



# **Book-Entry Transfer System for “Corporate Bonds”**

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# Background of Book-Entry Transfer System for “Corporate Bonds”

## 1.1 Reform of Securities Settlement System

- Securities Settlement System is a basic infrastructure in securities market that would affect international competition in the global securities market.
  - Concern over delay in Japanese market for this movement, compared to Europe, U.S.A. and Asia.
- Different legal frameworks for different securities types make Securities Settlement System different.
- A number of recording agents under Recording System for Corporate Bonds, etc. and the management of certificate types and serial numbers make daily operation complex.
- Reduction of settlement risks and business operation efficiency has not been improved due to lack of DVP\*<sub>1</sub> and STP\*<sub>2</sub>.

\*1 Delivery Versus Payment (DVP):

A System that simultaneously attaches specific conditions to the delivery of and payment for securities. International standards, recommended by the G30 and other organizations, require the application of a DVP system to all securities settlements to eliminate settlement risk.

\*2 Straight-Through Processing (STP):

An electronic system that eliminates human intervention from all trade-to-settlement processes involved in securities transactions.