

# PRESS RELEASE

日本証券クリアリング機構 プレスリリース



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Japan Securities Clearing Corporation

## Ontario Securities Commission (OSC) Granted Interim Exemption from Clearing Agency Recognition

On September 29, 2023, the Ontario Securities Commission (OSC) issued an interim order exempting JSCC from the requirement to be recognized as Clearing Agency under the Securities Act of Ontario, Canada<sup>1</sup> with respect to JSCC's Interest Rate Swap Clearing Service. Also, the financial regulatory authorities in Ontario and Quebec issued an interim exemptive relief for JSCC with respect to the substituted compliance with the National Instrument setting forth OTC derivatives' customer clearing and customer protection<sup>2</sup> by JSCC's compliance with the relevant Japanese regulations on October 2, 2023.

Through these order and relief, JSCC may provide the Interest Rate Swap Clearing Service to Ontario corporations<sup>3</sup> and Quebec corporations<sup>4</sup>.

Mr. Yasuyuki Konuma, President & CEO of JSCC, had the following to say regarding the order and relief issued this time: "JSCC has been making efforts to obtain clearing house authorizations from overseas jurisdictions, including the U.S., Europe, Australia, Hong Kong and Switzerland, to respond to clearing demands of global users. Now, the environment for Canadian investors' utilization of JSCC's Interest Rate Swap Clearing Service is in place. The temporary recognition, by the regulatory authorities in Ontario and Quebec, of an equivalence of JSCC's customer protection frameworks for Interest Rate Swap Clearing Business, including cross margining between the Interest Rate Swaps and the listed

<sup>1</sup> Securities Act R.S.O. 1990, CHAPTER S.5

<sup>2</sup> National Instrument 94-102 Derivatives: Customer Clearing and Protection of Customer Collateral and Positions (NI 94-102)

<sup>3</sup> Limited to Canadian banks listed on Schedule I to the Bank Act (Canada)

<sup>4</sup> Under the interim order, Ontario and/or Quebec corporations may use JSCC's Interest Rate Swap Clearing Service only as Clients. For your information, Ontario corporations' and Quebec corporations' utilization of JSCC's cross margining is allowed through the substituted compliance with the Japanese regulations concerning the customer protection, despite that National Instrument of Canada setting forth customer clearing and customer protection does not allow cross margining between interest rate swaps and the listed derivatives.

derivatives, with their requirements is a new evidence of global recognition of JSCC's customer protection and risk management frameworks in its clearing services. Furthermore, there are growing demands for efficient risk hedge at more liquid market, due to global trend of interest rate hike, including Japanese yen. I would like to thank all the persons involved at the regulatory authorities in Canada for recognizing, amid such trend, JSCC's position and performances as key clearing house globally with respect to various Japanese yen interest rate-related products. JSCC would like to continue our efforts in an enhancement of its risk management, continue provision of its services that would meet user demands of various countries, appropriately respond to global regulations, and be ready to offer clearing services for wide range of cross-border transactions."

For details of the orders, please refer to OSC websites below. JSCC will continue our efforts in an acquisition of permanent exemptions through discussions with the competent authorities.

<https://www.osc.ca/en/industry/market-regulation/clearing-agencies-and-clearing-houses/exempted-clearing-agencies/japan-securities-clearing-corporation/notice-commission>

<http://oscbulletin.carswell.com/bb/osc/bb/4641/on4641.htm#B 3 3>

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