

# **Rules on Inspection of Clearing Participant, etc.**



**Japan Securities Clearing Corporation**

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This English translation of the Rules has been prepared solely for reference purposes and shall not have any binding force. The original Japanese text shall be definitive when construing or interpreting the meaning of any provision.

**Rules on Inspection of Clearing Participant, etc.**

**(In effect as of January 18, 2021)**

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(Article 1 Purpose)

These Rules set forth the matters necessary for the inspection pursuant to the provisions of Article 21 of the Business Rules.

(Article 2 Inspector)

The inspection shall be conducted by a person<sup>\*1</sup> who is appointed by JSCC from among its employees; provided, however, that when JSCC deems it necessary, a support personnel shall be employed.

(\*1 hereinafter referred to as an "Inspector")

(Article 3 Request for Documents, etc.)

An Inspector may request directors, officers or employees of a Clearing Participant, etc. to present or allow such Inspector to inspect its materials, such as books and documents that are deemed necessary, to submit documents, or to explain facts and prepare documents which include details of such explanation.

(Article 4 Obligations of Inspector)

An Inspector shall comply with the matters set forth in the following Items.

- (1) The entire inspection shall be carried out on the basis of fact.
- (2) In conducting fact finding, making decisions on disposition and expressing opinions, an Inspector must always be fair.
- (3) An Inspector shall not disclose confidential information obtained in the course of duty without a justifiable reason.

(Article 5 Obligations of Clearing Participant)

In the case where the request set forth in Article 3 is made by an Inspector, directors, officers and employees of the relevant Clearing Participant, etc. may not refuse such request without a justifiable reason.

(Article 6 Inspection Method and Timing)

- 1 The inspection shall be carried out by visiting the sales offices, such as the head office, or the offices,<sup>\*1</sup> such as the principal office of a Clearing Participant, etc. ; provided, however, that it shall be carried out by documents submitted by the relevant Clearing Participant, etc. to JSCC when JSCC deems it necessary.

(\*1 hereinafter referred to as "Offices")

- 2 JSCC shall carry out the inspection of a Clearing Participant, etc. set forth in the preceding Paragraph whenever JSCC deems it necessary.

(Article 7 Notice of Inspection)

## Reference Translation

### Rules on Inspection of Clearing Participant, etc.

Where JSCC carries out the inspection by visiting Offices of a Clearing Participant, etc., JSCC shall notify the relevant Clearing Participant, etc. of the commencement day and method of the inspection, name of Inspector and any other necessary matters; provided, however, that the same shall not apply when JSCC deems it unnecessary.

### (Article 8 Presentation of Identification Card of Inspector)

An Inspector shall present his inspector identification card to the Clearing Participant, etc. upon commencement of inspection work.

### (Article 9 Fact Finding)

Fact finding prescribed in Item 2 of Article 4 shall be as prescribed in the following Items:

- (1) Where there is a difference of recognition concerning such fact finding between an Inspector and a Clearing Participant, etc. in conducting fact finding, such Clearing Participant, etc. shall submit a written appeal to JSCC.
- (2) Where JSCC receives the written appeal in the preceding Item, it shall carry out proceedings for determining such fact in a fair manner.
- (3) Where JSCC carries out the proceedings in the preceding Item, it shall request that the Clearing Participant, etc. and the Inspector submit a report or document which should serve as a reference to carry out fact finding or conduct a hearing, when necessary.
- (4) Where JSCC decides the results of the proceedings in Item (2), JSCC shall notify the relevant Clearing Participant, etc. of that fact without delay.

### (Article 10 Notice of Results of Inspection)

Where the inspection is completed, JSCC shall notify the relevant Clearing Participant, etc. of the results of such inspection.

Rules on Inspection of Clearing Participant, etc.  
Supplementary Provisions

These Rules shall come into effect on June 16, 2008.

Supplementary Provisions

1. These revised Rules shall come into effect on January 18, 2021, and will apply to the due bills issued on and after the effective date of these revisions.
2. Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply, due to an occurrence of a system failure to the systems set up by JSCC, which are necessary to conduct the settlement of Contracts for Clearing between JSCC and a Clearing Participant, or some other unavoidable reasons, the revised Rules shall come into effect on the day set by JSCC which is not earlier than January 18, 2021.

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