

RULES CONCERNING FOREIGN SECURITIES FUTURES TRANSACTIONS, ETC.

(June 22, 1989)

CHAPTER I GENERAL PROVISIONS

(Purpose)

Article 1 The purpose of the Rules Concerning Foreign Securities Futures Transactions, etc. (hereinafter referred to as the "Rules") is to contribute to investor protection by prescribing matters to be complied with regarding the execution and settlement of transactions as well as the acceptance of entrustment, etc. thereof, in relation to Foreign Securities Futures Transactions, Foreign Securities Futures Option Transactions and Foreign Securities Option Transactions (hereinafter referred to as the "Foreign Securities Futures Transactions, etc.") to be carried out between an Association Member and a customer or other Association Member.

(Compliance with Laws, Ordinances and Rules, etc.)

Article 2 When conducting Foreign Securities Futures Transactions, etc. an Association Member must comply with the Financial Instruments and Exchange Act (hereinafter referred to as the "FIEA") and other related laws, ordinances and rules, etc. in addition to the Rules.

(Definitions)

Article 3 The terms set forth in each of the following Items shall have their respective definitions prescribed therein for the purposes of the Rules:

- (1) Foreign Securities Futures Transactions: Transactions similar to those set forth in the provisions of Article 28 (8) (iii) (a) or (b) of the FIEA conducted in foreign financial instruments markets.
- (2) Foreign Securities Futures Option Transactions: Transactions similar to those set forth in the provision of Article 28 (8) (iii) (c) 2. of the FIEA (limited to the transactions of underlying assets set forth in the same Item (a) and (b) of the FIEA) conducted in foreign financial instruments markets.
- (3) Foreign Securities Option Transactions: Transactions similar to those set forth in the provision of Article 28 (8) (iii) (c) 1. of the FIEA conducted in foreign financial instruments markets.

(Conclusion of Transaction Contracts)

Article 4 An Association Member must, when receiving an order from a customer or other Association Member for a transaction in the Foreign Securities Futures Transactions, etc. conclude an agreement concerning a transaction of the Foreign Securities Futures Transactions, etc. with such customer or such other Association Member in advance.

2. When entering into a contract concerning the Foreign Securities Futures Transactions, etc. with a customer pursuant to the provisions of the preceding Paragraph, an Association Member shall obtain from such customer an Agreement on establishment of account for the Foreign Securities Futures Transactions, etc. (hereinafter referred to as the "Agreement").

3. The Agreement must include the following matters:

- (1) Matters relating to the processing of Foreign Securities Futures Transactions, etc. in an account;
- (2) Matters on forfeiture of the benefit of time;
- (3) Matters relating to measures taken when a customer fails to complete the settlement or becomes insolvent, or possibility thereof;
- (4) Matters relating to an executing exchange (a person who operates a foreign financial instruments market that executes the Foreign Securities Futures Transactions, etc.; the same shall apply hereinafter).and instructions for execution method;
- (5) Matters relating to the execution and processing of orders;
- (6) Matters relating to deposit and withdrawal of margin by a customer;
- (7) Matters relating to the calculation of accepted margin;
- (8) Matters on settlement;
- (9) Matters on various notices;
- (10) Matters on various fees;
- (11) Matters on currencies;
- (12) Matters relating to the termination of contracts;
- (13) Disclaimers;
- (14) Matters relating to governing law;
- (15) Matters relating to an agreed jurisdiction;
- (16) Matters relating to the change of the Agreement;
- (17) Other matters relating to the administration procedures.

4. Among the matters set forth in the preceding Paragraph, the matters set forth in each of the following Items shall include the content prescribed in each of the relevant Items; provided, however, that this provision does not apply to matters that are not necessary to be determined between an Association Member and its customer given the business operation conducted by the Association Member.

- (1) Matters set forth in the preceding Paragraph, Item (6) - The matters set forth in the following:
 - (i) Matters relating to an obligation for a customer to deposit margin and the depositing deadline;
 - (ii) Matters relating to the limitation of margin withdrawal and, if the margin is withdrawn, a scheduled delivery date of such margin;
 - (iii) Matters relating to the limitation of unrealized calculated gain payment and, if the unrealized calculated gain is paid out, a scheduled delivery date of such unrealized

calculated profit;

- (iv) Matters relating to the frequency of checking the Shortfall prescribed in Article 15, Paragraph 1;
 - (v) Matters relating to an obligation of additional depositing of margin for a customer and the deadline of additional depositing of margin;
 - (vi) Matters relating to loss-cut transaction (settlement of Foreign Securities Futures Transactions, etc. in the event that a loss incurred by a customer at the time of settling the Foreign Securities Futures Transactions, etc. of the customer reaches an amount calculated by a method pre-determined between an Association Member and the customer; the same shall apply hereinafter);
 - (vii) Matters relating to the scheduled return date of deposited margin;
 - (viii) The fact that no interest or other compensation is paid to the deposited margin;
- (2) Matters set forth in the preceding Paragraph, Item (7) - The matters set forth in the following:
- (i) The required amount of margin and how to calculate the accepted margin;
 - (ii) Whether or not securities can be used as a substitute for a margin (the Substitute securities prescribed in Article 11), and if used as a substitute, the type, substitute price, and other relevant matters;
 - (iii) Matters relating to the change of required amount of margin.
- (3) Matters set forth in the preceding Paragraph, Item (8) - The matters set forth in the following:
- (i) Matters relating to the delivering/receiving method and delivery date of money and securities associated with the settlement;
 - (ii) Matters relating to the allotment of open interest to a customer;
 - (iii) Matters relating to the confirmation of intention of exercising rights;
 - (iv) Matters relating to the change of settlement terms due to natural disasters, etc.;
- (4) Matters set forth in the preceding Paragraph, Item (9) - The matters set forth in the following:
- (i) The content, delivery method, and delivery timing of notice and other various notices;
 - (ii) Matters relating to the effectiveness of notice
- (5) Matters set forth in the preceding Paragraph, Item (11) - The matters set forth in the following:
- (i) Matters relating to a type of currency for paying/receiving margin and settlement;
 - (ii) Matters relating to the exchange rate of currency
 - (iii) Matters relating to the receipt and payment in a foreign currency.
- (6) Matters set forth in the preceding Paragraph, Item (17) - The matters set forth in the following:

- (i) Matters relating to the submission of details of Foreign Securities Futures Transactions, etc. relating to a customer to government authorities pursuant to laws, regulations, and various rules of Japan or other country where an Executing Exchange is located;
- (ii) Matters relating to the delivering/deceiving documents by an electromagnetic method;
- (iii) Matters relating to the submission of changes on matters submitted by a customer.

(Handling Pursuant to the Agreement)

Article 5 An Association Member must handle the execution, net settlement, delivery settlement, and receipt and disbursement of funds related to the Foreign Securities Futures Transactions, etc. conducted based on a customer's order under the provisions of the Agreement.

(Matters to Be Complied with)

Article 6 When making solicitation for investments to a customer with respect to the Foreign Securities Futures Transactions, etc. an Association Member shall fully consider that an appropriate investment will be made in light of the customer's intentions, investment experience and financial condition.

(Transaction Commencement Standards)

Article 7 An Association Member shall establish the transaction commencement standards with respect to the Foreign Securities Futures Transactions, etc. and accept orders from the customers who meet such standards.

CHAPTER II EXECUTION AND HANDLING OF ORDERS

(Types of Accounts)

Article 8 In the event that, under the laws, regulations, customs, etc. of the place where the Foreign Securities Futures Transactions, etc. are executed, the need arises to classify such transactions as a "hedging account" or a "speculation account," an Association Member shall manage the customer's transaction account, by classifying it into the two types of accounts, i.e., a hedging account and a speculation account. Unless the customer requests in writing that the account should be managed as a hedging account, the account shall be managed as a speculation account.

CHAPTER III MARGIN

(Receipt, etc. of Margin)

Article 9 In the event that a sale or purchase transaction by a customer is entered into in the Foreign Securities Futures Transactions, etc. (excluding purchase orders for the Foreign Securities Futures Option Transactions and the Foreign Securities Option Transactions), if the total amount of the accepted margin stipulated in Article 12 is less than the total amount of the margin requirement prescribed in Article 10, or if the amount of the margin received from a customer is less than the amount of scheduled cash payment/receipt (with the meaning of the amount in the case where the amount of scheduled cash payment/receipt prescribed in Article 12, Paragraph 3 is negative; the same shall apply hereinafter), an Association Member shall receive from the customer, as the margin, by the

time determined by the Association Member that is before noon on the third business day after the contract date (i.e., the date on which the Association Member confirms that such purchase or sales transaction has been entered into), an amount which is more than the greater of either the difference between the total amount of the accepted margin and the total amount of the margin requirement (hereinafter referred to as the “Shortfall in Total Amount”), or the difference between the amount of the margin received from such customer and the amount of scheduled cash payment/receipt (hereinafter referred to as the “Shortfall in Cash”).

2. The provisions of the preceding Paragraph shall apply mutatis mutandis to the Foreign Securities Futures Transactions which are entered into pursuant to the exercise or allocation of rights to the Foreign Securities Futures Option Transactions.
3. When receiving the margin prescribed in this Article and Article 15, an Association Member shall establish a system that can properly manage and control the margin depending on the credit risk of the customer and the price fluctuation risk, etc. and shall manage and control the margin under such system.

(Margin Requirement)

Article 10 The amount of the margin requirement shall be the amount determined by an Association Member which is equal to or greater than the amount of the margin determined by an executing exchange.

(Use of Securities as Margin)

Article 11 Securities may be accepted from a customer to serve as the margin; provided, however, that the amount of the margin which corresponds to the Shortfall in Cash shall not be deposited in securities.

2. The type of securities accepted from a customer pursuant to the provisions of the preceding Paragraph (hereinafter referred to as “Substitute Securities”) shall be those types of Substitute Securities prescribed as Substitute Securities for derivatives transaction by any Financial Instruments Exchange, etc. (a financial instruments exchange and an executing exchange; the same shall apply hereinafter in this Paragraph), and the value of such Substitute Securities evaluated by the Association Member shall not exceed the amount that is calculated by multiplying the market value prescribed by such Financial Instruments Exchange, etc. for the purpose of calculating the value of Substitute Securities for derivatives transaction by the rates prescribed by such Financial Instruments Exchange, etc.

(Calculation Method of Accepted Margin)

Article 12 The total amount of the accepted margin shall be calculated by each customer, and the amount shall be calculated by adding (or reducing) the amount of scheduled cash payment/receipt prescribed in Paragraph 3 to (or from) the margin accepted from the customer.

2. In the calculation of the total amount of the accepted margin, if securities are used as a substitute for all or part of the margin, the amount of the such Substitute Securities shall be the total of such Substitute Securities evaluated with the value prescribed in the preceding Article, Paragraph 2 hereof.
3. The amount of scheduled cash payment/receipt shall be calculated as follows: Firstly adding (or reducing) the unrealized calculated gain or loss prescribed in the next Paragraph to (from) the aggregate of the amount of settlement gain or loss in the Foreign Securities Futures Transactions of a customer that has not been received/paid and the transaction amount of Foreign Securities Futures Option Transactions and Foreign Securities Option Transactions that is not received/paid; then, reducing the amount that should be incurred by the customer and that the Association Member deems necessary from the above Amount.

4. The amount of the unrealized calculated gains or losses shall be the amount calculated by reducing the total amount equivalent to the customer's losses caused by the market fluctuations of the Foreign Securities Futures Transactions and the total amount paid out pursuant to the provisions of Article 14 hereof from the total amount equivalent to the customer's gains caused by the market fluctuations of the Foreign Securities Futures Transactions.

(Limitations on Withdrawal, etc. of Margin)

Article 13 An Association Member must not allow a customer to withdraw any of the money or securities which have been received from the customer as the margin related to the Foreign Securities Futures Transactions, etc.; provided, however, that this shall not apply to the money or securities which fall under the cases set forth in each of the following Items, and which are equivalent to an amount not exceeding the amounts listed in such Items:

- (1) If the total amount of the accepted margin of the relevant customer at the time of a withdrawal exceeds the total amount of the margin requirement, the securities equivalent to the amount in excess divided by the rates used for the evaluation of Substitute Securities; or money equivalent to the smaller of such amount in excess or the amount of cash in excess (i.e., the amount in excess in the event that the amount of money accepted as the margin exceeds the amount of the scheduled cash payment/receipt; the same shall apply hereinafter);
 - (2) If the relevant customer is to replace the securities accepted as the margin with money or other securities, the securities equivalent to the amount of such money or such other securities (the amount of which is evaluated with the value of Substitute Securities prescribed in Article 11, Paragraph 2 hereof; the same shall apply in this paragraph) divided by the rates used for the evaluation of Substitute Securities; or
 - (3) If the relevant customer is to replace the money accepted as the margin which is equivalent to the amount of cash in excess with securities, the amount of money equivalent to the amount of such securities.
2. In the case of the circumstances falling under Item (1) of the preceding Paragraph, if an Association Member allows a customer to withdraw money or securities pursuant to the customer's request, the Association Member shall allow it without delay after the day on which the excess amount is confirmed.

(Pay-Out of Unrealized Calculated Gains)

Article 14 In the event that a customer makes a request and an Association Member accepts such request, the relevant Association Member may pay out the amount of money equivalent to the calculated gains of the relevant customer, up to the limit of the difference between the total amount of the accepted margin of the customer and the total amount of the margin requirement, only when the amount of the accepted margin exceeds the amount of the margin requirement.

2. In the event that an Association Member does not accept a customer's request to pay out the calculated gains, the Association Member shall clearly notify the customer that it does not pay out the unrealized calculated gains before accepting orders for the Foreign Securities Futures Transactions, etc.
3. Notwithstanding the provisions of Paragraph 1 above, in the event that Executing Exchange does not permit the pay-out of calculated gains, an Association Member shall not pay the unrealized calculated gains of the relevant customer.

(Additional Acceptance of Margin)

Article 15 An Association Member shall check on every business day whether Shortfall in Total Amount or Shortfall in Cash arises for each customer.

2. In the event that, after the check prescribed in the preceding Paragraph, it is found that Shortfall in Total Amount or Shortfall in Cash arises, an Association Member shall receive from the relevant customer an amount which is more than the greater of either such Shortfalls as the margin by the time determined by the Association Member that should be before noon on the third business day after the day on which such shortfall is found; provided, however, that this does not hinder the Association Member from conducting the loss-cut transaction without waiting for such time

(Prohibition of Interest on Margin)

Article 16 An Association Member must not pay interest or any other consideration in connection with the money or securities received from its customer as the margin for the Foreign Securities Futures Transactions, etc.

(Return of Margin)

Article 17 In the event that a customer requests that the margin be returned in the cases falling under each of the following Items with respect to the customer's Foreign Securities Futures Transactions, etc. an Association Member shall return the margin without delay after the date prescribed in such Items; provided, however, that this shall not apply for the margin that is equivalent to liabilities of the customer with respect to the Foreign Securities Futures Transactions, etc. and that has not been performed.

- (1) In the case where a settlement is made by resale or repurchase: The contract date of such resale or repurchase
- (2) In the case where a delivery settlement is made: The business day immediately following the domestic corresponding date of the final date of sale and purchase determined by the Executing Exchange
- (3) In the case where the Final Net Settlement (the net settlement conducted pursuant to the rules determined by the Executing Exchange, etc. (an executing exchange and a foreign securities agent who is delegated the Foreign Securities Futures Transactions, etc. by an Association Member; the same shall apply hereinafter), when no settlement is made by resale or repurchase related to the unsettled account with respect to the Foreign Securities Futures Transactions, etc.; the same shall apply hereinafter) is made: The day on which the Association Member confirms the final settlement price
- (4) In the case where an allocation is made to open interest on selling side in connection with the exercise of the right related to the Foreign Securities Futures Option Transactions: The day on which the Association Member confirms such allocation
- (5) In the case where an allocation is made to open interest on selling side in connection with the exercise of right related to the Foreign Securities Option Transactions: The day on which the Association Member confirms such allocation
- (6) In the case where the right expires with respect to the Foreign Securities Futures Option Transactions or the Foreign Securities Option Transactions: The day on which the Association Member confirms the expiration of the right

(Limitations on Use of margin)

Article 18 An Association Member must not use any money or securities received from the customer as the margin with respect to the Foreign Securities Futures Transactions, etc. for the purpose of the Association Member's own transactions.

2. Unless the customer gives its prior written consent, an Association Member must not use any money or securities received from the customer as the margin with respect to the Foreign Securities Futures Transactions, etc. for the purpose of any other customer's transactions.

CHAPTER IV SETTLEMENT, ETC.

(Net Settlement Related to Resale or Repurchase)

Article 19 In the event that a customer incurs losses with respect to the resale or repurchase related to the Foreign Securities Futures Transactions, etc. an Association Member shall receive from the customer the amount of money equivalent to such losses by the date and time determined by the Association Member that is on or before the fourth business day after the relevant resale or repurchase contract date.

2. When a customer achieves gains under the case set forth in the preceding paragraph, an Association Member shall pay the customer the amount of money equivalent to such gains without delay after the relevant resale or repurchase contract date.

(Delivery and Receipt of Money upon Pay-Out of Unrealized Calculated Gains)

Article 20 Notwithstanding the provisions of the preceding Article and the next Article, if a customer who receives the payment of the calculated gains pursuant to the provisions of Article 14 hereof settles the transactions by delivery, by resale or repurchase or by the Final Net Settlement (hereinafter referred to as the "Settlement by Delivery, etc."), the delivery and receipt of money between the relevant customer and an Association Member (excluding the amount settled by means of delivery or receipt of the actual securities pursuant to the provisions of the next Article hereof in the event that the relevant customer settles by delivery) shall be conducted as prescribed in each of the following Items, in accordance with the classification prescribed therein:

- (1) In the event that there are unsettled contracts in the Foreign Securities Futures Transactions of the customer on the contract date of resale or repurchase, or on the last day of transactions in the contract month related to such delivery settlement or the Final Net Settlement (excluding the unsettled contracts on or after the last day of transactions in the relevant contract month that have passed the last day of the transactions; the same shall apply hereinafter in this Article):
 - (i) If the total amount which has been paid out to a customer pursuant to the provisions of Article 14 hereof (hereinafter referred to as the "Paid-Out Amount of Unrealized Calculated Gains") is not less than the amount that the customer is to receive by the Settlement by Delivery, etc. an Association Member shall not pay such amount. In such case, the difference between the relevant Paid-Out Amount of Unrealized Calculated Gains and such amount shall be the revised Paid-Out Amount of Unrealized Calculated Gains.
 - (ii) If the Paid-Out Amount of Unrealized Calculated Gains is less than the amount that the customer is to receive by the Settlement by Delivery, etc. an Association Member shall pay the relevant customer the difference between the relevant Paid-Out Amount of Unrealized Calculated Gains and such amount. In such case, the relevant Paid-Out Amount of Unrealized Calculated Gains shall be deemed to have been completely repaid by the

relevant customer.

- (iii) If a customer is to pay an amount by the Settlement by Delivery, etc. an Association Member shall receive such an amount from the relevant customer. In such a case, the Paid-Out Amount of Unrealized Calculated Gains shall not change.
- (2) In the event that there is no unsettled contract in the Foreign Securities Futures Transactions of the customer on the contract date of resale or repurchase, or on the last day of transactions in the contract month related to such delivery settlement or Final Net Settlement:
- (i) If the Paid-Out Amount of Unrealized Calculated Gains is not less than the amount that the customer is to receive by the Settlement by Delivery, etc. an Association Member shall accept the difference between the relevant Paid-Out Amount of Unrealized Calculated Gains from the relevant customer and such amount by the date and time determined by the Association Member that is on or before the fourth business day after the contract date of resale or repurchase or the last day of transactions in the contract month (the immediately following business day in the case where such day is a non-business day; the same shall apply hereinafter). In such case, the Association Member shall not pay the relevant customer such amount.
 - (ii) If the Paid-Out Amount of Unrealized Calculated Gains is less than the amount that the customer is to receive by the Settlement by Delivery, etc. an Association Member shall pay the relevant customer the difference between the relevant Paid-Out Amount of Unrealized Calculated Gains and such amount.
 - (iii) If a customer is to pay an amount by the Settlement by Delivery, etc. an Association Member shall receive such an amount from the relevant customer and also receive the repayment of the Paid-Out Amount of Unrealized Calculated Gains by the date and time determined by the Association Member that is on or before the fourth business day after the contract date of the resale or repurchase or the last day of transactions in the contract month.

(Delivery and Other Methods of Settlement)

Article 21 In the event that a customer requests a settlement by means of delivery of the actual securities with respect to the Foreign Securities Futures Transactions, an Association Member shall receive from the customer the securities appropriate for such delivery determined by the Executing Exchange, etc. by the date and time determined by the Association Member that is on or before the domestic corresponding date of the delivery procedure commencement date determined by the Executing Exchange, etc. Furthermore, the consideration for the delivered securities that must be delivered to the customer shall be paid to the customer without delay on or after the domestic corresponding date of the delivery date determined by the Executing Exchange, etc.

2. In the event that a customer requests a settlement by means of receipt of the actual securities with respect to the Foreign Securities Futures Transactions, an Association Member shall receive from the customer the consideration for the securities to be received on or before the domestic corresponding date of the delivery date determined by the Executing Exchange, etc. Furthermore, the securities to be delivered to the customer shall be delivered pursuant to the delivery method previously and agreed upon with the customer without delay on or after the domestic corresponding date of the delivery date determined by the Executing Exchange.
3. In the event that a customer exercises the right of the securities sale or purchase with respect to the Foreign Securities Option Transactions, an Association Member shall receive from the customer the securities or money to be delivered which is necessary for such exercise of right on or before the

domestic corresponding date on which the right will be exercised at the Executing Exchange. Furthermore, the securities or money to be delivered to the customer shall be delivered pursuant to the delivery method previously agreed upon with the customer without delay on or after the domestic corresponding date of the delivery date determined by the Executing Exchange, etc.

4. In the event that a customer receives an allocation of rights related to a sale or purchase of securities with respect to the Foreign Securities Option Transactions, an Association Member shall receive from the customer the relevant securities or money to be delivered so that the delivery can be made without interference on the delivery date determined by the Executing Exchange, etc. Furthermore, the securities or money to be delivered to the customer shall be delivered pursuant to the delivery method previously agreed upon with the customer without delay on or after the domestic corresponding date of the delivery date determined by the Executing Exchange, etc.
5. In the event that losses are incurred in connection with the Final Net Settlement or the net settlement related to the exercise of rights with respect to the Foreign Securities Futures Transactions, etc. of a customer, an Association Member shall receive from the customer the amount equivalent to such losses by the date and time determined by the Association Member that is on or before the fourth business day after the day on which the Association Member confirms the settlement price related to the settlement.
6. When gains have arisen in the case of the preceding Paragraph, an Association Member shall pay to the customer the amount equivalent to such gains without delay on or after the day on which the Association Member confirms the settlement price related to the settlement.
7. In the event that a customer makes a purchase in connection with the Foreign Securities Futures Option Transactions or the Foreign Securities Option Transactions, an Association Member shall receive from the customer the contract premium by the date and time determined by the Association Member that is on or before the fourth business day after the contract date.
8. In the event that a customer makes a sale in connection with the Foreign Securities Futures Option Transactions or the Foreign Securities Option Transactions, an Association Member shall pay to the customer the contract premium without delay on or after the contract date.

(Allocation of Open Interests, etc.)

Article 22 In the event that allocations of delivery settlement in connection with the Foreign Securities Futures Transactions of a customer need to be made among the customers who have unsettled accounts related to such Foreign Securities Futures Transactions, or that allocations to open interest on the selling side in connection with the exercise of the Foreign Securities Futures Option Transactions or Foreign Securities Option Transactions of the customer, an Association Member shall make the allocations in a fair manner that can eliminate arbitrariness.

(Confirmation of Intention Concerning Exercise of Rights, etc.)

Article 23 In the event that a customer does not give any notice of the exercise of rights prior to the end of notice period of the exercise of right related to the Foreign Securities Futures Option Transactions or the Foreign Securities Option Transactions, an Association Member shall comply with the rules of the Executing Exchange, if any, after confirming the customer's intention.

2. When the final transaction date of the Foreign Securities Futures Transactions, etc. of a customer approaches, an Association Member shall endeavor to confirm with the customer whether the customer intends to settle by resale or repurchase, to settle by delivery of actual securities, or to exercise the option rights.

(Measures to Be Taken in Case of Customer's Failure of Settlement, etc.)

Article 24 Whenever an Association Member deems it necessary in order to prevent a customer's failure of settlement, the Association Member may request the customer, in connection with the execution of the Foreign Securities Futures Transactions, etc. to confirm or deposit the securities in advance.

2. In the event that a customer does not deposit with or pay to an Association Member the margin to be deposited, the contract premium or any other money payable by the customer in connection with the Foreign Securities Futures Transactions, etc. at or before the designated time, the Association Member may, at its sole discretion, perform the resale, repurchase, final settlement or other transactions for the customer's account which are necessary to settle the Foreign Securities Futures Transactions, etc.
3. In the event that a customer delays delivering the securities which must be delivered to an Association Member in connection with the Foreign Securities Futures Transactions, etc. at or before the designated time, the Association Member may sell or purchase the relevant securities for the account of the customer.
4. In the event that an Association Member incurs losses pursuant to the preceding two Paragraphs, the Association Member may apply the money or securities held for the customer to compensate such losses. If such losses are not fully compensated, the Association Member may demand that the customer pay the shortfall.

CHAPTER V MISCELLANEOUS PROVISIONS

(Delivery of Notices, etc. Concerning Transactions)

Article 25 An Association Member shall send a notice concerning the relevant Foreign Securities Futures Transactions, etc. to all of its customers who have unsettled accounts related to the Foreign Securities Futures Transactions, etc. every month.

2. The notice prescribed in the preceding Paragraph must contain the issues, contract month, sale or purchase, transaction contract quantity, contract price or contract index, contract closing date and, with respect to the Foreign Securities Futures Option Transactions and the Foreign Securities Option Transactions, put or call and the right exercise price.

(Delivery, etc. Using Electromagnetic Methods)

Article 26 In substitution for the delivery of notice concerning the Foreign Securities Futures Transactions, etc. prescribed in the preceding Article, Paragraph 1, under the provision of the "Rules Concerning Handling of Documents Delivery, etc. through Electromagnetic Method" (hereinafter referred to as the "Electric Document Delivery Rules"), an Association Member may use methods employing electronic information processing systems or other information technologies to provide the matters to be recorded in the documents for the customers. In such a case, the Association Member shall be regarded as having submitted the following documents:

2. In substitution for the collection of the following documents, under the provision of the Electric Document Delivery Rules, an Association Member may use methods employing electronic information processing systems or other information technologies to collect the matters to be recorded in the documents. In such a case, the members shall be regarded as having collected the following documents:

- (1) Agreement; or

(2) Request in writing for the management as a hedging account as stipulated in Article 8.

(Preparation of Internal Rules)

Article 27 When conducting the Foreign Securities Futures Transactions, etc. under the Rules, an Association Member shall prepare internal rules on matters that are necessary for the purpose of proper execution, settlement, acceptance, etc. of such transactions.

SUPPLEMENTARY PROVISIONS [Omitted]

(Note) This rule is based on the July 2011 edition of the original Japanese text.

<p>This translation is solely for the convenience of those interested therein, and accordingly all questions that may arise with regard to the meaning of the words or expressions herein shall be dealt with in accordance with the original Japanese text.</p>
--