

RULES CONCERNING HANDLING OF SALE AND PURCHASE OF BONDS WITH OPTIONS

(April 7, 1989)

(Purpose)

Article 1 The purpose of the Rules Concerning Handling of Sale and Purchase of Bonds with Options (hereinafter referred to as “Rules”) is, in connection with the Sale and Purchase of Bonds with Options that is made over-the-counter by an Association Member, to prescribe the necessary matters on the publication of quotation of Option Price, conclusion of sale and purchase agreement, and method of transaction, etc. as well as to make the transaction fair and smooth, thereby contributing to the protection of investors.

(Definitions)

Article 2 In the Rules, the definition of the terms set forth in each of the following Items shall be as prescribed therein:

- (1) Sale and Purchase of Bonds with Options: A sale and purchase of bonds whereby either of the parties has the right to designate the delivery date (hereinafter referred to as the “Option”), and if the delivery date is not designated within the Exercise Period, the sale and purchase agreement of such bond is cancelled;
- (2) Option Price: An amount of money paid by an Option Holder to an Option Writer in consideration of the Option in the Sale and Purchase of Bonds with Options;
- (3) Option Holder: A person who holds the Option in the Sale and Purchase Bonds with Options;
- (4) Option Writer: A person who writes the Option to an Option Holder in the Sale and Purchase of Bonds with Options;
- (5) Call Option Holder: A person who is a purchaser of a bond and an Option Holder in the Sale and Purchase of Bonds with Options;
- (6) Call Option Writer: A person who is a seller of a bond and an Option Writer in the Sale and Purchase of Bonds with Options;
- (7) Put Option Holder: A person who is a seller of a bond and an Option holder in the Sale and Purchase of Bonds with Options;
- (8) Put Option Writer: A person who is a purchaser of a bond and an Option Writer in the Sale and Purchase of Bonds with Options;
- (9) At the Money: It means that the sale and purchase price of the issue is the same as the market price in the call or put option transaction;
- (10) Out of the Money: The sale and purchase price of the issue is higher than the market price in the call option transaction, or the sale and purchase price of the issue is lower than the market price in the put transaction;
- (11) Exercise Period: A certain period or a certain day when the Option Holder may exercise the option in the Sale and Purchase of Bonds with Options; and
- (12) Customer: A counterparty who is neither an Association Member nor a registered financial institution that is not a Special Member and conducts the dealing business of public bonds.

(Sale and Purchase)

Article 3 The Sale and Purchase of Bonds with Options shall be made by a negotiated transaction and all the rights in connection with such Sale and Purchase of Bonds with Options may not be transferred to or pledged to a third party.

(Publication of Quotation of Option Price)

Article 4 An Association Member who makes the Sale and Purchase of Bonds with Options must endeavor to publicize the quotation of the Option Price of yen-denominated bonds that have high liquidity in the over-the-counter market, and foreign currency-denominated bonds that are actively traded in a domestic OTC market as specified below, by an appropriate means such as displaying on its counter to the general investors:

(1) Sale and purchase volume

- (a) For yen-denominated bonds, the quotation shall be publicized for the transactions with its face value of approximately 5 billion yen; and
- (b) For foreign currency-denominated bonds, the quotation shall be publicized for the transactions with its yen-translated face value of approximately 2 to 3 billion yen.

(2) Sale and purchase price

For call or put transactions, the following two quotations at least shall be publicized: the quotation of the At the Money and the quotation of the Out of the Money in 0.5 yen per face value of 100 yen.

(3) Sale and purchase price of foreign currency-denominated bonds

- (a) For U.S. dollar-denominated bonds, similar to yen-denominated bonds, the following two quotations at least shall be publicized for call or put option transactions with the method pursuant to a foreign market practice such as 1/2 dollar per face value of 100 U.S. dollars: the quotation of the At the Money and the quotation of the Out of the Money; and
- (b) For non-US dollar foreign currency-denominated bonds, quotations shall be publicized that are similar to those for the U.S. dollar-denominated bonds.

(4) Exercise Period

The quotation with the following four Exercise Periods at least shall be publicized: the last day when the Option Holder may exercise the Option is one week, two weeks, one month, and two months from the contract date of the transaction; and

(5) Quotation unit of Option Price

The quotation shall be provided when an Association Member is the Option Writer or the Option Holder. The quotation unit of the Option Price is 0.01 yen per face value of 100 yen for yen-denominated bonds, and for foreign currency-denominated bonds, it shall be made in a method pursuant to a foreign market practice, such as 1/32 U.S. dollar per face value of 100 U.S. dollar.

(Level of Option Price)

Article 5 The Option Price must be reasonably calculated based on the market price of the issue at the time of a contract for the transaction, a sale and purchase price and the Exercise Period of the transaction, the price volatility of the issue, etc. If the bond is similar to the issue publicized pursuant to the preceding Article in terms of the issuer, coupon, and redemption period, etc, the Option Price must be reasonably based on the publicized quotation of the Option Price.

(Conclusion of Sale and Purchase Agreement)

Article 6 When an Association Member starts the Sale and Purchase of Bonds with Options, it must conclude a “Master Agreement on the Sale and Purchase of Bonds with Options” with the counterparty in advance and manage/retain such agreement.

2. In addition to the provision in the preceding Paragraph, every time the Sale and Purchase of Bonds with Options is contracted, an Association Member must conclude an “Individual Transaction Agreement concerning the Master Agreement on the Sale and Purchase of Bonds with Options” (hereinafter referred to as the “Individual Transaction Agreement”) with the counterparty. Provided, however, that if a “Letter of Consent concerning the Master Agreement on the Sale and Purchase of Bonds with Options” (hereinafter referred to as the “Letter of Consent”) is concluded with the counterparty, an Association Member may substitute an “Individual Transaction Statement concerning the Master Agreement on the Sale and Purchase of Bonds with Options” (hereinafter referred to as “Individual Transaction Statement”) for the Individual Transaction Agreement.

3. Notwithstanding the preceding Paragraph, an Association Member does not need to conclude the Individual Transaction Agreement or deliver the Individual Transaction Statement if all the requirements set forth in each Item below are fulfilled:

(1) The counterparty fulfills either of the following requirements:

- (a) The counterparty is a Professional Investor (prescribed in the provision of Article 2, Paragraph 31 of the Financial Instruments and Exchange Act (hereinafter referred to as “FIEA”) (excluding those who are regarded as customers other than the Professional Investor prescribed in the provision of Article 34-2, Paragraph 5 of the FIEA, and including those who are regarded as the Professional Investor prescribed in the provision of Article 34-3, Paragraph 4 of the FIEA (including the cases where it applies *mutatis mutandis* in Article 34-4, Paragraph 6 of the FIEA)); the same shall apply hereinafter); or
- (b) A Discretionary Investment Contract prescribed in the provision of Article 2, Paragraph 8, Item 12-(b) of the FIEA is concluded with an Association Member who conducts the Investment Management Business prescribed in Article 28, Paragraph 4 of the FIEA.

(2) An Association Member agrees with the counterparty in advance, in writing or via a means using information technology, that the Association Member does not need to conclude the Individual Transaction Agreement with or deliver the Individual Transaction Statement to the counterparty;

(3) An Association Member establishes a system to respond immediately to an inquiry on the details of the Sale and Purchase of Bonds with Options from the counterparty.

4. The Individual Transaction Agreement and the Individual Transaction Statement prescribed in the provision of Paragraph 2 shall include matters set forth in each Item below:

(1) Issue name (Regarding the pre-auction transaction of national government bonds, the fact that it is a pre-auction transaction and a scheduled redemption date shall be described, and the issue number shall be input after the auction date without delay);

(2) Sale and purchase volume;

(3) Sale and purchase price (Regarding the pre-auction transaction of national government bonds, the price shall be input after the auction date without delay);

(4) Whether it is a Call Option Holder or Call Option Writer, and Put Option Holder or Put Option Writer;

(5) Exercise Period;

- (6) A certain time on the last day of the Exercise Period prescribed in the provision of Article 14;
- (7) Option Price;
- (8) How to exercise the Option; and
- (9) Matters related to the delivery of the bond in cases where the Option is exercised.

5. If the conclusion of the Individual Transaction Agreement or the delivery of the Individual Transaction Statement is omitted pursuant to the provision of Paragraph 3, an Association Member shall confirm the matters set forth in each Item of the preceding Paragraph with the counterparty in a method agreed with such counterparty.

(Bonds Subject to Sale and Purchase)

Article 7 An Association Member shall handle the bonds set forth in each Item below in the Sale and Purchase of Bonds with Options:

- (1) National government bonds (national government bonds set forth in the provision of Article 2, Paragraph 1, Item 1 of the FIEA; the same shall apply hereinafter);
- (2) Municipal bonds (municipal bonds set forth in the provision of Article 2, Paragraph 1, Item 2 of the FIEA; the same shall apply hereinafter);
- (3) Debentures issued by a juridical person under a special act (securities set forth in the provision of Article 2, Paragraph 1, Item 3 of the FIEA; the same shall apply hereinafter);
- (4) Specified corporate bonds (specified corporate bonds set forth in the provision of Article 2, Paragraph 1, Item 4 of the FIEA; the same shall apply hereinafter);
- (5) Corporate bonds (corporate bonds set forth in the provision of Article 2, Paragraph 1, Item 5 of the FIEA excluding the bonds with stock subscription right; the same shall apply hereinafter);
- (6) Investment corporation debentures (investment corporation debentures set forth in the provision of Article 2, Paragraph 1, Item 11 of the FIEA; the same shall apply hereinafter); and
- (7) Bonds issued by a Foreign State or foreign person and having the same nature as prescribed in each Item above.

(Minimum Face Value for Sale and Purchase)

Article 8 When an Association Member conducts the Sale and Purchase of Bonds with Options, the minimum face value of such sale and purchase shall be 100 million yen or the value equivalent to 100 million yen for foreign currency-denominated bonds.

(Period)

Article 9 The period from the contract date of individual Sale and Purchase of Bonds with Options to the delivery date of the bond shall not exceed one year and three months.

(Payment/Receipt of the Option Price)

Article 10 A person who became the Option Holder as a result of the Sale and Purchase of Bonds with Options, shall pay the Option Price to the Option Writer by the fourth business day from the contract date, and the Option Writer shall deliver a receipt to the Option Holder.

(Exercise of the Option)

Article 11 When the Option Holder exercises the Option in the Sale and Purchase of Bonds with Options, the Option Holder shall notify the Option Writer of the delivery date of the bonds subject to such Sale and Purchase of Bonds with Options that is designated by such exercise.

2. The Option Holder may exercise the part of the option of the sale and purchase volume of the Sale and Purchase of Bonds with Options.
3. When exercising the option prescribed in the provisions of the preceding two Paragraphs, the Option Holder and the Option Writer shall exchange the “Confirmation of Exercise of Option of Sale and Purchase of Bonds with Options” without delay. Provided, however, that for the counterparty with whom the Letter of Consent has already been exchanged, such exchange of the confirmation may be replaced by the delivery of the “Statement of Exercise of Option of Sale and Purchase of Bonds with Options”.

(Offsetting)

Article 12 In a case where there is the Sale and Purchase of Bonds with Options that has already been contracted (hereinafter referred to as the “Previously Contracted Sale and Purchase of Bonds with Options”), if the Sale and Purchase of Bonds with Options that fulfills all the conditions set forth in each Item below (hereinafter referred to as the “Newly Contracted Sale and Purchase of Bonds with Options”) is contracted, an Association Member may offset the same amount of rights and obligations related to the Previously Contracted Sale and Purchase of Bonds with Options and the Newly Contracted Sales and Purchase of Bonds with Options after obtaining the consent of the counterparty:

- (1) The Call Option Holder in the Previously Contracted Sale and Purchase of Bonds with Options is the Call Option Writer in the Newly Contracted Sale and Purchase of Bonds with Options, and the Call Option Writer of the Previously Contracted Sale and Purchase of Bonds with Options is the Call Option Holder in the Newly Contracted Sale and Purchase of Bonds with Options; or the Put Option Holder in the Previously Contracted Sale and Purchase of Bonds with Options is the Put Option Writer in the Newly Contracted Sale and Purchase of Bonds with Options, and the Put Option Writer in the Previously Contracted Sale and Purchase of Bonds with Options is the Put Option Holder in the Newly Contracted Sale and Purchase of Bonds with Options;
- (2) Both in the Previously Contracted Sale and Purchase of Bonds with Options and in the Newly Contracted Sale and Purchase of Bonds with Options, the bonds subject to Sale and Purchase are the same issues;
- (3) Both in the Previously Contracted Sale and Purchase of Bonds with Options and in the Newly Contracted Sale and Purchase of Bonds with Options, the Sale and Purchase prices are the same;
- (4) Both in the Previously Contracted Sale and Purchase of Bonds with Options and in the Newly Contracted Sale and Purchase of Bonds with Options, the remaining Exercise Periods are the same; and
- (5) Both in the Previously Contracted Sale and Purchase of Bonds with Options and in the Newly Contracted Sale and Purchase of Bonds with Options, the Options are not exercised.

2. If the offsetting prescribed in the preceding Paragraph is executed, the “Confirmation for Offsetting the Sale and Purchase of Bonds with Options” shall be exchanged without delay. Provided, however, that for the counterparty with whom the Letter of Consent has already been exchanged, exchange of the confirmation may be replaced by the delivery of the “Statement of Offsetting Sale and Purchase of Bonds with Options”.

(Option Price)

Article 13 In the offsetting set forth in the preceding Article, an Association Member shall receive and pay

the Option Price both in the Previously Contracted Sale and Purchase of Bonds with Options and in the Newly Contracted Sale and Purchase of Bonds with Options, respectively, and net settlement shall not be made.

(Expiration of Option)

Article 14 In the Sale and Purchase of Bonds with Options, if the Option is not exercised by a certain time on the last day of the Exercise Period that is defined at the time of contracting the transaction, the contract on such Sale and Purchase of Bonds with Options shall be terminated.

(Receipt of Margin)

Article 15 When an Association Member becomes the Option Holder in the Sale and Purchase of Bonds with Options, the Association Member shall receive the margin from the counterparty. Provided, however, that if the counterparty is a Professional Investor, the Association Member shall not receive the margin.

2. The amount of the margin prescribed in the preceding Paragraph shall be at least the amount that is calculated by multiplying 5/100 by the face value and adding the amount equivalent to the Option Price, and that is defined by an Association Member who becomes the Option Holder.

3. An Association Member shall receive the margin prescribed in Paragraph 1 from the counterparty by noon of the third business day from the contract date.

(Receipt of Additional Margin)

Article 16 In a case where an Association Member is the Option Holder in the Sale and Purchase of Bonds with Options, if the counterparty incurs a book loss due to the fluctuation of the market, etc. and the Association Member believes it necessary, the Association Member shall receive the additional margin from the counterparty.

(Substitute for Margin)

Article 17 The margin prescribed in the preceding two Articles may be substituted by securities, etc.

2. The type of securities, etc. that may be used as a substitute for the margin are as follows, and the price to use it as a substitute shall not exceed the amount that is calculated by multiplying the market price of the securities on the previous day (reasonable and fair price or quotation) by the ratio set forth in each Item below:

- (1) Share certificates listed in a Financial Instruments Exchange Market of a domestic exchange (including foreign investment securities (those similar to Investment Securities issued by a foreign investment corporation), foreign depositary receipts (including securities that are set forth in the provision of Article 2, Paragraph 1, Item 20 of the FIEA and are depositary receipts indicating the right on share certificates issued by a foreign corporation), and preferred equity investment certificate (preferred equity investment certificate issued by the cooperative structured financial institution)); 65/100
- (2) National government bonds; 90/100
- (3) Municipal bonds (limited to the cases where a Wholesale Underwriting Contract was concluded by a financial instruments business operator that conducts the securities-related business (securities related business prescribed in the provision of Article 28, Paragraph 8 of the FIEA; the same shall apply hereinafter) at the time of issuance); 80/100
- (4) Debentures issued by a juridical person under a special act;
 - (a) Those of which redemption of the principal and the payment of interest are guaranteed by the

government;	85/100
(b) Others	80/100
(5) Specified corporate bonds;	80/100
(6) Corporate bonds listed in a Financial Instruments Exchange Market of a domestic exchange or corporate bonds issued by a company of which the share certificate is listed in a Financial Instruments Exchange Market of a domestic exchange (excluding corporate bonds issued by a foreign entity and limited to cases where a Wholesale Underwriting Contract was executed by a financial instruments business operator that conducts securities-related business);	
(a) Corporate bonds other than bonds with share options;	80/100
(b) Bonds with share options;	75/100
(7) Investment corporation bonds (investment corporation bonds listed in a Financial Instruments Exchange Market of a domestic exchange or investment corporation bonds issued by a company of which investment securities are listed in a Financial Instruments Exchange Market of a domestic exchange (limited to the cases where a Wholesale Underwriting Contract was executed by a financial instruments business operator that conducts securities-related business));	80/100
(8) Yen-denominated foreign national government bonds listed in a Financial Instruments Exchange Market of a domestic exchange;	80/100
(9) Yen-denominated foreign municipal bonds listed in a Financial Instruments Exchange Market of a domestic exchange;	80/100
(10) Yen-denominated bonds issued by International Bank for Reconstruction and Development;	85/100
(11) Yen-denominated bonds issued by Asian Development Bank;	85/100
(12) Yen-denominated bonds issued by a foreign entity excluding the issuer set forth in the preceding four Items, and listed in a Financial Instruments Exchange Market of a domestic exchange;	80/100
(13) Beneficiary securities of investment trusts or investment securities (limited to those that are listed in a Financial Instruments Exchange Market of a domestic exchange or of which market price on the previous day is publicized by the Investment Trusts Association);	
(a) Beneficiary certificates of bond investment trusts;	80/100
(b) Others	65/100
(14) US Treasury securities;	85/100
(15) Negotiable certificate of deposits (excluding those issued outside of Japan);	80/100
(16) Domestic commercial paper (promissory notes set forth in the provision of Article 2, Paragraph 1, Item 15 of the FIEA, or securities or certificates set forth in the provision of Item 17 of the same Paragraph, that have the nature of promissory notes set forth in Item 15 of the same Paragraph, and that are issued in Japan);	80/100

3. In a case where the currency of the bond subject to the Sale and Purchase of Bonds with Options differs from that of the margin received from the counterparty (in a case where the securities are received as a substitute for the margin, the currency of such securities), the price of the currency or securities to substitute for the margin shall not exceed the price that is calculated by multiplying the

substitute price in the same currency by 95/100.

4. When receiving the securities as a substitute for the margin pursuant to Paragraph 2, it is necessary to assess carefully the value of such securities as a margin, and an Association Member shall prepare/retain evidence materials and documents.

(Return of Margin)

Article 18 When an Association Member who is the Option Holder in the Sale and Purchase of Bonds with Options receives a request from the counterparty to return the margin in the following cases, the Association Member shall return the margin on or after the date prescribed respectively:

- (1) In a case where an Association Member exercises the Option against the counterparty;
The delivery date of the bond subject to the Sale and Purchase of Bonds with Options
- (2) In a case where the agreement on Sale and Purchase of Bonds with Options is terminated pursuant to the provision of Article 14;
Next business day of the last day in the Exercise Period:
- (3) In a case where the offsetting prescribed in the provision of Article 12 is conducted;
The fourth business day from the date when the confirmation document prescribed in the same Article, Paragraph 2 is exchanged.

(Investment Solicitation of Sale and Purchase of Bonds with Options)

Article 19 When an Association Member carries out the solicitation of the Sale and Purchase of Bonds with Options, the Association Member must endeavor to carefully consider the investment experience, investment objective, and financial capability, etc. of a customer who conducts the Sale and Purchase of Bonds with Options, and make a solicitation that meets the intentions and actual conditions of the customer.

(Preparation of Customer Card)

Article 20 An Association Member shall prepare a customer card (a customer card prescribed in the provision of Article 5, Paragraph 1 of the “Rules Concerning Solicitation for Investment and Management of Customer, etc. by Association Members”) for customers who conduct the Sale and Purchase of Bonds with Options.

(Transaction Commencement Standards)

Article 21 An Association Member must establish the Transaction Commencement Standards for the Sale and Purchase of Bonds with Options, and must not conduct the Sale and Purchase of Bonds with Options with customers who do not meet such criteria.

2. The Transaction Commencement Standards for the Sale and Purchase of Bonds with Options shall define the investment experience of the customer, assets deposited by the customer, and other matters that are deemed necessary by each Association Member, depending on the scale and business conditions of the Association Member.

(Delivery of Explanatory Document on the Sale and Purchase of Bonds with Options and Collection of Confirmation Document)

Article 22 When an Association Member is to conclude an agreement on Sale and Purchase of Bonds with Options with a customer, the Association Member shall deliver to the customer (excluding a Professional Investor; the same shall apply in the next Paragraph) an explanatory document that describes the summary of transaction, risk of loss associated with the transaction, and other matters customers should be aware of (excluding the cases where the explanatory document was delivered to the customer within one year

before the agreement is concluded (provided, however, that if the transaction is made within one year from the date when such explanatory document was delivered, execution of the agreement on such transaction may be regarded as the delivery of such explanatory document)), and make a full explanation of these matters to the customer.

2. When an Association Member commences the transaction prescribed in the preceding Paragraph with a customer, the Association Member shall obtain a confirmation on the Sale and Purchase of Bonds with Options from the customer in order to confirm that the customer conducts the transaction in its own judgment and responsibility.

(Prudent Use of Sale and Purchase of Bonds with Options)

Article 23 An Association Member shall manage the Sale and Purchase of Bonds with Options in a prudent manner depending on the scale and business conditions of the Association Member and shall always be careful not to conduct the business excessively.

2. An Association Member shall handle the balance of the Sale and Purchase of Bonds with Options as follows:

- (1) A Regular Member who conducts the Sale and Purchase of Bonds with Options as its business;
 - (a) Either of the total face value of bonds in the transaction where the Regular Member is a seller of the bond and the Option Writer (hereinafter referred to as the “Outstanding of Call Options Written”) and the total face value of bonds in the transaction where the Regular Member is a purchaser of the bond and the Option Writer (hereinafter referred to as the “Outstanding of Put Options Written”), which is larger, minus Option Prices received in connection with the Outstanding of Call Options Written and the Outstanding of Put Options Written shall not exceed the net assets value of the Regular Member;
 - (b) In spite of the provision in (a), if the Member manages a risk associated with the transaction in a reasonable method, the volume equivalent to such risk calculated by such method shall not exceed the net asset value of the Regular Member;
 - (c) In case of (b), the Regular Member shall in principle report the calculation method and formula to the Association and calculate the risk amount once a month using the same method.
- (2) Regular Member other than the Regular Members set forth in the preceding Item
It shall handle the outstanding volume in a way similar to the provisions of the preceding Item (a);
- (3) Special Member
Either of the Outstanding Call Options Written or the Outstanding Put Options Written, which is larger, minus Option Prices received in connection with the Outstanding Call Options Written and the Outstanding Put Options Written shall not exceed the net assets value of the Special Member.

3. If the Association determines that the method of calculating the risk prescribed in the provision of the preceding Paragraph, Item 1-(b) is not reasonable, it may require a correction.

(Prohibition of New Sale and Purchase of Bonds with Options)

Article 24 If a customer falls under any of the following conditions, an Association Member must not conduct a new Sale and Purchase of Bonds with Options with such customer, unless otherwise agreed with the customer:

- (1) The Association Member has an advance paid for the customer such as unsettled/undelivered amount in connection with the previously contracted Sale and Purchase of Bonds with Options;
- (2) The margin is not yet paid; and

- (3) The sale and purchase is judged inappropriate in light of the transaction conditions and other reasons.

(Extraordinary Transaction)

Article 25 An Association Member must not effect the Sale and Purchase of Bonds with Options that provide a financial benefit to a customer or a third party with the aim of compensating for the customer's loss or adding to his/her profit (hereinafter referred to as the "Extraordinary Transaction").

2. An Association Member shall be careful in a case where the Association Member makes transactions where the Association Member is both the holder and writer of a put or call option against the customer on the same day, and the customer has enjoyed a significant profit by the offsetting prescribed in the provision of Article 12, as such transaction may be the Extraordinary Transaction. In such cases, the Association Member must rigidly control such transactions by confirming the contract with the customer and retaining the record, etc.

(Preparation and Retention of Transaction Record)

Article 26 When an Association Member executes the Sale and Purchase of Bonds with Options, the Association Member must prepare immediately a trade slip, etc. of such orders that describes the time of contract, etc., and manage it properly by filing and retaining it.

(Establishment of Internal Rules)

Article 27 An Association Member shall establish the internal rules for proper contract processing in order to ensure the transparency and fairness of Sale and Purchase of Bonds with Options.

(Report on Status of Sale and Purchase, Etc.)

Article 28 An Association Member shall make a report to the Association on the status of Sale and Purchase of Bonds with Options using the prescribed form.

(Delivery, Etc. Through Electromagnetic Methods)

Article 29 In substitution for the delivery of the following documents under the provision of the "Rules Concerning Handling of Documents Delivery, Etc. through Electromagnetic Methods" (hereinafter referred to as the "Electromagnetic Document Delivery, Etc. 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, etc. the following documents:

- (1) Individual Transaction Statement prescribed in the provision of Article 6, Paragraph 2;
- (2) Receipt of Option Price prescribed in the provision of Article 10;
- (3) "Statement of Exercise of Option of the Sale and Purchase of Bonds with Options" prescribed the provision of Article 11, Paragraph 3;
- (4) "Statement of Offsetting the Sale and Purchase of Bonds with Options" prescribed in the provision of Article 12, Paragraph 2; and
- (5) Explanatory document prescribed in the provision of Article 22, Paragraph 1.

2. An Association Member may obtain matters that should be described in the confirmation document on the Sale and Purchase of Bonds with Options prescribed in the provision of Article 22, Paragraph 2 in a method using an electronic information processing organization or other means using

information technology as an alternative to obtaining such documents under the provision of the Electromagnetic Document Delivery, Etc. Rules. In such cases, the Association Member shall be deemed to obtain such confirmation documents.

(Agreement Through Electromagnetic Methods)

Article 30 An Association Member may conclude the agreements, etc. set forth below in a method using an electronic information processing system or other means using information technology as an alternative to the conclusion, etc. of the agreements in writing (hereinafter referred to as the “Conclusion, etc. of Agreements in Writing”). In such cases, the Association Member shall be deemed to make a Conclusion, etc. of Agreements in Writing:

- (1) “Master Agreement on the Sale and Purchase of Bonds with Options” prescribed in the provision of Article 6, Paragraph 1;
- (2) Individual Transaction Agreement prescribed in the provision of Article 6, Paragraph 2;
- (3) Letter of Consent prescribed in the provision of Article 6, Paragraph 2;
- (4) “Confirmation of Exercise of Option of the Sale and Purchase of Bonds with Options” prescribed in Article 11, Paragraph 3; and
- (5) “Confirmation for Offsetting of the Sale and Purchase of Bonds with Options” prescribed in Article 12, Paragraph 2.

2. In a case where an Association Member who concludes the agreement, etc. pursuant to the provision of the preceding Paragraph receives an inquiry from the counterparty on the details of the agreement, etc., the Association Member must provide the details of the agreement, etc. without delay in writing, orally, on the phone, in a method using an electronic information processing organization, or by other means to the counterparty who made such inquiry.

SUPPLEMENTARY PROVISIONS [Omitted]

(Note) These Rules are based on the version in effect as of January 1, 2015.

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
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