

Management Message

As an important part of social infrastructure, JASDEC is steadily making progress on essential issues

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 stocks, 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.

Now we must overcome new challenges and 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, 2011, we advanced our preparations towards the introduction of ISO20022 message standards, the next-generation international standards and the SWIFT network, as part of our efforts to be compliant with the international standards. We have been participating in the ISO/TC68 securities SEG (Standards Evaluation Group) and taking part in the actual development of several ISO20022 message formats. During this fiscal year, we completed our comparative study of message formats we use in settlement matching for domestic transactions and ISO20022 message formats.

We have been involved in a wide range of international activities to enhance settlement systems (both in Japan and abroad) and to pave the way for better cooperation with overseas central securities depositories (CSDs) and other institutions.

Since 2007 we have played a leading role in CSD Contact Group conferences, which serve to facilitate strong ties between CSD associations in each region. For the 11th Conference of CSDs (CSD11) held in April 2011 we adopted an evolved organizational form as a World Forum of CSDs (WFC), enabling even closer cooperation between regional CSD entities. And as the convenor of the working committee discussing the structural reorganization of the ACG (Asia-Pacific Central Securities Depository Group), we prepared a reorganization plan. At the 14th General Meeting of the ACG held in Mumbai, India in December 2010, the delegates approved the establishment of an Executive Committee (with three-year tenures for members) to be responsible for planning and organizing ACG activities with a medium- and long-term perspective.

We also promoted exchanges with countries that are signatories to Memorandums of Understanding (MOU). We held information exchange meetings with Korea Securities Depository in April and in September 2010. Following a request from Mongolian Securities Clearing

*ISO (International Organization for Standardization) is the non-governmental organization that was established in 1947 in order to facilitate international coordination and unification of industrial standards (Headquarter office: Genève)

*TC (Technical Committee) 68 is one of the committees in ISO, facilitating the standardization in the field of banking, securities and other financial services.

House & Central Depository Co., Ltd., we provided IT assistance in May 2010, and in August we held a seminar in Ulaanbaatar, Mongolia for Mongolian regulatory authorities and government officials. These are examples of the work we are doing to support the rapidly growing securities markets in Asia and to contribute to the development of the Japanese securities market.

Looking ahead, for the year to March 2012 we intend to continue ensuring the 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 highly secure, convenient and efficient services. We very much appreciate your support over the past years, and look forward to serving you in the future.



Haruhiko Kato

Haruhiko Kato, President & CEO

Yoshinobu Takeuchi

Yoshinobu Takeuchi, Chairman

*CSD

A Central Securities Depository is an organization that conducts administrative operations for account-based book-entry transfers related to the movement (and registration) of securities corresponding to the delivery of spot stocks traded on securities exchanges, etc. CSDs conduct safekeeping of such securities in a concentrated manner on behalf of individual investors and thus help eliminate the 'paper-crisis' of back-office settlement by securities companies and other financial institutions.

*ACG (Asia-Pacific Central Securities Depository Group) is an organization established in November 1997 to promote information and cooperation among securities depository and clearing institutions in the Asia-Pacific region.