

Treatment of Profit or Loss from Management of Clearing Deposit

February 24, 2014

Amended on September 24, 2015

Amended on April 1, 2019

Japan Securities Clearing Corporation

1. Matters relating to the amount to be deducted from the profit earned from the management (concerning Article 44-3. 1 of Handling Procedures of Interest Rate Swap Business Rules)

- (1) The amount to be deducted from the profit earned from the management shall be determined by using the following formula:

(The sum of IRS Clearing Fund, Initial Margin and Default Contingency Margin deposited with JSCC in cash (other than those held in the form of deposit in the current account in the name of JSCC opened at Bank of Japan pursuant to the provisions of Article 44.3 of Handling Procedures of Interest Rate Swap Business Rules) that is averaged over a calculation period (the calculation period set forth in Article 5-4. 2 of Rules on Fees for IRS Clearing Business)) x 20/10,000 x (number of days in the relevant calculation period) /365

- (2) The period used for averaging the sum of IRS Clearing Fund, Initial Margin and Default Contingency Margin deposited with JSCC in cash by the Clearing Participant or the Customer (other than those held in the form of deposit in the current account in the name of JSCC opened at Bank of Japan pursuant to the provisions of Article 44.3 of Handling Procedures of Interest Rate Swap Business Rules) shall be the said calculation period.

2. Matters relating to the share of the loss from the management (concerning Article 44-3. 3 of Handling Procedures of Interest Rate Swap Business Rules)

A Clearing Participant's or Customer's share of loss shall be determined by prorating such loss according to the sum of IRS Clearing Fund, Initial Margin and Default Contingency Margin deposited with JSCC in cash by the Clearing Participant or the Customer (other than those held in the form of deposit in the current account in the name of JSCC opened at Bank of Japan pursuant to the provisions of Article 44.3 of Handling Procedures of Interest Rate Swap Business Rules) as of 4:00 p.m. on the day immediately preceding the day on which JSCC's assets in trust to a trust bank bear loss due to the management.

End of Document

DISCLAIMER: This is the reference translation of the original Japanese document. Japan Securities Clearing Corporation shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, or misunderstanding with regard to this translation. This document may not be reproduced or redistributed in whole or in part without the permission of Japan Securities Clearing Corporation.