

Partial Amendments to Interest Rate Swap Clearing Business Rules and Subordinate Rules in association with Digitization of Open Position Transfer Process and Other Measures in IRS Clearing Service

I. Purpose of Amendment

Japan Securities Clearing Corporation (JSCC) makes required amendments to the Interest Rate Swap Clearing Business Rules and Subordinate Rules as per Annex attached hereto for a digitization of the process related to a transfer of an open position, including Position Transfer, in its IRS Clearing Service for the purpose of a reduction of operational burden related to such process, and an implementation of the measures for a reduction of rejections of clearing requests.

II. Outline of Amendment

1. Interest Rate Swap Clearing Business Rules and Subordinate Rules

(1) Digitization of Position Transfer Process

- The process of a transfer of position, that currently requires a submission of a written request form to JSCC, will be changed to a submission of a request to JSCC via the IRS Clearing System.

(2) Treatment of Upfront Fee Settlement Date in Clearing Requirements

- JSCC clears trades whose Upfront Fee settlement date falls on the next JSCC Business Day following the day on which JSCC confirms the satisfaction of the Clearing Requirements from a viewpoint of suppression of clearing request rejections.
- However, JSCC will reject a request for clearing of an IRS Transaction submitted after 4:00 p.m. if the next JSCC Business Day following the day on which JSCC confirms the satisfaction of the Clearing Requirements falls on the Upfront Fee settlement date.

2. Other

- Other necessary amendments are made.

(Remarks)

- IRS Clearing Business Rules, Article 2 et al.
- Handling Procedures of Interest Rate Swap Business Rules (hereinafter referred to as “IRS Handling of Business Rules”), Article 2-2 et al.
- IRS Handling of Business Rules, Article 28.1.(3)

III. Effective Date

These amendments shall come into force on October 6, 2025.

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

Business Rules and other Rules Partial Amendment
concerning Interest Rate Swap Clearing Business

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Interest Rate Swap Clearing Business Rules

Original Document Title: 金利スワップ取引清算業務に関する業務方法書

Note

1. JSCC hereby certifies that to the best of its knowledge, the foregoing is a fair and accurate English translation of a document originally written in Japanese. In the event of any inconsistency between the original Japanese document and this reference English translation, the original Japanese document will prevail.
2. For convenience purposes, we have added certain explanatory footnotes that do not appear in the Japanese original.
3. For convenience purposes, we have included Attachment 1, which provides an English alphabetized list of the definitions set forth in Article 2.
4. For convenience purposes, we have included Attachment 2, which provides definitions of certain Japanese concepts that are not defined in Article 2 of our rules.

Article 2. Definitions

1 The terms used in the Rules shall have definitions from the Financial Instruments and Exchange Act (Act No. 25 of 1948), the ISDA Definitions and the following items shall be defined as follows:

(1) “Transfer” means any of the following:

- a. a process to have a legal relationship with the same economic effect as the Proprietary Cleared Contract between JSCC and the Transferring Clearing Participant come into effect between a Receiving Customer and the Clearing Broker for the Receiving Customer and to pay or receive Cash and settle claims and obligations in association therewith pursuant to the provisions of Article 58-3.4.(2) or Article 58-3.4.(3);
- b. a process to have a Clearing Brokerage Contract between a Transferring Customer (as such term defined in Article 58-4.1; the same applies in this item) and the Clearing Broker for the Transferring Customer terminate and to have the claims and obligations thereunder cease to have future effect and to pay or receive Cash and settle claims and obligations in association therewith pursuant to the provisions of Article 58-5.4.(2) or Article 58-5.4.(4);
- cb. a process to have a Clearing Brokerage Contract between a Transferring Customer and the Clearing Broker for the Transferring Customer terminate and to have the claims and obligations thereunder cease to have future effect ~~pursuant to the provisions of Article 58-5.4~~, and simultaneously to have a legal relationship with the same terms and conditions as the said Clearing Brokerage Contract come into effect between the Receiving Customer ~~(as such term defined in Article 58-4.1)~~ and the Clearing Broker for the Receiving Customer, and to pay or receive Cash and settle claims and obligations in association therewith, pursuant to the provisions of Article 58-5.4.(3) or Article 58-5.4.(5); and
- e. ~~a process to have a legal relationship with the same economic effect as the Proprietary Cleared Contract between JSCC and the Transferring Clearing Participant (as such term defined in Article 58-6.1) come into effect between a Receiving Customer (as such term defined in Article 58-6.1) and the Clearing Broker for the Receiving Customer pursuant to the provisions of~~

Article 58-3.4.(2) or Article 58-3.4.(3)7.4;

- d. a process to move Proprietary Cleared Contract(s) booked on a Sub-Account to another Sub-Account under the same Proprietary Account pursuant to the provisions of Article 59-2.3; and
- e. a process to move Customer's Cleared Contract(s) booked on a Sub-Account to another Sub-Account under the same Customer Account pursuant to the provisions of Article 59-3.3;

(1)-2 "Receiving Customer" means a Customer who becomes a party to the legal relationship arising as a result of Transfer;

(1)-3 "Receiving Clearing Participant" means a Clearing Participant who becomes a party to the legal relationship arising as a result of Transfer;

(1)-4 "Transferring Customer" means the Customer who is a party to the Clearing Brokerage Contract subject to Transfer;

(1)-5 "Transferring Clearing Participant" means the Clearing Participant who is a party to the Proprietary Cleared Contract subject to Transfer;

(1)-~~62~~ "Customer Initial Margin" means any Japanese yen Cash, Cash in a currency other than Japanese yen designated by JSCC¹ or Eligible Securities Collateral deposited with a Clearing Broker by a Customer and kept by the Clearing Broker with the consent of the Customer for the purpose of securing the obligations of such Customer set forth in Article 61.1.(2);

(2) "Customer Account" means a customer account set forth in Article 59.2;

(2)-2 "Vendor-Initiated Compression" means a process to conduct Compression of a package of Cleared Contracts of multiple Clearing Participants as prescribed by JSCC in accordance with the provisions of Article 53-2-2.

¹ cf. Handling Procedures of IRS Clearing Business, Article 2-2.

(2)-3 “JPY Cleared Contract” means a Cleared Contract whose Notional Amount and settlement currency are denominated in Japanese yen.

(3) “Parent Company” means, with respect to a Legal Entity,

- a. a parent company of such Legal Entity (meaning any other Legal Entity controlling the financial and business policy of such Legal Entity)
- b. a Legal Entity controlling the financial and business policy of a parent company of such Legal Entity, if any;
- c. a subsidiary of a parent company of a Legal Entity (meaning any other Legal Entity whose financial and business policy is controlled by a parent company of such Legal Entity);
- d. a subsidiary of a Legal Entity described in c. above; and
- e. other persons deemed by JSCC as those equivalent to the foregoing;

(4) “Parental Guarantee” means a guarantee extended by the Parent Company of a Clearing Participant to secure the obligation of such Clearing Participant owing to JSCC by submitting a letter of guarantee in the form prescribed by JSCC², including other documents deemed by JSCC to be equivalent to such letter of guarantee, to JSCC;

(4)-2 “Unwind Fee” means, when Cleared Contracts terminate before its scheduled Termination Date as a result of Vendor-Initiated Compression, Member-Initiated Compression or JSCC-Initiated Compression, Cash to be paid or received between JSCC and Clearing Participants which are parties to the relevant Cleared Contracts;

² cf. Handling Procedures of IRS Clearing Business, Article 3 as well as Exhibit Form 1.

- (4)-3 “Foreign Currency Cleared Contract” means Cleared Contract whose Notional Amount and settlement currency are denominated in any currency other than Japanese yen;
- (4)-4 “Foreign Currency Home Business Day” means Sydney Business Day for AUD Cleared Contracts, New York Business Day for USD Cleared Contracts and TARGET Settlement Day for EUR Cleared Contracts;
- (4)-5 “Foreign Currency Home Holiday” means any day other than Foreign Currency Home Business Day;
- (4)-6 “Customer Buffer” means Initial Margin a Clearing Broker deposits with or delivers to JSCC for the purpose of allocation to a deficit pursuant to the provisions of Article 84-7 when a Customer has not deposited with or delivered to JSCC an amount sufficient to cover the Margin Required to Clear set forth in Article 49.1 or the Required Intraday Margin set forth in Article 69.1;
- (4)-7 “Customer Buffer Cap” means an upper allocation limit of the Customer Buffer for each Customer Account, which a Clearing Broker sets as a cap on the accumulated amount for one JSCC Business Day allowed to be allocated, and notifies to JSCC pursuant to the provisions of Article 84-6;
- (4)-8 “Customer Buffer Unallocated Balance” means the amount obtained by subtracting the amount of Customer Buffer already allocated pursuant to the provisions of Articles 84.7.1 and 84.7.2 to Customer Accounts of Customers who have concluded the Clearing Brokerage Agreement with the relevant Clearing Broker from the amount of the Customer Buffer deposited with JSCC by the Clearing Broker.
- (5) “Corporate Group” means a corporate group set forth in Article 5.1.(2) of the Financial Instruments and Exchange Act;
- (6) “Early Termination” means a termination of a Cleared Contract before the Termination Date for any reason other than Compression;

- (7) “Early Termination Charge” means Cash received and paid between the parties to a Cleared Contract in the case of its Early Termination;
- (8) “Subordinate Rules” means the rules set by JSCC that are subordinate to these Business Rules, in whatever name and including the amendments thereto, if any;
- (9) “Business Holiday” means a holiday set forth in Article 5.1 or an extraordinary holiday set forth in Article 5.2;
- (9)-2 “Cash” means Japanese yen, Australian dollars, United States dollars and Euro;
- (10) “Funds” means Cash, securities, claims and any other property;
- (10)-2 “Interest Rate Futures Cleared Contract” means a Cleared Contract related to Interest Rate Futures Contract;
- (10)-3 “Interest Rate Futures Contract” means an Interest Rate Futures Contract set forth in Article 3.2.(4)-2 of the Securities and Similar Contracts Business Rules;
- (11) “IRS Clearing Fund” means Japanese yen Cash, Cash in a currency other than Japanese yen designated by JSCC³ or Eligible Securities Collateral deposited with JSCC by each Clearing Participant for the purpose set forth in Article 17.1;
- (12) “IRS Clearing Qualification” means a permission to become a JSCC’s counterparty in a Cleared Contract in accordance with the Rules which may be granted or cancelled by JSCC;
- (13) “IRS Transaction” means an interest rate swap transaction which is an OTC derivatives transaction prescribed in Article 2.22.(5) of the Financial Instruments and Exchange Act;

³ cf. Handling Procedures of IRS Clearing Business, Article 2-2.

- (13)-2 “Blended Rates Compression” means a process to conduct Compression in the manner prescribed by JSCC in accordance with the provisions of Article 53-2.
- (13)-2-2 “Client Clearing” means a Clearing for a Customer which does not belong to the same Corporate Group as its Clearing Broker;
- (13)-3 “Cross Margining Accepting Party” means a Clearing Participant which gives, pursuant to the provisions of Article 84-2.2, to JSCC a notice of acceptance or rejection of an application for having Positions in JGB Futures Contracts or Interest Rate Futures Contracts covered under Cross Margining submitted to JSCC pursuant to the provisions of the Securities and Similar Contracts Business Rules (“Cross Margining Request”);
- (13)-4 “Cross Margining Requestor” means a JGB Futures Clearing Participant which makes a Cross Margining Request to JSCC;
- (13)-5 “Cross Margining” means a scheme of calculating Required Initial Margin for Positions in JGB Futures Contracts or Interest Rate Futures Contracts designated by JSCC under the Rules⁴;
- (13)-6 “Cross Margined Interest Rate Futures Cleared Contract” means an Interest Rate Futures Cleared Contract Positions in which are recorded on a Proprietary Account or a Customer Account pursuant to the provisions of Article 84-4.3
- (13)-7 “Cross Margined JGB Futures Cleared Contract” means a JGB Futures Cleared Contract Positions in which are recorded on a Proprietary Account or a Customer Account pursuant to the provisions of Article 84-4.3;
- (13)-8 “Cross Margining Acceptance” means giving a notice of acceptance of Cross Margining Request pursuant to the provisions of Article 84-4.2:

⁴ cf. Handling Procedures of IRS Clearing Business, Article 3-2.

- (13)-9 “Cross Margining User” means a Clearing Participant or a Customer falling under any of the items a. through d. below, and utilizing Cross Margining for its Positions in JGB Futures Contracts or Interest Rate Futures Contracts on its book with respect to whom the notification prescribed in Article 84-2 has been submitted to JSCC:
- a. A JGB Futures Clearing Participant;
 - b. A Customer who requested brokerage of its JGB Futures Contracts or Interest Rate Futures Contracts to a JGB Futures Clearing Participant;
 - c. A JGB Futures Non-Clearing Participant; or
 - d. A Customer who requested brokerage of its JGB Futures Contracts or Interest Rate Futures Contracts to a JGB Futures Non-Clearing Participant.
- (14) “Settlement Amount” means, in respect of a Cleared Contract, the amount of Cash to be paid or received between JSCC and a Clearing Participant (excluding those to be paid or received as IRS Clearing Fund, Initial Margin, Variation Margin and interests on Variation Margin) or, if such Cash are paid or received on a net basis pursuant to the provisions of Article 85.2 or Article 85-4.2 hereof among such Cash, the amount so netted ;
- (15) “Failure of Settlement” means a default or anticipated default in the performance of obligations arising as a result of a Cleared Contract or any other obligations under the Rules in whole or in part by the due date thereof;
- (15)-2 “AUD Cleared Contract” means a Cleared Contract whose Notional Amount and settlement currency are denominated in Australian dollars;
- (15)-3 “Listed Futures Position Transfer” means a process to have new claims and obligations related to JGB Futures Cleared Contracts and the like and new claims and obligations related to Interest Rate Futures Cleared Contracts and the like accrue among JSCC, the JGB Futures Clearing Participant and the Cross Margining User falling under the provisions of Article 2.1.(13)-9.b. to d. (and a JGB Non-Clearing Participant which accepted a brokerage of JGB Futures Contracts for a person falling under Article 2.1.(13)-9.d.) and to pay or receive Cash and settle claims and obligations in

association therewith, in accordance with the provisions of Article 94-3. The claims and obligations related to JGB Futures Cleared Contracts and the like means the claims and obligations related to JGB Futures Cleared Contracts, a Clearing brokerage for JGB Futures Contracts and a brokerage for JGB Futures Contracts; and the same shall apply hereinafter, and the claims and obligations related to Interest Rate Futures Cleared Contracts and the like means the claims and obligations related to Interest Rate Futures Cleared Contracts, a Clearing brokerage for Interest Rate Futures Contracts and a brokerage for Interest Rate Futures Contracts; and the same shall apply hereinafter;

- (15)-4 “Listed Futures Successor Clearing Broker” means a JGB Futures Clearing Participant that has assumed the claims and obligations arising as a result of the Listed Futures Position Transfer.
- (15)-5 “JGB Futures Cleared Contract” means a Cleared Contract related to JGB Futures Contract;
- (15)-6 “JGB Futures Clearing Participant” means a JGB Futures Clearing Participant set forth in Article 5.3 of the Securities and Similar Contracts Business Rules;
- (15)-7 “JGB Futures Non-Clearing Participant” means a JGB Futures Non-Clearing Participant set forth in Article 73-6.2 of the Securities and Similar Contracts Business Rules;
- (15)-8 “Listed Futures Backup Clearing Broker” means a JGB Futures Clearing Participant who has been designated by a Cross Margining User in advance in accordance with the provisions of Article 45-3 as a JGB Futures Clearing Participant to accept Listed Futures Position Transfer in respect of the claims and obligations related to the JGB Futures Cleared Contracts and the like and the claims and obligations related to the Interest Rate Futures Cleared Contracts and the like when the claims and obligations come into existence in accordance with the provisions of Article 84-5.1.
- (15)-9 “JGB Futures Contract” means a JGB Futures Contract set forth in Article 3.2.(3) of the Securities and Similar Contracts Business Rules;

- (16) “Uniform International Standard” means the uniform international standard set forth in Article 1.4 of “Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act” (Ordinance of the General Administrative Agency of the Cabinet and the Ministry of Finance No. 39, 2000), Article 1.4 of “Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act Applied *mutatis mutandis* pursuant to Article 17 of the Long Term Credit Bank Act” (Ordinance of the General Administrative Agency of the Cabinet and the Ministry of Finance No. 40, 2000), or Article 3.5 of “Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act” (Ordinance of the General Administrative Agency of the Cabinet and the Ministry of Finance No. 41, 2000);⁵
- (17) “Japanese Standard” means the standard in Japan set forth in Article 1.5 of “Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act”, Article 1.5 of “Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act Applied *mutatis mutandis* pursuant to Article 17 of the Long Term Credit Bank Act”, or Article 3.4 of “Order Providing for the Categories, etc. Prescribed in Article 26, Paragraph (2) of the Banking Act Applied Mutatis Mutandis Pursuant to Article 89, Paragraph (1) of the Shinkin Bank Act”;
- (18) “Fixed Resources for Loss Recovery” means the First Tier IRS Settlement Guarantee Reserve, the Second Tier IRS Settlement Guarantee Reserve and the IRS Clearing Fund deposited with JSCC by each Clearing Participant, up to the Second Tier Clearing Participant Cap, other than the Defaulting Clearing Participant;
- (18)-2 “Compression” means a process to have Cleared Contract(s) terminated before its scheduled Termination Date and have new Cleared Contract(s) simultaneously established;

⁵ Uniform International Standard is a standard prescribed in Japan under Basel III.

(19) “Clearing” means execution of an IRS Transaction between JSCC as a principal and each Clearing Participant who is a party to an Eligible IRS Transaction pursuant to Article 49;

(19)-2 “Shortfall in Margin Required to Clear” means, when the sum of the Initial Margin Deposited Amount set forth in Article 66 and the amount of the Customer Buffer allocated to the relevant Customer Account as of the time at which the notification set forth in Article 54.1 related to the request for brokerage for clearing (including the case where such provisions apply mutatis mutandis under Article 54-2.1) is given is less than the Margin Required to Clear set forth in Article 49, the amount equal to the difference between the Margin Required to Clear and the said sum.

(20) “Substituted Initial Margin” means an Initial Margin deposited with JSCC by a Clearing Broker from its own funds for and on behalf of itself and its Customers in respect of a Customer’s Cleared Contract for which they act as the Clearing Broker;

(20)-2 “Member-Initiated Compression” means a process to conduct Compression through a method prescribed by JSCC in accordance with the provisions of Article 53-2-3.

(21) “Net Capital” means,

for a Financial Instrument Business Operator, the amount of unfixed equity capital set forth in Article 1,4,(2) of the Cabinet Office Ordinance Concerning Financial Instruments Business Operator etc. (Cabinet Office Ordinance No. 52 of 2007);

for a Registered Financial Institution other than insurance company or shinkin bank having one or more overseas office, the amount of gross equity capital used for the calculation of the non-consolidated gross capital adequacy ratio based on the Uniform International Standard (in the case of a foreign bank, the amount of equity capital used for the calculation of the non-consolidated capital adequacy ratio under the applicable laws and regulations in its home country);

for a Registered Financial Institution other than insurance company having no

overseas office and a Registered Financial Institution which is a shinkin bank having one or more overseas office, the amount of equity capital used for the calculation of the non-consolidated capital adequacy ratio based on the Japanese Standard; and

for a Registered Financial Institution which is an insurance company, the amount of net assets;

- (22) “Capital-to-Risk Ratio” means the capital-to-risk ratio set forth in Article 46-6.1 of the Financial Instruments and Exchange Act;
- (23) “Proprietary Account” means a proprietary transaction account set forth in Article 59.2;
- (23)-2 “Designated Market Operator” means a designated market operator set forth in Article 3.2.(1) of the Securities and Similar Contracts Business Rules designated by JSCC⁶;
- (23)-3 “Sydney Business Day” means a day on which banks are open for business in Sydney, Australia and fund settlement in Australian dollars is performed;
- (24) “Clearing Broker” means a Clearing Participant who has entered into a Clearing Brokerage Agreement with a Customer;
- (24)-2 “Position Transfer” means a process to have new claims and obligations related to a Proprietary Cleared Contract accrue between JSCC and the Clearing Participant and to pay or receive Cash and settle claims and obligations in association therewith, in accordance with the provisions of Article ~~58-3.4.(1)~~~~53-4.4~~ or a process to have new claims and obligations related to Customer’s Cleared Contracts and Clearing Brokerage Contracts accrue among JSCC, a Clearing Participant and a Customer, and to pay or receive Cash and settle claims and obligations in association therewith, in accordance with the provisions of Article ~~58-5.4.(1)~~~~58-3.4~~,– Article 94.6 or Article 94-2.2;

⁶ cf. Handling Procedures of IRS Clearing Business, Article 3-3.

(24)-3 “Successor Clearing Broker” means a Clearing Broker that has assumed the claims and obligations arising as a result of the Position Transfer;⁷

(24)-4 “Position Transfer Date” means the date on which JSCC accepts the request for Position Transfer;

(24)-5 “Position Transfer Requested Cleared Contract” means the Cleared Contract subject to Position Transfer;

(24)-6 “Carrying Clearing Broker” means the Clearing Participant who is a party to the Cleared Contract subject to Position Transfer;

(24)-~~7~~⁴ “Securities and Similar Contracts Business Rules” means the business rules prescribed by JSCC for its securities and similar contracts clearing business;

(25) “Margin” collectively means Initial Margin, Customer Initial Margin and Variation Margin;

(26) “Net Present Value” means the value calculated by discounting the future cash-flows arising from an IRS Transaction to the present value according to the method prescribed by JSCC⁷;

(26)-2 “Available Customer Buffer Amount at New Clearing” means an amount of the Customer Buffer made available to a Customer intending to request a Clearing Broker to act on its behalf, which is equal to the amount obtained by subtracting the amount of the Customer Buffer already allocated to the relevant Customer Account as of the time at which the notification set forth in Article 54.1 related to the relevant request (including the case where such provisions apply *mutatis mutandis* under Article 54-2.1) is given from the Customer Buffer Cap, or, if such amount is more than the Customer Buffer Unallocated Balance, the amount of such Customer Buffer Unallocated Balance;

⁷ cf. Handling Procedures of IRS Clearing Business, Article 4.

- (27) “Customer” means a person who has entered into a Clearing Brokerage Agreement with a Clearing Participant and submitted a letter of undertaking as prescribed in Article 43.2 to JSCC, and who satisfies the requirements prescribed by JSCC⁸;
- (28) “Clearing Brokerage Contract” means a legal relationship between a Clearing Broker and a Customer coming into effect as a result of each Clearing Brokerage in accordance with the Clearing Brokerage Agreement, which has the same economic effect as the Customer’s Cleared Contract coming into effect as a result of the said brokerage;
- (28)-2 “Clearing Brokerage Contract (Settlement Type)” means a contract for which Variation Margin shall not be paid or received, but Mark-to-Market Difference shall be paid or received pursuant to these Business Rules;
- (28)-3 “Clearing Brokerage Contract (Collateral Type)” means a contract for which Variation Margin shall be paid or received pursuant to these Business Rules;
- (29) “Clearing Participant” means a person who holds an IRS Clearing Qualification;
- (30) “Clearing Participant Agreement” means an agreement between JSCC and a Clearing Participant in the form prescribed by JSCC⁹, which incorporates the terms of the Rules;
- (31) “Clearing Brokerage Agreement” means an agreement entered into between a Customer and a Clearing Broker in the form prescribed by JSCC¹⁰, including any agreements entered into between the Clearing Broker and a Customer in accordance with such agreement, under which the Clearing Broker may accept the Customer’s IRS Transactions for Clearing;
- (32) “Clearing Brokerage Original Transaction” means the original IRS Transaction that

⁸ *cf.* Handling Procedures of IRS Clearing Business, Article 5.

⁹ *cf.* Handling Procedures of IRS Clearing Business, Article 6, as well as Exhibit Form 2.

¹⁰ *cf.* Handling Procedures of IRS Clearing Business, Article 7, as well as Exhibit Form 3.

existed between a Customer and a Clearing Participant or another Customer for which the Customer requested Clearing via their Clearing Broker;

(33) “Clearing Brokerage Account” means a clearing brokerage account as set forth in Article 60.1;

(34) “Cleared Contract” means an IRS Transaction between JSCC and a Clearing Participant that comes into effect as a result of Clearing;

(35) “Customer’s Cleared Contract” means a Cleared Contract on the Customer’s book executed by a Clearing Broker according to a request of a Customer for Clearing Brokerage;

(35)-2 “Cleared Contract (Settlement Type)” means a Cleared Contract for which Variation Margin shall not be paid or received, but Mark-to-Market Difference shall be paid or received pursuant to these Business Rules;

(36) “Proprietary Cleared Contract” means a Cleared Contract executed by a Clearing Participant on its proprietary book;

(36)-2 “Cleared Contract (Collateral Type)” means a Cleared Contract for which Variation Margin shall be paid or received pursuant to these Business Rules;

(36)-3 “Mark-to-Market Difference” shall collectively refer to the Cash listed in the following items:

- a. Cash paid or received between JSCC and a Clearing Participant on each JSCC Business Day to settle exposure related to the change in present value prescribed in Article 61-2.1. (1);
- b. Cash paid or received between JSCC and a Clearing Broker on each JSCC Business Day to settle exposure related to the change in present value prescribed in Article 61-2.1. (2); and
- c. Cash paid or received between a Clearing Broker and its Customer on each JSCC Business Day to settle exposure related to the change in present value

prescribed in Article 61-2.1. (3);

- (36)-4 “Mark-to-Market Difference And Adjustment Amount” collectively means the Mark-to-Market Difference, and Adjustment Amount related to Mark-to-Market Difference;
- (36)-5 “Adjustment Amount related to Mark-to-Market Difference” means Cash as set forth in Article 83.2.1;
- (37) “Resources for Loss Recovery” means the Fixed Resources for Loss Recovery and the Liquid Resources for Loss Recovery to be used in accordance with the Rules to recover the losses which JSCC may incur upon the Default of any Clearing Participant.
- (38) “First Tier IRS Settlement Guarantee Reserve” means an amount set aside by JSCC in accordance with the Subordinate Rules¹¹ for the purpose of covering losses arising from the Default of a Clearing Participant;
- (39) “Second Tier IRS Settlement Guarantee Reserve” means an amount set aside by JSCC in accordance with the Subordinate Rules¹² for the purpose of covering losses arising from the Default of a Clearing Participant;
- (40) “Second Tier Clearing Participant Cap” means the Required IRS Clearing Fund contribution of each Clearing Participant as of the JSCC Business Day immediately preceding the start date of the Default Settlement Period in which the Default Determination Date in respect of the Defaulting Clearing Participant set forth in Article 103.1 falls.
- (41) “Third Tier Special Clearing Charge” means Japanese yen Cash paid by a Clearing Participant to JSCC in accordance with the provisions of Article 105;

¹¹ *cf.* Rules on Default Settlement Regarding Clearing Participants in Relation to IRS Clearing Business, Article 3.

¹² *cf.* Rules on Default Settlement Regarding Clearing Participants in Relation to IRS Clearing Business, Article 4.

- (42) “Third Tier Special Clearing Charge Collateral” means Japanese yen Cash deposited by a Clearing Participant with JSCC for the purpose described in Article 107.1.(1);
- (43) “Fourth Tier Special Clearing Charge” means Cash paid by a Clearing Participant to JSCC in accordance with the provisions of Article 106;
- (44) “Fourth Tier Special Clearing Charge Collateral” means Cash deposited by a Clearing Participant with JSCC for the purpose described in Article 107.1.(2);
- (45) “Eligible Securities Collateral” mean the securities specified by JSCC¹³ that may be deposited as the IRS Clearing Fund, Initial Margin, Customer Initial Margin or Default Contingent Margin;
- (45)-2 “Position” means “Position” as defined in Article 45-2.2 of the Securities and Similar Contracts Business Rules;
- (46) “Other Clearing Business” means the Clearing Service and businesses incidental thereto carried out by JSCC excluding the IRS Clearing Businesses;
- (46)-2 “Collateral Transfer” means a treatment of deeming, pursuant to the provisions of Article 58-2.2 or Article 58-4.2, Initial Margin deposited by a Clearing Participant or a Customer as Initial Margin set forth in the relevant Item of Article 58-3.3 or the relevant Item of Article 58-5.3;
- (47) “Eligible IRS Transaction” means an IRS Transaction between Clearing Participants which satisfies the requirements prescribed by JSCC¹⁴;
- (48) Deleted;
- (49) “JSCC Business Day” means any day other than a Business Holiday¹⁵;

¹³ cf. Handling Procedures of IRS Clearing Business, Article 8.

¹⁴ cf. Handling Procedures of IRS Clearing Business, Article 9.

¹⁵ cf. IRS Clearing Business Rules, Article 5.

- (50) “Initial Margin” means Japanese yen Cash, Cash in a currency other than Japanese yen designated by JSCC¹⁶ or Eligible Securities Collateral deposited with JSCC by a Clearing Participant or a Customer for the purpose of securing the obligations prescribed in Article 61.1.(1);
- (51) “Special Clearing Charge” collectively refers to the Third Tier Special Clearing Charge and the Fourth Tier Special Clearing Charge;
- (52) “Special Clearing Charge Collateral” collectively refers to the Third Tier Special Clearing Charge Collateral and the Fourth Tier Special Clearing Charge Collateral;
- (52)-2 “Per Trade Compression” means a process of conducting Compression through a method prescribed by JSCC in accordance with the provisions of Article 53;
- (53) “Transaction Side” means a distinction of a leg under an IRS Transaction set forth in a. or b. below in accordance with the classification of IRS Transactions set forth in each such item:
- a. IRS Transaction in which both parties are obliged to pay Floating Rates: distinction of each side under such IRS transaction in which both parties are obliged to pay Floating Rates pursuant to Confirmation or the Rules, or
 - b. IRS Transaction other than the above: distinction between Floating Rate Payer or Fixed Rate Payer
- (54) “Intraday Margin” means Initial Margin to be deposited pursuant to Article 67 through Article 70 hereof.
- (54)-2 “Available Customer Buffer Amount at Intraday Margin Calculation” means an amount of the Customer Buffer made available for an allocation to the relevant Customer

¹⁶ cf. Handling Procedures of IRS Clearing Business, Article 2-2.

Account at the time of calculation of the Required Intraday Margin for the Customer set forth in Article 69.1, which is equal to the amount obtained by subtracting the amount of the Customer Buffer already allocated to the relevant Customer Account as of the time of the Intraday Margin calculation from the Customer Buffer Cap, or, if such amount is more than the Customer Buffer Unallocated Balance, the amount of such Customer Buffer Unallocated Balance;

(54)-2-2 “New York Business Day” means any day on which banks are open for business in New York City, U.S.A. and fund settlement in United States dollars is performed:

(54)-3 (Deleted)

(54)-4 “Non-hedge Account” means a classification of Customer Account designated as non-hedge account pursuant to the provisions of Article 59.7.

(55) “Default Contingent Margin” means Japanese yen Cash, Cash in a currency other than Japanese yen designated by JSCC¹⁷ or Eligible Securities Collateral to be deposited with JSCC by a Clearing Participant for the purpose of securing the obligations set forth in Article 108.1 hereof.

(56) “Default Settlement Period” means a period of 30 days from the Default Determination Date with respect to the Default of such Clearing Participant, except in the case where another Default is determined during an existing Default Settlement Period, in which case, the Default Settlement Period shall be extended to the day 30 days after the Default Determination Date for such subsequently occurred Default;

(57) “Default Auction” means the Default Auction prescribed in Article 95;

(58) “Defaulting Clearing Participant” means a Clearing Participant determined by JSCC to be in Default, and when Defaulting Clearing Participant is acting for a Customer, it may also be referred to as “Defaulting Clearing Broker”;

¹⁷ cf. Handling Procedures of IRS Clearing Business, Article 2-2.

(59) “Default” means any of the following events and actions:

- a. Become, or be likely to become, unable to pay (as prescribed in Article 2.11 of the Bankruptcy Act (Act No. 75 of 2004)) or to become insolvent with excess liabilities (as prescribed in Article 16.1 of the Bankruptcy Act);
- b. Become subject to suspension of transactions by a clearinghouse or an Electronic Monetary Claim Recording Institution defined in Article 2.2 of the Electronically Recorded Monetary Claims Act (Act No. 102 of 2007);
- c. Suspend its payment (meaning suspension of payment by which insolvency is presumed pursuant to the provisions of Article 15.2 of the Bankruptcy Act) or occurrence of similar events;
- d. Dissolve itself (excluding dissolution due to a merger);
- e. Petition for commencement of bankruptcy proceedings, commencement of rehabilitation proceedings, commencement of reorganisation proceedings or commencement of special liquidation or acknowledgment of foreign insolvency proceedings is filed (including the petitions equivalent thereto under any foreign laws and regulations);
- f. An event which causes commencement of bankruptcy proceedings, rehabilitation proceedings, reorganisation proceedings or special liquidation (including that equivalent thereto under any foreign laws and regulations) has occurred; or
- g. Only with respect to Clearing Participants whose Cross Margined JGB Futures Cleared Contracts or Cross Margined Interest Rate Futures Cleared Contracts are recorded on their Clearing Participant Accounts (other than those which also are JGB Futures Clearing Participants), an acceleration of obligations under an Agreement for Setting up Futures/Options Trading Account

prescribed by the Designated Market Operator for brokerage of JGB Futures Contracts or under a Contract for Commissioning Clearance Relating to JGB Futures, Etc. Contracts concluded for brokerage of Clearing pursuant to the provisions of Article 39 of the Securities and Similar Contracts Business Rules;

(60) “Default Determination Date” means the day on which JSCC determines the Default of a Clearing Participant;

(60)-2 “Backup Clearing Broker” means a Clearing Broker (limited to the one who has obtained an approval set forth in Article 12-2) who has been designated by a Customer in advance in accordance with the provisions of Article 45-2 as a Clearing Broker to succeed to the claims and obligations related to the Cleared Contracts (Customer Account) and the Customer Clearing Contracts executed on the account of the relevant Customer when a Default is acknowledged with respect to the Clearing Broker who then is providing the Customer Clearing to the relevant Customer.

(61) (Deleted);

(62) “Non-resident” means a non-resident prescribed in Article 6.1.(6) of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949);

(62)-2 “USD Cleared Contract” means a Cleared Contract whose Notional Amount and settlement currency are denominated in United States dollars;

(62)-3 “Hedge Account” means a classification of Customer Account notified as hedge account pursuant to the provisions of Article 59.7.

(63) “Variation Margin” shall collectively refer to the Cash listed in the following items:

- a. The Cash received and paid between a Clearing Participant and JSCC on each JSCC Business Day for the purpose of securing the obligations listed in Article 61.1.(3);

- b. The Cash received and paid between a Clearing Broker and JSCC on each JSCC Business Day for the purpose of securing the obligations listed in Article 61.1.(4); and
- c. The Cash received and paid between a Clearing Broker and a Customer on each JSCC Business Day for the purpose of securing the obligations listed in Article 61.1.(5).

(63)-2 “Cash Settlement Amount” means Variation Margin, interest on Variation Margin, amount to be settled and other Cash to be paid or received under Cleared Contracts.

(64) “Legal Entity” means a corporate body, an association or any other entities equivalent thereto (including overseas entities equivalent thereto);

(65) “Rules” shall collectively refer to the Business Rules, the Subordinate Rules and Documents Setting Forth Handling of ISDA-Based Documents;

(66) “Liquid Resources for Loss Recovery” means the Third Tier Special Clearing Charge and the Fourth Tier Special Clearing Charge.

(67) “Consolidated Capital-to-Risk Ratio” means the consolidated capital-to-risk ratio set forth in the Article 2 of “Establishment of Criteria for Judgment on the Adequacy of Equity Capital of a Special Financial Instruments Business Operator and its Subsidiary Entities in Light of Assets, etc. Held by Such Special Financial Instruments Business Operator and its Subsidiary Entities” (Financial Services Agency Public Notice No. 128 of 2010);

(68) “Officer” means an officer prescribed in Article 329 of the Companies Act (Act No.86 of 2005) (in respect of a Legal Entity other than a limited company¹⁸, a person who is treated as equivalent to an officer of a limited company under the applicable laws and regulations);

¹⁸ Kabushiki Kaisha under the Company Act.

- (68)-2 “EUR Cleared Contract” means a Cleared Contract whose Notional Amount and settlement currency are denominated in Euro.
- (69) “ISDA” means International Swaps and Derivatives Association, Inc.;
- (70) “Documents Setting Forth Handling of ISDA-Based Documents” mean the documents prescribed by JSCC by notification to Clearing Participants or public notice in connection with the matters necessary to apply the ISDA Master Agreement and the ISDA Definitions to a Cleared Contract and any other matters in accordance with the provisions of the Subordinate Rules¹⁹;
- (71) “ISDA Master Agreement” means the 2002 ISDA Master Agreement published by ISDA in 2003 (including any changes, amendments or supplements in writing published by ISDA and specified by JSCC) which shall be applied to Cleared Contracts;
- (72) “ISDA Definitions” means the 2021 ISDA Interest Rate Derivatives Definitions published by ISDA in 2021 (including any changes, amendments or supplements published by ISDA and specified by JSCC²⁰);
- (72)-2 “JSCC-Initiated Compression” means a process to conduct Compression of a package of Cleared Contracts related to two or more Clearing Participants or Customers as prescribed by JSCC in accordance with the provisions of Article 53-2-4;
- (73) “TARGET Settlement Day” means any day on which Trans-European Automated Real-Time Gross Settlement Express Transfer System, a Euro fund settlement system, is in operation and a fund settlement in Euro is performed.

2 The terms listed in the “Term” column in the table attached hereto as the Annex among the terms used in the Rules, shall refer to the corresponding terms listed in the “ISDA Definitions” column as defined in the relevant section of the “ISDA Definitions” stated in the “Section” column.

¹⁹ *cf.* Handling Procedures of IRS Clearing Business, Article 10.

²⁰ *cf.* Handling Procedures of IRS Clearing Business, Article 11.

3 If there is a discrepancy between the meaning of any term used in the Financial Instruments and Exchange Act or the ISDA Definitions and the Rules, the meaning in the Rules shall prevail.

~~Article 53-3. Request for Position Transfer of Proprietary Cleared Contracts of Clearing Participant~~

~~1 A Clearing Participant may, in accordance with the provisions set forth in this Article and Article 53-4, have all or a part of Proprietary Cleared Contracts existing between such Clearing Participant and JSCC succeeded to by a Successor Clearing Broker.~~

~~2 When requesting the Position Transfer to JSCC pursuant to the provisions of Paragraph 1, the relevant Clearing Participant shall ask the Successor Clearing Broker to accept such Position Transfer and obtain its consent in advance.~~

~~3 When the Successor Clearing Broker accepts the Position Transfer of the Proprietary Cleared Contracts set forth in Paragraph 2 and has received the request form therefor from the Clearing Participant which is the party to the Proprietary Cleared Contracts (referred to as "Requesting Clearing Participant" in this Article and Article 53-4), it shall submit such request form to JSCC by 1:00 p.m. on the desired date of Position Transfer. Such request form shall state that the Requesting Clearing Participant and the Successor Clearing Broker have agreed to such Position Transfer.~~

~~Article 53-4. Completion of Position Transfer of Proprietary Cleared Contracts~~

~~1 Upon receipt of the request for Position Transfer made in accordance with the provisions of Article 53-3, JSCC will calculate the Margin Required to Clear on an assumption of completion of the Position Transfer of the Proprietary Cleared Contracts the Requesting Clearing Participant desires to Position Transfer to the Successor Clearing Broker (hereinafter referred to as "Position Transfer Requested Cleared Contracts") as of 4:00 p.m. on the Position Transfer Date (as defined in Paragraph 4.(1) below), as well as the Early Termination Charge and the amount to be paid upon Position Transfer in~~

~~accordance with the rules prescribed by JSCC²¹. JSCC shall accept the request for such Position Transfer, if JSCC can confirm that the Requesting Clearing Participant and the Successor Clearing Broker has deposited to JSCC the amount of such Margin Required to Clear no later than 4:00 p.m. on the Position Transfer Date and judges that there is no specific issue in position holding status of the Requesting Clearing Participant and the Successor Clearing Broker after the Position Transfer.~~

~~2 — The Position Transfer of the Position Transfer Requested Cleared Contracts set forth in Article 53-3.1 shall have an effect of having the Successor Clearing Broker assume the claims and obligations that are identical, in terms and conditions separately designated by JSCC²², to the claims and obligations under the Position Transfer Requested Cleared Contracts between the Requesting Clearing Participant and JSCC existing immediately before the termination of the Proprietary Cleared Contracts pursuant to the provisions of Paragraph 3 below as of the time when JSCC accepts the request for Position Transfer pursuant to the provisions of Paragraph 1:~~

~~3 — Upon Position Transfer of the Position Transfer Requested Cleared Contracts pursuant to the provisions of Paragraphs 1 and 2, such Position Transfer Requested Cleared Contracts shall terminate as the matter of course as of the time when the claims and obligations set forth in Paragraph 2 come into effect, and the claims and obligations under the Position Transfer Requested Cleared Contracts shall cease to exist and have no future effect, except for those designated by JSCC²³.~~

~~4 — When JSCC accepts, pursuant to the provisions of Paragraph 1, the request for Position Transfer as set forth in the provisions of Article 53-3, the Position Transfer Requested Cleared Contracts terminated pursuant to the provisions of Paragraph 3 shall be settled and the Position Transfer thereof shall occur in accordance with the following provisions:~~

~~(1) — The claims and obligations prescribed in Paragraph 2 shall arise de novo between~~

~~²¹—cf. Handling Procedures of IRS Clearing Business, Article 30-3.~~

~~²²—cf. Handling Procedures of IRS Clearing Business, Article 30-4.~~

~~²³—cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.~~

JSCC and the Successor Clearing Broker, on the date of such acceptance by JSCC (“Position Transfer Date”);

~~(2) — The claims and obligations which arise pursuant to Item (1) shall be deemed as the claims and obligations under the Proprietary Cleared Contracts which are Cleared Contracts (Collateral Type) between the Successor Clearing Broker and JSCC which came into effect as a result of the request for Clearing by the Successor Clearing Broker; and~~

~~(3) — When the Position Transfer Requested Cleared Contracts terminate pursuant to Paragraph 3 and the claims and obligations arise pursuant to the provisions of Item (1), JSCC, the Successor Clearing Broker and the Requesting Clearing Participant shall pay or receive the amount due at the time of the Position Transfer, the Early Termination Charge and Variation Margin in the manner prescribed by JSCC.~~

~~5 — The provisions of the Rules shall apply to the claims and obligations which arise between JSCC and Successor Clearing Broker pursuant to the provisions of Paragraph 4 as if such claims and obligations are the Proprietary Cleared Contracts which are Cleared Contracts (Collateral Type) between the Successor Clearing Broker and JSCC.~~

Section 4 Position Transfer/Transfer (Articles 58-2 – 58-~~57~~)

Article 58-2. Request for Position Transfer/Transfer of Proprietary Cleared Contracts

1 With respect to all or a part of Proprietary Cleared Contracts existing between a Clearing Participant and JSCC, the Clearing Participant may conduct:

(1) Position Transfer of Proprietary Cleared Contracts to Successor Clearing Broker;

(2) Transfer of Proprietary Cleared Contracts to its Customer; or

(3) Transfer of Proprietary Cleared Contracts to a Customer for whom another

Clearing Participant is acting as Clearing Broker.

2 Only in the case of Position Transfer or Transfer of all of its Proprietary Cleared Contracts, a Clearing Participant may conduct Collateral Transfer of all or a part of Initial Margin related to the Proprietary Cleared Contracts to which such Clearing Participant has the right to claim return pursuant to the provisions of Article 76 to the relevant party set forth below:

(1) In case of Position Transfer of Proprietary Cleared Contracts under Paragraph 1.(1): to Successor Clearing Broker; or

(2) In case of Transfer of Proprietary Cleared Contracts under Paragraph 1.(2) or Paragraph 1.(3): to Receiving Customer.

3 When conducting Position Transfer or Transfer of Proprietary Cleared Contracts pursuant to the provisions of Paragraph 1, the Clearing Participant shall ask the relevant party or parties listed below to accept such Position Transfer or Transfer and Collateral Transfer, if applicable, and shall obtain its or their consent(s) in advance:

(1) In case of Position Transfer of Proprietary Cleared Contracts under Paragraph 1.(1): Successor Clearing Broker;

(2) In case of Transfer of Proprietary Cleared Contracts under Paragraph 1.(2): Receiving Customer; or

(3) In case of Transfer of Proprietary Cleared Contracts under Paragraph 1.(3): Receiving Customer and its Clearing Broker.

4 When Position Transfer or Transfer of Proprietary Cleared Contracts and Collateral Transfer, if applicable, are requested and consented pursuant to the provisions of Paragraph 3, the relevant Clearing Participant in each case listed below shall submit a request to JSCC

in a manner prescribed by JSCC²⁴:

- (1) In case of Position Transfer of Proprietary Cleared Contracts under Paragraph 1.(1): Successor Clearing Broker;
- (2) In case of Transfer of Proprietary Cleared Contracts under Paragraph 1.(2): Transferring Clearing Participant; or
- (3) In case of Transfer of Proprietary Cleared Contracts under Paragraph 1.(3): Receiving Customer's Clearing Broker.

5 Upon receipt of the request set forth in Paragraph 4 other than the case falling under Transfer of Proprietary Cleared Contracts set forth in Paragraph 1.(2), JSCC shall immediately notify the details of the request to the relevant Clearing Participant listed below in a manner prescribed by JSCC²⁵:

- (1) In case of Position Transfer of Proprietary Cleared Contracts under Paragraph 1.(1): Carrying Clearing Broker; or
- (2) In case of Transfer of Proprietary Cleared Contracts under Paragraph 1.(3): Transferring Clearing Participant.

6 Upon receipt of the notification of the details of the request as set forth in Paragraph 5, the relevant Clearing Participant shall check the details and notify its acceptance to JSCC in a manner prescribed by JSCC²⁶.

7 The Clearing Participant and the relevant party (or parties) listed in Paragraph 3 shall agree in advance that upon submission of the request set forth in Paragraph 4 (or upon submission of the notification of its acceptance set forth in Paragraph 6 if JSCC has given the notification under Paragraph 5), they shall be deemed to have agreed to such Position Transfer or Transfer, as the case may be, and Collateral Transfer, if applicable.

²⁴ cf. Handling Procedures of IRS Clearing Business, Article 30-7.1.

²⁵ cf. Handling Procedures of IRS Clearing Business, Article 30-7.2.

²⁶ cf. Handling Procedures of IRS Clearing Business, Article 30-7.3.

8 When canceling a request made pursuant to the provisions of Paragraphs 4 to 6, the relevant Clearing Participant responsible for the submission of the request under Paragraph 4 shall submit a request for the cancellation to JSCC in a manner prescribed by JSCC²⁷.

Article 58-2. Request for Position Transfer of Customer's Cleared Contracts

~~1 A Customer with respect to whom no Event of Default set forth in the Clearing Brokerage Agreement has occurred and who has completed deposit or payment to the Clearing Broker of the Cash Settlement Amount related to Foreign Currency Cleared Contracts recorded on the Customer Account established for such Customer may, in accordance with the provisions set forth in this Article and Article 58-3, have all or a part of Customer's Cleared Contracts existing on its book transferred from the Clearing Broker, who is a party to such Customer's Cleared Contracts and corresponding Clearing Brokerage Contract, to a Successor Clearing Broker.~~

~~2 A Successor Clearing Broker must have concluded the Clearing Brokerage Agreement with the relevant Customer.~~

~~3 In the event of the Position Transfer pursuant to the provisions of Paragraphs 1 and 2, the relevant Customer shall ask the Successor Clearing Broker to accept such Position Transfer and obtain its consent in advance. Then, the Customer shall notify the Clearing Broker ("Carrying Clearing Broker") who is the party to the Customer's Cleared Contracts that will be so transferred (referred to as the "Relevant Cleared Contracts" in this Section) at the time of such Position Transfer to the effect that it will request such Position Transfer.~~

~~4 When the Successor Clearing Broker accepts the Position Transfer set forth in Paragraph 3 and has received the request form therefor from the Customer requesting such Position Transfer, it shall submit such request form to JSCC by 1:00 p.m. on the desired date of Position Transfer. Such request form shall state, among other things, the effect that the Successor Clearing Broker has received the request to accept the Position Transfer and it has consented to accept such Position Transfer; that the Customer has notified the~~

²⁷ cf. Handling Procedures of IRS Clearing Business, Article 30-7.4.

~~Carrying Clearing Broker that it desires such Position Transfer and is requesting such Position Transfer to JSCC; and that the Successor Clearing Broker is submitting the request form for such Position Transfer to JSCC.~~

Article 58-3. Completion of Position Transfer/Transfer of Proprietary Cleared Contracts

1 Upon receipt of the request for Position Transfer or Transfer and Collateral Transfer, if applicable, made in accordance with the provisions of Article 58-2 (or, when JSCC has given a notification set forth in Article 58-2.5, upon receipt of the notification of an acceptance set forth in Article 58-2.6), JSCC will calculate Margin Required to Clear on an assumption of completion of the relevant Position Transfer or Transfer with respect to the relevant Clearing Participant listed below as of the time prescribed by JSCC²⁸ on the desired date of the relevant Position Transfer or Transfer. JSCC shall accept the request for such Position Transfer or Transfer, if JSCC can confirm, in a manner prescribed by JSCC²⁹, that the amount equivalent to such Margin Required to Clear (assuming that Collateral Transfer has taken place, if applicable) has been deposited or delivered to JSCC and judges that there is no specific issue in position holding status after Position Transfer or Transfer:

- (1) In case of Position Transfer of Proprietary Cleared Contracts under Article 58-2.1.(1): Carrying Clearing Broker and Successor Clearing Broker;
- (2) In case of Transfer of Proprietary Cleared Contracts under Article 58-2.1.(2): Transferring Clearing Participant; and
- (3) In case of Transfer of Proprietary Cleared Contracts under Article 58-2.1.(3): Transferring Clearing Participant and Clearing Broker for the Receiving Customer.

2 Position Transfer or Transfer of Proprietary Cleared Contracts under Article 58-2.1 shall come into effect at the time when JSCC accepts the request therefor pursuant to the provisions of Paragraph 1.

²⁸ cf. Handling Procedures of IRS Clearing Business, Article 30-5.4.

²⁹ cf. Handling Procedures of IRS Clearing Business, Article 35-4-4.1.

3 When Position Transfer or Transfer of Proprietary Cleared Contracts comes into effect pursuant to the provisions of Paragraph 2, Initial Margin for which Collateral Transfer has been requested pursuant to the provisions of Article 58-2 shall be regarded as Initial Margin as set forth below:

(1) In case of Position Transfer of Proprietary Cleared Contracts under Article 58-2.1.(1): Initial Margin deposited by Successor Clearing Broker to JSCC; and

(2) In case of Transfer of Proprietary Cleared Contracts under Articles 58-2.1.(2) and 58-2.1.(3): Initial Margin deposited by Receiving Customer to JSCC through its Clearing Broker.

4 When JSCC accepts the request for Position Transfer or Transfer of Proprietary Cleared Contracts pursuant to the provisions of Paragraph 1, Position Transfer or Transfer shall come into effect in the manner set forth below according to each case:

(1) In case of Position Transfer of Proprietary Cleared Contracts under Article 58-2.1.(1):

a. Giving Rise to Claims and Obligations and Coming into Effect of Legal Relationship

The claims and obligations that are identical, in terms and conditions separately designated by JSCC³⁰, to the claims and obligations under the Position Transfer Requested Cleared Contracts existed immediately before their termination pursuant to Sub-Item b. below between the Carrying Clearing Broker and JSCC arise between JSCC and the Successor Clearing Broker. In this case, the provisions of the Rules shall apply to said claims and obligations as if such claims and obligations are the Proprietary Cleared Contracts which are Cleared Contracts (Collateral Type) between the Successor Clearing Broker and JSCC;

b. Claims and Obligations Cease to Exist

³⁰ cf. Handling Procedures of IRS Clearing Business, Article 30-6.

The Position Transfer Requested Cleared Contracts shall terminate as the matter of course as of the time when the claims and obligations set forth in Sub-Item a. above come into effect, and the claims and obligations under the relevant Position Transfer Requested Cleared Contracts shall cease to exist and have no future effect, except for those designated by JSCC³¹; and

c. Payment/Receipt of Cash

JSCC shall calculate the amount due upon Position Transfer/Transfer and the Early Termination Charge in a manner prescribed by JSCC³², and, in association with giving rise to claims and obligations under Sub-Item a. and the termination of the Position Transfer Requested Cleared Contracts under Sub-Item b., JSCC, the Successor Clearing Broker and the Carrying Clearing Broker shall pay or receive the amount due upon Position Transfer/Transfer, the Early Termination Charge and Variation Margin in a manner prescribed by JSCC³³;

(2) In case of Transfer of Proprietary Cleared Contracts under Article 58-2.1.(2):

The legal relationship with the same economic effect as the Proprietary Cleared Contracts subject to Transfer (other than claims and obligations designated by JSCC to be excluded³⁴) shall come into effect between the Receiving Customer and the Transferring Clearing Participant. In this case, the provisions of the Rules shall apply by regarding said legal relationship as Clearing Brokerage Contracts which are Clearing Brokerage Contracts (Collateral Type) executed through commission of Clearing Brokerage by the Receiving Customer to the Transferring Clearing Participant and by regarding the Proprietary Cleared Contracts subject to Transfer as the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type) corresponding to such Clearing Brokerage Contracts;

³¹ cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

³² cf. Handling Procedures of IRS Clearing Business, Article 30-5.1.

³³ cf. Handling Procedures of IRS Clearing Business, Article 30-5.2.

³⁴ cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

(3) In case of Transfer of Proprietary Cleared Contracts under Article 58-2.1.(3):

a. Giving Rise to Claims and Obligations and Coming into Effect of Legal Relationship

(a) The legal relationship with the same economic effect as the Proprietary Cleared Contracts subject to Transfer (other than claims and obligations designated by JSCC to be excluded³⁵) shall come into effect between the Receiving Customer and its Clearing Broker. Said legal relationship shall be deemed as Clearing Brokerage Contracts which are Clearing Brokerage Contracts (Collateral Type) coming into effect through a commission of Clearing Brokerage by the Receiving Customer to its Clearing Broker;

(b) The claims and obligations that are identical, in terms and conditions separately designated by JSCC³⁶, to the claims and obligations under the relevant Proprietary Cleared Contracts subject to Transfer arise between the Receiving Customer's Clearing Broker and JSCC. In this case, the provisions of the Rules shall apply to such claims and obligations as if such claims and obligations are the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type) corresponding to the Clearing Brokerage Contracts that have come into effect under (a) above;

b. Claims and Obligations Cease to Exist

At the same timing as the legal relationship comes into effect under Sub-Item a. (a) above, the Proprietary Cleared Contracts subject to Transfer shall terminate as the matter of course and the claims and obligations thereunder shall cease to exist and have no future effect, except for those designated by JSCC³⁷; and

c. Payment/Receipt of Cash

JSCC shall calculate the amount due upon Position Transfer/Transfer and the Early Termination Charge in a manner prescribed by JSCC³⁸, and, in

³⁵ cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

³⁶ cf. Handling Procedures of IRS Clearing Business, Article 35-4-3.

³⁷ cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

³⁸ cf. Handling Procedures of IRS Clearing Business, Article 30-5.4.

association with the termination of Proprietary Cleared Contracts under Sub-Item b. above and giving rise to the claims and obligations under Sub-Item a.(b) and Sub-Item b., JSCC, the Transferring Clearing Participant and the Receiving Customer's Clearing Broker for the Receiving Customer shall pay or receive the amount due upon Position Transfer/Transfer, the Early Termination Charge and Variation Margin in a manner prescribed by JSCC³⁹.

5 The settlement of claims and obligations between the Transferring Clearing Participant and the Receiving Customer (or between the Transferring Clearing Participant, the Receiving Customer and its Clearing Broker in case of Transfer of Proprietary Cleared Contracts under Article 58-2.1.(3)) required in association with Transfer of Proprietary Cleared Contracts shall be performed between the relevant parties in accordance with their agreements.

Article 58-3. Completion of Position Transfer of Customer's Cleared Contract

1 Upon receipt of the request for Position Transfer made in accordance with the provisions of Article 58-2, JSCC will calculate the Margin Required to Clear on an assumption of completion of the Position Transfer of the Relevant Cleared Contracts as of 4:00 p.m. on the Position Transfer Date, as well as the Early Termination Charge and the amount to be paid upon Position Transfer in accordance with the rules prescribed by JSCC⁴⁰. JSCC shall accept the request for such Position Transfer, if JSCC can confirm that such Successor Clearing Broker and Carrying Clearing Broker has deposited or delivered to JSCC the amount of such Margin Required to Clear no later than 4:00 p.m. on the Position Transfer Date and judges that there is no specific issue in position holding status of the Carrying Clearing Broker and the Successor Clearing Broker after the Position Transfer.

The amount of the Margin Required to Clear required to be deposited in the above sentence shall be the amount of the Margin Required to Clear so calculated minus the amount of Initial Margin deemed to have been deposited with JSCC by Successor Clearing Broker as an agent pursuant to the provisions of Paragraph 4.(4)

³⁹ cf. Handling Procedures of IRS Clearing Business, Article 30-5.4.

⁴⁰ cf. Handling Procedures of IRS Clearing Business, Article 35-3.

~~2 The Position Transfer set forth in Article 58-2.1 shall have an effect of having the Successor Clearing Broker assume all of the below listed claims and obligations under the Relevant Cleared Contracts as of the time when JSCC accepts the request for Position Transfer pursuant to the provisions of Paragraph 1:~~

~~(1) Claims and obligations that are identical, in terms and conditions separately designated by JSCC⁴¹, to the claims and obligations under the Relevant Cleared Contracts between the Carrying Clearing Broker and JSCC existing immediately before the termination of the Relevant Cleared Contracts pursuant to the provisions of Paragraph 3 below; and~~

~~(2) Claims and obligations that are identical, in terms and conditions separately designated by JSCC⁴², to the claims and obligations under the Clearing Brokerage Contracts between the Carrying Clearing Broker and the relevant Customer existing immediately before the termination of the Clearing Brokerage Contracts corresponding to the Relevant Cleared Contracts pursuant to the provisions of Paragraph 3 below.~~

~~3 Upon Position Transfer of the Relevant Cleared Contracts pursuant to the provisions of Paragraphs 1 and 2, such Relevant Cleared Contracts and the Clearing Brokerage Contracts corresponding thereto shall terminate as the matter of course as of the time when the Position Transfer of the claims and obligations set forth in Paragraph 2 becomes effective, and the claims and obligations under the Relevant Cleared Contracts and the Clearing Brokerage Contracts corresponding thereto shall cease to exist and have no future effect, except for those designated by JSCC⁴³.~~

~~4 When JSCC accepts, pursuant to the provisions of Paragraph 1, the request for Position Transfer as set forth in the provisions of Article 58-2, the Relevant Cleared Contracts terminated pursuant to the provisions of Paragraph 3 shall be settled and the~~

~~⁴¹cf. Handling Procedures of IRS Clearing Business, Article 35-4.~~

~~⁴²cf. Handling Procedures of IRS Clearing Business, Article 35-4.~~

~~⁴³cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.~~

~~Position Transfer thereof shall occur in accordance with the following provisions:~~

- ~~(1) The claims and obligations prescribed in each item of Paragraph 2 shall arise de novo among JSCC, the Successor Clearing Broker and the relevant Customer, as applicable, on the Position Transfer Date;~~
 - ~~(2) The claims and obligations which arise pursuant to Item (1) shall be deemed as the claims and obligations under the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type) and the corresponding Clearing Brokerage Contracts, both of which came into effect as a result of Clearing Brokerage by such Customer to such Successor Clearing Broker;~~
 - ~~(3) When the Relevant Cleared Contracts and the corresponding Clearing Brokerage Contracts terminate pursuant to Paragraph 3 and the claims and obligations arise pursuant to the provisions of Item (1), JSCC, the Successor Clearing Broker, the Carrying Clearing Broker and the relevant Customer shall pay or receive the amount due at the time of the Position Transfer, the Early Termination Charge and Variation Margin in the manner prescribed in the Subordinate Rules; and~~
 - ~~(4) If all claims and obligations specified in each item of Paragraph 2 are assumed, Initial Margin deposited pursuant to the provisions of Article 72 in which the relevant Customer has the right to claim return pursuant to the provisions of Article 76 shall be deemed as Initial Margin that has been deposited with JSCC by such Customer through the Successor Clearing Broker acting as its agent, except for those for which notification to the effect of treating it as Initial Margin deposited with JSCC through Carrying Clearing Broker acting as agent has been given.~~
- ~~5 The provisions of the Rules shall apply to the claims and obligations which arise between JSCC and Successor Clearing Broker pursuant to the provisions of Paragraph 4 as if such claims and obligations are the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type).~~

Article 58-4. Request for Position Transfer/Transfer of Customer's Cleared Contracts

1 A Customer with respect to whom no Event of Default set forth in the Clearing Brokerage Agreement has occurred and who has completed deposit or payment to the Clearing Broker of the Cash Settlement Amount related to Foreign Currency Cleared Contracts recorded on the Customer Account established for such Customer may conduct Position Transfer or Transfer as listed below with respect to all or a part of Customer's Cleared Contracts existing on its book and the Clearing Brokerage Contracts existing between such Customer and its Clearing Broker:

(1) Position Transfer of Customer's Cleared Contracts to Successor Clearing Broker which has executed a Clearing Brokerage Agreement with the Customer to be the party to Position Transfer;

(2) Transfer of Clearing Brokerage Contracts to its Clearing Broker;

(3) Transfer of Clearing Brokerage Contracts to another Customer of its Clearing Broker;

(4) Transfer of Clearing Brokerage Contracts to a Clearing Participant which is not its Clearing Broker; or

(5) Transfer of Clearing Brokerage Contracts to a Customer of a Clearing Broker other than the Clearing Broker for the Transferring Customer.

2 Only in the case of Position Transfer or Transfer of all of Customer's Cleared Contracts in the same Customer Account or all of the Clearing Brokerage Contracts in the same Clearing Brokerage Account, a Customer may conduct Collateral Transfer of all or a part of Initial Margin, to which such Customer has the right to claim return pursuant to the provisions of Article 76 and which has been deposited in accordance with the provisions of Article 72, to the relevant party set forth below:

- (1) In case of Position Transfer of Customer's Cleared Contracts under Paragraph 1.(1): to Successor Clearing Broker which has executed a Clearing Brokerage Agreement with the Customer to be the party to Position Transfer;
- (2) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(2) or Paragraph 1.(4): to Receiving Clearing Participant; or
- (3) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(3) or Paragraph 1.(5): to Receiving Customer.

3 When conducting Position Transfer of Customer's Cleared Contracts or Transfer of Clearing Brokerage Contracts pursuant to the provisions of Paragraph 1, the Customer shall ask the relevant party or parties listed below to accept such Position Transfer or Transfer and Collateral Transfer, if applicable, and shall obtain its or their consent(s) in advance:

- (1) In case of Position Transfer of Customer's Cleared Contracts under Paragraph 1.(1): Carrying Clearing Broker and Successor Clearing Broker;
- (2) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(2): Receiving Clearing Participant;
- (3) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(3): Receiving Customer and its Clearing Broker;
- (4) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(4): Transferring Customer's Clearing Broker and Receiving Clearing Participant; or
- (5) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(5): Transferring Customer's Clearing Broker, Receiving Customer and its Clearing Broker.

4 When Position Transfer of Customer's Cleared Contracts or Transfer of Clearing Brokerage Contracts and Collateral Transfer, if applicable, are requested and consented pursuant to the provisions of Paragraph 3, the relevant Clearing Participant in each case listed below shall submit a request for Position Transfer or Transfer and Collateral Transfer, if applicable, to JSCC in a manner prescribed by JSCC⁴⁴.

(1) In case of Position Transfer of Customer's Cleared Contracts under Paragraph 1.(1): Successor Clearing Broker;

(2) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(2) or Paragraph 1.(4): Receiving Clearing Participant; and

(3) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(3) or Paragraph 1.(5): Receiving Customer's Clearing Broker.

5 Upon receipt of the request set forth in Paragraph 4 other than the case falling under Transfer of Clearing Brokerage Contracts set forth in Paragraph 1.(2) or Paragraph 1.(3), JSCC shall immediately notify the details of the request to the relevant Clearing Participant listed below in a manner prescribed by JSCC⁴⁵:

(1) In case of Position Transfer of Customer's Cleared Contracts under Paragraph 1.(1): Carrying Clearing Broker; or

(2) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(4) or Paragraph 1.(5): Transferring Customer's Clearing Broker.

6 Upon receipt of the notification of the details of the request as set forth in Paragraph 5, the relevant Clearing Participant shall check the details and notify its acceptance to JSCC in a manner prescribed by JSCC⁴⁶.

⁴⁴ cf. Handling Procedures of IRS Clearing Business, Article 30-7.1.

⁴⁵ cf. Handling Procedures of IRS Clearing Business, Article 30-7.2.

⁴⁶ cf. Handling Procedures of IRS Clearing Business, Article 30-7.3.

7 The Customer and the relevant party (or parties) listed in Paragraph 3 shall agree in advance that upon submission of the request of Position Transfer or Transfer set forth in Paragraph 4 (or upon submission of the notification of its acceptance set forth in Paragraph 6 if JSCC has given the notification under Paragraph 5), they shall be deemed to have agreed to such Position Transfer or Transfer, as the case may be, and Collateral Transfer, if applicable.

8 When canceling a request for Position Transfer or Transfer made pursuant to the provisions of Paragraphs 4 to 6, the relevant Clearing Participant responsible for submission of a request under Paragraph 4 shall submit a request for the cancellation to JSCC in a manner prescribed by JSCC⁴⁷.

Article 58-4. Request for Transfer of Clearing Brokerage Contract of Customer

~~1 A Customer with respect to whom no Event of Default set forth in the Clearing Brokerage Agreement has occurred and who has completed deposit or payment to the Clearing Broker of the Cash Settlement Amount related to Foreign Currency Cleared Contracts recorded on the Customer Account established for such Customer (referred to in this Article and Article 58-5 as "Transferring Customer") may, in accordance with the provisions set forth in this Article and Article 58-5, Transfer all or a part of Clearing Brokerage Contracts existing between it and the Clearing Broker to a Clearing Participant (hereinafter referred to as "Receiving Clearing Participant") or another Customer (referred to as "Receiving Customer" in this Article and Article 58-5).~~

~~2 When Transferring Clearing Brokerage Contracts to its Clearing Broker pursuant to the provisions of Paragraph 1, the Transferring Customer shall ask its Clearing Broker to accept such Transfer, and shall obtain consent of such Clearing Broker in advance. When Transferring Clearing Brokerage Contracts to a Receiving Clearing Participant other than its Clearing Broker pursuant to the provisions of Paragraph 1, the Transferring Customer shall ask its Clearing Broker and the Receiving Clearing Participant to accept such Transfer, and shall obtain their consents in advance. When Transferring Clearing Brokerage Contracts to a Receiving Customer pursuant to the provisions of Paragraph 1, the Transferring~~

⁴⁷ cf. Handling Procedures of IRS Clearing Business, Article 30-7.4.

~~Customer shall ask its Clearing Broker, the Receiving Customer and the Clearing Broker for the Receiving Customer to accept such Transfer, and shall obtain their consents in advance.~~

~~3 When the Clearing Broker for the Transferring Customer, or the Clearing Broker for the Transferring Customer and the Receiving Clearing Participant, or the Clearing Broker for the Transferring Customer, the Receiving Customer and the Clearing Broker for the Receiving Customer, as applicable, consents to the Transfer of Clearing Brokerage Contracts as set forth in Paragraph 2 and receives the request form therefor from the Transferring Customer, it (or they) shall submit such request form to JSCC by 1:00 p.m. on the desired date of Transfer. Such request form shall state that all the relevant parties involved in the Transfer have agreed to such Transfer.~~

Article 58-5. Completion of Position Transfer of Customer's Cleared Contracts or Transfer of Clearing Brokerage Contracts

1 Upon receipt of the request for Position Transfer or Transfer made in accordance with the provisions of Article 58-4 (subject to JSCC's receipt of the notification of an acceptance set forth in Article 58-4.6, when JSCC has given a notification set forth in Article 58-4.5), JSCC will calculate Margin Required to Clear on an assumption of completion of the relevant Position Transfer or Transfer with respect to the relevant Clearing Participant listed below as of the time prescribed by JSCC⁴⁸ on the desired date of the relevant Position Transfer or Transfer. JSCC shall accept the request for such Position Transfer or Transfer, if JSCC can confirm, in a manner prescribed by JSCC⁴⁹, that the amount equivalent to such Margin Required to Clear (assuming that Collateral Transfer has taken place, if applicable) has been deposited or delivered to JSCC and judges that there is no specific issue in position holding status after Position Transfer or Transfer:

(1) In case of Position Transfer of Customer's Cleared Contracts under Article 58-4. 1.(1): Carrying Clearing Broker and Successor Clearing Broker;

⁴⁸ cf. Handling Procedures of IRS Clearing Business, Article 30-7.5.

⁴⁹ cf. Handling Procedures of IRS Clearing Business, Article 35-4-4.2.

- (2) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(2):
Receiving Clearing Participant;
- (3) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(3):
Receiving Customer's Clearing Broker;
- (4) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(4):
Transferring Customer's Clearing Broker and Receiving Clearing Participant;
and
- (5) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5):
Transferring Customer's Clearing Broker and Receiving Customer's Clearing
Broker.

2 Position Transfer of Customer's Cleared Contracts or Transfer of Clearing
Brokerage Contracts under Article 58-4.1 shall come into effect at the time when JSCC
accepts the request therefor pursuant to the provisions of Paragraph 1.

3 When Position Transfer of Customer's Cleared Contracts or Transfer of Clearing
Brokerage Contracts comes into effect pursuant to the provisions of Paragraph 2, Initial
Margin for which Collateral Transfer has been requested pursuant to the provisions of
Article 58-4 shall be regarded as Initial Margin as set forth below:

- (1) In case of Position Transfer of Customer's Cleared Contracts under Article 58-
4.1.(1): Initial Margin deposited by Customer to JSCC through Successor
Clearing Broker;
- (2) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(2) or
Article 58-4.1.(4): Initial Margin deposited by Receiving Clearing Participant to
JSCC; or
- (3) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(3) or
Article 58-4.1.(4): Initial Margin deposited by Receiving Customer to JSCC
through its Clearing Broker.

4 When Position Transfer of Customer's Cleared Contracts or Transfer of Clearing Brokerage Contracts and Collateral Transfer, if applicable, comes into effect pursuant to the provisions of Paragraph 2, they shall come into effect in the manner set forth below according to each case:

(1) In case of Position Transfer of Customer's Cleared Contracts under Article 58-

4.1.(1):

a. Giving Rise to Claims and Obligations and Coming into Effect of Legal Relationship

(a) The claims and obligations that are identical, in terms and conditions separately designated by JSCC⁵⁰, to the claims and obligations under the Position Transfer Requested Cleared Contracts existed immediately before their termination pursuant to Sub-Item b. below between the Carrying Clearing Broker and JSCC arise between JSCC and the Successor Clearing Broker. In this case, ~~and~~ the provisions of the Rules shall apply to said claims and obligations as if such claims and obligations are the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type) the Successor Clearing Broker executed on that Customer's book through Clearing Brokerage at the time of the termination of the Position Transfer Requested Cleared Contracts;

(b) The claims and obligations that are identical, in terms and conditions separately designated by JSCC⁵¹, to the claims and obligations under the Clearing Brokerage Contracts between the Customer and the Carrying Clearing Broker existed immediately before the termination of the Clearing Brokerage Contracts corresponding to the Position Transfer Requested Cleared Contracts pursuant to Sub-Item b. below arise between the Customer and the Successor Clearing Broker. In this case, said claims and obligations, ~~and~~ shall be deemed as claims and obligations under the Clearing Brokerage Contracts corresponding to the Cleared Contracts deemed as Customer's Cleared Contracts pursuant to the provisions of (a) above;

⁵⁰ cf. Handling Procedures of IRS Clearing Business, Article 35-4.

⁵¹ cf. Handling Procedures of IRS Clearing Business, Article 35-4.

b. Claims and Obligations Cease to Exist

The Position Transfer Requested Cleared Contracts and the Clearing Brokerage Contracts corresponding thereto shall terminate as the matter of course at the same timing as the claims and obligations set forth in Sub-Items a. arise, and the claims and obligations under the Position Transfer Requested Cleared Contracts and the Clearing Brokerage Contracts corresponding thereto shall cease to exist and have no future effect, except for those designated by JSCC⁵²; and

c. Payment/Receipt of Cash

JSCC shall calculate the amount due upon Position Transfer/Transfer and the Early Termination Charge in a manner prescribed by JSCC⁵³, and, in association with giving rise to claims and obligations under Sub-Item a. and the termination of the Position Transfer Requested Cleared Contracts under Sub-Item b., JSCC, the Successor Clearing Broker, the Carrying Clearing Broker and the Customer shall pay or receive the amount due upon Position Transfer/Transfer, the Early Termination Charge and Variation Margin in a manner prescribed by JSCC⁵⁴;

(2) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(2):

As between the Transferring Customer and its Clearing Broker, the Clearing Brokerage Contracts subject to Transfer shall terminate as the matter of course and the claims and obligations thereunder shall cease to exist and have no future effect, except for those designated by JSCC⁵⁵. In this case, the provisions of the Rules shall apply to the Customer's Cleared Contracts corresponding to the Clearing Brokerage Contracts to terminate as if they are the Proprietary Cleared Contracts, which are Cleared Contracts (Collateral Type), of the Receiving Clearing Participant;

(3) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(3):

⁵² cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

⁵³ cf. Handling Procedures of IRS Clearing Business, Article 35-3.1.

⁵⁴ cf. Handling Procedures of IRS Clearing Business, Article 35-3.2.

⁵⁵ cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

a. Giving Rise to Claims and Obligations and Coming into Effect of Legal Relationship

The legal relationship identical to the Clearing Brokerage Contracts subject to Transfer shall arise between the Receiving Customer and its Clearing Broker. In this case, said legal relationship shall be regarded as Clearing Brokerage Contracts which are Clearing Brokerage Contracts (Collateral Type) executed through commission of Clearing Brokerage by the Receiving Customer to its Clearing Broker;

b. Claims and Obligations Cease to Exist

As between the Transferring Customer and its Clearing Broker, the Clearing Brokerage Contracts subject to Transfer shall terminate as the matter of course and the claims and obligations thereunder other than those prescribed by JSCC⁵⁶ shall cease to exist and have no future effect. In this case, the provisions of the Rules shall apply by regarding the Customer's Cleared Contracts corresponding to the Clearing Brokerage Contracts to terminate as the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type) executed on the book of the Receiving Customer;

(4) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(4):

a. Giving Rise to Claims and Obligations and Coming into Effect of Legal Relationship

The claims and obligations that are identical, in terms and conditions separately designated by JSCC⁵⁷, to the claims and obligations under the Customer's Cleared Contracts to terminate pursuant to the provisions of Sub-Item b. below shall arise between the Receiving Clearing Participant and JSCC. In this case, the provisions of the Rules shall apply to said claims and obligations as if such claims and obligations are the Proprietary Cleared Contracts which are Cleared Contracts (Collateral Type) of the Receiving Clearing Participant;

b. Claims and Obligations Cease to Exist

⁵⁶ cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

⁵⁷ cf. Handling Procedures of IRS Clearing Business, Article 35-4-3.

As between the Transferring Customer and its Clearing Broker, the Clearing Brokerage Contracts subject to Transfer and Customer's Cleared Contracts corresponding thereto shall terminate as the matter of course, and the claims and obligations under such Clearing Brokerage Contracts shall cease to exist and have no future effect, except for those designated by JSCC⁵⁸; and

c. Payment/Receipt of Cash

JSCC shall calculate the amount due upon Position Transfer/Transfer and the Early Termination Charge in a manner prescribed by JSCC⁵⁹, and, in association with giving rise to the claims and obligations under Sub-Item a. and the termination of Customer's Cleared Contracts under Sub-Item b., JSCC, the Transferring Customer's Clearing Broker and the Receiving Clearing Participant shall pay or receive the amount due upon Position Transfer/Transfer, the Early Termination Charge and Variation Margin in a manner prescribed by JSCC⁶⁰;

(5) In case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5):

a. Giving Rise to Claims and Obligations and Coming into Effect of Legal Relationship

(a) The legal relationship identical to the Clearing Brokerage Contracts subject to Transfer shall arise between the Receiving Customer and its Clearing Broker. In this case, said legal relationship shall be regarded as Clearing Brokerage Contracts which are Clearing Brokerage Contracts (Collateral Type) executed through commission of Clearing Brokerage by the Receiving Customer to its Clearing Broker.

(b) The claims and obligations that are identical, in terms and conditions separately designated by JSCC⁶¹, to the claims and obligations under the Customer's Cleared Contracts to terminate pursuant to the provisions of Sub-Item b. below shall arise between the Receiving Customer's Clearing Broker and JSCC. In this case, the provisions of the Rules

⁵⁸ cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

⁵⁹ cf. Handling Procedures of IRS Clearing Business, Article 30-5.3.

⁶⁰ cf. Handling Procedures of IRS Clearing Business, Article 30-5.3.

⁶¹ cf. Handling Procedures of IRS Clearing Business, Article 35-4-3.

shall apply by regarding said claims and obligations as the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type) executed on the book of the Receiving Customer;

b. Claims and Obligations Cease to Exist

As between the Transferring Customer and its Clearing Broker, the Clearing Brokerage Contracts subject to Transfer and Customer's Cleared Contracts corresponding thereto shall terminate as the matter of course and the claims and obligations under such Clearing Brokerage Contracts shall cease to exist and have no future effect, except for those designated by JSCC⁶²; and

c. Payment/Receipt of Cash

JSCC shall calculate the amount due upon Position Transfer/Transfer and the Early Termination Charge in a manner prescribed by JSCC⁶³, and, in association with giving rise to the claims and obligations under Sub-Item a. and the termination of Customer's Cleared Contracts under Sub-Item b., JSCC, the Transferring Customer's Clearing Broker and the Receiving Customer's Clearing Broker shall pay or receive the amount due upon Position Transfer/Transfer, the Early Termination Charge and Variation Margin in a manner prescribed by JSCC⁶⁴.

5 The settlement of claims and obligations between the Transferring Customer and its Clearing Broker (or between the Transferring Customer, its Clearing Broker and the Receiving Clearing Participant in case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(4) or between the Transferring Customer, its Clearing Broker, the Receiving Customer and its Clearing Broker in case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5)) required in association with Transfer of Clearing Brokerage Contracts shall be performed between the relevant parties in accordance with their agreements.

Article 58-5. Completion of Transfer of Clearing Brokerage Contract

1 Upon receipt of the request for Transfer made in accordance with the provisions of

⁶² cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.

⁶³ cf. Handling Procedures of IRS Clearing Business, Article 30-5.3.

⁶⁴ cf. Handling Procedures of IRS Clearing Business, Article 30-5.3.

~~Article 58-4.3, JSCC will calculate Margin Required to Clear on an assumption of completion of the Transfer of the Clearing Brokerage Contracts as of 4:00 p.m. on the desired date of transfer. JSCC shall accept the request for such Transfer, if JSCC can confirm that (i) in the case of a Transfer to Clearing Broker for the Transferring Customer, the Clearing Broker for the Transferring Customer has deposited or delivered the amount of such Margin Required to Clear to JSCC, (ii) in the case of a Transfer to the Receiving Clearing Participant other than the Clearing Broker for the Transferring Customer, the Clearing Broker for the Transferring Customer and the Receiving Clearing Participant have deposited or delivered the amount of such Margin Required to Clear to JSCC, or (iii) in the case of a Transfer to the Receiving Customer, the Clearing Broker for the Transferring Customer and the Clearing Broker for the Receiving Customer have deposited or delivered the amount of such Margin Required to Clear to JSCC, in each case no later than 4:00 p.m. on such date, and judges that (i) in the case of a Transfer to Clearing Broker for the Transferring Customer, there is no specific issue in position holding status of the Clearing Broker for the Transferring Customer after the Transfer, (ii) in the case of a Transfer to the Receiving Clearing Participant other than the Clearing Broker for the Transferring Customer, there is no specific issue in position holding status of the Clearing Broker for the Transferring Customer and the Receiving Clearing Participant after the Transfer, or (iii) in the case of a Transfer to the Receiving Customer, there is no specific issue in position holding status of the Clearing Broker for the Transferring Customer and the Clearing Broker for the Receiving Customer after the Transfer.~~

~~The amount of the Margin Required to Clear required to be deposited in the above sentence shall be the amount of the Margin Required to Clear so calculated minus the amount of Initial Margin deemed to have been deposited with JSCC by Receiving Customer through the Clearing Broker for the Receiving Customer acting as its agent or Initial Margin deemed to have been deposited with JSCC by the Receiving Clearing Participant pursuant to the provisions of Paragraph 3.~~

~~2 Transfer of Clearing Brokerage Contracts shall come into effect at the time when JSCC accepts the request for the Transfer pursuant to the provisions of Paragraph 1.~~

~~3 Upon the Transfer of the Clearing Brokerage Contracts pursuant to the provisions~~

~~of Paragraph 2, and only if all Clearing Brokerage Contracts are Transferred and Initial Margin have been deposited pursuant to the provisions of Article 72, Initial Margin to which the Transferring Customer has the right to claim return pursuant to the provisions of Article 76 shall be deemed as Initial Margin that has been deposited with JSCC by the Receiving Customer through the Clearing Broker for the Receiving Customer acting as its agent, or Initial Margin deposited with JSCC by the Receiving Clearing Participant if Clearing Brokerage Contracts are Transferred to the Receiving Clearing Participant, except for those for which notification to the effect of treating it as Initial Margin deposited by Transferring Customer with JSCC through the Clearing Broker for the Transferring Customer as its agent has been given.~~

~~4 For a Transfer of Clearing Brokerage Contracts to the Receiving Clearing Participant that is the Clearing Broker for the Transferring Customer, when the Transfer comes into effect pursuant to the provisions of Paragraph 2, the Clearing Brokerage Contracts between the Transferring Customer and the Clearing Broker for the Transferring Customer subject to the Transfer shall terminate as a matter of course and the claims and obligations under such Clearing Brokerage Contracts other than those prescribed by JSCC⁶⁵ shall have no future effect. For a Transfer of Clearing Brokerage Contracts to the Receiving Clearing Participant other than the Clearing Broker for the Transferring Customer, when the Transfer comes into effect pursuant to the provisions of Paragraph 2, the Clearing Brokerage Contracts between the Transferring Customer and the Clearing Broker for the Transferring Customer subject to the Transfer and the Customer's Cleared Contracts corresponding to the said Clearing Brokerage Contracts shall terminate as a matter of course and the claims and obligations thereunder other than those prescribed by JSCC⁶⁶ shall cease to exist and have no future effect, and at the same time, the claims and obligations that are identical, in terms and conditions separately designated by JSCC⁶⁷, to the claims and obligations under the Customer's Cleared Contracts that shall terminate pursuant to the provisions of this paragraph shall arise between the Receiving Clearing Participant and JSCC.~~

~~5 In the case of a Transfer to the Receiving Clearing Participant other than the~~

~~⁶⁵cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.~~

~~⁶⁶cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.~~

~~⁶⁷cf. Handling Procedures of IRS Clearing Business, Article 35-4-3~~

~~Clearing Broker for the Transferring Customer, JSCC shall calculate the amount to be paid upon Transfer and the Early Termination Charge, and, in association with the termination of the Customer's Cleared Contracts and the coming into effect of the claims and obligations as set forth in Paragraph 4, JSCC, the Clearing Broker for the Transferring Customer and the Receiving Clearing Participant shall pay or receive the amount to be paid upon Transfer, the Early Termination Charge and Variation Margin in the manner prescribed by JSCC.~~

~~6. — For a Transfer of Clearing Brokerage Contracts to the Receiving Customer whose Clearing Broker is the same as the Clearing Broker for the Transferring Customer, when the Transfer comes into effect pursuant to the provisions of Paragraph 2, the Clearing Brokerage Contracts between the Transferring Customer and the Clearing Broker for the Transferring Customer subject to the Transfer shall terminate as a matter of course and the claims and obligations under the said Clearing Brokerage Contracts other than those prescribed by JSCC⁶⁸ shall cease to exist and have no future effect and, at the same time, the legal relationship with the same terms and conditions as the said Clearing Brokerage Contracts shall come into effect between the Receiving Customer and the Clearing Broker for the Receiving Customer. For a Transfer of Clearing Brokerage Contracts to the Receiving Customer whose Clearing Broker is not the same as the Clearing Broker for the Transferring Customer, when the Transfer comes into effect pursuant to the provisions of Paragraph 2, the Clearing Brokerage Contracts between the Transferring Customer and the Clearing Broker for the Transferring Customer and the Customer's Cleared Contracts corresponding to the said Clearing Brokerage Contracts shall terminate as a matter of course and the claims and obligations thereunder other than those prescribed by JSCC⁶⁹ shall cease to exist and have no future effect, and at the same time, the legal relationship with the same terms and conditions as the said Clearing Brokerage Contracts shall come into effect between the Receiving Customer and the Clearing Broker for the Receiving Customer, and the claims and obligations identical, in terms and conditions separately designated by JSCC⁷⁰, to the claims and obligations under the Customer's Cleared Contracts that shall terminate pursuant to this paragraph shall come into effect between the Clearing Broker for the Receiving Customer and JSCC.~~

⁶⁸~~-cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.~~

⁶⁹~~-cf. Handling Procedures of IRS Clearing Business, Article 35-4-2.~~

⁷⁰~~-cf. Handling Procedures of IRS Clearing Business, Article 35-4-3.~~

~~7. In case of the Transfer to the Receiving Customer whose Clearing Broker is not the same as the Clearing Broker for the Transferring Customer, JSCC shall calculate the amount to be paid upon Transfer and the Early Termination Charge, and, in association with the termination of the Customer's Cleared Contracts and the coming into effect of the legal relationship pursuant to the provisions of Paragraph 6, JSCC, the Clearing Broker for the Transferring Customer and the Clearing Broker for the Receiving Customer shall pay or receive the amount to be paid upon Transfer, the Early Termination Charge and Variation Margin in the manner prescribed by JSCC.~~

~~8. The claims and obligations between the Transferring Customer and the Clearing Broker for the Transferring Customer, or among the Transferring Customer, the Clearing Broker for the Transferring Customer and the Receiving Clearing Participant, or among the Transferring Customer, the Clearing Broker for the Transferring Customer, the Receiving Customer and the Clearing Broker for the Receiving Customer, as applicable, shall be settled among the relevant parties in accordance with their agreements.~~

~~9. When Transferring the Clearing Brokerage Contracts to the Receiving Clearing Participant, the provisions of the Rules shall apply by regarding the Customer's Cleared Contracts corresponding to the Clearing Brokerage Contracts which shall terminate pursuant to the first sentence of Paragraph 4, or in the case of a Transfer to the Receiving Clearing Participant other than the Clearing Broker for the Transferring Customer, the claims and obligations arising pursuant to the provisions of the second sentence of Paragraph 4, as the Proprietary Cleared Contracts of the Receiving Clearing Participant which are Cleared Contracts (Collateral Type).~~

~~10. When Transferring the Clearing Brokerage Contracts to a Receiving Customer, the provisions of the Rules shall apply by regarding the legal relationship that comes into effect between the Receiving Customer and the Clearing Broker for the Receiving Customer pursuant to Paragraph 6 as the Clearing Brokerage Contracts (Collateral Type) that come into effect through a brokerage to the Clearing Broker for the Receiving Customer by the Receiving Customer, and (i) in the case of a Transfer to the Receiving Customer whose Clearing Broker is the same as the Clearing Broker for the Transferring Customer, regarding~~

~~the Customer's Cleared Contracts corresponding to the Clearing Brokerage Contracts that shall terminate pursuant to the provisions of the first sentence of Paragraph 6 as the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type) that comes into effect on the book of the Receiving Customer, or (ii) in the case of a Transfer to the Receiving Customer whose Clearing Broker is not the same as the Clearing Broker for the Transferring Customer, regarding the claims and obligations arising between the Clearing Broker for the Receiving Customer and JSCC pursuant to the provisions of the second sentence of Paragraph 6 as the Customer's Cleared Contracts which are Cleared Contracts (Collateral Type) that comes into effect on the book of the Receiving Customer.~~

~~Article 58-6. Request for Transfer of Proprietary Cleared Contracts of Clearing Participant~~

~~1—— A Clearing Participant (referred to as “Transferring Clearing Participant” in this Article and Article 58-7) may, in accordance with the provisions set forth in this Article and Article 58-7, Transfer all or a part of the Proprietary Cleared Contracts existing between it and JSCC to a Customer (referred to as “Receiving Customer” in this Article and Article 58-7).~~

~~2—— When Transferring the Proprietary Cleared Contracts to a Receiving Customer, for whom the Transferring Clearing Participant is acting as Clearing Broker, pursuant to the provisions of Paragraph 1, such Transferring Clearing Participant shall ask the Receiving Customer to accept such Transfer, and shall obtain consent of such Receiving Customer in advance. When Transferring the Proprietary Cleared Contracts to a Receiving Customer, for whom another Clearing Participant is acting as Clearing Broker, pursuant to the provisions of Paragraph 1, such Transferring Clearing Participant shall ask the Receiving Customer and the Clearing Participant acting as a Clearing Broker for the Receiving Customer to accept such Transfer, and shall obtain their consents in advance.~~

~~3—— When the Transferring Clearing Participant obtains consent to the Transfer of the Proprietary Cleared Contracts from the Receiving Customer, or the Receiving Customer and the Clearing Broker for the Receiving Customer, as applicable, as set forth in Paragraph 2, it shall submit the request form to JSCC by 1:00 p.m. on the desired date of Transfer. Such request form shall state that all the relevant parties involved in the Transfer have agreed to such Transfer.~~

~~Article 58-7. Completion of Transfer of Proprietary Cleared Contracts of Clearing Participant~~

~~1 Upon receipt of the request for Transfer made in accordance with the provisions of Article 58-6.3, JSCC will calculate Margin Required to Clear on an assumption of completion of the Transfer of the Proprietary Cleared Contracts the Transferring Clearing Participant desires Transfer to the Receiving Customer as of 4:00 p.m. on the desired date of Transfer. JSCC shall accept the request for such Transfer, if JSCC can confirm that (i) in case of the Transfer to its Customer, the Transferring Clearing Participant has deposited or delivered the amount of such Margin Required to Clear to JSCC, or (ii) in case of the Transfer to the Receiving Customer whose Clearing Broker is another Clearing Participant, the Transferring Clearing Participant and the Clearing Broker for the Receiving Customer have deposited or delivered the amount of such Margin Required to Clear to JSCC, no later than 4:00 p.m. on such date and judges that there is no specific issue in position holding status of the Transferring Clearing Participant (or, in case of the Transfer to the Receiving Customer whose Clearing Broker is another Clearing Participant, position holding status of the Transferring Clearing Participant and the Clearing Broker for the Receiving Customer) after the Transfer.~~

~~The amount of the Margin Required to Clear required to be deposited or delivered in the above sentence shall be the amount of the Margin Required to Clear so calculated minus the amount of Initial Margin deemed to have been deposited with JSCC by the Receiving Customer through the Clearing Broker for the Receiving Customer acting as its agent pursuant to the provisions of Paragraph 3.~~

~~2 Transfer of Proprietary Cleared Contracts shall come into effect at the time when JSCC accepts the request for the Transfer pursuant to the provisions of Paragraph 1.~~

~~3 Upon Transfer of the Proprietary Cleared Contracts pursuant to the provisions of Paragraph 2, Initial Margin related to the Proprietary Cleared Contracts to which the Transferring Clearing Participant has the right to claim return pursuant to the provisions of Article 76 shall be deemed as Initial Margin that has been deposited with JSCC by the Receiving Customer through the Clearing Broker for the Receiving Customer acting as its~~

~~agent, except for those for which notification to the effect of treating it as Initial Margin deposited by the Transferring Clearing Participant with JSCC has been given when all of the Proprietary Cleared Contracts are Transferred.~~

~~4 — Upon Transfer of the Proprietary Cleared Contracts pursuant to the provisions of Paragraph 2, the legal relationship with the same economic effect as the relevant Proprietary Cleared Contracts (other than claims and obligations designated by JSCC to be excluded) shall come into effect between the Receiving Customer and the Clearing Broker for the Receiving Customer. In this case, when the Proprietary Cleared Contracts are Transferred to a Receiving Customer whose Clearing Broker is another Clearing Participant, such Proprietary Cleared Contracts shall terminate as a matter of course, and the claims and obligations other than those prescribed by JSCC under the relevant Proprietary Cleared Contract shall cease to exist and have no future effect, and at the same time, the claims and obligations that are identical, in terms and conditions separately designated by JSCC⁷¹, to the claims and obligations of such Proprietary Cleared Contracts shall arise between the Clearing Broker for the Receiving Customer and JSCC.~~

~~5 — The settlement of the claims and obligations between a Transferring Clearing Participant and a Receiving Customer (or, in case of a Transfer to a Receiving Customer whose Clearing Broker is another Clearing Participant, among a Transferring Clearing Participant, a Receiving Customer and a Clearing Broker for the Receiving Customer) required in association with the Transfer of the Proprietary Cleared Positions shall be performed between the relevant parties in accordance with their agreements.~~

~~6 — In case of a Transfer to a Receiving Customer whose Clearing Broker is another Clearing Participant, JSCC shall calculate the amount to be paid upon Transfer and the Early Termination Charge, and, in association with the termination of the Proprietary Cleared Contracts and the coming into effect of the claims and obligations pursuant to the provisions of Paragraph 4, JSCC, the Transferring Clearing Participant and the Clearing Broker for the Receiving Customer shall pay or receive the amount to be paid upon Transfer, the Early Termination Charge and Variation Margin in the manner prescribed by JSCC.~~

⁷¹~~—cf. Handling Procedures of IRS Clearing Business, Article 35-4-3.~~

~~7 The provisions of the Rules shall apply by regarding the legal relationship that comes into effect pursuant to the provisions of the first sentence of Paragraph 4 as Clearing Brokerage Contracts (Collateral Type) executed through the Clearing Brokerage by the Receiving Customer to the Clearing Broker for the Receiving Customer and by regarding the Proprietary Cleared Contracts for which Transfer is requested pursuant to the provisions of Paragraph 1 (or, in case of a Transfer to a Receiving Customer whose Clearing Broker is another Clearing Participant, the claims and obligations arising pursuant to the provisions of the second sentence of Paragraph 4) as the Customer's Cleared Contracts corresponding to the relevant Clearing Brokerage Contracts which are Cleared Contracts (Collateral Type).~~

Article 59. Clearing Participant Account

1 To manage Initial Margin, Variation Margin and Mark-to-Market Difference, in respect of each Cleared Contract to which each Clearing Participant is a party and other Funds to be paid or received in respect of such Cleared Contract between JSCC and each Clearing Participant in accordance with the Rules, JSCC shall set up an account for each Clearing Participant ("Clearing Participant Account") on which each of such Cleared Contract and Positions in JGB Futures Contracts and Interest Rate Futures Contracts covered by Cross Margining are recorded.

2 A Clearing Participant Account shall be divided into the account to record the Cleared Contracts on a Clearing Participant's proprietary book and Positions in JGB Futures Contracts and Interest Rate Futures Contracts on the Clearing Participant's book covered by Cross Margining ("Proprietary Account") and the accounts to record, by each Clearing Brokerage Agreement, the Cleared Contracts on Customers' book and Positions in JGB Futures Contracts and Interest Rate Futures Contracts on the Customer's book covered by Cross Margining ("Customer Accounts"). For this purpose, JSCC may not use one Customer Account for multiple Customers or for multiple Clearing Brokerage Agreements of one Customer.

3 JSCC may divide the Proprietary Account set up for a Clearing Participant into multiple accounts when requested by such Clearing Participant.

4 A Clearing Participant shall, if it opens multiple accounts which divide a Clearing Brokerage Account pursuant to the provisions of Article 60.2, request that JSCC divide a Customer Account in the same manner, and JSCC shall set up multiple accounts to divide the Customer Account based on such request.

5 For multiple accounts which are set for the Proprietary Account or Customer Accounts in accordance with Paragraphs 3 and 4 ("Sub-Accounts"), JSCC shall book Cleared Contracts and Positions in JGB Futures Contracts and Interest Rate Futures Contracts covered by Cross Margining to the relevant Sub-Account according to the designations made by the relevant Clearing Participant.

6 The claims and obligations between JSCC and a Clearing Participant and the claims and obligations between JSCC and a Customer in relation to each Cleared Contract, Positions in JGB Futures Contracts and Interest Rate Futures Contracts covered by Cross Margining, Initial Margin, Variation Margin and Mark-to-Market Difference related thereto shall arise separately for the Proprietary Account and each of the Customer Accounts.

7 A Clearing Participant shall request that its Customer notify whether its Customer Account is Hedge Account or Non-hedge Account, in the manner as separately prescribed by JSCC⁷², and shall notify JSCC thereof. A Customer shall also give notice to the Clearing Participant when it changes the types of its Customer Account.

Article 59-2. Transfer of Proprietary Cleared Contracts between Sub-Accounts

1 A Clearing Participant may move all or a part of the Proprietary Cleared Contracts existing between JSCC and the Clearing Participant booked on a Sub-Account to another Sub-Account under the same Proprietary Account.

2 When a Clearing Participant moves Proprietary Cleared Contracts as set forth in Paragraph 1, it shall request it to JSCC in a manner prescribed by JSCC⁷³.

⁷² cf. Handling Procedures of IRS Clearing Business, Article 35-5.

⁷³ cf. Handling Procedures of IRS Clearing Business, Article 30-8.1.

3 Upon receipt of the request set forth in Paragraph 2, JSCC shall process the transfer of Proprietary Cleared Contracts between Sub-Accounts at the time prescribed by JSCC⁷⁴ on the JSCC Business Day on which such request is submitted.

4 When canceling the request submitted pursuant to the provisions of Paragraph 2, the Clearing Participant shall request the cancellation to JSCC in a manner prescribed by JSCC⁷⁵.

Article 59-3. Transfer of Customer's Cleared Contracts between Sub-Accounts

1 A Customer may move all or a part of the Customer's Cleared Contracts ~~existing between JSCC and the Customer~~ booked on a Sub-Account to another Sub-Account under the same Customer Account.

2 When intending to instruct a transfer of Customer's Cleared Contracts between Sub-Accounts as set forth in Paragraph 1, the Customer shall notify such effect to its Clearing Broker, who, upon receipt of such instruction, shall submit the request for such transfer to JSCC in a manner prescribed by JSCC⁷⁶.

3 Upon receipt of the request set forth in Paragraph 2, JSCC shall process the transfer of Customer's Cleared Contracts between Sub-Accounts at the time prescribed by JSCC⁷⁷ on the JSCC Business Day on which such request is submitted.

4 When canceling the request submitted pursuant to the provisions of Paragraph 2, the Customer shall notify such effect to its Clearing Broker, who, upon receipt of such notification, shall request the cancellation to JSCC in a manner prescribed by JSCC⁷⁸.

⁷⁴ cf. Handling Procedures of IRS Clearing Business, Article 30-8.3.

⁷⁵ cf. Handling Procedures of IRS Clearing Business, Article 30-8.2.

⁷⁶ cf. Handling Procedures of IRS Clearing Business, Article 30-8.1.

⁷⁷ cf. Handling Procedures of IRS Clearing Business, Article 30-8.3.

⁷⁸ cf. Handling Procedures of IRS Clearing Business, Article 30-8.2.

Article 60. Clearing Brokerage Account

1 A Clearing Broker shall set up an account for each Clearing Brokerage Agreement executed with a Customer ("Clearing Brokerage Account") to manage the details of Clearing Brokerage Contracts under each Clearing Brokerage Agreement, Positions in JGB Futures Contracts and Interest Rate Futures Contracts on the Customer's book covered by Cross Margining, Initial Margins, Customer Initial Margins, Variation Margins and Mark-to-Market Differences related to such Clearing Brokerage Contracts and other Funds to be paid or received between the Clearing Broker and the Customer in accordance with each of such Clearing Brokerage Agreements and the Rules.

2 Upon request of a Customer, a Clearing Broker may set up multiple accounts dividing the Clearing Brokerage Account for the Customer (each of such accounts shall be referred to as "Clearing Brokerage Sub-Account" in this Article).

3 The claims and obligations between a Clearing Broker and a Customer in relation to each Clearing Brokerage Contract, Positions in JGB Futures Contracts and Interest Rate Futures Contracts on the Customer's book covered by Cross Margining, Initial Margin, Variation Margin and Mark-to-Market Difference related thereto shall arise separately for each of the Clearing Brokerage Accounts.

4 When there is a transfer of Customer's Cleared Contracts between Sub-Accounts under a Customer Account pursuant to the provisions of Article 59-3, the Clearing Broker shall transfer the Clearing Brokerage Contracts corresponding to the Customer's Cleared Contracts subject to the transfer between Sub-Accounts to the relevant sub-account under the Clearing Brokerage Account accordingly.

Supplementary Provisions

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

2. Notwithstanding the provisions of Paragraph 1, if JSCC considers it inappropriate to apply amended rules due to an unavoidable reason, such as failure of the system

installed by JSCC which is necessary for settlements between JSCC and Clearing Participants in relation to Cleared Contracts, these amendments shall come into force as of the date designated by JSCC which is on or after October 6, 2025.

Attachment 1 : Article 2 (Definition) - Sequenced in Alphabetical order

“Adjustment Amount related to Mark-to-Market Difference (Art. 2, Para. 1, Item (36)-5)

AUD Cleared Contract (Art. 2, Para. 1, Item (15)-2)

Backup Clearing Broker (Art. 2, Para. 1, Item (60)-2)

Blended Rates Compression (Art.2, Para. 1, Item (13)-2)

Business Holiday (Art. 2, Para. 1, Item (9))

Capital-to-Risk Ratio (Art. 2, Para. 1, Item (22))

Carrying Clearing Broker (Art. 2, Para. 1, Item (24)-6)

Cash (Art. 2, Para. 1, Item (9)-2)

Cash Settlement Amount (Art. 2, Para. 1, Item (63)-2)

Cleared Contract (Art. 2, Para. 1, Item (34))

Cleared Contract (Collateral Type) (Art. 2, Para. 1, Item (36)-2)

Cleared Contract (Settlement Type) (Art. 2, Para. 1, Item (35)-2)

Clearing (Art. 2, Para. 1, Item (19))

Clearing Broker (Art. 2, Para. 1, Item (24))

Clearing Brokerage Account (Art. 2, Para. 1, Item (33))

Clearing Brokerage Agreement (Art. 2, Para. 1, Item (31))

Clearing Brokerage Contract (Art. 2, Para. 1, Item (28))

Clearing Brokerage Contract (Collateral Type) (Art. 2, Para. 1, Item (28)-3)

Clearing Brokerage Contract (Settlement Type) (Art. 2, Para. 1, Item (28)-2)

Clearing Brokerage Original Transaction (Art. 2, Para. 1, Item (32))

Clearing Participant (Art. 2, Para. 1, Item (29))

Clearing Participant Agreement (Art. 2, Para. 1, Item (30))

Client Clearing (Art. 2, Para. 1, Item (13)-2-2)

Compression (Art. 2, Para. 1, Item (18)-2)

Consolidated Capital-to-Risk Ratio (Art. 2, Para. 1, Item (67))

Corporate Group (Art. 2, Para. 1, Item (5))

Cross Margined JGB Futures Cleared Contract (Art. 2, Para. 1, Item (13)-6)

Cross Margining (Art. 2, Para. 1, Item (13)-5)

Cross Margining Acceptance (Art. 2, Para. 1, Item (13)-7)

Cross Margining Accepting Party (Art. 2, Para. 1, Item (13)-3)

Cross Margining Requestor (Art. 2, Para. 1, Item (13)-4)

Cross Margining User (Art. 2, Para. 1, Item (13)-8)
 Customer (Art. 2, Para. 1, Item (27))
 Customer Account (Art. 2, Para. 1, Item (2))
 Customer Initial Margin (Art. 2, Para. 1, Item (1)-2)
 Customer's Cleared Contract (Art. 2, Para. 1, Item (35))
 Default (Art. 2, Para. 1, Item (59))
 Default Auction (Art. 2, Para. 1, Item (57))
 Default Contingent Margin (Art. 2, Para. 1, Item (55))
 Default Determination Date (Art. 2, Para. 1, Item (60))
 Default Settlement Period (Art. 2, Para. 1, Item (56))
 Defaulting Clearing Participant (Art. 2, Para. 1, Item (58))
 Designated Market Operator (Art. 2, Para. 1, Item (23)-2)
 Documents Setting Forth Handling of ISDA-Based Documents (Art. 2, Para. 1, Item (70))
 Early Termination (Art. 2, Para. 1, Item (6))
 Early Termination Charge (Art. 2, Para. 1, Item (7))
 Eligible IRS Transaction (Art. 2, Para. 1, Item (47))
 Eligible Securities Collateral (Art. 2, Para. 1, Item (45))
 EUR Cleared Contract (Art. 2, Para. 1, Item (68)-2)
 Failure of Settlement (Art. 2, Para. 1, Item (15))
 First Tier IRS Settlement Guarantee Reserve (Art. 2, Para. 1, Item (38))
 Fixed Resources for Loss Recovery (Art. 2, Para. 1, Item (18))
 Foreign Currency Cleared Contract (Art. 2, Para. 1, Item (4)-3)
 Foreign Currency Home Business Day (Art. 2, Para. 1, Item (4)-4)
 Foreign Currency Home Holiday (Art. 2, Para. 1, Item (4)-5)
 Fourth Tier Special Clearing Charge (Art. 2, Para. 1, Item (43))
 Fourth Tier Special Clearing Charge Collateral (Art. 2, Para. 1, Item (44))
 Funds (Art. 2, Para. 1, Item (10))
 Hedge Account (Art. 2, Para. 1, Item (62)-3)
 Initial Margin (Art. 2, Para. 1, Item (50))
 Intraday Margin (Art. 2, Para. 1, Item (54))
 IRS Clearing Fund (Art. 2, Para. 1, Item (11))
 IRS Clearing Qualification (Art. 2, Para. 1, Item (12))

IRS Transaction (Art. 2, Para. 1, Item (13))
 ISDA (Art. 2, Para. 1, Item (69))
 ISDA Definitions (Art. 2, Para. 1, Item (72))
 ISDA Master Agreement (Art. 2, Para. 1, Item (71))
 Japanese Standard (Art. 2, Para. 1, Item (17))
 JGB Futures Backup Clearing Broker (Art. 2, Para. 1, Item (15)-8)
 JGB Futures Cleared Contract (Art. 2, Para. 1, Item (15)-5)
 JGB Futures Clearing Participant (Art. 2, Para. 1, Item (15)-6)
 JGB Futures Contract (Art. 2, Para. 1, Item (15)-9)
 JGB Futures Non-Clearing Participant (Art. 2, Para. 1, Item (15)-7)
 JGB Futures Position Transfer (Art. 2, Para. 1, Item (15)-3)
 JGB Futures Successor Clearing Broker (Art. 2, Para. 1, Item (15)-4)
 JPY Cleared Contract (Art. 2, Para. 1, Item (2)-3)
 JSCC Business Day (Art. 2, Para. 1, Item (49))
 JSCC-Initiated Compression (Art. 2, Para. 1, Item (72)-2)
 Legal Entity (Art. 2, Para. 1, Item (64))
 Liquid Resources for Loss Recovery (Art. 2, Para. 1, Item (66))
 Margin (Art. 2, Para. 1, Item (25))
 Mark-to-Market Difference (Art. 2, Para. 1, Item (36)-3)
 Mark-to-Market Difference And Adjustment Amount (Art. 2, Para. 1, Item (36)-4)
 Member-Initiated Compression (Art.2, Para. 1, Item (20)-2)
 Net Capital (Art. 2, Para. 1, Item (21))
 Net Present Value (Art. 2, Para. 1, Item (26))
 New York Business Day (Art. 2, Para. 1, Item (54)-2)
 Non-hedge Account (Art. 2, Para. 1, Item (54)-4)
 Non-resident (Art. 2, Para. 1, Item (62))
 Officer (Art. 2, Para. 1, Item (68))
 Other Clearing Business (Art. 2, Para. 1, Item (46))
 Parent Company (Art. 2, Para. 1, Item (3))
 Parental Guarantee (Art. 2, Para. 1, Item (4))
 Per Trade Compression (Art. 2, Para. 1, Item (52)-2)
 Position (Art. 2, Para. 1, Item (45)-2)
 Position Transfer (Art. 2, Para. 1, Item (24)-2)

Position Transfer Date (Art. 2, Para. 1, Item (24)-4)

Position Transfer Requested Cleared Contract (Art. 2, Para. 1, Item (24)-5)

Proprietary Account (Art. 2, Para. 1, Item (23))

Proprietary Cleared Contract (Art. 2, Para. 1, Item (36))

Receiving Clearing Participant (Art. 2, Para. 1, Item (1)-3)

Receiving Customer (Art. 2, Para. 1, Item (1)-2)

Resources for Loss Recovery (Art. 2, Para. 1, Item (37))

Rules (Art. 2, Para. 1, Item (65))

Second Tier Clearing Participant Cap (Art. 2, Para. 1, Item (40))

Second Tier IRS Settlement Guarantee Reserve (Art. 2, Para. 1, Item (39))

Securities and Similar Contracts Business Rules (Art. 2, Para. 1, Item (24)-4)

Settlement Amount (Art. 2, Para. 1, Item (14))

Special Clearing Charge (Art. 2, Para. 1, Item (51))

Special Clearing Charge Collateral (Art. 2, Para. 1, Item (52))

Subordinate Rules (Art. 2, Para. 1, Item (8))

Substituted Initial Margin (Art. 2, Para. 1, Item (20))

Successor Clearing Broker (Art. 2, Para. 1, Item (24)-3)

Sydney Business Day (Art. 2, Para. 1, Item (23)-3)

TARGET Settlement Day (Art. 2, Para. 1, Item (73))

Third Tier Special Clearing Charge (Art. 2, Para. 1, Item (41))

Third Tier Special Clearing Charge Collateral (Art. 2, Para. 1, Item (42))

Transaction Side (Art. 2, Para. 1, Item (53))

Transfer (Art. 2, Para. 1, Item (1))

Transferring Clearing Participant (Art. 2, Para. 1, Item (1)-5)

Transferring Customer (Art. 2, Para. 1, Item (1)-4)

Uniform International Standard (Art. 2, Para. 1, Item (16))

Unwind Fee (Art. 2, Para. 1, Item (4)-2)

USD Cleared Contract (Art. 2, Para. 1, Item (62)-2)

Variation Margin (Art. 2, Para. 1, Item (63))

Vendor-Initiated Compression (Art. 2, Para. 1, Item (2)-2)

Note : Some of the terminology used in Japan Financial Instruments and Exchange Act, such as such “Assumption of Obligation” or “Brokerage for Securities, etc.”(English Translation of the corresponding Japanese word) are replaced with commonly used terminology, such as “Clearing” or “Clearing Brokerage”, so that non-Japanese readers could understand easily.

Attachment 2 : Terms not Defined in Article 2

Definition	Provision in which it is defined	Provisions to which such definition apply
Subject Transaction for Clearing	Article 4	All
Applicant	Article 8.2	All
Qualification Date	Article 8.4	Articles 8 to 12
Guaranteed Applicant	Article 8.5	Articles 8 to 12
Special Operator	Article 9.1.(2).a.(c)	All
Financial Institution subject to Japanese Standard	Article 9.1.(2).b.(c)	All
Required IRS Clearing Fund	Article 17.2	All
Instruction to Improve	Article 28.1	All
Suspension of Cross Margining / Suspend Cross Margining)	Article 28.1	All
Margin Required to Clear	Article 49.1	All
Clearing Requirements	Article 49.1	All
First Clearing Participant	Article 49.1	Article 49
Second Clearing Participant	Article 49.1	Article 49
Application for Exchanging Mark-to-Market Difference, etc.	Article 51-2.1	All
VM-as-Settlement Requirements	Article 51-2.2	All
Per Trade Compression Conditions	Article 53.2	All
Blended Rates Compression Conditions	Article 53-2.2	All
Vendor-Initiated Compression Conditions	Article 53-2-2.2	All
Member-Initiated Compression Conditions	Article 53-2-3.2	All
Affiliated Customer	Articles 54	Articles 54, 55 & 57
Designated Counterparty	Article 54.1	All
Original Counterparty	Article 54.4	Articles 54, 54-2 & 58

Carrying Clearing Broker	Article 58-2.3	All
Relevant Cleared Contracts	Article 58-2.3	Articles 58-2 to 58-5
Position Transfer Request Date	Article 58-3.1	All
Position Transfer Date	Article 58-3.4.(1)	All
Receiving Customer	Article 58-4.1	All
Transferring Customer	Article 58-4.1	Articles 58-4 & 58-5
Transfer Request Date	Article 58-5.1	All
Clearing Participant Account	Article 59.1	All
Proprietary Account	Article 59.2	All
Customer Account	Article 59.2	All
Sub-Accounts	Article 59.5	All
Clearing Brokerage Account	Article 60.1	All
Obligations to be Collateralized	Article 61.1	Article 61.2
Initial Margin Deposited Amount	Article 66.1	All
Cross Margining MtM Difference	Article 77-2.1	All
Clearing Yield Curve	Article 79.3	All
Clearing Participant Net Payable	Article 85-2.1	Article 85-2
Unpaid Amount	Article 85-5.1	All
Clearing Participant Failing Settlement	Article 85-5.2	All
Failed Participant	Article 89.1	All
Matters for Consultation	Article 92.1	Article 92.2
Hedge Transaction	Article 93.1	All
Default Auction	Article 95.1	All
Auction Transactions	Article 95.3	All
Defaulting Clearing Participant Payment Amount	Article 101.1.(2).a.	All
Initial Loss Determination Date	Article 102.1	All
Excess Default Loss	Article 103.1	All
Second Tier Clearing Participants Contributions	Article 103.2.(1)	Article 103.2
Participants Bearing Third Tier	Article 105.1	Article 105

Special Clearing Charge		
Participants Bearing Fourth Tier Special Clearing Charge	Article 106.1	Article 106
Secured Obligations	Article 107.1	Article 107.3
Rule Change	Article 121.1	Article 121 & 122

Handling Procedures of Interest Rate Swap Business Rules

Original Document Title : 金利スワップ取引清算業務に関する業務方法書の取扱い

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

(*) Please note that this does not apply to Exhibit Forms 3-2 and 4-2, for which the original version is English.

Article 2-2. Currency Designated by JSCC

The currency designated by JSCC under Article 2.1.(1)-~~62~~, (11), (50) and (55) of the Business Rules shall be United States dollars.

Article 28. Requirements for Clearing

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

- (1) Requirements set forth in Article 9 hereof are met; ~~and~~
- (2) In respect of a request for Clearing set forth in Paragraph 2 below, no date during the period from the day on which JSCC confirms the satisfaction of the Clearing Requirements in accordance with Article 49.1 of the Business Rules to the next JSCC Business Day falls on a Payment Date ~~or the settlement date of the Upfront Fee; and.~~
- (3) In respect of a request for Clearing set forth in Paragraph 2 below, the day on which JSCC confirms the satisfaction of the Clearing Requirements in accordance with Article 49. 1 of the Business Rules, or, if a request for Clearing is received at or after 4:00 p.m., any day during the period from the day on which JSCC confirms the satisfaction of the Clearing Requirements in accordance with Article 49.1 of the Business Rules to the next JSCC Business Day, does not fall on the settlement date of the Upfront Fee.

In addition, the Eligible IRS Transaction described in Article 49.1 of the Business Rules which comprises a part of a Package Trade should also satisfy both of the following conditions:

- ~~(43)~~ In respect of the Eligible IRS Transactions which comprise a Package Trade, the parties are the same for each of such Eligible IRS Transaction, and such Eligible IRS Transaction satisfies other requirements prescribed by JSCC in a notification or a public notice; and
- ~~(54)~~ Information necessary to identify the Package Trade of which it comprises a part is attached.

2 JSCC shall confirm the satisfaction of the Clearing Requirements in accordance with Article 49.1 of the Business Rules in the following manner according to the below-listed

classification of the request for Clearing:

- (1) Request for Clearing of Backload Transaction:
By 8:00 a.m. on the date of receipt of the request for Clearing;
 - (2) Request for Clearing of Transaction other than Backload Transaction:
Promptly after its receipt of the request for Clearing, or, for a Package Trade, its receipt of the request for Clearing of all Eligible IRS Transactions comprising the Package Trade.
- 3 The time prescribed under Article 49.1 of the Business Rules shall be the time when JSCC confirms the satisfaction of the Clearing Requirements in accordance with Article 49.1 of the Business Rules, including such confirmation carried out during the time temporarily changed pursuant to Article 49.4.
- 4 The calculation method prescribed under Article 49.1 of the Business Rules shall be set forth in Appendix 2 attached hereto.
- 5 The amount prescribed under Article 49.1.(1) of the Business Rules shall be the amount set forth in Appendix 3 attached hereto.
- 6 The cap prescribed under Article 49.1.(2) of the Business Rules shall be JPY 1 billion.
- 7 The method prescribed under Article 49.1.(2).b. of the Business Rules shall be a notification via the IRS Clearing System, and contents of the notification shall be reflected on the next JSCC Business Day following the date of notification.
- 8 The notification of JSCC as set forth in Article 49.2 and 49.3 of the Business Rules shall be given as soon as possible in line with the provisions of CFTC Regulation 39.12 (b)(7)(ii) and (iii).
- 9 Notwithstanding the provisions of Paragraph 5, JSCC will give notice set forth in Articles 49.2 and 49.3 of the Business Rules concerning the request for Clearing received by JSCC pursuant to the provisions of Article 27.3 at or after 8:05 a.m. as soon as possible on the date of receipt of the notification of request for such Clearing.
- 10 In the event of a failure of the IRS Clearing System or any other necessary system of JSCC or other institution for the IRS Clearing Business or when JSCC deems it extremely necessary for any other reason, JSCC may change the time during which it will receive requests for Clearing. When JSCC changes such time, JSCC shall notify the Clearing Participants of the new time without delay.

Article 29-2. Method of Application for Exchanging Mark-to-Market Difference And Adjustment Amount

- 1 The manner to be prescribed under Article 51-2.1 and 4 of the Business Rules shall be those prescribed by JSCC in a notification or a public notice.
- 2 With respect to Applications for Exchanging Mark-to-Market Difference And Adjustment Amount set forth in Article 51-2.1 of the Business Rules, when a Clearing Participant intends to apply for exchanging Mark-to-Market Difference And Adjustment Amount subject to all the Cleared Contracts (Collateral Type) to be recorded in Proprietary Account or Customer Account, it must notify in advance such effect to JSCC. In this case, Cleared Contracts (Collateral Type) which will be newly recorded in Proprietary Account or Customer Account on and after the date of acceptance of such application shall be deemed to be applied for exchanging Mark-to-Market Difference And Adjustment Amount to JSCC on the date of such recording pursuant to the provisions of Paragraph 1 above.
- 3 Conditions prescribed by JSCC under Article 51-2.2 of the Business Rules shall be those that there are no claims nor obligations related to Variation Margin of Cleared Contracts (Collateral Type) subject to the Application for Exchanging Mark-to-Market Difference And Adjustment Amount of which deposit or payment has been already due or has not been completed at the time of JSCC's confirmation.
- 4 When JSCC receives the Application for Exchanging Mark-to-Market Difference And Adjustment Amount set forth in Article 51-2.1 of the Business Rules, it shall confirm the satisfaction of VM-as-Settlement Requirements pursuant to Article 51-2.2 of the Business Rules promptly after 4:00 p.m. on the day of receipt ("the time of JSCC's confirmation," if JSCC confirms the satisfaction of Per Trade Compression Conditions pursuant to Article 53.2 of the Business Rules; "the time of JSCC's confirmation" if JSCC confirms the satisfaction of Blended Rates Compression Conditions pursuant to Article 53-2-2 of the Business Rules; "the time of JSCC's confirmation," if JSCC confirms the satisfaction of Member-Initiated Compression Conditions pursuant to Article 53-2-3.2 of the Business Rules; "the time of JSCC's confirmation," if JSCC confirms the satisfaction of JSCC-Initiated Compression Conditions pursuant to Article 53-2-4.4 of the Business Rules; "the time of JSCC's acceptance," if JSCC accepts a request of transfer or position transfer from a Clearing Participant pursuant to ~~Article 53-4.1~~, Article 58-3.1, or Article 58-5.1 ~~or Article 58-7.4~~ of the Business Rules), provided that with respect to Applications for Exchanging Mark-to-Market Difference And Adjustment Amount submitted after 4:00 p.m. (including Applications for Exchanging Mark-to-Market Difference And Adjustment Amount subject to Cleared Contracts which have been newly recorded in Proprietary Account or Customer Account between 5:30 p.m. and 7:00 p.m., pursuant to the provisions in

Paragraph 2), JSCC shall confirm the satisfaction of VM-as-Settlement Requirements promptly after 7:00 p.m.

- 5 Under the netting prescribed by JSCC in Article 51-2.3, JSCC and a Clearing Participant shall deduct the amount calculated as the amount equivalent to Variation Margin to be deposited to the counterparty, with respect to the Cleared Contracts that satisfies the VM-as-Settlement-Requirement, up to the date of confirmation of the satisfaction of VM-as-Settlement Requirements for Cleared Contracts (referred to as "Subject Amount of VM-as-Settlement") from the net Variation Margin to be deposited by such date (amount deducting the gross receipts from the gross payments of Variation Margin). If the net Variation Margin after the deduction is positive, such amount shall be deemed as deposit with the counterparty. If such amount is negative, the amount equivalent to the absolute value of such negative amount shall be deemed as deposit from the counterparty. In this case, JSCC and the relevant Clearing Participant shall appropriate Cash equivalent to the Subject Amount of VM-as-Settlement to settle the payment obligation related to Mark-to-Market Difference at the time when such obligation comes into effect.
- 6 When JSCC deems it necessary due to causes such as failure of IRS Clearing System or other system of JSCC or other organization necessary to carry out IRS Clearing Business, JSCC may forgo confirmation of the satisfaction of VM-as-Settlement Requirements for the Application for Exchanging Mark-to-Market Difference And Adjustment Amount or may change the time of such confirmation. In this case, JSCC shall promptly notify the relevant Clearing Participants of its determination of forgoing such confirmation, or changing the time of such confirmation and the time so changed, without delay.

Article 30-5. Matters related to Funds to be Settled upon Position Transfer of Proprietary Cleared Contracts

1 The Early Termination Charge and the amount ~~due to be paid~~ upon Position Transfer/Transfer set forth in Article ~~58-3.4.(1).c.53-4.1~~ of the Business Rules shall be calculated separately by the classifications of Cleared Contracts, namely, JPY Cleared Contracts, AUD Cleared Contracts, USD Cleared Contracts and EUR Cleared Contracts, in the following manner:

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

Adjustment Amount related to Mark-to-Market Difference to be paid or received on the JSCC Business Day immediately following such termination). If such amount is positive, then JSCC shall pay the Clearing Participant the Early Termination Charge, and if negative, the Clearing Participant shall pay JSCC the Early Termination Charge.

- (2) The amount ~~due to be paid~~ upon Position Transfer/Transfer, which is equal to net Variation Margins deposited with JSCC by the Carrying Clearing Broker~~Requesting Clearing Participant (as such term defined in Article 2.1.(24)-653-3.1)~~ up to the date of termination of the Position Transfer Requested Cleared Contracts (referring to Cleared Contracts subject to Position Transfer under as such term defined in Article 58-2.1.(1)53-4.1 of the Business Rules) plus or minus the interest on the Variation Margin to be paid or received on the JSCC Business Day immediately following such termination, shall be settled between JSCC and the Successor Clearing Broker. (If such Position Transfer Requested Cleared Contracts are Cleared Contracts (Settlement Type), the amount ~~due to be paid~~ upon Position Transfer/Transfer, which is equal to the net Mark-to-Market Difference (amount deducting the gross receipts from the gross payments of Mark-to-Market Difference) paid to JSCC by the Carrying Clearing Broker~~Requesting Clearing Participant~~ up to the date of such termination plus or minus the Adjustment Amount related to Mark-to-Market Difference to be paid or received on the JSCC Business Day immediately following such termination, shall be settled. In this case, if such amount is positive, then the amount ~~due to be paid~~ upon Position Transfer/Transfer shall be paid by JSCC to the Successor Clearing Broker, and if negative, it shall be paid by the Successor Clearing Broker to JSCC.
- 2 JSCC, the Successor Clearing Broker and the Carrying Clearing Broker~~Requesting Clearing Participant~~ shall settle the amount ~~due to be paid~~ upon Position Transfer/Transfer and the Early Termination Charge calculated in accordance with the provisions of Paragraph 1 after netting the Cash Settlement Amount on the JSCC Business Day immediately following the date of termination of the Position Transfer Requested Cleared Contract, pursuant to the provisions of Article 58-3.4.(1).c.53-4.4. ~~(3)~~ of the Business Rules.
- 3 The provisions of Paragraphs 1 and 2 above shall apply *mutatis mutandis* to the case where JSCC calculates the Early Termination Charge and the amount ~~due to be paid~~ upon Position Transfer/Transfer pursuant to the provisions of Articles 58-5.4.(4).c.5 and 58-5.4.(5).c.7 of the Business Rules. In this case, the reference to “58-3.4.(1).c. Article 53-4.1” in the main body of Paragraph 1 shall be deemed to be the reference to “Articles 58-5.4.(4).c.5 and 58-5.4.(5).c.7,” and, in Paragraph 1.(2), the reference to “Successor

Clearing Broker" in the first sentence shall be deemed to be the reference to "Receiving Clearing Participant (or, in case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5) of the Business Rules to the Receiving Customer whose Clearing Broker is not the Clearing Broker for the Transferring Customer, the Clearing Broker for the Receiving Customer; the same applies in this Article)"; the reference to "Position Transfer Requested Cleared Contracts (referring to Cleared Contracts subject to Position Transfer under as such term defined in Article 58-2.1.(1)2.1.(24)-553-4.1 of the Business Rules; the same shall apply hereinafter)" shall be deemed to be the reference to "Customer's Cleared Contracts that shall terminate pursuant to the provisions of ~~the second sentence of~~ Article 58-5.4.(4).b. of the Business Rules (or, in case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5) of the Business Rules to the Receiving Customer whose Clearing Broker is not the Clearing Broker for the Transferring Customer, the Customer's Cleared Contracts that shall terminate pursuant to the provisions of ~~the second sentence of~~ Article 58-5.4.(5).b.6; the same applies in this Article); the reference to "Carrying Clearing Broker Requesting Clearing Participant (as such term defined in Article 2.1.(24)-653-3.1)" shall be deemed to be the reference to "the Clearing Broker for the Transferring Customer"; the reference to "such Position Transfer Requested Cleared Contracts" shall be deemed to be the reference to "Customer's Cleared Contracts that shall terminate pursuant to the provisions ~~the second sentence of~~ Article 58-5.4.(4).b. of the Business Rules"; the reference to "by the Carrying Clearing Broker Requesting Clearing Participant" shall be deemed to be the reference to "by the Clearing Broker for the Transferring Customer"; the reference to "to the Successor Clearing Broker" shall be deemed to be the reference to "to the Receiving Clearing Participant"; the reference to "by the Successor Clearing Broker" shall be deemed to be the reference to "by the Receiving Clearing Participant," and, in Paragraph 2, the reference to "Successor Clearing Broker" shall be deemed to be the reference to "Clearing Broker for the Transferring Customer"; the reference to "Carrying Clearing Broker Requesting Clearing Participant" shall be deemed to be the reference to "Receiving Clearing Participant (or, in case of Transfer of Clearing Brokerage Contracts under Article 58-4.1.(5) of the Business Rules to a Receiving Customer whose Clearing Broker is not the Clearing Broker for the Transferring Customer, the Clearing Broker for the Receiving Customer)"; the reference to "Article 58-3.4.(1).c.53-4.4.(3) of the Business Rules" shall be deemed to be the reference to "Articles 58-5.4.(4).c.5 and 58-5.4.(5).c.7 of the Business Rules"; and the reference to "Position Transfer Requested Cleared Contract" shall be deemed to be "Customer's Cleared Contracts that shall terminate pursuant to the provisions of ~~the second sentence of~~ Article 58-5.4.(4).b. of the Business Rules."

- 4 The provisions of Paragraphs 1 and 2 above shall apply mutatis mutandis to the case where JSCC calculates the Early Termination Charge and the amount ~~due to be paid~~ upon Position Transfer/Transfer pursuant to the provisions of Articles 58-3.4.(3).c.58-7.6 of the Business Rules. In this case, the reference to "Article 58-3.4.(1).c.53-4.4" in the main

body of Paragraph 1 shall be deemed to be the reference to “Articles ~~58-3.4.(3).c.58-7.6~~,” and, in Paragraph 1.(2), the reference to “Successor Clearing Broker” shall be deemed to be the reference to “Clearing Broker for the Receiving Customer”; the reference to “Position Transfer Requested Cleared Contracts (~~referring to Cleared Contracts subject to Position Transfer under as such term defined in~~ Article ~~58-2..1.(1)2.1.(24)-553-4.1~~ of the Business Rules; ~~the same shall apply hereinafter~~)” shall be deemed to be the reference to “Proprietary Cleared Contracts that shall terminate pursuant to the provisions of ~~Article 58-3.4.(3).b.the second sentence of Article 58-7.4~~ of the Business Rules”; the reference to “~~Carrying Clearing Broker Requesting Clearing Participant (as such term defined in Article 2.1.(24)-653-3.1)~~” shall be deemed to be the reference to “Transferring Clearing Participant”; the reference to “such Position Transfer Requested Cleared Contracts” shall be deemed to be the reference to “such Proprietary Cleared Contracts”; the reference to “by the ~~Carrying Clearing Broker Requesting Clearing Participant~~” shall be deemed to be the reference to “by the Transferring Clearing Participant”; the reference to “to the Successor Clearing Broker” shall be deemed to be the reference to “to the Clearing Broker for the Receiving Customer”; the reference to “by the Successor Clearing Broker” shall be deemed to be the reference to “by the Clearing Broker for the Receiving Customer,” and, in Paragraph 2, the reference to “Successor Clearing Broker” shall be deemed to be the reference to “Clearing Broker for the Receiving Customer”; the reference to “~~Carrying Clearing Broker Requesting Clearing Participant~~” shall be deemed to be the reference to “Transferring Clearing Participant”; the reference to “Article ~~58-3.4.(1).c.53-4.4.(3)~~ of the Business Rules” shall be deemed to be the reference to “Articles ~~58-3.4.(3).c.58-7.6~~ of the Business Rules”; and the reference to “Position Transfer Requested Cleared Contracts” shall be deemed to be the reference to “Proprietary Cleared Contracts that shall terminate pursuant to the provisions of ~~Article 58-3.4.(3).b.the second sentence of Article 58-7.4~~ of the Business Rules.”

Article 30-6. Matters related to Claims and Obligations Arising as a Result of Position Transfer of Proprietary Cleared Contracts

The terms and conditions designated by JSCC under Article ~~58-3.4.(1).a.53-4.2~~ of the Business Rules shall be designated in a notification or a public notice.

Article 30-7. Matters related to Submission of Request for Position Transfer/Transfer to JSCC

1 The request to JSCC under Article 58-2.4 and Article 58-4.4 of the Business Rules shall be submitted via the IRS Clearing System or in the method separately prescribed by JSCC in a notification or a public notice during the period from 8:30 a.m. to 3:00 p.m. on the JSCC Business Day on which Position Transfer or Transfer is desired.

2 The method of JSCC's notification prescribed under Article 58-2.5 and Article 58-4.5 of the Business Rules shall be the method of using the IRS Clearing System.

3 The notification of acceptance of the request for Position Transfer or Transfer prescribed under Article 58-2.6 and Article 58-4.6 of the Business Rules shall be given via the IRS Clearing System by 3:00 p.m. on the JSCC Business Day on which such request is submitted.

4 The request for a cancellation of a request for Position Transfer or Transfer prescribed under Article 58-2.8 and Article 58-4.8 of the Business Rules shall be submitted via the IRS Clearing System by 3:00 p.m. on the JSCC Business Day on which the request for Position Transfer or Transfer is submitted to JSCC.

5 The timing at which JSCC calculates the Margin Required to Clear and confirms that the amount equivalent to the Margin Required to Clear has been deposited or delivered to JSCC prescribed under Article 58-3.1 and Article 58-5.1 of the Business Rules shall be 4:00 p.m. on the JSCC Business Day on which such request for Position Transfer or Transfer is submitted.

Article 30-8. Matters concerning Submission of Request to JSCC related to Transfer of Cleared Contracts between Sub-Accounts

1 A request to JSCC for a transfer of Cleared Contracts between Sub-Accounts prescribed under Article 59-2.2 and Article 59-3.2 of the Business Rules shall be submitted via the IRS Clearing System during the period from 8:30 a.m. to 3:00 p.m. on the JSCC Business Day on which such transfer is desired.

2 A cancellation of the request prescribed under Article 59-2.4 and Article 59-3.4 of the Business Rules shall be submitted via the IRS Clearing System by 3:00 p.m. on the JSCC Business Day on which such request is submitted.

3 The timing of the transfer of Cleared Contracts between Sub-Accounts prescribed under Article 59-2.3 and Article 59-3.3 of the Business Rules shall be 4:00 p.m. on the JSCC Business Day on which such request is submitted.

Article 35-3. Matters related to Funds to be Settled upon Position Transfer

1 The Early Termination Charge and the amount ~~dueto-be-paid~~ upon Position Transfer/Transfer set forth in Article ~~58-5.4.(1).c.58-3.1~~ of the Business Rules shall be calculated separately by the classifications of Cleared Contracts, namely, JPY Cleared Contracts, AUD Cleared Contracts, USD Cleared Contracts and EUR Cleared Contracts, in the following manner:

- (1) The Early Termination Charge shall be equal to net Variation Margin (amount deducting the gross receipts from the gross payments of Variation Margin; the same applies in this Article 35-3) to be deposited with the Clearing Participant by JSCC with respect to each of such Cleared Contracts up to the date of such termination plus or minus the interest on the Variation Margin to be paid or received on the JSCC Business Day immediately following such termination (if each of such Cleared Contracts is a Cleared Contract (Settlement Type), the amount plus or minus the Adjustment Amount related to Mark-to-Market Difference to be paid or received on JSCC's Business Day immediately following such termination). If such amount is positive, then JSCC shall pay the Clearing Participant the Early Termination Charge, and if negative, the Clearing Participant shall pay JSCC the Early Termination Charge.
- (2) The amount ~~dueto-be-paid~~ upon Position Transfer/Transfer, which is equal to net Variation Margins deposited with the Carrying Clearing Broker by the Customer up to the date of termination of the ~~Position Transfer Requested~~Relevant Cleared Contracts (~~referring to Cleared Contracts subject to Position Transfer underas such term defined in~~ Article ~~58-4.1.(1)58-2.3~~ of the Business Rules) plus or minus the interest on the Variation Margin to be paid or received on the JSCC Business Day immediately following such termination (If such Position Transfer Requested Cleared Contracts are Cleared Contracts (Settlement Type), the amount ~~dueto-be-paid~~ upon Position Transfer/Transfer which is equal to the net Mark-to-Market Difference posted to JSCC by the ~~Carrying~~Requesting Clearing Participant up to the date of such termination (amount deducting the gross receipts from the gross payments of Mark-to-Market Difference) plus or minus the Adjustment Amount related to Mark-to-Market Difference to be paid or received on JSCC Business Day immediately following such termination), shall be settled among JSCC, the Successor Clearing Broker and the Customer. In this case, if such amount is positive, then the amount ~~dueto-be-paid~~ upon Position Transfer/Transfer shall be paid by JSCC to the Successor Clearing Broker and by the Successor Clearing Broker to the Customer, and if negative, it shall be paid by the Customer to the Successor Clearing Broker and by the Successor Clearing Broker to JSCC.

2 JSCC, the Successor Clearing Broker, the Carrying Clearing Broker and the Customer

shall settle the amount ~~due to be paid~~ upon Position Transfer/Transfer and the Early Termination Charge calculated in accordance with the provisions of Paragraph 1 after netting the Cash Settlement Amount on the JSCC Business Day immediately following the date of termination of the Position Transfer Requested~~Relevant~~ Cleared Contract, pursuant to the provisions of Article 58-5.4.(1).c~~58-3.4.(3)~~ of the Business Rules.

Article 35-4. Matters related to Claims and Obligations Arising as a Result of Position Transfer of Customer's Cleared Contracts

The terms and conditions designated by JSCC under Article 58-5.4.(1).a.(a) and (b)~~58-3.2.(1) and (2)~~ of the Business Rules shall be designated in a notification or a public notice.

Article 35-4-2. Matters related to Claims and Obligations upon Position Transfer or Transfer

The claims and obligations to be designated by JSCC under Articles 58-3.4.(1).b., 58-3.4.(2), 58-3.4.(3).a.(a) and 58-3.4.(3).b., and Articles 58-5.4.(1).b., 58-5.4.(2), 58-5.4.(3).b., 58-5.4.(4).b.~~53-4.3, 58-3.3, 58-5.4, 58-5.6 and 58-5.4.(5).b.~~ 58-7.4 of the Business Rules shall be, according to the classification specified in below items, claims and obligations specified below which has already become due at the time of confirmation of a deposit or delivery of Margin Required to Clear to JSCC as set forth in Articles 53-4.1, 58-3.1, and 58-5.1~~and 58-7.1~~ of the Business Rules:

- (1) Foreign Currency Cleared Contract
Claims and obligations related to Cash Settlement Amount of which deposit or payment related to such Cleared Contract has not been completed;
- (2) Clearing Brokerage Contract related to Foreign Currency Cleared Contract
Claims and obligations related to Settlement Amount for which payment under the relevant Clearing Brokerage Contract has not been completed.

Article 35-4-3. Matters related to Claims and Obligations Arising as a Result of Transfer of Clearing Brokerage Contracts or Proprietary Cleared Contracts

The terms and conditions to be prescribed by JSCC as set forth in Articles 58-3.4.(3).a.(b)~~58-5.4,~~ and Articles 58-5.4.(4).a.~~58-5.6~~ and 58-5.4.(5).a.(b)~~58-7.4~~ of the B~~u~~business Rules shall be designated in a notification or a public notice.

Article 35-4-4. Matters related to Margin Required to Clear upon Position Transfer or Transfer)

- 1 Upon confirmation of deposit with or delivery to JSCC of the Margin Required to Clear as

prescribed in Article 58-3.1 of the Business Rules, ~~for each of the Carrying Clearing Broker and Successor Clearing Broker,~~ the amount of Customer Buffer allocated to the Customer Account related to the ~~Receiving Customer~~~~Customer's Cleared Contracts subject to Position Transfer~~ shall be included in the deposited amount for the purpose of confirmation of shortfall.

- 2 Upon confirmation of deposit with or delivery to JSCC of the Margin Required to Clear as prescribed in Article 58-5.1 of the Business Rules, the relevant amount of Customer Buffer ~~applicable to the case listed below~~~~allocated to the Customer Account related to the Transferring Customer (and the Receiving Customer when the transfer is made to a Receiving Customer)~~ shall be included in the deposited amount for the purpose of confirmation of shortfall:-

(1) In case of Position Transfer of Customer's Cleared Contracts under Article 58-4.1.(1) of the Business Rules: For each of the Carrying Clearing Broker and the Successor Clearing Broker, the amount of Customer Buffer allocated to the Customer Account related to the Customer's Cleared Contracts subject to Position Transfer; and

(2) In case of Transfer of Clearing Brokerage Contracts under Articles 58-4.1.(2) to (5) of the Business Rules: The amount of Customer Buffer allocated to the Customer Account related to the Transferring Customer (or, in the case of a Transfer to a Receiving Customer, the Transferring Customer and the Receiving Customer).

Article 38. Required Amount of Variation Margin

- 1 The required amount of Variation Margin under Article 78.1 of the Business Rules and the required amount of Variation Margin for Customer's Cleared Contracts of which are Cleared Contracts (Collateral Type) under Article 78.2 of the Business Rules shall be, according to below-listed denomination currency of Cleared Contract (Collateral Type), determined in the following method:

(1) JPY Cleared Contracts:

- a. Obtain the Net Present Value in respect of the JPY Cleared Contracts which are Cleared Contracts (Collateral Type) as of 4:00 p.m. on the JSCC Business Day immediately preceding the date of calculation. In this calculation, the Clearing Yield Curve at 3:02 p.m. on the same JSCC Business Day shall be used;
- b. Obtain the Net Present Value in respect of the JPY Cleared Contracts which are Cleared Contracts (Collateral Type) as of 4:00 p.m. on the date of calculation. In this calculation, the Clearing Yield Curve at 3:02 p.m. on the date of calculation shall be used.

- c. Then, the difference between the value obtained in a. above and the value obtained in b. above shall be the required amount of Variation Margin.

Any reference to “as of 4:00 p.m.” in this item and Article 38-2 shall be the reference to “as of the time of the confirmation,” when JSCC confirmed a satisfaction of VM-as-Settlement Requirements pursuant to the provisions of Article 51-2.2 of the Business rules, “as the time of the confirmation,” when JSCC confirmed a satisfaction of Per Trade Compression Conditions pursuant to the provisions of Article 53.2 of the Business Rules, “as of the time of the confirmation,” when JSCC confirmed a satisfaction of Blended Rates Compression Conditions pursuant to the provisions of Article 53-2.2 of the Business Rules, “as of the time of the confirmation,” when JSCC confirmed a satisfaction of Member-Initiated Compression Conditions pursuant to the provisions of Article 53-2-3.2 of the Business Rules, “as of the time of the confirmation,” when JSCC confirmed a satisfaction of JSCC-Initiated Compression Conditions pursuant to the provisions of Article 53-2-4.4 of the Business Rules, and “as of the time of the acceptance,” when accepting an application for Position Transfer or transfer from a Clearing Participant in accordance with the provisions of ~~Article 53-4.1,~~ Article 58-3.1, or Article 58-5.1 ~~or Article 58-7.1~~ of the Business Rules.

(2) AUD Cleared Contracts:

The calculation method described in Item (1) above shall apply, except that “on the JSCC Business Day immediately preceding the date of calculation” in a. above shall be “the day which is JSCC Business Day and Sydney Business Day immediately preceding the date of calculation,” and any reference to “JPY Cleared Contracts” shall be “AUD Cleared Contracts”;

(3) USD Cleared Contracts:

The calculation method described in Item (1) above shall apply, except that “on the JSCC Business Day immediately preceding the date of calculation” in a. above shall be “the day which is JSCC Business Day and New York Business Day immediately preceding the date of calculation,” and any reference to “JPY Cleared Contracts” shall be “USD Cleared Contracts”;

(4) EUR Cleared Contracts:

The calculation method described in Item (1) above shall apply, except that “on the JSCC Business Day immediately preceding the date of calculation” in a. above shall be “the day which is JSCC Business Day and TARGET Settlement Day immediately preceding the date of calculation,” any reference to “Clearing Yield Curve at 3:02 p.m.” shall be “Clearing Yield Curve as of 11:02 a.m.” and any reference to “JPY Cleared Contracts” shall be “EUR Cleared Contracts”;

- 2 In the calculation of the Net Present Value of JPY Cleared Contract which are Cleared Contracts (Collateral Type) under Paragraph 1.(1), if the calculation is made as of the JSCC Business Day immediately preceding the date of settlement of the Fixed Amount or the Floating Amount, the Fixed Amount or the Floating Amount to be received shall be deducted, and the Fixed Amount or the Floating Amount to be paid shall be added, in the calculation of the Net Present Value.
- 3 The provisions of Paragraph 2 shall apply to the calculation of the Net Present Value of Foreign Currency Cleared Contracts (Collateral Type) set forth in Paragraph 1.(2) through 1.(4), except that any reference to “JPY Cleared Contract” shall be “Foreign Currency Cleared Contract” and “if the calculation is made as of the JSCC Business Day immediately preceding the date of settlement of the Fixed Amount or the Floating Amount” shall be “if the date of settlement of the Fixed Amount or Floating Amount is a Business Holiday and Foreign Currency Home Business Day, and if the calculation is made as of the JSCC Business Day immediately preceding the date of settlement of the Fixed Amount or the Floating Amount.”

Article 43. Method of Settlement of Moneys in Japanese Yen

1 The payments and receipts of Cash amounts specified under Article 85.1 of the Business Rules shall be the payments and receipts of the following:

- (1) Variation Margin for JPY Cleared Contracts which are Cleared Contracts (Collateral Type);
- (1)-2 Mark-to-Market Difference for JPY Cleared Contracts which are Cleared Contracts (Settlement Type);
- (2) Interests on Variation Margin for JPY Cleared Contracts which are Cleared Contracts (Collateral Type);
- (2)-2 Adjustment Amount related to Mark-to-Market Difference for JPY Cleared Contracts which are Cleared Contracts (Settlement Type);
- (3) Upfront Fee for JPY Cleared Contracts;
- (4) The Fourth Tier Special Clearing Charge Collateral deposited in Japanese yen pursuant to Article 24.(1) of the Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business;
- (5) The Fixed Amount for JPY Cleared Contracts;

- (6) The Floating Amount for JPY Cleared Contracts;
 - (7) The amount to be paid upon Position Transfer set forth in Article 8.5.(1) of the Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business and the accrued liabilities set forth in Article 8.5.(2) of the Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business payable in Japanese yen and the amount equivalent to the Cross Margining MtM Difference set forth in Article 94-3.5.(4) of the Business Rules;
 - (8) The Successful Bid Amount set forth in Article 14 of the Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business payable in Japanese yen;
 - (9) The Early Termination Charge which becomes payable in connection with the termination of JPY Cleared Contracts set forth in Article 97.2 of the Business Rules;
 - (10) Unwind Fee to be settled in Japanese yen;
 - (11) Cross Margining MtM Difference to be settled between JSCC and a Clearing Participant under Article 77-2 of the Business Rules;
 - (12) The Early Termination Charge and the amount ~~dueto be paid~~ upon Position Transfer/Transfer in respect of JPY Cleared Contracts set forth in Articles 58-3.4.(1).c., and 58-3.4.(3).c., and Articles 58-5.4.(1).c., 58-5.4.(4).c., 53-4.1, 58-3.1, 58-5.5, 58-5.7 and 58-5.4.(5).c. 58-7.6 of the Business Rules.
- 2 The manner prescribed under Article 85.1 of the Business Rules shall be account transfer between the current account in the name of JSCC and that in the name of a Clearing Participant each opened and maintained with the Bank of Japan using BOJ-NET.
- 3 A Clearing Participant may settle Cash amounts as set forth in Paragraph 1 through its agent by submitting to JSCC the document stating the matters required by JSCC and with JSCC's approval, provided that such settlement shall be performed through the current account in the name of such agent opened and maintained with the Bank of Japan.
- 4 The netting as set forth in Article 85.2 of the Business Rules shall be the netting between the gross receipts and the gross payments of the Cash amounts listed in Paragraph 1 of this Article.

Article 43-2. Settlement of Moneys in Foreign Currency

1 The settlement of Cash set forth in Article 85-4.1 of the Business Rules shall be performed for each classification of Cash listed in below items, by the currency of denomination of Foreign Currency Cleared Contracts, through the bank(s) designated by JSCC in a notice (referred to as “Designated Bank(s)” in this Article and Article 43-3), in the method described below:

(1) Below Cash shall be settled within Japan through an account in the name of JSCC established at the Designated Bank:

- a. Variation Margin for Foreign Currency Cleared Contracts which are Cleared Contracts (Collateral Type);
- a-2. Mark-to-Market Difference for Foreign Currency Cleared Contracts which are Cleared Contracts (Settlement Type);
- b. Interests on Variation Margin for Foreign Currency Cleared Contracts which are Cleared Contracts (Collateral Type);
- b-2. Adjustment Amount related to Mark-to-Market Difference for Foreign Cleared Contracts which are Cleared Contracts (Settlement Type);
- c. The Fourth Tier Special Clearing Charge Collateral deposited in currency other than Japanese yen Cash pursuant to Article 24.(1) of the Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business;
- d. The amount to be paid upon Position Transfer set forth in Article 8.4.(1) of the Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business and the accrued liabilities set forth in Article 8.4.(2) of the Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business payable in currency other than Japanese yen;
- e. The Successful Bid Amount set forth in Article 14 of the Rules on Default Settlement Regarding Clearing Participants in relation to IRS Clearing Business payable in currency other than Japanese yen;
- f. The Early Termination Charge which becomes payable in connection with the termination of Foreign Currency Cleared Contracts set forth in Article 97.2 of the Business Rules;
- g. Unwind Fee to be settled in currency other than Japanese yen; and
- h. The Early Termination Charge and the amount ~~due to be paid~~ upon Position Transfer/Transfer set forth in Articles 58-3.4.(1).c. and 58-3.4.(3).c. and Articles 58-5.4.(1).c., 58-5.4.(4).c. 53-4.1, 58-3.1, 58-5.5, 58-5.7 and 58-5.4.(5).c. 58-7.6 of the Business Rules, other than those related to JPY Cleared Contracts.

(2) Below Cash shall be settled in the city of settlement for Foreign Currency Cleared Contracts through the account in the name of JSCC established at the Designated

Bank:

- a. Upfront Fee for Foreign Currency Cleared Contracts;
- b. The Fixed Amount for Foreign Currency Cleared Contracts; and
- c. The Floating Amount for Foreign Currency Cleared Contracts;

1 The city of settlement for Foreign Currency Cleared Contracts set forth in Paragraph 1.(2) shall be, according to the below-listed type of the Foreign Currency Cleared Contracts, the following city:

- (1) AUD Cleared Contracts: Sydney
- (2) USD Cleared Contracts: New York
- (3) EUR Cleared Contracts: London

3 A Clearing Participant shall notify JSCC the Designated Bank for the settlement of Cash set forth in Paragraph 1 by a submission, in advance, of the notification form prescribed by JSCC.

4 When a Clearing Participant intends to change matters notified pursuant to the provisions of Paragraph 2, it shall notify JSCC of such change by a submission, in advance, of the notification form prescribed by JSCC.

5 The netting as set forth in Article 85-4.2 of the Business Rules shall be the netting between the gross receipts and the gross payments of the Cash amounts listed in Paragraph 1 of this Article.

Supplementary Provision

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

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

<Appendix 2> Required Initial Margin Calculation Method

1. Required Initial Margin

(1) Required Initial Margin arising from Proprietary Cleared Contract (other than the case specified in Item (1)-2 below)

- a. The Required Initial Margin arising from a Proprietary Cleared Contract shall be obtained in respect of the Net Present Values, respectively, of the JPY Cleared Contracts, AUD Cleared Contracts, USD Cleared Contracts and EUR Cleared Contracts of the Proprietary Account as of 4:00 p.m. (or, when JSCC confirmed the satisfaction of Per Trade Compression Conditions pursuant to the provisions of Article 53.2 of the Business Rules, as of the time of such confirmation, or, when JSCC confirmed the satisfaction of Blended Rates Compression Conditions pursuant to the provisions of Article 53-2.2 of the Business Rules, as of the time of such confirmation, or, when JSCC confirmed the satisfaction of Member-Initiated Compression Conditions pursuant to the provisions of Article 53-2-3.2 of the Business Rules, as of the time of such confirmation, or, when JSCC confirmed the satisfaction of JSCC-Initiated Compression Conditions pursuant to the provisions of Article 53-2-4.4 of the Business Rules, as of the time of such confirmation, or, when accepting an application for Position Transfer or transfer from a Clearing Participant in accordance with the provisions of ~~Article 53-4.1~~, Article 58-3.1, ~~Article 58-5.4~~ or Article ~~58-5.1~~~~58-7.4~~ of the Business Rules, as of the time of such acceptance; the same applies in this Appendix 2) on the date of the calculation calculated by using the Clearing Yield Curve as of 3:02 p.m. (or as of 11:02 a.m. for EUR Cleared Contracts) on the same date and the present value obtained based on the Settlement Price of the Position of the JGB Futures Contract and the Position of the Interest Rate Futures Contracts with respect of which Cross Margining Acceptance has been given by the Clearing Participant with respect to the relevant Proprietary Account by 6:30 on the date of calculation calculated using the Clearing Price on the same date (hereinafter referred to as "Futures Clearing Price Value"), and shall be the average of top 12 values of negative fluctuations set forth in (a) and (b) below whose absolute value is the largest. However, the Required Initial Margin arising from a Proprietary Cleared Contract may be changed at any time temporarily, when JSCC determines that drastic market change has occurred or otherwise determines it necessary to do so in order to ensure the continued protection of the JSCC's IRS Clearing Business.
- (a) Fluctuation of Net Present Value calculated based on the Estimated Fluctuation Yield Curve or fluctuation of the Futures Clearing Price Value calculated based on the Estimated Fluctuation Price; and

- (b) Amount prescribed by JSCC in a public notice among the fluctuation of Net Present Value calculated based on Stress Event Scenario Estimated Fluctuation Yield Curve or the fluctuation of the Futures Clearing Price Value calculated based on Stress Event Scenario Estimated Fluctuation Price.

For the purpose of above (a) and (b), the fluctuation of Net Present Value for Foreign Currency Cleared Contracts shall be obtained by reflecting fluctuation of historical foreign exchange rates on the fluctuation of the Net Present Value so calculated.

- b. The “Estimated Fluctuation Yield Curve” set forth in 1.(1)a.(a) above shall be obtained in respect of the quote of the IRS Transaction, etc. used for obtaining the Clearing Yield Curve on the date of the calculation, if such quote fluctuates with the same range as the fluctuation range over five (5) days of the quote of IRS Transaction, etc. used for obtaining the daily Clearing Yield Curve over the last 1,250 JSCC Business Days counted from the date of the calculation. Past fluctuation ranges shall be adjusted by the method prescribed by JSCC through the public notice.
- c. The “Estimated Fluctuation Price” set forth in 1.(1)a.(a) above shall be obtained assuming if the Clearing Price on the date of calculation fluctuates with the same range as the fluctuation range over five (5) days of daily Settlement Price over the last 1,250 JSCC Business Days counted from the date of the calculation. Past fluctuation ranges shall be adjusted by the method prescribed by JSCC through the public notice.
- d. The “Stress Event Scenario Estimated Fluctuation Yield Curve” set forth in 1.(1)a.(b) above shall be obtained in respect of the quote of the IRS Transaction, etc. used for obtaining the Clearing Yield Curve on the date of the calculation, if such quote fluctuates with the same range as the fluctuation range over five (5) days of the quote of IRS Transaction, etc. used for obtaining the daily Clearing Yield Curve over the period of time prescribed by JSCC in a public notice.
- e. The “Stress Event Scenario Estimated Fluctuation Price” set forth in 1.(1)a.(b) above shall be obtained assuming if the Clearing Price on the date of calculation fluctuates with the same range as the fluctuation range over five (5) days of the daily Clearing Price over the period of time prescribed by JSCC in a public notice.
- f. The fluctuation of foreign exchange rate set forth in 1.(1)a. shall be obtained assuming if, in respect of daily quote obtained at 3:00 p.m. in the manner prescribed by JSCC in a public notice, the quote of foreign exchange rate on the date of calculation fluctuates with the same range as the fluctuation range over five (5) days over the last 1,250 JSCC Business Days counted from the date of the calculation. Past fluctuation ranges shall be adjusted by the method prescribed by JSCC through the public notice.
- g. When a Foreign Currency Cleared Contract is recorded on the Proprietary Account, on the second JSCC Business Day preceding the day which is a Foreign Currency

Home Business Day related to the relevant Foreign Currency Cleared Contract but is a Business Holiday, the amount calculated based on the provisions of 1.(1)a. to f. above by replacing the references to “the fluctuation range over five (5) days” in 1.(1)a. to f. with “the fluctuation range over the period during which Foreign Currency Home Business Day related to the Foreign Currency Cleared Contract recorded on the Proprietary Account falls on Business Holiday” shall be added to the Required Initial Margin Amount obtained based on 1.(1)a. to f.

- h. When a Foreign Currency Cleared Contract is recorded on the Proprietary Account, on the JSCC Business Day immediately preceding the date which is the Foreign Currency Home Holiday related to the relevant Foreign Currency Cleared Contract, but is the JSCC Business Day, the amount equivalent to the required amount of Variation Margin or the required amount of Mark-to-Market Difference in respect of the Proprietary Account calculated as if such Foreign Currency Home Holiday is the JSCC Business Day converted into Japanese yen using the foreign exchange rate prescribed by JSCC in a public notice shall be added to or deducted from the Required Initial Margin obtained pursuant to the provisions of 1.(1)a. to f.

(1)-2 Required Initial Margin arising from Proprietary Cleared Contract (when new Proprietary Cleared Contract is executed during the period from 5:30 p.m. to 7:00 p.m.)

a. The Required Intraday Margin of a Proprietary Cleared Contract shall be the amount equivalent to the Initial Margin calculated for the Proprietary Cleared Contracts on the Proprietary Account as at 7:00 p.m. on the date of the calculation adjusted by the amount equivalent to the Variation Margin/Mark-to-Market Difference. However, the Required Initial Margin arising from a Proprietary Cleared Contract may be changed at any time temporarily, when JSCC determines that drastic market change has occurred or otherwise determines it necessary to do so in order to ensure the continued protection of the JSCC's IRS Clearing Business.

b. The “amount equivalent to the Initial Margin” set forth in a. above shall be the amount obtained in respect of the Net Present Values, respectively, of the JPY Cleared Contracts, AUD Cleared Contracts, USD Cleared Contracts and EUR Cleared Contracts of the Proprietary Account as of 7:00 p.m. on the date of the calculation referred to in a. above calculated by using the Clearing Yield Curve as of 3:02 p.m. (or as of 11:02 a.m. for EUR Cleared Contracts) on the same date and the Futures Clearing Price Value of the Cross Margined JGB Futures Cleared Contracts and Cross Margined Interest Rate Futures Cleared Contracts recorded on that Proprietary Account, and shall be the average of top 12 values of negative fluctuations set forth in (a) and (b) below whose absolute value is the largest.

- (a) Fluctuation of the Net Present Value calculated based on the Estimated Fluctuation Yield Curve set forth in (1).a.(a) (reflecting historical fluctuation of foreign exchange rate set forth in (1).f for Foreign Currency Cleared Contracts) or fluctuation of Futures Settlement Price Value calculated based on the Estimated Fluctuation Price set forth in (1).c.; and
- (b) Amount prescribed by JSCC in a public notice among the fluctuation of Net Present Value calculated based on Stress Event Scenario Estimated Fluctuation Yield Curve set forth in (1).a.(b) (reflecting historical fluctuation of foreign exchange rate set forth in (1).f. for Foreign Currency Cleared Contracts) or the fluctuation of Futures Settlement Price Value calculated based on Stress Event Scenario Estimated Fluctuation Price set forth in (1).e.

c. The “amount equivalent to the Variation Margin/Mark-to-Market Difference” set forth in (1)-2.a. above shall be the sum total of the difference, calculated by each currency of the Cleared Contract, between the Net Present Value in respect of the Cleared Contracts as at 4:00 p.m. on the date of calculation calculated based on the Clearing Yield Curve as at 3:02 p.m. (or, in respect of EUR Cleared Contracts, 5:30 p.m.) on the same day and the Net Present Value in respect of the Cleared Contracts as at 7:00 p.m. on the date of calculation calculated based on the Clearing Yield Curve as at 3:02 p.m. on the same day, converted into Japanese yen using the foreign exchange rate prescribed by JSCC in a public notice if Cleared Contracts are Foreign Currency Cleared Contracts.

d. The provisions of (1).g shall apply *mutatis mutandis* to the calculation of the Required Initial Margin under this Item (1)-2, whereby “the amount calculated based on the provisions of 1.(1)a. to f. above” referred to in Section (1).g shall be replaced with “the amount calculated based on the provisions of 1.(1)-2 a to c” and “Required Initial Margin obtained based on 1.(1)a. to f” referred to in Section (1).g shall be replaced with “Required Initial Margin obtained based on 1.(1)-2 a. to c.”

e. The provisions of (1).h shall apply *mutatis mutandis* to the calculation of the Required Initial Margin under this Item (1)-2, whereby “Required Initial Margin obtained based on 1.(1)a. to f” referred to in Section (1).h shall be replaced with “Required Initial Margin obtained based on 1.(1)-2.a. to c.”

(2) Required Initial Margin of Customer’s Cleared Contract (limited to those related to Customers other than Customers set forth in Article 94.1 and 94-2.1 of the Business Rules)

The provisions of Section 1.(1) and Section 1.(1)-2 above shall apply *mutatis mutandis* to the calculation of Required Initial Margin of the Customer’s Cleared Contract, whereby “the Proprietary Cleared Contracts” referred in Section 1.(1) and Section 1.(1)-2 above

shall be replaced with “the Customer Cleared Contracts” and “the Proprietary Account” referred in Section 1.(1) and Section 1.(1)-2 above shall be replaced with “each Customer Account”.

(3) Required Initial Margin of 'Customer's Cleared Contract (limited to those related to Customers set forth in Article 94.1 and 94-2.1 of the Business Rules) (excluding such Required Initial Margin related to Non-hedge Account)

The provisions of Section 1.(1) and Section 1.(1)-2 shall apply *mutatis mutandis* to the calculation of Required Initial Margin set forth in this item, whereby “the Proprietary Cleared Contract” referred in Section 1.(1) and Section 1.(1)-2 above shall be replaced with “the Customer Cleared Contract,” “the Proprietary Account” referred in Section 1.(1) and Section 1.(1)-2 above shall be replaced with “each Customer Account,” and “the fluctuation range over five (5) days” in the said items shall be replaced with “the fluctuation range over seven (7) days” (the Estimated Fluctuation Yield Curve in this item shall be hereinafter referred to as the “Special Estimated Fluctuation Yield Curve,” the Stress Event Scenario Yield Curve in this item shall be hereinafter referred to as the “Stress Event Scenario Special Estimated Fluctuation Yield Curve,” the Estimated Fluctuation Price in this item shall be hereinafter referred to as the “Special Estimated Fluctuation Price” and the Stress Event Scenario Estimated Fluctuation Price in this item shall be hereinafter referred to as the “Stress Event Scenario Special Estimated Fluctuation Price”).

(4) Required Initial Margin related to Non-hedge Account

It shall be the Required Initial Margin obtained pursuant to the provisions of the main body of the immediately preceding item multiplied by 1.1(one point one).

2. Required Intraday Margin

(1) Required Intraday Margin of Proprietary Cleared Contract

a. The Required Intraday Margin of a Proprietary Cleared Contract shall be the amount equivalent to the Initial Margin calculated for the Proprietary Cleared Contracts of the Proprietary Account as at the noon on the date of the calculation adjusted by the amount equivalent to the Variation Margin/Mark-to-Market Difference. However, the Required Intraday Margin of a Proprietary Cleared Contract may be changed at any time temporarily, when JSCC determines that a significant market move has occurred or otherwise determines it necessary to do so in order to ensure the continued protection of the JSCC's IRS Clearing Business.

b. The “amount equivalent to the Initial Margin” set forth in 2.(1)a. above shall be obtained in respect of the Net Present Values of JPY Cleared Contracts, AUD Cleared Contracts, USD Cleared Contracts and EUR Cleared Contracts on the Proprietary Account calculated by using the Clearing Yield Curve based on the quote as at 11:02 a.m. on the date of calculation set forth in 2.(1).a. above and the present value calculated based on the contract price of the Cross Margined JGB Futures Cleared Contracts and the Cross Margined Interest Rate Futures Cleared Contracts recorded on the Proprietary Account on the date of calculation (hereinafter referred to as the “Futures Settlement Price Value”), and shall be the average of top 12 values of negative fluctuations set forth in (a) and (b) below whose absolute value is the largest. For the purpose of this paragraph and Paragraph 3, the contract price shall be the price obtained as “Intraday Settlement Price” set forth in Article 20-4 of the Rules on Margins, etc. for Futures and Option Contracts for the Securities and Similar Contracts Clearing Business which JSCC engages in.

- (a) Fluctuation of the Net Present Value calculated based on the Estimated Fluctuation Yield Curve set forth in 1.(1).b. (reflecting historical fluctuation of foreign exchange rate set forth in 1.(1).f for Foreign Currency Cleared Contracts), fluctuation of Futures Settlement Price Value calculated based on the JGB Futures Estimated Fluctuation Price set forth in 1.(1).c. or fluctuation of Futures Settlement Price Value calculated based on the Interest Rate Futures Estimated Fluctuation Price set forth in 1.(1).c.; and
- (b) Amount prescribed by JSCC in a public notice among the fluctuation of Net Present Value calculated based on Stress Event Scenario Estimated Fluctuation Yield Curve set forth in 1.(1).d. (reflecting historical fluctuation of foreign exchange rate set forth in 1.(1).f for Foreign Currency Cleared Contracts) or the fluctuation of Futures Settlement Price Value calculated based on Stress Event Scenario Estimated Fluctuation Price set forth in 1.(1).e.

c. The “amount equivalent to the Variation Margin/Mark-to-Market Difference” set forth in 2.(1)a. above shall be obtained in respect of the Cleared Contracts as at 4:00 p.m. on the JSCC Business Day immediately preceding the date of calculation, and shall be the sum total of the difference, calculated by each currency of the Cleared Contract, between the Net Present Value calculated based on the Clearing Yield Curve as at 3:02 p.m. (or, in respect of EUR Cleared Contracts, 5:30 p.m. (or 4:30 p.m. when day light saving time is in effect in London)) on the same day and the Net Present Value calculated based on the Clearing Yield Curve as at 11:02 a.m. on the date of calculation of the Cleared Contract set forth in 2.(1)a. above, converted into Japanese yen using the foreign exchange rate prescribed by JSCC in a public notice if Cleared Contracts are Foreign Currency Cleared Contracts.

d. The provisions of 1.(1).g shall apply *mutatis mutandis* to the calculation of the Required Intraday Margin, whereby “on the second JSCC Business Day preceding the day which is a Foreign Currency Home Business Day” referred to in Section 1.(1).g shall be replaced with “on the JSCC Business day immediately preceding the day which is a Foreign Currency Home Business Day,” “the amount calculated based on the provisions of 1.(1).a. to f. above” referred to in Section (1).g shall be replaced with “the amount calculated based on the provisions of 2.(1).a. to c.” and “Required Initial Margin obtained based on 1.(1).a. to f” referred to in Section (1).g shall be replaced with “Required Intraday Margin obtained based on 2.(1).a. to c.”

e. The provisions of 1.(1).h shall apply *mutatis mutandis* to the calculation of the Required Intraday Margin, whereby “on the JSCC Business Day immediately preceding the date which is the Foreign Currency Home Holiday” referred to in Section 1.(1).h shall be replaced with “on the JSCC Business day which is a Foreign Currency Home Holiday” and “Required Initial Margin obtained based on 1.(1).a. to f.” referred to in Section (1).h shall be replaced with “Required Intraday Margin obtained based on 2.(1).a. to c.”

(2) Required Intraday Margin of Customer’s Cleared Contract (limited to those related to Customers other than Customers set forth in Article 94.1 of the Business Rules)

The provisions of Section 2.(1) above shall apply *mutatis mutandis* to the calculation of Required Intraday Margin of the Customer’s Cleared Contract, whereby “the Proprietary Account” referred in Section 2.(1) above shall be replaced with “each Customer Account”.

(3) Required Intraday Margin of Customer’s Cleared Contract (limited to those related to Clearing Customers set forth in Article 94.1 of the Business Rules) (excluding such Required Intraday Margin related to Non-hedge Account)

The provisions of Section 2.(1) shall apply *mutatis mutandis* to the calculation of Required Intraday Margin set forth in this item, whereby “the Proprietary Account” referred in Section 2.(1) above shall be replaced with “each Customer Account,” “Estimated Fluctuation Yield Curve set forth in Section 1.(1)b. above” in the said item shall be replaced with “Special Estimated Fluctuation Yield Curve set forth in Section 1.(3) above,” “Stress Event Scenario Estimated Fluctuation Yield Curve” shall be replaced with “Stress Event Scenario Special Estimated Fluctuation Yield Curve set forth in Section 1.(3) above,” “Estimated Fluctuation Price” in the said item shall be replaced with “Special Estimated Fluctuation Price set forth in Section 1.(3) above” and “Stress Event Estimated Fluctuation Price” in the said item shall be replaced with “Stress Event Special Estimated Fluctuation Price set forth in Section 1.(3).”

(4) Required Intraday Margin related to Non-hedge Account

It shall be the Required Intraday Margin obtained pursuant to the provisions of the the immediately preceding item multiplied by 1.1(one point one).

3 Margins Required to Clear

(1) Margins Required to Clear of Proprietary Cleared Contract

a. The Margins Required to Clear of a Proprietary Cleared Contract shall be the amount equivalent to the Initial Margin calculated for the Cleared Contracts of the Proprietary Account as at the time of receipt by JSCC of the notification of application for Clearings set forth in Article 48.1 of the Business Rules (referred to as “Application Receipt Timing” in this Paragraph 3) and adding the Eligible IRS Transaction subject to the relevant application (or in case of an application for Clearing related to a Package Trade, all Eligible IRS Transactions comprising the Package Trade) and for the Position of JGB Futures Contracts and Interest Rate Futures Contracts for which Cross Margining Acceptance has been given by the Clearing Participant in respect of the Proprietary Account by 6:30 p.m. on the JSCC Business Day immediately preceding the date of calculation, adjusted by the amount equivalent to the Variation Margin/Mark-to-Marked Difference, and further adding the Unsettled Amount (meaning the absolute value of the net amount obtained pursuant to the provisions of Article 85-2.1.(1) of the Business Rules if such amount is negative), and the Japanese yen equivalent of Variation Margin, excluding Unpaid Amount, related to the Foreign Currency Cleared Contracts of which deposit or payment has not been completed as of the Application Receipt Timing calculated by using foreign exchange rate prescribed by JSCC in a public notice. However, the Required Margin at Clearing may be changed at any time temporarily, when JSCC determines that drastic market change has occurred or otherwise determines it necessary to do so in order to ensure the continued protection of the JSCC’s IRS Clearing Business.

b. The “amount equivalent to the Initial Margin” set forth in 3.(1)a. above shall be obtained in respect of the Net Present Values of the JPY Cleared Contracts, AUD Cleared Contracts, USD Cleared Contracts and EUR Cleared Contracts on the Proprietary Account calculated by using the Clearing Yield Curve based on the quote as at 11:02 a.m. of the date of receipt of the application for Clearings referred to in 3.(1)a. above (referred to as the “Application Receipt Date” in the Paragraph 3) (or, if the application for Clearings is received during the period from 9:00 a.m. to noon or the application set forth in Article 27.3 is received, as at 3:02 p.m. on the JSCC Business Day immediately preceding such Application Receipt Date, or, if the application for Clearings is received during the period from 5:30 p.m. to 7:00 p.m., as at 3:02 p.m. (or 11:02 a.m. for EUR Cleared Contracts) on such Application Receipt Date) and the

present value (hereinafter referred to as the “Futures Intraday Value”) calculated based on the contract price on the date of calculation of the Position of JGB Futures Contracts and Interest Rate Futures Contracts for which Cross Margining Acceptance has been given in respect of the Clearing Participant’s Proprietary Account by 6:30 p.m. on the JSCC Business Day immediately preceding the date of calculation (or, if the application for Clearing is received during the period from 9:00 a.m. to noon or the application set forth in Article 27.3 is received, the settlement price on the JSCC Business Day immediately preceding the Application Receipt Date), and shall be the average of top 12 values of negative fluctuations set forth in (a) and (b) below whose absolute value is the largest:

- (a) Fluctuation of the Net Present Value calculated based on the Estimated Fluctuation Yield Curve set forth in Section 1.(1).b, reflecting the fluctuation of the historical foreign exchange rate for Foreign Currency Cleared Contracts, or fluctuation of the Futures Intraday Value calculated based on the Estimated Fluctuation Price set forth in Section 1.(1).c; and
- (b) Amount prescribed by JSCC in a public notice among the fluctuation of the Net Present Value calculated based on Stress Event Scenario Estimated Fluctuation Yield Curve set forth in Section 1.(1).d, reflecting the fluctuation of the historical foreign exchange rate for Foreign Currency Cleared Contracts, or the fluctuation of the Futures Intraday Value calculated based on the Stress Event Scenario Estimated Fluctuation Price set forth in Section 1.(1).e.

c. The “amount equivalent to the Variation Margin/Mark-to-Market Difference” set forth in 3.(1)a. above shall be obtained in respect of the Cleared Contracts as at 4:00 p.m. on the day immediately preceding the Application Receipt Date, and shall be the difference between the Net Present Value calculated by each currency of the Cleared Contracts based on the Clearing Yield Curve as at 3:02 p.m. on the JSCC Business Day immediately preceding the Application Receipt Date and the Net Present Value calculated by each currency of the Cleared Contracts based on the Clearing Yield Curve as at 11:02 a.m. on the same day (or, if the application for Clearings is received during the period from 9:00 a.m. to noon or the application set forth in Article 27.3 is received, the Clearing Yield Curve as at 3:02 p.m. on the JSCC Business Day immediately preceding such Application Receipt Date, or, if the application for Clearings is received during the period from 5:30 p.m. to 7:00 p.m., as at 3:02 p.m. (or 11:02 a.m. for EUR Cleared Contracts) on such Application Receipt Date), converted into Japanese yen using the foreign exchange rate prescribed by JSCC in a public notice for Foreign Currency Cleared Contracts.

d. The provisions of 1.(1).g shall apply *mutatis mutandis* to the calculation of the Margins Required to Clear, whereby “on the second JSCC Business Day preceding the day which is a Foreign Currency Home Business Day” referred to in Section 1.(1).g shall

be replaced with “on the JSCC Business day immediately preceding the day which is a Foreign Currency Home Business Day,” “the amount calculated based on the provisions of 1.(1).a. to f. above” referred to in Section (1).g shall be replaced with “the amount calculated based on the provisions of 3.(1).a. to c.” and “Required Initial Margin obtained based on 1.(1).a. to f.” referred to in Section (1).g shall be replaced with “Margins Required to Clear obtained based on 3.(1).a. to c.”

d. The provisions of 1.(1).h shall apply *mutatis mutandis* to the calculation of the Margins Required to Clear, whereby “on the JSCC Business Day immediately preceding the date which is the Foreign Currency Home Holiday” referred to in Section 1.(1).h shall be replaced with “on the JSCC Business day which is a Foreign Currency Home Holiday” and “Required Initial Margin obtained based on 1.(1).a. to f” referred to in Section (1).h shall be replaced with “Margin Required to Clear obtained based on 3.(1).a. to c.”

(2) Required Margin at Clearing of Customer’s Cleared Contract (limited to those related to Customers other than Customers set forth in Article 94.1 of the Business Rules)

The provisions of Section 3.(1) above shall apply *mutatis mutandis* to the calculation of Required Margin at Clearing of the Customer’s Cleared Contract, whereby “the Proprietary Account” referred in Section 3.(1) above shall be replaced with “each Customer Account”.

(3) Required Margin at Clearing of Customer’s Cleared Contract (limited to those related to Customers set forth in Article 94.1 of the Business Rules) (excluding such Required Margin at Clearing related to Non-hedge Account)

The provisions of Section 3.(1) shall apply *mutatis mutandis* to the calculation of Required Margin at Clearing set forth in this item, whereby “the Proprietary Account” referred in Section 3.(1) above shall be replaced with “each Customer Account,” “Estimated Fluctuation Yield Curve set forth in Section 1.(1)b. above” in the said item shall be replaced with “Special Estimated Fluctuation Yield Curve set forth in Section 1.(3) above,” “Stress Event Scenario Estimated Fluctuation Yield Curve” shall be replaced with “Stress Event Scenario Special Estimated Fluctuation Yield Curve set forth in Section 1(3) above,” “Estimated Fluctuation Price” in the said item shall be replaced with “Special Estimated Fluctuation Price set forth in Section 1.(3) above,” and “Stress Event Scenario Estimated Fluctuation Price” shall be replaced with “Stress Event Scenario Special Estimated Fluctuation Price.”

(4) Required Margin at Clearing related to Non-hedge Account

It shall be the Required Margin at Clearing obtained pursuant to the provisions of the immediately preceding item multiplied by 1.1.

<Exhibit Form 3-2> Clearing Brokerage Agreement (English language original format)

Article 8. Payments and Receipts of Settlement Amount

- 1 When Party A is due to pay the Settlement Amount (*kessai kingaku*) to JSCC in connection with a Cleared Contract subject to Brokerage, Party B shall pay to Party A Cash (*kinsen*) in an amount equivalent to the Settlement Amount by the time agreed between Party A and Party B that is at or before the cut-off time of its payment to JSCC, or, in the case of the Settlement Amount for a Foreign Currency Cleared Contract (*gaika date seisan yakujou*), such cut-off time on the next Foreign Currency Home Business Day (*gaika hongoku eigyou bi*) following the date on which the payment by Party A to JSCC becomes due, and in the manner agreed between Party A and Party B. If Party A and Party B have agreed in advance that it is practically difficult for Party B to put in place operational procedures for its punctual payment in accordance with the first sentence of this paragraph, the payment shall be made by the above-mentioned cut-off time on the JSCC Business Day following the date on which the payment to JSCC becomes due, or, in the case of the Settlement Amount for a Foreign Currency Cleared Contract, the first day which is both the JSCC Business Day and the Foreign Currency Home Business Day following the date on which the payment to JSCC becomes due.
- 2 When Party A receives Settlement Amount from JSCC in connection with Cleared Contracts subject to Brokerage, Party A shall pay to Party B Cash in the amount equivalent to the Settlement Amount by the time agreed between ~~by~~ Party A and Party B, or, promptly, absent such agreement, and in the manner agreed between Party A and Party B.

Article 28-3. Position Transfer of Subject Clearing Brokerage Contract to Other Clearing Participant

- 1 Subject to the provisions of the Rules, Party B may transfer the below listed claims and obligations under the Cleared Contracts subject to Brokerage with respect to which Party B desires a Position Transfer to the Successor Clearing Broker ("Relevant Cleared Contract subject to Brokerage") entirely to the Successor Clearing Broker by ~~delivering Position Transfer Request in the form prescribed by JSCC requesting Position Transfer~~ to JSCC via Successor Clearing Broker, and if JSCC accepts such request for Position Transfer:
 - (1) Claims and obligations of which the terms and conditions designated in the Rules are identical to the claims and obligations under to the Relevant Cleared Contract subject to Brokerage between Party A and JSCC existing immediately before the termination of the Relevant Cleared Contract subject

to Brokerage pursuant to the provision of Paragraph ~~65~~ below; and

- (2) Claims and obligations of which the terms and conditions designated in the Rules are identical to the claims and obligations under the Subject Clearing Brokerage Contract between Party A and Party B existing immediately before the termination of the Subject Clearing Brokerage Contract corresponding to the Relevant Cleared Contract subject to Brokerage pursuant to the provision of Paragraph ~~65~~ below.

2 Only in the case of Position Transfer of all of the Cleared Contracts subject to Brokerage in the same Customer Account, Party B may conduct Collateral Transfer of all or a part of Initial Margin to which it has the right to claim return pursuant to the provisions of Article 17 to the Successor Clearing Broker.

~~32~~ Party A and Party B hereby agree in advance that, when Position Transfer ~~the claims and obligations listed in Paragraph 1 related to all Cleared Contracts subject to Brokerage for Party B are transferred to the Successor Clearing Broker~~ becomes effective pursuant to the provisions of Paragraph 1, Initial Margin of which Collateral Transfer is requested in which Party B has the right to claim return pursuant to the provisions of Paragraph 2 above ~~Article 17 of this Agreement~~ will be deemed as Initial Margin that has been deposited with JSCC by Party B via the Successor Clearing Broker as agent at the time of such Position Transfer, ~~except for those for which notification to the effect of treating it as Initial Margin deposited with JSCC through Party A acting as agent has been given pursuant to the provisions of the Rules.~~

~~43~~ When Party B makes request ~~to JSCC of the~~ Position Transfer (and request of Collateral Transfer when conducting Collateral Transfer pursuant to the provisions of Paragraph 2; the same applies in this Article) to JSCC pursuant to the provision of Paragraph 1, Party B shall request the Successor Clearing Broker to accept such Position Transfer and obtain its consent in advance. Then, Party B shall notify Party A to the effect that it will request such Position Transfer. In this case, Party B shall deposit and pay to Party A the Margin Required to Clear related to the Cleared Contract subject to Brokerage to be paid or received in association with the Position Transfer and other amount to be paid or received between Party A and Party B in relation to the Cleared Contract subject to Brokerage pursuant to the provisions of the Rules, excluding Initial Margin deemed to have been deposited with JSCC via the Successor Clearing Broker acting as agent pursuant to the provision of Paragraph 2, by the date and time agreed between Party A and Party B that is at or before the cut-off time for delivery to JSCC, in the manner agreed between Party A and Party B.

54 When JSCC has accepted the request for the Position Transfer made pursuant to the provision of Paragraph 1, the claims and obligations specified in Paragraph 1 shall accrue among JSCC, Successor Clearing Broker and Party B at the time of such acceptance. In this case, claims and obligations between Successor Clearing Broker and JSCC shall be treated as those under the Cleared Contracts subject to Brokerage which are Cleared Contracts (Collateral Type) while claims and obligations between Successor Clearing Broker and Party B shall be treated as those under the Clearing Brokerage Contracts (Collateral Type).

65- When the Position Transfer is completed among JSCC, Successor Clearing Broker and Party B pursuant to the provisions of the Rules, the Relevant Cleared Contracts subject to Brokerage between JSCC and Party A and the Subject Clearing Brokerage Contracts corresponding thereto between Party A and Party B shall terminate as a matter of course at the time when the Position Transfer becomes effective, and the claims and obligations under the Relevant Cleared Contracts subject to Brokerage and the Subject Clearing Brokerage Contracts corresponding thereto, other than those related to Settlement Amounts for which deposit or payment under the Subject Clearing Brokerage Contracts related to Foreign Currency Cleared Contracts subject to Brokerage due at the time of the confirmation, pursuant to the provisions of the Rules, of the deposit with or payment to JSCC of the Margin Required to Clear has not been completed, shall cease to exist and have no future effect pursuant to the provisions of the Rules.

Article 28-4. Position Transfer of Clearing Brokerage Contracts from other Clearing Participant

1 When Party B requests the Position Transfer of the Customer's Cleared Contracts of Party B's another Clearing Broker coming into effect as a result of its Clearing Brokerage for Party B (referred to as "Carrying Clearing Broker" in this Article) and other claims and obligations set forth in the Rules ("Position Transfer Cleared Contracts" (*shoukei taishou seisan yakujou tou*)) to Party A, and Party A accepts such request and submits such request ~~form~~ to JSCC pursuant to the provisions of the Rules, the Position Transfer of the Position Transfer Cleared Contracts to Party A shall come into effect pursuant to the provisions of the Rules.

2 Only in the case of Position Transfer of all of the Customer's Cleared Contracts on Party B's book at another Clearing Participant, Party B may conduct Collateral Transfer of all or a part of Initial Margin to which it has the right to claim return pursuant to the provisions

of the Clearing Brokerage Agreement between Party B and the Carrying Clearing Broker to Party A.

~~32~~ When Party A accepts the Position Transfer (and the Collateral Transfer when conducting Collateral Transfer pursuant to the provisions of Paragraph 2; the same applies in this Article) pursuant to the provision of Paragraph 1 ~~and has received the request form therefor from Party B in accordance with the Rules~~, it shall submit such request the Position Transfer form to JSCC by 34:00 p.m. on the JSCC Business Day which is the desired date of Position Transfer. ~~Such request form shall state, among other things, the effect that Party A has received the request to accept the Position Transfer, it has consented to accept such Position Transfer and it is submitting the request form for such Position Transfer to JSCC; and that Party B notified the Carrying Clearing Broker of such Position Transfer and Party B requests the Position Transfer to JSCC.~~

~~43~~ If the Carrying Clearing Broker's Position Transfer Cleared Contracts are transferred to Party A pursuant to the provision of Paragraph 1, the Carrying Clearing Broker's Position Transfer Cleared Contracts shall be deemed as the Cleared Contracts subject to Brokerage which are Cleared Contracts (Collateral Type) and the Subject Clearing Brokerage Contracts (Collateral Type) for the purpose of this Agreement and the provisions of this Agreement shall apply accordingly.

~~54~~ Party A and Party B hereby agree in advance that if the Carrying Clearing Broker's Position Transfer Cleared Contracts are transferred to Party A pursuant to the provision of Paragraph 1 and the claims and obligations arising from all Customer's Cleared Contracts are transferred, the Initial Margin of which Collateral Transfer is requested pursuant to the provisions of Paragraph 2 ~~in which Party B has the right to claim return pursuant to the provisions of the Clearing Brokerage Agreement between Party B and the Carrying Clearing Broker~~ shall be deemed as Initial Margin deposited with JSCC by Party B via Party A acting as its agent at the time of such Position Transfer, ~~except for those for which notification to the effect of treating it as Initial Margin deposited with JSCC through Carrying Clearing Broker acting as agent has been given pursuant to the provisions of the Rules.~~

Article 28-5. Transfer of Subject Clearing Brokerage Contracts to Party A, Other Clearing Participant or Other Customer

1 Subject to the provisions of the Rules, Party B may Transfer the Subject Clearing Brokerage Contracts to Party A, any other Clearing Participant (referred to as "Transferee Clearing Participant" in this Article) or any other Customer (*seisan itakusha*) (referred to

as “Transferee Customer” in this Article”).

For the purpose of this Article, “Transfer” means (i) to have a Subject Clearing Brokerage Contract and the claims and obligations under the Subject Clearing Brokerage Contract, other than those related to Settlement Amounts for which deposit or payment under the Subject Clearing Brokerage Contracts related to Foreign Currency Cleared Contracts due at the time of the confirmation of the deposit with or payment to JSCC of the Margin Required to Clear pursuant to the provisions of the Rules has not been completed, cease to exist pursuant to the provisions of the Rules, or (ii) to have a Subject Clearing Brokerage Contract and the claims and obligations under the Subject Clearing Brokerage Contract, other than those related to Settlement Amounts for which deposit or payment under the Subject Clearing Brokerage Contracts related to Foreign Currency Cleared Contracts subject to Brokerage due at the time of the confirmation of the deposit with or payment to JSCC of the Margin Required to Clear has not been completed, cease to exist pursuant to the provisions of the Rules and simultaneously to have a new legal relationship with the same terms and conditions come into effect between the Transferee Customer and the Clearing Broker for the Transferee Customer.

2 Only in the case of Transfer of all of the Subject Clearing Brokerage Contracts, Party B may conduct Collateral Transfer of all or a part of Initial Margin to which Party B has the right to claim return pursuant to the provisions of Article 17 to another Clearing Participant or a Receiving Customer.

32 Before requesting a Transfer of a Subject Clearing Brokerage Contract, Party B shall agree in advance with Party A, and the Transferee Clearing Participant, if the Subject Clearing Brokerage Contract is transferred to a Transferee Clearing Participant, or the Transferee Customer and its Clearing Broker, if the Subject Clearing Brokerage Contract is transferred to a Transferee Customer, on the settlement of claims and obligations between them arising from the Transfer and other necessary matters.

Article 28-6-2. Transfer of Cleared Contracts from Party A

1 Subject to the provisions of the Rules, Party A may transfer to Party B the Cleared Contracts between Party A and JSCC on Party A's proprietary account.

For the purpose of this Article, "Transfer" means a process to have a new legal relationship as a Clearing Brokerage Contract (Collateral Type) with the same economic effect as the Cleared Contracts on Party A's proprietary account, other than the claims and obligations related to Settlement Amounts for which deposit or payment under the Cleared Contracts related to Foreign Currency Cleared Contracts due at the time of the confirmation of the deposit with or payment to JSCC of the Margin Required to Clear pursuant to the provisions of the Rules has not been completed, come into effect between Party A and Party B and deem such Cleared Contracts as Cleared Contracts subject to Brokerage which are Cleared Contracts (Collateral Type) between JSCC and Party A as a result of its Clearing Brokerage for Party B under the Clearing Brokerage.

2 Only in the case of Transfer of all of the Proprietary Cleared Contracts on its book, Party A may conduct Collateral Transfer of all or a part of Initial Margin to which it has the right to claim return pursuant to the provisions of Article 17 to Party B.

32 Before requesting a Transfer of the Cleared Contracts to Party B, Party A shall agree in advance with Party B on the settlement of claims and obligations between Party A and Party B arising from the Transfer and other necessary matters.

Article 28-6-3. Transfer of Cleared Contracts from Other Clearing Participant

1 Subject to the provisions of the Rules, Party B may accept a transfer from a Clearing Participant other than Party A (referred to as "Transferor Clearing Participant" in this Article) the Cleared Contracts between the Transferor Clearing Participant and JSCC on the Transferor Clearing Participant's proprietary book.

For the purpose of this Article, "transfer" means to have a new legal relationship having the same economic effect as the Cleared Contracts on the Transferor Clearing Participant's proprietary book, other than the claims and obligations related to settlement amounts for which deposit or payment under the Cleared Contracts related to Foreign Currency Cleared Contracts due at the time of the confirmation of the deposit with or payment to JSCC of the Margin Required to Clear pursuant to the provisions of the Rules has not been completed, come into effect between Party A and Party B and deem such Cleared Contracts as Cleared Contracts subject to Brokerage between JSCC and Party A acting as an agent for Party B under the Clearing Brokerage.

2 Party B may accept Collateral Transfer to Party B of all or a part of Initial Margin to which the Transferring Clearing Participant has the right to claim return.

32 When intending to accept a transfer of Cleared Contracts from a Transferor Clearing Participant, Party B shall agree in advance with Party A and the Transferor Clearing Participant on the settlement of claims and obligations among them arising from the transfer and other necessary matters.

Article 29. Event of Default

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

- (1) Failure to perform payment obligation or delivery obligation:
If Party B fails to perform any of its payment obligations or delivery obligations under this Agreement as it becomes due and fails to cure such failure within one local business day from the date of the notice of failure from Party A to Party B. In the above sentence, a “local business day” means a day on which commercial banks located in the place designated by Party B as its address for receiving notices are open for general business, including the dealings in foreign exchange and foreign currency deposits;
- (2) Breach of agreement or repudiation of performance:
If Party B fails to perform any of its obligations under this Agreement (other than the payment obligations and delivery obligations set forth in Item (1)) and fails to cure such failure within 30 days from the date of the notice of failure from Party A to Party B;
- (3) Bankruptcy and other similar events:
 - a. If Party B is dissolved (excluding the dissolution as a result of a merger);
 - b. If Party B (i) becomes insolvent, (ii) becomes unable to pay its debts, (iii) suspends payment of its obligations when due (other than the payment obligations and delivery obligations set forth in Item (1)), or (iv) admits in writing that it is generally unable to pay its debts when due.

For the purpose of this Sub-item b., if Party B is an entity established or formed under the Japanese law, the terms “insolvent,” (*saimu chouka*) “unable to pay its debts” (*shiharai funou*) and “suspend payment” (*shiharai teishi*) shall have the same meaning as used in the Bankruptcy Act (Act No.75 of 2004) (*hasan hou*);

- c. If Party B carries out a general assignment, an arrangement (*saimu seiri*) or a composition (*wakai*) with or for creditors;
- d. If a petition is filed in respect of Party B for commencement of proceedings seeking an insolvency or determination of bankruptcy or other relief under the laws concerning bankruptcy or insolvency or other similar laws affecting the rights of creditors, including a petition for commencement or acknowledgment of the bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, special liquidation (*tokubetsu seisan*) or foreign bankruptcy proceedings or equivalent proceedings under laws and regulations of a foreign country against Party B, or if a petition for dissolution or liquidation of Party B is filed;
- e. If Party B adopts a resolution for its dissolution (*kaisan*), being under state control or liquidation (*seisan*);
- f. If Party B requests an appointment of a receiver (*kanzainin*), provisional administrator or other similar official ("Receiver") in respect of itself or a material part of its assets, or a Receiver is appointed for Party B or a material part of Party B's assets;
- g. If any secured creditor of Party B takes possession of, or files a petition for compulsory execution, attachment, compulsory administration of or other legal proceedings in relation to, a material part of the assets of Party B and if such assets are not released, or the petition is neither dismissed nor withdrawn, within 15 days from the date of commencement of such possession or the date of filing of such petition, as the case may be;
- h. If any event having similar effects to any of the events set forth in a. through g. above occurs in respect of Party B; or
- i. If Party B takes any action to facilitate, consents to, acknowledges or implicitly admits any of the events set forth in a. through h. above.

(4) Acceleration of Obligations under Agreement for Setting up Futures/Options Trading Account

When Cross Margined JGB Futures Cleared Contracts or Cross Margined Interest Rate Futures Cleared Contracts are recorded on Party B Clearing Brokerage Account, if obligations of Party B has been accelerated under an Agreement for Setting up Futures/Options Trading Account (*sakimono opushon torihiki kouza*

settei yakudakusho) prescribed by the Designated Market Operator (*shitei shijou kaisetsusha*) for brokerage of JGB Futures Contracts or Interest Rate Futures Contracts or under a Contract for Commissioning Clearance Relating to JGB Futures, Etc. (*kokusai sakimono tou seisan jutaku keiyakusho*) concluded pursuant to the provision of Article 39 of the Securities and Similar Contracts Business Rules (*shouken torihiki tou gyoumu houhousho*).

- 2 If Party A and Party B separately agree that some of the Events of Default set forth in Paragraph 1 shall not apply or that certain other events shall be added to the definition of the Event of Default under this Agreement, such agreement shall prevail. In this case, the event agreed to be added shall constitute an Event of Default under this Agreement.
- 3 Notwithstanding the provisions of Paragraphs 1 and 2, Paragraph 1.(3).d. may be replaced with the following, if Party A and Party B so agree:

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

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

Article 31. Return of Customer Initial Margin upon Termination of Subject Clearing Brokerage Contracts

- 1 If all Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Article 30.2 or 30.3 of this Agreement, Party A shall immediately return to Party B Customer Initial Margin deposited by Party B, provided that Party B may not request the return of Customer Initial Margin from Party A until the settlement of all Subject Clearing

Brokerage Contracts and Cross Margined JGB Futures Cleared Contracts and Cross Margined Interest Rate Futures Cleared Contracts recorded on Party B Clearing Brokerage Account is completed under the provision of Article 26.1 of this Agreement, except for the case where the claims and obligations in Customer Initial Margin are settled pursuant to the provision of Article 32 below. ~~This proviso shall not affect the settlement of the claims and obligations in Customer Initial Margin pursuant to the provision of Article 32 below.~~

- 2 For the purpose of Paragraph 1, if Customer Initial Margin is deposited in the form of Eligible Securities Collateral, unless otherwise agreed between Party A and Party B, Party A shall return Cash in the amount equivalent to the market value of the Eligible Securities Collateral as of the Early Termination Date used to determine the appraisal value of the Eligible Securities Collateral in lieu of returning Eligible Securities Collateral.
- 3 When all Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Article 30.2 or 30.3 of this Agreement, Party A and Party B shall immediately return to the other party Variation Margin deposited by the other party in accordance with this Agreement, provided that Party B may not request the return of Variation Margin from Party A until the settlement of all Subject Clearing Brokerage Contracts is completed under the provision of Article 26.1 of this Agreement, except for the case where the claims and obligations in Variation Margin are settled pursuant to the provision of Article 32 below.

Article 34. Position Transfer of Outstanding Contracts

- 1 On the termination of the Cleared Contracts subject to Brokerage pursuant to the provision of Article 33 of this Agreement, Party B may cause the claims and obligations listed below (collectively "Outstanding Contracts") to be transferred through Position Transfer as a whole, to one or more Successor Clearing Brokers through the submission of a request to JSCC in the form prescribed by JSCC via the Successor Clearing Broker(s), and if JSCC accepts such request for the Position Transfer, in accordance with the Rules. This may only be done during the period specified in the Rules:

- (1) The claims and obligations of which the terms and conditions as prescribed in the Rules are identical to the claims and obligations under the Cleared Contracts subject to Brokerage between Party A and JSCC which are in effect immediately before the termination of such Cleared Contracts subject to Brokerage pursuant to the provision of Article 33 of this Agreement; and
- (2) The claims and obligations of which the terms and conditions as prescribed in the Rules are identical to the claims and obligations under the Subject Clearing

Brokerage Contracts between Party A and Party B which are in effect immediately before the termination of the Cleared Contracts subject to Brokerage pursuant to the provision of Article 33 of this Agreement.

- 2 Party A and Party B hereby agree in advance that when the Outstanding Contracts are transferred to the Successor Clearing Broker(s) pursuant to the provision of Paragraph 1, Initial Margin in which Party B has the right to claim the return pursuant to the provision of Article 17 of this Agreement shall be deemed as Initial Margin deposited with JSCC through the Successor Clearing Broker(s) acting as agent for ~~Partypart~~ B at the time of such Position Transfer.
- 3 Where Party B requests to JSCC the Position Transfer of the Outstanding Contracts pursuant to the provision of Paragraph 1, Party B shall request the Successor Clearing Broker for the Position Transfer and shall obtain the acceptance of the Successor Clearing Broker in advance.
- 4 When the Outstanding Contracts are transferred to the Successor Clearing Broker(s), the claims and obligations arising as a result of the Subject Clearing Brokerage Contracts between Party A and Party B as well as the claims and obligations resulting from Variation Margin paid or received between them in relation to such Subject Clearing Brokerage Contracts, excluding the obligations of Party A that is due at the time of the declaration of the Default in respect of Party A and the obligations of Party A related to Unpaid Amount set forth in Article 85-5.1 of the Business Rules, and the claims and obligations relating to Customer Initial Margin in the amount equal to those deemed to have been deposited with JSCC by Party B through the Successor Clearing Broker acting as agent for Party B pursuant to the provision of Paragraph 2, shall cease to exist and have no future effect in accordance with the Rules.

Article 35. Close-Out Netting of Subject Clearing Brokerage Contracts if Outstanding Contracts are not Transferred

- 1 Upon termination of the Cleared Contracts subject to Brokerage pursuant to the provision of Article 33 of this Agreement, if the Outstanding Contracts are not transferred pursuant to the provision of Article 34 of this Agreement or the Outstanding Cross Margined Contracts are not transferred pursuant to the provision of Article 34-2, all Subject Clearing Brokerage Contracts shall be automatically terminated without further notice from Party A or Party B, and Party A and Party B shall pay or receive the Early Termination Amount with respect to all of those Subject Clearing Brokerage Contracts. In this case, the Early Termination Amount shall be the sum of the Profit and Loss before Default calculated pursuant to the provision of Paragraph 2 and the Post-Default Allocated Profit and Loss

calculated in the manner described below. For the purpose of this Paragraph, when the Cash Settlement Amount is to be paid or received in any currency other than Japanese yen, it shall be Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate set forth in Article 6 of the Rules on Default Settlement Regarding Clearing Participants in Relation to IRS Clearing Business (*kinri suwappu torihiki seisan gyomu ni kansuru seisan sankasha no hatan shori ni kansuru kisoku*):

- (1) The amount of the Post-Default Allocated Profit and Loss shall be the sum of the amounts obtained pursuant to a. through g. below, or, if Party B is not a Customer set forth in Article 94.1 of the Business Rules, pursuant to b. through g. below:

- a. The sum of the Cash Settlement Amount arising from the Cleared Contracts subject to Brokerage to be paid or received on each JSCC Business Day during the period from the Party A Default Determination Date through the JSCC Business Day following the date on which it is determined that Party B is unable to transfer the Outstanding Contracts as set forth in Article 34 of this Agreement;

(For the purpose of this item, the “Last Day of Position Transfer Window” means JSCC Business Day following the date on which it is determined that Customers (including Party B) is unable to transfer the Outstanding Contracts as set forth in Article 34 of the Clearing Brokerage Agreement(s).)

- b. The total amount of the portion, allocated to the Cleared Contracts subject to Brokerage, of the Cash Settlement Amount, to be paid or received on the second JSCC Business Day following the Last Day of Position Transfer Window applicable to Party B, arising from:

- (i) Party A’s Cleared Contracts on its proprietary account;
- (ii) Party A’s Customer’s Cleared Contracts that are confirmed not to be transferred pursuant to Article 94 or Article 94-2 of the Business Rules by the JSCC Business Day preceding the Last Day of Position Transfer Window applicable to Party B;

(in this b. through f. below, the Cleared Contracts that are confirmed not to be transferred pursuant to Article 94 of the Business Rules by the JSCC Business Day preceding the Last Day

of Position Transfer Window shall be referred to as the “Subject Cleared Contracts for Hedge”)

- (iii) Cleared Contracts subject to Brokerage, as well as, the other Customer's Cleared Contracts as a result of Party A's Clearing Brokerage for such other Customers, with respect to whom the Last Day of Position Transfer Window is the same as that applicable to Party B, if any;
(in this b. through f. below, the Cleared Contracts described in this (iii) shall be referred to as the “Cleared Contracts subject to Brokerage”)

and

- (iv) Hedge Transactions related to these Cleared Contracts.

The allocation shall be determined by prorating said amount according to the risk (as such term set forth in Item(1)-3 below) respectively calculated with respect to the Subject Cleared Contracts for Hedge, the Cleared Contracts subject to Brokerage as of the Last Day of Position Transfer Window applicable to Party B;

- c. If no other Customer's Cleared Contract for which Party A is acting as Clearing Broker is confirmed not to be transferred pursuant to Article 94 of the Business Rules on or after the JSCC Business Day following the Last Day of Position Transfer Window applicable to Party B, the total amount of the portion, allocated to the Cleared Contracts subject to Brokerage, of the Cash Settlement Amount to be paid or received on each JSCC Business Day from the third JSCC Business Day following the Last Day of Position Transfer Window applicable to Party B through the date of the Default Auction (*hatan shori nyuusatsu*) with respect to the Default of Party A (referred to as the “Default Auction Date”) plus the Successful Bid Amount (*rakusatsu zi shiharai kingaku*) less the Net Present Value as of the JSCC Business Day immediately preceding the Default Auction Date, each arising from the Subject Cleared Contracts for Hedge, Cleared Contracts subject to Brokerage and Hedge Transactions related to these Cleared Contracts. The allocation shall be determined by prorating such amount in the same manner as the provision of b. above;

- d. If one or more other Customer's Cleared Contracts for which Party A is acting as Clearing Broker are confirmed not to be transferred pursuant to Article 94 of the Business Rules on or after the JSCC Business Day following the Last Day of Position Transfer Window applicable to Party B (such other Customer shall be referred to as "Customer Added to Hedge"), the amount determined as follows:

For the purpose of d. through f., on the Last Day of Position Transfer Window applicable to Customer Added to Hedge, the Cleared Contracts subject to Brokerage shall be included in Subject Cleared Contracts for Hedge.

- (i) The Cash Settlement Amount, arising from Subject Cleared Contracts for Hedge, Cleared Contracts of such Customer Added to Hedge and Hedge Transactions related to these Cleared Contracts, to be paid or received on the second JSCC Business Day following the Last Day of Position Transfer Window applicable to each Customer Added to Hedge shall be obtained;
- (ii) The amount obtained in (i) above shall be allocated on a pro-rata basis according to their risk respectively calculated on the Last Day of Position Transfer Window applicable to the Customer Added to Hedge with respect to the Subject Cleared Contracts for Hedge and the Cleared Contracts of the Customer Added to Hedge; and
- (iii) The amount allocated to Subject Cleared Contracts for Hedge according to (ii) above shall be further allocated to (a) Cleared Contracts on Party A's proprietary account, (b) Party A's Customer's Cleared Contracts which was confirmed not to be transferred pursuant to Article 94 of the Business Rules before the Last Day of Position Transfer Window applicable to Party B and (c) the Cleared Contracts subject to Brokerage on a pro-rata basis in the same manner as the provision of b. above. The amount so allocated to the Cleared Contracts subject to Brokerage shall be the amount used for calculation of Cash equivalent to the Early Termination Charge for the Cleared Contracts subject to Brokerage.

- e. When d. above applies, if no other Customer's Cleared Contract for which

Party A is acting as Clearing Broker is confirmed not to be transferred pursuant to Article 94 of the Business Rules on or after the JSCC Business Day following the Last Day of Position Transfer Window applicable to each Customer Added to Hedge above, the sum of the amount of the portion, allocated to Cleared Contracts subject to Brokerage, of the Cash Settlement Amount to be paid or received on each JSCC Business Day from the third JSCC Business Day following the Last Day of Position Transfer Window applicable to the Customer Added to Hedge through Default Auction Date plus Successful Bid Amount less the Net Present Value as of the JSCC Business Day immediately preceding the Default Auction Date, each arising from the Subject Cleared Contracts for Hedge, the Cleared Contracts of the Customer Added to Hedge and Hedge Transactions related to these Cleared Contracts. The allocation shall be determined by prorating such amount in the same manner as the provision of d. above;

- f. When d. above applies, if one or more further Customer's Cleared Contracts for which Party A is acting as Clearing Broker are confirmed not to be transferred pursuant to Article 94 of the Business Rules on or after the JSCC Business Day following the Last Day of Position Transfer Window applicable to said Customer Added to Hedge, the sum of the amount obtained by the calculation made in the same manner as the provisions of d. and e. above. If there is one or more additional Customers for which Party A is acting as Clearing Broker is decided not being able to transfer the Cleared Contracts executed for its account pursuant to Article 94 of the Business Rules thereafter, the total amount calculated in the same manner shall be added accordingly.
- g. When Party B is a Cross Margining User, if a Cross Margining Liquidation Transaction is executed in respect of Party B's Cross Margined JGB Futures Cleared Contracts or Cross Margined Interest Rate Futures Cleared Contracts, the amount equal to the Cash Settlement Amount related to the Cleared Contract which comes into existence as a result of such Cross Margining Liquidation Transaction.

(1)-2 The "Cash Settlement Amount" and the "Net Present Value" referred to in Item (1) shall be calculated by JSCC pursuant to the provisions of the Rules on an assumption that Cleared Contracts to which Party A is a party, including Cleared Contracts subject to Brokerage, validly exist on the Party A Default Determination Date, and the "Cash Settlement Amount" and the "Net Present Value" to be paid or

received in any currency other than Japanese yen shall be Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate set forth in Article 6 of the Rules on Default Settlement Regarding Clearing Participants in Relation to IRS Clearing Business.

- (1)-3 The “risk” referred to in Item (1) means the amount, with respect to the relevant Cleared Contracts, calculated by JSCC according to the method set forth in Paragraph 1.(1).a. of Appendix 2 to the Handling Procedures of Interest Rate Swap Business Rules.
- (2) When Party A is to pay to Party B the Post-Default Allocated Profit and Loss calculated pursuant to the provision of Item (1), Party A shall be deemed to owe a payment obligation related to such Cash to Party B.
- (3) When Party B is to pay to Party A the Post-Default Allocated Profit and Loss calculated pursuant to the provision of Item (1), Party B shall be deemed to owe a payment obligation related to such Cash to Party A.
- 2 The amount of Profit and Loss before Default shall be, in respect of each Subject Clearing Brokerage Contract, the sum total of the Net Present Value calculated on the Calculation Date upon Party A Default, excluding those in respect of which the Cleared Contracts subject to Brokerage related to the Subject Clearing Brokerage Contract is Cleared Contracts (Settlement Type). For the purpose of this Paragraph, “Calculation Date upon Party A Default” means the JSCC Business Day immediately preceding the Party A Default Determination Date when Variation Margin is settled on the Party A Default Determination Date, or the day that is 2 JSCC Business Days preceding the Party A Default Determination Date when Variation Margin is not settled on the Party A Default Determination Date.
- 3 When Party A owes to pay the Post-Default Allocated Profit and Loss to Party B pursuant to the provision of Paragraph 1.(2), Party B may directly request JSCC to pay the same amount as the relevant Post-Default Allocated Profit and Loss. When JSCC makes such payment, the payment obligation of Party A against Party B related to the Post-Default Allocated Profit and Loss set forth in Paragraph 1.(2) shall cease to exist.
- 4 If the Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Paragraph 1, Party A and Party B shall immediately return to the other party Variation Margin deposited by the other party in accordance with this Agreement, provided that neither Party A nor Party B may request the return of said Variation Margin from the other party until the settlement of all Cleared Contracts subject to Brokerage, Cross Margined

JGB Futures Cleared Contracts and Cross Margined Interest Rate Futures Cleared Contracts recorded on Party B Clearing Brokerage Account is completed pursuant to the provisions of Articles 26.2 and 26.3 of this Agreement, except for the case where the claims and obligations arising from Variation Margin are settled pursuant to the provision of Paragraph 7.

- 5 If the Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Paragraph 1, Party A shall immediately return to Party B Customer Initial Margin deposited by Party B, provided that Party B may not request the return of said Customer Initial Margin from Party A until the settlement of all Cleared Contracts subject to Brokerage, Cross Margined JGB Futures Cleared Contracts and Cross Margined Interest Rate Futures Cleared Contracts recorded on Party B Clearing Brokerage Account is completed pursuant to the provision of Article 26.1 of this Agreement, except for the case where the claims and obligations arising from Customer Initial Margin are settled pursuant to the provision of Paragraph 7.
- 6 For the purpose of Paragraph 53, where Customer Initial Margin is deposited in the form of Eligible Securities Collateral, unless otherwise agreed between Party A and Party B, Party A shall return Cash in the amount equivalent to the market value of Eligible Securities Collateral used to determine the appraisal value of the Eligible Securities Collateral as of the Initial Loss-Determination Date in relation to the Default of Party A ("Initial Loss-Determination Date") in lieu of returning the Eligible Securities Collateral.
- 7 If the Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Paragraph 1, all monetary obligations outstanding between Party A and Party B under this Agreement as of the Initial Loss-Determination Date shall be settled as set forth below. Such monetary obligations shall include the obligations to pay the Early Termination Amount as a result of termination of the Subject Clearing Brokerage Contracts pursuant to the provision of Paragraph 1, which include, if the Cross Margined JGB Futures Cleared Contracts or Cross Margined Interest Rate Futures Cleared Contracts are recorded on the Party B Clearing Brokerage Account, the payment obligation existing between Party A and Party B in respect to the legal relationship having the same economic effect as the Subject Clearing Brokerage Contracts that will come into existence pursuant to the provision of Article 28-9.1 of this Agreement (where Paragraph 3 applies, other than the payment obligations related to the Post-Default Allocated Profit and Loss set forth in Paragraph 3; the same applies in this Paragraph), the obligations to return Variation Margin pursuant to the provision of Paragraph 4, the obligations to return Customer Initial Margin pursuant to the provisions of Paragraphs 5 and 6, the obligations to pay Fixed Amount and Floating Amount that remain unpaid, if any, and any and all other monetary obligations outstanding between Party A and Party B:

- (1) The Early Termination Amount payable by Party A to Party B as a result of termination of all Subject Clearing Brokerage Contracts pursuant to the provision of Paragraph 1, Party A's obligation to return Variation Margin to Party B and other monetary obligations of Party A owed to Party B outstanding as of the Initial Loss-Determination Date, excluding the obligations to return Customer Initial Margin under the provisions of Paragraphs 5 and 6, ("Party A's Obligations at Initial Loss-Determination Date") shall be netted with the Early Termination Amount payable by Party B to Party A as a result of termination of the Subject Clearing Brokerage Contracts, Party B's obligation to return Variation Margin to Party A and other monetary obligations of Party B to Party A outstanding as of the Initial Loss-Determination Date ("Party B's Obligations at Initial Loss-Determination Date"). For the purpose of this paragraph, in respect of the Variation Margin or monetary obligations to be paid or received in any currency other than Japanese yen, the above amounts shall be the Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate set forth in the provision of Article 6 of the Rules on Default Settlement Regarding Clearing Participants in Relation to IRS Clearing Business;
- (2) As a result of netting pursuant to the provision of Item (1), if Party B's Obligations at Initial Loss-Determination Date remain, the amount of Customer Initial Margin deposited by Party B with Party A, or, if Customer Initial Margin consists of Eligible Securities Collateral, but Party A will not return Cash equivalent to the market value of the Eligible Securities Collateral as set forth in the provision of Paragraph 4, the liquidation proceeds of Eligible Securities Collateral shall be deducted from the remaining amount of Party B's Obligations at Initial Loss-Determination Date. As a result, if the amount of the Party B's Obligations at Initial Loss-Determination Date becomes negative, Party A shall have an obligation to immediately return to Party B the amount equal to the absolute value of such negative value.
- (3) As a result of netting pursuant to the provision of Item (2), if the Party B's Obligations at Initial Loss-Determination Date still remain, the amount of Initial Margin deposited by Party B with JSCC, or, if Initial Margin consists of the Eligible Securities Collateral, the liquidation proceeds of Eligible Securities Collateral, shall be deducted from the remaining amount of Party B's Obligations at Initial Loss-Determination Date. As a result, if the amount of Party B's Obligations at Initial Loss-Determination Date becomes negative, Party B may request return of Initial Margin from JSCC up to the amount equal to the absolute value of such negative value.

- (4) As a result of netting pursuant to the provision of Item (3), if the Party B's Obligations at Initial Loss-Determination Date still remain, that remaining amount shall constitute the obligations of Party B owed to Party A arising from the termination of all Subject Clearing Brokerage Contracts (referred to as "Party B's Final Obligations" in this Article) and the claims in the Party B's Final Obligations shall constitute the claims of Party A to Party B.
- (5) As a result of netting pursuant to the provision of Item (1), if the Party A's Obligations at Initial Loss-Determination Date remain, the sum of that remaining amount and the amount of the obligation to return Customer Initial Margin pursuant to the provisions of Paragraphs 53 and 64 shall constitute the obligations of Party A owed to Party B arising from the termination of all Subject Clearing Brokerage Contracts (referred to as "Party A's Final Obligations" in this Article) and the claims in the Party A's Final Obligations shall constitute the claims of Party B to Party A.
- 8 If Party A owes Party A's Final Obligations pursuant to the provision of Paragraph 75, Party A shall perform Party A's Final Obligations by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.
- 9 If Party B owes Party B's Final Obligations pursuant to the provision of Paragraph 7, Party B shall perform Party B's Final Obligations by the time and in the manner as designated by Party A.

Article 40. Compulsory Termination of this Agreement

- 1 If an Event of Default occurs and is continuing in respect of Party B, Party A may terminate this Agreement immediately by giving Party B written notice of not more than 20 days, provided that, in any of the Events of Default, this Agreement shall be automatically terminated upon occurrence of such Event of Default as a matter of course without a written notice from Party A to Party B, if Party A and Party B have so agreed in advance.
- 2 When JSCC declares the Default of Party A, this Agreement shall be automatically terminated as a matter of course without any notification from Party A or Party B upon completion of the settlement of all Subject Clearing Brokerage Contracts outstanding as of such time.
- 3 When this Agreement shall terminate pursuant to the provision of Paragraph 1 or 2, Party A or Party B shall notify JSCC to that effect in advance or without delay after the termination.

- 4 Notwithstanding the provisions of Paragraphs 1 and 2, no termination of this Agreement shall become effective until JSCC receives the notification pursuant to the provision of Paragraph 3.
- 5 If the settlement of the Subject Clearing Brokerage Contracts has not been completed at the time of the termination of this Agreement pursuant to ~~the provisions of~~ the provision of Paragraph 1, this Agreement shall continue to govern said Subject Clearing Brokerage Contracts and the settlement thereof.