

Matters concerning Per Trade Compression Conditions and New Cleared Contracts to Come into
Effect as a Result of Per Trade Compression

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Amended on April 11, 2016

Amended on October 16, 2017

Japan Securities Clearing Corporation

Japan Securities Clearing Corporation (“JSCC”) sets forth as per attached Annex the matters concerning the economic terms to be designated by JSCC which is one of the Per Trade Compression Conditions set forth in Article 30.2.(1).c. of the Handling Procedures of Interest Rate Swap Business Rules (“Handling Procedures”) and the new Cleared Contract to come into effect as a result of the Per Trade Compression set forth in Article 30.4 of the Handling Procedures.

1. Definitions

The terms used in this Annex shall have the meanings used in the Rules as defined in the Interest Rate Swap Clearing Business Rules prescribed by Japan Securities Clearing Corporation (hereinafter referred to as “JSCC”).

2. Conditions to be Designated by JSCC as Per Trade Compression Conditions:

(1) Conditions concerning the Cleared Contracts to be confirmed by JSCC as Per Trade Compression Conditions shall be the economic terms of the Cleared Contracts other than the following:

- a. Trade Date of the Eligible IRS Transaction;
- b. Effective Date of the Eligible IRS Transaction;
- c. Parties to the Eligible IRS Transaction;
- d. Date of Clearing; and
- e. Notional Amount.

(2) Notwithstanding the provisions of Sub-item e. of the immediately preceding item, if the Notional Amount has feature of periodic step-down or step-up, wherein the method of such periodic step-down or step-up is agreed at the execution of the Eligible IRS Transaction and will not be changed during the term of such IRS Transaction, the Notional Amount as of the date of confirmation of the Per Trade Compression Conditions and the method of the step-down or step-up and the amount to be decreased or increased at each time shall be the matters to be confirmed by JSCC as one of the Per Trade Compression Conditions.

3. Matters to be Designated by JSCC concerning New Cleared Contract to Come into Effect as a Result of Per Trade Compression

The economic terms of new Cleared Contract to come into effect as a result of the Per Trade Compression shall be identical to the Cleared Contracts to terminate as a result of the Per Trade Compression except for those specified below, for which the economic terms specified below shall apply:

- (1) Trade Date: Date on which the Per Trade Compression becomes effective;
- (2) Date of Clearing: Date on which the Per Trade Compression becomes effective;
- (3) Effective Date of IRS Transaction: The Effective Date closest to the date on which Per Trade Compression becomes effective among Effective Dates of Cleared Contracts to terminate as a result of the Per Trade Compression;
- (4) Notional Amount
 - a. When the Cleared Contracts to terminate as a result of the Per Trade Compression exchange Fixed Amount and Floating Amount:

The difference between the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Fixed Rate Payer and the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Floating Rate Payer in respect of the Cleared Contracts to terminate as a result of the Per Trade Compression (the absolute value of such difference if negative);
 - b. When the Cleared Contracts to terminate as a result of the Per Trade Compression exchange Floating Amount and Floating Amount:

The difference between the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Floating Rate Payer of one of the Floating Rate Options and the total Notional of the Cleared Contracts in which the Clearing Participant is a Floating Rate Payer of the other Floating Rate Option in respect of the Cleared Contracts to terminate as a result of the Per Trade Compression (the absolute value of such difference if negative);
- (5) Fixed Rate Payer
 - a. In Sub-item a. of the immediately preceding item, if the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Fixed Rate Payer is greater than the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Floating Rate Payer: such Clearing Participant;
 - b. In Sub-item a. of the immediately preceding item, if the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Floating Rate Payer is greater than the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Fixed Rate Payer: JSCC;

(6) Floating Rate Payer

- a. In Sub-item a. of Item (4), if the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Fixed Rate Payer is greater than the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Floating Rate Payer: JSCC;
- b. In Sub-item a. of Item (4), if the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Floating Rate Payer is greater than the total Notional Amount of the Cleared Contracts in which the Clearing Participant is a Fixed Rate Payer: such Clearing Participant;
- c. In case of Sub-item b. of Item (4), the relevant Clearing Participant shall be the Floating Rate Payer for the Floating Rate Option in respect of which the Notional Amount of the Cleared Contracts is greater and JSCC shall be the Floating Rate Payer for the Floating Rate Option in respect of which the Notional Amount of the Cleared Contract is smaller.

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