

Partial Amendment to Business Rules and other Rules  
in association with Revision of Deposit Insurance Act

I. Purpose of Amendment

In light of an existence of potential risk that distress and failure of systemically important financial institutions may spread across financial markets and cause a serious impact on the real economy revealed during the recent global financial crisis triggered by the failure of Lehman Brothers, etc., the revised Deposit Insurance Act (promulgated on June 19, 2013) allowing injection of public funds not only into institutions handling deposits, which are currently subject to the Act, but also into other institutions, including securities firms and insurance companies, is scheduled to be enforced in the near future (within 9 months after the date of promulgation).

As a result of the enforcement of the revised Deposit Insurance Act, the framework for a bridge financial institution (any of the persons listed in Article 126-34, Paragraph 3, Item 5 of the Deposit Insurance Act) which is a subsidiary of Deposit Insurance Corporation of Japan to promptly succeed to important market transactions, etc. of the market participant in financial crisis (Specific Type II Measures set forth in Article 126-2, Paragraph 1, Item 2 of the Deposit Insurance Act) will be established as a new style of default management. JSCC will make necessary amendments to the Business Rules and other rules related to each Clearing Business to deal with the introduction of such framework, such as to quickly grant Clearing Qualification to the bridge financial institution.

II. Outline of Amendment

1. Treatment of Clearing Qualification

- To enable to promptly approve an acquisition of Clearing Qualification by the bridge financial institution for each Clearing Business

(Remarks)

- Article 6 of the Business Rules, Article 8 of the CDS Clearing Business Rules (hereinafter referred to as “CDS Business Rules”), Article 8 of the Interest Rate Swap Clearing Business Rules (hereinafter referred to as “IRS Business Rules”) and Article 6 of the Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules

DISCLAIMER: This is the reference translation of the original Japanese document. Japan Securities Clearing Corporation shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, or misunderstanding with regard to this translation. This document may not be reproduced or redistributed in whole or in part without the permission of Japan Securities Clearing Corporation.

- The payment of the initial fee for Clearing Qualification will not be required for acquisition of Clearing Qualification.

- In IRS Transaction Clearing Business, to enable to promptly approve handling of Client Clearing by the bridge financial institution.
- In light of the temporary nature and function of the bridge financial institution, the bridge financial institution shall be exempt from the obligations of quotes submission, participation in default management auction, to be a member of Default Management Committee and participation in default management fire-drill for CDS and IRS Clearing Businesses.

## 2. Other

- Other necessary amendments are made.

( hereinafter referred to as “OTC JGB Business Rules”)

- Article 4 of the Handling of Business Rules, Article 19 of the Handling Procedures of CDS Business Rules, Article 15 of the Handling Procedures of Interest Rate Swap Business Rules, Article 5 of the Handling Procedures of Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules
- Article 12-2 of IRS Business Rules
- Article 75 of CDS Business Rules, Article 79 of IRS Business Rules, Article 9 of Rules on Default Settlement Regarding Clearing Participants, Article 9 of Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business, Articles 5 and 9 of Default Management Committee Rules, Article 5 and 9 of IRS Default Management Committee Rules

III. Effective Date

These amendments shall come into force on the date designated by JSCC (March 7, 2014).

End of Document

Business Rules and other Rules Partial Amendment Comparison Table

Table of Contents

1. Business Rules Partial Amendment Comparison Table
2. Handling of Business Rules Partial Amendment Comparison Table
3. CDS Clearing Business Rules Partial Amendment Comparison Table
4. Handling Procedures of CDS Business Rules Partial Amendment Comparison Table
5. Rules on Default Settlement Regarding Clearing Participant Partial Amendment Comparison Table
6. Default Management Committee Rules Partial Amendment Comparison Table
7. IRS Clearing Business Rules Partial Amendment Comparison Table
8. Handling Procedures of IRS Business Rules Partial Amendment Comparison Table
9. Rules on Default Settlement Regarding Clearing Participant in relation to IRS Clearing Business Partial Amendment Comparison Table
10. IRS Default Management Committee Rules Partial Amendment Comparison Table
11. Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules Partial Amendment Comparison Table
12. Handling Procedures of Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules Partial Amendment Comparison Table