

Treatment of Profit or Loss from Management of Clearing Deposit

February 24, 2014

Amended on March 9, 2016

Amended on April 1, 2019

Japan Securities Clearing Corporation

1. Matters relating to the amount to be deducted from the profit earned from the management (concerning Article 52-4. 1 of Handling Procedures of CDS Business Rules)

- (1) The amount to be deducted from the profit earned from the management shall be determined by using the following formula:

(The sum of CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited with JSCC in cash (other than those held in the form of deposit in the current account in the name of JSCC opened at Bank of Japan pursuant to the provisions of Article 52-2.3 of Handling Procedures of CDS Business Rules) that is averaged over a calculation period (the calculation period set forth in Article 5-2. 2 of Rules on Fees for CDS Clearing Business) x  $20/10,000 \times (\text{number of days in the relevant calculation period}) / 365$

- (2) The period used for averaging the sum of CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited with JSCC in cash by the Clearing Participant or the Clearing Customer (other than those held in the form of deposit in the current account in the name of JSCC opened at Bank of Japan pursuant to the provisions of Article 52-2.3 of Handling Procedures of CDS Business Rules) shall be the said calculation period.

2. Matters relating to the share of the loss from the management (concerning Article 52-4. 3 of Handling Procedures of CDS Business Rules)

A Clearing Participant's or Clearing Customer's share of loss shall be determined by prorating such loss according to the sum of CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited with JSCC in cash by the Clearing Participant or the Clearing Customer (other than those held in the form of deposit in the current account in the name of JSCC opened at Bank of Japan pursuant to the provisions of Article 52-2.3 of Handling Procedures of CDS Business Rules) as of 4:00 p.m. on the day immediately preceding the day on which JSCC's assets in trust to a trust bank bear loss due to the management.

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