

**Partial Amendments to CDS Clearing Business Rules and Subordinate Rules
in association with Digitization of Open Position Transfer and
Revision of Measures to Ensure Reliability of Settlement Price**

I. Purpose of Amendment

Japan Securities Clearing Corporation (JSCC) makes required amendments to the CDS Clearing Business Rules and Subordinate Rules as per Annex attached hereto to digitize the process related to a transfer of an open position (including Position Transfer) as well as to ensure the reliability of the Settlement Price through measures that obligate Clearing Participants to execute Index CDS Transactions under conditions designated by us (hereinafter referred to as "Trade Execution Framework"), for the purpose of a reduction of operational burden related to such process.

II. Outline of Amendment

(Remarks)

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, is changed to a submission of a request to JSCC via the CDS Clearing System.

- CDS Clearing Business Rules, Article 2 et al.
- Handling Procedures of CDS Clearing Business Rules, Article 38-3 et al.
- Rules on Fees for CDS Clearing Business, Article 4-3

2. Revision of Index CDS Transaction Execution Method related to Trade Execution Framework

- Instead of having Clearing Participants execute CDS Transaction and submit it for Clearing, CDS Transaction shall be executed directly between JSCC and the relevant Clearing Participant.
- As to payments and receipts of cash to be specified by JSCC, the Initial Payment is not limited to those in connection with Hedge Transactions.

- CDS Clearing Business Rules, Article 76 and Handling Procedures of CDS Clearing Business Rules, Article 50
- Handling Procedures of CDS Clearing Business Rules, Article 52

3. Revision of Requirements of Eligible CDS Transaction

- In association with the revision related to Trade Execution Framework, the requirement of Eligible CDS Transactions requiring that the CDS Transaction shall be governed by a master agreement stipulating the basic matters concerning

- Handling Procedures of CDS Clearing Business Rules, Article 10

over-the-counter derivative transactions is deleted on the basis of the fact that an execution of such a master agreement between Clearing Participants is not necessary.

4. Other

- Other necessary amendments are made.

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 CDS Clearing Business

Table of Contents

	Page
1. CDS Clearing Business Rules Partial Amendment	1
2. Handling Procedures of CDS Business Rules Partial Amendment	38
3. Rules on Fees for CDS Clearing Business Partial Amendment	47

CDS Clearing Business Rules

Original Document Title: CDS 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.

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 Credit Derivatives Definitions and the following items shall be defined as follows:

(1) “Ad Hoc Compression” means a process to have Cleared Contract(s) terminated before its scheduled Termination Date through a method prescribed by JSCC in accordance with the provisions of Article 53-2;

(1)-2 “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 58-3.3.(2) or Article 58-3.3.(3);~~a process to have a Clearing Brokerage Contract between a Transferring Customer (as such term defined in Article 58-2.1; 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 pursuant to the provisions of Article 58-3.3;~~
- b. 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 and to pay or receive cash and settle claims and obligations in association therewith pursuant to the provisions of Article 58-5.3.(2) or Article 58-5.3.(4)~~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 58-3.5, 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 58-2.1) and the Clearing Broker for the Receiving Customer;~~
- c. 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, 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 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 58-5.3.(3) or Article 58-5.3.(5) 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 58-4.1) come into effect between a Receiving Customer (as such term defined in Article 58-4.1) and the Clearing Broker for the Receiving Customer pursuant to the provisions of Article 58-5.3;

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

(1)-4 "Receiving Clearing Participant" means a Clearing Participant who becomes a party to the legal relationship arising as a result of Transfer;

(1)-5 "Transferring Customer" means the Customer who is a party to the Clearing Brokerage Contract subject to Transfer;

(1)-6 "Transferring Clearing Participant" means the Clearing Participant who is a party to the Proprietary Cleared Contract subject to Transfer;

(1)-~~73~~ "Customer Initial Margin" means any cash or securities 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);

(1)-~~84~~ "Customer Account" means a customer account set forth in Article 59.2;

(1)-~~95~~ "Index CDS Transaction" means a CDS Transaction designating any of the iTraxx Japan (any type, series and version) as the index applied to it (hereinafter referred to

as “Index”) by an agreement between the parties to such CDS Transaction and referring to multiple Reference Entities listed on the table of Reference Entities corresponding to such Index published by the person designated by JSCC in a public notice ~~Markit Group Limited~~;

- (2) “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;
- (3) “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 JSCC¹, including other documents deemed by JSCC to be equivalent to such letter of guarantee, to JSCC;
- (4) “Corporate Group” means a corporate group set forth in Article 5.1.(2) of the Financial Instruments and Exchange Act;
- (5) “Early Termination” means a termination of a Cleared Contract before the Termination Date for any reason other than Compression or Ad Hoc Compression;
- (6) “Early Termination Charge” means cash received and paid between the parties to a Cleared Contract in the case of its Early Termination;

¹ cf. Handling Procedures of CDS Clearing Business Rules, Article 3.

- (7) “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;
- (8) “Business Holiday” means a holiday set forth in Article 5.1 or an extraordinary holiday set forth in Article 5.2;
- (9) “Funds” means cash, securities, claims and any other property;
- (10) “Credit Event Announcement” means a public announcement made by JSCC pursuant to Article 81.5 when JSCC judges that an event constituting a Credit Event has occurred in connection with a Cleared Contract and a Reference Entity (or the Obligation thereof);
- (10)-2 “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 CDS Clearing Fund, Initial Margin, Variation Margin and interests on Variation Margin) or, if such cash are paid and received on a net basis pursuant to the provisions of Article 80.2 hereof among such cash, the amount so netted;
- (11) “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;
- (12) “Uniform International Standard” means the uniform international standard set forth in Article 1.4 of “Order Providing for the Categories, etc. Prescribed in Article 26.2 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 26.2 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 26.2 of the Banking Act Applied *mutatis mutandis* pursuant to Article 89.1 of Shinkin Bank Act” (Ordinance of the General Administrative Agency of the Cabinet and the Ministry of Finance No. 41, 2000);²

² Uniform International Standard is a standard prescribed in Japan under Basel III.

(13) “Japanese Standard” means the standard in Japan set forth in Article 1.5 of “Order Providing for the Categories, etc. Prescribed in Article 26.2 of the Banking Act”, Article 1.5 of “Order Providing for the Categories, etc. Prescribed in Article 26.2 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 26.2 of the Banking Act Applied *mutatis mutandis* pursuant to Article 89.1 of the Shinkin Bank Act”;

(13)-2 “Compression” means a process to have Cleared Contract(s) terminated before its scheduled Termination Date and have new Cleared Contract(s) simultaneously established through a method prescribed by JSCC in accordance with the provisions of Article 53;

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

(15) “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;

(16) “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;

(17) "Capital-to-Risk Ratio" means the capital-to-risk ratio set forth in Article 46-6.1 of the Financial Instruments and Exchange Act;

(17)-2 "Proprietary Account" means a proprietary transaction account set forth in Article 59.2;

(18) "Clearing Broker" means a Clearing Participant who has entered into a Clearing Brokerage Agreement with a Customer;

(18)-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 58-3.3.(1) 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 58-5.3.(1) or Article 95.4;

(18)-3 "Successor Clearing Broker" means a Clearing Broker that has assumed the claims and obligations arising as a result of Position Transfer, and, in the case of Position Transfer of Customer's Cleared Contracts under Article 58-4.1.(1), has executed the Clearing Brokerage Contract with the Customer who is a party to the relevant Position Transfer;

(18)-4 "Position Transfer Requested Cleared Contract" means the Cleared Contract subject to Position Transfer;

(18)-5 "Carrying Clearing Broker" means the Clearing Participant who is a party to the Cleared Contract subject to Position Transfer;

(19) "Margin" collectively means Initial Margin, Customer Initial Margin and Variation Margin;

- (20) “Net Present Value” means the value calculated by discounting the future cash-flows arising from a CDS Transaction to the present value according to the method prescribed by JSCC³;
- (20)-2 “Single Name CDS Transaction” means a CDS Transaction which refers to one Reference Entity;
- (20)-3 “Pre-Definition Update Cleared Contracts” means all Cleared Contracts existing as of September 22, 2014 and Cleared Contracts which will come into effect by JSCC Clearing Eligible CDS Transactions designated by JSCC in a public notice on or after September 26, 2014;
- (21) “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 42.2 to JSCC, and who satisfies the requirements prescribed by JSCC⁴;
- (22) “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;
- (23) “Clearing Participant” means a person who holds a CDS Clearing Qualification;
- (24) “Clearing Participant Agreement” means an agreement between JSCC and a Clearing Participant in the form prescribed by JSCC⁵, which incorporates the terms of the Rules;
- (25) “Clearing Brokerage Agreement” means an agreement entered into between a Customer and a Clearing Broker in the form prescribed by JSCC⁶, 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 CDS Transactions for Clearing;

³ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 4.

⁴ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 5.

⁵ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 6.

⁶ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 7.

- (26) “Clearing Brokerage Original Transaction” means the original CDS Transaction that existed between a Customer and a Clearing Participant or another Customer for which the Customer requested Clearing via their Clearing Broker;
- (26)-2 “Clearing Brokerage Account” means a clearing brokerage account as set forth in Article 60.1;
- (27) “Cleared Contract” means a CDS Transaction between JSCC and a Clearing Participant that comes into effect as a result of Clearing;
- (28) “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;
- (29) “Proprietary Cleared Contract” means a Cleared Contract executed by a Clearing Participant on its proprietary book;
- (30) “Notional Amount” means the amount equivalent to the “Original Notional Amount” under STS, or for an Eligible CDS Transactions not subject to STS, the amount agreed between the parties to the Eligible CDS Transaction as the amount equivalent to Floating Rate Payer Calculation Amount and Fixed Rate Payer Calculation Amount;
- (31) “First Tier CDS Settlement Guarantee Reserve” means an amount set aside by JSCC in accordance with the Subordinate Rules for the purpose of covering losses arising from the Default of a Clearing Participant;
- (32) “Second Tier CDS Settlement Guarantee Reserve” means an amount set aside by JSCC in accordance with the Subordinate Rules for the purpose of covering losses arising from the Default of a Clearing Participant;
- (32)-2 “Second Tier Clearing Participant Cap” means the Required CDS 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 104 falls.

- (33) “Third Tier Special Clearing Charge” means cash paid by a Clearing Participant to JSCC in accordance with the provisions of Article 105;
- (34) “Third Tier Special Clearing Charge Collateral” means cash deposited by a Clearing Participant with JSCC for the purpose described in Article 107.1.(1);
- (35) “Fourth Tier Special Clearing Charge” means cash paid by a Clearing Participant to JSCC in accordance with the provisions of Article 106;
- (36) “Fourth Tier Special Clearing Charge Collateral” means cash deposited by a Clearing Participant with JSCC for the purpose described in Article 107.1.(2);
- (37) “Eligible Securities Collateral” mean the securities specified by JSCC⁷ that may be deposited as the CDS Clearing Fund, Initial Margin, Customer Initial Margin or Default Contingent Margin;
- (38) “Other Clearing Business” means the Clearing Service and businesses incidental thereto carried out by JSCC excluding the CDS Clearing Businesses;
- (39) “Eligible CDS Transaction” means a CDS Transaction between Clearing Participants of an Issue designated by JSCC⁸, which satisfies the requirements prescribed by JSCC⁹;
- (40) “JSCC Business Day” means any day other than a Business Holiday;
- (41) “Initial Margin” means cash 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);
- (42) “Special Clearing Charge” collectively refers to the Third Tier Special Clearing Charge and the Fourth Tier Special Clearing Charge;
- (43) “Special Clearing Charge Collateral” collectively refers to the Third Tier Special Clearing Charge Collateral and the Fourth Tier Special Clearing Charge Collateral;

⁷ cf. Handling Procedures of CDS Clearing Business Rules, Article 8.

⁸ cf. Handling Procedures of CDS Clearing Business Rules, Article 9.

⁹ cf. Handling Procedures of CDS Clearing Business Rules, Article 10.

- (44) “Default Contingent Margin” means cash or Eligible Securities Collateral to be deposited with JSCC by a Clearing Participant for the purpose of securing the obligations set forth in Article 107-2.1 hereof.
- (45) “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;
- (46) “Default Auction” means the Default Auction prescribed in Article 96;
- (47) “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”;
- (48) “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); or

- 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;
- (49) “Default Determination Date” means the day on which JSCC determines the Default of a Clearing Participant;
- (50) (Deleted);
- (51) “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);
- (52) “Floating Payment” means Funds to be paid or received between the parties to a Cleared Contract at the Settlement or any other Funds prescribed by JSCC¹⁰;
- (53) “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).
- (53)-2 “Cash Settlement Amount” means Variation Margin, interest on Variation Margin, Fixed Amount and Floating Payment;
- (54) “Legal Entity” means a corporate body, an association or any other entities equivalent thereto (including overseas entities equivalent thereto);
- (55) “Rules” shall collectively refer to the Business Rules, the Subordinate Rules and

¹⁰ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 11.

Documents Setting Forth Handling of ISDA-Based Documents;

- (56) “Issue” means a class of CDS Transaction identified by the terms of CDS Transaction prescribed by JSCC¹¹;
- (57) “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);
- (58) “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 company, a person who is treated as equivalent to an officer of a limited company under the applicable laws and regulations);
- (58)-2 “Successful Bid Amount” means the amount payable by JSCC to a Successful Bidder when the Auction Transaction comes into effect. If such amount is a negative value, the Successful Bidder shall pay the amount equal to the absolute value of such amount to JSCC when the Auction Transaction comes into effect;
- (59) “CDS Clearing Fund” means cash or Eligible Securities Collateral deposited with JSCC by each Clearing Participant for the purpose set forth in Article 17.1;
- (60) “CDS 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;
- (61) “CDS Transaction” means a credit default swap transaction which is an OTC derivatives transaction prescribed in Article 2.22.(6) (a) of the Financial Instruments and Exchange Act;
- (62) “ISDA” means International Swaps and Derivatives Association, Inc.;
- (63) “Documents Setting Forth Handling of ISDA-Based Documents” mean the

¹¹ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 12.

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 Credit Derivatives Definitions to a Cleared Contract and any other matters in accordance with the provisions of the Subordinate Rules¹²;

(64) “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;

(65) “ISDA Credit Derivatives Definitions” means the 2014 ISDA Credit Derivatives Definitions published by ISDA in 2014 (including any changes, amendments or supplements in writing published by ISDA and specified by JSCC¹³);

(65)-2 “ISDA Credit Derivatives Definitions (2003 Version)” means the 2003 ISDA Credit Derivatives Definitions published by ISDA in 2003 (including any changes, amendments or supplements in writing published by ISDA and specified by JSCC¹⁴);

(66) “STS” means the iTraxx Asia/Pacific Untranchd Standard Terms Supplement published in September 2014 (including any changes, amendments or supplements published in writing and specified by JSCC¹⁵);

(67) “STS (2010 Version)” means the iTraxx Japan Untranchd Standard Terms Supplement published in November 2010 (including any changes, amendments or supplements published in writing and specified by JSCC¹⁶); and

(68) “2003 Version Cleared Contract” means the Cleared Contract subject to ISDA Credit Derivatives Definitions (2003 Version) pursuant to the provisions of Article 51.1.

2 The terms listed in the “Term” column in the table attached hereto as the Annex 1 among the terms used in the Rules, shall refer to the corresponding terms listed in the “ISDA Credit Derivatives Definitions” column as defined in the relevant section of the “ISDA Credit Derivatives Definitions” stated in the “Section” column.

¹² *cf.* Handling Procedures of CDS Clearing Business Rules, Article 13.

¹³ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 13-2.

¹⁴ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 14.

¹⁵ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 15.

¹⁶ *cf.* Handling Procedures of CDS Clearing Business Rules, Article 15.

3 Notwithstanding the provisions of Paragraph 2 above, with respect to 2003 Version Cleared Contracts, the terms listed in the “Term” column in the table attached hereto as the Annex 2 among the terms used in the Rules, shall refer to the corresponding terms listed in the “ISDA Credit Derivatives Definitions (2003 Version)” column as defined in the relevant section of the “ISDA Credit Derivatives Definitions (2003 Version)” stated in the “Section” column.

4 If there is a discrepancy between the meaning of any term used in the Financial Instruments and Exchange Act or the ISDA Credit Derivatives Definitions (or the ISDA Credit Derivatives Definitions (2003 Version) for 2003 Version Cleared Contracts) and the Rules, the meaning in the Rules shall prevail.

Section 2 Cleared Contracts (Articles 51 – 53-~~42~~)

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

~~1 A Clearing Participant (“Carrying 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 another Clearing Participant (“Successor Clearing Participant”).~~

~~2 When having its Proprietary Cleared Contracts succeeded to pursuant to the provisions of Paragraph 1, the Carrying Clearing Participant shall ask the Successor Clearing Participant to accept such Position Transfer and obtain its consent in advance.~~

~~3 When the consent under Paragraph 2 is obtained, the Carrying Clearing Participant and the Successor Clearing Participant shall jointly apply to JSCC for the Position Transfer in the method separately prescribed by JSCC¹⁷.~~

~~Article 53-4. Completion of Position Transfer of Clearing Participant’s Proprietary Cleared Contracts~~

~~1 Upon receipt of the request for Position Transfer made in accordance with the provisions of Article 53-3.3, JSCC will confirm that the Proprietary Cleared Contract effectively exists between the Carrying Clearing Participant and JSCC, and the Carrying Clearing Participant and the Successor Clearing Participant have agreed to the Position Transfer.~~

¹⁷ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.~~

~~JSCC shall accept the request for such Position Transfer, upon such confirmation and if JSCC judges that there is no specific issue in position holding status of the Carrying Clearing Participant and the Successor Clearing Participant after the Position Transfer.~~

~~2 The Position Transfer of Proprietary Cleared Contracts, if JSCC accepted the request for the Position Transfer pursuant to the provisions of Paragraph 1, shall come into effect at the time of such acceptance.~~

~~3 Upon Position Transfer of the Proprietary Cleared Contracts pursuant to the provisions of Paragraph 2, the Proprietary Cleared Contracts between the Carrying Clearing Participant and JSCC subject to the Position Transfer shall terminate as a matter of course, and the claims and obligations under those Cleared Contracts shall cease to exist and have no future effect. At the same timing, the claims and obligations with the terms and conditions designated by JSCC¹⁸ identical to those related to the Proprietary Cleared Contracts subject to the Position Transfer shall arise de novo between the Successor Clearing Participant and JSCC.~~

~~4 JSCC shall calculate the amount to be paid upon Position Transfer and the Early Termination Charge in accordance with the rules prescribed by JSCC¹⁹. Upon termination of the Proprietary Cleared Contracts and giving rise of the claims and obligations pursuant to the provisions of Paragraph 3, JSCC, the Carrying Clearing Participant and the Successor Clearing Participant shall pay or receive the amount to be paid upon Position Transfer, the Early Termination Charge and Variation Margin.~~

~~5 The provisions of the Rules shall apply to the claims and obligations which arise pursuant to the provisions of Paragraph 3 as if such claims and obligations are the Proprietary Cleared Contracts between the Successor Clearing Participant and JSCC.~~

Section 4 Position Transfer/Transfer of ~~Customer's~~ Cleared Contracts (Articles 58-2 – 58-5)

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;

¹⁸ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 38-4.~~

¹⁹ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 38-3.1.~~

(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 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 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.

3 When Position Transfer or Transfer of Proprietary Cleared Contracts is requested and consented pursuant to the provisions of Paragraph 2, the relevant Clearing Participant in each case listed below shall submit a request to JSCC in a manner prescribed by JSCC²⁰:

(1) In case of Position Transfer of Proprietary Cleared Contracts under Paragraph 1.(1): Successor Clearing Broker and Carrying 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 and Transferring Clearing Participant.

4 The Clearing Participant and the relevant party (or parties) listed in Paragraph 2 shall agree in advance that upon submission of the request set forth in Paragraph 3, they shall be deemed to have agreed to such Position Transfer or Transfer, as the case may be.

²⁰ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.

5 When canceling a request made pursuant to the provisions of Paragraph 3, the relevant Clearing Participant responsible for submission of the request under Paragraph 3 shall submit a request for the cancellation to JSCC in a manner prescribed by JSCC²¹.

Article 58-2. 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 (referred to in this Article and Article 58-3 as "Transferring Customer") may, in accordance with the provisions set forth in this Article and Article 58-3, 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 58-3).~~

~~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 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, it (or they) shall request for the Transfer to JSCC in the method separately prescribed by JSCC²².~~

~~4 The Transferring Customer and its Clearing Broker may withdraw the request for the Transfer made pursuant to the provisions of Paragraph 3 through the method separately~~

²¹ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.

²² cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.

~~prescribed by JSCC²³, during the period before JSCC accepts such request pursuant to the provisions of Article 58-3.1.~~

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

1 Upon receipt of the request for Position Transfer or Transfer made in accordance with the provisions of Article 58-2, JSCC shall accept the request for such Position Transfer or Transfer, if JSCC can confirm that the Proprietary Cleared Contracts effectively exist between the relevant party listed below according to each applicable case and JSCC 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

(2) In case of Transfer of Proprietary Cleared Contracts under Article 58-2.1.(2) or Article 58-2.1(3): Transferring Clearing Participant.

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.

3 When Position Transfer or Transfer of Proprietary Cleared Contracts becomes effective pursuant to the provisions of Paragraph 2, 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 JSCC²⁴, 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 between the

²³ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.~~

²⁴ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 38-4.~~

Successor Clearing Broker and JSCC:

b. Claims and Obligations Cease to Exist

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; 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 JSCC²⁵, and 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 JSCC²⁶.

(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 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 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 corresponding to such Clearing Brokerage Contracts;

(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 shall come into effect between the Receiving Customer and its Clearing Broker. In this case, said legal relationship shall be deemed as Clearing Brokerage Contracts 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 JSCC²⁷, to the claims and obligations under the

²⁵ cf. Handling Procedures of CDS Clearing Business Rules, Article 38-3.1.

²⁶ cf. Handling Procedures of CDS Clearing Business Rules, Article 52.(11).

²⁷ cf. Handling Procedures of CDS Clearing Business Rules, Article 38-4.

Proprietary Cleared Contracts 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 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; 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 JSCC²⁸, and, in association with giving rise to the claims and obligations under the provisions of Sub-Item a.(b) and the termination of the Proprietary Cleared Contracts under the provisions of Sub-Item b. above, JSCC, the Transferring Clearing Participant 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 JSCC²⁹.

4 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 Transfer of Clearing Brokerage Contract

~~1 Upon receipt of the request for Transfer made in accordance with the provisions of Article 58-2.3, JSCC will confirm that the Clearing Brokerage Contract effectively exists between the Transferring Customer and its Clearing Broker, and the Transferring Customer and its Clearing Broker have agreed to the Transfer. JSCC shall accept the request for such Transfer, upon such confirmation and if JSCC judges that there is no specific issue in position holding status of the Clearing Broker for the Transferring Customer after the Transfer. When Transferring Clearing Brokerage Contracts to a Receiving Clearing~~

²⁸ cf. Handling Procedures of CDS Clearing Business Rules, Article 38-3.4.

²⁹ cf. Handling Procedures of CDS Clearing Business Rules, Article 52.(11).

~~Participant other than its Clearing Broker or to a Receiving Customer, JSCC shall also confirm that the Receiving Clearing Participant or the Receiving Customer and its Clearing Broker, as appropriate, have agreed to the Transfer, and judges that there is no specific issue in position holding status of the Receiving Clearing Participant or the Clearing Broker for the Receiving Customer, as appropriate.~~

~~2 Transfer of Clearing Brokerage Contracts, if JSCC accepted the request for the Transfer pursuant to the provisions of Paragraph 1, shall come into effect at the time of JSCC's acceptance.~~

~~3 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 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 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 JSCC³⁰, 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~~

~~4 In the case of a Transfer to the Receiving Clearing Participant other than 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 claims and obligations as set forth in Paragraph 3, 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.~~

³⁰ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 43-4.~~

~~5 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 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 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 JSCC³⁴, 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.~~

~~6 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 5, 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.~~

~~7 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~~

³⁴ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 43-4.~~

~~Customer and the Clearing Broker for the Receiving Customer, as applicable, shall be settled among the relevant parties in accordance with their agreements.~~

~~8 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 3, 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 3, as the Proprietary Cleared Contracts of the Receiving Clearing Participant.~~

~~9 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 5 as the Clearing Brokerage Contracts 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 5 as the Customer's Cleared Contracts 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 5 as the Customer's Cleared Contracts that comes into effect on the book of the Receiving Customer.~~

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 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 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 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.

3 When Position Transfer of Customer's Cleared Contracts or Transfer of Clearing Brokerage Contracts is requested and consented pursuant to the provisions of Paragraph 2, the relevant Clearing Participant in each case listed below shall submit a request for Position Transfer or Transfer to JSCC in a manner prescribed by JSCC³²:

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

³² cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.

Successor Clearing Broker and Carrying 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's Clearing Broker;

(4) In case of Transfer of Clearing Brokerage Contracts under Paragraph 1.(4):
Transferring Customer's Clearing Broker and Receiving Clearing Participant; and

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

4 The Customer and the relevant party (or parties) listed in Paragraph 2 shall agree in advance that upon submission of the request of Position Transfer or Transfer set forth in Paragraph 3, they shall be deemed to have agreed to such Position Transfer or Transfer, as the case may be.

5 When canceling a request for Position Transfer or Transfer made pursuant to the provisions of Paragraph 3, the relevant Clearing Participant responsible for submission of a request under Paragraph 3 shall submit a request for the cancellation to JSCC in a manner prescribed by JSCC³³.

Article 58-4. 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 58-5) may, in accordance with the provisions set forth in this Article and Article 58-5, 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 58-5).~~

~~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~~

³³ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.

~~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 consent under Paragraph 2 is obtained, the Transferring Clearing Participant and the Receiving Customer shall request for the Transfer to JSCC in the method separately prescribed by JSCC³⁴.~~

~~4 The Transferring Clearing Participant and the Receiving Customer may withdraw the request for the Transfer made pursuant to the provisions of Paragraph 3 through the method separately prescribed by JSCC³⁵, during the period before JSCC accepts such request pursuant to the provisions of Article 58-5.1.~~

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, JSCC shall accept the request for such Position Transfer or Transfer, if JSCC can confirm that the Clearing Brokerage Contracts effectively exist between the the Transferring Customer and its Clearing Broker and JSCC judges that there is no specific issue in position holding status after Position Transfer or Transfer.

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, it 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 JSCC³⁶, 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

³⁴ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.~~

³⁵ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 43-3.~~

³⁶ ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 38-5.~~

as if such claims and obligations are the Customer's Cleared Contracts 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 JSCC³⁷, 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 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;

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-Item 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; 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 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 JSCC³⁹.

(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. In this case, the provisions of the Rules shall apply to the Customer's Cleared

³⁷ cf. Handling Procedures of CDS Clearing Business Rules, Article 4338-45.

³⁸ cf. Handling Procedures of CDS Clearing Business Rules, Article 38-3.3.

³⁹ cf. Handling Procedures of CDS Clearing Business Rules, Article 52.(11).

Contracts corresponding to the Clearing Brokerage Contracts to terminate as if they are the Proprietary Cleared Contracts of the Receiving Clearing Participant;

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

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 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 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 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 JSCC⁴⁰, 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 of the Receiving Clearing Participant;

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; and

c. Payment/Receipt of Cash

JSCC shall calculate the amount due upon Position Transfer/Transfer and the Early

⁴⁰ cf. Handling Procedures of CDS Clearing Business Rules, Article 4338-54.

Termination Charge in a manner prescribed by JSCC⁴¹, 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 JSCC⁴²;

(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 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 JSCC⁴³, 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 shall apply by regarding said claims and obligations as the Customer's Cleared Contracts 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; 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 JSCC⁴⁴, 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

⁴¹ cf. Handling Procedures of CDS Clearing Business Rules, Article 38-3.3.

⁴² cf. Handling Procedures of CDS Clearing Business Rules, Article 52.(11).

⁴³ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-4.

⁴⁴ cf. Handling Procedures of CDS Clearing Business Rules, Article 38-3.3.

Termination Charge and Variation Margin in a manner prescribed by JSCC⁴⁵.

4 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 Proprietary Cleared Contracts of Clearing Participant~~

~~1 Upon receipt of the request for Transfer made in accordance with the provisions of Article 58-4.3, JSCC will confirm that the Proprietary Cleared Contract effectively exists between JSCC and the Transferring Clearing Participant, and the Transferring Clearing Participant and the Receiving Customer have agreed to the Transfer. JSCC shall accept the request for such Transfer, upon such confirmation and if JSCC judges that there is no specific issue in position holding status of the Transferring Clearing Participant after the Transfer. When Transferring Proprietary Cleared Contracts to a Receiving Customer that is a Customer of another Clearing Participant, JSCC shall also confirm that the Clearing Broker for the Receiving Customer have agreed to the Transfer, and judges that there is no specific issue in position holding status of the Clearing Broker for the Receiving Customer.~~

~~2 Transfer of Proprietary Cleared Contracts, if JSCC accepted pursuant to the provisions of Paragraph 1, shall come into effect at the time of JSCC's acceptance.~~

~~3 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 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 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 JSCC⁴⁶, to the claims and obligations of such Proprietary Cleared Contracts shall arise between the Clearing Broker~~

⁴⁵ cf. Handling Procedures of CDS Clearing Business Rules, Article 52.(11).

⁴⁶ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-4.

for the Receiving Customer and JSCC.

~~4 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.~~

~~5 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 3, 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.~~

~~6 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 3 as Clearing Brokerage Contracts 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 3) as the Customer's Cleared Contracts corresponding to the relevant Clearing Brokerage Contracts.~~

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 JSCC⁴⁷.

⁴⁷ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-5.1.

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 JSCC⁴⁸ 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 JSCC⁴⁹.

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 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 JSCC⁵⁰.

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 JSCC⁵¹ 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 JSCC⁵².

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, Initial Margins, Customer Initial Margins, Variation Margins and Funds paid or received at the Settlement of Customer's Cleared Contract related to such Clearing Brokerage Contracts and other Funds to be paid and/or received between the Clearing Broker and the Customer in accordance with each of such Clearing Brokerage Agreements and the Rules.

⁴⁸ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-5.2.

⁴⁹ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-5.1.

⁵⁰ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-5.1.

⁵¹ cf. Handling Procedures of CDS Clearing Business Rules, Article 43-5.2.

⁵² cf. Handling Procedures of CDS Clearing Business Rules, Article 43-5.1.

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 account is 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 and Initial Margin and Variation Margin 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.

Article 76. Measures to Ensure Reliability of Settlement Price

1 Where a quote submitted by a Clearing Participant pursuant to Article 75.1 or 75.2 meets the specific criteria separately prescribed by JSCC⁵³, ~~such Clearing Participant shall have~~ the CDS Transaction with the terms and conditions prescribed by JSCC⁵⁴ shall come into effect between JSCC and said Clearing Participant or said Clearing Participant shall pay an additional fee prescribed by JSCC⁵⁵ in addition to the fees listed in Article 16.

2 As to the CDS Transaction came into effect pursuant to the provisions of Paragraph 1, the provisions of the Rules shall apply by regarding said CDS Transaction as the Cleared Contract.

~~32~~ Where a Clearing Participant fails to submit quotes pursuant to Article 75.1 or 75.2, such Clearing Participant shall pay an additional fee prescribed by JSCC⁵⁶ in addition to the fees listed in Article 16.

Article 95. Position Transfer of Customer's Cleared Contracts

1 On the termination of Customer's Cleared Contract pursuant to the provisions of Article 92, the Customer's Cleared Contracts of each Customer not in Default under its Clearing Brokerage Agreement may be transferred as Position Transfer as a whole, to one or more

⁵³ cf. Handling Procedures of CDS Clearing Business Rules, Article 50.1.

⁵⁴ cf. Handling Procedures of CDS Clearing Business Rules, Article 50.3.

⁵⁵ cf. Handling Procedures of CDS Clearing Business Rules, Article 50.4, as well as Article 50.5.

⁵⁶ cf. Handling Procedures of CDS Clearing Business Rules, Article 50.6.

~~other non-Defaulting Clearing Participant(s) concluded the Clearing Brokerage Agreement with the relevant Customer ("Successor Clearing Broker")~~ who shall assume the rights, claims and obligations listed below, through the submission by the Customer of an application to JSCC via the Successor Clearing Broker(s). This may only be done during the period specified in the Subordinate Rules⁵⁷. ~~For this purpose, "Position Transfer" means a process to have new claims and obligations listed below accrue between JSCC, the Successor Clearing Broker and the Customer and to pay or receive cash and settle claims and obligations in association therewith pursuant to the provisions of Article 95 (the same applies hereinafter):~~

- (1) The claims and obligations identical, in terms and conditions as prescribed in the Subordinate Rules⁵⁸, to the claims and obligations under the Customer's Cleared Contracts between the Defaulting Clearing Broker and JSCC which are in effect immediately before the termination of such Customer's Cleared Contracts pursuant to the provisions of Article 92; and
- (2) The claims and obligations identical, in terms and conditions as prescribed in the Subordinate Rules⁵⁹, to the claims and obligations under the Clearing Brokerage Contract between the Defaulting Clearing Broker and the Customer which are in effect immediately before the termination of the Customer's Cleared Contracts pursuant to the provisions of Article 92.

2 Where a Customer applies to JSCC a Position Transfer to one or more Successor Clearing Brokers pursuant to the provisions of Paragraph 1, the Customer shall obtain the consent of all of the Successor Clearing Brokers.

3 When all Successor Clearing Brokers consent to the Position Transfer in Paragraph 2, they shall submit the request form received from the Customer to JSCC within the period referenced in Paragraph 1. The request form shall state, among other things, the effect that the Successor Clearing Broker was asked to accept Position Transfer and has accepted it; that the Customer is submitting request for Position Transfer to JSCC; and that the Successor Clearing Broker is submitting the request for Position Transfer to JSCC.

4 Where JSCC accepts the request for Position Transfer under Paragraphs 1 and 4, the settlement for the transferred Customer's Cleared Contracts and Position Transfer shall be

⁵⁷ cf. Rules on Default Settlement Regarding Clearing Participants in Relation to CDS Clearing Business, Article 8.1.

⁵⁸ cf. Rules on Default Settlement Regarding Clearing Participants in Relation to CDS Clearing Business, Article 8.3.

⁵⁹ cf. Rules on Default Settlement Regarding Clearing Participants in Relation to CDS Clearing Business, Article 8.3.

undertaken according to the following provisions:

- (1) The claims and obligations prescribed in each Item of Paragraph 1 shall arise de novo among JSCC, all of the Successor Clearing Brokers and the Customer, as applicable, on the date of JSCC's acceptance of the request for Position Transfer ("Position Transfer Date");
- (2) The claims and obligations which arise pursuant to Item (1) shall be deemed to be the claims and obligations related to the Customer's Cleared Contract and the Clearing Brokerage Contract corresponding to it that the Successor Clearing Broker accepted the Position Transfer has caused to come into effect on the Customer's book through a Clearing Brokerage for the Customer at the moment that the transferred Cleared Contract with the Defaulting Clearing Broker was terminated;
- (3) Where claims and obligations arise as a result of Item (1), JSCC, the Successor Clearing Broker and the Customer respectively shall pay or receive the Position Transfer Fee, any unsettled Fixed Amounts other than those which has already become due between JSCC and the Defaulting Clearing Broker at the time of Default determination, and Variation Margin, as prescribed in the Subordinate Rules;
- (4) Initial Margin to which the relevant Customer has the right to claim return under Article 72 shall be treated as Initial Margin that has been deposited with JSCC by such Customer through the Successor Clearing Broker;
- (5) The claims and obligations arising as a result of the Clearing Brokerage Contract between the Defaulting Clearing Broker and the Customer as well as the claims and obligations resulting from Variation Margin paid or received between them in relation to such Clearing Brokerage Contract, excluding the obligations of the Defaulting Clearing Participant in connection with the Cleared Contracts which have become already due on the Default Determination Date, and the claims and obligations relating to Customer Initial Margin in the amount equal to those deemed to have been deposited with JSCC by the Customer through the Successor Clearing Broker pursuant to Item (4), shall cease to exist and have no future effect; and
- (6) Notwithstanding the provisions of Article 92.2, the Early Termination Charge as a result of the transferred Customer's Cleared Contracts shall be calculated according to the last Settlement Price of each Cleared Contract before the

termination thereof as prescribed in the Subordinate Rules⁶⁰.

5 For the purpose of the Rules, the claims and obligations which arise between JSCC and each Successor Clearing Broker pursuant to the provisions of Paragraph 4 shall be deemed as the Customer's Cleared Contracts.

6 In addition to the provisions of Paragraphs 1 to 5, other matters necessary for Position Transfer shall be prescribed in the Subordinate Rules.

Article 118. Outsourcing

1 JSCC may outsource activities related to the CDS Clearing Business specified by JSCC⁶¹ to a person designated by JSCC in a public notice⁶².

2 In addition to these Business Rules, Clearing Participants shall comply with the rules and procedures prescribed by the person designated by JSCC in a public notice pursuant to the provisions of Paragraph 1 in connection with the activities set forth in Paragraph 1 and so approved by JSCC.

3 The provisions of Article 18 shall apply *mutatis mutandis* in the case of Paragraph 1.

Supplementary Provisions

1 These revised Rules shall come into force on 6 October 2025.

2 Notwithstanding the provisions of Paragraph 1, if JSCC considers it inappropriate to apply the revised 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 Clearing Contracts, these revised Rules shall come into force as of the date designated by JSCC which is on or after 6 October 2025.

⁶⁰ cf. Rules on Default Settlement Regarding Clearing Participants in Relation to CDS Clearing Business, Article 8.5.

⁶¹ cf. Handling Procedures of CDS Clearing Business Rules, Article 58.1.

⁶² ~~cf. Handling Procedures of CDS Clearing Business Rules, Article 58.2.~~

Handling Procedures of CDS Clearing Business Rules

Original Document Title : CDS 取引清算業務に関する業務方法書の取扱い

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

Article 10. Requirements of Eligible CDS Transaction

The requirements prescribed under Article 2.1.(39) of the Business Rules shall be all of the following, or, in respect of the CDS Transactions between Clearing Brokers executed for Clearing Brokerage and the Hedge Transactions, all of the following requirements except for Item (1):

- (1) It shall be a CDS Transaction governed by ~~a master agreement stipulating the basic matters concerning the over-the-counter derivative transactions listed in Article 37.1 and~~ the ISDA Credit Derivatives Definitions;
- (2) Both of the Clearing Participants that are the parties to the CDS Transaction shall have requested Clearing for such CDS Transaction to JSCC pursuant to Article 48 of the Business Rules;
- (3) The Notional Amount and the Settlement Currency of the CDS Transaction shall be Japanese Yen (JPY);
- (4) The Notional Amount of the CDS Transaction is JPY1 or more and up to JPY100bil. (JPY100,000,000,000) without any fraction less than JPY1;
- (5) The remaining period to the Scheduled Termination Date as of the date of JSCC Clearing shall not be less than one day; and
- (6) In addition to those set forth above, it shall be a CDS Transaction which satisfies any other requirements prescribed by JSCC in a public notice.

Article 38-3. Matters related to Funds to be Settled upon Position Transfer of Proprietary Cleared Contracts

1 The Early Termination Charge and the amount ~~dueto be paid~~ upon Position Transfer/Transfer set forth in Article ~~583-34.34.(1).c.~~ of the Business Rules shall be calculated 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 next JSCC Business Day 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; and

(2) The amount ~~dueto be paid~~ upon Position Transfer/Transfer in the amount equal to the net Variation Margin deposited by the Carrying Clearing Participant with JSCC by the Termination Date of the Proprietary Cleared Contract to terminate pursuant to the first sentence of Article ~~583-34.3.(1).b.~~ of the Business Rules plus or minus the interest on Variation Margin to be settled on the next JSCC Business Day following the said termination date shall be settled between JSCC and the Successor Clearing Participant. 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 Participant, and if negative, it shall be paid by the Successor Clearing Participant to JSCC.

2 JSCC, the Successor Clearing Participant and the Carrying Clearing Participant shall settle the amount ~~dueto 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 pursuant to the provisions of Article ~~583-34.34.(1).c.~~ of the Business Rules on the next JSCC Business Day following the date of termination of the Proprietary Cleared Contract that shall terminate pursuant to the provisions of ~~the first sentence of~~ Article ~~583-34.3.(1).b.~~ 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 ~~dueto be paid~~ upon Position Transfer/Transfer pursuant to the provisions of Articles ~~58-53.34.(1).c., 58-5.3.(4).c.~~ and ~~58-53.3.(5).c.6~~ of the Business Rules. In this case, the reference to "Article ~~583-34.34.(1).c.~~" in the main body of Paragraph 1 shall be deemed to be the reference to "Articles ~~58-53.34.(1).c., 58-5.3.(4).c.~~ and ~~58-53.43.(5).c.6,~~" and, in Paragraph 1.(2), the reference to "Successor Clearing ~~BrokerParticipant~~" 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 "Proprietary Cleared Contract to terminate pursuant to ~~the first sentence of~~ Article ~~583-34.3.(1).b.~~" shall be deemed to be the reference to "Customer's Cleared Contract that shall terminate pursuant to the provisions of ~~the first sentence of~~ Articles ~~58-53.3.(1).b. and 58-5.3.(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 first sentence of~~ Article 58-~~53.3.(5).b.5~~; the same applies in this Article); the reference to "by the Carrying Clearing ~~Participant~~Broker" shall be deemed to be the reference to "by the Clearing Broker for the Transferring Customer"; the reference to "to the Successor Clearing ~~Broker~~Participant" shall be deemed to be the reference to "to the Receiving Clearing Participant"; the reference to "by the Successor Clearing ~~Broker~~Participant" shall be deemed to be the reference to "by the Receiving Clearing Participant," and, in Paragraph 2, the reference to "Successor Clearing ~~Broker~~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, the Clearing Broker for the Receiving Customer)"~~Clearing Broker for the Transferring Customer~~"; the reference to "Carrying Clearing ~~Broker~~Participant" shall be deemed to be the reference to "Clearing Broker for the Transferring Customer~~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-~~34.34.(1).c.~~ of the Business Rules" shall be deemed to be the reference to "Articles 58-~~53.34.(1).c.~~, ~~58-5.3.(4).c.~~ and 58-~~53.36.(5).c.~~ of the Business Rules"; and the reference to "Proprietary Cleared Contract" shall be deemed to be "Customer's Cleared Contract."

- 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-~~35.35.(3).c.~~ of the Business Rules. In this case, the reference to "Article 58-~~34.34.(1).c.~~" in the main body of Paragraph 1 shall be deemed to be the reference to "Articles 58-~~35.35.(3).c.~~," and, in Paragraph 1.(2), the reference to "Successor Clearing ~~Broker~~Participant" shall be deemed to be the reference to "Clearing Broker for the Receiving Customer"; the reference to "~~the first sentence of~~ Article 58-~~34.3.(1).b.~~ of the Business Rules" shall be deemed to be the reference to "~~the second sentence of~~ Article 58-~~35.3.(3).b.~~ of the Business Rules"; the reference to "by the Carrying Clearing ~~Broker~~Participant" shall be deemed to be the reference to "by the Transferring Clearing Participant"; the reference to "to the Successor Clearing ~~Broker~~Participant" shall be deemed to be the reference to "to the Clearing Broker for the Receiving Customer"; the reference to "by the Successor Clearing ~~Broker~~Participant" 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~~Participant" shall be deemed to be the reference to "Clearing Broker for the Receiving Customer"; the reference to "Carrying Clearing ~~Broker~~Participant" shall be

deemed to be the reference to "Transferring Clearing Participant"; the reference to "Article ~~583-34.34(1).c.~~ of the Business Rules" shall be deemed to be the reference to "Article 58-~~35.35(3).c.~~ of the Business Rules"; and the reference to "~~the first sentence of Article 583-34.3(1).b.~~" shall be deemed to be the reference to "~~the second sentence of Article 583-34.3(3).b.~~"

Article 38-4. 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 ~~583-34.3(1).a.~~ of the Business Rules shall be designated in a notification or a public notice.

Article 38-5. 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 Articles 58-5.3(1).a.(a) and 58-5.3(1).a.(b) of the Business Rules shall be designated in a notification or a public notice.

Article 43-3. Method of Application for Transfer

The method to be prescribed under ~~Article 53-3.3~~, Articles 58-2.3 and 58-2.~~54~~ and Articles 58-4.3 and 58-4.~~54~~ of the Business Rules shall be those prescribed by JSCC in a notification or a public notice.

Article 43-4. Matters related to Claims and Obligations Arising as a Result of Transfer of Clearing Brokerage Contracts or Proprietary Cleared Contracts

The terms and conditions designated by JSCC under Articles ~~58-3.3(3).a.(b)~~ and ~~Articles 58-5.3(4).a. and 58-5.3(5).a.(b)~~~~58-3.5 and Article 58-5.3~~ of the Business Rules shall be designated in a notification or a public notice.

Article 43-5. Matters concerning Submission of Request to JSCC related to Transfer of Cleared Contracts between Sub-Accounts

1 The terms and conditions designated by JSCC under Articles 59-2.2 and 59-2.4 and Articles 59-3.2 and 59-3.4 of the Business Rules shall be designated in a notification or a public notice.

2 The time to be prescribed by JSCC under Article 59-2.3 and Article 59-3.3 of the Business Rules shall be prescribed in a notification or a public notice.

Article 50. Measures to Ensure Reliability of Settlement Price

1 The criteria separately prescribed by JSCC under Article 76.1 of the Business Rules shall be as follows:

- (1) When pairing up a quote a Clearing Participant reported to JSCC pursuant to Article 75.1 or 75.2 of the Business Rules with a quote another Clearing Participant reported to JSCC in the manner prescribed by JSCC in a notification or a public notice, such pair meets the criteria prescribed by JSCC in a notification or a public notice; or
 - (2) A range of deviation of a quote a Clearing Participant reported to JSCC pursuant to Article 75.1 or 75.2 of the Business Rules from the base value prescribed by JSCC in a notification or a public notice is not less than the level prescribed by JSCC in a notification or a public notice.
- 2 When a Clearing Participant submitted a quote for an Index CDS Transaction that meets the criteria specified in Paragraph 1.(1) to JSCC on a day designated by JSCC, it shall execute the ~~Eligible CDS Transaction~~ with for the Issue for which said quote was submitted with such other Clearing Participant reported to JSCC the other quote of the pair under Paragraph 1.(1) at a price determined by JSCC based on said quote, in the manner prescribed by JSCC in a notification or a public notice, ~~and request JSCC for Clearing of that Eligible CDS Transaction, unless:~~
 - ~~(1) Such Eligible CDS Transaction came in effect between the relevant Clearing Participant and such other Clearing Participant through Clearing Brokerage for a Customer of the relevant Clearing Participant, and the relevant Clearing Participant requested JSCC for Clearing of that Eligible CDS Transaction; or~~
 - ~~(2) Another Clearing Participant acting as an agent for the relevant Clearing Participant executed said Eligible CDS Transaction with such other Clearing Participant, and requested JSCC for Clearing of that Eligible CDS Transaction.~~
- 3 The terms and conditions of CDS Transaction prescribed by JSCC under Article 76.1 of the Business Rules shall be Notional Amount of JPY1bil. (JPY1,000,000,000), and other necessary matters shall be prescribed by JSCC in a notification to Clearing Participants.
- 4 When a Clearing Participant submitted a quote for a Single Name CDS Transaction that meets the criteria specified in Paragraph 1.(1) to JSCC on a day designated by JSCC, that Clearing Participant shall pay an additional fee of JPY50,000 for each day on which its quote meets the criteria specified in Paragraph 1.(1).
- 5 When a Clearing Participant submitted a quote that meets the criteria specified in

Paragraph 1.(2) to JSCC, the amount of an additional fee prescribed by JSCC under Article 76.1 of the Business Rules shall be, depending upon the case, as follows:

- (1) When the number of days on which a Clearing Participant submitted a quote that meets the criteria specified in Paragraph 1.(2) is two (2) during the past 6-month period: JPY50,000; and
- (2) When the number of days a Clearing Participant submitted a quote that meets the criteria specified in Paragraph 1.(2) is three (3) or more during the past 6-month period: JPY100,000 for each day from the third day on which it submitted a quote that meets the criteria specified in Paragraph 1.(2).

6 The amount of additional fee prescribed by JSCC under Article 76.~~32~~ of the Business Rules shall be, depending upon the case, as follows:

- (1) When the number of days a Clearing Participant failed to submit quotes, entirely or partially, under Article 75.1 or 75.2 of the Business Rules is two (2) during the past 6-month period: JPY50,000; and
- (2) When the number of days a Clearing Participant failed to submit quotes, entirely or partially, under Article 76.1 or 76.2 of the Business Rules is three (3) or more: JPY100,000 for each day from the third day on which it failed submission of quotes.

7 The provisions of Paragraphs 5 and 6 shall apply separately to Index CDS Transactions and Single Name CDS Transactions.

8 The additional fee as set forth in Article 76 of the Business Rules shall be calculated monthly, and shall be paid together with the payment of the Clearing Fee set forth in Article 3.1 of the Rules on Fees for CDS Clearing Business.

Article 52. Fund Settlement

1 The payments and receipts of cash amounts specified under Article 80.1 of the Business Rules shall be the payments and receipts of the following:

- (1) Variation Margin;
- (2) Interests on Variation Margin;

- (3) The Fourth Tier Special Clearing Charge Collateral deposited pursuant to Article 30.(1) of the Rules on Default Settlement Regarding Clearing Participants in relation to CDS Clearing Business;
- (4) The Fixed Amount;
- (5) The amount of Settlement;
- (6) The Fixed Amount payable at Settlement;
- (7) The Initial Payment Amount ~~in connection with Hedge Transactions;~~
- (8) The amount to be paid upon Position Transfer set forth Article 8.4.(1) of the Rules on Default Settlement Regarding Clearing Participants in relation to CDS Clearing Business and the unpaid Fixed Amount set forth in Article 8.4.(2) of the Rules on Default Settlement Regarding Clearing Participants in relation to CDS Clearing Business;
- (9) The Successful Bid Amount set forth in Article 19 of the Rules on Default Settlement Regarding Clearing Participants in relation to CDS Clearing Business;
- (10) The Early Termination Charge which becomes payable in connection with the termination of Cleared Contracts set forth in Article 98.2 of the Business Rules; and
- (11) The Early Termination Charge and the amount ~~due to be paid~~ upon Position Transfer/Transfer set forth in ~~Article 53-4.4, Articles 58-3.34.(1).c. and 58-3.3.(3).c., and Articles 58-5.3.(1).c., 58-5.3.(4).c. and 58-5.3.(5).c. and Article 58-3.6~~ of the Business Rules.

2 The manner prescribed under Article 80.1 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 2 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 80.2 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 58. Outsourcing

~~4~~ The activities to be specified under Article 118.1 of the Business Rules shall be those related to calculation of Settlement Price in accordance with Articles 75.1 and 75.2 of the Business Rules.

~~2 A person to be designated under Article 118.1 of the Business Rules shall be Markit Group Limited.~~

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 Clearing Contracts, these amendments shall come into force as of the date designated by JSCC which is on or after October 6, 2025.

Rules on Fees for CDS Clearing Business

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

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

Article 4-3. Position Transfer Fee

The Position Transfer Fee for each ~~Proprietary-Cleared Contract~~ or Clearing Brokerage Contract subject to Transfer (as such term defined in Article 2.1.(1)-2 of the Business Rules), Position Transfer (as such term defined in Article 2.1.(18)-2 of the Business Rules, but excluding Position Transfer under Article 95 of the Business Rules) or a take-over under Articles 40 through 40-4 of the Business Rules ~~Position Transferred pursuant to the provisions of Article 53-4.2 of the Business Rules, each Customer's Cleared Contract related to the Clearing Brokerage Contract Positioned Transferred pursuant to the provisions of Article 58-3.2 or each Proprietary-Cleared Contract Position Transferred pursuant to the provisions of Article 58-5.2, as applicable,~~ shall be the amount obtained using the below formulae:

$$\text{JPY600} \times \text{Notional Amount} / 100,000,000.$$

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 Clearing Contracts, these amendments shall come into force as of the date designated by JSCC which is on or after October 6, 2025.