

Enforcement Rules on the Integrated Management of Margins, etc. Pertaining to Transactions on Commodity Markets and Commodity-Related Market Derivatives Transactions by Specific Members

Osaka Dojima Exchange, Inc.

DISCLAIMER:

This English version of the Enforcement Rules on the Integrated Management of Margins, etc. Pertaining to Transactions on Commodity Markets and Commodity-Related Market Derivatives Transactions by Specific Members (hereinafter, referred to as "Enforcement Rules" in this paragraph) has been prepared by Osaka Dojima Exchange, Inc. (the "Company") with the sole purpose of providing information to enhance the understanding of the Company of market participants who are non-residents. Although the Company believes this English version to be accurate, it does not constitute a word-for-word translation of the Japanese original, and the Company makes no guarantees concerning its content.

Accordingly, the Company accepts no liability for any damages arising as a result of the use of this English version of the Enforcement Rules.

Furthermore, if there are any differences between the Japanese and English versions of the Enforcement Rules, the Japanese version shall prevail.

In addition, any disputes that arise in relation to words and phrases in the rules and provisions, as well as the meaning of the provisions and clauses, shall be resolved in accordance with the Japanese version, regardless of whether such disputes take place inside or outside of a court.

Enforcement Rules on the Integrated Management of Margins, etc. Pertaining to Transactions on Commodity Markets and Commodity-Related Market Derivatives Transactions by Specific Members

(Integrated Management of Margins, etc. by Specific Members)

Article 1. A Broker Participant that is a Specific Member (meaning a Specific Member as provided in Article 4 of the Supplementary Provisions of the Act for Partial Amendment of the Financial Instruments and Exchange Act (Act No. 86 of 2012; hereinafter referred to as the “FIEA Amendment Act”); the same shall apply hereinafter), and that is a Clearing Participant of Japan Securities Clearing Corporation (hereinafter referred to as the “Clearing Organization”), may, with respect to customers who have established an account for transactions on the Commodity Market of Osaka Dojima Exchange, Inc. and an account for Commodity-Related Market Derivatives Transactions (meaning transactions provided for in Article 2, Paragraph (8), Item (1) of the Financial Instruments and Exchange Act; the same shall apply hereinafter) on the Financial Instruments Exchange Market established by Osaka Exchange, Inc. (hereinafter referred to as a “Futures and Options Trading Account”), conduct integrated management of margins, etc. (meaning the handling set forth in each of the following items with respect to margins, etc. deposited with the Broker Participant that is a Specific Member by customers who have established an account for transactions on the Commodity Market and a Futures and Options Trading Account (limited to accounts for which appropriate measures have been taken to ensure that transactions other than Commodity-Related Market Derivatives Transactions are not conducted); the same shall apply hereinafter).

- (1) When the Broker Participant that is the relevant Specific Member receives a deposit of margin (limited to cash and securities that may be used both as eligible collateral for trading margins pertaining to transactions on the Commodity Market and as substitute securities for trading margins pertaining to Commodity-Related Market Derivatives Transactions) from the relevant customer, all such margin shall be received as customer margin for Commodity-Related Market Derivatives Transactions.
- (2) The Broker Participant that is the relevant Specific Member shall deposit, as trading margin, an amount equal to or greater than the amount of the customer margin set forth in the preceding item that has been deposited by the relevant customer, into both the segregated account for transactions on the Commodity Market at the Clearing Organization (hereinafter referred to as the “Trading Margin Account under the Commodity Futures Act”) and the segregated account for Commodity-Related Market Derivatives Transactions (hereinafter referred to as the “Trading Margin Account under the Financial Instruments and Exchange Act”). In this case, the amount deposited in each account shall be not less than the required trading margin amount prescribed by the Clearing Organization, and the allocation to each deposit destination shall be made in proportions deemed appropriate by the Broker Participant that is the relevant Specific Member.
- (3) Where the amount deposited in either the Trading Margin Account under the Commodity Futures Act or the Trading Margin Account under the Financial Instruments and Exchange Act at the Clearing Organization exceeds the required trading margin amount prescribed by the Clearing Organization, the Broker Participant that is the relevant Specific Member may transfer the excess amount to the

other account, up to such excess amount.

- (4) The Broker Participant that is the relevant Specific Member shall manage, on a combined basis, mark-to-market profits and losses and trading profits and losses for transactions on the Commodity Market and Commodity-Related Market Derivatives Transactions in the accounts subject to the integrated management of margins, etc., and shall manage the net amount of such combined profits and losses as trading margin in the Trading Margin Account under the Commodity Futures Act and the Trading Margin Account under the Financial Instruments and Exchange Act at the Clearing Organization.
- (5) Where a shortage (including any cash shortfall) arises in the margin amount pertaining to either transactions on the Commodity Market or Commodity-Related Market Derivatives Transactions of the relevant customer, and there is a surplus in the margin amount in the other account, the Broker Participant that is the relevant Specific Member shall apply such surplus margin (limited to cash in the case of a cash shortfall) to the relevant shortfall, up to the amount of such surplus.
- (6) When the Broker Participant that is the relevant Specific Member calculates surpluses or shortages of margin (including calculations relating to cash shortfalls; the same shall apply in the following item) for the accounts subject to the integrated management of margins, etc., such calculations shall be performed on a combined basis by aggregating mark-to-market profits and losses and trading profits and losses pertaining to transactions on the Commodity Market and Commodity-Related Market Derivatives Transactions.
- (7) Where, as a result of the surplus/shortfall calculation set forth in the preceding item, a margin shortfall (including any cash shortfall) arises and the relevant customer fails to deposit such shortfall by the prescribed deadline, the Broker Participant that is the relevant Specific Member may dispose of the open positions pertaining to transactions on the Commodity Market and Commodity-Related Market Derivatives Transactions for the account of the relevant customer.
- (8) When returning any surplus margin to the relevant customer, the Broker Participant that is the relevant Specific Member shall receive a refund of trading margin from either the Trading Margin Account under the Commodity Futures Act or the Trading Margin Account under the Financial Instruments and Exchange Act at the Clearing Organization, and the allocation of the source of such refund shall be made in proportions deemed appropriate by the Broker Participant that is the relevant Specific Member.

(Special Agreement)

Article 2. Where a Broker Participant that is a Specific Member conducts the integrated management of margins, etc., such Broker Participant shall enter into a special agreement concerning such integrated management of margins, etc. with the relevant customer subject to such integrated management of margins, etc., in writing or by electromagnetic means (meaning a method using an electronic data processing system or other information and communications technology equivalent to the methods set forth in Article

41, Paragraph (3) of the Ordinance for Enforcement of the Commodity Futures Act).

(Establishment of Management Framework)

Article 3. A Broker Participant that conducts the integrated management of margins, etc. shall establish an appropriate management framework for conducting such integrated management of margins, etc.

(Application to Intermediaries)

Article 4. Where a customer of a Broker Participant seeks to conduct, as an Intermediary (limited to a Specific Member), the integrated management of margins, etc. set forth in Article 1 with respect to margins deposited by a customer of such Intermediary, the relevant Broker Participant shall obtain a commitment from such Intermediary that it will manage margins, etc. of the customer of such Intermediary in accordance mutatis mutandis with the provisions of these Enforcement Rules, and shall establish the management framework necessary for such Intermediary to properly conduct the integrated management of margins, etc.

2 The Intermediary set forth in the preceding paragraph shall apply Article 1, each item, Article 2, and the preceding Article by replacing “Broker Participant” with “Intermediary” and “customer” with “customer of the Intermediary,” and, with respect to the deposit and management with the Clearing Organization of trading margin in an amount not less than the amount of customer margin, shall handle the broking of the entrustment in its relationship with the Broker Participant that accepts the entrustment from such Intermediary.

(Changes or Abolishment)

Article 5. These Enforcement Rules may be changed or abolished by the authority of the President and CEO; provided, however, that this does not apply if the content of the changes is minor.

(Supplementary Provisions)

1. These Enforcement Rules shall come into effect on April 1, 2021.
2. Upon the enforcement of these Enforcement Rules, the Enforcement Rules on the Integrated Management of Margins, etc. Pertaining to Transactions on Commodity Markets and Commodity-Related Market Derivatives Transactions by Specific Members prior to the enforcement date (hereinafter referred to as the “Former Rules”) shall be abolished.
3. Matters taken under the Former Rules shall be deemed to have been taken under the corresponding provisions of these Enforcement Rules as of the enforcement date.