

**清算委託者の利便性向上等に伴う  
「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」等の一部改正について**

**I. 改正趣旨**

当社の金利スワップ取引清算業務において、清算委託者が受託清算参加者と締結する金利スワップ清算受託契約書等について、現行の日本語様式に加えて英語様式の利用を可能とするなど、清算委託者の利便性向上等を図るため、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等について、別紙のとおり所要の改正を行う。

**II. 改正概要**

**1. 英語様式の金利スワップ清算受託契約書等の導入**

- ・金利スワップ清算受託契約書について、現行の日本語様式に加え、英語様式を定める。
- ・清算委託者が当社に差し入れる誓約書について、現行の日本語様式に加え、英語様式を定める。

**2. クライアント・クリアリング手数料に係る特則の届出時期等の追加**

- ・受託清算参加者がクライアント・クリアリング手数料に係る特則の適用を受ける委託取引口座を当社に届け出ることができる時期及びその届出を取り下げることができる時期について、現行の3月及び9月に、6月及び12月を追加し、四半期毎に当該届出又は取下げを行うことができるものとする。

**3. ポジション移管の自動化に伴う手数料の導入**

- ・ポジション移管について、既存の方式に加え、初期の申請に基づき自動的にポジションを移管する方式を導入することに伴い（ポジション移管の自動化）、ポジション移管について手数料を設定する。
- ・ポジション移管手数料は、移管（承継（破綻時を除く。）及び引継ぎを含む。）された清算約定又は清算委託取引1件につき

（備 考）

- ・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（以下「IRS業務方法書の取扱い」という。）第7条、様式第3号の2等
- ・IRS業務方法書の取扱い第26条、様式第4号の2等

- ・金利スワップ取引清算業務に係る手数料に関する規則（以下「手数料規則」という。）第5条の2の2

- ・手数料規則第2条、第5条の9、第7条

2,000円とし、移管先の自己取引口座及び各委託取引口座ごとに計算する。

- ・1計算年度において、100件までの部分は無料とし、4,000万円を上限とする。

### Ⅲ. 施行日

2018年12月3日から施行する。ただし、ポジション移管の自動化に伴う手数料の導入に伴う改正は、当社が定める日から施行する。

以 上

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等の一部改正新旧対照表

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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の一部改正新旧対照表

新	旧
<p>(清算受託契約)</p> <p>第7条 業務方法書第2条第1項第31号に規定する当社が定める様式は、別紙様式第3号及び同第3号の2の様式とする。</p> <p>(清算受託契約に係る誓約書)</p> <p>第26条 業務方法書第43条第2項に規定する当社が定める誓約書は、別紙様式第4号及び同第4号の2の様式によるものとする。</p> <p>(清算約定の内容等の報告)</p> <p>第47条の4 (略)</p> <p>2～5 (略)</p> <p>6 受託清算参加者は、清算委託者がSDRに対し、委託清算約定(別紙様式第3号「金利スワップ清算受託契約書」第2条第1号に規定する委託清算約定及び別紙様式第3号の2「<u>Interest Rate Swap Clearing Brokerage Agreement</u>」Article 2. (1)に規定する<u>Cleared Contract subject to Brokerage</u>をいう。)に係る前項に規定する報告を行わないよう努めるものとする。</p> <p>7～9 (略)</p>	<p>(清算受託契約)</p> <p>第7条 業務方法書第2条第1項第31号に規定する当社が定める様式は、別紙様式第3号の様式とする。</p> <p>(清算受託契約に係る誓約書)</p> <p>第26条 業務方法書第43条第2項に規定する当社が定める誓約書は、別紙様式第4号の様式によるものとする。</p> <p>(清算約定の内容等の報告)</p> <p>第47条の4 (略)</p> <p>2～5 (略)</p> <p>6 受託清算参加者は、清算委託者がSDRに対し、委託清算約定(別紙様式第3号「金利スワップ清算受託契約書」第2条第1号に規定する委託清算約定をいう。)に係る前項に規定する報告を行わないよう努めるものとする。</p> <p>7～9 (略)</p>
<p>付 則</p>	
<p>この改正規定は、平成30年12月3日から施行する。</p>	
<p>様式第3号 清算受託契約の様式(日本語) 金利スワップ清算受託契約書</p> <p>(注1) 甲及び乙は、清算受託契約の締結に際して本規則別紙様式第3号又は同第3号の2</p>	<p>様式第3号 清算受託契約の様式 金利スワップ清算受託契約書</p> <p>(新設)</p>

<p><u>のいずれかの様式を選択できるものとする。</u></p> <p>(注<sub>2</sub>) (略)</p> <p>(注<sub>3</sub>) (略)</p> <p>(注<sub>4</sub>) (略)</p> <p>(注<sub>5</sub>) (略)</p> <p>(注<sub>6</sub>) (略)</p> <p>(注<sub>7</sub>) (略)</p> <p>(注<sub>8</sub>) (略)</p> <p>(注<sub>9</sub>) (略)</p> <p><u>様式第3号の2 清算受託契約の様式 (英語)</u>  ※本新旧対照表の別紙1のとおり改正</p> <p><u>様式第4号 誓約書の様式 (日本語)</u>  誓約書</p> <p>2. (略)</p> <p>(1) ~ (4) (略)</p> <p><u>(注) 清算委託者は、誓約書の提出に際して本規則別紙様式第4号又は同第4号の2のいずれかの様式を選択できるものとする。</u></p> <p><u>様式第4号の2 誓約書の様式 (英語)</u>  ※本新旧対照表の別紙2のとおり改正</p>	<p>(注<sub>1</sub>) (略)</p> <p>(注<sub>2</sub>) (略)</p> <p>(注<sub>3</sub>) (略)</p> <p>(注<sub>4</sub>) (略)</p> <p>(注<sub>5</sub>) (略)</p> <p>(注<sub>6</sub>) (略)</p> <p>(注<sub>7</sub>) (略)</p> <p>(注<sub>8</sub>) (略)</p> <p>(新設)</p> <p>様式第4号 誓約書の様式  誓約書</p> <p>2. (略)</p> <p>(1) ~ (4) (略)</p> <p>(新設)</p> <p>(新設)</p>
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金利スワップ取引清算業務に係る手数料に関する規則の一部改正新旧対照表

新	旧
<p>(手数料の種類)</p> <p>第2条 業務方法書第16条に規定する当社が定める手数料は、基本料、円貨建清算約定及び外貨建清算約定に係る清算手数料、コンプレッション手数料、クライアント・クリアリング手数料、口座開設手数料、外貨決済手数料、クロスマージン手数料、LIBORライセンス手数料、<u>ポジション移管手数料</u>、コラテラル手数料並びに取引報告手数料とする。</p> <p>(クライアント・クリアリング手数料に係る特則)</p> <p>第5条の2の2 (略)</p> <p>2・3 (略)</p> <p>4 第1項に規定する届出は、<u>毎年3月、6月、9月又は12月</u>に行うものとする。当該届出が行われた場合には、当該届出の行われた月の翌月のクライアント・クリアリング手数料から、本条の規定が適用される。</p> <p>5 (略)</p> <p>6 清算参加者は、第1項に規定する届出を取り下げることができるものとする。当該取下げは、<u>毎年3月、6月、9月又は12月</u>に行うものとし、当該取下げが行われた場合には、当該取下げの行われた月の翌月のクライアント・クリアリング手数料から、本条の規定が適用されず、前条の規定が適用される。</p> <p><u>(ポジション移管手数料)</u></p> <p>第5条の9 <u>ポジション移管手数料は、移管(業務方法書第2条第1項第1号に規定する移管、同項第24号の2に規定する承継(同第94条及び同第94条の2に規定する承継を除く。)</u>及び同第40条から第40条の4までに規定する引継ぎをいう。)された清算約定又は清算委託取引ごとに1件あたり2,000円とし、移管先である自己取引口座及び各委託取引口</p>	<p>(手数料の種類)</p> <p>第2条 業務方法書第16条に規定する当社が定める手数料は、基本料、円貨建清算約定及び外貨建清算約定に係る清算手数料、コンプレッション手数料、クライアント・クリアリング手数料、口座開設手数料、外貨決済手数料、クロスマージン手数料、LIBORライセンス手数料、コラテラル手数料並びに取引報告手数料とする。</p> <p>(クライアント・クリアリング手数料に係る特則)</p> <p>第5条の2の2 (略)</p> <p>2・3 (略)</p> <p>4 第1項に規定する届出は、<u>毎年3月又は9月</u>に行うものとする。当該届出が行われた場合には、当該届出の行われた月の翌月のクライアント・クリアリング手数料から、本条の規定が適用される。</p> <p>5 (略)</p> <p>6 清算参加者は、第1項に規定する届出を取り下げることができるものとする。当該取下げは、<u>毎年3月又は9月</u>に行うものとし、当該取下げが行われた場合には、当該取下げの行われた月の翌月のクライアント・クリアリング手数料から、本条の規定が適用されず、前条の規定が適用される。</p> <p>(新設)</p>

座ごとに算出した金額の総額とする。ただし、自己取引口座及び各委託取引口座ごとに、一の計算年度において100件までの部分は無料とする。

2 前項の規定にかかわらず、一の計算年度において負担するポジション移管手数料の上限額は、移管先である自己取引口座及び各委託取引口座ごとに、4,000万円とする。

(手数料の支払時期等)

第7条 清算参加者は、毎月分の基本料、円貨建清算約定及び外貨建清算約定に係る清算手数料、コンプレッション手数料、クライアント・クリアリング手数料、口座開設手数料、外貨決済手数料、LIBORライセンス手数料、ポジション移管手数料並びにクロスマージン手数料の合計額を、翌月20日（同日が当社営業日でない場合には、翌当社営業日）までに、消費税及び地方消費税相当額を加算して当社に支払うものとする。

2～4 (略)

#### 付 則

- 1 この改正規定は、平成30年12月3日から施行する。
- 2 前項の規定にかかわらず、改正後の第2条、第5条の9及び第7条第1項の規定は、当社が定める日から施行する。
- 3 改正後の第5条の9の規定の適用における前項の当社が定める日の属する計算年度は、第1条第2項第3号の規定にかかわらず、当社が定める期間とする。

(手数料の支払時期等)

第7条 清算参加者は、毎月分の基本料、円貨建清算約定及び外貨建清算約定に係る清算手数料、コンプレッション手数料、クライアント・クリアリング手数料、口座開設手数料、外貨決済手数料、LIBORライセンス手数料並びにクロスマージン手数料の合計額を、翌月20日（同日が当社営業日でない場合には、翌当社営業日）までに、消費税及び地方消費税相当額を加算して当社に支払うものとする。

2～4 (略)

様式第 3 号の 2 清算受託契約の様式 (英語)

Interest Rate Swap Clearing Brokerage Agreement

With an agreement to be bound by the Rules (as defined below), ○○○○ (“Party A”) and ○○○○ (“Party B”) hereby make and enter into this Interest Rate Swap Clearing Brokerage Agreement (this “Agreement”) concerning the Clearing Brokerage (*yuuka shouken tou seisan toritsugi*) in respect of the IRS Transactions to be conducted by Party A for the account of Party B, as follows:

Chapter 1 General Provisions

Article 1. Purpose

Party A and Party B hereby acknowledge and agree that Party A provides Clearing Brokerage services for IRS Transactions to Party B in accordance with the provisions of this Agreement.

Article 2. Definitions

The terms used herein shall have definitions from the Financial Instruments and Exchange Act (Act No.25 of 1948) (*kin'yuu shouhin torihiki hou*) or the Rules (as defined below) and the following items shall be defined as follows:

- (1) “Cleared Contract subject to Brokerage” means a Cleared Contract (*seisan yakujou*) that comes into effect between JSCC and Party A acting as broker for Party B under Clearing Brokerage pursuant to this Agreement;
- (1)-2 “JPY Cleared Contract subject to Brokerage” means a Cleared Contract subject to Brokerage whose Notional Amount and settlement currency are denominated in Japanese yen;
- (1)-3 “Foreign Currency Cleared Contract subject to Brokerage” means a Cleared Contract subject to Brokerage whose Notional Amount and settlement currency are denominated in a currency other than Japanese yen;
- (2) “Event of Default” means the events specified in Article 29.1 of this Agreement;
- (3) “Early Termination Amount” means the amount of money to be paid or received between Party A and Party B upon termination of all Subject Clearing Brokerage Contracts in accordance with the provision of Article 30 of this Agreement;
- (4) “Business Rules” means the business rules concerning the Clearing Service for IRS Transactions established by JSCC, as amended;



- (5) "Rules" shall collectively refer to the Business Rules and other rules set by JSCC that are subordinated to the Business Rules, in whatever name and including the amendments thereto if any;
- (6) "JSCC" means Japan Securities Clearing Corporation;
- (6)-2 "AUD Cleared Contract subject to Brokerage" means a Cleared Contract subject to Brokerage whose Notional Amount and settlement currency are denominated in Australian dollars;
- (7) "JSCC Business Day" means any day other than a Business Holiday;
- (8) "Position Transfer" means a process to have new claims and obligations related to Clearing Brokerage Contracts (*seisan itaku torihiki*) to which Party B is a party and the Customer's Cleared Contracts (*seisan yakujou (itaku bun)*) corresponding to such Clearing Brokerage Contracts accrue among JSCC, a Successor Clearing Broker and Party B, and to pay or receive money and settle claims and obligations in association therewith, in accordance with the provisions of the Rules;
- (9) "Successor Clearing Broker" means a Clearing Participant who has entered into a Clearing Brokerage Agreement with Party B ("Clearing Broker (*jutaku seisan sankasha*)") that assumes the claims and obligations arising as a result of the Position Transfer.;
- (9)-2 "USD Cleared Contract subject to Brokerage" means a Cleared Contract subject to Brokerage whose Notional Amount and settlement currency are denominated in United States dollars;
- (10) "Subject Clearing Brokerage Contract" means a legal relationship between Party A and Party B coming into effect as a result of each Clearing Brokerage hereunder, which has the same economic effect as the Cleared Contract subject to Brokerage coming into effect as a result of the said brokerage.
- (11) "EUR Cleared Contract subject to Brokerage" means a Cleared Contract subject to Brokerage whose Notional Amount and settlement currency are denominated in Euro;

### Article 3. Submission of Letter of Undertaking

1 Immediately after the execution of this Agreement, Party B shall submit to JSCC via Party A a letter of undertaking in the form prescribed by JSCC stating that Party B will comply with this Agreement and the Rules.

- 2 Immediately upon receipt of the letter of undertaking from Party B pursuant to Paragraph 1, Party A shall submit it to JSCC.

Article 3-2. Notification of Clearing Brokerage of IRS Transactions in Currencies other than Japanese Yen

When Party B intends to apply for Clearing Brokerage to Party A in respect of an IRS Transaction whose Notional Amount and settlement currency are denominated in a currency other than Japanese yen for the first time, it shall obtain Party A's prior consent.

Chapter 2 Clearing Brokerage

Article 4. Clearing Brokerage

- 1 When Party B intends to apply for Clearing Brokerage to Party A, Party B shall notify JSCC, in the manner set forth in the Rules, of (i) the name of the Clearing Participant who will become the counterparty ("Designated Counterparty") to the IRS Transaction which will come into effect between Party A and the said Designated Counterparty through the Clearing Brokerage and (ii) other matters set forth in the Rules.
- 2 Party A and Party B hereby agree in advance that, when the notification given under Paragraph 1 arrives at JSCC, Party B shall be deemed to have applied for Party A's Clearing Brokerage in respect of the IRS Transaction set forth in Paragraph 1 and Party A shall be deemed to have accepted such application at the time of JSCC's receipt.
- 3 Notwithstanding the provision of Paragraph 2, if Party B does not belong to the same Corporate Group (*kigyō shūdan*) as Party A, then the phrase "and Party A shall be deemed to have accepted such application" in Paragraph 2 shall be deleted.
- 4 Paragraphs 2 and 3 above shall not apply if:
  - (1) the notification given under Paragraph 1 fails to meet conditions prescribed in the Rules; or
  - (2) the contents of the notification set forth in Paragraph 1 are inconsistent with a separate agreement concerning limits on Clearing Brokerage made between Party A and Party B to the extent permitted by the Rules, if any, provided that the terms of such agreement is notified to JSCC in the manner prescribed by JSCC.
- 5 When Party B is deemed to have applied for Clearing Brokerage to Party A pursuant to the provision of Paragraph 2 as amended by the provision of Paragraph 3, and JSCC gives notice concerning such application to Party A in accordance with the provisions of the Rules, Party A shall notify JSCC of its decision as to whether or not it accepts Party B's application for Clearing Brokerage for the IRS Transaction.

#### Article 5. Execution of Cleared Contract Subject to Brokerage

- 1 When the notification specified in Article 4.1 of this Agreement arrives at JSCC and Clearing Brokerage is deemed to have been applied for and accepted pursuant to the provision of Article 4.2 of this Agreement, an IRS Transaction of which the terms and conditions in the Rules are identical to the Clearing Brokerage Original Transaction (*seisan toritsugi gen torihiki*) shall come into effect between Party A for the account of Party B and the Designated Counterparty in the manner as set forth in the Rules.
- 2 Notwithstanding the provision of Paragraph 1, if Party B does not belong to the same Corporate Group as Party A, the phrase "Clearing Brokerage is deemed to have been applied for and accepted pursuant to the provision of Article 4.2 of this Agreement" in Paragraph 1 shall be replaced with the phrase "Party A notifies JSCC of its decision to accept Party B's application for Clearing Brokerage pursuant to the provision of Article 4.5 of this Agreement."
- 3 When an IRS Transaction comes into effect between Party A and the Designated Counterparty pursuant to the provisions of Paragraph 1 or 2, Party A and the Designated Counterparty shall be deemed to have made notification to JSCC requesting Clearing (*saimu futan*) for such IRS Transaction in accordance with the provisions of the Rules.
- 4 When the Cleared Contract subject to Brokerage comes into effect, Party A shall notify Party B of that effect and the details thereof without delay.

#### Article 6. Attribution of Profits and Losses from Cleared Contracts Subject to Brokerage

- 1 All profits and losses resulting from the Cleared Contracts subject to Brokerage shall be attributed to Party B.
- 2 When Party A receives Funds (*kinsen tou*) other than Margin (*shoukokin*) from JSCC in respect of Cleared Contracts subject to Brokerage, it shall deliver such Funds to Party B.
- 3 When Party A owes obligations to pay Funds other than Margin, Special Clearing Charge Collateral (*tokubetsu seisanryou tampokin*), clearing fees and Special Clearing Charges (*tokubetsu seisanryou*) to JSCC in respect of Cleared Contracts subject to Brokerage, Party B shall pay such Funds to Party A.
- 4 Unless otherwise set forth herein, Party A and Party B shall determine by mutual agreement the timing and the manner of the payments and receipts of Funds under the provisions of Paragraphs 2 and 3.

#### Article 7. Deleted

#### Article 8. Payments and Receipts of Settlement Amount

- 1 When Party A is due to pay the Settlement Amount (*kessai kingaku*) to JSCC in

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

- 2 When Party A receives Settlement Amount from JSCC in connection with Cleared Contracts subject to Brokerage, Party A shall pay to Party B Cash in the amount equivalent to the Settlement Amount by the time agreed between by Party A and Party B, or, promptly, absent such agreement, and in the manner agreed between Party A and Party B.

#### Article 9. Clearing Brokerage Account (*seisan toritsugi kouza*)

- 1 Party A shall set up an account ("Party B Clearing Brokerage Account") to manage the details of the Subject Clearing Brokerage Contracts, Initial Margin (*tousho shoukokin*), Customer Initial Margin (*itaku tousho shoukokin*) and Variation Margin (*hendou shoukokin*) related to such Subject Clearing Brokerage Contracts, Positions (*tategyoku*) of the JGB Futures Contracts (*kokusai shouken sakimono torihiki*) covered under Cross Margining (*kurosumajin seido*) on Party B's book, and other Funds to be paid or received between Party A and Party B in accordance with this Agreement and the Rules.
- 2 Upon request of Party B, Party A may set up multiple accounts dividing the Party B Clearing Brokerage Account.

#### Article 9-2. Notification of Hedge Account and Non-Hedge Account

Party B shall notify Party A of whether the Customer Account (*itaku torihiki kouza*) corresponding to Party B Clearing Brokerage Account is Hedge Account (*hejji kouza*) or Non-hedge Account (*non hejji kouza*), in accordance with the provisions of the Rules. Party B shall also give notice to Party A when it changes the types of the Customer Account.

#### Article 10. Fees

Party A may, based on an agreement between Party A and Party B, charge Party B consideration, fees and other money thus agreed for its Clearing Brokerage service and

its performance of other obligations under this Agreement, including an amount equal to the Special Clearing Charge paid by Party A, if any.

Article 10-2. When Action is Taken against Party A

When an action under Article 29-2.2 of the Business Rules is taken against Party A with respect to Subject Transaction for Clearing (*seisan taishou torihiki*) under Clearing Brokerage for Party B or an action under Article 29-3.1 of the Business Rules is taken against Party A, and if Party A requests that Party B take necessary actions to manage risk of Party B's positions, including actions related to Cross Margined JGB Futures Cleared Contracts (*kurosumajin taishou kokusai sakimono seisan yakujou*), Party B shall take necessary action in response to such request.

Chapter 3 Margin

Section 1 Initial Margin

Article 11. Obligation to Deposit Initial Margin

- 1 Party B shall deposit with JSCC Initial Margin other than Intraday Margin (*nitchuu shoukokin*) in an amount not less than the Required Initial Margin (*tousho shoukokin shoyougaku*) in relation to the Cleared Contract subject to Brokerage. If Party A and Party B separately agree otherwise regarding Initial Margin other than Intraday Margin, Party B shall deposit with JSCC the amount calculated under such agreement or the Required Initial Margin, whichever is larger ("Initial Margin Deposit Requirement").
- 2 The Required Initial Margin in respect of Cleared Contracts subject to Brokerage shall be calculated by JSCC in accordance with the Rules and Party A shall notify such Required Initial Margin to Party B, except where the amount of Margin Required to Clear (*saimu futan zi shoyou shoukokin*) for such Cleared Contracts subject to Brokerage is deemed to be equal to the amount of the Required Initial Margin in accordance with the provision of Article 66.3 of the Business Rules.
- 3 JSCC may pay interest on Initial Margin in the manner as set forth in the Rules.

Article 12. Deposit Method of Initial Margin

- 1 Party B shall deposit Initial Margin with JSCC via Party A acting as its agent in accordance with the provisions of the Rules.
- 2 Party B hereby offers Party A, and Party A hereby accepts, to act on Party B's behalf in respect of a deposit of Initial Margin with JSCC and requesting the return thereof.
- 3 Party A shall deposit with JSCC, as an agent of Party B, all Cash and Eligible Securities Collateral (*daiyou yuuka shouken*) delivered by Party B as Initial Margin in accordance with the provisions of the Rules.

Article 13. Cut-Off Time for Deposit of Initial Margin

- 1 When the sum of Cash and the value of Eligible Securities Collateral deposited with JSCC as Initial Margin in respect of Cleared Contracts subject to Brokerage (referred to as "Initial Margin" ) and Cash and the value of Eligible Securities Collateral deposited with Party A as Customer Initial Margin in respect of Subject Clearing Brokerage Contracts (referred to as "Customer Initial Margin") (such sum shall be hereinafter referred to as "Initial Margin and Customer Initial Margin Deposited Amount") falls short of the Initial Margin Deposit Requirement on a JSCC Business Day, Party B shall deposit with Party A the amount equal to such shortfall by the date and time agreed between Party A and Party B that is at or before the cut-off time for deposit to JSCC on the JSCC Business Day following the date of occurrence of such shortfall. If Party A and Party B agreed in advance that it is practically difficult for Party B to put in place operational procedures for depositing such shortfall, Party B shall deposit with Party A such amount by the aforementioned cut-off time on the second JSCC Business Day following the date of occurrence of such shortfall.
  
- 2 Notwithstanding the provision of Paragraph 1, if the Initial Margin and Customer Initial Margin Deposited Amount is equal to or more than the amount of the Margin Required to Clear calculated by JSCC upon receipt of the application for Clearing, unless otherwise agreed regarding the Initial Margin between Party A and Party B, the Initial Margin Deposit Requirement shall be deemed to be equal to the amount of the Margin Required to Clear.

Article 14. Obligation to Deposit Intraday Margin

- 1 Party B shall deposit with JSCC Cash or Eligible Securities Collateral in the amount not less than the Required Intraday Margin (*nitchuu shoukokin shoyougaku*) in relation to Cleared Contracts subject to Brokerage as Initial Margin. If Party A and Party B separately agree otherwise in respect of Intraday Margin, the amount to be deposited shall be the amount calculated based on such agreement or the Required Intraday Margin, whichever is larger ("Intraday Margin Deposit Requirement").
  
- 2 The Required Intraday Margin in relation to Cleared Contracts subject to Brokerage shall be calculated by JSCC in accordance with the Rules and Party A shall notify Party B of such requirement, except where the amount of Margin Required to Clear for such Cleared Contracts subject to Brokerage is deemed to be equal to the amount of the Required Intraday Margin in accordance with the provision of Article 70.3 of the Business Rules.

Article 15. Cut-Off Time for Deposit of Intraday Margin

- 1 When the Initial Margin and Customer Initial Margin Deposited Amount falls short of the Intraday Margin Deposit Requirement to be deposited with JSCC, Party B shall deliver to

Party A an amount equal to such shortfall by the date and time agreed between Party A and party B that is at or before the cut-off time for deposit with JSCC on the date of occurrence of such shortfall. If Party A and Party B have agreed in advance that it is practically difficult for Party B to put in place procedures for depositing such shortfall, Party B shall deliver such shortfall to Party A by the aforementioned cut-off time on the second JSCC Business Day following the date of occurrence of such shortfall.

- 2 If the Initial Margin and Customer Initial Margin Deposited Amount is equal to or more than the Margin Required to Clear calculated by JSCC upon receipt of the application for Clearing, Intraday Margin Deposit Requirement shall be deemed to be equal to the amount of Margin Required to Clear, unless otherwise agreed regarding Intraday Margin between Party A and Party B.

#### Article 16. Substituted Deposit

- 1 Notwithstanding the provision of Article 12 of this Agreement, Party A may retain Japanese yen Cash or Eligible Securities Collateral delivered from Party B as Customer Initial Margin with the prior written consent of Party B.
- 2 In the case of Paragraph 1, Party A shall deposit with JSCC Substituted Initial Margin (*sashikae tousho shoukokin*) in the amount not less than the amount of the Customer Initial Margin delivered from Party B.
- 3 Party A shall pay interest on the Customer Initial Margin accrued at the same interest rate as that applied for the calculation of interest on Initial Margin.

#### Article 17. Right to Claim Return of Initial Margin

- 1 Party A and Party B shall respectively have the right to claim the return of Initial Margin from JSCC in the amount as set forth below:

- (1) Party B:

The amount equivalent to the sum of Initial Margin deposited with JSCC by Party B and Substituted Initial Margin deposited with JSCC by Party A in relation to Cleared Contracts subject to Brokerage; less (i) the outstanding obligation of Party B owed to Party A in respect of the Subject Clearing Brokerage Contracts (including any outstanding obligation arising as a result of the termination of the Subject Clearing Brokerage Contract) or outstanding Early Termination Amount and (ii) the outstanding obligation of Party B owed to Party A in respect of the Cross Margined JGB Futures Cleared Contracts recorded on Party B Clearing Brokerage Account.

Notwithstanding the foregoing, in case the amount calculated above as Party B's claim exceeds the sum of Initial Margin deposited with JSCC by Party B and Substituted Initial Margin deposited with JSCC by Party A in relation to Cleared

Contracts subject to Brokerage less the outstanding obligation of Party A owed to JSCC in respect of Cleared Contracts subject to Brokerage (including any outstanding obligation arising as a result of the termination of Cleared Contracts subject to Brokerage due to Party A's Default (*hatan tou*) or other reason) and the outstanding obligation of Party A owed to JSCC in respect of the Cross Margined JGB Futures Cleared Contracts recorded on Party B Clearing Brokerage Account, Party B's claim shall not cover such excess amount;

(2) Party A:

The amount equivalent to the sum of Initial Margin deposited with JSCC by Party B and Substituted Initial Margin deposited with JSCC by Party A in relation to Cleared Contracts subject to Brokerage less the sum of the outstanding obligations of Party A owed to JSCC in connection with the Cleared Contracts subject to Brokerage (including any outstanding obligation arising as a result of the termination of Cleared Contracts subject to Brokerage due to Party A's Default or other reason), the outstanding obligations of Party A owed to JSCC in respect of the Cross Margined JGB Futures Cleared Contracts recorded on Party B Clearing Brokerage Account and the amount of Party B's claim under Item (1).

- 2 If the amount of Initial Margin for which there is a right to claim return exceeds the Initial Margin Deposit Requirement or Intraday Margin Deposit Requirement, whichever is most recently calculated, ("Deposit Requirement"), Party B may request that JSCC return Initial Margin up to the excess amount in accordance with the provisions of the Rules.
- 3 Party B shall exercise its right to request the return of Initial Margin via Party A acting as its agent in accordance with the provisions of the Rules, provided however, in the event that JSCC has declared the Default of Party A, Party B shall request the return of Initial Margin directly from JSCC in accordance with the provisions of the Rules.
- 4 Party A shall deliver to Party B all Cash and Eligible Securities Collateral delivered from JSCC as Initial Margin, of which Party B has the right to claim the return, by the time agreed between Party A and Party B, or, promptly, absent such agreement, and in the manner agreed between Party A and Party B.
- 5 Notwithstanding the provision of Paragraph 2, where Party B may request the return of Customer Initial Margin from Party A, Party B shall not request the return of Initial Margin which corresponds to the same Customer Initial Margin from JSCC, except where JSCC has declared the Default of Party A.
- 6 If the Rules set forth otherwise concerning the manner of requesting return of Initial Margin under Paragraphs 1 through 5 above, the manner of request for Initial Margin to the satisfaction of Obligation to be Collateralized and other related matters, the provisions of the Rules shall prevail.



Article 18. Right to Claim Return of Customer Initial Margin

If the amount in which Party B has the right to claim return of Initial Margin exceeds the Deposit Requirement, Party B may request the return of Customer Initial Margin from Party A up to the lesser of (i) such excess amount and (ii) the amount of Customer Initial Margin deposited with Party A, or, if the amount of Initial Margin returned by JSCC to Party B as a result of Party B's request for return of Initial Margin made pursuant to the provisions of the Rules exceeds the amount of Initial Margin deposited with JSCC, the amount of the Customer Initial Margin deposited with Party A less such excess amount.

Article 19. Eligible Securities Collateral

- 1 The prices used to determine the value of the Eligible Securities Collateral shall be calculated by the method set forth in the Rules.
- 2 The manner of depositing the Eligible Securities Collateral and other necessary matters in respect of Eligible Securities Collateral shall be set forth in the Rules.
- 3 Where Party B deposits Eligible Securities Collateral with JSCC or Party A as Initial Margin or Customer Initial Margin, JSCC and Party A shall, when returning Initial Margin or Customer Initial Margin, as the case may be, return to Party B the securities of the same kind, grade and amount as those of the Eligible Securities Collateral deposited, unless otherwise set forth in this Agreement or the Rules.
- 4 JSCC and Party A may consume the Eligible Securities Collateral deposited by Party B.

Section 2 Variation Margin

Article 20. Variation Margin

- 1 Party A and Party B shall pay or receive Variation Margin in respect of the relevant currency of the Cleared Contract subject to Brokerage on the day specified below according to the currency of Cleared Contract subject to Brokerage:
  - (1) JPY Cleared Contract subject to Brokerage: JSCC Business Day
  - (2) Foreign Currency Cleared Contract subject to Brokerage: On the day that is both JSCC Business Day and Foreign Currency Home Business Day
- 2 The required amount of Variation Margin for Cleared Contracts subject to Brokerage shall be calculated by JSCC in accordance with the Rules and Party A shall notify Party B of such required amount.

Article 21. Payment or Receipt of Variation Margin

- 1 When Party A is due to pay to JSCC Variation Margin in relation to Cleared Contracts subject to Brokerage, Party B shall pay to Party A Cash in an amount equivalent to the Variation Margin by the time agreed between Party A and Party B that is at or before the

cut-off time for its payment to JSCC on the JSCC Business Day following the date of calculation of Variation Margin, or, for Variation Margin related to Foreign Currency Cleared Contracts, on the first day that is both JSCC Business Day and Foreign Currency Home Business Day following the date of calculation of such Variation Margin, in the manner agreed between Party A and Party B. If Party A and Party B have agreed in advance that it is practically difficult for Party B to put in place operational procedures for such payment, the payment of Variation Margin shall be made by the above-mentioned cut-off time on the second JSCC Business Day following the date of calculation of Variation Margin, or, in the case of Variation Margin related to Foreign Currency Cleared Contracts, on the first day that is both JSCC Business Day and Foreign Currency Home Business Day following the date such payment to JSCC becomes due.

- 2 When Party A receives from JSCC Variation Margin in respect of Cleared Contracts subject to Brokerage, Party A shall pay Cash in the amount equivalent to said Variation Margin to Party B by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.

Article 22. Payment or Receipt of Interest on Variation Margin

- 1 Party A and Party B shall pay or receive Cash equivalent to interest on Variation Margin in respect of the relevant currency of the Cleared Contract subject to Brokerage in accordance with this Agreement and the Rules on the JSCC Business Day specified below according to the currency of Cleared Contract subject to Brokerage:
  - (1) JPY Cleared Contract subject to Brokerage: JSCC Business Day
  - (2) Foreign Currency Cleared Contract subject to Brokerage: On the day that is both JSCC Business Day and Foreign Currency Home Business Day
- 2 The amount of interest on Variation Margin for Cleared Contracts subject to Brokerage shall be calculated by JSCC pursuant to the provisions of the Rules, and Party A shall notify Party B of such amount.
- 3 When Party A is due to pay to JSCC interest on Variation Margin, Party B shall pay to Party A Cash in the amount equivalent to said interest by the time agreed between Party A and Party B that is at or before the cut-off time for its payment to JSCC on the JSCC Business Day following the date of calculation of the interest on Variation Margin, or, for interest on Variation Margin related to Foreign Currency Cleared Contracts, on the first day that is both JSCC Business Day and Foreign Currency Home Business Day following the date of calculation of such interest on Variation Margin, and in the manner agreed between Party A and Party B. If Party A and Party B have agreed in advance that it is practically difficult for Party B to put in place operational procedures for its punctual payment in accordance with the first sentence of this paragraph, the payment of interest on Variation Margin shall be made by the above-mentioned cut-off time on the second JSCC Business Day following the date of calculation of interest on Variation Margin, or, in

the case of interest on Variation Margin related to Foreign Currency Cleared Contracts, the first JSCC Business Day and Foreign Currency Home Business Day following the date such payment to JSCC becomes due.

- 4 When Party A receives from JSCC interest on Variation Margin, Party A shall pay to Party B Cash in the amount equivalent to said interest by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.

#### Article 23. Right to Claim Return of Variation Margin

Party A and Party B may not claim the other party to return Variation Margin in relation to Subject Clearing Brokerage Contracts except for payment and return in accordance with the provisions of this Agreement and the Rules.

#### Article 23-2. Cash Equivalent to Cross Margining MtM Difference

Where a legal relationship between Party A and Party B comes into effect pursuant to the provision of Article 28-9 of this Agreement, Party B shall pay to Party A Cash equivalent to the Cross Margining MtM Difference (*kurosumajin koushin sakin*) in respect of the Cross Margined JGB Futures Cleared Contract recorded on Party B Clearing Brokerage Account when Party A is a payer of such Cross Margining MtM Difference to JSCC, and Party A shall pay Cash equivalent to such Cross Margining MtM Difference to Party B when Party A is to receive such Cross Margining MtM Difference from JSCC.

#### Article 23-3. Payment or Receipt of Cash Equivalent to Cross Margining MtM Difference

- 1 When Party A is due to pay to JSCC Cross Margining MtM Difference, Party B shall pay to Party A Cash equivalent to such Cross Margining MtM Difference by the time agreed between Party A and Party B that is at or before the cut-off time for its payment to JSCC on the JSCC Business Day following the day on which the Cross Margining MtM Difference accrued in the manner agreed between Party A and Party B. If Party A and Party B have agreed in advance that it is practically difficult for Party B to put in place operational procedures for such payment, such payment shall be made by the above-mentioned cut-off time on the second JSCC Business Day following the day on which the Cross Margining MtM Difference accrued.
- 2 When Party A receives Cross Margining MtM Difference from JSCC, Party A shall pay Cash equivalent to such Cross Margining MtM Difference by the time agreed between Party A and Party B, or promptly, in the absence of such agreement, in the manner agreed between Party A and Party B.

### Section 3 Others

#### Article 24. Nature of Deposit of Margin

Unless otherwise specified in the Business Rules, deposit of Margin shall constitute

deposit for consumption (*shohi kitaku*) for collateral purpose in the case of Margin in the form of Cash and a loan for consumption (*shohi taishaku*) free of charge for collateral purpose in the case of Margin in the form of Eligible Securities Collateral.

Article 25. Precedence of this Agreement over Civil Code or Commercial Code

Notwithstanding the provisions of the Civil Code (Act No.89 of 1896) and the Commercial Code (Act No.48 of 1899), Party A and Party B may claim a return of Margin or assert any other claim, only as prescribed in this Agreement or the Rules.

Article 26. Treatment of Right to Claim Return of Margin upon Occurrence of Event of Default or Other Circumstances

- 1 Party B may not request the return of Margin deposited or paid in accordance with this Agreement (simply referred to as "Margin") from JSCC or Party A until the settlement of all Subject Clearing Brokerage Contracts and Cross Margined JGB Futures Cleared Contracts recorded on Party B Clearing Brokerage Account is completed, if:
  - (1) an Event of Default occurs and is continuing in respect of Party B; or
  - (2) all Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Article 30 of this Agreement.
- 2 If JSCC declares the Default of Party A, Party B may not request the return of Margin from JSCC or Party A until the completion of settlement of all Cleared Contracts subject to Brokerage and Cross Margined JGB Futures Cleared Contracts recorded on Party B Clearing Brokerage Account.
- 3 If JSCC declares the Default of Party A, Party A may not request the return of Margin from JSCC or Party B until the completion of settlement of all Cleared Contracts subject to Brokerage and Cross Margined JGB Futures Cleared Contracts recorded on Party B Clearing Brokerage Account.

Article 26-2. Method of Settlement of Cash Equivalent to Cash Settlement Amount related to JPY Cleared Contracts subject to Brokerage

Party A and Party B may settle the receivables and payables in the Cash Settlement Amount (*hendou shoukokin tou*) related to JPY Cleared Contracts subject to Brokerage on a net basis.

Article 26-3. Netting of Initial Margin and Cash Settlement Amount

- 1 After netting pursuant to the provision of Article 26-2 of this Agreement, the net Cash Settlement Amount related to JPY Cleared Contracts subject to Brokerage payable by Party B to Party A shall be netted with Initial Margin set forth in Article 11 of this Agreement as specified in the formulae below. If the net amount is negative, then Party B shall deposit the absolute value of such amount with Party A. The net amount calculated in Item (1) shall be deposited in Cash:
  - (1) Initial Margin and Customer Initial Margin Deposited Amount deposited in Cash

- minus the amount of Cash equivalent to Cash Settlement Amount related to JPY Cleared Contracts subject to Brokerage payable by Party B to Party A
- (2) Initial Margin and Customer Initial Margin Deposited Amount minus Cash Allocated to Settlement minus Initial Margin Deposit Requirement

For the purpose of this Article, "Cash Allocated to Settlement" means Initial Margin and Customer Initial Margin Deposited Amount deposited in Cash which is applied to Cash equivalent to Cash Settlement Amount related to JPY Cleared Contracts subject to Brokerage payable by Party B to Party A pursuant to Article 26-3.1.(1) above.

- 2 After the netting pursuant to the provision of Article 26-2 of this Agreement, the net Cash Settlement Amount related to JPY Cleared Contracts subject to Brokerage to be received by Party B shall be netted with Initial Margin set forth in Article 11 of this Agreement as specified in the formula below. If the net amount is negative, then Party B shall deposit the absolute value of such amount with Party A.

Initial Margin and Customer Initial Margin Deposited Amount plus the amount of Cash equivalent to the net Cash Settlement Amount related to JPY Cleared Contracts subject to Brokerage receivable by Party B from Party A minus Initial Margin Deposit Requirement

Article 26-4. Request for Withdrawal and Deemed Deposit of Initial Margin

- 1 If Party B is due to receive Cash in the amount equivalent to the net Cash Settlement Amount related to JPY Cleared Contracts subject to Brokerage, as a result of the netting set forth in Article 26-2 of this Agreement, it shall only receive such amount upon request by informing Party A of the amount it desires to receive.
- 2 If no request specified in Paragraph 1 above is received from Party B, Cash in the amount equivalent to the net Cash Settlement Amount related to JPY Cleared Contracts subject to Brokerage receivable by Party B shall be deemed to have been deposited as Initial Margin.

Article 26-5. Method of Settlement of Variation Margin and Settlement Amount related to Foreign Currency Cleared Contracts subject to Brokerage

- 1 Upon settlement of Cash equivalent to Variation Margin related to Foreign Currency Cleared Contracts subject to Brokerage, Party A and Party B may net, by each currency of the Foreign Currency Cleared Contracts subject to Brokerage, the total amount to be received and the total amount to be paid.
- 2 Upon settlement of Cash equivalent to Settlement Amount related to Foreign Currency Cleared Contracts subject to Brokerage, Party A and Party B may net, by each currency of the Foreign Currency Cleared Contracts subject to Brokerage, the total amount to be received and the total amount to be paid.

## Chapter 4 Per Trade Compression and other Compressions of Cleared Contract Subject to Brokerage

### Article 26-6. Application for Per Trade Compression of Cleared Contract Subject to Brokerage

- 1 When Party B intends to instruct Party A to apply for, or to give instruction to withdraw its application for, Per Trade Compression (*torihiki goto kompuresshon*) in relation to the Cleared Contract subject to Brokerage, it shall notify such effect to Party A by the time agreed between Party A and Party B in the manner agreed between Party A and Party B.
- 2 Upon receipt of the above-mentioned notice, Party A shall apply for or withdraw its application for the Per Trade Compression as instructed by Party B to JSCC in accordance with the provisions of the Rules.

### Article 26-7. Application for Blended Rates Compression of Cleared Contract Subject to Brokerage

- 1 When Party B intends to instruct Party A to apply for, or to give instruction to withdraw its application for, Blended Rates Compression (*kupon burendeingu*) in relation to the Cleared Contract subject to Brokerage, it shall notify such effect to Party A by the time agreed between Party A and Party B in the manner agreed between Party A and Party B.
- 2 Upon receipt of the above-mentioned notice, Party A shall apply for or withdraw its application for the Blended Rates Compression as instructed by Party B to JSCC in accordance with the provisions of the Rules.

### Article 27. Application for Vendor-Initiated Compression of Cleared Contract Subject to Brokerage

- 1 When Party B intends to instruct Party A to apply for Vendor-Initiated Compression (*ikkatsu kompuresshon*), it shall notify such effect to JSCC in accordance with the provisions of the Rules.
- 2 Party A and Party B hereby agree in advance that when the notification set forth in Paragraph 1 arrives at JSCC, Party B shall be deemed to have given instruction to Party A to apply for Vendor-Initiated Compression, and Party A shall be deemed to have accepted such instruction and made application as set forth in the Rules.
- 3 Notwithstanding the provision of Paragraph 2, if Party B does not belong to the same Corporate Group as Party A, the phrase “, and Party A shall be deemed to have accepted such instruction and made application” in Paragraph 2 shall be deleted.
- 4 When Party B has been deemed to have given instruction to Party A pursuant to the provision of Paragraph 2 as amended by the provision of Paragraph 3 and JSCC gives

notice related to such instruction to Party A in accordance with the provisions of the Rules, Party A shall notify JSCC of its decision as to whether or not it accepts the instruction to apply for such Vendor-Initiated Compression.

Article 27-2. Application for Member-Initiated Compression of Cleared Contract Subject to Brokerage

- 1 When Party B intends to instruct Party A to apply for Member-Initiated Compression (*sankasha teian gata kompuresshon*), it shall notify such effect to JSCC in accordance with the provisions of the Rules.
- 2 Party A and Party B hereby agree in advance that when the notification set forth in Paragraph 1 arrives at JSCC, Party B shall be deemed to have given instruction to Party A to apply for Member-Initiated Compression, and Party A shall be deemed to have accepted such instruction and made application as set forth in the Rules.
- 3 Notwithstanding the provision of Paragraph 2, if Party B does not belong to the same Corporate Group as Party A, the phrase “, and Party A shall be deemed to have accepted such instruction and made application” in Paragraph 2 shall be deleted.
- 4 When Party B has been deemed to have given instruction to Party A pursuant to the provision of Paragraph 2 as amended by the provision of Paragraph 3 and JSCC gives notice related to such instruction to Party A in accordance with the provisions of the Rules, Party A shall notify JSCC of its decision as to whether or not it accepts the instruction to apply for such Member-Initiated Compression.

Article 28 Termination of Subject Clearing Brokerage Contract as a Result of Per Trade Compression or other Compressions

When a Cleared Contract subject to Brokerage is terminated as a result of a Per Trade Compression, a Blended Rates Compression, a Vendor-Initiated Compression or a Member-Initiated Compression, the relevant Subject Clearing Brokerage Contract shall also terminate automatically, and the claims and obligations under the Subject Clearing Brokerage Contracts, other than those related to Cash Settlement Amounts for which deposit or payment under the Subject Clearing Brokerage Contracts related to Foreign Currency Cleared Contracts subject to Brokerage due at the time of JSCC’s confirmation of the satisfaction of Per Trade Compression Conditions, Blended Rates Compression Conditions in accordance with the provisions of the Rules, Vendor-Initiated Compression Conditions or Member-Initiated Compression Conditions has not been completed, shall cease to exist and have no future effect in accordance with the provisions of the Rules. In such case, Cash remain unsettled between Party A and Party B with respect to such Subject Clearing Brokerage Contract, if any, shall be promptly settled between Party A and Party B.

Article 28-2. Conclusion of Subject Clearing Brokerage Contracts by Per Trade

### Compression and other Compressions

When new Cleared Contracts subject to Brokerage come into effect between Party A and JSCC as a result of the Per Trade Compression, the Blended Rates Compression, the Vendor-Initiated Compression or the Member-Initiated Compression, the Subject Clearing Brokerage Contracts corresponding to such Cleared Contracts subject to Brokerage shall come into effect between Party A and Party B at the same time.

### Chapter 4-2 Position Transfer of Clearing Brokerage Contracts

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

1 Subject to the provisions of the Rules, Party B may transfer the below listed claims and obligations under the Cleared Contracts subject to Brokerage with respect to which Party B desires a Position Transfer to the Successor Clearing Broker (“Relevant Cleared Contract subject to Brokerage”) entirely to the Successor Clearing Broker by delivering Position Transfer Request in the form prescribed by JSCC to JSCC via Successor Clearing Broker, and if JSCC accepts such request for Position Transfer:

- (1) Claims and obligations of which the terms and conditions designated in the Rules are identical to the claims and obligations under to the Relevant Cleared Contract subject to Brokerage between Party A and JSCC existing immediately before the termination of the Relevant Cleared Contract subject to Brokerage pursuant to the provision of Paragraph 5 below; and
- (2) Claims and obligations of which the terms and conditions designated in the Rules are identical to the claims and obligations under the Subject Clearing Brokerage Contract between Party A and Party B existing immediately before the termination of the Subject Clearing Brokerage Contract corresponding to the Relevant Cleared Contract subject to Brokerage pursuant to the provision of Paragraph 5 below.

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

3 When Party B makes request to JSCC of the Position Transfer pursuant to the provision of Paragraph 1, Party B shall request the Successor Clearing Broker to accept such



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

- 4 When JSCC has accepted the request for the Position Transfer made pursuant to the provision of Paragraph 1, the claims and obligations specified in Paragraph 1 shall accrue among JSCC, Successor Clearing Broker and Party B at the time of such acceptance.
5. When the Position Transfer is completed among JSCC, Successor Clearing Broker and Party B pursuant to the provisions of the Rules, the Relevant Cleared Contracts subject to Brokerage between JSCC and Party A and the Subject Clearing Brokerage Contracts corresponding thereto between Party A and Party B shall terminate as a matter of course at the time when the Position Transfer becomes effective, and the claims and obligations under the Relevant Cleared Contracts subject to Brokerage and the Subject Clearing Brokerage Contracts corresponding thereto, other than those related to Settlement Amounts for which deposit or payment under the Subject Clearing Brokerage Contracts related to Foreign Currency Cleared Contracts subject to Brokerage due at the time of the confirmation, pursuant to the provisions of the Rules, of the deposit with or payment to JSCC of the Margin Required to Clear has not been completed, shall cease to exist and have no future effect pursuant to the provisions of the Rules.

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

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

submit such request form to JSCC by 1:00 p.m. on the JSCC Business Day which is the desired date of Position Transfer. Such request form shall state, among other things, the effect that Party A has received the request to accept the Position Transfer, it has consented to accept such Position Transfer and it is submitting the request form for such Position Transfer to JSCC; and that Party B notified the Carrying Clearing Broker of such Position Transfer and Party B requests the Position Transfer to JSCC.

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

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

##### Customer

- 1 Subject to the provisions of the Rules, Party B may Transfer the Subject Clearing Brokerage Contracts to Party A or any other Customer (*seisan itakusha*) ("Transferee Customer").

For the purpose of this Article, "Transfer" means a process (i) to have a Subject Clearing Brokerage Contract and the claims and obligations under the Subject Clearing Brokerage Contract, other than those related to Settlement Amounts for which deposit or payment under the Subject Clearing Brokerage Contracts related to Foreign Currency Cleared Contracts subject to Brokerage due at the time of the confirmation of the deposit with or payment to JSCC of the Margin Required to Clear pursuant to the provisions of the Rules has not been completed, cease to exist and have no future effect pursuant to the provisions of the Rules, or (ii) to have a Subject Clearing Brokerage Contract and the claims and obligations under the Subject Clearing Brokerage Contract, other than those related to Settlement Amounts for which deposit or payment under the Subject Clearing

Brokerage Contracts related to Foreign Currency Cleared Contracts subject to Brokerage due at the time of the confirmation of the deposit with or payment to JSCC of the Margin Required to Clear pursuant to the provisions of the Rules has not been completed, cease to exist and have no future effect pursuant to the provisions of the Rules and simultaneously to have a new Clearing Brokerage Contract with the same terms and conditions come into effect between another Customer for which Party A provides Clearing Brokerage service and Party A.

- 2 Before requesting a Transfer of a Subject Clearing Brokerage Contract, Party B shall agree in advance with Party A, or Party A and the Transferee Customer (if the Subject Clearing Brokerage Contract is Transferred to a Transferee Customer), on the settlement of claims and obligations between Party A and Party B, or among Party A, Party B and the Transferee Customer (if the Subject Clearing Brokerage Contract is Transferred to a Transferee Customer), arising from the Transfer and other necessary matters.

#### Article 28-6. Transfer of Clearing Brokerage Contracts from Other Customer

- 1 Subject to the provisions of the Rules, Party B may accept a Transfer from another Customer for whom Party A provides Clearing Brokerage service ("Transferor Customer") of legal relationship between the Transferor Customer and Party A that are similar to Clearing Brokerage Contracts ("Transferred Clearing Brokerage Contract").

For the purpose of this Article, "Transfer" means a process to have a legal relationship between another Customer for whom Party A provides Clearing Brokerage service and Party A, other than the claims and obligations related to Settlement Amounts for which deposit or payment under the Customer's Cleared Contracts for such other Customer related to Foreign Currency Cleared Contracts due at the time of the confirmation of the deposit with or payment to JSCC of the Margin Required to Clear pursuant to the provisions of the Rules has not been completed, cease to exist and have no future effect pursuant to the provisions of the Rules and simultaneously to have a new legal relationship with the same terms and conditions come into effect between Party A and Party B.

- 2 Before accepting Transfer of the Transferred Clearing Brokerage Contract from the Transferor Customer, Party B shall agree in advance with Party A and the Transferor Customer on the settlement of claims and obligations among Party A, Party B and the Transferor Customer arising from the Transfer and other necessary matters.

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

- 1 Subject to the provisions of the Rules, Party A may transfer to Party B the Cleared

Contracts between Party A and JSCC on Party A's proprietary account.

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

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

#### Chapter 4-3 Cross Margining

##### Article 28-7. Utilization of Cross Margining

1 When Party B intends to use Cross Margining, it shall obtain consent of Party A by clarifying the below-listed persons to Party A:

- (1) Cross Margining Requestor (*kurosumajin sinseisha*); and
- (2) if relevant, JGB Futures Non-Clearing Participant (*kokusai sakimono tou hi seisan sankasha*) acting as broker for Party B in respect of JGB Futures Contracts.

2 Upon providing consent mentioned in Paragraph 1, Party A shall notify JSCC of such effect in the manner prescribed in the Rules.

3 When there is any change to the persons listed in Paragraph 1, Party B shall give an advance notice of such change to Party A, which then notifies JSCC of such change pursuant to the provisions of the Rules.

4 When intending to cease utilization of the Cross Margining, Party B shall give an advance notice of such effect to Party A, which then notifies JSCC of such effect pursuant to the provisions of the Rules.

##### Article 28-8. Recording on and Deletion from Clearing Brokerage Account of Position of Cross Margined JGB Futures Cleared Contracts

When JSCC recorded on or deleted from Party A's Customer Account opened for Party B which is a Cross Margining User (*kurosumajin riyousha*) Positions of JGB Futures Contracts for the account of Party B pursuant to the provisions of the Rules, Party A shall record on or delete from, as the case may be, Party B Clearing Brokerage Account the Positions of the relevant JGB Futures Contract.

Article 28-9. Legal Relationship related to Cross Margined JGB Futures Cleared Contracts

- 1 When the claims and obligations with the same terms and conditions as those of Cross Margined JGB Futures Cleared Contract that is recorded on Party B Clearing Brokerage Account came into existence between Party A and JSCC pursuant to the provisions of the Rules, simultaneously with the time when such claims and obligations come into effect, the legal relationship having the same economic effect as a Subject Clearing Brokerage Contract which would come into effect if such claims and obligations come into effect as a result of Party A's Clearing Brokerage for Party B under this Agreement shall arise between Party A and Party B.
- 2 When JSCC conducts offsetting sale or offsetting purchase set forth in Article 28-10.1 of this Agreement, the legal relationship which has arisen in accordance with the provision of Paragraph 1 shall cease to exist and have no future effect as of the time of such offsetting sale or offsetting purchase

Article 28-10. Liquidation of Cross Margined JGB Futures Cleared Contract

- 1 When the legal relationship as set forth in Article 28-9 comes into effect between Party A and Party B, JSCC may cause the JGB Futures Clearing Participant (*kokusai sakimono tou seisan sankasha*) of its selection to conduct offsetting sale or offsetting purchase or take other necessary liquidation process in respect of the Cross Margined JGB Futures Cleared Contracts of which Positions are recorded on Party B Clearing Brokerage Account pursuant to the provisions of the Rules.
- 2 If a Cross Margining Liquidation Transaction (*kurosumajin shobun torihiki*) is executed in respect of a Cross Margined JGB Futures Cleared Contract of which Position is recorded on Party B Clearing Brokerage Account and the Subject Clearing Brokerage Contract has not been terminated, the provisions of this Agreement shall apply by deeming the IRS Transaction which comes into effect pursuant to the provision of Article 93-2.4 of the Business Rules as the Cleared Contract subject to Brokerage which comes into effect as a result of Party A's Clearing Brokerage for Party B, and the legal relationship between Party A and Party B in respect of the IRS Transaction as the Subject Clearing Brokerage Contract related to the IRS Transaction which is deemed to be the Cleared Contract subject to Brokerage pursuant to the provision of this paragraph, respectively.

Article 28-11. Payment or Receipt of Cash Equivalent to Upfront Fee

- 1 When the IRS Transaction set forth in Article 28-10.2 comes into effect and Party A is due to pay to JSCC upfront fee in respect of the IRS Transaction, Party B shall pay to Party A the Cash equivalent to the upfront fee by the time agreed between Party A and Party B that is at or before the cut-off time for its payment to JSCC on the JSCC Business Day following the date of execution of the IRS Transaction in the manner agreed between Party A and Party B. If Party A and Party B have agreed in advance that it is practically

difficult for Party B to put in place operational procedures for such payment, such payment shall be made by the above-mentioned cut-off time on the JSCC Business Day following the date on which the payment to JSCC becomes due.

- 2 When the IRS Transaction set forth in Article 28-10.2 comes into effect and Party A has received upfront fee from JSCC in respect of the IRS Transaction, Party A shall pay Cash equivalent to the upfront fee by the time agreed between Party A and Party B, or promptly, in the absence of such agreement, in the manner agreed between Party A and Party B.

## Chapter 5 Party Default

### Section1 Default of Party B

#### Article 29. Event of Default

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

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

For the purpose of this Sub-item b., if Party B is an entity established or formed under the Japanese law, the terms “insolvent,”(*saimu chouka*) “unable to pay its debts” (*shiharai funou*) and “suspend payment”

(*shiharai teishi*) shall have the same meaning as used in the Bankruptcy Act (Act No.75 of 2004) (*hasan hou*);

- c. If Party B carries out a general assignment, an arrangement (*saimu seiri*) or a composition (*wakai*) with or for creditors;
  - d. If a petition is filed in respect of Party B for commencement of proceedings seeking a insolvency or determination of bankruptcy or other relief under the laws concerning bankruptcy or insolvency or other similar laws affecting the rights of creditors, including a petition for commencement or acknowledgment of the bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, special liquidation (*tokubetsu seisan*) or foreign bankruptcy proceedings or equivalent proceedings under laws and regulations of a foreign country against Party B, or if a petition for dissolution or liquidation of Party B is filed;
  - e. If Party B adopts a resolution for its dissolution (*kaisan*), being under state control or liquidation (*seisan*);
  - f. If Party B requests an appointment of a receiver (*kanzainin*), provisional administrator or other similar official (“Receiver”) in respect of itself or a material part of its assets, or a Receiver is appointed for Party B or a material part of Party B’s assets;
  - g. If any secured creditor of Party B takes possession of, or files a petition for compulsory execution, attachment, compulsory administration of or other legal proceedings in relation to, a material part of the assets of Party B and if such assets are not released, or the petition is neither dismissed nor withdrawn, within 15 days from the date of commencement of such possession or the date of filing of such petition, as the case may be;
  - h. If any event having similar effects to any of the events set forth in a. through g. above occurs in respect of Party B; or
  - i. If Party B takes any action to facilitate, consents to, acknowledges or implicitly admits any of the events set forth in a. through h. above.
- (4) Acceleration of Obligations under Agreement for Setting up Futures/Options Trading Account
- When Cross Margined JGB Futures Cleared Contracts are recorded on Party B Clearing Brokerage Account, if obligations of Party B has been accelerated under an Agreement for Setting up Futures/Options Trading Account (*sakimono opushon torihiki kouza settei yakudakusho*) prescribed by the Designated Market Operator

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

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

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

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

#### Article 30. Termination of Subject Clearing Brokerage Contracts upon Occurrence of Event of Default

- 1 If an Event of Default occurs and is continuing in respect of Party B, Party A may designate the day on which all Subject Clearing Brokerage Contracts shall terminate before the Termination Date of Cleared Contracts subject to Brokerage pursuant to the provisions of this Article (“Early Termination Date”). The designation of the Early Termination Date shall take effect by giving Party B a not more than 20 days prior notice specifying the relevant Event of Default, provided that if Party A and Party B separately agree that a certain date shall be designated in advance as the Early Termination Date applicable to all or part of the Events of Default, such agreement shall prevail.



- 2 All Subject Clearing Brokerage Contracts outstanding as of the Early Termination Date shall be automatically terminated without further notice from Party A or Party B on the Early Termination Date.
- 3 Notwithstanding the provisions of Paragraphs 1 and 2, upon occurrence of the Event of Default set forth in Article 29.1.(3).d. or Article 29.1.(4) in respect of Party B, all Subject Clearing Brokerage Contracts shall be automatically terminated immediately before the occurrence of such Event of Default without further notice from Party A or Party B and the date of termination of such Subject Clearing Brokerage Contracts shall be the Early Termination Date.
- 4 If the Subject Clearing Brokerage Contracts are terminated pursuant to the provisions of Paragraphs 2 and 3, Party A or Party B shall notify JSCC to that effect in advance or without delay after the termination.
- 5 If all Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Paragraph 2 or 3, the Cleared Contracts subject to Brokerage corresponding to the Subject Clearing Brokerage Contracts shall remain in force as the Cleared Contracts between JSCC and Party A on its proprietary account.
- 6 On or after the Early Termination Date, Party A may execute one or more transactions to hedge, entirely or in part, loss which Party A may incur as a result of the Cleared Contracts to survive on its proprietary account pursuant to the provision of Paragraph 5 (“Risk Mitigating Transactions”). In such case, the Risk Mitigating Transactions shall be the IRS Transactions that satisfy the criteria set forth in Article 9 of the Handling Procedures of Interest Rate Swap Business Rules (*kinri suwappu torihiki seisan gyoumu ni kansuru gyoumu houhousho no toriatsukai*), and shall cover loss which Party A may suffer from all or a part of such Cleared Contracts. Counterparty to Risk Mitigating Transactions shall be another Clearing Participant of JSCC or a Customer of such other Clearing Participant.
- 7 If all Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Paragraph 2 or 3, Party A and Party B shall pay or receive the Early Termination Amount with respect to each of such Subject Clearing Brokerage Contracts. In this case, the Early Termination Amount shall be the sum of the amounts stated in Items (1) through (3) below less the amount stated in Item (4). If the amount so obtained is positive, the Early Termination Amount shall be paid by Party A to Party B and if negative, it shall be paid by Party B to Party A:
  - (1) The total amount of the following:
    - a. The total amount of upfront fees that Party A received in respect of the Risk Mitigating Transactions executed by Party A, less the total amount of

upfront fees that Party A paid in respect of such Risk Mitigating Transactions;

- b. The total amount of upfront fees that Party A received in respect of the IRS Transactions set forth in Article 28-10.2, less the total amount of upfront fees that Party A paid in respect of such IRS Transactions.

For the purpose of this item, in respect of the upfront fee to be paid or received in any currency other than Japanese yen, the above amounts shall be the Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate on the date of execution of the Risk Mitigating Transactions or the IRS Transactions set forth in Article 28-10.2.

- (2) The total amount of Net Present Values (*shoumi genzai kachi*) calculated with respect to the transactions listed in a. and b. below as of the date specified in such a. and b.:

- a. Risk Mitigating Transactions and Cleared Contracts subject to Brokerage covered by Risk Mitigating Transactions:  
Date of execution of such Risk Mitigating Transactions;
- b. Cleared Contracts subject to Brokerage other than those specified in a. above:  
JSCC Business Day immediately preceding the date of the notice set forth in Paragraph 8;

For the purpose of this item, in respect of the Net Present Value calculated in any currency other than Japanese yen, the above amounts shall be the Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate on the date mentioned in such a. and b., as applicable.

- (3) The sum of the amounts specified in a. through c. below with respect to the transactions specified in a. through c. below:

- a. Subject Clearing Brokerage Contracts outstanding between Party A and Party B:  
The sum of Fixed Amounts Floating Amounts and other payment amounts due from Party A to Party B on or before the Early Termination Date which remain unpaid; less the sum of Fixed Amounts, Floating Amounts and other payment amounts, that are due from Party B to Party A on or before the Early Termination Date which remain unpaid;
- b. Cleared Contracts subject to Brokerage covered by Risk Mitigating

Transactions:

The sum of Party A's receivable of Fixed Amounts, Floating Amounts and other payment amounts; less the sum of Party A's payable of Fixed Amounts, Floating Amounts and other payment amounts, that are due during the period from the Early Termination Date to the date of execution of such Risk Mitigating Transactions;

- c. Cleared Contracts subject to Brokerage other than those specified in b. above:

The sum of Party A's receivable of Fixed Amounts, Floating Amounts and other payment amounts; less the sum of Party A's payable of Fixed Amounts, Floating Amounts and other payment amounts, that are due during the period from the Early Termination Date to the date on which the notice set forth in Paragraph 8 is given.

For the purpose of this item, in respect of the Fixed Amounts, Floating Amounts and other payment amounts to be paid or received in any currency other than Japanese yen, the above amounts shall be the Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate on the Early Termination Date.

(4) In addition to those listed in Items (1) through (3), if Party A suffers loss, or incurs costs or liabilities in relation to the settlement of the Cleared Contracts subject to Brokerage, the amount equivalent to such loss, costs or liabilities. For the purpose of this item, in respect of the amount to be paid or received in any currency other than Japanese yen, the above amount shall be the Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate on the Early Termination Date.

8 As soon as possible on or after the Early Termination Date, Party A shall execute the Risk Mitigating Transactions set forth in Paragraph 6 and calculate the Early Termination Amount set forth in Paragraph 7. After the calculation of such Early Termination Amount, Party A shall give notice of breakdown of such Early Termination Amount, including the details of the Risk Mitigating Transactions and profits and losses arising from such Risk Mitigating Transactions, and information used for calculation of the Early Termination Amount obtained pursuant to the provision of Paragraph 7, to Party B.

9 If Party A and Party B have agreed to adopt an alternative description of the event set forth in Article 29.1.(3).d. of this Agreement pursuant to the provision of Article 29.3 of this Agreement, the provision of Paragraph 3 shall be replaced with the following.

[Notwithstanding the provisions of Paragraphs 1 and 2, if the Event of Default set forth in Article 29.1.(3).d. or Article 29.1.(4) of this Agreement occurs and is

continuing in respect of Party B, Party A may designate the Early Termination Date of the Subject Clearing Brokerage Contracts within 20 days after the occurrence of such Event of Default (referred to as “Early Termination Date Designation Period” in this paragraph). In this case, the Early Termination Date shall be designated by such method and shall have such effect as set forth in the provisions of Paragraphs 1 and 2. If Party A does not designate the Early Termination Date within the Early Termination Date Designation Period, all Subject Clearing Brokerage Contracts shall be automatically terminated as of the expiry of the Early Termination Date Designation Period without further notice from Party A or Party B.]

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

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

Article 32. Close-Out Netting of Claims and Obligations upon Termination of Subject Clearing Brokerage Contracts

If all Subject Clearing Brokerage Contracts are terminated pursuant to the provision of Article 30.2 or 30.3 of this Agreement, all monetary obligations between Party A and Party B under this Agreement outstanding as of the Early Termination Date, including the obligation to pay the Early Termination Amount upon the termination of the Subject

Clearing Brokerage Contracts pursuant to the provision of Article 30.7 of this Agreement, the obligation to return Customer Initial Margin and Variation Margin pursuant to the provision of Article 31 of this Agreement, the obligation to pay unpaid Fixed Amount and Floating Amount and any and all other monetary obligations outstanding between Party A and Party B, shall be settled as follows:

- (1) The total Early Termination Amounts payable by Party A to Party B in respect of all Subject Clearing Brokerage Contracts terminated pursuant to the provision of Article 30.2 or 30.3 of this Agreement, total Variation Margin to be returned from Party A to Party B and other monetary obligations of Party A owed to Party B outstanding as of the Early Termination Date, excluding the obligations to return Customer Initial Margin under the provision of Article 31 of this Agreement, (“Party A’s Obligations at Early Termination Date”) shall be netted with the total Early Termination Amounts payable by Party B to Party A in respect of the Subject Clearing Brokerage Contracts, total Variation Margin to be returned from Party B to Party A and other monetary obligations of Party B owed to Party A outstanding as of the Early Termination Date (“Party B’s Obligations at Early Termination Date”). For the purpose of this item, in respect of the Variation Margin or monetary obligations to be paid or received in any currency other than Japanese yen, the above amounts shall be the Japanese yen equivalent of such amounts converted using the quotes of foreign exchange rate on the Early Termination Date;
- (2) As a result of netting pursuant to the provision of Item (1), if Party B’s Obligations at Early Termination Date remain, the amount of Customer Initial Margin deposited with Party A by Party B, or, if Customer Initial Margin consists of Eligible Securities Collateral, but Party A will not return Cash equivalent to the market value of the Eligible Securities Collateral as set forth in the provision of Article 31 of this Agreement, the liquidation proceeds of Eligible Securities Collateral, shall be deducted from the remaining amount of Party B’s Obligations at Early Termination Date. As a result, if the amount of the Party B’s Obligations at Early Termination Date becomes negative, Party A shall have an obligation to immediately return to Party B the amount equal to the absolute value of such negative value.
- (3) As a result of netting pursuant to the provision of Item (2), if the Party B’s Obligations at Early Termination Date still remain, the amount of Initial Margin deposited by Party B with JSCC, or, if Initial Margin consists of Eligible Securities Collateral, the proceeds from liquidation of Eligible Securities Collateral by Party A, shall be deducted from the remaining amount of Party B’s Obligations at Early Termination Date. As a result, if the amount of the Party B’s Obligations at Early Termination Date becomes negative, Party B may request the return from Party A of Initial Margin delivered from JSCC up to the amount equal to the absolute value

of such negative value.

- (4) As a result of netting pursuant to the provision of Item (3), if the Party B's Obligations at Early Termination Date still remain, that remaining amount shall constitute the obligations of Party B owed to Party A arising from the termination of all Subject Clearing Brokerage Contracts (referred to as "Party B's Final Obligations" in this Article) and the claims in the Party B's Final Obligations shall constitute the claims of Party A to Party B.
- (5) As a result of netting pursuant to the provision of Item (1), if the Party A's Obligations at Early Termination Date remain, the sum of the absolute value of the Party A's Obligations at Early Termination Date and the amount of the obligation to return Customer Initial Margin pursuant to the provision of Article 31 of this Agreement shall constitute the obligations of Party A owed to Party B arising from the termination of all Subject Clearing Brokerage Contracts (referred to as "Party A's Final Obligations" in this Article) and the claims in the Party A's Final Obligations shall constitute the claims of Party B to Party A.

#### Section 2 Default of Party A

#### Article 33. Termination of Cleared Contracts Subject to Brokerage due to Default of Party A

If JSCC declares the Default of Party A, Cleared Contracts subject to Brokerage shall be automatically terminated on the date of such declaration without further notice from JSCC or Party A.

#### Article 34. Position Transfer of Outstanding Contracts

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

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

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

- 2 Party A and Party B hereby agree in advance that when the Outstanding Contracts are transferred to the Successor Clearing Broker(s) pursuant to the provision of Paragraph 1, Initial Margin in which Party B has the right to claim the return pursuant to the provision of Article 17 of this Agreement shall be deemed as Initial Margin deposited with JSCC through the Successor Clearing Broker(s) acting as agent for part B at the time of such Position Transfer.
- 3 Where Party B requests to JSCC the Position Transfer of the Outstanding Contracts pursuant to the provision of Paragraph 1, Party B shall request the Successor Clearing Broker for the Position Transfer and shall obtain the acceptance of the Successor Clearing Broker in advance.
- 4 When the Outstanding Contracts are transferred to the Successor Clearing Broker(s), the claims and obligations arising as a result of the Subject Clearing Brokerage Contracts between Party A and Party B as well as the claims and obligations resulting from Variation Margin paid or received between them in relation to such Subject Clearing Brokerage Contracts, excluding the obligations of Party A that is due at the time of the declaration of the Default in respect of Party A and the obligations of Party A related to Unpaid Amount set forth in Article 85-5.1 of the Business Rules, and the claims and obligations relating to Customer Initial Margin in the amount equal to those deemed to have been deposited with JSCC by Party B through the Successor Clearing Broker acting as agent for Party B pursuant to the provision of Paragraph 2, shall cease to exist and have no future effect in accordance with the Rules.
- 5 Notwithstanding the provision of Paragraph 1, when a notification is given by Party A to JSCC to the effect that Party B is a Cross Margining User in accordance with the provision of Article 28-7.2 of this Agreement, Party B may not request Position Transfer as set forth in Paragraph 1.

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

- 1 Upon termination of the Cleared Contracts subject to Brokerage pursuant to the provision of Article 33 of this Agreement, if the Outstanding Contracts are not transferred pursuant to the provision of Article 34 of this Agreement, Cash equivalent to the Early Termination Charge (*kigen mae shuuryou tesuuryou*) arising from the termination of the Cleared Contracts subject to Brokerage shall be settled between Party A and Party B as follows:
  - (1) The amount of Cash equivalent to the Early Termination Charge for the Cleared Contracts subject to Brokerage shall be the sum of the amounts obtained

pursuant to a. through f. below, or, if Party B is not a Customer set forth in Article 94.1 of the Business Rules, pursuant to b. through f. below. In the calculation performed under this item, the total Early Termination Charges calculated pursuant to the Rules for all Cleared Contracts to which Party A is a party will be used as calculation base:

- a. The sum of the Cash Settlement Amount arising from the Cleared Contracts subject to Brokerage to be paid or received on each JSCC Business Day during the period from the date on which JSCC declares Party A's Default (referred to as "Party A Default Determination Date" in this item and Item (2)) through the JSCC Business Day following the date specified in the Rules as the last day of the period during which the Position Transfer of the Outstanding Contracts by Party B as set forth in Article 34 of this Agreement is possible;

(For the purpose of this item, the "Last Day of Position Transfer Window" means JSCC Business Day following the date specified in the Rules as the last day of the period during which the Position Transfer of the Outstanding Contracts by Customers (including Party B) as set forth in Article 34 of the Clearing Brokerage Agreement.)

- b. The total amount of the portion, allocated to the Cleared Contracts subject to Brokerage, of the Cash Settlement Amount, to be paid or received on the second JSCC Business Day following the Last Day of Position Transfer Window applicable to Party B, arising from:
  - (i) Party A's Cleared Contracts on its proprietary account;
  - (ii) Party A's Customer's Cleared Contracts that are confirmed not to be transferred pursuant to Article 94 of the Business Rules by the JSCC Business Day preceding the Last Day of Position Transfer Window applicable to Party B;

(in this b. through f. below, the Cleared Contracts that are confirmed not to be transferred pursuant to Article 94 of the Business Rules by the JSCC Business Day preceding the Last Day of Position Transfer Window shall be referred to as the "Subject Cleared Contracts for Hedge")

and

- (iii) Cleared Contracts subject to Brokerage, as well as, the other Customer's Cleared Contracts as a result of Party A's Clearing



Brokerage for such other Customers, with respect to whom the Last Day of Position Transfer Window is the same as that applicable to Party B, if any.

(in this b. through f. below, the Cleared Contracts described in this (iii) shall be referred to as the “Cleared Contracts subject to Brokerage”)

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

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

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

- (i) The Cash Settlement Amount, arising from Subject Cleared Contracts for Hedge and Cleared Contracts of such Customer Added to Hedge, to be paid or received on the second JSCC Business Day following the Last Day of Position Transfer Window applicable to each Customer Added to Hedge shall be obtained;
  - (ii) The amount obtained in (i) above shall be allocated on a pro-rata basis according to their risk respectively calculated with respect to the Subject Cleared Contracts for Hedge and the Cleared Contracts of the Customer Added to Hedge; and
  - (iii) The amount allocated to Subject Cleared Contracts for Hedge according to (ii) above shall be further allocated to (a) Cleared Contracts on Party A's proprietary account, (b) Party A's Customer's Cleared Contracts which was confirmed not to be transferred pursuant to Article 94 of the Business Rules before the Last Day of Position Transfer Window applicable to Party B and (c) the Cleared Contracts subject to Brokerage on a pro-rata basis in the same manner as the provision of b. above. The amount so allocated to the Cleared Contracts subject to Brokerage shall be the amount used for calculation of Cash equivalent to the Early Termination Charge for the Cleared Contracts subject to Brokerage.
- e. When d. above applies, if no other Customer's Cleared Contract for which Party A is acting as Clearing Broker is confirmed not to be transferred pursuant to Article 94 of the Business Rules on or after the JSCC Business Day following the Last Day of Position Transfer Window applicable to each Customer Added to Hedge above, the sum of the amount of the portion, allocated to Cleared Contracts subject to Brokerage, of the Cash Settlement Amount to be paid or received on each JSCC Business Day from the third JSCC Business Day following the Last Day of Position Transfer Window applicable to the Customer Added to Hedge through Default Auction Date plus Successful Bid Amount less the Net Present Value as of the JSCC Business Day immediately preceding the Default Auction Date, each arising from the Subject Cleared Contracts for Hedge and the Cleared Contracts of the Customer Added to Hedge. The allocation shall be determined by prorating such amount in the same manner as the provision of d. above;
- f. When d. above applies, if one or more further Customer's Cleared Contracts for which Party A is acting as Clearing Broker are confirmed not to be transferred pursuant to Article 94 of the Business Rules on or after

the JSCC Business Day following the Last Day of Position Transfer Window applicable to said Customer Added to Hedge, the sum of the amount obtained by the calculation made in the same manner as the provisions of d. and e. above. If there is one or more additional Customers for which Party A is acting as Clearing Broker is decided not being able to transfer the Cleared Contracts executed for its account pursuant to Article 94 of the Business Rules thereafter, the total amount calculated in the same manner shall be added accordingly.

(1)-2The “Cash Settlement Amount” and the “Net Present Value” referred to in Item (1) shall be calculated by JSCC pursuant to the provisions of the Rules on an assumption that Cleared Contracts to which Party A is a party, including Cleared Contracts subject to Brokerage, validly exist on the Party A Default Determination Date, and the “Cash Settlement Amount” and the “Net Present Value” to be paid or received in any currency other than Japanese yen shall be Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate set forth in Article 6 of the Rules on Default Settlement Regarding Clearing Participants in Relation to IRS Clearing Business (*kinri suwappu torihiki seisan gyoumu ni kansuru seisan sankasha no hatan shori ni kansuru kisoku*).

(1)-3The “risk” referred to in Item (1) means the amount, with respect to the relevant Cleared Contracts, calculated by JSCC according to the method set forth in Paragraph 1.(1).a. of Appendix 2 to the Handling Procedures of Interest Rate Swap Business Rules.

(2) When Party A is to pay to Party B the amount equivalent to the Early Termination Charge calculated pursuant to the provision of Item (1), Party B shall be deemed to have a claim in such amount to Party A.

(3) When Party B is to pay to Party A the amount equivalent to the Early Termination Charge calculated pursuant to the provision of Item (1), Party A shall be deemed to have a claim in such amount to Party B.

2 If the Cleared Contracts subject to Brokerage are terminated pursuant to the provision of Article 33 of this Agreement and the Outstanding Contracts are not transferred pursuant to the provision of Article 34 of this Agreement, Party A and Party B shall immediately return to the other party Variation Margin deposited by the other party in accordance with this Agreement, provided that neither Party A nor Party B may request the return of said Variation Margin from the other party until the settlement of all Cleared Contracts subject to Brokerage and Cross Margined JGB Futures Cleared Contracts recorded on Party B Clearing Brokerage Account is completed pursuant to the provisions of Articles 26.2 and 26.3 of this Agreement, except for the case where the claims and obligations arising from Variation Margin are settled pursuant to the provision of Paragraph 5.

- 3 If the Cleared Contracts subject to Brokerage are terminated pursuant to the provision of Article 33 of this Agreement and the Outstanding Contracts are not transferred pursuant to the provision of Article 34 of this Agreement, Party A shall immediately return to Party B Customer Initial Margin deposited by Party B, provided that Party B may not request the return of said Customer Initial Margin from Party A until the settlement of all Cleared Contracts subject to Brokerage and Cross Margined JGB Futures Cleared Contracts recorded on Party B Clearing Brokerage Account is completed pursuant to the provision of Article 26.1 of this Agreement, except for the case where the claims and obligations arising from Customer Initial Margin are settled pursuant to the provision of Paragraph 5.
- 4 For the purpose of Paragraph 3, where Customer Initial Margin is deposited in the form of Eligible Securities Collateral, unless otherwise agreed between Party A and Party B, Party A shall return Cash in the amount equivalent to the market value of Eligible Securities Collateral used to determine the appraisal value of the Eligible Securities Collateral as of the Initial Loss-Determination Date in relation to the Default of Party A ("Initial Loss-Determination Date") in lieu of returning the Eligible Securities Collateral.
- 5 If the Cleared Contracts subject to Brokerage are terminated pursuant to the provision of Article 33 of this Agreement and the Outstanding Contracts are not transferred pursuant to the provision of Article 34 of this Agreement, all monetary obligations outstanding between Party A and Party B under this Agreement as of the Initial Loss-Determination Date ("Existing Obligations at Initial Loss-Determination Date") shall be settled as set forth below. Such monetary obligations shall include the obligations to pay Cash equivalent to the Early Termination Charge for the Cleared Contracts subject to Brokerage set forth in Paragraph 1 ("Early Termination Charge Equivalent"), the obligations to return Variation Margin pursuant to the provision of Paragraph 2, the obligations to return Customer Initial Margin pursuant to the provisions of Paragraphs 3 and 4, the obligations to pay Fixed Amount and Floating Amount that remain unpaid, if any, and any and all other monetary obligations outstanding between Party A and Party B:
  - (1) The total Early Termination Charge Equivalent payable by Party A to Party B as a result of termination of all Cleared Contracts subject to Brokerage pursuant to the provision of Article 33 of this Agreement, total Variation Margin to be returned from Party A to Party B and other monetary obligations of Party A owed to Party B outstanding as of the Initial Loss-Determination Date, excluding the obligations to return Customer Initial Margin under the provisions of Paragraphs 3 and 4, ("Party A's Obligations at Initial Loss-Determination Date") shall be netted with the total Early Termination Charge Equivalent payable by Party B to Party A as a result of termination of the Cleared Contracts subject to Brokerage, total Variation Margin to be returned from Party B to Party A and other monetary obligations of Party B to Party A outstanding as of the Initial Loss-Determination Date ("Party B's

Obligations at Initial Loss-Determination Date”). For the purpose of this item, in respect of the Variation Margin or monetary obligations to be paid or received in any currency other than Japanese yen, the above amounts shall be the Japanese yen equivalent of such amount converted using the quotes of foreign exchange rate set forth in the provision of Article 6 of the Rules on Default Settlement Regarding Clearing Participants in Relation to IRS Clearing Business;

- (2) As a result of netting pursuant to the provision of Item (1), if Party B's Obligations at Initial Loss-Determination Date remain, the amount of Customer Initial Margin deposited by Party B with Party A, or, if Customer Initial Margin consists of Eligible Securities Collateral, but Party A will not return Cash equivalent to the market value of the Eligible Securities Collateral as set forth in the provision of Paragraph 4, the liquidation proceeds of Eligible Securities Collateral shall be deducted from the remaining amount of Party B's Obligations at Initial Loss-Determination Date. As a result, if the amount of the Party B's Obligations at Initial Loss-Determination Date becomes negative, Party A shall have an obligation to immediately return to Party B the amount equal to the absolute value of such negative value.
- (3) As a result of netting pursuant to the provision of Item (2), if the Party B's Obligations at Initial Loss-Determination Date still remain, the amount of Initial Margin deposited by Party B with JSCC, or, if Initial Margin consists of the Eligible Securities Collateral, the liquidation proceeds of Eligible Securities Collateral, shall be deducted from the remaining amount of Party B's Obligations at Initial Loss-Determination Date. As a result, if the amount of Party B's Obligations at Initial Loss-Determination Date becomes negative, Party B may request return of Initial Margin from JSCC up to the amount equal to the absolute value of such negative value.
- (4) As a result of netting pursuant to the provision of Item (3), if the Party B's Obligations at Initial Loss-Determination Date still remain, that remaining amount shall constitute the obligations of Party B owed to Party A arising from the termination of all Subject Clearing Brokerage Contracts (referred to as “Party B's Final Obligations” in this Article) and the claims in the Party B's Final Obligations shall constitute the claims of Party A to Party B.
- (5) As a result of netting pursuant to the provision of Item (1), if the Party A's Obligations at Initial Loss-Determination Date remain, the sum of that remaining amount and the amount of the obligation to return Customer Initial Margin pursuant to the provisions of Paragraphs 3 and 4 shall constitute the obligations of Party A owed to Party B arising from the termination of all Subject Clearing Brokerage Contracts (referred to as “Party A's Final Obligations” in this Article) and the claims in the Party A's Final Obligations shall constitute the claims of Party B to Party A.

- 6 If Party A owes Party A's Final Obligations pursuant to the provision of Paragraph 5, Party A shall perform Party A's Final Obligations by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.
- 7 If Party B owes Party B's Final Obligations pursuant to the provision of Paragraph 5, Party B shall perform Party B's Final Obligations by the time and in the manner as designated by Party A.

Section3 Position Transfer of Outstanding Contracts Due to Default of Other Clearing Participants

Article 36. Position Transfer of Outstanding Contracts Due to Default of Other Clearing Participants

- 1 If JSCC declares the Default of other Clearing Participant who also is a Clearing Broker for Party B ("Defaulting Clearing Participant") and if the Cleared Contracts of Party B are terminated, said Cleared Contracts and other claims and obligations specified in the Rules (collectively "Defaulting Clearing Participant's Outstanding Contracts") will be transferred to Party A through Position Transfer pursuant to the provisions of the Rules, through submission by Party B of request for Position Transfer to Party A and subject to an acceptance of Position Transfer by Party A.
- 2 When Party A accepts Position Transfer of the Defaulting Clearing Participant's Outstanding Contracts pursuant to the provision of Paragraph 1 and receives the Position Transfer request form from Party B in accordance with the Rules, Party A must submit the request form to JSCC within the period of time specified in the Rules. Such request form shall state, among other things, the effect that Party A has received the request to accept the Position Transfer and it has consented to accept such Position Transfer; that Party B is requesting such Position Transfer to JSCC; and that Party A is submitting the request form for such Position Transfer to JSCC.
- 3 Upon the Position Transfer of the Defaulting Clearing Participant's Outstanding Contracts to Party A pursuant to the provision of Paragraph 1, the provisions of this Agreement shall apply to the Defaulting Clearing Participant's Outstanding Contracts transferred to Party A as if they are the Cleared Contracts subject to Brokerage and the Subject Clearing Brokerage Contracts under this Agreement.
- 4 Party A and Party B hereby agree in advance that upon the Position Transfer of the Defaulting Clearing Participant's Outstanding Contracts to Party A pursuant to the provision of Paragraph 1, Initial Margin in which Party B has the right to claim return pursuant to the provisions of the Clearing Brokerage Agreement between Party B and the Defaulting Clearing Participant shall be deemed as Initial Margin deposited with JSCC by

Party B through Party A acting as its agent at the time of such Position Transfer.

#### Section 4 Participation in Default Auction for Other Clearing Participant

##### Article 37. Hedge Transaction

- 1 Under Clearing Brokerage for Party B which is in the same Corporate Group as Party A, Party A may become a party to the Hedge Transactions set forth in Article 93.1 of the Business Rules with JSCC for the account of Party B.
- 2 When a Hedge Transaction is executed between JSCC and Party A pursuant to the provision of Paragraph 1, the provisions of this Agreement shall apply as if that Hedge Transaction is the Cleared Contract subject to Brokerage which comes into effect as a result of Party A's Clearing Brokerage for Party B, and the legal relationships between Party A and Party B in respect of that Hedge Transaction is the Subject Clearing Brokerage Contract corresponding to the Hedge Transaction which is deemed as the Cleared Contract subject to Brokerage pursuant to the provision of this paragraph.

##### Article 37-2. Cross Margining Liquidation Transaction

- 1 Under Clearing Brokerage for Party B which is in the same Corporate Group as Party A, Party A may execute Cross Margining Liquidation Transactions with JSCC on Party B's book in accordance with Article 93-2.2 of the Business Rules.
- 2 When a Cross Margining Liquidation Transaction is executed between JSCC and Party A pursuant to the provision of Paragraph 1, the provisions of this Agreement shall apply as if that Cross Margining Liquidation Transaction is the Cleared Contract subject to Brokerage which comes into effect as a result of Party A's Clearing Brokerage for Party B, and the legal relationships between Party A and Party B in respect of that Cross Margining Liquidation Transaction is the Subject Clearing Brokerage Contract corresponding to the Cross Margining Liquidation Transaction which is deemed as the Cleared Contract subject to Brokerage pursuant to the provision of this paragraph.

##### Article 38. Default Auction

- 1 Under Clearing Brokerage for Party B which is in the same Corporate Group as Party A, Party A may participate in the Default Auction for the account of Party B. If Party A wins a bid for the Auction Transactions for the account of Party B, these Auction Transactions shall come into effect between JSCC and Party A as broker for Party B.
- 2 When the Auction Transactions come into effect between JSCC and Party A pursuant to the provision of Paragraph 1, the provisions of this Agreement shall apply as if the Auction Transactions are the Cleared Contracts subject to Brokerage which comes into effect as a result of Party A's Clearing Brokerage and the legal relationships between Party A and Party B in respect of the Auction Transactions are the Subject Clearing Brokerage Contracts corresponding to the Auction Transactions which are deemed as

the Cleared Contracts subject to Brokerage pursuant to the provision of this paragraph.

## Chapter 7 Miscellaneous Provisions

### Article 39. Voluntary Termination of this Agreement

- 1 This Agreement may be terminated by mutual agreement upon consultation between Party A and Party B.
- 2 In addition to the provision of Paragraph 1, Party A or Party B may terminate this Agreement by giving a written notice of termination to the other party not less than XX JSCC Business Days preceding the date on which it desires the termination.
- 3 When this Agreement is to be terminated pursuant to the provision of Paragraph 1 or 2, Party A shall give prior notification to JSCC. Such notification shall be given by the third JSCC Business Day preceding the desired date of the termination in the event of the termination pursuant to the provision of Paragraph 1 or without delay after Party A gives or receives the written notice of termination to or from the other party, as the case may be, in the event of the termination pursuant to the provision of Paragraph 2.
- 4 The provisions of this Agreement shall continue to govern the Subject Clearing Brokerage Contracts executed before the termination of this Agreement pursuant to the provision of Paragraph 1 or 2.
- 5 Notwithstanding the provisions of Paragraphs 1 and 2, no termination of this Agreement shall become effective until JSCC receives the notification pursuant to the provision of Paragraph 3.

### Article 40. Compulsory Termination of this Agreement

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



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

Article 41. Reports

- 1 Upon request of Party A, Party B shall report to Party A without delay the matters required to be reported in connection with the Subject Clearing Brokerage Contracts.
- 2 Upon occurrence of an Event of Default, Party B shall immediately report that effect to Party A in writing.

Article 42. No Assignment of Claims

Neither Party A nor Party B may assign to any third party, pledge or otherwise dispose of its claims under this Agreement.

Article 43. Confidentiality

- 1 Party A and Party B shall keep confidentiality of, and shall not use for any other purpose, business secrets of the other party which it becomes aware in connection with this Agreement. The “secret” referred to above shall mean confidential facts that are not otherwise available to general public and may have significant commercial impact.
- 2 Party A and Party B shall not divulge business secrets set forth in Paragraph 1 to any third party, except for the following cases or unless there is other legitimate grounds for doing so:
  - (1) When it obtains a prior written consent of the other party;
  - (2) When the disclosure or provision thereof is required by an order or request from a court, competent authority or any other public institution or a financial instruments exchange or any other self-regulatory organization, or by law or regulation;
  - (3) When it is disclosed or provided to an attorney, certified public accountant, tax accountant or other professional or any other Legal Entity (*houjin tou*) in the same Corporate Group, to the extent necessary for its performance of this Agreement or for the protection of its rights; or
  - (4) When it files a report to JSCC or accepts investigations conducted by JSCC.

Article 44. Notice of Changes in Notifiable Matters

Party B shall immediately give a written notice to Party A of any change in its trading name, name, representative, seal impression or signature registered with Party A, address, location of its office or other matters.

Article 45. Disclaimer

- 1 Neither Party A nor JSCC shall be liable for any damage arising as a result of a delay in the return of Margin requested by Party B or the performance of any other obligation due to an act of God or other event of force majeure.
- 2 Neither Party A nor JSCC shall be liable for any loss, destruction of or other damage to Margin resulting from any of the events described in Paragraph 1.
- 3 As long as Party A has verified with due care and believed that a seal impression or signature affixed on a written notification or other document is the same as the seal impression or specimen signature notified to Party A in advance, Party A shall not be liable for any damage resulting from forgery, falsification of or other trouble in such document.

Article 46. Effectiveness of Notice

1 Any notice or other communication between Party A and Party B in connection with this Agreement shall be given by any of the below listed methods to the address or office notified by Party B to Party A or in accordance with the details of electronic communication system or e-mail, and shall become effective at such time as set forth below, provided, however, that the methods of Items (5) and (6) may not be used for a notice or other communications between Party A and Party B in connection with the matters set forth in Article 29 or 30 of this Agreement. If the timing set forth below with respect to each method of notice is not a day on which commercial banks located in the place designated by Party B as its address for receiving notices are open for general business, including the dealings in foreign exchange and foreign currency deposits (referred to as "Local Business Day" in this paragraph) or after the business hours on a Local Business Day, such notice or other communication shall become effective on the next Local Business Day:

- (1) Delivery by hand or sending by mail in writing: the date of the receipt;
- (2) Transmission by telex: the date of receipt of an answerback from the recipient;
- (3) Transmission by facsimile: the date on which a qualified employee of the recipient receives it in a legible form;
- (4) Sending by a contents-certified or registered mail or by equivalent method: the

date of delivery or attempted delivery;

(5) Sending through an electronic communication system: the date of receipt; or

(6) Sending by e-mail: the date of delivery.

2 In the event of a late delivery or failure of delivery of any notice or other communication between Party A and Party B addressed to the address or office notified by Party B to Party A for any reason attributable to Party B, it shall be deemed to have arrived at the time when it should have arrived under ordinary circumstances.

#### Article 47. Standard Time

Unless otherwise set forth in this Agreement, any reference to the year, month, day and time in this Agreement shall be the reference to year, month, day and time in Japan Standard Time.

#### Article 48. Reports by Electromagnetic Means

With a consent of Party A, Party B may, instead of submitting a document in writing, provide information to be reported under the provision of Article 41.2 hereof or notify under the provision of Article 44 hereof (excluding notification regarding changes in its seal impression or signature) via an electronic information processing system or other information and communication technology. The submission of report or notification in the above mean shall have the same effect as a report or notification in writing.

#### Article 49. Execution of Memorandum of Understanding

So long as it is consistent with this Agreement and the Rules, Party A and Party B may conclude a memorandum of understanding or other consent letter on the matters related to this Agreement or Clearing Brokerage under this Agreement (including the matters related to delinquent charges, bank transfer fees and other matters not prescribed in this Agreement).

#### Article 50. Matters not Set Forth in this Agreement

Matters not set forth in this Agreement in connection with the Subject Clearing Brokerage Contracts shall be subject to the memorandum of understanding or other consent letter concluded between Party A and Party B pursuant to Article 49 of this Agreement, if any, as well as the Rules.

#### Article 51. Precedence of this Agreement

- 1 In the event of any inconsistency or conflict between an agreement between Party A and Party B and the provisions of this Agreement or the Rules, the provisions of this Agreement and the Rules shall prevail to the extent of such inconsistency or conflict.
- 2 In the event of any inconsistency or conflict between the provisions of this Agreement and the Rules, the Rules shall prevail to the extent of such inconsistency or conflict.

#### Article 52. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Japan.

#### Article 53. Jurisdiction

1 Party A and Party B hereby agree that the competent court in the location of the head office or XX branch of Party A shall have the jurisdiction over any legal action relating to this Agreement or the Subject Clearing Brokerage Contracts.

2 Notwithstanding the provision of Paragraph 1, Party A and Party B may separately agree on the exclusive jurisdiction or arbitration in respect of any dispute in connection with this Agreement or the Subject Clearing Brokerage Contracts.

#### Article 54. Revisions Required when Applying for Exchanging Mark-to-Market Difference And Adjustment Amount

1 When Party B intends to submit Application for Exchanging Mark-to-Market Difference and Adjustment Amount (*soneki sakin tou*), the provisions of Articles 2, 9, 20, 21, 22, 23, 28-2, 28-3, 28-4, 28-5, 28-6, 28-6-2, 30, 32, 36, 37, 37-2 and 38 shall be replaced as follows:

(1) The following two items shall be added after Article 2.1 (10):

(10)-2 "Subject Clearing Brokerage Contract (Settlement Type)" (*seisan itaku torihiki (kessai gata)*) means a Subject Clearing Brokerage Contract having the same economic effect as Cleared Contracts subject to Brokerage that is a Cleared Contract (Settlement Type) (*seisan yakujou (kessai gata)*);

(10)-3 "Subject Clearing Brokerage Contract (Collateral Type)" (*seisan itaku torihiki (tampo gata)*) means a Subject Clearing Brokerage Contract having the same economic effect as Cleared Contracts subject to Brokerage that is a Cleared Contract (Collateral Type) (*seisan yakujou (tampo gata)*);

(2) The phrase "Positions of the JGB Futures Contracts covered under Cross Margining on Party B's book" in Paragraph 1 of Article 9 shall be replaced with the phrase "Positions of the JGB Futures Contracts covered under Cross Margining on Party B's book, Mark-to-Market Difference (*soneki sakin*)."

(3) The title "Section 2 Variation Margin" shall be replaced with the term "Cash Settlement Amount."

(4) The term "Cleared Contracts subject to Brokerage" in Articles 20, 21.1, 22.1, 22.2, 28-2, 28-4.3, 28-6-2.1, 36.3, 37.2, 37-2.2 and 38.2 shall be replaced with the phrase "Cleared Contracts subject to Brokerage which are Cleared Contracts (Collateral Type)."

(5) The term “Subject Clearing Brokerage Contracts” in Articles 23, 28-2, 28-4.3, 36.3, 37.2, 37-2.2 and 38.2 shall be replaced with the term “Subject Clearing Brokerage Contracts (Collateral Type).”

(6) The phrase “shall accrue among JSCC, Successor Clearing Broker and Party B at the time of such acceptance.” in Article 28-3.4 shall be replaced with the phrase “shall accrue among JSCC, Successor Clearing Broker and Party B at the time of such acceptance. In this case, claims and obligations between Successor Clearing Broker and JSCC shall be treated as those under the Cleared Contracts subject to Brokerage which are Cleared Contracts (Collateral Type) while claims and obligations between Successor Clearing Broker and Party B shall be treated as those under the Clearing Brokerage Contracts (Collateral Type).”

(7) The phrase “a new Clearing Brokerage Contract with the same terms and conditions” in Article 28-5.1 shall be replaced with the phrase “a new Clearing Brokerage Contract as Clearing Brokerage Contract (Collateral Type) with the same terms and conditions.”

(8) The phrase “a new legal relationship with the same terms and conditions” in Article 28-6.1 shall be replaced with the phrase “a new legal relationship as the Clearing Brokerage Contracts (Collateral Type) with the same terms and conditions.”

(9) The phrase “a new legal relationship having the same economic effect” in Article 28-6-2.1 shall be replaced with the phrase “a new legal relationship as Clearing Brokerage Contracts (Collateral Type) with the same economic effect.”

(10) The term “as the Cleared Contracts” in Article 30.5 shall be replaced with “as the Cleared Contracts (Collateral Type).”

(11) The phrase “the obligation to pay unpaid Fixed Amount and Floating Amount” in Article 32.1 shall be replaced with the phrase “the obligation to pay unpaid Fixed Amount, Floating Amount and Mark-to-Market Difference.”

2. When Paragraph 1 applies, the following new Article shall be added after Article 6 and apply:

Article 7. Application for Exchanging Mark-to-Market Difference And Adjustment Amount

1 When Party B intends to instruct Party A to apply for, or to give instruction to withdraw, Application for Exchanging Mark-to-Market Difference And Adjustment Amount. in relation to the Cleared Contracts subject to Brokerage which are Cleared Contracts (Collateral Type), it shall notify such effect to Party A by the time agreed between Party A and Party B in the manner agreed between Party A and Party B.

- 2 Upon receipt of the above-mentioned notice, Party A shall apply for or withdraw Application for Exchanging Mark-to-Market Difference And Adjustment Amount as instructed by Party B to JSCC in accordance with the provisions of the Rules.
3. When Paragraph 1 applies, the following new Article shall be added after Article 20 and apply:

Article 20-2. Mark-to-Market Difference

- 1 Party A and Party B shall pay or receive Cash in an amount equivalent to the Mark-to-Market Difference in the relevant currency of the Cleared Contract subject to Brokerage which is a Cleared Contract (Settlement Type) on the day specified below according to the Cleared Contract subject to Brokerage which is a Cleared Contract (Settlement Type) in the below-listed currency:
- (1) JPY Cleared Contract subject to Brokerage: JSCC Business Day
  - (2) Foreign Currency Cleared Contract subject to Brokerage: On the day that is both JSCC Business Day and Foreign Currency Home Business Day
- 2 The required amount of Mark-to-Market Difference for Cleared Contracts subject to Brokerage that is Cleared Contract (Settlement Type) shall be calculated by JSCC in accordance with the Rules, and Party A shall notify Party B of such amount.
4. When Paragraph 1 applies, the following new Article shall be added after Article 21 and apply:

Article 21-2. Payment or Receipt of Mark-to-Market Difference

- 1 When Party A is due to pay to JSCC Mark-to-Market Difference in relation to Cleared Contracts subject to Brokerage that is Cleared Contracts (Settlement Type), Party B shall pay to Party A Cash in an amount equivalent to the Mark-to-Market Difference by the time agreed between Party A and Party B that is at or before the cut-off time for its payment to JSCC on the JSCC Business Day following the date of calculation of the Mark-to-Market Difference, or, for Mark-to-Market Difference related to Foreign Currency Cleared Contracts on the first JSCC Business Day and Foreign Currency Home Business Day following the date of calculation of such Mark-to-Market Difference, in the manner agreed between Party A and Party B. If Party A and Party B have agreed in advance that it is practically difficult for Party B to put in place operational procedures for such payment, the payment of the Mark-to-Market Difference to Party A shall be made by the above-mentioned cut-off time on the second JSCC Business Day following the date of calculation of Mark-to-Market Difference, or, in the case of Mark-to-Market Difference related to Foreign Currency Cleared Contracts, the first day that is both JSCC Business Day and Foreign Currency Home Business Day following the date such payment to JSCC becomes due.

2. When Party A receives from JSCC Mark-to-Market Difference in respect of Cleared Contracts subject to Brokerage of Cleared Contract (Settlement Type), Party A shall pay to Party B Cash in an amount equivalent to such Mark-to-Market Difference by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.
5. When Paragraph 1 applies, the following new Article shall be added after Article 22 and apply:

Article 22-2. Payment or Receipt of Adjustment Amount related to Mark-to-Market Difference

- 1 Party A and Party B shall pay or receive Cash equivalent to Adjustment Amount related to Mark-to-Market Difference (*soneki sakin ni kakaru chouseikin*) in respect of the relevant currency of the Cleared Contract subject to Brokerage which is a Cleared Contract (Settlement Type) in accordance with this Agreement and the Rules on the JSCC Business Day specified below according to Cleared Contract subject to Brokerage which is a Cleared Contract (Settlement Type) in the below-listed currency:
  - (1) JPY Cleared Contract subject to Brokerage: JSCC Business Day
  - (2) Foreign Currency Cleared Contract subject to Brokerage: On the day that is both JSCC Business Day and Foreign Currency Home Business Day
- 2 The amount of Adjustment Amount related to Mark-to-Market Difference for Cleared Contracts subject to Brokerage which are Cleared Contracts (Settlement Type) shall be calculated by JSCC pursuant to the provisions of the Rules, and Party A shall notify Party B of such amount.
- 3 When Party A is due to pay Adjustment Amount related to Mark-to-Market Difference to JSCC, Party B shall pay to Party A Cash in an amount equivalent to said amount by the time agreed between Party A and Party B that is at or before the cut-off time for its payment to JSCC on the JSCC Business Day following the date of calculation of the Adjustment Amount related to Mark-to-Market Difference, or, in the case of the Adjustment Amount related to Mark-to-Market Difference for Foreign Currency Cleared Contracts, such cut-off time on the first JSCC Business Day and Foreign Currency Home Business Day following the date of calculation of such Adjustment Amount related to Mark-to-Market Difference, in the manner agreed between Party A and Party B. If Party A and Party B have agreed in advance that it is practically difficult for Party B to put in place operational procedures for such payment, the payment of the Adjustment Amount related to Mark-to-Market Difference shall be made by the above-mentioned cut-off time on the second JSCC Business Day following the date of calculation of the Adjustment Amount related to Mark-to-Market Difference, or, in the case of Adjustment Amount related to Mark-to-Market Difference for Foreign Currency Cleared Contracts, the first day that is both JSCC Business Day and Foreign Currency Home Business Day following the date such payment to JSCC becomes due.

4 When Party A receives from JSCC Adjustment Amount related to Mark-to-Market Difference, Party A shall pay to Party B Cash in an amount equivalent to said Adjustment Amount related to Mark-to-Market Difference by the time agreed between Party A and Party B, or promptly, absent such agreement, and in the manner agreed between Party A and Party B.

Article 55. Revisions Required when Using Cross Margining

1 When Party B uses Cross Margining, the following provisions shall apply in respect of Articles 28-9, 34, 35 and 37-2:

(1) The phrase “When the claims and obligations with the same terms and conditions as those of Cross Margined JGB Futures Cleared Contract that is recorded on Party B Clearing Brokerage Account came into existence between Party A and JSCC” in Article 28-9.1 shall be replaced with the phrase “When the claims and obligations with the same terms and conditions as those of Cross Margined JGB Futures Cleared Contract that is recorded on Party B Clearing Brokerage Account between the Cross Margining Requester and JSCC came into existence between Party A and JSCC”;

(2) The provision of Article 34.5 shall not apply;

(3) Each of the phrases “if the Outstanding Contracts are not transferred pursuant to the provision of Article 34 of this Agreement” in Articles 35.1 through 35.3 and Article 35.5 shall be replaced with the phrase “if the Outstanding Contracts are not transferred pursuant to the provision of Article 34 of this Agreement or the Outstanding Cross Margined Contracts are not transferred pursuant to the provision of Article 34-2”;

(4) The phrases “the sum of the amounts obtained pursuant to a. through f. below” and “pursuant to b. through f. below” in Article 35.1.(1) shall be replaced with the phrases “the sum of the amounts obtained pursuant to a. through g. below” and “pursuant to b. through g. below,” respectively;

(5) The phrase “the period during which the Position Transfer of the Outstanding Contracts by Party B as set forth in Article 34 of this Agreement is possible” in Article 35.1.(1).a. shall be replaced with the phrase “the period during which the Position Transfer of the Outstanding Contracts as set forth in Article 34 of this Agreement or the Position Transfer of the Outstanding Cross Margined Contracts as set forth in Article 34-2 of this Agreement is possible” and the phrase “the period during which the Position Transfer of the Outstanding Contracts by Customers (including Party B) as set forth in Article 34 of this Agreement is possible” in Article 35.1.(1).a. shall be replaced with the phrase “the period during which the Position Transfer of the Outstanding Contracts by Customers (including Party B) as set forth in Article 34 of this Agreement or the Position Transfer of the Outstanding Cross Margined Contracts by Customers (including Party B)



as set forth in Article 34-2 of this Agreement is possible”;

(6) The phrase “transferred pursuant to Article 94 of the Business Rules” in Article 35.1.(1).b. shall be replaced with the phrase “transferred pursuant to Article 94 or Article 94-2 of the Business Rules”;

(7) Following new Sub-item g. shall be added after Article 35.1.(1).f.:

“g. When Party B is a Cross Margining User, if a Cross Margining Liquidation Transaction is executed in respect of Party B’s Cross Margined JGB Futures Cleared Contracts, the amount equal to the Cash Settlement Amount related to the Cleared Contract which comes into existence as a result of such Cross Margining Liquidation Transaction.”

(8) The phrase “the obligations to pay the amount equivalent to the Early Termination Charge set forth in Paragraph 1 (“Early Termination Charge Equivalent”)” in Article 35.5 shall be replaced with the phrase “the obligations to pay the amount equivalent to the Early Termination Charge set forth in Paragraph 1, which include, if the Cross Margined JGB Futures Cleared Contracts are recorded on the Party B Clearing Brokerage Account, the payment obligation existing between Party A and Party B in respect to the legal relationship having the same economic effect as the Subject Clearing Brokerage Contracts that will come into existence pursuant to the provision of Article 28-9.1 of this Agreement, (“Early Termination Charge Equivalent”)”; and

(9) The phrase “which is in the same Corporate Group as Party A” in Article 37-2.1 shall be deleted.

2 When Paragraph 1 applies, following new two Articles shall be added after Article 34 and apply:

Article 34-2. Position Transfer of Outstanding Cross Margined Contracts

1 Notwithstanding the provision of Article 34, when the legal relationship with the same economic effect as the Subject Clearing Brokerage Contracts set forth in Article 28-9.1 comes into existence as a result of a Default of Party A, Party B may cause the claims and obligations listed below (collectively the “Outstanding Cross Margined Contracts”) to be transferred through Position Transfer as a whole to one or more Successor Clearing Brokers through the submission of a Position Transfer Request in the form prescribed by JSCC to JSCC via the Successor Clearing Broker(s) and if JSCC accepts such request, in accordance with the provisions of the Rules. This may only be done during the period specified in the Rules:

(1) The claims and obligations of which the terms and conditions as prescribed in the

Rules are identical to the claims and obligations under the Cleared Contracts subject to Brokerage between Party A and JSCC which are in effect immediately before the legal relationship having the same economic effect as the Subject Clearing Brokerage Contract coming into existence pursuant to the provision of Article 28-9.1 of this Agreement;

(2) The claims and obligations of which the terms and conditions as prescribed in the Rules are identical to the claims and obligations under the Subject Clearing Brokerage Contracts between Party A and Party B which are in effect immediately before the legal relationship having the same economic effect as the Subject Clearing Brokerage Contracts coming into existence pursuant to the provision of Article 28-9.1 of this Agreement.

2 Party A and Party B hereby agree in advance that when the Outstanding Cross Margined Contracts are transferred to the Successor Clearing Broker(s) pursuant to the provision of Paragraph 1, Initial Margin in which Party B has the right to claim the return pursuant to the provision of Article 17 of this Agreement shall be deemed as Initial Margin deposited with JSCC through the Successor Clearing Broker(s) acting as agent of Party B at the time of such Position Transfer.

3 Where Party B requests to JSCC the Position Transfer of the Outstanding Cross Margined Contracts pursuant to the provision of Paragraph 1, Party B shall request to the Successor Clearing Broker the Position Transfer and shall obtain the consent of the Successor Clearing Broker in advance.

4 When the Outstanding Cross Margined Contracts are transferred to the Successor Clearing Broker(s), the claims and obligations arising as a result of the Subject Clearing Brokerage Contracts between Party A and Party B as well as the claims and obligations resulting from Variation Margin paid or received between them in relation to such Subject Clearing Brokerage Contracts, excluding the obligations of Party A that is due at the time of the declaration of the Default in respect of Party A and the obligations of Party A related to Unpaid Amount set forth in Article 85-5.1 of the Business Rules, and the claims and obligations relating to Customer Initial Margin in the amount equal to those deemed to have been deposited with JSCC by Party B through the Successor Clearing Broker(s) acting as agent pursuant to the provision of Paragraph 2, shall cease to exist and have no future effect in accordance with the Rules.

5 The Position Transfer of Outstanding Cross Margined Contracts by Party B as set forth in Paragraphs 1 through 4 above may only be allowed when Party B has agreed with the JGB Futures Successor Clearing Broker (*kokusai sakimono shoukei seisan sankasha*) on the JGB Futures Position Transfer (*kokusai sakimono shoukei*), and

submitted a request for JGB Futures Position Transfer in the form prescribed by JSCC to JSCC via the JGB Futures Successor Clearing Broker.

Article 34-3. JGB Futures Position Transfer of Claims and Obligations related to JGB Futures Cleared Contracts(*kokusai sakimono seisan yakujou*)

1 When the legal relationship having the same economic effect as the Subject Clearing Brokerage Contract set forth in Article 28-9.1 of this Agreement comes into existence, Party B may cause the claims and obligations listed below (hereinafter collectively referred to as the “Claims and Obligations related to JGB Futures Cleared Contracts”) to be transferred through Position Transfer as a whole to a JGB Futures Successor Clearing Broker through the submission of a Position Transfer Request in the form prescribed by JSCC to JSCC via the JGB Futures Successor Clearing Broker and if JSCC accepts such request, in accordance with the provisions of the Rules. This may only be done during the period specified in the Rules:

(1) The claims and obligations of which the terms and conditions as prescribed in the Rules are identical to the claims and obligations with the same terms and conditions as those related to Cross Margined JGB Futures Cleared Contracts set forth in Article 28-9.1 between Party A and JSCC which are in effect at the time when the legal relationship having the same economic effect as the Subject Clearing Brokerage Contracts comes into existence according to the provision of Article 28-9.1;

(2) The claims and obligations of which the terms and conditions as prescribed in the Rules are identical to the legal relationship having the same economic effect as the Subject Clearing Brokerage Contracts set forth in Article 28-9.1 between Party A and Party B which are in effect at the time when the legal relationship having the same economic effect as the Subject Clearing Brokerage Contract comes into existence according to the provision of Article 28-9.1.

2 Where Party B requests to JSCC a JGB Futures Position Transfer in respect of the claims and obligations related to JGB Futures Cleared Contracts and the like pursuant to the provision of Paragraph 1, Party B shall request to the JGB Futures Successor Clearing Broker the JGB Futures Position Transfer and obtain the consent of the JGB Futures Successor Clearing Broker (and the JGB Futures Non-Clearing Participant, when the JGB Futures Contracts of Party B are traded through a JGB Futures Non-Clearing Participant) in advance.

3 When a JGB Futures Position Transfer to the JGB Futures Successor Clearing Broker

is effected in respect of the claims and obligations related to JGB Futures Cleared Contracts and the like, the claims and obligations identical to the claims and obligations related to the Cross Margined JGB Futures Cleared Contracts set forth in Article 28-9.1 and the legal relationship having the same economic effect as the Subject Clearing Brokerage Contracts shall cease to exist and have no future effect pursuant to the provisions of the Rules.

Article 56. Revision of Provisions related to Transfer of Clearing Brokerage Contracts or Cleared Contracts

- 1 When Party B transfers Subject Clearing Brokerage Contracts to Party A, another Clearing Participant or another Customer, the provision of Article 28-5 shall be deemed to have been replaced with the following provisions:

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

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

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

- 2 Before requesting a transfer of a Subject Clearing Brokerage Contract, Party B shall agree in advance with Party A, and the Transferee Clearing Participant, if the Subject Clearing Brokerage Contract is transferred to a Transferee Clearing Participant, or the Transferee Customer and its Clearing Broker, if the Subject Clearing Brokerage Contract is transferred to a Transferee Customer, on the settlement of claims and obligations between them arising from the transfer and other necessary matters.
- 2 When Party B accepts a transfer of Clearing Brokerage Contracts from other Customer, the provision of Article 28-6 shall be deemed to have been replaced with the following provisions:

Article 28-6. Transfer of Clearing Brokerage Contracts from Other Customer

- 1 Subject to the provisions of the Rules, Party B may accept a transfer from another Customer (referred to as "Transferor Customer" in this Article) of legal relationship between the Transferor Customer and its Clearing Broker that are similar to Clearing Brokerage Contracts (referred to as "Transferred Clearing Brokerage Contract").

For the purpose of this Article, "transfer" means to have Transferred Clearing Brokerage Contract, other than the claims and obligations related to settlement amounts for which deposit or payment under the Customer's Cleared Contracts of the Clearing Broker for the Transferor Customer on the book of such Transferor Customer related to Foreign Currency Cleared Contracts due at the time of the confirmation of the deposit with or payment to JSCC of the Margin Required to Clear pursuant to the provisions of the Rules has not been completed, cease to exist pursuant to the provisions of the Rules and simultaneously to have a new legal relationship with the same terms and conditions come into effect between Party A and Party B.

- 2 Before accepting transfer of the Transferred Clearing Brokerage Contract from the Transferor Customer, Party B shall agree in advance with Party A and the Transferor Customer (or, when accepting transfer from the Transferor Customer whose Clearing Broker is a Clearing Participant other than Party A, the Transferor Customer and the Clearing Broker for the Transferor Customer) on the settlement of claims and obligations among them arising from said transfer and other necessary matters.
- 3 When Party B accepts a transfer of Cleared Contracts from a Clearing Participant other than Party A, the following Article shall be added after Article 28-6-2, and the provisions below shall be applied:

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

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

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

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

Article 57. Revision of Provisions when Using JSCC-Initiated Compression

- 1 When Party B uses JSCC-Initiated Compression, the following Article shall be added after Article 26-7, and the provisions below shall be applied:

Article 26-8. Application for JSCC-Initiated Compression of Cleared Contract subject to Brokerage

- 1 When, in respect of Cleared Contract subject to Brokerage, Party B intends to give instruction to express its intention of utilization of the JSCC-Initiated Compression, give instruction to apply for the JSCC-Initiated Compression in respect of its Cleared Contract subject to Brokerage, give instruction to withdraw its application or give instruction to agree to the JSCC-Initiated Compression, Party B shall notify Party A of such intention in the manner and by the date and time separately agreed between Party A and Party B.
- 2 Upon receipt of the notice set forth in Paragraph 1, Party A shall express the intention of utilization of the JSCC-Initiated Compression, apply for the JSCC-Initiated Compression in respect of the Cleared Contract subject to Brokerage, withdraw the relevant application or agree to the JSCC-Initiated Compression to JSCC as stated in such notice, pursuant to the provisions of the Rules.

- 2 In case of Paragraph 1, the provisions of Article 28 and Article 28-2 shall be deemed to have been replaced with the following provisions:

Article 28. Termination of Subject Clearing Brokerage Contract as a Result of Per Trade Compression or other Compressions

When a Cleared Contract subject to Brokerage is terminated as a result of a Per Trade Compression, a Blended Rates Compression, a Vendor-Initiated Compression, a Member-Initiated Compression or a JSCC-Initiated Compression, the relevant Subject Clearing Brokerage Contract shall also terminate automatically, and the claims and obligations under the Subject Clearing Brokerage Contracts, other than those related to Cash Settlement Amounts for which deposit or payment under the Subject Clearing Brokerage Contracts related to Foreign Currency Cleared Contracts subject to Brokerage due at the time of JSCC's confirmation of the satisfaction of Per Trade Compression Conditions, Blended Rates Compression Conditions, Vendor-Initiated Compression Conditions, Member-Initiated Compression Conditions or JSCC-Initiated Compression Conditions has not been completed, shall cease to exist and have no future effect in accordance with the provisions of the Rules. In such case, Cash remain unsettled between Party A and Party B with respect to such Subject Clearing Brokerage Contract, if any, shall be promptly settled between Party A and Party B.

Article 28-2. Conclusion of Subject Clearing Brokerage Contracts by Per Trade Compression and other Compressions

When new Cleared Contracts subject to Brokerage come into effect between Party A and JSCC as a result of the Per Trade Compression, the Blended Rates Compression, the Vendor-Initiated Compression, the Member-Initiated Compression or the JSCC-Initiated Compression, the Subject Clearing Brokerage Contracts corresponding to such Cleared Contracts subject to Brokerage shall come into effect between Party A and Party B at the same time.

- Note 1) Upon execution of the Clearing Brokerage Agreement, Party A and Party B may elect to use either Exhibit Form 3 (*youshiki dai 3 gou*) or Exhibit Form 3-2 (*youshiki dai 3 gou no 2*) of Handling Procedures of Interest Rate Swap Business Rules.
- Note 2) Party A and Party B may determine the number of days to be inserted to “○ JSCC Business Days” in Article 39.2 of this Agreement by mutual agreement.
- Note 3) Party A and Party B may amend Article 43 of this Agreement (except for Article 43.2.(4)) with their mutual agreement.
- Note 4) Party A and Party B may delete, or designate and insert a name of certain branch to, the phrase “○○ branch” in Article 53.1 of this Agreement by mutual Agreement.

The provisions of Articles 53.1 and 53.2 of this Agreement may be amended by a mutual agreement between Party A and Party B.

- Note 5) When Party A and Party B desires to agree otherwise under the provisions of this Agreement that have reference to “by mutual agreement,” “agreement between Party A and Party B,” “separate agreement,” “Party A and Party B separately agree otherwise,” or “otherwise agreed between Party A and Party B,” such agreement shall be evidenced by a separate memorandum of understanding executed pursuant to the provision of Article 49 of this Agreement, incorporating such agreement into the provisions of this Agreement or referring to attachment hereto.
- Note 6) Party A and Party B may delete Article 54 of this Agreement if Party B does not use Application for Exchanging Mark-to-Market Difference And Adjustment Amount.
- Note 7) Party A and Party B may delete Article 55 of this Agreement if Party B does not use a Cross Margining.
- Note 8) Party A and Party B may delete Article 56 of this Agreement, if they do not intend to be involved in any transfer process other than a transfer from Party B to Party A or another Customer in the same Corporate Group as Party B for which Party A provides Clearing Brokerage service, and a transfer to Party B (i) by Party A of the Cleared Contracts on Party A’s proprietary book or (ii) by another Customer in the same Corporate Group as Party B for which Party A provides Clearing Brokerage service of Clearing Brokerage Contracts.
- Note 9) Party A and Party B may delete Article 57 of this Agreement if Party B does not use JSCC-Initiated Compression.



様式第 4 号の 2 誓約書の様式 (英語)

Letter of Undertaking

Date:        /        /

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

Address \_\_\_\_\_  
Trading Name or Company Name \_\_\_\_\_  
Name of Representative \_\_\_\_\_ (Seal)

[     ] (hereinafter referred to as the “Company”) acknowledges that it has confirmed and accepted the details of the Rules (as defined in the Interest Rate Swap Clearing Business Rules prescribed by JSCC (hereinafter referred to as the “Business Rules”)) in advance, and, in accordance with the provision of Article 43.2 of the Business Rules and the provision of Article 3.1 of the Clearing Brokerage Agreement concluded with [     ] (hereinafter referred to as the “Company’s Clearing Broker”) on [ Date ], submits this Letter of Undertaking (hereinafter referred to as this “Letter of Undertaking”) to JSCC through the Company’s Clearing Broker.

The terms used in this Letter of Undertaking shall have the definitions used in the Business Rules unless otherwise set forth in this Letter of Undertaking.

1 With respect to JSCC's IRS Clearing Business, the Clearing Brokerage Contracts (*seisan itaku torihiki*) coming into effect with the Company’s Clearing Broker and other matters specified in the Rules, the Company hereby agrees to abide by and comply with the Rules, as may be amended pursuant to the Rules, and the Clearing Brokerage Agreement concluded with the Company’s Clearing Broker.

2 The Company agrees that:

- (1) The provisions of the Rules and the Clearing Brokerage Agreement concluded with the Company’s Clearing Broker shall apply to the existing and future claims and obligations arising from Initial Margin (*tousho shoukokin*) and the matters listed in Article 1.1 of the Business Rules;
- (2) When the provisions of the Rules and/or the Clearing Brokerage Agreement concluded with the Company’s Clearing Broker are amended in accordance with the provisions of the Rules, this Letter of Undertaking shall automatically be amended accordingly;
- (3) In the Clearing Brokerage (*yuuka shouken tou seisan toritsugi*) for Clearing

Brokerage Original Transaction (*seisan toritsugi gen torihiki*) between a Customer (*seisan itakusha*) of another Clearing Broker and the Company, such Customer may make available information concerning such Clearing Brokerage Original Transaction to its Clearing Broker and such Clearing Broker may receive such information; and

- (4) JSCC retains this Letter of Undertaking for the benefit of the Clearing Broker or the Customer referred to in Item (3) above as a document evidencing the Company's agreement to the matters set forth in Item (3) above, and may disclose this Letter of Undertaking or any contents thereof to such Clearing Broker or the Customer to the extent required by laws and regulations.

Note) Upon submission of the Letter of Undertaking , the Company may elect to use either Exhibit Form 4 (*youshiki dai 4 gou*) or Exhibit Form 4-2 (*youshiki dai 4 gou no 2*) of Handling Procedures of Interest Rate Swap Business Rules (*kinri suwappu torihiki seisan gyomu ni kansuru gyomu houhousho no toriatsukai*).