

Basic Policy on Response to System Failure

Adopted April 13, 2015

Revised April 15, 2024

1. Overview

Japan Securities Depository Center, Inc. and its subsidiary JASDEC DVP Clearing Corporation (JDCC), collectively “JASDEC Group” has established an emergency response plan, outlined below, to support rapid, efficient system recovery in the event that transaction processing is disrupted by failures of systems or network connections of JASDEC Group, Japan Securities Clearing Corporation (JSCC), Bank of Japan (BOJ) or users. The policy has been developed after due consideration of users and investors, and is based on the principle of minimizing the impact of any system failure that eventuates.* In the event of failure of systems or network connections, communications between JASDEC Group, JSCC, BOJ or users will be undertaken via the Target HOFURI site, JASDEC’s website, email, or various other such methods as may be available.

A detailed emergency response Contingency Plan has been developed separately with specific scenarios that are not included in this Basic Policy.

* Business Continuity response to natural disaster, disruption of social infrastructure, terrorism or other such events is contained in the Basic BCP Policy.

2. Response

Situation	Response	Comments
1. Failure occurs within JASDEC system	<ul style="list-style-type: none">• In cases where failure occurs in JASDEC system, such as the interruption of systemic exchange of information with users, an alternative method of transmission will be used if available and normal transaction processing will continue to the extent possible.• In cases where JASDEC cannot complete transactions within the usual time frame because an alternative method is unavailable or the available alternative method cannot handle transactions sufficiently, the	<ul style="list-style-type: none">• For instructions received from users up until the occurrence of system failure, transactions will be completed within the

Situation	Response	Comments
	<p>transaction processing time will be extended to the extent possible.</p> <ul style="list-style-type: none"> • In cases where JASDEC cannot complete transactions within the business day of failure even with extension of the transaction processing time, transactions will be carried over to the next business day for processing and the effective date of such transactions will also be carried over to the next business day. 	<p>business day on which system failure occurred (hereinafter referred to as “business day of failure”), and in principle will not be carried over to the next business day.</p> <ul style="list-style-type: none"> • In cases where transaction processing is interrupted due to system failure, instructions from users can be resumed only after the system is restored on the condition that sufficient system processing time is available. • An example of the circumstances envisaged at left would be a situation in which an institution, having scheduled a cut-off time of transaction for settlement in advance, is unable to receive information from the JASDEC system even with extension of the processing time, depending on the time. This case means that transactions cannot be completed within the business day of failure.

Situation	Response	Comments
	<ul style="list-style-type: none"> • JASDEC will make other responses as necessary, according to the status of JASDEC system. 	<ul style="list-style-type: none"> • Other responses could include actions such as system changeover to a back-up site.
<p>2. Failure occurs in JDCC system</p>	<ul style="list-style-type: none"> • In cases where a failure occurs in JDCC system, such as interruption of systemic exchange of information with users, an alternative method of transmission will be used if available and normal transaction processing will continue to the extent possible. • In cases where JDCC cannot complete transactions within the usual time frame because an alternative method is unavailable or the available alternative method cannot handle transactions sufficiently, the transaction processing time will be extended to the extent possible. • In cases where JDCC determines that processing cannot be completed within the business day of failure even by using alternative methods or changing the transaction processing time, the settlement date will be carried over to the following business day or after as appropriate. • JDCC will make other responses as necessary, according to the status of JDCC system. 	<ul style="list-style-type: none"> • DVP settlement may be changed to non-DVP settlement. • Transaction processing time may be either delayed or brought forward. • Other responses could include actions such as system changeover to a back-up site.
<p>3. Failure occurs in JSCC system or in the network connecting JSCC and JASDEC.</p>	<ul style="list-style-type: none"> • In cases where a failure occurs, such as interruption of data exchange by the information system with JSCC, an alternative method of transmission will be used if available and normal transaction processing will continue to the extent possible. • In cases where JSCC changes the cut-off time for settlement or for 	

Situation	Response	Comments
	<p>obligation assumption related to the clearing operation for OTC JGB transactions, JASDEC will, to the extent possible, change the transaction processing time to avoid carrying settlement over to the following day.</p> <ul style="list-style-type: none"> • Changes in processing time and other necessary responses of JASDEC Group system will be implemented as required, according to the status of JSCC. 	
<p>4. Failure occurs in BOJ system or in the network connecting BOJ and JASDEC</p>	<ul style="list-style-type: none"> • In cases where a failure occurs, such as interruption of data exchange by the information system with BOJ, after discussion with BOJ normal transaction processing will continue to the extent possible. • In cases where BOJ extends the transaction processing time, JASDEC will, to the extent possible, change the transaction processing time to avoid carrying settlement over to the following day. • Changes in processing time and other necessary responses of JASDEC Group system will be implemented as required, according to the status of BOJ system. 	
<p>5. Failure occurs in user's system or in the network connecting a user and JASDEC.</p>	<ul style="list-style-type: none"> • In cases where a failure occurs, such as interruption of systemic exchange of information with users, an alternative method of transmission will be used if available and normal transaction processing will continue to the extent possible. • In cases where users cannot send instructions to JASDEC within the 	

Situation	Response	Comments
	<p>business day of failure either because an alternative method is not available or because an alternative method requires additional processing time, such instructions will be sent to JASDEC on or after the following business day.</p> <ul style="list-style-type: none"> • Changes in processing time and other necessary responses of JASDEC Group system will be implemented as required, according to the status of user's system. 	

END