

## Bringing improvement of market safety and efficiency

### Ongoing Commitment to Settlement Innovation

Throughout its history, JASDEC has worked to improve safety and efficiency by refining the settlement system. We will continue to support Japanese financial markets through our continuing commitment to innovation in the future.

## ISO 20022

In January 2014, JASDEC led the world in adopting a Pre-Settlement Matching System and Book-entry Transfer System based on ISO 20022 standards, the next-generation international standard message format.

## DVP (Delivery versus Payment)

DVP settlement mitigates principal risk by linking the delivery of securities to the payment of funds. In January 2014, JASDEC further enhanced settlement safety by introducing DVP settlements for stock lending transactions to reduce settlement risk relating to stock lending and borrowing transactions.

## Straight Through Processing (STP)

STP assures securities transactions, from trading to settlement, are conducted seamlessly and without manual intervention. JASDEC has automated most of its operations, and has implemented advanced STP for institutional investors by providing the Pre-Settlement Matching System (PSMS). Users in Japan and overseas rate JASDEC systems highly.

## Dematerialization

JASDEC dematerialized stock certificates in January 2009, and has completed the dematerialization of all securities, starting with CP, corporate bonds, and investment trusts. The fact that Japan has become fully paperless is an indication that Japanese securities markets have achieved a high level of efficiency by international standards.