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Trading Manual

Foreign exchange margin trading
Precious metal margin trading

Foreign exchange options
Precious metal options

Stock index CFD
Individual stock CFD
Bond CFD
Other securities CFD
Commodity CFD
Domestic stock index futures
Overseas stock index futures
Overseas currency futures
Overseas interest futures
Overseas commodity futures

Foreign security trading

Document delivered before conclusion of a contract (for general account) | G50_20190820

This trading manual is as of August 20, 2019, and the previous versions are replaced with this trading manual. Please read this manual together with the latest trading contract. Latest trading manual and trading contract are available on our website. Please keep and read the trading manual, trading contract, other supplementary documents, information materials, information for renewal, etc.

Saxo Bank Securities Ltd.

SAXO BANK
THE SPECIALIST IN TRADING & INVESTMENT

This trading manual (hereafter the “Trading Manual”) is a document issued to customers by financial instruments business operators under Article 37-3 of the Financial Instruments and Exchange Act or by commodity futures traders under Article 217 of the Commodity Futures Act, describing risks and matters to keep in mind upon undertaking the following trading as well as the structure of trading, rules, etc. Please thoroughly read the Trading Manual upon undertaking such trading and contact the Administrative Department of the Company for any questions, etc.

1. Sales and purchase of securities, etc. stipulated in Article 2 Clauses 1 and 2 of the Financial Instruments and Exchange Act
   ・Foreign security trading
2. Market derivative trading stipulated in Article 2 Clause 21 of the Financial Instruments and Exchange Act
   ・Stock index futures (limited to those listed on a domestic financial instruments market)
3. Over-the-counter derivative trading stipulated in Article 2 Clause 22 of the Financial Instruments and Exchange Act
   Trading stipulated in Paragraph 1 of the same clause
   ・Foreign exchange margin trading
   Trading stipulated in Paragraph 2 of the same clause
   ・Stock index CFD, individual stock CFD, bond CFD, and other securities CFD
   Trading stipulated in Paragraph 3 of the same clause
   ・Foreign exchange options
4. Foreign market derivative trading stipulated in Article 2 Clause 23 of the Financial Instruments and Exchange Act
   ・Stock index futures, currency futures, and interest-rate futures (excluding those listed on a domestic financial instruments market)
5. Foreign commodity market trading stipulated in Article 2 Clause 13 of the Commodity Futures Act
   ・Overseas commodity futures
6. Over-the-counter commodity derivative trading stipulated in Article 2 Clause 14 of the Commodity Futures Act
   ・Commodity CFD, precious metal margin trading, and precious metal options

The original principal or profit is not guaranteed in the case of such trading (hereafter the “Trading” in “Important Matters Including Risks, etc.” below), and loss may occur as a result of price fluctuation, etc. of the trading target. Furthermore, you may gain a large amount of profit, while there is a risk to suffer from a large amount of loss in such trading. In the case of margin trading, the amount of loss may not be limited to but exceed the amount deposited with the Company. For this reason, in the case that a customer intends to begin or continue the Trading as well as associated trading in general, please fully study not only the Trading Manual but also the structure of trading and risks, and undertake such trading at the customer’s responsibility only if the customer determines it appropriate in light of the knowledge on the trading, experiences, resources, investment objectives, etc.

【Indication in the Trading Manual】

1. The Terms and Conditions shall mean the current terms and conditions prepared by the Company for each trading as well as associated trading in general including foreign exchange margin trading, foreign exchange options, stock index CFD, individual stock CFD, bond CFD, other securities CFD, commodity CFD, precious metal margin trading, precious metal options, domestic stock index futures,

overseas stock index futures, overseas currency futures, overseas interest-rate futures, overseas commodity futures, and foreign security trading.

2. Investment trust listed on an exchange is indicated as ETF (Exchange Traded Fund).
3. Listed investment securities (index-linked securities) are indicated as ETN (Exchange Traded Note).
4. Stock Index CFD transactions, Individual stock CFD transactions, Bond CFD transactions, and other securities CFD transactions are together referred to as securities CFD transactions.
5. The system for electronic trading provided by the Company to a customer is indicated as the platform.
6. US dollar, pound sterling, Australian dollar, Canadian dollar, New Zealand dollar, Singapore dollar, and Hong Kong dollar are indicated as USD, GBP, AUD, CAD, NZD, SGD, and HKD, respectively.
7. Domestic stock index futures, overseas stock index futures, overseas currency futures, overseas interest-rate futures, and overseas commodity futures are collectively indicated as futures.
8. Please refer to the corresponding section of the Trading Manual and "Chapter 6: Common Matters – [16] Glossary for Trading" for any unclear terms, etc.

Important Matters Including Risks, etc.

【1】Risks

■ Possible loss of the original principal

The Trading may generate profit from fluctuation of indices corresponding to the type of trading listed below, while it may generate loss.　Loss occurs when each index fluctuates to a direction unfavorable to the customer in comparison with beginning of each trading. Depending on the type of trading, loss or bearing of costs may occur due to currency swap, financing rate, overnight rate, carrying cost, borrowing rate, or dividend adjustment, etc. to be described later.

Type of trading	Index
Foreign exchange margin trading	Price for spot trading on the FX interbank market
Precious metal margin trading	Price for precious metals on the spot trading market of precious metals
Foreign exchange options	Price for foreign exchange options based on foreign exchange margin trading
Precious metal options	Price for precious metal options based on precious metal margin trading
Stock index CFD Stock index futures	Index or price on major stock exchanges in the world including Japan as follows ・Stock price index ・Price for ETF based on stock index (excluding leveraged one)
Individual stock CFD	Price for individual stocks and ETF on major stock exchanges in the world
Bond CFD	Price on major stock exchanges in the world as follows ・Bond price ・Price for bond-based ETF (excluding leveraged one)
Other securities CFD	・Price for ETF (excluding the above in this box) on major stock exchanges in the world ・Price for stock index futures, interest-rate futures, etc.
Currency futures	Price for currency futures on major future exchanges in the world
Interest-rate futures	Price for interest-rate futures on major future exchanges in the world
Commodity CFD Overseas commodity futures	Price for commodity futures on major future exchanges in the world
Foreign security trading	Price for securities such as stocks, ETC, ETN, etc. listed on major stock exchanges in the world

※ Price for CFD and ETF is linked with the price for the index, while is not completely the same.

※ Financial trading, financial instruments, indices, futures, commodity price, etc. as the index for price formation in each trading are called underlying assets for the relevant trading hereafter.

■ Risk of loss exceeding the original principal

In the case of the Trading (except buying in foreign exchange options and precious metal options, as well as foreign security trading), customers can trade in the amount larger than the clearing margin deposited with the Company; therefore, the amount of profit or less increases proportionally. If loss occurs due to reasons explained in the "possible loss of the original principal" and expands without settling the relevant trading, the amount of loss may exceed the amount of clearing margin.

■ Automatic loss cut
In the case of the Trading (except buying in foreign exchange options and precious metal options, as well as foreign security trading), the Company nullifies all orders before contract with its discretionary method and automatically offsets transactions with market order in regard to all open positions of the customer without notifying the customer in advance, if the usage rate of the clearing margin reaches a certain standard stipulated by the Company, including any valuation loss on the customer's position due to price fluctuation of the trading target. This is called an automatic loss cut. The customer is still responsible for any loss finalized due to the automatic loss cut. Depending on the timing, market environment, etc. when the order for automatic loss cut is executed, loss may be more than the amount of clearing margin deposited by the customer, resulting in an insufficient balance of the clearing margin. In this case, the customer is also responsible for the loss finalized due to such settlement. An automatic loss cut is executed by sub-account.
＊Trading for a customer is executed through the trading account the customer opens with the Company, while the trading account consists of multiple sub-accounts categorized by trading type. One of the sub-accounts designated by the Company is established as a main account and used for fund transfer, etc. between the customer and the Company. The Company mainly designates the sub-account for foreign exchange margin trading as the main account, but there are exceptions.

■ Compulsory settlement
For futures, the Company settles all or part of open positions for the customer's account at the Company's discretion regardless of the customer's intent, if the market value of each sub-account is below the maintained margin and the customer does not add necessary funds by the date and time stipulated by the Company or if the customer carries open positions after the final trading date stipulated by the Company. The customer is also responsible for loss finalized due to the relevant settlement.

■ Contract termination
In the case that the customer does not pay or deposit the necessary clearing margin by the given date and time, that other reasons for forfeiture of benefit of time are relevant under the Terms and Conditions, or that other reasons for contract termination stipulated in the Terms and Conditions are relevant, the Company may settle all or part of open positions of the customer under the condition that the customer suffers from loss. The customer is also responsible for loss finalized due to the relevant settlement.

■ Limit of valuation loss
When the valuation loss for the trading account (after offsetting the valuation profit) exceeds the amount equivalent to 100,000 EUR, the Company may transfer the valuation loss to

realized loss by settling all or part of open positions within the trading account. The Company independently makes a judgement relating to the relevant processing and determines the processing method; however, it will notify the customer in advance if such processing is taken. The customer is also responsible for loss finalized due to the relevant processing.

■ Settlement deadline, etc.
The delivery month, final sales and purchase date, settlement date, and settlement value for stock index CFD, bond CFD, and commodity CFD with futures as underlying assets shall be according to the delivery month, final sales and purchase date, settlement date, and settlement value of the underlying assets. The final trading date in futures shall be independently stipulated by the Company based on the final sales and purchase date stipulated by each exchange. Therefore, please note that the final sales and purchase date, etc. at the local time stipulated by the exchange is not always the final trading date or final settlement deadline. In the case of stock index CFD, individual stock CFD, bond CFD, and other securities CFD without futures as underlying assets, there is no settlement deadline such as the final settlement date in principle. However, the settlement deadline may be established in the case of rights handling, etc. for stock merge, stock division, etc. or in the case that the settlement deadline becomes necessary for the Company. Rights in the case of foreign exchange options and precious metal options may be exercised only on the expiration date (maturity date) stipulated in advance.

■ Liquidity
The market where the trading target and underlying assets are traded is influenced by various factors including economic and political circumstances in each country in the world, regulations, accidents, natural disaster, disputes, political turmoil, supply demand relationship, trend of other financial markets, etc. Depending on changes in these situations, market liquidity may decrease, making it difficult or impossible to settle new trading or open positions. Attention is required particularly in the case of currency with a small trading volume in foreign exchange margin trading as well as of selling order for individual stock CFD (both new and settlement).

■ System
Order placement, execution, confirmation, cancellation, etc. may not be possible temporarily or for a certain period due to defects, etc. in the system relating to the trading (communication lines, communication devices, computers, software, etc. of the customer, the Company, and cover transaction partner [to be described later; excluding futures and foreign security trading] or of the agency and exchange, communication company, provider, etc. in regard to futures and foreign security trading.)

■ Order
1. "Stop order (market order)" or "stop order" is executed as market order when the price of the trading target reaches the named price; therefore, the named price may be different from the contract price. This might cause the loss at the time of settlement to exceed the amount intended by the customer.
2. "Stop order (limited price)" or "stop limit order" is executed as limit order when the price of the trading target reaches the named price; therefore, may not be contracted which may

make it impossible to settle as intended by the customer.
＊Please refer to “Chapter 6: Common Matters – [3] Order Method” for details.

■ Mode of trading
Trading other than futures and foreign security trading is negotiated between the customer and the Company (negotiated trading), and the customer’s order is executed with the Company as the counterparty (such trading is called “over-the-counter trading” hereafter.) Mediation to an exchange does not occur in the case of over-the-counter trading. However, the Company automatically conducts each cover transaction with the following agent to offset the risk arisen from trading with the customer.
Saxo Bank (100% parent company of the Company; English name: Saxo Bank A/S)
・Main business: Provision of financial derivative trading service
・Location of main office: Copenhagen, Kingdom of Denmark
・Supervisory agency: Danish Financial Supervisory Authority
For futures and foreign security trading, the Company mediates the order entrusted by the customer to Saxo Bank, and the agent mediates the customer’s order to the exchange of which it is a member or acts on behalf of the customer (hereafter “mediation, etc.”), or in the case that the agent is not a member of the exchange, further mediates the entrusted order to a member of the exchange.

■ Cover transaction
Cover transaction is defined in Article 94 Clause 1-1 of the Cabinet Office Ordinance on Financial Instruments Business, etc. or Article 105 Clause 1-1 of the Ordinance for Enforcement of the Commodity Futures Act. While the Trading (excluding futures and foreign security trading) is negotiated between the customer and the Company, it requires conclusion of a corresponding cover transaction.

■ Credit status
Return of the customer’s assets such as the clearing margin may be delayed or difficult causing possible loss for the customer, due to deterioration, etc. of the business and financial situation of the Company, Saxo Bank (cover transaction partner or agent), the member of an exchange or the exchange to which Saxo Bank mediates in regard to futures or foreign security trading, or the financial institution to which the Company entrusts and deposits. Laws, ordinances, regulations, etc. governing Saxo Bank, the member of an exchange to which Saxo Bank mediates, or the cover transaction partner at the exchange may also have an influence.

【2】Fees, etc. and other matters

■ Fees for opening and maintaining the trading account
Fees to open the trading account as well as fees relating to maintenance are both free.

■ Fees relating to trading

① Foreign exchange margin trading

Fees vary depending on the trading course (standard or active trader).

- Standard: Free regardless of selling/buying or new/settlement.
- Active trader: A certain rate is multiplied with the trading amount to determine the fees, and is charged respectively to new/settlement. Fee rates are established by stage as follows. If the total monthly fee paid in the case of Stages 2 and 3 does not reach the standard amount, the difference shall be additionally collected. Fees arisen for an active trader of precious metal margin trading are added to calculate this total monthly amount. The customer selects the stage in advance, which is applicable by month. Changes in stages take effect on the first day of the following or later month, and it is not possible to change stages in the middle of a month (except the time when there are unavoidable reasons for the Company or the customer). There is no minimum charge.

Stage	Fee rate	Monthly standard amount
1	0.003%	0 JPY (free)
2	0.002%	60,000 JPY
3	0.001%	200,000 JPY

② Security CFD

- Stock index CFD without ETF as underlying assets

  Fees are free regardless of selling/buying or new/settlement.

- Security CFD other than above

  Fees obtained with the “trading amount x fixed fee rate” or “trading quantity x fixed amount” shall be charged respectively to new/settlement. If the total fee amount does not reach the minimum fee stipulated by the Company, however, the minimum fee shall be collected in lieu of fees. The fee rate and amount or the minimum fee vary depending on the exchange or brand; therefore, please be sure to confirm on the platform upon trading. Examples in the case of individual stocks listed on representative exchanges are indicated below.

Exchange	Fee	Minimum fee
Tokyo Stock Exchange	Trading amount × 0.2%	500 JPY
Hong Kong Exchanges and Clearing	Trading amount × 0.3%	90 HKD
Singapore Exchange	Trading amount × 0.3%	17 SGD
London Stock Exchange	Trading amount × 0.2%	8 GBP
New York Stock Exchange	Trading amount × 0.025 USD	10 USD
NASDAQ		

③ Foreign exchange options and commodity CFD

Fees are free regardless of selling/buying or new/settlement.

④ Precious metal margin trading

Fees vary depending on the trading course (standard and active trader).

- Standard: Free regardless of selling/buying or new/settlement. If an order less than the trading quantity stipulated by the Company is contracted, however, the minimum charge equivalent to 10 USD per trading (one-way) shall be charged regardless of the quantity.
- Active trader: Same as "① foreign exchange margin trading." Fees arisen from the active trader of foreign exchange margin trading shall be added to calculate the total monthly fee amount.

⑤ Precious metal options

Fees are free regardless of selling/buying or new/settlement. If an order less than the trading quantity stipulated by the Company is contracted, however, the minimum charge equivalent to 10 USD per trading (one-way) shall be charged regardless of the quantity.

⑥ Futures

Fees for selling/buying and fees to the exchange are charged respectively for new/settlement. Fees for selling/buying are stipulated by order unit of each settlement currency. If the total fee amount does not reach the minimum fee stipulated by the Company, however, the minimum fee shall be collected in lieu of fees. The example in the case that the settlement currency is USD is as follows.

- Trading fees shall be 6 USD per order unit with a minimum fee of 10 USD. Thus, fees shall be 10 USD for one order unit and 12 USD for two order units.

Fees to the exchange are stipulated by the exchange and vary by brand. For example, fees shall be 1.46 USD per unit for gold futures at the New York Board of Trade. Please be sure to confirm individual trading fees, minimum fees, and fees to the exchange as they are listed on the platform.

⑦ Foreign security trading

Fees obtained with the "trading amount x fixed fee rate" or "trading quantity x fixed amount" shall be charged per trading. If the total fee amount does not reach the minimum fee stipulated by the Company, however, the minimum fee shall be collected in lieu of fees. Also, maximum fee may be set, or extra costs may be borne such as fees to the exchange, etc. The following exchanges are available for the Company to trade; however, the fee rate and amount or the minimum fee and the maximum fee may vary depending on the exchange or brand; therefore, please be sure to confirm on the platform upon trading.

Exchange	Fee	Minimum fee	Maximum fee
New York Stock Exchange	Trading amount × 0.2%	5 USD	15 USD
NASDAQ			
NYSE Arca			
NYSE American			
London Stock Exchange	Trading amount × 0.1%	8 GBP	Not set

Euronext Paris Deutsche Börse AG	Trading amount × 0.1%	12 EUR	Not set
Stock Connect (Shanghai/Shenzhen)	Trading amount × 0.15%	40 offshore RMB	Not set
Hong Kong Exchanges and Clearing	Trading amount × 0.25%	40 HKD	Not set

■ Spread

There is a spread (price difference) between the selling price and buying price in the case of the Trading (excluding futures and foreign security trading), and the buying price (ask or offer) for the customer is higher than the selling price (bid) for the customer. Depending on the situation such as sudden fluctuation of the price for the trading target in the Trading, low liquidity, etc., the spread may expand or the price itself cannot be presented; therefore, trading intended by the customer may not be possible.

*When the buying price and selling price are shown to the investor at the same time, is called a 2-way price.

■ Swap points

Receipt or payment of swap points occurs if open positions are carried over to the following day in the case of foreign exchange margin trading and precious metal margin trading. Swap points are linked with the interest rate of the currency as the trading target, lease rate of precious metals, etc., and vary depending on combination of currencies or precious metals. Payment is usually more than receipt, or receipt may turn into payment due to fluctuation of interest rate or lease rate. Please confirm the actual swap points on the platform.

■ Financing rate

In foreign exchange margin trading and precious metal margin trading, receipt or payment of the financing rate occurs when open positions with valuation profit or loss are carried over to the following day. Valuation profit results in receipt and valuation loss results in payment in principle; however, payment is more than receipt. The relevant interest rate is linked with the short-term market rate, and receipt may be zero even with valuation profit in some cases. Please confirm the actual financing rate on the platform.

■ Overnight rate

In security CFD (excluding trading with delivery month as underlying assets), receipt or payment of the overnight rate occurs when open positions are carried over to the following day. Long positions result in the customer's payment and short positions results in the customer's receipt in principle. However, the overnight rate fluctuates depending on the interest rate of the currency as the underlying assets relating to the relevant positions, London Interbank Offered Rate, etc. as the basis (hereafter the "interest rate level"), and the customer's payment may result even with short positions in some cases. The overnight rate is subtracted from the clearing margin deposited in the case of the customer's payment and is added in the case of receipt. Please confirm the actual overnight rate on the platform.

■ Carrying costs

In trading with delivery month as well as CFD with delivery month as underlying assets, payment of carrying costs occurs in the case that open positions are carried over to the following day. While carrying costs fluctuate depending on the clearing margin of the underlying assets relating to the relevant open positions as well as on the interest rate level, one example of calculation is as follows.

- Clearing margin: 5,500 USD
- Carry-over period: 5 days
- USD LIBOR: 1.00%
- Additional interest: 1.50%
- Carrying costs: 5,500 USD x 5 days x annual rate 2.50% (1.00%＋1.50%) ÷ 360 days (or 365 days) = 1.91 USD

Carrying costs are subtracted from the clearing margin deposited. Please confirm the actual carrying costs on the platform.

■ Borrowing rate

In security CFD (excluding trading with delivery month as underlying assets), payment of borrowing rate may occur in the case that short positions are carried over to the following day. The borrowing rate fluctuates depending on the interest rate level as well as on the supply demand relationship of the relevant brand and is subtracted from the clearing margin deposited. Please confirm the brands that incur the borrowing rate on the platform.

■ Dividend adjustment, etc.

In security CFD (excluding trading with delivery month as underlying assets), receipt or payment of dividend adjustment, etc. may occur in regard to open positions. Short positions result in the customer's payment and long positions result in the customer's receipt. Dividend adjustment, etc. is subtracted from the clearing margin deposited in the case of the customer's payment or is added in the case of receipt. Please confirm the actual dividend adjustment, etc. on the platform.

■ Foreign exchange costs

All of the Trading shall be settled in JPY; therefore, trading of a brand in a foreign currency is influenced by the foreign exchange market in regard to foreign exchange costs of trading profit or loss, trading value, fees, etc.

■ Clearing margin

A clearing margin needs to be deposited to undertake the Trading (except foreign security trading). The amount of clearing margin is calculated with the formula stipulated by the Company based on the price fluctuation rate, etc.; however, in the case of futures, it will be the amount separately stipulated by the Company based on the amount of margin stipulated by the exchange. The clearing margin is accepted in JPY only, and securities or foreign currencies are not acceptable. The necessary clearing margin varies depending on brands, etc., or may be changed due to the trading situation, economic circumstances, changes in the system of the exchange or in laws, ordinances, and various regulations, or as determined by the Company. Thus, additional deposit, etc. of a clearing margin may be required. Please confirm the necessary clearing margin on the website of the Company or on the platform.

■ Management of the clearing margin

The clearing margin and security trading value deposited by customers are managed by money trust with JSF Trust and Banking Co., Ltd. (1-2-4 Nihonbashi Kayaba-cho, Chuo-ku, Tokyo) separately from properties specific to the Company. The relevant money trust is not meant to guarantee the original principal deposited by the customer, but to preserve the amount equivalent to the fair market value.

■ Cooling-off

The contract relating to an order may not be cancelled (cooling-off) after the customer executes the relevant order.

Corporate Information (Financial Instruments Trader / Commodity Futures Trader)

Trade name	Saxo Bank Securities Ltd.
Types of financial instruments business operators	Type 1 and Type 2
Registration number	Kanto Finance Bureau Chief (Kinsho) No. 239
Permit of commodity futures traders	Ministry of Economy, Trade, and Industry and Ministry of Agriculture, Forestry, and Fisheries
Location	Toranomon Kotohira Tower 22F, 1-2-8 Toranomon, Minato-ku, Tokyo 105-0001
Affiliation with self-regulatory organization	Japan Securities Dealers Association, Financial Futures Association of Japan, Commodity Futures Association of Japan
Affiliation with investor-protection fund	Japan Investor Protection Fund ＊Trading handled by the Company is not covered by the Japan Investor Protection Fund except foreign security trading and domestic stock index futures.
Capital	300,000,000 JPY
Main business	Financial instruments trading, commodity futures trading
Incorporation year/month	April 2006
Business hours	From 9AM to 6PM on weekdays except Saturdays, Sundays, and holidays in principle
Contact	TEL: 0120-007-390 Email: info@saxobank.co.jp
Website	https://www.home.saxo/ja-jp/
Handling of complaints	The Company accepts complaints from customers at the following department. ・Department: Sales Department ・TEL and Email: Same as above ・Business hours: Same as the business hours of the Company
Resolution of complaints and disputes	The Company attempts to resolve claims and disputes relating to businesses including financial instruments trading, etc. by utilizing the specified non-profit organization “Financial Instruments Mediation Assistance Center (FINMAC)” as the designated dispute settlement body for contracts by the Company (as stipulated by the Financial Services Agency Commissioner under the Financial Instruments and Exchange Act) in regard to measures to handle claims and resolve disputes by the Company. ・TEL: 0120-64-5005 ・URL: https://www.finmac.or.jp/html/form-soudan/form-soudan.html ・Tokyo Office: Daisan Shoken Kaikan, 2-1-13 Nihonbashi Kayaba-cho, Chuo-ku, Tokyo 103-0025 (After April 1, 2017: Daini Shoken Kaikan, 2-1-1 Nihonbashi Kayaba-cho, Tokyo 103-0025) ・Osaka Office: Osaka Heiwa Building, 1-5-5 Kitahama, Chuo-ku, Osaka-shi, Osaka 541-0041

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*Table of Contents has been added for your convenience. It has no impact on the content of contract.

Chapter 6 Common Matters

Chapter 6 explains about matters common to trading explained in Chapters 1 to 5 (FX, MX, options, CFD, futures, and foreign security trading) (some explanation specific to each trading is also included). These are collectively referred to as the “Trading” in Chapter 6.

【1】Platform

The Company mainly engages in online trading on the system utilizing the Internet. Order or referral by way of meeting, telephone, FAX, email, etc. is not accepted in principle.

1. Types of platform

Two types of platforms are available for online trading as follows, to accommodate various usage environments. They can be used with the same user ID and password for different situations like home, outside of home, etc. When a system failure occurs on one platform, the other may not be influenced; therefore, please maintain the condition to be able to use either platform at the customer’s responsibility.

■SAXOTRADER

Proprietary software is installed on the customer’s computer in advance. Since the data volume per transaction is small, response is quick, and functionality is still high. Exclusive software can be downloaded from the website of the Company.

■SaxoTraderGO

Proprietary software does not need to be installed. Trading is possible in an environment that can be connected to the Internet with a device including computers, tablets, and smartphones.

＊Please confirm the support status of the operating system, etc. on the website of the Company.

2. Matters to be noted

- It is possible to login to the platform anytime in principle including the time during roll-over processing and holidays. However, log-in may not be possible during system maintenance, etc. System maintenance may occur without notice.
- If incorrect combination of user ID and password is entered for a certain number of tries, no more attempts can be made (locked condition). To release the locked condition, it is necessary to contact the Company.
- If security-related software is used, connection may not be possible depending on its setting and it may be necessary to change the setting.
- Reports, etc. on trading are electronically issued on the platform.
- Options are available only with SAXOTRADER.
- Customers are responsible to prepare a communication device, contract, etc. necessary for Internet connection.

【2】Clearing Margin and Trading Value

1. Deposit of a clearing margin or trading value

It is necessary to deposit cash in the amount of the clearing margin or more stipulated by the Company to place order in margin trading such as FX, or the trading value in the case of buying order in options and foreign security trading.

Currency of the clearing margin and trading value (hereafter the “deposit” collectively) is limited to JPY, and foreign currencies, securities, etc. are not acceptable. The deposits do not earn interest.

1-1. First deposit amount

The first deposit amount is the minimum amount to deposit with the Company for the first time after opening the trading account. The first deposit amount is 100,000 JPY. If any amount less than this amount is deposited, the amount stipulated by the Company is to be deposited by the stipulated date and time in principle, or all of the deposited amount is to be returned; however, the Company may handle each case differently considering the customer’s situation, etc.

2. Necessary margin and necessary margin rate

2-1. Foreign exchange margin trading, precious metal margin trading, options, and each CFD

The minimum clearing margin required for new positions is called a necessary margin which is established at a certain rate on the trading amount (hereafter the “necessary margin rate”). The necessary margin rate varies by account category (individual or corporation) or by individual brand, to be determined and changed as necessary by the Company based on liquidity and price fluctuation of the brand or under laws, ordinances, etc. as well as under regulations, etc. by self-regulatory organizations. Basic rules include the following.

①Foreign exchange margin trading by a corporation

The Company establishes the necessary margin rate to ensure that it is not below the exchange risk rate assumed for each currency pair calculated by the Financial Futures Association of Japan. The assumed exchange risk rate is calculated by using the quantitative calculation model stipulated in Article 117 Section 27-1 of the Cabinet Office Ordinance on the Financial Instruments Business, etc., to be recalculated every week. The Company establishes the rate for the currency pair not handled by the Association to ensure that it is not below the rate calculated with almost the same method by using data of the Company.

②Foreign exchange options and precious metal options

The necessary margin rate is required only in the case of selling order. For both foreign exchange options and precious metal options, the amount of necessary margin is obtained with the same method to calculate the margin money in the case of holding open positions of the currency pair or precious metal pair as the underlying assets. The regulation of ① is not applicable.

③Trading other than the above

The necessary margin rate is established at 4% to 20% of the trading amount depending on liquidity and price fluctuation of the brand at ordinary times.

2-2. Stock index futures, currency futures, interest-rate futures, and overseas commodity futures

There are two types of clearing margin for futures: necessary minimum margin required for new positions and maintenance margin required to maintain the positions. Both are stipulated as a certain amount by brand instead of a rate. These clearing margins are determined based on liquidity and price fluctuation of the brand as well as under stipulations on futures or various laws, ordinances, regulations, etc.; therefore, may be changed due to such fluctuation, changes, etc. They may also be changed at the sole discretion of the Company.

＊The necessary margin and maintenance margin are independently stipulated by the Company based on the clearing margin stipulated by a future exchange. Customers are to observe the margin money system stipulated by the Company instead of the margin money system of the relevant exchange.

2-3. Matters to be noted on changes in the necessary margin rate

The Company notifies any changes in the necessary margin rate on the platform within the possible scope or on the website of the Company, by email, etc. If a customer carries open positions or begins trading, please confirm the latest information at all times. When the necessary margin rate is raised in particular, the open positions may become the target of automatic loss cut as a result. If it is difficult to constantly confirm this, please proceed with trading by giving some leeway to the clearing margin.

In the event of market confusion or possible market confusion due to changes in the political or economic circumstances, etc., the necessary margin rate may be changed at the last minute or without notice. In such case, please fully pay attention to risk management by adding the clearing margin or reducing the open positions.

3. Handling of swap points (limited to foreign exchange margin trading and precious metal margin trading)

When unsettled positions are carried over with roll-over processing, any swap points to be received are added to the clearing margin, and any swap points to be paid are subtracted from the clearing margin. Swap points to be received may also be withdrawn within the scope stipulated by the Company. Please refer to "6. Return of a Clearing Margin" for details.

4. Handling of overnight rate, carrying costs, dividend adjustment, etc., and borrowing rate

Overnight rate, carrying costs, dividend adjustment, etc., and borrowing rate are calculated when unsettled positions are carried over with roll-over processing in CFD (handling may be different depending on underlying assets). In the case of payment by a customer, it is subtracted from the clearing margin on a monthly basis in principle.

5. Calculation of net assets and usage rate of margin money

Net assets are obtained by comprehensively calculating the clearing margin by sub-account, fair market valuation of profit or loss in unsettled positions, profit or loss in settled positions, fees, minimum charge, etc. in the case of the Trading, and are presented on the platform. The rate of necessary margin money to net assets is calculated as follows. This rate is called the usage rate of margin money.

・Usage rate of margin money = necessary margin money ÷ net assets x 100

The automatic loss cut kicks in when the usage rate of margin money reaches a certain level; therefore, it is necessary to constantly maintain the condition lower than that level in order to maintain the open positions. Here is the simple explanation: In the case of 100,000 JPY of necessary margin money and 150,000 JPY of net assets, the usage rate of margin money is $10 \div 15 \times 100 \fallingdotseq 66.7\%$. If the market subsequently moves against expectation resulting in valuation loss, net assets decrease and the usage rate of margin money increases. On the other hand, if the market moves as expected resulting in valuation profit, net assets increase and the usage rate of margin money decreases. In this case, it is possible to add open positions as long as the valuation profit exceeds the necessary margin money. Net assets are calculated almost in real-time (approximately 3 to 5 times per minute).

6. Return of the deposit

When the Company receives a request from the customer to return an excessive deposit, the return procedure shall be taken according to the stipulation of Terms and Conditions. The possible amount of return is calculated by sub-account and will be the following in principle. In the case of security CFD, the rules stipulated in #7 below shall be applicable as a priority.

①If the calculated valuation of profit or loss in open positions turns to be profit, the amount of net assets subtracted by the amount of valuation profit or loss and necessary margin money (including the margin money required to execute the long positions, in the case that long positions are carried in foreign exchange options and precious metal options; the same shall apply in ②)

②If the calculated valuation profit/loss in open positions turns to be loss, the amount less than net assets subtracted by the necessary margin money

③If there is no open position, the amount of net assets

④If the buying order of options or foreign securities are placed, the amount subtracted by the amount of proceeds required for the relevant buying

In ②, the stipulation of "the amount less than….." is for the purpose of avoiding execution of automatic loss cut on the unsettled positions as a result of returning the clearing margin. Net assets change due to the market fluctuation when there are unsettled positions; therefore, please pay full attention to these issues upon calculation of the requested amount. Customers shall also agree on the following rules in advance.

①The clearing margin may be returned only from the main account. It is possible to transfer funds among all sub-accounts.

②If the amount to request return of a clearing margin exceeds the amount that can be returned at the disbursement deadline, the Company shall not make any returns.

③If the balance of the clearing margin in the trading account goes below 1,000 JPY as a result of returning the clearing margin, the Company shall take a return procedure to make the balance zero regardless of the requested amount. If it is necessary to transfer funds among sub-accounts in this case, the Company shall make such fund transfer without notifying the customer.

④In the case that any costs, etc. are due to the Company by the customer and that return of the clearing margin results in the balance of the clearing margin in the trading account to go below the relevant amount, the Company shall return the requested amount subtracted by such balance.

⑤The amount of return per business day shall not exceed 200,000,000 JPY in principle regardless of the requested amount of return or the amount that can be returned. Thus, if both the requested amount of return and the amount that can be returned exceed 200,000,000 JPY, such return may be made in installments, and the date when return is completed varies depending on the requested amount of return or the amount that can be returned. However, the Company may make a return that exceeds 200,000,000 JPY at its own discretion. In the case of return in instalments, the schedule shall be notified to the customer in advance.

7. Rules on security CFD

In the case of security CFD, overnight rate, carrying costs, dividend adjustment, etc., and borrowing rate may occur; therefore, customers shall agree on the following rules in advance.

①During three months starting from the final trading date of these products, the amount equivalent to 10% of net assets as of the final trading date shall be maintained as the clearing margin.

8. Method to store the deposit

The Company stores all money entrusted by customers separately from properties specific to the Company, under the trust contract (money trust) executed with JSF Trust and Banking Co., Ltd. The target of this trust custody shall be legally preserved even if the Company goes bankrupt, etc.

＊The relevant trust custody does not guarantee the original principal of the money deposited.

【3】Ordering Method

1. Mode of order

Customers give instruction for order by using the platform provided by the Company to customers. To give instruction, please accurately enter items specified on the platform. Orders may not be instructed depending on the condition of trading environment such as the time of low liquidity even within the available trading time.

2. Order types and features

Available order types and the respective features are indicated in the following table. Available order types vary depending on the platform, trading course and type, brand, mode of order, etc.; therefore, please be sure to confirm on the platform or inquire the Company prior to trading.

＊Features of each order are explained on the premise of a normal market environment. If the market environment is in an abnormal condition such as rapid price fluctuation and significant decrease in liquidity, results different from explanation may occur.

＊Order types and features may be changed without notice.

＊Terms used in the following table may not be consistent with the terms used on the order screen. Please be sure to inquire the Company of any questions in advance.

2-1. Order by clicking 2-way price button

<table>
<tr><th>Indication or name
Button color</th><th>Feature</th></tr>
<tr><td>Market order
(with slippage setting)
Red/blue</td><td>With this order method, the buying order button is indicated in red or red frame and selling order button in blue or blue frame (*1). By clicking the button, system operates to conclude a contract at the price indicated at that point. However, no order or only partial order may be contracted depending on the price trend and liquidity. If this is the case, the order portion not contracted is immediately cancelled (*2). Customers may set up slippage within the permitted scope in advance on their own. Order is contracted within the scope even if an unfavorable slippage occurs, while it is not contracted beyond the scope. The permitted scope can be set at zero, so that an unfavorable slippage is not allowed. It may also be allowed without limit, and the order is executed as market order in this case, while the effective time is three seconds. Favorable slippage is automatically allowed without limit.
＊1: In the case of initial setting. Certain changes are allowed.
＊2: This order method is called IOC order. IOC means “Immediate Or Cancel Order.” The case of setting the permitted scope of slippage may be called limit IOC and not setting the permitted scope, market IOC.</td></tr>
<tr><td>Green</td><td>With this order method, both the selling order button and buying order button are indicated in green under a tradable condition. By clicking the button under this condition, all orders are contracted at the price indicated at that point or no order is contracted. Slippage does not occur. The color of the button may change, meaning the following.
<table><tr><th>Background</th><th>Meaning and note</th></tr><tr><td>Yellow</td><td>The indicated price is for reference only, meaning that it is difficult to conclude the trading because of a minor brand, large order quantity, etc. When market order is executed, it is highly likely that the order is contracted at a level different from the indicated price; therefore, please be sure to confirm the current market price in advance upon trading.</td></tr><tr><td>Purple</td><td>The indicated price is not reflecting the current market price, meaning that it is after trading hours and not updated or that it is a delayed price. If market order is executed during indication of purple, it is highly likely that the order is contracted at a level different from the indicated price; therefore, please pay full attention.</td></tr></table>＊The current market price means the price at which financial instruments, etc. as the trading target are actual traded. A delayed price means the price distributed after a certain time period (such as 15 minutes or 20 minutes) from the actual trading. On the other hand, the price immediately distributed without delay is called real-time price.</td></tr>
</table>

2-2. Order by order ticket

Indication or name	Feature
Market order	It is a method to order without stipulating a contract price or expiration. In case of 2-way price, a customer sells at bid and buys at ask (or offer). Since the desired contract price is not stipulated, it is easy to contract an order as long as the market is in the normal condition. However, the order is contracted at the current price at the time of processing on the platform, leading to possible slippage to the price at the time of order depending on the market condition. Some cases may be unfavorable to customers. Further, it may take time to conclude a contract depending on liquidity and the size of order. In addition, in foreign securities trading, if an excessively large market order for the trading

	volume is placed, the agency may not accept the order.
Limit order	It is a method to order by stipulating the desired contract price and expiration. A limit order is basically contracted at the named price, while it may be contracted at a price favorable to the customer. Partial contract is also possible.
Indication of SAXOTRADER: Stop order Indication SaxoTraderGo: Stop order (market order)	It is a method to execute a selling market order when the current market price is lower than the named price and to execute a buying market order when it is higher than the named price and is also called stop loss order. Since it is executed as market order, a contract is concluded under a normal market condition, while slippage to the named price may occur. In this case, there are possible cases favorable or unfavorable to customers, but there will be more unfavorable cases due to the nature of order. There are two options for this order as follows. (1) Bid stop order It is applicable to buying stop (market) order. Bid is the standard of order execution and buying market order is executed when the current bid reaches the named price. The contract is concluded at the ask price unfavorable to the named price by the spread portion with the slippage added. (2) Ask stop order It is applicable to the selling stop (market) order. Ask is the standard of order execution, and the selling market order is executed when the current ask reaches the named price. The contract is concluded at the bid price unfavorable to the named price by the spread portion with the slippage added.
Indication of SAXOTRADER: Stop limit Indication of SaxoTraderGo: Stop order (limit order)	It is a method to execute the selling limit order when the market price is below the named price and to execute the buying limit order when it is above the named price. While only the price relating to the order execution is stipulated in the case of stop order / stop (market) order in the above, the order relating to the contract is also stipulated in this order. The limit order is executed when the execution standard is satisfied; therefore, a contract is basically concluded at the named price, but it may be concluded at the price favorable to the customer. On the other hand, a contract may not be concluded even though the order is executed. The standard for order execution is bid in the case of buying and ask in the case of selling.
Stop order (trailing stop)	Order method to automatically increase or decrease the price for stop order depending on market fluctuation
Indication of SAXOTRADER: If Done Indication of SaxoTraderGo: IFD	Order method to place two orders with priorities at the same time, with the second order to automatically take effect upon conclusion of the first order. "If Done" means "if the contract for the order is concluded."
OCO	Two limit orders or stop orders are placed as a set at the same time, with the second order to be automatically cancelled upon conclusion of the first order.
IFD-OCO	The second order in the IFD order is OCO with this order method.
Bid trailing stop	Order method to automatically increase or decrease the price of stop order (bid standard) depending on market fluctuation
Ask trailing stop	Order method to automatically increase or decrease the price of stop order (ask standard) depending on market fluctuation

3. Order expiration

Order expiration varies depending on the order method and brand, so please confirm on the platform. For trading with futures as underlying assets, the deadline beyond the last trading date of the delivery month cannot be stipulated.

4. Spread

For 2-way price, the selling price for the customer is called bid, and the buying price for the customer is called ask or offer. There is a price difference between bid and ask called spread and ask is higher than bid. Thus, the spread is a cost to be borne by the customer to engage in trading. Depending on the situation such as rapid price fluctuation of the trading target in the Trading as well as low liquidity, the spread may expand, or the price itself may not be presented, which may cause the customer not able to engage in trading as intended.

【4】Automatic Loss Cut

1. Structure

The automatic loss cut is adopted for margin trading in the Trading. The structure is as follows.

①Net assets are calculated. Net assets are obtained by comprehensively calculating the clearing margin, fair market valuation of profit or loss in unsettled positions (the median value of bid and ask is used for calculation), profit or loss in settled positions, fees, minimum charges, etc. (fees and minimum charges may not be imposed depending on the trading type/course; please refer to the explanation of each trading for details) by sub-account. They are calculated almost in real-time (approximately 3 to 5 times per minute) and can be confirmed on the platform.

②The usage rate of margin money (rate of the necessary margin money to net assets) is calculated with the following formula.

Usage rate of margin money ＝ necessary margin money ÷ net assets x 100

③When the usage rate of margin money satisfies a certain condition, processing in the following is taken in principle without prior notice to the customer and regardless of the customer's intent. This is called an automatic loss cut.

- All orders before contract are cancelled.
- Offsetting transactions occur with market order in regard to all open positions.

  * For CFD, trading hours vary depending on the market where underlying assets are traded; therefore, market order from automatic loss cut is actually executed at a timing corresponding to the individual trading hours and is not always at the same time as order placement of the relevant market order.

2. Execution conditions

2-1. Individual account

The automatic loss cut is executed at the point when the usage rate of margin money reaches 100%.

2-2. Corporate account

In the same way as the individual account, the automatic loss cut is executed at the point when the usage rate of margin money reaches 100%. Customers may request the Company to apply the following special rule with the method stipulated by the Company. In this case, the relevant special rule shall be applied in lieu of the above regular rule only if the Company approves in advance and notifies in writing or by email.

【Special rule for a corporate account】

When the usage rate of margin money reaches 100% or more, all or part of open positions are settled with market order to make the usage rate of margin money go below 90%. This settlement is executed with the trading system according to the following algorithm.

- The settlement target is calculated to make the usage rate of margin money go below 90% and as close to 90% as possible.
- When there are multiple open positions, it is calculated to make the reduction rate of valuation loss be the same rate as much as possible.
- If open positions go below the minimum trading unit as a result of partial settlement, all positions shall be settled.

Please fully be aware of the following.

- New valuation loss may occur during or after processing of partial settlement, resulting in possible settlement of all open positions.
- A minimum charge may be imposed depending on the target of partial settlement.

3. Note on automatic loss cut

3-1. Contract for automatic loss cut

Although an automatic loss cut is settled with market order, the contract for the settlement order may not be immediately concluded depending on the situation including the time when market liquidity is decreasing, price fluctuation of the trading target is significant, and underlying assets are not traded, and settlement may be completed under the condition that the usage rate of clearing margin is exceeding the execution level. Particularly in the following cases, settlement may be completed at a level far from the execution level.

- Liquidity is normally low, such as currency in a country with a small economic size, and CFD with a small trading volume of underlying assets.
- Liquidity is decreasing before and after announcement of important economic indices or early Monday morning.
- Price fluctuation is more severe than during normal times.
- It is difficult to conclude the contract for settlement order due to trading regulations or trading hours.

Therefore, the automatic loss cut does not guarantee that the usage rate of margin money after settlement completion remains under the execution level, and loss exceeding the clearing margin deposited may also occur. In such case, loss finalized as a result of automatic loss cut is attributable to the customer's account and the Company shall not be responsible for it.

In consideration of the above, it is essential to allow leeway in the usage rate of margin money as much as possible. Please consider reduction of open positions, etc. depending on the market condition. Rules for the automatic loss cut may be reasonably changed according to review of regulations or system on the target brand or at the discretion of the Company.

3-2. Association with regular order

Settlement order for the automatic loss cut is processed independently with a system different from regular order placed by a customer at the customer's intention. Thus, the contract for the order for the latter placed after the former may be concluded early in some cases or vice versa.

3-3. Indication of settled positions

Open positions settled with the automatic loss cut are indicated on the platform in a square condition; however, it will be deleted when the roll-over processing is completed. Please note that open positions are carried over when an associated order is added to one open position or both open positions.

3-4. Indication of settled positions

A minimum charge may be imposed as a result of automatic loss cut depending on the order quantity.

【5】Upper Limit of Valuation Loss

The upper limit of valuation loss relating to unsettled positions is established in the Trading (excluding foreign security trading; the same shall apply hereafter) from the viewpoint to prevent excessive speculation, etc. When the valuation loss in the trading account (valuation profit is offset) exceeds the amount equivalent to 100,000 EUR, the Company may transfer valuation loss to realized loss by settling all or part of the open positions within the trading account. The Company shall make decision on such processing as well as the processing method at its discretion; however, the customer will be notified in advance in such case and can respond on its own for a certain period. This rule takes precedence even if the clearing margin is sufficient and the standard of the automatic loss cut is not reached.

The relevant processing shall be taken at the customer's account, and the customer shall be responsible for the definite loss.

【6】Hedging

1. About hedging

Hedging means a condition to maintain the long position and short position of the same brand in the same quantity without being settled in the margin trading in FX, futures, etc.

2. Over-the counter trading

When there are long and short positions of the same brand in FX, MX, and CFD, the corresponding quantity is settled with roll-over processing. However, if an associated order (with expiration after the following day) is attached to one position or both positions, settlement will not occur and open positions will be carried over, going into a hedging condition. In this case, the clearing margin is calculated with the max method indicated in the following.

＊Hedging is not relevant in the case that an associated order is attached to none of corresponding positions or is to expire within the day even if it is attached. In this case, the portion of the same quantity is treated as settled to be cleared with roll-over processing.

2-1. Clearing margin in hedging

When open positions are in the hedging condition, the clearing margin calculated based on the higher trading amount of a corresponding position is considered as the overall clearing margin. This is called the max method. Therefore, the clearing margin for both short and long positions does not become necessary.

2-2. Risks in hedging

When open positions are in the hedging condition, there are issues unfavorable to customers as indicated in ① to ③ below.

①The overnight rate accrues for both receipt and payment in the hedging condition in principle; however, the payment amount is more than the receipt amount.

②If open positions in the hedging condition are settled separately, duplicate spreads, etc. are borne in comparison with the case not in the hedging condition.

③When a minimum charge is imposed on each open position in the hedging condition, duplicate minimum charges, etc. are borne in comparison with the case not in the hedging condition.

2-3. Restriction of hedging

Hedging in the condition of valuation loss in open positions exceeding two times of net assets is one of the prohibited acts in the Trading. If this condition occurs, the Company shall notify the customer in advance and may take a measure to resolve the hedging condition at the customer's account and to transfer valuation loss to realized loss. The Company shall implement this measure at its own discretion.

3. Futures

Hedging is not possible in principle in the case of futures. However, the Company may make changes without notice by observing rules stipulated by the exchange. Please be sure to inquire us in advance upon trading.

【7】Settlement of Open Positions

1. Settlement method

Open positions in the Trading (excluding foreign security trading; the same shall apply hereafter in this clause) shall be settled with offsetting transactions to be handled by the customer as well as with automatic loss cut, processing when valuation loss reaches the upper limit, processing when open positions reach the trading deadline (expiration), or compulsory settlement, etc. stipulated in the Terms and Conditions. If profit, loss, etc. arise in a currency other than JPY as a result of settlement, they shall be automatically exchanged into JPY at the exchange rate of the current market rate at that point by adding the exchange cost of 0.5%.

2. Settlement with offsetting transactions

Open positions may be settled with offsetting transactions. When an offsetting transaction is concluded, the following processing will occur.

① The platform indicates both the original open position and the open position concluded with an offsetting transaction. Short and long positions of the same quantity are indicated as “square.” They will be deleted from the platform at the point when roll-over processing is completed.

② The necessary margin money is recalculated. The portion of the relevant open position of the same quantity is offset, and the clearing margin calculated based on the trading amount of the remaining position is newly applied (this is called the netting method). No margin money is required under the “square” condition.

Multiple open positions are settled with the first-in first-out (FIFO) method and open positions with an earlier contract date are sequentially settled in principle, while designated settlement is also possible by specifying discretionary open positions.

2-1. Note upon settlement

In the case of offsetting transactions with a method other than designated settlement, the platform runs pre-check with the max method. Therefore, it will become necessary to deposit in the trading account the clearing margin calculated by comparing the possible open position concluded with the relevant order with the corresponding open position and using the higher trading amount as the standard.

3. Payment and receipt of money resulting from net settlement

Payment and receipt of money between the customer and the Company resulting from net settlement of offsetting transactions shall be by the method to add to or subtract from the clearing margin the money calculated with the following formula.

JPY value of the contract price difference x trading quantity

＊The contract price difference is the difference between the contract price relating to resale or buy-back and the contract price relating to a new buying transaction as the subject of the relevant resale or buy-back or to a new selling transaction.

4. Deficiency

The balance in a sub-account might become negative (hereafter the “deficiency”) in the Trading, and the main reasons include the following.

①The loss amount incurring due to rapid price fluctuation, etc. exceeds the clearing margin.

②Dividend adjustment, etc. and other various expenses, etc. such as paid subscription are charged.

When deficiency occurs due to reasons including other reasons, the customer shall resolve the deficiency immediately, by adding the clearing margin or transferring funds among sub-accounts. If the relevant deficiency is not resolved in five business days after occurrence of deficiency, the following rules shall be applied.

4-1. Possible to offset

If there is an excessive clearing margin in other sub-accounts, the Company shall offset the deficiency in the relevant sub-account with the excessive clearing margin without notifying the customer in advance. Details on the target sub-account, timing of implementation, etc. shall be determined by the Company at its discretion.

4-2. Impossible to offset

If there is no excessive clearing margin in other sub-accounts or if there is still deficiency after the above offsetting, the Company shall claim the deficiency to the customer by email. The customer shall remit at least the claimed amount to the Company with the method stipulated by the Company no later than 3PM of the fifth business day after the claim date (or another date separately stipulated by the Company). In the event that the Company is not able to confirm the remittance by the due date, it shall be entitled to receive a late charge calculated at the rate of 5.0% per year from the date following the due date to the date of fulfillment.

【8】Electronic Delivery of Documents

1. Document delivery with an electromagnetic method

Several documents to be delivered by the Company to customers are stipulated in the Financial Instruments and Exchange Act and the Commodity Futures Act. The Company shall provide matters to be described in the relevant documents by using methods to post them on the platform, the website of the Company, etc. according to the stipulations of these laws. This is called "electronic delivery," and customers shall agree on electronic delivery by the Company. Please confirm the Terms and Conditions in regard to types of documents to be delivered electronically, specific methods, etc.

2. Matters to be confirmed

Customers shall confirm the following matters.

①The customer is equipped with software to view PDF files with Adobe Reader with a version higher than recommendation of the Company as well as with browser software with a version higher than recommendation of the Company.

②The customer is able to print the files viewed or matters described in customer files, etc. with a printer, etc.

【9】 Risks

Risks associated with the Trading are explained in the "Important Matters Including Risks, etc." in the beginning as well as in each section, while risks in general are summarized in this section. Please fully understand these risks before engaging in the Trading. Risks explained here do not always cover everything. It is essential for customers to review risks in individual trading.

The Company does not provide any advice on each trading or investment in general. Customers need to make decision on their own trading by fully considering their own knowledge on the Trading, experiences, objectives, financial conditions, etc.

1. The Trading is speculative.

While profit may be earned in the Trading due to the price movement of the trading target, it is also possible to suffer from loss. The original principal such as the clearing margin deposited with the Company by customers, trading value, etc. as well as profit from trading are not guaranteed. In the case of margin trading in particular, please fully be aware of the leverage effect. Rapid fluctuation in the market rate, etc. may cause the amount of loss to be higher than the amount of clearing margin deposited by the customer; therefore, please allow leeway in funds at all times.

2. Risks associated with the market and market rate

2-1. Price movement

Price of the trading target in the Trading fluctuates by reflecting various factors, requiring full awareness of the risks of price movement. Not only the economic and political environments in each country but also various regulations/treatment, sudden accidents and natural disaster, disputes, supply demand relationship, trend of other financial market such as bond market, etc. may impact, indicating possibility of a considerable degree of movement or unforeseeable movement.

2-2. Liquidity, etc.

liquidity may cause the spread presented by the Company to customers to expand or make the trading difficult or impossible. It is necessary to take note of the following specifics.

- In the case of the Trading, new acquisition and settlement of open positions is not possible unless it is during trading hours.
- Liquidity may decrease significantly if a special condition occurs such as war, natural disaster, dispute, changes

in policies/regulations in each country, credit crunch in the financial market, etc.

- Trading in a market may become difficult or suspended due to restriction on trading by regulations/treatment of authorities and exchanges in each country, failure in trading system, communication, etc.

It is also necessary to take note of the following in the case of foreign exchange margin trading and foreign exchange options.

- Liquidity may decrease even on a business day of the Company if it falls under a holiday in another country.
- In the case of a currency in a country with a small economic size, liquidity is relatively low even at normal times.
- Liquidity of the overall market is normally low during the hours before the Tokyo market opens from dawn to early morning of Monday.

It is also necessary to take note of the following in the case of security CFD and commodity CFD.

- In the case that the price of underlying assets reaches the scope of limited price in the market of underlying assets such as a security exchange or futures exchange and the trading is suspended, trading of the relevant CFD may become difficult.
- The tradable quantity may be limited depending on the market of underlying assets; therefore, the relevant order may be cancelled at the discretion of the Company if the order quantity is large.
- In individual stock CFD, the selling order (both new and settlement) may be difficult or impossible depending on the supply demand relationship of the relevant brand.

2-3. Indicative price

When liquidity significantly decreases in the trading market, only the price may fluctuate without conclusion of actual trading. The price that does not accompany trading while presented in the market is called an indicative price. If trading between the Company and a customer is based on the indicative price for some reasons, the Company shall cancel the relevant trading after the fact.

3. Risks associated with abnormal rates

For over-the-counter trading, the Company presents to the customer the price presented by the cover transaction partner; however, due to failure or malfunction of the system, abnormality in the price accepted by the Company from the cover transaction partner, erroneous delivery, etc., the price that deviates from the trading environment in the market (hereafter the “abnormal rates”) may be presented. The Company shall make efforts to prevent occurrence of abnormal rates with the care of a good manager, while it is not possible to completely prevent occurrence of abnormal rates.

When a contract is concluded for the trading at an abnormal rate, the Company shall take either one of the following measures. If the relevant measure is taken, the Company shall try to notify the customer promptly.

①The relevant contract is corrected or cancelled. If variance occurs between the proper balance of clearing margin and the actual balance of clearing margin, the Company shall make necessary adjustment to the balance of clearing margin without notifying the Customer in advance to ensure consistency with the proper trading condition.

②Consistency with the proper trading condition shall be ensured only by adjusting the balance of clearing margin without correcting or canceling the relevant contract.

Please notify the Company if the customer recognizes possible abnormal rates. Such notification must be given within two business days after the date when the rate was applied. The Company shall determine whether or not it is an abnormal rate, and the customer shall not claim the right.

4. Risks associated with the trading structure

4-1. Limit of loss

The Company adopts the “automatic loss cut” in margin trading to take measures to put a brake on expansion of loss for the customer; however, loss exceeding the clearing margin deposited may occur when the price of the trading target rapidly fluctuates or liquidity decreases. Please refer to “[4] Automatic Loss Cut in this chapter” for details.

4-2. Urgent treatment

The Company may perform an urgent treatment when price fluctuation of the trading target increases or might increase significantly or when trading becomes difficult due to low liquidity, etc. For example, the necessary margin rate may be increased, the usage rate of margin money applied to the automatic loss cut may be changed, the upper limit of open positions may be lowered, or acceptance of trading may be suspended. Such treatment may result in the customer's open positions to be subject to an automatic loss cut, leading to possible loss for the customer. The Company shall notify the customer as quickly as possible when such urgent treatment is performed; however, notice may be made at the last minute due to unavoidable reasons or urgent treatment may be changed within a short period/time depending on the situation, etc. surrounding the trading target.

Every trading is subject to urgent treatment. Please be careful with currencies of countries other than major advanced countries or small brands with a small trading volume in particular.

4-3. Leverage

Since margin trading allows trading with a small amount of clearing margin in comparison with the trading amount, loss may expand and the loss amount may exceed the amount of margin money deposited with the Company. Please keep leverage within a conservative scope in light of resources and experiences. The amount of margin money required for trading may be changed; therefore, please confirm on the website of the Company or on the platform on a regular basis.

4-4. Payment of margin money

Bank remittance (domestic bank) and quick deposit are available to pay the clearing margin. In the case of bank remittance, a processing time is required at the bank and the Company from the time when a customer completes the procedure until it is reflected in the trading account. After the Company confirms receipt in its bank account, it shall take care of paperwork to reflect it in the customer's trading account. This processing is performed in a certain interval, not continuously. Therefore, please take note that it takes some time from completion of remittance procedure until reflection in the trading account in the case of bank remittance. In the case of quick deposit, reflection in the trading account may be delayed due to system failure, etc.

＊Please refer to "[13] Beginning and Ending of Trading – 2. Payment of Clearing Margin in this chapter" for details of the payment method.

4-5. Return of deposit

In the case that the Company returns the deposit to a customer, it may not exceed 200,000,000 JPY per business day in principle. If a customer requests return that exceeds 200,000,000 JPY, it may be returned in installments. Please manage the clearing margin in a planned manner by understanding the above.

4-6. Roll-over processing

Roll-over processing requires certain time until completion of processing. The relevant position is indicated on the trading screen during this time; however, in regard to positions to be settled based on FIFO method, please do not add new associated orders after roll-over processing begins. In such case, association with the position that is settled and not displayed any more after completion of processing remains. Please contact the Company as such association needs to be resolved.

5. Risks associated with trading system, etc.

The method of instruction and referral in relation to the Trading is limited to online trading that utilizes the Internet. Regarding the computer system for the Trading and the Internet as well as computer systems and mobile terminals (cell phones are partially included) used by customers, there is a risk of failure, malfunction, etc. in the respective hardware and software (including both basic software such as operating system, etc. and software relating to the trading system provided by the Company). The above may interfere orders or referral by customers, leading to possible unexpected loss.

6. Risks associated with cover transactions

6-1. Cover transaction

For over-the-counter trading, the Company engages in cover transactions each time of trading with a customer. If management or credit status of a cover transaction partner deteriorates, payment by the cover transaction partner to the Company may be delayed or become impossible. In such case, the customer may suffer from disadvantages.

Furthermore, trading between the Company and the customer requires conclusion of the corresponding cover transaction as a requisite condition. If a cover transaction is not concluded for some reasons, trading between the Company and the customer is not concluded either. If the cover transaction is cancelled later, the trading between the Company and the customer is also cancelled. Under the situation that the cover transaction partner cannot accept trading with the Company, the Company may suspend trading with the customer at the discretion of the Company or settle open positions. The above may lead to possible trading loss for the customer.

6-2. Broker's option

There are numerous reasons for the cover transaction partner not to be able to accept trading with the Company and it is not possible to list all of them. A broker's option is one of the reasons. In this case, the broker dealing with the cover transaction partner cannot accept trading, and cases including the following are expected.

- In individual stock CFD, trading is restricted under regulations because the broker is the managing underwriter of the relevant brand.
- In security CFD, the relevant brand cannot be secured due to shortage of supply at the time of selling order (both new and settlement).
- In foreign exchange margin trading, participants in the Internet market are subject to trading restrictions by the authorities.

7. Risks associated with laws and regulations

Changes in the laws, ordinances, etc. as well as in regulations of self-regulated organizations affiliated with the Company may give substantially unfavorable influences on customers.

8. Risks associated with non-regulated markets

Over-the-counter trading is negotiated between the customer and the Company, and is not traded through the financial instruments exchange or commodity exchange. Therefore, protection in a regulated market cannot be received.

9. Credit risk of issuers

In trading of securities (stocks, bonds, etc.) as well as CFD with securities as underlying assets, unforeseeable loss may occur in the event that the issuer of the securities goes bankrupt or its financial condition deteriorates, leading to absence of value or significant price fall.

10. Risks associated with fulfillment of obligation by the Company

The Trading (excluding futures and foreign security trading) is negotiated between the customer and the Company, and the customer's order is concluded with the Company as the counterparty. Thus, loss may occur depending on the credit situation of the Company. However, the Company stores the clearing margin deposited by customers separately from properties specific to the Company, under the trust contract (money trust) executed with JSF Trust and Banking Co., Ltd. The target of this trust custody shall be legally preserved even if the Company goes bankrupt, etc. and returned to the customer.

＊The relevant trust custody does not guarantee the original principal of the clearing margin deposited.

11. Risks specific to foreign exchange margin trading and precious metal margin trading

11-1. Swap points

Swap points are generally linked with a short-term interest rate of the currency in the relevant country in the case of foreign exchange margin trading or a lease rate in the case of precious metal margin trading. Depending on fluctuation of these rates, swap points may turn from receipt to payment, or may result in payment for both long and short positions. The payment amount is more than the receipt amount in the case of same brand.

11-2. Financing rate

When open positions with valuation profit or loss are carried over to the following day, payment or receipt of a financing rate occurs. Valuation profit results in receipt and valuation loss results in payment in principle, while the payment amount is more than the receipt amount. The relevant interest rate is linked with a short-term market rate, and the receipt amount may be zero even with valuation profit in some cases. Please confirm the actual financing rate on the platform.

11-3. Restriction on trading

Restrictions are established on the quantity of open positions to be carried in the case of foreign exchange margin trading, precious metal margin trading, and CFD. Customers may suffer from loss due to these restrictions.

12. Risks specific to options

12-1. Risks associated with price fluctuation

Option premiums fluctuate depending on the price movement of underlying assets. They are also influenced by volatility, the remaining period until expiration, etc. Therefore, they may move differently from underlying assets. The fluctuation rate also tends to be larger than underlying assets.

12-2. Risks associated with the remaining period

When the remaining period until expiration is less than one week, resale and buy-back are restricted, and orders may not be accepted depending on the situation of exchange market. Resale and buy-back on the expiration date are not accepted.

12-3. Risks specific to buyers

①Options have a deadline for exercise of a right, and such right will cease if there is no essential value in the expiration. In this case, the total amount of purchase proceeds will be lost.

②Time value of premiums is lost over time.

12-4. Risks specific to sellers

①Loss for the buyer is limited to the purchase proceeds in the case of options, while there is no structural upper limit for the seller. However, the automatic loss cut is applied, and loss will not expand without limit.

②The seller must accept exercise of a right in the case of options.

③Similar to original trading, risks associated with the clearing margin occur in the case of options. The clearing margin also fluctuates due to volatility, etc., and sudden fluctuation of volatility may increase the clearing margin required to maintain open positions.

13. Risks specific to CFD

13-1. Overnight rate

In CFD where underlying assets have no delivery month, an overnight rate may accrue if open positions are carried over to the following day to be borne by the customer. The overnight rate fluctuates as influenced by a short-term interest rate relating to underlying assets.

13-2. Carrying costs

In CFD where underlying assets have delivery month, carrying costs occur if open positions are carried over to the following day to be borne by the customer. Carrying costs are calculated at a certain interest rate on the clearing margin to be deposited with the exchange where the underlying assets are listed.

13-3. Dividend adjustment, etc.

In security CFD (excluding trading with delivery month as underlying assets), dividend adjustment, etc. may occur, resulting in the customer's payment in the case of short positions. Dividend adjustment, etc. shall be the amount determined by the cover transaction partner of the Company according to dividends, etc. from the underlying assets. In the case of corporate action other than cash dividends, the customer's open positions may increase or decrease depending on the type, or orders before contract may be cancelled.

13-4. Borrowing rate

A borrowing rate may accrue in the case of security CFD (excluding trading with delivery month as underlying assets), resulting in the customer's payment in the case of short positions. The borrowing rate shall be the amount determined by the cover transaction partner of the Company depending on lending/borrowing or supply/demand relationship of the underlying assets.

14. Risks specific to futures

14-1. Difference from the domestic market

Futures (excluding those listed on a domestic market) are traded in an overseas financial market or overseas commodity market; therefore, the trading hours, trading system such as an ordering method, mode of order with the market, etc. may be different even though the target brand is similar to a product on the domestic market.

14-2. Regulatory measures by an exchange

A circuit breaker, price movement limit, position limit, etc. may be established at an exchange that handles futures. Trading hours, clearing margin, order method, etc. may also be changed depending on the trading condition, economic environment, etc. Furthermore, contract may be cancelled, or price may be corrected compulsorily. The above may limit trading by a customer or cause disadvantages to a customer.

14-3. Transaction partner and clearing participant

Problems may arise at a trading partner of the Company that mediates customer orders to domestic and overseas financial instruments markets or overseas commodity markets, or insolvency may occur to clearing participants. The above may limit trading by a customer or cause disadvantages to a customer.

14-4. Carrying costs

Carrying costs incur if open positions are carried over to the following day in the case of futures, to be borne by the customer. Carrying costs shall be calculated at a certain rate on the clearing margin deposited with the exchange where underlying assets are listed.

15. Risks specific to foreign security trading

15-1. Currency Exchange Risk

In foreign security trading, JPY is converted into a foreign currency in the case of buying, and the sales proceeds are converted into JPY in the case of selling. If JPY is stronger in comparison with the relevant currency at the time of selling than the time of buying, foreign exchange loss occurs. If JPY is weaker, on the other hand, foreign exchange profit occurs.

15-2. Liquidity Risk

When trading in foreign securities, if an excessively large order (especially a market order) is placed against trading volume of that instrument, the agent may not accept the order due to the rules of the exchange.

16. Risks specific to ETF

16-1. Risk of price deviation

ETF is a product invested by a management company to match the price movement of the target stock index, etc. with the price movement of the reference price. Ex-dividend, dilution/concentration of distribution, and other costs to incorporate securities occur in relation to investment; therefore, the price movement of the stock index, etc. may not be consistent with the price movement of the reference price. ETF is traded in reference to the stock index, etc., the level of the reference price, etc., while the market price fluctuates depending on the supply demand condition and the reference price, etc. may not match the price movement of the market price.

16-2. Credit risk

Some ETF invest into linked bonds and OTC derivative trading. Credit risks exist in such case.

16-3. Other risks

- Investment that is linked with the stock index, etc. may become difficult at the time of sudden changes in the market trend.
- Delisting may occur by falling under the delisting standard stipulated by an exchange.
- Trust may be terminated in the case that the management company, etc. determines that it is difficult to continue the trust.

17. Risks specific to ETN

17-1. Credit risk of an issuer

Unlike ETF, ETN does not carry back-up assets and is issued with credit capacity of the financial institution as the issuer in the background; therefore, the price of ETN may drop or ETN may lose its value as influenced by bankruptcy, deterioration of financial conditions, etc. of the issuer.

17-2. Risk of price deviation

In the case of ETN, the financial institution as the issuer guarantees linkage between the target index and the redemption value per ETN (equivalent to the reference price of ETF), and no tracking error occurs except fees for investment. However, the market price of ETN fluctuates depending on the supply demand condition in market trading; therefore, the redemption value per ETN may not be consistent with the movement of market price of ETN.

17-3. Other risks

- Delisting may occur by falling under the delisting standard stipulated by an exchange.
- Trust may be terminated in the case that the trustee determines that it is difficult to continue the trust.
- ETN is redeemed when the redemption due date arrives. Early redemption is possible due to rapid decrease in the index value, etc. or by satisfying certain conditions.

18. Risks associated with the limit of valuation loss

In the Trading, the upper limit of valuation loss is established for unsettled positions from the viewpoint of preventing excessive speculation, etc. When the valuation loss in the trading account (valuation profit is offset) exceeds the amount equivalent to 100,000 EUR, the Company may transfer valuation loss to realized loss by settling all or part of the open positions within the trading account. The Company shall make decision on such processing as well as the processing method at its discretion; however, the customer will be notified in advance in such case and can respond on its own for a certain period. This rule takes precedence even if the clearing margin is sufficient and the standard of the automatic loss cut is not reached.

The relevant processing shall be taken at the customer's account, and the customer shall be responsible for the definite loss.

【10】Remittance Fee

Various costs for remittance from a customer to the Company shall be borne by the customer in the case of regular bank remittance; however, the Company shall bear the costs if quick deposit is utilized. Remittance by the Company to the bank account, etc. of a customer shall be borne by the Company, except that the customer shall bear the costs after the third remittance during the same month.

【11】Handling of Taxes

2018 taxation system in relation to individual customers is overviewed in this section. Since taxation system may be changed, please refer to the website of the National Tax Agency or inquire a tax office or professionals, etc. such as tax accountants upon tax payment.

1. Basic information on tax

Tax is determined with the taxable income multiplied by a tax rate. Income is defined as earning subtracted by necessary expenses. In the case of FX for example, revenue means a positive total of capital gain/loss, swap points, financing rate, overnight rate, carrying costs, borrowing rate, dividend adjustment, etc.

Necessary expenses include fees, books purchased to study the market rate, etc., fee-based seminars attended, associated transportation expenses, etc. Regarding purchase of personal computers and communication costs, it is often difficult to determine how much relates to the Trading; however, such costs can be considered as necessary expenses as long as they are consistent with the actual situation. Please note that the tax office determines whether or not they are necessary expenses.

The taxable income means an income subtracted by deduction, i.e., the target of ultimate taxation.
＊Limited to realized capital gain, loss, etc.; unrealized gain, loss, etc. is outside the scope of taxation.

2. Products handled by the Company and taxation method

Product	Taxation method	Income type	Note
Over-the-counter financial derivatives	Separate self-assessment taxation	Other income	FX, FX options, CFD
Over-the-counter commodity derivatives	Separate self-assessment taxation	Other income	MX, MX options, commodity CFD
Domestic financial futures	Separate self-assessment taxation	Other income	Stock index futures
Overseas financial futures	Comprehensive taxation	Other income	Stock index futures, currency futures, interest-rate futures
Overseas commodity futures	Comprehensive taxation	Other income	Energy, precious metals, agricultural products, etc.
Foreign securities (profit on sales)	Separate self-assessment taxation	Transfer income	Tax is not imposed in foreign countries in many cases under the “tax treaty” and separate self-assessment taxation is applicable in the same way as domestic stocks.
Foreign securities (dividends)	Separate self-assessment taxation	Dividend income	Withholding tax is collected in a foreign country and tax is imposed again within Japan on the subtracted amount in principle. The taxation method within Japan is the same as domestic stocks, while deduction for dividends is not applicable. The foreign tax credit system is applicable to allow the portion withheld in a foreign country to be subtracted from income tax and resident tax within a certain scope.

3. Separate self-assessment taxation

For separate self-assessment taxation, the tax amount is calculated separately from other incomes. The tax rate is as follows.

- Income tax (national tax): 15% of taxable income
- Resident tax (local tax): 5% of taxable income

Tax will be paid by tax return. No tax will be due if the taxable income for the year (from January 1 to December 31) is negative; however, tax return needs to be filed for loss carry-over to be described later.
＊Tax return is excused if the total other income is 200,000 JPY or less.
＊The “statement of other tax, etc. relating to futures” is to be attached at the time of tax return.

4. Comprehensive taxation

The tax amount is calculated in combination with other income in the case of comprehensive taxation. The tax rate will be based on progressive taxation.

5. Aggregation of profit and loss

Aggregation of profit and loss is a system to impose taxes on any remaining profit by literally aggregating profit and loss. It is natural to aggregate profit and loss for the same product, while in the case of different products, the scope is stipulated under the taxation system.
＊”Article 41-14 of the Act on Special Measures concerning Taxation (special taxation on other income, etc. relating to futures)”

6. Loss carry-over

It is a system to allow any realized loss during the year to be carried over to subsequent years. When profit incurs during the year when the loss is carried over, the amount up to the carry-over amount can be subtracted from the relevant profit. For example, in the case of 100,000 JPY loss for the first year and 300,000 JPY profit for the second year, the loss of the previous year can be subtracted from this income, leaving 200,000 JPY profit. To be eligible for application of loss carry-over, it is necessary to file tax return during the loss year as well.

＊"Article 41-15 of the Act on Special Measures concerning Taxation (loss carry-over relating to net settlement, etc. in futures)"

	Groups eligible for aggregation of profit and loss; and loss carry-over		
Products of the Company	Over-the-counter financial derivatives, over-the-counter commodity derivatives, domestic financial futures	Overseas financial futures, overseas commodity futures	Foreign securities
Other products	FX traded at an exchange, domestic commodity futures	No other product	Listed domestic securities, specific bonds and debentures, interests from specific bonds and debentures, etc.
Loss carry-over	For three years	Not applicable	For three years

7. Other matters to be noted

①Foreign stocks

For residents in Japan, taxes on stocks and securities including ETF and ETN traded on a foreign exchange are handled in the same way as domestic stocks in principle, while there are some differences from domestic stocks, e.g., foreign exchange profit or loss is included in calculation, there is no credit for dividend, and foreign tax credit is applicable.

②Foreign tax credit system

This is a system to subtract the tax amount paid in a foreign country from domestic income tax and resident tax within a certain limit to eliminate international double taxation, in the case that there is tax withholding in a foreign country. Deduction is up to the amount calculated with the following formula. The portion above the allowed deduction amount is allowed to be carried over for the subsequent three years.

Limit of foreign tax credit = amount of income tax for the year x (total overseas income for the year ÷ total income for the year)

③Special income tax for reconstruction

2.1% of the income tax amount is added as special income tax for reconstruction (national tax) to the income tax in the above. Special income tax for reconstruction is imposed on the income earned during 25 years from January 1, 2013 to December 31, 2037.

④Submission of a payment record

Submission of a payment record to an appropriate tax office is obligated in the case of products handled by the Company. Trading by a customer is recorded in the payment record, and the taxation authority uses the material as a reference to tax affairs.

⑤NISA

Products handled by the Company are outside the scope of Nippon Individual Savings Account (NISA).

【12】Handling of Personal Information

As a policy to handle personal information and individual numbers of customers (hereafter the "personal information, etc."), the Company posts the policy for personal information protection and declaration of personal information protection (hereafter the "policy for personal information protection, etc.") on the website of the Company. The policy for personal information protection, etc. may be reviewed as necessary and revised according to revision of related laws, ordinances, etc. or to the business situation. The revised policy for personal information protection, etc. shall be published by way of posting on the website of the Company or responding to any inquiries, etc.

1. Handling of personal information, etc.

Personal information, etc. on customers may be utilized for identity verification upon engaging in the Trading, approval to open accounts, provision of information on recommended new products and services (including but not limited to mailing of documents and emails) and otherwise within the scope necessary for the business of the Company. The Company does not provide personal information, etc. of customers to a third party unless a customer agrees in advance, the Company outsources part of the business, it is determined as necessary under laws and ordinances, or the Company responds to legal measures.

2. Acquisition, utilization, etc. of special care-required personal information

Unless approved under laws and ordinances or consent is received from the individual due to business necessity, the Company shall not acquire or utilize personal information that falls under special care-required personal information (sensitive information).

＊Special care-required personal information (sensitive information) falls under special care-required personal information under the Act on the Protection of Personal Information and is defined as that requiring special care in handling to avoid illegal discrimination, prejudice, and other disadvantages on the individual, such as the race of the individual, religion, social status, medical history, criminal record, and the fact of harm suffered from crimes.

3. Provision of personal data to a third party in a foreign country

It is stipulated in the "Act on the Protection of Personal Information" that consent from the individual must be obtained in the case of providing personal data to a third party in a foreign country (Article 24). The Company entrusts Saxo Bank with management and operation of database system including personal information disclosed to customers, and stipulations of the Act are relevant. Therefore, customers are to give consent to provision of customers' personal data to a third party in a foreign country.

4. Record of phone conversation

The Company may record phone conversation between customers and officers/employees of the Company. Such record as well as documentation of the record may be used to resolve disputes between the customer and the Company.

【13】Start and End of Trading

1. Opening of trading accounts

1-1. Understanding of risks, structure, arrangement, etc. associated with trading

To start the Trading, please carefully read the Trading Manual, Terms and Conditions, and other materials issued by the Company to fully understand the structure, risks, arrangement, etc. associated with trading and deliberately review them in light of your own investment experiences, knowledge, resources, and trading purposes.

Next, a customer is considered to have confirmed or approved the following matters to the Company by submitting the account application from the website of the Company over the Internet and confirming each procedure.

- Read and fully understood the Trading Manual, Terms and Conditions, and other necessary materials, etc.
- Fully considered the customer's own experiences with the Trading, knowledge, objectives, financial situations, expected profit, and the significant risks accompanying the Trading.
- Accepted electronic delivery of trade reports, balance statements, receipt of margin money, various documents to make changes, etc. as described in "[8] Electronic Delivery of Various Documents in this chapter."
- Fully understood "[9] Risks in this chapter," and accepted high risks accompanying the Trading. Also agreed that loss exceeding the amount of the clearing margin deposited with the Company may occur depending on situations.
- Agreed that the Company collects, retains, uses, and discloses personal information, etc. of a customer provided by the customer or a third party as described in "[12] Handling of Personal Information, etc. in this chapter."

Customers are also considered to have confirmed or approved the above matters to the Company when the Company newly issues to the customer the documents to make changes, etc. in the Trading Manual or Terms and Conditions after commencement of the Trading between the customer and the Company and the customer continues trading with the Company.

1-2. Procedure to open a trading account

Specific procedures to open a trading account shall be as follows.

①When a trading account in relation to the Trading is opened with the Company, please apply on the website of the Company.

②When the application is completed, please submit identity verification documents, etc. to the Company.

③The Company reviews application submitted by customers who apply for account opening. Whether the account opening is approved or not shall be notified by email to the email address notified. Reasons of not approving account opening cannot be disclosed.

④Account opening shall be processed for customers whose application is approved, and the user ID and password used for the Trading shall be sent by mail.

The Company may make a phone call to a customer who has not submitted identity verification documents after application. If identity verification documents are not submitted or the request from the Company relating to insufficient identity verification documents is not responded to within one month after the request is made, the application may be cancelled.

1-3. Category of sub-accounts

Sub-accounts under the trading account are established by category as follows. The clearing margin is managed by sub-account, and profit, loss, etc. are not aggregated among sub-accounts. The automatic loss cut is also managed by sub-account.

Sub-account overview		Account initial	Possible trading within the same sub-account
	FX standard	S	Foreign exchange margin trading Foreign exchange options
Currency	FX Active Trader	S	Foreign exchange margin trading Foreign exchange options
	Currency futures (overseas)	Y	Overseas currency futures
Interest rate	Interest-rate futures (overseas)	K	Overseas interest-rate futures
	Stock index CFD	I	Stock index CFD
	Individual stock CFD	R	Individual stock CFD
	Bond CFD	B	Bond CFD
Security	Other securities CFD	V	Other securities CFD
	Stock index futures (overseas)	L	Overseas stock index futures
	Stock index futures (domestic)	O	Domestic stock index futures
	Foreign securities	Z	Listed foreign security trading
Commodity	Commodity derivatives	X	Commodity CFD Precious metal margin trading Precious metal options
	Commodity futures (overseas)	F	Overseas commodity futures

Brands indicated on the trading platform are limited to some extent in the initial setting upon account opening. If you are interested in any other brands, please let the Company know the effect by phone, email, or inquiry form.

2. Payment of clearing margin or trading value

Upon starting the Trading, the deposit more than the initial deposit amount (clearing margin or trading value) is to be paid to the Company in JPY currency in advance. Upon receipt of the deposit, the Company shall electronically issue matters necessary as a deposit receipt (Please refer to "[8] Electronic Delivery of Various Documents in this chapter" in regard to the release method). After the Company confirms money received, the customer will be able to log in onto the platform by using the user ID and password.

The payment method may be selected from bank remittance (limited to domestic banks) or quick deposit (payment of the clearing margin with these methods shall be called "remittance" hereafter; methods other than these methods cannot be used). Please be aware that remittance may not be accepted by our company, and refund, etc. may be processed in the case of remittance by someone other than the individual's name or remittance from overseas. In this case, any fees required for refund shall be subtracted from that refund amount.

The clearing margin shall be received in the main account only. If it is necessary to transfer it to other sub-accounts, the customer needs to handle it.

＊Quick deposit is a service to process remittance by operation on the platform. Remittance fees are borne by the Company when quick deposit is utilized. It is available for 24 hours during trading hours of the Company in principle, and the payment amount is immediately reflected in the trading account upon completion of operation (not available from the end of trading on Saturday until beginning of trading on Monday). However, reflection in the trading account may be delayed due to system failure, etc., and immediate reflection is not guaranteed. Utilization is limited to financial institutions associated with the Company and the customer needs to execute a contract to receive online services, etc. with the financial institution. Please confirm affiliated financial institutions on the website of the Company and inquire the relevant financial institution about necessary contracts, etc.

＊Quick deposit is not available at the time of initial payment. Quick deposit can be used for remittance of 5,000 JPY or more. It is not available for the amount less than 5,000 JPY.

＊In the case of bank remittance, processing time is required at the bank and the Company from the time when a customer completes the procedure until it is reflected in the trading account. After the Company confirms receipt in the bank account, it shall take care of paperwork to reflect it in the customer's trading account. Please note that this processing is performed at a certain interval.

＊Logging in onto the platform for the first time is not possible unless the clearing margin in the amount stipulated by the Company or more is deposited.

＊Payment by a different name (payment under the name other than the customer) is not acceptable. If payment under a different name is discovered, the Company shall subtract the relevant receipt from the trading account without notifying the customer in advance. If the automatic loss cut kicks in as a result or if the order does not get through, the Company shall not take any responsibilities.

＊The Company may make a phone call to customers who do not deposit the clearing margin after account opening.

3. Order

To engage in the Trading, instruction for order is given on the platform. The platform checks whether or not the necessary margin money is deposited in advance upon execution of the order. This is called pre-check, and the order is not executed if the deposit is insufficient. Please refer to "[3] Order Method in this chapter" for order types and expiration.

4. Delivery of trade reports

When the order is concluded, the Company shall issue to the customer a trade report that clarifies the content of trading. Please refer to "[8] Electronic Delivery of Various Documents in this chapter" for the delivery method.

5. Settlement

Except foreign security trading, open positions may be settled with offsetting transactions. Please refer to "Chapter 6: Common Matters – [7] Settlement of Open Positions" for details.

5-1. Matters to be noted upon settlement

In the case of offsetting transactions with a method other than designated settlement, the platform runs pre-check with the max method. Therefore, it will become necessary to deposit in the trading account the clearing margin calculated by comparing the possible open position concluded with the relevant order with the corresponding open position and using the higher trading amount as the standard.

6. Return of the deposit

When a customer withdraws money including the clearing margin, trading value, etc. deposited with the Company, i.e., if return is requested to the Company, please make the request accordingly after logging into My Page and using the separate form. If it is not possible to login to My Page for some reasons, FAX is acceptable as an exception. Please understand in advance that other methods (telephone, email, office visit, etc.) are not acceptable in principle.

Upon customer's request of return, the Company shall take the procedure to return the requested amount according to the stipulation of the Trading Manual and the Terms and Conditions. When there is no open position, the possible amount of return is not finalized yet if roll-over processing after settlement of open positions is not completed. Also, in the case of certain CFD, overnight rate, carrying costs, and borrowing rate are settled together in the following month and dividend adjustment, etc. is settled when the reasons arise; therefore, the possible amount of return is not finalized unless processing of any relevant open positions is completed. Please understand in advance that return of the clearing margin is subject to certain restrictions due to these reasons.

7. Maintenance of cash balance

If a customer carries open positions, please maintain a zero or more balance so that the cash balance in net assets (amount of the clearing margin) does not go negative. For example, the cash balance may become negative in the following cases.

①Subscription, etc. of paid information is subtracted when there is valuation profit in open positions.

②Open positions with valuation loss are settled when multiple positions with valuation profit and valuation loss are retained.

In these cases, open positions may be maintained with valuation profit, while the cash balance may go negative. Customers are asked to pay full attention to avoid such situation. If the cash balance goes negative while carrying open positions, the Company shall request the customer to additionally deposit the necessary clearing margin and the customer is supposed to remit it to the Company with the method stipulated by the Company. If remittance cannot be confirmed by the due date stipulated by the Company, a late charge is charged as calculated at the rate of 5.0% per year for the period from the date following the fulfillment due date until the fulfillment date.

Even if there is valuation profit in open positions and it is possible to maintain open positions without the cash balance, please understand in advance that it is not possible to withdraw the amount exceeding the cash balance (return of the clearing margin).

8. Cancellation of the trading account

8-1. Cancellation by the customer's request

A customer may request cancellation of the contract under the Trading Manual and the Terms and Conditions (hereafter the "Contract") with the method stipulated by the Company. However, when open positions remain or when the customer owes liabilities to the Company, they need to be settled or repaid in advance. To return the clearing margin in the case of cancellation, the remittance shall be processed to the bank account, etc. under the customer's name submitted to the Company by the customer in advance within four business days after the time of cancellation based on business days of domestic financial institutions.

8-2. Other cancellations

The Contract shall be cancelled if any reasons of cancellation stipulated in the Terms and Conditions are relevant.

8-3. Measures regarding cancellation

The Company requires conclusion of a cover transaction as a requisite condition for trading with the customer. Therefore, reasons to cancel the Contract shall be relevant unless the cover transaction partner accepts the cover transaction relating to the specific customer (Articles 18 and 25 of the Terms and Conditions). In this case, the Company shall suspend trading with the relevant customer and cancel the trading account. However, the cover transaction partner may accept trading by expanding the spread more than normal times. In this case, trading may be continued if the customer agrees on expansion of the spread.

9. Insider trading

If the Company determines that the customer might retain “insider information” under the Financial Instruments and Exchange Act, the customer’s order for products relating to the relevant information may be rejected.

10. Support during night-time and holidays

The Company has a system to respond to inquiries, etc. over the phone during night-time and holidays when overseas markets are open and trading is possible. The scope of business that can be handled in this case shall be the following.

①Individual case about the customer

Response on the day is limited to release of password lock, and other businesses are handled during the following business hours.

②The influence of system failure, etc. is considered to extend to a wide scope.

Will be responded to as much as possible.

11. Notice and report from the Company

Please be sure to confirm the content of notices and reports from the Company (normally including but not limited to documents, email, or listing on the website or platform), and if there are any differences or doubts in the content, please directly inquire the Operation Department of the Company (0120-007-390) promptly.

【14】Corporate Information

1. Company overview

□Trade name	Saxo Bank Securities Ltd.
□Capital	300,000,000 JPY
□Location of main office	Toranomon Kotohira Tower 22F, 1-2-8 Toranomon, Minato-ku, Tokyo 105-0001
□Stockholder	Saxo Bank A/S (Headquarters: Copenhagen, Kingdom of Denmark) 100%
□Business	Financial instruments trading (Kanto Finance Bureau Chief [Kinsho] No. 239) Type 1 and Type 2 Commodity futures trading (approved by Ministry of Economy, Trade, and Industry and Ministry of Agriculture, Forestry, and Fisheries)
□Affiliated organizations	Financial Futures Association of Japan Japan Securities Dealers Association Japan Investor Protection Fund Commodity Futures Association of Japan
□Main bank	Sumitomo Mitsui Banking Corporation

2. Corporate history

□April 2006	Incorporated as Mitsui Bussan Futures FX Co., Ltd.
□October 2006	Registered as a financial futures business operator under the Financial Futures Trading Act: Kanto Finance Bureau Chief (Kinsaki) No. 164. Joined the (previous) Financial Futures Association of Japan.
□November 2006	Business started by absorbing the foreign exchange margin trading business from Mitsui Bussan Future Co, Ltd. (100% subsidiary of Mitsui & Co., Ltd.)
□June 2007	The trade name was changed to ASTMAX FX Co., Ltd. as a result of acquisition by ASTMAX Co, Ltd. (JASDAQ)
□September 2007	Registered as Type 1 Financial instruments business operator as a result of enactment of the Financial Instruments and Exchange Act: Kanto Finance Bureau Chief (Kinsho) No. 239
□August 2008	Part of over-the-counter FX business was divided with IDO Securities Co, Ltd. as the succeeding company.
□March 2009	Business was closed.
□June 2009	The trade name was changed to Saxo Bank FX Co., Ltd. as a result of acquisition by

	Saxo Bank A/S. Business was resumed.
□June 2010	Joined the Japan Investor Protection Fund.
□July 2010	Joined the Japan Securities Dealers Association.
□December 2010	The trade name was changed to Saxo Bank FX Securities Co., Ltd. Part of over-the-counter business was succeeded from Himawari Securities, Inc. Acquired a license as a commodity futures trader from the Minister of Economy, Trade, and Industry and the Minister of Agriculture, Forestry and Fisheries.
□January 2011	Joined the Commodity Futures Association of Japan.
□January 2013	Over-the-counter derivative business (kakakuFX and Kakakukin) of Kakaku.com Financial, Inc. was succeeded as a result of corporate division.
□March 2013	Service for binary touch options (exchange) was suspended.
□February 2016	The trade name was changed to Saxo Bank Securities Ltd.
□March 2016	Consolidated account service started. Handling of forward-based foreign exchange margin trading, bond CFD, and overseas commodity futures started.
□December 2016	The license as the commodity futures trader was renewed.
□June 2018	Registered as Type 2 Financial instruments business operator with the Financial Services Agency.
□September 2018	Handling of foreign securities, domestic and overseas stock index futures, overseas currency futures, and overseas interest-rate futures started.

3. Overview of business and method

□Description

The Company handles the following businesses.

- Over-the-counter derivative trading (financial derivatives and commodity derivatives): The trading method is negotiated trading.
- Foreign security trading, market derivative trading, and foreign market derivative trading (financial futures): The trading method is mediation to a foreign agent.

□Method

(1) Customer development

The method is mainly to evoke customers' voluntary application by way of promotion, advertisement, etc. with mass media, events, etc. Solicitation, confirmation of customer information, satisfaction survey, etc. by phone shall be conducted only when solicitation is desired upon opening of a demonstration account. A customer shall apply for account opening on the website of the Company and no other method is accepted. Suitability is reviewed after application, and we will undertake trading only when it is determined as qualified.

(2) Solicitation and acceptance of trading

We will not solicit trading in principle, while may solicit by phone within the scope stipulated by laws, ordinances, etc. to existing customers as well as to customers who open demonstration accounts. We never solicit by visit. Trading is accepted only by ordering on the platform of the Company, and other methods are not accepted.

【15】Prohibited Acts

The Company or its officers or employees are prohibited to engage in the following acts under the Financial Instruments and Exchange Act and the Commodity Futures Act.

1. Prohibited acts under both the Financial Instruments and Exchange Act and the Commodity Futures Act

1-1. Provision, etc. of false announcement and conclusive judgement

- Act to convey false matters to customers in regard to execution and solicitation of the trading contract (the contract has content to engage in over-the-counter derivative trading or over-the counter commodity trading with a customer as a counterparty or for the benefit of a customer; the same shall apply hereafter)
- Act to solicit execution of a trading contract by providing to a customer conclusive judgement about uncertain matters or by conveying something that may misguide the customer to believe it

1-2. Provision, etc. of loss compensation and profits

- Act to request or promise or to cause a third party to request or promise a customer or its designated person that the Company or a third party provides all or part of compensation or provides supplementary financial benefits to the relevant customer or a third party in the event that the customer suffers from loss in regard to the Trading or ends up not receiving profits in the pre-determined amount
- Act to request or promise or to cause a third party to request or promise a customer or its designated person that the Company or a third party compensates all or part of loss suffered by the customer or provides financial benefits to the relevant customer or a third party to add to the customer's profit in regard to the Trading
- Act to provide or allow a third party to provide financial benefits to a customer or a third party in order to compensate all or part of the relevant customer's loss or to add to the customer's profit in regard to the Trading
- Act to promise provision of special benefits to a customer or its designated person in regard to the trading contract or to provide special benefits to the customer or a third party (including act to cause a third party to promise provision of special benefits or to provide them)

1-3. Unrequested solicitation, etc.

- Act to solicit execution of a trading contract by visit or by phone to a customer who does not request solicitation to execute the trading contract (solicitation to a customer in continuous trading relationship with the Company as well as solicitation to hedge the risk of exchange fluctuations to a corporation engaging in the business relating to foreign trade or other foreign exchange trading is excluded from prohibited acts)
- Act of solicitation without confirming with the customer its intent to receive solicitation prior to the solicitation in regard to execution of the trading contract
- Act of solicitation regardless of the customer's prior indication of the intent not to execute the trading contract in regard to execution of the relevant trading contract (including the intent not to desire continuous acceptance of the relevant solicitation), as well as act to continue the relevant solicitation despite the fact that the customer who receives solicitation indicates its intent not to execute the relevant trading contract
- Act of solicitation by phone or visit regarding execution or cancellation of the trading contract at such time that the customer feels inconvenienced

1-4. Inappropriate explanation, indication, etc.

- Failure to explain about the content of the Trading Manual with the method and at the level necessary for the relevant customer to understand it in light of the customer's knowledge, experiences, financial conditions, and objectives to execute the trading agreement upon delivery of the Trading Manual
- Act to indicate important matters in a way that may cause misunderstandings in regard to execution or solicitation of the trading contract

1-5. False market rate and trading without permission

- Act to acquire money and other assets including securities or other guarantee money including margin money that belong to the customer's account under the trading contract by utilizing a false market rate or other illegal methods
- Act to engage in the Trading at the customer's account without obtaining prior consent of the relevant customer

1-6. Infringement on leverage regulations

- Act to continue the contract without requiring the customer to deposit the shortfall immediately after executing the relevant contract in the case that net assets of the customer are insufficient for the deposit amount required at the time of concluding the contract when a contract is executed in regard to currency-related derivative trading, security-related over-the-counter derivative trading, or over-the-counter commodity derivative trading

- Act to continue the contract without requiring the customer to promptly deposit the shortfall when net assets are insufficient for the deposit amount required for maintenance in regard to currency-related derivative trading, security-related over-the-counter derivative trading, or over-the-counter commodity derivative trading at a certain time for each business day

1-7. Others (threats, solicitation of hedging, rejection/delay of withdrawal, act as a sales representative by a person who is not, seminar while keeping the intent of solicitation secret)

- Act to use fraudulent means, violence, or threats in regard to execution or cancellation of the trading contract
- Act to solicit trading that counters the customer's selling or buying of the Trading (that decreases possible loss occurrence from such trading) to the relevant customer, or similar acts
- Act to refuse or unduly delay fulfilment of all or part of obligations under the trading contract
- Act to cause a person who is not a registered sales representative to bear duties as a sales representative for solicitation, etc.
- Act to solicit execution of the trading contract by gathering customers without clarifying the objective to solicit execution of the relevant trading contract in advance to the relevant customers

2. Prohibited acts relating to products (foreign exchange margin trading, foreign exchange options, stock index CFD, individual stock CFD, bond CFD, other securities CFD, stock index futures, currency futures, bond futures) under the Financial Instruments and Exchange Act

2-1. Trading relationship with a discretionary account

- Failure to execute a written contract in the case of executing the relevant contract stipulating that by receiving the customer's consent on the total fund amount in regard to the Trading, the Company executes trading without consent on selling/buying, brand, quantity, and price by determining them with computer processing or a pre-determined method upon occurrence of certain facts (excluding the case of executing the contract with a method using electronic data processing system or other information-communication technologies)

2-2. Self-dealing

- Act by officers (including employees who are supposed to conduct the duty if the officer is a corporation) or employees of the Company to engage in the Trading by utilizing their job status, based on special information that comes to be known during the performance of their duty including trend of orders relating to the Trading by the customer, or with the objective to exclusively pursue speculative benefits

2-3. Slippage

- To conclude trading at a price unfavorable to a customer even when slippage favorable to the customer occurs (the contract price is more favorable to the customer than the price at the time of order) while concluding trading at a price unfavorable to the customer in the case that slippage unfavorable to the customer occurs (the contract price is more unfavorable to the customer than the price at the time of order)
- To establish a wider scope of slippage to conclude trading at a price unfavorable to a customer than the scope of slippage to conclude trading at a price favorable to the customer (including to establish a wider scope of slippage to conclude trading at a price unfavorable to the customer than the scope of slippage to conclude trading at a price favorable to the customer when the customer can specify the slippage)
- To establish the upper limit of the trading amount to conclude in the case that slippage unfavorable to a customer occurs higher than the upper limit of the trading amount to conclude in the case that slippage favorable to the customer occurs

3. Prohibited acts relating to products (precious metal margin trading, precious metal options, commodity CFD, overseas commodity futures) under the Commodity Futures Act

3-1. Solicitation without notifying the trading unit; persistent solicitation

- Solicitation without notifying the trading unit to the customer
- Recommendation to continue the relevant trading to the customer who indicates its intent to complete settlement

3-2. Failure to notify information or to present price

- Continuation of acts relating to commodity futures trading under a situation recognized as not properly notifying necessary information to the customer including the delivery status
- Failure to simultaneously present both prices to the customer (limited to individual customers) in the case that both the selling price and buying price are available
- Failure to present the price indicated upon trading or matters equivalent to the price to the customer (individuals only) who requests presentation of the relevant price or matters equivalent to the price

【16】Terms Relating to Trading

Terms and related terms used in the Trading Manual as well as their meaning are listed below. They are listed in alphabetical order followed by a-i-u-e-o order. Terms relating to options are listed together at the end.

● ETF/ETC/ETN

ETF (Exchange Traded Fund) is investment trust that can be traded through an exchange in the same way as listed stocks. ETC (Exchange Traded Commodity) is a variation of ETF. As its name suggests, it is a listed security linked with commodity price (future or spot). ETN (Exchange Traded Note) is linked with stock index, commodity index, etc. in the same way as ETF, while the difference from ETF is that there is no underlying asset, and credit capability of the issuer (bank) is the only collateral. It is also called a listed bond or listed investment security.

● FIFO

FIFO (First-In First-Out) is a method to settle open positions. It is a rule to settle open positions in the order of an older date and time of contract. There is no rule to prioritize day trade in the case of FIFO.

FIFO example (when the same brand is traded)

①1-unit bought on April 1 at 1,100 JPY
②2-unit bought on April 2 at 1,200 JPY
③1-unit sold on April 3 at 1,300 JPY
④1-unit sold on April 4 at 1,400 JPY

When order is placed without specifying the particular settlement target in ③ and ④ (i.e., with no distinction of new order or settlement order), any opposite open positions are automatically settled. In the case of selling in ③, the long position in ① is resold for settlement, and in the case of selling in ④, one unit of long positions in ② is resold for settlement. One unit of short positions in ② remains as a result.

● GMT (Greenwich Mean Time)

Greenwich standard time or world standard time

● GTC (Good Till Cancelled)

One of the methods to specify expiration of the order. Expiration is when the contract for the order is concluded or cancelled.

● LIBOR (London Interbank Offered Rate)

Offered rate for trading between banks in London and a representative index for a short-term interest rate; generally called LIBOR

● LIBID (London Interbank Bid Rate)

Bid rate for trading between banks in London and a representative index for a short-term interest rate; generally called LIBID

● NDF (Non-Deliverable Forward)

One mode of forward transactions. Settlement is on a certain future date specified in advance, on the premise of net settlement rather than settlement by delivery by exchanging currencies, etc.

● Negotiated transaction

Unlike exchange-based transactions such as stocks, trading is at the price and rate directly determined between the seller and buyer. The interbank market adopts this method and banks as market participants directly carry out trading. It is also called OTC transaction (over-the-counter transaction).

- Ask
  Presentation of the selling price by the side that presents the price, or the selling price presented. It becomes the buying price for the side that is presented to (the customer). It is also called an offer.
- Interbank market
  Market of financial trading between banks. In the case of foreign exchange trading, the minimum trading unit is 1,000,000 USD and several billions of dollars may be traded at once. There is no specific exchange for the foreign exchange market, and trading is by negotiated form through EBS (electronic brokerage services), Reuters terminals, foreign exchange brokers, etc.
- Delivery settlement
  Method of settlement by payment and receipt of underlying assets and their considerations in selling and buying transactions
- Short position
  Selling transaction before settlement is completed; also called short (position)
- Sell-back
  Selling transaction to unwind the long position (reduce the long position)
- Order
  Order in trading
- Overnight position
  Position that is carried over to the following day or after. Such trading is called overnight deal.
- Buying on dips
  Buying at the stage of (seemingly) temporary declines when the market rate is in the upward trend
- Long position
  Buying transaction before settlement is completed; also called long (position)
- Buy-back
  Buying transaction to unwind the short position (reduce the short position)
- Foreign exchange trading
  "Foreign exchange trading" means to exchange a currency of one country with a currency of another country, and the price upon exchange is called the "foreign exchange rate."
- One-way fee
  Fee imposed on new trading or settlement trading, respectively. The total amount of both fees is called two-way fees.
- Associated order
  Order placed for unsettled positions
- Financial instruments business operator
  Person registered under the Financial Instruments and Exchange Act in regard to businesses that handle financial instruments trading including foreign exchange margin trading and over-the-counter securities derivative trading
- Quote, quotation
  Presentation of a price in trading, or the price
- Indicative price
  Exchange rate that reflects trading in the foreign exchange market at that time
- Alternative dispute resolution system
  Procedure of resolution with involvement of a fair third party for disputing parties who attempt to resolve civil disputes without relying on judicial proceedings; also called ADR
- Net settlement
  Settlement method by paying or receiving the difference depending on the calculated profit or loss without delivery of underlying assets upon settlement of over-the-counter derivative trading, futures, etc.
- Limit order
  Order by indicating the price limit (minimum price for selling and maximum price for buying)
- Spot trading
  Mode of trading with the highest trading volume in the interbank market. The actual currency is delivered two business days after the date of contract conclusion (or the following business day in the case of USD/CAD). The foreign exchange rates reported in news, etc. generally mean the rates for spot trading.

- Financing rate
  Revenue when valuation profit from open positions is invested, or cost when valuation loss is financed as a basic concept; linked with the short-term market rate. However, there is a difference in the interest rate level applied to each, and the cost is established higher than revenue.
- Market intervention
  Participation in the interbank market by central banks, etc. of each country for the purpose to maintain the foreign exchange rate at a certain level. Coordinated intervention jointly undertaken by each country has a stronger influence on the market than unilateral intervention by one country only.
- Automatic loss cut
  Feature to compulsorily settle open positions when loss reaches a certain level
- Major currency
  Currency with a large trading volume in worldwide foreign exchange markets; generally including USD, EUR, GBP, JPY, CHF, AUD, CAD, etc.
- Margin trading
  Trading by depositing the clearing margin as a collateral upon trading. It is not necessary to prepare the total proceeds when buying order is placed, or to prepare the target asset when selling order is placed. Settlement is by net settlement.
- Short
  Short position
- Square
  Presence of short and long positions of the same brand in the same quantity. Settlement of open positions in a square condition is completed with roll-over processing; however, in the case that an associated order is attached to one position or both positions, the open positions are carried over without settlement.
- Spread
  Difference in price or interest rate in general, or difference between the selling price and the buying price in the case of foreign exchange trading. In the interbank market, a 2-way price method is adopted to simultaneously present the selling price and buying price to the counterparty in order to maintain fairness in trading. If the other party presents 115.00－03 for example, the lower rate (115.00) is the selling rate and the higher rate (115.03) is the buying rate.
- Spot trading
  Mode of trading with the highest trading volume in the interbank market. The actual currency is delivered two business days after the date of contract conclusion (or the following business day in the case of USD/CAD). The foreign exchange rates reported in news, etc. generally mean the rates for spot trading.
- Slippage
  Difference between the price indicated at the time of order by the customer or the price specified by the customer upon order, and the contract price
- Swap point
  In the case that the currency is exchanged after a certain period of time in foreign exchange trading, receipt and payment to adjust the difference in interest rates occurs between the traded currencies depending on the period. This adjustment for the difference in interest rates is the major factor of swap points. In the situation where the interest rate in the U.S. is higher than the interest rate in Japan for example, buying USD and selling JPY results in positive swap points and receipt of swap points according to the period, because the receiving interest rate (USD interest rate) is higher than the paying interest rate (JPY interest rate). On the other hand, selling USD results in payment of swap points.
- Open position
  Ongoing trading in an unsettled condition; also called position
- Position limit
  To establish a limit in the size of tradable open positions. The upper limit is established on the amount, quantity, etc. of open positions.
- Day trade; daylight deal
  Trading settled within the day instead of carrying over open positions to the following day or after; in-and-out transaction. In the case of the Company, it means trading handled from new positions to settlement within approximately 24 hours with roll-over processing that occurs every morning as a cut-off.

- Derivatives
  Financial derivative products; a new mode of financial trading created based on existing financial instruments such as stocks, bonds, etc.; collective name of futures, swaps, options, etc.
- Over-the-counter derivative trading
  Derivative trading without going through the financial instruments exchange market and overseas financial instruments market opened by a financial instruments exchange, similar to foreign exchange margin trading
- Over-the-counter financial futures
  Futures of financial instruments such as currency, interest rate, etc. in over-the-counter derivative trading
- Professional investor
  Qualified institutional investor, country, Bank of Japan, etc. that are recognized to have professional knowledge and experiences relating to investment into securities including over-the-counter financial futures. Individuals who satisfy certain requirements may apply for qualification as professional investors, and a certain professional investors may apply for qualification as customers other than professional investors.
- Reversal
  Sudden reversal from long to short positions or from short to long positions
- Marking to market
  To recalculate valuation profit or loss based on a certain standard price in the case that there are unsettled positions.
  ＊The Company adopts a structure to understand the current status of the customer's clearing margin at all times with the calculation method stipulated by the Company, by evaluating profit and loss of the customer's unsettled positions based on the prevailing rate in the interbank market with real-time measurement.
- Offsetting transaction
  An offsetting transaction means a transaction to settle existing positions by placing selling order to long positions or buying order to short positions. Settlement with offsetting transactions requires the traded brand to be the same.
- Day trade
  Daily trading is the act of buying and selling the same security within a single trade day.
- Valuation profit or loss
  Unrealized profit and loss conveniently evaluated in regard to unsettled positions
- Value date
  Settlement date; or the date to exchange actual currencies in the interbank market
- Bid
  Presentation of the buying price by the side that presents the price; or the buying price presented. It becomes the selling price for the side that is presented to (the customer).
- Pip
  Minimum unit to indicate price movement of the exchange rate; different for each currency pair; also called point
- Forex
  Abbreviation of foreign exchange; also called FX for short
- Forward transaction
  Transaction with the delivery date (settlement date) that goes beyond two business days in the interbank market. The forward rate is calculated from the spot rate and interest rate.
- Product
  Financial instruments, financial derivatives, commodity derivatives, etc. offered by the Company to a customer
- Hedge
  Also called "hedging"; act to avoid the risk of price fluctuation in the spot market by using futures and options
- Mark-to-market
  To evaluate open positions with the actual market rate to weigh the present value; re-evaluation
- Market
  Market; or the interbank market in general in the case of foreign exchange trading

- Selling on rally
  Selling at the stage of (seemingly) temporary increases when the market rate is in the downward trend
- Night-time trading
  Trading during the night-time after the regular daytime trading ends; also called night session or evening session. In the case that the order is concluded by night-time trading, the conclusion date of the order may become the following trading date depending on the exchange.
- Contract
  Conclusion of trading. The concluded price is called “contract value” or “contract price.”
- Liquidity
  Liquidity means the level of processing ability of how fast or how many orders can be concluded in the market or by the trading counterparty, and liquidity is considered as high if the market can conclude a large amount or orders quickly.
- Hedging
  Hedging generally means to newly undertake trading of the same brand with the opposite selling/buying category to simultaneously carry both short and long positions, rather than settling existing positions. In the case of the platform of the Company, it means a situation where there are both selling and buying positions of the same brand with an associated order attached to one position or both positions.
- Leverage
  Leverage effect. In the case of margin trading, it represents how many times of the clearing margin required for the trading are equivalent to the total trading amount.
- Roll-over
  Operation to defer settlement every day. The spot trading in the interbank market is normally settled in two business days, while in the case of foreign exchange margin trading, settlement is deferred every business day unless open positions are settled; therefore, it becomes possible to carry open positions for a long time. Receipt or payment of swap points occurs at the time of roll-over.
- Loss cut
  To cut loss. In the case that open positions are in the loss account, trading is terminated to avoid expansion of further loss.
- Long
  Long position

Terms relating to options

- Out of the money
  Situation where loss occurs in the relationship between the exercise price and the price of underlying assets when the buyer of options exercise rights, i.e., the exercise price is higher than the price of underlying assets in the case of call option, and the exercise price is lower than the price of underlying assets in the case of put option.
- At the money
  Situation where no profit or loss occurs in the relationship between the exercise price and the price of underlying assets when the buyer of options exercise rights, i.e., the exercise price is equal to the price of underlying assets in the case of both call option and put option.
- In the money
  Situation where profit occurs in the relationship between the exercise price and the price of underlying assets when the buyer of options exercise rights, i.e., the exercise price is lower than the price of underlying assets in the case of call option, and the exercise price is higher than the price of underlying assets in the case of put option.
- Exercise
  To exercise rights
- Covered call
  Combination of retention of underlying assets with selling of call option; one of the investment strategies used to aim at improving the yield

- Gamma (γ)

  One of the risk indices in options, indicating the variation amount of delta over the price change in underlying assets

  ・Gamma = variation range of delta value / variation amount of the price of underlying assets

  When the gamma value increases, variation of delta increases upon fluctuation of the price of underlying assets. When gamma decreases, variation of delta decreases even when the price of underlying assets fluctuates. When delta hedge is used to avoid the price fluctuation risk, delta fluctuation increases if the gamma value is large; therefore, it is necessary to frequently adjust the open positions.
- Waiver

  "Waiver" means that the buyer of options does not exercise rights even when the expiration date of exercise period arrives.
- Delivery month

  The tradable period is stipulated in advance in the case of futures and options listed on an exchange in general, and the month when the period ends is called "delivery month." "Delivery month of May" means that the last day of trading is in May, and "delivery month of July" means that the last day of trading is in July, to distinguish each trading.
- Strike price

  Exercise price
- Straddle

  Investment strategy that focuses on price fluctuation of underlying assets in options. Call option and put option with the same delivery month and exercise price are combined.
- Strangle

  Investment strategy that focuses on price fluctuation of underlying assets in options. Call option and put option with the same delivery month are combined at a different exercise price.
- Theta (θ)

  One of the risk indices in options. It represents the variation amount of option price to the time variation and can be expressed as follows.

  ・Theta = variation amount of option price / decrease in the number of remaining days

  The option value decreases along with passing of time, while the option price after passing of a day decreases more when the theta value increases more.
- Delta (⊿)

  One of the risk indices in options. It represents the variation amount of option price to the price variation of underlying assets and can be expressed as follows.

  ・Delta = variation amount of option price / variation amount of the price of underlying assets

  The delta value is between zero and one, and linkage between the option price and the price of underlying assets become stronger when it gets closer to one. If the option price fluctuates as much as the price movement of underlying assets, delta is one. Delta approaches one when the option is more in the money and approaches zero when the option is more out of the money. To hedge the price fluctuation risk in options retained, delta can be utilized as an index (called "delta hedge"). When delta is 0.5 for example, the overall position becomes neutral to fluctuation of the price of underlying assets by carrying 0.5 of opposite position of underlying assets to one open position in options.
- Black-Scholes model

  Model to calculate the theoretical price of options designed by Fischer Black and Myron Scholes. Data (price of underlying assets, exercise price, remaining period, fluctuation rate, interest rate) necessary for calculation can be obtained easily and calculation is also easy; therefore, it is widely used in the practical world.
- Protective put

  Combination of retention of underlying assets with buying of put option; one of the investment strategies used to avoid the risk of price decline of underlying assets
- Vega (v)

  One of the risk indices in options. It represents the variation amount of option price to the volatility variation of underlying assets and can be expressed as follows.

  ・Vega = variation amount of option price / variation range of volatility

  The vega value becomes the same for put and call when the exercise price and expiration (maturity date) are the same and reaches maximum at the money.

● Volatility

Degree (severity) of price fluctuation of underlying assets commonly expressed in standard deviation. Volatility has a high value under the condition of severe fluctuation. There are two types of volatility. Volatility obtained from price fluctuation in the past is called historical volatility (H.V.) Volatility obtained with inverse operation from the option price at the time when the option is actually concluded by using the theoretical formula represented by the Black-Scholes model is called implied volatility (I.V.)