

Outlines concerning Commodity Market Clearing Service in association with Integration with Japan Commodity Clearing House Co., Ltd.

July 30, 2019

Revised on January 30, 2020

Japan Securities Clearing Corporation

I. Purpose

On the premise of business integration between Japan Exchange Group, Inc. and Tokyo Commodity Exchange, Inc. (scheduled in October 2019), Japan Securities Clearing Corporation (hereinafter referred to as “JSCC”) and Japan Commodity Clearing House Co., Ltd. (hereinafter referred to as “JCCH”) will integrate JCCH’s clearing function into JSCC around July 2020. As JSCC will assume the clearing service related to commodity markets, which are currently handled by JCCH, in association with this integration, JSCC will implement the framework revisions, including an establishment of new clearing frameworks for the commodity market.

This document revises the previous version (published on July 30, 2019) in light of listing of new products at the Market Operators and results of the subsequent discussions. (Revisions from previous version are underlined.)

II. Outlines

Item	Description	Remarks
1. Contracts subject to Clearing	<ul style="list-style-type: none">• Transactions at the below-listed Commodity Market of the Market Operator JSCC designates (hereinafter referred to as the “Designated Commodity Market”):<ul style="list-style-type: none">➤ Osaka Exchange – Precious Metals market➤ Osaka Exchange – Rubber market➤ Osaka Exchange – Agricultural market➤ Tokyo Commodity Exchange – <u>EnergyOil</u> market, Chukyo Oil market	<ul style="list-style-type: none">• <u>Added electricity futures contracts listed on a trial basis on September</u>

Item	Description	Remarks
<p>2. Clearing Participant Framework</p> <p>(1) Type/Classification of Clearing Qualification</p>	<ul style="list-style-type: none"> ➤ Osaka Dojima Commodity Exchange –Agricultural market ➤ Osaka Dojima Commodity Exchange – Sugar market <p>• Types of Clearing Qualifications related to the Commodity Markets and the transactions covered thereby are as follows:</p> <ul style="list-style-type: none"> ➤ Precious Metal Futures Clearing Qualification Transactions related to Gold (Standard), Gold (mini), Gold Rolling Spot, Gold Option, Silver, Platinum (Standard), Platinum (mini), Platinum Rolling Spot and Palladium listed on Osaka Exchange ➤ Rubber Futures Clearing Qualification Transactions related to RSS3 and TSR20 listed on Osaka Exchange ➤ Agricultural Futures Clearing Qualification Transactions related to Corn, Soybean and Azuki(red bean) listed on Osaka Exchange ➤ Energy Futures Clearing Qualification Transactions related to Barge Gasoline, Barge Gasoline Swaps, Lorry Gasoline Swaps, Barge Kerosene, Platts Barge Kerosene Swaps, Platts Lorry Kerosene Swaps, Barge Gasoil, Platts Barge Gasoil Swaps, Platts Lorry Gasoil 	<p><u>17, 2019, and reflected the name change of the oil market</u></p> <p>• Listed on the left are the Commodities currently listed or scheduled to be listed on each Exchange. Types of Clearing Qualification when new Commodity is listed on an Exchange in the future will be considered separately.</p>

Item	Description	Remarks
	<p>Swaps, Platts Dubai Crude Oil, East Area Baseload Electricity, West Area Baseload Electricity, East Area Peakload Electricity, West Area Peakload Electricity, Chukyo Lory Gasoline and Chukyo Lorry Kerosene listed on Tokyo Commodity Exchange</p> <ul style="list-style-type: none"> ➤ Dojima Agricultural Futures Clearing Qualification Transactions related to Miyagi Hitomebore, Akita Komachi, Niigata Koshi, Tokyo Rice, Corn, U.S. Soybeans and Azuki listed on Osaka Dojima Commodity Exchange ➤ Dojima Sugar Futures Clearing Qualification Transactions related to Raw Sugar listed on Osaka Dojima Commodity Exchange <p>• Clearing Qualifications related to the Commodity Markets are further divided into below 2 classifications:</p> <ul style="list-style-type: none"> ➤ Principal Clearing Qualification Clearing Qualification not allowed to perform Brokerage for Clearing of Securities, etc. and/or Commodity Clearing Transaction ➤ Agency Clearing Qualification Clearing Qualification allowed to perform Brokerage for Clearing of Securities, etc. and/or Commodity Clearing Transaction 	<ul style="list-style-type: none"> • Added electricity futures contracts listed on a trial basis on September 17, 2019 • “Miyagi Hitomebore” futures contract trading is scheduled to launch in April 2020. • “Brokerage for Clearing of Securities, etc.” is defined in Article 2, Paragraph 27 of the Financial Instrument Exchange Act and “Commodity Clearing Transaction” is defined in Article 2, Paragraph 20 of the Commodity Derivatives Act.

Item	Description	Remarks
<p>(2) Acquisition of Clearing Qualification</p> <p>① Application for and Approval of Acquisition of Clearing Qualification</p> <p>② Criteria for Clearing Qualification</p>	<ul style="list-style-type: none"> • A party who intends to acquire a Clearing Qualification shall submit an application to JSCC for the acquisition of the Clearing Qualification by indicating for each type of Clearing Qualification whether such Clearing Qualification is to be for Principal Clearing Qualification or Agency Clearing Qualification, and obtain JSCC's approval. • Criteria for an acquisition of a Clearing Qualification related to the Commodity Markets are as follows: <ol style="list-style-type: none"> (1) The applicant is either: <ol style="list-style-type: none"> a) a Trading Participant or a Member of the Designated Commodity Exchange (hereinafter referred to as "Trading Participant"); or b) a person pre-approved by JSCC if it is not a Trading Participant and intends to acquire Agency Clearing Qualification (2) Management Structure Has sound management structure as a Clearing participant (3) Office Location Maintains business offices in Japan 	<ul style="list-style-type: none"> • Date of acquisition of the Clearing Qualification shall be the date designated by JSCC. • See Item#18 for the handling at the time of the integration of the clearing function. • See Item# 18 for the treatment at the time of integration of the clearing function.

Item	Description	Remarks
<p>③Completion of Procedures for Obtaining Clearing Qualification</p>	<p>(4) Business Execution Structure Has appropriate structure for business execution as a Clearing Participant.</p> <p>(5) Financial Basis Either of a) or b) below is met:</p> <p>a) satisfies all of below-listed requirements:</p> <p>① Stable profitability shall be expected; and</p> <p>② Criteria set forth in Annex 1 are met.</p> <p>b) is guaranteed by its parent company and satisfies all requirements prescribed in the following ① through ③:</p> <p>① Stable profitability shall be expected;</p> <p>② Criteria set forth in Annex 1 are met.</p> <p>③ Has ability to perform payment appropriately.</p> <p>• An applicant for a Clearing Qualification shall complete the procedures prescribed by JSCC, including the payment of Clearing Qualification acquisition fee, deposit of Clearing Fund.</p>	<p>• Acquisition procedures shall be performed by the business day immediately preceding the date of acquisition of the qualification designated by JSCC.</p> <p>• The Clearing Qualification acquisition fee shall be 1 million yen. When multiple Clearing Qualifications are acquired</p>

Item	Description	Remarks
<p>(3) Obligation of Clearing Participant</p> <p>① Conclusion of Clearing Participant Agreement</p> <p>② Clearing Participant's Representative, Person in Charge of Settlement Operation</p> <p>③ Cooperative or Controlling Relationship with Directors, Officers, or Other Persons</p>	<ul style="list-style-type: none"> • A Clearing Participant shall enter into the Clearing Participant Agreement with JSCC. • A Clearing Participant shall register with JSCC in advance its representative and the person in charge of settlement operations. • When JSCC deems that a cooperative or controlling relationship with a director, officer or other person of a Clearing Participant is inappropriate, JSCC may request for a change. 	<p>simultaneously, total amount of Clearing Qualification acquisition fee shall be 1million yen.</p> <ul style="list-style-type: none"> • See Item# 18 for the treatment at the time of integration of clearing function

Item	Description	Remarks
④ Payment of Fees by Clearing Participant	<ul style="list-style-type: none"> A Clearing Participant shall pay the fees prescribed by JSCC. 	<ul style="list-style-type: none"> Fixed fee (monthly) for a Clearing Participant holding the Clearing Qualification related to the Commodity Market shall be 50,000 yen (before tax) regardless of how many Commodity Clearing Qualifications the Clearing Participant holds; provided that, for the time being, fixed fee (monthly) for the Clearing Participants whose total Clearing Fees related to Subject Contracts for Clearing for the Commodity Markets is 100,000 yen or less shall be zero. JSCC's Clearing Fee will be prescribed reviewed separately in such direction that the total fee level of JSCC Clearing Fee plus Osaka Exchange's trading fee will be equal to or less than current aggregate fees of Tokyo Commodity Exchange and JCCH.

Item	Description	Remarks
<p>⑤ Liability for Financial Instruments Obligation Assumption Services and Business of Assuming Commodity Transaction Debts</p> <p>⑥ Matters to be Notified</p>	<ul style="list-style-type: none"> • JSCC shall not be held liable to indemnify Clearing Participant for the damages suffered by it in the course of its business operation in relation to the Financial Instruments Obligation Assumption Services and the Business of Assuming Commodity Transaction Debts performed by JSCC unless a willful misconduct or gross negligence on the part of JSCC is found. • When a Clearing Participant intends to carry out any of the following acts, it shall notify JSCC of the details in advance: 	<ul style="list-style-type: none"> • Fee for a month will be paid in the next month (20th day of each month (or, if such day falls on a non-business day, on the next business day)). • Collection of trading fee on behalf of an Exchange, which JCCH currently performs, will be abolished after the integration of clearing function. • Collection of storage charge performed at a request of Clearing Participant will be continued after the integration of the clearing function.

Item	Description	Remarks
<p>⑦ Matters to be Reported</p> <p>⑧ Examination on Clearing Participant</p>	<p>(1) Entry into or withdrawal from the Designated Commodity Market;</p> <p>(2) Discontinuance of operations of Financial Instruments Business, Registered Financial Institution or Business of Commodity Futures Transactions;</p> <p>(3) Merger;</p> <p>(4) Dissolution;</p> <p>(5) Succession, transfer or acquisition of a business;</p> <p>(6) Change in the trade name or corporate name;</p> <p>(7) Change in the composition of its directors or officers; or</p> <p>(8) Change in the address of its headquarters or principal office</p> <p>• When a Clearing Participant falls under the circumstances prescribed by JSCC, it shall immediately report the details to JSCC.</p> <p>• If JSCC deems it necessary to do so for its operation, JSCC may perform examination on a Clearing Participant regarding:</p>	<p>• The circumstances prescribed by JSCC are to be determined by adopting the matters to be reported set forth in the prevailing JSCC Business Rules, in principle, and considering the matters to be reported under JCCH rules.</p> <p>• JSCC may also perform examination upon receipt of a request from the</p>

Item	Description	Remarks
<p>⑨ Inquiry to Clearing Participant Holding Excessive Position in respect of Unsettled Contracts under Commission</p>	<p>(1) Status of compliance with the Business Rules and other rules;</p> <p>(2) Financial conditions; and</p> <p>(3) Reliability on performance of obligations against JSCC.</p> <ul style="list-style-type: none"> • When JSCC considers that there is a possibility of excessive position holding under commission by its customers, JSCC may ask reporting from the relevant Clearing Participant. 	<p>Designated Market Operator for provision of information and when JSCC considers it relevant.</p>
<p>(4) Renunciation/Forfeiture of Clearing Qualification</p> <p>① Application for and Approval of Renouncing Clearing Qualification</p> <p>② Handling of Unsettled Contract of Participant Renouncing Clearing Qualification</p>	<ul style="list-style-type: none"> • When a Clearing Participant intends to renounce its Clearing Qualification, it shall apply for and obtain JSCC's approval of the renunciation with respect to each category of the Clearing Qualification to be renounced. • When a Clearing Participant applies for renouncing its Clearing Qualification, it shall completely dissolve beforehand all the Contracts for Clearing which remain unsettled. • When an Agency Clearing Participant applies for renouncing the 	<ul style="list-style-type: none"> • Once approved by JSCC, the Clearing Participant shall renounce the Clearing Qualification on the date designated by JSCC. • When merger, etc. occurs at the same timing as the renunciation of the Clearing Qualification, and JSCC deems appropriate, complete

Item	Description	Remarks
<p data-bbox="208 496 577 624">③ Refund of Clearing Fund upon Renunciation of Clearing Qualification</p> <p data-bbox="208 783 577 911">④ Application of Business Rules upon Renunciation of Clearing Qualification</p> <p data-bbox="163 1031 555 1158">(5) Measures to be Taken with respect to Clearing Participants</p> <p data-bbox="208 1174 577 1302">① Measures to be Taken with respect to Clearing Participants</p>	<p data-bbox="663 256 1485 336">Agency Clearing Qualification, it shall beforehand terminate all the Contracts for Commissioning Clearance.</p> <ul data-bbox="618 496 1440 1302" style="list-style-type: none"> <li data-bbox="618 496 1440 671">• When a Clearing Participant renounces its Clearing Qualification, JSCC shall refund clearing fund related to the relevant type of Clearing Qualification after the date of the renunciation. <li data-bbox="618 783 1440 959">• When a Clearing Participant renounces its Clearing Qualification, if there remains any claim or obligation arising from any cause before such renunciation, the provisions of the Business Rules shall apply to such claims and obligations. <li data-bbox="618 1174 1440 1302">• When JSCC deems that a Clearing Participant falls under any of the conducts listed below, JSCC may take measures set forth below: 	<p data-bbox="1585 256 2063 432">dissolution of Unsettled Contracts or termination of all Contracts for Commissioning Clearance may not be required.</p> <ul data-bbox="1529 496 2063 1348" style="list-style-type: none"> <li data-bbox="1529 496 2063 719">• The entity that has renounced its Clearing Qualification shall apply the money and securities to be returned from JSCC toward the satisfaction of all of its obligations owed to JSCC. <li data-bbox="1529 1174 2063 1348">• When JSCCC suspends assumption of obligations without setting duration, the relevant Clearing Participant eliminated its cause may

Item	Description	Remarks
	<p>(Instruction for Improvement, Suspension of Assumption of Obligations or Revocation of Clearing Qualification)</p> <ol style="list-style-type: none"> <li data-bbox="667 352 1503 480">(1) When the Clearing Participant does not submit the notification required as Matters to be Notified, or submits any false notification/report. <li data-bbox="667 496 1503 624">(2) When the Clearing Participant refuses, prevents or evades the examination, or does not submit the report/document or submits any false report/document. <li data-bbox="667 639 1503 719">(3) When its business execution structure is deemed to be flawed. <li data-bbox="667 735 1503 959">(4) When the Clearing Participant violates the measures taken pursuant to the Business Rules or other rules, or when JSCC deems it necessary if the Clearing Participant damages the reputation of JSCC or other Clearing Participants. <p>(Suspension of assumption of all or a part of the obligations or other measures deemed necessary and appropriate by JSCC)</p> <ol style="list-style-type: none"> <li data-bbox="667 1118 1503 1246">(1) When the Clearing Participant refuses to comply with a request made to change the cooperative or controlling relationship with a director, officer or other person; <li data-bbox="667 1262 1503 1342">(2) When a majority of the voting rights of all the shareholders or a majority of the voting rights relating to 	<p>request lifting of the suspension. In such case, JSCC will accept such request if it considers it appropriate.</p>

Item	Description	Remarks
<p>② Measures to be Taken with respect to Clearing Participants with Excessive Positions</p>	<p>capital contributions has come to be held by a person or persons who is or are deemed to be inappropriate;</p> <p>(3) When a person holding the same or greater degree of control over the Clearing Participant as or than that held by a director or an executive officer whether such person holds a title of consultant, advisor or otherwise is deemed to be inappropriate.</p> <p>(Suspension of assumption of all or a part of the obligations)</p> <p>(1) When the Clearing Participant fails to meet the Clearing Qualification maintenance criteria set forth in Annex 2, and prompt recovery cannot be expected.</p> <p>• In the event that a Clearing Participant is deemed to hold excessive positions or there is deemed to be a real possibility of such event, JSCC may take any of the measures set forth below:</p> <p>(1) Increase in the required amount of the Margin, etc.;</p> <p>(2) Limitations on the eligible securities deposited in lieu of cash;</p> <p>(3) Reduction in the rate by which the securities' market value shall be multiplied when calculating the substituting price.</p>	

Item	Description	Remarks
<p>③ Instructions for Improvement on Position Holding</p> <p>④ Measures to be Taken with respect to Clearing Participants When their Collateral Deposit Status is Deemed Inappropriate, etc.</p>	<ul style="list-style-type: none"> • When it is deemed necessary to immediately eliminate the Clearing Participant's excessive position, JSCC may issue the instructions for improvement on position holding. • In the event that a Clearing Participant deposits with JSCC securities in lieu of cash as the Clearing Deposit and the Margin and falls under the any of the events listed below, JSCC may limit the eligible securities deposited in lieu of cash or reduce the rate by which the securities' market value shall be multiplied when calculating the substituting price: <ol style="list-style-type: none"> (1) If the amount deposited as the Clearing Deposit and the Margin aggregated by issue exceeds the amount equal to 2% of the number of listed shares of such issue; (2) If the amount deposited as the Clearing Deposit and the Margin aggregated by issue exceeds the amount equal to 5% of the number of listed shares of such issue; (3) In the event that the ratio of the total amount of the appraisal value of securities deposited in lieu of cash other than municipal bonds, special bonds, corporate bonds, and Japanese yen denominated foreign bonds <u>and Warehouse Receipts</u> and the amount of cash to the required amount of collateral relating to the Clearing Deposit and the Margin exceeds 80%; 	<p>*—Application to securities deposited in lieu of cash to be newly added in association with the integration of the clearing function will be separately determined.</p> <ul style="list-style-type: none"> • Applicable only to the Margin for Clearing Participant's Proprietary and Affiliate-Prop. • Applicable only to the Margin for Clearing Participant's Proprietary and Affiliate-Prop., and collaterals posted as Customer's substitute deposit.

Item	Description	Remarks
<p>⑤ Suspension of Assumption of Obligations of Clearing Participant whose Risk Increased during Specified Time Period</p>	<p>(4) In the event that the securities issued by a Clearing Participant are deposited with JSCC in lieu of cash as the Clearing Deposit and the Margin.</p> <ul style="list-style-type: none"> • In the event that, in respect of a Clearing Participant, the Amount Corresponding to Risk calculated by JSCC exceeds the amount pre-determined by JSCC during the specified time period, JSCC may take measures of suspension of assumption of all or a part of obligations. 	<ul style="list-style-type: none"> • Including securities issued by the parent and –subsidiaries of the Clearing Participant and subsidiaries of the parent. • The specified time period shall be the period from 1:00 p.m. to 9:00 a.m. on the following day.
<p>⑥ Measures against Clearing Participant Having Ceased to be a Trading Participant</p>	<ul style="list-style-type: none"> • A Clearing Participant shall forfeit its Clearing Qualification when any of the following events occurs to it: <ul style="list-style-type: none"> (1) When it ceases to be a Trading Participant of the Designated Commodity Market; or (2) When it is dissolved. 	<ul style="list-style-type: none"> • Other than those holding Agency Clearing Qualification.
<p>⑦ Making Objection, etc.</p>	<ul style="list-style-type: none"> • When taking measures against a Clearing Participant, JSCC shall conduct a hearing for the relevant Clearing Participant. • When it considers that the measures are unreasonable, a Clearing Participant may make objection. 	<ul style="list-style-type: none"> • Hearing shall be conducted in a manner prescribed by JSCC. • Objection shall be made in writing within 10 days from the receipt of JSCC's notification of the measures.

Item	Description	Remarks
<p>⑧ Disciplinary Measures Assessment Committee</p> <p>⑨ Notice of Measures, etc.</p> <p>⑩ Recommendation to Clearing Participant</p>	<ul style="list-style-type: none"> • When JSCC intends to take any of the measures with respect to a Clearing Participant, JSCC shall consult with the Disciplinary Measures Assessment Committee in advance and respect the opinion of the Committee. • When JSCC is to suspend assumption of all or a part of obligations, or to revoke Clearing Qualification, JSCC shall notify to that effect in advance to the relevant Clearing Participant. • When JSCC determines that the operational or financial condition of a Clearing Participant is not appropriate, JSCC may recommend the relevant Clearing Participant to take appropriate measures. 	<ul style="list-style-type: none"> • Integrate current JCCH Discipline Committee into JSCC Disciplinary Measures Assessment Committee.
<p>3. Brokerage for Clearing of Securities, etc. (commodity clearing transaction)</p> <p>(1) Contracts Eligible for Brokerage for Clearing of Securities, etc. (commodity</p>	<ul style="list-style-type: none"> • The contracts which can be subject of the Brokerage for Clearing of Securities, etc. and/or Commodity Clearing Transaction to be executed by an Agency Clearing Participant are the Contracts 	<ul style="list-style-type: none"> • Contracts that come into effect as a result of Option exercise by a Non-Clearing Participant or through

Item	Description	Remarks
clearing transaction)	Subject to Clearing set forth in Item# 1.	Take-up by a Non-Clearing Participant shall be deemed as contracts that come into effect through Brokerage for Clearing of Securities, etc. and/or Commodity Clearing Transaction.
(2) Conclusion of Contract for Commissioning Clearance with Non-Clearing Participant	<ul style="list-style-type: none"> • An Agency Clearing Participant to operate the Brokerage for Clearing of Securities, etc. and/or Commodity Clearing Transaction is required to enter into the Contract for Commissioning Clearance with the Non-Clearing Participant. 	
(3) Notification of Conclusion/Termination of Contract for Commissioning Clearance	<ul style="list-style-type: none"> • When an Agency Clearing Participant intends to enter into or terminate the Contract for Commissioning Clearance, such Agency Clearing Participant shall notify JSCC of its details in advance. 	
(4) Segregation of Contracts Subject to Clearing	<ul style="list-style-type: none"> • An Agency Clearing Participant shall manage the Contracts Subject to Clearing, segregating them by classification of those pursuant to the Brokerage for Clearing of Securities, etc., those pursuant to the commodity clearing transactions and other. 	
(5) Transfer of Unsettled	<ul style="list-style-type: none"> • In the event that a Non-Clearing Participant has changed its 	

Item	Description	Remarks
Contracts for Clearing in the case of Change of Designated Clearing Participant	Designated Clearing Participant, the unsettled Contracts for Clearing at the time of such change shall be transferred to the new Designated Clearing Participant.	
4. Assumption of Obligations	<ul style="list-style-type: none"> • The assumption of obligations by JSCC as the Securities and Similar Contract Clearing Business and the Business of Assuming Commodity Transaction Debts shall be done at the time when Contracts Subject to Clearing are formed pursuant to the rules of the Designated Market Operator. 	
5. Give-up	<ul style="list-style-type: none"> • In the event where the Give-up is completed in accordance with the rules prescribed by the Designated Market Operator and a Contract Subject to Clearing is extinguished and come into effect, JSCC assumes obligations in a manner to discharge the relevant party from the relevant obligation and the Clearing Participant incurs obligations owed to JSCC according to the terms of the relevant Give-up. 	
6. Account Classification	<ul style="list-style-type: none"> • Clearing Participants shall manage position and collaterals related to each contract according to following accounts: <ul style="list-style-type: none"> (1) Contracts on its own account: Proprietary Account (2) Contracts commissioned by customers: <ul style="list-style-type: none"> - Omnibus Account 	<ul style="list-style-type: none"> • The account for the management of position and collaterals related to the products listed on Osaka Exchange governed by Financial Instruments and Exchange Act and the account

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	<ul style="list-style-type: none"> - Individual Segregated Account (ISA) (3) Contracts on Affiliate's account: <ul style="list-style-type: none"> - Affiliate-Prop Omnibus Account - Affiliate-Prop Individual Segregated Account (ISA) • Affiliates shall be those belonging to the same corporate group, as such term referred to in Article 5, Paragraph1, Item (2) of the Financial Instruments and Exchange Act, as the Clearing Participant, and entities with high probability of simultaneous default upon default of the Clearing Participant. 	<p>for the management of position and collaterals related to the products listed on Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange governed by the Commodity Derivatives Act shall be set separately.</p> <ul style="list-style-type: none"> • As to position and collaterals related to Transactions on the products listed on Osaka Dojima Commodity Exchange, the existing account classification (proprietary and client) shall be maintained for the time being. • See Annex 3 for an illustration of account structure. • ISA may be opened when a Clearing Participant desires. • Agency Clearing Participant shall manage position and collaterals separately for each Non-Clearing Participant in the same manner. • Position and collaterals for Affiliate

Item	Description	Remarks
<p>7. Settlement of Position</p> <p>(1) Close-out Quantity Report</p>	<ul style="list-style-type: none"> • When a Clearing Participant is holding a cross-position in the same issue in respect of its Proprietary Account or each of the customer accounts, it shall fix the position by submitting report of the quantity it intends to settle (hereinafter referred to as “Close-out Quantity”). • The Close-out Quantity Report submission deadline is 7:00 p.m. 	<p>Prop shall be segregated from those for other customers on an Omnibus Account or ISA for Affiliate-Prop.</p> <ul style="list-style-type: none"> • See Annex 4 for the definition of Affiliate. • For Transactions on products listed on Osaka Dojima Commodity Exchange, current method (offsetting buys and offsetting sells reporting) shall be maintained. • Submission of reports of the breakdown of offsetting buys and offsetting sells quantity under current JCCH rules will no longer be required. • In principle, the Close-out Quantity will not exceed sum total of the contract quantity of buy and sell, respectively, and the position quantity increased as a result of position transfer for the current day.

Item	Description	Remarks
(2) Automatic Close-out Quantity Report	<ul style="list-style-type: none"> • A Clearing Participant using ISA and Proprietary Account will have an option to give an attribute of “Automatic Close-out Reporting Account” to such account. • When an account given an attribute of “Automatic Close-out Reporting Account” simultaneously holds long and short positions as a result of execution of new trades, take-up, position transfer or the like, the Close-out Quantity Report in respect of the gross quantity of the cross position shall be deemed to have been submitted. 	<ul style="list-style-type: none"> • See Annex 5 for an illustration of Close-out Quantity reporting. • When considering a possible utilization of an Automatic Close-out Reporting Account, decision on whether or not to utilize such account shall be made having in mind the point that if close-out becomes effective as a result of post trade allocation, give-up, take-up or position transfer, correction process will not be allowed.
(3) Allocation Report	<ul style="list-style-type: none"> • When changing an account managing its Transactions, a Clearing Participant may change the account to which the Transactions are booked by giving an allocation report to JSCC. • The allocation report submission deadline is 6:00 p.m. 	<ul style="list-style-type: none"> • See Annex 6 for an illustration of allocation report.
8. Option Exercise (1) Option Exercise or Waiver	<ul style="list-style-type: none"> • A Clearing Participant shall give notice of its exercise or waiver of the Option by 5:00 p.m. on the next business day following the 	

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<p>(2) Assignment of Exercised Option</p> <p>9. Settlement of Contracts for Clearing</p>	<p>Last Trading Day (Exercise Date).</p> <ul style="list-style-type: none"> • Option may not be exercised if, on the Exercise Date, the exercise price is equal to or less than the Option Settlement Price (last settlement price) for Put Option, and the exercise price is equal to or more than the Option Settlement Price (last settlement price) for Call Option. • On the Exercise Date, in respect of Put Option, if the Exercise Price exceeds the Option Settlement Price, or, in respect of Call Option, if the Exercise Price is lower than the Option Settlement Price, the notification of the exercise of the option shall be deemed to have been made even though the notification of the exercise of the option is not submitted. • When a Clearing Participant notifies the exercise of option, JSCC shall make the assignment of the quantity of the exercised option in respect of each issue in accordance with the rules of JSCC. • JSCC shall notify the Clearing Participant to whom such assignment is made of the quantity of the relevant assignment by separating those for the Proprietary Account from those pursuant to the commissions by its customers. 	<ul style="list-style-type: none"> • This shall not apply in the case where the Clearing Participant notified to the effect that it will not exercise the option. • See Item# 9. (3) for the Option Settlement Price.

Item	Description	Remarks
(1) Trading Day	<ul style="list-style-type: none"> • One calculation period for receiving and paying Initial Mark to the Market Result, Net Difference to Previous Day, Strike Price Differential and Option Premiums shall be defined as a Trading Day, which shall be defined as follows: <ol style="list-style-type: none"> (1) Osaka Exchange and Tokyo Commodity Exchange: One business day of opening of order acceptance for the previous business day's night trading session to before opening of order acceptance for today's night trading session of the relevant exchange; (2) Osaka Dojima Commodity Exchange: One business day of the relevant exchange. • When deemed necessary, JSCC may change the Trading Day on a temporary basis. 	
(2) Settlement Price	<ul style="list-style-type: none"> • JSCC shall establish the Settlement Prices for each Trading Day. 	<ul style="list-style-type: none"> • As to the specific determination method of Settlement Prices, the method currently adopted by the Tokyo Commodity Exchange / Osaka Dojima Commodity Exchange shall be adopted in principle.
(3) Option Settlement Price	<ul style="list-style-type: none"> • Option Settlement Price shall be calculated by the Designated Market Operator for the settlement resulting from the option 	

Item	Description	Remarks
(4) Initial Mark to the Market Result	<p>exercise.</p> <ul style="list-style-type: none"> For Physical Delivery Futures Transactions and Cash Settlement Futures Transactions, Initial Mark to the Market Result shall be the amount of money equal to the difference between the Settlement Price for a Trading Day and the Contract Price occurring in that Trading Day. 	
(5) Net Difference to Previous Day (Settlement Price Differential)	<ul style="list-style-type: none"> For Physical Delivery Futures Transactions and Cash Settlement Futures Transactions, Net Difference to Previous Day shall be the amount of money equal to the difference between the Settlement Price for a Trading Day and the Settlement Price for the immediately preceding Trading Day. 	
(6) Strike Price Differential	<ul style="list-style-type: none"> For Option Transactions, the Strike Price Differential shall be the difference between the Option Settlement Price and the strike price multiplied by exercise unit multiplier prescribed by the Designated Market Operator. 	
(7) Option Premiums	<ul style="list-style-type: none"> For Option Transactions, Option Premiums shall be the price paid by one party for the grant of an option by another party. 	
10. VM/OP Premium		

Item	Description	Remarks
<p style="text-align: center;">Settlement Method</p> <p>(1) Net Settlement and Settlement Netting Group</p>	<ul style="list-style-type: none"> • For the payment and receipt of Mark to the Market Result, Net Difference to Previous Day, Strike Price Differential and Option Premiums (hereinafter referred to as “VM/OP Premium”), the accounts established by a Clearing Participant is classified into following 2 groups, and the payment and receipt shall be performed at each of such groups: <ul style="list-style-type: none"> (1) Proprietary Account and Affiliate-Prop Account (referring to Affiliate-Prop accounts mentioned in Item #6; and (2) Each customer account (other than Affiliate-Prop Accounts). 	<ul style="list-style-type: none"> • In principle, the amount to be paid/received will be the amount after payment netting of these amounts, including VM, etc. for the financial instruments currently traded at Osaka Exchange. • See Annex 7 for an illustration of the netting • Under current JCCH rules, the entire amount of VM/OP Premiums for both Proprietary Account and Customer Accounts are subject to netting.
<p>(2) VM/OP Premium Settlement Timing</p>		
<p>③ Payment Cut-off Time</p>	<ul style="list-style-type: none"> • Cut-off time for Clearing Participants to pay VM/OP Premium shall be 11:00 a.m. on the next business day following the Trading Day on which such VM/OP Premium arises. 	<ul style="list-style-type: none"> • Cut-off time under current JCCH rules is noon on the next business day
<p>④ Receiving Timing</p>	<ul style="list-style-type: none"> • Timing for Clearing Participants to receive VM/OP Premium shall be at or after 1:00 p.m. on the next business day following 	<ul style="list-style-type: none"> • In the current practice, JCCH instructs banks to process transfer

Item	Description	Remarks
(3) Account Transfer	<p>the Trading Day on which such VM/OP Premium arises.</p> <ul style="list-style-type: none"> • The settlement of funds shall be made via account transfer at the settlement bank designated by JSCC (Bank of Japan and fund settlement banks). • Fund settlement banks are as follows (as of July 2019): <ul style="list-style-type: none"> ➤ Mizuho Bank, Kabutocho Corporate Banking and Securities Business Department ➤ Bank of Mitsubishi UFJ, Nihombashi-Chuo Branch ➤ Sumitomo Mitsui Banking Corporation, Tokyo-Chuo Branch ➤ Resona Bank, Nihombashi Branch ➤ 77 Bank, Nihombashi Branch ➤ Citibank N.A., Tokyo Branch 	<p>during the morning (by noon) on the next business day</p> <p>• Whether or not below listed banks which are currently used by JCCH as designated settlement banks are used will be discussed going forward:</p> <ul style="list-style-type: none"> ➤ Mizuho Bank, Kobunacho Branch ➤ Sumitomo Mitsui Banking Corporation, Osaka Nishi Branch Resona Bank, Senba Branch
(4) Utilization of Margin Account for Settlement of VM/OP Premium	<ul style="list-style-type: none"> • For the settlement of VM/OP Premium, the settlement method using an account used for deposit of cash as Margin (hereinafter referred to as “Margin Account”) will be made available. • The settlement method using a Margin Account means a settlement through increasing or decreasing cash Margin (i.e. when a Clearing Participant is paying VM/OP Premium, the payment will be made by deduction from the surplus in cash 	<ul style="list-style-type: none"> • When selecting such settlement method, information of the account used for such purpose shall be notified to JSCC in advance. • When selecting such settlement method, Margin shortfall arising as a

Item	Description	Remarks
11. Final Settlement	balance in the Margin Account, and when a Clearing Participant is receiving VM/OP Premium, the receipt will be made by additional deposit of cash in the Margin Account).	<p>result of the payment of fund (cash) will not be allowed. (The Clearing Participant shall deposit, by payment cut-off time, sufficient amount of Margin exceeding the Margin requirement even after the payment of cash by deduction from cash balance.)</p> <ul style="list-style-type: none"> • For a customer using ISA for which such settlement method is selected, payment and receipt of VM/OP Premium at the level of the ISA is allowed. • See Annex 8 for an illustration of VM/OP Premium settlement method. • Will follow current operational flow at Tokyo Commodity Exchange/JCCH. • For Transactions on products listed on Osaka Dojima Commodity Exchange, the settlement by delivery

Item	Description	Remarks
<p>(1) Settlement by Delivery</p> <p>① Settlement by Delivery</p>	<ul style="list-style-type: none"> Settlement of Physical Delivery Futures Transactions by delivery shall be deemed to have been performed between JSCC and Clearing Participant when the delivery between a Clearing Participant taking delivery and a Clearing Participant making delivery is conducted. If delivery in accordance with the delivery terms and conditions 	<p>will be managed at the Exchange in the same manner as current procedures for the time being.</p> <ul style="list-style-type: none"> Pay/Receive of Fund Settlement for Physical Delivery Futures Transactions shall be performed through account transfer at the bank designated by JSCC (<u>Mizuho Bank, Kabutocho Corporate Banking and Securities Business Department and Resona Bank, Nihombashi Branch</u>). The banks to be designated are subject to separate discussion. Any person holding Clearing Qualification related to any of Rubber Market, Precious Metal Market or Agricultural Market at Osaka Exchange or Oil Market at Tokyo Commodity Exchange shall open an account at the bank so designated. The same applies in case of

Item	Description	Remarks
<p>② Failure to Perform Delivery</p> <p>(2) Final Settlement for Cash-settled Monthly Futures Transactions</p>	<p>agreed between the parties to the delivery is deemed to have been made as per the approval of the Designated Market Operator, the delivery as to the relevant Clearing Contracts shall be deemed to have been made at the time of said approval.</p> <ul style="list-style-type: none"> • In case where the Clearing Participant who becomes a party to the delivery fails to conduct the delivery by the delivery day, the settlement shall be performed by payment by the relevant Clearing Participant of money to JSCC and payment of such money to the counterparty to the delivery. • Clearing Participants shall settle all Unsettled Contracts in a current contract month as of the Last Trading Day based on the Final Settlement Prices determined by the Designated Market Operator. • When an agreement is made between the Trading Participant holding short position in the current contract month and the Trading Participant holding long position in the current contract month and the Designated Market Operator deems it appropriate upon request from these Trading Participants, the contract may be settled through delivery as prescribed by the Designated Market Operator (Delivery-on-Request for Cash-settled Monthly Futures Transactions). 	<p>Delivery-on-Request for cash-settled futures.</p> <ul style="list-style-type: none"> • Final settlement day shall be the next business day following the Last Trading Day for the current contract month. • The Final Settlement Price shall be notified by the Designated Market Operator to JSCC.

Item	Description	Remarks
(3) Settlement for Cash-settled Daily Futures Transactions	<ul style="list-style-type: none"> • Clearing Participants shall settle all Unsettled Contracts of Cash-settled Daily Futures Transactions by means of offsetting buys or offsetting sells. • When an agreement is made between the Trading Participant holding short position and the Trading Participant holding long position in the current contract month and the Designated Market Operator deems it appropriate upon request from these Trading Participants, the contract may be settled through delivery as prescribed by the Designated Market Operator (Delivery-on-Request for Cash-settled Daily Futures Transactions). 	
(4) Final settlement of Option Transactions	<ul style="list-style-type: none"> • If Clearing Participant exercises the option on the Exercise Date, it shall be settled as per 8. 	
12. Position Transfers		
(1) Position Transfer to Another Clearing Participant	<ul style="list-style-type: none"> • A Clearing Participant may, after obtaining JSCC's approval, transfer its Unsettled Contracts to other Clearing Participants. 	
(2) Position Transfer Method	<ul style="list-style-type: none"> • Notification and acceptance of Position Transfer shall be given during the period from 8:00 a.m. to 2:00 p.m. • Position Transfer shall become effective at the time of an 	<ul style="list-style-type: none"> • Clearing Participant intends to perform the Position Transfer shall obtain required approval from the

Item	Description	Remarks
<p>13. Margin</p> <p>(1) Margin Requirement</p> <p>① Trading Participant's Proprietary Margin Requirement</p> <p>② Customer's Margin Requirement</p> <p>③ SPAN Parameters</p>	<p>acceptance by the transferee.</p> <ul style="list-style-type: none"> • Transfer of position shall be conducted at the Settlement Price or the Settlement Value on the Trading Day immediately preceding the date the Position Transfer becomes effective. • The Margin requirement for the Proprietary Account of a Trading Participant is determined as follows: <ul style="list-style-type: none"> Margin Requirement for Proprietary Account <ul style="list-style-type: none"> = SPAN Margin Requirement for Proprietary Account <ul style="list-style-type: none"> — Total Amount of Net Option Value for Proprietary Account • Margin requirement for each Customer is determined as follows: <ul style="list-style-type: none"> Customer's Margin Requirement <ul style="list-style-type: none"> = SPAN Margin Requirement for Customer <ul style="list-style-type: none"> — Total Amount of Net Option Value for Customer • The parameters and other matters which are necessary for computing the Margin by SPAN shall be prescribed by JSCC. 	<p>relevant market operator in advance.</p> <ul style="list-style-type: none"> • SPAN Margin Requirement shall be calculated in the same manner as Margin requirement for the Proprietary Account. • In principle, JSCC's method shall apply in respect of SPAN Parameters revision frequency, observation period and the like.

Item	Description	Remarks
<p>(2) Clearing Participant's Margin</p> <p>① Deposit of Margin for Proprietary Account</p>	<ul style="list-style-type: none"> • A Clearing Participant shall deposit with JSCC the Margin in an amount not less than the amount required for the Margin for Proprietary Account. 	<ul style="list-style-type: none"> - Revision Frequency: Weekly - Observation Period: 4 weeks or 54 weeks • As to Delivery Month Charge, current JCCH scheme shall be adopted to cover price fluctuation risk related to the contract month subject to delivery that is specific to Commodity. • As to Commodity Group for inter-Commodity Spread Charge, those currently adopted by JCCH shall be adopted. • For the Margin, securities and Warehouse Receipts may be deposited in lieu of cash. • See (3) ⑧ for the types of securities and Warehouse Receipt eligible for Margin deposit.

Item	Description	Remarks
② Deposit of Margin for Customers' Account	<ul style="list-style-type: none"> • A Clearing Participant shall deposit with JSCC, on behalf of the relevant customer, the entire amount of the Margin which is provided by the customer. • A Clearing Participant may deposit with JSCC as the Margin its own fund in an amount not less than an amount equal to the sum of the amount of money which have been provided by the relevant customer as the Margin during the four-business day period commencing on the day on which the customer provides the Margin. In such event, securities may be deposited in lieu of cash as the relevant Margin. 	<ul style="list-style-type: none"> • In the case where a customer provides the Margin to a Clearing Participant on behalf of an Applicant, such Clearing Participant, on behalf of the relevant Applicant, shall deposit such amount with JSCC. • For the Margin deposited by a Clearing Participant in respect of the Transactions at Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange and the Margin deposited by a Clearing Participant which is the specified Member set forth in Article 4, Paragraph 1 of the Supplementary Provisions of the Act for Partial Revision of the Financial Instruments and Exchange Act (Law No. 86 of 2012) (hereinafter referred to as "Specified Member") in respect of Transactions at Osaka Exchange (only those related to the Commodity Markets), the Clearing Participant

Item	Description	Remarks
<p>③ Replaced Deposit of Customer Margin</p>	<ul style="list-style-type: none"> When a Customer deposits the Customer Margin, the Clearing Participant shall deposit with JSCC its own fund in the amount at least equal to such Customer Margin as the Margin. 	<p>may deposit with JSCC the amount of cash in the amount at least equal to the amount provided by the customer. In such event, securities may be deposited in lieu of cash as the relevant Margin.</p> <ul style="list-style-type: none"> For the Margin, securities and warehouse receipts may be deposited in lieu of cash. See (3) ⑧ for the types of securities and warehouse receipt eligible for margin deposit. For the Margin deposited by a Clearing Participant in respect of the Transactions at Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange and the Margin deposited by a Clearing Participant which is the Specified Member in respect of Transactions at Osaka Exchange (only those related to the Commodity Markets), the Clearing Participant shall deposit

Item	Description	Remarks
<p>④ Treatment When Amount Deposited by Customer Falls Short of Margin Requirement</p>	<ul style="list-style-type: none"> When the amount of Margin provided by a Customer or the amount of Customer Margin deposited by a Customer falls short of the Margin requirement, the Clearing Participant shall deposit with JSCC its own funds in the amount at least equal to such shortfall as Margin. 	<p>with JSCC the amount of cash in the amount at least equal to such Customer Margin. For such Margin, securities and warehouse receipt may be deposited in lieu of cash.</p> <ul style="list-style-type: none"> For the Margin, securities and warehouse receipts may be deposited in lieu of cash. See (3) ⑧ for the types of securities and warehouse receipt eligible for margin deposit. When there is a shortfall in the Margin provided or Customer Margin deposited by a Customer in respect of the Transactions at Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange and the Margin provided or Customer Margin deposited by a Customer of a Clearing Participant which is the Specified Member in respect of Transactions at Osaka Exchange

Item	Description	Remarks
<p>(3) Margin Deposit Operation</p> <p>① Account Level Customer Position Report</p>	<ul style="list-style-type: none"> For each Trading Day, a Clearing Participant shall report information of short position and long position by issue held by each customer in each Omnibus Account to JSCC by 7:00 p.m. 	<p>(only those related to the Commodity Markets), the Clearing Participant shall deposit with JSCC cash in the amount at least equal to such shortfall as Margin. For such Margin, securities and warehouse receipts may be deposited in lieu of cash.</p> <ul style="list-style-type: none"> When a Customer is a broker, a Clearing Participant shall report information as to each Applicant to JSCC. Such report will not be required for Transactions on the products listed on Osaka Dojima Commodity Exchange, <u>information shall be reported by 5:00 p.m. through the Exchange for the time being.</u> See Annex 5 for an illustration of Position Report.

Item	Description	Remarks
<p>② Reporting Obligation on Matters concerning commissioned Futures/Option Contracts</p> <p>③ Account Level Margin Requirement</p>	<ul style="list-style-type: none"> • When JSCC requests reporting of the quantity of Customer position or other matters concerning customer's Futures/Option Contracts which JSCC deems necessary, the Clearing Participant must immediately submit such report in writing. • JSCC shall calculate Margin requirement for each account in the following manner: <ul style="list-style-type: none"> ➤ Proprietary Account Margin requirement for Proprietary Account ➤ Omnibus Account, Affiliate-Prop Omnibus Account Total Margin requirement for each customer in the relevant account ➤ ISA, Affiliate-Prop ISA Margin requirement for the customer at such account 	<ul style="list-style-type: none"> • Margin requirements are calculated separately for the accounts for the management of position and collaterals related to the Transactions on the products listed on Osaka Exchange governed by Financial Instruments and Exchange Act and the account for the management of position and collaterals related to the Transactions on the products listed on Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange governed by the Commodity Derivatives Act. • As to Omnibus Account, Affiliate-Prop Omnibus Account, ISA and Affiliate-Prop ISA, when

Item	Description	Remarks
		<p>Position Report is submitted at more granular level, total amount of such Margin requirement shall be the Margin requirement for the relevant account.</p> <ul style="list-style-type: none"> • When a Clearing Participant does not submit a Position Report for a customer, the Margin Requirement for the Omnibus Account shall be determined by JSCC. • The Margin related to Transactions on the products listed on Osaka Dojima Commodity Exchange shall be <u>calculated separately according to the classification of</u> Proprietary and a customer, and the requirement for the customers will continue to be calculated by the Clearing Participant and reported to JSCC by 6:00 p.m. on the current day in the same manner as current procedures.

Item	Description	Remarks
④ Notice of Margin Requirement	<ul style="list-style-type: none"> On each Trading Day after position fixing, JSCC shall notify the Clearing Participant the Margin requirement for the Proprietary Account and the Margin requirement for each account. 	<ul style="list-style-type: none"> JSCC will notify the Margin requirement around 7:30 p.m. The requirement that is scheduled to apply may be confirmed via Clearing System terminal at any time after Position Reporting.
⑤ Margin Deposit Cut-Off Time	<ul style="list-style-type: none"> If there arise any shortfall in the deposited Margin, the Clearing Participant shall make deposit by 11:00 a.m. on the next business day following the date of occurrence of such shortfall. 	<ul style="list-style-type: none"> When a customer has provided Margin, etc. or Option Premiums, the Clearing Participant may deposit the amount at least equal to such amount with JSCC on the same day.
⑥ Type of Currency	<ul style="list-style-type: none"> A Clearing Participant may deposit JPY cash or USD cash as Margin. 	<ul style="list-style-type: none"> JSCC will review sufficiency of the haircut applicable to USD cash on quarterly basis, and make revision as necessary. The same applies to the type of currency eligible for deposit as Customer Margin and Brokerage Margin.
⑦ Cash	<ul style="list-style-type: none"> When a Clearing Participant deposits the Margin with JSCC in 	<ul style="list-style-type: none"> Deposit of Margin related to the

Item	Description	Remarks
Deposit/Withdrawal Method	<p>cash, the Clearing Participant shall make said deposit by means of a bank transfer to any of the below-listed accounts:</p> <ul style="list-style-type: none"> ➤ Account opened in the name of JSCC at the bank selected by the Clearing Participant among the banks designated by JSCC (Bank Selected for Deposit) ➤ Account opened in the name of JSCC at the Bank of Japan <p>• Banks Designated by JSCC are as follows (as of July 2019):</p> <ul style="list-style-type: none"> ➤ Mizuho Bank, Kabutocho Corporate Banking and Securities Business Department ➤ Bank of Mitsubishi UFJ, Nihombashi-Chuo Branch ➤ Sumitomo Mitsui Banking Corporation, Tokyo-Chuo Branch ➤ Resona Bank, Nihombashi Branch ➤ 77 Bank, Nihombashi Branch ➤ Citibank N.A., Tokyo Branch <p>• Refunds to Clearing Participants of cash deposited with JSCC as the Margin shall be made by JSCC by means of bank transfer from an account in the name of JSCC to an account designated by the relevant Clearing Participant.</p>	<p>Designated Commodity Market at Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange shall be made by means of a bank transfer to the account opened in the name of JSCC at the Bank Selected for Deposit.</p> <p>• Whether or not below listed banks which are currently used by JCCH as designated settlement banks are used will be discussed going forward:</p> <ul style="list-style-type: none"> ➤ Mizuho Bank, Kobunacho Branch ➤ Sumitomo Mitsui Banking Corporation, Osaka Nishi Branch Resona Bank, Senba Branch
⑧ Type of Securities	<ul style="list-style-type: none"> • A Clearing Participant may deposit, as Margin, below listed 	<ul style="list-style-type: none"> • <u>The types of securities <u>allowed to be</u></u>

Item	Description	Remarks
Deposited in Lieu of Cash (Substitute Securities)	<p>securities, etc. in lieu of cash :</p> <ul style="list-style-type: none"> ➤ Japanese Government Bonds ➤ Bonds guaranteed by the Japanese Government ➤ Foreign Government Bonds ➤ Municipal bonds ➤ Special bonds and Corporate bonds ➤ Yen-denominated bonds issued by foreign juridical persons ➤ Beneficiary securities of public and corporate bond investment trusts ➤ Convertible Bonds and Exchangeable Corporate Bonds ➤ Stocks ➤ Beneficiary securities of investment trusts and Investment securities ➤ Warehouse Receipt (only applicable to Warehouse Receipts certifying the storage of commodities deliverable to settle transactions for JSCC) <ul style="list-style-type: none"> • The substituting price of the securities to be deposited in lieu of cash shall be the amount equal to their market price as of the day which is two days before the day of deposit with respect to the relevant securities, multiplied by a rate prescribed by JSCC; provided, however, that JSCC may change the substituting price when deemed particularly necessary by JSCC, due to significant fluctuations in the market, etc. 	<p><u>deposited as Margin in lieu of cash for the Designated Commodity Markets at Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange shall be limited to those allowed to be deposited as Margin under the Commodity Derivatives Act.</u></p> <ul style="list-style-type: none"> • As to their market prices used to calculate the substitute price and the rates to be multiplied for the securities deposited as Margin in lieu of cash for the Designated Commodity Market at Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange, the same procedures as those applicable to JSCC's existing Listed Derivatives shall be scheduled to apply. will be separately discussed in the direction of adopting the same criteria. • For products listed on Tokyo Commodity Exchange and Osaka

Item	Description	Remarks
		<p>Dojima Commodity Exchange, deferral of Margin deposit by submission of LG Agreement will be allowed, except for the Margin for Proprietary Account and Affiliate-Prop Account of a Clearing Participant.</p> <ul style="list-style-type: none"> • Warehouse Receipt for goods other than precious metals shall be ineligible for Margin for Proprietary Account and Affiliate-Prop Account of a Clearing Participant. • BOJ investment securities will be ineligible after the integration. • JSCC shall review the adequacy of collateral haircut on a quarterly basis, and make revision as necessary. • For specific types of securities, market price used to calculate substitute price and rates to be applied will be distributed by JSCC daily. See Annex 9. • The same applies to the securities in

Item	Description	Remarks
<p>⑨ Method of JGB Deposit/Withdrawal</p>	<ul style="list-style-type: none"> • When a Clearing Participant deposits the Japanese Government Bonds with JSCC, it shall make such deposit by way of book-entry transfers to the account held in the name of JSCC at the Bank of Japan. • When JSCC returns the Japanese Government Bonds deposited as Margin to a Clearing Participant, it shall make such return by way of book-entry transfers to the account held in the name of the relevant Clearing Participant at the Bank of Japan. 	<p>lieu of cash that may be deposited as Customer Margin and Brokerage Margin.</p> <ul style="list-style-type: none"> • Clearing Participants are allowed to perform transfer from the BOJ account in the name of other person.
<p>⑩ Method of Deposit/Withdrawal of Securities transferred through JASDEC, such as Stocks</p>	<ul style="list-style-type: none"> • When a Clearing Participant deposits Stocks, etc. with JSCC as Margin, the Clearing Participant shall make such deposit by way of book-entry transfers to the account held in the name of JSCC at JASDEC. • When JSCC returns the Stocks, etc. deposited as Margin to a Clearing Participant, it shall make such return by way of a book-entry transfers to the account held in the name of the Clearing Participant at JASDEC. 	<ul style="list-style-type: none"> • Clearing Participants are allowed to perform transfer from the JASDEC account in the name of other person.
<p>⑪ Method of</p>	<ul style="list-style-type: none"> • When a Clearing Participant deposits Warehouse Receipt with 	<ul style="list-style-type: none"> • Detailed operational procedures

Item	Description	Remarks
Deposit/Withdrawal of Warehouse Receipt	<p>JSCC, it shall make such deposit by way of delivery of the physical security to JSCC.</p> <ul style="list-style-type: none"> • When JSCC returns the Warehouse Receipt deposited as Margin to a Clearing Participant, it shall make such return by way of delivery of the physical security to the Clearing Participant. 	<p>willis planned to follow current JCCH procedures.</p>
⑫ Classification and Management Method Concerning the Margin	<ul style="list-style-type: none"> • A Clearing Participant shall deposit the Margin based on the classification of the Margin as described below: <ul style="list-style-type: none"> ➤ Clearing Participant_House ➤ Clearing Participant_House (For Client Account) ➤ Clearing Participant_Client (Direct Deposit) ➤ Clearing Participant_Client (Replaced by Indirect Broker) ➤ Clearing Participant_Client (Substitute deposit) ➤ Non-Clearing Participant_House (Direct Deposit) ➤ Non-Clearing Participant_House (Replaced by Clearing Participant) ➤ Non-Clearing Participant_Client (Direct Deposit) ➤ Non-Clearing Participant_Client (Replaced by Indirect Broker) ➤ Non-Clearing Participant_Client (Substitute deposit) • The Margin deposited with JSCC shall be managed by JSCC in accordance with above classifications. 	<ul style="list-style-type: none"> • See Annex 10 for an illustration of Margin deposit classification.

Item	Description	Remarks
<p>(4) Intraday Margin</p> <p>① Deposit of Intraday Margin</p> <p>② Intraday Margin Requirement</p> <p>③ Intraday Settlement Price</p>	<ul style="list-style-type: none"> • If the value of deposited Margin for the Proprietary Account is less than the Intraday Margin requirement JSCC calculates as to position as of 11:00 a.m. on every business day, the Clearing Participant shall deposit with JSCC as the Margin for the Proprietary Account an amount not less than the amount equal to such shortfall by 2:00 p.m. on the applicable day. • However, the Clearing Participant will not be subject to this additional deposit requirement when the amount obtained by subtracting the Margin requirement for the Proprietary Account from the Intraday Margin requirement does not exceed 10 million yen. • Intraday Margin requirement shall be calculated in the following manner: Intraday Margin Requirement = Margin Equivalent (Proprietary) + VM/OP Premium Equivalent (Proprietary) + Sum Total of Risk Amount Exceeding Collateral (per each Customer Account) • In the case where JSCC causes the Intraday Margin to be deposited, JSCC will determine the Intraday Settlement Price. 	<ul style="list-style-type: none"> • This does not apply to Transactions on the products listed on Osaka Dojima Commodity Exchange for the time being. • The relevant Margin may be deposited in the form of securities and Warehouse Receipt in lieu of cash. • See Annex 11 for an illustration of Intraday Margin requirement calculation method. • Intraday Settlement Price shall be calculated based on the price as of 11:00 a.m. using the same method as

Item	Description	Remarks
<p>(5) Emergency Margin</p> <p>① Deposit of Emergency Margin</p> <p>② Emergency Margin Requirement</p>	<ul style="list-style-type: none"> In the case where the fluctuation in the market prices of <u>the JGB Futures Transactions, Index Futures Transactions, Precious Metal Futures Transactions and Oil Futures Transactions</u>Commodity becomes greater than the predefined threshold or where otherwise deemed necessary by JSCC, if the sum of the deposited value of the Margin for its Proprietary Account is less than the Emergency Margin requirement JSCC calculates as to position as of 1:00 p.m., such Clearing Participant shall deposit with JSCC as Margin for the Proprietary Account an amount not less than the amount equal to such shortfall by 4 p.m. on the applicable day. However, the Clearing Participant will not be subject to this additional deposit requirement when the amount obtained by subtracting the Margin requirement for the Proprietary Account from the Emergency Margin requirement does not exceed 10 million yen. Emergency Margin requirement shall be calculated as follows: Emergency Margin Requirement = Margin Equivalent (Proprietary) 	<p>calculation of Settlement Price.</p> <ul style="list-style-type: none"> Specific trigger threshold will be set separately. See “<u>Outlines related to Revision of Emergency Margin Framework for Listed Derivatives Clearing Service</u>” (published on January 30, 2020). This does not apply to Transactions on products listed on Osaka Dojima Commodity Exchange for the time being. The relevant Margin may be deposited in the form of securities and Warehouse Receipt in lieu of cash. Emergency Margin requirement calculation method shall be the same as the Intraday Margin calculation

Item	Description	Remarks
	<ul style="list-style-type: none"> + VM/OP Premium Equivalent (Proprietary) + Sum Total of Risk Amount Exceeding Collateral (per each Customer Account) 	<p>method. See Annex 11.</p>
<p>③ Emergency Settlement Price</p> <p>(6) Emergency Margin for Specified Party</p> <p>① Deposit of Emergency Margin for Specified Party</p>	<ul style="list-style-type: none"> • In the case where JSCC causes the Emergency Margin to be deposited, JSCC will determine the Emergency Settlement Price. • JSCC may increase the Margin requirement in respect of the Proprietary Account of a Clearing Participant according to the risk equivalent under normal market conditions and the expected Margin. • When deposited amount the Proprietary Margin falls short of the required amount of Emergency Margin for Specified Party, the Clearing Participant shall additionally deposit with JSCC as the Clearing Participant's Proprietary Margin an amount not less than the amount of such shortfall within 3 hours after the notice is given. 	<ul style="list-style-type: none"> • Emergency Settlement Price shall be calculated based on the price as of 1:00 p.m. using the same method as calculation of Settlement Price. • This does not apply to Transactions on products listed on Osaka Dojima Commodity Exchange for the time being. • <u>As to the trigger judgment method, etc. for Commodity Clearing, will be separately determined by reference to the same procedures as those procedures applicable to the JSCC's existing Listed Derivatives shall apply.</u> –See Annex 12 for the trigger judgment method, etc. for JSCC's

Item	Description	Remarks
<p>② Monitoring Settlement Price</p> <p>(7) Margin Requirement Increase</p> <p>① Increasing Margin Requirement according to Risk Amount</p>	<ul style="list-style-type: none"> In the case where JSCC causes the Emergency Margin for Specified Party to be deposited, JSCC will determine the Monitoring Settlement Price. JSCC will calculate liquidity and position concentration based risk amount by product respectively for Proprietary Account and Customer Account (for Omnibus Account, by the unit of Position Reporting and for ISA, by each account), and may increase Margin requirement according to such risk amount. 	<p>Listed Derivatives.</p> <ul style="list-style-type: none"> The relevant Margin may be deposited in the form of securities and Warehouse Receipt in lieu of cash. Monitoring Settlement Price shall be calculated based on the price as of the time of notification using the same method as calculation of Settlement Price. Specific calculation method <u>shall be the same as the method</u>will be separately determined by reference to the procedures applicable to the JSCC's <u>existing</u> Listed Derivatives. See Annex 13 for an illustration of the calculation method for JSCC's Listed Derivatives. This does not apply to Transactions

Item	Description	Remarks
<p>② Increase of Margin Requirement according to Amount Equivalent to Risk Amount Exceeding Collateral (Add-on Margin)</p>	<p>• JSCC may charge Add-on Margin as Clearing Participant's Proprietary Margin according to the risk equivalent at stress exceeds the amount equivalent to the deposited amount.</p> <div data-bbox="349 778 1480 994" style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <p><u>The framework that allows JSCC to increase Margin requirement according to the risk equivalent exceeding collateral will be abolished in association with change of the Clearing Fund requirement calculation frequency to daily. See "Revision of Loss Compensation Framework and Risk Management Framework for Listed Derivatives Clearing Services" (published on January 30).</u></p> </div> <p>• JSCC may increase the Margin requirement for Proprietary Account and Customers of a Clearing Participant according to</p>	<p>on products listed on Osaka Dojima Commodity Exchange for the time being.</p> <p>• The Clearing Participant whose daily Risk Amount Exceeding Collateral (i.e., an amount obtained by subtracting deposited Margin from the Stress Risk Amount) exceeds the Clearing Fund, etc. of all Participants will be required to deposit Add-on Margin as a part of Proprietary Margin by the next day.</p> <p>• Specific calculation method will be separately determined by reference to the procedures applicable to the JSCC's Listed Derivatives. See Annex 14 for an illustration of the calculation method for JSCC's Listed Derivatives.</p> <p>•</p> <p>• Maintain existing JCCH Delivery Clearing Margin framework for</p>
(8) Delivery Clearing Margin	• JSCC may increase the Margin requirement for Proprietary Account and Customers of a Clearing Participant according to	•

Item	Description	Remarks
<p>14. Deposit of Delivery Payment</p> <p>(1) Deposit of Delivery Payment of Customer Account</p>	<p>the price fluctuation risk related to the delivery when settlement by delivery is performed for the Designated Commodity Market.</p> <p>Delivery Clearing Margin Requirement per Delivery Unit = Delivery Price × Delivery Unit Multiplier × Rate</p> <ul style="list-style-type: none"> In cases where a Customer has placed Delivery Payment for Commodity, a Clearing Participant acting as the agent for the Customer may deposit with JSCC such Delivery Payment. 	<p>commodity futures.</p> <ul style="list-style-type: none"> Specific calculation method of the requirement and other details will be determined separately. “Delivery Payment” means moneys or Warehouse Receipt for the settlement by delivery. When a Customer is a broker, a Clearing Participant will deposit with JSCC such Delivery Amount as an agent for the Applicant. The deposit method of Delivery Payment shall be the same as the deposit method of the Margin.
<p>15. Clearing Fund</p> <p>(1) Deposit of Clearing Fund</p>	<ul style="list-style-type: none"> To ensure performance of obligations to JSCC and to apply to the recovery of loss incurred by JSCC upon JSCC’s determination of Default of other Clearing Participant, Clearing Participants shall deposit the Clearing Fund in the amount not less than the 	<ul style="list-style-type: none"> Ordinary Clearing Funds and Special Clearing Funds under JCCH rules shall be abolished in association with the introduction of the Clearing Fund

Item	Description	Remarks
(2) Clearing Fund Requirement	<p>Clearing Fund requirement.</p> <ul style="list-style-type: none"> The Clearing Fund requirement to be deposited by a Clearing Participant with JSCC shall be the sum total of the requirement for the Clearing Qualifications such Clearing Participant holds. Clearing Fund requirement shall be determined for each Clearing Qualification as follows, <u>provided that the minimum requirement shall be JPY10million:</u> $\begin{aligned} & \text{Clearing Fund Requirement} \\ &= \text{Period Average Base PML Amount} \\ &\quad \times \text{Individual Company Prorated Base IM Amount} \\ &\quad / \text{Total Prorated Base IM Amounts} \end{aligned}$ 	<p>framework.</p> <ul style="list-style-type: none"> <u>For Clearing Qualifications related to Commodity market other than Precious Metal Futures Clearing Qualification and Energy Futures Clearing Qualification, the minimum requirement shall be zero for the time being.</u> Specific calculation method will be <u>the same as separately determined by reference to the method procedures</u> applicable to the JSCC's <u>existing</u> Listed Derivatives. See Annex 15 for an illustration of the calculation method for JSCC's Listed Derivatives. To avoid radical change, transitional measures will be taken for the calculation of Clearing Fund requirement for the time being.
(3) Cash Requirement	<ul style="list-style-type: none"> A certain portion of the Clearing Fund requirement designated by 	<ul style="list-style-type: none"> Cash Requirement calculation

Item	Description	Remarks
	<p>JSCC (Cash Requirement) shall be deposited by a Clearing Participant in Japanese yen cash.</p>	<p>method for Commodity Clearing Fund will be <u>the same as the method applicable to the existing determined separately.</u> For Listed Derivatives, <u>that is the</u> Cash Requirement is the sum total of half the amount obtained by subtracting 1 billion yen from the Clearing Fund requirement for each type of Clearing Qualification (truncate the amount less than whole yen amount).</p> <ul style="list-style-type: none"> • The amount exceeding the Cash Requirement may be deposited in the form of foreign currency or securities. • Type of foreign currencies and securities in lieu of cash and deposit/withdrawal method, etc. shall be the same as the Margin; provided that Warehouse Receipt will not be accepted. • <u>When</u> fund liquidity is insufficient in the event of a Settlement Default by

Item	Description	Remarks
(4) Notification of Requirement	<ul style="list-style-type: none"> • The Clearing Fund requirement shall be calculated and applied every business day. JSCC calculates the Clearing Fund requirement as of the day that is 7th business day preceding the last business day of every week as reference date, notifies the amount to each Clearing Participant 5 business day after the reference date and apply the relevant requirement from the next business day following the date of notification. 	<p>a Clearing Participant, JSCC may temporarily use cash portion of the Clearing Fund deposited with JSCC by other Clearing Participants to the fund settlement.</p> <ul style="list-style-type: none"> • <u>The Clearing Fund requirement will be notified through the collateral management system by 7:30 p.m. every business day.</u> • <u>Reflected the revisions made under the “Revision of Loss Compensation Framework and Risk Management Framework for Listed Derivatives Clearing Services” (published on January 30, 2020).</u>
(5) Deposit Cut-Off Time	<ul style="list-style-type: none"> • When there is a shortfall in the deposited amount of Clearing Fund, the Clearing Participant shall make deposit by 2:00 p.m. on the next business day following the date of occurrence of the shortfall. 	
16. Measures, etc. in case of		

Item	Description	Remarks
<p>17. Other</p> <p>(1) Extraordinary Change of Settlement Cut-Off Time</p> <p>(2) Deferment of Settlement Date Due to System Failure, etc.</p> <p>(3) Extraordinary Measures in Cases of Natural Disaster, etc.</p> <p>(4) Application of Excess Collateral to Other Clearing Business</p>	<p><u>⑤⑥ Second Special Clearing Charge (Special Clearing Charge capped at accumulated VM/OP Premium gain equivalent of the Survivors' during the liquidation period)</u></p> <ul style="list-style-type: none"> • When JSCC deems it necessary, JSCC may extraordinarily change the Settlement Cut-Off Time in respect of Contracts for Clearing. • In the case where JSCC deems it impossible or difficult to carry out the settlement of Contracts for Clearing due to an occurrence of a system failure or some other unavoidable reasons, JSCC may defer the settlement date to the following day or later. • When the settlement of Contracts for Clearing is deemed to be impossible or extraordinarily difficult due to a natural disaster or other unavoidable reason, JSCC may set new conditions of the settlement for the relevant contract. • JSCC may apply the Excess Collateral deposited by a Default Clearing Participant in relation to the Commodity Futures Clearing Business to the payment of any obligations under other Clearing Business owed by such Default Clearing Participant to 	<p><u>resources on the left are insufficient to cover loss (Partial Tear-up), see this published material.</u></p> <ul style="list-style-type: none"> • In such case, JSCC shall notify the Clearing Participant to that effect in advance. • In such case, JSCC shall notify the Clearing Participant to that effect in advance. • “Excess Collateral” refers to the collaterals deposited by the Default Clearing Participant with JSCC in connection with the Commodity

Item	Description	Remarks
(5) Payment of Fees by Designated Market Operator	<p>JSCC.</p> <ul style="list-style-type: none"> • Designated Market Operator shall pay JSCC following fees: <ul style="list-style-type: none"> ➤ Issue Management Fees Amount prescribed by JSCC per each underlying asset subject to Clearing ➤ Fee for Handling New Instruments The amount equivalent to the expense that JSCC temporarily bears for the addition of Contract Subject to Clearing and/or other system changes due to a request of the relevant Designated Market Operator 	<p>Futures Clearing Business, that remains after the application to the payment of the obligations of the Default Clearing Participant.</p> <ul style="list-style-type: none"> • Specific rate of the Issue Management Fee shall be determined in a separate consultation with the Designated Market Operators.
(6) Prohibition of Transfer, Etc. of Claims	<ul style="list-style-type: none"> • A Clearing Participant may not transfer or commit to transfer to a third person, or furnish as collateral, any and all claims prescribed in the Business Rules unless otherwise provided for in the Business Rules. 	
18. Transitional Measures (1) Handling of Clearing Qualifications of Existing	<ul style="list-style-type: none"> • Existing JCCH Clearing Participants will be granted the JSCC Clearing Qualification equivalent to the one currently held at 	

Item	Description	Remarks
<p>JCCH Clearing Participants</p>	<p>JCCH.</p> <ul style="list-style-type: none"> • A certain period after the integration will be granted as grace period to the Clearing Participants that have not met the criteria for maintenance of Qualification. • A payment of the Clearing Qualification acquisition fee will not be required at the time of integration of the clearing function. 	<ul style="list-style-type: none"> • Meeting the maintenance criteria, change to Principal Clearing Qualification (in case of Agency Clearing Participant) or other measures need to be taken during this period.
<p>(2) Acquisition of Clearing Qualification by Existing JSCC Clearing Participants</p>	<ul style="list-style-type: none"> • When existing JSCC Index Futures or JGB Futures Clearing Participants desire acquisition of Clearing Qualification for Commodity upon integration of the clearing function, such Clearing Participants shall go through screening process for the acquisition of the Clearing Qualification and will be granted the Clearing Qualification. • A payment of the Clearing Qualification acquisition fee will not be required at the time of integration of the clearing function. 	<ul style="list-style-type: none"> • At the screening process, status of satisfaction of the business execution structure specific to Commodity and criteria for financial basis under the criteria for acquisition of the Clearing Qualification shall be confirmed.
<p>(3) Other</p>	<ul style="list-style-type: none"> • Other required measures in association with the integration of the clearing function shall be taken. 	
<p>19. Implementation Timing (Schedule)</p>	<ul style="list-style-type: none"> • Implement from July 2020. 	

End of Document