

## CORPORATE GOVERNANCE

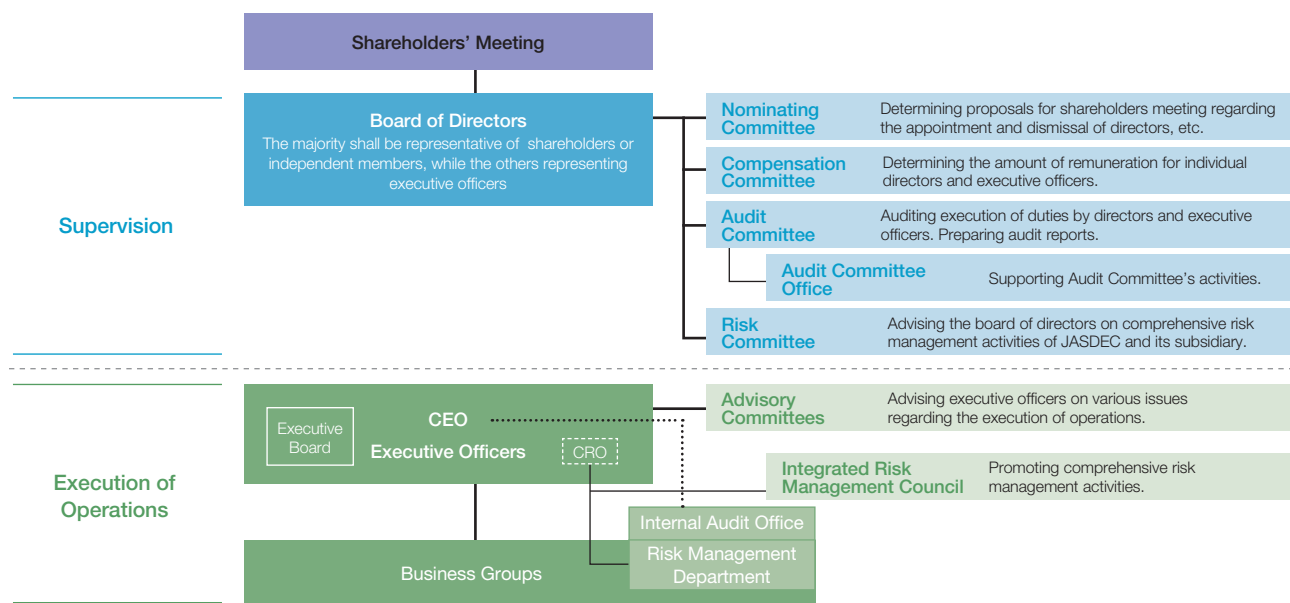
### Fundamental Approach toward Corporate Governance

JASDEC's corporate philosophy positions users, including investors, issuers and market intermediaries, as the main focus of our business operations. Our shares are owned by institutions from the Japanese financial industry, many of which are also participants in our services. We aim to provide user-oriented services, while responding appropriately to environmental and structural changes affecting financial and capital markets in Japan and overseas, through a governance structure centered on our participant shareholders, and through frameworks that fully reflect participant needs. By establishing Advisory Committees made up of stakeholders, especially participants, we ensure that the views of stakeholders are fully reflected in our business operations and the development of our systems.

### Adopting the Structure of a Company with Nominating Committee, etc.

JASDEC is organizationally structured as a company with a nominating committee, etc. This structure provides a clear demarcation between management supervision functions and executive functions, as required under the Companies Act, and reflects internationally recommended principles and practices. By making full use of lawfully designated committees and other bodies, on which external directors hold the majority of seats, we ensure the transparency and fairness of decision-making processes and improve the effectiveness of management supervision functions. To ensure timely and efficient operational management, the board of directors delegate operational decision-making functions to executive officers.

#### Corporate Governance Framework



## Management Supervision Structure

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### • Board of Directors

The Board of Directors determines fundamental management policies, including medium-term management plans, and monitors progress under those policies. The Board of Directors also makes decisions on important aspects of management, including the appointment and dismissal of members of each committee, executive officers, and representative executive officers. It also supervises executive officers, etc., in the performance of their duties from a position that is independent from operational executive functions.

Our commitment to user-oriented business operations and the public good is reflected in the fact that a majority of the Board of Directors are external directors who are participant shareholders. The other members are independent directors, who have no relationship with JASDEC, and directors who concurrently serve as executive officers.

External directors who are participant shareholders are in principle appointed from major shareholders based on the frequency with which they use our systems. In accordance with this policy, the Board of Directors consists of eight external directors chosen from participant shareholders, three independent directors and two directors who concurrently serve as executive officers.

### • Nominating Committee

The Nominating Committee, in addition to determining the content of proposals submitted to the general meeting of shareholders concerning the appointment or dismissal of directors, also promotes sound corporate governance by deciding on the appointment and dismissal criteria for directors and executive officers and by confirming the content of proposals submitted to the board concerning matters such as the selection of representative executive officers, the appointment and dismissal of executive officers, and the allocation of executive officer duties.

### • Compensation Committee

The Compensation Committee sets policies on the determination of the amount of remuneration, etc., for executive officers and directors. The committee also decides on the individual remuneration awarded to executive officers and directors.

### • Audit Committee

The Audit Committee audits and reports on the performance of duties by directors and executive officers.

### • Risk Committee

The majority of the Risk Committee comprises persons who are not involved in operational executive functions within the JASDEC Group. The Risk Committee advises and supports the Board of Directors about all aspects of risks affecting the JASDEC Group.

## Business Execution Structure

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### • Executive Board

The Executive Board, comprising all executive officers, deliberates and makes decisions on important aspects of operational executive functions under the supervision of the Board of Directors.

The allocation of executive officer duties is decided with due consideration given to maintaining mutual supervision of business groups and ensuring the independence of internal auditing and overall risk management.

### • Advisory Committees

Advisory Committees, which consist of participants and other stakeholders, are established to provide advice and opinion regarding the matters of business operations to executive officers as requested or otherwise deemed necessary.