

TORF Operational Rules

QUICK Benchmarks Inc.

Chapter 1 General Provisions

(Objective)

- Article 1 (1) The TORF Operational Rules (“Rules”) set forth basic benchmark administration rules pertaining to the calculation and publication of TORF (Tokyo Term Risk Free Rate) by QUICK Benchmarks Inc. (“QBS”) pursuant to Article 156-87 of the Financial Instruments and Exchange Act (Act No. 25 of April 13, 1948; “Act”).
- (2) In addition to the Rules, QBS shall develop separate rules and regulations set forth below as the operational rules defined in Article 156-87 of the Act, including the TORF Code of Conduct (“Code of Conduct”), which sets out rules to be abided by and necessary procedures to be established by reporting brokers in connection with their reporting rate.
- (i) TORF Code of Conduct (“Code of Conduct”)
 - (ii) Contingency Plan for TORF Publication (“Contingency Plan”)
 - (iii) Conflict of Interest Management Policy for TORF
 - (iv) Complaints Consultation Management Rule of TORF
 - (v) TORF Calculation Guidelines (“Calculation Guidelines”)
- (3) In addition to the Rules and the policy, rules and guidelines set forth in each of the above items, QBS shall establish other policies, rules, and guidelines necessary for smooth calculation and publication of TORF.

(Benchmark administration in light of the IOSCO’s Principles for Financial Benchmarks)

- Article 2 (1) In light of the Principles for Financial Benchmarks issued by the Board of Directors of the International Organization of Securities Commissions (“IOSCO”) (on July 17, 2013; “IOSCO Principles”), QBS shall take necessary steps to enhance the transparency and fairness of TORF.
- (2) QBS shall disclose an overview whether the TORF operations comply with the IOSCO Principles every fiscal year.

(Compliance with applicable laws and regulations)

- Article 3 In administering TORF, QBS shall comply with the relevant laws and regulations in addition to this Rules.

(Definitions)

Article 4 The terms used in the Rules shall be defined as follows or, unless otherwise specified in the Rules, as defined by relevant rules and guidelines which are established in accordance with the Rules.

(i) TORF

The TORF is the respective average of interest rates for three maturities (i.e. 1 month, 3 months and 6 months) Note1 reported by reporting brokers to QBS as required by the Code of Conduct. In calculating the TORF, for each maturity, QBS averages the reporting rates by the calculation method pursuant to the Calculation Guidelines (rounded to the fifth decimal place).

In a case where some reporting broker fails to report rates for some maturity for some reason, the forgoing process is followed to derive TORF for each maturity based on the rate reported by other brokers.

(Note1) Execution rates and firm quote rates for Japanese yen OIS transactions in the Japanese interest rate swap market from 15:00 JST on the previous business day to 15:00 JST on the day of calculation. The rates are quoted on a 365-day basis, as spot starts.

(ii) Japanese Yen OIS transactions

OIS stands for Overnight Index Swap. Japanese yen OIS transaction is an interest rate swap in which the average uncollateralized overnight call rate (Tokyo Overnight Average rate: TONA) for Japanese yen is used as the reference floating rate. The execution rate or the quote rate reported by the reporting brokers for TORF calculation are the fixed rate to be swapped with TONA which is a floating rate.

(iii) Reporting broker

The term "reporting broker" shall represent a money broker, which is selected by QBS in accordance with the procedures set out in Article 34, to report to QBS reporting rates respectively, in order for QBS to calculate and publish the TORF.

(iv) Reporting rate

The term "reporting rate" shall represent a rate reported by reporting brokers to the QBS for TORF, respectively, pursuant to Article 13. There are two types of rates: the rate at which the transaction is executed at the broker (execution rate) and the quote rate submitted to the broker.

(v) Official rate

The term "official rate" shall represent a rate calculated based on reporting rates collected and published by QBS for TORF, respectively, pursuant to Articles 13 to 16. The "official rate" and the "reporting rate," which is defined in item (iv) described above, shall be collectively referred to as the "official rate, etc."

(vi) Service provider

The term "service provider" shall represent a company which QBS outsourced the TORF calculation

and other relevant operations pursuant to Articles 12 and 42.

(vii) Information Vendor

The term “information vendor” shall represent a company that presents official rates, etc. delivered by QBS through online services, etc. Among the information vendors, QUICK Corp. (“QUICK”) directly receives the official rates, etc. from QBS, while other information vendors receive them through QUICK.

(viii) Calculation

The term “calculation” shall represent the calculation of official rate based on reporting rates from reporting brokers pursuant to Articles 13 to 16.

(ix) Approval

The term “approval” shall represent the process of checking the receipt of the reporting broker’s reported rates, the content of the rate, the normal operation of the equipment and network used for the calculation, the process of calculating the official rate, etc. and deciding that the rate should be published as QBS and instructing its publication.

(x) Publishing

The term “publishing” shall represent the distribution of official rate to information vendors and publishing on QBS’s website.

Chapter 2 Organization of the QBS

(Board of Directors)

Article 5 (1) QBS shall form the Board of Directors as a decision-making body. The Board of Directors shall be responsible for the matters prescribed in the articles of incorporation, including determination of the execution of QBS’s operations and oversight of the Board Member’s performance of duties.

(2) Under the Board of Directors, committees, including the TORF Oversight Committee and the TORF Planning and Administration Committee, shall be set up. Further, as an operational division, the Planning Department, Operation Department, the Internal Audit Office and the TORF Oversight Committee Office shall be established.

(TORF Oversight Committee)

Article 6 (1) The TORF Oversight Committee (“Oversight Committee”) shall assume the following responsibilities.

- (i) Assessment and approval of the appropriateness and recommendation of remedial measures to the Board of Directors for the following matters related to the TORF administration.
 - (a) The management of conflicts of interest arising from the TORF administration
 - (b) Responses to findings, complaints and other similar actions which are received by the oversight committee office from relevant authorities or external parties in relation to the TORF administration
 - (c) Periodic assessment of the reasonableness and appropriateness of the Code of Conduct

- (d) The implementation of the monitoring of reporting brokers' compliance with the Code of Conduct and reported rates
 - (e) The review of establishment, amendments and abolition to the rules and regulations related to the TORF
 - (f) The review of an internal audit plan and the results of such audits of QBS prescribed in Article 22
 - (g) The selection and revocation of reporting brokers
 - (h) Responses to whistle-blowings which are accepted by Internal Audit Office
- (2) The Oversight Committee investigates and confirms the overall operations of QBS, which are not limited to the matters to be resolved to the Board of Directors in the preceding paragraph, by the Oversight Committee itself or by TORF Oversight Committee Office defined in Article 11 with instruction of the Committee. These activities include overseeing and challenging the scrutiny and monitoring of inputs or submissions by QBS.
- (3) The Board of Directors selects the member of the Oversight Committee. The members should be comprised of management and employees of QUICK, lawyers, accountants, academic experts, market participants, and other experts who have the knowledge about the related laws, regulations, accounting, audit and/or corporate governance. The majority shall not be the management and employees of QUICK to maintain its independence. Also to prevent conflict of interest, the members shall not include persons who are working for or belonging to financial institutions (as defined in each item set out in Article 2(i) of the Deposit Insurance Act (Act No. 34 of April 1, 1971); the same shall apply in items (i) of Article 20(3)). The members of the Oversight Committee shall, upon assuming the position of a member, inform QBS whether he/she has any conflict of interest in QBS's operations, and if so, shall inform the details of such a conflict of interest. Any subsequent change in conflicts of interest shall also be reported to the QBS. Further, any member who has a conflict of interest in the Oversight Committee's resolution shall not participate in such resolution.
- (4) A person who is not a member of the Oversight Committee may not vote, but may attend the proceedings as an observer at the discretion of the chairman.
- (5) In addition to the preceding paragraph, appointment, term, composition and other relevant matters of the members of the Oversight Committee shall be separately provided for under the Committee guidelines.
- (6) The Oversight Committee shall discuss the procedures to implement the monitoring prescribed in the foregoing item (i)(d) of paragraph (1) and the Board of Directors shall make decisions on such procedures.

(TORF Planning and Administration Committee)

Article 7 (1) The TORF Planning and Administration Committee ("Planning and Administration Committee") shall assume the following responsibilities.

- (i) To review and discuss planning matters defined under article 9 (1) by Planning Department, and ask the Board of Directors for resolution
- (ii) To report the management situation of TORF administration to the Board of Directors and the

Oversight Committee defined under Article 6

- (2) In submitting or reporting matters for resolution at the Board of Directors, the matters shall also be reported to the Oversight Committee defined under Article 6.
- (3) The members of the Planning and Administration Committee shall be appointed by the Board of Directors. Term, composition and other relevant matters of the members of the Planning and Administration Committee, shall be separately provided for under the Committee guidelines. Persons other than members of the Planning and Administration Committee can attend the proceedings as observers at the discretion of the president, but cannot participate in the voting.
- (4) The Planning and Administration Committee shall consider matters relating to the operation of QBS, including, but not limited to the matters set out in paragraph 1, while exchanging opinions and sharing information between the Planning and the Operation department, and the results of which may be reported to the Oversight Committee and the Board of Directors.

(Operation Department)

Article 8 (1) Operation Department ("Operation Dept.") shall assume the following responsibilities.

- (i) Calculation of the TORF
 - (ii) Approve of the TORF rates for publication
 - (iii) Publication of the TORF
 - (iv) Investigate and check the matters which are instructed by the Oversight Committee
- (2) The Operation Dept. shall report the performance of its duties, which are set out under the foregoing item (i) of the preceding paragraph, to the Planning and Administration Committee and the Oversight Committee on a regular basis.

(Planning Department)

Article 9 (1) Planning Department ("Planning Dept.") shall assume the following responsibilities.

- (i) To plan about the matters set forth below
 - (a) The organization of QBS
 - (b) Budgeting and financial closing of QBS
 - (c) The review of the definitions and calculation methodology of the TORF
 - (d) The review of the selection criteria of reporting brokers and the selection of reporting brokers
 - (e) The review of reporting brokers' reporting rate procedures
 - (f) The development, amendment and abolition of rules and guidelines in relation to TORF
 - (g) The secretariat function for the Board of Directors defined in Articles 5 of the Rules
 - (h) Matters associated with the above (a) to (g)
 - (i) In addition to the foregoing (a) to (h), other necessary matters which are delegated by the Board of Directors in term of QBS administration
 - (ii) To implement other necessary matters in term of QBS administration
- (2) Planning Dept. shall report the planning matters set out in the foregoing item (i) of paragraph (1) to the Planning and Administration Committee on a regular basis.

(Internal Audit Office)

Article 10 (1) Internal Audit Office shall assume the responsibility for internal audits of QBS and acceptance of whistle-blowing.

(2) In carrying out internal audits under the preceding paragraph, the Internal Audit Office shall develop internal audit plans for each fiscal year, and report such plans and internal audit results to the Oversight Committee and then to the Board of Directors.

(3) Internal Audit Office shall report the status of compliance related operations set out in the foregoing paragraph (1) to the Board of Directors on a regular basis.

(TORF Oversight Committee Office)

Article 11 The TORF Oversight Committee Office (“Oversight Committee Office”), as a secretariat function of the Oversight Committee, shall assume responsibility for, among other things, the organization of the Oversight Committee’s meetings, reception of complaints and consultation with regards to TORF, and investigation in accordance with the Oversight Committee’s instructions.

Chapter 3 TORF Calculation/Publication

(TORF publication)

Article 12 (1) The TORF shall be calculated and published based on the reporting rates reported by reporting brokers to QBS in accordance with the definitions set out in items (i) of Article 4. The TORF calculation and publication shall follow the procedures stipulated in the following five articles.

(2) Pursuant to Article 42, QBS may outsource the calculation and publication operations of the TORF described in the preceding paragraph (“calculation operations, etc.”) to the service provider. In such cases, the operations which QBS can outsource shall be defined in article 19.

(Reporting rate procedures by reporting brokers)

Article 13 (1) Reporting brokers shall report their reporting rates respectively to QBS no later than 3:15 p.m. on every business day. In principle, any revision after 3:15 p.m. is not allowed.

(2) Notwithstanding the preceding paragraph, should there be a need to revise the reporting rates after 3:15 p.m., reporting brokers shall contact QBS, and report the revised data before 4:15 p.m. on the same day. If for any reason the reporting broker cannot revise the data, the reporting broker shall report to QBS by 4.15 p.m. In case of receiving a request to revise data from the reporting brokers, QBS shall properly retain the request records.

(3) Notwithstanding the foregoing two paragraphs, QBS may request reports on the progress of rates up to a certain point in the day for smooth calculation and publication. The reporting time for progress shall be prescribed by QBS.

(TORF calculation)

Article 14 (1) QBS shall calculate official rate in accordance with the Calculation Guidelines using reporting rate of the day reported by the reporting brokers. The person in charge of calculation (“calculator”) shall be a member from the Operation Dept.

(2) The calculated rate shall be approved as defined in the following article.

(Approval of the reporting rates by QBS)

Article 15 (1) The Operation Dept. shall check calculated rate, etc., pursuant to the preceding article, and shall approve. Such approval shall be granted by the “approver” who is the personnel in a managerial position of the Operation Dept. or nominated by the personnel in a management position of the Operation Dept. Approver shall be a different person from the calculator of the day.

(2) Approver shall check that calculated rates are calculated in accordance with the Calculation Guidelines, and shall also check the following matters:

(i) Successful receipt of the reporting data from the reporting broker

(ii) There is no abnormal values in reporting rate, and the reporting rate complies with the reporting data requirements set out in the Code of Conduct and Calculation Guidelines.

(iii) The best quotes are extracted and created from the reporting rate based on the processes defined in the Calculation Guidelines, the level of reporting data are appropriately judged in accordance with the waterfall methodology defined in the Calculation Guidelines, and official rates are calculated in accordance with the calculation methodology defined in the Calculation Guidelines.

(3) If the approver identifies any possible error in the reporting rate during the approval process defined in paragraph (1), the approver shall order the calculator to make an inquiry to the reporting broker which reported such a rate.

(4) If, as a result of the inquiry made pursuant to the preceding paragraph, it is concluded that there is an error in the reporting rate, the approver shall instruct the reporting broker via the calculator to revise its rate. The reporting broker shall report the revised data to QBS no later than 4:15 p.m. of the same day.

(5) If the approver finds an abnormal value in the approval process defined in item (iii) of paragraph (2), the approver shall investigate the cause. As a result, if it is concluded that the abnormal value is caused by a malfunction of the QBS calculation system, etc., the approver shall instruct the calculator to take appropriate measures, such as recalculation using an alternative method, etc. On the other hand, if the abnormal value is caused by an error in the reporting data, the approver shall take measures defined in foregoing paragraph (3) and (4). In addition, after the recalculation is completed, the approver shall check the matters defined in foregoing paragraph (2).

(6) The Operation Dept. shall retain the record of erroneous reporting, malfunction of the QBS calculation system, and other relevant matters identified through its approval process, and report them to the Planning and Administration Committee and the Oversight Committee on a regular basis.

(7) When obtaining information from a person in charge of brokering with individual customers in the reporting brokers in connection with the processes of paragraphs (1) to (5), the Operation Dept. shall pay particular attention to the accuracy of such information.

(Publication method)

Article 16 QBS shall publish official rates around 5:00 p.m. to the information vendors upon approval pursuant to the preceding article.

(Revision of rates after publication)

Article 17 (1) In the event that QBS needs to revise the official rate, etc. after publication for unavoidable reasons, the Planning and Administration Committee shall discuss the revision, taking into consideration, among other things, reasons for the revision and impact of the revision on contracts referring to the TORF. The decision on the revision shall be made by the Board of Directors. After revision of official rate, etc., the Operating Dept. shall report the reasons and details for the revision to the Oversight committee.

(2) Where official rate, etc. is revised pursuant to the preceding paragraph, QBS shall inform the revision to the information vendors, and make public announcement about the revision from QBS.

(Minimum number of reporting brokers, etc.)

Article 18 (1) The floor (minimum number) of reporting brokers shall be two.

(2) Should the number of reporting brokers temporarily fall below the floor prescribed in the preceding paragraph due to, among other things, emergencies, such as severe damages of relevant facilities and electricity outage, as well as excessive market stress and a sharp decrease of reporting brokers, steps shall be taken in accordance with the contingency plan defined in Article 45.

(Procedures where the service provider is used)

Article 19 When the service provider is used, QBS may outsource the following operations of the calculation operations, etc. to the service provider.

- (i) Operation of receiving reporting rates from reporting brokers prescribed in article 13
- (ii) TORF calculation prescribed in article 14
- (iii) Publication of TORF to information vendors prescribed in article 16
- (iv) Informing post-publication revision of the official rates to information vendors prescribed in article 17

Chapter 4 The QBS's Management Framework and Dissemination to Users, etc.

(Processes and frameworks for the management of conflicts of interest)

Article 20 (1) QBS shall put in place processes and frameworks to manage a conflict of interest that may arise in the course of the TORF administration in order to ensure the soundness of the TORF as a financial benchmark.

(2) The term "conflicts of interest" used in the preceding paragraph shall be defined in the following items. The Oversight Committee shall review the scope of conflicts of interest, which should be managed by QBS, on a regular basis.

- (i) Given the extensive use of the TORF as a reference rate for lending and derivatives contracts, conflicts of interest may arise from the involvement in the process of definition, determination, administration and governance of TORF by the person belonging to the financial institution who deals with financial instruments as described previously.
- (ii) A conflict of interest that may arise from the involvement in the process of definition, determination, administration and governance of the TORF by the person belonging to the reporting broker which is

the data provider.

- (iii) Conflict of interest arises when QUICK's and its sales representatives' professional responsibility for pursuing customers' interests as duty of a financial information vendor for customers in financial institutions compete/conflict with their responsibility for properly calculating and publishing TORF according to the definitions.
 - (iv) A conflict of interest may arise between the responsibility for pursuing the profits as a joint-stock company and the responsibility for calculating and publishing TORF pursuant to the definitions.
 - (v) A conflict of interest may arise between the responsibility of QUICK for pursuing the profit as a joint-stock company and the responsibility for ordering its wholly owned subsidiary QBS to carry out appropriate calculation pursuant to the definitions of TORF and to ensure the soundness of the TORF as a financial benchmark.
 - (vi) A conflict of interest may arise when a person who may directly or indirectly gain financial benefits depending on the level of the TORF is involved in the TORF determination process.
- (3) In order to develop processes to manage a conflict of interest pursuant to paragraph (1), QBS shall be fully aware of the potential conflicts of interest which are stipulated in the preceding paragraph and take the following steps.
- (i) A person who works or belongs to financial institutions cannot be appointed as outside directors or the members of the Oversight Committee of QBS.
 - (ii) A person who works or belongs to reporting brokers or other companies in the same business cannot be appointed as outside directors or the members of the Oversight Committee of QBS.
 - (iii) The board of directors shall include outside directors.
 - (iv) The majority of the members of the Oversight Committee shall be selected from persons other than management and employees of QUICK as stipulated in Article 6 (3).
 - (v) The revision of the TORF definitions and other significant matters shall be reviewed by the Oversight Committee.
 - (vi) A person in charge of sales, finance or accounting in QUICK cannot hold the post of the Operation Dept.
 - (vii) A QUICK employee who is a member of the Pension Investment Fund Committee cannot hold the post of the Operation Dept.
 - (viii) QBS shall manage its own financial transactions related to TORF in accordance with the Conflict of Interest Management Policy for TORF for fear that the financial transactions preclude the soundness of TORF as a financial benchmark.
 - (ix) QBS shall manage financial transactions related to TORF by QUICK for fear that the financial transactions of the parent company of QBS preclude appropriate calculation and publication, and the management method is stipulated in the Conflict of Interest Management Policy for TORF.
 - (x) To ensure the soundness of reporting rate by reporting brokers, the Code of Conduct shall be developed and require reporting brokers to establish internal frameworks. QBS shall monitor their status of compliance with the frameworks.

- (xi) An appropriate administration framework shall be maintained by, for example, the approval operation performed by the personnel in a managerial position of the Operation Dept. or nominated by the personnel in a management position of the Operation Dept. stipulated in Article 15 (1), or limiting operations outsourced to the service provider to the simple ones, such as calculation and publication when QBS outsources the calculation operations, etc. to a service provider.
 - (xii) The documents considered material in light of conflicts of interest management and the transparency of the TORF (e.g. relevant rules and audit results) shall be disclosed. If there is any individual case of a conflict of interest that is considered material to be disclosed to the TORF users, such a case shall be disclosed to users. The Oversight Committee shall discuss whether to be such a case, with the final decision being made by the Board of Directors.
 - (xiii) In respect of conflicts of interest, information shall be treated with the utmost care and be thoroughly managed on a case-by-case basis. QBS requires that parties shall adopt adequate measures to manage conflicts of interest promptly and fairly. In particular, they shall consider establishing effective procedures to control the exchange of information between relevant persons, who take part in activities that give rise to a risk of a conflict of interests.
 - (xiv) Pursuant to Article 29 (1), Management and employees of QBS and members of the Planning and Administration Committee and Oversight Committee shall not divulge confidential information concerning QBS's operations obtained in the course of their duties to third parties.
 - (xv) Pursuant to Article 29 (2), management and employees of QBS and members of the Planning and Administration Committee and Oversight Committee shall not use information obtained concerning QBS's operations for their own interests or for third party's interests.
 - (xvi) Pursuant to Article 24(1), QBS shall establish a whistle-blowing system in order to detect manipulation and misconduct related to the TORF at an earlier stage.
 - (xvii) Pursuant to Article 31, QBS shall ensure that remuneration plans for its executives, employees and committee members are appropriately designed and implemented by giving due regard to risk management and compliance in order to avoid incentivizing manipulation of the TORF, for example not setting a TORF-based remuneration.
- (4) Management and employees of QBS shall comply with the processes and frameworks for the management of conflicts of interest set out in the preceding three paragraphs when they conduct their operations.

(Management of administrative processes and procedures)

Article 21 For the purpose of the execution of accurate TORF calculation and publication operations, QBS shall take necessary steps to minimize operational risks by, for example, developing administrative processes and procedures.

(Audit)

Article 22 (1) On an annual basis, in principle, QBS shall be subject to internal and external audits on the execution of the TORF calculation and publication operations, establishment and implementation of

processes/procedures and frameworks required under the Rules and the review of the TORF administration framework (including reviewing the definitions and calculation methods).

- (2) The external audit provided the preceding paragraph shall be executed by an independent external audit firm and the selection of the audit firm shall be discussed at the Planning and Administration Committee, and then decided by the Board of Directors. This selection shall be reported to and shall be approved by the Oversight Committee.
- (3) Audit results shall be reported to the Oversight Committee and then to the Board of Directors.
- (4) QBS shall disclose the outline of its execution of audits.

(Establishment of process to address consultation and complaints)

Article 23 (1) QBS shall set up a liaison office under the Oversight Committee Office so that the TORF users can contact to seek consultation or make complaints.

- (2) With regard to the liaison function set up pursuant to the preceding paragraph, QBS shall establish processes and procedures that are convenient for the users, for example, by posting the contact information on QBS's website and by allowing the users to contact via e-mail.
- (3) If any complaint or consultation is received through the liaison function set up pursuant to paragraph (1), the Oversight Committee Office shall examine the content, confirm the fact and develop measures to be taken and then report such results to the Oversight Committee.
- (4) Specific measures to be taken for such complaints/consultation shall be discussed and implemented by relevant departments of QBS in collaboration with the Oversight Committee Office (including a notification of the result of actions taken to address a complaint to those who made that complaint). The implementation of such measures shall be reported periodically to the Oversight Committee, which reviews the content of such reporting. Based on the result of its review, the Oversight Committee shall recommend necessary actions to be taken (for example, outsourcing the review of the TORF to external bodies) to the Board of Directors as necessary.
- (5) If the above recommendation is presented from the Oversight Committee, the Board of Directors shall take necessary steps, such as giving instructions on appropriate measures to relevant departments and the Oversight Committee Office. The Oversight Committee may require the Board of Directors to report and explain its actions taken in response to the recommendation.
- (6) QBS shall follow Articles 47 and 48 when reviewing the administration, definitions, calculation methods, etc. of the TORF pursuant to the preceding five paragraphs.

(Establishment of a whistle-blowing system)

Article 24 (1) QBS shall set up a whistle-blowing system ("helpline") within the Internal Audit Office so that personnel of QBS, companies and their personnel to which the TORF-related operations (including other than calculation operations, etc.) are outsourced and personnel of reporting brokers (i.e. persons who are involved in the TORF operations) can report and consult about manipulation and misconduct related to the TORF in order to detect such incidents at an earlier stage.

- (2) The helpline defined in the preceding paragraph will be the central point of contact for the investigation

regarding the reported matter. The Internal Audit Office shall take measures appropriately according to the content of the report, for example, setting up an investigation team that includes members of related departments. The Internal Audit Office shall report periodically to the Oversight Committee with regard to the status of the use of the whistle-blowing system.

(Retention of records regarding the TORF calculation, etc.)

Article 25 QBS shall properly retain the records set out below for five years after such records are created.

- (i) Reporting rates and official rates
- (ii) If applicable, records concerning expert judgment used in determining the TORF
- (iii) Documents, etc. submitted by reporting brokers to QBS in accordance with the Code of Conduct
- (iv) Records of communication with reporting brokers and the service provider in connection with the determination of official rate
- (v) Records identifying the personnel of QBS and the service provider involved in the TORF-related operations
- (vi) External opinions, complaints and other responses to the overall TORF administration
- (vii) Records of audits stipulated under Article 22
- (viii) If applicable, records of extraordinary measures which are not those procedures specified in the Rules but are taken in determining the TORF official rate

(Dissemination to users, etc. concerning reminders regarding the use of TORF)

Article 26 (1) QBS shall announce terms and conditions regarding the use of the TORF set out in each of the following items and disseminate them to users or other relevant parties.

- (i) Due to severe damages of the relevant facilities, electricity outage and other similar events, excessive market stress, decrease in reporting brokers and other operational risks arising from the TORF calculation, there is a possibility that the calculation and publication of the TORF is conducted not in usual process, suspended, or that the rates may be revised after the publication. This may have an impact on those contracts referring to the TORF by affecting a debtor-creditor relationship of the parties to the contracts which depend on the TORF, or by affecting the market value of financial instruments. Further, in cases where calculation and publication of the TORF are difficult due to severe damages of the relevant facilities, electricity outage and other similar events, excessive market stress, decrease in reporting brokers described above, TORF could be calculated and published by the methodology provided in the Contingency Plan for TORF Publication (“Contingency Plan”) under Article 45. In such cases, the previous day’s TORF could be used as the current day’s TORF.
- (ii) In the event that a change occurs in the Japan unsecured call market or the Japan derivative Market, there is a possibility that the definitions and/or calculation methodology of the TORF will be reviewed to ensure its fairness as a benchmark as well as to better reflect actual market conditions; or that the TORF publication will be suspended. In such cases, there may be influences on the claims or liabilities under the financial agreements referring to the TORF or on the fair market value of financial

instruments.

- (iii) QBS shall not be responsible for any impact on individual contracts referring to the TORF that will, or may be caused by, the revision of the TORF after publication, or by the review of its definitions or calculation methods (unless QBS is deemed as responsible).
- (2) QBS shall, through its website, recommend parties to the contracts referring to the TORF to take measures considering terms and conditions for using the TORF stipulated in the preceding paragraph. Such measures may include agreeing to include the fallback provision in the contract between the parties to the contract referring to the TORF with regard to the arrangement in the case of the TORF's revision after publication or the alternative measures in the case of the suspension of the TORF publication.

(Collection of information from external sources)

Article 27 (1) If QBS needs to collect information from external sources in determining official rate, the Planning and Administration Committee shall discuss the need to collect such information, selection of its sources and methods of its use and management, by taking into account the soundness and confidentiality of the external information. The Oversight Committee shall check and approve them, and the Board of Directors shall make the final decision.

- (2) If QBS collects information from a front office function of a financial institution pursuant to the preceding paragraph, the QBS shall give careful consideration to the accuracy of the information.
- (3) Information to be collected or collected pursuant to paragraph (1) shall be treated appropriately in compliance with the rules on how to use and manage such information, which differ depending on the content of the information and take into account the soundness and protection of confidentiality of the information. Further, the soundness and confidentiality of such information shall be corroborated as much as possible by supporting information and/or data obtained from other sources.

(Submission and reporting to relevant authorities)

Article 28 QBS shall cooperate with audit bodies and other relevant authorities by submitting and reporting records and audit results retained pursuant to Article 25 to them immediately upon their request.

(Obligation of confidentiality by personnel involved in the TORF administration)

Article 29 (1) Management and employees of QBS and members of Planning and Administration Committee and Oversight Committee shall not leak confidential information concerning QBS's operations obtained in the course of their duties to third parties.

- (2) Management and employees of QBS and members of the Planning and Administration Committee and Oversight Committee shall not use information obtained concerning QBS's operations for their own interests or for third party's interests.
- (3) The preceding two paragraphs shall apply even after such management and employees of QBS and members of the Planning and Administration Committee and Oversight Committee are removed from their respective positions.

(Training)

Article 30 (1) QBS shall provide staff training including business ethics and conflicts of interest to ensure that its management and employees comply with the Rules in executing the TORF operations.

(2) QBS shall provide training sessions to those companies to which the TORF-related operations (including other than calculation operations, etc.) are outsourced on a regular basis in order to enlighten them on the Rules and the Code of Conduct.

(3) QBS shall prepare training materials, which cover, among other things, relevant laws and regulations including market abuse regulation and financial benchmark regulations, for the training purposes stipulated in the preceding paragraph. These training materials shall also be provided for internal training for staffs in reporting brokers.

(Remuneration plan)

Article 31 QBS shall ensure that remuneration plans for its executives, employees and committee members are appropriately designed and implemented by giving due regard to risk management and compliance in order to avoid such plans to incentivize manipulation of the TORF, for example not setting a TORF-based remuneration.

(Minutes of the Board of Directors and the committees)

Article 32 QBS shall take the minutes of the Board of Directors and the committees which is stipulated under Articles 5, the Oversight Committee which is stipulated under Article 6, and the Planning and Administration Committee which is stipulated under Article 7, and shall cooperate with relevant authorities upon request of inspection of such minutes.

Chapter 5 Recruitment, Selection and Monitoring of reporting brokers

(Code of Conduct for reporting brokers)

Article 33 (1) QBS shall formulate the Code of Conduct, with which reporting brokers should comply, QBS shall also require reporting brokers to establish internal frameworks listed in the following items which include ethical standards, segregation of duties, remuneration and communications:

(i) Processes and frameworks for reporting appropriate rate

(ii) Processes and frameworks for management of conflicts of interest in relation to rate submission

(iii) Process for prohibition of information sharing, coordination and similar behaviors without justifiable reason regarding reporting rate

(iv) Processes to enable post-reporting explanations for the ground of reporting rate

(v) Process and frameworks for retention of communication records regarding reporting rate

(vi) Process for reporting to QBS in the event of incidents.

(vii) In-house training in line with the Code of Conduct which includes relevant laws and regulations including market abuse regulation

(2) With regard to the processes and frameworks for management of conflicts of interest in relation to reporting rate as stated in item (ii) of the preceding paragraph, if QBS receives a report from a reporting

broker on the concurrent appointment of the person responsible for reporting rate/staff performing reporting rate tasks as defined in the Code of Conduct and the person responsible for/staff performing the operations of trading activities related to financial instruments referencing the TORF, as well as the internal verification processes implemented, the appropriateness of the report shall be verified by the Oversight Committee.

(Recruitment and selection of reporting brokers)

Article 34 (1) The selection of reporting brokers as stated in item (i) (d), paragraph (1) of Article 9, shall be carried out in line with the procedures specified in the following six paragraphs.

(2) QBS shall recruit and select reporting brokers every year.

(3) In selecting reporting brokers pursuant to the preceding paragraph, QBS shall take the following factors into account such as Japanese Yen transaction amount of OIS (based on the notional amount); number of transactions; update frequency of quoted rate; reputation; whether there is punishment from the regulatory agency; and internal control for the compliance with the Code of Conduct. In addition, QBS shall also take into account changes in the trading environment of Japanese Yen OIS and the diversity of interest rate derivatives markets based on TONA. The Reporting brokers shall be brokers who deal Japanese Yen OIS in the Japanese OIS market, but if they also have offices or group companies outside Japan, QBS shall also take into account the supervisory status of the financial authorities in the relevant country/region. In the case of the inclusion of non-OIS transactions in the calculation of the TORF, an intermediary such as an exchange as well as a broker may be selected. In addition, the reporting brokers shall be required to comply with the Code of Conduct.

(4) The selection of reporting brokers shall be decided by the Board of Directors after planning by the Planning Dept., discussions at the Planning and Administration Committee. In submitting matters for deliberation to the Board of Directors, the matters shall also be reported to and be approved by the Oversight Committee.

(5) QBS shall receive the acceptance letter from the selected reporting broker regarding the reporting rate in compliance with the Code of Conduct.

(6) QBS shall pay information fee to the reporting brokers in return for the reporting rate.

(7) When reviewing selection criteria of the reporting brokers defined in foregoing paragraph (3) and selecting the reporting brokers defined in foregoing paragraph (4), the Planning Dept. shall seek public comments and shall hold discussions with stakeholders as necessary.

(8) QBS shall disclose the results of the reporting broker selection. In addition, when public comments, etc. in the preceding paragraph or discussions with interested parties are conducted, the comments received, the content of the discussions (except when the commenter requests non-disclosure) and conducted date shall be announced.

(Resignation of reporting brokers during its tenure)

Article 35 (1) In case of receiving an offer to consider resignation from a reporting broker during its tenure, the Operation Dept. shall report the offer to the Board of Directors, after reporting to the Planning and

Administration Committee and the Oversight Committee.

(2) In case of receiving the offer to consider resignation from a reporting broker pursuant to the preceding paragraph, the

Board of Directors shall instruct the Operation Dept. to coordinate with the reporting broker. the Operation Dept. shall discuss the resignation with the reporting broker in accordance with the instructions of the Board of Directors. The progress shall be reported to the Planning and Administration Committee, the Oversight Committee, and the Board of Directors as appropriate.

(3) If, following arrangements with the reporting broker, the reporting broker decides to formally resign, the Operation Dept. shall receive the offer of resignation in writing. In case of receiving the written offer, the Operation Dept. shall announce on its website the offer of resignation as well as the (planned) date of resignation in principle within three business days, including the date of receipt.

(4) In case of receiving an offer pursuant to the preceding paragraph, the Operation Dept. shall report to the Board of Directors after reporting to the Planning and Administration Committee and the Oversight Committee.

(5) The treatment of information fee where a reporting broker resigns during the year under paragraph four, shall be stipulated in the contract between QBS and each reporting broker.

(Action for reporting rate that have not been reported or have been delayed by some of reporting brokers)

Article 36 (1) If some of the reporting brokers have not reported or have delayed reporting rate without a justifiable reason, the Operation Dept. shall report to the Planning and Administration Committee and the Oversight Committee.

(2) Once it is determined that there is no reasonable reason that such reporting brokers have not reported or have delayed reporting rate, QBS may disclose the fact and may apply punishment after the Board of Directors decides on such disclosure and punishment. In submitting matters for deliberation to the Board of Directors, the matters shall also be reported to and be approved by the Oversight Committee .

(Monitoring of reporting brokers)

Article 37 The matters related to reporting brokers as defined in item (i) (d), paragraph (1) of Article 6 of the Rules shall be monitored in accordance with the procedures pursuant to the following two articles.

(Monitoring of compliance with the Code of Conduct)

Article 38 (1) QBS shall receive a report from reporting brokers on internal audits in line with the Code of Conduct and report to the Board of Directors after the Oversight Committee verifies its appropriateness. The Oversight Committee shall also make recommendations to the Board of Directors whether additional investigation is necessary.

(2) The Board of Directors shall review the results of the internal audit reported by the reporting broker based on the reports and recommendations of the Oversight Committee, and if it determines that additional investigation is necessary, the Board of Directors shall instruct the Internal Audit Office to

conduct an additional investigation of the reporting broker. When instructing an additional investigation, the Board of Directors shall also give instructions on the details of the additional investigation, such as the content and method of the investigation, and the investigation period. The Board of Directors may also order additional investigations by an independent audit firm when instructing additional investigations.

- (3) The Internal Audit Office shall conduct additional investigations of the reporting broker in accordance with the instructions of the Board of Directors, and shall report the investigation results to the Board of Directors and the Oversight Committee.
- (4) In the event that the Board of Directors orders an additional audit defined in the preceding paragraph by an independent audit firm, the Internal Audit Office shall discuss the items to be investigated with the independent audit firm and receive the results of the investigation. Upon receipt, the Internal Audit Office will report the results of the investigation to the Board of Directors and the Oversight Committee.
- (5) QBS shall receive a report from reporting brokers on the in-house training held in line with the Code of Conduct and report to the Board of Directors after the Oversight Committee verifies its appropriateness.

(Monitoring of reporting rate)

Article 39 (1) The Oversight Committee Office shall carry out ex-post monitoring of reporting rate and, if there is a doubt about the appropriateness of the reporting, shall inquire of the relevant reporting broker to confirm facts through the Operation Dept.

- (2) The monitoring pursuant to the preceding paragraph shall include verifying whether a person other than the person responsible for rate reporting and the department or the staff conducting rate reporting activities registered by a reporting broker has not conducted rate reporting.
- (3) The Oversight Committee Office shall report to the Oversight Committee the result of the monitoring pursuant to paragraph (1) (including the result of the inquiry and confirmation with the reporting broker, if any).

(Report of reporting broker's breaches of the Code of Conduct)

Article 40 (1) Notwithstanding the preceding two articles, once QBS identifies a doubt about the appropriateness of reporting rate by reporting brokers or breaches of the Code of Conduct by reporting brokers, it shall report the fact to the Oversight Committee and relevant authorities promptly.

- (2) Where the Oversight Committee receives a report pursuant to the preceding paragraph, it shall consider countermeasures and make recommendations to the Board of Directors, as appropriate.
- (3) As one of the measures set forth in the preceding paragraph, QBS may request reduction or refund of the information fee paid by QBS with the approval of the Oversight Committee and the decision by the Board of Directors.
- (4) In consultation with relevant authorities, QBS shall disclose, as necessary, the action taken as a result of receiving recommendations from the Oversight Committee.

(Revocation of reporting broker selection)

Article 41 (1) QBS may revoke reporting broker selection upon discussions at the Planning and

Administration Committee and approval at the Oversight Committee, and upon decision by the Board of Directors if the broker meets any of the following conditions:

- (i) The broker is consistently late in reporting rate, frequently requires revision of its reporting or encounters other difficulties with regard to reporting rate that make its continued participation unsuitable for the smooth administration of the TORF publication
 - (ii) The broker cannot take appropriate actions within a reasonable period in response to QBS's request for improvement, if any problem is found in the broker's compliance with the Code of Conduct
 - (iii) The broker is assessed as being no longer eligible for the reporting broker selection in light of the selection criteria as stipulated in Article 34 due to changes in its business or for other reasons, or
 - (iv) The broker is assessed as being not suitable as a reporting broker in light of its violation of laws, receipt of administrative punishment, occurrence of misconduct and or other incidents.
- (2) Where QBS revokes the reporting broker selection pursuant to the preceding paragraph, it shall disclose the fact to the public promptly.
- (3) Where QBS revokes the reporting broker selection pursuant to paragraph (1), QBS may, with the approval of the Oversight Committee and the decision by the Board of Directors, request a reduction or refund of the information fee, depending on the number of months remaining in the year,.

Chapter 6 supervision of third party

(Outsourced administrative operations including official rates calculation)

Article 42 (1) When QBS outsources the administrative operations for calculating and publishing the TORF (calculation operations, etc.) to a service provider, such outsourcing shall be decided by the Board of Directors after planning at the Planning Dept. and discussion at the Administration Committee. In this case, the operations which can be outsourced shall be defined in Article 19. In submitting matters for deliberation to the Board of Directors, the matters shall also be reported to and approved by the Oversight Committee.

- (2) QBS shall disclose the matters set out in each of the items below with regard to the operations outsourced, etc.
- (i) The trade name, company name or name of the service provider
 - (ii) The nature of business activities of the service provider
 - (iii) In addition to the preceding two items, matters that may have an impact on the TORF users, etc. resulting from outsourcing calculation operations to the service provider
- (3) QBS shall re-select the service provider, in principle, every five years.
- (4) In the event of any situation where the above operations cannot be outsourced to the service provider due to termination of a service contract with the service provider or other reasons, the Operation Dept. shall conduct the calculation operations until a replacement is selected.

(Supervision of the service provider)

Article 43 (1) When QBS outsource the calculation operations, etc., QBS shall formulate the "Guidelines on Outsourcing TORF Calculation/Publication Operations" as a guidance which the service provider

should comply with in conducting the outsourced operations. The Planning Dept. shall periodically monitor compliance therewith.

- (2) QBS shall periodically monitor the framework for, and the implementation of, the operations outsourced to other service provider.
- (3) The Planning Dept. shall report the results of the monitoring as stated in the preceding two paragraphs to the Planning and Administration Committee, the Oversight Committee and the Board of Directors.

(Supervision of information vendors)

Article 44 (1) QBS shall publish the official rate through QUICK which is an information vendor. QBS permits QUICK to distribute to other information vendors on the premise of prior reporting.

- (2) QBS shall disclose the TORF information vendors to the public.
- (3) QBS shall publish the official rate through QUICK at the publication time defined in the Calculation Guidelines. QBS requires QUICK to distribute to other information vendors without delay after receiving the official rate from QBS.
- (4) If QBS expects to delay or cancel the publication of TORF, such as applying the contingency plan stipulated in Article 45, QBS shall notify the user through information vendors including QUICK. In this case, QBS shall provide the information to QUICK and shall instruct QUICK to provide the information to other information vendors to which the TORF is distributed.
- (5) QBS shall periodically check the distribution conditions of the information vendor, QUICK, and other information vendors distributed TORF by QUICK, and shall request correction if any problems are found.

Chapter 7 Establishment of A Contingency Plan for the TORF Calculation and Publication, etc.

(Establishment of a contingency plan)

Article 45 (1) QBS shall establish "Contingency Plan for TORF Publication" that sets out measures to prepare for and to cope with the occurrence of emergencies, such as electricity outage or severe damages of relevant facilities ("emergencies") and for the cases where the TORF calculation/publication is difficult, in contradiction to the intent of QBS, due to excessive market stress or decrease in reporting brokers.

- (2) The Contingency Plan as stated in the preceding paragraph shall cover the cases where the calculation operations, etc. are outsourced to a service provider. and the provider cannot carry out its outsourced operations in times of disaster or other emergencies.

(Back-up system of QBS)

Article 46 (1) In preparation for cases where QBS faces difficulties in carrying out the calculation and publication operations of the TORF at the head office due to the adverse impact of emergencies, QBS shall establish a back-up system to carry out the approval operation of the TORF. QBS shall station staff members belonging to the Operation Dept. as backup personnel at a different location of the head office.

- (2) In accordance with the Contingency Plan as stated in the preceding article, QBS shall promptly request

back-up members to act on behalf of the members at the head office to carry out the approval operations of the TORF, in case it is determined that QBS is unable to conduct such activities at the head office and in other similar cases.

- (3) If QBS plans to change the back-up system, the change shall be decided by the Board of Directors, after planning at the Operation Dept., discussion at the Planning and Administration Committee, and approval of the Oversight Committee.
- (4) The Planning and Administration Committee shall periodically verify and report to the Oversight Committee and the Board of Directors the framework for, and the implementation of, the operations conducted by the back-up members.
- (5) QBS shall disclose the following information regarding the back-up system.
 - (i) The locations of the back-up members
 - (ii) The operations of the back-up members
 - (iii) In addition to the preceding two items, matters that may have an impact on the TORF users, etc. by having the back-up members conduct calculation operations, etc. on their behalf.

Chapter 8 Review of Operational Framework

(Periodical review of operational framework)

Article 47 (1) QBS shall assess and review the definitions, calculation method and overall operation of the TORF at the Planning and Administration Committee, in consideration of, among other things, the matters set out in the following items and feedback provided by external parties to QBS.

- (i) The adequacy of reporting brokers' share of transactions in the Japanese Yen OIS market
 - (ii) Conditions of the Japanese Yen OIS market and other relevant markets based on TONA such as interest rate derivatives markets, etc.
 - (iii) Reasonableness of reporting rate generation process by reporting brokers
- (2) With regard to the assessment and review at the Planning and Administration Committee as set forth in the preceding paragraph, QBS shall report to the Oversight Committee at least annually, and the Oversight Committee shall examine the contents of such report and make recommendations to the Board of Directors, as necessary. The matters set out in each item of the preceding paragraph shall be disclosed in accordance with the approval by the Oversight Committee and the decision by the Board of Directors regardless of whether such recommendations are made to the Board of Directors.
 - (3) In response to the recommendations by the Oversight Committee as stipulated in the preceding paragraph, the Board of Directors shall take necessary actions, such as giving an instruction on appropriate measures to the Planning and Administration Committee. Further, the Oversight Committee may receive a report on and require the explanation on the subsequent actions taken by the Board of Directors in response to the recommendations.
 - (4) If, as a result of the assessment and review pursuant to paragraph (1), QBS concludes that a situation set out in any of the items of paragraph (1) of following article exists, it shall consider changes to the definitions or calculation methods of the TORF in accordance with the procedures stipulated in the

following article.

(5) Notwithstanding the provisions of paragraphs (1) to (3), a review of the scope and management method of conflicts of interest shall be considered in accordance with the provisions of Article 20.

(Changes in the definitions or calculation methods of the TORF)

Article 48 (1) QBS shall consider changes in the definitions or calculation methods of the TORF in cases where any of the following situations continues to exist for a certain period of time and there is no prospect of early remediation of such situation(s), which has led to a conclusion that the TORF may no longer be representative as interest rate benchmark (usefulness as a benchmark to be referred to in determining interest rates):

(i) where there have been any structural changes in the Japanese Yen OIS market or other Japanese Yen interest rate derivatives market that may require changes in the definitions, calculation methods of the TORF

(ii) where underlying interest which the TORF seeks to measure is no longer generally used or is not functioning, and hence is deemed to be not fulfilling its role as a reliable benchmark.

(2) Notwithstanding the preceding paragraph, QBS shall consider changes in the definitions, calculation methods of the TORF, as appropriate, where it is deemed necessary to make such change in light of a change in users' needs and actual market conditions.

(3) When QBS considers changes in the definitions, calculation methods of the TORF pursuant to the foregoing two paragraphs, such change shall be decided by the Board of Directors after planning by Planning Dept. and discussion at the Planning and Administration Committee. In submitting matters for deliberation to the Board of Directors, the matters shall also be reported to and be approved by the Oversight Committee. This consideration and decision shall, to the utmost extent, reflect an objective of continuously ensuring the soundness of the TORF determination, considering the effect of such change on the stability of the financial economy, the scope of contracts referring to the TORF, and the degree of the impact of such change on the contracts. As a result of the consideration as stated herein, where it is deemed necessary to consider suspending the ongoing publication of the TORF, etc., rather than changing the definitions and calculation methods, such suspension, etc. shall be considered in accordance with Article 50. However, this shall not preclude simultaneously considering the change in the definition and methodology pursuant hereto and the suspension, etc. pursuant to Article 50.

(4) If the change considered pursuant to the foregoing three paragraphs is deemed material (a material change mean that the change may significantly undermine the similarity with the pre-change TORF, or is reasonably expected to have a significant impact on the level of the TORF rate), QBS shall seek public comment and hold discussions with stakeholders, as appropriate.

(5) Notwithstanding the preceding paragraph, if the change is deemed a material change based on the consideration and determination pursuant to paragraph (3), QBS may seek public comment and hold discussions with stakeholders as appropriate, as set forth in the preceding paragraph.

(6) In seeking public comment as stated in the foregoing two paragraphs, QBS shall allow a sufficient

period so that stakeholders, such as users, can make full discussions, and the QBS shall consider carrying out an impact analysis of such change, as appropriate.

- (7) When QBS changes the definitions or calculation methods of the TORF as stated herein, it shall disclose on its website at least three months prior to the effective date, the details of the change, the reason, the feedback and comments submitted by stakeholders through the public comment as stated in the preceding paragraphs and the details of the discussions with the comment submitter(s) based on such comment (unless the comment submitter(s) request non-disclosure), and effective date.

(Temporary suspension)

Article 49 (1) If it is deemed necessary to temporarily suspend the TORF publication due to unavoidable circumstances caused by disasters affecting broad areas or other emergencies, QBS may temporarily suspend the publication, upon a decision by the president of QBS, in accordance with the Contingency Plan as stipulated in Article 45, as well as after having a discussion with relevant authorities. If the president is not capable of performing its duty due to accidents, the person set out below, in this order, shall fulfill the duty on behalf of the president. In the above case, the previous day's official rates are used as the current day's TORF.

- (i) Board member
- (ii) Substitute person pre-designated by the Board of Directors

- (2) When the suspension has been decided pursuant to the preceding paragraph, QBS shall disclose it promptly, and it shall be reported to the Oversight Committee.

(Continuous suspension of the TORF, etc.)

Article 50 (1) QBS shall consider continuous suspension of the TORF publication, etc., including policies and procedures for the calculation and publication of alternative financial benchmark, in cases where any of the following situations continues to exist for a certain period of time and there is no prospect of early remediation of such situation(s), which has led to a conclusion that the TORF is no longer representative as a benchmark:

- (i) where any structural changes in the Japanese Yen OIS market or other Japanese Yen interest rate derivatives markets have given rise to not only the decline in the awareness of such market as an active market by market participants and related authorities but also a doubt about the necessity of the existence as a market;
- (ii) where the publication of the TORF has violated the laws and regulations;
- (iii) where impact on the financial industry and the economy is believed to be limited even if a remarkable reduction in the needs of the TORF users has given rise to the suspension of the publication, etc.; or
- (iv) where the situation as stated in paragraph (1) of Article 48 continues to exist although the change in the definitions or calculation methods of the TORF has been considered pursuant to the preceding Article 48.

- (2) When QBS considers the continuous suspension of the TORF publication, etc. pursuant to the preceding paragraph, such suspension shall be decided by the Board of Directors after discussion at

the Planning and Administration Committee. The suspension shall be reported to and be approved by the Oversight Committee. This consideration and decision shall, to the utmost extent, reflect an objective of continuously ensuring the soundness of the TORF determination, taking into account the effect of such suspension, etc. on the stability of the financial economy, the scope of contracts referring to the TORF, and the degree of the impact of such suspension on the contract.

- (3) In considering the suspension pursuant to the preceding two paragraphs, QBS shall seek public comment and hold discussions with stakeholders, as appropriate.
- (4) In seeking the public comment as stated in the preceding paragraph, QBS shall allow a sufficient period so that stakeholders, such as users, can make full discussions and shall consider carrying out an impact analysis of such change, as appropriate.
- (5) When QBS suspends the TORF publication, etc. on a continued basis as stated herein, it shall disclose at least six months prior to the effective date the timing of the suspension, its reason, the feedbacks and comments submitted by stakeholders through the public comment as stated in the preceding paragraphs and the details of the discussions with the comment submitter(s) based on such comment (unless the comment submitter(s) request non-disclosure), and effective date.

Chapter 9 Revision of the Rules

(Revision of the rules)

Article 51 (1) The Rules and sub-rules shall be revised by the Board of Directors after planning at Planning Dept. and discussion at the Administration Committee.

- (2) Matter(s) relating to the revision as stated in the preceding paragraph shall be reported to and be approved by the Oversight Committee.
- (3) The details of any revision in the Rules and the sub-rules shall be disclosed.

Supplement

1. Effective Date

The Rules shall be effective from April 26, 2021.

2. Revised Date

October 13, 2021

(This English translation is provided exclusively as a convenience. Any questions that may arise in interpretation of words and provisions of these rules shall be interpreted in accordance with the Japanese original version.)