

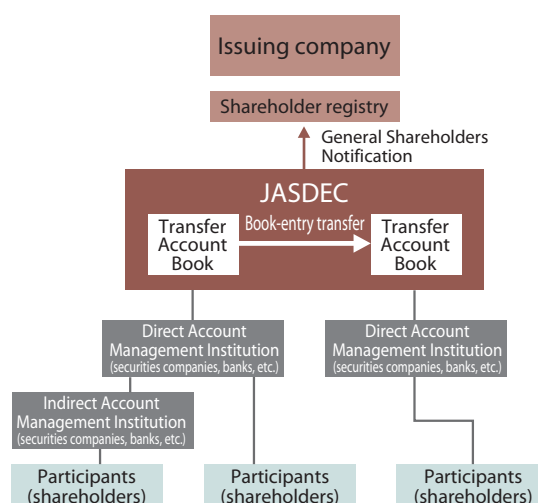
Book-Entry Transfer System for Stocks, etc.

Total dematerialization began on January 1, 2009

Under the new dematerialized Book-entry Transfer System for Stocks, etc., stock certificates issued by all Japanese companies listed on Japanese stock exchanges were abolished and became invalid. They have been replaced by electronic records registered and managed by computer systems within accounts opened at JASDEC or account management institutions (AMIs) such as securities companies and banks. Instead of stock certificates, records in computer systems represent share ownership. Transfer of shareholders' rights is also processed electronically based on the records in the accounts. This dematerialization system applies not only to stock certificates, but also to bonds with share options, share options, investment units of real estate investment trusts (REIT), preferred equity investment of financial institutions established by cooperative associations, and Exchange Traded Funds (ETFs).

As of March 2010, the total number of issues handled was 3,906, including 3,727 share issues, 50 bonds with share options, 11 share options, 40 investment units, one preferred share issue, and 77 ETFs. The number of companies participating in the new system, including JASDEC participants, indirect AMIs and fund settlement corporations, was 412. Under the system, foreign financial institutions designated by competent ministers can also take part in the system. As of March 2010, 27 foreign financial institutions were participating as indirect AMIs.

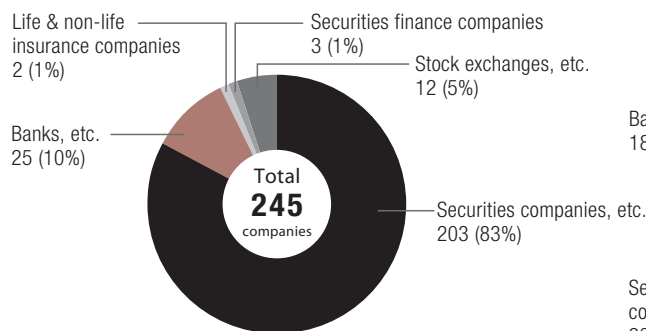
The Book-Entry Transfer System for Stocks, etc.



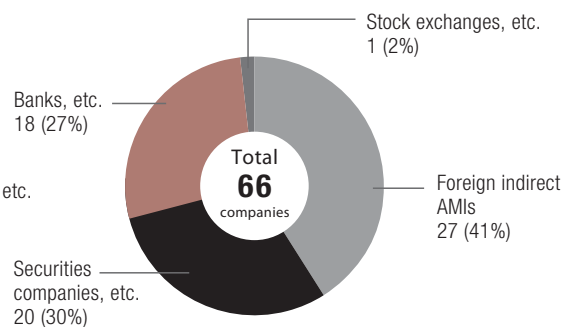


JASDEC participants and indirect AMIs (as of March 31, 2010)

JASDEC Participants by Category



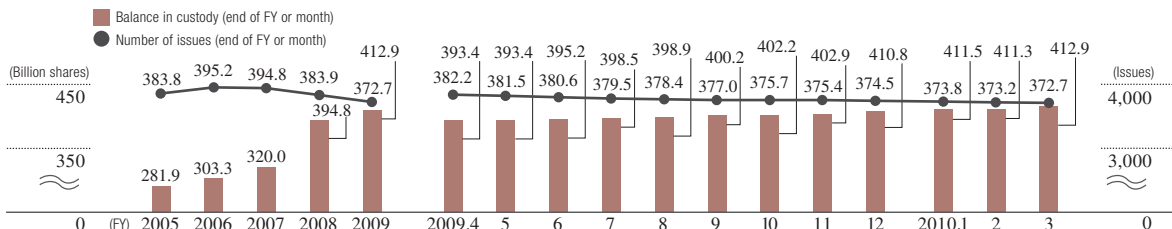
Indirect AMIs by Category



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)

Stock account balance and number of issues



*Figures include the Depository and Book-entry Transfer System for Stock Certificates.





New system also heralds other enhancements to user convenience

Since its introduction in January 2009, the new dematerialized Book-entry Transfer System for Stocks, etc. has been operating smoothly, with no major problems. In April 2009, JASDEC organized three subcommittees to examine further improvement of the new system: the Subcommittee for Stocks, the Subcommittee for Bonds with Share Options, and the Subcommittee for ETFs. These committees have promoted a number of initiatives.

As well as progressively responding to requests from participants made prior to the introduction of the new system, JASDEC has introduced additional transfer options as part of its fail-safe measures, in accordance with the abolition of T+4 settlement of stocks, etc. on the financial instruments exchange.

For the issue of share options, we have upgraded the overall system, including improving the standard completion time for new registration, developing a business scheme for exercising share option rights, and taking steps to shorten the processing time prior to the date of rights allocations.

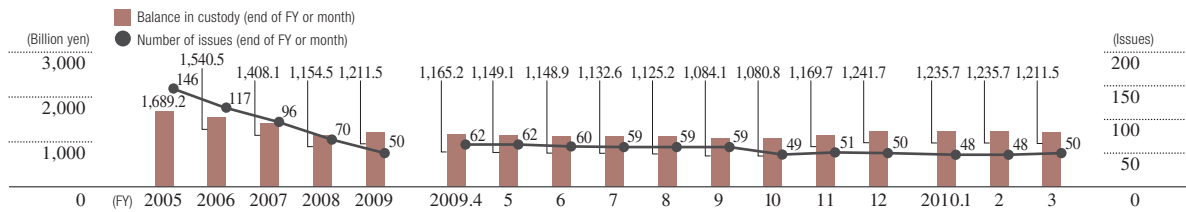
For ETFs, we improved business process efficiency, reduced settlement risk, reviewed the new registration process at the point where trust is set, and reviewed the process involved with the exchange of stock basket investments such as beneficial rights of investment trust and trust assets.

For Japanese Depository Receipts (JDRs) and domestic spot commodity ETFs, we investigated business processes and began preparation for the introduction of the dematerialized Book-entry Transfer System in July 2010.

We have taken a number of other steps to ensure smoother processing, including developing a special system for account notifications in cases of new listings of large stock issues with particularly high shareholder numbers, and implementing a liquidation service in connection with the termination of the previous depository and book-entry transfer system.

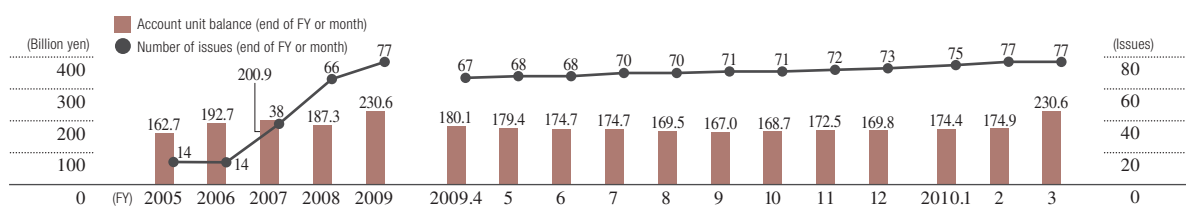
We will continue our efforts to communicate effectively with relevant parties, aiming to ensure stable operation while meeting the needs of the market for convenience and user-friendliness.

Bond with Share Option account balance and number of issues



*Figures include the Depository and Book-entry Transfer System for Stock Certificates.

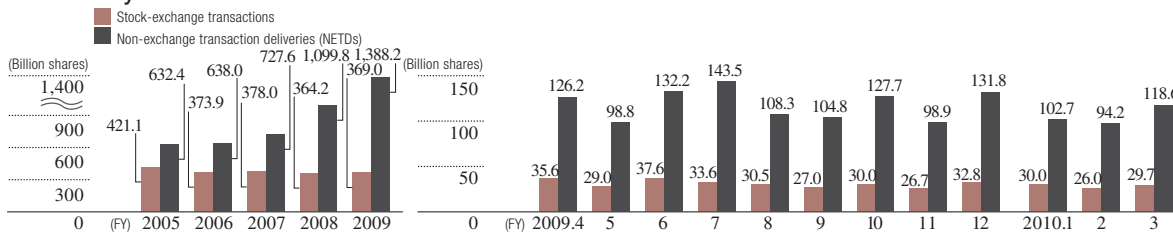
Exchange Traded Fund (ETF) account balance and number of issues



*Figures include the Depository and Book-entry Transfer System for Stock Certificates.

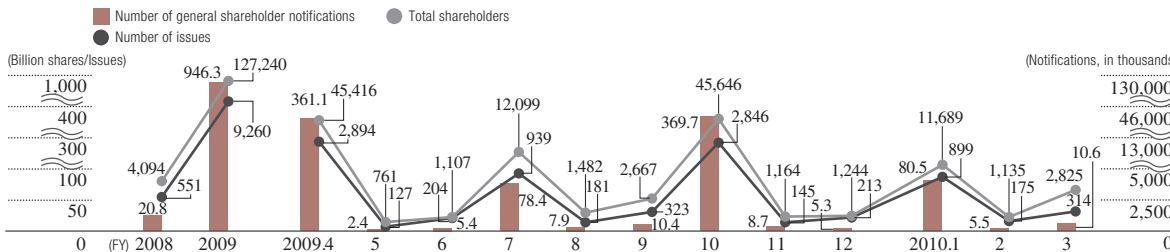


Book-entry transfers



*Figures include the Depository and Book-entry Transfer System for Stock Certificates.

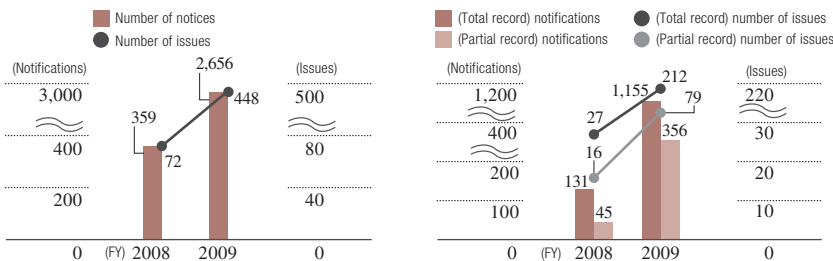
General shareholder notifications



*Figures are as of day of notification to issuers.

*FY2008 represents figures between January and March 2009.

Individual shareholder notifications Information requests

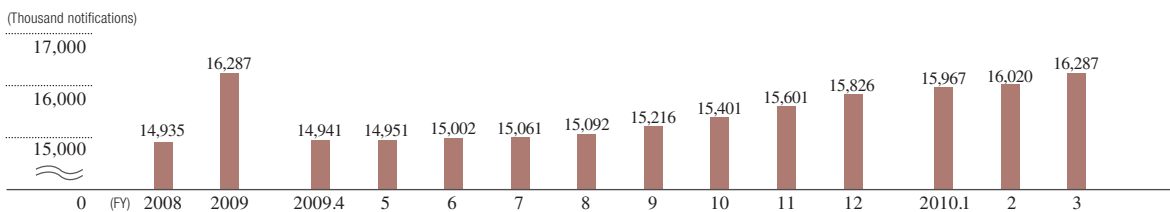


* Requests for information (total record) refer to requests for data recorded on book-entry transfer registries of either JASDEC participants (direct AMIs) or indirect AMIs where shareholders in question have opened accounts. Requests for information (partial record) refer to requests for data recorded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

* FY2008 represents figures between January and March 2009.

*FY2008 represents figures between January and March 2009.

Number of Shareholders (Data for Shareholder Notifications)



*Number of shareholders (data for shareholder notifications) is comprised of participant information notified by AMIs.

*Figures are as of end of fiscal year or month.



Book-Entry Transfer System for Commercial Paper and Corporate Bonds

Supporting seamless and secure CP and corporate bond settlement

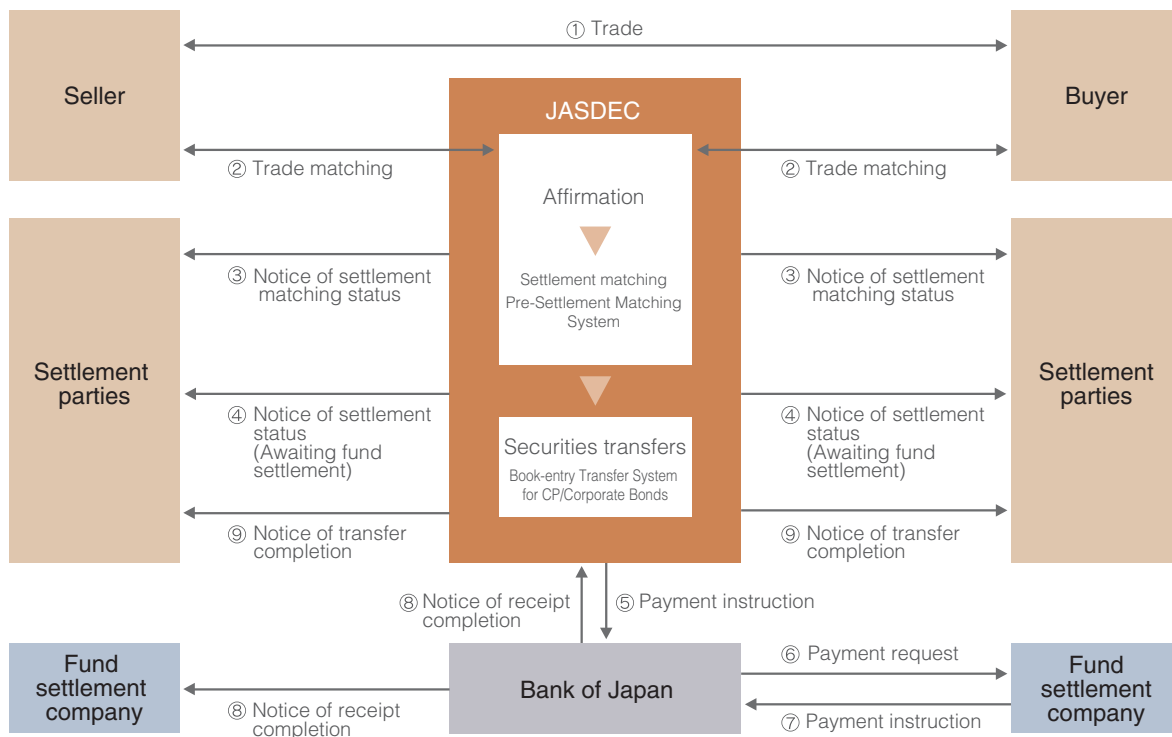
In March 2003 JASDEC launched the Book-Entry Transfer System for Short-Term Corporate Bonds (dematerialized CP), the first completely dematerialized book-entry transfer system in Japan, and in January 2006 this was extended to include corporate bonds. In each system, custody procedures—issuance, transfer (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 30), JASDEC has realized straight-through processing (STP), which fully automates the entire process, including trade matching and fund/securities settlement.

As a means of managing participation in JASDEC's book-entry transfer system, we set up a multilayer holding structure for account management institutions (AMIs) to address the diverse needs of participating investors and financial institutions. Direct AMIs 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. Principal and interest payments to bondholders are made 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)





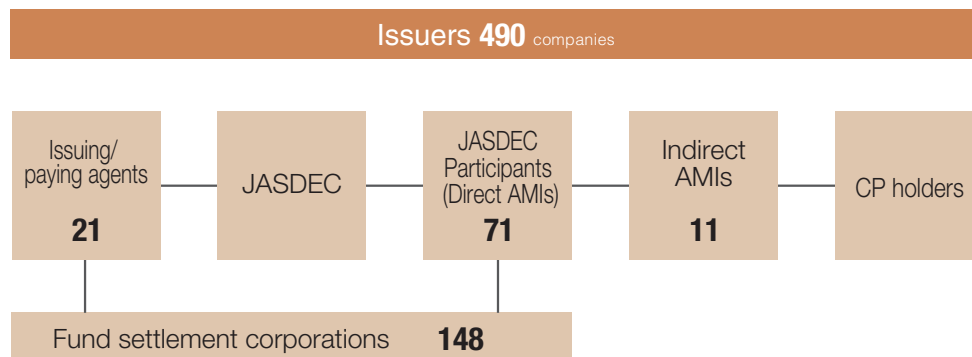
Upgrading settlement statistics data to enhance CP transaction transparency

Commercial paper (CP) currently refers to short-term bonds in a dematerialized form issued by corporate entities as a means of procuring short-term funds. As CP 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, and a documentary stamp tax was also payable. Accordingly, demand developed 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 seven years ago, almost all CP issued in Japan has been handled by this system.

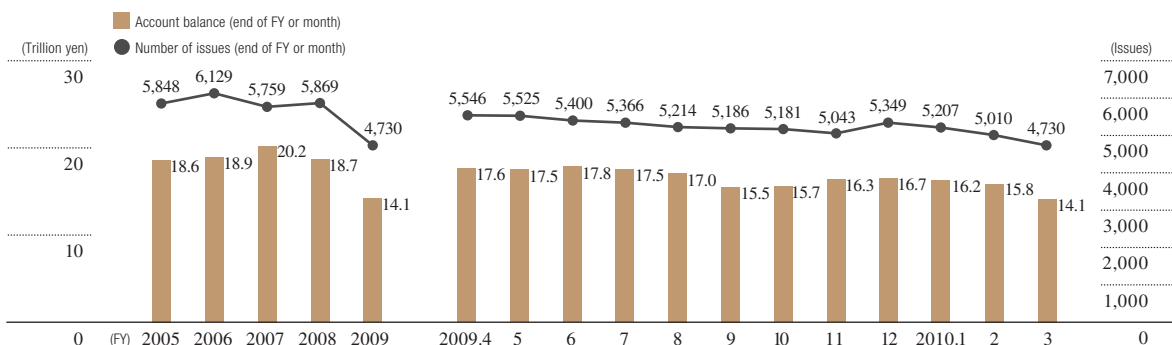
In fiscal 2009, there was an easing in the impact of the world financial crisis triggered by the bankruptcies of financial institutions in the previous year, and the fund-raising environment recovered as a result of measures taken by the Bank of Japan and other strategies. However, there was also a shift toward longer-term financing and an associated sharp decline in the issuance of CP. As of March 31, 2010, the total CP account balance in the system was ¥14 trillion on 4,730 issues, compared to the record balance of ¥23 trillion recorded at the end of FY2007.

To improve market transparency, JASDEC actively discloses information on settlement figures. In January 2008, we began issuing weekly reports on the CP balance by issuer category. Moreover, since October 1, 2009, JASDEC's public website has shown daily, weekly and monthly reports on average issuance rates of CP, classified by maturity, industry and credit rating, in line with an agreement with the Bank of Japan. These new services are designed to promote a fairer and more transparent CP market in Japan.

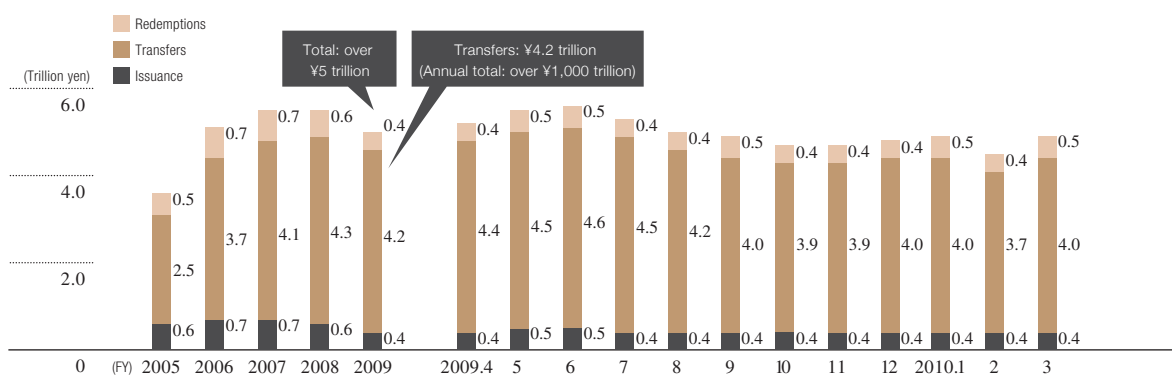
Participants of Book-Entry Transfer for CP (as of the end of March 2010)



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 may exceed ¥5 trillion per day, and in combination with month-end settlements of more than ¥10 trillion this means that JASDEC settlements surpass the trading value per day at the Tokyo Stock Exchange. In fiscal 2009, the aggregate issuance amount declined but the aggregate settlement remained above the ¥1,000 trillion mark it had passed for the first time in fiscal 2008, 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. As the market for CP transactions evolves, we will continue to make every effort to ensure that our system remains responsive, reliable and up-to-date.





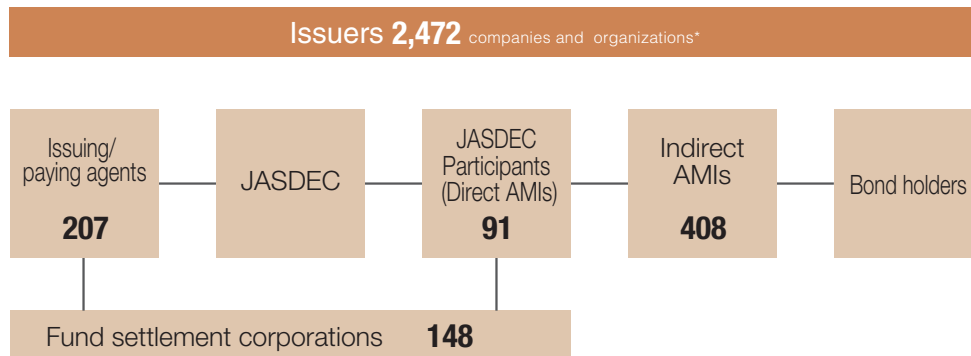
Expanding functions to increase convenience and efficiency

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 the Japanese bond market by non-Japanese entities or foreign governments). In fiscal 2009 there was a rush to issue bonds, in reaction to the difficulties companies faced raising finance in the previous fiscal year. In particular, there was a shift from short-term to long-term financing and large volumes of issuance of corporate bonds with strong credit ratings, as issuers sought stable financing. There was also active issuance of corporate bonds aimed at individual investors, who were looking for opportunities to make an appropriate return in a low-interest-rate environment. Consequently, in mid-March, the highest balance of bonds since the start of the Book-Entry Transfer System for Corporate Bonds was recorded, at ¥247 trillion. As of the end of March 2010, the number of bonds using the system was 71,202

issues, and the issue balance stood at ¥245 trillion. A new type of book-entry bond also emerged in the market: trust bonds, which are issued by trustees. Starting in June 2008, a number of cases began to emerge in which obligations relating to public offering bonds went into default, reflecting 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 with them to ensure optimal information flow and understanding.

As part of measures to improve convenience for system participants, we have revised the limits on transfers made on issuance date, expanded the scope of application for certification documentation in line with Article 86, Item 3 of the *Act on Book-Entry Transfer of Company Bonds, Shares, etc.*, and enabled the issuance and redemption of securities products based on non-cash underlying assets.

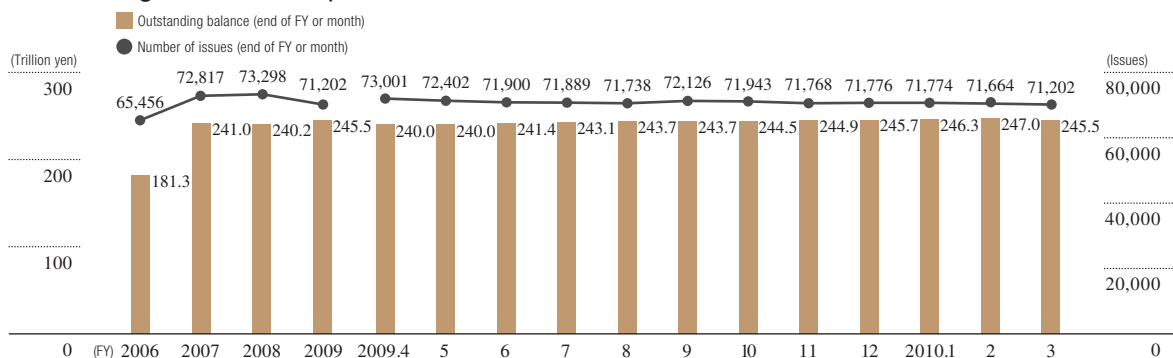
Participants of Book-Entry Transfer for Corporate Bonds (as of the end of March 2010)



*Issuers do not include unlisted companies, etc. that issued private offering bonds only.



Outstanding balance of corporate bonds and number of issues



Promoting investments in Japanese bonds by non-residents

Investments in domestic securities by non-residents already account for a significant proportion of the total investment in Japanese 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 non-residents on the interest accrued on municipal bonds was inaugurated, following

a system similar to that used for Book-entry Transfer of Japanese government bonds. Moreover, since June 1, 2010, in response to the inclusion of bonds other than municipals in the scope of tax exemptions for non-residents, we have begun to take appropriate measures to promote the globalization of Japanese capital markets and a greater degree of participation in them by overseas investors.

Book-Entry Transfer System for Investment Trusts

A faster, safer approach to investment trust administration

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 fast and efficient administration of beneficial rights, reducing issuance and custodial costs associated with physical certificates and decreasing the risk 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.

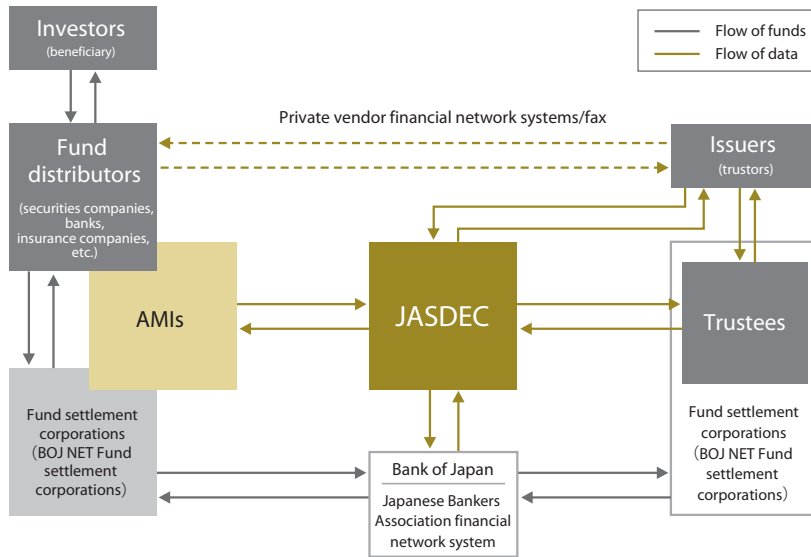
The participants are diverse, consisting of not only securities companies but also entities such as banks, insurance companies, shinkin banks, credit cooperatives, agricultural cooperatives, and investment trust management companies engaged in direct marketing. The total number of AMIs and JASDEC participants was 897 companies as of March 31, 2010.

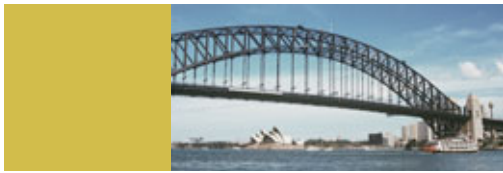
The Book-entry Transfer System for Investment Trusts enables direct or indirect connection between trustors, trustees, account management institutions, and JASDEC. This ensures greater security, accuracy, and speed of processing through the electronic management of the accounts of investment trust beneficiaries.





Basic Model of Book-entry Transfer System for Investment Trusts



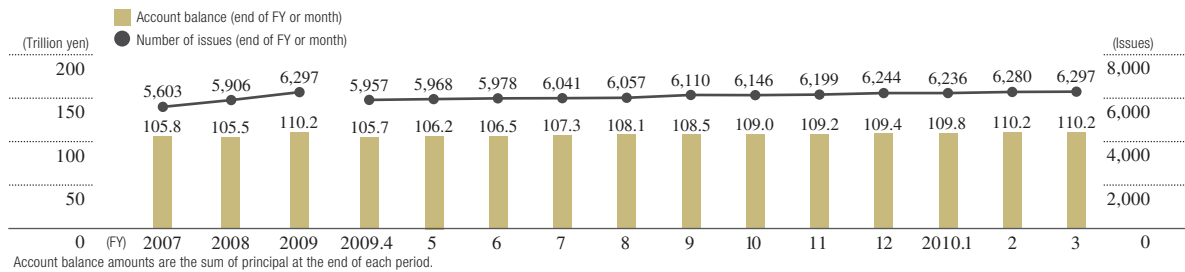


Strong support from users

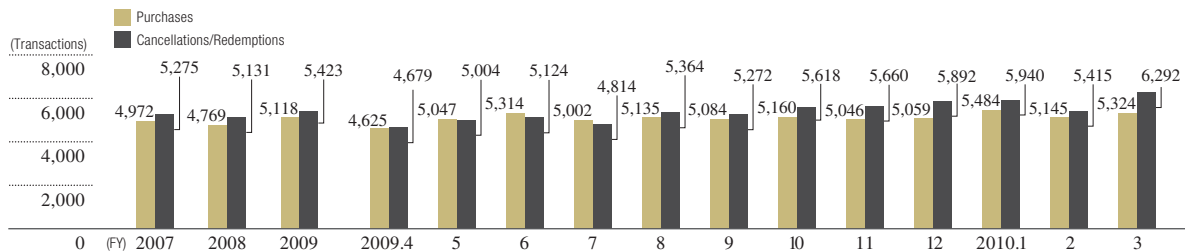
The total number of investment trusts handled by JASDEC as of March 31, 2010 was 6,297 trusts, representing a year-on-year increase of 391 trusts and comprising 3,647 publicly-offered and 2,650 privately-placed investment trusts. The number of transactions undertaken for both new registrations (purchases) and deletions (cancellations and redemptions) achieved new record highs, with the number of new registrations below that of deletions. On the other hand, the principal value of new registrations exceeded that of deletions, the reverse of the situation in fiscal 2008. As a result, the outstanding balance at the end of fiscal 2009 had increased ¥4 trillion year on year to ¥110 trillion, comprising ¥78 trillion in publicly-offered and ¥31 trillion in privately-placed investment trusts.

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 between financial institutions). The use of DVP settlement, which involves less settlement risk, has been increasing steadily among system users. In fiscal 2009, the proportion of settlements using DVP was 26% by number of transactions and 61% by principal value.

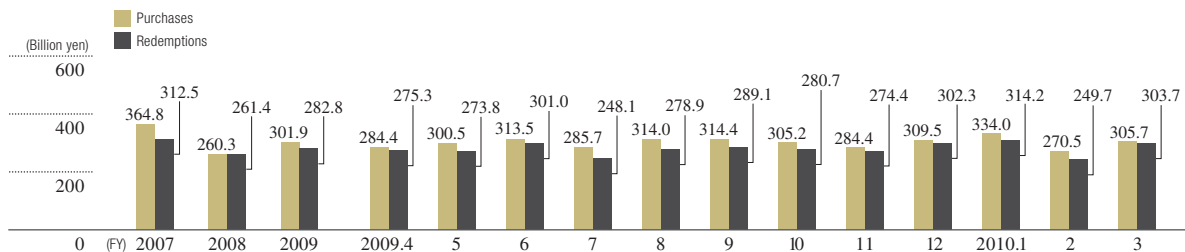
Book-entry Transfer System for Investment Trusts—account balance and number of Issues



Purchase and Cancellation/Redemption Transactions (Daily average)

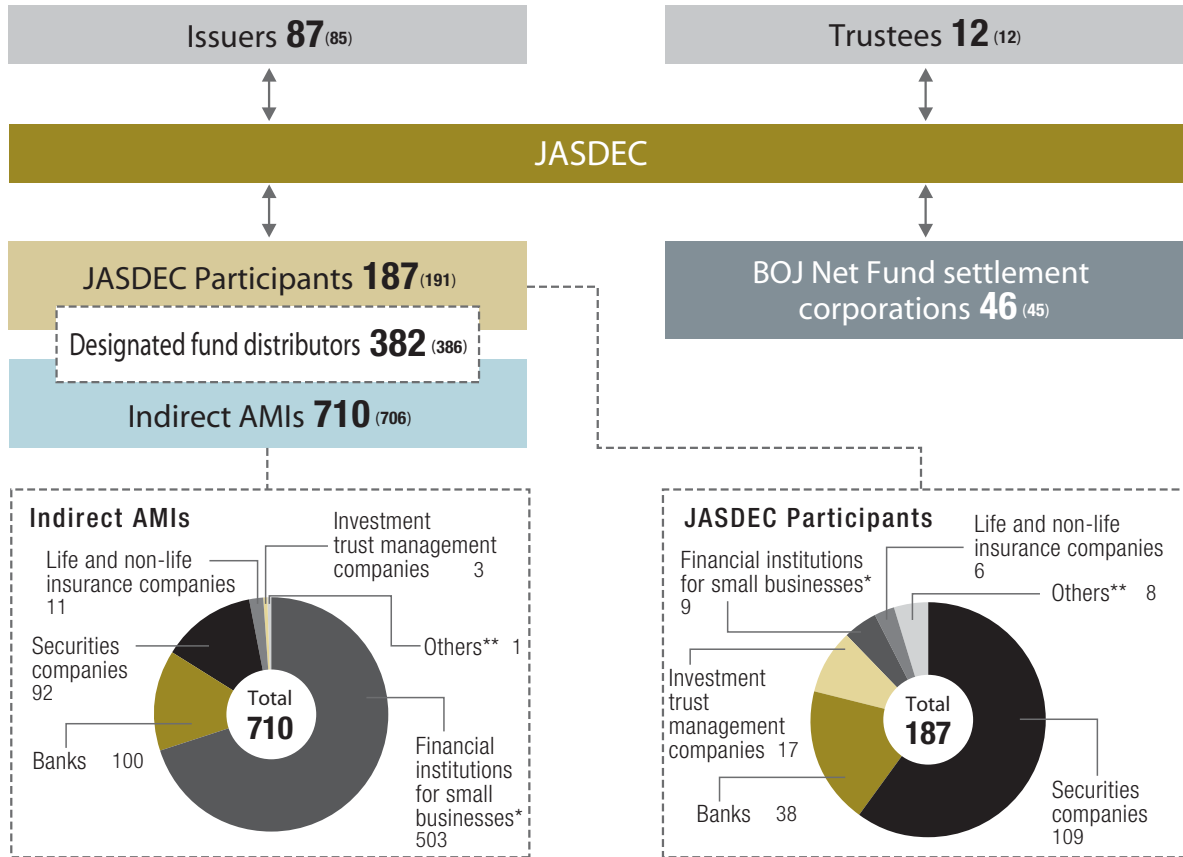


Principal Values of Investment Trusts for Purchases and Cancellations/Redemptions (Daily average)



Participants in Book-entry Transfer System for Investment Trusts

(as of March 31, 2010: Numbers in parenthesis are for the previous year.)



*Shinkin banks, Credit cooperatives, Agricultural cooperatives, Labor banks, etc.
 **Others: Securities agents, securities exchanges, CCPs, call loan dealers, etc.

Dedicated to ongoing improvement

In response to requests made by system participants in a previous survey, we have made particular efforts in fiscal 2009 to improve the functioning of the Book-entry Transfer System for Investment Trusts. JASDEC is currently analyzing the results of a survey that focused on key matters such as the introduction

of DVP settlement for redemptions and simplification of the procedures for settlement for transfer between fund distributors, and through fiscal 2010 and beyond will continue efforts to optimize the functionality and user-friendliness of the system.



DVP Settlement System for NETDs

Delivering safe, secure securities transactions

The Non-Exchange Transaction Deliveries (NETDs) in the DVP settlement system for NETDs refer to Book-entry Transfers for Stocks, etc., carried out by JASDEC for non-exchange transactions, and the majority of them consist of such trades of domestic and overseas institutional investors buying and selling Japanese stocks, etc., through the DVP settlement system for NETDs.

Previously, the delivery of the securities and the payment of the settlement amounts for non-exchange transactions have mostly been processed separately, so the transactions have been exposed to the risk (principal risk) that settlement payments may not be made even though the securities have been delivered. The use of the DVP settlement system for NETDs links the delivery of the securities and the payment of the settlement amounts through the system, diminishing risk and making it possible for securities settlements to be conducted safely and reliably. To further support reliability, the entire administrative process is handled automatically and electronically using Straight Through Processing (STP).

Since May 2004, the DVP settlement system for NETDs has been administered by JASDEC's wholly owned subsidiary, JASDEC DVP Clearing Corporation (JDCC). JASDEC participants applying to make use of the system are examined for their suitability in terms of financial condition, organizational structure and other such factors before receiving authorization from JDCC.

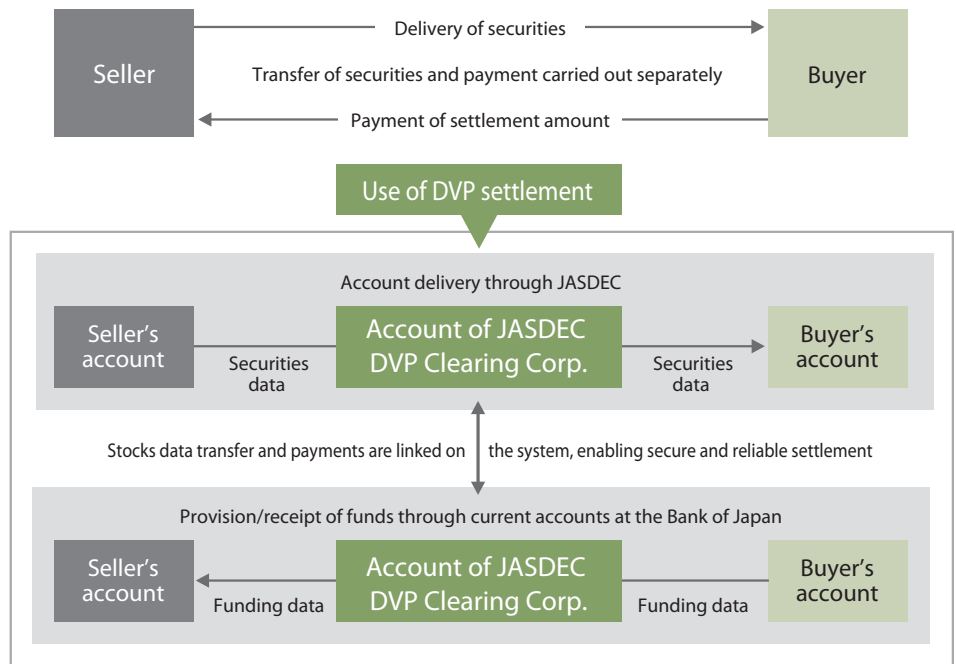
In order to ensure stringent risk management of all participants, JDCC secures collateral in advance, comprising assets (assurance assets) with the appraisal value that exceeds the total liabilities payable by each participant, and sets an upper limit to the value of the liabilities payable (the net debit cap) in proportion to the trading status of each participant.

Settlement within the DVP settlement system for NETDs is conducted in accordance with the so-called Gross = Net DVP model system by which securities pass through the JDCC account within JASDEC and the transfer of the securities from the seller's into the buyer's account is conducted separately for each transaction (gross). Meanwhile, the settlement amounts pass through the JDCC's account within the BOJ-NET funds transfer system and settlement is concluded by the appropriate net calculated amount of funds being paid on each settlement date (net).





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.



Establishing key settlement procedures on the customer side

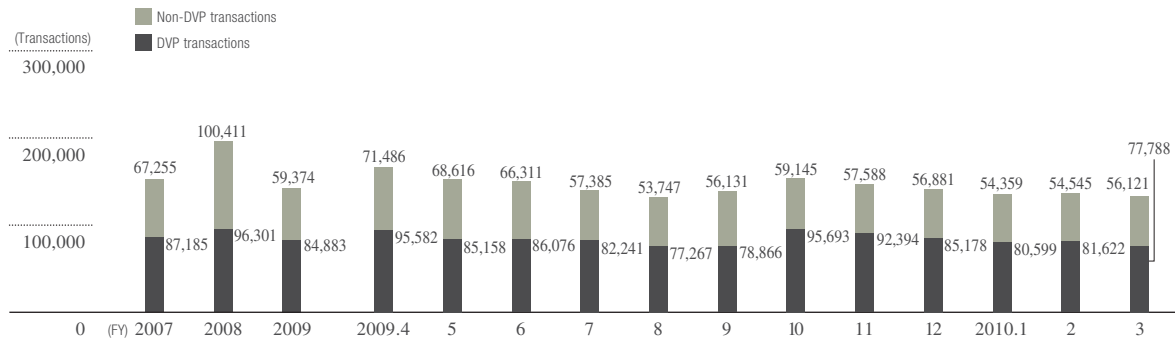
The DVP settlement system for NETDs mainly deals with securities handled by JASDEC through its Book-entry Transfer System for Stocks, etc., such as shares and bonds with share options, etc.

As of the end of March 2010, 60 companies (comprising 16 banks and 44 securities companies) were participants in the DVP settlement system for NETDs. Excluding internal transfers within the same company, DVP transactions accounted for approximately 60% of NETD transactions — evidence that use of the system has become firmly established as an important customer-side settlement method. Reflecting the strong adoption of the system, the DVP settlement commission payable per transaction was reduced by ¥5 to ¥20 from April 2009. In addition, a rebate of ¥5 per transaction was paid, in accordance

with the participant's usage, against FY2009 DVP settlement commission revenues in conformity with the policy of maintaining equilibrium between income and expenditure in financial management.

Turning to the structure of the system, from September 2009 we decided to adopt margin levels adjusted for the type and maturity period of each Japanese Government Bond (JGB) held as collateral, based on greater scrutiny of these pledged securities rather than a uniform application of a rate of 95%.

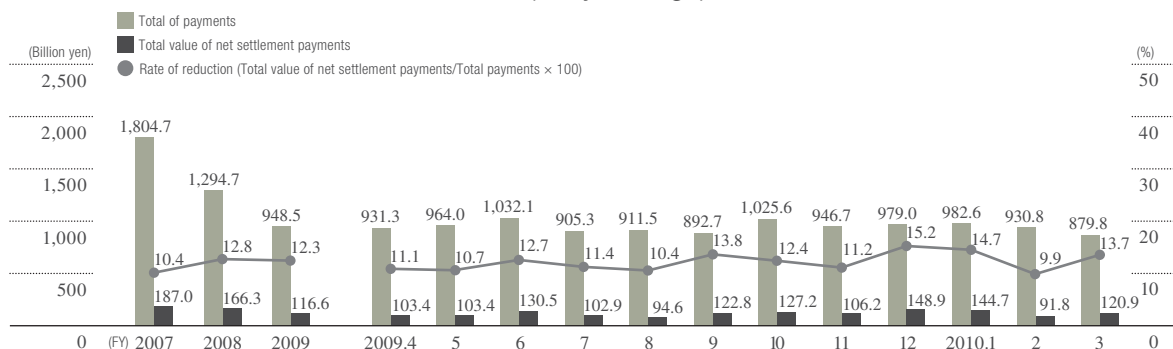
DVP Settlement for NETD Transactions (Daily average)



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, bonds with share options (convertible bonds), ETFs, REITs, share options (share subscription warrants), foreign stocks, etc.
 Total 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.

Aiming for an even greater level of convenience in the operation of a safe and secure system

To provide for cases of default by participants, liquid assets have been secured by the use of the participant fund and bank credit lines. And in order to limit the risk to within the bounds of liquid assets, maximum upper limits (the net debit cap) have been set for the liabilities payable by each individual participant. To optimize and refine the system structure, we continuously assess the applicable levels to ensure that they are suitable for its requirements.

Appraisal levels applied to the securities held as collateral are subject to regular reassessment to ensure their soundness

and suitability, and we constantly strive to maintain a stable and secure operational structure.

JDCC, as the administrator of the DVP settlement system for NETDs, remains committed to providing the best possible system for participants and will continue to pursue even higher levels of convenience and service.



Pre-Settlement Matching System (PSMS)

User numbers again hit record high

Matching institutional investors' transactions is a complex undertaking, due to the wide range of organizations involved—including investment trust management companies, securities companies, trust banks and custody banks—and the huge amount of transaction data exchanged between them.

In the past, matching was done manually by fax or telephone. Now, the process has been modernized and automated, with JASDEC providing centralized matching services using sophisticated computer systems. Since launching the initial system in September 2001, JASDEC has been increasing the range of asset classes and services covered by the system. In October 2007 we launched matching services for stock lending/borrowing transactions. We have expanded our services to make them available for business entities as well as institutional investors. As of the end of March 2010, 70 business entities were using the services.

In line with this expansion of asset classes and services, the number of transactions and users has been increasing year by year. In fiscal 2009, the number of input/output transactions on a daily average basis was 1,326,883.

As of the end of March 2010, the number of registered users had reached a new record of 694 companies, 57 more than the record high set in the previous year. This was primarily as a result of a steady increase in the number of business entity and life and non-life insurance new users.

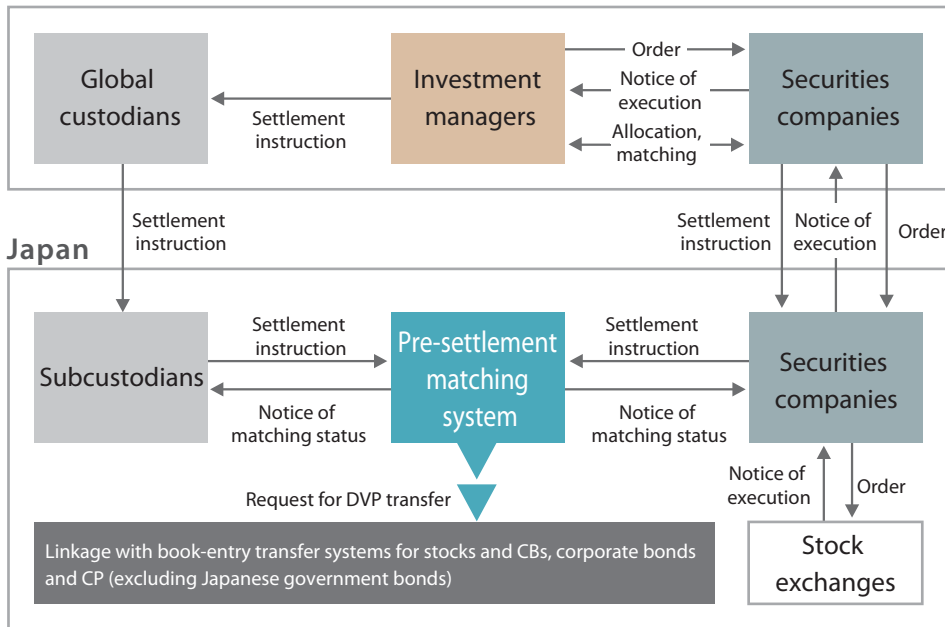
To promote further use of our services, in April 2009 we reduced settlement matching fees in conjunction with the reduction in book-entry transfer fees for stocks, etc.





PSMS (for non-resident transactions)

Overseas





Steady progress in international system standardization toward introduction of ISO20022

The securities market is continuing to internationalize, and we recognize that our computer systems do not yet fully conform to recent developments in this field. For example, although we use ISO15022, the international standard for messaging, when we adopted this standard we customized the formats in order to satisfy unique requirements in the Japanese market community. In doing so, however, we understood that ultimately we needed to maximize user convenience by achieving the greatest possible degree of harmonization with international standards and connectivity with overseas systems.

Accordingly, since fiscal 2007 JASDEC has been pursuing a project to achieve full conformity with international standards, through initiatives in a number of areas. In message standards, JASDEC became a member of ISO20022 Standards Evaluation Group for Securities under Technical Committee 68 of the International Organization for Standardization. ISO20022 is the new international standard that defines the ISO platform for the development of financial message standards, which is 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. We have also begun to consider expanding the scope of application to encompass JASDEC's overall system, including the book-entry transfer systems for stocks,

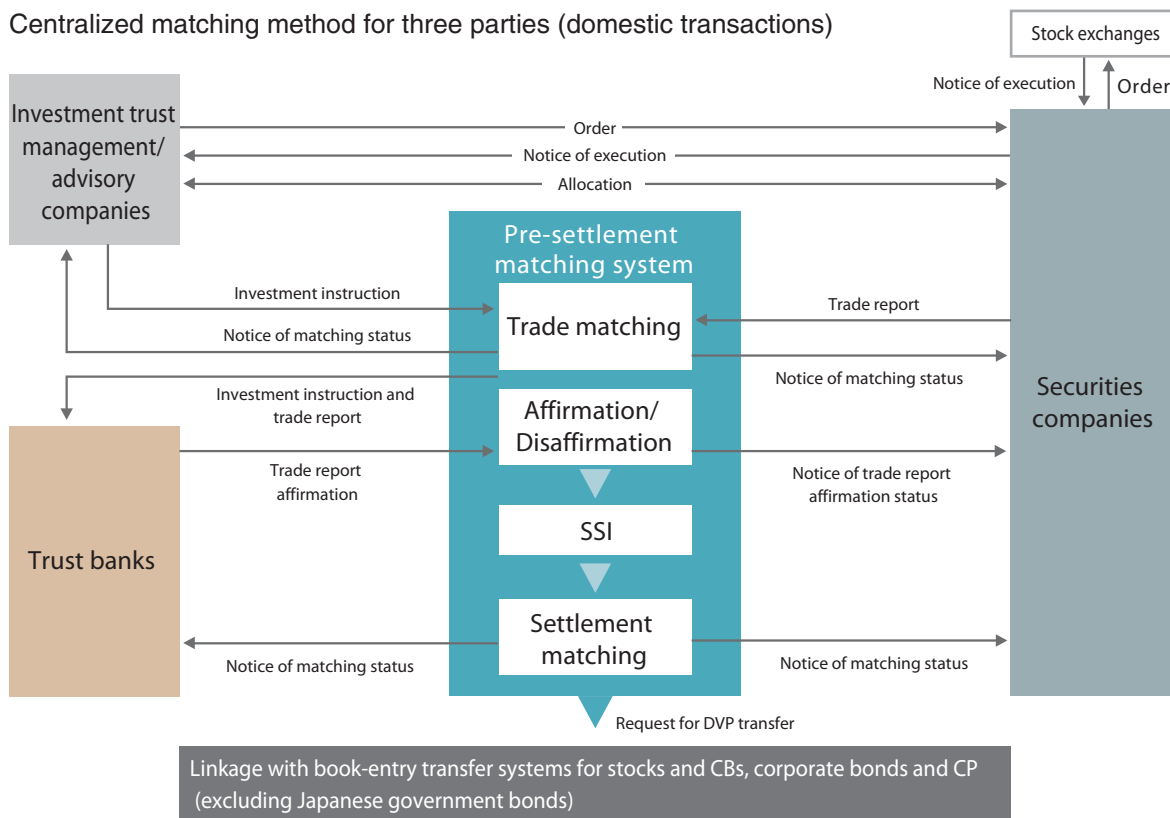
CP, and corporate bonds. In November 2009, we established an ISO20022 Subcommittee to move forward with the development of efficient systems planned for introduction in 2014.

Turning to our communication network, our aim is to introduce the SWIFT network, which is used widely around the world, while running our existing communication 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.

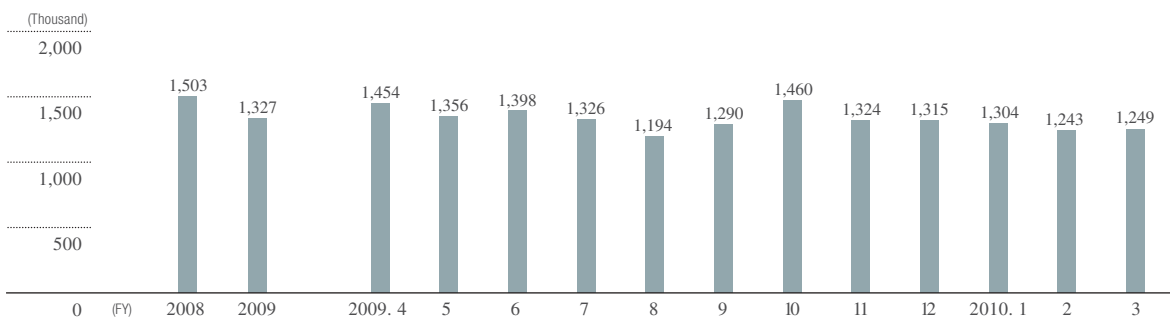
By expanding the range of asset classes and services handled by PSMS, and by steadily building conformity with international standards, we are contributing to greater efficiency in Japan's securities markets.



Centralized matching method for three parties (domestic transactions)



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



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

Custody Services for Foreign Stock Certificates, etc.

Improving custody services with new infrastructure and systems

Since inaugurating services to process deposits, transfers and ownership rights for foreign stock certificates, etc. in April 2006 in addition to our existing services for Japanese securities such as stock certificates listed on domestic stock exchanges, JASDEC has continued to develop new systems and services. In January 2009 we introduced an efficient new system for foreign stock certificates, etc. and related items, which enables DVP settlement for NETDs, as well as providing dividend payment data to JASDEC participants.

Although foreign stock 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

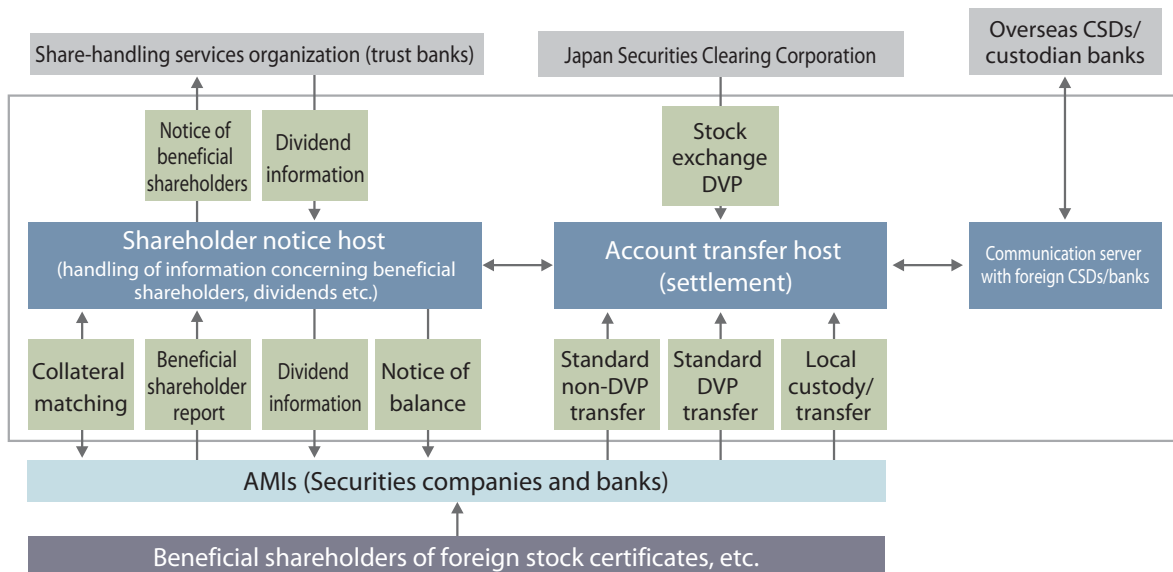
organizations calculate the amount of dividends, which are then paid directly to the beneficial shareholders from the dividend-payment handling bank. JASDEC also undertakes the necessary procedures regarding dividend taxation for local tax authorities and other such entities, to ensure reduced tax rates 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 therefore provides the infrastructure and services necessary for reliable settlement of trading activities in foreign stock certificates, 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 January 2009)





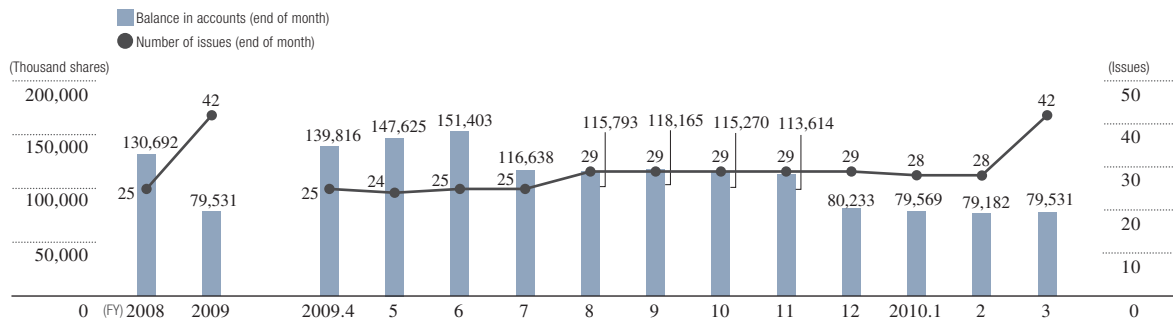
ETF market growth expected with listing of ETCs

In recent years, foreign companies have come to regard Japan as a major market for their financing needs, and there has been a growing number of foreign companies choosing to list only on Japanese exchanges such as the Tokyo Stock Exchange or the Osaka Securities Exchange, with no home-country listing. We are also seeing a steady increase in Japanese listings of ETFs structured overseas. 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 our business regulations to enable custody services for overseas ETFs and commenced custody services for ETFs linked to gold prices and ETFs linked to commodity indexes. In response to the August 2009 listing of five physical precious metal-backed ETCs, JASDEC made the necessary amendments to our business regulations in order to handle these overseas Exchange Traded Commodities (ETCs)

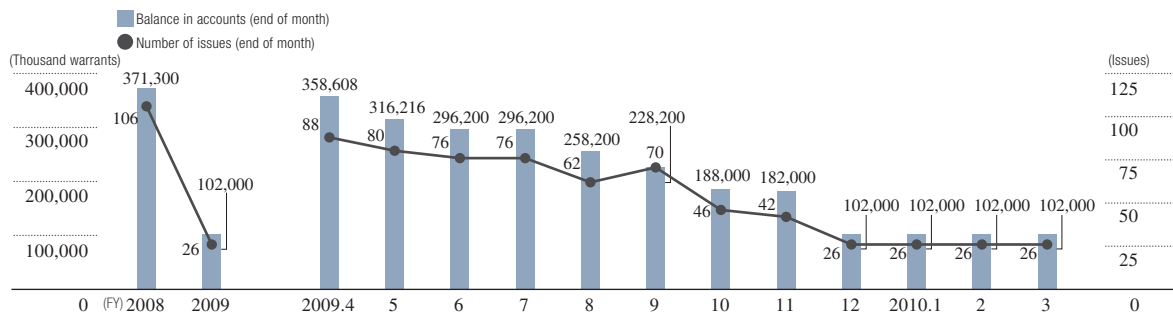
similar to investment corporation bonds. A further 14 ETCs linked to commodities indices were listed in March 2010, and the market is expected to continue expanding.

At present, the Book-entry Transfer System for foreign stock certificates, etc. includes four categories: foreign stocks (including ADRs); overseas ETFs (including ETCs); country funds; and foreign covered warrants. At the end of March 2010, the number of different issues handled by JASDEC in the three categories of overseas shares, overseas ETFs, and country funds stood at 42, while the number of foreign covered warrants handled stood at 26.

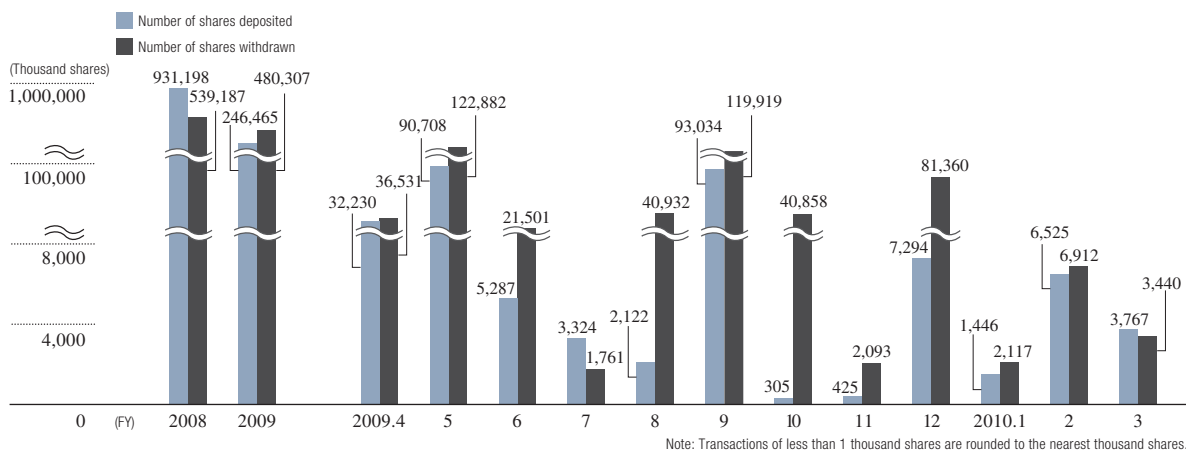
Foreign stocks, etc.—number of issues/balance in accounts (excluding foreign covered warrants)



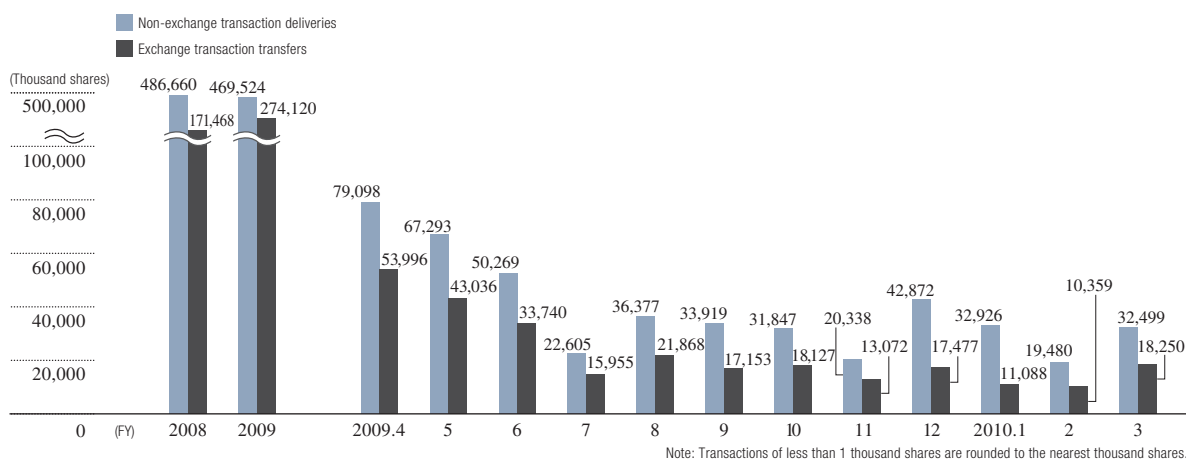
Foreign covered warrants—number of issues/balance in accounts



Number of shares deposited/withdrawn



Book-entry transfers



International Relationships

Asian Bond Markets Initiative (ABMI)

Background

The Asian Bond Markets Initiative (ABMI) was adopted by the ASEAN+3 (ASEAN plus China, Japan and Korea) 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 Western financial institutions for foreign currency-denominated short-term borrowings for long-term investments. 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.

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 furthering the development of well-functioning bond markets with sufficient liquidity in the region.

For the past two years, JASDEC has been taking part (as a representative of Japan) in the Group of Experts (GoE), which was established in April 2008 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.

JASDEC engagement in GoE

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 a 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 continued to conduct feasibility studies on the legal and regulatory aspects of the cross-border settlement models, while Subcommittee B examined measures to remove barriers, releasing a GoE Report in April of 2010.





Contribution to the development of the securities markets of Japan and Asia

In response to ongoing internationalization in the securities settlement sector, JASDEC actively participates in international forums such as regular CSD meetings and seminars, helping ensure the timely exchange of securities market infrastructure-related information on a global basis.

As one element of our efforts to build collaborative relationships with CSDs around the world, JASDEC has been following a policy of signing MOUs on the exchange of information and the undertaking of collaborative projects with overseas CSDs. As of the end of March 2010, JASDEC had signed MOUs with

Major International Activities in FY2009

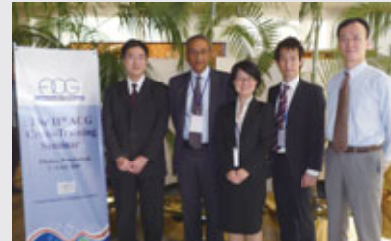
◆ April 28, 2009 MOU WITH MSCH&CD (MONGOLIA)

JASDEC and Mongolian Securities Clearing House & Central Depository Co., Ltd (MSCH&CD) held a signing ceremony in Ulaanbaatar, Mongolia for a Memorandum of Understanding (MOU) on information sharing and cooperation.



◆ July 3-4, 2009 11th ACG Cross Training Seminar

The 11th ACG (Asia Pacific CSD Group) Cross Training Seminar for ACG members was held in Dhaka, Bangladesh, hosted by Central Depository Bangladesh Limited (CDBL). In addition to ACG's original Information Exchange Task Force and the New Business Task Force, the Legal Task Force — established in autumn 2009 — took part in the seminar for the first time. The event was attended by 75 officials representing 16 organizations from 12 different countries.



April

May

June

July

August

◆ May 20-22, 2009 10th Conference of CSDs

JASDEC attended the 10th Conference of CSDs in Budapest, Hungary and took part in a panel discussion concerning the role of CSD regulations. JASDEC explained Japan's regulatory framework, along with collaboration in regulatory authorities and market infrastructure, and the regulatory trends in Asia. At the last session of the general meeting, the CEOs of CSDs around the world took part in a panel discussion concerning the future outlook for CSDs. As a panelist in this discussion, Yoshinobu Takeuchi, president and CEO of JASDEC, explained the outlook for JASDEC's restructured settlement system and outlined collaborative projects in Asia, including the ASEAN Board and ABMI.



a total of 12 CSDs. We have also launched regular discussions with current cooperative partners, accepted overseas trainees, and made other efforts to strengthen collaborative projects with overseas CSDs. In addition, JASDEC is a participant in the International Securities Services Association (ISSA) corporate

action working group, serving as the coordinator for assessment within the Asian region.

While supporting the rapidly growing Asian markets overall, we aim to contribute to the development of the Japanese securities market by strengthening cooperative relations around the globe.

◆ September 9-10, 2009

1st regular consultative meeting held with Korea's KSD under MOU agreement

In an effort to strengthen relationships with MOU cooperative partners, JASDEC launched regular discussions with Korea's KSD. In the first meeting JASDEC explained its compliance framework along with the book-entry transfer system and non-resident tax exemption for corporate and government bonds, and engaged in an exchange of ideas with KSD.

◆ November 12, 2009

MOU with KSEI (INDONESIA)

JASDEC and PT Kustodian Sentral Efek Indonesia (KSEI) held a signing ceremony in Tokyo for a MOU.



◆ November 16-20, 2009

Thailand TSD trainee program

JASDEC accepted four trainees from the Thailand Securities Depository Company Limited (TSD), working in technical support for JASDEC's Pre-Settlement Matching System (PSMS) and other areas.

◆ December 15-16, 2009

1st regular consultative meeting held with China SD&C

JASDEC held the first of what will be regular discussions with China Securities Depository and Clearing Corporation Limited (SD&C). In the first meeting JASDEC explained its Book-entry Transfer System for Stocks, etc., Book-entry Transfer System for Corporate Bonds and Investment Trusts, DVP Settlement System for Non-Exchange Transaction Deliveries (NETDs), and Custody Services for Foreign Stock Certificates, etc.

September

October

November

December

◆ October 8-9, 2009

The 13th ACG General Meeting

The 13th General Meeting of the ACG was held in Hanoi, Vietnam on October 8-9, 2009, hosted by the Vietnam Securities Depository (VSD). During the General Meeting, various panel discussions and presentations were conducted under the main theme of "Facilitating the Development of Cross-border Linkages among ACG Members." A Senior Management Meeting was convened on the second day, where top management from CSDs gathered to discuss issues concerning ACG's future challenges and deliberated the review of the organizational structure as a means of further enhancing the ACG's functions.



◆ October 9, 2009

MOU with VSD (VIETNAM)

JASDEC and Vietnam Securities Depository (VSD) held a signing ceremony for a MOU in Vietnam's capital, Hanoi, during the ACG general meeting.

