

Rules on Fees for JGB OTC Transaction Clearing Business

(Article 1 Purpose)

These Rules set forth necessary matters concerning the fees JSCC collects from Clearing Participants pursuant to the provisions of Article 14 of the Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules (hereinafter referred to as the “Business Rules”).

(Article 2 Account Management Fee)

- 1 A Clearing Participant shall pay an account management fee to JSCC.
- 2 The account management fee prescribed in the preceding Paragraph shall be one million and seven hundred thousand (1,700,000) yen per month (in case of Clearing Participant who is a JGB OTC Transaction Agency Clearing Participant, one million and six hundred thousand (1,600,000) yen per month); provided, however, that with regard to a Clearing Participant who has opened more than one (1) Netting Accounts, etc. (referring to the Netting Account prescribed in Article 86 of the Business Rules and the Initial Margin Group prescribed in Paragraph 2, Article 90 of the Business Rules; the same shall apply hereinafter in this Article), the applicable amount shall be said amount plus an amount calculated by deducting one (1) from the number of Netting Accounts, etc. that the Clearing Participant opens multiplied by one hundred thousand (100,000) yen.
- 3 Notwithstanding the provisions of the preceding Paragraph, in the case where the date of opening or creating Netting Accounts, etc. falls on or after the second (2nd) day of a month (excluding holidays) or where said Clearing Participant applies for the closing of one or more Netting Accounts, etc. or notifies the cancellation of the creation of Netting Accounts, etc. and if the date of closing or cancelling the creation of such Netting Accounts, etc. falls on or before the day (if such day falls on a holiday, it shall be the immediately preceding business day) immediately preceding the last day of the month (if such day falls on a holiday, it shall be the immediately preceding business day), said account management fee shall be calculated on a pro rata basis based on the amount prescribed in the preceding Paragraph and the period during which said Clearing Participant has said Netting Accounts, etc.

(Article 3 Obligation Assumption Fee)

- 1 A Clearing Participant shall pay an obligation assumption fee to JSCC.
- 2 The obligation assumption fee (monthly fee) prescribed in the preceding Paragraph shall, with respect to each Clearing Participant's transaction type as prescribed in the following Items below, be such amount as prescribed in the applicable Item:

(1) Buying and Selling, etc. of Japanese Government Bonds

The amount of Money to be paid/received by JSCC on the Buying/Selling Settlement Day prescribed in Article 40, Paragraph 2, Item (1)E) of the Business Rules with respect to a Transaction Subject to Clearing for which assumption of obligations was performed by JSCC, multiplied by the rates specified in either A) or B) below according to the type of Japanese government bonds as specified therein:

A) Treasury discount bills:

The portion up to 200 billion yen per month : 0.0019/10,000

The portion more than 200 billion yen up to 400 billion yen per month :

0.00145/10,000

The portion more than 400 billion yen per month up to 1 trillion yen per month :

0.00095/10,000

The portion more than 1 trillion yen per month up to 3 trillion yen per month :

0.0007/10,000

The portion more than 3 trillion yen per month: 0.00028/10,000

B) Interest-bearing Japanese government bonds and discount Japanese government bonds (excluding Treasury discount bills):

The portion up to 1 trillion yen per month: 0.0038/10,000

The portion more than 1 trillion up to 2 trillion yen per month: 0.0029/10,000

The portion more than 2 trillion up to 4 trillion yen per month: 0.0019/10,000

The portion more than 4 trillion yen up to 7 trillion yen per month: 0.0014/10,000

The portion more than 7 trillion yen per month: 0.00055/10,000

- (2) Cash-secured Bond Lending Transactions, Etc., Standard Repo Transaction, Etc. and Subsequent Collateral Allocation Repo Transaction, Etc.

With respect to a Transaction Subject to Clearing for which JSCC performed the assumption of obligations, for the total amount of the amount of Money to be

paid/received on the Transaction Settlement Day as stipulated in Article 40, Paragraph 2, Item (2) E) of the Business Rules, the Ending Delivery Amount as stipulated in Article 40, Paragraph 2, Item (3)E) of the Business Rules (including the Money amount paid/received on Ending Transaction Delivery Day in relation to Original Repo Transaction, Etc. as stipulated in Article 2, Item (38) A) (b) of the Business Rules and the Money amount paid/received on the Ending Transaction Delivery Day in relation to the Repo Transaction, Etc. After Issue Change as stipulated in Article 2, Item (96) of the Business Rules) and the Ending Delivery Amount as stipulated in Article 40, Paragraph 2, Item (4)E) of the Business Rules, the amount specified in either A) or B) below according to the type of transaction as specified therein:

- A) Overnight transactions (referring to as Cash-secured Bond Lending Transactions, Etc., for which Transaction Settlement Day arrives on the immediately following day of Transaction Execution Day (if such day falls on a holiday, immediately following day which is not a holiday), Standard Repo Transaction, Etc. for which Ending Transaction Delivery Day (for the transactions as stipulated in Article 2, Item (38) of the Business Rules, the Ending Transaction Delivery Day of Original Repo Transaction, etc.) arrives on the immediately following day of the Starting Transaction Delivery Day (for transactions as stipulated in said Item, the immediately following day of the Substitution Execution Day) (if such day falls on a holiday, immediately following day which is not a holiday) and Subsequent Collateral Allocation Repo Transaction, Etc. for which Ending Transaction Delivery Day arrives on the immediately following day of Starting Transaction Delivery Day (if such day falls on a holiday, immediately following day which is not a holiday) ; the same applies, hereinafter) : The total amount of the amount multiplying the number of days specified for each transaction specified in (a) multiplied by rates specified in (b).

(a)

Cash-secured Bond Lending Transactions, Etc.: The lending period (the period from the immediately following day of the Transaction Execution Day to the Transaction Settlement Day (including holidays))

Standard Repo Transaction, Etc.: The transaction period (the period from

immediately following day of the Starting Transaction Delivery Day to the Ending Transaction Delivery Day (transaction stipulated in Article 2, Item (38) A) of the Business Rules, the period from immediately following day of Substitution Execution Day to the Ending Transaction Delivery Day of Original Repo Transaction, Etc. (including holidays))

Subsequent Collateral Allocation Repo Transaction, Etc.: The transaction period (the period from immediately following day of Starting Transaction Delivery Day to Ending Transaction Delivery Day (including holidays))

(b)

The portion up to 15 trillion yen per month: 0.00028/10,000

The portion more than 15 trillion yen up to 25 trillion yen per month: 0.00017/10,000

The portion more than 25 trillion yen up to 50 trillion yen per month: 0.000085/10,000

The portion more than 50 trillion yen up to 80 trillion yen per month: 0.000055/10,000

The portion more than 80 trillion yen up to 100 trillion yen per month:
0.000028/10,000

The portion more than 100 trillion yen per month: 0.0000095/10,000

B) Transactions other than overnight transactions: The amount multiplied by the following rates.

The portion up to 1 trillion and 500 billion yen per month: 0.0028/10,000

The portion more than 1 trillion and 500 billion yen up to 2 trillion and 500 billion yen per month: 0.0017/10,000

The portion more than 2 trillion and 500 billion yen up to 5 trillion yen per month:
0.00085/10,000

The portion more than 5 trillion yen up to 8 trillion yen per month: 0.00055/10,000

The portion more than 8 trillion yen up to 10 trillion yen per month: 0.00028/10,000

The portion more than 10 trillion yen per month: 0.000095/10,000

(Article 3-2 Fees relating to Collateral Allocation)

- 1 A Clearing Participant, shall pay fees relating to Collateral Allocation to JSCC.
- 2 The fees relating to Collateral Allocation (monthly fee) stipulated in the preceding Paragraph shall be the total amount of the amount specified in each of below Items.

- (1) Collateral Allocation Fees : With respect to a delivering Clearing Participant for Collateral Allocation, the delivery amount related to Starting/Rewind JGB Delivery Obligation (Basket) for which Collateral Allocation has been performed multiplied by the following rates.

The portion up to 2 trillion and 500 billion yen per month: 0.0032/10,000

The portion more than 2 trillion and 500 billion yen up to 10 trillion yen per month:
0.0028/10,000

The portion more than 10 trillion yen up to 15 trillion yen per month: 0.0018/10,000

The portion more than 15 trillion yen per month: 0.0005/10,000

- (2) Excess allocation fee: The number of excess allocation (referring to the Collateral Allocation, in the case as stipulated in Article 12-2, Paragraph 2 of the Handling Procedures of the Business Rules, executed pursuant to said Paragraph) multiplied by 50,000 yen.

(Article 4 Balance Management Fee)

- 1 A Clearing Participant shall pay a balance management fee to JSCC.
- 2 The amount of the balance management fee prescribed in the preceding Paragraph shall be determined in accordance with Appendix 1 "Table for the Calculation of the Amount of Balance Management Fee."

(Article 5 Settlement Day Management Fee)

- 1 A Clearing Participant shall pay a settlement day management fee to JSCC.
- 2 The amount of the settlement day management fee prescribed in the preceding Paragraph shall be determined in accordance with Appendix 2 "Table for the Calculation of the Amount of Settlement Day Management Fee."

(Article 6 DVP Settlement Fee)

- 1 A Clearing Participant shall pay a DVP settlement fee to JSCC.
- 2 The DVP settlement fee prescribed in the preceding Paragraph shall be the total of the amounts prescribed in the following Items:
 - (1) The amount obtained by multiplying the number of book-entry transfers of Japanese

- government bonds made between a Clearing Participant (including the agent prescribed in Article 50-11, Paragraph 2 of the Business Rules) and JSCC for the delivery/receipt of Japanese government bonds prescribed in Article 50-11, Paragraph 1 or 2 of the Business Rules (including the cases where they are applied *mutatis mutandis* pursuant to the provisions of Article 51, Paragraph 3 and Article 56, Paragraph 2 thereof; the same shall apply hereinafter) by one hundred and fifty (150) yen; and
- (2) The amount obtained by multiplying the number of payments/receipts of Money prescribed in Article 57, Paragraph 1, Article 59, Paragraph 1, Article 60, Paragraph 1, Article 62, Paragraph 1, and Article 63, Paragraph 1 of the Business Rules by one and fifty (150) yen.
- 3 In the case where a Settlement Related to Fail is made pursuant to the provisions of Article 51, Paragraph 4 of the Business Rules or where a payment/receipt of Money is made pursuant to the provisions of Article 54, Paragraph 1 or 2 of the Business Rules, a Settlement Related to Fail shall be deemed to have been made pursuant to the provisions of Article 51, Paragraph 3 of the Business Rules, and the provisions of Item (1) of the preceding Paragraph shall apply.
- 4 For delivery/receipt of Japanese government bonds and payment/receipt of Money related to settlement of Subject Transactions for Auction executed by the First Step Auction for Default Settlement and Second Step Auction for Default Settlement, the provisions in preceding three (3) Paragraphs shall apply *mutatis mutandis*.

(Article 7 Collateral Management Fee)

- 1 A Clearing Participant shall pay a collateral management fee to JSCC.
- 2 The amount of the collateral management fee prescribed in the preceding Paragraph shall be calculated by multiplying the number of Initial Margin refunds and JGB OTC Transaction Clearing Fund refunds made by JSCC based on the requests of a Clearing Participant by two hundred (200) yen.

(Article 8 Handling of Commissioned Transactions)

- 1 With respect to a JGB OTC Transaction Agency Clearing Participant and a Clearing Participant holding Trust Account, notwithstanding the provisions of Article 2, the total amount of the fees prescribed in said Articles related to the Netting Account related to

the Brokerage for Clearing of Securities, Etc. (excluding those related to the customer which belongs to the same corporate group (as defined in Article 5, Paragraph 1, Item (2) of the Financial Instruments and Exchange Act) , as determined by JSCC, of as such JGB OTC Transaction Agency Clearing Participant) and the Netting Account which is a Trust Account (hereinafter referred to as the “Netting Account Related to Commissioned Transactions”) shall be limited to the maximum amount of two million (2,000,000) yen per month and notwithstanding the provisions of Articles 3 through Article 6, the total sum of the fees as stipulated in the relevant each Article related to the Netting Account Related to Commissioned Transactions shall be limited to the maximum amount of five million (5,000,000) yen per month.

- 2 With respect to a Clearing Participant holding both Netting Account Related to Commissioned Transactions and Netting Account other than Netting Account Related to Commissioned Transactions, the provision in the preceding Paragraph shall apply to the portion corresponding to Netting Account Related to Commissioned Transactions.

(Article 9 Payment Date of Fees)

The payment date of the fees to JSCC prescribed in Article 2 through the preceding Article shall be the twentieth (20th) day (if such day falls on a holiday, it shall be the immediately following business day) of each month, and the fees for the immediately preceding month shall be paid together with the amount equivalent to the applicable consumption tax and local consumption tax.

Supplementary Provisions

These Rules shall come into effect on October 1, 2013.

Supplementary Provisions

These revised Rules shall come into effect on January 14, 2014.

Supplementary Provisions

These revised Rules shall come into effect on October 14, 2014.

Supplementary Provisions

- 1 These revised Rules shall come into effect on May 1, 2018; provided however, Excess Allocation Fee as stipulated in Article 3-2, Paragraph 2, Item (3) shall not apply for the time being.
- 2 Notwithstanding the provisions of the preceding Paragraph, the provisions in Article 10-2, Paragraph 2 and Paragraph 3 of the said Article shall come into effect on the date on or April 1, 2019.
- 3 Notwithstanding the provisions of the preceding two Paragraphs, when, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply these revised Rules, then these revised Rules shall come into effect on the date on or after May 1, 2018 designated by JSCC. In such case, matters necessary upon enforcement of these revised Rules shall be prescribed by JSCC at each time.

Supplementary Provisions

- 1 These revised Rules shall come into effect on April 1, 2024.
- 2 Notwithstanding the provisions of the preceding Paragraph, when, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply these revised Rules, then these revised Rules shall come into effect on the date on or after April 1, 2024 designated by JSCC. In such case, matters necessary upon enforcement of these revised Rules shall be prescribed by JSCC at each time.

Appendix 1

Table for the Calculation of the Amount of Balance Management Fee

The amount of the balance management fee payable by each Clearing Participant shall be the total monthly amount calculated on the calculation day using the calculation formula stipulated in Paragraph 1 herein, multiplied by the rate prescribed in Paragraph 2:

1 Subject amount on each Calculation Day, etc.

= Total amount of Money Settlement Obligations between each Clearing Participant and JSCC with the same Settlement Day, Etc. x Number of days to the immediately following business day ÷ 365

2 Rates

The portion up to 200 billion yen per month 0.031/10,000

The portion more than 200 billion yen up to 300 billion yen per month 0.029/10,000

The portion more than 300 billion yen per month 0.027/10,000

Note

- 1 The Monetary Settlement Obligations shall include the Monetary Settlement Obligation Related to Individual Issue Transaction, the Monetary Settlement Obligation Related to Subsequent Collateral Allocation Repo Transaction, Etc. and obligation related to Money paid/received for the settlement of Subject Transactions for Auction constituted by the First Step Auction for Default Settlement and the Second Step Auction for Default Settlement.
- 2 For the Monetary Settlement Obligations Related to Individual Issue Transaction and obligations related to Money paid/received for the settlement of Subject Transactions for Auction constituted by the First Step Auction for Default Settlement and the Second Step Auction for Default Settlement, obligations for which Settlement Day, Etc. arrives on and after the second (2nd) day from the

Calculation Day shall be the subject of the calculation.

- 3 For the Monetary Settlement Obligations Related to Subsequent Collateral Allocation Repo Transaction, the remained amount after netting calculation of the Ending/Unwind JGB Delivery Obligation (Basket) and the Starting/Rewind JGB Delivery Obligation (Basket) for which Settlement Days, Etc. are same and for obligations for which Settlement Day, Etc. arrives on and after the second (2nd) day from the Calculation Day, shall be the subject of the calculation shall be the subject of the calculation.
- .
- 4 The number of days to the immediately following business day shall be the number of days from the calculation day to the day immediately preceding the business day after such calculation day (including holidays).

Appendix 2

Table for the Calculation of the Amount of Settlement Day Management Fee

The daily amount of the Settlement Day management fee payable by each Clearing Participant shall be the total amount of the Settlement Day management fees calculated on the respective Settlement Day, Etc. using the following calculation formula:

Settlement day management fee on each Settlement Day, Etc.
= Total transaction amount of Transactions Subject to Clearing relating to obligations with the same Settlement Day, Etc. assumed each day from each Clearing Participant × Number of excess days to Settlement Day, Etc. ÷ 365 × 0.015 / 10,000

Note 1 The Transactions Subject to Clearing relating to obligations assumed each day from each Clearing Participant shall be limited to those whose Settlement Day, Etc. (in the case of a Cash-secured Bond Lending Transactions, Etc., the Transaction Settlement Day; in the case of a Standard Repo Transaction, Etc., the Ending Transaction delivery day) arrives on or after the third (4th) day (excluding holidays) from the obligation assumption day.

2 In the case of a Buying and Selling, Etc. of Japanese Government Bonds, the transaction amount of Transactions Subject to Clearing shall be the amount of Money to be paid/received on the Buying/Selling Settlement Day prescribed in Article 40, Paragraph 2, Item (1)E) of the Business Rules. In the case of a Cash-secured Bond Lending Transaction, Etc., said amount shall be the amount of Money to be paid/received on the Transaction Settlement Day prescribed in Item (2)C) of said Paragraph. In the case of a Repo Transaction, Etc., said amount shall be the amount of Money to be paid/received on the Ending Transaction delivery day prescribed in Item (3) D) of said Paragraph (including the amount of Money to be paid/received on the Ending Transaction delivery day with respect to the Original Repo Transaction, Etc. prescribed in Article 41, Paragraph 1, Item (1) B) of the Business Rules and the amount of Money to be paid/received on the Ending Transaction delivery day with respect to the Repo Transaction, Etc. After Issue

Change prescribed in Item (2) of said Paragraph).

- 3 The number of excess days to Settlement Day, Etc. shall be the number of days from the day immediately following the third (3rd) day (excluding holidays) from the calculation day to the Settlement Day, Etc. (in the case of a Cash-secured Bond Lending Transactions, Etc., the Transaction Settlement Day; in the case of a Standard Repo Transaction, Etc. and Subsequent Collateral Allocation Repo Transaction, Etc., the Ending Transaction delivery day) (including holidays).