

REGULATIONS FOR SUBSTITUTE SECURITIES

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.

These Regulations shall prescribe the Regulations of Clearing Funds and Securities that may be substitutive for Clearing Margins as prescribed under Article 61.3 of the Business Rules and Article 9.1 of the Clearing Margins Rules.

1. Types and Brands of Substitute Securities for Clearing Margins and Clearing Funds

- (1) Japanese Government Bonds;
- (2) Municipal Bonds;
- (3) Equity Investment (Shusshi) Certificates Issued by the Bank of Japan;
- (4) Bonds issued by legal entities established under special Laws (hereinafter referred to as “Special Bonds”);

- (5) Corporate Bonds that are listed on Tokyo Stock Exchange or Nagoya Stock Exchange;
- (6) Convertible Type Warrant Bonds issued by companies that are listed on the First Section of Tokyo Stock Exchange or Nagoya Stock Exchange;
- (7) Stocks consisting of issues (including foreign equities; hereinafter the same shall apply.) listed on the First and Second Sections of Tokyo Stock Exchange or Nagoya Stock Exchange; local-only Stocks listed on Fukuoka Stock Exchange; and Stocks listed on JASDAQ market of Tokyo Stock Exchange (limited to the Standard market; hereinafter the same shall apply); provided that Stocks listed on the Second Sections of the above-mentioned stock exchanges, local-only Stocks and Stocks listed on JASDAQ market shall be limited to those that required to apply of Substitute Securities as prescribed in Paragraph 4 hereof.
- (8) Beneficiary certificates prescribed in Article 185.1 of Trust Law (hereinafter referred to as “Trust Beneficiary Certificates”).
Listed Trust Beneficiary Certificates that are listed on Tokyo Stock Exchange, Nagoya Stock Exchange, or Fukuoka Stock Exchange;
- (9) Beneficiary certificates prescribed in Article 2.7 of Act on Investment Trusts and Investment Corporations (hereinafter referred to as “Investment Trust Beneficiary Certificates”).
Listed Investment Trust Beneficiary Certificate (including Foreign Investment Trust Beneficiary Securities etc. and beneficiary certificates of foreign beneficiary certificate-issuing trusts etc.; hereinafter the same shall apply.) that are listed on Tokyo Stock Exchange, Nagoya Stock Exchange, or Fukuoka Stock Exchange;
- (10) Beneficiary certificates prescribed in Article 2.2 of Loan Trust Law (hereinafter referred to as “Loan Trust Beneficiary Certificates”).
Loan Trust Beneficiary Certificates for each offering by the trust bank and for which not less than one year has passed from the date on which the subscription period has concluded;
- (11) Investment Securities prescribed in Article 2.15 of Act on Investment Trusts and Investment Corporations (hereinafter referred to as “Investment Certificates”).

Listed Investment Certificates that are listed on Tokyo Stock Exchange, Nagoya Stock Exchange, or Fukuoka Stock Exchange;

- (12) Investment Corporation Bond Certificates prescribed in Article 2.20 of Act on Investment Trusts and Investment Corporations (hereinafter referred to as “Investment Corporations Bonds”).

Listed Investment Corporations Bonds that are listed on Tokyo Stock Exchange, Nagoya Stock Exchange, or Fukuoka Stock Exchange;

- (13) Foreign Investment Securities prescribed in Article 220.1 of Act on Investment Trusts and Investment Corporations (excluding securities similar to Investment Equity Subscription Right Certificates; hereinafter referred to as “Foreign Investment Certificates”).

Listed Foreign Investment Certificates that are listed on Tokyo Stock Exchange, Nagoya Stock Exchange, or Fukuoka Stock Exchange;

- (14) Designated Warehouse Receipts consisting of Warehouse Receipts certifying the custody of Listed Commodities that are deliverable in settlement of transactions as prescribed by Commodity Exchange, provided that such shall be limited in use to substitute for Clearing Margins.

- (Notes) (i) The securities that prescribed below shall be applied as Substitute Securities for Clearing Margins and Clearing Funds.

Subparagraphs (1), (2), (4), (5), (6) and (10) shall be Physical movement of securities or of which ownership of rights is determined by description or record in the book-entry transfer account registry under the provisions of Act on Book-Entry Company Bonds, Shares, etc. (act No.75 of 2001, hereinafter referred to as the “Act on Book-Entry”)

Subparagraphs (3) and (14) shall be Physical movement of securities.

Subparagraphs (7) through (9) and (11) through (13) shall be shares of which ownership of rights are determined by description or record in the book-entry transfer account registry under the provisions of Act on Book-Entry.

Foreign equities, Foreign Investment Trust Beneficiary Securities etc., beneficiary certificates of foreign beneficiary certificate-issuing trusts etc., or Foreign Investment Certificates shall be shares of which ownership of rights are determined by description or record in the book-entry transfer account registry under the provisions of Act on Book-Entry and rules concerning operation of the Subsidiary Business of General Book-Entry Institutions approved by the competent minister pursuant to Order on Supervision of General Book-Entry Institutions (Ordinance of the Cabinet Office and Ministry of Justice No. 1 of 2002),

- (ii) Securities in registered form shall be limited to those for which the procedures for establishing rights of pledge have been completed and for which the required documentation is attached or a form for assignment has been prepared.
- (iii) Certificates of safekeeping certifying the custody of assets under management are not accepted.
- (iv) Clearing Participant may not deposit the issue of securities that are same company name or issuer as the Clearing Participant for Clearing Margins of House Account, Replacement deposit of Clearing Margins and Clearing Funds (Including Stocks or other securities that are holding company of Clearing Participant and the Clearing Participant's management gives great influence on this stock value).

2. Unit Size of Deposits

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| (1) Japanese Government Bonds, Municipal Bonds, Special Bonds, and Corporate Bonds: | The minimum amount prescribed by the issuer or an amount equivalent to an integral multiple of such a minimum amount. |
| (2) Equity Investment Certificates Issued by the Bank of Japan: | 100 units. |
| (3) Convertible Type Warrant Bonds, Stocks, Listed Trust Beneficiary Certificates, Listed | Trading units as prescribed by Securities Exchange. |

Investment Trust Beneficiary
Certificates, Listed Investment
Certificates, Listed Investment
Corporation Bonds and Listed
Foreign Investment Certificates:

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| (4) Loan Trust Beneficiary
Certificates: | Face amount for each issue (one unit of
principal JPY 10,000) or amounts that are
integral multiples thereof. |
| (5) Designated Warehouse Receipts: | Delivery units as prescribed by
Commodity Exchange. |

3. Applied Value

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| (1) Japanese Government Bonds : | (i) Interest-bearing treasury bonds:
80% of face value for super
long-term bonds and long-term
bonds, and 85% of face value for
intermediate-term bonds.
(ii) Treasury Discount Bills:
85% of face value.
(iii) Discount Government Bonds
(excluding Treasury Discount Bills):
75% of face value. |
| (2) Municipal Bonds and securities: | 70% of face value. |
| (3) Equity Investment Certificates
Issued by the Bank of Japan: | 85% of Market Value provided that
Applied Value shall be rounded down to
the nearest unit of JPY 500. |
| (4) Special Bonds: | 50% of face value for both interest-bearing
and discounted bonds. |
| (5) Corporate Bonds: | 50% of face value. |
| (6) Convertible Type Warrant
Bonds: | 50% of face value. |
| (7) Stocks: | 70% of Market Value for Stocks listed on
the First Section of Tokyo Stock Exchange
or Nagoya Stock Exchange (any fraction
less than one yen is discarded; hereinafter
the same shall apply); 60% of Market
Value for Stocks listed on the Second |

- Section of Tokyo Stock Exchange or Nagoya Stock Exchange, and local-only Stocks listed on Fukuoka Stock Exchange; 50% of Market Value for Stocks listed on JASDAQ market of Tokyo Stock Exchange; provided that Applied Value of less than JPY 100 shall be rounded down to the nearest unit of JPY 5, and Applied Value of JPY 100 and above shall be rounded down to the nearest unit of JPY 10.
- (8) Listed Trust Beneficiary Certificates, Listed Investment Trust Beneficiary Certificates, Listed Investment Certificates, Listed Investment Corporation Bonds and Listed Foreign Investment Certificates: 65% of Market Value, provided that Applied Value of less than JPY 100 shall be rounded down to the nearest unit of JPY 5, and Applied Value of JPY 100 and above shall be rounded down to the nearest unit of JPY 10.
- (9) Loan Trust Beneficiary Certificates: 70% of face value.
- (10) Designated Warehouse Receipts: 70% of Market Value calculated using the Settlement Price, provided that Applied Value of less than JPY 1,000 shall be round down.

(Notes) (i) Notwithstanding the provisions of Article 3(Applied Value) hereof, when deemed necessary, JCCH may change Applied Value.

4. Designation and Review of Substitute Securities etc. of Specific Issues

- (1) Designation and review of Substitute Securities of specific issues shall be conducted by JCCH in every July in accordance with requirements set below;.
- (i) For issues listed on the Second Section of Securities Exchange and local-only Stocks, prices shall be available for 125 or more days on an annual basis or an annual trading volume shall be one thousand units or more, and capital shall be not less than JPY 800 million, and an annual dividend shall be paid.

- (ii) For issues listed on JASDAQ market, prices shall be available for 125 or more days on an annual basis, an annual trading volume shall be one thousand units or more, shareholders shall be 3,000 or more, capital shall be not less than JPY 800 million, and an annual dividend shall be paid.
- (2) When deemed necessary about other matters, JCCH may designate or review of Substitute Securities.

5. Day for Computation of Applied Value and Effective Period

- (1) The day of the Applied Value is calculated shall be the 10th day of each month (if such falls on a holiday, shall be moved to the preceding business day) and the period during which the Market Value of amounts shall be effective shall be from the 25th day of a given month (if such falls on a holiday, shall be moved to following business day) until the 24th day of the following month, provided that said dates may be changed in cases where preparation of the Table of Prices becomes problematic.
- (2) The day for calculation of the Applied Value for Designated Warehouse Receipts shall be as prescribed by Commodity Exchange.
- (3) When deemed necessary about other matters, JCCH may prescribe the day for computation or effective period by types and brands of Substitute Securities.

6. Priority of Prices Applied for Stocks and Designated Substitute Securities Market etc. in cases where relocation of Listed market

- (1) Stocks
 - (i) The Market Value shall be the final trading price of the issue listed on designated market by JCCH for each issue (hereinafter referred to as the “Designated Substitute Securities Market” in this Article.). If no final

trading price is reported, the Market Value shall be an indicative price of the given day at Designated Substitute Securities Market.

With respect to the issue listed both on First Section of Tokyo Stock Exchange and First Section of Nagoya Stock Exchange or Second Section of Tokyo Stock Exchange and Second Section of Nagoya Stock Exchange, if final trading price is not reported from one Designated Substitute Securities Market, the Market Value shall be the final trading price of the other.

Also, despite Designated Substitute Securities Market for each issue, if no final trading price is reported by both Tokyo Stock Exchange and Nagoya Stock Exchange, the Market Value shall be an indicative price of the given day from Tokyo Stock Exchange to Nagoya Stock Exchange.

(In cases where there are two or more the Market Values of the same priority as the result of a new issuance, merger or other reason, the Applied Value shall be the lowest of such prices.)

(ii) In cases where relocate its Listed market, Designated Substitute Securities Market etc. shall be as follows;

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| a. In cases where listing either on First Section of Tokyo Stock Exchange or Nagoya Stock Exchange | The listed market |
| b. In cases where listing both on First Section of Tokyo Stock Exchange and Nagoya Stock Exchange | First Section of Tokyo Stock Exchange |
| c. In cases where the issue listed either on First Section of Tokyo Stock Exchange or First Section of Nagoya Stock Exchange transferred to listed market other than First Section of Tokyo Stock Exchange or First Section of Nagoya Stock Exchange | Cancellation of Substitution |
| d. Listed market other than First section of Tokyo Stock Exchange or First section of Nagoya Stock Exchange, in cases where the issue transferred to other than Designated Substitute Securities Market. | Cancellation of Substitution |

- (2) Listed Trust Beneficiary Certificates, Listed Investment Trust Beneficiary Certificates, Listed Investment Certificates, Listed Investment Corporation Bonds and Listed Foreign Investment Certificates:

The priority of prices shall follow the order adopted for Stocks.

- (3) Designated Warehouse Receipts

When there are two or more Market Values, the Applied Value shall be the lowest of such prices.

- (4) When deemed necessary about other matters, JCCH may change the order of price priority that is adopted for Stocks and other securities.

7. Restriction, Cancellation and Temporary Suspension of Substitute Securities

- (1) Securities coming under subparagraphs (4), (5) and (6) of Paragraph 3 hereof, may not be used as Substitute Securities when the value obtained by multiplying the Market Value for the same by the percentage given for concerned Securities as prescribed in Article 39.1 of the Commodity Exchange Act Enforcement Regulations is less than the prescribed the Applied Value for Securities concerned.
- (2) Securities coming under subparagraphs (7) and (8) of Paragraph 3 hereof, Substitute Securities may be temporarily suspended if Applied Value of the securities is less than JPY 5. However, if Applied Value will be JPY 5 or above JPY 5 regarding to the securities, it may release form measures such as temporarily suspended.
- (3) Securities are transferred to the watch list by Securities Exchange, etc. for subsequent disposition shall immediately cease to be usable as Substitute Securities and shall remain so until the designation and review for the next effective period.

- (4) Substitute Securities may be temporarily suspended if the relevant Securities (excluding securities subject to suspension of trade due to stock split or reverse stock split) has become subject to a suspension of trading by Securities Exchange.
- (5) When deemed necessary about other matters, JCCH may restrict, cancel and suspend temporary toward Substitute Securities.

8. Unscheduled Changes of Applied Value

- (1) The Applied Value of an issue for which the Market Value has fallen below such value shall be changed on the day of such decline in value. The new Applied Value resulting from such change shall become effective on the business day following the day on which JCCH notifies Clearing Participant of the same.
- (2) Notwithstanding prescribed in subparagraphs (1) hereof, Applied Value shall not be changed, on the preceding day of effective period for such value. Applied Value of an issue for which the Market Value has fallen below such value shall be changed on the day of such decline in value. The new Applied Value resulting from such change shall become effective on the business day following the day on which JCCH notifies Clearing Participant of the same.
- (3) In the case of a stock split, reverse stock split, etc., JCCH may change Applied Value based on the final trading prices that are available.
- (4) Notwithstanding prescribed in the subparagraph (1) through (3) above, JCCH may prescribe the Applied Value when deemed necessary.

9. Restriction on the Volume of Deposit

- (1) The stocks deposit by Clearing Participant other than stocks consisting of issues listed on the First Section of Tokyo Stock Exchange or Nagoya Stock Exchange, and such deposits that is classified as Clearing Margins of House Account,

Clearing Margins of Customer Account (Replacement Deposit Account) and Clearing Funds, shall be up to volume that is divided by total trading days of Total Annual Volume (hereinafter “Average Volume”).

(Note) “Total Annual Volume” is the annual cumulative total volume from January to December of the previous year of designation and review of specific issues prescribed in Paragraph 4.

- (2) In addition to the previous Paragraph, JCCH may restrict the volume of the same brand of Substitute Securities for convert Substitute Securities in to cash by smooth and accurate.
- (3) When deemed necessary about other matters, JCCH may change the volume deposit by Clearing Participant.

10. Application of Substitute Securities by Clearing Participant

In case that JCCH receives application for applied as Substitute Securities for listed securities of Clearing Participant from this Clearing Participant, in spite of provisions of Paragraph4 (Designation and Review of Substitute Securities of Specific Issues), JCCH may designate this Substitute Securities of issues of the Clearing Participant by approval of the CEO, Chairman of JCCH. Clearing Participant may not deposit such securities for Clearing Margins of House Account, Clearing Margins of Customer Account (Replacement Deposit Account) and Clearing Funds.

11. Table of Prices of Substitute Securities

The Table of Prices of Substitute Securities shall be prepared by JCCH.

12. Distribution and Restriction of Substitute Securities Value data

- (1) Only when Clearing Participant use Substitute Securities Value data for calculation of Clearing Margins of Customer Account, JCCH may distribute of

Substitute Securities Value data by Electronic Forms or printed material by fax, etc. in a manner prescribed separately.

- (2) In cases falling the preceding Paragraph, Clearing Participants who received Substitute Securities Value data from JCCH must not duplicate or redistribute part or all of received Substitute Securities Value data to others.

13. Treatment of Substitute Securities

Clearing Participant may deposit securities or others that may be substitutive for Clearing Funds and Clearing Margins by Book-Entry Transfer to JCCH account that is provided on Daiko Clearing Services Corporation.

14. Amendment and Repeal of These Regulations

The amendment and/or repeal of these Regulations shall be carried out by the approval of the CEO, Chairman of JCCH.

Supplementary Provisions

These Regulations shall be implemented on May 1, 2005.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on August 16, 2005 and become effective on October 11, 2005.

Supplementary Provisions

The amended provisions to the preamble, Paragraph 1, Paragraph 4, Paragraph 10 and Paragraph 11 shall be implemented on April 1, 2006.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on January 1, 2007.

Supplementary Provisions

The amended provisions to the Paragraph 9, Paragraph 10 shall be implemented on July 4, 2007 and become effective on October 25, 2007.

Supplementary Provisions

1. The amended provisions to the Paragraph 1, Paragraph 2, Paragraph 3, Paragraph 4, Paragraph 5, Paragraph 6, Paragraph 7, Paragraph 8, Paragraph 9, Paragraph 12 and Paragraph 13 shall be implemented on April 10, 2008 and become effective on May 1, 2008.
2. Stocks those are already deposit to JCCH on the effective date can be equivalent to the former practice until July 31, 2008.

Supplementary Provisions

The amended provision to Paragraph 7 shall be implemented on September 25, 2008 and shall become effective on October 1, 2008.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on April 30, 2009, Paragraph 1, Paragraph 2, Paragraph 3, Paragraph 4 and Paragraph 7 shall become effective on July 25, 2009.

Supplementary Provisions

The amended provisions to Paragraph 4, Paragraph 9 and Paragraph 10 shall be implemented on August 25, 2009.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on October 13, 2009.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on December 25, 2009.

Supplementary Provisions

The amended provisions to Paragraph 3 and Paragraph 6 shall be implemented on February 22, 2010.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on March 23, 2010.

Supplementary Provisions

The amended provisions to Paragraph 1, Paragraph 2, Paragraph 3, Paragraph 4 and Paragraph 6 shall be implemented on July 1, 2010 and shall become effective on July 25, 2010, provided that amended provisions to Paragraph 1(8) shall become effective on

September 1, 2010, and the day for computation of the applied value on the effective date is August 30,2010.

Supplementary Provisions

The amended supplementary provisions in the preceding clause shall be implemented on August 11,2010.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on October 12, 2010.

Supplementary Provisions

The amended provisions to Paragraph 7 shall be implemented on January 1, 2011.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on February 23, 2011.

Supplementary Provisions

The amended provisions to Paragraph 5 shall be implemented on September 30, 2011.

Supplementary Provisions

The amended provisions to Paragraph 12., Paragraph 13. and Paragraph 14. shall be implemented on October 26, 2012.

Supplementary Provisions

The amended provisions to the preamble shall be implemented on February 12, 2013.

Supplementary Provisions

The amended provisions to Paragraph 1, Paragraph 3, Paragraph 4, Paragraph 6, Paragraph 8 and Paragraph 9 shall be implemented on July 16, 2013.

Supplementary Provisions

The amended provisions to Paragraph 2 shall be implemented on April 21, 2014.

Supplementary Provisions

The amended provisions to Paragraph 3 shall be implemented on July 22, 2014.

Supplementary Provisions

The amended provisions to Paragraph 1 and 6 shall be implemented on June 1, 2015, and Table of Prices of Substitute Securities shall become effective on June 25, 2015.

Supplementary Provisions

The amended provisions to Paragraph 3 shall be implemented on January 25, 2016.