

Partial Amendment to Handling Procedures of Business Rules and Other Rules for OTC Derivatives Clearing Service in association with Addition of Management Methods of Clearing Deposit in the Form of JPY Cash

I. Purpose of Amendment

JSCC will make necessary amendments to the Handling Procedures of CDS Business Rules, the Handling Procedures of Interest Rate Swap Business Rules and other rules for CDS Clearing Service and IRS Clearing Service as per Annex attached hereto for the purpose of:

- i) adding some methods for the management of the Clearing Deposit deposited by Clearing Participants and Customers in the form of JPY cash (hereinafter referred to as “JPY Cash Collateral”) that is held in trust to deal with future change in management environment; and
- ii) accommodating a change of trust fee JSCC owes to the trust bank in association with a replacement of a trust bank to act as custodian for the Clearing Deposit.

II. Outline of Amendment

1. Addition of Management Methods for JPY Cash Collateral

In addition to the currently available methods, the methods listed below are also allowed for JPY Cash Collateral management:

- (1) Time deposit with the bank engaging in trust business which has accepted trust of Clearing Deposit;
- (2) Reverse repo transactions with financial institutions; and
- (3) Investment in JGBs.

2. Revision of Collateral Fee Calculation Method for Clearing Deposit Held in Trust

- In association with an addition of the JPY Cash Collateral management methods, out of the Collateral Fee, JSCC revises the calculation method of 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).
- In association with the change of the calculation method of the trust fee payable by JSCC to the trust bank, out of the Collateral Fee, JSCC revises the calculation method of the securities collateral management costs.

(Remarks)

- Handling Procedures of CDS Business Rules, Article 52-3
- Handling Procedures of Interest Rate Swap Business Rules, Article 44-2
- Rules on Fees for CDS Clearing Business, Article 5-2
- Rules on Fees for IRS Clearing Business, Article 5-4

III. Effective Date

These amendments shall come into force on April 1, 2024.

Handling Procedures and other Rules Partial Amendment
concerning CDS Clearing Business

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Handling Procedures of CDS Business Rules

(Article 52-3 Clearing Deposit Management)

1 The management carried out by JSCC as set forth in Paragraph 2 of Article 88 of the Business Rules in respect of CDS Clearing Fund, Initial Margin and Default Contingent Margin deposited in cash by Clearing Participants and Clearing Customers with JSCC which is under management pursuant to Item (1), b. of Paragraph 1 of the immediately preceding Article and Item (1), b. of Paragraph 2 of the same Article will be carried out via any of the following mechanisms:

- (1) Secured call loan to financial institutions;
- (2) Loan to the bank engaging in trust business which has accepted trust of CDS Clearing Fund, Initial Margin and Default Contingent Margin;~~or~~
- (3) Ordinary deposit with the bank engaging in trust business which has accepted trust of CDS Clearing Fund, Initial Margin and Default Contingent Margin;~~-~~
- (4) Time deposit with the bank engaging in trust business which has accepted trust of CDS Clearing Fund, Initial Margin and Default Contingent Margin;
- (5) Reverse repo transactions with financial institutions; or
- (6) Investment in JGBs.

Supplementary Provisions

These revised Rules shall come into force as of 1 April 2024.

Rules on Fees for CDS Clearing Business

(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:
(Average Face Value of JGB posted by a Clearing Participant as Collateral during Calculation Period) X (Actual Number of Days in Calculation Period) / 365 X ~~0.500-11~~ / 10,000

 - (2) US Treasuries Management Costs
The sum of the values obtained by formulae in a. through c. below:
 - a. (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) X (Actual Number of Days in the Calculation Period) / 365 X ~~0.500-11~~ / 10,000

 - b. The sum of the values obtained by below formula in each month during the Calculation Period (Sum of the Market Value (referring to the amount calculated by JSCC in the manner prescribed in a public notice, then converted into JPY) the face value of US Treasuries posted by a Clearing Participant as Collateral as of the end of each month) X (Actual Number of Days in the relevant month) / 365 X ~~1.00-8~~ / 10,000

 - c. JPY equivalent of the amount obtained by the formula shown below converted into JPY in a manner prescribed by JSCC in a public notice
~~2040~~ 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 and is managed in a manner set forth in Article 52-3, Items (3) and (4) of the Handling Procedures of CDS Business Rules) X 1/365 x (absolute value of the relevant negative interest rate)

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

(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

1 These amended Rules shall be enforced effective as of 1 April 2024.

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

Handling Procedures of Interest Rate Swap Business Rules

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

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

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

Article 44-2. Clearing Deposit Management

1 The management carried out by JSCC as set forth in Article 87.2 of the Business Rules in respect of IRS Clearing Fund, Initial Margin and Default Contingent Margin deposited in Cash by Clearing Participants and Customers with JSCC which is under management pursuant to Article 44.1.(1).b. and Article 44.2.(1).b. will be carried out via any of the following mechanisms:

- (1) Secured call loan to financial institutions;
- (2) Loan to the bank engaging in trust business which has accepted trust of IRS Clearing Fund, Initial Margin and Default Contingent Margin;~~or~~
- (3) Ordinary deposit with the bank engaging in trust business which has accepted trust of IRS Clearing Fund, Initial Margin and Default Contingent Margin;~~or~~
- (4) Time deposit with the bank engaging in trust business which has accepted trust of IRS Clearing Fund, Initial Margin and Default Contingent Margin;
- (5) Reverse repo transactions with financial institutions; or
- (6) Investment in JGBs.

Supplementary Provision

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

Rules on Fees for IRS Clearing Business

Original Document Title : 金利スワップ取引清算業務に係る手数料に関する規則

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

Article 5-4. Collateral Fee

1 The Collateral Fee is the amount equivalent to the costs associated with the management of Eligible Securities Collateral deposited by a Clearing Participant with JSCC as IRS Clearing Fund, Initial Margin (including that related to Customer's Cleared Contracts) and Default Contingent Margin (collectively referred to as "Collateral" in this Article), the costs associated with the money trust to a bank which operates trust business as set forth in Articles 44.1.(1).b and 44.2.(1).b. of the Handling Procedures of Interest Rate Swap 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" in this Paragraph):

- (1) JGB Management Costs
The value obtained by following formula:
(Average Face Value of JGB posted by a Clearing Participant as Collateral during Calculation Period) X (Actual Number of Days in Calculation Period) / 365 X ~~0.500-11~~ / 10,000
- (2) US Treasuries Management Costs
The sum of the values obtained by formulae in a. through c. below:
 - a. (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) X (Actual Number of Days in the Calculation Period) / 365 X ~~0.500-11~~ / 10,000
 - b. The sum of the values obtained by below formulae in each month during the Calculation Period
(Sum of the Market Value (referring to the amount calculated by JSCC in the manner prescribed in a public notice, then converted into JPY) face value of US Treasuries posted by a Clearing Participant as Collateral as of the end of each month) X (Actual Number of Days in the relevant month) / 365 X ~~1.00-8~~ / 10,000
 - c. JPY equivalent of the amount obtained by the formula shown below converted into JPY in a manner prescribed by JSCC in a public notice ~~2010~~ 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 formulae 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 and is managed in a manner set forth in Article 44-2.1.(3), Article 44-2.1.(4) and Article 44-2.2 of the Handling Procedures of Interest Rate Swap Business Rules) X 1/365 x (absolute value of the relevant negative interest rate)

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

Article 7. Fee Payment Date

1 Each Clearing Participant shall pay to JSCC the total amount of the Base Fee, the Clearing Fee related to JPY Cleared Contracts and Foreign Currency Cleared Contracts, the Compression Fee, the Client Clearing Fee, the Account Opening Fee, the Foreign Currency Settlement Fee, the Position Transfer Fee and cross margining 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), together with the amount equal to the 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 5-4, 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

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

2. Notwithstanding the provisions of Article 5-4.2, the last Calculation Date before these amendments come into force shall be the day immediately preceding the effective date of these amendments.