it is unable to supply all or part of such substitutes, the delivering customer may be excused from the delivery obligation if the Trading Participant (if such Trading Participant is a Non-Clearing Participant, its Designated Clearing Participant) has obtained the approval of JSCC. In this case, the Trading Participant shall not be required to pay money to the customer for the portion of the delivery that has not been made.

Division 3

Technically Specified Rubber (TSR)

Rule 16-12. Settlement by Physical Delivery

1. For physically delivered futures pertaining to technically specified rubber (hereinafter referred to as "TSR"), a customer with a short position shall deliver a delivery document pertaining to their short positions to be settled by physical delivery to the Trading Participant by the date and time designated by the Trading Participant which is no later than the day before the delivery

date, while a customer with a long position shall deliver the total transaction value pertaining to their long positions to be settled by physical delivery to the Trading Participant by the time designated by the Trading Participant which is no later than the day before the ship loading date.

2. Upon completion of delivery in the OSE markets with respect to customer positions to be settled by physical delivery, a Trading Participant shall pay the total transaction value, etc. to the customer making the delivery and deliver the delivery document received for delivery in the OSE markets to the customer taking delivery, without delay. In the case where there are two (2) or more customers taking delivery, and where the content of the delivery documents received for said delivery are not identical, the delivery documents shall be fairly allocated to the customers taking delivery by lottery or other method determined in advance.
3. When a transaction consigned by a customer to a Trading Participant is settled by physical delivery pursuant to the provisions of the preceding paragraph, the Trading Participant shall notify the customer of the following matters in writing without delay; provided, however, if the customer is an eligible consignor prescribed in Article 2, Paragraph 25 of the Commodity Derivatives Act (Act No. 239 of 1950) or an eligible commercial person prescribed in Paragraph 26 of the same article, such notification shall not be required.
 - (1) Type of transaction
 - (2) Underlying commodities
 - (3) Contract month
 - (4) Date of purchase or sale
 - (5) Quantity
 - (6) Name of the vessel
 - (7) Ship loading date
 - (8) Name of the delivery port
 - (9) Contract price of the executed transaction
 - (10) Total transaction value
 - (11) Delivery price
 - (12) Any miscellaneous expenses
 - (13) Brokerage Commission on new buy or sell orders and on delivery
 - (14) Net amount of payment and receipt.

4. In cases where a Trading Participant, instead of notifying the customer through physical documents pursuant to the provisions of the preceding paragraph, presents the type and details of the electromagnetic means to be used (meaning means using electronic data processing systems or any other communications technologies that are similar to the means stipulated in Article 56

(excluding Paragraph 1, Item 1 (d), Paragraph 2, Item 3 (b) and Item 4; the phrase "the transaction referred to ... was finally conducted" in Paragraph 2, Item 3 shall be read as "the Information was recorded") of the Cabinet Office Order on Financial Instruments Business, etc.; the same shall apply hereinafter in this paragraph and the following paragraph) to the customer and has obtained consent from the customer through physical documents or means using an electronic data processing system or any other communications technologies that are similar to the means stipulated in Article 57-3 of the Cabinet Office Order on Financial Instruments Business, etc., it may notify the customer of the matters to be stated through electromagnetic means.

5. If a Trading Participant which has previously obtained consent pursuant to the provisions of the preceding paragraph receives notice from the customer that it will not accept notification through electromagnetic means, through physical documents or means using an electronic data processing system or any other communications technologies that are similar to the means stipulated in Article 57-3 of the Cabinet Office Order on Financial Instruments Business, etc., the Trading Participant must not send notifications pursuant to the same paragraph to said customer through electromagnetic means. However, this shall not apply if the customer again gives consent.
6. In addition to those prescribed in each of the preceding paragraph, matters necessary for the handling of delivery of TSR shall be governed by the provisions of Chapter 6, Section 1-3, Subsection 1 of the Business Regulations (limited to provisions pertaining to TSR).

Rule 16-13. Scope of Responsibility for Delivering Customers Pertaining to TSR

1. The loss or damage of all or a part of the delivery goods shall be borne by delivering customers pertaining to settlement by physical delivery of TSR up to the time when ship loading is completed for all the delivery goods.
2. Notwithstanding the provisions of the preceding paragraph, in the case where, as per a declared delivery or customized delivery, a delivery pertaining to TSR is made for good delivery materials or to delivery ports other than those specified by OSE, the burden of the loss as prescribed in the preceding paragraph shall be determined based on the agreement reached among delivering parties.

Division 4 Soybeans

Rule 16-14. Settlement by Physical Delivery

1. For physically delivered futures pertaining to soybeans, a customer (limited to a selling customer) shall notify a Trading Participant of the registration number by the date and time designated by the Trading Participant which is no later than the day before the last trading day of the nearest contract (or the date and time designated by the Trading Participant in cases where

- a customer provides instruction to choose settlement by physical delivery on the instruction day pursuant to the provisions of Rule 16-5, Paragraph 2).
2. In cases where a customer (limited to a selling customer) fails to give notification of the registration number by the date and time specified in the preceding paragraph, the Trading Participant shall dispose of the relevant positions by repurchase for said customer's account in the trading sessions after said date and time (or the date and time designated by the Trading Participant in cases where a customer provides instruction to choose settlement by physical delivery on the instruction day but fails to give notification of the registration number by said date and time).
 3. For physically delivered futures pertaining to soybeans, a customer with a short position shall deliver a warehouse receipt pertaining to their short positions to be settled by physical delivery to the Trading Participant, while a customer with a long position shall deliver the total transaction value pertaining to their long positions to be settled by physical delivery to the Trading Participant, by the date and time designated by the Trading Participant which is no later than the day before the date of settlement by physical delivery.
 4. Upon completion of delivery in the OSE markets with respect to customer positions to be settled by physical delivery, a Trading Participant shall pay the total transaction value, etc. to the customer making the delivery and deliver the warehouse receipt received for delivery in the OSE markets to the customer taking delivery, without delay. In addition, said Trading Participant shall promptly issue the settlement statement to the customer making the delivery and issue the qualified invoice to the customer taking the delivery. In the case where there are two (2) or more customers taking delivery, and where the content of the warehouse receipts received for said delivery are not identical, the warehouse receipts shall be fairly allocated to the customers taking delivery by lottery or other method determined in advance.
 5. Notwithstanding the provisions in Paragraph 3, a customer may settle positions by physical delivery without using warehouse receipts upon obtaining consent from the receiver in the case where the customer settles the position by declared delivery or customized delivery. In this case, the customer shall notify the Trading Participant to that effect without delay.
 6. The provisions of Rule 16-6, Paragraph 6 and Paragraph 7 shall be applied mutatis mutandis to a customer who has given a notification pursuant to Paragraph 1 for physically delivered futures pertaining to soybeans.
 7. A Trading Participant may provide electromagnetic record of matters to be stated in the qualified invoice or settlement statement in place of issuance of these documents.
 8. In addition to those prescribed in each of the preceding paragraphs, matters necessary for the handling of delivery of soybeans shall be governed by the provisions of Chapter 6, Section 1-3,

Subsection 1 of the Business Regulations (limited to provisions pertaining to soybeans).

Rule 16-15. Loss or Damage after Submission of Delivery Goods

1. For settlement by physical delivery pertaining to soybeans, in cases where all or part of the delivery goods, described in a warehouse receipt, are lost or damaged for reasons not attributable to the delivering parties during the period after a delivering customer has submitted the warehouse receipt to the Trading Participant for the delivery, but before JSCC submits it to a receiving Agricultural Product Futures, etc., Clearing Participant (meaning an Agricultural Product Futures, etc., Clearing Participant who receives the delivery goods; the same shall apply hereafter), the loss shall be borne by the delivering customer.
2. In the case of the preceding paragraph, the delivering customer shall immediately notify the Trading Participant of the loss or damage. In addition, the delivering customer shall submit a warehouse receipt for substitutes of the delivery goods lost or damaged and make the delivery by the third (3rd) day counting from the day after the date of said notification.
3. Notwithstanding the provisions of the preceding paragraph, in cases where it is unable to supply all or part of such substitutes, the delivering customer may be excused from the delivery obligation if the Trading Participant (if such Trading Participant is a Non-Clearing Participant, its Designated Clearing Participant) obtains the approval of JSCC. In this case, the Trading Participant shall not be required to pay money to the customer for the portion of the delivery that has not been made.
4. A delivering customer who has completed the delivery by delivering substitutes pursuant to Paragraph 2 shall submit the late payment charges equivalent to the amount obtained by multiplying the delivery payment pertaining to the substitutes by 1/100 (one hundredth) to the Trading Participant.

Division 5 Azuki (Red Beans)

Rule 16-16. Settlement by Physical Delivery

1. For physically delivered futures pertaining to azuki (red beans), a customer with a short position shall deliver a warehouse receipt pertaining to their short positions to be settled by physical delivery to the Trading Participant as well as notifying the Trading Participant of the registration number, while a customer with a long position shall deliver the total transaction value pertaining to their long positions to be settled by physical delivery to the Trading Participant, by the date and time designated by the Trading Participant which is no later than the day before the last trading day of the nearest contract (or by the date and time designated by the Trading Participant in the case where the customer gives instructions for carrying out settlement by physical

delivery on the instruction day pursuant to the provisions of Rule 16-5, Paragraph 2). In this case, a customer with a long position shall deliver the amount equivalent to the consumption tax applicable to the total transaction value pertaining to said long position to the Trading Participant by the date and time designated by the Trading Participant which is no later than the day before the date of settlement by physical delivery.

2. If a customer fails to deliver the warehouse receipt, give notification of the registration number, or deliver the total transaction value by the cut-off time prescribed in the preceding paragraph, a Trading Participant shall dispose of the outstanding positions pertaining to such transactions in the customer's account by resale or repurchase during a trading session after such cut-off time (or, in the case where the customer gives instructions for carrying out settlement by physical delivery on the instruction day pursuant to the provisions of Rule 16-5 Paragraph 2, but failed to deliver the warehouse receipt, give notification of the registration number, or deliver the total transaction value by the date and time designated by the Trading Participant, after such date and time designated by the Trading Participant).
3. Upon completion of delivery in the OSE markets with respect to customer positions to be settled by physical delivery in physically delivered futures pertaining to azuki (red beans), a Trading Participant shall pay the total transaction value, etc. to the customer making the delivery and deliver the warehouse receipt received for delivery in the OSE markets to the customer taking delivery, without delay. In addition, said Trading Participant shall promptly issue the settlement statement to the customer making the delivery and issue the qualified invoice to the customer taking the delivery. In the case where there are two (2) or more customers taking delivery, and where the content of the warehouse receipts received for said delivery are not identical, the warehouse receipts shall be fairly allocated to the customers taking delivery by lottery or other method determined in advance.
4. The provisions of Rule 16-6, Paragraph 6 and Paragraph 7 shall be applied mutatis mutandis to a customer who has given a notification pursuant to Paragraph 1 for physically delivered futures pertaining to azuki (red beans).
5. A Trading Participant may provide electromagnetic record of matters to be stated in the qualified invoice or settlement statement in place of issuance of these documents.
6. In addition to those prescribed in each of the preceding paragraphs, matters necessary for the handling of delivery of physically delivered futures pertaining to azuki (red beans) shall be governed by the provisions of Chapter 6, Section 1-3, Subsection 1 of the Business Regulations (limited to provisions pertaining to azuki (red beans)).

Rule 16-17. Loss or Damage after Submission of Delivery Goods

1. For settlement by physical delivery pertaining to azuki (red beans), in cases where all or part of the delivery goods, described in a warehouse receipt, are lost or damaged for reasons not attributable to the delivering parties during the period after a delivering customer has submitted the warehouse receipt to the Trading Participant for delivery, but before JSCC submits it to a receiving Agricultural Product Futures, etc., Clearing Participant, the loss shall be borne by the delivering customer.
2. In the case of the preceding paragraph, the delivering customer shall immediately notify the Trading Participant of the loss or damage. In addition, the delivering customer shall submit a warehouse receipt for substitutes for the delivery goods lost or damaged and make delivery by the third (3rd) day counting from the day after the date of said notification.
3. Notwithstanding the provisions of the preceding paragraph, in cases where it is unable to supply all or part of such substitutes, the delivering customer may be excused from the delivery obligation if the Trading Participant (if such Trading Participant is a Non-Clearing Participant, its Designated Clearing Participant) obtains the approval of JSCC. In this case, the Trading Participant shall not be required to pay money to the customer for the portion that the delivery has not been made.
4. A delivering customer who has completed the delivery by delivering substitutes pursuant to Paragraph 2 shall submit the late payment charges equivalent to the amount obtained by multiplying the delivery payment pertaining to the substitutes by 1/100 (one hundredth) to the Trading Participant.

Division 6 Corn

Rule 16-18. Settlement by Physical Delivery

1. A customer with a short position shall deliver a delivery document pertaining to their short positions to be settled by physical delivery to the Trading Participant, while a customer with a long position shall deliver the total transaction value pertaining to their long positions to be settled by physical delivery to the Trading Participant, by the date and time designated by the Trading Participant which is no later than the day before the date of settlement by physical delivery.
2. Upon completion of delivery in the OSE markets with respect to customer positions to be settled by physical delivery, a Trading Participant shall pay the total transaction value, etc. to the customer making the delivery and deliver the delivery documents received for delivery in the OSE markets to the customer taking delivery, without delay. In the case where there are two (2) or more customers taking delivery, and where the content of the delivery documents received for said delivery are not identical, the delivery documents shall be fairly allocated to the customers

taking delivery by lottery or other method determined in advance.

3. When a position established by a transaction consigned by a customer to a Trading Participant is settled by physical delivery pursuant to the provisions of the preceding paragraph, the Trading Participant shall notify the customer of the following matters in writing without delay; provided, however, if the customer is an eligible consignor prescribed in Article 2, Paragraph 25 of the Commodity Derivatives Act (Act No. 239 of 1950) or an eligible commercial person prescribed in Paragraph 26 of the same article, such notification shall not be required.
 - (1) Type of transaction
 - (2) Underlying commodities
 - (3) Contract month
 - (4) Date of purchase or sale
 - (5) Quantity
 - (7) Date of departure
 - (8) Names of the delivery port and wharf
 - (9) Contract price of the executed transaction
 - (10) Price differential by grades
 - (11) Total transaction value
 - (12) Delivery price
 - (13) Any miscellaneous expenses
 - (14) Brokerage Commission on new buy or sell orders and on delivery
 - (15) Net amount of payment and receipt.
4. Provisions of Rule 16-12, Paragraphs 4 and 5 shall apply mutatis mutandis to the written notification prescribed in the preceding paragraph.
5. In addition to those prescribed in each of the preceding paragraphs, matters necessary for the handling of delivery of corn shall be governed by the provisions of Chapter 6, Section 1-3, Subsection 1 of the Business Regulations (limited to provisions pertaining to corn).

Division 7 Other

Rule 16-19. Handling of Cases Where Positions on Commodity Futures are Settled by Early Delivery, Declared Delivery, or Customized Delivery

Notwithstanding the provisions of Division 1 through Division 6, where a position is settled by early delivery, declared delivery or customized delivery as prescribed in the Business Regulations, a customer shall settle the position and conduct the required procedures with a Trading Participant as specified by OSE.

**Rule 16-20. Matters to be Instructed, etc. at Time of Entrustment of ADP Pertaining to
Commodity Futures**

1. In the case where it intends to entrust ADP as prescribed in the Business Regulations, a customer shall provide instruction to a Trading Participant. In this case, the instructions shall include matters set forth by the Trading Participant and shall be issued to the Trading Participant by the date and time designated by the Trading Participant.
2. Approval from the Exchange is required to conduct the ADP.
3. In addition to those prescribed in each of the preceding paragraphs, provisions of Rule 36-14 of the Business Regulation shall apply mutatis mutandis to the ADP.

Section 2

Settlement by Customer Relating to Securities Options Trading, etc.

Rule 17. Payment of Option Premium, etc.

1. With respect to an order for purchase of securities options, a customer shall pay the Trading Participant the option premium pertaining to such purchase by the date and time designated by the Trading Participant which is no later than the day after the day on which the purchase is executed; provided, however, that if the customer is a non-resident, the payment shall be made by the date and time designated by the Trading Participant which is no later than the third (3rd) day counting from the day on which said transaction is executed. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.
2. The amount of money paid/received for settlement pertaining to exercise of 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) between a customer and a Trading Participant shall be equivalent to the difference between the exercise price and the option settlement price. When a customer has been assigned an exercise, the customer shall pay the Trading Participant said amount by the date and time designated by the Trading Participant which is

no later than the day after the exercise date (if the customer is a non-resident, the third (3rd) day counting from the exercise date).

Rule 18. Appropriation of Margin to Payment of Option Premium, etc. for Settlement

For an option premium or the amount of money as a result of assignment of an option that should be paid by a customer to a Trading Participant pursuant to the provisions of the preceding rule, said Trading Participant may appropriate the amount of money submitted or deposited by the customer as margin as of the day on which the customer should make said payment to said Trading Participant, or the amount of money equivalent to said customer's unrealized gain as prescribed in the Margin Rules.

In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

Rule 19. Settlement Cut-off Time, etc. for Exercise of Options by Customer

1. For settlement of transactions of underlying securities which are carried out when the customer has given instructions prescribed in Rule 13, Paragraph 1 or when the customer has been assigned an exercise of securities options, the money or securities provided in Rule 21 pertaining to the transactions of underlying securities which are carried out as a result of exercising an option shall be submitted to the Trading Participant by no later than 9:00 a.m. on the fourth (4th) day counting from the exercise date; provided, however, that for the settlement of the transactions of underlying securities which are carried out as a result of exercising an option on the day before the date of ex-dividend, etc. (meaning the date prescribed by the designated exchange and limited to that related to regular transactions; the same shall apply hereinafter) or the date on which stock trading begins on a post-share consolidation basis (meaning the date prescribed by the designated exchange on which the trading of stocks (including investment trust beneficiary certificates and investment securities; the same shall apply hereinafter) begins on a post-share consolidation basis and limited to that related to regular transactions; the same shall apply hereinafter), it shall be deposited by no later than 9:00 a.m. on the fourth (4th) day counting from the exercise date.
2. Notwithstanding the provisions of the preceding paragraph, if the Trading Participant designates, when receiving exercise instruction or assigning an exercise, a date and time no

later than the settlement cut-off time stipulated by JSCC, the customer shall deliver the money or securities provided in Rule 21 to the Trading Participant no later than said date and time.

Rule 20. Delivery by Customer where DVP Settlement is Used

1. For transactions of underlying securities which are carried out where the customer has given instructions prescribed in Rule 13, Paragraph 1 and where the customer has been assigned an exercise of securities options, if DVP settlement is used based on agreement between the customer and the Trading Participant as provided in the Business Rules of JASDEC DVP Clearing Corporation (hereinafter referred to as "JDCC"), the customer shall deliver the securities or pay the funds to JDCC no later than the settlement cut-off time stipulated by JDCC (or, for delivery of securities, before the settlement cut-off time stipulated by JSCC designated by the Trading Participant at the time of the agreement) on the day stipulated in Paragraph 1 of the preceding Rule.
2. In the event that a customer delivers securities or pays funds pursuant to the provisions of the preceding paragraph, said delivery of securities or payment of funds shall be deemed to be the delivery of selling securities or delivery of purchase consideration referred to in Paragraph 1 of the preceding Rule.

Rule 21. Money and Securities Delivered for Settlement

1. The amount of money or securities that the customer delivers to the Trading Participant for the purpose of settlement of transactions of underlying securities which are carried out as a result of exercising securities options shall be stipulated in the following items in accordance with the respective categories prescribed in those items:
 - (1) Where quantity of the underlying security for one (1) trading unit of the securities options is equal to the trading unit of the underlying securities:
 - a. When the customer is the Selling Customer in the transaction of the underlying securities which is carried out as a result of exercising the options:

The number of securities is calculated by multiplying the quantity of the underlying security for one (1) trading unit of the securities option by the number of exercised securities options.
 - b. When the customer is the Purchasing Customer in the transaction of the underlying securities which is carried out as a result of exercising the options:

The purchase consideration (meaning the amount calculated by multiplying the product of the quantity of the underlying security for one (1) trading unit of the securities option and the exercise price (any fraction less than JPY 1 (one) shall be

rounded down) by the number of exercised securities options; the same shall apply hereinafter).

- (2) When quantity of the underlying security for one (1) trading unit of the securities option is greater than the trading unit of the underlying security:
 - a. When the customer is the Selling Customer in the transaction of the underlying securities which is carried out as a result of exercising the options:
 - (i) The amount of money equivalent to the amount calculated by multiplying the product of number of shares less than a trading unit and the option settlement price (any fraction less than JPY 1 (one) shall be rounded down) by the number of exercised securities options.
 - (ii) The number of securities calculated by multiplying the number of exercised securities options by the amount obtained by subtracting the number of shares less than a trading unit from the quantity of the underlying security for one (1) trading unit of the securities option.
 - b. When the customer is the Purchasing Customer in the transaction of the underlying securities which is carried out as a result of exercising the options: The purchase consideration.
- (3) When quantity of the underlying security for one (1) trading unit of the securities option is less than the trading unit of the underlying securities:
 - (a) When the customer is the Selling Customer in the transaction of the underlying securities which is carried out as result of exercising the options:

The provisions of (a)(i) of the preceding item shall apply.
 - (b) When the customer is the Purchasing Customer in the transaction of the underlying securities which is carried out by exercising the options:

The purchase consideration.

2. In the case where the money provided in Item 2 of the preceding paragraph is settled between the customer and the Trading Participant, the amount of the exchanged money shall be equivalent to the difference between the money provided in Item 2 (a)(i) of the preceding paragraph and the purchase consideration provided in (b) of the same Item, and in the case where the money provided in Item 3 of the preceding paragraph is settled between the customer and the Trading Participant, the amount of the exchanged money shall be equivalent to the difference between the money provided in (i) of the same item and the purchase consideration provided in (ii) of the same item.

Rule 22. Measures when Receiving Delivery of Due Bills

In the event that a Trading Participant receives delivery of due bills in place of the purchased underlying securities upon settlement of the purchase of the underlying securities which is carried out as a result of exercising securities options, the Trading Participant may, with the approval of the Purchasing Customer, defer the delivery of said purchased underlying securities to the customer.

Rule 23. Restrictions of Securities Eligible for Settlement

With respect to the delivery or receipt of securities relating to the settlement of transactions of the underlying securities which are carried out as a result of exercising securities options, in the event that the rights and obligations of old and new securities are the same and both securities are consolidated and then traded, they shall be handled as the same for settlements coming on or after the day on which said trading begins.

Rule 24. Application of Regulations of JASDEC, etc.

A brokerage agreement for transactions of the underlying securities which is carried out as a result of exercising securities options shall, in addition to the provisions of these Standards, be in accordance with the agreement concluded between the Trading Participant and the customer under the Business Regulations relating to Stocks, etc. stipulated by Japan Securities Depository Center, Inc. (hereinafter referred to as "JASDEC").

Rule 25. Delivery by Book-Entry Transfer

When having received entrustment of trading of securities options (limited to securities options for which a transaction of the underlying securities is carried out as a result of exercising an option) from a customer, a Trading Participant shall set up an account under the Book-Entry Act for said customer and conduct delivery of securities pertaining to sales and purchases of the underlying securities carried out as a result of exercising securities options by book-entry transfer through that account; provided, however, that this shall not apply to cases where delivery of the securities is to be conducted by book-entry transfer through another account of said customer under the Book-Entry Act.

Rule 26. Provision of Credit by Trading Participants for Customer to Exercise

1. In the case where a customer gives instructions to exercise securities options or receives credit from a Trading Participant for the purpose of settlement of transactions of underlying securities (limited to those issues that can be traded on margin on OSE; the same shall apply hereinafter in this Rule) which are carried out where an exercise has been assigned to the customer (in

- cases of the exercising of securities options provided in Rule 21, Paragraph 1, Item 2, limited to those relating to the number of securities provided in (a)(ii) of the same item), the customer shall set up a margin trading account in advance.
2. With respect to opening a margin trading account, a customer shall make an application to a Trading Participant and shall obtain its approval.
 3. When a customer has obtained the approval of a Trading Participant for the application as described in the preceding paragraph, the customer shall give consent to the details of the Agreement for Setting up Margin Transaction Account in the form specified by OSE through either of the following means (if a customer requests to give consent through the means referred to in Item 1, said means) designated by the Trading Participant. In such cases, when the customer uses the English version of the Agreement for Setting up Margin Transaction Account, the customer shall obtain approval from the Trading Participant.
 - (1) Submission of the Agreement for Setting up Margin Transaction Account by completing the prescribed matters with signature and/or seal thereon
 - (2) Notification through electromagnetic means of the consent to the details of the Agreement for Setting up Margin Transaction Account
 4. Provisions of Rule 5, Paragraphs 4 and 5 shall apply mutatis mutandis to Trading Participants that intend to obtain consent to the details of the agreement pursuant to the provisions of the preceding paragraph through means referred to in Item (2) of the same paragraph.
 5. The credit in Paragraph 1 shall apply mutatis mutandis to Chapter 4 of the Brokerage Agreement Standards of TSE. In this case "Trading Participant" shall be deemed to be read as "Futures, etc. Trading Participant of Osaka Exchange, Inc.", "day on which the transactions are executed" in Rule 39 shall be deemed to be read as "day after the exercise date", "day on which the sale or purchase on margin is executed" in Rule 43 shall be deemed to be read as "day after the exercise date" and "day on which such loss calculation arises" in Rule 48 shall be deemed to be read as "day on which such loss calculation arises or the day after the exercise date".
 6. If a customer who has set up a margin trading account with a Trading Participant applies to the Trading Participant to carry out, on margin, the transactions of underlying securities which are to be carried out as a result of exercising an option or assignment of options to be exercised, by no later than the day after the exercise date (or the exercise date if the exercise date falls on the day before the date of ex-dividend etc. or the date on which the trading of shares commences after a share consolidation that pertains to transaction in said underlying securities; the same shall apply hereinafter in this paragraph), indicating to said Trading Participant whether the transaction is a standardized margin transaction or a negotiable margin transaction, a sale or purchase of said underlying securities shall be carried out on margin on the day after the

exercise date.

7. In the cases referred to in the preceding paragraph, where the total amount of deposited margin stipulated in Rule 33, Paragraph 1 of the Margin Rules exceeds the customer's margin requirement (excluding amounts related to the said exercise) stipulated in the rules on margin, etc. pursuant to the provisions of the Business Rules of JSCC, notwithstanding the provisions of Rule 35, Paragraph 1 of the Margin Rules, the customer may withdraw said excess amount (in the case of money, limited to the money excess amount provided in Paragraph 1, Item 1 of the same Rule) and appropriate it for the security deposit of the margin transactions that said customer is to deposit.
8. In the case in Paragraph 5, where the customer settles said margin transaction by means of an offsetting transaction for a corresponding amount of the same issue as the security underlying the option (limited to those where the settlement date stipulated by OSE pertaining to said offsetting transaction is the same date as the settlement date stipulated by OSE pertaining to the purchase or sale of the security underlying options on margin), the provisions of Rule 39 of the Brokerage Agreement Standards of TSE as applied *mutatis mutandis* in the same paragraph shall not apply.

Rule 26-2. Special Provisions for Settlement Pertaining to Customer of Remote Trading Participant

1. If a customer (limited to customers of a Remote Trading Participant that belong to the same corporate group as the Remote Trading Participant; the same shall apply in this rule and the following rule) has agreed in advance with the Remote Trading Participant and its Designated Clearing Participant (meaning the Designated Index Futures, etc. Clearing Participant for payment/receipt of option premiums or the amount of money corresponding to receipt of the assignment of an exercise of securities options (limited to securities options for which a transaction is carried out as a result of exercise in which an amount of money calculated based on the difference between the exercise price and the actual price shall be received/paid), and the Designated Securities Clearing Participant for settlement of the transaction of underlying securities which is carried out as a result of exercising the option; the same shall apply hereinafter in this rule), it may settle securities options trading with the Designated Clearing Participant in place of the Remote Trading Participant in accordance with the provisions of Rule 17 through Rule 19 and Rule 21 through Rule 25.
2. If a customer has conducted the settlement with the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such settlement shall be deemed to have been conducted between the customer and the Remote Trading Participant.

Rule 26-2-2. Reporting Obligations Concerning Status of Settlement Pertaining to Customer of Remote Trading Participant

A customer that settles securities options trading with the Designated Clearing Participant pursuant to the provisions of Paragraph 1 of the preceding rule must report the status of such settlement to the Remote Trading Participant according to the instructions of the Remote Trading Participant.

Section 2-2**Settlement by Customer Pertaining to Government Bonds
Futures Options Trading, etc.****Rule 26-2-3. Settlement Cut-off Time for Customer**

With respect to an order for purchase of government bond futures options, a customer shall pay the Trading Participant the option premium pertaining to such purchase by the date and time designated by the Trading Participant which is no later than the day after the day on which the trading day when the purchase was executed ends; provided, however, that if the customer is a non-resident, the payment shall be made by the date and time designated by the Trading Participant which is no later than the third (3rd) day counting from the day on which the trading day ends. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

Rule 26-3. Appropriation of Margin to Payment of Option Premium

For an option premium that should be paid by a customer to a Trading Participant pursuant to the provisions of the preceding rule, said Trading Participant may appropriate the amount of money submitted or deposited by the customer as margin as of the day on which the customer should make the payment of option premium to said Trading Participant, or the amount of money equivalent to said customer's unrealized gain as prescribed in the Margin Rules. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in

Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

Rule 26-4. Special Provisions for Settlement Pertaining to Customer of Remote Trading Participant

1. If a customer (limited to customers of a Remote Trading Participant that belong to the same corporate group as the Remote Trading Participant; the same shall apply in this rule and the following rule) has agreed in advance with the Remote Trading Participant and its Designated Clearing Participant, it may settle trading of government bond futures options with the Designated Clearing Participant in place of the Remote Trading Participant in accordance with the provisions of the preceding two (2) rules.
2. If a customer has conducted the settlement with the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such settlement shall be deemed to have been conducted between the customer and the Remote Trading Participant.

Rule 26-5. Reporting Obligations Concerning Status of Settlement Pertaining to Customer of Remote Trading Participant

A customer that settles trading of government bonds futures options with the Designated Clearing Participant pursuant to the provisions of Paragraph 1 of the preceding rule must report the status of such settlement to the Remote Trading Participant according to the instructions of the Remote Trading Participant.

Section 3

Settlement by Customer relating to Index Options Trading

Rule 27. Money to be Paid/Received for Settlement Relating to Index Options Trading

The amount of money to be paid/received between a customer and a Trading Participant for the settlement of index options trading shall be the option premium in the case that the sale or purchase has been executed for the said customer's account, and the amount equivalent to the difference between the exercise price and the option settlement price in the case of settlement by an exercise for the said customer's account. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant

to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

Rule 28. Settlement Cut-off Time for Customer

When a customer conducts the settlement referred to in the preceding paragraph, the customer shall pay the Trading Participant the option premium pertaining to the purchase or the amount of money corresponding to receipt of the assignment of the exercise by the date and time designated by the Trading Participant which is no later than the day after the day on which the trading day when the transaction is executed ends, or the exercise date (or the third (3rd) day counting from the day on which the trading day when the transaction is executed ends, or the exercise date, in the case the customer is a non-resident). In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

Rule 29. Appropriation of Margin to Payment of Option Premium for Settlement

For an option premium that should be paid to a Trading Participant pursuant to the provisions of the preceding rule, said Trading Participant may appropriate the amount of money submitted or deposited by the customer as margin as of the day on which the customer should make the payment of option premium, or the amount of money equivalent to said customer's unrealized gain as prescribed in the Margin Rules. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

Rule 29-2. Special Provisions for Settlement Pertaining to Customer of Remote Trading Participant

1. If a customer (limited to customers of a Remote Trading Participant that belong to the same corporate group as the Remote Trading Participant; the same shall apply in this rule and the

following rule) has agreed in advance with the Remote Trading Participant and its Designated Clearing Participant, it may settle index options trading with the Designated Clearing Participant in place of the Remote Trading Participant in accordance with the provisions of the preceding three (3) rules.

2. If a customer has conducted the settlement with the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such settlement shall be deemed to have been conducted between the customer and the Remote Trading Participant.

Rule 29-3. Reporting Obligations Concerning Status of Settlement Pertaining to Customer of Remote Trading Participant

A customer that settles index options trading with the Designated Clearing Participant pursuant to the provisions of Paragraph 1 of the preceding rule must report the status of such settlement to the Remote Trading Participant according to the instructions of the Remote Trading Participant.

Section 3-2

**Settlement by Customer Pertaining to Commodity
Futures Options Trading, etc.**

Rule 29-4 Money to be Paid/Received for Settlement Relating to Commodity Futures Options Transactions

The amount of money to be paid/received between a customer and a Trading Participant for settling trading of commodity futures options shall be the option premium in the case that the sale or purchase has been executed for the said customer's account, and the amount equivalent to the difference between the exercise price and the option settlement price in the case of the settlement by an exercise for the said customer's account. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

Rule 29-5 Settlement Cut-off Time for Customer

With respect to an order for purchase of commodity futures options, a customer shall pay the Trading Participant the option premium pertaining to such purchase by the date and time

designated by the Trading Participant which is no later than the day after the day on which the trading day when the transaction is executed ends (or the third (3rd) day counting from the day on which the trading day ends if the customer is a non-resident). In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

Rule 29-6 Appropriation of Margin to Payment of Option Premium, etc. for Settlement

For an option premium that should be paid by a customer to a Trading Participant pursuant to the provisions of the preceding rule, said Trading Participant may appropriate the amount of money submitted or deposited by the customer as margin as of the day on which the customer should make the payment of option premium to said Trading Participant, or the amount of money equivalent to said customer's unrealized gain as prescribed in the Margin Rules. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average prices value as specified by OSE.

Rule 29-7. Special Provisions for Settlement Pertaining to Customer of Remote Trading Participant

1. If a customer (limited to customers of a Remote Trading Participant that belong to the same corporate group as the Remote Trading Participant; the same shall apply in this rule and the following rule) has agreed in advance with the Remote Trading Participant and its Designated Clearing Participant, it may settle trading of commodity futures options with the Designated Clearing Participant in place of the Remote Trading Participant in accordance with the provisions of the preceding three (3) rules.
2. If a customer has conducted the settlement with the Designated Clearing Participant pursuant to the provisions of the preceding paragraph, such settlement shall be deemed to have been conducted between the customer and the Remote Trading Participant.

Rule 29-8. Reporting Obligations Concerning Status of Settlement Pertaining to Customer of Remote Trading Participant

A customer that settles trading of commodity futures options with the Designated Clearing Participant pursuant to the provisions of Paragraph 1 of the preceding rule shall report the status of such settlement to the Remote Trading Participant according to the instructions of the Remote Trading Participant.

Chapter 6**Transfer of Unsettled Contracts, etc.****Rule 30. Treatment of Unsettled Contracts for Customer's Account, etc.**

Matters concerning the transfer of unsettled contracts for a customer's account shall be prescribed in the Margin Rules.

Chapter 7**Miscellaneous Provisions****Rule 31. Measures Taken by Trading Participant Receiving Instructions for Improvement of Position Holding**

1. In the event that a Trading Participant who is a Clearing Participant (meaning a Government Bond Futures, etc. Clearing Participant (meaning the Government Bond Futures, etc. Clearing Participant prescribed in Rule 4, Paragraph 1 of the Clearing and Settlement Regulations; the same shall apply hereinafter), an Index Futures, etc. Clearing Participant (meaning the Index Futures, etc. Clearing Participant prescribed in Rule 4, Paragraph 2 of the same regulations; the same shall apply hereinafter), a Precious Metal Futures, etc. Clearing Participant (meaning the Precious Metal Futures, etc. Clearing Participant prescribed in Rule 4, Paragraph 3 of the same regulations; the same shall apply hereinafter), a Rubber Futures, etc. Clearing Participant (meaning the Rubber Futures, etc. Clearing Participant prescribed in Rule 4, Paragraph 4 of the same regulations; the same shall apply hereinafter), an Agricultural Product Futures, etc. Clearing Participant (meaning the Agricultural Product Futures, etc. Clearing Participant prescribed in Rule 4, Paragraph 5 of the same regulations; the same shall apply hereinafter) or a Petroleum Futures, etc., Clearing Participant (meaning the Petroleum Futures, etc. Clearing Participant prescribed in Rule 4, Paragraph 6 of the same regulations; the same shall apply hereinafter) receives an instruction for improvement of position holding (meaning an instruction for improvement of position holding based on the provisions of the Business Rules

of JSCC; the same shall apply hereinafter), said Trading Participant may request the customer who has entrusted market derivatives trading that is closely related to the reason for such improvement instruction to settle or transfer to another Trading Participant the unsettled contracts for said customer's account; provided, however, that the said request may be made only when said Clearing Participant receives such improvement instruction as a result of the said customer's failure, without justifiable grounds, to comply with the measures provided in Rule 29-2, Paragraph 2 of the Business Rules of JSCC relating to clearing margin for trading of market derivatives for the said customer's account, despite the implementation thereof.

2. In the cases referred to in the preceding paragraph, a Trading Participant that is one of the said Clearing Participants may conduct a resale or repurchase, etc. (meaning a resale or repurchase relating to futures or a resale, repurchase, or exercise relating to options (including entrustment thereof); the same shall apply hereafter in this Rule) for the said customer's account in order to settle the trading of market derivatives based on the said customer's order to the extent deemed reasonably necessary; provided, however, that said resale or repurchase, etc. may be conducted only if the said Trading Participant that is a Clearing Participant has failed to comply with said improvement instruction even having made reasonable efforts to comply with said improvement instruction by other means, and when, despite the Trading Participant's request referred to in the same paragraph to the said customer, setting a reasonable grace period in advance, the said customer has not complied with it without justifiable grounds.
3. The provisions of the preceding two paragraphs shall apply mutatis mutandis to cases where a Designated Clearing Participant (meaning an Agency Clearing Participant (meaning an entity that has an Agency Clearing Qualification pertaining to a Government Bond Futures, etc. Clearing Qualification (meaning JGB Futures Clearing Qualification prescribed in the Business Rules of JSCC), an Index Futures, etc. Clearing Qualification (meaning Index Futures Clearing Qualification prescribed in the Business Rules of JSCC), a Precious Metal Futures, etc. Clearing Qualification (meaning Precious Metal Futures Clearing Qualification prescribed in the Business Rules of JSCC), a Rubber Futures, etc. Clearing Qualification (meaning Rubber Futures Clearing Qualification prescribed in the Business Rules of JSCC), an Agricultural Product Futures, etc. Clearing Qualification (meaning Agricultural Futures Clearing Qualification prescribed in the Business Rules of JSCC) or a Petroleum Futures, etc., Clearing Qualification (meaning Petroleum Futures Clearing Qualification prescribed in the Business Rules of JSCC)) designated by the relevant Non-Clearing Participant pursuant to the provisions of Rule 27, Paragraph 1 of the Trading Participant Regulations) pertaining to a Non-Clearing Participant (meaning a Government Bond Futures, etc. Non-Clearing Participant prescribed in Rule 24, Paragraph 2 of the Trading Participant Regulations, an Index Futures, etc. Non-

Clearing Participant prescribed in Rule 24, Paragraph 3 of the same regulations, a Precious Metal Futures, etc. Non-Clearing Participant prescribed in Rule 24, Paragraph 5 of the same regulations, a Rubber Futures, etc. Non-Clearing Participant prescribed in Paragraph 6 of the same Rule, an Agricultural Product Futures, etc. Non-Clearing Participant prescribed in Paragraph 7 of the same Rule, or a Petroleum Futures, etc., Non-Clearing Participant prescribed in Paragraph 8 of the same Rule; the same shall apply hereinafter) receives an improvement instruction and when such Designated Futures Options Clearing Participant has instructed such Futures Options Non-Clearing Participant to settle or transfer to another Futures Options Clearing Participant the unsettled contracts of market derivatives based on entrustment of brokerage of clearing of securities, etc. of the said Futures Options Non-Clearing Participant.

Rule 32. Payment and Receipt of Money in Foreign Currencies

Payment and receipt of money pertaining to trading in market derivatives (including transactions of underlying securities which are carried out as a result of exercising securities options) between a customer and a Trading Participant may be made in a foreign currency designated by the customer if the Trading Participant so agrees.

Rule 33. Measures in Case of a Customer's Failure to Conduct Settlement

1. In case a customer fails to provide the margin to be provided or deposit the margin to be deposited, fails to pay money or option premium pertaining to purchases, fails to deliver government bonds to be sold or purchase payment pertaining to settlement by physical delivery, fails to deliver physical commodities (including warehouse receipts and other delivery documents necessary for settlement by physical delivery) or purchase payment pertaining to settlement by physical delivery, or fails to deliver settlement payment or securities to be delivered pertaining to exercise to a Trading Participant in relation with trading of market derivatives by the prescribed cut-off time (including the date and time designated by the Trading Participant deeming it necessary as prescribed in Rule 14-10 in cases of physically delivered government bond futures), the relevant Trading Participant may, at its own discretion, conduct a resale, repurchase, settlement by physical delivery, or the final settlement relating to futures trading (excluding contracts for clearing on government bond futures eligible for cross-margining and contracts for clearing on interest rate futures eligible for cross-margining specified in the Business Rules of JSCC), or resale, repurchase, exercise, or concluding agreement of selling or purchasing securities relating to options trading (including the entrustment thereof) for the said customer's account to settle said trading of market derivatives. In cases where the provisions of Article 37-4 of the Act are not applied to the customer under

Article 45 of the Act or where the average value of unit prices of transactions executed for the same issue on the same day may be used pursuant to the provisions of Article 108, Paragraph 7 of the Cabinet Office Order on Financial Instruments Business, etc. instead of matters referred to in Paragraph 1, Item 2 (g) of the same article, said option premium may be calculated based on said average value as specified by OSE.

2. In the event that the Trading Participant suffers losses in the case referred to in the preceding paragraph, the Trading Participant may appropriate the money and securities possessed or recorded in the account under the Book-Entry Act by said Trading Participant on behalf of the customer as compensation for such losses, and if there still remains any deficit, demand the payment of the amount equal to such deficit from the customer.

Rule 34. Effect of Cancellation of Transactions, etc.

1. In the event that OSE cancels transactions, rights and obligations between the customer and the Trading Participant pertaining to said cancelled transactions shall be deemed to have never arisen.
2. A customer may not claim compensation for damages from the Trading Participant that placed an erroneous order even if they have suffered losses as a result of OSE canceling transactions; provided, however, that this shall not apply to cases in which the Trading Participant is considered to have been intentional or grossly negligent in placing the erroneous order.
3. A customer may not claim compensation for damages from OSE even if they have suffered losses as a result of OSE canceling transactions; provided, however, that this shall not apply to cases in which OSE is considered to have been intentional or grossly negligent.

Rule 35. Submission, etc. Pertaining to Registration as Person Conducting Low Latency Trading

1. After completing registration as a person conducting low latency trading, a customer (limited to those who conduct low latency trading (excluding Trading Participants); the same shall apply hereinafter in this paragraph through Paragraph 3) shall promptly submit to OSE a copy of a document certifying its registered trade name, business name, or name.
2. After completing registration as a person conducting low latency trading, a customer shall promptly notify OSE of matters pertaining to the person who will be the contact for OSE as specified in the following items in accordance with the classification enumerated in each item:
 - (1) In the case where such customer is a low latency trader (meaning a low latency trader prescribed in Article 2, Paragraph 42 of the Act; the same shall apply hereinafter) that is a foreign legal person:

Name and address, etc. of the domestic representative or domestic agent (meaning a domestic representative or domestic agent prescribed in Article 66-53, Item 5, Subitem c of the Act).

- (2) In the case where such customer is a low latency trader that is a resident individual in a foreign jurisdiction:

Name and address, etc. of the domestic agent (meaning a domestic agent prescribed in Article 66-53, Item 6, Subitem b of the Act).

- (3) In cases other than those enumerated in the preceding two items:

Name and address, etc. of an appropriate person as a contact for OSE.

3. After completing registration as a person conducting low latency trading, a customer shall submit to OSE without delay a copy of a documents, etc. as specified in the following items in accordance with the classification enumerated in each item:

- (1) In the case where such customer is a financial instruments business operator:

The document describing the contents and method of business specified by the Cabinet Office Order as prescribed in Article 29-2, Paragraph 2, Item 2 of the Act

- (2) In the case where such customer is a registered financial institution:

The document enumerated in Article 33-3, Paragraph 2, Item 2 of the Act

- (3) In the case where such customer is an authorized firm for on-exchange transactions:

The document enumerated in Article 60-2, Paragraph 3, Item 2 of the Act

- (4) In cases other than those enumerated in each of the preceding items:

The document enumerated in Article 66-51, Paragraph 2, Item 2 of the Act and the document describing matters such as operational personnel structure and business execution structure of the organization, among the documents enumerated in Item 4 of the same paragraph.

4. In the case where a customer is a trading broker (meaning a customer who entrusts market derivatives trading to a Trading Participant (excluding entrustment of brokerage for clearing of securities, etc.; the same shall apply hereinafter) when such customer is a financial instruments business operator or a foreign securities broker and said entrustment to the Trading Participant is one due to brokerage of an entrustment of market derivatives trading; the same shall apply hereinafter), such customer must implement appropriate measures to ensure its customer, who applies for brokerage of entrustment of market derivatives trading related to low latency trading on the financial instruments exchange market established by OSE (hereinafter referred to as the "trading broker's customer"), conducts the following for documents and notices pertaining to said trading broker's customer: (i) submits to OSE the copy of the certified document prescribed in Paragraph 1, (ii) notifies OSE of the matters prescribed in each item of Paragraph

2, and (iii) submits to OSE the copy of documents, etc., prescribed in each item of the preceding paragraph.

Rule 36. Requests to Persons Conducting Low Latency Trading

1. A customer (limited to persons conducting low latency trading; the same shall apply in this paragraph) must respond to requests made to said customer by Japan Exchange Regulation (hereinafter referred to as "JPX-R") for operations entrusted by OSE to JPX-R pursuant to the provisions of Rule 2-2, Paragraph 2 of the Business Regulations.
2. In the case where a customer is a trading broker, said customer must implement appropriate measures to ensure its customer (which is a trading broker's customer) responds to requests made by JPX-R to said trading broker's customer for operations entrusted by OSE to JPX-R pursuant to the provisions of Rule 2-2, Paragraph 2 of the Business Regulations.

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 June 28, 2023.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on June 28, 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 October 1, 2023.
2. Even before the date the revisions take effect (hereinafter referred to as the "effective date"), a customer may give a notification to a Trading Participant pursuant to the provisions of Rule 16-6, Paragraph 1, Rule 16-10, Paragraph 1, Rule 16-14, Paragraph 1, and Rule 16-16, Paragraph 1. In this case, any notification that has been given pursuant to these provisions shall be deemed to have been given pursuant to these provisions on the effective date.

Supplementary Provisions

1. These revisions shall take effect on March 4, 2024.

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

Supplementary Provisions

1. These revisions shall take effect on November 5, 2024.
2. Notwithstanding the provisions of the preceding paragraph, if OSE deems it inappropriate to implement the revisions on November 5, 2024 due to problems with operating the trading system or any other unavoidable reasons, they shall be implemented on later date specified by OSE.

Supplementary Provisions

These revisions shall take effect on April 1, 2025.

Appendix 1**Table of restrictions, etc. for customer trading pertaining to commodity futures**

The limits prescribed in Rule 8-2, Paragraph 1 shall be as follows:

Unit: No. of contracts

Applicable Product	Applicable Customers	Nearest contract		Second contract	Third contract	Fourth contract	Fifth contract	Sixth contract	Total of all the contracts combined
		Month That Includes the Contract's Last Trading Day	Other Months						
Gold Standard Futures ¹	General Customer ² , etc.	-			-	-	-	-	-5,000
	Eligible Consignor ³	-		-	-	-	-	-	-10,000
	Commercial Entity ⁴ , Investment Trust ⁵ , etc. Market Maker ⁶	10,000		-	-	-	-	-	-30,000
Silver Futures	General Customer ² , etc.	500		-	-	-	-	-	-2,000
	Commercial Entity ⁴ , Investment Trust ⁵ , etc. Market Maker ⁶	1,000		-	-	-	-	-	-10,000
Platinum Futures ¹	General Customer ² , etc.	100	150	200	-	-	-	-	-3,500
	Commercial Entity ⁴ , Investment Trust ⁵ , etc. Market Maker ⁶	600	700	1,200	-	-	-	-	-10,000
Palladium Futures	General Customer ² , etc.	10	20	40	-	-	-	-	-400
	Commercial Entity ⁴ , Investment Trust ⁵ , etc. Market Maker ⁶	75	100	200	-	-	-	-	-1,500
Rubber (RSS) Futures	General Customer ² , etc.	300		600	-	-	-	-	-10,000
	Commercial Entity ⁴ Investment	400		600	-	-	-	-	-10,000

	Trust ⁵ , etc. Market Maker ⁶								
Rubber (TSR) Futures	General Customer ² , etc.	500		1,000	-	-	-	-	10,000
	Commercial Entity ⁴ , Investment Trust ⁵ , etc. Market Maker ⁶	1,000		2,000	-	-	-	-	10,000
Soybean Futures	General Customer ² , etc.	400	800	2,000	4,000	4,000	4,000	4,000	-
	Commercial Entity ⁴ , Investment Trust ⁵ , etc. Market Maker ⁶	400	800	2,000	4,000	8,000	8,000	8,000	-
Azuki (Red Bean)Futures	General Customer ² , etc.	20		50	150	300	500	500	-
	Commercial Entities ⁴ , Investment Trust ⁵ , etc. Market Maker ⁶	50		100	200	600	1,000	1,000	-
Corn Futures	General Customer ² , etc.	600	1,200	3,000	6,000	6,000	6,000	6,000	-
	Commercial Entity ⁴ , Investment Trust ⁵ , etc. Market Maker ⁶	600	1,200	3,000	6,000	12,000	12,000	12,000	-

Notes:

¹ Excluding cash-settled monthly futures and cash-settled rolling spot futures.

² A general customer, etc. means a customer other than an eligible consignor, commercial entity, investment trust, or market maker.

³ An eligible consignor means an eligible consignor prescribed in Article 2, Paragraph 25 of the Commodity Derivatives Transaction Act (Act No. 239 of 1950) (including those considered to be eligible consignors pursuant to Article 197-5 and Article 197-6 of the same Act).

⁴ A commercial entity means an entity which engages in one of the following businesses as its regular business: (1) trading physical commodities whose derivatives are traded on OSE, (2) providing intermediary, brokerage or agency services for the trading of said physical commodities, or (3) producing, processing, or using said physical commodities.

⁵ An investment trust, etc. means the investment trusts and related entities in the following (in the case of (1) through (4), those entities that are defined as investment trusts, etc. shall be limited to those whose specified assets are either commodities prescribed in Article 3, Item 9 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000) or rights pertaining to transactions related to commodities investment as prescribed in Item 10 of the same article):

(1) An investment trust as prescribed in Article 2, Paragraph 3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; hereinafter referred to as the "Investment Trust Act")

- (2) An investment corporation as prescribed in Article 2, Paragraph 12 of the Investment Trust Act
- (3) A foreign investment trust as prescribed in Article 2, Paragraph 24 of the Investment Trust Act
- (4) A foreign investment corporation as prescribed in Article 2, Paragraph 25 of the Investment Trust Act
- (5) An entity which manages assets by commodity investment as prescribed in Article 2, Paragraph 1 of the Act on Regulation of Commodity Investment (Act No. 66 of 1991) regarding the following trading:
 - a Trading from funds that are managed or administered by a financial instruments business operator, etc. based on the commodity investment contract as prescribed in Article 2, Paragraph 5 of the same act
 - b Trading from funds that are managed or administered by a financial instruments business operator, etc. based on a trust agreement or a similar agreement thereto whose purpose is to manage all or a part of the trust assets through commodity investment
- (6) An entity which trades commodity futures that back securities incorporated into a trust with certificates of beneficial interest as prescribed in Article 185 of the Trust Act (No. 108 of 2006), with the issuer of said securities as the counterparty
- (7) An entity which is approved by OSE as similar to (1) through (6)

⁶ Market makers are limited to those approved by OSE.

Appendix 2

Table of entities who are eligible to hold hedge positions and types of trading of physical commodities that may be hedged, etc.

The entities who are eligible to hold hedge positions prescribed in Rule 8-2, Paragraph 4 and types of trading of physical commodities, etc. that may be hedged shall be as follows:

Applicable Products	Entities Who Are Eligible to Hold Hedge Positions	Types of Trading of Physical Commodities, etc. That May Be Hedged
Gold Silver Platinum Palladium	<ul style="list-style-type: none"> - Commercial Entities (See Note) - Entities who engage in trading related to the creation of spot commodity ETFs - Trading Participants who are OSE-approved market makers - Other OSE-approved entities 	<ul style="list-style-type: none"> - The holding of the same physical commodity as the one that underlies the commodity derivatives product in question - The trading of the same physical commodity as the one that underlies the commodity derivatives product in question - The forward trading of the same physical commodity as the one that underlies the commodity derivatives product in question - The holding or trading (including other similar acts) of a commodity whose price fluctuates in a manner that is essentially related to the derivatives price for said commodity - The trading of spot commodity ETFs - The trading of cash-settled monthly futures - The trading of cash-settled rolling spot futures - Other trading or acts that OSE deems appropriate
Rubber (RSS) Rubber (TSR) Soybeans Azuki (red beans) Corn	<ul style="list-style-type: none"> - Commercial Entities (See Note) - Other OSE-approved entities 	<ul style="list-style-type: none"> - The holding of the same physical commodity as the one that underlies the commodity derivatives product in question - The trading of the same physical commodity as the one that underlies the commodity derivatives product in question - The forward trading of the same physical commodity as the one that underlies the commodity derivatives product in question

		commodity derivatives product in question - The holding or trading (including other similar acts) of a commodity whose price fluctuates in a manner that is essentially related to the derivatives price for said commodity - Other trading or acts that OSE deems appropriate
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Note: A commercial entity means an entity who engages in one of the following businesses as its regular business: (1) trading physical commodities whose derivatives are traded on OSE; (2) providing intermediary, brokerage, or agency services for the trading of said physical commodities; or (3) producing, processing, or using said physical commodities.