

Business Continuity Plan (BCP) in Case of an Emergency

As of July 27, 2020

Japan Securities Clearing Corporation

In order to fulfill our roles as a cross-market clearing organization in Japan, JSCC has formulated the basic policy to conduct its business operations in the event of an emergency situation such as system failure, etc. in February 2004. Furthermore, in March 2005, in order to provide more appropriate response to risks surrounding JSCC, we have developed a Business Continuity Plan (BCP) that defines the basic policy, system and procedures, etc. assuming all the possible risks such as system failures, natural disasters, terrorist attacks, etc.

Thereafter, as a part of our efforts to strengthen our business capability for steadily providing operations based on the BCP, and to be known to our Clearing Participants and other related institutions, JSCC has released the BCP in August 2005 to the extent where it does not undermine our security. Moreover, in light of further reinforcement of our business operations, JSCC has constructed and operated a backup data center (secondary center) for JSCC's core clearing systems since October, 2008. Then, as we have made necessary revisions in accordance with the construction of the secondary center, we would like to disclose the revised BCP as follows.

Regarding "Basic Policy on Response in case of Emergency Situations" and the relevant manuals which have been already released, please note that there are no specific changes in response measures to be undertaken by Clearing Participants and other related institutions as these documents shall be continuously adopted as parts of the BCP.

Item	Descriptions
1. Purpose	• The purpose is to minimize the impact on Clearing Participants, Designated Market Operators, Fund Settlement Banks and other related institutions by continuing business activities to the greatest extent possible when an emergency situation arises. Also, through such effect, JSCC aims to fulfill our responsibilities as a cross-market

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Item	Descriptions
2. Scope of BCP	clearing organization in Japan.
(1) Assumed Risks	<ul style="list-style-type: none"> • The BCP covers response in a wide range of cases as possible by addressing assumed risks that may lead to suspension of operations with a combination of cause events and result events. • The cause events include natural disasters including earthquakes, damages by wind or floods, epidemics, system failures, breakdown of the social infrastructures such as electricity or telecommunications, and terrorist attack (advance notice and actual destruction) and cyber-terrorism. • The BCP presumes the result events brought by such cause events which will lead to the inability to use the building, inability to use systems, a lack of manpower, and the cessation of operations at external institutions, etc.
(2) Operations subject to BCP	<ul style="list-style-type: none"> • Settlement operations related to clearing contracts between JSCC and Clearing Participants, risk monitoring, and collateral services offered by JSCC to Tokyo Stock Exchange (TSE), Osaka Exchange (OSE) and Tokyo Commodity Exchange (TOCOM). JSCC will establish a structure for business continuity to the maximum extent possible.
3. Establishment of Response Policy	<ul style="list-style-type: none"> • Classify the result events into these categories; “Local Damages” “Wide-Area Damages” and “System Failures,” and set force a response policy for each category as well as system and procedures for enabling smooth continuation of business when the assumed risk emerges.
(1) Local Damages	

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Item	Descriptions
<p>(2) Wide-Area Damages</p> <p>(3) System failures</p> <p>4. Set-up of systems & infrastructures</p> <p>(1) BCP Emergency</p>	<ul style="list-style-type: none"> Local damages refer to cases where JSCC has sustained damage due to terrorist attacks (advance notice and actual destruction), etc. but other related institutions have no specific impact. In cases where such an event occurs, JSCC will undertake the response measures; 1) Setting up a BCP emergency headquarters, 2) Obtaining a firm understanding of the extent of damage, 3) Considering and determining possible response, 4) Communicating with external institutions, 5) Conducting backup operations (switch-over to the backup data center, moving to the backup offices, etc.) 6) Preparing for full-scale recovery. Wide-area damages refer to cases where both of JSCC and other external institutions have impact due to a large-scale earthquake, damages by wind or floods, etc. In cases where such an event occurs, JSCC will comprehend the extent of damage/recovery of related external institutions at specific intervals in addition to the response measures for local damages. System failures refer to cases where JSCC or other external institutions relating to JSCC's clearing/settlement operations receive damages due to hardware failure, application failure, communication line or other failure. In the event that a system failure occurs, prior to the response measures for local damages and wide-area damages, JSCC will make initial responses such as examining expected impact of the failure, etc. If the system failure is serious, JSCC will set up BCP emergency headquarters to implement the same responses made in the case of local damages or wide-area damages. JSCC has developed the following systems and infrastructures in order to respond as stated in "3" above:

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Item	Descriptions
<p>Headquarters</p> <p>(2) Securing Manpower</p> <p>(3) Securing Means of Communication</p> <p>(4) Backup Offices</p> <p>(5) Data Center</p>	<ul style="list-style-type: none"> • In order to implement necessary response measures promptly and adequately when assumed risk emerges, JSCC will set up the BCP emergency headquarters to ascertain the state of damages and continuance of business operations, to communicate with related external institutions, and to make necessary decisions. • JSCC has specified in advance the personnel who make the initial response assuming cases where an emergency situation arises during night-time or on a non-business day. • JSCC has prepared various modes of communication such as telephones, priority telephones for use in emergencies, mobile phones, e-mails, facsimiles, Target-JSCC site, etc., in order to ensure that means of communications within JSCC and with those outside are available in the event of an emergency situation. In addition, JSCC has exchanged lists of communication contacts with related external institutions. • JSCC has prepared backup offices to minimum extent so that it can continue business operations at an area separate from the ordinary facilities in case they become unusable. At the same time, JSCC has designated personnel that will move to backup offices in an emergency situation. • The building in which the main data center (primary data center) has been set up meets all the requirements in the “FISC Security Guidelines on Computer Systems for Banking and Related Financial Institutions” of the Financial Information System Center (FISC), and for which JSCC has also obtained ISMS (Information Security Management System) certification. Also JSCC has established the secondary center with robust equipment and communication networks equal to the primary data center at an area where the possibility of simultaneously experiencing disasters is extremely low.

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Item	Descriptions
<p>(6) Backup system</p> <p>(7) Test and Training</p>	<ul style="list-style-type: none"> • If the primary data center becomes unusable due to a large-scale disaster and JSCC determines early recovery is impossible, JSCC will make an effort to continue business by transferring operations to the secondary center. In this case, JSCC will prepare systems to resume operations within almost 2hours after such an emergency situation occurs. • In addition to verifying whether the contents of the BCP are appropriate or not, JSCC has conducted BCP tests and trained personnel on a regular basis so that they can smoothly enact response measures set forth in the BCP. <p>The End of Document</p>

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