



# Japan Securities Clearing Corporation

Annual Report 2004 FOR THE YEAR ENDED MARCH 31, 2004

JAPAN'S FIRST

**unified**

CLEARING HOUSE



## About JSCC

*The Japan Securities Clearing Corporation (JSCC) was established in July 2002 by the Japan Securities Dealers Association, the Tokyo Stock Exchange, Inc., the Osaka Securities Exchange Co., Ltd., the Nagoya Stock Exchange, Inc., the Fukuoka Stock Exchange and the Sapporo Securities Exchange to act as a unified clearing organization responsible for the clearing and settlement of cash transactions in these markets. From the outset, its basic corporate philosophy has been to “increase the global competitiveness of Japan’s securities market by improving the efficiency, convenience and safety of the clearing and settlement field.”*

*With the birth of JSCC, the efficiency, convenience and safety of the securities markets have already improved, largely through the consolidation of clearing functions that used to be performed independently by each individual market.*

*Now we have entered an era of dramatic changes in the business environment for clearing organizations, particularly due to the rapid increase in cross-border transactions in the world’s financial markets. Regardless of what changes may come, JSCC will continue to support the nation’s securities markets by maintaining its role as Japan’s leading clearing organization.*

## foundation

January 2003

Commenced Clearing Operations for Cash Transactions as  
a Unified Clearing Organization

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## Data of equities clearing (fiscal year 2003)

Clearing Volume

508.6

BILLION SHARES

Clearing Value

439

TRILLION YEN

Fail Rate

0.22%

## expansion

February 2004

Commenced Clearing Operations for TSE Futures and Options Transactions

## cooperation

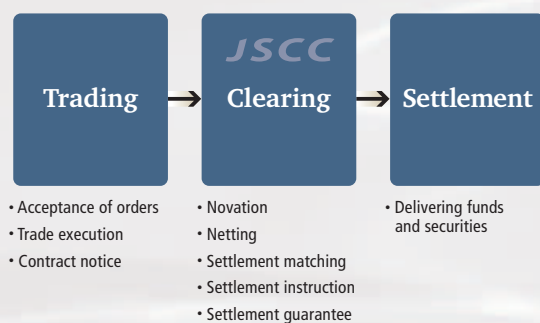
December 2003

Signed MOU for Business Collaboration with JDCC and JASDEC

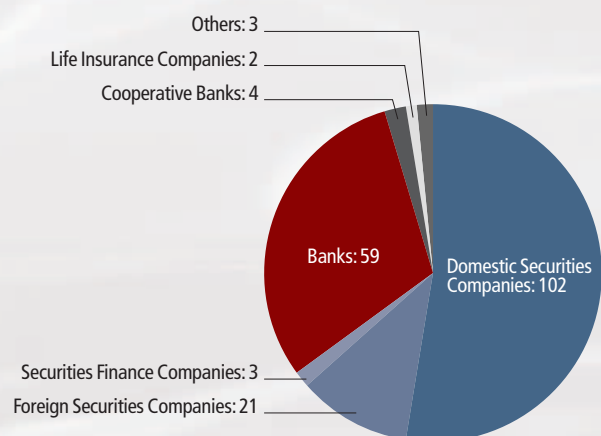
June 2004

Signed MOU for Business Collaboration with JGBCC

## Structure of trading, clearing, settlement



## Clearing participants (as of July 31, 2004)



## message

from the **P R E S I D E N T**



*The Japan Securities Clearing Corporation (JSCC) acts as Japan's unified cross-market clearing organization. It was jointly established by all the stock exchanges (the Tokyo Stock Exchange, Inc., the Osaka Securities Exchange Co., Ltd., the Nagoya Stock Exchange, Inc., the Fukuoka Stock Exchange, the Sapporo Securities Exchange, and the Japan Securities Dealers Association) in July 2002. In January 2003, after half a year of preparation, JSCC became the first Registered Securities Clearing Organization licensed under the Securities and Exchange Act in Japan and began operations.*

**ACTIVITIES AND ACHIEVEMENTS IN 2003** The following represent JSCC's major accomplishments in 2003, the first full fiscal year since its inauguration. First, we performed a street-wide survey to assess the needs of our users and established a User Committee in April 2003 to help us better reflect their opinions in the management of JSCC.

Based on the findings of the survey and the discussions within the User Committee, we began clearing TSE futures and options transactions in February 2004. We integrated the clearing funds for both cash and TSE derivatives transactions, helping to save the participants' collateral as well as improving the efficiency and convenience of the markets.

In December 2003, we signed a Memorandum of Understanding (MOU) with the JASDEC DVP Clearing Corporation (JDCC) and the

Japan Securities Depository Center, Inc. (JASDEC) regarding a business alliance and mutual cooperation relating to the DVP for non-exchange transaction deliveries, and began providing JDCC with clearing-related services in May 2004.

In February 2004, as a part of our ongoing efforts to improve the administration of our operations, we announced a basic policy regarding our response to system failures. We have also developed a management structure to monitor market participants' trading conditions on a day-to-day basis. We believe these policies will help to ensure the security, safety and integrity of our clearing and settlement services.

During the year and a half since we began operations, we have been able to create the foundation of a unified clearing organization, in large part thanks to the cooperation of all those concerned.

# message

**FUTURE ISSUES AND PROSPECTS** The environment in which JSCC operates is changing dramatically. There is active consolidation among the major clearing organizations overseas, which are increasingly providing cross-border services. Beginning in fiscal year 2004, we expect to see other clearing organizations begin operations in Japan, which will make it imperative to offer increased convenience and efficiency to market participants.

In response to these changes in the clearing business environment, we are expected to play a role as a leading clearing organization in Japan and help to strengthen the competitive standing of the nation's securities markets. Towards this end, we established a new interim business plan in February 2004 (covering fiscal years 2004 to 2006). Through the execution of this plan, we will be able to increase our presence both in Japan and overseas, as well as to create a stable financial foundation, which will allow us to stably and efficiently manage our operations as Japan's key securities infrastructure.

As a sensible approach to this plan, firstly, we will extend cooperative business arrangements to other domestic clearing organizations. Similar to the existing business partnership with JDCC, in June 2004, we reached an agreement with JGBCC whereby JSCC will provide JGBCC with clearing-related services, including monitoring the financial status of JGBCC participants, and for JSCC and JGBCC to examine further collaborations. Through these arrangements among the three clearing organizations, JSCC will act as the single "window" for monitoring the common participants of these clearing organizations, which helps JSCC play a leading role among Japanese CCPs.

Additionally, we seek to create a risk management structure that is in line with international levels, improving the institutions as a CCP and raising the quality of services in the process. We will also actively perform promotional activities overseas and create cooperative arrangements with overseas clearing organization.

As a measure for increasing the stability of our financial foundation, we will establish a stable earnings structure that is not easily influenced by fluctuations in the market, and also fortify our equity capital base in order to secure resources for our loss recovery scheme.

Having passed through the initial stage following our establishment as a company, JSCC is now entering a period of growth. Our corporate philosophy is "to increase the global competitiveness of Japan's securities market by improving the efficiency, convenience and safety of the clearing and settlement field."

From that perspective, we recognize the importance to society of providing a reliable clearing infrastructure, and the potential for it to contribute to the development of Japan's securities markets. We therefore ask for the continued understanding and support of all parties concerned.

July 2004



**YOSHIMASA YAMASHITA**  
President & CEO



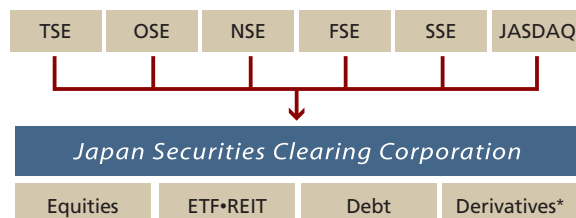


**ESTABLISHMENT** In Japan, operations associated with the clearing of marketable securities were conducted independently at each stock exchange, which led to numerous inefficiencies. In order to raise the global competitiveness of Japan's securities market, it was essential to create a clearing organization and a CCP function that covered all of the nation's markets and integrated all the clearing operations.

As a result, the Japan Securities Clearing Corporation (JSCC) was established in July 2002 by

the Japan Securities Dealers Association, the Tokyo Stock Exchange, Inc. (TSE), the Osaka Securities Exchange Co., Ltd. (OSE), the Nagoya Stock Exchange, Inc. (NSE), the Fukuoka Stock Exchange (FSE) and the Sapporo Securities Exchange (SSE). In January 2003, JSCC became the first Registered Securities Clearing Organization licensed under the Securities and Exchange Act in Japan, and initiated operations as a unified clearing organization for cash transactions at all of the nation's stock exchanges.

#### Cross-market clearing organization



\*Only at TSE



## NEW INTERIM

## business plan

**Fiscal Year 2004 to Fiscal Year 2006**

JSCC seeks to increase its stature as a private company as well as to play a vital role as Japan's leading clearing organization. In order to achieve these goals, we must increase our market presence and create a stable financial foundation. Consequently, we have established the following business plans as the core of our intermediate-term management strategy.

**Measures to Increase Our Presence**

- 1) Further Expansion of Our Business Scope:  
In order to increase the efficiency and convenience of the securities market overall, we believe it is important to expand the scope of our business.
- 2) Improving the Quality of Our Services:  
We will continue to improve the quality of our services in order to help boost the competitive strength of Japan's securities market and make it more convenient for market participants to use.
- 3) Overseas Promotional Activities / Creating Cooperative Relationships with International Partners:  
In order to raise JSCC's brand recognition overseas, we will conduct promotional activities and create cooperative relationships with overseas clearing organizations.

**Measures to Create a Stable Financial Foundation**

We will take appropriate measures to establish a stable and independent earnings structure that is not influenced by market fluctuations. In addition, as part of our plan to strengthen our financial foundation and secure resources for our loss recovery scheme, we will take steps to fortify our equity capital base.

# leading the way

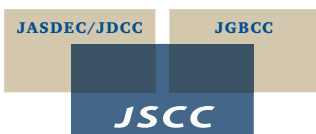
*Japan's first licensed clearing organization*

**SERVICE EXPANSION** In February 2003, TSE appointed JSCC as the designated securities clearing organization for its futures and options transactions, and we started to act as a CCP for these transactions. Consequently, we were able to realize an integrated access point for cash transactions and derivative products, save the participants' collateral, and make the process of clearing their securities both more convenient and more efficient.

**COOPERATION WITH OTHER CLEARING ORGANIZATIONS** In December 2003, JSCC signed a Memorandum of Understanding (MOU) to enter into a cooperative business alliance with the JASDEC DVP Clearing Corporation (JDCC) and the Japan Securities Depository Center, Inc. (JASDEC). As one example of this cooperation, JSCC began providing JDCC with clearing-related services, including monitoring of the financial status of JSCC participants, upon the inauguration of the JASDEC's DVP system in May 2004. All three companies have agreed to perform joint research on future clearing and settlement schemes.

In June 2004, JSCC signed an MOU for business collaboration with the Japan Government Bond Clearing Corporation (JGBCC), which is expected to start operations during the first half of 2005. JSCC and JGBCC agreed that after the latter's clearing operations start, JSCC will provide it with clearing-related services, including monitoring of the financial status of JGBCC participants. In addition, JSCC and JGBCC agreed to study possibilities for further collaborations aimed at increasing market users' operational convenience with CCPs and to improve the efficiency of CCP operations.

**Cooperation with other clearing organizations**







# advancing

*improving efficiency, convenience and credibility*



**IMPROVING SECURITIES MARKET SAFETY** JSCC functions as a “central counterparty” (CCP), providing services to all the cash markets in Japan as well as to the derivatives market of TSE. As a result, it is now possible for securities markets participants that did not previously have this clearing function to enter the markets without having to worry about the credit risks of individual market participants.

**IMPROVING TRADING SETTLEMENT EFFICIENCY AND CONVENIENCE** By establishing JSCC, all the individual access points which had traditionally been maintained by each market were integrated into one, thus allowing daily operations to be standardized and reducing the burden upon each participant’s back office operations. Moreover, by netting the transactions of all of the markets, the clearing volume was compressed (by 68.9% in volume and 93.7% in value, based on actual figures for fiscal 2003) and the efficiency of market participants’ operations, securities, and funds improved.

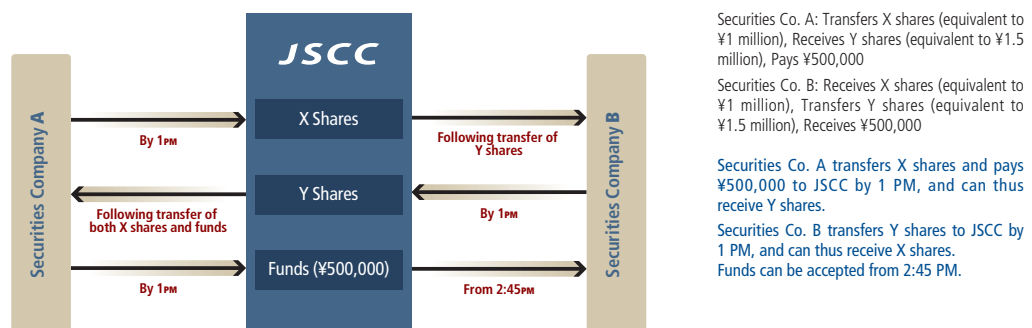
As noted above, JSCC performs clearing functions for TSE’s derivative products. The handling of these products has helped to further the integration of clearing operations and substantially reduce the burden on back office operations.

JSCC data show that daily average clearing values have reached ¥1,771.3 billion for cash products, ¥3,193.7 billion (par value basis) for government bond futures, and ¥552.8 billion for stock index futures (based on actual figures for fiscal 2003).

**SECURING SETTLEMENT CREDIBILITY** JSCC employs a DVP settlement system for cash products. DVP settlement links securities transfer and fund transfer, making payment a condition for delivery in the settlement process. Consequently, we eliminate the principal risk arising from the non-execution (failure) of settlements.

In the event that a market participant fails to deliver securities on the settlement date due to unavoidable circumstances, we deem the settlement to have “failed” and postpone the settlement to the next business day. In such cases, the participant expecting to receive securities will experience a delay in delivery; therefore, we make every effort to minimize such failed settlements in order to preserve the integrity of the settlement system. JSCC imposes a penalty (delay compensation) on clearing participants responsible for failed settlements, and if a clearing participant causes multiple failed settlements, a strong warning is issued. As a result of this approach, the failure rate during fiscal year 2003 was 0.22%, a very low level in comparison with other markets around the world.

#### DVP settlement system





*securing even higher levels of safety*

# reducing risk

**RISK MANAGEMENT POLICY** JSCC clears a huge amount of transactions. Therefore, the insuring of settlements is a critical factor in maintaining the stability and credibility of the securities markets; in terms of the overall quality of those markets, it is certainly on a par with the assuring the fairness and efficiency of transactions. When, for example, a participant fails to carry out settlement due to insolvency, JSCC has an obligation to complete settlement of its transactions with other participants.

In order to respond to this risk, and to manage the credit risk of the clearing participants, JSCC has established financial standards for all clearing participants, and we constantly monitor their financial conditions. In principle, if a loss arises from settlement failure by a clearing participant, we will compensate that loss from deposits contributed by the participant. However, when the participant's deposits are insufficient, the loss is compensated by other financial resources such as Default Compensation Reserve Funds from market providers and Special Clearing Charges collected from other participants.

**PARTICIPANT QUALIFICATION** As a clearing organization, JSCC novates the debt of clearing participants and bears the burden of the credit risk for individual clearing participants. JSCC also manages this credit risk and defines the qualifications (entrance and maintenance requirements) to become a clearing participant. There are four categories of qualifications: cash products; gov-





ernment bond futures and options on bond futures; stock index futures and options; and stock options. There are also two classes for each of these categories: principal clearing qualification and agency clearing qualification. Agency clearing qualification is not only applicable for self-trades, but also allows for trades of other participants.

Securities companies and registered financial institutions that are market participants in various exchanges first need to acquire qualification as a clearing participant before they can settle marketable securities transactions through JSCC.

#### Clearing qualifications categories, classes

	Cash	Government Bond Futures	Stock Index Futures	Equity Options
Principal Clearing Participants	117	175	104	104
Agency Clearing Participants	5	1	1	1

*securing even higher levels of safety*

ensuring stability



**MONITORING OF PARTICIPANTS** JSCC monitors the financial condition of clearing participants on a regular basis to help reduce credit risks and to ensure our own health as a clearing organization. In addition to being able to halt the assumption of debt from clearing participants who have been found to have financial problems, we can also cancel their qualifications as clearing participants.

Additionally, JSCC monitors participants' unsettled positions on a daily basis. We have a system in place to perform constant checks on participants who have burdened themselves with excessive risk.

**ACTIONS IN CASE OF PARTICIPANTS' DEFAULT** JSCC is entitled to suspend the delivery of securities and funds to defaulting participants and to compensate losses using the suspended securities and funds. In the event of a default, JSCC will act on behalf of the defaulting participant to fulfill settlement with other clearing participants in order to provide maximum assurance to all market participants that the transaction system is indeed safe.

In order to deal with defaults of clearing participants, JSCC maintains an over-draft agreement with fund-settling banks to provide short-term liquidity.\*

JSCC reimburses the banks by turning the suspended securities into cash and supplementing this with funds from the defaulting participant.

When the suspended securities and funds are insufficient for the reimbursement, the loss is compensated by using the following resources in the following order:

**STEP 1:** Defaulting participant's deposits to the Clearing Fund and other deposits

(total clearing funds deposited: approximately ¥230.2 billion, as of March 2004)

**STEP 2:** Default Compensation Reserve Fund contributed by market providers

(cash products: approximately ¥10.8 billion; TSE derivative products: approximately ¥10.4 billion)

**STEP 3:** The amount of shareholders' equity of JSCC

(except for capital and statutory reserves)

**STEP 4:** Special Clearing Charge collected from other participants\*\*

\* We secure a level of liquidity large enough to cover the settlement value of the two largest participants.

\*\* A "Special Clearing Charge" will be collected from participants other than the defaulting participant under JSCC's Business Regulation in accordance with the Securities and Exchange Act in Japan. This "Special Clearing Charge" would be made on a pro-rata basis in proportion to the amount of each clearing participant's required deposit to the Clearing Fund as of the day preceding the day of the default.

### Financial criteria for participation

Securities companies	Principal	Agency
Paid-in Capital	¥300 million	¥300 million
Net Assets	¥2 billion	¥20 billion
Net Capital Requirement Ratio	200%	200%
Registered financial institution	Principal	Agency
Paid-in Capital	¥300 million	¥300 million
Shareholders' Equity	¥2 billion	¥20 billion
Capital Adequacy Ratio <sup>(*)</sup>		
International standard <sup>(*)</sup>	8%	8%
Domestic standard <sup>(*)</sup>	4%	4%
Solvency Margin Ratio <sup>(*)</sup>	400%	400%

\*1 Applied to registered financial institution other than insurance companies

\*2 With branch offices overseas

\*3 Without branch office overseas

\*4 Applied to insurance companies

### Financial criteria for suspension of operation

Securities companies	Principal	Agency
Paid-in Capital	¥300 million	¥300 million
Net Assets	¥300 million	¥20 billion
Net Capital Requirement Ratio	120 %	200 %
Registered financial institution	Principal	Agency
Paid-in Capital	¥300 million	¥300 million
Shareholders' Equity	¥300 million	¥20 billion
Capital Adequacy Ratio <sup>(*)</sup>		
International standard <sup>(*)</sup>	4%	8%
Domestic standard <sup>(*)</sup>	2%	4%
Solvency Margin Ratio <sup>(*)</sup>	100%	400%

# financial statements

## Balance sheets (As of March 31, 2003 and 2004)

	Millions of Yen <sup>(1)</sup>		Thousands of US dollars <sup>(2)</sup>		Millions of Yen		Thousands of US dollars
	2003	2004	2004		2003	2004	2004
<b>Assets</b>				<b>Liabilities</b>			
Current assets	¥ 271,897	¥ 1,469,755	\$ 13,906,291	Current liabilities	¥ 269,104	¥ 1,466,812	\$ 13,878,441
Cash and bank deposits	2,809	2,112	19,992	Accounts payable	498	959	9,077,000
Accounts receivable	492	1,260	11,929	Margin funds received for derivatives*,**	—	1,061,091	10,039,661
Marketable securities	—	999	9,460	Deposits received for clearing fund*,**	79,899	230,267	2,178,707
Deferred income taxes	—	47	450	Deposits received as collateral preceding settlement day*	187,748	172,059	1,627,964
Margin funds for derivatives*,**	—	1,061,091	10,039,661	Margin funds received for when-issued transactions*	942	1,913	18,108
Deposits for clearing fund*,**	79,899	230,267	2,178,707	Income tax payable	0	431	4,081
Deposits as collateral preceding settlement day*	187,748	172,059	1,627,964	Consumption tax payable	—	66	627
Margin funds for when-issued transactions*	942	1,913	18,108	Other current liabilities	13	22	217
Other current assets	5	2	20	<b>Total liabilities</b>	<b>¥ 269,104</b>	<b>¥ 1,466,812</b>	<b>\$ 13,878,441</b>
Non-current assets	71	573	5,426	<b>Shareholders' equity</b>			
(Tangible fixed assets)	29	28	273	Common stock	1,700	1,700	16,085
Buildings	22	20	190	Additional paid-in capital	1,300	1,300	12,300
Vehicles and delivery equipment	—	2	21	Capital reserve	1,300	1,300	12,300
Equipment and furniture	6	6	62	Retained earnings	(134)	517	4,892
(Investments and other assets)	42	544	5,153	Unappropriated retained earnings at the end of the period	—	517	4,892
Investments in securities	—	502	4,750	Unappropriated deficit at the end of the period	134	—	—
Deferred income taxes	—	0	6	<b>Total shareholders' equity</b>	<b>2,865</b>	<b>3,517</b>	<b>33,277</b>
Guarantee money deposits	42	41	396	<b>Total liabilities and shareholders' equity</b>	<b>¥ 271,969</b>	<b>¥ 1,470,329</b>	<b>\$ 13,911,717</b>
<b>Total assets</b>	<b>¥ 271,969</b>	<b>¥ 1,470,329</b>	<b>\$ 13,911,717</b>				

Notes: 1. The figures shown above are rounded down to the nearest million yen.

2. U.S. dollar amounts shown above are converted from yen, for convenience only, at the rate of ¥105.69=\$1 (the approximate exchange rate on March 31, 2004).

\*Because JSCC, as a central counter party, carries out the novation at the moment of trade execution at stock exchanges, JSCC receives deposits of margin funds for derivatives and clearing funds (deposits for clearing funds, deposits as collateral preceding settlement day and margin funds for when-issued transactions) from participants, in accordance with the Securities and Exchange Act, in order to cover risks arising from participants' default from trade execution to settlement completion.

Participants may, pursuant to the provisions of rules of JSCC, deposit securities in lieu of cash as margin funds and clearing funds, both of which are separately managed from proprietary assets of JSCC and are shown on the balance sheet respectively.

\*\*The amount of margin funds of derivatives and deposit for clearing funds as of March 31, 2004 increased as JSCC started to act as a CCP for TSE traded derivatives from February 2, 2004.



## Statements of income (Years ended March 31, 2003 and 2004)

	Millions of Yen		Thousands of US dollars
	2003***	2004	2004
<b>Ordinary profit and loss</b>			
Operating profit and loss			
Operating revenues	¥ 644	¥ 4,692	\$ 44,400
Clearing fees	496	4,073	38,544
Administration charge	83	360	3,412
Other operating income	64	258	2,444
Operating expenses	765	3,657	34,609
Outsourcing business costs	613	3,184	30,133
Salaries and compensation	74	283	2,684
Real estate rental fees	16	42	401
Facilities expenses	13	18	178
Other operating expenses	48	128	1,214
Operating profit (loss)	(120)	1,034	9,790
Non-operating profit and loss			
Non-operating income	0	0	6
Non-operating expenses	13	0	3
Ordinary profit (loss)	(133)	1,035	9,793
<b>Extraordinary profit and loss</b>			
Extraordinary loss	0	—	—
Net income (loss) before taxes	(134)	1,035	9,793
Income taxes – current	0	431	4,082
Income taxes – deferred	—	(48)	(456)
Net income (loss)	(134)	651	6,168
Unappropriated deficit at the beginning of the period	—	134	1,276
Unappropriated retained earnings (loss) at the end of the period	¥ (134)	¥ 517	\$ 4,892

\*\*\*JSCC recorded a deficit in the business year ending March 31, 2003, largely because JSCC commenced operation on January 14, 2003, after half a year preparation.

# clearing participants

(As of July 31, 2004)

Principal Clearing Participant: ●

Agency Clearing Participant: ★

	Cash products	Bond (JGB) Futures & Options on Bond (JGB) Futures	Stock Index Futures & Options	Equity Options
<b>A</b> ABN AMRO Securities (Japan) Limited	—	●	●	—
ACE SECURITIES CO., LTD.	●	●	●	●
The Aichi Bank, Ltd.	—	●	—	—
AIZAWA SECURITIES CO., LTD.	●	●	●	●
AKAKIYA SECURITIES CO., LTD.	●	●	●	●
ALPS SECURITIES CO., LTD.	●	●	●	●
ANDO SECURITIES CO., LTD.	●	●	●	●
The Aomori Bank, Ltd.	—	●	—	—
Aozora Bank, Ltd.	—	●	—	—
ARK SECURITIES CO., LTD.	●	●	●	●
The Awa Bank, Ltd.	—	●	—	—
<b>B</b> THE BANK OF FUKUOKA, LTD.	—	●	—	—
The Bank of Ikeda, Ltd.	—	●	—	—
The Bank of Kyoto, Ltd.	—	●	—	—
THE BANK OF SAGA, LTD.	—	●	—	—
The Bank of Tokyo-Mitsubishi, Ltd.	—	●	—	—
The Bank of Yokohama, Ltd.	—	●	—	—
BARCLAYS CAPITAL JAPAN LIMITED	●	●	●	●
Bear Stearns (Japan), Ltd.	—	●	—	—
BNP PARIBAS Securities (Japan) Limited	●	●	●	●
Bright Securities Company, Limited	●	●	●	●
<b>C</b> Calyon Capital Markets Asia B.V.	●	●	●	●
Century Securities Co., Ltd.	●	●	●	●
The Chiba Bank, Ltd.	—	●	—	—
CHUBU SECURITIES FINANCING CO., LTD.	●	—	—	—
The Chugoku Bank, Limited	—	●	—	—
The Chuo Mitsui Trust and Banking Company, Limited	—	●	—	—
Chuo Securities Co., Ltd.	●	●	●	●
COMMERZ SECURITIES (JAPAN) COMPANY LIMITED	●	●	●	●
Cosmo Securities Co., Ltd.	★	●	●	●
CREDIT AGRICOLE INDOSUEZ SECURITIES (JAPAN) LIMITED	●	●	●	●
CREDIT SUISSE FIRST BOSTON SECURITIES (JAPAN) LIMITED	●	●	●	●
<b>D</b> The Dai-ichi Mutual Life Insurance Company	—	●	—	—
Daiko Clearing Services Corporation	★	—	—	—
Daiman Securities Co., Ltd.	●	—	—	—
DAISEI SECURITIES CO., LTD.	●	●	●	●
The Daishi Bank, Ltd.	—	●	—	—
Daiwa Securities Co., Ltd.	●	●	●	●
Daiwa Securities SMBC Co. Ltd.	●	●	●	●
Deutsche Securities Limited	●	●	●	●
DOJIMAKANTO Securities Co., Ltd.	●	●	●	●
Dresdner Kleinwort Wasserstein (Japan) Limited	●	●	●	●
<b>E</b> E*TRADE SECURITIES CO., LTD.	●	●	●	●
The Eighteenth Bank, Limited	—	●	—	—
Eiwa Securities Co., Ltd.	●	●	●	●
<b>G</b> Goldman Sachs (Japan) Ltd.	●	●	●	●
The Gunma Bank, Ltd.	—	●	—	—
<b>H</b> H.S. SECURITIES CO., LTD.	●	●	●	●
The Hachijuni Bank, Ltd.	—	●	—	—
Hibiki Securities Inc.	●	—	—	—
The Higashi-Nippon Bank, Limited	—	●	—	—
The Higo Bank, Ltd.	—	●	—	—
THE HIKARI SECURITIES CO., LTD.	●	●	●	●
HINODE SECURITIES CO., LTD.	●	●	●	●
HIROTA SECURITIES CO., LTD.	●	●	●	●
The Hokkoku Bank, Ltd.	—	●	—	—
The Hokuetsu Bank, Ltd.	—	●	—	—
The Hokuiku Bank, Ltd.	—	●	—	—
The Hong Kong and Shanghai Banking Corporation Limited	—	●	—	—
HSBC SECURITIES (JAPAN) LIMITED	●	●	●	●
The Hyakujushi Bank, Ltd.	—	●	—	—
<b>I</b> Ichiyoshi Securities Co., Ltd.	●	●	●	●
The Imamura Securities Co., Ltd.	●	●	●	●
INSTINET JAPAN LIMITED	●	●	●	●
Iwai Securities Co., Ltd.	●	●	●	●
The Iyo Bank, Ltd.	—	●	—	—
<b>J</b> J.P. MORGAN SECURITIES ASIA PRIVATE LIMITED	●	●	●	●
Japan Asia Securities Co., Ltd.	●	●	●	●
Japan Electronic Securities Co., Ltd.	●	—	—	—
JAPAN SECURITIES AGENTS, LTD.	★	★	★	★
JAPAN SECURITIES FINANCE CO., LTD.	●	—	—	—
Jefferies (Japan) Limited	●	—	—	—
The Johnan Shinkin Bank	—	●	—	—
The Joyo Bank, Ltd.	—	●	—	—
The Juroku Bank, Ltd.	—	●	—	—
Jyoko Securities Co., Ltd.	●	—	—	—
Jyujiya Securities Co., Ltd.	●	●	●	●
<b>K</b> kabu.com Securities Co., Ltd.	●	—	—	●
THE KAGAWA BANK, LTD.	—	●	—	—
THE KAGOSHIMA BANK, LTD.	—	●	—	—
KANEJU SECURITIES CO., LTD.	●	●	●	●
Kaneyama Securities Co., Ltd.	●	●	●	●
Kaneyoshi Securities Co., Ltd.	●	—	—	—
KBC FINANCIAL PRODUCTS UK LIMITED	●	●	●	●
The Keiyo Bank, Ltd.	—	●	—	—
KIMURA SECURITIES CO., LTD.	●	●	●	●



	Cash products	Bond (JGB) Future & Options on Bond (JGB) Futures	Stock Index Futures & Options	Equity Options
The Kiyo Bank, Ltd.	—	●	—	—
KOBE SECURITIES CO., LTD.	●	●	●	●
The Kosei Securities Co., Ltd.	●	●	●	●
KUROKAWAKITOKU SECURITIES CO., LTD.	●	●	●	●
KYOKUTO SECURITIES CO., LTD.	●	●	●	●
Kyowa Securities Co., Ltd.	●	●	●	●
<b>L</b> Lehman Brothers Japan Inc.	●	●	●	●
livedoor Securities Co., Ltd.	●	●	●	●
<b>M</b> MAEDA SECURITIES CO., LTD.	●	●	●	●
Marufuku Securities Co., Ltd.	●	●	●	●
Maruhachi Securities Co., Ltd.	●	●	●	●
MARUKUNI SECURITIES CO., LTD.	●	●	●	●
Marusan Securities Co., Ltd.	●	●	●	●
MARUWA SECURITIES CO., LTD.	●	●	●	●
MATSUI SECURITIES CO., LTD.	●	●	●	●
Me Net Securities Co., Ltd.	●	—	—	—
MEIWA SECURITIES CO., LTD.	●	●	●	●
Merrill Lynch Japan Securities Co., Ltd.	★	●	●	●
THE MICHINOKU BANK, LTD.	—	●	—	—
MIKI SECURITIES CO., LTD.	●	●	●	●
MITA SECURITIES CO., LTD.	●	—	—	—
Mito Securities Co., Ltd.	●	●	●	●
MITSUBISHI SECURITIES CO., LTD.	●	●	●	●
The Mitsubishi Trust and Banking Corporation	—	●	—	—
The Miyazaki Bank, Ltd.	—	●	—	—
Mizuho Bank, Ltd.	—	●	—	—
Mizuho Corporate Bank, Ltd.	—	●	—	—
Mizuho Investors Securities Co., Ltd.	●	●	●	●
Mizuho Securities Co., Ltd.	●	●	●	●
Mizuho Trust & Banking Co., Ltd.	—	●	—	—
Monex, Inc.	●	●	●	●
Morgan Stanley Japan Limited	●	●	●	●
The Murosei Securities Co., Ltd.	●	●	●	●
<b>N</b> NAGANO SECURITIES CO., LTD.	●	●	●	●
NAITO SECURITIES CO., LTD.	●	●	●	●
The Nakahara Securities Co., Ltd.	●	●	●	●
The Naruse Securities Co., Ltd.	●	●	●	●
New-S Securities Co., Ltd.	●	—	—	—
Nihon Kyohei Securities Co., Ltd.	●	●	●	●
Niigata Securities Co., Ltd.	●	●	●	●
Nikko Beans, Inc.	●	—	—	—
Nikko Cordial Securities Inc.	●	●	●	●
Nikko Citigroup Limited	●	●	●	●
NIPPON LIFE INSURANCE COMPANY	—	●	—	—
NISHIMURA SECURITIES CO., LTD.	●	●	●	●
THE NISHI-NIPPON BANK, LTD.	—	●	—	—
NISSAN SECURITIES CO., LTD.	●	●	●	●
Nomura Securities Co., Ltd.	●	●	●	●
The Norinchukin Bank	—	●	—	—
Nozomi Securities Co., Ltd.	●	●	●	●
<b>O</b> The Ogaki Kyoritsu Bank, Ltd.	—	●	—	—
THE OITA BANK, LTD.	—	●	—	—
OKACHI SECURITIES CO., LTD.	●	●	●	●
OKASAN SECURITIES CO., LTD.	★	●	●	●

	Cash products	Bond (JGB) Future & Options on Bond (JGB) Futures	Stock Index Futures & Options	Equity Options
ORIX Securities Corporation	●	●	●	●
Osaka Securities Finance Co., Ltd.	●	—	—	—
Otsuka Securities Co., Ltd.	●	—	—	—
<b>R</b> Rakuten Securities, Inc.	●	●	●	●
Resona Bank, Limited	—	●	—	—
Retela Crea Securities Co., Ltd.	●	●	●	●
<b>S</b> San-ei Securities Co., Ltd.	●	●	●	●
The San-in Godo Bank, Ltd.	—	●	—	—
SANKO SECURITIES CO., LTD.	●	●	●	●
Sankyo Securities Co., Ltd.	●	—	—	—
THE SEIBU SHINKIN BANK	—	●	—	—
The 77 Bank, Ltd.	—	●	—	—
THE SHIGA BANK, LTD.	—	●	—	—
THE SHIMIZU BANK, LTD.	—	●	—	—
Shinkin Central Bank	—	●	—	—
Shinkin Securities Co., Ltd.	—	●	—	—
Shinko Securities Co., Ltd.	●	●	●	●
Shinsei Securities Co., Ltd.	—	●	—	—
THE SHINWA BANK, LTD.	—	●	—	—
THE SHIZUOKA BANK, LTD.	—	●	—	—
The Shoko Chukin Bank	—	●	—	—
Sinsei Bank, Limited	—	●	—	—
SMBC Friend Securities Co., Ltd.	●	●	●	●
Societe Generale Securities (North Pacific) Ltd.	●	●	●	●
Socius Securities Co., Ltd.	●	●	●	●
Sumitomo Mitsui Banking Corporation	—	●	—	—
The Sumitomo Trust and Banking Company, Limited	—	●	—	—
The Suruga Bank, Ltd.	—	●	—	—
<b>T</b> TAKAGI SECURITIES CO., LTD.	●	●	●	●
THE TAMA CHUO SHINKIN BANK	—	●	—	—
THE TACHIBANA SECURITIES CO., LTD.	●	●	●	●
The Toho Bank, Ltd.	—	●	—	—
Tokai Tokyo Securities Co., Ltd.	●	●	●	●
THE TOKUSHIMA BANK, LTD.	—	●	—	—
THE TOKYO HIGASHI SHINKIN BANK	—	●	—	—
The Tokyo Tomin Bank, Limited	—	●	—	—
TOYO SECURITIES CO., LTD.	●	●	●	●
Tsukamoto Securities Co., Ltd.	●	—	—	—
<b>U</b> UBS Securities Japan Ltd.	●	●	●	●
UFJ Bank Limited	—	●	—	—
UFJ Trust Bank Limited	—	●	—	—
UFJ Tsubasa Securities Co., Ltd.	●	●	●	●
UTSUMIYA SECURITIES CO., LTD.	●	●	●	●
<b>W</b> WESTLB SECURITIES PACIFIC LIMITED	●	●	●	●
WORLD NICHIEI FRONTIER Securities Co., Ltd.	●	●	●	●
<b>Y</b> The Yachiyo Bank, Limited	—	●	—	—
YAHATA SECURITIES CO., LTD.	●	●	●	●
YAMAGEN SECURITIES CO., LTD.	●	●	●	●
The Yamaguchi Bank, Ltd.	—	●	—	—
Yamamaru Securities Co., Ltd.	●	●	●	●
The Yamanashi Chuo Bank, Ltd.	—	●	—	—
Yamani Securities Co., Ltd.	●	●	●	●
YAMAWA SECURITIES CO., LTD.	●	●	●	●
The Yutaka Securities Co., Ltd.	●	●	●	●

# board of directors and auditors

(As of July 31, 2004)



**YOSHIMASA YAMASHITA**  
*President & CEO*



**AKIHIKO NAKAMURA**  
*Member of the Board*  
Senior Managing Director,  
Nomura Securities Co., Ltd.



**HIDEKI ISHIBASHI**  
*Member of the Board*  
Managing Director,  
Goldman Sachs (Japan) Ltd.



**TAKESHI NISHI**  
*Member of the Board*  
Senior Managing Director,  
AIZAWA SECURITIES CO., LTD.



**HIROSHI ENDO**  
*Member of the Board*  
Managing Director, Financial  
Accounting Standards Foundation



**MIKIO HINOIDE**  
*Member of the Board*  
Executive Officer,  
Osaka Securities Exchange Co., Ltd.



**MAMORU KIKUICHI**  
*Member of the Board*  
Senior Managing Director,  
Jasdaq Market Inc.



**TADASHI IWASE**  
*Standing Statutory Auditor*



**TOSHITSUGU SHIMIZU**  
*Member of the Board*  
Executive Officer,  
Tokyo Stock Exchange, Inc.



**SHIGERU NAKAJIMA**  
*Statutory Auditor*  
Attorney-at-law



**SHUNICHI SUZUKI**  
*Member of the Board*  
Executive Officer,  
Daiwa Securities SMBC Co. Ltd.



**TSUTAO MATSUMOTO**  
*Statutory Auditor*  
Certified Public Accountant



## corporate data (As of July 31, 2004)

### Company Name

Japan Securities Clearing Corporation

### President & CEO

Yoshimasa Yamashita

### Head Office

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

### TEL

+81-3-3665-1234

### URL

<http://www.jscc.co.jp/english/>

### Date of Incorporation (Commencement of Operations)

July 1, 2002 (January 14, 2003)

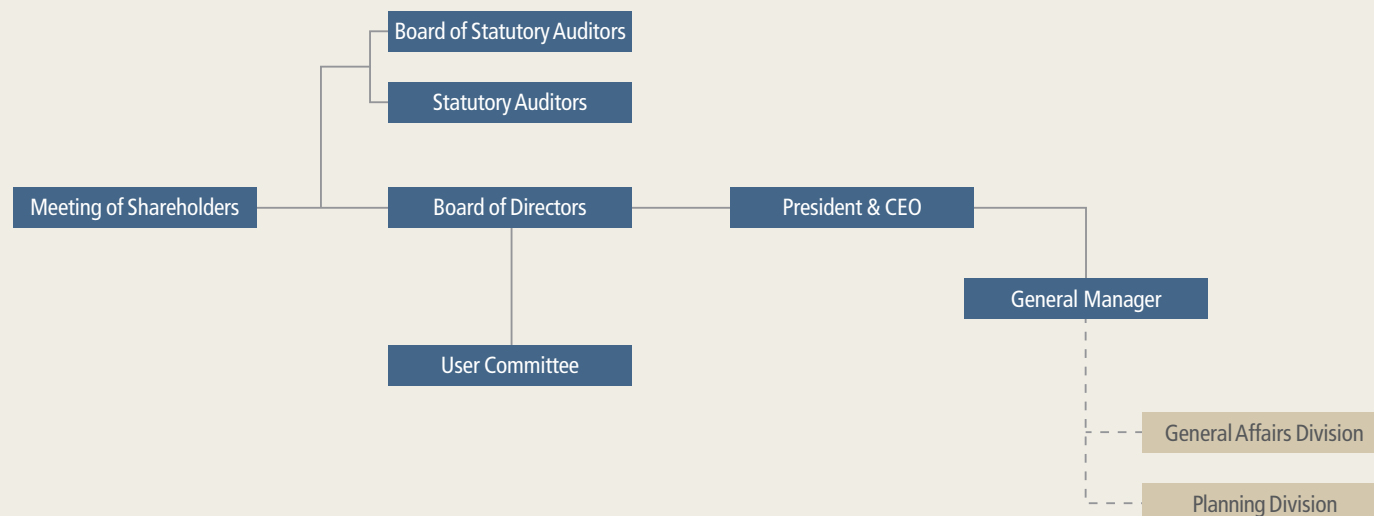
### Capital

1.7 billion yen

### Shareholders

- Japan Securities Dealers Association
- Tokyo Stock Exchange, Inc.
- Osaka Securities Exchange Co., Ltd.
- Nagoya Stock Exchange, Inc.
- Fukuoka Stock Exchange
- Sapporo Securities Exchange

## organization (As of July 31, 2004)





**Japan Securities Clearing Corporation**  
2-1, Nihombashi-Kabuto-cho  
Chuo-ku, Tokyo 103-0026, Japan

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