Note to Adhering Parties

The process for adhering to this Japanese Jurisdictional Module is set forth in paragraph 1 of the Protocol. By adhering to this Japanese Jurisdictional Module, a Module Adhering Party agrees to amend the agreements set forth in this Japanese Jurisdictional Module that it has entered into with, provided to or received from any “Regulated Entity” that such Module Adhering Party has designated as a “Regulated Entity Counterparty” with respect to it. The amendments provided in this Japanese Jurisdictional Module shall be made to each such agreement.

As provided in paragraph 1 of the Protocol, an Adhering Party that is subject to the Japanese Regulation can identify itself as a “Regulated Entity” for purposes of this Japanese Jurisdictional Module. Each such “Regulated Entity” agrees to amend certain agreements that it has entered into with, provided to or received from any Module Adhering Party that has designated the “Regulated Entity” as a Regulated Entity Counterparty.

This Japanese Jurisdictional Module (the “Japanese Jurisdictional Module”) is a “Jurisdictional Module” for purposes of the ISDA Resolution Stay Jurisdictional Modular Protocol (the “Protocol”).

As provided in paragraph 1 of the Protocol, (i) an Adhering Party that identifies itself as a Module Adhering Party with respect to this Japanese Jurisdictional Module in its Adherence Letter shall be a Module Adhering Party with respect to this Japanese Jurisdictional Module and (ii) an Adhering Party that identifies itself as a Regulated Entity with respect to this Japanese Jurisdictional Module in its Adherence Letter shall be a Regulated Entity Counterparty with respect to any Module Adhering Party that identifies such Adhering Party as a Regulated Entity Counterparty in its Adherence Letter or through the delivery of a Module Adherence Notice, with respect to this Japanese Jurisdictional Module (in the manner provided in paragraph 2 of the Protocol).

A Module Adhering Party and a Regulated Entity Counterparty with respect to such Module Adhering Party each agree that the terms of this Japanese Jurisdictional Module, including the amendments contained herein, shall apply to each Japanese Regulated Agreement between such Module Adhering Party and such Regulated Entity Counterparty, each Japanese Regulated Agreement provided by such Regulated Entity Counterparty for the benefit of such Module Adhering Party and each Japanese Regulated Agreement provided by such Module Adhering Party for the benefit of such Regulated Entity Counterparty (each such agreement, a “Covered Agreement”).

Capitalized terms not defined herein have the meaning ascribed to them in the Protocol.
1. Rule of Construction

Words and phrases in quotation marks have the meaning given in the Japanese Regulation to the bracketed Japanese word or phrase immediately following such word or phrase, and such words or phrases as used in this Japanese Jurisdictional Module shall be interpreted in accordance with the Japanese Regulation.

2. Effectiveness

(a) Subject to clause (b) below, a Module Adhering Party and a Regulated Entity Counterparty with respect to such Module Adhering Party agree that with respect to the Covered Agreements between such parties, provided by such Regulated Entity Counterparty for the benefit of such Module Adhering Party or provided by such Module Adhering Party for the benefit of such Regulated Entity Counterparty, the amendments in paragraph 3 hereof shall be deemed to be made to such Covered Agreements as of the Compliance Date with respect to such Covered Agreements, as determined in accordance with clause (c) hereof.

(b) The amendments in paragraph 3 hereof shall not apply to a Covered Agreement if either:—

(i) the Regulated Entity Counterparty that is a party to such Covered Agreement does not satisfy the definition of Regulated Entity in this Japanese Jurisdictional Module; or

(ii) the Module Adhering Party is a “central counterparty” [chuo seisan kikan].

(c) The compliance date with respect to a Covered Agreement (such date, the “Compliance Date”) shall be the later of: (i) 1 April 2017 and (ii) the Implementation Date.

3. Stay in Resolution

(a) A Module Adhering Party and each Regulated Entity Counterparty with respect to such Module Adhering Party agree that, with respect to each Covered Agreement between such Module Adhering Party and Regulated Entity Counterparty, provided by such Regulated Entity Counterparty for the benefit of such Module Adhering Party or provided by such Module Adhering Party for the benefit of such Regulated Entity Counterparty, the Module Adhering Party acknowledges and agrees that the effect of the “Stay Decision” [sutei no kettei] and the “special provisions for procedures of creditor protection” [saikensha hogo tetsuzuki no tokurei to] prescribed in Article 131 of the “Deposit Insurance Act” [yokin hoken ho] applies to each Covered Agreement.

(b) Notwithstanding anything in this Japanese Jurisdictional Module to the contrary, the provisions of clause (a) hereof shall not apply with respect to a Covered Agreement unless, upon a “Stay Decision” [sutei no kettei] being made under the “Deposit Insurance Act” [yokin hoken ho], the Japanese Financial Services Agency, Prime Minister or
Minister of State for Financial Services issues a public statement announcing either that:—

(i) the Covered Transaction Agreement in respect of the Covered Agreement, and any transaction carried out for the purposes of collateralizing such Covered Transaction Agreement, as applicable, will be transferred to a successor; or

(ii) the duration of the temporary stay designated in such “Stay Decision” [sutei no kettei] with respect to the Covered Transaction Agreement in respect of such Covered Agreement, and any transaction carried out for the purposes of collateralizing such Covered Transaction Agreement, as applicable, will not exceed two business days in Japan.

4. Definitions

As used in this Japanese Jurisdictional Module:

“Covered Agreement” has the meaning given to such term in the opening paragraphs hereof.

“Covered Transaction Agreement” means a “contract” [keiyaku] which is governed by laws other than Japanese law and includes a “Clause on Specified Cancellation, etc.” [tokutei kaijo to no joko] that relates to “over-the-counter derivative transactions” [tento deribathibu torihiki], “financial and other derivative transactions” [kinyu to deribathibu torihiki], the “sale or purchase of securities on condition of repurchase or resale” [yuka shoken no kaimodoshi matawa urimodoshi joken tsuki baibai], the “lending and borrowing of securities” [yuka shoken no taishaku], the “trading of bonds with options” [sentakuen tsuki saiken baibai torihiki], “forward foreign exchange transactions” [sakimono gaikoku kawase torihiki], “over-the-counter commodity derivative transactions” [tento shohin deribathibu torihiki], or similar transactions.

“Japanese Regulated Agreement” means a “contract” [keiyaku], including an existing contract, which is governed by laws other than Japanese law and includes a “Clause on Specified Cancellation, etc.” [tokutei kaijo to no joko] that relates to a “Subject Transaction” [taisho torihiki].

“Japanese Regulation” means any of the “Comprehensive Guidelines for Supervision of Major Banks, etc.” [shuyoko to muke no sogoteki na kantoku shishin], the “Comprehensive Guidelines for Supervision of Small- and Medium-Sized Enterprises and Regional Financial Institutions” [chusho chiiki kinyukikan muke no sogoteki na kantoku shishin], the “Comprehensive Guidelines for Supervision of Insurance Companies” [hoken gaisha muke no sogoteki na kantoku shishin] and the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” [kinyu shohin torihiki gyosha to muke no sogoteki na kantoku shishin] as applicable to the Adhering Party.
“Regulated Entity” means any:—

(a) “financial institution” [kinyu kikan] subject to the “confirmation” [nintei] prescribed in Article 102(1) of the “Deposit Insurance Act” [yokin hoken ho]; or

(b) “financial institution, etc.” [kinyu kikan to] subject to the “specified confirmation” [tokutei nintei] prescribed in Article 126-2(1) of the “Deposit Insurance Act” [yokin hoken ho].