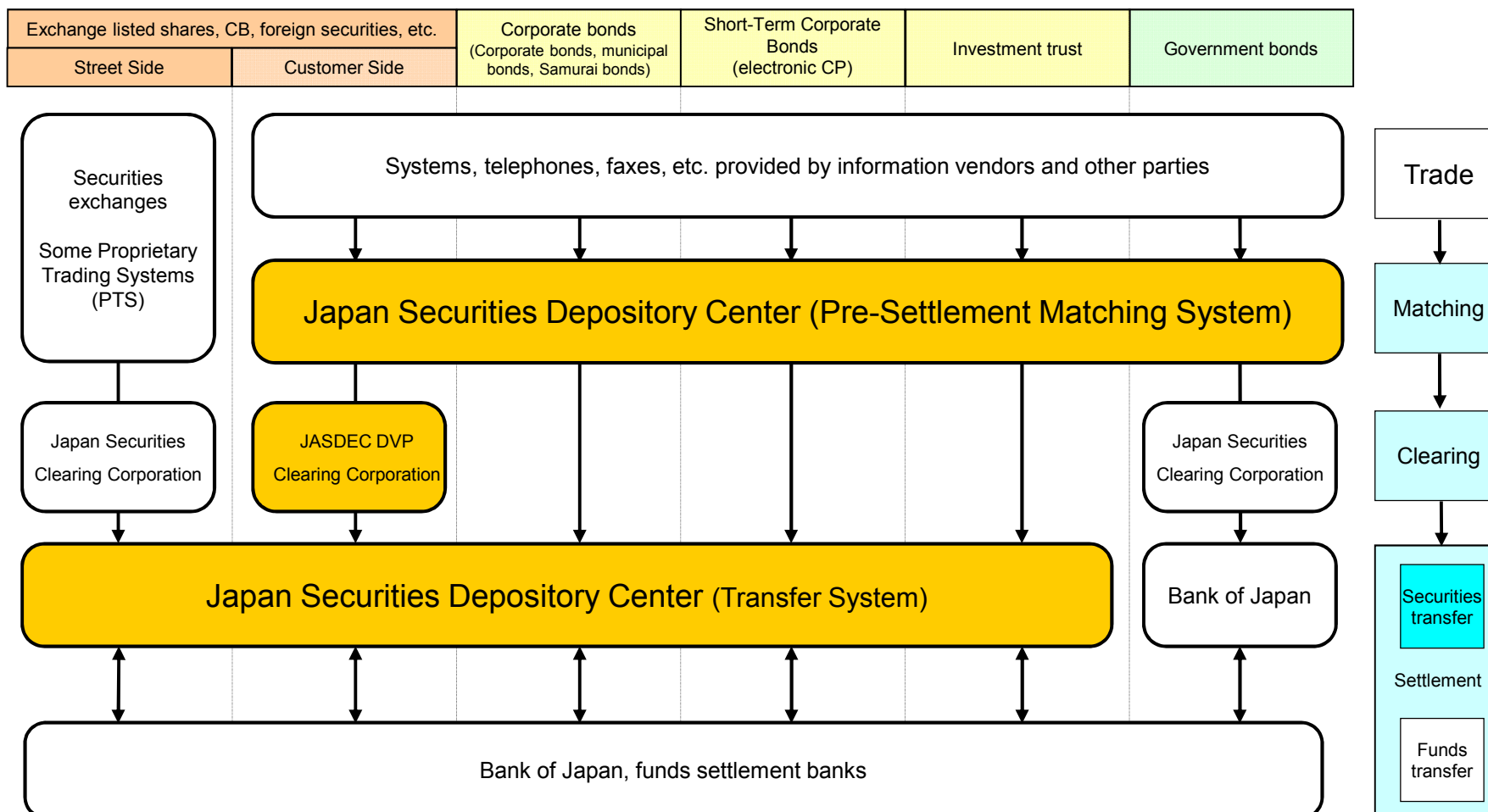


The role of JASDEC in financial and capital markets

When securities, such as stocks and corporate bonds, are traded on exchanges and over-the-counter markets, securities and funds must be delivered (this process is called “settlement”). Prompt and secure settlement is essential to ensure market growth and reduce investor risk. In developed countries in particular, with high volumes of securities trading and active cross-border transactions, securities settlement systems are important infrastructures for financial and capital markets.

Process flow until completion of securities settlement, and the role of JASDEC



(Note 1) Investment trust matching is performed by transfer system, not settlement matching system

(Note 2) There are also transactions that do not use JASDEC DVP Clearing Corporation or Japan Securities Clearing Corporation

In securities transactions, the settlement of securities and funds is conducted at the very end of the process after trades (orders, trade execution) have been conducted, and following confirmation of the trade and settlement details by the parties involved (matching) and aggregation by each settlement party of the value of securities and amount of funds to be delivered on the settlement day (clearing).

Within this sequence of processes, JASDEC provides services related to “matching”, “clearing”, and “settlement” as a central securities depository (CSD).

