

JPX Investor Day 2026

Clearing Services

President & CEO
Japan Securities Clearing Corporation

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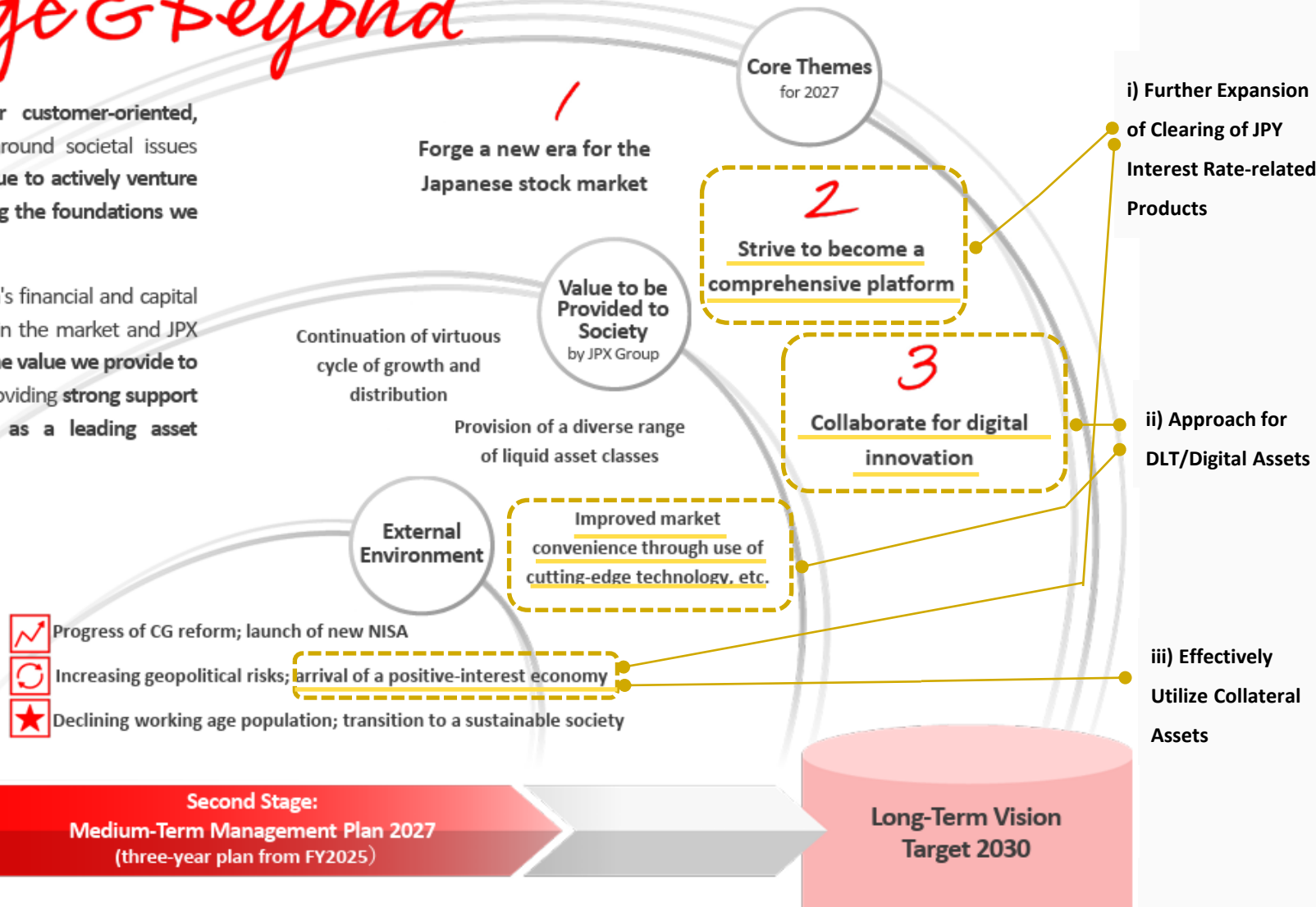


Positioning of Initiatives in “Mid-Term Management Plan 2027”

Basic Policy for Medium-Term Management Plan 2027

Exchange & beyond

- We will **strictly maintain** our customer-oriented, “**market-in**” approach based around societal issues and user needs, and will **continue to actively venture into new fields** while **developing the foundations we have built in the first stage**.
- As a core infrastructure of Japan's financial and capital markets, while enhancing trust in the market and JPX Group, we will aim to **increase the value we provide to society** through, for example, providing **strong support for the promotion of Japan as a leading asset management center**.



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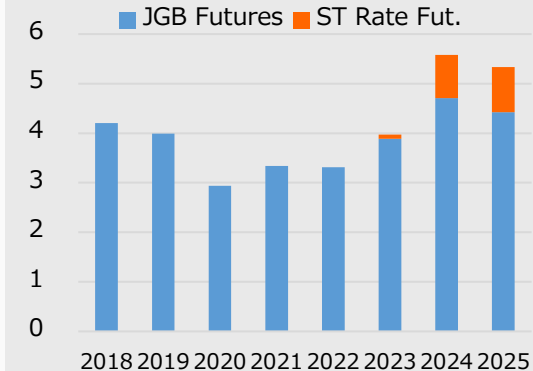
1. Changes in Interest Rate Environment - Further Expansion of Clearing of JPY Interest Rate-related Products

- Interest rate-related products are drawing more attention, both domestically and globally, from expectations for rate hike in monetary policy, and **trading and clearing of JPY interest rate-related products have been active**
 - For IRS, JSCC obtained CFTC authorization related to U.S. customers' service utilization
- Leveraging our strength as a one-stop provider of clearing services for JPY interest rate-related products, we will promote the following measures to revitalize the market
 - **Cross-product sales activities** of JPY interest rate-related products in cooperation with OSE
 - **Maximize margin efficiency among JPY interest rate products**

i) Cross-product Sales Activities of JPY Interest Rate-related Products

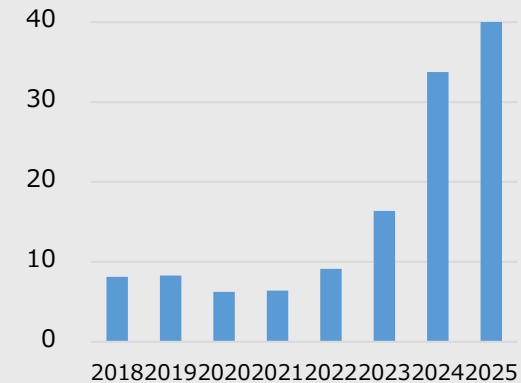
JGB and ST Rate Fut. Clearing

(Trading Volume, Daily Average, in 10,000 contracts)



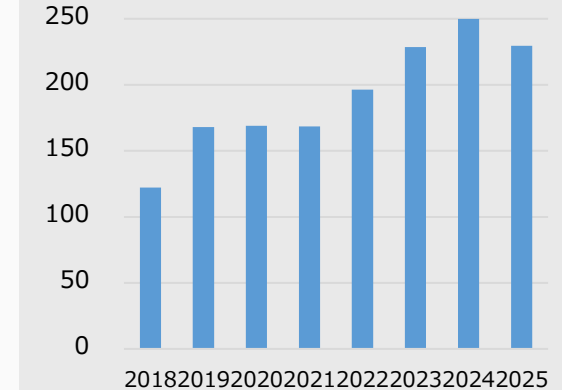
IRS Clearing

(Daily Average, in trillion yen)



OTC JGB Clearing

(Daily Average, in trillion yen)



ii) Margin Efficiency among JPY Interest Rate Products

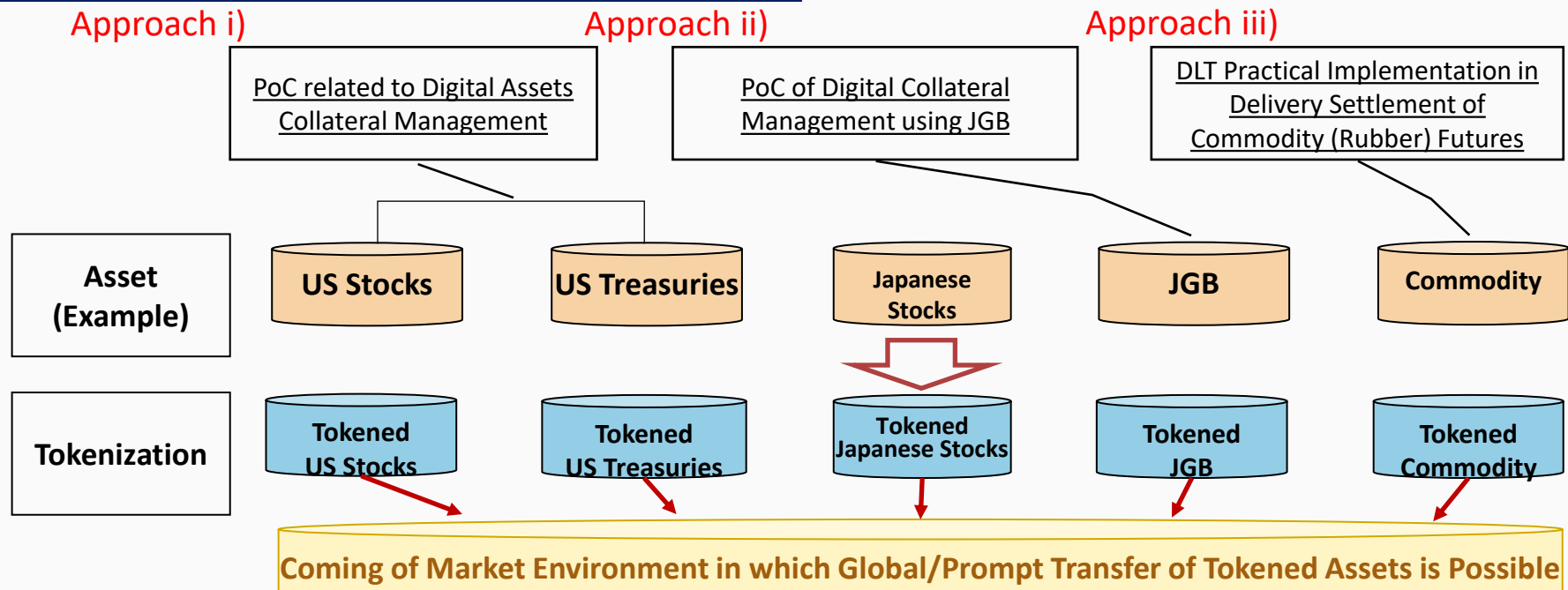
Cross Margining Coverage

IRS - JGB Futures	Already covered
IRS - TONA 3M Fut.	Covered since March 2024

2. Progress in Use of Advanced IT - Approach for DLT/Digital Assets

- Currently, momentum of globally delivering securities collaterals smoothly and efficiently using DLT (Distributed Ledger Technology) has been heightened globally in clearing/settlement area. JSCC has been continuously conducting multiple research studies and proof-of-concept trials (PoC) related to DLT to keep up with this trend
- Especially, a sophistication of collateral management (cost reduction related to posted collaterals) is an element that can be directly connected to an enhancement of fund efficiency of Participants and investors, which is recognized as an important element from viewpoint of maintenance/strengthening of CCP competitiveness

Association Chart of DLT/Digital Assets and JSCC Business



3. Efficiently Utilize Collateral Assets

- Under JSCC risk management framework, JSCC started utilization of “reverse-repo transactions making use of money in trust” as a form of managing cash collaterals posted by Clearing Participants
 - The cash collateral management methods available for JSCC are prescribed in the laws and ordinances. To date, collaterals have been managed in current deposit (bears no interest) at BOJ/commercial banks
 - This management method applies only to cash posted by Participants who desire the management through this method. For Participants not selected this method, cash collaterals are managed through the traditional method
- The profit/loss arising from said management method are shared between JSCC and Participants. JSCC’s share of the profit (after tax) is reserved as “specified management loss reserve” set aside to cover possible future loss

Percentage of Revenue related to Collateral Management in JSCC Operating Revenue (FY 2025)

Operating Revenue	JPY 55,160mil.
i) Clearing services revenue	JPY 54,846mil.
Revenue related to Collateral Management※	JPY 15,937mil.
ii) Information services revenue	JPY 186mil.
iii) System services revenue	JPY 127mil.

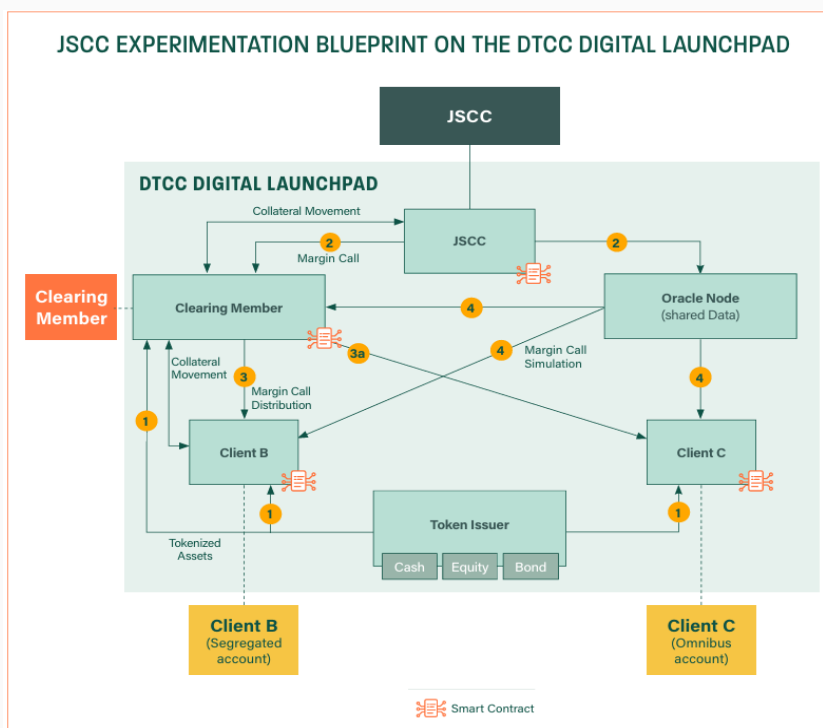
※Including refunds to participants (JPY 8,896 mil.)

Reference Materials



Reference - Proof-of-Concept Trial related to Digital Asset Collateral Management (Approach 1)

- JSCC jointly conducted the proof-of-concept trial related to digital asset collateral management with DTCC (Depository Trust & Clearing Corporation, the world largest clearing/settlement organization) in the U.S, and published the joint white paper in October 2024
 - Confirmed that the smart contract enables interlocking/automated margin calls and collateral transfers, even cross-boarder, to/from CCP and Clearing Participants and to/from Clearing Participants and customers
 - Confirmed that atomic swap features enable collateral substitutions of multiple assets in bulk even among those denominated in different currencies
- Initial Margin deposit values are approx. JPY 15trn. for just JSCC and approx. JPY 300trn. for CCPs globally. There are high expectations for an enhancement of efficiency of collateral transfer/substitution, and JSCC are continuing studies for practical use

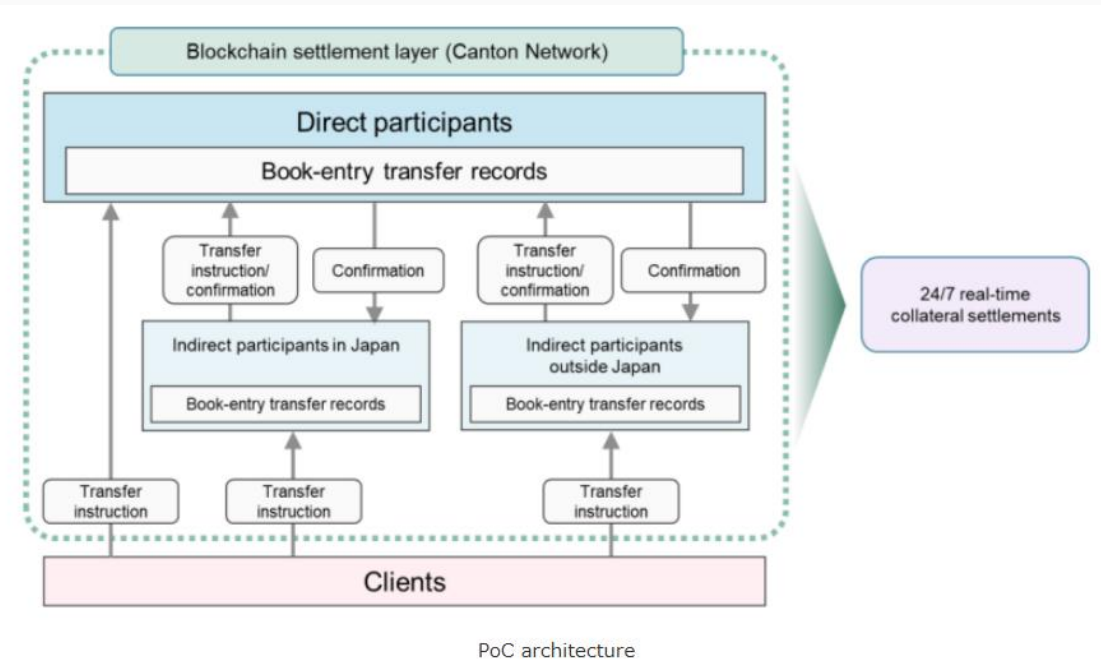


Reference - Proof-of-Concept Trial for Digital Collateral Management Using JGB (Approach 2)

- Amid heightened domestic momentum of utilization of digital assets, JSCC started “Proof-of-Concept Trial for Digital Collateral Management Using JGB” with Mizuho Bank, Nomura Securities and Digital Asset Holdings LLC
- Jointly announced the launch of the proof-of-concept trial (PoC) in April 2026

Overview of PoC

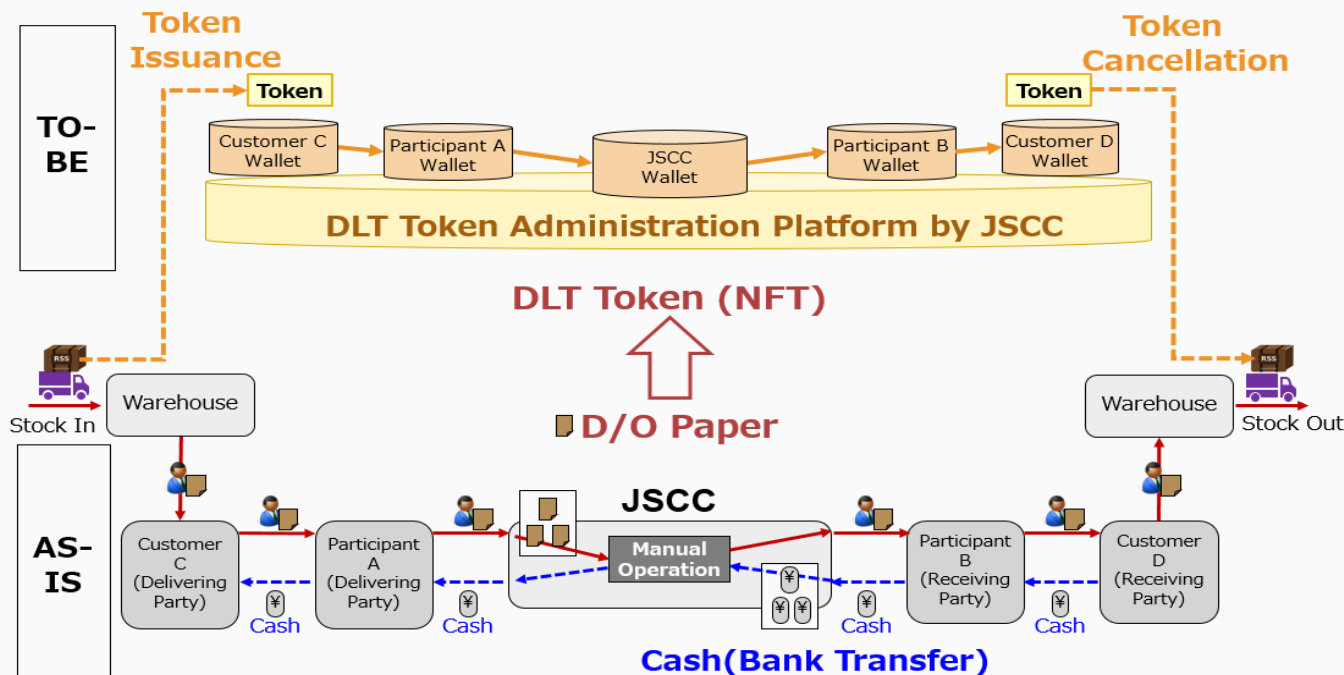
Item	Description
Purpose	Focusing on JGBs for which rights are transferred under the Acts on Book-Entry Transfer of Corporate Bonds and Shares (“Book-Entry Transfer Act”), the PoC will verify, from both legal and practical perspectives, transfer of rights and updates to book-entry transfer records at an account management organization using DLT technologies (i.e., whether or not it works under current legal frameworks)
Use Case concerning JSCC (Proposal)	<ul style="list-style-type: none"> • Collateral transfer to/from Clearing Participants (Mizuho/Nomura) and JSCC • Collateral transfer to/from customer of Clearing Participant (Nomura) and Nomura (agent), and to/from Nomura (agent) and JSCC
Remarks	Also conduct the following: <ul style="list-style-type: none"> • Clarification of deviations from various laws and ordinances, such as Book-Entry Transfer Act, and related regulations, and sort-out of interpretations; and • Examination of necessity of rule amendments and consideration of functional improvements required for commercialization.



Reference - Practical Implementation of DLT in Delivery Settlement of Commodity Futures (Approach 3)

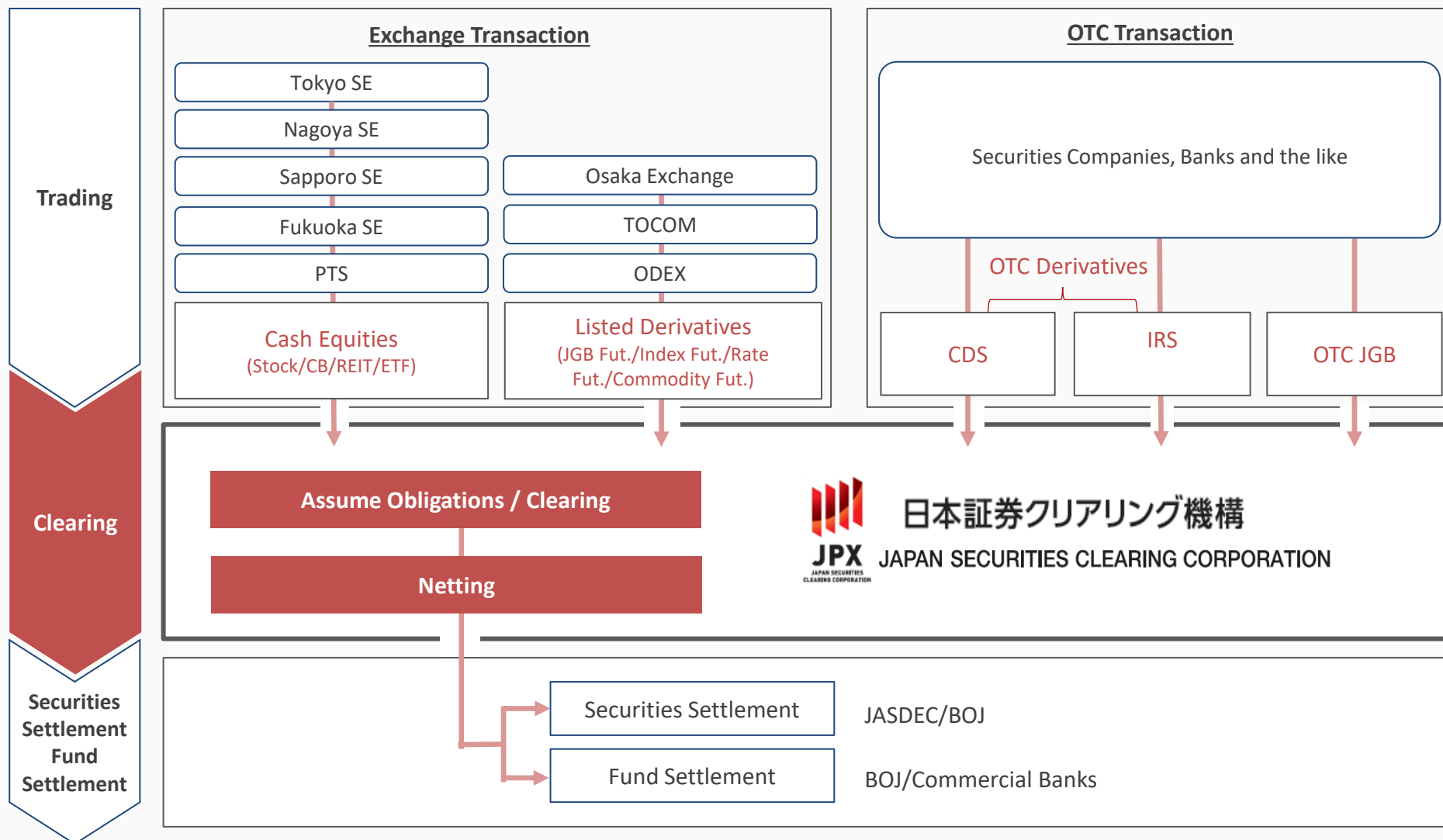
- JSCC pursues the use of new technologies in existing operations, such as settlement by delivery, from the perspective of improving operational efficiency
 - In January 2023, tokenization of delivery orders for rubber futures' settlement by delivery was realized
 - The first case of practical implementation of DLT.
 - As to digitized delivery/settlement of precious metal futures, we are working on a preparation for introduction after legal system reform related to warehouse receipts*
- * Since warehouse receipts are categorized as securities, unlike delivery orders, the legal system needs to be revised to allow for their digitalization.

Delivery and Settlement of Rubber Futures (Conceptual Diagram)



Reference - JSCC Overview

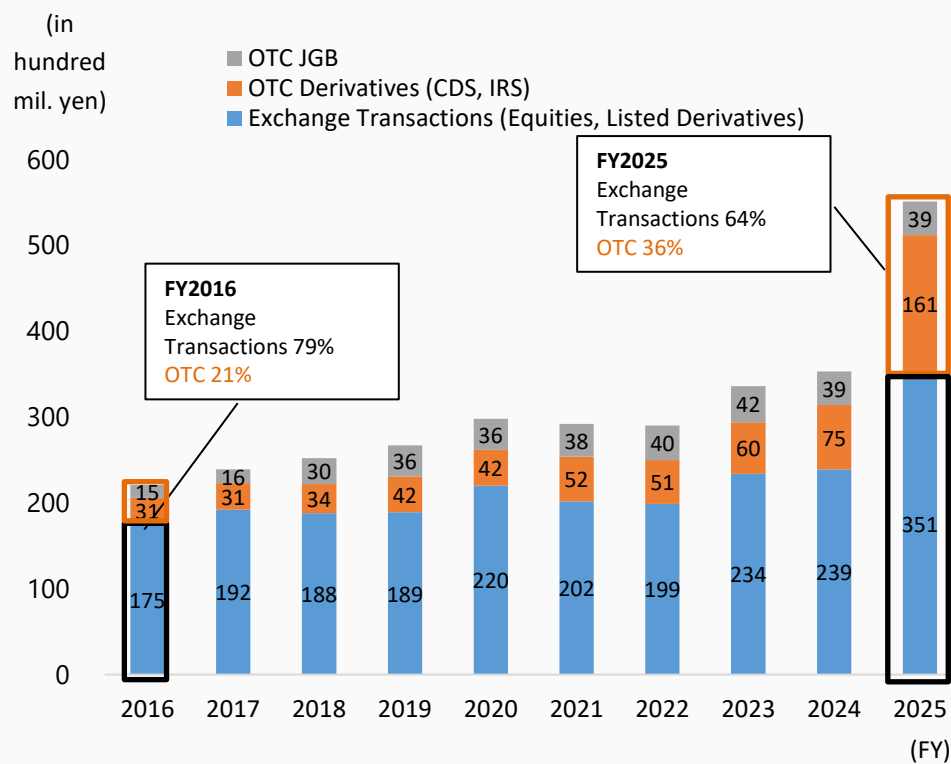
- JSCC offers clearing functionality for Listed Products, OTC Derivatives (CDS and IRS) and JGB OTC Transactions.



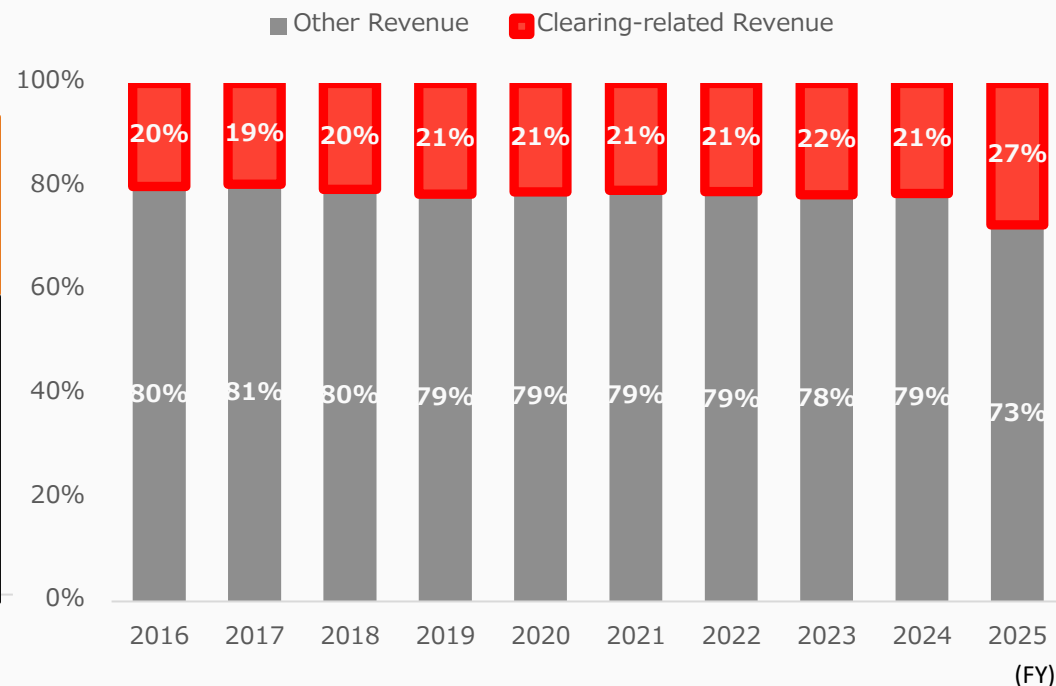
Reference - Revenue

- Operating revenues are **expanding moderately**, mainly from improved market conditions and increase in OTC derivatives clearing volume
- **Majority of the revenues are from exchange-traded transactions (equities and listed derivatives)**, but revenue from off-exchange transactions (OTC derivatives and OTC JGBs) has increased in recent years
- **JSCC's operating revenue (i.e., clearing-related revenue) accounts for approx. 20%** of JPX's overall operating revenue

Breakdown of JSCC's Operating Revenue



Clearing-related Revenue to JPX's Overall Operating Revenues



Reference: Medium-Term Management Plan (FY2025 - FY2027)

- Under the current Medium-Term Management Plan, from the perspective of fulfilling our role as a core market infrastructure and contributing to the sustainable development of the market, we have established three business policies and five key issues, and are formulating and implementing specific business plans accordingly.

Business Policies and Key Issues for Period of Current Mid-Term Management Plan

Business Policies

- I. Ensure highly reliable service built on close communications with users, both domestic and foreign
- II. Expand business steadily, whilst balancing with risk management
- III. Seek world leading clearing services utilizing cutting-edge technologies

Key Issues

- i) Advance clearing services incorporating global best practices
- ii) Further expand user base of the OTC Derivatives and OTC JGB Clearing Services
- iii) Maintain/build robust Business Continuity Framework
- iv) Effectively utilize deposited collateral assets
- v) Streamline Clearing Qualification/Loss Compensation Framework with the aim of achieving both safety and efficiency

Policies for Updating Business Plan in FY 2026

- ✓ As FY2026 represents the midpoint of the current Medium-Term Management Plan, we will focus on the steady execution of each plan aligned with our business policies and key issues.
- ✓ In addition, in light of changes in the business environment, such as shifts in monetary policy and advances in the use of new technologies including DLT and AI, as well as the increasing sophistication of market participants' needs, we will continue to examine new initiatives with a view toward the future and implement them in a phased manner.

Reference: Medium-Term Management Plan (FY2025 - FY2027)

Key Issues	Market	Specific Business Plan
i) Advance Clearing Services incorporating Global Best Practices	Equity Market	<ul style="list-style-type: none"> ● Improve creation/redemption framework for cash-type ETF and platform replacement ● Introduction of new initiatives (e.g. Digitization of investment securities issued by BOJ) ● Discussion of shortening settlement cycles, taking account of international trends
	Listed Derivatives Market	<ul style="list-style-type: none"> ● Introduction of new products/initiatives ● Further optimize Clearing Fund/Initial Margin framework ● Activate commodity derivatives (promote onboarding of new participants)
	OTC Derivatives Market	CDS <ul style="list-style-type: none"> ● Study shortening of clearing cycle ● Improve serviceability of participants (e.g. Streamline trade processing and automation of position transfer process)
		IRS <ul style="list-style-type: none"> ● Improve the operational efficiency for participants (e.g. Enhance vendor-initiated compression functionality and automation of position transfer process) ● Further improve serviceability of overseas clients
	OTC JGB Market	<ul style="list-style-type: none"> ● Expand eligible products for clearing and improve serviceability
	Common to All Markets	<ul style="list-style-type: none"> ● Join innovative initiatives in digital area both in/outside Japan (e.g. Optimization of trade reporting via DRR*) * Digital Regulatory Reporting ● Optimize operations and leverage data, such as by using AI

Reference: Medium-Term Management Plan (FY2025 - FY2027)

Key Issues	Market	Specific Business Plan
ii) Further Expand the User Base of the OTC Derivatives and OTC JGB Clearing Services	OTC Derivatives Market	CDS <ul style="list-style-type: none"> Maintain/expand clearing share (e.g. Expand the number of single name Reference Entities)
		IRS <ul style="list-style-type: none"> Further promote onboarding of domestic/foreign clients (e.g. Identify client needs accurately and strengthen relationship with clients)
	OTC JGB Market	<ul style="list-style-type: none"> Expand use of clearing (e.g. Launch/promote utilization of Clearing Fund Sponsored Scheme, drive initiatives toward clearing of non-resident transactions)
iii) Maintain/Build a Robust Business Continuity Framework	Common to All Markets	<ul style="list-style-type: none"> Strengthen cybersecurity measures Improve resilience (e.g. Continuous enhancement of clearing system)
iv) Effectively Utilize Deposited Collateral Assets	Common to All Markets	<ul style="list-style-type: none"> Diversification of collateral management method
	Common to All Markets	<ul style="list-style-type: none"> Leverage DLT/digital assets (e.g. Digitization of warehouse receipts and continuing efforts toward implementation of tokenizing collateral asset)
v) Streamline Clearing Qualification/Loss Compensation Framework	Listed Derivatives Market	<ul style="list-style-type: none"> Review clearing qualification structure/loss compensation framework and related matters

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