

Japan Securities Depository Center, Inc.

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The Japan Securities Depository Center, Inc. (JASDEC), is the sole central securities depository in Japan, designated under the Law Concerning Central Securities Depository and Book-Entry Transfer of Stock Certificates and Other Securities (CSD Law). JASDEC provides depository and book-entry transfer services for publicly traded securities, in accordance with the CSD Law.

In June 2002, JASDEC assumed all businesses previously undertaken by the Japan Securities Depository Center — its predecessor organization, which was established in December 1984 under the CSD Law as a not-for-profit foundation — and began operations as a stock company.

JASDEC aims to contribute to the formation of a Japanese financial market that is highly competitive on an international basis. Toward this end, the Company will utilize its status as a stock company to make its operations more transparent and strengthen its financial position, while working to improve the safety, efficiency and convenience of securities settlement systems.

CONTENTS

1	At a Glance
2	Financial Highlights
3	President's Message
6	An Interview with the President
9	Ongoing Securities Settlement System Reform in Japan
14	Business Overview
17	Financial Statements
26	Report of Independent Auditors
27	Non-Consolidated Financial Highlights
28	Board Members and Auditors
30	List of Participants
32	History
33	Corporate Information
33	Organization Structure

Established

DECEMBER 6, 1984

The Japan Securities Depository Center established as a not-for-profit foundation in line with the November 1984 enforcement of the CSD Law.

OCTOBER 9, 1991

Commenced business as Japan's only central securities depository for stock certificates.

New corporate structure

JANUARY 4, 2002

The Japan Securities Depository Center, Inc., incorporated as a stock company.

JUNE 17, 2002

Assumed all the businesses of the Japan Securities Depository Center, in accordance with the CSD Law.

JUNE 6, 2003

Established JASDEC DVP Clearing Corporation (JDCC) to undertake clearing services related to the DVP settlement system for non-exchange transaction deliveries (NETD).

AT A GLANCE

SHARES IN CUSTODY

228 billion shares

The number of shares in custody reached 228.2 billion as of the end of March 2004.

SHARES TRANSFERRED BY BOOK ENTRY

754 billion shares

Of the 754.7 billion shares transferred by book entry, non-exchange trade transfers accounted for 442.7 billion shares, or 58.7% of the total.

NUMBER OF ELIGIBLE ISSUING COMPANIES

3,665 companies

We handle the stock certificates of all publicly traded companies in Japan.

CUSTODY RATIO

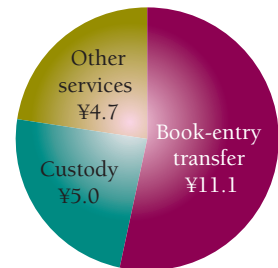
64%

Shares in custody represents 64.1% of the entire domestic stock market. Our custody ratio for convertible bonds reached 96.2% as of the end of March 2004.

REVENUES BY OPERATION

Year ended March 31, 2004

Billions of yen



Note: Refund of fees amounted to ¥3.7 billion for the year ended March 31, 2004.

Further Expansion

NOVEMBER 26, 2001

Began handling convertible bonds.

MARCH 31, 2003

Began handling commercial paper in dematerialized form, in accordance with the Law Concerning Book-Entry Transfer of Corporate Bonds, etc.

AUGUST 20, 2003

Signed a memorandum of understanding with The Depository Trust & Clearing Corporation (DTCC) of the United States.

MAY 17, 2004

Commenced DVP settlement services for NETD.

Our Mission

In view of our duty to serve the public, our mission is to provide a highly secure, efficient and convenient securities clearing and settlement infrastructure, which in turn contributes to further development of the securities market. Toward this end, we place a special focus on reducing settlement risks, promoting straight-through processing (STP), and encouraging greater use of depository services for further immobilization of securities amid progress in the dematerialization of securities certificates.

FINANCIAL HIGHLIGHTS

CONSOLIDATED

For the the year ended
March 31, 2004

	Thousands of yen	Thousands of US dollars
	2004	2004
For the year:		
Operating income	¥17,124,010	\$ 162,021
Income from operations	2,600,333	24,603
Net income	1,650,629	15,618
At year end:		
Total assets	¥18,904,383	\$ 178,866
Shareholders' equity	10,636,565	100,639
Net cash provided by operating activities	4,708,979	44,555
Common stock	4,250,000	

	Yen	US dollars
Per share:		
Net income—primary	¥ 192,579	\$1,822.12

Note: The amounts stated in US dollars in this report are translated, solely for convenience, at ¥105.69=US\$1, the exchange rate prevailing on March 31, 2004.

NON-CONSOLIDATED

For the the years ended
March 31, 2004 and 2003

	Thousands of yen		Thousands of US dollars
	2003	2004	2004
For the year:			
Operating income	¥11,143,854	¥17,124,010	\$162,021
Income from operations	1,218,075	2,623,374	24,821
Net income	722,202	1,664,558	15,749
At year end:			
Total assets	¥14,590,662	¥18,914,630	\$178,963
Shareholders' equity	9,211,035	10,650,494	100,771
Common stock	4,250,000	4,250,000	40,212
Number of shares outstanding	8,500	8,500	

	Yen	US dollars
Per share:		
Net income—primary	¥ 84,297	¥ 194,218 \$1,837.63
Cash dividends applicable to the year	25,000	25,000 236.54

Note: The amounts stated in US dollars in this report are translated, solely for convenience, at ¥105.69=US\$1, the exchange rate prevailing on March 31, 2004.

SEEKING TO BUILD A MARKET INFRASTRUCTURE TO THE WORLD'S HIGHEST STANDARD



FISCAL 2003 REVIEW

It is our ongoing objective to provide users with an expedient securities clearing and settlement system. Therefore, in fiscal 2003, ended March 31, 2004, we maintained our focus on four goals. They are: 1) to promote securities clearing and settlement reform; 2) to encourage greater use of securities depository and book-entry transfer services; 3) to reinforce operating systems and ensure security; and 4) to reduce the cost burden on participants.

A notable development during the fiscal year in review was the full-scale implementation of a book-entry transfer system for commercial paper (CP) — Japan's first dematerialization for marketable securities — that totally dematerializes CP, from its issuance and transfer through to redemption.

In May 2003, we put the third and final phase of the first stage of the pre-settlement matching system (PSMS) online and added a matching function for government bonds and exchange-traded futures and options. Then in June 2003, we established JASDEC DVP Clearing Corp., a wholly owned subsidiary, to undertake clearing services related to DVP settlement system for non-exchange transaction deliveries (NETD), and pushed ahead with preparations, including systems development, geared to the start of the delivery versus payment (DVP) system for NETD in May 2004.

We also launched an advertising campaign, using newspapers, television and other media, to encourage investors and issuers to utilize our services. As a result, the number of shares in custody reached 228.2 billion as of March 31, 2004, and expanded our custody ratio to 64.1% of all outstanding shares in Japan.

As part of our efforts to reinforce ties with international organizations, in August 2003, we signed a memorandum of understanding with The Depository Trust & Clearing Corporation in the United States to foster business cooperation mutually beneficial to both companies and promote an exchange of information.





Yoshinobu Takeuchi, President & Chief Executive Officer

HIGHLIGHTS OF THE YEAR

Fiscal 2003

MAY 2003

Implemented third phase of first stage of pre-settlement matching system.

JUNE 2003

Established JASDEC DVP Clearing Corp., a wholly owned subsidiary.

AUGUST 2003

Signed a memorandum of understanding with The Depository Trust & Clearing Corp. of the United States.

OPERATIONS REFLECTING SOCIAL DEMANDS

JASDEC utilized its June 2002 transformation into a stock company to enhance its governance function, thereby enhancing the transparency of operations and strengthening its financial position. The Company also appointed a Board of Directors on which 10 members are representatives from participant companies and established the Committee for Business Operations to ensure that business activities properly reflect the needs and feedback of users.

We have always maintained a trend toward reduced fees for users and remain committed to lessening the cost burden on users by achieving greater operating efficiency to minimize costs.

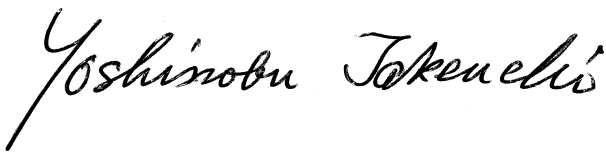
Our management direction is guided by three principles:

- 1) to ensure highly transparent business activities that put users before anything else;
- 2) to provide capacity on a par with overseas central securities depositories; and
- 3) to extend exceedingly reliable and cost-effective services.

These principles underpin ongoing efforts to identify user needs with greater accuracy, elicit a more user-friendly infrastructure for clearing and settlement, and polish our capabilities still further, all of which will lead to a higher deposit ratio and pave the way for securities clearing and settlement system reform in Japan.

On behalf of the Board and employees of JASDEC, I sincerely ask for the continued support of all parties, including participants, shareholders, issuers, and investors.

June 2004



Yoshinobu Takeuchi
President and Chief Executive Officer

Pre-Settlement Matching System (PSMS) A system that automatically matches various information, including the name and value of trades and settlements. Please refer to page 10.

Delivery versus payment (DVP) Please refer to page 10.

IN THE FOLLOWING Q&A SECTION, PRESIDENT TAKEUCHI TOUCHES ON ISSUES PERTAINING TO THE DOMESTIC SECURITIES CLEARING AND SETTLEMENT SYSTEM AND JASDEC'S RESPONSES.



DOMESTIC SECURITIES CLEARING AND SETTLEMENT SYSTEM REFORM

Question

What progress has Japan made in securities clearing and settlement system reform?

In 2000, the Financial Services Agency released a report highlighting “safety” and “efficiency” in securities clearing and settlement system reform, and Japan embarked on the task of creating an internationally competitive financial infrastructure of the world’s highest standard.

Three issues have been raised with regard to the domestic securities clearing and settlement system.

The first issue is costs — that is, the time and money expended by users — arising from clearing and settlement functions separated by type of securities, be they stocks, government bonds, corporate bonds, investment trusts or some other type of securities.

The second issue is the realization of straight-through processing (STP), which has been tipped as the key to trimming costs and reducing the settlement risks that accompany shorter settlement cycles.

The third issue is the standardization of trading data and the harmonization of communication protocols.

Efforts to achieve reform thus hinge on the question of how to maintain safety and efficiency — specifically, how to minimize inherent risks and costs by enhancing system design and applying information technology — while successfully addressing the three issues outlined above.

JASDEC has tackled its reform in three particular areas.

First, to improve efficiency of the systems used in securities clearing and settlement, we worked to promote STP for the PSMS and expand eligible securities and applicable trades.

Straight-through processing (STP) An electronic system that eliminates human intervention from all trade-to-settlement processes involved in securities transactions.

T+1 (Trade date plus one day)

A movement to compress the settlement cycle — from trade date to payment and settlement — to one day after trading, from the current three days after trading.

TARGET AND THEME

Target 1 →

Catch up with major foreign markets

THEME

Reducing Principal Risk

PROMOTING DVP

- MAY 2004
Start DVP for NETD

Target 2 →

Establish competitive market infrastructures

THEME

Improving Efficiency

PROMOTING STP

- SEPTEMBER 2001
Start PSMS

INCREASING ELIGIBLE SECURITY TYPES

- NOVEMBER 2001
Start convertible bond transactions

ENHANCING CSD GOVERNANCE

- JUNE 2002
Reorganization of JASDEC

PROMOTING DEPOSITS

Target 3

Realize most advanced market infrastructures

THEME

Improving Efficiency

PROMOTING PAPERLESS SYSTEM

Start of book-entry transfer system:

- MARCH 2003
Electronic CP
- JANUARY 2006
Corporate and Municipal SBs
- 2006–
Investment trust beneficiary rights
- 2009–
Stocks

REDUCING LIQUIDITY RISKS

- Shorter settlement cycle (T+1)

Second, we utilized our transformation into a stock company to reinforce our corporate governance capabilities as a central securities depository, while raising our profile through advertising to attract more investors and issuers to our services.

And third, to minimize principal risk, we targeted the development of a DVP settlement system, and in May 2004, we connected the PSMS to our newly implemented DVP system for NETD.

Through these efforts, we have contributed to the establishment of an internationally competitive financial market infrastructure in Japan and the achievement of first-half objectives set out for securities clearing and settlement system reform.

JASDEC's TOPICS

Question

What major systems issues must be tackled now and how will JASDEC respond?

The next major task of reform is dematerialization. In March 2003, JASDEC began providing book-entry transfer services for dematerialized CP. As of



March 31, 2004, these services covered 257 issues, and the outstanding amount stood at ¥1,403.2 billion.

By and large, dematerialization of securities removes the risks inherent in transporting physical certificates and cuts the cost of safekeeping them. Moreover, dematerialization leads to safer, more efficient settlement and clearing operations, because no certificates have to be produced, delivered or presented, and CP trades are now settled with the DVP system. Dematerialization also boosts trading of CP, because issuers can use smaller denominations without worrying about the cost of stamp duties on every certificate.

In addition to a book-entry transfer system for corporate and municipal straight bonds scheduled for implementation in January 2006, JASDEC is currently preparing for the introduction of a book-entry transfer system for investment trust beneficiary rights as well as the further implementation of a system geared to the dematerialization of stock certificates, the final goal of the reform process. This corresponds to legislative amendments such as revision of the Commercial Code.

A higher custody ratio will facilitate the conversion of paper stocks into dematerialized form, so we aim to pull our custody ratio into the 80% range through the use of advertising aimed at investors, including individual investors.

RISK MANAGEMENT

Question

How is JASDEC reinforcing computer system management?

We are fortifying computer systems considerably, paralleling expansion of services. Coinciding with the May 2001 start of DVP for exchange trade deliveries of stock certificates, etc., we upgraded central processing units to double their processing capability. Then, in March 2002, we installed new storage equipment in order to boost processing capacity for beneficial shareholder notifications from 21.6 million cases to 30 million cases for each record date.

On the safety front, we established a backup center in September 2000 with the Bank for International Settlements' Lamfalussy Standards in mind. In addition, we have set up an action plan incorporating all possible measures to deal with a natural or non-natural disaster.

To reinforce management of information systems, we formulated our own security policy, based on such international standards as BS ISO/IEC17799 for information security management.



ONGOING SECURITIES SETTLEMENT SYSTEM REFORM IN JAPAN



The implementation of a DVP system for NETD, including stock certificates, marked the halfway point for securities settlement system reform in Japan. The next challenge is to introduce changes geared toward the ultimate goal of dematerializing stock certificates. The following section highlights JASDEC's efforts in this area, specifically the DVP for NETD launched in May 2004 and the special features and structure of the book-entry transfer system for straight bonds that is scheduled to go online in January 2006.

SYSTEM IMPLEMENTED MAY 2004

DVP for NETD

BASIC STRUCTURE DVP for NETD is a gross-net-type DVP settlement system that links book-entry transfer of stocks and other securities with payment of funds, based on settlement instruction data produced by the pre-settlement matching system (PSMS). With this type of system, book-entry delivery of securities is processed on a trade-for-trade — or gross — basis, whereby at the end of the day each participant pays or receives the balance that remains when payable amounts for receipts of securities and receivable amounts for deliveries of securities are netted out. These procedures, already adopted by the Depository Trust & Clearing Corporation, effectively reduce securities settlement risk and facilitate efficient processing of numerous settlements.

Connecting PSMS and the DVP for NETD represents the last step on the road to achieving STP for securities settlement in Japan. Once the two systems are connected, PSMS-generated instruction data on settlements will be relayed to the DVP system automatically, obviating the need to input instructions through a separate process and bringing settlements to their respective quick conclusions.

CONTROLLING RISKS IN THE DVP FOR NETD Controlling risk in the DVP for NETD is a priority for us. Major risk-management efforts are outlined below.

1. Principal Risk Management: We will limit risk by having our clearing subsidiary hold assets for each DVP participant that exceeds the balance owing by that same DVP participant.
2. Liquidity Risk Management: We will establish participant funds and credit lines with banks to maintain an appropriate level of fund liquidity and to offset possible participant default on final payment. To avert a shortfall in fund liquidity, we have set a net debit cap for each DVP participant.
3. Participant Management: We will require DVP participants to satisfy a set standard for management soundness, such as a certain capital adequacy ratio, and will monitor each participant against this standard for any changes in status.
4. JASDEC DVP Clearing Corporation (JDCC), our recently established subsidiary, ensures thorough legal compliance with rules for risk management and netting.

PROGRESS ON PSMS AND DVP SYSTEMS

2001

MAY DVP for exchange trade transfers begins.

SEPTEMBER First phase of first stage of PSMS implemented. *Covers stock transactions by domestic institutional investors.*

JASDEC DVP CLEARING CORPORATION

In June 2003, we established JDCC as a wholly owned subsidiary to provide DVP settlement services. In April 2004, the company was licensed as a securities clearing agency to undertake securities obligations, in accordance with the Securities Exchange Law, and it launched DVP settlement services for NETD in May 2004.

LOCATION: Tokyo

DATE OF INCORPORATION: June 6, 2003

CAPITALIZATION: ¥310 million

SHAREHOLDER: Japan Securities Depository Center, Inc. (100% equity)

PRESIDENT AND CEO: Yoshinobu Takeuchi

NUMBER OF EMPLOYEES: Four directors (including one auditor) and eight full-time staff

BUSINESS CONTENT: Undertaking securities obligations and providing supplementary and related services.

Pre-Settlement Matching System (PSMS) The move toward STP for securities settlement has acquired greater urgency as a means of reducing settlement risks and lowering costs. The indispensable steps toward implementing STP in Japan are the introduction of a PSMS and the creation of a DVP system that links to the PSMS. The PSMS is a system that electronically matches information related to trades and settlements among institutional investors, securities firms, trust banks and other entities once stock certificates or other securities have been traded.

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.

2002

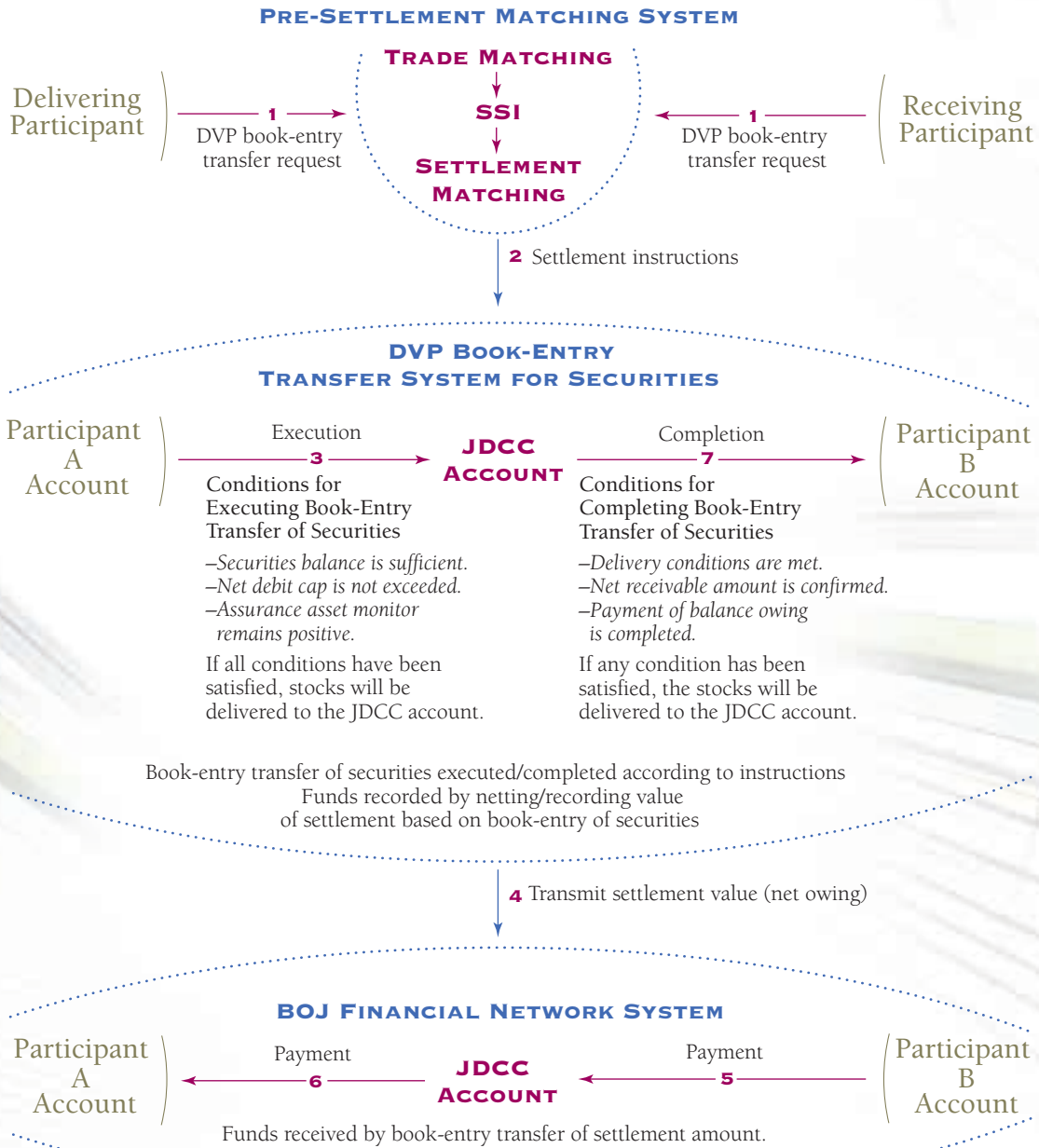
2003

2004

FEBRUARY Second phase of first stage of PSMS implemented. Covers convertible bonds, initial offerings and trades by nonresidents.

MAY Third phase of first stage of PSMS implemented. Covers government bonds, and listed futures and options.

MAY DVP for NETD went online.



Notes: 1. Assurance asset monitor = Value of assurance asset — Net debit
 2. JDCC: JASDEC DVP Clearing Corporation, a subsidiary of JASDEC
 3. SSI: Standing Settlement Instructions

NEW BOOK-ENTRY TRANSFER SYSTEM

CORPORATE AND MUNICIPAL STRAIGHT BONDS

SOLE BOOK-ENTRY TRANSFER INSTITUTION FOR STRAIGHT BONDS In Japan, registering agencies, which number about 160, are used to settle the majority of corporate bond transactions through registration. These agencies execute the required book-entry transfer and essentially dematerialize the securities into registered bonds. In January 2003, introduction of The Law Concerning Book-Entry Transfer of Corporate Bonds, etc. enabled a new system for corporate and municipal straight bonds (SBs). This law confirms the trend toward paperless securities and consolidates SB settlement operations with JASDEC, wherein the Company is the sole book-entry transfer institution for SB settlement. To execute this duty, we will adopt a book-entry transfer system for SBs to realize a DVP system and take us one step closer to the use of STP for securities settlement in Japan. Through these efforts, we expect to raise SB liquidity, enhance settlement efficiency and set the stage for shorter settlement periods.

JASDEC announced a breakdown of the book-entry transfer procedures for corporate and municipal SBs in June 2003 and a summary of the book-entry transfer system processing in October 2003. It is our goal to place ourselves at the center of an STP system that electronically executes a series of procedures, from trade matching to securities and cash settlement.

TWO SETTLEMENT METHODS A choice of two settlement methods will be available: by DVP system and by non-DVP system, otherwise known as free-of-payment settlement. For the DVP system, we will apply the real-time, gross-net format known as BIS model 1, which transfer instructions settle for both securities and funds, with delivery of securities occurring at the same time as payment of funds. In August 2005, we will initiate a comprehensive test — our final check — to confirm connections with the systems of users, with a view to launching the book-entry transfer system for SBs in January 2006. In addition, management has prioritized the development of high-quality systems and the trouble-free conversion of existing SBs, with an outstanding amount of about ¥200 trillion, from their current registered status to book-entry status.

TRANSITION PERIOD By government ordinance, the prevailing Corporate Bond Registration Law will be abolished by January 5, 2008. JASDEC will establish a transition period lasting about two years, during which registered bonds will be issued either as book-entry transfer bonds, based on the new law, or actual delivery of bonds, based on the principles of the Commercial Code. With the approval of issuers and investors, it will become possible to convert an outstanding registered bond into a book-entry transfer bond for handling by our system. To maintain a smooth transition, we will continue to pursue activities that elevate awareness of book-entry transfer bonds.

INVESTMENT TRUST BENEFICIARY RIGHTS

The basic legal framework for a book-entry system applied to investment trust beneficiary rights is similar to that applied to commercial paper (CP) and SBs. We will dispense with processes previously deemed necessary to accommodate certificated beneficiary rights, and we will utilize book-based records on such aspects of investment trusts as subscription, transfer and redemption to streamline book-entry operations.

Our Subcommittee on Investment Trusts is discussing the scope of eligible investment trusts, the procedures for establishing, distributing and canceling investment trusts, settlement systems for each type of investment trust, procedures for handling earnings dividends, and methods to ensure that the pool of some three million beneficiary certificates already issued will make a smooth transition to the new system.

Registered Bonds The Corporate Bond Registration Law (1942) allows a registering agency to register corporate and municipal bonds on its registry so investors may settle transactions without bond certificates.

SCHEDULE FOR CORPORATE AND MUNICIPAL STRAIGHT BONDS

2003

JANUARY The Law concerning Book-Entry Transfer of Corporate Bond, etc. goes into effect. (Abrogation of the Corporate Bond Registration Law expected within five years of the new law's implementation.)

JUNE JASDEC announced breakdown of book-entry transfer procedures for corporate and municipal straight bonds.

OCTOBER JASDEC announced summary of book-entry transfer system processing.

2004

MAY JASDEC announced connection specifications.

2006

JANUARY JASDEC expects to launch book-entry transfer system for straight bonds.

2005

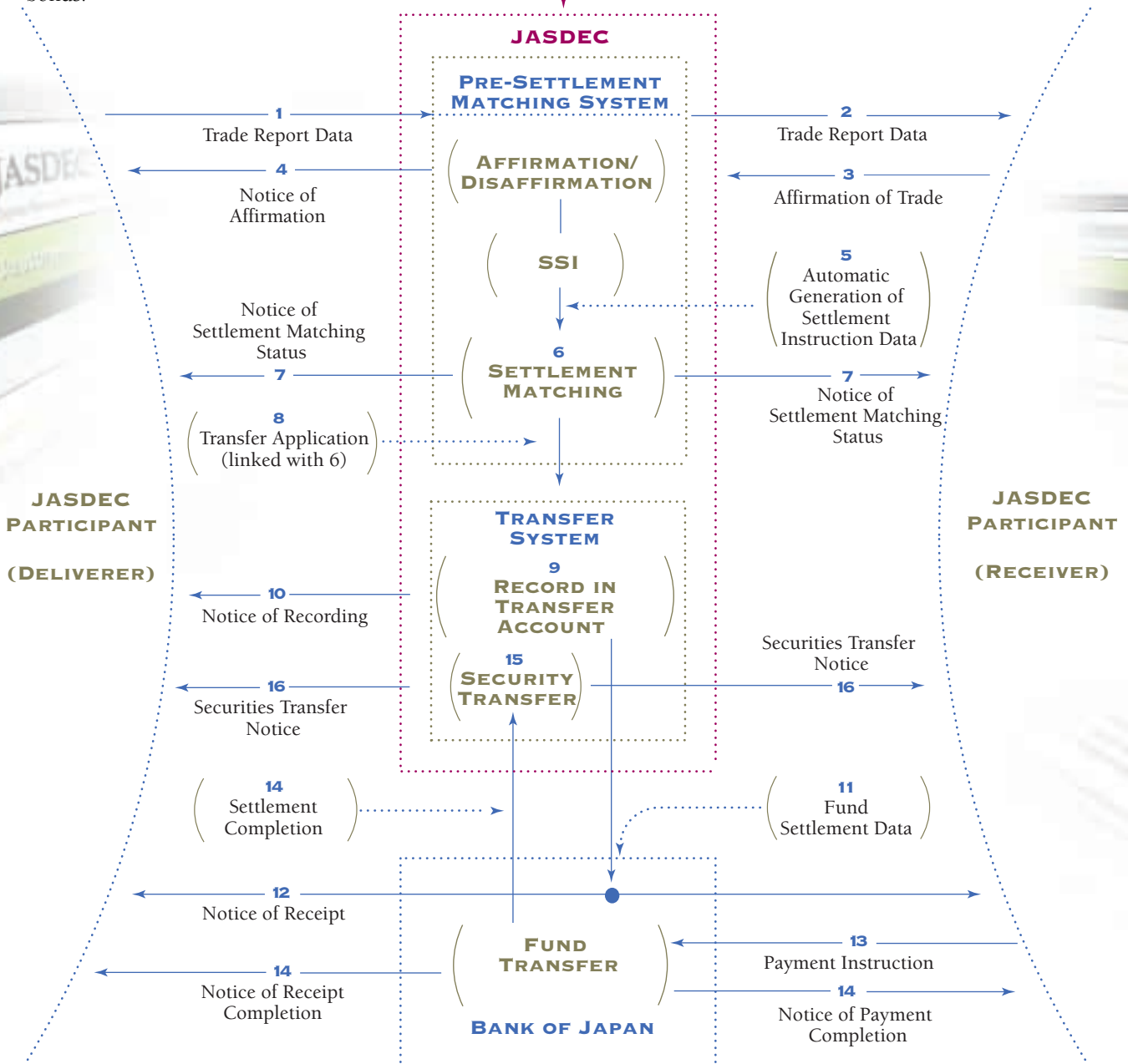
AUGUST JASDEC plans to start comprehensive connection test.

2006-7

Registered bonds already in issue will be changed to book-entry bond status. By government ordinance, registered bonds will no longer be issued after January 2008.

2008

JANUARY End of temporary grace period applied to interest income tax on registered bonds.

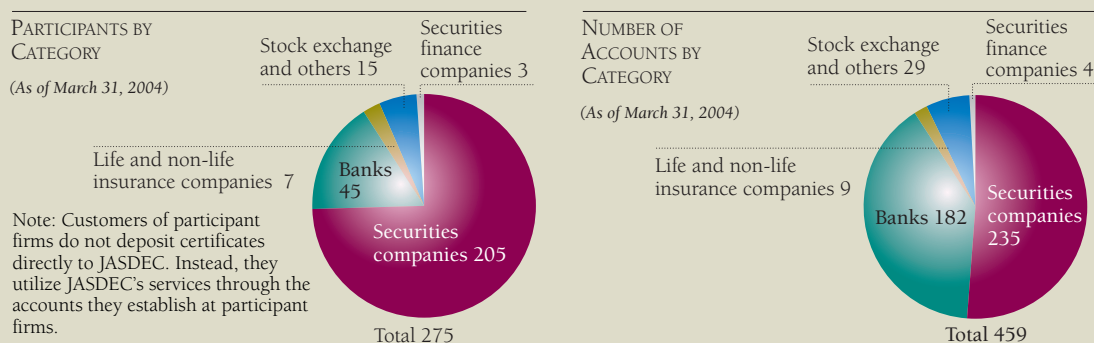


BUSINESS OVERVIEW

PARTICIPANTS AND ACCOUNTS

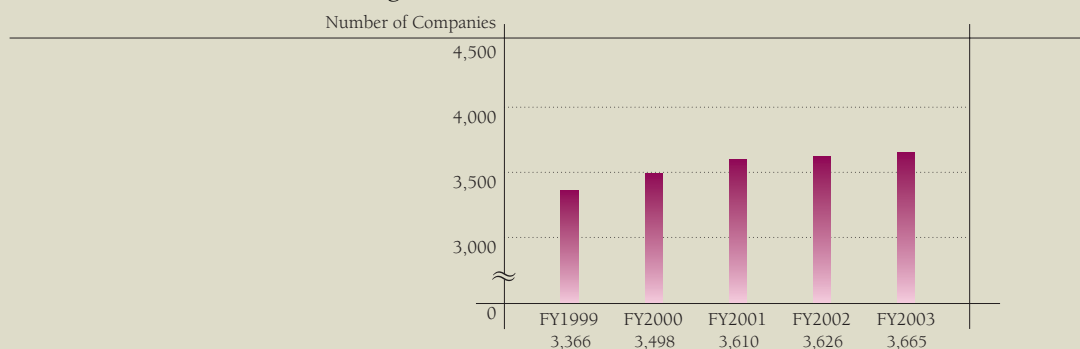
Participant firms open an account at JASDEC and deposit the certificates they wish to consign. Such firms include securities companies, banks, trust banks, insurance companies, securities finance companies and stock exchanges.

As of the end of March 2004, the number of participants stood at 275, and the number of accounts stood at 459.



ISSUING COMPANIES

As of the end of March 2004, 3,665 companies, representing all publicly traded companies in Japan, have consented to JASDEC handling their stocks.



ELIGIBLE SECURITIES

JASDEC accepts the securities described in the CSD Law. Consent of the issuing company is also a prerequisite. Currently, securities deemed eligible are domestic securities, including stocks, convertible bonds (CBs; corporate bonds with subscription warrants to new shares), beneficiary certificates of exchange-traded funds (ETFs), certificates of real estate investment trust (REITs), and preferred investment bonds of financial institutions established by cooperative associations, which are listed on stock exchanges or registered with the Japan Securities Dealers Association (JSDA).

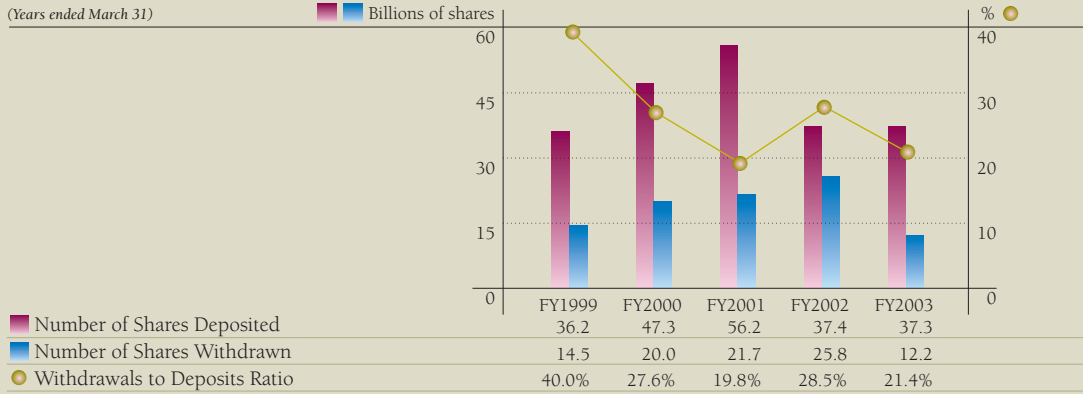
ELIGIBLE SECURITIES BY CATEGORY (As of March 31, 2004)

Stocks	228,201 million shares	3,666 issues
Preferred investment securities	243,387 units	1 issue
Beneficiary certificates of ETFs	1,993 million units	18 issues
Certificates of REITs	2,359 thousand units	14 issues
CBs	4,302,455 million yen	207 issues

HANDLING OF STOCK CERTIFICATES

(a) Deposits and withdrawals

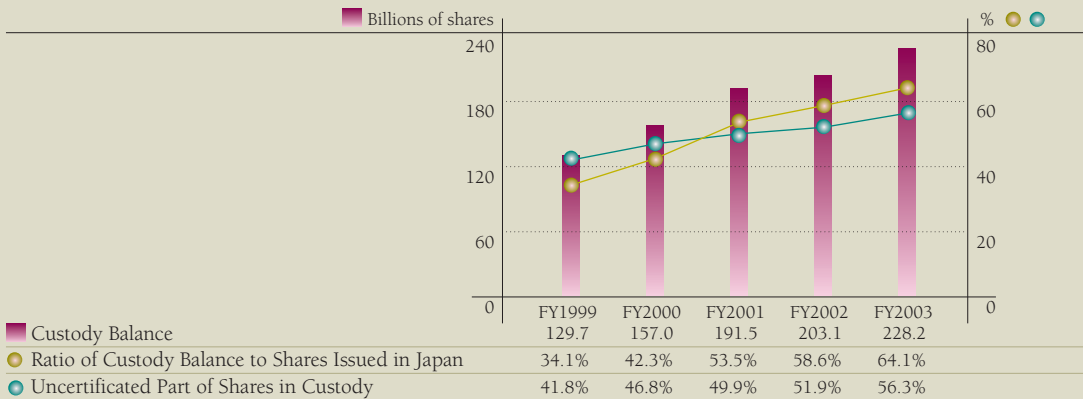
The number of shares deposited is influenced by market trends and corporate actions. On the other hand, the withdrawals to deposits ratio has decreased year by year, and stood at 21.4% as of the end of March 2004.



Note: The above ratios are calculated based on the number of shares deposited, excluding shares deposited by stock splits, and shares withdrawn, excluding the shares by stock transfer and merger.

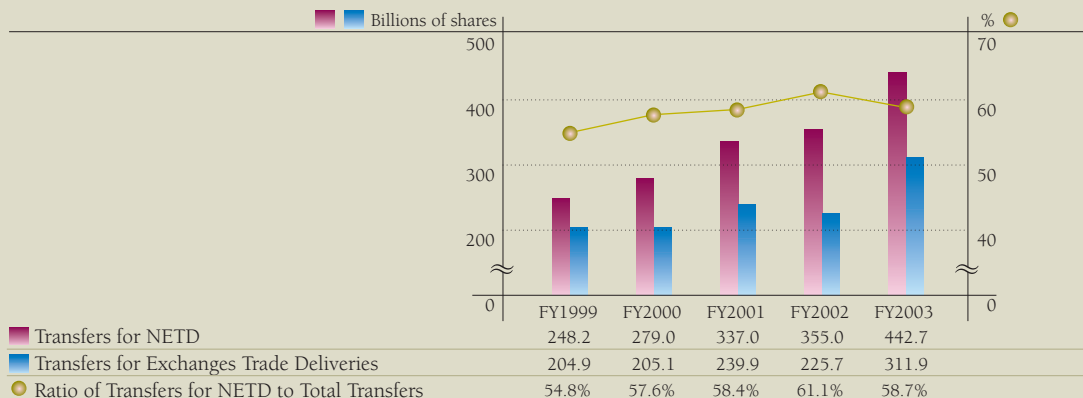
(b) Custody

As of the end of March 2004, the number of shares held in JASDEC's custody amounted to 228,201 million shares and the balance held accounted for 64.1% of the total outstanding shares issued by publicly owned companies in Japan.



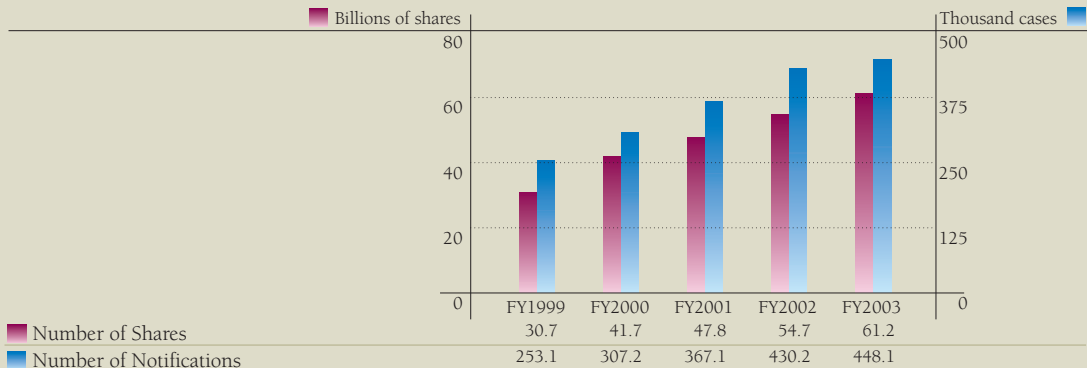
(c) Book-entry transfer

As of the end March 2004, exchange trade transfers amounted to 311,970 million shares, and transfers for non-exchange trade deliveries (NETD) amounted to 442,739 million shares.



(d) Beneficial shareholder notification

As of the end of March 2004, number of beneficial shareholder notification services amounted to 61,221million shares or 448,199 thousand cases.



OTHER SECURITIES OPERATIONS

As of the end of March 2004, an overview of other securities by category is as follows.

(a) Convertible bonds (CBs)

(Millions of yen)	
Deposits	84,495
Withdrawals	1,245,315
Custody	4,302,455
Book-entry transfers	
Exchange trade transfers	183,501
Non-exchange trade transfers	1,380,759
Number of issues	207

(c) Preferred investment securities of financial institutions

(Number of units)	
Deposits	135
Withdrawals	672
Custody	243,387
Book-entry transfer	
Exchange trade transfer	7,338
Non-exchange trade transfer	4,376
Number of issues	1

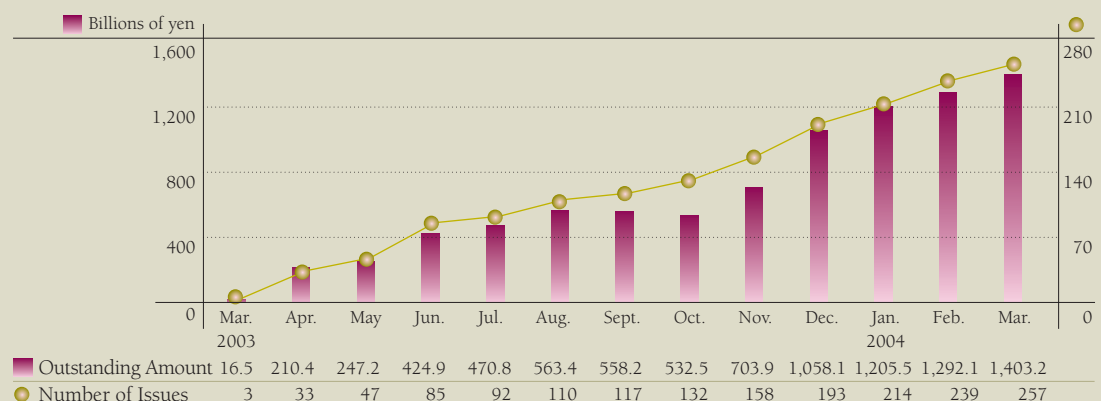
(b) Exchange-traded funds (ETFs)

(Thousands of units)	
Deposits	14,371
Withdrawals	192,752
Custody	1,993,119
Book-entry transfers	
Exchange trade transfers	241,771
Non-exchange trade transfers	1,116,516
Number of issues	18

(d) Real estate investment trusts (REITs)

(Number of units)	
Deposits	244,725
Withdrawals	12,429
Custody	2,359,380
Book-entry transfers	
Exchange-trade transfers	282,670
Non-exchange trade transfers	542,159
Number of issues	14

(e) Electronic CP (End-of-month data)



Note: Electronic CP became eligible to JASDEC in March 2003.

CONSOLIDATED BALANCE SHEET

Japan Securities Depository Center, Inc.

As of March 31, 2004

		¥ (thousands)	\$ (thousands) (Note 3)
		2004	2004
ASSETS	Current Assets:		
	Cash and cash equivalents	¥ 1,733,337	\$ 16,400
	Accounts receivable—trade	3,803,049	35,983
	Deferred income taxes (Note 7)	129,490	1,225
	Other current assets	190,571	1,803
	Total current assets	5,856,447	55,411
	Property and Equipment		
	Buildings	149,075	1,410
	Tools and furniture	4,017,025	38,007
		4,166,100	39,417
	Less: Accumulated depreciation	(2,164,535)	(20,479)
	Total property and equipment	2,001,565	18,938
	Intangible Assets, Net		
	Software	3,625,338	34,302
	Construction in progress (Software)	6,912,863	65,407
	Other intangible assets	9,755	92
	Total intangible assets	10,547,956	99,801
	Investment and Other Assets		
	Long-term refundable lease deposits	424,619	4,018
	Long-term prepaid expenses	42,927	406
Deferred income taxes (Note 7)	30,869	292	
Total investment and other assets	498,415	4,716	
Total assets	¥18,904,383	\$178,866	
LIABILITIES AND SHAREHOLDERS' EQUITY	Current Liabilities:		
	Short-term debt (Note 5)	¥ 5,000,000	\$ 47,308
	Accounts payable—trade	1,846,861	17,474
	Income tax payable	644,945	6,102
	Accrued employees' bonuses	100,675	953
	Consumption tax payable	77,617	734
	Other current liabilities	521,687	4,936
	Total current liabilities	8,191,785	77,507
	Long-term Liabilities		
	Accrued employees' retirement benefits (Note 6)	32,863	311
	Accrued executives' retirement benefits	43,170	409
	Total long-term liabilities	76,033	720
	Total liabilities	8,267,818	78,227
	Shareholders' Equity		
	Common stock		
	Authorized: 10,000 shares		
	Issued, 8,500 shares	4,250,000	40,212
	Capital surplus	4,250,000	40,212
	Retained earnings	2,136,565	20,215
	Total shareholders' equity	10,636,565	100,639
Total liabilities and shareholders' equity	¥18,904,383	\$178,866	

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF INCOME

Japan Securities Depository Center, Inc.

For the year ended March 31, 2004

	¥ (thousands)	\$ (thousands)
	2004	2004
Operating Income	¥17,124,010	\$ 162,021
Operating Expense		
Executives' compensations	117,438	1,111
Salaries and payable	1,139,758	10,784
Severance costs for employees	13,350	126
Executives' retirement benefits	24,810	235
Maintenance for systems	4,314,280	40,820
Outside service	2,543,018	24,061
Registration fees	1,866,472	17,660
Depreciation	2,838,420	26,856
Rent	237,525	2,248
Advertisement	264,327	2,501
Others	1,164,279	11,016
Total operating expense	14,523,677	137,418
Income from operation	2,600,333	24,603
Other Income (Expenses):		
Interest income	19	0
Interest expense	(30,439)	(288)
Loss on disposal of property and equipment	(4,557)	(43)
Other, net	1,524	15
Total	(33,453)	(316)
Income before income taxes	2,566,880	24,287
Income Taxes (Note 7)		
Current	963,539	9,116
Deferred	(47,288)	(447)
Net income	¥ 1,650,629	\$ 15,618
Per Share (Note 10)		
Net income—primary	¥192,579.99	\$1,822.12
Dividends	25,000	236.54
Weighted Average Number of		
Common Stock Shares Outstanding (in shares)	8,500	—

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY*Japan Securities Depository Center, Inc.**For the year ended March 31, 2004*

	¥ (thousands)				
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of March 31, 2003	8,500	¥4,250,000	¥4,250,000	¥ 711,036	¥ 9,211,036
Net income for the year	—	—	—	1,650,629	1,650,629
Cash dividends	—	—	—	(212,500)	(212,500)
Bonus to executives	—	—	—	(12,600)	(12,600)
Balance as of March 31, 2004	8,500	¥4,250,000	¥4,250,000	¥2,136,565	¥10,636,565

	\$ (thousands) (Note 3)				
	Number of common stock shares	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of March 31, 2003	8,500	\$40,212	\$40,212	\$ 6,727	\$ 87,151
Net income for the year	—	—	—	15,618	15,618
Cash dividends	—	—	—	(2,011)	(2,011)
Bonus to executives	—	—	—	(119)	(119)
Balance as of March 31, 2004	8,500	\$40,212	\$40,212	\$20,215	\$100,639

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Japan Securities Depository Center, Inc.

For the year ended March 31, 2004

	¥ (thousands)	\$ (thousands) (Note 3)
	2004	2004
Cash Flows from Operating Activities:		
Income before income taxes	¥ 2,566,880	\$ 24,287
Depreciation	2,838,420	26,856
Increase in accrued employees' bonuses	12,613	119
Increase in accrued employees' retirement benefits	10,291	97
Increase in accrued executives' retirement benefits	24,810	235
Interest income	(19)	(0)
Interest expense	30,439	288
Loss on sales of property and equipment	69	0
Loss on disposal of property and equipment	4,487	43
Increase in accounts receivable—trade	(703,543)	(6,657)
Increase in accounts payable—trade	556,142	5,262
Decrease in other assets	334,505	3,165
Increase in other liabilities	41,020	388
Other, net	(12,597)	(119)
Sub-total	5,703,517	53,964
Interests and dividends received	19	0
Interest paid	(33,260)	(314)
Income tax paid	(961,297)	(9,095)
Net cash provided by operating activities	4,708,979	44,555
Cash Flows from Investing Activities:		
Payments for purchase of property, plant and equipment	(435,224)	(4,118)
Payments for purchase of intangible assets	(4,656,346)	(44,056)
Proceeds from sales of property and equipment	546	5
Net cash flows used in investing activities	(5,091,024)	(48,169)
Cash Flows from Financing Activities:		
Proceeds from short-term debt	5,000,000	47,308
Repayment of short-term debt	(3,100,000)	(29,331)
Cash dividends paid	(212,500)	(2,011)
Net cash flows provided by financing activities	1,687,500	15,966
Net Increase in Cash and Cash Equivalents	1,305,455	12,352
Cash and Cash Equivalents at Beginning of Year	427,882	4,048
Cash and Cash Equivalents at End of Year	¥ 1,733,337	\$ 16,400

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Japan Securities Depository Center, Inc.

1.

BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the accounts maintained by Japan Securities Depository Center, Inc. (“the Company”) and its subsidiary in accordance with the provisions set forth in the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Finance Reporting Standards. Certain items presented in the consolidated financial statements filed with the Director of the Kanto Local Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

2.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

(1) Consolidation

The consolidated financial statements include the accounts of Japan Securities Depository Center, Inc. and its wholly-owned subsidiary, JASDEC DVP Clearing Corporation (JDCC) which is the only subsidiary of the Company. JDCC was newly established during the current fiscal year. JDCC uses a fiscal year ended on March 31, which is the same as that of the Company.

(2) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments, with original maturities of three months or less, those are readily convertible to known amounts of cash and are so near maturity that they present only an insignificant risk of changes in value because of changes in interest rates.

(3) Property and equipment

Depreciation for buildings, excluding improvements, is computed on the straight-line method using estimated useful lives prescribed by Japanese Corporate Tax Laws. Depreciation for other capital assets is computed on the declining-balance method at the rates based on the estimated useful lives prescribed by such laws.

(4) Software costs

Costs of software for internal use are amortized on the straight-line method computed over the estimated useful life of capitalized and 5 years.

(5) Accrued bonuses

Accrued employees’ bonuses represent liabilities estimated as of the balance sheet date. Bonuses to directors, which are subject to approval at the shareholders’ meeting, are accounted for as an appropriation of retained earnings.

(6) Severance indemnity benefits

The Company has a severance indemnity plan covering all employees who meet eligibility requirements of the Company’s retirement regulations. The Company records accrued employees’ retirement benefit costs based on the amount that would be payable if all eligible employees voluntarily terminated their employment with the Company at the balance sheet date.

Retirement benefits payable to directors and statutory auditors are accrued as accrued executives’ retirement benefits at the amount computed on the Company’s internal rules and regulations for the benefits.

(7) Finance leases

In the normal course of business, the Company enters into lease agreements. Finance lease agreements, except for those agreements where ownership of the leased assets is transferred to the Company, are accounted for as operating leases.

(8) Accounting standard for impairment of non-current assets

On August 9, 2002, the Business Accounting Council in Japan issued “Accounting Standard for Impairment of Non-current Assets”. The standard requires that non-current assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying

amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use. The standard shall be effective for fiscal years beginning April 1, 2005. However, an earlier adoption is permitted for fiscal years beginning April 1, 2004 and for fiscal years ending between March 31, 2004 and March 30, 2005. The Company has not yet applied this new standard nor has determined the effect of applying it on the Company's consolidated financial statements.

(9) Consumption taxes

The consumption taxes withheld by the Company and its subsidiary on sales and the consumption taxes paid by the Company and its subsidiary on its purchases of goods and services are not included in the amounts of relevant accounts in the accompanying statements of income. The consumption taxes withheld and paid is recorded as an asset or a liability, as the case may be, and the net balance is shown in the balance sheets.

(10) Appropriation of retained earnings

Under the Japanese Commercial Code and the Articles of Incorporation of the Company, the appropriation of retained earnings (including year-end cash dividend payments proposed by the Board of Directors) must be approved at the shareholders' meeting, which must be held within three months after the end of each financial year. The appropriation of retained earnings reflected in the accompanying consolidated financial statements represents the results of appropriations which were applicable to the immediately preceding financial year and approved at the shareholders' meeting and disposed of during that year. Year-end cash dividends are paid to shareholders on the shareholders' register at the end of each financial year.

The payment of bonuses to directors and statutory auditors is made out of retained earnings, instead being charged to income for the year, and constitutes a part of the appropriations cited above.

3.

US DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥105.69=U.S. \$1, the rate of exchange as of March 31, 2004, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at the rate or any other rates.

4.

LEASE TRANSACTIONS

Finance lease transactions, other than those of which the ownership of the leased asset transferred to the lessee, are accounted for as operating leases. Certain key information (in equivalent data) on such lease contracts of the Company for the periods ended March 31, 2004 is as follows:

	As of March 31, 2004	
	¥ (thousands)	\$ (thousands)
Tools and furniture:		
Acquisition cost	¥268,933	\$ 2,544
Accumulated depreciation	(48,108)	(455)
Net book value	¥220,825	\$(2,089)

The scheduled maturities of future lease payments, which includes the portion of interest thereon, on such lease contracts as of March 31, 2004 is as follows:

	As of March 31, 2004	
	¥ (thousands)	\$ (thousands)
Due within one year	¥ 52,660	\$ 498
Due over one year	169,597	1,605
Total	¥222,257	\$2,103

Finance lease charges as well as depreciation and interest amounts (in equivalent data) for the year ended March 31, 2004 is as follows:

	For the year ended March 31, 2004	
	¥ (thousands)	\$ (thousands)
Finance lease charges	¥31,697	\$300
Depreciation (in equivalent data)	30,435	288
Interest (in equivalent data)	2,135	20

(Note) Methods applied in computation of the equivalent data are as follow:

Depreciation: Straight-line method with zero residual value over the lease contract period

Interest: Computed as the difference between the lease obligations and the acquisition cost and allocated for the period based on the interest rate method.

5.

SHORT-TERM DEBTS

Short-term debts at March 31, 2004 are comprised of loans from banks with weighted average interest rates of 1.675% per annum.

6.

ACCRUED SEVERANCE INDEMNITIES FOR EMPLOYEES

Accrued employees' retirement benefits at March 31, 2004 represented the amount that would be payable for the Company if all eligible employees voluntarily terminated their employment at the balance sheet date. Severance costs for employees charged to income for the year ended March 31, 2004 amounted 13,350 thousand yen (126 thousand U.S. dollars).

7.

INCOME TAXES

The Company and its subsidiary are subject to a number of different income taxes which, in the aggregate, indicate a nominal statutory tax rate in Japan of approximately 42.0% for the period ended March 31, 2004. A reconciliation between the nominal statutory income tax rate to the effective income tax rate in the accompanying consolidated statement of income for the year ended March 31, 2004 is as follows:

	2004
Nominal statutory income tax rate	42.0%
Adjustments:	
Permanent non-deductible difference	0.2
Equal proportion of inhabitant taxes	0.2
Income tax credit on investment in IT	(6.8)
Other, net	0.1
Effective income tax rate	35.7%

The significant components of deferred tax assets at March 31, 2004 are as follows:

	¥ (thousands)	\$ (thousands)
	2004	2004
Deferred tax assets:		
Accrued bonuses	¥ 41,175	\$ 390
Enterprise tax payable	72,408	685
Unpaid social insurance premium	5,465	51
Business facility tax	2,334	22
Tax loss carried forwards	8,108	77
Accrued retirement benefits to employees	13,342	126
Accrued retirement benefits to executives	17,527	166
Deferred tax assets	¥160,359	\$1,517

8.

SEGMENT
INFORMATION

(1) Business Segment

The Company operates a single business unit, the central securities custody and book-entry transfer system, only.

(2) Geographic Information

The Company has no overseas consolidation subsidiaries and no overseas branches for the year ended March 31, 2004.

(3) Overseas sales

The Company does not have any sales overseas for the year ended March 31, 2004.

9.

RELATED PARTY
TRANSACTIONS

Material transactions of the Company with related companies or individuals, excluding transactions with the consolidated subsidiary that are excluded in the consolidated financial statement, and other than those disclosed elsewhere in this financial statement, for the year ended March 31, 2004 are as follows:

(1) Directors

						(in thousand yen)
Titles	Name	Business	Transactions	Amount	Account	Ending balance
Director	Toshitsugu Shimizu (*) 1	Director of the Company President of Japan Securities Settlement & Custody, Inc	Outsourcing (*) 1	1,728,381	Account payable-trade	65,113
			Use of equipment (*) 1	51	—	—
Director	Masayuki Tanaka	Director of the Company Senior Managing Director of The Bank of Tokyo–Mitsubishi, Ltd	Repayment of borrowings	1,330,000	—	—
			Interest on borrowings (*) 2	10,302	—	—
			Short term borrowing	2,140,000	Short-term dept	2,140,000
			Interest (*) 2	2,749	Prepaid interest	6,383

(*) 1. Those transaction amounts mentioned above excluded consumption tax. however, ending balance include consumption tax.

2. Terms and Conditions

- (1) Those amounts include transaction with Japan Securities Settlement & Custody, Inc (JSSC) for the nine months period from July 2003 because Toshiji Shimizu has been appointed representative director of JSSC at June 19, 2003. JASDEC outsources to JSSC its operation as needed.
- (2) The terms and conditions of the above transactions are on an arms-length basis
- (3) Interests on borrowing are determined based on the market interest rate from bank

(2) Principle shareholder and its subsidiaries

(in thousand yen)

Names of companies	Address	Capital	Principal business	Percentage of ownership with voting right	Relationship		Transactions	Amount	Descriptions	Ending balance
					Directors holding concurrent positions	Business relationship				
Tosho System Service Co. (Subsidiary of principal shareholder)	Koto-ku, Tokyo	100,000	Design, development, & development of software	—	—	Purchase of software	Outside service	1,359,083	Account payable-trade	148,426
							Purchase of software	1,626,653	Account payable-other	67,200
Japan Securities Clearing Corporation (Subsidiary of principal shareholder)	Chuo-ku, Tokyo	1,700,000	Clearing securities	—	Three	Commission income	Commission income	2,845,288	Account receivable-trade	556,184
Japan Securities Settlement & Custody, Inc (Subsidiary of principal shareholder)	Chuo-ku, Tokyo	300,000	Custody & settlement of securities	—	One	Outsourcing	Outside service	1,728,321	Account payable-trade	65,113
							Using equipments	51	—	—

(*) 1. Those transaction amounts mentioned above excluded consumption tax. however, ending balance include consumption tax.

2. The terms and conditions of the above transactions are on an arms-length basis

10.

NET INCOME PER SHARE

Basis for calculating earnings per share for the year ended March 31, 2004 is as follows:

	¥ (thousands)	\$ (thousands)
	2004	2004
Net income as reported in the consolidated statement of income	¥1,650,629	\$15,618
Directors bonus by appropriation of retained earning	13,700	130
Net income pertaining to common stock shareholders	1,636,929	15,488
Weighted average number of common stock shares outstanding (in shares)	8,500	

11.

SUBSEQUENT EVENTS

(1) Launch business of a subsidiary:

A consolidated subsidiary, JDCC was granted a license of securities obligation undertaking business by the Prime Minister on April 6, 2003. The license enabled JDCC to launch its business from May 6, 2004 and JDCC has started delivery versus payment settlement service for non-exchange transaction deliveries from May 17, 2004

(2) Appropriations of retained earnings:

Appropriations of retained earnings are recorded in the accounts only after shareholders' approval has been obtained. The following appropriation of retained earnings of the Company for the year ended March 31, 2004 was approved at the Ordinary General Shareholders Meeting held on June 22, 2004:

	¥ (thousands)	\$ (thousands)
Cash dividends	¥212,500	\$2,011
Bonuses to executives	13,700	129

(Including bonuses to statutory auditors amounting to 2,700 thousands yen (25 thousand U.S. dollars))

REPORT OF INDEPENDENT AUDITORS

REPORT OF INDEPENDENT AUDITORS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
JAPAN SECURITIES DEPOSITORY CENTER, INC.

We have audited the accompanying consolidated balance sheet of Japan Securities Depository Center, Inc. and its subsidiary as of March 31, 2004 and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Japan Securities Depository Center, Inc. and its subsidiary as of March 31, 2004, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of readers, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.



ChuoAoyama PricewaterhouseCoopers
Tokyo, Japan
June 22, 2004

NON-CONSOLIDATED FINANCIAL HIGHLIGHTS

From fiscal year 2004, Japan Securities Depository Center, Inc (“the Company”) discloses consolidated financial statement because the Company established wholly owned subsidiary, JASDEC DVP Clearing Corporation(JDCC), on June 6, 2003. Therefore the Company presents comparative financial informations solely for convenience as follows;

	Thousands of yen		Thousands of US dollars
	2003 (Non-consolidated)	2004 (Non-consolidated)	2004 (Non-consolidated)
For the year:			
Operating income	¥11,143,854	¥17,124,010	\$162,021
Operating expense	9,925,779	14,500,636	137,200
Income from operations	1,218,075	2,623,374	24,821
Other income (expenses)	32,064	(33,451)	(317)
Income before income taxes	1,250,139	2,589,923	24,505
Income taxes	527,937	925,365	8,755
Net income	722,202	1,664,558	15,749
At year end:			
Current assets	¥ 4,155,130	¥ 5,254,043	\$ 49,712
Property and equipment	2,632,927	1,994,881	18,875
Intangible assets	7,322,249	10,547,678	99,798
Investment and other assets	480,356	1,118,028	10,578
Total assets	14,590,662	18,914,630	178,963
Current liabilities	5,338,695	8,188,104	77,473
Long-term liabilities	40,932	76,032	719
Total liabilities	5,379,627	8,264,136	78,192
Total shareholders' equity	9,211,035	10,650,494	100,771
Total liabilities and shareholders' equity	14,590,662	18,914,630	178,963
Common stock	4,250,000	4,250,000	40,212
Number of shares outstanding	8,500	8,500	
		Yen	US dollars
Per share:			
Net income—primary	¥84,297.73	¥194,218.68	\$1,837.63
Cash dividends application to the year	25,000	25,000	236.54

Note: The amounts stated in US dollars in this report are translated solely for convenience, at ¥105.69=US\$1, the exchange rate prevailing on March 31, 2004.

BOARD MEMBERS AND AUDITORS

As of June 30, 2004

BOARD OF DIRECTORS



PRESIDENT
& CEO
Yoshinobu Takeuchi
*President,
JASDEC DVP
Clearing Corporation*

SENIOR MANAGING
DIRECTOR
Hiromi Murai
*Managing Director,
JASDEC DVP
Clearing Corporation*

MANAGING
DIRECTOR
Masao Yagi
*Managing Director,
JASDEC DVP
Clearing Corporation*

MANAGING
DIRECTOR
Shoji Murata



DIRECTOR
Fumiyuki Akikusa
*Managing Director,
The Bank of Tokyo-Mitsubishi, Ltd.*

DIRECTOR
Toshio Goto
*Managing Director,
The Mitsubishi Trust and
Banking Corporation*

DIRECTOR
Akira Sakashita
*Standing Advisor,
Japan Securities Dealers
Association*



DIRECTOR
Toshitsugu Shimizu
*Executive Officer,
Tokyo Stock Exchange, Inc.*

DIRECTOR
Shunichi Suzuki
*Executive Officer,
Daiwa Securities SMBC
Co., Ltd.*

DIRECTOR
Masaru Takei
*Executive Officer,
Tokyo Electric Power Company*

BOARD MEMBERS AND AUDITORS



DIRECTOR
Shinichiro Tanaka
Managing Executive Officer,
Mizuho Corporate Bank, Ltd.

DIRECTOR
Nobuyoshi Nakano
Managing Director,
Nikko Citigroup
Securities Inc.

DIRECTOR
Akihiko Nakamura
Member of Board of
Executive Officers,
Nomura Securities Co., Ltd.

DIRECTOR
Kunihisa Hama
Lawyer



DIRECTOR
Fumiyuki Hara
Managing Director,
UBS Securities (Japan) Limited

DIRECTOR
Shigeyuki Maeda
Professor of Law,
Gakushuin University Law School

DIRECTOR
Teruo Watanabe
Senior Executive Officer,
Mitsui Asset Trust and Banking
Company, Limited

AUDITORS



STANDING AUDITOR
Michio Sakai
Auditor,
JASDEC DVP
Clearing Corporation

AUDITOR
Masari Ugai

AUDITOR
Takeshi Kusakabe
Executive Advisor,
Shinko Securities Co., Ltd.

LIST OF PARTICIPANTS

As of July 1, 2004

TOTAL: 275

SECURITIES COMPANIES

Access Securities Co., Ltd.	Jet Securities, Inc.	Nikko Cordial Securities Inc.
Ace Securities Co., Ltd.	Joko Securities Co., Ltd.	Nippon First Securities Co., Ltd.
Aioi Securities Co., Ltd.	Jonan Securities Co., Ltd.	Nippon Global Securities Co., Ltd.
Aizawa Securities Co., Ltd.	Jujiya Securities Co., Ltd.	Nishimura Securities Co., Ltd.
Akakiya Securities Co., Ltd.	JVIC Securities Co., Ltd.	Nishiwaki Securities Co., Ltd.
Alba Ace Securities Co., Ltd.	Kabu. com Securities Co., Ltd.	Nissan Securities Co., Ltd.
Alps Securities Co., Ltd.	Kadoya Securities Co., Ltd.	Nomura Securities Co., Ltd.
Ando Securities Co., Ltd.	Kagawa Securities Co., Ltd.	Nozomi Securities Co., Ltd.
Aramachi Securities Co., Ltd.	Kaneju Securities Co., Ltd.	Okachi Securities Co., Ltd.
Ark Securities Co., Ltd.	Kaneyama Securities Co., Ltd.	Okasan Securities Co., Ltd.
Awa Securities Co., Ltd.	Kaneyoshi Securities Co., Ltd.	Okinawa Securities Co., Ltd.
Axes Japan Securities Co., Ltd.	Kanzaki Securities Co., Ltd.	One Asia Securities Co., Ltd.
Banyo Securities Co., Ltd.	Kimura Securities Co., Ltd.	Orient Securities Co., Ltd.
Bright Securities Co., Ltd.	KITADA Securities Co., Ltd.	Orix Securities Co., Ltd.
Capital Partners Securities Co., Ltd.	Kobe Securities Co., Ltd.	Otsuka Securities Co., Ltd.
Central Tanshi Securities Co., Ltd.	Kokufu Securities Co., Ltd.	Panta Rhei Securities, Co., Ltd.
Century Securities Co., Ltd.	Kotobuki Securities Co., Ltd.	PBA Securities Co., Ltd.
Chuo Securities Co., Ltd.	Kurokawakitoku Securities Co., Ltd.	Port Satellite Securities. Co., Ltd.
Cosmo Securities Co., Ltd.	Kyokuto Securities Co., Ltd.	Privée Zurich Securities Co., Ltd.
DAIHOKU SECURITIES CO., LTD.	Kyowa Securities Co., Ltd.	Retela Crea Securities Co., Ltd.
Daikumamoto Securities Co., Ltd.	Maeda Securities Co., Ltd.	Rokuwa Securities Co., Ltd.
Daiman Securities Co., Ltd.	Maruchika Securities Co., Ltd.	Sakamoto Hokuriku Securities Co., Ltd.
Daisei Securities Co., Ltd.	Marudai Securities Co., Ltd.	Sanei Securities Co., Ltd.
Daisen Hinomaru Securities Co., Ltd.	Marufuku Securities Co., Ltd.	Sanko Securities Co., Ltd.
Daitoku Securities Co., Ltd.	Maruhachi Securities Co., Ltd.	Sankyo Securities Co., Ltd.
Daiwa Securities Co., Ltd.	Marukuni Securities Co., Ltd.	Sasayama Securities Co., Ltd.
Daiwa Securities SMBC Co., Ltd.	Marusan Securities Co., Ltd.	Shinbayashi Securities Co., Ltd.
D. Brain Securities Co., Ltd.	Maruwa Securities Co., Ltd.	Shinko Securities Co., Ltd.
DLJ direct SFG Securities Inc.	Matsui Securities Co., Ltd.	Shin-Ogaki Securities Co., Ltd.
Dojimakanto Securities Co., Ltd.	Meiwa Securities Co., Ltd.	Shinsei Securities Co., Ltd.
E. Trade Securities Co., Ltd.	Me Net Securities Co., Ltd.	Shinwa Securities Co., Ltd.
Eiwa Securities Co., Ltd.	Merrill Lynch Japan Securities Co., Ltd.	Shizugin TM Securities Co., Ltd.
Fides Securities Corporation	Mirai Securities Co., Ltd.	Shizuoka Tokai Securities Co., Ltd.
Firstmake Securities Co., Ltd.	Mita Securities Co., Ltd.	Shonai Securities Co., Ltd.
Get Securities Co., Ltd.	Mito Securities Co., Ltd.	Sieg Securities Co., Ltd.
H. S. Securities Co., Ltd.	MITOYO SECURITIES CO., LTD.	SMBC Friend Securities Co., Ltd.
Hibiki Securities, Inc.	Mitsubishi Securities Co., Ltd.	Socius Securities Co., Ltd.
Hikari Securities Co., Ltd.	MITSUI SECURITIES CO., LTD.	Sparx Securities Co., Ltd.
Himawari Securities, Inc.	Mitsubishi Tokyo Wealth Management Securities Ltd.	Star Futures Securities Co., Ltd.
Hinode Securities Co., Ltd.	Miyako Securities Co., Ltd.	Starts Securities Co., Ltd.
Hirota Securities Co., Ltd.	Mizuho Securities Co., Ltd.	Taicom Securities Co., Ltd.
Ichiyoshi Securities Co., Ltd.	Monex, Inc.	Takagi Securities Co., Ltd.
IIDA SECURITIES CO., LTD.	Murosei Securities Co., Ltd.	Tama Securities Co., Ltd.
Imamura Securities Co., Ltd.	Musashi Securities Co., Ltd.	Tamaki Securities Co., Ltd.
IRIYA BANSEI SECURITIES CO., LTD.	Nagano Securities Co., Ltd.	THE AIR'S SEA SECURITIES CO., LTD.
Ise Securities Co., Ltd.	Naito Securities Co., Ltd.	The Arts Securities Co., Ltd.
ITM Securities Co., Ltd.	Nakaizumi Securities Co., Ltd.	The Kosei Securities Co., Ltd.
ITOCHU Capital Securities Ltd.	Nara Securities Co., Ltd.	The Miki Securities Co., Ltd.
Iwai Securities Co., Ltd.	Naruse Securities Co., Ltd.	The Mizuho Investors Securities Co., Ltd.
Japan Asia Securities Co., Ltd.	New-S Securities Co., Ltd.	The Nakahara Securities Co., Ltd.
Japan Electronic Securities Co., Ltd.	Nihon Kyoei Securities Co., Ltd.	The Tachibana Securities Co., Ltd.
	Niigata Securities Co., Ltd.	Tobu Securities Co., Ltd.
	Nikko Beans, Inc.	Tokai Tokyo Securities Co. Ltd.
	Nikko Citigroup Limited	Tomioka Securities Co., Ltd.

Toyo Securities Co., Ltd.
 Traders Securities Co., Ltd.
 Tsukamoto Securities Co., Ltd.
 Tsuyama Securities Co., Ltd.
 UFJ Tsubasa Securities Co., Ltd.
 United World Securities K.K.
 Usuki Securities Co., Ltd.
 Utsumiya Securities Co., Ltd.
 Utsunomiya Securities Co., Ltd.
 WORLD NICHIEI Securities Co., Ltd.
 Yahata Securities Co., Ltd.
 Yamagata Securities Co., Ltd.
 Yamagen Securities Co., Ltd.
 Yamamaru Securities Co., Ltd.
 Yamani Securities Co., Ltd.
 Yamawa Securities Co., Ltd.
 Yutaka Securities Co., Ltd.
 Zukawa Securities Co., Ltd.
 Barclays Capital Japan Limited
 Bear Stearns (Japan) Limited
 BNP Paribas Securities (Japan) Limited
 Calyon Capital Markets Asia B.V.
 Citicorp International Securities Ltd.
 Commerz Securities (Japan) Co., Ltd.
 Credit Agricole Indosuez Securities (Japan) Limited
 Credit Suisse First Boston Securities (Japan) Limited
 Deutsche Securities Limited, Tokyo Branch
 Dresdner Kleinwort Wasserstein Ltd.
 E*T Institutional Securities Limited
 Fidelity Brokerage Services (Japan), LLC
 Goldman Sachs (Japan) Limited
 HSBC Securities (Japan) Limited
 HVB Capital Asia Limited
 Hyundai Securities Co., Ltd.
 ING Securities Japan Limited
 Instinet Japan Limited
 J.P. Morgan Securities Asia Limited
 Jefferies (Japan) Limited
 KBC Securities Japan
 Lehman Brothers Japan Inc.
 Morgan Stanley Japan Limited
 RBC Dominion Securities (Japan) Limited
 Société Générale Securities (North Pacific) Ltd.
 UBS Securities Japan Limited
 WestLB Securities Pacific Limited

BANKS AND OTHER FINANCIAL INSTITUTIONS

Aozora Bank, Ltd.
 Japan Trustee Services Bank, Ltd.
 JSF Trust & Banking Co., Ltd.
 Mitsui Asset Trust and Banking Company, Limited
 Mizuho Bank, Ltd.
 Mizuho Corporate Bank, Ltd.
 Mizuho Trust & Banking Co., Ltd.
 NikkoCiti Trust and Banking Corporation
 ORIX Trust and Banking Corporation
 RESONA BANK LIMITED
 Saitama Resona Bank, Limited
 Shinkin Trust Bank, Ltd.
 Shinsei Bank, Limited
 Shinsei Trust and Banking Co., Ltd.
 Sumitomo Mitsui Banking Corporation
 The Bank of Tokyo–Mitsubishi, Ltd.
 The Bank of Yokohama, Ltd.
 The Chuo Mitsui Trust and Banking Company, Limited
 The Daishi Bank, Ltd.
 The Hiroshima Bank, Ltd.
 The Kyoto Shinkin Bank
 The Master Trust Bank of Japan, Ltd.
 The Mitsubishi Trust and Banking Corporation
 The Nagano Bank, Ltd.
 The Nomura Trust and Banking Co., Ltd.
 The Norinchukin Bank
 The Norinchukin Trust & Banking Co., Ltd.
 The Sumitomo Trust & Banking Co., Ltd.
 The Tokyo Tomin Bank, Limited
 Tokyo Bankers Association
 Tokyo Shoken Credit Cooperative Trust & Custody Service Bank, Ltd.
 UFJ Bank Limited
 UFJ Trust Bank Limited
 Barclays Global Investors Japan Trust & Banking Co., Ltd.
 Citibank, N.A.
 Cititrust and Banking Corporation
 Deutsche Trust Bank Limited
 J.P. Morgan Trust Bank, Ltd.
 SG Private Banking (Japan) Limited
 ShinGinko Tokyo, Limited

Standard Chartered Bank
 State Street Trust and Banking Company, Limited
 The Hongkong and Shanghai Banking Corporation Limited
 UBS (Trust and Banking) Limited

INSURANCE COMPANIES

Meiji Yasuda Life Insurance Company
 Mitsui Sumitomo Insurance Co., Ltd.
 Nippon Life Insurance Company
 Sompo Japan Insurance Inc.
 The Dai-Ichi Mutual Life Insurance Company
 The Taiyo Life Insurance Company
 The Tokio Marine & Fire Insurance Co., Ltd.

STOCK EXCHANGES AND OTHERS

Central Tanshi Co., Ltd.
 Chubu Securities Finance Co., Ltd.
 Daiko Shoken Business Co., Ltd.
 Fukuoka Stock Exchange
 Japan Securities Agents, Ltd.
 Japan Securities Clearing Corporation
 Japan Securities Dealers Association
 Japan Securities Finance Co., Ltd.
 Japan Securities Settlement & Custody, Inc.
 Jasadq Market, Inc.
 JASDEC DVP Clearing Corporation
 Nagoya Stock Exchange, Inc.
 Osaka Securities Exchange, Inc.
 Osaka Securities Finance Co., Ltd.
 Sapporo Securities Exchange
 The Tokyo Tanshi Co., Ltd.
 Tokyo Securities Transfer Agent Co., Ltd.
 Tokyo Stock Exchange, Inc.
 Ueda Yagi Tanshi Co., Ltd.

Overseas CSDs participating in JASDEC through JSSC:

The Central Depository (Pte) Limited (Singapore)

HISTORY

MAY 1984	The Law Concerning Central Securities Depository and Book-Entry Transfer of Stock Certificates and Other Securities (CSD Law) was passed, and enforced in November 1984.
DEC. 1984	Japan Securities Depository Center (JASDEC) was founded as a not-for-profit foundation under a permit granted by the Minister of Finance and the Minister of Justice (competent ministers) pursuant to Article 34 of the Civil Code.
MAY 1985	JASDEC was designated as a depository under the CSD Law by the competent ministers.
OCT. 1991	JASDEC began offering its depository services for stocks listed on the Tokyo Stock Exchange. (All stock exchange listed and OTC registered stocks became eligible to JASDEC in Oct. 1992.)
JUN. 1993	The U.K. Securities and Futures Authority approved JASDEC as an eligible foreign custodian.
AUG. 1993	The U.S. Securities and Exchange Commission issued a no-action letter to exempt JASDEC from Section 17(f) of the Investment Company Act of 1940 and Rule 17f-5(c)(2)(iii).
JUN. 1997	The Association of German Banks approved JASDEC as an eligible foreign custodian.
SEP. 2000	JASDEC constructed a back-up center in Osaka.
MAY 2001	JASDEC launched its system for delivery versus payment (DVP) settlement of exchange trades in Tokyo and Osaka.
SEP. 2001	JASDEC implemented the Pre-Settlement Matching System (PSMS) for domestic trades by domestic institutional investors.
NOV. 2001	JASDEC started handling of corporate convertible bonds.
JAN. 2002	Japan Securities Depository Center, Inc., was established.
JUN. 2002	All central custody and book-entry transfer business was transferred to the new, incorporated entity and the former entity was dissolved. The Association of German Banks approved the new incorporated entity as an eligible foreign custodian.
JAN. 2003	The Law Concerning Book-Entry Transfer of Corporate Bonds, etc. became effective and JASDEC was designated as a transfer institution under the law.
MAR. 2003	JASDEC launched the Securities Information Tracing System (SITRAS) for lost stocks. JASDEC inaugurated its Electronic Commercial Paper book-entry system.
JUN. 2003	JASDEC established JASDEC DVP Clearing Corporation (JDCC) to undertake clearing services related to DVP settlement services for non-exchange transaction deliveries (NETD).
AUG. 2003	JASDEC signed a memorandum of understanding with The Depository Trust & Clearing Corporation of the United States.
MAY 2004	JASDEC commenced DVP settlement services for NETD.

CORPORATE INFORMATION

As of June 30, 2004

COMPANY NAME:	Japan Securities Depository Center, Inc.
DATE OF INCORPORATION:	January 4, 2002
DATE OPERATIONS BEGAN:	June 17, 2002
CAPITAL:	¥4.25 billion (shareholders' equity ¥10.6 billion)
COMMON STOCK ISSUED:	8,500 shares
NUMBER OF SHAREHOLDERS:	193
NUMBER OF EMPLOYEES:	106
REGISTERED HEAD OFFICE	1-1, Nihombashi-Kayaba-cho 2-chome Chuo-ku, Tokyo 103-0025, Japan Phone: +81-3-3661-0161 Facsimile: +81-3-3661-2810 Website: http://www.jasdec.com
OPERATIONS OFFICES	
Tokyo Office:	6th Floor, Daini-Shoken Kaikan Bldg. 1-1, Nihombashi-Kayaba-cho 2-chome, Chuo-ku, Tokyo 103-0025
Osaka Office:	6-10, Kitahama 1-chome, Chuo-ku, Osaka 541-0041
Nagoya Office:	3-17, Sakae 3-chome, Naka-ku, Nagoya 460-0008
Fukuoka Office:	14-2, Tenjin 2-chome, Chuo-ku, Fukuoka 810-0001
Sapporo Office:	14-1, Minamiichijo-Nishi 5-chome, Chuo-ku, Sapporo 060-0061
SUBSIDIARY COMPANY	
Company Name:	JASDEC DVP Clearing Corporation
Date of Incorporation:	June 6, 2003
Commenced Operations:	May 17, 2004
Capital:	¥310 million
Registered Head Office:	1-1, Nihombashi-Kayaba-cho 2-chome, Chuo-ku, Tokyo 103-0025

ORGANIZATION STRUCTURE

(As of June 30, 2004)





JAPAN SECURITIES DEPOSITORY CENTER, INC.