

Partial Amendment to Rules on Fees for CDS Clearing Business in Association with the Revision of Trade Reporting Fee

I. Purpose of Amendment

Currently JSCC reports the trade data related to CDS Clearing Service to the Financial Services Agency. As the regulatory notice for “matters that specify other unavoidable reasons pursuant to the provisions of Article 3-2 (iv) and Article 7-2 (iv) of the Cabinet Office Order on Regulation of Over-the-Counter Transactions of Derivatives, etc.” (Regulatory Notice of the Financial Services Agency No.10, 2021) will expire on March 31, 2024, the reporting to the Financial Services Agency will become invalid on and after April 1, 2024. Accordingly, from April 1, 2024, JSCC will start reporting to DTCC Data Repository (Japan) K.K. (hereinafter referred to as “DDRJ”), which is a Trade Data Repository.

In align with above, JSCC will make necessary amendments to the Rules on Fees for CDS Clearing Business so that Clearing Participants will bear the actual amount of the fee invoiced to JSCC by DDRJ as per Annex attached hereto.

II. Outline of Amendment

- As for the portion invoiced corresponding to the outstanding number of reports in the monthly invoiced fee by DDRJ, JSCC will invoice the fee amount to each Clearing Participant, calculated by proration by the outstanding number of reports.

(Remark)

- Rules on Fees for CDS Clearing Business

III. Effective Date

These amendments shall come into force on April 1, 2024

Rules on Fees for CDS Clearing Business

(Article 1 Purpose)

- 1 The purpose of these Rules on Fees for CDS Clearing Business (hereinafter referred to as “Rules”) is to prescribe matters necessary to prescribe in connection with the fees for CDS Clearing Business charged by Japan Securities Clearing Corporation (hereinafter referred to as “JSCC”) pursuant to the provisions of Article 16 of the CDS Clearing Business Rules (hereinafter referred to as “Business Rules”) established by JSCC.
- 2 The terms used in these Rules shall have the meanings of the same terms used in the Business Rules unless otherwise prescribed in these Rules.

(Article 2 Types of Fees)

The fees prescribed by JSCC as set forth in Article 16 of the Business Rules shall mean the clearing fee, the Compression fee, the Ad Hoc Compression fee, the Position Transfer, etc. fee, the Settlement fee, the Collateral Fee and Trade Reporting Fee.

(Article 3 Clearing Fee)

- 1 The clearing fee for Index CDS Transactions shall be the sum of the amount set forth in each of the following Items according to the classification of Clearing Participant set forth in each such Item:
 - (1) For the Clearing Participants set forth in Paragraph 1 of Article 75 of the Business Rules (limited to those who have received the Designation for Index CDS Transactions):
700 yen per 100 million yen of the Notional Amount of each Clearing Contract that has been executed; and
 - (2) For any Clearing Participants other than those set forth in the preceding Item:
800 yen per 100 million yen of the Notional Amount of each Clearing Contract that has been executed.
- 2 If the sum referred to in the preceding Paragraph exceeds 40 million yen per month, the clearing fee for such month shall be 40 million yen. If such sum falls below 100,000 yen (and for any Clearing Participant who have been granted the CDS Clearing Qualification during such month, 100,000 yen multiplied by the proportion of the number of JSCC Business Days which run on and after the day on which the Clearing Participant has been granted the CDS Clearing Qualification until the end of that month to the total number of JSCC Business Days during that month; hereinafter the same in this Paragraph) per month, the clearing fee for such month shall be 100,000 yen.
3. The preceding Paragraph shall not apply to the fee payable by the Clearing Participant to JSCC pursuant to Article 76 of the Business Rules in addition to the fees prescribed in Article 16 of the Business Rules.

(Article 3-2 Clearing Fee for Single Name CDS Transactions)

- 1 The clearing fee for Single Name CDS Transactions shall be the sum of the amount set forth in each of the following Items according to the classification of Clearing Participant set forth in

each such Item; provided that in respect of any Clearing Contract for which an Eligible CDS Transaction has been executed as an underlying transaction prior to the commencement of Single Name CDS Clearing Business by JSCC, the clearing fee for such Clearing Contract shall be 2,400 yen per 100 million yen in the Notional Amount thereof regardless of the classification of the Clearing Participant as set forth in each of the following Items:

- (1) For the Clearing Participants set forth in Paragraph 1 of Article 75 of the Business Rules (limited to those who have received the Designation for Single Name CDS Transactions):
4,200 yen per 100 million yen of the Notional Amount of each Clearing Contract that has been executed; and
- (2) For any Clearing Participants other than those set forth in the preceding Item:
4,800 yen per 100 million yen of the Notional Amount of each Clearing Contract that has been executed.

2 If the sum referred to in the preceding Paragraph exceeds 40 million yen per month, the clearing fee for such month shall be 40 million yen. If such sum falls below 100,000 yen (and for any Clearing Participants who have been granted the CDS Clearing Qualification during such month, 100,000 yen multiplied by the proportion of the number of JSCC Business Days which run on and after the day on which the Clearing Participant has been granted the CDS Clearing Qualification until the end of that month to the total number of JSCC Business Days during that month; the same shall apply in this Paragraph) per month, the clearing fee for such month shall be 100,000 yen.

3 The preceding Paragraph shall not apply to the fee payable by the Clearing Participant to JSCC pursuant to Article 76 of the Business Rules in addition to the fees prescribed in Article 16 of the Business Rules.

(Article 4 Compression Fee)

The Compression Fee shall be, by each pair of Clearing Contracts terminated as a result of a Compression as set forth in Article 53 of the Business Rules, 600 yen per 100 million yen of double the smaller of the total Notional Amount of Clearing Contracts under which JSCC is the seller and the total Notional Amount of Clearing Contracts under which JSCC is the buyer (or, if both amounts are the same, such amount).

(Article 4-2 Ad Hoc Compression Fee)

The Ad Hoc Compression Fee shall be, by each pair of Clearing Contracts terminated as a result of an Ad Hoc Compression as set forth in Article 53-2 of the Business Rules, 600 yen per 100 million yen of the sum of the total Notional Amount of Clearing Contracts under which JSCC is the seller and the total Notional Amount of Clearing Contracts under which JSCC is the buyer.

(Article 4-3 Position Transfer, etc. Fee)

The Position Transfer, etc. Fee shall be, by each Clearing Contracts (Own Account) in respect of which the succession becomes effective pursuant to the provisions of Article 53-4, Paragraph 2 of the Business Rules, by each Clearing Contract (Customer Account) corresponding to the Clearing Brokerage Contract of which the Transfer becomes effective pursuant to the provisions

of Article 58-3, Paragraph 2 of the Business Rules, or by each Clearing Contract (Own Account) in respect of which the Transfer becomes effective pursuant to the provisions of Article 58-5, Paragraph 2 of the Business Rules, 600 yen per 100 million yen of the Notional Amount.

(Article 5 Settlement Fee)

1 The Settlement Fee for Index CDS Transactions shall be 500 yen for each Clearing Contract to be settled.

2 The Settlement Fee for Single Name CDS Transactions shall be 3,000 yen for each Clearing Contract to be settled.

(Article 5-2 Collateral Fee)

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

2 The Collateral Fee payable by a Clearing Participant shall be the sum of the values obtained as per Items below for a period from but excluding the end of March, June, September or December, or, if that day is a Business Holiday other than an extraordinary holiday, the next day that is not a Business Holiday (each of such date shall be referred to as a "Calculation Date" in this Paragraph) to and including the next Calculation Date (referred to as the "Calculation Period"):

(1) JGB Management Costs

The value obtained by following formula:

$(\text{Average Face Value of JGB posted by a Clearing Participant as Collateral during Calculation Period}) \times (\text{Actual Number of Days in Calculation Period}) / 365 \times 0.11 / 10,000$

(2) US Treasuries Management Costs

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

a. $(\text{Average of Japanese yen equivalent of the face value of US Treasuries posted by a Clearing Participant as Collateral during the Calculation Period converted into Japanese yen in the manner prescribed by JSCC in public notice}) \times (\text{Actual Number of Days in the Calculation Period}) / 365 \times 0.11 / 10,000$

b. The sum of the values obtained by below formula in each month during the Calculation Period

$(\text{Sum of the face value of US Treasuries posted by a Clearing Participant as Collateral as of the end of each month}) \times (\text{Actual Number of Days in the relevant month}) / 365$

X 0.8 / 10,000

- c. 10 U.S. dollars X (Number of Posting and Withdrawal Instructions given by a Clearing Participant in relation to US Treasuries posted as Collateral during the relevant Calculation Period)
- (3) The costs related to Money Trust (applicable only when a negative interest rate applies to a portion of the current account under the Complimentary Deposit Facility of the Bank of Japan and JSCC is to bear the trust fee corresponding to such interest rate)
The sum of the values obtained by below formula on each day during the Calculation Period
(Portion of Collateral posted by a Clearing Participant to JSCC in the form of Cash on the relevant day which is held in the manner of the Money Trust to the bank which operates trust business) X $1/365$ x (absolute value of the relevant negative interest rate)
- (4) In addition to the costs described in Items (1), (2) and (3) above, other costs incurred by JSCC in fulfilling a Clearing Participant's requests regarding the management of Collateral.

(Article 5-3 Trade Reporting Fee)

1 The Trade Reporting Fee related to Trade Data Repository Reported Clearing Contracts (CDS) for each month shall be the amount obtained using the below formula:

(Amount Prescribed by JSCC in the Public Notice as Total Amount of Fee Equivalent corresponding to Number of Trade Data Repository Reported Clearing Contracts (CDS)) X (Number Determined in a manner Prescribed by JSCC in the Public Notice as Number of Outstanding Trade Data Repository Reported Clearing Contracts (CDS) related to a Clearing Participant) / (Number Determined in a manner Prescribed by JSCC in the Public Notice as Total Number of Outstanding Trade Data Repository Reported Clearing Contracts (CDS)).

2 The Trade Reporting Fee related to SDR Reported Clearing Contracts (CDS) for each month shall be the Japanese yen equivalent, converted as prescribed by JSCC in the public notice, of the amount obtained using the below formula:

(Amount Prescribed by JSCC in the Public Notice as Total Amount of Fee Equivalent corresponding to Number of SDR Reported Clearing Contracts (CDS)) X (Number Determined in a manner Prescribed by JSCC in the Public Notice as Number of Outstanding SDR Reported Clearing Contracts (CDS) related to a Clearing Participant) / (Number Determined in a manner Prescribed by JSCC in the Public Notice as Total Number of Outstanding SDR Reported Clearing Contracts (CDS)).

3 "Trade Data Repository Reported Clearing Contracts (CDS)" means the Clearing Contracts of which information, such as the parties (and, for a Clearing Contract (Customer Account), Clearing Customer which is the party to the Clearing Brokerage Contract corresponding to the relevant Clearing Contract (Customer Account)), Notional Amount and other information, has been reported to Trade Data Repository (as such term defined in Paragraph 1 of Article 156 of

the Financial Instruments and Exchange Act (Act No. 25 of 1948)).

24 For the purpose of Paragraphs 2 of this Article~~the immediately preceding paragraph~~, “SDR Reported Clearing Contracts (CDS)” means the Clearing Contracts of which information, such as the parties (and, for a Clearing Contract (Customer Account), Clearing Customer which is the party to the Clearing Brokerage Contract corresponding to the relevant Clearing Contract (Customer Account)), Notional Amount and other information, has been reported to the Swap Data Repository (as such term defined in the U.S. Commodity Exchange Act, Section 1a (48)).

(Article 6 Due Date, etc. of Fee)

- 1 Each Clearing Participant shall pay to JSCC the total amount of the clearing fee, the Compression fee, the Ad Hoc Compression fee, the Position Transfer, etc. fee and the Settlement fee accrued in each month by the 20th day of the following month (if such day is not a JSCC Business Day, the following JSCC Business Day of such day), together with the amount of applicable consumption tax and local consumption tax.
- 2 A Clearing Participant shall pay to JSCC the Collateral Fee determined for each Calculation Period by the 20th calendar day (or if that day is not a JSCC Business Day, then next JSCC Business Day) of the second month following the month in which the last day of the Calculation Period belongs (or, if the last day of the Calculation Period is deferred beyond the end of March, June, September or December, the next month following the month in which the last day of the Calculation Period belongs), together with the amount equivalent to the applicable consumption tax and local consumption tax (other than those associated with the costs described in Article 5-2, Paragraph 2, Item (2), b. and c.).
- 3 Each Clearing Participant shall pay to JSCC the Trade Reporting Fee accrued in each month by the 20th day of the second month following the month of the fee accrual (if such day is not a JSCC Business Day, the following JSCC Business Day of such day), together with the amount of applicable consumption tax and local consumption tax.

Supplementary Provisions

These Rules shall be enforced effective as of 19 July 2011.

Supplementary Provisions

These amended Rules shall be enforced effective as of 23 July 2012.

Supplementary Provisions

- 1 These amended Rules shall be enforced effective as of 24 February 2014 (“Effective Date”).
- 2 Notwithstanding the provisions of Article 5-2, Paragraph 2, the initial Calculation Period after the implementation of these amendments shall commence on the Effective Date and end on March 31, 2014.

Supplementary Provisions

These amended Rules shall be enforced effective as of 15 December 2014.

Supplementary Provisions

These amended Rules shall be enforced effective as of 15 June 2015.

Supplementary Provisions

- 1 These revised Rules shall come into force as of 9 March 2016.
- 2 With respect to the handling of the clearing fee for Voluntary Termination (meaning the “the clearing fee for Voluntary Termination” set forth in Article 4 of these Rules before the revision) in respect of the Voluntary Terminations for which JSCC receives applications by the day that is immediately preceding the date of enforcement of these revisions, the provisions of the Rules before revision shall apply.

Supplementary Provisions

These amended Rules shall be enforced effective as of 5 June 2017.

Supplementary Provisions

These amended Rules shall be enforced effective as of 1 November 2017.

Supplementary Provisions

These amended Rules shall be enforced effective as of 6 April 2018.

Supplementary Provisions

1. These amendments shall come into force as of 1 April 2019.
2. Notwithstanding the provisions of Paragraph 2 of Article 5-2, the last Calculation Date before these amendments come into force shall be the day immediately preceding the effective date of these amendments.
3. 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 1 April 2019.

Supplementary Provisions

1. These amendments shall come into force as of 1 April 2024.