

REGULATIONS FOR CLEARING MARGIN RULES

THIS ENGLISH TEXT OF REGULATIONS IS ORIGINALLY PREPARED FOR THE JAPANESE TEXT AND THE JAPANESE TEXT HEREOF SHALL GOVERN FOR ALL PURPOSES AND IN ALL RESPECTS. THIS ENGLISH TEXT INTENDED AS CONVENIENCE FOR USERS, WHOSE FIRST LANGUAGE IS NOT JAPANESE .

ACCORDINGLY, JAPAN COMMODITY CLEARING HOUSE CO.,LTD (“JCC H”) GIVES NO ASSURANCE THAT THIS ENGLISH IS COMPLETELY ACCURATE WITH RESPECT TO TERM OF USE, TO THE CURRENT STATUS OF THE LAWS OR TO THE CUSTOMARY PRACTICES OF JAPAN.

THEREFORE, ALL DISPUTES THAT MAY ARISE WITHIN OR WITHOUT LAW COURTS REGARD TO THE TERM OF USE, TO THE CURRENT STATUS OF THE LAW OR TO THE CUSTOMARY PRACTICES OF JAPAN , PROVISIONS AND STIPULATIONS OF THIS REGULATIONS SHALL BE DECIDED IN ACCORDANCE WITH THE JAPANESE TEXT ONLY.

Article 1. Purpose

Pursuant to the Clearing Margin Rules (hereinafter “Margin Rules”), the purpose of these Regulations is to prescribe the matters to be set forth by JCCH and the necessary matters concerning implementation of Margin Rules.

Article 2. Amount of Delivery Clearing Margin

The amount of Delivery Clearing Margin as prescribed under Article 5 and Article 6 of Margin Rules shall be the amount prescribed by JCCH :based on the amount notified from the Designated Commodity Exchange.

Article 3. Substitute Securities

1. Matters relating to treatment of Substitute Securities and Warehouse Receipts as prescribed under Article 9 of Margin Rules shall be as prescribed in the Regulations for Substitute Securities.
2. The Applied Value prescribed under Article 11.5 of Margin Rules shall be amount calculated pursuant to the provisions of the Regulations for Substitute Securities.

Article 4. Method of Deposit of Clearing Margin

1. The deposits of Clearing Margin prescribed under Article 10, Paragraphs 1 through 3 and Paragraph 5 of Article 11, Article 12, Paragraphs 1 and 3 of Article 13 and Article 15 of Margin Rules shall be conducted by account transfers from the settlement accounts established by Clearing Participant with the settlement banks.
2. When it is deemed particularly necessary by JCCH, notwithstanding the preceding Paragraph, the deposits of Clearing Margin may be conducted by means other than account transfer prescribed under the preceding paragraph.

Article 5. Market Value for Substitute Securities

1. The Market Value for Substitute Securities as prescribed under Article 11.2 of Margin Rules shall be the amount based on the Market Value prevailing on the 10th day of each month (if such day is a holiday, then the first available earlier day), and the period during which the Market Value shall apply shall be from the 25th day of the month (if such day is a holiday, then the first available earlier day) until the 24th day of the following month.
2. Notwithstanding the preceding Paragraph, if the Market Value falls below the Applied Value, the Applied Value shall be changed to reflect the change of the Market Value.

Article 6. Change of Clearing Margin Amount Prescribed by the Competent Minister

In cases where the Competent Minister requires the amount of Clearing Margin to be changed in accordance with the provision of Article 118 of Commodity Futures Trading Law, the Clearing Margin shall be the amount that is prescribed by JCCH based on the contents of the provision of the said Article.

Article 6-2. Same-Day Deposit of Clearing Margin

1. The Method etc. of Same-day Deposit of Clearing Margin as prescribed under Article 14.2 (1) of Clearing Margin Rules shall be prescribed as follows.
 - (1) In cases where a Clearing Participant deposits monies (including Substitute Foreign Currency) with JCCH as Clearing Margin, the Deposit Application shall be made according to the method prescribed by JCCH, and monies shall be deposited by bank transfer or foreign currency remittance in JCCH's account of the settlement bank designated by JCCH on the same day placed or deposited by the Customer.
 - (2) In cases where a Clearing Participant deposits Substitute Securities with JCCH as Clearing Margin, the Deposit Application will be made according to the method prescribed by JCCH by 2:15 pm, and the Substitute Securities shall be deposited by account transfer to JCCH's account of the securities company designated by JCCH or deposited by submitting at the contact desk of the securities company designated by JCCH by 3 pm on the same day placed or deposited from the Customer.
 - (3) "The amount to be paid by the relevant customer" as prescribed under Article 14.2 (1) item (4) of Clearing Margin Rules shall be as follows.
 - (i) The amount which the Clearing Participant pays the Mark-to-Market Loss Amount and Loss resulting from Liquidation in place of the said Customer in the payment of the Execution Price Differential and Settlement Price Differential to JCCH by the Clearing Participant (Broker Member, etc.)
 - (ii) The amount which the Clearing Participant pays the Clearing Margin Maintenance Amount in place of Customer Account in the deposit of the Clearing Margin to JCCH by the Clearing Participant (Broker Member, etc.).

- (ii) The total amount by adding together unsettled Brokerage Commission fee or Tentative Brokerage Commission fee and amount equivalent to consumption tax.
- 2. The Method etc. of Same-day Deposit of Clearing Margin as prescribed under Article 14.2 (2) of Clearing Margin Rules, the word “Customer” appearing in Article 6-2. (1) and (2) shall be amended to read “Intermediaries or Non-Clearing Participant”

Article 7. Reporting of Amount of Clearing Margin

In principle, the deadline for reporting the amount of Clearing Margin as prescribed under Article 21 of Margin Rules shall be 7:00 p.m.

Article 7-2. The Method etc. of Same-day Deposit of Delivery Payment etc. as prescribed under Article 22-6 of Clearing Margin Rules shall be prescribed as follows.

- (1) In cases where a Clearing Participant (Broker Member etc.) deposits monies with JCCH as Delivery Payment, etc., the Deposit Application will be made according to the method prescribed by JCCH, and monies shall be deposited by bank transfer in JCCH’s account of the settlement bank designated by JCCH on the day placed from the Customer, Intermediaries or Non-Clearing Participant.
- (2) In cases where a Clearing Participant (Broker Member etc.) deposits Securities (limited to warehouse receipts) with JCCH as Delivery Payment etc., the Deposit Application will be made according to the method prescribed by JCCH by 2:15 pm, and the Securities shall be deposited by submitting at the contact desk of the securities company designated by JCCH by 3 pm on the day placed from the Customer, Intermediaries or Non-Clearing Participant.

Article 8. Claim for Refund of Customer

- 1. The exercise of Claim for Refund of Clearing Margin by Customer under provisions of Article 30.3 and Article 33-2.2 of Margin Rules (including cases under Article 33

applied on a *mutatis mutandis* basis) shall be conducted by means of the reporting form in the Attachment hereto.

2. When declaring Claim for Refund under provisions of the preceding Paragraph, the Market Value of Substitute Securities for Customer Margin, as a rule, shall be calculated based on the Market Value on the date that Claim for Refund may be exercised directly against JCCH pursuant to the provisions of Article 30.2 of Margin Rules.

Article 9. Returns of Clearing Margin Relating to Unsettled Contracts that are Transferred

Reporting to JCCH as prescribed under Article 32 of Margin Rules shall be conducted in the prescribed format.

Article 10. Notification of Contractual Amount for Agreement of Letter of Guarantee Concerning Replacement Deposits

The method for notifications of contractual amount as prescribed under Article 35.1 of Margin Rules and the other necessary matters relating to Agreement of Letter of Guarantee Concerning Replacement Deposits as prescribed under Article 37 of Margin Rules shall be as prescribed in the “Regulations for Letter of Guarantee Concerning Replacement Deposits.”

Article 11. Notification of Contractual Amount of Agreement of Letter of Guarantee Concerning Direct Deposits

The method for notifications of contractual amount as prescribed under Article 37-4.1 of Margin Rules and the other necessary matters relating to Agreement of Letter of Guarantee Concerning Direct Deposits as prescribed under Article 37-6 of Margin Rules shall be as prescribed in the “Regulations for Letter of Guarantee Concerning Direct Deposits.”

Article 12. Authority to Amend Regulations for Margin Rules

Amendments to these Regulations for Clearing Margin Rules shall be conducted by the decision of CEO, Chairman.

Supplementary Provisions

These Regulations shall be implemented on May 1, 2005.

Supplementary Provisions

The amendments to Article 9.1 (Claims for Refund of Customer) and the new stipulations of Article 9.2 shall be implemented on November 9, 2005.

Supplementary Provisions

The amended provisions to delete of Article 7 (Exception for Classification of Obligations Relating to Futures Transactions) so that Article 8 shall be replaced Article 7 and all the Articles below Article 7 shall be carried up one after another, shall be implemented from April 4, 2006.

Supplementary Provisions

The amendments to Article 7 (Reporting of Amount of Clearing Margin) shall be implemented on January 7, 2008.

Supplementary Provisions

The amendments to Article 7 (Reporting of Amount of Clearing Margin) shall be implemented on July 1, 2009.

Supplementary Provisions

The amendments to Article 2 (Amount of Margin) shall be implemented on October 8, 2009.

Supplementary Provisions

The amendment to Article 10 (Notification of Contractual Amount for Agreement of Letter of Guarantee Concerning Replacement Deposits) and new stipulation of Article 11

(Notification of Contractual Amount of Agreement of Letter of Guarantee Concerning Direct Deposits) shall be implemented on July 1, 2010.

Supplementary Provisions

The amendments to Article 8 (Claim for Refund of Customer) and new stipulations of Article 12 (Authority to Amend Regulations for Margin Rules) shall be implemented on January 1, 2011, and the amendments to Article 2 (Amount of Delivery Clearing Margin) and Article 6 (Change of Clearing Margin Amount prescribed by the Competent Minister) shall be implemented on January 4 2011.

Supplementary Provisions

The amendment to Article 4 (Method of Deposit of Clearing Margin) shall be implemented on April 30, 2013.

Supplementary Provisions

New stipulation of Article 6-2 (Same-Day Deposit of Clearing Margin) and Article 7-2 (Same-Day Deposit of Delivery Payment etc.) shall be implemented on October 9, 2018.