Partial Amendments to Handling Procedures of CDS Clearing Business Rules and Other Rules associated with Accommodation of Tri-Party Collateral Management Service

I. Purpose of Amendment

In association with an accommodation of the tri-party collateral management service for the purpose of mitigation of collateral operation burden and effective collateral utilization on the part of Clearing Participants in JSCC CDS Clearing Service, JSCC makes necessary amendments to the Handling Procedures of CDS Clearing Business Rules and other rules as per Annex attached hereto.

II. Outline of Amendment	(Remarks)
1. Accommodation of Tri-Party Collateral Management Service	
・ A utilization of a tri-party collateral management service is added to the method of deposit and management of the Eligible Securities Collaterals for the purpose of mitigation of collateral operation burden and effective collateral utilization.	・ Handling Procedures of CDS Clearing Business Rules, Article 17.1 et al.
・ No Collateral Fee is charged on the Eligible Securities Collaterals posted through the tri-party collateral management service.	・ Rules on Fees for CDS Clearing Business, Article 5-2.2
2. Other	
・ Other necessary amendments are made.	

III. Effective Date

The amendments shall come into force as of the date designated by JSCC which is no earlier than October 5, 2026.

Handling Procedures and other Rules Partial Amendment
concerning CDS Clearing Business

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Annex

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.

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. However, in the case of the Eligible Securities Collateral posted in the manner prescribed in Paragraph 2.(2)-2 below, the prices used to determine the value of the Eligible Securities Collateral shall be the market price used in the tri-party collateral management service multiplied by the rate listed in the column under the “Market Price Multiplier” in Appendix 1 hereto.

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 intends~~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;

b. 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 designated by JSCC in the manner prescribed by JSCC in a notification~~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 in the manner prescribed by JSCC in a notification~~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 in the manner prescribed by JSCC in a notification~~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.

(2)-2 Manner of Deposit of Eligible Securities Collateral using Tri-party Collateral Management Service

When a Clearing Participant posts Eligible Securities Collateral using the tri-party collateral management service offered by the providers designated by JSCC in a public notice (hereinafter referred to as "Tri-party Collateral Management Service Provider"), it shall do so through a transfer to the account opened and maintained in the name of JSCC at the Tri-party Collateral Management Service Provider, and advise such effect to JSCC in the manner prescribed by JSCC in a notification.

(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.

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,

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.

(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<u>; or</u>~~,~~

<u>c. Record in an account opened and maintained in the name of JSCC with the Tri-party Collateral Management Service Provider,</u>

<u>and to manage it on the accounting book by Clearing Participant and by type of the Clearing Deposit.</u>

(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 designated by JSCC~~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; or~~,~~

c. Record in an account opened and maintained in the name of JSCC with the Tri-party Collateral Management Service Provider,

and to manage it on the accounting book by Clearing Participant and by type of the Clearing Deposit.

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,

and to manage it on the accounting book by Customer.

(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,

and to manage it on the accounting book by Customer.

(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 designated by JSCC~~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, and to manage it on the accounting book by Customer.

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.

Supplementary Provisions

These revised Rules shall come into force as of the date designated by JSCC which is on or after 5 October 2026.

Rules on Fees for CDS Clearing Business

Original Document Title : CDS 清算業務に係る手数料に関する規則

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.

Article 5-2. Collateral Fee

1 The Collateral Fee is the amount equivalent to the costs associated with the management of Eligible Securities Collateral deposited by a Clearing Participant with JSCC as CDS Clearing Fund, Initial Margin (including that related to Customer's Cleared Contracts) and Default Contingent Margin (collectively referred to as "Collateral" in this Article), the costs associated with the money trust to a bank which operates trust business as set forth in Articles 52-2.1.(1).b and 52-2.2.(1).b. of the Handling Procedures of CDS Clearing Business Rules (hereinafter referred to as "Money Trust") and other expenses that JSCC has incurred in accommodating a Clearing Participant's request in connection with the management of Collateral.

2 The Collateral Fee for each month payable by a Clearing Participant shall be the sum of the values obtained as per Items below:

(1) JGB Management Costs

The value obtained by following formula:

(Monthly average Face Value of JGB posted by a Clearing Participant as Collateral during Calculation Period and managed in the manner prescribed in Article 52-2.1.(2).b. and Article 52-2.2.(2).b. of the Handling Procedures of CDS Clearing Business Rules) X (Actual Number of Days in the relevant month) / 365 X 0.50 / 10,000

(2) US Treasuries Management Costs

The sum of the values obtained by formulae in a. through c. below:

a. (Monthly average of Japanese yen equivalent of the face value of US Treasuries posted by a Clearing Participant as Collateral and managed in the manner prescribed in Article 52-2.1.(3).b. and Article 52-2.2.(3).b. of the Handling Procedures of CDS Clearing Business Rules converted into Japanese yen in the manner prescribed by JSCC in a public notice) X (Actual Number of Days in the relevant month) / 365 X 0.50 / 10,000

b. (Sum of the Market Value (referring to the amount calculated by JSCC in the manner prescribed in a public notice, then converted into JPY) of US Treasuries posted by a Clearing Participant as Collateral and managed in the manner prescribed in Article 52-2.1.(3).b. and Article 52-2.2.(3).b. of the Handling Procedures of CDS Clearing Business Rules as of the end of each month) X (Actual Number of Days in the relevant month) / 365 X 1.0 / 10,000

c. JPY equivalent of the amount obtained by the formula shown below converted into JPY in a manner prescribed by JSCC in a public notice

USD20.00 X (Number of Posting and Withdrawal Instructions given by a Clearing Participant in relation to US Treasuries posted as Collateral and managed in the manner prescribed in Article 52-2.1.(3).b. and Article 52-2.2.(3).b. of the Handling Procedures of CDS Clearing Business Rules during the relevant month)

(3) The costs related to Money Trust (applicable only when a negative interest rate applies to a portion of the current account under the Complimentary Deposit Facility of the Bank of Japan and JSCC is to bear the trust fee corresponding to such interest rate) The sum of the values obtained by below formulae on each day in each month

(Portion of Collateral posted by a Clearing Participant to JSCC in the form of cash on the relevant day which is held in the manner of the Money Trust to the bank which operates trust business and is managed in a manner set forth in Article 52-3.(3) and Article 52-3.(4) of the Handling Procedures of CDS Clearing Business Rules) X 1/365 x (absolute value of the relevant negative interest rate)

(4) In addition to the costs described in Items (1), (2) and (3) above, other costs incurred by JSCC in fulfilling a Clearing Participant's requests regarding the management of Collateral.

Supplementary Provisions

These revised Rules shall come into force as of the date designated by JSCC which is on or after October 5, 2026.