

BUSINESS RULES

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BUSINESS RULES

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

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

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

CHAPTER 1. GENERAL PROVISIONS

Article 1. Purpose

These Business Rules set forth matters necessary for the Business of Assuming Commodity Transaction Debts conducted by JCCH pursuant to Article 175 of the Commodity Exchange Act (Law No. 239 of 1950, hereinafter “CEA”) (referring to such business as Business of Assuming Commodity Transaction Debts prescribed under Article 2.17 of the CEA, same to apply in the remainder hereof).and business of assuming the liabilities arising from Over the Counter commodity derivatives transactions prescribed under Article 170.1 of the CEA, and business ancillary thereto.

Article 2. Subject to Clearing Transactions

The transactions resulting in obligations that come within the scope of the Business of Assuming Commodity Transaction Debts of the JCCH (hereinafter “Subject to Clearing Transactions”) are the transactions prescribed in the following Subparagraphs.

- (1) Physical delivery futures transactions as prescribed in Article 2.3(1) of the CEA (hereinafter “Physical Delivery Futures Transactions”);
- (2) Cash settlement futures transactions as prescribed in Article 2.3(2) of the CEA (hereinafter “Cash Settlement Futures Transactions”);
- (3) Index futures transactions as prescribed in Article 2.3(3) of the CEA (hereinafter “Index Futures Transactions”); and
- (4) Options transactions as prescribed in Article 2.3(4) of the CEA (hereinafter “Option Transactions”).

Article 3. Designated Commodity Market

Subject to Clearing Transactions shall be the transactions prescribed below in Listed Commodities and Listed Commodity Indices on the Commodity Market (hereinafter “ Designated Commodity Market ”) by Commodity Exchange designated by JCCH (hereinafter “ Designated Commodity Exchange ”):

- (1) Tokyo Grain Exchange Inc.: Agricultural market
- (2) Tokyo Grain Exchange Inc.: Sugar market
- (3) Kansai Commodities Exchange: Agricultural market
- (4) Kansai Commodities Exchange: Fisheries market
- (5) Kansai Commodities Exchange: Sugar market

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| (6) Kansai Commodities Exchange: | Index market |
| (7) Tokyo Commodity Exchange, Inc.: | Rubber market |
| (8) Tokyo Commodity Exchange, Inc.: | Precious Metals market |
| (9) Tokyo Commodity Exchange, Inc.: | Oil market |
| (10) Tokyo Commodity Exchange, Inc.: | Chukyo Oil market |
| (11) Tokyo Commodity Exchange, Inc.: | Aluminum market |
| (12) Tokyo Commodity Exchange, Inc.: | Nikkei-TOCOM Commodity Index market |

Article 4. Business Days and Holidays

1. JCCH shall observe the following holidays and conduct business on other days:

- (1) Sundays;
- (2) National Holidays as provided for by Law (Law No. 178 of 1948);
- (3) Saturdays;
- (4) First three days of each year; and
- (5) December 31.

2. When deemed necessary, JCCH may prescribe additional unscheduled holidays.

3. When deemed necessary, JCCH may on a temporary basis suspend all or part of business operations relating to the Business of Assuming Commodity Transaction Debts or may conduct such business on an unscheduled basis.

4. In the cases prescribed in Paragraphs 3 and 4 above, JCCH shall furnish Clearing Participant and Designated Commodity Exchange with advance notice of such action.

CHAPTER 2. CLEARING PARTICIPANT

Section 1. General Rules

Article 5. Clearing Participant

1. “Clearing Participant” shall refer to a party possessing qualification to act as counterparty in the Business of Assuming Commodity Transaction Debts conducted by JCCH (hereinafter “Clearing Qualification”).
2. The categories of Clearing Qualification prescribed in the preceding Paragraph shall be the categories for each Designated Commodity Market as prescribed in Article 3.1 hereof.
3. Clearing Qualification prescribed in Paragraph 1 above, and in relation to the Business of Assuming Commodity Transaction Debts by JCCH, shall be classified into the Clearing Qualification under which Clearing of Transactions in Designated Commodity Exchange may be conducted for each type of Clearing Qualification as prescribed in the preceding Paragraph (hereinafter “Individual Clearing Qualification”) and into the Clearing Qualification under which the above Individual Clearing Qualification added Commodity Clearing Transactions (referring to Commodity Clearing Transactions under Article 2.20 of the CEA. The same shall apply hereinafter.) as prescribed in Chapter 3 for Non-clearing Participant as prescribed under Article 10 may be conducted for each type of Clearing Qualification as prescribed in the preceding Paragraph (hereinafter “General Clearing Qualification”). Clearing Participant possessing Individual Clearing Qualification shall be referred to Individual Clearing Participant and Clearing Participant possessing General Clearing Qualification shall be referred to as General Clearing Participant.

Section 2. Acquisition of Clearing Qualification

Article 6. Application and Approval for Acquisition of Clearing Qualification

1. A party who is a Member of Designated Commodity Exchange (referring to a Member as prescribed in Article 2.20 of the CEA, same to apply in the remainder hereof) or is in the process of becoming a Member of Designated Commodity Exchange may submit an application to JCCH for acquisition of Clearing Qualification in the manner prescribed by JCCH by indicating whether such Clearing Qualification is to be for Individual Clearing Qualification or General Clearing Qualification as prescribed in Article 5.2 hereof:
2. Upon receiving an application for acquisition of Clearing Qualification under the preceding Paragraph, JCCH shall approve the acquisition of such Clearing Qualification after conducting an examination of the applicant thereof and making a determination that the applicant is suitable for such Clearing Qualification.
3. Approvals granted under Paragraph 2 above shall designate a date on which the acquisition of Clearing Qualification shall be finalized.

Article 7. Requirements in respect of Clearing Qualification

1. Examinations under Article 6.2 hereof of applications under Article 6.1 hereof shall be conducted as to satisfaction of the requirements prescribed in Paragraphs 1 through 4 to applicants for Clearing Qualification and other matters deemed necessary in relation to the operations for the Business of Assuming Commodity Transaction Debts.
2. A party who is a Member of Designated Commodity Exchange or is in the process of becoming a Member of Designated Commodity Exchange, and who also satisfies any of the following requirements.
 - (1) Management system
System of management of the applicant is sufficiently sound so as to assure adequate safeguarding of the public trust with respect to the business of Business of Assuming Commodity Transaction Debts conducted by JCCH such as a lack of any control or influence by parties deemed inappropriate for such business.

(2) Office location

Maintenance of business or administrative offices in Japan.

(3) Business operation system

Proper system to implement settlement activities for which the obligations thereof are to be assumed under Article 45 hereof is in place (including Physical Delivery Futures Transactions consummated in conjunction with the Exercise of Option Transactions, referred to herein as “Clearing Contracts”), management of the risk of losses, and compliance with laws and regulations (referring to the CEA and other applicable laws and ordinances, same to apply in the remainder hereof) as well as dispositions made by government agencies pursuant to applicable laws and regulations, compliance with the provisions of these Business Rules, and compliance with other rules and regulations prescribed by JCCH in relation to Subject to Clearing Transactions.

(4) Financial Condition

Any of the requirements prescribed in the following items a) through d) shall be met.

- a). All requirements prescribed in the following through shall be satisfied.

Stable profitability shall be expected.

Amount of capital or the total amount of contribution (in case of a mutual company total amount of endowment including endowment contingency reserve) shall be 300 million yen or above;

Net assets shall be 2 billion yen or above (for an applicant of General Clearing Qualification, amount prescribed in Attachment 2 or above, based on the number of party with which the applicant execute a Clearing Agreement (referring to the Clearing Agreement as prescribed in Article 38 hereof. The same shall apply through Article 33 hereof.)); and

For a Commodity Futures Trading Firms (referring to Commodity Futures Trading Firms as prescribed in Article 2.23 of the CEA, the same shall apply hereinafter), to which required net asset ratio is applicable under the provision of Article 211.1 of the CEA, the required net asset ratio (referring to required net asset ratio prescribed in Article 211 of the CEA, the same shall apply hereinafter) shall

exceed 200 percent.

- b). A party who has engaged in a business of transaction of physical commodities or related commodities (excluding Commodity Futures Trading Firms) with past records of such physical trading (including delivery) and who has been specially approved by a resolution of the Board of Directors and also satisfies the requirements prescribed below.

Stable profitability shall be expected.

- c). A party who has engaged in a business of transaction of physical commodities or related commodities (excluding Commodity Futures Trading Firms) with past records of such physical trading (including delivery), and is guaranteed by a corporation which holds the majority of voting rights of all shareholders of an applicant applying for Clearing Qualification (hereinafter “parent company”), and also satisfies all requirements prescribed in the following through .

Stable profitability shall be expected.

Amount of capital or the total amount of contribution (in case of a mutual company endowment including endowment contingency reserve) shall be 300 million yen or above, and shall be guaranteed by its parent company with net assets of 5 billion yen or more.

Measures to ensure payment execution according to the instructions by JCCH are taken.

- d). A party who is guaranteed by its parent company and satisfies all requirements prescribed in the following through .

Stable profitability shall be expected.

Amount of capital or the total amount of contribution (in case of a mutual company endowment including endowment contingency reserve) shall be 300 million yen or above, and shall be guaranteed by its parent company with net assets of 5 billion yen or more.

Measures to ensure payment execution according to the instructions by JCCH are taken.

For a Commodity Futures Trading Firm (referring to Commodity Futures Trading Firms as prescribed in Article 2.23 of the CEA, the same shall apply hereinafter), to which required net asset ratio is applicable under the provision of Article 211.1 of the CEA, the required net asset ratio shall exceed 200 percent.

- e). A party who conducts early delivery in accordance with a manner

determined by the Designated Commodity Exchange and satisfies the requirements prescribed in the following .

A Designated Commodity Exchange shall be a major shareholder (owns 2/3 or more of issued shares) of a party.

Article 8. Procedures upon Acquisition of Clearing Qualification

1. Upon receiving approval for Clearing Qualification from JCCH under the provisions of Article 6.2 hereof, JCCH shall cause the applicant thereof to deposit Clearing Funds by the day preceding the date designated by JCCH on which the acquisition of Clearing Qualification is to be finalized as prescribed in Article 6.3 hereof (if such date falls on a holiday, the preceding business day. The same shall apply in the remainder hereof) and to complete other procedures prescribed by JCCH for acquisition of Clearing Qualification.
2. If an applicant for acquisition of Clearing Qualification fails to complete the procedures prescribed in the preceding Paragraph by the day preceding the date designated by JCCH on which the acquisition of Clearing Qualification is to be finalized as prescribed in Article 6.3 hereof, the application for such Clearing Qualification shall be regarded as having been withdrawn.

Article 9. Date of Acquisition of Clearing Qualification

1. When an applicant for acquisition of Clearing Qualification has completed the procedures prescribed in Article 8.1 hereof, JCCH shall grant Clearing Qualification to the said applicant on the date designated by JCCH under Article 6.3 hereof.
2. When an applicant for acquisition of Clearing Qualification is granted Clearing Qualification under the preceding Paragraph, JCCH shall notify each Clearing Participant possessing such Clearing Qualification and the concerned Designated Commodity Exchange of such fact, and shall also report such fact to the Competent Minister.

Article 10. Treatment of Unsettled Contracts in Cases Where a Non-clearing Participant Has Acquired Clearing Qualification

When a party who is a Member of Designated Commodity Exchange but is not Clearing Participant of JCCH (hereinafter “Non-clearing Participant”) acquires Clearing Qualification under the provisions of Article 9.1 hereof and becomes a Clearing Participant, such Non-clearing Participant shall be transferred the Unsettled Clearing Contracts of Commodity Clearing Transactions from standing party as consigned Clearing Participant (hereinafter “Designated Clearing Participant”) in the manner prescribed by Designated Commodity Exchange.

Section 3. Obligations of Clearing Participant

Article 11. Execution of Clearing Participation Agreement

A Clearing Participant shall execute with JCCH the Clearing Participation Agreement as prescribed by JCCH.

Article 12. Representatives of Clearing Participant

1. A Clearing Participant shall designate one suitable person from among its representative directors or representative executive officers (if the Clearing Participant is corporation established under the laws of a foreign country, such party shall be its representative in Japan with a rank of not less than director or executive officer) to act as its representative in relation to JCCH and shall furnish JCCH with prior notice of such designation in the manner prescribed by JCCH.
2. Only the representative of Clearing Participant shall act in the capacity of its representative in matters concerning the relationship between the Clearing Participant and JCCH. However, another person may be permitted to perform matters pertaining to daily business operations pursuant to a prior notice filed with JCCH in which the scope of such daily business operations is clearly delineated.

Article 13. Person Responsible for Settlement Operations

A Clearing Participant shall appoint one person from among its officers or employees to act in the capacity as the person with overall responsibility for settlement operations and shall furnish JCCH with notice of such appointment in the prescribed manner.

Article 14. Mutual Relationship or Controlling Relationships with Officers or Other Persons

1. If a mutual relationship or controlling relationship existing with an officer or other person of Clearing Participant is deemed to be inappropriate for operation of the Business of Assuming Commodity Transaction Debts conducted by JCCH, after conducting an inquiry with the concerned Clearing Participant and stating sufficient justification, JCCH may demand that such a relationship be changed. However, a written statement submitted by the concerned Clearing Participant may be made in lieu of an inquiry.
2. If a Clearing Participant fails to respond to an inquiry made under the preceding Paragraph, regardless of whether there is sufficient justification for such failure, JCCH may demand that the change prescribed in the preceding Paragraph be made without any inquiry.
3. If a Clearing Participant deems that a demand for a change under Paragraph 1 above is inappropriate, it may file a written notice of objection with JCCH stating the grounds therefore within 10 days of receipt of the subject notice demanding such change.
4. Upon receiving a notice of objection under Paragraph 3 above, JCCH shall promptly convene a meeting of its Board of Directors.
5. If a meeting of the Board of Directors under Paragraph 4 above finds that it is appropriate to amend or cancel a demand for change pursuant to Paragraph 1 above, the demand for change under said Paragraph shall be immediately amended or canceled.

Article 15. Payment of Fees by Clearing Participant

Clearing Participant shall pay fees to JCCH in the prescribed manner.

Article 16. Responsibility Concerning Business of Assuming Commodity Transaction Debts

Except in cases in which willful intent or gross negligence is found on the part of JCCH, JCCH shall have no liability to indemnify for damages incurred through the business operations of Clearing Participant in relation to the Business of Assuming Commodity Transaction Debts conducted by JCCH.

Article 17. Notification Items

Clearing Participant wishing to engage in the following shall furnish JCCH with prior notice of the content thereof in the prescribed manner:

- (1) Withdrawal from Designated Commodity Market;
- (2) For Commodity Futures Trading Firm, ceasing of the Business of Commodity Futures Transactions (referring to the Business of Commodity Futures Transactions as prescribed in Article 2.22 of the CEA. The same shall apply hereafter);
- (3) For Clearing Participant, merger with another company and cessation of existence as the result of such merger; and for Clearing Participant, merger with another company and establishment a new company as the result of such merger;
- (4) Winding-up of business operations for reason other than decision to merge or commence bankruptcy proceedings;
- (5) Transfer of all or part of business operations to another company by corporate spin-off;

- (6) Transfer of all or part of business operations;
- (7) For Clearing Participant, merger with another company and continuance of existence as the result of such merger;
- (8) Assumption of all or part of business operations from another company by corporate spin-off;
- (9) Receiving transfer of all or part of business operations;
- (10) Change of name, trade name or appellation (including the same in English);
- (11) Change of head office, other sales office, and principal administrative office or other administrative office;
- (12) Becoming a Member of Designated Commodity Market; or
- (13) Filing a notice of the Transfer of Unsettled Positions with Designated Commodity Exchange.

Article 18. Reporting Requirements

1. Upon occurrence of any of the following, a Clearing Participant shall promptly furnish the JCCH with a report of the particulars thereof:
 - (1) When newly prescribing or changing the content or methodology of the procedures for managing the risk of loss, procedures relating to the division of work responsibilities, or other business operations;
 - (2) For Commodity Futures Trading Firm, discontinuance or restart of the Business of Commodity Futures Transactions;
 - (3) Upon filing a petition for the commencement of bankruptcy proceedings, rehabilitation proceedings, restructuring proceedings, liquidation or special liquidation proceedings, or upon becoming aware of any such petition;

- (4) Upon becoming unable to make payments or experiencing conditions posing a Threat to the Ability to Make Payments;
- (5) Upon failure to receive a license as a Commodity Futures Trading Firm (including renewal thereof), upon having conditions attached to the business license of Futures Commission Merchant, or upon a change of such conditions;
- (6) Upon a change concerning the top 10 major shareholders (referring to the shareholders holding the top 10 shareholdings in terms of numbers of shares held in their own names or the names of others);
- (7) Upon a change of an officer, upon an officer being named as an officer of another company or corporate entity, or upon the retirement of an officer;
- (8) For Commodity Futures Trading Firms to which required net asset ratio is applicable under the provision of Article 211.1 of the CEA, upon the filing of a notice with the supervisory authorities of decline of the required net asset ratio below 140 percent (for a General Clearing Participant, decline of the required net asset ratio below 200 percent), or failure to meet the financial criteria prescribed under other laws, the Financial Instruments and Exchange Act (Law No. 25 of 1948);
- (9) Upon becoming the subject of disposition under the provisions of the CEA, Financial Instruments and Exchange Act or other similar laws or regulations of a foreign country; or upon being afforded an opportunity for a hearing or to present defense with respect to such disposition;
- (10) Upon becoming the subject of disposition imposed by Commodity Exchange (referring to as Commodity Exchange under Article 2.4 of CEA, and the same shall apply hereinafter), Financial Instruments Exchange established under the Financial Instruments and Exchange Act (hereinafter “Financial Instruments Exchange”), the Japan Securities Clearing Corporation, or similar Exchange of foreign country; or upon being afforded an opportunity for hearing or to present defense with respect to such disposition;

- (11) If an officer of a Clearing Participant becomes subject to any of the provisions set forth in Article 15.2(1)(i) through (xi) of the CEA;
- (12) Upon becoming the subject of civil lawsuit (excluding lawsuits where the amount at issue is under JPY 300 million), upon becoming the subject of judicial ruling in such a civil lawsuit (including any appeal pertaining thereto), upon becoming the subject of petition for arbitration under the Civil Arbitration Law (excluding arbitration where the amount at issue is under JPY 300 million), or upon concluding any such arbitration;
- (13) Where a Non-clearing Participant that has designated the Clearing Participant as its Designated Clearing Participant fails to carry out settlement, or conditions are experienced that pose threat of such failure to carry out settlement;
- (14) For a party which became a Clearing Participant in accordance with the requirements prescribed in Article 7.2.(4).a), when the amount of capital or the total amount of contribution (in case of a mutual company endowment including endowment contingency reserve) decreases to less than 300 million yen, or when the net assets decrease to less than 1 billion yen (for a General Clearing Participant, the amount of net assets required based on the number of party with which the General Clearing Participant execute a Clearing Agreement);
- (15) For a party which became a Clearing Participant in accordance with the requirements prescribed in Article 7.2(4).b), when the party presently fails to satisfy the requirements for conducting business of transaction of physical commodities or related commodities.
- (16) For a party which became a Clearing Participant in accordance with the requirements prescribed in Article 7.2(4).c), when the party presently fails to satisfy the requirements for conducting business of transaction of physical commodities or related commodities, when the capital or the total amount of contribution (in case of a mutual company endowment including endowment contingency reserve) of its parent company decreases to less than 300 million yen, when the net assets decrease to less than 5 billion yen, when the guarantee by its parent company is no longer given, or when the measures to ensure payment execution according to the instructions by JCCH are no longer taken.

- (17) For a party which became a Clearing Participant in accordance with the requirements prescribed in Article 7.2(4).d), when the capital or the total amount of contribution (in case of a mutual company endowment including endowment contingency reserve) of its parent company decreases to less than 300 million yen, when the net assets decrease to less than 20 billion yen; when the guarantee by its parent company is no longer given, or when the measures to ensure payment execution according to the instructions by JCCH are no longer taken.
 - (18) For a party which became a Clearing Participant in accordance with the requirements prescribed in Article 7.2(4).e), when the party fails to satisfy the requirements prescribed in Article 7.2(4).e);
 - (19) Upon becoming subject to disposition or exemplary attachment for late payment of taxes; or becoming subject to attachment, provisional action or other preservative action ordered by Court of Law for late payment of taxes;
 - (20) Upon being charged for criminal charge;
 - (21) Upon preparation of a Business Report (for a company setting an accounting audit, a accounting report by the accounting audit on financial statements attached to the Business Report); or
 - (22) Upon preparation of documentation prescribed by JCCH such as the Statement of Net Assets (referring to the statement concerning net assets prescribed under the Ordinance for Enforcement of the Commodity Exchange Act (Ministerial Order No. 3 of 2005 issued by the Ministry of Agriculture, Forestry and Fisheries and Ministry of Economy Trade and Industry)).
2. For a party which became a Clearing Participant in accordance with the requirement prescribed in Article 7.2(4).c) and d), when its parent company falls under either Subparagraph (3) or (21) of preceding Paragraph, the party shall report contents hereof to JCCH.

Article 19. Audit of Clearing Participant

Upon occurrence of the following or in other cases as deemed necessary for operations relating to the Business of Assuming Commodity Transaction Debts conducted by JCCH, JCCH may require a Clearing Participant to submit reports or materials necessary to ascertain the condition of business operations or financial condition, or cause a Clearing Participant to permit the employees of JCCH to examine business operations, financial condition, ledgers, documentation or other articles:

- (1) When conducting an audit of the status of compliance by the Clearing Participant with the provisions of these Business Rules and other rules and regulations;
- (2) When conducting an audit of the financial condition of the Clearing Participant;
- (3) When there is a request from Designated Commodity Exchange for information relating to an audit for the purpose of assuring the fairness of transactions conducted on its Commodity Market (referring to the Commodity Market prescribed in Article 2.21 of the CEA, same to apply in the remainder hereof), and JCCH deems that compliance with such request is appropriate.

Section 4. Loss of Clearing Qualification

Article 20. Application for the Relinquishment of Clearing Qualification

A Clearing Participant wishing to relinquish Clearing Qualification shall submit an application to JCCH for such relinquishment for each type of Clearing Qualification, in the manner prescribed by JCCH.

Article 21. Treatment of Unsettled Contracts, Etc. of Parties Applying to Relinquish Clearing Qualification

1. When a Clearing Participant submits an application to relinquish Clearing Qualification, the Clearing Participant shall first close out all Unsettled Clearing Contracts relating to the concerned Clearing Qualification.
2. When a General Clearing Participant submits an application to relinquish Clearing Qualification, the General Clearing Participant shall first close out all Clearing Agreements relating to the Clearing Qualification concerned.

Article 22. Exception in Cases Involving Merger, Etc. of Parties Applying to Relinquish Clearing Qualification

1. Notwithstanding the provisions of Article 21.1 hereof, to the extent permitted by JCCH, a Clearing Participant need not close out Unsettled Clearing Contracts relating to the concerned Clearing Qualification if JCCH acknowledges that the need to do so does not exist in cases where, concurrent with relinquishing the subject Clearing Qualification under Article 21.1 hereof, the Clearing Participant is to merge with, or cause the succession of business operations by corporate spin-off, or transfer business operations to a party that will acquire or already possesses the same type of Clearing Qualification that would otherwise be relinquished.
2. Notwithstanding the provisions of Article 21.2 hereof, to the extent permitted by JCCH, a General Clearing Participant need not extinguish all Clearing Agreements to which it is a party if JCCH acknowledges that the need to do so does not exist in cases where, concurrent with relinquishing the subject General Clearing Qualification under Article 21.2 hereof, the General Clearing Participant is to merge with, or cause the succession of business operations by corporate spin-off or transfer business operations to a party that will acquire or already possesses the same type of General Clearing Qualification that would otherwise be relinquished.

Article 23. Suspension of Assuming Obligations of Parties Applying to Relinquish Clearing Qualification

1. On the day following receipt of an application to relinquish the Clearing Qualification from a Clearing Participant, JCCH shall suspend Assuming Obligations for Subject to Clearing Transactions relating to the Clearing Qualification to which the Clearing Participant is a party.
2. Notwithstanding the provisions of the preceding Paragraph, JCCH may waive all or part of Suspension of Assuming Obligations for Subject to Clearing Transactions to which a party applying to relinquish Clearing Qualification is a party when the need to do so is deemed not to exist by JCCH in cases where, concurrent with such relinquishment, the party applying to relinquish Clearing Qualification is to merge with, or cause the succession of business operations by corporate spin-off or transfer business operations to a party that will acquire or already possesses the same type of Clearing Qualification that would otherwise be relinquished.

Article 24. Approval for Relinquishment of Clearing Qualification

1. Approval for the relinquishment of Clearing Qualification shall occur at a fixed future date designated by JCCH, and the concerned Clearing Qualification shall be relinquished on the said date.
2. When approving the relinquishment of Clearing Qualification, JCCH shall notify each Clearing Participant possessing the concerned Clearing Qualification and the concerned Designated Commodity Exchange of such fact, and shall also report such fact to the Competent Minister.

Article 25. Repayment of Obligations upon Relinquishment of Clearing Qualification

A party that has lost Clearing Qualification shall repay any and all obligations owing to JCCH in the form of monies, securities, foreign currencies and the like received from JCCH that have been incurred by the party as a Clearing Participant.

Section 5. Measures to Be Taken Towards Clearing Participant

Article 26. Measures When Clearing Participant Violate the Provisions of the Business Rules

If a Clearing Participant is recognized as having engaged in any of the following conduct, JCCH may take the corresponding measures after first conducting an inquiry with the Clearing Participant concerned. If the measure to be taken consists of a revocation of Clearing Qualification, such measure shall be imposed by a resolution of the Board of Directors:

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| (1) Acquiring Clearing Qualification by inappropriate means: | Revocation of Clearing Qualification. |
| (2) Failure to continue to meet the requirements for Clearing Qualification: | Revocation of Clearing Qualification (excluding the cases prescribed in Article 27. hereof). |
| (3) Becoming unable to make payments accompanied by poor prospects of recovery: | Revocation of Clearing Qualification. |
| (4) Failure to settlement of Clearing Contracts or failure to perform on agreements with another Clearing Participant or Non-clearing Participant: | All or part of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party for a period of not more than six months, or revocation of Clearing Qualification. |
| (5) Failure to pay, deliver or deposit monies, securities or other consideration that must be paid, delivered, or deposited with JCCH in the prescribed manner: | All or part of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party for a period of not more than six months, or revocation of Clearing Qualification. |
| (6) Becoming subject to disposition imposed under the CEA, Financial Instruments and Exchange Act or similar Laws of a foreign country: | Warning, all or part of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party for a period of not |

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| | more than six months, or revocation of Clearing Qualification. |
| (7) Becoming the subject of disposition imposed by Commodity Exchange, Financial Instruments Exchange, the Japan Securities Clearing Corporation or similar Exchange of a foreign country: | Warning, all or part of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party for a period of not more than six months, or revocation of Clearing Qualification. |
| (8) Failure to submit notices under Article 17 hereof or reports under Article 18 hereof, or making false statements in such notices or reports: | Warning or all or part of Suspension of Assuming Obligations for a period of not more than six months relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party, or revocation of Clearing Qualification. |
| (9) Refusal to receive to an audit under Article 19 hereof, or avoiding or resisting such audits; or failure to submit reports or materials under the same Article 19, or making false statements in such notices or reports: | Warning, all or part of Suspension of Assuming Obligations for a period of not more than six months relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party, or revocation of Clearing Qualification. |
| (10) In addition to Subparagraph(1) through (9) above, violating the provisions of the CEA or the terms of an action imposed under the CEA, provisions of Clearing Agreement, these Business Rules, or other rules and regulations: | Warning, all or part of Suspension of Assuming Obligations for a period of not more than six months relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party, or revocation of Clearing Qualification. |
| (11) Failure to comply with an order under Article 14 hereof to change a collusive or controlling relationship with an officer or other party: | All or part of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party, or other action as deemed necessary and appropriate by JCCH. |
| (12) When a majority of the voting rights among the total number of shareholders of a Clearing Participant (excluding the types of shares have not exercise voting rights in general meeting of | All or part of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party, or other action as deemed necessary and appropriate by JCCH. |

shareholders but including voting rights relating to shares regarded as having the voting rights prescribed in Article 879.3 of the Companies Act (Law No.86 of 2005)) or a majority of the voting rights relating to the capital investment of a Clearing Participant are held by parties deemed to be inappropriate given the Business of Assuming Commodity Transaction Debts conducted by JCCH:

- (13) When a person who has the ability to control a Clearing Participant that is at least equivalent to that of a director or similar officer (regardless of whether said person has a title of consultant, advisor or other party regardless of the title by which such party is called) is deemed to be inappropriate given the Business of Assuming Commodity Transaction Debts conducted by JCCH:

All or part of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party, or other action as deemed necessary and appropriate by JCCH.

Article 27. Measures to Be Taken When Clearing Participant Fail to Meet Financial Criteria

1. If a Clearing Participant falls under financial condition prescribed in one of following Subparagraphs, JCCH shall promptly suspend Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party.
 - (1) For a party which became a Clearing Participant in accordance with the requirements prescribed in Article 7.2.(4).a), when the amount of capital or the total amount of contribution (in case of a mutual company endowment including endowment contingency reserve) decreases to less than 300 million yen, or when the net assets decrease to less than 1 billion yen (for a General Clearing Participant the amount of net assets required based on the number of party with which the General Clearing Participant execute a Clearing Agreement).

- (2) For a party which became a Clearing Participant in accordance with the requirements prescribed in Article 7.2.(4).c), when the capital or the total amount of contribution (in case of mutual company endowment including endowment contingency reserve) of its parent company decreases to less than 300 million yen, when the net assets decrease to less than 5 billion yen, when guarantee by its parent company is no longer given, or when the measures to ensure payment execution according to the instructions by JCCH are no longer taken.
 - (3) For a party which became a Clearing Participant in accordance with the requirements prescribed in Article 7.2.(4).d), when the capital or the total amount of contribution (in case of a mutual company endowment including endowment contingency reserve) of its parent company decreases to less than 300 million yen or when the net assets decrease to less than 20 billion yen; when the guarantee by its parent company is no longer given, or when the measures to ensure payment execution according to the instructions by JCCH are no longer taken.
 - (4) For a Commodity Futures Trading Firm (referring to Commodity Futures Trading Firms as prescribed in Article 2.23 of the CEA, the same shall apply hereinafter), to which required net asset ratio is applicable under the provision of Article 211.1 of the CEA, when the required net asset ratio decreases to less than 140 percent (for a General Clearing Participant, when the required net asset ratio decreases to less than 200 percent).
2. For cases coming under the preceding Paragraph, if the financial condition recovers not to fall under Subparagraph (1) through (4) of preceding Paragraph hereof within six months of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party, JCCH shall promptly release Suspension of Assuming Obligations under the preceding Paragraph.
 3. In cases coming under Paragraph 1 above, if the financial condition falling under Subparagraph (1) through (4) is not recovered, within the time specified in the preceding Paragraph, JCCH shall promptly revoke the Clearing Qualification of the concerned Clearing Participant.

Article 28. Measures for Clearing Participant Not Applying to Relinquish Clearing Qualification

If a Clearing Participant has filed a notice under any of the provisions set forth in Article 17(1) through 17(6) (for Subparagraphs (5) and (6), limited to the succession of all business operations under Subparagraph (5) thereof and the transfer of all business operations under Subparagraph (6) thereof), but does not file an application to relinquish Clearing Qualification, after conducting an inquiry with the concerned Clearing Participant, JCCH shall suspend all or part of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party.

Article 29. Measures to Be Taken for Clearing Participant Becoming Subject to Suspension of Assuming Obligations from Failure to Submit Applications to Relinquish Clearing Qualification

1. In cases where there is Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party under the provisions of Article 28 hereof, JCCH may cause the Unsettled Clearing Contracts of the concerned Clearing Participant to be transferred to another Clearing Participant and make other arrangements as deemed necessary.
2. In making other arrangements as deemed necessary under the preceding Paragraph, JCCH may assume obligations relating to Subject to Clearing Transactions to which the concerned Clearing Participant is a party.
3. When deemed necessary, JCCH may cause the Unsettled Clearing Contracts to be conducted by another Clearing Participant by the arrangements specified in Paragraph 1 above. In such cases, the other Clearing Participant shall be deemed to have executed consignment agreement with the Clearing Participant who has become subject to Suspension of Assuming Obligations under said Paragraph 1.

Article 30. Release from Measures Such as Suspension of Assuming Obligations

1. In cases where JCCH has imposed Suspension of Assuming Obligations under the provisions of Article 26 (only applicable to the cases set forth in Subparagraphs (11) through (13) thereof) and Article 28 hereof without prescribing a specific period for such action (but excluding the actions that are limited to the obligations relating to Commodity Clearing Transactions), and the reason for such imposition subsequently ceases to exist, the concerned Clearing Participant may apply for a lifting of such suspension accompanied by an explanatory statement.
2. When the release from a suspension pursuant to an application made under the preceding Paragraph is deemed appropriate, JCCH shall approve such application.
3. In cases where a Clearing Participant under Paragraph 1 above does not receive approval under Paragraph 2 above within one year from the day on which a suspension is imposed under the same Paragraph 1, JCCH may revoke the Clearing Qualification of the concerned Clearing Participant by a resolution of the Board of Directors.
4. The provisions of Paragraphs 1 through 3 above shall apply *mutatis mutandis* to cases where the JCCH has imposed Suspension of Assuming Obligations under the provisions of Article 26 (only applicable to the cases set forth in Subparagraphs (11) through (13) thereof) and Article 28 hereof without prescribing a specific period for such action (applicable to cases where the actions are limited to the obligations relating to Commodity Clearing Transactions). In such cases, the words “revocation of Clearing Qualification” appearing therein shall be amended to read “revocation of General Clearing Qualification and a grant of Individual Clearing Qualification of Subparagraph (3).”

Article 31. Filing of Objections

The provisions of Article 14.1 and 14.2 hereof shall respectively apply *mutatis mutandis* to inquiries conducted under Articles 26 and 28 hereof, and the provisions of Article 14.3 through 14.5 shall respectively apply *mutatis mutandis* to the measures imposed under Articles 26 , 28 and prescribed Special Clearing Funds of Article 61.2 hereof.

Article 32. Measures to Be Taken for Clearing Participant Becoming Unsuitable for Membership

Clearing Participant becoming subject to either of the following shall relinquish Clearing Qualification:

- (1) Losing membership on Designated Commodity Exchange; or
- (2) Dissolution.

Article 33. Notices Concerning Measures Imposed

1. When intending to impose all or part of Suspension of Assuming Obligations or revoking Clearing Qualification under the provisions of these Business Rules, JCCH shall furnish prior notice of such action to the Designated Commodity Exchange at which the concerned Clearing Participant is a Member and a report of such action to the Competent Minister.
2. The provisions of the preceding Paragraph shall apply *mutatis mutandis* to Clearing Participant who have relinquished Clearing Qualification under Article 32 hereof. In such cases, the word “prior” appearing therein shall be amended to read “prompt.”
3. When JCCH has imposed all or part of Suspension of Assuming Obligations relating to the Commodity Clearing Transactions of a General Clearing Participant or revoked the Clearing Qualification a General Clearing Participant under the provisions of these Business Rules, or when the General Clearing Participant has relinquished Clearing Qualification under Article 32 hereof, the concerned General Clearing Participant shall promptly notify any Non-clearing Participant with which it has executed Clearing Agreement of such action.
4. When the Clearing Qualification of a Clearing Participant has been revoked under the provisions of these Business Rules, or when a Clearing Participant has relinquished Clearing Qualification under the provisions of Article 32 hereof, JCCH shall send

notice of such action to the Clearing Participant holding the same class of Clearing Qualification.

Article 34. Measures for Clearing Participant Becoming Subject to Suspension of Assuming Obligations

In cases where JCCH has imposed all or part of Suspension of Assuming Obligations of a Clearing Participant under the provisions of this Chapter, with approval of JCCH, during the period of such suspension, the concerned Clearing Participant may permit its Unsettled Clearing Contracts to be transferred to another Clearing Participant.

Article 35. Treatment of Unsettled Contracts for Parties for Whom Clearing Qualification is Revoked

1. When the Clearing Qualification of a Clearing Participant has been revoked under the provisions of these Business Rules, or when a Clearing Participant has relinquished Clearing Qualification under the provisions of Article 32 hereof, JCCH may cause the Unsettled Clearing Contracts of the concerned Clearing Participant to be transferred to another Clearing Participant and make other arrangements as deemed necessary.
2. When deemed necessary, JCCH may cause other Clearing Participant to cooperate with other arrangements made under the preceding Paragraph. In such cases, the other Clearing Participant shall be deemed to have been executed consignment agreement with the party that was a Clearing Participant under the preceding Paragraph.
3. To the extent deemed necessary by JCCH, a party that is a Clearing Participant under the Paragraph 1 above shall be regarded as a Clearing Participant for the purpose of conducting the arrangements for its Unsettled Clearing Contracts.

Article 36. Recommendations to Clearing Participant

1. If the business operations or financial condition of a Clearing Participant are deemed to be inappropriate given the operations for the Business of Assuming Commodity

Transaction Debts conducted by JCCH, JCCH may issue a recommendation to the concerned Clearing Participant to take appropriate remedial action.

2. As deemed necessary when issuing a recommendation under the preceding Paragraph, JCCH may require the concerned Clearing Participant to submit a report of the remedial actions taken.

CHAPTER 3. COMMODITY CLEARING TRANSACTIONS

Article 37. Transactions Regarded as Commodity Clearing Transactions

Physical Delivery Futures Transactions consummated in conjunction with the Exercise rights for Option Transactions as prescribed in Article 2(4) hereof shall be regarded as Commodity Clearing Transactions and shall be subject to the provisions of these Business Rules.

Article 38. Execution of Clearing Agreement with Non-clearing Participant

When intending to facilitate the consummation of Subject to Clearing Transactions conducted by a Non-clearing Participant through a Clearing Participant acting in an agency capacity in cases involving Commodity Clearing Transactions, a General Clearing Participant shall execute a Clearing Agreement with the Non-clearing Participant for the consignment of Commodity Clearing Transactions stating therein the fact that the concerned Non-clearing Participant shall make an application for Commodity Clearing Transactions, that the concerned Clearing Participant has accepted the consignment of the same, and other matters prescribed by JCCH.

Article 39. Notification of Execution of Clearing Agreement

When executes a Clearing Agreement, a General Clearing Participant shall first notify JCCH regarding the content of the same in the prescribed manner prescribed by JCCH.

Article 40. Notification of Cancellation of Clearing Agreement

1. In cases where a General Clearing Participant intends to cancel a Clearing Agreement, the General Clearing Participant shall notify JCCH regarding the content of such Cancellation according to the criteria given below in the corresponding manner:

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| (1) Cancellation by agreement: | Notice to be filed by not later than three business days prior to the day on which |
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Cancellation is to occur.

(2) Cancellation by which a General Clearing Participant has delivered prior written communication of such intent to a Non-clearing Participant (Except for the Cancellation prescribed in (5) below):

Notice to be filed promptly after delivering the communication of intent.

(3) Cancellation by which a General Clearing Participant has received prior written communication of such intent from a Non-clearing Participant:

Notice to be filed promptly after receiving the communication of intent.

(4) Cancellation involving the acceleration of obligations by a General Clearing Participant with respect to obligations relating to transactions conducted by a Non-clearing Participant consigned as Commodity Clearing Transactions:

Notice to be filed by not later than the business day prior to the day on which Cancellation is to occur.

(5) When conditions that may cause to Cancel the Clearing Agreement are preliminary defined from the view point of ensuring discharge of obligations relating to transactions based on consignment of Commodity Clearing Transactions between a General Clearing Participant and a Non-clearing Participant, Cancellation by which a General Clearing Participant has delivered prior written communication of such intent to a Non-clearing Participant by falling under such conditions:

Notice to be filed promptly after showing the communication of intent, and by the day prior to the day on which Cancellation is to occur.

2. Upon receiving notification under the preceding Paragraph, JCCH shall promptly notify the Designated Commodity Exchange on which the Non-clearing Participant, who is the counterparty to an agreement subject to Cancellation, is a Member.

Article 41. Segregated Management of Subject to Clearing Transactions

General Clearing Participant shall segregate the management of Subject to Clearing Transactions according to those which are Commodity Clearing Transactions and those which are another Transactions.

Article 42. Transfer of Unsettled Contracts in Cases Involving Changes of Designated Clearing Participant

1. In cases involving the change of Designated Clearing Participant by Non-clearing Participant in the manner prescribed by Designated Commodity Exchange, any Unsettled Clearing Contracts conducted as Commodity Clearing Transactions of the Non-clearing Participant existing with the Designated Clearing Participant prior to such change shall, at the time of such change, be transferred to the Designated Clearing Participant who shall carry out said Unsettled Clearing Contracts after such change.
2. In cases where a Clearing Participant has relinquished Clearing Qualification and another Clearing Participant is to be designated as Designated Clearing Participant in the manner prescribed by Designated Commodity Exchange, any Unsettled Clearing Contracts of the Clearing Participant relinquishing Clearing Qualification existing at the time of such designation shall be transferred from the said Clearing Participant to the Clearing Participant who is to be designated as the new Designated Clearing Participant.

Article 43. Transfer of Unsettled Contracts in Cases Involving Suspension of Consignment of Commodity Clearing Transactions by Non-clearing Participant

1. In cases where a Non-clearing Participant has become subject to suspension of transactions in Commodity Market from Designated Commodity Exchange on which the Non-clearing Participant is a Member or suspension of consignment of Commodity Clearing Transactions, or in cases where a Non-clearing Participant has been expelled from membership of such Exchange , JCCH shall cause any Unsettled Clearing Contracts of the Non-clearing Participant to be transferred to another Clearing

Participant or make other arrangements depending on the content of the actions taken by the Designated Commodity Exchange.

2. The provisions of the preceding Paragraph shall not apply in cases where JCCH has suspended all or part of Assuming Obligations of the Non-clearing Participant concerned, or has revoked the Clearing Qualification of the Non-clearing Participant concerned.

Article 44. Transfer of Unsettled Contracts in Cases Involving Suspension of Transactions in Commodity Market Conducted by Clearing Participant

1. In cases where a Clearing Participant has become subject to suspension of or restrictions on transactions in Commodity Market from Designated Commodity Exchange on which the Clearing Participant is a Member (but excluding Commodity Clearing Transactions), or in cases where a Clearing Participant has been expelled from membership on such Exchange , JCCH shall cause any Unsettled Clearing Contracts of the Clearing Participant to be transferred to another Clearing Participant or make other arrangements depending on the content of the actions taken by the Designated Commodity Exchange.
2. The provisions of the preceding Paragraph shall not apply in cases where JCCH has suspended all or part of Assuming Obligations of the concerned Clearing Participant or has revoked the Clearing Qualification of the concerned Clearing Participant.

CHAPTER 4. ASSUMING OBLIGATIONS

Article 45. Assuming Obligations

1. The Assuming Obligations as the Business of Assuming Commodity Transaction Debts shall be conducted by JCCH in accordance with the following classifications and in the corresponding manners:

- (1) When Subject to Clearing Transactions prescribed under Article 2(1) through (3) hereof become consummated in the manner prescribed by Designated Commodity Exchange, JCCH shall assume obligations of the selling Clearing Participant that exist with respect to such transactions to the corresponding buying Clearing Participant, and the selling Clearing Participant shall then be bound by a new corresponding obligation that is identical in content to the obligation assumed by JCCH; and conversely, JCCH shall assume obligations of the buying Clearing Participant that exist with respect to such transactions to the corresponding selling Clearing Participant, and the buying Clearing Participant shall then be bound to JCCH by a new corresponding obligation that is identical in content to the obligation assumed by JCCH.
- (2) When Subject to Clearing Transactions prescribed under Article 2(4) hereof become consummated in the manner prescribed by Designated Commodity Exchange, JCCH shall assume obligations of the selling Clearing Participant that exist with respect to such transactions to the corresponding buying Clearing Participant as the grantor of the subject Option (but excluding any claim for the premium for such Option), and the selling Clearing Participant shall then have the status of grantor of a new Option that is identical in content to the Option assumed by JCCH as grantor. In such cases, JCCH shall assume obligations of the buying Clearing Participant to pay the premium for the Option to the selling Clearing Participant, and the buying Clearing Participant shall then be bound to JCCH by a new corresponding obligation that is identical in content to the obligation assumed by JCCH.

2. Clearing Participant shall promptly confirm in the prescribed manner the content of obligations assumed by JCCH under the preceding Paragraph and the matters necessary for settlement.

Article 46. Rights and Obligations to Be Extinguished or Created in Conjunction with Give-ups

When Subject to Clearing Transactions prescribed under Article 2(1) through (3) hereof become terminated or are created in conjunction with Give-ups conducted in the manner prescribed by Designated Commodity Exchange (Give-ups is defined in Designated Commodity Exchange (which is only limited to the firm that opens Designated Commodity Exchange prescribed in Article 3(1), 3(2) and 3(7) through 3(12).) The same shall apply hereinafter.) , JCCH shall make an indemnified Assuming Obligations which the Clearing Participant who executed an extinguished Subject to Clearing Transactions has to the Clearing Participant who executed Subject to Clearing Transactions as the counterparty thereto, and the Clearing Participant who executed Subject to Clearing Transactions that was created shall incur a new obligation of the same content as the obligation that was assumed by JCCH.

Article 47. Option Transactions Becoming Terminated or Created in Conjunction with Give-ups as well as Extinction and Creation of Contractual Status

When Subject to Clearing Transactions prescribed under Article 2(4) hereof become terminated or are created in conjunction with Give-ups conducted in the manner prescribed by Designated Commodity Exchange, JCCH shall assume obligations in the following manner:

- (1) When Subject to Clearing Transactions becoming extinguished are selling transactions, the status of the selling Clearing Participant as grantor of the Option with respect to JCCH shall become extinguished regarding the extinguished selling transactions, and the Clearing Participant for whom a new selling transaction has been created shall have the status of grantor of the Option that is identical in content to the said Option that has become extinguished with respect to JCCH for the account of the Clearing Participant. In such cases, the obligation

of the JCCH to pay the Option Premiums to the Clearing Participants shall become extinguished regarding the extinguished selling transactions, and the JCCH shall then be bound to the Clearing Participants holding Subject to Clearing Transactions that has been created by a new corresponding obligation that is identical in content to the obligation that was extinguished for the account of the Clearing Participant.

- (2) When Subject to Clearing Transactions becoming extinguished are buying transactions, the status of JCCH as grantor of the Option with respect to the buying Clearing Participant shall become extinguished regarding the extinguished buying transactions, and JCCH shall have the status of grantor of a new Option that is identical in content to the Option assumed by the Clearing Participant who is the new buyer of the Option that has become extinguished. In such cases, the obligation of the Clearing Participant to pay the Option Premiums to JCCH shall become extinguished regarding the extinguished buying transactions, and the Clearing Participant holding Subject to Clearing Transactions that has been created shall then be bound to JCCH by a new corresponding obligation that is identical in content to the obligation that was extinguished for the account of the Clearing Participant.

Article 47-2. Special Measures for Fees and Ordinary Clearing Funds Pertaining to Give-ups

If Give-ups were taken place based on the provisions of preceding two Articles (only limited to the case across the multiple calculation areas), JCCH shall return fees and Ordinary Clearing Funds pertaining to relevant extinguished Clearing Transactions paid by the Clearing Participants to said Clearing Participants who undertook extinguished transactions regardless of provisions of Article 15 and Article 16.

**CHAPTER 5. DUTY TO PERFORM OBLIGATIONS RELATING TO
SUBJECT TO CLEARING TRANSACTIONS**

Article 48. Responsibility of JCCH

The responsibility of JCCH to perform obligations concerning Subject to Clearing Transactions consummated in the Designated Commodity Market of Designated Commodity Exchange shall extend only to Clearing Participant.

CHAPTER 6. REPORTS RELATING TO CLEARING CONTRACTS

Article 49. Reports Relating to Clearing Contracts

1. When conducting Subject to Clearing Transactions in Designated Commodity Market, Clearing Participant shall submit reports through the Designated Commodity Exchange where such trades are conducted broken down by new sells, new buys, offsetting buys and offsetting sells together with the volumes.
2. Upon receiving the reports under the preceding Paragraph, JCCH shall add or subtract the volume of Clearing Contracts for the Clearing Participants that are unsettled based on the reports.
3. Upon receiving reports of Subject to Clearing Transactions from Non-clearing Participant through the Designated Commodity Exchange where such trades are conducted broken down by new sells, new buys, offsetting buys and offsetting sells together with the volumes in the prescribed manner, JCCH shall add or subtract the volume of Clearing Contracts for the Non-clearing Participant conducted through Designated Clearing Participants that are unsettled based on the reports.
4. Necessary matters concerning the classifications and timing of reports together with corrections of reports shall be as prescribed by JCCH.

CHAPTER 7. SETTLEMENT OF CLEARING CONTRACTS

Article 50. Clearing Period

1. One clearing period for receiving and paying Contract Prices Differentials, Mark-to-Market Prices Differentials, Option Exercised Contract Prices Differentials and Option Premiums under Article 52 hereof shall be one trading day.
2. One clearing period in the preceding Paragraph shall be prescribed by following Subparagraph each Designated Commodity Exchange.
 - (1) One clearing period of Tokyo Grain Exchange Inc. shall be one business day of opening of the previous business day's night trading session to before opening of today's night trading session of Tokyo Grain Exchange Inc.
 - (2) One clearing period of Kansai Commodities Exchange shall be one business day of opening of the morning trading session to closing of the afternoon trading session of Kansai Commodities Exchange.
 - (3) One clearing period of Tokyo Commodity Exchange, Inc. shall be one business day of opening of the previous business day's night trading session to before opening of today's night trading session of Tokyo Commodity Exchange, Inc. .
3. Notwithstanding the preceding Paragraph, when deemed necessary, JCCH may change the clearing periods on a temporary basis. In such cases, JCCH shall preliminary notify Clearing Participants and Designated Commodity Exchange of that effect

Article 51. Settlement Prices

JCCH shall establish the Settlement Prices for each clearing period as prescribed separately.

Article 52. Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials and Option Premiums

1. For Physical Delivery Futures Transactions, Cash Settlement Futures Transactions and Index Futures Transactions, the difference between Settlement Price for the clearing period and the Contract Price occurring in the clearing period shall be referred to as Contract Prices Differentials.
2. For Physical Delivery Futures Transactions, Cash Settlement Futures Transactions and Index Futures Transactions, the difference between Settlement Price for the clearing period and the Contract Price for the previously occurring settlement period shall be referred to as Mark-to-Market Prices Differentials.
3. For Physical Delivery Futures Transactions, the difference between Settlement Price for the clearing period and the Exercise Price of the trading position established by Exercise in the clearing period shall be referred to as Exercised Contract Prices Differentials.
4. For Option Transactions, the price paid by one party for the grant of an option by another party shall be referred to as Option Premiums.

Article 53. Receipt and Payment of Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials and Option Premiums

1. Clearing Participant shall segregate Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials and Option Premiums according to those for Customer Accounts and those for House Accounts.
2. Promptly following the end of the clearing period, JCCH shall calculate the Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials and Option Premiums for each Clearing Participant. By not later than noon of the following business day (hereinafter “cut-off times”), the concerned Clearing Participant shall receive and pay the above-mentioned monies among

themselves through the bank accounts opened with the financial institutions by JCCH as prescribed in Article 76 hereof.

3. When deemed necessary, JCCH may on a temporary basis change the cut-off time under the preceding Paragraph. In such cases, JCCH shall preliminary notify Clearing Participants and Designated Commodity Exchange of that effect.

CHAPTER 8. FINAL SETTLEMENT

Section 1. Settlement by Delivery

Article 54. Settlement by Delivery

Settlement of Physical Delivery Futures Transactions by delivery shall be conducted by delivery between a Member taking delivery and a Member making delivery in the manner prescribed by the Designated Commodity Exchange with settlement conducted between JCCH and Clearing Participant.

Section 2. Final Settlement for Cash Settlement Futures Transactions

Article 55. Final Settlement Prices

Final Settlement Prices for Cash Settlement Futures Transactions shall be prices computed according to the methods prescribed by JCCH.

Article 56. Method of Final Settlement

For transactions prescribed by the Designated Commodity Exchange, Clearing Participant shall settle all Unsettled Contracts in a current contract month by means of offsetting buys and offsetting sells in the manner prescribed by the Designated Commodity Exchange based on Final Settlement Prices prescribed in Article 55 hereof.

Section 3. Final Settlement for Index Futures Transactions

Article 57. Final Settlement Indices

Final Settlement Indices for Index Futures Transactions shall be Indices computed according to the methods prescribed by JCCH.

Article 58. Method of Final Settlement

For transactions prescribed by the Designated Commodity Exchange, Clearing Participant shall settle all of Unsettled Contracts in a current contract month by means of offsetting buys and offsetting sells in the manner prescribed by the Designated Commodity Exchange based on Final Settlement Indices prescribed in Article 57 hereof.

Section 4. Exercise

Article 59. Settlement of Clearing Contracts by Exercise or Assignment

1. When a Clearing Participant has Exercised or assigned of rights in relation to Option Transactions in the manner prescribed by Designated Commodity Exchange, JCCH shall based on the content thereof reduce the volume of Unsettled Clearing Contracts of the Clearing Participant that are Option Transactions by the volume of Clearing Contracts that are Option Transactions becoming subject to Exercise or assignment as stated in the report received through the Designated Commodity Exchange.
2. When a Non-Clearing Participant has Exercised or received allocation of rights in relation to Option Transactions in the manner prescribed by Designated Commodity Exchange, JCCH shall based on the content thereof reduce the volume of Unsettled Clearing Contracts of the Clearing Participant's Designated Clearing Participant that are Option Transactions by the volume of Clearing Contracts that are Option Transactions becoming subject to Exercise or assignment as stated in the report received through the Designated Commodity Exchange.

CHAPTER 9. TRANSFER OF CLEARING MARGIN AND UNSETTLED CONTRACTS

Article 60. Transfer of Clearing Margin and Unsettled Contracts

Matters relating to Clearing Margin and, monies, securities and other considerations to be deposited with JCCH for the settlement by delivery for futures transactions in Commodity Market and the treatment of unsettled contracts in cases of suspension of Assuming Obligation by default shall be as prescribed in the Clearing Margin Rules.

CHAPTER 9-2. TRANSFER OF POSITIONS

Article 60-2. Transfer of Positions

In addition to the cases otherwise prescribed in these Business Rules, a Clearing Participant may upon approval from JCCH permit its Unsettled Contracts to be transferred to another Clearing Participant.

2. When intending to transfer Unsettled Contracts under the preceding paragraph (hereinafter “Transfer of Positions” in the remainder of this Chapter), a Clearing Participant shall apply for such transfer with JCCH by the time and in the manner prescribed by JCCH.
3. The Transfer of Positions shall be conducted at the prescribed time.
4. In cases where a General Clearing Participant receives the reports relating to Transfer of Positions from a Non-clearing Participant in the manner prescribed by Designated Commodity Exchange, the concerned General Clearing Participant shall notify JCCH of the content of such report by the time and in the manner prescribed by JCCH, and receive the approval from JCCH.

CHAPTER 10. CLEARING FUNDS

Article 61. Deposit of Clearing Funds

1. Clearing Participant shall deposit Clearing Funds as prescribed in Article 180 of the CEA with JCCH in the prescribed manner.
2. Clearing Funds under the preceding Paragraph are classified Clearing Funds into applied Clearing Funds as each Clearing Qualification prescribed Article 5.2 (hereinafter “Ordinary Clearing Funds”) and indication for deposit of Clearing Funds to Clearing Participant with JCCH in the prescribed manner (hereinafter “Special Clearing Funds”).

The amounts and methods for deposit of these Clearing Funds shall be as prescribed by resolution of the Board of Directors.

3. Clearing Funds may be in the form of Securities and similar instruments as prescribed by JCCH (only applicable to such as prescribed by JCCH in consideration of liquidity and other factors, collectively referred to herein as “Securities”).
4. JCCH shall segregate the management of Clearing Funds by means of a method that distinguishes the Clearing Funds from its proprietary property and accounts, and shall maintain a ledger for each Clearing Participant in the prescribed manner.
5. Clearing Participant may not assign, promise to transfer or pledge a Claim for Refund of Clearing Funds to another party, provided, however, that this shall not apply to provide pledge of Claim for Refund from Clearing Participant to National Future Protection Fund.

Article 62. Cumulative Limit on the Amount of Required Ordinary Clearing Funds

1. By resolution of the Board of Directors, JCCH may prescribe a Cumulative Limit on the Amount of the Ordinary Clearing Funds required of a Clearing Participant (hereinafter “Maximum Cumulative Clearing Funds Amount”).

2. If the amount of the Ordinary Clearing Funds deposited by a Clearing Participant exceeds the Maximum Cumulative Clearing Funds Amount, JCCH may suspend further placement of the Ordinary Clearing Funds by the Clearing Participant in the manner prescribed by JCCH.

Article 63. Replenishment of Ordinary Clearing Funds

When JCCH has applied Ordinary Clearing Funds to compensate for losses under Article 72 hereof, and if the amount of the Ordinary Clearing Funds deposited by a Clearing Participant falls below the required amount because of such compensation for losses, the Clearing Participant shall be required to replenish its Ordinary Clearing Funds by the date prescribed by JCCH through resolution of the Board of Directors.

Article 64. Refunds of Clearing Funds

1. When further deposit of the Ordinary Clearing Funds has been suspended under Article 62.2 hereof, JCCH shall refund any amount of the Ordinary Clearing Funds deposited by the Clearing Participant that is above the Maximum Cumulative Clearing Funds Amount with JCCH in the prescribed manner.
2. JCCH shall refund the Special Clearing Funds to the Clearing Participant with JCCH in the prescribed manner.
3. When the Board of Directors deems that there is no need for the deposit of Ordinary Clearing Funds by Clearing Participant, JCCH shall refund the Clearing Funds.

Article 65. Refund of Clearing Funds upon Relinquishment of Clearing Qualification

In cases where a Clearing Participant relinquishes all or part of Clearing Qualification (including cases where such relinquishment occurs by revocation, the same to apply in the remainder of this Article), JCCH shall refund the Clearing Funds after the day that the Clearing Qualification is relinquished, provided that if there are Unsettled Contracts for a

party that has relinquished Clearing Qualification, or as otherwise required by JCCH, the refund of the Clearing Funds may be suspended until the cause for such suspension is remedied.

Article 66. Transfer of Clearing Funds upon Merger

When a merger has occurred with respect to a Clearing Participant, the surviving corporation or newly established corporation by such merger shall succeed to the rights and obligations pertaining to the Clearing Funds held by the Clearing Participant prior to the merger.

Article 67. Distribution of Yields from Investment of Clearing Funds

JCCH shall calculate a distribution of yields earned from the investment of Clearing Funds based on the amount accumulated for Clearing Participant in each Designated Commodity Market and apply the amount to the Clearing Funds.

CHAPTER 11. IN THE EVENT OF DEFAULT OF CLEARING PARTICIPANT

Article 68. Measures Taken for Default

1. Upon occurrence of any of the following with respect to a Clearing Participant, JCCH shall treat the Clearing Participant as being unable to make payments (hereinafter “Defaulting Clearing Participant”), and together with all of Suspension of Assuming Obligations relating to Subject to Clearing Transactions of a party becoming Defaulting Clearing Participant, shall cause any Unsettled Clearing Contracts of the Defaulting Clearing Participant to be transferred to another Clearing Participant as prescribed in the Clearing Margin Rules and take other actions as deemed necessary:
 - (1) Failure to pay clearing fees;
 - (2) Failure to pay Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials or Option Premiums;
 - (3) Failure to deposit Ordinary Clearing Funds;
 - (4) Failure to deposit Clearing Margin Maintenance Requirement as prescribed in the Clearing Margin Rules;
 - (5) Failure to perform delivery (excluding cases where such failure is attributable to unavoidable cause, but including Default on obligations owed to other Clearing Participant in conjunction with early delivery conducted as prescribed by the Market Rules of Designated Commodity Exchange (hereinafter “Market Rules”));
 - (6) Commencement of bankruptcy proceedings; or
 - (7) Upon being identified as a party in Default by Designated Commodity Exchange.
2. To the extent necessary to take the actions prescribed in the preceding Paragraph, JCCH may assume obligations relating to the Subject to Clearing Transactions of

Defaulting Clearing Participant who has become subject to all of Suspension of Assuming Obligations under the preceding Paragraph.

3. When deemed necessary, JCCH may cause another Clearing Participant to take the actions prescribed in Paragraph 1 above.
4. In cases coming under Paragraph 3 above, the Clearing Participant and the Defaulting Clearing Participant shall be required to have executed a consignment agreement.
5. Upon receiving report that Clearing Participant became unable to make payments, JCCH shall treat the Clearing Participant as being unable to make payments. In such cases, the provisions of Paragraph 1 to 4 hereof shall apply.

Article 69. Measures Taken When There is a Threat of Default

1. In cases where there is a perceived risk that payments would not be made such as the failure of a Clearing Participant to deposit the total amount of Deposit Requirement as prescribed in the Clearing Margin Rules, JCCH may suspend all or part of Assuming Obligations relating to Subject to Clearing Transactions to which the Clearing Participant is a party until the reason for such action is remedied.
2. In cases where there is all of Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which a Clearing Participant is a party under the preceding Paragraph, JCCH shall, when deemed necessary by the Board of Directors, treat the Clearing Participant as being unable to make payments. In such cases, the provisions of Article 68 hereof shall apply.
3. The provisions of Article 30.1 and 30.2 shall apply *mutatis mutandis* to Suspension of Assuming Obligations under Paragraph 1 above.

Article 70. Restriction on Payment of Monies

1. When deemed necessary in cases where there is all of Suspension of Assuming Obligations under Article 68 or Article 69 hereof, JCCH may suspend the payment of all or part of the monies, Securities and foreign currency (only applicable to such as

prescribed by the Designated Commodity Exchange, same to apply in the remainder hereof) otherwise payable by JCCH to a Clearing Participant.

2. JCCH may apply monies, Securities and foreign currency that have become subject to suspension of payments under the preceding Paragraph toward satisfaction of any unperformed obligations for the settlement of the Clearing Contracts of a Clearing Participant.

Article 71. Notification of Measures Involving Suspension of Assuming Obligations

1. In cases where there is Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which a Clearing Participant is a party under Article 68.1 hereof, JCCH shall promptly notify each Clearing Participant possessing the same class of Clearing Qualification as the Clearing Participant and the concerned Designated Commodity Exchange of such fact as well as report such action to the Competent Minister.
2. The provisions of the preceding Paragraph shall apply *mutatis mutandis* to cases where there is Suspension of Assuming Obligations relating to Subject to Clearing Transactions to which a Clearing Participant is a party under Article 69.1 hereof. In such cases, the word “promptly” appearing therein shall be amended to read “prior.”

Article 72. Compensation for Losses from Default

1. In cases where JCCH has incurred a loss from the defaulted settlement of Clearing Contracts by a Clearing Participant (including losses that have actually been incurred or may be incurred by JCCH in processing of such Default), JCCH shall make compensation from the monies prescribed in the following Subparagraphs for such losses in each Designated Commodity Market relating to the Clearing Contracts for which settlement calculated under Article 73 hereof was not performed; and in such cases, if the total of the monies prescribed in the following Subparagraphs exceeds the amount of such losses for Designated Commodity Market, JCCH shall make compensation for losses on the other Designated Commodity Market held by the

Designated Commodity Exchange in connection with the Designated Commodity Market:

- (1) Clearing Margin of the Clearing Participant deposited for house account with JCCH for the Designated Commodity Market relating to the Clearing Contracts for which settlement was not performed;
 - (2) Ordinary Clearing Funds of the Clearing Participant deposited with JCCH for the Designated Commodity Market;
 - (3) Other Funds of the Clearing Participant deposited with JCCH for the Designated Commodity Market;
 - (4) The Clearing Margin of Customer Account of the Clearing Participant for the Designated Commodity Market where the Clearing Participant has Claim for Refund.
2. In cases where a loss caused by the Default cannot be compensated under the preceding Paragraph, said loss shall be compensated from the total of the following, provided that in cases where there are two or more Designated Commodity Market in which the total of the monies prescribed in the following Subparagraphs is less than the losses calculated under Article 73 hereof, the amount that is under the amount of such losses for each of said Designated Commodity Market shall be compensated from the total amount set forth below allocated in a proportional amount to said shortfall:
- (1) Special Clearing Funds of the Clearing Participant deposited with JCCH.
 - (2) The amount by which the total of the monies prescribed in the Subparagraphs of the preceding Paragraph exceeds the losses calculated under Article 73 hereof for the Designated Commodity Market; and
 - (3) Monies, Securities and foreign currency to which the Clearing Participant has Claim for Refund (but excluding the monies prescribed in the Subparagraphs of the preceding Paragraph and the preceding Subparagraph).

3. In cases where a loss caused by the Default cannot be compensated under the preceding Paragraphs 1 and 2 above, said loss shall be compensated in the order prescribed in the following Subparagraphs from the Guarantee Funds deposited with the Designated Commodity Exchange on which the Clearing Participant is a Member (if Customer have Exercised a right of preferential payment against such funds, the remaining balance thereof):
 - (1) Compensation to each of the Designated Commodity Market from the Guarantee Funds deposited for each of the Designated Commodity Market concerned;
 - (2) In cases where there is Designated Commodity Market for which there has been compensation for all losses, the Guarantee Funds with the Designated Commodity Market shall be appropriated to compensate for losses on other Designated Commodity Market on the Designated Commodity Exchange where the Designated Commodity Market exists; and
 - (3) In cases where a loss caused by the Default cannot be compensated under Subparagraphs (1) and (2) above, said loss shall be compensated from the balance of Guarantee Funds remaining after compensating for the losses prescribed in Subparagraphs (1) and (2) above, provided that, in cases where there are two or more Designated Commodity Markets where losses cannot be compensated, the amount of compensation for each of the Designated Commodity Market concerned shall be apportioned in a proportional manner to the amounts for which compensation cannot be made among the Designated Commodity Market from the Guarantee Funds.
4. In cases where a loss caused by the Default cannot be compensated under Paragraphs 1 through 3 above, said loss shall be compensated from the portion of surplus fund set aside by JCCH as the Default Compensation Reserve.
5. In cases where a loss caused by the Default cannot be compensated under Paragraphs 1 through 4 above, said loss shall be compensated from other property in the form of monies received as compensation for losses or security against losses by third parties in each of the Designated Commodity Market, other monies set aside expressly for the purpose of compensating losses, and other assets (but excluding the assets prescribed in Article 73 hereof) where such monies exist.

6. If a loss caused by the Default cannot be compensated under Paragraphs 1 through 5 above, said loss shall be compensated from the Ordinary Clearing Funds deposited with JCCH by other Clearing Participant with respect to the concerned Designated Commodity Market.
7. If a loss caused by the Default cannot be compensated under Paragraphs 1 through 6 above, JCCH shall cause other Clearing Participants possessing the same class of Clearing Qualification relating to the Designated Commodity Market for which compensation becomes necessary to make such compensation in a manner prescribed separately,.
8. Necessary matters concerning compensation for losses in addition to those set forth in Paragraphs 1 through 7 above shall be prescribed by JCCH on a case by case basis by resolution of the Board of Directors.

Article 73. Calculation of Losses Incurred from Default

JCCH shall calculate the amounts prescribed in the following Subparagraphs in the prescribed manner for each of the Designated Commodity Market with respect to losses prescribed under Article 72 hereof:

- (1) Differential between Acceptance Price and Delivery Price for Defaulted Delivery Positions as prescribed in the Market Rules of Designated Commodity Exchange;
- (2) Amount of additional indemnification for Defaulted Delivery Positions as prescribed in the Market Rules of Designated Commodity Exchange;
- (3) Amount of additional indemnification for Defaulted Non-Delivery Positions as prescribed in the Market Rules of Designated Commodity Exchange;
- (4) Differential between Acceptance Price and Contract Price at time of acceptance for Defaulted Non-Delivery Positions as prescribed in the Market Rules of Designated Commodity Exchange;

- (5) Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials and Option Premiums in the concerned Designated Commodity Market for the period from the clearing period in which the obligation arising from defaulted settlement occurred until the clearing period in which adjustment of Unsettled Contracts is completed for Defaulted Non-Delivery Positions as prescribed in the Market Rules of Designated Commodity Exchange;
- (6) Clearing fees; and
- (7) Any and all other obligations for which Clearing Participant as prescribed under Article 72.1 are responsible with respect to the processing for Default.

Article 74. Indemnification Right in Conjunction with Compensation for Losses

1. When compensation for losses has been made under Article 72.4 hereof, JCCH shall have an indemnification right against the relevant Clearing Participant for the amount of such compensation, and property received by JCCH upon the Exercise of such indemnification right shall be posted to the Default Compensation Reserve.
2. When compensation or a guarantee for losses has been made under Article 72.5 hereof, the third party making such compensation or guarantee for losses shall have an indemnification right against the relevant Clearing Participant for the amount of such compensation.
3. When compensation for losses has been made under Article 72.6 or 72.7 hereof, the Clearing Participant responsible for such compensation shall have an indemnification right against the relevant Clearing Participant for the amount of such compensation.

Article 75. Other Compensation for Losses Arising from Assuming Obligations

1. Notwithstanding Article 72.4 hereof, if there are other losses arising from the Assuming Obligations under Article 45 through Article 47 hereof, JCCH shall compensate for such losses from its Default Compensation Reserve.

2. In cases where there are losses for which compensation becomes necessary under the preceding Paragraph, all Clearing Participants shall incur such losses by resolution of the Board of Directors.

CHAPTER 12. MISCEALANEOUS RULES

Article 76. Settlement Bank

Clearing Participant shall conduct settlement for Clearing Contracts arising in Designated Commodity Market with JCCH through prescribed financial institutions.

Article 77. Postponement of Settlement Cut-Off Times Due to System Failures or Other Factors

1. In the event of the failure of JCCH's systems or other systems installed by institutions other than JCCH that are necessary for JCCH to conduct settlement with Clearing Participant, or the occurrence of other unavoidable factors recognized as making the use of such systems impossible or problematic regarding Clearing Contracts, JCCH may postpone the cut-off times for all or some of the affected settlements to the following business day or later. In such cases, advance notice of such fact shall be furnished to Clearing Participant.
2. The settlement that is postponed the cut-off times to the following business day or later under the preceding Paragraph shall be conducted in addition to the ordinal settlement conducted on the day designated by the JCCH. If the Clearing Participant falls upon Article 68.1, the JCCH shall treat as Default Clearing Participant in such cases.
3. Necessary measures taken under the Paragraph 1 of this Article shall be prescribed separately in a manner. The Clearing Participant shall comply with such conditions in such cases.
4. when deemed necessary, JCCH may suspend all or some transactions regarding Business of Assuming Commodity Transaction Debts of all or some Designated Commodity Markets relating to the settlement postponed the cut-off times under the Paragraph 1 of this Article. In such cases, advance notice of such fact shall be furnished to Clearing Participant and Designated Commodity Exchange.

Article 78. Emergency Measures upon Natural Disasters or Other Factors

1. In the event that clearing is recognized as being impossible or extremely problematic to carry out because of natural disasters, sudden drastic changes in economic conditions or other unavoidable factors, by resolution of the Board of Directors, JCCH may prescribe alternate clearing conditions in such cases.
2. Under the preceding Paragraph, when deemed necessary by JCCH because of emergency, without resolution of the Board of Directors, JCCH may prescribe alternate clearing conditions in such cases.
3. In cases where JCCH prescribes alternate clearing conditions under Paragraphs 1 and 2 above, JCCH may take action as deemed necessary. In such cases, Clearing Participant shall comply with such conditions.

Article 79. Outsourcing of Business and Administrative Activity

1. JCCH may outsource certain business and administrative activity in relation to the Business of Assuming Commodity Transaction Debts to designated parties.
2. The provisions of Article 16 hereof shall apply *mutatis mutandis* to cases coming under the preceding Paragraph.

Article 80. Transfer of Unsettled Contract in Cases of Corporate Spin-Offs or Transfer of Business Operations

1. In cases where a Clearing Participant receives the transfer its business operations to another Clearing Participant because of a corporate spin-off or transfers its business operations to another Clearing Participant, and if Clearing Qualification is not relinquished concurrent with such action, the Clearing Participant may upon approval from JCCH receive the Transfer of any Unsettled Clearing Contracts relating to such transfer of business operations.

2. Necessary matters concerning the transfer of business operations under the preceding Paragraph shall be prescribed separately by JCCH.

Article 81. Determination of Necessary Matters Relating to the Business of Assuming Commodity Transaction Debts

In addition to the matters prescribed in these Business Rules, when deemed necessary for the assuming Business of Assuming Commodity Transaction Debts, JCCH may prescribe rules for other necessary procedures.

Article 82. Ancillary Business

JCCH may conduct business that is ancillary to the Business of Assuming Commodity Transaction Debts.

Article 83. Authority to Amend Business Rules

Amendments to these Business Rules shall be conducted by resolution of the Board of Directors except where the content of such amendments is only minor in nature.

SUPPLEMENTARY PROVISIONS

Supplementary Provisions

1. This Business Rules shall be implemented on May 1, 2005, provided that the provisions of Sections 1 and 2 of Chapter 2, and Article 38 through Article 40 hereof shall be implemented on the day permitted by the Competent Minister.
2. With approval of the acquisition of Clearing Qualification under Article 6.2 hereof prior to the date of implementation of these Business Rules, in cases where the applicant is presently a Member of Designated Commodity Exchange relating to the concerned Clearing Qualification, the applicant shall execute an agreement with the Designated Commodity Exchange stipulating that its special deposit for Default and Special Clearing Funds for Default deposited with the Designated Commodity Exchange shall be transferred to JCCH. In such cases, at the time notice of such action is received by JCCH, the applicant shall be regarded as having deposited the Clearing Funds required under application of the provisions of Article 8.1 hereof.
3. Except as prescribed in Paragraph 4 below, effective on the date of implementation of these Business Rules, JCCH shall assume obligations under Article 45.1 hereof for the Subject to Clearing Transactions prescribed under Article 2 hereof that were consummated prior to the date of implementation (including Physical Delivery Futures Transactions consummated in conjunction with the Exercise of Option Transactions) but remain unsettled on the date of implementation (only applicable to parties that are Clearing Participants and Non-clearing Participant of JCCH on the date of implementation; provided, however, that for Non-clearing Participant, such shall be limited to cases where the Non-clearing Participant has designated a Clearing Participant which has acquired Clearing Qualification under the proviso of Paragraph 1 above prior to the date of implementation as the party to whom Commodity Clearing Transactions are to be consigned on a standing basis as prescribed by a Designated Commodity Exchange).
4. In cases where The Tokyo Commodity Exchange has assumed obligations relating to Subject to Clearing Transactions prescribed in Article 2(1), 2(2) and 2(4) hereof prior to the date of implementation of these Business Rules (including cases where The

Tokyo Commodity Exchange is a party to Physical Delivery Futures Transactions consummated in conjunction with the Exercise of Option Transactions), JCCH shall assume obligations existing between The Tokyo Commodity Exchange and Clearing Participant (only applicable to parties that are Clearing Participant of JCCH on the date of implementation). In such cases, the provisions of Article 45.1 hereof shall apply *mutatis mutandis* regarding such Assuming Obligations, and JCCH shall succeed to the rights and obligations of The Tokyo Commodity Exchange with respect to the Clearing Participant.

5. For the application of the provisions of Article 39 hereof in cases where there is an intent to execute a Clearing Agreement as prescribed in Article 38 hereof on the date of implementation of these Business Rules, the word “prior” appearing in the said Article 39 shall be amended to read “promptly.”
6. For parties who have applied for the acquisition of Clearing Qualification as prescribed in Article 6.1(2) hereof that are also applying for permission under Article 190.1 of the CEA as amended (only applicable to parties who have received permission under Article 128 of the CEA prior to amendment), during the period until such disposition is carried out, such parties shall be regarded as having received permission under Article 190.1 of the CEA as amended, and the procedures for acquisition of Clearing Qualification shall be carried out.

Supplementary Provisions

The amendments to Article 3 (Designated Commodity Market), Attachment 1 “Types of Clearing Qualification” and Attachment 2 “Net Assets for Clearing Participant” adopted by resolution at the meeting of the Board of Directors convened on May 30, 2005 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (August 16, 2005) and become effective on October 11, 2005.

Supplementary Provisions

The amendments to Attachment 1 “Types of Clearing Qualification” and Attachment 2 “Net Assets for Clearing Participant” adopted by resolution at the meeting of the Board of Directors convened on November 30, 2005 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (December 26, 2005) and become effective on February 27, 2006.

Supplementary Provisions

The amendments to Article 3(Designated Commodity Market), Article 31(Filing of Objections), Article 61(Deposit of Clearing Funds), Article 62(Cumulative Limit on the Amount of Required Ordinary Clearing Funds), Article 63(Replenishment of Ordinary Clearing Funds), Article 64(Refunds of Clearing Funds), Article 68(Measures Taken for Default), Article 72(Compensation for Losses from Default), Attachment 1 “Types of Clearing Qualification” and Attachment 2 “Net Assets for Clearing Participant” adopted by resolution at the meeting of the Board of Directors convened on February 27, 2006 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (April 4, 2006).

The amendments to Article 46(Rights and Obligations to Be Extinguished or Created in Conjunction with Give-ups), Article 47(Option Transactions Becoming Terminated or Created in Conjunction with Give-ups as well as Extinction and Creation of Contractual Status) adopted by resolution at the meeting of the Board of Directors convened on February 27, 2006 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (April 4, 2006) and become effective on May 1, 2006.

Supplementary Provisions

The amendments to Article 18(Reporting Requirements), Article 26(Measures When Clearing Participant Violate the Provisions of the Business Rules) adopted by resolution at the meeting of the Board of Directors convened on June 26, 2006 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (July 26, 2006).

Supplementary Provisions

1. The amendments to Article 3(Designated Commodity Market), Attachment 1 “Types of Clearing Qualification” and Attachment 2 “Net Assets for Clearing Participant” that is adopted by resolution at the meeting of the Board of Directors convened on November 10, 2006, shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (December 22, 2006). This amendments to merger of Kansai Commodities Exchange and Fukuoka Futures Exchange become effective on the day (December 1, 2006), and merger of Central Japan Commodity Exchange and Osaka Mercantile Exchange become effective on the day (January 1, 2007).
2. In November 30 2006, Clearing Participants of Clearing Qualification for Fukuoka Futures Exchange shall be amended to hold the same as commodity market of Clearing Participant of Clearing Qualification for Kansai Commodities Exchange.
3. In December 31 2006, Clearing Participants of Clearing Qualification for Osaka Mercantile Exchange shall be amended to hold the same as commodity market of Clearing Participant of Clearing Qualification for Central Japan Commodity Exchange.

Supplementary Provisions

The amendments to Article 53(Receipt and Payment of Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials and Option Premiums), Article 68(Measures Taken for Default), adopted by resolution at the meeting of the Board of Directors convened on November 30, 2006, shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (December 26, 2006).

Supplementary Provisions

The amendments to Article 61 (Deposit of Clearing Funds), adopted by resolution at the meeting of the Board of Directors convened on March 20, 2007, shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (April 5, 2007).

Supplementary Provisions

The amendments to Article 18(Reporting Requirements), Article 26(Measures When Clearing Participant Violate the Provisions of the Business Rules), Article 47(OPTION Transactions Becoming Terminated or Created in Conjunction with Give-ups as well as Extinction and Creation of Contractual Status), Article 53(Receipt and Payment of Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials and Option Premiums), Article 77(Postponement of Settlement Cut-Off Times Due to System Failures or Other Factors), Article 78(Emergency Measures Upon Natural Disasters or Other Factors) adopted by resolution at the meeting of the Board of Directors convened on September 26, 2007 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (October 31, 2007).

Supplementary Provisions

1. The amendments to Article 3 (Designated Commodity Market), Article 7 (Requirements for Clearing Qualification), Article 12 (Representatives of Clearing Participant), Article 18 (Reporting Requirements), Article 26 (Measures When Clearing Participant Violate the Provisions of the Business Rules), Article 27 (Measures to Be Taken When Clearing Participant Fail to Meet Financial Criteria), Article 65 (Refund of Clearing Funds Upon Relinquishment of Clearing Qualification), Attachment 1 (Types of Clearing Qualifications), Attachment 2 (Net Assets for General Clearing Qualification) and Attachment 3 (Net Assets for Clearing Participant prescribed in Article 7.3) adopted by resolution at the meeting of the Board of Directors convened on December 19, 2008 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (January 22, 2009) and the amendments to Article 3 (Designated Commodity Market) and Attachment 1 (Types of Clearing Qualifications) shall become effective on January 1, 2009.
2. Clearing Participants which have Clearing Qualification heretofore on the day of implementation thereof shall apply for Clearing Qualification of Article 6 concerning amended Article 7 and also shall be approved by JCCH by September 30, 2009.
3. Until being approved in accordance with the preceding Paragraph, financial requirements in accordance with former rules shall be applied to Clearing Participants

which have Clearing Qualification heretofore.

4. If Clearing Participants which have Clearing Qualification heretofore on the day of implementation thereof do not apply for Clearing Qualification of Article 6 concerning amended Article 7 or are not approved by JCCH by September 30, 2009, JCCH shall be revoked Clearing Qualification of such Clearing Participants as of October 1, 2009, and Article 35 (Treatment of Unsettled Contracts for Parties for Whom Clearing Qualification is Revoked) shall be applied.

Supplementary Provisions

The amendments to Article 3 (Designated Commodity Market), Attachment 1 (Types of Clearing Qualifications), and Attachment 3 (Net Assets for Clearing Participant prescribed in Article 7.3) adopted by resolution at the meeting of the Board of Directors convened on March 19, 2009 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (April 30, 2009) and the amendments to Article 4 (Business Days and Holidays) and Article 50 (Clearing Period) shall be implemented on May 7, 2009.

Supplementary Provisions

The amendments to Article 3 (Designated Commodity Market), Article 40 (Notification of Cancellation of Clearing Agreement), Attachment 1 (Types of Clearing Qualifications) and Attachment 3 (Net Assets for Clearing Participant prescribed in Article 7.3) adopted by resolution at the meeting of the Board of Directors convened on September 4, 2009 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (September 15, 2009) and become effective on October 13, 2009.

Supplementary Provisions

The amendments to Article 6 (Application and Approval for Clearing Qualification) and Article 7 (Requirements in respect of Clearing Qualification) shall be implemented on the

date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (October 6, 2009) and become effective on October 8, 2009.

Supplementary Provisions

The amendments to Article 3 (Designated Commodity Market), Article 7 (Requirements in respect of Clearing Qualification), Article 50 (Clearing Period), Attachment 1 (Types of Clearing Qualifications) and Attachment 3 (Net Assets for Clearing Participant prescribed in Article 7.3) adopted by resolution at the meeting of the Board of Directors convened on December 1, 2009 shall be implemented on the date of approval from Minister of Agriculture, Forestry and Fisheries and Ministry of Economy, Trade and Industry (December 25, 2009).

Supplementary Provisions

The amendments to Article 3 (Designated Commodity Market), Attachment 1 (Types of Clearing Qualifications), and Attachment 3 (Net Assets for Clearing Participant prescribed in Article 7.3) adopted by resolution at the meeting of the Board of Directors convened on January 8, 2010 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (March 17, 2010) and become effective on March 23, 2010.

Supplementary Provisions

The amendments to Article 77 (Postponement of Settlement Cut-Off Times Due to System Failures or Other Factors) adopted by resolution at the meeting of the Board of Directors convened on March 25, 2010 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (April 26, 2010) and the amendments to Attachment 3 (Net Assets for Clearing Participant prescribed in Article 7.3) shall be implemented on May 6, 2010.

Supplementary Provisions

The amendments to Article 72 (Compensation for Losses from Default) adopted by resolution at the meeting of the Board of Directors convened on June 30, 2010 shall be implemented on the date of approval from Minister of Agriculture, Forestry and Fisheries and Ministry of Economy, Trade and Industry (July 16, 2010).

Supplementary Provisions

The amendments to Article 3 (Designated Commodity Market), Attachment 1 (Types of Clearing Qualifications), and Attachment 3 (Net Assets for Clearing Participant prescribed in Article 7.3) adopted by resolution at the meeting of the Board of Directors convened on September 3, 2010 shall be implemented on the date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (October 5, 2010) and become effective on October 12, 2010.

Supplementary Provisions

The date of approval from the Minister of Agriculture, Forestry and Fisheries and Minister of Economy, Trade and Industry (December 15, 2010)

1. The amendment to Article 1 (Purpose), Article 2 (Subject to Clearing Transactions), Article 3 (Designated Commodity Market), Article 5 (Clearing Participant), Article 6 Application and Approval for Acquisition of Clearing Qualification), Article 7 (Requirements in respect of Clearing Qualification), Article 17 (Notification Items), Article 18 (Reporting Requirements), Article 19 (Audit of Clearing Participant), Article 27 (Measures to Be Taken When Clearing Participant Fail to Meet Financial Criteria), Article 50 (Clearing Period), Article 53 (Receipt and Payment of Contract Prices Differentials, Mark-to-Market Prices Differentials, Exercised Contract Prices Differentials and Option Premiums), Article 60 (Transfer of Clearing Margin and Unsettled Contracts), Article 61 (Deposit of Clearing Funds), Article 62 (Cumulative Limit on the Amount of Required Ordinary Clearing Funds), Article 65 (Refund of Clearing Funds Upon Relinquishment of Clearing Qualification), Attachment 1 (Types of Clearing Qualification) and Attachment 3 (Net Assets for Clearing Participant prescribed in Article 7.3), and new stipulation of Article 60-2 (Transfer of Unsettled Positions) adopted by resolution at the meeting of Board of Directors convened on October 29 2010, shall be implemented on January 1 2011,

and the amendment to Article 68 (Measures Taken for Default) and Article 69 (Measures Taken When There is a Threat of Default) also adopted by resolution at the meeting of Board of Directors convened on October 29 2010 shall be implemented from the cut-off time for the transactions conducted on January 4 2011.

Supplementary Provisions

The amendments to Article 3 (Designated Commodity Market) and Article 50 (Clearing Period) adopted by resolution at the meeting of the Board of Directors convened on February 4, 2011 shall be implemented on the date of approval from Minister of Agriculture, Forestry and Fisheries and Ministry of Economy, Trade and Industry (February 23, 2011).

Supplementary Provisions

The amendment to Article 46 (Rights and Obligations to Be Extinguished or Created in Conjunction with Give-ups) and new provision of Article 47-2 (Special Measures for Fees and General Clearing Funds Pertaining to Give-ups) resolved at the Board of Directors convened on November 17, 2011 shall come into effect as from December 8, 2011 when the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Economy, Trade & Industry (METI) approve and be applied from December 19, 2011.

Attachment

Net Assets for General Clearing Qualification

(Units of JPY 100 million yen)

The number of party with which a General Clearing Participant may execute a Clearing Agreement	Net Assets
Five or less	50
Ten or less	100
Eleven or more	200