

**Guidelines for Proxy Trading in Futures and/or
Options in case of a Failure in the Trading System, etc.**

As of May 29, 2023
Osaka Exchange, Inc.
Tokyo Commodity Exchange, Inc.
Japan Securities Clearing Corporation

Items	Descriptions	Notes
I. Purpose of regulation	<ul style="list-style-type: none">A trading participant that becomes unable to make bids and offers for trading government bond futures, interest rate futures, index futures, commodity futures, securities options, government bond futures options, index options or commodity futures options (hereinafter referred to as "futures and/or options trading") due to a failure in the trading systems of Osaka Exchange (OSE) or Tokyo Commodity Exchange (TOCOM; hereinafter "the Company" refers to the relevant one of OSE or TOCOM), the trading participant's own systems, or electric power/the communications network, etc. (hereinafter collectively referred to as "trading systems, etc."), or other unavoidable circumstances may make bids and offers through another trading participant. These Guidelines set out the necessary measures to make this possible.	<ul style="list-style-type: none">Osaka Exchange Business Regulations Article 58.2, etc., Tokyo Commodity Exchange Business Regulations Article 27, etc.
II. Definitions	<ul style="list-style-type: none">"Proxy Trading" means the act of a trading participant with a failure in trading systems, etc. making bids and offers, etc. through another trading participant."Trading Participant(s) with a System Malfunction" means a trading participant that is unable to make bids and offers for futures and/or options trading due to a failure in trading systems, etc.	

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<p>III. Conditions for Proxy Trading</p>	<ul style="list-style-type: none"> • "Proxy Trading Participant(s)" means a trading participant trading based on instruction from a Trading Participant with a System Malfunction. • Proxy Trading shall be permitted in cases where the Company recognizes that a trading participant is unable to make bids and offers for futures and/or options trading due to a failure in the trading system, etc. • Proxy Trading shall require prior approval from the Company. • Trading Participants with a System Malfunction can assign up to one (1) Proxy Trading Participant for each bond-linked product (government bond futures/government bond futures options), interest rate-linked product (interest rate futures), securities-linked product (index futures/index options/securities options), and for commodity futures/commodity futures options, for products linked to each of precious metals, rubber, agricultural, and energy. 	<ul style="list-style-type: none"> • Trading participants shall submit an "Application Form for Proxy Trading of Futures and/or Options (original document title: 先物・オプション取引の取引代行承認申請書)"
<p>IV. Procedure</p> <p>(1) Consent of Proxy Trading Participant</p>	<ul style="list-style-type: none"> • In cases where Proxy Trading is necessary, the Trading Participant with a System Malfunction shall obtain prior consent from the other trading participant that they will trade on behalf of the Trading Participant with a System Malfunction as a Proxy Trading Participant. 	<ul style="list-style-type: none"> • This consent shall be in writing. • Submission of an "Agreement for Setting up Futures/Options Trading Account (original document title: 先物・オプション取引口座設定約諾書)" is not necessary.

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(2) Order placement/acceptance	<ul style="list-style-type: none"> Proxy Trading Participants shall treat all Proxy Trading as agency trading. 	<ul style="list-style-type: none"> With regard to J-NET trading, the Trading Participant with a System Malfunction can make bids and offers without using a proxy by submitting through Target, etc. a "J-NET Order Placement Application Form in Case of a Failure in the OSE Trading System (original document title: OSE売買システム障害時におけるJ-NET取引申込書)" (posted on Target), which is used in cases of a failure in the Company's system.
(3) Position transfer using Give-Up System	<ul style="list-style-type: none"> The Proxy Trading Participant shall transfer any contracts traded by proxy to the relevant Trading Participant with a System Malfunction using Japan Securities Clearing Corporation's (JSCC) Give-Up System. <p>The Proxy Trading Participant shall send the Give-Up Notification for contracts traded by proxy by inputting the 'Give-Up Amount' and then the name of the Trading Participant with a System Malfunction for 'Take-Up Participant'.</p>	<ul style="list-style-type: none"> The Proxy Trading Participant shall send the Give-Up Notification by the deadline specified by the Company on the day the Proxy Trading was carried out. A Give-Up agreement is not necessary. Give-Up fees are not charged.
(4) Clearing execution for	<ul style="list-style-type: none"> The Trading Participant with a System Malfunction (if the Trading 	<ul style="list-style-type: none"> The Trading Participant with a

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Trading Participants with a System Malfunction	<p>Participant with a System Malfunction is a non-clearing participant, its designated clearing participant) shall conduct clearing for contracts traded by proxy.</p> <ul style="list-style-type: none"> For this purpose, the Trading Participant with a System Malfunction and the Proxy Trading Participant shall confirm that there is no discrepancy in understanding between them regarding the details of the relevant contracts traded by proxy. 	<p>System Malfunction shall fix which trades are to be cleared using the Take-Up Notification tool within the JSCC clearing system, by the time specified by the Company on the day the Proxy Trading was carried out.</p> <ul style="list-style-type: none"> Once the trades which are to be cleared are fixed, the Trading Participant with a System Malfunction may not conduct Give-Up Notification or Give-Up Correction Notification to another trading participant (including Proxy Trading Participants).
(5) Allocation Notifications, Close-out Quantity Notifications, and Position Notifications	<ul style="list-style-type: none"> With regard to unsettled contracts which include both trades by proxy and transactions matched with its own bids and/or offers before the system failure (including transactions executed by Give-Up and Take-Up), the Trading Participant with a System Malfunction shall send Allocation Notifications, Close-out Quantity Notifications, and Position Notifications as needed. However, in cases where the Trading Participant with a System Malfunction is a non-clearing participant, an Allocation Notification is not required. With regard to transactions matched with its own bids and offers (including 	<ul style="list-style-type: none"> In cases where a futures contract executed by the exercise or allotment of 10-year government bond futures options is included in settlement, the Trading Participant with a System Malfunction shall send a Close-out Quantity Notification and Position Notification

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(6) Notification of Details of Proxy Trading	<p>transactions executed by Give-Up and Take-Up, but not those traded by proxy), the Proxy Trading Participant shall send Allocation Notifications, Close-out Quantity Notifications, and Position Notifications as needed. However, in cases where the Trading Participant with a System Malfunction is a non-clearing participant, an Allocation Notification is not required.</p> <ul style="list-style-type: none"> The Trading Participant with a System Malfunction and the Proxy Trading Participant shall notify the Company of the following details of transactions traded by proxy. <ol style="list-style-type: none"> Issues Contract price Traded volume Whether the transactions traded by proxy were for the Trading Participant with a System Malfunction's proprietary or agency account Execution notice number 	<p>including said futures contracts.</p> <ul style="list-style-type: none"> Notifications shall be sent through Target, by 6 p.m. on the day that the Proxy Trading is carried out.
(7) Margin	<ul style="list-style-type: none"> The Trading Participant with a System Malfunction (if the Trading Participant with a System Malfunction is a non-clearing participant, its designated clearing participant. The same shall apply hereinafter except for 5(1)) shall deposit into each account specified by JSCC margin equal to or greater than the amount of margin pertaining to unsettled contracts, including both trades by proxy and transactions matched with its own bids and offers before the system failure (including transactions executed by Give-Up and Take-Up). The Proxy Trading Participant (if the Proxy Trading Participant is a non-clearing participant, the designated clearing participant. The same shall apply hereinafter except for 5(1)) shall deposit into each account specified 	

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<p>(8) Payment of Mark to Market Difference</p> <p>V. Treatment of trading fees</p> <p>(1) Trading fees</p> <p>(2) Clearing fees</p> <p>VI. Notification of exercise of</p>	<p>by JSCC margin greater than the amount of margin pertaining to unsettled contracts of transactions matched with its own bids and offers before the system failure (including transactions executed by Give-Up and Take-Up), excluding those traded by proxy.</p> <ul style="list-style-type: none"> • The Mark to Market Difference of futures contracts and the trading value of options contracts traded by proxy shall be paid or received by the Trading Participant with a System Malfunction. • The Proxy Trading Participant shall pay trading fees for transactions matched with its own bids and offers (including bids and offers made by proxy) for the month in which the Proxy Trading was conducted (however, trading fees for government bond futures executed by exercise or allotment of government bond futures options shall be paid by the Trading Participant with a System Malfunction). • The Trading Participant with a System Malfunction shall pay clearing fees for transactions matched with its own bids and offers (including transactions executed by Give-Up and Take-Up) before the system failure and those traded by proxy by a Proxy Trading Participant. • The Proxy Trading Participant shall pay clearing fees for transactions matched with its own bids and offers (including transactions executed by Give-Up and Take-Up), excluding those traded by proxy. • If a Trading Participant with a System Malfunction conducts options trading 	<ul style="list-style-type: none"> • Renewal Difference shall be paid or received by the Trading Participant with a System Malfunction as normal.

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options contracts	<p>by exercise of options contracts through a proxy, it shall send a notification of the exercise of said contracts including those traded by proxy.</p> <p>Please submit an "Application Form for Approving Proxy Trading of Futures and/or Options (original document title: 先物・オプション取引の取引代行承認申請書)" to the following:</p> <p>Osaka Exchange, Inc., Market Administration, Market Operations Tokyo Commodity Exchange, Inc., Business Operations, Market Operations TEL: +81-50-3361-1660 FAX: +81-6-6222-4861</p>	

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