

Partial Revision of Clearing Fund Calculation Method in Listed Commodity Derivatives Clearing Service

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Japan Securities Clearing Corporation

I. Purpose

When calculating the required amount of clearing fund (Each Participant) each Clearing Participant deposits with JSCC in Listed Commodity Derivatives Clearing Service, JSCC allocates the required amount of clearing fund (All Participants) proportionately according to the amount equivalent to the required amount of Initial Margin for each Clearing Participant under its current method. JSCC will make a necessary revision from viewpoint of capturing risk amount of each Clearing Participant more multidirectionally.

II. Outlines

Item	Description	Remarks
1. Revision of Clearing Fund Allocation Method in Listed Commodity Derivatives Clearing Service	<ul style="list-style-type: none">• In respect of the rate to be applied when allocating the required amount of clearing fund (All Participants) proportionately to each Clearing Participant in the calculation of the required amount of clearing fund (Each Participant) for each Clearing Qualification, the rate determined based on the Risk Amount Exceeding Collateral for each Clearing Participant ("PML Amount") will be taken into account in addition to the rate determined based on the amount equivalent to the required amount of Initial Margin for each Clearing Participant ("IM Amount") that is currently taken into account.• The ratio between IM Amount-based rate and PML Amount-based rate shall be 1:1.• The specific calculation method to which this revision is reflected is as follows: Required Amount of Clearing Fund (Each Participant)	<ul style="list-style-type: none">• All Clearing Qualifications under the Listed Commodity Derivatives Clearing Service shall be subject to this revision.• "Risk Amount Exceeding Collateral" means the amount obtained by subtracting the amount equivalent to the required amount of Initial Margin from the expected loss amount under the stress scenarios.• Handling of other components of the calculation method (i.e., Period Average

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	$= (\text{Greater of Period Average Base PML Amount and Daily Largest Base PML Amount}) \times \{(\text{Each Participant Prorated Base IM Amount}/\text{Total Prorated Base IM Amounts}) \times 0.5 + (\text{Each Participant Prorated Base PML Amount}^*/\text{Total Prorated Base PML Amount}^{**}) \times 0.5\}$ <p>* “Each Participant Prorated Base PML Amount” means the average of the largest value of the base PML Amount under the stress scenarios on each trading day during the one-month period preceding the base date for calculation of required amount of clearing fund for each Clearing Participant.</p> <p>** “Total Prorated Base PML Amounts” means the sum total of the Each Participant Prorated Base PML Amounts of all Clearing Participants.</p>	<p>Base PML Amount, Daily Largest Base PML Amount, Each Participant Prorated Base IM Amount and Total Prorated Base IM Amounts) will remain unchanged.</p>
2. Implementation Timing (Tentative)	<ul style="list-style-type: none"> This revision will be implemented at the same timing as the introduction of New Margin Calculation Method (VaR Method) for Futures/Option Contracts (scheduled for November 6, 2023). 	<ul style="list-style-type: none"> JSCC is planning to revise the threshold for judgment with respect to the measures of increasing an amount required for margin according to a risk amount (Gold Futures Commodity Group and Energy Futures Commodity Group) at the same timing as the implementation of this revision.