

Annual Report 2009

Leading the Way to the Future



Leading
the **Way**
to the **Future**

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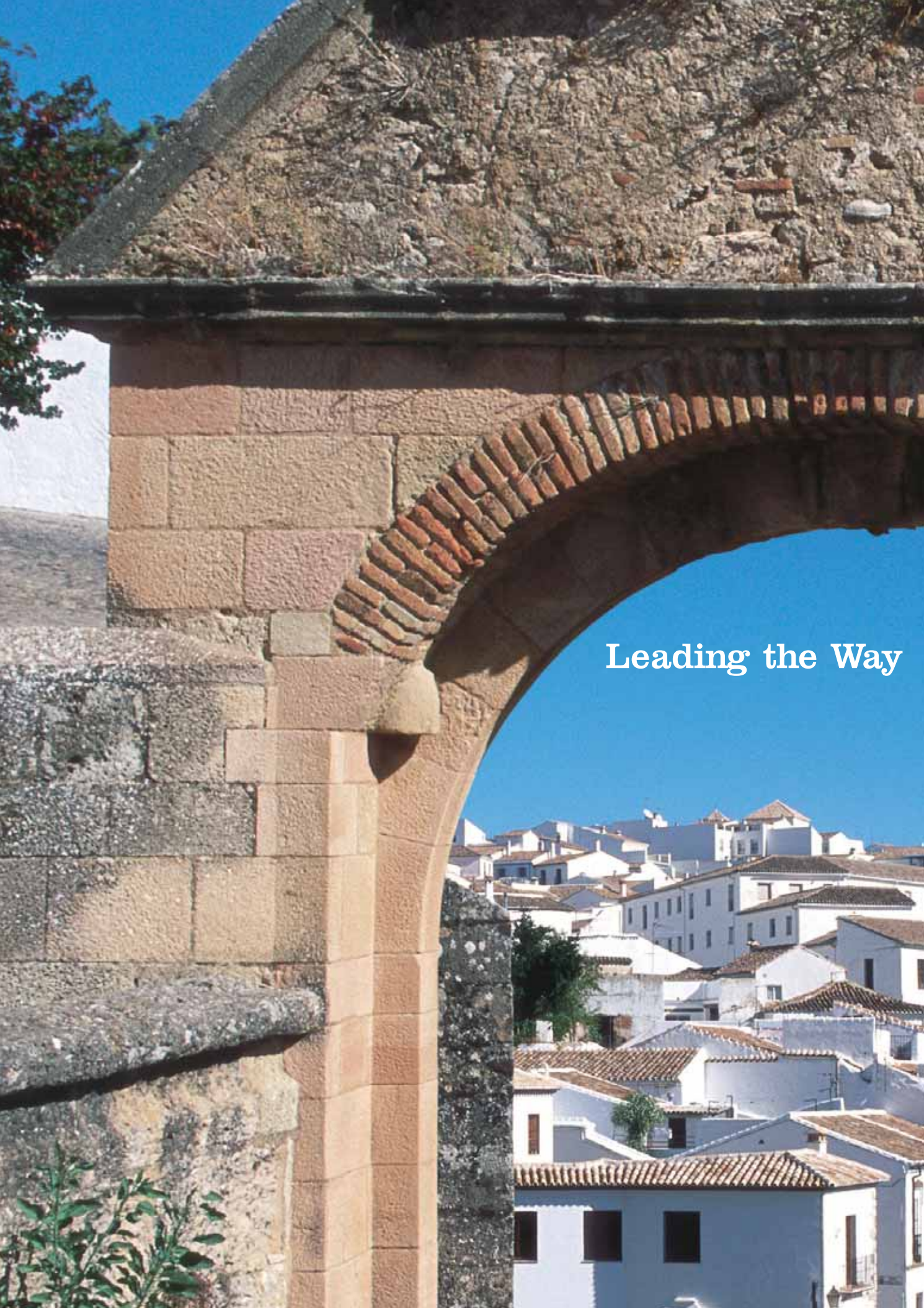
Japan Securities Depository Center, Inc.
Annual Report 2009

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* DVP: Delivery versus Payment. This system simultaneously attaches specific conditions to the delivery of and payment for securities.

** NETDs: non-exchange transaction deliveries

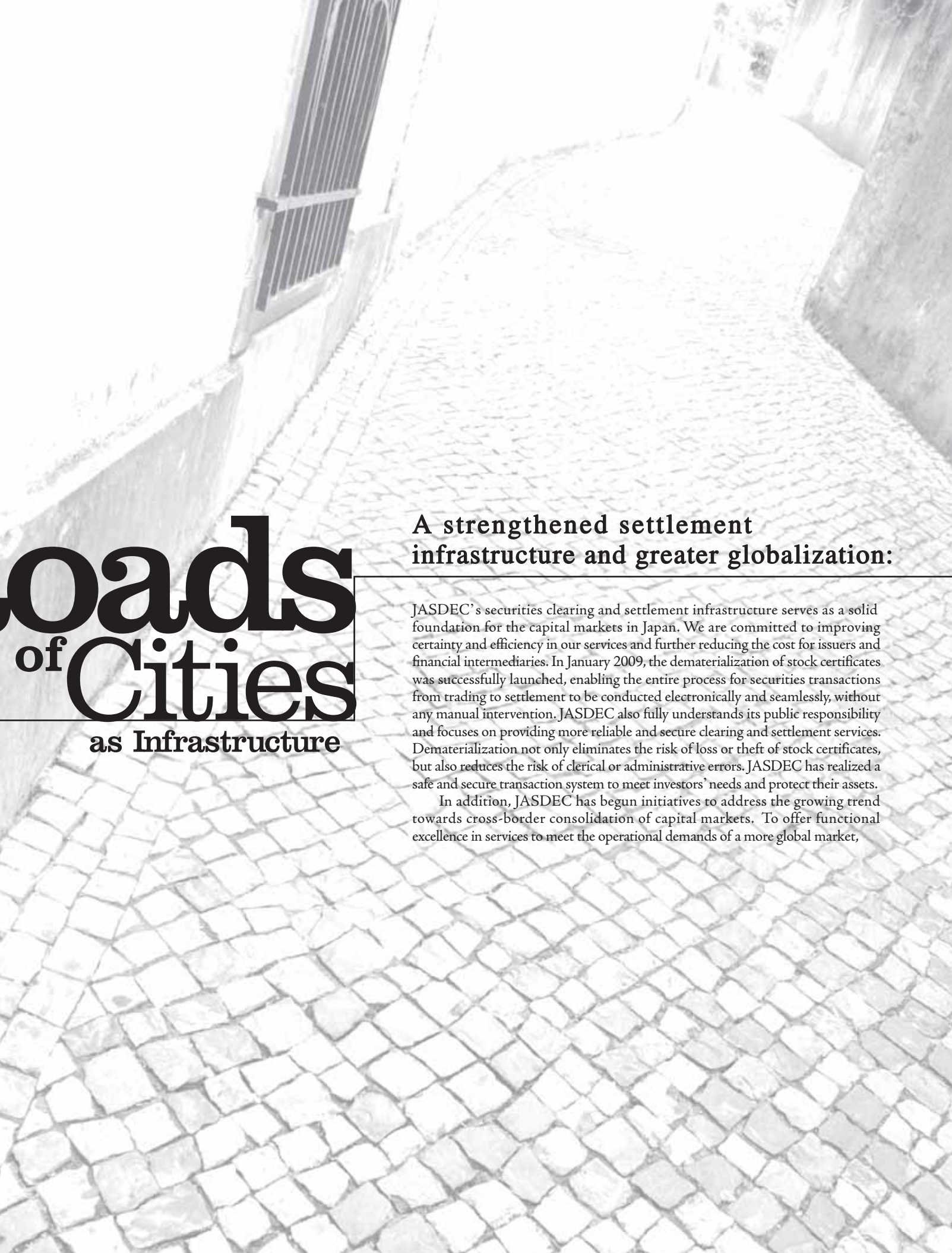
*** Pre-Settlement Matching System (PSMS): This central matching system automatically confirms the contents of trade and settlement, such as trade names/amounts, counterparties and account numbers.



Leading the Way



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roads of Cities

as Infrastructure

A strengthened settlement infrastructure and greater globalization:

JASDEC's securities clearing and settlement infrastructure serves as a solid foundation for the capital markets in Japan. We are committed to improving certainty and efficiency in our services and further reducing the cost for issuers and financial intermediaries. In January 2009, the dematerialization of stock certificates was successfully launched, enabling the entire process for securities transactions from trading to settlement to be conducted electronically and seamlessly, without any manual intervention. JASDEC also fully understands its public responsibility and focuses on providing more reliable and secure clearing and settlement services. Dematerialization not only eliminates the risk of loss or theft of stock certificates, but also reduces the risk of clerical or administrative errors. JASDEC has realized a safe and secure transaction system to meet investors' needs and protect their assets.

In addition, JASDEC has begun initiatives to address the growing trend towards cross-border consolidation of capital markets. To offer functional excellence in services to meet the operational demands of a more global market,



JASDEC is expanding its services for greater efficiency and reliability

JASDEC is working to achieve rapid improvements in operational processes and develop new businesses in a flexible manner. In May 2006, JASDEC launched a custody and book-entry transfer system for foreign stocks. Keeping a close eye on current trends in the standardization of securities clearing and settlement systems for major markets, JASDEC is making steady progress in the internationalization of its systems. We believe these efforts will help strengthen the competitive position of Japanese securities markets. In the field of external activities, JASDEC is also working to enhance communication with central securities depositories (CSDs) around the world. In addition to information and personnel exchanges, we have signed memorandums of understanding to develop cooperative relationships with overseas CSDs. In line with fundamental changes in the market environment both in Japan and overseas, as well as in the market's structure, JASDEC is committed to promoting further reform of its securities clearing and settlement system through the adoption of global standards in Japan.

Path of Nature as Globalization

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to the Future

Ceaseless efforts with clear vision bring about a great progress in human life.

In previous times, human beings generated safety and convenience of the public by construction of urban infrastructure.

Furthermore, they opened up new possibilities of human life by exploring new lands and developing urban areas.

Japan Securities Depository Center, Inc. (JASDEC), as the organization responsible for the reform of Japan's securities clearing and settlement infrastructure, is working to realize more reliable and secure clearing and settlement services to meet the diverse needs of investors, issuing companies, and financial intermediaries. At the same time, we are keeping a close eye on developments in major overseas markets, with the goal of modifying our system for high compatibility with global standards.

We will make sustain efforts in contributing to improvement of function in capital markets and development of the society as a whole, and leading the way to the brighter future.