

## The Association of Global Custodians - Questionnaire - 2008 - 2009 Questionnaire

### Japan- Japan Securities Depository Center - View Record

Name Japan- Japan Securities Depository Center  
Contact Name  
Address  
Country Japan  
Phone  
Fax  
E-mail  
Web Site <http://www.jasdec.com>

**Welcome to the Depository-  
Information Gathering Project.  
Before beginning, we suggest  
that you: print the entire  
document for review on paper;  
review the Glossary of Terms.  
Each will assist you with  
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help, contact: Robin D. Truesdale,  
Baker & McKenzie LLP (202) 835-  
1664; e-mail:  
Robin.D.Truesdale@bakernet.com**

### SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

*The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.*

**1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."**

**In particular, are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?**

Yes

**2. Rule 17f-7 also requires that an Eligible Securities Depository "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries."**

**Does your institution: (Choose all that apply.)**

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)

**2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:**

-Japanese stocks listed on a Japanese exchange, -Convertible bonds (CBs) listed on a Japanese exchange, -Preferred equity securities by credit union-based financial institution listed on a Japanese exchange, -Beneficial rights of Exchange Traded Funds (ETFs), -Investment securities such as Real Estate Investment Trust(REITs) listed on a Japanese exchange, -Foreign stocks listed on a Japanese exchange, -Beneficial rights of foreign investment trust listed on a Japanese exchange, -Foreign investment securities listed on a Japanese exchange, -Foreign stock depository receipts listed on a Japanese exchange, -Foreign covered warrant, -Beneficial rights of foreign trust issuing beneficial rights, -Commercial paper (Dematerialized CP), -Corporate bonds, -Municipal bonds, -Investment company bonds, -Government agency bonds and other special corporation bonds, -Samurai bonds, -Investment Trusts Beneficial Rights, -Qualified non-listed stocks, -Qualified non-listed CB.

**3. What type of legal entity is the institution? (Choose all that apply.)**

Private Company

**4. Is the institution operated as a "for profit" or a "not for profit" organization?**

Other (please answer 4a)

**4a. If other, please explain:**

Japan Securities Depository Center (JASDEC) is a stock company, but its business is on at-cost basis, so it may refund its excess profit to its participants.

**5. Please provide the names of the owners and their ownership interest percentages.**

The shareholder structure was not changed at the end of March 2008 compared to the previous year. There are 185 shareholders. The main shareholders are as follows. Tokyo Stock Exchange Group, Inc. 21.82% Japan Securities Dealers Association 11.90% Nomura Holdings, Inc. 5.70% The Bank of Tokyo-Mitsubishi UFJ, Ltd. 5.00% Mizuho Corporate Bank, Ltd. 5.00% Mitsubishi UFJ Trust and Banking Corporation 4.98% Nikko Citigroup Limited 3.77% Japan Trustee Services Bank, Ltd. 3.76% Trust & Custody Services Bank, Ltd. 3.34% Daiwa Securities SMBC Co., Ltd. 2.70%

**6. Please answer the following:**

**6a. What is the date of establishment of the depository? (DD/MM/YY)**

04/01/2002

**6b. What is the date that the depository's operations began? (DD/MM/YY)**

17/06/2002 The depository and book-entry transfer services had been provided by JASDEC (a foundation) since October 1991, and all businesses were transferred to JASDEC (a stock company) on this date.

**7. Under what regulation or statute is the depository established and governed?**

JASDEC is established based on the Companies Act of Japan and governed by the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities.

**7a. Is the regulation or statute electronically available?**

Yes (please answer 7b)

**7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.**

[http://www.cas.go.jp/jp/seisaku/hourei/data/CA1\\_4.pdf](http://www.cas.go.jp/jp/seisaku/hourei/data/CA1_4.pdf) [http://www.cas.go.jp/jp/seisaku/hourei/data/CA5\\_8.pdf](http://www.cas.go.jp/jp/seisaku/hourei/data/CA5_8.pdf) As to Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities, only Japanese version is available through <http://law.e-gov.go.jp/cgi-bin/idxsearch.cgi>

**7c. Please supply document(s) here:**

**7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.**

**What are the qualifications to become a board member?**

The board is composed of 19 members, President & CEO, 4 Managing Directors and 14 External Directors. The Board of Directors is basically structured to achieve a balanced approach to business with user-oriented views, as well as business-oriented ideas on maintaining operational neutrality and fairness. To fully reflect the opinions of users in our operations, ten of the 14 External Directors are selected from JASDEC participants, two from issuing companies and related organization, one from academia and one from the legal profession. In principle, the Board meets once a month to decide basic management policies and discuss other key issues. Article 3 of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities, hereinafter referred to as the "Law", prescribes the qualifications to become a board member as follows: None of the directors, accounting advisors, auditors or executive officers of the applicant fall under any of the items below: a. Persons adjusted incompetent or quasi-incompetent, or deemed to fall under a similar situation under foreign laws and regulations; b. Bankrupt persons who have not been reinstated or a person deemed to fall under similar situations under foreign laws and regulations; c. Persons who have been sentenced to a penalty heavier than imprisonment (including a penalty equivalent to this under the foreign laws and regulations) with respect to which five (5) years have not elapsed since the ending of the execution of such penalty or from the date on which the execution of the penalty was suspended. d. In case the designation prescribed in this Article was cancelled pursuant to the provisions of Paragraph 1 of Article 22 of the Law, or in case an administrative disposition similar to these designations in foreign countries pursuant to the provisions of foreign laws and regulations equivalent to the Law was cancelled, persons who had been directors, executive directors or auditors (including persons deemed to have the same capacity of office under foreign laws and regulations; the same shall apply as used in the next sub-item) for thirty (30) days prior to such cancellation with respect to which five (5) years have not elapsed since the cancellation of the disposition. e. Directors, executive officers or auditors who were discharged from the office pursuant to the provisions of Paragraph 1 of Article 22 of the Law or the provisions of foreign laws and regulations equivalent to the Law with respect to which five (5) years have not elapsed since the discharge. f. Persons who contravened the Law, Companies Act or foreign laws and regulations equivalent to these, or persons who have committed crimes prescribed in Article 204, Article 206, Article 208, Article 208-3, Article 222 or Article 247 of Criminal Law (Law No. 45 of 1907), crimes prescribed in the Law Concerning the Punishment of Acts of Violence, etc. (Law No. 60 of 1926), or crimes prescribed in Article 46, Article 47, Article 49 or Article 50 of the Law Concerning the Prevention of Illegal Acts by Members of a Criminal Organization (Law No. 77 of 1991) and were sentenced to the penalty of fine (including penalty equivalent to this under foreign laws and regulations) with respect to which five (5) years have not elapsed since the ending of the execution of such penalty or from the date on which the execution of the penalty was suspended.

**7e. What are the election procedures?**

The board of directors nominates candidates and then the general meeting of shareholders elects them by a resolution.

**7f. What is maximum length of time they can serve as a board member?**

Two years. They can be reappointed.

**7g. Who is responsible for regulating the board members?**

President & CEO (Representative Director) is.

**7h. What is the extent of their voting powers?**

Article 362 of the Companies Act prescribes that they make resolution to conduct duties and select and dismiss President & CEO (Representative Director) and so on.

**8. Rule 17f-7 requires that an Eligible Securities Depository "is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act", with section 2(a)(50) establishing that "foreign financial regulatory authority" means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above."**

**Who regulates the activities of the depository? (Choose all that apply.)**

A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.

**9. Please provide the name of regulatory authority(ies) identified in question 8:**

Financial Services Agency Ministry of Justice Ministry of Finance (only for Participant Protection Trusts)

**10. Rule 17f-7 requires that an Eligible Securities Depository "is subject to periodic examination by regulatory authorities or independent accountants."**

**Is the depository subject to periodic examination by: (Choose all that apply.)**

Independent accountants?

**11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)**

**Name of Authority #1 (please answer 11a):**

Financial Services Agency (FSA) Ministry of Justice

**11a.**

Fines, Restrictions on depository activities., Suspension of depository activities., Termination of depository activities., Other (please answer 11b)

**11b. Please explain:**

FSA or Ministry of Justice can enforce filing of reports about businesses or properties, inspections and order to improve depository / book-entry transfer businesses.

**Name of Authority #2 (please answer 11c):**

**11c.**

**12. Has there been any use of such enforcement actions in the last three years?**

No

**Capital**

**13. Are annual financial statements publicly disclosed?**

Yes (please answer 13a)

**13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?**

Yes (please answer 13b)

**13b. If yes, please upload the**

**document(s) here or insert web link(s) in question 13d:**

**13c. If more than one document for 13b, please upload the additional document here:**

**13d. Please insert web link(s) for 13b here:**

[http://www.jasdec.com/download/annual\\_r/ar2008.pdf](http://www.jasdec.com/download/annual_r/ar2008.pdf)

#### **Internal Audit**

*Questions 14 - 16 are new to the questionnaire this year. Thus, your answers from last year have not been populated for these questions.*

**14. Is an internal audit undertaken in your depository?**

Yes (please answer 14a)

**14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?**

Internal audit covers general business of JASDEC and JASDEC DVP Clearing Corporation. Compliance office of JASDEC handles it.

**14b. How frequently does the internal audit occur? (Choose one.)**

Two or more times a year (please answer 14d)

**14d. Are the results of the internal audit publicly available?**

No (please answer 14e)

**14e. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)**

No material exceptions found.

**14g. Please list the date of your last internal audit performed by internal auditors and the period that the audit covered:**

Starting 1st of April 2008, internal audit is performed as needed according to the internal audit project of current fiscal year.

**15. Is a financial audit performed by an external party? If yes, which type of entity? (Choose all that apply.)**

Yes - Audit firm (please answer 15a)

**15a. If yes, please state name(s) of organization(s) who undertake the financial audit.**

Ernst & Young ShinNihon LLC

**15b. How frequently does the financial audit occur? (Choose one.)**

Two or more times a year (please answer 15e)

**15e. Are the results of the financial audit publicly available?**

Yes (please answer 15g)

**15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)**

No material exceptions found.

**15j. Please list the date of your last financial audit performed by independent external auditors and the period that the audit covered:**

Date of Independent Auditors Report: June 18, 2008 Period : From April 1, 2007 to March 31, 2008

**16. Is a operational audit performed by an external party? If yes, which type of entity? (Choose all that apply.)**

Yes - Other (please answer 16h)

**16b. How frequently does the operational audit occur? (Choose one.)**

Annually (please answer 16d)

**16d. Are the results of the operational audit publicly available?**

No (please answer 16e)

**16e. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)**

No material exceptions found.

**16h. If other, please explain:**

System audit is performed by Global Security Expert.

**16i. Please list the date of your last operational audit performed by independent accountants and the period that the audit covered:**

## **PARTICIPANTS AND PARTICIPATION**

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*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

**17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)**

Banks (please answer 17a), Brokers (please answer 17e), Other entities (please answer 17q)

**17a. How many Bank participants are there currently? (then please answer 17b)**

Equity: 37 banks, CP: 33 banks, SB: 34 banks, Investment Trusts: 37 banks

**17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)**

Other (please answer 17d)

**17d. Please explain:**

Generally, necessity of opening accounts and their processing capacity etc. are required. CP, SB and Investment Trusts: The eligibility requirements for participants is described in Article 16 of BUSINESS REGULATIONS RELATING TO CORPORATE BONDS, ETC. as follows: (1)The applicant is a person to whom/which any of the Items of Paragraph 1 of Article 44 of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. applies (in the event that the account to be opened by JASDEC relates to "Corporate Bonds", excluding any person which/who is described in Item 13 of Paragraph 1 of Article 44), or which is a person (limited to a corporation) specifically approved by JASDEC. (2)The applicant's becoming a JASDEC Participant is not likely to adversely affect the reputation of the Book-Entry Transfer System for Corporate Bonds, etc., or its efficient operation. (3) The applicant has previously notified JASDEC of the Fund Settlement Corporation prescribed in Article 15 which the applicant uses (in the event that the account to be opened relates to Investment Trust Beneficial Rights, excluding Fund Settlement Corporations) and other matters set forth in the Rules.

**17e. How many Broker participants are there currently? (then please answer 17f)**

Equity: 223 brokers, CP: 25 brokers, SB: 42 brokers, Investment Trusts: 121 brokers

**17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)**

Other (please answer 17h)

**17h. If other, please explain:**

see 17 d.

**17q. If you have selected "Other entities" above, please explain:**

-Securities finance companies, -Insurance companies, -Shinkin Banks, etc.

**17r. Indicate how many "Other entities" are currently participants?**

Equity: 27 participants including 6 stock exchanges, 7 insurance companies, 3 securities finance companies, 2 clearing houses and 9 others CP: 9 participants including 3 insurance companies, 3 money market dealers, 2 securities finance companies and Bank of Japan. SB: 10 participants including 2 stock exchanges, 2 money market dealers, 2 securities finance companies, 1 trust company, Bank of Japan, Japan Securities Clearing Corporation and Tokyo Bankers Association. Investment Trusts: 30 participants including 2 stock exchanges, 6 insurance companies, 2 securities finance companies, 1 clearing houses, 1 Japan Agricultural Cooperatives, Shinkin Banks, 10 Investment trust management company and 2 others participants

**17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)**

Other (please answer 17u)

**17u. If other, please explain:**

see 17 d.

**18. Are participants required to contribute capital to the depository that would result in ownership of the depository?**

No

**19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?**

Yes

**Conditions of Participation**

**20. What governs the relationship between the depository and the participants? (Choose all that apply.)**

Relevant law and regulation, Standard participation contract, Established terms and conditions of participation, Rules of the depository

**21. Rule 17f-7 requires that an Eligible Securities Depository "holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants."**

**Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.**

Yes

**22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)**

By e-mail, By public announcement, Other (please answer 22a)

**22a. Please explain:**

By information providing network for participants (Target JASDEC site), website of JASDEC and the web function for participants to confirm their position etc. (Integrated Web Terminal)

**Governance of Participants**

**23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)**

The depository

**24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)**

Termination of participation

**25. Has there been any such enforcement actions in the last three years?**

No

**DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS**

*Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.*

**26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)**

Equities, Corporate bonds, Corporate money market instruments, Others (please answer 26a)

**26a. Please name the other security types:**

Beneficiary certificates of Exchange Traded Fund, Preferred investment securities of financial institutions established by cooperative associations, Investment securities such as Real Estate Investment Trusts listed on a Japanese exchange, Investment company bonds, Municipal bonds, Government agency bonds and other special corporation bonds, Samurai bonds, Investment Trust Beneficial Rights, Foreign securities, etc. listed on Japanese exchanges

***Questions 27 & 28 are new to the questionnaire this year. Thus, your answers from last year have not been populated for these questions.***

**27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the**

**settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)**

Yes by market practice for settlement, but not for all instrument types (please answer 27a), Yes by market practice for safekeeping, but not for all instrument types (please answer 27b)

**27a. Please list the instrument types for which it is not compulsory by law to:**

**(i) settle in your depository**

equities, corporate bonds, commercial paper (Dematerialized CP), beneficiary certificates of Exchange Traded Fund, preferred investment securities of financial institutions established by cooperative associations, and beneficiary certificates of investment securities such as Real-Estate Investment Trusts which are listed on Japanese exchanges, investment company bonds, municipal bonds, government agency bonds and other special corporation bonds, samurai bonds, foreign securities and investment trust beneficial rights.

**(ii) safekeep in your depository:**

See (i)

**27b. Please list the instrument types for which it is not compulsory by market practice to:**

**(i) settle in your depository**

See 27a.

**(ii) safekeep in your depository:**

See 27a.

**28. Settlement and Safekeeping Percentages**

**28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.**

For Equities, Corporate bond, CP and Investment Trust Beneficial Rights, almost all of the settlements are conducted in JASDEC. (Numerical information is not available) For other eligible securities, It depends on the types of eligible securities.

**28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.**

Equities: 84.2 % of number of shares outstanding is held by JASDEC as of the end of Mar. 2008. Corporate bond, CP and Investment Trust: Almost all of the Corporate Bonds, CPs and Investment Trust Beneficial Rights are safekept by JASDEC under dematerialized form. (Numerical information is not available.) Other eligible securities: It depends on the types of eligible securities.

**29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?**

Not applicable

**29h. If other, please explain:**

N.A.

**30. Has any participant suffered any losses in the past three years due to the depository's performance?**

No

**Other Services**

**31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)**

Neither/others (e.g. credit lines used; please answer 31b)

**31b. If neither/others, please explain:**

JASDEC does not handle itself cash clearing and settlement. DVP settlement of stocks, CBs, ETFs, REITs and Certificates of preferred equity securities etc. are conducted by JASDEC DVP Clearing Corporation (JDCC). Cash deposit for the settlement of those securities is accepted by Bank of Japan (BOJ) if participants have their account in BOJ. In case they don't have it in BOJ, it is accepted by Settling Banks with JDCC's approval. Cash Settlement for CPs, Corporate Bonds, Investment Trusts, etc. is conducted by book-entry transfer between Fund Settlement Companies (banks, trust banks and securities companies, etc) which are appointed by participants with registration at JASDEC. Cash for the settlement is accepted by Fund Settlement Companies.

**32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)**

Neither/others (please answer 32b)

**32b. If others, please explain:**

For stocks, CBs, ETFs, REITs and Certificates of preferred equity securities, etc, cash clearing is processed by Bank of Japan (BOJ) if participants have their account in BOJ. In case they don't have it in BOJ, it is processed by Settling Banks with JDCC's approval. For CPs, Corporate Bonds, Investment Trust Beneficial Rights, cash clearing is processed by Fund Settlement Companies appointed by JASDEC participants.

**33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)**

Neither/others (please answer 33b)

**33b. If others, please explain:**

For stocks, CBs, ETFs, REITs and Certificates of preferred equity securities, etc, cash deposits are controlled by Bank of Japan (BOJ) if participants have their account in BOJ. In case they don't have it in BOJ, they are controlled by Settling Banks with JDCC's approval.

**34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)**

Depository, Neither/others (please answer 34b)

**34b. If others, please explain:**

For stocks, CBs, ETFs, REITs and Certificates of preferred equity securities, etc, cash clearings are processed by Bank of Japan (BOJ) if participants have their account in BOJ. In case they don't have it in BOJ, they are processed by Settling Banks with JDCC's approval. For CPs, Corporate Bonds, Investment Trust Beneficial Rights, cash clearings are processed by Fund Settlement Companies.

**35. Please indicate services you provide. (Choose all that apply.)**

Same day turnaround settlements., Other (please answer 35d)

**35d. If other services, please explain:**

CB: Service of conversion from convertible bonds to stocks is available. PSMS: JASDEC provides Pre-settlement Matching System (PSMS) in order that participants can electronically matches information related to trades and settlements among institutional investors, securities firms, trust banks, custodian banks and other entities once equities, fixed income and listed derivatives have been traded.

**36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)**

Credited to the securities account on the day indicated below regardless of whether actually collected by the depository on the scheduled date. (please answer 36a)

**36a. Credited to the securities account: (Choose all that apply.)**

On pay date.

**37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)**

Other (please answer 37d)

**37d. If other please explain:**

Basically JASDEC does not collect income and dividends on behalf of the participants or its clients. For stocks, ETFs, REITs, etc., dividend and income are distributed by transfer agents, nominated by issuing companies, directly to beneficial owners based on the beneficial owner's list provided by JASDEC participants. As for corporate bonds, etc, paying agents pay interest in the amount calculated by JASDEC to the JASDEC participants, and then such amounts are distributed to the holders of corporate bonds, etc.

**Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)**

***Questions 38 - 40 are new to the questionnaire this year. Thus, your answers from last year have not been populated for these questions.***

**38. Please list all depositories or settlement systems to which you have an electronic link.**

See 72 and 99

**39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?**

Not applicable

**40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?**

Not applicable

## ACCOUNT STRUCTURES AND RECORDKEEPING

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*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

### **41. Are participants permitted to maintain more than one account at the depository?**

Yes (please answer 41a)

#### **41a. If yes, please indicate number: (Choose one.)**

More than one account (please answer 41b and indicate how many)

#### **41b. If more than one account what is the maximum?**

For stocks, CBs, ETFs and REITs, etc., there are two categories of account, self account and customer account. It is possible to make up to 100 divisions of accounts totally for the self and customer account. (for foreign stocks listed on a Japanese Exchange, up to 98 accounts) For CPs, Corporate Bonds and Investment Trust Beneficial Rights which are dematerialized securities, a participant can open up to 30 sub-accounts for own holding and 30 sub-accounts for client holding. Other than those accounts, a participant can open accounts exclusively for fiduciary property and pledged securities, etc. Please note that accounts for corporate bonds are opened in pairs (one for taxable and the other for non-taxable portion).

### **42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?**

Yes (please answer 42a)

#### **42a. If yes, is segregation required or simply permitted?**

Required (please answer 42b)

#### **42b. How does segregation occur? (Choose all that apply.)**

Other - e.g. share registration (please answer 42c)

#### **42c. If other, please explain:**

See 41b.

### **43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?**

No

### **44. In the event a participant's single account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in the account on behalf of the participant's clients be accessible:**

#### **44a. By the participant's clients?**

No

#### **44d. By the intervening authorities controlling insolvency or other proceedings?**

Other (please answer 44f)

#### **44f. If other, please explain:**

It depends on occasions. Could be possible if there are orders by court. However, the account on behalf of the participant's client's asset shall be segregated from the account on behalf of the participants' own asset, so the participant's client's asset can not be blocked for insolvency, etc of the participant.

#### **44g. By the participant's creditors?**

No

#### **44j. By the depository's creditors?**

No

### **45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)**

Computer file (please answer 45b), Computer tape (please answer 45b), Other (please answer 45a)

#### **45a. If other, please explain:**

Some information before January 2009 is maintained in the form of Microfilm.

**45b. In which format is the source data maintained?**

Proprietary format

**46. Rule 17f-7 requires that an Eligible Securities Depository “provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant’s account.”**

**Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant’s account?**

Yes (please answer 46b)

**46b. If yes, please indicate the scheduled frequency: (Choose one.)**

Other (please answer 46c)

**46c. If other, please explain:**

Daily and upon request.

**47. What is your document retention policy for documents described in previous question? (Choose one.)**

Other (please answer 47a)

**47a. If other, please explain:**

10 years.

## SETTLEMENTS

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*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

**48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)**

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a), Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. (please answer 48a), Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. (please answer 48a)

**48a. How do your settlement procedures vary from the model chosen above?**

Regarding on exchange trade delivery, JSCC as a CCP, settles in Model 3 DVP. For non-exchange trade delivery of stocks, CBs, ETFs and REITs, etc, JDCC handles with Model 2 DVP. Regarding corporate bonds, CPs, Investment Trusts, Model 1 of DVP is adopted (After January 2009, Model 1 of DVP is adopted for issuing of stocks and CBs.)

**Question 48 Help:**

*Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by book-entry.*

*Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.*

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system’s books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.*

*Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.*

*During a processing cycle, running balances of debits and credits to funds and securities accounts are calculated. All funds and securities transfers are provisional until the end of the processing cycle, at which time book-entry transfer of securities take place. If and only if all participants have sufficient balances of funds and securities, final transfers of the net securities balances and net funds balances are executed.*

**49. Are the cash and security movements simultaneous?**

Other (please answer 49c)

**49c. If other, please explain:**

Off-exchange trades of stocks, CBs, ETFs and REITs, etc are settled by JDCC on Gross-Net basis. Securities settlement shall be made by 2:00 pm, meanwhile deadline for cash settlement is 3:10 pm for paying participants. For corporate bonds, CPs and Investment Trust Beneficial Rights, etc., settlement is conducted on Gross-Gross basis, so cash and security movements are simultaneous.

## **OWNERSHIP OF SECURITIES**

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*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

**50. How are depository eligible securities held by the depository?**

Securities in the depository are held in dematerialized form.

**51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?**

Not applicable

**52. If securities are dematerialized:**

**May dematerialized security positions be re-certificated and held outside the depository?**

No (please answer 52a)

**52a. Are the securities held: (Choose all that apply.)**

Through book-entry at the depository

**52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)**

**52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:**

**53. Rule 17f-7 requires that an Eligible Securities Depository "maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants."**

**Does the depository maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?**

Yes

**54. Does the law protect participant assets from claims and liabilities of the depository?**

Yes

**55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)**

No

**55c. Please indicate the limits of this lien as indicated below: (Choose one.)**

**55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?**

**55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?**

**56. Transfer of Legal Ownership**

**Does the depository have legal authority to transfer title to securities?**

Yes (please answer 56a)

**56a. When does title or entitlement to depository securities pass between participants? (Choose one.)**

When the transaction is processed on an intra-day basis. (please answer 56c)

**56c. Where does title or entitlement to depository securities pass between participants? (Choose one.)**

On the depository books

## HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT

*The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.*

### 57. How are eligible securities lodged in the depository system? (Choose all that apply.)

Other (please answer 57a)

#### 57a. Please describe:

For ETF, CB, and Investment Trust Beneficial Rights etc., certificates of securities may be submitted to JASDEC to dematerialize the certificates. In this case, certificates won't be returned. Stocks, Preferred equity securities and Investment securities such as Real Estate Investment Trust (REITs) are not applicable.

### 58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)

Other (please answer 58a)

#### 58a. Please explain:

For ETF, CB, and Investment Trust Beneficial Rights etc., securities are reflected in the participant's depository account immediately upon delivery to JASDEC. Stocks, Preferred equity securities and Investment securities such as Real Estate Investment Trust (REITs) are not applicable.

### 59. How long does it usually take to lodge securities with the depository? (Choose one.)

3 days to 1 week

### 60. During the process of lodging securities into the depository, can the securities:

#### Be traded?

Not applicable

### 60a. During the process of lodging securities into the depository, can the securities:

#### Be settled?

Not applicable

### 60b. During the process of lodging securities into the depository, can the securities:

#### Have ownership transferred?

Not applicable

### 61. Are securities immediately available for delivery upon transfer to the depository?

Not applicable

### 62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income, corporate actions and proxy services.

In relation to income and value of corporate actions, customers can receive them automatically through participants. Some participants provide proxy services for customers as standing proxy.

### 63. How are eligible securities removed from the depository? (Choose one.)

Not applicable.

### 64. How long does it usually take to remove securities from the depository? (Choose one.)

Not applicable

### 65. While the securities are being removed from the depository, can they:

**65a. Be traded? (Choose one)**

Not applicable

**65c. Be settled?**

Not applicable

**65e. Have ownership transferred?**

Not applicable

## STANDARD OF CARE

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*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

### **Depository Liability**

**66. Does the depository accept liability (independent of any insurance coverage) for the following:**

**66a. Reconciliation errors with the registrar and/or the issuer?**

No

**66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository?**

Yes (please answer 66f)

**66f. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?**

Yes (please answer 66j)

**66j. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66m. Any loss caused by the depository due to errors, omissions or fraud that cause direct damages or losses to participants?**

Yes (please answer 66n)

**66n. If yes, please check all of the following that apply:**

The depository assumes liability for direct losses

**66q. The depository acting as the central counterparty?**

Other (please answer 66t)

**66t. If other, please explain:**

JASDEC DVP Clearing Corporation, a wholly owned subsidiary of JASDEC, provides CCP functions for non-exchange trade deliveries. Japan Securities Clearing Corporation, which is owned by stock exchanges in Japan, provides that function for exchange trade deliveries.

**66u. Does the depository guaranty settlement?**

Other (please answer 66w)

**66w. If other, please explain:**

JASDEC DVP Clearing Corporation, a wholly owned subsidiary of JASDEC, provides CCP functions for non-exchange trade deliveries and guarantees the settlement of trades. Japan Securities Clearing Corporation, which is owned by stock exchanges in Japan, provides CCP function for exchange trade deliveries and guarantees the settlement of trades.

**66x. Force majeure events, acts of God, or political events, etc.?**

No

**66+. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?**

Yes (please answer 66\*)

**66\*. Please define the standard of care applied:**

Even if participants of JASDEC suffer damage relating to the business concerning the operation of JASDEC, JASDEC shall not be liable for compensating damage unless there is willful or material negligence by JASDEC.

**67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?**

**67a. Indemnification**

Yes (please answer 67b)

**67b. Please explain (then please answer 67c):**

According to The Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities, JASDEC has the safety nets to protect investors (Participant Protection Trusts). When bona fide purchase of securities occurs by mistake of record, JASDEC or Account Management Institution which made such a mistake is obliged to retire the securities of bona fide purchase by the purchase from others etc. In case of Corporate Bonds etc. where payment date of principal and interest comes before the completion of the retirement, JASDEC or Account Management Institution has the obligation of the payment instead of issuers.

**67c. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

Article 51 to 57, 78 to 81, and 145 to 148 of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities. Article 3 to 6 of Enforcement order of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities. Order on Subscriber's Protective Trust Business Regulations Concerning Participants' Meetings and Participant Protection Trusts of JASDEC Article 36 of Business Regulations Relating to Stock Certificates, etc. of JASDEC

**67d. Insurance**

No

**67g. Acknowledgement of liability for losses caused by depository's own actions.**

Yes (please answer 67h)

**67h. Please explain (then please answer 67i):**

According to The Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities, JASDEC has the safety nets to protect investors (Participant Protection Trusts).

**67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

Article 51 to 57 of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities. Article 3 to 6 of Enforcement order of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities. Order on Subscriber's Protective Trust Business Regulations Concerning Participants' Meetings and Participant Protection Trusts of JASDEC Article 36 of Business Regulations Relating to Stock Certificates, etc. of JASDEC

**67j. Other**

No

**68. Is the depository immune from legal action in its own jurisdiction?**

No

**Security Control**

**69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)**

By direct electronic link, By receipt of physical account holding statements

**70. Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?**

Yes (please answer 70a)

**70a. How is access given to participants? (Choose all that apply.)**

By direct electronic link (please answer 70b)

**70b. Please select type of electronic link:**

Dial-up modem, Secured, leased, dedicated telephone line

**71. Regarding data security:**

**71a. Are passwords used by participants to access their accounts?**

Yes

**71c. Does each user have a unique user ID?**

Yes

**71e. Are passwords regularly changed?**

Yes (please answer 71f)

**71f. How often?**

While passwords in direct electronic link are given to participants by JASDEC everyday, those in participant terminals are updated every three months.

**71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?**

Yes (please answer 71i)

**71i. How many?**

Three times.

**72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?**

Yes (please answer 72a)

**72a. Please explain:**

Equity: The computer system of the unified clearing house for stock exchange trades (JSCC) is directly linked to the JASDEC system. Bank of Japan Financial Network System is linked with the JASDEC system. CP&SB, Investment Trust Beneficial Rights: Bank of Japan Financial Network System is directly linked to the JASDEC system. In addition to these linkages, Japan Government Bond Clearing Corporation (JGBCC) recognizes JASDEC as the external matching institution and uses JASDEC PSMS system.

**73. How does the depository communicate with other market entities?**

**73a. Stock Exchanges (Choose all that apply.)**

Dial-up modem, Secured, leased, dedicated telephone line, Internet, Fax

**73b. Payment Systems (Choose all that apply.)**

Secured, leased, dedicated telephone line

**73c. Clearing Houses (Choose all that apply.)**

Secured, leased, dedicated telephone line

**73d. Registrars (Choose all that apply.)**

**74. How is access to the physical building controlled? (Choose all that apply.)**

By guards, By electronic keys/personal ID card, By alarm system

**75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)**

Not applicable; no vault is maintained

**Participant Default Protections Resulting from a Participant Failure**

**76. If a participant defaults, how is the loss covered? (Choose all that apply?)**

Other (please answer 76d)

**76d. Please explain:**

JASDEC doesn't compensate for the loss caused by payment failure of participant in defaults. However, in case where participants suffer a loss by mistake of record by JASDEC or an Account Management Institution, and JASDEC or the Account Management Institution which made such a mistake falls into bankruptcy before compensating for the loss, participants are compensated by Participant Protection Trusts. JASDEC DVP Clearing Corporation (JDCC: JASDEC wholly owned subsidiary) acts as CCP for non-exchange trade deliveries. When JDCC assumes obligations on the trading of securities, JDCC secures the asset estimated more than the total amount of obligations that JDCC assumes with respect to each participant. JDCC meets obligations by conversion of

this asset into cash in case of failure. On top of this, JDCC has a guarantee fund to cover risks of these trades.

**77. During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?**

No

**78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?**

Other (please answer 78l)

**78d. How is the fund financed? (Choose one.)**

**78h. Who is covered by the fund? (Choose all that apply.)**

**78j. When is the guaranty fund used? (Choose all that apply.)**

**78l. If other, please explain:**

In case of default of an Account Management Institution, investors loss suffered from the default will be compensated by the Participant Protection Trusts which is jointly paid by JASDEC and Account Management Institutions. JASDEC does not guarantee settlements of trades by itself. JASDEC DVP Clearing Corporation (JASDEC wholly owned subsidiary) acts as CCP for non-exchange trade deliveries, and has a guarantee fund to cover risks of these trades. As to exchange trade deliveries, Japan Securities Clearing Corporation, which is owned by stock exchanges in Japan, has a guarantee fund.

**79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply.)**

Participant eligibility requirements

**80. Does the stock exchange have default protections that extend to the depository, such as the following? (Choose all that apply.)**

No

## **BUSINESS RECOVERY PLAN**

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*This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.*

**81. Do you have a formal business recovery plan?**

Yes (please answer 81a)

**81a. Does your Business Recovery Plan include: (Choose all that apply.)**

Back-up of all computer files, Off-site data storage, Back-up files stored and locked, Off-site operations facility

**81b. Please identify both the frequency and the last date of testing for the following third party:**

**Depository participants/members**

Twice a year

**81c. Please identify both the frequency and the last date of testing for the following third party:**

**Stock exchange**

Twice a year

**81d. Please identify both the frequency and the last date of testing for the following third party:**

**Central bank**

Twice a year

**81e. Please identify both the frequency and the last date of testing for the following third party:**

**Local brokers**

Twice a year

**81f. Please identify both the frequency and the last date of testing for the following third party:**

**Any other third party**

Issuing companies (registrars of shareholders' books), Twice a year

**82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)**

1 - 4 hours

**83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)**

1 - 4 hours

**84. Will the depository publicly announce any system interruption?**

Yes (please answer 84a)

**84a. To whom will the depository disclose any system interruptions? (Choose all that apply.)**

To the depository regulators, To all direct participants, To the public via the internet (please answer 84b), In the press (please answer 84c)

**84b. If so, please list webpage address:**

<http://www.jasdec.com/en/>

**84c. If so, please list all publications:**

Press release issued at a press club in the Tokyo Stock Exchange.

**84e. How will the depository disclose any system interruptions? (Choose all that apply.)**

By e-mail, Public announcement, Press release, Other (please answer 84f)

**84f. Please explain:**

By fax.

**85. In the past three years, has it been necessary to activate the recovery plan in a live situation?**

No

**85b. How much time was needed to recover and restore business to normal operations? (Choose one.)****PERFORMANCE, INSURANCE, AND LOSS**

*This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.*

**86. Has there been any material loss by the depository during the past three years?**

No

**87. Has the depository been subject to any litigation involving a participant during the past three years?**

No

**88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)**

Yes for all three years

**89. Does the depository maintain a reserve for operating losses?**

Yes (please answer 89a)

**89a. Please describe and indicate reserve amount:**

7,394million yen (as of March 2008)

**90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?**

No

**90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?**

**91. Does the depository have insurance for Default?**

Yes (please answer 91a)

**91a. What is the amount of the coverage?**

N.A.

**91b. What is the amount of the deductible?**

N.A.

**92. Does the depository have insurance for Fidelity?**

Yes (please answer 92a)

**92a. What is the amount of the coverage?**

N.A.

**92b. What is the amount of the deductible?**

N.A.

**93. Does the depository have insurance for Operational Errors?**

Yes (please answer 93a)

**93a. What is the amount of the coverage?**

N.A.

**93b. What is the amount of the deductible?**

N.A.

**94. Does the depository have insurance for Errors and Omissions?**

Yes (please answer 94a)

**94a. What is the amount of the coverage?**

N.A.

**94b. What is the amount of the deductible?**

N.A.

**95. Does the depository have insurance for Computer Fraud?**

Yes (please answer 95a)

**95a. What is the amount of the coverage?**

N.A.

**95b. What is the amount of the deductible?**

N.A.

**96. Does the depository have insurance for the Premises?**

Other (please answer 96c)

**96c. If other, please explain:**

The depository rents the Premises. The owner has insurance for them.

**97. Does the depository have any other insurance?**

Yes (please answer 97a)

**97a. If so, what is it for?**

Litigation Expense

**97b. What is the amount of the coverage?**

N.A.

**97c. What is the amount of the deductible?**

N.A.

**98. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 98a and 98b in corresponding order.**

N.A.

**98a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)**

N.A.

**98b. What is the term of the policy?**

One year.

**98c. Who does the insurance cover? (Choose all that apply.)**

Depository

**99. If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question (s) you are commenting on and upload the document under 99a:**

(1)Base date of data

Data is based on as of the end of March 2008 situation unless specified.

(2)Q76

Regarding the settlement of CPs, corporate bonds, and investment trust beneficial rights, etc, model 1 (Gross-Gross) of DVP is adopted. If the amount of accounts managed by JASDEC or its participants exceeds the true amount by mistake of JASDEC or its participants and the excess amount is to be transferred to third parties, such JASDEC or its participants who made a mistake shall acquire CPs or corporate bonds, etc on its own account, in an amount equal to such excess (Article 78 and 79 of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities. (Law No.75 of 2001)), and shall be liable for the duty to compensate the damage arising out of the failure to fulfill the duty mentioned in Article 78 and 79 of the Law. Each lower-positioned account management institution (excluding the foreign account management institutions mentioned in Article 44, Paragraph 1, Item 13 of the Law) shall jointly and severally guarantee its customers (excluding the foreign account management institutions, eligible institutional investors and the state, local authorities and such other persons as prescribed in the ordinance) the fulfillment of all the duties mentioned above (Article 11, Paragraph 2 of the Law). The participant protection trust shall pay to the investors the amount of money equivalent to the credit that relates to the damage which the investor incurred due to the false description of the accounts made by JASDEC or its participants and that the investor holds against the bankrupt nearest upper-positioned institution at the time of the commencement of the bankruptcy procedures, etc. (Article 60 of the Law)

(3)Foreign securities listed on a Japanese exchange

Of the security types JASDEC handles, foreign securities listed on a Japanese exchange are not covered by the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, and Other Securities. Their transaction is processed through Business Regulations of JASDEC etc. Considering also the fact that the proportion of foreign securities listed on a Japanese exchange is very small among securities JASDEC handles, the answers only applicable for foreign securities are written hereinafter collectively. Q29a: Practical operation for corporate action, etc. Q35d: Practical operation for distribution of beneficial shareholder's dividend, proceeds of a sale of Share Option etc., and sending money etc. Q36d: Stock dividend may not be recorded until the completion of domestic tax withholding. Q37d: Dividends of foreign stocks are collected by JASDEC. Such amounts are credited to the cash account of JASDEC upon actual payment by paying agents, and then the amounts are distributed to the beneficial owners through intermediary. Q38: Regarding foreign stocks listed on a Japanese stock exchange, we have settlement and custody linkage with foreign depositories (DTCC, CDS, and Clearstream Banking Frankfurt & Luxembourg) directly or through custodian banks (Citibank, HSBC and Standard Chartered Bank etc.). The participants may instruct JASDEC to deposit with or withdraw from JASDEC account by using JASDEC book-entry transfer system which is connected to such foreign depositories or custodian banks through SWIFT. The deposit or withdrawal is effected by book-entry transfer to/from JASDEC account based on a free of payment basis. Q39a: The linkage is designed to utilize safekeeping and custody services, provided by overseas CSDs, for foreign securities listed on Japanese exchanges. Settlement of trades conducted in Japan is controlled by JSCC and JASDEC, which have risk management system for the settlement. Q51: Securities certificates are deposited in foreign institutions.

**99a. Upload document here:**

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**PUBLIC AVAILABILITY**

**100. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)**

Yes (please answer 100a)

**100a. If yes, how will you be making it publicly available: (Choose all that apply.)**

Web site (please answer 100b)

**100b. Please provide web site address of publicly available questionnaire:**

<http://www.jasdec.com/en/index.html>

**100j. Please be sure your contact details are updated. Your contact information is located in the first section of Part One within this questionnaire.**

You have reached the end of the questionnaire. Please be sure to print your responses and review them prior to changing Datasheet Progress to "Completed" under Part Two. (To print, select the printer friendly link at the top of the questionnaire.) When you are prepared to submit your answers, please return to Part One and Part Two of the questionnaire and change Datasheet Progress to "Completed". The members of The Association of Global Custodians thank you for your time and for your helpful response.

Please provide any comments you have regarding the questionnaire.

**Datasheet Progress**

Completed