



PRESS RELEASE

4 October 2012

Japan Securities Clearing Corporation

JSCC to Clear Interest Rate Swaps from 9 October 2012

Tokyo – 4 October 2012 – The Japan Securities Clearing Corporation (JSCC) today announced that its board of directors has resolved to commence clearing yen-denominated Interest Rate Swaps (IRS) from 9 October 2012, adding to the list of OTC derivatives that it currently clears.

Yen-denominated IRS transactions represent the 3rd largest market by outstanding notional principal, behind the US dollar and Euro. Within the Asia-Pacific region the values traded are the largest of any OTC derivatives*. With the launch of the IRS clearing service, JSCC will be the first clearing organization in the Asia-Pacific region to clear yen-denominated IRS. Through the direct participation of 21 key players in the IRS market, both domestic and international at the initial launch (see the Appendix), JSCC will have the largest membership of any OTC derivatives clearing organization in the region.

* The size of yen-denominated IRS transactions amounted to an average of JPY6.2 trillion per day (as of April, 2010)

<Reference: the Size of Other Financial Products>

Equities: JPY1.5 trillion; JGB Futures: JPY 2.8 trillion (both as of 2011).

Since the financial crisis, which was triggered by Lehman shock in 2008, the safety and transparency of OTC derivatives transactions has been raised as an area for improvement. During the G20 Pittsburgh Summit in 2009, G20 members agreed to aim to mandate the use of central counterparty clearing for OTC derivative transactions by the end of 2012. Accordingly, in Japan, the Financial Instruments and Exchange Act was amended in May 2010, and OTC derivative transactions which meet certain criteria will be subject to mandatory clearing from November 2012.

JSCC commence the IRS clearing business in line with the global trend. In addition to the current clearing services for the exchange-traded transactions, PTS (Proprietary Trading System) transactions, and CDS transaction in the OTC derivatives market, JSCC believe that the launch of IRS clearing will further improve ease, efficiency and security of financial transactions.

JSCC will continue to widen the scope of products eligible for clearing and further enhance its risk management program, in order to contribute to the improved competitiveness of Japanese financial and capital markets. JSCC will continue to seek the cooperation of all market participants.

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IRS Clearing Participants List

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Barclays Bank PLC
BNP Paribas
Citigroup Global Markets Japan Inc.
Credit Suisse Securities (Japan) Limited
Daiwa Securities Co. Ltd.
Deutsche Bank Aktiengesellschaft
Goldman Sachs Japan Co., Ltd.
JPMorgan Securities Japan Co., Ltd.
Merrill Lynch Japan Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Corporate Bank, Ltd.
Morgan Stanley MUFG Securities Co., Ltd.
Nomura Securities Co., Ltd.
Resona Bank, Limited.
The Royal Bank of Scotland plc
SMBC Nikko Securities Inc.
Societe Generale
Sumitomo Mitsui Banking Corporation
Sumitomo Mitsui Trust Bank, Limited.
UBS AG

(in alphabetical order)