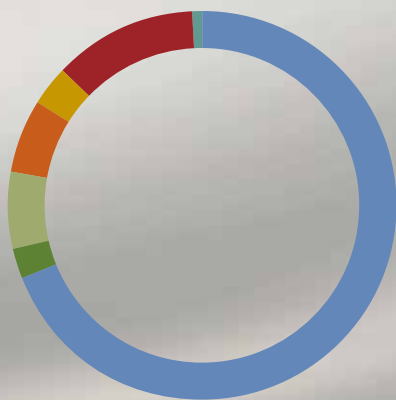


REVENUES BY OPERATION

Year ended March 31, 2014



■ Book-Entry Transfer System for Stocks, etc.	¥13,070 million
■ Book-Entry Transfer for Commercial Paper	¥443 million
■ Book-Entry Transfer System for Corporate Bonds	¥1,238 million
■ Book-Entry Transfer System for Investment Trusts	¥1,117 million
■ DVP Settlement System for NETDs	¥645 million
■ Pre-Settlement Matching System (PSMS)	¥1,358 million
■ Custody Services for Foreign Stock Certificates, etc.	¥128 million

Business Overview

01

Book-Entry Transfer System for Stocks, etc.

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06

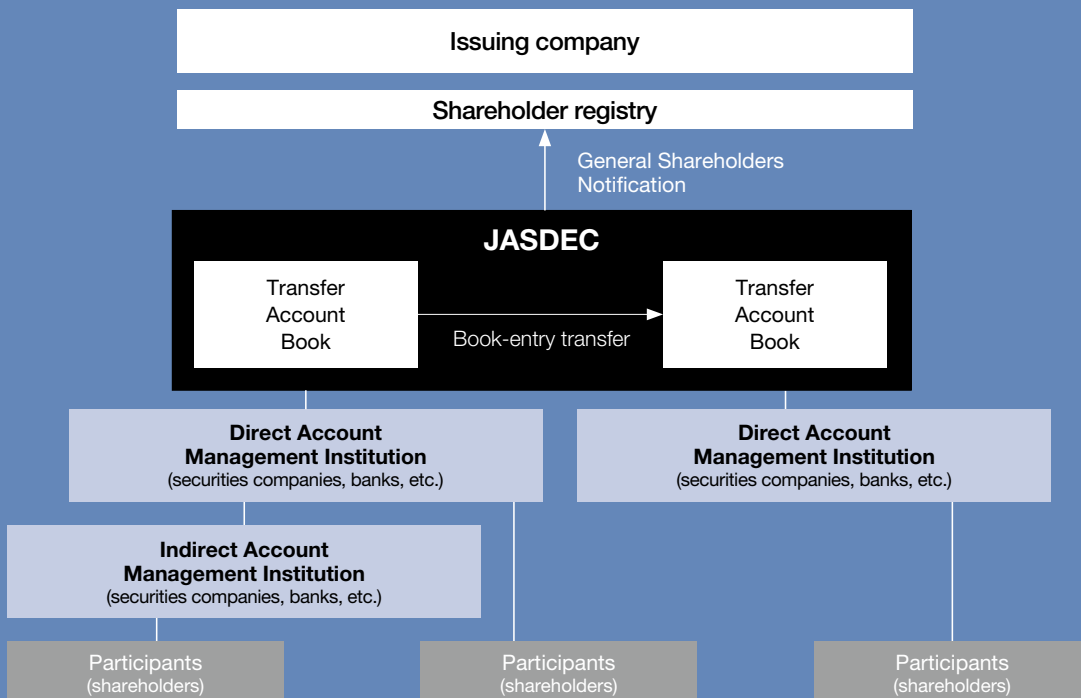
Custody Services for Foreign Stock Certificates, etc.

▷ P35

01 Book-Entry Transfer System for Stocks, etc.

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

The Book-entry Transfer System for Stocks, etc.



The Book-entry Transfer System for Stocks, etc., has been operating smoothly

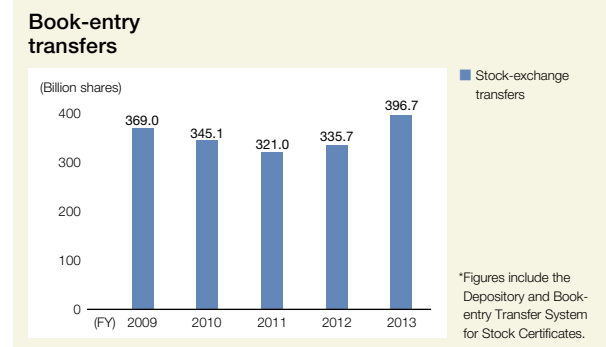
JASDEC launched its Book-entry Transfer System for Stocks, etc., under the Act on Book-Entry Transfer of Company Bonds, Shares, etc. in January 2009. Under this system, JASDEC or Account Management Institutions (AMIs) such as securities companies and banks open accounts for their clients, and each of them manages accounts by electronic records registered in their computer systems. The Book-entry Transfer System has a variety of features that contribute to the security and convenience of securities settlement systems.

- Only the electronic records noted above determine the vesting of rights pertaining to stocks, etc.; and the rewriting of those records transfers those rights. This reduces the cost of printing, storing and transporting securities in physical form, along with the risk of loss or theft.
- JASDEC provides issuing companies with all shareholder information as of the record date (General Shareholder Notifications), which is needed to compile shareholder registries. To ensure that information is supplied efficiently, JASDEC maintains centralized management of shareholder information. For example, JASDEC preliminarily obtains and integrates names, addresses and other shareholder information from AMIs.

The dematerialization system applies not only to stocks, but also to bonds with share options, share options, investment units of Real Estate Investment

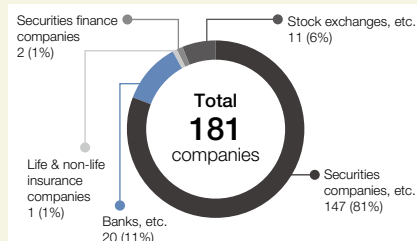
Trusts (REITs), preferred equity investment of cooperative financial institutions, Exchange Traded Funds (ETFs), Japanese Depositary Receipts (JDRs, etc.), and other negotiable securities.

As of March 2014, the total number of issues handled was 3,795, including 3,548 share issues, 22 bonds with share options, 24 share options, 46 investment units, 1 preferred share issue, 118 ETFs, and 36 JDRs. The number of companies participating in the Book-entry Transfer System, including JASDEC participants (direct AMIs), indirect AMIs, and fund settlement corporations, etc., was 380, including 60 foreign financial institutions that are indirect AMIs.

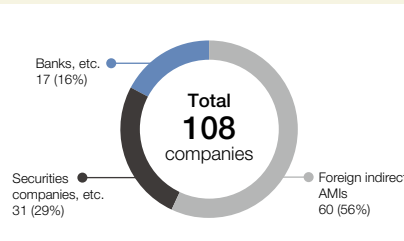


JASDEC participants and indirect AMIs (as of March 31, 2014)

JASDEC participants by category



Indirect AMIs by category



Note: "Banks, etc." include The Norinchukin Bank, Tokyo Shokun Shinyou Kumiai, and Japanese Banks' Payment Clearing Network.
"Stock exchanges, etc." include Japan Securities Clearing Corporation, JASDEC DVP Clearing Corporation, three securities agents and three Tanshi companies (which offer short-term credit brokerage services)

Ongoing enhancements to increase user convenience

JASDEC is continually developing a variety of system enhancements to improve the usability of the Book-entry Transfer System for Stocks, etc., and to ensure the smooth operation of the system. We also implement programs to inform users about these improvements.

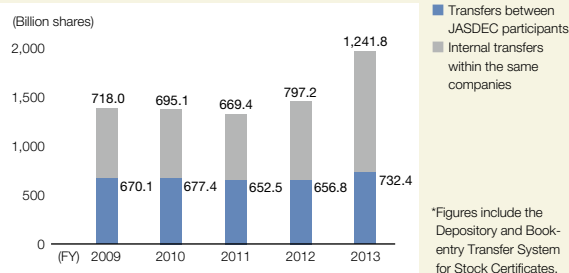
Until recently, newly created ETFs were difficult to transfer on the date when the ETFs were recorded in an account because the administrative procedures for the new record required the new record to be completed up to 15:30 on the new record date. In October 2013, JASDEC therefore adopted a new administrative process that requires new records to be completed by noon, provided that the creation of ETFs meets with certain conditions with regard to the contribution of their trust property.

JASDEC has taken steps to encourage rights offerings. In September 2013, we created an environment in which the mediation status of demands

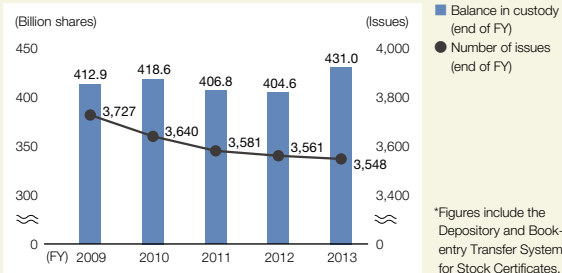
for the exercise of options can be viewed on our website so that share option holders can check the exercise status of their options. In January 2014, we also expanded our statistical information by adding market capitalization and the distribution of shareholder by category to the information of account balances and account transfers relating to transfers of stocks, etc.

In January 2016, Japan will introduce the Social Security and Tax Number System under the Law Concerning the Use, etc., of Numbers to Identify Specific Individual for Official Administrative Procedures, which will be promulgated in May 2014. Issuing companies will need the numbers of their shareholders in order to process withholding tax payments. We are currently preparing enhancements to our systems to create a scheme to allow shareholders' numbers to be supplied from AMIs to issuing companies through JASDEC.

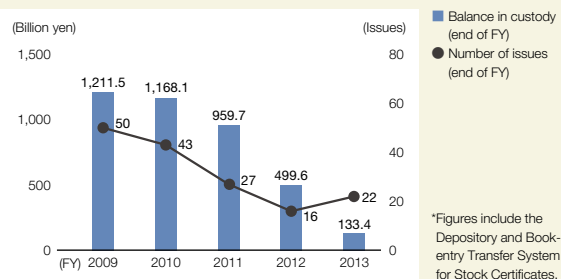
Book-entry transfers



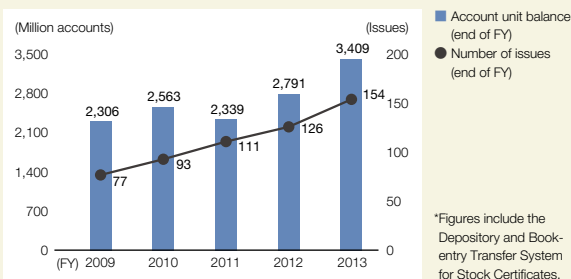
Stock account balance and number of issues



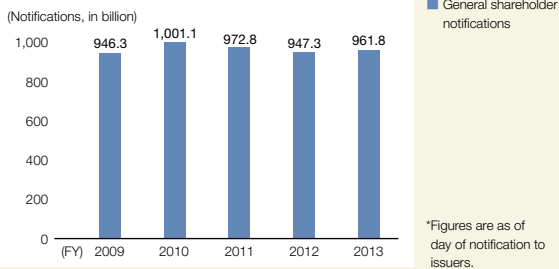
Bond with share option account balance and number of issues



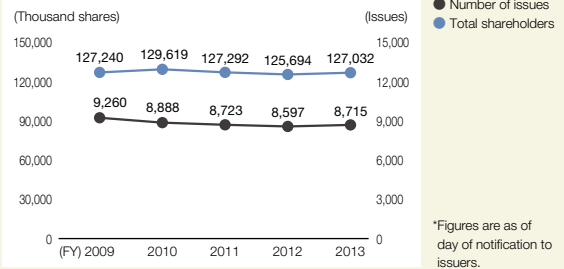
Exchange Traded Fund (ETF) etc., account balance and number of issues



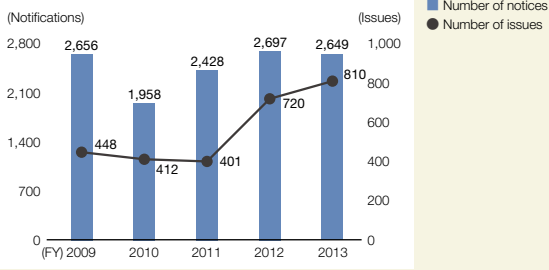
General shareholder notifications



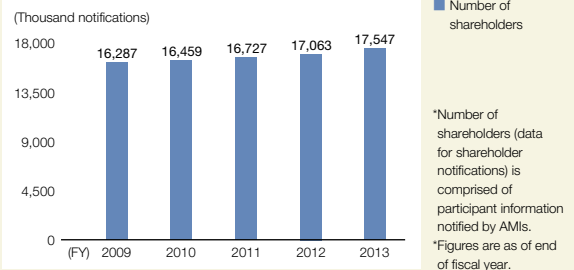
Number of issues and total shareholders



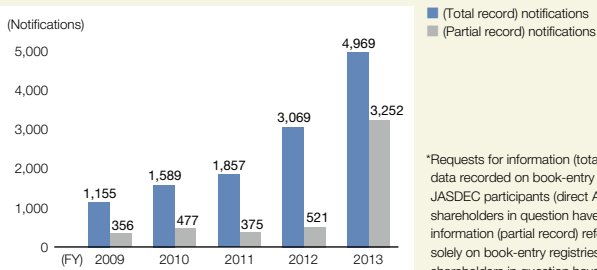
Individual shareholder notifications



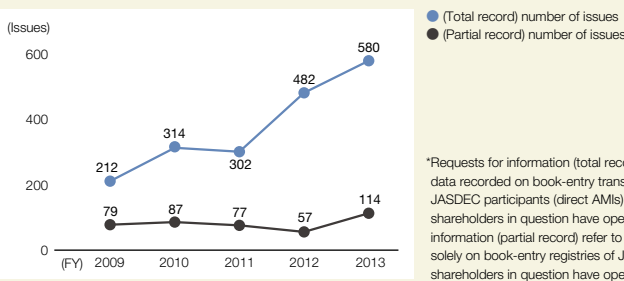
Number of shareholders (Data for shareholder notifications)



Information requests (Notifications)



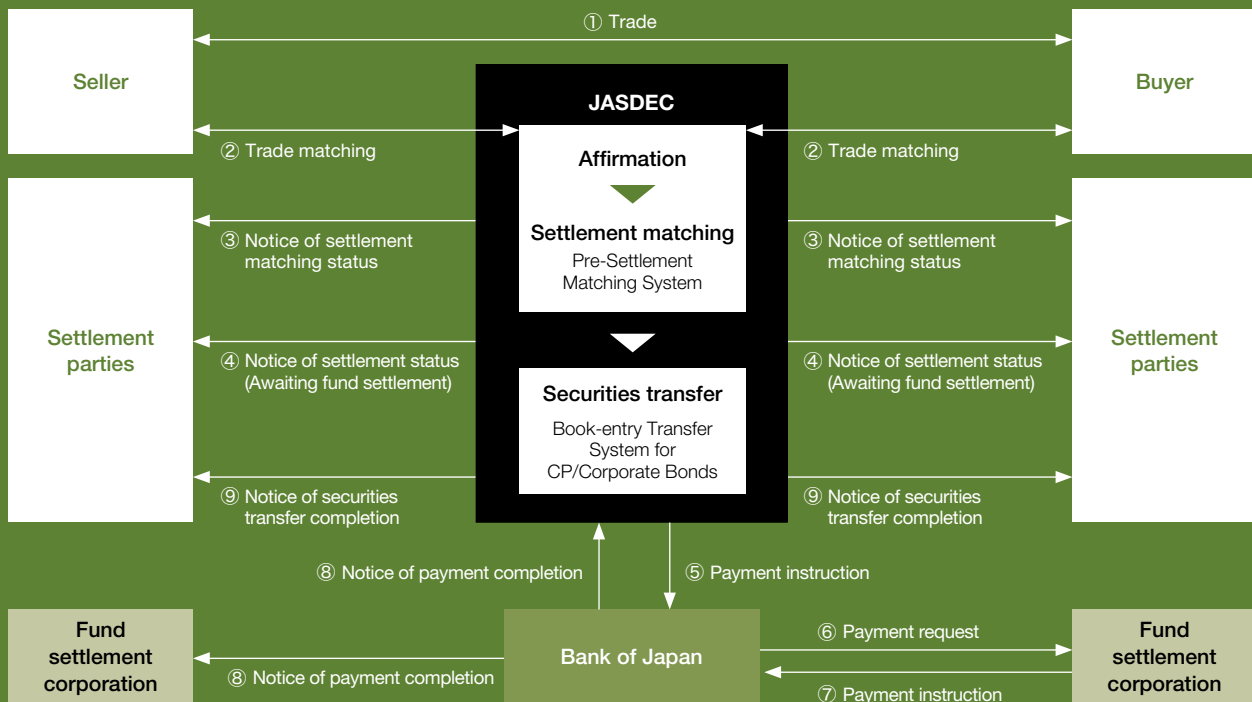
Information requests (Number of issues)



02 Book-Entry Transfer System for Commercial Paper and Corporate Bonds

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

Flowchart for Book-entry Transfer for CP/Corporate Bonds (DVP)



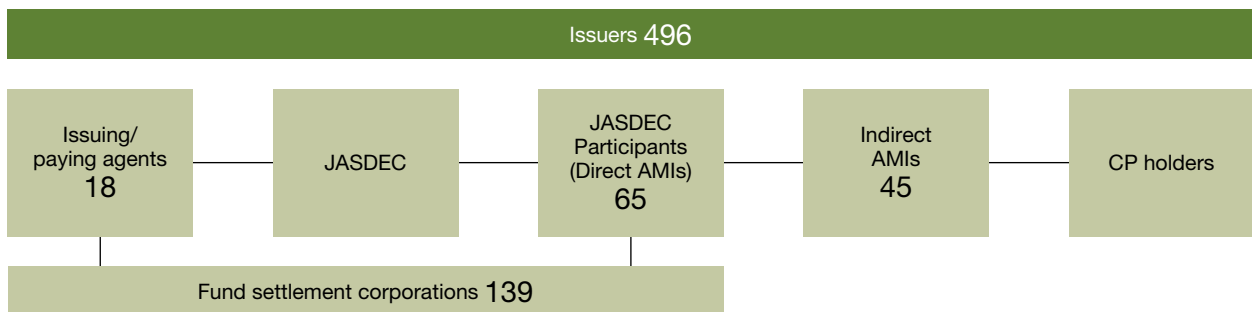
Supporting seamless and secure CP and corporate bond settlement

In March 2003, JASDEC launched the Book-entry Transfer System for Short-Term Corporate Bonds (dematerialized CP), and this was followed by the launch of the Book-entry Transfer System for Corporate Bonds in January 2006. In each system, settlement procedures—issuance, transfer (trading), and redemption—are conducted based on the balance electronically recorded in the transfer account books. In addition, at all stages of issuance, transfer, and redemption of CP and corporate bonds, DVP settlement is available by the linkage between JASDEC's book-entry transfer system and the Bank of Japan Financial Network System. Furthermore, interfacing the book-entry transfer system to its PSMS (Pre-Settlement Matching System; see page 32), JASDEC has realized Straight Through Processing (STP), which fully

automates the entire process through trade matching to settlement of securities and fund.

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. For example, 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. Upon the payments of principal and interest of corporate bonds to bondholders, AMIs receive principal and interest from paying agents or their upper AMIs through the multilayered structure on behalf of their bondholders.

Participants in Book-entry Transfer System for CP (as of the end of March 2014)

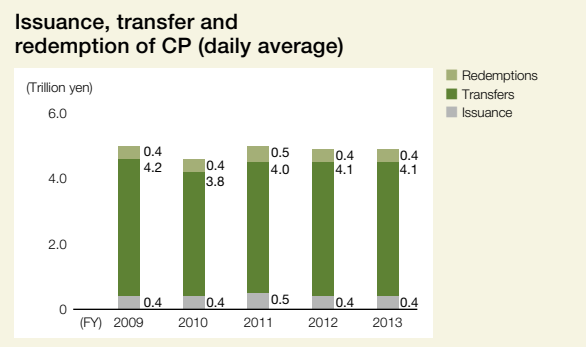
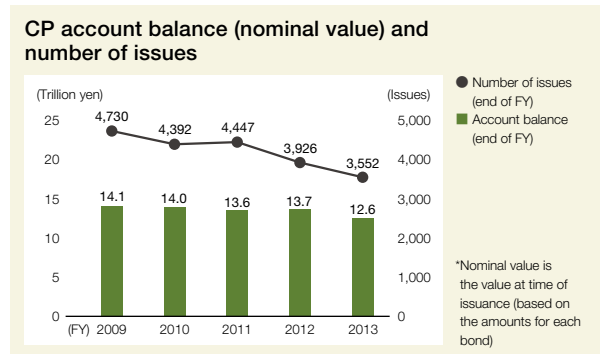


The Book-entry Transfer System for Commercial Paper continues to operate efficiently.

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 promissory notes in physical form, there were always some risks of theft or loss when notes were transferred or deposited, as well as costs of a documentary stamp tax upon transfers. To eliminate such risks and costs, the fully electronic book-entry transfer system for dematerialized CP was launched in 2003. More than ten years after the launch, almost all CP issued in Japan is handled by this system.

The outstanding issue of financial institutions and other financial companies' CP increased in fiscal 2013 (to March 31, 2014), but the outstanding issue

of business companies (excluding other financial companies) and SPCs' CP remained low due to stagnating demand for funds. As a result, the total account balance held at around the ¥15 trillion level throughout the year but fell dramatically to ¥12.6 trillion as of March 31, 2014 (a ¥1.1 trillion decrease from the end of FY2012), in part because of special factors relating to the end of the financial year. The number of issues stood at 3,552 issues (a 374 issues decrease from the end of FY2012).



Continually adapting to CP market needs

The total settlement amount of issuance, transfer, and redemption of CP handled by JASDEC's book-entry transfer system averages ¥5 trillion per day. In combination with month-end settlements of more than ¥10 trillion, the settlement value of CP at JASDEC surpassed the daily trading value at the Tokyo Stock Exchange. In fiscal 2013, the annual aggregate settlement amount of transfer surpassed ¥1,000 trillion, marking active trading at the highest level as good as fiscal 2012.

This huge settlement amount reflects the importance of CP in the Japanese financial market. JASDEC is willing to continue maintaining a high level of safety in the Book-entry transfer system for CP, a matter of critical importance for securities settlement infrastructure, while rapidly reflecting market needs in the system.

The Book-entry Transfer System for Corporate Bonds operates with 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 bonds issued by business companies, 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 foreign governments or entities), J-Sukuk (Islamic financial instruments similar to bonds) and others.

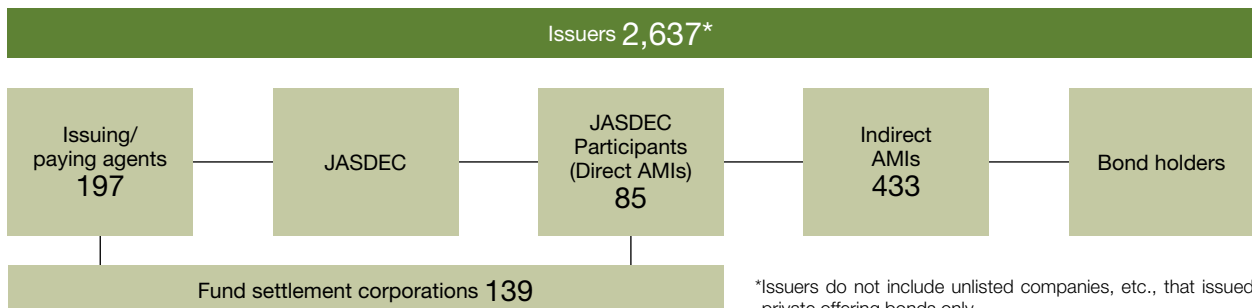
In fiscal 2013, based on the continuously excellent issuing conditions such as extremely low interest rates, the level of new issuance was in the same range of fiscal 2012. At the same time, in part because of the slow pace of redemptions, the account balance reached ¥256.8 trillion on December 19, 2013—the highest since the launch of the system. As of March 31, 2014, the number of bonds eligible in the system was 55,595 issues (a 2,891-issue decline from the end of FY2012), and the nominal account balance stood at ¥253.2 trillion (a ¥0.4 trillion increase from the end of FY2012). There was also a significant increase in new issues of U.S. dollar-denominated bonds, reflecting growth in recent demand for foreign currency finance. In face value terms, the account balance as of March 31, 2014 was \$3.4 billion (a \$1.8 billion increase from the end of FY2012).

In January 2014, JASDEC began to provide dematerialized balance certificates, etc. for the Book-entry Transfer System for Corporate Bonds, Commercial Paper and Investment Trusts. Through this service, AMIs can request and receive their transfer account book registration certificates, etc., via the JASDEC "Target" website which reduces the processing time and enhances user convenience. In January 2016 the Japanese government will introduce integrated taxation of financial income and gains. JASDEC is making preparations to ensure a smooth transition to the new taxation rules, including the publication of system requirements.

Corporate Bonds account balance and number of issues



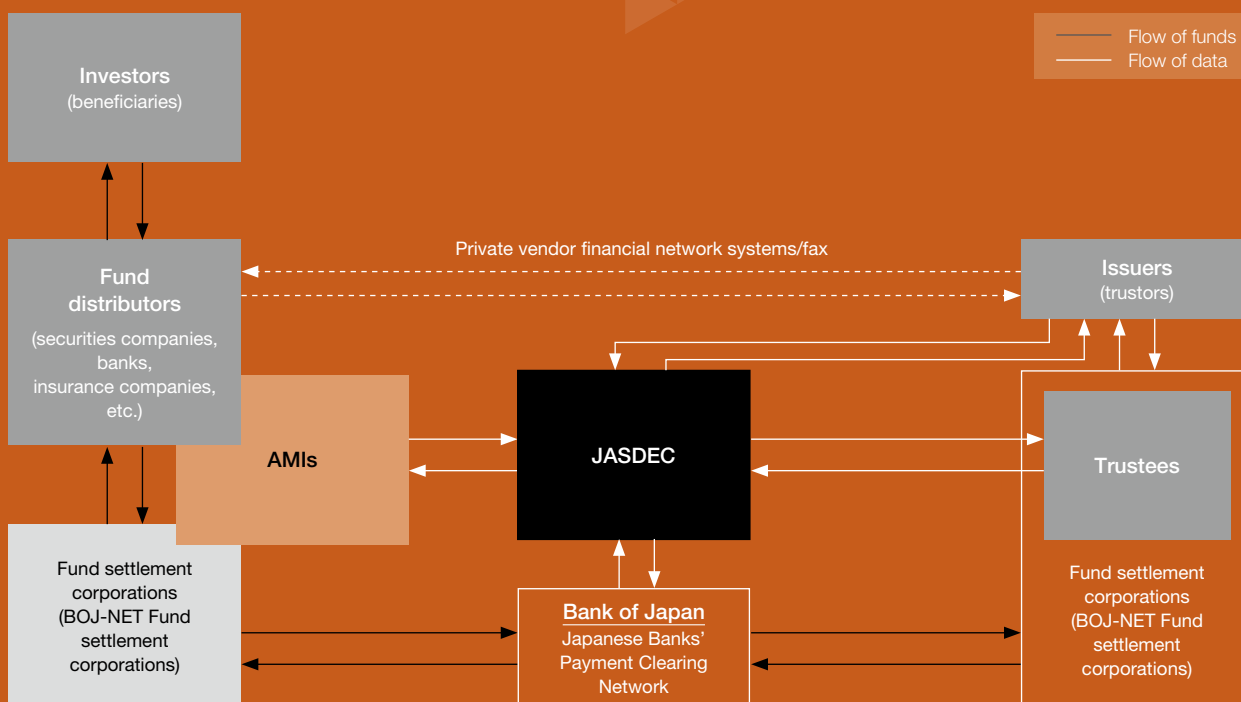
Participants in Book-entry Transfer System for Corporate Bonds (as of the end of March 2014)



03 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.

Basic Model of 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.

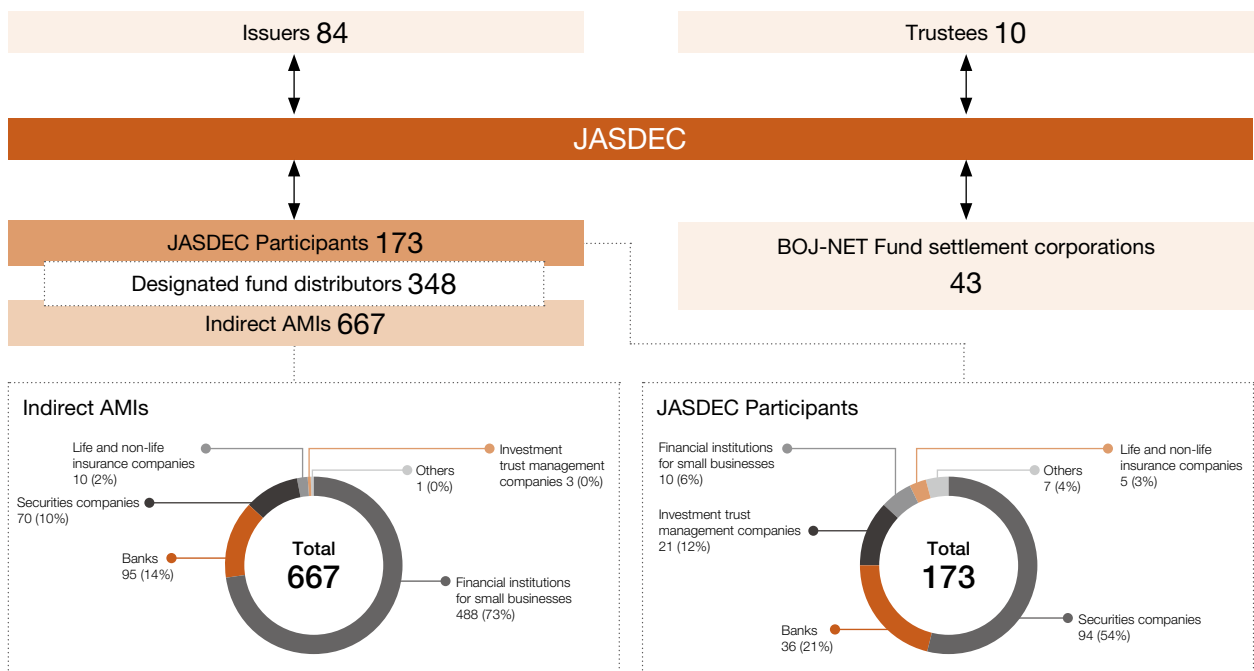
The system covers contract-type investment trusts (hereinafter, simply called “investment trusts”), which involve three parties—a trustor, a trustee, and a beneficiary who is an investor in the investment trust. (Exchange Traded Funds (ETFs) and investment trusts of the non-trustor instruction type are 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, 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 840 companies as of March 31, 2014.

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

Participants in Book-entry Transfer System for Investment Trusts (as of the end of March, 2014)



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

Strong support from users

The total number of investment trusts handled by JASDEC as of March 31, 2014 was 7,940 issues (a 828-issue increase from March 31, 2013), comprising 4,962 publicly offered and 2,978 privately placed investment trusts. The number and balance of new trusts registered (purchases) remained high, reflecting a favorable investment environment. Throughout the entire business year, the account balance increased consistently. As a result, the outstanding balance as of March 31, 2014 had increased ¥9.1 trillion year on year to ¥124.5 trillion, comprising ¥89.3 trillion in publicly offered and ¥35.1 trillion in privately placed investment trusts.

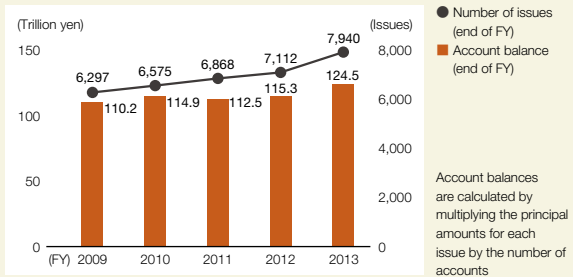
Fund settlement systems in the Book-entry Transfer System for Investment Trusts include DVP settlement (using the Bank of Japan Financial Network System) and non-DVP settlement (using the Japanese Bankers Association's financial network system for online fund settlement between financial institutions). In fiscal 2013, the proportion of settlements using DVP was 25% by transaction volume and 62% by principal value.

Dedicated to ongoing improvement

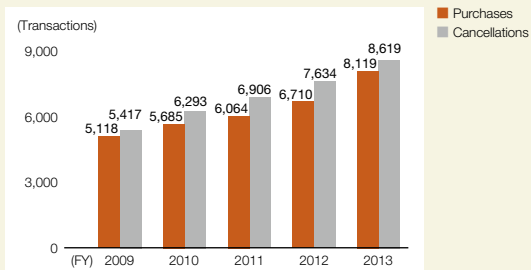
In January 2014, we added transfer (change of fund distributors) and notification functions to the Book-entry Transfer System for Investment Trusts. Advantages for users of this function include the elimination of documentary procedures between distributors and issuers for transfers between distributors.

JASDEC will continue to implement measures that enhance the user-friendly Book-entry Transfer System for Investment Trusts, while maintaining the high level of safety required for settlement infrastructure.

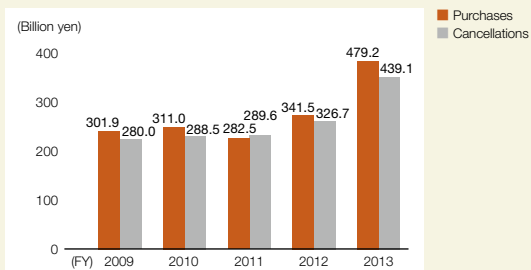
Investment trusts account balance and number of issues



Purchase and cancellation transactions (Daily average)



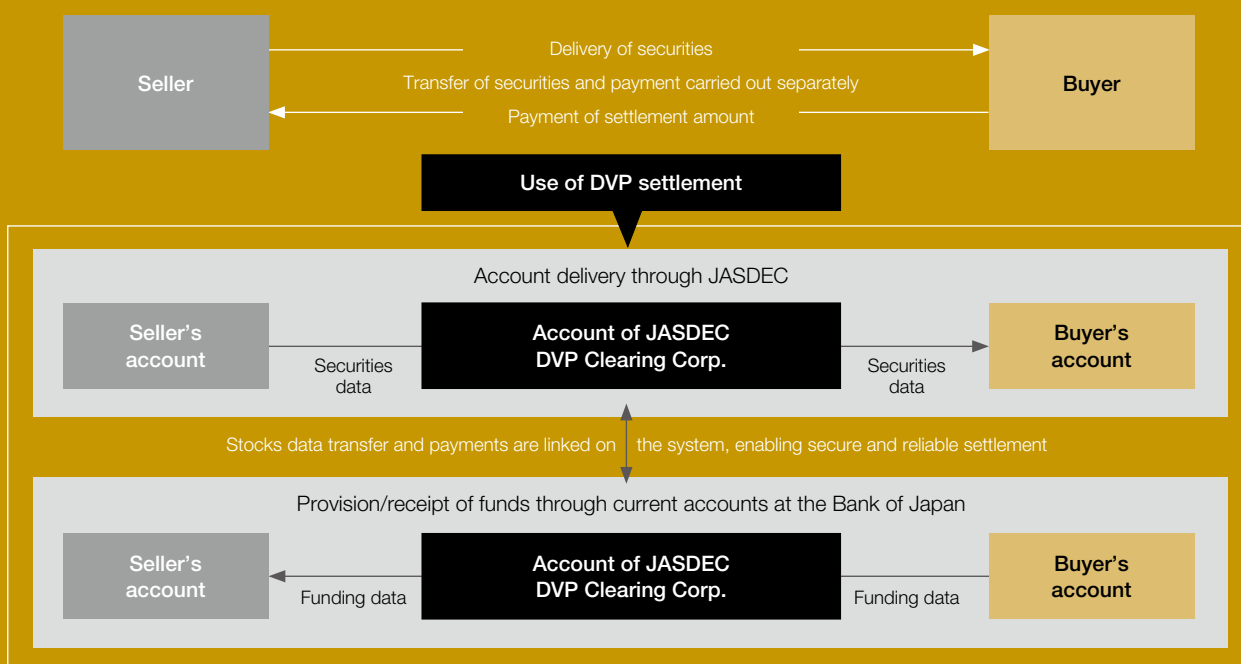
Principal values of investment trusts for purchases and cancellations (Daily average)



04 DVP Settlement System for NETDs

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

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.

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.

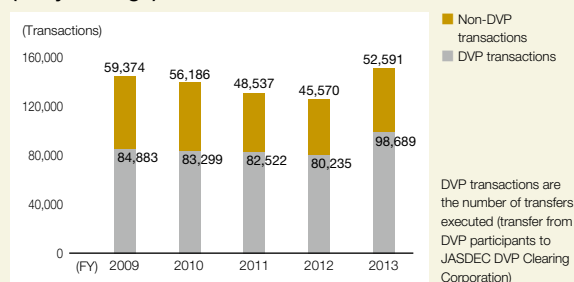
Previously, the delivery of the securities and the payment of the settlement amounts for non-exchange transactions have mostly been processed separately, so the transactions have been exposed to the risk (principal risk) that settlement payments may not be made even though the securities have been delivered. 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 debit (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).

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 2014, 53 companies (comprising 12 banks and 41 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 2013, in consideration of steady growth in the use of the system, we refunded ¥7 of the ¥17 DVP settlement fee per transaction for the period from April 2013 to February 2014 in accordance with the participant's usage level.

DVP settlement for NETD transactions (Daily average)

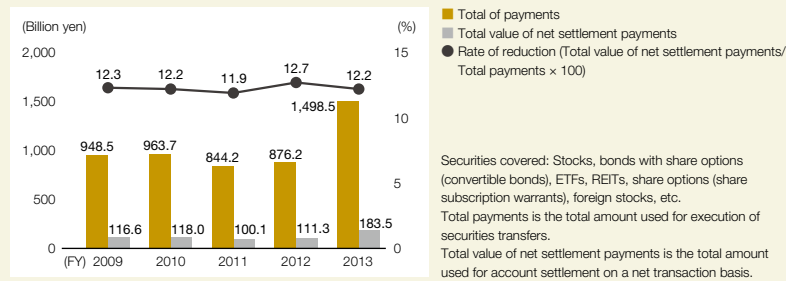


Reducing settlement risks for stock lending transactions

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 introduced DVP settlements for stock lending transactions in January 2014 with the aim of reducing settlement risks for stock lending transactions.

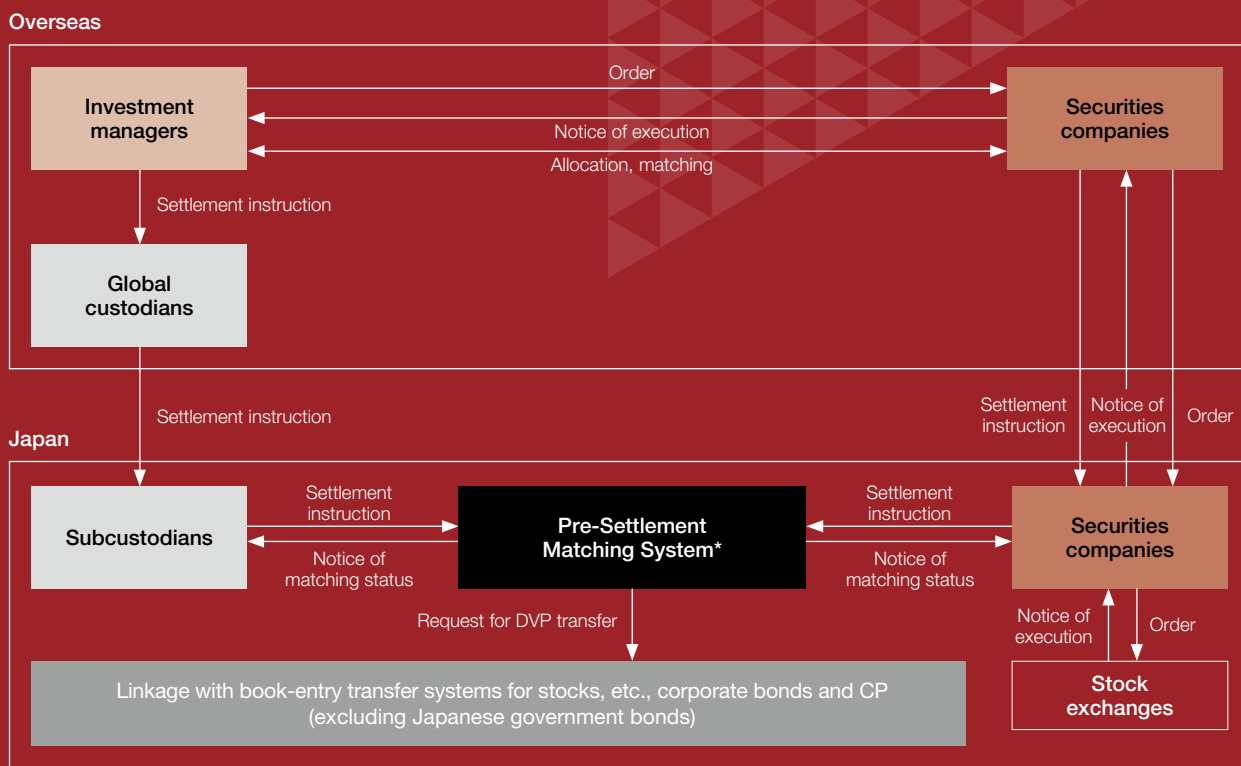
DVP settlement for NETD fund settlement (Daily average)



05 Pre-Settlement Matching System (PSMS)

In January 2014, JASDEC launched brand new services in PSMS for further enhancement of STP, including introduction of the ISO 20022 standard and SWIFTNet.

Figure 1. PSMS for non-residents' transactions



* From January 2014, on, "Tolerance Matching" function is available.

Pre-Settlement Matching System (PSMS)— for smooth and secure matching infrastructure in Japanese securities market

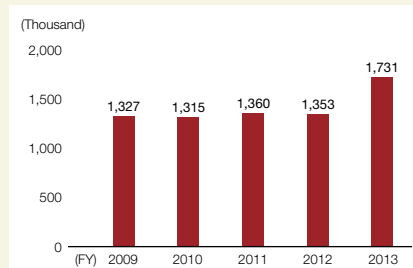
It is crucial for financial institutions to smoothly and securely complete the settlement process of huge number of transactions. While our Book-Entry Transfer Systems (BETS) realize secure settlement, PSMS, on top of that, helps, additionally, to make settlement go smoothly.

Since the launch of PSMS in September 2001, JASDEC has promoted Straight Through Processing (STP) in Japanese securities market, by providing matching function of trade and settlement information to institutional investors and others. PSMS has three basic concepts below, as a bridge between trades and settlements.

- 1) **Rapid post-trade process**
- 2) **Automatic data linkage to Central Clearing Party (CCP) and BETS for Delivery Versus Payment (DVP) settlement**
- 3) **Globally standardized protocol suitable both to domestic and non-residents' transactions**

Followed by the booming stock market in Japan, in fiscal 2013, the number of input/output transactions of PSMS significantly increased to 1,731 thousands on a daily average. Furthermore, 676 users are utilizing PSMS as a primary matching infrastructure in Japanese market.

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



Brand-new services launched in January 2014

A number of new and useful services have been implemented in PSMS, along with the replacement of our information systems in January 2014. Among all, three items below are primarily important.

1) **Tolerance matching (see Figure 1.)**

PSMS has introduced 'Tolerance Matching' function into non-residents' transactions. With this function, when there is a slight discrepancy in settlement amount between settlement parties, which is under JPY 100, PSMS will assume the amounts to be 'matched' without any exception, and the transaction will be settled with the amount of the securities' deliverer.

Previously, settlement amounts sometimes became 'unmatched,' mainly due to various calculation approaches to the amount (rounding up/down, etc.). Tolerance matching has decreased the number of 'unmatched' transactions by more than 90 percent, and contributes to more and more rapid post-trade processes.

2) **DVP settlement for Stock Lending and Borrowing (SLB) transactions (see Figure 2.)**

Since 2008's financial crisis, more and more people have been discussing further mitigation of settlement risk. JASDEC has added SLB transactions into the line of DVP-eligible products by providing automatic data linkage from PSMS to BETS for Stocks, etc. (see also Chapter 04.).

Since January 2014, 21 major players in Japanese SLB market have made use of this service.

3) **More standardized communication— ISO 20022 and SWIFT Network**

Now that more than a half of stock transactions are conducted by non-residents, this move is expected to improve accessibility to the Japanese market. To achieve easier access in terms of system connectivity, JASDEC has leveraged the ISO 20022-based message format as one of the pioneers in the global securities

market, and has enabled the connection via SWIFT network as well.

Furthermore, ISO 20022 will bring compatibility of Japanese market practices with the global ones. JASDEC is actively participating and offering comments in consultations of International Organization for Standardization (ISO) and Securities Market Practice

Group (SMPG).

JASDEC participants are required to migrate from the ISO 15022-based message format to ISO 20022 by the end of 2018. It already has a good start; as of January 2014, about 40 percent of relevant data was exchanged via the ISO 20022-based format.

Further actions for ongoing progress

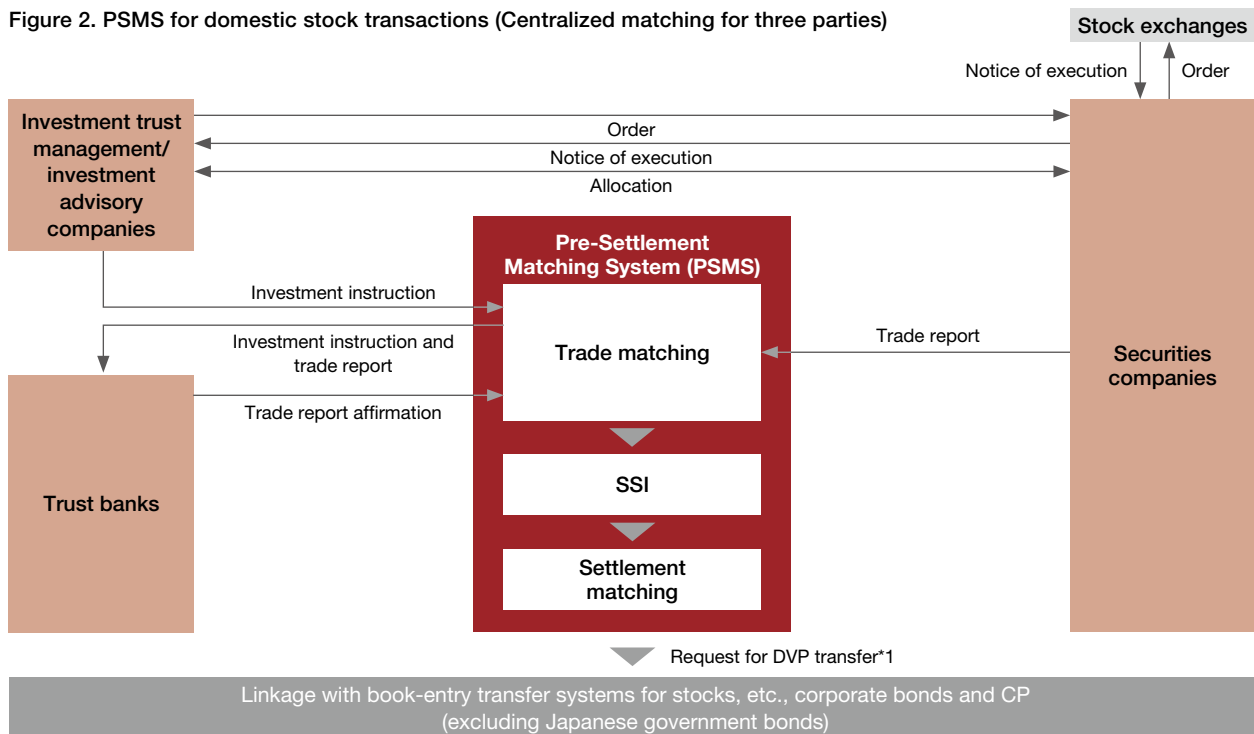
JASDEC has already kicked off some projects for contribution of making the Japanese securities market much more efficient.

During the autumn of 2015 and the beginning of 2016, the Japanese Securities Dealers Association (JSDA) is supposed to begin disclosing transaction information of specific corporate bonds, in order to stimulate the Japanese bond market. JASDEC

will cooperate closely with JSDA to realize smooth operation of JSDA's system, leveraging transaction data of corporate bonds reported to PSMS.

Along with this, JASDEC is participating in consultation among market players, regarding settlement cycle shortening of Japanese Government Bonds (JGB) to 'T+1' (one business day after a trade is executed) for outright transactions.

Figure 2. PSMS for domestic stock transactions (Centralized matching for three parties)

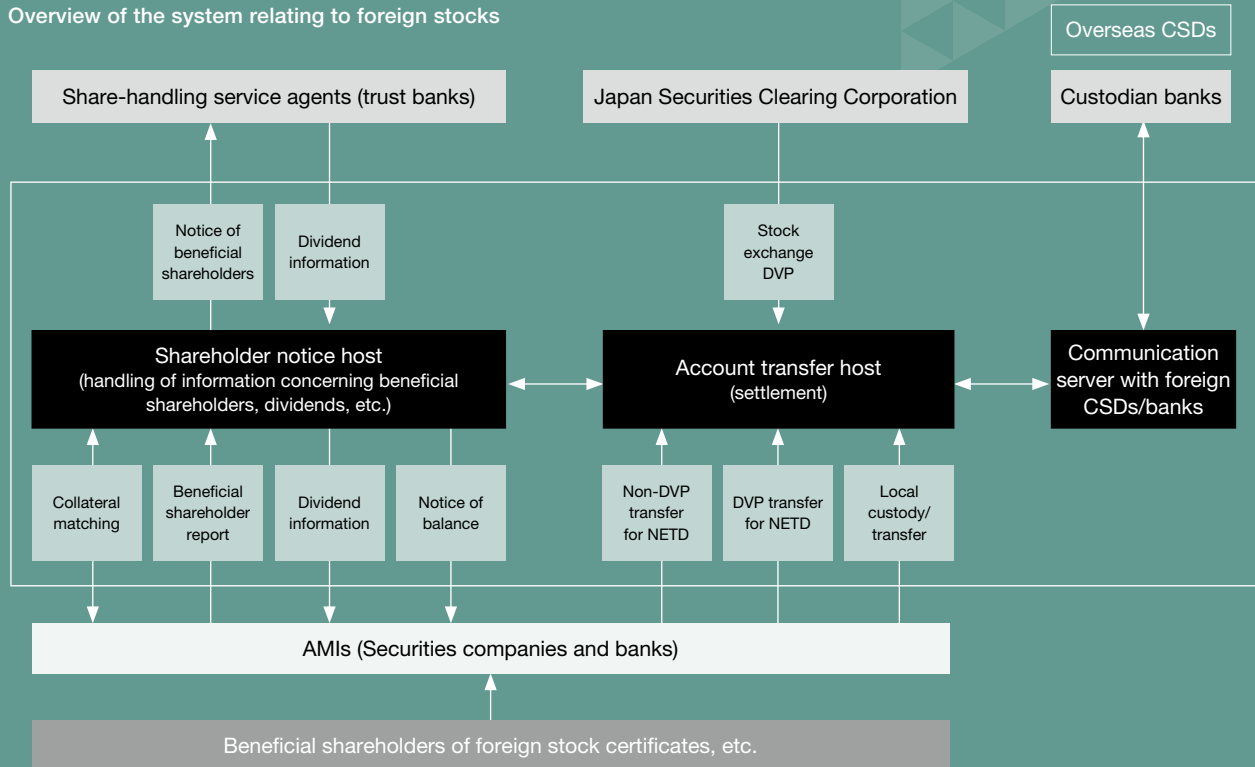


*1 From January 2014 on, DVP settlement for Stock Lending and Borrowing (SLB) transactions is available.

06 Custody Services for Foreign Stock Certificates, etc.

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

Overview of the system relating to foreign stocks



Safe and secure settlement infrastructure and services for foreign stocks

In May 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.

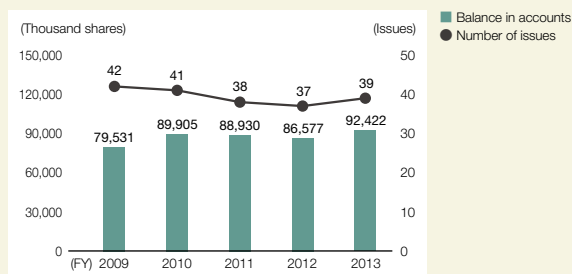
JASDEC entrusts dividend payments to relevant share-handling service agents. Information on beneficial shareholders at the dividend record date is transferred to the share-handling service organizations by the JASDEC participants through JASDEC.

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.

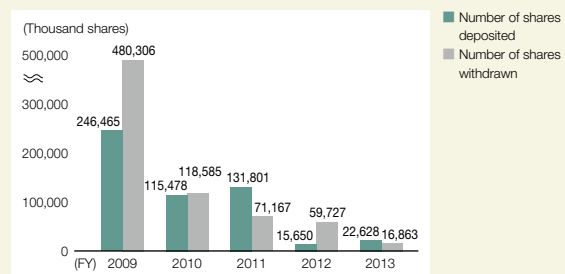
JASDEC also undertakes the necessary procedures regarding dividend taxation for local tax authorities and other such entities, to ensure reduced tax rates under tax treaties with the countries concerned. Beneficial shareholders can also exercise their voting rights at general meetings of shareholders 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.

Foreign stocks, etc. account balance and number of issues (excluding foreign covered warrants)



Number of shares deposited/withdrawn



Service improvements for beneficial shareholders and participants

In January 2014, we introduced Straight Through Processing (STP) for the cancellation of deposit and delivery requests to foreign depositories, for which paper documents were previously required. We also introduced a system to allow JASDEC participants to be notified of schedules for corporate actions by means of file transmissions, in addition to the existing system of notices on the website.

Systems to prevent tax avoidance have been introduced in a number of foreign countries in recent years, and JASDEC is responding appropriately on the basis of cooperation with the competent authorities and involved organizations to ensure that beneficial shareholders are not treated disadvantageously with respect to foreign tax and that participants are not subject to excessive administrative workload.

In addition, JASDEC has worked to improve

services offered to beneficial shareholders and JASDEC participants, such as considering handling products listed in various foreign countries with prospects for listing on Japanese stock exchanges.

At present, foreign securities under the custody of the Depository and Book-entry Transfer System for Foreign Stock Certificates, etc., include three categories: foreign stocks (including ADRs), overseas ETFs (including ETCs), and country funds. At the end of March 2014, the total number of issues handled by JASDEC in the three categories stood at 39.

Book-entry transfers

