Handling Procedures of CDS Clearing Business Rules

Original Document Title : CDS 取引清算業務に関する業務方法書の取扱い

Note : JSCC hereby certifies that to the best of its knowledge, the foregoing is a fair and accurate English translation of a document originally written in Japanese. In the event of any inconsistency between the original Japanese document and this reference English translation, the original Japanese document will prevail.

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Chapter 1. General Provisions

Article 1. Purpose

The purpose of these Handling Procedures of CDS Clearing Business Rules ("CDS Procedures") is to stipulate the matters to be prescribed by JSCC pursuant to the CDS Clearing Business Rules ("Business Rules") established by Japan Securities Clearing Corporation ("JSCC").

Article 2. Definitions

Unless otherwise set forth herein, the terms used in these CDS Procedures shall have the meanings used in the Business Rules. In addition, the following terms shall have the meanings defined below:

(1) "Off-the-Run Issue" means a Designated Issue other than On-the-Run Issue which refers to the same type of Index and has the same Term as the On-the-Run Issue;

(2) "On-the-Run Issue" means an issue whose Scheduled Termination Date is the latest of all Designated Issues which refer to the same type of Index and have the same Term;

(3) "Designated Issue" means an Issue designated by JSCC pursuant to Article 9;

(4) "Additional Required Initial Margin" means the amount to be added to Required Initial Margin when JSCC increases a Clearing Participant's Required Initial Margin in accordance with the Rules;

(5) "Term" means, with respect to a CDS Transaction, the period commencing on the Effective Date and ending on the Scheduled Termination Date;

(6) "Paired Cleared Contracts" means two Cleared Contracts of the same Issue, wherein a Clearing Participant is the Seller in one of them, and the same Clearing Participant is the Buyer on the other;

(7) "Cancellation of Paired Cleared Contracts" means a process to have the Paired Cleared Contracts designated by JSCC terminated on the date designated by JSCC, without return of Variation Margin, payment of Early Termination Charge or any other condition; and

(8) “CDS Clearing System” means the system used for exchange of information between JSCC and Clearing Participants in respect of the CDS Clearing Business.

Article 3. Form of Guarantee

The form prescribed under Article 2.1.(3) and Article 8.5 of the Business Rules shall be the form attached hereto as Exhibit Form 1.

Article 4. Method of Calculation of Net Present Value

The method prescribed under Article 2.1.(20) of the Business Rules shall be prescribed by JSCC in a public notice.

Article 5. Customer

1 The requirements prescribed under Article 2.1.(21) of the Business Rules shall be as follows:

(1) A Customer must be a person in the same Corporate Group as its Clearing Broker; and

(2) A Customer must be a user of the Trade Information Warehouse (hereinafter referred to as “TIW”) provided by the Warehouse Trust Company LLC.

2 The requirements under Paragraph 1.(1) shall not apply when JSCC determines the Default of a Clearing Broker and its Customer implements Position Transfer (as defined in Article 95.1 of the Business Rules) with respect to the claims and obligations listed in Article 95.1 of the Business Rules to a Successor Clearing Broker(s).

Article 6. Clearing Participant Agreement

The form prescribed under in Article 2.1.(24) and Article 11 of the Business Rules shall be the form attached hereto as Exhibit Form 2.

Article 7. Clearing Brokerage Agreement

The form prescribed under Article 2.1.(25) of the Business Rules shall be the form attached hereto as Exhibit Form 3.

Article 8. Types of Eligible Securities Collateral

The securities specified under Article 2.1.(37) of the Business Rules shall be as follows:

(1) Japanese Government Bonds; and

(2) United States Treasury Security.

Article 9. Issue of Eligible CDS Transaction

An Issue to be designated by JSCC under Article 2.1.(39) of the Business Rules shall be one of the Issues of Index CDS Transactions or Single Name CDS Transactions designated by JSCC in a public notice.

Article 10. Requirements of Eligible CDS Transaction

The requirements prescribed under Article 2.1.(39) of the Business Rules shall be all of the following, or, in respect of the CDS Transactions between Clearing Brokers executed for Clearing Brokerage and the Hedge Transactions, all of the following requirements except for Item (1):

(1) It shall be a CDS Transaction governed by the ISDA Credit Derivatives Definitions;

(2) Both of the Clearing Participants that are the parties to the CDS Transaction shall have requested Clearing for such CDS Transaction to JSCC pursuant to Article 48 of the Business Rules;

(3) The Notional Amount and the Settlement Currency of the CDS Transaction shall be Japanese Yen (JPY);

(4) The Notional Amount of the CDS Transaction is JPY1 or more and up to JPY100bil. (JPY100,000,000,000) without any fraction less than JPY1;

(5) The remaining period to the Scheduled Termination Date as of the date of JSCC Clearing shall not be less than one day; and

(6) In addition to those set forth above, it shall be a CDS Transaction which satisfies any other requirements prescribed by JSCC in a public notice.

Article 11. Floating Payment

Funds prescribed by JSCC under Article 2.1.(52) of the Business Rules shall be the Funds to be paid and received upon a Settlement between the parties to the Matched CDS Contracts (as such term defined in Appendix 3) and the JSCC Matched CDS Contracts (as such term defined in Appendix 3) which are deemed to have come into effect pursuant to the provisions of Appendix 3.

Article 12. Issue

The terms of CDS Transactions prescribed by JSCC under Article 2.1.(56) of the Business Rules shall be, depending upon the classification of CDS Transaction, as follows:

(1) Index CDS Transaction
    a. Index;
    b. Series; and
    c. Term.

(2) Single Name CDS Transaction
    a. Reference Entity;
    b. Fixed Rate; and
    c. Scheduled Termination Date.

Article 13. Designation of Documents Setting Forth Handling of ISDA-Based Documents

The documents prescribed under Article 2.1.(63) of the Business Rules shall be the documents designated by JSCC in a notification to Clearing Participants or a public notice in respect of the below listed matters pursuant to the relevant provisions of these CDS Procedures below:

(1) Article 27.3.(1): Matters deemed to have been set forth in Schedule defined in the ISDA Master Agreement;

(2) Article 37.3.(2): Matters concerning the replacement of words in the provisions of the ISDA Master Agreement, the ISDA Credit Derivatives Definitions (or the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts) and STS (or STS (2010 Version) for 2003 Version Cleared Contracts) which are necessary for the application thereof to Cleared Contracts;

(2)-2 Article 37-2.2: Matters concerning the replacement of words in the provisions of STS (2010 Version) which are necessary for the application thereof to the Pre-Definition Update Cleared Contracts to be governed by the ISDA Credit Derivatives Definitions pursuant to the provisions of Article 51-2.1 of the Business Rules; and

(3) Appendix 3: Matters concerning Physical Settlement.

Article 13-2. Designation by JSCC in respect of Changes, Amendments, or Supplements of

ISDA Credit Derivatives Definitions

Changes, amendments, or supplements to the 2014 ISDA Credit Derivatives Definitions specified under Article 2.1.(65) of the Business Rules shall be changes, amendments, or supplements published by ISDA in writing, unless specifically excluded by JSCC in a public notice.

Article 14. Designation by JSCC in respect of Changes, Amendments, or Supplements of ISDA Credit Derivatives Definitions (2003 Version)

Changes, amendments, or supplements to the 2003 ISDA Credit Derivatives Definitions specified under Article 2.1.(65)-2 of the Business Rules shall be changes, amendments, or supplements published by ISDA in any of the documents below:

(1) 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions; or

(2) 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDDA Credit Derivatives Definitions.

Article 15. Designation by JSCC in respect of STS

Changes, amendments, or supplements to the iTraxx Asia/Pacific Untranched Standard Terms Supplement specified under Article 2.1.(66) of the Business Rules or changes, amendments, or supplements to the iTraxx Japan Untranched Standard Terms Supplement specified under Article 2.1.(67) shall be changes, amendments, or supplements published in writing, unless specifically excluded by JSCC in a public notice.

Article 16. Measures to Let Clearing Participant or Customer Know Declaration of Intent

The method prescribed under Article 6.2 of the Business Rules shall be a notification by JSCC via the CDS Clearing System.

Article 17. Eligible Securities Collateral

1 The prices used to determine the value of Eligible Securities Collateral specified under Article 7.1 of the Business Rules shall be the market price listed in the column under “Market Price” multiplied by the rate listed in the column under “Market Price Multiplier” according to the classification of securities listed in the column under “Type of Eligible Securities Collateral” in Appendix 1hereto. The prices used to determine the value of Eligible Securities Collateral deposited as Customer Initial Margin shall be the values agreed between the Clearing Broker and the Customer, provided that such price shall not exceed the price obtained as above.

2 The manner of deposit of Eligible Securities Collateral and other necessary matters in respect of Eligible Securities Collateral set forth in Article 7.2 of the Business Rules shall be as follows:

(1) Manner of deposit and other handling of Japanese Government Bonds

a. Where a Clearing Participant deposits Japanese Government Bonds with JSCC as Eligible Securities Collateral, whether for itself or as agent for a Customer, the Clearing Participant shall deposit such securities through a book-entry transfer to the account in the name of JSCC opened with the Bank of Japan under the Act on Transfer of Bonds, Shares, etc. (Act No. 75 of 2001) using the Bank of Japan financial network system ("BOJ-NET");

b. Where a Customer delivers or deposits Japanese Government Bonds to or with its Clearing Broker as Eligible Securities Collateral, it shall do so through a transfer to the account in the name of the Clearing Broker opened with the Bank of Japan or its Subordinate Institution (as such term defined in Article 2.9 of the Act on Transfer of Bonds, Shares, etc.) under the Act on Transfer of Bonds, Shares, etc.;

c. A Clearing Participant may deposit or withdraw the Japanese Government Bonds set forth in Item (1).a. above through its agent, if the Clearing Participant has submitted to JSCC a document stating the matters required by JSCC and obtained the prior approval of JSCC. In this case, such deposit and withdrawal shall be carried out through the account in the name of the agent opened with the Bank of Japan or Participant in the JGB Book-Entry System.

(2) Manner of deposit and other handling of United States Treasury Security

a. If a Clearing Participant desires to deposit United States Treasury Security ("US Treasuries") with JSCC as Eligible Securities Collateral, whether for itself or as agent for a Customer, it must obtain JSCC's prior consent at each time in the manner specified in a notification;

Where a Clearing Participant deposits US Treasuries with JSCC pursuant to a. above, the Clearing Participant shall transfer the US Treasuries to the account in the name of JSCC opened with a bank located in New York City, New York, the United States of America by 2:00 p.m. (Eastern Standard Time) on the day immediately preceding the day on which such deposit is to be made, and shall notify JSCC of such transfer by 4:00 p.m. on the date of the book-entry transfer. In such case, unless the transfer is made within the same bank, the book-entry transfer shall be carried out through the Federal Reserve Communications System in the United States of America;

c. When a Clearing Participant requests withdrawal of US Treasuries deposited as Eligible Securities Collateral, for itself or as agent for a Customer, the Clearing Participant shall notify such request to JSCC by 11:00 a.m. on the date of requested withdrawal;

d. Where a Customer delivers or deposits US Treasuries to or with its Clearing Broker as Eligible Securities Collateral, it shall do so through a transfer to the account designated by the Clearing Broker by the time set by the Clearing Broker before the deposit cutoff time for the Clearing Broker's deposit with JSCC (2:00 p.m. (Eastern Standard Time) on the day immediately preceding the day on which such deposit is to be made); and

e. A Clearing Participant may use its agent for such deposit or withdrawal of the US Treasuries set forth in Item (2).a. through c. above if the Clearing Participant submits to JSCC a document stating the matters required by JSCC and obtains the prior approval of JSCC. In this case, such deposit and withdrawal shall be carried out through the account in the name of the agent.

(3) Liquidation

If:

a. JSCC has determined that a Clearing Participant is in Default;

b. JSCC has determined the Failure of Settlement of a Clearing Participant;

c. JSCC uses the CDS Clearing Fund deposited with JSCC by a Clearing Participant in accordance with Article 104.1 or Article 110.1 of the Business Rules; or

d. The due date for the performance of the obligations of a Clearing Participant to JSCC is accelerated or arrives,

JSCC may liquidate the Eligible Securities Collateral deposited with JSCC by the Clearing Participant or a Customer as it deems appropriate, convert the liquidation proceeds of Eligible Securities Collateral denominated in a foreign currency into Japanese yen or liquidate Eligible Securities Collateral denominated in a foreign currency in Japanese yen, or directly exercise the rights in such Eligible Securities Collateral, and may apply the proceeds remaining after the payment of the expenses of such liquidation to the performance of the obligation of such Clearing Participant to JSCC or to the recovery of the loss pursuant to Article 104.1 or Article 110.1 of the Business Rules.

(4) Application of Item (3) to Eligible Securities Collateral deposited as Customer Initial Margin

The provisions of Item (3) above shall apply *mutatis mutandis* to Eligible Securities Collateral deposited with a Clearing Broker by a Customer as Customer Initial Margin.

Chapter 2 Clearing Participant

Article 18. Application for CDS Clearing Qualification

1 When applying for CDS Clearing Qualification as set forth in Article 8.1 or 8.3 of the Business Rules, an Applicant shall submit to JSCC an application form prescribed by JSCC stating the following items. However, for the application under Article 8.3 of the Business Rules, Item (4) above does not need to be stated in the application form.

(1) Trading name or company name (including the trading name or company name in English);

(2) Address of its headquarters or principal office;

(3) Name of the representative; and

(4) Any other matters which JSCC deems necessary to carry out the examination of an Applicant set forth in the Business Rules.

2 The following documents shall be attached to the application form set forth in Paragraph 1:

(1) A certificate of registered matters or any alternative document related to the Applicant;

(2) A seal registration certificate of the Applicant's representative, who is to sign on and whose seal is affixed to the Clearing Participant Agreement, or any alternative document approved by JSCC;

(3) A document stating the name of the Officer supervising the business related to CDS Transactions, or, if there is no such Officer, a person responsible for the business related to CDS Transactions;

(4) A document stating the risk management method in respect of clearing business of CDS Transactions and any other business procedures; and

(5) Any other documents which JSCC deems necessary for the examination of the Applicant.

3 An Applicant that is a Specified Successor Financial Institution may be exempted from

submission of any of the above documents as JSCC considers appropriate.

Article 19. CDS Clearing Qualification Procedures

1 The procedures required by JSCC under Article 10.1 of the Business Rules are (i) the payment of the initial fee for CDS Clearing Qualification, (ii) the registration of the representative of Clearing Participant prescribed in Article 13.1 of the Business Rules, (iii) the registration of a person in charge of the settlement operation prescribed in Article 14 of the Business Rules, (iv) the notification to identify the current account at Bank of Japan prescribed in Article 22.1 or 22.2 hereof and (v) other procedures JSCC deems necessary in granting CDS Clearing Qualification to the Applicant.

2 The amount of the initial fee for CDS Clearing Qualification described in Paragraph 1 shall be JPY1mil. (JPY1,000,000), and the Applicant shall pay such initial fee together with the amount equal to the consumption tax and local consumption tax thereon.

3 The provisions of Paragraph 1 shall apply *mutatis mutandis* to the CDS Clearing Qualification acquisition procedures prescribed by JSCC under Article 10.3 of the Business Rules. In this case, the phrase "(i) the payment of the initial fee for CDS Clearing Qualification, (ii) the registration of the representative of Clearing Participant prescribed Article 13.1 of the Business Rules" in Paragraph 1 shall be replaced with "(i) the registration of the representative of Clearing Participant prescribed in Article 13.1 of the Business Rules."

Article 20. Notification Method

1 The notification to JSCC prescribed in Articles 13.1, 14, 19, 43, 44 and 104.2.(3) of the Business Rules, Article 9.1 of the Rules on Default Settlement Regarding Clearing Participants in Relation to CDS Clearing Business and Article 8.1 of the CDS Default Management Committee Rules shall be made in the form prescribed by JSCC accompanied by documents which JSCC deems necessary.

2 The notification to JSCC prescribed in Articles 13.1, 14, 19, 43 and 104.2.(3) of the Business Rules, Article 9.1 of the Rules on Default Settlement Regarding Clearing Participants in Relation to CDS Clearing Business and Article 8.1 of the CDS Default Management Committee Rules shall be made by the time designated by JSCC on each occasion.

Article 21. Procedures for Consultation

The procedures for the consultation set forth in Article 15. 2 of the Business Rules (including

the cases to which such provisions apply *mutatis mutandis* in Article 35) shall be as follows:

(1) JSCC shall give the Clearing Participant prior notice covering the consultation matters, place and date of the consultation;

(2) The Clearing Participant shall have its representative or delegate attend the consultation and answer JSCC's questions truthfully and in full;

(3) The Clearing Participant shall have the right to make a statement at the consultation; and

(4) JSCC shall keep a record of the consultation matters, details of the answers and the statements of the Clearing Participant and other necessary details.

Article 22. Settlement of Cash

1 The settlement of cash under Article 17.1, Article 67, or Article 107.1.(1) of the Business Rules shall be performed through a bank account transfer between the current account opened in the name of JSCC with the Bank of Japan and the current account opened in the name of the relevant Clearing Participant with the Bank of Japan through BOJ-NET.

2 A Clearing Participant may remit or receive cash described in Paragraph 1 through its agent if the Clearing Participant submits to JSCC a document stating the matters required by JSCC and obtains the prior approval of JSCC. Such remittance and receipt shall be made through the current account in the name of the agent opened with the Bank of Japan.

Article 23. Exception to Limits of Liability

Damages separately prescribed under Article 18 of the Business Rules shall be the damages incurred by a Clearing Participant from a breach of the obligations set forth in Article 5 of the Rules on Inspection of Clearing Participant in relation to CDS Clearing Business by the Inspector (as such term defined in the Rules on Inspection of Clearing Participant in relation to CDS Clearing Business) or the assistant (as such term used in the Rules on Inspection of Clearing Participant in relation to CDS Clearing Business).

Article 24. Matters to be Reported

1 Events prescribed under Article 20 of the Business Rules shall be any of the following events on the part of a Clearing Participant. The Clearing Participant shall report such event to JSCC in the form prescribed by JSCC together with the documents which JSCC deems necessary:

(1) When the Clearing Participant establishes or changes its risk management methods, business operations or any other aspects of its business pursuant to Article 29-2.2.(2) or Article 33-3.2.(2) of the Financial Instruments and Exchange Act (Act No. 25 of 1948), or, in the case of a foreign bank, when it changes any item stated in the document prescribed in Article 18.2.(4) to be submitted with the application for CDS Clearing Qualification pursuant to Article 18.2, unless such change is immaterial;

(2) When the Clearing Participant learns that its Designated Parent Company (as such term defined in Article 57-12.3 of the Financial Instruments and Exchange Act) filed notification pursuant to the provisions of Article 57-14 of said Act in respect of the matters listed in Article 57-13.1.(6) of said Act;

(3) If the Clearing Participant is a Financial Instruments Business Operator, when it suspends or resumes its Financial Instruments Business; and, if the Clearing Participant is a Registered Financial Institution, when it suspends or resumes the business which required registration under the Financial Instruments and Exchange Act;

(4) When the Clearing Participant files a petition for the commencement of bankruptcy proceedings, the commencement of rehabilitation proceedings, the commencement of reorganisation proceedings, the commencement of special liquidation or the recognition of foreign insolvency proceedings, including petitions equivalent to the foregoing under any foreign laws and regulations, or when the Clearing Participant becomes aware of the fact that the petition for any of the foregoing was filed against it;

(5) When the Clearing Participant becomes aware of a filing of a petition for the commencement of bankruptcy proceedings, the commencement of rehabilitation proceedings, the commencement of reorganisation proceedings, the commencement of special liquidation or the recognition of foreign insolvency proceedings in respect of the Designated Parent Company;

(6) When the Clearing Participant becomes, or is likely to become, insolvent;

(7) When the Designated Parent Company becomes, or is likely to become, insolvent;

(8) When the Clearing Participant becomes unable to meet the requirements under in

Article 9.1.(2). a. or b. of the Business Rules;

(9) When the Clearing Participant learns that the majority of the voting rights of the shareholders, excluding the voting rights that may only be exercised with respect to limited matters to be resolved at general meetings of shareholders, but including the voting rights attached to shares which are deemed to have voting rights pursuant to Article 879.3 of the Companies Act (Act No. 86 of 2005), or voting rights attached to the equity investment, is held by a single person or another single legal entity or other institution;

(10) When the Clearing Participant becomes aware of any change in respect of the top ten major shareholders. For this purpose, top ten major shareholders shall be determined by reference to the number of shares held in their own name or in other person's name. Such change shall be reported at each interval prescribed in a notice by JSCC;

(11) When any sanction or punishment is imposed on the Clearing Participant in accordance with the Financial Instruments and Exchange Act, laws and regulations related thereto, and any foreign laws and ordinances equivalent thereto, and in the case of such sanction or punishment under foreign laws and ordinances, when it involves businesses related to CDS Transaction;

(12) When the Clearing Participant learns that any sanction or punishment is imposed on the Designated Parent Company or Specified Major Shareholders (as such term defined in Article 32.4 of the Financial Instruments and Exchange Act) in accordance with the provisions of the laws and regulations;

(12)-2 In association with a sanction set forth in Item (11) or (12) above, when the Clearing Participant reports improvement plan or other action plan to an administrative agency;

(13) If the Clearing Participant is a Financial Instruments Business Operator, when it learns that any of its Officers has fallen under the provisions of Article 29-4.1.(2). a) to i) of the Financial Instruments and Exchange Act; and if the Clearing Participant is a Registered Financial Institution, when it learns the fact (i) that a decision of the commencement of bankruptcy proceedings was made in respect to any of its Officers supervising the business relating to CDS Transactions, or, if there is no such Officer, in respect of a person responsible for the business relating to CDS Transactions, or

(ii) that any Officer supervising the business relating to CDS Transactions, or, if there is no such Officer, a person responsible for the business relating to CDS Transactions, was sentenced to imprisonment or more severe punishment, or punished by a fine pursuant to the Financial Instruments and Exchange Act, or (iii) that any similar event under foreign laws or ordinances occurred;

(14) When the Clearing Participant learns that any Officer of its Designated Parent Company has fallen under the provisions of Article 29-4.1.(2). a) to i) of the Financial Instruments and Exchange Act;

(15) When the Clearing Participant learns that the Major Shareholders (as such term defined in Article 29-4.2 of the Financial Instruments and Exchange Act) of a Financial Instruments Business Operator have fallen under the provisions of Article 29-4.1.(5). d) or e) of the Financial Instruments and Exchange Act, or, in the case of a foreign entity which is a Financial Instruments Business Operator, when it learns that those similar to Major Shareholders have fallen under Article 29-4.1.(5). f) of the Financial Instruments and Exchange Act;

(16) When the Clearing Participant learns that the Major Shareholders of its Designated Parent Company have fallen under the provisions of Article 29-4.1.(5). d) or e) of the Financial Instruments and Exchange Act;

(17) When a legal action in a civil case involving an amount in dispute of not less than JPY50bil. is filed against the Clearing Participant or when a court decision is made in the said case, including an appeal, or when a petition for conciliation in the economic value not less than JPY50bil. is filed against the Clearing Participant under the Civil Conciliation Act (Act No. 222 of 1951) or when such conciliation has been closed;

(18) When the Clearing Participant learns that a legal action in a civil case is filed against its Designated Parent Company or that a court decision is made in the said case including an appeal, or a petition for conciliation under the Civil Conciliation Act is filed against the Designated Parent Company or that such conciliation has been closed;

(18)-2 In the case of a Financial Instruments Business Operator, when it prepared a report regarding its affiliated companies pursuant to the provisions of Article 46-3.2 of the Financial Instruments and Exchange Act; in the case of a Registered Financial Institution, when it prepared a report regarding its affiliated companies pursuant to

the provisions of Article 48-2.2 of the Financial Instruments and Exchange Act; or, in the case of a foreign Financial Instruments Business Operator, when it prepared a report regarding its affiliated companies pursuant to the provisions of Article 49-3.2 of the Financial Instruments and Exchange Act;

(19) When the Clearing Participant prepares documents for the Monitoring Questionnaires pursuant to Article 56-2 of the Financial Instruments and Exchange Act, or, in the case of a Registered Financial Institution, a Statement of Major Accounts prescribed by JSCC in a notification;

(20) When the Clearing Participant prepares the “document stating the sound management of the company available for public inspection” pursuant to the provisions of Article 57-5.3 of the Financial Instruments and Exchange Act;

(21) When the Ultimate Designated Parent Company (as such term defined in Article 57-12.3 of the Financial Instruments and Exchange Act) prepares the “document stating the sound management of the company available for public inspection” pursuant to Article 57-5.3 of the Financial Instruments and Exchange Act;

(22) If the Clearing Participant is a Financial Instruments Business Operator, when it prepares a business status report set forth in Article 46-3 of the Financial Instruments and Exchange Act; or if the Clearing Participant is a Registered Financial Institution, when it prepares a non-consolidated or consolidated business operations report or a mid-term business operations report set forth in Article 19 of the Banking Act (Act No. 59 of 1981), or when the Clearing Participant prepares a non-consolidated or consolidated business operations report or a mid-term business operations report set forth in Article 110 of the Insurance Business Act (Act No. 105 of 1995); or if the Clearing Participant is a Registered Financial Institution which is a foreign entity, when it prepares a report equivalent thereto;

(23) When the Clearing Participant prepares a business report pursuant to Article 57-3.1 of the Financial Instruments and Exchange Act;

(24) When the Ultimate Designated Parent Company prepares the business report;

(25) When the Clearing Participant prepares a financial result overview report or a mid-term financial result overview report prescribed by JSCC in a notification;

(26) If the Clearing Participant is a Financial Instruments Business Operator which is a foreign entity, when it prepares the balance sheet, the profit and loss statement and any other financial statements set forth in Article 49-3.1 of the Financial Instruments and Exchange Act;

(27) When the Clearing Participant prepares an outstanding CDS Transaction position report prescribed by JSCC in a notification;

(28) When the Clearing Participant amends the Clearing Brokerage Agreement with a Customer;

(28)-2 When the Clearing Participant learns that a Customer of the Clearing Participant changes in the trading name or company name, including changes to the trading name or company name in English;

(29) When a Customer of the Clearing Participant fails to perform any settlement;

(30) When the Clearing Participant learns that the Designated Parent Company changed the address of its headquarters or principal office;

(31) When the Clearing Participant filed a notification pursuant to Article 57-2.1 or Article 57-2.6 (only when it falls under Article 57-2.6.(2)) of the Financial Instruments and Exchange Act;

(32) When the Clearing Participant learns that its parent company is designated as Designated Parent Company, or that such designation is cancelled or has become ineffective;

(33) When the Clearing Participant learns that the Designated Parent Company merged with another entity (excluding the case where the Designated Parent Company ceases to exist through the merger);

(34) When the Clearing Participant learns that a person newly became, or ceased to be, a Specified Major Shareholder;

(35) When Officer supervising the business related to CDS Transactions, or, if there is no such Officer, a person responsible for the business related to CDS Transactions, was changed; or

(36) When the Clearing Participant changes its fiscal year end date.

2 When reporting the matter described in Paragraph 1.(22), the Clearing Participant shall attach an audit report prepared by the accounting auditor, or its equivalent which JSCC considers appropriate, concerning the financial statements attached to the business status reports, non-consolidated business operations reports, or other equivalent documents prescribed in Paragraph 1.(22).

3 Where a Clearing Participant is under Parental Guarantee, events prescribed under Article 20 of the Business Rules shall be, in addition to those listed in Paragraph 1, those listed in the following items, and the Clearing Participant shall report such event using the form prescribed by JSCC together with documents which JSCC deems necessary:

(1) When any of the events set forth in Paragraph 1.(4) , 1.(6) , 1.(11) and 1.(17) has occurred on the part of the Parent Company other than the Designated Parent Company;

(2) When any of the events set forth in Paragraph 1.(19) , 1.(22) , 1.(25) and 1.(26) has occurred on the part of the Parent Company;

(3) When the Clearing Participant or its Parent Company no longer satisfies the requirements set forth in Article 9.2 of the Business Rules; and

(4) If the Parent Company is neither a Financial Instruments Business Operator nor a Registered Financial Institution, when any of the following events has occurred on the part of such Parent Company:
   a. when it suspended or resumed all of its businesses; or
   b. when it prepared a balance sheet, profit and loss statement or any other financial documents.

4 The provisions of Paragraph 2 shall apply *mutatis mutandis* when the Clearing Participant reports the event set forth in Paragraph 1.(22) or Paragraph 3.(4).b. concerning its Parent Company providing Parental Guarantee to such Clearing Participant.

Article 25. Application to Renounce CDS Clearing Qualification

1 When renouncing its CDS Clearing Qualification as set forth in Article 22 of the Business Rules, the Clearing Participant shall submit the form prescribed by JSCC stating the

following:

(1) Trading name or company name (including the trading name or company name in English);

(2) Address of its headquarters or principal office;

(3) Name of the representative; and

(4) The reason for renunciation of its CDS Clearing Qualification.

2 The form set forth in Paragraph 1 shall accompany necessary documents required by JSCC.

Article 26. CDS Clearing Qualification Renunciation Timing

The time to be designated under of Article 23.1 of the Business Rules shall be the time set forth in Article 36.2.

Article 27. Cancellation of Outstanding Cleared Contracts

1 The outstanding Cleared Contracts designated by JSCC under Article 23.1 and Article 38.1 shall be as follows:

(1) Paired Cleared Contracts, or Paired Cleared Contracts by Clearing Participant Account if the Clearing Participant has multiple Clearing Participant Accounts; and

(2) Any other Cleared Contracts designated by JSCC at each occasion.

2 When JSCC receives an application for renunciation of CDS Clearing Qualification from a Clearing Participant, the Paired Cleared Contracts mentioned in Paragraph 1.(1) to which the Clearing Participant is a party shall be cancelled at the CDS Clearing Qualification renunciation timing.

3 The outstanding Cleared Contracts falling under Paragraph 1.(2) shall be cancelled or subject to other actions as specified by JSCC at each occasion.

Article 28. Case to be Separately Designated by JSCC as State Where Clearing Participant's Portfolio is Considered to be Extremely Large Comparing to Net Capital

The case separately designated by JSCC as a state where the Clearing Participant's portfolio is considered to be extremely large comparing to its Net Capital, or, in the case of a Clearing

Participant subject to a Parental Guarantee, comparing to the Net Capital of the Clearing Participant itself as well as of its Parent Company, under Article 29.2 of the Business Rules shall be the case where Stressed Risk Value (as defined below) related to the Clearing Participant's Cleared Contracts is more than the amount obtained by multiplying the Net Capital of the Clearing Participant, or the Clearing Participant subject to a Parental Guarantee and its Parent Company, as applicable, by the rate designated by JSCC in a notification to Clearing Participants.

"Stressed Risk Value" means the amount equivalent to loss that the Clearing Participant may incur from the Cleared Contracts as a result of extreme price fluctuation of CDS Transactions and is calculated in the manner prescribed by JSCC in a notification to Clearing Participants.

Article 29. Case Separately Designated by JSCC as State Where Position Excessively Concentrates on Clearing Participant vis-a-vis Market Condition

The case separately designated by JSCC as a state where position excessively concentrates on the Clearing Participant vis-a-vis market conditions shall be, depending upon to the classification of CDS Transactions, the case as set forth below:

(1) Index CDS Transaction

The case where On-the-Run Converted Net Notional Amount (defined below) of the relevant Clearing Participant exceeds the level prescribed by JSCC in a notice to Clearing Participants.

"On-the-Run Converted Net Notional Amount" means the amount determined as net Notional Amount of On-the-Run Issue in the manner prescribed by JSCC in a notification based on the net Notional Amount of each Clearing Participant, wherein the net Notional Amount mentioned above refers to the Notional Amount related to Cleared Contracts of each Clearing Participant remaining if Paired Cleared Contracts were cancelled by Issue.

(2) Single Name CDS Transaction

The case where the aggregate Net Notional Amount of the relevant Clearing Participant's Single Name CDS Transactions referring to the same Reference Entity exceeds the level prescribed by JSCC in a notice to Clearing Participants.

Article 30. Increase in Required Initial Margin for Clearing Participant Holding Excessive Position

When JSCC increases Required Initial Margin as set forth in Article 29.2 of the Business Rules, the Additional Required Initial Margin shall be, depending upon the case, the amount as set forth below:

(1) When falling under Article 28, unless it falls under Item (2): The amount obtained by multiplying the Required Initial Margin by the applicable multiplier according to the ratio of the Stressed Risk Value related to the Clearing Participant's Cleared Contracts to the Net Capital of the Clearing Participant, or the Net Capital of the Clearing Participant subject to a Parental Guarantee itself and its Parent Company providing Parental Guarantee, as applicable, as set by JSCC in a notification;

(2) When falling under Article 28, and the Stressed Risk Value related to the Clearing Participant's Cleared Contracts is more than 100% of the Net Capital of the relevant Clearing Participant, or the Net Capital of the Clearing Participant subject to a Parental Guarantee itself and its Parent Company providing Parental Guarantee, as applicable, the sum of the amounts listed below:

a. The amount obtained by multiplying the Required Initial Margin by the rate set by JSCC in a notification;

b. For Cleared Contracts of each Issue that would come into effect after an increase in Required Initial Margin has been imposed (referred to as "New Cleared Contracts" in this Item), if the Clearing Participant's position is Net Short (as defined below), the amount JSCC prescribes in a notification as the amount equivalent to the Net Short Amount (as defined below) minus the Margin equivalent related to the New Cleared Contracts.

   For the purpose of the preceding sentence, "Net Short" means the state where the total Notional Amount of the New Cleared Contracts by Issue in which the Clearing Participant is the Seller is more than the total Notional Amount of the New Cleared Contracts by Issue in which the Clearing Participant is the Buyer, and "Net Short Amount" means the amount obtained by subtracting the total Notional Amount of the New Cleared Contracts by Issue, in which the Clearing Participant is the Buyer from the total Notional Amount of the New Cleared Contracts by Issue, in which the Clearing Participant is the Seller;

c. For New Cleared Contracts, if the Clearing Participant's position is Net Long (as defined below), the amount JSCC prescribes in a notification as the amount equal to the present value of the total Fixed Amount that has not become due related to the Net Long Amount (as defined below) plus the total amount equal to the Variation Margin JSCC paid to the Clearing Participant with respect to such New Cleared Contracts minus the Margin equivalent related to the New Cleared Contracts.

   For the purpose of the preceding sentence, "Net Long" means the state where the total Notional Amount of the New Cleared Contracts of each Issue in which the Clearing Participant is the Buyer is more than the total Notional Amount of the New

Cleared Contracts of each Issue in which the Clearing Participant is the Seller, and “Net Long Amount” means the amount obtained by subtracting the total Notional Amount of the New Cleared Contracts of each Issue, in which the Clearing Participant is the Seller, from the total Notional Amount of the New Cleared Contracts of each Issue, in which the Clearing Participant is the Buyer;

(3) When falling under Article 29, unless it falls under Item (4): The amount obtained by multiplying the Required Initial Margin by the multiplier set by JSCC in a notification according to the On-the-Run Converted Net Notional Amount of Clearing Participant’s Index CDS Transactions or the Net Notional Amount of Cleared Contracts of the Single Name CDS Transactions referencing the same Reference Entity, that is the largest.

(4) When falling under Article 29, and the On-the-Run Converted Net Notional Amount of the Clearing Participant’s Cleared Contracts of Index CDS Transactions or Net Notional Amount of Cleared Contracts of Single Name CDS Transaction referencing the same Reference Entity is more than the amount prescribed by JSCC in a notification, the sum of the amounts listed below:

a. The amount obtained by multiplying the Required Initial Margin by the rate set by JSCC in a notification;

b. For Cleared Contracts of each Issue that would come into effect after an increase in Required Initial Margin has been imposed (referred to as "New Cleared Contracts" in this Item), if the Clearing Participant's position is Net Short (as defined below), the amount JSCC prescribes in a notification as the amount equivalent to the Net Short Amount (as defined below) minus the Margin equivalent related to the New Cleared Contracts multiplied by the rate set by JSCC in a notification.

For the purpose of the preceding sentence, "Net Short" means the state where the total Notional Amount of the New Cleared Contracts by Issue in which the Clearing Participant is the Seller is more than the total Notional Amount of the New Cleared Contracts by Issue in which the Clearing Participant is the Buyer, and "Net Short Amount" means the amount obtained by subtracting the total Notional Amount of the New Cleared Contracts by Issue, in which the Clearing Participant is the Buyer from the total Notional Amount of the New Cleared Contracts by Issue, in which the Clearing Participant is the Seller;

c. For New Cleared Contracts, if the Clearing Participant's position is Net Long (as defined below), the amount JSCC prescribes in a notification as the amount equal to the present value of the total Fixed Amount that has not become due related to the Net Long Amount (as defined below) plus the total amount equal to the Variation Margin JSCC paid to the Clearing Participant with respect to such New Cleared

Contracts minus the Margin equivalent related to the New Cleared Contracts, multiplied by the rate set by JSCC in a notification.

For the purpose of the preceding sentence, "Net Long" means the state where the total Notional Amount of the New Cleared Contracts of each Issue in which the Clearing Participant is the Buyer is more than the total Notional Amount of the New Cleared Contracts of each Issue in which the Clearing Participant is the Seller, and "Net Long Amount" means the amount obtained by subtracting the total Notional Amount of the New Cleared Contracts of each Issue, in which the Clearing Participant is the Seller, from the total Notional Amount of the New Cleared Contracts of each Issue, in which the Clearing Participant is the Buyer.

Article 31. Measures against Clearing Participants Due to Creditworthiness

1 When increasing the Required Initial Margin under Article 32 of the Business Rules, the Additional Required Initial Margin shall be the amount determined according to the multiplier set by JSCC in a notification.

2 Under Article 32.(1). a. of the Business Rules, the level shall be the Capital-to-Risk Ratio of the Clearing Participant, or, if the Clearing Participant is a Special Operator, its Capital-to-Risk Ratio and Consolidated Capital-to-Risk Ratio, of 250%. The deterioration of creditworthiness shall be the Clearing Participant falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Clearing Participant may not be sufficiently creditworthy.

3 The level and the deterioration of creditworthiness under Article 32.(1).b. of the Business Rules shall be, depending upon the category, as follows:

(1) Where the Clearing Participant is a Registered Financial Institution subject to Uniform International Standards:

As specified in a. to c. below, or, in the case of a foreign bank, their equivalent:

a. Level: Its non-consolidated or consolidated Common Equity Tier 1 ratio, or, for an institution which operates with investments from its members, its non-consolidated or consolidated common investment Tier 1 ratio, of 5.625%, and Deterioration of Creditworthiness: The Clearing Participant falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Clearing Participant may not be sufficiently creditworthy;

b. Level: Its non-consolidated or consolidated Tier 1 ratio of 7.5%, and Deterioration of Creditworthiness: The Clearing Participant falling under the situation prescribed

by JSCC in a notification or a public notice as the case where such Clearing Participant may not be sufficiently creditworthy;

c. Level: Its non-consolidated or consolidated Total Capital ratio of 10%, and Deterioration of Creditworthiness: The Clearing Participant falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Clearing Participant may not be sufficiently creditworthy;

(2) Where the Clearing Participant is a Registered Financial Institution other than those subject to Uniform International Standards, foreign banks and insurance companies ("Financial Institution subject to Japanese Standard"):
The non-consolidated or consolidated capital adequacy ratio under Japanese Standard of 5%, and the Clearing Participant falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Clearing Participant may not be sufficiently creditworthy.

4 The level under Article 32.(1).c. of the Business Rules shall be the non-consolidated or consolidated Solvency Margin Ratio of 500%, and the deterioration of the creditworthiness shall be the Clearing Participant falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Clearing Participant may not be sufficiently creditworthy.

5 The level under Article 32.(2).a. of the Business Rules shall be the Risk-to-Capital Ratio of the Clearing Participant of 250%, the deterioration of the creditworthiness of the Parent Company shall be the Parent Company falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Parent Company may not be sufficiently creditworthy.

6 The level and the deterioration of creditworthiness under Article 32.(2).b. of the Business Rules shall be, depending upon the category, as follows:

(1) Where the Clearing Participant is a Registered Financial Institution subject to Uniform International Standards:
As specified in a. to c. below, or, in the case of a foreign bank, their equivalent:

a. Level: Its non-consolidated or consolidated Common Equity Tier 1 ratio of 5. 625%, and
Deterioration of Creditworthiness: The Parent Company falling under the situation prescribed by JSCC in a notification or a public notice as the case where such

Parent Company may not be sufficiently creditworthy;

b. Level: Its non-consolidated or consolidated Tier 1 ratio of 7. 5%, and Deterioration of Creditworthiness: The Parent Company falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Parent Company may not be sufficiently creditworthy;

c. Level: Its non-consolidated or consolidated Total Capital ratio of 10%, and Deterioration of Creditworthiness: The Parent Company falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Parent Company may not be sufficiently creditworthy;

(2) Where the Clearing Participant is a Financial Institution subject to Japanese Standard:

The level shall be the non-consolidated or consolidated capital adequacy ratio under Japanese Standard of 5%, and the deterioration of creditworthiness of the Parent Company shall be the Parent Company falling under the situation prescribed by JSCC in a notification or a public notice as the case such Parent Company may not be sufficiently creditworthy.

7 The level under Article 32.(2).c. of the Business Rules shall be the non-consolidated or consolidated Solvency Margin Ratio of 500%, and the deterioration of creditworthiness of the Parent Company shall be the Parent Company falling under the situation prescribed by JSCC in a notification or a public notice as the case where such Parent Company may not be sufficiently creditworthy.

8 The events under Article 32.(2). a. through c. of the Business Rules shall be, depending upon the category the Parent Company of the Clearing Participant falls, the event set forth below:

(1) If the Parent Company is a Financial Instruments Business Operator:
Its Capital-to-Risk Ratio becomes less than 250%;

(2) If the Parent Company is a Registered Financial Institution subject to Uniform International Standards, events specified in a. to c. below, or, in the case of a foreign bank, an equivalent event:

a. when its non-consolidated or consolidated Common Equity Tier 1 ratio becomes less than 5.625%;

b. when its non-consolidated or consolidated Tier 1 ratio becomes less than 7.5%; or

c. when its non-consolidated or consolidated Total Capital ratio becomes less than 10%;

(3) If the Parent Company is a Registered Financial Institution subject to Japanese Standard:
When its non-consolidated or consolidated capital adequacy ratio under the Standard in Japan becomes less than 5%;

(4) If the Parent Company is an insurance company which is a Registered Financial Institution:
When its non-consolidated or consolidated Solvency Margin Ratio becomes less than 500%;

(5) If the Parent Company is other than the above:
When any equivalent event occurs.

Article 32. Increase in Required Initial Margin to Accumulate

Where Required Initial Margin of a Clearing Participant is increased for multiple reasons, the aggregate of the Additional Required Initial Margin shall apply; provided, that if the Required Initial Margin plus the aggregate Additional Required Initial Margin is more than the total Net Notional Amount, or the total Net Notional Amount for each Clearing Participant Account, if there are multiple Clearing Participant Accounts, the Required Initial Margin shall be the amount equal to the such aggregate Net Notional Amount.

Chapter 3 Clearing Brokerage

Article 33. Letter of Undertaking in respect of Clearing Brokerage Agreement

The form of a letter of undertaking prescribed under Article 42.2 of the Business Rules shall be the form attached hereto as Exhibit Form 4.

Article 34. (Deleted)

Chapter 4 Clearing and Cleared Contracts

Article 35. Request for Clearing

1 The method prescribed by JSCC under Article 48.1 of the Business Rules shall be recording on TIW.

2 The request for Clearing under Article 48.2 of the Business Rules must be submitted by the time designated by JSCC in a notification or a public notice on the second JSCC Business Day of the period from Tuesday of every week to Monday of the next week (hereinafter referred to as “Clearing Procedure Period”), unless otherwise prescribed by JSCC in a notification or a public notice.

Article 36. Requirements for Clearing

1 The requirements prescribed under Article 49.1 of the Business Rules shall be that the Eligible CDS Transaction described in Article 49.1 of the Business Rules satisfies all of the following conditions, or, in the case of the Eligible CDS Transaction executed between Clearing Brokers, it satisfies Item (1) below:

(1) Requirements set forth in Article 10 are met;

(2) The Eligible CDS Transaction was executed by the day immediately preceding the third business day before the date specified in Paragraph 2; and

(3) The terms of the relevant Eligible CDS Transactions designated by JSCC in a notification or a public notice are recorded on TIW.

2 The time prescribed by JSCC under Article 49.1 of the Business Rules shall be 4:00 p.m. on the next JSCC Business Day following the day in which the time stipulated under Article 35.2 belongs; provided that if such day falls on a Fixed Rate Payer Payment Date or a day on which the Fixed Amount is to be settled as a result of an adjustment under Section 1.53 of the ISDA Credit Derivatives Definitions, or Section 2.11 of the ISDA Credit Derivatives Definitions (2003 Version) in case of the 2003 Version Cleared Contracts, the next JSCC Business Day following that day, or if such day falls on the JSCC Business Day immediately preceding the Fixed Rate Payer Payment Date, the next JSCC Business Day following the Fixed Rate Payer Payment Date.

3 In the event of a failure of the CDS Clearing System or any other necessary system of JSCC or other institution for the CDS Clearing Business or when JSCC deems it extremely necessary for any other reason, JSCC may change the time set forth in Paragraph 2. When JSCC changes such time, JSCC shall notify the Clearing Participants of the new time without delay.

Article 37. Details of Cleared Contracts

1 The other forms of master agreement to be separately prescribed under Article 51.1 of the Business Rules shall be as follows:

(1) 1987 ISDA Interest Rate and Currency Exchange Agreement (including the Schedule);

(2) 1987 ISDA Interest Rate Swap Agreement (including the Schedule);

(3) 1992 ISDA Master Agreement (including the Schedule);

(4) 2002 ISDA Master Agreement (including the Schedule); and

(5) A master agreement designated by JSCC in a public notice.

2 STS shall apply to Cleared Contracts that are Index Transactions and STS (2010 Version) shall apply to 2003 Version Cleared Contracts that are Index CDS Transactions, and each provisions of STS or STS (2010 Version), as applicable, shall form a part of the Cleared Contracts.

3 In applying the ISDA Master Agreement, the ISDA Credit Derivatives Definitions or the ISDA Credit Derivatives Definitions (2003 Version) for Pre-Definition Update Clearing Contracts, and STS or STS (2010 Version) for 2003 Version Cleared Contracts, to a Cleared Contract pursuant to the provisions of Article 51.1 of the Business Rules, Paragraph 2 and Article 37-2.2, the necessary replacement of terms and other matters shall be as follows:

(1) The matters prescribed in the Rules and other matters prescribed by JSCC in a public notice shall be deemed to have been set forth in the Schedule; and

(2) Other replacement of terms that would become necessary in applying the ISDA Master Agreement, the ISDA Credit Derivatives Definitions or the ISDA Credit Derivatives Definitions (2003 Version) for Pre-Definition Update Cleared Contracts, and STS or STS (2010 Version) for 2003 Version Cleared Contracts, to a Cleared Contract shall be prescribed by JSCC in a public notice.

4 Fixed Amounts shall be paid in the manner set forth below:

(1) The Clearing Participant which is the Buyer in a Cleared Contract shall pay cash in the

amount equal to the Fixed Amount to JSCC by 11:00 a.m.; and

(2) JSCC will pay cash in the amount equal to the Fixed Amount to the Clearing Participant which is the Seller in a Cleared Contract after 1:30 p.m. without delay.

5 The rules to be separately prescribed under Article 51.2 of the Business Rules shall be specified in a public notice.

rticle 37-2. Change of Terms of Pre-Definition Update Cleared Contracts

1 The Pre-Definition Update Cleared Contracts designated by JSCC under Article 51-2.1 of the Business Rules shall be Single Name CDS Transactions referencing any of the Reference Entities designated by JSCC in a public notice.

2 Notwithstanding the provisions of Article 37.2 and 37.3, STS (2010 Version) shall apply to the Pre-Definition Update Cleared Contracts subject to the ISDA Credit Derivatives Definitions pursuant to the provisions of Article 51-2.1 of the Business Rules, and replacement of terms that would become necessary in applying STS (2010 Version) to a Cleared Contract shall be prescribed by JSCC in a public notice. The provisions of STS (2010 Version) after the said replacement shall constitute a part of the Pre-Definition Update Cleared Contracts.

3 The terms separately designated by JSCC under Article 51-2.2 of the Business Rules shall be, in respect of Index CDS Transactions, the terms involving the Reference Entities designated by JSCC in a public notice.

4 The provisions designated by JSCC under Article 51-2.2 of the Business Rules are Article 126.3 of the Business Rules and Article 13.(2), Article 37.2 and Article 37.3 of these CDS Procedures.

5 In addition to the matters set forth in Paragraphs 1 through 4, matters necessary for the change of terms of the Pre-Definition Update Cleared Contracts shall be separately prescribed by JSCC in a public notice.

Article 38. Method of Application for Compression of Cleared Contracts

1 The method to be separately prescribed under Article 53.1 of the Business Rules shall be the method prescribed by JSCC in a notification or a public notice.

2 The requirements to be separately prescribed under Article 53.2 of the Business Rules

shall be as follows:

(1) Issue and other terms and conditions, separately designated by JSCC in a notification or a public notice, of a Cleared Contract applied for Compression match with those of any of the other Cleared Contracts applied for Compression, and a set of Paired Cleared Contracts exists in a combination of the Cleared Contracts applied for Compression and such other Cleared Contracts;

(2) Matters designated by JSCC in a notification or a public notice in respect of the Cleared Contract to terminate as a result of the application for Compression is recorded on TIW; and

(3) Matters designated by JSCC in a notification or a public notice in respect of the Cleared Contract to come into effect as a result of the Compression is recorded on TIW.

3 JSCC shall confirm the satisfaction of the Compression Conditions set forth in Article 53.2 of the Business Rules by 1:00 p.m. on the next JSCC Business Day following the date of submission of such application.

4 Notwithstanding the provisions of Paragraph 3, when JSCC deems it necessary, JSCC may temporarily change the cutoff time set forth in Paragraph 3. In this case, JSCC shall notify Clearing Participants applied for the Compression affected by that change of its determination of temporarily changing the cutoff time, and the time so changed.

Article 38-2. Method of Application for Ad Hoc Compression of Cleared Contracts

1 The method to be separately prescribed under Article 53-2.1 of the Business Rules shall be the method prescribed by JSCC in a notification or a public notice.

2 The requirements to be separately prescribed under Article 53-2.2 of the Business Rules shall be as follows:

(1) Issue and other terms and conditions, separately designated by JSCC in a notification or a public notice, of a Cleared Contract applied for Ad Hoc Compression match with those of any of the other Cleared Contracts applied for Ad Hoc Compression, and a set of Paired Cleared Contracts exists in a combination of the Cleared Contracts applied for Compression and such other Cleared Contracts; and

(2) Matters designated by JSCC in a notification or a public notice in respect of the Cleared

Contract to terminate as a result of the application for Ad Hoc Compression is recorded on TIW.

3 JSCC shall confirm the satisfaction of the Ad Hoc Compression Conditions set forth in Article 53-2.2 of the Business Rules by 5:00 p.m. on the next JSCC Business Day following the date of submission of such application.

4 Notwithstanding the provisions of Paragraph 3, when JSCC deems it necessary, JSCC may temporarily change the cutoff time set forth in Paragraph 3. In this case, JSCC shall notify Clearing Participants applied for the Ad Hoc Compression affected by that change of its determination of temporarily changing the cutoff time, and the time so changed.

Article 38-3. Matters related to Funds to be Settled upon Position Transfer of Proprietary Cleared Contracts

1 The Early Termination Charge and the amount due upon Position Transfer/Transfer set forth in Article 58-3.3.(1).c. of the Business Rules shall be calculated in the following manner:

(1) The Early Termination Charge shall be equal to net Variation Margin to be deposited with the Clearing Participant by JSCC with respect to each of such Cleared Contracts up to the date of such termination (amount deducting the gross receipts from the gross payments of Variation Margin; the same applies in this Article 30-5) plus or minus the interest on the Variation Margin to be paid or received on the next JSCC Business Day following such termination. If such amount is positive, then JSCC shall pay the Clearing Participant the Early Termination Charge, and if negative, the Clearing Participant shall pay JSCC the Early Termination Charge; and

(2) The amount due upon Position Transfer/Transfer in the amount equal to the net Variation Margin deposited by the Carrying Clearing Broker with JSCC by the Termination Date of the Proprietary Cleared Contract to terminate pursuant to the first sentence of Article 58-3.3.(1).b. of the Business Rules plus or minus the interest on Variation Margin to be settled on the next JSCC Business Day following the said termination date shall be settled between JSCC and the Successor Clearing Broker. In this case, if such amount is positive, then the amount due upon Position Transfer/Transfer shall be paid by JSCC to the Successor Clearing Broker, and if negative, it shall be paid by the Successor Clearing Broker to JSCC.

2 JSCC, the Successor Clearing Broker and the Carrying Clearing Broker shall settle the

amount due upon Position Transfer/Transfer and the Early Termination Charge calculated in accordance with the provisions of Paragraph 1 after netting the Cash Settlement Amount pursuant to the provisions of Article 58-3.3.(1).c. of the Business Rules on the next JSCC Business Day following the date of termination of the Proprietary Cleared Contract that shall terminate pursuant to the provisions of Article 58-3.3.(1).b. of the Business Rules.

3 The provisions of Paragraphs 1 and 2 above shall apply *mutatis mutandis* to the case where JSCC calculates the Early Termination Charge and the amount due upon Position Transfer/Transfer pursuant to the provisions of Articles 58-5.3.(1).c., 58-5.3.(4).c. and 58-5.3.(5).c. of the Business Rules. In this case, the reference to "Article 58-3.3.(1).c." in the main body of Paragraph 1 shall be deemed to be the reference to "Articles 58-5.3.(1).c., 58-5.3.(4).c. and 58-5.3.(5).c.," and, in Paragraph 1.(2), the reference to "Successor Clearing Broker" shall be deemed to be the reference to "Receiving Clearing Participant (or, in case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5) of the Business Rules, the Clearing Broker for the Receiving Customer; the same applies in this Article)"; the reference to "Proprietary Cleared Contract to terminate pursuant to Article 58-3.3.(1).b." shall be deemed to be the reference to "Customer's Cleared Contract that shall terminate pursuant to the provisions of Articles 58-5.3.(1).b. and 58-5.3.(4).b. of the Business Rules (or, in case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5) of the Business Rules, the Customer's Cleared Contracts that shall terminate pursuant to the provisions of Article 58-5.3.(5).b.; the same applies in this Article); the reference to "by the Carrying Clearing Broker" shall be deemed to be the reference to "by the Clearing Broker for the Transferring Customer"; the reference to "to the Successor Clearing Broker" shall be deemed to be the reference to "to the Receiving Clearing Participant"; the reference to "by the Successor Clearing Broker" shall be deemed to be the reference to "by the Receiving Clearing Participant," and, in Paragraph 2, the reference to "Successor Clearing Broker" shall be deemed to be the reference to "Receiving Clearing Participant (or, in case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5) of the Business Rules, the Clearing Broker for the Receiving Customer)"; the reference to "Carrying Clearing Broker" shall be deemed to be the reference to "Clearing Broker for the Transferring Customer; the reference to "Article 58-3.3.(1).c. of the Business Rules" shall be deemed to be the reference to "Articles 58-5.3.(1).c., 58-5.3.(4).c. and 58-5.3.(5).c. of the Business Rules"; and the reference to "Proprietary Cleared Contract" shall be deemed to be "Customer's Cleared Contract."

4 The provisions of Paragraphs 1 and 2 above shall apply *mutatis mutandis* to the case where JSCC calculates the Early Termination Charge and the amount due upon Position Transfer/Transfer pursuant to the provisions of Article 58-3.3.(3).c. of the Business Rules.

In this case, the reference to "Article 58-3.3.(1).c." in the main body of Paragraph 1 shall be deemed to be the reference to "Articles 58-3.3.(3).c.," and, in Paragraph 1.(2), the reference to "Successor Clearing Broker" shall be deemed to be the reference to "Clearing Broker for the Receiving Customer"; the reference to "Article 58-3.3.(1).b. of the Business Rules" shall be deemed to be the reference to "Article 58-3.3.(3).b. of the Business Rules"; the reference to "by the Carrying Clearing Broker" shall be deemed to be the reference to "by the Transferring Clearing Participant"; the reference to "to the Successor Clearing Broker" shall be deemed to be the reference to "to the Clearing Broker for the Receiving Customer"; the reference to "by the Successor Clearing Broker" shall be deemed to be the reference to "by the Clearing Broker for the Receiving Customer," and, in Paragraph 2, the reference to "Successor Clearing Broker" shall be deemed to be the reference to "Clearing Broker for the Receiving Customer"; the reference to "Carrying Clearing Broker" shall be deemed to be the reference to "Transferring Clearing Participant"; the reference to "Article 58-3.3(1).c. of the Business Rules" shall be deemed to be the reference to "Article 58-3.3.(3).c. of the Business Rules"; and the reference to "Article 58-3.3.(1).b." shall be deemed to be the reference to " Article 58-3.3.(3).b."

Article 38-4. Matters related to Claims and Obligations Arising as a Result of Position Transfer of Proprietary Cleared Contracts

The terms and conditions designated by JSCC under Article 58-3.3.(1).a. of the Business Rules shall be designated in a notification or a public notice.

Article 38-5. Matters related to Claims and Obligations Arising as a Result of Position Transfer of Customer's Cleared Contracts

The terms and conditions designated by JSCC under Articles 58-5.3.(1).a.(a) and 58-5.3.(1).a.(b) of the Business Rules shall be designated in a notification or a public notice.

Article 39. Notification related to Clearing Brokerage

1 The manner of a notification in respect of the Clearing Brokerage pursuant to Article 54.1 of the Business Rules shall be recording on TIW.

2 The provisions of Article 35.2 shall apply *mutatis mutandis* in the case of Paragraph 1.

3 The matters to be prescribed under Article 54.1 of the Business Rules shall be the matters designated by JSCC in a notification or a public notice.

Article 40. Requirements for Clearing Brokerage Original Transaction

The requirements prescribed under Article 54.3.(1).c. of the Business Rules shall be as

follows:

(1) It shall be a CDS Transaction of the Designated Issue governed by the ISDA Credit Derivatives Definitions;

(2) The Notional Amount and the Settlement Currency of the CDS Transaction shall be Japanese Yen (JPY);

(3) The Notional Amount of the CDS Transaction is JPY1 or more and up to JPY100bil. (JPY100,000,000,000) without any fraction less than JPY1.

(4) The remaining period to the Scheduled Termination Date as of the date of JSCC Clearing shall not be less than one day; and

(5) It shall be a CDS Transaction which satisfies any other requirements prescribed by JSCC in a public notice.

Article 41. Execution of CDS Transaction through Clearing Brokerage

1 The CDS Transaction between the Clearing Broker acting for the account of a Customer and the Designated Counterparty as set forth in Article 55.1 of the Business Rules shall come into effect as of the time to be prescribed by JSCC under Article 49.1 of the Business Rules, on condition that such Clearing Broker and such Designated Counterparty have TIW record the matters specified by JSCC in a notification or a public notice, and that JSCC confirms the matters so recorded and the satisfaction by that CDS Transaction of the requirements to be separately prescribed by JSCC under Article 49.1 of the Business Rules.

2 When the Clearing Broker and the Designated Counterparty prescribed in Paragraph 2 have the matters designated by JSCC in a notification or a public notice recorded on TIW pursuant to the provisions of Paragraph 1, the notification to JSCC of a request for Clearing in respect of the CDS Transaction under Article 48.1 of the Business Rules shall be deemed to have been given.

Article 42. Terms and Conditions to be Identical to Those of Clearing Brokerage Original Transaction

The terms and conditions prescribed by JSCC under Article 54.4.(1) and Article 55.1 shall be as follows:

(1) Issue; and

(2) Notional Amount.

Article 43. Treatment of Customer's Cleared Contracts upon Termination of Clearing Brokerage Contracts

1 An event under Article 55.3 of the Business Rules shall be the termination of all Clearing Brokerage Contracts in accordance with the Clearing Brokerage Agreement.

2 The point of time prescribed under Article 55.3 of the Business Rules shall be the next JSCC Business Day following the day on which JSCC receives a notification from a Clearing Broker of the termination of Clearing Brokerage Contracts.

Article 43-2. Application for Compression or Ad Hoc Compression in respect of Customer's Cleared Contracts

The method to be prescribed under Article 57.2 of the Business Rules shall be prescribed by JSCC in a notification or a public notice.

Article 43-3. Method of Application for Transfer

The method to be prescribed under Articles 58-2.3 and 58-2.5 and Articles 58-4.3 and 58-4.5 of the Business Rules shall be those prescribed by JSCC in a notification or a public notice.

Article 43-4. Matters related to Claims and Obligations Arising as a Result of Transfer of Clearing Brokerage Contracts or Proprietary Cleared Contracts

The terms and conditions designated by JSCC under Article 58-3.3.(3).a.(b) and Articles 58-5.3.(4).a. and 58-5.3.(5).a.(b) of the Business Rules shall be designated in a notification or a public notice.

Article 43-5. Matters concerning Submission of Request to JSCC related to Transfer of Cleared Contracts between Sub-Accounts

1 The terms and conditions designated by JSCC under Articles 59-2.2 and 59-2.4 and Articles 59-3.2 and 59-3.4 of the Business Rules shall be designated in a notification or a public notice.

2 The time to be prescribed by JSCC under Article 59-2.3 and Article 59-3.3 of the Business Rules shall be prescribed in a notification or a public notice.

Chapter 5 Margin

Article 44. Required Initial Margin Calculation Method

1 The calculation methods for Required Initial Margin under Article 64.1 of the Business Rules and for Required Initial Margin of a Customer under Article 65.1 of the Business Rules shall be set forth in Appendix 2 hereto.

2 The notification to a Clearing Participant of the Required Initial Margin under Article 64.4 of the Business Rules shall be made via the CDS Clearing System.

Article 45. Conditions for Intraday Deposit of Initial Margin

1 The case when a range of fluctuation in the CDS Transaction market exceeds the threshold separately prescribed by JSCC shall be the case when Intraday Spread Fluctuation Value (as defined in Paragraph 2) exceeds the spread fluctuation threshold JSCC prescribes in advance in a notification.

2 “Intraday Spread Fluctuation Value” under Paragraph 1 shall be the difference between the Intraday Spread (defined below) related to the On-the-Run Issue as of the time JSCC deems appropriate around 11:00 a.m. on each JSCC Business Day and the Settlement Price on the JSCC Business Day immediately preceding the relevant JSCC Business Day. “Intraday Spread” means the value of spread JSCC acquires in the method it considers appropriate; the same applies hereinafter.

3 The time to be separately designated by JSCC under Article 70.3 of the Business Rules shall be the time JSCC considers appropriate around 11:00 a.m. on each JSCC Business Day.

4 The amount of the intraday Required Initial Margin under Article 70.3 of the Business Rules shall be the sum of the amounts obtained as set forth below according to the classification of the Cleared Contracts, and if such sum is negative value, it shall be zero (0):

(1) Proprietary Cleared Contract
Required Initial Margin for the Proprietary Cleared Contracts recalculated based on the Intraday Spread plus or minus the difference between the Net Present Value obtained based on Intraday Spread and the Net Present Value obtained based on the Settlement Price on the previous JSCC Business Day as set forth in Article 47.1; and

(2) Customer's Cleared Contract
The difference between the Net Present Value calculated based on the Intraday Spread and the Net Present Value calculated based on the Settlement Price on the

previous JSCC Business Day set forth in Article 47.1.

5 The amount prescribed by JSCC under Article 70.4 of the Business Rules shall be JPY10mil. (JPY10,000,000).

Article 46. Return of Initial Margin at Termination of Clearing Brokerage Contract

1 Under Article 72.3 of the Business Rules, a Customer may claim the return of Initial Margin when all the Clearing Brokerage Contracts were terminated in accordance with the Clearing Brokerage Agreement.

2 In the case of Paragraph 1, JSCC shall deliver the entire amount of Initial Margin deposited by the Customer to its Clearing Broker.

3 A Clearing Broker shall apply Initial Margin in the form of cash delivered by JSCC pursuant to Paragraph 2, and the liquidation proceeds remaining after deduction of cost of liquidation of Initial Margin in the form of Eligible Securities Collateral delivered by JSCC pursuant to Paragraph 2, to a performance of the outstanding obligations of the Customer to that Clearing Broker in connection with the Clearing Brokerage Contracts (including the outstanding obligations arising out of the termination of the Clearing Brokerage Contracts), and return the remaining amount to the Customer.

Article 47. Required Amount of Variation Margin

1 The required amount of Variation Margin under Article 74.1 of the Business Rules and the required amount of Variation Margin for Customer's Cleared Contracts under Article 74.2 of the Business Rules shall be determined, for each Cleared Contract, as the difference between the Net Present Value obtained based on the Settlement Price on the JSCC Business Day immediately preceding the date of calculation and the Net Present Value obtained based on the Settlement Price on the date of calculation.

2 Notwithstanding the provisions of Paragraph 1, for a Cleared Contract cleared on the date of calculation, the required Variation Margin shall be determined by calculating the Net Present Value based on the difference between the Settlement Price and the Fixed Rate for the Issue subject to such Cleared Contract.

Article 48. Designation of Clearing Participant

1 A Clearing Participant who intends to submit quotes under Article 75.1 of the Business Rules shall apply for it by submitting a form specifying whether its application relates to Index CDS Transactions or Single Name CDS Transactions as prescribed by JSCC.

2 If, upon receipt of an application under Paragraph 1 from a Clearing Participant, JSCC acknowledges that the Clearing Participant has a capacity to report quotes for all Issues related to Eligible CDS Transactions covered under such application in an appropriate and reliable manner pursuant to the provisions of Article 75 of the Business Rules, the relevant Clearing Participant shall be designated by JSCC as a Clearing Participant submitting quotes under Article 75.1 of the Business Rules.

3 When the Clearing Participant submitting quotes as designated under Paragraph 2 desires to discontinue such submission, it shall submit to JSCC an application for cancellation as prescribed by JSCC.

4 JSCC may nullify the designation in Paragraph 2, when the Clearing Participant submits the application set forth in Paragraph 3 or otherwise it deems necessary.

Article 49. Settlement Price Determination Method

1 The time window designated by JSCC under Articles 75.1 and 75.2 of the Business Rules shall be from 3:15 p.m. to 4:00 p.m.

2 The manner separately prescribed by JSCC under Articles 75.1 and 75.2 of the Business Rules shall be the method prescribed by the person specified in Article 58.2.

3 Under Article 75.3 of the Business Rules, JSCC shall determine a Settlement Price in the method prescribed by JSCC in a notification or a public notice based on the quotes reported by Clearing Participants pursuant to the provisions of Articles 75.1 and 75.2 of the Business Rules, which includes the adjusted quotes as prescribed by JSCC in a notification or a public notice (the same applies in Article 50).

Article 50. Measures to Ensure Reliability of Settlement Price

1 The criteria separately prescribed by JSCC under Article 76.1 of the Business Rules shall be as follows:

(1) When paring up a quote a Clearing Participant reported to JSCC pursuant to Article 75.1 or 75.2 of the Business Rules with a quote another Clearing Participant reported to JSCC in the manner prescribed by JSCC in a notification or a public notice, such pair meets the criteria prescribed by JSCC in a notification or a public notice; or

(2) A range of deviation of a quote a Clearing Participant reported to JSCC pursuant to

Article 75.1 or 75.2 of the Business Rules from the base value prescribed by JSCC in a notification or a public notice is not less than the level prescribed by JSCC in a notification or a public notice.

2 When a Clearing Participant submitted a quote for an Index CDS Transaction that meets the criteria specified in Paragraph 1.(1) to JSCC on a day designated by JSCC, it shall execute the CDS Transaction with JSCC at a price determined by JSCC based on said quote, in the manner prescribed by JSCC in a notification or a public notice.

3 The terms and conditions of CDS Transaction prescribed by JSCC under Article 76.1 of the Business Rules shall be Notional Amount of JPY1bil. (JPY1,000,000,000), and other necessary matters shall be prescribed by JSCC in a notification to Clearing Participants.

4 When a Clearing Participant submitted a quote for a Single Name CDS Transaction that meets the criteria specified in Paragraph 1.(1) to JSCC on a day designated by JSCC, that Clearing Participant shall pay an additional fee of JPY50,000 for each day on which its quote meets the criteria specified in Paragraph 1.(1).

5 When a Clearing Participant submitted a quote that meets the criteria specified in Paragraph 1.(2) to JSCC, the amount of an additional fee prescribed by JSCC under Article 76.1 of the Business Rules shall be, depending upon the case, as follows:

(1) When the number of days on which a Clearing Participant submitted a quote that meets the criteria specified in Paragraph 1.(2) is two (2) during the past 6-month period: JPY50,000; and

(2) When the number of days a Clearing Participant submitted a quote that meets the criteria specified in Paragraph 1.(2) is three (3) or more during the past 6-month period: JPY100,000 for each day from the third day on which it submitted a quote that meets the criteria specified in Paragraph 1.(2).

6 The amount of additional fee prescribed by JSCC under Article 76.3 of the Business Rules shall be, depending upon the case, as follows:

(1) When the number of days a Clearing Participant failed to submit quotes, entirely or partially, under Article 75.1 or 75.2 of the Business Rules is two (2) during the past 6-month period: JPY50,000; and

(2) When the number of days a Clearing Participant failed to submit quotes, entirely or partially, under Article 76.1 or 76.2 of the Business Rules is three (3) or more: JPY100,000 for each day from the third day on which it failed submission of quotes.

7 The provisions of Paragraphs 5 and 6 shall apply separately to Index CDS Transactions and Single Name CDS Transactions.

8 The additional fee as set forth in Article 76 of the Business Rules shall be calculated monthly, and shall be paid together with the payment of the Clearing Fee set forth in Article 3.1 of the Rules on Fees for CDS Clearing Business.

Article 51. Calculation of Interest on Variation Margin

1 The rate to be prescribed by JSCC under Article 78.1 of the Business Rules (“Base Rate”) shall be the weighted average of the overnight unsecured call rate published by the Bank of Japan.

2 Interest on Variation Margin shall be the sum of the amount obtained using the following formula:
Variation Margin deposited with JSCC or each Clearing Participant on the JSCC Business Day immediately preceding the calculation date X Base Rate X Number of days during the period from the JSCC Business Day immediately preceding the calculation date to the calculation date/365

Chapter 6 Fund Settlement

Article 52. Fund Settlement

1 The payments and receipts of cash amounts specified under Article 80.1 of the Business Rules shall be the payments and receipts of the following:

(1) Variation Margin;

(2) Interests on Variation Margin;

(3) The Fourth Tier Special Clearing Charge Collateral deposited pursuant to Article 30.(1) of the Rules on Default Settlement Regarding Clearing Participants in relation to CDS Clearing Business;

(4) The Fixed Amount;

(5) The amount of Settlement;

(6) The Fixed Amount payable at Settlement;

(7) The Initial Payment Amount;

(8) The amount to be paid upon Position Transfer set forth Article 8.4.(1) of the Rules on Default Settlement Regarding Clearing Participants in relation to CDS Clearing Business and the unpaid Fixed Amount set forth in Article 8.4.(2) of the Rules on Default Settlement Regarding Clearing Participants in relation to CDS Clearing Business;

(9) The Successful Bid Amount set forth in Article 19 of the Rules on Default Settlement Regarding Clearing Participants in relation to CDS Clearing Business;

(10) The Early Termination Charge which becomes payable in connection with the termination of Cleared Contracts set forth in Article 98.2 of the Business Rules; and

(11) The Early Termination Charge and the amount due upon Position Transfer/Transfer set forth in Articles 58-3.3.(1).c. and 58-3.3.(3).c., and Articles 58-5.3.(1).c., 58-5.3.(4).c. and 58-5.3.(5).c. of the Business Rules.

2 The manner prescribed under Article 80.1 of the Business Rules shall be account transfer between the current account in the name of JSCC and that in the name of a Clearing Participant each opened and maintained with the Bank of Japan using BOJ-NET.

3 A Clearing Participant may settle cash amounts as set forth in Paragraph 2 through its agent by submitting to JSCC the document stating the matters required by JSCC and with JSCC's approval, provided that such settlement shall be performed through the current account in the name of such agent opened and maintained with the Bank of Japan.

4 The netting as set forth in Article 80.2 of the Business Rules shall be the netting between the gross receipts and the gross payments of the cash amounts listed in Paragraph 1 of this Article.

Chapter 6-2 Clearing Deposit

Article 52-2. Management of Clearing Deposit

1 The manner to be prescribed under Article 88 of the Business Rules shall be, depending upon the asset class of the Clearing Deposit (excluding Initial Margin deposited by Customers), as follows:

(1) Cash

To keep it by separating from JSCC's proprietary assets, assets under management of JSCC for Other Clearing Business and Initial Margin of Customers in either of the following forms of custody: and to manage it on the accounting book by Clearing Participant and by type of the Clearing Deposit. As used herein, the types of Clearing Deposit are CDS Clearing Fund, Initial Margin, the Third Tier Special Clearing Charge Collateral and Default Contingent Margin.

a. Deposit in bank settlement accounts opened in the name of JSCC by type of the Clearing Deposit; or
b. In money trust to a bank which engages in trust business,

(2) Japanese Government Bonds

To keep it by separating from JSCC's proprietary assets in either of the following forms of custody: and to manage it on the accounting book by Clearing Participant and by type of the Clearing Deposit.

a. Record in a segregated account opened and maintained in the name of JSCC with the Bank of Japan under the JGB book-entry system operated by the Bank of Japan; or
b. In trust to a bank which engages in trust business,

(3) US Treasuries

To keep it by separating from JSCC's proprietary assets, assets under management of JSCC for Other Clearing Business and Initial Margin of Customers in either of the following forms of custody: and to manage it on the accounting book by Clearing Participant and by type of the Clearing Deposit.

a. Record in an account opened in the name of JSCC with a bank located in the City of New York, the State of New York, the United States of America; or
b. In trust to a bank which engages in trust business,

2 The manner of segregation of Initial Margin of Customers to be prescribed under Article 88 of the Business Rules shall be, depending upon the asset class of Initial Margin of Customers, as follows:

(1) Cash

To keep it by separating from JSCC's proprietary assets, assets under management of JSCC for Other Clearing Business and Clearing Deposits deposited by Clearing Participants in either of the following forms of custody: and to manage it on the accounting book by Customer.

a. Deposit in a bank settlement accounts opened in the name of JSCC; or
b. In money trust to a bank which engages in trust business,

(2) Japanese Government Bonds

To keep it by separating from JSCC’s proprietary assets in either of the following forms of custody: and to manage it on the accounting book by Customer.

a. Record in a segregated account opened and maintained in the name of JSCC with the Bank of Japan under the JGB book-entry system operated by the Bank of Japan; or
b. In trust to a bank which engages in trust business,

(3) US Treasuries

To keep it by separating from JSCC's proprietary assets, assets under management of JSCC for Other Clearing Business and Clearing Deposits deposited by Clearing Participants in either of the following forms of custody: and to manage it on the accounting book by Customer.

a. Record in an account opened in the name of JSCC with a bank located in the City of New York, the State of New York, the United States of America; or
b. In trust to a bank which engages in trust business,

3 Notwithstanding the provisions of Paragraphs 1 and 2 above, if a notification of such effect is received from a Clearing Participant or a Customer, the manner to be prescribed by JSCC under Article 88.1 of the Business Rules related to cash deposited by the Clearing Participant or the Customer as CDS Clearing Fund, Initial Margin and Default Contingent Margin shall be the manner to keep it by separating from JSCC's proprietary assets and

assets under management of JSCC for Other Clearing Businesses in the form of custody of a deposit in the current account opened in the name of JSCC at the Bank of Japan, which is designated by JSCC, and to manage it on the accounting book for each Clearing Participant or Customer and by the type of Clearing Deposit; provided, however, that the amount of cash to be held in the manner set forth in this paragraph shall not be more than the cap prescribed by JSCC in a notification or a public notice, and the portion of such cash exceeding the cap, if any, shall be held in the manner set forth in Paragraph 1.(1).b or Paragraph 2.(1).b. by separating it according to the classification set forth in Paragraphs 1 and 2, and to manage it on the accounting book kept separately for each Clearing Participant or Customer and by the type of Clearing Deposit.

4 The provisions of Paragraph 3 above shall not apply in the case where the current account JSCC may designate does not exist.

5 The notification to be submitted by a Clearing Participant or a Customer as set forth in Paragraph 3 and any withdrawal thereof shall be made in advance in the manner prescribed by JSCC in a notification or a public notice.

Article 52-3. Management of Clearing Deposit

The management carried out by JSCC as set forth in Article 88.2 of the Business Rules in respect of CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited in cash by Clearing Participants and Customers with JSCC which is under management pursuant to Article 52-2.1.(1).b. and Article 52-2.2.(1).b. will be carried out via any of the following mechanisms:

(1) Secured call loan to financial institutions;

(2) Loan to the bank engaging in trust business which has accepted trust of CDS Clearing Fund, Initial Margin and Default Contingent Margin;

(3) Ordinary deposit with the bank engaging in trust business which has accepted trust of CDS Clearing Fund, Initial Margin and Default Contingent Margin;

(4) Time deposit with the bank engaging in trust business which has accepted trust of CDS Clearing Fund, Initial Margin and Default Contingent Margin;

(5) Reverse repo transactions with financial institutions; or

(6) Investment in JGBs.

Article 52-4. Treatment of Profit or Loss from Management of Clearing Deposit

1 The amount of interest set forth in Article 88.4 of the Business Rules shall be determined by prorating the remaining profit earned from the management after payment of the amount specified by JSCC in a public notice according to the average, over the period designated by JSCC in a public notice, of the sum of CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited in cash by the Clearing Participant or the Customer (other than those held in the form of a custody of a deposit in the current account opened in the name of JSCC at the Bank of Japan pursuant to the provisions of Article 52-2.3).

2 JSCC shall pay interest calculated according to the provisions of Paragraph 1 to Clearing Participants and Customers. Interest payable to a Customer shall be paid to the Clearing Broker for such Customer, which shall then pay the entire amount of interest received from JSCC as interest payable to the Customer to the relevant Customer as interest calculated pursuant to the provisions of Paragraph 1.

3 A Clearing Participant's or Customer's share of loss set forth in Article 88.5 of the Business Rules shall be determined by prorating such loss according to the sum of CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited in cash by the Clearing Participant or the Customer (other than those held in the form of custody of a deposit in the current account opened in the name of JSCC at the Bank of Japan pursuant to the provisions of Article 52-2.3) as of the date and time specified by JSCC in a public notice.

4 Under Article 88.6 of the Business Rules, JSCC shall prorate the Clearing Participant's or Customer's share of loss obtained pursuant to the provisions of Paragraph 3 according to CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited in cash by the Clearing Participant or the Customer as of the date and time set forth in Paragraph 3, and apply CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited in cash with JSCC to the payment of such loss.

Chapter 7 Settlement

Article 53. Determination of Material Matters concerning Credit Event according to Decision

of JSCC Determination Committee

The case otherwise prescribed by JSCC under Article 81.3 of the Business Rules shall be the case where Cleared Contracts were terminated in accordance with Appendix 3.

Article 54. Method of Credit Event Notice

The method of Credit Event Notice to be separately prescribed by JSCC under Article 83.5 of the Business Rules shall be as follows:

(1) When the JSCC Determination Committee determines an occurrence of an event constituting a Restructuring Credit Event and the Clearing Participant that is a party to a 2003 Version Cleared Contract referring to the Reference Entity (or its Obligation) subject to the said determination sends the Credit Event Notice in relation to such Cleared Contract, the Credit Event Notice shall be given to JSCC within the period of twenty one (21) days from and including the date of the determination;

(2) The Credit Event Notice shall be given by using TIW, unless TIW is unavailable or the JSCC Determination Committee determines an occurrence of a Restructuring Credit Event, in such case the Credit Event Notice shall be give in the method prescribed by JSCC at each occasion; and

(3) In addition to the provisions of Items (1) and (2), other necessary matters related to the method of Credit Event Notice shall be prescribed by JSCC in a notification to Clearing Participants.

Article 55. Cash Payment Timing in Auction Settlement

The cash in the amount equal to the Auction Settlement Amount shall be settled in the following manner:

(1) The Clearing Participant which is the Seller in the Cleared Contract subject to the Auction Settlement shall pay cash in the amount equal to the Auction Settlement Amount to JSCC by 11:00 a.m. on the Auction Settlement Date applicable to such Cleared Contract; and

(2) JSCC will pay cash in the amount equal to the Auction Settlement Amount to the Clearing Participant which is the Buyer in the Cleared Contract subject to the Auction Settlement after 1:30 p.m. on the Auction Settlement Date mentioned in Item (1) without delay.

Article 56. Method of Physical Settlement

When a Credit Event Announcement is made in connection with the Credit Even applicable to a Cleared Contract and the Physical Settlement shall apply to the Cleared Contract as Fallback Settlement Method, JSCC and the Clearing Participant which are the parties to the relevant Cleared Contract shall perform the Physical Settlement of such Cleared Contract as set forth in Appendix 3.

Article 57. Determination of Succession Date and Other Matters according to Decision of JSCC Determination Committee

The case otherwise prescribed by JSCC under Article 84.3 of the Business Rules shall be the case where, after the determination on the matters listed in Article 84.1 of the Business Rules is made, the Auction Final Price is decided for the Cleared Contracts referencing the Reference Entity subject to such determination or the Cleared Contracts were terminated in accordance with Appendix 3.

Chapter 8 Miscellaneous Provisions

Article 58. Outsourcing

The activities to be specified under Article 118.1 of the Business Rules shall be those related to calculation of Settlement Price in accordance with Articles 75.1 and 75.2 of the Business Rules.

Article 59. Method of Notification

1 The method of notification to be prescribed under Article 125 of the Business Rules shall be as follows:

(1) Notification to all Clearing Participants when Target-JSCC Site is available:
The notification shall be given via Target-JSCC Site;

(2) Notification to all Clearing Participants when Target-JSCC Site is not available:
The notification shall be given by way of sending written document or facsimile transmission;

(3) Notification to limited Clearing Participants:
The notification shall be given by way of sending written document or facsimile transmission or e-mail transmission.

2 Notwithstanding the provisions of Paragraph 1, if the method of notification to Clearing Participants is otherwise specified in a Rule, the provision of such Rule shall prevail unless

such method is unavailable, in which case JSCC shall make notification to the Clearing Participants by the method set forth in Paragraph 1.(3).

3 The method of a public notice and a public announcement under Article 125 of the Business Rules shall be the posting on JSCC website.

Article 59-2. Provisions to be Designated by JSCC

The provisions to be designated under Article 126.3.(3) of the Business Rules shall be the provisions set forth in Appendix 3, but excluding Appendix 3, Paragraph 2.(1).c. and d. and Appendix 3, Paragraph 2.(2).

Article 59-3. Retention of Clearing Participant Agreement

1 JSCC shall keep a copy of the signed Clearing Participant Agreement and the letter of undertaking referred to in Article 42.2 of the Business Rules for the benefit of the Clearing Broker which is a Financial Instruments Business Operator engaging in securities services that are Type I financial instruments business or the Customer (referred to as the "Information Discloser/Recipient" in this Article 59-3) as a document evidencing that other Clearing Participant or other Customer, which is a party to a Clearing Brokerage Original Transaction, agreed that the Information Discloser/Recipient receive information related to Clearing Brokerage Original Transaction from the Customer or the Clearing Broker that is the party to the Clearing Brokerage Agreement or the provision by the Information Discloser/Recipient of such information to the Customer or the Clearing Broker.

2 The method of retention of the above mentioned Clearing Participant Agreement and the letter of undertaking, how to deal with any inquiry from the Information Discloser/Recipient in relation to the Clearing Participant Agreement and the letter of undertaking and other necessary matters shall be prescribed by JSCC in a notification or a public notice.

Article 59-4. Representation regarding Registration as an FCM or Other Status

When a Clearing Participant falls under any of the following statuses, it shall submit representation to JSCC in advance as prescribed in a public notice:

(1) Where such Clearing Participant intends to be registered as an Futures Commission Merchant as set forth in U.S. Commodity Exchange Act (FCM) or deregistered as an FCM;

(2) Where a Customer which has entered into a Clearing Brokerage Agreement with such Clearing Participant intends to be registered as an FCM or be deregistered as an FCM, or where such Clearing Participant intends to enter into a Clearing Brokerage Agreement with an FCM;

(3) Where such Clearing Participant will become itself a U.S. Person as set forth in the Interpretive Guidance and Policy Statement regarding Compliance with Certain Swap Regulations, 78 Fed. Reg. 45292 (July 26, 2013), IV.A.4, as amended or supplemented by the U.S. Commodity Futures Trading Commission (CFTC) from time to time (“CFTC Interpretive Guidance”) (“U.S. Person”), or ceases to be a U.S. Person; or

(4) Where a Customer which has entered into a Clearing Brokerage Agreement with such Clearing Participant will become a U.S. Person or ceases to be a U.S. Person, or where such Clearing Participant intends to enter into a Clearing Brokerage Agreement with a U.S. Person.

Article 59-5. Reporting Terms and Conditions of Cleared Contracts

1 Pursuant to Section (9) (a) of the Amended Order of Exemption from Registration dated May 15, 2017 issued by CFTC under U.S. Commodity Exchange Act Section 5b(h) (hereinafter referred to as the "Amended Exemption Order"), JSCC shall report to CFTC on each JSCC Business Day information on Required Initial Margin, Initial Margin deposited amount, Required Variation Margin and other information concerning the Cleared Contracts of U.S. Persons.

2 Pursuant to Section (9)(b) of the Amended Exemption Order, JSCC shall report to CFTC quarterly information on Notional Amount and other information concerning the Cleared Contracts of U.S. Persons.

3 Pursuant to Section (10) of the Amended Exemption Order, JSCC shall report to Swap Data Repository (as such term defined in Commodity Exchange Act Section 1a (48)) (hereinafter referred to as "SDR") information on parties to Cleared Contracts and Customers that are the parties to Customers' Cleared Contracts, Notional Amounts and other information on Cleared Contracts.

4 Clearing Participants shall not file reports related to Cleared Contracts under Code of Federal Regulations TITLE 17 Commodity and Securities Exchanges CHAPTER I COMMODITY FUTURES TRADING COMMISSION Part 45 to SDR.

5 Clearing Brokers shall make efforts to prevent its Customers from filing reports set forth in Paragraph 4 above related to Cleared Contracts subject to Brokerage (as such term defined in Article 2.(1) of Exhibit Form 3 "CDS Clearing Brokerage Agreement") to SDR.

Article 60. Determination of Necessary Matters concerning CDS Clearing Business

JSCC may specify administrative procedures and other details in relation to the matters set forth in the Rules from time to time by way of issuance of a notification or a public notice.

Supplementary Provisions

1 These CDS Procedures shall come into force as of 19 July 2011 (hereinafter referred to as “Date of Enforcement”).

2 JSCC may take necessary procedures and perform any other acts and things in relation to the actions listed in each Item of Paragraph 2 of the supplementary provisions of the Business Rules even before the Date of Enforcement pursuant to the applicable provisions of these CDS Procedures.

3 Notwithstanding the provisions of Article 19 of these CDS Procedures, the amount of fee for CDS Clearing Qualification shall be JPY 0 in respect of any Applicant to which JSCC has approved acquisition of such CDS Clearing Qualification before lapse of six (6) months from the Date of Enforcement.

4 Article 50 of these CDS Procedures shall not apply until lapse of six (6) months from the Date of Enforcement

Supplementary Provisions

These revised Rules shall come into force as of 30 January 2012.

Supplementary Provisions

These revised Rules shall come into force as of 1 March 2012.

Supplementary Provisions

These revised Rules shall come into force as of 31 March 2012.

Supplementary Provisions

1 These revised Rules shall come into force as of 23 July 2012 (hereinafter referred to as the “Date of Enforcement”).

2 Any Clearing Participant Agreement entered into prior to the Date of Enforcement shall be deemed to have been executed in the form of Exhibit Form 2 attached to the Handling Procedures of CDS Business Rules hereby revised (hereinafter referred to as the the “New Rules”).

3 Any letter of undertaking referred to in Paragraph 2 of Article 42 of the CDS Clearing Business Rules which has been submitted by a Clearing Customer to JSCC prior to the Date of Enforcement shall be deemed to have been submitted by such Clearing Customer to JSCC in the form of Exhibit Form 4 attached to the New Rules.

Supplementary Provisions

These revised Rules shall come into force as of 25 December 2012.

Supplementary Provisions

1. These revised Rules shall come into force as of 31 March 2013.
2. During the period from March 31, 2013 to March 30, 2014, in applying Article 31, Paragraph 3, Item 1, Article 31, Paragraph 6, Item 1 and Article 31, Paragraph 8, Item 2, all as amended, the references to “5.625%” in Article 31, Paragraph 3, Item 1, a., Article 31, Paragraph 6, Item 1, a. and Article 31, Paragraph 8, Item 2, a. shall be read as “4.375%,” and the references to “7.5%” in Article 31, Paragraph 3, Item 1, b., Article 31, Paragraph 6, Item 1, b. and Article 31, Paragraph 8, Item 2, b. shall be read as “5.625%.”
3. During the period from March 31, 2014 to March 30, 2015, in applying Article 31, Paragraph 3, Item 1, Article 31, Paragraph 6, Item 1 and Article 31, Paragraph 8, Item 2, all as amended, the references to “5.625%” in Article 31, Paragraph 3, Item 1, a., Article 31, Paragraph 6, Item 1, a. and Article 31, Paragraph 8, Item 2, a. shall be read as “5%,” and the references to “7.5%” in Article 31, Paragraph 3, Item 1, b., Article 31, Paragraph 6, Item 1, b. and Article 31, Paragraph 8, Item 2, b. shall be read as “6.875%.”

Supplementary Provisions

These revised Rules shall come into force as of 19 August 2013.

Supplementary Provisions

These revised Rules shall come into force as of 25 November 2013.

Supplementary Provisions

These revised Rules shall come into force as of 24 February 2014.

Supplementary Provisions

These revised Rules shall come into force as of 28 February 2014.

Supplementary Provisions

These revised Rules shall come into effect on the date designated by JSCC.
Note: The date designated by JSCC is March 7, 2014.

Supplementary Provisions

These revised Rules shall come into force as of 31 March 2014.

Supplementary Provisions

These revised Rules shall come into force as of 2 June 2014.

Supplementary Provisions

These revised Rules shall come into force as of 25 August 2014.

Supplementary Provisions

These revised Rules shall come into force as of 22 September 2014.

Supplementary Provisions

These revised Rules shall come into force as of 25 November 2014.

Supplementary Provisions

These revised Rules shall come into effect on the date designated by JSCC.
Note: The date designated by JSCC is November 29, 2014.

Supplementary Provisions

1 These revised Rules shall come into force as of 15 December 2014 (hereinafter referred to as “Enforcement Date”).

2 Clearing Participants who have been granted the Designation under the pre-revised provision of Paragraph 2 of Article 48 as of the day immediately preceding the Enforcement Date will be deemed to have been granted the Designation for Index CDS Transactions in accordance with the revised provision of Paragraph 2 of Article 48 on the Enforcement Date.

3 The provisions of Article 50 of the Handling Procedures of CDS Business Rules shall not be applied to quotes for Single Name CDS Transactions for a period of nine months from the Enforcement Date.

Supplementary Provisions

These revised Rules shall come into force as of 25 May 2015.

Supplementary Provisions

These revised Rules shall come into force as of 29 May 2015.

Supplementary Provisions

These revised Rules shall come into force as of 15 June 2015.

Supplementary Provisions

1 These revised Rules shall come into force as of 24 September 2015.

2 The provisions of Article 51, as amended, shall apply to interest on Variation Margin to be calculated on and after the date on which these revised Rules shall come into force (hereinafter referred to as the “Effective Date”).

3 With respect to interest on Variation Margin to be calculated during the period from the first day of the month in which the Effective Date belongs to the JSCC Business Day immediately preceding the Effective Date, the provisions before amendment shall apply.

Supplementary Provisions

These revised Rules shall come into force as of 24 November 2015.

Supplementary Provisions

1 These revised Rules shall come into force as of 9 March 2016.

2 With respect to the handling of Voluntary Terminations (meaning the “Voluntary Termination” set forth in Article 38 of these Rules before the revision) for which JSCC receives applications by the day that is immediately preceding the date of enforcement of these revisions, the provisions of the Rules before revision shall apply.

Supplementary Provisions

These revised Rules shall come into force as of 23 May 2016.

Supplementary Provisions

These revised Rules shall come into force as of 31 August 2016.

Supplementary Provisions

These revised Rules shall come into force as of 28 November 2016.

Supplementary Provisions

These revised Rules shall come into force as of 27 February 2017.

Supplementary Provisions

1 These amendments shall come into force as of March 24, 2017.

2 Notwithstanding Paragraph 1 above, effective only on March 24, 2017, Article 59-4 as amended shall be replaced with the following:

Article 59-4. Representation regarding Registration as an FCM or Other Status

When a Clearing Participant falls under any of the following statuses, it shall submit representation to JSCC promptly as prescribed in a public notice;

(1) where such Clearing Participant intends to be registered as an Futures Commission Merchant as set forth in U.S. Commodity Exchange Act ("FCM") or be deregistered as an FCM, or is registered as an FCM;

(2) where an Affiliated Customer or Unaffiliated Customer which has entered into a Clearing Brokerage Agreement with such Clearing Participant intends to be registered as an FCM or be deregistered as an FCM, or is registered as an FCM, or where such Clearing Participant intends to enter into a Clearing Brokerage Agreement with an FCM;

(3) where such Clearing Participant will become itself a U.S. Person as set forth in the Interpretive Guidance and Policy Statement regarding Compliance with Certain Swap Regulations, 78 Fed. Reg. 45292 (July 26, 2013) as amended or supplemented by the U.S. Commodity Futures Trading Commission from time to time ("U.S. Person"), is a U.S. Person, or ceases to be a U.S. Person; or

(4) where an Affiliated Customer or Unaffiliated Customer which has entered into a Clearing Brokerage Agreement with such Clearing Participant will become a U.S. Person, is a U.S. Person, or ceases to be a U.S. Person, or where such Clearing Participant intends to enter into a Clearing Brokerage Agreement with a U.S. Person.

Supplementary Provisions

These revised Rules shall come into force as of 29 May 2017.

Supplementary Provisions

These revised Rules shall come into force as of 5 June 2017.

Supplementary Provisions

These revised Rules shall come into force as of 28 August 2017.

Supplementary Provisions

These revised Rules shall come into force as of 1 November 2017.

Supplementary Provisions

These revised Rules shall come into force as of 27 November 2017.

Supplementary Provisions

These revised Rules shall come into force as of 6 April 2018.

Supplementary Provisions

These revised Rules shall come into force as of 28 May 2018.

Supplementary Provisions

These revised Rules shall come into force as of 27 August 2018.

Supplementary Provisions

These revised Rules shall come into force as of 26 November 2018.

Supplementary Provisions

These revised Rules shall come into force as of 25 February 2019.

Supplementary Provisions

1. These amendments shall come into force as of April 1, 2019.

2. The notification from a Clearing Participant or a Customer set forth in Paragraph 5 of Article 52-2 may be submitted as prescribed in the amended rules before the effective date of these amendments.

3. Notwithstanding the provisions of Paragraph 1, if JSCC considers it inappropriate to apply amended rules due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing Participants in relation to Cleared Contracts, these amendments shall come into force as of the date designated by JSCC which is on or after April 1, 2019.

Supplementary Provisions

These revised Rules shall come into force as of 1 May 2019.

Supplementary Provisions

These revised Rules shall come into force as of 27 May 2019.

Supplementary Provisions

These revised Rules shall come into force as of 25 November 2019.

Supplementary Provisions

1. These revised Rules shall come into force as of 27 January 2020.

2. Notwithstanding the provisions of Paragraph 1, if JSCC considers it inappropriate to apply amended rules due to an unavoidable reason, such as a change of the date on which the amendment to ISDA Credit Derivatives Definitions becomes effective, these amendments shall come into force as of the date designated by JSCC which is on or after 27 January 2020.

Supplementary Provisions

These revised Rules shall come into force as of 1 June 2020.

Supplementary Provisions

These revised Rules shall come into force as of 24 August 2020.

Supplementary Provisions

These revised Rules shall come into force as of 24 November 2020.

Supplementary Provisions

These revised Rules shall come into force as of 14 December 2020.

Supplementary Provisions

These revised Rules shall come into force as of 24 May 2021.

Supplementary Provisions

These revised Rules shall come into force as of 30 August 2021.

Supplementary Provisions

These revised Rules shall come into force as of 21 February 2022.

Supplementary Provisions

These revised Rules shall come into force as of 23 May 2022.

Supplementary Provisions

These revised Rules shall come into force as of 22 August 2022.

Supplementary Provisions

These revised Rules shall come into force as of 21 November 2022.

Supplementary Provisions

These revised Rules shall come into force as of 13 February 2023.

Supplementary Provisions

These revised Rules shall come into force as of 21 August 2023.

Supplementary Provisions

These revised Rules shall come into force as of 20 November 2023.

Supplementary Provisions

1. These amendments shall come into force as of March 4, 2024.

2. Notwithstanding the provisions of Paragraph 1, if JSCC considers it inappropriate to apply amended rules due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing Participants in relation to Clearing Contracts, these amendments shall come into force as of the date designated by JSCC which is on or after March 4, 2024.

Supplementary Provisions

These revised Rules shall come into force as of 1 April 2024.

Supplementary Provisions

These revised Rules shall come into force as of 25 August 2025.

Supplementary Provisions

1. These amendments shall come into force as of October 6, 2025.

2. Notwithstanding the provisions of Paragraph 1, if JSCC considers it inappropriate to apply amended rules due to an unavoidable reason, such as failure of the system installed by JSCC which is necessary for settlements between JSCC and Clearing Participants in relation to Clearing Contracts, these amendments shall come into force as of the date designated by JSCC which is on or after October 6, 2025.

Supplementary Provisions

These revised Rules shall come into force as of 2 March 2026.

Supplementary Provisions

These revised Rules shall come into force as of 1 June 2026.

Supplementary Provisions

These revised Rules shall come into force as of 31 August 2026.

Appendix 1 Schedule of Prices Used to Determine Value of Eligible Securities Collateral

Schedule of Prices Used to Determine Value of Eligible Securities Collateral

Type of Eligible Securities Collateral		Market Price*	Market Price Multiplier**
Japanese Government Bonds	Whose over-the-counter trading reference prices are published by the Japan Securities Dealers Association	Average of the over-the-counter trading reference prices	(1) Interest-bearing Japanese government bond and discount government bond (excluding government bond with floating rate and STRIPs) a. Years to maturity of less than 1 year: 99% b. Years to maturity over 1 year and less than 5 years: 99% c. Years to maturity over 5 years and less than 10 years: 98% d. Years to maturity over 10 years and less than 20 years: 95% e. Years to maturity over 20 years and less than 30 years: 93% f. Years to maturity over 30 years: 92% (2) Government bond with floating rate a. Years to maturity of less than 1 year: 99% b. Years to maturity over 1 year and less than 5 years: 99% c. Years to maturity over 5 years and less than 10 years:
	Which are listed on a domestic financial instruments exchange, but whose over-the-counter trading reference prices are not published	The closing price**** on the financial instruments exchange***	

			99% d. Years to maturity over 10 years and less than 20 years: 99% (3) STRIPs a. Years to maturity of less than 1 year: 99% b. Years to maturity over 1 year and less than 5 years: 99% c. Years to maturity over 5 years and less than 10 years: 98% d. Years to maturity over 10 years and less than 20 years: 95% e. Years to maturity over 20 years and less than 30 years: 92% f. Years to maturity over 30 years: 89%
US Treasuries		The final indicative market price on the New York market on the previous day converted into Japanese Yen by the TTB rate vis-a-vis customers on the Tokyo Foreign Exchange Market of two days before	(1) Years to maturity of less than 1 year: 94% (2) Years to maturity over 1 year and less than 5 years: 92% (3) Years to maturity over 5 years and less than 10 years: 91% (4) Years to maturity over 10 years and less than 20 years: 89% (5) Years to maturity over 20 years and less than 30 years: 88%

		(6) Years to maturity over 30 years: 88%

* The market price on two days before delivery or deposit of the Eligible Securities Collateral (or the day immediately preceding such day if such day is a Business Holiday; such business day convention shall apply in respect of each such day).

** In the case where JSCC has reduced the multiplier in order to change the prices used to determine the value of Eligible Securities Collateral pursuant to the provisions of Article 7.1 of the Business Rules, such reduced multiplier shall apply.

*** In respect of an issue that is listed on multiple financial instruments exchanges, the financial instruments exchange shall be selected in accordance with the order of priority prescribed by JSCC.

**** In the case where a final quote is posted on the applicable financial instruments exchange, “closing price” means such final quote.

Appendix 2 Required Initial Margin Calculation Method

1. Required Initial Margin arising from Proprietary Cleared Contract

The Required Initial Margin arising from Proprietary Cleared Contracts for each Proprietary Account shall be the sum of the amounts obtained by the formula shown below. However, the Required Initial Margin arising from Proprietary Cleared Contracts may be changed at any time temporarily, when JSCC determines it necessary to do so taking the market conditions into account. The terms used in the formula shall have the meanings assigned in a. through f. below:

Required Initial Margin arising from Proprietary Cleared Contracts
= Base Initial Margin + Short Charge + Bid & Offer Charge + Credit Event Margin + Single Name Margin + Self Referencing Short Charge

a. "Base Initial Margin" means the amount obtained in the following manner:
   (a) For each Issue of Cleared Contracts booked on a Proprietary Account, calculate 5 day-estimated spread fluctuation value calculated based on the rate of change in day-to-day spread of each Issue for last 750 JSCC Business Days starting from the date of calculation;
   (b) For each Issue of Cleared Contracts booked on a Proprietary Account, calculate 10 day-estimated spread fluctuation value based on the rate of change which JSCC prescribes in a public notice as extremely large fluctuation;
   (c) On an assumption that the estimated spread fluctuations set forth in (a) and (b) above (each referred to as a "Scenario") occur, calculate a value of change in the Net Present Value of the Cleared Contracts booked on the Proprietary Account for each Scenario;
   (d) Add up the changes in the Net Present Value obtained in (c) above for all Cleared Contracts booked on the Proprietary Account on the date of calculation; and
   (e) Out of the values obtained in (d) above that are in negative number, identify top 7 Scenarios in which the absolute value of the changes in the Net Present Value are the largest. The average of the absolute values of the changes in the Net Present Value in said top 7 Scenarios is the Base Initial Margin.

b. "Short Charge" means the amount obtained in the following manner:
   (a) For Cleared Contracts booked on a Proprietary Account, obtain Net Short Position in respect of each Reference Entity; and
   (b) With respect to the Reference Entity of which said Net Short Position is the largest, obtain the product of the Net Short Position and the ratio prescribed by JSCC in a public notice. The amount so obtained is the Short Charge; provided,

however, that if Self Referencing Short Charge applies, the amount of Short Charge shall be zero.

For the purpose of this sub-item, “Net Short Position” refers to the amount obtained by subtracting the total Notional Amount in respect of the relevant Reference Entity of the Issue in which the Clearing Participant is the Buyer from the total Notional Amount of such in respect of the relevant Reference Entity of the Issue in which the Clearing Participant is the Seller; provided that in the case specified by JSCC in a public notice, it shall be such amount related to Cleared Contracts that are not 2003 Version Cleared Contracts (this proviso applies only when JSCC deems it necessary from risk management point of view as it falls on the cases of significant deterioration of creditworthiness of such Reference Entity as specified by JSCC in a public notice or upon Clearing Participants’ request)).

c. “Bid & Offer Charge” means the amount obtained in the following manner:
   (a) For Cleared Contracts booked on a Proprietary Account, obtain net position for each Issue. For this purpose, net position shall be obtained by subtracting the total Notional Amount of the Cleared Contracts for the relevant Issue in which the Clearing Participant is the Buyer from those in which the Clearing Participant is the Seller;
   (b) Multiply said net position, or absolute value of said net position if negative, for each Issue by the base bid & offer spread for each Issue prescribed by JSCC in a public notice taking market conditions into account; and
   (c) Add up the amount obtained in (2) for all Issues, which shall be the Bid & Offer Charge.

d. “Credit Event Margin” means the Margin charged for a period of time JSCC designates at each occasion when an occurrence of Credit Event is determined with respect to a specific Reference Entity, the amount of which shall be determined by multiplying the net short amount of the Cleared Contracts referencing the relevant Reference Entity booked on a Proprietary Account by the rate JSCC prescribes at each occasion taking market conditions into account. For this purpose, net short amount shall be obtained by subtracting the total Notional Amount related to the relevant Reference Entity of the Cleared Contracts in which the Clearing Participant is the Buyer from the total Notional Amount of those in which the Clearing Participant is the Seller.

e. “Single Name Margin” means the Margin charged on 2003 Version Cleared Contracts referencing the relevant Reference Entity booked on a Proprietary Account for a

period of time JSCC designates at each occasion when an occurrence of a Restructuring Credit Event is determined with respect to a specific Reference Entity, the amount of which shall be, depending upon the case, as shown below:

(a) When the position of the Cleared Contracts referencing the Reference Entity with respect to which an occurrence of the Restructuring Credit Event is determined is net short:

The Amount obtained by multiplying the net short amount by the rate designated by JSCC at each occasion taking market conditions into account; or

(b) When the position of the Cleared Contracts referencing the Reference Entity with respect to which an occurrence of the Restructuring Credit Event is determined is net long:

The amount equivalent to the present value of the total Fixed Amounts which have not become due at that time, related to the relevant Cleared Contracts.

For the purpose of this sub-item, net short means the state where an amount obtained by subtracting the total Notional Amount of the Cleared Contracts referencing the relevant Reference Entity in which the Clearing Participant is the Buyer from the total Notional Amount of those in which the Clearing Participant is the Seller is positive and net short amount means such amount, and net long means the state where an amount obtained by subtracting the total Notional Amount of the Cleared Contracts referencing the relevant Reference Entity in which the Clearing Participant is the Seller from the total Notional Amount of those in which the Clearing Participant is the Buyer is positive.

f. “Self Referencing Short Charge” means the amount equal to the Notional Amount related to the net short position when the Clearing Participant’s Cleared Contracts that are Single Name CDS Transactions are to refer to itself as Reference Entity as a result of merger or for any other reason, and the position of the relevant Cleared Contracts is net short.

2. Required Initial Margin of Customer’s Cleared Contracts

The Required Initial Margin of Customer's Cleared Contracts shall be the sum of the amount calculated, for each Customer Account, using the formula set forth in Paragraph 1 above. In this case, any reference to “a Proprietary Account” in Paragraph 1 shall be deemed to be replaced with “a Customer Account.” However, the Required Initial Margin of Customer’s Cleared Contracts may be changed at any time temporarily, when JSCC determines it necessary to do so taking the market conditions into account.

Appendix 3 Method of Physical Settlement

1. Definitions

As used in this Appendix 3, the following terms shall have the following meanings respectively:

(1) “PS Covered Contract” means a (i) Cleared Contract in respect of which a Credit Event Announcement relating to an applicable Credit Event (other than a Restructuring for 2003 Version Cleared Contracts) has occurred, and which shall be settled through the Fallback Settlement Method due to an occurrence of one of the events set forth in Section 6.1 of the ISDA Credit Derivatives Definitions or, for a 2003 Version Cleared Contract, Section 12.1 of the ISDA Credit Derivatives Definitions (2003 Version), or (ii) 2003 Version Cleared Contract in respect of which a Credit Event Announcement relating to a Restructuring Credit Event has occurred, then an Event Determination Date has occurred as a result of the effective delivery of a Credit Event Notice by the Notifying Party, and which shall be settled through the Fallback Settlement Method due to an occurrence of one of the events set forth in Section 12.1 of the ISDA Credit Derivatives Definitions (2003 Version);

(2) “Applicable Deliverable Obligations” means Deliverable Obligations to be Delivered by the Matched CDS Buyer to the Matched CDS Seller under the Matched CDS Contract (as such term defined in Paragraph 2.(1) c.) in accordance with the terms of the Matched CDS Contract.

2. Buyers and Sellers in Physical Settlement

(1) Following an occurrence of a Credit Event Announcement relating to an applicable Credit Event in respect of a Cleared Contract, when Physical Settlement applies as Fallback Settlement Method, JSCC shall take following steps:

a. Calculate and determine, for each Clearing Participant, the net open position(s) of the Clearing Participant's PS Covered Contracts in the following manner:

i. The net open position(s) of PS Covered Contracts of a Clearing Participant will be calculated, separately according to account type, as follows (the net open position so determined shall be respectively referred to as “Open Position”):

A. Proprietary Account when no Sub-Account exists:
The difference of the total Floating Rate Payer Calculation Amount of all PS Covered Contracts in which the relevant Clearing Participant is the Buyer and the total Floating Rate Payer Calculation Amount of all PS Covered Contracts in which the relevant Clearing Participant is the Seller;

B. Sub-Account when Sub-Accounts exist for the Clearing Participant under Article 59.4 of the Business Rules:

The difference of the total Floating Rate Payer Calculation Amount of all PS Covered Contracts booked on that Sub-Account in which the relevant Clearing Participant is the Buyer and the total Floating Rate Payer Calculation Amount of all PS Covered Contracts booked on that Sub-Account in which the relevant Clearing Participant is the Seller;

C. Customer Account:

The difference of the total Floating Rate Payer Calculation Amount of all PS Covered Contracts in which the relevant Clearing Participant acting as an agent for a Customer is the Buyer and the total Floating Rate Payer Calculation Amount of all PS Covered Contracts in which the relevant Clearing Participant acting as an agent for the same Customer is the Seller.

ii. In respect of each of the Open Positions obtained above, identify whether it is the Buyer's position or the Seller's position, and, if it is the Buyer's position, it shall be hereinafter referred to as "CDS Buyer Position" and the party holding such position shall be hereinafter referred to as "CDS Buyer," and if it is the Seller's position, it shall be hereinafter referred to as "CDS Seller Position" and the party holding such position shall be referred to as "CDS Seller."

b. JSCC will allocate the CDS Seller Position of a CDS Seller to the CDS Buyer Position(s) of one or more CDS Buyer(s) until the CDS Seller Position of the relevant CDS Seller is fully allocated. The relevant CDS Seller and the CDS Buyer received the allocation shall be hereinafter referred to as "Matched Seller" and "Matched Buyer," respectively, or each of them may be hereinafter referred to as "Assigned Party." For the avoidance of doubt, a Clearing Participant may become the Matched Seller and the Matched Buyer at the same time with respect to its Open Position related to the Proprietary Cleared Contracts and offsetting Open Position related to its Customer's Cleared Contracts or with respect to its Open Position related to its Customer's Cleared Contracts and offsetting Open Position related to another Customer's Cleared Contract. For each set of Assigned Parties, JSCC shall determine the amount allocated from the Open Position (hereinafter referred to as "Assigned Amount").

c. When a set of Assigned Parties are determined, a CDS Transaction in which JSCC is the Seller and the Matched Buyer is the Buyer ("CDS Buyer Contract") and a CDS Transaction in which JSCC is the Buyer and the Matched Seller is the Seller ("CDS Seller Contract") shall be deemed to have come into effect solely for the purpose of the Physical Settlement. Each of such CDS Transactions that are deemed to have come into effect shall be collectively referred to as "Matched CDS Contract." The Matched CDS Buyer Contract and the Matched CDS Seller Contract for a set of Assigned Parties shall have the Floating Rate Payer

Calculation Amount in the same amount as the Assigned Amount for that set of Assigned Parties.

d. If, after the allocation, any Open Position remains, such remaining Open Position shall be deemed to have been allocated to JSCC. The CDS Buyer holding such remaining CDS Buyer Position shall be referred to as “JSCC Matched Buyer” and the CDS Seller holding such remaining CDS Seller Position shall be referred to as “JSCC Matched Seller.” When an Open Position is allocated to JSCC, a CDS Transaction in which JSCC is the Seller and the JSCC Matched Buyer is the Buyer (hereinafter referred to as “JSCC Matched Buyer Contract”) or a CDS Transaction in which JSCC is the Buyer and the JSCC Matched Seller is the Seller (hereinafter referred to as “JSCC Matched Seller Contract”) shall be deemed to have come into effect solely for the purpose of the Physical Settlement. JSCC Matched Buyer Contract and JSCC Matched Seller Contract shall be hereinafter collectively referred to as “JSCC Matched CDS Contract.” The JSCC Matched CDS Contract shall have the Floating Rate Payer Calculation Amount in the same amount as the amount of the Open Position of JSCC Matched Buyer or JSCC Matched Seller, as applicable, allocated to JSCC. Paragraphs 4 through 9 of this Appendix shall not apply to JSCC Matched CDS Contracts. The JSCC Matched Contract shall be directly settled between JSCC and the JSCC Matched CDS Buyer or between JSCC and JSCC Matched CDS Seller, as the case may be, through the Fallback Settlement Method in accordance with its terms.

e. JSCC will notify each CDS Buyer and CDS Seller of the details of the Matched CDS Contract, the Matched CDS Buyer and the Matched CDS Seller and the associated Assigned Amount, and, if applicable, the details of the JSCC Matched CDS Contract and its Floating Rate Payer Calculation Amount. The notification under this sub-item shall be hereinafter referred to as “Assignment Notification.”

(2) All Matched CDS Contracts and all JSCC Matched CDS Contracts, if any, shall be deemed to have effectively come into effect between the relevant CDS Buyer or CDS Seller and JSCC at the timing when JSCC gave the Assignment Notification to the CDS Buyer and CDS Seller. All PS Covered Contracts shall terminate as a result of a completion of the Settlement as of the timing when the Matched CDS Contracts and JSCC Matched CDS Contracts, if any, come into effect .

(3) Upon an occurrence of a Credit Event Announcement, if the affected Cleared Contracts were to be settled through Fallback Settlement Method but JSCC determines, before its dispatch of the Assignment Notification, that the Cleared Contracts do not need to be settled through Fallback Settlement Method, JSCC shall not give that Assignment Notification.

3. Terms of Matched CDS Contracts and JSCC Matched CDS Contracts

(1) The Matched CDS Contracts shall be deemed to be Cleared Contracts with the terms and conditions listed below:

a. A Matched CDS Contract shall be governed by the Rules, the ISDA Master Agreement and the ISDA Credit Derivatives Definitions or, for the 2003 Version Cleared Contracts, the ISDA Credit Derivatives Definitions (2003 Version), as amended by the Rules. The provisions of the Rules related to the governing law and other provisions of the Rules applicable to the Cleared Contracts, and the provisions of the ISDA Master Agreement and the ISDA Credit Derivatives Definitions or, for the 2003 Version Cleared Contracts, the ISDA Credit Derivatives Definitions (2003 Version), as amended by the Rules, shall constitute a part of the Matched CDS Contract. Any replacement of terms which would become necessary for such application shall be prescribed by JSCC in a public notice;

b. The Reference Entity shall be the Reference Entity in respect of which the applicable Credit Event has occurred and to which the relevant Credit Event Announcement relates (hereinafter referred to as “Applicable Reference Entity”);

c. Physical Settlement shall apply;

d. The Settlement Currency is Japanese Yen;

e. The Calculation Agent City is Tokyo;

f. The Event Determination Date is the Credit Event Resolution Request Date determined in respect of the applicable Credit Event or any other day JSCC designates as an Event Determination Date based on the determination of the JSCC Determination Committee;

g. A Credit Event Notice and a Notice of Publicly Available Information shall be deemed to have been effectively delivered on a timely basis;

h. All Fixed Amounts shall be deemed to have been paid when due;

i. The applicable Deliverable Obligations are the Deliverable Obligations defined in the ISDA Credit Derivatives Definitions or the ISA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts included in the Final List published by ISDA on its Website in respect of the Applicable Reference Entity, if such Final List is ever published, or otherwise determined in accordance with the terms of the Matched CDS Contract;

j. The Reference Price is 100%;

k. The Calculation Agent is JSCC;

l. The Physical Settlement Period shall be, in respect of Deliverable Obligations that are Loan or in the case where CDS Buyer notified JSCC or JSCC notified CDS Seller of its intention to deliver the Asset Package in lieu of Prior Deliverable Obligation, 30 Business Days, respectively, and, in respect of all other cases,

determined in accordance with the terms of the Matched CDS Contract; and

m. Other terms prescribed by JSCC in a public notice.

(2) The provisions of Item (1) shall apply *mutatis mutandis* to JSCC Matched CDS Contracts. Any matter that would become necessary in applying the provisions of Item (1) to JSCC Matched CDS Contracts shall be prescribed by JSCC in a public notice.

4. Assigned Party: Designation and Notification

(1) In respect of a Matched CDS Buyer Contract, JSCC, as designator, designates the Matched CDS Seller of the relevant set of Assigned Parties as its designee in accordance with Section 11.2(c)(iv) of the ISDA Credit Derivatives Definitions, or Section 9.2 (c)(iv) of the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts, as each amended by the Rules, and have that Matched CDS Seller perform the following activities; provided, that, in such case, the Matched CDS Seller so designated need not be an Affiliate (as such term defined in the ISDA Master Agreement) of JSCC regardless of the provisions of Section 11.2 (c)(iv) of the ISDA Credit Derivatives Definitions, or Section 9.2(c)(iv) of the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts, as each amended by the Rules.

a. Serve or deliver to, and receive from, the applicable Matched CDS Buyer, on behalf of JSCC, any notice related to the Matched CDS Buyer Contract, including a receipt of a Notice of Physical Settlement and a NOPS Amendment Notice;

b. Pay to, and receive from, the applicable Matched CDS Buyer, on behalf of JSCC, any amount payable as costs and expenses of settlement under the Matched CDS Buyer Contract; and

c. Take Delivery of Deliverable Obligations from the Matched CDS Buyer, on behalf of JSCC.

(2) The Matched CDS Seller referred to in Item (1) shall be deemed to have received a notification with respect to the matters set forth in Item (1), and shall assume the obligations as designee with respect to such matters upon effective delivery of the Assignment Notification.

(3) In respect of a Matched CDS Seller Contract, JSCC, as designator, designates the Matched CDS Buyer of the relevant set of Assigned Parties as its designee in accordance with Section 11.2(c)(iv) of the ISDA Credit Derivatives Definitions, or Section 9.2 (c)(iv) of the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts, as each amended by the Rules, and have that Matched CDS Buyer perform the following activities; provided, that, in such case, the Matched CDS Buyer so designated need not be an Affiliate (as such term defined in the ISDA Master Agreement) of JSCC regardless of the provisions of Section 11.2 (c)(iv) of the

ISDA Credit Derivatives Definitions, or Section 9.2(c)(iv) of the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts, as each amended by the Rules.

a. Serve or deliver to, and receive from, the applicable Matched CDS Seller, on behalf of JSCC, any notice related to the Matched CDS Seller Contract, including a receipt of a Notice of Physical Settlement and a NOPS Amendment Notice;
b. Pay to, and receive from, the applicable Matched CDS Seller, on behalf of JSCC, any amount payable as costs and expenses of settlement under the Matched CDS Seller Contract; and
c. Deliver Deliverable Obligations to the Matched CDS Seller, on behalf of JSCC.

(4) The Matched CDS Buyer referred to in Item (3) shall be deemed to have received a notification with respect to the matters set forth in Item (3), and shall assume the obligations as designee with respect to such matters upon effective delivery of the Assignment Notification.

(5) JSCC shall treat each set of Assigned Parties in the following manner:

a. An exercise of the claims of the Matched CDS Buyer against JSCC under the Matched CDS Buyer Contract shall be deemed to be an exercise of the same claims of JSCC against the Matched CDS Seller under the Matched CDS Seller Contract at the same timing;
b. An exercise of the claims of the Matched CDS Seller against JSCC under the Matched CDS Seller Contract shall be deemed to be an exercise of the same claims of JSCC against the Matched CDS Buyer under the Matched CDS Buyer Contract at the same timing;
c. When the Matched CDS Buyer validly delivers or serves any notice to the Matched CDS Seller in accordance with the terms of the Matched CDS Contract and Item (3) of this paragraph, such notice shall be effective in respect of both the Matched CDS Buyer Contract and the Matched CDS Seller Contract; and
d. When the Matched CDS Seller validly delivers or serves any notice to the Matched CDS Buyer in accordance with the terms of the Matched CDS Contract and Item (1) of this paragraph, such notice shall be effective in respect of both the Matched CDS Buyer Contract and the Matched CDS Seller Contract.

(6) A Clearing Participant that has given a notification under Item (1) or (3) shall deliver a copy of the notification to JSCC. This shall not apply when the same Clearing Participant is the Matched CDS Buyer as well as the Matched CDS Seller in a set of Assigned Parties. JSCC shall make a duplicate of the copy of the notification received from the Clearing Participant, and send it to the other Assigned Party. When the same Clearing Participant is the Matched CDS Buyer as well as the Matched CDS Seller in a set of Assigned Parties, the notification in this Item (6) shall only become effective

when the Clearing Participant sends the relevant notification to JSCC.

(7) Each of the Matched CDS Buyer and the Matched CDS Seller in a set of Assigned Parties shall perform the required payment, delivery, notification, request and other activities concerning the settlement with the other Assigned Party and JSCC in accordance with the terms of the Matched CDS Contract, the Rules and the applicable laws and regulations.

(8) When a Clearing Participant is the Matched CDS Buyer as well as the Matched CDS Seller in a set of Assigned Parties, following provisions shall apply:

a. When the Clearing Participant is required to give or receive a notification, including a Notice of Physical Settlement and a NOPS Amendment Notice, on behalf of JSCC pursuant to the provisions of this paragraph, it shall send such notification to JSCC;

b. When the Clearing Participant is required to settle any costs and expenses based on the Matched CDS Contract on behalf of JSCC pursuant to the provisions of this paragraph, it shall be deemed to have performed that obligation by giving notice of such amount to JSCC;

c. When the Clearing Participant is required to pay to, or receive from, JSCC the Physical Settlement Amount concerning the Assigned Amount in accordance with the terms of the Matched CDS Contract, it shall be deemed to have performed that obligation by giving the notice under Paragraph 6 to JSCC; and

d. When the Clearing Participant is required to Deliver or receive Delivery of the Deliverable Obligations designated in a Notice of Physical Settlement or a NOPS Amendment Notice in an amount at least equal to the Assigned Amount on behalf of JSCC pursuant to the provisions of this paragraph, it shall be deemed to have performed that obligation by giving the notice under Paragraph 6 to JSCC;

5. Physical Settlement between Assigned Parties

(1) In respect of a set of Assigned Parties and the associated Assigned Amount, Delivery of the Applicable Deliverable Obligations and payment of the related Physical Settlement Amount shall take place in the following manner; provided, that the provisions of this item shall not apply when a Clearing Participant is the Matched CDS Buyer as well as the Matched CDS Seller in a set of Assigned Parties:

a. The Matched CDS Buyer shall notify JSCC of the effect that it is ready to Deliver the Applicable Deliverable Obligations in the amount at least equal to the Assigned Amount to the Matched CDS Seller;

b. Upon receipt of the notification under Sub-Item a. above, JSCC shall request that the Matched CDS Seller pay to JSCC the Physical Settlement Amount relating to such Assigned Amount in full;

c. Upon receipt of the request under Sub-Item b. above, the Matched CDS Seller shall pay to JSCC the Physical Settlement Amount relating to that Assigned Amount in full;

d. Upon receipt of the Physical Settlement Amount relating to the Assigned Amount in full, JSCC shall notify the Matched CDS Buyer of its receipt of the Physical Settlement Amount relating to such Assigned Amount in full from the Matched CDS Seller;

e. Upon receipt of the notification under Sub-Item d. above, the Matched CDS Buyer shall Deliver the Applicable Deliverable Obligations in the amount at least equal to the relevant Assigned Amount to the Matched CDS Seller;

f. Upon receipt of a Delivery of the Applicable Deliverable Obligations, the Matched CDS Seller shall notify a completion of the Delivery, and, if the amount of the Applicable Deliverable Obligations so delivered is less than the Assigned Amount, the percentage of the value of the Applicable Deliverable Obligations Delivered to the Assigned Amount (hereinafter referred to as “Delivered Percentage”) using the format prescribed by JSCC;

g. Upon receipt of the notification under Sub-Item f. above, JSCC shall pay an amount equal to the Physical Settlement Amount or an amount equal to the Delivered Percentage of the Physical Settlement Amount, if the Delivered Percentage is specified in the notification, paid by the Matched CDS Seller in respect of the relevant Assigned Amount to the Matched CDS Buyer; and

h. If the Matched CDS Buyer fails to Deliver the Applicable Deliverable Obligations in an amount at least equal to the relevant Assigned Amount to the Matched CDS Seller pursuant to the provisions of Sub-Item e. above within the period specified by JSCC in a public notice (hereinafter referred to as “Delivery Period”), the Matched CDS Seller may request that JSCC repay to the Matched CDS Seller the Physical Settlement Amount in respect of the relevant Assigned Amount, less the Delivered Percentage of the Physical Settlement Amount, if any. JSCC will repay such amount to the Matched CDS Seller without any interest thereon.

The process set out in this paragraph shall be repeated in relation to any Applicable Deliverable Obligations of which Delivery is not performed during the relevant Delivery Period. If a Clearing Participant is a party to multiple Matched CDS Contracts, this process shall be performed separately for each of the Matched CDS Contracts.

6. Completion of Physical Settlement

When the Matched CDS Buyer and the Matched CDS Seller in a set of Assigned Parties complete the settlement of the Matched CDS Contract between them through the Fallback Settlement Method by an exercise of its claims and performance of its obligations under

the Matched CDS Contract, they shall respectively notify JSCC of the completion of the payment and the Delivery related to that Matched CDS Contract using the format prescribed by JSCC. This provision shall not apply when a Clearing Participant is the Matched CDS Buyer as well as the Matched CDS Seller in a set of Assigned Parties, in which case, the Clearing Participant that is both the Matched CDS Buyer and the Matched CDS Seller shall, upon completion of the payment and the Delivery with its Customer required under the Clearing Brokerage Agreement, notify JSCC of the effect that the payment and the Delivery related to that Matched CDS Contract are deemed to have completed using the format prescribed by JSCC. The notification set forth in this paragraph shall constitute a representation by the Clearing Participant delivering the notification to JSCC to the effect that, as far as it is aware of, the Physical Settlement has successfully completed and that there remains no outstanding claims in respect of the Matched CDS Contract, other than those disclosed in the relevant notification, without prejudice to the claims of any party to a Matched CDS Contract in respect of settlement.

7. Failure to Pay Physical Settlement Amount

If, in relation to any set of Assigned Parties, the Matched CDS Seller fails to pay all or a part of the Physical Settlement Amount to JSCC when it's due under the terms of the Matched CDS Contract (hereinafter referred to as "Unpaid Physical Settlement Amount"):

(1) JSCC shall, as soon as practicable, give a written notice to the Matched CDS Buyer in the set of Assigned Parties of the terms of the affected Matched CDS Contract, the fact of the failure to pay and the Unpaid Physical Settlement Amount, and the fact of partial payment thereof, if applicable;

(2) Neither the fact of the Matched CDS Seller's failure to pay nor non-payment by JSCC of the Physical Settlement Amount to the CDS Buyer resulting therefrom shall constitute any breach of any obligation of JSCC in any sense, whether under the Rules or under the Matched Buyer CDS Contract;

(3) The Matched CDS Seller shall be deemed to have breached its obligation to pay the Unpaid Physical Settlement Amount to JSCC under the Matched Seller CDS Contract;

(4) The Matched CDS Buyer may request by a written notice to JSCC that the Matched CDS Buyer Contract be settled in cash. When JSCC receives said request from the Matched CDS Buyer, "Cash Settlement" between JSCC and the Matched CDS Buyer shall apply pursuant to the terms set out in Section 9.6 of the ISDA Credit Derivatives Definitions or Section 9.8 of the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts in respect of the Deliverable Obligations corresponding to the Unpaid Physical Settlement Amount under the relevant Matched Buyer Contract. For this purpose, the Deliverable Obligations that have not been Delivered shall be deemed to be Undeliverable Obligations; the date on which the

Matched CDS Buyer gave the notice under this item to JSCC shall be deemed to be the Latest Permissible Physical Settlement Date; Indicative Quotations shall not apply; and the Matched CDS Buyer shall be the Calculation Agent. The Matched CDS Contract shall be settled between JSCC and the Matched CDS Buyer through Cash Settlement in accordance with the provisions of this item, and Paragraph 4 shall not apply.

8. Fallback to Cash Settlement in respect of Non-Deliverable Obligations

(1) If a Matched CDS Buyer is unable to Deliver one or more Deliverable Obligations specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to the Matched CDS Seller in the relevant set of Assigned Parties because:

a. The amount of the Deliverable Obligations to be Delivered is less than the minimum denomination or minimum Deliverable unit of such Deliverable Obligation; or

b. The Matched CDS Seller is not a permitted transferee under such Deliverable Obligation or the Matched CDS Buyer was unable to obtain any requisite consent in respect of Delivery of Loans,

then, an Illegality or Impossibility outside the parties' control for the purpose of Section 9.1 of the ISDA Credit Derivatives Definitions, or Section 9.3 of the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Clearing Contracts, shall be deemed to have occurred in respect of both the Matched CDS Buyer Contract and the Matched CDS Seller Contract related to the relevant set of Assigned Parties, in which case, the Matched CDS Buyer shall give notice to the Matched CDS Seller and JSCC specifying, in reasonable detail, an event that gave rise to the situation where Illegality or Impossibility was deemed to have occurred.

(2) When the notice under Item (1) has been given by the Matched CDS Buyer to JSCC, "Cash Settlement" shall apply pursuant to the terms set out in Section 9.6 of the ISDA Credit Derivatives Definitions or Section 9.8 of the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts in respect of both the Matched CDS Buyer Contract and the Matched CDS Seller Contract related to the relevant set of Assigned Parties. For this purpose, the Deliverable Obligations that the Matched CDS Buyer was unable to Deliver shall be deemed to be Undeliverable Obligations; the date on which the Matched CDS Buyer gave the notice under Item (1) to JSCC shall be deemed to be the Latest Permissible Physical Settlement Date; Indicative Quotations shall not apply if it falls under Item (1).b.; and the Matched CDS Buyer shall be the Calculation Agent. The Matched CDS Buyer Contract shall be settled between JSCC and the Matched CDS Buyer through Cash Settlement in accordance with the

provisions of this item, and the Matched CDS Seller Contract shall be settled between JSCC and the Matched CDS Seller through Cash Settlement.

9. Disputes Relating to Deliverable Obligations

(1) A Matched CDS Seller may challenge the relevance of an obligation as Deliverable Obligations under the terms of the Matched CDS Contract before accepting Delivery of that obligation pursuant to a Notice of Physical Settlement or a NOPS Amendment Notice, unless that obligation is listed as a Deliverable Obligation in the Final List of Deliverable Obligations applicable to that Matched CDS Contract as of the applicable Delivery Date for such Deliverable Obligation.

(2) A challenge under Item (1) may only be brought by submitting a question to the Credit Derivatives Determinations Committee or to the JSCC Determination Committee. However, a submission of a question to the JSCC Determination Committee is allowed only when it is permitted under the Rules.

(3) The Matched CDS Seller challenged the relevance of the Deliverable Obligation under Item (2) may refuse an acceptance of a Delivery of that Deliverable Obligation, until the Credit Derivatives Determinations Committee or the JSCC Determination Committee, as applicable, announces its determination that such obligation falls on a Deliverable Obligation under the terms of the Matched CDS Contract, unless that obligation is listed as a Deliverable Obligation in the Final List of Deliverable Obligations applicable to that Matched CDS Contract as of the applicable Delivery Date for such Deliverable Obligation.

(4) A Matched CDS Seller intending to refuse its acceptance of a Delivery pursuant to the provisions of Item (3) must give notice to JSCC and to the Matched CDS Buyer in the relevant set of Assigned Parties without delay, specifying the affected Matched CDS Contract. A delivery of such notice by the Matched CDS Seller to the Matched CDS Buyer shall constitute a notice from JSCC to the Matched CDS Buyer of JSCC's refusal of an acceptance of a Delivery of the relevant obligation.

(5) When JSCC receives a notice related to the challenge, it shall issue a public announcement of the details of the challenge and of any Resolution made by the Credit Derivatives Determinations Committee or the determination by the JSCC Determination Committee thereafter.

(6) So long as they relate to an obligation subject to the challenge under Item (1) above, the time periods, claims and remedies relating to settlement, including, without limitation, those under Sections 9.7 and 9.10 of the ISDA Credit Derivatives Definitions or Sections 9.9 and 9.8 of the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Clearing Contracts, and any limitation applicable to a settlement shall be suspended for the period from the date on which the challenge was first brought to the

date of the announcement of the Credit Derivatives Determination Committee's Resolution or the JSCC Determination Committee's determination as to whether or not such obligation falls on a Deliverable Obligation under the Matched CDS Contract, unless that obligation is listed as a Deliverable Obligation in the Final List of Deliverable Obligations which is applicable to that Matched CDS Contract as of the applicable Delivery Date for such Deliverable Obligation.

10. Physical Settlement Costs

(1) A payment of the costs and expenses of the settlement of a Matched CDS Contract in accordance with the Fallback Settlement Method shall be performed in the following manner:
   a. When a Matched CDS Seller or a Matched CDS Buyer instructed to pay the costs and expenses of the settlement of a Matched CDS Contract pursuant to Paragraph 4 makes the relevant payment directly to the other party in the set of Assigned Parties, the party that made the payment shall not be entitled to any reimbursement from JSCC in respect of that payment, without prejudice to any rights of a Matched CDS Seller to a Matched CDS Buyer where there is a failure to Deliver; and
   b. When a Matched CDS Seller or a Matched CDS Buyer instructed to receive the costs and expenses of the settlement of a Matched CDS Contract pursuant to Paragraph 4 receives the relevant payment directly from the other party in the set of Assigned Parties, the party that received the payment shall not have any liability to pay that amount to JSCC, without prejudice to any rights of JSCC where there is a failure to Deliver.

(2) JSCC shall have no liability whatsoever against a Matched CDS Buyer or a Matched CDS Seller for any costs and expenses of the settlement to be borne by the Matched CDS Buyer or the Matched CDS Seller.

(3) If JSCC incurs actual costs or expenses of the settlement in respect of a Matched CDS Contract, the Matched CDS Seller or the Matched CDS Buyer in the set of Assigned Parties who would incur or be liable for such costs or expenses were the CDS Transaction existed between the Matched CDS Seller and the Matched CDS Buyer shall indemnify JSCC for such costs or expenses.

11. Notice and other Procedures

Notifications to be given under this Appendix and any other matters which would become necessary for the procedures of the Physical Settlement of Matched CDS Contracts shall be prescribed by JSCC in a public notice or at each occasion.

Exhibit Form 1 Form of Guarantee

Guarantee

Date:

To [ ], President & CEO of Japan Securities Clearing Corporation

Address:

Trade Name or Company Name:

Name of the Representative: (Seal)

[ ] (hereinafter referred to as the “Company”) confirms and accepts the details of the CDS Clearing Business Rules prescribed by JSCC (hereinafter referred to as the “Business Rules”) and the subordinate rules thereof in advance and submits this Guarantee (hereinafter referred to as this “Guarantee”) to JSCC through [ ] (hereinafter referred to as the “Clearing Participant”) in accordance with the provisions of Article 8.5 of the Business Rules.
The terms used in this Guarantee shall have the meanings prescribed in the Business Rules unless otherwise provided in this Guarantee.

1 The Company is a Parent Company of the Clearing Participant.

2 The Company shall guarantee jointly and severally with the Clearing Participant to JSCC all current and future obligations borne by the Clearing Participant against JSCC in connection with the CDS Clearing Business of JSCC (including but not limited to the obligations relating to the Cleared Contracts to which the Clearing Participant is a party and the indemnity obligation in the case of the determination of the Default of the Clearing Participant by JSCC).

3 The Company shall cooperate with the report or submission of documents by the Clearing Participant or the inspection by JSCC when JSCC requests the Clearing Participant to report or submit documents to JSCC or conducts inspection in respect of the matters concerning the Company pursuant to the provisions of Article 21 of the Business Rules (in the case the said Article is amended in accordance with the Business Rules, the provisions

as amended).

4 This Guarantee shall be governed by and construed in accordance with the laws of Japan.

5 The Company agrees to the exclusive jurisdiction of the Tokyo District Court of Japan for the first instance if any lawsuit arises between JSCC and the Company in relation to this Guarantee.

Exhibit Form 2 Clearing Participant Agreement

CDS Clearing Participant Agreement

Date:

To [ ], President & CEO of Japan Securities Clearing Corporation

Address:

Trade Name or Company Name:

Name of the Representative: (Seal)

[ ] (hereinafter referred to as the “Company”) confirms and accepts the details of the CDS Clearing Business Rules prescribed by JSCC (hereinafter referred to as the “Business Rules”) and the subordinate rules thereof in advance and submits this CDS Clearing Participant Agreement (hereinafter referred to as this “Agreement”) to JSCC in accordance with the provisions of Article 11 of the Business Rules.
The terms used in this Agreement shall have the meanings prescribed in the Business Rules unless otherwise provided in this Agreement.

1 The Company shall abide by and comply with the Rules (in the case the Rules are amended in accordance with the Rules, the Rules as amended) in respect of CDS Clearing Business conducted by JSCC, Cleared Contracts to be executed in accordance with the Rules and other matters prescribed by the Rules.

2 The Company agrees that:

(1) The provisions of the Rules shall apply to the current and future claims and obligations concerning Cleared Contracts and the matters listed in each item of Article 1.1 of the Business Rules.
(2) The provisions of the Rules shall constitute a part of this Agreement.
(3) In the case the provisions of the Rules are amended in accordance with the Rules, this Agreement shall be automatically amended according to such amendments on the day of such amendments.

(4) It shall comply with revocation of CDS Clearing Qualification, suspension of new Clearing and any other measures taken by JSCC in accordance with the Rules.

(5) When the CDS Clearing Qualification of the Company is renounced (including renunciation due to revocation of CDS Clearing Qualification by JSCC), it shall bear any and all responsibilities concerning such renunciation, and shall not cause any inconvenience to JSCC, other Clearing Participants, Customers who designated the Company as their Clearing Broker.

(6) Customer may make available any information related to Clearing Brokerage Original Transaction to a Clearing Broker and such Clearing Broker may receive such information in a Clearing Brokerage whose Clearing Brokerage Original Transaction is entered into between a Customer acting through a Clearing Broker which is not the Company on one hand and the Company on the other.

(7) JSCC will keep an executed copy of this Agreement for the benefit of the Clearing Participant or the Customer referred to in Item (6) above as a document certifying that the Company has agreed to the matters set forth in Item (6) above, and will disclose such executed copy of this Agreement or any substance thereof to such Clearing Participant or the Customer to an extent required by law.

(8) Unless otherwise set forth in the Rules, this Agreement shall be governed by and construed in accordance with the laws of Japan.

3 This Agreement shall automatically terminate without indication of intention by the parties when the CDS Clearing Qualification of the Company has been renounced; provided, however, if there remain any Contract for Clearing or other rights and obligations between JSCC and the Company or any other rights and obligations under the provisions of the Rules at the termination hereof, the Company shall abide by and comply with the Rules to the extent pertaining to such rights and obligations.

Exhibit Form 3　Clearing Brokerage Agreement

CDS Clearing Brokerage Agreement

With an agreement to be bound by the Rules (as defined below), ○○○○ ("Party A") and ○○○○ ("Party B") hereby make and enter into this CDS Clearing Brokerage Agreement (this "Agreement") concerning the Clearing Brokerage in respect of the CDS Transactions to be conducted by Party A for and on behalf of Party B, as follows:

Chapter 1. General Provisions

Article 1. Purpose

Party A and Party B hereby acknowledge and agree that Party A provides Clearing Brokerage services for CDS Transactions to Party B in accordance with the provisions of this Agreement.

Article 2. Definitions

The terms used herein shall have definitions from the Financial Instruments and Exchange Act (Act No. 25 of 1948) or the Rules (as defined below) and the following items shall be defined as follows:

(1) "Cleared Contract subject to Brokerage" means a Cleared Contract that comes into effect between JSCC and Party A acting as broker for Party B under Clearing Brokerage pursuant to this Agreement;

(2) "Event of Default" means the events specified in Article 33.1 of this Agreement;

(3) "Early Termination Amount" means the amount of money to be paid or received between Party A and Party B upon termination of all Subject Clearing Brokerage Contracts in accordance with the provisions of Article 34;

(4) "Business Rules" means the business rules concerning the Clearing Service for CDS Transactions established by JSCC, as amended;

(5) "Rules" shall collectively refer to the Business Rules and other rules set by JSCC under the Business Rules, in whatever name and including the amendments thereto if any;

(6) "JSCC" means Japan Securities Clearing Corporation;

(7) “JSCC Business Day” means any day other than a Business Holiday;

(8) “Subject Clearing Brokerage Contract” means a legal relationship between Party A and Party B coming into effect as a result of each Clearing Brokerage hereunder, which has the same economic effect as the Cleared Contract subject to Brokerage coming into effect as a result of the said brokerage; and

(9) “Asset Package Notice” means a notification concerning the Asset Package to be given by the Seller to the Buyer in accordance with the provisions of Section 8.2 of the ISDA Credit Derivatives Definitions.

Article 3. Submission of Letter of Undertaking

1 Immediately after the execution of this Agreement, Party B shall submit to JSCC via Party A a letter of undertaking in the form prescribed by JSCC stating that Party B will comply with this Agreement and the Rules.

2 Immediately upon receipt of the letter of undertaking from Party B pursuant to Paragraph 1, Party A shall submit it to JSCC.

Chapter 2 Clearing Brokerage

Article 4. Clearing Brokerage

1 When Party B intends to apply for Clearing Brokerage to Party A, Party B shall notify JSCC, in the manner set forth in the Rules, of (i) the name of the Clearing Participant who will become the counterparty (“Designated Counterparty”) to the CDS Transaction which will come into effect between Party A and the said Designated Counterparty through the Clearing Brokerage and (ii) other matters set forth in the Rules.

2 Party A and Party B hereby agree in advance that, when the notification given under Paragraph 1 arrives at JSCC, Party B shall be deemed to have applied for Party A’s Clearing Brokerage in respect of the CDS Transaction set forth in Paragraph 1 and Party A shall be deemed to have accepted such application at the time of JSCC’s receipt.

3 Paragraph 2 above shall not apply if:

(1) the notification given under Paragraph 1 fails to meet conditions prescribed in the Rules; or

(2) the contents of the notification set forth in Paragraph 1 are inconsistent with a separate agreement concerning limits on Clearing Brokerage made between Party A and Party B,

unless the Cleared Contract subject to Brokerage comes into effect through Party A's Clearing Brokerage pursuant to the provisions of Article 5.

Article 5. Execution of Cleared Contract subject to Brokerage

1 When the notification specified in Article 4.1 of this Agreement arrives at JSCC, a CDS Transaction of which the terms and conditions prescribed in the Rules are identical to the Clearing Brokerage Original Transaction shall come into effect between Party A for the account of Party B and the Designated Counterparty in the manner as set forth in the Rules. In this case, when the Clearing Brokerage is deemed to have applied for and deemed to have accepted pursuant to the provisions of Article 4.2, Party A shall give notice of an application for Clearing of such CDS Transaction to JSCC and have the Cleared Contract subject to Brokerage come into effect between Party A and JSCC in accordance with the provisions of the Rules.

2 When the Cleared Contract subject to Brokerage comes into effect, Party A shall notify Party B of that effect and the details thereof without delay.

Article 6. Attribution of Profits and Losses from Cleared Contracts Subject to Brokerage

1 All profits and losses resulting from the Cleared Contracts subject to Brokerage shall be attributed to Party B.

2 When Party A receives Funds other than Margin from JSCC in respect of Cleared Contracts subject to Brokerage, it shall deliver such Funds to Party B.

3 When Party A owes obligations to pay Funds other than Margin, Special Clearing Charge Collateral, clearing fees and Special Clearing Charges to JSCC in respect of Cleared Contracts subject to Brokerage, Party B shall pay such Funds to Party A.

4 Unless otherwise set forth herein, Party A and Party B shall determine by mutual agreement the timing and manner of the payments and receipts of Funds under Paragraphs 2 and 3.

Article 7. Party B's Instruction relating to Cleared Contracts subject to Brokerage

Party B may give instruction to apply for the Compression or the Ad Hoc Compression in respect of Cleared Contracts subject to Brokerage, or other instruction, to Party A in the manner prescribed in this Agreement and the Rules.

Article 8. Payments and Receipts of Fixed Amount

1 When Party A is due to pay the Fixed Amount to JSCC in connection with a Cleared Contract subject to Brokerage, Party B shall pay to Party A an amount equivalent to the Fixed Amount by the time designated by Party A that is at or before the cut-off time of its payment to JSCC, or, if Party B is a Non-resident, such cut-off time on the second JSCC Business Day following the date payment by Party A to JSCC becomes due, and in the manner prescribed by Party A.

2 When Party A receives the Fixed Amount from JSCC in connection with Cleared Contracts subject to Brokerage, Party A shall pay to Party B cash in the amount equivalent to the Fixed Amount by the time agreed between Party A and Party B, or, promptly, absent such agreement, and in the manner agreed between Party A and Party B.

Article 9. Clearing Brokerage Account

1 Party A shall set up an account ("Party B Clearing Brokerage Account") to manage the details of the Subject Clearing Brokerage Contracts, Initial Margin, Customer Initial Margin and Variation Margin related to such Subject Clearing Brokerage Contract, Funds to be paid or received at the time of Settlement of a Cleared Contract subject to Brokerage, and other Funds to be paid or received between Party A and Party B in accordance with this Agreement and the Rules.

2 Upon request of Party B, Party A may set up multiple accounts dividing the Party B Clearing Brokerage Account.

Article 10. Fees

Party A may, based on an agreement between Party A and Party B, charge Party B consideration, fees and other money thus agreed for its Clearing Brokerage service and its performance of other obligations under this Agreement, including an amount equal to the Special Clearing Charge paid by Party A, if any.

Chapter 3 Margin

Section 1 Initial Margin

Article 11. Obligation to Deposit Initial Margin

1 Party B shall deposit with JSCC Initial Margin in an amount not less than the Required Initial Margin in relation to the Cleared Contract subject to Brokerage. If Party A and Party B have agreed otherwise, Party B shall deposit with JSCC the amount calculated under

such agreement or the Required Initial Margin, whichever is larger ("Deposit Requirement").

2 The Required Initial Margin in respect of Cleared Contracts subject to Brokerage shall be calculated by JSCC in accordance with the Rules and Party A shall notify such Required Initial Margin to Party B.

3 JSCC may pay interest on Initial Margin in the manner as set forth in the Rules.

Article 12. Deposit Method of Initial Margin

1 Party B shall deposit Initial Margin with JSCC via Party A acting as its agent in accordance with the provisions of the Rules.

2 Party B hereby offers Party A, and Party A hereby accepts, to act on Party B's behalf in respect of a deposit of Initial Margin with JSCC and requesting the return thereof.

3 When the sum of cash and the value of Eligible Securities Collateral deposited with JSCC as Initial Margin in respect of Cleared Contracts subject to Brokerage (referred to as "Initial Margin") and cash and the value of Eligible Securities Collateral deposited with Party A as Customer Initial Margin in respect of Subject Clearing Brokerage Contracts (referred to as "Customer Initial Margin") (such sum shall be hereinafter referred to as "Initial Margin and Customer Initial Margin Deposited Amount") falls short of the Initial Margin Deposit Requirement on a JSCC Business Day, Party B shall deposit with Party A the amount equal to such shortfall by the date and time designated by Party A that is at or before the cutoff time for deposit to JSCC on the next JSCC Business Day following the date of occurrence of such shortfall. If Party B is a Non-resident, Party B shall deposit with Party A such amount by the aforementioned cut-off time on the second JSCC Business Day following the date of occurrence of such shortfall.

4 Party A shall deposit with JSCC all of cash and/or Eligible Securities Collateral delivered as Initial Margin by Party B as an agent of Party B in the manner prescribed in the Rules.

Article 13. Substituted Deposit

1 Notwithstanding the provisions of Article 11 and 12 of this Agreement, Party A may retain cash or Eligible Securities Collateral delivered from Party B as Customer Initial Margin with the prior written consent of Party B.

2 In the case of Paragraph 1, Party A shall deposit with JSCC Substituted Initial Margin in the amount not less than the amount of the Customer Initial Margin delivered from Party

B.

3 No interest shall accrue on the Customer Initial Margin.

Article 14. Right to Claim Return of Initial Margin

1 Party A and Party B shall respectively have the right to claim the return of Initial Margin from JSCC in the amount as set forth below:

(1) Party B:
The amount equivalent to the sum of Initial Margin deposited with JSCC by Party B and Substituted Initial Margin deposited with JSCC by Party A in relation to Cleared Contracts subject to Brokerage; less the outstanding obligation of Party B owed to Party A in respect of the Subject Clearing Brokerage Contracts (including any outstanding obligation arising as a result of the termination of the Subject Clearing Brokerage Contract) or outstanding Early Termination Amount.
Notwithstanding the foregoing, in case the amount calculated above as Party B's claim exceeds the sum of Initial Margin deposited with JSCC by Party B and Substituted Initial Margin deposited with JSCC by Party A in relation to Cleared Contracts subject to Brokerage less the outstanding obligation of Party A owed to JSCC in respect of Cleared Contracts subject to Brokerage (including any outstanding obligation arising as a result of the termination of Cleared Contracts subject to Brokerage due to Party A's Default or other reason) or outstanding Early Termination Amount, Party B's claim shall not cover such excess amount;

(2) Party A:
The amount equivalent to the sum of Initial Margin deposited with JSCC by Party B and Substituted Initial Margin deposited with JSCC by Party A in relation to Cleared Contracts subject to Brokerage less the sum of the outstanding obligations of Party A owed to JSCC in connection with the Cleared Contracts subject to Brokerage (including any outstanding obligation arising as a result of the termination of Cleared Contracts subject to Brokerage due to Party A's Default or other reason) and the amount of Party B's claim under Item (1).

2 If the amount of Initial Margin for which there is a right to claim return exceeds the Deposit Requirement, Party B may request that JSCC return Initial Margin up to the excess amount in accordance with the Rules.

3 Party B shall exercise its right to request the return of Initial Margin via Party A acting as its

agent in accordance with the provisions of the Rules, provided however, in the event that JSCC has declared the Default of Party A, Party B shall request the return of Initial Margin directly from JSCC in accordance with the provisions of the Rules.

4 Party A shall deliver to Party B all cash and Eligible Securities Collateral delivered from JSCC as Initial Margin, of which Party B has the right to claim the return, by the time agreed between Party A and Party B, or, promptly, absent such agreement, and in the manner agreed between Party A and Party B.

5 Notwithstanding the provisions of Paragraph 2, where Party B may request the return of Customer Initial Margin from Party A, Party B shall not request the return of Initial Margin which corresponds to the same Customer Initial Margin from JSCC, except where JSCC has declared the Default of Party A.

6 If the Rules set forth otherwise concerning the manner of requesting return of Initial Margin under Paragraphs 1 through 5 above, the manner of request for Initial Margin to the satisfaction of Obligation to be Collateralized and other related matters, the provisions of the Rules shall prevail.

Article 15. Right to Claim a Return of Customer Initial Margin

If the amount in which Party B has the right to claim return of Initial Margin exceeds the Deposit Requirement, Party B may request the return of Customer Initial Margin from Party A up to the lesser of (i) such excess amount and (ii) the amount of Customer Initial Margin deposited with Party A, or, if the amount of Initial Margin returned by JSCC to Party B as a result of Party B's request for return of Initial Margin made pursuant to the Rules exceeds the amount of Initial Margin deposited with JSCC, the amount of the Customer Initial Margin deposited with Party A less such excess amount.

Article 16. Eligible Securities Collateral

1 The prices used to determine the value of the Eligible Securities Collateral shall be calculated in the method set forth in the Rules.

2 The manner of depositing the Eligible Securities Collateral and other necessary matters in respect of Eligible Securities Collateral shall be set forth in the Rules.

3 Where Party B deposits Eligible Securities Collateral with JSCC or Party A as Initial Margin or Customer Initial Margin, JSCC and Party A shall, when returning Initial Margin or Customer Initial Margin, as the case may be, return to Party B the securities of the same

kind, grade and amount as those of the Eligible Securities Collateral deposited, unless otherwise set forth in this Agreement or the Rules.

4 JSCC and Party A may consume the Eligible Securities Collateral deposited by Party B.

Section 2 Variation Margin

Article 17. Variation Margin

1 Party A and Party B shall pay or receive the Variation Margin on each JSCC Business Day.

2 The required amount of Variation Margin for Cleared Contracts subject to Brokerage shall be calculated by JSCC in accordance with the Rules and Party A shall notify Party B of such required amount.

Article 18. Payment or Receipt of Variation Margin

1 When Party A is due to pay to JSCC Variation Margin in relation to Cleared Contracts subject to Brokerage, Party B shall pay to Party A cash in an amount equivalent to the Variation Margin by the time designated by Party A that is at or before the cut-off time for its payment to JSCC on the next JSCC Business Day following the date of calculation of Variation Margin, or, if Party B is a Non-resident, on the second JSCC Business Day following the date of calculation of such Variation Margin, in the manner prescribed by Party A.

2 When Party A receives from JSCC Variation Margin in respect of Cleared Contracts subject to Brokerage, Party A shall pay cash in the amount equivalent to said Variation Margin to Party B by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.

Article 19. Payment or Receipt of Interest on Variation Margin

1 Party A and Party B shall pay or receive interest on Variation Margin in accordance with this Agreement and the Rules.

2 When Party A is due to pay to JSCC interest on Variation Margin, Party B shall pay to Party A cash in the amount equivalent to said interest by the time designated by Party A that is at or before the cut-off time of its payment to JSCC, or, if Party B is a Non-resident, such cut-off time on the second JSCC Business Day following the date payment by Party A to JSCC becomes due, and in the manner prescribed by Party A.

3 When Party A receives from JSCC interest on Variation Margin, Party A shall pay to Party B cash in the amount equivalent to said interest by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.

Article 20. Right to Claim Return of Variation Margin

Party A and Party B may not claim the return of Variation Margin in relation to Subject Clearing Brokerage Contracts except for payment and return in accordance with the provisions of this Agreement and the Rules.

Section 3 Others

Article 21. Nature of Deposit of Margin

Unless otherwise specified in the Business Rules, deposit of Margin shall constitute deposit for consumption (*shohi kitaku*) for collateral purposes in the case of Margin in the form of cash and a loan for consumption (*shohi taishaku*) free of charge for collateral purposes in the case of Margin in the form of Eligible Securities Collateral.

Article 22. Precedence of this Agreement over Civil Code or Commercial Code

Notwithstanding the provisions of the Civil Code (Act No. 89 of 1896) and the Commercial Code (Act No. 48 of 1899), Party A and Party B may claim a return of Margin or assert any other claim, only as prescribed in this Agreement or the Rules.

Article 23. Treatment of Right to Claim Return of Margin upon Occurrence of Event of Default or Other Circumstances

1 Party B may not request the return of Margin deposited or paid in accordance with this Agreement (simply referred to as “Margin”) from JSCC or Party A until the settlement of all Subject Clearing Brokerage Contracts is completed, if:

(1) an Event of Default occurs and is continuing in respect of Party B; or

(2) all Subject Clearing Brokerage Contracts are terminated pursuant to Article 34 of this Agreement.

2 If JSCC declares the Default of Party A, Party B may not request the return of Margin from JSCC or Party A until the completion of settlement of all Cleared Contracts subject to Brokerage.

3 If JSCC declares the Default of Party A, Party A may not request the return of Margin from JSCC or Party B until the completion of settlement of all Cleared Contracts subject to Brokerage.

Article 23-2. Method of Settlement of Cash Equivalent to Settlement Amount and the Like

Party A and Party B may settle the receivables and payables in the Settlement Amount and the like on a net basis.

Article 23-3. Netting of Initial Margin and Settlement Amount

1 After the netting pursuant to Article 23-2, the net amount (referred to as “Settlement Amount” in this article and Article 23-4) payable by Party B to Party A shall be netted with Initial Margin set forth in Article 11 of this Agreement as specified in the formulae below. If the net amount is negative, then Party B shall deposit the absolute value of such amount with Party A. The net amount calculated in Item (1) shall be deposited in cash:

(1) Initial Margin and Customer Initial Margin Deposited Amount deposited in cash at the end of the previous JSCC Business Day minus the Settlement Amount payable by Party B to Party A at the same timing; and

(2) Initial Margin and Customer Initial Margin Deposited Amount as of the end of the previous JSCC Business Day minus Cash Allocated to Settlement minus Deposit Requirement for Initial Margin as of the same timing.
For the purpose of this item, "Cash Allocated to Settlement" means Initial Margin and Customer Initial Margin Deposited Amount deposited in cash which is applied to the Settlement Amount payable by Party B to Party A as a result of the netting under Item (1) above.

2 After the netting pursuant to the provisions of Article 23-2 of this Agreement, Party B is to receive the Settlement Amount, it shall be netted with Initial Margin (as set forth in Article 11 of this Agreement) as specified in the formula below. If the amount is negative, then Party B shall deposit the absolute value of such amount with Party A:
Initial Margin and Customer Initial Margin Deposited Amount at the end of the previous JSCC Business Day plus the Settlement Amount payable by Party A to Party B minus Deposit Requirement for Initial Margin at the end of the previous JSCC Business Day.

Article 23-4. Request for Withdrawal and Deemed Deposit of Initial Margin

1 If Party B is due to receive the Settlement Amount, as a result of the netting set forth in Article 23-3, it shall only receive such amount upon request by informing Party A of the

amount it desires to receive.

2 If no request specified in Paragraph 1 is received from Party B, cash in the amount equivalent to the Settlement Amount shall be deemed to have been deposited as Initial Margin.

Chapter 4 Compression and Ad Hoc Compression of Cleared Contract Subject to Brokerage

Article 24. Application for Compression or Ad Hoc Compression

1 When Party B intends to instruct Party A to apply for Compression or Ad Hoc Compression, it shall notify such effect to JSCC in accordance with the provisions of the Rules.

2 Party A and Party B hereby agree in advance that when the notification set forth in Paragraph 1 arrives at JSCC, Party B shall be deemed to have given instruction to Party A to apply for Compression or Ad Hoc Compression, and Party A shall be deemed to have made application, as set forth in the Rules.

Article 25. Termination of Subject Clearing Brokerage Contract as a Result of Compression or Ad Hoc Compression

When a Cleared Contract subject to Brokerage is terminated as a result of a Compression or an Ad Hoc Compression, the relevant Subject Clearing Brokerage Contract shall also terminate automatically. In such case, cash remain unsettled between Party A and Party B with respect to such Subject Clearing Brokerage Contract, if any, shall be promptly settled between Party A and Party B.

Article 25-2. Conclusion of Subject Clearing Brokerage Contracts by Compression

When new Cleared Contracts subject to Brokerage come into effect between Party A and JSCC as a result of the Compression, the Subject Clearing Brokerage Contracts corresponding to such Cleared Contracts subject to Brokerage shall come into effect between Party A and Party B at the same time.

Article 26. Transfer of Subject Clearing Brokerage Contracts to Other Customer

1 Subject to the provisions of the Rules, Party B may Transfer the Subject Clearing Brokerage Contracts to any other Customer (hereinafter referred to as "Transferee Customer").
For the purpose of this Article, "Transfer" means to have a Subject Clearing Brokerage Contract cease to exist pursuant to the provisions of the Rules and simultaneously to have a new legal relationship with the same terms and conditions come into effect between the

Transferee Customer and Party A.

2 Before requesting a Transfer of a Subject Clearing Brokerage Contract, Party B shall agree in advance with Party A and the Transferee Customer on the settlement of claims and obligations between them arising from the Transfer and other necessary matters.

Article 27. Transfer of Clearing Brokerage Contracts from Other Customer

1 Subject to the provisions of the Rules, Party B may accept a Transfer from another Customer (hereinafter referred to as "Transferor Customer") of legal relationship between the Transferor Customer and Party A that are similar to Clearing Brokerage Contracts (referred to as "Transferred Clearing Brokerage Contract").

2 Before accepting Transfer of the Transferred Clearing Brokerage Contract from the Transferor Customer, Party B shall agree in advance with Party A and the Transferor Customer on the settlement of claims and obligations among them arising from the Transfer and other necessary matters.

Chapter 5 Settlement

Article 28. Settlement

1 When Party B intends to deliver a Credit Event Notice in respect of a Cleared Contract subject Brokerage that is a 2003 Version Cleared Contract referencing the Reference Entity or its Obligation for which an occurrence of the Restructuring Credit Event has been determined, it shall instruct Party A to deliver a Credit Event Notice by the date and time designated by Party A, and in the manner prescribed by Party A.

2 Upon receipt of the instruction under Paragraph 1, Party A shall deliver the Credit Event Notice to JSCC.

3 When Party A receives a Credit Event Notice from JSCC in respect of a Cleared Contract subject to Brokerage that is a 2003 Version Cleared Contract, it shall promptly notify Party B of such effect.

4 The provisions of Paragraphs 1 to 3 shall apply *mutatis mutandis* to a Notice of Physical Settlement, an NOS Amendment Notice and an Asset Package Notice. In this case, the phrase “When Party B intends to deliver a Credit Event Notice in respect of a Cleared Contract subject Brokerage that is a 2003 Version Cleared Contract referencing the Reference Entity or its Obligation for which an occurrence of the Restructuring Credit Event

has been determined" in Paragraph 1 shall be replaced with "When Party B delivers a Notice of Physical Settlement," "When Party B delivers an NOPS Amendment Notice," or "When Party B delivers an Asset Package Notice," as applicable, and all references to "Credit Event Notice" in Paragraphs 1 to 3 shall be replaced with "Notice of Physical Settlement," NOS Amendment Notice," or "Asset Package Notice," as applicable.

Article 29. Payment and Receipt of Funds upon Settlement

1 When Party A is due to deliver Funds to JSCC or another Clearing Participant in a Settlement related to a Cleared Contract subject to Brokerage, Party B shall deliver such Funds to Party A by the date and time designated by Party A that is on or before the Settlement Date, in the manner prescribed by Party A.

2 When Party A receives Funds from JSCC or another Clearing Participant in a Settlement related to a Cleared Contract subject to Brokerage, it shall deliver such Funds to Party B by the date and time agreed between Party A and Party B, or promptly, absent such agreement, after its receipt, in the manner agreed between Party A and Party B.

Article 30. Delivery and Receipt of Deliverable Obligation upon Settlement

1 When Party A is due to deliver a Deliverable Obligation to another Clearing Participant or JSCC under the terms and conditions of the Matched CDS Contract or Matched JSCC CDS Contract (hereinafter collectively referred to as "Matched Contract") that is deemed to have come into effect pursuant to the provisions of Appendix 3 to the Handling Procedures of CDS Clearing Business Rules and in accordance with the Rules, Party B shall deliver such Deliverable Obligation to Party A by the date and time designated by Party A that is on or before the Physical Settlement Date related to the relevant Matched Contract. However, when Party B is unable to perform the delivery of the Deliverable Obligation to Party A and an Illegality or Impossibility is deemed to have occurred pursuant to the provisions of Paragraph 8 of Appendix 3 to the Handling Procedures of CDS Clearing Business Rules, such failure shall not constitute an Event of Default set forth in Article 33 of this Agreement

2 When Party A receives a delivery of the Deliverable Obligation from another Clearing Participant or JSCC in the Settlement related to a Cleared Contract subject to Brokerage under the terms and conditions of the relevant Matched Contract under Paragraph 1 and in accordance with the Rules, Party A shall deliver such Deliverable Obligation to Party B by the time agreed between Party A and Party B, or promptly, absent such agreement, after its receipt.

Article 31. Customer Physical Settlement Request

1 When an occurrence of a Credit Event in respect of a Reference Entity or its Obligation is determined and the Credit Derivatives Determinations Committee Resolves holding of one or more auction to settle the CDS Transactions referencing that Reference Entity, Party B may submit a Customer Physical Settlement Request, as such term set forth in the Credit Derivatives Auction Settlement Terms, in accordance with the Credit Derivatives Auction Settlement Terms related to such Auction Settlement.

2 When Party B submits, and Party A accepts, a Customer Physical Settlement Request, Party A shall submit a Physical Settlement Request, as such term set forth in the Credit Derivatives Auction Settlement Terms, to the Administrator(s), as such term defined in the Credit Derivatives Auction Settlement Terms, for Party B based on Party B's instruction and in accordance with the Credit Derivatives Auction Settlement Terms.

3 In addition to the provisions of Paragraphs 1and 2, other matters necessary for a Customer Physical Settlement Request shall be determined by an agreement between Party A and Party B.

Article 32. Reference to Rules

With respect to a Settlement of Cleared Contracts subject to Brokerage, including Matched CDS Contracts deemed to have come into effect pursuant to the provisions of Appendix 3 to the Handling Procedures of CDS Clearing Business Rules, and the handling of such Cleared Contracts subject to Brokerage and the Subject Clearing Brokerage Contracts relating thereto upon the Settlement, in addition to the provisions of Articles 29 to 31, Party A and Party B shall observe the provisions of the Rules and the terms and conditions of the relevant Cleared Contracts subject to Brokerage.

Chapter 6 Party Default

Section 1 Default of Party B

Article 33. Event of Default

1 An occurrence of any of the following events shall constitute an Event of Default in respect of Party B:

(1) Failure to perform payment obligation or delivery obligation:
If Party B fails to perform any of its payment obligations or delivery obligations under this Agreement as it becomes due and fails to cure such failure within one local

business day from the date of the notice of failure from Party A to Party B. In the above sentence, a “local business day” means a day on which commercial banks located in the place designated by Party B as its address for receiving notices are open for general business, including the dealings in foreign exchange and foreign currency deposits;

(2) Breach of agreement or repudiation of performance:
If Party B fails to perform any of its obligations under this Agreement (other than the payment obligations and delivery obligations set forth in Item (1)) and fails to cure such failure within 30 days from the date of the notice of failure from Party A to Party B;

(3) Bankruptcy and other similar events:
a. If Party B is dissolved (excluding the dissolution as a result of a merger);
b. If Party B (i) becomes insolvent, (ii) becomes unable to pay its debts, (iii) suspends payment of its obligations when due (other than the payment obligations and delivery obligations set forth in Item (1)) , or (iv) admits in writing that it is generally unable to pay its debts when due.
For the purpose of this Sub-item b., if Party B is an entity established or formed under the Japanese law, the terms “insolvent,” “unable to pay its debts” and “suspend payment” shall have the same meaning as used in the Bankruptcy Act (Act No. 75 of 2004);
c. If Party B carries out a general assignment, an arrangement or a composition with or for creditors;
d. If a petition is filed in respect of Party B for commencement of proceedings seeking an insolvency or determination of bankruptcy or other relief under the laws concerning bankruptcy or insolvency or other similar laws affecting the rights of creditors, including a petition for commencement or acknowledgment of the bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, special liquidation or foreign bankruptcy proceedings or equivalent proceedings under laws and regulations of a foreign country against Party B, or if a petition for dissolution or liquidation of Party B is filed;
e. If Party B adopts a resolution for its dissolution, being under state control or liquidation;
f. If Party B requests an appointment of a receiver, provisional administrator or other similar official (“Receiver”) in respect of itself or a material part of its assets, or a Receiver is appointed for Party B or a material part of Party B’s assets;
g. If any secured creditor of Party B takes possession of, or files a petition for compulsory execution, attachment, compulsory administration of or other legal

proceedings in relation to, a material part of the assets of Party B and if such assets are not released, or the petition is neither dismissed nor withdrawn, within 15 days from the date of commencement of such possession or the date of filing of such petition, as the case may be;

h. If any event having similar effects to any of the events set forth in a. through g. above occurs in respect of Party B; or

i. If Party B takes any action to facilitate, or consents to, acknowledges or implicitly admits any of the events set forth in a. through h. above.

2 If Party A and Party B separately agree that some of the Events of Default set forth in Paragraph 1 shall not apply or that certain other event or events shall be added to the definition of the Event of Default under this Agreement, such agreement shall prevail. In this case, the event agreed to be added shall constitute an Event of Default under this Agreement.

3 Notwithstanding the provisions of Paragraphs 1 and 2, Paragraph 1.(3).d. may be replaced with the following, if Party A and Party B so agree:

[(A) If Party B files a petition for commencement of proceedings seeking an insolvency or determination of bankruptcy or other relief (hereinafter referred to as “Legal Bankruptcy Proceedings”) under laws concerning bankruptcy or insolvency or other similar laws affecting the rights of creditors, or if a petition for commencement of the Legal Bankruptcy Proceedings is filed against Party B by a regulatory authority, supervisor or any similar government official that is located in the place of establishment or formation of Party B or at the location of its head office or principal place of business and has principal jurisdiction over bankruptcy, corporate reorganization of or regulations on Party B (“Regulatory Authority”), or if a petition for dissolution or liquidation of Party B is filed by Party B or by the Regulatory Authority; or

(B) If a petition for commencement of the Legal Bankruptcy Proceedings or for dissolution or liquidation is filed against Party B by any person other than Party B or the Regulatory Authority and if the petition results in the insolvency, determination of bankruptcy, the issuance of an order for relief or order for dissolution or liquidation or if the petition is not dismissed, revoked, stayed or suspended within 15 days from the date of filing thereof.]

Article 34. Termination of Subject Clearing Brokerage Contracts upon Occurrence of Event of Default

1 If an Event of Default occurs and is continuing in respect of Party B, Party A may designate

the day on which all Subject Clearing Brokerage Contracts shall terminate before the Scheduled Termination Date or the Settlement of Cleared Contracts subject to Brokerage pursuant to the provisions of this Article (“Early Termination Date”). The designation of the Early Termination Date shall take effect by giving Party B a not more than 20 days prior notice specifying the relevant Event of Default, provided that if Party A and Party B separately agree that a certain date shall be designated in advance as the Early Termination Date applicable to all or part of the Events of Default, such agreement shall prevail.

2 All Subject Clearing Brokerage Contracts outstanding as of the Early Termination Date shall be automatically terminated without further notice from Party A or Party B on the Early Termination Date.

3 Notwithstanding Paragraphs 1 and 2, upon occurrence of the Event of Default set forth in Article 33.1.(3).d. in respect of Party B, all Subject Clearing Brokerage Contracts shall be automatically terminated immediately before the occurrence of such Event of Default without further notice from Party A or Party B and the date of termination of such Subject Clearing Brokerage Contracts shall be the Early Termination Date.

4 If the Subject Clearing Brokerage Contracts are terminated pursuant to Paragraphs 2 and 3, Party A or Party B shall notify JSCC to that effect in advance or without delay after the termination.

5 If all Subject Clearing Brokerage Contracts are terminated pursuant to Paragraph 2 or 3, the Cleared Contracts subject to Brokerage corresponding to the Subject Clearing Brokerage Contracts shall remain in force as the Cleared Contracts between JSCC and Party A on its proprietary account.

6 If all Subject Clearing Brokerage Contracts are terminated pursuant to the provisions of Paragraph 2 or 3, Party A and Party B shall pay or receive the Early Termination Amount determined based on the Settlement Price as of the Early Termination Date of the Cleared Contract subject to Brokerage corresponding to each of such Subject Clearing Brokerage Contracts. In this case, the Early Termination Amount related to each of such Subject Clearing Brokerage Contracts shall be an amount equal to the Party A’s Net Payable Variation Margin to be deposited by Party A with JSCC in respect of the Cleared Contract subject to Brokerage corresponding to the relevant Subject Clearing Brokerage Contract on the next JSCC Business Day following the Early Termination Date. If the Party A’s Net Payable Variation Margin is positive, the Early Termination Amount shall be paid by Party

B to Party A and if negative, it shall be paid by Party A to Party B.

For the purpose of this Agreement, “Net Payable Variation Margin” means the amount obtained by subtracting the aggregate amount of Variation Margin that is receivable from the aggregate amount of Variation Margin that is payable.

7 If Party A and Party B have agreed to adopt an alternative description of the event set forth in Article 33.1.(3).d. of this Agreement pursuant to Article 33.3 of this Agreement, the provisions of Paragraph 3 shall be replaced with the following.

[Notwithstanding the provisions of Paragraphs 1 and 2, if the Event of Default set forth in Article 33.1.(3).d. of this Agreement occurs and is continuing in respect of Party B, Party A may designate the Early Termination Date of the Subject Clearing Brokerage Contracts within 20 days after the occurrence of such Event of Default (referred to as “Early Termination Date Designation Period” in this paragraph). In this case, the Early Termination Date shall be designated by such method and shall have such effect as set forth in the provisions of Paragraphs 1 and 2. If Party A does not designate the Early Termination Date within the Early Termination Date Designation Period, all outstanding Subject Clearing Brokerage Contracts shall be automatically terminated as of the expiry of the Early Termination Date Designation Period without further notice from Party A or Party B.]

Article 35. Return of Customer Initial Margin upon Termination of Subject Clearing Brokerage Contracts

1 If all Subject Clearing Brokerage Contracts are terminated pursuant to the provisions of Article 33.2 or 33.3 of this Agreement, Party A shall immediately return to Party B Customer Initial Margin deposited by Party B, provided that Party B may not request the return of Customer Initial Margin from Party A until the settlement of all Subject Clearing Brokerage Contracts is completed under the provisions of Article 23.1 of this Agreement. The proviso shall not affect the settlement of the claims and obligations in Customer Initial Margin pursuant to the provisions of Article 36 below.

2 For the purpose of Paragraph 1, if Customer Initial Margin is deposited in the form of Eligible Securities Collateral, unless otherwise agreed between Party A and Party B, Party A shall return cash in the amount equivalent to the market value of the Eligible Securities Collateral as of the Early Termination Date used to determine the appraisal value of the Eligible Securities Collateral in lieu of returning Eligible Securities Collateral.

3 When all Subject Clearing Brokerage Contracts are terminated pursuant to the provisions of Article 33.2 or 33.3 of this Agreement, Party A and Party B shall immediately return to

the other party Variation Margin deposited by the other party in accordance with this Agreement, provided that Party B may not request the return of Variation Margin from Party A until the settlement of all Subject Clearing Brokerage Contracts is completed under the provisions of Article 23.1 of this Agreement. This proviso shall not affect the settlement of the claims and obligations in Variation Margin pursuant to Article 36 below.

Article 36. Close-out Netting of Claims and Obligations upon Termination of Subject Clearing Brokerage Contracts

If all Subject Clearing Brokerage Contracts are terminated pursuant to Article 34.2 or 34.3 of this Agreement, all monetary obligations between Party A and Party B under this Agreement outstanding as of the Early Termination Date, including the obligation to pay the Early Termination Amount upon the termination of the Subject Clearing Brokerage Contracts pursuant to Article 34.6 of this Agreement, the obligation to return Customer Initial Margin and Variation Margin pursuant to Article 35 of this Agreement, the obligation to pay unpaid Fixed Amount and any and all other monetary obligations outstanding between Party A and Party B, shall be settled as follows:

(1) The total Early Termination Amounts payable by Party A to Party B in respect of all Subject Clearing Brokerage Contracts terminated pursuant to Article 34.2 or 34.3 of this Agreement, total Variation Margin to be returned from Party A to Party B and other monetary obligations of Party A owed to Party B outstanding as of the Early Termination Date, excluding the obligations to return Customer Initial Margin under Article 35 of this Agreement, ("Party A's Obligations at Early Termination Date") shall be netted with the total Early Termination Amounts payable by Party B to Party A in respect of the Subject Clearing Brokerage Contracts, total Variation Margin to be returned from Party B to Party A and other monetary obligations of Party B owed to Party A outstanding as of the Early Termination Date ("Party B's Obligations at Early Termination Date");

(2) As a result of netting pursuant to Item (1), if Party B's Obligations at Early Termination Date remain, the amount of Customer Initial Margin deposited with Party A by Party B, or, if Customer Initial Margin consists of Eligible Securities Collateral, but Party A will not return cash equivalent to the market value of the Eligible Securities Collateral as set forth in Article 35 of this Agreement, the liquidation proceeds of Eligible Securities Collateral, shall be deducted from the remaining amount of Party B's Obligations at Early Termination Date. As a result, if the amount of the Party B's Obligations at Early Termination Date becomes negative, Party A shall have an obligation to immediately return to Party B the amount equal to the absolute value of such negative value;

(3) As a result of netting pursuant to the provisions of Item (2), if the Party B's Obligations at Early Termination Date still remain, the amount of Initial Margin deposited by Party B with JSCC, or, if Initial Margin consists of Eligible Securities Collateral, the proceeds from liquidation of Eligible Securities Collateral by Party A, shall be deducted from the remaining amount of Party B's Obligations at Early Termination Date. As a result, if the amount of the Party B's Obligations at Early Termination Date becomes negative, Party B may request the return from Party A of Initial Margin delivered from JSCC up to the amount equal to the absolute value of such negative value;

(4) As a result of netting pursuant to the provisions of Item (3), if the Party B's Obligations at Early Termination Date still remain, that remaining amount shall constitute the obligations of Party B owed to Party A arising from the termination of all Clearing Brokerage Contracts (referred to as "Party B's Final Obligations" in this Article) and the claims in the Party B's Final Obligations shall constitute the claims of Party A to Party B; and

(5) As a result of netting pursuant to the provisions of Item (1), if the Party A's Obligations at Early Termination Date remain, the sum of the absolute value of the Party A's Obligations at Early Termination Date and the amount of the obligation to return Customer Initial Margin pursuant to the provisions of Article 35 of this Agreement shall constitute the obligations of Party A owed to Party B arising from the termination of all Subject Clearing Brokerage Contracts (referred to as "Party A's Final Obligations" in this Article) and the claims in the Party A's Final Obligations shall constitute the claims of Party B to Party A.

Section 2 Default of Party A

Article 37. Termination of Cleared Contracts Subject to Brokerage due to Default of Party A

If JSCC declares the Default of Party A, Cleared Contracts subject to Brokerage shall be automatically terminated on the date of such declaration without further notice from JSCC or Party A.

Article 38. Position Transfer of Outstanding Contracts

1 On the termination of the Cleared Contracts subject to Brokerage pursuant to the provisions of Article 37 of this Agreement, Party B may cause the claims and obligations listed below (collectively "Outstanding Contracts") to be transferred through Position Transfer as a whole, to one or more other Clearing Participant(s) ("Successor Clearing Broker(s)") through the submission of a request to JSCC in the form prescribed by JSCC via the

Successor Clearing Broker(s) in accordance with the Rules. This may only be done during the period specified in the Rules. For this purpose, "Position Transfer" means a process to have new Outstanding Contracts come into effect between JSCC, the Successor Clearing Broker(s) and Party B and to pay or receive cash and settle claims and obligations in association therewith in the manner prescribed in the Rules (the same applies in this section):

(1) The claims and obligations of which the terms and conditions as prescribed in the Rules are identical to the claims and obligations under the Cleared Contracts subject to Brokerage between Party A and JSCC which are in effect immediately before the termination of such Cleared Contracts subject to Brokerage pursuant to the provisions of Article 37 of this Agreement; and

(2) The claims and obligations of which the terms and conditions as prescribed in the Rules are identical to the claims and obligations under the Subject Clearing Brokerage Contracts between Party A and Party B which are in effect immediately before the termination of the Cleared Contracts subject to Brokerage pursuant to the provisions of Article 37 of this Agreement.

2 Party A and Party B hereby agree in advance that when the Outstanding Contracts are transferred to the Successor Clearing Broker(s) pursuant to the provisions of Paragraph 1, Initial Margin in which Party B has the right to claim the return pursuant to the provisions of Article 14 of this Agreement shall be deemed as Initial Margin deposited with JSCC through the Successor Clearing Broker(s) acting as agent for Party B at the time of such Position Transfer.

3 Where Party B requests to JSCC the Position Transfer of the Outstanding Contracts pursuant to the provisions of Paragraph 1, Party B shall request the Successor Clearing Broker for the Position Transfer and shall obtain the acceptance of the Successor Clearing Broker in advance.

4 When the Outstanding Contracts are transferred to the Successor Clearing Broker(s), the claims and obligations arising as a result of the Subject Clearing Brokerage Contracts between Party A and Party B as well as the claims and obligations resulting from Variation Margin paid and received between them in relation to such Subject Clearing Brokerage Contracts, excluding the obligations of Party A that is due at the time of the declaration of the Default in respect of Party A, and the claims and obligations relating to Customer Initial Margin in the amount equal to those deemed to have been deposited with JSCC by Party

B through the Successor Clearing Broker acting as agent for Party B pursuant to the provisions of Paragraph 2, shall cease to exist and have no future effect in accordance with the Rules.

Article 39. Close-out Netting of Subject Clearing Brokerage Contracts if Outstanding Contracts are not Transferred

1 Upon termination of the Cleared Contracts subject to Brokerage pursuant to Article 37 of this Agreement, if the Outstanding Contracts are not transferred pursuant to the provisions of Article 38 of this Agreement, the Early Termination Charge arising from the termination of the Cleared Contracts subject to Brokerage shall be settled between Party A and Party B as follows:

(1) The amount of the Early Termination Charge for the Cleared Contracts subject to Brokerage shall be determined by JSCC in a reasonable manner at each occasion based on the Early Termination Charge related to all Cleared Contracts to which Party A is a party calculated in the manner prescribed in the Rules and taking into consideration the Notional Amount, composition of Reference Entities, Issues and other conditions;

(2) When Party A is to pay to Party B the amount equivalent to the Early Termination Charge calculated pursuant to Item (1), Party B shall be deemed to have a claim in such amount to Party A; and

(3) When Party B is to pay to Party A the amount equivalent to the Early Termination Charge calculated pursuant to Item (1), Party A shall be deemed to have a claim in such amount to Party B.

2 If the Cleared Contracts subject to Brokerage are terminated pursuant to the provisions of Article 37 of this Agreement and the Outstanding Contracts are not transferred as set forth in Article 38, Party A and Party B shall immediately return to the other party Variation Margin deposited by the other party in accordance with this Agreement, provided that neither Party A nor Party B may request the return of said Variation Margin from the other party until the settlement of all Cleared Contracts subject to Brokerage is completed under the provisions of Articles 23.2 and 23.3 of this Agreement. This proviso shall not affect the settlement of the claims and obligations in Variation Margin pursuant to Paragraph 5 below.

3 If the Cleared Contracts subject to Brokerage are terminated pursuant to Article 37 of this Agreement and the Outstanding Contracts are not transferred as set forth in Article 38 of

this Agreement, Party A shall immediately return to Party B Customer Initial Margin deposited by Party B, provided that Party B may not request the return of said Customer Initial Margin from Party A until the settlement of all Cleared Contracts subject to Brokerage is completed pursuant to the provisions of Article 23.1 of this Agreement. This proviso shall not affect the settlement of the claims and obligations in Customer Initial Margin pursuant to Paragraph 5 below.

For the purpose of Paragraph 3, where Customer Initial Margin is deposited in the form of Eligible Securities Collateral, unless otherwise agreed between Party A and Party B, Party A shall return cash in the amount equivalent to the market value of Eligible Securities Collateral used to determine the appraisal value of the Eligible Securities Collateral as of the Initial Loss-Determination Date in relation to the Default of Party A ("Initial Loss-Determination Date") in lieu of returning the Eligible Securities Collateral.

5 If the Cleared Contracts subject to Brokerage are terminated pursuant to the provisions of Article 37 of this Agreement and the Outstanding Contracts are not transferred as set forth in Article 38 of this Agreement, all monetary obligations outstanding between Party A and Party B under this Agreement as of the Initial Loss-Determination Date ("Existing Obligations at Initial Loss-Determination Date") shall be settled as set forth below. Such monetary obligations shall include the obligations to pay the amount equivalent to the Early Termination Charge set forth in Paragraph 1 ("Early Termination Charge Equivalent"), the obligations to return Variation Margin pursuant to the provisions of Paragraph 2, the obligations to return Customer Initial Margin pursuant to the provisions of Paragraphs 3 and 4, the obligations to pay Fixed Amounts that remain unpaid, if any, and any and all other monetary obligations outstanding between Party A and Party B:

(1) The Early Termination Charge Equivalent payable by Party A to Party B as a result of the termination of all Cleared Contracts subject to Brokerage pursuant to Article 37 of this Agreement, total Variation Margin to be returned from Party A to Party B and other monetary obligations of Party A owed to Party B outstanding as of the Initial Loss-Determination Date, excluding the obligations to return Customer Initial Margin under Paragraphs 3 and 4, ("Party A's Obligations at Initial Loss-Determination Date") shall be netted with the Early Termination Charge Equivalent payable by Party B to Party A as a result of the termination of the Cleared Contracts subject to Brokerage, total Variation Margin to be returned from Party B to Party A and other monetary obligations of Party B owed to Party A outstanding as of the Initial Loss-Determination Date ("Party B's Obligations at Initial Loss-Determination Date");

(2) As a result of netting pursuant to the provisions of Item (1), if Party B's Obligations at

Initial Loss-Determination Date remain, the amount of Customer Initial Margin deposited by Party B with Party A, or, if Customer Initial Margin consists of Eligible Securities Collateral, but Party A will not return cash equivalent to the market value of the Eligible Securities Collateral as set forth in Paragraph 3, the liquidation proceeds of Eligible Securities Collateral shall be deducted from the remaining amount of Party B's Obligations at Initial Loss-Determination Date. As a result, if the amount of the Party B's Obligations at Initial Loss-Determination Date becomes negative, Party A shall have an obligation to immediately return to Party B the amount equal to the absolute value of such negative value;

(3) As a result of netting pursuant to the provisions of Item (2), if the Party B's Obligations at Initial Loss-Determination Date still remain, the amount of Initial Margin deposited by Party B with JSCC, or, if Initial Margin consists of the Eligible Securities Collateral, the liquidation proceeds of Eligible Securities Collateral, shall be deducted from the remaining amount of Party B's Obligations at Initial Loss-Determination Date. As a result, if the amount of Party B's Obligations at Initial Loss-Determination Date becomes negative, Party B may request return of Initial Margin from JSCC up to the amount equal to the absolute value of such negative value;

(4) As a result of netting pursuant to the provisions of Item (3), if the Party B's Obligations at Initial Loss-Determination Date still remain, that remaining amount shall constitute the obligations of Party B owed to Party A arising from the termination of all Subject Clearing Brokerage Contracts (referred to as "Party B's Final Obligations" in this Article) and the claims in the Party B's Final Obligations shall constitute the claims of Party A to Party B; and

(5) As a result of netting pursuant to the provisions of Item (1), if the Party A's Obligations at Initial Loss-Determination Date remain, the sum of that remaining amount and the amount of the obligation to return Customer Initial Margin pursuant to the provisions of Paragraphs 3 and 4 shall constitute the obligations of Party A owed to Party B arising from the termination of all Subject Clearing Brokerage Contracts (referred to as "Party A's Final Obligations" in this Article) and the claims in the Party A's Final Obligations shall constitute the claims of Party B to Party A.

6 If Party A owes Party A's Final Obligations pursuant to the provisions of Paragraph 5, Party A shall perform Party A's Final Obligations by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.

7 If Party B owes Party B's Final Obligations pursuant to Paragraph 5, Party B shall perform Party B's Final Obligations by such time and in such manner as designated by Party A.

Section 3 Position Transfer of Outstanding Contracts Due to Default of Other Clearing Participants

Article 40. Position Transfer of Outstanding Contracts Due to Default of Other Clearing Participants

1 If JSCC declares the Default of other Clearing Participant who also is a Clearing Broker for Party B ("Defaulting Clearing Participant") and if the Cleared Contracts of Party B are terminated, said Cleared Contracts and other claims and obligations specified in the Rules (collectively "Defaulting Clearing Participant's Outstanding Contracts") will be transferred to Party A through Position Transfer pursuant to the provisions of the Rules, through submission by Party B of request for Position Transfer to Party A and subject to an acceptance of Position Transfer by Party A. For this purpose, "Position Transfer" means a process to have new Defaulting Clearing Participant's Outstanding Contracts come into effect between JSCC, Party A and Party B and to pay or receive cash and settle claims and obligations in association therewith in the manner prescribed in the Rules (the same applies in this article).

2 When Party A accepts Position Transfer of the Defaulting Clearing Participant's Outstanding Contracts pursuant to the provisions of Paragraph 1 and receives the Position Transfer request form from Party B in accordance with the Rules, Party A must submit the request form to JSCC within the period of time specified in the Rules. Such request form shall state, among other things, the effect that Party A has received the request to accept the Position Transfer and it has consented to accept such Position Transfer; that Party B is requesting such Position Transfer to JSCC; and that Party A is submitting the request form for such Position Transfer to JSCC.

3 Upon the Position Transfer of the Defaulting Clearing Participant's Outstanding Contracts to Party A pursuant to Paragraph 1, the provisions of this Agreement shall apply to the Defaulting Clearing Participant's Outstanding Contracts transferred to Party A as if they are the Cleared Contracts subject to Brokerage and the Subject Clearing Brokerage Contracts under this Agreement.

4 Party A and Party B hereby agree in advance that upon the Position Transfer of the Defaulting Clearing Participant's Outstanding Contracts to Party A pursuant to the

provisions of Paragraph 1, Initial Margin in which Party B has the right to claim return pursuant to the provisions of the Clearing Brokerage Agreement between Party B and the Defaulting Clearing Participant shall be deemed as Initial Margin deposited with JSCC by Party B through Party A acting as its agent at the time of such Position Transfer.

Section 4 Participation in Default Auction for Other Clearing Participant

Article 41. Hedge Transaction

1 Under Clearing Brokerage for Party B, Party A may become a party to the Hedge Transactions set forth in Article 94.1 of the Business Rules with JSCC for the account of Party B.

2 When a Hedge Transaction is executed between JSCC and Party A pursuant to the provisions of Paragraph 1, the provisions of this Agreement shall apply as if that Hedge Transaction is the Cleared Contract subject to Brokerage which comes into effect as a result of Party A's Clearing Brokerage for Party B, and the legal relationships between Party A and Party B in respect of that Hedge Transaction is the Subject Clearing Brokerage Contract corresponding to the Hedge Transaction which is deemed as the Cleared Contract subject to Brokerage pursuant to the provisions of this Paragraph.

Article 42. Default Auction

1 Under Clearing Brokerage for Party B, Party A may participate in the Default Auction for the account of Party B. If Party A wins a bid for the Auction Transactions for the account of Party B, these Auction Transactions shall come into effect between JSCC and Party A as broker for Party B.

2 When the Auction Transactions come into effect between JSCC and Party A pursuant to the provisions of Paragraph 1, the provisions of this Agreement shall apply as if the Auction Transactions are the Cleared Contracts subject to Brokerage which come into effect as a result of Party A's Clearing Brokerage and the legal relationships between Party A and Party B in respect of the Auction Transactions are the Subject Clearing Brokerage Contracts corresponding to the Auction Transactions which are deemed as the Cleared Contracts subject to Brokerage pursuant to the provisions of this Paragraph.

Chapter 7 Miscellaneous Provisions

Article 43. Voluntary Termination of this Agreement

1 This Agreement may be terminated by mutual agreement upon consultation between Party A and Party B.

2 In addition to the provisions of Paragraph 1, Party A or Party B may terminate this Agreement by giving a written notice of termination to the other party not less than XX JSCC Business Days preceding the date on which it desires the termination.

3 When this Agreement is to be terminated pursuant to the provisions of Paragraph 1 or 2, Party A shall give prior notification to JSCC. Such notification shall be given by the third JSCC Business Day preceding the desired date of the termination in the event of the termination pursuant to the provisions of Paragraph 1 or without delay after Party A gives or receives the written notice of termination to or from the other party, as the case may be, in the event of the termination pursuant to the provisions of Paragraph 2.

4 The provisions of this Agreement shall continue to govern the Clearing Brokerage Contracts executed before the termination of this Agreement pursuant to the provisions of Paragraph 1 or 2.

5 Notwithstanding the provisions of Paragraphs 1 and 2, no termination of this Agreement shall become effective until JSCC receives the notification pursuant to the provisions of Paragraph 3.

Article 44. Compulsory Termination of this Agreement

1 If an Event of Default occurs and is continuing in respect of Party B, Party A may terminate this Agreement immediately by giving Party B written notice of not more than 20 days, provided that, in any of the Events of Default, this Agreement shall be automatically terminated upon occurrence of such Event of Default as a matter of course without a written notice from Party A to Party B, if Party A and Party B have so agreed in advance.

2 When JSCC declares the Default of Party A, this Agreement shall be automatically terminated as a matter of course without any notification from Party A or Party B upon completion of the settlement of all Clearing Brokerage Contracts outstanding as of such time.

3 When this Agreement shall terminate pursuant to the provisions of Paragraph 1 or 2, Party A or Party B shall notify JSCC to that effect in advance or without delay after the termination.

4 Notwithstanding the provisions of Paragraphs 1 and 2, no termination of this Agreement shall become effective until JSCC receives the notification pursuant to the provisions of Paragraph 3.

5 If the settlement of the Subject Clearing Brokerage Contracts has not been completed at the time of the termination of this Agreement pursuant to the provisions of Paragraph 1, this Agreement shall continue to govern said Subject Clearing Brokerage Contracts and the settlement thereof.

Article 45. Reports

1 Upon request of Party A, Party B shall report to Party A without delay the matters required to be reported in connection with the Subject Clearing Brokerage Contracts.

2 Upon occurrence of an Event of Default, Party B shall immediately report that effect to Party A in writing.

Article 46. No Assignment of Claims

Neither Party A nor Party B may assign to any third party, pledge or otherwise dispose of its claims under this Agreement.

Article 47. Confidentiality

1 Party A and Party B shall keep confidentiality of, and shall not use for any other purpose, business secrets of the other party which it becomes aware in connection with this Agreement. The “secret” referred to above shall mean confidential facts that are not otherwise available to general public and may have significant commercial impact.

2 Party A and Party B shall not divulge business secrets set forth in Paragraph 1 to any third party, except for the following cases or unless there is other legitimate grounds for doing so:

(1) When it obtains a prior written consent of the other party;

(2) When the disclosure or provision thereof is required by an order or request from a court, competent authority or any other public institution or a financial instruments exchange or any other self-regulatory organization, or by law or regulation;

(3) When it is disclosed or provided to an attorney, certified public accountant, tax accountant or other professional or any other Legal Entity in the same Corporate Group, to the extent necessary for its performance of this Agreement or for the protection of its rights; or

(4) When it files a report to JSCC or accepts investigations conducted by JSCC.

Article 48. Notice of Changes in Notifiable Matters

Party B shall immediately give a written notice to Party A of any change in its trading name, name, representative, seal impression or signature registered with Party A, address, location of its office or other matters.

Article 49. Disclaimer

1 Neither Party A nor JSCC shall be liable for any damage arising as a result of a delay in the return of Margin requested by Party B or the performance of any other obligation due to an act of God or other event of force majeure.

2 Neither Party A nor JSCC shall be liable for any loss, destruction of or other damage to Margin resulting from any of the events described in Paragraph 1.

3 As long as Party A has verified with due care and believed that a seal impression or signature affixed on a written notification or other document is the same as the seal impression or specimen signature notified to Party A in advance, Party A shall not be liable for any damage resulting from forgery, falsification of or other trouble in such document.

Article 50. Effectiveness of Notice

1 Any notice or other communication between Party A and Party B in connection with this Agreement shall be given by any of the below listed methods to the address or office notified by Party B to Party A or in accordance with the details of electronic communication system or e-mail, and shall become effective at such time as set forth below, provided, however, that the methods of Items (5) and (6) may not be used for a notice or other communications between Party A and Party B in connection with the matters set forth in Article 33 or 34 of this Agreement. If the timing set forth below with respect to each method of notice is not a day on which commercial banks located in the place designated by Party B as its address for receiving notices are open for general business, including the dealings in foreign exchange and foreign currency deposits (referred to as “Local Business Day” in this paragraph) or after the business hours on a Local Business Day, such notice or other communication shall become effective on the next Local Business Day:

(1) Delivery by hand or by mail in writing: the date of receipt;

(2) Transmission by telex: the date of receipt of an answerback from the recipient;

(3) Transmission by facsimile: the date on which a qualified employee of the recipient receives it in a legible form;

(4) Sending by a contents-certified or registered mail or by equivalent method: the date of delivery or attempted delivery;

(5) Sending through an electronic communication system: the date of receipt; or

(6) Sending by e-mail: the date of delivery.

2 In the event of a late delivery or failure of delivery of any notice or other communication between Party A and Party B addressed to the address or office notified by Party B to Party A for any reason attributable to Party B, it shall be deemed to have arrived at the time when it should have arrived under ordinary circumstances.

Article 51. Standard Time

Unless otherwise set forth in this Agreement, any reference to the year, month, day and time in this Agreement shall be the reference to year, month, day and time in Japan Standard Time.

Article 52. Reports by Electromagnetic Means

With a consent of Party A, Party B may, instead of submitting a document in writing, provide information to be reported under the provisions of Article 45.2 hereof or notify under the provisions of Article 48 hereof (excluding notification regarding changes in its seal impression or signature) via an electronic information processing system or other information and communication technology. The submission of report or notification in the above method shall have the same effect as a report or notification in writing.

Article 53. Execution of Memorandum of Understanding

So long as it is consistent with this Agreement and the Rules, Party A and Party B may conclude a memorandum of understanding or other consent letter on the matters related to this Agreement or Clearing Brokerage under this Agreement (including the matters related to delinquent charges, bank transfer fees and other matters not prescribed in this Agreement).

Article 54. Matters not Set Forth in this Agreement

Matters not set forth in this Agreement in connection with the Subject Clearing Brokerage Contracts shall be subject to the memorandum of understanding or other consent letter entered into between Party A and Party B pursuant to Article 53 of this Agreement, if any, as

well as the Rules.

Article 55. Precedence of this Agreement

In the event of any inconsistency or conflict between an agreement between Party A and Party B and the provisions of this Agreement and the Rules, the provisions of this Agreement and the Rules shall prevail to the extent of such inconsistency or conflict.

Article 56. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Japan.

Article 57. Jurisdiction

1 Party A and Party B hereby agree that the competent court in the location of the head office or XX branch of Party A shall have the jurisdiction over any legal action relating to this Agreement or the Subject Clearing Brokerage Contracts.

2 Notwithstanding the provisions of Paragraph 1, Party A and Party B may separately agree on the exclusive jurisdiction or arbitration in respect of any dispute in connection with this Agreement or the Subject Clearing Brokerage Contracts.

Article 58. Replacement of Applicable Provisions when Transferring Clearing Brokerage Contracts

1 When Party B Transfers Subject Clearing Brokerage Contracts to Party A or another Customer, Party B accepts a Transfer of Clearing Brokerage Contracts from another Customer or Party A Transfers the Cleared Contracts on its proprietary account to Party B, the title “Chapter 4 Compression and Ad Hoc Compression of Cleared Contracts Subject to Brokerage” in this Agreement shall be replaced with “Chapter 4 Compression and Ad Hoc Compression of Cleared Contracts Subject to Brokerage, and Transfer of Cleared Contracts Subject to Brokerage.”

2 When Paragraph 1 applies, Articles 26 and 27 shall be deemed to have been replaced with the following:

Article 26. Transfer of Subject Clearing Brokerage Contracts to Party A or Other Customer

1 Subject to the provisions of the Rules, Party B may Transfer the Subject Clearing Brokerage Contracts to Party A or any other Customer (hereinafter referred to as "Transferee Customer").

For the purpose of this Article, "Transfer" means a process to have a Subject Clearing Brokerage Contract terminate pursuant to the provisions of the Rules and to have claims

and obligations thereunder cease to have future effect pursuant to the provisions of the Rules, or to have a Subject Clearing Brokerage Contract terminate and to have claims and obligations thereunder cease to have future effect and simultaneously to have a new legal relationship with the same terms and conditions as that Subject Clearing Brokerage Contract come into effect between another Customer under Party A's Clearing Brokerage and Party A pursuant to the provisions of the Rules.

2 Before requesting a Transfer of a Subject Clearing Brokerage Contract, Party B shall agree in advance with Party A, and the Transferee Customer, if a Subject Clearing Brokerage Contract is transferred to a Transferee Customer, on the settlement of claims and obligations between them arising from the Transfer and other necessary matters.

Article 27. Transfer of Clearing Brokerage Contracts from Other Customer

1 Subject to the provisions of the Rules, Party B may accept a Transfer from another Customer under Party A's Clearing Brokerage (hereinafter referred to as "Transferor Customer") of legal relationship between the Transferor Customer and Party A that are similar to Clearing Brokerage Contracts (referred to as "Transferred Clearing Brokerage Contract").

For the purpose of this Article, "Transfer" means a process to have a Transferred Clearing Brokerage Contract terminate and to have claims and obligations thereunder cease to have future effect and simultaneously to have a new legal relationship with the same terms and conditions as that Transferred Clearing Brokerage Contract come into effect between Party B and Party A pursuant to the provisions of the Rules.

2 Before accepting Transfer of the Transferred Clearing Brokerage Contract from the Transferor Customer, Party B shall agree in advance with Party A and the Transferor Customer on the settlement of claims and obligations among them arising from the Transfer and other necessary matters.

3 When Paragraph 1 applies, the following new article shall be deemed to have been added after Article 27:

Article 27-2. Transfer of Cleared Contracts from Party A

1 Subject to the provisions of the Rules, Party A may Transfer to Party B the Cleared Contract between Party A and JSCC on Party A's proprietary account.

For the purpose of this Article, "Transfer" means a process to have a new legal relationship with the same terms and conditions as the Cleared Contract on Party A's proprietary account come into effect between Party A and Party B.

2 Before requesting a Transfer of the Cleared Contract to Party B, Party A shall agree in advance with Party B on the settlement of claims and obligations between Party A and Party B arising from the Transfer and other necessary matters.

Article 59. Replacement of Applicable Provisions when Transferring Clearing Brokerage Contracts

1 Notwithstanding the provisions of Articles 58.1 and 58.2, when Party B Transfers a Subject Clearing Brokerage Contract to Party A, other Clearing Participant or other Customer, when Party B accepts a Transfer of a Clearing Brokerage Contract from another Customer or Party B accepts a Transfer of a Cleared Contract on the proprietary account from Party A or other Clearing Participant, Articles 26 and 27 shall be deleted and following new Chapter shall be inserted after Chapter 4.

Chapter 4-2 Transfer of Clearing Brokerage Contracts

Article 26. Transfer of Subject Clearing Brokerage Contracts to Party A , Other Clearing Participant or Other Customer

1 Subject to the provisions of the Rules, Party B may Transfer the Subject Clearing Brokerage Contracts to Party A, any other Clearing Participant or any other Customer (hereinafter referred to as "Transferee Customer" in this Article).

For the purpose of this Article, "Transfer" means a process to have a Subject Clearing Brokerage Contract terminate and to have claims and obligations thereunder cease to have future effect pursuant to the provisions of the Rules, or to have a Subject Clearing Brokerage Contract terminate and to have claims and obligations thereunder cease to have future effect and simultaneously to have a new legal relationship with the same terms and conditions as that Subject Clearing Brokerage Contract come into effect between the Transferor Customer and its Clearing Broker pursuant to the provisions of the Rules.

2 Before requesting a Transfer of a Subject Clearing Brokerage Contract, Party B shall agree in advance with Party A, and the Transferee Clearing Participant, if the Subject Clearing Brokerage Contract is transferred to another Clearing Participant, or the Transferee Customer and its Clearing Broker, if the Subject Clearing Brokerage Contract is transferred to a Transferee Customer, on the settlement of claims and obligations between them arising from the Transfer and other necessary matters.

Article 27. Transfer of Clearing Brokerage Contracts from Other Customer

1 Subject to the provisions of the Rules, Party B may accept a Transfer from another

Customer (hereinafter referred to as "Transferor Customer" in this Article) of legal relationship between the Transferor Customer and its Clearing Broker that are similar to Clearing Brokerage Contracts (referred to as "Transferred Clearing Brokerage Contract").

For the purpose of this Article, "Transfer" means a process to have a Transferred Clearing Brokerage Contract terminate and to have claims and obligations thereunder cease to have future effect and simultaneously to have a new legal relationship with the same terms and conditions as that Transferred Clearing Brokerage Contract come into effect between Party B and Party A pursuant to the provisions of the Rules.

2 Before accepting Transfer of the Transferred Clearing Brokerage Contract from the Transferor Customer, Party B shall agree in advance with Party A and the Transferor Customer (or, when accepting Transfer from the Transferor Customer whose Clearing Broker is a Clearing Participant other than Party A, the Transferor Customer and the Clearing Broker for the Transferor Customer), on the settlement of claims and obligations among them arising from the Transfer and other necessary matters.

2 Notwithstanding the provisions of Article 58.3, when Paragraph 1 applies, the following two new articles shall be deemed to have been added after Article 27:

Article 27-2. Transfer of Cleared Contracts from Party A

1 Subject to the provisions of the Rules, Party A may Transfer to Party B the Cleared Contract between Party A and JSCC on Party A's proprietary account.

For the purpose of this Article, "Transfer" means a process to have a new legal relationship with the same terms and conditions as the Cleared Contract on Party A's proprietary account come into effect between Party A and Party B.

2 Before requesting a Transfer of the Cleared Contract to Party B, Party A shall agree in advance with Party B on the settlement of claims and obligations between Party A and Party B arising from the Transfer and other necessary matters.

Article 27-3. Transfer of Cleared Contracts from Other Clearing Participant

1 Subject to the provisions of the Rules, Party B may accept a transfer from a Clearing Participant other than Party A (referred to as "Transferor Clearing Participant" in this Article) the Cleared Contracts between the Transferor Clearing Participant and JSCC on the Transferor Clearing Participant's proprietary book.

For the purpose of this Article, "transfer" means a process to have a new legal relationship with the same economic effect as the Cleared Contracts on the Transferor

Clearing Participant's proprietary book come into effect between Party A and Party B.

2 When intending to accept a transfer of Cleared Contracts from a Transferor Clearing Participant, Party B shall agree in advance with Party A and the Transferor Clearing Participant on the settlement of claims and obligations among them arising from the transfer and other necessary matters.

Note 1) Party A and Party B may determine the number of days to be inserted to "○ JSCC Business Days" in Article 43.2 of this Agreement by mutual agreement.

Note 2) Party A and Party B may amend Article 47 of this Agreement (except for Article 47.2.(4)) by mutual agreement.

Note 3) Party A and Party B may delete, or designate and insert a name of certain branch to, the phrase "or ○○ branch" in Article 57.1 of this Agreement by mutual agreement. The provisions of Article 57.1 and 57.2 of this Agreement may be amended by a mutual agreement between Party A and Party B.

Note 4) When Party A and Party B desires to agree otherwise under the provisions of this Agreement that have reference to "by mutual agreement," "agreement between Party A and Party B, "separate agreement," or "otherwise agreed between Party A and Party B," such agreement shall be evidenced by a separate memorandum of understanding executed pursuant to Article 53 of this Agreement, incorporating such agreement into the provisions of this Agreement or referring to attachment hereto.

Note 5) Party A and Party B may delete Article 58 and Article 59 of this Agreement if they do not utilize Transfer mechanisms set forth in Article 59.

Note 6) If, out of the Transfer mechanisms set forth in Article 59, Party A and Party B do not perform Party B's Transfer of a Subject Clearing Brokerage Contract to Party A or another Customer under Party A's Clearing Brokerage (applicable only when Party B and that Customer is in the same Corporate Group as Party A), Transfer of a Clearing Brokerage Contract by another Customer under Party A's Clearing Brokerage to Party B (applicable only when Party B and that Customer is in the same Corporate Group as Party A) and any Transfer other than Party A's Transfer of a Cleared Contract on Party A's proprietary account to Party B (hereinafter collectively referred to as "Transfer under Note 6"), Party A and Party B may delete Article 59 from this Agreement.

Note 7) When Party A and Party B only performs the Transfer under Note 6, Party A and Party B may delete Article 58 of this Agreement, and delete the phrase "Notwithstanding the provisions of Articles 58.1 and 58.2" in Article 59.1 of this Agreement, and "Notwithstanding the provisions of Article 58.3" in Article 59.2 of this Agreement.

Exhibit Form 4 Letter of Undertaking

Letter of Undertaking

Date:

To [ ], President & CEO of Japan Securities Clearing Corporation

Address:

Trade Name or Company Name:

Name of the Representative: (Seal)

[ ] (hereinafter referred to as the “Company”) acknowledges that it has confirmed and accepted the details of the Rules (as defined in the CDS Clearing Business Rules prescribed by JSCC (hereinafter referred to as the “Business Rules”)) in advance, and, in accordance with the provisions of Article 42.2 of the Business Rules and the provisions of Article 3.1 of the Clearing Brokerage Agreement concluded with [ ] (hereinafter referred to as the “Company’s Clearing Broker”) on [Date], submits this Letter of Undertaking (hereinafter referred to as this “Letter of Undertaking”) to JSCC through the Company’s Clearing Broker. The terms used in this Letter of Undertaking shall have the definitions used in the Business Rules unless otherwise set forth in this Letter of Undertaking.

1 With respect to JSCC’s CDS Clearing Business, the Clearing Brokerage Contracts coming into effect with the Company’s Clearing Broker and other matters specified in the Rules, the Company hereby agrees to abide by and comply with the Rules, as may be amended pursuant to the Rules, and the Clearing Brokerage Agreement concluded with the Company’s Clearing Broker.

2 The Company agrees that:

(1) The provisions of the Rules and the Clearing Brokerage Agreement concluded with the Company’s Clearing Broker shall apply to the existing and future claims and obligations arising from Initial Margin and the matters listed in Article 1.1 of the Business Rules;

(2) When the provisions of the Rules and/or the Clearing Brokerage Agreement concluded with the Company’s Clearing Broker are amended in accordance with the provisions of the Rules, this Letter of Undertaking shall automatically be amended accordingly;

(3) In the Clearing Brokerage for Clearing Brokerage Original Transaction between a Customer of another Clearing Broker and the Company, such Customer may make available information concerning such Clearing Brokerage Original Transaction to its Clearing Broker and such Clearing Broker may receive such information; and

(4) JSCC retains this Letter of Undertaking for the benefit of the Clearing Broker or the Customer referred to in Item (3) above as a document evidencing the Company's agreement to the matters set forth in Item (3) above, and may disclose this Letter of Undertaking or any contents thereof to such Clearing Broker or the Customer to the extent required by laws and regulations.