

# JASDEC Medium - term Business Plan (FY2011~ FY2013)

As of 25 February, 2011



# Agenda

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1. Medium-term business plan: Outline
2. Basic Policy: Approach to three key issues
3. Medium-term Business Plan I: Provide services with high levels of convenience, efficiency and reliability
4. Medium-term Business Plan II: Reinforce business fundamentals
5. Medium-term Business Plan III: Strengthen competitiveness of financial and capital markets

# 1. Medium-term business plan: Outline

## Corporate Philosophy

- Recognizing our public role as a provider of important settlement service in the capital market, we aim to provide reliable, convenient and highly efficient services that help improve capital market functions and contribute to the development of society.
- Accordingly, we will strive to stay closely attuned to business environment and structural changes in the domestic and international capital markets, and undertake constant reform to improve services from the point of view of investors, issuers, market intermediaries and other market participants.

## Basic Management Policy

- Undertake user-oriented operational management, based on direct governance by shareholding participants.
- Aim to provide globally recognized best practice in settlement services, acting rapidly and flexibly to improve operations and develop new services.
- Create a corporate culture that emphasizes risk management and rigorously controls costs, from the standpoint of concentrating operations in settlement infrastructure while expanding the scope of services.
- Recognize the public nature of our operations and ensure active disclosure and management transparency

## Medium-term business plan

<b>I: Provide services with high levels of convenience, efficiency and reliability</b>	<b>II: Reinforce business fundamentals</b>	<b>III: Strengthen competitiveness of financial and capital markets</b>
<b>(1) Increase convenience and efficiency for users</b>	<b>(1) Further strengthen business organization</b>	<b>(1) Contribute to the structure and vitality of financial and capital markets as a settlement infrastructure</b>
<b>(2) Reduce settlement risk</b>	<b>(2) Strengthen IT system foundation</b>	<b>(2) Promote initiatives for adoption of international standards</b>
		<b>(3) Enhance basis for supporting the global activities of market participants</b>

## 2. Basic Policy: Approach to three key issues

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Provide services with high levels of convenience, efficiency and reliability  
— Focus on user needs to enhance service levels

Approach:

Recognizing that a series of system reforms over the past decade—which culminated with the dematerialization of stock certificates—has now been completed, we intend to continue ensuring the stable management and operation of systems and services introduced during the period of reform, while initiating further reforms to improve convenience, efficiency and reliability for users. In doing so, we will pursue reform not only within each product line but also horizontally across different types of financial instruments.

Reinforce business fundamentals

— Reach a new level by boosting the competitiveness of management resources

Approach:

A strong, competitive settlement infrastructure is based on human resources, organization and IT systems. Our aim is to continue to maintain and improve our existing structure and services, while enhancing our staff, organization and IT systems from the point of view of adapting our business fundamentals to address further reform of securities settlement systems and operational diversification.

Strengthen competitiveness of financial and capital markets

— Look ahead to address future key issues and continue to internationalize

Approach:

As a settlement infrastructure, we aim to contribute to the structure and vitality of financial and capital markets while addressing issues that require longer term engagement, from the point of view of supporting the cross-border activities of market participants.

### 3. Medium-term Business Plan I: Provide services with high levels of convenience, efficiency and reliability

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#### 1 (1) Increase convenience and reliability for users

Through subcommittees established under the Business Operations Committee, solicit feedback from system users on their system and operational needs, and respond to changes in the legal and tax environment with the aim of ensuring the stable operation of current systems and services at the same time as pursuing initiatives to improve convenience for system users.

Upon completion of the dematerialization of each type of securities, ensure stable ongoing operations and aim to provide greater convenience and efficiency for users from a cross-system viewpoint by increasing consistency among systems and unifying common operations, for example by reviewing application procedures to simplify processes and unifying points of contact.

#### 1 (2) Reduce settlement risk

Based on robust discussion of systems and procedures in the financial and capital markets, collaborate with stakeholders to examine the development and expansion of functions to reduce settlement risk, for example by constructing a scheme to reduce settlement risk in stock lending transactions.

## 4. Medium-term Business Plan II: Reinforce business fundamentals

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### II (1) Further strengthen business organization

To respond to future settlement system reform and increased diversity of operations, work to strengthen our business organization as a securities settlement infrastructure by fostering personnel with a high degree of specialization and internationalization, while maintaining and strengthening our internal control systems.

### II (2) Strengthen IT system foundation

Pursue the highest possible level of operational reliability by continually improving the functionality of our IT system infrastructure while increasing the sophistication of our business continuity planning.

With the aim of providing a system with greater reliability, flexibility and cost efficiency, pursue measures associated with replacement by a next generation system planned for launch in January 2014, including restructuring from a mainframe computer to an open system platform and a review of system structure.

## 5. Medium-term Business Plan III: Strengthen competitiveness of financial and capital markets

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### III (1) Contribute to the structure and vitality of financial and capital markets as a settlement infrastructure

In collaboration with stakeholders, engage in measures to improve the structure and vitality of the financial and capital markets by improving the collection and distribution of corporate action information, stimulating the domestic bond market, and other such activities.

As a settlement infrastructure, communicate and coordinate closely with other infrastructural institutions (including exchanges, clearing houses and the BOJ) and with regulators, strengthening our business foundation to pursue a unified approach to improving the structure and vitality Japan's financial and capital markets.

### III (2) Promote initiatives for adoption of international standards

In our Pre-Settlement Matching System and Book-entry Transfer Systems, introduce ISO20022 as the next-generation international message format and realize system connections through SWIFT Net.

### III (3) Enhance basis for supporting the global activities of market participants

Recognizing globalization and the rapid growth of Asian markets, examine services to enable the smooth and efficient handling of market participants' activities in the global arena.

Through active participation in international settlement-related forums and initiatives, engaging with MOU counterparts, and other such activities, aim to build stronger relationships and establish a presence in international markets and consider the potential for business alliances and other forms of engagement.