

Management of Clearing Deposit through Deposit in Current Account Opened at Bank of Japan

April 1, 2019

Amended on May 17, 2021

Japan Securities Clearing Corporation

1. Matters concerning Cap in Amount to be Managed through Deposit in Current Account Opened at Bank of Japan (Handling Procedures of Interest Rate Swap Business Rules, Article 44.3, Proviso)

- (1) The amount of cap applicable to Initial Margin (except for Customer Buffer) shall be the product of (i) the latest Required Initial Margin for the relevant Clearing Participant or Customer calculated on the immediately preceding JSCC Business Day and (ii) 1.3.
- (2) The amount of cap applicable to Customer Buffer portion of Initial Margin shall be the product of (i) the sum total of the Required Initial Margin for all Customers concluded the Clearing Brokerage Agreement with the relevant Clearing Participant calculated on the immediately preceding JSCC Business Day and (ii) 0.3.
- (3) The amount of cap applicable to IRS Clearing Fund shall be the product of (i) the Required IRS Clearing Fund Amount calculated on the immediately preceding JSCC Business Day and (ii) 1.3; provided, however, that, during the Default Settlement Period, the amount obtained as a product of (i) the sum of the Required IRS Clearing Fund Amount and the required Default Contingent Margin amount and (ii) 1.3 shall be the cap applicable to the sum of IRS Clearing Fund and Default Contingent Margin.

2. Matters concerning Advance Notification (Handling Procedures of Interest Rate Swap Business Rules, Article 44.5)

A notification to be submitted by a Clearing Participant or a Customer in advance, including a notification for withdrawal, shall be submitted to JSCC in the form prescribed by JSCC by 20th day of February, May, August or November (and, in case of a notification by a Customer, through its Clearing Broker). When such notification is submitted, the provisions of the Handling Procedures of Interest Rate Swap Business Rules, Article 44.3 shall apply from the first JSCC Business Day of the month that is the 2nd month following the month in which such notification is submitted.

However, when an applicant for the Interest Rate Swap Clearing Qualification acquires such Clearing Qualification or when a Clearing Participant opens a new Customer Account, such applicant may submit the notification at the same timing as its acquisition of the Clearing Qualification, or such Customer may submit the notification at the same timing as the opening

of the relevant Customer Account, and in either case, the provisions of the said Article shall apply immediately.

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