This English translation of the Business Rules has been prepared solely for reference purposes and shall not have any binding force. The original Japanese text shall be definitive when construing or interpreting the meaning of any provision.
Business Rules
(In effect as of July 16, 2019)

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Supplementary Provisions
Chapter 1 General Provisions

(Article 1 Purpose)
1 These Business Rules set forth the matters necessary for the Financial Instruments Obligation Assumption Business and related businesses and the businesses incidental thereto*, for which the subject contracts shall be the contracts stipulated in each Item of Paragraph 2 of Article 3**, and each of which is conducted by Japan Securities Clearing Corporation***.
(*1 hereinafter referred to as “Securities and Similar Contracts Clearing Business”)
(** hereinafter referred to as “Securities and Similar Contracts”)
(*** hereinafter referred to as “JSCC”)
2 These Business Rules*1 shall apply only to the Securities and Similar Contract Clearing Business conducted by JSCC, and shall not apply to the Financial Instruments Obligation Assumption Business and the like conducted in relation to any contracts subject to clearing other than the Securities and Similar Contracts or any other businesses conducted by JSCC.
(*1 including any rules and regulations promulgated hereunder)

(Article 2 Financial Instruments Obligation Assumption Business and Related Businesses)
JSCC shall engage in the Financial Instruments Obligation Assumption Business which covers the Securities and Similar Contracts conducted pursuant to these Business Rules and the business prescribed in Paragraph 1 of Article 156-6 of the Financial Instruments and Exchange Act (Act No.25 of 1948; hereinafter referred to as “the Act”) which relates to the foregoing.

(Article 3 Contracts Subject to Clearing)
1 The financial instruments which are the subject of the contract*1 constituting the obligation subject to the Securities and Similar Contract Clearing Business conducted by JSCC shall be the financial instruments set forth in each Item provided below:
(*1 hereinafter referred to as “Contracts Subject to Clearing”)
(1) Stocks issued by domestic corporations***;
(* including stock acquisition right securities, preferred equity capital contribution securities*1-1 and capital contribution securities*1-2 issued by a domestic corporation)
(*1-1 referring to those issued by a cooperative-organization-type financial institution; the same applies hereinafter)
(*1-2 referring to those issued by a corporation established under a special law*1-2-1)
(*1-2-1 excluding preferred equity capital contribution securities)
(2) Stocks issued by foreign corporations***;
(*1 including stock acquisition right securities issued by foreign a corporation and
depositary receipts for foreign stocks*1-1)
(*1 referring to those which represent the rights in respect of the stock issued by a
foreign corporation; the same applies hereinafter)

(3) Investment trust beneficiary securities**, investment securities**2, foreign investment trust
beneficiary securities and foreign investment securities;
(*1 referring to the beneficiary securities of investment trusts; the same applies
hereinafter)
(*2 including Investment securities acquisition right securities)

(4) Beneficiary securities of beneficiary securities issuing trusts and beneficiary securities of
foreign beneficiary securities issuing trusts**1;
(*1 referring to securities or certificates which have the characteristics of beneficiary
securities of beneficiary securities issuing trusts and issued by a foreign corporation;
the same applies hereinafter)

(5) Covered warrants**;
(*1 referring to the securities stipulated in Item 19 of Paragraph 1 of Article 2 of the Act;
the same applies hereinafter)

(6) Bonds; and

(7) Standardized instruments which are created by a Financial Instruments Exchange for
Market Transactions of Derivatives by standardizing interest rates, maturity periods
and/or other conditions of Financial Instruments

2 The Contracts Subject to Clearing** shall consist of the contracts set forth in each of the
following Items:
(*limited to the contracts prescribed by JSCC)

(1) Buying and selling securities in a market prescribed in (a) or (b) below**1 which is
operated and managed by a market operator**2 designated by JSCC;
(*1 hereinafter referred to as “Designated Financial Instruments Market”)
(*2 hereinafter referred to as “Designated Market Operator”)

(a) Financial Instruments Exchange Market

(b) Proprietary Trading System**1
(*1 referring to an institution similar to a Financial Instruments Exchange Market, which
is conducted through the electronic data processing system stipulated in Item 10 of
Paragraph 8 of Article 2 of the Act; the same applies hereinafter)

(2) Security Option Contract** in a Designated Financial Instruments Market;
(*1 referring to the contract stipulated in Item 3 of Paragraph 21 of Article 2 of the Act in
respect of buying and selling stock and the contract stipulated in the said Item that is
prescribed by the Designated Market Operator as corresponding to a contract
stipulated in Item 2 of the same Paragraph**1-1); the same applies hereinafter)
(*1-1 limited to those related to securities)

(3) JGB Futures Contract** in a Designated Financial Instruments Market;
("*" referring to the securities futures contract stipulated in Item 1 of Paragraph 21 of Article 2 of the Act on standardized instruments in respect of Japanese Government Bonds, or the securities futures contract stipulated in Item 2 of the same Paragraph in respect of the price of the relevant standardized instruments; the same applies hereinafter)

(4) Option Contract on JGB Futures* in a Designated Financial Instruments Market;
   ("*" referring to the securities option contract stipulated in Item 3 of Paragraph 21 of Article 2 of the Act in respect of JGB Futures Contract; the same applies hereinafter)

(5) Index Futures Contract* in a Designated Financial Instruments Market;
   ("*" referring to the index futures contract stipulated in Item 2 of Paragraph 21 of Article 2 of the Act; the same applies hereinafter)

(6) Index Option Contract* in a Designated Financial Instruments Market;
   ("*" referring to the index option contract stipulated in Item 3 of Paragraph 21 of Article 2 of the Act and prescribed by the Designated Market Operator as corresponding to a contract stipulated in Item 2 of the same Paragraph*; the same applies hereinafter)
   ("*" limited to those related to index)

(7) Lending and borrowing* of cash, Stocks And The Like** that are necessary for settling the buying/selling set forth in Item (1), and the buying/selling of the underlying securities resulting from the exercise of the option under Security Option Contract;
   ("*" limited to the lending made by the Designated Securities Finance Company to a Clearing Participant in accordance with the Rules for Money/Securities Loan Transaction through the settlement system of the Designated Market Operator; hereinafter referred to as the “Money/Securities Loan Transaction”)
   ("**" referring to the stocks and the like stipulated in the Lending Rules for Lending/Borrowing Transaction* prescribed by the Securities Finance Company** which the Designated Market Operator designated and notified to JSCC as the entity to conduct the operations prescribed in Paragraph 1 of Article 156-24 of the Act through the settlement system of that Market; the same applies hereinafter in this Article)
   ("*" herein referred to simply as the “Rules for Money/Securities Loan Transaction”)
   ("**" must be a Clearing Participant** herein referred to as the “Designated Securities Finance Company”)
   ("**" referring to the Clearing Participant prescribed in Article 5; the same applies hereinafter in this Article and the following Article)

(8) Lending and borrowing of Stocks And The Like that is necessary for the Money/Securities Loan Transaction*;
   ("*" limited to the lending made by a Clearing Participant to the Designated Securities Finance Company in accordance with the Rules for Money/Securities Loan Transaction through the settlement system of the Designated Market Operator;
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hereinafter referred to as the “Securities Lending Transaction”)
(9) Transfer of the Collateral, etc.*1 for the Money/Securities Loan Transaction or the Securities Lending Transaction;
(*1 referring to the stocks and the like collateralizing a cash loan, and the cash collateralizing a stock loan and the like under the Money/Securities Loan Transaction and the cash collateralizing a stock borrowing and the like under the Securities Lending Transaction, both of which are prescribed by the Rules for Money/Securities Loan Transaction; the same applies hereinafter)
(10) Buying and selling resulting from Buy-In*; and
(*1 referring to the Buy-In prescribed in Article 63; the same applies hereinafter until Article 54)
(11) Exchange FX Contract*.
(*1 referring to the contract set forth in Item 2 of Paragraph 21 of Article 2 of the Act which relates to currency prices; the same applies hereinafter)

3 In these Business Rules*, the term “stocks and other securities” means, depending on their types, the stocks and other securities stipulated in Paragraph 1 of Article 2 of the Act and the rights which are deemed to constitute such stocks and other securities under the provisions of Paragraph 2 of such Article.
(* including other rules that are prescribed pursuant to these Business Rules)

(Article 4 Non-business Days)

1 JSCC shall have the days set forth in each of the following Items as its holidays* in respect of the Contracts Subject to Clearing set forth in Item (1) through Item (10) of Paragraph 2 of the preceding Article:
(1) Sundays;
(2) National holidays;
(3) When a national holiday falls on Sunday, the immediately following day which is not a national holiday;
(4) The day which immediately follows and at the same time immediately precedes national holidays;
(5) Saturdays;
(6) The first three days of each year; and
(7) December 31.
(*hereinafter simply referred to as “Non-business Days”)

2 JSCC shall have the days set forth in each of the following Items as its Non-business Days in respect of the Contract Subject to Clearing set forth in Item (11) of Paragraph 2 of the preceding Article*:
(1) Sundays;
(2) Saturdays;
(3) January 1; and
(4) When January 1 falls on Sunday, the immediately following day.
(*hereinafter referred to as “FX Non-business Days”)

3 Notwithstanding the provisions of the preceding two Paragraphs, when the trading hours or trading sessions prescribed by the Designated Market Operator are included in any of the days set forth in each Item of the preceding two Paragraphs, JSCC shall conduct the Securities and Similar Contract Clearing Business during those trading hours.

4 JSCC may, when it deems necessary, have extraordinary Non-business Days or FX Non-business Days.

5 JSCC may, when it deems necessary, extraordinarily suspend or conduct all or part of the operation with respect to the Securities and Similar Contract Clearing Business.

6 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 Clauses

(Article 5 Clearing Participants)

1 A Clearing Participant means a company which has obtained JSCC’s Clearing Qualification.

2 The Clearing Qualification prescribed in the preceding Paragraph consists of four categories of qualifications: Securities Clearing Qualification; JGB Futures Clearing Qualification; Index Futures Clearing Qualification; and FX Clearing Qualification. Each of these qualifications is prescribed in the following Items:

(1) Securities Clearing Qualification is the qualification to become a counterparty in JSCC’s Financial Instruments Obligation Assumption Business performed with respect to the Contracts Subject to Clearing listed in Item (1) and Item (7) through Item (10) of Paragraph 2 of Article 3, and to become a counterparty in the buying/selling transaction in respect of the underlying securities resulting from the exercise of the option under Security Option Contract;

(2) JGB Futures Clearing Qualification is the qualification to become a counterparty in JSCC’s Financial Instruments Obligation Assumption Business performed with respect to the Contracts Subject to Clearing listed in Item (3) and Item (4) of Paragraph 2 of Article 3;

(3) Index Futures Clearing Qualification is the qualification to become a counterparty in JSCC’s Financial Instruments Obligation Assumption Business performed with respect to the Contracts Subject to Clearing listed in Item (2), Item (5) and Item (6) of Paragraph 2 of Article 3; and

(4) FX Clearing Qualification is the qualification to become a counterparty in JSCC’s Financial Instruments Obligation Assumption Business performed with respect to the Contracts Subject to Clearing listed in Item (11) of Paragraph 2 of Article 3.

3 In these Business Rules, a company that has obtained Securities Clearing Qualification prescribed in Item (1) of the immediately preceding Paragraph is referred to as “Securities Clearing Participant”, a company that has obtained JGB Futures Clearing Qualification prescribed in Item (2) of said Paragraph is referred to as “JGB Futures Clearing Participant”, a company that has obtained Index Futures Clearing Qualification prescribed in Item (3) of said Paragraph is referred to as “Index Futures Clearing Participant”, and a company that has obtained FX Clearing Qualification prescribed in Item (4) of said Paragraph is referred to as “FX Clearing Participant”.

4 With regard to JSCC’s Securities and Similar Contract Clearing Business, each category of the Clearing Qualification prescribed in each Item of Paragraph 2 shall be classified into two types of qualifications: one is the clearing qualification that does not authorize the Clearing Participant to operate the Brokerage for Clearing of Securities, etc.*; and the other is the
clearing qualification that authorizes the Clearing Participant to operate the Brokerage for Clearing of Securities in accordance with Chapter 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.

(\*) hereinafter referred to as the “Principal Clearing Qualification”
(\") hereinafter referred to as the “Agency Clearing Qualification”
Section 2 Obtaining Clearing Qualification

(Article 6 Application and Approval for Clearing Qualification)

1 A Financial Instruments Business Operator may apply to JSCC, according to the category of Financial Instruments Business Operator shown in each of the following Items, for the Clearing Qualification prescribed in each Item below, separately by each type of Clearing Qualification it intends to obtain, by specifying whether it applies for the Principal Clearing Qualification or the Agency Clearing Qualification, in accordance with the relevant rules of JSCC. In such case, when the Clearing Qualification to be obtained is Index Futures Clearing Qualification, such Clearing Qualification may be applied for only by an entity which either holds Securities Clearing Qualification or has designated a Designated Securities Clearing Participant:

(*1 except for the case where a Financial Instruments Business Operator which does not have trading qualification relating to Security Option Contracts intends to apply for Index Futures Clearing Qualification)

(*2 referring to a Clearing Participant (i) which has been designated with respect to a transaction relating to Securities Clearing Qualification as an entity to which the Brokerage for Clearing of Securities, etc. is always commissioned in accordance with the rules of the Designated Market Operator by an entity which is a trading participant or a member of a Designated Market Operator, but (ii) which does not have JSCC's Clearing Qualification corresponding to the category of such trading qualification or membership that such entity holds)

(*2-1 hereinafter referred to as “Designated Clearing Participant”)
(*2-2 hereinafter referred to as “Non-Clearing Participant”)
(*2-3 in the case where the Designated Market Operator is an institution operating Proprietary Trading System, referring to an entity which is qualified to participate in buying and selling securities; the same applies hereinafter)
(*2-4 in the case where the Designated Market Operator is an institution operating Proprietary Trading System, referring to the qualification to participate in buying and selling securities; the same applies hereinafter)

(1) A Financial Instruments Business Operator which has obtained registration of the operation with respect to the acts prescribed in Item 1 of Paragraph 1 of Article 28 of the Act:

Securities Clearing Qualification, JGB Futures Clearing Qualification or Index Futures Clearing Qualification

(2) A Financial Instruments Business Operator which has obtained registration of a business relating to the act prescribed in Item 3 of Paragraph 2 of Article 28 of the Act (*1)

(*1 in the case of a Financial Instruments Business Operator which intends to be commissioned an Exchange FX Contract, registration of such business as well as the
business relating to the act prescribed in Paragraph 5 of the said Article):

FX Clearing Qualification

2 A Registered Financial Institution* may apply to JSCC, according to the category of the Clearing Qualification shown below, separately by each type of Clearing Qualification it intends to obtain, by specifying whether it applies for such category of Clearing Qualification as the Principal Clearing Qualification or the Agency Clearing Qualification, in accordance with the relevant rules of JSCC:

("*"referring to the Registered Financial Institution prescribed in Paragraph 11 of Article 2 of the Act; the same applies hereinafter)

(1) Securities Clearing Qualification or Index Futures Clearing Qualification*; or
   ("*" Agency Clearing Qualification only)

(2) JGB Futures Clearing Qualification or FX Clearing Qualification.

3 A Securities Finance Company may apply to JSCC for Securities Clearing Qualification in accordance with the relevant rules of JSCC specifying its intention to apply for the Principal Clearing Qualification which is subject to the condition that the scope of the Contracts Subject to Clearing be limited to the transactions listed in each of Item (7) through Item (10) of Paragraph 2 of Article 3.

4 When an application for Clearing Qualification has been filed pursuant to the provisions of the preceding three Paragraphs and JSCC deems as a result of examination that the applicant for the Clearing Qualification is appropriate to be qualified, JSCC shall approve the relevant Clearing Qualification.

5 Notwithstanding the provisions of Paragraphs 1 through 3, a Specified Successor Financial Institution* may apply to JSCC for a Clearing Qualification according to the procedures as prescribed by JSCC. If such application is made, JSCC may approve the acquisition of the relevant Clearing Qualification by such applicant.

("*" referring to a Specified Successor Financial Institution prescribed in Item (5) of Paragraph 3 of Article 126-34 of the Deposit Insurance Act (Act No. 34 of 1971); the same applies hereinafter)

6 The approval set forth in the preceding two Paragraphs shall be granted designating the date on which the applicant is to obtain the Clearing Qualification.

7 In the case where a new applicant for Securities Clearing Qualification simultaneously applies for Index Futures Clearing Qualification, the latter provision of Paragraph 1 shall be applied by deeming that the applicant has Securities Clearing Qualification. Also, in the case where a new applicant for Index Futures Clearing Qualification is expected to designate a Designated Securities Clearing Participant simultaneously with the application for such Clearing Qualification, the latter provision of Paragraph 1 shall be applied by deeming that the applicant has designated a Designated Securities Clearing Participant.

(Article 7 Criteria for Clearing Qualification)
1 The examination stipulated in Paragraph 4 of the immediately preceding Article with respect to the application set forth in Paragraph 1 or Paragraph 2 of said Article shall be conducted on the matters described in the following Items in respect of the applicant for Clearing Qualification and other matters which are deemed to be necessary for the operation of the Securities and Similar Contract Clearing Business:

(1) Management Structure
The applicant has a sound management structure (e.g., it is not controlled or influenced by a person who is deemed inappropriate taking JSCC’s operation of the Securities and Similar Contract Clearing Business into account) such that the credibility of JSCC’s Securities and Similar Contract Clearing Business among the general public can be expected to be sufficiently protected;

(2) Financial Basis
The applicant is expected to fulfill the requirements set forth in either of A) or B) below in accordance with the classification of A) and B), and to have stable profitability as Clearing Participant by the date on which the applicant is to obtain the Clearing Qualification;

A) Financial Instruments Business Operator:
(a) The amount of its stated capital is not less than 300 million yen;
(b) The amount of its net worth is not less than 2 billion yen** and is larger than its stated capital;
(c) The Capital-to-Risk Ratio*** is more than 200 percent; and
(d) In the case of a Special Financial Instruments Business Operator**, the consolidated Capital-to-Risk Ratio is more than 200 percent.

B) Registered Financial Institutions:
(a) The amount of its stated capital or the total amount of capital contribution*** is not less than 300 million yen;

(b) The amount of its net assets is not less than 2 billion yen** and is larger than its stated capital or total amount of capital contribution**;

**20 billion yen in the case of the Agency Clearing Qualification)

***in the case of an entity which does not engage in the act set forth in Item 1 of Paragraph 1 of Article 28 of the Act as business, referring to the ratio determined by applying mutatis mutandis Paragraph 1 of Article 46-6 of the Act; the same applies hereinafter)

**)limited to a person filed the notification under Paragraph 2 of Article 57-5 of the Act; the same applies hereinafter)
(c) In the case of the Registered Financial Institution subject to Uniform International Standards, it satisfies the requirements set forth in a. to c. below (in the case where it is a foreign bank, the requirements equivalent thereto):
   a. Its non-consolidated or consolidated Common Equity Tier 1 ratio\(^*1\) exceeds 4.5 percent;
      (\(^*1\) for a institution which operates with investment from its members, its non-consolidated or consolidated common capital contribution Tier 1 ratio; the same shall apply hereinafter)
   b. Its non-consolidated or consolidated Tier 1 ratio exceeds 6 percent; and
   c. Its non-consolidated or consolidated Total Capital ratio exceeds 8 percent; and

(d) In the case of a Registered Financial Institution other than those subject to Uniform International Standards, foreign banks and insurance companies\(^*1\), its non-consolidated or consolidated capital adequacy ratio under the domestic standards exceeds 4 percent; and
   (\(^*1\) hereinafter referred to as “Financial Institution subject to Japanese Standard”)

(e) In the case where the Registered Financial Institution is an insurance company, its non-consolidated or consolidated solvency margin ratio exceeds 400 percent.

(3) Business Execution Structure

The applicant has an appropriate structure for business execution regarding the settlement of the Contracts Subject to Clearing in respect of the assumption of obligations set forth in Article 46\(^*1\); the management of the risk of loss; and the compliance with the Laws and Regulations\(^*2\), dispositions of the administrative agencies based on the Laws and Regulations, these Business Rules and other rules.

\(^{*1}\) including buying/selling and transactions of the underlying securities resulting from the exercise of the option under Security Option Contract, JGB Futures Contract resulting from the exercise of the option under Option Contract on JGB Futures prescribed in Item (4) of Paragraph 2 of Article 3, the transaction resulting from the exercise of the option under Index Option Contract prescribed in Item (6) of said Paragraph, the transaction with respect to the obligation which is newly incurred as a result of the completion of the Give-up prescribed in Article 46-2, and the securities borrowing/lending pursuant to the provisions of Article 64; hereinafter referred to as “Contracts for Clearing”

\(^{*2}\) referring to the Act and related laws and regulations; the same applies hereinafter

2 The examination stipulated in Paragraph 4 of the immediately preceding Article with respect to the application set forth in Paragraph 3 of said Article shall be conducted on the matters described in the following Items in respect of the applicant for Clearing Qualification and other matters which are deemed necessary for the operation of the Securities and Similar Contract Clearing Business:
(1) Financial Basis
The applicant is expected to fulfill the requirements set forth below and to have stable profitability as Clearing Participant by the date on which it is to obtain the Clearing Qualification:
A) The amount of its stated capital is not less than 100 million yen;
B) The amount of its net assets is not less than 2 billion yen and is larger than its stated capital; and
(2) The matters set forth in Item (1) and Item (3) of the preceding Paragraph.

(Article 8 Completion of Procedures for Obtaining Clearing Qualification)
1 When JSCC has approved Clearing Qualification pursuant to the provisions of Paragraph 4 of Article 6, JSCC shall cause the applicant for the Clearing Qualification to deposit a clearing fund and complete other procedures for obtaining the Clearing Qualification as prescribed by JSCC by the day∗1 which immediately precedes the date designated by JSCC pursuant to the provisions of Paragraph 6 of 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 except for Item (2) and Item (4) of Paragraph 3 of Article 64)
2 When the applicant∗1 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 6 of Article 6, the application for the Clearing Qualification shall be deemed to have been withdrawn.
(∗1 Excluding an applicant who is a Specified Successor Financial Institution)
3 When JSCC approves the Clearing Qualification pursuant to Paragraph 5 of Article 6, JSCC shall have the applicant for the Clearing Qualification deposit Clearing Funds and follow other procedures for acquisition of Clearing Qualification as required by JSCC.

(Article 9 Date of Obtaining Clearing Qualification)
1 When the applicant for Clearing Qualification has completed the procedures set forth in Paragraph 1 or 3 of the preceding Article∗1, JSCC shall grant the Clearing Qualification in respect of the relevant application on the date designated by JSCC pursuant to the provisions of Paragraph 6 of Article 6.
(∗1 in respect of the procedures under Paragraph 3 of the preceding Article, the provisions of this Paragraph shall apply only for the procedures which JSCC requires the applicant to follow by the date designated by JSCC pursuant to the provisions of Paragraph 6 of Article 6)
2 When JSCC grants the applicant Clearing Qualification pursuant to the preceding Paragraph, JSCC shall notify to that effect to each Clearing Participant having the Clearing Qualification of the same category and to each Designated Market Operator which operates the Financial Instruments Market with respect to the Contracts Subject to Clearing...
pertaining to that category of the Clearing Qualification.

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

When a Non-Clearing Participant becomes a Clearing Participant by obtaining the Clearing Qualification corresponding to such trading qualification or membership pursuant to Paragraph 1 of the preceding Article, such Non-Clearing Participant shall take over its unsettled Contracts for Clearing, which are pursuant to the commissions of the Brokerage for Clearing of Securities, etc., from the Designated Clearing Participant.

(Article 10-2 Change to Category of Clearing Qualification)

Provisions of Paragraph 1, Paragraph 2, Paragraph 4 and Paragraph 5 of Article 6, Article 7, Article 9, Paragraph 2 of Article 23 and Article 26 shall apply mutatis mutandis to the case when a Clearing Participant changes the category of Clearing Qualification held by it. In such case, the phrase “apply for Clearing Qualification” in Paragraph 1, Paragraph 2 and Paragraph 4 of Article 6 shall be deemed to be “apply for change to the category of Clearing Qualification”, the phrase “applicant for Clearing Qualification” in the Paragraph 4 of Article 6 and Article 7 and Article 9 shall be deemed to be “applicant for change to the category of Clearing Qualification”, the phrase “date on which the applicant is to obtain the Clearing Qualification” in Paragraph 5 of Article 6 and Item (2) of Paragraph 1 of Article 7 shall be deemed to be “date on which the applicant is to change the category of the Clearing Qualification”, the phrase “grant the Clearing Qualification” in Paragraph 1 of Article 9 shall be deemed to be “change the category of the Clearing Qualification”, the phrase “grants the applicant Clearing Qualification” in Paragraph 2 of such Article shall be deemed to be “changes the category of the Clearing Qualification”, the phrase “applies for renouncing” in Paragraph 2 of Article 23 shall be deemed to be “applies for change to the category of Clearing Qualification to Principal Clearing Qualification”, and the word “renunciation” in Article 26 shall be deemed to be “change to the category” respectively.
(Article 11 Conclusion of Clearing Participant Agreement)
A Clearing Participant shall enter into the Clearing Participant Agreement prescribed by JSCC with JSCC.

(Article 12 Clearing Participant’s Representative)
1 A Clearing Participant shall, in accordance with the rules of JSCC, register with JSCC in advance an individual, among its representative directors or representative executive officers*, who is appropriate to represent the Clearing Participant vis-à-vis JSCC as the Clearing Participant’s representative.
(*) if Clearing Participant is a foreign Financial Instruments Business Operator or a foreign bank, from among its representatives in Japan holding a position at least equal to a director or an executive officer
2 Only Clearing Participant’s representative shall represent the Clearing Participant vis-à-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 13 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 accordance with the rules of JSCC.

(Article 14 Cooperative or Controlling Relationship with Directors, Officers, or Other Persons)
1 When JSCC deems that a cooperative or controlling relationship with a director, officer or other person of a Clearing Participant is inappropriate taking into account JSCC’s operation of the Securities and Similar Contract Clearing Business, JSCC may conduct a hearing to the Clearing Participant and request for a change presenting the reason therefore; provided, however, that if the Clearing Participant submits a written statement, such submission may substitute the hearing.
2 The procedures of the hearing prescribed in the preceding Paragraph shall be in accordance with the rules of 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 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 15 Payment of Fees by Clearing Participant)
A Clearing Participant shall pay the fees prescribed by the rules of JSCC to JSCC in accordance with those rules.

(Article 15-2 Deposit of Initial Margin)
1 A Clearing Participant shall deposit with JSCC, in accordance with the rules of JSCC, the initial margin, by each category prescribed in each of the following Items, for the purpose of ensuring performance of its obligations owed to JSCC:
   (1) An initial margin relating to Securities Clearing Qualification; and
   (2) An initial margin relating to JGB Futures Clearing Qualification.
2 When the deposited balance of the initial margin falls short of the required amount of the initial margin as prescribed by the rules of JSCC, the Clearing Participant shall deposit with JSCC an amount at least equal to such shortfall by 2 P.M. on the day*1 which immediately follows the day on which such shortfall occurs.
   (*1 if such day falls on a Non-business Day, it shall be the immediately following business day; the same applies hereinafter)
3 Cash may be deposited as initial margin, but only in any of the currencies designated by JSCC. In this case, the appraisal value of the cash initial margin in a currency other than Japanese yen 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 day on which the initial margin is deposited*1 multiplied by a certain rate determined by JSCC.
   (*1 if such day falls on a Non-business Day, it shall be the immediately following business day; the same applies hereinafter)
4 Securities*1 may be deposited in lieu of cash as initial margin in accordance with the rules of JSCC.
   (*1 limited to the securities which are deemed appropriate by JSCC taking the liquidity and other factors into account)
5 The substituting price of the securities stipulated in the preceding Paragraph shall be calculated by multiplying the market price, as determined by JSCC, *1 as of the day*1 which precedes the date of the deposit by two days, by a certain rate determined by JSCC2; provided, however, that JSCC may extraordinarily change the substituting price, when
JSCC deems it particularly necessary to do so, such as in the case of an excessive fluctuation in the market.

(1) in the case where the applicable securities are foreign government bonds\(^{1-1}\), an amount equal to their market price, converted to Japanese yen at the telegraphic transfer spot buying rate per 1 unit of the currency used for appraisal of each foreign government bonds in the Tokyo foreign exchange market on the day which is two days before the day on which the Margin is deposited; the same applies hereinafter)

\(^{1-1}\) referring to the securities listed in Item (17) of Paragraph 1 of Article 2 of the Act that have characteristics described in Item (1) of Paragraph 1 of Article 2 of the Act

\(^{1-2}\) when a Clearing Participant utilizes the foreign book-entry transfer institution\(^{2-1}\) designated by JSCC for the deposit of such securities, the value determined pursuant to the provisions of the contract between the relevant Clearing Participant, JSCC and the relevant foreign book-entry transfer institution; the same applies hereinafter)

\(^{2-1}\) referring to a person engaging in the book-entry transfer business or business of custody or book-entry transfer of bonds in a foreign country in accordance with laws and regulations of a foreign country

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

(Article 15-3 Intraday Deposit of Initial Margin relating to Securities Clearing Qualification)

1 If an event occurs which is prescribed by JSCC as an event that the market of transaction relating to Securities Clearing Qualification has shown excessive fluctuation during any day session or if JSCC otherwise determines it necessary to do so, when the deposited balance of the initial margin relating to Securities Clearing Qualification deposited with JSCC falls short of the required amount of initial margin (the intraday amount) relating to Securities Clearing Qualification as prescribed by the rules of JSCC, the relevant Clearing Participant shall additionally deposit with JSCC an amount at least equal to such shortfall by 4:00 P.M. of the same day.

2 Notwithstanding the provisions of the preceding Paragraph, a Clearing Participant with respect to which the required amount of initial margin (the intraday amount) relating to Securities Clearing Qualification minus the required amount of initial margin relating to Securities Clearing Qualification set forth in Paragraph 2 of the preceding Article is less than 30,000,000 yen shall not be obligated to make additional deposit of the initial margin relating to Securities Clearing Qualification as required under the preceding Paragraph.

3 When JSCC causes to be made an additional deposit of initial margin relating to Securities Clearing Qualification pursuant to the provisions of Paragraph 1, it shall notify the relevant Clearing Participant to such effect promptly after 11:00 A.M. of the same day.

(Article 15-4 Increase in Required Amount of Initial Margin relating to Securities Clearing
Qualification)

1. If the Risk Amount\(^1\) considered to be attached to Unsettled Contracts\(^2\) in transactions relating to Securities Clearing Qualification of a Clearing Participant exceeds Margin Increase Trigger Base Amount\(^3\), JSCC may increase the required amount of initial margin relating to Securities Clearing Qualification as prescribed by the rules of JSCC.

\(^1\) referring to the amount prescribed by the rules of JSCC; the same applies in this Article.

\(^2\) referring to the contracts which remain unsettled; the same applies hereinafter.

\(^3\) referring to the amount prescribed by the rules of JSCC.

2. The Risk Amount set forth in the preceding Paragraph shall be calculated for transactions relating to Securities Clearing on each business day and after the close of the morning session on each business day, and JSCC will determine whether to increase the required amount of initial margin relating to Securities Clearing Qualification based on the calculation result of such Risk Amount.

3. If, due to an increase of the required amount of initial margin relating to Securities Clearing Qualification as a result of the calculation of the Risk Amount for a business day as set forth in the preceding Paragraph, the deposited balance of initial margin relating to Securities Clearing Qualification deposited by a Clearing Participant with JSCC falls short of the required amount of initial margin relating to Securities Clearing Qualification after the increase, the relevant Clearing Participant shall additionally deposit with JSCC an amount at least equal to such shortfall by 2:00P.M. on the next day following the day such shortfall occurred.

4. If, due to an increase of the required amount of initial margin relating to Securities Clearing Qualification as a result of the calculation of the Risk Amount after the close of the morning session on a business day as set forth in Paragraph 2, the deposited balance of initial margin relating to Securities Clearing Qualification deposited by a Clearing Participant with JSCC falls short of the required amount of initial margin relating to Securities Clearing Qualification after the increase, the relevant Clearing Participant shall additionally deposit with JSCC an amount at least equal to such shortfall by 4:00P.M. on the same day.

(Article 16 Deposit of Clearing Fund)

1. A Clearing Participant shall deposit with JSCC, in accordance with the rules of 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 compensation for any loss suffered by JSCC as set forth in these Business Rules in the event of JSCC acknowledging default, etc. of any other Clearing Participant:

(1) A clearing fund relating to Securities Clearing Qualification;

(2) A clearing fund relating to JGB Futures Clearing Qualification;

(3) A clearing fund relating to Index Futures Clearing Qualification; and

(4) A clearing fund relating to FX Clearing Qualification\(^*\).
2 When the deposited balance of the clearing fund set forth in the immediately 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 P.M. on the day which immediately follows 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 hereinafter referred to as “Clearing Fund Cash Requirement”.

4 A Clearing Participant may deposit an amount 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, its 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 may be deposited in lieu of cash as to the portion of clearing fund exceeding the Clearing Fund Cash Requirement in accordance with the rules of JSCC. (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 stipulated in the preceding Paragraph shall be calculated by multiplying the market price, as determined by JSCC, as of the day which precedes the date of the deposit by two days, by a certain rate determined by JSCC; provided, however, that JSCC may extraordinarily change the substituting value, when JSCC deems it particularly necessary to do so, such as in the case of an excessive fluctuation in the market.

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 17) - Deleted

(Article 18 Liability for Securities and Similar Contract Clearing Business)

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

(Article 19 Matters to be Notified)

When a Clearing Participant intends to carry out any of the following acts, it shall notify
JSCC of the details in advance in accordance with the rules of JSCC:

(1) The acts set forth in A) or B) below according to the category of the Clearing Participant as set forth therein:

A) Securities Clearing Participant, JGB Futures Clearing Participant or Index Futures Clearing Participant - any of the acts set forth in (a) through (c) below according to the category set forth therein within which it falls:

(a) In the case of a Financial Instruments Business Operator:
   Discontinuance of the operations prescribed in Item 1 of Paragraph 1 of Article 28 of the Act

(b) In the case of a Registered Financial Institution:
   Discontinuance of the Registered Financial Institution Business*1
   (*referring to the Registered Financial Institution Business prescribed in Item 3 of Paragraph 1 of Article 33-5 of the Act; the same shall apply hereinafter)

(c) In the case of a Securities Finance Company:
   Discontinuance of the operations prescribed in Paragraph 1 of Article 156-24 of the Act

B) FX Clearing Participant - any of the acts set forth in (a) through (c) below according to the category set forth therein within which it falls:

(a) In the case of a Financial Instruments Business Operator*1:
   (*excluding those falling within the category of (b) below)
   Discontinuance of the operations prescribed in Item 3 of Paragraph 2 of Article 28 of the Act

(b) In the case of a Financial Instruments Business Operator*1:
   (*limited to those to whom an Exchange FX Contract is commissioned)
   Discontinuance of the operations prescribed in Item 3 of Paragraph 2 of Article 28 of the Act or Paragraph 5 of the same Article

(c) In the case of a Registered Financial Institution:
   Discontinuance of the Registered Financial Institution Business

(2) 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;

(3) Dissolution of the Clearing Participant due to any reason other than merger or decision to commence bankruptcy proceeding;

(4) Succession by another company of all or a part of the Business*1 of the Clearing Participant due to a corporate divestiture;

(*referring to the business relating to the Registered Financial Institution Business in the case of a Registered Financial Institution, and to the business relating to the operations prescribed in Paragraph 1 of Article 156-24 of the Act in the case of a
Securities Finance Company; the same applies in this Article and Paragraph 5 of Article 29)

(5) Transfer of all or a part of the Business;
(6) Merger in which the Clearing Participant becomes a surviving company after being merged with another company;
(7) Succession of all or a part of the Business from another company due to a corporate divestiture;
(8) Acquisition of all or a part of the Business;
(9) Change in the trade name or corporate name*;
(10) Change in the composition of its directors or officers; or
(11) Change in the address of its headquarters or principal office.

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 Brokerage for Clearing of Securities, etc., it shall notify JSCC of the details in advance in accordance with the rules of JSCC.

(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 Examination on Clearing Participant)
In the event which is stipulated in each Item provided below, or if JSCC deems it necessary to do so for its operation of the Securities and Similar Contract Clearing Business, JSCC may request Clearing Participant to submit a report or document which should serve as reference regarding the business, operation, or assets of the Clearing Participant, or may cause its employees to inspect the Clearing Participant’s business, operation, financial condition, books, documents, or other materials:
(1) In the event JSCC conducts an examination on the status of the Clearing Participant’s compliance with these Business Rules or other rules;
(2) In the event JSCC conducts an examination on the financial condition of the Clearing Participant;
(3) In the event JSCC conducts an examination on the certainty about the performance of the Clearing Participant’s obligation owed to JSCC; and
(4) In the event JSCC is requested by Designated Market Operator to provide information with regards to an examination aiming at securing fairness in buying/selling securities, other transactions and the like, and JSCC deems it appropriate to respond to such request.
(Article 21-2 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 Futures and Option Contracts\(^1\)\(^2\) under commission by its customers\(^3\), JSCC may ask the relevant Clearing Participant to report all or a part of below listed matters:

\(^1\) referring to Securities Option Contracts, JGB Futures Contracts, Option Contracts on JGB Futures Contracts, Index Futures Contracts and Index Option Contracts; the same applies hereinafter

\(^2\) including contracts under commission of the Brokerage for Clearing of Securities, etc. by Non-Clearing Participants; the same applies in this Article

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

\(^*3\)\(^1\) 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 29-2 and Article 29-3

\(^*3\)\(^2\) in the case of a Registered Financial Institution, the amount of its net assets

\(^*3\)\(^3\) including contracts pursuant to the commissions of the Brokerage for Clearing of Securities, etc. from Non-Clearing Participants

(1) details of the Unsettled Contracts related to the relevant Futures and Option Contracts of the customer whose required amount of Margin related to the Unsettled Contracts of the Futures and Option 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 Futures and Option Contracts of the Largest Customer;

(3) status of deposit with or posting to JSCC of the Margin related to the Unsettled Contracts of the relevant Futures and Option Contracts of the Largest Customer; and

(4) the Clearing Participant's customer management framework and other information related to the relevant Futures and Option Contracts of the Largest Customer.

2 When asked reporting by JSCC pursuant to the provisions of the immediately 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 when counting number of days hereinafter

3 When JSCC considers it still necessary after receiving report set forth in the immediately preceding Paragraph, JSCC may ask the relevant Clearing Participant to report all or a part of below listed matters in respect of the customers of the Largest Customer\(^*1\):
(1) details of the Unsettled Contracts related to the relevant Futures and Option Contracts of the Indirect Customer whose required amount of Margin related to the Unsettled Contracts is the largest*1;  
(1 hereinafter referred to as the “Indirect Customer”)

(2) the required amount of margin and the like related to the Unsettled Contracts of the relevant Futures and Option Contracts of the Largest Indirect Customer;  

(3) status of deposit with or posting to JSCC of the Margin related to the Unsettled Contracts of the relevant Futures and Option Contracts of the Largest Indirect Customer; and  

(4) the Largest Customer’s customer management framework and other information related to the relevant Futures and Option Contracts of the Largest Indirect Customer.

4 When asked reporting by JSCC pursuant to the provisions of the immediately 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 4, as the case may be, JSCC may increase the required amount of Margin related to the Futures and Option Contracts under commission by customers or commission through the Brokerage for Clearing of Securities by a Non-Clearing Participant up to 130 percent of such required amount.
(Article 22 Application for Renouncing Clearing Qualification)

1 When a Clearing Participant intends to renounce its Clearing Qualification, it shall apply for the renunciation with respect to each category of the Clearing Qualification to be renounced in accordance with the rules of JSCC.

2 When an Index Futures Clearing Participant\(^*\) intends to renounce its Securities Clearing Qualification, such Index Futures Clearing Participant shall simultaneously apply for renouncing its Index Futures Clearing Qualification, unless such Index Futures Clearing Participant is expected to designate a Designated Securities Clearing Participant simultaneously with the renouncement of its Securities Clearing Qualification.

\(^*\)excluding an Index Futures Clearing Participant which does not hold a trading qualification relating to a Security Option Contract

3 When an Index Futures Clearing Participant\(^*\) intends to terminate a Contract for Commissioning Clearance\(^*\) entered into with a Designated Securities Clearing Participant, it shall apply for renouncing its Index Futures Clearing Qualification prior to the termination, unless such Index Futures Clearing Participant obtains Securities Clearing Qualification or designates another Clearing Participant as Designated Securities Clearing Participant simultaneously with the termination of the Contract for Commissioning Clearance.

\(^*\)excluding an Index Futures Clearing Participant which does not hold a trading qualification relating to a Security Option Contract

\(^*\) referring to the Contract for Commissioning Clearance prescribed in Article 39; the same applies hereinafter until Article 34

(Article 22-2 Exceptional Treatment of Application for Renouncing Clearing Qualification Associated with Secession of Exchange FX Contracts)

When a Designated Market Operator intends to cease trading of Exchange FX Contracts\(^*\), and no other Designated Market Operator operates a market for Exchange FX Contracts, then, notwithstanding the provisions of Paragraph 1 of the preceding Article, Clearing Participants holding FX Clearing Qualification at the time of such secession shall be deemed to have applied for renouncing such FX Clearing Qualification as of the date designated by JSCC.

\(^*\) referring to a secession of Exchange FX Contracts stipulated by the Designated Market Operator

(Article 23 Handling of Unsettled Contract of Participant Renouncing Clearing Qualification)

1 When a Clearing Participant applies for renouncing its Clearing Qualification, it shall completely dissolve beforehand all the Contracts for Clearing pertaining to the relevant Clearing Qualification which remain unsettled.
2 When an Agency Clearing Participant applies for renouncing the Agency Clearing Qualification, it shall beforehand terminate all the Contracts for Commissioning Clearance* pertaining to the relevant Clearing Qualification.

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

1 In the event which is set forth in Paragraph 1 of the preceding Article, the Clearing Participant may choose not to dissolve the unsettled Contracts for Clearing to the extent permitted by JSCC notwithstanding the provisions of said Paragraph if JSCC determines that it is unnecessary to dissolve all of the unsettled Contracts for Clearing pertaining to the relevant Clearing Qualification of the Clearing Participant in such circumstances as that, simultaneously with the renunciation of the Clearing Qualification, the relevant Clearing Participant is merged into, or causes its business through a corporate divestiture to be succeeded 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.

2 In the event which is set forth in Paragraph 2 of the preceding Article, 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 said Paragraph if JSCC determines that it is unnecessary to terminate all the Contracts for Commissioning Clearance pertaining to the relevant Agency Clearing Qualification of the Agency Clearing Participant 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 corporate divestiture 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 the Participant Renouncing Clearing Qualification)

1 From the day immediately following the day on which JSCC receives an application for renouncing Clearing Qualification from a Clearing Participant*, JSCC shall stop assuming new obligations under the Contracts Subject to Clearing which pertain to the relevant Clearing Qualification and to which the relevant Clearing Participant is a party.

(*where the Clearing Qualification for which renunciation is applied is a Securities Clearing Qualification, JGB Futures Clearing Qualification or Index Futures Clearing Qualification and such day falls on a Non-business Day, or where the Clearing Qualification for which renunciation is applied is an FX Clearing Qualification and such day falls on an FX Non-business Day, it shall be the immediately following business day)
2 Notwithstanding the provisions 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 Clearing Qualification, the relevant Clearing Participant is merged into, or causes its business through a corporate divestiture to be succeeded 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 Clearing Qualification is a party.

(Article 26 Approval for Renunciation of Clearing Qualification)
1 The approval of the renunciation of Clearing Qualification shall be made by JSCC by designating a particular date in the future and the relevant Clearing Qualification shall be nullified on that date.
2 In the event JSCC has approved the renunciation of Clearing Qualification, JSCC shall notify to that effect to all the other Clearing Participants having the Clearing Qualification of the same category and to the Designated Market Operator which operates the Financial Instruments Market with regards to the Contracts Subject to Clearing pertaining to the relevant Clearing Qualification.

(Article 27 Refund of Clearing Fund upon Renunciation of Clearing Qualification)
1 When a Clearing Participant renounces all of the Securities Clearing Qualification, JGB Futures Clearing Qualification and Index Futures Clearing Qualification**, JSCC shall refund each type of the clearing fund listed in Items (1) through (3) of Paragraph 1 of Article 16 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 Qualifications, or if JSCC otherwise deems it necessary, JSCC may suspend the refund of each type of the clearing fund listed in Items (1) through (3) of Paragraph 1 of Article 16 until such reason ceases to exist.

(** including renunciation due to a revocation of Clearing Qualification; the same applies hereinafter in this Article and the following Article)
2 When a Clearing Participant renounces the FX Clearing Qualification**, JSCC shall refund the FX Clearing Fund 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 FX Clearing Fund until such reason ceases to exist.
(*including renunciation due to a revocation of Clearing Qualification; the same applies hereinafter in this Article and the following Article)

(Article 28 Performance of Obligation upon Nullification of Clearing Qualification)
The entity that has lost its Clearing Qualification shall apply the money and securities to be returned from JSCC toward the satisfaction of all of its obligations owed to JSCC as Clearing Participant.

(Article 28-2 Application of These Business Rules upon Renunciation of Clearing Qualification)
When a Clearing Participant renounces its 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, etc.

(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 prohibit the Cross Margining Request\(^1\), to issue the Instructions for Improvement\(^2\), 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 Clearing Qualification shall require a resolution adopted at the meeting of the board of directors:

\(^1\) referring to the Cross Margining Request set forth in Paragraph 1 of Article 73-15-2; the same applies in Article 34

\(^2\) 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 Securities and Similar Contract Clearing Business; 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 Article 21-2, 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 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 Securities and Similar Contract Clearing Business 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 14 to change the cooperative or controlling relationship with a director, officer or other person;

(2) When a majority of the voting rights\(^*\) of all the shareholders or a majority of the voting rights relating to capital contributions has come to be held by a person or persons who is or are deemed to be inappropriate taking JSCC's operation of the Securities and Similar
Contract Clearing Business 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 a person holding the same or greater degree of control over the Clearing Participant as or than that held by a director or an executive officer —whether such person holds a title of consultant, advisor or otherwise—is deemed to be inappropriate taking JSCC’s operation of the Securities and Similar Contract Clearing Business into account.

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*2 and a swift 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 in the case of a Securities Finance Company which has obtained the Clearing Qualification pursuant to the application made under Paragraph 3 of Article 6, 100 million yen)

(2) When the amount of its net worth*1 becomes less than 300 million yen and a swift recovery from such condition cannot be expected;

(*1 in the case of a Registered Financial Institution and a Securities Finance Company, the amount of its net assets)

(3) In the case of a Financial Instruments Business Operator, when its Capital-to-Risk Ratio becomes less than 120 percent and a swift recovery from such condition cannot be expected;

(4) In the case of a Special Financial Instruments Business Operator, when its consolidated Capital-to-Risk Ratio becomes less than 120 percent and a swift recovery from such condition cannot be expected;

(5) In the case of a Registered Financial Institution subject to Uniform International Standards, when any one of the events set forth in A) to C) below occurs with respect to it*1:

(*1 in the case of a foreign bank, any event equivalent thereto occurs and JSCC determines it necessary)

A) Its non-consolidated or consolidated Common Equity Tier 1 ratio becomes
less than 2.25 percent and a swift recovery from such condition cannot be expected;

B) Its non-consolidated or consolidated Tier 1 ratio becomes less than 3 percent and a swift recovery from such condition cannot be expected; or

C) Its non-consolidated or consolidated Total Capital ratio becomes less than 4 percent and a swift recovery from such condition cannot be expected;

(6) In the case of a Financial Institution subject to Japanese Standard**, when its non-consolidated or consolidated capital adequacy ratio under the domestic standards becomes less than 2 percent and a swift recovery from such condition cannot be expected; and

(** excluding any Registered Financial Institution which has obtained the Clearing Qualification pursuant to the application made under Paragraph 3 of Article 6, if such Registered Financial Institution is a Securities Finance Company)

(7) In the case of an insurance company, when its non-consolidated or consolidated solvency margin ratio becomes less than 100 percent and a swift recovery from such condition cannot be expected.

In the case where a Clearing Participant is an Agency Clearing Participant and 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*¹ under the Contracts Subject to Clearing to which such Clearing Participant is a party until the relevant condition ceases to exist:

(*¹ limited to the obligations relating to the Brokerage for Clearing of Securities, etc.)

(1) When the amount of its net worth*¹ becomes less than 20 billion yen and a swift recovery from such condition cannot be expected;

(*¹ in the case of a Registered Financial Institution, the amount of its net assets)

(2) In the case of a Financial Instruments Business Operator, when its Capital-to-Risk Ratio becomes less than 200 percent and a swift recovery from such condition cannot be expected;

(3) In the case of a Special Financial Instruments Business Operator, when its consolidated Capital-to-Risk Ratio becomes less than 200 percent and a swift recovery from such condition cannot be expected;

(4) In the case of a Registered Financial Institution subject to Uniform International Standards, when any one of the events set forth in A) to C) below occurs with respect to it*²:

(*² in the case of a foreign bank, when any event equivalent thereto occurs and JSCC determines it necessary)

A) Its non-consolidated or consolidated Common Equity Tier 1 ratio becomes less than 4.5 percent and a swift recovery from such condition cannot be expected;
B) Its non-consolidated or consolidated Tier 1 ratio becomes less than 6 percent and a swift recovery from such condition cannot be expected; or
C) Its non-consolidated or consolidated Total Capital ratio becomes less than 8 percent and a swift recovery from such condition cannot be expected;

(5) In the case of a Financial Institution subject to Japanese Standard, when its non-consolidated or consolidated capital adequacy ratio under the domestic standards becomes less than 4 percent, and a swift recovery from such condition cannot be expected; and

(6) In the case of an insurance company, when its non-consolidated or consolidated solvency margin ratio becomes less than 400 percent and a swift recovery from such condition cannot be expected.

5 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 (5) of Paragraph 1 of the said Article**, but does not apply for the renunciation of its 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.

(**in the case of Item (4) of Paragraph 1 of the said Article, limited to the succession of the entire Business, and in the case of Item (5), limited to the transfer of the entire Business)

6 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 measure 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.

(**limited to the obligations relating to the Brokerage for Clearing of Securities, etc.)

(Article 29-2 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** 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:

(**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 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**; the same applies in the following Article)
(*1: in the case of a Registered Financial Institution or a Securities Finance Company, the amount of its net assets)  
(*1:2 including contracts pursuant to the commissions of the Brokerage for Clearing of Securities, etc. from Non-Clearing Participants)

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

(*)1 referring to the initial margin, clearing fund or Margin*1:1; the same applies hereinafter in this Paragraph)

(*1:3 referring to the Margin relating to the Future and Option Contracts on the Clearing Participant's own account, or the Futures and Option Contracts pursuant to the commissions from a customer or commissions of the Brokerage for Clearing of Securities, etc. from a Non-Clearing Participant, or the Margin relating to the Exchange FX Contracts on the Clearing Participant's own account, or the Exchange FX Contracts pursuant to the commissions from a customer or commissions of the Brokerage for Clearing of Securities, etc. from a Non-Clearing Participant)

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

(3) In the case where securities are deposited in lieu of cash as the Margin and the Like, reduction in the rate by which the securities' 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 Futures and Option Contracts or the Margin relating to the Exchange FX Contracts pursuant to the commissions from a customer or commissions of the Brokerage for Clearing of Securities, etc. from 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 29-3 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 21-2, the Clearing Participant still fails to submit report set forth in Paragraph 1 or 3, as the case may be, of Article 21-2, 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 an increase in the Amount Corresponding to Risk of the relevant Clearing Participant, etc., JSCC may conduct a hearing for the relevant Clearing Participant and, to the extent necessary, issue the
instructions for improvement on position holding*1 pursuant to resolutions adopted at the meeting of the board of directors.

(*1 limited to those relating to Futures and Option Contracts or Exchange FX Contracts)

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, 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.

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 Brokerage for Clearing of Securities, etc. from 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 on each applicable occasion.

(Article 29-4 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*3 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, preferred equity capital contribution securities, investment trust beneficiary securities and investment securities; the same applies in this Article)

(*2 referring to the Clearing Deposit prescribed in Article 74: 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\textsuperscript{-1}" referring to the corporate group as set forth in Item (2) of Paragraph 1 of Article 5 of the Act; the same applies hereinafter)
("^3\textsuperscript{-2}" hereinafter referred to as “Affiliates”)
("^*" in the case of preferred equity capital contribution securities, the number of listed units of the preferred equity capital contribution securities; 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 in lieu of cash as the Clearing Deposit and Margin, limitations on securities designated by JSCC; and

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\(^*\), 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:

("^*" 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)

3 In the event that the ratio of the total amount of the appraisal value of securities deposited in lieu of cash other than municipal bonds, special bonds, corporate bonds and Japanese yen denominated foreign bonds and the amount of cash to the required amount of collateral relating to the Clearing Deposit and the Margin\(^*\) exceeds 80\%, JSCC may take the measures set forth in any of the following Items with respect to the relevant Clearing Participant:

("^*" 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)
Margin, reduction in the rate by which the securities’ 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.*1-1; the same applies hereinafter in this Paragraph)

(*1-1-1 Ministry of Finance Ordinance No. 59 of 1963; hereinafter referred to as the “Financial Statements, etc. Regulations”)

(*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 Paragraphs 1 to 4 with respect to the relevant Clearing Participant.

(Article 29-5 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 pre-determined by JSCC during the period of time prescribed by JSCC, JSCC may take measures of suspension of assumption of all or a part of obligations under the Contracts Subject to Clearing to which the relevant Clearing Participant is a party.

(Article 30 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 5 or Paragraph 6 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 said Paragraph.

(Article 31 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 Brokerage for Clearing of Securities, etc.)
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 was subjected to such suspension, JSCC may revoke the 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 to 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 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 Brokerage for Clearing of Securities, etc.)
5 The provisions of Paragraph 1 and Paragraph 2 shall apply mutatis mutandis to the case where any measure set forth in Article 29-2 through Article 29-4 is taken.

(Article 32 Making Objection, etc.)

The proviso of Paragraph 1 of Article 14, and the provisions of Paragraph 2 and Paragraph 3 of said Article shall apply mutatis mutandis to the hearing set forth in Article 29 and Article 29-3, and the provisions of Paragraph 4 through Paragraph 6 of Article 14 shall apply mutatis mutandis to the measures set forth in Article 29 through Article 29-4.

(Article 33 Measures against Clearing Participant Having Ceased to be a Financial
Instruments Business Operator)

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

(1) Where such Clearing Participant is a Securities Clearing Participant, JGB Futures Clearing Participant or Index Futures Clearing Participant, when it ceases to be a Financial Instruments Business Operator or Registered Financial Institution which has obtained registration of the operation with respect to the acts prescribed in Item 1 of Paragraph 1 of Article 28 of the Act*1; or

(*1 in the case of a Securities Finance Company which has obtained Clearing Qualification pursuant to the application made under Paragraph 3 of Article 6, when it ceases to be a Securities Finance Company)

(2) Where such Clearing Participant is an FX Clearing Participant, when it ceases to be a Financial Instruments Business Operator or Registered Financial Institution which has obtained registration of the operation with respect to the acts prescribed in Item 3 of Paragraph 2 of Article 28 of the Act*1; or

(*1 or, in the case where such FX Clearing Participant is an entity accepting commission of an Exchange FX Contract, registration of such business as well as the business relating to the act set forth in Paragraph 5 of the said Article)

(3) It has been dissolved.

(Article 33-2 The Disciplinary Measures Assessment Committee)

1 When JSCC intends to take any of the measures set forth in Article 29, Article 29-2 or Article 29-3 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 29-2*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 suspension of assumption of all or a part of obligations under Article 29-5; 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 34 Notice of Measures, etc.)

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1 When JSCC is to suspend assumption of all or a part of obligations, or to revoke Clearing Qualification pursuant to these Business Rules\(^*1\), JSCC shall notify to that effect in advance to the Designated Market Operator, in respect of which either the relevant Clearing Participant or a Non-Clearing Participant which has entered into the Contract for Commissioning Clearance with such Clearing Participant has a trading qualification or a membership, and also to its Designated Securities Finance Company\(^*2\).

\(^*1\) excluding the emergency suspension

\(^*2\) in the case where the relevant Clearing Participant is a Securities Finance Company\(^*2\)-1, to the Designated Market Operator which designated such Securities Finance Company as the Designated Securities Finance Company

\(^{2-1}\) limited to the one which has obtained the Clearing Qualification pursuant to the application made under Paragraph 3 of Article 6)

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 to the case where a Clearing Participant has forfeited Clearing Qualification pursuant to Article 33. In such case, the word “in advance” in 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 the obligations in respect of the Brokerage for Clearing of Securities, etc., or revoked Clearing Qualification of an Agency Clearing Participant; or when an Agency Clearing Participant has forfeited Clearing Qualification pursuant to the provisions of Article 33, the relevant Agency Clearing Participant shall immediately notify to 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 prohibits the Cross Margining Request pursuant to the provisions of Paragraph 1 of Article 29, the Clearing Participant subject to such measures must immediately notify the Cross Margining User\(^*1\) and the Cross Margining Accepting Party\(^*2\) under its Cross Margining Request of such effect.

\(^*1\) as such term defined in Article 2.1.(13)-8 of the Interest Rate Swap Clearing Business Rules (hereinafter referred to as “IRS Business Rules”); the same applies hereinafter

\(^*2\) referring to an entity which gives notice of acceptance of a Cross Margining Request pursuant to the provisions of IRS Business Rules; the same applies hereinafter

6 When JSCC has taken the measure set forth in Article 29-2\(^*1\) or the measure set forth in Article 29-3 with respect to a Clearing Participant, JSCC shall immediately notify to 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

7 When JSCC has prohibited Cross Margining Request, given a Clearing Participant
Instructions for Improvement, suspended assumption of all or a part of obligations, revoked
Clearing Qualification, or given instructions for improvement on position holding pursuant to
these Business Rules, JSCC shall notify to that effect to every Clearing Participant or
publish to 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.

8 In the event that JSCC makes notification or publication prescribed in the preceding
Paragraph, JSCC shall set the extent to be notified or published on each applicable
occasion taking into account the importance of the measures subject to such notification or
publication, or the possible market impact should it make such notification or publication.

9 When a Clearing Participant has forfeited its Clearing Qualification pursuant to the
provisions of Article 33, JSCC shall notify to that effect to each Clearing Participant having
the Clearing Qualification of the same category.

(Article 35 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 the obligations
pursuant to the provisions of this Chapter, the relevant Clearing Participant may, obtaining
JSCC’s approval, transfer its unsettled Contracts for Clearing to other Clearing Participants
during the period of suspension.

2 In addition to the provisions of the preceding Paragraph, in the event that JSCC has
suspended assumption of the obligations pursuant to Paragraph 1 Article 29 with respect to
a Clearing Participant due to the disobedience of the instructions for improvement on
position holding set forth in Article 29-3, 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
said Paragraph.

(Article 36 Handling of Unsettled Contracts for Clearing belonging to such Entities as Those
whose Clearing Qualification have been Revoked)

1 When JSCC has, pursuant to these Business Rules, revoked Clearing Qualification, or a
Clearing Participant has forfeited its Clearing Qualification pursuant to Article 33, 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 37 Recommendation to Clearing Participant)

1 When JSCC determines that the operational or financial condition of a Clearing Participant is not appropriate taking JSCC’s operations of the Securities and Similar Contract Clearing Business into account, JSCC may recommend the relevant Clearing Participant to take appropriate measures.

2 In the event 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 handling of the recommendations.
Chapter 3 Brokerage for Clearing of Securities, etc.

(Article 38 Contracts Eligible for Brokerage for Clearing of Securities, etc.)

1 The contracts which can be subject of the Brokering for Clearing of Securities, etc. to be executed by an Agency Clearing Participant are the Contracts Subject to Clearing set forth in Paragraph 2 of Article 3*.

(* limited to those in respect of Item (1) through Item (9) and Item (11) of said Paragraph)

2 Each of the following contracts shall be regarded as being resulted from the Brokerage for Clearing of Securities, etc., and these Business Rules shall apply to these contracts accordingly: of the buying/selling and transactions of the underlying stocks resulting from the exercise of the option under Security Option Contract, those resulting from the exercise of the option under Security Option Contract by the entity which does not hold the Securities Clearing Qualification¹ and from the exercise of the option under Security Option Contract through the Brokerage for Clearing of Securities, etc.; of JGB Futures Contracts resulting from the exercise of the option under Option Contract on JGB Futures set forth in Item (4) of Paragraph 2 of Article 3, those resulting from the exercise of the option under Option Contract on JGB Futures through the Brokerage for Clearing of Securities, etc.; and, of the transactions resulting from the exercise of the option under Index Option Contract set forth in Item (6) of said Paragraph, those resulting from the exercise of the option under Index Option Contract through the Brokerage for Clearing of Securities, etc. Provided, however, that the foregoing does not apply to the buying/selling of the underlying stocks resulting from the exercise of the option under Security Option Contract pursuant to the commission of the Brokerage for Clearing of Securities, etc. from a Securities Clearing Participant.

(¹ limited to those give rise to buying/selling of the underlying stocks)

3 Of the contracts prescribed in Item (2) through Item (6) of Paragraph 2 of Article 3, the contracts between JSCC and the Designated Clearing Participant of a Non-Clearing Participant resulting from the completion of the Give-up*¹ under which the relevant Non-Clearing Participant is also a Trading Participant Executing Clearance*² shall be regarded as resulting from the Brokerage for Clearing of Securities, etc., and these Business Rules shall apply to such contracts accordingly.

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

(*¹-¹ limited to the Designated Market Operator which operates the Designated Financial Instruments Market prescribed in Item (2) through Item (6) of Paragraph 2 of Article 3)

(*² referring to the Trading Participant Executing Clearance prescribed in item (1) of Paragraph 1 of Article 46-2)

(Article 39 Conclusion of Contract for Commissioning Clearance with Non-Clearing
Participant)
An Agency Clearing Participant to operate the Brokerage for Clearing of Securities, etc. is required to enter into the Contract for Commissioning Clearance—containing the provisions to the effect that when an 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 Brokerage for Clearing of Securities, etc., and such Clearing Participant shall be regarded as accepting the application, and other provisions prescribed by JSCC—with the Non-Clearing Participant which commissions the Brokerage for Clearing of Securities, etc.

(Article 40 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 accordance in accordance with the rules of JSCC.

(Article 41 Notification of Termination of Contract for Commissioning Clearance)
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 termination referenced in each Item:

(1) Termination by agreement
The Agency Clearing Participant shall submit a notice by three days before the day* on which it intends to terminate the Contract.
(*excluding Non-business Days; the same applies hereinafter when counting the number of days)

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

(3) Termination resulting from a prior written notice of 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 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 Brokerage for Clearing of Securities, etc.
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 Brokerage for Clearing of Securities, etc., termination resulting from a prior written notice of 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 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 to 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, has the trading qualification in respect of the transactions covered by the relevant Contract or a membership.

(Article 42 Segregation of Contracts Subject to Clearing)

Agency Clearing Participant shall manage the Contracts Subject to Clearing, segregating those pursuant to the Brokerage for Clearing of Securities, etc. from those that are not.

(Article 43 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 pursuant to the commissions of the Brokerage for Clearing of Securities, etc., from the relevant Non-Clearing Participant at 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, which is a trading participant or a member of a Designated Market Operator, has forfeited its Clearing Qualification, and other Clearing Participant is to be designated as the Designated Clearing Participant pursuant to the rules of the Designated Market Operator, the Contracts for Clearing, belonging to the Clearing Participant forfeiting its Clearing Qualification which remain unsettled at the time of such designation, shall be transferred from the Clearing Participant forfeiting its Clearing Qualification to the Clearing Participant which is newly designated as the Designated Clearing Participant.

(Article 44 Transfer of Unsettled Contracts for Clearing, etc., When Non-Clearing Participant is Suspended from Commissioning the Brokerage for Clearing of Securities, etc.,)

1 In the event that a Designated Market Operator, with respect to which a Non-Clearing Participant has its trading qualification or membership, suspended or partly restricted the
Non-Clearing Participant from commissioning the Brokerage for Clearing of Securities, etc., suspended or restricted the Non-Clearing Participant’s membership, revoked the Non-Clearing Participant’s trading qualification, 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 commissions of the Brokerage for Clearing of Securities, etc., from 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 to the case where JSCC has suspended assumption of all or a part of the obligations or revoked the Clearing Qualification of the Designated Clearing Participant of the relevant Non-Clearing Participant.

(Article 45 Transfer of Unsettled Contracts for Clearing, etc., When Clearing Participant is Suspended from Trading in Securities, etc.)

1 In the event that a Designated Market Operator, with respect to which a Clearing Participant has its trading qualification or membership, suspended or partly restricted the Clearing Participant from buying/selling securities, etc.**, suspended or restricted the Clearing Participant’s membership, revoked the Clearing Participant’s trading qualification, 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.

(** referring to buying/selling of securities and Market Transactions of Derivatives)

2 The provisions of the preceding Paragraph shall not apply to the case where JSCC has suspended assumption of all or a part of the obligations or revoked the Clearing Qualification of the relevant Clearing Participant.

(Article 45-2 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 29-3 due to the relevant Non-Clearing Participant’s failure to comply with the measure set forth in Paragraph 2 of Article 29-2 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 Brokerage for Clearing of Securities, etc. from the 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 such Instructions cannot be complied with in spite of reasonable efforts to comply with such Instructions and if the relevant Non-Clearing Participant fails to comply with the request set forth in the preceding Paragraph without a justifiable reason in spite of the Clearing Participant’s submission of such request to the relevant Non-Clearing Participant in advance to provide a reasonable grace period, the Clearing Participant may, to the extent deemed reasonably necessary, execute the Offsetting-Sale\(^*\) or Offsetting-Purchase\(^*\), or exercise the option\(^*\) on the account of such Non-Clearing Participant, in order to settle such the Unsettled Contracts pursuant to the commissions of the Brokerage for Clearing of Securities, etc. from such Non-Clearing Participant.

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

\(\text{(*1-1 referring to the amount pertaining to the buying contract, out of the amount}\^{\text{**1-1-1}} \text{under an Unsettled Contract relating to Futures and Option Contracts or Exchange FX Contracts; the same applies hereinafter)}\)

\(\text{(*1-1-1 hereinafter referred to as the “Position”)}\)

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

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

\(\text{(*2 including the commission thereof)}\)
Chapter 4 Assumption of Obligations

(Article 46 Assumption of Obligations)

1 The assumption of obligations by JSCC as the Securities and Similar Contract Clearing Business shall be done as prescribed in the following Items, based on the classification referenced in each Item:

(1) Contract Subject to Clearing listed in Item (1), Item (3), Item (5), Item (10) or Item (11) of Paragraph 2 of Article 3;

When a Contract Subject to Clearing is formed pursuant to the rules of the Designated Market Operator¹, 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.

(¹ in the case of the Contract Subject to Clearing prescribed in Item (10) of Paragraph 2 of Article 3, pursuant to the rules of JSCC)

(2) Contract Subject to Clearing listed in Item (2), Item (4) or Item (6) of Paragraph 2 of Article 3;

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, succeed to the position¹ of the option seller in respect of the option held by the buying Clearing Participant which is the selling Clearing Participant’s counterparty, and simultaneously such selling Clearing Participant shall hold the position of the seller of a new option opposite to JSCC which is equivalent to the one which was succeeded to by JSCC. In such case, JSCC shall assume the relevant buying Clearing Participant’s obligations to pay the contract price owed to the relevant selling Clearing Participant in such a manner to discharge such 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.

(¹ excluding the right to claim for the contract price)

(3) Contract Subject to Clearing listed in Item (7) through Item (9) of Paragraph 2 of Article 3.

When JSCC has received the notification made in accordance with the rules of JSCC
from a Designated Securities Finance Company regarding the details of the obligations which should be assumed by JSCC, JSCC shall, after affirming the contents of the notification and pursuant to the contents, assume the Designated Securities Finance Company's obligations\(^1\) owed to the Clearing Participant which is the Designated Securities Finance Company's counterparty in such a manner to discharge the Designated Securities Finance Company from the relevant obligations, and such Designated Securities Finance Company shall newly incur the obligations owed to JSCC which are equivalent to those assumed by JSCC; at the same time, JSCC shall assume the Clearing Participant's obligations\(^2\) owed to the Designated Securities Finance Company which is the Clearing Participant's counterparty in such a manner to discharge the Clearing Participant from the relevant obligations, and such Clearing Participant shall newly incur the obligations owed to JSCC which are equivalent to those assumed by JSCC.

\(^{1}\) referring to the monetary obligations or the obligations to deliver Stocks And The Like in respect of: a lending under the Money/Securities Loan Transaction; a return of the Collateral, etc. resulting from a return of the lent object under the Money/Securities Loan Transaction\(^{1:1}\); a delivering of the Collateral, etc. resulting from the borrowing under the Securities Lending Transaction; and a return of the borrowed object under the Securities Lending Transaction

\(^{1:1}\) in the case of returning the Collateral, etc. in respect of a lending/borrowing of Stocks And The Like\(^{1:1:1}\), referring to the return of the Cash Collateralizing a Loan (lending) of Stock and the Like\(^{1:1:2}\) in the amount which should be returned on the date of the return of the lent object as prescribed by the Rules for Money/Securities Loan Transaction

\(^{1:1:1}\) referring to the Stocks And The Like prescribed in Item (7) of Paragraph 2 of Article 3; the same applies in this Article

\(^{1:1:2}\) referring to the cash collateralizing a lending of stocks and the like made by the Designated Securities Finance Company as stipulated in the Rules for Money/Securities Loan Transaction

\(^{2}\) referring to the monetary obligations or the obligations to deliver Stocks And The Like in respect of: a lending under the Securities Lending Transaction; a return of the Collateral, etc. resulting from a return of the lent object under the Securities Lending Transaction\(^{2:1}\); a delivering of the Collateral, etc. resulting from a borrowing under the Money/Securities Loan Transaction, and a return of the borrowed object under the Money/Securities Loan Transaction\(^{2:2}\)

\(^{2:1}\) referring to the return of the Cash Collateralizing a Loan (borrowing) of Stock and the Like\(^{2:1:1}\) in the amount which should be returned on the date of the return of the lent object as prescribed by the Rules for Money/Securities Loan Transaction

\(^{2:1:1}\) referring to the cash collateralizing a borrowing of stocks and the like made
by the Designated Securities Finance Company as stipulated in the Rules for Money/Securities Loan Transaction)

(*2 in the case of returning the money borrowed under a cash loan, referring to the repayment of money in the amount which should be repaid on the repayment date pursuant to the Rules for Money/Securities Loan Transaction)

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 46-2 Extinguishment and New Incurrence of Obligations Resulting from Completion of the Give-up)

1 In the event where the Give-up is completed in accordance with the rules prescribed by the Designated Market Operator*, the provisions of the following Items shall apply to the obligations set forth in Paragraph 1 of the preceding Article, depending upon the classifications set forth in such Items:

(*) limited to a Designated Market Operator which establishes the Designated Financial Instruments Market set forth in Item (2) through Item (6) of Paragraph 2 of Article 3; the same applies hereinafter in this Article)

(1) Contracts Subject to Clearing listed in Item (3) or Item (5) of Paragraph 2 of Article 3

When the Give-up is completed in accordance with the rules prescribed by the Designated Market Operator, with respect to the Contract Subject to Clearing which is extinguished as a result of the completion of the Give-up, JSCC’s obligations owed to the Clearing Participant** which is also the Trading Participant Executing Trade*** pursuant to the provisions of Item (1) of Paragraph 1 of the preceding Article and the obligations of such Clearing Participant which is also the Trading Participant Executing Trade owed to JSCC shall become extinguished prospectively; at the same time, with respect to the Contract Subject to Clearing which is extinguished as a result of the completion of the Give-up, JSCC shall newly incur obligations owed to the Clearing Participant** which is also the Trading Participant Executing Clearance****, which are equivalent to those which JSCC owed to the relevant Clearing Participant which is also the Trading Participant Executing Trade, and the relevant Clearing Participant which is also the Trading Participant Executing Clearance shall newly incur obligations owed to JSCC which are equivalent to those which the relevant Clearing Participant which is also the Trading Participant Executing Trade owed to JSCC.

(** in the case where the relevant Trading Participant Executing Trade is a Non-Clearing Participant, referring to its Designated Clearing Participant; the same applies hereinafter in this Article)
(2) Contracts Subject to Clearing listed in Item (2), Item (4) or Item (6) of Paragraph 2 of Article 3

A) In the case where the Trading Participant Executing Trade is a selling Clearing Participant

When the Give-up is completed in accordance with the rules prescribed by the Designated Market Operator, with respect to the Contract Subject to Clearing which is extinguished as a result of the completion of the Give-up, the position of the option seller opposite to JSCC that is held by the Clearing Participant which is also the Trading Participant Executing Trade and JSCC’s obligations owed to the relevant Clearing Participant which is also the Trading Participant Executing Trade, pursuant to the provisions of Item (2) of Paragraph 1 of the preceding Article, shall become extinguished prospectively; at the same time, with respect to the Contract Subject to Clearing which is extinguished as a result of the completion of the relevant Give-up, the Clearing Participant which is also the Trading Participant Executing Clearance shall newly hold the position which is equivalent to that of the option seller opposite to JSCC held by the relevant Clearing Participant which is also the Trading Participant Executing Trade, and JSCC shall newly incur obligations owed to the relevant Clearing Participant which is also the Trading Participant Executing Clearance, which are equivalent to those which JSCC owed to the relevant Clearing Participant which is also the Trading Participant Executing Trade.

B) In the case where the Trading Participant Executing Trade is a buying Clearing Participant

When the Give-up is completed in accordance with the rules prescribed by the Designated Market Operator, with respect to the Contract Subject to Clearing which is extinguished as a result of the completion of the Give-up, the position of the option seller which is succeeded by JSCC from the selling Clearing Participant and the obligations owed to JSCC by the Clearing Participant which is also the Trading Participant Executing Trade, pursuant to the provisions of Item (3) of Paragraph 1 of the preceding Article, shall become extinguished; at the same time, with respect to the Contract Subject to Clearing which is extinguished as a result of the completion of the relevant Give-up, JSCC shall newly hold the position opposite to the Clearing Participant which is also the Trading Participant Executing Clearance, which is
equivalent to that of the option seller which JSCC had succeeded from the selling Clearing Participant, and the relevant Clearing Participant which is also the Trading Participant Executing Clearance shall newly incur obligations owed to JSCC, which are equivalent to those which the relevant Clearing Participant which is also the Trading Participant Executing Trade owed to JSCC.

2 The provisions of Paragraph 2 and Paragraph 3 of the preceding Article shall apply mutatis mutandis when the preceding Paragraph applies.
Chapter 4-2 Management of Futures and Option Contracts

(Article 46-3 Management of Clearing Participant's Futures and Option Contracts)
A Clearing Participant must manage the Futures and Option 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 contracts under commission of the Brokerage for Clearing of Securities, etc. of Non-Clearing Participants)

(1) Contracts on its own account:
   Proprietary account

(2) Contracts commissioned by customers that does not fall under the classification of Item (3) below:
   a. Omnibus Account*¹
   b. Individual Segregated Account*²
   (*¹ referring to an account for the management of Futures and Option Contracts of multiple customers or at the level of the granularity into which a customer position is arbitrarily split; the same applies hereinafter)
   (*² referring to an account for the management of Futures and Option Contracts of a single customer or at the level of the granularity into which a customer position is arbitrarily split; the same applies hereinafter)

(3) Contracts on Affiliate’s account:
   a. Affiliate’s omnibus account
   b. Affiliates Individual Segregated Account

(Article 46-4 Management of Agency Clearing Participant’s Futures and Option Contracts)
An Agency Clearing Participant must manage the Futures and Option 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 contracts under commission of the Brokerage for Clearing of Securities, etc. 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 customer of the relevant Non-Clearing Participant
   a. Omnibus account of that Non-Clearing Participant
   b. Individual Segregated Account of that Non-Clearing Participant
Chapter 5 Settlement of Contracts for Clearing

Section 1 Settlement of Contracts for Clearing on Stocks, etc.

(Article 47 Classification of Settlement Method)

1 Contracts for Clearing*1 shall be settled either by the settlement method in which the securities are delivered to the receiving Securities Clearing Participant by JSCC only to the extent of the amount and the like of securities and money delivered to JSCC by such Securities Clearing Participant pursuant to Article 53*, or by other settlement methods*3.

(*1 limited to the contracts on securities*1-1 and excluding the securities lending/borrowing prescribed in Article 64; the same applies hereinafter in this Section)

(*1-1 excluding Japanese Government Bonds)

(*2 hereinafter referred to as “DVP Settlement”)

(*3 hereinafter referred to as “Non-DVP Settlement”)

2 The settlement of the Contracts for Clearing on the securities listed in each of the following Items*2 shall be conducted by DVP Settlement, and the settlement of the Contracts for Clearing on the securities other than the Securities Eligible for DVP Settlement shall be conducted by Non-DVP Settlement:

(*2 hereinafter referred to as the “Securities Eligible for DVP Settlement”)

(1) Stocks issued by domestic corporations*1;

(*1 including stock acquisition right securities and preferred equity capital contribution issued by a domestic corporation)

(2) Stocks issued by foreign corporations*1;

(*1 including stock acquisition right securities and depositary receipts for foreign stocks issued by a foreign corporation)

(3) Investment trust beneficiary securities, investment securities*1, foreign investment trust beneficiary securities and foreign investment securities;

(*1 including Investment securities acquisition right securities)

(4) Beneficiary securities of beneficiary securities issuing trusts and beneficiary securities of foreign beneficiary securities issuing trusts;

(5) Covered warrants; and


(*1 referring to the convertible-bond-type corporate bonds with stock acquisition rights where the object of the capital contribution to be made upon the exercise of the right under such stock acquisition right is the corporate bond in respect of such corporate bond with stock acquisition rights; the same applies hereinafter)

(*2 excluding the one not handled by the Japan Securities Depositary Center*2-1 for its book-entry transfer business*2-2)

(*2-1 hereinafter referred to as “JASDEC”)

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3 Notwithstanding the provisions of the preceding Paragraph, the settlement listed in each of
the following Items shall be conducted in accordance with the provisions of the relevant
Item.

(1) Settlement of Contracts for Clearing in respect of a buying/selling transaction which is to
be settled on the day of its conclusion\(^1\) and in respect of When-Issued Transaction\(^2\)
\(^1\) hereinafter referred to as the “Same-Day Transaction”
\(^2\) referring to the when-issued transactions prescribed in Paragraph 2 of Article 1 of
Ordinance of Cabinet Office Concerning the Transaction Stipulated in Article 161-2 of
the Financial Instruments and Exchange Act and the Security Money Therefor
(Ordinance of the Ministry of Finance No. 75 of 1953); the same applies hereinafter)
The settlement shall be conducted by Non-DVP Settlement.

(2) Settlement of purchase for Buy-In
DVP Settlement and Non-DVP Settlement shall be applied respectively to different
occasions: the delivery/receipt of money and securities prescribed in Paragraph 3 of Article
50 shall be conducted by DVP Settlement; the payment/receipt of money prescribed in Item
(2) of Paragraph 1 of Article 54 shall be conducted by Non-DVP Settlement.

(3) Settlement of the sale against the purchase for Buy-In
The settlement shall be conducted by Non-DVP Settlement.

(4) In the event buying/selling was realized as a result of Buy-In, delivery of the securities\(^1\)
to the receiving Securities Clearing Participant which requested for Buy-In and the
accompanying payment/receipt of money to be made on the day of the settlement of such
buying/selling\(^2\)
\(^1\) limited to the delivery of the securities that was deferred pursuant to Article 62 due to
Delivery Failures and limited to the volume corresponding to the volume of the securities
in respect of which buying/selling was realized as a result of such Buy-In
\(^2\) hereinafter referred to as the “Settlement of Failed Transaction by Buy-In”
The settlement shall be conducted by Non-DVP Settlement.

(5) Settlement of the obligation under the buying/selling of the underlying securities resulting
from the exercise of the option under Security Option Contract\(^1\)
\(^1\) limited to the buying/selling in respect of Security Option other than the Security Option
which enables the buying or selling to be realized in the Trading Units\(^*\) at the exercise
price
\(^*\) referring to the trading unit prescribed by the Designated Market Operator; the same
applies hereinafter)
DVP Settlement and Non-DVP Settlement shall be applied respectively to different
occasions: the delivery/receipt of money and securities prescribed in Item (1) A) of
Paragraph 1 of Article 55 shall be conducted by DVP Settlement, and the payment/receipt
of money prescribed in Item (1) B) and Item (2) of said Paragraph shall be conducted by
Non-DVP Settlement.

(Article 48 Settlement Cutoff Time)
1 Settlement Cutoff Time for DVP Settlement shall be in accordance with each of the following Items:
   (1) As for a payment/receipt of money, payment shall be completed by 2:15 P.M. and receipt shall be completed at 2:45 P.M.;
   (2) As for a delivery/receipt of securities, delivery shall be completed by 1:00 P.M. and receipt shall be completed by 2:15 P.M.
2 Settlement Cutoff Time for Non-DVP Settlement shall be in accordance with each of the following Items:
   (1) As for a payment/receipt of money, payment shall be completed by 1:00 P.M. and receipt shall be completed at 2:45 P.M.;
   (2) Delivery and receipt of securities shall be completed by 2:45 P.M.
3 The provisions of the preceding Paragraph shall not apply to the Same-Day Transaction.

(Article 49 Uniform DVP Settlement Price)
JSCC shall set a Uniform DVP Settlement Price in respect of each issue to be settled by DVP Settlement on a daily basis in accordance with the rules of JSCC.

(Article 50 Money and Securities Transferred for DVP Settlement)
1 The amount of money and the quantity of securities to be delivered or received by a Securities Clearing Participant for DVP Settlement shall be in accordance with each of the following Items:
   (1) The amount of money shall be the amount stipulated in (a) below plus/minus the amount stipulated in (b) and (c):
      (a) The difference between the Total Value of the securities sold and the Total Value of the securities purchased, calculated at Uniform DVP Settlement Prices
         The difference between the Total Value of the securities for sale and the Total Value of the securities for purchase in respect of the relevant Securities Clearing Participant's Contracts Subject to Clearing having that given day as their settlement day;
         (** referring to the total sum of the products of Uniform DVP Settlement Price of each issue as for the settlement day multiplied by the number of the security; the same applies hereinafter)
         (** in the case of an interest-bearing Convertible Bond, add Unit-Based Accrued Interest in respect of that Bond as of that settlement day except where such day falls on the interest payment date)
         (** referring to the product of Accrued Interest per trading unit multiplied...
by the number obtained by dividing the relevant number of the security by the number of the security comprising one trading unit; the same applies hereinafter)

(*1 referring to the accrued interest prescribed by the Designated Market Operator in respect of buying/selling of an interest-bearing Convertible Bond; the same applies hereinafter in this Section)

(*2 in the case of the Contracts Subject to Clearing prescribed in Item (7) through Item (9) of Paragraph 2 of Article 3, the securities to be delivered)

(*3 in the case of the Contracts Subject to Clearing prescribed in Item (7) through Item (9) of Paragraph 2 of Article 3, the securities to be received)

(*4 referring to the settlement day prescribed by the Designated Market Operator in respect of the Contracts Subject to Clearing; the same applies hereinafter)

(*4-1 in the case of the Contracts Subject to Clearing prescribed in Item (7) through Item (9) of Paragraph 2 of Article 3, the delivery day prescribed by the Designated Securities Finance Company)

(*4-2 only with respect to the Contracts Subject to Clearing prescribed in Item (1) and Item (7) through Item (10) of Paragraph 2 of Article 3, and the buying/selling of the underlying securities formed as a result of the exercise of the option under Security Option Contract are included; the same applies hereinafter until Article 52)

(b) The difference between contract price and Uniform DVP Settlement Price

In respect of the relevant Securities Clearing Participant's Contracts Subject to Clearing having that given day as their settlement day, the value equivalent to the difference between their respective contract prices and their respective Uniform DVP Settlement Prices as for that settlement day; and

(*1 in the case of the Contracts Subject to Clearing prescribed in Item (7) through Item (9) of Paragraph 2 of Article 3, referring to the lending/borrowing prices set by each Designated Securities Finance Company; the same applies hereinafter)

(c) The difference between Accrued Interest and Unit-Based Accrued Interest

In respect of the relevant Securities Clearing Participant's Contracts Subject to Clearing on an interest-bearing Convertible Bond having that given day as their settlement day, the value equivalent to the difference between the Accrued Interest and Unit-Based Accrued Interest in respect of each issue.

(2) In respect of the relevant Securities Clearing Participant's Contracts Subject to Clearing having that given day as their settlement day, the quantity of the securities shall be the difference between the quantity for delivery and that for receipt in respect of each issue.

2 In the case where delivery of securities and accompanied payment/receipt of money are deferred to that given day pursuant to the provisions of Article 62 due to Delivery Failures occurred on the day immediately preceding that given day, the amount of money and
quantity of securities prescribed in each of the following Items shall be included, as pertaining to such deferment, in the computation of the amount of money and the quantity of securities to be transferred for DVP Settlement set forth in the preceding Paragraph:

(* in the case of an interest-bearing Convertible Bond, if such given day falls on the interest payment date**, Delivery Failures occurred on the second preceding day; the same applies in Item (7) of Paragraph 1 of Article 53)

(** when the interest payment date falls on a bank holiday and the interest is paid before that interest payment date, the date on which the relevant interest is paid; the same applies hereinafter in this Section)

(** excluding money and securities pertaining to the Settlement of Failed Transaction by Buy-In to be conducted on that day)

(1) The amount of money set forth below**:  

(* in the case of an interest-bearing Convertible Bond, if such day falls on the interest payment date, the amount of money prescribed in (a) and (b) below)

(a) The Total Value of the securities the delivery of which was deferred pursuant to the provisions of Paragraph 1 of Article 62 in the case of a delivering Securities Clearing Participant** and the Total Value of the securities the receipt of which was deferred pursuant to the provisions of Paragraph 2 of the same Article in the case of a receiving Securities Clearing Participant**;

(** hereinafter referred to as the “Securities Failed to be Delivered” in this Chapter)

(** hereinafter referred to as the “Securities Failed to be Received” in this Chapter)

(b) The value equivalent to the difference between the Uniform DVP Settlement Price as of that given day and the Uniform DVP Settlement Price as of the day immediately preceding day** in respect of the Securities Failed to be Delivered and the Securities Failed to be Received; and

(* in the case of an interest-bearing Convertible Bond, if that given day falls on the interest payment date, the Uniform DVP Settlement Price as of the second preceding day; the same applies hereinafter in Item (1) (b) of Paragraph 3 of this Article, Item (7) and Item (9) of Paragraph 1 of Article 53, and Item (2) and Item (4) of Paragraph 1 of Article 54)

(c) In the case of an interest-bearing Convertible Bond, the value equivalent to the difference between the Unit-Based Accrued Interest as of that given day and the Unit-Based Accrued Interest as of the day immediately preceding day in respect of the Securities Failed to be Delivered and the Securities Failed to be Received.

(2) The quantity of the Securities Failed to be Delivered and/or the quantity of the Securities Failed to be Received in respect of each issue.

3 In the event that the purchasing for Buy-In has been formed, the amount of the money and the quantity of the securities prescribed in each of the following Items shall be included in the computation set forth in Paragraph 1 for the amount of the money and the quantity of
the securities to be delivered or received for the DVP Settlement in respect of the Securities Clearing Participant which performed the purchasing for Buy-In:

(1) The amount of money listed below*:

("* in the case of an interest-bearing Convertible Bond, if such day falls on an interest payment date, the amount of money prescribed in (a) and (b) below)

(a) The Total Value of the securities purchased for Buy-In which are to be settled on that day pursuant to Paragraph 2 of Article 63;
(b) The value equivalent to the difference between the Uniform DVP Settlement Price as of that given day and the Uniform DVP Settlement Price as of the day immediately preceding day in respect of the securities purchased for Buy-In which are to be settled on that day pursuant to Paragraph 2 of Article 63; and
(c) In the case of an interest-bearing Convertible Bond, the value equivalent to the difference between the Unit-Based Accrued Interest as of that given day and the Unit-Based Accrued Interest as of the day immediately preceding day in respect of the securities purchased for Buy-In which are to be settled on that day pursuant to Paragraph 2 of Article 63.

(2) The quantity of the securities in respect of each issue purchased for Buy-In which are to be settled on that day pursuant to Paragraph 2 of Article 63.

In the case where delivery of securities and the accompanied payment/receipt of money are to be deferred pursuant to Article 62 due to an occurrence of Delivery Failures on that day, the amount of the money and the quantity of the securities prescribed in each of the following Items shall be excluded, as pertaining to such deferment, from the computation set forth in Paragraph 1 for the amount of money and the quantity of securities to be delivered or received for DVP Settlement:

(1) The Total Value of the Securities Failed to be Delivered and the Total Value of the Securities Failed to be Received;
(2) The quantity of the Securities Failed to be Delivered and/or the quantity of the Securities Failed to be Received in respective of each issue.

(Article 51 Provisional Payment for DVP Settlement)

1 In the case where the amount of money to be paid or received for DVP Settlement which is provisionally calculated in accordance with the preceding Article* on the assumption that no Delivery Failure will occur on that given day* turns out to be payable by an Securities Clearing Participant, such Securities Clearing Participant shall deposit the Provisional Payment Amount for DVP Settlement with JSCC by 1:00 P.M. on that day in order to secure the performance of the obligation of such Securities Clearing Participant under the Contracts Subject to Clearing owed to JSCC.

(* excluding Paragraph 4)

(*2 hereinafter referred to as the “Provisional Payment Amount for DVP Settlement”)
2 Upon the final determination of the amount of money to be paid or received for DVP Settlement prescribed in the preceding Article**, the Provisional Payment Amount for DVP Settlement deposited with JSCC pursuant to the provisions of the preceding Paragraph shall be applied toward the payment of the Payment Amount for DVP Settlement. In such case, if the Payment Amount for DVP Settlement turns out to be less than the Provisional Payment Amount for DVP Settlement deposited with JSCC pursuant to the provisions of the preceding Paragraph due to an occurrence of Delivery Failures on that day, the Securities Clearing Participant shall receive from JSCC a refund of the money equivalent to the surplus portion of the Provisional Payment Amount for DVP Settlement at 2:45 P.M. on that day.

(** hereinafter referred to as the “Payment Amount for DVP Settlement”)

3 The payment and receipt set forth in the preceding two Paragraphs shall be made in accordance with the rules of JSCC.

(Article 52 Settlement-Facilitating Security Money for DVP Settlement)

1 In respect of DVP Settlement, a Securities Clearing Participant may deposit with JSCC Security Money for Facilitating DVP Settlement until 2 P.M. on the settlement day in order to secure the performance of the obligation of such Securities Clearing Participant under the Contracts Subject to Clearing owed to JSCC so that such Securities Clearing Participant will be able to receive securities before making a deposit of the Provisional Payment Amount for DVP Settlement and/or delivery of securities.

2 Cash may be deposited as the Security Money for Facilitating DVP Settlement, but only in any of the currencies designated by JSCC. In this case, the appraisal value of the cash deposited in a currency other than Japanese yen 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.

3 The Security Money for Facilitating DVP Settlement may be deposited in the form of securities* in lieu of cash in accordance with the rules of JSCC.

(* limited to those JSCC deems appropriate taking the liquidity and other factors into account)

4 The substituting value of the securities prescribed in the preceding Paragraph shall be calculated by multiplying the market price, as determined by JSCC, of the relevant securities as of the day which precedes the settlement day by two days, by a certain rate determined by JSCC; provided, however, that in cases such as an excessive fluctuation in the market, JSCC may extraordinarily change the substituting value when JSCC deems it particularly necessary to do so.

5 In addition to the provisions set forth in the preceding two Paragraphs, matters concerning the securities in lieu of cash for the Security Money for Facilitating DVP Settlement shall be
prescribed by JSCC.

(Article 53 Limitation on Delivery of Securities from JSCC to Receiving Securities Clearing Participant in DVP Settlement)

1 In DVP Settlement, the delivery of the securities from JSCC to the receiving Securities Clearing Participant shall be made in accordance with the rules of JSCC to the extent that the Total Value of the securities to be so delivered does not exceed the amount obtained by;

subtracting the amount stipulated in Item (4) from the total sum of the values stipulated in Item (1) through Item (3), and then adding or subtracting the values stipulated in Item (5) through Item (10)*1 to or from the difference:

(*1 in the case of an interest-bearing Convertible Bond, if the given day falls on the interest payment date, excluding Item (8) and Item (10))

(1) The Total Value of the securities delivered to JSCC by the relevant receiving Securities Clearing Participant;

(2) The amount of money the relevant receiving Securities Clearing Participant deposited with JSCC as the Provisional Payment Amount for DVP Settlement plus the amount of money it paid to JSCC as the Payment Amount for DVP Settlement*1;

(*1 excluding the portion of the amount which is applied toward the payment pursuant to the provisions of Paragraph 2 of Article 51)

(3) The value of the Security Money for Facilitating DVP Settlement deposited with JSCC by the relevant receiving Securities Clearing Participant in accordance with the provisions of the preceding Article;

(4) The Total Value of the securities delivered to the relevant receiving Securities Clearing Participant by JSCC*1;

(*1 the value is calculated by excluding the securities to which the provisions of the following Paragraph applies)

(5) The value equivalent to the difference between the contract prices and the Uniform DVP Settlement Prices on that given day, as prescribed in Item (1) (b) of Paragraph 1 of Article 50;

(6) In respect of an interest-bearing Convertible Bond, the value equivalent to the difference between the Accrued Interest and the Unit-Based Accrued Interest as of that given day, as prescribed in Item 1 (c) of Paragraph 1 of Article 50;

(7) The value equivalent to the difference between the Uniform DVP Settlement Prices as of that given day and the Uniform DVP Settlement Prices as of the day immediately preceding day in respect of the Delivery Failures which occurred on such immediately preceding day, as prescribed in Item (1) (b) of Paragraph 2 of Article 50;

(8) In respect of an interest-bearing Convertible Bond, the value equivalent to the difference between the Unit-Based Accrued Interest as of that given day and the Unit-Based Accrued Interest as of the day immediately preceding day in respect of the
Delivery Failures which occurred on such immediately preceding day, as prescribed in Item (1) (c) of Paragraph 2 of Article 50;

(9) The value equivalent to the difference between the Uniform DVP Settlement Price as of that given day and the Uniform DVP Settlement Price as of the day immediately preceding day in respect of the securities purchased for Buy-In which are to be settled on that given day, as prescribed in Item (1) (b) of Paragraph 3 of Article 50; and

(10) In respect of an interest-bearing Convertible Bond, the value equivalent to the difference between the Unit-Based Accrued Interest as of that given day and the Unit-Based Accrued Interest as of the immediately preceding day in respect of the securities purchased for Buy-In which are to be settled on that given day, as prescribed in Item (1) (c) of Paragraph 3 of Article 50.

2 Notwithstanding the provisions of the preceding Paragraph, the delivery by JSCC to a receiving Securities Clearing Participant of the Convertible Bonds in respect of which that given day falls on the days*1 prescribed in Item 2 or Item 3 of Paragraph 3 of Article 64 shall be made in accordance with the rules of JSCC.

(*1 if such day falls on a Non-business Day, the day immediately preceding such day)

(Article 54 Money and Securities Transferred for Non-DVP Settlement)

1 The amount of money and the quantity of securities delivered or received by a Securities Clearing Participant for Non-DVP Settlement shall be in accordance with each of the following Items:

(1) Settlement of Same-Day Transaction

In respect of the same Securities Clearing Participant, the difference between the total amount of sales proceeds and the total amount of purchase money, and the difference between the quantity of securities sold and the quantity of securities purchased in respect of each issue.

(2) Settlement of purchase for Buy-In

The value equivalent to the difference between the contract price for the relevant purchases with the same settlement day made by the same Securities Clearing Participant, and the Uniform DVP Settlement Price as of the day immediately preceding the settlement day*1

(*1 in respect of an interest-bearing Convertible Bond, including the value equivalent to the difference between the Accrued Interest on that given day and the Unit-Based Accrued Interest on the immediately preceding day*1:1)

(*1:1 excluding the case where that given day falls on the interest payment date)

(3) Settlement of sale opposite the purchase for Buy-In

In respect of the same Securities Clearing Participant, the total selling price of sales, and the quantity of the securities sold in respect of each issue, having the same settlement day.
(4) In the event that a buying/selling was formed as a result of Buy-In, the Settlement of Failed Transaction by Buy-In to be conducted on the settlement day of such buying/selling transaction
The amount of money prescribed in (a) below and the quantity of securities prescribed in (b) below:

(a) In respect of the quantity of securities prescribed in (b) below, the total sum of the products of the quantity of the securities multiplied by the Uniform DVP Settlement Price as of the immediately preceding day in respect of each issue*1; and

(*1 in respect of an interest-bearing Convertible Bond, including the Unit-Based Accrued Interest as of the immediately preceding day*1.1)

(*1.1 excluding the case where such day falls on the interest payment date)

(b) The quantity of the securities in respect of each issue to be received as a result of the Settlement of Failed Transaction by Buy-In to be conducted on the same settlement date by the same Securities Clearing Participant.

(5) Settlement other than those set forth in each of the preceding Items
In respect of the same Securities Clearing Participant, the difference between the total amount of sales proceeds*1 and the total amount of purchase money*2, and the difference between the total quantity of securities sold*3 and the total quantity of securities purchased*4 in respect of each issue, which are to be settled on the same day.

(*1 in the case of the Contracts Subject to Clearing prescribed in Item (7) through Item (9) of Paragraph 2 of Article 3, the total amount of money to be received)

(*2 in the case of the Contracts Subject to Clearing prescribed in Item (7) through Item (9) of said Paragraph, the total amount of money to be paid)

(*3 in the case of the Contracts Subject to Clearing prescribed in Item (7) through Item (9) of said Paragraph, the total quantity of securities to be delivered)

(*4 in the case of the Contracts Subject to Clearing prescribed in Item (7) through Item (9) of said Paragraph, the total quantity of securities to be received)

2 The amounts of money prescribed in Item (2) through Item (4) of the preceding Paragraph shall be paid or received, being included in the amount of money prescribed in Item (5) of said Paragraph, and the quantities of the securities prescribed in Item (3) and Item (4) of said Paragraph shall be delivered or received after they are offset against each other.

(Article 55 Money and Securities Transferred for Settlement of Buying/Selling Underlying Securities Resulting from the Exercise of Security Option)

1 Notwithstanding the provisions of Paragraph 1 of Article 50 and the preceding Article, the amount of money and the quantity of securities to be delivered or received by the Securities Clearing Participant for the settlement of the Contracts for Clearing in respect of the selling/buying of the underlying securities resulting from the exercise of Security Option Contract*1 shall be as prescribed in the following Items, based on the classification
referenced in each Item:

(*1 limited to the buying/selling in respect of Security Option other than the Security Option which enables the buying or selling to be realized in the Trading Units at the exercise price)

(1) In the case where the quantity in respect of the buying/selling of the underlying security resulting from the exercise of the minimum unit of option exceeds the quantity comprising the Trading Unit of the relevant underlying security:

A) Portion Corresponding to the Trading Unit Quantity*1

(*1 referring to the quantity obtained by subtracting the quantity of the underlying security which fall short of comprising its trading unit, from the quantity of the underlying security to be bought/sold as a result of the exercise of the minimum unit of the option; the same applies hereinafter in this Article)

(a) The difference between the Total Value of securities sold and the Total Value of securities bought calculated at the Uniform DVP Settlement Prices

In respect of the buying/selling of the underlying securities resulting from the exercise of options by the relevant Securities Clearing Participant which are to be settled on the given day, the difference between the Total Value*1 of securities for sale and the Total Value of securities for purchase;

(*1 referring to the total amount, in respect of each issue of the underlying securities, obtained by multiplying the Trading Unit Quantity by the Uniform DVP Settlement Price as of the given day, and then multiplying the resulting product by the number of the Security Option exercised; the same applies hereinafter)

(b) The difference between exercise price and Uniform DVP Settlement Price

In respect of the buying/selling of the underlying securities resulting from the exercise of option by the relevant Securities Clearing Participant which is to be settled on the given day, the value equivalent to the difference between the exercise price and the Uniform DVP Settlement Price as of the given day pertaining to the Trading Unit Quantity;

(c) The quantity of securities obtained by multiplying the Trading Unit Quantity by the number of Security Option exercised.

B) Portion Corresponding to the Residual Quantity Less Than One Trading Unit Quantity*1

(*1 referring to the quantity obtained by subtracting the Trading Unit Quantity from the quantity of the underlying securities to be bought/sold as a result of the exercise of the minimum unit of the option; the same applies hereinafter in this Article)

(a) The price of the buying/selling of the underlying securities resulting from the exercise of option*1

(*1 referring to the value obtained by multiplying Residual Quantity Less Than One Trading Unit Quantity by the exercise price, and then multiplying the resulting
product\(^*1\) by the number of the Security Option exercised)
\(^{(*1)}\) fraction less than 1 yen shall be rounded down)

(b) The amount of money equivalent to the value which is obtained by multiplying
Residual Quantity Less Than One Trading Unit Quantity by the Option Settlement
Price\(^*1\), and then multiplying the resulting product\(^*2\) by the number of the Security
Option exercised
\(^{(*1)}\) in respect of the buying/selling of the underlying securities resulting from the
exercise of the option under Security Option Contract, referring to the Option
Settlement Price prescribed in Paragraph 5 of Article 73-4; the same applies
hereinafter in this Article
\(^{(*2)}\) fraction less than 1 yen shall be rounded down)

(2) In the case where the quantity in respect of the buying/selling of the underlying
security resulting of the exercise of the minimum unit of the option is less than the
quantity comprising the Trading Unit of the relevant underlying security:

A) The price of the buying/selling of the underlying securities resulting from the
exercise of option\(^*1\)
\(^{(*1)}\) referring to the value obtained by multiplying the quantity in respect of the
buying/selling of the underlying securities resulting of the exercise of the
minimum unit of the option by the exercise price, and then multiplying the
resulting product\(^*1\) by the number of the Security Option exercised)
\(^{(*1)}\) fraction less than 1 yen shall be rounded down)

B) The amount of money equivalent to the value which is obtained by multiplying the
quantity in respect of the buying/selling of the underlying securities resulting of the
exercise of the minimum unit of the option by the Option Settlement Price, and then
multiplying the resulting product\(^*1\) by the number of the Security Option exercised
\(^{(*1)}\) fraction less than 1 yen shall be rounded down)

2 The amount of money and the quantity of securities to be delivered or received pursuant to
Item (1) A) of the preceding Paragraph shall be included in the amount of money and the
quantity of securities to be delivered or received for DVP Settlement prescribed in
Paragraph 1 of Article 50, and the amount of money to be paid or received pursuant to Item
(1) B) and Item (2) of the preceding Paragraph shall be included in the amount of money to
be paid or received for Non-DVP Settlement prescribed in Item (5) of Paragraph 1 of the
preceding Article. In such cases, the money prescribed in Item (1) B) (b) or (2) B) of the
preceding Paragraph shall be included in the total amount of purchase money which is
prescribed in Item (5) of Paragraph 1 of the preceding Article if the Participant is the selling
Securities Clearing Participant in respect of the preceding Article if the Participant is the selling
Securities Clearing Participant in respect of the relevant buying/selling.

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(Article 56 Settlement Method)

1 The payment and receipt of money for settling Contracts for Clearing shall be made between Clearing Participant and JSCC, and receipt and payment of money in this case shall be governed in accordance with the rules of JSCC.

2 The delivery and receipt of securities for settling Contracts for Clearing shall be made as prescribed in the following Items, based on the classification of securities referenced in each Item:

   (1) Securities Eligible for DVP Settlement;

   It shall be made through the book-entry transfer carried out in JASDEC between Clearing Participant and JSCC. In such case, the request for a transfer from the account of the delivering Securities Clearing Participant to the account of JSCC shall be made to JASDEC by JSCC on behalf of the delivering Securities Clearing Participant, and the request for a transfer from the account of JSCC to the account of the receiving Securities Clearing Participant shall be made to JASDEC by JSCC;

   (2) Bonds**; and

   (** excluding Japanese Government Bonds and corporate bonds with stock acquisition rights)

   It shall be made between Clearing Participant and JSCC by the book-entry transfer between the accounts held at JASDEC;

   (3) Securities other than those stipulated in the preceding two Items.

   It shall be made between Clearing Participant and JSCC by delivering and receiving the certificate of securities.

(Article 57) Deleted

(Article 58 Combination of Certificates of Securities to be Delivered)

The combination of the kinds of the certificate of securities to be delivered by the delivering Securities Clearing Participant for the settlement of the securities stipulated in Item (3) of Paragraph 2 of Article 56 shall be governed by the rules of JSCC.

(From Article 59 to Article 61) Deleted

(Article 62 Handling of Delivery Failure in DVP Settlement)

1 In respect of DVP Settlement, in the event that the delivering Securities Clearing Participant fails to deliver the securities by the cutoff time for the DVP Settlement** due to an unavoidable reason**, the delivery of the relevant securities and the accompanied payment/receipt of money shall be deferred to the immediately following day**.

(** including the delivery of the securities the settlement of which was deferred on the day
In the case where a delivery of securities from the Securities Clearing Participant that has made the Delivery Failure to JSCC was deferred pursuant to the preceding Paragraph, the delivery to the receiving Securities Clearing Participant of the securities designated by JSCC on each applicable occasion in respect of the relevant deferment and the accompanied payment/receipt of money shall be deferred to the following day.

(Article 62-2 Prohibition, etc. of Causing Delivery Failure in DVP Settlement)
1 Securities Clearing Participant is prohibited from causing Delivery Failure in settlement of securities on the days designated by JSCC as necessary.
2 In addition to the provisions of the preceding Paragraph, Securities Clearing Participant is prohibited from causing Delivery Failure in settlement of securities without good reason.

(Article 62-3 Other Handlings of Delivery Failure)
In addition to the provisions of the preceding two Articles, matters necessary for the handling of the Case of Delivery Failure shall be prescribed in the rules of JSCC.

(Article 63 Buy-In)
1 Buy-In is a purchase of securities in the Case of Delivery Failure in order to complete the settlement of the unsettled Contracts for Clearing, and is carried out at the request of the receiving Securities Clearing Participant in respect of the relevant Delivery Failure in accordance with the rules of JSCC by and on the account of the Securities Clearing Participant that has made the relevant Delivery Failure.
2 The settlement of the buying/selling resulting from Buy-In shall be carried out on the day immediately following the day on which the buying/selling contract was concluded; provided, however, that in respect of buying/selling of an interest-bearing Convertible Bond resulting from Buy-In, in the case where such following day falls on the day stipulated in Item (4) of Paragraph 3 of the following Article, the settlement shall be carried out on the day* if such day falls on a Non-business Day, it shall be the immediately following business day)
3 The matters necessary for Buy-In shall be prescribed in the rules of JSCC.

(Article 64 Settlement by Due Bills)
1 In respect of Non-DVP Settlement**, in the event that the delivering Securities Clearing Participant is not able to deliver the securities by the cutoff time for the Non-DVP Settlement due to an unavoidable reason, and has proven the relevant reason to JSCC and obtained an approval from the Securities Clearing Participant which is designated by JSCC as the receiver of a due bill**, such delivering Securities Clearing Participant may issue a due bill to JSCC, and JSCC may deliver the due bill to DB-Receiving Securities Clearing Participant. In this case, the settlement of the securities shall be deemed to have been completed by the delivery of such due bill.

(**1 excluding settlement of When-Issued Transaction)
(**2 hereinafter referred to as “DB-Receiving Securities Clearing Participant”)

2 In addition to the provisions of the preceding Paragraph, in respect of the settlement of Contracts for Clearing on a When-Issued Transaction, in the event that the delivery of the securities cannot be made by the cutoff time for the Non-DVP Settlement, and if JSCC especially deems it necessary to do so, the delivering Securities Clearing Participant, after obtaining an approval from the DB-Receiving Securities Clearing Participant, may deliver a due bill to JSCC and JSCC may deliver the due bill to the DB-Receiving Securities Clearing Participant. In this case, the settlement of securities shall be deemed to have been completed by the delivery of such due bill.

3 The settlement of the securities lending/borrowing pertaining to due bills shall be carried out by the third business day after the day on which such due bills were issued**; provided, however, that in the case where any day listed in each of the following Items arrives during the time between the day on which such due bills are issued and the Settlement Cutoff Date for Securities Lending/Borrowing Pertaining to Due Bill, the settlement of the securities lending/borrowing pertaining to the due bills shall be carried out by the day immediately preceding** the day listed in each of the following Items, except for the case where an approval by the DB-Receiving Securities Clearing Participant has been granted:

(**1 hereinafter referred to as the “Settlement Cutoff Date for Securities Lending/Borrowing Pertaining to Due Bill” in this Article)

(**2 when the day listed in each of the following Items falls on a Non-business Day, the day preceding by two days)

(1) Record date, etc. for fixing the shareholders**;

(** including preferred equity holders, capital subscribers, beneficiaries, investment unit holders and owners)

(2) The day immediately preceding the day on which a change** in the consideration for the acquisition set by the issuer of classified stock is to be made**; the day immediately preceding** the day** on which a change in the number of shares represented by a
depositary receipt for foreign stocks set by the depositary facility is to be made; the day immediately preceding the day on which a change*5 in the conditions for the exercise of the right under a Convertible Bond set by its issuer is to be made*6; and the day immediately preceding the day on which a change*7 in the exchanging condition of an Exchangeable Corporate Bond*8 set by its issuer is to be made;

(*1 including the suspension of the period during which a demand for acquisition may be made)

(*2 in respect of a stock with put option, if the intermediary of the demand for acquisition is restricted in JASDEC on such preceding day, referring to the last day on which the demand for acquisition may be made under the original condition before such change)

(*3 in the case where JSCC deems it necessary to designate a day other than such preceding day, the day designated by JSCC in each case)

(*4 in the case where the relevant depositary facility sets the period during which an exchange between the depositary receipt for foreign stocks and the stocks issued by the foreign corporation pertaining to the rights represented by such depositary receipt for foreign stocks is suspended or restricted, referring to such period’s commencement day)

(*5 including the suspension of the exercise period)

(*6 if the intermediary of the demand for exercise of the right is restricted in JASDEC on such preceding day, referring to the last day on which the demand for exercise of the right may be made under the original condition before such change)

(*7 including the suspension of the period during which a demand for exchange may be made)

(*8 referring to the securities stipulated in Item 5 of Paragraph 1 of Article 2 of the Act or the securities stipulated in Item 17 of the same Paragraph having the characteristics of the securities stipulated in Item 5 of the same Paragraph*8-1, which are redeemable in exchange for the stocks of a specific company other than the issuer at the request of the holder of the Corporate Bond; the same applies hereinafter)

(*8-1 hereinafter referred to as “Corporate Bond” in this Item.)

(3) The last day of the period during which the demand for redemption before maturity may be made in respect of the Convertible Bond/Exchangeable Corporate Bond embedded with the right to demand redemption before maturity;

(4) The day immediately preceding the interest payment date in respect of an interest-bearing bond*1 or an interest-bearing Convertible Bond*2.

(*1 excluding Japanese Government Bonds and corporate bonds with stock acquisition rights)

(*2 excluding the Convertible Bonds Not Handled by JASDEC)

(5) In respect of investment trust beneficiary securities, in the event that the intermediary
of demand for beneficiary registration is processed in JASDEC, the record date for the beneficiary; and

(6) The exercise date in respect of covered warrant.

4 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC specifically deems it necessary, the delivering Securities Clearing Participant may, after obtaining an approval from the DB-Receiving Securities Clearing Participant, change the Settlement Cutoff Date for Securities Lending/Borrowing pertaining to Due Bill to the date JSCC deems appropriate.

5 Notwithstanding the provisions of Paragraph 1, the delivery of securities to JSCC to be made pursuant to the provisions of Item (3) of Paragraph 1 of Article 54 cannot be settled pursuant to this Article by delivering a due bill.

(Article 64-2 Prohibition of the abuse of Due Bills)
Securities Clearing Participant is prohibited from issuing due bills abusively.

(Article 64-3 Other Handlings of Due Bills)
In addition to the preceding two Articles, necessary matters concerning due bills shall be prescribed in the rules of JSCC.

(Article 65 Exchange of Delivered/Received Securities Pertaining to Redemption by Drawing)
In the case where the bond which has been decided to be redeemed as a result of drawing** was delivered for settlement after the day on which the relevant “winning” number had been published, the Securities Clearing Participant which has received the relevant Bond Drawn for Redemption may, pursuant to the rules prescribed by JSCC, demand the Securities Clearing Participant which delivered the relevant Bond Drawn for Redemption to JSCC to exchange it for other bond of the same issue.

(** excluding the bond which is handled by JASDEC as its book-entry transfer business and Japanese Government Bonds; hereinafter referred to as the “Bond Drawn for Redemption” in this Article)

(Article 66 Settlement Price for When-Issued Transaction)
JSCC shall set a Settlement Price on a daily basis in accordance with the rules of JSCC for each issue in respect of which When-Issued Transaction is transacted.

(Article 67 Payment/Receipt of Difference between Contract Price of and Settlement Price for When-Issued Transaction)
1 In respect of When-Issued Transaction, if there is any difference in amount between the contract price and the Settlement Price as of the day of the conclusion of the relevant buying/selling contract, the Securities Clearing Participant shall, in accordance with the
rules of JSCC, pay/receive money equivalent to such difference to/from JSCC by the Settlement Cutoff Time for Non-DVP Settlement on the third day following the day on which the When-Issued Transaction was formed.

2 The amount of money stipulated in the preceding Paragraph shall be included in the value prescribed in Item (5) of Paragraph 1 of Article 54.

(Article 68 Payment/Receipt of Difference between Settlement Prices for When-Issued Transaction)
1 If there is any difference in amount between the Settlement Price as of the given day and the Settlement Price on the immediately preceding day, the Securities Clearing Participant shall, in accordance with the rules of JSCC, pay/receive money equivalent to such difference to/from JSCC by the Settlement Cutoff Time for Non-DVP Settlement on the third day following such given day.

2 The provisions of Paragraph 2 of the preceding Article shall apply mutatis mutandis to the payment/receipt of money prescribed in the preceding Paragraph.

(Article 69 Final Settlement Price for When-Issued Transaction)
The final Settlement Price for When-Issued Transaction shall be the Settlement Price on the last trading day* of the relevant When-Issued Transaction.
(*: referring to the last trading day set by each Designated Market Operator)

(Article 70 Margin for When-Issued Transaction)
1 A Securities Clearing Participant shall deposit with JSCC the Margin for When-Issued Transaction in the amount not less than the amount calculated in accordance with the rules of JSCC by 2 P.M. on the third day following the day on which the relevant When-Issued Transaction was formed; provided, however, that in the case where the Securities Clearing Participant has any buying/selling position which is opposed to the selling/buying position of the same issue, the deposit of the Margin in the amount calculated in respect of the difference between the total quantity of selling position and the total quantity of buying position shall be sufficient.

2 Cash may be deposited as the Margin for When-Issued Transaction, but only in any of the currencies designated by JSCC. In this case, the appraisal value of the cash deposited in a currency other than Japanese yen 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 day on which the date of deposit multiplied by a certain rate determined by JSCC.

3 Securities* may be deposited in lieu of cash as the Margin in accordance with the rules of JSCC.
(* limited to the securities JSCC deems appropriate taking into account the liquidity and
4 The substituting value of the securities prescribed in the preceding Paragraph shall be calculated by multiplying the market price determined by JSCC as of the day which precedes the day of the deposit by two days by a certain rate determined by JSCC.

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

6 JSCC may extraordinarily change the amount, time and date prescribed in Paragraph 1, and the substituting value prescribed in Paragraph 3, when JSCC deems it particularly necessary to do so in cases such as there is an excessive fluctuation in the market.
Section 2 Settlement of Contracts for Clearing on Japanese Government Bonds.

(Article 71 Money and JGBs to be Delivered/Received for Settlement)
The amount of money and the quantity of Japanese Government Bonds to be delivered or received by Securities Clearing Participant between JSCC in order to settle Contracts for Clearing on Japanese Government Bonds\(^*1\) shall be the price for the buying/selling and the quantity of Japanese Government Bonds in respect of each conclusion of the buying/selling contract.

(Article 72 Settlement Cutoff Time and Settlement Method)
1 The delivery and receipt of money and Japanese Government Bonds for settling Contracts for Clearing on Japanese Government Bonds shall be carried out between Clearing Participant and JSCC through the DVP Settlement in BOJ-NET JGB Service System in accordance with each of the following Items:

   (1) The Securities Clearing Participant delivering Japanese Government Bond shall, in accordance with the rules of JSCC, deliver it by 1:30 P.M. on the settlement day and receive the money;

   (2) The Securities Clearing Participant making payment shall, in accordance with the rules of JSCC, pay the money by 2:00 P.M. on the settlement day and receive the Japanese Government Bonds.

2 In carrying out the settlement pursuant to the provisions of the preceding Paragraph, the Securities Clearing Participant shall make efforts to ensure a smooth settlement.

(Article 73 Handling of the Case of Delivery Failure)
1 In respect of the settlement of Contracts for Clearing on Japanese Government Bonds, if the delivering Securities Clearing Participant did not deliver the Japanese Government Bonds by the cutoff time prescribed in Item (1) of Paragraph 1 of the preceding Article on the settlement day\(^*1\), the relevant settlement shall be deferred to the following day or later. (\(^*1\) hereinafter referred to as “the Case of Delivery Failure” in this Article)

2 In the case of the event stipulated in the preceding Paragraph, the Securities Clearing Participant that has made the Delivery Failure shall carry out the settlement by the fourth day following the original settlement day. In such case, the relevant Securities Clearing Participant that has made the Delivery Failure shall notify JSCC in advance of the day on which the settlement is to be carried out, and such day shall constitute the settlement day for the Case of Delivery Failure.

3 In the event that the settlement between the delivering Securities Clearing Participant and JSCC has been deferred pursuant to the provisions of Paragraph 1, the part of the settlement specified by JSCC between JSCC and the receiving Securities Clearing
Participant shall be carried out on the settlement day for the Case of Delivery Failure as set forth in the preceding Paragraph.

4 With regards to the application of the provisions of the preceding Article to the Case of Delivery Failure, the words “the settlement day” shall be interpreted to mean “the settlement day for the Case of Delivery Failure”.

5 In addition to each of the preceding Paragraphs, matters necessary for handling in the Case of Delivery Failure shall be prescribed in the rules of JSCC.
Section 3 Settlement of Security Option Contract

(Article 73-2 Reporting Close-out Quantity and the Like)

1 An Index Futures Clearing Participant shall, in respect of each issue of Security Option Contract, notify JSCC the close-out quantity\(^1\) and the amount of Offsetting Sale or Offsetting Purchase when it has executed Offsetting-Sale or Offsetting-Purchase\(^2\), by each account as set forth in Article 46-3 and by the cutoff time set by JSCC.

\(^1\) 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\(^{1-2}\)

\(^{1-2}\) excluding the settlement through Offsetting Sale or Offsetting Purchase

\(^2\) excluding the case stipulated in the following Paragraph

2 An Index Futures Clearing Participant shall notify, in respect of each issue of Security Option Contract, JSCC the close-out quantity\(^1\), and, when Offsetting-Sale in respect of the Long Position which are pursuant to the commissions of the Brokerage for Clearing of Securities, etc.\(^3\) or Offsetting-Purchase in respect of the Short Position which are pursuant to the commissions of the Brokerage for Clearing of Securities, etc.\(^4\) has been executed, the amount of Offsetting Sale or Offsetting Purchase by an Index Futures Non-Clearing Participant\(^2\) 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 Article 46-4 and by the cutoff time set by JSCC. In such case, an Index Futures Clearing Participant may cause the Index Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing or the relevant Short Position Subject To Brokerage for Clearing to make such notification in place of Index Futures Clearing Participant's own notification.

\(^1\) limited to those under commission of the Brokerage for Clearing of Securities, etc.)

\(^2\) referring to the entity which has the trading qualification in respect of Security Option Contract but does not have Index Futures Clearing Qualification; the same applies hereinafter in this Section)

\(^3\) hereinafter referred to as the “Long Position Subject To Brokerage for Clearing”

\(^4\) hereinafter referred to as the “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 46-3 that is managed by the relevant Index Futures 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 Article 46-4 that is managed by the relevant Index Futures Clearing Participant.

5 When JSCC has received the notification set forth in Paragraph 1 or Paragraph 2, JSCC shall inform the Designated Market Operator*1 of the close-out quantity and the amount of the Offsetting-Sales and/or the Offsetting-Purchases so notified.

(*1 referring to the Designated Market Operator operating the Designated Financial Instruments Market prescribed in Item (2) of Paragraph 2 of Article 3; the same applies hereinafter in this Section)

(Article 73-3 Payment/Receipt of Contract Price)
When a Contract for Clearing in respect of Security Option Contract is formed, the Index Futures Clearing Participant shall pay/receive the contract price therefor to/from JSCC on the day immediately following the day of the conclusion of the trading contract*. In such case, an Index Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and an Index Futures Clearing Participant receiving payment shall receive the money at 1:00 P.M. of the day on which the relevant money is to be paid or received.

(1 for Flexible Contract Months prescribed by the Designated Market Operator, the day on which the trading day*1-1 of the conclusion of the trading contract ends) (*1-1 referring to the trading day prescribed as to the Flexible Contract Months by the Designated Market Operator)

(Article 73-4 Notification of Exercise of Option)
1 An exercise of the option pertaining to the Long Position*1 of Security Option Contract shall be done by the Index Futures Clearing Participant’s notifying JSCC of the amount pertaining to the exercise in respect of each issue by separating those for the proprietary account from those pursuant to the commissions by its customers, by the cutoff time set by JSCC which precedes the expiration time of the Security Option Contract specified by the Designated Market Operator.

(*1 excluding the Long Position Subject To Brokerage for Clearing)

2 An exercise of the option pertaining to the Long Position*1 of Security Option Contract shall be done by the Index Futures Clearing Participant’s notifying JSCC of the amount pertaining to the exercise in respect of each issue and each Index Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing, and by separating those for the proprietary account from those pursuant to the commissions by its customers, by the cutoff time set by JSCC which precedes the expiration time of the Security Option Contract specified by the Designated Market Operator. In such case, an Index Futures Clearing Participant may cause the Index Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing to make such
notification in place of Index Futures Clearing Participant’s own notification.

(*) limited to the Long Position Subject To Brokerage for Clearing)

3 Regarding the issue which falls under any of the following Items on the Exercise Date*, the Index Futures Clearing Participant cannot make the notification of the exercise of the right set forth in the preceding two Paragraphs:

(*) referring to the exercise date specified by the Designated Market Operator in respect of the Security Option Contract; the same applies hereinafter in this Section)

(*) referring to the exercise date specified by the Designated Market Operator in respect of the Security Option Contract; the same applies hereinafter in this Section)

(2) limited to the Security Option Contracts under which, as a result of exercise, the money will be paid/received based on the difference between the exercise price and the actual price

(2) limited to the Security Option Contracts under which, as a result of exercise, the money will be paid/received based on the difference between the exercise price and the actual price

(‘2-1’ referring to the actual price prescribed by the Designated Market Operator; the same applies hereinafter)

(‘2-2’ hereinafter referred to as “Cash Settled Security Option Contract”)

(1) In respect of Security Put Option, in the case where the exercise price is at the Option Settlement Price* or lower;

(1) In respect of Security Put Option, in the case where the exercise price is at the Option Settlement Price* or lower;

(‘1’ referring to the Option Settlement Price set forth in Paragraph 6; the same applies hereinafter in this Section)

(2) In respect of Security Call Option, in the case where the exercise price is at the Option Settlement Price or higher.

(2) In respect of Security Call Option, in the case where the exercise price is at the Option Settlement Price or higher.

4 Regarding the issue which falls under any of the following Items on the Exercise Date, the notification of the exercise of the option on that issue shall be deemed to have been made even though the notification of the exercise of the option set forth in Paragraph 1 or Paragraph 2 is not made on the relevant day by the cutoff time set by JSCC under Paragraph 1 or Paragraph 2; provided, however, that the foregoing shall not apply in the case where the Index Futures Clearing Participant notified by such cutoff time to the effect that it will not exercise the option in respect of such issue:

(1) In respect of Individual Put Option, in the case where the exercise price exceeds the Option Reference Price;

(1) In respect of Individual Put Option, in the case where the exercise price exceeds the Option Reference Price;

(2) In respect of Individual Call Option, in the case where the exercise price is lower than the Option Reference Price.

(2) In respect of Individual Call Option, in the case where the exercise price is lower than the Option Reference Price.

5 In the case where JSCC deems it inappropriate to regard the notification of the exercise of the option as having been made pursuant to the provisions in the main clause of the preceding Paragraph due to a system failure in the Designated Market Operator’s trading system or some other unavoidable reasons, such provisions of the main clause in said Paragraph shall not apply.

6. Option Reference Price shall be the last price* of the underlying security on the Exercise Date, and in the case where there is no contract price* on that Exercise Date, the Option Reference Price shall be the latest contract price; provided, however, that in the case where there is no contract price after the last ex-right day of that underlying security, the Option
Reference Price shall be the price set by JSCC on each applicable occasion.

(* referring to the last price of the underlying security in the Financial Instruments Market designated by the Designated Market Operator, and including the final quote that is posted in accordance with the rules of the operator of such Financial Instruments Market)

(* including the final quote that is posted in accordance with the rules of the Designated Market Operator; the same applies hereinafter in this Article)

7 When JSCC has received the notification of the exercise of option prescribed in Paragraph 1 or Paragraph 2*, JSCC shall inform the detail of the exercise of option so notified to the Designated Market Operator.

(* including the case where the notification of the exercise of option is deemed to have been received pursuant to the provisions of Paragraph 4)

8 An Index Futures Clearing Participant which has designated a Designated Securities Clearing Participant, when it has filed the notification of the exercise of option pursuant to the provisions of Paragraph 1*, shall notify such Designated Securities Clearing Participant to such effect without delay.

(* including the case where the notification of the exercise of option is deemed to have been received pursuant to the provisions of Paragraph 4, except for the notification of the exercise of Cash Settled Security Option Contract)

(Article 73-5 Assignment of Exercised Option)

1 When an Index Futures Clearing Participant notifies the exercise of option, JSCC shall make the assignment of the quantity of the exercised option in respect of each issue in accordance with the rules of JSCC.

2 When JSCC makes the assignment of the exercised option pursuant to the provisions in the preceding Paragraph, JSCC shall notify the Index Futures Clearing Participant to whom such assignment is made* of the quantity of the relevant assignment by separating those for the proprietary account from those pursuant to the commissions by its customers.

(* in the case where the exercised option is assigned to the Short Position Subject To Brokerage for Clearing, the assigned quantity of each Index Futures Non-Clearing Participant pertaining to the relevant Short Position Subject To Brokerage for Clearing by separating those for the proprietary account from those pursuant to the commissions by its customers)

3 The Index Futures Clearing Participant which received the notification of the assignment to the Short Position Subject To Brokerage for Clearing pursuant to the provisions of the preceding Paragraph shall notify each Index Futures Non-Clearing Participant pertaining to the relevant Short Position Subject To Brokerage for Clearing of such assigned quantity by separating those for the proprietary account from those pursuant to the commissions by its customers.
4 When JSCC makes the assignment of the quantity of the exercised option pursuant to the provisions of Paragraph 1, JSCC shall notify the detail of such assignment to the Designated Market Operator.

5 An Index Futures Clearing Participant which has designated a Designated Securities Clearing Participant, when it has received the notification of assignment of the exercised option pursuant to the provisions of Paragraph 2*1, shall notify such Designated Securities Clearing Participant to such effect without delay.

\(^*1\) excluding the assignment of the exercised option related to the Cash Settled Security Option Contract

(Article 73-5-2 Payment/Receipt on the Settlement of Exercised Option)
When the right pertaining to Cash Settled Security Option Contract is exercised, the Index Futures Clearing Participant shall pay/receive the money equivalent to the difference between its exercise price and the Option Settlement Price to/from JSCC on the day following the day on which the relevant right is exercised. In such case, an Index Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and an Index Futures Clearing Participant receiving payment shall receive the money at 1:00 P.M. on the day on which the relevant money to be paid/received.

(Article 73-5-3 Locus of Responsibility in the case where Option Reference Price is not able to be calculated, etc.)
An Index Futures Clearing Participant is not entitled to seek indemnity against JSCC and the Designated Market Operator referred to in Paragraph 6 of Article 73-4 for any damages suffered by it as a result of an inability, delay or error regarding the calculation of, or as a result of a change in, the Option Reference Price.
Section 4 Settlement of JGB Futures Contract.

(Article 73-6 Reporting Close-out Quantity and the Like)

1 A JGB Futures Clearing Participant shall, in respect of JGB Futures Contract for each contract month*, notify JSCC the close-out quantity and the amount of Offsetting Sale or Offsetting Purchase when it has executed Offsetting-Sale or Offsetting-Purchase*, by each account as set forth in Article 46-3 and by the cutoff time set by JSCC.

(*) referring to the contract month set by the Designated Market Operator**; the same applies hereinafter in this Section)

(** referring to the Designated Market Operator operating the Designated Financial Instruments Market prescribed in Item (3) of Paragraph 2 of Article 3; the same applies hereinafter in this Section)

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

2 A JGB Futures Clearing Participant shall, in respect of JGB Futures Contract for each contract month, notify JSCC the close-out quantity*, and, when Offsetting-Sale in respect of the Long Position Subject To Brokerage for Clearing or Offsetting-Purchase in respect of the Short Position Subject To Brokerage for Clearing has been executed, the amount of Offsetting Sale or Offsetting Purchase by an JGB Futures 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 Article 46-4 and by the cutoff time set by JSCC. In such case, a JGB Futures Clearing Participant may cause the JGB Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing or Short Position Subject To Brokerage for Clearing make such notification in place of JGB Futures Clearing Participant's own notification.

(**** limited to those under commission of brokerage for clearing of securities, etc.)

(**** referring to the entity who has the trading qualification in respect of JGB Futures Contract but does not have JGB Futures Clearing Qualification; the same applies hereinafter)

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/Oftsetting-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 46-3 that is managed by the relevant JGB Futures 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/Oftsetting-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 Article 46-4 that is managed by the relevant JGB Futures 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 73-7 Settlement Price)
For each Trading Day**, JSCC shall set the Settlement Price for JGB Futures Contract in respect of each contract month in accordance with the rules of JSCC.
(** referring to the trading day specified by the Designated Market Operator in respect of JGB Futures Contract; the same applies hereinafter in this Section)

(Article 73-8 Payment/Receipt of Difference between Contract Price and Settlement Price)
If there is any difference between the contract price of a JGB Futures Contract and the Settlement Price as of the Trading Day on which the relevant trading contract was concluded, the JGB Futures Clearing Participant shall pay/receive the money equivalent to such difference to/from JSCC on the day immediately following the day on which the relevant Trading Day ends. In this case, the JGB Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and the JGB Futures 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/received.

(Article 73-9 Payment/Receipt of Difference between Settlement Prices)
If there is any difference between the Settlement Price on the given Trading Day and the Settlement Price on the immediately preceding Trading Day, the JGB Futures Clearing Participant shall pay/receive the money equivalent to such difference to/from JSCC on the day immediately following the day on which such given Trading Day ends. In this case, the JGB Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and the JGB Futures 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/received.

(Article 73-9-2 Payment/Receipt upon Final Settlement)
Upon the Final Settlement on Mini JGB Futures Contract***, if there is any difference between the Final Settlement Price*** and the Settlement Price on the Last Trading Day***, the JGB Futures Clearing Participant shall pay/receive the money equivalent to such difference to/from JSCC on the Final Settlement Day***. In this case, the JGB Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and the JGB Futures 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/received.

(** referring to the Mini futures contract in respect of JGB Futures Contract prescribed by the Designated Market Operator; the same applies hereinafter in this Article)
(*1 referring to the final settlement prescribed by the Designated Market Operator)
(*2 referring to the final settlement price set by the Designated Market Operator)
(*3 referring to the last trading day specified by the Designated Market Operator in respect of Mini JGB Futures Contract)
(*4 referring to the final settlement day specified by Designated Market Operator in respect of Mini JGB Futures Contract)

(Article 73-10) Deleted

(Article 73-11 Money and Securities Delivered and Received for Settlement by Physical Delivery and Payment)
The amount of money and the quantity of Japanese Government Bonds to be delivered or received by JGB Futures Clearing Participant for the Settlement by Physical Delivery and Payment*1 shall be in accordance with each of the following Items:

(*1 referring to the settlement of Large JGB Futures Contract*1 by physical delivery and payment prescribed by the Designated Market Operator; the same applies hereinafter)
(*2*1 referring to the large futures contract in respect of JGB Futures Contract prescribed by the Designated Market Operator; the same applies hereinafter)

(1) The quantity of Japanese Government Bonds shall be the difference between the Final Short Position*1 and the Final Long Position*2 in respect of each classification of tax treatment on the Accrued Interest determined by JSCC pursuant to the provisions of Paragraph 1 of the preceding Article;

(*1 referring to the total amount of the Short Position in respect of Large JGB Futures Contract for each contract month for which no report set forth in Paragraphs 1 and 2 of Article 73-6 has been submitted by the Last Trading Day*1-1)
(*2*1-1 referring to the last trading day specified by the Designated Market Operator in respect of Large JGB Futures Contract; the same applies hereinafter in this Article)
(*2 referring to the total amount of the Long Position in respect of Large JGB Futures Contract for each contract month for which no report set forth in Paragraphs 1 and 2 of Article 73-6 has been submitted by the Last Trading Day)
(2) The amount of money shall be the price*1 of the Issues Qualified for Delivery*2 for the Settlement by Physical Delivery and Payment in respect of the difference in the amount of Japanese Government Bonds set forth in the preceding Item.

(*1 referring to the price for the Settlement by Physical Delivery and Payment set by the Designated Market Operator)
(*2 referring to the issues qualified to be delivered which are specified by the Designated Market Operator; the same applies hereinafter)
(Article 73-12 Settlement Cutoff Time and Settlement Method of Settlement by Physical Delivery and Payment)

1 The delivery and receipt of money and Japanese Government Bonds in respect of Settlement by Physical Delivery and Payment shall be made between Clearing Participant and JSCC through the DVP Settlement in BOJ-NET JGB Service System in accordance with each of the following Items:

(1) The JGB Futures Clearing Participant delivering Japanese Government Bonds shall, in accordance with the rules of JSCC, deliver it by 1:30 P.M. on the relevant Day of Settlement by Physical Delivery and Payment* and receive the money;

(* referring to the day specified by the Designated Market Operator on which the Settlement by Physical Delivery and Payment is to be carried out; the same applies hereinafter)

(2) The JGB Futures Clearing Participant making payment shall, in accordance with the rules of JSCC, pay the money by 2:00 P.M. on the relevant Day of Settlement by Physical Delivery and Payment and receive the Japanese Government Bonds.

2 In carrying out the Settlement by Physical Delivery and Payment pursuant to the provisions of the preceding Paragraph, the JGB Futures Clearing Participant shall make effort to ensure a smooth settlement.

(Article 73-13 Combination of Securities Subject to Settlement)

The securities subject to the Settlement by Physical Delivery and Payment may be combined to constitute a number which is an integral multiple of the trading unit in respect of each Issue Qualified for Delivery at the election of the delivering JGB Futures Clearing Participant.

(Article 73-14 Notification of Securities Subject to Settlement)

The delivering JGB Futures Clearing Participant shall notify JSCC of the issue and quantity of the Japanese Government Bonds to be delivered for the Settlement by Physical Delivery and Payment by the cutoff time set by JSCC.

(Article 73-15 Handling of the Case of Delivery Failure)

1 In respect of the Settlement by Physical Delivery and Payment, if the delivering JGB Futures Clearing Participant has failed to deliver Japanese Government Bonds by the cutoff time prescribed in Item (1) of Paragraph 1 of Article 73-12 on the Day of Settlement by Physical Delivery and Payment**, such settlement shall be deferred to the immediately following day or later.

(** hereinafter referred to as “the Case of Delivery Failure” in this Article)

2 In the case of the event stipulated in the preceding Paragraph, the JGB Futures Clearing Participant that has made the Delivery Failure shall carry out the Settlement by Physical
Delivery and Payment by the fourth day following the Day of Settlement by Physical Delivery and Payment. In such case, the JGB Futures Clearing Participant that has made the Delivery Failure shall notify in advance JSCC of the day on which the Settlement by Physical Delivery and Payment is to be carried out, and such day shall constitute the settlement day for the Case of Delivery Failure.

3 In the event that the Settlement by Physical Delivery and Payment between the delivering JGB Futures Clearing Participant and JSCC was deferred pursuant to the provisions of Paragraph 1, the Settlement by Physical Delivery and Payment designated by JSCC among those between JSCC and the receiving JGB Futures Clearing Participants shall be carried out on the settlement day for the Case of Delivery Failure as set forth in the preceding Paragraph.

4 With regards to the application of the provisions of Article 73-12 to the Case of Delivery Failure, the words “the Day of Settlement by Physical Delivery and Payment” shall be interpreted to mean “the settlement day for the Case of Delivery Failure”.

5 In addition to each of the preceding Paragraphs, matters necessary for handling in the Case of Delivery Failure shall be prescribed in the rules of JSCC.
Section 4-2 Cross Margining

(Article 73-15-2 Cross Margining Request by JGB Futures Clearing Participant)

1 If a JGB Futures Clearing Participant falls on any of the following, it may make request to JSCC to cover its Position in JGB Futures Contracts on an account of a Cross Margining User under the Cross Margining*1 in a manner prescribed by JSCC*2:
   (*1 referring to the Cross Margining set forth in Article 2.1.(13)-5 of IRS Business Rules; the same applies hereinafter)
   (*2 hereinafter referred to as the "Cross Margining Request")
   (1) When the relevant JGB Futures Clearing Participant is a Cross Margining User, and intends to cover all or a part of its Position in JGB Futures Contracts on its own account under the Cross Margining;
   (2) When a Customer of the JGB Futures Clearing Participant or a JGB Futures Non-Clearing Participant which commissions the Brokerage for Clearing of Securities, etc. to the relevant JGB Futures Clearing Participant is a Cross Margining User, and the JGB Futures Clearing Participant has received an application for Cross Margining Request from such Cross Margining User;
   (3) When a Customer of a JGB Futures Non-Clearing Participant which commissions the Brokerage for Clearing of Securities, etc. to the relevant JGB Futures Clearing Participant is a Cross Margining User, and the JGB Futures Clearing Participant has received, from the JGB Futures Non-Clearing Participant, an application for Cross Margining Request made through such JGB Futures Non-Clearing Participant.

2 The request set forth in the immediately preceding Paragraph may only be made when the criteria prescribed by JSCC have been satisfied.

(Article 73-15-3 Restrictions on Cross Margining Request)
A JGB Futures Clearing Participant making the Cross Margining Request pursuant to the provisions of the immediately preceding Article*1 may not make any Cross Margining Request on behalf of any of the Cross Margining Users listed in each item below on the day that is one or two days preceding the date specified in the relevant item if:
   (*1 hereinafter referred to as the "Cross Margining Requestor")
   (1) in respect of a Cross Margining User, its Cross Margining Accepting Party has submitted a notification to change the Cross Margining Requestor or the JGB Futures Non-Clearing Participant to which the Cross Margining User commissions the brokerage of the JGB Futures Contracts*1:
      Date on which the change so notified becomes effective:
      (*1 limited to the case where the Cross Margining User is a customer of the JGB Futures Non-Clearing participant)
   (2) in respect of a Cross Margining User, its Cross Margining Accepting Party submitted a
notification for discontinuance of using Cross Margining by the relevant Cross Margining User pursuant to the provisions of Article 84-3 of IRS Business Rules:
Day on which the usage of the Cross Margining is discontinued.

(Article 73-15-4 Claims and Obligations related to Cross Margined JGB Futures Cleared Contracts Cease to Exist)
1 If an entity listed in each of the Items below is a Cross Margining User related to the Cross Margined JGB Futures Cleared Contract¹ and falls on any of the events set forth in the Items below, the claims and obligations² related to the Cross Margined JGB Futures Cleared Contracts between the Cross Margining Requestor and JSCC shall cease to exist and have no future effect:
(¹ referring to the Cross Margined JGB Futures Cleared Contracts set forth in Article 2.1.(13)-6 of IRS Business Rules; the same applies hereinafter)
(² excluding the claims and obligations set forth in Paragraph 4)
(1) Cross Margining Requestor
a. When the Cross Margining User becomes subject to the measures of suspending assumption of all the obligations taken by JSCC pursuant to the provisions of Paragraph 5 of Article 76, or a petition for commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, commencement of reorganisation proceedings or commencement of special liquidation or acknowledgement of foreign insolvency proceedings is filed (including the petitions equivalent thereto under any foreign laws and regulations) against the Cross Margining User:
b. When the Cross Margining User become subject to the measures of suspension of all or a part of assumption of obligations taken by JSCC, when JSCC has revoked the JGB Futures Clearing Qualification of the Cross Margining User or its Clearing Qualification has been renounced pursuant to the provisions of Article 33, and JSCC has decided to cause other Clearing Participant to settle unsettled Clearing Contracts of such person;
c. When the Cross Margining User had its Market Transactions of Derivatives suspended by the Designated Market Operator as it is judged to be insolvent or likely to be insolvent;
d. When a Default in respect of the Cross Margining User has been determined by JSCC pursuant to the provisions of IRS Business Rules;
e. When, in respect of the Cross Margining User, the Clearing Brokerage Contracts under the Interest Rate Swap Clearing Brokerage Agreement executed pursuant to the provisions of Article 43 of IRS Business Rules terminate on the Early Termination Date pursuant to the provisions of the said Clearing Brokerage Agreement;
f. When a Default in respect of the Cross Margining Accepting Party for the Cross Margining User has been determined by JSCC pursuant to the provisions of IRS Business Rules, when the Cross Margining Accepting Party for the Cross Margining User falls on any of the events set forth in Article 38.2 of IRS Business Rules or a petition for commencement of
bankruptcy proceedings, commencement of rehabilitation proceedings, commencement of reorganisation proceedings or commencement of special liquidation or acknowledgement of foreign insolvency proceedings is filed (including the petitions equivalent thereto under any foreign laws and regulations) against the Cross Margining Accepting Party.

(2) Customer of Cross Margining Requestor

a. In respect of the commission of a brokerage for the JGB Futures Contracts related to the Cross Margined JGB Futures Cleared Contracts, the Cross Margining User has its obligations accelerated as a matter of course pursuant to the provisions of the Agreement for Setting Up Futures/Options Trading Account prescribed by the Designated Market Operator;

b. When the Cross Margining Request for the Cross Margining User falls on any of the events set forth in sub-items a. to c. of the immediately preceding Item, in which case the references to “the Cross Margining User” in sub-items a. to c. of the said Item shall be replaced with the "Cross Margining Requestor";

c. When the Cross Margining Accepting Party for the Cross Margining User falls on the event set forth in sub-item f. of the immediately preceding Item.

(3) JGB Futures Non-Clearing Participant

a. When the Cross Margining User had its obligations accelerated as a matter of course pursuant to the provisions of the Contract for Commissioning Clearance related to JGB Futures, etc. executed with the Cross Margining Requestor for the commission of the Brokerage for Clearing of Securities, etc. for JGB Futures Contracts related to the Cross Margined JGB Futures Cleared Contracts pursuant to the provisions of Article 39;

b. When the Cross Margining User becomes subject to the measures of suspension of a commission of the Brokerage for Clearing of Securities, etc. for Market Transactions of Derivatives by the Designated Market Operator as it is judged to be insolvent or likely to be insolvent;

c. When the Cross Margining Requestor for the Cross Margining User falls on any of the events set forth in sub-items a. to c. of Item (1), in which case, the references to “the Cross Margining User” in sub-items a. to c. of the said Item shall be replaced with “the Cross Margining Requestor”;

d. When the Cross Margining Accepting Party for the Cross Margining User falls on the event set forth sub-item f of Item (1);

(4) Customer of JGB Futures Non-Clearing Participant

a. When the Cross Margining Requestor for the Cross Margining User falls on any of the events set forth in sub-items a. to c. of Item (1), in which case, the references to “the Cross Margining User” in sub-items a. to c. of the said Item shall be replaced with “the Cross Margining Requestor”;

b. When the Cross Margining Accepting Party for the Cross Margining User falls on the event set forth sub-item f of Item (1);
c. When the Cross Margining User falls on any of the events set forth in sub-item a. of Item (2);

d. When the JGB Futures Non-Clearing Participant to which the brokerage for the JGB Futures Contracts are commissioned by the Cross Margining User falls on any of the events set forth in sub-item a. or b. of the immediately preceding Item; in which case, the references to “the Cross Margining User” in sub-item a. and b. of the said Item shall be replaced with “the JGB Futures Non-Clearing Participant to which the brokerage for the JGB Futures Contracts are commissioned by the Cross Margining User.”

2 When the claims and obligations cease to exist pursuant to the provisions of the immediately preceding Paragraph, JSCC may cause the Cross Margined JGB Futures Cleared Contracts of the Cross Margining Requestor under the said Paragraph to be settled through offsetting purchases or sale, JGB Futures Position Transfer set forth in Article 2.1.(15)-3 of IRS Business Rules, or any other method considered necessary pursuant to the provisions of IRS Business Rules.

3 When JSCC deems it necessary, JSCC may have another Clearing Participant perform the settlement set forth in the immediately preceding Paragraph, in which case, the entrustment agreement shall be deemed to have been concluded between such Clearing Participant and the Cross Margining User under Paragraph 1.

4 The claims and obligations to be excluded from the claims and obligations cease to exist as set forth in Paragraph 1 shall be the claims and obligations related to cash to be paid/received between JSCC and the Cross Margining Requestor under Paragraph 1 in respect of the Cross Margined JGB Futures Cleared Contracts pursuant to the provisions of Article 73-8 or Article 73-9, which have already become due at the time when the Cross Margining Requestor, the Cross Margining Accepting Party, the Cross Margining User or the JGB Futures Non-Clearing Participant to which the Cross Margining User commissions the brokerage for the JGB Futures Contract, as applicable, referred to in Paragraph 1 falls on the event set forth in the relevant Item of Paragraph 1.

(Article 73-15-5 Application of the provisions of IRS Business Rules related to JGB Futures Position Transfer, etc.)

1 The JGB Futures Position Transfer set forth in Paragraph 2 of the preceding Article shall be prescribed by Article 94-3 of IRS Business Rules.

2 The designation of JGB Futures Backup Clearing Broker set forth in Article 2.1.(15)-8 of IRS Business rules shall be prescribed by Article 45-3 of IRS Business Rules.
Section 5 Settlement of Option Contract on JGB Futures.

(Article 73-16 Reporting Close-out Quantity and the Like)

1. A JGB Futures Clearing Participant shall, in respect of each issue of Option Contract on JGB Futures, notify JSCC the close-out quantity and the amount of Offsetting Sale or Offsetting Purchase when it has executed Offsetting-Sale or Offsetting-Purchase*1, by each account as set forth in Article 46-3, and by the cutoff time set by JSCC.
   (*1 excluding the case stipulated in the following Paragraph)

2. A JGB Futures Clearing Participant shall, in respect of each issue of Option Contract on JGB Futures, notify JSCC the close-out quantity*1, and, when Offsetting-Sale in respect of the Long Position Subject To Brokerage for Clearing or Offsetting-Purchase in respect of the Short Position Subject To Brokerage for Clearing has been executed, the amount of Offsetting Sale or Offsetting Purchase by an JGB Futures 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 Article 46-4, and by the cutoff time set by JSCC. In such case, a JGB Futures Clearing Participant may cause the JGB Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing or Short Position Subject To Brokerage for Clearing make such notification in place of JGB Futures Clearing Participant's own notification.
   (*1 limited to those under commission of brokerage for clearing of securities, etc.)

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 46-3 that is managed by the relevant JGB Futures 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 Article 46-4 that is managed by the relevant JGB Futures Clearing Participant.

5. When JSCC has received the notification set forth in Paragraph 1 or Paragraph 2, JSCC shall inform the Designated Market Operator*1 of the close-out quantity and the amount of the Offsetting-Sales and/or the Offsetting-Purchases so notified.
   (*1 referring to the Designated Market Operator operating the Designated Financial Instruments Market prescribed in Item (4) of Paragraph 2 of Article 3; the same applies hereinafter in this Section except for Article 73-19-2)

(Article 73-17 Payment/Receipt of Contract Price)
When a Contract for Clearing in respect of an Option on JGB Futures is formed, the JGB Futures Clearing Participant shall pay/receive the contract price for Option Contract on JGB Futures to/from JSCC on the day immediately following the day on which the Trading Day*1 during which the relevant contract was concluded ends. In such case, the JGB Futures Clearing Participant making payment shall pay the money by 11:00 A.M. and the JGB Futures Clearing Participant receiving payment shall receive the money at 1:00 P.M. of the day on which the relevant money is to be paid/received.

(*1 referring to the trading day specified by the Designated Market Operator in respect of the Option Contract on JGB Futures; the same applies hereinafter in this Section)

(Article 73-18 Notification of Exercise of Option)

1 An exercise of the right pertaining to the Long Position*1 of Option Contract on JGB Futures shall be done by the JGB Futures Clearing Participant’s notifying JSCC of the amount pertaining to the exercise in respect of each issue comprising the Long Position*2, which exists at the end of the Trading Day on which the right of the option is to be exercised, by separating those for the proprietary account from those pursuant to the commissions by its customers, by the cutoff time set by JSCC which precedes the expiration time of the Option Contract on JGB Futures specified by the Designated Market Operator.

(*1 excluding the Long Position Subject To Brokerage for Clearing)

(*2 excluding the Long Position Subject To Brokerage for Clearing)

2 An exercise of the right pertaining to the Long Position*1 of Option Contract on JGB Futures shall be done by the JGB Futures Clearing Participant’s notifying JSCC of the amount pertaining to the exercise in respect of each issue comprising the Long Position Subject To Brokerage for Clearing which exists at the end of the Trading Day on which the option is to be exercised and each JGB Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing, and by separating those for the proprietary account from those pursuant to the commissions by its customers, by the cutoff time set by JSCC which precedes the expiration time of the Option Contract on JGB Futures specified by the Designated Market Operator. In such case, a JGB Futures Clearing Participant may cause the JGB Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing make such notification in place of JGB Futures Clearing Participant’s own notification.

(*1 limited to the Long Position Subject To Brokerage for Clearing)

3 Regarding the issue which falls under any of the following Items on the expiration date of the Exercise Period*1, the notification of the exercise of the option on that issue shall be deemed to have been made even though the notification of the exercise of the right set forth in the preceding two Paragraphs is not made by the cutoff time set by JSCC under said Paragraphs; provided, however, that the foregoing shall not apply in the case where the JGB Futures Clearing Participant notified by such cutoff time to the effect that it will not
exercise the right in respect of such issue:

(*1 referring to the exercise period of Option Contract on JGB Futures specified by the Designated Market Operator; the same applies hereinafter in this Section)

(1) In respect of Put Option on JGB Futures, in the case where the exercise price exceeds the Settlement Price*1 of the Underlying Contract Month of JGB Futures*2 on the Trading Day which ends on the expiration date of the Exercise Period;

(*1 referring to the Settlement Price prescribed in Article 73-7; the same applies hereinafter in this Section)

(*2 referring to the contract month of JGB Futures specified by the Designated Market Operator which underlies the Option on JGB Futures; the same applies hereinafter)

(2) In respect of Call Option on JGB Futures, in the case where the exercise price is lower than the Settlement Price of the Underlying Contract Month of JGB Futures on the Trading Day which ends on the expiration date of the Exercise Period.

4 In the case where JSCC deems it inappropriate to regard the notification of the exercise of option as having been made pursuant to the provisions in the main clause of the preceding Paragraph due to a system failure in the Designated Market Operator’s trading system or some other unavoidable reasons, such provisions of the main clause in said Paragraph shall not apply.

5 When JSCC has received the notification of the exercise of option prescribed in Paragraph 1 or Paragraph 2*, JSCC shall inform the detail of the exercise of option so notified to the Designated Market Operator.

(*including the case where the notification of the exercise of option is deemed to have been received pursuant to the provisions of Paragraph 3)

(Article 73-19 Assignment of Exercised Option)

1 When a JGB Futures Clearing Participant notifies the exercise of option, JSCC shall make the assignment of the quantity of the exercised option in respect of each issue in accordance with the rules of JSCC at the end of the Trading Day ending on the day on which such notification is made.

2 When JSCC makes the assignment of the quantity of the exercised option pursuant to the provisions in the preceding Paragraph, the quantity pertaining to the relevant notification of the exercise of option and to the assignment shall be regarded as the quantity pertaining to the settlement and such quantity shall be subtracted from the amount of the Long Position or the Short Position*1 of the relevant JGB Futures Clearing Participant at the end of the Trading Day ending on the day on which such notification is made.

(*1 in the case where the exercised/assigned option pertains to the Long Position Subject To Brokerage for Clearing/Short Position Subject To Brokerage for Clearing, referring to the Long Position Subject To Brokerage for Clearing or the Short Position Subject To Brokerage for Clearing of each JGB Futures Non-Clearing Participant pertaining to
such Long Position Subject To Brokerage for Clearing or Short Position Subject To Brokerage for Clearing)

3 When JSCC makes the assignment of the exercised option pursuant to the provisions in Paragraph 1, JSCC shall notify the JGB Futures Clearing Participant to whom such assignment is made* of the quantity of the relevant assignment by separating those for the proprietary account from those pursuant to the commissions by its customers.

(* in the case where the exercised option is assigned to the Short Position Subject To Brokerage for Clearing, the assigned quantity of each JGB Futures Non-Clearing Participant pertaining to the relevant Short Position Subject To Brokerage for Clearing by separating those for the proprietary account from those pursuant to the commissions by its customers)

4 The JGB Futures Clearing Participant which received the notification of the assignment to the Short Position Subject To Brokerage for Clearing pursuant to the provisions of the preceding Paragraph shall notify each JGB Futures Non-Clearing Participant pertaining to the relevant Short Position Subject To Brokerage for Clearing of such assigned quantity by separating those for the proprietary account from those pursuant to the commissions by its customers.

5 When JSCC makes the assignment of the quantity of the exercised option pursuant to the provisions of Paragraph 1, JSCC shall notify the detail of such assignment to the Designated Market Operator.

(Article 73-19-2 Locus of Responsibility in the case where Settlement Price of Contract Month Contract of JGB Futures subject to Exercise is not able to be calculated, etc.)

A JGB Futures Clearing Participant is not entitled to seek indemnity against JSCC and the Designated Market Operator which operates the Designated Financial Instruments Market referred to in Item (3) of Paragraph 2 of Article 3 for any damages suffered by it as a result of an inability, delay or error regarding the calculation of, or as a result of a change in, the Settlement Price of the Contract Month Contract of JGB Futures subject to exercise.)
Section 6 Settlement of Index Futures Contract.

(Article 73-20 Reporting Close-out Quantity and the Like)

1. An Index Futures Clearing Participant shall, in respect of Index Futures Contract for each contract month\(^\dagger\), notify JSCC the close-out quantity and the amount of Offsetting Sale or Offsetting Purchase when it has executed Offsetting-Sale or Offsetting-Purchase\(^\ddagger\), by each account as set forth in Article 46-3 and by the cutoff time set by JSCC.

\(^\dagger\) referring to the contract month set by the Designated Market Operator\(^\ddagger\); the same applies hereinafter in this Section

\(^\ddagger\) referring to the Designated Market Operator operating the Designated Financial Instruments Market prescribed in Item (5) of Paragraph 2 of Article 3; the same applies hereinafter in this Section

\(^\ddagger\) excluding the case stipulated in the following Paragraph

2. An Index Futures Clearing Participant shall, in respect of Index Futures Contract for each contract month, notify JSCC the close-out quantity\(^\dagger\), and, when Offsetting-Sale in respect of the Long Position Subject To Brokerage for Clearing or Offsetting-Purchase in respect of the Short Position Subject To Brokerage for Clearing has been executed, the amount of Offsetting Sale or Offsetting Purchase by an Index Futures Non-Clearing Participant\(^\ddagger\) 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 Article 46-4 and by the cutoff time set by JSCC. In such case, an Index Futures Clearing Participant may cause the Index Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing or Short Position Subject To Brokerage for Clearing make such notification in place of Index Futures Clearing Participant’s own notification.

\(^\dagger\) limited to those under commission of brokerage for clearing of securities, etc.

\(^\ddagger\) referring to the entity who has the trading qualification in respect of Index Futures Contract but does not have Index Futures Clearing Qualification; the same applies hereinafter in this Section

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 46-3 that is managed by the relevant Index Futures 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 Article 46-4 that is managed by the relevant Index Futures Clearing Participant.
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 73-21 Settlement Price)
For each Trading Day**, JSCC shall set the Settlement Price for Index Futures Contract in respect of each contract month in accordance with the rules of JSCC.
(* referring to the trading day specified by the Designated Market Operator in respect of Index Futures Contract; the same applies hereinafter in this Section)

(Article 73-22 Payment/Receipt of Difference between Contract Price and Settlement Price)
If there is any difference between the contract price* of an Index Futures Contract and the Settlement Price as of the Trading Day on which the relevant trading contract was concluded, the Index Futures Clearing Participant shall pay/receive the money equivalent to such difference to/from JSCC on the day immediately following the day on which the relevant Trading Day ends. In this case, the Index Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and the Index Futures 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/received.
(* referring to the contract price index or contract price set by the Designated Market Operator; the same applies hereinafter)

(Article 73-23 Payment/Receipt of Difference between Settlement Prices)
If there is any difference between the Settlement Price on the given Trading Day and the Settlement Price on the day immediately preceding Trading Day, the Index Futures Clearing Participant shall pay/receive the money equivalent to such difference to/from JSCC on the day immediately following the day on which such given Trading Day ends. In this case, the Index Futures Clearing Participant making payment shall pay the money by 11:00 A.M. and the Index Futures 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/received.

(Article 73-24 Payment/Receipt upon Final Settlement)
Upon the Final Settlement on Index Futures Contract**, if there is any difference between the Final Settlement Price ** and the Settlement Price on the Last Trading Day***, the Index Futures Clearing Participant shall pay/receive the money equivalent to such difference to/from JSCC on the Final Settlement Day**. In this case, the Index Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and the Index Futures 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/received.
(** referring to the final settlement in respect of Index Futures Contract prescribed by the Designated Market Operator)
(** referring to the final settlement price set by the Designated Market Operator; the same applies hereinafter in the following Article)
(** referring to the last trading day specified by the Designated Market Operator in respect of Index Futures Contract)
(** referring to the final settlement day specified by the Designated Market Operator in respect of Index Futures Contract)

(Article 73-25 Locus of Responsibility in the case where Settlement Price is not able to be calculated, etc.)

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

(** including the entity to whom the calculation of index is deputed by that former entity)
Section 7 Settlement of Index Option Contract

(Article 73-26 Reporting of Close-out Quantity and the Like)

1 An Index Futures Clearing Participant shall, in respect of any issue of Index Option Contract, notify JSCC the close-out quantity and the amount of Offsetting Sale or Offsetting Purchase when it has executed Offsetting-Sale or Offsetting-Purchase*¹, by each account as set forth in Article 46-3, by the cutoff time set by JSCC.

(*¹ excluding the case stipulated in the following Paragraph)

2 An Index Futures Clearing Participant shall, in respect of any issue of Index Option Contract, notify JSCC the close-out quantity*¹, and, when Offsetting-Sale in respect of the Long Position Subject To Brokerage for Clearing or Offsetting-Purchase in respect of the Short Position Subject To Brokerage for Clearing has been executed, the amount of Offsetting Sale or Offsetting Purchase by an JGB Futures Non-Clearing Participant*² 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 Article 46-4, and by the cutoff time set by JSCC. In such case, an Index Futures Clearing Participant may cause the Index Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing or Short Position Subject To Brokerage for Clearing make such notification in place of Index Futures Clearing Participant’s own notification.

(*¹ limited to those under commission of brokerage for clearing of securities, etc.)

(*² referring to the entity which holds trading qualification relating to Index Option Contract but does not hold Index Futures Clearing Qualification; the same applies hereinafter in this Section)

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 46-3 that is managed by the relevant Index Futures 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 Article 46-4 that is managed by the relevant Index Futures Clearing Participant.

5 When JSCC has received the notification set forth in Paragraph 1 or Paragraph 2, JSCC shall inform the Designated Market Operator*¹ of the close-out quantity and the amount of the Offsetting-Sales and/or the Offsetting-Purchases so notified.

(*¹ referring to the Designated Market Operator operating the Designated Financial Instruments Market prescribed in Item (6) of Paragraph 2 of Article 3; the same applies
(Article 73-27 Payment/Receipt of Contract Price)

When a Contract for Clearing in respect of Index Option Contract is formed, the Index Futures Clearing Participant shall pay/receive the contract price for Index Option Contract to/from JSCC on the day immediately following the day on which the Trading Day*1 during which the relevant contract is concluded ends. In such case, an Index Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and an Index Futures Clearing Participant receiving payment shall receive the money at 1:00 P.M. of the day on which the relevant money is to be paid/received.

(*1 referring to the trading day specified by the Designated Market Operator in respect of the Index Option Contract; the same applies hereinafter in this Section)

(Article 73-28 Notification of Exercise of Option)

1 An exercise of the right pertaining to the Long Position*1 of Index Option Contract shall be done by the Index Futures Clearing Participant's notifying JSCC of the amount pertaining to the exercise in respect of each issue by separating those for the proprietary account from those pursuant to the commissions by its customers, by the cutoff time set by JSCC which precedes the expiration time of the Index Option Contract specified by the Designated Market Operator

(*1 excluding the Long Position Subject To Brokerage for Clearing)

2 An exercise of the right pertaining to the Long Position*1 of Index Option Contract shall be done by the Index Futures Clearing Participant's notifying JSCC of the amount pertaining to the exercise in respect of each issue and each Index Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing, and by separating those for the proprietary account from those pursuant to the commissions by its customers, by the cutoff time set by JSCC which precedes the expiration time of the Index Option Contract specified by the Designated Market Operator. In such case, an Index Futures Clearing Participant may cause the Index Futures Non-Clearing Participant pertaining to the relevant Long Position Subject To Brokerage for Clearing make such notification in place of Index Futures Clearing Participant's own notification.

(*1 limited to the Long Position Subject To Brokerage for Clearing)

3 Regarding the issue which falls under any of the following Items on the Exercise Date*1, the Index Futures Clearing Participant cannot make the notification of the exercise of the right set forth in the preceding two Paragraphs:

(*1 referring to the exercise date specified by the Designated Market Operator in respect of Index Option Contract; the same applies hereinafter in this Section)

(1) In respect of Index Put Option, in the case where the exercise price is at the Option Settlement Price*1 or lower;
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(* referring to the Option Settlement Price set by the Designated Market Operator; the same applies hereinafter in this Section)

(2) In respect of Index Call Option, in the case where the exercise price is at the Option Settlement Price or higher.

4 Regarding the issue which falls under any of the following Items on the Exercise Date, the notification of the exercise of the option on that issue shall be deemed to have been made even though the notification of the exercise of the right is not made by the cutoff time on the relevant day set by JSCC under Paragraph 1 or Paragraph 2; provided, however, that the foregoing shall not apply in the case where the Index Futures Clearing Participant notified by such cutoff time to the effect that it will not exercise the right in respect of such issue:

(1) In respect of Index Put Option, in the case where the exercise price exceeds the Option Settlement Price;

(2) In respect of Index Call Option, in the case where the exercise price is lower than the Option Settlement Price.

5 When JSCC has received the notification of the exercise of option prescribed in Paragraph 1 or Paragraph 2, JSCC shall inform the detail of the exercise of option so notified to the Designated Market Operator.

(Article 73-29 Assignment of Exercised Option)

1 When an Index Futures Clearing Participant notifies the exercise of option, JSCC shall make the assignment of the quantity of the exercised option in respect of each issue in accordance with the rules of JSCC.

2 When JSCC makes the assignment of the quantity of the exercised option pursuant to the provisions of the preceding Paragraph, JSCC shall notify the Index Futures Clearing Participant to whom such assignment is made, of the quantity of the relevant assignment by separating those for the proprietary account from those pursuant to the commissions by its customers.

(* including the case where the notification of the exercise of option is deemed to have been received pursuant to the provisions of the preceding Paragraph)

3 The Index Futures Clearing Participant which received the notification of the assignment to the Short Position Subject To Brokerage for Clearing, the assigned quantity of each Index Futures Non-Clearing Participant pertaining to the relevant Short Position Subject To Brokerage for Clearing by separating those for the proprietary account from those pursuant to the commissions by its customers)
customers.

4 When JSCC makes the assignment of the quantity of the exercised option pursuant to the provisions of Paragraph 1, JSCC shall notify the detail of such assignment to the Designated Market Operator.

(Article 73-30 Payment/Receipt on the Settlement of Exercised Option)
When the right pertaining to Index Option Contract is exercised, the Index Futures Clearing Participant shall pay/receive the money equivalent to the difference between its exercise price and the Option Settlement Price to/from JSCC on the day following the day on which the relevant right is exercised. In such case, an Index Futures Clearing Participant making payment shall pay the money by 11:00 A.M., and an Index Futures Clearing Participant receiving payment shall receive the money at 1:00 P.M. on the day on which the relevant money to be paid/received.

(Article 73-31 Locus of Responsibility in the case where Option Settlement Price is not able to be calculated, etc.)
Index Futures Clearing Participant is not entitled to seek indemnity against JSCC, Designated Market Operator and/or the entity calculating index*1 for any damages suffered by it as a result of an inability, delay or error regarding the calculation or distribution of index or as a result of a change in the Option Settlement Price.
(*1 including the entity to whom the calculation of index is deputed by that former entity)
Section 8 Settlement of Exchange FX Contract.

(Article 73-32 Notification of Position)

1. An FX Clearing Participant shall notify JSCC of the number of Long Positions and the number of Short Positions relating to an Exchange FX Contract in respect of each Subject Financial Index, and by separating those for the proprietary account from those pursuant to the commissions by its customers, by the cutoff time set by JSCC. Provided, however, when the FX Clearing Participant has executed an Offsetting-Sale or Offsetting-Purchase, it shall notify the number after deducting the number subject to such Offsetting-Sale or Offsetting-Purchase as regarding them as the number relating to settlement.

(* excluding Long Position Subject To Brokerage for Clearing)
(* excluding Short Position Subject To Brokerage for Clearing)
(* referring to the subject financial index set by the Designated Market Operator; the same applies hereinafter in this Section)
(*-1 referring to the Designated Market Operator operating the Designated Financial Instruments Market prescribed in Item (11) of Paragraph 2 of Article 3; the same applies hereinafter in this Section)

2. An FX Clearing Participant shall notify JSCC of the number of Long Positions Subject To Brokerage for Clearing and the number of Short Positions Subject To Brokerage for Clearing relating to an Exchange FX Contract in respect of each Subject Financial Index and in respect of each FX Non-Clearing Participant relating to such Long Position Subject To Brokerage for Clearing or such Short Position Subject To Brokerage for Clearing, and by separating those for the proprietary account from those pursuant to the commissions by its customers, by the cutoff time set by JSCC. Provided, however, when an Offsetting-Sale or Offsetting-Purchase has been executed, such Clearing Participant shall notify the number after deducting the number subject to such Offsetting-Sale or Offsetting-Purchase as regarding them as the number relating to settlement. In such case, the FX Clearing Participant may cause the FX 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 place of the FX Clearing Participant.

(* referring to the entity which has the trading qualification in respect of Exchange FX Contract but does not have FX Clearing Qualification; the same applies hereinafter)

3. The FX Clearing Participant shall calculate and record the number subject to the notification under the preceding two Paragraphs immediately after the trading session of each Trading Day.

(* referring to the Trading Day designated by the Designated Market Operator in respect of an Exchange FX Contract; the same applies hereinafter in this Section)

(Article 73-33 Settlement Price and Swap Point Standard Price)
JSCC shall, pursuant to its rules, prescribe the Settlement Price and swap point standard price of each Trading Day in respect of each Subject Financial Index of Exchange FX Contract after the close of session on such Trading Day.

(Article 73-34 Payment/Receipt of Initial Mark to the Market Result)
If there is any difference in an Exchange FX Contract between the contract price and the Settlement Price on the Trading Day on which such Exchange FX Contract is executed in respect of a Position for which a rollover*1 is executed at the close of trading session of that Trading Day and which has arisen from the contract formed during such session, the FX Clearing Participant shall pay/receive money equivalent to such difference to/from JSCC on the settlement day*2 relating to such Trading Day.
(*1 referring to the rollover prescribed by the Designated Market Operator; the same applies hereinafter)
(*2 referring to the day following the closing day of the Trading Day*2-1)
(*2-1 if it falls on a Non-business Day, it shall be the immediately following business day; the same applies hereinafter in this Section)

(Article 73-35 Payment/Receipt of Net Difference to Previous Day)
If there is any difference in an Exchange FX Contract between the Settlement Price on the Trading Day on which a rollover is executed and the Settlement Price on the Trading Day immediately preceding such Trading Day in respect of a Position for which such rollover is operated at the close of trading session of such Trading Day and which has arisen from the contract formed prior to such session, the FX Clearing Participant shall pay/receive money equivalent to such difference to/from JSCC on the settlement day relating to such Trading Day.

(Article 73-35-2 Payment/Receipt of Final Settlement Balance)
In the Final Settlement of Exchange FX Contracts*1, FX Clearing Participants shall pay/receive money described in below listed items to/from JSCC on the Final Settlement Date*2:
(*1 referring to the Final Settlement of Exchange FX Contracts prescribed by the Designated Market Operator)
(*2 referring to the Final Settlement Date of Exchange FX Contracts prescribed by the Designated Market Operator)
(1) In respect of a Position existing on the Last Trading Day*1 which has arisen from the contract formed during the session on such Last Trading Day, the amount equal to the difference, if any, between the contract price of the relevant contract and the Final Settlement Price*2 on the Trading Day on which such contract is executed; and
(2) In respect of a Position existing on the Last Trading Day which has arisen from the contract formed prior to the opening of the session on the Last Trading Day, the amount equal to the difference, if any, between the Final Settlement Price and the Settlement Price on the previous Trading Day.

(\(^1\) referring to the Last Trading Day prescribed by the Designated Market Operator in respect of Exchange FX Contracts; the same applies hereinafter in this Article)

(\(^2\) referring to the Final Settlement Price prescribed by the Designated Market Operator; the same applies hereinafter in this Article)

(Article 73-36 Delivery or Receipt of Swap Points)
When a rollover of Position is executed in an Exchange FX Contract at the close of trading session on any Trading Day, FX Clearing Participant shall deliver/receive to/from JSCC the amount of money equivalent to the amount obtained by multiplying the swap point standard price of each Subject Financial Index by the difference between the number of the Long Positions subject to such rollover and the number of the Short Positions subject to such rollover\(^1\), on the settlement day relating to such Trading Day.

\(^1\) hereinafter referred to as “Swap Points”

(Article 73-37 Payment /Receipt of Settlement Balance)
When an Offsetting-Sale or Offsetting-Purchase is executed in an Exchange FX Contract, FX Clearing Participant shall pay/receive to/from JSCC the sum of money set forth in the following Items according to the classification of the Position set forth in such Items on the settlement day relating to the Trading Day on which such Offsetting-Sale or Offsetting-Purchase is executed:

(1) For Position relating to the contract formed on the Trading Day on which such Offsetting-Sale or Offsetting-Purchase is executed:

The amount of money equivalent to the difference between the contract price of the Position and the contract price of such Offsetting-Sale or Offsetting-Purchase transaction

(2) For Position relating to the contract formed on or prior to the Trading Day immediately preceding the Trading Day on which such Offsetting-Sale or Offsetting-Purchase transaction is executed:

The amount of money equivalent to the difference between the Settlement Price on such immediately preceding Trading Day and the contract price related to such Offsetting-Sale or Offsetting-Purchase.

(Article 73-38 Net Difference to Previous Day relating to Non-Yen Financial Index)
The amount of money equivalent to the difference prescribed in each of Article 73-34 through Article 73-37 in respect of an Exchange FX Contract relating to the Non-Yen Financial Index\(^*\) shall be computed in accordance with the rules prescribed by JSCC.
(“” referring to the non-yen financial index prescribed by the Designated Market Operator)

(Article 73-39 Locus of Responsibility in the case where Settlement Price, etc. is not able to be Calculated, etc.)

An FX Clearing Participant is not entitled to seek indemnity against JSCC or the Designated Market Operator for any damages suffered by it as a result of an inability, delay or error regarding the calculation or distribution of, or change, etc. in, Settlement Price or swap point standard price.
Section 9 Miscellaneous Clauses.

(Article 73-40 Amount of Money to be Paid/Received for Futures and Options, and Its Method)

1 The payment and receipt of the amount of money pursuant to the provisions of Article 73-3, Article 73-5-2, Article 73-8, Article 73-9, Article 73-9-2, Article 73-17, Article 73-22 through Article 73-24, Article 73-27 and Article 73-30 shall be performed in the amount set forth below according to the below-listed classification:

(1) Classification set forth in Items (1) and (3) of Article 46-3
The sum of the differences between the amount to be paid and amount to be received in respect of the accounts set forth in Item (1) and Item (3), a. and b. of Article 46-3 of the same Clearing Participant;

(2) Classification set forth in Item (2) of Article 46-3 and Items (1) and (2) of Article 46-4
The sum of the differences between the amount to be paid and amount to be received in respect of the accounts set forth in Item (2) of Article 46-3, Item (1) and Item (2) a. and b. of Article 46-4 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 method in this case shall be in accordance with the rules of 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 46-3 and Article 46-4 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 73-41 Amount of Money to be Paid/Received for Futures and Options, and its Method)

1 The amount of money to be paid/received pursuant to the provisions of Article 73-34 through Article 73-38 shall be the difference between the total amount to be paid and the total amount to be received by the same FX Clearing Participant for each purpose of deposit made by such FX Clearing Participant**.

(** referring to the classification of the Margins prescribed in Paragraph 1 of Article 19 of the Rules on Margins, etc. for Exchange FX Contracts; the same applies hereinafter)

2 In addition to those set forth in the preceding Paragraph, matters necessary to be prescribed in relation to the amount of money to be paid/received pursuant to the provisions of Article 73-34 through Article 73-38 shall be prescribed by JSCC.

(Article 73-42 Application of the Rules in the Event of the Give-up)
With respect to the Futures and Option 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*** is deemed to have concluded the relevant Futures and Option
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Contracts, and the provisions of this Chapter and the following Chapter shall apply accordingly.

(* in the case where the relevant Trading Participant Executing Clearance is a Non-Clearing Participant, referring to its Designated Clearing Participant)
Chapter 5-2 Succession of Margin and Unsettled Contract, etc.

(Article 73-43 Succession of Margin and Unsettled Contract, etc.)

1 The matters with respect to the Margin relating to the Futures and Option Contracts and the handling of Unsettled Contracts, etc. in the event of the suspension of assumption of obligation due to default, etc. in the Securities and Similar Contract Clearing Business performed by JSCC shall be prescribed in the Rules on Margins, etc. for Futures and Option Contracts.

2 The matters with respect to the Margin relating to the Exchange FX Contracts and the handling of Unsettled Contracts, etc. in the event of the suspension of assumption of obligation due to default, etc. in the Securities and Similar Contract Clearing Business performed by JSCC shall be prescribed in the Rules on Margins, etc. for Exchange FX Contracts.
Chapter 5-3 Position Transfers

(Article 73-44 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 relating to Futures and Option Contracts*1 to other Clearing Participants.

(*1 excluding those Unsettled Contracts which are contract month contracts*1-1 remaining after 1:00 P.M. on the second day from and including the Last Trading Day *1-1 of such contract month contract whose Last Trading Day for the Large contract has arrived and Cross Margined JGB Futures Cleared Contracts; the same applies hereinafter in this Chapter)

(*1-1 referring to the last trading day specified by the Designated Market Operator*1-2-1 with respect to the contracts in question)

(*1-2-1 referring to the Designated Market Operator which operates the Designated Financial Instruments Market prescribed in Item (3) of Paragraph 2 of Article 3)

2 When a Clearing Participant transfers its Unsettled Contracts pursuant to the provisions of the preceding Paragraph*, it shall obtain acknowledgement of another Clearing Participant as to the Position Transfer and submit an application to JSCC by the cutoff time prescribed by JSCC in accordance with the rules prescribed by JSCC.

(*1 hereinafter referred to as the “Position Transfer” in this Chapter)

3 In the case of the immediately preceding Paragraph, the Position Transfer shall become effective when JSCC approves such Position Transfer.

4 When implementing the Position Transfer relating to the Contracts Subject to Clearing listed in Item (3) and Item (5) of Paragraph 2 of Article 3, the Settlement Price of each contract month contract on the Trading Day*1 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 pertaining to such Position Transfer.

(*1 referring to the trading day prescribed by the Designated Market Operator with respect to Futures and Option Contracts; the same applies hereinafter)

5 In the event that an Agency Clearing Participant received 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 accordance with the rules prescribed by JSCC, and obtain JSCC’s approval.

(Article 73-45 Suspension of Position Transfers)

In the event that JSCC determines it difficult to permit transfers of Positions on a continuing
basis due to failure of operation of the system for transfers of Positions or other reason, JSCC may suspend transfer of Positions.
Chapter 6 Clearing Deposit

(Article 74 Clearing Deposit)
The initial margin prescribed in Article 15-2, the clearing fund prescribed in Article 16, the Security Money for Facilitating DVP Settlement prescribed in Article 52, and the Margin prescribed in Article 70, all of which JSCC shall receive from Clearing Participants in order to ensure the performance of their obligations, shall be the Clearing Deposit prescribed in Article 156-11 of the Act.

(Article 75 Management of Clearing Deposit)
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 by demarcating each of the initial margin set forth in each item of Paragraph 1 of Article 15-2, clearing fund set forth in each item of Paragraph 1 of Article 16, Security Money for Facilitating DVP Settlement and the Margin.
Chapter 7 Measures, etc. in case of Settlement Default by Clearing Participant

Section 1 General Rules

(Article 75-2 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; 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 75-3 Refund of Clearing Fund upon Settlement Use)

When implementing the Settlement Use, JSCC may suspend 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 75-4 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 does not perform the settlement of Contracts for Clearing or JSCC deems there is a real possibility that a Clearing Participant does not perform the settlement of Contracts for Clearing, JSCC shall implement the measures, to the extent and for the period that JSCC deems necessary, to suspend the assumption of the 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 part of the securities 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 does not perform the settlement of Contracts for Clearing, JSCC may cause other Clearing Participants to sell or buy the securities or to perform similar acts which are necessary for the handling of the relevant default.

3 JSCC may apply the securities 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 been subjected 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 constituting 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 it is especially necessary to do so, notwithstanding the provisions of 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 and money which were to be received from JSCC, until the cause thereof ceases to exist.

6 The provisions of Paragraph 3 shall apply mutatis mutandis to the securities 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, exercise, or execute hedge transactions*1 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 even after the implementation of the measures set forth in the immediately preceding Paragraph, and only when JSCC considers it necessary to prevent emergence or expansion of loss set forth in Paragraph 1 of Article 78, JSCC may hold an auction for default settlement*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 Only to the extent necessary to make the arrangements set forth in Paragraph 7, JSCC may assume, from the Default Clearing Participant which has been subjected 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.

10 When JSCC deems it necessary to do so, JSCC may cause other Clearing Participants to make the arrangements set forth in Paragraph 7.

11 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 Notification of Imposition of Measure to Suspend Assumption of Obligation)

In the event that JSCC has imposed the measure of suspending assumption of the 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 the immediately preceding Article, JSCC shall notify to that effect to all the other Clearing Participants having Clearing Qualification of the same category as that of the relevant Clearing Participant’s one.

(Article 78 Compensation for Loss Caused by 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 such loss according to the purpose thereof:

(*1 including the loss JSCC incurred in the course of the handling of such default*1:*)
(*1: including the handling which takes place when JSCC deems that there is a real possibility of default)

(*2: in case of securities in lieu of cash, the amount obtained through liquidation of such securities in a manner prescribed by JSCC)

(1) Margin for buying/selling transaction deposited with JSCC by the Default Clearing Participant;

(2) Security Money for Facilitating DVP Settlement deposited with JSCC by the Default Clearing Participant;

(3) Margin relating to the Futures and Option Contracts and Margin relating to the Exchange FX Contracts for the proprietary account deposited with JSCC by the Default Clearing Participant;

(4) Margin relating to the Futures and Option Contracts and Margin relating to the Exchange FX Contracts in respect of which the Default Clearing Participant has a claim for refund(*1)

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

(5) Initial margin deposited with JSCC by the Defaulting Clearing Participant;

(6) Clearing fund 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 immediately 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: which the Default Clearing Participant has deposited with JSCC in connection with any Other Clearing Business(*2), 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: 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, other than the Securities and Similar Contract Clearing Business; the same applies hereinafter)

3 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 two Paragraphs, and if the relevant Default Clearing Participant is a trading participant or a member of a
Financial Instruments Exchange, the participant bond**1 which the relevant Default Clearing Participant has deposited with the Financial Instruments Exchange where it has the trading qualification or is a member shall be applied to compensate for the remaining loss.

(**1 if the customers or the Financial Instruments Exchange has exercised the preferential right to receive payment in respect of the bond, its balance)

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 the relevant loss**, 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 Paragraph 4, JSCC shall be compensated from the Securities and Similar Contracts Settlement Guarantee Reserve maintained by JSSC.

6 The amount of the Securities and Similar Contracts Settlement Guarantee Reserve maintained by JSSC referred to in the preceding Paragraph shall be the amount reserved or otherwise set aside in the manners prescribed by JSCC.

7 The matters necessary for the loss compensation prescribed in each preceding Paragraph shall be set by JSCC on each applicable occasion.

(Article 78-2 Compensation for Loss with Clearing Fund of Non-Default Clearing Participants)

1 In the case where any portion of the loss**1 related to Securities Clearing Qualification, JGB Futures Clearing Qualification, Index Futures Clearing Qualification or FX 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 the clearing fund for each Clearing Qualification set forth in Paragraph 1 of Article 16, deposited by each Clearing Participant other than the Default Clearing Participant**2 with JSCC as of the day of the occurrence of the relevant default**3 in accordance with the manners prescribed by JSCC.

(**1 including the loss JSCC has incurred in performing the handlings pursuant to the provisions of Article 76; the same applies hereinafter in this Article and the following Article)

(**2 hereinafter referred to as the “Clearing Participant on Default Day” in this Chapter)

(**3 including the day on which JSCC deems there is a real possibility of default; hereinafter referred to as the “Default Day” in this Chapter)

2 In the event of the immediately preceding Article, when JSCC held the auction for default
settlement, the clearing fund shall be applied to the loss remaining uncompensated as per the immediately preceding Paragraph in the order from the clearing fund deposited by the Clearing Participants on Default Day other than the successful bidder participants\(^1\) and then those deposited by the successful bidder participants.

\(^1\) referring to the Clearing Participant bid in the auction for default settlement 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 on Default Day 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 on Default Day by prorating it among them.

(Article 79 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 on Default Day shall pay Special Clearing Charge in accordance with the rules of JSCC. In such case, JSCC shall apply such Special Clearing Charge for compensating for such uncompensated loss.

2 The amount of the 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 said Paragraph prorated in accordance with the rules of JSCC among the Clearing Participants on Default Day.

3 If a Clearing Participant does not pay the Special Clearing Charge set forth in Paragraph 1, such Clearing Participant shall be regarded as having failed to perform the settlement of Contracts for Clearing on the Default Day with respect to such unpaid amount, and the provisions from Article 76 to this Article shall be applied accordingly.

4 The provisions of Paragraph 3 and Paragraph 4 of the preceding Article shall apply \textit{mutatis mutandis} to 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, “(JSCC may) compensate for such amount in the manners prescribed in Paragraph 1” in the first sentence of Paragraph 3 of the preceding Article shall be deemed to be “(JSCC may) demand payment of the Special Clearing Charge on the day set by JSCC”.

11
(Article 79-2 Cross Margining Special Clearing Charge)

1 When claims and obligations related to the Cross Margined JGB Futures Cleared Contracts between the Cross Margining Requestor and JSCC cease to exist pursuant to the provisions of Article 73-15-4, and if there remains any loss incurred by JSCC in respect of the claims and obligations which come into existence between the Cross Margining Accepting Party and JSCC pursuant to the provisions of Article 84-5 of IRS Business Rules which cannot be covered by the use of the Fourth Tier Special Clearing Charge¹, the Cross Margining Requestor shall pay the Cross Margining Special Clearing Charge in the amount equal to such remaining loss in a manner prescribed by JSCC. In this case, JSCC will cover such loss by such Cross Margining Special Clearing Charge.

(¹ referring to the Fourth Tier Special Clearing Charge set forth in Article 106.1 of IRS Business Rules; the same applies in Paragraph 2 below)

2 When the Cross Margining Requestor described in the immediately preceding Paragraph fails to pay the Cross Margining Special Clearing Charge set forth in the said Paragraph, the Cross Margining Requestor shall be deemed to have failed its performance of the settlement of the Clearing Contracts on the day on which it has determined that such loss cannot be covered fully by the Fourth Tier Special Clearing Charge, and the provisions of Article 76 to the preceding Article shall apply.

3 When JSCC deems it difficult to calculate the Cross Margining Special Clearing Charge set forth in Paragraph 1 for a considerable period of time, JSCC may deem the amount tentatively calculated by JSCC as an expected amount of such remaining loss and request the payment of the Cross Margining Special Clearing Charge in such amount on the date designated by JSCC. In this case, when the final amount of such remaining loss set forth in Paragraph 1 has been determined, the difference between such final amount of the remaining loss and the amount tentatively calculated by JSCC shall be settled between the Cross Margining Requestor under Paragraph 1 and JSCC.

4 When JSCC can collect its claims related to the loss recovered pursuant to the provisions of Paragraph 1 from the Cross Margining Accepting Party set forth in Paragraph 1, JSCC shall refund the amount so collected to the Cross Margining Requestor under Paragraph 1 pursuant to the provisions of IRS Business Rules.
Chapter 8 Miscellaneous Provisions

(Article 79-3 Adjustment of Position under Security Option Contract)
1 In the case of a stock split in respect of the underlying security of Security Option Contract where one stock is to be split into an integral multiple of one stock; in the case of an allotment of stocks without compensation where the stock of the same class as that of the underlying security in number equal to an integral multiple of one stock of the underlying security are allotted per each stock of the underlying security; in the case of a change in the trading unit; in the case of a succession of Securities Option Contracts as prescribed by the Designated Market Operator; or in other cases where JSCC deems it necessary to do so, the Position under the Security Option Contract pertaining to the securities option in respect of such underlying security shall be adjusted in accordance with the rules of JSCC.
2 The provisions of the preceding Paragraph shall apply mutatis mutandis to the underlying security*1 of Security Option Contract.
(*1 excluding stocks)

(Article 80 Extraordinary Change of Settlement Cutoff Time)
When JSCC deems it necessary, JSCC may extraordinarily change the Settlement Cutoff Time*1 in respect of Contracts for Clearing between JSCC and a Clearing Participant. In such case, JSCC shall notify the Clearing Participant to that effect in advance.
(*1 including the cutoff time prescribed in Paragraph 1 and Paragraph 2 of Article 51)

(Article 81 Deferment 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 part of the settlement to the following day or later. In such case, JSCC shall notify Clearing Participants to that effect in advance.
2 In the case where JSCC deems it impossible or difficult to make the notification of an exercise of options in respect of Security Option Contract, Option Contract on JGB Futures and/or Index Option Contract due to an occurrence of a system failure to the systems set up by JSCC or other institutions which are necessary to make the notification of the exercise of those options or due to some other unavoidable reasons, JSCC may change the Exercise Period or the Exercise Date, or suspend the exercise itself with respect to all or part of those options. In such case, JSCC shall notify Clearing Participants to that effect in advance.
3 The matters necessary for the deferment of the settlement day, the change of the Exercise Period or the Exercise Date, and the suspension of exercise itself prescribed in the
preceding two Paragraphs shall be set by JSCC on each applicable occasion.

(Article 82 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 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 board of directors' meeting.

(Article 83 Cancellation, etc. of Claims and Obligations under When-Issued Transaction)
1 Regarding the Contracts Subject to Clearing on the When-Issued Transaction, in the case where the conditions of the issuance of the stock are changed, or where the stock is not issued or recognized as not to be issued, by the settlement day, JSCC may take the measures regarding changing the securities eligible for settlement or the settlement day, or canceling the claims and obligations under the relevant When-Issued Transaction.
2 The provisions of the preceding Paragraph shall apply mutatis mutandis to preferred equity capital contribution securities and investment trust beneficiary securities.

(Article 83-2 Change, etc. of Securities Subject to Settlement under JGB Futures Contract)
In the case where JSCC deems it difficult to carry out the Settlement by Physical Delivery and Payment in respect of JGB Futures Contract taking into account such factors as the situation of the Positions, JSCC may take measures regarding changing the securities subject to the settlement of the Large JGB Futures Contract* between JSCC and the Clearing Participant or changing the Day of Settlement by Physical Delivery and Payment. (*referring to the Large JGB Futures Contract set forth in of Article 73-11)

(Article 83-3 Transfer of Unsettled Contracts in Case of Corporate Divestiture or Transfer of Business)
1 In the case where a Clearing Participant transfers its business to another Clearing Participant, or causes another Clearing Participant to succeed to its business by way of a divestiture, and when the former Clearing Participant does not lose its Clearing Qualification simultaneously with the succession or transfer of such business, that Clearing Participant may, by obtaining JSCC’s approval, transfer to such another Clearing Participant its Unsettled Contracts of Futures and Option Contracts or Exchange FX
Contracts pertaining to the relevant business being succeeded to or transferred.

2 In the event stipulated in the preceding Paragraph, if the Unsettled Contracts to be transferred are pursuant to the commissions by its customers, such former Clearing Participant shall obtain the consent of the relevant customers on the transfer of the Unsettled Contracts.

3 In the event stipulated in Paragraph 1, when an Agency Clearing Participant is to take over the Non-Clearing Participant’s Unsettled Contract which are pursuant to the commissions of the Brokerage for Clearing of Securities, etc., such Agency Clearing Participant shall obtain the consent of the relevant Non-Clearing Participant on the transfer of the relevant Unsettled Contracts.

(Article 83-4 Application of Excess Collateral relating to Securities and Similar Contract Clearing Business to Other Clearing Business)

JSCC may apply the excess collateral deposited by a Default Clearing Participant in relation to the Securities and Similar Contract Clearing 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.

(*1 referring to the Margin, initial margin, clearing fund or other collateral of which the Default Clearing Participant has the right to claim refund from JSCC in connection with the Securities and Similar Contract Clearing Business, 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 84 Payment of Fees by Designated Market Operator)

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

(Article 84-2 Prohibition of Transfer, Etc. 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.

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

(Article 85 Entrustment of Operations)

1 JSCC may entrust the administrative work relating to the Securities and Similar Contract Clearing Business specified by JSCC to the entity designated by JSCC.

2 In addition to these Business Rules, Clearing Participants shall comply with the rules in
3 The provisions of Article 18 shall apply *mutatis mutandis* to the case set forth in Paragraph 1.

(Article 86 Stipulation of Necessary Matters Regarding Financial Instruments Obligation Assumption Business and Related Businesses)
In addition to the matters prescribed in these Business Rules, when JSCC deems it necessary regarding the Securities and Similar Contract Clearing Business, JSCC may stipulate rules concerning required operations.

(Article 87 Incidental Business)
JSCC shall conduct the businesses incidental to the Financial Instruments Obligation Assumption Business and Related Businesses*.
(***limited only to those prescribed in Article 2**)

(Article 88 Authority to Make Amendment)
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 January 14, 2003; provided, however, that the provisions of Section 1 and Section 2** of Chapter 1 and Article 16 shall come into effect on January 10, 2003, and the provisions of Article 66 shall come into effect on January 8, 2003.

(** excluding Article 10)

2 In the case where the entity applying for the Principal Clearing Qualification pursuant to the provisions of Paragraph 1 of Article 6 on January 10, 2003 has already been a trading participant or a member of a Designated Market Operator, the examination on the matters stipulated in Item 2 of Paragraph 1 of Article 7 shall not be performed; provided, however, that such entity is required not to have fallen under any of the Items of Paragraph 3 of Article 29.

3 In the case where the Clearing Participant which obtained the approval set forth in Paragraph 3 of Article 6 on January 10, 2003 is an Securities Clearing Participant of the Tokyo Stock Exchange, Inc.*1, and when the total value of the clearing fund, which is comprised of cash and securities in lieu of cash valuated at their substituting values**, deposited by such Clearing Participant with TSE as of such day pursuant to TSE’s Clearing/Settlement Regulations is at least equal to the required amount of the clearing fund for securities contracts prescribed in Article 16, such Clearing Participant shall be regarded as having deposited the clearing fund prescribed in Paragraph 1 of Article 8 for the purpose of the provisions of said Paragraph.

(*1 hereinafter referred to as “TSE”)

(** deducting the amount with respect to which the relevant Clearing Participant completed the procedure set by TSE to make it the clearing fund for Futures and Option Contracts prescribed in the business rules of TSE as of January 14, 2003**)1

(*1 hereinafter referred to as the “Effective Date”)

4 Among the Contracts Subject to Clearing prescribed in Paragraph 2 of Article 3 which were formed prior to the Effective Date, in respect of those which have not been settled as of the Effective Date**, JSCC shall assume the obligations pursuant to the provisions of Paragraph 1 of Article 46 on the Effective Date unless otherwise prescribed in the following Paragraph.

(** limited to those to which a Clearing Participant of JSCC is a party as of the Effective Date)

5 In the case where the Designated Market Operator was assuming the obligation under Contracts Subject to Clearing as of the day immediately preceding the Effective Date**, JSCC shall assume the obligations between such Designated Market Operator and the Clearing Participant**2. In such case, the provisions of Paragraph 1 of Article 46 shall apply mutatis mutandis to the assumption of such obligations, and the provisions of Item 1 of
Paragraph 1 of Article 54 shall apply *mutatis mutandis* to the claims and obligations between JSCC and the Designated Market Operator pertaining to the assumption of such obligations.

(*1* including the case where the Designated Market Operator is a party to a transaction of buying/selling the underlying stock of Share Option Transaction resulting from its exercise)

(*2* limited to the Clearing Participants which are JSCC’s Clearing Participants as of the Effective Date)

6 In the case where JSCC’s Clearing Participant which was TSE’s Securities Clearing Participant on the day immediately preceding the Effective Date was making the application stipulated in Item 4 of Paragraph 1 of Article 39 of TSE’s Clearing/Settlement Regulations before the Effective Date, such Clearing Participant shall be regarded as having been making the application stipulated in Item (4) of Paragraph 1 of Article 53.

7 With respect to the application of the provisions of Article 40 to the case where the Contract for Commissioning Clearance prescribed in Article 39 is to be concluded on the Effective Date, the words “in advance” in Article 40 shall be deemed to be “without delay”.

8 The amount of money to be paid/received between a Clearing Participant and JSCC in respect of When-Issued Transaction on the Effective Date shall be as follows in addition to the amount prescribed in Article 67:

(i) With respect to the When-Issued Transactions concluded in the securities markets operated by TSE or Sapporo Securities Exchange Securities Membership Corporation on or before January 7, 2003, the amount equivalent to the difference between the Settlement Prices on January 7 of the same year set by those market operators and the Settlement Price set by JSCC on January 8 of the same year;

(ii) With respect to the When-Issued Transactions concluded in the securities markets operated by Osaka Stock Exchange Co., Ltd., Fukuoka Stock Exchange Securities Membership Corporation or Japan Securities Dealers Association on or before January 7, 2003, the amount equivalent to the difference between their contract price and the Settlement Price set by JSCC on January 8 of the same year;

(iii) With respect to the When-Issued Transactions concluded in the securities markets operated by Nagoya Stock Exchange, Inc. on or before January 7, 2003, the amount equivalent to the difference between the Settlement Price on the day of the conclusion of the relevant trading and the Settlement Price set by JSCC on January 8 of the same year.

9 Regarding the application of the provisions in Paragraph 2 of Article 79, until March 31, 2003, the phrase in said Paragraph “the shareholder’s capital*2 as of the last day of the fiscal year*3 of JSCC which immediately precedes the fiscal year in which the Default Day falls*4 shall be deemed to be “the shareholders’ capital as of the last of September, 2002”; and the phrase “the total sum of the capital, the capital reserve, and the earned surplus*5
as of the last day of the Preceding Fiscal Year; and the total value of its own stocks** to be acquired which was resolved on at the regular general meeting of shareholders pertaining to the Preceding Fiscal Year” shall be deemed to be “the amount obtained by adding the undivided profit of the current fiscal year to or by subtracting the undisposed deficit of the current fiscal year from, the total amount of the capital, the capital reserve, and the earned surplus as of the last day of September, 2002”.

(** referring to the balance after the disposition of the surplus fund pursuant to the resolution of the regular general meeting of shareholders pertaining to the Preceding Fiscal Year)

(*** being referred to as the “Preceding Fiscal Year” in this Paragraph)

(**** being referred to as the “Current Fiscal Year” in this Paragraph)

(***** referring to the balance after the disposition of the surplus fund pursuant to the resolution of the regular general meeting of shareholders pertaining to the Preceding Fiscal Year)

(****** limited to the total value of its own stocks to be acquired pursuant to the provisions of Paragraph 3 of Article 210 of the Commercial Code)

10 The convertible bonds or the corporate bonds with stock acquisition rights for which the provisions then in force still remain applicable pursuant to the provisions of Paragraph 1 of Article 7 of the Supplementary Provisions of the Law Partially Amending the Commercial Code, Etc. (Law No. 128 of 2001)*** shall be treated as Convertible Bonds or corporate bonds with the stock acquisition rights that are not Convertible Bonds, respectively, and these Business Rules shall be applied to them accordingly.

(**** hereinafter referred to as the “Law Amending Commercial Code, Etc.” in this Supplementary Provisions)

11 The certificate of subscription right, which is issued in conjunction with the corporate bonds with stock acquisition rights set forth in the immediately preceding Paragraph pursuant to Paragraph 1 of Article 341-13 of the Commercial Code as it existed prior to the amendment made under the Law Amending Commercial Code, Etc., shall be regarded as a certificate of stock acquisition rights, and these Business Rules shall be applied to it accordingly.

12 In addition to the provisions of Paragraph 2 through Paragraph 9, matters regarding the handling of the assumption of obligations as at the time these Business Rules come into effect and other necessary matters shall be set by JSCC on all such occasions.
2 The entity who applied for Clearing Qualification by January 16, 2004 in accordance with the rules of JSCC and obtained the approval from JSCC shall be regarded as being granted Share Option Clearing Qualification, JGB Futures Clearing Qualification or Stock Price Index Futures Clearing Qualification pursuant to the provisions of Paragraph 1 of Article 9 on the day on which these revised Business Rules come into effect**(1).

(**1 hereinafter referred to as the “Effective Date”)

3 For the approval set forth in the preceding Paragraph, JSCC shall perform the examination in conformity with the provisions of Article 7.

4 Notwithstanding the provisions of the immediately preceding Paragraph, in the case where JSCC is to grant the approval set forth in Paragraph 2 to the entity who is actually a Share Option Clearing Participant, a JGB Futures Clearing Participant or a Stock Index Futures Clearing Participant of Tokyo Stock Exchange, Inc.**(2) as of the day immediately preceding the Effective Day, for Share Option Clearing Qualification, JGB Futures Clearing Qualification or Stock Price Index Futures Clearing Qualification**(2), respectively, the examination of the matters prescribed in Item 2 of Paragraph 1 of Article 7 shall not be performed; provided, however, that it is required that such entity has not fallen under any of the Items of Paragraph 3 of Article 29.

(**2 limited to Principal Clearing Qualification with respect to these qualifications)

5 The entity who obtained the approval set forth in Paragraph 2 shall deposit the clearing fund and complete other necessary procedures prescribed by JSCC by the day immediately preceding the Effective Date; provided, however, that in the case where the entity who is a Share Option Clearing Participant, JGB Futures Clearing Participant or Stock Index Futures Clearing Participant of TSE has obtained the approval for the respective Share Option Clearing Qualification, JGB Futures Clearing Qualification or Stock Price Index Futures Clearing Qualification, and when the total value of the clearing fund for Futures and Option Contract—which is comprised of cash and securities in lieu of cash valuated at their substituting values, deposited with TSE pursuant to TSE’s business rules as of the day immediately preceding the Effective Date by the relevant entity who is a Share Option Clearing Participant, JGB Futures Clearing Participant or Stock Price Index Futures Clearing Participant—is at least equal to the required amount of the clearing fund for Futures and Option Contract prescribed by TSE, the relevant Share Option Clearing Participant, JGB Futures Clearing Participant or Stock Price Index Futures Clearing Participant shall be regarded as having deposited the clearing fund.

6 In the case where TSE has assumed the obligations under the Contracts Subject to Clearing prescribed in Item (3) through Item (8) of Paragraph 2 of Article 3 as of the day immediately preceding the Effective Date**(3), JSCC shall assume the obligations existing between TSE and the Clearing Participant**(3) on the Effective Date. In such case, the provisions of Paragraph 1 of Article 46 shall apply mutatis mutandis to the assumption of
such obligations, and the provisions of Item (1) of Paragraph 1 of Article 54 shall apply
mutatis mutandis to the claims and obligations between JSCC and TSE in respect of the
relevant assumption of the obligations.

(*1) including the case where TSE is a party to the JGB Futures Contract resulting from the
exercise of the option under Option Contract on JGB Futures

(*2) limited to the Clearing Participant which became JSCC’s Share Option Clearing
Participant, JGB Futures Clearing Participant or Stock Price Index Futures Clearing
Participant on the Effective Date)

7 With respect to the application of the provisions of Article 40 to the case where the entity
who obtained the approval set forth in Paragraph 2 is to conclude the Contract for
Commissioning Clearance prescribed in Article 39 on the Effective Date, the word “in
advance” in said Paragraph shall be deemed to be “without delay”.

8 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 on all such occasions.

**Supplementary Provisions**

These revised Business Rules shall come into effect on the day set by JSCC*.

*The date set by JSCC is December 13, 2004.

**Supplementary Provisions**

1 These revised Business Rules shall come into effect on January 1, 2005.

2 The bankruptcy adjudicated on or after January 1, 2005 as a result of the petition filed on or
before December 31, 2004 shall be regarded as a decision to commence bankruptcy
procedure.

**Supplementary Provisions**

These revised Business Rules shall come into effect on June 10, 2005.

**Supplementary Provisions**

These revised Business Rules shall come into effect on November 7, 2005.

**Supplementary Provisions**

1 These revised Business Rules shall come into effect on January 10, 2006.
2 With respect to the bonds*1 which are actually listed on the designated securities market at the time when these revised Business Rules come into effect, such revised provisions shall apply to settlement in respect of which the date of settlement is on or after the day designated by JSCC as the date for JASDEC to commence handling of such bonds in its book-entry transfer business.

(*1 excluding Japanese Government Bonds, corporate bonds with stock acquisition rights, etc., and Exchangeable Corporate Bonds)

Supplementary Provisions

These revised Business Rules shall come into effect on January 30, 2006.

Supplementary Provisions

1 These revised Business Rules shall come into effect on April 1, 2006.
2 Notwithstanding the provisions of the preceding Paragraph, the provisions heretofore in force shall remain applicable to the issues designated by each Designated Market Operator until the day set by that Designated Market Operator in respect of each such issue.

Supplementary Provisions

1 These revised Business Rules shall come into effect on May 1, 2006.
2 Notwithstanding the provisions of the preceding Paragraph, with respect to the stock acquisition right for which the provisions then in force still remain applicable pursuant to the provisions of Paragraph 2 of Article 98 of the Laws Concerning the Coordination, etc. of Associated Laws in Connection with the Enforcement of the Companies Act. (Law No. 87 of 2005), the provisions heretofore in force shall remain applicable.
3 The Convertible Bond which is stipulated in Item 6 of Paragraph 2 of Article 47 of these Business Rules as it existed prior to this revision, and in respect of which the resolution for its offering was passed prior to the day on which these revised Business Rules came into effect, shall be regarded as the Convertible Bond stipulated in the same Article of the Business Rules as it exists after this revision, and the revised provisions shall apply accordingly.
4 Notwithstanding the provisions of Paragraph 1, with respect to the application of Paragraph 2 of Article 79 in the case where the Default Day falls on or before March 31, 2007, the provisions heretofore in force shall remain applicable.

Supplementary Provisions
These revised Business Rules shall come into effect on January 1, 2007.

**Supplementary Provisions**

These revised Business Rules shall come into effect on September 30, 2007.

**Supplementary Provisions**

These revised Business Rules shall come into effect on November 1, 2007.

**Supplementary Provisions**

These revised Business Rules shall come into effect on December 10, 2007.

**Supplementary Provisions**

These revised Business Rules shall come into effect on January 15, 2008.

**Supplementary Provisions**

These revised Business Rules shall come into effect on April 1, 2008.

**Supplementary Provisions**

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

**Supplementary Provisions**

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

**Supplementary Provisions**

These revised Business Rules shall come into effect on July 7, 2008; provided, however, that the revised provisions of Paragraph 2 of Article 16 and Paragraph 1 of Article 70 shall apply from the deposit which is deposited with JSCC on or after the day on which these revised provisions come into effect.
These revised Business Rules shall come into effect on August 25, 2008.

**Supplementary Provisions**

These revised Business Rules shall come into effect on December 26, 2008.

**Supplementary Provisions**

1 These revised Business Rules shall come into effect on January 1, 2009.

2 The provisions heretofore in force shall remain applicable to the settlement in respect of the stock acquisition right securities which are actually listed in the Designated Financial Instruments Market on the day on which these revised provisions come into effect.

**Supplementary Provisions**

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

**Supplementary Provisions**

1 These revised Business Rules shall come into effect on November 16, 2009.

2 The provisions heretofore in force shall remain applicable to the settlement in respect of the Contracts for Clearing which JSCC had assumed obligation until November 15, 2009.

**Supplementary Provisions**

These revised Business Rules shall come into effect on July 16, 2010.

**Supplementary Provisions**

These revised Business Rules shall come into effect on April 1, 2011.

**Supplementary Provisions**

These revised Business Rules shall come into effect on July 19, 2011.

**Supplementary Provisions**

These revised Business Rules shall come into effect on March 31, 2012.
These revised Business Rules shall come into effect on December 1, 2012.

Supplementary Provisions

1 These revised Business Rules shall come into effect on March 31, 2013.

2 During the period from March 31, 2013 to March 30, 2014, in applying (c) of B) of Item (2) of Paragraph 1 of Article 7, Item (5) of Paragraph 3 of Article 29 and Item (4) of Paragraph 4 of Article 29, all as amended, the words “4.5 percent” in a. of (c) of B) of Item (2) of Paragraph 1 of Article 7 and A) of Item (4) of Paragraph 4 of Article 29 shall be interpreted to mean “3.5 percent,” the words “6 percent” in b. of (c) of B) of Item (2) of Paragraph 1 of Article 7 and B) of Item 4 of Paragraph 4 of Article 29 shall be interpreted to mean “4.5 percent”, the words “2.25 percent” in A) of Item (5) of Paragraph 3 of Article 29 shall be interpreted to mean “1.75 percent”, and the words “3 percent” in B) of Item (5) of Paragraph 3 of Article 29 shall be interpreted to mean “2.25 percent”.

3 During the period from March 31, 2014 to March 30, 2015, in applying (c) of B) of Item (2) of Paragraph 1 of Article 7, Item (5) of Paragraph 3 of Article 29 and Item (4) of Paragraph 4 of Article 29, all as amended, the words “4.5 percent” in a. of (c) of B) of Item (2) of Paragraph 1 of Article 7 and A) of Item (4) of Paragraph 4 of Article 29 shall be interpreted to mean “4 percent,” the words “6 percent” in b. of (c) of B) of Item (2) of Paragraph 1 of Article 7 and B) of Item 4 of Paragraph 4 of Article 29 shall be interpreted to mean “5.5 percent”, the words “2.25 percent” in A) of Item (5) of Paragraph 3 of Article 29 shall be interpreted to mean “2 percent”, and the words “3 percent” in B) of Item (5) of Paragraph 3 of Article 29 shall be interpreted to mean “2.75 percent”.

Supplementary Provisions

1 These revised Business Rules shall come into effect on July 16, 2013.

2 When the entity who is a clearing participant in futures and options or an FX clearing participant of Osaka Securities Exchange Co., Ltd.*1 and who applies for Clearing Qualification by June 28, 2013 in accordance with the rules of JSCC obtains the approval from JSCC through the examination conducted by applying mutatis mutandisi the provisions of Article 7, such entity shall be regarded as being granted Index Futures Clearing Qualification or FX Clearing Qualification pursuant to the provisions of Paragraph 1 of Article 9 on the day on which these revised Business Rules come into effect*. In such case, if such entity does not fall under any one of the categories set forth in Items of Paragraph 3 of Article 29, and remains to be a clearing participant in futures and options or
an FX clearing participant of OSE as of the day immediately preceding the Effective Date, the examination of the matters prescribed in Item (2) of Paragraph 1 of Article 7 shall not be performed.

(*1 hereinafter referred to as “OSE”)

(*2 hereinafter referred to as the “Effective Date”)

3 The entity who obtained the approval set forth in the preceding Paragraph in relation to the Index Futures Clearing Qualification shall deposit the clearing fund and complete other necessary procedures prescribed by JSCC by the day immediately preceding the Effective Date; provided, however, that in the case where the entity who is a clearing participant in futures and options of OSE has obtained the approval for the Index Futures Clearing Qualification, and when the total value of the clearing deposit — which is comprised of cash and securities in lieu of cash valuated at their substituting prices, — deposited by such entity with OSE pursuant to OSE’s clearing rules as of the day immediately preceding the Effective Date is equal to or more than the required amount of the clearing fund prescribed by JSCC, such entity shall be regarded as having deposited the clearing fund.

4 The entity who obtained the approval set forth in Paragraph 2 in relation to the FX Clearing Qualification shall deposit the clearing fund and complete other necessary procedures prescribed by JSCC by the day immediately preceding the Effective Date; provided, however, that in the case where the entity who is an FX clearing participant of OSE has obtained the approval for the FX Clearing Qualification, and when the total value of the clearing deposit — which is comprised of cash and securities in lieu of cash valuated at their substituting prices—, deposited by such entity with OSE pursuant to OSE’s clearing rules as of the day immediately preceding the Effective Date is equal to or more than the total sum of required amount of FX clearing deposit prescribed by OSE, such entity shall be regarded as having deposited the clearing fund.

5 The entity who holds Principal Clearing Qualification or Agency Clearing Qualification for Individual Option Clearing Qualification of JSCC as of the day immediately preceding the Effective Date*1 shall be deemed to have been granted Principal Clearing Qualification or Agency Clearing Qualification, respectively, for Index Futures Clearing Qualification as of the Effective Date in accordance with the provisions of Paragraph 1 of Article 9. In such case, such entity shall deposit the clearing fund and complete other necessary procedures prescribed by JSCC by the day immediately preceding the Effective Date.

(*1 limited only to the entity who does not hold Index Futures Clearing Qualification)

6 In the case where OSE has assumed the obligations under the Contracts Subject to Clearing prescribed in Item (2), Item (5), Item (6) and Item (11) of Paragraph 2 of Article 3, all as amended, as of the day immediately preceding the Effective Date, JSCC shall assume the obligations existing between OSE and the OSE’s clearing participant*1 on the
Effective Date. In such case, the provisions of Paragraph 1 of Article 46 shall apply *mutatis mutandis* to the assumption of such obligations, and the provisions of Item (1) of Paragraph 1 of Article 54 shall apply *mutatis mutandis* to the claims and obligations between JSCC and OSE in respect of the relevant assumption of the obligations.

(* limited to those which became JSCC's Index Futures Clearing Participant or FX Clearing Participant on the Effective Date)

7 With respect to the application of the provisions of Article 40 to the case where the entity who obtained the approval set forth in Paragraph 2 is to conclude the Contract for Commissioning Clearance prescribed in Article 39 on the Effective Date, the word “in advance” in said Paragraph shall be deemed to be “without delay”.

8 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 revised Business Rules come into effect and other necessary matters shall be set by JSCC on all such occasions.

**Supplementary Provisions**

These revised Rules shall come into effect on the date designated by JSCC.

Note: The date designated by JSCC is March 7, 2014.

**Supplementary Provisions**

1 These revised Business Rules shall come into effect on March 24, 2014.

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

**Supplementary Provisions**

These revised Rules shall come into effect on March 31, 2014.

**Supplementary Provisions**

These revised Rules shall come into effect on October 23, 2014.
These revised Rules shall come into effect on December 1, 2014.

Supplementary Provisions

1. These revised Rules shall come into effect on September 24, 2015.
2. Notwithstanding the provisions of the immediately preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Business Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business Rules shall come into effect on the day set by JSCC which is not earlier than September 24, 2015.

Supplementary Provisions

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

Supplementary Provisions

1. These revised Business Rules shall come into effect on January 8, 2016; provided that revisions to Article 15-3, Paragraph 4 of Article 15-4, Article 17 and Article 78-2 shall come into effect on the next day following the date on which other revisions to these Business Rules come into effect (or next business day, if such day falls on a non-business day).
2. Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Business Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business Rules shall come into effect on the day set by JSCC which is not earlier than January 8, 2016.
1. These revised Business Rules shall come into effect on January 30, 2017.
2. Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Business Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business Rules shall come into effect on the day set by JSCC which is not earlier than January 30, 2017.

Supplementary Provisions

1. These revised Business Rules shall come into effect on February 13, 2018, except for the provisions of Paragraphs 3 to 7 of Article 16 which shall come into effect on February 9, 2018.
2. Notwithstanding the provisions of the preceding Paragraph, other than the revised provisions of Paragraphs 3 to 7 of Article 16, Article 21-2, Item (2) of Paragraph 1 of Article 29, Articles 75-2 to 75-4, Paragraphs 7 to 11 of Article 76, Paragraphs 2 to 4 of Article 78-2 and Paragraph 4 of Article 79, in the case where JSCC deems it inappropriate for the revised Business Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business Rules shall come into effect on the day set by JSCC which is not earlier than February 14, 2018.

Supplementary Provisions

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

Supplementary Provisions

1. These revised Business Rules shall come into effect on July 16, 2019, and will apply to the settlement of the securities lending/borrowing pertaining to due bills issued on and after the effective date of these revisions.
2. Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC
deems it inappropriate for the revised Business Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Business Rules shall come into effect on the day set by JSCC which is not earlier than July 16, 2019.