

VaR Margin Application Utilization Rules
(API Application, Individual Agreement)

These Utilization Rules (hereinafter referred to as these “Rules”) set forth the terms and conditions of a provisions of VaR Margin Application (referring to the application defined in Article 2 below; hereinafter referred to as “VMA”) Japan Securities Clearing Corporation (hereinafter referred to as “JSCC”) provides and the rights and obligations of JSCC and the users. Please read through these Rules before utilization of VMA. If you do not agree to these Rules, you may not use VMA.

(Scope)

Article 1.

1. The purpose of these Rules is to set forth the terms and conditions of a provision of VMA and the rights and obligations of JSCC and the users concerning the utilization of VMA. These Rules shall apply to any and all relationships between the users and JSCC concerning the utilization of VMA.
2. In the event of any inconsistency or conflict between the terms and conditions of a provision of VMA or the rights and obligations of JSCC and the users concerning the utilization of VMA JSCC explained to the users and the provisions of these Rules, the provisions of these Rules shall prevail.

(Definitions)

Article 2.

The following terms used in these Rules shall have the meanings assigned to such terms below:

- (1) VaR Margin Application (VMA)

The API application the Tokyo Stock Exchange, Inc. (hereinafter referred to as “TSE”) developed for the VaR Margin calculation for JSCC’s contracts subject to clearing (limited to the futures and option contracts). JSCC has been granted by TSE the license to use VMA, including a right to sublicense to third parties.

- (2) VaR Margin

The margin amounts JSCC calculates via VaR method according to the methods set forth in the Business Rules and other documentations and other amounts related to the calculation of the margin requirements.

(Right to Use)

Article 3.

1. Subject to the terms and conditions set forth herein, JSCC grants to the users a non-exclusive license to use VMA and its associated documentations (including, without limitation, VMA specifications

- (operation manual, guides and other documents with whatever title); the same applies hereinafter) for the purpose of the calculation of VaR Margin in association with the clearing and settlement at JSCC.
2. In the event of the immediately preceding paragraph, all copyrights, industrial property rights and any and all other rights in and to VMA and its associated documentations shall remain in JSCC or TSE (including its development outsourcing contractors).
 3. The users shall use VMA with a due care in accordance with these Rules and the VMA's associated documentations.
 4. The users may not alter VMA or its associated documentations without prior written approval of JSCC.
 5. The users shall use VMA for its business or for the purpose of providing the VMA products and services to their customers as set forth in Article 6, and may not provide VMA to any third party, including, without limitation, a provision of the VMA products and services set forth in Article 6, except for the case set forth in Article 6.
 6. The users may not use VMA for any purpose or in any manner that is out of the scope of the license granted hereunder without a prior written approval of JSCC.

(Application for Utilization)

Article 4.

1. Any person who desires utilization of VMA (hereinafter referred to as "Utilization Applicant") shall, with an agreement to observe these Rules, apply for the utilization of VMA by submitting the prescribed utilization application form to JSCC.
2. A VMA utilization agreement hereunder (hereinafter referred to as the "Utilization Agreement") shall come into effect between the relevant Utilization Applicant and JSCC at the time when JSCC approves the application submitted in accordance with the provisions of the immediately preceding paragraph. In this case, JSCC will notify its approval of the utilization application to the Utilization Applicant by an issuance of a written utilization approval.
3. If a Utilization Applicant falls under any of the following items, JSCC may not approve an application set forth in Paragraph 1, and a Utilization Applicant shall acknowledge a possibility of such denial in advance;
 - (1) When contents of the utilization application form under Paragraph 1 include any false statement;
 - (2) When the Utilization Applicant is considered to be likely to fail its performance of the obligations set forth herein;
 - (3) Otherwise when there is a cause that makes JSCC to consider a provision of VMA inappropriate.
4. When there is any change to the contents of the utilization application form set forth in Paragraph 1, the user shall notify JSCC promptly, either before or after the Utilization Agreement comes into effect.

(Effective Term of Utilization Agreement)

Article 5.

1. The effective term of the Utilization Agreement shall commence on the date of approval stated in the written utilization approval set forth in the immediately preceding article (hereinafter referred to as the “Effective Date”) and ends upon the termination of the agreement as set forth in Article 7 or the time when JSCC terminates its provision of VMA entirely in accordance with the provisions of Article 9 (hereinafter referred to as the “Termination Date”).
2. Upon termination of the Utilization Agreement, the user shall immediately cease its utilization of VMA.

(Provision of VMA Products and Services to Customers)

Article 6.

Only when the third party (limited to a customer of a user; the same applies in this article) agrees to comply with the terms and conditions equivalent to those of these Rules (excluding the provisions concerning application for utilization under Article 4 and fees under Article 10, and including revised provisions of these Rules revised pursuant to the provisions of Article 11), a user may provide the VMA products and services (referring to, when a user uses VMA as a part of the user’s products, such products and services using VMA; the same applies hereinafter) to the third party, in which case, the user shall be liable to JSCC for the utilization of the VMA products and services by such third party.

(Termination of Agreement)

Article 7.

1. When a user breaches any of the provisions of these Rules, the Utilization Agreement shall immediately terminate without any notice or demand from JSCC.
2. A user may terminate its Utilization Agreement by submitting the prescribed form to JSCC.

(Prohibited Acts)

Article 8.

Upon utilization of VMA, a user may not engage in any of the following acts:

- (1) An act in violation of, or threatened to be in violation of, laws and ordinances;
- (2) An act which is contrary to public order and morality;
- (3) An act which causes a trouble or a damage to other VMA users;
- (4) A criminal act or an act suspected of a crime;
- (5) An act that would, or is threatened to, bring about a criminal act;
- (6) A reverse engineering on VMA;
- (7) A provision of VMA and its associated documents to any third party, other than a provision of the VMA products and services to customers as set forth in Article 6; and

- (8) Other act of which JSCC requests to stop by a reason that it is an inappropriate act.
2. When JSCC incurs damages from a user's breach of the provisions set forth in the immediately preceding paragraph or elsewhere in these Rules, the user shall compensate JSCC for such damages, whether direct or indirect, including lost profits and reasonable attorneys' fees.

(Modification, Suspension and Discontinuation of Provision of VMA)

Article 9.

1. JSCC may modify the contents of all or a part of VMA, or suspend, discontinue or terminate a provision of VMA.
2. Upon a modification of all or a part of VMA, or a suspension, discontinuation or termination of a provision of VMA, JSCC will notify such effect in advance through JSCC website or other appropriate method, except for in the case of an emergency or unavoidable circumstances.
3. JSCC shall have no liability even if such modification of all or a part of VMA, or suspension, discontinuation or termination of a provision of VMA causes a disadvantage or a damage to the users.

(Fee)

Article 10.

1. For each month during the period from the later of the month in which the Effective Date belongs and the month during which JSCC migrates the margin calculation method for Futures/Option Contracts to VaR method to the month in which the Termination Date belongs, a user shall pay the monthly VMA utilization fee of 100,000yen plus the amount equivalent to the national and local consumption tax thereon to JSCC.
2. The full monthly VMA utilization fee shall be paid even if the utilization period is less than one month.
3. The users shall pay the VMA utilization fee and the amount equivalent to the national and local consumption tax thereon according to the invoice JSCC issues, by the due date JSCC designates and in a manner JSCC designates.

(Revision of these Rules)

Article 11.

1. When it considers necessary, JSCC may revise these Rules without an approval of the users, which the users acknowledge in advance. JSCC shall have no liability even if any user incurs any disadvantage or damage as a result of the revision of these Rules.
2. When revising these Rules, JSCC shall notify the revisions to the users in writing or through an electromagnetic means at least one month prior to the date of revision (or at least 3 months prior to the date of revision when revising the utilization fee under Article 10, Paragraph 1), except for any insignificant revisions, in which case the revisions will be notified to the users in writing or through an

electromagnetic means by the date immediately preceding the date of revision. The revisions of these Rules shall come into effect from the effective date prescribed by JSCC.

3. When a user continues its utilization of VMA after the revision of these Rules, it is considered to have agreed to such revision.

(Disclaimer)

Article 12.

1. JSCC makes no guarantee on accuracy, up-to-dateness, appropriateness, and suitability to the user's purpose of use and environment, of functionality, features and the like of VMA, including any result of VaR Margin calculation.
2. JSCC shall have no liability for any expense or damage arising from a use of, or an inability to use, VMA by any user or any third party (including, without limitation, any third party receiving the VMA products and services from a user in accordance with Article 6; the same applies in Paragraph 3 below).
3. JSCC shall have no liability for any trouble or other problem arising between the users or between any user and any third party as a result of a utilization of VMA.
4. JSCC shall have no liability for any damage arising from any alteration or reproduction of VMA.

(Prohibition of Assignment of Rights)

Article 13.

The users may not assign, furnish as a pledge or otherwise dispose of its position as a party to the Utilization Agreement or any of its rights under the Utilization Agreement without a written consent of JSCC.

(Matters for Consultation)

Article 14.

Upon occurrence of any matter that is not set forth herein or any doubt in an interpretation of a Utilization Agreement of VMA, JSCC and the user shall have good faith consultations.

(Elimination of Relationship with Anti-Social Forces)

Article 15.

1. For the purpose of these Rules, "Anti-Social Forces" means anything that falls under any of the following items:
 - (1) an organized crime group;
 - (2) a member of an organized crime group;
 - (3) a person, or a corporation or other entity (including its officers (regardless of their title, such as adviser or consultant; the same applies hereinafter), employees or other members), having close relationship with an organized crime group or a member of an organized crime group;

- (4) a “*sokai-ya*” (professional extortionist or corporate racketeer attending shareholders’ meetings);
 - (5) a person, or a corporation or other entity, making unreasonable demand to citizens or corporations under the pretext of conducting a social campaign, human rights campaign or political activities;
 - (6) a person, or a corporation or other entity, engaging in a conduct that would harm social order or public safety; or
 - (7) a person who is engaged in socially condemnable relationship with any of the above.
2. With respect to a user, when any person listed below is Anti-Social Forces, no utilization of VMA shall be permitted. When a person intending to use VMA acquires VMA, it shall be deemed to have agreed to the terms and conditions set forth in this article upon confirmation that it does not fall on this paragraph:
- (1) itself, or its shareholders (only those substantially involved in the management), officers and employees;
 - (2) a person, or a corporation or other entity, who acts as its agent or broker related to transactions with its counterparties, or who is other stakeholder.

(Governing Law and Jurisdiction)

Article 16.

1. These Rules shall be governed by and construed in accordance with the laws of Japan.
2. The Tokyo District Court shall have exclusive jurisdiction for the first instance over any and all legal actions between JSCC and any user arising from or in connection with a utilization of VMA hereunder.

(Supplementary Provisions)

1. These Rules shall come into effect on January 31, 2023.