

Handling of Quotes of Foreign Exchange Rate

September 24, 2015

Amended on April 1, 2019

Japan Securities Clearing Corporation

1. Matters concerning Quotes of Foreign Exchange Rate to Convert into Japanese yen the Excess of PV01 related to Foreign Currency Cleared Contracts in connection with Measures of Increasing Required Initial Margin where Risk is High (Article 23.3 of Handling Procedures of Interest Rate Swap Business Rules (hereinafter referred to as “Handling Procedures”))

The value obtained by applying the Historical Fluctuation Rate to the average of Telegraphic Transfer Spot Middle Rates of Japanese yen to 1 USD, 1 EUR or 1 AUD, as appropriate, at Tokyo foreign exchange market published by Refinitiv Japan K.K. and Bloomberg LP (hereinafter simply referred to as “Average TTM at Tokyo Foreign Exchange Market”) as of 15:00 on the date on which the amount of increase in the Required Initial Margin is to be calculated pursuant to the above provisions (hereinafter referred to as the “Calculation Date”) shall be used.

“Historical Fluctuation Rate” shall be the average of top 12 fluctuations towards depreciation of yen among 5 day fluctuations in the Average TTM at Tokyo Foreign Exchange Market as of 15:00 on each day during the past 1,250 JSCC Business Days counting from the Calculation Date.

2. Matters concerning Quotes of Foreign Exchange Rate to Convert Required Variation Margin Amount related to Foreign Currency Cleared Contracts into Japanese yen (Article 42-7.1.(1) of the Handling Procedures)

Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the Cross Margining Acceptance Date shall be used.

3. Matters concerning Quotes of Foreign Exchange Rate to Convert Unpaid Amount into Japanese yen (Article 43-3.1 of the Handling Procedures)

(1) Unpaid Amount concerning Settlement Amount related to AUD Cleared Contracts

- a. Quotes of foreign exchange rate to be used for calculation of the amount to be added to Required Initial Margin and the amount equivalent to Initial Margin in the Margins

- Required to Clear up to noon on the first JSCC Business day which is also a Sydney business day after the date on which deposit or payment of Unpaid Amount has not completed (hereinafter referred to as "Settlement Failed Date"): Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the relevant Settlement Failed Date
- b. Quotes of foreign exchange rate to be used for calculation of the amount to be added to Required Intraday Margin Amount and the amount equivalent to Initial Margin in the Margins Required to Clear during the period from 13:00 to 16:00 p.m. on the first JSCC Business Day which is also a Sydney Business Date after the Settlement Failed Date: Average TTM at Tokyo Foreign Exchange Market as of 11:00 on the first JSCC Business Day which is also a Sydney Business Date after the relevant Settlement Failed Date
- (2) Unpaid Amount concerning Settlement Amount related to Foreign Currency Cleared Contracts other than those set forth in the immediately preceding item
- a. Quotes of foreign exchange rate to be used for calculation of the amount to be added to Required Initial Margin and the amount equivalent to Initial Margin in the Margins Required to Clear up to noon on the Settlement Failed Date: Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the JSCC Business Day immediately preceding the relevant Settlement Failed Date
- b. Quotes of foreign exchange rate to be used for calculation of the amount to be added to Required Intraday Margin Amount and the amount equivalent to Initial Margin in the Margins Required to Clear at or after 13:00 on the Settlement Failed Date: Average TTM at Tokyo Foreign Exchange Market as of 11:00 on the relevant Settlement Failed Date
- (3) Unpaid Amount concerning Variation Margin related to Foreign Currency Cleared Contracts
- a. Quotes of foreign exchange rate to be used for calculation of the amount to be added to Required Initial Margin during the period from 11:00 to noon on the Settlement Failed Date: Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the JSCC Business Day immediately preceding the Settlement Failed Date
- b. Quotes of foreign exchange rate to be used for calculation of the amount to be added to Required Intraday Margin Amount and the amount equivalent to Initial Margin in the Margins Required to Clear during the period from 13:00 to 16:00 on the Settlement Failed Date: Average TTM at Tokyo Foreign Exchange Market as of 11:00 on the relevant Settlement Failed Date
- c. Quotes of foreign exchange rate to be used for calculation of the amount to be added to

Required Initial Margin up to 11:00 on the first JSCC Business Day which is also a Foreign Currency Home Business Day related to the relevant Foreign Currency Cleared Contracts after the Settlement Failed Date: Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the relevant Settlement Failed Date

4. Matters concerning Quotes of Foreign Exchange Rate for Initial Margin Calculation (Paragraph 1.(1).f and h., Paragraph 2.(1).c. and Paragraph 3.(1).a. and c. of Appendix 2 to the Handling Procedures)
 - (1) Quotes of foreign exchange rate to be prescribed by JSCC under Paragraph 1.(1).f. of Appendix 2 to the Handling Procedures shall be the Average TTM at Tokyo Foreign Exchange Market as of 15:00.
 - (2) Quotes of foreign exchange rate to be prescribed by JSCC under Paragraph 1.(1).h. of Appendix 2 to the Handling Procedures shall be the Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the Calculation Date.
 - (3) Quotes of foreign exchange rate to be prescribed by JSCC under Paragraph 2.(1).c. of Appendix 2 to the Handling Procedures shall be the Average TTM at Tokyo Foreign Exchange Market as of 11:00 on the Calculation Date.
 - (4) Quotes of foreign exchange rate to be prescribed by JSCC under Paragraph 3.(1).a. and c. of Appendix 2 to the Handling Procedures shall be the Average TTM at Tokyo Foreign Exchange Market as of 11:00 on the Calculation Date (or the Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the JSCC Business Day immediately preceding the Calculation Date when an application for Clearing is received during the period from 9:00 to noon, or when an application set forth in Article 27.3 of the Handling Procedures is received).

5. Matters concerning Quotes of Foreign Exchange Rate to Obtain Client Clearing Fee related to Foreign Currency Cleared Contracts (Article 5-2.2.(2) of Rules on Fees for IRS Clearing Business)
 - (1) When calculating the Client Clearing Fee from April to September, the average of the Average TTM at Tokyo Foreign Exchange Market as of 15:00 on each JSCC Business Day during the period from October to March of the year immediately preceding the year in which the date of fee calculation belongs shall be used.
 - (2) When calculating the Client Clearing Fee from October to next March, the average of the Average TTM at Tokyo Foreign Exchange Market as of 15:00 on each JSCC Business Day

during the period from April to September of the year in which the date of fee calculation belongs (or of the year immediately preceding the year in which the date of fee calculation belongs, when calculating the fee for the period from January to March) shall be used.

6. Matters concerning Quotes of Foreign Exchange Rate to Obtain Early Termination Charge related to Foreign Currency Cleared Contracts (Article 6 of the Rules on Default Settlement regarding Clearing Participants in relation to IRS Clearing Business)

The Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the date of the Default Auction for Foreign Currency Cleared Contracts terminated pursuant to the provisions of Article 91 of the Interest Rate Swap Clearing Business Rules shall be used.

7. Matters concerning Quotes of Foreign Exchange Rate to Convert Unsettled Obligations and Other Amounts into Japanese Yen (Article 17-2 of the Rules on Default Settlement regarding Clearing Participants in relation to IRS Clearing Business)

The Average TTM at Tokyo Foreign Exchange Market as of 15:00 on the date of the Default Auction for Foreign Currency Cleared Contracts related to the relevant Unsettled Obligations and Other Amounts shall be used.

End of Document