

Operational Procedures for Clearing Brokerage for CDS Transactions

Established on July 13, 2011

Amended on September 5, 2012

Amended on March 9, 2016

Amended on April 11, 2016

Amended on June 5, 2017

Amended on April 6, 2018

Amended on October 11, 2022

Amended on December 5, 2022

Amended on October 6, 2025

Amended on December 1, 2025

Japan Securities Clearing Corporation

1. Prerequisites for Clearing Brokerage

A clearing brokerage for CDS transactions (“Clearing Brokerage”) can be conducted if the following conditions are met:

- (1) A CDS Clearing Participant and a clearing brokerage customer (“Customer”) have entered into the Clearing Brokerage Agreement (Exhibit Form 3 of Handling Procedures of CDS Clearing Business Rules);
- (2) A Customer has submitted the Letter of Undertaking (Exhibit Form 4 of Handling Procedures of CDS Clearing Business Rules) to JSCC;
- (3) A Customer is a person in the same corporate group as the CDS Clearing Participant; and
- (4) A Customer is a user of TradeServ and TIW¹.

2. Operational Procedures for Clearing Brokerage

(1) Preliminary Procedures

For JSCC’s TradeServ and TIW processing related to Clearing Brokerage, the required authorizations need to be granted by OSTTRA and DTCC in advance.

For such authorizations, a person intending to be a clearing brokerage customer shall fill-in necessary items on the request form prescribed by JSCC and submit it to JSCC via E-Mail (attach the original copy in PDF file format to the E-Mail)².

¹ TradeServ and TIW are the services provided by OSTTRA Services LLC and DTCC Deriv/SERV LLC, respectively.

² JSCC will advise its E-Mail address for receipt of the request form at each occasion. E-Mail address of the person in charge at the entity intending to be a clearing brokerage customer shall be specified in the E-Mail sent to JSCC.

JSCC submits the request form to OSTTRA and DTCC via E-Mail³, and obtains authorizations on TradeServ and TIW.

(2) Application for Clearing Brokerage

a. Confirmation and TIW Registration

After an execution of a CDS transaction, a Customer shall confirm the trade with the trade counterparty and register the relevant CDS transaction on TIW.

b. Application for Clearing Brokerage

When applying for a Clearing Brokerage with respect to the CDS transaction registered on TIW in a. above, the Customer shall enter following values on Super ID Field and Desk ID field:

i) Super ID Field (Mandatory Entry Item)

Value	Availability for Combined Usage
JSCC	Unavailable (In case where anything but "JSCC" value is filled in the Super ID Field, application for clearing is not concluded.)

ii) Desk ID Field (Optional Entry Item)

Value	Availability for Combined Usage	Supplementary Description
Book Name with 14 digits starting from "A="	Available (Data besides the Book Name are also able to be set simultaneously)	<ul style="list-style-type: none"> The Desk ID Field is a non-matching item with the maximum 50 characters to be able to input. By filling Book Name in such field, the cleared CDS transaction will be mapped to the designated account which was designated by the Book Name. In case there is no input of Book Name or Book Name does not start with "A=", the relevant transaction will be mapped to the pre-designated preferential account. In case there is an error to the Book Name subsequent to "A=", the application for the Clearing Brokerage is not concluded.

(3) Confirm Details of Application for Clearing Brokerage (Day 1)

a. Notify Details of Application for Clearing Brokerage to Customer

A CDS transaction applied for Clearing Brokerage by a Customer by 8:30 (7:30)⁴ on the first day of the clearing cycle ("Day 1") will be recorded on "Trade To be Terminated DAY1" report JSCC distributes to CDS Clearing Participants around noon on Day 1 via Web Portal⁵.

³ The E-Mail address of the person in charge mentioned in Footnote 2 is put in "CC" column of the E-Mail sent to OSTTRA and DTCC.

⁴ The time in parenthesis represents the time in Japan when the day light saving time applies in New York, USA; the same applies hereinafter.

⁵ System for CDS Clearing Participants to output various reports.

The CDS Clearing Participant shall download the relevant report as necessary, and check the contents and give notice to the Customer.

b. Customer's Confirmation and Correction of Details of Application for Clearing Brokerage

Based on CDS Clearing Participant's notice as per a. above, the Customer shall confirm the details of the application for Clearing Brokerage.

When making addition/correction/deletion of the contents of the application, the Customer shall make necessary entry on TIW by 8:30 (7:30) on the second day of the clearing cycle ("Day2").

c. Points of Attention related to Original Transaction

In principle, a Customer may not make any correction to any item to be matched with the original transaction subject to the Clearing Brokerage after 8:30 (7:30) on Day 2.

(4) Confirmation of Details of Application for Clearing Brokerage

The CDS transaction for which a Customer applied for a Clearing Brokerage by 8:30 (7:30) on Day 2 will be recorded on "Trade to be Terminated Day2" report JSCC distributes to CDS Clearing Participants around noon on Day2 via Web Portal.

The CDS Clearing Participant shall download the relevant report as necessary, and check the contents and give notice to the Customer⁶.

(5) Submission for Clearing (Register New Trade (Participant's side leg))

The CDS Clearing Participant shall submit a trade subject to the Clearing Brokerage for clearing by registering the new trade to which JSCC is a counterparty (Participant's side leg) on TIW by 14:00 on the third day of the clearing cycle ("Day 3").

(6) Clearing Brokerage (Clearing) Becomes Effective

The Clearing Brokerage relationship between the CDS Clearing Participant and the Customer, and JSCC's clearing, shall become effective as of 16:00 on Day 3.

At or after 16:00 on this date, JSCC promptly registers a termination of the original transaction related to the Clearing Brokerage and the new trade (JSCC's side leg) on TIW (JSCC processes the termination of the original transaction on behalf of the Customer).

(7) Notification to Customer related to Effectiveness of Clearing Brokerage

⁶ No correction of the contents of an application for Clearing Brokerage may be made at this stage onwards.

The CDS transaction for which Clearing Brokerage has become effective will be recorded on “New Trade DAY3” report JSCC distributes to CDS Clearing Participants around 18:00 on Day 3 via Web Portal.

The CDS Clearing Participant shall download the relevant report as necessary, and give notice of the effect that the Clearing Brokerage has become effective to the Customer.

(8) Notify Required Margin/Fund Settlement Information to Customer

The CDS Clearing Participant shall download “Margin” report, “Settlement” report and “PAI(daily)” report JSCC distributes around 20:00 on every JSCC Business Day via Web Portal, and notify information on Margin and fund settlement to the Customer.

3. Management of Clearing Brokerage Relationship between CDS Clearing Participant and Customer on TIW

(1) Management on TIW

A CDS Clearing Participant and its Customer may manage their Clearing Brokerage relationship on TIW.

TIW registration method in this case will be agreed between the CDS Clearing Participant and the Customer. An expected method may be, for example, following Customer’s request for Clearing Brokerage, the Customer registers on TIW a trade with the terms and conditions identical to the original transaction, to which the CDS Clearing Participant is the counterparty, and, after the Clearing Brokerage becoming effective, the CDS Clearing Participant processes its acceptance of this trade (see Annex 1 “Operational Processing Example with regard to Submission of Clearing Brokerage”).

(2) Points of Attention for TIW Registration

When managing Clearing Brokerage relationship on TIW, the CDS Clearing Participant and the Customer shall register the same data as original contract in principle, except for the following fields:

i) Calculation Agent Field

Value	Format	Supplementary Description
AsSpecifiedInMaster	—	Represents Calculation Agent (JSCC) under JSCC’s Business Rules and Clearing Brokerage Agreement.

ii) Master Agreement Type Field

Value	Format	Supplementary Description
JSCC	—	Represents Clearing Brokerage relationship under JSCC’s Business Rules and Clearing Brokerage Agreement.

iii) Master Agreement Date Field

Value	Format	Supplementary Description
Date of execution of Clearing Brokerage Agreement	YYYY-MM-DD	—

4. Credit Event Processing under Clearing Brokerage

The operational process between a CDS Clearing Participant and its Customer upon occurrence of a Credit Event shall be agreed between the CDS Clearing Participant and the Customer. For the operational processing, refer to Annex 2 “Credit Event Processing Workflow (under 2014 Definitions)” and Annex 3 “Credit Event Processing Workflow (Restructuring (under 2003 Definitions)).”

5. Compression and Ad Hoc Compression under Clearing Brokerage

Customer’s Compression request and Ad Hoc Compression request shall be sent to JSCC by the Customer. The operational process between a CDS Clearing Participant and its Customer related to Compression and Ad Hoc Compression shall be agreed between the CDS Clearing Participant and the Customer. For operational processing, see Annex 4 “Operational Processing Workflow with regard to Compression” and Annex 5 “Operational Processing Workflow with regard to Ad Hoc Compression.”

6. Position Transfer under Clearing Brokerage

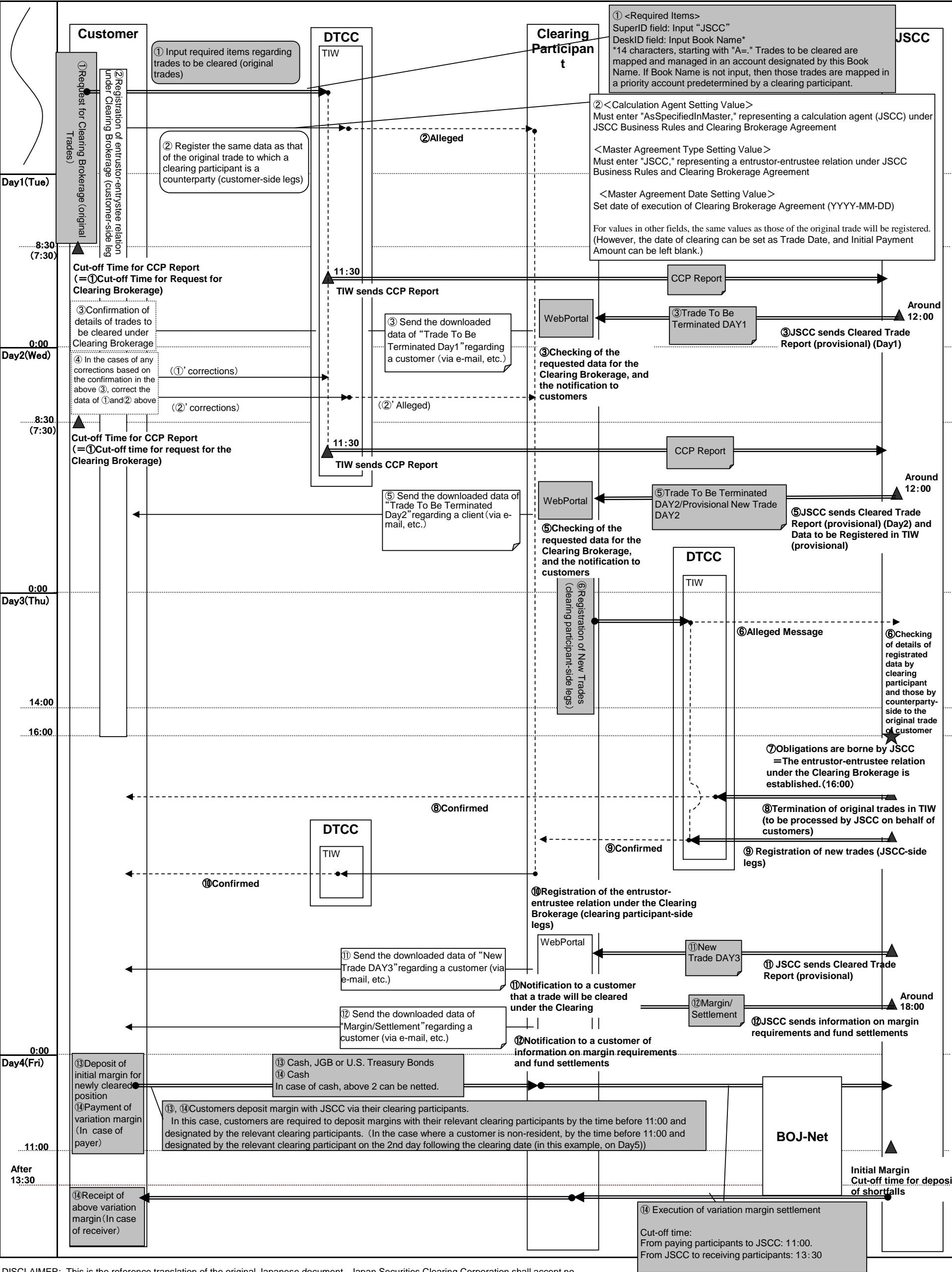
A Customer not in default may transfer its position to its Clearing Broker. For operational processing, see Annex 6 “Operational Processing Workflow with regard to Position Transfer.”

【Conditions】

- 1.Customer and the counterparty to its original trade agree to use JSCC's services and the counterparty-side will also conduct necessary procedures in TIW for this purpose.
- 2.A customer will register the same data as that of the original trade to which a clearing participant is the counterparty in TIW, and that clearing participant will accept that data after JSCC bears obligations so that the entrustor-entrustee relation between customers and clearing participants under the Clearing Brokerage can be managed through DTCC (TIW).
3. Request for Clearing Brokerage from a customer (shown in ① in the flowchart below) also serves as a request for bearing obligations to JSCC from a clearing participant based on the Clearing Brokerage.

*This is a model case, and thus operation procedures between customers and clearing participants under the Clearing Brokerage can be established arbitrarily.

- (Note) 1. Although this example is a model case, portions indicated by the arrow "⇒" and operations described in shaded comment boxes will be a must when JSCC bears obligations.
2. Times in parenthesis indicates Tokyo time when New York is on daylight saving time.

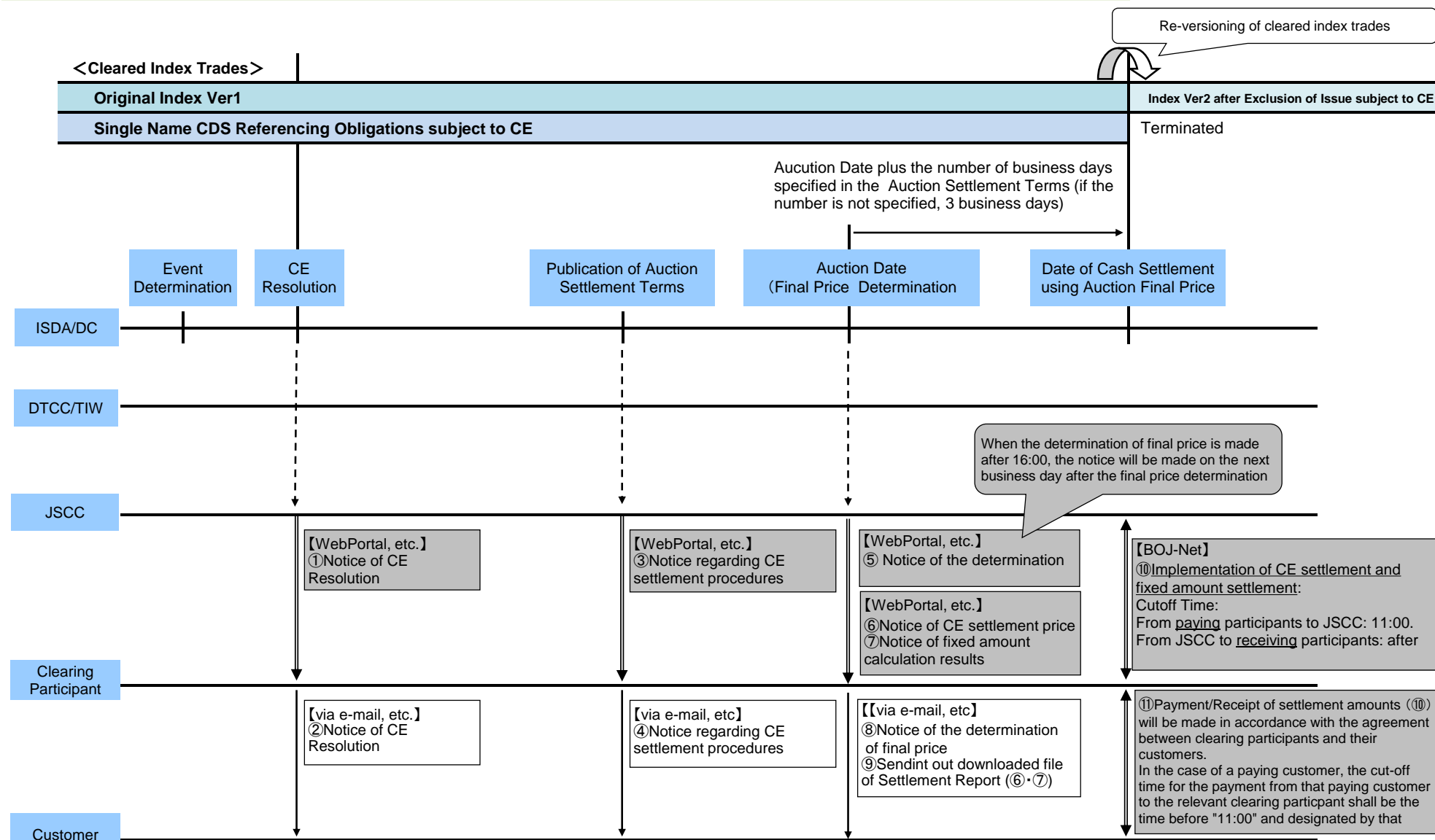


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【Condition】

The entrustor-entrustee relation between customers and clearing participants under the Clearing Brokerage will be registered in TIW.

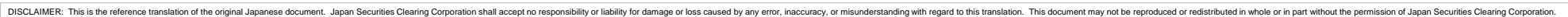
* This is a model case, thus operation procedures between customers and clearing participants under the clearing brokerage can be established arbitrarily. However, portions indicated by the arrow "⇒" and operation described in shaded comment boxes will be a must when JSCC processes the settlement of CE.

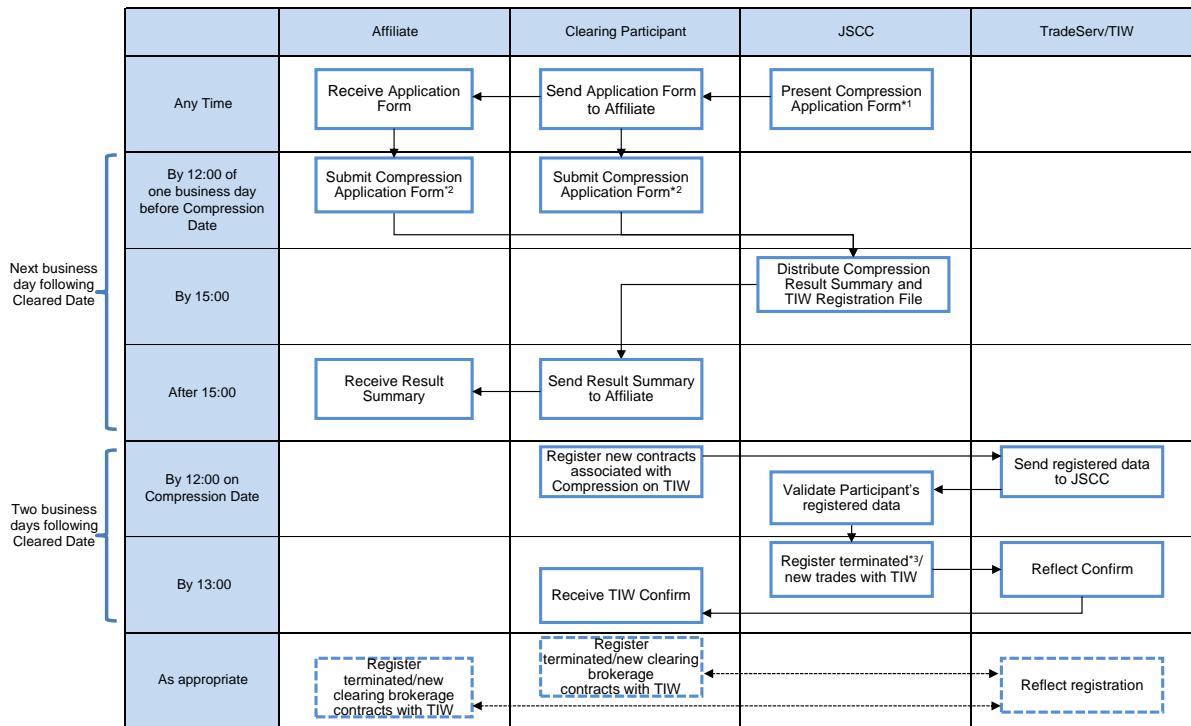


* Schedule of Credit Event Settlements shall be in accordance with the market practice regarding ISDA auctions.

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* This is a model case, thus operation procedures between customers and clearing participants under the clearing brokerage can be established arbitrarily. However, portions indicated by the arrow "→" and operation described in shaded comment boxes will be a must when JSCC processes the settlement of CE.





*1 The Application Form will be updated to reflect trades to be cleared on the business day preceding the Cleared Date immediately before the Compression Date.

*2 This is mandatory only if the previously submitted list is to be revised.

*3 For terminated contracts, JSCC will also register Participant's leg.

How to Fill In Application Form

1. Participate / Not Participate

Select from below options

"Participate (by trade)": Request Compression only with respect to trades selected by putting ☐ in tick column on "3. Compression Request List" (hereinafter "Request List").

"Participate (All Trades)": Request Compression with respect to all trades regardless of what is shown in tick column on Request List.

"Not Participate": Not participate in this Compression Cycle regardless of what is shown in tick column on Request List.

2. Treatment of Future New Trades

Select either:

"Put ☐ on Tick Column": Have ☐ displayed on tick column under default setting on next Request List.

"Leave Tick Column Blank": Have tick column under default setting of next Request List left blank.

3. Compression Request List

When requesting Compression for some of the trades but not all trades, select "Participate (by trade)" under "1. Participate/Not Participate" and put ☐ on trades you request Compression and leave tick column blank for trades not requesting Compression.

Group column is used when Compression is to be made among trades within the same group. In this case, Clearing Participant or Client will enter positive integer (Group ID) in group column:

e.g., If there is a trade with the Group ID of "123," Compression judgment will be made with other trades having "123" similarly.

Then, even if there is any trade having the same economic terms but its Group ID is "987," Compression will not be conducted.

Enter Group ID in Additional Terms filed when registering a new trade associated with Compression on TIW.

Then, Clearing Participant and its Client cannot use the same Group ID. (To prevent errors between Clearing Participant and its Client when matching legs registered with TIW by Clearing Participant and JSCC.)

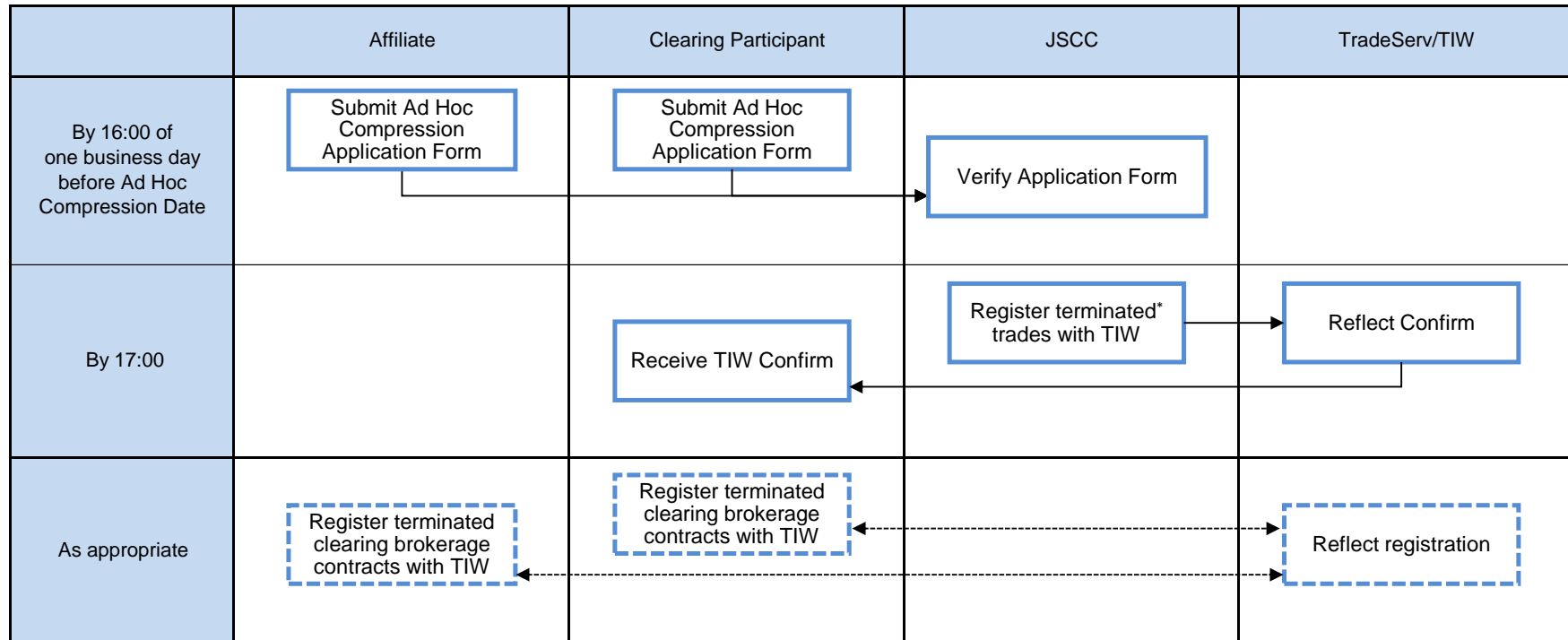
Enter "0" uniformly in Additional Terms field, if it is not necessary to set Group ID when you request Compression.

For next and subsequent Compression, if Request List is not submitted by 12:00 on one business day before Compression Date, Participant is deemed to have requested Compression with the same term as this Compression.

Example: Participant submitted Request List this time, but not submitted it at next Compression ⇒ Participant will be deemed to have requested Compression according to the contents of Request List for this Compression.

Selection of "1. Participate/Not Participate" for This Time	Selection of "2. Treatment of Future New Trades" for This Time	
	Put <input type="radio"/> on Tick Column	Leave Tick Column Blank
Participate (by trade)	Request Compression this time for "trades selected by putting <input type="radio"/> on Tick Column of Request List for Compression." And request Compression next time for "trades cleared after the this time Compression Date" in addition to the trades above.	Request Compression this time for "trades selected by putting <input type="radio"/> on Tick Column of Request List for this Compression." Also for next Compression and onward, request Compression only for the trades above.
Participate (all trades)	Regardless of indication on tick column on Request List, not request Compression this time for all trades. For next Compression and onward, request Compression for all trades.	Same as left.
Not Participate	Regardless of indication on tick column on Request List for this Compression, not request Compression this time for all trades. Also for next Compression and onward, not request Compression for all trades.	Same as left

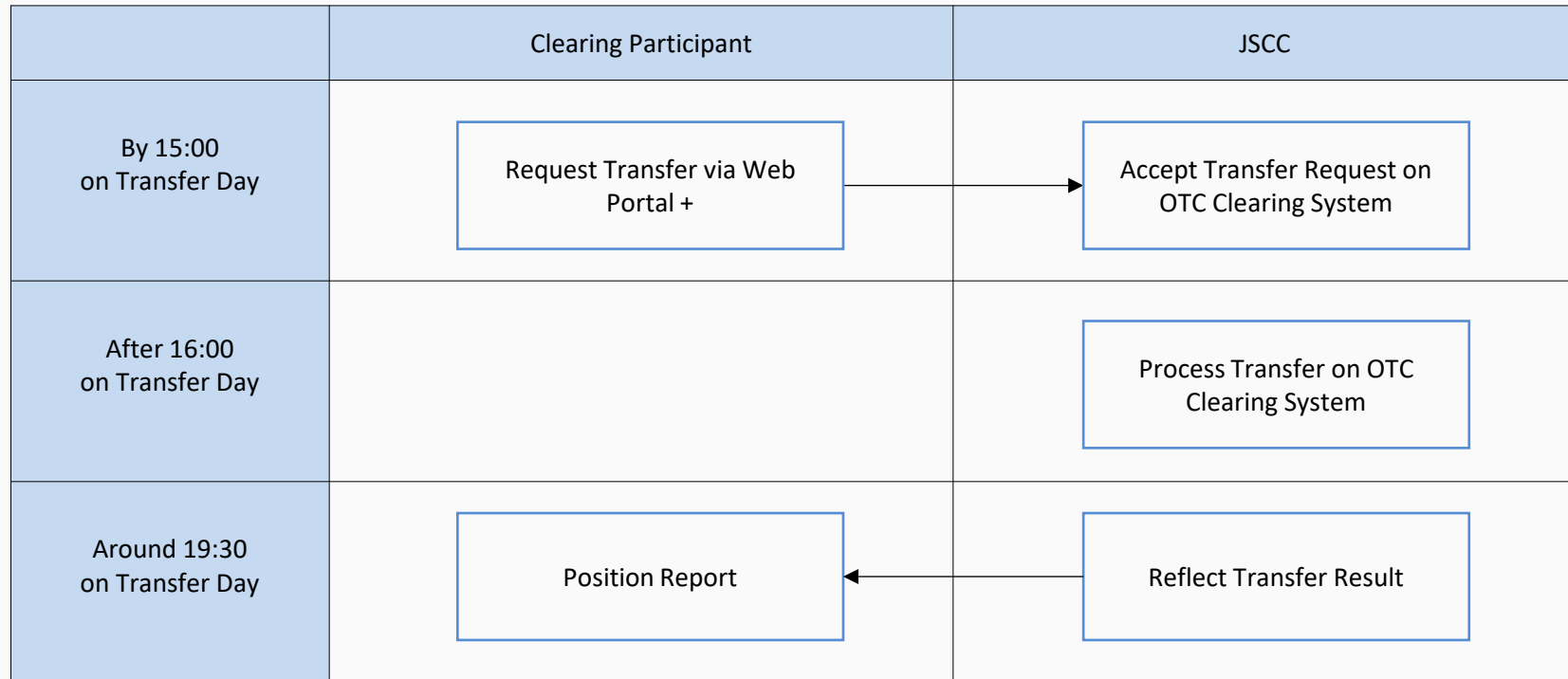
Operational Processing Workflow with regard to Ad Hoc Compression



* JSCC will also register Participant's leg.

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Operational Processing Workflow with regard to Position Transfer



- A Clearing Participant may withdraw a transfer request by 15:00.

- Notwithstanding the above, in the case of Position Transfer or Transfer of Proprietary Cleared Contracts (as set forth in Article 58-2.1.(1) or 58-2.1.(3) of the Business Rules) and Position Transfer or Transfer of Customer's Cleared Contracts (as set forth in Article 58-4.1.(1), 58-4.1.(4) or 58-4.1.(5) of the Business Rules), an intention of making such request shall be notified to JSCC in advance and separate arrangement in respect of its date and other necessary matters shall be made with JSCC.

Operational Processing Workflow with regard to Position Transfer

When requesting a transfer of all trades coming into effect on and after the Desired Date (Bulk Transfer)

✓ Please fill in the Position Transfer Application Form as instructed below and send the form/communicate the submission to JSCC.

How to Fill in Position Transfer Application Form

#	Item	Description												
1	Select Application Form	Use either of the below: For Separate Submission by Each Party to Transfer: Use when each party to Transfer desires to fill in and affix seal on a separate form, and submit it separately. To be Used When All Parties to Transfer Submit Jointly: Use when all parties to Transfer desire to fill in and affix seals on a single form and submit.												
2	Enter Company Name of the Parties to Transfer	<table> <tr> <th></th><th>Application Form "For Separate Submission by Each Party to Transfer"</th><th>Application Form "To be Used when All Parties to Transfer Submit Jointly"</th></tr> <tr> <td>Transfer from Transferring Customer to Clearing Broker</td><td>Enter Company Name in A. and B.</td><td>Enter Company Name/Name of Representative of Transferring Customer and Clearing Broker in the designated space provided at the upper area of the Application Form.</td></tr> <tr> <td>Transfer from Transferring Customer to Receiving Customer</td><td>Enter Company Name in A., B. and C.</td><td>Enter Company Name/Name of Representative of Transferring Customer, Receiving Customer and Clearing Broker in the designated space provided at the upper area of the Application Form.</td></tr> <tr> <td>Transfer from Clearing Broker to Receiving Customer</td><td>Enter Company Name in A. and C.</td><td>Enter Company Name/Name of Representative of Clearing Broker and Receiving Customer in the designated space provided at the upper area of the Application Form.</td></tr> </table>		Application Form "For Separate Submission by Each Party to Transfer"	Application Form "To be Used when All Parties to Transfer Submit Jointly"	Transfer from Transferring Customer to Clearing Broker	Enter Company Name in A. and B.	Enter Company Name/Name of Representative of Transferring Customer and Clearing Broker in the designated space provided at the upper area of the Application Form.	Transfer from Transferring Customer to Receiving Customer	Enter Company Name in A., B. and C.	Enter Company Name/Name of Representative of Transferring Customer, Receiving Customer and Clearing Broker in the designated space provided at the upper area of the Application Form.	Transfer from Clearing Broker to Receiving Customer	Enter Company Name in A. and C.	Enter Company Name/Name of Representative of Clearing Broker and Receiving Customer in the designated space provided at the upper area of the Application Form.
	Application Form "For Separate Submission by Each Party to Transfer"	Application Form "To be Used when All Parties to Transfer Submit Jointly"												
Transfer from Transferring Customer to Clearing Broker	Enter Company Name in A. and B.	Enter Company Name/Name of Representative of Transferring Customer and Clearing Broker in the designated space provided at the upper area of the Application Form.												
Transfer from Transferring Customer to Receiving Customer	Enter Company Name in A., B. and C.	Enter Company Name/Name of Representative of Transferring Customer, Receiving Customer and Clearing Broker in the designated space provided at the upper area of the Application Form.												
Transfer from Clearing Broker to Receiving Customer	Enter Company Name in A. and C.	Enter Company Name/Name of Representative of Clearing Broker and Receiving Customer in the designated space provided at the upper area of the Application Form.												
3	Transfer Method	Bulk Transfer: Requesting a transfer of all trades coming into effect on and after the Desired Date.												
4	Desired Date	Put JSCC Business Day on which you desire Bulk Transfer to start.												
5	Transferor Account Number (12-digit) and Receiver Account Number (12-digit)	Enter 12 digits combination of JSCC Participant ID (1st Layer, 5 digits), House or Customer (H or C, 1 digit), 2nd Layer ID (3 digits) and 3rd Layer ID (3 digits). Example: 12345H666AAA												

- Notwithstanding the above, in the case of Position Transfer or Transfer of Proprietary Cleared Contracts (as set forth in Article 58-2.1.(1) or 58-2.1.(3) of the Business Rules) and Position Transfer or Transfer of Customer's Cleared Contracts (as set forth in Article 58-4.1.(1), 58-4.1.(4) or 58-4.1.(5) of the Business Rules), an intention of making such request shall be notified to JSCC in advance and separate arrangement in respect of its date and other necessary matters shall be made with JSCC.

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