

JASDEC Medium-term Business Plan

(FY2014-2016)

28 February 2014

Japan Securities Depository Center, Inc.

Corporate Philosophy

Recognizing our public role as a provider of important settlement service in the capital market, we aim to provide reliable, convenient and highly efficient services that help improve capital market functions and contribute to the development of society.

Accordingly, we will strive to stay closely attuned to business environment and structural changes in the domestic and international capital markets, and undertake constant reform to improve services from the point of view of investors, issuers, market intermediaries and other market participants.

Basic Management Policy

- Undertake user-oriented operational management, based on direct governance by shareholding participants.
- Aim to provide globally recognized best practice in settlement services, acting rapidly and flexibly to improve operations and develop new services.
- Create a corporate culture that emphasizes risk management and rigorously controls costs, from the standpoint of concentrating operations in settlement infrastructure while expanding the scope of services.
- Recognize the public nature of our operations and ensure active disclosure and management transparency.

Medium-term Business Plan

I Ensure stable operations providing services with high levels of reliability, convenience and efficiency	II Reinforce business fundamentals	III Contribute to growth of the financial and capital markets and international initiatives
(1) Ensure & strengthen stable and efficient operations with the effort for improving institutional systems, enhancing and reviewing their functions (2) Appropriate response to changes in the legal and tax environment (3) Appropriate response to institutional changes by related market infrastructures	(1) Strengthen business organization (2) Strengthen IT system foundation (3) Enhance Business Continuity Plan (BCP)	(1) Contribute to the enhancement and vitalization of financial and capital markets (2) Promote initiatives for adoption of international standards (3) Involvement in international forums and initiatives

I Ensure stable operations providing services with high levels of reliability, convenience and efficiency

(1) Ensure & strengthen stable and efficient operations with the effort for improving institutional systems, enhancing and reviewing their functions

- Ensure the stable operation of current systems and services at the same time as implementing their improvement, review and other measures at the appropriate time, taking into consideration of the recent developments of the market and other circumstances.

(2) Appropriate response to changes in the legal and tax environment

- Consider appropriately what measures to take and implement them smoothly upon addressing to regulatory and tax-related changes, encompassing issues such as the Social Security and Tax Number System (January 2016), integrated taxation on financial income and gains (January 2016), revisions to the Investment Trust Act and Book-entry Transfer Act (to be implemented within one and a half years after 19 June 2013), and other law amendments in the future including Companies Act and Book-Entry Transfer Act.

(3) Appropriate response to institutional changes by related market infrastructures

- Consider appropriately what measures to take and implement them smoothly upon addressing to various institutional changes to be implemented by related market infrastructures such as the Bank of Japan, Financial Instrument Exchanges and Clearing Organizations.

(1) Strengthen business organization

- Attempt to further strengthen the business organization and financial management as well as deal with human resource management, upon taking into consideration of the “Principles for financial market infrastructures” (CPSS-IOSCO) and “Comprehensive Guidelines for Supervision of Clearing Organizations and Book-entry Transfer Institutions” (FSA).

(2) Strengthen IT system foundation

- Maintain and strengthen a stable operation and a solid management of the current IT systems while considering to formulate measures to promote more efficiency in the next-generation systems.

(3) Enhance Business Continuity Plan (BCP)

- Further enhance business continuity planning to ensure continuing business as much as possible in the event of natural disaster or systems failure and enable rapid system recovery.

III Contribute to growth of the financial and capital markets and international initiatives

(1) Contribute to the enhancement and vitalization of financial and capital markets

- Collaborate with related market infrastructures, regulators and other organizations to contribute to various initiatives including shortening of the securities settlement cycles, taking into consideration of reports such as “Recommendations for Vitalizing Financial and Capital Markets” (Panel for Vitalizing Financial and Capital Markets, December 2013) and “Work toward Vitalization of the Corporate Bond Market” (Study Group to Vitalize the Corporate Bond Market, July 2012).

(2) Promote initiatives for adoption of international standards

- Promote initiatives for adoption of international standards for securities settlement in Japan in terms of communication procedure and so on through participation in ISO20022 Securities SEG (Standards Evaluation Group) and APAC RMPG (The Asia-Pacific Regional Market Practice Group).

(3) Involvement in international forums and initiatives

- Establish collaborative relationships with institutions in other countries through MOU (Memorandum of Understanding) on information sharing and cooperation and other activities, as well as contributing to international forums and initiatives such as ACG (Asia-Pacific Central Securities Depository Group), WFC (The World Forum of CSDs), and ABMF(ASEAN+3 Bond Market Forum).