

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

July 30, 2019

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.

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 – Oil market, Chukyo Oil market➤ Osaka Dojima Commodity Exchange –Agricultural market➤ Osaka Dojima Commodity Exchange – Sugar market	

Item	Description	Remarks
<p>2. Clearing Participant Framework</p> <p>(1) Type/Classification of Clearing Qualification</p>	<ul style="list-style-type: none"> • Types of Clearing Qualifications related to the Commodity Markets and the transactions covered thereby are as follows: <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 Swaps, Platts Dubai Crude Oil, Chukyo Lory Gasoline and Chukyo Lorry Kerosene listed on Tokyo Commodity Exchange 	<ul style="list-style-type: none"> • 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.

Item	Description	Remarks
<p>(2) Acquisition of Clearing Qualification</p> <p>① Application for and Approval of Acquisition</p>	<ul style="list-style-type: none"> ➤ Dojima Agricultural Futures Clearing Qualification Transactions related to 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 • Clearing Qualifications related to the Commodity Markets are further divided into below 2 classifications: <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 • A party who intends to acquire a Clearing Qualification shall submit an application to JSCC for the acquisition of the Clearing 	<ul style="list-style-type: none"> • “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. • Date of acquisition of the Clearing Qualification shall be the date

Item	Description	Remarks
of Clearing Qualification	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.	designated by JSCC.
② Criteria for Clearing Qualification	<ul style="list-style-type: none"> Criteria for an acquisition of a Clearing Qualification related to the Commodity Markets are as follows: <ol style="list-style-type: none"> The applicant is either: <ol style="list-style-type: none"> a Trading Participant or a Member of the Designated Commodity Exchange (hereinafter referred to as "Trading Participant"); or a person pre-approved by JSCC if it is not a Trading Participant and intends to acquire Agency Clearing Qualification Management Structure <p>Has sound management structure as a Clearing participant</p> Office Location <p>Maintains business offices in Japan</p> Business Execution Structure <p>Has appropriate structure for business execution as a Clearing Participant.</p> Financial Basis <p>Either of a) or b) below is met:</p> 	<ul style="list-style-type: none"> 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
③Completion of Procedures for Obtaining Clearing Qualification	<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 simultaneously, total amount of Clearing Qualification acquisition fee shall be 1million yen.</p> <p>• See Item# 18 for the treatment at the time of integration of clearing</p>

Item	Description	Remarks
(3) Obligation of Clearing Participant		function
① Conclusion of Clearing Participant Agreement	<ul style="list-style-type: none"> A Clearing Participant shall enter into the Clearing Participant Agreement with JSCC. 	
② Clearing Participant's Representative, Person in Charge of Settlement Operation	<ul style="list-style-type: none"> A Clearing Participant shall register with JSCC in advance its representative and the person in charge of settlement operations. 	
③ Cooperative or Controlling Relationship with Directors, Officers, or Other Persons	<ul style="list-style-type: none"> 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. 	
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

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		<p>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.</p> <ul style="list-style-type: none"> • JSCC's Clearing Fee will be 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. • 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

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⑤ Liability for Financial Instruments Obligation Assumption Services and Business of Assuming Commodity Transaction Debts	<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. 	<p>an Exchange, which JCCH currently performs, will be abolished after the integration of clearing function.</p> <ul style="list-style-type: none"> Collection of storage charge performed at a request of Clearing Participant will be continued after the integration of the clearing function.
⑥ Matters to be Notified	<ul style="list-style-type: none"> When a Clearing Participant intends to carry out any of the following acts, it shall notify JSCC of the details in advance: <ol style="list-style-type: none"> Entry into or withdrawal from the Designated Commodity Market; Discontinuance of operations of Financial Instruments Business, Registered Financial Institution or Business of Commodity Futures Transactions; Merger; 	

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⑦ Matters to be Reported	<ul style="list-style-type: none"> (4) Dissolution; (5) Succession, transfer or acquisition of a business; (6) Change in the trade name or corporate name; (7) Change in the composition of its directors or officers; or (8) Change in the address of its headquarters or principal office <ul style="list-style-type: none"> • When a Clearing Participant falls under the circumstances prescribed by JSCC, it shall immediately report the details to JSCC. 	<ul style="list-style-type: none"> • 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.
⑧ Examination on Clearing Participant	<ul style="list-style-type: none"> • If JSCC deems it necessary to do so for its operation, JSCC may perform examination on a Clearing Participant regarding: <ul style="list-style-type: none"> (1) Status of compliance with the Business Rules and other rules; (2) Financial conditions; and (3) Reliability on performance of obligations against JSCC. 	<ul style="list-style-type: none"> • JSCC may also perform examination upon receipt of a request from the Designated Market Operator for provision of information and when JSCC considers it relevant.
⑨ Inquiry to Clearing	<ul style="list-style-type: none"> • When JSCC considers that there is a possibility of excessive 	

Item	Description	Remarks
Participant Holding Excessive Position in respect of Unsettled Contracts under Commission	position holding under commission by its customers, JSCC may ask reporting from the relevant Clearing Participant.	
(4) Renunciation/Forfeiture of Clearing Qualification		
① Application for and Approval of Renouncing Clearing Qualification	<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. 	<ul style="list-style-type: none"> Once approved by JSCC, the Clearing Participant shall renounce the Clearing Qualification on the date designated by JSCC.
② Handling of Unsettled Contract of Participant Renouncing Clearing Qualification	<ul style="list-style-type: none"> 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 Agency Clearing Qualification, it shall beforehand terminate all the Contracts for Commissioning Clearance. 	<ul style="list-style-type: none"> When merger, etc. occurs at the same timing as the renunciation of the Clearing Qualification, and JSCC deems appropriate, complete dissolution of Unsettled Contracts or termination of all Contracts for Commissioning Clearance may not be required.
③ Refund of Clearing Fund	<ul style="list-style-type: none"> When a Clearing Participant renounces its Clearing 	<ul style="list-style-type: none"> The entity that has renounced its

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upon Renunciation of Clearing Qualification	Qualification, JSCC shall refund clearing fund related to the relevant type of Clearing Qualification after the date of the renunciation.	Clearing Qualification shall apply the money and securities to be returned from JSCC toward the satisfaction of all of its obligations owed to JSCC.
④ Application of Business Rules upon Renunciation of Clearing Qualification	<ul style="list-style-type: none"> 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. 	
(5) Measures to be Taken with respect to Clearing Participants		
① Measures to be Taken with respect to Clearing Participants	<ul style="list-style-type: none"> When JSCC deems that a Clearing Participant falls under any of the conducts listed below, JSCC may take measures set forth below: <p>(Instruction for Improvement, Suspension of Assumption of Obligations or Revocation of Clearing Qualification)</p> <ol style="list-style-type: none"> When the Clearing Participant does not submit the notification required as Matters to be Notified, or submits any false notification/report. When the Clearing Participant refuses, prevents or evades 	<ul style="list-style-type: none"> When JSCCC suspends assumption of obligations without setting duration, the relevant Clearing Participant eliminated its cause may request lifting of the suspension. In such case, JSCC will accept such request if it considers it appropriate.

Item	Description	Remarks
	<p>the examination, or does not submit the report/document or submits any false report/document.</p> <p>(3) When its business execution structure is deemed to be flawed.</p> <p>(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> <p>(Suspension of assumption of all or a part of the obligations or other measures deemed necessary and appropriate by JSCC)</p> <p>(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;</p> <p>(2) When a majority of the voting rights of all the shareholders or a majority of the voting rights relating to 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</p>	

Item	Description	Remarks
	to be inappropriate.	
	(Suspension of assumption of all or a part of the obligations)	
	(1) When the Clearing Participant fails to meet the Clearing Qualification maintenance criteria set forth in Annex 2, and prompt recovery cannot be expected.	
② Measures to be Taken with respect to Clearing Participants with Excessive Positions	<ul style="list-style-type: none"> 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: <ol style="list-style-type: none"> Increase in the required amount of the Margin, etc.; Limitations on the eligible securities deposited in lieu of cash; Reduction in the rate by which the securities' market value shall be multiplied when calculating the substituting price. 	
③ Instructions for Improvement on Position Holding	<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. 	
④ Measures to be Taken with respect to Clearing	<ul style="list-style-type: none"> In the event that a Clearing Participant deposits with JSCC securities in lieu of cash as the Clearing Deposit and the Margin 	<ul style="list-style-type: none"> Application to securities deposited in lieu of cash to be newly added in

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Participants When their Collateral Deposit Status is Deemed Inappropriate, etc.	<p>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:</p> <p>(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;</p> <p>(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;</p> <p>(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 and the amount of cash to the required amount of collateral relating to the Clearing Deposit and the Margin exceeds 80%;</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>	<p>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. • Including securities issued by the parent and subsidiaries of the Clearing Participant and subsidiaries of the parent.
⑤ Suspension of	<ul style="list-style-type: none"> • In the event that, in respect of a Clearing Participant, the Amount 	<ul style="list-style-type: none"> • The specified time period shall be the

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Assumption of Obligations of Clearing Participant whose Risk Increased during Specified Time Period	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.	period from 1:00 p.m. to 9:00 a.m. on the following day.
⑥ Measures against Clearing Participant Having Ceased to be a Trading Participant	<ul style="list-style-type: none"> A Clearing Participant shall forfeit its Clearing Qualification when any of the following events occurs to it: <ol 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.
⑦ Making Objection, etc.	<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.
⑧ Disciplinary Measures Assessment Committee	<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. 	<ul style="list-style-type: none"> Integrate current JCCH Discipline Committee into JSCC Disciplinary Measures Assessment Committee.

Item	Description	Remarks
⑨ Notice of Measures, etc.	<ul style="list-style-type: none"> 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. 	
⑩ Recommendation to Clearing Participant	<ul style="list-style-type: none"> 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. 	
3. Brokerage for Clearing of Securities, etc. (commodity clearing transaction)		
(1) Contracts Eligible for Brokerage for Clearing of Securities, etc. (commodity clearing transaction)	<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 Subject to Clearing set forth in Item# 1. 	<ul style="list-style-type: none"> Contracts that come into effect as a result of Option exercise by a Non-Clearing Participant or through 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.

Item	Description	Remarks
(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 Contracts for Clearing in the case of Change of Designated Clearing Participant	<ul style="list-style-type: none"> In the event that a Non-Clearing Participant has changed its 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 	

Item	Description	Remarks
5. Give-up	<p>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.</p> <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 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, 	<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 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

Item	Description	Remarks
	<p>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>	<p>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 Prop shall be segregated from those for other customers on an Omnibus Account or ISA for Affiliate-Prop. • See Annex 4 for the definition of Affiliate.

Item	Description	Remarks
7. Settlement of Position		<ul style="list-style-type: none"> For Transactions on products listed on Osaka Dojima Commodity Exchange, current method (offsetting buys and offsetting sells reporting) shall be maintained.
(1) Close-out Quantity Report	<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. 	<ul style="list-style-type: none"> 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. See Annex 5 for an illustration of Close-out Quantity reporting.
(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. 	<ul style="list-style-type: none"> When considering a possible utilization of an Automatic Close-out Reporting Account, decision on

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(3) Allocation Report	<ul style="list-style-type: none"> 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. 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. 	<p>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.</p> <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 Last Trading Day (Exercise Date). Option may not be exercised if, on the Exercise Date, the exercise prices is equal to or less than the Option Settlement Price (last settlement price) for Put Option, and the exercise prices is equal to or more than the Option Settlement Price (last settlement price) for Call Option. 	

Item	Description	Remarks
<p>(2) Assignment of Exercised Option</p> <p>9. Settlement of Contracts for Clearing</p> <p>(1) Trading Day</p>	<ul style="list-style-type: none"> 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. 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: <ul style="list-style-type: none"> (1) Osaka Exchange and Tokyo Commodity Exchange: <p>One business day of opening of order acceptance for the</p> 	<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
(2) Settlement Price	<p>previous business day's night trading session to before opening of order acceptance for today's night trading session of the relevant exchange;</p> <p>(2) Osaka Dojima Commodity Exchange: One business day of the relevant exchange.</p> <ul style="list-style-type: none"> When deemed necessary, JSCC may change the Trading Day on a temporary basis. 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 exercise. 	
(4) Initial Mark to the Market Result	<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 	

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(5) Net Difference to Previous Day (Settlement Price Differential)	<p>occurring in that Trading Day.</p> <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 Settlement Method		
(1) Net Settlement and Settlement Netting Group	<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 	<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

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	<p>following 2 groups, and the payment and receipt shall be performed at each of such groups:</p> <p>(1) Proprietary Account and Affiliate-Prop Account (referring to Affiliate-Prop accounts mentioned in Item #6; and</p> <p>(2) Each customer account (other than Affiliate-Prop Accounts).</p>	<p>at Osaka Exchange.</p> <ul style="list-style-type: none"> • 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.
(2) VM/OP Premium Settlement Timing		
③ Payment Cut-off Time	<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
④ Receiving Timing	<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 the Trading Day on which such VM/OP Premium arises. 	<ul style="list-style-type: none"> • In the current practice, JCCH instructs banks to process transfer during the morning (by noon) on the next business day
(3) Account Transfer	<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). 	<ul style="list-style-type: none"> • Whether or not below listed banks which are currently used by JCCH as designated settlement banks are used

Item	Description	Remarks
(4) Utilization of Margin Account for Settlement of VM/OP Premium	<ul style="list-style-type: none"> 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 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 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>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 <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 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

Item	Description	Remarks
11. Final Settlement		<p>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 will be managed at the Exchange in the same manner as current procedures for the time being.
(1) Settlement by Delivery		
① Settlement by Delivery	<ul style="list-style-type: none"> Settlement of Physical Delivery Futures Transactions by delivery shall be deemed to have been performed between JSCC and 	<ul style="list-style-type: none"> Pay/Receive of Fund Settlement for Physical Delivery Futures

Item	Description	Remarks
② Failure to Perform Delivery	<p>Clearing Participant when the delivery between a Clearing Participant taking delivery and a Clearing Participant making delivery is conducted.</p> <ul style="list-style-type: none"> If delivery in accordance with the delivery terms and conditions 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. 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 	<p>Transactions shall be performed through account transfer at the bank designated by JSCC. The banks to be designated are subject to separate discussion.</p> <ul style="list-style-type: none"> 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 Delivery-on-Request for cash-settled futures.

Item	Description	Remarks
(2) Final Settlement for Cash-settled Monthly Futures Transactions	<p>money to the counterparty to the delivery.</p> <ul style="list-style-type: none"> • 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). 	<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.
(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 	

Item	Description	Remarks
(4) Final settlement of Option Transactions	<p>prescribed by the Designated Market Operator (Delivery-on-Request for Cash-settled Daily Futures Transactions).</p> <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 acceptance by the transferee. 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. 	<ul style="list-style-type: none"> Clearing Participant intends to perform the Position Transfer shall obtain required approval from the relevant market operator in advance.
13. Margin		
(1) Margin Requirement		
① Trading Participant's Proprietary Margin	<ul style="list-style-type: none"> The Margin requirement for the Proprietary Account of a Trading Participant is determined as follows: 	

Item	Description	Remarks
Requirement	<p>Margin Requirement for Proprietary Account</p> <p>= SPAN Margin Requirement for Proprietary Account</p> <p>— Total Amount of Net Option Value for Proprietary Account</p>	
② Customer's Margin Requirement	<ul style="list-style-type: none"> Margin requirement for each Customer is determined as follows: Customer's Margin Requirement = SPAN Margin Requirement for Customer — Total Amount of Net Option Value for Customer 	<ul style="list-style-type: none"> SPAN Margin Requirement shall be calculated in the same manner as Margin requirement for the Proprietary Account.
③ SPAN Parameters	<ul style="list-style-type: none"> The parameters and other matters which are necessary for computing the Margin by SPAN shall be prescribed by JSCC. 	<ul style="list-style-type: none"> In principle, JSCC's method shall apply in respect of SPAN Parameters revision frequency, observation period and the like. <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.

Item	Description	Remarks
(2) Clearing Participant's Margin		<ul style="list-style-type: none"> As to Commodity Group for inter-Commodity Spread Charge, those currently adopted by JCCH shall be adopted.
① Deposit of Margin for Proprietary Account	<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"> 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.
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 	<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

Item	Description	Remarks
<p>③ Replaced Deposit of Customer Margin</p>	<p>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.</p> <p>• When a Customer deposits the Customer Margin, the Clearing Participant shall deposit with JSCC its own fund in the amount at</p>	<p>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 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> <p>• For the Margin, securities and warehouse receipts may be deposited</p>

Item	Description	Remarks
	least equal to such Customer Margin as the Margin.	<p>in lieu of cash. See (3) ⑧ for the types of securities and warehouse receipt eligible for margin deposit.</p> <ul style="list-style-type: none"> 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 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.
④ Treatment When Amount Deposited by	<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 	<ul style="list-style-type: none"> For the Margin, securities and warehouse receipts may be deposited

Item	Description	Remarks
Customer Falls Short of Margin Requirement	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>in lieu of cash. See (3) ⑧ for the types of securities and warehouse receipt eligible for margin deposit.</p> <ul style="list-style-type: none"> • 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 (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.

Item	Description	Remarks
	<p>Total Margin requirement for each customer in the relevant account</p> <p>➤ ISA, Affiliate-Prop ISA</p> <p>Margin requirement for the customer at such account</p>	<p>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.</p> <ul style="list-style-type: none"> • As to Omnibus Account, Affiliate-Prop Omnibus Account, ISA and Affiliate-Prop ISA, when Position Report is submitted at more granular level, total amount of such Margin requirement shall be the Margin requirement for the relevant account. • 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

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. 	<p>on the products listed on Osaka Dojima Commodity Exchange shall be classified into 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.</p> <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.

Item	Description	Remarks
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 Deposit/Withdrawal Method	<ul style="list-style-type: none"> When a Clearing Participant deposits the Margin with JSCC in cash, the Clearing Participant shall make said deposit by means of a bank transfer to any of the below-listed accounts: <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 Banks Designated by JSCC 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 	<ul style="list-style-type: none"> Deposit of Margin related to the 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. Whether or not below listed banks which are currently used by JSCC as designated settlement banks are used will be discussed going forward: <ul style="list-style-type: none"> ➤ Mizuho Bank, Kobunacho

Item	Description	Remarks
⑧ Type of Securities Deposited in Lieu of Cash (Substitute Securities)	<p>Branch</p> <ul style="list-style-type: none"> ➤ Resona Bank, Nihombashi Branch ➤ 77 Bank, Nihombashi Branch ➤ Citibank N.A., Tokyo Branch <ul style="list-style-type: none"> • 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. • A Clearing Participant may deposit, as Margin, below listed securities, etc. in lieu of cash : <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 	<p>Branch</p> <ul style="list-style-type: none"> ➤ Sumitomo Mitsui Banking Corporation, Osaka-Nishi Branch ➤ Resona Bank, Senba Branch <ul style="list-style-type: none"> • The types of securities, 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 will be separately discussed in the direction of adopting the same criteria. • For products listed on Tokyo Commodity Exchange and Osaka Dojima Commodity Exchange,

Item	Description	Remarks
	<ul style="list-style-type: none"> ➤ Warehouse Receipt (only applicable to Warehouse Receipts certifying the storage of commodities deliverable to settle transactions for JSCC) • 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>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 lieu of cash that may be deposited as

Item	Description	Remarks
⑨ Method of JGB Deposit/Withdrawal	<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>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.
⑩ Method of Deposit/Withdrawal of Securities transferred through JASDEC, such as Stocks	<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.
⑪ Method of Deposit/Withdrawal of	<ul style="list-style-type: none"> When a Clearing Participant deposits Warehouse Receipt with JSCC, it shall make such deposit by way of delivery of the 	<ul style="list-style-type: none"> Detailed operational procedures is planned to follow current JCCH

Item	Description	Remarks
Warehouse Receipt	physical security to JSCC.	procedures.
⑫ Classification and Management Method Concerning the Margin	<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. 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.
(4) Intraday Margin		

Item	Description	Remarks
① Deposit of Intraday Margin	<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. 	<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.
② Intraday Margin Requirement	<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> See Annex 11 for an illustration of Intraday Margin requirement calculation method.
③ Intraday Settlement Price	<ul style="list-style-type: none"> 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"> Intraday Settlement Price shall be calculated based on the price as of 11:00 a.m. using the same method as calculation of Settlement Price.

Item	Description	Remarks
(5) Emergency Margin		
① Deposit of Emergency Margin	<ul style="list-style-type: none"> In the case where the fluctuation in the market prices of the 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. 	<ul style="list-style-type: none"> Specific trigger threshold will be set separately. 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.
② Emergency Margin Requirement	<ul style="list-style-type: none"> Emergency Margin requirement shall be calculated as follows: Emergency Margin Requirement = Margin Equivalent (Proprietary) + VM/OP Premium Equivalent (Proprietary) + Sum Total of Risk Amount Exceeding Collateral (per each Customer Account) 	<ul style="list-style-type: none"> Emergency Margin requirement calculation method shall be the same as the Intraday Margin calculation method. See Annex 11.

Item	Description	Remarks
③ Emergency Settlement Price	<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. 	<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.
(6) Emergency Margin for Specified Party		
① Deposit of Emergency Margin for Specified Party	<ul style="list-style-type: none"> 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"> This does not apply to Transactions on products listed on Osaka Dojima Commodity Exchange for the time being. Trigger judgment method, etc. for Commodity Clearing will be separately determined by reference to the procedures applicable to the JSCC's Listed Derivatives. See Annex 12 for the trigger judgment method, etc. for JSCC's Listed Derivatives. The relevant Margin may be deposited in the form of securities and Warehouse Receipt in lieu of

Item	Description	Remarks
② Monitoring Settlement Price	<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. 	<p>cash.</p> <ul style="list-style-type: none"> 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.
(7) Margin Requirement Increase		
① Increasing Margin Requirement according to Risk Amount	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Specific calculation method will be separately determined by reference to the procedures applicable to the JSCC's Listed Derivatives. See Annex 13 for an illustration of the calculation method for JSCC's Listed Derivatives. This does not apply to Transactions on products listed on Osaka Dojima Commodity Exchange for the time being.
② Increase of Margin	<ul style="list-style-type: none"> JSCC may charge Add-on Margin as Clearing Participant's 	<ul style="list-style-type: none"> The Clearing Participant whose daily

Item	Description	Remarks
Requirement according to Amount Equivalent to Risk Amount Exceeding Collateral (Add-on Margin)	Proprietary Margin according to the risk equivalent at stress exceeds the amount equivalent to the deposited amount.	<p>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> <ul style="list-style-type: none"> 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.
(8) Delivery Clearing Margin	<ul style="list-style-type: none"> JSCC may increase the Margin requirement for Proprietary Account and Customers of a Clearing Participant according to the price fluctuation risk related to the delivery when settlement by delivery is performed for the Designated Commodity Market. Delivery Clearing Margin Requirement per Delivery Unit = Delivery Price × Delivery Unit Multiplier × Rate 	<ul style="list-style-type: none"> Maintain existing JCCH Delivery Clearing Margin framework for commodity futures. Specific calculation method of the requirement and other details will be determined separately.

Item	Description	Remarks
14. Deposit of Delivery Payment (1) Deposit of Delivery Payment of Customer Account	<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. 	<ul style="list-style-type: none"> “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.
15. Clearing Fund (1) Deposit of Clearing Fund	<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 Clearing Fund requirement. 	<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 framework.
(2) Clearing Fund Requirement	<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. 	<ul style="list-style-type: none"> Specific calculation method will be separately determined by reference to the procedures applicable to the

Item	Description	Remarks
(3) Cash Requirement	<ul style="list-style-type: none"> Clearing Fund requirement shall be determined for each Clearing Qualification as follows: Clearing Fund Requirement = Period Average Base PML Amount × Individual Company Prorated Base IM Amount / Total Prorated Base IM Amounts A certain portion of the Clearing Fund requirement designated by JSCC (Cash Requirement) shall be deposited by a Clearing Participant in Japanese yen cash. 	<p>JSCC's Listed Derivatives. See Annex 15 for an illustration of the calculation method for JSCC's Listed Derivatives.</p> <ul style="list-style-type: none"> To avoid radical change, transitional measures will be taken for the calculation of Clearing Fund requirement for the time being. Cash Requirement calculation method for Commodity Clearing Fund will be determined separately. For Listed Derivatives, 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). The amount exceeding the Cash Requirement may be deposited in the form of foreign currency or securities.

Item	Description	Remarks
		<ul style="list-style-type: none"> 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. When fund liquidity is insufficient in the event of a Settlement Default by a Clearing Participant, JSCC may temporarily use cash portion of the Clearing Fund deposited with JSCC by other Clearing Participants to the fund settlement.
(4) Notification of Requirement	<ul style="list-style-type: none"> 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. 	
(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. 	

Item	Description	Remarks
<p>16. Measures, etc. in case of Settlement Default by Clearing Participant</p> <p>(1) Measures in case of Settlement Default</p> <p>(2) Compensation for Loss Caused by Default</p>	<p>on the next business day following the date of occurrence of the shortfall.</p> <ul style="list-style-type: none"> When a Clearing Participant does not perform the settlement of Contracts for Clearing or JSCC deems there is a real possibility that a Clearing Participant does not perform the settlement of Contracts for Clearing, JSCC shall implement the measures, including suspension of the assumption of the obligations to which such Clearing Participant is a party, and perform necessary liquidation process, such as transfer of Unsettled Contracts, and fix the loss. JSCC shall apply below listed funds to compensate for the loss arising from Settlement Default of a Clearing Participant in the following order by each Designated Commodity Market: <ul style="list-style-type: none"> ① Margin, Clearing Fund, etc. for Proprietary Account of Default Clearing Participant; ② Loss compensation by Designated Market Operator, etc. ③ JSCC's Settlement Default Reserve ④ Clearing Funds deposited by Clearing Participants other than 	<ul style="list-style-type: none"> Set separate loss compensation waterfall from existing JSCC Clearing Qualifications.

Item	Description	Remarks
17. Other	Default Clearing Participant	
(1) Extraordinary Change of Settlement Cut-Off Time	⑤ Allocation to Clearing Participants other than Default Clearing Participant • When JSCC deems it necessary, JSCC may extraordinarily change the Settlement Cut-Off Time in respect of Contracts for Clearing.	• In such case, JSCC shall notify the Clearing Participant to that effect in advance.
(2) Deferment of Settlement Date Due to System Failure, etc.	• 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.	• In such case, JSCC shall notify the Clearing Participant to that effect in advance.
(3) Extraordinary Measures in Cases of Natural Disaster, etc.	• 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.	
(4) Application of Excess Collateral to Other Clearing Business	• 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	• “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
JCCH Clearing Participants	<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.
(2) Acquisition of Clearing Qualification by Existing JSCC Clearing Participants	<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.
(3) Other	<ul style="list-style-type: none"> Other required measures in association with the integration of the clearing function shall be taken. 	
19. Implementation Timing (Schedule)	<ul style="list-style-type: none"> Implement from July 2020. 	

End of Document

Clearing Qualification Acquisition Criteria (Financial Basis)

Criteria (5) a) ② (General Criteria)

➤ For Financial Instruments Business Operator, Commodity Futures Trading Firm or Commercial

	Principal Clearing Qualification	Agency Clearing Qualification
Capital	300mil yen or more	
Net Worth or Net Asset	2bil yen or more	20bil yen or more
Capital-to-Risk-Ratio or Net Asset Ratio(*)	Above 200%	

* As to Financial Instruments Business Operators or Commodity Futures Trading Firms, it shall be the ratio applicable under the Financial Instruments and Exchange Act or the Commodity Derivatives Act, as applicable.

For other firms, capital adequacy shall be sufficient in light of assets, etc. owned.

➤ For Registered Financial Institution

	Principal Clearing Qualification	Agency Clearing Qualification
Capital or Total Amount of Capital Contribution	300mil yen or more	
Net Asset	2bil yen or more	20bil yen or more
Capital Adequacy Ratio	Uniform International Standards	Common Equity Tier 1 ratio : Above 4.5% Tier1 ratio : Above 6% Total Capital ratio : Above 8%
	Japanese Standard	Above 4%
Solvency Margin Ratio	Above 400%	

Criteria (5) b) ② (Criteria for Persons with Parent Guarantee)

	Principal Clearing Qualification	Agency Clearing Qualification
Parent's Capital	300mil yen or more	
Parent's Net Worth or Net Asset	20bil yen or more	
Capital-to-Risk-Ratio or Net Asset Ratio(*)	Above 200%	

* As to Financial Instruments Business Operators or Commodity Futures Trading Firms, it shall be the ratio applicable under the Financial Instruments and Exchange Act or Commodity Derivatives Act, as applicable.

For other firms, capital adequacy shall be sufficient in light of assets, etc. owned.

Clearing Qualification Maintenance Criteria

Maintenance Criteria for Criteria (5) a) ② (General Criteria)

➤ For Financial Instruments Business Operator, Commodity Futures Trading Firm or Commercial

	Principal Clearing Qualification	Agency Clearing Qualification
Capital	300mil yen or more	
Net Worth or Net Asset	1bil yen or more	20bil yen or more
Capital-to-Risk-Ratio or Net Asset Ratio(*)	Capital-to-Risk-Ratio : 120% or above, Net Asset Ratio : 140% or above	

* As to Financial Instruments Business Operators or Commodity Futures Trading Firms, it shall be the ratio applicable under the Financial Instruments and Exchange Act or Commodity Derivatives Act, as applicable.

For other firms, capital adequacy shall be sufficient in light of assets, etc. owned.

➤ For Registered Financial Institution

		Principal Clearing Qualification	Agency Clearing Qualification
Capital or Total Amount of Capital Contribution		300mil yen or more	
Net Asset		1bil yen or more	20bil yen or more
Capital Adequacy Ratio	Uniform International Standards	Common Equity Tier 1 ratio : 2.25% or above Tier1 ratio : 3% or above Total Capital ratio : 4% or above	Common Equity Tier 1 ratio : 4.5% or above Tier1 ratio : 6% or above Total Capital ratio : 8% or above
	Japanese Standard	2% or above	4% or above
Solvency Margin Ratio		100% or above	400% or above

Criteria (5) b) ② (Criteria for Persons with Parent Guarantee)

	Principal Clearing Qualification	Agency Clearing Qualification
Parent's Capital	300mil yen or more	
Parent's Net Worth or Net Asset	20bil yen or more	
Capital-to-Risk-Ratio or Net Asset Ratio(*)	Capital-to-Risk-Ratio : 120% or above, Net Asset Ratio : 140% or above	

* As to Financial Instruments Business Operators or Commodity Futures Trading Firms, it shall be the ratio applicable under the Financial Instruments and Exchange Act or Commodity Derivatives Act, as applicable.

For other firms, capital adequacy shall be sufficient in light of assets, etc. owned.

Illustration of Account Structure

- Set accounts by following 2 classifications
 - Osaka Exchange (OSE) Listed Products (governed by Financial Instruments and Exchange Act)
 - Tokyo Commodity Exchange (TOCOM) / Osaka Dojima Commodity Exchange (ODE) Listed Products (governed by Commodity Derivatives Act)
- Basic account structure is Proprietary Account and Customer (Omnibus) Account, but segregated management of specific individual customers from Customer Account is possible.
- However, Affiliate-Prop position must be managed by opening separate account from Customer Account

【Current JCCH Account Structure】

Proprietary

Customer

【Account Structure after Transfer to JSCC】

* Same as current account structure for Listed Derivatives of Financial Instruments listed on OSE

		New (1)		New (2)	
OSE Listed Products	Proprietary	Affiliate - Proprietary	Customer (Omnibus)	ISA 1	ISA 2
TOCOM / ODE Listed Products	Proprietary	Affiliate - Proprietary	Customer (Omnibus)	ISA 1	ISA 2

- Same Corporate Group
- For Affiliate-Prop, position shall be managed by opening separate account by Affiliate

- Equivalent to current Customer Account

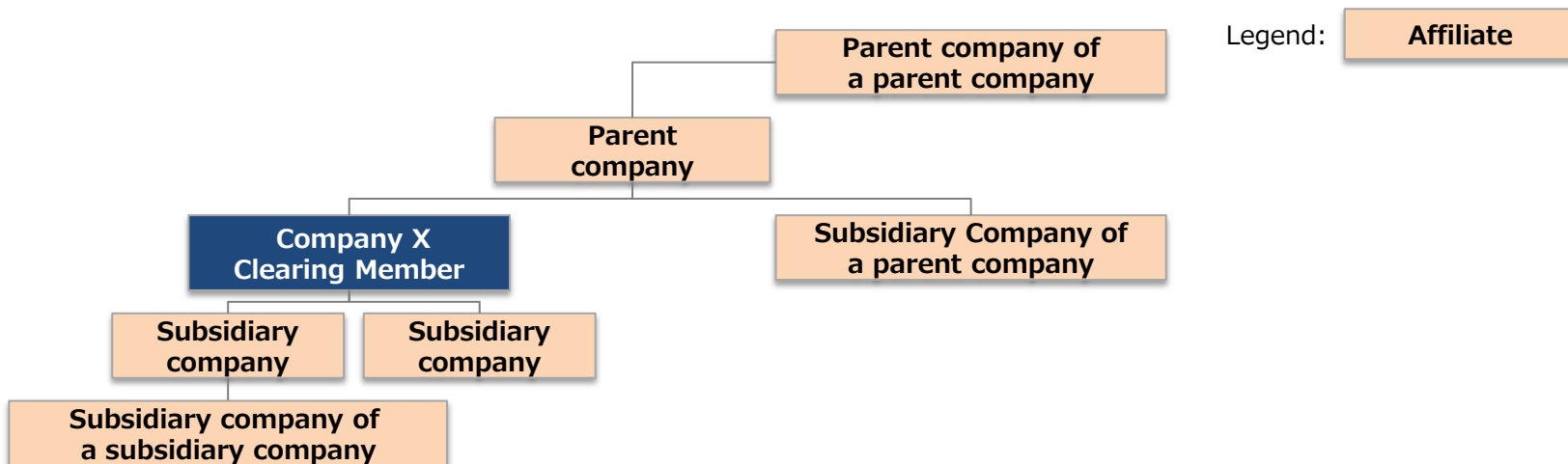
- Separate management by Customer at CCP level

* Only Proprietary and Customer (Omnibus) will be made available for Osaka Dojima Commodity Exchange listed products for the time being

- Affiliates shall be those belonging to the same corporate group, as such term referred to in Article 5, Paragraph 1, Item (ii) of the Financial Instruments and Exchange Act, as the Clearing Member.
(Representative examples ※Refer to the diagram below)
 - Clearing Member's subsidiary company (Including Subsidiary company of a subsidiary company (Second-tier subsidiary company))
 - Clearing Member's parent company
 - Subsidiary company of Clearing Member's parent company (Fellow subsidiary company or overseas local subsidiary)※It does not matter whether a company is domestic or foreign.

(Article 5, Paragraph 1, Item (ii) of the Financial Instruments and Exchange Act)

(ii) trade name of the company, financial conditions of the Corporate Group (meaning the group consisting of the company and other persons (limited to companies or other organizations specified by a Cabinet Office Ordinance) who satisfies the requirements specified by a Cabinet Office Ordinance as those for being regarded as having a close relationship with the company, including the requirement that the company holds the majority of voting rights of the person who is a company; the same shall apply hereinafter) to which the company belongs and of the company, other important matters concerning the company's business and other matters specified by a Cabinet Office Ordinance as necessary and appropriate for the public interest or protection of investors.



Close-out Quantity Report / Position Report

- Instead of JCCH's current offsetting buys and offsetting sells reporting requirement, the method will be changed to the one to fix position of each account for the day through Close-out Quantity Report and further fix customer level position information for Omnibus Account through Position Report (the same method as the one adopted for Listed Derivatives of Financial Instruments at OSE)
- However, current method (offsetting buys and offsetting sells reporting) will be maintained for the time being for Osaka Dojima Commodity Exchange transactions.
- Position is fixed through following 2 elements:
 - ① Close-out Quantity Report: Reporting net position quantity for the entire account
 - ② Position Report: Reporting position quantity by issue for each customer
- Because Proprietary Account and ISA covers a single entity, Position Report is not necessary

Example of Position Report

- Clearing Participant A manages contracts/position (position) for 2 customers (Customer B and Customer C) in a customer account
- As of EOD of current day (before submission of report for fixing today's position), total quantity in Gold Futures in Customer (Omnibus) Account is: short 100, long 200
- Clearing Participant A understands final position for each of Customers B and C for the day, and assuming that final position will be short: 50, long: 150

Today's Final Position Breakdown⇒Customer B : Today's short: 20/Today's long: 100, Customer C : Today's short: 30/Today's long: 50

	Net Position Quantity 50	Net Position Quantity 50
	<C>30	<C>50
	20	100
Short		Long

Content of Report (Report by Issue)

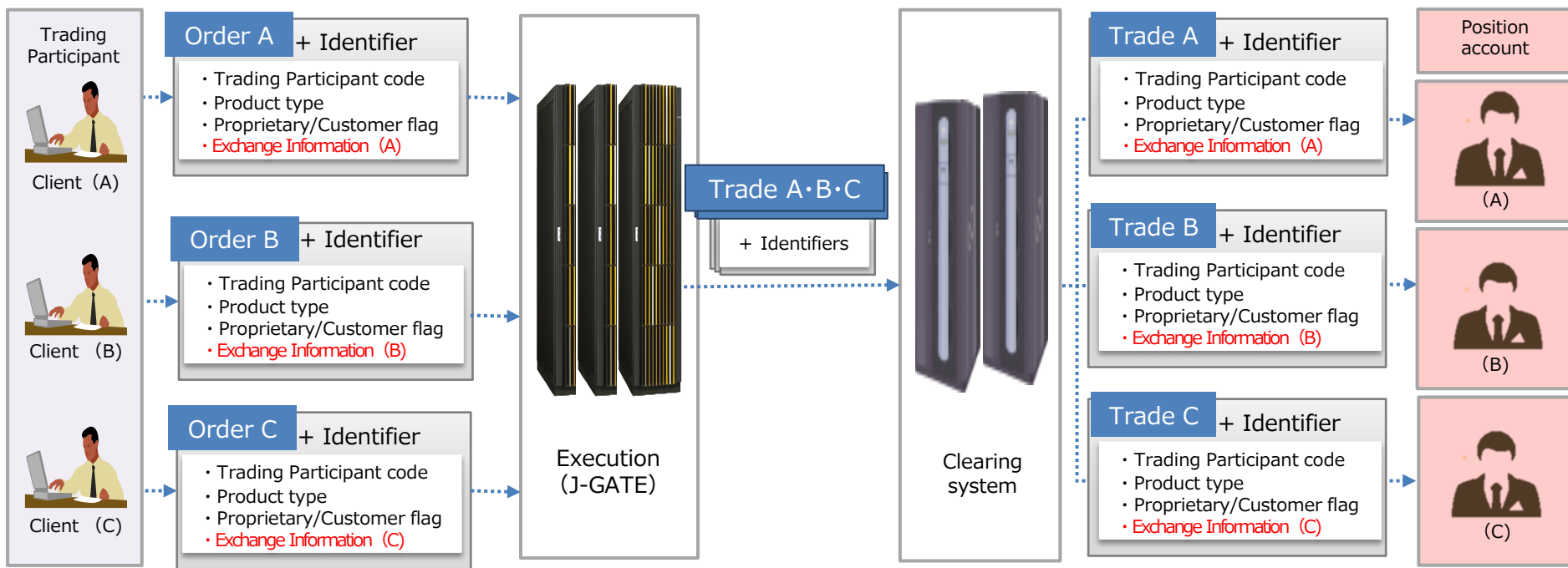
- ① Close-out Quantity Report: 50
- ② Position Report by Customer :
 - Customer B Short : 20 Long : 100
 - Customer C Short : 30 Long : 50

(1) Operational Flow when Using Auto Allocation ①

Order: Identifier Setting

Trade ~ Trade Data Transmission

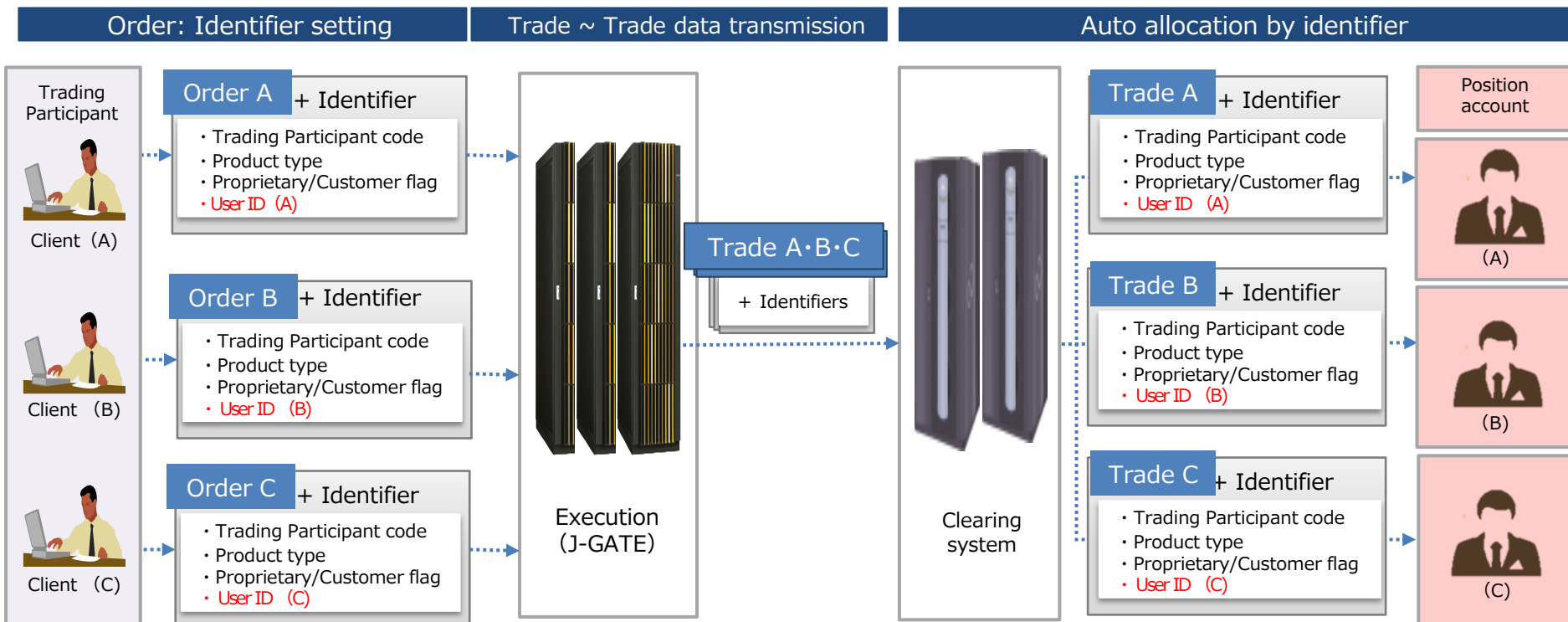
Auto Allocation by Identifier



- Auto allocation using Exchange Information

- Auto allocation is done by referring to "Trading Participant Code", "Product type", and "Proprietary/Customer flag", and "Account Name" on 23rd to 30th byte on "Exchange Information" advised from J-GATE.
- That field can be used when order placement message MO31 is used, but cannot be used for MO96 (mass quote)

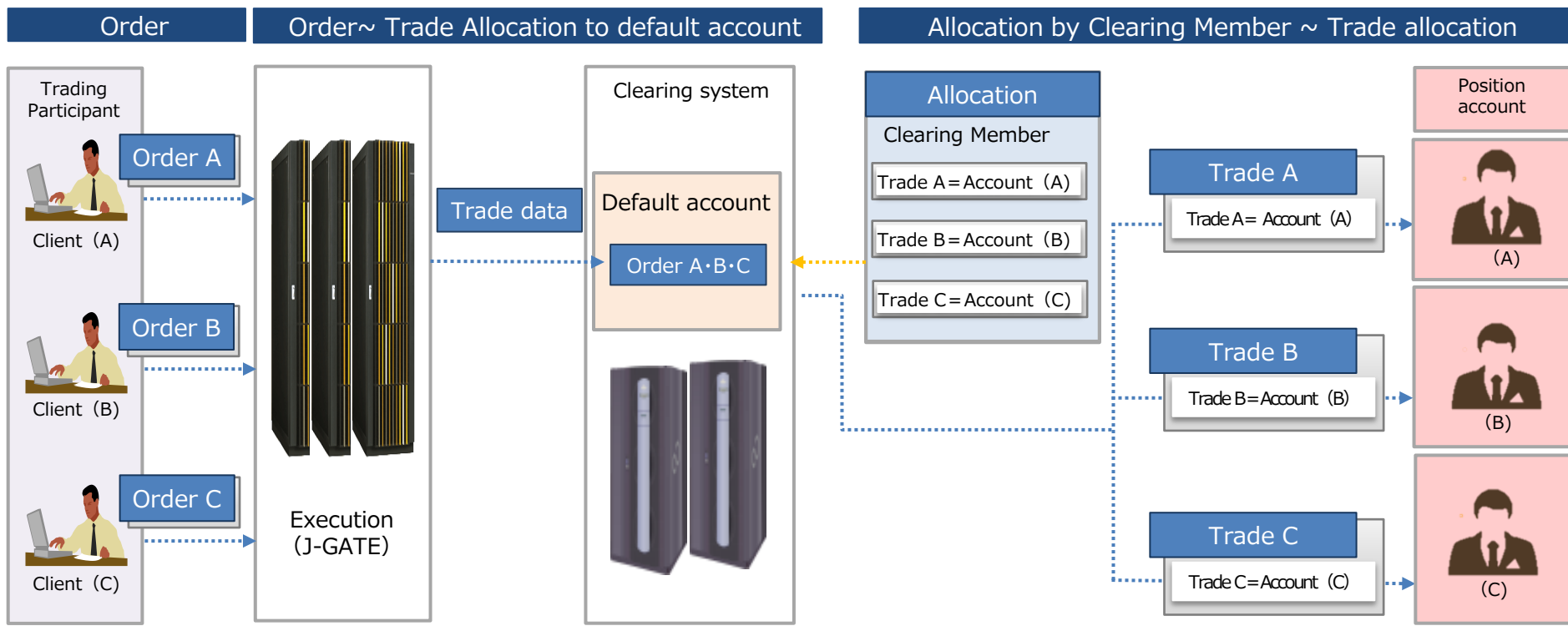
(2) Operational Flow when Using Auto Allocation ②



• Auto allocation using (Participant) User ID

- When an allocation account will be identified by using “(Participant) User ID,” an account to which trades are to be allocated (mapping rule) shall be set in advance via GUI or API.
- Mapping of multiple “(Participant) User IDs” to one “Allocation Account” will be allowed (see example on the attachment). However, in order to uniquely identify allocation account, “(Participant) User ID” shall be set on J-GATE in such manner that enables unique identification under proprietary and customer group. (In other words, same identification information may not be used for affiliate-prop and client.)

(3) Operational Flow when Using Trade Allocation on Clearing System Terminal (cCran)



- Allocation of trades to each account based on the allocation request subsequently submitted by a Clearing Participant (Trade Allocation)
 - Temporarily allocate new trades to a specific default account, and then allocate trades to each account based on the allocation request by a Clearing Participant
 - Allocation notification cutoff time shall be 6 : 00 p.m.
 - CCP will initially set one default account each for proprietary and customer. A Participant may designate another account as default account. Moreover, a default account may be used for ordinary operations.

Payment/Receipt of VM/OP Premium (Illustration of Netting)

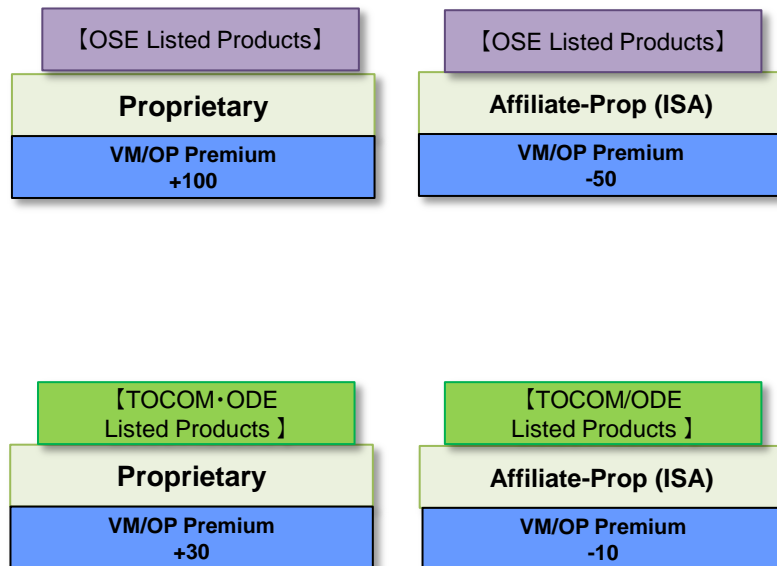
Annex 7

◆ Settlement Prices ① and ② should be settled separately

Clearing Participant A

* In VM/OP Premium, positive value represents receipt and negative value represents payment

①

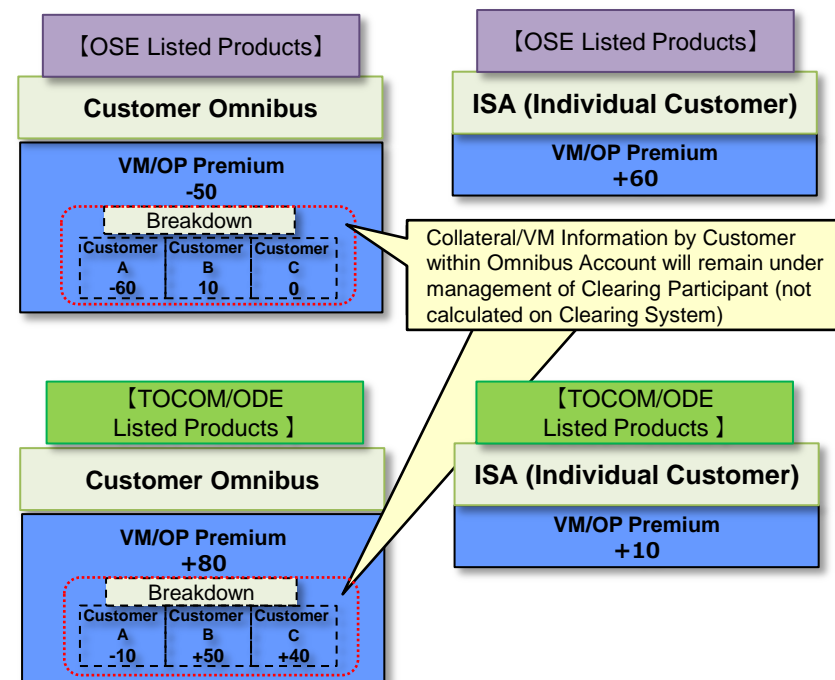


【① : VM/OP Premium for Proprietary and Affiliate-Prop】

- Pays/receives net amount of VM/OP Premiums for OSE Listed Products and TOCOM/ODE Listed Products

$$+100-50+30-10 = \underline{+70} \text{ (= Settlement Price①)}$$

②



【② : VM/OP Premium for Accounts other than ①】

- Pays/receives net amount of VM/OP Premiums for OSE Listed Products and TOCOM/ODE Listed Products

$$-50+60+80+10 = \underline{+100} \text{ (= Settlement Price ②)}$$

Comparison of VM/OP Premium Settlement Method (Illustration)

Annex 8

(1) When Using Settlement Account

Clearing Participant A

Proprietary [OSE Listed Products]	
Margin Surplus +100	VM/OP Premium +100

Proprietary [TOCOM/ODE Listed Products]	
Margin Surplus +100	VM/OP Premium +30

Affiliate-Prop (ISA) [OSE Listed Products]	
Margin Surplus +100	VM/OP Premium -50

Affiliate-Prop (ISA) [TOCOM/ODE Listed Products]	
Margin Surplus +100	VM/OP Premium -10

【① : VM/OP Premium for Proprietary and Affiliate-Prop】
 $100 - 50 + 30 - 10 = 70$ (= Settlement Price①)

Customer Omnibus [OSE Listed Products]	
Margin Surplus +100	VM/OP Premium -50
Breakdown	Breakdown
Customer A +70	Customer B +30
Customer A -60	Customer B +10

Customer Omnibus [TOCOM/ODE Listed Products]	
Margin Surplus +80	VM/OP Premium -30
Breakdown	Breakdown
Customer A +50	Customer B +30
Customer A -40	Customer B +10

【② : VM/OP Premium for Accounts other than ①】
 $-50 - 30 - 100 - 50 = -230$ (= Settlement Price ②)

ISA (Individual Customer) [OSE Listed Products]	
Margin Surplus +100	VM/OP Premium -100

ISA (Individual Customer) [TOCOM/ODE Listed Products]	
Margin Surplus +100	VM/OP Premium -50

* Collateral/VM Information by Customer within Omnibus Account will be under management of Clearing Participant

Comparison of VM/OP Premium Settlement Method (Illustration)

(2) When Using Margin Account for VM/OP Premium Settlement for All Accounts

- Selection may be made at account level
- When this method is selected, netting across accounts is not allowed

* In VM/OP Premium, positive value represents receipt and negative value represents payment
 * Entire Excess Collateral is held in the form of cash

* Collateral/VM Information by Customer within Omnibus Account will be under management of Clearing Participant

Clearing Participant A

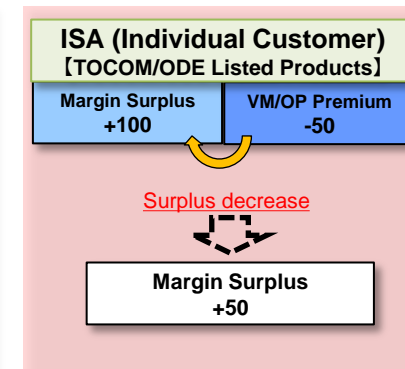
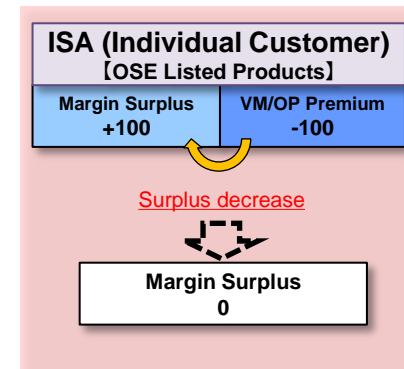
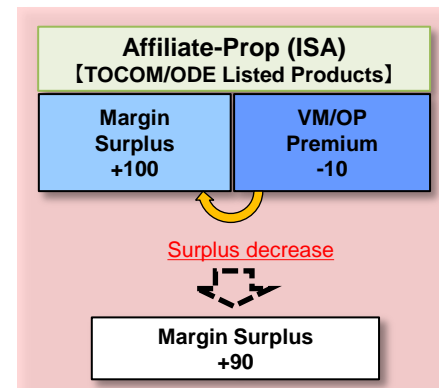
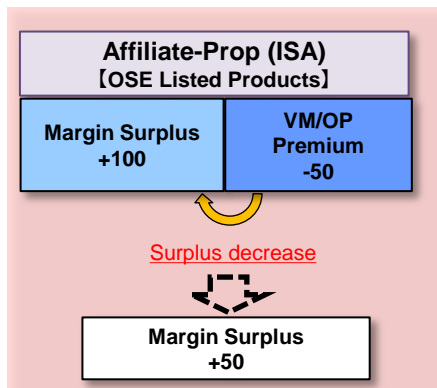
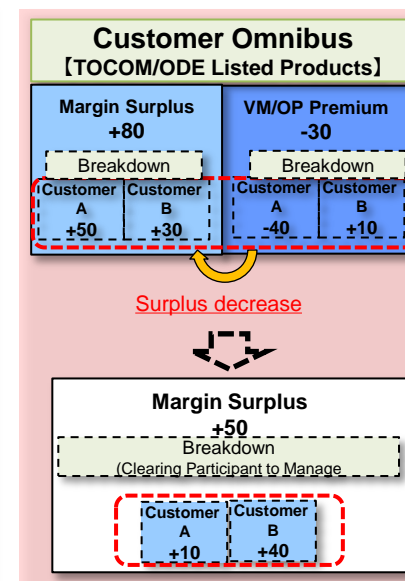
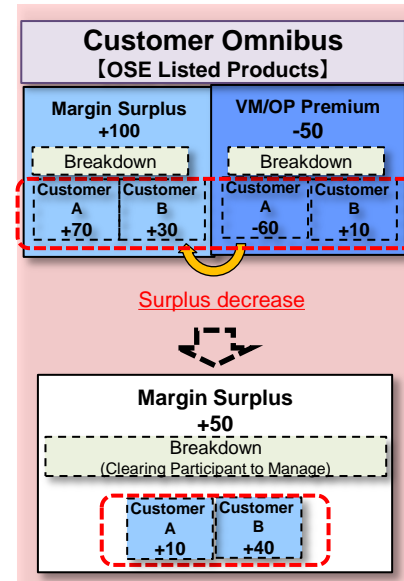
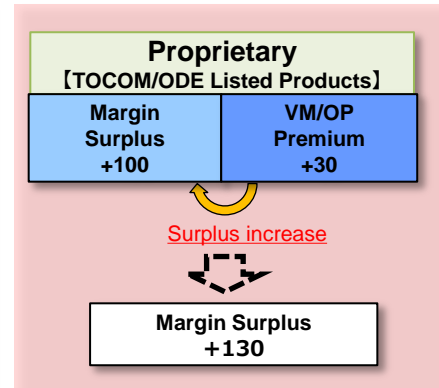
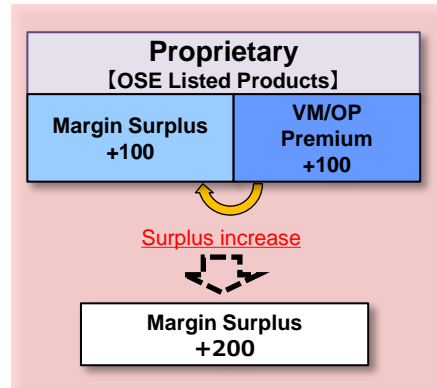


Table Concerning Types of Securities Deposited in lieu of Cash and their Substituting Prices, etc.
(as of July 30, 2019, excluding the part related to Warehouse Receipt)

Type of Securities		Market Price	The rate by which the market price is to be multiplied	
Japanese Government Bonds (For Inflation-Indexed Bonds, only those eligible for Clearing under OTC JGB Clearing Service)	Whose Reference Statistical Prices for OTC Bond Transactions are published by the Japan Securities Dealers Association	Average of the relevant Reference Statistical Prices for OTC Bond Transactions (For Inflation-Indexed Bonds, the value obtained by multiplying such average by the indexation coefficient published by the Ministry of Finance)	(1) Interest-bearing government bond and discount government bond (excluding government bond with floating rate, Inflation-Indexed Bonds and STRIPs) a Years to maturity of less than 1 year 99% b Years to maturity over 1 year and less than 5 years 97% c Years to maturity over 5 year and less than 10 years 97% d Years to maturity over 10year and less than 20 years 96% e Years to maturity over 20 year and less than 30 years 94% f Years to maturity over 30 years 91%	
	Which are listed on a domestic Financial Instruments Exchange, but whose Reference Statistical Prices for OTC Bond Transactions are not published	The closing price (* 1) at the Financial Instruments Exchange (* 2)	(2) Government bond with floating rate a Years to maturity of less than 1 year 99% b Years to maturity over 1 year and less than 5 years 99% c Years to maturity over 5 year and less than 10 years 99% d Years to maturity over 10 year and less than 20 years 99% (3) Inflation-Indexed Bonds a Years to maturity of less than 1 year 99% b Years to maturity over 1 year and less than 5 years 97% c Years to maturity over 5 year and less than 10 years 97% d Years to maturity over 10year and less than 20 years 97% e Years to maturity over 20 year and less than 30 years 97% f Years to maturity over 30 years 97% (4) STRIPs a Years to maturity of less than 1 year 99% b Years to maturity over 1 year and less than 5 years 97% c Years to maturity over 5 year and less than 10 years 97% d Years to maturity over 10year and less than 20 years 96% e Years to maturity over 20 year and less than 30 years 94% f Years to maturity over 30 years 90%	
Bonds guaranteed by the Japanese Government Yen denominated bonds	Whose Reference Statistical Prices for OTC Bond Transactions are published by the Japan Securities Dealers Association	Average of the relevant Reference Statistical Prices for OTC Bond Transactions	(1) Years to maturity of less than 1 year 99% (2) Years to maturity over 1 year and less than 5 years 97% (3) Years to maturity over 5 year and less than 10 years 97%	

which are the bonds stipulated in Article 2-11 of the Enforcement Ordinance of the Financial Instruments and Exchange Act (* 3)	Which are listed on a domestic Financial Instruments Exchange, but whose Reference Statistical Prices for OTC Bond Transactions are not published	The closing price (* 1) in the Financial Instruments Exchange (* 2)	(4) Years to maturity over 10year and less than 20 years 95% (5) Years to maturity over 20 year and less than 30 years 93% (6) Years to maturity over 30 years 91%
Foreign Government Bonds	U.S. Treasury Bonds/Notes/Bills	The last quote in the New York market on the immediately preceding day	(1) Years to maturity of less than 1 year 96% (2) Years to maturity over 1 year and less than 5 years 95% (3) Years to maturity over 5 year and less than 10 years 94% (4) Years to maturity over 10 year and less than 20 years 92% (5) Years to maturity over 20 year and less than 30 years 90% (6) Years to maturity over 30 years 90%
	GBP denominated bonds issued by the United Kingdom of Great Britain and Northern Ireland	The last quote in the London market on the immediately preceding day	(1) Years to maturity of less than 1 year 95% (2) Years to maturity over 1 year and less than 5 years 94% (3) Years to maturity over 5 year and less than 10 years 92% (4) Years to maturity over 10 year and less than 20 years 91% (5) Years to maturity over 20 year and less than 30 years 90% (6) Years to maturity over 30 years 88%
	EUR denominated bonds issued by Federal Republic of Germany	The last quote in the Frankfurt market on the immediately preceding day	(1) Years to maturity of less than 1 year 96% (2) Years to maturity over 1 year and less than 5 years 94% (3) Years to maturity over 5 year and less than 10 years 93% (4) Years to maturity over 10 year and less than 20 years 91% (5) Years to maturity over 20 year and less than 30 years 89% (6) Years to maturity over 30 years 89%

	EUR denominated bonds issued by French Republic	The last quote in the Paris market on the immediately preceding day	(1) Years to maturity of less than 1 year 96% (2) Years to maturity over 1 year and less than 5 years 94% (3) Years to maturity over 5 year and less than 10 years 92% (4) Years to maturity over 10 year and less than 20 years 89% (5) Years to maturity over 20 year and less than 30 years 85% (6) Years to maturity over 30 years 85%
Municipal bonds (* 3)	Whose Reference Statistical Prices for OTC Bond Transactions are published by the Japan Securities Dealers Association	Average of the relevant Reference Statistical Prices for OTC Bond Transactions	(1) Years to maturity of less than 1 year 99% (2) Years to maturity over 1 year and less than 5 years 97% (3) Years to maturity over 5 year and less than 10 years 97% (4) Years to maturity over 10year and less than 20 years 94% (5) Years to maturity over 20 year and less than 30 years 92% (6) Years to maturity over 30 years 92%
	Which are listed on a domestic Financial Instruments Exchange, but whose Reference Statistical Prices for OTC Bond Transactions are not published	The closing price (* 1) in the Financial Instruments Exchange (* 2)	
Special bonds (excluding bonds guaranteed by the Japanese Government)(* 4) Corporate Bonds (excluding bonds with stock acquisition)	Whose Reference Statistical Prices for OTC Bond Transactions are published by the Japan Securities Dealers Association	Average of the relevant Reference Statistical Prices for OTC Bond Transactions	(1) Years to maturity of less than 1 year 99% (2) Years to maturity over 1 year and less than 5 years 97% (3) Years to maturity over 5 year and less than 10 years 97% (4) Years to maturity over 10year and less than 20 years 94% (5) Years to maturity over 20 year and less than 30 years 92% (6) Years to maturity over 30 years 90%

rights and Exchangeable Corporate Bonds) (* 3) (* 4)	Which are listed on a domestic Financial Instruments Exchange, but whose Reference Statistical Prices for OTC Bond Transactions are not published	The closing price (* 1) in the Financial Instruments Exchange (* 2)	
Yen-denominated bonds issued by foreign juridical persons (SAMURAI Bonds) (excluding Yen denominated bonds which are the bonds stipulated in Article 2-11 of the Enforcement Ordinance of the Financial Instruments and Exchange Act, Convertible Bonds and Exchangeable Corporate Bonds (* 3) (* 4))	Whose Reference Statistical Prices for OTC Bond Transactions are published by the Japan Securities Dealers Association	Average of the relevant Reference Statistical Prices for OTC Bond Transactions	(1) Years to maturity of less than 1 year 99% (2) Years to maturity over 1 year and less than 5 years 97% (3) Years to maturity over 5 year and less than 10 years 97% (4) Years to maturity over 10year and less than 20 years 97% (5) Years to maturity over 20 year and less than 30 years 97% (6) Years to maturity over 30 years 97%
	Which are listed on a domestic Financial Instruments Exchange, but whose Reference Statistical Prices for OTC Bond Transactions are not published	The closing price (* 1) in the Financial Instruments Exchange (* 2)	
Beneficiary securities of public and corporate bond investment trusts(* 6)	Whose market prices on the preceding day are published by the Investment Trusts Association Japan	Applicable market price	85/100
Convertible Bonds (* 3) (* 5) (* 6) Exchangeable Corporate Bonds) (* 3) (* 6)	Which are listed on a domestic Financial Instruments Exchange	The closing price (* 1) in the Financial Instruments Exchange (* 2)	80/100

<p>Stocks</p> <p>Preferred equity capital contribution securities</p> <p>Depository receipts for foreign stocks</p> <p>Beneficiary securities of foreign investment trusts</p> <p>Foreign investment securities</p> <p>Beneficiary securities of beneficiary securities issuing trust</p> <p>Beneficiary securities of foreign beneficiary securities issuing trust</p>	<p>Which are listed on a domestic Financial Instruments Exchange</p>	<p>The closing price (* 1) in the Financial Instruments Exchange(* 2)</p>	70/100
<p>Beneficiary securities of investment trusts (excluding beneficiary securities of public and corporate bond investment trusts)</p> <p>Investment securities</p>	<p>Which are listed on a domestic Financial Instruments Exchange</p>	<p>The closing price (* 1) in the Financial Instruments Exchange (* 2)</p>	
	<p>Whose market prices on the preceding day are published by the Investment Trusts Association Japan(* 6)</p>	<p>Applicable market price</p>	
<p>Warehouse Receipt (*7)</p>	<p>Warehouse Receipts certifying the storage of commodities deliverable to settle transactions as prescribed by the Designated Market Operator</p>	<p>Settlement Price</p>	

- (* 1) With respect to an issue that is listed on multiple Financial Instruments Exchanges, referring to the Financial Instruments Exchange selected in accordance with the order of priority prescribed by JSCC(*).
- (* 2) In the case where a final quote is posted in the applicable Financial Instruments Exchange, the closing price refers to such final quote.
- (* 3) Limited to those with respect to which an underwriting contract is executed by a Financial Instruments Business Operator in connection with their issuance.
- (* 4) With respect to Special bonds^{*1}, Corporate Bonds^{*2} and Yen-denominated bonds issued by foreign juridical persons (*SAMURAI Bonds*) ^{*3}, limited to those deemed appropriate by JSCC taking the issuing company's creditworthiness and other circumstances into account(e.g. all ratings obtained from Eligible Rating Agencies^{*4} are A or above, etc.).
 - (^{*1} excluding bonds guaranteed by the Japanese Government)
 - (^{*2} excluding bonds with stock acquisition rights and Exchangeable Corporate Bonds)
 - (^{*3} excluding Yen denominated bonds which are the bonds stipulated in Article 2-11 of the Enforcement Ordinance of the Financial Instruments and Exchange Act, Convertible Bonds and Exchangeable Corporate Bonds)
 - (^{*4} referring to the Credit Rating Agencies stipulated in Paragraph 36 of Article 2 of the Act and the Specified Related Corporations stipulated in Paragraph 2 of Article 116-3 of the Ordinance of Cabinet Office Concerning Financial Instruments Business, etc. (Ordinance of Cabinet Office No. 52 of 2007).)
- (* 5) With respect to Convertible Bonds, limited to those issued by the corporations whose stocks are listed on domestic Financial Instruments Exchanges.
- (* 6) To be excluded from the scope of the eligible securities in lieu of cash for Clearing Participant's Proprietary Margin and Affiliate's Margin.
- (* 7) Warehouse Receipt will be accepted as securities deposited in lieu of cash after the integration of the clearing function. Warehouse Receipt for goods other than precious metals shall be excluded from the scope of securities deposited in lieu of cash as Margin for Proprietary and Margin for Affiliate of a Clearing Participant.

* With respect to the order of priority prescribed by JSCC, the Financial Instruments Exchange with the highest selling/buying volume^{*1} of the relevant issue among the Financial Instruments Exchanges: during July through December of the preceding year in the case where the day which is two days before the day of delivery or the day of deposit occurs during February through July; or during January through June in the case where the day which is two days before the day of delivery or the day of deposit occurs during August through January in the following year, shall be in the first priority position, and the subordinating priority shall be in accordance with the order of the code^{*2} of the Exchanges, Industry Groups, etc.

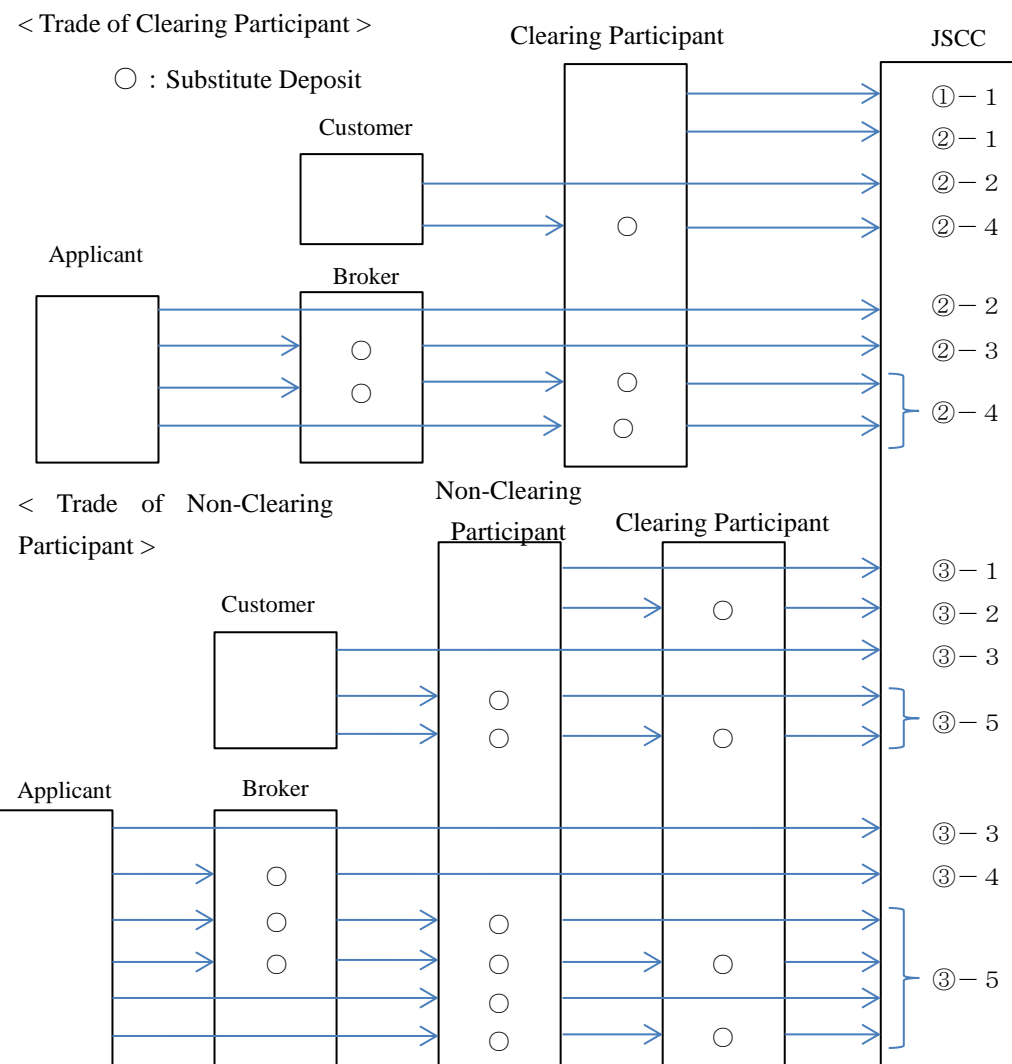
(^{*1} limited to the selling/buying volume pertaining to the Regular Transactions^{*1-1} during trading sessions)

(^{*1-1} referring to the Regular Transactions prescribed by each Financial Instruments Exchange)

(^{*2} referring to the code prescribed by the Securities Identification Code Committee)

Margin Deposit Classification

Contract Type	Deposit Classification
① Proprietary Trade of Clearing Participant	①-1 Clearing Participant_House
② Customer Trade of Clearing Participant	②-1 Clearing Participant_House (For Client Account)*
	②-2 Clearing Participant_Client (Direct Deposit)
	②-3 Clearing Participant_Client (Replaced by Indirect Broker)
	②-4 Clearing Participant_Client (Substitute deposit)
③ Trade of Non-Clearing Participant	③-1 Non-Clearing Participant_House (Direct Deposit)
	③-2 Non-Clearing Participant_House (Substitute deposit)
	③-3 Non-Clearing Participant_Client (Direct Deposit)
	③-4 Non-Clearing Participant_Client (Replaced by Indirect Broker)
	③-5 Non-Clearing Participant_Client (Substitute deposit)



* When Margin requirement add-on charge arises due to Client position, it will be added to Client Margin Requirement for the Clearing Participant. However, provided advance notification is given to JSCC, a Clearing Participant may cover such add-on charge by deposit of its own cash or eligible securities collateral. This is the Deposit Type Code for such case.

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1. Intraday Margin Requirement and Emergency Margin Requirement Calculation Formula

Intraday Margin Requirement and Emergency Margin Requirement:

Margin Equivalent (Proprietary) (*1) + VM/OP Premium Equivalent (Proprietary) (*2) + Risk Amount Exceeding Collateral (each Customer Account) (*3)

(*1) Margin Equivalent (Proprietary):

Sum total of Margin requirement obtained by using SPAN based on the position at the time of calculation.

(*2) VM/OP Premium Equivalent (Proprietary):

Amount equivalent to VM obtained by marking-to-market open contracts of Proprietary Futures by using the latest market price and the amount equivalent to the Proprietary Option Premium remain unsettled at the time of calculation.

(*3) Risk Amount Exceeding Collateral (each Customer Account):

Amount obtained by subtracting deposited Margin (each Customer Account) from Risk Amount (each Customer Account)(*4).

(*4) Risk Amount (each Customer Account):

Margin Equivalent (each Customer Account) (*5) + VM/OP Premium Equivalent (each Customer Account)(*6)

(*5) Margin Equivalent (each Customer Account): Either of below depending on Client Account type.

【When Customer Account is ISA】

Sum total of Margin requirement calculated by using SPAN based on the position at the time of calculation

【When Customer Account is Omnibus Account】

Margin Requirement for the relevant Omnibus Account at the close of previous business day + max{Net Requirement at the time of Calculation (*7) - Net Requirement at the close of previous business day(*8), 0} + Margin Requirement Add-on applied at the close of previous business day

(*6) VM/OP Premium Equivalent (each Customer Account):

Amount equivalent to VM obtained by marking-to-market open contracts of Futures for each Customer Account by using the latest market price and amount equivalent to Option Premium remain unsettled for each Client Account at the time of calculation.

(*7) Net Requirement at the time of Calculation:

Margin requirement obtained by using SPAN based on position at the time of calculation by deeming the Omnibus Account as one Customer.

(*8) Net Requirement at the close of previous business day:

Margin requirement obtained by using SPAN based on position at the close previous business day by deeming the Omnibus Account as one Customer.

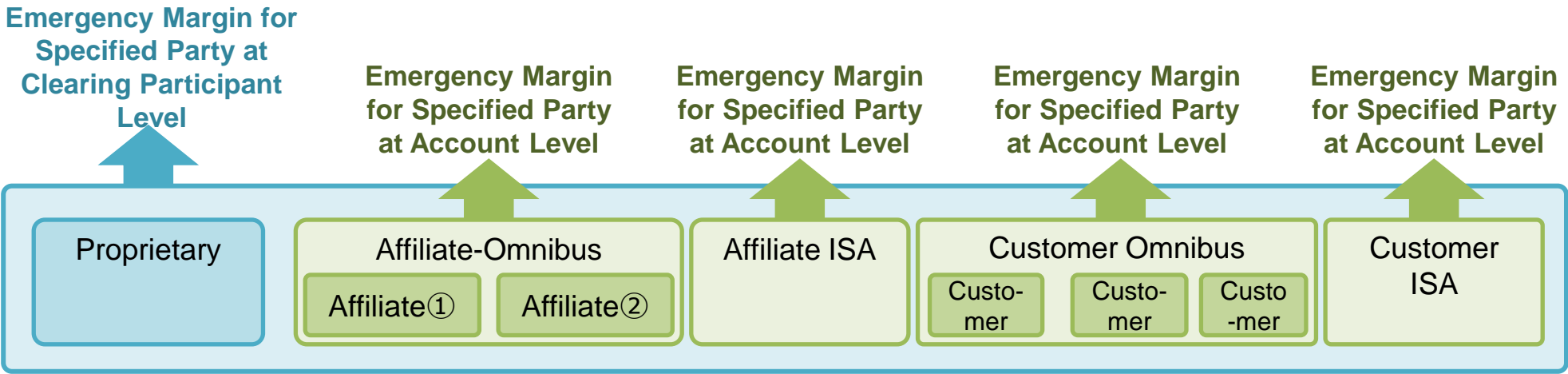
2. Application of Intraday Margin and Emergency Margin

When the Intraday Margin requirement or Emergency Margin requirement obtained according to the formula in 1. above exceeds Proprietary Margin requirement most recently applied by JPY10million, Intraday Margin requirement or Emergency Margin requirement shall apply.

End of Document

- In judgment of Position Excessiveness for Emergency Margin for Specified Party, **A. Account level excessiveness judgment** as well as **B. Clearing Participant level excessiveness judgment** are performed.

A	Account Level Judgment	✓ As to Clearing Participant’s account other than Proprietary, when position risk amount (Margin base) calculated at account level exceeds certain percentage (Trigger Threshold) of margin deposited amount at such account, post additional collateral.
B	Clearing Participant Level Judgment	✓ Total amount at Clearing Participant level of the amount of excess of position risk amount calculated at account level (Margin base) over deposited margin of the relevant account (Aggregate Position Risk Amount Exceeding Collateral) exceeds certain percentage (Trigger Threshold set for each Clearing Participant considering individual financial strength) of deposited margin for Clearing Participant’s Proprietary account, post additional collateral.



Emergency Margin for Specified Party (Account Level) Trigger Threshold/Warning Threshold

Trigger Threshold

- Account level Trigger threshold shall be “110%”.

$$\frac{\text{Position Risk Amount by each Account}}{\text{Max (Deposited Margin by Account, JPY30bil)}} > 110\%$$

- To avoid triggering Emergency Margin for Specified Party (account level) by slight expansion of position risk when “Deposited Margin by Account” is small, if deposited margin by account is less than JPY30bil, then denominator shall be “JPY30bil”.

Warning Threshold

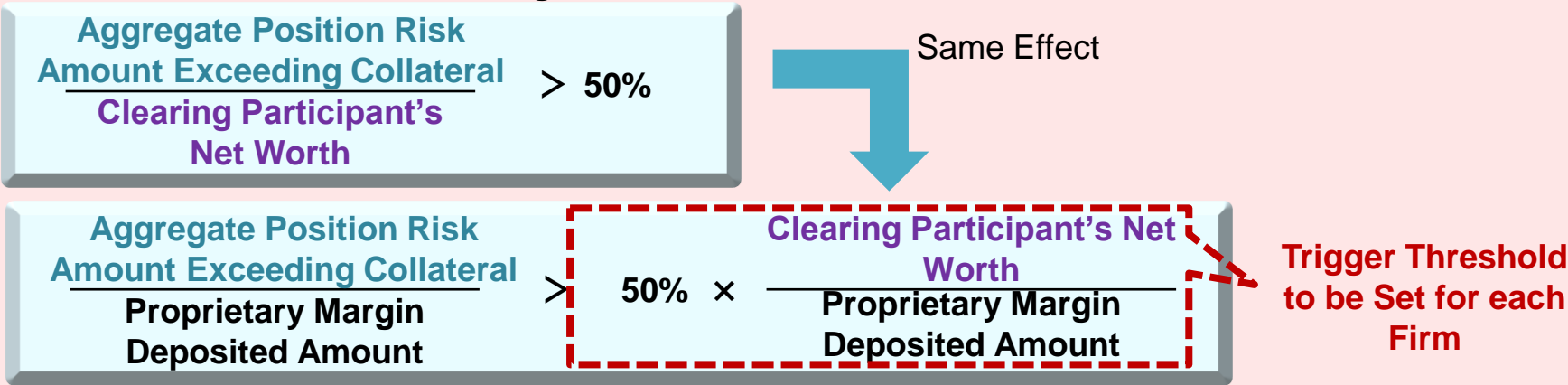
- For the purpose of drawing attention before breaching Trigger Threshold to prevent expansion of position excessiveness, approx. 80% of the Trigger Threshold is set as “Warning Threshold.”

$$\frac{\text{Position Risk Amount by each Account}}{\text{Max (Deposited Margin by Account, JPY30bil)}} > 90\%$$

Emergency Margin for Specified Party (Clearing Participant Level) Trigger Threshold/Warning Threshold

Trigger Threshold

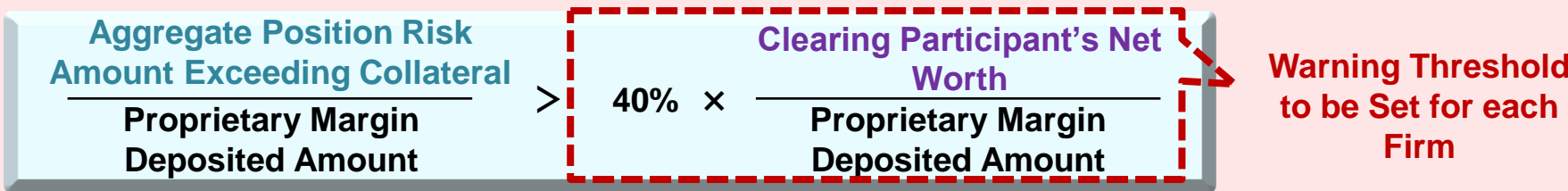
- Set for each firm at a level Emergency Margin for Specified Party will be triggered when Aggregate Position Risk Amount Exceeding Collateral exceeds 50% of Net Worth



- As Margin Call is not necessary when Aggregate Position Risk Amount Exceeding Collateral is less than House Margin Deposited Amount, "Trigger Threshold to be set for each firm" shall be floored at 100%.

Warning Threshold

- For the purpose of drawing attention before breaching Trigger Threshold to prevent expansion of position excessiveness, approx. 80% of the Trigger Threshold is set as "Warning Threshold."



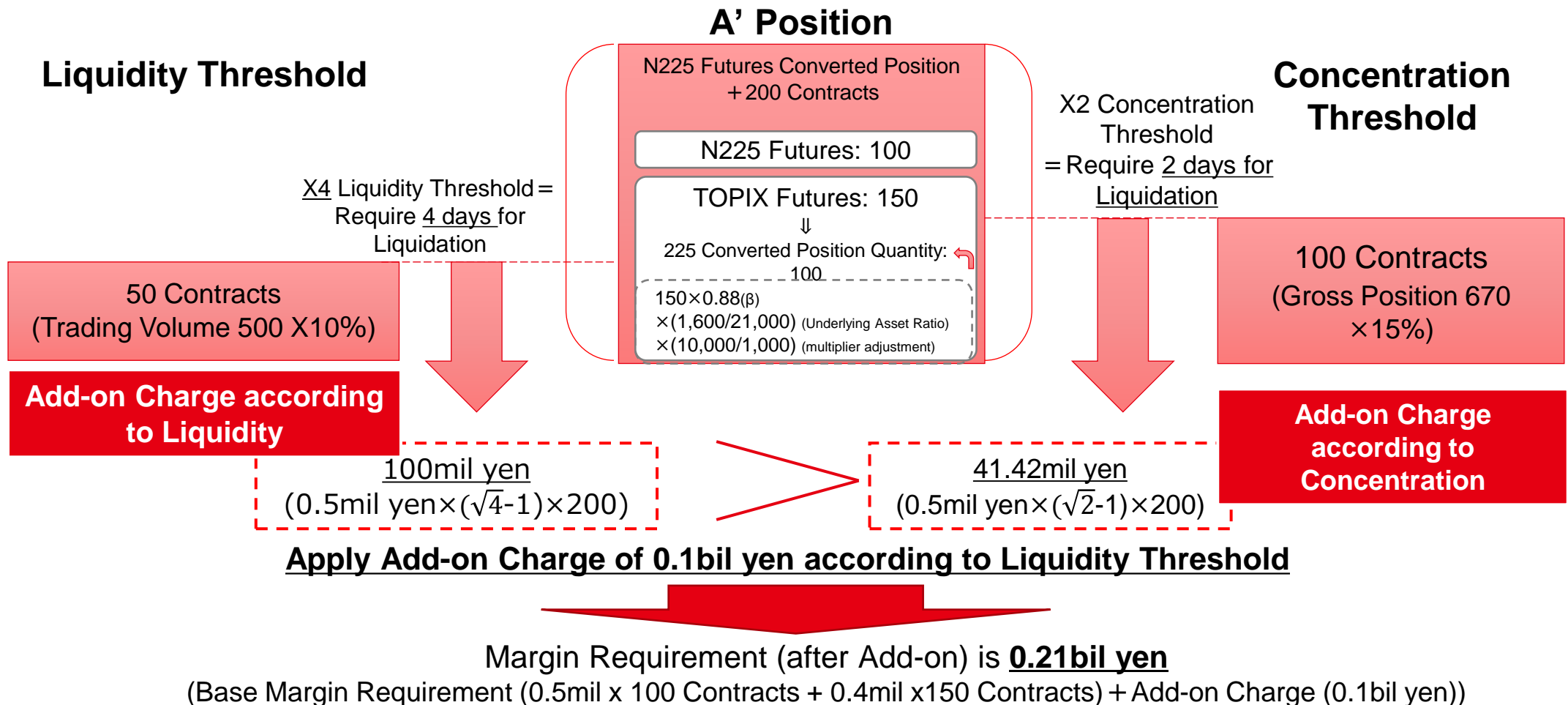
- "Warning Threshold to be set for each firm" shall be floored at 80%.

Reference: Illustrative Chart of Current Additional Charge

Annex 13

(Assumption: Commodity Group subject to Clearing, such as Index Futures)

- Clearing Participant A: Holding 100 Long N225 Futures and 150 Long TOPIX Futures (House only, no Customer trade)
- Daily average trading volume of 500 contracts, gross position of 670 contracts on N225 Futures and TOPIX Futures market
- Beta of N225 and TOPIX = 0.88, Closing Price of respective underlying asset = 21,000 yen / 1,600 point
- PSR: N225 Futures = 0.5mil yen, TOPIX Futures = 0.4mil yen
- Liquidity Threshold: 10%, Concentration Threshold: 15%
- Contract Month difference and existence of Option Contracts are not considered (to be considered in actual calculation).



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Add-on Margin Framework (Illustration)

For Clearing Participant whose risk expanded significantly after weekly calculation/application of Clearing Fund and whose daily Risk Amount Exceeding Collateral (Stress Risk amount – Deposited Margin) exceeds (Clearing Fund of all Participants), additional deposit is required as Proprietary Margin (Add-on Margin) by the next day.

- If an Affiliate, etc. also is a Clearing Participant, amount equivalent to above-mentioned excess is calculated by corporate group and Margin is prorated according to Risk Amount.

Example:

Participant	Clearing Fund (CF)	Stress Risk Amount	Deposited Margin	Risk Amount Exceeding Collateral	Additional Requirement
A	300	1,500	200	1,300	600
B	180	500	200	300	0
C	90	200	150	50	0
D	30	80	50	30	0
:	:	:	:	:	:
Total of All Clearing Participants		700			

Clearing Participant A shall contribute the portion (600) of Risk Amount Exceeding Collateral (1,300) exceeding Clearing Fund of all Clearing Participants (700) as Add-on Margin

<Example of Default Settlement / Loss Recovery>

Case of Default of A
(Posing Largest Risk)
in above Example

Loss to be Covered	1,500	Assuming Emergence of Stress Risk
Defaulter's Collateral	1,100	CF 300 + Margin 200 + Add-on IM 600
Survivors' CF	400	Survivors' CF (B, C, D, etc.)
Amount that Cannot be Covered by Above Resources	0	

* All figures on this slide are sample figures

Clearing Fund Requirement Calculation Method

Excerpts from JSCC “Rules on Required Amount of Clearing Fund” “Table Concerning Calculation of Required Amount of Clearing Fund”

3. Required Amount of Clearing Fund for Index Futures Clearing Qualification^{*1}

(*1 hereinafter referred to as the “Required Amount of Clearing Fund for Index Futures”)

Required Amount of Clearing Fund for Index Futures shall be the amount calculated in accordance with the formula set forth below; provided, however, that if such amount is less than 10 million yen, Required Amount of Clearing Fund for Index Futures shall be 10 million yen — the terms used in the formula shall have the meanings set forth in A) through C) below.

Required Amount of Clearing Fund for Index Futures

= Period Average Base PML Amount_{IDX}

x Individual Company Prorated Base IM Amount_{IDX}

/ Total Prorated Base IM Amounts_{IDX}

A) Period Average Base PML Amount_{IDX} means the average amount during the Calculation Period of Daily Largest Base PML Amount_{IDX}.

(Note 1) Daily Largest Base PML Amount_{IDX} refers to the largest of the Largest Base PML Amounts_{IDX} per Stress Scenario on each day.

(Note 1-1) Largest Base PML Amount_{IDX} per Stress Scenario refers to the total sum of Base PML Amounts_{IDX} of the Clearing Participant^{*1} whose Base PML Amount_{IDX} becomes the largest in each stress scenario and Base PML Amounts_{IDX} in such stress scenario of five (5) Clearing Participants with the lowest amounts of net worth.

(*1 if any subsidiary or affiliate, or the parent company of such Clearing Participant, or any subsidiary or affiliate of the parent company (“Affiliated Company”) also is a Clearing Participant, the sum of Base PML Amounts_{IDX} of the Clearing Participant and such Affiliated Company)

(Note 1-1-1) Base PML Amount_{IDX} shall be sum total of the amount^{*1} obtained, in respect of each account^{*2} related to Index Futures Clearing Qualification, by subtracting the amount equivalent to the amount required for Margin related to the Index Futures Clearing Qualification from the loss amount arising from the Unsettled Contracts under the stress scenarios.

(*1 positive value only, for accounts other than the account set forth in Item (1) of Article 46-3 of the Business Rules)

(*2 referring to each account set forth in Article 46-3 and Article 46-4 of the Business Rules)

B) Individual Company Prorated Base IM Amount_{IDX} means the average of the aggregate of the amount

equivalent to the amount required for the Margin^{*1} of each Clearing Participant in relation to Index Futures Clearing Qualification on each Trading Day during the one month period preceding the base date for calculation of required amount of clearing fund for futures and option.

(*1 referring to the total sum of the amount equivalent to the amount required for the Margin related to Index Futures Clearing Qualification for accounts set forth in Article 46-3 and Article 46-4 of the Business Rules that are managed by each Clearing Participant)

C) Total Prorated Base IM Amounts_{IDX} means the sum total of the Individual Company Prorated Base IM Amounts_{IDX} set forth in B) above of all Index Futures Clearing Participants.

(Note) Stress Scenario refers to a combination of price fluctuations and volatility fluctuations prescribed by JSCC as an extreme but plausible market condition.

End of Document