

Concept of Accounts for IRS regarding OTC Clearing System

1. Control over the Clearing

JSCC will control cleared trades on JSCC account set by BIC Code if submitted for Clearing via OSTTRA Connect for Rates or Tradeweb SEF/MTF (Direct Connection) and on JSCC account set by “LEI+BookID” if submitted for Clearing via other platforms.

(1) When OSTTRA Connect for Rates or Tradeweb SEF/MTF (Direct Connection) is Used

< 1st Layer Account >

: Account to manage all balance of IRS clearing member.

< 2nd Layer Account >

: House Account (only ONE) for a member and
Customer Account(s) (for Affiliates and Clients) (multiple accounts allowed).

< 3rd Layer Account >

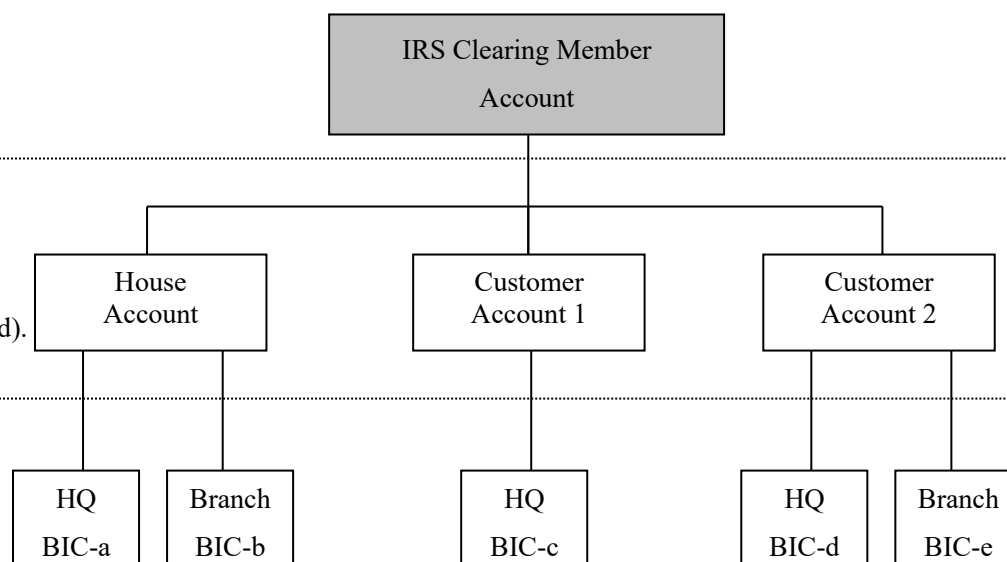
: Account to manage trades within a house account or a customer account.

Setting up of accounts per BIC code of OSTTRA Connect for Rates or Tradeweb SEF/MTF (Direct Connection) is allowed.

(Assuming a unique BIC code for each HQ and branches.)

(Multiple BIC Codes can be used as Clearing Broker

(e.g., BIC-a、 BIC-b))



(2) When Other Platforms are Used

< 1st Layer Account >

: Account to manage all balance of IRS clearing member.

< 2nd Layer Account >

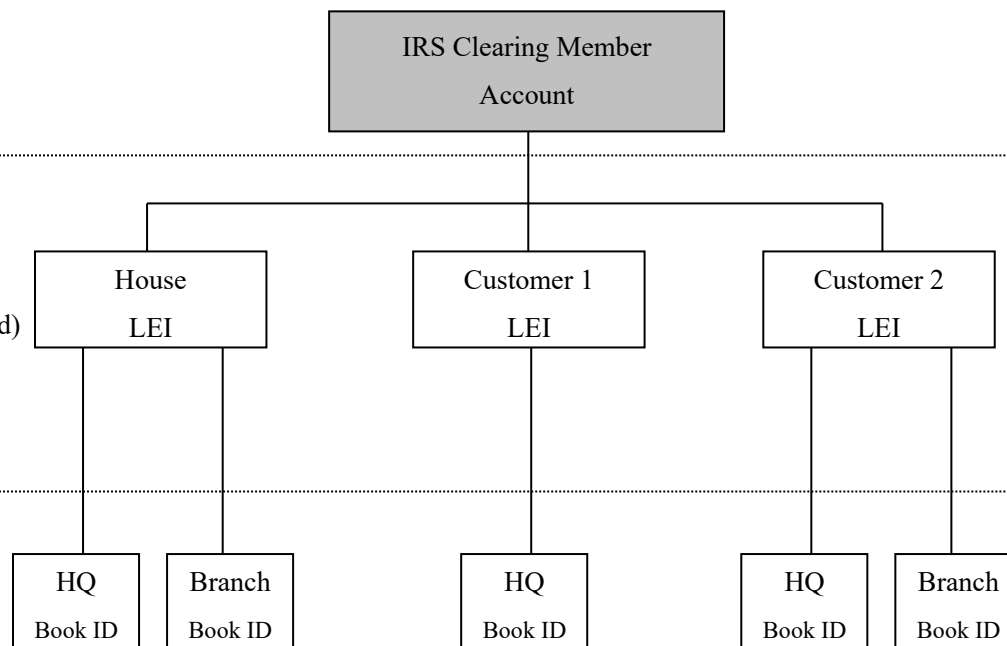
: House Account (only ONE) for a member and
Customer Account(s) (for Affiliates and Clients) (multiple accounts allowed)
LEI (Legal Entity Identifier) of each account should be notified
to JSCC

< 3rd Layer Account >

: Account to manage trades within a house account or a customer account.
Setting up of accounts per Book ID is allowed.

* Book ID is set as “Participant Code (5 digits code) + IRS +
House/Customer Classification (H for House, C for Affiliates and Clients)
+ 2nd Layer Name (3 digits code) + 3rd Layer Name (3 digits code only)”

* Trades can be controlled on one JSCC account regardless of
where the trades were submitted from, by setting both BIC Code on
OSTTRA Connect for Rates/ Tradeweb SEF/MTF (Direct Connection) and Book ID for the same account.

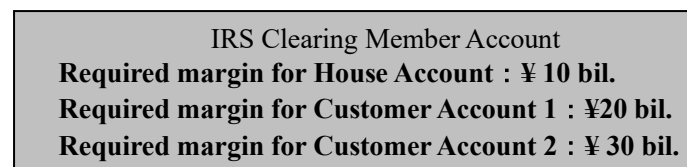


2. Calculating the Required Margin Amount

- Calculation of required margin will be performed at the 2nd Layer.
- Total of the house account margin and customer account margin at the 2nd layer will be the overall required margin to be deposited with JSCC.

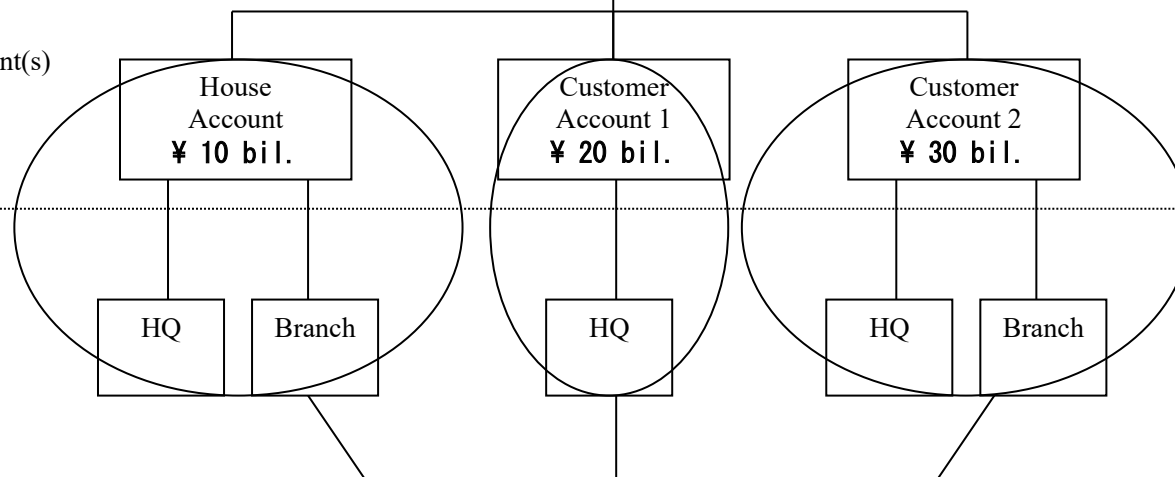
< 1st Layer Account >

: Required margin amount to be deposited to JSCC by the IRS clearing member.



< 2nd Layer Account >

: Required margin calculated for all trades in the 3rd layer account(s) associated with their respective 2nd layer account.



< 3rd Layer Account >

Where multiple accounts are set up in the 3rd layer, the required margin will be calculated at the 2nd layer based upon all trades in the related 3rd layer account (risk across 3rd layer accounts will be netted).