

Aiming for seamless reliability and steadfast service



Haruhiko Kato
President & CEO

As a Central Securities Depository (CSD), JASDEC provides vital infrastructure for financial and capital markets. We have earned the confidence of users by administering and providing reliable systems and services, and by working to improve our business processes and capabilities with the aim of providing world-class functions based on international best practice for securities settlement systems.



Recent Initiatives

In April 2012, the BIS Committee on Payment and Settlement Systems (CPSS)¹ and the International Organization of Securities Commissions (IOSCO) announced the Principles for financial market infrastructures (PFMI). In December 2013, Japan's Financial Services Agency published Comprehensive Guidelines for Supervision of Financial Market Infrastructures. We have responded to these and other developments by further strengthening our business infrastructure, including our organizational structures, financial management, and human resources. We have also taken steps to ensure the consistent application of our operational risk and system risk management structures, and to reinforce our business continuity plan.

Strengthening Corporate Governance

We are determined to maintain a corporate governance structure that measures up to Japanese and international standards of excellence. In July 2015, we therefore shifted to the corporate structure of a company with a nominating committee, etc., which provides a clear demarcation between management supervision functions and executive functions as required under the Companies Act. We

will continue to improve management transparency and achieve further improvement in our operating efficiency.

Improving Risk Management Structures

A review of our administrative organization in June 2014 resulted in the integration of risk management activities within the JASDEC Group. We took steps to strengthen our risk management organization, including the appointment of a Chief Risk Officer (CRO) to provide the necessary guidance and supervision, and the establishment of the Integrated Risk Management Council, which is responsible for deliberations and decision-making on key aspects of risk management within the JASDEC Group. The Integrated Risk Management Council also regularly monitors the risk management situation within the JASDEC Group and reports to the Board of Directors. We also established the Risk Management Department to promote and coordinate risk management activities within the JASDEC Group.

Strengthening IT System Infrastructure and Business Continuity Structure

We have formulated a medium-term IT plan that encompasses our basic policy on IT. One of our action

¹The Committee on Payment and Settlement Systems (CPSS) was renamed as the Committee on Payment and Market Infrastructures (CPMI) on 1 September, 2014.

plans for priority goals identified in the medium-term plan calls for a review of selection criteria for outside service providers and the reinforcement of system development processes. We took steps to strengthen our system infrastructure, by conducting a study concerning scheduling of these plans.

We also reviewed our guidelines and procedures for resuming business operations after a system breakdown. Based on the results of this review, we further strengthened our business continuity structures through measures that include the publication of contingency plans.

International Activities

We continued to work proactively in the current fiscal year to share information and strengthen relationships with overseas CSDs and other organizations. These activities

play a vital role in our efforts to deal with a wide range of challenges resulting from the globalization of financial and capital markets and a global trend toward regulation. JASDEC is involved in planning and administration activities for the Asia-Pacific Central Securities Depository Group (ACG) as an Executive Committee member and convener of the Exchange of Information task force. We also participated in discussions at the World Forum of CSDs (WFC) concerning issues affecting CSDs, including the global trend toward tighter regulation of financial markets and adaptation to the PFMI. In addition, JASDEC served as a co-chair of Sub-Forum 2 of the ASEAN+3 Bond Market Forum (ABMF) which have been established under the Asian Bond Markets Initiative (ABMI), which looked at the harmonization and standardization of transaction procedures in different countries. Our contributions to this work included the compilation of a report.

Future Priorities

Under our Basic Management Policy and Medium-Term Business Plan (FY2015–2017), we have identified the following priorities for FY2015.

Ensuring Reliable and Efficient Operations and Improving Safety and Efficiency Across All Systems

While ensuring the reliable operation of our existing systems and services, we will undertake improvements, reviews and other actions as required to keep pace with recent trends and developments. We will also carry out studies as required concerning regulatory and tax system changes, such as the launch of the Social

Security and Tax Number (“My Number”) system, the introduction of integrated taxation on financial income and gains, as well as amendments to the Companies Act and the Act on Book-Entry of Corporate Bonds, Shares, etc., in preparation for the smooth implementation of the necessary changes. We will also undertake appropriate studies and efficiently implement any measures necessitated by system changes affecting related infrastructure, such as the Bank of Japan, financial instruments exchanges and CCPs.

Further Reinforcement of Business Infrastructure

We will continue to strengthen our organizational structures and financial management in response to new requirements, such as supplemental guidance and reports of PFMI on specific matters. We will also give priority to the training of our personnel.

Our efforts to strengthen our system infrastructure will focus both on the improvement of our capacity to maintain reliable operations and management structures based on our existing system, and also on studies relating to efficiency improvements and other enhancements to be implemented in our next system.

We recognize the high public importance of the securities settlement infrastructure provided by JASDEC, and we will further strengthen our business continuity plan (BCP) to ensure that our services can be maintained, if possible, or restored as quickly as possible, in the event of a disaster, system breakdown or other contingency.

Contributing to the Development of Financial and Capital Markets in Japan and International Activities

We will support the development and vitalization of financial and capital markets by working in collaboration with other institutions and supervisory agencies to contribute to initiatives, such as the reduction of the securities settlement cycle, based on the government's growth strategy as contained in the June 2014 revision of the "Japan Revitalization Strategy," and on initiatives formulated in July 2012 by a study group established to examine approaches to bond market revitalization.

We will also continue to work proactively at the international level, including research on overseas settlement schemes, information sharing with overseas CSDs, and participation in the ABMI.

JASDEC is determined to administer its various services reliably, while responding to environmental and structural change and user needs. We are also committed to the continual review and improvement of our business practices, with the aim of maintaining operations and providing services at the lowest possible cost. We look forward to the continuing support and cooperation of our stakeholders.



Haruhiko Kato, *President & CEO*