

# Handling of Business Rules



## Japan Securities Clearing Corporation

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Handling of Business Rules (As in Effect May 24, 2010)

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## (Article 1 Purpose)

These Rules set forth the matters which are to be prescribed by JSCC pursuant to the Business Rules.

## (Article 2 Designated Market Operators)

The Designated Market Operators designated by JSCC pursuant to Item (1) of Paragraph 2 of Article 3 of the Business Rules shall be those set forth in the following Items:

- (1) Tokyo Stock Exchange, Inc.
- (2) Osaka Securities Exchange Co., Ltd.
- (3) Nagoya Stock Exchange, Inc.
- (4) Fukuoka Stock Exchange Securities Membership Corporation
- (5) Sapporo Securities Exchange Securities Membership Corporation
- (6) TOKYO AIM, Inc.

## (Article 3 Contracts Subject to Clearing)

1 The Contracts Subject to Clearing relating to the contracts set forth in Item (1) of Paragraph 2 of Article 3 of the Business Rules shall be the buying and selling of securities prescribed in the following Items at the Financial Instruments Markets operated by the Designated Market Operators listed in the following Items —the terms in this Paragraph shall have the meanings prescribed by each of the Designated Market Operators listed in such Items.

## (1) Tokyo Stock Exchange, Inc.

Transactions<sup>\*1</sup> prescribed in (a) through (m) below in accordance with the classification of securities described in (a) through (m) below.

(\*1 including the buying/selling relating to Off-auction Distributions, the buying/selling resulting from the strategy trading, the buying/selling for correction of errors, etc. and the buying/selling for reinstatement; as for the Cash Transaction and other transactions the settlement of which is carried out on the day of conclusion of the buying/selling contracts, limited to pre-matched transactions)

(a) Stocks<sup>\*1</sup> issued by domestic corporations;

(\*1 including preferred equity capital contribution securities issued by a domestic corporation)

Cash Transactions, Regular Transactions, When-Issued Transactions and ToSTNeT Transactions

## (b) Stock acquisition right securities issued by domestic corporations;

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(c) Stocks<sup>\*1</sup> issued by foreign corporations;

(\*1 including stock acquisition right securities issued by a foreign corporation and

depository receipts for foreign stocks)

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(d) Investment trust beneficiary securities\*<sup>1</sup>

(\*<sup>1</sup> excluding those listed in (f));

Cash Transactions, Regular Transactions, When-Issued Transactions and ToSTNeT Transactions

(e) Investment securities;

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(f) Index-linked investment trust beneficiary securities;

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(g) Foreign investment trust beneficiary securities;

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(h) Foreign investment securities;

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(i) Beneficiary securities of a beneficiary securities issuing trust;

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(j) Beneficiary securities of a foreign beneficiary securities issuing trust;

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(k) Bonds\*<sup>1</sup>

(\*<sup>1</sup> excluding those listed in (l) or (m));

Cash Transactions and Regular Transactions

(l) Japanese Government Bonds; and

Regular Transactions

(m) Convertible Bonds\*<sup>1</sup>.

(\*<sup>1</sup> excluding those issued by foreign corporations)

Cash Transactions, Regular Transactions and ToSTNeT Transactions

(2) Osaka Securities Exchange Co., Ltd.

Transactions\*<sup>1</sup> prescribed in (a) through (n) below in accordance with the classification of securities described in (a) through (n) below.

(\*<sup>1</sup> including the buying/selling relating to Off-auction Distributions, the buying/selling for correction of errors, etc. and the buying/selling for reinstatement; as for the Same-Day Transactions, limited to pre-matched transactions)

(a) Stocks\*<sup>1</sup> issued by domestic corporations;

(\*<sup>1</sup> including preferred equity capital contribution securities issued by a domestic corporation)

Same-Day Transactions\*<sup>1</sup>, Regular Transactions\*<sup>2</sup> and When-Issued Transactions

(\*<sup>1</sup> including J-NET Transactions and Off-auction Transactions)

(\*<sup>2</sup> including J-NET Transactions and Off-auction Transactions)

(b) Stock acquisition right securities issued by domestic corporations;

Same-Day Transactions\*<sup>1</sup> and Regular Transactions\*<sup>2</sup>

(\*<sup>1</sup> including J-NET Transactions and Off-auction Transactions)

(\*<sup>2</sup> including J-NET Transactions and Off-auction Transactions)

(c) Stocks\*<sup>1</sup> issued by foreign corporations;

(\*<sup>1</sup> including stock acquisition right securities issued by a foreign corporation and  
depository receipts for foreign stocks)

Same-Day Transactions and Regular Transactions

(d) Capital contribution securities;

Same-Day Transactions\*<sup>1</sup> and Regular Transactions\*<sup>2</sup>

(\*<sup>1</sup> including Off-auction Transactions)

(\*<sup>2</sup> including Off-auction Transactions)

(e) Investment trust beneficiary securities\*<sup>1</sup>;

(\*<sup>1</sup> excluding those listed in (g))

Same-Day Transactions\*<sup>1</sup>, Regular Transactions\*<sup>2</sup> and When-Issued Transactions

(\*<sup>1</sup> including J-NET Transactions and Off-auction Transactions)

(\*<sup>2</sup> including J-NET Transactions and Off-auction Transactions)

(f) Investment securities;

Same-Day Transactions\*<sup>1</sup> and Regular Transactions\*<sup>2</sup>

(\*<sup>1</sup> including J-NET Transactions and Off-auction Transactions)

(\*<sup>2</sup> including J-NET Transactions and Off-auction Transactions)

(g) Specific Index-linked investment trust beneficiary securities;

Same-Day Transactions\*<sup>1</sup> and Regular Transactions\*<sup>2</sup>

(\*<sup>1</sup> including J-NET Transactions and Off-auction Transactions)

(\*<sup>2</sup> including J-NET Transactions and Off-auction Transactions)

(h) Foreign investment trust beneficiary securities;

Same-Day Transactions\*<sup>1</sup> and Regular Transactions\*<sup>2</sup>

(\*<sup>1</sup> including J-NET Transactions and Off-auction Transactions)

(\*<sup>2</sup> including J-NET Transactions and Off-auction Transactions)

(i) Foreign investment securities;

Same-Day Transactions\*<sup>1</sup> and Regular Transactions\*<sup>2</sup>

(\*<sup>1</sup> including Off-auction Transactions)

(\*<sup>2</sup> including Off-auction Transactions)

(j) Beneficiary securities of a beneficiary securities issuing trust;

Same-Day Transactions\*<sup>1</sup> and Regular Transactions\*<sup>2</sup>

(\*<sup>1</sup> including Off-auction Transactions)

(\*<sup>2</sup> including Off-auction Transactions)

(k) Covered warrants;

Regular Transactions\*<sup>1</sup>

(\*<sup>1</sup> including J-NET Transactions)

- (l) Bonds<sup>\*1</sup>;
  - (\*<sup>1</sup> excluding those listed in (m) or (n))
  - Same-Day Transactions and Regular Transactions
- (m) Japanese Government Bonds; and
  - Transactions involving bid and offer quotes with specific conditions and transactions involving bid and offer quotes without such conditions
- (n) Convertible Bonds<sup>\*1</sup>.
  - (\*<sup>1</sup> excluding those whose face value and interest are denominated in any currency other than Japanese yen and also excluding those issued by foreign corporations)
  - Same-Day Transactions<sup>\*1</sup> and Regular Transactions<sup>\*2</sup>
  - (\*<sup>1</sup> including J-NET Transactions and Off-auction Transactions)
  - (\*<sup>2</sup> including J-NET Transactions and Off-auction Transactions)
- (3) Nagoya Stock Exchange, Inc.
  - Transactions<sup>\*1</sup> prescribed in (a) through (f) below in accordance with the classification of securities described in (a) through (f) below.
  - (\*<sup>1</sup> Including the buying/selling relating to Off-auction Distributions and Off-auction Purchases, the buying/selling for correction of errors, etc. and the buying/selling for reinstatement; as for the Same-Day Transactions and other transactions the settlement of which is carried out on the day of conclusion of the buying/selling contracts, limited to pre-matched transactions)
  - (a) Stocks issued by domestic corporations;
    - Same-Day Transactions, Regular Transactions, When-Issued Transactions, and the transactions for Closing Price Trades and Negotiation Trades
  - (b) Stock acquisition right securities issued by domestic corporations;
    - Same-Day Transactions and Regular Transactions
  - (c) Nikkei 300 Index Fund;
    - Same-Day Transactions and Regular Transactions
  - (d) Bonds<sup>\*1</sup>;
    - (\*<sup>1</sup> excluding those listed in (e) or (f))
    - Same-Day Transactions and Regular Transactions
  - (e) Japanese Government Bonds; and
    - Transactions involving bid and offer quotes with specific conditions and transactions involving bid and offer quotes without such conditions
  - (f) Convertible Bonds.
    - Same-Day Transactions, Regular Transactions and the transactions for Closing Price Trades and Negotiation Trades
- (4) Fukuoka Stock Exchange Securities Membership Corporation
  - Transactions<sup>\*1</sup> prescribed in (a) through (h) below in accordance with the classification

of securities described in (a) through (h) below.

(\*<sup>1</sup> Including the buying/selling relating to Off-auction Distributions, the buying/selling for correction of errors, etc. and the buying/selling for reinstatement; as for the Cash Transactions and other transactions the settlement of which is carried out on the day of conclusion of the buying/selling contracts, limited to pre-matched transactions)

(a) Stocks\*<sup>1</sup> issued by domestic corporations

(\*<sup>1</sup> including preferred equity capital contribution securities issued by a domestic corporation);

Cash Transactions, Regular Transactions, When-Issued Transactions and Off-auction Transactions

(b) Stock acquisition right securities issued by domestic corporations;

Cash Transactions, Regular Transactions and Off-auction Transactions

(c) Stocks\*<sup>1</sup> issued by foreign corporations;

(\*<sup>1</sup> including stock acquisition right securities issued by a foreign corporation, depositary receipts for foreign stocks and foreign securities trust beneficiary securities)

Cash Transactions, Regular Transactions and Off-auction Transactions

(d) Investment trust beneficiary securities\*<sup>1</sup>;

(\*<sup>1</sup> excluding those listed in (f))

Cash Transactions, Regular Transactions, When-Issued Transactions and Off-auction Transactions

(e) Investment securities;

Cash Transactions, Regular Transactions and Off-auction Transactions

(f) Stock index linked investment trust beneficiary securities;

Cash Transactions and Regular Transactions

(g) Bonds\*<sup>1</sup>; and

(\*<sup>1</sup> excluding those listed in (h))

Cash Transactions and Regular Transactions

(h) Convertible Bonds.

Cash Transactions, Regular Transactions and Off-auction Transactions

(5) Sapporo Securities Exchange Securities Membership Corporation

Transactions\*<sup>1</sup> prescribed in (a) through (e) below in accordance with the classification of securities described in (a) through (e) below.

(\*<sup>1</sup> including the buying/selling relating to Off-auction Distributions, the buying/selling for correction of errors, etc. and the buying/selling for reinstatement; as for the Cash Transactions and other transactions the settlement of which is carried out on the day of conclusion of the buying/selling contracts, limited to pre-matched transactions)

- (a) Stocks issued by domestic corporations;  
Cash Transactions, Regular Transactions, When-Issued Transactions and Off-auction Transactions
  - (b) Stock acquisition right securities issued by domestic corporations;  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (c) Nikkei 300 Index Fund;  
Cash Transactions and Regular Transactions
  - (d) Bonds<sup>\*1</sup>; and  
(\*<sup>1</sup> excluding those listed in (e))  
Cash Transactions and Regular Transactions
  - (e) Convertible Bonds.  
Cash Transactions and Regular Transactions
- (6) TOKYO AIM, Inc.  
Transactions<sup>\*1</sup> prescribed in (a) through (m) below in accordance with the classification of securities described in (a) through (m) below.
- (\*<sup>1</sup> including the buying/selling for correction of errors, etc. and the buying/selling for reinstatement; as for the Cash Transaction and other transactions the settlement of which is carried out on the day of conclusion of the buying/selling contracts, limited to pre-matched transactions)
- (a) Stocks issued by domestic corporations;  
Cash Transactions, Regular Transactions, When-Issued Transactions and Off-auction Transactions
  - (b) Stocks issued by foreign corporations;  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (c) Preferred equity capital contribution securities;  
Cash Transactions, Regular Transactions, When-Issued Transactions and Off-auction Transactions
  - (d) Stock acquisition right securities issued by domestic corporations;  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (e) Stock acquisition right securities issued by foreign corporations;  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (f) Investment trust beneficiary securities<sup>\*1</sup>  
(\*<sup>1</sup> excluding those listed in (g));  
Cash Transactions, Regular Transactions, When-Issued Transactions and Off-auction Transactions
  - (g) Index-linked investment trust beneficiary securities;  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (h) Foreign investment trust beneficiary securities;  
Cash Transactions, Regular Transactions and Off-auction Transactions

- (i) Investment securities;  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (j) Foreign investment securities;  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (k) Depository receipts for foreign stocks;  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (l) Domestic commodity trust beneficiary securities and foreign securities trust beneficiary securities; and  
Cash Transactions, Regular Transactions and Off-auction Transactions
  - (m) Beneficiary securities of a foreign beneficiary securities issuing trust;  
Cash Transactions, Regular Transactions and Off-auction Transactions
- 2 The Contracts Subject to Clearing pertaining to the contract stipulated in Item (2) of Paragraph 2 of Article 3 of the Business Rules shall be the buying and selling of underlying securities resulting from an exercise of options under the Individual Option Contracts at the Financial Instruments Market operated by the Designated Market Operator listed in Item (2) in the preceding Article.
- 3 The Contracts Subject to Clearing pertaining to the contract stipulated in Item (3) of Paragraph 2 of Article 3 of the Business Rules shall be the Individual Option Contracts<sup>\*1</sup> prescribed in the following Items at the Financial Instruments Market operated by the Designated Market Operator listed in Item (1) of the preceding Article —the terms in this Paragraph shall have the meanings prescribed by the Designated Market Operator listed in Item (1) of the preceding Article<sup>\*2</sup>.
- (\*1 including transactions for correction of errors)
  - (\*2 the same applies hereafter through Paragraph 7)
  - (1) Auction Transactions
  - (2) ToSTNeT Transactions
- 4 The Contracts Subject to Clearing pertaining to the contract stipulated in Item (4) of Paragraph 2 of Article 3 of the Business Rules shall be the JGB Futures Contracts<sup>\*1</sup> prescribed in the following Items at the Financial Instruments Market operated by the Designated Market Operator listed in Item (1) of the preceding Article.
- (\*1 including transactions for correction of errors)
  - (1) Auction Transactions
  - (2) Transactions resulting from the strategy trading
  - (3) ToSTNeT Transactions
- 5 The Contracts Subject to Clearing pertaining to the contract stipulated in Item (5) of Paragraph 2 of Article 3 of the Business Rules shall be the Option Contracts on JGB Futures<sup>\*1</sup> prescribed in the following Items at the Financial Instruments Market operated by the Designated Market Operator listed in Item (1) of the preceding Article.
- (\*1 including transactions for correction of errors)

- (1) Auction Transactions
  - (2) ToSTNeT Transactions
- 6 The Contracts Subject to Clearing pertaining to the contract stipulated in Item (6) of Paragraph 2 of Article 3 of the Business Rules shall be the Index Futures Contracts<sup>\*1</sup> prescribed in the following Items at the Financial Instruments Market operated by the Designated Market Operator listed in Item (1) of the preceding Article.
- (\*1 including transactions for correction of errors)
- (1) Auction Transactions
  - (2) Transactions resulting from the strategy trading
  - (3) ToSTNeT Transactions
- 7 The Contracts Subject to Clearing pertaining to the contract stipulated in Item (7) of Paragraph 2 of Article 3 of the Business Rules shall be the Index Options Contracts<sup>\*1</sup> prescribed in the following Items at the Financial Instruments Market operated by the Designated Market Operator listed in Item (1) of the preceding Article.
- (\*1 including transactions for correction of errors)
- (1) Auction Transactions
  - (2) ToSTNeT Transactions
- 8 The Contracts Subject to Clearing pertaining to the contract stipulated in Item (8) of Paragraph 2 of Article 3 of the Business Rules shall be the lending and borrowing of cash, stocks and the like<sup>\*1</sup> that are necessary for the settlement of the buying/selling set forth in Paragraphs 1 and 2, and the buying/selling of the underlying securities resulting from an exercise of options under the Individual Option Contracts set forth in Paragraph 3.
- (\*1 limited to the lending implemented 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 a Designated Market Operator)
- 9 The Contracts Subject to Clearing pertaining to the contract stipulated in Item (9) of Paragraph 2 of Article 3 of the Business Rules shall be the lending and borrowing of stocks and the like<sup>\*1</sup> that are necessary for the transactions set forth in the preceding Paragraph.
- (\*1 limited to the lending implemented 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 a Designated Market Operator)
- 10 The Contracts Subject to Clearing pertinent to the contract stipulated in Item (10) of Paragraph 2 of Article 3 of the Business Rules shall be the provision and receipt of the Collateral, etc. in connection with the transactions set forth in the preceding two Paragraphs.
- 11 The Contracts Subject to Clearing pertinent to the contract stipulated in Item (11) of Paragraph 2 of Article 3 of the Business Rules shall be the buying and selling resulting from the Buy-in.

## (Article 4 Application for Obtaining the Clearing Qualification)

1 The application for obtaining the Clearing Qualification prescribed in Paragraphs 1 and 2 of Article 6 of the Business Rules shall be made by way of a Clearing Qualification applicant's submission to JSCC of a written application for the Clearing Qualification in a prescribed form containing the information set forth in the following Items:

(1) Category of Clearing Qualification to be obtained, and whether it is the Principal Clearing Qualification or the Agency Clearing Qualification\*<sup>1</sup>;

(\*<sup>1</sup> when submitting an application for the Securities Clearing Qualification set forth in Paragraph 2 of Article 6 of the Business Rules, a statement to the effect that it is for the Principal Clearing Qualification which is subject to the condition that the scope of the Contracts Subject to Clearing be limited to the contracts listed in Item (8) through Item (11) of Paragraph 2 of Article 3 of the Business Rules)

(2) Trade name or other name\*<sup>1</sup>;

(\*<sup>1</sup> including the trade name or other name in English)

(3) Address of the headquarter or principal office;

(4) Name of the representative; and

(5) Reasons for applying for the Clearing Qualification.

2 Documents deemed necessary by JSCC shall be attached to the written application for the Clearing Qualification set forth in the preceding Paragraph.

## (Article 5 Procedures for Obtaining the Clearing Qualification)

1 The procedures for obtaining the Clearing Qualification prescribed in Paragraph 1 of Article 8 of the Business Rules shall be the payment of the fee for obtaining the Clearing Qualification and other procedures deemed necessary by JSCC.

2 The fee for obtaining the Clearing Qualification set forth in the preceding Paragraph shall be 1 million yen for each category of Clearing Qualification to be obtained, which shall be paid together with the corresponding consumption tax and local consumption tax; provided, however, that, in the event that more than one category of Clearing Qualification is to be obtained simultaneously, the fee shall be 1 million yen regardless of the number of categories of Clearing Qualification, which shall be paid together with the corresponding consumption tax and local consumption tax.

## (Article 6 Matters to be Included in Notifications)

Notifications prescribed in Paragraph 1 of Article 12, Article 13, Article 19, Article 40 and Article 41 of the Business Rules to JSCC shall be submitted by the date and time prescribed by JSCC by way of submitting prescribed notification forms, to which documents deemed necessary by JSCC shall be attached.

## (Article 6-2 Procedures for Hearings)

The procedures relating to the hearing stipulated in Paragraph 2 of Article 14 of the Business Rules shall be as prescribed by the following Items:

- (1) JSCC shall notify the Clearing Participant, concerning which the hearing will be conducted, of the topics and the date of the hearing in advance.
- (2) The relevant Clearing Participant shall have the right to give a statement at the hearing, and JSCC shall prepare records of the topics of the hearing, contents of the statements made thereat and other matters.

## (Article 7 Securities to be Deposited in lieu of Cash)

Matters regarding the securities to be deposited in lieu of cash prescribed in Paragraph 3 through Paragraph 5 of Article 16, Paragraph 2 through Paragraph 4 of Article 52, and Paragraph 2 through Paragraph 4 of Article 70 of the Business Rules shall be set forth in *Appendix 1*.

## (Article 8 Matters to be Reported)

1 The circumstances prescribed by JSCC pursuant to the provisions of Article 20 of the Business Rules shall be those listed in the following Items, and the reports shall be submitted in prescribed forms, to which documents deemed necessary by JSCC shall be attached:

- (1) When prescribing or amending the method of managing the risk of loss, the method of division of duties or the details or methods of other operations;
- (2) In the case of a Financial Instruments Business Operator, if it suspends or resumes its operation relating to the Financial Instruments Business; in the case of a Registered Financial Institution, if it suspends or resumes its operation of the Registered Financial Institution Business; and in the case of a Securities Financial Company, if it suspends or resumes its operation of the business prescribed in Paragraph 1 of Article 156-24 of the Act;
- (3) If a petition for the commencement of bankruptcy procedures, the commencement of rehabilitation procedures, the commencement of corporate reorganization procedures, the commencement of a liquidation or the commencement of a special liquidation is filed, or if the fact that such petition has been filed becomes known;
- (4) If the relevant party becomes actually or potentially insolvent;
- (5) If the amount of its net worth<sup>\*1</sup> becomes less than 300 million yen<sup>\*2</sup>;  
(\*1 in the case of a Registered Financial Institution or a Securities Finance Company, the amount of its net assets; the same applies hereafter in this Item)  
(\*2 in the case where the applicable Clearing Participant is an Agency Clearing Participant, if the amount of its net worth becomes less than 20 billion yen)
- (6) If the amount of its stated capital or total amount of capital contributions<sup>\*1</sup> becomes

- less than 300 million yen<sup>\*2</sup>;
- (<sup>\*1</sup> in the case of a mutual company, the total amount of the foundation fund<sup>\*1-1</sup>)  
(<sup>\*1-1</sup> including the amount of reserve for redemption of the foundation fund)
- (<sup>\*2</sup> in the case of a Securities Finance Company which has obtained the Clearing Qualification pursuant to the application submitted pursuant to Paragraph 2 of Article 6 of the Business Rules, 100 million yen)
- (7) In the case of a Financial Instruments Business Operator, if its Capital-to-Risk Ratio becomes less than 140 percent; in the case of a Registered Financial Institution other than an insurance company, if its non-consolidated or consolidated capital adequacy ratio under the uniform international standards becomes less than 4 percent where it has an offshore base for sales or business operation, or if its non-consolidated or consolidated capital adequacy ratio under the domestic standards becomes less than 2 percent where it has no offshore base for sales or business operation<sup>\*1</sup>; and in the case of an insurance company, if its solvency margin ratio becomes less than 100 percent<sup>\*2</sup>
- (<sup>\*1</sup> in the case of a foreign bank, if it falls under a condition equivalent hereto)
- (<sup>\*2</sup> in the case of a Clearing Participant which is an Agency Clearing Participant, where it is a Financial Instruments Business Operator, if its Capital-to-Risk Ratio becomes less than 200 percent; where it is a Registered Financial Institution other than an insurance company, if its non-consolidated or consolidated capital adequacy ratio under the uniform international standards becomes less than 8 percent where it has an offshore base for sales or business operation or if its non-consolidated or consolidated capital adequacy ratio under the domestic standards becomes less than 4 percent where it has no offshore base for sales or business operation<sup>\*2-1</sup>; and where it is an insurance company, if its solvency margin ratio becomes less than 400 percent)
- (<sup>\*2-1</sup> in the case of a foreign bank, if it falls under a condition equivalent hereto)
- (7-2) If it becomes known that a majority of the voting rights<sup>\*1</sup> of all shareholders or a majority of the voting rights relating to capital contributions has come to be held by a single individual, a single legal entity or another organization;
- (<sup>\*1</sup> 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)
- (8) When there is any change in the composition of the top 10 major shareholders<sup>\*1</sup>;
- (<sup>\*1</sup> referring to the 10 shareholders ranked in the order of the number of shares owned in their own names or in other persons' names)
- (8-2) When any of its directors or officers becomes, or ceases to be, a director or officer of

- another corporation or other legal entity;
- (9) If a punitive or other measure is taken pursuant to the provisions of the Laws and Regulations, or an opportunity to participate in a hearing or to present a defense in connection with such measure is granted pursuant to the provisions of the Laws and Regulations;
- (10) When it joins, or withdraws from, a Designated Market Operator<sup>\*1</sup>;  
(\*<sup>1</sup> including when it has obtained or lost the trading qualification)
- (11) In the case of a Financial Instruments Business Operator, if it becomes aware that any of its directors or officers has come to be the person described in any of (a) through (g) of Item (2) of Paragraph 1 of Article 29-4 of the Act; or in the case of a Registered Financial Institution or a Securities Financial Company, if it becomes aware that a decision concerning the commencement of bankruptcy procedures involving any of its directors or officers has been made, or that any of its directors or officers is sentenced to imprisonment or a more severe criminal penalty, or fined pursuant to the provisions of the Act;
- (12) If it becomes aware that either (d) or (e) of Item (5) of Paragraph 1 of Article 29-4 of the Act has become applicable to any Major Shareholder<sup>\*1</sup> of a Financial Instruments Business Operator<sup>\*2</sup>;  
(\*<sup>1</sup> referring to a Major Shareholder prescribed in Paragraph 2 of Article 29-4 of the Act; the same applies hereafter in this Item)  
(\*<sup>2</sup> in the case of a foreign corporation, if it becomes aware that (f) of the above-referenced Item has become applicable to a person which is equivalent to a Major Shareholder)
- (13) If a lawsuit<sup>\*1</sup> involving a civil case is filed, if a decision, etc., is entered by a court in such lawsuit<sup>\*2</sup>, if a petition for mediation<sup>\*3</sup> under the Act for Conciliation of Civil Affairs is filed, or if such mediation is concluded;  
(\*<sup>1</sup> excluding cases where the value of the object of the lawsuit is less than 300 million yen)  
(\*<sup>2</sup> including appeal)  
(\*<sup>3</sup> excluding cases where the value of the subject matter of the mediation is less than 300 million yen)
- (14) In the case of a Financial Instruments Business Operator, when reports regarding its affiliated companies are prepared pursuant to the provisions of Paragraph 2 of Article 46-3 of the Act; in the case of a Registered Financial Institution, when reports regarding its affiliated companies are prepared pursuant to the provisions of Paragraph 2 of Article 48-2 of the Act; or, in the case of a foreign Financial Instruments Business Operator, when reports regarding its affiliated companies are prepared pursuant to the provisions of Paragraph 2 of Article 49-3 of the Act;
- (15) When monitoring survey sheets are prepared pursuant to the provisions of Article

56-2 of the Act\*<sup>1</sup>;

(\*<sup>1</sup> in the case of a Registered Financial Institution that is an Agency Clearing Participant, when main account status sheets prescribed by JSCC are prepared)

(16) In the case of a Financial Instruments Business Operator, when business reports are prepared; in the case of a Registered Financial Institution, when business reports or interim business reports are prepared; or, in the case of a Securities Finance Company, when business reports or status sheets of interim financial results are prepared;

(17) When fact sheets prescribed by JSCC regarding financial results or interim financial results are prepared;

(18) In the case of a foreign Financial Instruments Business Operator, when balance sheets, profit and loss statements or other statements concerning finance and accounting which are set forth in Paragraph 1 of Article 49-3 of the Act are prepared;

(19) If the conditions, upon the satisfaction of which the Contracts for Commissioning Clearance can be cancelled, are prescribed or changed through an agreement with a Non-Clearing Participant, in order to ensure the likelihood of the performance of obligations relating to the contracts based on the commissions of the Brokerage for Clearing of Securities, etc.;

(20) If a Non-Clearing Participant which has designated the relevant Clearing Participant as its Designated Clearing Participant fails to perform the settlement or there is a real possibility that such Non-Clearing Participant will fail to perform the settlement.

2 With respect to the reports referenced in Item (16) of the preceding Paragraph, in addition to those referenced in the main text of such Paragraph, audit reports concerning financial statements\*<sup>1</sup> prepared by accounting auditors and attached to the documents\*<sup>2</sup> prepared pursuant to the provisions of Item (16) of such Paragraph shall be attached.

(\*<sup>1</sup> including those deemed appropriate by JSCC as similar document thereto)

(\*<sup>2</sup> excluding interim business reports and status sheets of interim financial results)

#### (Article 9 Application for Renunciation of the Clearing Qualification)

1 The application for renunciation of the Clearing Qualification prescribed in Article 22 of the Business Rules shall be made by way of submission by the Clearing Qualification renunciation applicant to JSCC of a written application for renunciation of the Clearing Qualification in a prescribed form, containing the information set forth in the following Items:

(1) Category of Clearing Qualification to be renounced, and whether it is the Principal Clearing Qualification or the Agency Clearing Qualification;

(2) Trade name or other name\*<sup>1</sup>;

(\*<sup>1</sup>including the trade name or other name in English)

(3) Address of the headquarter or principal office;

(4) Name of the representative; and

(5) Reasons for applying for renunciation of the Clearing Qualification.

2 Documents set forth in the following Items shall be attached to the written application for renunciation of the Clearing Qualification set forth in the preceding Paragraph:

- (1) Schedule for the renunciation of the Clearing Qualification; and
- (2) Other documents deemed necessary by JSCC.

(Article 9-2 Margins with Respect to which Measures are Taken)

The Margin prescribed by JSCC pursuant to the provisions of Paragraph 1 of Article 29-4 of the Business Rules shall be the Margin listed in Item (4), Item (6) and Item (9) of Paragraph 1 of Article 20 of the Rules on Margins, etc.

(Article 10 Contract for Commissioning Clearance)

The Contract for Commissioning Clearance stipulated in Article 39 of the Business Rules shall be concluded, based on the category of Clearing Qualification of the Agency Clearing Participant set forth in each of the following Items, in the form of the applicable Exhibit Form referenced the applicable Item:

- (1) Securities Clearing Qualification  
Exhibit Form 1
- (2) Individual Option Clearing Qualification  
Exhibit Form 2
- (3) JGB Futures Clearing Qualification  
Exhibit Form 3
- (4) Index Futures Clearing Qualification  
Exhibit Form 4

(Article 11 DVP Clearing Price)

1 The DVP Clearing Price set forth in Article 49 of the Business Rules shall be the closing price<sup>\*1</sup> of an issue on the preceding day<sup>\*2</sup> at the Designated Financial Instruments Market which is selected according to a specific order of priority from the Designated Financial Instruments Markets where a contract price relating to such issue exists on the preceding day<sup>\*3</sup>.

(\*<sup>1</sup> including the final quote that is posted in accordance with the rules prescribed by the Designated Market Operator; the same applies hereafter in this Article, Article 18 and Article 19)

(\*<sup>2</sup> if such day falls on a holiday, it shall be successively advanced; the same applies hereinafter)

(\*<sup>3</sup> including quotes prescribed by each of the Designated Market Operators; the same applies hereafter in this Article, Article 18 and Article 19)

2 When the preceding Paragraph applies, if no contract price exists in any of the

Designated Financial Instruments Markets on such preceding day, the DVP Clearing Price shall be the standard price on such preceding day at the Designated Financial Instruments Market which is selected according to a specific order of priority from the Designated Financial Instruments Markets.

3 With respect to the specific order of priority set forth in the preceding two Paragraphs, the Designated Financial Instruments Market with the highest trading volume<sup>\*1</sup> of the relevant issue among the Designated Financial Instruments Markets: during July through December of the preceding year in the case where such preceding day occurs during February through July; or during January through June in the case where such preceding day occurs during August through January of the following year, shall be in the first priority position, and the subordinating priority shall be in accordance with the order of the code<sup>\*2</sup> of the Exchanges, Industry Groups, etc.

(\*1 limited to the trading volume pertaining to the Regular Transactions<sup>\*1-1</sup> formed in an auction market)

(\*1-1 referring to the Regular Transactions prescribed by each market operator)

(\*2 referring to the code prescribed by the Securities Identification Code Committee)

4 Notwithstanding the provisions of the preceding three Paragraphs, when deemed necessary by JSCC, the DVP Clearing Price may be the price prescribed by JSCC on each applicable occasion.

(Article 12 Payment/Receipt of Money)

Payments and receipts of money prescribed in Paragraph 3 of Article 51, Paragraph 1 of Article 56, Paragraph 1 of Article 67, Paragraph 1 of Article 68 and Paragraph 2 of Article 73-32 of the Business Rules shall be made in accordance with each of the following Items:

(1) A Clearing Participant making a payment of money shall open an account at the bank<sup>\*1</sup> which is selected by the Clearing Participant from the banks designated by JSCC or the Bank of Japan, and shall make a remittance from such account to the account held in the name of JSCC at such Fund Settling Bank.

(\*1 hereinafter referred to as the "Fund Settling Bank")

(2) A Clearing Participant receiving a payment of money shall open an account at the Fund Settling Bank and receive it at such account.

(Article 13 Order of Priority Relating to Delivery of Securities from JSCC to Receiving Securities Clearing Participants in DVP Settlement, etc.)

The delivery of securities from JSCC to a receiving Securities Clearing Participant in the DVP Settlement prescribed in Article 53 of the Business Rules shall be made by way of a delivery of securities that JSCC received from a delivering Securities Clearing Participant in accordance with the delivery order, time and quantity prescribed by JSCC.

(Article 14) Deleted

(Article 15 Securities to be Delivered)

The securities to be delivered for the settlement set forth in Article 58 of the Business Rules shall be the type of securities comprising a trading unit and in bearer form in the case of securities which are Convertible Bonds Not Handled by JASDEC.

(Articles 16 and 17) Deleted

(Article 18 Clearing Price for When-Issued Transaction)

- 1 The clearing price for the When-Issued Transaction prescribed in Article 66 of the Business Rules shall be the closing price of the relevant issue on the preceding day at the Designated Financial Instruments Market which is selected according to a specific order of priority from the Designated Financial Instruments Markets where a contract price relating to such issue exists.
- 2 The clearing price stipulated in the preceding Paragraph shall be the clearing price on the preceding day in the event that no contract price exists at any of the Designated Financial Instruments Markets on the relevant day.
- 3 The provisions of Paragraph 3 of Article 11 shall apply *mutatis mutandis* to the specific order of priority referenced in Paragraph 1 of this Article; and the provisions of Paragraph 4 of Article 11 shall apply *mutatis mutandis* to the clearing price referenced in Paragraph 1 of this Article.
- 4 Notwithstanding the provisions of the preceding three Paragraphs, if deemed necessary by JSCC, the clearing price for the When-Issued Transaction can be the price prescribed by JSCC on each applicable occasion.

(Article 19 Amount of Margin)

- 1 The amount of the Margin prescribed in Paragraph 1 of Article 70 of the Business Rules shall be an amount not less than the amount<sup>\*1</sup> of the Standard Price for the Margin in respect of When-Issued Transaction<sup>\*2</sup>, multiplied by 10/100:

(\*1 any fractional amount less than 1 yen shall be rounded up to 1 yen)

(\*2 referring to the price listed in one of the following Items)

- (1) The closing price of the relevant issue at the Designated Financial Instruments Market which is selected according to a specific order of priority from the Designated Financial Instruments Markets where a contract price exists on the commencement day of the When-Issued Transaction;
- (2) In the event that no contract price of the relevant issue exists on such commencement day at any of the Designated Financial Instruments Markets, the closing price of the old stock<sup>\*1</sup> of the relevant issue as of such commencement day at the Designated

Financial Instruments Market which is selected according to a specific order of priority from the Designated Financial Instruments Markets; or

(\*<sup>1</sup> including preferred equity capital contribution securities, capital contribution securities and investment trust beneficiary securities)

(3) In the event that no contract price set forth in the preceding two Items exists, the price prescribed by JSCC on each applicable occasion.

2 The provisions of Paragraph 3 of Article 11 shall apply *mutatis mutandis* to the specific order of priority referenced in the preceding Paragraph. In such event, the phrase, "such preceding day," in Paragraph 3 of such Article shall be reread as "such commencement day".

(Article 20 Methods for Transferring Japanese Government Bonds and Money)

1 The delivery/receipt of Japanese Government Bonds pertaining to the settlement stipulated in Paragraph 1 of Article 72 of the Business Rules and the Settlement by Physical Delivery and Payment stipulated in Paragraph 1 of Article 73-12 of the Business Rules shall be made by way of a book-entry transfer between accounts\*<sup>1</sup> that are opened at the Bank of Japan pursuant to the Act on Transfer of Bonds, Stocks, etc. (Law No. 75 of 2001); in such event, a request for the DVP settlement on Japanese Government Bonds shall be made in accordance with each of the following Items:

(\*<sup>1</sup> in the case of a settlement for trades subject to the non-taxable treatment condition, a book-entry transfer between non-taxable accounts)

(1) Settlement between a delivering Clearing Participant and JSCC shall be made as stipulated in either (a) or (b) below, in accordance with the classification set forth in either (a) or (b):

(a) In the case where the delivering Clearing Participant is a participant referenced in Item (5) of Article 2 of the BOJ Business Regulations concerning the JGB Book-Entry System prescribed by the Bank of Japan:

The delivering Clearing Participant shall submit a request for the DVP settlement on Japanese Government Bonds to the Bank of Japan;

(b) In the case where the delivering Clearing Participant is an indirect participant referenced in Item (6) of Article 2 of the BOJ Business Regulations concerning the JGB Book-Entry System prescribed by the Bank of Japan:

The delivering Clearing Participant shall submit a request for the DVP settlement on Japanese Government Bonds to the Bank of Japan, through the participant\*<sup>1</sup> which is designated by the Bank of Japan pursuant to the provisions of Paragraph 1 of Article 11 of the BOJ Business Regulations concerning the JGB Book-Entry System prescribed by the Bank of Japan.

(\*<sup>1</sup> limited to the participant with respect to which notice is submitted to JSCC in advance)

(2) With respect to the settlement between JSCC and a receiving Clearing Participant, JSCC shall submit a request for the DVP settlement on Japanese Government Bonds to the Bank of Japan.

2 The payment/receipt of money pertaining to the settlement stipulated in Paragraph 1 of Article 72 of the Business Rules and the Settlement by Physical Delivery and Payment stipulated in Paragraph 1 of Article 73-12 of the Business Rules shall be made in accordance with each of the following Items:

(1) A Clearing Participant making a payment of money shall make a remittance from one of the relevant Clearing Participant's accounts<sup>\*1</sup> opened at the Bank of Japan for the purpose of receiving or paying money pertaining to the DVP settlement on Japanese Government Bonds with the use of the Bank of Japan Financial Network System<sup>\*2</sup>, which is designated by the relevant Clearing Participant, to JSCC's account opened at the Bank of Japan; the request for the transfer of fund in such event shall be made in accordance with (a) or (b) below:

(\*1 hereinafter referred to as the "Designated Account")

(\*2 in the case where no such account exists, one of the accounts of the holders of the Bank of Japan's current accounts opened at the Bank of Japan, which is designated by such Clearing Participant for the purpose of paying/receiving money pertaining to the DVP settlement on Japanese Government Bonds with the use of the Bank of Japan Financial Network System)

(a) In the case where the remittance is made from the account of the Clearing Participant making the payment:

The Clearing Participant making the payment shall submit a request for the transfer of fund to the Bank of Japan.

(b) In the case where the remittance is made from the account of the holder of the Bank of Japan's current account other than the Clearing Participant making the payment:

The Clearing Participant making the payment shall submit a request for the transfer of fund to the Bank of Japan through such holder of the Bank of Japan's current account.

(2) A Clearing Participant receiving a payment shall receive the payment at the Designated Account; the request for the transfer of fund in such event shall be made by JSCC.

3 The requests for the transfer prescribed in the preceding two Paragraphs shall be made based on the volume or monetary amount specified by JSCC. In such event, JSCC shall specify the aggregate face amount of Japanese Government Bonds relating to each request for the transfer, which shall not exceed 5 billion yen.

(Article 20-2 Cutoff Time for Notification Concerning Offsetting-Sale or Offsetting Purchase In Respect of Futures and Option Contracts)

1 Notification concerning the Offsetting-Sale or Offsetting-Purchase set forth in Paragraphs

1 and 2 of Article 73-2, Paragraphs 1 and 2 of Article 73-6, Paragraphs 1 and 2 of Article 73-16, Paragraphs 1 and 2 of Article 73-20 and Paragraphs 1 and 2 of Article 73-26 of the Business Rules shall be made by 5:00 P.M. on the day on which the relevant Offsetting-Sale or Offsetting-Purchase is made<sup>\*1</sup>, unless otherwise prescribed in the following Paragraph.

(<sup>\*1</sup> in the case where such Offsetting-Sale or Offsetting-Purchase is made during the Evening Session<sup>\*1-1</sup>, the day immediately following the day on which such Offsetting-Sale or Offsetting-Purchase is made<sup>\*1-2</sup>)

(<sup>\*1-1</sup> referring to the evening session prescribed by the Designated Market Operator; the same applies hereinafter)

(<sup>\*1-2</sup> if such day falls on a holiday, it shall be deferred successively; the same applies hereinafter)

2 With respect to the JGB Futures Contracts, in the event that the Offsetting-Sale or Offsetting-Purchase results from the exercise of options pertaining to the Option Contracts on JGB Futures, notification concerning the Offsetting-Sale or Offsetting-Purchase set forth in Paragraphs 1 and 2 of Article 73-6 of the Business Rules shall be made by 8:30 A.M. on the day immediately following the Exercise Day.

3 When JSCC deems it impossible or difficult to issue notification concerning the Offsetting-Sale or Offsetting-Purchase, due to problems affecting the operation of the systems set up by JSCC or another institution which are necessary for the issuance of such notification or due to any other unavoidable cause, the cutoff time prescribed by the preceding two Paragraphs shall be the time prescribed by JSCC on each applicable occasion. In such event, prior notice of such cutoff time shall be provided to the Clearing Participant.

(Article 20-3 Cutoff Time for Notification Concerning Exercise of Options Relating to Option Contracts)

1 Notification concerning the exercise of options set forth in Paragraphs 1 and 2 of Article 73-4, Paragraphs 1 and 2 of Article 73-18, and Paragraphs 1 and 2 of Article 73-28 of the Business Rules shall be made by 5:00 P.M. on the Exercise Day.

2 When JSCC deems it impossible or difficult to issue notification concerning the exercise of the option, due to problems affecting the operation of the systems set up by JSCC or another institution which are necessary for the issuance of such notification or due to any other unavoidable cause, the cutoff time prescribed by the preceding Paragraph shall be the time prescribed by JSCC on each applicable occasion. In such event, prior notice of such cutoff time shall be provided to the Clearing Participant.

(Article 20-4 Assignment Method Relating to Exercised Option)

The assignment of the exercised option prescribed in Paragraph 1 of Article 73-5,

Paragraph 1 of Article 73-19, and Paragraph 1 of Article 73-29 of the Business Rules shall be made by dividing the amount pertaining to the short position of the issue with respect to which the option was exercised for the proprietary account and for customers' account of each Clearing Participant or Non-Clearing Participant into the smallest unit.

(Article 20-5 Clearing Price for JGB Futures Contract)

1 The clearing price prescribe by JSCC set forth in Article 73-7 of the Business Rules shall be in accordance with each of the following Items; provided, however, that, in the event that JSCC deems it inappropriate to cause the clearing price to be in accordance with each of such Items, JSCC shall prescribe the clearing price on each applicable occasion.

(1) With respect to the contract month contracts prescribed in A) through C) below, the clearing price shall be the closing price of the JGB Futures Contracts<sup>\*1</sup> in the session<sup>\*2</sup> of the Trading Day; provided, however, that, in the event that no contract price of the JGB Futures Contracts<sup>\*3</sup> in the session of the Trading Day exists, the price shall be the clearing price on the immediately preceding Trading Day.

(\*1 including those relating to the contract price of each contract month contract prescribed by the Designated Market Operator at the time of the consummation of the transaction pertaining to the bid and offer price of the Inter-Month Spread Transaction<sup>\*1-1</sup> relating to the JGB Futures Contract under the rules prescribed by the Designated Market Operator, and also including the final quote that is posted in accordance with the rules prescribed by the Designated Market Operator)

(\*1-1 referring to the inter-month spread transactions prescribed by the Designated Market Operator; the same applies hereafter in this Article)

(\*2 referring to the session prescribed by the Designated Market Operator; the same applies hereafter in this Item)

(\*3 including the contract price of each contract month contract prescribed by the Designated Market Operator at the time of the consummation of the transaction pertaining to the bid and offer price of the Inter-Month Spread Transaction relating to the JGB Futures Contract under the rules prescribed by the Designated Market Operator, and the final quote that is posted in accordance with the rules prescribed by the Designated Market Operator)

A) Central Contract Month Contract<sup>\*1</sup> with respect to each issue

(\*1 referring to the "Central Contract Month Contract" prescribed in the following Paragraph; the same applies hereafter in this Paragraph)

B) Contract month contract whose Last Trading Day<sup>\*1</sup> occurs earlier than that of the Central Contract Month Contract

(\*1 referring to the Last Trading Day prescribed by the Designated Market Operator in connection with the JGB Futures Contracts; the same applies hereinafter through Article 20-7)

C) Except when the contract month contract<sup>\*1</sup>, whose Last Trading Day occurs immediately after the Last Trading Day of the contract month contract with the earliest Last Trading Day<sup>\*2</sup>, is a contract month contract described in A) or B) above, the second nearest contract month contract on the Last Trading Day of the nearest contract month contract

(\*1 hereinafter referred to as the "second nearest contract month contract")

(\*2 hereinafter referred to as the "nearest contract month contract")

(2) The provisions of A) or B) below shall apply to the contract month contracts, other than the contract month contracts set forth in A) through C) of the preceding Item, based on the classification referenced in A) or B) below:

A) Standardized Mid-Term Government Bonds<sup>\*1</sup> and Standardized Long-Term Government Bonds<sup>\*2</sup>:

(\*1 referring to the standardized mid-term government bonds prescribed by the Designated Market Operator)

(\*2 referring to the standardized long-term government bonds prescribed by the Designated Market Operator)

The price shall be equal to the clearing price of the Central Contract Month Contract, reduced by the latest Contract Spread Price<sup>\*1</sup> of the Inter-Month Spread Transaction between the Central Contract Month Contract and the relevant contract month contract; provided, however, that, in the case where no contract is consummated after the commencement day of trading in connection with such Inter-Month Spread Transaction, with respect to a contract month contract for which no Final Spread Quote is posted in accordance with the rules prescribed by the Designated Market Operator, the price shall be equal to the clearing price for the Central Contract Month Contract, reduced by the theoretical spread price calculated by JSCC based on the average price of the Over-The-Counter Trading Reference Prices published by the Japan Securities Dealers Association.

(\*1 referring to the contract spread price prescribed by the Designated Market Operator, including the Final Spread Quote that is posted in accordance with the rules prescribed by the Designated Market Operator)

B) Standardized Super Long-Term Government Bonds<sup>\*1</sup>:

The price shall be equal to the clearing price for the Central Contract Month Contract, reduced by the theoretical spread price calculated by JSCC based on the average price of the Over-The-Counter Trading Reference Prices published by the Japan Securities Dealers Association.

(\*1 referring to the standardized super long-term government bonds prescribed by the Designated Market Operator)

2 The Central Contract Month Contract set forth in A) of Item (1) of the preceding Paragraph shall be the contract month contract which is designated by JSCC as the contract month

contract with the highest liquidity on the Trading Day immediately preceding the relevant Trading Day; provided, however, that the foregoing shall not apply when deemed inappropriate by JSCC in light of the trading conditions, etc.

3 Notwithstanding the provisions of the preceding two Paragraphs, the clearing price for a contract month contract of the Mini-sized Contract<sup>\*1</sup> shall be equal to the clearing price for the contract month contract of the Large-sized Contract<sup>\*2</sup> which is used by the relevant Designated Market Operator when setting the Final Settlement Price<sup>\*3</sup> for such contract month contract; provided, however, that, when the foregoing is deemed inappropriate by JSCC, the price shall be prescribed by JSCC on each applicable occasion.

(\*<sup>1</sup> referring to the mini-sized contract relating to the JGB Futures Contract prescribed by the Designated Market Operator)

(\*<sup>2</sup> referring to the large-sized contract relating to the JGB Futures Contract prescribed by the Designated Market Operator)

(\*<sup>3</sup> referring to the closing settlement price prescribed by the Designated Market Operator)

(Article 20-6 Classification for Treatment of Accrued Interest, etc.)

1 With respect to the classification relating to the treatment of the Accrued Interest prescribed in Paragraph 1 of Article 73-10 of the Business Rules, changes shall be made, based on the notifications from each JGB Futures Clearing Participant set forth in the following Paragraph, with respect to the larger of the amount of the Final Total Short Position or the amount of the Final Total Long Position, in connection with which the Accrued Interest is treated as non-taxable, by dividing the amount for proprietary account and the amount for customers' account separated for each customer, of each JGB Futures Clearing Participant or JGB Futures Non-Clearing Participant into the smallest unit.

2 A JGB Futures Clearing Participant shall, pursuant to the provisions of Paragraph 2 of Article 73-10 of the Business Rules, submit to JSCC notifications concerning the Final Total Short Position and the Final Total Long Position of the relevant JGB Futures Clearing Participant, which shall set forth the matters listed below, by 3:00 P.M. on the day immediately following the day on which the Last Trading Day ends; provided, however, that, when deemed necessary, JSCC may temporarily change the cutoff time of such notice:

(1) The amount with respect to which the Accrued Interest is treated as taxable;

(2) In connection with the amount with respect to which the Accrued Interest is treated as non-taxable: the amount of the JGB Futures Clearing Participant's proprietary account; the amount for customers' account separated for each customer of the JGB Futures Clearing Participant; the amount of JGB Futures Non-Clearing Participants' proprietary

account separated for each JGB Futures Non-Clearing Participant; and the amount for customers' account of the JGB Futures Non-Clearing Participants separated for each customer of the JGB Futures Non-Clearing Participants.

(Article 20-7 Cutoff time for Notification Concerning Securities Subject to Settlement by Physical Delivery and Payment Relating to JGB Futures Contracts)

The cutoff time prescribed by JSCC set forth in Article 73-14 of the Business Rules shall be 3:00 P.M. on the fourth day following the day on which the Last Trading Day ends; provided, however, that, when deemed necessary by JSCC, such cutoff time shall be the time prescribed by JSCC on each applicable occasion.

(Article 20-8 Clearing Price Index for Index Futures Contracts)

1 The clearing price index prescribed by JSCC set forth in Article 73-21 of the Business Rules shall be in accordance with each of the following Items; provided, however, that JSCC shall determine the clearing price index on a case-by-case basis, in the event that JSCC deems it inappropriate to cause the clearing price index to be in accordance with each of such Items:

(1) With respect to the contract month contracts prescribed in A) through C) below, the clearing price index shall be the closing contract price index of Index Futures Contracts<sup>\*1</sup> in the session<sup>\*2</sup> of the Trading Day; provided, however, that, in the event that no contract price index of Index Futures Contracts in the session of the Trading Day exists, the clearing price index shall be the theoretical price relating to the contract month contracts, calculated based on the value of the closing price index for the underlying contracts on the day on which the Trading Day ends, pursuant to the method set forth in *Appendix 2*.  
(\*<sup>1</sup> including the final quote posted in accordance with the rules prescribed by the Designated Market Operator; the same applies hereafter in this Article)

(\*<sup>2</sup> referring to the session prescribed by the Designated Market Operator; the same applies hereafter in this Paragraph)

A) Central Contract Month Contract<sup>\*1</sup> for each underlying index

(\*<sup>1</sup> referring to the "Central Contract Month Contract" prescribed in Paragraph 3; the same applies hereafter in this Item)

B) Contract month contract whose Last Trading Day<sup>\*1</sup> occurs before the Central Contract Month Contract

(\*<sup>1</sup> referring to the Last Trading Day prescribed in connection with the Index Futures Contract by the Designated Market Operator; the same applies hereafter in C) below)

C) Second nearest contract month contract on the Last Trading Day of the nearest contract month contract, except when the second nearest contract month contract is the contract month contract described in A) or B) above

(2) With respect to contract month contracts other than those set forth in A) through C) of the preceding Item, the clearing price index shall be as prescribed in A) or B) below, based on the classification of the underlying index referenced in A) or B) below.

A) Tokyo Stock Price Index (TOPIX), TOPIX Core 30 and Tokyo Stock Exchange REIT Index\*<sup>1</sup>:

(\*<sup>1</sup> referring to the Tokyo Stock Price Index (TOPIX), TOPIX Core 30, and Tokyo Stock Exchange REIT Index computed by Tokyo Stock Exchange, Inc.; the same applies hereinafter)

The price equal to the sum of the clearing price index of the nearest contract month contract and the latest Contract Spread Price\*<sup>1</sup> of the Inter-Month Spread Transaction\*<sup>2</sup> between the nearest contract month contract and the relevant contract month contract; provided, however, that, in the case where no contract is consummated after the commencement day of trading in connection with such Inter-Month Spread Transaction, with respect to a contract month contract for which no Final Spread Quote is posted in accordance with the rules prescribed by the Designated Market Operator, the price shall be the sum of the clearing price index of the nearest contract month contract and the theoretical spread price calculated based on the value of the closing underlying index on the day on which the relevant Trading Day ends, pursuant to the method set forth in *Appendix 2*.

(\*<sup>1</sup> referring to the contract spread price prescribed by the Designated Market Operator, including the final spread quote that is posted in accordance with the rules prescribed by the Designated Market Operator)

(\*<sup>2</sup> referring to the inter-month spread transaction prescribed by the Designated Market Operator; the same applies hereafter in this Article)

B) Indices other than those set forth in A) above:

The price equal to the sum of the clearing price index of the nearest contract month contract and the theoretical spread price calculated based on the value of the closing underlying index on the day on which the relevant Trading Day ends, pursuant to the method set forth in *Appendix 2*.

2 When the main text of Item (1) of the preceding Paragraph applies, the closing contract price index shall be as prescribed in the applicable Item below, if multiple contract price indices\*<sup>1</sup> exist at the end of the session:

(\*<sup>1</sup> including the final quote posted in accordance with the rules prescribed by the Designated Market Operator)

(1) In the case where the contract pertaining to the contract month contract which determines the contract price index at the end of the Afternoon Session has been consummated, the contract price index at the end of such session shall apply.

(2) In the case where the quote relating to the contract month contract prescribed by the Designated Market Operator at the end of the Afternoon Session is posted, and where

the contract, which determines the Contract Spread Price<sup>\*1</sup> at the end of such session concerning the Inter-Month Spread Transaction which generates the sale or purchase of such contract month contract, has been consummated, the contract price index of such contract month contract at the time of consummation of the contract in connection with the bid and offer price of the relevant Inter-Month Spread Transaction prescribed by the Designated Market Operator shall apply.

(\*1 referring to the contract spread price prescribed by the Designated Market Operator)

- (3) The provisions of the preceding two Items shall apply *mutatis mutandis* in the event where no contract index price<sup>\*1</sup> in the Afternoon Session exists. In such event, the term, "Afternoon Session" shall be reread as "Morning Session".

(\*1 including the final quote posted in accordance with the rules prescribed by the Designated Market Operator)

- 3 The Central Contract Month Contract set forth in A) of Item (1) of Paragraph 1 shall be the contract month contract which is designated by JSCC as the contract month contract with the highest liquidity on the Trading Day immediately preceding the relevant Trading Day; provided, however, that the foregoing shall not apply when deemed inappropriate by JSCC in light of the trading conditions, etc.

- 4 Notwithstanding the provisions of the preceding three Paragraphs, with respect to the Index Futures Contracts whose underlying index is the Tokyo Stock Price Index (TOPIX), the clearing price index for a contract month contract of the Mini-sized Contract<sup>\*1</sup> shall be equal to the clearing price index for the contract month contract of the Large-sized Contract<sup>\*2</sup> which has the same Last Trading Day as the contract month contract of the Mini-sized Contract; provided, however, in the case where the foregoing is deemed inappropriate by JSCC, the clearing price index shall be prescribed by JSCC on all such occasion.

(\*1 referring to the mini-sized contract relating to the Index Futures Contract whose underlying index is the Tokyo Stock Price Index (TOPIX) prescribed by the Designated Market Operator)

(\*2 referring to the large-sized contract relating to the Index Futures Contract whose underlying index is the Tokyo Stock Price Index (TOPIX) prescribed by the Designated Market Operator)

(Article 20-9 Cutoff Time for Application Concerning Position Transfer, etc.)

- 1 The cutoff time prescribed by JSCC pursuant to the provisions of Paragraph 2 and Paragraph 5 of Article 73-35 of the Business Rules shall be 7:00 P.M. on the day immediately preceding the day on which the Position Transfer is to be implemented.

- 2 When JSCC deems it impossible or difficult to submit the applications to JSCC which are prescribed in Paragraph 2 and Paragraph 5 of Article 73-35 of the Business Rules due to problems affecting the operation of the systems set up by JSCC or another institution

which are necessary for submitting such applications, or due to any other unavoidable cause, the cutoff time prescribed by the preceding two Paragraphs shall be the time prescribed by JSCC on each applicable occasion. In such event, prior notice of such cutoff time shall be provided to the Clearing Participant.

3 The application to JSCC set forth in Paragraph 2 and Paragraph 5 of Article 73-35 of the Business Rules shall be submitted with respect to the Position at the end of the Trading Day<sup>\*1</sup>.

(\*1 in the case of an Individual Option Contract, at the end of the ToSTNeT Transaction session relating to the Individual Option Contract prescribed by the Designated Market Operator)

4 The time prescribed by JSCC pursuant to the provisions of Paragraph 3 of Article 73-35 of the Business Rules shall be 9:00 A.M.

(Article 20-10 Method of Using the Margin or Clearing Fund to Compensate Losses)

1 When using the Margin prescribed in Item (3) of Paragraph 1 of Article 78 of the Business Rules to compensate losses incurred by JSCC, for each category of Clearing Qualification, pursuant to the provisions of Paragraph 1 of Article 78 of the Business Rules, such Margin shall be so used after it is prorated according to the required amount of the Margin of each category of Clearing Qualification<sup>\*1</sup>.

(\*1 referring to the required amount of the Margin which is computed in accordance with the provisions of the Rules on Margins, etc. based on the Position for the proprietary account with respect to each category of Clearing Qualification for the relevant Default Clearing Participant's Futures and Option Contracts on the day immediately preceding the day of the occurrence of the relevant default<sup>\*1-1</sup>)

(\*1-1 hereinafter referred to as the "Default Day")

2 The provisions of the preceding Paragraph shall apply *mutatis mutandis* when using the Margin prescribed in Item (4) of Paragraph 1 of Article 78 of the Business Rules to compensate losses. In such event, the phrase, "the Position for the proprietary account" shall be reread as "the Position<sup>\*1</sup>".

(\*1 excluding any Position for the proprietary account)

3 When using the Clearing Fund prescribed in Item (5) of Paragraph 1 of Article 78 of the Business Rules to compensate losses incurred by JSCC, for each category of Clearing Qualification, pursuant to the provisions of Paragraph 1 of Article 78 of the Business Rules, such Clearing Fund shall be so used after it is prorated according to the required amount of the Clearing Fund of each category of Clearing Qualification on the day immediately preceding the Default Day.

4 If any amount of the Margin and the like for proprietary account remains after it is used to compensate losses pursuant to the provisions of the preceding three Paragraphs, if the Default Clearing Participant participates in a merger, or if JSCC otherwise deems it

necessary, the Margin and the like for proprietary account shall be used to compensate losses incurred by JSCC, after it is prorated based on the rules prescribed by JSCC on all such occasion.

(Article 21 Compensation of Losses by Levying Special Clearing Charge)

- 1 In the event where the excess amount prescribed in Paragraph 3 of Article 79 of the Business Rules is prorated among the Clearing Participants on Default Day for each category of Clearing Qualification in accordance with the provisions of the same Paragraph, such excess amount shall be first prorated according to the amount of the uncompensatable losses for each category of Clearing Qualification, and then such prorated amount shall be further prorated according to the required amount of the Clearing fund of each Clearing Participant on the Default Day relating to the relevant Clearing Qualification on the day immediately preceding the Default Day.
- 2 If the Clearing Participant participates in a merger or if JSCC otherwise deems it necessary, the amount of money prescribed by JSCC on all such occasion shall be the required amount of the Clearing fund for the relevant Clearing Qualification set forth in the preceding Paragraph.

(Article 21-2 Adjustment of Position under Individual Option Contract)

- 1 Adjustments to the Position prescribed in Paragraph 1 of Article 79-2 of the Business Rules shall be made in accordance with each of the following Items:
  - (1) In the case of a stock split where one share of the stock, which is the underlying security, is to be split into a number which is equal to one share multiplied by a whole number, the quantity of the Position on the day immediately preceding the ex-right day of the relevant stock split shall be adjusted, as of such ex-right day, to the quantity that is equal to the original quantity, divided by the split ratio pertaining to such stock split;
  - (2) In the case of an allotment of stock without compensation, which is the underlying security, where the number of shares of stock of the same class as that of the underlying stock, which is equal to the number of shares of such underlying stock multiplied by a whole number, is issued for each share of such underlying stock, the quantity of the Position on the day immediately preceding the ex-right day of the relevant allotment of stock without compensation shall be adjusted, as of the ex-right day relating to such allotment of stock without compensation, to the quantity that is equal to the original quantity, multiplied by the quantity that is one added to the number of shares allotted through such allotment of stock without compensation;
  - (3) In the case of a change in the trading unit of the stock, which is the underlying security, the quantity of the Position on the day immediately preceding the day on which such change is implemented shall be adjusted, as of the day on which such change is implemented, to the quantity that is equal to the original quantity, multiplied by the

number which is equal to the trading unit prior to such change divided by the trading unit after such change;

(4) In the case not stipulated in the preceding three Items, the quantity of the Position shall be adjusted pursuant to the method prescribed by JSCC on all such occasion.

2 The provisions of the preceding Paragraph\*<sup>1</sup> shall be applied *mutatis mutandis* to the adjustment of the Position stipulated in Paragraph 1 of Article 79-2 of the Business Rules which are applied *mutatis mutandis* under Paragraph 2 of Article 79-2 of the Business Rules.

(\*<sup>1</sup> excluding Item (2))

(Article 22 Operations Entrusted by JSCC)

In accordance with the provisions of Paragraph 1 of Article 85 of the Business Rules, JSCC shall entrust the administrative work such as receiving notification of the Offsetting-Sale, Offsetting-Purchase or exercise of options relating to the Futures and Option Contracts to Tokyo Stock Exchange, Inc.

Supplementary Provisions

- 1 These Rules shall come into effect on January 14, 2003; provided, however, that the provisions of Article 4 and Article 5 shall come into effect on January 10, 2003.
- 2 The provisions<sup>\*1</sup> of Article 5 shall not apply to any entity which is to obtain the Clearing Qualification on January 14, 2003, or any entity which provides notification to JSCC on or before such date in accordance with the rules prescribed by JSCC and which is to obtain the Clearing Qualification on or before the last day of December of 2003.  
(\*1 limited to the part relating to the payment of the fee for obtaining the Clearing Qualification)
- 3 With respect to the application of the provisions of Paragraph 3 of Article 11, in the case where the “preceding day” stipulated in Paragraph 1 of Article 11 occurs during the period commencing on the day on which these Rules come into effect<sup>\*1</sup> and ending on the last day of July, 2003, the phrase, “during July through December of the preceding year in the case where such preceding day occurs during February through July; or during January through June in the case where such preceding day occurs during August through January of the following year” shall be reread as “during June through November of 2002”.  
(\*1 hereinafter referred to as the “Effective Date”)
- 4 In the case where any entity which was a trading participant, member or an association member of any of the Designated Market Operators becomes a Non-Clearing Participant on the Effective Date and designates JSCC’s Clearing Participant as the Designated Clearing Participant, such Designated Clearing Participant shall take over the relevant Non-Clearing Participant’s unsettled Contracts Subject to Clearing which were formed before the Effective Date.  
(\*1 limited to those relating to the Contracts for Clearing)
- 5 The convertible bond and the bond with subscription warrant which were stipulated in Paragraph 1 of Article 7 of the Supplementary Provisions of the Law Amending Part of the Commercial Code, Etc. (Law No. 128 of 2001) <sup>\*1</sup> to be governed by the rules before the respective amendment, shall be regarded as convertible bond and non-convertible-bond-type bond with stock acquisition right, respectively, and these Rules shall be applied to them accordingly.  
(\*1 referred to as the “Law Amending Commercial Code, Etc.” hereafter in this Supplementary Provisions)
- 6 The certificate of subscription right, which is issued in conjunction with the bond with subscription warrant 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 right, and these Rules shall be applied to it accordingly.

Supplementary Provisions

These revised Rules shall come into effect on January 27, 2003.

Supplementary Provisions

1 These revised Rules shall come into effect on February 2, 2004.

2 The provisions<sup>\*1</sup> of Article 5 shall not apply in the case where any entity, which actually is a Stock Option Clearing Participant, JGB Futures Clearing Participant or Stock Index Futures Clearing Participant of Tokyo Stock Exchange, Inc.<sup>\*2</sup> on the day preceding the day on which these revised Rules come into effect<sup>\*3</sup>, obtains JSCC's Stock Option Clearing Qualification, JGB Futures Clearing Qualification or Stock Index Futures Clearing Qualification, respectively, on the Effective Date.

(\*1 limited to the part relating to the payment of the fee for obtaining the Clearing Qualification)

(\*2 hereinafter referred to as "TSE")

(\*3 hereinafter referred to as the "Effective Date")

3 In the case where a Stock Option Clearing Participant of TSE becomes a Stock Option Non-Clearing Participant on the Effective Date and designates JSCC's Stock Option Clearing Participant as the Designated Clearing Participant, such Designated Clearing Participant shall take over the relevant Stock Option Non-Clearing Participant's unsettled Contracts for Clearing which were formed before the Effective Date.

4 In the case where a JGB Futures Clearing Participant of TSE becomes a JGB Futures Non-Clearing Participant on the Effective Date and designates JSCC's JGB Futures Clearing Participant as the Designated Clearing Participant, such Designated Clearing Participant shall take over the relevant JGB Futures Non-Clearing Participant's unsettled Contracts for Clearing which were formed before the Effective Date.

5 In the case where a Stock Index Futures Clearing Participant of TSE becomes a Stock Index Futures Non-Clearing Participant on the Effective Date and designates JSCC's Stock Index Futures Clearing Participant as the Designated Clearing Participant, such Designated Clearing Participant shall take over the relevant Stock Index Futures Non-Clearing Participant's unsettled Contracts for Clearing which were formed before the Effective Date.

6 With respect to the application of Paragraph 1 of Article 21 on the Effective Date, the phrase, "the day immediately preceding the Default Day." shall be reread as "the Default Day."

Supplementary Provisions

These revised Rules shall come into effect on December 18, 2003.

Supplementary Provisions

These revised Rules shall come into effect on April 1, 2004.

Supplementary Provisions

These revised Rules shall come into effect on August 9, 2004.

Supplementary Provisions

These revised Rules shall come into effect on August 27, 2004.

Supplementary Provisions

1 These revised Rules shall come into effect on the day prescribed by JSCC\*.

2 The DVP Clearing Price stipulated in Paragraph 1 of Article 11 on the day on which these revised Rules come into effect\*<sup>1</sup> for the issue which is registered by the Japan Securities Dealers Association on the day immediately preceding the Effective Date and which is to be listed on the securities market operated by the Designated Market Operator on the Effective Date, shall be the last selling/buying price at 3:00 P.M. in the OTC market on the day immediately preceding the Effective Date; provided, however, that, in the case where there is no selling/buying price on the day immediately preceding the Effective Date, such DVP Clearing Price shall be the standard price in the OTC market on the day immediately preceding the Effective Date.

(\*<sup>1</sup> hereinafter referred to as the "Effective Date")

3 With respect to the application of the provisions of Paragraph 3 of Article 11 in connection with the issue\*<sup>1</sup> which was registered by the Japan Securities Dealers Association on the day immediately preceding the Effective Date, the trading volume of the relevant issue in the OTC market operated by the Japan Securities Dealers Association shall be deemed to be the trading volume of such issue at J Nasdaq Securities Exchange, Inc.

(\*<sup>1</sup> limited to the issue which is listed at J Nasdaq Securities Exchange, Inc. on the Effective Date)

4 The market price, in the event the market price before the Effective Date is to be used for the calculation of the substituting price of the securities which were registered by the Japan Securities Dealers Association on the day immediately preceding the Effective Date, shall be, notwithstanding the revised provisions of Paragraph 1 of *Appendix 1*, the

last selling/buying price at 3:00 P.M. published by the Japan Securities Dealers Association.

(\*Note) The "day prescribed by JSCC" referenced in Paragraph 1 is December 13, 2004.

Supplementary Provisions

- 1 These revised 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 for bankruptcy filed on or before December 31, 2004 shall be regarded as a decision to commence bankruptcy procedure.

Supplementary Provisions

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

Supplementary Provisions

- 1 These revised Rules shall come into effect on January 10, 2006.
- 2 With respect to the bonds\*<sup>1</sup> which are actually listed on the Designated Securities Market as at the time these revised Rules come into effect, the revised provisions of Article 14 and Article 15 shall apply from the settlement the settlement day of which is the day, designated by JSCC, for JASDEC to commence its handling of such bonds in its book-entry transfer business.

(\*<sup>1</sup> excluding Japanese Government Bonds, corporate bond with stock acquisition right, etc., and Exchangeable Corporate Bond)

- 3 In the case where bond certificates\*<sup>1</sup> have actually been deposited with JSCC by a Clearing Participant by the time when these revised Rules come into effect, such bond certificates shall be returned to such Clearing Participant by March 31, 2006.

(\*<sup>1</sup> excluding Japanese Government Bonds, corporate bond with stock acquisition right, etc., and Exchangeable Corporate Bond)

Supplementary Provisions

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

Supplementary Provisions

These revised Rules shall come into effect on February 1, 2006.

Supplementary Provisions

These revised Rules shall come into effect on February 27, 2006.

Supplementary Provisions

These revised Rules shall come into effect on April 3, 2006.

Supplementary Provisions

These revised Rules shall come into effect on May 1, 2006.

Supplementary Provisions

These revised Rules shall come into effect on October 1, 2006.

Supplementary Provisions

These revised Rules shall come into effect on January 4, 2007.

Supplementary Provisions

These revised Rules shall come into effect on March 12, 2007.

Supplementary Provisions

These revised Rules shall come into effect on April 2, 2007.

Supplementary Provisions

These revised Rules shall come into effect on September 30, 2007.

Supplementary Provisions

These revised Rules shall come into effect on November 1, 2007.

Supplementary Provisions

These revised Rules shall come into effect on January 15, 2008.

Supplementary Provisions

These revised Rules shall come into effect on March 24, 2008.

Supplementary Provisions

These revised Rules shall come into effect on April 1, 2008.

Supplementary Provisions

These revised Rules shall come into effect on April 14, 2008.

Supplementary Provisions

These revised Rules shall come into effect on May 7, 2008.

Supplementary Provisions

These revised Rules shall come into effect on June 16, 2008.

Supplementary Provisions

These revised Rules shall come into effect on July 1, 2008.

Supplementary Provisions

These revised Rules shall come into effect on July 7, 2008.

Supplementary Provisions

These revised Rules shall come into effect on August 5, 2008.

Supplementary Provisions

These revised Rules shall come into effect on August 25, 2008.

Supplementary Provisions

These revised Rules shall come into effect on November 10, 2008.

Supplementary Provisions

These revised Rules shall come into effect on December 26, 2008.

Supplementary Provisions

These revised Rules shall come into effect on January 5, 2009.

Supplementary Provisions

These revised Rules shall come into effect on March 23, 2009.

Supplementary Provisions

These revised Rules shall come into effect on June 1, 2009.

Supplementary Provisions

These revised Rules shall come into effect on September 24, 2009.

Supplementary Provisions

These revised Rules shall come into effect on September 28, 2009.

Supplementary Provisions

These revised Rules shall come into effect on the day prescribed by JSCC\*.

(\*Note) The “day prescribed by JSCC” referenced in Paragraph 1 is October 5, 2009.

Supplementary Provisions

These revised Rules shall come into effect on December 30, 2009; provided, however, that the revised provisions of Item (1) (m) of Paragraph 1 of Article 3, Paragraph 2 and Paragraph 3 of Article 20-9 shall come into effect on January 4, 2010.

Supplementary Provisions

1 These revised Rules shall come into effect on April 1, 2010.

2 With respect to the application of the provisions of Paragraph 3 of Article 11 in connection with the issue\*<sup>1</sup> which was registered by the Jasdaq Securities Exchange, Inc. on the day immediately preceding the day on which these revised Rules come into effect\*<sup>2</sup>, the trading volume of the relevant issue in the Financial Instruments market operated by the Jasdaq Securities Exchange, Inc. shall be deemed to be the trading volume of such issue at Osaka Securities Exchange Co., Ltd. Inc.

(\*<sup>1</sup> limited to the issue which is listed at Osaka Securities Exchange Co., Ltd. on the Effective Date)

(\*<sup>2</sup> hereinafter referred to as the "Effective Date")

#### Supplementary Provisions

These revised Rules shall come into effect on May 24, 2010.

<Appendix 1> Table Concerning Types of Securities Deposited in lieu of Cash and their Substituting Prices, etc.

1 The types of securities deemed appropriate by JSCC, their market prices and rates prescribed by JSCC pursuant to the provisions of Paragraph 3 and Paragraph 4 of Article 16, Paragraph 2 and Paragraph 3 of Article 52, and Paragraph 2 and Paragraph 3 of Article 70 of the Business Rules shall be as follows:

Type of Securities	Market Price	The rate by which the market price is to be multiplied
Japanese Government Bonds	Whose Over-The-Counter Trading Reference Prices are published by the Japan Securities Dealers Association	Average of the relevant Over-The-Counter Trading Reference Prices (1) Interest-bearing Japanese government bond and discount government bond (excluding government bond with floating rate and STRIPs) a Years to maturity of less than 1 year 99% b Years to maturity over 1 year and less than 5 years 98% c Years to maturity over 5 year and less than 10 years 97% d Years to maturity over 10year and less than 20 years 95% e Years to maturity over 20 year and less than 30 years 93% f Years to maturity over 30 years 92% (2) Government bond with floating rate a Years to maturity of less than 1 year 99% b Years to maturity over 1 year and less than 5 years 98% c Years to maturity over 5 year and less than 10 years 96% d Years to maturity over 10 year and less than 20 years 96% (3) STRIPs a Years to maturity of less than 1 year 98% b Years to maturity over 1 year and less than 5 years 97% c Years to maturity over 5 year and less than 10 years 96% d Years to maturity over 10year and less than 20 years 94% e Years to maturity over 20 year and less than 30 years 91% f Years to maturity over 30 years 88%
	Which are listed on a domestic Financial Instruments Exchange, but whose Over-The-Counter Trading Reference Prices are not published	The closing price (* 1) at the Financial Instruments Exchange (* 2)
Bonds guaranteed by the Japanese Government Yen denominated bonds	Whose Over-The-Counter Trading Reference Prices are published by the Japan Securities Dealers Association	Average of the relevant Over-The-Counter Trading Reference Prices (1) Years to maturity of less than 1 year 98% (2) Years to maturity over 1 year and less than 5 years 97% (3) Years to maturity over 5 year and less than 10 years 96%

## Reference Translation

## Handling of Business Rules

which are the bonds stipulated in Article 2-11 of the Enforcement Ordinance of the Financial Instruments and Exchange Act (* 3)	Which are listed on a domestic Financial Instruments Exchange, but whose Over-The-Counter Trading Reference Prices are not published	The closing price (* 1) at the Financial Instruments Exchange (* 2)	(4) Years to maturity over 10year and less than 20 years	94%
			(5) Years to maturity over 20 year and less than 30 years	92%
			(6) Years to maturity over 30 years	91%
	Whose Over-The-Counter Trading Reference Prices are published by the Japan Securities Dealers Association	Average of the relevant Over-The-Counter Trading Reference Prices	(1) Years to maturity of less than 1 year	98%
Municipal bonds (* 3)			(2) Years to maturity over 1 year and less than 5 years	97%
	Which are listed on a domestic Financial Instruments Exchange, but whose Over-The-Counter Trading Reference Prices are not published	The closing price (* 1) at the Financial Instruments Exchange (* 2)	(3) Years to maturity over 5 year and less than 10 years	96%
			(4) Years to maturity over 10year and less than 20 years	94%
			(5) Years to maturity over 20 year and less than 30 years	92%
			(6) Years to maturity over 30 years	91%
Special bonds (excluding bonds guaranteed by the Japanese Government)	Whose Over-The-Counter Trading Reference Prices are published by the Japan Securities Dealers Association	Average of the relevant Over-The-Counter Trading Reference Prices	(1) Years to maturity of less than 1 year	97%
			(2) Years to maturity over 1 year and less than 5 years	96%
			(3) Years to maturity over 5 year and less than 10 years	95%
Corporate Bonds (excluding bonds with stock acquisition rights and Exchangeable Corporate Bonds) (* 3)	Which are listed on a domestic Financial Instruments Exchange, but whose Over-The-Counter Trading Reference Prices are not published	The closing price (* 1) at the Financial Instruments Exchange (* 2)	(4) Years to maturity over 10year and less than 20 years	93%
(* 4)			(5) Years to maturity over 20 year and less than 30 years	91%
			(6) Years to maturity over 30 years	90%

Reference Translation

Handling of Business Rules

<p>Yen-denominated bonds issued by foreign juridical persons (<i>SAMURAI Bonds</i>) (excluding Yen denominated bonds which are the bonds stipulated in Article 2-11 of the Enforcement Ordinance of the Financial Instruments and Exchange Act, Convertible Bonds and Exchangeable Corporate Bonds (*3) (*4))</p>	<p>Whose Over-The-Counter Trading Reference Prices are published by the Japan Securities Dealers Association</p>	<p>Average of the relevant Over-The-Counter Trading Reference Prices</p>	<table border="0"> <tr> <td>(1) Years to maturity of less than 1 year</td> <td>82%</td> </tr> <tr> <td>(2) Years to maturity over 1 year and less than 5 years</td> <td>81%</td> </tr> <tr> <td>(3) Years to maturity over 5 year and less than 10 years</td> <td>80%</td> </tr> <tr> <td>(4) Years to maturity over 10year and less than 20 years</td> <td>78%</td> </tr> <tr> <td>(5) Years to maturity over 20 year and less than 30 years</td> <td>76%</td> </tr> <tr> <td>(6) Years to maturity over 30 years</td> <td>75%</td> </tr> </table>	(1) Years to maturity of less than 1 year	82%	(2) Years to maturity over 1 year and less than 5 years	81%	(3) Years to maturity over 5 year and less than 10 years	80%	(4) Years to maturity over 10year and less than 20 years	78%	(5) Years to maturity over 20 year and less than 30 years	76%	(6) Years to maturity over 30 years	75%
(1) Years to maturity of less than 1 year	82%														
(2) Years to maturity over 1 year and less than 5 years	81%														
(3) Years to maturity over 5 year and less than 10 years	80%														
(4) Years to maturity over 10year and less than 20 years	78%														
(5) Years to maturity over 20 year and less than 30 years	76%														
(6) Years to maturity over 30 years	75%														
<p>Beneficiary securities of public and corporate bond investment trusts</p>	<p>Which are listed on a domestic Financial Instruments Exchange, but whose Over-The-Counter Trading Reference Prices are not published</p>	<p>The closing price (* 1) at the Financial Instruments Exchange (* 2)</p>	<p>85/100</p>												
<p>Convertible Bonds (* 3) (* 5) Exchangeable Corporate Bonds (* 3)</p>	<p>Whose market prices on the preceding day are published by the Investment Trusts Association Japan</p>	<p>Applicable market price</p>	<p>80/100</p>												
<p>Stocks Preferred equity capital contribution securities</p>	<p>Which are listed on a domestic Financial Instruments Exchange</p>	<p>The closing price (* 1) at the Financial Instruments Exchange (* 2)</p>	<p>70/100</p>												
<p>Depository receipts for foreign stocks</p>															
<p>Beneficiary securities of foreign investment trusts</p>															
<p>Foreign investment securities</p>															

Beneficiary securities of  
beneficiary securities issuing  
trust

Beneficiary securities  
of foreign beneficiary  
securities issuing trust

Beneficiary securities of investment trusts (excluding beneficiary securities of public and corporate bond investment trusts)	Which are listed on a domestic Financial Instruments Exchange	The closing price (* 1) at the Financial Instruments Exchange (* 2)
Investment securities	Whose market prices on the preceding day are published by the Investment Trusts Association Japan	Applicable market price

(\* 1) With respect to an issue that is listed on multiple Financial Instruments Exchanges, referring to the Financial Instruments Exchange selected in accordance with the order of priority prescribed by JSCC.

(\* 2) In the case where a final quote is posted at the applicable Financial Instruments Exchange, the closing price refers to such final quote.

(\* 3) Limited to those with respect to which an underwriting contract is executed by a Financial Instruments Business Operator in connection with their issuance.

(\* 4) With respect to Special bonds\*<sup>1</sup>, Corporate Bonds\*<sup>2</sup> and Yen-denominated bonds issued by foreign juridical persons (*SAMURAI Bonds*) \*<sup>3</sup>, limited to those deemed appropriate by JSCC in light of the issuing company's creditworthiness and other circumstances (e.g. all ratings obtained from Eligible Rating Agencies\*<sup>4</sup> are A or above, etc.).

(\*<sup>1</sup> excluding bonds guaranteed by the Japanese Government)

(\*<sup>2</sup> excluding bonds with stock acquisition rights and Exchangeable Corporate Bonds)

(\*<sup>3</sup> excluding Yen denominated bonds which are the bonds stipulated in Article 2-11 of the Enforcement Ordinance of the Financial Instruments and Exchange Act, Convertible Bonds and Exchangeable Corporate Bonds)

(\*<sup>4</sup> referring to the designated rating agencies specified under Item 13-2 of Article 1 of the Ordinance of Cabinet Office Concerning the disclosure of corporate information)

(\* 5) With respect to Convertible Bonds, limited to those issued by the corporations whose stocks are listed on domestic Financial Instruments Exchanges.

2 The provisions of Paragraph 3 of Article 11 shall apply *mutatis mutandis* to the selection of a Financial Instruments Exchange in accordance with the order of priority prescribed by JSCC pursuant to the provisions of the preceding Paragraph. In such event, the phrase, "such preceding day," in Paragraph 3 of such Article shall be reread as "the day which is two days before the day of deposit or the settlement day".

3 Fractional amounts relating to the substituting prices shall be adjusted as follows:

- (1) Fractional amounts less than one yen shall be rounded down in the case of stocks, preferred equity capital contribution securities, depositary receipts for foreign stocks, beneficiary securities of investment trusts, beneficiary securities of foreign investment trusts, investment securities, foreign investment securities, beneficiary securities of beneficiary securities issuing trust, and beneficiary securities of foreign beneficiary securities issuing trust.
- (2) In the case of securities other than the securities set forth in the preceding Item, fractional amounts less than 0.01 yen shall be rounded down.

4 Deposits of Japanese Government Bonds shall be made by way of book-entry transfers to the accounts held in the name of JSCC at the Bank of Japan.

5 Deposits of the securities set forth in the following Items shall be made by way of book-entry transfers to the accounts held in the name of JSCC at JASDEC:

- (1) Stocks, preferred equity capital contribution securities, depositary receipts for foreign stocks, beneficiary securities of investment trusts, beneficiary securities of foreign investment trusts, foreign investment securities, beneficiary securities of beneficiary securities issuing trusts, beneficiary securities of foreign beneficiary securities issuing trusts, bonds<sup>\*1</sup> and Convertible Bonds; and  
(\*<sup>1</sup>excluding Japanese Government Bonds and bonds with stock acquisition rights)
- (2) Investment securities that are listed on any of the domestic Financial Instruments Exchanges.

6 JSCC shall entrust the task of submitting to JASDEC reports concerning the deposited securities prescribed in the following Item to the Clearing Participant which has deposited such securities, and the Clearing Participant so entrusted with the task shall submit the relevant reports to JASDEC. In such event, the Clearing Participant so entrusted with the task may cause third parties to submit the relevant reports.

- (1) Reports concerning the entrustment status of management for Special Shareholders in connection with stocks issued by domestic corporations;
- (2) Reports concerning the entrustment status of management for Special Holders of Preferred Equity Capital Contribution Securities in connection with equity capital contribution securities;
- (3) Reports concerning the entrustment status of management for Special Holders of Beneficiary Securities in connection with investment trust beneficiary securities;

- (4) Reports concerning the entrustment status of management for Special Holders of Investment Securities in connection with investment securities; and
- (5) Reports concerning the entrustment status of management for Special Holders of Beneficiary Securities in connection with beneficiary securities of beneficiary securities issuing trust.
- 7 Notwithstanding the provisions of Paragraph 1, in the event that any stock\*<sup>1</sup> that is listed on one or more domestic Financial Instruments Exchange(s) comes to meet, in all of such domestic Financial Instruments Exchanges where it is listed, any of the delisting criteria prescribed by such Financial Instruments Exchange(s)\*<sup>2</sup>, JSCC shall exclude such stock and the Corporate Bonds issued by the issuer of such stock\*<sup>3</sup> from the securities which may be deposited in lieu of cash, commencing on the day immediately following the day on which such delisting criteria are met:
- (\*<sup>1</sup> including preferred equity capital contribution securities, depositary receipts for foreign stocks, beneficiary securities of investment trusts, beneficiary securities of foreign investment trusts, investment securities, foreign investment securities, beneficiary securities of beneficiary securities issuing trust and beneficiary securities of foreign beneficiary securities issuing trust; the same applies hereafter in this Paragraph)
- (\*<sup>2</sup> except in the events prescribed by the following Items)
- (\*<sup>3</sup> excluding the relevant depositary receipts for foreign stocks, beneficiary securities of investment trusts, beneficiary securities of foreign investment trusts, beneficiary securities of beneficiary securities issuing trust and beneficiary securities of foreign beneficiary securities issuing trust)
- (1) In the event where the issuer of the relevant stock becomes a wholly-owned subsidiary of another corporation whose stock is listed at a Designated Financial Instruments Market\*<sup>1</sup> through a share exchange or equity transfer;  
(\*<sup>1</sup> hereinafter referred to as the "Listed Company")
- (2) In the event where the issuer of the relevant stock merges with a Listed Company through an absorption-type merger; or
- (3) In the event not described above, where the relevant stock is to be delisted and where the stock which is to be granted in exchange for such stock is expected to be listed immediately on a domestic Financial Instruments Exchange.
- 8 The provisions of the preceding Paragraph shall apply *mutatis mutandis* to bonds where the obligations relating to the bonds of the issuer of such bonds become immediately due and payable.

*<Appendix 2> Table Concerning Calculation of Theoretical Prices, etc. relating to the Clearing Price Index for Index Futures Contracts*

1. Theoretical price

Theoretical price

= Closing price index for the underlying contracts on the day on which the Trading Day ends + Theoretical basis

Theoretical basis

= Closing price index for the underlying contracts on the day on which the Trading Day ends × (Short term interest rate – Expected dividend yield) × Number of days in the period commencing on the day on which the Trading Day ends and ending on the day immediately following the day<sup>\*1</sup> on which the relevant contract month contract ends / 365

(\*1 if such day falls on a holiday, it shall be deferred successively; the same applies hereinafter)

2. Theoretical spread price

Theoretical Spread Price

= Closing price index for the underlying contracts on the day on which the Trading Day ends × (Short term interest rate – Expected dividend yield) × (Number of days in the period commencing on the day on which the Trading Day ends and ending on the day immediately following the day on which the relevant contract month contract ends – Number of days in the period commencing the Trading Day ends and ending on the day immediately following the day on which the nearest contract month contract ends) / 365

- (Notes) 1. The “short term interest rate” shall be the three month TIBOR published by the Japanese Bankers Association on the day immediately preceding the applicable day.
2. The “expected dividend yield” shall be the expected dividend yield or expected distribution yield relating to the underlying index selected by JSCC.
3. The “day on which the contract month contract ends” shall be the day on which the contract month contract is to end pursuant to the rules prescribed by the Designated Market Operator in connection with the Index Futures Contracts.
4. The “theoretical price” and “theoretical spread price” shall be equal to the unit of bid and offer price prescribed by the Designated Market Operator, multiplied by a whole number; in the case where a fractional number less than a number which is equal to the unit of the bid and offer price, multiplied by a whole number, arises, such number shall be rounded up or down to the nearest number which is the unit of the bid and

offer price multiplied by a whole number<sup>\*1</sup>.

(\*<sup>1</sup> in the case where there are two such nearest numbers, the higher of such numbers)