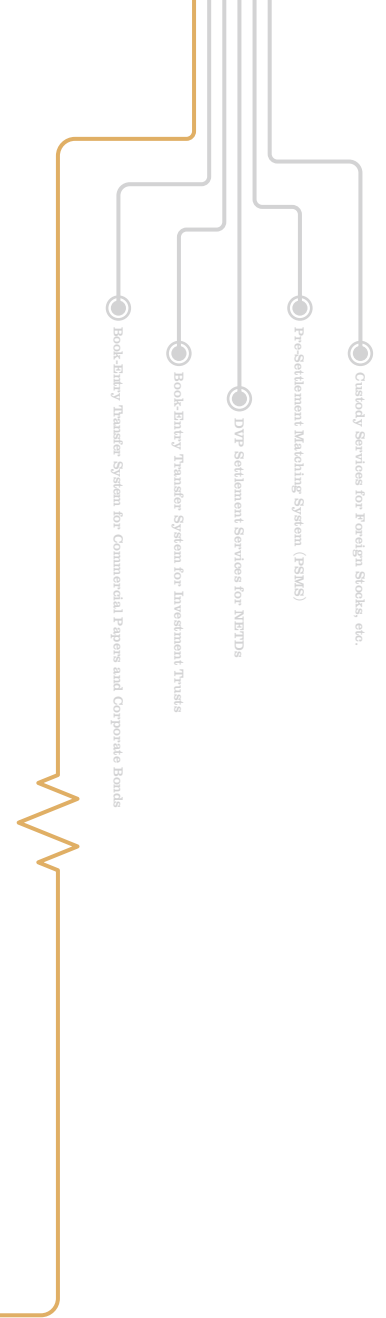




## Business Overview 1

# Book-Entry Transfer System for Stocks, etc.



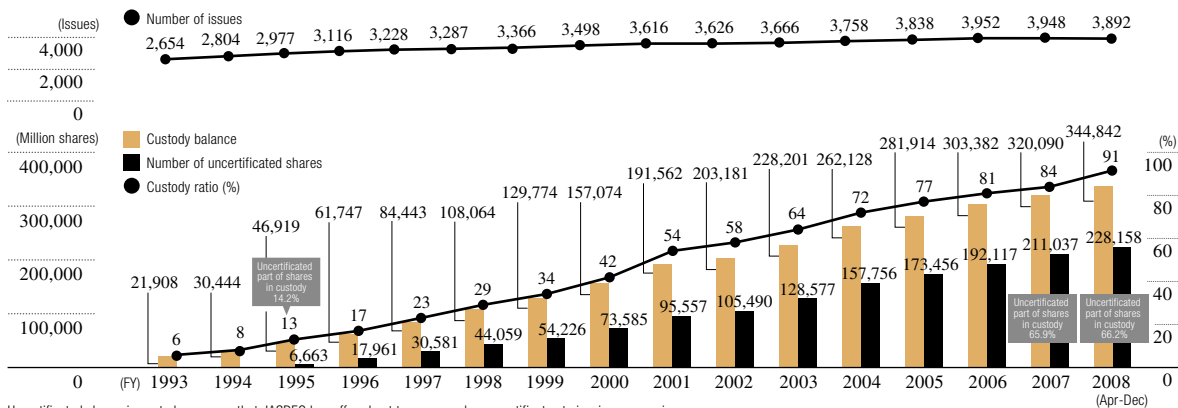
## Under the New System, Ownership of Stocks is Determined by Electronic Records

Under the former “depository and book-entry transfer system” (hereinafter referred to as “the former system”), in which paper stock certificates are employed, JASDEC holds securities in custody, and settlement of securities transactions is processed through the book-entry transfer in accounts at securities companies or JASDEC, without delivery of physical certificates.

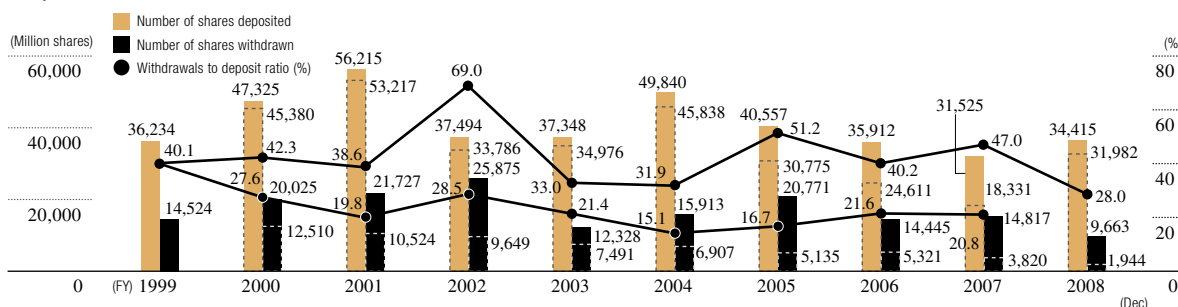
With the start of the dematerialization of stock certificates, etc. in January 2009, (see the Special Feature on

page 10 “Dematerialization of Stock Certificates”), a new Book-entry Transfer System for Stocks, etc. (hereinafter referred to as “new system”) was inaugurated, replacing the former system. Under the new system, stock certificates are no longer deposited, held in custody, or withdrawn. Instead, ownership of stocks is determined by electronic records maintained in the computer system of JASDEC and account management institutions (AMIs).

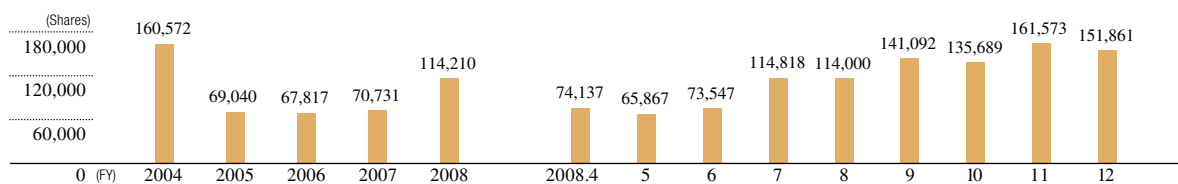
### Number of issues and account balance under the former system (depository and book-entry transfer system)



### Deposits and Withdrawals



### Number of inquiries to the Securities Information Tracing System (SITRAS) (daily average)



## Promoting Infrastructure Development for a Smooth Transition to the New System

In fiscal 2008, along with reliable operations of the former system, JASDEC further strengthened the operational infrastructure to facilitate a smooth transition to the new system in January 2009. As a part of the efforts, JASDEC, administrators of shareholder registry, and account management institutions (AMIs) cooperated in the management of shareholder information and then launched the Participant Information System in September 2008 ahead of the implementation of the dematerialization.

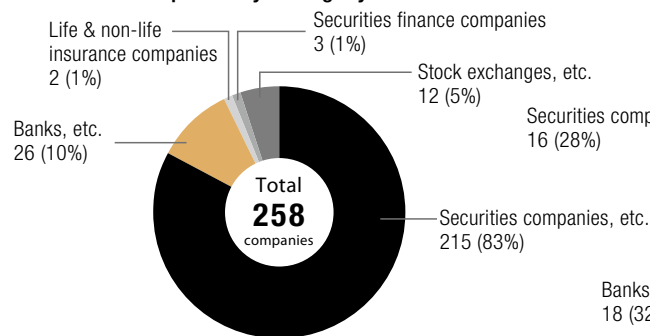
The Participant Information System facilitates name identification when shareholders have accounts at more than one AMI and manages shareholder information after the name identification. Under the former system, name identification for the purpose of entry in the shareholder registry was carried out separately by each administrator of shareholder registry appointed by individual issuing companies. In the new system, to further streamline administrative work related to shareholders, JASDEC receives all essential information for

shareholders of all listed companies, including the names and addresses, from the AMIs, and identifies the shareholders. JASDEC then delivers the shareholder information to the administrators of the shareholder registry. This new system of notice, referred to as "General Shareholders Notification", formally commenced in January 2009 with the start of the new Book-entry Transfer System. Prior to the formal start, the Participant Information System was partially introduced for beneficial shareholder notification applied for record dates on and after October 27, 2008.

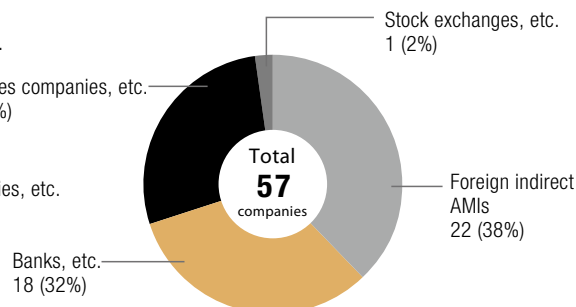
In addition, we took various steps to urge shareholders to deposit their certificates with JASDEC at an early date to avoid problems caused by shareholders rushing to deposit their certificates at the last minute prior to the dematerialization. We also conducted test runs of preliminary operations for smooth transition to the new system. After an orderly transition to the new system was accomplished, we were committed to secure and reliable operations of the system.

### JASDEC participants and indirect AMIs (as of March 31, 2009)

#### JASDEC Participants by Category

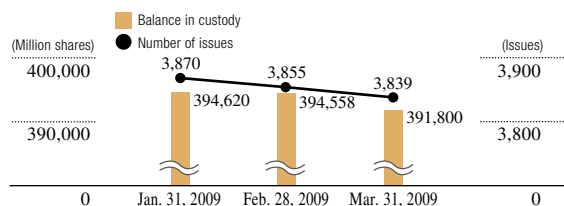


#### Indirect AMIs by Category

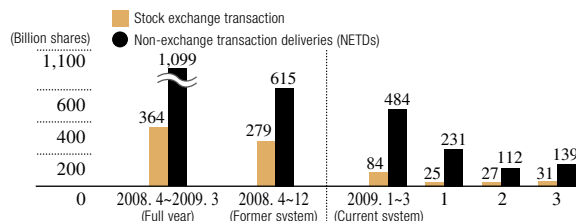


Note: "Banks, etc." include The Norinchukin Bank, Tokyo Shoken Shinyou Kumiai, and Tokyo Bankers Association.  
 "Stock exchanges, etc." include Japan Securities Dealers Association, Japan Securities Clearing Corporation, JASDEC DVP Clearing Corporation, three securities agents and three tanshi companies (which offer short-term credit brokerage services)

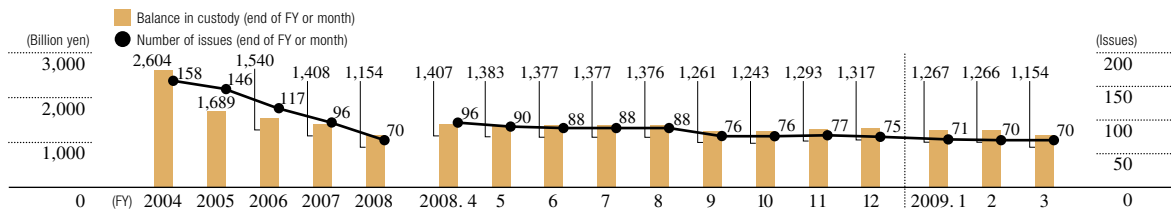
### Number of issues and account balance under the current system (Book-entry Transfer System)



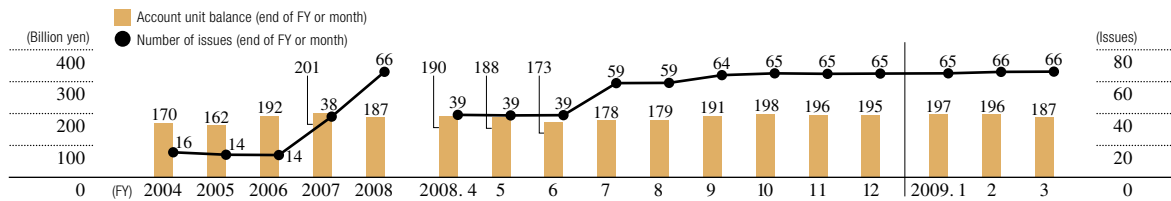
### Book-entry transfers



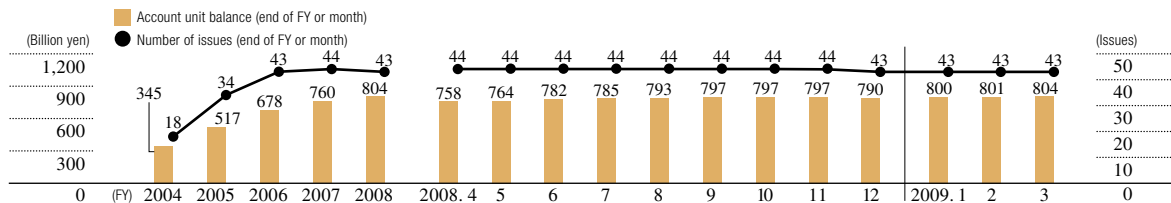
### Bond with Share Option account balance and number of issues



### Exchange Traded Fund (ETF) account balance and number of issues



### Real Estate Investment Trusts (REITs) account balance and number of issues



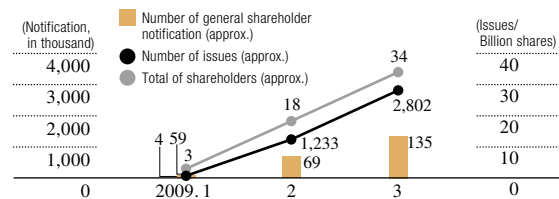
### Participant information

Participant account information (approx.)	Data for Shareholders Notification (approx.)
23,555 thousand	14,935 thousand

\* As of March 31, 2009

### Shareholders Notification (1)

#### General shareholder notification

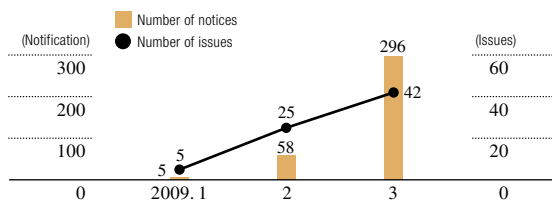


\* Figures are as of day of notification to issuers

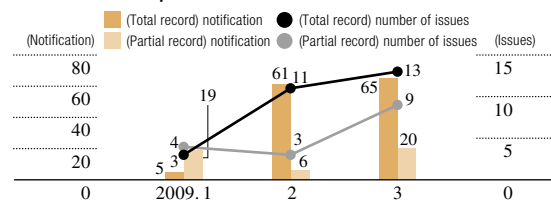
\* Regarding general shareholder notifications relating to stocks with shareholder date of record at the end of March 2009, the total of shareholders stood at 45,283,000, issues at 2,867 and number of shares whose ownership was notified using the general shareholder notification system at 359.9 billion. Notification was made to issuers in April 2009.

### Shareholders Notification (2)

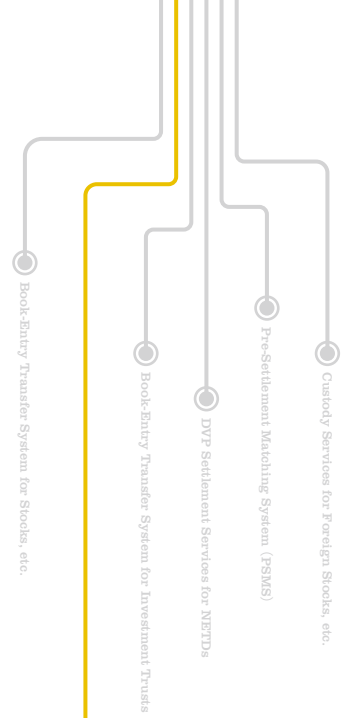
#### Individual shareholder notification



#### Information requests



\* Requests for information (total record) refer to requests for data recorded on book-entry transfer registries of either JASDEC participants (direct AMLs) or indirect AMLs where shareholders in question have opened accounts.  
 Requests for information (partial record) refer to requests for data recorded solely on book-entry registries of JASDEC participants where shareholders in question have opened accounts.



## Business Overview 2

# Book-Entry Transfer System for Commercial Papers and Corporate Bonds

For seamless and secure settlement of CP and corporate bonds,  
which play crucial roles in business fund procurement

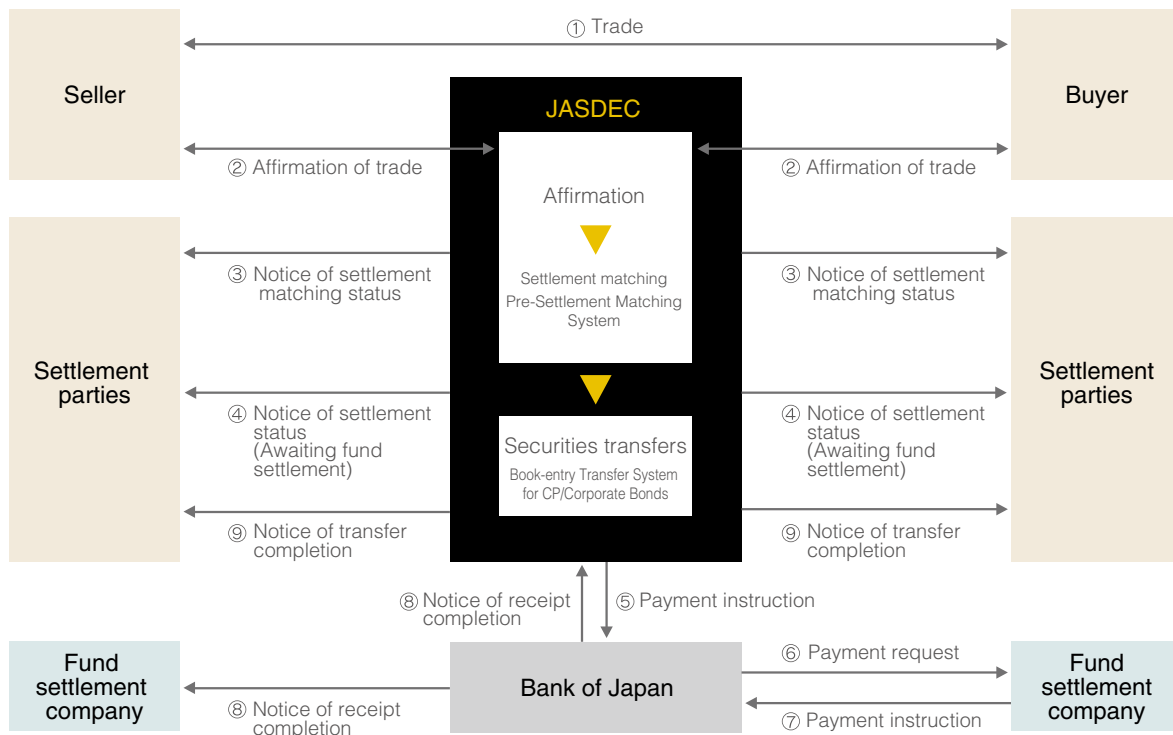
In March 2003 JASDEC launched the Book-entry Transfer System for Short-Term Corporate Bonds (dematerialized CP), the first dematerialized Book-entry Transfer System in Japan, and for Corporate Bonds in January 2006. In each system, custody procedures – issuance, transfer (trading), and redemption – are conducted based on the balance recorded in the transfer account books. In addition, all transactions related to issuance, transfer and redemption of CP and corporate bonds can be processed by the DVP settlement link with the Bank of Japan’s Financial Network System. By linking the Book-entry Transfer System with our PSMS (Pre-Settlement Matching System; see page 36), JASDEC has realized straight-through processing (STP), which fully automates the

entire process, including trade matching and fund/securities settlement.

Regarding participation in JASDEC’s Book-entry Transfer System, JASDEC set up a multilayer holding structure for account management institutions (AMIs) to address the diverse needs of participating investors and financial institutions. Direct AMI can open an account directly at JASDEC, and indirect participation is possible by opening an account at an AMI. Another option for indirect participation is through the opening of an account at an indirect AMI.

Redemption is made for and interest is paid to bondholders by paying agents via AMIs, in accordance with the multilayered structure.

Flowchart for Book-Entry Transfer for CP/Corporate Bonds (in the case of DVP)



## Working to upgrade settlement statistics data to enhance transparency of CP transactions

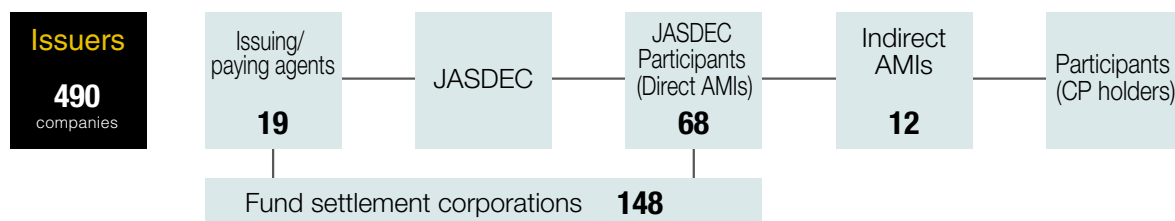
Commercial paper (CP) currently refers to short-term bonds in a dematerialized form issued by business companies as a means of procuring short-term funds. As commercial paper was previously drawn as a promissory note in a physical form, risks involved in the transfer and deposit of notes for large amounts were not always avoidable, not to mention the need to pay documentary stamp tax. Accordingly, requests were raised for an electronic book-entry system that would eliminate the need for paper certificates. The result was the creation of our first fully electronic book-entry transfer system for dematerialized CP. Since the launch of the system six years ago, almost all CP issued in Japan has been handled by this system.

The world financial crisis triggered by the bankruptcies of financial institutions in the autumn of 2008 brought a sharp deterioration in the environment for the issuance of CP, and caused its balance to decline sharply. Subsequently, the authorities took steps to restore the proper functioning of the

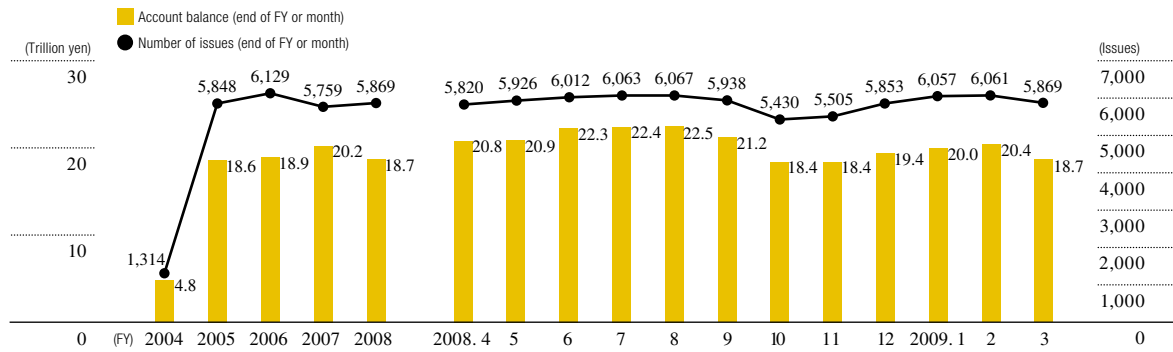
CP market, including direct CP purchases by the Bank of Japan and other measures as part of a strategy for supporting the provision of funds to business companies. As a result, the CP balance at the beginning of January 2009 had surpassed ¥20 trillion, roughly the same level as at the end of March 2008. As of March 31, 2009, however, the total amount of CP using the system and the balance for the CP declined to ¥18 trillion (the record was ¥23 trillion at the end of 2007) and 5,869 issues, respectively.

To improve market transparency, JASDEC actively discloses information on settlement figures. In January 2008, JASDEC began issuing weekly reports on the CP balance by issuer category. Moreover, on JASDEC's website in October 2009, daily reports on average issuance rates of CP, classified by maturity, industry and credit rating, will be provided for public use in line with an agreement with the Bank of Japan. These new services will promote a fairer and more transparent CP market in Japan.

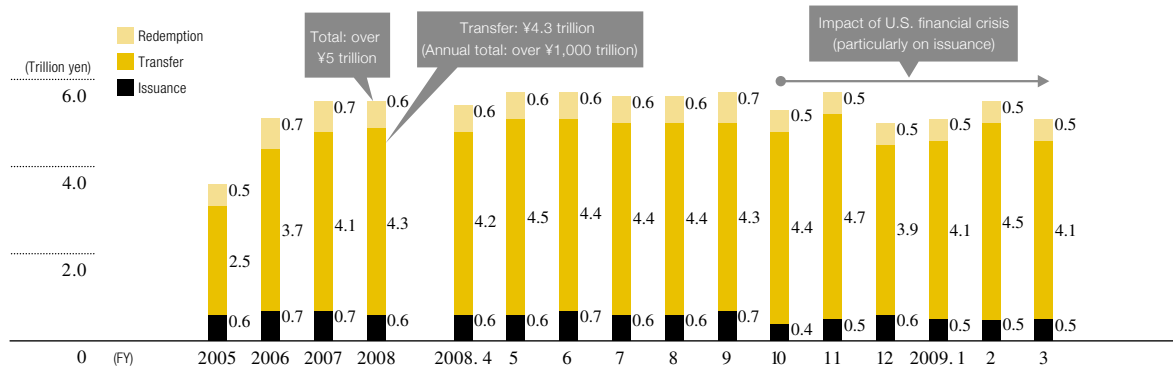
Participants of Book-Entry Transfer for CP (as of the end of March 2009)



### CP Account balance and number of issues



### Issuance, transfer and redemption of CP (daily average)



### Continually adapting to CP market needs

The settlement amount of issuance, transfer, and redemption of CP handled by JASDEC's Book-entry Transfer System exceeds ¥5 trillion per day, and the more than ¥10 trillion at the end of each month surpassed the trading value per day at the Tokyo Stock Exchange. In fiscal 2008, the aggregate settlement amount passed the ¥1,000 trillion mark for the first time, setting a record for active trading since the start of the system. This huge settlement amount reflects the importance

of CP, which plays a crucial role in fund procurement by business entities in Japan. As the sole provider of infrastructure for the settlement of securities transactions, JASDEC fully recognizes its responsibility to secure a high level of reliability in the book-entry transfer system. We will make further efforts to improve the Book-entry Transfer System for CP to promptly reflect changes in market needs for CP transactions.



## Further expansion of Book-entry Transfer System functions, for the convenience of participants

JASDEC's Book-entry Transfer System for Corporate Bonds handles various types of bonds, both through public offerings and private placements. These include corporate bonds, municipal bonds, bonds issued by investment firms, specified bonds issued by special purpose companies (SPCs) and others, bonds of special corporations, such as quasi-government and local government bodies, and Samurai bonds (yen-denominated bonds issued in Japan by non-Japanese companies or foreign governments).

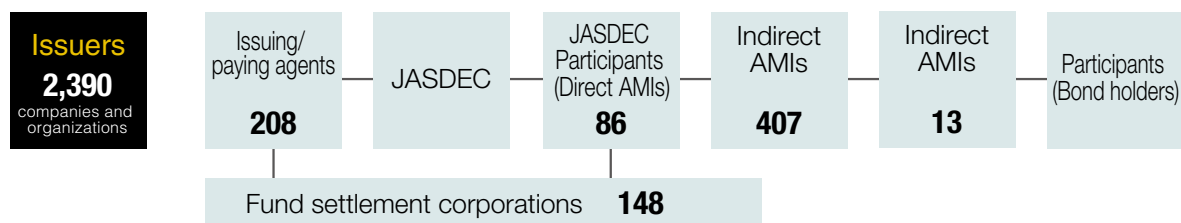
As in the case of the CP market, the corporate bond market was hit hard by the aftereffects of the worldwide financial crisis in the latter half of 2008. However, the first half of fiscal 2008 saw active issuance of industrial bonds, Samurai bonds, and others, and the issue value of corporate bonds for individual investors set a record. As of the end of March 2009, the number of bonds using the system was 73,298 issues, and the issue balance stood at ¥240 trillion. In mid-March, the highest balance of bonds since the start of the Book-entry Transfer System for Corporate Bonds was recorded, at ¥244 trillion. There was an increase in the value of redemptions during fiscal 2008, at ¥36.5 trillion, three times the level in fiscal 2007. This was because the process of

conversion of bonds that had been issued prior to the system's inauguration (referred to as "existing bonds") for the inclusion of these bonds in the current Book-entry Transfer System, was completed by the end of 2007, and thus the transferred "existing bonds" were successively reaching their redemption date.

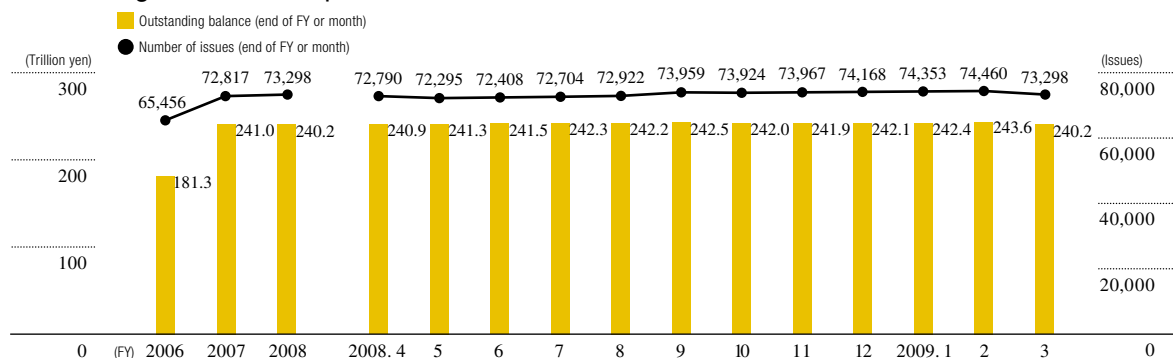
In fiscal 2008, a number of cases emerged of default on obligations relating to publicly-offered bonds, as a result of the business downturn. To ensure the smooth progress of civil rehabilitation proceedings in these cases, JASDEC contacted the parties concerned at an early stage, and worked together with them to ensure that all parties concerned were kept fully informed of the state of play. We also collaborated closely with the parties concerned to organize meetings of bond holders, and we published the "Guidelines for the Holding of Bondholders' Meetings".

As recent new legislation has opened up the way to a considerable diversification of product types in this market, we have developed ways for the Book-entry Transfer System to handle such new products as trust bonds and exchangeable bonds.

Participants of Book-Entry Transfer for Corporate Bonds (as of the end of March 2009)



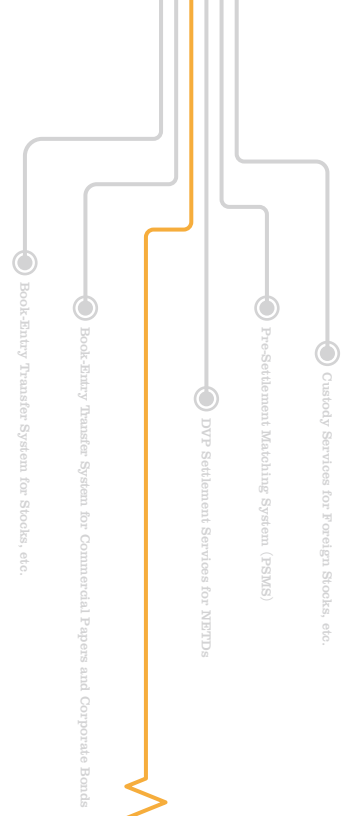
### Outstanding balance of corporate bonds and number of issues



### Further steps to promote investments in Japanese bonds by nonresidents

Investments in domestic securities by nonresidents already occupy a very large proportion of the total investment in Japan's securities market. To raise the position of Japan's capital markets in the world, however, market functions must be upgraded so as to attract more foreign investors. In January 2008, a system for tax exemption for nonresidents on the interest accrued on municipal bonds was inaugurated,

following a system similar to that used for Book-entry Transfer of Japanese government bonds. In response, we took appropriate measures to include municipal bonds under our Book-entry System for taxation purposes. To promote the globalization of Japan's capital markets, we will make preparations for a future expansion in the scope of tax exemptions for nonresidents.



## Business Overview 3

# Book-Entry Transfer System for Investment Trusts

## A faster, safer approach to investment trusts

The Book-entry Transfer System for Investment Trusts is a computer system for managing beneficial rights of investment trusts. Under the system, beneficial certificates are dematerialized, and beneficial rights are recorded electronically in the transfer account books. This facilitates the prompt creation, extinction and transfer of beneficial rights, and lowers costs of issue and custody of physical certificates as well as risks of loss, theft or fraud.

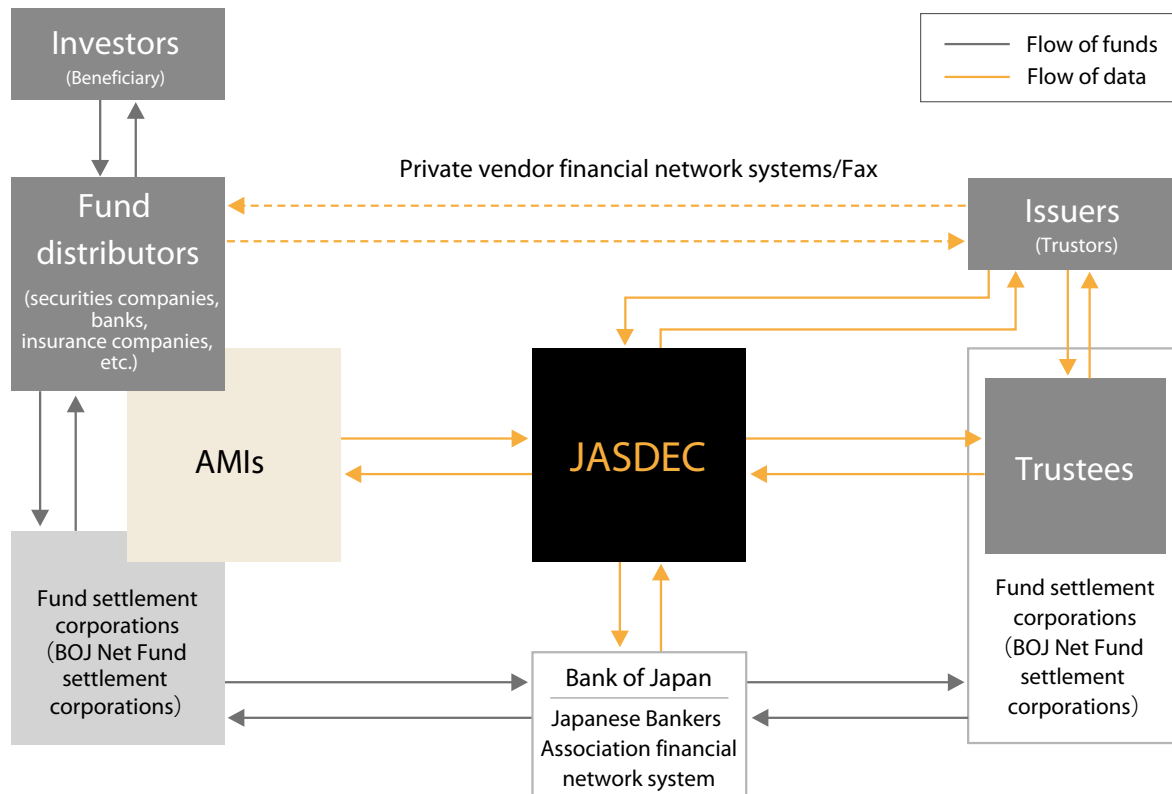
The system covers investment trusts managed by trustors (hereinafter, simply called “investment trusts”). These investment trusts are contract-type investment trusts with the involvement of three parties – a trustor, a trustee and a beneficiary who is an investor in the investment trust. (Exchange traded funds (ETFs) and investment trusts of the non-trustor instruction type are outside the scope of the system.) Since the system was launched on January 4, 2007,

all trustors and trustees involved in investment trusts have participated in the system, and thus almost all investment trusts issued in Japan have been dematerialized.

The participants are diverse, consisting of not only securities companies but also banks, insurance companies, shinkin banks, credit cooperatives, agricultural cooperatives, investment trust management companies in direct marketing, etc. The number of AMIs or JASDEC participants has reached 897 companies.

The Book-entry Transfer System for Investment Trusts enables the direct or indirect connection among trustors, trustees, account management institutions, and JASDEC. This ensures greater security, accuracy, and speed of processing through the electronic management of the accounts of investment trust beneficiaries.

### Basic Model of Book-Entry Transfer System for Investment Trusts



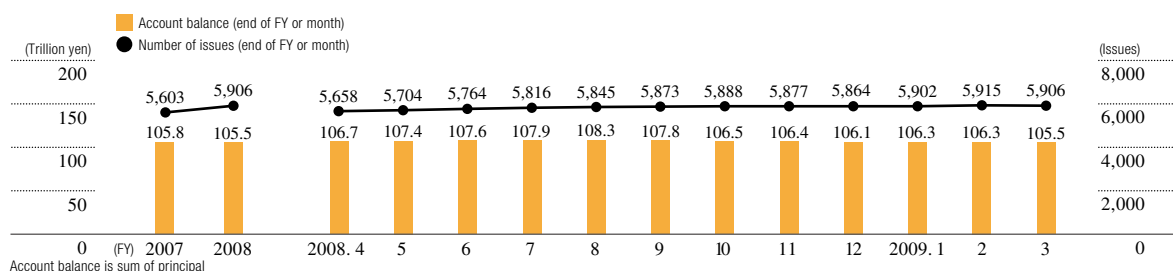
### Strong support from users

The total number of investment trusts handled by JASDEC at the end of fiscal year 2008 (ended March 31, 2009) rose to 5,906 (3,323 publicly-offered and 2,583 privately-placed investment trusts), increased by 303 from the end of the previous fiscal year. On the other hand, reflecting weak stock prices, the principal value of new registration (purchase) and elimination (cancellation and redemption) was decreased. The decline in the principal value of new registration was particularly dominant, and as a result, the account balance of principal decreased to ¥105 trillion (¥74 trillion in publicly-offered investment trusts and ¥31 trillion in privately-placed

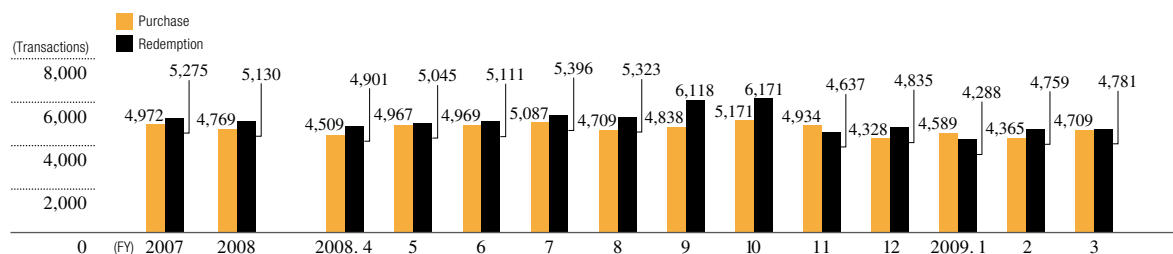
investment trusts), a slight decline of ¥261 billion.

Fund settlement systems in the Book-entry Transfer System for Investment Trusts include DVP settlement (using the Bank of Japan financial network system) and non-DVP settlement (using the Japanese Bankers Association financial network system for online fund settlement among financial institutions). The use of DVP settlement, which involves less settlement risk, has been increasing steadily among system users. In fiscal 2008, 26% of transactions used DVP settlement. By value, the percentage slightly declined to 58%.

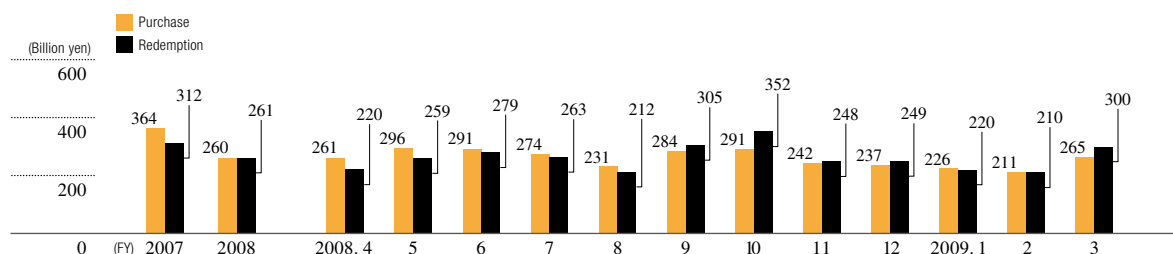
### Book-Entry Transfer System for Investment Trusts—account balance and number of Issues



### Purchase and Redemption Transaction (Daily average)



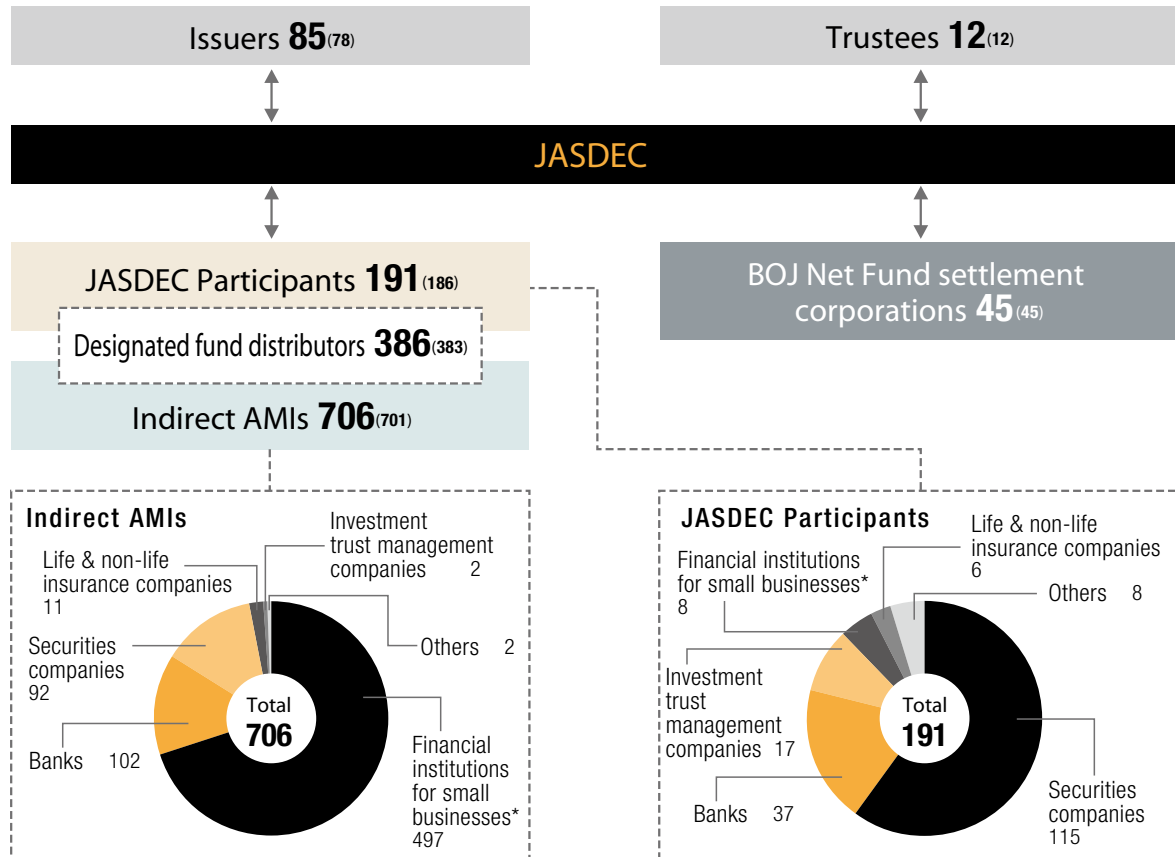
### Principal Values of Investment Trusts for Purchase and Redemption (Daily average)





### Participants of Book-Entry Transfer System for Investment Trusts

(as of March 31, 2009: Numbers in parenthesis show the numbers as of March 31, 2008)



\*Sinkin banks, Credit cooperatives, Agricultural cooperatives, Labor banks, etc.

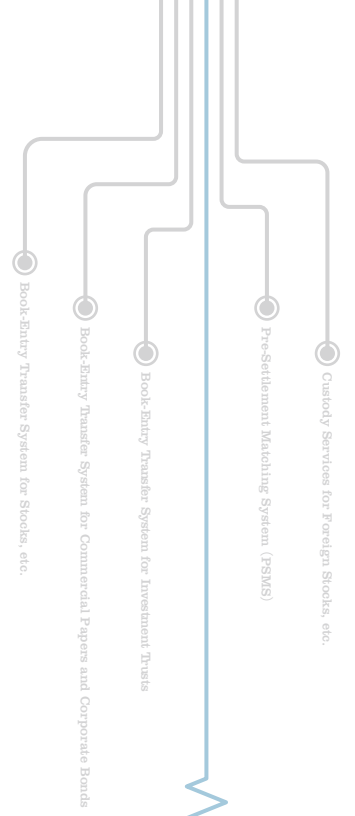
### Further improvement of the system

By the amendment of the Law Concerning Book-entry Transfer of Corporate Bonds and Stocks, etc., JASDEC launched services to make the split and merger of beneficial rights available in January 2009. For example, a 2-for-1 split of beneficial rights will reduce the amount required for purchasing by half. In this way, the System will provide

trustors and trustees with a convenient method for the reduction of unit prices.

JASDEC continues to make further efforts to respond to requests made by participants through questionnaires conducted at the end of fiscal 2007.





## Business Overview 4

# DVP Settlement Services for NETDs

## Secure and reliable securities trading has come to realization

There are two types of settlement services for non-exchange transaction deliveries (NETDs) — DVP and non-DVP. Users of the DVP settlement services for NETDs consist primarily of domestic and overseas institutional investors trading in Japanese stocks and other securities.

Up to now, in many cases of non-exchange trades, transfers and fund settlement were separately processed, and were exposed to principal risk — the risk that a counterparty who delivers securities may not receive payment, and vice versa. The DVP settlement system for NETDs reduces these risks by linking securities transfers with payments on the system, thereby ensuring secure and reliable settlement. JASDEC also facilitates STP (Straight-Through Processing), which electronically automates all the processes related to administrative procedures.

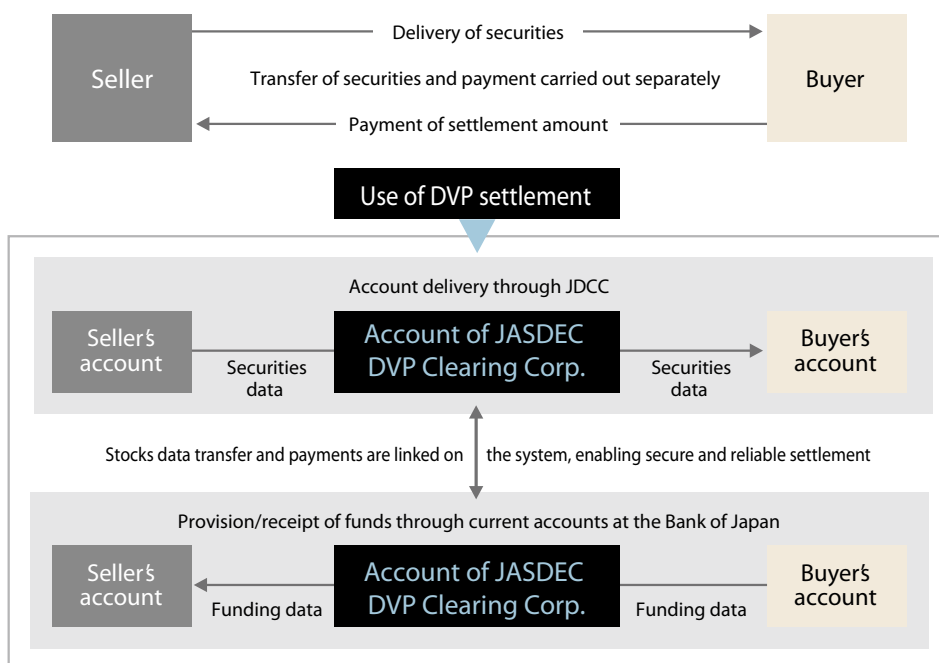
The DVP settlement system for NETDs has been operated since May 2004 by JASDEC DVP Clearing Corporation (JDCC), a wholly-owned subsidiary of JASDEC. JASDEC

participants who prefer the DVP settlement must apply to JDCC for approval of participation in the DVP system, following a screening process covering primarily the financial position and operational capability of the applicant.

To manage participants' risks rigorously, JDCC requests participants to provide, as collateral, assets with carrying value exceeding the total amount of accounts payable (assured assets), and sets a limit for the total of accounts payable reflecting the trading records of each participant (Net Debit Cap).

DVP settlements for NETDs are conducted by the gross-net type DVP model. Securities are transferred on a gross basis from the seller's account to the buyer's account through JDCC's accounts. Meanwhile, payment is performed in lump sum on a net transaction basis on each settlement day, through a current account held with JDCC under the Bank of Japan financial network system.

### Reducing principal risk by using the DVP settlement method



DVP system is a system that links the delivery of stocks with payments, enabling secure settlement.



## As DVP system becomes more convenient for participants, number of DVP settlements for NETDs increases

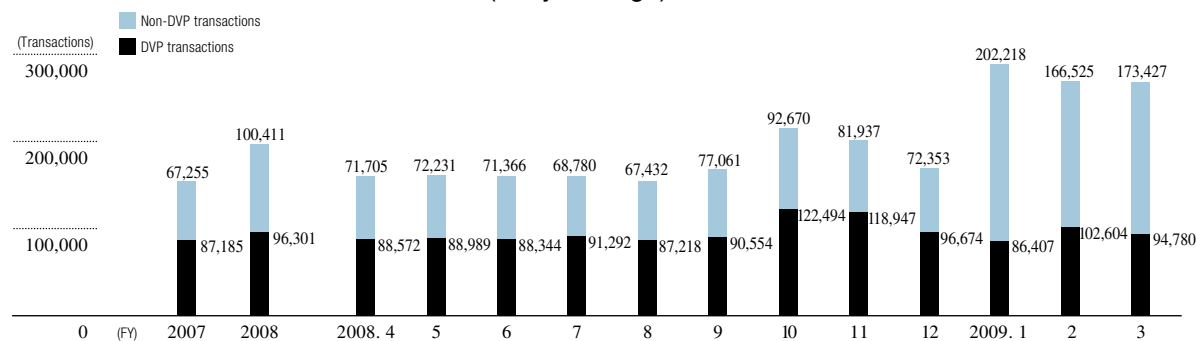
The DVP settlement services for NETDs mainly cover securities handled by JASDEC under its Book-entry Transfer System for Stocks, etc. such as Japanese stocks, bonds with share options, etc. The scope of securities handled by JDCC has expanded every year. In January 2009, a regulatory framework was set up to enable JDCC to handle foreign stocks, etc. listed on Japanese stock exchanges in the DVP settlement system for NETDs.

At the end of fiscal year 2008 (ended March 31, 2009), participants in the DVP service totaled 61 companies (16 banks and 45 securities companies). As the system became widely available, the average daily volume of transfers under the system in fiscal 2008 stood at 96,301 increased by 9,116

year-over-year. As JDCC achieved economies of scale, ¥10 out of the ¥25 fee charged per DVP transfer was returned to participants as rebates from the fee revenues in fiscal 2008. In April 2009, fee per transaction using the DVP settlement was determined as ¥20, reduced by ¥5.

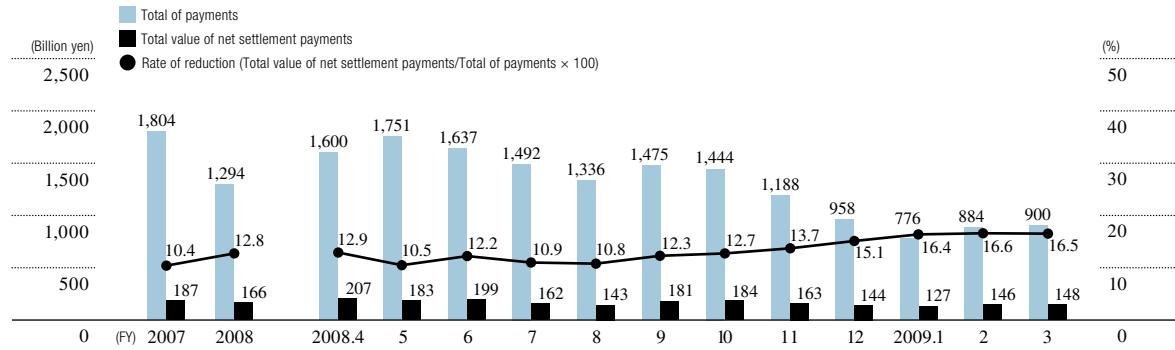
To fine-tune the system to improve the efficiency of utilization of collateral money deposited with JDCC (participants' funds), from January 2009 DVP participants are able to use deposited money as collateral right from the day on which the money is deposited rather than from the next day, as was the case previously. Restoration of deposited money is also now implemented on the day of receipt of such request from the participant.

### DVP Settlement for NETD Transactions (Daily average)



DVP transactions are the number of transfers executed (transfer from DVP participants to JASDEC DVP Clearing Corporation)

### DVP Settlement for NETD Fund Settlement (Daily average)



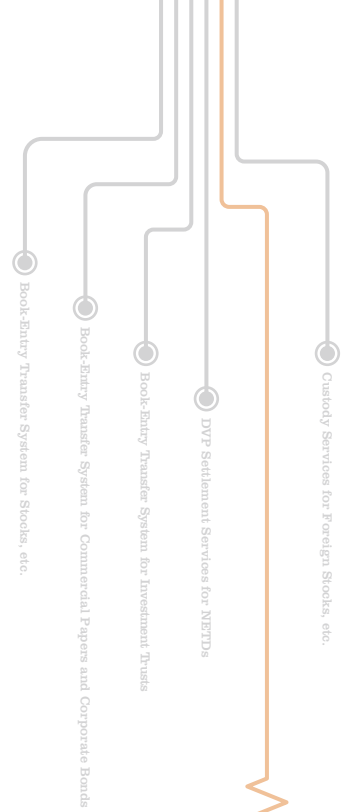
Securities covered: Stocks, Share options (Share subscription warrants), Foreign stocks, Bonds with share options (Convertible bonds), REIT investment certificates, Preferred securities, Beneficiary certificates of investment trusts  
 Total of payments is the total amount used for execution of securities transfers  
 Total value of net settlement payments is the total amount used for account settlement on a net transaction basis

### Working to further enhance convenience on basis of secure and reliable operation of the system

To provide a buffer in the event of the default of DVP participants, JDCC ensures a sufficient level of cash liquidity, by utilizing participants' funds and bank commitment lines. Additionally, JDCC sets a limit for net accounts payable (net debit cap) for each participant to minimize the risk within the

range of cash liquidity. JDCC monitors the framework of the system on an ongoing basis to maintain an appropriate level of capital for risk management.

JDCC will continue examining a wide range of possible steps to further increase the user convenience of this system.



## Business Overview 5

# Pre-Settlement Matching System (PSMS)

## Input/output transactions hit record high for the second consecutive year

Matching services are needed for institutional investors' transactions as a wide range of organizations are involved, including investment trust management companies, securities companies, trust banks and custody banks, and as a huge amount of transaction data is exchanged between them. In the past, matching was done manually by faxes or telephone calls. Now, the process is being computerized and automated. JASDEC provides centralized matching services using highly advanced computer systems.

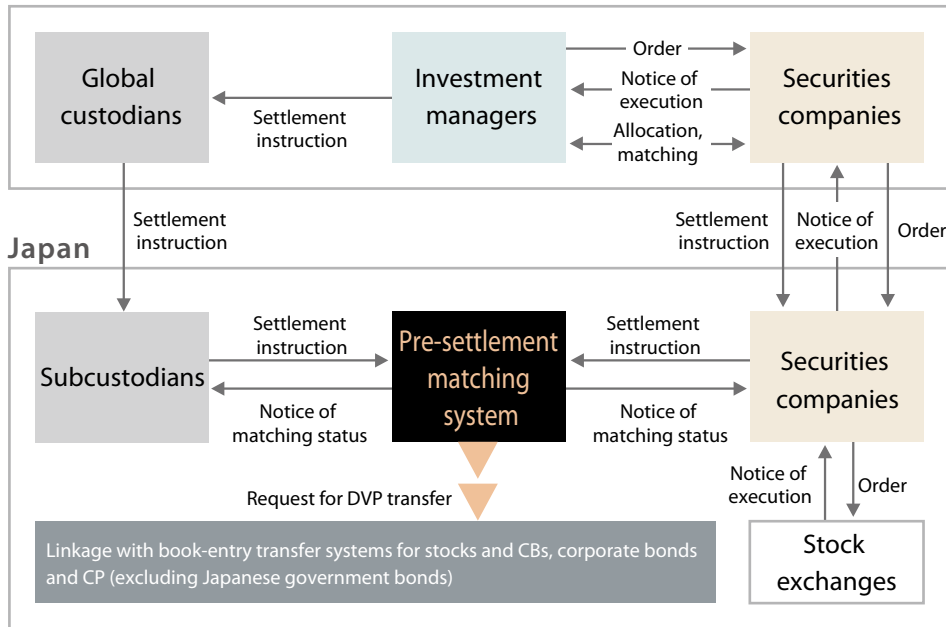
Since launching the system in September 2001, JASDEC has been increasing the range of asset classes and services the system covers. In October 2007, we launched matching services for stock lending/borrowing transactions. We have

expanded this service making it available not only to institutional investors but also to other investors who meet specific "Designated Investor" qualifications under the Financial Instruments and Exchange Act. As of the end of March 2009, 17 Designated Investors use these services.

In line with this expansion, the number of users has also been increasing annually. In fiscal 2008, the number of input/output transactions (daily average basis) rose by 141,935 to record a new high of 1,503,366. As of March 31, 2009 users increased by 111 to 637, primarily as a result of increases in the number of credit unions and life and non-life insurance companies.

### PSMS (for non-resident transactions)

#### Overseas



## Steady progress in international system standardization

The securities market is becoming more internationalized. Our computer systems, however, have not yet fully conformed to recent developments in this field. For example, although we have adopted ISO15022, an international standard for message format, we have modified it in order to satisfy unique requirements from Japanese market community. However we recognize the need to promote convenience for users by achieving greater awareness of harmonization with international standards and system connectivity with overseas.

From the point of view mentioned above, JASDEC has been pursuing a project to achieve full conformity with international standards since fiscal 2007. With regard to message formats, JASDEC became a member of ISO20022 Standards Evaluation Group for Securities under TC 68 of the International Organization for Standardization. ISO20022 is the next-generation message format designed to replace the

current ISO15022, and as such we are making efforts to ensure that the conditions prevailing in Japan will be reflected in it.

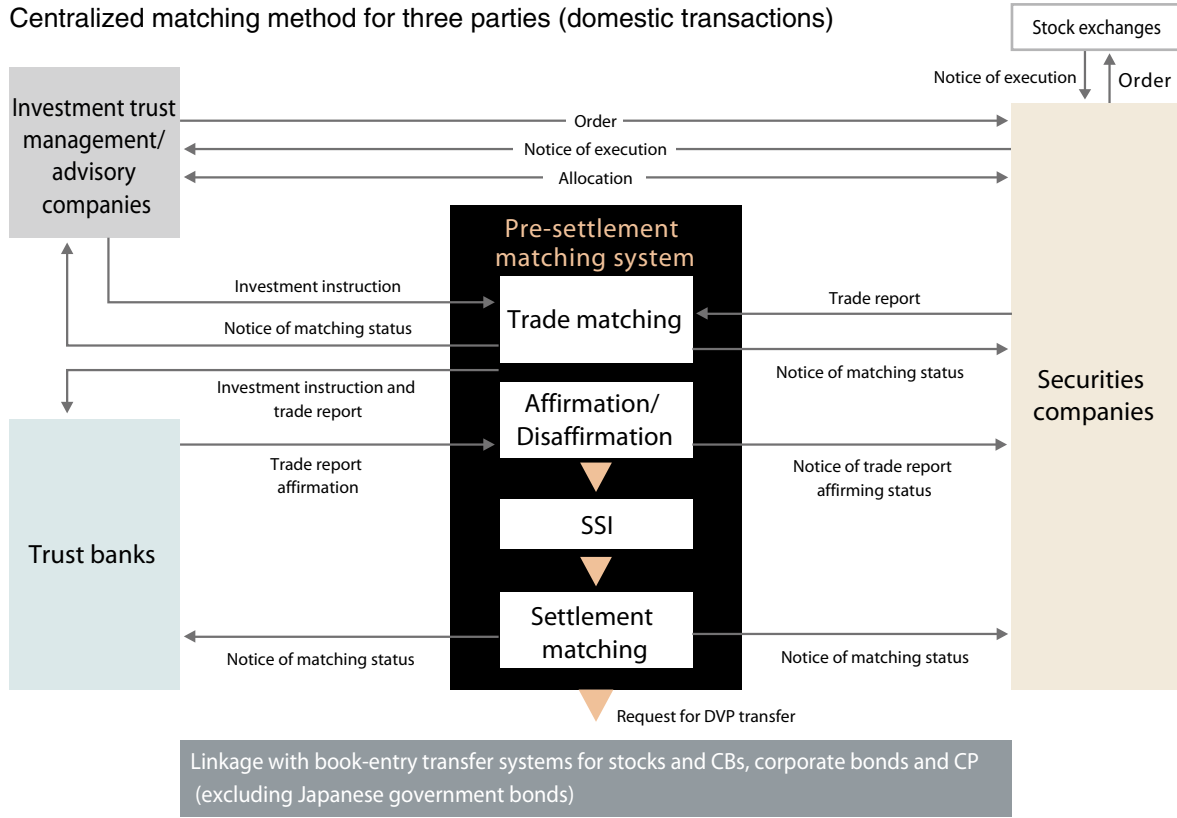
JASDEC is discussing with the PSMS Subcommittee member users the practical issues of adopting ISO20022 in line with the discussion at ISO20022 Securities SEG.

With regard to the computer network, our aim is to introduce the SWIFT network which is widely used overseas while running existing computer network in parallel, enabling users to choose between them. Introduction of the SWIFT network will, we believe, enable smooth overseas connectivity, further increasing user convenience and the number of the participants.

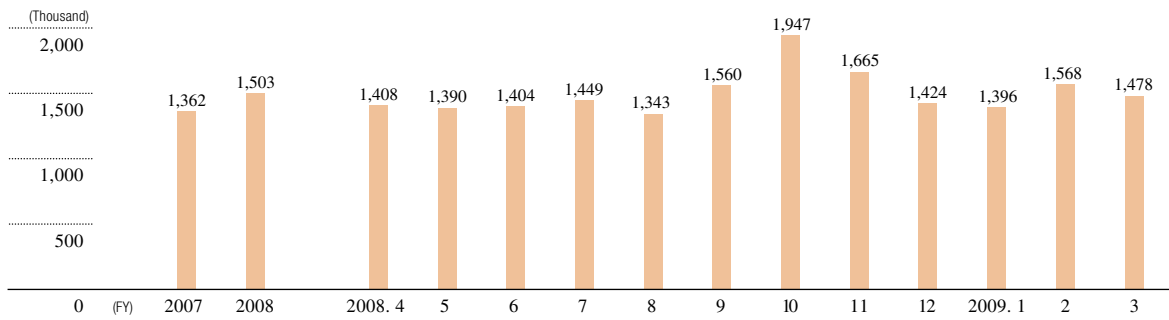
By expanding the range of asset classes and services handled by PSMS, and by steadily building conformity with international standards, we are contributing to still greater efficiency in Japan's securities markets.



Centralized matching method for three parties (domestic transactions)

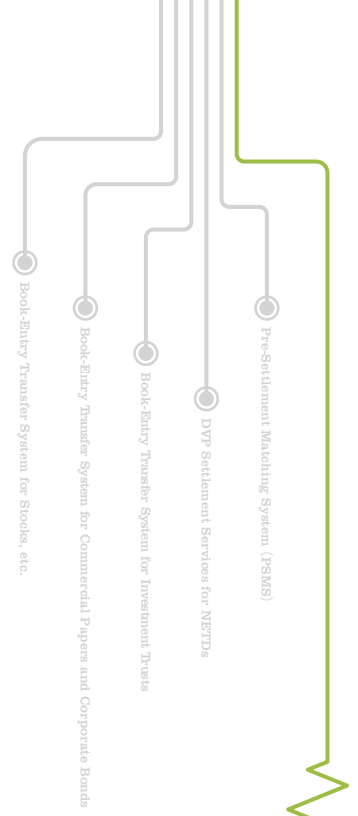


Total number of PSMS input/output instructions using the PSMS system (Daily average)



Note: Total of the number of inputs of contract-type matching data and PSMS data relayed by the user and the number of transactions of data (outputs) reported to the user as a result of matching processes.





## Business Overview 6

# Custody Services for Foreign Stocks, etc.

## Improving the convenience of custody services through new systems and services

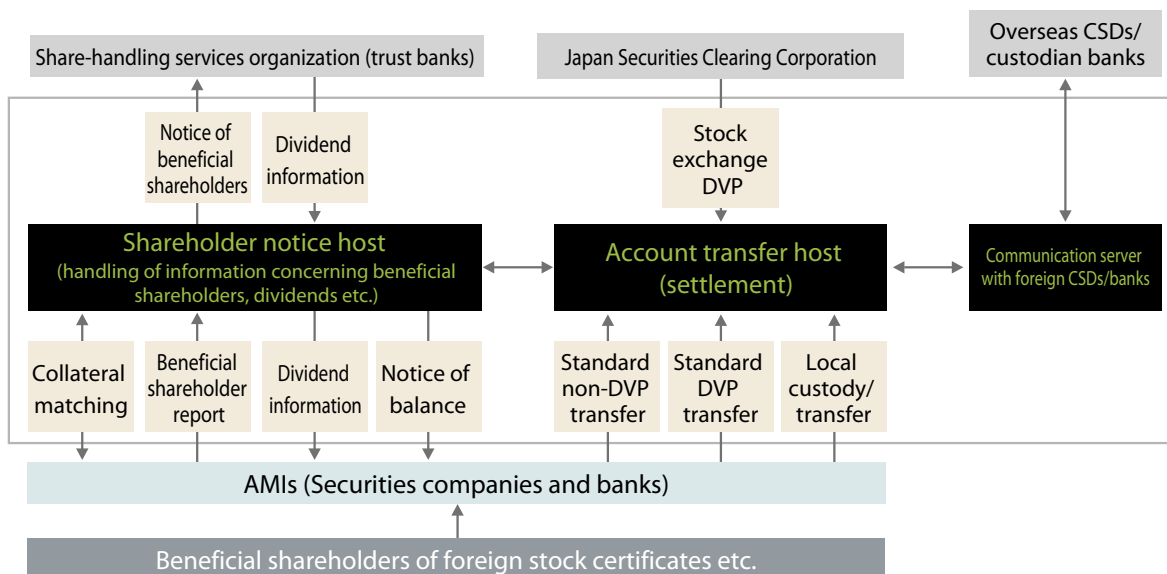
In addition to Japanese securities such as stock certificates listed on the domestic stock exchanges, in April 2006 JASDEC inaugurated services involving the processing of deposit, transfer and ownership rights for foreign stocks, etc. In January 2009 we introduced new systems and services including a highly convenient system for foreign stocks, etc., which enables DVP settlement for NETDs, as well as providing dividend payment data to JASDEC participants.

Although foreign share certificates, etc. are generally deposited with central securities depositories or custodians in the countries where the issuing companies are located, settlements of transactions at the stock exchanges in Japan are conducted through book-entry transfers in JASDEC. JASDEC entrusts dividend payments to relevant share-handling service organizations. Information on shareholders (beneficial shareholders) at the record date for dividend is transferred to

the share-handling service organizations by the JASDEC participants through JASDEC. Based on this information, the share-handling service organizations calculate the amount of dividends, which are then paid directly to the beneficial shareholders from the dividend-payment handling bank. JASDEC also undertakes the necessary procedures regarding dividend taxation for local tax authorities, etc. to ensure reduced tax rates under tax treaties with the countries concerned. Voting rights at general meetings of shareholders can also be exercised by beneficial shareholders through instructions issued to JASDEC.

JASDEC thus provides the infrastructure and services necessary for reliable settlement of trading activities in foreign stocks, etc., smooth exercise of shareholder rights, and error-free receipt of dividends and other payments.

### Overview of the new system relating to foreign stocks (effective in January 2009)





## Custody services for foreign covered warrants were inaugurated

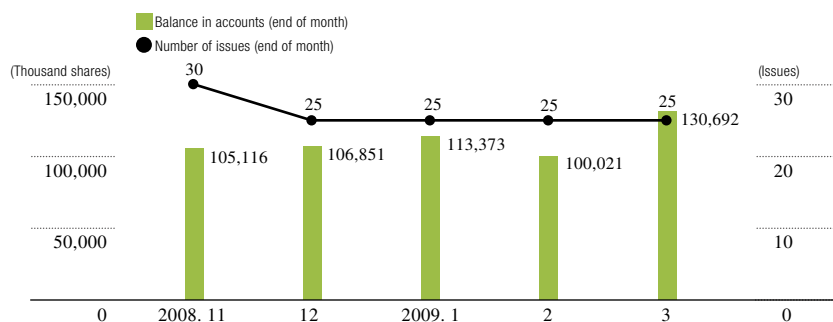
In recent years, foreign companies have come to regard Japan as a major market for their financing needs. There have been listings only on the Tokyo Stock Exchange or the Osaka Securities Exchange (no listing in home countries), and also continuous listings in Japan of overseas ETFs (Exchange-Traded Funds) or foreign covered warrants.

Responding to these developments, JASDEC commenced custody services for ETFs linked to movements in a South Korean stock index in November 2007. In addition, in March 2008, we made amendments to rules to enable custody services for overseas commodity ETFs and commenced custody services for ETFs linked to gold prices and ETFs

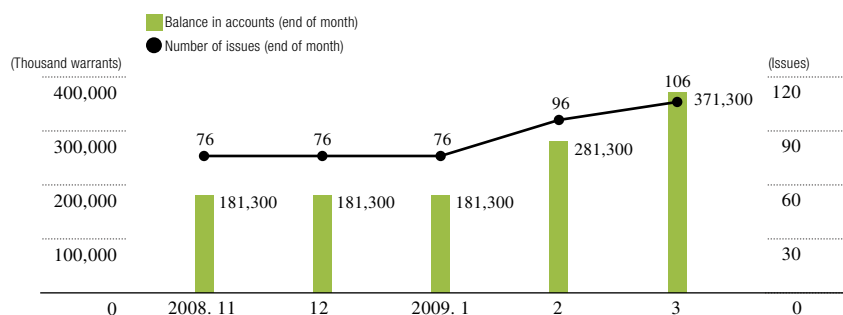
linked to commodity indexes.

JASDEC began the handling of foreign covered warrants in September 2008 following the listing of such warrants on the Osaka Securities Exchange in the same month. As a result, Book-entry Transfer System for foreign stocks, etc. came to include the four categories of foreign stocks, etc. (including ADRs), overseas ETFs, country funds, and foreign covered warrants. At the end of March 2009, the number of different issues handled by JASDEC in the three categories of overseas shares, overseas ETFs, and country funds stood at 25, while the number of foreign covered warrants handled stood at 106.

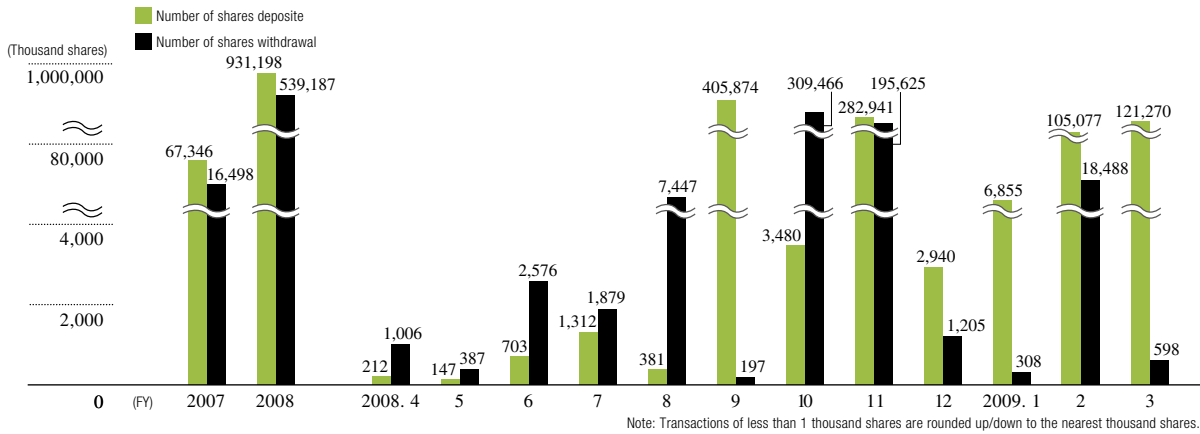
Foreign stocks—number of issues/balance in accounts (excluding foreign covered warrants)



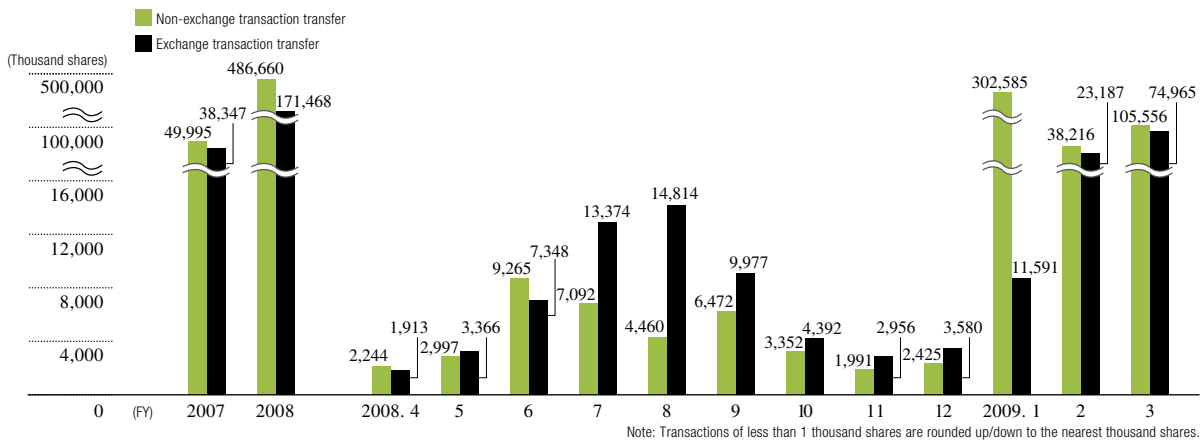
Foreign covered warrants—number of issues/balance in accounts



### Number of shares deposite/withdrawal



### Account transfer



### Providing investors with new opportunities through the expansion of the scope of investment vehicles

Thanks to the introduction of new systems and services in January 2009, the Custody and Book-entry Transfer System for Foreign Stocks, etc. has increased convenience for investors. Following the introduction of overseas ETFs and foreign covered warrants, JASDEC will aggressively expand

the scope of its handling of investment vehicles with different features to domestic securities. In this way, we will provide Japanese investors with new, attractive investment opportunities in the future.

Business Overview 7

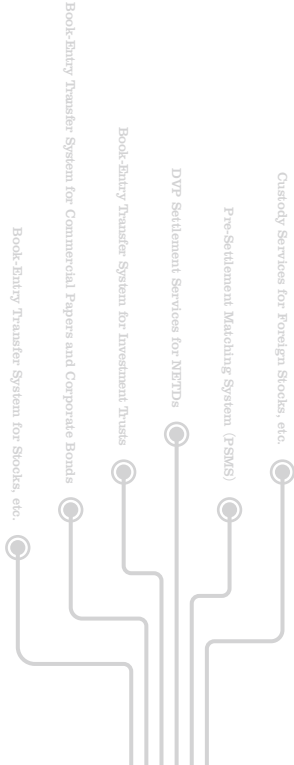
# International Relationships

## Asian Bond Markets Initiative (ABMI)

### Background

The Asian Bond Markets Initiative (ABMI) was adopted by the ASEAN+3 (ASEAN plus Japan, South Korea and China) Finance Ministers' Meeting as a measure to tackle the 1997 Asian financial crisis. Asian countries have been facing common difficulties in the fund procurement required for medium- to long-term investments within the region. Although savings rates are high in the region, capital markets are not yet fully developed. In these circumstances, the region had depended heavily on short-term bank borrowings for long-term investments on a foreign currency-denominated basis from Western financial institutions. This caused maturity and currency mismatches in financing, which were primary factors in generating the Asian financial crisis.

The financial authorities of the countries participating in the ABMI have been endeavoring to develop bond markets within the region to enhance financial intermediary functions and allow savings to be used for investment in the region. The successful procurement of funds for long-term investments in the region would significantly reduce currency and maturity mismatches in regional financing.



JASDEC engagement

Under the supervision of the Finance Ministries and the Central Banks of the ASEAN+3 countries, four Task Forces have been established with the common goal of the further development of well-functioning bond markets with sufficient liquidity in the region.

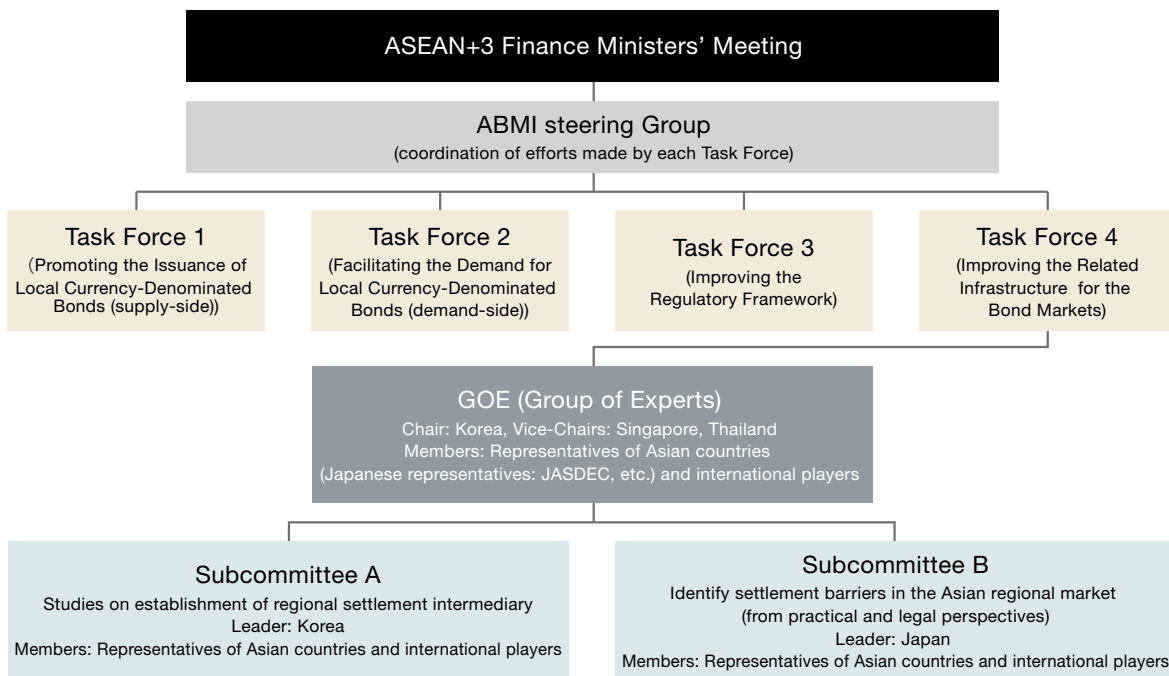
Since April 2008, JASDEC has been taking part (as the representative of Japan) in the Group of Experts (GOE), which was established by Task Force 4 (whose responsibility is to improve the bond market infrastructure) to discuss key issues related to cross-border bond transaction and settlement systems.

In its turn, the GOE has set up two subcommittees: one to conduct feasibility studies on proposals for the creation of settlement systems for the region (Subcommittee A), and one to examine possible barriers to cross-border transactions in ASEAN+3 Bond Markets (Subcommittee B). These two subcommittees – comprising national and international central securities depositories and major private-sector players such as custodian banks and securities companies, who have extensive expertise in the field of securities transactions in Asia, are carrying out intense discussions of

these questions. As the representative of Japan, JASDEC is acting as the leader of Subcommittee B in pushing forward with the project agenda.

In April 2009 the 5th meeting of the GOE was held in Tokyo with the participation of 15 institutions, including the central securities depositories, custodian banks for cross-border transactions, and the International Central Securities Depositories (ICSDs). Issues that were the subject of intense examination and discussion included analyses of cross-border transaction costs, settlement administration models, and issues selected from surveys (by questionnaire or interview) of market participants' views, such as the standardization of electronic message formats, tax systems, foreign exchange controls, capital controls, and other matters likely to present problems.

Subcommittee A will continue to conduct feasibility studies on the legal and regulatory aspects of the cross-border settlement models, as well as a feasibility study from the practical business standpoint. Subcommittee B plans to examine measures to remove barriers, and to prepare its roadmap with the aim of putting together GOE recommendations by the spring of 2010.



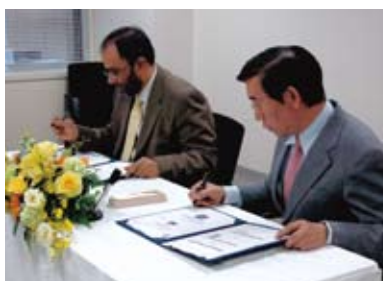
## Enhancing JASDEC's Global Presence

### JASDEC signs Memorandums of Understanding on information exchange and collaborates with overseas CSDs

JASDEC has been following a policy of signing MOUs on the exchange of information and the undertaking of collaborative projects with the worldwide CSDs. The relationship between JASDEC and the overseas CSDs involves not simply their role as the local depository institutions of foreign securities listed on Japan's exchanges, but also their vital role in exchanging information and opinions on common securities settlement issues, collecting example cases and sharing know-how on new business and securities issues. This relationship also plays an important role in promoting the exchange of background information (business practices, legal restrictions, etc.) which is a contributing factor in the differences in the handling of operations between JASDEC and its MOU signing partners.

In 2008, JASDEC signed an MOU with the CDC (Central Depository Company of Pakistan) in April, with CDSL

(Central Depository Services (India) Limited) and NSDL (National Securities Depository Ltd.) of India in May, and with TSD (Thailand Securities Depository Co., Ltd.) of Thailand in July. In 2009 JASDEC signed an MOU with Misr for Central Clearing, Depository and Registry (MCDR) of Egypt in March, and with MSCH&CD (Mongolian Securities Clearing House & Central Depository Co., Ltd) of Mongolia in April. JASDEC at last count had signed MOUs with 10 CSDs, and plans for collaboration with them, such as holding regular consultative meetings, will be drawn up in the near future.



CDC (Central Depository Company of Pakistan Limited)



CDSL (Central Depository Services (India) Limited)



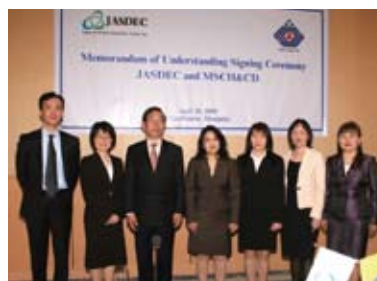
NSDL (National Securities Depository Ltd.)



TSD (Thailand Securities Depository Co., Ltd.)



MCDR (Misr for Central Clearing, Depository and Registry)



MSCH&CD (Mongolian Securities Clearing House & Central Depository Co., Ltd)

Participation in International Forums

In order to provide appropriate information on Japan’s securities markets infrastructure to overseas CSDs on a timely basis as well as to enhance JASDEC’s international presence, JASDEC actively attends general CSD meetings, regional CSD meetings (general meetings of Asia-Pacific CSD Group), seminars, and other meetings.

In June 2008 an ACG (Asia-Pacific CSD Group) Cross Training seminar was held by the ACG’s task force in Bali, Indonesia. It was hosted by KSEI (the Indonesian Central Securities Depository) and KPEI (the Indonesian Clearing and Guarantee Corporation), and jointly supported by the Information Exchange Task Force (chaired by JASDEC) and the New Businesses Task Force (chaired by Korea Securities Depository).

In September, JASDEC attended the Sibos international financial services industry conference sponsored by SWIFT,

which operates a worldwide settlement network utilized by approximately 8,700 financial institutions among 209 countries. At this event, Yoshinobu Takeuchi, President & CEO of JASDEC, took part as a panelist and engaged in vigorous discussion with representatives of the CSDs on the issue of “who will be the next major market?”

In November, at the 12th General Meeting of the Asia-Pacific CSD Group (ACG12) held in Singapore, JASDEC proposed a structural change in the ACG, aiming to activate its organizational operation. The proposal gained acceptance from ACG members, and detailed studies will be conducted in the near future. JASDEC also sent staff to deliver lectures on Japan’s securities settlement system at seminars held for related parties of overseas securities markets, and to participate in activities on reform of the securities taxation system, with the aim of facilitating cross-border transactions.



Participants at the ACG Cross Training Seminar in Bali, Indonesia



Participants at the 12th General Meeting of ACG

JASDEC NEWSLETTER

JASDEC has begun publishing a quarterly newsletter containing information about business activities and related developments in Japan and overseas, to raise awareness about the role of JASDEC within domestic and international securities markets.

