

Partial Amendment to "Rules on Fees for JGB OTC Transaction Clearing Business" and Other Rules Associated with Revision of Clearing Fee in JGB OTC Transaction Clearing Business

I . Purpose of Amendment

JSCC makes necessary amendments to the "Rules on Fees for JGB OTC Transaction Clearing Business" and other rules to revise Clearing Fees as per Annex attached hereto.

II . Outline of Amendment

1. Revision of the Fees

- Revise fee rates for Account Management Fee, Obligation Assumption Fee, Collateral Allocation Fee and Balance Management Fee.
- Calculation of Obligation Assumption Fee covers Transactions Subject to Clearing for which assumption of obligation were performed by JSCC.
- Calculation of Collateral Allocation Fee covers the portion for which Collaterals have been already Allocated.

2. Abolishment of the Fee

- Abolish Clearing Participant Web Terminal Usage Fee and Certificate Issuance Fee.

3. Application of Regular Fee Structure to Index-Inflation Japanese government bonds

- Abolish the notification of fees related to Index-Inflation Japanese government bonds.
- Abolish the specific fee structure and apply the same fee structure as for Interest-bearing Japanese government bonds to Index-Inflation Japanese government bonds.

(Remark)

- Paragraph 2 of Article 2, Article 3, Article 3-2 and Appendix 1 of Fees for JGB OTC Transaction Clearing Business
- Article 8 and Article 9 of Rules on Fees for JGB OTC Transaction Clearing Business
- Paragraph 2 of Article 10, Article 12-2, Paragraph 2 of Article 24 of Handling Procedures of Japanese Government Bond Over-the-Counter Transaction Clearing Business Rule

#### 4. Other matters

Other necessary amendments are made.

- Article 3, Article 3-2, Article 10-2 of Rules on Fees for JGB OTC Transaction Clearing Business

### III. Effective Date

These revision will come into effect on April 1, 2024. However, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply these revised Rules, then these revised Rules shall come into effect on the date on or after April 1, 2024 designated by JSCC.

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Handling Procedures of Japanese Government Bond Over-the-Counter Transaction  
Clearing Business Rules

(Article 1 Purpose)

These Rules set forth the matters which are to be prescribed by JSCC pursuant to the Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules (hereinafter referred to as "Business Rules").

(Article 1-2 Form of Guarantee)

The form prescribed by JSCC as stipulated in Article 2, Paragraph 1, Item (10), Article 6, Paragraph 2 and Article 9-3 of the Business Rules shall be the form attached hereto as Exhibit Form 1.

(Article 2 Transactions Subject to Clearing)

1. Japanese government bonds specified by JSCC as stipulated in Article 4, Paragraph 1 of the Business Rules shall be those set forth in each of the following Items (excluding those which are deemed inappropriate by JSCC taking into account liquidity, etc.):
  - (1) Interest-bearing Japanese government bonds (excluding Japanese government bonds for retail investors (referring to Japanese government bonds for retail investors prescribed in Article 2 of the Ordinance on Issuance, etc. of Japanese Government Bonds for Retail Investors (Ordinance of the Ministry of Finance No. 68 of 2002); the same applies hereinafter)
  - (2) Discount Japanese government bonds (excluding those listed in the following Item and including Principal only book-entry transfer Japanese government bonds (referring to Principal only book-entry transfer Japanese government bonds prescribed in Article 90, Paragraph 2 of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., (Act No. 75 of 2001; hereinafter referred to as "Book-Entry Transfer Act"); the same applies hereinafter) and Coupon only book-entry transfer Japanese government bonds (referring to Coupon only book-entry transfer Japanese government bonds prescribed in Article 90, Paragraph 3 of said Act; the same applies hereinafter)
  - (3) Treasury discount bills
2. Transactions specified by JSCC as stipulated in Article 4, Paragraph 2 of the Business Rules shall be, for each transaction listed in each of the following Items, the

transactions which fulfill the matters prescribed in the respective Item:

(1) Buying and Selling, Etc. of Japanese Government Bonds

- A) The Buying/Selling Settlement Day arrives on or before the day immediately preceding the corresponding day after one (1) month from the contract day (if there is no such corresponding day, the last day of the month (if such day falls on a holiday, the day shall be the immediately preceding business day) and if the corresponding day falls on a holiday, the day shall be the following day (if such day falls on a holiday, the day shall be the immediately following business day ; the same applies hereinafter) (if such following day falls on a day in the following month, the day shall be the immediately preceding day of the corresponding day (if such day falls on a holiday, the day shall be the immediately preceding business day; the same applies hereinafter except for the cases in Article 14, Paragraph 2, Item 3)); the same applies hereinafter) (in the case of the When-Issued Transactions, the Buying/Selling Settlement Day arrives on or before the day immediately preceding the corresponding day after one (1) month from the contract day, or on their issue date).
- B) The quantity of subject Japanese government bonds is fifty thousand (50,000) yen face value (in the case of Japanese government bonds with floating rate and Inflation-Indexed Japanese government bond (referring to inflation-indexed Japanese government bonds prescribed in Article 1 of the Ordinance on Handling of Inflation-Indexed Japanese Government Bonds (Ordinance of the Ministry of Finance No. 7 of 2004); the same applies hereinafter), one hundred thousand (100,000) yen face value) multiplied by a whole number.
- C) For Japanese government bonds with floating rate, as of the time of submission to JSCC of an application for assumption of the obligations, the Buying/Selling Settlement Day arrives during an interest calculation period for which the interest rate has been fixed (if the last day of the interest calculation period for which the interest rate has been fixed falls on a holiday, on or before the business day immediately following such last day; the same applies, hereinafter).
- D) For Inflation-Indexed Japanese government bonds, as of the time of submission to JSCC of an application for assumption of the obligations, the Indexation Coefficient (referring to the value published by the Ministry of Finance, as the indexation coefficient for Inflation-Indexed Japanese government bonds; the same applies hereinafter) as of the Buying/Selling Settlement Day has been fixed.

- E) As of the time of submission to JSCC of an application for assumption of the obligations, the issue and interest rate of subject Japanese government bonds have been fixed.
- (2) Cash-secured Bond Lending Transaction, Etc.
- A) The Transaction Settlement Day arrives on or before the corresponding day after one (1) year from the contract day.
- B) As of the time of submission to JSCC of an application for assumption of the obligations, the Transaction Settlement Day has been fixed.
- C) The quantity of subject Japanese government bonds is fifty thousand (50,000) yen face value (in the case of Japanese government bonds with floating rate and Inflation-Indexed Japanese government bonds, one hundred thousand (100,000) yen face value) multiplied by a whole number.
- D) For Japanese government bonds with floating rate, as of the time of submission to JSCC of an application for assumption of the obligations, the Transaction Settlement Day arrives during an interest calculation period for which the interest rate has been fixed.
- E) For Inflation-Indexed Japanese government bonds, as of the time of submission to JSCC of an application for assumption of the obligations, the Indexation Coefficient of the Transaction Execution Day has been fixed.
- F) The standard cash collateral rate (referring to the rate to be used for multiplying the total market value to calculate the amount of cash collateral to be maintained by Borrowing Clearing Participant) is one hundred (100) percent.
- G) As of the time of submission to JSCC of an application for assumption of the obligations, issue and interest rate for the subject Japanese government bonds have been fixed.
- (3) Standard Repo Transaction, Etc.
- A) The Ending Transaction Delivery Day arrives on or before the corresponding day after one (1) year from the contract day.
- B) As of the time of submission to JSCC of an application for assumption of the obligations, the Ending Transaction Delivery Day has been fixed.
- C) The redemption day of subject Japanese government bonds does not arrive on or before the Ending Transaction Delivery Day.
- D) The quantity of subject Japanese government bonds is fifty thousand (50,000) yen face value (in the case of Japanese government bonds with floating rate and

Inflation-Indexed Japanese government bonds, one hundred thousand (100,000 yen face value) multiplied by a whole number.

- E) For Japanese government bonds with floating rate, as of the time of submission to JSCC of an application for assumption of the obligations, the Ending Transaction Delivery Day arrives during an interest calculation period for which the interest rate has been fixed.
  - F) For Inflation-Indexed Japanese government bonds, as of the time of submission to JSCC of an application for assumption of the obligations, the Indexation Coefficient of the Starting Transaction Delivery Day has been fixed.
  - G) For Standard Repo Transaction, Etc. for interest-bearing Japanese government bonds, the transaction is Repo Transaction, Etc. with accrued interest (referring to Repo Transaction, Etc. for which selling and buying unit price (referring to a price per one hundred (100) yen face value; the same applies hereinafter in this Article) includes accrued interest corresponding to the number of days to the Ending Transaction Delivery Day and for which Repo Buying Clearing Participant pays Repo Selling Clearing Participant on the interest payment day the amount equal to the interest to be received if the interest payment day for the subject Japanese government bonds arrives within a period starting on the day immediately following the Starting Transaction Delivery Day (if such day falls on a bank holiday day, the day shall be the immediately following day which is not a holiday) and ending on the Ending Transaction Delivery Day).
  - H) Ratio of calculating the selling and buying amount (referring to the number used for dividing the market value of the subject Japanese government bonds at the time of contract subtracted by 1 to calculate selling and buying unit price for starting transaction in the relevant Standard Repo Transaction, Etc.) is zero.
  - I) As of the time of submission to JSCC of an application for assumption of the obligations, issue and interest rate for the subject Japanese government bonds have been fixed.
- (4) Subsequent Collateral Allocation Repo Transaction, Etc.
- A) Ending Transaction Delivery Day arrives on or before the corresponding day after one (1) year from the contract day.
  - B) As of the time of submission of an application for assumption of the obligations to JSCC, the Ending Transaction Delivery Day has been fixed.
  - C) Starting Delivery Amount is ten million (10,000,000) yen face value multiplied by

a whole number.

- D) For such transaction, the Repo Buying Clearing Participant shall pay the amount equal to interest amount to be received when such interest payment day arrives to the Repo Selling Clearing Participant on such interest payment days, for Japanese government bonds, for which issue have been allocated by the Collateral Allocation in a period from the immediately following day of the Starting Transaction Delivery Day (if such day falls on a bank holiday, following day which is not a holiday) to Ending Transaction Delivery Day.

(Article 2-2 Designation etc. of Basket)

1. JSCC shall designate the Basket by specifying one or more names of Japanese government bonds, as the range of Japanese government bonds subject to transaction.
2. JSCC may abolish the Basket which have been designated or amend the contents of designation.
3. In designating the Basket or amending the contents of designation, JSCC may set limitation on year to maturity or cover or exclude specific issue, for all or a part of the names of Japanese government bonds included in such Basket.
4. When JSCC designates, abolishes or amends the contents of the Basket pursuant to the provisions in the preceding three (3) Paragraphs, JSCC shall notify Clearing Participant to that effect in advance.

(Article 3 Application for Obtaining JGB OTC Transaction Clearing Qualification)

1. The application for obtaining the JGB OTC Transaction Clearing Qualification as stipulated in Article 6, Paragraphs 1 to 3 or Paragraph 5 of the Business Rules shall be made by the Qualification Applicant by submitting to JSCC a written application for the JGB OTC Transaction Clearing Qualification in a prescribed form stating the matters listed in each of the following Items:
  - (1) Classification of JGB OTC Transaction Clearing Qualification to be obtained (when applying for obtaining the JGB OTC Transaction Clearing Qualification as stipulated in Article 6, Paragraph 2 of the Business Rules, a statement to the effect that it is for the JGB OTC Transaction Principal Clearing Qualification which is subject to the condition that the applicant's Parent Company, Etc. extends the Guarantee by Parent Company Etc. for all of its obligations owed to JSCC, and when applying for obtaining the JGB OTC Transaction Clearing Qualification as stipulated in



Paragraph 3 of said Article, a statement to the effect that it is for the JGB OTC Transaction Principal Clearing Qualification which is subject to the condition that if the applicant obtains the JGB OTC Transaction Clearing Qualification, the obligations owed by JSCC pursuant to the provisions of Article 44, Paragraph 1 and Article 45, Paragraph 1 of the Business Rules will be netted out at a ratio of not less than the ratio as stipulated in the following Article);

- (2) Trade name or corporate name (including the trade name or corporate name in English);
  - (3) Address of the headquarters or principal office;
  - (4) Name of the representative; and
  - (5) Reasons for applying for obtaining the JGB OTC Transaction Clearing Qualification.
2. Documents that JSCC deems necessary shall be attached to the written application for the JGB OTC Transaction Clearing Qualification prescribed in the preceding Paragraph.

(Article 4 Ratio Prescribed by JSCC)

The ratio prescribed by JSCC as stipulated in Article 6, Paragraph 3, Article 7, Paragraph 3, Item (2), Article 28, Paragraph 10 of the Business Rules shall be ninety (90) percent.

(Article 5 Procedures for Obtaining JGB OTC Transaction Clearing Qualification)

1. The procedures for obtaining the JGB OTC Transaction Clearing Qualification prescribed in Article 8, Paragraph 1 of the Business Rules shall be the payment of the fee for obtaining the JGB OTC Transaction Clearing Qualification and other procedures deemed necessary by JSCC.
2. The fee for obtaining the JGB OTC Transaction Clearing Qualification set forth in the preceding Paragraph shall be 1 million yen, and Qualification Applicant shall pay such fee together with the corresponding consumption tax and local consumption tax.
3. The provisions of Paragraph 1 *mutatis mutandis* to the procedures for obtaining the JGB OTC Transaction Clearing Qualification set forth in Article 8, Paragraph 3 of the Business Rules. In this case, the phrase “the payment of the fee for obtaining the JGB OTC Transaction Clearing Qualification and other procedures deemed necessary by JSCC” in Paragraph 1 shall be deemed to be replaced with “the procedures deemed necessary by JSCC.”

(Article 5-2 Clearing Participant Agreement)

The form prescribed by JSCC as stipulated in Article 10 of the Business Rules shall be the form attached hereto as Exhibit Form 2.

(Article 6 Matters to be Notified)

Notifications to JSCC as stipulated in Article 11, Paragraph 1, Article 12, Article 18 and Article 42, Paragraph 2 of the Business Rules shall be submitted by the date and time designated by JSCC in a prescribed form, to which documents deemed necessary by JSCC shall be attached.

(Article 7 Matters to be Reported)

- 1 The circumstances prescribed by JSCC as stipulated in Article 19 of the Business Rules shall be those listed in each of the following Items, and the reports shall be submitted in a prescribed form, to which documents deemed necessary by JSCC shall be attached:
  - (1) When a Clearing Participant prescribes or amends the method of managing the risk of loss, the method of division of duties or details and methods of other operations;
  - (2) When a Clearing Participant learns that the Designated Parent Company (referring to the Designated Parent Company as stipulated in Article 57-12, Paragraph 3 of the Act; the same applies hereinafter) filed notification pursuant to the provisions of Article 57-14 of the Act concerning the matters listed in Article 57-13, Paragraph 1, Item (6) of the Act;
  - (3) When a Clearing Participant suspends or resumes its business;
  - (4) When a Clearing Participant files a petition for the commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, commencement of reorganization proceedings, commencement of liquidation or commencement of special liquidation, or when a Clearing Participant learns the fact that a petition was filed for any of the foregoing;
  - (5) When a Clearing Participant learns the fact that its Designated Parent Company filed a petition for the commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, commencement of reorganization proceedings, commencement of liquidation or commencement of special liquidation, or when a Clearing Participant learns that a petition against its Designated Parent Company

- was filed for any of the foregoing;
- (6) When a Clearing Participant becomes, or is likely to become, insolvent;
- (7) When a Clearing Participant learns that the Designated Parent Company has become, or is likely to become, insolvent;
- (8) When the amount of its net worth (*jun zaisan*) (in the case of an entity that is not a Financial Instruments Business Operator, the amount of its net assets (*jun shisan*); the same applies hereinafter in this Item) becomes less than five billion (5,000,000,000) yen and one billion (1,000,000,000) yen (if such Clearing Participant is an JGB OTC Transaction Agency Clearing Participant, when the amount of its net worth (*jun zaisan*) becomes less than twenty billion (20,000,000,000) yen; if such Clearing Participant is a Clearing Participant for which the Guarantee by Parent Company Etc. is extended, when the amount of its net worth (*jun zaisan*) becomes less than one billion (1,000,000,000) yen; and if such Clearing Participant is a Clearing Participant which has obtained the JGB OTC Transaction Clearing Qualification through the application as stipulated in Article 6, Paragraph 3 of the Business Rules when the amount of its net worth (*jun zaisan*) becomes less than two and a half billion (2,500,000,000) yen and one billion (1,000,000,000) yen);
- (9) When the amount of its stated capital or the total amount of capital contributions becomes less than three hundred million (300,000,000) yen;
- (10) When any one of the events set forth in A) through D) below has occurred to the Clearing Participant according to its category set forth therein:
- A) Financial Instruments Business Operator, Securities Finance Company or Call Loan Dealer
- When its capital-to-risk ratio or consolidated capital-to-risk ratio becomes less than two hundred (200) percent and one hundred forty (140) percent; in the case of a Securities Finance Company or a Call Loan Dealer, when it falls under the circumstances similar thereto;
- B) Financial institution subject to Uniform International Standards:
- When any one of the events set forth in (a) through (c) below has occurred (in the case of a foreign bank, if any event equivalent thereto has occurred):
- (a) When its non-consolidated or consolidated Common Equity Tier 1 ratio for an institution which operates with investment from its members, its non-consolidated or consolidated common capital contribution Tier 1 ratio;

the same applies hereinafter) became less than 4.5 percent:

- (b) When its non-consolidated or consolidated Tier 1 ratio became less than 6 percent; or
- (c) When its non-consolidated or consolidated Total Capital ratio became less than 8 percent;

C) Banks other than financial institutions subject to Uniform International Standards:

When its non-consolidated or consolidated capital adequacy ratio under the domestic standards becomes below four (4) percent;

D) Insurance company:

Its non-consolidated or consolidated solvency margin ratio becomes less than four hundred (400) percent and two hundred (200) percent;

- (11) When a Clearing Participant learns that a majority of the voting rights of all shareholders (excluding voting rights from shares which may not be exercised on all the matters on which a resolution may be effected at a shareholders' meeting and including voting rights from shares which are deemed to have voting rights pursuant to the provisions of Article 879, Paragraph 3 of the Companies Act (Act No. 86 of 2005) or voting rights of the equity investment is held by a single person or other single entity or other organization;
- (12) When there is any change in respect of its top ten (10) major shareholders (referring to the ten (10) shareholders in descending order for the number of shares which a shareholder holds in its own or in others' names);
- (13) When any of its directors or officers becomes, or ceases to be, a director or officer of another corporation or other legal entity;
- (14) When a disposition or punishment according to the provisions of the Laws and Regulations is given to a Clearing Participant, or an opportunity to participate in a hearing or to present a defense in connection with a disposition according to the provisions of the Laws and Regulations is given to a Clearing Participant;
- (15) When a Clearing Participant learns that a disposition or punishment was given to its Designated Parent Company or Specified Major Shareholder (referring to the Specified Major Shareholders stipulated in Article 32, Paragraph 4 of the Act; the same applies hereinafter) according to the provisions of the Laws and Regulations or that an opportunity to participate in a hearing or to present a defense in connection with a disposition was given to its Designated Parent Company or

- Specified Major Shareholder according to the provisions of the Laws and Regulations;
- (15)-2 In association with a disposition set forth in preceding two Items, when the Clearing Participant reported improvement plan, etc. to an administrative agency.
- (16) In the case of a Financial Instruments Business Operator, when a Clearing Participant learns that any of its directors or officers has fallen under any of the person listed in Article 29-4, Paragraph 1, Item 2 a) to i) of the Act; in the case of a Clearing Participant which is not a Financial Instruments Business Operator, when the Clearing Participant learns that any of its directors or officers was given a resolution for the commencement of bankruptcy proceedings, a sentence for imprisonment without work or severer punishment, or has been fined according to the provisions of the Laws and Regulations;
- (17) When a Clearing Participant learns that any of the directors or officers of its Designated Parent Company has fallen under any of the person listed in Article 29-4, Paragraph 1, Item 2 a) to i) of the Act;
- (18) When a Clearing Participant learns that any of the Major Shareholders of a Financial Instruments Business Operator (referring to the Major Shareholder stipulated in Article 29-4, Paragraph 2 of the Act; the same applies hereinafter) has fallen under the provisions of Article 29-4, Paragraph 1, Item 5 (d) or (e) of the Act (in the case of a foreign entity, when it learns that those equivalent to the Major Shareholders have fallen under (f) of said Item);
- (19) When a Clearing Participant learns that any of the Major Shareholders of its Designated Parent Company has fallen under the provisions of Article 29-4, Paragraph 1, Item 5 (d) or (e) of the Act;
- (20) When a civil lawsuit (excluding a civil lawsuit, the value of the subject matter for which is less than one billion (1,000,000,000) yen; the same applies hereinafter) has been filed against a Clearing Participant or a judgment, etc. of court (including when such judgment, etc. has been appealed) has been made in respect of such lawsuit, or when a petition for mediation (excluding a mediation the value of the subject matter for which is less than one billion (1,000,000,000) yen; the same applies hereinafter) under the Civil Conciliation Act has been filed against a Clearing Participant or such mediation case has been concluded;
- (21) When a Clearing Participant learns that a civil lawsuit has been filed against its Designated Parent Company or that a judgment, etc. of court (including when such

- judgment, etc. has been appealed) has been made in respect of such lawsuit, or that a petition for mediation under the Civil Conciliation Act has been filed against its Designated Parent Company has been filed or that such mediation case has been concluded;
- (21-2) When the report related to the affiliates pursuant to Article 46-3, Paragraph 2 of the Act with respect of a Financial instruments Business Operator, the report related to the affiliates pursuant to Article 48-2, Paragraph 2 of the Act with respect of a Registered Financial Institutions or the report related to the affiliates pursuant to Article 49-3, Paragraph 2 of the Act with respect of a Financial instruments Business Operator which is a foreign corporation, is made;
- (22) When a Clearing Participant prepares the monitoring questionnaires pursuant to the provisions of Article 56-2 of the Act (in the case of a Securities Finance Company or a Call Loan Dealer, items equivalent thereto; and in the case of a Registered Financial Institution that is a JGB OTC Transaction Agency Clearing Participant, main account status sheets prescribed by JSCC);
- (23) When a Clearing Participant prepares the document stating the soundness of the company available for public inspection pursuant to the provisions of Article 57-5, Paragraph 3 of the Act;
- (24) When a Clearing Participant's Ultimate Designated Parent Company (referring to the Ultimate Designated Parent Company stipulated in Article 57-12, Paragraph 3 of the Act) prepares the document stating the soundness of the company available for public inspection pursuant to the provisions of Article 57-17, Paragraph 3 of the Act;
- (25) In the case of a Financial Instruments Business Operator, when a Clearing Participant prepares a business report; in the case of the Banks or an insurance company, when a Clearing Participant prepares a non-consolidated or consolidated business report or an interim business report; in the case of a Securities Finance Company, when a Clearing Participant prepares a business report or an interim financial result status sheet; and in the case of a Call Loan Dealer, when a Clearing Participant prepares a business report;
- (26) When a Clearing Participant prepares a business report pursuant to Article 57-3, Paragraph 1 of the Act;
- (27) When a Clearing Participant's Ultimate Designated Parent Company prepares a business report;
- (28) In the case of a Clearing Participant which has Trust Accounts, when it prepares

- reports concerning the balance of Japanese government bonds in the balance of trust assets prescribed by JSCC;
- (29) When a Clearing Participant prepares a financial result overview report or an interim financial result overview report prescribed by JSCC;
- (30) In the case of a Financial Instruments Business Operator which is a foreign entity, when it prepares the balance sheet, profit and loss statement or other documents related to financial accounting as stipulated in Article 49-3, Paragraph 1 of the Act;
- (31) When a Clearing Participant learns that its Designated Parent Company changed the location of its headquarters or principal office;
- (32) When a Clearing Participant filed a notification pursuant to the provisions of Article 57-2, Paragraph 1 or Paragraph 6 of the Act (limited to the case where the Clearing Participant falls under the provision of Item (2) of said Paragraph);
- (33) When a Clearing Participant learns that its Parent Company, Etc. is designated as a Designated Parent Company, or that such designation is cancelled or has become ineffective;
- (34) When a Clearing Participant learns that its Designated Parent Company merged with another entity (excluding the cases where the Designated Parent Company ceases to exist through the merger or notification related to the merger has already been submitted pursuant to Article 18, Paragraph 3 of the Business Rules);
- (35) When a Clearing Participant learns that any of the directors or officers of its Designated Parent Company has changed (excluding the cases listed in Item (8)-2); and
- (36) When a Clearing Participant learns that a person has newly become, or ceased to be, a Specified Major Shareholder.
- (37) When a Clearing Participant changes its fiscal year end date.
2. With respect to the reports referenced in Item (25) of the preceding Paragraph, in addition to documents stipulated in the main text of such Paragraph, audit reports by accounting auditors (including the documents that JSCC deems appropriate as equivalent thereto) concerning financial statements attached to the business reports or non-consolidated business reports shall be attached.
3. In the case of a Clearing Participant which is extended a Guarantee by Parent Company Etc., the circumstances prescribed by JSCC as stipulated in Article 19 of the Business Rules shall be, in addition to those listed in each Item of Paragraph 1, those listed in each of the following Items, and the reports shall be submitted in a prescribed

form, to which documents that JSCC deems necessary shall be attached:

- (1) When any of the Items (3), (4), (6), (9), (10), (20) to (23), (25) and (26) of Paragraph 1 becomes applicable to its Parent Company, Etc. (limited to those extending the Guarantee by Parent Company Etc., for such Clearing Participant; the same applies, hereinafter) (in the case of Paragraph 1, Item (4), excluding the case where a report concerning the Parent Company, Etc. has already been submitted pursuant to Item (5) of said Paragraph, in the case of Item (6) of said Paragraph, excluding the case where a report concerning the Parent Company, Etc. has already been submitted pursuant to Item (7) of said Paragraph, and in the case of Item (20) of said Paragraph, excluding the case where a report concerning the Parent Company, Etc. has already been submitted pursuant to Item (21) of said Paragraph); and
  - (2) When the amount of net worth (*jun zaisan*) (in the case of a Parent Company, Etc. which is not a Financial Instruments Business Operator, the amount of net assets (*jun shisan*) or the equivalent amount becomes less than 5 billion yen multiplying by the number of Clearing Participants for which Parent Company, Etc. extends the Guarantee by a Parent Company, Etc. (if such Parent Company, Etc. is a Clearing Participant, adding one (1) to such number) (provided, however that if such amount becomes less than twenty billion (20,000,000,000) yen, such amount shall be twenty billion (20,000,000,000) yen). .
4. With respect to the reports in the case where Paragraph 1, Item (25) becomes applicable to the Parent Company, Etc. as stipulated in the preceding Paragraph, in addition to documents stipulated in the main text of Paragraph 3, audit reports by accounting auditors (including the documents that JSCC deems appropriate as equivalent thereto) concerning financial statements attached to the business reports or non-consolidated business reports prepared by the Parent Company, Etc. shall be attached.

(Article 8 Application for Renouncing JGB OTC Transaction Clearing Qualification)

1. The application for the renunciation of the JGB OTC Transaction Clearing Qualification as stipulated in Article 21 of the Business Rules shall be made by a Clearing Participant renouncing JGB OTC Transaction Clearing Qualification by submitting to JSCC a written application for the renunciation of the JGB OTC Transaction Clearing Qualification in a prescribed form stating the matters listed in each of the following Items:



- (1) Classification of the JGB OTC Transaction Clearing Qualification to be renounced;
  - (2) Trade name or corporate name (including the trade name or corporate name in English);
  - (3) Address of the headquarters or principal office;
  - (4) Name of the representative; and
  - (5) Reasons for applying for renouncing the JGB OTC Transaction Clearing Qualification.
2. Documents which JSCC deems necessary to be submitted upon renunciation of the JGB OTC Transaction Clearing Qualification shall be attached to the written application for the renunciation of the JGB OTC Transaction Clearing Qualification prescribed in the preceding Paragraph.

(Article 9 Amount to be Maintained as the Amount of Net Worth (*jun zaisan*), etc.)

1. The amount prescribed by JSCC as stipulated in Article 28, Paragraph 5, Item (1) of the Business Rules shall be the Required Initial Margin Amount as stipulated in Article 2 of the Rules on Required Initial Margin Amount related to JGB OTC Transaction for such Clearing Participant (excluding those related to the Trust Accounts; the same applies hereinafter up to Paragraph 4) (in the case of a Clearing Participant for which is the Guarantee by Parent Company Etc. has been extended (hereinafter referred to as the “Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision”), the Required Initial Margin Amount for such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision added by the Required Initial Margin Amount for the Parent Company, Etc. (limited to those extending the Guarantee by Parent Company, Etc. for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision) of such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision, and in the case of a Clearing Participant which extends the Guarantee by the Parent Company, Etc. for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision, the Required Initial Margin Amount for a Clearing Participant being the Parent Company, Etc. added by the Required Initial Margin Amount for the Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision).
2. When applying the provisions of the preceding Paragraph to a Clearing Participant which has several Netting Accounts, the term “Required Initial Margin Amount for such Clearing Participant” shall be deemed to be replaced with “sum of the Required Initial

Margin Amount for each Netting Account for such Clearing Participant”, “Required Initial Margin Amount for Clearing Participant Guaranteed by Parent Company Etc. under Special Provision” shall be deemed to be replaced with “sum of the Required Initial Margin Amount for Clearing Participant Guaranteed by Parent Company Etc. under Special Provision for each Netting Account for such Clearing Participant” and the term “Required Initial Margin Amount for such Parent Company, Etc.” shall be deemed to be replaced with “sum of the Required Initial Margin Amount for each Netting Account for such Clearing Participant which is the Parent Company, Etc.”

3. In the case where a Clearing Participant which is the Parent Company, Etc. extending the Guarantee by Parent Company, Etc. for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision has several Netting Accounts, when applying the provisions of Paragraph 1 to a Clearing Participant, the term “Required Initial Margin Amount for the Parent Company, Etc. (limited to those extending the Guarantee by Parent Company, Etc. for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision) of such Clearing Participant Guaranteed by Parent Company Etc. under Special Provision ” shall be deemed to be replaced with "sum of the Required Initial Margin Amount for each Netting Account for the Parent Company, Etc. (limited to those extending the Guarantee by Parent Company, Etc. for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision) of such Clearing Participant Guaranteed by Parent Company Etc. under Special Provision.”
4. In the case where a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision has several Netting Accounts, when applying the provisions of Paragraph 1 to a Clearing Participant which is the Parent Company, Etc. (limited to those extending the Guarantee by Parent Company, Etc. for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision) of such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision, the term “Required Initial Margin Amount for a Clearing Participant Guaranteed by Parent Company Etc. under Special Provision” shall be deemed to be replaced with “sum of the Required Initial Margin Amount for each Netting Account for the Clearing Participant Guaranteed by Parent Company Etc. under Special Provision ”.
5. Notwithstanding the provisions in the preceding Paragraph, if a Clearing Participant is a JGB OTC Transaction Agency Clearing Participant, the amount prescribed by JSCC as stipulated in Article 28, Paragraph 5, Item (1) of the Business Rules shall be the largest

of the amount prescribed in each of the following Items.

- (1) Sum of Required Initial Margin Amount for each Netting Account other than Netting Account related to customers of the relevant Clearing Participant.
  - (2) The largest Required Initial Margin Amount for Netting Account related to each customer (when multiple Netting Accounts exist for a single customer, sum of the Required Initial Margin Amount for each Netting Account for the relevant Customer).
  - (3) The amount obtained by dividing the sum of the Required Initial Margin Amount for each Netting Account (excluding those related to customers which do not belong to the corporate group (referring to the corporate group stipulated in Article 5, Paragraph 1, Item (1) of the Financial Instruments and Exchange Act) to which the relevant Clearing Participant belongs) of the relevant Clearing Participant by 2.
  - (4) The amount obtained by dividing the sum of the Required Initial Margin Amount for all Netting Accounts of the relevant Clearing Participant by 4.
6. The value specified by JSCC as stipulated in Article 28, Paragraph 5, Item (2) of the Business Rules shall be the value obtained by subtracting, from one (1), such value as is obtained by dividing the largest Market Price Fluctuation Risk Factor prescribed in Paragraph 1, Item (2), Note (1) of Appendix of the Rules on Required Initial Margin Amount related to JGB OTC Transaction by one hundred (100).
  7. The amount prescribed by JSCC as stipulated in Article 28, Paragraph 5, Item (2) of the Business Rules shall be the Required Initial Margin Amount related to the Trust Account for such Clearing Participant (in the case of a Clearing Participant which has several Trust Accounts, the sum of the Required Initial Margin Amount related to the Trust Accounts of such Clearing Participant).

(Article 10 Application for Assumption of Obligations, etc.)

1. The method prescribed by JSCC as stipulated in Article 40, Paragraph 1, Article 41, Paragraph 1, Article 42, Paragraph 1, Article 43, Paragraph 1 and Article 50-3, Paragraph 1 of the Business Rules shall be the method conducted through the Pre-Settlement Matching System of Japan Securities Depository Center, Inc.
- ~~2. The application as stipulated in Article 40, Paragraph 1, Article 41, Paragraph 1 and Article 42, Paragraph 1 of the Business Rules in relation to the Transactions subject to Clearing which cover Inflation Indexed Japanese government bonds may be submitted only by a Clearing Participant which submits such application has notified of the fees related to Index-Inflation Japanese government bonds, as applied pursuant to the provisions in Article~~

~~3, Paragraph 3 of "Rules on Fees for JGB OTC Transaction Clearing Business".~~

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## (Article 11 Agent Approval Procedure)

When a Clearing Participant intends to obtain the approval of its agent as stipulated in Article 40, Paragraph 4 of the Business Rules (including the cases where it is applied *mutatis mutandis* pursuant to Article 41, Paragraph 3 and Article 42, Paragraph 6 of the Business Rules), Article 43, Paragraph 3, Article 50-3, Paragraph 2 and Article 50-11, Paragraph 2 of the Business Rules (including the cases where it is applied *mutatis mutandis* pursuant to Article 51, Paragraph 3 and Article 56, Paragraph 2 of the Business Rules), Article 69, Paragraph 2 of the Business Rules (including the cases where it is applied *mutatis mutandis* pursuant to Article 57, Paragraph 2, Article 59, Paragraph 2, Article 60, Paragraph 2, Article 62, Paragraph 2 and Article 63, Paragraph 2 of the Business Rules; the same applies hereinafter in this Article) and Article 70-9 of the Business Rules, the Clearing Participant shall submit to JSCC a written application stating the matters prescribed by JSCC and obtain the approval from JSCC. In such case, the agent for payment/receipt of .Money as stipulated in Article 69, Paragraph 2 and Article 70-9 of the Business Rules shall be a bank.

## (Article 12 Market Value of Security Settlement Obligation)

1. The market value of the Security Settlement Obligation Related to Individual Issue Transactions as stipulated in Article 47, Paragraph 2 of the Business Rules and the market value of the Security Settlement Obligation Related to Subsequent Collateral Allocation Repo Transaction, Etc. as stipulated in Article 50-8, Paragraph 2 of the Business Rules shall be the value (any fractional amount less than one (1) yen shall be rounded down) for the Security Settlement Obligation Related to Individual Issue Transactions and the Security Settlement Obligation Related to the Subsequent Collateral Allocation Repo Transaction, Etc., appraised based on the average price stated in the reference statistical prices for over-the-counter transactions published by the Japan Securities Dealers Association as of the date of the Settlement Day, Etc., added by all accrued interest (any fractional amount less than one (1) yen shall be rounded down) for the number of days up to the Settlement Day, Etc.
2. The price as stipulated in the preceding Paragraph related to the issue for which the reference statistical prices for over-the-counter transactions as of the Settlement Day,

Etc. is not published by the Japan Securities Dealers Association shall be prescribed by JSCC at each time.

~~(Article 12-2 Handling of Allocable Balance Notice)~~

~~When Inflation-indexed Japanese government bonds are to be included in the notice as stipulated in Article 50-3, Paragraph 1 of the Business Rules, as issues of Japanese government bonds to be delivered from the delivering Clearing Participant, such notifying Clearing Participant may include such bonds only when it has notified of the fees related to Index Inflation Bonds as applied, pursuant to the provisions in Article 3-2, Paragraph 3 of "Rules on Fees for JGB OTC Transaction Clearing Business".~~

(Article 12-~~2~~ 3-Method of Collateral Allocation)

1. JSCC, pursuant to the provisions in Article 50-4, Paragraph 1 of the Business Rules, in a manner prescribed by JSCC, with respect to the amount of the Starting/Rewind JGB Delivery Obligation (Basket) owed to JSCC by a delivering Clearing Participant of Japanese government bonds for which Settlement Day, Etc. arrives on the day of Basket Netting and the amount of the Starting/Rewind JGB Delivery Obligation (Basket) owed to a receiving Clearing Participant of Japanese government bonds by JSCC for which Settlement Day, Etc. arrives on the day of Basket Netting, shall designate the matching of delivering Clearing Participants of Japanese government bonds and receiving Clearing Participants of Japanese government bonds so that the both amounts become same and for each matching, for each obligation, allocate issue and quantity of Japanese government bonds so that market value of Japanese government bonds (referred to as the amount valued in a manner as stipulated in Article 12; the same applies hereinafter in this Article) for which issue and quantity have been notified by the Delivering Clearing Participant of Japanese government bonds as stipulated in Article 50-3 of the Business Rules, become equivalent of the amount of each obligation.
2. Notwithstanding the provisions in the preceding Paragraph, for Collateral Allocation executed at the time stipulated in Article 44, Paragraph 2, Item (4) of the Business Rules, if the market value of Japanese government bonds notified by the delivering Clearing Participant of Japanese government bonds pursuant to the provisions in Article 50-3 of the Business Rules is less than the amount of the Starting/Rewind JGB Delivery Obligation (Basket), JSCC in a manner prescribed by JSCC, shall allocate Issue and quantity of Japanese government bonds other than those notified by such

- delivering Clearing Participant of Japanese government bonds.
3. JSCC shall allocate issue and quantity of Japanese government bonds allocated to the Starting/Rewind JGB Delivery Obligation (Basket) to the Ending/Unwind JGB Delivery Obligation (Basket) with the Settlement Day, Etc. arrives on the immediately following day of the date on which the Basket Netting is executed, in a manner prescribed by JSCC.
  4. When the provisions in Paragraph 1 and Paragraph 2 are applied to a Clearing Participant holding multiple Netting Accounts “delivering Clearing Participant of Japanese government bonds” in Paragraph 1 and Paragraph 2 shall be deemed to be replaced with “delivering Clearing Participant of Japanese government bonds for each Netting Account” and “the matching of delivering Clearing Participants of Japanese government bonds and receiving Clearing Participants of Japanese government bonds so that the both amounts become same” shall be deemed to be replaced with “the matching of Netting Account of delivering Clearing Participants of Japanese government bonds and Netting Account of receiving Clearing Participants of Japanese government bonds so that the both amounts become same”.
  5. When a Clearing Participant holds a Trust Account, the provisions in Paragraph 1 and Paragraph 2 shall be applied, deeming a single netting unit (referring a unit specified by Netting Account and the matters classifying unit of netting as stipulated in Article 40, Paragraph 2, Item (4)B) of the Business Rules) as a single Netting Account.
  6. When JSCC determines Default, Etc. of a Clearing Participant, notwithstanding the provisions of the preceding two (2) Paragraphs, Collateral Allocation to the Non-Defaulting Participant shall be executed, deeming the obligations stipulated in Article 5-3 of the Rules on Default Settlement Regarding Clearing Participants in Relation to JGB OTC Transaction Clearing Business among the Starting/Rewind JGB Delivery Obligation (Basket) owed to JSCC by such Defaulting Clearing Participant and the Ending/Unwind JGB Delivery Obligation (Basket) owed to such Defaulting Clearing Participant by JSCC, to exist without amending the performance due date, notwithstanding the provisions of Article 78 and Article 79 of the Business Rules. In this case, in applying the provisions in Paragraph 1 and Paragraph 2 to Collateral Allocation to Non-Defaulting Clearing Participant corresponding to Starting/Rewind JGB Delivery Obligation (Basket) owed to JSCC by such Defaulting Clearing Participant, the term “notified by the Delivering Clearing Participant of Japanese government bonds as stipulated in Article 50-3 of the Business Rules” shall be deemed to be replaced as “as

determined by JSCC on each applicable occasion” and the term “notified by the relevant delivering Clearing Participant of Japanese government bonds” shall be deemed to be replaced as “as determined by JSCC on each applicable occasion”.

(Article 13 Method of DVP Settlement for Japanese Government Bonds)

1. The delivery/receipt of Japanese government bonds as stipulated in Article 50-11, Paragraph 1 and Paragraph 2 of the Business Rules (including the cases where it is applied *mutatis mutandis* pursuant to Article 51, Paragraph 3 and Article 56, Paragraph 2 of the Business Rules; the same applies hereinafter in this Article) shall be made by way of a book-entry transfer between the accounts that are opened at the Bank of Japan pursuant to the Book-Entry Transfer Act, and in such case, a request for the DVP Settlement of Japanese government bonds and a Settlement Instruction (Japanese Government Bonds) shall be made in accordance with each of the following Items:

(1) Settlement between a delivering Clearing Participant and JSCC shall be made as prescribed in either A) or B) below, in accordance with the classification of the Transactions Subject to Clearing listed in either A) or B):

A) Individual Issue Transactions (including buying/selling related to Buy-In related to Subsequent Collateral Allocation Repo Transaction, Etc.)

(a) In the case where book-entry transfer is made between the accounts of the delivering Clearing Participant and JSCC:

The delivering Clearing Participant shall submit a request for the DVP Settlement of Japanese government bonds and a Settlement Instruction (Japanese Government Bonds) to the Bank of Japan.

(b) In the case where book-entry transfer is made between the accounts of the agent as stipulated in Article 50-11, Paragraph 2 of the Business Rules and JSCC:

Such agent shall submit a request for the DVP Settlement of Japanese government bonds and a Settlement Instruction (Japanese Government Bonds) to the Bank of Japan. In such case, the delivering Clearing Participant which has obtained the approval as stipulated in Article 50-11, Paragraph 2 of the Business Rules shall provide necessary instructions to such agent.

B) Subsequent Collateral Allocation Repo Transaction, Etc.

(a) In the cases where a book-entry transfer is made between the accounts of delivering Clearing Participant and JSCC:

JSCC shall submit a request for the DVP Settlement of Japanese government

bonds to Bank of Japan and a delivering Clearing Participant shall submit a Settlement Instruction (Japanese Government Bonds) to Bank of Japan.

- (b) In the cases where book-entry transfer is made between the accounts of the agent as stipulated in Article 50-11, Paragraph 2 of the Business Rules and JSCC:

JSCC shall submit a request for the DVP Settlement of Japanese government bonds to Bank of Japan and such agent shall submit a Settlement Instruction (Japanese Government Bonds) to Bank of Japan. In such case, the delivering Clearing Participant which has obtained the approval as stipulated in Article 50-11, Paragraph 2 of the Business Rules shall provide a necessary instruction to such agent.

- (2) With respect to the settlement between JSCC and a receiving Clearing Participant, JSCC shall submit a request for the DVP Settlement of Japanese government bonds and a Settlement Instruction (Japanese Government Bonds) to the Bank of Japan.

2. The payment/receipt of Money as stipulated in Article 50-11, Paragraph 1 of the Business Rules shall be made in accordance with each of the following Items:

- (1) A Clearing Participant making a payment of Money shall make a remittance from the current account of such Clearing Participant designated by such Clearing Participant from among its current accounts (in the case where payment/receipt of Money as stipulated in Article 50-11, Paragraph 1 of the Business Rules is made through an agent pursuant to the provisions of Paragraph 2 of Article 50-11 of the Business Rules, the current accounts of such agent) opened at the Bank of Japan for the purpose of receiving and paying money pertaining to the DVP Settlement of Japanese government bonds with the use of the Bank of Japan Financial Network System (hereinafter referred to as the "Designated Current Account") to the current account of JSCC opened at the Bank of Japan. The Settlement Instruction (Funds) in such case shall be made in accordance with A) or B) below:

- A) In the case where the remittance is made from the current account of the Clearing Participant making the payment:

The Clearing Participant making the payment shall submit a Settlement Instruction (Funds) to the Bank of Japan.

- B) In the case where the remittance is made from the current account of the agent:



Such agent shall submit a Settlement Instruction (Funds) to the Bank of Japan. In such case, the Clearing Participant making the payment which has obtained the approval as stipulated in Article 50-11, Paragraph 2 of the Business Rules shall provide necessary instructions to such agent.

(2) A Clearing Participant receiving a payment of Money shall receive the payment at the Designated Current Account, and the Settlement Instruction (Funds) in such case shall be made by JSCC.

3. The request for the DVP Settlement of Japanese government bonds as stipulated in Paragraph 1 shall be made for each quantity and monetary amount specified by JSCC. In such case, JSCC shall specify such quantity under the restriction that the aggregate face value of the Japanese government bonds relating to each request for the DVP Settlement of Japanese government bonds shall not exceed five billion (5,000,000,000) yen.

(Article 13-2 Conclusion of JGB Futures Pair-off Netting)

1. JSCC shall have JGB Futures Pair-off Netting concluded for Japanese government bonds with the quantity JSCC deems adequate, for the amount equivalent of same face value, pursuant to the provisions of Article 50-12, Paragraph 2 of the Business Rules, for JGB Futures Delivery Settlement (referring to JGB Futures Delivery Settlement set forth in Paragraph 1 thereof; the same applies hereinafter in this Article) and the Individual Issue Settlement (referring to the Individual Issue Settlement set forth in Paragraph 2 of the said Article; the same applies hereinafter in this Article).
2. Japanese government bonds which shall conclude the combination of JGB Futures Pair-off Netting as stipulated in the preceding Paragraph shall be limited to those for which scheduled settlement for the same issue that has the settlement day of JGB Futures as the settlement day for both the JGB Futures Delivery Settlement and the Individual Issue Settlement exist for the Clearing Participant with the different settlement direction of delivery to JSCC or receipt from JSCC.
3. JGB Futures Pair-off Netting stipulated in Paragraph 1 shall be concluded for the combination where total delivery quantity to JSCC and total receipt quantity from JSCC become same when the relevant quantity aggregated by JGB Futures Delivery Settlement and the individual Issue Settlement, respectively, with respect to subject Japanese government bond for each Pair-off Netting Applying Participant.

(Article 14 Calculation Formula for Fails Charges, etc.)

1. The amount prescribed by JSCC as stipulated in Article 52, Paragraph 1 of the Business Rules shall be the amount calculated by the following calculation formula:

$$\sum_{\text{Fail period}} \frac{1}{365} \times \max(3\% - \text{Reference rate}, 0) \times \text{Amount of funds delivered/received}$$

2. The meaning of the terms used in the calculation formula in the preceding Paragraph shall be as prescribed in each of the following Items:

- (1) Reference rate shall be zero (0) so long as the target for Bank of Japan is pursuing a strategy of controlling the monetary base as the operating target in its money market operations. In such case, if the operating target in Bank of Japan's money market operations is changed from monetary base to uncollateralized overnight call rate, then with respect to the fail period on and after the day immediately following the date of such change, Reference rate shall be the target level (or if it is indicated by target band, the lower limit of the target band) of the uncollateralized overnight call rate on each day (with respect to the date of implementation of the change of target band, if any, the target band on the previous day (if it is indicated by target band, the lower limit of the band), and if the operating target in Bank of Japan's money market operations is changed to any indicator other than uncollateralized overnight call rate, then with respect to the fail period on and after the day immediately following the date of such change, Reference rate shall be the rate that is deemed by JSCC to be appropriate.

- (2) Amount of funds delivered means the market value of the Security Settlement Obligation of the Settlement Related to Fail.

- (3) Fail period means a period commencing on the day Fail occurs (for the settlement specified by JSCC pursuant to the provisions in Article 84-2, Paragraph 1 or Article 84-3, the original Settlement Day, Etc. of such settlement) to the day immediately preceding the day the Fail is resolved (for the settlement specified by JSCC pursuant to the provisions in Article 84-2, Paragraph 1 or Article 84-3, the day specified in Article 27 or Article 28).

3. JSCC shall notify the difference between the total amount to be paid and the total amount to be received for Fails Charges related to each Clearing Participant for the preceding month to such Clearing Participant by the tenth (10th) business day each month.

4. A Clearing Participant shall pay/receive to/from JSCC the difference as stipulated in the

preceding Paragraph on the day specified by JSCC.

(Article 15 Japanese Government Bonds for Which Redemption Day is Deemed to Have Arrived When Interest Payment Day Arrives)

Japanese government bonds prescribed by JSCC as stipulated in Article 54, Paragraph 1 and Article 70-8, Paragraph 4 of the Business Rules shall be Coupon only book-entry transfer Japanese government bonds.

(Article 16 Present Value Related to Variation Margin)

The present value of the amount of Money received or paid in relation to the Transactions Subject to Clearing as stipulated in Article 65, Paragraphs 1 and 2 of the Business Rules shall be, in accordance with the classifications of the Transactions Subject to Clearing listed in each of the following Items, the sum of the amounts calculated pursuant to the provisions of each respective Item:

(1) Buying and Selling, Etc. of Japanese Government Bonds

The total amount, by distinction of receipt and payment, of the present value of the difference between the amount of Money received and the amount of Money paid in relation to Buying and Selling, Etc. of Japanese Government Bonds for each Settlement Day, Etc. (limited to such day which arrives on or after the third (3rd) day (excluding holidays) from the Calculation Day (referring to a day on which the Variable Margin is calculated; the same applies hereinafter in this Article and Article 19); the same applies hereinafter in this Article) and for each issue (in the case where the regular transfer day (referring to the immediately following day from the Calculation Day; the same applies hereinafter) arrives no later than the day immediately preceding the interest payment day (limited to the day that first arrives on or after the Calculation Day and if such day falls on a bank holiday, following day which is not a holiday; the same applies hereinafter) of such issue, the difference between (i) the amount of Money received in relation to Buying and Selling, Etc. of Japanese Government Bonds for which the Settlement Day, Etc. arrives on or after such interest payment day added by the amount equal to the interest of such issue and (ii) the amount of Money paid added by the amount equal to the interest of such issue) as of the regular transfer day which is calculated using the discount rate prescribed by JSCC for each Settlement Day, Etc. and for each issue.

(2) Cash-secured Bond Lending Transaction, Etc. and Standard Repo Transaction, Etc.

The total amount, by distinction of receipt and payment, of the present value of the difference between the amount of Money received and the amount of Money paid in relation to Cash-secured Bond Lending Transaction, Etc. and Standard Repo Transaction, Etc. for each Settlement Day, Etc. and for each issue as of the regular transfer day which is calculated using the discount rate prescribed by JSCC for each Settlement Day, Etc. and for each issue (in the case where the regular transfer day falls on the interest payment day, the difference between (i) the present value of the Money received in relation to the Cash-secured Bond Lending Transaction, Etc. and Standard Repo Transaction, Etc. subtracted by the amount equal to the interest and (ii) the present value of the amount of Money paid subtracted by the amount equal to the interest).

(3) Subsequent Collateral Allocation Repo Transactions, Etc.

The total amount, by distinction of receipt and payment, of the present value of the difference between the amount of Money received and the amount of Money paid in relation to the Ending Delivery Amount in relation to Subsequent Collateral Allocation Repo Transactions, Etc. for each Settlement Day, Etc. and for each Basket as of the regular transfer day which is calculated using the discount rate prescribed by JSCC for each Settlement Day, Etc. and for each Basket.

(Article 17 Present Value Related to Fail)

The present value of the amount of Money received or paid in relation to fail as stipulated in Article 66, Paragraphs 1 and 2 of the Business Rules shall be the total amount, by distinction of receipt and payment, of the present value of the difference between the amount of Money received and the amount of Money paid in relation to fail for each issue as of the regular transfer day which is calculated using the discount rate prescribed by JSCC for each issue by deeming the day immediately following the calculation day (referring to a day on which such difference is calculated; the same applies hereinafter in this Article) as the settlement day in the case of fail (in the case where the regular transfer day falls on the interest payment day, the difference between (i) the present value of the Money received in relation to fail subtracted by the amount equal to the interest and (ii) the present value of the amount of Money paid in relation to fail subtracted by the amount equal to the interest).

(Article 18 Discount Rate Used for Calculation of Present Value)

The discount rate prescribed by JSCC in the calculation of present value as stipulated in the preceding two (2) Articles shall be a discount rate prescribed by JSCC based on the Tokyo Repo Rate (reference institutions average) published by the Japan Securities Dealers Association; provided, however, that such discount rate shall be a discount rate prescribed by JSCC at each time when JSCC deems necessary.

(Article 19 Market Value Related to Variation Margin)

1. The market value of the Japanese government bonds in the quantity received or delivered in relation to the Transactions Subject to Clearing as stipulated in Article 65, Paragraphs 1 and 2 of the Business Rules shall be the total amount calculated in accordance with the classification of the Transaction subject to clearing specified in each of the following Items, calculated in a manner specified therein:

(1) Individual Transaction

The total amount, by distinction of receipt and delivery, of the amount (any fractional amount less than one (1) yen shall be rounded down) of the quantity received or delivered for each issue for which Settlement Day, Etc. arrives on or after the third(3rd) day (excluding holidays) from the Calculation Day appraised based on the average price stated in the reference statistical prices for over-the-counter transactions published by the Japan Securities Dealers Association as of the day immediately following the Calculation Day (if such issue is other than Japanese government bonds with floating rate or Inflation-indexed Japanese government bonds and if issue date of such issue arrives on or after the third(3rd) day (excluding holidays) from the Calculation Day, the price calculated, on the basis of Settlement Day, Etc., by using the average yield of such issue) added by all accrued interest (any fractional amount less than one (1) yen shall be rounded down) for the number of days up to the immediately following day of the Calculation Day (if such issue is other than Japanese government bonds with floating rate or Inflation-indexed Japanese government bonds and if issue date of such issue arrives on or after the third(3rd) day (excluding holidays) from the Calculation Day, up to the Settlement Day, Etc.).

(2) Subsequent Collateral Allocation Repo Transaction, Etc.

The total amount, by distinction of receipt and payment, of the Money to be received amount and the Money to be paid in relation to the Rewind Monetary Payment Obligation for which Settlement Day, Etc. arrives on the immediately following day of the Calculation Day, for each Basket.

2. The market value of the Japanese government bonds in the quantity received or delivered in relation to fail prescribed in Article 66, Paragraphs 1 and 2 of the Business Rules shall be the total amount, by distinction of receipt and delivery, of the amount (any fractional amount less than one (1) yen shall be rounded down) of the quantity received or delivered for each issue appraised based on the average price of such issue stated in the reference statistical prices for over-the-counter transactions published by the Japan Securities Dealers Association as of the day immediately following the Calculation Day, added by all accrued interest (any fractional amount less than one (1) yen shall be rounded down) for the number of days up to the immediately following day of the Calculation Day.
3. The price as stipulated in the preceding two (2) Paragraphs related to the issue for which the reference statistical prices for over-the-counter transactions as of the day immediately following the Calculation Day is not published by the Japan Securities Dealers Association shall be prescribed by JSCC at each time.

(Article 20 Rate of Interest on Variation Margin)

The interest rate prescribed by JSCC as stipulated in Article 67, Paragraphs 1 and 2 of the Business Rules shall be a rate prescribed by JSCC based on the weighted average of uncollateralized overnight call rate published by the Bank of Japan on the day immediately preceding the day of return; provided, however, that such rate shall be a rate prescribed by JSCC at each time when JSCC deems necessary.

(Article 21 Method of FOS Settlement)

Payment/receipt of .Money as stipulated in Article 69, Paragraphs 1 and 2 of the Business Rules (including cases where it is applied *mutatis mutandis* pursuant to Article 57, Paragraph 2, Article 59, Paragraph 2, Article 60, Paragraph 2, Article 62, Paragraph 2 and Article 63, Paragraph 2 of the Business Rules; the same applies hereinafter in this Article) shall be made in accordance with each of the following Items:

- (1) A Clearing Participant making a payment of .Money shall make a remittance from the current account of such Clearing Participant (in the case where payment/receipt of .Money as stipulated in Article 69, Paragraph 1 of the Business Rules is made through an agent pursuant to Paragraph 2 of said Article of the Business Rules, the current account of such agent) to the current account of JSCC.

- (2) A Clearing Participant receiving .Money shall receive the .Money at the current account designated pursuant to the preceding Item.

(Article 21-2 Cutoff Time for Additional Deposit of Initial Margin)

Additional deposit of Initial Margin as stipulated in Article 70, Paragraphs 2 of the Business Rules shall be made by the cutoff time prescribed in each of the following Items in accordance with the classification of Initial Margin prescribed therein.

- (1) Deposit in relation to First Required Margin Amount stipulated in Article 2 Paragraph 2 of Rules on Required Initial Margin Amount related to JGB OTC Transaction : At 10:00 a.m. on the day on which a shortage as stipulated in Article 70, Paragraph 2 is occurred (hereinafter referred to as "Shortage Occurrence Day".)
- (2) Deposit in relation to Second Required Margin Amount stipulated in Article 2, Paragraph 2 of the Rules on Required Initial Margin Amount related to JGB OTC Transaction : At 2:00 p.m. on the Shortage Occurrence Day
- (3) Deposit in relation to Third Required Margin Amount stipulated in Article 2, Paragraph 2 of the Rules on Required Initial Margin Amount related to JGB OTC Transaction : At 4:30 p.m. on the Shortage Occurrence Day.

(Article 21-3 Cutoff time for Additional Deposit for JGB OTC Transaction Clearing Fund)

Additional deposit of JGB OTC Transaction Clearing Fund as stipulated in Article 70-5, Paragraphs 2 of the Business Rules shall be made by 4:30 p.m. on the day such shortage has occurred.

(Article 22 Method of Deposit Money as Initial Margin and JGB OTC Transaction Clearing Fund)

1. The deposit of .Money as stipulated in Article 15, Article 70 and Article 70-5 of the Business Rules shall be made from a current account of the Clearing Participant (in the case where the deposit of .Money as stipulated in Article 70-2 and Article 70-4, Paragraph 1 and Article 70-5 of the Business Rules of the Business Rules is made through an agent pursuant to Article 70-9 of the Business Rules, a current account of such agent; the same applies hereinafter in this Article) to the current account of JSCC in the BOJ Current Accounts transactions.
2. The refund as stipulated in Article 70-3, Paragraph 1 and Article 70-7 of the Business Rules in relation to the .Money deposited pursuant to the preceding Paragraph shall be

made from the current account of JSCC to a current account of the Clearing Participant in the BOJ Current Accounts transactions.

(Article 23 Handling of Revision of Required Initial Margin Amount by Calling Intra-day Initial Margin)

1. The standard prescribed by JSCC as stipulated in Article 70-4, Paragraph 1 of the Business Rules shall be the case where, in relation to the long-term Japanese government bond Futures Transactions (referring to the transaction listed in Article 2, Paragraph 21, Item (1) of the Act concerning Japanese government bonds related to the standardized instruments of long-term Japanese government bonds prescribed by the Osaka Exchange, Inc. (hereinafter referred to as the "OSE"); the same applies hereinafter) which is the central contract month transaction (referring to the contract month transaction prescribed by JSCC as the contract month transaction with highest liquidity), the difference between the contract price at the time of closing of the morning session and the contract price at the time of closing of the afternoon session of the preceding day exceeds the value prescribed by JSCC in advance.
2. The increase of Required Initial Margin Amount stipulated in Article 70-4, Paragraph 1 of the Business Rules shall be made by increasing the Second Required Margin Amount and the Third Required Margin Amount as stipulated in Article 2 of the Rules on Required Initial Margin Amount related to JGB OTC Transaction for each Clearing Participant (in the case of a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision, the Required Initial Margin Amount for such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision added by the Required Initial Margin Amount for the Parent Company, Etc. (limited to those extending the Guarantee by Parent Company, Etc. for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision; the same applies hereinafter in this Article) of such Clearing Participant Guaranteed by Parent Company Etc. under Special Provision, and in the case of a Clearing Participant which is the Parent Company, Etc. of a Clearing Participant Guaranteed by Parent Company Etc. under Special Provision, the Required Initial Margin Amount for such Clearing Participant which is the Parent Company, Etc. added by the Required Initial Margin Amount for the Clearing Participant Guaranteed by Parent Company Etc. under Special Provision) by a method prescribed by JSCC in advance.
3. When applying the provisions of the preceding Paragraph to a Clearing Participant



which has several Netting Accounts, the term “Required Initial Margin Amount for such/the Clearing Participant Guaranteed by Parent Company Etc. under Special Provision” shall be deemed to be replaced with “sum of the Required Initial Margin Amount for each Netting Account for such/the Clearing Participant Guaranteed by Parent Company Etc. under Special Provision” and the term “Required Initial Margin Amount for such Clearing Participant which is the Parent Company, Etc.” shall be deemed to be replaced with “sum of the Required Initial Margin Amount for each Netting Account for such Clearing Participant which is the Parent Company, Etc.”

4. In the case where the Parent Company, Etc. (limited to those extending the Guarantee by Parent Company, Etc. for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision) of a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision has several Netting Accounts, when applying the provisions of Paragraph 2 to such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision, the term “Required Initial Margin Amount for the Parent Company, Etc. of such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision (limited to those extending the Guarantee by Parent Company, Etc. for such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision: the same applies hereinafter in this Article)” shall be deemed to be replaced with “sum of the Required Initial Margin Amount for each Netting Account for the Parent Company, Etc. of such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision (limited to those extending the Guarantee by Parent Company, Etc. for such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision: the same applies hereinafter in this Article).”
5. In the case where a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision has several Netting Accounts, when applying the provisions of Paragraph 2 to a Clearing Participant which is the Parent Company, Etc. (limited to those extending the Guarantee by Parent Company, Etc. for Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision) of such Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision, the term “Required Initial Margin Amount for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision” shall be deemed to be replaced with “sum of the Required Initial Margin Amount for each Netting Account for a Clearing Participant Guaranteed by Parent Company, Etc. under Special Provision”.
6. The time prescribed by JSCC as stipulated in Article 70-4, Paragraph 2 of the Business

Rules shall be the time of closing of the morning session of long-term Japanese government bonds Futures Transactions at the OSE.

(Article 24 Handling of Substituting Japanese Government Bonds)

1. The amount prescribed by JSCC as stipulated in Article 70-8, Paragraph 1 of the Business Rules shall be five hundred million (500,000,000) yen.
- ~~2. Inflation Indexed Japanese government bonds may be deposited in a form of Japanese government bonds in lieu of Money as stipulated in Article 70-8, Paragraph 1, only when such Clearing Participant which deposits substituting Japanese government bonds has notified of the fees related to Index Inflation Japanese government bonds as applied pursuant to the provisions in Article 3, Paragraph 3 or Article 3-2, Paragraph 3 of "Rules on Fees for JGB OTC Transaction Clearing Business".~~
- ~~3~~2. The deposit of Japanese government bonds as stipulated in in Article 70-8, Paragraph 1 of the Business Rules shall be made by way of a book-entry transfer from an account of a Clearing Participant opened at the Bank of Japan pursuant to the Book-Entry Transfer Act (in the case where the deposit of substituting Japanese government bonds is made through an agent pursuant to Article 70-9, an account of such agent; the same applies hereinafter in this Article) to the account of JSCC.
- ~~4~~4. The refund, as stipulated in Article 70-3, Paragraph 1 and Article 70-7 of the Business Rules, in relation to the Japanese government bonds deposited pursuant to the preceding Paragraph shall be made by way of a book-entry transfer from the account of JSCC opened at the Bank of Japan pursuant to the Book-Entry Transfer Act to an account of the Clearing Participant.
- ~~4.5~~4.5. The Japanese government bonds prescribed by JSCC as stipulated in Article 70-8, Paragraph 1 of the Business Rules shall be the Japanese government bonds as stipulated in Article 2, Paragraph 1.
- ~~5.6~~5.6. The market value prescribed by JSCC as stipulated in Article 70-8, Paragraph 2 of the Business Rules shall be the average price of such issue stated in the reference statistical prices for over-the-counter transactions published by the Japan Securities Dealers Association as of the date of the deposit day and the rate prescribed by JSCC shall be as prescribed in each of the following Items, in accordance with the classification of Japanese government bonds listed in the respective Item:
  - (1) Interest-bearing Japanese government bonds and discount Japanese government bonds (excluding Japanese government bonds with floating rate, Inflation-Indexed

Japanese government bonds, Principal only book-entry transfer Japanese government bonds and Coupon only book-entry transfer Japanese government bonds)	
A) Remaining Period within 1 year	99%
B) Remaining Period over 1 year within 5 years	98%
C) Remaining Period over 5 years within 10 years	98%
D) Remaining Period over 10 years within 20 years	96%
E) Remaining Period over 20 years within 30 years	93%
F) Remaining Period over 30 years	92%
(2) Japanese government bonds with floating rate	
A) Remaining Period within 1 year	99%
B) Remaining Period over 1 year within 5 years	99%
C) Remaining Period over 5 years within 10 years	99%
D) Remaining Period over 10 years within 20 years	99%
(3) Inflation-Indexed Japanese government bonds	
A) Remaining Period within 1 year	99%
B) Remaining Period over 1 year within 5 years	98%
C) Remaining Period over 5 years within 10 years	98%
D) Remaining Period over 10 years within 20 years	98%
E) Remaining Period over 20 years within 30 years	98%
F) Remaining Period over 30 years	98%
(4) Principal only book-entry transfer Japanese government bonds and Coupon only book-entry transfer Japanese government bonds	
A) Remaining Period within 1 year	99%
B) Remaining Period over 1 year within 5 years	98%
C) Remaining Period over 5 years within 10 years	98%
D) Remaining Period over 10 years within 20 years	96%
E) Remaining Period over 20 years within 30 years	93%
F) Remaining Period over 30 years	91%
(5) Treasury discount bills	99%

~~6.7.~~ The market value and the rate to be used for multiplying the market value of the issue without the market value as stipulated in the preceding Paragraph shall be prescribed by JSCC at each time.

~~7.8.~~ The appraised value of substituting Japanese government bonds shall be the

appraised value (any fractional amount less than one (1) yen shall be rounded down) of such Japanese government bonds based on the substituting value as stipulated in Article 70-8, Paragraph 2 of the Business Rules added by accrued interest (any fractional amount less than one (1) yen shall be rounded down) for the number of days up to the deposit day.

(Article 25 Handling of Procurement of Funds at the Time of Settlement Default)

1. The funds to be procured by JSCC pursuant to the provisions of Article 74, Paragraph 2 of the Business Rules shall be allocated, in accordance with the distinction of the cases, pursuant to the provisions of each respective Item:

(1) If the amount to be procured by JSCC does not exceed the sum of the Base Contributions (as defined below) for the Clearing Participants other than the Clearing Participant which is the party to the obligation causing such procurement of funds and those for whom the Base Contribution is zero (0) yen (referred to as "Clearing Participant to Provide Funds" in this Article):

JSCC shall allocate fund requirement in the manner set forth below:

A) Five billion (5,000,000,000) yen each to Clearing Participants to Provide Funds in the order of Average Required IM Base Amount (as defined below) from the Clearing Participant to Provide Funds for whom Average Required IM Base Amount is the largest. If the amount to be procured by JSCC is less than five billion (5,000,000,000) yen, such amount shall be allocated to the Clearing Participant to Provide Funds whose Average Required IM Base Amount is the largest, and if a fraction less than five billion (5,000,000,000) yen remains after the said allocation, such remaining amount shall be allocated to the next Clearing Participant to Provide Funds.

B) If the aggregate amount allocated pursuant to Sub-item A) above is less than the amount to be procured by JSCC, the lesser of (i) the unallocated portion of the Base Contribution for the Clearing Participant to Provide Funds and (ii) five billion (5,000,000,000) yen (or, if the amount to be procured remaining unallocated is less than five billion (5,000,000,000) yen, such remaining amount) in the order of Average Required IM Base Amount from the Clearing Participant to Provide Funds whose Average Required IM Base Amount is the largest; and

C) If the aggregate amount allocated pursuant to Sub-items A) and B) above is less than the amount to be procured by JSCC, the allocation under Sub-item B) shall

be repeated until the amount remaining unallocated becomes zero (0) yen.

- (2) If the amount to be procured by JSCC is more than the sum of the Base Contributions for the Clearing Participants to Provide Funds:

JSCC shall require contribution by the Clearing Participants to Provide Funds on pro-rata basis according to the ratio of the Base Contribution for the relevant Clearing Participant to Provide Funds to the aggregate Base Contributions for all Clearing Participants to Provide Funds (any fraction less than One Hundred million (100,000,000) yen shall be rounded up).

- (3) If the Clearing Participant to Provide Funds has submitted the notification prescribed by JSCC, related to the allocation

Notwithstanding of the provisions in the preceding two (2) Items, JSCC shall allocate the amount prescribed in the relevant notification to each of the Clearing Participant to Provide Funds. As to the Clearing Participants to Provide Funds which have not submitted the notification, the funds to be procured by JSCC less the aggregate amount of the relevant allocated amounts shall be allocated according to the provisions in the preceding two (2) Items; provided, however, if the amount prescribed in the notification by the Clearing Participant to Provide Funds is less than the amount prescribed in the preceding two (2) Items, JSCC shall allocate the funds to the Clearing Participant to Provide Funds, deeming the relevant notification has not been made.

2. The Base Contribution and the Average Required IM Base Amount mentioned in the preceding Paragraph shall be the amounts obtained as follows:

- (1) Base Contribution

For each Clearing Participant, the product of the Average Required IM Base Amount for the Clearing Participant and the Base Contribution Factor (as defined below) will be obtained. If the resultant figure is zero (0) yen, then Base Contribution for such Clearing Participant is zero (0) yen, if more than zero (0) yen but not more than five billion (5,000,000,000) yen, then five billion (5,000,000,000) yen, and if more than five billion (5,000,000,000) yen, then such amount rounded down to the nearest multiples of five billion (5,000,000,000) yen.

- (2) Average Required IM Base Amount

Average of daily First Required Margin Amount as stipulated in Article 2, Paragraph 2 of the Rules on Required Initial Margin Amount related to JGB OTC Transaction) during the period of past one hundred twenty (120) days (excluding holidays) for

- each Clearing Participant (any fractional amount less than one yen shall be rounded down).
3. JSCC shall determine the Base Contribution and the Average Required IM Base Amount according to the provisions of the immediately preceding Paragraph as of the last Business Day of March, June, September and December each year, which shall become effective as of the tenth (10th) Business Day of the following month; provided, however, that in the event of obtaining or a renunciation of a Clearing Qualification, a merger of a Clearing Participant or otherwise deemed necessary by JSCC, JSCC may apply the values obtained through the method JSCC deems appropriate from the date JSCC deems appropriate.
4. For the purpose of this Article, following Items shall be defined as follows:
- (1) Base Contribution Factor
- The figure determined by JSCC based on the figure obtained in the following manner: (i) allocate the Criterial Funding Amount to Clearing Participants using the method equivalent to the one set forth in Paragraph 1, Item (1) in such manner that the contribution allocated to each of the top 20 Clearing Participants in terms of the amount of the Average Required IM Base Amount becomes even; and (ii) divide the contribution allocated to each of such 20 Clearing Participants by the Average Required IM Base Amount for the Clearing Participant whose Average Required IM Base Amount is the smallest among the said 20 Clearing Participants;
- (2) Criterial Funding Amount
- The amount determined by JSCC based on the amount equivalent to the minimum amount covering 97.72% confidence level of the 3-day Largest Fund Requirements less the amount expected to be procured through the methods set forth in Article 74, Paragraph 1 of the Business Rules in the past 250 day period (excluding holidays) for each Clearing Participant and Clearing Participant Group. In this Item, the minimum amount covering 97.72% confidence level means the smallest figure of the 3-day Largest Fund Requirements out of those constituting upper 2.28%, such that the proportion of the number of the 3-day Largest Fund Requirements smaller than such figure exceeds 97.72% of the entire number of the 3-day Largest Fund Requirements during the past 250 day period.
- (3) 3-day Largest Fund Requirement
- Amount set forth in Sub-items A) through C) below:
- A) With respect to a Clearing Participant, assuming an occurrence of a Settlement

Default of the Clearing Participant on a certain day, the largest amount of the funds required to be procured for the performance of the obligation to be performed by such Clearing Participant (excluding the obligations to be performed in respect of its trust accounts) on each day during the period of 3 days on and after the date of occurrence of such Settlement Default (excluding holidays);

- B) With respect to a Clearing Participant Group, assuming an occurrence of a Settlement Default of any one of the Clearing Participants in the relevant Clearing Participant Group on a certain day, the largest amount of the funds required to be procured for the performance of the obligation to be performed by all Clearing Participants in the relevant Clearing Participant Group (excluding the obligations to be performed in respect of their trust accounts) on each day during the period of 3 days on and after the date of occurrence of such Settlement Default (excluding holidays); and
- C) With respect to a Clearing Participant having trust accounts, assuming an occurrence of a Settlement Default of the Clearing Participant on a certain day, the largest amount of the funds required to be procured for the performance of the obligation to be performed by such Clearing Participant in respect of its trust accounts on each day during the period of 3 days on and after the date of occurrence of such Settlement Default (excluding holidays).

#### (4) Clearing Participant Group

When a Clearing Participant has one or more affiliates (as used herein, “affiliates” means subsidiaries, affiliates and the parent of a company, and subsidiaries and affiliates of such parent) which also are Clearing Participants, that Clearing Participant and such other Clearing Participants.

#### (Article 26 Total Market Value Used for the Appraisal of JGB Delivery/Return Obligations)

1. The total market value prescribed by JSCC as stipulated in Article 79, Paragraph 2, Item (2), A), (b) and B), (b) of the Business Rules shall be the sum of the values of such JGB Delivery/Return Obligations appraised based on the average price of such issue stated in the reference statistical prices for over-the-counter transactions published by the Japan Securities Dealers Association as of the third (3rd) day (excluding holidays) from the day the Cause of Closeout Netting occurred, added by all accrued interest (any fractional amount less than one (1) yen shall be rounded down) for the number of

days up to the third (3rd) day (excluding holidays) from the day the Cause of Closeout Netting occurred.

2. The price as stipulated in the preceding Paragraph of the issue for which the reference statistical prices for over-the-counter transactions as of the third (3rd) day (excluding holidays) from the day the Cause of Closeout Netting occurred is not published by the Japan Securities Dealers Association shall be prescribed by JSCC at each time.

(Article 27 Handling of Fail in the Case of Determination of Default, Etc. )

1. The day prescribed by JSCC as stipulated in Article 84-2, Paragraph 1 of the Business Rules shall be the day as specified in the relevant each Item, according to the cases specified therein:

- (1) When the original Settlement Day, Etc. is the Default Determination Day or the immediately following day of Default Determination Day in relation to a Delivering Clearing Participant: The day on which Subject Transactions for Auction constituted by the First Step Auction for Default Settlement or the Second Step Auction for Default Settlement, for which Positions subject to Default Settlement are the Security Settlement Obligation Related to Individual Issue Transactions and the Security Settlement Obligation Related to Subsequent Collateral Allocation Repo Transactions, Etc. which owed by such delivering Clearing Participant at the timing of determination of Default, Etc. in relation to such delivering Clearing Participant is determined (including obligations related to Fails occurring as of such timing in relation to these obligations; referred to as "Security Settlement Obligation Related to Default, Etc." hereinafter in this Article) are settled.

- (2) When the original Settlement Day, Etc. is the third (3rd) day (excluding holidays) from the Default Determination Day in relation to Delivering Clearing Participant (limited to the cases where Security Settlement Obligation Related to Default, Etc. is Positions subject to Default Settlement for Second Step Auction for Default Settlement): The day on which Subject Transactions which has been constituted by Second Step Auction for Default Settlement, for which Security Settlement Obligation related to Default, Etc. is Positions subject to Default Settlement, are settled.

2. Notwithstanding of the preceding Paragraph, if the Close-out Netting of Unsettled Positions as stipulated in Article 80-5 of the Business Rules is conducted, the day prescribed by JSCC as stipulated in Article 84-2, Paragraph 1 of the Business Rules shall



be the day on which such Closeout Netting of Unsettled Positions is conducted.

3. Notwithstanding of the preceding two (2) Paragraphs, the day prescribed by JSCC as stipulated in Article 84-2, Paragraph 1 of the Business Rules shall be the day specified in each of the following items, for the case specified therein:

- (1) When the original Settlement Day, Etc. is either of two (2) days(excluding holidays) from the Default Determination Day in relation to such Delivering Clearing Participant and the redemption date of such Issue falls on the third (3rd) day (excluding holidays) from the Default Determination Day: Third (3rd) day (excluding holidays) from the Default Determination Day; and
- (2) When the original Settlement Day, Etc. is either of three (3) days(excluding holidays) from the Default Determination Day in relation to such Delivering Clearing Participant and the redemption date of such Issue falls on the fourth (4th) day (excluding holidays) from the Default Determination Day (limited to the cases where First Step Auction for Default Settlement related to Security Settlement Obligation related to Default, Etc. become unsuccessful): Fourth (4th) day (excluding holidays) from the Default Determination Day.

(Article 28 Handling of Fails Related to Subject Transactions for Auction Constituted by Auction for Default Settlement

1. The day prescribed by JSCC, as stipulated in Article 84-3 of the Business Rules shall be the day on which JSCC receives Japanese government bonds in relation to the settlement as stipulated in Article 80-7, Paragraph 2 of the Business Rules.
2. Notwithstanding of the preceding Paragraph, if the Close-out Netting of Unsettled Positions as stipulated in Article 80-5 of the Business Rules is conducted, the day prescribed by JSCC as stipulated in Article 84-3, of the Business Rules shall be the day on which such Closeout Netting of Unsettled Positions is conducted.

(Article 29 Deleted)

(Article 30 Notification in Relation to Opening of Netting Account)

The notification as stipulated in Article 86, Paragraph 3 shall be made by submitting a written notice in a prescribed form, to which documents that JSCC deems necessary shall be attached.

## (Article 31 Application for Additional Netting Account)

The application as stipulated in Article 87, Paragraph 2 and Article 88, Paragraph 1 of the Business Rules shall be made by submitting a written application in a prescribed form, to which documents that JSCC deems necessary shall be attached.

## (Article 32 Notification in Relation to Initial Margin Group)

The notification of creation of an Initial Margin Group and cancellation of the creation of an Initial Margin Group as stipulated in Article 90, Paragraph 4 of the Business Rules shall be made by submitting a written notice in a prescribed form, to which documents that JSCC deems necessary shall be attached.

## (Article 33 Special Rule for Clearing Participant Which Has Initial Margin Group)

In the case where a Clearing Participant has an Initial Margin Group, one (1) Initial Margin Group shall be deemed to be one (1) Netting Account in applying the provisions of Articles 9 and 23.

## Supplementary Provisions

- 1 These Rules shall come into effect on October 1, 2013; provided, however, that the provisions of Article 5 shall come into effect as from October 1, 2014, and the provisions of Articles 32 and 33 shall come into effect as from the date separately prescribed by JSCC.
- 2 During the period from the date these Rules come into effect (hereinafter referred to as the "Effective Date") to March 30, 2014, in applying Article 7, Paragraph 1, Item (10), B), the words "4.5 percent" in Article 7, Paragraph 1, Item (10), B), (a) shall be interpreted to mean "3.5 percent," and the words "6 percent" in Article 7, Paragraph 1, Item (10), B), (b) shall be interpreted to mean "4.5 percent".
- 3 During the period from March 31, 2014 to March 30, 2015, in applying Article 7, Paragraph 1, Item (10), B), the words "4.5 percent" in Article 7, Paragraph 1, Item (10), B), (a) shall be interpreted to mean "4 percent," and the words "6 percent" in Article 7, Paragraph 1, Item (10), B), (b) shall be interpreted to mean "5.5 percent".
- 4 On the effective date, JSCC shall set aside, as JGB OTC Transaction settlement guarantee reserve, the amount of the shareholder's equity of Japan Government Bond Clearing Corporation as of the day immediately preceding the Effective Date deducted capital, capital reserve and earned surplus of such company as of the same date.

Note. The date separately prescribed by JSCC, as mentioned in Paragraph 1, is January 14, 2014.

Supplementary Provisions

These revised Rules shall come into effect on November 25, 2013.

Supplementary Provisions

These revised Rules shall come into effect on January 14, 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

- 1 These revised Rules shall come into effect on March 24, 2014.
- 2 Notwithstanding the provisions of the immediately preceding paragraph, when, due to an unavoidable reason, JSCC deems that it is not appropriate to apply the revised provisions, then these revised Business Rules shall come into effect on the date on or after March 24, 2014 designated by JSCC.

Supplementary Provisions

These revised Rules shall come into effect on March 31, 2014.

Supplementary Provisions

These revised Rules shall come into effect on June 2, 2014.

Supplementary Provisions

These revised Rules shall come into effect on August 25, 2014.

Supplementary Provisions

- 1 These revised Rules shall come into effect on October 14, 2014.
- 2 Notwithstanding the provisions of the immediately preceding paragraph, when, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply the revised provisions, then these revised Rules shall come into effect on the date on or after October 14, 2014 designated by JSCC. In such case, matters necessary upon enforcement of these revised Rules shall be prescribed by JSCC at each time.

Supplementary Provisions

These revised Rules shall come into effect on November 25, 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

These revised Rules shall come into effect on May 25, 2015.

Supplementary Provisions

These revised Rules shall come into effect on May 29, 2015.

Supplementary Provisions

- 1 These revised Rules shall come into effect on October 13, 2015, except for the revisions to Article 11 and Article 13, Paragraph 1 (revision of the references to "Paragraph 4" to "Paragraph 3" only), which shall come into effect on October 14, 2015, and also except for the revisions to Article 2, Paragraph 1, Item (1), which shall come into effect on January 1, 2016.

- 2 Notwithstanding the provisions of the preceding Paragraph, in the case where JSCC deems it inappropriate for the revised Rules to apply due to unavoidable reasons, the revised Rules shall come into effect on the day set by JSCC which is not earlier than October 13, 2015.

Supplementary Provisions

These revised Rules shall come into effect on November 24, 2015.

Supplementary Provisions

These revised Rules shall come into effect on May 23, 2016.

Supplementary Provisions

These revised Rules shall come into effect on November 28, 2016.

Supplementary Provisions

These revised Rules shall come into effect on February 27, 2017.

Supplementary Provisions

These revised Rules shall come into effect on April 1, 2017.

Supplementary Provisions

These revised Rules shall come into effect on May 29, 2017.

Supplementary Provisions

These revised Rules shall come into effect on August 28, 2017.

Supplementary Provisions

These revised Rules shall come into effect on November 27, 2017.

Supplementary Provisions

These revised Rules shall come into effect on February 26, 2017.

Supplementary Provisions

- 1 These revised Rules shall come into effect on May 1, 2018.
- 2 Notwithstanding the provisions of the immediately preceding paragraph, when, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply these revised Rules, then these revised Rules shall come into effect on the date on or after May 1, 2018 designated by JSCC. In such case, matters necessary upon enforcement of these revised Rules shall be prescribed by JSCC at each time.
- 3 JGB OTC Transaction Clearing Participant Agreement (effective on October 1, 2013) shall be abolished on the day these revised Rules come into effect.

Supplementary Provisions

These revised Rules shall come into effect on May 28, 2018.

Supplementary Provisions

These revised Rules shall come into effect on August 27, 2018.

Supplementary Provisions

These revised Rules shall come into effect on November 26, 2018.

Supplementary Provisions

These revised Rules shall come into effect on February 25, 2019.

Supplementary Provisions

These revised Rules shall come into effect on June 1, 2020.

Supplementary Provisions

These revised Rules shall come into effect on August 24, 2020.

Supplementary Provisions

These revised Rules shall come into effect on November 24, 2020.

Supplementary Provisions

These revised Rules shall come into effect on January 14, 2021.

Supplementary Provisions

These revised Rules shall come into effect on May 24, 2021.

Supplementary Provisions

These revised Rules shall come into effect on August 30, 2021.

Supplementary Provisions

- 1 These revised Business Rules shall come into effect on January 11, 2022.
- 2 Notwithstanding the provisions of the immediately preceding paragraph, when, due to an unavoidable reason, such as trouble in JSCC's system operation which is necessary for settlement of the Cleared Contracts between JSCC and Clearing Participants, JSCC deems that it is not appropriate to apply the revised provisions, then these revised Business Rules shall come into effect on the date on or after January 11, 2022 designated by JSCC. In such case, matters necessary upon enforcement of these

revised Business Rules shall be prescribed by JSCC at each time.

Supplementary Provisions

These revised Rules shall come into effect on February 21, 2022.

Supplementary Provisions

These revised Rules shall come into effect on May 23, 2022.

Supplementary Provisions

These revised Rules shall come into effect on August 22, 2022.

Supplementary Provisions

These revised Rules shall come into effect on November 21, 2022.

Supplementary Provisions

These revised Rules shall come into effect on February 13, 2023.

Supplementary Provisions

These revised Rules shall come into effect on May 23, 2023.

Supplementary Provisions

These revised Rules shall come into effect on August 21, 2023.

Supplementary Provisions

These revised Rules shall come into effect on November 20, 2023.



### Supplementary Provisions

- 1 These revised Rules shall come into effect on December 18, 2023.
- 2 Notwithstanding the provisions of the immediately preceding paragraph, when, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply these revised Rules, then These revised Rules shall come into effect on the date on or after December 18, 2023 designated by JSCC. In such case, matters necessary upon enforcement of these revised Rules shall be prescribed by JSCC at each time.

### Supplementary Provisions

- 1 These revised Rules shall come into effect on April 1, 2024.
- 2 Notwithstanding the provisions of the immediately preceding paragraph, when, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply these revised Rules, then These revised Rules shall come into effect on the date on or after April 1, 2024 designated by JSCC. In such case, matters necessary upon enforcement of these revised Rules shall be prescribed by JSCC at each time.

**<Exhibit Form 1> Form of Guarantee**

Guarantee

Date:

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

Address

Trade Name or Company Name

Name of Representative (Seal)

[        ] (hereinafter referred to as the “Company”) confirms and accepts the details of the Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules prescribed by JSCC (hereinafter referred to as the “Business Rules”), etc. 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 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, Etc. 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 Japanese Government Bond Over-the-Counter Transaction Clearing Business of JSCC (including but not limited to the obligations under the Transactions Subject to Clearing to which the Cleared Contracts is a party).
  
- 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 20 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.

End of Document

<Exhibit Form 2> The Form for JGB OTC Transaction Clearing Participant Agreement

JGB OTC Transaction Clearing Participant Agreement

Date:

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

Address

Trade Name or Company Name

Name of the Representative (Seal)

We, [ ], as a Clearing Participant of Japan Securities Clearing Corporation (hereinafter referred to as "JSCC"), hereby agree that:

1. We shall abide by and comply with JSCC's Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules and other rules currently existing and to be established or amended in the future (hereinafter referred to as the "Rules") and the methods of handling of the JGB OTC Transaction Clearing Business as prescribed by JSCC;
2. We shall submit to such measures taken by JSCC in accordance with the Rules, as rescission of our JGB OTC Transaction Clearing Qualification or suspension of assumption of obligations;
3. In cases where we renounce or forfeit JGB OTC Transaction Clearing Qualification, we shall bear any and all responsibilities concerning such renunciation or forfeiture, and shall not cause any inconvenience for JSCC, other Clearing Participants and customers;
4. In cases where we receive notice from JSCC concerning an amendment of the content of this Agreement, we shall be deemed to have consented to such amendment if we file no objection by the prescribed date; and
5. Notice given by and between JSCC and us (including documents delivered by either

party to the other party) shall be prepared in Japanese. In addition, any amount of money shall be presented in Japanese yen.

End of Document

## Rules on Fees for JGB OTC Transaction Clearing Business

## (Article 1 Purpose)

These Rules set forth necessary matters concerning the fees JSCC collects from Clearing Participants pursuant to the provisions of Article 14 of the Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules (hereinafter referred to as the “Business Rules”).

## (Article 2 Account Management Fee)

- 1 A Clearing Participant shall pay an account management fee to JSCC.
- 2 The account management fee prescribed in the preceding Paragraph shall be ~~one million and eight hundred thousand (1,800,000)~~ one million and seven hundred thousand (1,700,000) yen per month (in case of Clearing Participant who is a JGB OTC Transaction Agency Clearing Participant, one million and six hundred thousand (1,600,000) yen per month); provided, however, that with regard to a Clearing Participant who has opened more than one (1) Netting Accounts, etc. (referring to the Netting Account prescribed in Article 86 of the Business Rules and the Initial Margin Group prescribed in Paragraph 2, Article 90 of the Business Rules; the same shall apply hereinafter in this Article), the applicable amount shall be said amount plus an amount calculated by deducting one (1) from the number of Netting Accounts, etc. that the Clearing Participant opens multiplied by one hundred thousand (100,000) yen.
- 3 Notwithstanding the provisions of the preceding Paragraph, in the case where the date of opening or creating Netting Accounts, etc. falls on or after the second (2nd) day of a month (excluding holidays) or where said Clearing Participant applies for the closing of one or more Netting Accounts, etc. or notifies the cancellation of the creation of Netting Accounts, etc. and if the date of closing or cancelling the creation of such Netting Accounts, etc. falls on or before the day (if such day falls on a holiday, it shall be the immediately preceding business day) immediately preceding the last day of the month (if such day falls on a holiday, it shall be the immediately preceding business day), said account management fee shall be calculated on a pro rata basis based on the amount prescribed in the preceding Paragraph and the period during which said Clearing Participant has said Netting Accounts, etc.

## (Article 3 Obligation Assumption Fee)

- 1 A Clearing Participant shall pay an obligation assumption fee to JSCC.
- 2 The obligation assumption fee (monthly fee) prescribed in the preceding Paragraph shall, with respect to each Clearing Participant's transaction type as prescribed in the following Items below, be such amount as prescribed in the applicable Item:

## (1) Buying and Selling, etc. of Japanese Government Bonds

The amount of Money to be paid/received by JSCC on the Buying/Selling Settlement Day prescribed in Article 40, Paragraph 2, Item (1)E) of the Business Rules with respect to a Transaction Subject to Clearing for which ~~the application for~~ assumption of obligations was performed by ~~submitted to~~ JSCC ~~(including transactions for which the application was rescinded pursuant to the provisions of Article 43 of the Business Rules; the same shall apply hereinafter in this Paragraph)~~, multiplied by the rates specified in either A) or, B) ~~or C)~~ below according to the type of Japanese government bonds as specified therein:

## A) Treasury discount bills:

The portion up to 200 billion yen per month : ~~0.00190-002~~/10,000

The portion more than 200 billion yen up to 400 billion yen per month :  
~~0.001450-0015~~/10,000

The portion more than 400 billion yen per month up to 1 trillion yen per month :  
~~0.000950-001~~/10,000

The portion more than 1 trillion yen per month up to 3 trillion yen per month :  
~~0.00070-00075~~/10,000

The portion more than 3 trillion yen per month: ~~0.000280-0003~~/10,000

B) Interest-bearing Japanese government bonds ~~(excluding Inflation-Indexed Japanese government bonds)~~ and discount Japanese government bonds (excluding Treasury discount bills):

The portion up to 1 trillion yen per month: ~~0.00380-004~~/10,000

The portion more than 1 trillion up to 2 trillion yen per month: ~~0.00290-003~~/10,000

The portion more than 2 trillion up to 4 trillion yen per month: ~~0.00190-002~~/10,000

The portion more than 4 trillion yen up to 7 trillion yen per month: ~~0.00140-0015~~/10,000

The portion more than 7 trillion yen per month: ~~0.000550-0006~~/10,000

~~C) Inflation-Indexed Japanese government bonds~~

~~When Rate Type A specified in Paragraph 3 is selected: 0.08/10,000~~

~~When Rate Type B specified in Paragraph 3 is selected: 0.16 /10,000~~

- (2) Cash-secured Bond Lending Transactions, Etc., Standard Repo Transaction, Etc. and Subsequent Collateral Allocation Repo Transaction, Etc.

With respect to a Transaction Subject to Clearing for which JSCC performed for which application for the assumption of obligations ~~was submitted to JSCC~~, for the total amount of the amount of Money to be paid/received on the Transaction Settlement Day as stipulated in Article 40, Paragraph 2, Item (2) E) of the Business Rules, the Ending Delivery Amount as stipulated in Article 40, Paragraph 2, Item (3)E) of the Business Rules (including the Money amount paid/received on Ending Transaction Delivery Day in relation to Original Repo Transaction, Etc. as stipulated in Article 2, Item (38) A) (b) of the Business Rules and the Money amount paid/received on the Ending Transaction Delivery Day in relation to the Repo Transaction, Etc. After Issue Change as stipulated in Article 2, Item (96) of the Business Rules) and the Ending Delivery Amount as stipulated in Article 40, Paragraph 2, Item (4)E) of the Business Rules, the amount specified in either A) or B), C) or D) below according to the type of transaction as specified therein:

- A) ~~Of~~ For overnight transactions (referring to as Cash-secured Bond Lending Transactions, Etc., for which Transaction Settlement Day arrives on the immediately following day of Transaction Execution Day (if such day falls on a holiday, immediately following day which is not a holiday), Standard Repo Transaction, Etc. for which Ending Transaction Delivery Day (for the transactions as stipulated in Article 2, Item (38) of the Business Rules, the Ending Transaction Delivery Day of Original Repo Transaction, etc.) arrives on the immediately following day of the Starting Transaction Delivery Day (for transactions as stipulated in said Item, the immediately following day of the Substitution Execution Day) (if such day falls on a holiday, immediately following day which is not a holiday) and Subsequent Collateral Allocation Repo Transaction, Etc. for which Ending Transaction Delivery Day arrives on the immediately following day of Starting Transaction Delivery Day (if such day falls on a holiday, immediately following day which is not a holiday) ; the same applies, hereinafter); ~~interest-bearing Japanese government bonds (excluding~~



~~Inflation-Indexed Japanese government bonds), discount Japanese government bonds and Subsequent Collateral Allocation Repo Transaction, Etc. for which the Basket does not cover Inflation-Indexed Japanese government bonds:~~ The total amount of the amount multiplying the number of days specified for each transaction specified in (a) multiplied by rates specified in (b).

(a)

Cash-secured Bond Lending Transactions, Etc.: The lending period (the period from the immediately following day of the Transaction Execution Day to the Transaction Settlement Day (including holidays))

Standard Repo Transaction, Etc.: The transaction period (the period from immediately following day of the Starting Transaction Delivery Day to the Ending Transaction Delivery Day (transaction stipulated in Article 2, Item (38) A) of the Business Rules, the period from immediately following day of Substitution Execution Day to the Ending Transaction Delivery Day of Original Repo Transaction, Etc. (including holidays))

Subsequent Collateral Allocation Repo Transaction, Etc.: The transaction period (the period from immediately following day of Starting Transaction Delivery Day to Ending Transaction Delivery Day (including holidays))

(b)

The portion up to ~~1520~~ trillion yen per month: ~~0.000280-0003~~/10,000

The portion more than ~~1520~~ trillion yen up to ~~2530~~ trillion yen per month:

~~0.000170-00018~~/10,000

The portion more than ~~2530~~ trillion yen up to 50 trillion yen per month:

~~0.0000850-00009~~/10,000

The portion more than 50 trillion yen up to 80 trillion yen per month:

~~0.0000550-00006~~/10,000

The portion more than 80 trillion yen up to 100 trillion yen per month:

~~0.0000280-00003~~/10,000

The portion more than 100 trillion yen per month: ~~0.00000950-00001~~/10,000

B) ~~For t~~Transactions other than overnight transactions, ~~interest-bearing Japanese government bonds (excluding Inflation-Indexed Japanese government bonds), discount Japanese government bonds and Subsequent Collateral Allocation~~

~~Repo Transaction, Etc. for which the Basket does not cover Inflation-Indexed Japanese government bonds:~~ The amount multiplied by the following rates.

The portion up to 1 trillion and 500 billion yen per month: ~~0.00280-003~~/10,000

The portion more than 1 trillion and 500 billion yen up to 2 trillion and 500 billion yen per month: ~~0.00170-0018~~/10,000

The portion more than 2 trillion and 500 billion yen up to 5 trillion yen per month: ~~0.000850-0009~~/10,000

The portion more than 5 trillion yen up to 8 trillion yen per month: ~~0.000550-0006~~/10,000

The portion more than 8 trillion yen up to 10 trillion yen per month: ~~0.000280-0003~~/10,000

The portion more than 10 trillion yen per month: ~~0.0000950-0004~~/10,000

~~C) For overnight transactions, Inflation-Indexed Japanese government bonds and Subsequent Collateral Allocation Repo Transaction, Etc., for which the Basket covers Inflation-Indexed Japanese government bonds: The total amount multiplying the number of days specified for each transaction specified in (a), multiplied by rates specified in (b):~~

~~(a) Cash-secured Bond Lending Transactions, Etc.: The lending period (the period from the immediately following day of Transaction Execution day to Transaction Settlement Day) (including holidays)~~

~~Standard Repo Transaction, Etc.: The transaction period (the period from immediately following day of the Starting Transaction Delivery Day to the Ending Transaction Delivery Day (transactions stipulated in Article 2, Item 38 A) of the Business Rules, the period from immediately following day of the Substitution Execution Day to the Ending Transaction Delivery Day of Original Repo Transaction, Etc.) (including holidays))~~

~~Subsequent Collateral Allocation Repo Transaction, Etc.: The transaction period (the period from immediately following day of the Starting Transaction Delivery Day to the Ending Transaction Delivery Day (including holidays))~~

~~(b)~~

~~When Rate Type A specified in Paragraph 3 is selected: 0.0004/10,000~~

~~When Rate Type B specified in Paragraph 3 is selected: 0.0012/10,000~~

~~D) For transactions other than overnight transactions, Inflation-Indexed Japanese government bonds and Subsequent Collateral Allocation Repo Transaction, Etc., for which the Basket covers Inflation-Indexed Japanese government bonds: The amount multiplied by the following rates~~

~~When Rate Type A specified in Paragraph 3 is selected: 0.004/10,000~~

~~When Rate Type B specified in Paragraph 3 is selected: 0.015/10,0003~~

~~A Clearing Participant who applies for assumption of obligation for the transactions specified in Item (1) C) or (2) C) and D) of the preceding Paragraph, shall select Rate Type A or Rate Type B. In such case, the amount specified in each of the following Items shall be added to the amount calculated pursuant to the preceding Paragraph.—~~

~~(1) Buying/Selling Etc. of Japanese Government Bonds~~

~~When Rate Type A specified in Paragraph 3 is selected: 500,000 yen~~

~~When Rate Type B specified in Paragraph 3 is selected: 100,000 yen~~

~~(2) Cash-secured Bond Lending Transactions, Etc., Standard Repo Transaction, Etc. and Subsequent Collateral Allocation Repo Transaction, Etc.~~

~~When Rate Type A specified in Paragraph 3 is selected: 300,000 yen~~

~~When Rate Type B specified in Paragraph 3 is selected: 100,000 yen~~

(Article 3-2 Fees relating to Collateral Allocation)

- 1 A Clearing Participant, shall pay fees relating to Collateral Allocation to JSCC.
- 2 The fees relating to Collateral Allocation (monthly fee) stipulated in the preceding Paragraph shall be the total amount of the amount specified in each of below Items.

(1) Collateral Allocation Fees : With respect to a delivering Clearing Participant for Collateral Allocation, the delivery amount related to Starting/Rewind JGB Delivery Obligation (Basket) subject to for which Collateral Allocation has been performed ~~deducting the market value (referring to the market value obtained by method stipulated in Article 12-3 of Handling Procedures of Japanese Government Bond Over-the-Counter Transaction Clearing Business Rules, the same shall apply hereinafter) of allocated Inflation-Indexed Japanese government bonds multiplied by~~

the following rates.

~~The portion up to 500 billion yen per month: 0.0036/10,000~~

The portion ~~more than 500 billion yen~~ up to 2 trillion and 500 billion yen per month:  
0.0032/10,000

The portion more than 2 trillion and 500 billion yen up to 10 trillion yen per month:  
0.0028/10,000

The portion more than 10 trillion yen up to 15 trillion yen per month: 0.0018/10,000

The portion more than 15 trillion yen per month: 0.0005/10,000

~~(2) Inflation-Indexed Bonds Allocation Fee:~~

~~With respect to a delivering Clearing Participant for Collateral Allocation, the market value of allocated Inflation-Indexed Japanese government bonds in the delivery amount related to Starting/Rewind JGB Delivery Obligation (Basket) subject to Collateral Allocation multiplied by the following rates~~

~~When Rate Type A specified in Paragraph 3 is selected: 0.003/10,000~~

~~When Rate Type B specified in Paragraph 3 is selected: 0.007/10,000~~

~~(23) Excess allocation fee: The number of excess allocation (referring to the Collateral Allocation, in the case as stipulated in Article 12-23, Paragraph 2 of the Handling Procedures of the Business Rules, executed pursuant to said Paragraph) multiplied by 50,000 yen.~~

~~3 A Clearing Participant who includes Inflation-Indexed Japanese government bonds in the Allocable Balance Notice for Subsequent Collateral Allocation Repo Transaction, Etc., shall select Rate Type A or Rate Type B, in a manner as prescribed by JSCC. In such case, the amount in each of the following Items shall be added to the amount calculated pursuant to the preceding Paragraph.~~

~~When Rate Type A is selected: 200,000 yen per month~~

~~When Rate Type B is selected: 100,000 yen per month~~

(Article 4 Balance Management Fee)

1 A Clearing Participant shall pay a balance management fee to JSCC.

- 2 The amount of the balance management fee prescribed in the preceding Paragraph shall be determined in accordance with Appendix 1 “Table for the Calculation of the Amount of Balance Management Fee.”

(Article 5 Settlement Day Management Fee)

- 1 A Clearing Participant shall pay a settlement day management fee to JSCC.
- 2 The amount of the settlement day management fee prescribed in the preceding Paragraph shall be determined in accordance with Appendix 2 “Table for the Calculation of the Amount of Settlement Day Management Fee.”

(Article 6 DVP Settlement Fee)

- 1 A Clearing Participant shall pay a DVP settlement fee to JSCC.
- 2 The DVP settlement fee prescribed in the preceding Paragraph shall be the total of the amounts prescribed in the following Items:
  - (1) The amount obtained by multiplying the number of book-entry transfers of Japanese government bonds made between a Clearing Participant (including the agent prescribed in Article 50-11, Paragraph 2 of the Business Rules) and JSCC for the delivery/receipt of Japanese government bonds prescribed in Article 50-11, Paragraph 1 or 2 of the Business Rules (including the cases where they are applied *mutatis mutandis* pursuant to the provisions of Article 51, Paragraph 3 and Article 56, Paragraph 2 thereof; the same shall apply hereinafter) by one hundred and fifty (150) yen; and
  - (2) The amount obtained by multiplying the number of payments/receipts of Money prescribed in Article 57, Paragraph 1, Article 59, Paragraph 1, Article 60, Paragraph 1, Article 62, Paragraph 1, and Article 63, Paragraph 1 of the Business Rules by one and fifty (150) yen.
- 3 In the case where a Settlement Related to Fail is made pursuant to the provisions of Article 51, Paragraph 4 of the Business Rules or where a payment/receipt of Money is made pursuant to the provisions of Article 54, Paragraph 1 or 2 of the Business Rules, a Settlement Related to Fail shall be deemed to have been made pursuant to the provisions of Article 51, Paragraph 3 of the Business Rules, and the provisions of Item (1) of the preceding Paragraph shall apply.
- 4 For delivery/receipt of Japanese government bonds and payment/receipt of Money

related to settlement of Subject Transactions for Auction executed by the First Step Auction for Default Settlement and Second Step Auction for Default Settlement, the provisions in preceding three (3) Paragraphs shall apply *mutatis mutandis*.

(Article 7 Collateral Management Fee)

- 1 A Clearing Participant shall pay a collateral management fee to JSCC.
- 2 The amount of the collateral management fee prescribed in the preceding Paragraph shall be calculated by multiplying the number of Initial Margin refunds and JGB OTC Transaction Clearing Fund refunds made by JSCC based on the requests of a Clearing Participant by two hundred (200) yen.

~~(Article 8 Clearing Participant Web Terminal Usage Fee)~~

~~1 A Clearing Participant shall pay a clearing participant web terminal usage fee to JSCC.~~

~~2 The clearing participant web terminal usage fee prescribed in the preceding Paragraph shall be ten thousand (10,000) yen per user ID per month with regard to the maximum number of user IDs for use of web terminals held by each Clearing Participant (referring to terminals installed by a Clearing Participant for the purpose of making inquiries on settlement information related to JGB OTC Transaction Clearing Business with JSCC or other purposes) during the month.~~

~~(Article 9 Certificate Issuance Fee)~~

~~When received an issuance of an Initial Margin balance certificate, a JGB OTC Transaction Clearing Fund balance certificate, a Default Contingent Margin balance certificate and a Special Clearing Charge Collateral balance certificate, a Variation Margin balance certificate or a certificate of clearing participant web terminal related registration information, a Clearing Participant shall pay a certificate issuance fee in the amount of three thousand (3,000) yen per copy to JSCC.~~

(Article ~~810~~ Handling of Commissioned Transactions)

- 1 With respect to a JGB OTC Transaction Agency Clearing Participant and a Clearing Participant holding Trust Account, notwithstanding the provisions of Article 2, the total amount of the fees prescribed in said Articles related to the Netting Account related to

the Brokerage for Clearing of Securities, Etc. (excluding those related to the customer which belongs to the same corporate group (as defined in Article 5, Paragraph 1, Item (2) of the Financial Instruments and Exchange Act) , as determined by JSCC, of as such JGB OTC Transaction Agency Clearing Participant) and the Netting Account which is a Trust Account (hereinafter referred to as the “Netting Account Related to Commissioned Transactions” ) shall be limited to the maximum amount of two million (2,000,000) yen per month and notwithstanding the provisions of Articles 3 through Article 6, the total sum of the fees as stipulated in the relevant each Article related to the Netting Account Related to Commissioned Transactions ~~(excluding Article 3, Paragraph 2, Item (1) C), Item (2)C) and Paragraph 3, Article 3-2, Paragraph 2, Item (2) and Item (3))~~ shall be limited to the maximum amount of five million (5,000,000) yen per month.

- 2 With respect to a Clearing Participant holding both Netting Account Related to Commissioned Transactions and Netting Account other than Netting Account Related to Commissioned Transactions, the provision in the preceding Paragraph shall apply to the portion corresponding to Netting Account Related to Commissioned Transactions.

~~(Article 10-2 Handling of Inflation-Indexed Japanese government bonds)~~

- ~~1 For the fees related to Inflation-Indexed Japanese government bonds stipulated in Article 3, Paragraph 3, each of Items through (1) to (2) and Article 3-2, Paragraph 3, a Clearing Participant may select Rate Type A or Rate Type B, as prescribed by JSCC, revise the rate and cancel the rate so selected.~~
- ~~2 For the fees related to Inflation-Indexed Japanese government bonds stipulated in Article 3, Paragraph 3, each of Items through (1) to (2) and Article 3-2, Paragraph 3, when a Clearing Participant who has selected neither Rate Type A nor Rate Type B, newly select Rate Type A or Rate Type B, 100,000 yen per month shall be added on the fees relating to such selection for the limited period from one (1) year from the day of such selection.~~
- ~~3 When a Qualification Applicant stipulated in Article 6, Paragraph 4 in the Business Rules selects Rate Type A or Rate Type B related to fees related to Inflation-indexed stipulated in Article 3, Paragraph 3, Items (1) to (2) and Article 3-2, Paragraph 3 of the Business Rules, when acquiring JGB OTC Transaction Clearing Qualification, an addition stipulated in the immediately preceding Paragraph shall not be applied to the~~

~~fee related to such selection.~~

(Article ~~911~~ Payment Date of Fees)

The payment date of the fees to JSCC prescribed in Article 2 through the preceding Article shall be the twentieth (20th) day (if such day falls on a holiday, it shall be the immediately following business day) of each month, and the fees for the immediately preceding month shall be paid together with the amount equivalent to the applicable consumption tax and local consumption tax.

#### Supplementary Provisions

These Rules shall come into effect on October 1, 2013.

#### Supplementary Provisions

These revised Rules shall come into effect on January 14, 2014.

#### Supplementary Provisions

These revised Rules shall come into effect on October 14, 2014.

#### Supplementary Provisions

- 1 These revised Rules shall come into effect on May 1, 2018; provided however, Excess Allocation Fee as stipulated in Article 3-2, Paragraph 2, Item (3) shall not apply for the time being.
- 2 Notwithstanding the provisions of the preceding Paragraph, the provisions in Article 10-2, Paragraph 2 and Paragraph 3 of the said Article shall come into effect on the date on or April 1, 2019.
- 3 Notwithstanding the provisions of the preceding two Paragraphs, when, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply these revised Rules, then these revised Rules shall come into effect on the date on or after May 1, 2018 designated by JSCC. In such case, matters necessary upon enforcement of these revised Rules shall be prescribed by JSCC at each time.

#### Supplementary Provisions



- 1 These revised Rules shall come into effect on April 1, 2024.
- 2 Notwithstanding the provisions of the preceding Paragraph, when, due to an unavoidable reason, such as trouble in JSCC's system operation, JSCC deems that it is not appropriate to apply these revised Rules, then these revised Rules shall come into effect on the date on or after April 1, 2024 designated by JSCC. In such case, matters necessary upon enforcement of these revised Rules shall be prescribed by JSCC at each time.

|

## Appendix 1

## Table for the Calculation of the Amount of Balance Management Fee

The amount of the balance management fee payable by each Clearing Participant shall be the total monthly amount calculated on the calculation day using the calculation formula stipulated in Paragraph 1 herein, multiplied by the rate prescribed in Paragraph 2:

1 Subject amount on each Calculation Day, etc.

= Total amount of Money Settlement Obligations between each Clearing Participant and JSCC with the same Settlement Day, Etc. x Number of days to the immediately following business day ÷ 365

2 Rates

The portion up to 200 billion yen per month ~~0.0310-0.033~~/10,000

The portion more than 200 billion yen up to 300 billion yen per month ~~0.0290-0.034~~/10,000

The portion more than 300 billion yen per month ~~0.0270-0.029~~/10,000

## Note

- 1 The Monetary Settlement Obligations shall include the Monetary Settlement Obligation Related to Individual Issue Transaction, the Monetary Settlement Obligation Related to Subsequent Collateral Allocation Repo Transaction, Etc. and obligation related to Money paid/received for the settlement of Subject Transactions for Auction constituted by the First Step Auction for Default Settlement and the Second Step Auction for Default Settlement.
- 2 For the Monetary Settlement Obligations Related to Individual Issue Transaction and obligations related to Money paid/received for the settlement of Subject Transactions for Auction constituted by the First Step Auction for Default Settlement and the Second Step Auction for Default Settlement, obligations for which Settlement Day, Etc. arrives on and after the second (2nd) day from the

Calculation Day shall be the subject of the calculation.

- 3 For the Monetary Settlement Obligations Related to Subsequent Collateral Allocation Repo Transaction, the remained amount after netting calculation of the Ending/Unwind JGB Delivery Obligation (Basket) and the Starting/Rewind JGB Delivery Obligation (Basket) for which Settlement Days, Etc. are same and for obligations for which Settlement Day, Etc. arrives on and after the second (2nd) day from the Calculation Day, shall be the subject of the calculation shall be the subject of the calculation.
- .
- 4 The number of days to the immediately following business day shall be the number of days from the calculation day to the day immediately preceding the business day after such calculation day (including holidays).

## Appendix 2

## Table for the Calculation of the Amount of Settlement Day Management Fee

The daily amount of the Settlement Day management fee payable by each Clearing Participant shall be the total amount of the Settlement Day management fees calculated on the respective Settlement Day, Etc. using the following calculation formula:

Settlement day management fee on each Settlement Day, Etc.

= Total transaction amount of Transactions Subject to Clearing relating to obligations with the same Settlement Day, Etc. assumed each day from each Clearing Participant × Number of excess days to Settlement Day, Etc. ÷ 365 × 0.015 / 10,000

Note 1 The Transactions Subject to Clearing relating to obligations assumed each day from each Clearing Participant shall be limited to those whose Settlement Day, Etc. (in the case of a Cash-secured Bond Lending Transactions, Etc., the Transaction Settlement Day; in the case of a Standard Repo Transaction, Etc., the Ending Transaction delivery day) arrives on or after the third (4th) day (excluding holidays) from the obligation assumption day.

2 In the case of a Buying and Selling, Etc. of Japanese Government Bonds, the transaction amount of Transactions Subject to Clearing shall be the amount of Money to be paid/received on the Buying/Selling Settlement Day prescribed in Article 40, Paragraph 2, Item (1)E) of the Business Rules. In the case of a Cash-secured Bond Lending Transaction, Etc., said amount shall be the amount of Money to be paid/received on the Transaction Settlement Day prescribed in Item (2)C) of said Paragraph. In the case of a Repo Transaction, Etc., said amount shall be the amount of Money to be paid/received on the Ending Transaction delivery day prescribed in Item (3) D) of said Paragraph (including the amount of Money to be paid/received on the Ending Transaction delivery day with respect to the Original Repo Transaction, Etc. prescribed in Article 41, Paragraph 1, Item (1) B) of the Business Rules and the amount of Money to be paid/received on the Ending Transaction delivery day with respect to the Repo Transaction, Etc. After Issue

Change prescribed in Item (2) of said Paragraph).

- 3 The number of excess days to Settlement Day, Etc. shall be the number of days from the day immediately following the third (3rd) day (excluding holidays) from the calculation day to the Settlement Day, Etc. (in the case of a Cash-secured Bond Lending Transactions, Etc., the Transaction Settlement Day; in the case of a Standard Repo Transaction, Etc. and Subsequent Collateral Allocation Repo Transaction, Etc., the Ending Transaction delivery day) (including holidays).