

Outlines related to Revision of Emergency Margin Framework for Listed Derivatives Clearing Services

January 30, 2020

Japan Securities Clearing Corporation

I. Purpose

Under JSCC's Listed Derivatives Clearing Services, an adoption of the Intraday Margin framework, the framework of Emergency Margin for Specified Party and other frameworks has achieved a reinforcement of JSCC's risk management framework against intraday and night time risk related to Clearing Participants. In light of this, JSCC will revise the trigger judgement criteria for Emergency Margin, under which trigger is currently judged based on a market fluctuation from the previous day to the current day, to the one based on the market fluctuation after the risk capture timing under the Intraday Margin framework for the current day.

In addition, as JSCC will start offering clearing service for Commodity market in association with the integration of the clearing function with Japan Commodity Clearing House Co., Ltd., the market fluctuation at the Commodity market will be added to the trigger criteria for the Emergency Margin.

II. Outline

Item	Description	Remarks
1. Revision of Price to be Observed for Emergency Margin Trigger Judgment	<ul style="list-style-type: none"> • With respect to the contract month contracts which are selected by JSCC from the JGB Futures Contracts or Index Futures Contracts, in the case where the difference between the contract price in the exchange trade immediately prior to 1:00 P.M. and <u>the Intraday Settlement Price for the same Trading Day</u> exceeds the price previously prescribed by JSCC, JSCC shall call for Emergency Margin. 	<ul style="list-style-type: none"> • Currently, Emergency Margin call is judged based on the difference between the contract price in the exchange trade immediately prior to 1:00 P.M. and <u>the Settlement Price for the previous Trading Day</u>.
2. Addition of Contracts subject to Emergency Margin Trigger Judgment	<ul style="list-style-type: none"> • Below condition shall be added to the Emergency Margin trigger criteria: With respect to the contract month contracts which are selected by JSCC from the <u>Precious Metal Futures Contracts or Oil Futures Contracts</u>, in the case where the difference between the contract price in the exchange trade immediately prior to 1:00 P.M. and the Intraday Settlement Price for the same Trading Day exceeds the price previously prescribed by JSCC, 	<ul style="list-style-type: none"> • Currently, JGB Futures Contracts and Index Futures Contracts are covered. • When the market condition falls under the criteria, the Emergency Margin call shall be triggered for all Clearing Qualifications.

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Item	Description	Remarks
3. Implementation Timing	<ul style="list-style-type: none"> • To be implemented at the same timing as the transfer of Commodity Derivatives from the Tokyo Commodity Exchange to the Osaka Exchange and the clearing function integration (aimed at July 2020). 	

End of Document

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