

Sample of Japanese Collateral Provisions in Confirmation

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[]. Credit Support Provisions

(1) Security Interest

Pledge. [] (the “Pledgor”) hereby grants to [] (the “Secured Party”), as security for its Obligations, a first priority continuing security interest (including, without limitation, *shichiken*, a Japanese statutory pledge) in, and the right of Set-off as set forth below against, the Pledging Collateral Transferred to the Secured Party hereunder, effective upon the Transfer by the Pledgor. Unless otherwise agreed, such security interest shall be a statutory pledge (*shichiken*). The Pledging Collateral shall be Transferred to an account notified by the Secured Party.

(2) Holding Pledging Collateral

- (a) **Care of Pledging Collateral.** The Secured Party will exercise at least the same degree of care as it would exercise with respect to its own property to ensure the safe custody of all Pledging Collateral posted by the Pledgor. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to the Pledging Collateral, including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto.
- (b) **Use of Pledging Collateral.** The Secured Party may [not] re-pledge or re-hypothecate Pledging Collateral posted to and held by it.
- (c) **Distributions.** If the Secured Party receives Distributions (other than in respect of principal payments) on a Local Business Day, it will Transfer to the Pledgor not later than the close of business on [such] [the next] Local Business Day any such Distributions received; provided that, if any Distribution of principal in respect of the Pledging Collateral occurs prior to the Termination Date, the proceeds of such Distribution shall be held by the Secured Party in its cash account and the parties shall negotiate in good faith and determine the treatment of such Distribution, including, without limitation, the possibility of reinvestment of the Distribution and creation of a security interest in the Pledging Collateral acquired as the result of such reinvestment.

(3) Event of Default

For purpose of Section 6(a)(iii)(1) of the Agreement, an Event of Default will exist with respect to the Pledgor if:

- (a) it fails to make, when due, any Transfer of the Pledging Collateral, as applicable, required to be made by it and that failure continues for [] Local Business Days after notice of that failure is given to the Pledgor or the representations given in (5) hereof prove to be incorrect and the Pledgor fails to remedy the breach within [] Local Business Days after notice of that failure is given to the Pledgor;
- (b) The Pledgor fails to comply with or perform any agreement or obligation hereunder other than those specified in (3)(a) above and that failure continues for [] Local Business Days after notice of that failure is given to The Pledgor.

(4) Certain Rights and Remedies

- (a) ***The Secured Party's Rights and Remedies.*** If at any time (1) an Event of Default or the Additional Termination Event (as defined below) with respect to the Pledgor has occurred and is continuing or (2) an Early Termination Date has occurred or been designated as the result of an Event of Default or the Additional Termination Event (as defined below) with respect to the Pledgor, then, unless the Pledgor has discharged in full all of its Obligations that are then due under Section 6(e) of the Agreement, the Secured Party may exercise one or more of the following rights and remedies:
- (i) all rights and remedies available under applicable law with respect to the Pledging Collateral or Cash posted to and held by the Secured Party;
 - (ii) any other rights and remedies available to the Secured Party under the terms of the Pledging Collateral;
 - (iii) the right to set-off any amounts payable by the Pledgor with respect to any Obligations against any Pledging Collateral or Cash without prior notice or formalities that might otherwise be required, in such order as the Secured Party may elect, to the extent permitted under applicable law; and
 - (iv) the right to liquidate any Pledging Collateral or Cash posted to and held by the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required under applicable law, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor (with the Secured Party having the right to purchase any or all of the Pledging Collateral to be sold) and to apply the proceeds (or the Cash equivalent thereof) from the liquidation of the Pledging Collateral or Cash to any amounts payable by the Pledgor with respect to any Obligations in that order as the Secured Party may elect.
- (b) ***The Pledgor's Rights and Remedies.*** If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default with respect to the Secured Party, then (except in the case of an Early Termination Date in relation to less than all Transactions (or Swap Transactions) where the Secured Party has paid in full all of its Obligations that are then due under Section 6(e) of the Agreement):
- (i) The Pledgor may exercise all rights and remedies available under applicable law with respect to Pledging Collateral posted to and held by the Secured Party;
 - (ii) The Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Pledging Collateral, if any;
 - (iii) The Secured Party will be obligated immediately (but no sooner than the Pledgor's payment of the amount payable, if any, to the Secured Party calculated pursuant to Section 6(e) of the Agreement) to Transfer the Pledging Collateral to the Pledgor; and
 - (iv) to the extent that Pledging Collateral is not so Transferred pursuant to (iii) above, the Pledgor may withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Pledging Collateral held by the Secured Party until that Pledging Collateral is Transferred to the Pledgor.
- (c) ***Deficiencies and Excess Proceeds.*** The Secured Party will Transfer to the Pledgor any proceeds and Pledging Collateral remaining after liquidation and/or application under (4)(a) and/or (4)(b) hereof after satisfaction in full of all amounts payable by the Pledgor with respect to any Obligations. The Pledgor will remain liable for any amounts remaining unpaid after any liquidation and/or application under (4)(a) and/or (4)(b) hereof.
- (d) ***Final Returns.*** When no further amounts are or thereafter may become payable by the Pledgor with respect to any Obligations of the Pledgor (except for any potential liability under Section 2(d) of the Agreement), the Secured Party will Transfer or arrange for the Transfer to the Pledgor of any Pledging Collateral, if any, held by the Secured Party at such time. The security interest granted hereunder in the Pledging Collateral will be

released immediately and, to the extent possible, without any further action by either party upon the Transfer of the Pledging Collateral by the Secured Party to the Pledgor.

(5) Representations

The Pledgor represents to the Secured Party (which representations will be deemed to be repeated as of each date on which it Transfers Pledging Collateral) that:

- (a) The Pledgor has the power to grant a security interest in the Pledging Collateral or Cash it Transfers and has taken all necessary action to authorise the granting of the security interest;
- (b) The Pledgor is the sole owner of or otherwise has the right to Transfer the Pledging Collateral or Cash it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions or in case of re-pledge or re-hypothecation it has the right to Transfer all Pledging Collateral or Cash which it Transfers to the Secured Party hereunder for such purposes without any restriction, as the case may be, other than the security interest granted under (1) hereof; and
- (c) upon the Transfer of any Pledging Collateral or Cash to the Secured Party under the terms hereof, the Secured Party will have a valid and perfected first priority security interest therein.

(6) Expenses

- (a) **General.** Except as otherwise provided in (6)(b) and (6)(c) hereof, each party will pay its own costs and expenses in connection with performing its obligations hereunder and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.
- (b) **Pledging Collateral.** The Pledgor will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to the Pledging Collateral or Cash posted to and held by the Secured Party upon becoming aware of the same.
- (c) **Liquidation/Application of Pledging Collateral.** All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledgor in connection with the liquidation and/or application of any the Pledging Collateral or Cash hereunder will be payable on demand and pursuant to the Expenses Section of the Agreement, by the Defaulting Party or, if there is no Defaulting Party, equally by the parties.

(7) Miscellaneous

- (a) **Default Interest.** Without prejudice to 4(a), if The Pledgor fails to make, when due, any Transfer of Pledging Collateral or Cash, the Pledgor will be obligated to pay the Secured Party (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date the Pledging Collateral or Cash was required to be Transferred to (but excluding) the date of Transfer of Pledging Collateral or Cash. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.
- (b) **Further Assurances.** Promptly following a demand made by the Secured Party, the Pledgor will execute, deliver, file and record any document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest, lien or any other rights or privileges granted under (1) hereof, to enable the Secured Party to exercise or enforce its rights hereunder with respect to the Pledging Collateral or Cash or to effect or document a release of a security interest on the Pledging Collateral or Cash.
- (c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding or lien that involves the Pledging Collateral or Cash Transferred by the Pledgor or that could adversely affect the security interest, lien or any other rights or privileges granted by it under (1) hereof.

- (d) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations hereunder, including, but not limited to, all calculations, valuations, currency conversions and determinations made by either party, will be made in good faith and in a commercially reasonable manner.
- (e) **Demands and Notices.** All demands and notices made by a party hereunder will be made as specified in Section 12 of the Agreement.
- (f) **Dispute Resolution.** If a party (the “Disputing Party”) disputes the Value of the Pledging Collateral or Cash, the Disputing Party will notify the Valuation Agent not later than the close of business on the Local Business Day following the date on which the Disputing Party is notified of the Value by the Valuation Agent, and shall have the right to require the Valuation Agent to re-calculate the Value of the Pledging Collateral or Cash in accordance with the standard market practice.
- (g) **Inconsistency.** In respect of the Pledging Collateral or Cash, in the event of any inconsistency between the provisions of these Credit Support Provisions and the other provisions of this Confirmation, these Credit Support Provisions will prevail.
- (h) **Governing Law.** These Credit Support Provisions only will be governed by and construed in accordance with the laws of Japan.

(8) Definitions

As used herein:-

“**Cash**” means the lawful currency of Japan.

“**Credit Support Provisions**” means the provisions set out [herein].

“**Distributions**” means with respect to the Pledging Collateral in the form of securities, all principal, interest and other payments and distributions of cash or other property with respect thereto less any applicable withholding tax.

“**Obligations**” means all present and future obligations of the Pledgor under the Agreement.

“**Pledging Collateral**” means [], provided, however, that if any Distribution of the principal of the Pledging Collateral is made prior to the Termination Date, the Pledging Collateral shall include the proceeds of such Distribution (which proceeds shall be held by the Secured Party in its cash account) and any other assets into which such proceeds are reinvested.

“**Transfer**” means, (A) with respect to Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient; and (B) with respect to Pledging Collateral, and in accordance with and pursuant to the instructions of the Secured Party as the recipient, the giving of written or electronic instructions to the relevant depository institution or other entity specified by the recipient, subsequently followed by a written copy thereof to the recipient, sufficient if complied with to result in a legally effective pledge and perfection of the relevant interest to or for the recipient.

“**Valuation Agent**” means the Secured Party.

“**Value**” means, subject to (7)(f) hereof, for any date for which the Value is calculated with respect to the Pledging Collateral, (i) with respect to Cash, the amount thereof; and (ii) with respect to the Pledging Collateral, the bid price quotation obtained in the over-the-counter market in Tokyo for such Pledging Collateral by the Valuation Agent as of or as close as possible to the close of such market for the Pledging Collateral in Tokyo on such date.