



Rules Concerning Net Debit Cap

JASDEC DVP Clearing Corporation

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Rules Concerning Net Debit Cap

Established on May 6, 2004

Amended on November 25, 2015

September 4, 2020

(Article 1 Purpose)

These rules shall set forth the Net Debit Cap pursuant to Article 46, Paragraph 2 of the Business Rules.

(Article 2 Net Debit Cap)

The Net Debit Cap of each DVP Participant shall be determined in accordance with the Schedule attached hereto; provided, however, that JDCC may temporarily change the Net Debit Cap in the case where the relevant DVP Participant conducts a merger or in any other cases where JDCC deems necessary.

(Article 3 Maximum Net Debit Cap of Associated Company Group)

- 1 JDCC shall set the maximum limit (hereinafter referred to as the “Maximum Net Debit Cap of Associated Company Group”) on the total amount of the Net Debit Cap (hereinafter referred to as the “Total Net Debit Cap”) which is calculated in accordance with the method designated in Paragraph 1 of the Schedule to the DVP Participant who belongs to the DVP Participant Group (the group which consists of DVP Participants belonging to the Associated Company Group set forth in Paragraph 8 of the Schedule of the Treatment of Business Rules; the same shall apply hereinafter).
- 2 The Maximum Net Debit Cap of Associated Company Group shall be the amount designated by JDCC except as otherwise prescribed in the following Article.
- 3 The application of the Maximum Net Debit Cap of Associated Company Group shall start or end on the date designated by JDCC. In such event, JDCC shall notify to the DVP Participants which the Maximum Net Debit Cap of Associated Company Group applies in advance.

(Article 4 Excess Net Debit Cap of Associated Company Group)

- 1 If the Total Net Debit Cap of a DVP Participant Group exceeds or is anticipated to exceed the Maximum Net Debit Cap of Associated Company Group, JDCC shall deem such amount(hereinafter referred to as the “Excess Net Debit Cap of Associated Company Group”) as the Maximum Net Debit Cap of Associated Company Group.
- 2 If a DVP Participant Group intends to apply the Excess Net Debit Cap of Associated Company Group, all of the DVP Participants belonging to the DVP Participant Group shall designate the amount of the Excess Net Debit Cap of Associated Company Group and submit to JDCC a request for the use of such Excess Net Debit Cap of Associated Company Group in advance and in accordance with the rules prescribed by JDCC. In such event, all of the DVP Participants belonging to the DVP Participants Group shall consent to the use of the Excess Net Debit Cap of Associated Company Group.
- 3 If JDCC receives the request set forth in the preceding Paragraph, JDCC shall grant the approval to the relevant DVP Participant and designate the commencement date for the use of the Excess Net Debit Cap of Associated Company Group. In such event, the Excess Net Debit Cap of Associated Company Group shall be applied to the Total Net Debit Cap of the DVP Participant Group from the commencement date designated by JDCC.
- 4 If a DVP Participant Group intends to terminate the use of the Excess Net Debit Cap of Associated Company Group which has been approved by JDCC pursuant to the preceding Paragraph or amend the amount of the Excess Net Debit Cap of Associated Company Group, all of the DVP Participants belonging to the DVP Participant Group shall submit to JDCC a request for such changes in the Excess Net Debit Cap of Associated Company Group in advance and in accordance with the rules prescribed by JDCC. In such event, all of the DVP Participants belonging to the DVP Participants Group shall consent to the termination of the use of or the amendment to the amount of the Excess Net Debit Cap of Associated Company Group.
- 5 If JDCC receives the request set forth in the preceding Paragraph, JDCC shall grant the approval to the relevant DVP Participant and designate the date for changes in the Excess Net Debit Cap of Associated Company Group. In such event, the termination of the use of the Excess Net Debit Cap of Associated Company Group, which has been

applied to the Total Net Debit Cap of the DVP Participant Group, or the application of amended amount of the Excess Net Debit Cap of Associated Company Group shall become effective from the date designated by JDCC.

6 With respect to the Qualification Applicant referred to in Article 11, Paragraph 1 of the Business Rules, Paragraph 2 through the preceding Paragraph of this Article shall apply based upon the assumption that the Qualification Applicant would be a DVP Participant until the day preceding the date designated by JDCC pursuant to Article 10, Paragraph 3 of the Business Rules.

Supplementary Provisions

The Rules Concerning Net Debit Cap shall come into effect on and from May 6, 2004.

Supplementary Provision (Notified on November 25, 2015)

The amended provisions shall come into effect on and from the date designated by JDCC, which shall be on or after March 31, 2017.

Note: The date designated by JDCC is March 31, 2017.

Supplementary Provision (Notified on September 4, 2020)

The amended Rules Concerning Net Debit Cap shall come into effect on and from November 24, 2020.

If JDCC determines that JDCC is not able to apply the amended provisions of the Rules Concerning Net Debit Cap, due to operational problems of the computer systems operated by JASDEC, it shall come into effect on and from the date as JDCC designates falling on or after November 25, 2020.

Schedule

Table Concerning Calculation of Net Debit Cap

- 1 The Net Debit Cap shall be the amount (any fractional amount less than one (1) yen shall be disregarded) obtained by multiplying an average peak value (maximum limit) of the Net Debit by the coefficient of the maximum limit calculated based on the following calculation formula; provided, however, that in the case where such amount exceeds the maximum Net Debit Cap separately set forth by JDCC, it shall be such maximum Net Debit Cap.

$$\text{Coefficient of the maximum limit} = c - ((\log_b X - 1) \div (\log_b a - 1)) * (c - d)$$

(Note 1) Each symbol in this formula shall mean the following:

a : Maximum Net Debit Cap

b : Minimum peak value of the Net Debit

c : Maximum coefficient of the maximum limit

d : Minimum coefficient of the maximum limit

X : Average peak value (maximum limit) of the Net Debit

(Note 2) The “maximum Net Debit Cap” shall be the amount that JDCC shall set forth separately as an appropriate amount to carry out the DVP Settlement safely and smoothly in consideration of the peak value of the Net Debit set forth in (Note 7) below or any other matters.

(Note 3) The “minimum peak value of the Net Debit” shall be the Total Basic Required Fund Amount defined in Paragraph 1. (Note 2) in the Schedule attached to the Rules Concerning the Required Participants Fund Amount.

(Note 4) The “maximum coefficient of the maximum limit” shall be two (2).

(Note 5) The “minimum coefficient of the maximum limit” shall be one (1).

(Note 6) The “average peak value (maximum limit) of the Net Debit” shall be the average amount of the values for three (3) days in the order from the greatest, out of the peak values of the Net Debit on each Settlement Date set forth in the following (Note 7), for the past seventy (70) days (excluding holidays) immediately preceding to the relevant

Settlement Date; provided, however, that if such average value is lower than the minimum peak value of the Net Debit, it shall be such minimum peak value of the Net Debit.

(Note 7) The “peak value of the Net Debit” shall be the peak value of the Net Debit set forth in Paragraph 2. (Note 3) or (Note 4) in the Schedule attached to the Rules Concerning the Required Participants Fund Amount.

2 Notwithstanding the provisions of the preceding Paragraph, if the Total Net Debit Cap of the DVP Participant Group excess the Maximum Net Debit Cap of Associated Company Group, the Net Debit Cap of a DVP Participant which belongs to the DVP Participant Group shall be the amount based on the following calculation formula; provided, however, that the smallest amount shall be applied as the Net Debit Cap to a DVP Participant which belongs to more than one DVP Participant Group.

$$\text{Reduced Net Debit Cap} = e - (f - g) \times (e / f)$$

(Note 1) Each symbol in this formula shall mean the following:

e : Net Debit Cap calculated in accordance with the Paragraph 1

f : Total Net Debit Cap

g : Maximum Net Debit Cap of Associated Company Group

(Note 2) If the amount of $(f - g) \times (e / f)$ in this formula contains a fraction of less than one (1) yen, such fraction shall be rounded up.

(Note 3) After application of Maximum Net Debit Cap of Associated Company Group and calculating the Net Debit Cap based on this formula, the peak values of the Net Debit during a certain period of time shall be the values set forth in Paragraph 2, Note 6 of the Schedule of the Rules Concerning the Required Participants Fund Amount,

3 Notwithstanding the provisions of the preceding two (2) Paragraphs, if the Total Net Debit Cap of a DVP Participant Group to which the Excess Net Debit Cap of Associated Company Group is applied exceeds the Excess Net Debit Cap of Associated Company Group, the Net Debit Cap of each DVP Participant which belongs to such DVP

Participant Group shall be calculated pursuant to the formula in preceding Paragraph. In that case, the word “Maximum Net Debit Cap of Associated Company Group” shall be replaced with “Excess Net Debit Cap of Associated Company Group”. To a DVP Participant which belongs to more than one DVP Participant Group, the smallest amount calculated pursuant to this Paragraph shall be applied as the Net Debit Cap.

(Note) After application of Maximum Net Debit Cap of Associated Company Group and calculating the Net Debit Cap based on this formula, the peak values of the Net Debit during a certain period of time shall be the values set forth in Paragraph 3, Note of the Schedule of the Rules Concerning the Required Participants Fund Amount,