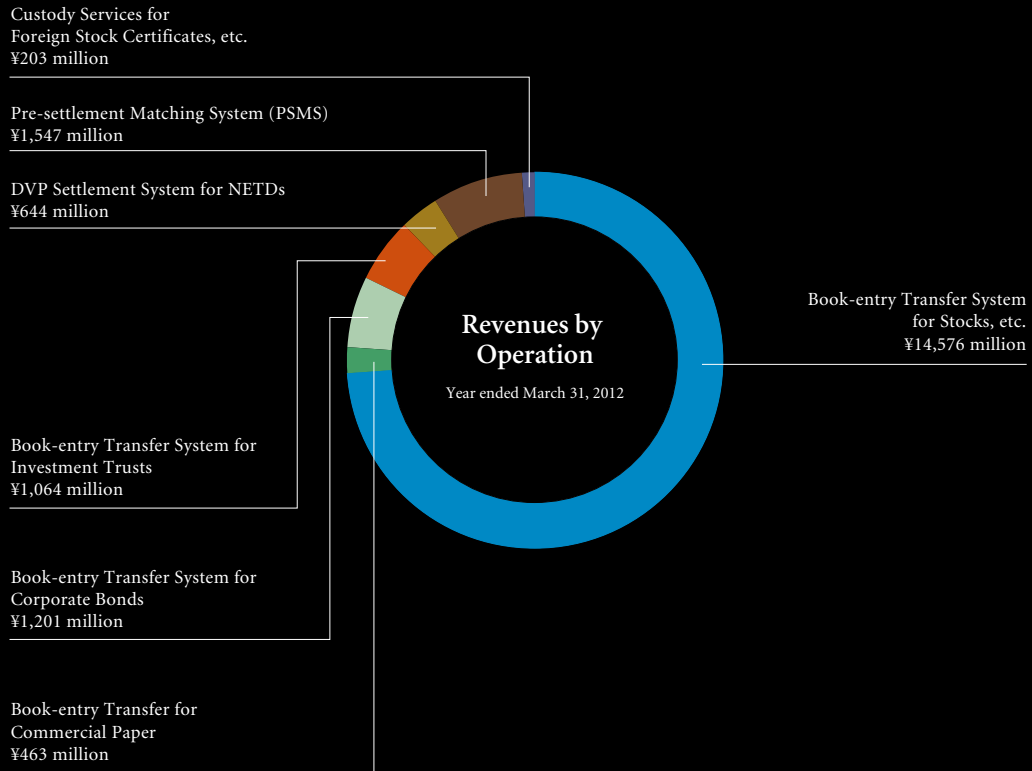


Business Overview



01	02	03	04	05	06
Book-Entry Transfer System for Stocks, etc.	Book-Entry Transfer System for Commercial Paper and Corporate Bonds	Book-Entry Transfer System for Investment Trusts	DVP Settlement System for NETDs	Pre-Settlement Matching System (PSMS)	Custody Services for Foreign Stock Certificates, etc.
P12	P16	P22	P26	P30	P34

Book-Entry Transfer System for Stocks, etc.

Ongoing enhancements to this recently introduced all-electronic record system are bringing greater convenience, speed, and flexibility to stock ownership transfers.

株式等
振替業務

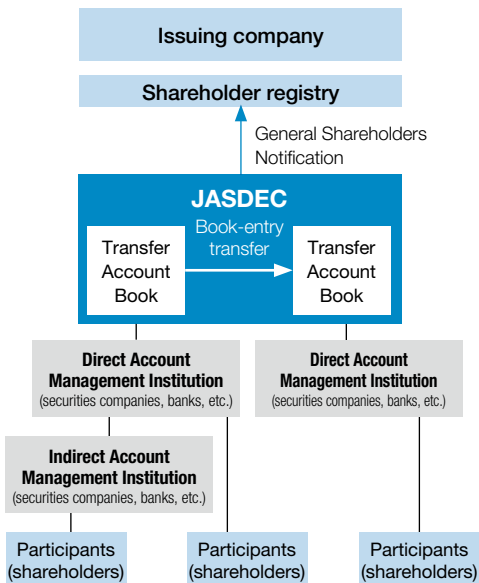
The Book-entry Transfer System for Stocks, etc. is operating to plan

The Book-entry Transfer System for Stocks, etc. began operations in January 2009. Stock certificates issued by all Japanese companies listed on Japanese stock exchanges were abolished and became invalid. They were 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, Exchange Traded Funds (ETFs), Japanese Depository Receipts (JDRs, etc.) and other negotiable securities.

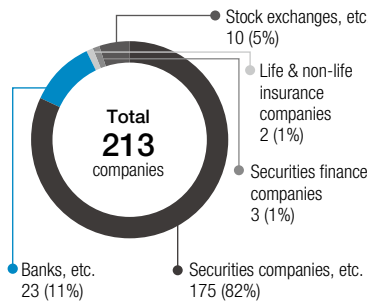
As of March 2012, the total number of issues handled was 3,762, including 3,581 share issues, 27 bonds with share options, 6 share options, 36 investment units, one preferred share issue, 97 ETFs, and 14 JDRs, etc. The number of companies participating in the new system, including JASDEC participants, indirect AMIs, and fund settlement corporations, was 411. Under the system, foreign financial institutions designated by competent ministers can also take part in the system. As of March 2012, 53 foreign financial institutions were participating as indirect AMIs.

The Book-Entry Transfer System for Stocks, etc.

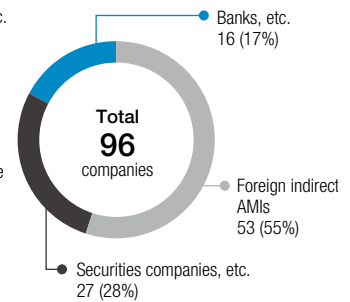


JASDEC participants and indirect AMIs (as of March 31, 2012)

JASDEC Participants by Category

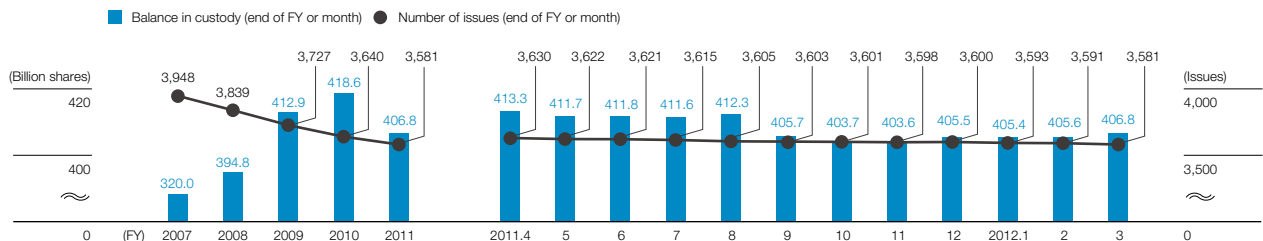


Indirect AMIs by Category



Note: "Banks, etc." include The Norinchukin Bank, Tokyo Shoken Shinyou Kumiai, and Japanese Banks' Payment Clearing Network.
 "Stock exchanges, etc." include Japan Securities Dealers Association, Japan Securities Clearing Corporation, JASDEC DVP Clearing Corporation, two 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.

Ongoing enhancements to increase user convenience

Since its introduction in January 2009, the dematerialized Book-entry Transfer System for Stocks, etc. has been operating smoothly, with no major problems. JASDEC has 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.

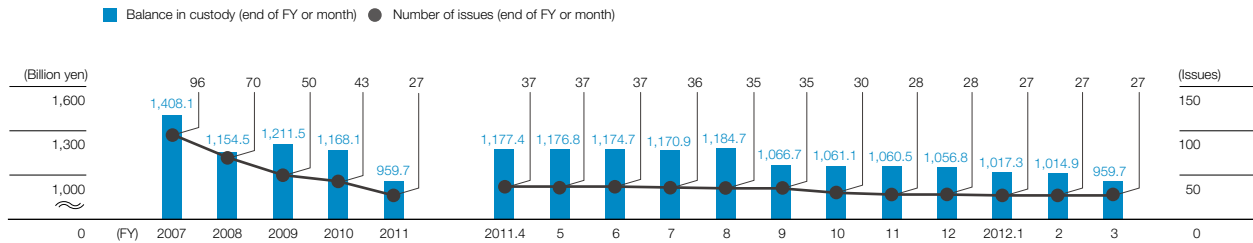
In fiscal 2011 (to March 31, 2012), we enhanced the usability of the system by improving temporary suspension functions in relation to requests for transfer. As in fiscal 2010, we further reduced the number of days required to send individual shareholder notifications. In August 2011, we

began to handle foreign-issued exchange traded notes (ETNs) under the Japanese Depositary Receipt (JDR) framework. In March 2012, the Book-entry Transfer System for Stocks, etc. was further enhanced to allow the merger or splitting of beneficial rights for ETFs.

In addition, we are enhancing our system to support schemes based on commitment-type rights offerings in relation to share options through the Book-entry Transfer System for Stocks, etc.

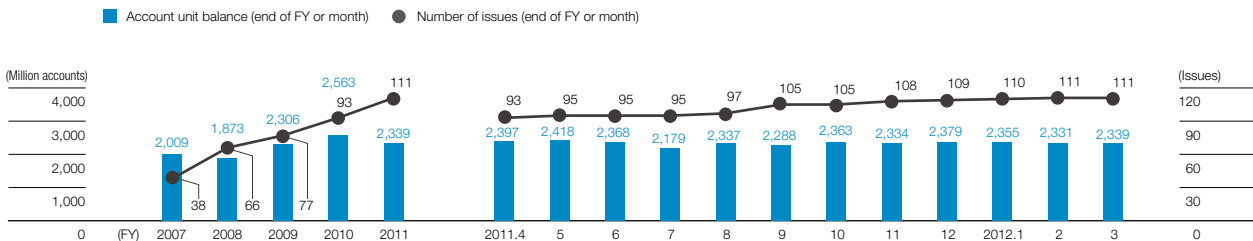
We will continue our efforts to communicate effectively with relevant parties, aiming to ensure stable operation while meeting the needs of the market for convenience and user-friendliness.

Bond with Share Option account balance and number of issues



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

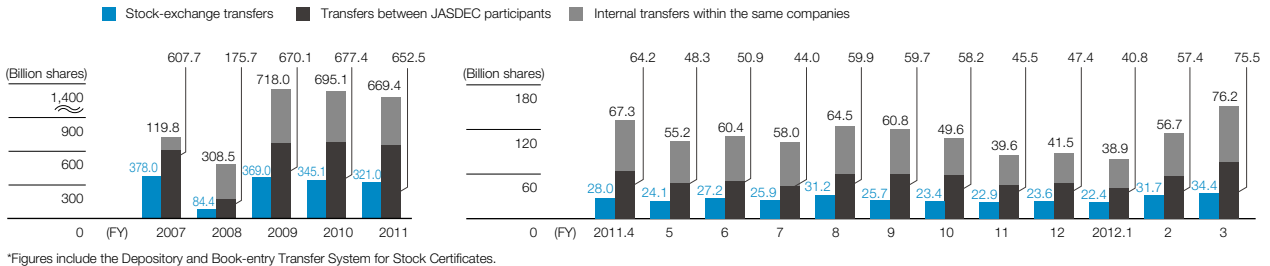
Exchange Traded Fund (ETF) etc. account balance and number of issues



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

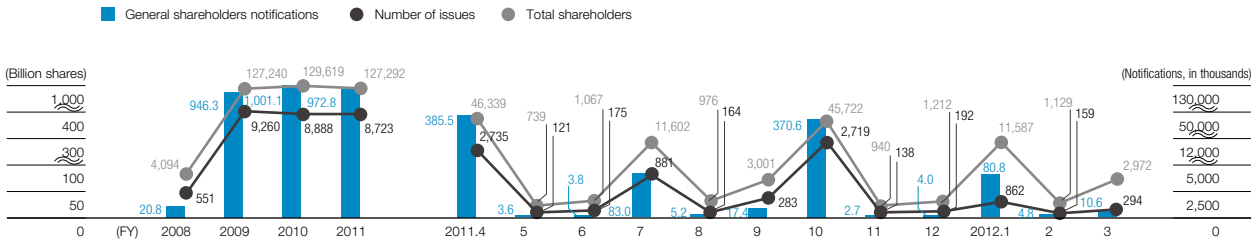
*Figures include Japanese Depositary Receipts from July 2010.

Book-entry transfers



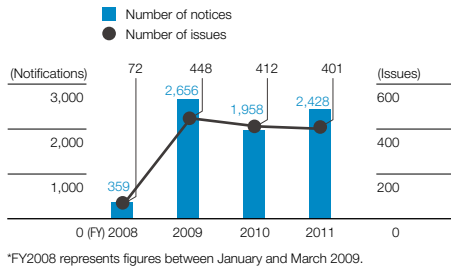
*Figures include the Depository and Book-entry Transfer System for Stock Certificates.

General shareholders notifications



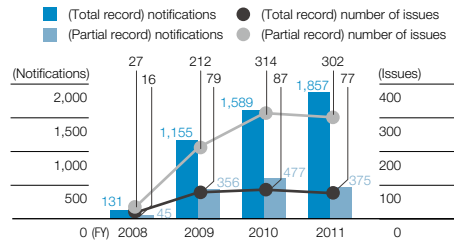
*Figures are as of day of notification to issuers.
*FY2008 represents figures between January and March 2009.

Individual shareholder notifications



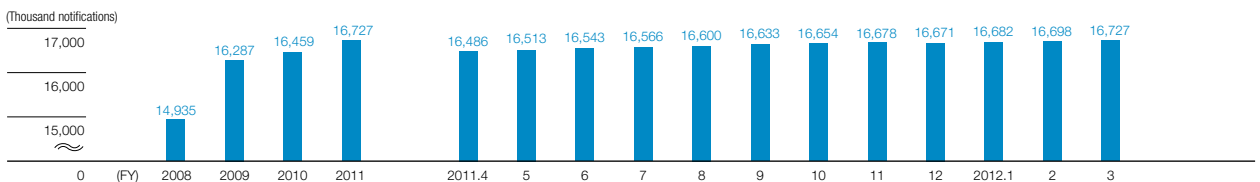
*FY2008 represents figures between January and March 2009.

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.

Number of shareholders (Data for shareholders notifications)



*Number of shareholders (data for shareholders 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

JASDEC is maintaining the security of a CP and corporate bond electronic book-entry transfer system whose daily settlement value typically surpasses the trading value per day at the Tokyo Stock Exchange.

短期社債振替業務
一般債振替業務

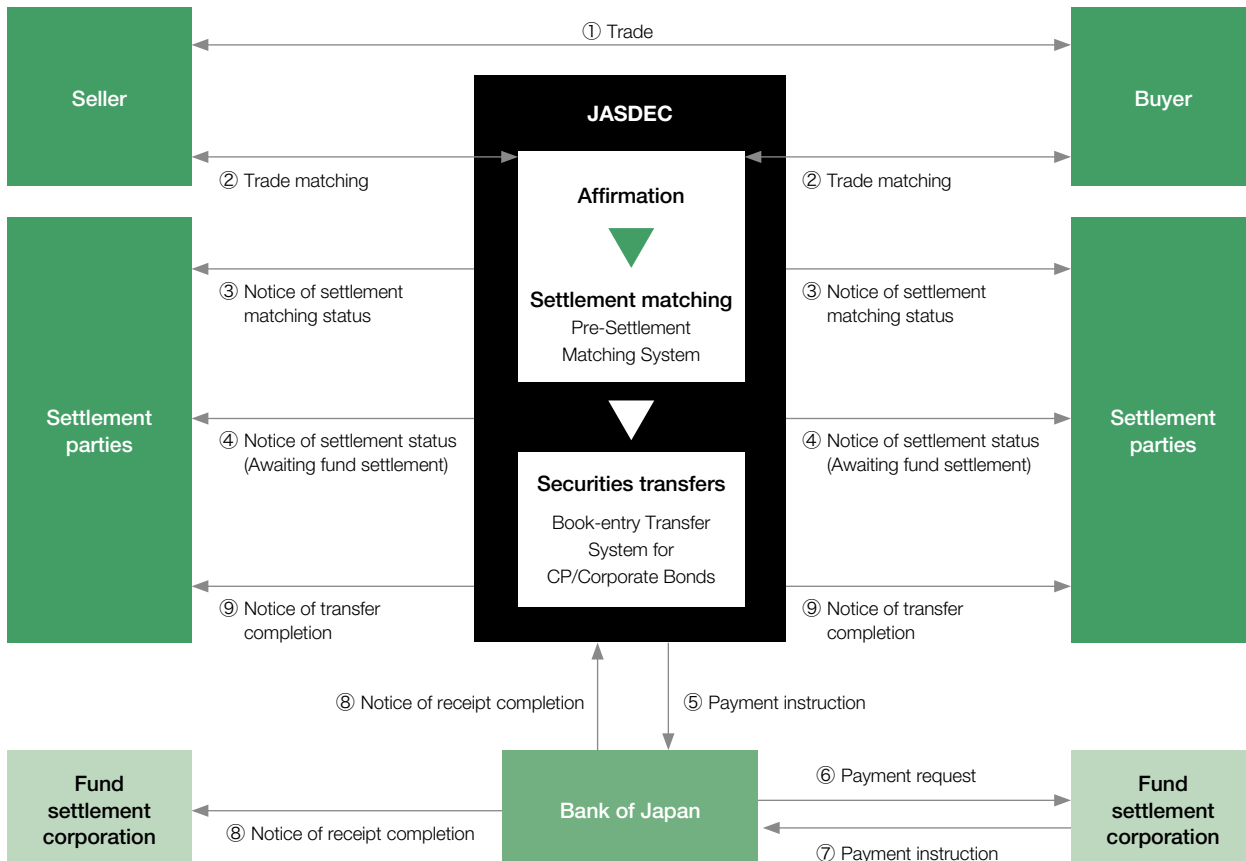
Supporting seamless and secure CP and corporate bond settlement

In March 2003 JASDEC launched the Book-entry Transfer System for Short-Term Corporate Bonds (dematerialized CP), the first completely dematerialized financial instrument 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 electronically 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 its 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 a direct 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)



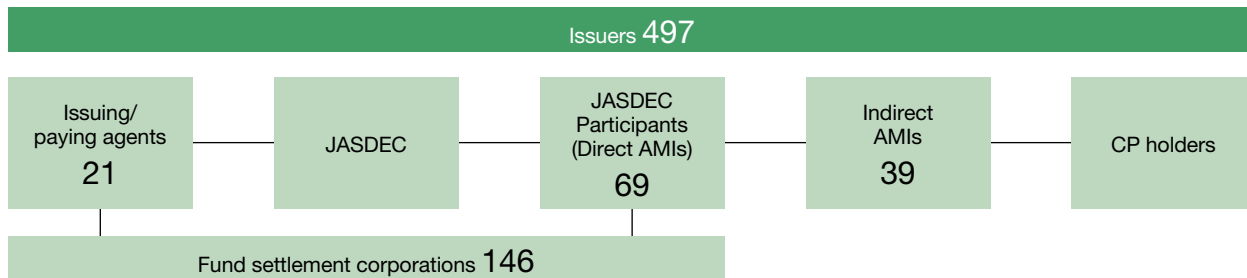
Ensuring continued CP transaction efficiency

Commercial paper (CP) currently refers to short-term corporate 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 physical form, there was always some risk involved when notes were transferred or deposited, and transfers were also subject to a documentary stamp tax. Accordingly, demand developed for an electronic book-entry system that would eliminate such risks. The result was the creation of our first fully electronic book-entry transfer system for dematerialized CP. Since the launch of the

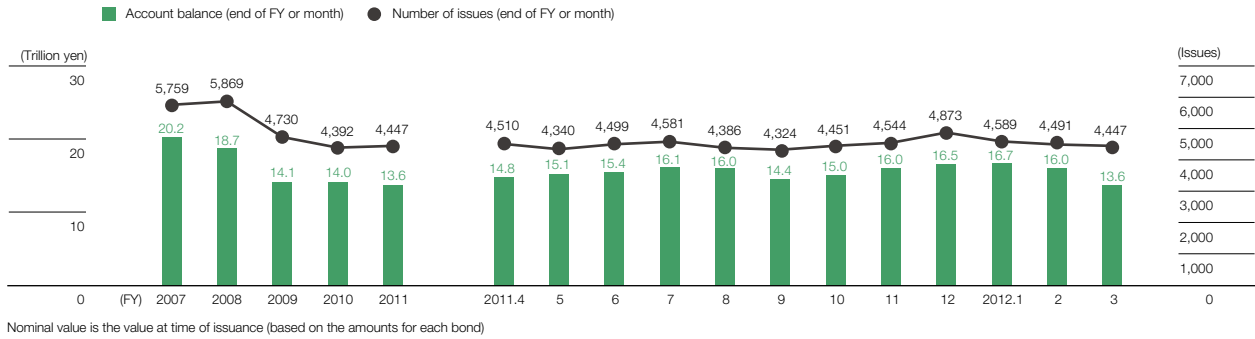
system nine years ago, almost all CP issued in Japan has been handled by this system.

During fiscal 2011 (to March 31, 2012), our account balance rose to around the ¥16 trillion level, mainly due to increased issuance by corporate entities. However, as of March 31, 2012, the total account balance had significantly declined to ¥13,614 billion (a year-on-year decline of ¥418 billion) because of a combination of special factors during the month of March. Number of issues handled stood at 4,447 issues (a year-on-year increase of 55 issues).

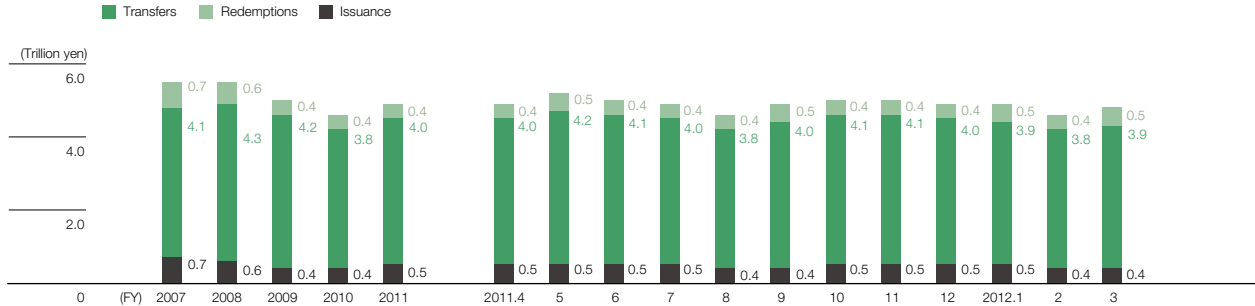
Participants in Book-Entry Transfer System for CP (as of the end of March 2012)



CP account balance (nominal value) 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 averages ¥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 2011, the annual aggregate settlement amount was close to ¥1,000 trillion. Trading has been active 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 a 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.

Security and reliability

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), 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) and others.

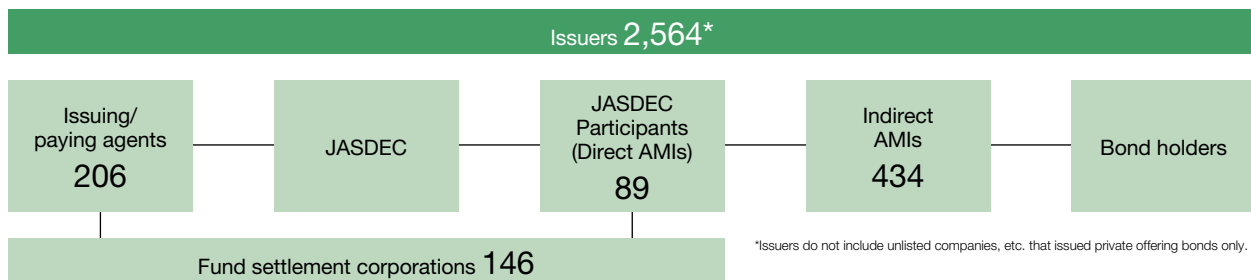
In fiscal 2011, there was a dramatic year-on-year decline in bond issuance, especially by electric power companies, as a result of the Great East Japan Earthquake. New issues were also affected by the European debt crisis triggered by events in Greece. As of the end of March 2012, the number of bonds eligible in the system was 60,701 issues (a year-on-year decline of 7,087 issues), and the issue balance stood at ¥252,439 billion (a year-on-year increase of ¥2,365 billion).

Under the U.S. Foreign Account Tax Compliance Act (FATCA), since March 19, 2012, Samurai bonds (U.S.

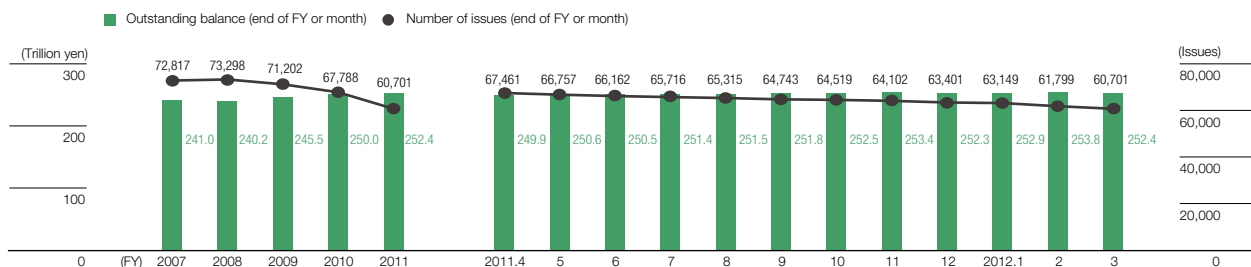
book-entry transfer foreign bonds) are subject to U.S. withholding tax when newly issued as foreign-targeted bearer bonds under the TEFRA rules¹. JASDEC has been negotiating with the U.S. Internal Revenue Service (IRS) since 2010 concerning this matter. In March 2012, the IRS issued a notice stating that U.S. book-entry transfer foreign bonds issued in accordance with the Foreign-Targeted Registered Obligation (FTRO²) rules would be exempted from U.S. withholding tax until the end of 2013.

1. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) (1) prohibits sales to American citizens for a specific period after issuance, (2) prohibits interest payments within the United States and (3) requires tax restrictions for American holders to be stated on the bond certificates.
2. The Foreign-Targeted Registered Obligations (FTRO) rules simplify formalities for withholding agent subject to certain conditions, such as certification by account management institutions either that there are no American holders of the securities, or that notification will be provided in the event that the securities are held by Americans.

Participants in Book-Entry Transfer System for Corporate Bonds (as of the end of March 2012)



Outstanding balance of corporate bonds and number of issues



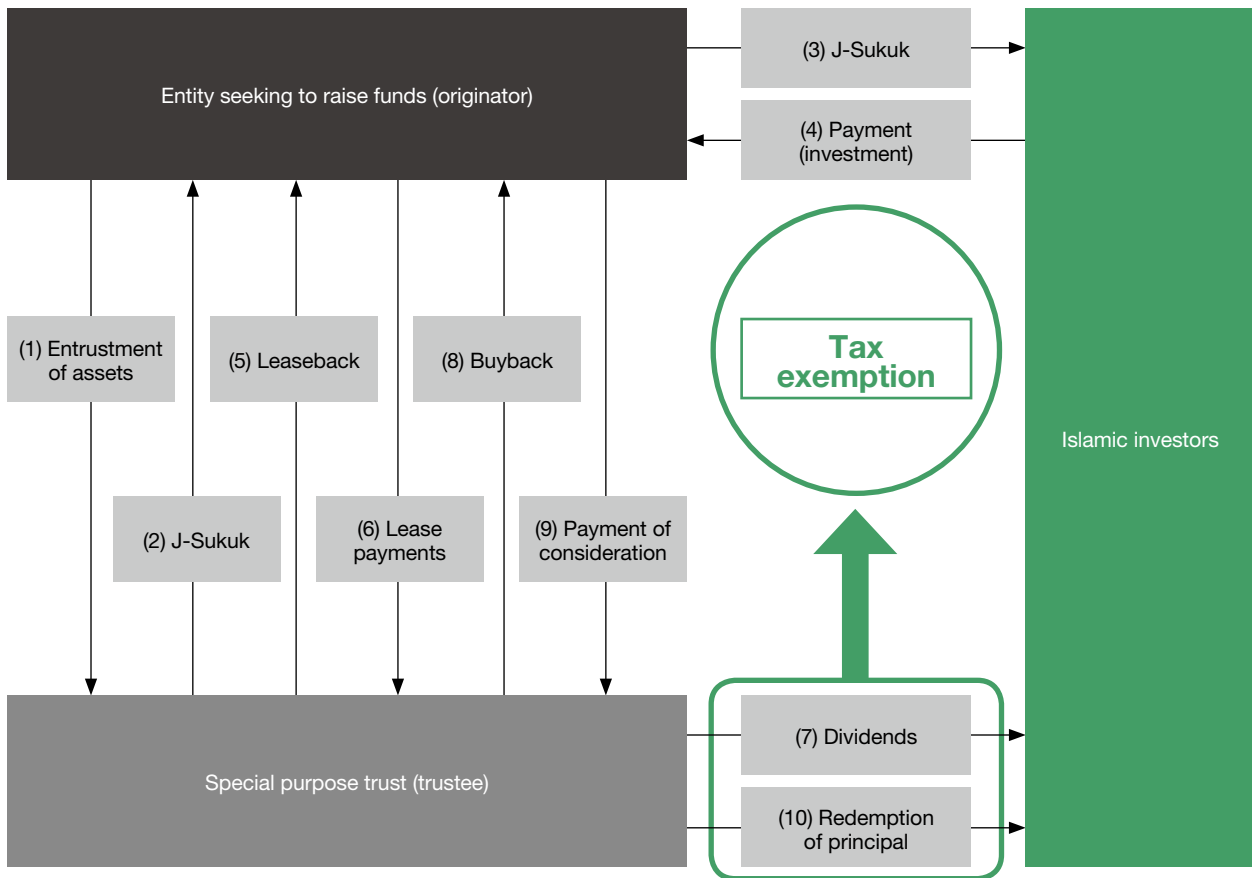
JASDEC now able to process sukuk transactions

Taxation measures relating to Islamic finance were included in a major tax reform package introduced in fiscal 2011 with the aim of attracting money and issuers from Islamic countries into Japan's financial and capital markets. Systems based on these measures have since been developed and established to provide wide-ranging investment and financing opportunities. In response, the relevant laws have been amended to create a legal framework for the issuance of sukuk in Japan (J-Sukuk) that comply with Islamic doctrine and laws.

Since then, JASDEC has identified the administrative and

system-related changes needed to create an environment in which J-Sukuk can be issued, traded and redeemed in the same way as corporate bonds. Since April 1, 2012, we have been able to handle J-Sukuk transactions. As a result, it is now possible for Japanese and foreign entities to raise funds by issuing J-Sukuk in Japan. As with interest on corporate bonds, J-Sukuk dividends are exempted from taxation under the tax exemption system for non-residents. JASDEC is now anticipating handling the first J-Sukuk issues in cooperation with all concerned, and is enhancing the convenience of the system to attract wide use by foreign investors.

Conceptual Diagram of Issuance of J-Sukuk



Book-Entry Transfer System for Investment Trusts

JASDEC is streamlining the process for trustors, trustees and beneficiaries, ensuring security and convenience for a system that serves virtually all investment trusts in Japan.

投資信託
振替業務

A faster, safer approach to investment trust administration

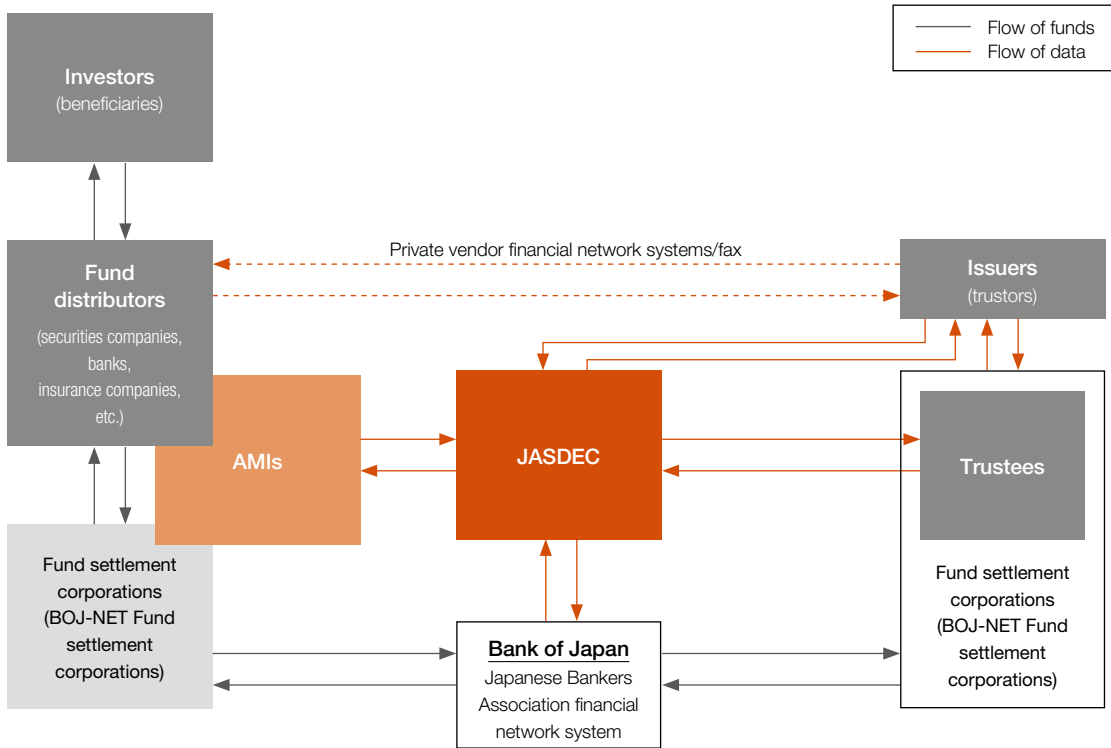
The Book-entry Transfer System for Investment Trusts is a computer system for managing beneficial rights of investment trusts.

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.

In the Book-entry Transfer System for Investment Trusts, the account management institutions (AMIs) and JASDEC 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 881 companies as of March 31, 2012.

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



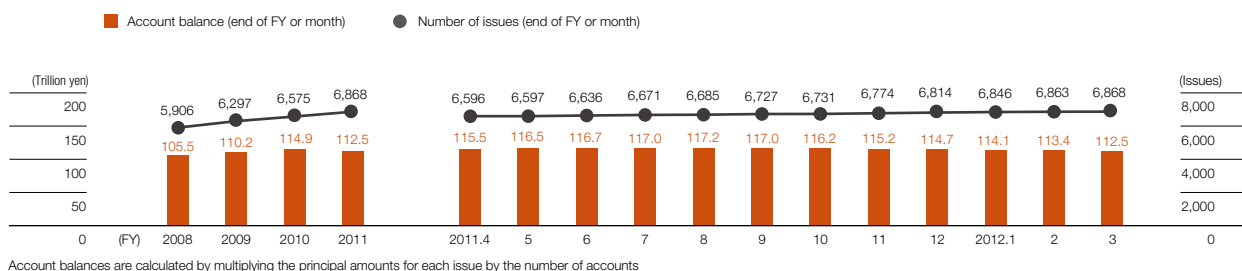
Strong support from users

The total number of investment trusts handled by JASDEC as of March 31, 2012 was 6,868 trusts, representing a year-on-year increase of 293 trusts and comprising 4,166 publicly offered and 2,702 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. Also, the principal value of new registrations fell below that of deletions, a reversal from fiscal 2010. As a result, the outstanding balance at the end of fiscal 2011 had decreased ¥2,409 billion year on year to ¥112,507 billion, comprising ¥81,795 billion

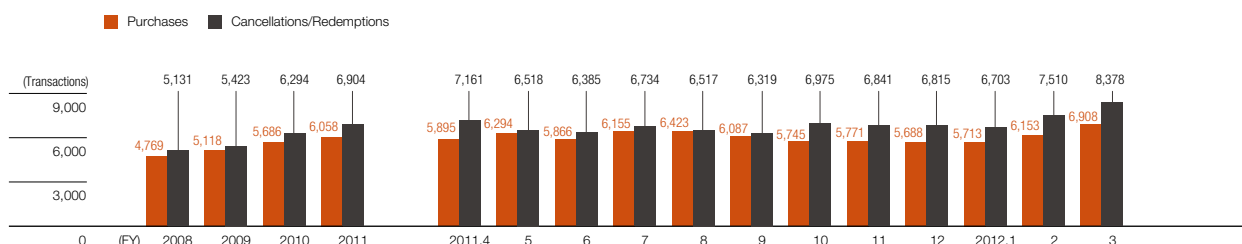
in publicly offered and ¥30,712 billion in privately placed investment trusts.

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 lower settlement risk, has been increasing steadily among system users. In fiscal 2011, the proportion of settlements using DVP was 26% by number of transactions and 62% by principal value.

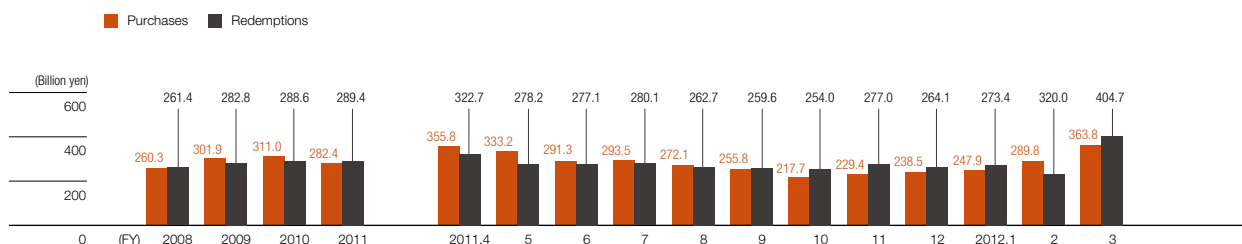
Book-entry Transfer System for Investment Trusts—account balance and number of issues



Purchase and cancellation/redemption transactions (Daily average)

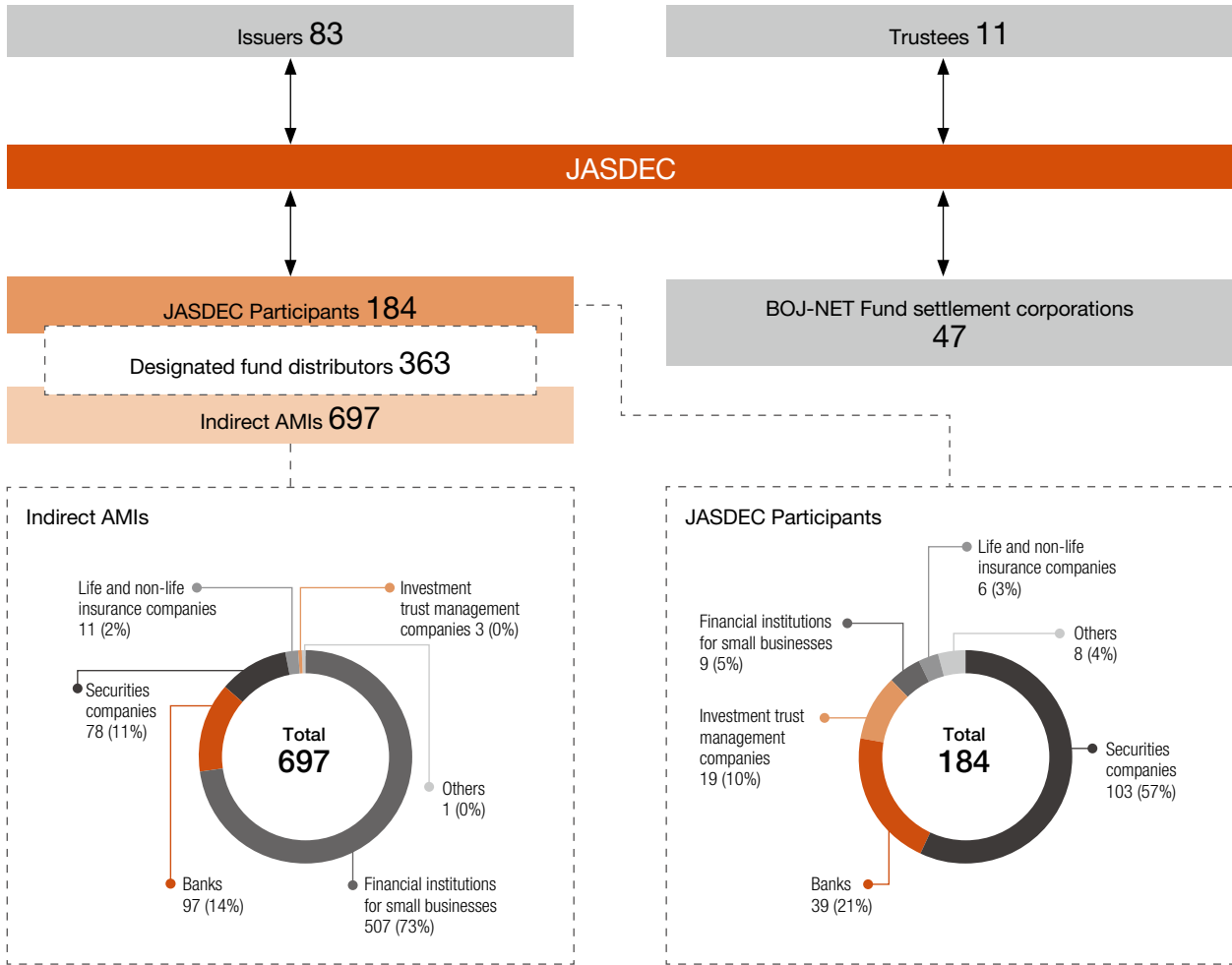


Principal values of investment trusts for purchases and cancellations/redemptions (Daily average)



Participants in Book-entry Transfer System for Investment Trusts

(as of March 31, 2012: Numbers in parentheses are for the previous year.)



*Others: Securities agents, securities exchanges, CCPs, call loan dealers, etc.

Dedicated to ongoing improvement

In fiscal 2011, in order to simplify procedures for transfer between fund distributors, we investigated changes to our operating rules and other aspects to support systems. In addition, we resolved various issues in preparation for the introduction of DVP settlement for redemptions. However, since such a scheme would have a major impact on the internal systems of market participants, we decided, instead, to treat this as a long-term goal and to carry out further

studies, aiming for a scheme that would be suitable for the widest range of participants.

During fiscal 2012 (to March 31, 2013), we will continue our studies of the operating rules and other factors relating to simplification of procedures for settlement transfer between fund distributors. Along with work on other ongoing projects, we will further our efforts to optimize the functionality and user-friendliness of the system.

DVP Settlement System for NETDs

JASDEC has combined delivery and payment into a single, smooth reciprocal system, reducing risk and raising convenience for customers on both sides of the trade.

一般振替
DVP業務

Providing safe, secure securities transactions

The Non-Exchange Transaction Deliveries (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 the 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).

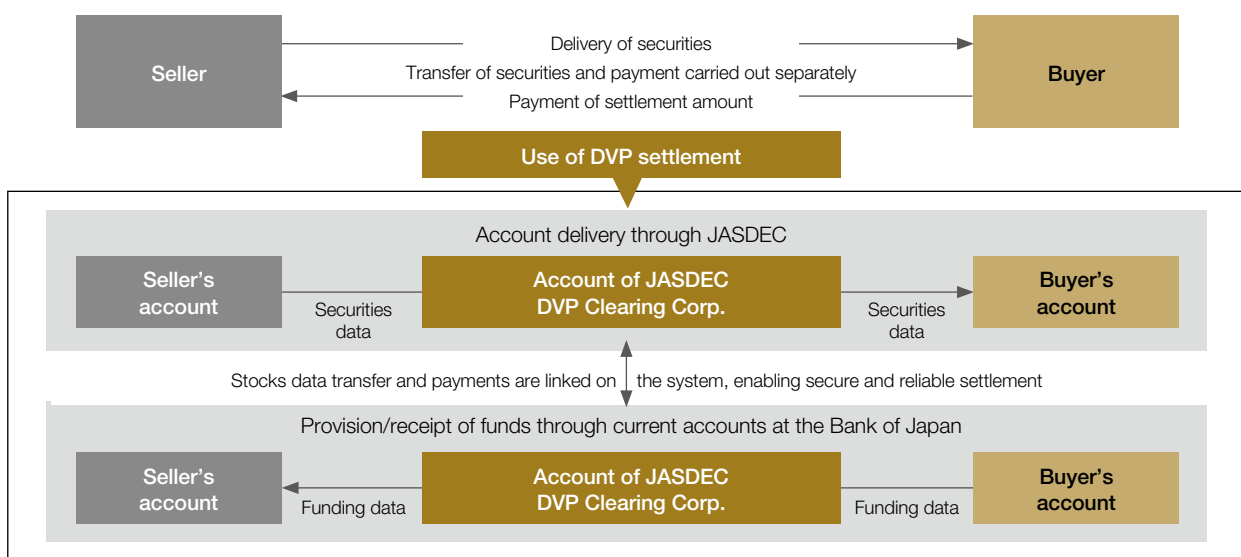
Since May 2004, the DVP settlement system for NETDs has been administered by JASDEC's wholly owned subsidiary, JASDEC DVP Clearing Corporation (JDCC).

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 net debt (total payables – total receivables) of 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.

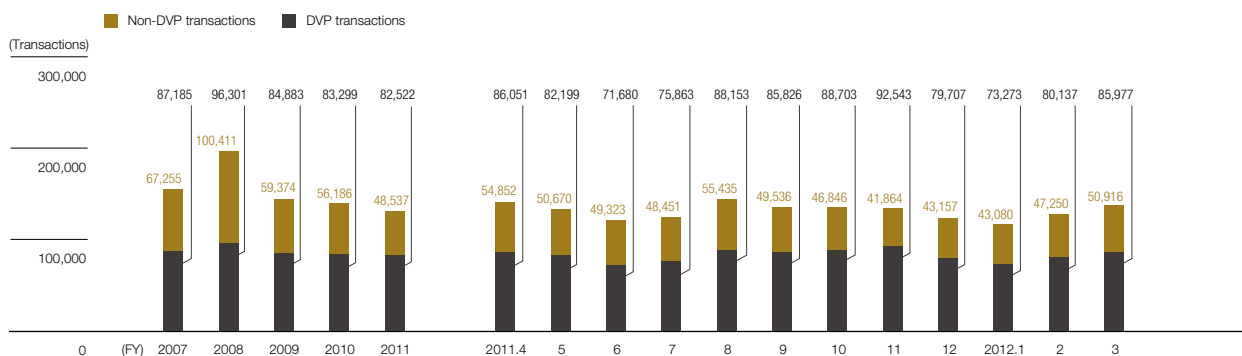
Establishing key settlement procedures on the customer side

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 2012, 54 companies (comprising 12 banks and 42 securities companies) were participants in the DVP settlement system for NETDs. Excluding internal transfers within the same company, DVP transactions accounted for more than 60% of NETD transactions—evidence that use of the system has become firmly established as an important customer-side settlement method.

In fiscal 2011, healthy growth in the use of the system allowed us to rebate ¥8 out of the ¥20 DVP settlement fee per transaction, in accordance with the participant's usage level. Since April 2012, we have reduced the DVP settlement fee per transaction by ¥3 to ¥17.

DVP Settlement for NETD Transactions (Daily average)



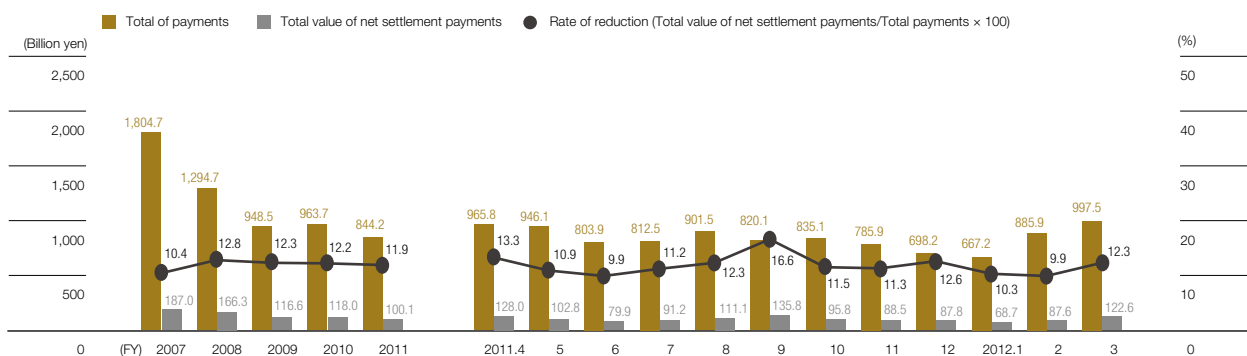
DVP transactions are the number of transfers executed (transfer from DVP participants to JASDEC DVP Clearing Corporation)

Reducing settlement risks for stock lending transactions

The Financial Services Agency identified a number of urgent measures needed to strengthen the clearing and settlement system for stock lending transactions in “Development of Institutional Frameworks Pertaining to Financial and Capital Markets,” published in January 2010.

Based on this information, we are currently preparing for the introduction of DVP settlements in January 2014 with the aim of reducing settlement risks for stock lending transactions.

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.

Pre-Settlement Matching System (PSMS)

Amid steady growth, JASDEC is readying the next-generation system with features for global settlement support, including ISO20022 standard and addition of the SWIFT network.

The number of Straight Through Processing (STP) transactions via Pre-Settlement Matching System (PSMS) is increasing steadily.

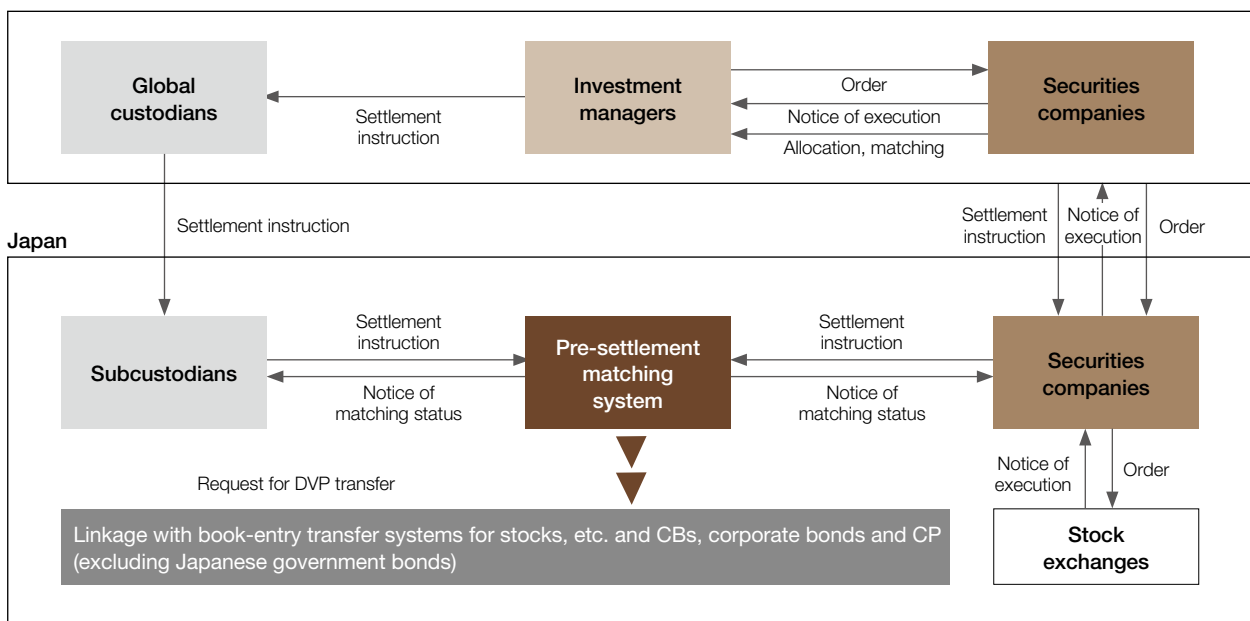
Matching institutional investors' transactions is a complex undertaking, due to the wide range of organizations involved—including investment managers, securities companies, trust banks and custody banks—and the huge amount of transaction data exchanged between them. In the past, matching was done manually 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, we have been increasing the range of asset classes and services covered by the system.

Due to mergers and other factors, the number of registered users as of the end of March 2012 was 691 companies, five fewer than the number in the previous year. However, in fiscal 2011, because of the addition of high volume foreign-owned investment managers and life insurance companies, the number of input/output transactions on a daily average increased to 1,360,262, which is 45,000 more than the number in the previous year. In Japanese securities market, the number of STP transactions via PSMS is increasing steadily.

PSMS (for non-residents' transactions)

Overseas



We are continually building conformity with international standards, contributing to greater efficiency and reducing settlement risk in the Japanese securities market.

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. Though 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 thought that ultimately we would need to maximize user convenience by achieving the greatest possible degree of harmonization with international standards and connectivity with overseas systems. Therefore, we decided to bring our new system, scheduled for launch in January 2014, into compliance with international standards.

In principle, we will use message formats that comply with the new ISO20022 international standard, which defines the ISO platform for the development of financial message standards and is scheduled to replace the current ISO15022 standard. We will continue to be a member of the ISO20022 Standards Evaluation Group for Securities within the International Organization for Standardization (ISO), and will strive to ensure that the practices prevailing in Japan will

be reflected in international standards.

This fiscal year, we have executed an implementation of our new system, including generating the XML schemas that describe JASDEC's message format specifications. It is based on the results of our study comparing the message formats we use with the ISO20022 message formats. The detailed specification documents were released in March 2012.

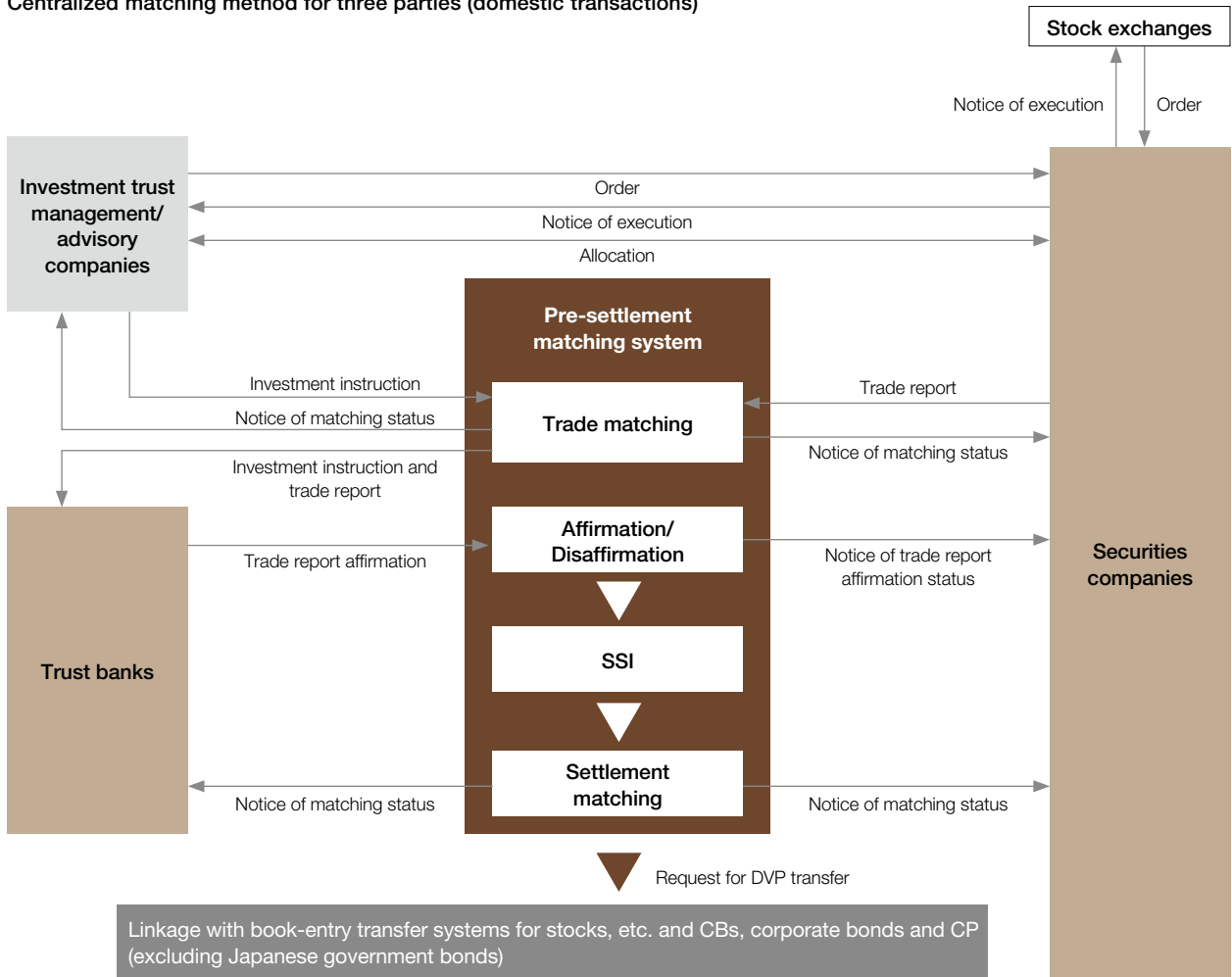
Turning to our communication network, our aim is to introduce the SWIFT network, used widely around the world, while running our existing communication network in parallel, giving users greater choice. Introduction of the SWIFT network will, we believe, enable smooth overseas connectivity—further increasing user convenience and the number of participants.

In addition to these projects, in order to improve convenience and reduce settlement risk in the securities market, we will introduce several new functions shown on the following table.

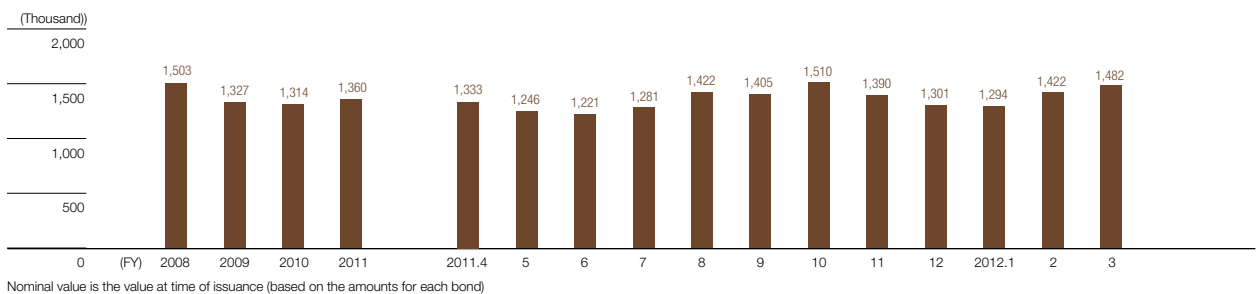
We are continually building conformity with international standards, contributing to greater efficiency and reducing settlement risk in the Japanese securities market.

	New Service/Function	Breakdown
Domestic transactions	Improvement of Net Asset Value Data-related Functions	We will add an approval process to the current NAV data sending function. We will also introduce a function for transmitting foreign investment account data (yen-equivalent value of foreign-currency-denominated assets of investment trusts).
	Mitigation of the Risk of Stock Lending Settlement	We will introduce DVP settlement for stock lending and borrowing transactions (SLB transactions). To realize this, we will add the following functions to the current DVP settlement functions for NETDs: <ul style="list-style-type: none"> • Automatic calculation of the SLB settlement amount • Automatic generation of Settlement Instruction data with the use of the SSI database • Link up with Book-Entry Transfer System • Remodel the functions of "pledged securities" to handle securities used as collateral in the current SLB market • Collateral Reconciliation service
	Matching System for Stock Transactions Among Dealers	We will introduce a Bilateral Central Matching function for stock trading.
	Corresponding Function for Shortening of the Settlement Cycle of JGB	In order to correspond to the shortening of the Settlement Cycle of JGB, we will introduce a Tri-party Central Matching function for bond trading.
Non-residents' transactions	Tolerance Matching	We will introduce a Tolerance Matching function, commonly-used in foreign markets, whereby when a discrepancy in the settlement amounts between the settlement instructions sent by both delivering and receiving settlement agents is within the tolerance, the instructions are processed as matched.

Centralized matching method for three parties (domestic transactions)



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



Custody Services for Foreign Stock Certificates, etc.

Making it easier for Japanese to invest in foreign companies by handling the complicated procedures involved in transfers, dividend payments and taxation.

外国株式等
保管振替決済業務

Safe and secure settlement infrastructure and services for foreign stocks

In April 2006, JASDEC inaugurated services to process deposits, transfers and corporate actions for foreign stock certificates, etc., listed on Japanese stock exchanges.

Although foreign stock certificates, etc. are generally deposited with CSDs or custodians in the same countries as the issuing companies, settlements of transactions at Japanese stock exchanges are conducted through book-entry transfers in JASDEC.

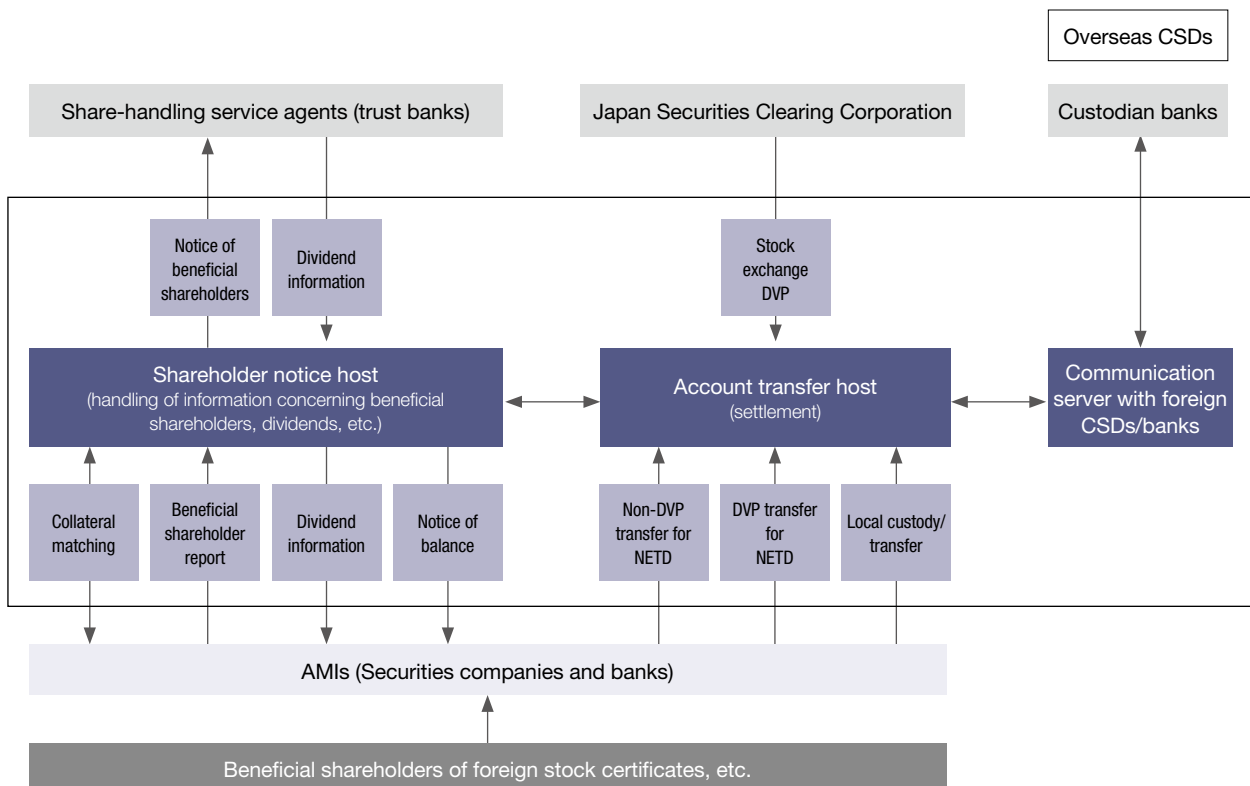
JASDEC entrusts dividend payments to relevant share-handling service agents. Information on beneficial shareholders at the dividend record date is transferred to the share-handling service organizations by the JASDEC participants through JASDEC.

Based on this information, the share-handling service agents calculate the amount of dividends, which are then paid directly to the beneficial shareholders from the dividend-paying banks.

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. Beneficial shareholders can also exercise their voting rights at general meetings of 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 system relating to foreign stocks



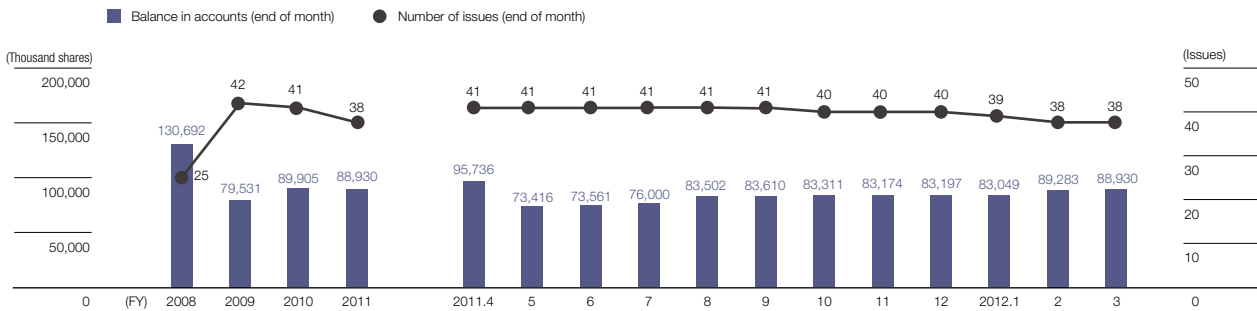
Handling responses to various forms of corporate action

Foreign companies have carried out a variety of corporate actions in recent years. For example, in fiscal 2011, we processed the distribution of investment unit dividends with cash dividend options, which are subject to a ceiling on the cash dividend portion. We also carried out the necessary processes relating to dividend payments to beneficial shareholders, after completing checks related to tax matters, as required. JASDEC is taking steps to improve services offered to beneficial shareholders and JASDEC participants, such as exchanging information with JASDEC participants through the encryptable Target-Hofuri website, which improves the speed, reliability and security of information

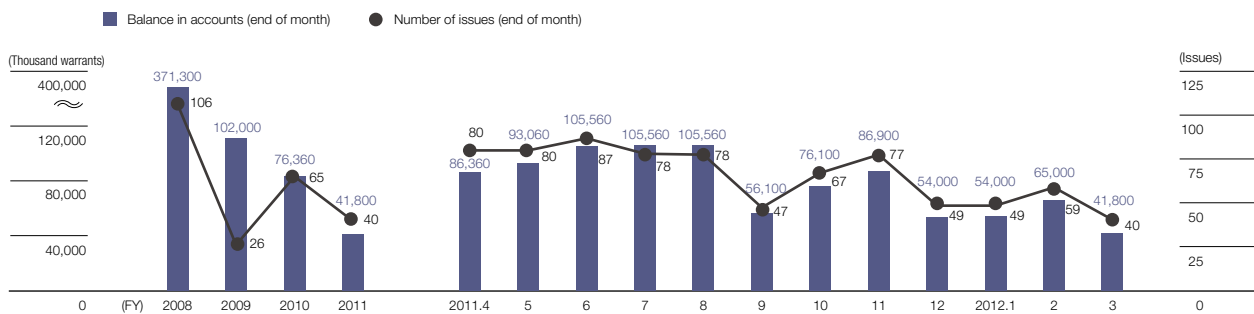
transfer. We are also considering handling various new products listed on domestic financial exchanges.

At present, foreign securities under the custody of the Depository and 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 2012, the number of different issues handled by JASDEC in the three categories of foreign stocks, overseas ETFs and country funds stood at 38, while the number of foreign covered warrants handled stood at 40.

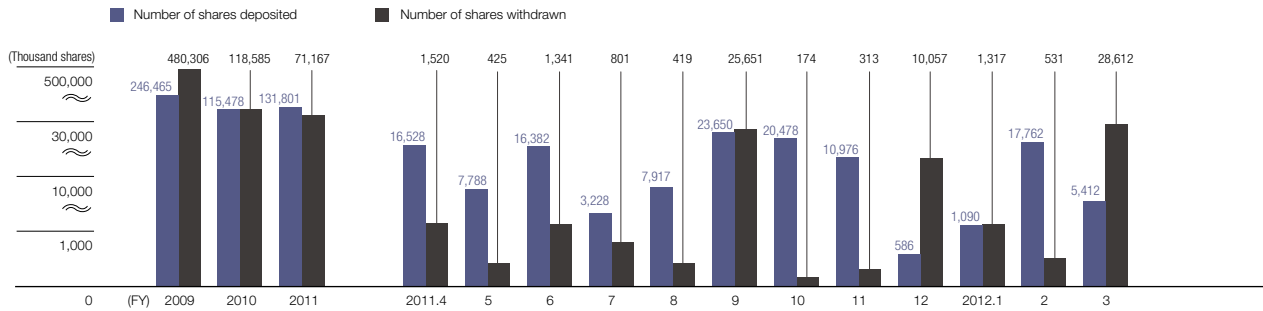
Foreign stocks, etc.—number of issues/balance in accounts (excluding foreign covered warrants)



Foreign covered warrants—number of issues/balance in accounts



Number of shares deposited/withdrawn



Book-entry transfers

