

JASDEC embarks on a new chapter following the successful reform of Japan's security settlement system

As many of our readers will be aware, JASDEC has changed significantly since launching its original depository and book-entry transfer business in 1991. We have gradually increased our range of services to include corporate bonds, investment trusts and foreign securities, and at the same time transformed our functionality with the introduction of the Pre-Settlement Matching System (PSMS), DVP settlement services for non-exchange transaction deliveries (NETDs), and complete dematerialization of stock certificates. Until now, our objective has been simple and clear: to pursue innovation in securities settlement systems. But now we must search for new challenges, and create new objectives. And while this search is in one sense a challenge in itself, we will continue our efforts to optimize our systems as a crucial element of social infrastructure that underpins the Japanese economy.

During the fiscal year ended March 31, 2010, we established the ISO20022 Subcommittee. The role of this committee is to consider the introduction of the next-generation message standard ISO20022 and the SWIFT network, as part of our efforts to meet international system standardization requirements. We are looking closely at all areas of our business, both horizontally and vertically, with the aim of identifying specific initiatives that can contribute to greater system efficiency.

Globalization in our industry is continuing apace, and as the development of effective cross-border settlement procedures progresses in the U.S. and Europe, similar trends are beginning to appear in Asia. As one element of our own efforts to address the globalization of securities settlement, and to ensure that a Japanese viewpoint is represented in global discussions, we have been gathering and sharing information through our participation in the conference of Central Securities Depositories (CSDs) and the general meeting of Asia-Pacific Central Securities Depository Group (ACG), and through attendance at the Group of Experts (GoE) meetings of the Asian Bond Markets Initiative (ABMI).

While supporting the rapidly growing Asian markets overall, we aim to contribute to the development of the Japanese securities market. We have been strengthening cooperative relations within the Asian region by expanding our information-sharing and cooperative alliances, including signing Memorandums of Understanding (MOU) with Mongolia, Vietnam, and Indonesia, launching regular discussions with current cooperative partners, China and Korea, and accepting trainees from the CSD in Thailand.



Looking ahead, for the year to March 2011 we intend to continue smooth and reliable operation of our existing systems and services, while acting on feedback from users relating to our system and management methods, improving functionality and convenience, and optimizing our infrastructure to meet the needs of a wide range of market participants. We will also strengthen cooperation with overseas CSDs to address the ongoing globalization of settlement systems.

We remain keenly aware of our social responsibilities as the central body for the provision of the securities clearing and settlement infrastructure that underpins the capital markets, and we are dedicated to providing a highly secure, convenient and efficient services.

We very much appreciate your support over the past year, and look forward to serving you in the future.

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Yoshinobu Takeuchi

