

Rules on Inspection of Clearing Participant
in relation to JGB OTC Transaction Clearing Business

(Article 1 Purpose)

These Rules set forth necessary matters concerning the inspection pursuant to the provisions of Article 20 of the Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules (hereinafter referred to as the “Business Rules”).

(Article 2 Inspector)

The inspection shall be carried out by a person who is appointed by JSCC from among its employees (hereinafter referred to as an “Inspector”); provided, however, that when JSCC deems it necessary, a support personnel shall be employed.

(Article 3 Request for Documents, etc.)

An Inspector may request directors, officers or employees of a Clearing Participant to present or allow such Inspector to inspect its books, documents, or other materials 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 each of the following Items:

- (1) The entire inspection shall be carried out on the basis of facts;
- (2) In conducting fact finding, making decisions on disposition and expressing opinions, an Inspector shall always be fair; and
- (3) An Inspector shall not disclose any confidential information obtained in the course of duty to others 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 Clearing Participant 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 headquarters or other business

offices, or the principal office or other offices of the Clearing Participant (hereinafter referred to as "Offices"); provided, however, that it shall be carried out by documents submitted by the Clearing Participant to JSCC when JSCC deems it necessary.

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

(Article 7 Notice of Inspection)

In the case where JSCC carries out the inspection by visiting Offices of a Clearing Participant, JSCC shall notify the Clearing Participant 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/her inspector identification card to a Clearing Participant upon commencement of inspection work.

(Article 9 Fact Finding)

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

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

(Article 10 Notice of Inspection Results)

When the inspection is completed, JSCC shall notify the Clearing Participant of the results of such inspection.

Supplementary Provisions

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