

Business Outlines related to Dojima Precious Metal Futures Clearing Qualification

As of October 25, 2022

Japan Securities Clearing Corporation

I. Purpose

In align with the launch of precious metal market on Dojima Exchange Inc. (hereinafter referred to as “ODEX”), JSCC amends framework to newly set Clearing Qualification which covers the relevant commodity market.

II. Overview

Item	Descriptions	Remarks
1. Clearing Participant Framework (1) Type of Clearing Qualification (2) Handling of Clearing Qualification	<ul style="list-style-type: none">• Dojima Precious Metal Futures Clearing Qualification is newly set to cover contracts in the precious metal market on ODEX.• Type of Clearing Qualification, Acquisition Criteria, and obligation by other Clearing Participants and the measures against Clearing Participants will be same as Clearing Qualification related to the existing commodity market (referred to as the Clearing Qualification related to the commodity market related to the Securities and Similar Contracts Clearing Business (referring to the Precious Metal Futures Clearing Qualification and other Clearing Qualifications) the same applies hereinafter).	<ul style="list-style-type: none">• When a Clearing Participant who has acquired Clearing Qualification related to the other listed derivatives on JSCC intends to acquire Dojima Precious Metal Futures Clearing Qualification, given the clearing records under other Clearing Qualification, JSCC will apply relaxed criteria, such as simplified examination, such as confirmation of items specific to acquisition of

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Item	Descriptions	Remarks
		<p>Dojima Precious Metal Futures Clearing Qualification.</p> <ul style="list-style-type: none"> When a Clearing Participant who has acquired the Clearing Qualification related to the other listed derivatives on JSCC intends to acquire the Dojima Precious Metal Futures Clearing Qualification, for the time being, it shall be exempted from payment of the fee for obtaining the Clearing Qualification (normally, JPY 1 million).
2. Assumption of Obligations	<ul style="list-style-type: none"> Handling of Assumption of Obligations related to Dojima Precious Metal Futures Clearing Qualification and brokerage of commodity clearing contacts and segregated management of accounts related to Contracts Subject to Clearing will be same as those for Clearing Qualification related to the existing commodity market. 	<ul style="list-style-type: none"> Add provision that stipulates the trading day of obligation related to Dojima Precious Metal Futures Clearing Qualification as the period from the commencement of night session of the previous day to the closing of daytime session.
3. Settlement Method of Contracts for Clearing, etc.	<ul style="list-style-type: none"> Settlement method and position transfer related to the Contacts for Clearing related to Dojima Precious Metal Futures Clearing 	<ul style="list-style-type: none"> Add provision related settlement method, etc. related to cash-settled

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Item	Descriptions	Remarks
4. Margin	<p>Qualification will be same as those for Clearing Qualification related to the existing commodity market.</p> <ul style="list-style-type: none"> Calculation method of Margin requirement related to Dojima Precious Metal Futures Clearing Qualification will be SPAN Method, same as that for Clearing Qualification related to the existing commodity market. Handling of other procedures, such as margin deposit will be same as those for Clearing Qualification related to the existing commodity market. 	<p>futures contract, along with addition of cash-settled futures settlement method for contracts on ODEX.</p> <ul style="list-style-type: none"> For the time being, Margin Risk of Period for SPAN margin calculation is set to be 1 day and add-on charge shall not be applied.
5. Clearing Fund	<ul style="list-style-type: none"> Calculation method of required amount of Clearing Fund and handing of deposit related to Dojima Precious Metal Futures Clearing Qualification will be same as those for Clearing Qualification related to the existing commodity market. 	<ul style="list-style-type: none"> For the time being, specific required Clearing Fund amount will be the amount to cover the expected loss of the Clearing Participant with the largest exposure and the bottom 5 Clearing Participants in terms of net assets in extreme but plausible market conditions, setting no minimum amount.

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Item	Descriptions	Remarks
6. Measures, etc. in case of Settlement Default by Clearing Participant		
(1) Measures in case of Settlement Default	<ul style="list-style-type: none"> Handling of measures in case of Settlement Default by Clearing Participant, etc. related to Dojima Precious Metal Clearing Qualification will be same as that for current Dojima Agricultural Futures Clearing Qualification. 	<ul style="list-style-type: none"> Waterfall scheme will be segregated from those for the existing Clearing Qualification.
(2) Compensation for Loss Caused by Default	<ul style="list-style-type: none"> JSCC will contribute to resources to compensate the loss caused by settlement default by the Clearing Participant related to Dojima Precious Metal Futures Clearing Qualification in the following order. <ol style="list-style-type: none"> Margin and Clearing Fund and others deposited by the Defaulting Clearing Participant Loss Compensation by Designated Market Operators Commodity Futures Settlement Guarantee Reserve contributed by JSCC Clearing Fund contributed by Non-Defaulting Clearing Participants Compensation by First Special Clearing Charge Compensation by Second Special Clearing Charge 	<ul style="list-style-type: none"> Handling of loss compensation will be in a same manner as that for Dojima Agricultural Futures Clearing Qualification.
7. Implementation Timing	<ul style="list-style-type: none"> JSCC aims to implement the scheme in March 2023. 	

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