

REGULATIONS FOR SUBSTITUTE SECURITIES

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

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

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

These Regulations shall prescribe the Regulations of Clearing Funds (limited to Designated Commodity Market prescribed in subparagraphs (8) through (12) of Article 3 of the Business Rules) and Securities that may be substitutive for Clearing Margins as prescribed under Article 61.3 of the Business Rules and Article 9.1 of the Clearing Margins Rules.

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

- (1) Japanese Government Bonds;
- (2) Municipal Bonds;
- (3) Equity Investment (Shusshi) Certificates Issued by the Bank of Japan;

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

- (11) Investment certificates prescribed in Article 2.15 of Investment Trust and Investment Corporations Law (hereinafter referred to as “Investment Certificates”).

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

- (12) Investment corporations bonds prescribed in Article 2.18 of Investment Trust and Investment Corporations Law (hereinafter referred to as “Investment Corporations Bonds”).

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

- (13) Foreign investment certificates prescribed in Article 220.1 of Investment Trust and Investment Corporations Law (hereinafter referred to as “Foreign Investment Certificates”).

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

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

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

Subparagraphs (1), (2), (4), (5), (6) and (10) shall be Physical movement of securities or the belongings of interests is described or recorded electronically in Ledger of Book-Entry Transfer Accounts under provisions of the Law Concerning Book-Entry Transfer of Corporate Bonds, etc (Law No. 75 of 2001).

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

Subparagraphs (7) through (9) and (11) through (13) shall be the belongings of interests is described or recorded electronically in Ledger of Book-Entry Transfer Accounts under provisions of the prescribed Law.

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

2. Unit Size of Deposits

- | | |
|--|--|
| (1) Japanese Government Bonds ,
Municipal Bonds, Special
Bonds, Corporate Bonds and
Convertible Type Warrant
Bonds: | No unit size specified. |
| (2) Equity Investment Certificates
Issued by the Bank of Japan: | 100 units. |
| (3) Stocks: | Trading units as prescribed by Securities
Exchange. |
| (4) Listed Trust Beneficiary
Certificates, Listed Investment
Trust Beneficiary Certificates,
Listed Investment Certificates,
Listed Investment Corporation
Bonds and Listed Foreign
Investment Certificates: | Trading units as prescribed by Securities
Exchange. |

- | | |
|--|---|
| (5) Loan Trust Beneficiary Certificates: | Face amount for each issue (one unit of principal JPY 10,000) or amounts that are integral multiples thereof. |
| (6) Designated Warehouse Receipts: | Delivery units as prescribed by Commodity Exchange. |

3. Applied Value

- | | |
|---|---|
| (1) Japanese Government Bonds : | <ul style="list-style-type: none"> (i) Interest-bearing treasury bonds: 80% of face value for very long term and long term bonds, and 85% of face value intermediate term bonds. (ii) Short term government agency securities and short term government bonds: 85% of face value. (iii) Discounted treasury bonds: 75% of face value. |
| (2) Municipal Bonds and securities: | 85% of face value. |
| (3) Equity Investment Certificates Issued by the Bank of Japan: | 85% of Market Value provided that Applied Value shall be rounded down to the nearest unit of JPY 500. |
| (4) Special Bonds: | 80% of face value for both interest-bearing and discounted bonds. |
| (5) Corporate Bonds: | 65% of face value. |
| (6) Convertible Type Warrant Bonds: | 50% of face value. |
| (7) Stocks: | 70% of Market Value for Stocks listed on the First Section of Tokyo Stock Exchange, Nagoya Stock Exchange and Osaka Securities Exchange; 60% of Market Value for Stocks listed on the Second Section of Tokyo Stock Exchange, Nagoya Stock Exchange and Osaka Securities Exchange, and local-only Stocks listed on Fukuoka Stock Exchange; 50% of Market Value for Stocks listed on JASDAQ market of Osaka Securities; provided that Applied Value of |

- less than JPY 100 shall be rounded down to the nearest unit of JPY 5, and Applied Value of JPY 100 and above shall be rounded down to the nearest unit of JPY 10.
- (8) Listed Trust Beneficiary Certificates, Listed Investment Trust Beneficiary Certificates, Listed Investment Certificates, Listed Investment Corporation Bonds and Listed Foreign Investment Certificates: 65% of Market Value, provided that Applied Value of less than JPY 100 shall be rounded down to the nearest unit of JPY 5, and Applied Value of JPY 100 and above shall be rounded down to the nearest unit of JPY 10.
- (9) Loan Trust Beneficiary Certificates: 70% of face value.
- (10) Designated Warehouse Receipts: 70% of Market Value calculated using the Settlement Price, provided that Applied Value of less than JPY 1,000 shall be round down.

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

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

- (1) Designation and review of Substitute Securities of specific issues shall be conducted by JCCH in every July in accordance with requirements set below;
- (i) For issues listed on the Second Section of Securities Exchange and local-only Stocks, prices shall be available for 125 or more days on an annual basis or an annual trading volume shall be one million shares or more, and capital shall be not less than JPY 800 million, and an annual dividend shall be paid.
- (ii) For issues listed on JASDAQ market, prices shall be available for 125 or more days on an annual basis, an annual trading volume shall be one million shares or more, shareholders shall be 3,000 or more, capital shall be not less than JPY 800 million, and an annual dividend shall be paid.

- (2) When deemed necessary about other matters, JCCH may designate or review of Substitute Securities.

5. Day for Computation of Applied Value and Effective Period

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

6. Priority of Prices Applied for Stocks, etc.

- (1) Stocks

The Market Value shall be based on the final trading price of Tokyo Stock Exchange, and if no such reported prices are available, then successively on the final trading price of Osaka Securities Exchange and Nagoya Stock Exchange. If no final trading price is reported by any of foregoing exchanges, the Market Value shall be an indicative price of the given day. However, the price applied for local-only Stocks listed on Fukuoka Stock Exchange and Stocks listed on JASDAQ market of Osaka Securities Exchange shall be based on the final trading prices of the respective exchanges, and if no final trading prices are reported, the Applied Value shall be an indicative price of the given day.

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

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

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

- (3) Designated Warehouse Receipts

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

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

7. Restriction, Cancellation and Temporary Suspension of Substitute Securities

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

Securities and shall remain so until the designation and review for the next effective period.

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

8. Unscheduled Changes of Applied Value

- (1) The Applied Value of an issue for which the Market Value has fallen below such value shall be changed on the day of such decline in value. The new Applied Value resulting from such change shall become effective on the business day following the day on which JCCH notifies Clearing Participant of the same.
- (2) Notwithstanding prescribed in subparagraphs (1) hereof, Applied Value shall not be changed, on the preceding day of effective period for such value. Applied Value of an issue for which the Market Value has fallen below such value shall be changed on the day of such decline in value. The new Applied Value resulting from such change shall become effective on the business day following the day on which JCCH notifies Clearing Participant of the same.
- (3) JCCH may change Applied Value using most recent prices that is available, if there is a perceived risk regarding market value declines extremely by split stocks or other reasons.
- (4) Notwithstanding prescribed in the subparagraph (1) through (3) above, JCCH may prescribe the Applied Value when deemed necessary.

9. Restriction on the Volume of Deposit

(1) The stocks deposit by Clearing Participant other than stocks consisting of issues listed on the First Section of Tokyo Stock Exchange, Nagoya Stock Exchange and Osaka Securities Exchange, and such deposits that is classified as Clearing Margins of House Account, Clearing Margins of Customer Account (Replacement Deposit Account) and Clearing Funds, shall be up to volume that is divided by total trading days of Total Annual Volume (hereinafter “Average Volume”).

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

(2) In addition to the previous Paragraph, JCCH may restrict the volume of the same brand of Substitute Securities for convert Substitute Securities in to cash by smooth and accurate.

(3) When deemed necessary about other matters, JCCH may change the volume deposit by Clearing Participant.

10. Application of Substitute Securities by Clearing Participant

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

11. Table of Prices of Substitute Securities

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

12. Treatment of Substitute Securities

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

13. Amendment and Repeal of These Regulations

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

Supplementary Provisions

These Regulations shall be implemented on May 1, 2005.

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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

Supplementary Provisions

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