

## **REGULATIONS FOR LG CONTRACT FOR REPLACEMENT DEPOSIT**

**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**

Based on the rule with respect to clearing margin (hereinafter referred to as “the Rule”) of Article 37, this regulation is to prescribe required items.

### **Article 2. Definition**

1. In this regulation, “LG Contract for Replacement Deposit” means the Contract prescribed in Article 103 Paragraph 7 of the Commodity Exchange Act pursuant to Article 179 Paragraph 7 (Act No. 239 of 1950, hereinafter referred to as “the Act”).
2. According to provisions of Article 103 Paragraph 9 pursuant to Article 179 Paragraph 8, “Grace Period for Deposit” is to suspend the whole or a part of clearing margin equivalent for the amount of money to be deposited with JCCH limited to effective term of LG Contract for Replacement Deposit in either Article 179-1-1-a (only limited to deposit of customer margin based on Article 179 Section 2) or Article 179-1-1-c.

3. “Banks” in this regulation mean the ones prescribed in Article 44-1 of the Ordinance for Enforcement of Commodity Exchange Act (Ordinance of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry No. 3 of 2005, hereinafter referred to as “Ministry Ordinance”) pursuant to Article 45.

### **Article 3. Agreement**

Contract between Clearing Participant or an Intermediary and the Bank has to comply with “the Agreement concerning LG Contract for Replacement Deposit (see Attachment 1, hereinafter referred to as “Agreement”).

### **Article 4. Details of Contract with Several Banks**

In the Agreement other than provisions prescribed in the Act and Ordinance of the Ministry, in the case when a clearing Participant has concluded LG Contracts for Replacement Deposit with several banks, with respect to the depositing amount corresponding to the instruction of JCCH (hereinafter referred to as JCCH’s designated amount), if JCCH’s designated amount falls below the total amount of combined contract funds of each bank (which means Contract Funds of Article 2 in LG Contract of Replacement Deposit), the provision would state that JCCH’s designated amount to each bank shall be apportioned in a proportional manner to the amounts for contract funds of each bank (less than one yen is rounded off). However, regardless of the regulation, JCCH is able to demand a deposit to any particular banks.

### **Article 5. Term of Validity**

LG Contract of Replacement Deposit is an annual contract and its starting date is 1<sup>st</sup> of every month.

### **Article 6. Submit Application for Approval concerning Conclusion of the Contract**

When a clearing participant plans to conclude LG Contract for Replacement Deposit with the banks, it has to submit application for approval and required document prescribed in the following paragraphs to the minister by 1<sup>st</sup> of the previous month, (if it is a holiday, it will be a prior business day), prior to the business day of the month a clearing participant plans to obtain grace period for deposits from JCCH.

- (1) Application for Approval concerning Conclusion of LG Contracts for Replacement Deposit (Attachment 2)
- (2) Draft of Agreement

**Article 6.2. Submit Application for Approval concerning Change or Cancellation of Contract**

1. When a clearing participant changes or cancellations LG Contract for Replacement Deposit with the banks, the clearing participant would be required to submit required documents as below to the competent minister and JCCH by 1<sup>st</sup> of previous month (if it is a holiday, it would be a prior business day), prior to the business day of the month a clearing participant plans to cancellation grace period for deposits from JCCH based on change in the Contract or cancellation the Contract.
  
2. In cases of a contract change, following document shall be submitted.
  - (1) Application for approval concerning changes in LG Contract for Replacement Deposit (Attachment 3).
  - (2) Draft of changes in Contract
  
3. In cases of releasing the Contract, following document should be submitted.
  - (1) Application for approval concerning cancellation of LG Contract for Replacement Deposit (Attachment 4).
  - (2) Draft of agreement on cancellation of the Contract
  
4. An intermediary must submit the application for approval and required document stated in the preceding paragraphs of Paragraph 2 and 3 to JCCH through its clearing participant.
  
5. Due to loss of clearing qualification, when a clearing participant cancels the Contract, it shall submit required document stated above paragraph of Paragraph 3 without delay, regardless of Article 6.2. Paragraph 1.

**Article 6.3. Notice concerning Approval or Disapproval**

1. After receiving an application, JCCH would notify approval or disapproval of the application and other required items to a clearing participant via “Notification Letter of Approval with regard to LG Contract for Replacement Deposit (Attachment 5)” or “Notification Letter of Disapproval with regard to LG Contract for Replacement Deposit (Attachment 6)”.
  
2. In cases where JCCH makes a notification to an intermediary cited in the preceding

paragraph, JCCH would provide a copy of Attachment 5 or 6 given to the intermediary to its clearing participant.

3. For amendment or cancellation of LG Contract for Replacement Deposit, an intermediary informs its clearing participant of approval from the competent minister and JCCH in written notification.

#### **Article 7. Notification of the Contract**

1. Based on the provisions of Article 6 and 6.2, clearing participants must notify their competent minister(s) and JCCH of the document stated below when they conclude, change or cancel LG Contract for Replacement Deposit.

2. In cases of concluding LG Contract for Replacement Deposit, clearing participants shall submit the following document;

- (1) Notification form concerning the conclusion of LG Contract for Replacement Deposit (Attachment 7)
- (2) A copy of the document which proves that the competent minister approves the conclusion of the agreement.
- (3) A copy of LG Contract for Replacement Deposit (attached with the document with seal of the bank's CEO for JCCH and the record which certifies this document is a copy of the original for the competent minister) and a certificate of seal of the bank's CEO created within three months prior to submission of notification form (a clearing participant could attach the copy of certificate to the competent minister).
- (4) Status report on LG Contract of Replacement Deposit (Attachment 10).

3. In cases of concluding the changed LG Contract for Replacement Deposit, clearing participants shall submit the following document;

- (1) Notification statement concerning the changes in LG Contract for Replacement Deposit (Attachment 8).
- (2) A copy of the document attached which proves that the competent minister has approved such a change in this contract.
- (3) A copy of the document attached which proves JCCH has approved conclusion of changed contract.
- (4) A copy of the certificate for a change concerning LG Contract for Replacement Deposit (with attachment of seal of bank's CEO for JCCH and a copy of certified original document for the competent minister).

- (5) Status report with respect to LG Contract for Replacement Deposit (Attachment 10)
4. In cases of concluding cancellation of the contract, following document shall be submitted.
  - (1) Notification statement on cancellation of LG Contract for Replacement Deposit (Attachment 9)
  - (2) A copy of the document which demonstrates the approval of the competent minister about cancellation of the contract.
  - (3) A copy of the document which demonstrates the approval of JCCH about cancellation of the contract.
  - (4) A copy of the agreement on cancellation of LC Contract for Replacement Deposit (the record which certifies this agreement is a copy of the original for the competent minister).
  - (5) Status report on LG Contract for Replacement Deposit (Attachment 10).
5. Besides the document prescribed in Paragraph 2 to 4, an intermediary must notify JCCH via its clearing participant, with document attached in which its clearing participant agrees to the intermediary to obtain a period of grace for deposit of clearing margin, based on LG Contract for Replacement Deposit.

#### **Article 8. Acceptance of the Notification**

1. When JCCH receives a notification statement pursuant to the rules prescribed in Article 7 Paragraph 2, it will inform clearing participants about receiving the notification statement and other required document according to “Confirmation Notice on LG Contract for Replacement Deposit” (Attachment 11).
2. If JCCH receives the notification stated in Article 7 Paragraph 5, it will inform clearing participant of a copy of Attachment 11 given to the intermediary in the prescribed paragraph.

#### **Article 8.2. Deadline for Notification**

Regardless of types of contracts, the notification in Article 7 Paragraph 1 must be submitted to JCCH five business days prior to starting, changing or cancellation date of the contract.

#### **Article 9. How to Handle if no Notification being Submitted**

Unless clearing participants submit the notification on LG Contract for Replacement

Deposit based on the provision of Article 7 Paragraph 1 by the deadline, grace period for deposits of clearing margin, changes and cancellations of the Contract would be inapplicable.

**Article 9.2. Report on Declared Amount of Clearing Margin by Intermediary**

An intermediary must notify the calculated amount of clearing margin for the customer on every business day to its clearing participant by the deadline set to submit the margin to JCCH via the participant in line with JCCH's stated method.

**Article 10. Designate Grace Period for Amount of Deposits along with a Change in the Contract**

1. If JCCH confronts a shortfall of clearing margin deposited with JCCH for customers due to a reduction in grace period for deposits of the margin(hereinafter referred to as "deposits for grace period") according to the provision of Article 103 Paragraph 9 pursuant to Article 197 Paragraph 7 concerning application of a change in the contract based on Article 6.2., JCCH demand clearing participants to deposit covering shortfall of the margin by designated business day. Under no conditions any shortfall would occur from the designated date till applicable date of a change in the contract (hereinafter referred to as "designated period"). If the condition is not fulfilled, approval relating to this application becomes invalid, but not be limited to, if JCCH instructs a deposit based on the provision of Article 36.
2. The shortfall prescribed in paragraph 1 is to calculate customer's clearing margin on a prior business day of every business day during the designated period and is a lack of amount due to a reduction in deposit for grace period.

**Article 11. Instruct Deposits for Grace Period owing to Cancellation of the Contract)**

1. If JCCH receives the application concerning the cancellation of LG Contract for Replacement Deposit based on the provision of Article 6.2, it would instruct clearing participants to deposit covering shortfall of the margin owing to cancellation of the contract by JCCH's designated business day under no conditions any shortfall would occur during the designated period. If the condition is not fulfilled, approval relating to this application becomes invalid, but not be limited to, if JCCH instructs a deposit based on the provision of Article 36.
2. The provision of Article 10 Paragraph 2 is pursuant to calculating shortfall of the above

paragraph. In this case, “a reduction in deposits for grace period” in Article 10 Paragraph 2 shall be interpreted to “cancellation of the contract”.

#### **Article 12. Renewal of the Contract**

1. If clearing participants renew the contract along with expiration of term of the contract, they must notify renewal of the contract by the 1<sup>st</sup> of the preceding month, one month ahead of expiring date of current contract (if it were a holiday, it would be a previous business day). In addition, they must take necessary procedures prescribed in Article 6 and 7.
2. If no notification is submitted to JCCH by five business days before the start of contract renewal, renewal of the contract is considered not being implemented at the expiration of the contract and clearing participants shall take necessary measures in compliance with Article 13 Paragraph 2.

#### **Article 13. Termination of the Contract**

1. If clearing participants terminate the contract due to expiration of the contract, they must notify JCCH one month ahead of expiring date via “Notice due to expiration of the term of LG Contract for Replacement Deposit”(see Attachment 12). In this case, an intermediary must notify the fact to JCCH via its clearing participant.
2. If clearing participants have shortfall of clearing margin for customer due to termination of the contract, amount equivalent for the shortfall must be deposited with JCCH as a clearing margin for customer, starting from five business days prior to termination date till expiring date of the contract. In this occasion, if shortfall of the clearing margin were not deposited with JCCH, JCCH will instruct the bank based on the provision of Article 36.
3. The provision of Article 10 Paragraph 2 is applied to calculating shortage of amount in the preceding Paragraph. In this occasion, “reduction in deposits of the margin for grace period” shall mean “termination of the contract”.

#### **Article 14. Notice from Banks**

If clearing participants conclude LG Contract for Replacement Deposit with several banks and receive the notice claiming for deposit of the margin for grace period from the banks capped at contract deposit, the participants must provide it to the banks.

### **Supplementary Provisions**

This regulation is effective from May 1, 2005.

### **Supplementary Provisions**

An amendment to Article 20 (Claim for Deposit) becomes effective on November 9, 2005.

### **Supplementary Provisions**

Amendments to Article 8 (Notification of the Contract), Article 13 (Instruct Amount of Deposits for Grace Period), Article 14 (Notification of the Contract Amendment), Article 16 (Cancellation of the Contract relating to Consignment to Deposit Clearing Margin), Article 18, 19 and 22 (Cancellation of the Contract) are effective on March 22, 2006

### **Supplementary Provisions**

Amendments to Article 3 (Agreement), Article 4 (Details of the Contract with Several Banks), Article 6 (Submit Application for Approval), Article 7 (Conclude the Contract), Article 8 (Notification of the Contract), Article 9 (Acceptance of the Notification), Article 10 (Cases not to allow Grace Period for Deposit of Clearing Margin), Article 11 (Submit Application for Approval concerning Change in the Contract), Article 12 (Change in the Contract), Article 13 (Instruct Deposit of the Clearing Margin for Grace Period along with the Contract Amendment), Article 14 (Notification of Change in the Contract), Article 15 (Deadline to Submit Change in the Contract), Article 16 (Submit Application for Approval relating to Cancellation of the Contract), Article 17 (Cancellation of the Contract), Article 18 (Instruct Deposit of Clearing Margin for Grace Period due to Cancellation of the Contract), Article 19 (Notification of Cancellation of the Contract), Article 21 (Renewal of the Contract), Article 22 (Termination of the Contract) and Article 23 (Notification to Banks) and new regulation of Article 10.2 (Report Declared Amount of Clearing Margin for Intermediary) become effective on April 1, 2009.

### **Supplementary Provisions**

1. Amendments to Article 2 (Submit a Memorandum), Article 3 (Agreement), Article 4 (Details of the Contract with Several Banks), Article 5 (Term of Validity), Article 6 (Submit Application for Approval), Article 7 (Conclude the Contract), Article 8



(Notification of the Contract), Article 9(Acceptance of the Notification), Article 10 (Cases not to allow Grace Period for Deposit of Clearing Margin), Article 10.2 (Report Declared Amount of Clearing Margin for Intermediary), Article 11(Submit Application for Approval concerning Change in the Contract), Article 12(Change in the Contract), Article 13(Instruct Deposit of the Clearing Margin for Grace Period along with the Contract Amendment), Article 14 (Notification of Change in the Contract), Article 15 (Deadline to Submit Change in the Contract), Article 16 (Submit Application for Approval relating to Cancellation of the Contract), Article 17(Cancellation of the Contract), Article 18(Instruct Deposit of Clearing Margin for Grace Period due to Cancellation of the Contract), Article 19 (Notification of Cancellation of the Contract), Article 20 (Claims for Deposit), Article 21 (Renewal of the Contract), Article 22 (Termination of the Contract)and Article 23 (Notification to Banks) and new regulations of Article 6.2(Submit Application for Approval relating to Change or Cancellation of the Contract), Article 6.3 (Notice on Approval/Disapproval) and Article 8.2 (Deadline for Notification) become effective on July 1, 2010.

2. Amendments to Agreement relating to LG Contract for Replacement Deposit and other amended regulations become effective on July 1, 2010.
3. The contract concerning consignment of deposits of a clearing margin based on rules and regulations before effective date is regarded as the one being enforced based on this provision on effective date.

### **Supplementary Provisions**

1. Amendments to Article 2 (Definition) and Article 14 (Notification from Banks) become effective on January 1<sup>st</sup>, 2011.
2. Agreement concerning LG Contract for Replacement Deposit and amendment to the provisions in the Attachment are effective on January 1<sup>st</sup>, 2011. Moreover, these amendments shall be applied to the contract after the effective date.

### **Supplementary Provisions**

Amendments to Article 6-2 (Submit Application for Approval concerning Change or

Cancellation of Contract), Article 7 (Notification of the Contract), and Attachments shall take effect on June 13, 2014; provided, however, that any ongoing procedure using the pre-revision attachments may be completed in accordance with the previous version of these Regulations.

[Attachment 1]

Agreement relating to LG Contract for Replacement Deposit

MM/DD/YYYY

Entity X	
Address:	
Company Name:	
Name of Representative:	Seal
Entity Y	
Address:	
Trade Name:	
Name of Representative:	Seal

Based on Article 103 Paragraph 7 pursuant to Article 179 Paragraph 7 of Commodity Exchange Act (Act No. 239 of 1950, hereinafter referred to as “the Act”), Company Name (hereinafter referred to as “Entity X”) and Company Name (hereinafter referred to as “Entity Y”) would conclude the Contract (hereinafter referred to as “LG Contract for Replacement Deposit”) as sated below. Entity X shall follow the rules on clearing margin prescribed by Japan Commodity Clearing House (hereinafter referred to as “JCCH”) and regulations on LG Contract for Replacement Deposit at request of JCCH’s instruction. Entity X agrees to consignment of clearing margin deposited with JCCH on behalf of Entity Y.

**Article 1. General Rules**

When Entity X is given instruction by JCCH based on provisions of Article 108 Paragraph 9 pursuant to Article 179 Paragraph 7, Entity Y consigns Entity X to deposit designated amount (hereinafter referred to as “JCCH Designated Amount”) of clearing margin with limits of amount deposited with JCCH (hereinafter referred to as “**Contract Funds**”) by designated date and Entity X gives consent to it.

**Article 2. Contract Funds are ¥xxxxxx in cash.**

**Article 3. Term of the Contract**

The term of this Contract is valid for one year, effective from MM/DD/YYYY to

MM/DD/YYYY.

**Article 4. Deposits of Clearing Margin**

1. When Entity X is instructed by JCCH based on Article 103 Paragraph 9 pursuant to Article 179 Paragraph 7, Entity X deposits amount of clearing margin designated by JCCH with limits of Contract Funds by due date on behalf of Entity Y.
2. Entity X shall not be able to offset credits which Entity X has against Entity Y with Entity X's debts in the preceding Paragraph 1.
3. If Entity Y has concluded LG Contract for Replacement Deposit with banks (which means "Banks" of Article 44 Paragraph 1 of Ordinance for Enforcement of Commodity Exchange Act (Ordinance of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry No. 3 of 2005) other than Entity X, deposits at JCCH shall be apportioned in a proportional manner to the total amount of Contract Funds for banks including Entity X (less than one yen is rounded off). Nevertheless, JCCH is able to claim deposits to any banks based on in the above Paragraph 1 regardless of the prescribed statement.

**Article 5. Issue of a Certificate**

Entity X issues and grants the certificate to Entity Y, in which it proves this LG Contract for Replacement Deposit being concluded, in order to have Entity Y make a notification of Article 103 Paragraph 7 pursuant to Article 179 Paragraph 7 to JCCH.

**Article 6. Notification to JCCH**

When Entity Y concludes this Contract, it shall notify JCCH of conclusion of the Contract with attachment of certificate in the preceding Article without delay.

**Article 7. Redemption**

1. When Entity X deposits a clearing margin with JCCH, Entity Y shall immediately redeem funds of clearing margin and associated expenses to Entity X.
2. The expenses in preceding Paragraph 1 include execution or maintenance fees of credits against Entity Y.

**Article 8. Advance Redemption**

1. If any one of the following (1) to (4) occurs with respect to Entity Y, regardless of with or without recommendation notice from Entity X, Entity Y has obligations to redeem contract funds to Entity X upfront and would promptly compensate Entity X for them even before Entity Y deposits clearing margin of Article 4 Paragraph 1.
  - (1) Suspension of payment or commencement of bankruptcy procedures, seeking civil rehabilitation, corporate reorganization or special liquidation proceeding is taken place.
  - (2) In cases where having disposition by suspension of transactions by a clearinghouse
  - (3) Order or notice for provisional seizure, protective seizure or seizure is delivered with regard to deposits of Entity Y or its guarantor and other credits subject to Entity Y.
  - (4) When Entity Y's whereabouts are unknown to Entity X due to Entity Y's faults such as neglecting to inform a change of address.
2. If any one of the following (1) to (5) occurs, Entity Y has obligations to redeem upfront and compensates Entity X immediately at request of Entity X, which is the same as preceding Paragraph 1.
  - (1) In cases where Entity Y is in delay in even a part of payment in obligations.
  - (2) In cases where commencement of seizure or auction procedures for collateral occurs.
  - (3) In cases where Entity Y breaches trading contract with Entity X.
  - (4) In cases where a guarantor is applicable to the conditions under preceding Paragraph 1 or any one of the items in Paragraph 2.
  - (5) In cases where circumstances shall be deemed necessary to preserve claims other than the items prescribed above.
3. If Entity X exercises a right to obtain reimbursement due to Paragraph 1 and 2, Entity Y shall not claim defenses based on Article 461 of the Civil Code. The same thing

shall be applied in cases where there is collateral for obligations to reimburse.

However, if Entity Y performs to reimburse obligations, regardless of prescribed Article 4 Paragraph 1, Entity X promptly deposits JCCH's designated amount of clearing margin with JCCH.

#### **Article 9. Guarantee Charge and Compensation for Damage**

1. Entity Y pays XX% of contract funds per annum to Entity X as a guarantee charge in connection with this Contract.
2. For payment method of guarantee charge, Entity Y either makes a lump-sum payment or pays every xx months in advance from the first to last days of effective terms prescribed in Article 3 (including a case of cancellation) and guarantee charge is withdrawn, in principle, from savings account designated by Entity Y via automatic transfer of funds.
3. In cases where Entity Y fails to pay debts, Entity Y shall pay a compensation for damage to Entity X as XX % of the amount per annum. In this case, calculation method is on a pro-rata basis, using a calendar with 365 days a year.

#### **Article 10. Balance Calculation**

1. If Entity Y has to pay obligations based on this Contract, regardless of term of the credits, Entity X can offset the obligations with savings and other credits of Entity Y at any time.
2. In case of calculating balance under preceding Paragraph, the term is till the date calculating interest rate of debts and credits, guarantee charge and compensation for damage. A percentage of interest rate and fees shall be determined by Entity X.

#### **Article 11. Designate Appropriation**

In case of Payment or Balance Calculation in preceding Article, if credits Entity X has do not cover all of the Entity Y's obligations, Entity X could prioritize orders of credits whenever Entity X considers appropriate and Entity Y shall not make an objection against Entity X.

#### **Article 12. Cancellation and Change of the Contract**

While this Contract remains in force, Entity X and Y shall not be able to cancel or change duties to JCCH concerning this Contract except getting approvals from the competent minister and JCCH.

**Article 13. Termination of the Contract**

If Entity Y terminates this Contract due to expiration of the Contract prescribed in Article 3, it shall notify JCCH in advance, one month prior to the date of expiration (if it were a holiday, it would be a previous business day).

**Article 14. Changes in Notified Items**

1. In cases where Entity Y has any changes in notified items such as company seal, trade name, name of representative, address and others, it must promptly notify Entity X in writing.
2. Because of Entity Y which neglected the notification stated under Paragraph 1, even if notice or documents sent by Entity X were either delayed or not reached to Entity Y, the date received would be considered when Entity Y is supposed to get the notice or documents delivered by Entity X under normal conditions.

**Article 15. Jurisdiction on Agreement**

In cases where lawsuit shall be deemed necessary for this Contract, court of jurisdiction is where headquarters or branch of Entity X is located.

**Certificate**

Certificate of Concluding the Contract relating to LG Contract for Replacement Deposit	
This document certifies LG Contract for Replacement Deposit has been concluded. Based on Article 103 Paragraph 7 of Commodity Exchange Act (No. 239 of 1950) pursuant to Article 179 Paragraph 7, clearing margin will be deposited in line with requirements of this Contract.	
Date:	
Japan Commodity Clearing House Co., Ltd.	
Address:	
Company Name:	Seal
Name of Representative	

[Attachment 1]

Agreement relating to LG Contract for Replacement Deposit (for Intermediary)

MM/DD/YYYY

Entity X	
Address:	
Company Name:	(Bank, etc.)
Name of Representative:	Seal
Entity Y	
Address:	
Company Name:	(Intermediary)
Name of Representative:	Seal

Based on Article 103 Paragraph 7 pursuant to Article 179 Paragraph 7 of Commodity Exchange Act (Act No. 239 of 1950, hereinafter referred to as “the Act”), Company Name (hereinafter referred to as “Entity X”) and Company Name (hereinafter referred to as “Entity Y”) would conclude the Contract (hereinafter referred to as “LG Contract for Replacement Deposit”) as sated below. Entity X shall follow rules on clearing margin prescribed by Japan Commodity Clearing House (hereinafter referred to as “JCCH”) and regulations on LG Contract for Replacement Deposit at request of JCCH’s instruction. Entity X agrees to consignment of clearing margin deposited with JCCH on behalf of Entity Y.

#### **Article 1. General Rules**

When Entity X is given instruction by JCCH based on provisions of Article 108 Paragraph 9 pursuant to Article 179 Paragraph 7, Entity Y consigns Entity X to deposit designated amount (hereinafter referred to as “**JCCH Designated Amount**”) of clearing margin with JCCH by designated date on behalf of Entity Y, with limits of amount to be deposited with JCCH (hereinafter referred to as “**Contract Funds**”) in this contract.

**Article 2. Contract Deposit Amount is xxxxxx yen in cash.**

**Article 3. Term of the Contract**



The term of this Contract is valid for one year, effective from MM/DD/YYYY to MM/DD/YYYY.

#### **Article 4. Deposits of Clearing Margin**

1. When Entity X is instructed by JCCH based on Article 108 Paragraph 9 pursuant to Article 179 Paragraph 7, Entity X deposits amount of clearing margin designated by JCCH with limits of Contract Funds by due date on behalf of Entity Y.
2. Entity X shall not be able to offset credits which Entity X has against Entity Y with Entity X's debts in the preceding Paragraph 1.
3. If Entity Y has concluded LG Contract for Replacement Deposit with banks (which means "Banks" of Article 44 Paragraph 1 of Ordinance for Enforcement of Commodity Exchange Act (Ordinance of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry No. 3 of 2005) other than Entity X, deposits at JCCH shall be apportioned in a proportional manner to the total amount of Contract Funds for banks including Entity X (less than one yen is rounded off). Nevertheless, JCCH is able to claim deposits to any banks based on in the above Paragraph 1 regardless of the prescribed statement.

#### **Article 5. Issue of a Certificate**

Entity X issues and grants the certificate to Entity Y, in which it proves this LG Contract for Replacement Deposit being concluded, and has Entity Y make a notification of Article 103 Paragraph 7 pursuant to Article 179 Paragraph 7 to JCCH.

#### **Article 6. Notification to JCCH**

When Entity Y concludes this Contract, it shall notify JCCH of conclusion of the Contract via the party (hereinafter referred to as "Clearing Participant") which is entrusted with transactions in commodity market of Entity Y, attached with the certificate in the preceding Article without delay.

#### **Article 7. Redemption**

1. When Entity X deposits a clearing margin to JCCH, Entity Y shall immediately redeem clearing margin funds and associated expenses to Entity X.
2. The expenses in preceding Paragraph 1 include execution or maintenance fees of

credits against Entity Y.

**Article 8. Advance Redemption**

1. If any one of the following (1) to (4) occurs with respect to Entity Y or Clearing Participant, regardless of with or without letter of demand from Entity X, even before Entity Y deposits clearing margin of Article 4 Paragraph 1, Entity Y has obligations to redeem contract funds to Entity X in advance and shall promptly compensate Entity X.
  - (1) Suspension of payment or commencement of bankruptcy procedures, seeking civil rehabilitation, corporate reorganization or special liquidation proceeding is taken place.
  - (2) In cases where having disposition by suspension of transactions by a clearinghouse
  - (3) Order or notice for provisional seizure, protective seizure or seizure is delivered with regard to deposits of Entity Y or its guarantor, Clearing Participant or the Participant's guarantor and other credits subject to Entity Y.
  - (4) When Entity Y's whereabouts are unknown to Entity X due to Entity Y's faults such as neglecting to inform a change in address.
2. If any one of the following (1) to (5) occurs, Entity Y has obligations to redeem contract funds to Entity X in advance and compensate Entity X immediately.
  - (1) In cases where Entity Y is in delay in even a part of payment in obligations.
  - (2) In cases where commencement of seizure or auction procedures for collateral occurs.
  - (3) In cases where Entity Y breaches transaction contract with Entity X.
  - (4) In cases where the guarantor is applicable to the conditions under preceding Paragraph 1 or any one of the items in Paragraph 2.
  - (5) In cases where circumstances shall be deemed necessary to preserve claims other than the items prescribed in items above.

3. If Entity X exercises a right to obtain reimbursement due to Paragraph 1 and 2, Entity Y shall not claim defenses based on Article 461 of the Civil Code. The same thing shall be applied in cases where there is collateral for obligations to reimburse.

However, if Entity Y performs to reimburse obligations, regardless of prescribed Article 4 Paragraph 1, Entity X promptly deposits JCCH's designated amount of clearing margin at JCCH.

#### **Article 9. Guarantee Charge and Compensation for Damage**

1. Entity Y pays XX% of contract funds per annum to Entity X as a guarantee charge in connection with this Contract.
2. For payment method of guarantee charge, Entity Y either makes a lump-sum payment or pays every xx months in advance from the first to last days of effective terms prescribed in Article 3 (including a case of cancellation) and guarantee charge is withdrawn, in principle, from savings account designated by Entity Y via automatic transfer of funds.
3. In cases where Entity Y fails to pay debts, Entity Y shall pay a compensation for damage to Entity X as XX % of the amount per annum. In this case, calculation method is on a pro-rata basis, using a calendar with 365 days a year.

#### **Article 10. Balance Calculation**

1. If Entity Y has to pay obligations based on this Contract, regardless of term of the credits, Entity X can offset the obligations with savings and other credits of Entity Y at any time.
2. In case of calculating balance under preceding Paragraph, the term would not be allowed to exceed a number of days to execute the offset for calculation of interest rate of debts and credits, guarantee charge and compensation for damage. A percentage of interest rate and fees shall be determined by Entity X.

#### **Article 11. Designate Appropriation**

In case of Payment or Balance Calculation prescribed in Paragraphs above, if credits Entity X has do not cover all of the Entity Y's obligations, Entity X could prioritize

orders of credits which Entity X considers appropriate and Entity Y shall not make an objection against Entity X.

**Article 12. Cancellation and Change of the Contract**

While this Contract remains in force, Entity X and Y shall not be able to cancel or change duties to JCCH concerning this Contract except getting approvals from the competent minister and JCCH.

**Article 13. Termination of the Contract**

If Entity Y terminates this Contract due to expiration date of the Contract prescribed in Article 3, it shall notify JCCH in advance, one month prior to the date of expiration (if it were a holiday, it would be a previous business day).

**Article 14. Changes in Notified Items**

1. In cases where Entity Y has any changes in notified items such as company seal, company name, name of representative, address and others, it must promptly notify in writing
2. Because of Entity Y which neglected the notification stated under Paragraph 1, even if notice or documents sent by Entity X were either delayed or not reached to Entity Y, the date received would be considered when Entity Y is supposed to get the notice or documents delivered by Entity X under normal conditions.

**Article 15. Jurisdiction on Agreement**

In cases where lawsuit shall be deemed necessary for this Contract, court of jurisdiction is where headquarters or branch of Entity X is located.

**Certificate**

Certificate of Concluding the Contract relating to LG Contract for Replacement Deposit

This document certifies LG Contract for Replacement Deposit has been concluded. Based on provision of Article 108 Paragraph 7 of Commodity Exchange Act (No. 239) pursuant to Article 179 Paragraph 7 of the Act, Clearing Margin will be deposited in line with requirements of this Contract.

Date:

Sent to Japan Commodity Clearing House Co., Ltd.

Address:

Company Name:

Seal

Name of Representative

[Attachment 2]

Date

Name of the Minister  
the Ministry of Agriculture, Forestry and Fisheries

Name of the Minister  
the Ministry of Economy, Trade and Industry

Applicant's Address:

Trade Name:

Name of Representative                      Seal

Application for Approval relating to Conclusion of LG Contract for Replacement Deposit

We would apply for approval in order to conclude the Contract of Article 103 Paragraph 7 of Commodity Exchange Act (Act No. 239 of 1950, hereinafter referred to as "the Act") pursuant to Article 179 Paragraph 7.

1. Name of the banks which are our counterparty intend to conclude the Contract (the banks mean the ones referred to as Article 44 Paragraph 1 of the provisions of Ordinance for Enforcement of Commodity Exchange Act (Ordinance of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry No. 3 of 2005).
2. Details of the Contract
3. Detail on collateral in case of providing a collateral based on the Contract
4. Name of Clearinghouse which we plan to notify

[Attachment 3]

Date

Name of the Minister  
the Ministry of Agriculture, Forestry and Fisheries

Name of the Minister  
the Ministry of Economy, Trade and Industry

Name of CEO  
Japan Commodity Clearing House Co., Ltd.

Applicant's Address:

Trade Name:

Name of Representative      Seal

Application for Approval relating to Changes in LG Contract for Replacement Deposit

With respect to the Contract of Article 103 Paragraph 7 of Commodity Exchange Act (Act No. 239 of 1950, hereinafter referred to as "the Act") pursuant to Article 179 Paragraph 7, being submitted on MM/DD/YYYY, we would apply for gaining an approval in order to make changes in the Contract on the date stated below.

Scheduled date to implement changes in the Contract:    MM/DD/YYYY

Bank, etc. under Contract		Bank name      Branch name
Current contractual terms	Contract Fund	XXXXXXX yen
	Term of the Contract	From MM/DD/YYYY to MM/DD/YYYY
Details of change	New	
	Old	

Reasons for change	
Matters pertaining the security*	
Name of the Commodity Clearing Organization to be notified	

\* Applicable only when a security is offered in relation to this contract.



[Attachment 4]

Date

Name of the Minister  
the Ministry of Agriculture, Forestry and Fisheries

Name of the Minister  
the Ministry of Economy, Trade and Industry

Name of CEO  
Japan Commodity Clearing House Co., Ltd.

Applicant's Address:

Trade Name:

Name of Representative      Seal

Application for Approval relating to Cancellation of LG Contract for Replacement  
Deposit

With respect to the Contract of Article 103 Paragraph 7 of Commodity Exchange Act (Act No.239 of 1950, "the Law") pursuant to Article 179 Paragraph 7, being submitted on MM/DD/YYYY, we would apply for gaining an approval in order to cancel the Contract on the date stated below.

Scheduled date to implement cancellation of the Contract:    MM/DD/YYYY

Bank, etc. under Contract	Bank Name	Branch name
Contract Fund	xxxx yen	
Term of the Contract	from    MM/DD/YYYY    to    MM/DD/YYYY	
Reasons for Cancellation		

[Attachment 5]

Date

Name of CEO

Company Name

Name of CEO

Japan Commodity Clearing House Co., Ltd.

Notification of Approval with regard to LG Contract for Replacement Deposit

This Letter is to notify that JCCH approves changes/cancellation of LG Contract for Replacement Deposit which the Company has applied on MM/DD/YYYY as below.

1. Name of the Bank relating to the Contract

[Bank name                      Branch name]

2. Amount of Contract Fund

[                      ] yen

3. Term of the Contract or Scheduled Date to Cancel the Contract

4. Conditions to Grant Approval

[Attachment 6]

Date

Name of CEO

Company Name

Name of CEO

Japan Commodity Clearing House Co., Ltd.

Notification of Disapproval with regard to LG Contract for Replacement Deposit

This Letter is to notify that JCCH disapproves changes/cancellation of LG Contract for Replacement Deposit which the Company has applied on MM/DD/YYYY for the following reasons:

1. Reasons not to Approve

[Attachment 7]

Date

Name of the Minister  
the Ministry of Agriculture, Forestry and Fisheries

Name of the Minister  
the Ministry of Economy, Trade and Industry

Name of CEO  
Japan Commodity Clearing House Co., Ltd.

Applicant's Address:

Trade Name:

Name of Representative          Seal

Notification Form with regard to Conclusion of LG Contract for Replacement Deposit

In response to the instruction of JCCH, we have concluded the Contract with the banks in which Clearing Margin is to be deposited on behalf of our Company. We submit this form attached with a copy of the Contract and other required document based on the Article 44 Paragraph 5 of Ordinance of Enforcement of Commodity Exchange Act (Ordinance of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry No. 3 of 2005) pursuant to Article 45.

Bank, etc. under Contract	Address: Handling branch Address: [Branch name]
Contract Fund	XXXXXXXX yen
Term of the Contract	From MM/DD/YYYY to MM/DD/YYYY
Details of the Contract	As stated in the "Agreement relating to LG Contract for Replacement Deposit."

[Attachment 8]

Date

Name of the Minister  
the Ministry of Agriculture, Forestry and Fisheries

Name of the Minister  
the Ministry of Economy, Trade and Industry

Name of CEO  
Japan Commodity Clearing House Co., Ltd.

Applicant's Address:

Trade Name:

Name of Representative      Seal

Notification Form with regard to Change in LG Contract for Replacement Deposit

For a change in the contract being approved on MM/DD/YYYY, we would notify that we have changed the Contract between our Company and the Bank(s) based on the Article 44 Paragraph 5 of Ordinance of Enforcement of Commodity Exchange Act (Ordinance of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry No. 3 of 2005) pursuant to Article 45.

Details of the Change	
New Statement	
Old Statement	

[Attachment 9]

Date

Name of the Minister  
the Ministry of Agriculture, Forestry and Fisheries

Name of the Minister  
the Ministry of Economy, Trade and Industry

Name of CEO  
Japan Commodity Clearing House Co., Ltd.

Applicant's Address:

Trade Name:

Name of Representative      Seal

Notification Form with regard to Cancellation of LG Contract for Replacement Deposit

For Cancellation of the Contract being approved on MM/DD/YYYY, we notify that we have canceled the Contract between our Company and the Bank(s) based on the Article 44 Paragraph 6 of Ordinance of Enforcement of Commodity Exchange Act (Ordinance of the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Economy, Trade and Industry No. 3 of 2005) pursuant to Article 45.

[Attachment 10]

Date

Name of the Minister  
the Ministry of Agriculture, Forestry and Fisheries

Name of the Minister  
the Ministry of Economy, Trade and Industry

Name of CEO  
Japan Commodity Clearing House Co., Ltd.

Applicant's Address:

Trade Name:

Name of Representative      Seal

Status Report with regard to LG Contract for Replacement Deposit

We would notify that we have concluded the above mentioned contract as stated below.

Bank, etc. under Contract	Name	Contract Funds	the Contract	Remarks
Total		¥		

Note:

- (1) If the contract is changed or canceled, this report must be submitted.
- (2) In column of remarks, whether the contract concluded in current month is a new contract or a renewed contract and any changes should be stated.

[Attachment 11]

Date

Name of CEO

Company Name

Name of CEO

Japan Commodity Clearing House Co., Ltd.

Confirmation Notice with regard to LG Contract for Replacement Deposit

For the above Contract notified by the Company on MM/DD/YYYY, this Letter is to give a notice that JCCH has confirmed the conclusion of the contracts as stated below.

1. The Bank, etc. under Contract

[Bank name                      Branch name]

2. Amount of Contract Funds

¥                      yen

3. Term of the Contract

from MM/DD/YYYY                      to                      MM/DD/YYYY



[Attachment 12]

Name of CEO  
Japan Commodity Clearing House Co., Ltd.

Date

Name of Representative      Seal  
Trade Name  
Company Address

Notice along with Expiration of LG Contract for Replacement Deposit

This letter is to notify JCCH of our intention not to renew the LG Contract for Replacement Deposit, which was submitted on MM/DD/YYYY, upon its expiration.

Details of the Current Contract

1. Date of the Contract:                      MM/DD/YYYY
  
2. Bank, etc. under Contract:              [Bank name              Branch name]
  
3. Contract Fund:                              ¥              yen
  
4. Effective Term of the Contract : from MM/DD/YYYY to MM/DD/YYYY

(Example1: Attached document of [Attachment 8])

Amendment to the LG Contract for Replacement Deposit

MM/DD/YYYY

(Entity X)	Address:		
	Company Name:		
	Name of CEO		Seal
(Entity Y)	Address:		
	Trade Name:		
	Name of CEO		Seal

**Article 1.** Company Name (hereinafter referred to as “Entity X”) and Company Name (hereinafter referred to as “Entity Y”) have concluded LG Contract for Replacement Deposit as of MM/DD/YYYY. However, the two Entities conclude this Contract since they agree to make a change in the Contract from MM/DD/YYYY stated as below.

**Article 2.** All the Articles stated in the current Contract (which is the Agreement in connection with LG Contract for Replacement Deposit concluded between Entity X and Y as of MM/DD/YYYY) shall be applied unless otherwise provide for by the Contract.

**Inscription**

Amount of Contract Funds in Article 2 will be changed from ¥xxx to ¥xxx in the current Contract.

**Certificate**

Certificate of Concluding the Amendment to the LG Contract for Replacement Deposit

This document certifies LG Contract for Replacement Deposit has been concluded. Based on Article 103 Paragraph 7 of Commodity Exchange Act (No. 239) pursuant to Article 179 Paragraph 7 of the Act, Clearing Margin will be deposited in line with requirements of this Contract.

Date:

Japan Commodity Clearing House Co., Ltd.

Address:

Company Name:

Seal

Name of Representative

(Example 2: Attached document of [Attachment 8])

Amendment to the LG Contract for Replacement Deposit

MM/DD/YYYY

(Entity X)	Address:		
	Company Name:		
	Name of CEO		Seal
(Entity Y)	Address:		
	Trade Name:		
	Name of CEO		Seal

**Article 1.** Company Name (hereinafter referred to as “Entity X”) and Company Name (hereinafter referred to as “Entity Y”) have concluded LG Contract for Replacement Deposit as of MM/DD/YYYY. However, the two entities conclude this Contract since they agree to make a change in the Contract as below.

**Article 2.** All the Articles stated in the current Contract (which is the Agreement in connection with LG Contract for Replacement Deposit concluded between Entity X and Y as of MM/DD/YYYY) shall be applied unless otherwise provide for by the Contract.

**Inscription**

In the current Contract, the effective term changes from MM/DD/YYYY to MM/DD/YYYY in a former contract to from MM/DD/YYYY to MM/DD/YYYY in the new Contract.

**Certificate**

Certificate of Concluding the Amendment to the LG Contract for Replacement Deposit

This document certifies LG Contract for Replacement Deposit has been concluded. Based on Article 103 Paragraph 7 of Commodity Exchange Act (No. 239) pursuant to Article 179 Paragraph 7 of the Act, Clearing Margin will be deposited in line with requirements of this Contract.

Date:

Japan Commodity Clearing House Co., Ltd.

Address:

Company Name:

Seal

Name of Representative

(Attached Document Example for [Attachment 9])

Date

Agreement to Cancellation of LG Contract for Replacement Deposit

Company Name (hereinafter referred to as “Entity X”) and Company Name (hereinafter referred to as “Entity Y”) agree to canceling the LG Contract for Replacement Deposit as of MM/DD/YYYY, which was concluded on MM/DD/YYYY.

Inscription

Date of the Contract: MM/DD/YYYY

Amount of Contract Funds: ¥ yen

Term of the Contract: from MM/DD/YYYY to MM/DD/YYYY

Entity X

Address

Company Name

Name of Representative Seal

Entity Y

Address

Trade Name

Name of Representative Seal