

【Document Number 6】 Contingency Plan with regard to Calculation of Required Initial Margin Amount for CDS

Contingency Plan with regard to Calculation of Required Initial Margin Amount for CDS

Established in July 2011

Amended in February 2014

Amended in April 2019

Japan Securities Clearing Corporation

Item	Detailed Measures	Remarks
1. Clearing Price	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> (1) In cases where quotes cannot be submitted due to system failure, etc. at a CDS Clearing Participant </div> <ul style="list-style-type: none"> • After a CDS Clearing Participant submits quotes to JSCC by email, JSCC shall enter quotes on behalf of the CDS Clearing Participant: <ul style="list-style-type: none"> <input type="checkbox"/> As a general rule, the CDS Clearing Participant shall notify JSCC of its system failure by 15:15. <input type="checkbox"/> Promptly after 15:15, the CDS Clearing Participant shall enter the quote information on the format prescribed by JSCC and send it to JSCC by e-mail. <input type="checkbox"/> After JSCC receives the quote information from the CDS Clearing Participant, it shall submit the quotes on behalf of the relevant CDS Clearing Participant. 	<ul style="list-style-type: none"> • There will be no change in the quote submission window in connection with JSCC performing proxy submission. • JSCC shall assume no responsibility for such proxy submission unless there is a willful misconduct or gross negligence on the part of JSCC.

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(2) In cases where a CDS Clearing Participant is unable to obtain various types of information due to system failure, etc.	<ul style="list-style-type: none"> The CDS Clearing Participant will consult with JSCC on how to deal with it. <ul style="list-style-type: none"> <input type="checkbox"/> The CDS Clearing Participant shall promptly notify JSCC of its system failure and consult with JSCC on how to deal with it. 	<ul style="list-style-type: none"> Specifically, consult as to whether information can be obtained by e-mail.
(3) In cases where the settlement price cannot be calculated due to Markit's system failure, etc.	<ul style="list-style-type: none"> As a general rule, the clearing price on the previous day shall be applied. However, in cases where JSCC deems it inappropriate for some reason, such as a sharp market price movement, the clearing price shall be the price determined by JSCC on a case-by-case basis. <ul style="list-style-type: none"> <input type="checkbox"/> JSCC shall notify CDS Clearing Participants of the occurrence of system failure, etc. and the handling of the clearing price on the day through the "Information List" on the Web Portal or e-mail transmission to the person in charge of clearing prices at the CDS Clearing Participants. 	<ul style="list-style-type: none"> In such case, JSCC determines the clearing prices based on quotes provided by information vendors and an interview with a person in charge of clearing prices at each CDS Clearing Participant.
2. Margin, etc.		
(1) In cases where JSCC is unable to calculate the required amount of Margin, etc. due to system failure, etc.		

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	<ul style="list-style-type: none"> As a general rule, the required amount of Margin, etc. on the previous day shall be applied JSCC shall notify CDS Clearing Participants of the following information through the “Information List” on the Web Portal or e-mail transmission to the person in charge of collaterals at the CDS Clearing Participants: <ul style="list-style-type: none"> <input type="checkbox"/> In cases where the calculation of the required amount of Margin, etc. is not completed at 20:00 on the day, JSCC shall notify to that effect after 20:00. <input type="checkbox"/> Then, in cases where the calculation of the required amount of Margin, etc. is completed by 9:00 on the next business day, JSCC shall immediately upload it to Web Portal and notify to that effect. <input type="checkbox"/> On the other hand, in cases where the calculation of the required amount of Margin, etc. cannot be, or is highly likely not able to be, completed by 9:00 on the next business day, JSCC shall immediately notify CDS Clearing Participants that JSCC will calculate the required amount of Margin, etc. based on the required amount of Margin, etc. on the previous day. 	<ul style="list-style-type: none"> Initial Margin, Variation Margin, and Clearing Fund are hereinafter collectively referred to as “Margin, etc.”
<div data-bbox="250 1121 1568 1241" style="border: 1px solid black; padding: 5px;"> (2) In cases where the calculation results of the required amount of Margin, etc. is or is highly likely to be incorrect. </div>	<ul style="list-style-type: none"> In cases where the calculation result of the required amount of Margin, 	<ul style="list-style-type: none"> A case where it was

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3. Intraday Margin	<p>etc. is, or is highly likely to be, incorrect, JSCC shall notify CDS Clearing Participants to that effect through the “Information List” on the Web Portal or e-mail transmission to the person in charge of collaterals at the CDS Clearing Participants by 20:00.</p> <ul style="list-style-type: none"> • Then, in cases where JSCC is able to re-notify CDS Clearing Participants of the correct amount by 9:00 on the next business day, JSCC shall apply such correct required amount of Margin, etc. so re-notified to CDS Clearing Participants. • On the other hand, in cases where JSCC is unable to notify CDS Clearing Participants of the correct amount by 9:00 on the next business day, the amount which was initially notified by JSCC shall be applied as the required amount of Margin, etc. 	<p>pointed out by CDS Clearing Participants is also assumed in this item.</p> <ul style="list-style-type: none"> • In cases where applying the relevant required amount of Margin, etc. is deemed to be inappropriate, such as a case where the level of the required amount of Margin, etc. is obviously considered to be incorrect, JSCC shall consider applying the required amount of Margin, etc. on the previous day.
	(1) In cases where JSCC is unable to calculate the required amount of Intraday Initial Margin due to system failure, etc.	

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	<ul style="list-style-type: none"> • As a general rule, a CDS Clearing Participant shall deposit the amount at least equal to the required amount of Initial Margin for house account on the previous day. • In such case, JSCC shall notify CDS Clearing Participants of the following information through the “Information List” on the Web Portal or e-mail transmission to the person in charge of collaterals at the CDS Clearing Participants: <ul style="list-style-type: none"> <input type="checkbox"/> In cases where the calculation of the required amount of Intraday Initial Margin is not completed at 13:00, JSCC shall notify to that effect after 13:00. <input type="checkbox"/> Then, in cases where the calculation of the required amount of Intraday Initial Margin is completed by 13:30, JSCC shall immediately upload it to the Web Portal and notify CDS Clearing Participants to that effect. <input type="checkbox"/> On the other hand, in cases where the calculation of the required amount of Intraday Initial Margin cannot be, or is highly likely not able to be, completed by 13:30, JSCC shall notify CDS Clearing Participants to the effect that they will be required to deposit the amount at least equal to the required amount of Initial Margin for house account of the CDS Clearing Participant on the previous day. 	<ul style="list-style-type: none"> • In effect, additional deposit will not be required.

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	<p>(2) In cases where the required amount of Intraday Initial Margin notified to CDS Clearing Participants is or is highly likely to be incorrect.</p>	
	<ul style="list-style-type: none"> • In cases where JSCC is able to re-notify the correct required amount of Intraday Initial Margin by 13:30 on the day, JSCC shall apply such correct required amount of Intraday Initial Margin so re-notified to CDS Clearing Participants. When JSCC re-notifies the correct amount, it shall, promptly after such re-notification, notify CDS Clearing Participants to that effect through the “Information List” on the Web Portal or e-mail transmission to the person in charge of collaterals at the CDS Clearing Participants. • On the other hand, in cases where JSCC is unable to re- notify the correct required amount of Intraday Initial Margin by 13:30 on the day, the required amount of Initial Margin for house account of the previous day shall be applied. In this case, JSCC shall notify CDS Clearing Participants to that effect through the “Information List” on the Web Portal or e-mail transmission to the person in charge of collaterals at the CDS Clearing Participants after 13:30. 	<ul style="list-style-type: none"> • A case where it was pointed out by CDS Clearing Participants is also assumed in this item. • In effect, additional deposit will not be required.
4. Contact Information	<p>Japan Securities Clearing Corporation OTC Derivatives Clearing Service TEL: +81-50-3361-1794</p>	

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Item	Detailed Measures	Remarks
	Email: otc@jpx.co.jp IHS Markit TEL: +81-3-6262-1887 Email: support@markit.com	

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