

Rules on Required Amount of Clearing Fund



Japan Securities Clearing Corporation

Copyright ©2024 Japan Securities Clearing Corporation. All rights reserved.

This English translation of the Rules has been prepared solely for reference purposes and shall not have any binding force. The original Japanese text shall be definitive when construing or interpreting the meaning of any provision.

Rules on Required Amount of Clearing Fund

(In effect as of March 4, 2024)

Contents

Provisions

Supplementary Provisions

<Appendix> Table Concerning Calculation of Required Amount of Clearing Fund

(Article 1 Purpose)

These Rules set forth the required amount of clearing fund in accordance with the provisions of Article 16 of the Business Rules.

(Article 2 Required Amount of Clearing Fund)

- 1 The required amount of clearing fund in respect of each category of Clearing Qualification, in accordance with the provisions of Article 16 of the Business Rules, shall be determined in accordance with *Appendix "Table Concerning Calculation of Required Amount of Clearing Fund."*
- 2 Notwithstanding the provisions of the preceding Paragraph, the required amount of clearing fund that is to be deposited in respect of each category of Clearing Qualification by an entity that has newly obtained Clearing Qualification shall be the amount determined by JSCC, on a case-by-case basis taking into account such information as (i) the scale of the business of the relevant applicant for Clearing Qualification, (ii) its trading record and trading prospects, and (iii) the amount of money obtained by dividing the sum total of the required amount of clearing fund in respect of Clearing Qualification for each Clearing Participant with the same Clearing Qualification as that of the date on which applications for Clearing Qualification were submitted by the number of such Clearing Participants, and such required amount of clearing fund shall be applied for the period JSCC deems necessary.
- 3 JSCC shall calculate the required amount of clearing fund of each Clearing Participant in respect of Securities Clearing Qualification and FX Clearing Qualification monthly as of the end of the previous month as a base date for calculation of the required amount of clearing fund for securities and FX and notify each Clearing Participant thereof on the fourth day^{*1} of the month.
(*1 excluding Non-business Days; the same applies hereinafter when counting the number of days)
- 4 The required amount of clearing fund of each Clearing Participant related to Securities Clearing Qualification and FX Clearing Qualification calculated in accordance with the preceding paragraph shall be applied as from the fifth day of the month.
- 5 JSCC shall calculate the required amount of clearing fund of each Clearing Participant in respect of JGB Futures Clearing Qualification, Index Futures Clearing Qualification, Precious Metal Futures Clearing Qualification, Rubber Futures Clearing Qualification, Agricultural Futures Clearing Qualification and Petroleum Futures Clearing Qualification every Business Day as a base date for calculation of required amount of clearing fund for futures and option and notify each Clearing Participant thereof on the next day following the relevant base date for calculation of the required amount of clearing fund for futures and option.

- 6 The required amount of clearing fund for each Clearing Participant related to JGB Futures Clearing Qualification, Index Futures Clearing Qualification, Precious Metal Futures Clearing Qualification, Rubber Futures Clearing Qualification, Agricultural Futures Clearing Qualification and Petroleum Futures Clearing Qualification obtained as per the provisions of the preceding Paragraph shall start to apply from the next day following the base date for calculation of the required amount of clearing fund for futures and option (inclusive).
- 7 The amount determined by JSCC as set forth in Paragraph 3 of Article 16 of the Business Rules shall be the sum total of the amount^{*1} obtained by respectively deducting 1 billion yen from the amount required for clearing fund for each category of the Clearing Qualification and dividing such value by 2; provided that if the resultant value is negative, then such amount shall be deemed to be zero.
- (*1 if there is any fraction less than whole yen amount, it shall be rounded upwards)

(Article 3 Ad Hoc Change of Required Amount of Clearing Fund)

Notwithstanding the provisions of the preceding Article, in the case where a Clearing Participant merges, a Clearing Participant newly becomes a Designated Clearing Participant of a Non-Clearing Participant or JSCC otherwise determines it necessary to do so, the required amount of clearing fund by each category of the Clearing Qualification for the relevant Clearing Participant may be changed on an ad hoc basis.

Rules on Required Amount of Clearing Fund
Supplementary Provisions

- 1 These Rules shall come into effect on January 10, 2003.
- 2 With respect to the calculation of the base amount of domestic stock, etc. for the period ending on or before January 10, 2003, the words “Contracts for Clearing” in the *Appendix* shall be deemed to be “buying/selling”.
- 3 Notwithstanding the provisions of Paragraph 2 of Article 2, the required amount of clearing fund for securities transactions applied to an entity that obtains Principal Clearing Qualification on January 14, 2003, shall be in accordance with the provisions of Paragraph 1 of Article 2.

Supplementary Provisions

- 1 These revised Rules shall come into effect on February 2, 2004.
- 2 Notwithstanding the provisions of Paragraph 3 of Article 2, the required amount of clearing fund for Share Option Contracts, JGB Futures Contracts or Stock Price Index Futures Contracts applied to an entity that obtains Share Option Clearing Qualification, JGB Futures Clearing Qualification or Stock Price Index Futures Clearing Qualification^{*1} on February 2, 2004, shall be in accordance with the provisions of Paragraph 1 of Article 2.

(^{*1} limited to Principal Clearing Qualification in respect of each category of Clearing Qualification)

Supplementary Provisions

These revised Rules shall come into effect on May 1, 2006.

Supplementary Provisions

These revised Rules shall come into effect on July 3, 2006.

Supplementary Provisions

These revised Rules shall come into effect on June 16, 2008.

Supplementary Provisions

These revised Rules shall come into effect on July 7, 2008.

Supplementary Provisions

These revised Rules shall come into effect on March 23, 2009.

Supplementary Provisions

These revised Rules shall come into effect on December 1, 2012.

Supplementary Provisions

- 1 These revised Rules shall come into effect on July 16, 2013 except the revised provisions of Article 2 and Appendix 1 which shall come into effect on July 12, 2013.
- 2 The required amount of clearing fund in respect of JGB Futures Clearing Qualification, Index Futures Clearing Qualification or FX Clearing Qualification applicable until February 6, 2014 shall be calculated in accordance with Appendix 1, wherein the unsettled contracts between Osaka Securities Exchange Co., Ltd.*¹ and a clearing participant of OSE, the payment amount of differences, margins deposited with OSE by a clearing participant of OSE and required amount of margins are deemed as the Unsettled Contracts between JSCC and a Clearing Participant, the payment amount of differences, Margins deposited with JSCC by a Clearing Participant and required amount of Margins, respectively.
(*¹ hereinafter referred to as "OSE")

Supplementary Provisions

These revised Rules shall come into effect on September 9, 2013.

Supplementary Provisions

These revised Rules shall come into effect on January 6, 2014.

Supplementary Provisions

These revised Rules shall come into effect on February 28, 2014.

Supplementary Provisions

Rules on Required Amount of Clearing Fund

- 1 These revised Business Rules shall come into effect on March 24, 2014.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Business Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business Rules shall come into effect on the day set by JSCC which is not earlier than March 24, 2014.

Supplementary Provisions

These revised Rules shall come into effect on September 24, 2015.

Supplementary Provisions

- 1 These revised Business Rules shall come into effect on October 13, 2015.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Business Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business Rules shall come into effect on the day set by JSCC which is not earlier than October 13, 2015.

Supplementary Provisions

- 1 These revised Rules shall come into effect on January 8, 2016.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business shall come into effect on the day set by JSCC which is not earlier than January 8, 2016.

Supplementary Provisions

These revised Rules shall come into effect on August 10, 2016, and shall apply from the required amount of clearing fund for each Clearing Participant related to JGB Futures

Rules on Required Amount of Clearing Fund
Clearing Qualification and Index Futures Clearing Qualification to be calculated on this date
as the base date for calculation of the required amount of clearing fund for futures and option.

Supplementary Provisions

- 1 These revised Rules shall come into effect on February 13, 2018; provided that the provisions of Paragraph 7 of Article 2 shall come into effect on February 9, 2018.
- 2 Notwithstanding the provisions of the preceding Paragraph, except for the revised provisions of Paragraph 7 of Article 2, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business shall come into effect on the day set by JSCC which is not earlier than February 14, 2018.
- 3 Notwithstanding the provisions of the preceding two Paragraphs, in respect of Base PML Amounts_{JGB} set forth in (Note 1-1-2) of Paragraph 2, A) of Appendix, Base PML Amount_{IDX} set forth in (Note 1-1-1) of Paragraph 3, A) of Appendix, Individual Company Prorated Base IM Amount_{JGB} set forth in Paragraph 2, B) of Appendix and Individual Company Prorated Base IM Amount_{IDX}, as revised, for the Unsettled Contracts before the revised Rules come into effect, the rules before revision shall apply.

Supplementary Provisions

- 1 These revised Business Rules shall come into effect on June 25, 2018.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Business Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business Rules shall come into effect on the day set by JSCC which is not earlier than June 25, 2018.

Supplementary Provisions

These revised Rules shall come into effect on December 28, 2018, and shall apply from the required amount of clearing fund for each Clearing Participant related to JGB Futures Clearing Qualification and Index Futures Clearing Qualification to be calculated on this date as the base date for calculation of the required amount of clearing fund for futures and option.

Supplementary Provisions

- 1 These revised Rules shall come into effect on July 27, 2020.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Rules shall come into effect on the day set by JSCC which is not earlier than July 27, 2020.
- 3 Notwithstanding the preceding two Paragraphs, the required amount of clearing fund for each Clearing Participant related to JGB Futures Clearing Qualification and Index Futures Clearing Qualification to apply on the day on which these revised Rules come into effect*1 shall be the amount obtained through the method set forth in Paragraph 2 through Paragraph 6 of Appendix as revised on the day immediately preceding the Effective Date as the base date for calculation of required amount of clearing fund for futures and option set forth in Paragraph 5 of Article 2.
- 4 Notwithstanding the provisions of Paragraph 2 and Paragraph 3 of Appendix as revised, when the Period Average Base PML Amount is obtained for any day preceding the day before the Effective Date as the Calculation Period for the purpose of calculation of the Required Amount of Clearing Fund for JGB Futures and the Required Amount of Clearing Fund for Index Futures, the Daily Largest Base PML Amount shall be the amount calculated through the method stipulated in Paragraph 2 and Paragraph 3 of Appendix before the revision.
- 5 Notwithstanding the provisions of Paragraph 4 through Paragraph 6 of Appendix as revised, in the calculation of the Required Amount of Clearing Fund for Precious Metal Futures, the Required Amount of Clearing Fund for Rubber Futures or the Required Amount of Clearing Fund for Agricultural Futures, the amount obtained by subtracting the amount prescribed by JSCC, by each type of Clearing Qualification, as the money to be received from a third party as set forth in Paragraph 4 of Article 78 of the Business Rules and the amount prescribed by JSCC, by each type of Clearing Qualification, as JSCC's Commodity Futures Contracts Settlement Guarantee Reserve as set forth in Paragraph 5 of the said Article*1 from the Period Average Base PML Amount shall be deemed to be the Period Average Base PML Amount, and the amount obtained by subtracting the Commodity Futures Settlement Guarantee Reserve from the Daily Largest Base PML Amount on the base date for calculation shall be deemed to be the Daily Largest Base PML Amount on the base date for calculation, for the time being.

Rules on Required Amount of Clearing Fund

(*1 referred to as "Commodity Futures Settlement Guarantee Reserve" in this Paragraph)

- 6 Notwithstanding the provisions of Paragraph 4 through Paragraph 6 of Appendix as revised, when the Period Average Base PML Amount is obtained for any day preceding the day before the Effective Date as the Calculation Period for the purpose of calculation of the Required Amount of Clearing Fund for Precious Metal Futures, the Required Amount of Clearing Fund for Rubber Futures and the Required Amount of Clearing Fund for Agricultural Futures, the Daily Largest Base PML Amount, Individual Company Prorated Base IM Amount and Total Prorated Base IM Amounts shall be the amounts calculated by JSCC through the method stipulated in Appendix based on the position at Japan Commodity Clearing House related to the precious metal market, rubber market and agricultural products/sugar market in the Tokyo Commodity Exchange in the relevant Calculation Period, respectively.
- 7 Notwithstanding the provisions of Paragraph 2 of Article 2, the Required Amount of Clearing Fund for Precious Metal Futures, the Required Amount of Clearing Fund for Rubber Futures or the Required Amount of Clearing Fund for Agricultural Futures for an entity obtaining the Precious Metal Futures Clearing Qualification, the Rubber Futures Clearing Qualification or the Agricultural Futures Clearing Qualification on the Effective Date shall be subject to the provisions of Paragraph 1 of the said Article.

Supplementary Provisions

- 1 These revised Rules shall come into effect on January 18, 2021.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Rules shall come into effect on the day set by JSCC which is not earlier than January 18, 2021.

Supplementary Provisions

- 1 These revised Rules shall come into effect on September 21, 2021.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some

other unavoidable reasons, the revised Rules shall come into effect on the day set by JSCC which is not earlier than September 21, 2021.

Supplementary Provisions

- 1 These revised Rules shall come into effect on September 21, 2022.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Rules shall come into effect on the day set by JSCC which is not earlier than September 21, 2022.

Supplementary Provisions

- 1 These revised Rules shall come into effect on November 6, 2023.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Rules shall come into effect on the day set by JSCC which is not earlier than November 6, 2023.

Supplementary Provisions

- 1 These revised Rules shall come into effect on March 4, 2024.
- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC or other institutions, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Rules shall come into effect on the day set by JSCC which is not earlier than March 4, 2024.

<Appendix> Table Concerning Calculation of Required Amount of Clearing Fund

1 Required Amount of Clearing Fund for Securities Clearing Qualification^{*1}

(^{*1} hereinafter referred to as "Required Amount of Clearing Fund for Securities Clearing")

The Required Amount of Clearing Fund for Securities Clearing 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, the Required Amount of Clearing Fund for Securities Clearing 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 Securities Clearing

$$= \frac{\text{Aggregate Securities Clearing Fund} \times \text{Individual Company Prorated Base Initial Margin Requirement}}{\text{Total Prorated Base Initial Margin Requirement}}$$

A) Aggregate Securities Clearing Fund means the average of daily largest risk amount exceeding collateral during the calculation period^{*1}

(^{*1} referring to a period of 6 months preceding the base date for calculation of required amount of clearing fund for securities; the same applies in Paragraph 8)

(Note 1) Daily largest risk amount exceeding collateral means the total of the Risk Amounts Exceeding Collateral of the top 2 Clearing Participants in terms of the Clearing Participant's Risk Amount Exceeding Collateral^{*1}

(^{*1} or, if any Affiliated Company^{*1-1} also is a Clearing Participant, the sum of Risk Amount Exceeding Collateral of the Clearing Participant and such Affiliated Company)

(^{*1-1} referring to the Affiliated Company defined in Paragraph 5 of Article 8 of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. (Ministry of Finance Order No. 59 of 1963) and the Associated Company defined in Paragraph 8 of Article 8 of the said Ordinance)

(Note 1-1) Risk Amount Exceeding Collateral means the amount obtained by subtracting the required amount of initial margin^{*1} of the relevant Clearing Participant calculated in accordance with the provisions of Article 15-2 of the Business Rules on the day preceding the date on which the Risk Amount Exceeding Collateral is calculated from the loss^{*2} expected to arise from the Unsettled Contracts of the Clearing Participant under the stress scenario^{*3}.

(^{*1} or, if the required amount of initial margin (the intraday amount) is calculated pursuant to the provisions of Article 15-3 of the Business Rules on the day on which the Risk

Rules on Required Amount of Clearing Fund

Amount Exceeding Collateral is calculated and the amount obtained by subtracting the required amount of initial margin on the day preceding the date on which the Risk Amount Exceeding Collateral is calculated from the required amount of initial margin (the intraday amount) so calculated exceeds 30 million yen, then the required amount of initial margin (the intraday amount))

(*² when an ETF Special Clearing Participant who belongs the same corporate group^{*21} as the relevant Clearing Participant exists, the larger of the loss amount arising from Unsettled Contracts of the relevant Clearing Participant or the loss arising from the relevant Unsettled Contracts excluding the Unsettled Contracts related to Contracts Subject to Clearing between the relevant Clearing Participant and the relevant ETF Special Clearing Participant set forth in Item (12) or (13) of Paragraph 2 of Article 3 of the Business Rules.)

(*²⁻¹ referring to a corporate group set forth in Item (2) of Paragraph 1 of Article 5 of the Financial Instruments and Exchange Act)

(*³ referring to a combination of price fluctuations prescribed by JSCC as an extreme but plausible market condition)

B) Individual Company Prorated Base Initial Margin Requirement means the daily average of the required amount of initial margin for Securities Clearing Qualification of the relevant Clearing Participant^{*1} during the month in which the base date for calculation of required amount of clearing fund for securities and FX belongs.

(*¹ limited to the required amount calculated in accordance with the provisions of Article 15-2 of the Business Rules)

C) Total Prorated Base Initial Margin Requirement means the daily average of the aggregated required amount of initial margin for Securities Clearing Qualification^{*1} of all Clearing Participants during the month in which the base date for calculation of required amount of clearing fund for securities and FX belongs.

(*¹ limited to the required amount calculated in accordance with the provisions of Article 15-2)

2 Required Amount of Clearing Fund for JGB Futures Clearing Qualification^{*1}

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

$$= (\text{Greater of Period Average Base PML Amount}_{\text{JGB}} \text{ and Daily Largest Base PML}_{\text{JGB}}) \\ \times \text{Individual Company Prorated Base IM Amount}_{\text{JGB}} \\ / \text{Total Prorated Base IM Amounts}_{\text{JGB}}$$

A) Period Average Base PML Amount_{JGB} means the average amount during the Calculation Period^{*1} of Daily Largest Base PML Amount_{JGB}.

(*1 meaning six (6) months period preceding the base date for calculation of required amount of clearing fund for futures and option; the same applies in Paragraphs 3 to 7)

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

(Note 1-1) Largest Base PML Amount_{JGB} per Stress Scenario refers to the total sum of Base PML Amounts_{JGB} of the Clearing Participants^{*1} whose Base PML Amount_{JGB} becomes the largest and the second largest in each stress scenario.

(*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_{JGB} of the Clearing Participant and such Affiliated Company)

(Note 1-1-1) The stress scenario refers to a combination of price fluctuation and volatility variation prescribed by JSCC as extreme but plausible market condition; the same applies hereinafter in this Appendix.

(Note 1-1-2) Base PML Amount_{JGB} shall be sum total of the amount^{*1} obtained, in respect of each account^{*2} related to JGB Futures Clearing Qualification, by subtracting the amount equivalent to the amount required for Margin related to the JGB Futures Clearing Qualification^{*3} from the loss amount arising from the Unsettled Contracts^{*4} 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)

(*3 referring to the amount equivalent to the amount required for Margin calculated for Position by each category of the Clearing Qualification^{*3-1}; the same applies hereinafter)

(*3-1 excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

(*4 excluding those subject to Cross Margined JGB Futures Cleared Contract or Cross Margined Interest Rate Futures Cleared Contract at the time of calculation)

B) Individual Company Prorated Base IM Amount_{JGB} 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 JGB 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 JGB 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^{*1-1})

(^{*1-1} excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

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

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

$$= (\text{Greater of Period Average Base PML Amount}_{\text{IDX}} \text{ and Daily Largest Base PML}_{\text{IDX}}) \times \text{Individual Company Prorated Base IM Amount}_{\text{IDX}} / \text{Total Prorated Base IM Amounts}_{\text{IDX}}$$

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 Participants^{*1} whose Base PML Amount_{IDX} becomes the largest and the second largest in each stress scenario.

Rules on Required Amount of Clearing Fund

(*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^{*3} 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)

(*³ excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

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^{*1-1})

(*¹⁻¹ excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

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.

4 Required Amount of Clearing Fund for Precious Metal Futures Clearing Qualification^{*1}

(*¹ hereinafter referred to as "Required Amount of Clearing Fund for Precious Metal Futures")

Required Amount of Clearing Fund for Precious Metal 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 Precious Metal Futures shall be 10 million yen — the terms used in the formula shall have the meanings set forth in A) through E) below.

Required Amount of Clearing Fund for Precious Metal Futures

$$= (\text{Greater of Period Average Base PML Amount}_{\text{PME}} \text{ and Daily Largest Base PML}_{\text{PME}}) \times (\text{Individual Company Prorated Base IM Amount}_{\text{PME}} / \text{Total Prorated Base IM Amounts}_{\text{PME}} \times 0.5 + \text{Each Participant Prorated Base PML Amount}_{\text{PME}} / \text{Total Prorated Base PML Amount}_{\text{PME}} \times 0.5)$$

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

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

(Note 1-1) Largest Base PML Amount_{PME} per Stress Scenario refers to the total sum of Base PML Amounts_{PME} of the Clearing Participant^{*1} whose Base PML Amount_{PME} becomes the largest in each stress scenario and Base PML Amounts_{PME} in such stress scenario of five (5) Clearing Participants with the lowest amounts of net worth^{*2}.

(^{*1} if any Affiliated Company also is a Clearing Participant, the sum of Base PML Amounts_{PME} of the Clearing Participant and such Affiliated Company)

(^{*2} in the case of a Registered Financial Institution and Commercials, the amount of its net assets; the same applies hereinafter in this Appendix)

(Note 1-1-1) Base PML Amount_{PME} shall be sum total of the amount^{*1} obtained, in respect of each account^{*2} related to the Precious Metal Futures Clearing Qualification, by subtracting the amount equivalent to the amount required for Margin related to the Precious Metal Futures Clearing Qualification^{*3} from the loss amount arising from the Unsettled Contracts under the stress scenarios. The same applies in D) below.

(^{*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)

(^{*3} excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

B) Individual Company Prorated Base IM Amount_{PME} means the average of the aggregate of the amount equivalent to the amount required for Margin^{*1} of each Clearing Participant in relation to the Precious Metal Futures Clearing Qualification on each trading day during the one month period preceding the base date for calculation of required amount of clearing fund.

Rules on Required Amount of Clearing Fund

(*¹ referring to the total sum of the amount equivalent to the amount required for Margin related to the Precious Metal 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^{*1-1})

- C) (*¹⁻¹ excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts) Total Prorated Base IM Amounts_{PME} means the sum total of the Individual Company Prorated Base IM Amounts_{PME} set forth in B) above of all the Precious Metal Futures Clearing Participants.
- D) "Each Participant Prorated Base PML Amount_{PME}" means the average of the largest value of the base PML Amount_{PME} under the stress scenarios 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 for each Clearing Participant.
- E) "Total Prorated Base PML Amounts_{PME}" means the sum total of the Each Participant Prorated Base PML Amounts_{PME} under D) above of all Clearing Participants.

5 Required Amount of Clearing Fund for Rubber Futures Clearing Qualification^{*1}

(*¹ hereinafter referred to as "Required Amount of Clearing Fund for Rubber Futures")

Required Amount of Clearing Fund for Rubber Futures shall be the amount calculated in accordance with the formula set forth below — the terms used in the formula shall have the meanings set forth in A) through E) below.

Required Amount of Clearing Fund for Rubber Futures

= (Greater of Period Average Base PML Amount_{RUB} and Daily Largest Base PML_{RUB}) x

(Individual Company Prorated Base IM Amount_{RUB}

/ Total Prorated Base IM Amounts_{RUB} x 0.5 + Each Participant Prorated Base PML Amount_{RUB} / Total Prorated Base PML Amount_{RUB} x 0.5)

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

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

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

(*¹ if any Affiliated Company also is a Clearing Participant, the sum of Base PML Amounts_{RUB} of the Clearing Participant and such Affiliated Company)

Rules on Required Amount of Clearing Fund

(Note 1-1-1) Base PML Amount_{RUB} shall be sum total of the amount^{*1} obtained, in respect of each account^{*2} related to the Rubber Futures Clearing Qualification, by subtracting the amount equivalent to the amount required for Margin related to the Rubber Futures Clearing Qualification^{*3} from the loss amount arising from the Unsettled Contracts under the stress scenarios. The same applies in D) below.

(^{*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)

(^{*3} excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

B) Individual Company Prorated Base IM Amount_{RUB} means the average of the aggregate of the amount equivalent to the amount required for Margin^{*1} of each Clearing Participant in relation to the Rubber Futures Clearing Qualification on each trading day during the one month period preceding the base date for calculation of required amount of clearing fund.

(^{*1} referring to the total sum of the amount equivalent to the amount required for Margin related to the Rubber 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^{*11})

(^{*1-1} excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

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

D) "Each Participant Prorated Base PML Amount_{RUB}" means the average of the largest value of the base PML Amount_{RUB} under the stress scenarios 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 for each Clearing Participant.

E) "Total Prorated Base PML Amounts_{RUB}" means the sum total of the Each Participant Prorated Base PML Amounts_{RUB} under D) above of all Clearing Participants.

6 Required Amount of Clearing Fund for Agricultural Futures Clearing Qualification^{*1}

(^{*1} hereinafter referred to as "Required Amount of Clearing Fund for Agricultural Futures") Required Amount of Clearing Fund for Agricultural Futures shall be the amount calculated in accordance with the formula set forth below — the terms used in the formula shall have the meanings set forth in A) through C) below.

Required Amount of Clearing Fund for Agricultural Futures

Reference Translation

Rules on Required Amount of Clearing Fund

$$= (\text{Greater of Period Average Base PML Amount}_{\text{AGR}} \text{ and Daily Largest Base PML}_{\text{AGR}}) \times$$
$$(\text{Individual Company Prorated Base IM Amount}_{\text{AGR}})$$
$$/ \text{Total Prorated Base IM Amounts}_{\text{AGR}} \times 0.5 + \text{Each Participant Prorated Base PML}$$
$$\text{Amount}_{\text{AGR}} / \text{Total Prorated Base PML Amount}_{\text{AGR}} \times 0.5)$$

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

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

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

(^{*1} if any Affiliated Company also is a Clearing Participant, the sum of Base PML Amounts_{AGR} of the Clearing Participant and such Affiliated Company)

(Note 1-1-1) Base PML Amount_{AGR} shall be sum total of the amount^{*1} obtained, in respect of each account^{*2} related to the Agricultural Futures Clearing Qualification, by subtracting the amount equivalent to the amount required for Margin related to the Agricultural Futures Clearing Qualification^{*3} from the loss amount arising from the Unsettled Contracts under the stress scenarios. The same applies in D) below.

(^{*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)

(^{*3} excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

B) Individual Company Prorated Base IM Amount_{AGR} means the average of the aggregate of the amount equivalent to the amount required for Margin^{*1} of each Clearing Participant in relation to the Agricultural Futures Clearing Qualification on each trading day during the one month period preceding the base date for calculation of required amount of clearing fund.

(^{*1} referring to the total sum of the amount equivalent to the amount required for Margin related to the Agricultural 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^{*1-1})

(^{*1-1} excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

Rules on Required Amount of Clearing Fund

- C) Total Prorated Base IM Amounts_{AGR} means the sum total of the Individual Company Prorated Base IM Amounts_{AGR} set forth in B) above of all the Agricultural Futures Clearing Participants.
- D) "Each Participant Prorated Base PML Amount_{AGR}" means the average of the largest value of the base PML Amount_{AGR} under the stress scenarios 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 for each Clearing Participant.
- E) "Total Prorated Base PML Amounts_{AGR}" means the sum total of the Each Participant Prorated Base PML Amounts_{AGR} under D) above of all Clearing Participants.

7 Required Amount of Clearing Fund for Petroleum Futures Clearing Qualification^{*1}

(*1 hereinafter referred to as the "Required Amount of Clearing Fund for Petroleum Futures") Required Amount of Clearing Fund for Petroleum Futures shall be the amount calculated in accordance with the formula set forth below — the terms used in the formula shall have the meanings set forth in A) through E) below.

Required Amount of Clearing Fund for Petroleum Futures

$$\begin{aligned} &= (\text{Greater of Period Average Base PML Amount}_{\text{PTL}} \text{ and Daily Largest Base PML}_{\text{PTL}}) \times \\ &(\text{Individual Company Prorated Base IM Amount}_{\text{PTL}} \\ &/ \text{Total Prorated Base IM Amounts}_{\text{PTL}} \times 0.5 + \text{Each Participant Prorated Base PML Amount}_{\text{PTL}} \\ &/ \text{Total Prorated Base PML Amount}_{\text{PTL}} \times 0.5) \end{aligned}$$

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

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

(Note 1-1) Largest Base PML Amount_{PTL} per Stress Scenario refers to the total sum of Base PML Amounts_{PTL} of the Clearing Participants^{*1} whose Base PML Amount_{PTL} becomes the largest and the second largest in each stress scenario.

(*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_{PTL} of the Clearing Participant and such Affiliated Company)

(Note 1-1-1) Base PML Amount_{PTL} shall be sum total of the amount^{*1} obtained, in respect of each account^{*2} related to Petroleum Futures Clearing Qualification, by subtracting the amount equivalent to the amount required for Margin related to the Petroleum Futures Clearing Qualification^{*3} from the loss amount arising from the Unsettled Contracts under the stress scenarios. The same applies in D) below.

Rules on Required Amount of Clearing Fund

(*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)

(*³ excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

B) Individual Company Prorated Base IM Amount_{PTL} 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 Petroleum 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 Petroleum 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^{*1-1})

(*¹⁻¹ excluding the amount of the preliminary Margin add-on set forth in Paragraph 1 of Article 9-2 of the Rules on Margins, etc. for Futures and Option Contracts)

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

D) "Each Participant Prorated Base PML Amount_{PTL}" means the average of the largest value of the base PML Amount_{PTL} under the stress scenarios 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 for each Clearing Participant.

E) "Total Prorated Base PML Amounts_{PTL}" means the sum total of the Each Participant Prorated Base PML Amounts_{PTL} under D) above of all Clearing Participants.

8 Required Amount of Clearing Fund for FX Clearing Qualification^{*1}

(*¹ hereinafter referred to as the "Required Amount of FX Clearing Fund")

Required Amount of FX Clearing Fund shall be the amount calculated in accordance with the formula set forth below; provided, however, that if such amount is not equal to the integral multiple of 1,000,000 yen, it shall be the integral multiple of 1,000,000 yen exceeding such amount which is the smallest. — the terms used in the formula shall have the meanings set forth in A) through C) below.

Required Amount of FX Clearing Fund = Period

Largest Base PML Amount_{FX} x Individual

Company Prorated Base IM Amount_{FX}

/ Total Prorated Base IM Amounts_{FX}

A) Period Largest Base PML Amount_{FX} means the largest of the Daily PML Base Amount during the Calculation Period.

(Note 1) Daily PML Base Amount means the smallest amount which can cover 99.74% of the amount of expected losses of the top two companies on each day during the Expected Price Fluctuation Reference Period.

(Note 1-1) Expected Price Fluctuation Reference Period means the past twenty years from a certain Trading Day.

(Note 1-2) The amount of expected losses of the top two companies means the total sum of the Daily Expected Loss Amounts of two companies whose Daily Expected Loss Amount on each day during the Expected Price Fluctuation Reference Period ranked top two.

(Note 1-2-1) Daily Expected Loss Amount means, on each day during the Expected Price Fluctuation Reference Period, the amount equal to valuation loss^{*1} of each FX Clearing Participant arising in the event of Expected Price Fluctuation, less Deposited Amount of Margins of Exchange FX Contracts.

(^{*1} referring to the payment amount of such FX Clearing Participant among the total sum of the differences^{*1-1} arising from the Positions held by such FX Clearing Participants on such Trading Day)

(^{*1-1} referring to the money prescribed in Article 73-34, 73-35 and 73-37 of the Business Rules)

(Note 1-2-1-1) Expected Price Fluctuation means the fluctuation range of each Financial Index obtained by multiplying the Settlement Price of respective Financial Index on each day during the Expected Price Fluctuation Reference Period by the three-day volatility for each such Financial Index^{*1}

(^{*1} referring to the differences between the Settlement Price for each Financial Index on each such day and the Settlement Price for each Financial Index on the day that is three Trading Days prior to such day, divided by the Settlement Price for the Financial Index on the day that is three Trading Days prior to such day)

(Note 1-2-1-2) Deposited Amount of Margins of Exchange FX Contracts means total sum of the amount of cash deposited with JSCC by such FX Clearing Participant as Margin for Exchange FX Contracts for its proprietary account on such Trading Day, and the required amount of Margins for customer accounts and those pertaining to the Brokerage for Clearing of Securities, etc. notified to JSCC by the FX Clearing Participant on such Trading Day in accordance with the provisions of Paragraph 1 of Article 21 of Rules on Margins, etc. for Exchange FX Contracts.

B) Individual Company Prorated Base IM Amount_{FX} means the average of the amount required for the Margin^{*1} of each FX Clearing Participant applicable to each Trading Day in the month in which the base date for calculation of required amount of clearing fund for securities and FX.

(*1 referring to the total sum of the required amount of Margins for proprietary account as well as those for customer accounts and those pertaining to the Brokerage for Clearing of Securities, etc. notified to JSCC by the FX Clearing Participant in accordance with the provisions of Paragraph 1 of Article 21 of Rules on Margins, etc. for Exchange FX Contracts)

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

=End=