



JSCC ANNUAL REPORT 2015



Japan Securities Clearing Corporation

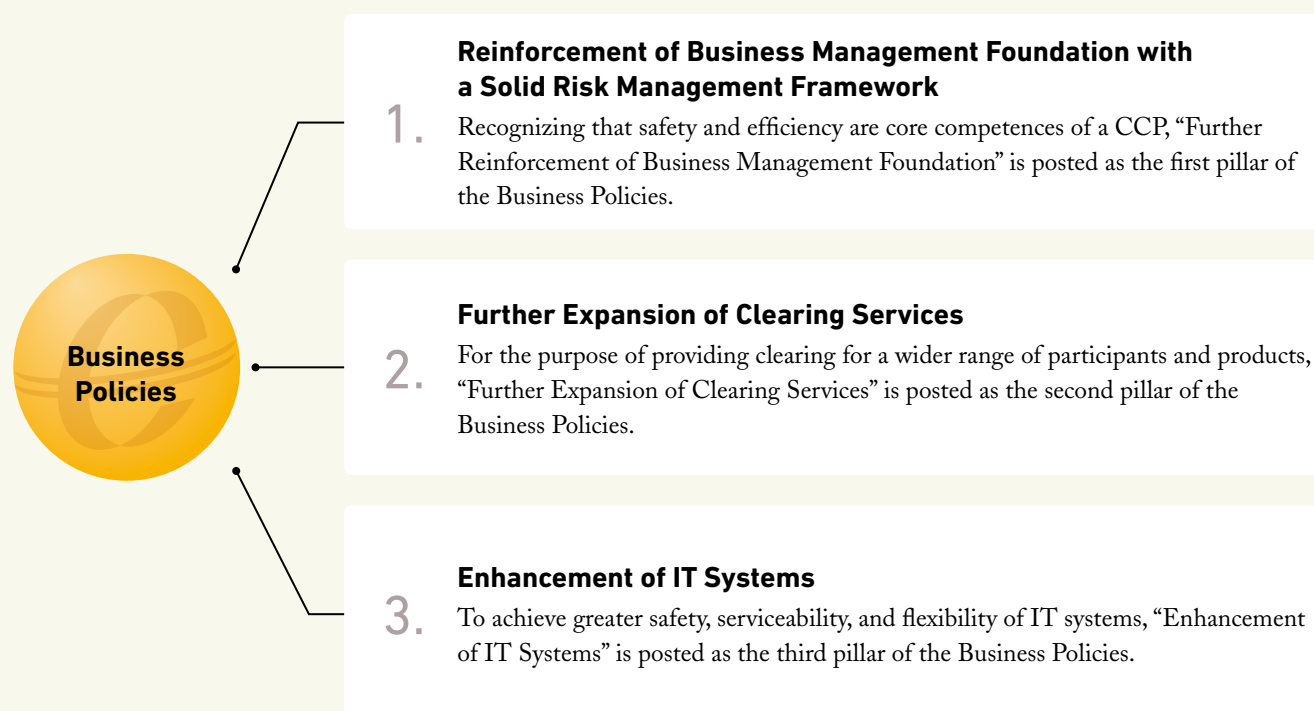
In January 2003, Japan Securities Clearing Corporation (JSCC) was licensed as the first clearing house in Japan to conduct a “Securities Obligation Assumption Service” (current “Financial Instruments Obligation Assumption Service” stipulated in the Financial Instruments and Exchange Act) and commenced clearing services for transactions executed on stock exchanges.

The birth of JSCC enabled the integration of clearing processes that used to be performed separately by individual stock exchanges, dramatically improving the efficiency and serviceability of securities markets.

In addition to listed products, JSCC currently provides clearing services for Over-The-Counter (OTC) derivatives (Credit Default Swaps (CDS) and Interest Rate Swaps (IRS)) and OTC Japanese Government Bond (JGB) transactions, and is working to expand services for foreign users.

CORPORATE PHILOSOPHY

JSCC, with a solid risk-management framework, aims to enhance the competitiveness of Japanese financial and capital markets by improving the efficiency, serviceability, and safety of financial market post-trade processing infrastructure.



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Cover Design

The cover features a traditional Japanese pattern and bridge, to evoke JSCC's role as a link between market participants, in Japan, and around the world.

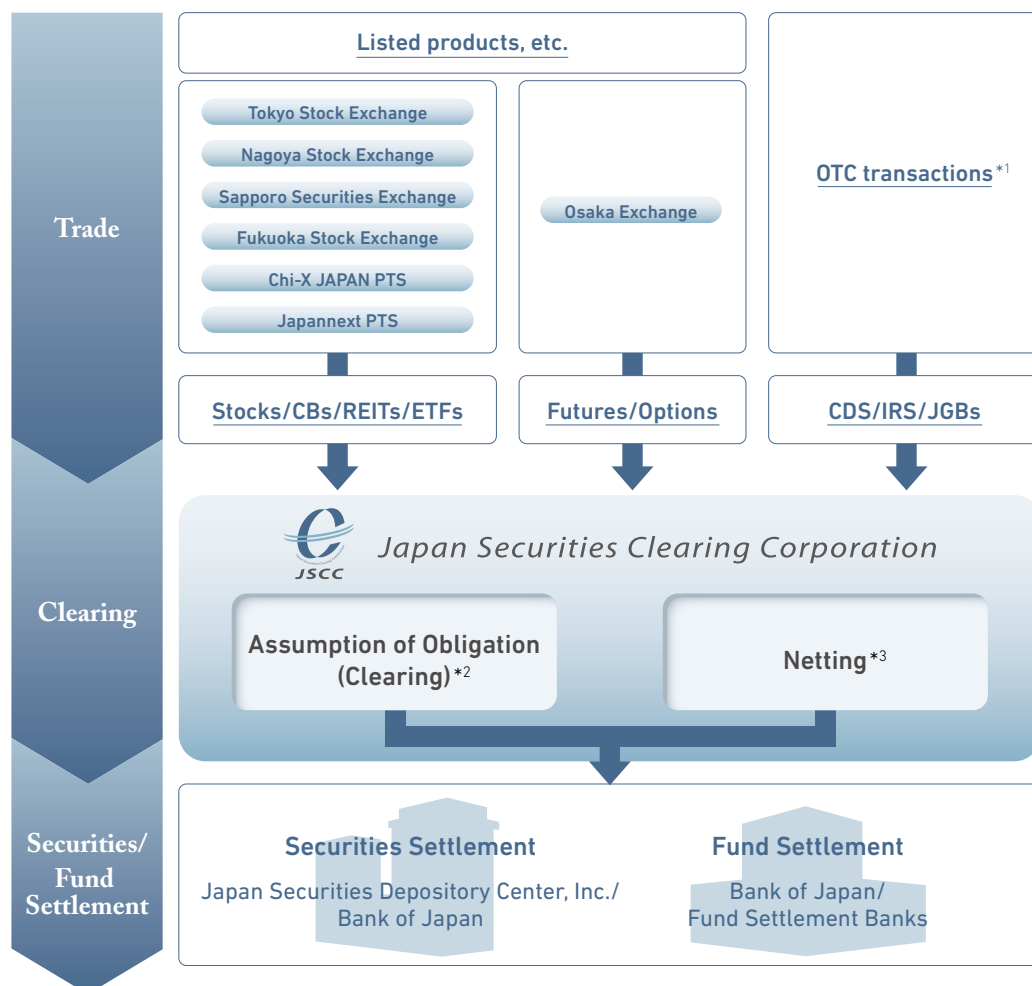
Disclaimer

This document was prepared for informational purposes only. While every effort has been made to ensure the accuracy of the information presented herein, JSCC bears no responsibility or liability for any actions arising from the use of such information. This document contains forward-looking statements. These statements are based on the information available at the time this document was prepared and assumptions related to uncertain factors which could impact future performance. JSCC makes no guarantee regarding the realization of these statements or assumptions in the future, and actual results may vary significantly. Business strategies and other matters pertaining to future forecasts reflect JSCC's understanding at such time, and are subject to risks and uncertainties. As such, forecasts may not align with future results. JSCC disclaims any obligation to update any matters related to future forecasts.

JSCC's Role and Scope of Business

JSCC's Role in Financial and Capital Markets

JSCC provides clearing services for a wide range of transactions, and include listed products on exchanges/PTS, listed derivatives, OTC derivatives, and OTC JGB transactions.

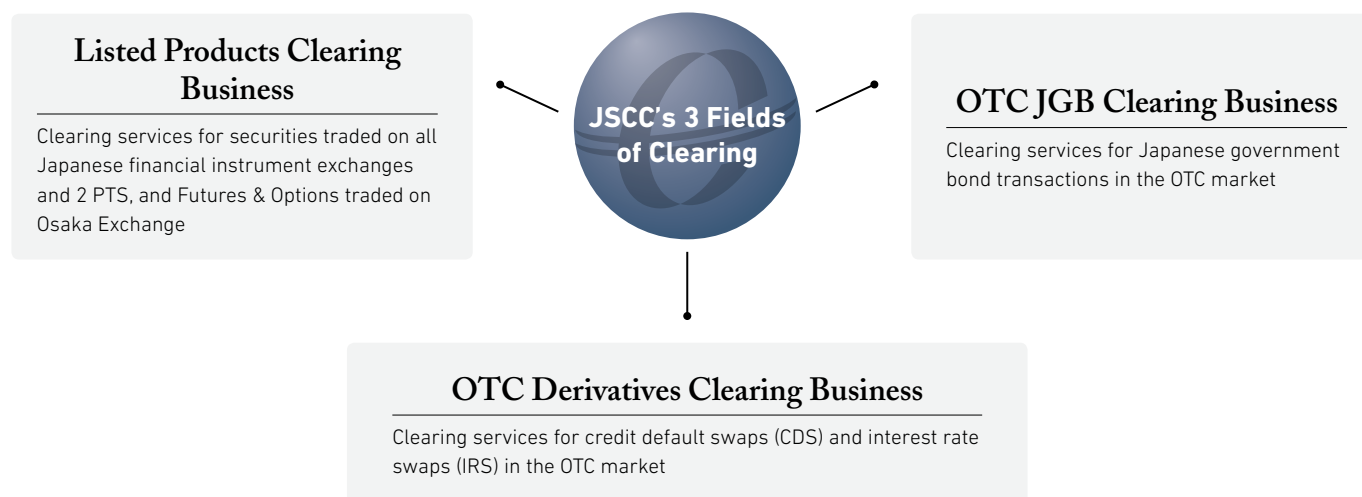


*1 OTC is an abbreviation for "Over-the-Counter," referring to when the buyer and seller transact with each other directly.

*2 "Assumption of Obligation" refers to becoming the counterparty to each side of a transaction via clearing. Because of this, clearing organizations are known as "central counterparties (CCP)."

*3 "Netting" refers to consolidating the amounts to be paid and received by a counterparty, in order to create a single value.

JSCC's Scope of Business



Major Statistics (FY2014)

About JSCC

JPY
Average Daily Cleared
Value – Cash Products
3.1
trillion

* Including lending transactions

JPY
Average Cleared Value
per Cycle – CDS
9.8
billion

* Sum of index and Single-Name transactions

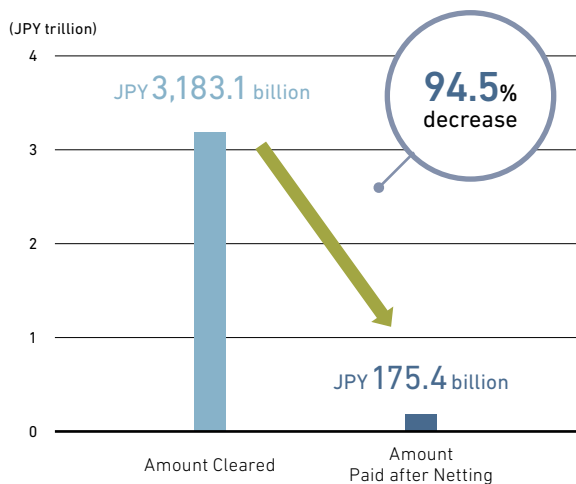
JPY
Average Daily Cleared
Value – JGB Futures
3.6
trillion

JPY
Average Daily Cleared
Value – IRS
2.9
trillion

JPY
Average Daily Cleared
Value – Index Futures
2.8
trillion

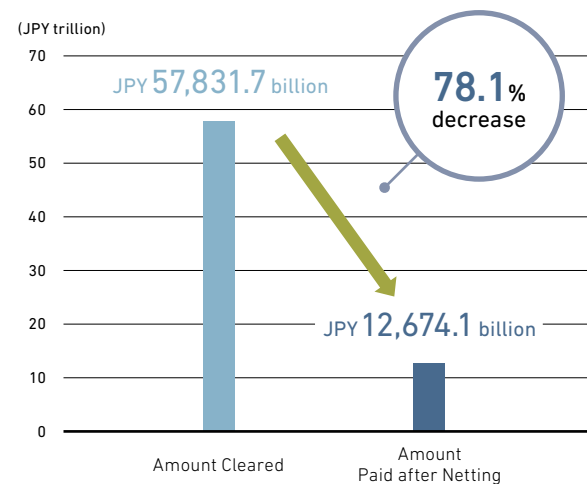
JPY
Average Daily Cleared
Value – OTC JGBs
57
trillion

Netting Results (Daily Average)
– Cash Products



* Including lending transactions

Netting Results (Daily Average)
– OTC JGBs





Message from President & CEO

With its sophisticated risk management framework, JSCC provides highly efficient and convenient clearing services for listed products, OTC derivatives, and OTC JGBs for market participants around the globe.

As a core component contributing to the safety and reliability of the financial capital markets, JSCC will endeavor to provide higher-quality clearing services. We look forward to the continued support of all related parties in our future efforts.

October 2015
President and CEO
Hironaga Miyama

Activities and Achievements

JSCC's medium-term management plan from FY2014 to FY2015 focused on the business policies of "reinforcement of business management foundation with a solid risk management framework," "further expansion of clearing services," and "enhancement of Information Technology systems." The following measures were taken to achieve these policies.

Reinforcement of Business Management Foundation with a Solid Risk Management Framework

Major Initiatives	Status
<ul style="list-style-type: none"> Improve information disclosure in accordance with the Principles for FMIs (PFMI) 	<ul style="list-style-type: none"> Conducted a self-assessment with the PFMI and implemented qualitative information disclosure (Mar. 2015)
<ul style="list-style-type: none"> Measures to further enhance risk management 	<ul style="list-style-type: none"> Implemented risk monitoring methods across products using forward-looking scenarios (May 2014) Revised the liquidity fund acquisition method for OTC JGB clearing business (June 2014) Introduced clearing fund system and amended initial margin calculation and loss compensation scheme for OTC JGB clearing business (Oct. 2014) Revised initial margin calculation method for IRS clearing business (Nov. 2014) Diversified and improved stress scenarios for IRS clearing fund (Sept. 2015) Introduced per-trade compression for IRS transactions* (Sept. 2015)
<ul style="list-style-type: none"> Facilitate in-depth discussions on rule frameworks for shortening of JGB settlement cycle 	<ul style="list-style-type: none"> Released the "Outlines of Subsequent Collateral Allocation Repos Clearing" in Nov. 2014, in order to shorten settlement cycles for JGB transactions

* Compression is a process that reduces the size of OTC derivatives gross notional exposures and the number of line items in a portfolio, whilst maintaining the net risk exposure.

Further Expansion of Clearing Services

Major Initiatives	Status
<ul style="list-style-type: none"> Receive recognition as Third-Country CCP (TCCCP) from European regulators 	<ul style="list-style-type: none"> Received EMIR*1 TCCCP status (Apr. 2015)
<ul style="list-style-type: none"> Widen scope of listed derivatives products 	<ul style="list-style-type: none"> Started JPX-Nikkei 400 Futures clearing (Nov. 2014)
<ul style="list-style-type: none"> Introduce JPY interest rate-related cross-margining 	<ul style="list-style-type: none"> Introduced cross-margining for JGB Futures and IRS positions*2 (Sept. 2015)
<ul style="list-style-type: none"> Widen the scope of clearing-eligible transactions for OTC derivatives 	<ul style="list-style-type: none"> Launched clearing of OIS/DTIBOR IRS transactions and expanded ZTIBOR tenors (Nov./Dec. 2014) Started Single-Name CDS clearing (Dec. 2014) Started Non-JPY IRS clearing (Sept. 2015)
<ul style="list-style-type: none"> Realize the participation of Trust Banks in the OTC JGB clearing business 	<ul style="list-style-type: none"> 3 Trust Bank Participants joined the OTC JGB clearing business (June 2014)

*1 European Market Infrastructure Regulation

*2 Cross-margining refers to a process for reducing collateral requirements by offsetting the risk between two different cleared transactions.

Enhancement of IT System

Major Initiatives	Status
<ul style="list-style-type: none"> Strengthen system risk management function related to system development/operations and processing capabilities 	<ul style="list-style-type: none"> Increased system capabilities for OTC derivatives clearing (Nov. 2014, Sept. 2015)
<ul style="list-style-type: none"> Integrate listed derivatives clearing systems 	<ul style="list-style-type: none"> Integrated the clearing system for listed derivatives (Nov. 2014)
<ul style="list-style-type: none"> Upgrade systems to expand eligible products 	<ul style="list-style-type: none"> Upgraded systems in accordance with expansion of clearing-eligible products (OIS/DTIBOR IRS and Single-Name CDS) (Nov./Dec. 2014)

Reinforcement of Business Management Foundation

The Current Clearing Environment

*1 The PFMI, or Principles for Financial Market Infrastructures, provide a high level of global standards for financial market infrastructures regarding matters such as general organization, credit/liquidity risk management, default procedures, effectiveness, and transparency, and include necessary factors for safe and effective processes and operations.

*2 CPMI is the Committee on Payments and Market Infrastructures, the Bank for International Settlements' clearing/market infrastructure committee. IOSCO is the International Organization of Securities Commissions.

In recent years, clearing organizations are expected to operate in accordance with international standards, such as the PFMI*¹ published by CPMI/IOSCO*² in April 2012. CPMI/IOSCO also published “Quantitative disclosure standards for central counterparties” in February 2015.

Additionally, the scope of clearing organizations providing clearing for cross-border transactions continues to grow, and competition with foreign CCPs is expected to increase in Japan.

There is continued progress being made to strengthen the regulation of market participants, such as the introduction of leverage ratio requirements. Driven by these regulatory changes, there is an industry-wide initiative to reduce settlement risk, and, the expectations of clearing organizations continue to grow.

JSCC believes improving a CCP's safety and efficiency will be a source of future competitiveness, and is taking steps to enhance risk management to respond to this evolving environment.

JSCC's Initiatives toward Reinforcement of Business Management Foundation

● Improve Information Disclosure based on CPMI-IOSCO's “Quantitative disclosure standards for central counterparties”

The PFMI require CCPs to facilitate an appropriate understanding of the risks accompanying use of the CCP via enhanced disclosure of data. JSCC published a qualitative information disclosure in accordance with the PFMI in March 2015, and is planning to release another disclosure in accordance with the “Quantitative disclosure standards for central counterparties” in January 2016.

● Review Clearing Fund System for Cash Equity Transactions

Based on international regulatory trends, and in order to further improve the risk management of cash equities in the Listed Product Clearing Business, JSCC plans to introduce a revised initial margin calculation method in January 2016. As well as introducing a pre-funded clearing fund to cover expected losses from a participant default in “extreme but plausible market conditions.”

● Enhance Compression for OTC Derivatives Clearing Business

Given the increased needs for position compression by financial institutions, due to leverage regulations, JSCC introduced compression for the CDS clearing business in June 2015, and new per-trade compression for the IRS clearing business in September 2015. JSCC is also considering further initiatives to enhance compression, including Blended Rate Compression*.

● Initiatives to Shorten Settlement Cycles for JGB Transactions

Alongside international efforts to reduce settlement risk, industry-wide progress is also being made in Japan. JSCC is participating in an initiative to shorten the settlement cycle for JGB transactions, by developing both operational processes and IT systems.

* Blended Rate Compression refers to a method of compression for IRS transactions of a single participant where certain conditions (such as reference rate, coupon date, or maturity) are the same, even if the fixed rate are different.

with a Solid Risk Management Framework

Column

Initiatives to Reduce Settlement Risk

Following the financial crisis in 2008, there has been a global effort to shorten settlement cycles to reduce settlement risk. In addition to reducing settlement risk, shortened settlement cycles would reduce operational risk, and result in improved serviceability and strengthened risk management. Industry-wide discussions are progressing in Japan regarding T+1 Settlement of JGBs and a shortened settlement cycle for cash equity (T+2).*

T+1 Settlement Cycle for JGB Transactions

JSCC, alongside the Japan Securities Dealers Association (JSDA), and Japan Securities Depository Center, is participating in discussions with market participants regarding strengthening securities clearing and settlement systems for government bond transactions as provided in "Development of Institutional Frameworks pertaining to Financial and Capital Markets" published by the Financial Services Agency of Japan on January 21, 2010. Regarding shortening the settlement cycle of JGB transactions, a T+2 cycle for Buy/Sell was introduced on April 23, 2012. In order to further shorten the cycle to T+1, a "Grand Design for Shortening of JGB Settlement Cycle (T+1)" was formulated by the JSDA's Working Group on Shortening of JGB Settlement Cycle in November 2014. Market participants are proceeding with necessary discussions based on the grand design, and they will finish system development by the summer of 2017, with the goal of T+1 in the first half of FY2018.

T+2 Settlement Cycle for Cash Equities

With many countries including in Europe transitioning to a T+2 Settlement cycle for cash equities, the securities industry in Japan held a "Study Group for Shortening the Cash Equities Settlement Cycle (T+2)", to discuss the impact of a shortened settlement cycle in August 2014. A report containing the results of the discussions, including the expected effect of a shortened settlement cycle and expected issues related to achieving it, was released in March 2015. Furthermore, the "Working Group on Shortening the Cash Equities Settlement Cycle" was established in July 2015 under the Securities Delivery/Settlement System Reform Panel. Moving forward, as discussions progress regarding shortening of the settlement cycle, JSCC plans to proactively contribute on the topic of reducing settlement risk and implement any necessary measures.

* T+1 Settlement refers to settlement on the day following the trade date. T+2 Settlement refers to settlement on the second day following the trade date. Currently, JGBs are subject to T+2 Settlement, while cash equities are subject to T+3 Settlement.

Reinforcement of Business
Management Foundation

Further Expansion of Clearing Services

Promoting Expansion of Users

● Promoting Use by Foreign Participants

As mandatory central clearing becomes more prevalent around the world, clearing organizations are taking the necessary steps to gain licensing or recognition to provide clearing services to financial institutions in their regulatory jurisdiction.

In April 2015, JSCC received recognition as a third-country CCP under EMIR. Additionally, in September 2015, JSCC was designated as a prescribed clearing facility in Australia, allowing counterparties to use JSCC's clearing services to satisfy soon-to-be implemented central clearing obligations. Furthermore, JSCC is continuing with efforts involving the U.S. Commodity Futures Trading Commission to comply with U.S. regulations.

● Promoting Use of OTC JGB Clearing Business

As a result of JSCC's initiatives to promote participation by trust banks managing assets, which hold a significant share of Japan's JGB repo market, three such banks joined as clearing members of the OTC JGB clearing business in June 2014.

Expanding Eligible Products

● Expanding Scope of Listed Products

JSCC began clearing of JPX-Nikkei 400 Futures in November 2014 and Nikkei 225 Weekly options in May 2015 expanding its suite of listed derivatives.

● Expanding the Scope of OTC Derivatives Products

JSCC introduced clearing of OTC derivatives starting with credit default swaps (CDS) in July 2011, and followed by LIBOR interest rate swaps (IRS) in October 2012. Later, JSCC continued to expand the scope of OTC derivatives clearing with the introduction of OIS (IRS transactions swapping JPY uncollateralized call rate and JPY fixed rate) in November 2014, and Single-Name CDS and JPY TIBOR IRS in December 2014. Furthermore, in September 2015, JSCC introduced services for non-JPY IRS.

JSCC will continue expanding the scope of eligible transactions in order to provide a broader range of service as a clearing organization.

History of OTC Derivatives Clearing

JSCC Measures		Regulatory Developments
	Scheduled	Require deposit of collateral for uncleared OTC derivatives transactions (Sept. 2016)
	2015.12	Further expansion in scope of financial entities subject to mandatory clearing
Began clearing non-JPY IRS, introduced cross-margining of JGB Futures and IRS	2015. 9	Required use of electronic trading platform for execution of certain OTC derivatives
Began clearing Single-Name CDS Began clearing DTIBOR	2014.12	Expanded the scope of products (July)/Expanded the scope of financial entities subject to mandatory clearing (December)
Began clearing OIS, expand ZTIBOR tenors	2014.11	
	2014. 7	
Introduced client clearing for IRS	2014. 2	
Began clearing TIBOR IRS	2013. 2	
	2012.11	Revised Financial Instruments and Exchange Act effective → Mandatory CCP clearing came into effect
Launched IRS clearing business	2012.10	
Launched Index CDS clearing business	2011. 7	
	2010. 5	Enactment of "Act for Partial Amendment to Financial Instruments and Exchange Act" → Amendment Act related to mandatory CCP clearing was established
	2010. 1	FSA releases "Development of Institutional Frameworks Pertaining to Financial and Capital Markets" → Indicated that standardized OTC derivatives should be cleared through CCPs
	2009. 9	G20 Pittsburgh Summit → "All standardized OTC derivatives contracts should be cleared and settled through a CCP"
Set up Working Group on Clearing Operations for OTC Derivatives Trades ⇨ Started to design detailed functionality for CDS and IRS clearing services	2009. 5	
Set up Study Group on Post-Trade Processing of OTC Derivatives Trades ⇨ Released final report in March 2009	2008. 9	Bankruptcy of Lehman Brothers

Risk Management Framework

As JSCC assumes credit and settlement risks on behalf of clearing participants, it needs to recognize and manage these risks appropriately. In terms of credit risk management for clearing participants, JSCC has a set of risk management systems, including the clearing participant qualification requirements, monitoring of financial and management soundness, and monitoring the risk exposure of clearing participants' positions.

JSCC acts as a central counterparty by interposing itself between clearing participants in order to assume their claims and obligations. Even in the event of a clearing participant's default, JSCC is required to complete settlement for other participants. JSCC has a settlement guarantee system designed on the principle of self-responsibility, which is used to cover any losses first with the defaulting participant's posted collaterals and then with other resources secured within a multi-tiered loss compensation scheme.

● Clearing Participant Requirements

JSCC specifies clearing participant requirements by the type of clearing qualifications. Clearing participant requirements are comprised of entry requirements and maintenance requirements. Clearing qualifications for listed products and JGB OTC transactions are further classified into two types: Principal Clearing Participant qualification and Agency Clearing Participant qualification. Principal Clearing Participants are entitled to settle only their own transactions and their customers' transactions, whilst Agency Clearing Participants are entitled to settle transactions executed by non-clearing participants as well as their own and their customers' transactions.

● Monitoring of Clearing Participants

JSCC regularly monitors clearing participants' governance structures, business execution capabilities, and financial conditions. When a problem is recognized, JSCC may suspend clearing for the participant and may revoke its clearing qualifications, if deemed necessary.

● Collateral System

To ensure proper risk management of participant positions, JSCC requires that participants deposit collateral. The type of eligible collateral and calculation methodologies differ according to the type of transactions.

● Management of Clearing Participant Default

In the event of the default of a clearing participant, JSCC first suspends the delivery of settlement funds, securities, and posted collateral to the defaulting participant. Then, its positions are settled in accordance with a predetermined loss compensation scheme as stipulated by the type of transactions.

Regardless of type of transactions, JSCC completes all the settlements of non-defaulting participants as a central counterparty and assures the safety of transactions for clearing participants.

In addition, JSCC has signed liquidity supply agreements with fund settlement banks to secure short-term liquidity, in the event of a clearing participant's default.

1. Risk Management System for Listed Products

● Clearing Participant Requirements

Main Requirements for Listed Products Clearing Qualification

Financial Instruments Business Operator	Principal	Agency
Capital	JPY 300 million or more	JPY 300 million or more
Net Assets	JPY 2 billion or more	JPY 20 billion or more
Capital-to-Risk Ratio	Over 200%	Over 200%

Registered Financial Institution		Principal	Agency
Stated Capital or Total Amount of Contribution		JPY 300 million or more	JPY 300 million or more
Net Assets		JPY 2 billion or more	JPY 20 billion or more
Capital Adequacy Ratio	Uniform International Standard	(1) Over 4.5% in Tier 1 Ratio (common stocks, etc.) (2) Over 6% in Tier 1 Ratio (3) Over 8% in Total Capital Ratio	(1) Over 4.5% in Tier 1 Ratio (common stocks, etc.) (2) Over 6% in Tier 1 Ratio (3) Over 8% in Total Capital Ratio
	Domestic Standard	Over 4%	Over 4%
Solvency Margin Ratio		Over 400%	Over 400%

● Collateral System

Cash Equities

Collateral Type	Outline
Clearing Fund	<ul style="list-style-type: none"> • Must be deposited to cover 99% of the losses that could arise from price fluctuations over the past 120 days. • The required amount is calculated daily.
Collateral for Facilitating Settlement	<ul style="list-style-type: none"> • Deposited voluntarily by participants to receive securities early for DVP settlement of a cash transaction.

Futures/Options

Collateral Type	Outline
Clearing Margin	<ul style="list-style-type: none"> • Must be deposited to cover 99% of losses that could arise from price and volatility fluctuations. • The required amount is calculated daily using SPAN®*.
Clearing Fund	<ul style="list-style-type: none"> • Must be deposited to proportionally cover potential losses not covered by a defaulting participants' collateral, in cases of multiple participant defaults (including the largest participants in terms of risk) during extreme but plausible market conditions. • The required amount is calculated monthly.

* The SPAN® (Standard Portfolio Analysis of Risk) system is a methodology that calculates risk-based margin developed by the Chicago Mercantile Exchange (CME).

● Loss Compensation Scheme

If JSCC incurs losses from the default of a clearing participant, the losses will be compensated under the following scheme.

First Tier: Collateral deposited by the defaulting clearing participant

Second Tier: Compensation by exchanges (Cash equities: about JPY 11.1 billion, Futures/options: about JPY 17.4 billion)

Third Tier: Compensation by JSCC (about JPY 20 billion)

Fourth Tier: Clearing Fund contributed by non-defaulting participants (Applicable only for futures/options)

Fifth Tier: Special clearing charges collected from non-defaulting clearing participants

2. Risk Management for OTC Derivatives Transactions

2-1. Risk Management System for CDS

● Clearing Participant Requirements

Main Requirements for CDS Clearing Qualification

Financial Instruments Business Operator

Item	Criteria
Capital	JPY 100 billion or more
Capital-to-Risk Ratio	Over 200%
Credit Standing*	Having a certain level of creditworthiness

* Assessment based on such factors as the credit ratings of clearing participants.

Registered Financial Institution

Item	Criteria
Capital	JPY 100 billion or more
Capital Adequacy Ratio	<div>Uniform International Standard</div> <div>(1) Over 4.5% in Tier 1 Ratio (common stocks, etc.) (2) Over 6% in Tier 1 Ratio (3) Over 8% in Total Capital Ratio</div> <div>Domestic Standard</div> <div>Over 4%</div>
Solvency Margin Ratio	Over 400%
Credit Standing*	Having a certain level of creditworthiness

● Collateral System

Collateral Type	Outline
Initial Margin	<ul style="list-style-type: none"> Must be deposited to cover fluctuations in NPV*, which is calculated for each scenario based on changes in market data for any 5 days in the past 750-day period and the largest historical fluctuations assuming a holding period of 10 days (twice the normal period). (Historical simulation (expected shortfall)) The required amount is calculated daily. Extra charges are added, as described below, in consideration of the nature of CDS transactions. <ul style="list-style-type: none"> ✓ A certain amount is added for a CDS seller to cover risk exposure in the case of a credit event for the reference entity (short charge). ✓ An amount is added according to each issue to cover liquidity risk of that issue (bid/offer charge). ✓ A certain amount is added to issues subject to a credit event to cover the risk exposure between the occurrence of the credit event and its settlement (credit event margin).
Variation Margin	<ul style="list-style-type: none"> Must be deposited in an amount determined using the mark-to-market method to cover daily price fluctuations.
Clearing Fund	<ul style="list-style-type: none"> Must be deposited to cover potential losses in the scenario that the top two clearing participants default in extreme but plausible market conditions, and the deposited collateral of such participants is insufficient. The required amount is calculated weekly.

* NPV: Net Present Value

● Loss Compensation Scheme

If JSCC incurs losses from the default of a clearing participant, the losses will be compensated under the following scheme.

First Tier: Collateral deposited by the defaulting clearing participant

Second Tier: Compensation by JSCC (JPY 2 billion)

Third Tier: Clearing Fund contributed by non-defaulting participants*¹ and compensation by JSCC (JPY 1 billion)

Fourth Tier: Special clearing charges collected from non-defaulting clearing participants*²

Fifth Tier: Compensation by the recipients of variation margin

*¹ Limited to CDS clearing fund

*² Will be capped with the amount of clearing fund for the clearing participant's default that had occurred by the 30th day from the first default (if another default occurs during that period, then the 30th day from the relevant default).

2-2. Risk Management System for IRS

● Clearing Participant Requirements

Main Requirements for IRS Clearing Qualification

Financial Instruments Business Operator

Item	Criteria
Capital	The lower of USD 50 million or JPY 5 billion
Capital-to-Risk Ratio	Over 200%
Credit Standing*	Having a certain level of creditworthiness

* Assessment based on such factors as the credit ratings of clearing participants.

Registered Financial Institution

Item	Criteria	
Capital	The lower of USD 50 million or JPY 5 billion	
Capital Adequacy Ratio	Uniform International Standard	(1) Over 4.5% in Tier 1 Ratio (common stocks, etc.) (2) Over 6% in Tier 1 Ratio (3) Over 8% in Total Capital Ratio
	Domestic Standard	Over 4%
Solvency Margin Ratio	Over 400%	
Credit Standing*	Having a certain level of creditworthiness	

● Collateral System

Collateral Type	Outline
Initial Margin	<ul style="list-style-type: none"> Must be deposited to cover fluctuations in NPV*, which is calculated for each scenario generated based on changes in market data for any 5 days in the past 1,250-day period and interest rate fluctuations in the largest historical stress event. (Historical simulation (expected short-fall)) The required amount is calculated daily. A liquidity charge is added to initial margin for a clearing participant exposed to risks from large positions greater than a predetermined level.
Variation Margin	<ul style="list-style-type: none"> Must be deposited in an amount determined using the mark-to-market method to cover daily price fluctuations.
Intraday Margin	<ul style="list-style-type: none"> Must be deposited intraday for positions held by the clearing participant at noon in an amount equal to initial margin recalculated based on the most recent market data, to or from which variation margin recalculated using the most recent market data is added or deducted.
Clearing Fund	<ul style="list-style-type: none"> Must be deposited to cover potential losses in the case that the top two clearing participants default in extreme but plausible market conditions, and the deposited collateral of such participants is insufficient. The required amount is calculated weekly.

* NPV: Net Present Value

● Loss Compensation Scheme

If JSCC incurs losses from the default of a clearing participant, the losses will be compensated under the following scheme.

First Tier: Collateral deposited by the defaulting clearing participant

Second Tier: Compensation by JSCC (JPY 2 billion)

Third Tier: Clearing Fund contributed by non-defaulting participants*¹ and compensation by JSCC (JPY 2 billion)

Fourth Tier: Special clearing charges collected from non-defaulting clearing participants*²

Fifth Tier: Compensation by the recipients of variation margin

*¹ Limited to IRS clearing fund

*² Will be capped with the amount of clearing fund for the clearing participant's default that had occurred by the 30th day from the first default (if another default occurs during that period, then the 30th day from the relevant default).

3. Risk Management System for OTC JGBs

● Clearing Participant Requirements

Main Requirements for OTC JGB Clearing Qualification

Financial Instruments Business Operator	Principal	Agency
Capital	JPY 300 million or more	JPY 300 million or more
Net Asset	JPY 5 billion or more	JPY 20 billion or more
Capital-to-Risk Ratio	Over 200%	Over 200%

Registered Financial Institution		Principal	Agency
Stated Capital or Total Amount of Contribution		JPY 300 million or more	JPY 300 million or more
Net Asset		JPY 5 billion or more	JPY 20 billion or more
Capital Adequacy Ratio	Uniform International Standard	(1) Over 4.5% in Tier 1 Ratio (common stocks, etc.) (2) Over 6% in Tier 1 Ratio (3) Over 8% in Total Capital Ratio	(1) Over 4.5% in Tier 1 Ratio (common stocks, etc.) (2) Over 6% in Tier 1 Ratio (3) Over 8% in Total Capital Ratio
	Domestic Standard	Over 4%	Over 4%
Solvency Margin Ratio		Over 400%	Over 400%

● Collateral System

Collateral Type	Outline
Variation Margin	<ul style="list-style-type: none"> Must be deposited in an amount determined using the mark-to-market method to cover daily price fluctuations.
Initial Margin	<ul style="list-style-type: none"> Must be deposited to cover the risk of price fluctuations that could occur if a clearing participant fails to perform FOS (Funds Only Settlement) settlement or DVP settlement with variation margin. The required amount to cover the risk of FOS settlement failure is equivalent to the average of 20 largest amounts of funds settled by the clearing participant over the past 120 business days. The required amount to cover the risk of a DVP settlement failure is an amount that covers more than 99% of fluctuations in JGB market value over a 3-day period in the past 250 business days. An extra Market Impact Charge is added to initial margin for clearing participants that are exposed to risks that exceed a predetermined level.
Clearing Fund	<ul style="list-style-type: none"> Must be deposited to cover potential losses in the case that the top two clearing participants default in extreme but plausible market conditions, and the deposited collateral of such participants is insufficient. The required amount is calculated weekly.

● Loss Compensation Scheme

If JSCC incurs losses from the default of a clearing participant, the losses will be compensated under the following scheme.

First Tier: Collateral deposited by the defaulting clearing participant

Second Tier: Compensation by JSCC (JPY 1.75 billion)

Third Tier: Clearing Fund contributed by non-defaulting clearing participants* and compensation by JSCC (JPY 1.75 billion)

Fourth Tier: Special clearing charges collected from non-defaulting clearing participants

Fifth Tier: Clearing Fund contributed by original transaction pro-rata clearing participants and compensation by JSCC

Sixth Tier: Special clearing charges collected from original transaction pro-rata clearing participants

Seventh Tier: Compensation by the recipients of variation margin

* Limited to OTC JGB clearing fund

4. List of Clearing Participants (as of August 31, 2015)

Listed Products Clearing Participants (120 companies)

Clearing Qualification Classification ○ : Principal ★ : Agency

Clearing Participant Name	Cash Products	JGB Futures	Index Futures
● A			
ABN AMRO Clearing Tokyo Co., Ltd.	○	○	○
ACE SECURITIES CO., LTD.	○	○	○
AIZAWA SECURITIES CO., LTD.	○	○	○
Akatsuki Securities, Inc.	○	○	○
ANDO SECURITIES CO., LTD.	—	○	○
Aozora Bank, Ltd.	—	○	—
ARK SECURITIES CO., LTD.	○	○	○
● B			
THE BANK OF FUKUOKA, LTD.	—	○	—
The Bank of Kyoto, Ltd.	—	○	—
THE BANK OF SAGA LTD.	—	○	—
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	○	—
The Bank of Yokohama, Ltd.	—	○	—
Bansei Securities Co., Ltd.	—	—	○
Barclays Securities Japan Limited	○	○	○
BNP Paribas Securities (Japan) Limited	○	○	○
● C			
The Chiba Bank, Ltd.	—	○	—
Chibagin Securities Co., Ltd.	○	○	○
CHUBU SECURITIES FINANCING CO., LTD.	○	—	—
The Chugoku Bank, Limited	—	○	—
Citibank Japan Ltd.	★	★	★
Citigroup Global Markets Japan Inc.	○	○	○
CLSA Securities Japan Co., Ltd.	○	—	—
Credit Agricole Securities Asia B.V.	○	○	—
Credit Suisse Securities (Japan) Limited	○	○	○
● D			
Daishi Securities Co., Ltd.	○	—	—
Daiwa Securities Co. Ltd.	○	○	○
Deutsche Securities Inc.	○	○	○
DSB Co., Ltd.	★	★	★
● E			
Eiwa Securities Co., Ltd.	—	○	○
● F			
Fukuoka Securities Co., Ltd.	○	○	○
● G			
GMO CLICK Securities, Inc.	○	—	○
Goldman Sachs Japan Co., Ltd.	○	○	○
The Gunma Bank, Ltd.	—	○	—
● H			
H.S. SECURITIES CO., LTD.	○	○	○
The Hachijuni Bank, Ltd.	—	○	—
HACHIJUNI SECURITIES Co., Ltd.	○	—	—
Hibiki Securities Inc.	○	—	○
THE HIKARI SECURITIES CO., LTD.	○	○	○
HINODE SECURITIES CO., LTD.	○	○	○
HIROTA SECURITIES CO., LTD.	○	○	○
The Hongkong and Shanghai Banking Corporation Limited	★	—	★
HSBC SECURITIES (JAPAN) LIMITED	○	○	○
The Hyakujushi Bank, Ltd.	—	○	—
● I			
Ichiyoshi Securities Co., Ltd.	○	○	○
The Imamura Securities Co., Ltd.	○	○	○
Iwai Cosmo Securities Co., Ltd.	★	○	○
● J			
JPMorgan Securities Japan Co., Ltd.	○	○	○
Japan Asia Securities Co., Ltd.	○	○	○
JAPAN SECURITIES FINANCE CO., LTD.	○	—	—
The Joyo Bank, Ltd.	—	○	—

Clearing Participant Name	Cash Products	JGB Futures	Index Futures
● K			
kabu.com Securities Co., Ltd.	—	—	○
KIMURA SECURITIES CO., LTD.	○	○	○
The Kosei Securities Co., Ltd.	○	○	○
KYOKUTO SECURITIES CO., LTD.	○	○	○
Kyowa Securities Co., Ltd.	—	○	○
● L			
Leading Securities Co., Ltd.	○	—	—
livestar Securities Co., Ltd.	○	○	○
● M			
Macquarie Capital Securities (Japan) Limited	○	—	—
Maruhachi Securities Co., Ltd.	○	○	○
MARUKUNI SECURITIES CO., LTD.	○	—	—
Marusan Securities Co., Ltd.	○	○	○
MATSUI SECURITIES CO., LTD.	○	○	○
Merrill Lynch Japan Securities Co., Ltd.	★	○	○
MIKI SECURITIES CO., LTD.	○	○	○
MITA SECURITIES Co., Ltd.	○	—	○
Mito Securities Co., Ltd.	○	○	○
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	○	○	○
Mitsubishi UFJ Trust and Banking Corporation	—	○	—
Mizuho Bank, Ltd.	—	○	—
Mizuho Securities Co., Ltd.	○	○	○
Mizuho Trust & Banking Co., Ltd.	—	○	—
Monex, Inc.	○	—	○
Morgan Stanley MUFG Securities Co., Ltd.	○	○	○
Musashi Securities Co., Ltd.	○	○	○
● N			
NAGANO SECURITIES CO., LTD.	○	○	○
NAITO SECURITIES CO., LTD.	○	○	○
The Nakahara Securities Co., Ltd.	○	○	○
Natixis Japan Securities Co., Ltd.	○	○	○
New-S Securities Co., Ltd.	○	—	—
Newedge Japan Inc.	—	○	○
NISHIMURA SECURITIES CO., LTD.	○	—	—
THE NISHI-NIPPON CITY BANK, LTD.	—	○	—
NISSAN CENTURY SECURITIES CO., LTD.	○	○	○
Nomura Securities Co., Ltd.	○	○	○
● O			
The Ogaki Kyoritsu Bank, Ltd.	—	○	—
OKACHI SECURITIES CO., LTD.	○	○	○
OKASAN SECURITIES CO., LTD.	★	○	○
OKASAN NIIGATA SECURITIES CO., LTD.	○	○	○
OKAYASU SECURITIES Co., Ltd.	○	—	—
● P			
Phillip Securities Japan, Ltd.	○	○	○
● R			
Rakuten Securities, Inc.	○	○	○
Resona Bank, Limited	—	○	—
Retela Crea Securities Co., Ltd.	○	○	○
● S			
SANKO SECURITIES CO., LTD.	○	○	○
Sankyo Securities Co., Ltd.	○	—	○
SBI SECURITIES Co., Ltd.	○	○	○
Securities Japan, Inc.	○	○	○
The Senshu Ikeda Bank, Ltd.	—	○	—
The 77 Bank, Ltd.	—	○	—
Shinkin Central Bank	—	○	—
Shinkin Securities Co., Ltd.	—	○	—
THE SHIZUOKA BANK, LTD.	—	○	—

Clearing Participant Name	Cash Products	JGB Futures	Index Futures
The Shoko Chukin Bank, Ltd.	—	○	—
Shinsei Bank, Limited	—	○	—
SMBC Friend Securities Co., Ltd.	○	○	○
SMBC Nikko Securities Inc.	○	○	○
Societe Generale Securities (North Pacific) Ltd.	○	○	○
Sumitomo Mitsui Banking Corporation	—	○	—
Sumitomo Mitsui Trust Bank, Limited	—	○	—
● T			
TAKAGI SECURITIES CO., LTD.	○	○	○
THE TACHIBANA SECURITIES CO., LTD.	○	○	○
Tokai Tokyo Securities Co., Ltd.	○	○	○
TOYO SECURITIES CO., LTD.	○	○	○

Clearing Participant Name	Cash Products	JGB Futures	Index Futures
● U			
UBS Securities Japan Co., Ltd.	○	○	○
UTSUMIYA SECURITIES CO., LTD.	○	○	○
● Y			
YAHATA SECURITIES CO., LTD.	○	—	—
YAMAGEN Securities Co., Ltd.	○	○	○
Yamani Securities Co., Ltd.	○	○	○
YAMAWA SECURITIES CO., LTD.	—	○	○
The Yutaka Securities Co., Ltd.	○	○	○

CDS Clearing Participants (11 companies)

Clearing Participant Name
BNP Paribas
Citigroup Global Markets Japan Inc.
Daiwa Securities Co. Ltd.
Deutsche Bank Aktiengesellschaft

Clearing Participant Name
Goldman Sachs Japan Co., Ltd.
Merrill Lynch Japan Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Securities Co., Ltd.

Clearing Participant Name
Morgan Stanley MUFG Securities Co., Ltd.
Nomura Securities Co., Ltd.
SMBC Nikko Securities Inc.

IRS Clearing Participants (23 companies)

Clearing Participant Name
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Barclays Bank PLC
BNP Paribas
Citigroup Global Markets Japan Inc.
Crédit Agricole Corporate and Investment Bank
Credit Suisse Securities (Japan) Limited
Daiwa Securities Co. Ltd.
Deutsche Bank Aktiengesellschaft

Clearing Participant Name
Goldman Sachs Japan Co., Ltd.
JPMorgan Securities Japan Co., Ltd.
Merrill Lynch Japan Securities Co., Ltd.
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Mizuho Bank, Ltd.
Morgan Stanley MUFG Securities Co., Ltd.
Nomura Securities Co., Ltd.
Resona Bank, Limited

Clearing Participant Name
The Royal Bank of Scotland plc
Shinkin Central Bank
SMBC Nikko Securities Inc.
Societe Generale
Sumitomo Mitsui Banking Corporation
Sumitomo Mitsui Trust Bank, Limited
UBS AG

OTC JGB Clearing Participants (36 companies)

Clearing Participant Name	Classification
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	○
Barclays Securities Japan Limited	○
BNP Paribas Securities (Japan) Limited	○
Credit Agricole Securities Asia B.V., Tokyo Branch	○
Central Tanshi Co., Ltd.	○
Central Totan Securities Co., Ltd.	○
Citibank Japan Ltd.	★
Citigroup Global Markets Japan Inc.	○
Credit Suisse Securities (Japan) Limited	○
Daiwa Securities Co. Ltd.	○
Deutsche Securities Inc.	○
Goldman Sachs Japan Co., Ltd.	○

Clearing Participant Name	Classification
Japan Bond Trading Co., Ltd.	○
Japan Trustee Services Bank, Ltd.	○
JPMorgan Securities Japan Co., Ltd.	○
Japan Securities Finance Co., Ltd.	○
The Master Trust Bank of Japan, Ltd.	○
Merrill Lynch Japan Securities Co., Ltd.	○
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	○
Mizuho Bank, Ltd.	○
Mizuho Securities Co., Ltd.	○
Morgan Stanley MUFG Securities Co., Ltd.	○
Natixis Japan Securities Co., Ltd.	○
Nomura Securities Co., Ltd.	○

Clearing Qualification Classification ○ : Principal ★ : Agency

Clearing Participant Name	Classification
The Norinchukin Bank	○
Okasan Securities Co., Ltd.	○
SMBC Friend Securities Co., Ltd.	○
SMBC Nikko Securities Inc.	○
Societe Generale Securities (North Pacific) Ltd.	○
Sumitomo Mitsui Banking Corporation	○
Sumitomo Mitsui Trust Bank, Limited	○
Tokai Tokyo Securities Co., Ltd.	○
The Tokyo Tanshi Co., Ltd.	○
Trust & Custody Services Bank, Ltd.	○
UBS Securities Japan Co., Ltd.	○
Ueda Yagi Tanshi Co., Ltd.	○

Business Statistics

Clearing Statistics (Daily Average, Single-leg)

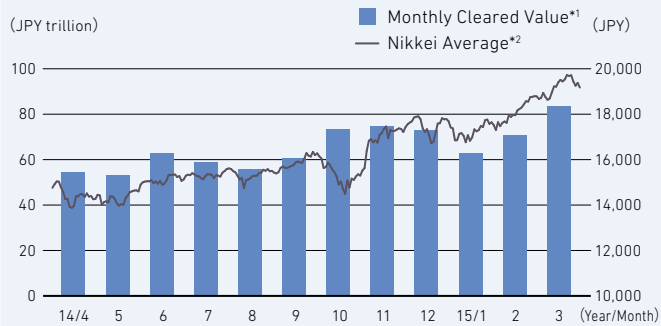
		FY2014	FY2013
Cash Products	Cleared Value	JPY 3.1 trillion	JPY 3.4 trillion
	Cleared Volume	3.26 billion shares	4.01 billion shares
JGB Futures	Cleared Value	JPY 3.6 trillion	JPY 3.4 trillion
	Cleared Volume	36,767 units	34,975 units
Index Futures	Cleared Value	JPY 2.8 trillion	JPY 2.3 trillion
	Cleared Volume	188,821 units	176,524 units

		FY2014	FY2013
CDS*1 *2	Cleared Value	JPY 9.8 billion	JPY 9.5 billion
	Cleared Volume	10 units	6 units
IRS	Cleared Value	JPY 2.9 trillion	JPY 2.6 trillion
	Cleared Volume	243 units	213 units
OTC JGBs	Cleared Value	JPY 57.8 trillion	JPY 44.1 trillion
	Cleared Volume	5,000 units	4,000 units

*1 Aggregate of Index and Single-Name transactions

*2 Average per clearing cycle.

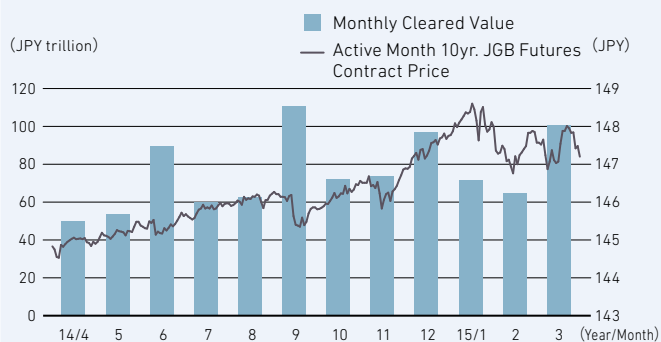
Nikkei Average and Cleared Value for Listed Stocks



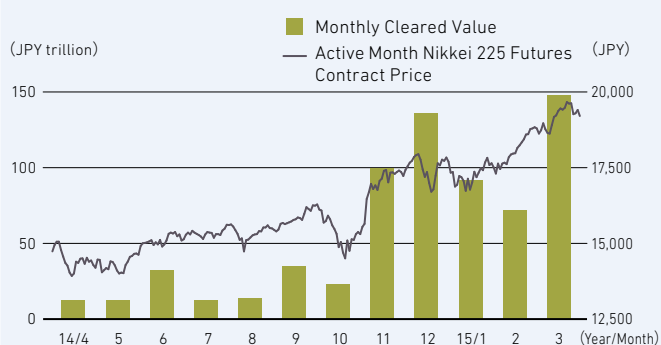
*1 Including lending transactions

*2 Source: Nikkei Inc.

Cleared Value for 10yr. JGB Futures

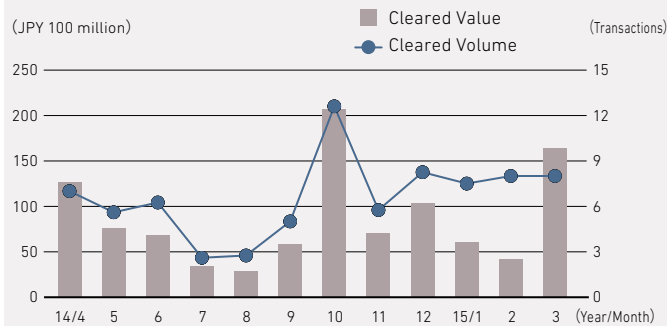


Cleared Value for Index Futures

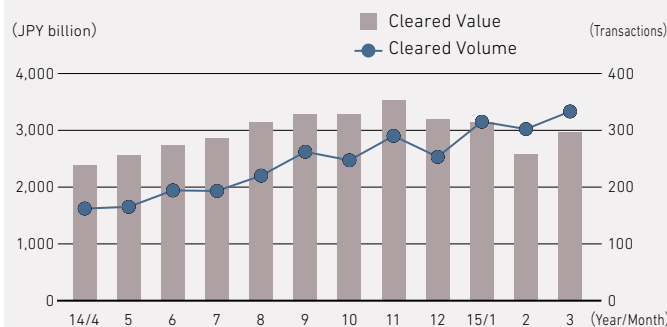


*Cleared Value of Nikkei 225 Futures

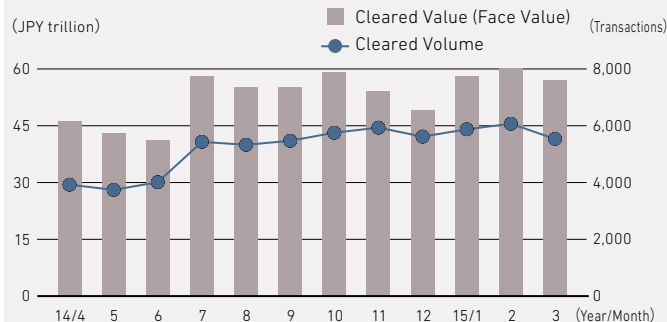
Cleared Value for CDS (Average per Cycle)



Cleared Value for IRS (Daily Average)



Cleared Value and Volume for OTC JGBs (Daily Average)



Financial Statements

Balance Sheet

	(JPY million)	
	2015 As of 2015.3.31	2014 As of 2014.3.31
ASSETS		
CURRENT ASSETS:		
Cash and bank deposits	38,381	34,982
Accounts receivable—trade	2,539	1,976
Marketable securities	769	802
Margin funds for derivatives	526,869	700,606
Margin funds in trust for derivatives	427,692	
Deposits for clearing funds	167,396	136,751
Deposits for clearing funds in trust	92,308	
Deposits as collateral for facilitating settlement	34,000	10,500
Margin funds for when-issued transactions	191	191
Margin funds in trust for CDS	6,960	3,829
Deposits for clearing funds in trust for CDS	2,908	1,303
Margin funds in trust for IRS	219,569	114,707
Deposits for clearing funds in trust for IRS	15,546	50,188
Margin funds for FX		16,317
Deposits for clearing funds for FX		491
Margin funds for JGB	175,002	77,784
Deposits for clearing funds for JGB	76,343	
Deferred tax assets	135	224
Other current assets	171	27
Total current assets	1,786,785	1,150,685
PROPERTY AND EQUIPMENT:		
Buildings	87	87
Equipment and furniture	114	112
Construction in progress	2	
Total property and equipment	204	199
Accumulated depreciation	(94)	(54)
Net property and equipment	110	145
INTANGIBLE FIXED ASSETS:		
Software	1,214	637
Software in progress	269	950
Total intangible fixed assets	1,483	1,588
INVESTMENTS AND OTHER ASSETS:		
Investments in securities	505	1,279
Long-term prepaid expenses	1,086	120
Guarantee money deposits	80	80
Deferred charges	7	18
Deferred tax assets	1	2
Other investments and other assets	8	5
Total investments and other assets	1,691	1,506
TOTAL	1,790,069	1,153,926

	(JPY million)	
	2015 As of 2015.3.31	2014 As of 2014.3.31
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable—trade	1,417	1,318
Income taxes payable	1,378	2,675
Consumption taxes payable	393	293
Accrued bonuses	77	62
Accrued bonuses to directors	22	19
Margin funds received for derivatives	954,561	700,606
Deposits received for clearing funds	259,704	136,751
Deposits received as collateral for facilitating settlement	34,000	10,500
Margin funds received for when-issued transactions	191	191
Margin funds received for CDS	6,960	3,829
Deposits received for clearing funds for CDS	2,908	1,303
Margin funds received for IRS	219,569	114,707
Deposits received for clearing funds for IRS	15,546	50,188
Margin funds received for FX		16,317
Deposits received for clearing funds for FX		491
Margin funds received for JGB	175,002	77,784
Deposits received for clearing funds for JGB	76,343	
Other current liabilities	60	106
Total current liabilities	1,748,138	1,117,148
Total liabilities	1,748,138	1,117,148
EQUITY		
Shareholders' equity:		
Capital stock	8,950	8,950
Capital surplus	9,476	9,476
Retained earnings	23,505	18,351
Settlement guarantee reserve for security trades and others	17,386	12,800
General reserve	964	810
Retained earnings—unappropriated	5,154	4,741
Treasury stock	(0)	(0)
Total shareholders' equity	41,931	36,777
Total equity	41,931	36,777
TOTAL	1,790,069	1,153,926

* The figures less than a million yen are rounded down to the nearest million yen.

Statement of Income

	(JPY million)	
	2015 As of 2015.3.31	2014 As of 2014.3.31
OPERATING REVENUES		
Clearing fees	19,804	17,995
Monthly fees	192	189
Maintenance fees on cash products and derivatives	437	439
Other operating income	612	510
Total operating revenues	21,046	19,133
OPERATING EXPENSES		
Outsourcing business costs	10,707	9,923
Salaries and compensation	957	762
Real estate rental fees	149	112
Facility expenses	28	39
Depreciation	461	165
Research costs	372	399
Other operating expenses	385	335
Total operating expenses	13,061	11,739
Operating profit	7,985	7,394
OTHER INCOME (EXPENSES):		
Gain on negative goodwill		147
Interest income	43	44
Other—net	4	(6)
Other income—net	47	185
INCOME BEFORE INCOME TAXES	8,033	7,579
INCOME TAXES		
Current	2,788	2,994
Deferred	90	(151)
Total income taxes	2,879	2,842
NET INCOME	5,154	4,736

* The figures less than a million yen are rounded down to the nearest million yen.

Statement of Changes in Equity

	(JPY million)						
	Capital Surplus			Retained Earnings		Equity	
	Total Capital Stock	Additional Paid-in Capital	Other Capital Surplus	Settlement Guarantee Reserve for Security Trades and Others	General Reserve	Unappropriated	Treasury Stock
BALANCE, MARCH 31, 2014	8,950	9,476		12,800	810	4,741	(0)
Transfer to general reserve					154	(154)	
Transfer to settlement guarantee reserve for security trades and others				4,586		(4,586)	
Net income						5,154	
BALANCE, MARCH 31, 2015	8,950	9,476		17,386	964	5,154	(0)

* The figures less than a million yen are rounded down to the nearest million yen.

Company Profile

Management and Auditors (As of August 31, 2015)

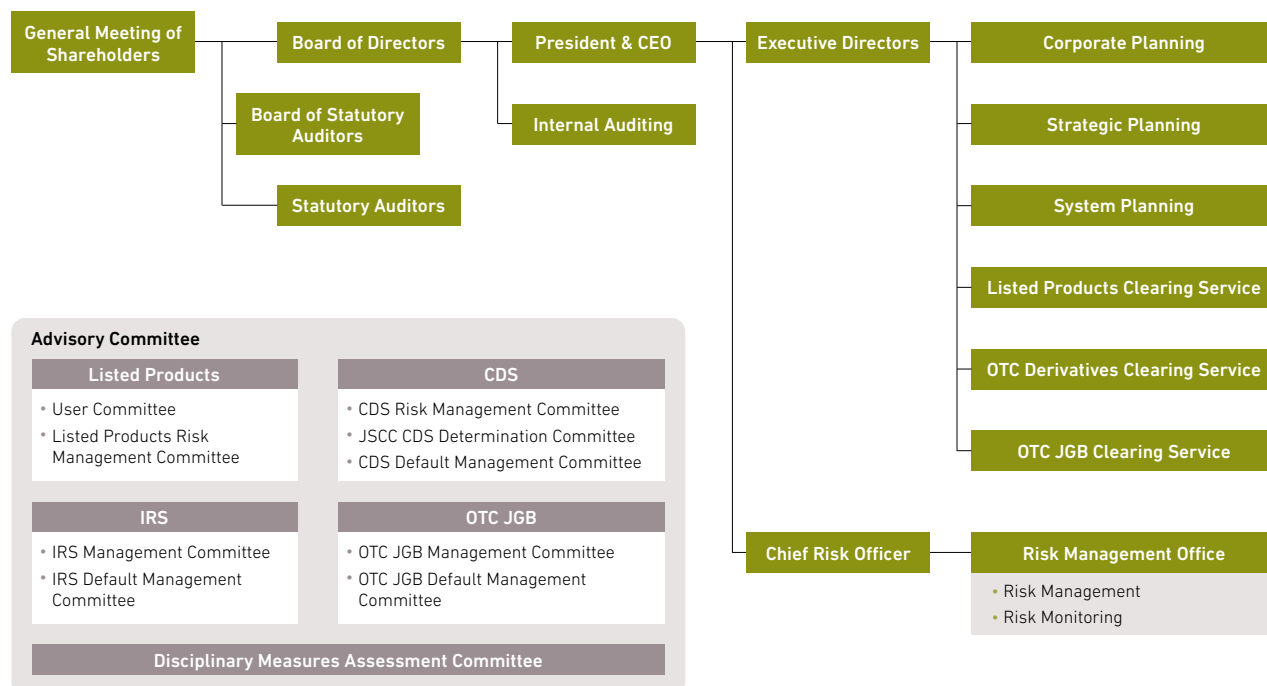
Members of the Board

Director	Hironaga Miyama	President & CEO
Director	Makoto Sonobe	Executive Vice President
Director	Mitsuhiro Hasegawa	Managing Director
Director	Makoto Minoguchi	Managing Director
Director	Hisato Miyashita	Representative Executive Officer, Nomura Securities Co., Ltd.
Director	Kazuhiko Ohashi	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
Director	Moriyuki Iwanaga	Senior Executive Officer & CFO, Japan Exchange Group, Inc.
Director	Naoto Hirota	Senior Managing Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Director	Taro Fukushima	Managing Director, Global Markets Operations, Merrill Lynch Japan Securities Co., Ltd.
Director	Yasumasa Nishi	President & CEO, DIAM Co., Ltd.

Auditors

Standing Statutory Auditor	Tetsuya Kawamoto	
Statutory Auditor	Shigeru Nakajima	Attorney-at-law
Statutory Auditor	Masao Yanaga	Provost, Faculty of Business Sciences, University of Tsukuba

Organization Chart (As of August 31, 2015)



Company Profile (As of August 31, 2015)

Company Name	Japan Securities Clearing Corporation		
President & CEO	Hironaga Miyama		
Head Office	2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo 103-0026, Japan		
Date of Incorporation (Commencement of Operations)	July 1, 2002 (January 14, 2003)		
Capital	JPY 8.95 billion		
Shareholders (shareholding ratio)	<p>● Class A shares:</p> <p>Japan Exchange Group, Inc. (99.2%) Sapporo Securities Exchange..... (0.05%)</p> <p>Nagoya Stock Exchange, Inc. (0.7%) Fukuoka Stock Exchange (0.05%)</p> <hr/> <p>● Class B shares:</p> <p>Japan Exchange Group, Inc. (100.0%)</p> <hr/> <p>● Class C shares:</p> <p>Japan Exchange Group, Inc. (58.2%) BNP Paribas Securities (Japan) Limited (2.2%)</p> <p>Credit Suisse Securities (Japan) Limited (2.2%) Mizuho Bank, Ltd. (2.2%)</p> <p>Goldman Sachs Japan Co., Ltd. (2.2%) Sumitomo Mitsui Banking Corporation (2.2%)</p> <p>JPMorgan Securities Japan Co., Ltd. (2.2%) Sumitomo Mitsui Trust Bank (2.2%)</p> <p>Citigroup Global Markets Japan Inc. (2.2%) The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2.2%)</p> <p>Société Générale (Société Générale Bank) (2.2%) Merrill Lynch Japan Securities Co., Ltd. (2.2%)</p> <p>Daiwa Securities Group Inc. (2.2%) Morgan Stanley MUFG Securities Co., Ltd. (2.2%)</p> <p>Deutsche Securities Inc. (2.2%) UBS AG..... (2.2%)</p> <p>Barclays Bank PLC (Barclays Bank) (2.2%) Resona Bank, Limited (2.2%)</p> <p>Nomura Holdings, Inc. (2.2%) The Royal Bank of Scotland plc Tokyo Branch..... (2.2%)</p> <hr/> <p>● Class D shares:</p> <p>Japan Exchange Group, Inc. (52.9%) Morgan Stanley MUFG Securities Co., Ltd. (1.9%)</p> <p>Barclays Securities Japan Limited (1.9%) Nomura Holdings, Inc. (1.9%)</p> <p>BGC Shoken Kaisha Ltd. (1.9%) OKASAN SECURITIES GROUP INC. (1.9%)</p> <p>BNP Paribas Securities (Japan) Limited (1.9%) Sumitomo Mitsui Banking Corporation (1.9%)</p> <p>Central Tanshi Co., Ltd. (1.9%) The Norinchukin Bank (1.9%)</p> <p>Central Totan Securities Co., Ltd. (1.9%) Tokai Tokyo Financial Holdings, Inc. (1.9%)</p> <p>Credit Agricole Securities Asia B.V. Tokyo Branch (1.9%) Totan Holdings Co., Ltd. (1.9%)</p> <p>Credit Suisse Securities (Japan) Limited (1.9%) UBS Securities Japan Co., Ltd. (1.9%)</p> <p>Daiwa Securities Co. Ltd. (1.9%) Ueda Yagi Tanshi Co., Ltd. (1.9%)</p> <p>Deutsche Securities Inc. (1.9%) Mizuho Securities Co., Ltd. (1.7%)</p> <p>Japan Bond Trading Co., Ltd. (1.9%) Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (0.9%)</p> <p>Japan Securities Finance Co., Ltd. (1.9%) The Bank of Tokyo-Mitsubishi UFJ, Ltd. (0.9%)</p> <p>JPMorgan Securities Japan Co., Ltd. (1.9%) Mizuho Bank, Ltd. (0.2%)</p> <p>Merrill Lynch Japan Securities Co., Ltd. (1.9%)</p>		



Japan Securities Clearing Corporation

2-1, Nihombashi-Kabuto-cho, Chuo-ku, Tokyo 103-0026, Japan