

Business Rules on Business of Assuming Commodity Transaction Debts



Japan Securities Clearing Corporation

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Business Rules on Business of Assuming Commodity Transaction Debts

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Chapter 1 General Provisions

(Article 1 Purpose)

These Business Rules on Business of Assuming Commodity Transaction Debts^{*1*2} set forth matters necessary for the Business of Assuming Commodity Transaction Debts conducted by JSCC pursuant to Article 175 of the Act, and the business ancillary thereto.

(*1 referring to the Business of Assuming Commodity Transaction Debts prescribed under Paragraph 17 of Article 2 of the Commodity Derivatives Act^{*1-1}; same applies hereinafter)

(*1-1 Law No. 239 of 1950; hereinafter referred to as the “Act”)

(*2 hereinafter referred to as these “Business Rules”)

(Article 2 Contracts Subject to Clearing)

The contracts which give rise to the obligations subject to the Business of Assuming Commodity Transaction Debts conducted by JSCC^{*1} shall be the contracts set forth in each Item provided below:

(*1 hereinafter referred to as “Contracts Subject to Clearing”)

(1) Transactions stipulated in Item 1 of Paragraph 3 of Article 2 of the Act^{*1}

(*1 hereinafter referred to as “Physical Settlement Futures Contracts”)

(2) Transactions stipulated in Item 2 of Paragraph 3 of Article 2 of the Act^{*1}

(*1 hereinafter referred to as “Cash Settlement Futures Contracts”)

(3) Transactions stipulated in Item 3 of Paragraph 3 of Article 2 of the Act^{*1}

(*1 hereinafter referred to as “Index Futures Contracts”)

(Article 3 Designated Commodity Market)

The Contracts Subject to Clearing stipulated in the preceding Article shall be the contracts related to the instruments listed on the Commodity Market^{*1} of the Market Operator designated by JSCC^{*2} as set forth below

(*1 hereinafter referred to as the “Designated Commodity Market”)

(*2 hereinafter referred to as the “Designated Market Operator”)

(1) Tokyo Commodity Exchange, Inc.: Energy market

(2) Tokyo Commodity Exchange, Inc.: Chukyo Oil market

(3) Osaka Dojima Exchange, Inc.: Agricultural market

(4) Osaka Dojima Exchange, Inc.: Sugar market

(5) Osaka Dojima Exchange, Inc.: Precious metal market

(6) Osaka Dojima Exchange, Inc.: Rice index market

(Article 4 Business Day and Non-Business Day)

1 JSCC sets forth the following days as the Non-Business Days, and the other days as the Business Days:

- (1) Sundays;
- (2) National holidays prescribed by the Act on National Holidays (Act No. 178 of 1948);
- (3) Saturdays;
- (4) January 1;
- (5) January 2;
- (6) January 3; and
- (7) December 31.

2 Notwithstanding the provisions of the preceding two Paragraphs, for the hours stated in the following items, the provisions set forth in each of such items shall apply:

(1) trading hours within the Non-business Day when the close of trading sessions prescribed by the Designated Market Operator belongs to that Non-business Day: JSCC shall conduct the Business of Assuming Commodity Transaction Debts;

(2) trading hours of each trading session opened on the Non-business Day set forth in Paragraph 1^{*1} designated by the Designated Market Operator as the day it opens trading sessions^{*2} and trading hours within the day on which the close of such trading session belongs:

JSCC shall conduct the assumption of obligations related to the Contract Subject to Clearing for the Business of Assuming Commodity Transaction Debts set forth in Article 51 for the Clearing Participants submitted the notification set forth in Paragraph 4 of Article 19.

(*¹ excluding Items (1), (3) and (4))

(*² hereinafter referred to as "Holiday Trading Day")

3 JSCC may, when it deems necessary, have extraordinary Non-Business Days.

4 JSCC may, when it deems necessary, extraordinarily suspend or conduct all or part of the operation with respect to the Business of Assuming Commodity Transaction Debts.

5 In the case of the preceding two Paragraphs, JSCC shall notify in advance Clearing Participants and Designated Market Operators to that effect

Chapter 2 Clearing Participants

Section 1 General Rules

(Article 5 Clearing Participants)

1 A Clearing Participant means a company which holds a qualification to become a counterparty to the Business of Assuming Commodity Transaction Debts JSCC conducts^{*1}.

(*1 hereinafter referred to as "Commodity Transaction Clearing Qualification")

2 The Commodity Transaction Clearing Qualification prescribed in the preceding Paragraph consists of four categories of qualifications: Energy Futures Clearing Qualification; Dojima Agricultural Futures Clearing Qualification; Dojima Sugar Futures Clearing Qualification; and Dojima Precious Metal Futures Clearing Qualification. Each of these qualifications is prescribed in the following Items:

(1) Energy Futures Clearing Qualification is the qualification to become a counterparty in JSCC's Business of Assuming Commodity Transaction Debts performed with respect to the Contracts Subject to Clearing^{*1} and its Designated Commodity Markets shall be the energy market and Chkyo oil market of Tokyo Commodity Exchange, Inc.;

(*1 limited to those related to gasoline, kerosene, gasoil, crude oil, electricity and liquefied natural gas)

(2) Dojima Agricultural Futures Clearing Qualification is the qualification to become a counterparty in JSCC's Business of Assuming Commodity Transaction Debts performed with respect to the Contracts Subject to Clearing^{*1} and its Designated Commodity Market shall be the agricultural market and rice index market of Osaka Dojima Exchange, Inc.;

(*1 limited to those related to soybean, azuki, corn and rice index)

(3) Dojima Sugar Futures Clearing Qualification is the qualification to become a counterparty in JSCC's Business of Assuming Commodity Transaction Debts performed with respect to the Contracts Subject to Clearing^{*1} and its Designated Commodity Market shall be the sugar market of Osaka Dojima Exchange, Inc..

(*1 limited to those related to raw sugar)

(4) Dojima Precious Metal Futures Clearing Qualification is the qualification to become a counterparty in JSCC's Business of Assuming Commodity Transaction Debts performed with respect to the Contracts Subject to Clearing^{*1} and its Designated Commodity Market shall be the precious metal market of Osaka Dojima Exchange, Inc..

(*1 limited to those related to gold, silver and platinum)

- 3 A company that holds Energy Futures Clearing Qualification prescribed in Item (1) of the preceding Paragraph is referred to as “Energy Futures Clearing Participant,” a company that holds Dojima Agricultural Futures Clearing Qualification prescribed in Item (2) of the said Paragraph is referred to as “Dojima Agricultural Futures Clearing Participant,” a company that holds Dojima Sugar Futures Clearing Qualification prescribed in Item (3) of the said Paragraph is referred to as “Dojima Sugar Futures Clearing Participant,” and a company that holds Dojima Precious Metal Futures Clearing Qualification prescribed in Item (4) of the said Paragraph is referred to as “Dojima Precious Metal Futures Clearing Participant”.
- 4 Each category of the Commodity Transaction Clearing Qualification prescribed in Paragraph 1 shall be classified into two types of qualifications: one is the clearing qualification that does not authorize the Clearing Participant to operate the Commodity Clearing Transaction^{*1*2}; and the other is the clearing qualification that authorizes the Clearing Participant to operate the Commodity Clearing Transaction pursuant to the provisions of Chapter 3^{*3}. A Clearing Participant with the Principal Clearing Qualification shall be referred to as a Principal Clearing Participant, and a Clearing Participant with the Agency Clearing Qualification shall be referred to as an Agency Clearing Participant.
- (*1 referring to the commodity clearing transaction stipulated in Paragraph 20 of Article 2 of the Act; the same applies hereinafter)
- (*2 hereinafter referred to as the “Principal Clearing Qualification”)
- (*3 hereinafter referred to as the “Agency Clearing Qualification”)

Section 2 Obtaining Commodity Transaction Clearing Qualification

(Article 6. Application and Approval for Commodity Transaction Clearing Qualification)

1 When an entity to obtain a Commodity Transaction Clearing Qualification, it shall apply for the acquisition of the Commodity Transaction Clearing Qualification separately by each type of the Commodity Transaction Clearing Qualification set forth in Paragraph 2 of the preceding Article, by specifying whether it applies for the Principal Clearing Qualification or the Agency Clearing Qualification, in a manner prescribed by JSCC.

2 When applying for the acquisition of the Commodity Transaction Clearing Qualification pursuant to the provisions of the preceding Paragraph, an applicant for the Commodity Transaction Clearing Qualification intends to obtain a guarantee^{*1} of its Parent^{*2} shall submit to JSCC the document concerning the guarantee of the Parent in the form prescribed by JSCC^{*3}.

(^{*1} hereinafter referred to as "Parental Guarantee")

(^{*2} referring to the parent company^{*2-1} of the applicant and a subsidiary^{*2-2} of the parent company of the applicant and other person acknowledged by JSCC as a person equivalent thereto; the same applies hereinafter)

(^{*2-1} referring to another corporation and the like having control over the applicant's financial and business policies, and including the parent company of such other corporation and the like; the same applies hereinafter)

(^{*2-2} referring to another corporation and the like whose financial and business policies are controlled by the parent company of the applicant and including a subsidiary of such other corporation and the like; the same applies hereinafter)

(^{*3} including other document deemed by JSCC to have the same contents as such document)

3 When an application for the Commodity Transaction Clearing Qualification has been filed pursuant to the provisions of Paragraph 1 and JSCC deems, as a result of the examination, that the applicant for the Commodity Transaction Clearing Qualification is appropriate to be qualified, JSCC shall approve the relevant Commodity Transaction Clearing Qualification.

4 The approval set forth in the preceding Paragraph shall be granted designating the date on which the applicant is to obtain the Commodity Transaction Clearing Qualification.

(Article 7. Criteria for Commodity Transaction Clearing Qualification)

The examination stipulated in Paragraph 3 of the preceding Article with respect to the application set forth in Paragraph 1 of the said Article shall be conducted to confirm

satisfaction of the criteria for the applicant for the Commodity Transaction Clearing Qualification described in the following Items and other matters which are deemed necessary for the operation of the Business of Assuming Commodity Transaction Debts:

(1) Trading Participant Qualification

For an application for the acquisition of a Principal Clearing Qualification, it is a Member^{*1} of the Designated Market Operator or it is expected to become a Member of the Designated Market Operator by the date on which the relevant Commodity Transaction Clearing Qualification is to be obtained;

(^{*1} referring to a Member as prescribed in Paragraph 20 of Article 2 of the Act; the same applies hereinafter)

(2) Management Structure

The applicant has a sound management structure^{*1} such that the credibility of JSCC's Business of Assuming Commodity Transaction Debts among the general public can be expected to be sufficiently protected;

(^{*1} for example, it is not controlled or influenced by a person who is deemed inappropriate taking JSCC's operation of the Business of Assuming Commodity Transaction Debts into account)

(3) Offices

The applicant has an office or a place of business in Japan;

(4) Business Execution Structure

The applicant has an appropriate structure of business execution for the settlement of the contracts subject to the assumption of obligations set forth in Article 52 in respect of the Subject Transaction for Clearing^{*1}, management of the risk of loss and compliance with laws and regulations^{*2}, dispositions of the administrative agencies in accordance with the laws and regulations, and these Business Rules, etc.; and

(^{*1} hereinafter referred to as "Contracts for Clearing")

(^{*2} referring to laws and associated ordinances; the same applies hereinafter)

(5) Financial Basis

The applicant meets the criteria set forth in A) or B) below according to the category set forth therein:

A) For entities other than those listed in B) below:

All requirements set forth below are met;

(a) Stable profitability shall be expected;

(b) The amount of its stated capital or the total amount of capital contribution^{*1} is not less than 300 million yen;

(^{*1} in the case of a mutual company, the total amount of the foundation fund^{*1-1})

- (^{*1-1} including the amount of reserve for redemption of the foundation fund)
- (c) The amount of its net assets is not less than 2 billion yen^{*1} and is larger than its stated capital or total amount of capital contribution^{*2};
- (^{*1} 20 billion yen in the case of the Agency Clearing Qualification)
- (^{*2} in the case of a mutual company, the total amount of the foundation fund^{*2-1})
- (^{*2-1} including the amount of reserve for redemption of the foundation fund)
- (d) For a Commodity Futures Trading Firms^{*1}, to which required net asset ratio is applicable under the provision of Paragraph 1 of Article 211 of the Act, the required net asset ratio^{*2} shall exceed 200 percent;
- (^{*1} referring to the Commodity Futures Trading Firms as prescribed in Paragraph 23 of Article 2 of the Act, the same applies hereinafter)
- (^{*2} referring to required net asset ratio prescribed in Article 211 of the Act, the same applies hereinafter)
- (e) In the case of an entity other than Commodity Futures Trading Firms^{*1}, the status of its equity capital is adequate in light of the assets and the like it owns.
- (^{*1} limited to those subject to the provisions of (d) above)

B) An entity obtains Parental Guarantee

All requirements set forth below are met;

- (a) Stable profitability shall be expected;
- (b) The Parent whose amount of stated capital or the total amount of capital contribution^{*1} is not less than 300 million yen provides the guarantee;
- (^{*1} in the case of a mutual company, the total amount of the foundation fund^{*1-1})
- (^{*1-1} including the amount of reserve for redemption of the foundation fund)
- (c) The Parent whose amount of net assets is not less than 20 billion yen and is larger than its stated capital or total amount of capital contribution^{*1} provides the guarantee;
- (^{*1} in the case of a mutual company, the total amount of the foundation fund^{*1-1})
- (^{*1-1} including the amount of reserve for redemption of the foundation fund)
- (d) For a Commodity Futures Trading Firms, to which required net asset ratio is applicable under the provisions of Paragraph 1 of Article 211 of the Act, the required net asset ratio shall exceed 200 percent.
- (e) In the case of an entity other than Commodity Futures Trading Firms^{*1}, the status of its equity capital is adequate in light of the assets and the like it owns.
- (^{*1} limited to those subject to the provisions of (d) above)

(Article 8. Completion of Procedures for Obtaining Commodity Transaction Clearing

Qualification)

1 When JSCC has approved an acquisition of a Commodity Transaction Clearing Qualification pursuant to the provisions of Paragraph 3 of Article 6, JSCC shall cause the applicant for the Commodity Transaction Clearing Qualification to deposit a clearing fund and complete other procedures for obtaining the Commodity Transaction Clearing Qualification as prescribed by JSCC by the day^{*1} which immediately precedes the date designated by JSCC pursuant to the provisions of Paragraph 4 of the said Article.

(*1 if such day falls on a Non-Business Day, the day shall be the immediately preceding business day; the same applies hereinafter)

2 When the applicant did not complete the procedures set forth in the preceding Paragraph by the day immediately preceding the date designated by JSCC pursuant to the provisions of Paragraph 4 of Article 6, the application for the Commodity Transaction Clearing Qualification shall be deemed to have been withdrawn.

(Article 9. Date of Obtaining Commodity Transaction Clearing Qualification)

1 When the applicant for a Commodity Transaction Clearing Qualification has completed the procedures set forth in Paragraph 1 of the preceding Article, JSCC shall grant the Commodity Transaction Clearing Qualification in respect of the relevant application on the date designated by JSCC pursuant to the provisions of Paragraph 4 of Article 6.

2 When JSCC grants the applicant the Commodity Transaction Clearing Qualification pursuant to the preceding Paragraph, JSCC shall notify to that effect to each Clearing Participant having the relevant Clearing Qualification and to the Designated Market Operator related to the relevant Commodity Transaction Clearing Qualification.

(Article 10. Handling of Unsettled Contracts When Non-Clearing Participant Obtains Commodity Transaction Clearing Qualification)

When an entity which is a Member of the Designated Market Operator but is not a Commodity Transaction Clearing Participant of JSCC^{*1} acquires the Commodity Transaction Clearing Qualification under the provisions of Paragraph 1 of the preceding Article and becomes a Clearing Participant, such Non-Clearing Participant shall be transferred the unsettled Contracts for Clearing under the Commodity Clearing Transactions of the relevant Non-Clearing Participant from the Clearing Participant^{*2} designated as standing party for a commission of the Commodity Clearing Transaction in the manner prescribed by the Designated Market Operator.

(*1 hereinafter referred to as "Non-Clearing Participant")

(*2 hereinafter referred to as "Designated Clearing Participant")

(Article 11. Change to Category of Clearing Qualification)

The Provisions of Article 6, Article 7, Article 9, Article 26 and Article 27 shall apply *mutatis mutandis* when a Clearing Participant changes the category of Clearing Qualification held by it. In such case, the phrase, "obtain a Commodity Transaction Clearing Qualification," in Paragraph 1 of Article 6 shall be deemed to be "change a category of Commodity Transaction Clearing Qualification"; the phrase, "the acquisition of the Commodity Transaction Clearing Qualification," in Paragraph 1 through Paragraph 3 of Article 6 shall be deemed to be "the change of the category of the Commodity Transaction Clearing Qualification"; the phrase, "an applicant for acquisition," in Paragraph 2 of Article 6 shall be deemed to be "an applicant for the change"; the phrase, "applicant for the Commodity Transaction Clearing Qualification," in Paragraph 2 and Paragraph 4 of the said Article, Article 7 and Article 9 shall be deemed to be "applicant for a change of the category of the Commodity Transaction Clearing Qualification"; the phrase, "the date on which the applicant is to obtain the Commodity Transaction Clearing Qualification," in Paragraph 4 of Article 6 and Item (1) of Article 7 shall be deemed to be "the date on which the applicant is to change the category of the Commodity Transaction Clearing Qualification"; the phrase, "the acquisition of a Principal Clearing Qualification," in Item (1) of Article 7 shall be deemed to be "the change of the category of a Principal Clearing Qualification"; the phrase, "grant the Commodity Transaction Clearing Qualification," in Paragraph 1 of Article 9 shall be deemed to be "change the category of the Commodity Transaction Clearing Qualification"; the phrase, "grants the applicant the Commodity Transaction Clearing Qualification," in Paragraph 2 of the said Article shall be deemed to be "changes the category of the Commodity Transaction Clearing Qualification"; the phrase, "renounced," in Paragraph 2 of Article 26 shall be deemed to be "changed the category of the Clearing Qualification to a Principal Clearing Qualification"; the phrase "Contracts for Clearing" in Article 26 shall be deemed to be "Contracts for Clearing related to Non-Clearing Participants," and the phrase, "renunciation," in Article 27 shall be deemed to be "change to the category," respectively.

(Article 12. Handling related to Parental Guarantee)

When a Clearing Participant satisfies the criteria stipulated in Item 5 B) of Article 7, it may obtain a Parental Guarantee by having the Parent submit a document concerning the guarantee in the form prescribed by JSCC^{*1} to JSCC. In this case, the provisions of these Business Rules^{*2} related to the Parent shall apply to such Parent.

(*1 including other documents deemed by JSCC to have the same contents as such document)

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(*2 including any rules and regulations promulgated hereunder)

Section 3 Obligation of Clearing Participants

(Article 13. Conclusion of Clearing Participant Agreement)

A Clearing Participant shall enter into the Clearing Participant Agreement prescribed by JSCC with JSCC.

(Article 14. Clearing Participant's Representative)

1 A Clearing Participant shall, in a manner prescribed by JSCC, register with JSCC in advance an individual, among its representative directors or representative executive officers*¹, who is appropriate to represent the Clearing Participant vis-a-vis JSCC as the Clearing Participant's representative.

(*¹ if a Clearing Participant is a corporation established in accordance with the laws and regulations of a foreign country, from among its representatives in Japan holding a position at least equal to a director or an executive officer)

2 Only the Clearing Participant's representative shall represent the Clearing Participant vis-a-vis JSCC; provided, however, that as for daily routine operations, a Clearing Participant may have a deputy for daily routine operations engaging in those operations specifying in advance the scope of such operations and registering such person with JSCC.

(Article 15. Person in Charge of Settlement Operation)

A Clearing Participant shall designate an individual from among its directors, officers or employees to be in charge of supervising the operation of the settlement of Contracts for Clearing, and register such individual with JSCC in a manner prescribed by JSCC.

(Article 16. Cooperative or Controlling Relationship with Directors, Officers, or Other Persons)

1 Only when JSCC deems that a concerted or controlling relationship of a Clearing Participant with its officer or any other person is inappropriate from the perspective of JSCC's operation of the Business of Assuming Commodity Transaction Debts, JSCC may, after having a hearing for such Clearing Participant and presenting the reason therefor, request changes to such relationship; provided, however, that if the Clearing Participant submits a written statement, such submission may substitute the hearing.

2 The procedures of the hearing set forth in the preceding Paragraph shall be as prescribed by JSCC.

3 When the Clearing Participant refuses the hearing set forth in Paragraph 1 without a justifiable reason, JSCC may request for the change set forth in the said Paragraph without

a hearing.

- 4 When the Clearing Participant deems that the request for a change pursuant to Paragraph 1 is unwarranted, the Clearing Participant may file a petition in writing against such request with JSCC presenting the reason therefor within 10 days after the receipt of the notice of the request for a change.
- 5 When JSCC receives the petition set forth in the preceding Paragraph, it shall convene a meeting of its board of directors without delay.
- 6 If, at the meeting of the board of directors set forth in the preceding Paragraph, it was deemed appropriate to modify or withdraw the request for a change set forth in Paragraph 1, such request for a change shall be immediately modified or withdrawn.

(Article 17. Payment of Fees by Clearing Participant)

A Clearing Participant shall pay the fees prescribed in the rules of JSCC to JSCC in accordance with those rules.

(Article 18. Locus of Responsibility Concerning Business of Assuming Commodity Transaction Debts)

JSCC shall not be held liable to indemnify a Clearing Participant for the damages suffered by it in the course of its business operation in relation to the Business of Assuming Commodity Transaction Debts performed by JSCC unless a willful misconduct or gross negligence on the part of JSCC is found.

(Article 19. Matters to be Notified)

1 When a Clearing Participant intends to carry out any of the following acts, it shall notify JSCC of the details in advance in a manner prescribed by JSCC:

- (1) Withdrawal from the Designated Commodity Market or Renunciation of Trading Qualification;
- (2) For Commodity Futures Trading Firms, discontinuance of the Business of Commodity Futures Transactions^{*1}, and for entities other than Commodity Futures Trading Firms, discontinuance of the operations concerning Commodity Futures Contracts^{*2};
(^{*1} referring to the Business of Commodity Futures Transactions as prescribed in Paragraph 22 of Article 2 of the Act. The same applies hereinafter)
(^{*2} referring to the Physical Settlement Futures Contracts, the Cash Settlement Futures Contracts and the Index Futures Contracts; the same applies hereinafter)
- (3) Merger in which the Clearing Participant becomes a disappearing corporation and is merged into another company, and merger in which the Clearing Participant merges

with another company and establishes a new company;

- (4) Dissolution of the Clearing Participant due to any reason other than merger or decision to commence bankruptcy proceeding;
- (5) Succession of all or a part of the business^{*1} to another company due to a demerger;
(*1 for an entity other than Commodity Futures Trading Firms, referring to the business concerning Commodity Futures Contracts; the same applies hereinafter in this Article)
- (6) Transfer of all or a part of the business;
- (7) Merger in which the Clearing Participant becomes a surviving company after being merged with another company;
- (8) Succession of all or a part of the business from another company due to a demerger;
- (9) Acquisition of all or a part of the business;
- (10) Change in the name or trade name or corporate name^{*1};
(*1 including a change in the trade name or corporate name in English)
- (11) Change in the composition of its directors or officers;
- (12) Change in the address of its headquarters or principal office or an office or a place of business concerning the operations under which it becomes a counterparty to JSCC's Business of Assuming of Commodity Transaction Debts; and
- (13) Acquisition of membership of a Designated Market Operator or acquisition of trading qualification.

2 In addition to the provisions set forth in the preceding Paragraph, when an Agency Clearing Participant is to discontinue the operations in respect of the Commodity Clearing Transactions, it shall notify JSCC of the details in advance in a manner prescribed by JSCC.

3 In the case where a Clearing Participant has obtained the Parental Guarantee from its Parent, in addition to the provisions set forth in Paragraph 1, when the Parent is to carry out the acts listed in Item (3) through Item (9) of the said Paragraph and discontinues the operations of granting the Parental Guarantee for the Clearing Participant, it shall notify JSCC of the details thereof in advance in a manner prescribed by JSCC. In such case, the phrase, "the Clearing Participant," in Item (3) and Item (7) of the said Paragraph shall be deemed to be "the Parent of a Clearing Participant^{*1}"; and the phrase, "for any entity other than Commodity Futures Trading Firms, referring to the business concerning Commodity Futures Contracts," in Item (5) of the said Paragraph shall be deemed to be "the operation of granting Parental Guarantee for the Clearing Participant," respectively.
(*1 limited to the Parent provided Parental Guarantee for the relevant Clearing Participant)

4 In addition to the provisions of preceding three paragraphs, when it falls under the cases set forth in the items below, the person specified in the relevant item shall give

notification to JSCC in advance in a manner prescribed by JSCC:

- (1) When a Clearing Participant commences trading on Holiday Trading Days as a Trading Participant of the Designated Market Operator:

The relevant Clearing Participant;

- (2) When a Non-Clearing Participant under the Clearing Brokerage Agreement with an Agency Clearing Participant commences the Commodity Clearing Transactions on Holiday Trading Days in association with its commencement of trading on Holiday Trading Days as a Trading Participant of the Designated Market Operator:

The relevant Agency Clearing Participant.

(Article 20. Matters to be Reported)

When a Clearing Participant falls under the circumstances prescribed by JSCC, it shall immediately report the details to JSCC.

(Article 21. Audit on Clearing Participant)

1 In any of the events stipulated in each Item below, or if JSCC deems it necessary to do so for its operation of the Business of Assuming of Commodity Transaction Debts, JSCC may request that the Clearing Participant submit a report or document which should serve as reference regarding the business or assets of the Clearing Participant, or may cause its employees to audit the Clearing Participant's business or condition of assets, or books, documents, or other materials:

- (1) In the event that JSCC conducts an examination on the status of the Clearing Participant's compliance with these Business Rules or other rules;
- (2) In the event that JSCC conducts an examination on the financial condition of the Clearing Participant;
- (3) In the event that JSCC conducts an examination on the certainty about the performance of the Clearing Participant's obligation owed to JSCC; and
- (4) In the event that JSCC is requested by the Designated Market Operator to provide information with regards to an examination aiming at securing fairness in the transactions in Commodity Markets, etc.^{*1}, and JSCC deems it appropriate to respond to such request.

(*1 referring to the transactions in Commodity Markets, etc. under Paragraph 21 of Article 2 of the Act)

2 The provisions of the preceding Paragraph shall apply *mutatis mutandis* to the case where JSCC conducts an audit of the financial status of the Parent which provides the Parental

Guarantee for such Clearing Participant or otherwise JSCC considers necessary for the operation of JSCC's Business of Assuming Commodity Transaction Debts. In such case, the references to "Clearing Participant" in the preceding Paragraph shall be deemed to be "the Parent"^{*1}."

(^{*1} only those granting Parental Guarantee for the relevant Clearing Participant)

(Article 22. Inquiry to Clearing Participant Holding Excessive Position in respect of Unsettled Contracts under Commission)

1 When JSCC considers that there is a possibility of excessive position holding in respect of the Commodity Futures Contracts under commission by its customers, brokers, clearing brokerage customers and clearing brokers and Futures and Option Contracts under commission by its customers set forth in Paragraph 1 of Article 21-2 of the Business Rules JSCC prescribes in respect of the Securities and Similar Contracts Clearing Business^{*1*2*3}, JSCC may ask the relevant Clearing Participant to report all or a part of below listed matters:

(^{*1} including contracts under commission of the Brokerage for Clearing of Securities, etc.^{*1-}

¹ by Non-Clearing Participants; the same applies in this Article)

(^{*1-1} referring to the Brokerage for Clearing of Securities, etc. prescribed in Paragraph 27 of Article 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948); the same applies hereinafter)

(^{*2} hereinafter referred to as "Futures and Option Contracts")

(^{*3} referring to the case where the Amount Corresponding to Risk^{*3-1} assumed to be owed under the Unsettled Contracts^{*3-2} related to the Futures and Option Contracts of the relevant Clearing Participant is suspected to be excessive, compared to net worth or its financial condition such as cash, etc. of the relevant Clearing Participant^{*3-3})

(^{*3-1} referring to the amount corresponding to the risk of loss which can result from fluctuations of prices of each issue relating to the contracts in which the relevant Clearing Participant has Unsettled Contracts related to the Futures and Option Contracts; the same applies in Article 31 and Article 32)

(^{*3-2} referring to the contracts whose settlement has not been completed; the same applies hereinafter)

(^{*3-3} or the Parent provided the Parental Guarantee in the case where the Clearing Participant has obtained the Parental Guarantee)

(1) Details of the Unsettled Contracts related to the relevant Commodity Futures Contracts of the customer, broker, clearing broker and clearing brokerage customer, whose required amount of Margin related to the Unsettled Contracts of the Commodity

Futures Contracts is the largest^{*1};

(*1 hereinafter referred to as the "Largest Customer")

- (2) The required amount of Margin and the like related to the Unsettled Contracts of the relevant Commodity Futures Contracts of the Largest Customer;
- (3) status of deposit with or posting to the relevant Clearing Participant of the Margin related to the Unsettled Contracts of the relevant Commodity Futures Contracts of the Largest Customer; and
- (4) The Clearing Participant's customer management framework and other information related to the relevant Commodity Futures Contracts of the Largest Customer.

2 When asked reporting by JSCC pursuant to the provisions of the preceding Paragraph, the Clearing Participant must submit the report by the day that is the third day^{*1} from and including the day it is asked reporting.

(*1 excluding Non-Business Days; the same applies hereinafter when counting number of days)

3 When JSCC considers it still necessary after receiving report set forth in the preceding Paragraph, JSCC may ask the relevant Clearing Participant to report all or a part of below listed matters in respect of the clearing brokerage customers of the Largest Customer and the customers to clearing broker^{*1}:

(*1 hereinafter referred to as the "Indirect Customer")

- (1) Details of the Unsettled Contracts of the Indirect Customer whose required amount of Margin related to the Unsettled Contracts of the relevant Commodity Futures Contracts is the largest^{*1};
(*1 hereinafter referred to as the "Largest Indirect Customer")
- (2) The required amount of Margin and the like related to the Unsettled Contracts of the relevant Commodity Futures Contracts of the Largest Indirect Customer;
- (3) Status of deposit with or posting to the Largest Customer or the relevant Clearing Participant of the Margin related to the Unsettled Contracts of the relevant Commodity Futures Contracts of the Largest Indirect Customer; and
- (4) The Largest Customer's customer management framework and other information related to the relevant Commodity Futures Contracts of the Largest Indirect Customer.

4 When asked reporting by JSCC pursuant to the provisions of the preceding Paragraph, the Clearing Participant must submit the report to JSCC by the day that is the sixth day from and including the day it is asked reporting.

5 If the Clearing Participant fails to submit the report by the deadline set forth in Paragraph 2 or Paragraph 4, as the case may be, JSCC may increase the required amount of Margin related to the Commodity Futures Contracts under commission for the Commodity Clearing

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Transactions up to 130 percent of such required amount.

Section 4 Renunciation/Forfeiture of Commodity Transaction Clearing Qualification

(Article 23. Application for Renunciation of Commodity Transaction Clearing Qualification)

- 1 When a Clearing Participant intends to renounce its Commodity Transaction Clearing Qualification, it shall apply for the renunciation with respect to each category of the Commodity Transaction Clearing Qualification to be renounced in accordance with the rules of JSCC.
- 2 When a Clearing Participant applied for renunciation of the Energy Futures Clearing Qualification, Dojima Agricultural Futures Clearing Qualification, Dojima Sugar Futures Clearing Qualification or Dojima Precious Metal Futures Clearing Qualification pursuant to the provisions of the preceding Paragraph, JSCC shall give notice of such effect to each Clearing Participant holding the relevant Commodity Transaction Clearing Qualification and the Designated Market Operator related to the relevant Commodity Transaction Clearing Qualification.

(Article 24. Exception in the case of Merger, etc. of Participant Renouncing Commodity Transaction Clearing Qualification)

- 1 In the event which is set forth in Paragraph 1 of Article 26, the Clearing Participant may choose not to dissolve the unsettled Contracts for Clearing to the extent permitted by JSCC, notwithstanding the provisions of the said Paragraph, if JSCC determines that it is unnecessary to dissolve all of the unsettled Contracts for Clearing pertaining to the relevant Commodity Transaction Clearing Qualification of the Clearing Participant in such circumstances as that, simultaneously with the renunciation of the Commodity Transaction Clearing Qualification, the relevant Clearing Participant is merged into, or causes its business through a demerger to be succeeded by, or causes its business to be transferred to, another company that is going to obtain or has already obtained the Commodity Transaction Clearing Qualification of the same category as that of the relevant Clearing Participant.
- 2 In the event which is set forth in Paragraph 1 of Article 26, the Agency Clearing Participant may choose not to cause every Contract for Commissioning Clearance concluded by it to be terminated to the extent permitted by JSCC, notwithstanding the provisions of the said Paragraph, if JSCC determines that it is unnecessary to terminate all the Contracts for Commissioning Clearance which the Agency Clearing Participant concluded in such circumstances as that, simultaneously with the renunciation of the Agency Clearing Qualification, the relevant Agency Clearing Participant is merged into, or causes its business through a demerger to be succeeded to by, or causes its business to be

transferred to, another company that is going to obtain or has already obtained the Agency Clearing Qualification of the same category as that of the relevant Agency Clearing Participant.

(Article 25. Suspension of Assumption of Obligation for Participant Renouncing Clearing Qualification)

1 On the next day^{*1} following a receipt of an application to renounce the Commodity Transaction Clearing Qualification from a Clearing Participant, JSCC shall suspend assuming obligations for Contracts Subject to Clearing^{*2} relating to the Commodity Transaction Clearing Qualification to which the Clearing Participant is a party, except for the assumption of new obligations in respect of obligations under Subject Transaction for Clearing executed to resolve Contracts for Clearing set forth in Paragraph 1 of the next Article that remain unsettled.

(*1 if such day falls on a Non-Business Day, the next Business Day; the same applies hereinafter)

(*2 including suspension of assuming obligations through conclusion of Give-up set forth in Article 52)

2 Notwithstanding the provisions of the main body of the preceding Paragraph, if JSCC determines that it is unnecessary to dissolve the unsettled Contracts for Clearing of the Clearing Participant in such circumstances as that, simultaneously with the renunciation of the Commodity Transaction Clearing Qualification, the relevant Clearing Participant is merged into, or causes its business through a demerger to be succeeded to by, or causes its business to be transferred to, another company that is going to obtain or has already obtained the Clearing Qualification of the same category as that of the relevant Clearing Participant, JSCC may choose not to stop assuming all or a part of the obligations under the Contracts Subject to Clearing to which the relevant Clearing Participant applying for renouncing the Commodity Transaction Clearing Qualification is a party.

(Article 26. Renunciation of Commodity Transaction Clearing Qualification)

1 When a Clearing Participant applied for a renunciation of its Commodity Transaction Clearing Qualification pursuant to the provisions of Paragraph 1 of Article 23, the Clearing Participant shall renounce its Clearing Qualification at the latest time at which it completed the matters listed below:

(1) The time designated by JSCC on the 30th day from the next day following the date of such application^{*1}

(*1 if the application for the renunciation is submitted during a Default Settlement

Period^{*1-1} or a Default Settlement Period commences during the period between the date of such application and the date of renunciation of the Clearing Qualification that would otherwise become effective in respect of the relevant Clearing Participant, the time designated by JSCC on the last day of the Default Settlement Period)

(*1-1 referring to the Default Settlement Period set forth in Paragraph 1 of Article 77; the same applies hereinafter)

(2) The time at which the Clearing Participant completely dissolved all the Contracts for Clearing pertaining to the relevant Clearing Qualification subject to the application for renunciation which remain unsettled.

(3) When the Clearing Participant is an Agency Clearing Participant, the time at which it terminates all the Contracts for Commissioning Clearance pertaining to the relevant Agency Clearing Qualification.

3 In the event that a Clearing Participant renounced its Commodity Transaction Clearing Qualification pursuant to the provisions of the preceding Paragraph, JSCC shall notify to that effect to all the other Clearing Participants holding the relevant Commodity Transaction Clearing Qualification and to the Designated Market Operator related to the relevant Commodity Transaction Clearing Qualification.

(Article 27. Performance of Obligation upon Renunciation of Commodity Transaction Clearing Qualification)

The entity that has lost its Commodity Transaction Clearing Qualification shall apply the money, securities, Warehouse Receipts and the Like^{*1} or commodities to be returned from JSCC toward the satisfaction of all of its obligations owed to JSCC as Clearing Participant.

(*1 referring to the warehouse receipts and other documents to be exchanged for the settlement by delivery; the same applies hereinafter)

(Article 28. Application of These Business Rules upon Renunciation of Commodity Transaction Clearing Qualification)

When a Clearing Participant renounces its Commodity Transaction Clearing Qualification, if there remain any claim or obligation arising from any cause before such renunciation, the provisions of these Business Rules^{*1} shall apply to such claims and obligations.

(*1 including any rules and regulations promulgated hereunder)

Section 5 Measures to be Taken with respect to Clearing Participants

(Article 29. Measures to be Taken with respect to Clearing Participants)

1 When JSCC deems that a Clearing Participant falls under any of the following Items, JSCC may conduct a hearing for the relevant Clearing Participant and take the measures to issue the Instructions for Improvement^{*1}, to suspend the assumption of all or a part of the obligations under the Contracts Subject to Clearing to which such Clearing Participant is a party, or to revoke the Clearing Qualification of such Clearing Participant presenting the reason therefor. In such event, the revocation of the Commodity Transaction Clearing Qualification shall require a resolution adopted at the meeting of the board of directors:

(*1 referring to the instructions issued to the relevant Clearing Participant regarding improvements to be made to its business execution structure, etc., to the extent deemed necessary and appropriate for JSCC's operation of the Business of Assuming Commodity Transaction Debts; the same applies hereinafter)

- (1) When the Clearing Participant does not submit the notification set forth in Article 19, or the report set forth in Article 20, or submits any false notification/report;
- (2) When the Clearing Participant refuses, prevents or evades the examination set forth in Article 21, or does not submit the report/document or submits any false report/document pursuant to such Article;
- (3) When its business execution structure is deemed to be flawed; and
- (4) In addition to the events described in the preceding three Items, when the Clearing Participant violates these Business Rules, other rules, or measures taken pursuant to the foregoing, or when JSCC deems it necessary taking into account its operation of the Business of Assuming Commodity Transaction Debts if the Clearing Participant damages the reputation of JSCC or other Clearing Participants.

2 When a Clearing Participant falls under any of the following Items, JSCC may conduct a hearing for the relevant Clearing Participant and take the measures to suspend the assumption of all or a part of the obligations under the Contracts Subject to Clearing to which such Clearing Participant is a party and/or any other measures deemed necessary and appropriate by JSCC, presenting the reason therefor:

- (1) When the Clearing Participant refuses to comply with a request made pursuant to the provisions of Article 16 to change the cooperative or controlling relationship with a director, officer or other person;
- (2) When a majority of the voting rights^{*1} 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 taking JSCC's operation of the Business of

Assuming Commodity Transaction Debts into account; or

(*1 including the voting rights pertaining to the shares which are deemed to have voting rights pursuant to Paragraph 3 of Article 879 of the Companies Act (Act No. 86 of 2005), but excluding the voting rights pertaining to the shares whose voting rights cannot be exercised on any of the matters that may be resolved on at general meetings of shareholders)

(3) When any person holding the same or a greater degree of control over the Clearing Participant as or than that held by a director or an executive officer is deemed to be inappropriate, regardless of his or her title such as consultant or advisor or otherwise, from the perspective of JSCC's operation of the Business of Assuming Commodity Transaction Debts.

3 When a Clearing Participant falls under any of the following Items, JSCC may conduct a hearing for the relevant Clearing Participant and take the measures to suspend the assumption of all or a part of the obligations under the Contracts Subject to Clearing to which such Clearing Participant is a party until the relevant condition ceases to exist:

(1) When the amount of its stated capital or the total amount of capital contributions*1 becomes less than 300 million yen and a prompt recovery from such condition cannot be expected;

(*1 in the case of a mutual company, the total amount of the foundation fund*1-1)

(*1-1 including the amount of reserve for redemption of the foundation fund)

(2) When the Clearing Participant's Net Capital Amount becomes less than 1 billion yen*1 and prompt recovery from such condition cannot be expected;

(*1 in the case of an Agency Clearing Participant, 20 billion yen)

(3) For a Commodity Futures Trading Firms, to which required net asset ratio is applicable under the provision of Paragraph 1 of Article 211 of the Act, the required net asset ratio becomes lower than 140 percent*1.

(*1 in the case of an Agency Clearing Participant, becomes lower than 200 percent)

(4) In the case of an entity other than Commodity Futures Trading Firms, JSCC considers that the status of its equity capital is inadequate in light of the assets and the like it owns.

4 In the event that a Clearing Participant has notified JSCC of the matters set forth in Item (1) of Paragraph 1 of Article 19 or has made a public announcement of any of the matters set forth in Item (2) through Item (6) of the said Paragraph*1, but does not apply for the renunciation of its Commodity Transaction Clearing Qualification, JSCC may conduct a hearing for the relevant Clearing Participant and take the measures to suspend the assumption of all or a part of the obligations under the Contracts Subject to Clearing to

which such Clearing Participant is a party.

(*¹ in the case of Item (5) of Paragraph 1 of the said Article, limited to the succession of the entire business, and in the case of Item (6), limited to the transfer of the entire business)

5 In the event that an Agency Clearing Participant has submitted the notification set forth in Paragraph 2 of Article 19 but does not apply for the renunciation of its Agency Clearing Qualification, JSCC may conduct a hearing for the relevant Clearing Participant and take the measures to suspend the assumption of all or a part of the obligations under the Contracts Subject to Clearing^{*1} to which such Clearing Participant is a party.

(*¹ limited to the obligations relating to the Commodity Clearing Transactions)

6 When a Parent provided a Parental Guarantee for a Clearing Participant fails to meet the requirements set forth in Item (5) B) (b) of Article 7, JSCC may conduct a hearing for the relevant Clearing Participant and take the measures to suspend the assumption of all or a part of the obligations under the Contracts Subject to Clearing to which such Clearing Participant is a party until the relevant condition ceases to exist.

7 In the event that a Parent provided a Parental Guarantee for a Clearing Participant intends to cancel the Parental Guarantee, has submitted a notification to JSCC in respect of its discontinuance of the operation of granting Parental Guarantee for the Clearing Participant or has made a public announcement under any of Item (4) through Item (6) of Article 19, and does not apply for the renunciation of its Clearing Qualification, JSCC may conduct hearing for the relevant Clearing Participant, and take the measures to suspend the assumption of all or a part of the obligations under the Contracts Subject to Clearing to which such Clearing Participant is a party.

(Article 30. Measures to be Taken with respect to Clearing Participants with Excessive Positions)

1 In the event that a Clearing Participant is deemed to hold excessive positions^{*1} or there is deemed to be a real possibility of such event, JSCC may take any of the measures set forth in the following Items and/or any other measures deemed necessary by JSCC:

(*¹ referring to the event where the Amount Corresponding to Risk assumed to be owed under the relevant Clearing Participant's Unsettled Contracts is deemed excessive, compared to the relevant Clearing Participant's^{*1-1} net worth or its financial condition such as cash, etc., and such Amount Corresponding to Risk arises from the contracts on the account of such Clearing Participant or the contracts pursuant to the commissions from a small number of customers, brokers, clearing brokers or clearing brokerage customers^{*1-2*1-3}; the same applies in the following Article)

(*¹⁻¹ when a Clearing Participant has obtained a Parental Guarantee, the Parent

provided the Parental Guarantee)

(*1-2 including contracts pursuant to the Commodity Clearing Transactions of, and the commissions of the Brokerage for Clearing of Securities, etc. from, Non-Clearing Participants)

(*1-3 hereinafter referred to as "Customers")

(1) Increase in the amount of the Margin and the Like*1;

(*1 referring to the clearing fund or Margin*1-1; the same applies hereinafter in this Paragraph)

(*1-1 referring to the Margin relating to the Commodity Futures Contracts on the Clearing Participant's own account, or the Commodity Futures Contracts pursuant to the commissions by a Customer or the commissions of the Commodity Clearing Transactions of a Non-Clearing Participant)

(2) In the case where securities or warehouse receipts are deposited in lieu of cash as the Margin and the Like, limitations on the issues and the like designated by JSCC; and

(3) In the case where securities or warehouse receipts are deposited in lieu of cash as the Margin and the Like, reduction in the rate by which their market value shall be multiplied when calculating the substituting price.

2 In the event that any of the measures set forth in the preceding Paragraph is taken with respect to the Margin relating to the Commodity Futures Contracts pursuant to the commissions by a Customer or commissions of the Commodity Clearing Transactions of a Non-Clearing Participant, the Clearing Participant which is subject to such measure shall take the measure, which is the same as the above-referenced measure, with respect to the relevant Customer or the relevant Non-Clearing Participant.

(Article 31. Instructions for Improvement on Position Holding)

1 In the event that, even after the increase of the required amount of Margin as set forth in Paragraph 5 of Article 22, the Clearing Participant still fails to submit a report set forth in Paragraph 1 or Paragraph 3, as the case may be, of the said Article, that, even after the measures set forth in the preceding Article are taken, the relevant Clearing Participant is still deemed to hold excessive positions on the date designated by JSCC, or that it is deemed necessary to immediately eliminate the risk relating to the likelihood of the relevant Clearing Participant's performance of its obligations owed to JSCC due to such reason as an increase in the Amount Corresponding to Risk of the relevant Clearing Participant, JSCC may conduct a hearing for the relevant Clearing Participant and, to the extent necessary, issue the instructions for improvement on position holding pursuant to resolutions adopted at the meeting of the board of directors.

2 The Clearing Participant to which the instructions for improvement on position holding set forth in the preceding Paragraph is issued shall take concrete measures such as enhancing its capital^{*1}, settling its unsettled Contracts for Clearing or transferring them to other Clearing Participants, etc., in order to resolve the matters for which such instructions were issued, on or before the date designated by JSCC in each case.

(*1 in the case where the Clearing Participant has obtained the Parental Guarantee, enhancing capital of the relevant Parent provided the Parental Guarantee)

3 In the event that the relevant Clearing Participant intends to transfer its Unsettled Contracts to such other Clearing Participants in accordance with the provisions of the preceding Paragraph, such Clearing Participant shall obtain in advance the approval of JSCC and such other Clearing Participants.

4 When the preceding Paragraph applies, if the Unsettled Contracts to be transferred are commissioned by a Customer, the relevant Clearing Participant shall obtain such Customer's approval of the transfer of such Unsettled Contracts.

5 When Paragraph 3 applies, if the Unsettled Contracts to be transferred are pursuant to the commissions of the Commodity Clearing Transactions of a Non-Clearing Participant, the relevant Clearing Participant shall obtain such Non-Clearing Participant's approval of the transfer of the Unsettled Contracts.

6 In addition to the matters prescribed in these Business Rules, any matters necessary for the instructions for improvement on position holding shall be prescribed by JSCC at each applicable occasion.

(Article 32 Measures to be Taken with respect to Clearing Participants When their Collateral Deposit Status is Deemed Inappropriate, etc.)

1 In the event that any Clearing Participant deposits with JSCC Stocks And The Like^{*1} in lieu of cash as the Clearing Deposit^{*2} and the Margin^{*3}, if the deposited amount aggregated by issue exceeds the amount equal to 2% of the number of listed shares^{*4} of such issue, JSCC may take the measures set forth in any of the following Items with respect to the relevant Clearing Participant:

(*1 referring to stocks, investment trust beneficiary securities and investment securities; the same applies in this Paragraph)

(*2 referring to the Clearing Deposit prescribed in Article 70 and the clearing deposit set forth in Article 74 of the Business Rules JSCC prescribes in connection with the Securities and Similar Contracts Clearing Business: the same applies in this Article)

(*3 limited to the Margin relating to the Futures and Option Contracts on the Clearing Participant's own account, the Margin under commission by Customers that relates to

the Futures and Option Contracts on account of persons in the same corporate group^{*3-1} as the relevant Clearing Participant and the persons that are substantially deemed as the persons in the same corporate group as the relevant Clearing Participant^{*3-2} and other Margin prescribed by JSCC; the same applies in this Paragraph)

(^{*3-1} referring to the corporate group as set forth in Item (2) of Paragraph 1 of Article 5 of the Financial Instruments and Exchange Act; the same applies hereinafter)

(^{*3-2} hereinafter referred to as “Affiliates”)

(^{*4} in the case of investment trust beneficiary securities, the number of listed units of the beneficiary securities; and in the case of investment securities, the number of listed units of the investment securities; the same applies hereinafter)

(1) In the case where securities are deposited as Clearing Deposit or securities or warehouse receipts are deposited as the Margin, limitations on the issues and the like designated by JSCC; and

(2) In the case where securities are deposited as Clearing Deposit or securities or warehouse receipts are deposited as the Margin, reduction in the rate by which their market value shall be multiplied when calculating the substituting price.

2 In the event that any Clearing Participant deposits with JSCC Stocks And The Like in lieu of cash as the Clearing Deposit and the Margin^{*1}, if the deposited amount aggregated by issue exceeds the amount equal to 5% of the number of listed shares of such issue, JSCC may take the measures set forth in any of the following Items with respect to the relevant Clearing Participant:

(^{*1} limited to the Margin relating to the Futures and Option Contracts on the Clearing Participant’s own account, the Margin for the Futures and Option Contracts on account of Affiliates and other Margin prescribed by JSCC; the same applies in this Paragraph and Paragraph 4)

(1) In the case where securities are deposited as Clearing Deposit or securities or warehouse receipts are deposited as the Margin, limitations on the issues and the like designated by JSCC; and

(2) In the case where securities are deposited as Clearing Deposit or securities or warehouse receipts are deposited as the Margin, reduction in the rate by which their market value shall be multiplied when calculating the substituting price.

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 warehouse receipts, and the amount of cash to the required amount of collateral relating to the Clearing Deposit and the Margin^{*1} exceeds 80%, JSCC may take the measures set forth in any of the following Items with respect to

the relevant Clearing Participant:

(*¹ limited to the Margin relating to the Futures and Option Contracts on the Clearing Participant's own account and the Margin for the Futures and Option Contracts on account of Affiliates; the same applies in this Paragraph)

(1) In the case where securities are deposited as Clearing Deposit or securities or warehouse receipts are deposited as the Margin, limitations on the issues and the like designated by JSCC; and

(2) In the case where securities are deposited as Clearing Deposit or securities or warehouse receipts are deposited as the Margin, reduction in the rate by which their market value shall be multiplied when calculating the substituting price.

4 In the event that the securities issued by a Clearing Participant*¹ are deposited with JSCC in lieu of cash as the Clearing Deposit and the Margin, JSCC may take the measures set forth in any of the Items of Paragraph 2 with respect to such Clearing Participant in connection with the securities issued by such Clearing Participant.

(*¹ including securities issued by the parent company*¹⁻¹ or subsidiary*¹⁻² of the relevant Clearing Participant, or any subsidiary of such parent company)

(*¹⁻¹ referring to an entity who is deemed to be the parent company of the relevant Clearing Participant under the provisions of Paragraph 3 of Article 8 of the Regulations Concerning the Terms, Forms and Preparation Methods of Financial Statements, etc. (Ministry of Finance Ordinance No. 59 of 1963; hereinafter referred to as the "Financial Statements, etc. Regulations"); the same applies hereinafter in this Paragraph)

(*¹⁻² referring to an entity who is deemed to be a subsidiary of the relevant Clearing Participant under the provisions of Paragraph 3 of Article 8 of the Financial Statements, etc. Regulations; the same applies hereinafter in this Paragraph)

5 In addition to the provisions of each of the preceding Paragraphs, if deemed necessary by JSCC in order to ensure the performance by a Clearing Participant of its obligations owed to JSCC, JSCC may take measures set forth in the preceding Paragraphs with respect to the relevant Clearing Participant.

(Article 33. Suspension of Assumption of Obligations of Clearing Participant whose Risk Increased during Specific Time Period)

In the event that, in respect of a Clearing Participant, the Amount Corresponding to Risk calculated in the manner prescribed by JSCC as the risk amount assumed to be owed by such Clearing Participant under normal market conditions exceeds the amount predetermined by JSCC during the period of time prescribed by JSCC, JSCC may take measures to suspend assumption of all or a part of obligations under the Contracts Subject

to Clearing to which the relevant Clearing Participant is a party.

(Article 33-2 Suspension of Assumption of Obligations of Clearing Participant whose Risk Increased in case of Consecutive Non-Business Days on which Designated Market Operator Opens Trading Sessions)

1 When the Designated Market Operator designates Holiday Trading Days during consecutive Non-Business Days^{*1*2}, JSCC shall calculate, at the timing prescribed below, the risk amount assumed to be owed by the Clearing Participants submitted the notification under Paragraph 4 of Article 19 and the indicator value prescribed by JSCC based on Margins and clearing fund the relevant Clearing Participant has deposited:

- (1) The judgment timing prescribed by JSCC^{*3};
- (2) The timing within the Holiday Trading Day immediately following the day to which the timing set forth in the preceding Paragraph belongs, which JSCC designates as deadline.

(*1 including the case where a Non-Business Day not designated as Holiday Trading Day exists during that consecutive Non-Business Days;)

(*2 hereinafter referred to as "Consecutive Holiday Trading Days")

(*3 excluding the last day of the Consecutive Holiday Trading Days)

2 At the timing set forth in Item (1) of the preceding Paragraph, JSCC shall also calculate the excess of such indicator value over the value separately prescribed by JSCC, if any, in addition to the calculation of the indicator value set forth in the preceding Paragraph.

3 At the timing set forth in Item (1) of Paragraph 1, when the indicator value set forth in Paragraph 1 related to a Clearing Participant exceeds the value prescribed by JSCC and the amount of such excess exceeds the amount prescribed by JSCC, JSCC shall notify the relevant Clearing Participant of such amount of excess over the amount prescribed by JSCC and ask the Clearing Participant to take either of the following actions:

- (1) Deposit the amount equal to such excess with JSCC as the Clearing Participant's house Margin by the timing set forth in Item (2) of Paragraph 1; or
- (2) Bring down the indicator value set forth in Paragraph 1 so that such value as of the timing set forth in Item (2) of Paragraph 1 is below the value set forth in the preceding Paragraph.

4 When JSCC asks a Clearing Participant to take actions set forth in the preceding Paragraph, if the relevant Clearing Participant takes neither of such actions, or

otherwise JSCC considers necessary, JSCC may suspend, entirely or partially, an assumption of obligations based on the Contracts Subject to Clearing to which the relevant Clearing Participant is a party during the relevant Consecutive Holiday Trading Days.

(Article 34. Measures against Clearing Participant, the Obligations of which JSCC has Ceased to Assume Due to Failure to Apply for Renouncing Clearing Qualification upon Discontinuation of Business, etc.)

- 1 In the event that JSCC has suspended, pursuant to Paragraph 4, Paragraph 5 or Paragraph 7 of Article 29, assumption of the obligations under the Contracts Subject to Clearing to which the relevant Clearing Participant is a party, JSCC may cause such Clearing Participant to transfer its unsettled Contracts for Clearing to other Clearing Participants or to make other arrangements that JSCC deems necessary.
- 2 JSCC may assume the obligations under the Contracts Subject to Clearing to which the relevant Clearing Participant is a party in order to make the arrangements set forth in the preceding Paragraph or otherwise to the extent that JSCC deems necessary.
- 3 When JSCC deems it necessary, it may cause other Clearing Participants to make the arrangements set forth in Paragraph 1. In such case, an entrustment agreement shall be deemed to have been formed between such other Clearing Participant and the Clearing Participant whose obligations ceased to be assumed by JSCC pursuant to the said Paragraph.

(Article 35. Lifting of the Measures of Suspension of Assumption of Obligation, etc.)

- 1 In the event that JSCC has suspended assumption of obligations^{*1} pursuant to Article 29 without specifying its duration, the Clearing Participant subject to such suspension, when it has eliminated the reason for such suspension, may file a petition with explanatory documents for the lifting of such suspension.
(*1 excluding the suspension of assumption made only in respect of the obligations pertaining to the Commodity Clearing Transactions)
- 2 When JSCC deems it appropriate to lift the suspension based on the petition set forth in the preceding Paragraph, JSCC shall approve such petition.
- 3 In the event that the Clearing Participant subject to the suspension set forth in Paragraph 1 fails to obtain the approval set forth in the preceding Paragraph within one year from the day on which it became subject to such suspension, JSCC may revoke the Commodity Transaction Clearing Qualification of the relevant Clearing Participant by a resolution adopted at the meeting of the board of directors.

4 The provisions of the preceding three Paragraphs shall apply *mutatis mutandis* in the case where JSCC suspended assumption of obligations^{*1} pursuant to Article 29 without specifying its duration. In such case, the phrase “may revoke the Commodity Transaction Clearing Qualification of” in Paragraph 3 shall be deemed to be “may revoke the Agency Clearing Qualification of and grant the Principal Clearing Qualification to”.

(*1 limited to the suspension of assumption made only in respect of the obligations pertaining to the Commodity Clearing Transactions)

5 The provisions of Paragraph 1 and Paragraph 2 shall apply *mutatis mutandis* in the case where any measure set forth in Article 30 through Article 32 is taken.

(Article 36. Making Objection, etc.)

The proviso to Paragraph 1 of Article 16, and the provisions of Paragraph 2 and Paragraph 3 of the said Article shall apply *mutatis mutandis* to the hearing set forth in Article 29 and Article 31, and the provisions of Paragraph 4 through Paragraph 6 of Article 16 shall apply *mutatis mutandis* to the measures set forth in Article 29 through Article 32.

(Article 37. Measures against Clearing Participant Having Ceased to be a Member)

A Clearing Participant shall forfeit its Commodity Transaction Clearing Qualification when any of the following events occurs to it:

- (1) When a Principal Clearing Participant ceases to be a Member of the Designated Market Operator; or
- (2) When it has been dissolved.

(Article 38. Disciplinary Measures Assessment Committee)

1 When JSCC intends to take any of the measures set forth in Article 29, Article 30 or Article 31 with respect to a Clearing Participant, JSCC shall consult with the Disciplinary Measures Assessment Committee in advance about the appropriateness of taking the relevant measure and respect the opinion of the Committee.

2 Notwithstanding the provisions of the preceding Paragraph, when JSCC intends to take the measure set forth in Article 30^{*1} or when there otherwise is an urgent need therefor, JSCC shall be permitted to take such measure without consulting with the Disciplinary Measures Assessment Committee.

(*1 limited to those relating to contracts on the Clearing Participant's own account)

3 When JSCC takes measures of emergency suspension^{*1}, it shall immediately report such effect to the Disciplinary Measures Assessment Committee.

(*1 referring to a suspension of assumption of all or a part of obligations under Article 33;

the same applies hereinafter)

- 4 In addition to the provisions prescribed in the preceding three Paragraphs, matters concerning the Disciplinary Measures Assessment Committee shall be prescribed in other rules.

(Article 39. Notice of Measures, etc.)

- 1 When JSCC is to suspend assumption of all or a part of obligations^{*1}, or to revoke Clearing Qualification pursuant to these Business Rules, JSCC shall notify that effect in advance to the Designated Market Operator relating to the Commodity Transaction Clearing Qualification held by the Clearing Participant subject to the relevant measure.

(*1 excluding an emergency suspension)

- 2 When JSCC took measures of emergency suspension, it shall immediately notify such effect to the Designated Market Operator mentioned in the immediately preceding Paragraph.

- 3 The provisions of Paragraph 1 shall apply *mutatis mutandis* in the case where a Clearing Participant has forfeited Clearing Qualification pursuant to Article 37. In such case, the word “in advance” in the said Paragraph shall be deemed to be “immediately.”

- 4 When JSCC has, pursuant to these Business Rules, suspended assumption of all or a part of obligations in respect of the Commodity Clearing Transactions of an Agency Clearing Participant, or revoked the Commodity Transaction Clearing Qualification of an Agency Clearing Participant; or when an Agency Clearing Participant has forfeited the Commodity Transaction Clearing Qualification pursuant to the provisions of Article 37, the relevant Agency Clearing Participant shall immediately notify that effect to the Non-Clearing Participants which have entered into the Contract for Commissioning Clearance with it, unless JSCC specifically approves in case of the emergency suspension.

- 5 When JSCC has taken the measure set forth in Article 30^{*1} or the measure set forth in Article 31 with respect to a Clearing Participant, JSCC shall promptly notify that effect to the Designated Market Operator relating to the contracts which have cross relation to the reason of the relevant measure.

(*1 limited to the measure with respect to the Margin)

- 6 When JSCC has given a Clearing Participant Instructions for Improvement, suspended assumption of all or a part of obligations, revoked Commodity Transaction Clearing Qualification, or given instructions for improvement on position holding pursuant to these Business Rules, JSCC shall notify that effect to every Clearing Participant or publish that effect not later than 6 months after the day on which such measure was taken; provided, however, that if JSCC deems necessary and appropriate taking into account the possible

market impact should it make such notification or publication, JSCC may make such notification or publication not earlier than 6 months after the day on which such measure was taken.

- 7 In the event that JSCC makes notification or publication prescribed in the preceding Paragraph, JSCC shall set the extent to be notified or published at each applicable occasion taking into account the importance of the measure subject to such notification or publication, or the possible market impact should it make such notification or publication.
- 8 When a Clearing Participant has forfeited its Commodity Transaction Clearing Qualification pursuant to the provisions of Article 37, JSCC shall notify that effect to each Clearing Participant holding the relevant Commodity Transaction Clearing Qualification.

(Article 40. Treatment of Clearing Participant whose Obligations have Ceased to be Assumed)

- 1 In the event that JSCC has suspended assumption of all or a part of obligations pursuant to the provisions of this Chapter^{*1}, the relevant Clearing Participant may, obtaining JSCC's approval, transfer its unsettled Contracts for Clearing to other Clearing Participants during the period of suspension.

(*1 excluding an entire or partial suspension of assumption of obligations under the provisions of Article 33-2)

- 2 In addition to the provisions of the preceding Paragraph, in the event that JSCC has suspended assumption of all or a part of obligations pursuant to Paragraph 1 of Article 29 with respect to a Clearing Participant due to the disobedience of the instructions for improvement on position holding set forth in Article 31, JSCC may cause such Clearing Participant to transfer its unsettled Contracts for Clearing to other Clearing Participants or to make other arrangements that JSCC deems necessary.
- 3 When JSCC deems it necessary, it may cause other Clearing Participants to make the arrangements set forth in the preceding Paragraph. In such case, an entrustment agreement shall be deemed to have been formed between such other Clearing Participant and the Clearing Participant whose obligations ceased to be assumed by JSCC pursuant to the said Paragraph.

(Article 41. Handling of Unsettled Contracts for Clearing belonging to Entities whose Clearing Qualification have been Revoked or Forfeited)

- 1 When JSCC has, pursuant to these Business Rules, revoked Commodity Transaction Clearing Qualification, or a Clearing Participant has forfeited its Commodity Transaction Clearing Qualification pursuant to Article 37, JSCC may cause the relevant Clearing

Participant to transfer its unsettled Contracts for Clearing to other Clearing Participants or to make other arrangements that JSCC deems necessary.

- 2 When JSCC deems it necessary, it may cause other Clearing Participants to make the arrangements set forth in the preceding Paragraph. In such event, an entrustment agreement shall be deemed to have been formed between such other Clearing Participant and the relevant former Clearing Participant.
- 3 The relevant former Clearing Participant set forth in Paragraph 1 shall continue to be regarded as Clearing Participant for the purpose of settling the unsettled Contracts for Clearing belonging to such former Clearing Participant or of making arrangements, or otherwise to the extent JSCC deems necessary.

(Article 42 Recommendation to Clearing Participant)

- 1 When JSCC determines that the operational or financial condition of a Clearing Participant or the financial condition of the Parent provided Parental Guarantee for a Clearing Participant is not appropriate taking JSCC's operations of the Business of Assuming Commodity Transaction Debts into account, JSCC may recommend the relevant Clearing Participant to take appropriate measures.
- 2 In the event that JSCC has made the recommendations set forth in the preceding Paragraph and determines that it is necessary to do so, JSCC may request the relevant Clearing Participant to submit a report with respect to its responsive measures against the recommendations.

Chapter 3 Commodity Clearing Transactions

(Article 43. Conclusion of Contract for Commissioning Clearance with Non-Clearing Participant)

When concluding Commodity Clearing Transactions, an Agency Clearing Participant is required to enter into the Contract for Commissioning Clearance, containing the provisions to the effect that when a Non-Clearing Participant is to form a Contract Subject to Clearing on behalf of a Clearing Participant, such Non-Clearing Participant shall be regarded as applying for the Commodity Clearing Transaction, and such Clearing Participant shall be regarded as accepting the commission for the relevant Commodity Clearing Transaction, and other provisions prescribed by JSCC, with the Non-Clearing Participant which commissions the Commodity Clearing Transactions.

(Article 44. Notification of Conclusion of Contract for Commissioning Clearance)

When an Agency Clearing Participant intends to enter into the Contract for Commissioning Clearance, such Agency Clearing Participant shall notify JSCC of its details in advance in a manner prescribed by JSCC.

(Article 45. Notification of Termination of Contract for Commissioning Clearance)

1 In terminating the Contract for Commissioning Clearance, the Agency Clearing Participant shall notify JSCC of its details as prescribed in the following Items, based on the classification of the termination referenced in each Item:

(1) Termination by agreement

The Agency Clearing Participant shall submit a notice by three days before the day^{*1} on which it intends to terminate the Contract;

(*1 excluding Non-Business Days; the same applies hereinafter when counting the number of days)

(2) Termination resulting from a prior written notice of an intention to terminate the Contract given by the Agency Clearing Participant to the Non-Clearing Participant^{*1}.

(*1 excluding the termination set forth in Item (5))

The Agency Clearing Participant shall submit a notice without delay after it has given the notice of its intention to terminate;

(3) Termination resulting from a prior written notice of an intention to terminate the Contract received by the Agency Clearing Participant from the Non-Clearing Participant.

The Agency Clearing Participant shall submit a notice without delay after it received the notice of the intention to terminate;

- (4) Termination resulting from the fact that the Non-Clearing Participant has fallen under an acceleration event with regard to the obligations under the contract pursuant to the commissions of the Commodity Clearing Transactions

The Agency Clearing Participant shall submit a notice by the day immediately preceding the day on which it intends to terminate the Contract;

- (5) If the Agency Clearing Participant agreed with the Non-Clearing Participant on the condition that the Agency Clearing Participant may terminate the Contract for Commissioning Clearance taking into account securing the performance of the obligations under the contract pursuant to the commissions of the Commodity Clearing Transactions, termination resulting from a prior written notice of an intention to cancel the Contract given by the Agency Clearing Participant to the Non-Clearing Participant due to the fact that such condition has been fulfilled

The Agency Clearing Participant shall submit a notice immediately after notifying its intention of termination and by the day immediately preceding the day on which it intends to terminate the Contract.

- 2 In the event that JSCC has received the notice set forth in the preceding Paragraph, JSCC shall notify that effect to the Designated Market Operators with respect to which the Non-Clearing Participant, which is the counterparty to the Contract to be terminated, is a Member.

(Article 46. Segregation of Contracts Subject to Clearing)

An Agency Clearing Participant shall manage the Contracts Subject to Clearing, segregating those pursuant to the Commodity Clearing Transactions from those that are not.

(Article 47. Transfer of Unsettled Contracts for Clearing in the case of Change of Designated Clearing Participant)

- 1 In the event that a Non-Clearing Participant has changed its Designated Clearing Participant in accordance with the rules of the Designated Market Operator, the unsettled Contracts for Clearing which are under the Commodity Clearing Transactions of the relevant Non-Clearing Participant as of the time of such change shall be transferred from the former Designated Clearing Participant to the new Designated Clearing Participant.

- 2 In the event that a Clearing Participant renounces its Commodity Transaction Clearing Qualification and designates another Clearing Participant as its Designated Clearing Participant pursuant to the rules of the Designated Market Operator, the unsettled Contracts for Clearing of the Clearing Participant losing its Commodity Transaction Clearing Qualification existing at the time of such designation shall be transferred from the

relevant Clearing Participant to the Clearing Participant newly designated as a Designated Clearing Participant.

(Article 48. Transfer of Unsettled Contracts for Clearing, etc., When Non-Clearing Participant is Suspended from Commissioning Commodity Clearing Transactions)

- 1 In the event that a Designated Market Operator, of which a Non-Clearing Participant is a Member, suspended the Non-Clearing Participant from trading at the Commodity Market or commissioning the Commodity Clearing Transactions or expelled the Non-Clearing Participant, JSCC shall, according to the details of the measures to be taken by the Designated Market Operator, cause the unsettled Contracts for Clearing which are pursuant to the Commodity Clearing Transactions of the relevant Non-Clearing Participant to be transferred to other Clearing Participants or cause other necessary arrangements to be made.
- 2 The provisions of the preceding Paragraph shall not apply in the case where JSCC has suspended assumption of all or a part of obligations or revoked the Commodity Transaction Clearing Qualification of the Designated Clearing Participant of the relevant Non-Clearing Participant.

(Article 49. Transfer of Unsettled Contracts for Clearing, etc., When Clearing Participant is Suspended from Trading at Commodity Market)

- 1 In the event that a Designated Market Operator, of which a Clearing Participant is a Member, suspended or partly restricted the Clearing Participant from trading or the like^{*1} at that Commodity Market or expelled the Clearing Participant, JSCC shall, according to the details of the measures to be taken by the Designated Market Operator, cause the unsettled Contracts for Clearing belonging to such Clearing Participant to be transferred to other Clearing Participants or cause other necessary arrangements to be made.
(*¹ excluding Commodity Clearing Transactions)
- 2 The provisions of the preceding Paragraph shall not apply in the case where JSCC has suspended assumption of all or a part of obligations, or revoked the Commodity Transaction Clearing Qualification of, the relevant Clearing Participant.

(Article 50. Transfer of Unsettled Contracts, etc., When Clearing Participants Receive Instructions for Improvement)

- 1 In the event that a Clearing Participant which is a Non-Clearing Participant's Designated Clearing Participant receives the instructions for improvement on position holding pursuant to the provisions of Article 31 due to the relevant Non-Clearing Participant's failure to

comply with the measure set forth in Paragraph 2 of Article 30 without a justifiable reason, such Clearing Participant shall have the right to request the relevant Non-Clearing Participant to settle its Unsettled Contracts pursuant to the commissions of the Commodity Clearing Transactions of the relevant Non-Clearing Participant or to transfer them to other Clearing Participants.

2 In the event that a Clearing Participant receives the instructions for improvement on position holding set forth in the preceding Paragraph, if it cannot follow such instructions despite its reasonable efforts to do so and if the relevant Non-Clearing Participant fails to comply with the request set forth in the preceding Paragraph without a justifiable reason despite the Clearing Participant's submission of such request to the relevant Non-Clearing Participant in advance setting a reasonable grace period, the Clearing Participant may, to the extent deemed reasonably necessary, execute the Offsetting-Sale^{*1} or Offsetting-Purchase^{*2*3}, on the account of such Non-Clearing Participant, in order to settle such the Unsettled Contracts pursuant to the commissions of the Commodity Clearing Transactions of such Non-Clearing Participant.

(*1 referring to the contract which is the opposite of the Long Position^{*1-1}; the same applies hereinafter)

(*1-1 referring to the amount pertaining to the buying contract, out of the amount^{*1-1-1} under an Unsettled Contract relating to Commodity Futures Contracts; the same applies hereinafter)

(*1-1-1 hereinafter referred to as the "Position")

(*2 referring to the contract which is the opposite of the Short Position^{*2-1}; the same applies hereinafter)

(*2-1 referring to the amount pertaining to the selling contracts out of the Position; the same applies hereinafter)

(*3 including the commission thereof)

Chapter 4 Assumption of Obligations

(Article 51. Assumption of Obligations)

- 1 When a Contract Subject to Clearing is formed pursuant to the rules of the Designated Market Operator, JSCC shall, in respect of the relevant Contract Subject to Clearing, assume the selling Clearing Participant's obligations owed to the buying Clearing Participant which is the selling Clearing Participant's counterparty in such a manner to discharge the relevant selling Clearing Participant from the relevant obligation, and simultaneously such selling Clearing Participant shall newly incur the obligations owed to JSCC which are equivalent to those assumed by JSCC; at the same time, JSCC shall assume the buying Clearing Participant's obligations owed to the selling Clearing Participant which is the buying Clearing Participant's counterparty in such a manner to discharge the relevant buying Clearing Participant from the relevant obligations, and simultaneously such buying Clearing Participant shall newly incur the obligations owed to JSCC which are equivalent to those assumed by JSCC.
- 2 JSCC shall notify the relevant Clearing Participant of the details of the obligations JSCC assumed pursuant to the provisions of the preceding Paragraph and the matters which are necessary for settling those obligations.
- 3 When the Clearing Participant has received the notification set forth in the preceding Paragraph, it shall immediately affirm its contents.

(Article 52. Acquisition and Assumption of Claims and Obligations Cease to Exist and Come into Existence in association with Give-up)

- 1 When a Contract Subject to Clearing ceases to exist or comes into existence as a result of Give-up^{*1}, JSCC shall assume the obligations owed by the Clearing Participant concluded the Subject Transaction for Clearing ceased to exist to the Clearing Participant which concluded the Contracts Subject to Clearing as its counterparty in such a manner to discharge the relevant Clearing Participant from the relevant obligation, and the Clearing Participant concluded the Contracts Subject to Clearing came into existence shall newly incur the obligations owed to JSCC which are equivalent to those assumed by JSCC.
(*¹ referring to the Give-up prescribed by the Designated Market Operator)
- 2 The provisions of Paragraph 2 and Paragraph 3 of the preceding Article shall apply *mutatis mutandis* when the preceding Paragraph applies.

Chapter 5 Management of Commodity Futures Contracts

(Article 53. Management of Transactions of Clearing Participant)

A Clearing Participant must manage the Commodity Futures Contracts that are its Contracts Subject to Clearing^{*1} through any of the account classifications listed below according to the below-listed classification:

(*1 excluding the contracts pursuant to the commission of Commodity Clearing Transactions of Non-Clearing Participants)

(1) Contracts on its own account:

Proprietary account

(2) Contracts commissioned by clients^{*1} that does not fall under the classification of Item (3) below:

(*1 referring to customers; the same applies hereinafter in this Article and the following Article)

A) Omnibus Account^{*1}

(*1 referring to an account for the management of Commodity Futures Contracts of multiple clients or at the level of the granularity into which a client position is arbitrarily split; the same applies hereinafter)

B) Individual Segregated Account^{*2}

(*2 referring to an account for the management of Commodity Futures Contracts of a single client or at the level of the granularity into which client position is arbitrarily split; the same applies hereinafter)

(3) Contracts on Affiliate's account:

A) Affiliate's Omnibus Account

B) Affiliate's Individual Segregated Account

(Article 54. Management of Transactions of Agency Clearing Participant)

An Agency Clearing Participant must manage the Commodity Futures Contracts that are its Contracts Subject to Clearing^{*1} through any of the account classifications listed below according to the below-listed classification:

(*1 limited to the contracts pursuant to the commission of Commodity Clearing Transactions of Non-Clearing Participants)

(1) Contracts on the proprietary account of the relevant Non-Clearing Participant:

Proprietary account of that Non-Clearing Participant;

(2) Contracts under commission by client of the relevant Non-Clearing Participant:

A) Omnibus Account of that Non-Clearing Participant;

B) Individual Segregated Account of that Non-Clearing Participant.

(Article 54-2. Cascading of position related to Electricity Futures Fiscal Year Contract)

JSCC shall, when a Designated Market Operator executes cascading^{*1} for the position of electricity futures fiscal year contracts^{*2}, handle the relevant position according to the manner prescribed by the Designated Market Operator.

(*1 referring to the cascading prescribed by the Designated Market Operator; the same applies hereinafter in Article 58 and Article 61)

(*2 referring to cash-settled futures contracts for which subject contracts are east area fiscal year baseload electricity, east area fiscal year peakload electricity, west area fiscal year baseload electricity or west area fiscal year peakload electricity, prescribed by the Designated Market Operator; the same applies hereinafter in this Article, Article 58 and Article 61)

Chapter 6 Settlement of Contracts for Clearing

(Article 55. Reporting of Close-out Quantity and the Like)

1 A Clearing Participant shall, in respect of each contract month^{*1} and each rolling-spot futures contract^{*2} of Commodity Futures Contracts, notify JSCC the close-out quantity^{*3} and the amount of Offsetting-Sale or Offsetting-Purchase when it has executed Offsetting-Sale or Offsetting-Purchase^{*3}, by each account as set forth in Article 53 and by the cutoff time set by JSCC.

(*1 referring to contract month prescribed by the Designated Market Operator; the same applies hereinafter in this Chapter)

(*2 referring to rolling-spot futures contracts prescribed by the Designated Market Operator; the same applies hereinafter in this Chapter)

(*3 referring to the settlement quantity when the short position and the long position is held simultaneously in respect of an issue, and all or a part of such position is settled^{*2-1})

(*2-1 excluding the settlement through Offsetting-Sale or Offsetting-Purchase)

(*3 excluding the case stipulated in the following Paragraph)

2 A Clearing Participant shall, in respect of each contract month and each rolling-spot futures contract of Commodity Futures Contracts, notify JSCC the close-out quantity^{*1}, and, when Offsetting-Sale in respect of the long position under the commission of the Commodity Clearing Transactions^{*2} or Offsetting-Purchase in respect of the short position under the commission of the Commodity Clearing Transactions^{*3} has been executed, the amount of Offsetting-Sale or Offsetting-Purchase by a Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing or Short Position Subject To Brokerage for Clearing by each account as set forth in preceding Article, and by the cutoff time set by JSCC. In such case, the Clearing Participant may cause the Non-Clearing Participant relating to such Long Position Subject To Brokerage for Clearing or such Short Position Subject To Brokerage for Clearing to file such notification in lieu of the Clearing Participant.

(*1 limited to those under commission of the Commodity Clearing Transactions)

(*2 hereinafter referred to as "Long Position Subject To Brokerage for Clearing")

(*3 hereinafter referred to as "Short Position Subject To Brokerage for Clearing")

3 When JSCC has received the notification pursuant to the provisions of Paragraph 1, the close-out quantity and the amount of the Offsetting-Sales/Offsetting-Purchases so notified shall be regarded as the amount pertaining to the settlement and such amount shall be subtracted from the Long Position and the Short Position by each account set forth in Article 53 that is managed by the relevant Clearing Participant.

- 4 When JSCC has received the notification pursuant to the provisions of Paragraph 2, the close-out quantity and the amount of the Offsetting-Sales/Offsetting-Purchases so notified shall be regarded as the amount pertaining to the settlement and such amount shall be subtracted from the Long Position Subject To Brokerage for Clearing and the Short Position Subject To Brokerage for Clearing by each account set forth in the preceding Article that is managed by the relevant Clearing Participant.
- 5 When JSCC has received the notification set forth in Paragraph 1 or Paragraph 2, JSCC shall inform the Designated Market Operator of the close-out quantity and the amount of the Offsetting-Sales and/or the Offsetting-Purchases so notified.

(Article 56. Clearing Period)

- 1 One clearing period for receiving and paying Execution Price Differential and Settlement Price Differential under Article 58 shall be one trading day.
- 2 One clearing period in the preceding Paragraph shall be prescribed, by the Designated Market Operator, in below Items:
 - (1) As to the Market Operator stipulated in Item (1) and Item (2) of Article 3, one clearing period shall be one Business Day of opening of the order acceptance for the night trading session that commences after the close of the daytime trading session on the previous day to before opening of the order acceptance for the night trading session that commences on the relevant Business Day of the relevant Market Operator;
 - (2) As to the Market Operator stipulated in Items (3) to (6) of Article 3, as per A) and B) below:
 - A) For the Designated Commodity Market stipulated in Item (3), Item (4) and Item (6) of Article 3, one clearing period shall be the period from opening of the day session to closing of the day session on a Business Day of the relevant Market Operator; and
 - B) For the Designated Commodity Market stipulated in Item (5) of Article 3, one clearing period shall be the period from opening of the night session on the day immediately preceding the relevant Business Day to closing of the day session of the relevant Business Day.
- 3 Notwithstanding the provisions of the preceding Paragraph, JSCC may change a clearing period on an ad hoc basis when it deems necessary to do so. In such case, JSCC shall notify the Clearing Participants and the Designated Market Operator of such effect in advance.

(Article 57 Settlement Prices)

JSCC shall establish the Settlement Prices for each clearing period as prescribed separately.

(Article 58. Execution Price Differential and Settlement Price Differential)

- 1 For Commodity Futures Contracts, the difference between the Settlement Price for the clearing period and the Contract Price occurring in the clearing period shall be referred to as Contract Price Differential.
- 2 For Commodity Futures Contracts, the difference between the Settlement Price for the clearing period and the Settlement Price for the immediately preceding clearing period shall be referred to as Mark-to-Market Price Differential.
- 3 Notwithstanding the provisions of the preceding Paragraph, for electricity futures fiscal year contracts, Settlement Price Differential for each contract handled by cascading set forth in Article 54-2 related to the Clearing Period to which the day which is 2 Business Days prior to the end of March in the previous fiscal year of the subject fiscal year shall be the amount of money equivalent to the difference between the Settlement Price for each relevant contract in the relevant Clearing Period and Settlement Price of electricity futures fiscal year contracts in the immediately preceding Clearing Period.

(Article 59. Payment and Receipt of Execution Price Differential and Settlement Price Differential)

In the case where an Execution Price Differential or a Settlement Price Differential arises, the Clearing Participant shall pay or receive such Execution Price Differential or Settlement Price Differential on the next day following the date on which it arises with JSCC. In such case, a Clearing Participant making payment shall pay the money by 11:00 A.M., and a Clearing Participant receiving payment shall receive the money at 1:00 P.M., on the day on which the relevant money is to be paid or received.

Chapter 7 Final Settlement

Section 1 Settlement by Delivery

(Article 60. Settlement by Delivery etc.)

1 The settlement of Physical Settlement Futures Contracts by delivery shall be conducted between JSCC and a Clearing Participant.

2 Notwithstanding the provisions of the preceding Paragraph, when the Designated Market Operator approved the performance of the settlement by delivery related to the Physical Settlement Futures Contracts through ADP^{*1}, the settlement by delivery through ADP shall be deemed to have been completed upon such approval.

(*1 referring to ADP prescribed by the Designated Market Operator; the same applies hereinafter)

3 If a Clearing Participant fails to perform the settlement by delivery related to the Physical Settlement Futures Contracts^{*1}, JSCC shall have the relevant settlement by delivery completed at the relevant delivery price prescribed by the Designated Market Operator by collecting the amount prescribed in below Items according to the relevant situation from the relevant Clearing Participant, and delivering such amount to another Clearing Participant to receive the delivery goods in the relevant delivery; provided, however, that, unless there is unavoidable circumstance, a Clearing Participant may not complete the delivery by such method.

(*1 excluding the settlement by delivery through ADP)

(1) Failure of delivery of delivery goods:

The amount prescribed by JSCC taking into consideration, in respect of the Clearing Participant receiving the delivery goods, costs required for such receipt, costs required for procurement of such delivery goods, a lost profit, amount equivalent to late charge and the like;

(2) Failure of receipt of delivery goods:

The amount prescribed by JSCC taking into consideration, in respect of the Clearing Participant delivering the delivery goods, costs required for such delivery, costs required for sale of such delivery goods, a lost profit, amount equivalent to late charge and the like;

4 In addition to the provisions of the preceding three Paragraphs, matters necessary for the settlement by delivery of the Physical Settlement Futures Contracts shall be separately prescribed by JSCC.

Section 2 Final Settlement of Cash Settlement Futures Contract

(Article 61. Payment and Receipt of Money associated with Final Settlement of Cash-settled Monthly Futures Contracts)

1 In the Final Settlement^{*1} of the Cash-settled Monthly Futures Contracts^{*2}, if there is a difference between the Final Settlement Price^{*3} and the Settlement Price for the Last Trading Day^{*4}, the Clearing Participant shall pay or receive the amount of money equivalent to such difference with JSCC on the next day following the Final Settlement Day^{*5}. In such case, a Clearing Participant making payment shall pay the money by 11:00 A.M., and a Clearing Participant receiving payment shall receive the money at 1:00 P.M., on the day on which the relevant money is to be paid or received.

(*1 referring to the final settlement prescribed by the Designated Market Operator)

(*2 referring to the monthly Cash-Settlement Futures Contracts prescribed by the Designated Market Operator; the same applies hereinafter)

(*3 referring to the final settlement price specified by the Designated Market Operator; the same applies hereinafter)

(*4 referring to the last trading day^{*4-1} specified by the Designated Market Operator in respect to the Cash Settlement Futures Contracts)

(*4-1 for electricity futures fiscal year contracts, the last trading day after cascading, prescribed by the Designated Market Operator)

(*5 referring to the final settlement day for the Cash Settlement Futures Contracts specified by the Designated Market Operator)

(Article 61-2, Payment and Receipt of Money associated with Final Settlement of Cash-settled Rolling-Spot Futures Contracts)

In the Cash-settled Rolling-Spot Futures Contracts^{*1}, a Clearing Participant shall pay or receive the total amount of money specified in each of below Items on the next day following the trading day on which there is a Rollover^{*2} or on which the report set forth in Paragraph 1 and Paragraph 2 of Article 55 has been submitted, In such case, the Clearing Participant making payment shall pay the money by 11:00 A.M. on the date of the payment/receipt of such money, and the Clearing Participant receiving money shall receive the money at 1:00 P.M. on date of the payment/receipt of such money:

(*1 referring to the cash-settled rolling-spot futures transactions prescribed by the Designated Market Operator; the same applies hereinafter)

(*2 referring to the rollover prescribed by the Designated Market Operator; the same applies in hereinafter in this Section)

- (1) For the position for which there is a Rollover at the end of the relevant trading day, the amount specified in A) and B) below:
 - A) As to the position which has been concluded on the relevant trading day, the amount equal to the difference between its contract price and the Settlement Price for the relevant trading day; and
 - B) As to the position which had been concluded before the relevant trading day, the amount equal to the difference between the Settlement Price for the relevant trading day and the Settlement Price on the preceding trading day.
- (2) For the position for which the report set forth in Paragraph 1 and Paragraph 2 of Article 55 has been submitted, the amount specified in A) and B) below:
 - A) As to the position which has been concluded on the trading day on which such report is submitted, the amount equal to the difference between the contract price of such contract and the contract price of the contract subject to such report; and
 - B) As to the position which had been concluded before the trading day on which such report is submitted, the amount equal to the difference between the Settlement Price for the preceding trading day and the contract price for the contract subject to such report.

Section 3 Final Settlement of Index Futures Contract

(Article 61-3, Payment and Receipt of Money associated with Final Settlement of Index Futures Contracts)

1 In the Final Settlement^{*1} of the Index Futures Contracts, if there is a difference between the Final Settlement Price^{*2} and the Settlement Price for the Last Trading Day^{*3}, the Clearing Participant shall pay or receive the amount of money equivalent to such difference with JSCC on the next day following the Final Settlement Day^{*4}. In such case, a Clearing Participant making payment shall pay the money by 11:00 A.M., and a Clearing Participant receiving payment shall receive the money at 1:00 P.M., on the day on which the relevant money is to be paid or received.

(*1 referring to the final settlement prescribed by the Designated Market Operator)

(*2 referring to the final settlement price specified by the Designated Market Operator; the same applies hereinafter)

(*3 referring to the last trading day specified by the Designated Market Operator in respect to the Index Futures Contracts)

(*4 referring to the final settlement day for the Index Futures Contracts specified by the Designated Market Operator)

Section 4 Miscellaneous Provisions

(Article 62. Amount of Money to be Paid/Received for Commodity Futures Contracts, and Its Method)

1 The payment and receipt of money under the provisions of Article 59 and the preceding three Articles shall be made in the amount set forth in the following Items according to the unit stipulated in such Items:

(1) Unit prescribed in Item (1) and Item (3) of Article 53

The sum of the differences between the amount to be paid and the amount to be received in respect of the accounts set forth in Item (1) and Item (3), A) and B) of Article 53 of the same Clearing Participant;

(2) Unit prescribed in Item (2) of Article 53 and Item (1) and Item (2) of Article 54

The sum of the differences between the amount to be paid and the amount to be received in respect of the accounts set forth in Item (2) of Article 53, Item (1) and Item (2) A) and B) of Article 54 of the same Clearing Participant.

2 The payment/receipt of money set forth in the preceding Paragraph shall be made between the Clearing Participant and JSCC. The payment/receipt in this case shall be performed in a manner prescribed by JSCC.

3 In the case prescribed by JSCC, a Clearing Participant may, in lieu of the payment and receipt of money as set forth in the preceding two Paragraphs, pay and receive, by each account set forth in Article 53 and Article 54 that are managed by that Clearing Participant, the net of the amount to be paid and the amount to be received in respect of the relevant account in a manner prescribed by JSCC.

(Article 63. Application of the Rules in the Event of Give-up)

With respect to the Commodity Futures Contracts which are newly formed as a result of the completion of the Give-up, the Clearing Participant which is also the Trading Participant Executing Clearance^{*1*2} is deemed to have concluded the relevant Commodity Futures Contracts, and the provisions of this Chapter and the following Chapter shall apply accordingly.

(*1 referring to the Trading Participant Executing Clearance prescribed by the Designate Market Operator)

(*2 in the case where the relevant Trading Participant Executing Clearance is a Non-Clearing Participant, referring to its Designated Clearing Participant)

(Article 64. Locus of Responsibility in the case where Settlement Price is not able to be

Reference Translation

Business Rules on Business of Assuming Commodity Transaction Debts

Calculated, etc.)

A Clearing Participant is not entitled to seek indemnity against JSCC, the Designated Market Operator and the entity calculating such published price or index for any damages suffered by it as a result of an inability, delay or error regarding the calculation or distribution of the Settlement Price, the published price or the index prescribed by the Designated Market Operator, or as a result of a change in the Final Settlement Price.

Chapter 8 Succession of Margin and Unsettled Contract

(Article 65. Succession of Margin and Unsettled Contract)

The matters with respect to handling of the Margin under the Business of Assuming Commodity Transaction Debts performed by JSCC, money, securities and other articles deposited for a settlement by delivery related to transactions in a Commodity market, and the Unsettled Contracts in the event of the suspension of assumption of obligations due to insolvency shall be prescribed in the Rules on Margins and the Like for Business of Assuming Commodity Transaction Debts.

Chapter 9 Position Transfers

(Article 66. Position Transfers)

- 1 In addition to the cases stipulated separately in these Business Rules, a Clearing Participant may, after obtaining JSCC's approval, transfer its Unsettled Contracts to other Clearing Participants.
- 2 When a Clearing Participant transfers its Unsettled Contracts pursuant to the provisions of the preceding Paragraph^{*1}, it shall obtain acknowledgment of another Clearing Participant as to the Position Transfer and submit an application to JSCC by the cutoff time prescribed by JSCC in a manner prescribed by JSCC.
(*1 hereinafter referred to as the "Position Transfer" in this Chapter)
- 3 In the case of the preceding Paragraph, the Position Transfer shall become effective when JSCC approves such Position Transfer.
- 4 When implementing the Position Transfer, the Settlement Price of each contract month contract or rolling-spot Futures Contract on the Trading Day which ends on the day immediately preceding the day on which the relevant Position Transfer is to be implemented shall be used as the Contract Price.
- 5 In the event that an Agency Clearing Participant received a notification from a Non-Clearing Participant concerning the Position Transfer in accordance with the rules prescribed by the Designated Market Operator, such Agency Clearing Participant shall submit to JSCC an application setting forth the content thereof by the cutoff time prescribed by JSCC and in a manner prescribed by JSCC, and obtain JSCC's approval.

(Article 67. Suspension of Position Transfers)

In the event that JSCC determines it difficult to permit Position Transfer on a continuing basis due to failure of operation of the system for Position Transfers or other reason, JSCC may suspend Position Transfers.

Chapter 10 Clearing Deposit

(Article 68. Deposit of Clearing Fund)

- 1 A Clearing Participant shall deposit with JSCC, in a manner prescribed by JSCC, the clearing funds, by each category prescribed in each of the following Items, for the purpose of ensuring performance of its obligations owed to JSCC, and applying to the compensation for any loss suffered by JSCC as set forth in these Business Rules in the event of JSCC acknowledging default and the like of any other Clearing Participant:
 - (1) A clearing fund relating to Energy Futures Clearing Qualification;
 - (2) A clearing fund relating to Dojima Agricultural Futures Clearing Qualification;
 - (3) A clearing fund relating to Dojima Sugar Futures Clearing Qualification; and
 - (4) A clearing fund relating to Dojiima Precious Metal Futures Clearing Qualification.
- 2 When the deposited balance of the clearing fund set forth in the preceding Paragraph falls short of the required amount of the clearing fund as prescribed by the rules of JSCC, the Clearing Participant shall deposit with JSCC an amount at least equal to such shortfall by 2:00 P.M. on the day immediately following the day on which such shortfall occurs.
- 3 A Clearing Participant must deposit the amount determined by JSCC in respect of the clearing fund as set forth in Paragraph 1^{*1} in Japanese yen cash.
(*¹ hereinafter referred to as “Clearing Fund Cash Requirement”)
- 4 A Clearing Participant may deposit a portion of a clearing fund exceeding the Clearing Fund Cash Requirement in the currency designated by JSCC. In this case, when a Clearing Participant deposits cash in any currency other than Japanese yen, it's appraisal value shall be the amount equal to the value of cash in that currency converted to Japanese yen at the telegraphic transfer spot buying rate per 1 unit of that currency in the Tokyo foreign exchange market on the day which is two days before the date of deposit multiplied by a certain rate determined by JSCC.
- 5 Notwithstanding the provisions of the immediately preceding Paragraph, securities^{*1} may be deposited in lieu of cash as to the portion of the clearing fund exceeding the Clearing Fund Cash Requirement in a manner prescribed by JSCC.
(*¹ limited to the securities which are deemed appropriate by JSCC taking the liquidity and other factors into account)
- 6 The substituting price of the securities prescribed in the preceding Paragraph shall be calculated by multiplying the market price determined by JSCC as of the day which is two days before the date of the deposit of the relevant securities by a certain rate determined by JSCC; provided, however, that when JSCC deems it specifically necessary, such as an excessive fluctuation in the market, JSCC may extraordinarily change the substituting price.

7 In addition to the provisions of the preceding two Paragraphs, matters concerning the securities to be deposited in lieu of cash as clearing fund shall be prescribed by JSCC.

(Article 69. Special Provisions for Clearing Fund in Default Settlement Period)

1 Notwithstanding the provisions of Paragraph 1 of the preceding Article, the required amount of clearing fund for each Clearing Participant by a type of Clearing Qualification during the Default Settlement Period^{*1} shall be the required amount of clearing fund for each of the Commodity Transaction Clearing Qualifications of each such Clearing Participant on the day immediately preceding the date on which such Default Settlement Period commences.

(*1 excluding the last day of such period)

2 In the case where a clearing fund is applied in whole or in part during the Default Settlement Period pursuant to Paragraph 1 of Article 82, notwithstanding the provisions of Paragraph 2 of the preceding Article, a Clearing Participant shall not be obliged to make additional deposit of a clearing fund in the amount equivalent to such application until the relevant Default Settlement Period ends.

(Article 70. Clearing Deposit)

The clearing fund prescribed in the preceding two Articles, which JSCC shall receive from Clearing Participants in order to ensure the performance of their obligations, shall be the Clearing Deposit prescribed in Article 180 of the Act.

(Article 71. Management of Clearing Deposit)

1 JSCC shall hold the Clearing Deposit set forth in the preceding Article by segregating it from its proprietary assets through such methods as utilizing a separate account, and manage it on a book in respect of each Clearing Participant.

2 JSCC may, upon receiving a notification from a Clearing Participant that it desires a management of the Cleared Deposit^{*1} in a manner separately prescribed by JSCC^{*2}, perform the Specified Management of the said Clearing Deposit, as prescribed by JSCC.

(*1 limited to cash deposited in Japanese currency only)

(*2 hereinafter referred to as the "Specified Management")

3 The profit or loss^{*1} arising from the Specified Management set forth in the immediately preceding Paragraph shall vest in JSCC.

(*1 including expense and fees necessary for the said Specified Management)

4 If the profit arises from the Specified Management stipulated in Paragraph 2, JSCC may pay the amount prorated in the manner prescribed by JSCC to the Clearing Participant

who made a notification set forth in Paragraph 2.

5 A Clearing Participant who made a notification set forth in Paragraph 2 shall pay, with respect to the loss arising from the Specified Management set forth in the said Paragraph, the amount prorated in a manner prescribed by JSCC.

(Article 72. Refund of Clearing Fund upon Renunciation of Clearing Qualification)

1 When a Clearing Participant renounces its Commodity Transaction Clearing Qualification^{*1}, in whole or in part, JSCC shall refund the clearing fund related to the renounced Commodity Transaction Clearing Qualification after the date of the renunciation; provided, however, that if there remains unsettled Contracts for Clearing of the Clearing Participant which has renounced such Clearing Qualification, or if JSCC otherwise deems it necessary, JSCC may suspend the refund of the clearing fund related to the renounced Commodity Transaction Clearing Qualification until such reason ceases to exist.

(*1 including the renunciation due to a revocation of Clearing Qualification; the same applies hereinafter in this Article and the following Article)

2 Notwithstanding the provisions of the preceding Paragraph, in the event that an application for the renunciation of the Commodity Transaction Clearing Qualification of a Clearing Participant is submitted during a Default Settlement Period set forth in Paragraph 1 of Article 77 or in the event that a Default Settlement Period commences during the period from the date of such application to the day on which the renunciation of the Clearing Qualification of the relevant Clearing Participant becomes effective, and when a loss is recovered by the clearing funds of the Clearing Participants other than the Default Clearing Participant set forth in Paragraph 1 of Article 82 in a Default Settlement Period, JSCC shall refund the clearing fund after deducting the amount used for such recovery of loss from the clearing fund for each category of the Clearing Qualification on and after the date of the renunciation by the relevant Clearing Qualification.

Chapter 11 Measures in Case of Failure of Settlement by Clearing Participant

Section 1 General Rules

(Article 73. Use of Clearing Fund for Settlement at the Time of Settlement Default)

1 When a Clearing Participant fails to perform its settlement of Contracts for Clearing and JSCC considers it difficult to have such Clearing Participant complete the settlement of Contracts for Clearing through borrowing from other persons or any other means, JSCC may use the clearing fund^{*1} deposited by Clearing Participants other than the Clearing Participant caused such failure^{*2} as of the date of occurrence of such failure^{*3} to complete the settlement of the Contracts for Clearing^{*4}.

(*¹ limited to those deposited in Japanese yen cash; the same applies in the following Article)

(*² hereinafter referred to as "Clearing Participants on Settlement Use Commencement Date")

(*³ hereinafter referred to as "Settlement Use Commencement Date")

(*⁴ hereinafter referred to as "Settlement Use")

2 The Settlement Use will be performed to the extent JSCC deems necessary in the amount up to the required amount of clearing fund in respect of the Clearing Participants on Settlement Use Commencement Date as of the day immediately preceding the Settlement Use Commencement Date.

3 When JSCC implemented the Settlement Use, JSCC shall notify such effect to the Clearing Participants on Settlement Use Commencement Date without delay.

(Article 74. Refund of Clearing Fund upon Settlement Use)

When implementing the Settlement Use, JSCC may suspend a refund of clearing fund to the Clearing Participants on Settlement Use Commencement Date until the termination of the Settlement Use pursuant to the provisions of the following Article.

(Article 75. Termination of Settlement Use)

1 The Settlement Use shall terminate when JSCC considers that the settlement of Contracts for Clearing to which the Settlement Use relates has been completed.

2 Upon termination of the Settlement Use pursuant to the provisions of the immediately preceding Paragraph, JSCC shall notify such effect to the Clearing Participants on Settlement Use Commencement Date without delay.

3 Upon termination of the Settlement Use pursuant to the provisions of Paragraph 1, JSCC

shall pay the amount prescribed by JSCC to the Clearing Participants on Settlement Use Commencement Date in a manner prescribed by JSCC.

(Article 76. Measures in case of Settlement Default)

1 When a Clearing Participant fails to 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, to the extent and for the period that JSCC deems necessary, to suspend assumption of obligations under the Contracts Subject to Clearing to which such Clearing Participant^{*1} is a party and to suspend such Clearing Participant from receiving all or a part of the securities, Warehouse Receipts and the Like and money which were to be received from JSCC.

(*1 hereinafter referred to as the "Default Clearing Participant")

2 In the event that the Default Clearing Participant fails to perform the settlement of Contracts for Clearing, JSCC may cause other Clearing Participants it designates to sell or buy the securities, Warehouse Receipts and the Like or Commodities or to perform similar acts which are necessary for the handling of the relevant default.

3 JSCC may apply the securities, Warehouse Receipts and the Like, Commodities and money, the receipt of which was suspended pursuant to the provisions of Paragraph 1, to satisfy the obligations pertaining to the default of the settlement of Contracts for Clearing by the Default Clearing Participant.

4 The Default Clearing Participant which has become subject to the measure of suspending assumption of obligations pursuant to the provisions of Paragraph 1 may, after obtaining JSCC's approval, transfer its unsettled Contracts for Clearing pertaining to the Contracts Subject to Clearing gave rise to the obligations which became subjected to such measure to other Clearing Participants during the duration of such measure; provided, however, that the foregoing shall not apply in the case where the measure of suspending assumption was imposed against all the obligations under the Contracts Subject to Clearing to which the Default Clearing Participant is a party pursuant to the provisions of the following Paragraph.

5 In the event that JSCC has taken the measure set forth in Paragraph 1, if the Default Clearing Participant became insolvent, or if JSCC deems that there is a real possibility for the Default Clearing Participant to become insolvent or otherwise it is specifically necessary to do so^{*1}, notwithstanding the provisions of the said Paragraph, JSCC may impose the measure of suspending assumption of all the obligations under the Contracts Subject to Clearing to which the Default Clearing Participant is a party and of suspending the Default Clearing Participant from receiving securities, Warehouse Receipts and the

Like, Commodities and money which were to be received from JSCC, until the cause thereof ceases to exist.

(*¹ hereinafter referred to as “Determination of Insolvency”)

6 The provisions of Paragraph 3 shall apply *mutatis mutandis* to the securities, Warehouse Receipts and the Like, Commodities and money the receiving of which was suspended pursuant to the provisions of the preceding Paragraph.

7 In the event that JSCC has suspended assumption of all the obligations under the Contracts Subject to Clearing to which the Default Clearing Participant is a party pursuant to the provisions of Paragraph 5, JSCC may, taking into consideration the composition and size of the Default Clearing Participant’s portfolio of Unsettled Contracts*¹ and market conditions, cause the Default Clearing Participant to transfer to other Clearing Participants, perform Offsetting Sale or Offsetting Purchase of, or execute hedge transactions*² on the account of the relevant Default Clearing Participant in respect of, the relevant Defaulted Contracts and cause other arrangements that JSCC deems necessary to be made.

(*¹ hereinafter referred to as “Defaulted Contracts”)

(*² referring to Contracts Subject to Clearing to be executed to avoid all or part of losses that JSCC may incur up to the time when the arrangement set forth in this Paragraph is made)

8 If the Defaulted Contracts remain, or is likely to remain, even after the implementation of the measures set forth in the preceding Paragraph, and only when JSCC considers it necessary to prevent emergence or expansion of loss set forth in Paragraph 1 of the following Article, JSCC may hold a Default Settlement Auction*¹.

(*¹ referring to an auction process to have transactions for the purpose of the liquidation of the Defaulted Contracts executed; the same applies hereinafter)

9 Notwithstanding the provisions of Paragraph 7, in the case where JSCC has suspended assumption of all the obligations under the Contracts Subject to Clearing to which the Default Clearing Participant is a party pursuant to the provisions of Paragraph 5, if there are Defaulting Delivery Positions*¹ of the relevant Default Clearing Participant, JSCC shall perform the liquidation for the completion of the settlement of the relevant Defaulting Delivery Positions and hold a Default Settlement Auction in a manner prescribed by JSCC.

(*¹ referring to the Defaulted Contracts which have already been determined to be settled by delivery related to Physical Settlement Futures Contracts as prescribed in these Business Rules; the same applies hereinafter)

10 Only to the extent necessary to make the arrangements set forth in Paragraph 7, JSCC may assume, from the Default Clearing Participant which has become subject to the measure of suspending assumption of all the obligations pursuant to the provisions of

Paragraph 5, the obligations under the relevant Default Clearing Participant's Contracts Subject to Clearing.

- 11 When JSCC deems it necessary to do so, JSCC may cause other Clearing Participants to make the arrangements set forth in Paragraph 7.
- 12 In the case of Paragraph 2 and the preceding Paragraph, an entrustment agreement shall be deemed to have been formed between such other Clearing Participant and the Clearing Participant subject to the suspension of assumption of obligations.

(Article 77. Setting Default Settlement Period)

- 1 JSCC shall set the Default Settlement Period defined in the following Paragraph.
- 2 A Default Settlement Period shall be a period of 30 days from the date of the Determination of Insolvency of a Clearing Participant^{*1}; provided, however, that if another Clearing Participant becomes subject to the Determination of Insolvency during such period, such period shall be extended until the day on which JSCC deems that the settlement of default of such other Clearing Participant completes, and if any further Clearing Participant becomes subject to the Determination of Insolvency during such extended period, such period shall be further extended in the same manner.

(*1 except where the Default Settlement Period has already commenced at the time of such Determination)

(Article 78. Consultation to Avoid Early Termination)

- 1 When a Default Settlement Auction is held in respect of the Defaulted Contracts related to the Default Clearing Participant, where it is threatened that the losses arising out of the Determination of Insolvency of the Default Clearing Participant fixed by successfully concluding the Default Settlement Auction cannot be recovered in full under the provisions of Paragraph 1 and Paragraph 3 of Article 83, JSCC, the Designated Market Operator of which the Default Clearing Participant is a Member and the Clearing Participants shall consult on the responsive measures as to the settlement and the like of such loss in a manner prescribed by JSCC.
- 2 When, as a result of the consultation pursuant to the provisions of the preceding Paragraph, all of the requirements stipulated in the following Items are satisfied among JSCC, the Designated Market Operator of which the Default Clearing Participant is a Member and all Clearing Participants, an agreement on how to settle losses is considered to have reached and JSCC shall settle such losses in accordance with such agreement. In such case, the settlement shall enable JSCC to recover such losses in full and to continue its Clearing Business related to each Clearing Qualification.

(1) At least two-thirds of the Clearing Participants other than Default Clearing Participant existing during the Default Settlement Period^{*1}, in terms of the ratio of the required amount of clearing fund for the Default Settlement Period to the aggregate amount of such required amount of clearing fund for all Clearing Participants for Default Settlement Period, is for the method of settlement submitted to the consultation.

(*1 hereinafter referred to as "Clearing Participant for Default Settlement Period")

(2) The consent of the Clearing Participants to bear additional burden if the proposed method is taken, JSCC and the Designated Market Operator of which the Default Clearing Participant is a Member is obtained.

2 In addition to the preceding two Paragraphs, matters necessary for the consultation prescribed in this Article shall be set by JSCC at each applicable occasion.

(Article 79. Early Termination)

1 In the case where the consultation is conducted pursuant to the provisions of Paragraph 1 of the preceding Article, when an agreement on how to settle losses under Paragraph 2 of the said Article cannot be reached, the position subject to Defaulted Contracts, and the position related to Contracts Subject to Clearing of the Clearing Participants for Default Settlement Period designated by JSCC to be allocated, shall terminate early as a matter of course at the time JSCC designates at each occasion without any specific expression of intention from JSCC or Clearing Participants.

2 The early termination described in the preceding Paragraph refers to a process of terminating the Contracts for Clearing before its Last Trading Day^{*1} due to cause other than notification of Clearing Participants given pursuant to the provisions of these Business Rules.

(*1 referring to the Last Trading Day prescribed by the Designated Market Operator)

3 Upon early termination of the Contracts for Clearing, a notification of Offsetting-Sale or Offsetting-Purchase quantity concerning the position subject to the early termination shall be deemed to have been submitted by the Default Clearing Participant or the Clearing Participant for Default Settlement Period, as the case may be.

4 In the event of the preceding Paragraph, the Clearing Participant shall settle the early termination charge with JSCC in a manner prescribed by JSCC.

5 The early termination charge described in the preceding Paragraph shall be the amount JSCC calculates, as to the position allocated to the Clearing Participants for Default Settlement Period pursuant to the provisions of Paragraph 1, by deeming that the offsetting transactions against Unsettled Contracts, such as Offsetting Sale or Offsetting Purchase, has been executed at the Settlement Price for the date of the early termination.

6 In addition to each of the preceding Paragraphs, the matters necessary for the early termination shall be set by JSCC at each applicable occasion.

(Article 80. Notification of Imposition of Measure to Suspend Assumption of Obligations)

In the event that JSCC has imposed the measure of suspending assumption of obligations under the Contracts Subject to Clearing to which a Clearing Participant is a party pursuant to the provisions of Paragraph 1 or Paragraph 5 of Article 76, JSCC shall notify that effect to all the other Clearing Participants having Clearing Qualification of the same category as that of the relevant Clearing Participant.

(Article 81. Compensation for Loss Caused by Settlement Default)

1 In the event that JSCC has suffered loss^{*1} as a result of the nonperformance of the settlement of the Contracts for Clearing by the Default Clearing Participant, each of the following deposit^{*2} shall be applied to compensate for such loss according to the purpose thereof:

(*1 including the loss JSCC incurred in the course of the settlement of such default^{*1-1})

(*1-1 including the settlement which takes place when JSCC deems that there is a real possibility of default)

(*2 in case of securities in lieu of cash or warehouse receipts^{*2-1}, the amount obtained through liquidation of such Securities in Lieu of Cash in a manner prescribed by JSCC)

(*2-1 hereinafter referred to as "Securities in Lieu of Cash")

(1) Margin for the proprietary account deposited with JSCC by the Default Clearing Participant;

(2) Margin in respect of which the Default Clearing Participant has a claim for refund^{*1}

(*1 excluding the Margin set forth in the preceding Item);

(3) Clearing fund deposited with JSCC by the Default Clearing Participant; and

(4) Other deposit and the like deposited with JSCC by the Default Clearing Participant.

2 In addition to the sources set forth in the immediately preceding Paragraph, JSCC shall be compensated for its loss from the following sources:

(1) Regarding the deposit set forth in each Item of the preceding Paragraph, if there is any residual amount after being used for its original purpose, such residual amount;

(2) Other deposits that the Default Clearing Participant has deposited with JSCC^{*1}; and
(*1 if JSCC has used it for its original purpose, the remaining amount)

(3) Excess collateral^{*1} that the Default Clearing Participant has deposited with JSCC in connection with any Other Clearing Business^{*2}

(*1 referring to the margin, clearing fund or other collateral^{*1-1} which the Default Clearing

Participant has deposited with JSCC in connection with any Other Clearing Business, that remains after the application to the payment of the obligations of the Default Clearing Participant in accordance with the provisions of the business rules of such Other Clearing Business)

(*1-1 limited only to those of which the Default Clearing Participant has the claim for refund)

(*2 referring to the Financial Instruments Obligation Assumption Business conducted by JSCC and businesses pertaining thereto; the same applies hereinafter)

3 If any part of the loss remains uncompensated after the operation of the provisions of the preceding two Paragraphs, the participant bond*¹ which the relevant Default Clearing Participant has deposited with the Designated Market Operator of which it is a Member shall be applied to compensate for the remaining loss.

(*¹ if the customer has exercised the preferential right to receive payment in respect of the bond, its balance)

(1) By the Designated Commodity Market, apply the participant bond related to the relevant Designated Commodity Market;

(2) In the case where there is a Designated Commodity Market which compensated for all losses, the participant bond of the relevant Designated Commodity Market shall be applied to the loss from other Designated Commodity Market that the Designated Market Operator operates in connection with the relevant Designated Commodity Market;

(3) If any part of the loss remains uncompensated after the operation of the provisions of the preceding two Items, the remaining amount of the participant bond applied to the loss pursuant to the preceding two Item shall be applied to compensate for the remaining loss; provided, however, that if the loss remains uncompensated for two or more Designated Commodity Markets, the amount of loss remaining uncompensated for each of the Designated Commodity Market shall be compensated for by the amount of the participant bond prorated according to the amount of such remaining loss.

4 If any part of the loss in respect of each category of Clearing Qualification remains uncompensated after the operation of the provisions of the preceding three Paragraphs, and if there is any money to be received as a result of a third party guarantee against loss or other money or other assets with the particular purpose to compensate for the relevant loss*¹, JSCC shall be compensated with such money and assets.

(*¹ excluding the charge set forth in Paragraph 7 and the following Article)

5 If any part of the loss in respect of each category of Clearing Qualification remains uncompensated after the operation of the provisions of Paragraph 1 through the preceding

Paragraph, JSCC shall be compensated from the Commodity Futures Contracts Settlement Guarantee Reserve maintained by JSSC.

- 6 The amount of the Commodity Futures Contracts Settlement Guarantee Reserve maintained by JSSC referred to in the preceding Paragraph shall be the amount reserved or otherwise set aside in a manner prescribed by JSCC.
- 7 The matters necessary for the loss compensation prescribed in each of the preceding Paragraphs shall be set by JSCC on each applicable occasion.

(Article 82. Compensation for Loss with Clearing Fund of Non-Default Clearing Participants)

- 1 In the case where any portion of the loss^{*1} related to Energy Futures Clearing Qualification, Dojima Agricultural Futures Clearing Qualification, Dojima Sugar Futures Clearing Qualification or Dojima Precious Metal Futures Clearing Qualification which JSCC has incurred as a result of the nonperformance by a Default Clearing Participant of the settlement of Contracts for Clearing existing between JSCC and such Default Clearing Participant still remains uncompensated even after the operation of the provisions of the preceding Article, such loss shall be compensated for with the amount representing the required amount of clearing fund for each Clearing Qualification set forth in Article 69, deposited by the Clearing Participants for Default Settlement Period with JSCC on the day immediately preceding the date on which the Default Settlement Period related to the relevant loss commences in a manner prescribed by JSCC.

(*1 including the loss JSCC has incurred in performing the settlement pursuant to the provisions of Article 75; the same applies hereinafter in this Article and the following Article)

- 2 In the event of the immediately preceding Paragraph, when JSCC held the Default Settlement Auction, the clearing fund shall be applied to the loss remaining uncompensated as per the preceding Paragraph in the order from the clearing fund deposited by the Clearing Participants for Default Settlement Period other than the Successful Bidder Participants^{*1} in the relevant Default Settlement Auction and then those deposited by the Successful Bidder Participants.

(*1 referring to the Clearing Participants bid in the Default Settlement Auction which won the bid; the same applies hereinafter)

- 3 In the case where JSCC deems it difficult to calculate the uncompensated loss as referred to in Paragraph 1 for a considerable period, JSCC may regard the amount which is provisionally estimated and calculated by JSCC as such uncompensated loss, and compensate for such amount in the manners prescribed in Paragraph 1. In such case, when such uncompensated loss is firmly determined, the difference between such firmly

determined amount and the provisional amount calculated by JSCC shall be paid/received between the Clearing Participants for Default Settlement Period and JSCC.

- 4 When JSCC has made collection from the Default Clearing Participant against its claim pertaining to the loss which was compensated for pursuant to Paragraph 1, JSCC shall repay such collected amount to the Clearing Participants for Default Settlement Period by prorating it among them.

(Article 83. Special Clearing Charge)

- 1 Regarding the loss which JSCC has incurred as a result of the nonperformance by a Default Clearing Participant of the settlement of Contracts for Clearing with JSCC, in the case where any portion of such loss still remains uncompensated even after the operation of the provisions of the preceding Article, all Clearing Participants for Default Settlement Period shall pay the First Special Clearing Charge in a manner prescribed by JSCC. In such case, JSCC shall apply such First Special Clearing Charge to the recovery of such uncompensated loss.
- 2 The amount of the First Special Clearing Charge set forth in the preceding Paragraph shall be, for each category of the Clearing Qualification, the amount equal to the uncompensated loss stipulated in the said Paragraph prorated in a manner prescribed by JSCC among the Clearing Participants for Default Settlement Period; provided, however, that the amount of the First Special Clearing Charge shall be capped at three times of the required amount of clearing fund of the Clearing Participants for Default Settlement Period on the day immediately preceding the day on which the Default Settlement Period commences.
- 3 In the case where any portion of the loss remains uncompensated even after the application of the First Special Clearing Charge, all Clearing Participants for Default Settlement Period shall pay the Second Special Clearing Charge in a manner prescribed by JSCC. In such case, JSCC shall apply such Second Special Clearing Charge for compensating for such uncompensated loss.
- 4 The amount of the Second Special Clearing Charge under the preceding Paragraph shall be obtained by prorating the amount of the loss remaining uncompensated after the application of the First Special Clearing Charge according to the net receivable^{*1} of the amount prescribed by JSCC as the amount equivalent to the VM/OP Premium^{*2} that should have been settled, in respect of the Clearing Participants for Default Settlement Period, during the period from the date of the Determination of Insolvency of the Default Clearing Participant to the date of completion of the liquidation related to the relevant Determination of Insolvency^{*3}.

(*¹ only when the relevant amount is positive value)

(*² including the amount equivalent to the VM/OP Premium arising in association with the Default Settlement Auction prescribed in Paragraph 8 of Article 76 and the early termination charge prescribed in Paragraph 4 of Article 79; hereinafter referred to as "VM/OP Premium Equivalent")

(*³ hereinafter referred to as "Liquidation Period")

5 If any of the Clearing Participants for Default Settlement Period does not pay the First Special Clearing Charge set forth in Paragraph 1, the Second Special Clearing Charge set forth in Paragraph 3 or the early termination charge set forth in Paragraph 4 of Article 79, such Clearing Participant for Default Settlement Period shall be regarded as having failed to perform the settlement of Contracts for Clearing on the date on which the default occurred*¹ with respect to such unpaid amount, and the provisions from Article 76 to this Article shall be applied accordingly.

(*¹ including the day on which it is acknowledged that there is a real possibility of a default)

6 The provisions of Paragraph 3 and Paragraph 4 of the preceding Article shall apply *mutatis mutandis* in the case where JSCC deems it difficult to calculate the amount of loss which remains uncompensated as referred to in Paragraph 1 for a considerable period. In such case, the phrase, "(JSCC may) compensate for such amount in the manners prescribed in Paragraph 1," in the first sentence of Paragraph 3 of the said Article shall be deemed to be "(JSCC may) demand payment of the First Special Clearing Charge and the Second Special Clearing Charge on the day set by JSCC."

Chapter 12 Miscellaneous Provisions

(Article 84. Extraordinary Change of Settlement Cutoff Time)

When JSCC deems it necessary, JSCC may extraordinarily change the settlement cutoff time in respect of Contracts for Clearing between JSCC and a Clearing Participant. In such case, JSCC shall notify Clearing Participants to that effect in advance.

(Article 85. Postponement of Settlement Date Due to System Failure, etc.)

- 1 In the case where JSCC deems it impossible or difficult to carry out the settlement of Contracts for Clearing by using 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, due to an occurrence of a system failure to those systems or some other unavoidable reasons, JSCC may defer all or a part of the settlement to the following day or later. In such case, JSCC shall notify Clearing Participants to that effect in advance.
- 2 Matters necessary for the postponement of the settlement date set forth in the preceding Paragraph shall be prescribed by JSCC at each applicable occasion.

(Article 86. Extraordinary Measures in Cases of Natural Disaster, etc.)

- 1 If circumstances lead up to the event that the settlement of Contracts for Clearing is deemed to be impossible or extraordinarily difficult due to a natural disaster, economic upheaval, a shortage of goods or other unavoidable reasons, JSCC may set new conditions of the settlement for the relevant contract through a resolution adopted at the meeting of the board of directors of JSCC.
- 2 When JSCC has set the new conditions of the settlement pursuant to the preceding Paragraph, the Clearing Participants shall comply with them.
- 3 In the case of the event stipulated in Paragraph 1 and when JSCC acknowledges urgent need therefor, JSCC may set new conditions of the settlement without the resolution of the board of directors' meeting.

(Article 87. Application of Excess Collateral relating to Business of Assuming Commodity Transaction Debts and Associated Business to Other Clearing Business)

JSCC may apply the excess collateral deposited by a Default Clearing Participant in relation to the Business of Assuming Commodity Transaction Debts and Associated Business^{*1} to the payment of any other obligations owed by such Default Clearing Participant to JSCC in accordance with the provisions of the business rules of the Other Clearing Businesses as applicable.

Reference Translation

Business Rules on Business of Assuming Commodity Transaction Debts

(*¹ referring to the Margin, delivery price, Clearing Deposit or other collateral of which the Default Clearing Participant has the right to claim refund from JSCC in connection with the Business of Assuming Commodity Transaction Debts, that remains after the application to the payment of the obligations of the Default Clearing Participant in accordance with the provisions of these Business Rules*¹⁻¹)

(*¹⁻¹ including any rules and regulations promulgated hereunder)

(Article 88. Payment of Fees by Designated Market Operator)

A Designated Market Operator shall pay JSCC the fees prescribed by JSCC in its rules in accordance with such rules.

(Article 89. Prohibition of Transfer of Claims)

A Clearing Participant may not transfer or commit to transfer to a third person, or furnish as collateral, any and all claims prescribed in these Business Rules*¹ unless otherwise provided herein; provided, however, that this provision shall not apply when a Clearing Participant furnishes the right to claim refund of the Clearing Deposit to National Future Protection Fund as collateral.

(*¹ including any rules and regulations promulgated hereunder; the same applies hereinafter in this Article)

(Article 90. Entrustment of Operations)

- 1 JSCC may delegate such administrative works related to the Business of Assuming Commodity Transaction Debts as are specified by JSCC to an entity designated by JSCC.
- 2 In addition to these Business Rules, Clearing Participants shall comply with the rules in respect of the administrative work described in the preceding Paragraph which are set by the entity designated pursuant to the said Paragraph and are approved by JSCC.
- 3 The provisions of Article 18 shall apply *mutatis mutandis* to the case set forth in Paragraph 1.

(Article 91. Stipulation of Necessary Matters Regarding Business of Assuming Commodity Transactions Debts)

In addition to the matters prescribed in these Business Rules, when JSCC deems it necessary regarding the Business of Assuming Commodity Transaction Debts, JSCC may stipulate rules concerning required operations.

(Article 92. Incidental Business)

Reference Translation

Business Rules on Business of Assuming Commodity Transaction Debts

JSCC shall conduct the businesses incidental to the Business of Assuming Commodity Transaction Debts.

(Article 93. Financial Instruments Obligation Assumption Business and Related Businesses)
JSCC engages in the Financial Instruments Obligation Assumption Services, etc. prescribed in Item 6 of Paragraph 1 of Article 156-3 of the Financial Instruments and Exchange Act.

(Article 94. Authority to Make Amendments)

Amendments to these Business Rules shall be made by resolutions adopted at the meetings of the board of directors; provided, however, that the foregoing shall not apply when the amendments are not material.

Supplementary Provisions

- 1 These Business Rules shall come into effect on July 27, 2020;
- 2 If JSCC considers it inappropriate to apply the provisions of these Business Rules due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing Participants in relation to Contracts for Clearing, handling of the assumption of obligations and other necessary matters shall be decided by JSCC at each applicable occasion.
- 3 In respect of the matters listed in each of the below Items and all necessary procedures and other actions concerning such matters, JSCC may perform such matters in accordance with these Business Rules even before the effective date of these Business Rules*1.
(*1 hereinafter referred to as the "Effective Date")
 - (1) Approval of the acquisition of the Energy Futures Clearing Qualification, Dojima Agricultural Futures Clearing Qualification or Dojima Sugar Futures Clearing Qualification for the applicant pursuant to the provisions of Paragraph 3 of Article 6;
 - (2) The examination pursuant to the provisions of Article 7
- 4 When a person falling under any of the below Items applies for an acquisition of the Clearing Qualification specified in the relevant Item in a manner prescribed by JSCC*1, JSCC will not perform the examination on the matters set forth in Item (5) A) 3 of Article 7:
(*1 Only in case of acquisition of Principal Clearing Qualification)
 - (1) An entity holding the clearing qualification of Japan Commodity Clearing House Co., Ltd.*1 relating to the energy market or Chukyo Oil market at Tokyo Commodity Exchange, Inc.
(*1 hereinafter referred to as "JCCH")
Energy Futures Clearing Qualification;
 - (2) An entity holding the clearing qualification of JCCH relating to the agricultural market at Osaka Dojima Commodity Exchange
Dojima Agricultural Futures Clearing Qualification; and
 - (3) An entity holding the clearing qualification of JCCH relating to the sugar market at Osaka Dojima Commodity Exchange
Dojima Sugar Futures Clearing Qualification.
- 5 The entity applied for acquisition of the Clearing Qualification pursuant to the provisions of the preceding Paragraph which falls under any of the Items of Paragraph 3 of Article 29 must eliminate such event within the period of one (1) year after the Effective Date, and if it is unable to do so, JSCC may implement a measure of revocation of the Clearing

Qualification for such entity.

- 6 As to the Dojima Agricultural Futures Clearing Participants and Dojima Sugar Futures Clearing Participants, the matters set forth in the provisions from Article 53 through Article 55 shall be performed in a manner it performed in its capacity as a clearing participant of JCCH before the Effective Date for the time being.
- 7 In addition to the provisions of Paragraph 2 through the preceding Paragraph, matters regarding the handling of the assumption of obligations at the time these Business Rules come into effect and other necessary matters shall be set by JSCC at each applicable occasions.

Supplementary Provisions

These revised Rules shall come into effect on April 1, 2021.

Supplementary Provisions

These revised Rules shall come into effect on the later of (i) the date on which the amendment to the Articles of Incorporation of Osaka Dojima Commodity Exchange, Inc. related to its trade name change becomes effective, or (ii) the date on which the authorizations of the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry are granted.

Supplementary Provisions

These revised Rules shall come into effect on the later of April 4, 2022 or the date on which the authorizations of the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry are granted.

Supplementary Provisions

- 1 These revised Rules shall come into effect on the later of September 21, 2022 or the date on which the authorizations of the Minister of Agriculture, Forestry and Fisheries and the Minister of Economy, Trade and Industry are granted.
- 2 Notwithstanding the provisions of the preceding Paragraph, if an enforcement of these revised Rules on the date prescribed in the preceding Paragraph is inappropriate due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing

Participants in relation to Cleared Contracts, these revised Rules shall come into force as of the date separately designated by JSCC within 3 months after such date.

Supplementary Provisions

- 1 These revised Rules shall come into effect on March 27, 2023.
- 2 Notwithstanding the provisions of the preceding Paragraph, if an enforcement of these revised Rules on the date prescribed in the preceding Paragraph is inappropriate due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing Participants in relation to Cleared Contracts, these revised Rules shall come into force as of the date separately designated by JSCC within 3 months after such date.
- 3 In respect of the matters listed in each of the below Items and all necessary procedures and other actions concerning such matters, JSCC may perform such matters in accordance with the revised Rules even before the effective date of these revised Rules:
 - (1) Approval of an acquisition of Dojima Precious Metal Futures Clearing Qualification by an applicant pursuant to the provisions of Paragraph 3 of Article 6; and
 - (2) Examination for an acquisition of Dojima Precious Metal Futures Clearing Qualification pursuant to the provisions of Article 7.

Supplementary Provisions

1. These revised Rules shall come into effect on November 23, 2023.
2. With respect to the Dojima Agricultural Futures Clearing Qualification held by Clearing Participants in respect of the settlement by delivery of rice conducted before the effective date of these revisions, the provisions of Article 5, Paragraph 2, Item (2) before the revision shall remain effective after these revised Rules come into effect.

Supplementary Provisions

1. These revised Rules shall come into effect on August 13, 2024.
2. Notwithstanding the provisions of the preceding Paragraph, if an enforcement of these revised Rules on the date prescribed in the preceding Paragraph is inappropriate due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing

Participants in relation to Cleared Contracts, these revised Rules shall come into force as of the date separately designated by JSCC within 3 months after such date.

Supplementary Provisions

1. These revised Rules shall come into effect on May 26, 2025.
2. Notwithstanding the provisions of the preceding Paragraph, if an enforcement of these revised Rules on the date prescribed in the preceding Paragraph is inappropriate due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing Participants in relation to Cleared Contracts, these revised Rules shall come into force as of the date separately designated by JSCC within 3 months after such date.

Supplementary Provisions

1. These revised Rules shall come into effect on August 1, 2025.
2. Notwithstanding the provisions of the preceding Paragraph, if an enforcement of these revised Rules on the date prescribed in the preceding Paragraph is inappropriate due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing Participants in relation to Cleared Contracts, these revised Rules shall come into force as of the date separately designated by JSCC within 3 months after such date.